

Briefing

Global Economic & Credit Market

Week 48 Ending – December 01, 2023

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Economic Calendar

- Monday, December 4: Factory Orders
- Wednesday, December 6: US Trade Deficit
- Thursday, December 7: Initial Jobless Claims
- Friday, December 8: Consumer Sentiment

Key Market Metrics

- S&P 500: +0.73% WoW; +19.45% YTD; +12.66% YoY; 13.4x LTM EBITDA; 12.6x NTM EBITDA
- Dow Jones: +2.42% WoW; +9.16% YTD; +5.38% YoY; 10.6x LTM EBITDA; 12.5x NTM EBITDA
- Nasdaq: +0.38% WoW; +36.27% YTD; +24.58% YoY
- Ten Year US Treasury Yield: 4.28% (26) bps YTD; +49 bps YoY
- Currency:
 - British Pound per USD: \$1.27; 0.8% WoW; 5.2% YTD; 3.8% YoY
 - Euro per USD: \$1.09; (0.5%) WoW; 1.6% YTD; 3.4% YoY
 - USD per Yen: ¥146.84; (1.7%)WoW; 12.0% YTD; 8.5% YoY
 - Swiss franc per EUR: 1.06 CHF; 2.1% WoW; 4.7% YTD; 4.3% YoY

U.S. News

Consumer Confidence

- The consumer confidence index rebounded in November from a 15-month low to 102
- However, Americans remain concerned about the economy despite the best job market in decades
- Consumers are preoccupied with rising prices in general, the conflicts in Ukraine and the Middle East, and higher interest rates

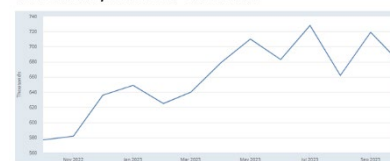
Consumer Confidence Index



New Home Sales

- U.S. new-home sales fell 5.6% to a seasonally adjusted annual rate of 679,000 in October
- The median sales price of new houses sold in October dropped to \$409,300, down from \$422,300 in the prior month and down 17.6% from the same month last year
- This represents the lowest level since August 2021

New One Family Houses Sold - United States



Construction Spending

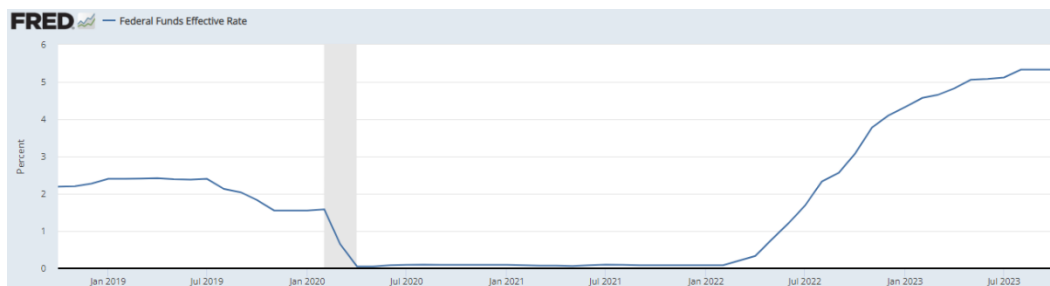
- Construction spending rose in October for the 10th month in a row, largely because of work on commercial buildings and government-funded public projects
- High interest rates have tempered demand for new homes and apartments, but they have had less effect on other forms of construction
- Government-funded construction has jumped 16% in the past year

▪ Inflation Factors

- CPI:
 - The consumer-price index rose 3.2% in October year over year
 - On a monthly basis, the CPI increased 0.0% in October on a seasonally adjusted basis, after increasing 0.4% in September
 - The index for all items less food and energy (core CPI) rose 0.2% in October, after rising 0.3% in September
 - Core CPI increased 4.0% for the 12 months ending October
- Food & Beverages:
 - The food at home index increased 2.1% in October from the same month a year earlier, and increased 0.3% in October month over month
 - The food away from home index increased 5.4% in October from the same month a year earlier, and increased 0.4% in October month over month
- Commodities:
 - The energy commodities index decreased (4.9%) in October after increasing 2.3%
 - The energy commodities index fell (6.2%) over the last 12 months
 - The energy services index (1.0%) in October after increasing 0.1% in September
 - The energy services index fell (2.3%) over the last 12 months
 - The gasoline index fell (5.3%) over the last 12 months
 - The fuel oil index fell (21.4%) over the last 12 months
 - The index for electricity rose 2.4% over the last 12 months
 - The index for natural gas fell (15.8%) over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index decreased to \$1,381.82 per 40ft
 - Drewry's composite World Container Index has decreased by (39.5%) over the last 12 months
- Housing Market:
 - The shelter index increased 0.3% in October after increasing 0.6% in September
 - The rent index increased 0.3% in October after increasing 0.6% in September
 - The index for lodging away from home decreased (6.1%) in October after increasing 0.7% in September

▪ Fed Funds Rate

- The effective Federal Funds Rate is at 5.33%, remaining flat since August and up 1% since the start of 2023



World News

▪ Israel/Middle East

- A weeklong truce between Israel and Hamas expired early Friday morning, prompting Israel to renew combat operations in Gaza after it said Hamas fired toward Israeli territory
- The end of the cease-fire came as mediators engaged in intense talks in which Hamas didn't provide a list of hostages needed for an extension, Egyptian officials said. Hamas said it was struggling to access some hostages held by other groups
- Israel's resumed offensive is expected to focus on southern Gaza, where it claims many of Hamas's senior leaders are hiding. It published a map it says will be used to guide Gazans away from areas of fighting
- Secretary of State Antony Blinken, visiting the region for the third time since Hamas's Oct. 7 attack, had urged Israel to extend the pause and reduce civilian casualties if the fighting resumes
- Hamas released two hostages late on Thursday and six more around midnight. Thirty Palestinians - seven women and 23 minors - were released from Israeli prisons as part of a swap deal

▪ Ukraine

- Ukraine's security service carried out an overnight explosion on a key rail route between Russia and China on Thursday
- Four explosive devices were detonated while a freight train was traveling. Currently, the Russian security service is working at the site as Russian railway workers deal with the consequences of the Ukrainian special operation

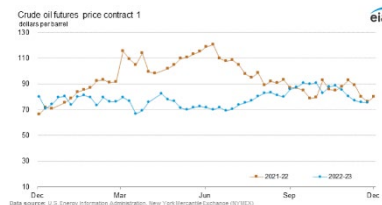
▪ China

- Factory activity in China slid deeper into contraction in November as domestic and foreign orders dried up, while activity in the services sector shrank for the first time this year
- China's real-estate sector is mired in a protracted downturn, putting the squeeze on consumer confidence and households' willingness to spend. House prices fell in 70 major cities at a faster clip in October than a month earlier, while nationwide the amount of new home sales measured in floor space was around 20% lower than a year earlier
- China's new home sales continued to drop in November, according to private data released on Thursday by China Real Estate Information Corp. The sales of China's 100 largest real-estate developers totaled the equivalent of \$54.7 billion for the month, down 30% from a year ago, when many parts of China were under Covid-19 lockdowns and business activities were restricted
- China's economy is in need of more government help to avoid a pronounced year-end slowdown, economists say. Businesses are finding few buyers for their goods overseas as growth slows in the U.S. and other major economies

Commodities

Oil Prices

- WTI: \$74.24 per barrel
 - (1.72%) WoW; (6.65%) YTD; (4.45%) YoY
- Brent: \$79.02 per barrel
 - (1.94%) WoW; (5.82%) YTD; (2.71%) YoY



US Production

- U.S. oil production amounted to 13.2 million bpd for the week ended November 24, down 0.0 million bpd from the prior week

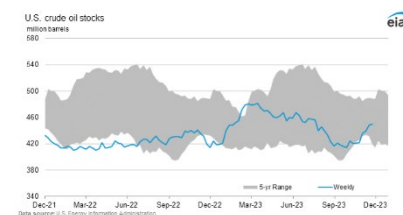
Rig Count

- The total number of oil rigs amounted to 625, up 3 from last week

Inventories

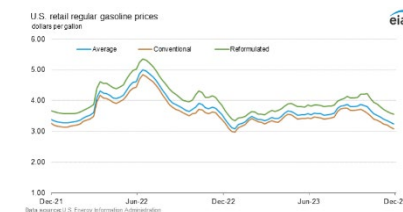
Crude Oil

- Total U.S. crude oil inventories now amount to 449.7 million barrels, up 7.3% YoY
- Refiners operated at a capacity utilization rate of 89.8% for the week, up from 87.0% in the prior week
- U.S. crude oil imports now amount to 6.529 million barrels per day, down (3.4%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.25 per gallon in the week of December 1, down (5.8%) YoY
 - Gasoline prices on the East Coast amounted to \$3.27, down (8.5%) YoY
 - Gasoline prices in the Midwest amounted to \$3.11, down (9.9%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.80, down (6.6%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.22, down (11.8%) YoY
 - Gasoline prices on the West Coast amounted to \$4.49, down (4.5%)
 - Motor gasoline inventories were up by 1.8 million barrels from the prior week
 - Motor gasoline inventories amounted to 218.2 million barrels, up 2.1% YoY
 - Production of motor gasoline averaged 9.34 million bpd, down (0.2%) YoY
 - Demand for motor gasoline amounted to 8.206 million bpd, down (1.3%) YoY
- #### Distillates
- Distillate inventories decreased by 5.2 million in the week of December 1
 - Total distillate inventories amounted to 110.8 million barrels, down (1.7%)
 - Distillate production averaged 4.998 million bpd, down (5.9%) YoY
 - Demand for distillates averaged 3.014 million bpd in the week, down (17.6%)



