

Briefing

Global Economic & Credit Market

Week 41 Ending – October 11, 2024

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Economic Calendar

- Wednesday, October 16: Import Price Index
- Thursday, October 17: U.S. Retail Sales
- Friday, October 18: U.S. Housing Starts

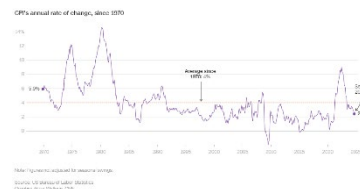
Key Market Metrics

- S&P 500: +1.11% WoW; +21.91% YTD; +33.69% YoY; 15.8x LTM EBITDA; 14.2x NTM EBITDA
- Dow Jones: +1.21% WoW; +13.73% YTD; +27.45% YoY; 10.6x LTM EBITDA; 13.8x NTM EBITDA
- Nasdaq: +1.13% WoW; +22.19% YTD; +35.13% YoY
- Ten Year US Treasury Yield: 4.14% +22 bps YTD; (62) bps YoY
- Currency:
 - British Pound per USD: \$1.31; (0.4%) WoW; 2.7% YTD; 7.3% YoY
 - Euro per USD: \$1.09; (0.3%) WoW; (1.0%)YTD; 3.9% YoY
 - USD per Yen: ¥149.13; 0.3% WoW; 5.8% YTD; (0.5%)YoY
 - Swiss franc per EUR: 1.07 CHF; 0.5% WoW; (1.0%)YTD; 2.0% YoY

U.S. News

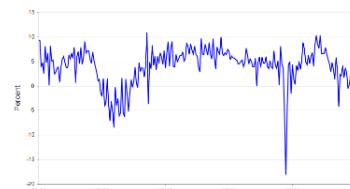
Consumer Price Index

- The CPI rose 0.2% in September, higher than the forecasted 0.1%. The yearly inflation rate dropped from 2.5% to 2.4%, the lowest level since February 2021
- The core CPI rose 0.3% in September, exceeding the forecast of 0.2% and moving the annual rate up from 3.2% to 3.3%
- This marks the first increase in the annual rate in a year and a half, showing that inflation is sticky in major parts of the economy



Consumer Credit

- Consumer credit rose \$8.9 billion in August, below the \$13.2 billion forecasted by economists
- The August gain brings credit growth to a 2.1% annual rate, down from a 6.3% rise in the prior month
- Revolving credit fell at a 1.2% rate in August, while nonrevolving credit grew 3.3% in August

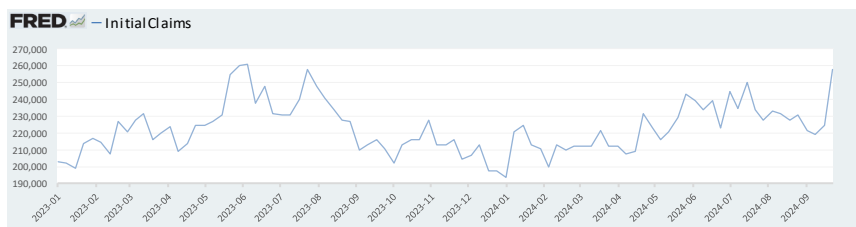


Wholesale Inventories

- August 2024 sales of merchant wholesalers, excluding manufacturer's sales branches and offices, were \$670.9 billion. Sales were down 0.1% from July but up 1.1% from August 2023
- At the end of August, total inventories of merchant wholesalers, excluding manufacturer's sales branches and offices, were \$904.8 billion. Total inventories were up 0.1% from July and up 0.6% from August 2023

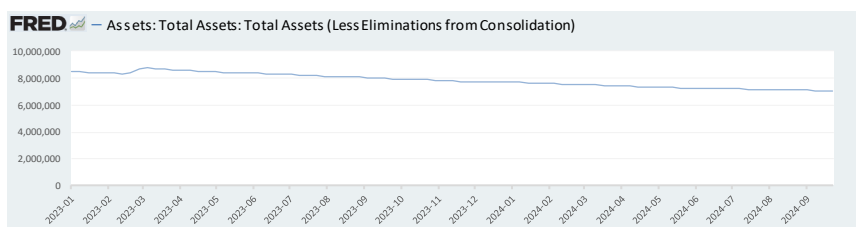
▪ **Jobless Claims**

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 258,000 in the week ended October 4, up 33,000 from the prior week
- The four-week moving average was 231,000, up 6,750 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 42,000 to 1.861 million in the week ended September 27. This figure is reported with a one-week lag



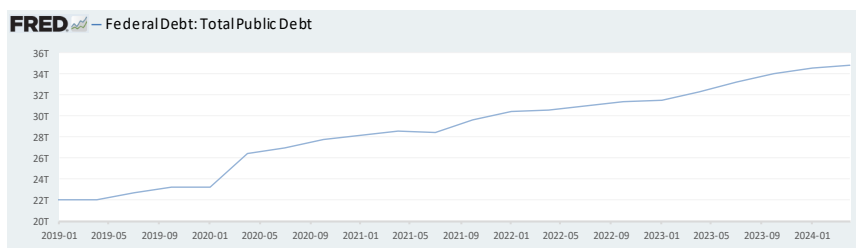
▪ **Fed's Balance Sheet**

- The Federal Reserve's assets totaled \$7.047 trillion in the week ended October 11, down \$0.1 billion from the prior week
- Treasury holdings totaled \$4.364 trillion, down \$11.3 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.28 trillion in the week, down \$12.5 billion from the prior week



▪ **Total Public Debt**

- Total public debt outstanding was \$35.68 trillion as of October 11, an increase of 6.4% from the previous year
- Debt held by the public was \$26.43 trillion, and intragovernmental holdings were \$7.16 trillion

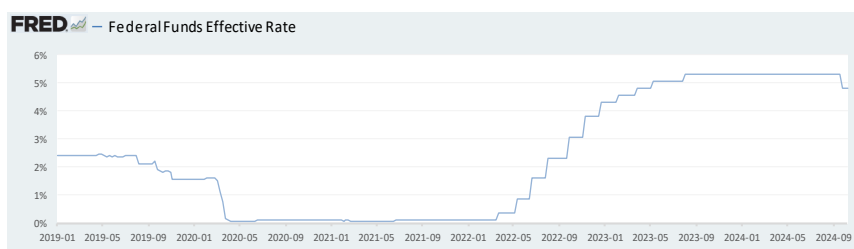


▪ Inflation Factors

- CPI:
 - The consumer-price index rose 2.4% in September year over year
 - On a monthly basis, the CPI increased 0.2% in September on a seasonally adjusted basis, after increasing 0.2% in August
 - The index for all items less food and energy (core CPI) rose 0.3% in September, after rising 0.3% in August
 - Core CPI increased 3.3% for the 12 months ending September
- Food & Beverages:
 - The food at home index increased 1.3% in September from the same month a year earlier, and increased 0.4% in September month over month
 - The food away from home index increased 3.9% in September from the same month a year earlier, and increased 0.3% in September month over month
- Commodities:
 - The energy commodities index decreased (4.0%) in September after decreasing (0.6%)
 - The energy commodities index fell (15.3%) over the last 12 months
 - The energy services index 0.4% in September after decreasing (0.8%) in August
 - The energy services index rose 3.4% over the last 12 months
 - The gasoline index fell (15.3%) over the last 12 months
 - The fuel oil index fell (22.4%) over the last 12 months
 - The index for electricity rose 3.7% over the last 12 months
 - The index for natural gas rose 2.0% over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index decreased to \$3,349.32 per 40ft container
 - Drewry's composite World Container Index has increased by 144.6% over the last 12 months
- Housing Market:
 - The shelter index increased 0.2% in September after increasing 0.5% in August
 - The rent index increased 0.2% in September after increasing 0.5% in August
 - The index for lodging away from home decreased (3.8%) in September after decreasing (0.7%) in August

▪ Federal Funds Rate

- The effective Federal Funds Rate is at 4.83%, down (0.50%) year to date



World News

▪ Middle East

- The Biden administration will tighten sanctions on Iran in response to Iran's ballistic missile attack on Israel. The move is perceived as an effort to persuade Israel against attacking Iran's nuclear sites and oil infrastructure. The United States is concerned that if Israel attacks Iran's oil facilities, then Tehran would respond with attacks against Saudi Arabia, which could force the U.S. to become involved militarily.
- Israel is escalating its air and ground offenses in Lebanon, including strikes in central Beirut. Israel sent evacuation orders to a quarter of Lebanon, including over 100 villages and urban neighborhoods across the country's south. Since initiating the ground invasion, the Israeli military said it killed Arafat al-Hajri, a key Hezbollah commander. The attacks have injured four peacekeepers
- Israel struck a building in Damascus, targeting a Hezbollah weapons smuggler, as the Israeli military expands its campaign to disrupt supply lines. According to Syrian state media, seven Syrian citizens were killed in the strike
- Hezbollah launched more than 100 rockets into northern Israel on Tuesday, hitting a suburb of Haifa. Hezbollah states that the attack was in response to Israel targeting civilians in the southern suburbs of Beirut

