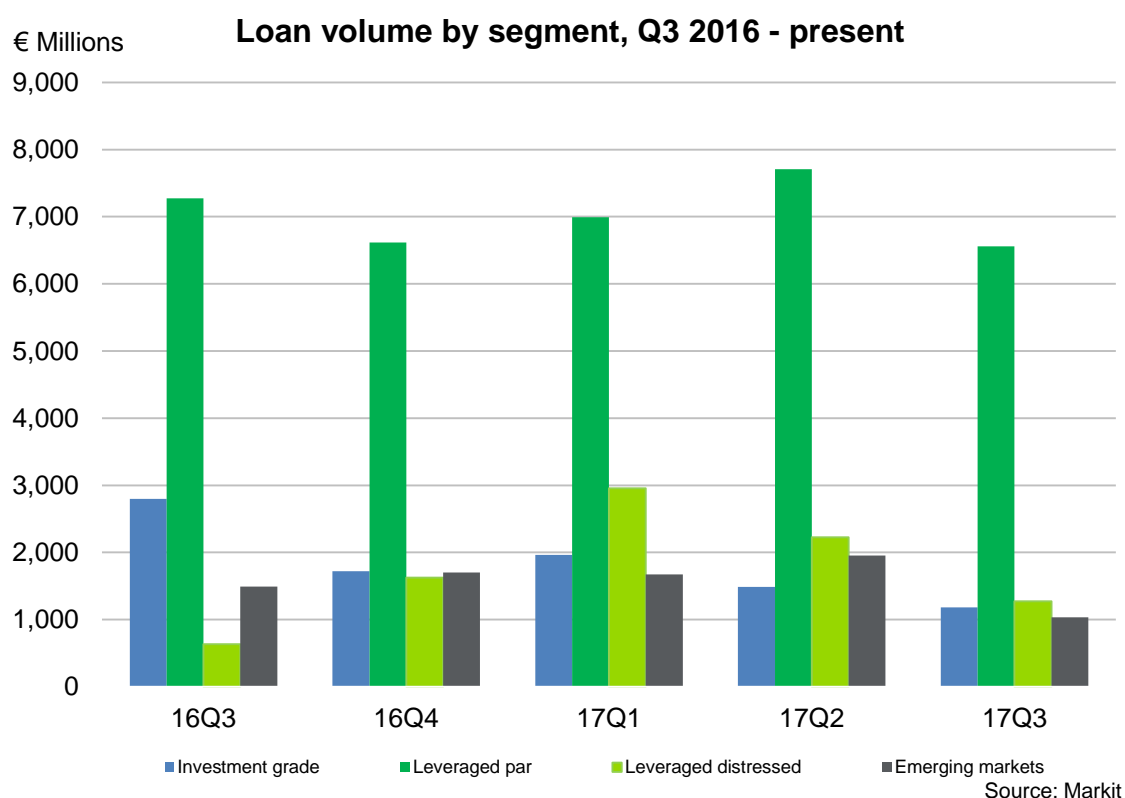


IHS Markit European loan volume survey

Friday, October 27, 2017

The European loan market is down significantly in the third quarter of 2017 – overall figures decreased by 25% from €13,377m in Q2 to €10,045m in Q3. The year on year figures are also down 17.6% from €12,202m in Q3 2016.

- Leveraged loan volumes in Western Europe constituted 78% of the volumes, which is up from the 74.2% observed in the previous quarter – and way up from the 64.8% in Q3 2016. Of the 78% this quarter, 65.3% was conducted on LMA Par documentation, compared against 12.7% on LMA Distressed documentation.
- European Investment Grade loan volumes represented 11.8% of the total, which is similar to the 11.1% seen last quarter, but much lower than the 23% we recorded in Q3 2016.
- Emerging Market figures (Eastern Europe, Middle East and Africa) represented 10.3% this quarter, which was down from the 14.6% we saw last quarter, and also down on the 12.2% we saw at this time in 2016.



