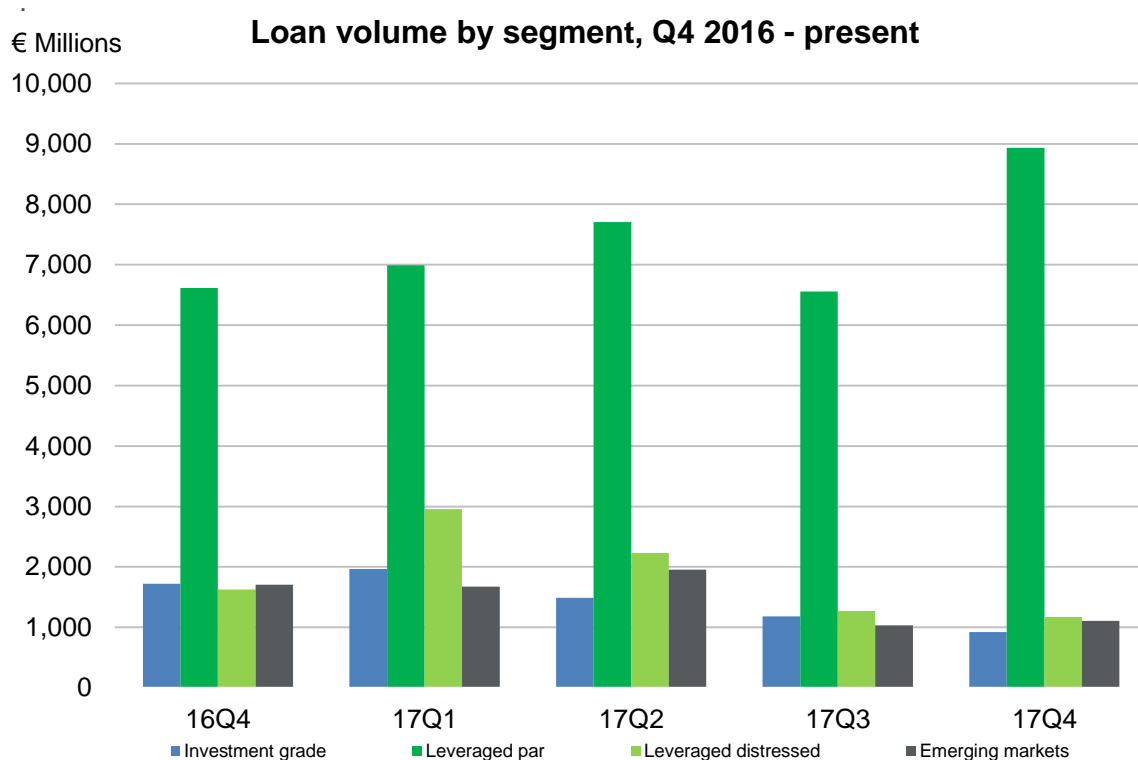


IHS Markit European loan volume survey

Friday, February 02, 2018

After a drop in Q3 2017 the European loan market has bounced back up in Q4 with overall figures up 21% from €10,045m in Q3 to €12,133m in Q4. The year on year figures are also up, albeit slightly, by 4% from €11,655m in Q4 2016.

- Leveraged loan volumes in Western Europe constituted 83.3% of the volumes, which are up from the 78% observed in the previous quarter – and even more so from the 70.7% in Q4 2016. Of the 78% this quarter, 73.6% was conducted on LMA Par documentation, compared against 9.67% on LMA Distressed documentation.
- European Investment Grade loan volumes represented 7.6% of the total, which is down on the 11.8% seen last quarter, and lower still than the 14.7% we recorded in Q4 2016.
- Emerging Market figures (Eastern Europe, Middle East and Africa) represented 9.11% this quarter, which was down from the 10.3% we saw last quarter, and also down on the 14.6% we saw at this time in 2016.



