

Briefing

Global Economic & Credit Market

Week 43 Ending – October 25, 2024

www.zcg.com

Economic Calendar

- Tuesday, October 29: Consumer confidence
- Wednesday, October 30: GDP
- Thursday, October 31: PCE index
- Friday, November 1: U.S. employment report

Key Market Metrics

- S&P 500: (0.98%) WoW; +21.75% YTD; +40.36% YoY; 15.8x LTM EBITDA; 14.5x NTM EBITDA
- Dow Jones: (2.68%) WoW; +11.74% YTD; +28.46% YoY; 10.6x LTM EBITDA; 14.1x NTM EBITDA
- Nasdaq: +0.16% WoW; +23.36% YTD; +47.02% YoY
- Ten Year US Treasury Yield: 4.28% +36 bps YTD; (63) bps YoY
- Currency:
 - British Pound per USD: \$1.30; (0.7%) WoW; 1.8% YTD; 6.9% YoY
 - Euro per USD: \$1.08; (0.6%) WoW; (2.2%)YTD; 2.2% YoY
 - USD per Yen: ¥152.21; 1.8% WoW; 8.0% YTD; 1.2% YoY
 - Swiss franc per EUR: 1.07 CHF; 0.5% WoW; (0.7%)YTD; 1.5% YoY

U.S. News

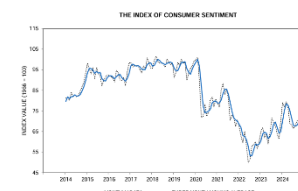
U.S. Economic Indicators

- The leading indicators dropped 0.5% in September, worse than the forecasted 0.3% decline
- Experts said that the magnitude of the change is not significant enough to suggest any sign of major trouble in the economy
- The decrease was mainly due to weakness in a few key industries, such as housing and manufacturing



Consumer Sentiment

- Consumer sentiment rose to 70.5 in the first of two readings in October, up from 70.1 in September
- The increase in consumer sentiment is caused by Republicans' growing confidence that Donald Trump will win the presidency, coupled with lower interest rates
- Despite the increase, consumer sentiment is still at depressed levels, well below a post-pandemic high of 88.3 in 2021

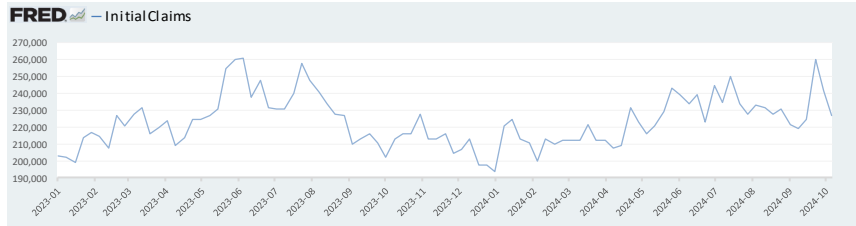


Existing Home Sales

- U.S. home sales fell 1% to an annual rate of 3.84 million in September, the lowest level in 14 years. Compared to September 2023, home sales are down 3.5%
- The total number of homes listed on the market in September rose 23% from last year, to 1.39 million units. There is a 4.3-month supply of unsold inventory, which is considered a balanced market
- The median price for an existing home in September rose 3% to \$404,500, which is about 50% higher than the same period five years ago

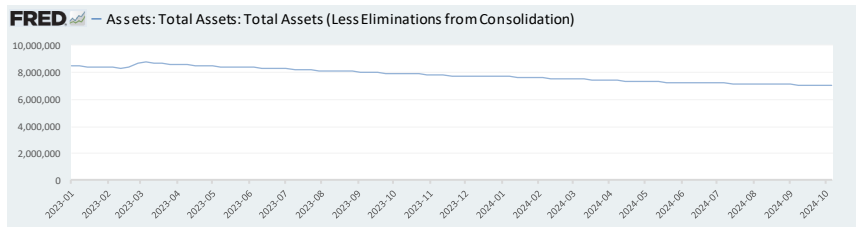
▪ **Jobless Claims**

- Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 227,000 in the week ended October 18, down 15,000 from the prior week
- The four-week moving average was 238,500, up 2,000 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 28,000 to 1.897 million in the week ended October 11. This figure is reported with a one-week lag



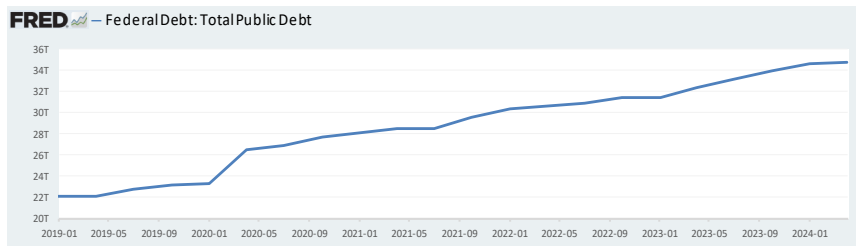
▪ **Fed's Balance Sheet**

- The Federal Reserve's assets totaled \$7.029 trillion in the week ended October 25, down \$9.9 billion from the prior week
- Treasury holdings totaled \$4.358 trillion, down \$4.9 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.28 trillion in the week, down \$1.5 billion from the prior week



▪ **Total Public Debt**

- Total public debt outstanding was \$35.78 trillion as of October 25, an increase of 6.2% from the previous year
- Debt held by the public was \$26.56 trillion, and intragovernmental holdings were \$7.16 trillion

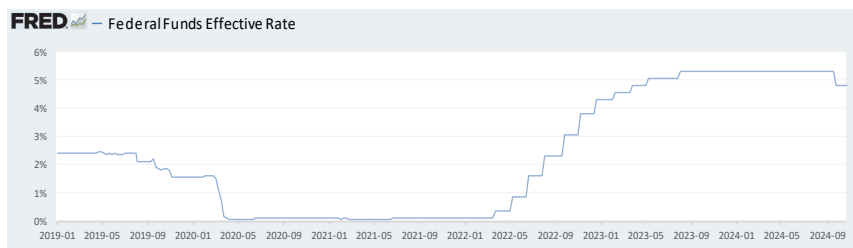


▪ Inflation Factors

- 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 \$3,094.82 per 40ft container
 - Drewry's composite World Container Index has increased by 130.7% 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

- Israel launched a retaliatory strike against Iran early Saturday, responding to the 180-missile attack from Iran that occurred this month. The attacks took place over several waves during multiple hours, hitting missile manufacturing facilities and air-defense sites. Iran stated that four soldiers died. The attack seemed to be calibrated to avoid provoking heavy retaliation, as Israel avoided Iran's nuclear and oil infrastructure
- Israel's top cease-fire negotiator offered Hamas safe passage out of Gaza in exchange for the hostages. The offer was swiftly rejected by Hamas, demonstrating their ongoing commitment to defending their territory. Negotiators are still skeptical that a breakthrough will take place in the near future
- Several people were killed in a suspected terrorist attack at a major defense facility near Istanbul. Four people were killed and at least 14 were injured. No group has yet taken responsibility for the attack

▪ Russia

- North Korea has sent at least 3,000 troops to Russia for training, potentially to be used to help Russia fend off the Ukrainian counter offensive. The U.S. and its allies signaled that the use of North Korean soldiers would constitute a major escalation in the war
- Elon Musk has reportedly been in regular contact with Russian President Vladimir Putin since late 2022, discussing personal topics, business, and geopolitical tensions. According to the Wall Street Journal, Putin asked Musk to avoid activating his Starlink satellite internet service over Taiwan as a favor to Chinese leader Xi Jinping. Officials say that Musk's strong business ties with U.S. military and intelligence agencies make these communications a potential national security threat
- The increasingly authoritarian ruling party in Georgia, the Georgian Dream party, declared victory in a parliamentary election on Sunday. The Georgian Dream party casted the election as a choice between war and peace, vowing to stay out of the conflict in Ukraine. Once considered the most pro-Western former Soviet satellite, the Georgian Dream party has aligned the country more with Russian politics and has grown increasingly antagonistic toward the EU and the U.S. The opposition claims that the election results were falsified