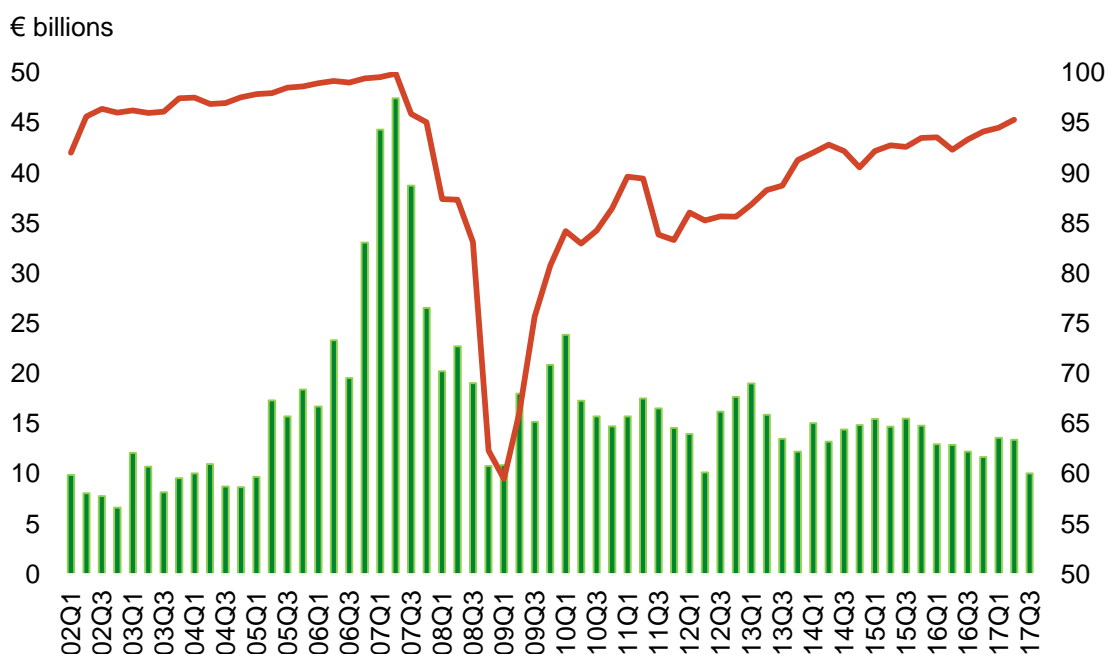
Survey results

Total sales volumes are the lowest seen since 2005 and alongside the €10,148m recorded in Q2 2012, it is only the second time the total figures have dropped below 11 billion since the financial crisis. All four segments are down from the previous quarter, with some at all time low since we took over publishing duties from the LMA in Q4 2011. Investment grade figures have never been lower and are down 20% from the €1,486m in Q2. Distressed figures are down almost 43% from €2,228 in Q2 to €1,273m this time round. Emerging Markets are also substantially down 47.2% from €1,955m in Q2 to €1,033m in Q3. Par figures stand 15% down at €6,558m compared with the €7,708 observed in Q2.

	Total	IG	Par	Distressed	EM
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
3Q16 TOTAL SALES (€m)	€ 12,202	€ 2,800	€ 7,275	€ 633	€ 1,493

The average bid for the last day of Q3 2017 was 96.15; another rise on the 95.30 recorded on 30th June, which now makes it 12 consecutive quarter end price rises. The average bid in Q3 was a bit lower at 95.78, but still a lot higher than the average for Q2, which stood at 94.89.

European secondary loan volumes and average bids



Source: Markit, LMA

Number of trades by market segment

Markit loan trading volume survey Q3 2017	Sales (€m)	# of buy trades	# of sell trades
Non-leveraged trading (Western Europe)	€ 1,181	29	60
Leveraged trading (Western Europe) - Par	€ 6,558	3,539	2,374
Leveraged trading (Western Europe) - Distressed	€ 1,273	177	152
Emerging Markets trading (EEMEA)	€ 1,033	115	116

Breakdown by participation

It is worth noting that while the sales figures are down this quarter to an unprecedented low, the volume and number of buy trades is actually higher than the previous four quarters. When looking into the figures, the main reason for the drop in sales is that buy-side volumes were considerably down on previous quarters. From a sell-side perspective, the sales figures are very similar to those observed in latter half of 2016.

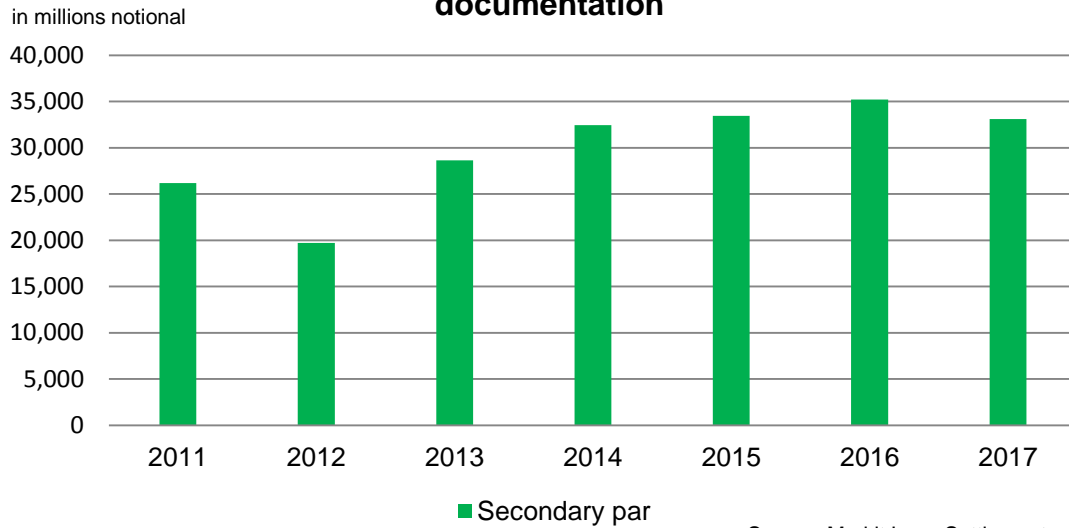
Period	Sellside	Buy-side	Total	Total buy trades
Q3 2017 buys	€ 10,613,795,076	€ 5,438,248,782	€ 16,052,043,858	3860
Q2 2017 buys	€ 9,913,054,845	€ 5,332,891,165	€ 15,245,946,010	4144
Q1 2017 buys	€ 9,647,861,481	€ 5,072,955,125	€ 14,720,816,606	3683
Q4 2016 buys	€ 9,720,262,759	€ 5,695,386,008	€ 15,415,648,767	3799
Q3 2016 buys	€ 7,040,420,774	€ 5,347,726,256	€ 12,388,147,030	3445