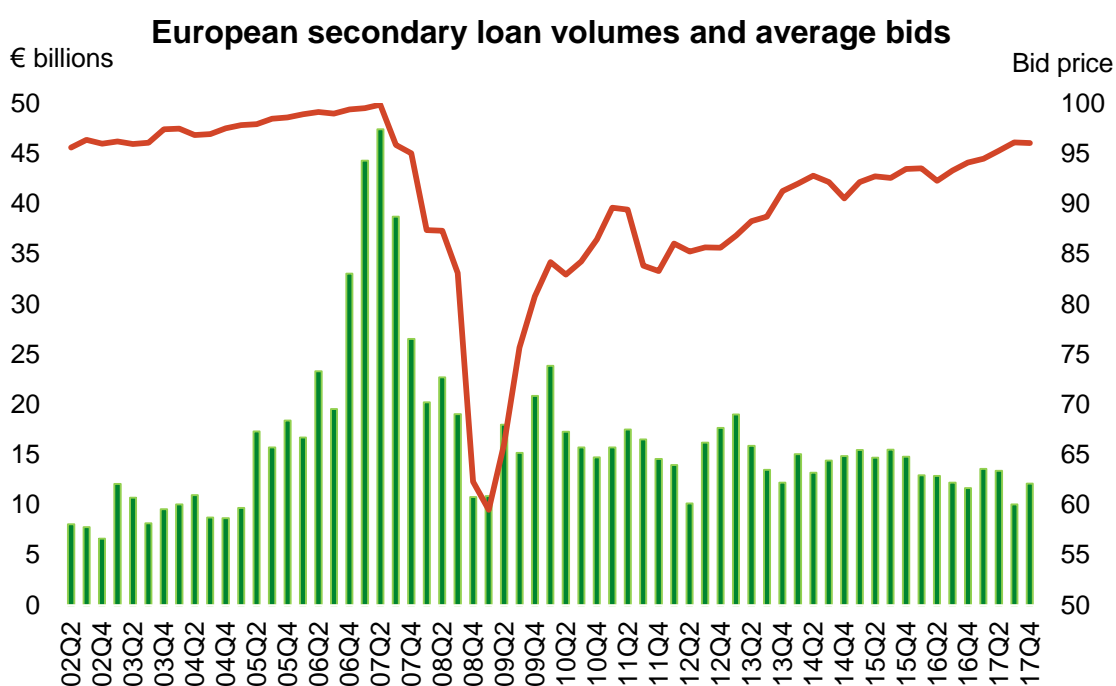
Source: Markit

Survey results

After recording the lowest figures since 2005 the figures have bounced back, but this is mostly due to the sharp increase in par volumes. The figure was €6,558m in Q3 2017, but went up 36% to €8,933m in Q4, putting it at the highest level since Q3 2014. Conversely, Investment Grade figures, which hit a record low last quarter, have plummeted further to €922m, down 22% from €1,181m in Q3 2017 and 46.4% since Q4 2016. Distressed figures were also down from last quarter, but only 8% from €1,273m to €1,173m. Emerging market figures were up 7% from last quarter, coming in at €1,105m for Q4 compared to €1,033m in Q3.

	Total	IG	Par	Distressed	EM
4Q17 TOTAL SALES (€m)	€ 12,133	€ 922	€ 8,933	€ 1,179	€ 1,105
3Q17 TOTAL SALES (€m)	€ 10,045	€ 1,181	€ 6,558	€ 1,273	€ 1,033
2Q17 TOTAL SALES (€m)	€ 13,377	€ 1,486	€ 7,708	€ 2,228	€ 1,955
1Q17 TOTAL SALES (€m)	€ 13,586	€ 1,965	€ 6,993	€ 2,954	€ 1,674
4Q16 TOTAL SALES (€m)	€ 11,665	€ 1,720	€ 6,614	€ 1,627	€ 1,704

The average bid for the last day of the year stood at 96.07, which was slightly lower than the 96.15 at the end of Q3, ending 12 consecutive quarter end price rises. However, the average for the quarter was 95.81, which is fractionally higher than the Q3 average of 95.78.