▪ China

- China's youth jobless rate dropped in September to 17.6%, down from 18.8% in August. The news comes after China reported a 4.6% year-over-year expansion in Q3, marking the slowest pace in six quarters
- The Standing Committee of China's National People's Congress said it will meet from November 4 to November 8 to review a basket of bills and government reports. Investors anticipate the legislative body will approve a multi-billion-dollar fiscal stimulus plan by year-end, though state media did not mention stimulus when announcing the meeting dates
- Chinese hackers targeted the phones of Donald Trump, JD Vance, and people affiliated with Kamala Harris's campaign. It is not yet clear what the hackers were able to obtain from their efforts. The cyberattack was made possible by the hackers' access to compromised U.S. telecommunications infrastructure, which was discovered last month. The Biden administration is still grappling with the extent of the intrusions, with some viewing them as potentially catastrophic to national security and election integrity

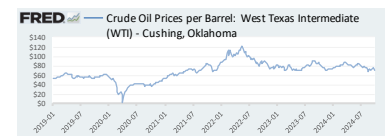
Geopolitical Hotspots

- **Peru**
 - Former Peruvian President Alejandro Toledo was sentenced to more than 20 years in prison for taking a \$20 million dollar bribe from Brazilian construction company Odebrecht in exchange for a highway contract
- **Cuba**
 - Cuba's government has struggled to return power to millions of Cubans after a blackout impacted everything from running water to the operation of banks and ATMs
- **Japan**
 - Japan's inflation rate slowed to 2.5% in September, down from 3.0% in August, largely due to government energy subsidies. This gives the Bank of Japan more time to decide on future rate hikes, but concerns remain over whether inflation is sustained by wage growth, as service inflation remains weak
- **UK**
 - U.K. retail sales volumes rose 0.3% in September, driven by strong spending on technology products. The boost in consumer spending is raising hopes for a soft economic landing, with inflation nearing the Bank of England's 2% target, potentially paving the way for interest rate cuts
- **Cuba**
 - Cuba experienced a nationwide blackout on Friday, following government orders to shut down nonessential businesses to conserve energy amid severe fuel shortages, deteriorating infrastructure, and a worsening economic crisis
- **Africa**
 - A new deal gives Ethiopia naval access to Somaliland in exchange for recognizing Somaliland's independence, escalating tensions with Somalia, which strongly opposes the move. The conflict risks undermining anti-al-Shabaab efforts, involving Egypt, and destabilizing the Horn of Africa further, raising international concerns
- **Canada**
 - Canadian Prime Minister Justin Trudeau called India's alleged interference in Canada "a horrific mistake," following the expulsion of six Indian diplomats over their alleged involvement in the killing of a Sikh separatist leader. India denied the allegations and expelled Canadian diplomats in retaliation, blaming Trudeau for damaging relation
- **India**
 - A former employee of India's intelligence service has been charged by U.S. prosecutors for allegedly directing a plot to kill Sikh activist Gurpatwant Singh Pannun in New York, escalating tensions between India and Western countries regarding the targeting of Sikh separatists
- **Australia**
 - King Charles and Queen Camilla have begun their tour of Australia, starting with a church service in Sydney. This is the King's first visit since becoming Australia's head of state in 2022 and since starting cancer treatment earlier this year. The six-day visit includes meeting leaders, celebrating Australian culture, and supporting environmental initiatives, with a trip to Samoa to follow

Commodities

Oil Prices

- WTI: \$71.66 per barrel
 - +3.52% WoW; +0.01% YTD; (13.88%) YoY
- Brent: \$75.94 per barrel
 - +3.94% WoW; (1.43%) YTD; (13.64%) YoY



US Production

- U.S. oil production amounted to 13.5 million bpd for the week ended October 18, down 0.1 million bpd from the prior week

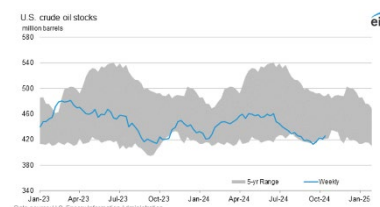
Rig Count

- The total number of oil rigs amounted to 585, down 0 from last week

Inventories

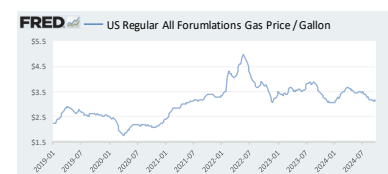
Crude Oil

- Total U.S. crude oil inventories now amount to 426.0 million barrels, up 1.2% YoY
- Refiners operated at a capacity utilization rate of 89.5% for the week, up from 87.7% in the prior week
- U.S. crude oil imports now amount to 5.529 million barrels per day, down 7.0% YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.14 per gallon in the week of October 25, down (10.6%) YoY
 - Gasoline prices on the East Coast amounted to \$3.17, down (8.4%) YoY
 - Gasoline prices in the Midwest amounted to \$3.09, down (8.9%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.82, down (10.0%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.35, down (12.1%) YoY
 - Gasoline prices on the West Coast amounted to \$4.17, down (16.3%) YoY
- Motor gasoline inventories were up by 0.9 million barrels from the prior week
- Motor gasoline inventories amounted to 213.6 million barrels, down (4.4%) YoY
- Production of motor gasoline averaged 9.95 million bpd, up 1.3% YoY
- Demand for motor gasoline amounted to 8.838 million bpd, down (0.3%) YoY

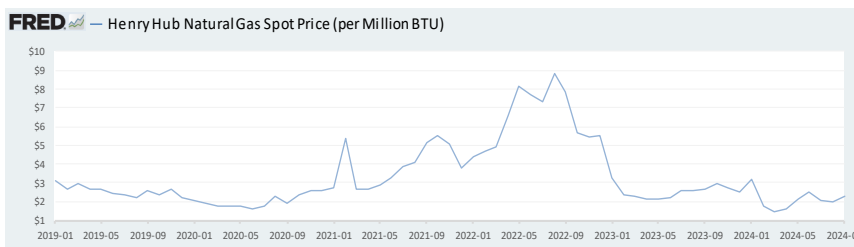


Distillates

- Distillate inventories decreased by -1.1 million in the week of October 25
- Total distillate inventories amounted to 113.8 million barrels, up 1.6% YoY
- Distillate production averaged 5.011 million bpd, up 5.9% YoY
- Demand for distillates averaged 4.131 million bpd in the week, up 1.5% YoY

○ **Natural Gas**

- Natural gas inventories increased by 80 billion cubic feet last week
- Total natural gas inventories now amount to 3,785 billion cubic feet, up 2.3% YoY



Credit News

High yield bond yields increased 14bps to 7.25% and spreads increased 3bps to 322bps. Leveraged loan yields increased 7bps to 8.47% and spreads decreased 1bps to 475bps. WTD Leveraged loan returns were positive 12bps. WTD high yield bond returns were negative 36bps. 10yr treasury yields increased 11bps to 4.20%. Yields rose over the past week as investors absorbed an in-line start to earnings season, strong economic data, and a further rise in Treasury yields amid speculation the Fed will assume a more measured approach on rate cuts.

High-yield:

Week ended 10/25/2024

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.25%	322	7.11%	319	14	3

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$95.85	\$96.32	-47	-0.36%	-0.51%	7.10%	13.5%

Fund Flows²

Total Flows (\$)
\$34mm

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
11	\$6.4bn	\$261.5bn	\$145.6bn	+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 10/25/2024

▪ **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.47%	475	8.40%	476	7	(1)

▪ **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.21	\$96.26	-5	0.12%	0.78%	7.47%	12.9%

▪ **Fund Flows²**

Total Flows (\$)
\$528mm

▪ **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
29	\$38.2bn	\$993.1bn	\$288.4bn	+244%

▪ **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 10/25/2024

▪ **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
21	\$10.2bn	\$4.2bn	\$6.0bn

▪ **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
812	\$372.0bn	\$153.2bn	\$218.8bn	\$101.6bn	+266%

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:

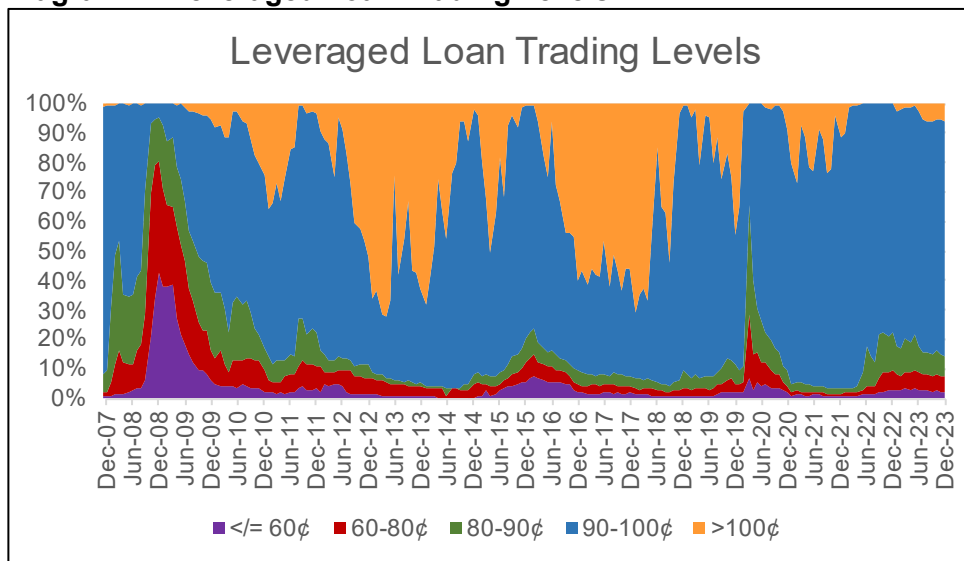
- S&P and Moody's High Yield Ratings

	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
Week Ending 10/18/24	10	2	5.0x	8	5	1.6x
Week Ending 10/25/24	8	7	1.1x	11	15	0.7x
YTD 2024	354	274	1.3x	410	326	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	93.2	96.9	85.6	11.3
Leveraged Loans	95.6	96.3	94.1	2.2

[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 10/18/24

[3] HY low price as of 10/26/23. LL low price as of 11/1/23

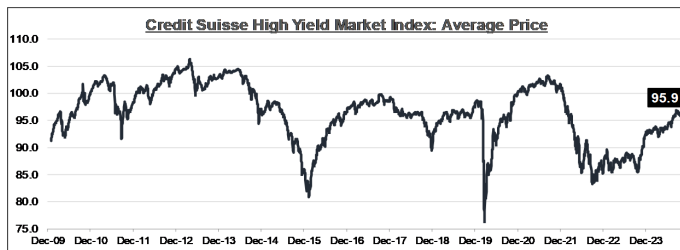
Diagram C: Leveraged Loan and High Yield Returns

	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	0.12%	0.11%	(0.36%)	(0.56%)
MTD Return	0.78%	0.83%	(0.51%)	(0.97%)
YTD Return	7.47%	7.40%	7.10%	5.66%

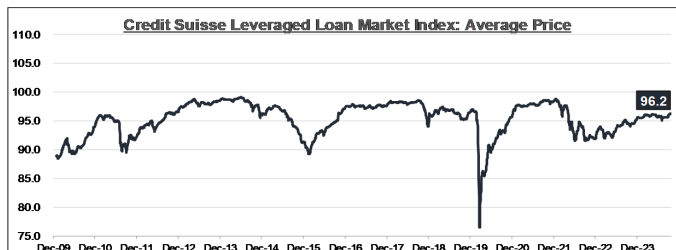
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 10/25/2024

[2] Yield data as of 10/25/2024

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

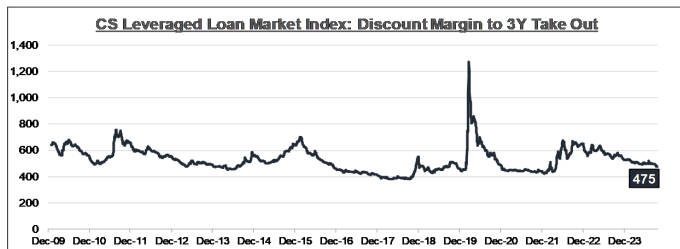


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.

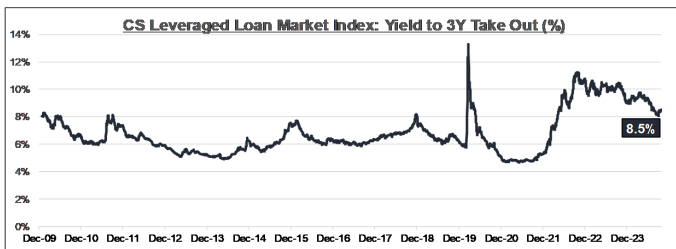


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

Diagram E: Leveraged Loans Spreads & Yields

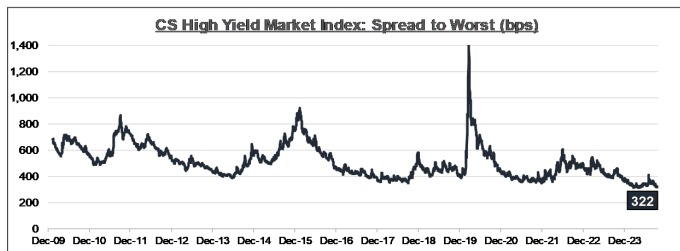


Source: CSFB Leveraged Loan Index Discount Margin to 3Y take-out, expressed in basis points. Data is reported daily.

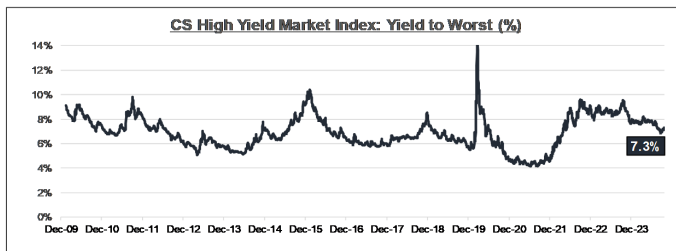


Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

Diagram F: High Yield Bonds Spreads & Yields

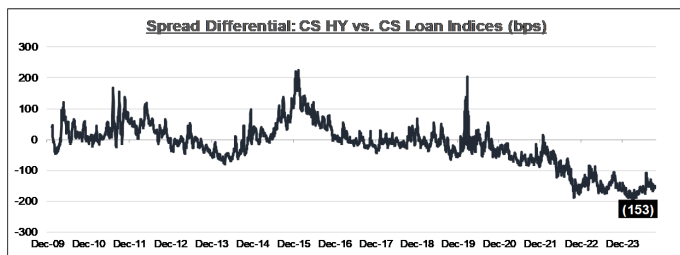


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



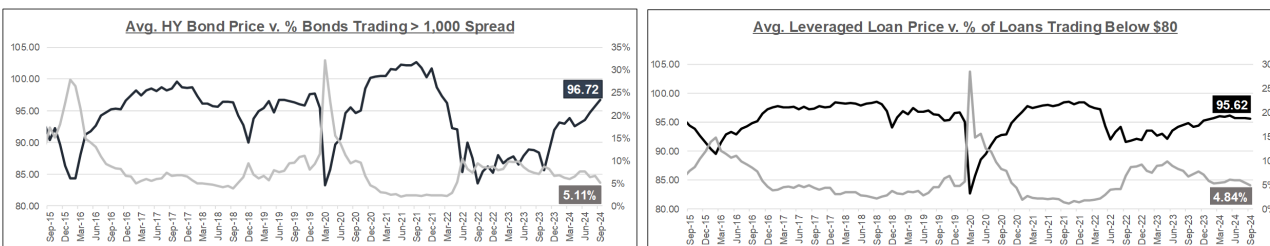
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

