

Briefing

Global Economic & Credit Market

Week 40 Ending – October 04, 2024

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Economic Calendar

- Monday, October 7: Consumer Credit
- Wednesday, October 9: Wholesale Inventories
- Thursday, October 10: Consumer Price Index

Key Market Metrics

- S&P 500: +0.22% WoW; +20.57% YTD; +35.06% YoY; 15.8x LTM EBITDA; 14.1x NTM EBITDA
- Dow Jones: +0.09% WoW; +12.37% YTD; +27.88% YoY; 10.6x LTM EBITDA; 13.7x NTM EBITDA
- Nasdaq: +0.10% WoW; +20.83% YTD; +37.20% YoY
- Ten Year US Treasury Yield: 4.00% +8 bps YTD; (77) bps YoY
- Currency:
 - British Pound per USD: \$1.31; (1.9%) WoW; 3.1% YTD; 7.6% YoY
 - Euro per USD: \$1.10; (1.7%) WoW; (0.6%)YTD; 4.0% YoY
 - USD per Yen: ¥148.70; 4.6% WoW; 5.5% YTD; 0.1% YoY
 - Swiss franc per EUR: 1.06 CHF; (0.4%)WoW; (1.4%)YTD; 2.2% YoY

U.S. News

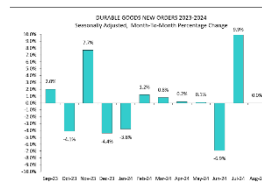
US Unemployment Rate

- U.S. nonfarm payrolls increased by 254,000 jobs in September, marking the highest gain in six months and significantly surpassing economists' forecast of 140,000
- The unemployment rate fell to 4.1% from 4.2%, driven by an increase of 430,000 jobs in household employment, absorbing 150,000 new entrants into the labor force
- Average hourly earnings rose 0.4% month-on-month, resulting in a 4.0% increase year-on-year, reflecting continued wage growth despite the slight drop in the average workweek to 34.2 hours



Factory Orders

- Factory orders decreased by 0.2% in August, marking the third decline in the past four months, following a strong gain in the previous month
- Durable-goods orders were revised to a flat reading in August, after a significant 9.8% rise in July
- Excluding defense goods, total orders dropped 0.4% in August, while nondefense capital goods orders (excluding aircraft) rose 0.3%



Construction Spending

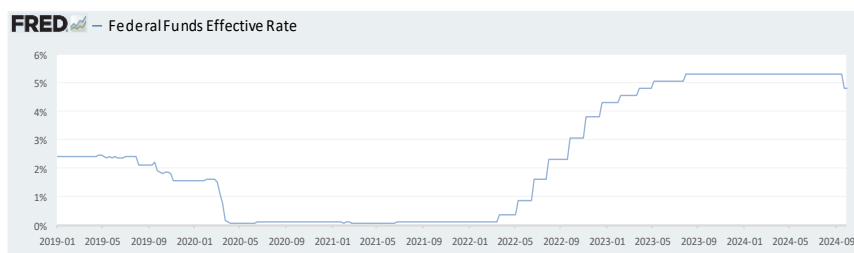
- Construction spending fell 0.1% in August to \$2.13 trillion, marking the second consecutive monthly decline
- Private residential construction spending decreased 0.3%, with a 1.5% drop in single-family construction and a 0.4% decrease in multifamily construction
- Public residential construction spending rose 1.6% in August and increased 4.6% year-over-year

