



IHS Markit™

# Q4 2016 loan market data snapshot

IHS Markit

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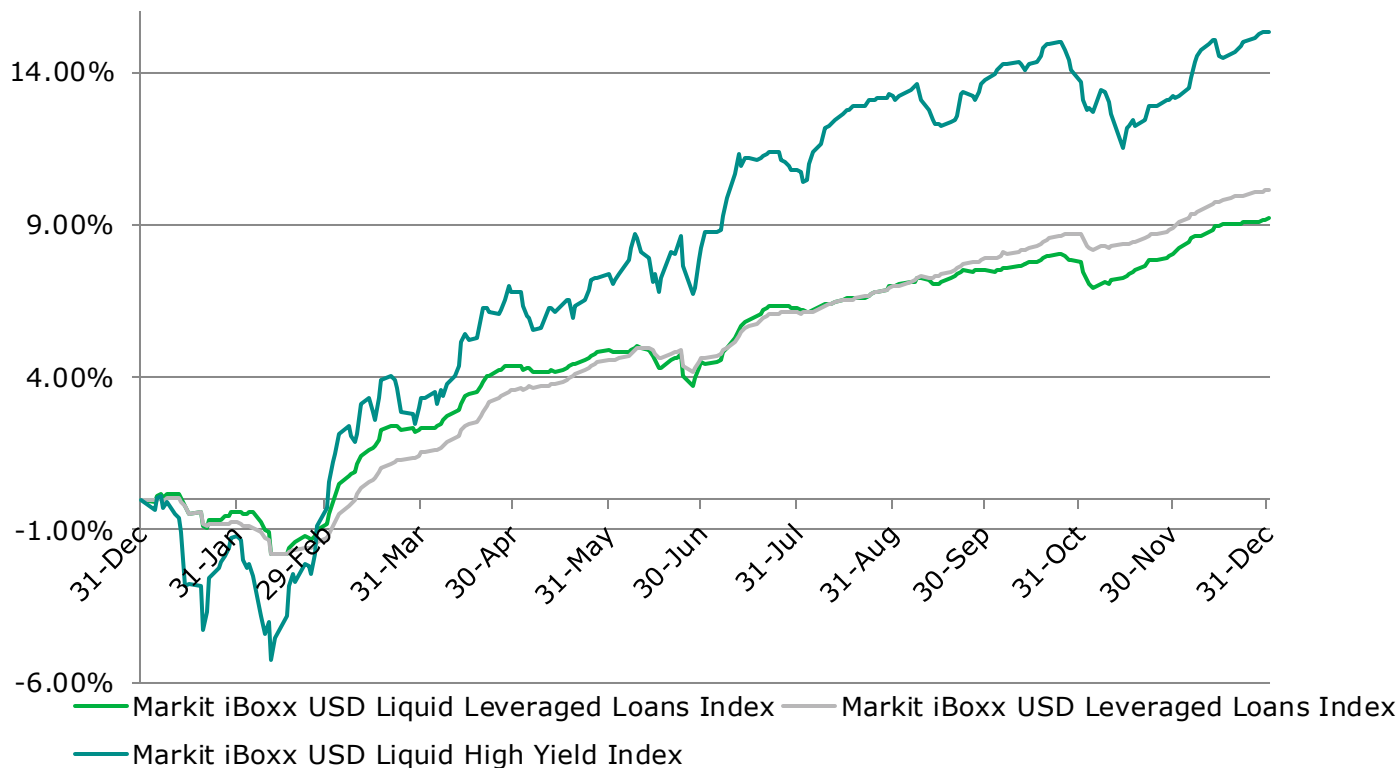
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# Index trend Q4 2016

Leveraged loan and HY bond total returns 2016



<b>Markit iBoxx Loan Indices</b>	<b>Q4Δ%</b>	<b>Full year return</b>
<b>Markit iBoxx USD Leverage Loan Index</b>	28.29%	10.14%
<b>Markit iBoxx USD Liquid Leverage Loan Index</b>	22.54%	9.20%

# Pricing data Q4 2016

## Pricing trend: average bids in the secondary market

Region	Average bid	Q4 $\Delta$	2016 % $\Delta$
US	96.10	1.22%	2.89
Europe	94.26	0.99%	0.75%
Asia	92.50	6.35%	10.15%

## 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
BB	L+242.6	L+274.6	L+302.5	L+337
B	L+456.9	L+488.9	L+516.7	L+551.2
CCC	L+858.7	L+890.7	L+918.5	L+953

Average loan spreads Q4 2016 $\Delta$	1 year tenor	3 year tenor	5 year tenor	7 year tenor
BB	-4.03%	-6.60%	-7.61%	-7.52%
B	-2.04%	-3.68%	-4.49%	-4.64%
CCC	-3.35%	-4.19%	-4.64%	-4.71%