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

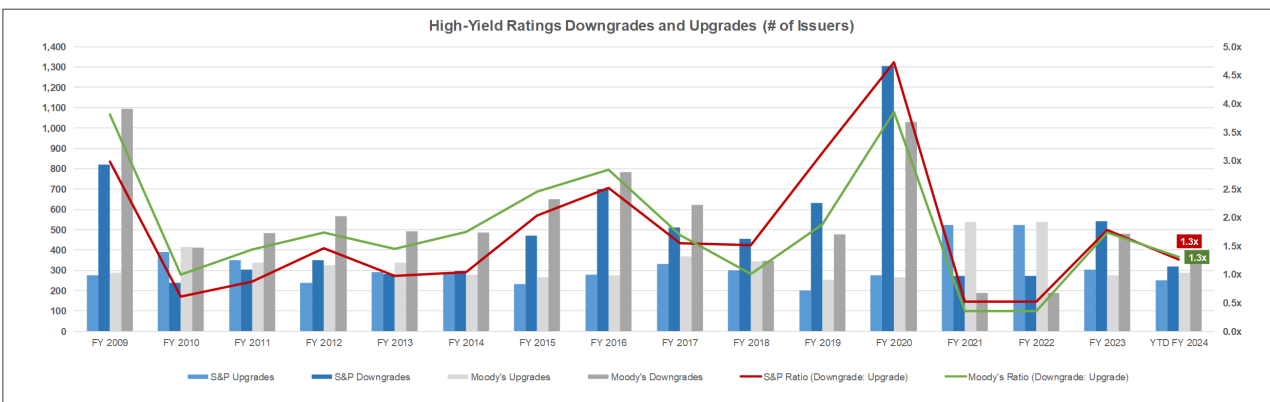
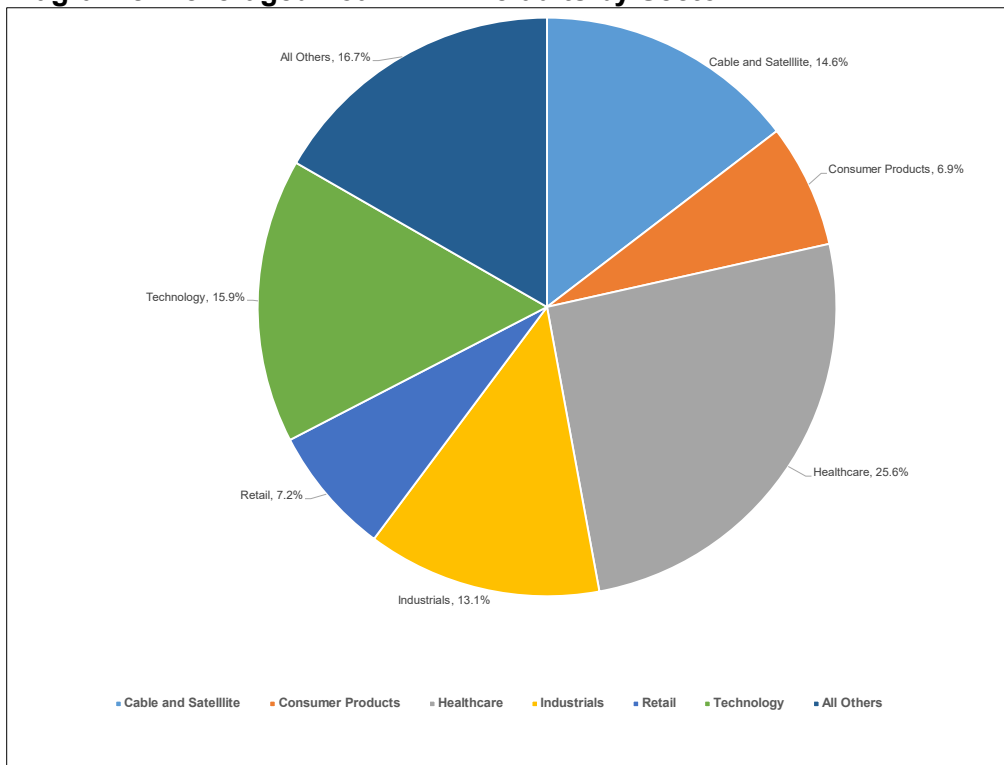


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



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

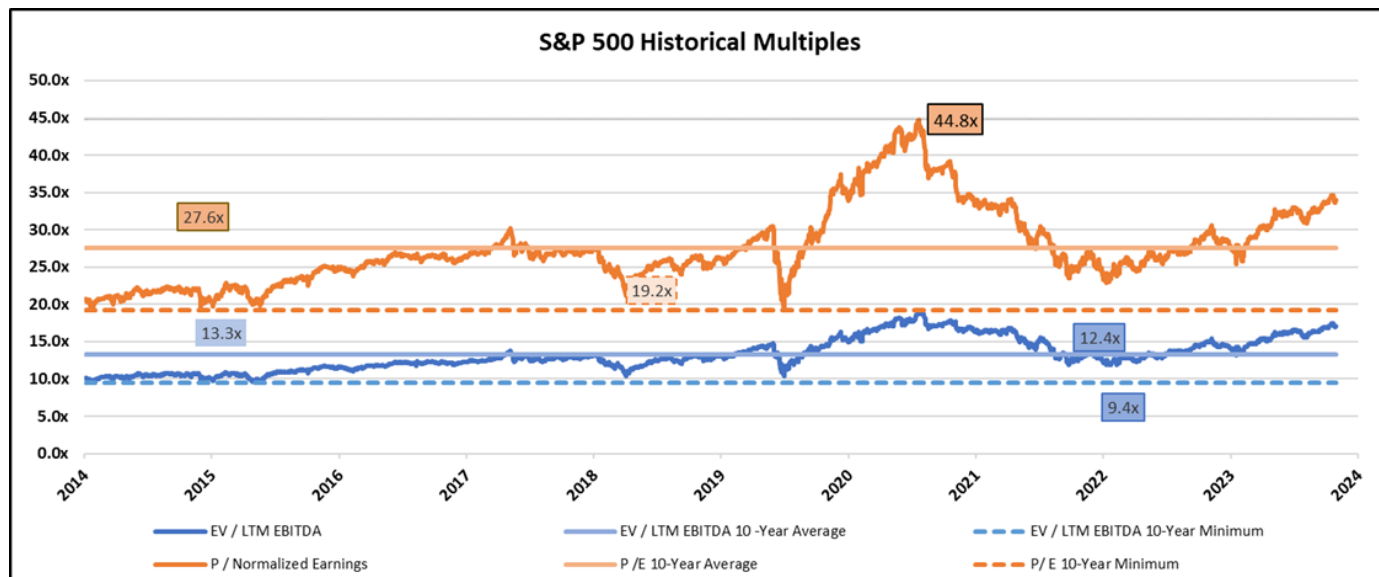
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	10/4/24	10/11/24	10/18/24	10/25/24	Weekly	Change			
						Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.99%	3.04%	2.90%	3.05%	15 bps	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.21%	2.27%	2.18%	2.29%	11 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.51%	3.56%	3.36%	3.51%	15 bps	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	0.89%	0.95%	0.98%	0.96%	(2 bps)	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	4.13%	4.21%	4.06%	4.23%	18 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	3.92%	3.96%	3.95%	4.09%	14 bps	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	3.80%	3.90%	3.88%	4.05%	17 bps	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	3.97%	4.10%	4.08%	4.22%	14 bps	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.25%	4.41%	4.39%	4.49%	10 bps	(89 bps)	106 bps	27 bps	(24 bps)