▪ Russia

- Arms dealer Viktor Bout, also known as the "Merchant of Death", is brokering a \$10 million arms deal with Houthi militants. The deal would include small arms, such as automatic weapons, and would mark an escalation for Russia, which has so far generally refrained from offering material support to Tehran's allies. Viktor Bout was in U.S. custody but was traded for basketball player Brittney Griner in 2022
- Journalist Bob Woodward is set to release a book "War", which reveals that, as Russia began struggling in the conflict against Ukraine, Putin considered the use of tactical nuclear weapons. An internal U.S. assessment found the chance of Russia using a nuclear weapon was as high as 50% at one point
- The book also speculates that former President Donald Trump idolized Putin, opening the possibility of manipulation. As evidence, the book reveals that Trump secretly sent Putin COVID test machines for Putin's personal use at the outset of the pandemic

▪ China

- After a historical rally, China's stock market tumbled on Wednesday, after a news conference on Tuesday disappointed many investors. During the news conference, the National Development and Reform Commission did not establish the concrete stimulus measures that investors hoped for
- In response to a 7.1% drop in the CSI 300 index, Chinese authorities scheduled another conference on Saturday. During that meeting, authorities again did not produce specific measures to stimulate an ailing Chinese economy. Finance Minister Lan Fo'an stated that he would spend about \$300 billion of funds that were earmarked for this year but haven't yet been used. Experts now say that any specifics will likely be announced later this month
- China will impose tariffs on brandy imports from the European Union, likely in response to the EU's decision to impose duties on Chinese electric vehicles. The decision deepens the tensions between the two trading powers

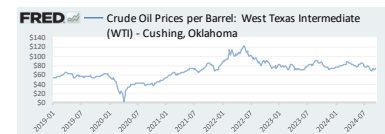
Geopolitical Hotspots

- **Mexico**
 - Alejandro Arcos, the mayor of Chilpancingo, the capital of Guerrero, was assassinated on Sunday, likely the victim of violent gangs that control the city. He was the second Chilpancingo official to be killed in three days
 - Mexico's new President Claudi Sheinbaum is committed to using her first 100 days to lower homicides and reduce the power of organized crime in the country
- **India**
 - India is set to hold elections in Kashmir, which will bring some self-rule back to the region after years of being administered directly by New Delhi
- **UK**
 - The UK has agreed to transfer the Chagos Islands to Mauritius after decades of legal disputes, but will retain the use of Diego Garcia, a key military base leased to the US, for 99 years, ensuring strategic presence in the Indo-Pacific
- **Japan**
 - Japan's new Prime Minister, Shigeru Ishiba, vowed to end deflation and urged the Bank of Japan to maintain its easy monetary policy, while announcing a new economic package to help low-income households cope with rising prices
 - The Nobel Peace Prize goes to Japanese Nihon Hidankyo, a grassroots atomic-bomb survivors group committed to ending nuclear proliferation
- **Canada**
 - Grain terminal workers on Canada's West Coast returned to work after a four day strike halted crop exports during the harvest season. The work stoppage was estimated to halt nearly 100,000 metric tons of grain each day, resulting in a daily loss of \$26 million
- **Germany**
 - A suspected Chinese spy arrested in Germany was allegedly collecting information on U.S. arms shipments to Israel and Germany's weapons industry, highlighting Beijing's interest in Western military logistics in Europe
- **Haiti**
 - The Gran Grif gang killed at least 70 people, including women and infants, in a brutal attack on the rural Haitian town of Pont Sondé, burning homes and escalating gang violence beyond Port-au-Prince. The massacre highlights the growing influence of gangs now controlling nearly 85% of the capital, worsening Haiti's security and humanitarian crisis
- **Africa**
 - Countries in southern Africa, such as Namibia and Zimbabwe, are culling elephants and other wild animals to alleviate food shortages caused by the worst drought in over a century, impacting around 68 million people in the region

Commodities

Oil Prices

- WTI: \$75.56 per barrel
 - +1.59% WoW; +5.46% YTD; (8.87%) YoY
- Brent: \$79.04 per barrel
 - +1.27% WoW; +2.60% YTD; (8.09%) YoY



US Production

- U.S. oil production amounted to 13.4 million bpd for the week ended October 4, up 0.2 million bpd from the prior week

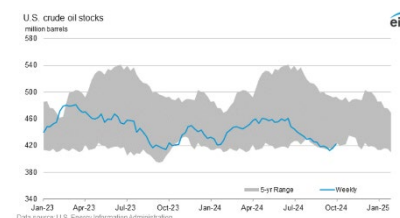
Rig Count

- The total number of oil rigs amounted to 586, up 1 from last week

Inventories

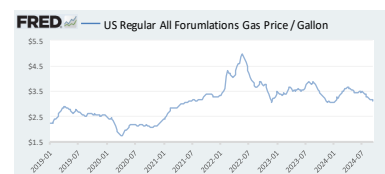
Crude Oil

- Total U.S. crude oil inventories now amount to 422.7 million barrels, down (0.4%) YoY
- Refiners operated at a capacity utilization rate of 86.7% for the week, down from 87.6% in the prior week
- U.S. crude oil imports now amount to 6.628 million barrels per day, down (1.4%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.21 per gallon in the week of October 11, down (11.5%) YoY
 - Gasoline prices on the East Coast amounted to \$3.12, down (12.9%) YoY
 - Gasoline prices in the Midwest amounted to \$3.12, down (10.8%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.82, down (13.7%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.39, down (14.0%) YoY
 - Gasoline prices on the West Coast amounted to \$4.16, down (21.3%) YoY
- Motor gasoline inventories were down by 6.3 million barrels from the prior week
- Motor gasoline inventories amounted to 214.9 million barrels, down (4.8%) YoY
- Production of motor gasoline averaged 10.23 million bpd, up 5.6% YoY
- Demand for motor gasoline amounted to 9.654 million bpd, up 12.5% YoY

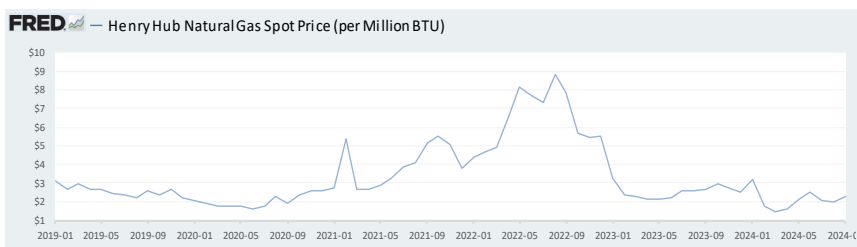


Distillates

- Distillate inventories decreased by -3.1 million in the week of October 11
- Total distillate inventories amounted to 118.5 million barrels, up 1.3% YoY
- Distillate production averaged 4.988 million bpd, up 5.5% YoY
- Demand for distillates averaged 4.031 million bpd in the week, up 9.8% YoY

○ **Natural Gas**

- Natural gas inventories increased by 82 billion cubic feet last week
- Total natural gas inventories now amount to 3,629 billion cubic feet, up 2.8% YoY



Credit News

High yield bond yields increased 18bps to 7.21% and spreads decreased 9bps to 328bps. Leveraged loan yields increased 27bps to 8.45% and spreads decreased 7bps to 479bps. WTD Leveraged loan returns were positive 35bps. WTD high yield bond returns were negative 38bps. 10yr treasury yields increased 24bps to 4.09%. Yields rose while spreads tightened over the past week as Treasury yields extended their climb in response to resilient economic data and a firm CPI print.

High-yield:

Week ended 10/11/2024

- Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.21%	328	7.03%	337	18	(9)

- Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.10	\$96.61	-51	-0.38%	-0.51%	7.11%	13.5%

- Fund Flows²

Total Flows (\$)
(\$146mm)

- New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
6	\$4.1bn	\$250.0bn	\$138.8bn	+80%

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

9/30/24	8/30/24	7/31/24
5.11%	6.60%	6.39%

- Total HY Defaults

9/30/24	8/30/24	7/31/24
0.94%	0.98%	1.16%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 10/11/2024

▪ **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.45%	479	8.18%	486	27	(7)

▪ **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.19	\$96.02	17	0.35%	0.43%	7.09%	12.9%

▪ **Fund Flows²**

Total Flows (\$)
\$682mm

▪ **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
29	\$19.8bn	\$942.3bn	\$271.4bn	+247%

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

9/30/24	8/30/24	7/31/24
4.84%	5.41%	5.91%

▪ **Total Loan Defaults**

9/30/24	8/30/24	7/31/24
1.28%	1.18%	1.40%

Default activity:

- Most recent defaults include: Mavenir Systems (\$712mn, 9/27/24), Digital Media Solutions (\$208mn, 9/12/24), SunPower (\$143mn, 8/5/2024), 2U (\$374mn, 7/25/24), Rodan & Fields (\$763mn, 7/11/24), Wheel Pros (\$2.8bn, 7/11/24), Quorum Health Group (\$688mn, 7/10/24), Vyaire Medical (\$339mn, 6/9/24), and 99 Cents Only Stores (\$350mn, 4/7/24).