Source: Markit, LMA

Number of trades by market segment

Market loan trading volume survey Q4 2017	Sales (€m)	# of buy trades	# of sell trades
Non-leveraged trading (Western Europe)	€ 922	28	33
Leveraged trading (Western Europe) - Par	€ 8,933	4,517	3,445
Leveraged trading (Western Europe) - Distressed	€ 1,173	111	111
Emerging Markets trading (EEMEA)	€ 1,105	53	76

Breakdown by participation

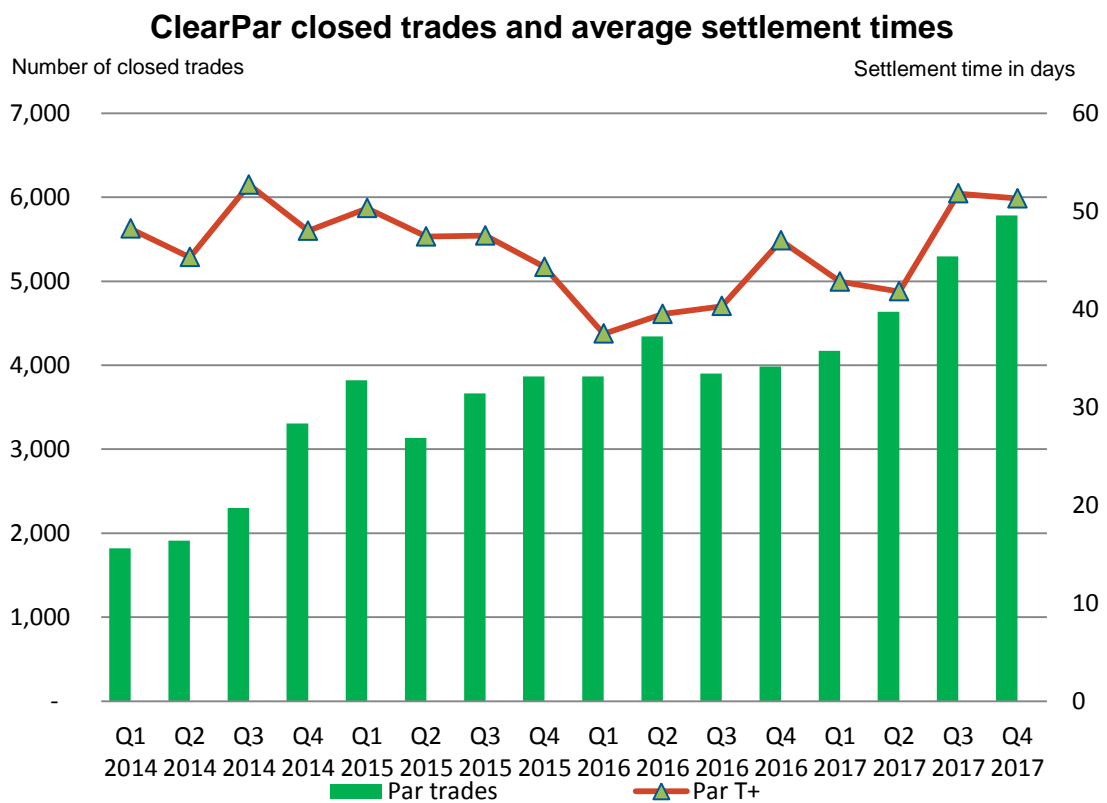
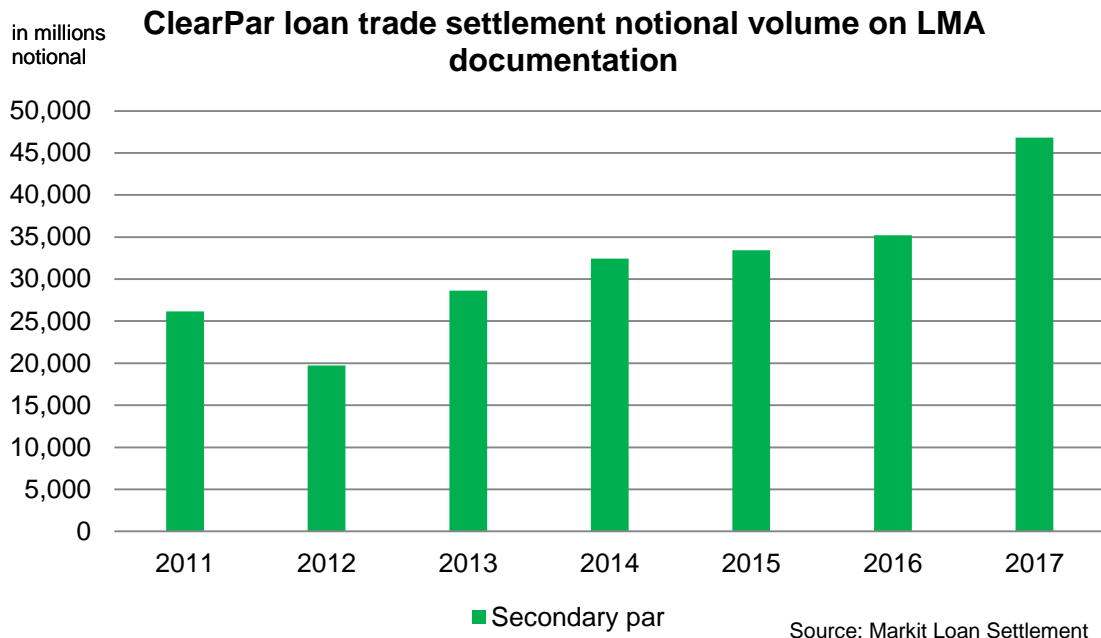
Sales across buy-side and sell-side contributors were both up in Q4, as were the number of trades which confirm the bounce back we discussed earlier. Purchases of loans were lower this quarter amongst the sell-side, but higher among the buy-side, although total number of trades was all together higher.