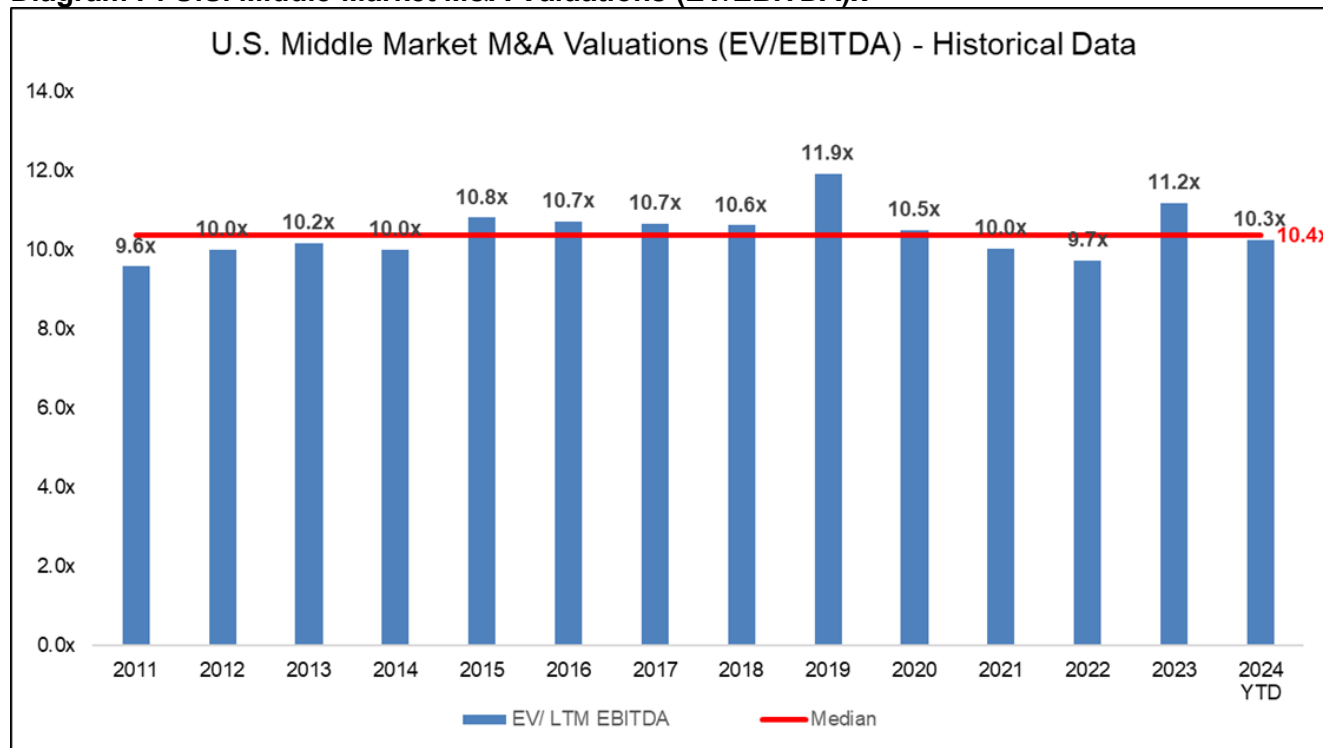
Source: Bloomberg

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)

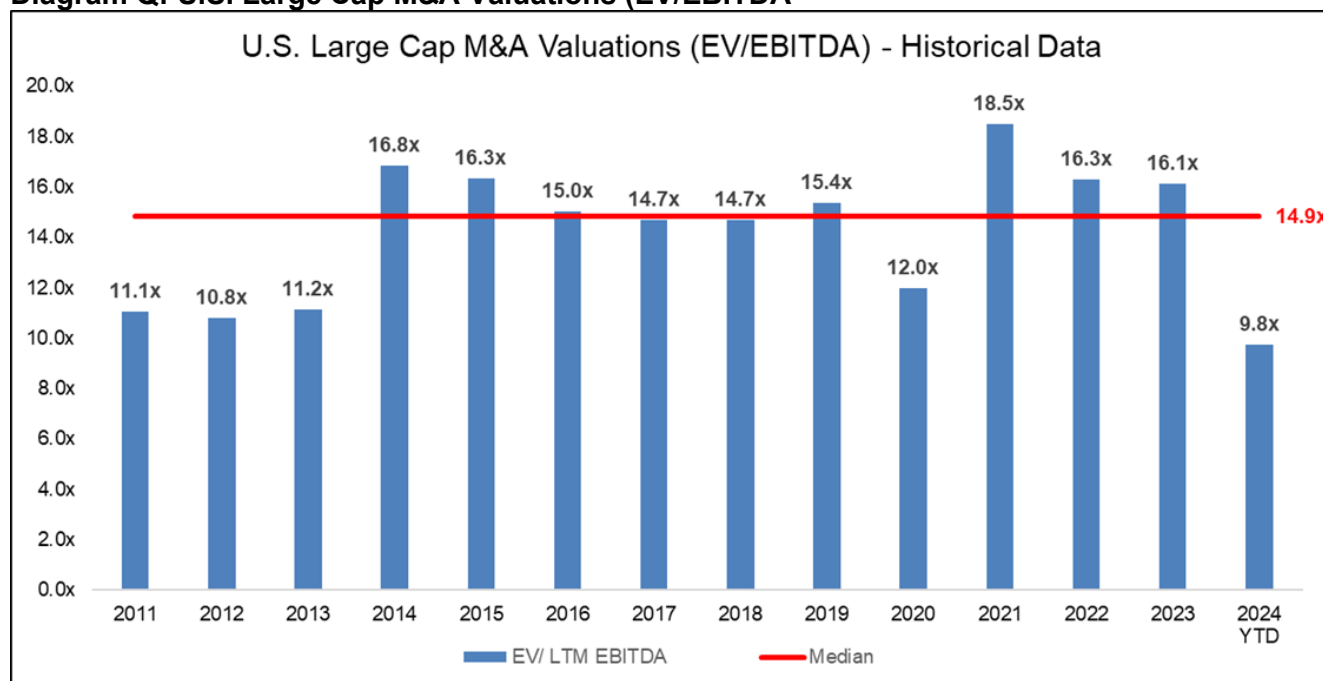
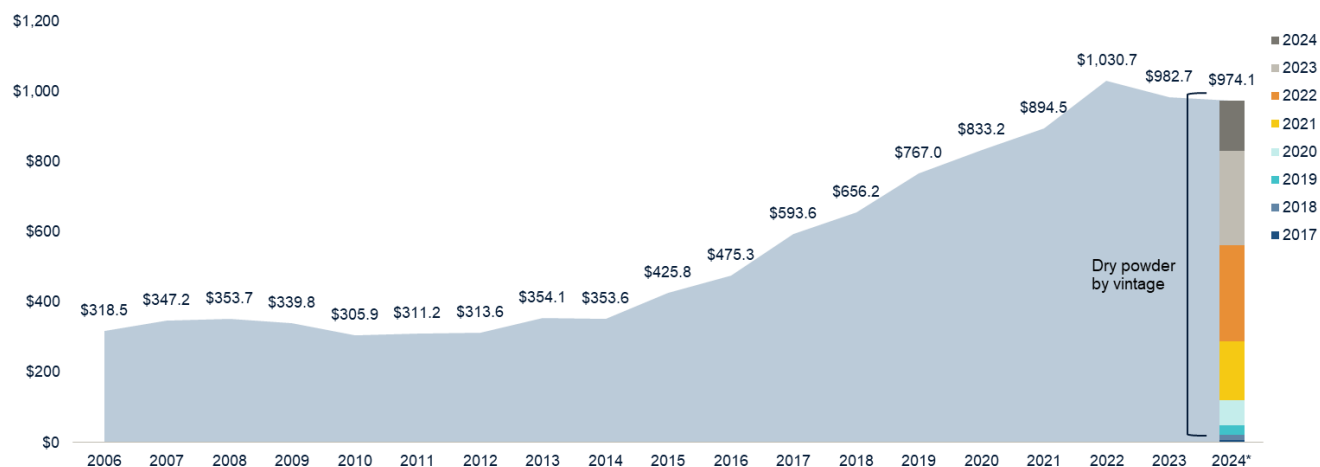
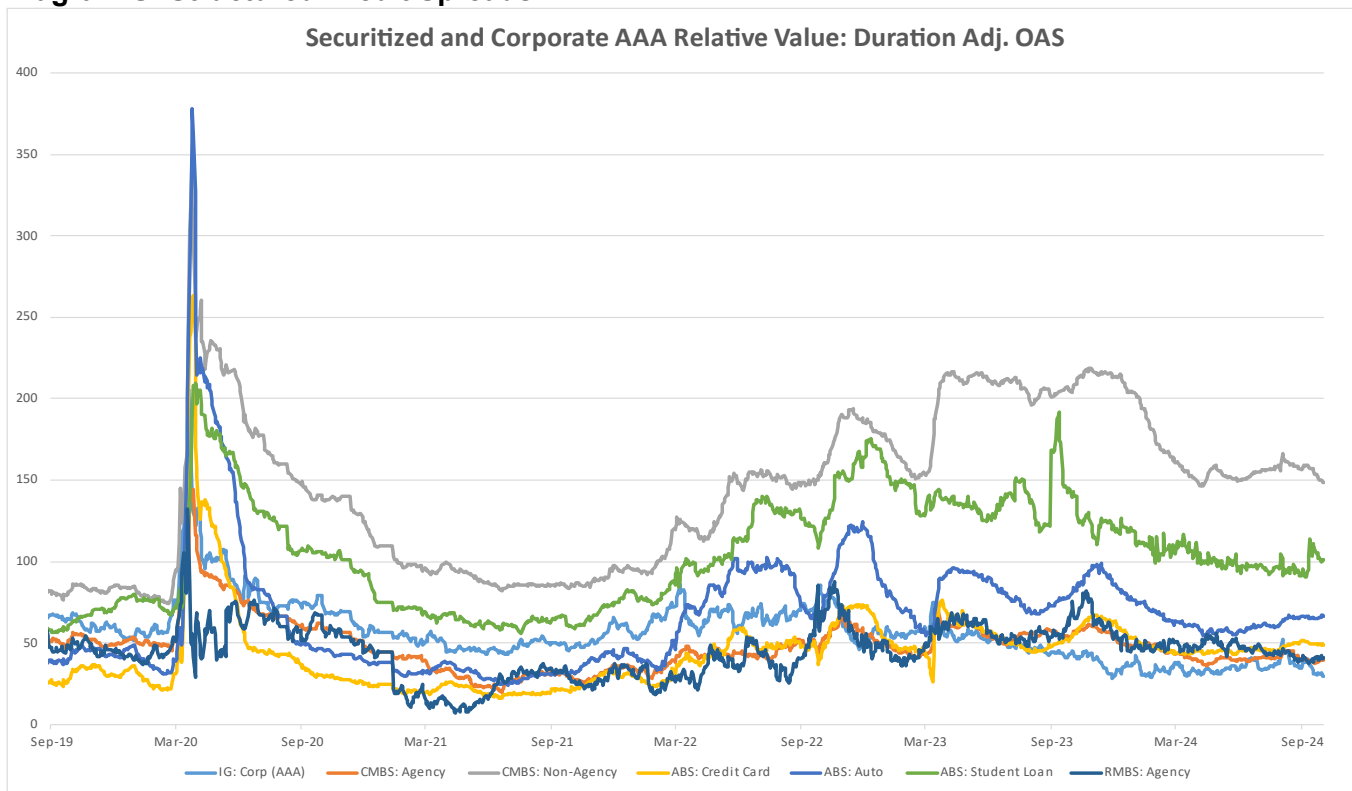


