



IHS Markit™

# Q3 2019 Leveraged Loan Market Data Snapshot

IHS Markit

October 1, 2019

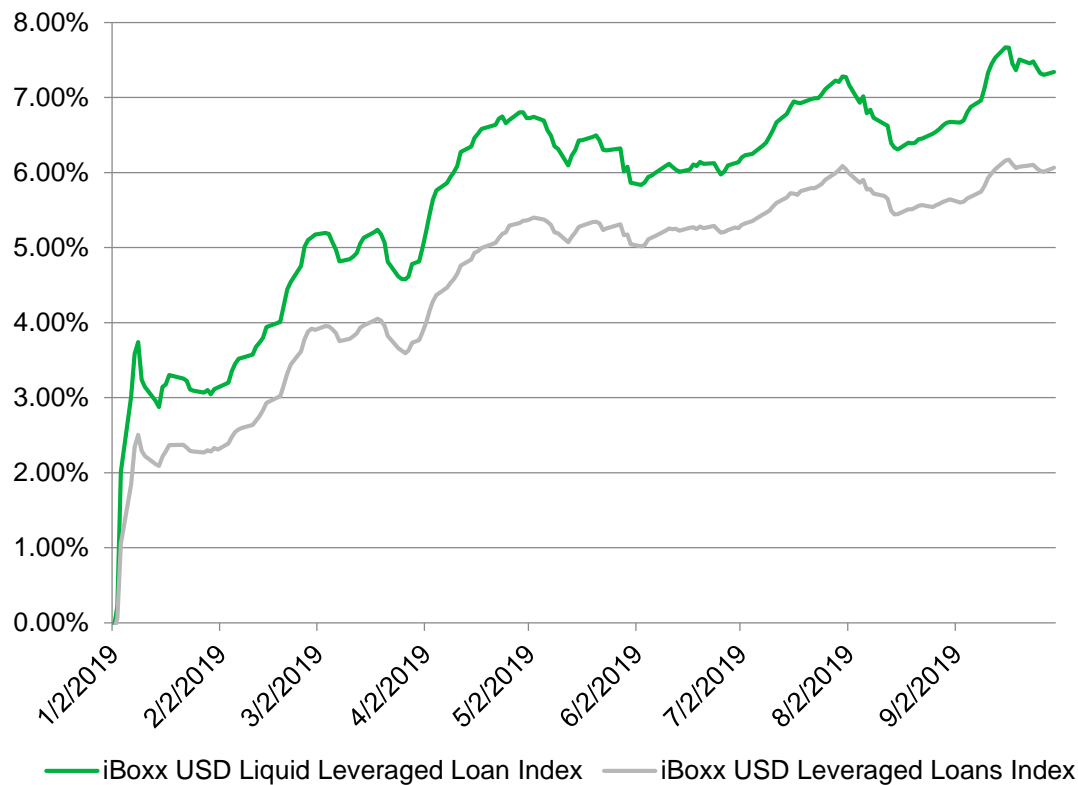
# Contents

## Q3 2019 IHS Markit Leveraged Loan Market Data Snapshot

- Loan index trend
- Bond index trend
- Pricing trend
- Top movers
- Sector trend
- CLO trend
- Trade settlement efficiency (T+) trend and trade settlement volume

