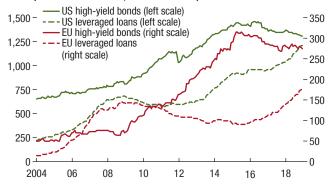
Figure 1.13. Developments in the Leveraged Loan Market in the United States and Europe

The amount of leveraged loans is almost as large as that of high-yield bonds.

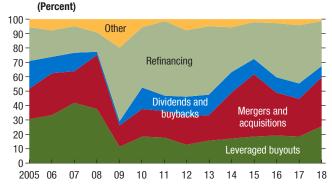
Nonbanks have taken a larger role in financing highly indebted firms.

1. High-Yield Bond versus Leveraged Loan Debt Outstanding (Billions of US dollars; billions of euros)



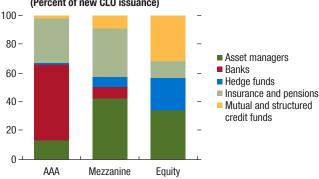
The share of proceeds used to fund acquisitions and shareholder enhancements is large.

3. Leveraged Loan Issuance by Use of Proceeds

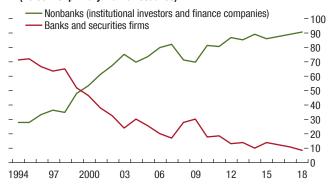


Collateralized loan obligations have enjoyed a stable bid from asset managers and banks ...

5. US CLO Year-End 2018 Investor Base (Percent of new CLO issuance)



2. US Leveraged Loan Investor Base: Banks versus Nonbanks (Percent of primary market issuance)



US bank holdings of collateralized loan obligations remain relatively small.

4. US Bank Holdings of Collateralized Loan Obligations (Billions of US dollars; percent)



... as attractive currency-hedged returns have maintained a strong bid from foreign banks.

6. US and EU AAA-rated CLO Spreads Hedged to the Japanese Yen (Basis points)



Sources: Bloomberg Finance L.P.; Citi; Federal Reserve Y-9C Reports; S&P Leveraged Commentary & Data; SNL Financial; and IMF staff calculations.

Note: For panel 2, institutional investors include finance companies, insurance companies, hedge funds, distressed debt funds, loan mutual funds, and collateralized loan obligations (CLOs). Panel 5 is based on estimates from Citi. JGB = Japanese government bond; JPY = Japanese yen; LBOs = leveraged buy-outs; M&A = mergers and acquisitions.