Diagram R: Dry Powder for All Private Equity Buyouts



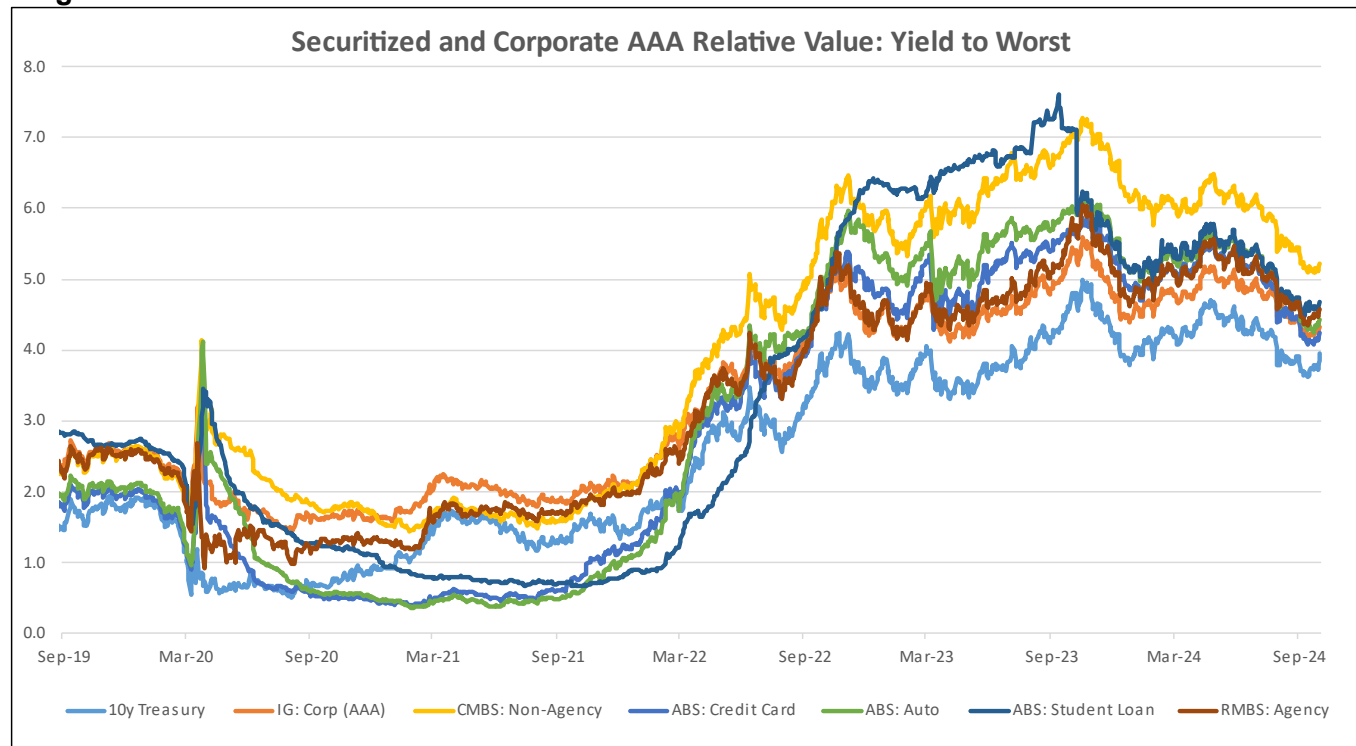
Source: Pitchbook

Diagram S: Structured Credit Spreads



Source: Bloomberg

Diagram T: Structured Credit Yield



