# Global Loan Market Data and Analytics by Refinitiv LPC

## July 2020

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Secondary Market Bid Levels: Europe

The European secondary market gained 54bp in June. The par-plus share remained at 0% throughout the month, as did the distressed share for the Euro Lev40 cohort.

Source: Refinitiv LPC
The European CLO market had its busiest month since February, before the impact of COVID-19, with 9 deals pricing for a total of €2.4bn. First half activity is down 31% YoY to €10.11bn. This was led by €4.3bn of 2Q volume, down 26% compared to the previous quarter, and 45% lower compared to last year’s volume.
European CLO AAA Spreads*

AAA spreads continued to tighten in June, to an average of 167bp with several managers, including Goldentree, InvestCorp and Mackay Shields, printing CLOs in the 155-160bp range.

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*based on deals where discount margin is available

Source: Refinitiv LPC
Defaulted Assets – European CLOs (post-crisis)

In European CLO portfolios, 52% of deals report no defaults, while the share reporting 2% or more of principal balance in default has increased to 9%, from 2% a month earlier.

Source: LPC Collateral

*For an overview of the CLO Distressed Market, please download Refinitiv LPC’s Distressed Monthly presentation from Loan Connector.
European CLO Assets Under Management by Vintage

On the European side, post-crisis CLOs hold the lion’s share of assets.

Source: LPC Collateral
Distribution of Secondary Market Prices of Loan Assets in European CLOs

It is a similar picture in Europe, with the share of assets marked below 80 decreasing to 4% at the end of June. 47% percent of CLO loan assets were marked between 95 and <98, compared to 32% a month earlier and represented only a 1% share at the end of March.

Share of Loan Holdings / Avg. bid (% of Par)

Source: LPC Collateral
Average Bid of European CLO Portfolios* (Underlying Assets)

The weighted average bid on European CLOs rose 137bp in June to the 93.1 context. The median bid also ticked up 125bp to the 93.3 level.

*excludes CLOs less than $50 million in size.
EMEA Leveraged Volume by Segment – Monthly

Leveraged new money issuance declined to $152.6m in June 2020. Leveraged M&A issuance also declined to $1.9bn in June, while refinancing activity remains well below pre-COVID19 levels.

*Leveraged Loan Issuance ($Bils)*

*The breakdown includes Refinancing, M&A and New money exclusive of M&A*

Source: Refinitiv LPC
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Due to the cancellations of LPC’s two in-person conferences due to the Covid 19 pandemic, LPC is combining the events into one and presenting it virtually in 2020. The conference will continue to feature the same world-class speakers and targeted loan market focus that have made our conferences a vital part of so many market participants’ calendars.

Available both live and on-demand, the webcast will offer an excellent opportunity for sponsors to align themselves with cutting-edge thought leadership and engage with both existing and potential clients.

Click here to download a PDF with more information.