Geopolitical Hotspots

- **Spain**
 - Amazon reached an agreement with most of its workers in Spain, averting the full impact of a strike that risked crippling its warehouses on one of the busiest days of the year
- **Italy**
 - Pope Francis is punishing one of his most vocal conservative critics in the Catholic hierarchy, U.S. Cardinal Raymond Burke, by taking away his stipend and rent-free apartment in Rome
- **India**
 - An Indian government employee tried to have a vocal critic of New Delhi assassinated in New York earlier this year, U.S. prosecutors alleged, a development that threatens to cause new rifts in the deepening relationship between Washington and New Delhi
- **Argentina**
 - Argentina's newly elected President, Javier Milei, wants to adopt the U.S. dollar as the national currency and strip the central bank's power to print money. The country has been overcome with record inflation and low economic growth
- **India**
 - India races to rescue 40 workers trapped in an Indian mountain tunnel following a landslide on Sunday. The men have received food, oxygen and medicine through a small pipe that was undamaged
- **North Korea**
 - North Korea said it had successfully placed its homegrown spy satellite into orbit, a much anticipated attempt after a pair of failed tries earlier this year
- **United Kingdom**
 - The U.K. government has sanctioned 29 entities and individuals operating in and supporting Russia's gold and oil sectors, in an effort to cut off revenue streams funding its war in Ukraine

Credit News

High yield bond yields decreased 30bps to 8.36% and spreads tightened 2bps to 400bps. Leveraged loan yields decreased 21bps to 9.74% and spreads were flat at 560bps. WTD Leveraged loan returns were positive 19bps. WTD high yield bond returns were positive 119bps. Bonds continue to outperform loans in a falling rate environment, with the 10yr treasury yield falling from ~4.45% on the eve of Thanksgiving to ~4.3%. Credit markets are reacting to tame inflation data and favorable Fed Speak. Voting FOMC Member Waller spoke about rates cuts in early 24 if inflation continues to decline.

High-yield:

Week ended 12/1/2023

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.36%	400	8.66%	402	(30)	(2)

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2022
\$89.53	\$88.57	96	1.19%	4.21%	9.69%	-10.55%

Fund Flows²

Total Flows (\$)
\$225mm

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
6	\$5.3bn	\$151.9bn	\$99.3bn	+53%

Distressed Level (trading in excess of 1,000 bps)²

10/31/23	9/30/23	8/31/23
8.70%	7.10%	7.30%

Total HY Defaults

10/31/23	9/30/23	8/31/23
1.76%	1.32%	1.29%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 12/1/2023

▪ Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
9.74%	560	9.95%	560	(21)	0

▪ Leveraged Loan Index¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2022
\$94.50	\$94.52	-2	0.19%	1.18%	11.20%	-1.06%

▪ Fund Flows²

Total Flows (\$)
\$145mm

▪ New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
17	\$15.6bn	\$305.3bn	\$215.8bn	+41%

▪ Distressed Level (loan price below \$80)¹

10/31/23	9/30/23	8/31/23
7.20%	6.20%	7.30%

▪ Total Loan Defaults

10/31/23	9/30/23	8/31/23
2.01%	1.90%	2.24%

Default activity:

- Most recent defaults include: Air Methods (\$1.7bn, 10/24/23), WeWork (\$1.6bn, 10/15/23), Rite Aid (\$3.0bn 10/16/23), Mallinckrodt (\$2.8bn 8/28/23), Yellow Corp (\$485mm 8/8/23), Anchor Glass (\$675mm 7/11/23), Instant Brands (\$391mm 6/12/23), Cyxtera Technologies (\$768mm 6/4/23), Diebold (\$2.0bn 6/1/23), Envision Health (\$7.7bn 5/14/23), Venator Materials (\$1.1bn 5/12/23), Bed Bath & Beyond (\$5.2bn 4/22/23), David's Bridal (\$254mn 4/17/23), Monitronics International (\$794mm 4/15/23), Catalina (\$222mn 3/29/23), Diamond Sports (\$8.6bn, 2/15/23), Avaya (\$2.9bn, 2/14/23), Heritage Power (\$485mn, 1/24/23), Serta Simmons Bedding(\$1.9bn, 1/23/23), Party City Holdings (\$1.0bn, 01/17/23), Exela Intermediate (\$1.4bn, 1/15/23)

CLOs:

Week ended 12/1/2023

▪ New U.S. CLO Issuance²

Week of	# Priced	Total (\$)	New Issue	Refis/Resets
12/1/2023	1	\$0.4bn	\$0.4bn	\$0.0bn

▪ New U.S. CLO YTD Issuance²

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
266	\$114.0bn	\$111.6bn	\$2.4bn	\$137.6bn	-17%

Note: High-yield and leveraged loan yields and spreads are swap-adjusted

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Ratings activity:

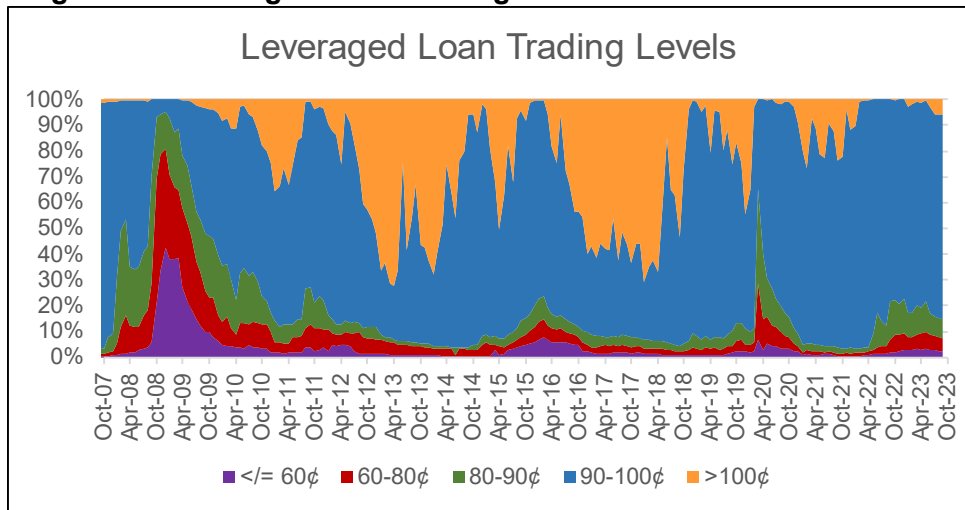
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2022	404	314	1.3x	375	312	1.2x
Week Ending 01/06/23	8	2	4.0x	0	0	n/a
Week Ending 01/13/23	12	4	3.0x	12	1	12.0x
Week Ending 01/20/23	8	5	1.6x	8	3	2.7x
Week Ending 01/27/23	2	0	n/a	5	0	n/a
Week Ending 02/03/23	11	13	0.8x	15	22	0.7x
Week Ending 02/10/23	5	6	0.8x	2	1	2.0x
Week Ending 02/17/23	12	7	1.7x	8	1	8.0x
Week Ending 02/24/23	15	7	2.1x	8	10	0.8x
Week Ending 03/03/23	4	8	0.5x	11	17	0.6x
Week Ending 03/10/23	8	10	0.8x	26	5	5.2x
Week Ending 03/17/23	41	9	4.6x	11	8	1.4x
Week Ending 03/24/23	16	4	4.0x	13	4	3.3x
Week Ending 03/31/23	7	4	1.8x	8	6	1.3x
Week Ending 04/06/23	7	5	1.4x	6	1	6.0x
Week Ending 04/14/23	13	12	1.1x	7	5	1.4x
Week Ending 04/21/23	8	8	1.0x	11	5	2.2x
Week Ending 04/28/23	18	4	4.5x	15	4	3.8x
Week Ending 05/05/23	6	4	1.5x	14	7	2.0x
Week Ending 05/12/23	10	5	2.0x	11	5	2.2x
Week Ending 05/19/23	18	5	3.6x	9	2	4.5x
Week Ending 05/26/23	6	2	3.0x	6	1	6.0x
Week Ending 06/02/23	16	8	2.0x	16	5	3.2x
Week Ending 06/09/23	14	7	2.0x	6	2	3.0x
Week Ending 06/16/23	5	3	1.7x	17	5	3.4x
Week Ending 06/23/23	10	4	2.5x	11	4	2.8x
Week Ending 06/30/23	17	6	2.8x	7	11	0.6x
Week Ending 07/07/23	10	6	1.7x	5	3	1.7x
Week Ending 07/14/23	4	2	2.0x	5	13	0.4x
Week Ending 07/21/23	11	2	5.5x	10	9	1.1x
Week Ending 07/28/23	12	2	6.0x	14	5	2.8x
Week Ending 08/04/23	4	8	0.5x	1	4	0.3x
Week Ending 08/11/23	13	10	1.3x	6	8	0.8x
Week Ending 08/18/23	22	4	5.5x	7	3	2.3x
Week Ending 08/25/23	13	9	1.4x	11	6	1.8x
Week Ending 09/01/23	23	14	1.6x	7	4	1.8x
Week Ending 09/08/23	5	4	1.3x	4	5	0.8x
Week Ending 09/15/23	10	4	2.5x	12	8	1.5x
Week Ending 09/22/23	12	12	1.0x	15	6	2.5x
Week Ending 09/29/23	7	10	0.7x	10	5	2.0x
Week Ending 10/06/23	8	9	0.9x	9	14	0.6x
Week Ending 10/13/23	2	4	0.5x	0	1	0.0x
Week Ending 10/20/23	7	4	1.8x	5	4	1.3x
Week Ending 10/27/23	6	2	3.0x	7	7	1.0x
Week Ending 11/03/23	9	5	1.8x	14	7	2.0x
Week Ending 11/10/23	7	5	1.4x	6	4	1.5x
Week Ending 11/17/23	10	7	1.4x	16	7	2.3x
Week Ending 11/24/23	11	8	1.4x	6	8	0.8x
Week Ending 12/01/23	2	4	0.5x	1	4	0.3x
YTD 2023	505	287	1.8x	434	270	1.6x