Source: Bloomberg

Diagram U: SOFR Curve

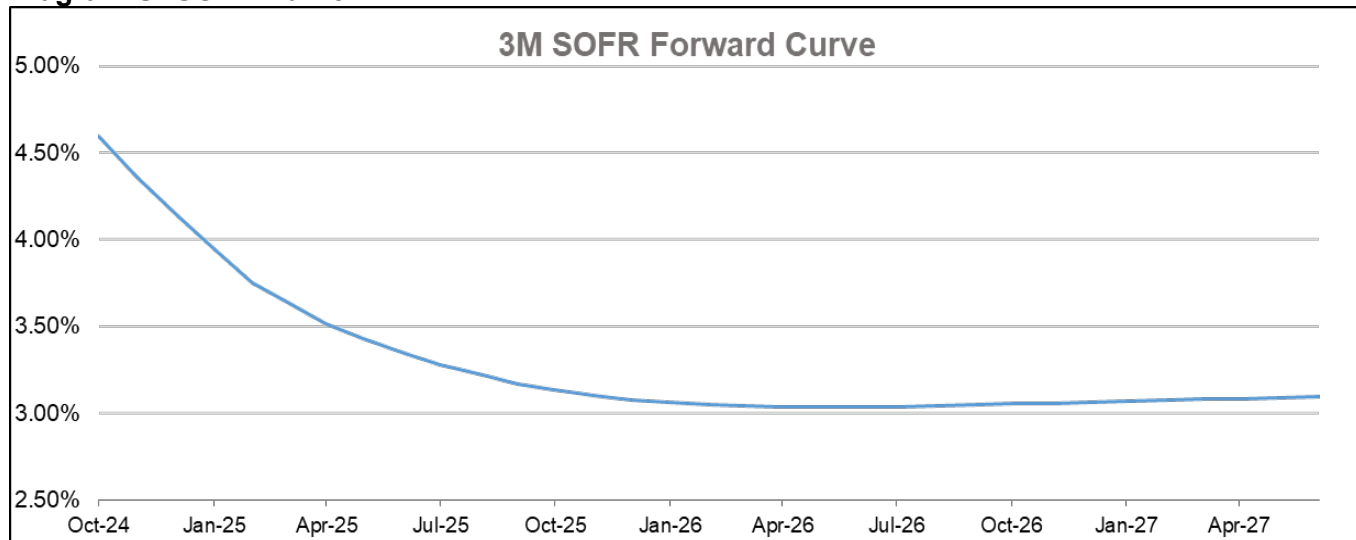
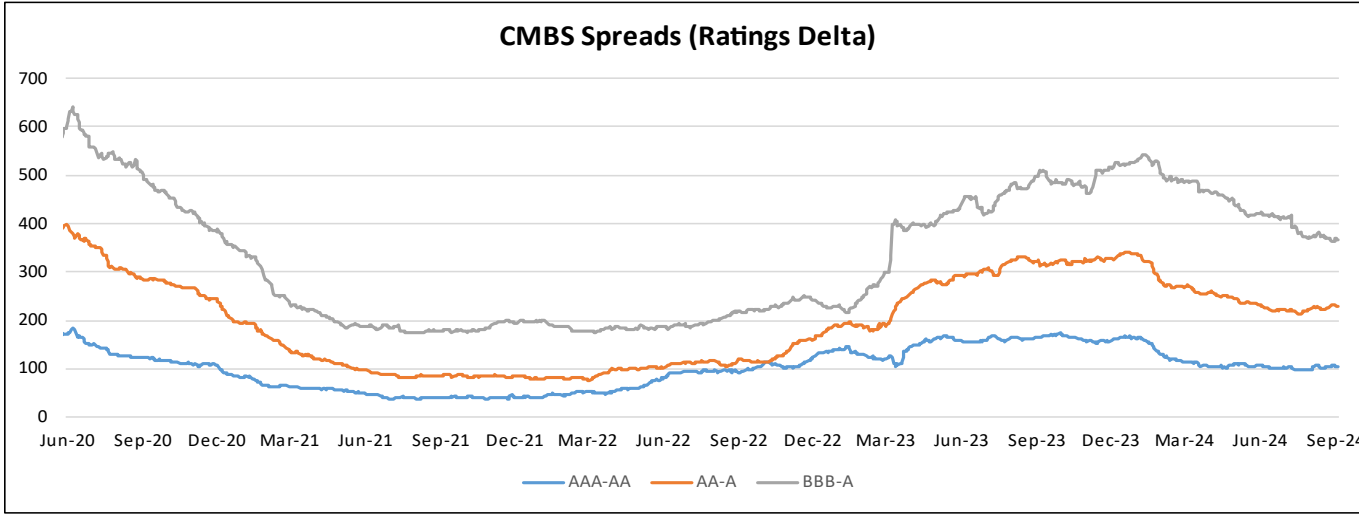
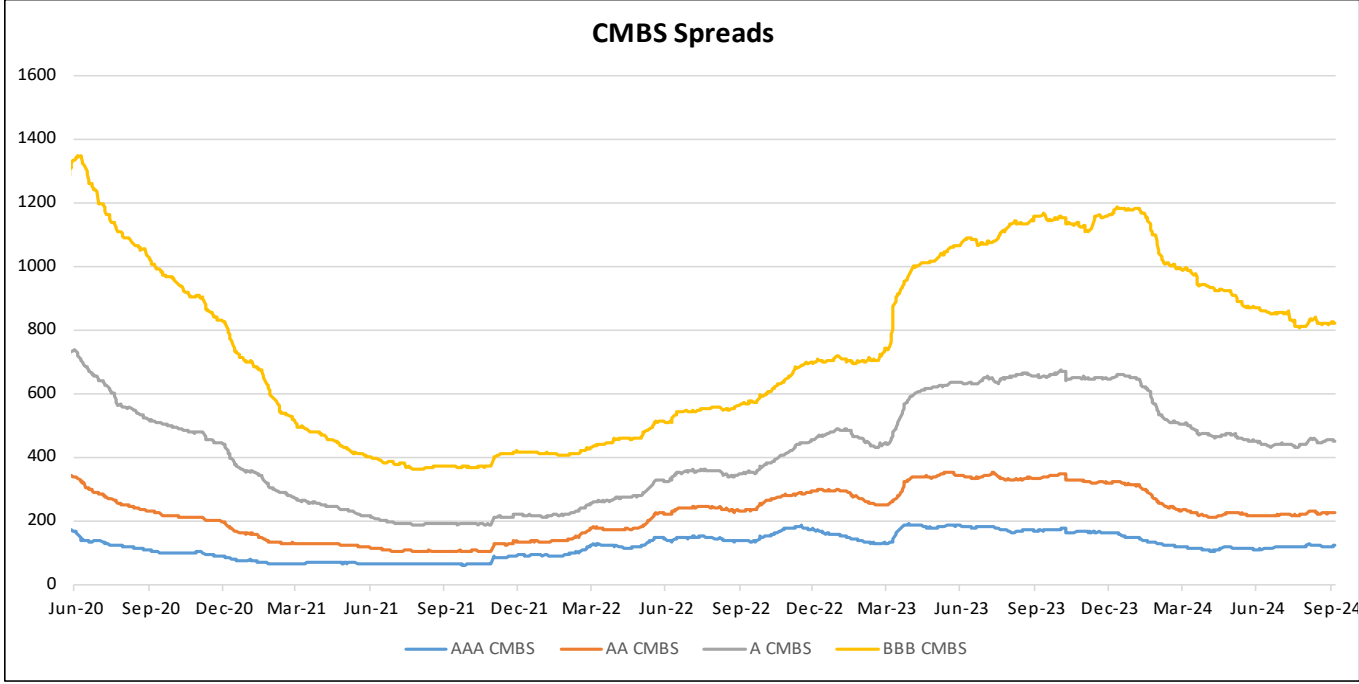
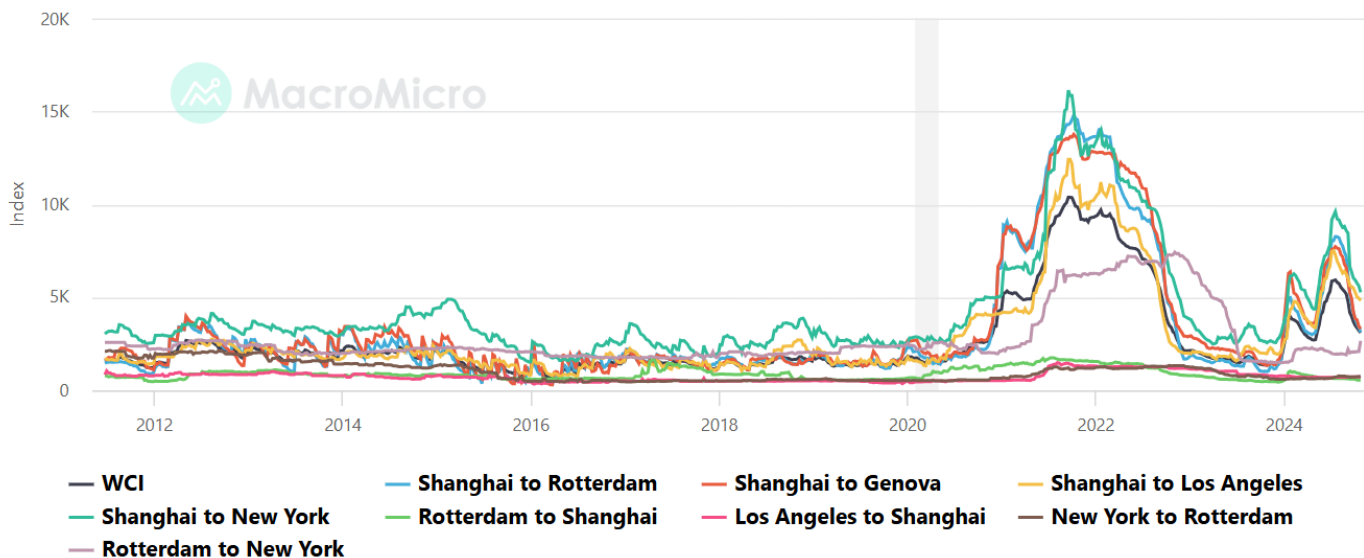


