U.S. Leveraged Loan Investors: Volume Expectations and Dealer Relationships

March 26, 2024

Executive Summary:



Over the past three years, leveraged loan markets have been on the same roller coaster as the rest of the fixed-income market. The mostly floating rate market was a port in the storm as interest rates rose and drove down bond prices. But the market still experienced volatility and a decline in issuance in 2022 as it grappled with expectations of a recession that never was. Yet, after a notable drop in leveraged loan revenue in 2022, dealers saw a rebound in 2023 with U.S. revenue topping $900 million—a 16% increase from 2021 and 29% from 2022.

Methodology:

This research summarizes key findings from interviews from March – November 2023 with 59 loan investors in the U.S., primarily hedge funds and asset managers. The data sheds light on the factors driving business to dealer counterparties, trading volume expectations, and evolving relationship dynamics in the leveraged loan market.

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