Period	Sellside	Buy-side	Total	Total sale trades
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	€ 12,571,951,257	3080
Q4 2016 sales	€ 8,658,794,687	€ 3,006,475,577	€ 11,665,270,264	2793
Q3 2016 sales	€ 8,718,683,005	€ 3,483,063,624	€ 12,201,746,628	3091

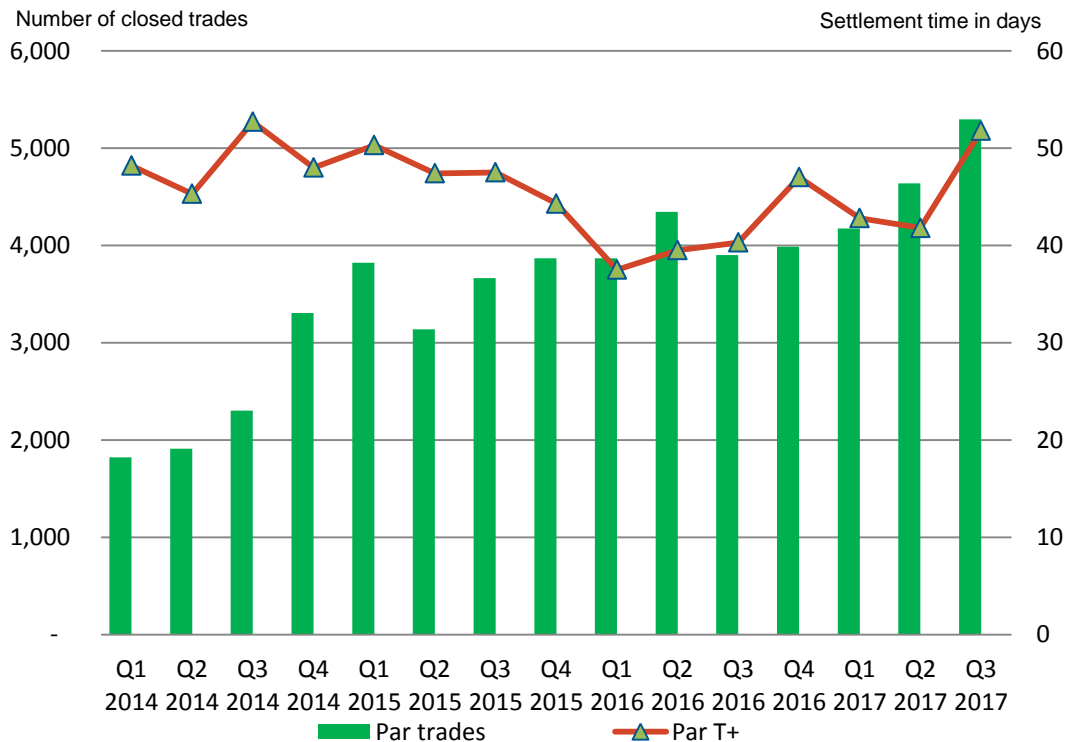
IHS Markit Loan Settlement volumes

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

ClearPar loan trade settlement notional volume on LMA documentation



ClearPar closed trades and average settlement times



Contributors

A total of 18 buy-side and sell-side institutions participated in this survey.

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

For more information, please contact:

Rory McSwiggan

IHS Markit Loan Pricing
+44 20 7064 6404
rory.mcswiggan@ihsmarkit.com

James Irwin

IHS Markit Loan Settlement
+44 20 3367 0486
james.irwin@ihsmarkit.com

For further information

Visit [ihsmarkit.com](https://www.ihsmarkit.com)

Email loanssupport@ihsmarkit.com

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorized use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental or consequential damages arising out of the use of the data. Markit is a trademark owned by the Markit group.