CLOs:

Week ended 10/11/2024

▪ **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
29	\$13.0bn	\$2.6bn	\$10.4bn

▪ **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
771	\$352.0bn	\$145.2bn	\$206.8bn	\$96.6bn	+264%

Note: High-yield and leveraged loan yields and spreads are swap-adjusted¹ Source: Credit Suisse High Yield and Leveraged Loan Index² Source: JP Morgan

Ratings activity:

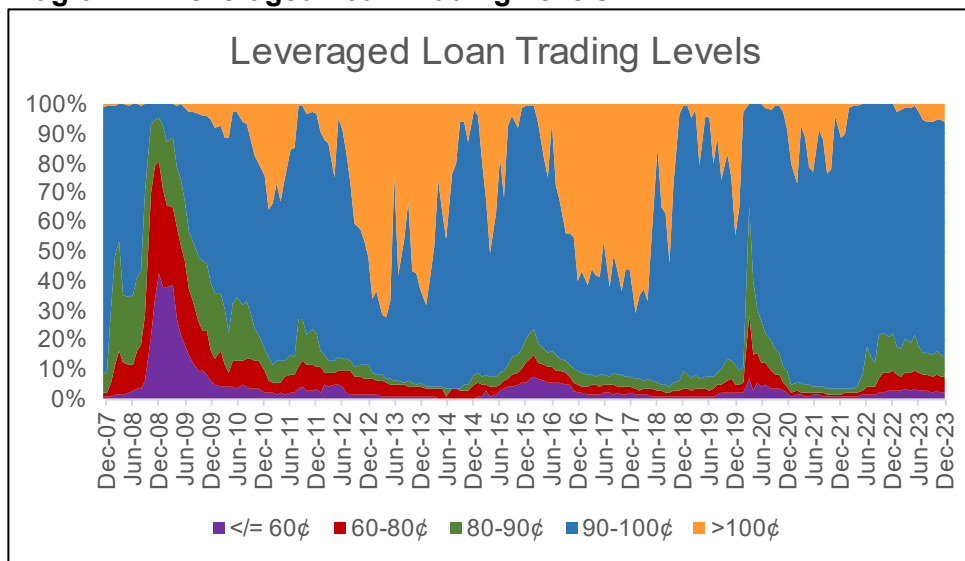
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2023	546	304	1.8x	488	288	1.7x
Week Ending 01/05/24	1	2	0.5x	0	2	0.0x
Week Ending 01/12/24	8	6	1.3x	3	7	0.4x
Week Ending 01/19/24	2	6	0.3x	12	6	2.0x
Week Ending 01/26/24	10	0	n/a	15	6	2.5x
Week Ending 02/02/24	3	13	0.2x	11	7	1.6x
Week Ending 02/09/24	18	6	3.0x	5	7	0.7x
Week Ending 02/16/24	8	2	4.0x	14	9	1.6x
Week Ending 02/23/24	3	8	0.4x	16	16	1.0x
Week Ending 03/01/24	14	5	2.8x	6	2	3.0x
Week Ending 03/08/24	16	10	1.6x	15	14	1.1x
Week Ending 03/15/24	12	7	1.7x	15	5	3.0x
Week Ending 03/22/24	6	5	1.2x	7	10	0.7x
Week Ending 03/29/24	9	2	4.5x	15	14	1.1x
Week Ending 04/05/24	8	11	0.7x	13	8	1.6x
Week Ending 04/12/24	8	11	0.7x	8	7	1.1x
Week Ending 04/19/24	14	10	1.4x	4	12	0.3x
Week Ending 04/26/24	3	4	0.8x	12	6	2.0x
Week Ending 05/03/24	12	5	2.4x	11	4	2.8x
Week Ending 05/10/24	6	10	0.6x	9	9	1.0x
Week Ending 05/17/24	13	7	1.9x	13	4	3.3x
Week Ending 05/24/24	10	6	1.7x	13	10	1.3x
Week Ending 05/31/24	12	3	4.0x	14	10	1.4x
Week Ending 06/07/24	9	14	0.6x	10	9	1.1x
Week Ending 06/14/24	10	7	1.4x	11	12	0.9x
Week Ending 06/21/24	9	6	1.5x	13	8	1.6x
Week Ending 06/28/24	5	4	1.3x	7	6	1.2x
Week Ending 07/05/24	5	8	0.6x	3	8	0.4x
Week Ending 07/12/24	1	4	0.3x	4	5	0.8x
Week Ending 07/19/24	6	4	1.5x	14	4	3.5x
Week Ending 07/26/24	7	9	0.8x	6	6	1.0x
Week Ending 08/02/24	2	8	0.3x	11	2	5.5x
Week Ending 08/09/24	6	4	1.5x	5	6	0.8x
Week Ending 08/16/24	12	5	2.4x	6	6	1.0x
Week Ending 08/23/24	13	3	4.3x	10	9	1.1x
Week Ending 08/30/24	8	6	1.3x	12	8	1.5x
Week Ending 09/06/24	3	6	0.5x	11	5	2.2x
Week Ending 09/13/24	7	10	0.7x	6	3	2.0x
Week Ending 09/20/24	11	5	2.2x	5	6	0.8x
Week Ending 09/27/24	8	10	0.8x	11	11	1.0x
Week Ending 10/04/24	14	10	1.4x	10	8	1.3x
Week Ending 10/11/24	4	3	1.3x	5	9	0.6x
YTD 2024	336	265	1.3x	391	306	1.3x

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	92.8	96.9	85.4	11.5
Leveraged Loans	95.5	96.2	94.1	2.1

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

[2] HY high price as of 9/19/24. LL high price as of 10/10/24

[3] HY low price as of 10/20/23. LL low price as of 11/1/23

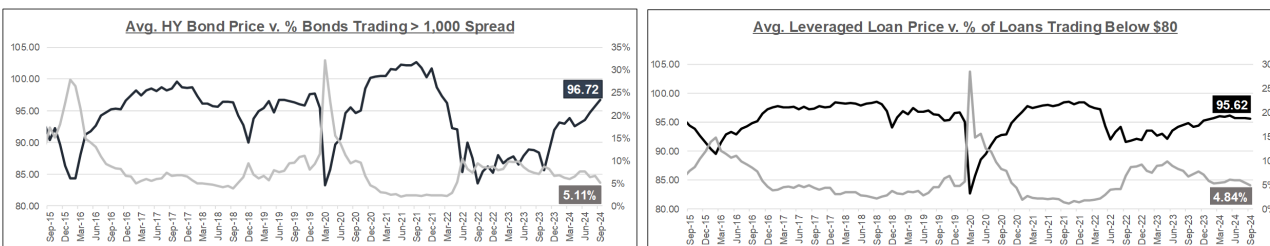
Diagram C: Leveraged Loan and High Yield Returns

	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	0.35%	0.29%	(0.38%)	(0.66%)
MTD Return	0.43%	0.45%	(0.51%)	(0.76%)
YTD Return	7.09%	6.98%	7.11%	5.89%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 10/11/2024

[2] Yield data as of 10/11/2024

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

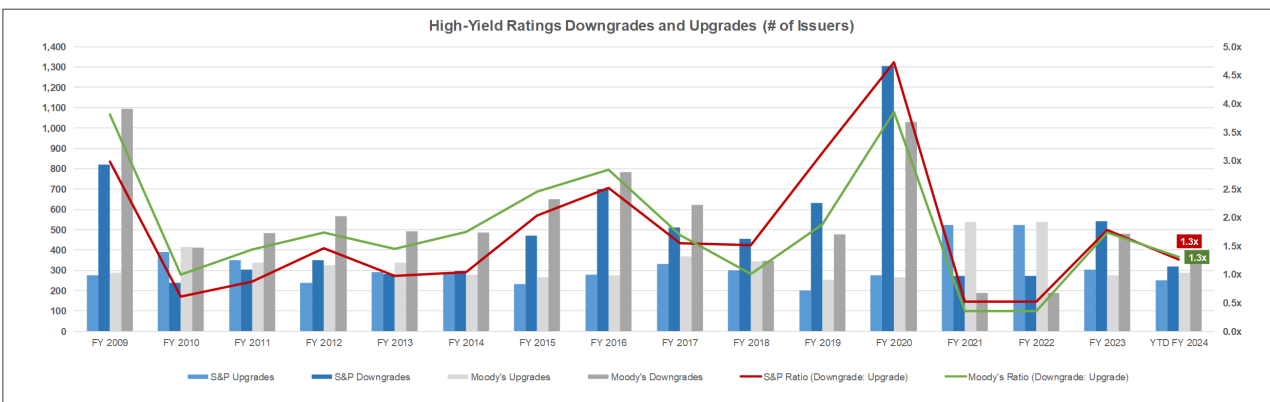
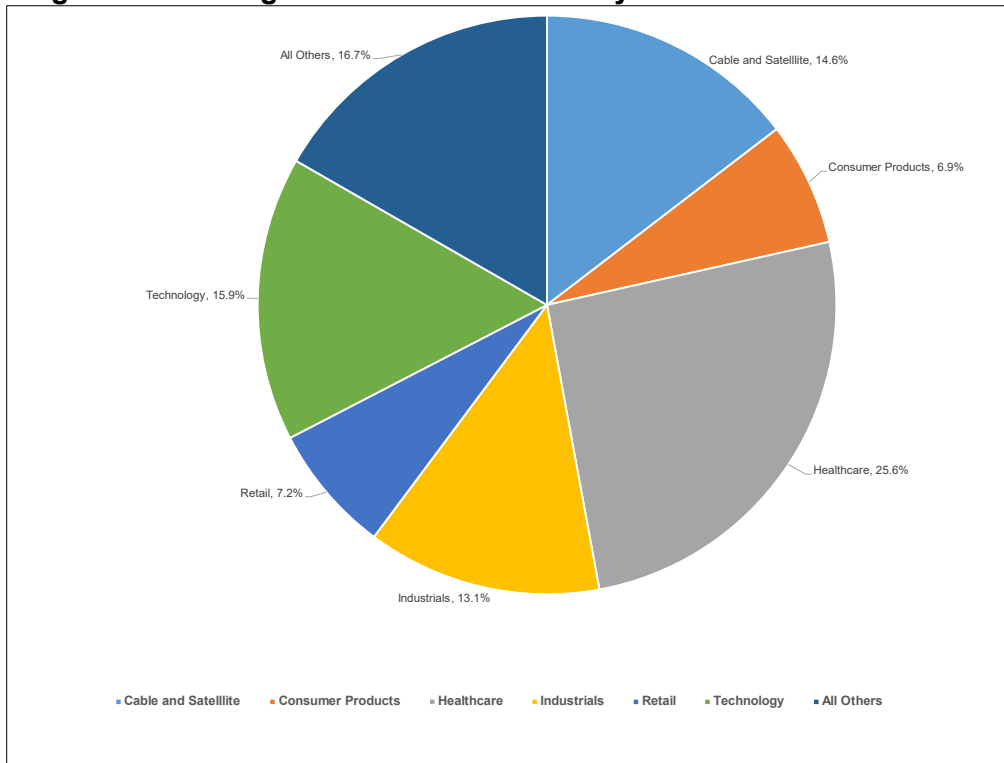


