



IHS Markit™

# Q4 2017 Syndicated Loan Market Data Snapshot

IHS Markit

January 2, 2018

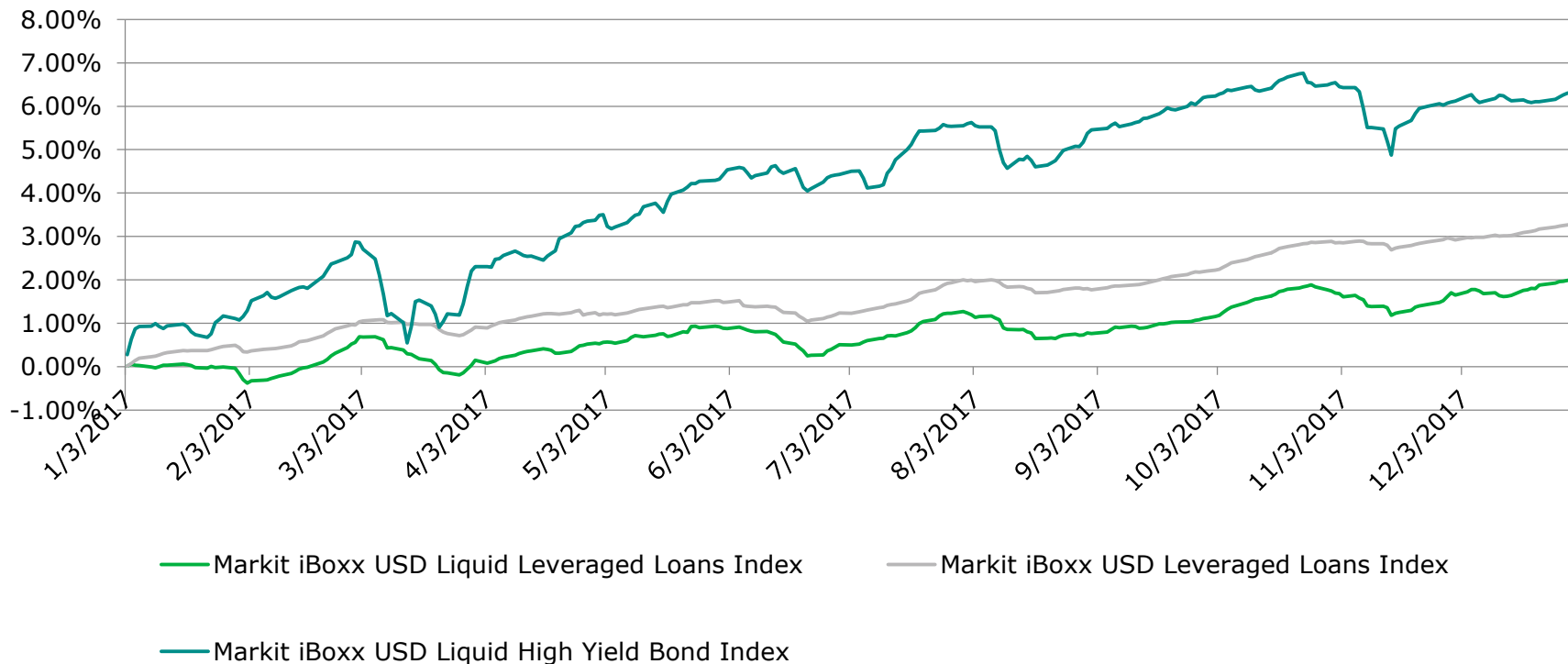
# Contents

## Q4 2017 IHS Markit Syndicated Loan Market Data Snapshot

- Index trend
- Pricing trend
- Sector trend
- CLO trend
- Trade settlement efficiency (T+) trend and trade settlement volume

# Index trend Q4 2017

## Leveraged Loan and HY Bond Total Returns



<b>Markit iBoxx Loan Indices</b>	<b>Q4Δ%</b>	<b>Full year return</b>
<b>Markit iBoxx USD Leveraged Loan Index</b>	1.06%	3.29%
<b>Markit iBoxx USD Liquid Leveraged Loan Index</b>	0.88%	2.01%

## Pricing data Q4 2017

### Pricing trend: average bids in the secondary market

Region	Average bid	Q4 %Δ	2017 %Δ
<b>US</b>	96.91	-0.04%	0.92%
<b>Europe</b>	96.07	-0.10%	2.02%
<b>Asia</b>	92.13	0.00%	-0.09%