Source: Bloomberg

Appendix:

Diagram A: Leveraged Loan Trading Levels



Source: Credit Suisse Leveraged Loan Index

Diagram B: High Yield and Leveraged Loan LTM Price

High Yield and Leveraged Loan Data [1]				
	LTM Price			
	Avg. Price	High [2]	Low [3]	LTM High vs. Low Δ
High Yield	87.4	89.6	85.2	4.4
Leveraged Loans	93.5	95.2	91.9	3.3

[1] Data is from Credit Suisse High Yield Market Index and Credit Suisse Leveraged Loan Index

[2] HY high price as of 2/2/23. LL high price as of 9/19/23

[3] HY low price as of 12/29/22. LL low price as of 12/30/22

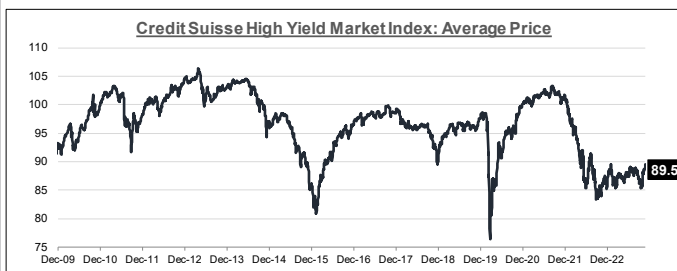
Diagram C: Leveraged Loan and High Yield Returns

Leveraged Loan and High Yield Returns				
	Leveraged Loan Indices		High Yield Indices	
	Credit Suisse [1]	S&P/LSTA [2]	Credit Suisse [1]	S&P [2]
Weekly Return	0.19%	0.13%	1.19%	1.10%
MTD Return	1.18%	1.17%	4.21%	4.55%
YTD Return	11.20%	11.24%	9.69%	7.47%

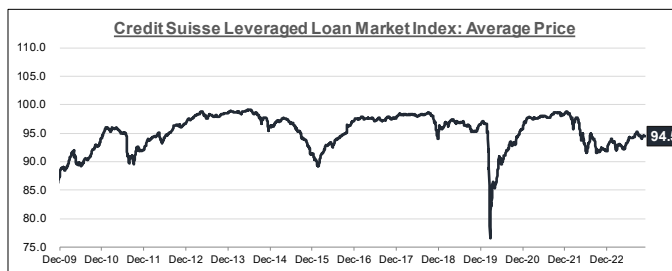
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 11/30/2023

[2] Yield data as of 11/30/2023

Diagram D: Average Bid Price of High Yield Bonds & Loans



Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.

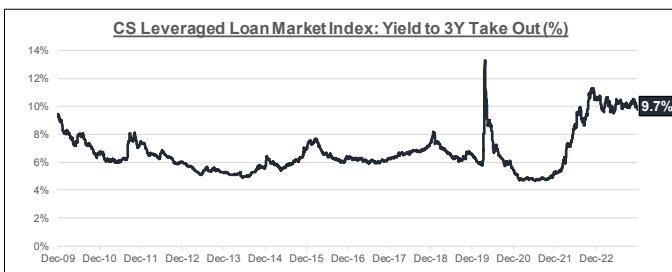


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

Diagram E: Leveraged Loans Spreads & Yields

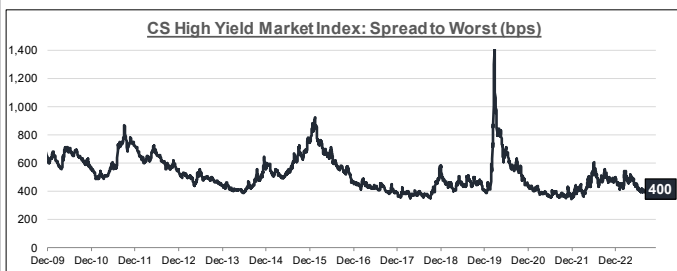


Source: CSFB Leveraged Loan Index Discount Margin to 3Y take-out, expressed in basis points. Data is reported daily.



Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

Diagram F: High Yield Bonds Spreads & Yields

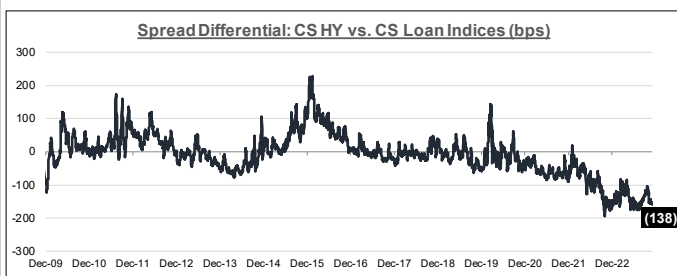


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



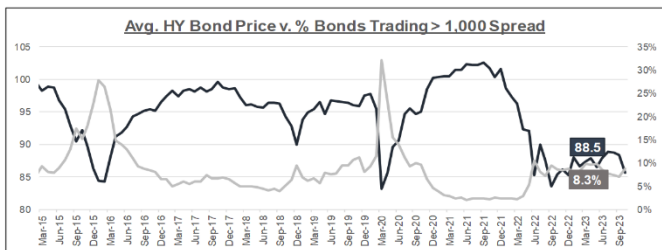
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

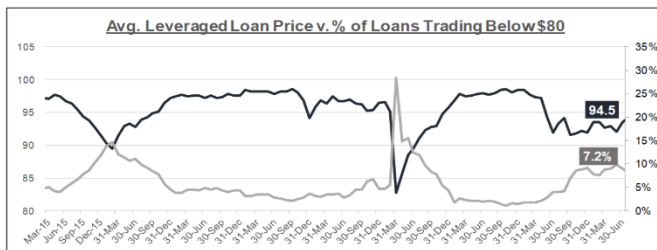


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

Diagram H: Percentage of Leveraged Loan and High Yield Market Trading at Distressed



Source: CSFB. Data is reported monthly.



Source: JPM. Data is reported monthly.