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



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

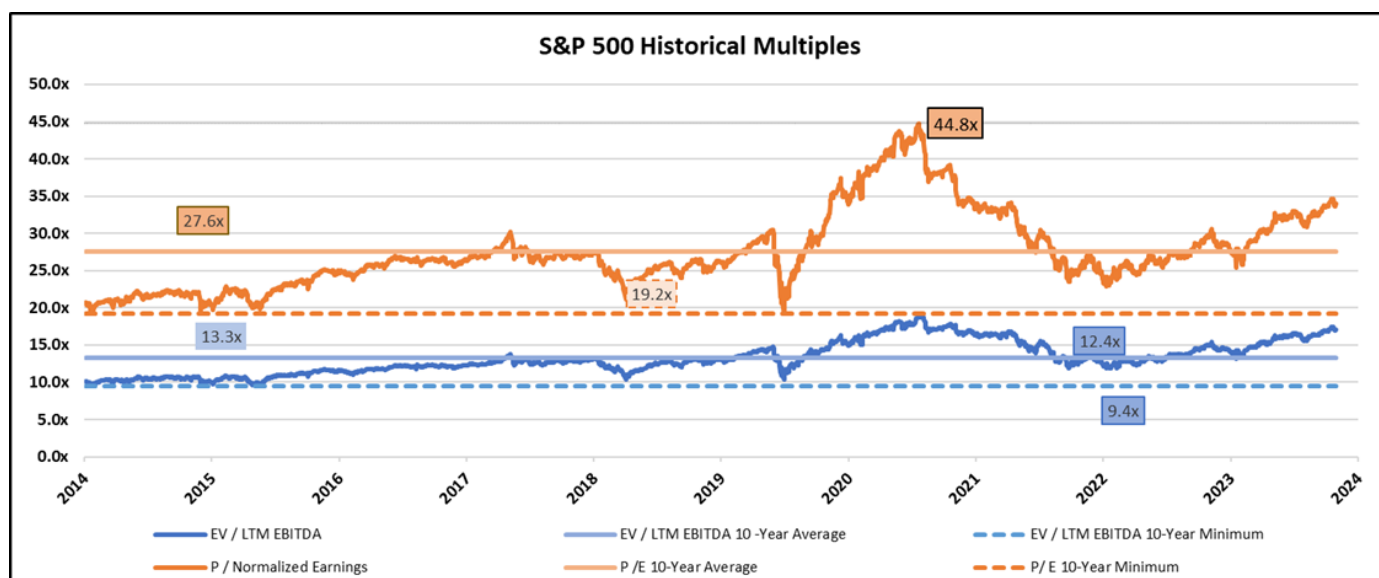
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	9/20/24	9/27/24	10/4/24	10/11/24	Weekly	Change			
						Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.97%	2.92%	2.99%	3.05%	6 bps	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.21%	2.13%	2.21%	2.28%	7 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.56%	3.45%	3.51%	3.57%	6 bps	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	0.85%	0.85%	0.89%	0.95%	7 bps	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	3.90%	3.98%	4.13%	4.22%	9 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	3.59%	3.56%	3.92%	3.95%	3 bps	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	3.50%	3.51%	3.80%	3.89%	9 bps	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	3.74%	3.75%	3.97%	4.08%	11 bps	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.08%	4.10%	4.25%	4.39%	14 bps	(89 bps)	106 bps	27 bps	(24 bps)

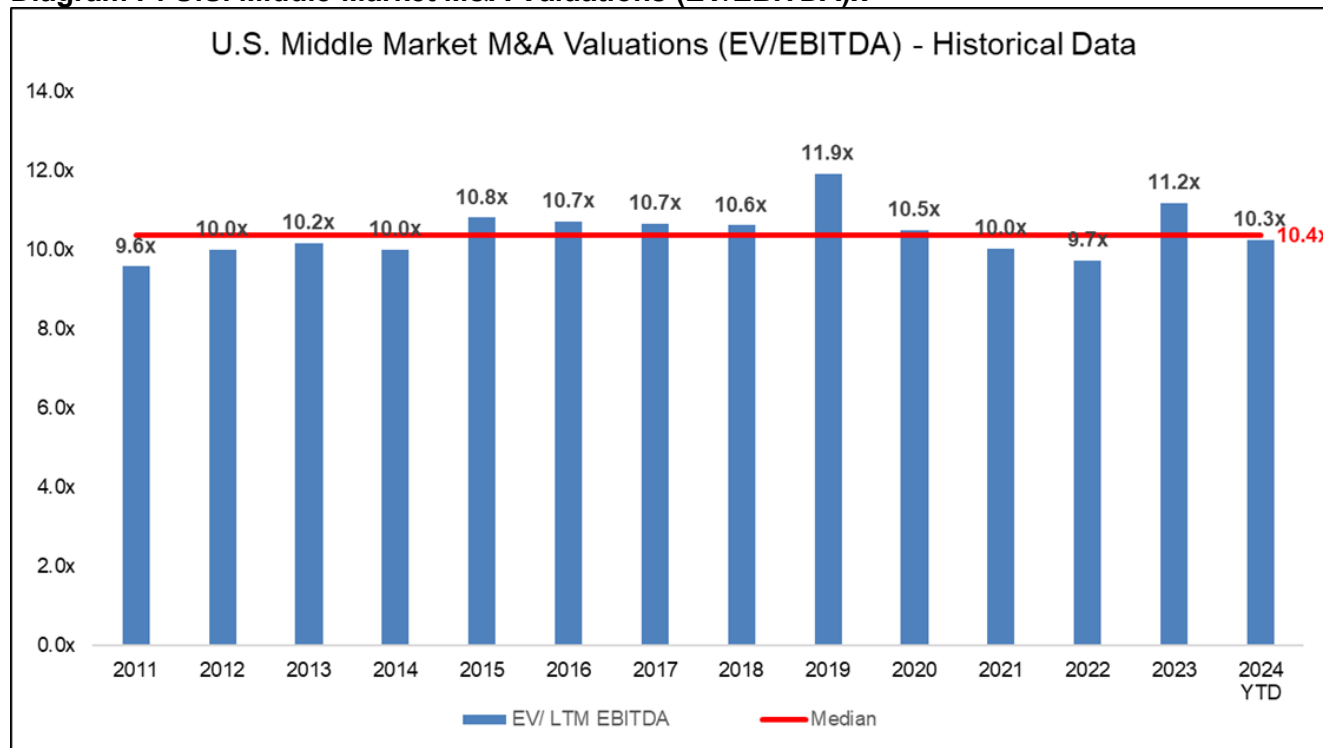
Source: Bloomberg

Diagram O: S&P 500 Historical Multiples



Source: S&P Capital IQ

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



Source: Pitchbook

Diagram Q: U.S. Large Cap M&A Valuations (EV/EBITDA)

