



IHS Markit™

# Q2 2017 loan market data snapshot

IHS Markit

July 5, 2017

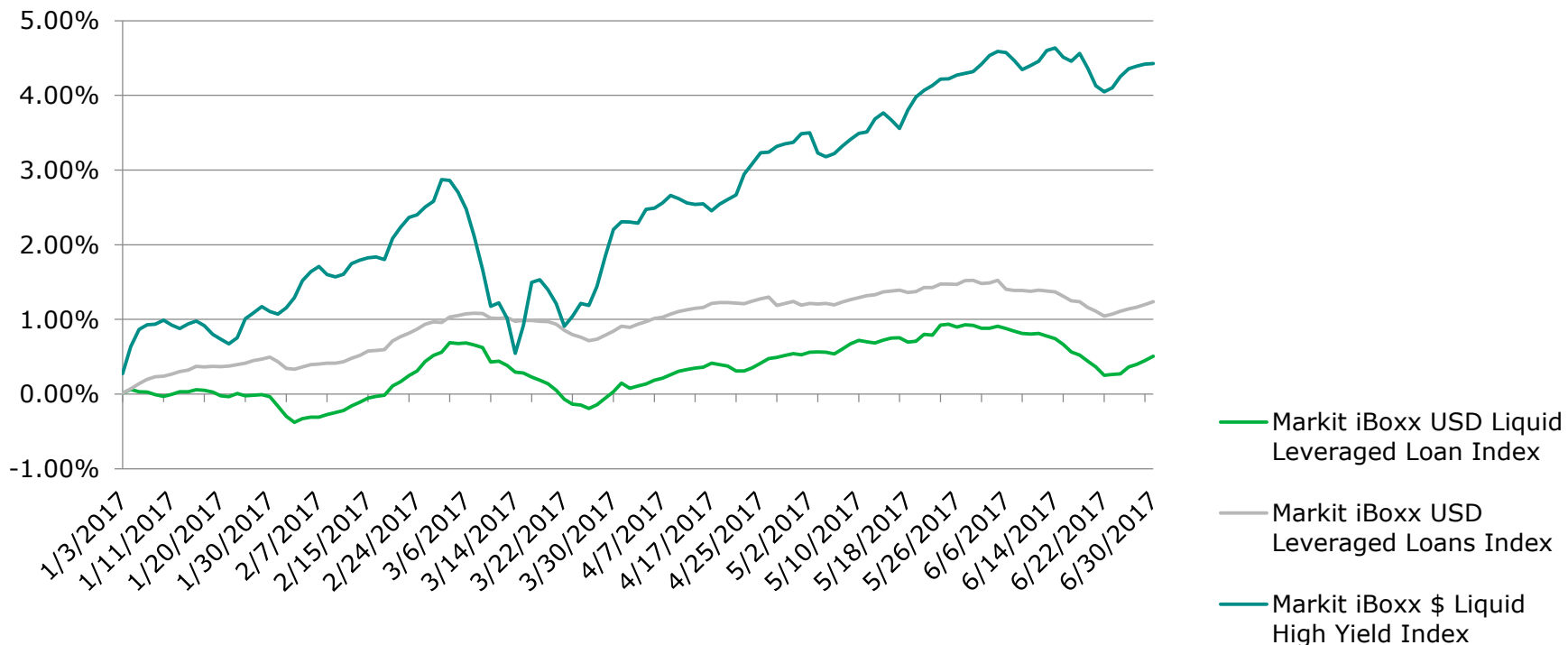
# Contents

## Q2 2017 IHS Markit loan market data snapshot

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

# Index trend Q2 2017

## Leveraged loan and HY bond total returns 2017



<b>Markit iBoxx Loan Indices</b>	<b>Q2Δ%</b>	<b>YTD return</b>
<b>Markit iBoxx USD Leveraged Loan Index</b>	0.33%	1.24%
<b>Markit iBoxx USD Liquid Leveraged Loan Index</b>	0.36%	0.51%
<b>Markit iBoxx USD High Yield Index</b>	2.12%	4.43%