# Loan index trend Q3 2019

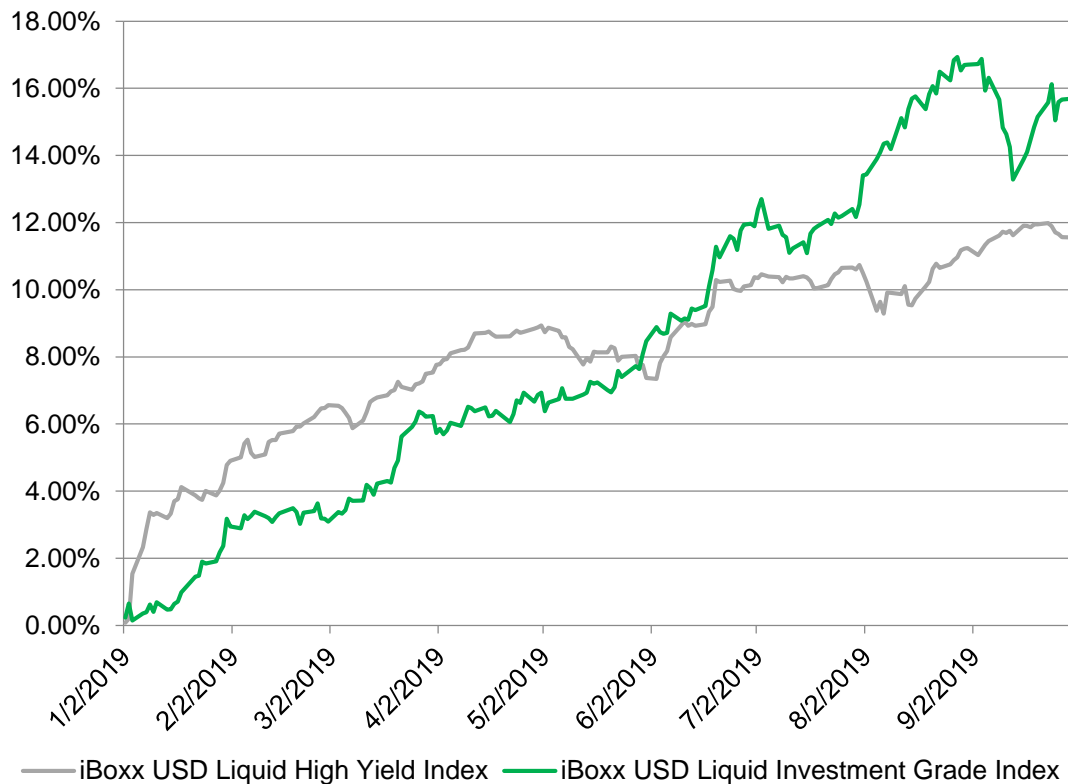
## Leveraged Loan Total Returns



<b>Loan Indices</b>	<b>Q3Δ%</b>	<b>YTD return</b>
IHS Markit iBoxx USD Leveraged Loan Index	1.14%	7.34%
IHS Markit iBoxx USD Liquid Leveraged Loan Index	0.76%	6.07%

# Bond index trend Q3 2019

## High Yield & Investment Grade Total Returns



<b>Loan Indices</b>	<b>Q3Δ%</b>	<b>YTD return</b>
<b>IHS Markit iBoxx USD Liquid High Yield Index</b>	1.29%	11.56%
<b>IHS Markit iBoxx USD Liquid Investment Grade Index</b>	3.33%	15.66%

## Pricing data trend Q3 2019

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

Region	Average bid	Q3 $\Delta\%$	YTD $\Delta\%$
US	95.85	-0.31	0.42
Europe	93.78	-0.17	0.42
Asia	94.27	1.06	0.43

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

Average loan spreads to maturity (September 30)	1 year tenor	3 year tenor	5 year tenor	7 year tenor
BB	L+187.8	L+217	L+238.1	L+257.9
B	L+451.6	L+480.8	L+501.9	L+521.8
CCC	L+887.5	L+916.6	L+937.7	L+957.6

Average loan spreads Q3 2019 $\Delta$	1 year tenor	3 year tenor	5 year Tenor	7 year Tenor
BB	-1.21%	-1.54%	-1.29%	-0.04%
B	5.71%	5.09%	4.93%	5.39%
CCC	6.73%	6.36%	6.24%	6.47%