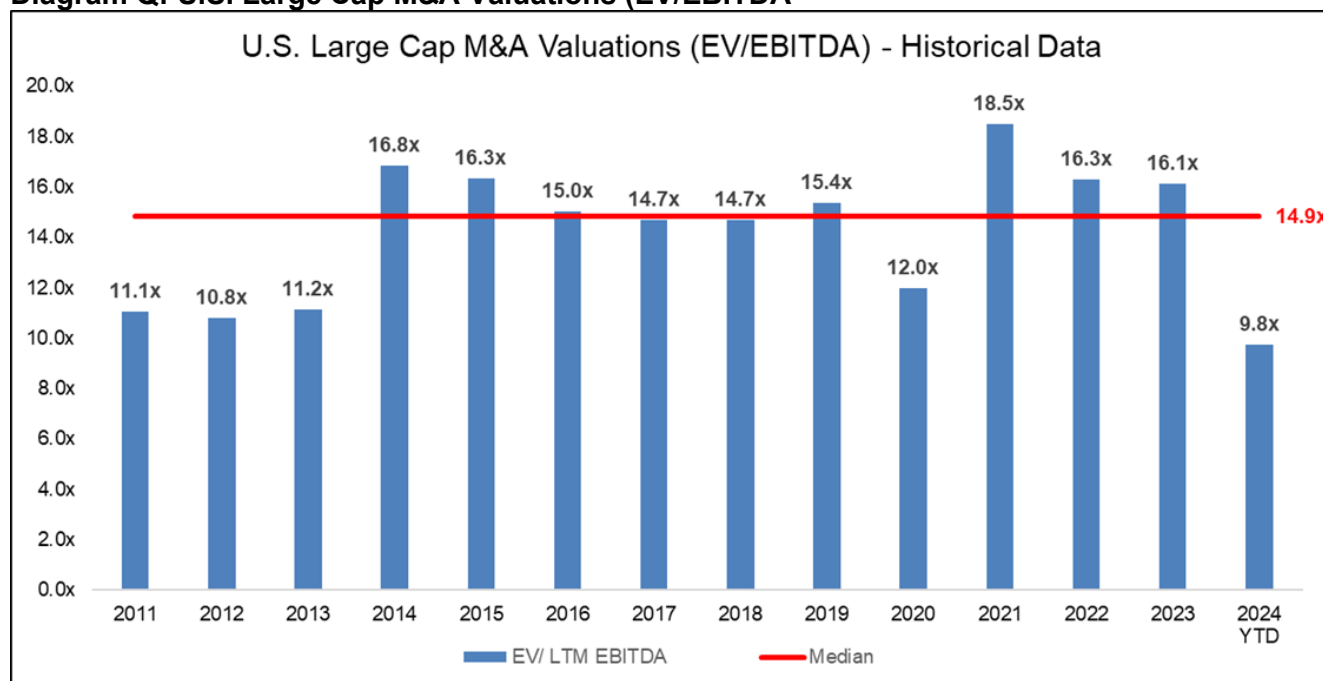
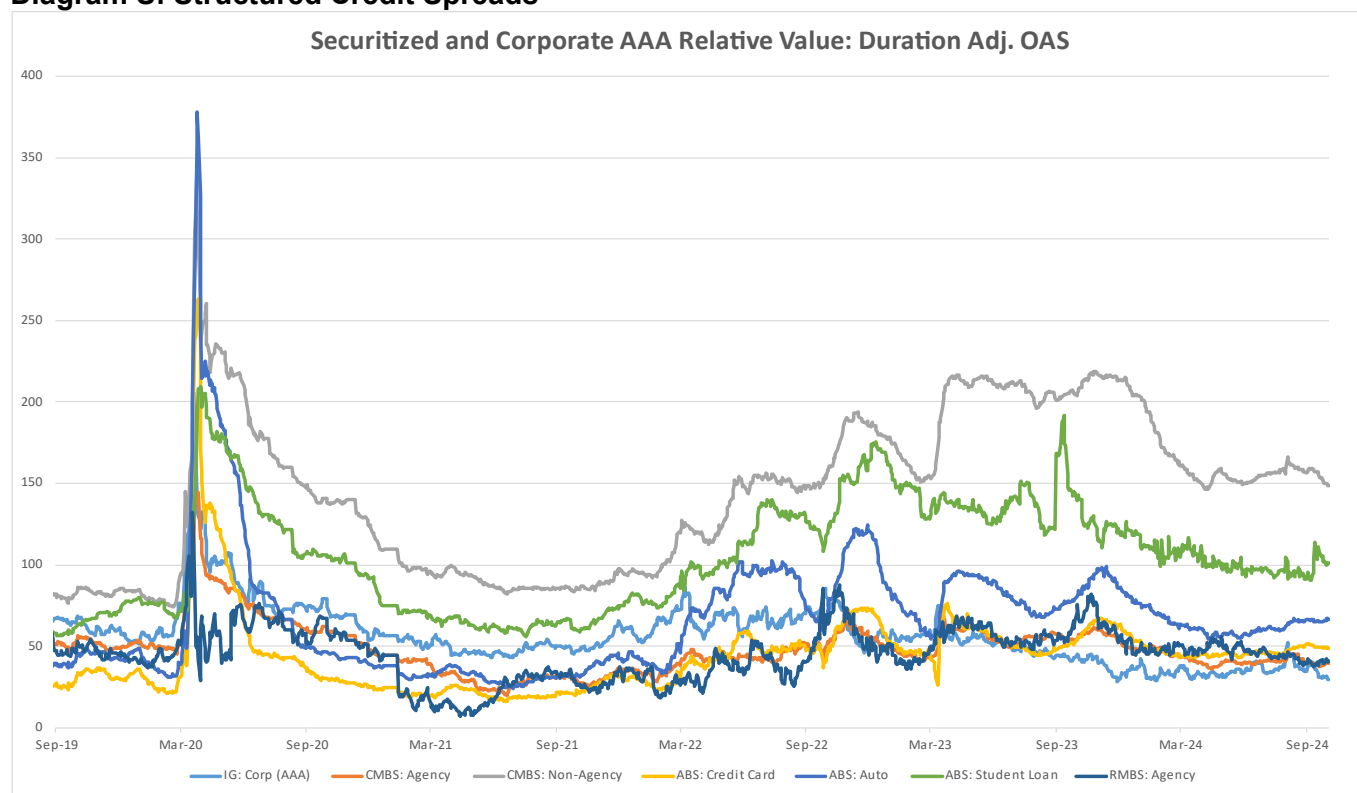