### Pricing trend: average spreads by credit rating (globally)

Average loan spreads to maturity (Dec 31)	1 year tenor	3 year tenor	5 year tenor	7 year tenor
<b>BB</b>	L+193	L+225.5	L+253.7	L+291.8
<b>B</b>	L+387.7	L+420.2	L+448.4	L+486.5
<b>CCC</b>	L+783.1	L+815.7	L+843.8	L+882

Average loan spreads Q4 2017 Δ	1 year tenor	3 year tenor	5 year tenor	7 year tenor
<b>BB</b>	-3.58%	-5.37%	-6.07%	-5.76%
<b>B</b>	-0.59%	-1.76%	-2.39%	-2.49%
<b>CCC</b>	-5.26%	-5.68%	-5.89%	-5.78%

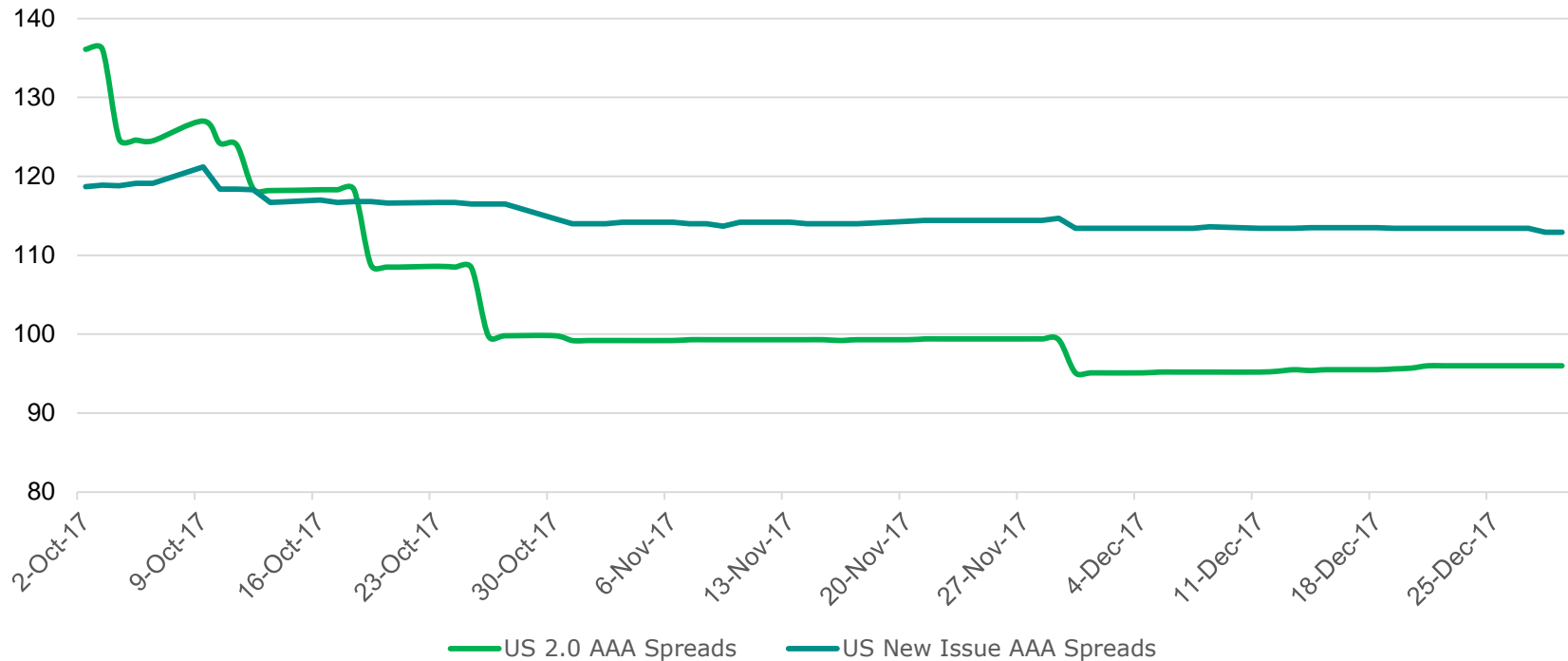
# Sector view – Q4 2017

## Q4 change in North American and European leveraged loan sector spreads (bps)

		BBB-	BB+	BB	BB-	B+	B	B-	CCC+
<b>Basic Materials</b>	NA	-1	-1	-4	-3	+1	+4	+7	-75
	EU	+13	+12	+10	+11	+15	+19	+21	-61
	Change NA-EU	-13.9	-13.6	-14.4	-14.1	-13.9	-14.6	-13.7	-14.3
<b>Consumer Goods</b>	NA	-17	-18	-21	-19	-16	-12	-9	-91
	EU	-3	-4	-6	-5	-2	+3	+5	-77
	Current NA-EU	-14.0	-13.7	-14.5	-14.2	-14.0	-14.7	-13.8	-14.4
<b>Consumer Services</b>	NA	-9	-9	-12	-11	-7	-3	-0	-83
	EU	+6	+5	+3	+4	+7	+12	+14	-68
	Current NA-EU	-14.2	-13.9	-14.7	-14.4	-14.3	-14.9	-14.0	-14.6
<b>Energy</b>	NA	-125	-125	-128	-127	-123	-119	-117	-199
	EU	-111	-112	-114	-113	-110	-105	-103	-185
	Current NA-EU	-13.7	-13.4	-14.2	-13.9	-13.7	-14.4	-13.5	-14.1
<b>Financials</b>	NA	-20	-21	-23	-22	-19	-15	-12	-94
	EU	-7	-7	-9	-8	-5	-1	+1	-80
	Current NA-EU	-13.7	-13.3	-14.2	-13.8	-13.7	-14.3	-13.4	-14.1
<b>Healthcare</b>	NA	-17	-17	-20	-19	-15	-11	-9	-91
	EU	-3	-3	-5	-4	-1	+3	+5	-76
	Current NA-EU	-14.1	-13.8	-14.6	-14.3	-14.1	-14.8	-13.9	-14.5
<b>Industrials</b>	NA	-7	-7	-10	-9	-5	-2	+1	-81
	EU	+7	+6	+4	+5	+9	+13	+15	-67
	Current NA-EU	-14.0	-13.6	-14.5	-14.1	-14.0	-14.6	-13.7	-14.4
<b>Technology</b>	NA	-16	-16	-19	-18	-14	-11	-8	-90
	EU	-2	-3	-5	-4	-1	+4	+6	-76
	Current NA-EU	-13.5	-13.1	-13.9	-13.6	-13.5	-14.1	-13.2	-13.8
<b>Telecommunication Services</b>	NA	-21	-22	-24	-23	-20	-16	-13	-95
	EU	-7	-8	-10	-9	-5	-1	+1	-81
	Current NA-EU	-14.4	-14.0	-14.9	-14.5	-14.4	-15.0	-14.1	-14.8
<b>Utilities</b>	NA	-8	-8	-11	-10	-6	-2	+1	-82
	EU	+7	+6	+4	+5	+8	+13	+14	-67
	Current NA-EU	-14.2	-13.8	-14.6	-14.3	-14.2	-14.8	-13.9	-14.5