## Top Advancers - Q3 2019

### Top Five US Advancers:

Name	Facility	Industry	Previous Bid	Current Bid	Percent Change Bid
LIGADO NETWORKS LLC	LightSquared 12/15 2nd Lien Cov-Lite TL	Telecommunications	27.6	35.938	30.21
SMS SYSTEMS MAINTENANCE SERVICES, INC.	Systems Maintenance 10/16 Cov-Lite TL	Computers & Electronics	68.357	80.714	18.08
DEL MONTE FOODS, INC.	Del Monte Foods 2/14 Cov-Lite TL	Food And Beverage	70.472	77.972	10.64
NEW RUE21, LLC	Rue 21 9/17 Post-Reorganization (Fixed 12.5%) Cov-Lite TL	Retailing	78	86	10.26
ADVANTAGE SALES & MARKETING INC.	Advantage Sales 7/14 2nd Lien TL	Professional & Business Services	78.556	86.111	9.62

### Top Five EU Advancers:

Name	Facility	Industry	Previous Bid	Current Bid	Percent Change Bid
DEOLEO, S.A.	Deoleo 6/14 Perfected TL	Food And Beverage	38.5	43.563	13.15
Kirk Beauty One GmbH	Douglas Holding 8/17 Cov-Lite B8 (fka B22) TLB	Retailing	82.208	90.917	10.59
Kirk Beauty One GmbH	Douglas Holding 2/17 Cov-Lite B6 (fka B20) TLB	Retailing	84.054	91.361	8.69
Kirk Beauty One GmbH	Douglas Holding 2/17 Cov-Lite B3 (fka B17) TLB	Retailing	84.054	91.361	8.69
Kirk Beauty One GmbH	Douglas Holding 2/17 Cov-Lite B5 (fka B19) TLB	Retailing	84.054	91.361	8.69

## Top Decliners - Q3 2019

### Top Five US Decliners:

Name	Facility	Industry	Previous Bid	Current Bid	Percent Change Bid
JOERNS HEALTHCARE INC.	Joerns 5/14 TL	Healthcare	71.75	33.333	-53.54
Murray Energy Corporation	Murray Energy 6/18 Superpriority TLB2	Metals & Mining	66.35	37.55	-43.41
MCDERMOTT TECHNOLOGY (AMERICAS), INC.	McDermott International/Chicago Bridge 4/18 TLB	Oil & Gas	98.438	62.875	-36.13
FORESIGHT ENERGY LLC	Foresight Energy 3/17 TLB	Metals & Mining	80.1	53	-33.83
EXELA INTERMEDIATE LLC	Exela Technologies 6/18 TLB	Professional & Business Services	84.708	61.25	-27.69

### Top Five EU Decliners:

Name	Facility	Industry	Previous Bid	Current Bid	Percent Change Bid
Bright Bidco B.V.	Lumileds 2/18 Cov-Lite TLB	Automotive	70	46.955	-32.92
EVERGREEN SKILLS LUX S.A R.L.	SkillSoft 4/14 Cov-Lite 2nd Lien TL	Computers & Electronics	35	27.611	-21.11
OEP Trafo HoldCo GmbH	SGB-SMIT 7/17 TLB	Computers & Electronics	78.75	62.4	-20.76
Safety Global Lux S.a r.l.	BARTEC 11/14 TLC2	Computers & Electronics	60	48.929	-18.45
Safety Global Lux S.a r.l.	BARTEC 11/14 PIK TLC3	Computers & Electronics	60	48.929	-18.45