Diagram R: Dry Powder for All Private Equity Buyouts



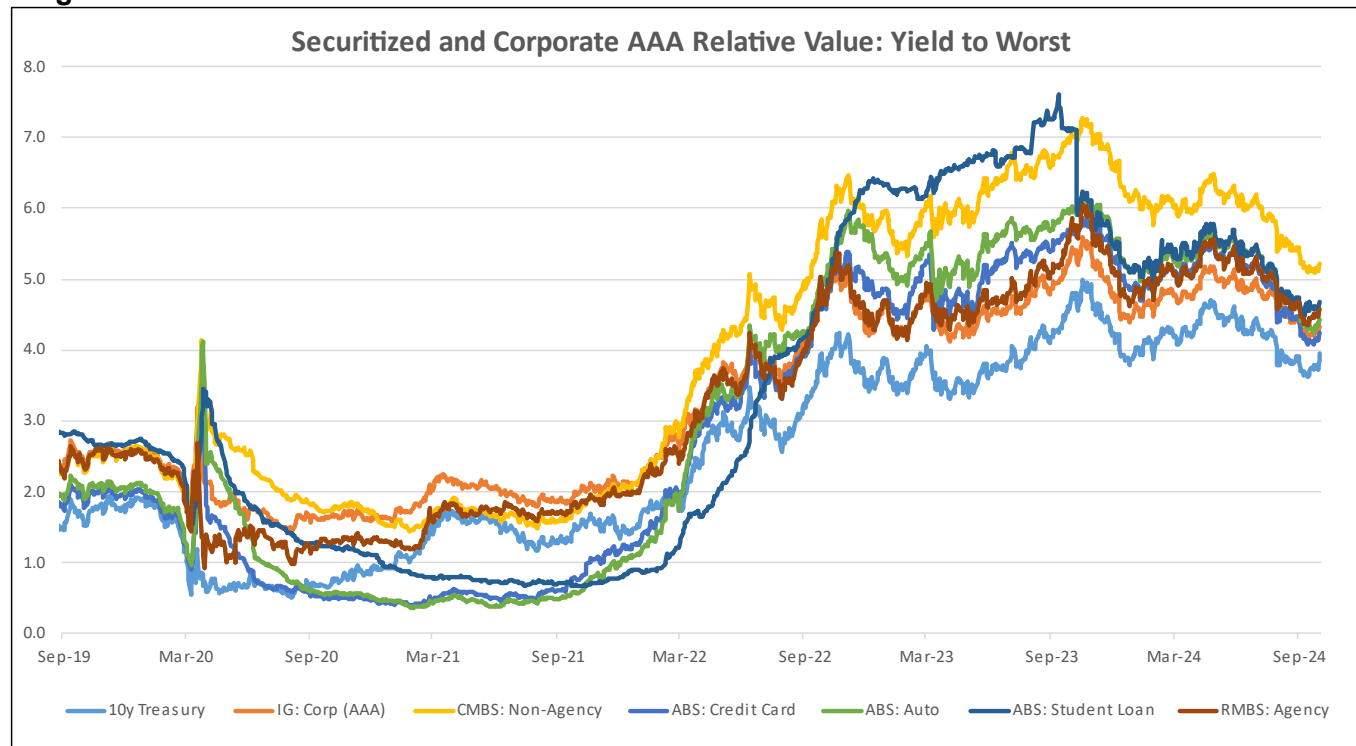
Source: Pitchbook

Diagram S: Structured Credit Spreads



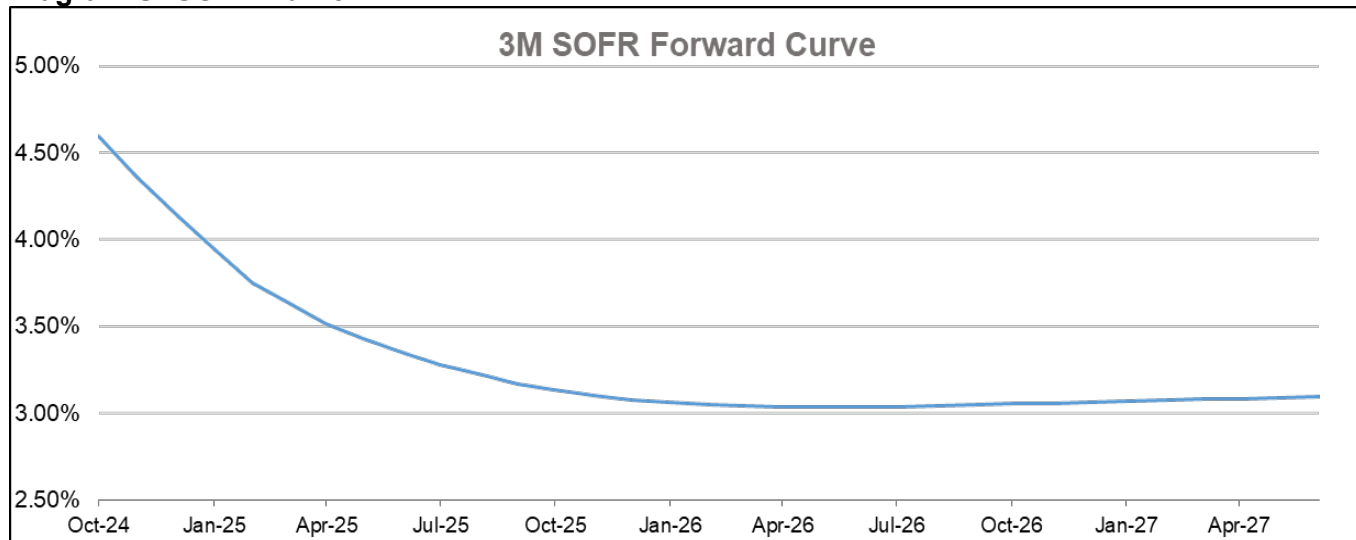
Source: Bloomberg

Diagram T: Structured Credit Yield



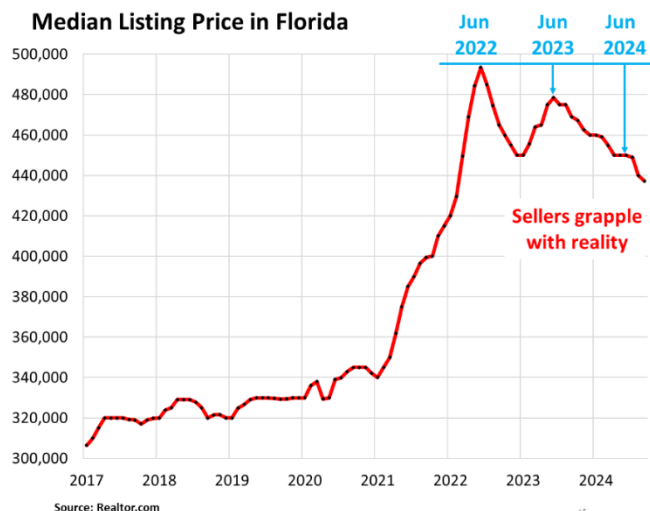
Source: Bloomberg

Diagram U: SOFR Curve

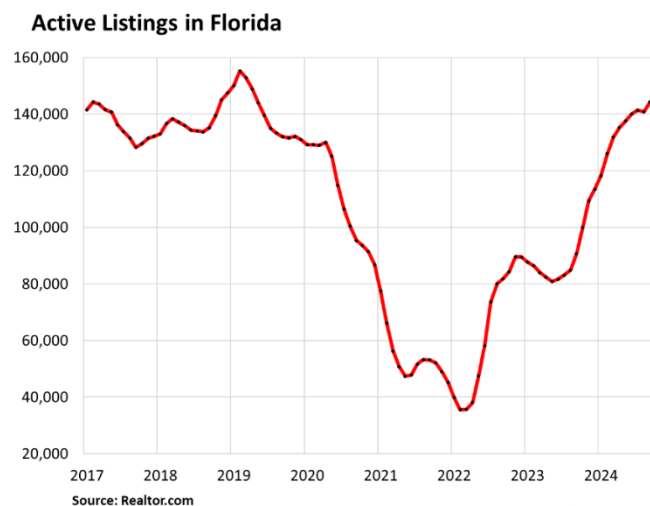


ZCG RE Research: Housing Market Update

Florida housing market buckles, listing prices dropped to 30-Month low but are still way too high, and supply increased



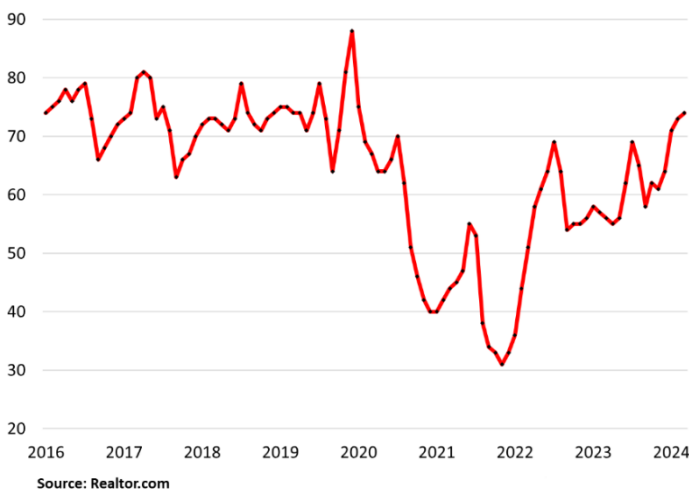
- The median listing price in September dropped to \$437,251, the lowest since February 2022
- Compared to the seasonal peak in June 2022, the median listing price is down by 11%
- Closed sales for single-family houses Florida have fallen for three months in a row as of August, reducing their year-over-year gain to 1.5%
- Condo prices have fallen for the eighth month in a row as of August and are down 2.5% year-over-year



- In September, there were 52,554 listings with price reductions in Florida, the second highest for any September in the data going back to 2016, behind 2018. They have surged by 76% from September last year.

- Active listings (total inventory minus listings with a pending sale) surged 35% year-over-year in Florida, to 185,696 listings, the highest for any September in the data going back to 2016, as demand has wilted and as inventory gets stale because prices are way too high

Median Days on the Market in Florida



The median number of days a property sat on the market for sale before it sold or before it was pulled off the market rose to 74 days in September, matching September 2019, and both are the highest since 2017.

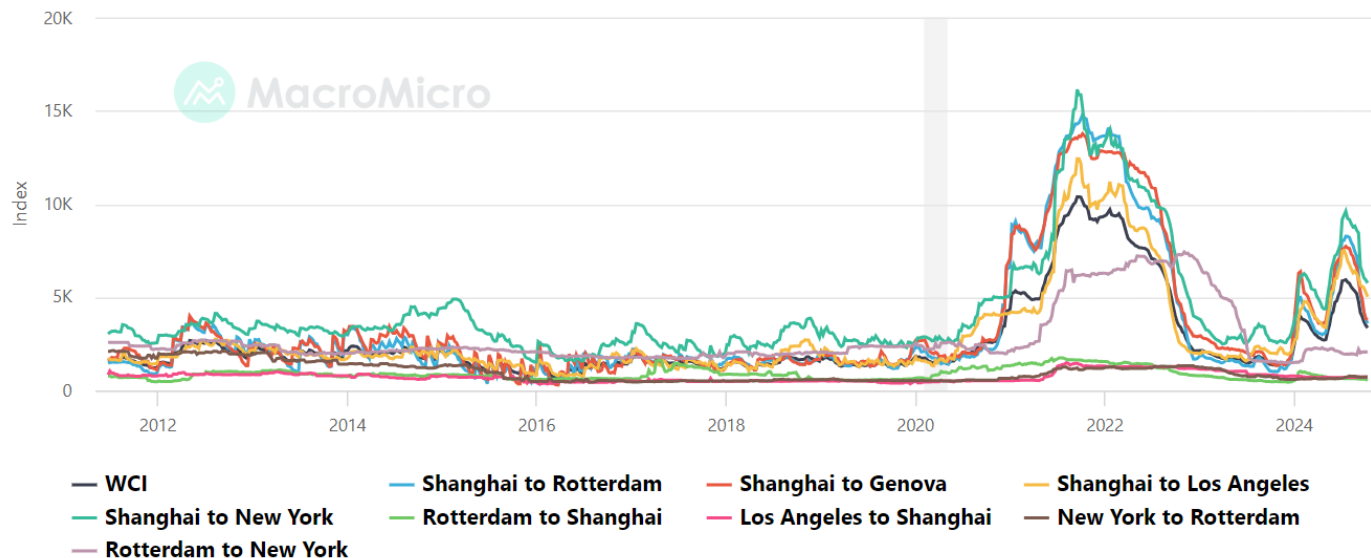
This metric is a mix of:

- How aggressively sellers pulled listings off the market if they didn't sell;
- And how fast properties sold that *did* sell.