## Pricing data Q2 2017

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

<b>Region</b>	<b>Average bid</b>	<b>QTD %Δ</b>	<b>YTD % Δ</b>
<b>US</b>	96.86	0.07%	0.80%
<b>Europe</b>	95.33	0.92%	1.45%
<b>Asia</b>	82.98	-2.11%	-10.29%

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

<b>Average loan spreads to maturity (June 30)</b>	<b>1 year tenor</b>	<b>3 year tenor</b>	<b>5 year tenor</b>	<b>7 year tenor</b>
<b>BB</b>	L+216.7	L+253.7	L+284.1	L+321.4
<b>B</b>	L+413.8	L+450.8	L+481.1	L+518.5
<b>CCC</b>	L+824.4	L+861.4	L+891.8	L+929.1

<b>Average loan spreads Q2 2017 Δ</b>	<b>1 year tenor</b>	<b>3 year tenor</b>	<b>5 year tenor</b>	<b>7 year tenor</b>
<b>BB</b>	2.75%	2.63%	2.12%	1.74%
<b>B</b>	2.02%	2.01%	1.71%	1.53%
<b>CCC</b>	0.19%	0.27%	0.18%	0.13%

# Sector view Q2 2017

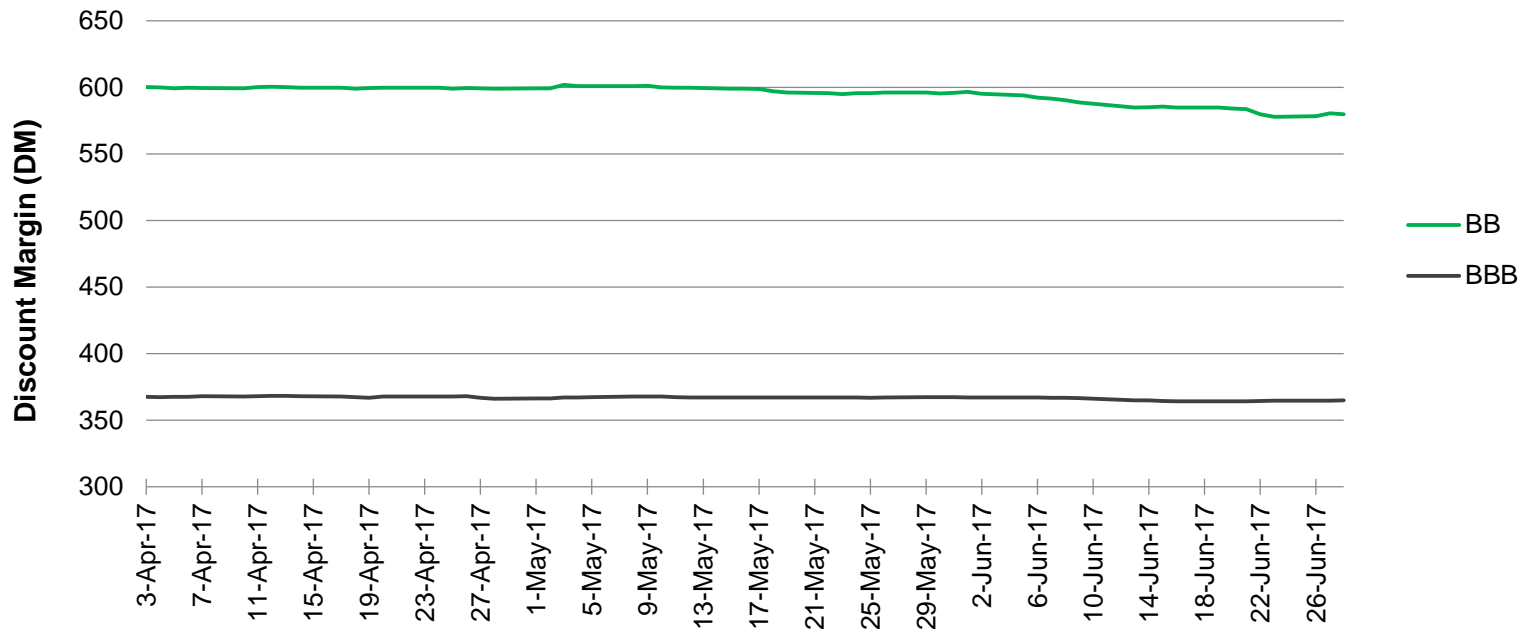
## Q2 change in North American and European leveraged loan sector spreads (bps)