Diagram I: High Yield Upgrades and Downgrades

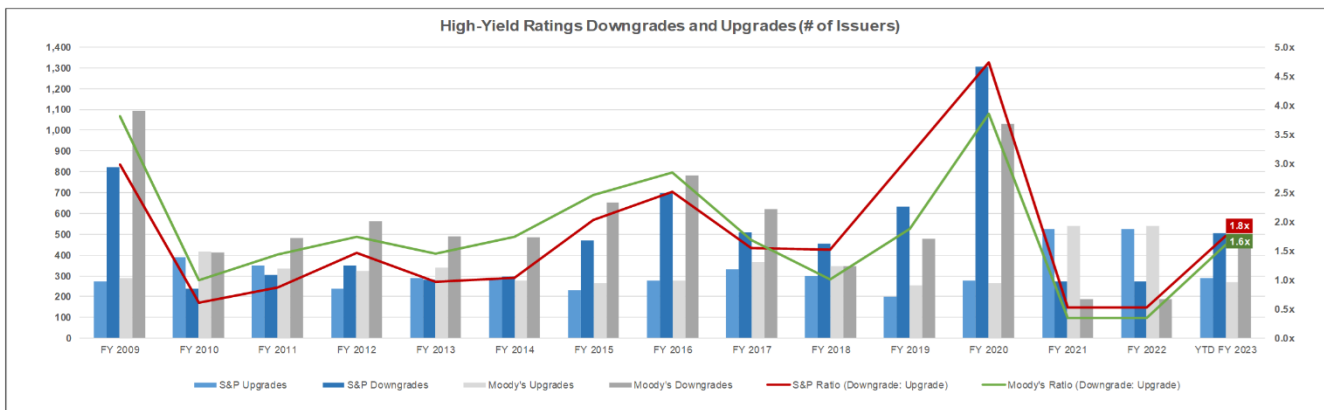
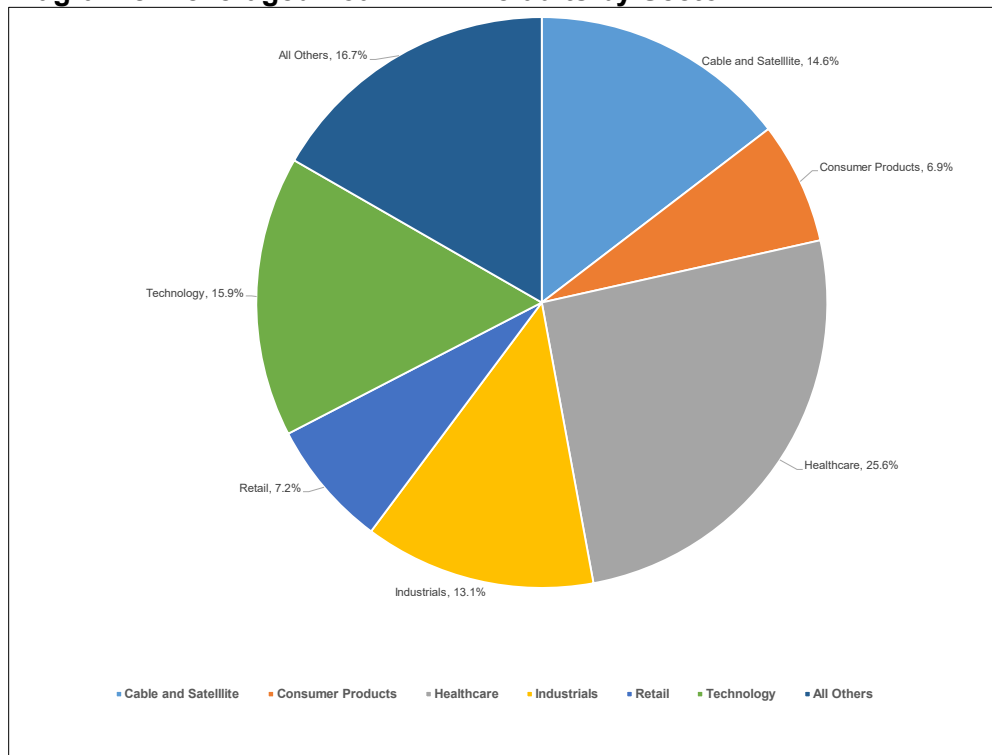


Diagram J: Leveraged Loan + HY Defaults by Sector - LTM



Source: JP Morgan Default Monitor.

Diagram L: CLO Economics

CLO Economics								
AAA Coupons	AAA DMs	WAC Liabilities	DM Liabilities	Leverage	Asset WAS	All In WAS [1]	IRR est.	Cash on Cash est.
L+135-150	L+135-150	L+200-240	L+220-280	9-11x	L+300-360	L+330-390	9-12%	10-14%

*Assumptions: 2% Default / 65% Recovery / 4 year Reinvestment Period

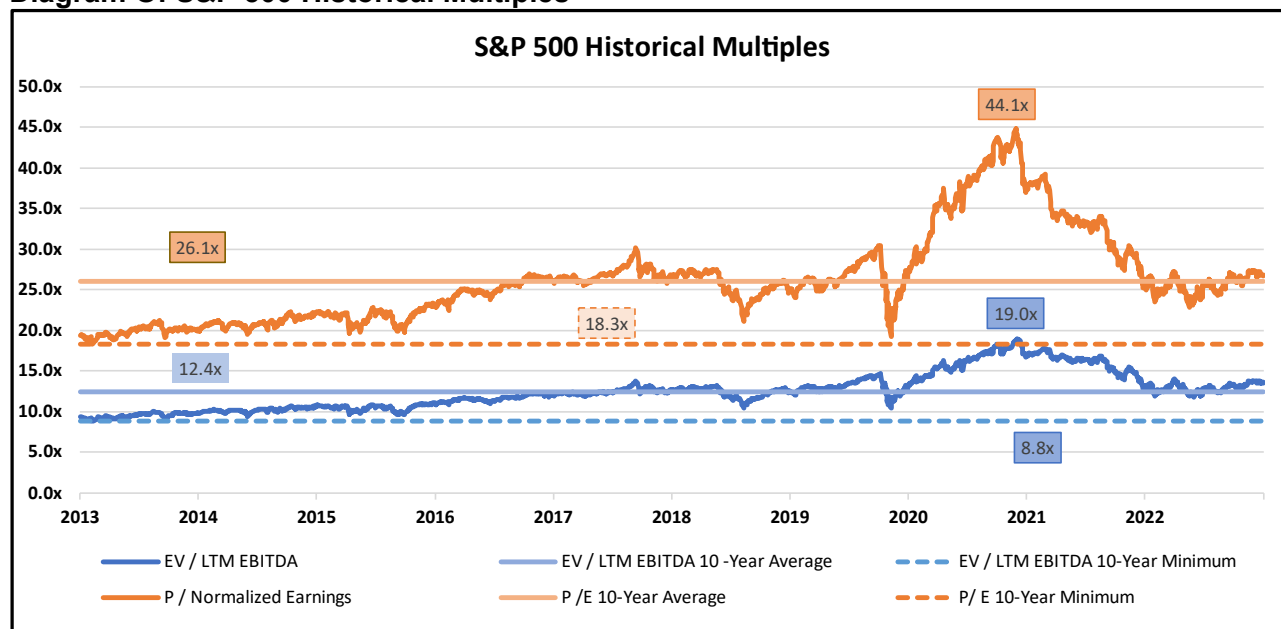
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	11/9/23	11/16/23	11/23/23	11/30/23	Change				
					Weekly	Q4 2022	Q3 2022	Q2 2022	Q1 2022
France - 10 year	3.23%	3.15%	3.19%	3.06%	(13 bps)	40 bps	80 bps	94 bps	78 bps
Germany - 10 year	2.65%	2.59%	2.62%	2.48%	(14 bps)	46 bps	77 bps	79 bps	73 bps
Italy - 10 year	4.51%	4.35%	4.39%	4.25%	(14 bps)	20 bps	126 bps	123 bps	87 bps
Japan - 10 year	0.84%	0.79%	0.73%	0.67%	(5 bps)	18 bps	1 bps	1 bps	15 bps
UK - 10 year	4.27%	4.15%	4.26%	4.19%	(7 bps)	(87 bps)	211 bps	75 bps	72 bps
US									
US - 2 year	5.02%	4.84%	4.90%	4.71%	(19 bps)	15 bps	133 bps	62 bps	160 bps
US - 5 year	4.64%	4.42%	4.43%	4.29%	(14 bps)	(9 bps)	105 bps	58 bps	120 bps
US - 10 year	4.62%	4.44%	4.40%	4.33%	(7 bps)	5 bps	82 bps	67 bps	83 bps
US - 30 year	4.76%	4.61%	4.54%	4.48%	(5 bps)	19 bps	59 bps	74 bps	54 bps