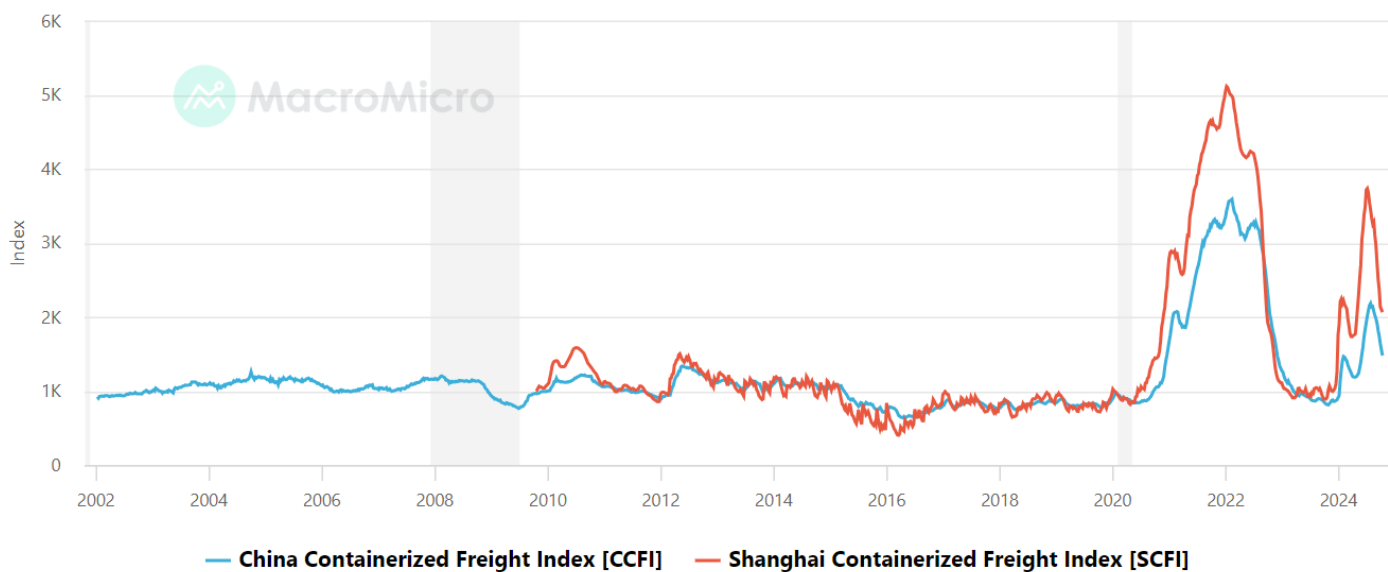
When sellers get more desperate, they leave the property on the market, rather than pulling it off quickly, and they might try reducing the price until it sells. In that dynamic, the days on the market lengthens

Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index



About ZCG

ZCG is a leading, privately held merchant bank comprised of private markets asset management, business consulting services, and technology development and solutions.

For nearly three decades, ZCG has invested tens of billions of dollars in private equity and credit-related strategies, through multiple economic cycles and across many industries, including consumer products, steel, steel processors, agriculture, consumer food, gaming, hospitality, manufacturing, specialty services and automotive. ZCG has successfully executed buy-and-build opportunities, corporate carve-outs, go-private transactions and growth opportunities, as well as credit investments, including private debt, direct lending, balance sheet solutions, mezzanine, syndicated leveraged loans, opportunistic credit and structured products.

ZCG's investors include prominent global sovereign wealth funds, endowments, pension funds, insurance companies, foundations, family offices, wealth management firms and other financial institutions in North America, Europe, Asia, Africa and the Middle East.

ZCG has a global team comprised of approximately 400 talented professionals. For more information on ZCG, please visit www.zcg.com.

Asset Management

ZCG Private Equity is the private equity fund management platform of ZCG, which pursues a strategy of acquiring companies that are growth platforms, corporate carve-outs, buy & build, go-private transactions, and turnarounds.

ZCG has a specialized, three-pronged approach including its consulting practice, ZCGC, and technology affiliate, to assist in significant value-creation initiatives across portfolio companies.

ZCG Credit is the credit fund management platform of ZCG, which invests across a range of credit investments including leveraged loans, private debt, direct lending, and opportunistic credit. ZCG Credit manages closed and open-ended funds as well as structured vehicles of strategic debt.

ZCG Credit utilizes an approach of fundamental credit analysis, developed over nearly 30 years, through proprietary sourcing, sophisticated structuring and comprehensive risk management utilizing the Olympus™ system.

ZCG's current portfolio companies have aggregate worldwide annual revenues of approximately \$2 billion, sell products in 120 countries, operate 15 manufacturing facilities, and have over 200,000 employees and associates directly and through joint ventures.

Consulting

ZCGC is a team of consultants possessing a diverse skillset with significant industry and subject matter expertise, offering comprehensive support across the full transaction cycle optimizing returns in numerous verticals.

ZCGC partners with management teams to develop strategic plans and oversee tactical execution of specific value creation initiatives.

A trusted resource for private equity firms and their portfolio companies, our ZCGC professionals offer unmatched functional expertise with highly tailored solutions to accelerate growth and scale responsibly.

Our consultants are selected for their leadership experience across investment banking, capital markets, Big 4 consulting, real estate development, talent acquisition, procurement, and the corporate C-suite.

Together with Haptiq, our strategic software development affiliate, ZCGC helps position its clients on the path to success. For more information on ZCGC, please visit www.zcgc.com.

Technology

Haptiq, LLC (“Haptiq”) – where insight meets innovation.

Haptiq offers a nuanced understanding of each client's performance and exactly how to leverage technology for sustained growth. Through its suite of software, digital solutions, and industry expertise, Haptiq equips business leaders with a clear path to accelerate growth and profitability. For more information on Haptiq, please visit www.haptiq.com. **Olympus Fintech, LLC (“Olympus”)** is a software product and platform which provides private equity, debt, and CLO managers with customizable and simplified workflows, data management, and robust reporting capabilities. For more information on Olympus, please visit www.olyfintech.com.

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PERFORMANCE

Market Indices	11-Oct	4-Oct	WoW Change	YTD Change	YoY Change
DJIA	42,863.86	42,352.75	1.21%	13.73%	25.87%
S&P 500	5,815.03	5,751.07	1.11%	21.91%	39.12%
NASDAQ	18,342.94	18,137.85	1.13%	22.19%	50.34%
MSCI - EAFE	2,418.74	2,413.03	0.24%	8.16%	13.35%
MSCI - Emerging Markets	1,159.56	1,179.34	(1.68%)	13.27%	10.90%
US Dollar Index	102.89	102.52	0.36%	1.54%	1.12%
VIX	20.46	19.21	6.51%	64.34%	9.24%
US Equities Avg Daily Dollar Volume (\$ in Billions)	288.13	298.65	(3.52%)	(23.17%)	(17.68%)

Market Ratios	11-Oct	4-Oct	WoW Change	YTD Change	YoY Change	
TED Spread	3 Month LIBOR - 3 Month T-Bills	#N/A	18.01	#N/A	#N/A	
Put/Call Ratio	Equities	0.44	0.48	(8.33%)	(32.31%)	(10.20%)

Commodities Indices (\$ USD)	Metric	11-Oct	4-Oct	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	290.99	291.65	(0.23%)	10.30%	7.13%
Gasoline - Pump	Gallon	3.20	3.18	0.85%	2.79%	(8.22%)
Gasoline - Futures	Gallon	2.15	2.10	2.66%	2.33%	(12.26%)
Crude Oil - WTI	Barrel	75.56	74.38	1.59%	5.46%	(0.42%)
Crude Oil - Brent	Barrel	79.04	78.05	1.27%	2.60%	(3.81%)
Natural Gas	MM BTU	2.63	2.85	(7.78%)	4.69%	7.17%
Coal (1 contract = 1,000 tons)	Contract	188.67	196.01	(3.74%)	(12.10%)	(4.17%)

Aluminum	Metric Ton	2,632.50	2,653.00	(0.77%)	10.42%	0.59%
Copper	Metric Ton	9,791.50	9,943.50	(1.53%)	14.40%	8.16%
Iron Ore	Metric Ton	106.44	108.84	(2.21%)	(21.95%)	(14.13%)
Steel - Hot Rolled Coil	Metric Ton	705.00	724.00	(2.62%)	(37.89%)	(11.43%)
Steel - Cold Rolled Coil	Metric Ton	987.50	987.50	0.00%	(21.63%)	(11.43%)
Ferrous Scrap	Metric Ton	420.00	415.00	1.20%	(21.50%)	(11.58%)
Lumber	Metric Ton	501.50	437.50	14.63%	(7.64%)	(7.64%)
Gold	Troy Ounce	2,656.59	2,653.60	0.11%	28.77%	38.89%
Silver	Troy Ounce	31.54	32.20	(2.05%)	32.55%	34.40%