## Sector view – Q3 2019

### Q3 change in North American and European leveraged loan sector spreads (bps)

		BBB-	BB+	BB	BB-	B+	B	B-	CCC+
<b>Basic Materials</b>	NA	+6	+7	+12	+9	+16	+43	+57	+199
	EU	+8	+8	+16	+14	+22	+49	+53	+221
	Change NA-EU	-1.9	-1.5	-4.2	-4.2	-5.9	-6.2	+3.8	-22.2
<b>Consumer Goods</b>	NA	-14	-13	-8	-10	-4	+23	+37	+179
	EU	-11	-11	-3	-5	+3	+30	+34	+202
	Current NA-EU	-2.8	-2.4	-5.1	-5.1	-6.8	-7.1	+2.9	-23.1
<b>Consumer Services</b>	NA	+3	+4	+9	+7	+13	+40	+54	+196
	EU	+5	+5	+13	+11	+19	+46	+50	+218
	Current NA-EU	-1.7	-1.4	-4.1	-4.1	-5.8	-6.0	+4.0	-22.1
<b>Energy</b>	NA	+35	+36	+41	+39	+45	+72	+86	+228
	EU	+38	+38	+45	+43	+51	+78	+82	+251
	Current NA-EU	-2.1	-1.7	-4.4	-4.4	-6.1	-6.4	+3.6	-22.4
<b>Financials</b>	NA	+18	+19	+23	+21	+28	+55	+69	+211
	EU	+23	+23	+30	+28	+36	+63	+67	+236
	Current NA-EU	-4.4	-4.0	-6.7	-6.7	-8.4	-8.7	+1.3	-24.7
<b>Healthcare</b>	NA	-24	-24	-19	-21	-15	+12	+26	+169
	EU	-22	-22	-15	-17	-9	+19	+23	+191
	Current NA-EU	-2.0	-1.6	-4.3	-4.3	-6.0	-6.2	+3.8	-22.3
<b>Industrials</b>	NA	-3	-2	+3	+1	+7	+34	+48	+190
	EU	+0	+0	+8	+6	+14	+41	+45	+213
	Current NA-EU	-2.8	-2.4	-5.1	-5.1	-6.8	-7.1	+2.9	-23.1
<b>Technology</b>	NA	-2	-2	+3	+1	+7	+34	+48	+191
	EU	-1	-1	+6	+4	+12	+40	+44	+212
	Current NA-EU	-1.0	-0.6	-3.3	-3.3	-5.0	-5.3	+4.7	-21.3
<b>Telecommunication Serv</b>	NA	-9	-9	-4	-6	+0	+27	+41	+183
	EU	-7	-7	+1	-1	+7	+34	+38	+206
	Current NA-EU	-2.4	-2.0	-4.7	-4.7	-6.4	-6.7	+3.3	-22.7
<b>Utilities</b>	NA	-44	-43	-39	-41	-34	-7	+7	+149
	EU	-42	-42	-34	-36	-28	-1	+3	+171
	Current NA-EU	-2.1	-1.7	-4.4	-4.4	-6.1	-6.4	+3.6	-22.4
Source: IHS Markit									



## CLO trend Q3 2019

The primary market sees uptick in activity: ~13 deals priced, including resets, new issues and refinancing's. Liquidity at the top of the capital stack remains strong, with AAAs rapidly tightening to the LM120s mid-month; a stark contrast to mezzanine portion of the stack, which has remained largely flat to higher.