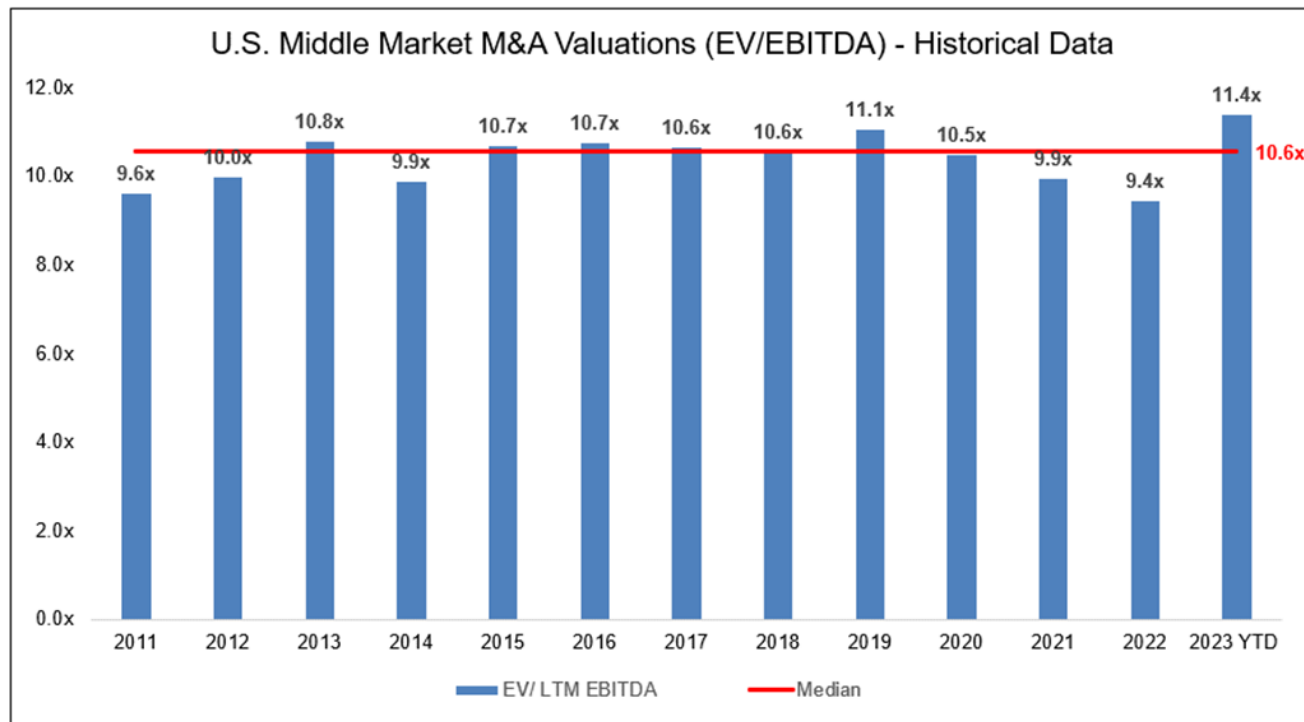
Source: Bloomberg

Diagram O: S&P 500 Historical Multiples



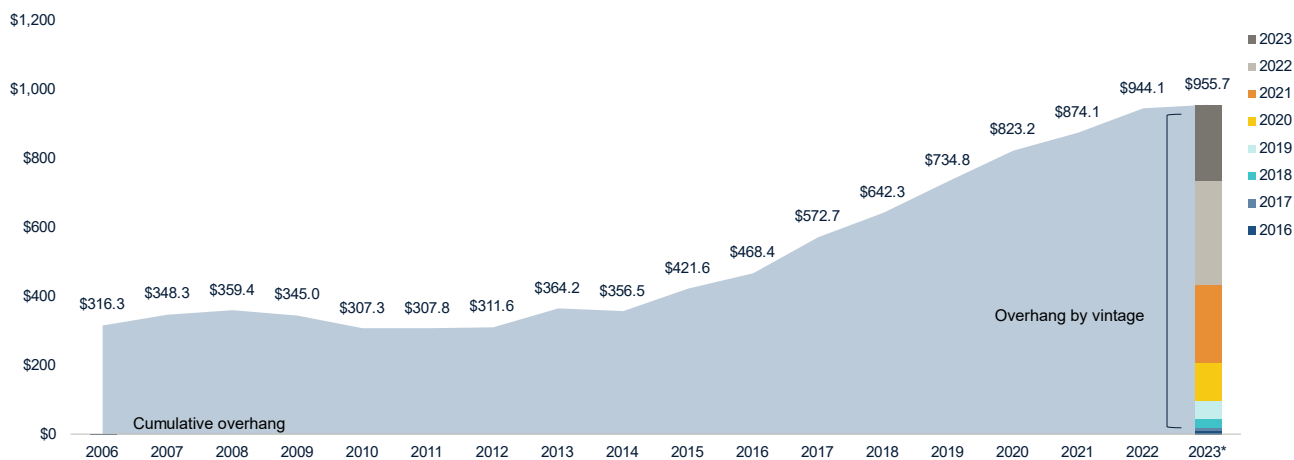
Source: S&P Capital IQ

Diagram P: U.S. Middle-Market M&A Valuations (EV/EBITDA)