Cotton	Pound	66.55	66.41	0.21%	(13.47%)	(20.23%)
Butter	Pound	2.63	2.69	(2.33%)	(1.50%)	11.23%
Cheese	Pound	2.21	2.21	0.05%	41.91%	40.20%
Cocoa	Pound	3.51	3.21	9.48%	84.44%	205.29%
Corn	Bushel	4.16	4.25	(2.12%)	(11.78%)	(38.43%)
Milk, Non Fat Dry	Pound	1.35	1.33	0.86%	11.94%	6.58%
Soybean	Bushel	10.06	10.38	(3.11%)	(22.27%)	(34.46%)
Sugar	Pound	0.22	0.23	(3.35%)	8.07%	2.68%
Wheat	Bushel	5.99	5.90	1.57%	(4.62%)	(21.29%)
Live Cattle	Pound	1.89	1.87	0.86%	8.59%	(81.83%)
Lean Hogs	Pound	0.84	0.84	0.06%	23.69%	11.58%
Beef, USDA Ground	Pound	3.11	3.03	2.86%	7.42%	17.40%
Chicken, Boneless & Skinless	Pound	3.97	3.97	0.00%	(2.65%)	(7.90%)

Currencies	Metric	Spot Prices	Futures	10-Year Historicals			
		11-Oct	4-Oct	2024	2025	Low	High
Japanese Yen	USDJPY	149.130	148.700	135.000	142.000	75.820	138.570
Chinese Renminbi	USDCNY	7.067	7.019	6.950	7.100	6.041	7.179
Swiss Franc	USDCHF	0.857	0.858	0.880	0.860	0.721	1.030
British Pound	GBPUSD	1.307	1.312	1.350	1.320	1.130	1.717
Euro Zone Euro	EURUSD	1.094	1.097	1.130	1.110	0.986	1.483

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, \$ USD in Millions, (Source: LCD News)			
Week Ending	Bank Loans	High Yield	
2-Oct-24	\$ 53	\$ 2,240	
25-Sep-24	\$ 313	\$ 73	
18-Sep-24	\$ (116)	\$ 1,741	
11-Sep-24	\$ (230)	\$ (633)	
4-Sep-24	\$ (230)	\$ 633	
28-Aug-24	\$ (78)	\$ (47)	
21-Aug-24	\$ (319)	\$ 1,908	
14-Aug-24	\$ (670)	\$ (1,234)	
7-Aug-24	\$ (3,068)	\$ (1,198)	
Year To Date 2024	\$ 11,823	\$ 9,195	
Year Ended December 31, 2023	\$ (18,051)	\$ (17,252)	
Year Ended December 31, 2022	\$ (12,694)	\$ (48,558)	

NEW ISSUE SUMMARY - BI-WEEKLY

Institutional Loans	10/11/2024	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	8,233
Forward Calendar		4	7,437
High Yield	10/11/2024	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	Sept	249K	236K	238K
Continuing Claims	Sept	1,839K	1,828K	1,821K
Change in Non-Farm Payrolls	Sept	272K	180K	175K
Change in Private Payrolls	Sept	229K	165K	167K

Unemployment Rate	U-3	Sept	4.0%	3.9%	3.9%
Unemployment Rate	U-6	Sept	6.6%	6.5%	6.7%
Average Work Week		Sept	34.3	34.7	34.4

Existing Home Sales	Sept	4.11M	4.10M	4.14M	
Housing Starts	Sept	1,277K	1,370K	1,360K	
S&P/Case-Shiller Composite	YoY	Sept	7.2%	7.0%	7.4%
S&P/Case-Shiller Composite	MoM	Sept	0.4%	0.3%	0.3%

Consumer Confidence	Sept	91.3	90.0	88.9	
GDP	QoQ-Annualized	2Q24	1.4%	1.4%	1.3%

Durable Goods Orders	Sept	0.6%	0.7%	0.7%
Total Vehicle Sales	Sept	15.32M	15.50M	15.50M
Capacity Utilization	Sept	79.0%	77.0%	76.8%

Fed & Treasury Balance Sheet	9-Oct	2-Oct	WoW Change	YoY Change	
Fed Total Assets	\$ in Billions	7,046,840.0	7,046,925.0	(0.0%)	(11.4%)
Public Debt	\$ in Billions	35,693.8	35,677.8	0.0%	6.4%

US Debt Outstanding	4Q23	3Q23	QoQ Change	YoY Change	
Domestic Nonfinancial Debt	\$ in Billions	69,511.9	68,910.4	0.9%	15.6%

Shared National Credit	2023	2022	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	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	(4.9%)	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	11-Oct	4-Oct	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	3,991.07	3,978.10	0.33%	7.41%	17.93%
Barclays High Yield Index	2,665.68	2,673.86	(0.31%)	7.92%	15.61%
Barclays Aggregate	2,225.29	2,235.47	(0.46%)	3.42%	4.59%

Loan Market Bids	11-Oct	4-Oct	WoW Change	YTD Change
S&P Flow Name Index	98.96	99.01	(0.05%)	0.62%
S&P 100 Name Index	97.75	97.48	0.28%	0.89%
S&P BB's Index	99.75	99.66	0.09%	0.16%
S&P B's Index	98.08	97.87	0.21%	0.14%
S&P CCC's Index	80.04	80.09	(0.06%)	(2.69%)

Loan Market Spreads	11-Oct	4-Oct	WoW Change	YTD Change
S&P BB's Index	L+276	L+277	(1 bps)	180 bps
S&P B's Index	L+406	L+408	(2 bps)	(34 bps)
S&P CCC's Index	L+863	L+862	2 bps	(777 bps)

Credit Default Swap - Volatility Indices	Index	11-Oct	4-Oct	WoW Change	YTD Change
Investment Grade CDS	Markit	51.73	52.78	(2.00%)	(8.77%)
High Yield CDS	Markit	327.63	330.01	(0.72%)	(8.06%)

Credit	11-Oct	4-Oct	WoW Change	YOY Change	
High Yield	Ave Yield	T+480	T+475	5 bps	95 bps
LCD Flow Name	Ave Spread	L+217	L+220	(3 bps)	21 bps

US Treasury 2-Yr	3.97%	3.62%	35 bps	(35 bps)
US Treasury 3-Yr	3.88%	3.54%	34 bps	(16 bps)
US Treasury 5-Yr	3.89%	3.56%	33 bps	1 bps
US Treasury 7-Yr	3.97%	3.66%	31 bps	6 bps
US Treasury 10-Yr	4.07%	3.79%	28 bps	17 bps

US CLO Spreads - New Issue	11-Oct	4-Oct	WoW Change	YTD Change
AAA	S+157	S+155	2 bps	(10 bps)
AA	S+204	S+200	4 bps	(10 bps)
A	S+250	S+240	10 bps	(15 bps)
BBB	S+380	S+380	0 bps	(5 bps)
BB	S+658	S+663	(5 bps)	0 bps

Market Rates	11-Oct	4-Oct	WoW Change	YTD Change
Fed Fund Rate	4.81%	4.81%	0 bps	(50 bps)
Prime Rate	8.00%	8.00%	0 bps	(50 bps)
Broker Call Rate	6.75%	6.75%	0 bps	(50 bps)
1M SOFR	4.82%	4.83%	(1 bps)	(56 bps)
3M SOFR	5.36%	5.36%	0 bps	(3 bps)
6M SOFR	5.39%	5.39%	0 bps	(8 bps)

Short Interest - Billions of shares	31-Jul	30-Jun	MoM Change	YTD Change
NYSE Mkt Short Interest	16.23	16.04	1.22%	0.53%
Nasdaq Short Interest	13.21	12.91	2.35%	2.26%

Fed Corp Primary Dealer Positions - \$ USD in Billions	2-Oct	25-Sep	WoW Change	YTD Change
Net Outright Total Corp Securities	10.98	10.56	3.98%	0.00%

Margin Debt - \$ USD in Billions	31-Jul	30-Jun	MoM Change	YTD Change
	775.45	784.14	(1.11%)	10.66%

Leveraged Finance Primary Volume - \$ USD in Billions

	Year To Date	Year End	YoY	
10/11/2024	2024	2023	Change	
Bank Debt	226.1	86.9	588.4	160.18%
Senior Secured Bonds	66.1	51.5	147.9	28.35%
Unsecured Bonds	76.1	27.6	313.8	175.72%
Total Bonds	142.2	79.1	461.7	79.77%
Totals	368.3	166.0	1,050.1	121.87%

DEFAULT ACTIVITY

Total Loan Defaults - as of:	31-Aug	31-Jul	YE 2023
Default Rate by Total Amount of All Loans Outstanding	1.72%	1.56%	0.98%
Default Rate by Total Number of All Loan Issuers	1.89%	1.62%	0.98%

Employment - Labor Participation Rates	31-Jul	30-Jun	YTD Change
Civilian Employment as % of Total Labor Force	60.4%	60.4%	0.60pp
Labor Force Participation Rate	62.6%	62.6%	(0.25pp)

Government Assistance	31-Jul	30-Jun	YTD Change
SNAP fka Food Stamps - # of Participants in Millions			