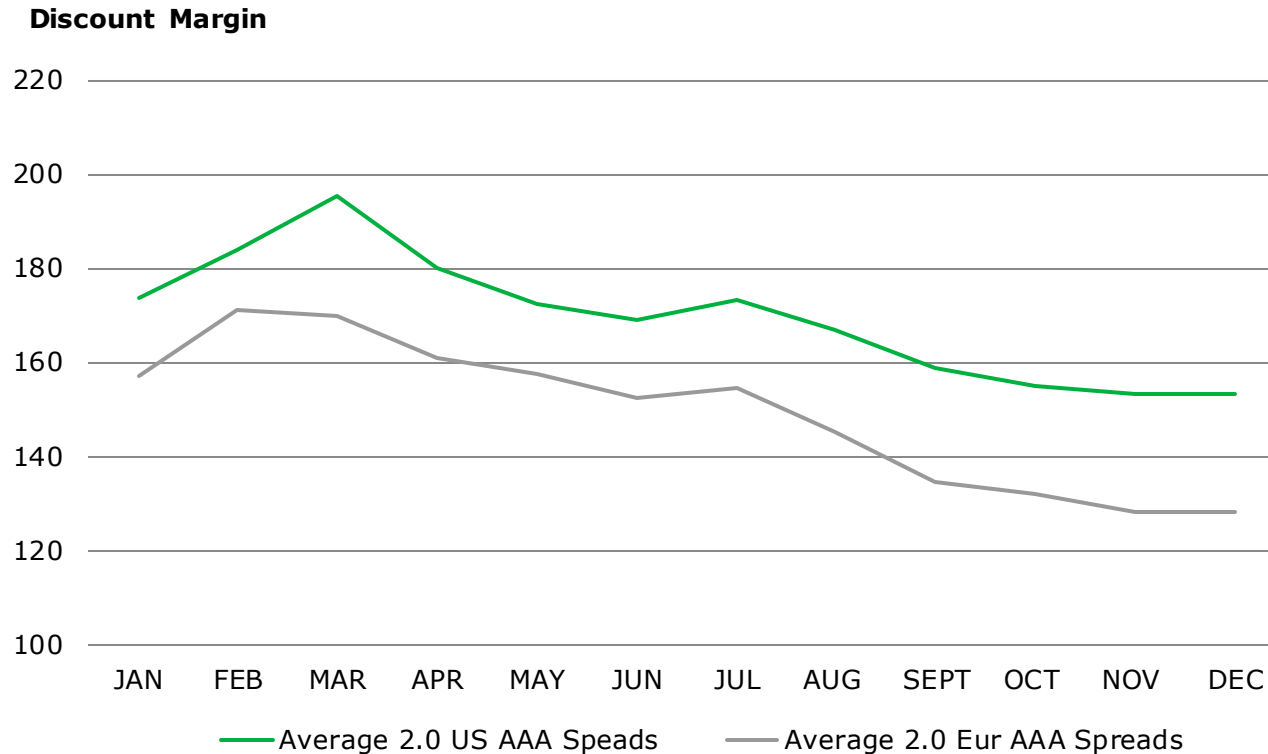
# Sector view – Q4 2016

## 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	-31	-29	-23	-22	-37	-20	-35	-61
	EU	-37	-34	-30	-29	-43	-26	-42	-68
	Change NA-EU	+6.1	+5.4	+7.2	+7.0	+5.9	+6.3	+7.1	+6.9
<b>Consumer Goods</b>	NA	-24	-22	-16	-15	-30	-13	-28	-54
	EU	-31	-28	-24	-23	-36	-19	-36	-61
	Current NA-EU	+6.4	+5.8	+7.6	+7.3	+6.2	+6.7	+7.5	+7.2
<b>Consumer Services</b>	NA	-13	-11	-5	-4	-19	-2	-17	-43
	EU	-20	-16	-12	-11	-25	-8	-24	-50
	Current NA-EU	+6.2	+5.6	+7.4	+7.1	+6.0	+6.5	+7.3	+7.0
<b>Energy</b>	NA	-133	-131	-125	-124	-138	-121	-137	-163
	EU	-139	-136	-132	-131	-144	-128	-144	-169
	Current NA-EU	+6.0	+5.4	+7.1	+6.9	+5.8	+6.3	+7.1	+6.8
<b>Financials</b>	NA	-12	-10	-4	-3	-17	-0	-16	-42
	EU	-17	-14	-10	-9	-22	-6	-22	-48
	Current NA-EU	+5.2	+4.5	+6.3	+6.1	+5.0	+5.4	+6.2	+5.9
<b>Healthcare</b>	NA	-3	-0	+6	+6	-8	+9	-6	-32
	EU	-9	-6	-2	-1	-14	+2	-14	-39
	Current NA-EU	+6.4	+5.8	+7.6	+7.3	+6.2	+6.7	+7.5	+7.2
<b>Industrials</b>	NA	-24	-21	-15	-14	-29	-12	-27	-53
	EU	-30	-27	-23	-22	-35	-18	-35	-60
	Current NA-EU	+6.4	+5.7	+7.5	+7.3	+6.2	+6.6	+7.4	+7.2
<b>Technology</b>	NA	-1	+1	+7	+8	-6	+11	-5	-31
	EU	-7	-4	-0	+1	-12	+4	-12	-37
	Current NA-EU	+6.1	+5.5	+7.3	+7.0	+5.9	+6.4	+7.2	+6.9
<b>Telecommunication Services</b>	NA	-6	-4	+2	+3	-12	+5	-10	-36
	EU	-10	-7	-3	-2	-15	+1	-15	-40
	Current NA-EU	+3.7	+3.1	+4.9	+4.6	+3.5	+4.0	+4.8	+4.5
<b>Utilities</b>	NA	-18	-15	-10	-9	-23	-6	-22	-47
	EU	-20	-17	-13	-12	-25	-9	-25	-51
	Current NA-EU	+2.5	+1.8	+3.6	+3.4	+2.3	+2.7	+3.5	+3.3

# CLO trend 2016

## CLO 2.0 AAA Europe and US spread data



The CLO primary market concluded 2016 with ~\$71.7bn in new issuance, underscored by ~\$25.7bn in new deals leading up to the risk retention deadline in December. Issuance is expected to decline due to difficulty in sourcing loans below par, a depleting concentration of CLO managers and a thinning WAS (weighted average spread) as loans continue to tighten/prepay. Refis/resets continue to be a prominent theme in the second half of 2016 and the market continues to trend tighter across both US and European markets. Strong investor demand from Asia will continue to fuel spread compression at the top of the capital stack.

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