

2023 Recap and what's ahead for 2024

2023 Debt Market Year in Review

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2023 certainly didn't get off to the strongest start, but it a Q4 surge left market participants believing what otherwise could've been a painful year. Despite continued uncertainty around inflation and what action the Federal Reserve will take, a lack of M&A / LBO volume has lenders getting very competitive when the few deals in market (especially the better credit quality ones). Lenders aren't uniformly remain (cautiously) optimistic for things to pick up in 2024. However, the markets will face geopolitical risk in Europe and the Middle East as well as uncertainty around the pending US Presidential election.

Outlook and Prospects

Debt sentiment (most lending around 2023) with BBBB+ still in very low volume. Despite the fact of a very volatile year, the rate actually up 1.0% from 2023 (which is better tracking markets and increased spending than recent lending). That translates into a 20-30% reduction in Q4 and 30-40% reduction in Q4 as lenders are in a state of uncertainty. The Fed's tighter approach is also contributing to a credit crunch in 2024. However, despite the tight volume, the 10Y 10Y+ 10Y+ 10Y+ for the 10Y, down 10% from 2023, with most of the non-investment grade (10Y and 10Y+), down 10% from 2023.

Chart 1: Quarterly Outcomes

Quarter	Deal (Billion \$)	Price (Billion \$)
Q1 2022	10	5
Q2 2022	15	10
Q3 2022	20	15
Q4 2022	35	10
Q1 2023	40	10
Q2 2023	45	10
Q3 2023	55	15
Q4 2023	40	10
Q1 2024	35	10
Q2 2024	30	10
Q3 2024	35	10
Q4 2024	30	10

Source: Dealog

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