### Q3 European 2.0 & 3.0 CLO AAA Spreads

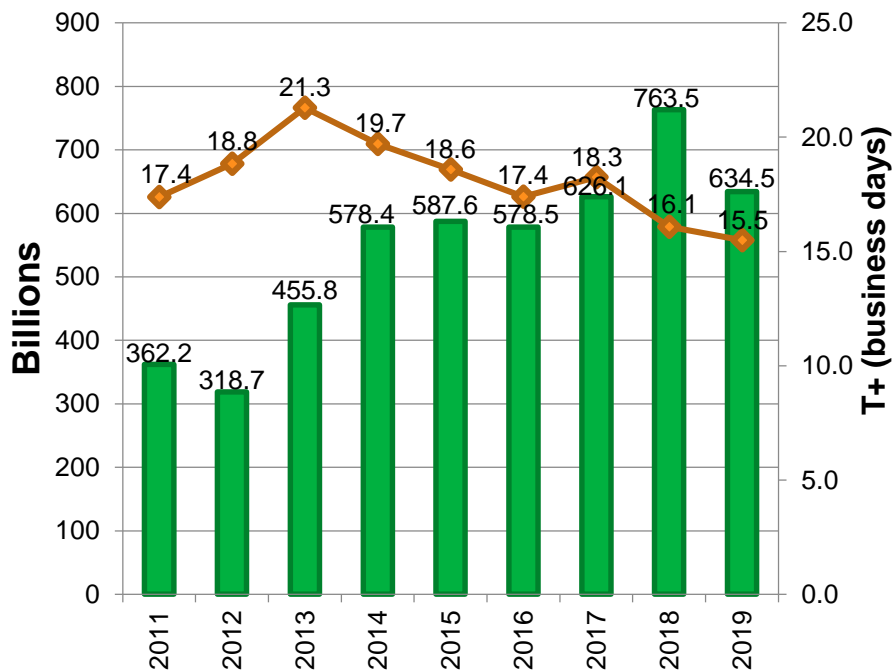


Part of the appeal with higher-rated tranches lies in the floor (set at 0% for all CLO bonds), which boosts the overall effective spreads for CLOs, and the protection it yields for buyers against further movements into negative territory (though the Euribor has since reversed its descent into negativity in the last few weeks). Managers seem to be in cash deployment mode and are less price sensitive, evidenced by talk of oversubscriptions in the AAAs to single-As.

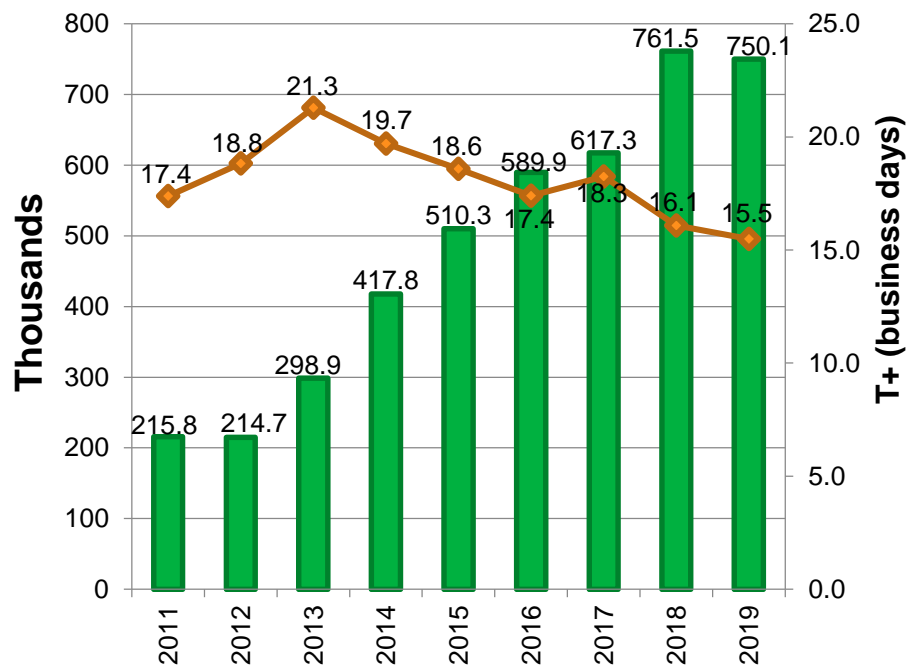
# Trade settlement volume – 2019

(excluding “When Issued” Trades)