Period	Sellside	Buy-side	Total	Total buy trades
Q4 2017 buys	€ 9,432,054,223	€ 6,501,829,132	€ 15,933,883,355	4709
Q3 2017 buys	€ 10,613,795,076	€ 5,438,248,782	€ 16,052,043,858	3860
Q2 2017 buys	€ 9,913,054,845	€ 5,332,891,165	€ 15,245,946,010	4144
Q1 2017 buys	€ 9,647,861,481	€ 5,072,955,125	€ 14,720,816,606	3683
Q4 2016 buys	€ 9,720,262,759	€ 5,695,386,008	€ 15,415,648,767	3799

Period	Sellside	Buy-side	Total	Total sale trades
Q4 2017 sales	€ 8,925,313,598	€ 3,206,938,125	€ 12,133,251,723	3665
Q3 2017 sales	€ 8,215,445,929	€ 1,829,192,967	€ 10,044,638,896	2702
Q2 2017 sales	€ 10,094,051,651	€ 3,283,082,821	€ 13,377,134,471	3465
Q1 2017 sales	€ 10,138,911,265	€ 2,433,039,992	€ 13,585,842,383	3080
Q4 2016 sales	€ 8,658,794,687	€ 3,006,475,577	€ 11,665,270,264	2793

Markit Loan Settlement volumes

Each quarter the Markit Loan Settlement team provide us with their quarterly trade figures which allow us to take another perspective with regards to trade volumes in the secondary market.



Contributors

A total of 21 buy-side and sell-side institutions participated in this survey.

- | | | |
|--------------------------|--------------------------------|--------------------|
| — Anchorage Capital | — Credit Agricole | — JP Morgan |
| — Barings (U.K.) Limited | — Credit Suisse | — KKR Credit |
| — Bank of America | — GSO | — M&G |
| — Barclays Capital | — ICG | — Morgan Stanley |
| — Blackstone / GSO | — Invesco | — Nomura |
| — Commerzbank | — Investcorp Credit Management | — RBS |
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