		BBB-	BB+	BB	BB-	B+	B	B-	CCC+
<b>Basic Materials</b>	NA	+3	-9	-5	+8	+21	-21	+10	-4
	EU	-9	-20	-17	-4	+10	-33	-1	-13
	Change NA-EU	+11.6	+11.1	+11.7	+12.3	+10.9	+12.0	+10.8	+8.4
<b>Consumer Goods</b>	NA	-1	-13	-10	+4	+16	-25	+5	-8
	EU	-12	-23	-20	-8	+6	-36	-5	-16
	Current NA-EU	+10.8	+10.3	+11.0	+11.6	+10.2	+11.2	+10.1	+7.7
<b>Consumer Services</b>	NA	+6	-6	-2	+11	+24	-18	+13	-1
	EU	-6	-16	-14	-1	+13	-30	+2	-9
	Current NA-EU	+11.4	+10.9	+11.5	+12.2	+10.7	+11.8	+10.7	+8.3
<b>Energy</b>	NA	+64	+52	+55	+69	+81	+40	+70	+57
	EU	+52	+41	+43	+56	+70	+28	+59	+48
	Current NA-EU	+11.9	+11.4	+12.1	+12.7	+11.3	+12.3	+11.2	+8.8
<b>Financials</b>	NA	+17	+6	+9	+23	+35	-6	+24	+10
	EU	+7	-4	-1	+12	+25	-17	+15	+3
	Current NA-EU	+10.3	+9.8	+10.5	+11.1	+9.7	+10.7	+9.6	+7.2
<b>Healthcare</b>	NA	-4	-16	-12	+1	+13	-28	+2	-11
	EU	-16	-26	-24	-11	+3	-40	-8	-19
	Current NA-EU	+11.2	+10.7	+11.4	+12.0	+10.6	+11.6	+10.5	+8.1
<b>Industrials</b>	NA	+7	-4	-1	+12	+25	-17	+14	+0
	EU	-4	-15	-12	+0	+14	-28	+3	-8
	Current NA-EU	+11.2	+10.6	+11.3	+11.9	+10.5	+11.5	+10.4	+8.0
<b>Technology</b>	NA	-8	-19	-16	-3	+10	-32	-1	-15
	EU	-19	-30	-27	-14	-1	-43	-11	-23
	Current NA-EU	+10.8	+10.3	+11.0	+11.6	+10.2	+11.2	+10.1	+7.7
<b>Telecommunication Services</b>	NA	+23	+11	+15	+28	+40	-1	+29	+16
	EU	+10	-0	+2	+15	+29	-14	+18	+7
	Current NA-EU	+12.3	+11.7	+12.4	+13.0	+11.6	+12.6	+11.5	+9.1
<b>Utilities</b>	NA	+25	+13	+16	+30	+42	+1	+31	+18
	EU	+15	+4	+6	+19	+33	-9	+22	+11
	Current NA-EU	+9.8	+9.3	+10.0	+10.6	+9.2	+10.2	+9.1	+6.7