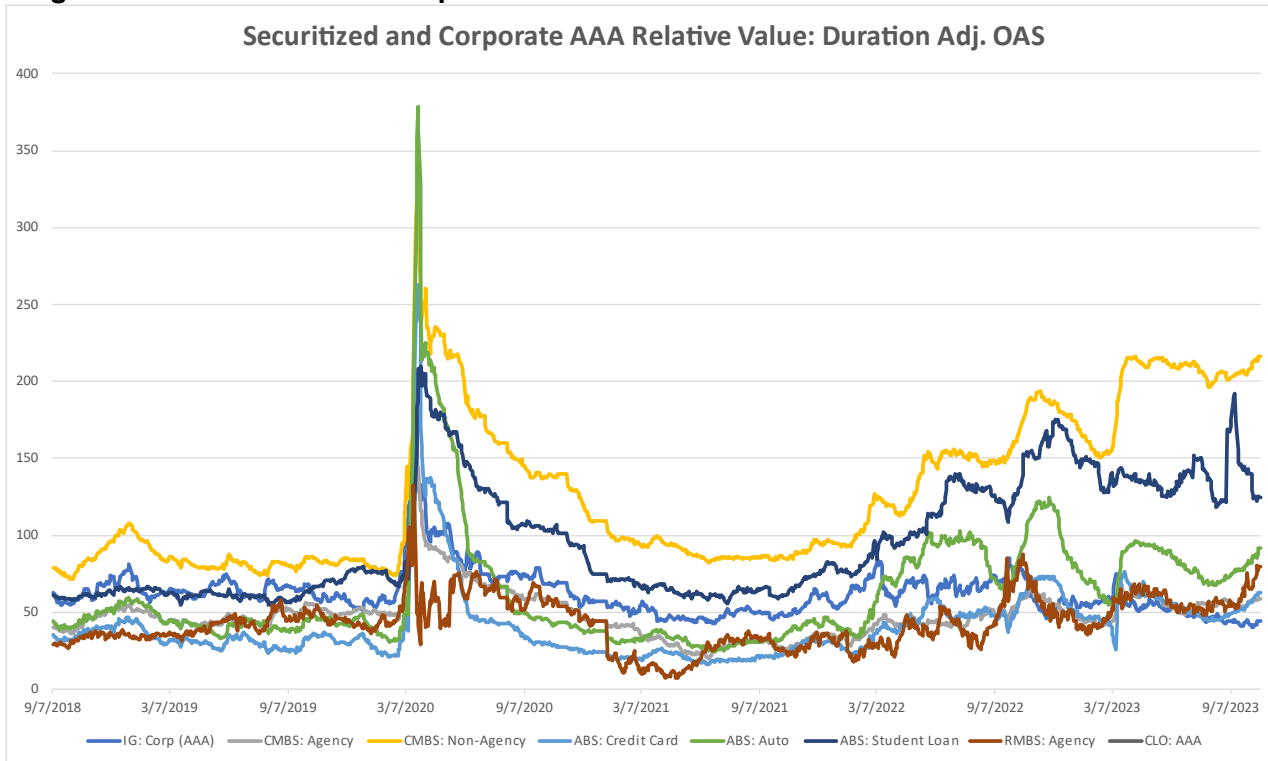
Source: Pitchbook

Diagram Q: Dry Powder for All Private Equity Buyouts



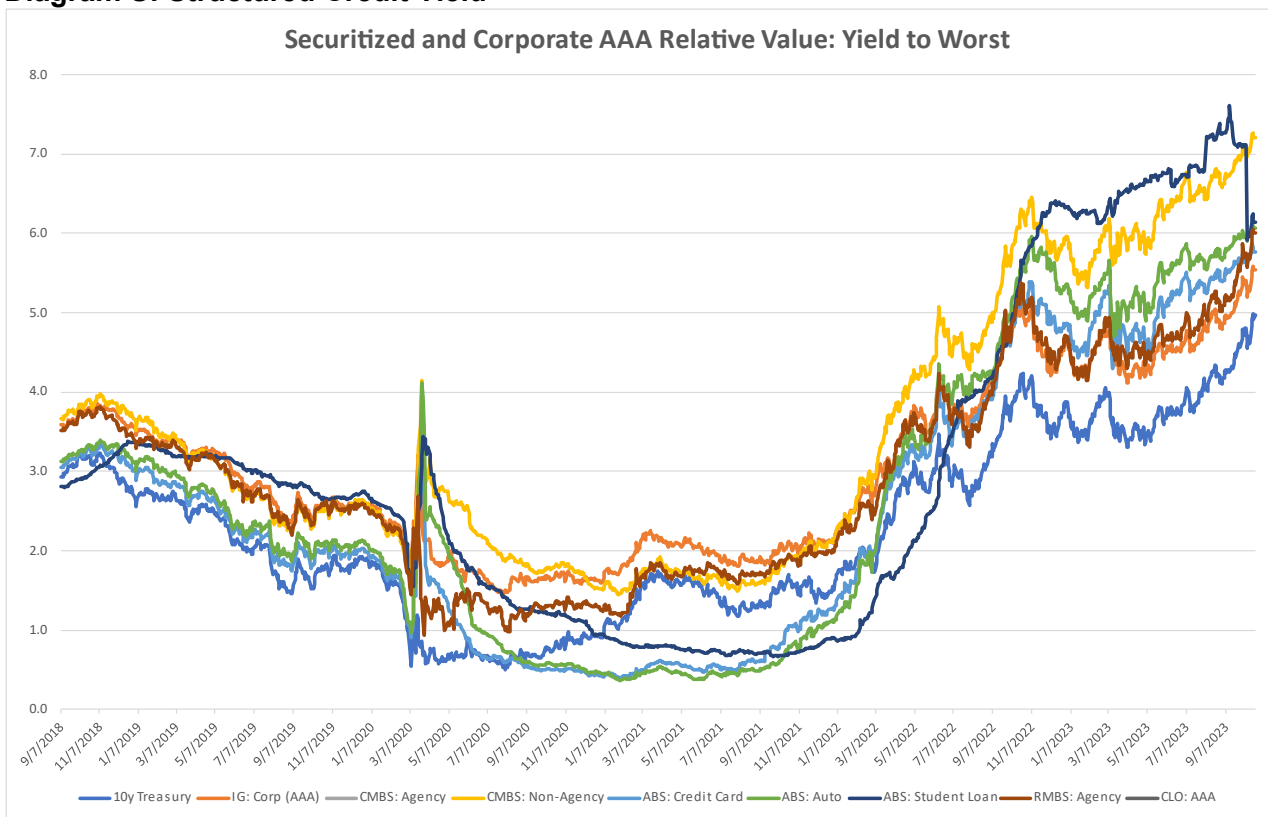
Source: Pitchbook

Diagram R: Structured Credit Spreads



Source: Bloomberg

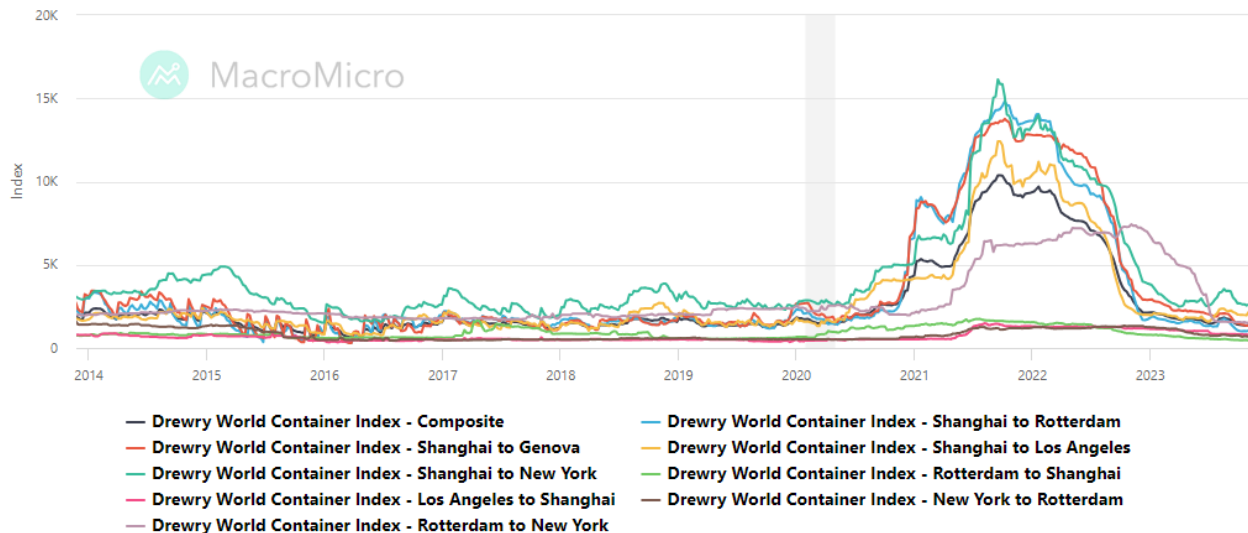
Diagram S: Structured Credit Yield



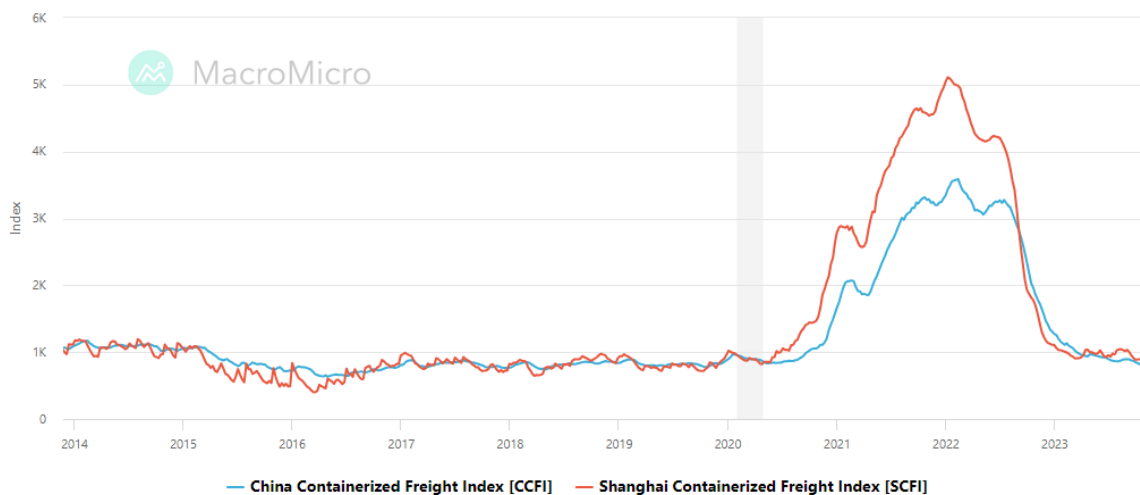
Source: Bloomberg

Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index

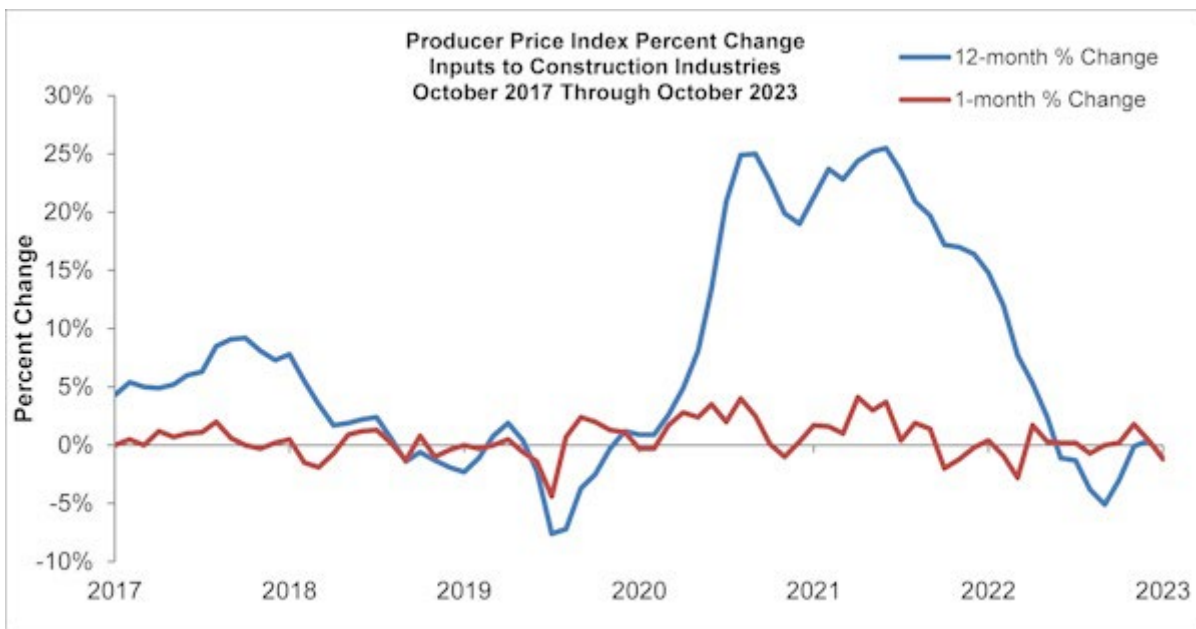


US Construction Material Prices Outlook

Producer Price Index, October 2023

	1-Month % Change	12-Month % Change	Change Since Feb 2020
Inputs To Industries			
Inputs to construction	-1.2%	-1.1%	39.6%
Inputs to multifamily construction	-0.9%	0.8%	38.7%
Inputs to nonresidential construction	-1.1%	-0.7%	40.4%
Inputs to commercial construction	-0.7%	-0.3%	40.2%
Inputs to healthcare construction	-0.7%	-0.2%	39.8%
Inputs to industrial construction	-0.9%	1.1%	36.3%
Inputs to other nonresidential construction	-1.2%	-0.9%	40.5%
Inputs to maintenance and repair construction	-1.3%	-2.0%	37.7%
Commodities			
Adhesives and sealants	0.1%	1.8%	33.8%
Brick and structural clay tile	0.2%	5.6%	25.2%
Concrete products	0.7%	9.7%	36.0%
Construction machinery and equipment	0.0%	6.0%	26.8%
Copper wire and cable	-1.3%	2.7%	27.9%
Crude petroleum	-2.9%	-3.0%	76.6%
Fabricated structural metal products	0.8%	-0.7%	52.7%
Gypsum products	0.6%	-1.2%	42.5%
Hot rolled steel bars, plates, and structural shapes	0.1%	-10.3%	52.7%
Insulation materials	-0.3%	1.6%	36.6%
Iron and steel	-2.3%	-6.1%	51.3%
Lumber and wood products	-0.3%	-6.5%	24.8%
Natural gas	10.9%	-54.9%	54.1%
Plumbing fixtures and fittings	0.5%	1.4%	18.4%
Prepared asphalt, tar roofing and siding products	0.7%	3.9%	41.6%
Softwood lumber	-3.2%	-16.3%	10.3%
Steel mill products	-2.5%	-9.9%	62.1%
Switchgear, switchboard, industrial controls equipment	0.2%	6.3%	37.9%
Unprocessed energy materials	-0.3%	-16.2%	86.3%

Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

- Construction prices experienced a rapid increase from February 2020 onwards of 40% change due to two leading factors, geopolitical issues and COVID-19 impacting supply chains. A downward trend initiated in April 2023.
- Construction input prices decreased 1.2% in October 2023 due to declining inflation.
- Overall construction costs remain 1.1% lower than October 2022, a year ago.
- While the decline in construction input prices offers some relief for contractors, it doesn't signal an end to all industry challenges.
- While cost pressures have eased, they haven't fully dissipated.

The Result:

- Despite the cooling inflation, the slowing economy is also a risk to the construction industry, as it could lead to decreased demand for construction services in the future.
- Nevertheless, the current cooling inflation supports an improving project financing environment, which, in turn, could lead to increased demand for construction services.

These takeaways suggest that the construction industry is in a state of flux. While there are some positive signs, such as the decline in construction input prices, there are also some risks that could impact the industry in the future.

About Z Capital Group, L.L.C.

Z Capital Group, L.L.C. (“ZCG”) is a leading, privately held merchant bank comprised of private markets asset management, business consulting services, technology development and solutions.

ZCG has approximately \$7B of AUM with a global team comprised of approximately 400 professionals.
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Z Capital Partners, LLC (“ZCP”) is the private equity fund management platform of ZCG. ZCP pursues a strategy of acquiring companies that are growth platforms, corporate carve-outs, buy & build, go-private transactions, and turn arounds.