Diagram V: CMBS Spreads

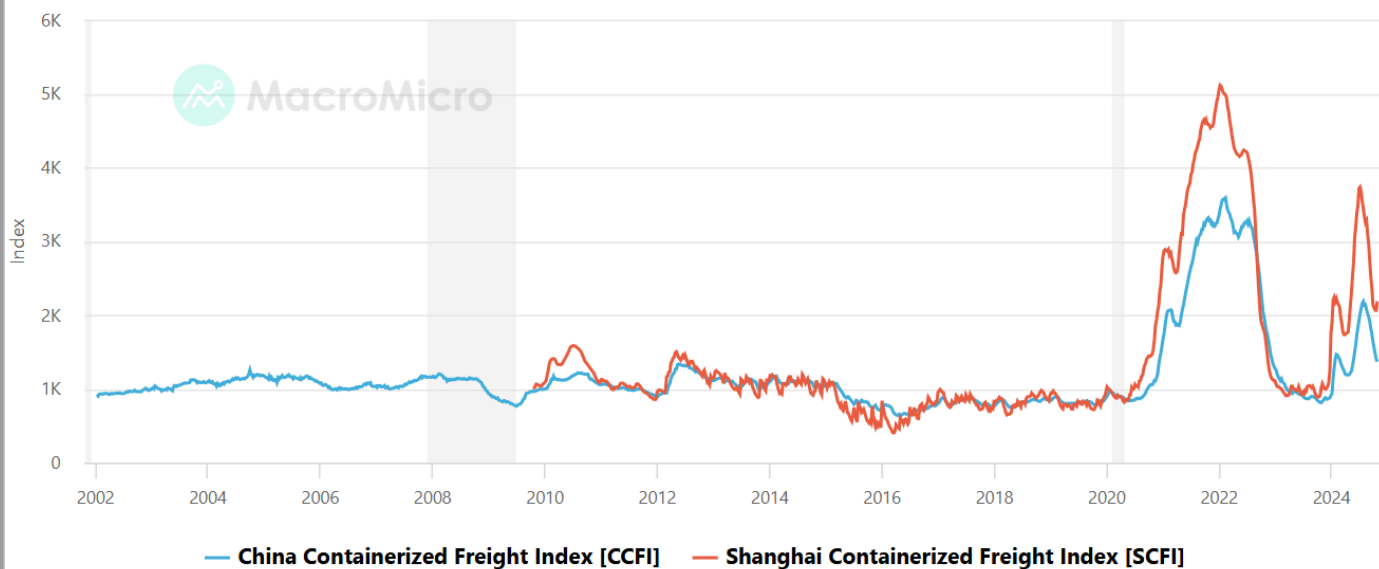


Freight Rates

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.

IMPORTANT INFORMATION and DISCLAIMER: Certain information contained in this material has been obtained from third party sources that we deem to be reliable, but we do not warrant its accuracy or completeness, and any yield referenced is indicative and subject to change. The material contained herein is intended as a general market commentary. Any opinions or statements contained herein are purely the author's and may not reflect those of Z Capital or any affiliates. The opinions or statements expressed are for informational purposes only and are subject to change without notice. This material should not be regarded as research or a Z Capital research report or as including sufficient information to support an investment decision. Certain statements contained in this document are forward-looking statements. Forward-looking statements are inherently uncertain as they are based on expectations and assumptions concerning future events and are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Statements in this document are not intended to be, and should not be construed as, legal, business, investment, or tax advice. This document is not intended to be relied upon as the basis for any investment decision. Past performance is not a guarantee of future results. This material is not, and is not intended as, an offer or solicitation for the purchase or sale of any financial instrument.

PERFORMANCE

Table with columns: Market Indices, 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include DJIA, S&P 500, NASDAQ, MSCI - EAFE, etc.

Table with columns: Market Ratios, 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include TED Spread, Put/Call Ratio, etc.

Table with columns: Commodities Indices (\$ USD), 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include Core Commodity Index, Gasoline - Pump, etc.

Table with columns: Commodities Indices (\$ USD), 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include Aluminum, Copper, Iron Ore, etc.

Table with columns: Commodities Indices (\$ USD), 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include Cotton, Butter, Cheese, etc.

Table with columns: Currencies, Metric, 25-Oct, 18-Oct, 2024, 2025, 10-Year Historicals. Rows include Japanese Yen, Chinese Renminbi, etc.

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, \$ USD in Millions, (Source: LCD News)

Table with columns: Week Ending, Bank Loans, High Yield. Rows include 23-Oct-24, 16-Oct-24, etc.

NEW ISSUE SUMMARY - BI-WEEKLY

Table with columns: Institutional Loans, High Yield, 10/25/2024, Deals, Amt (\$mm). Rows include Launched, Forward Calendar, etc.

ECONOMIC DATA RECAP

Table with columns: Key Economic Indicators, Period, Actual, Expected, Prior. Rows include Initial Jobless Claims, etc.

Table with columns: Existing Home Sales, Housing Starts, S&P/Case-Shiller Composite, etc.

Table with columns: Fed & Treasury Balance Sheet, 23-Oct, 16-Oct, WoW Change, YoY Change. Rows include Fed Total Assets, etc.

Table with columns: US Debt Outstanding, 4Q23, 3Q23, QoQ Change, YoY Change. Rows include Domestic Nonfinancial Debt, etc.

Table with columns: Shared National Credit, 2023, 2022, YoY Change. Rows include Shared National Credit Total Commitments, etc.

ECONOMIC / GDP DATA

International Monetary Fund Growth Rates (Source: IMF "World Economic Outlook")

Table with columns: Country, 2020, 2021, 2022, 2023, 2024. Rows include United States, Brazil, China, etc.

Table with columns: Market Indices, 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include S&P/LSTA Leveraged Loan Index, Barclays High Yield Index, etc.

Table with columns: Loan Market Bids, 25-Oct, 18-Oct, WoW Change, YTD Change. Rows include S&P Flow Name Index, S&P 100 Name Index, etc.

Table with columns: Loan Market Spreads, 25-Oct, 18-Oct, WoW Change, YTD Change. Rows include S&P BB's Index, S&P B's Index, etc.

Table with columns: Credit Default Swap - Volatility Indices, Index, 25-Oct, 18-Oct, WoW Change, YTD Change. Rows include Investment Grade CDS, High Yield CDS, etc.

Table with columns: Credit, 25-Oct, 18-Oct, WoW Change, YOY Change. Rows include High Yield, LCD Flow Name, etc.

Table with columns: US CLO Spreads - New Issue, 25-Oct, 18-Oct, WoW Change, YTD Change. Rows include AAA, AA, A, etc.

Table with columns: Market Rates, 25-Oct, 18-Oct, WoW Change, YTD Change. Rows include Fed Fund Rate, Prime Rate, etc.

Table with columns: Short Interest - Billions of shares, 31-Aug, 31-Jul, MoM Change, YTD Change. Rows include NYSE Mkt Short Interest, Nasdaq Short Interest, etc.

Table with columns: Fed Corp Primary Dealer Positions - \$ USD in Billions, 16-Oct, 9-Oct, WoW Change, YTD Change. Rows include Net Outright Total Corp Securities, etc.

Table with columns: Margin Debt - \$ USD in Billions, 31-Aug, 31-Jul, MoM Change, YTD Change. Rows include Fed Corp Primary Dealer Positions - \$ USD in Billions, etc.

Table with columns: Leveraged Finance Primary Volume - \$ USD in Billions, 10/25/2024, Year To Date 2024, Year End 2022, YoY Change. Rows include Bank Debt, Senior Secured Bonds, etc.

Table with columns: Employment - Labor Participation Rates, 31-Aug, 31-Jul, YTD Change. Rows include Civilian Employment as % of Total Labor Force, etc.

Table with columns: Government Assistance, 31-Aug, 31-Jul, YTD Change. Rows include SNAP Ika Food Stamps - # of Participants, etc.

Table with columns: Retail Sales, 31-Aug, 31-Jul, YTD Change. Rows include Adj. Retail & Food Services Sales Index - US Census, etc.

Table with columns: US Home Foreclosures and Delinquencies, 31-Aug, 31-Jul, YTD Change. Rows include Home Foreclosures Inventory, Delinquency Rate, etc.

Table with columns: U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas, 25-Oct, 18-Oct, YTD Change. Rows include Oil, Gas, etc.

Table with columns: Rail & Truck Volume, 31-Aug, 31-Jul, YTD Change. Rows include Total Rail Carloads, Total Intermodal, etc.

Table with columns: TSA Checkpoint Travel Numbers, 24-Oct, 17-Oct, WoW Change, YoY Change. Rows include Weekly Traveler Throughput, etc.

Table with columns: Freight Rates, 25-Oct, 18-Oct, WoW Change, YTD Change, YoY Change. Rows include Freightos Baltic Index, Shanghai - Los Angeles Spot Rates, etc.