Source: IHS Markit

# CLO trend Q2 2017

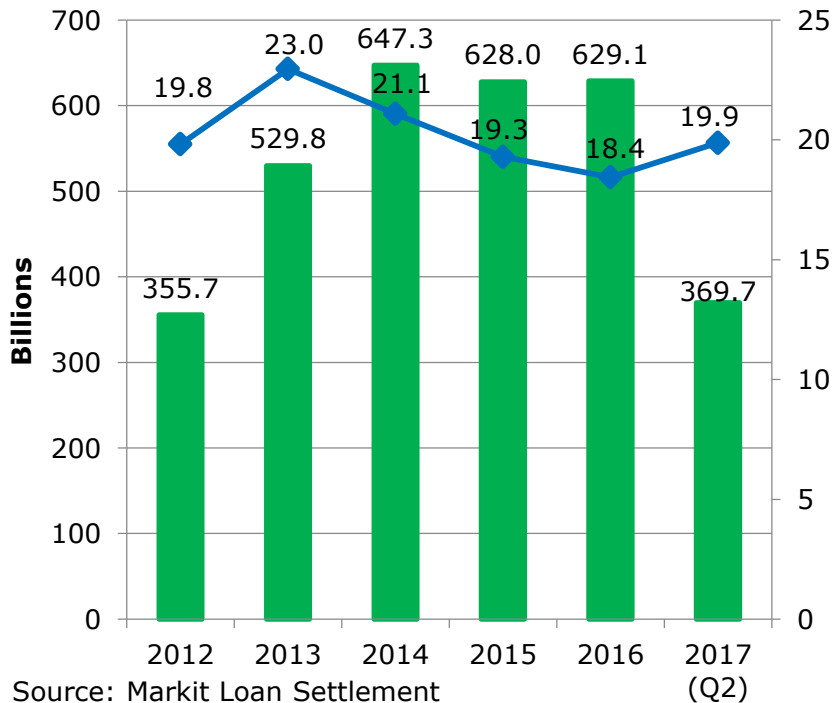
## US BBB and BB Spreads



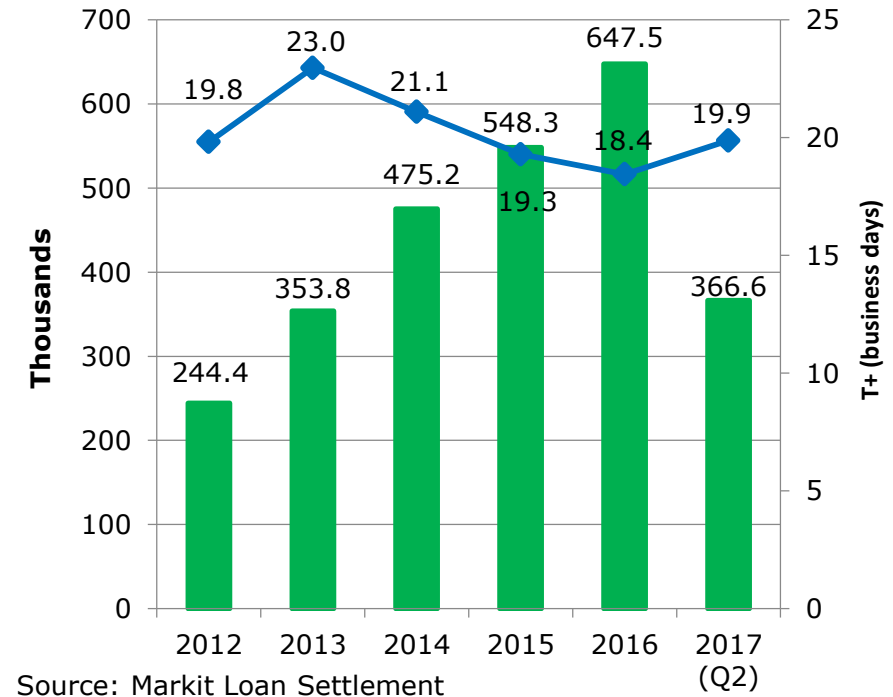
US CLO mezzanine debt has garnered decent momentum over the last quarter, trading steadily towards the MH500s DM (discount margin). Activity has continued at the bottom of the capital structure, with BB spreads tightening ~20bps in the last 3 months on the wave of strong demand for high coupon BBs. Volume in the secondary has been relatively light across the stack towards the end of Q2, with refinancing activity accounting for almost \$90bn YTD. Refis/resets will likely see an uptick in H2 and remains a popular option among managers as loan prices remain rich and collateral cushions tighten further.

