Macro Roundup Artcile

Headline: Silicon Valley start-ups race for debt deals in funding crunch

Article Link: https://www.ft.com/content/d12a4baa-53c6-4256-b125-d25622f9555f

Author(s)	Tabby Kinder
Publication	Financial Times
Publication Date	December 20, 2022

Tweet: With the total value of new venture capital funding down 42% to $286B for the first 11 months of 2022, many private technology companies are turning to debt markets to avoid writing down their equity valuations. @ft

Summary: A sharp decline in venture capital dealmaking, alongside a closed market for initial public offerings, has resulted in a funding crunch for many private technology companies over the past year. Company founders have entered into debt-focused deals such as bridge loans, structured equity, convertible notes, participating bonds and generous liquidation preferences. These moves are designed to avoid a dreaded “down round” — accepting funding at a far lower valuation than a company had previously secured. New VC deals fell 42% in the first 11 months of this year to $286bn, compared to the same period last year, according to investment data company Preqin. Silicon Valley law firm Cooley said the total value of late-stage VC deals it advised on had slumped almost 80% this year.

Primary Topic: Startups

Topics: Factoid, Financial Markets, GDP, News article, Productivity, Sell-by Date, Startups

Permalink: https://www.edwardconard.com/macro-roundup/with-the-total-value-of-new-venture-capital-funding-down-42-to-286b-for-the-first-11-months-of-2022-many-private-technology-companies-are-turning-to-debt-markets-to-avoid-writing-down-their-equity-v?view=detail

Featured Image Link: https://www.edwardconard.com/wp-content/uploads/2022/12/12.20.22-Funding.png