

single B-rating category, accounted for about 36% of the industry's total bank loan exposure. However, bank loans carrying NAIC 5 designations—i.e., in the CCC category

interest rates, as the Federal Reserve had increased the federal funds rate seven times altogether in 2017 and 2018, perhaps making financing via bank loans less attractive than other alternatives.

FitchRatings research cites that as of March 2020, collateralized loan obligations (CLOs) were the second largest holders of leveraged bank loans, second to banks.¹ CLOs hold about \$700 billion of the leveraged bank loan market.

Source: S&P LCD , May 7, 2020

With regard to the composition of industries represented in the leveraged loan market, computers and electronics were the largest at almost 18% of total volume in April 2020 as shown in Chart 2, according to S&P Global data. The second and third largest industries were service and leasing at 14.5% and telecommunications at 12.4%, respectively.

Source: S&P Global LCD

There was an increase in downgrades to corporate credits since year-end 2019, as treW70prC3(,)OVI4(CD)JTJET@7

Source: S&P/LSTA Leveraged Loan 100 Index