# CLO trend 2017

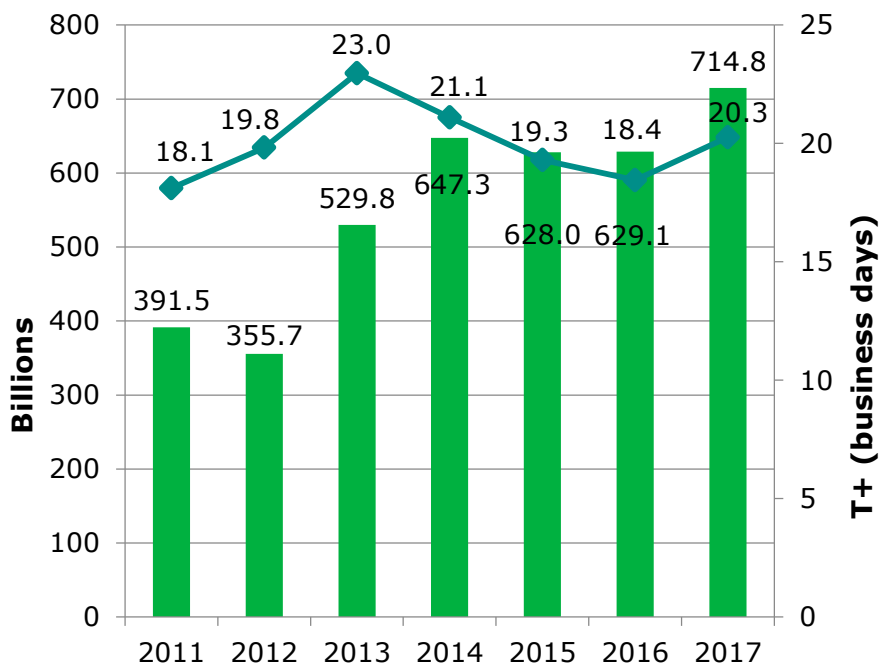
## Q4 US 2.0 and New Issue CLO Spreads



The year of the dog is off to a trot as the market rolled into year-end with momentum, facilitating a decent amount of activity across the capital stack throughout mid to late December. 2017 saw more than ~\$116bn of new issuance YTD, supported by a healthy international appetite and tighter liability spreads despite initial liquidity concerns around risk-retention requirements. 2018 new issuance is projected to be between \$100-130bn. Almost \$99bn in CLO refinancings and ~\$63bn in resets occurred in 2017, a significant uptick from last year's ~\$20bn and ~\$18bn, respectively. 2.0 Triple-As are now trading inside of 100 bps, down from mid-130 bps area at the start of the quarter. CLO managers and equity holders will likely push for more refinancings and resets as loan spreads grind even tighter, as concerns around collateral quality tests become more apparent.