Average T+ Time and LSTA Secondary Par Settled Notional



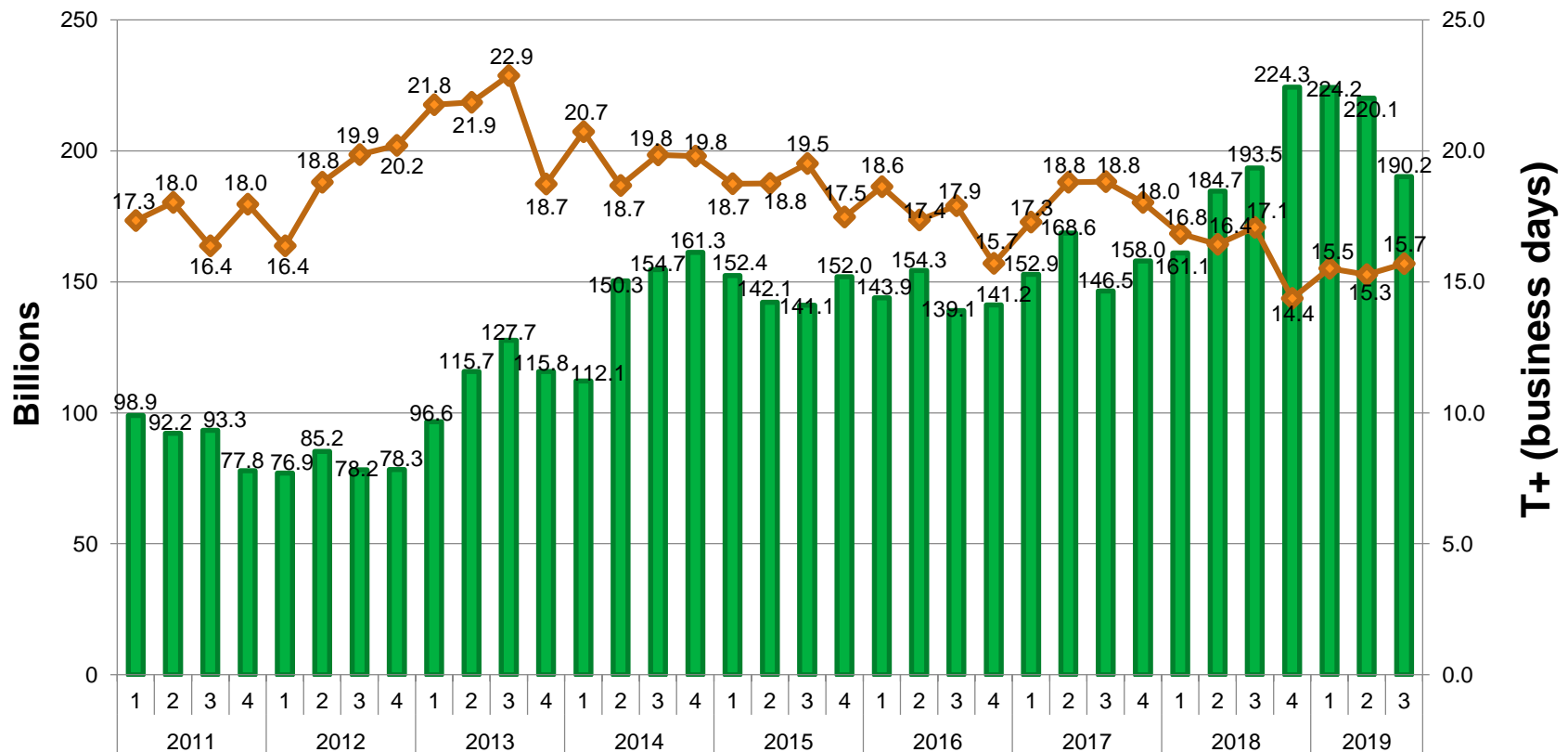
Average T+ time and LSTA Secondary Par Settled Allocations



# Trade settlement efficiency 2019

(excluding "When Issued" Trades)

### LSTA Secondary Par Settled Notional by Quarter



# Contact

## Media Contact:

Mel Phillips

Corporate Communications

[Mel.Phillips@ihsmarkit.com](mailto:Mel.Phillips@ihsmarkit.com)

+1 212 931 4941

# 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 ©2019, IHS Markit. All rights reserved and all intellectual property rights are retained by IHS Markit.