# Trade settlement volume Q2 2017

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

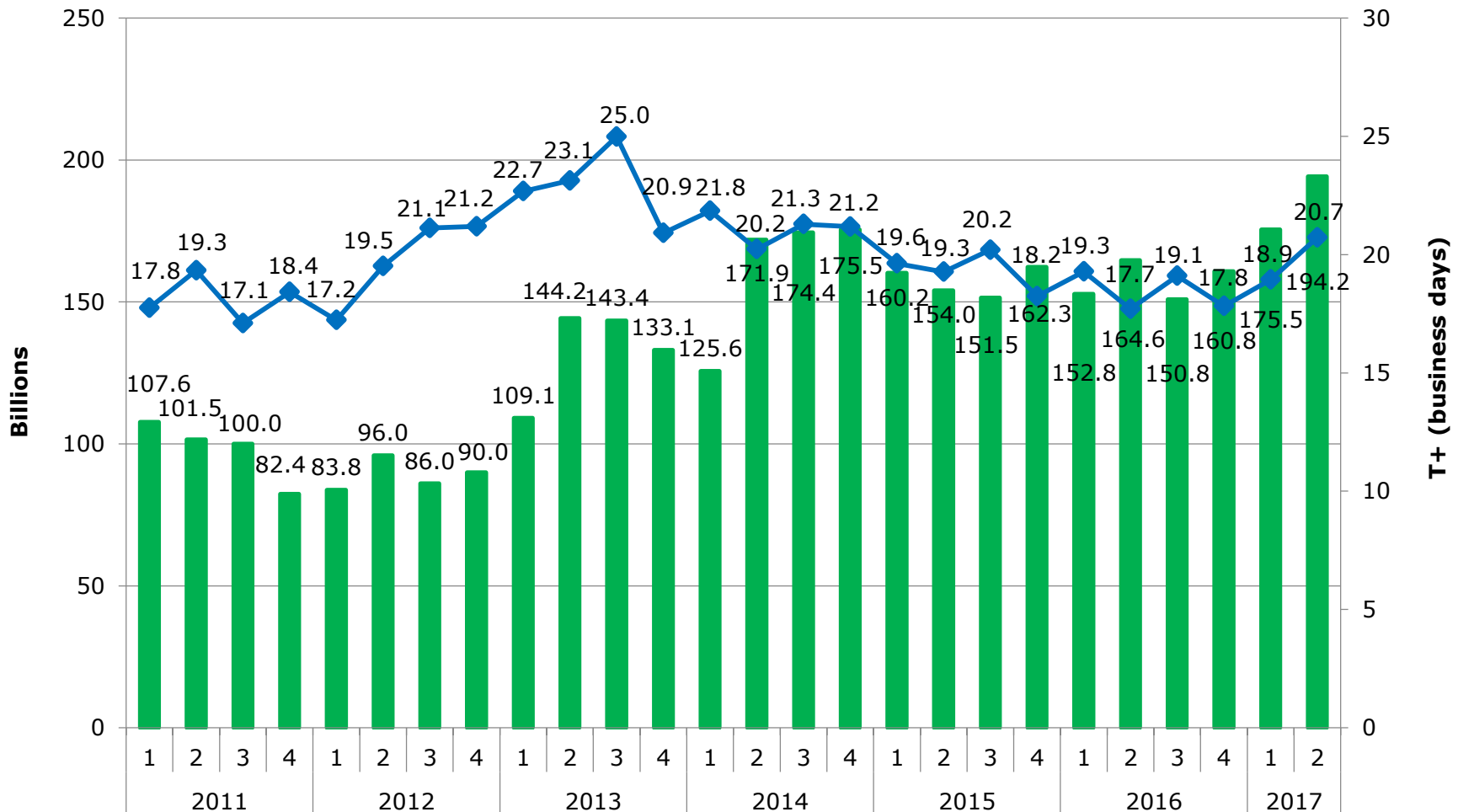


**Average T+ time and LSTA Secondary Par Settled Allocations**



# Trade settlement efficiency Q2 2017

## LSTA Secondary Par Settled Notional by Quarter



Source: Markit Loan Settlement



## 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.