Z Capital Credit Partners, LLC (“ZCCP”) is the credit fund management platform of ZCG. ZCCP invests across a range of credit investments including leveraged loans, private debt, direct lending, and opportunistic credit. ZCCP manages closed and open ended funds as well as structured vehicles of strategic debt.

Both investment platforms share ZCG common resources, including infrastructure, legal, and cross global intelligence.

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ZCG Consulting (“ZCGC”), the strategic management consulting platform of ZCG, is a team of operating professionals within various disciplines of expertise including: financial reporting & planning, technology assessment & implementation, talent acquisition & analysis, global supply chain & logistics, c-suite advisory, real estate operations & management, insurance & risk management, in support of portfolio companies. The team works closely with company management teams and investment professionals to optimize operations and financial rigor, ultimately leading to value creation and increased performance.

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AUM is Gross Pro-Forma as of May 31, 2023, and reflects certain transactions set to close prior to the end of Q3 2023.

PERFORMANCE					
Market Indices					
	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change
DJIA	36,245.50	35,390.15	2.42%	9.16%	24.02%
S&P 500	4,594.63	4,559.34	0.77%	19.50%	26.21%
NASDAQ	14,305.03	14,250.85	0.38%	36.27%	33.22%
MSCI - EAFE	2,130.49	2,122.13	0.39%	9.62%	28.71%
MSCI - Emerging Markets	982.14	980.33	0.18%	2.87%	12.46%
US Dollar Index	103.27	103.40	(0.13%)	(1.00%)	(8.01%)
VIX	12.63	12.46	1.36%	(39.48%)	(60.33%)
US Equities Avg Daily Dollar Volume (\$ in Billions)	342.84	353.36	(2.98%)	(31.11%)	(35.12%)

Market Ratios						
	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change	
TED Spread	3 Month LIBOR - 3 Month T-Bills	28.55	18.01	58.52%	23.59%	(38.20%)
Put/Call Ratio	Equities	0.51	0.91	(43.96%)	(40.70%)	(43.96%)

Commodities Indices (\$ USD)						
Metric	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change	
Core Commodity Index	CRY Index	270.77	272.00	(0.45%)	(2.64%)	(0.14%)
Gasoline - Pump	Gallon	3.25	3.26	(0.37%)	4.84%	(14.49%)
Gasoline - Futures	Gallon	2.12	2.17	(2.03%)	(11.01%)	(15.41%)
Crude Oil - WTI	Barrel	74.07	75.54	(1.95%)	(6.90%)	(8.81%)
Crude Oil - Brent	Barrel	78.88	80.58	(2.11%)	(6.01%)	(10.86%)
Natural Gas	MM BTU	2.81	2.86	(1.44%)	(37.19%)	(59.06%)
Coal (1 contract = 1,000 tons)	Contract	214.63	214.63	0.00%	7.03%	15.83%

Aluminum	Metric Ton	2,209.00	2,216.00	(0.32%)	(7.55%)	0.55%
Copper	Metric Ton	8,610.50	8,428.50	2.16%	3.13%	14.17%
Iron Ore	Metric Ton	130.46	130.16	0.23%	18.08%	32.55%
Steel - Hot Rolled Coil	Metric Ton	1,039.00	1,040.00	(0.10%)	36.17%	23.69%
Steel - Cold Rolled Coil	Metric Ton	1,180.00	1,100.00	7.27%	29.67%	(1.26%)
Ferrous Scrap	Metric Ton	485.00	495.00	(2.02%)	12.01%	21.25%

Gold	Troy Ounce	2,072.22	2,000.82	3.57%	15.24%	24.79%
Silver	Troy Ounce	25.49	24.33	4.75%	7.39%	35.42%

Cotton	Pound	75.67	75.72	(0.07%)	(9.24%)	(15.21%)
Butter	Pound	2.66	2.50	6.20%	10.86%	(15.58%)
Cheese	Pound	1.64	1.68	(2.62%)	(17.51%)	(19.77%)
Cocoa	Pound	1.91	1.85	2.74%	59.86%	85.64%
Corn	Bushel	4.65	4.63	0.27%	(30.28%)	(30.62%)
Milk, Non Fat Dry	Pound	1.20	1.19	0.59%	(18.18%)	(24.51%)
Soybean	Bushel	13.25	13.31	(0.43%)	(10.41%)	(6.08%)
Sugar	Pound	0.25	0.27	(7.01%)	19.59%	36.06%
Wheat	Bushel	5.77	5.49	5.15%	(25.64%)	(35.62%)
Live Cattle	Pound	1.69	1.70	(0.57%)	7.89%	(87.28%)
Lean Hogs	Pound	0.69	0.68	1.52%	(21.89%)	(23.31%)
Beef, USDA Ground	Pound	2.97	2.98	(0.19%)	9.38%	20.88%
Chicken, Boneless & Skinless	Pound	3.52	3.54	(0.56%)	0.00%	15.07%