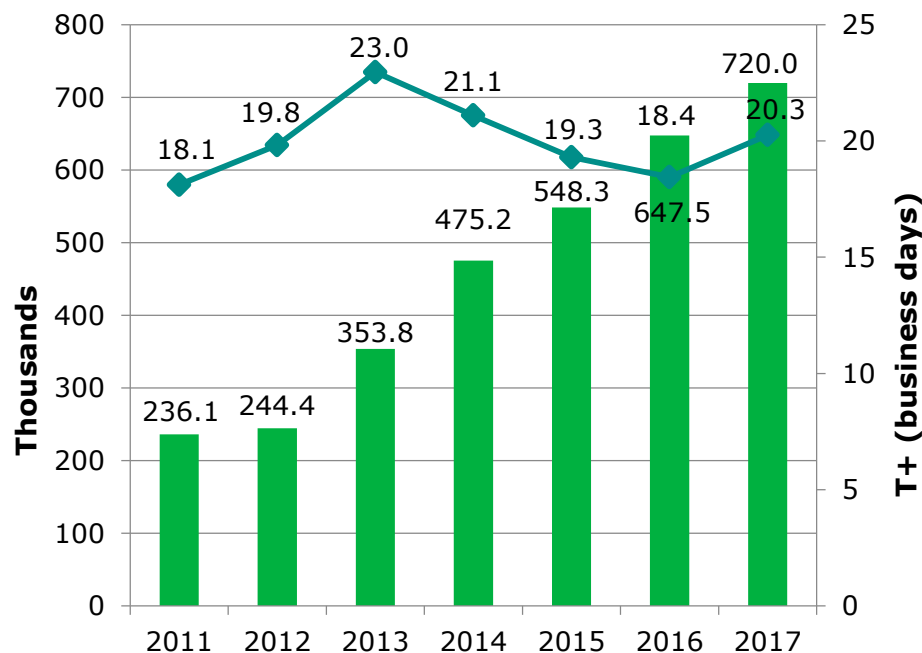
# Trade settlement volume Q4 2017

**Average T+ time and LSTA Secondary Par Settled Notional**



Source: Markit Loan Settlement

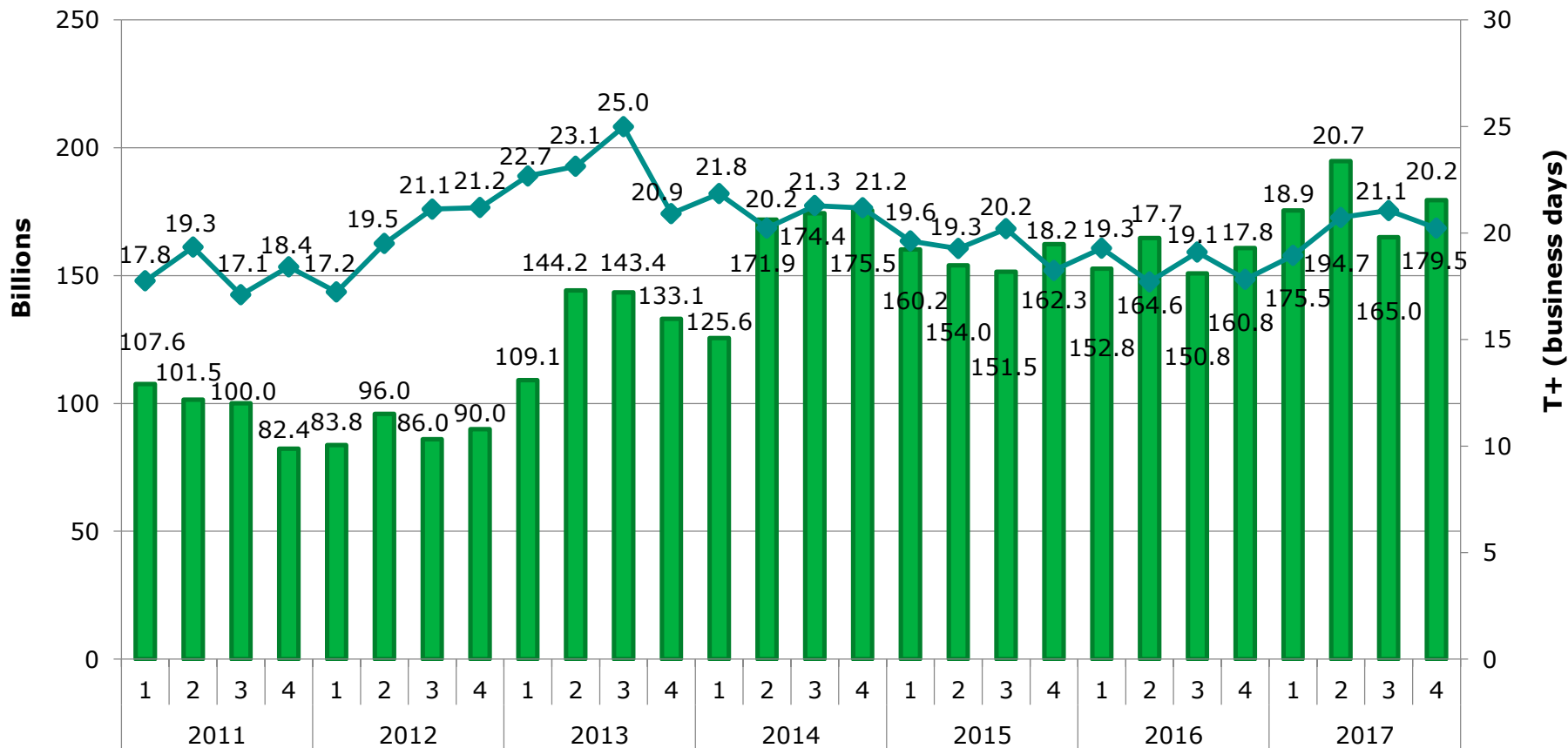
**Average T+ time and LSTA Secondary Par Settled Allocations**



Source: Markit Loan Settlement

# Trade settlement efficiency Q4 2017

## LSTA Secondary Par Settled Notional by Quarter





# Contact

## Media Contact:

Timothy Barello

Corporate Communications

[timothy.barello@ihsmarkit.com](mailto:timothy.barello@ihsmarkit.com)

+1 646 679 3463

# The New Intelligence

IHS Markit's singular ability to look across complex industries, financial markets and the global economy allows us to provide our customers – corporates, governments, universities and financial services firms – with the insights, perspectives and solutions on what really matters

# Disclaimer

The information contained in this presentation is confidential. Any unauthorised use, disclosure, reproduction or dissemination, in full or in part, in any media or by any means, without the prior written permission of IHS Markit or any of its affiliates ("IHS Markit") is strictly prohibited.

Opinions, statements, estimates and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of IHS Markit. Neither IHS Markit nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate or projection (collectively, "information") changes or subsequently becomes inaccurate.

IHS Markit makes no warranty, expressed or implied, as to the accuracy, completeness or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, IHS Markit shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided.

The inclusion of a link to an external website by IHS Markit should not be understood to be an endorsement of that website or the site's owners (or their products/services). IHS Markit is not responsible for either the content or output of external websites.

Copyright ©2016, IHS Markit. All rights reserved and all intellectual property rights are retained by IHS Markit.