Currencies	Metric	Spot Prices		Futures		10-Year Historicals	
		1-Dec	24-Nov	2024	2025	Low	High
Japanese Yen	USDJPY	146.820	149.440	130.000	136.500	75.820	138.570
Chinese Renminbi	USDCNY	7.129	7.149	6.750	7.000	6.041	7.179
Swiss Franc	USDCHF	0.869	0.883	0.900	0.900	0.721	1.030
British Pound	GBPUSD	1.271	1.260	1.270	1.280	1.130	1.717
Euro Zone Euro	EURUSD	1.088	1.094	1.150	1.120	0.986	1.483
Canadian Dollar	USDCAD	1.350	1.364	1.270	1.300	0.943	1.458

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, \$ USD in Millions, (Source: LCD News)					
	Week Ending	Bank Loans	High Yield		
	29-Nov-23	\$ 124	\$ 295		
	22-Nov-23	\$ (75)	\$ 325		
	15-Nov-23	\$ 287	\$ 4,574		
	8-Nov-23	\$ 686	\$ 6,249		
	1-Nov-23	\$ 126	\$ (953)		
	25-Oct-23	\$ (123)	\$ (942)		
	18-Oct-23	\$ (23)	\$ (1,915)		
	11-Oct-23	\$ 100	\$ (2,400)		
	4-Oct-23	\$ (952)	\$ (2,600)		
Year To Date 2023		\$ (18,051)	\$ (17,252)		
Year Ended December 31, 2022		\$ (12,694)	\$ (48,558)		
Year Ended December 31, 2021		\$ 46,498	\$ (12,984)		

NEW ISSUE SUMMARY - BI-WEEKLY

Institutional Loans			
	12/1/2023	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	8,233
Forward Calendar		4	7,437

High Yield			
	12/1/2023	Deals	Amt (\$mm)
Launched	Prior Two Weeks	9	6,532
Forward Calendar		3	4,711

ECONOMIC DATA RECAP

Key Economic Indicators:	Period	Actual	Expected	Prior
Initial Jobless Claims	Nov	218K	218K	209K
Continuing Claims	Nov	1,927K	1,865K	1,840K
Change in Non-Farm Payrolls	Nov	223K	205K	263K
Change in Private Payrolls	Nov	220K	188K	221K

Unemployment Rate	U-3	Nov	3.5%	3.7%	3.7%
Unemployment Rate	U-6	Nov	6.6%	6.5%	6.7%
Average Work Week		Nov	34.3	34.7	34.4

Existing Home Sales	Nov	3,79M	3,90M	3,96M	
Housing Starts	Nov	1,372K	1,350K	1,358K	
S&P/Case-Shiller Composite	YoY	Nov	19.1%	18.6%	18.6%
S&P/Case-Shiller Composite	MoM	Nov	1.8%	1.5%	1.5%

Consumer Confidence	Nov	91.3	90.0	88.9	
GDP	QoQ-Annualized	2Q23	2.4%	1.8%	2.0%

Durable Goods Orders	Nov	2.0%	1.9%	1.9%
Total Vehicle Sales	Nov	15,32M	15,50M	15,50M
Capacity Utilization	Nov	79.0%	77.0%	76.8%

Fed & Treasury Balance Sheet					
	29-Nov	22-Nov	WoW Change	YoY Change	
Fed Total Assets	\$ in Billions	7,796,145.0	7,810,814.0	(0.2%)	(9.2%)
Public Debt	\$ in Billions	33,849.2	33,766.4	0.2%	10.2%

US Debt Outstanding					
	2023	1Q23	QoQ Change	YoY Change	
Domestic Nonfinancial Debt	\$ in Billions	69,511.9	68,910.4	0.9%	15.6%

Shared National Credit				
	2022	2021	YoY Change	
Shared National Credit Total Commitments	\$ in Billions	5,178.8	5,072.2	2.1%
Special Mention Commitments	\$ in Billions	217.3	263.9	-17.7%
Classified Commitments	\$ in Billions	332.8	365.9	-9.0%

ECONOMIC / GDP DATA

International Monetary Fund Growth Rates (Source: IMF "World Economic Outlook")					
Country	Actual			Projected	
	2020	2021	2022	2023	2024
United States	(3.5%)	5.7%	2.1%	1.6%	1.1%
Brazil	(4.1%)	4.6%	2.9%	0.9%	1.5%
China	2.3%	8.1%	3.0%	5.2%	4.5%
Germany	(4.3%)	2.8%	1.8%	(0.1%)	1.1%
India	(8.0%)	8.9%	6.8%	5.9%	6.3%
Japan	(4.8%)	1.6%	1.1%	1.3%	1.0%
United Kingdom	(10.0%)	7.4%	4.0%	(0.3%)	1.0%

Market Indices					
	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	3,668.97	3,661.68	0.20%	11.52%	14.32%
Barclays High Yield Index	2,398.54	2,367.64	1.31%	8.70%	14.50%
Barclays Aggregate	2,100.11	2,058.10	2.04%	1.84%	4.11%

Loan Market Bids					
	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change
S&P Flow Name Index	98.35	98.35	0.00%	0.00%	(0.39%)
S&P 100 Name Index	95.76	95.82	(0.06%)	2.70%	
S&P BB's Index	99.09	99.08	0.01%	1.53%	
S&P B's Index	98.76	98.68	0.08%	4.62%	
S&P CCC's Index	79.19	78.93	0.33%	8.04%	

Loan Market Spreads					
	1-Dec	24-Nov	WoW Change	YTD Change	YoY Change
S&P BB's Index	L+144	L+156	(12 bps)	(198 bps)	
S&P B's Index	L+452	L+455	(3 bps)	(145 bps)	
S&P CCC's Index	L+1552	L+1530	22 bps	27 bps	

Credit Default Swap - Volatility Indices					
	Index	1-Dec	24-Nov	WoW Change	YTD Change
Investment Grade CDS	Market	61.21	63.18	(3.11%)	(24.29%)
High Yield CDS	Market	395.81	403.96	(2.02%)	(16.87%)

Credit					
	1-Dec	24-Nov	WoW Change	YoY Change	
High Yield	Ave Yield	T+365	T+360	5 bps	(75 bps)
LCD Flow Name	Ave Spread	L+208	L+211	(3 bps)	(147 bps)

US Treasury 2-Yr	4.56%	4.90%	(34 bps)	114 bps
US Treasury 3-Yr	4.31%	4.64%	(33 bps)	94 bps
US Treasury 5-Yr	4.14%	4.45%	(31 bps)	89 bps
US Treasury 7-Yr	4.22%	4.47%	(25 bps)	102 bps
US Treasury 10-Yr	4.21%	4.44%	(23 bps)	106 bps

US CLO Spreads - New Issue					
	1-Dec	24-Nov	WoW Change	YTD Change	
AAA	S+183	S+180	3 bps	(10 bps)	
AA	S+250	S+255	(5 bps)	(10 bps)	
A	S+295	S+318	(23 bps)	(15 bps)	
BBB	S+460	S+480	(20 bps)	(5 bps)	
BB	S+775	S+800	(25 bps)	0 bps	

Market Rates					
	1-Dec	24-Nov	WoW Change	YTD Change	
Fed Fund Rate	5.31%	5.31%	0 bps	99 bps	
Prime Rate	8.50%	8.50%	0 bps	100 bps	
Broker Call Rat	7.25%	7.25%	0 bps	100 bps	
1M SOFR	5.33%	5.32%	1 bps	103 bps	
3M SOFR	5.39%	5.30%	9 bps	115 bps	
1M Libor	5.48%	5.46%	(0 bps)	107 bps	
3M Libor	5.64%	5.65%	(1 bps)	91 bps	
6M Libor	5.77%	5.82%	(5 bps)	62 bps	

Short Interest - Billions of shares					
	31-Oct	30-Sep	MoM Change	YTD Change	
NYSE Mkt Short Interest	16.14	16.04	0.68%	3.86%	
Nasdaq Short Interest	12.92	12.91	0.09%	0.37%	

Fed Corp Primary Dealer Positions - \$ USD in Billions					
	22-Nov	15-Nov	WoW Change	YTD Change	
Net Outright Total Corp Securities	10.98	10.56	3.98%	0.00%	

Margin Debt - \$ USD in Billions					
	31-Oct	30-Sep	MoM Change	YTD Change	
Margin Debt	705.28	693.05	1.76%	8.57%	

Leveraged Finance Primary Volume - \$ USD in Billions

	12/1/2023	Year To Date 2023	Year End 2022	YoY Change
Bank Debt	83.8	145.0	588.4	(42.21%)
Senior Secured Bonds	44.0	13.0	147.9	238.46%
Unsecured Bonds	22.0	42.0	313.8	(47.62%)
Total Bonds	66.0	55.0	461.7	20.00%
Totals	149.8	<		