- **Inflation Factors**

- **CPI:**
 - The consumer-price index rose 2.5% in August year over year
 - On a monthly basis, the CPI increased 0.2% in August on a seasonally adjusted basis, after increasing 0.2% in July
 - The index for all items less food and energy (core CPI) rose 0.3% in August, after rising 0.2% in July
 - Core CPI increased 3.2% for the 12 months ending August
- **Food & Beverages:**
 - The food at home index increased 0.9% in August from the same month a year earlier, and increased 0.0% in August month over month
 - The food away from home index increased 4.0% in August from the same month a year earlier, and increased 0.3% in August month over month
- **Commodities:**
 - The energy commodities index decreased (0.6%) in August after increasing 0.1% in July
 - The energy commodities index fell (10.2%) over the last 12 months
 - The energy services index (0.8%) in August after decreasing (0.0%) in July
 - The energy services index rose 3.1% over the last 12 months
 - The gasoline index fell (10.3%) over the last 12 months
 - The fuel oil index fell (12.1%) over the last 12 months
 - The index for electricity rose 3.9% over the last 12 months
 - The index for natural gas fell (0.1%) over the last 12 months
- **Supply Chain:**
 - Drewry's composite World Container Index decreased to \$3,489.33 per 40ft container
 - Drewry's composite World Container Index has increased by 151.1% over the last 12 months
- **Housing Market:**
 - The shelter index increased 0.5% in August after increasing 0.4% in July
 - The rent index increased 0.5% in August after increasing 0.3% in July
 - The index for lodging away from home decreased (0.7%) in August after decreasing (0.5%) in July

- **Federal Funds Rate**

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



World News

- **Middle East**
 - Israel conducted heavy airstrikes on Beirut's southern suburbs targeting Hashim Safieddine, the likely successor to slain Hezbollah leader Hassan Nasrallah, in an attempt to dismantle Hezbollah's leadership
 - Over 1,000 people have been killed since the conflict escalated in September, with intense Israeli attacks striking more than 3,000 Hezbollah targets across Lebanon
 - Iran launched around 180 ballistic missiles at Israel, overwhelming its air defenses in some locations and landing 32 missiles within the Nevatim air base, home to Israel's F-35 fighter jets
 - The strike indicates Iran's capability to cause significant damage if targeting Israel's civilian infrastructure, raising concerns about future escalations between the two countries
- **Russia**
 - The Svalbard archipelago, formally part of Norway, has become a strategic front line as Russia and China aim to dominate Arctic trade routes, expand their military presence, and secure access to the region's resources
 - Russia is working with China to establish a research center in the abandoned mining settlement of Pyramiden, raising concerns among Norwegian officials about espionage and military implications
 - The proposed Rio Tinto lithium mine in Serbia has faced strong opposition, with the U.S. and Germany suspecting Russia is using disinformation to stoke local protests and prevent Serbia from fostering closer ties with the West
 - The mine, which could supply enough lithium for over a million electric vehicle batteries annually, is seen as strategically important for Europe, but also a potential turning point for Serbia's alignment between Russia and the EU
- **China**
 - China's stock markets soared following a series of aggressive stimulus measures, with the benchmark CSI 300 index rising 25% and trading volumes hitting record highs
 - Despite the surge in stock markets, there are concerns that the economic recovery might be temporary without substantial long-term support for the property sector and broader economy
 - With private venture capital drying up due to economic and geopolitical concerns, Beijing has stepped in, providing funding through state-sponsored vehicles and pushing banks to support tech startups, but concerns remain about the efficiency and strategic direction of state-led investments
 - A rise in anti-foreign sentiments in China, fueled by state-driven nationalist education, has led to three stabbing attacks targeting Japanese and Americans in the last four months

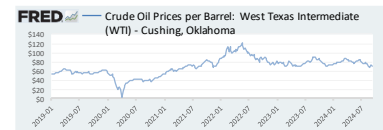
Geopolitical Hotspots

- **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
- **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
- **India**
 - India's inflation rose slightly to 3.65% in August 2024, up from 3.6% in July, slightly above expectations. The Reserve Bank of India remains cautious about rising food prices affecting other sectors, with rural inflation at 4.2% and urban inflation at 3.1%
- **Venezuela**
 - Venezuela's government has detained three Americans, including a U.S. Navy serviceman, on allegations of coup plotting, despite previous commitments to halt such detentions, highlighting renewed tensions between Caracas and Washington
- **Taiwan**
 - Taiwan faces delays in U.S. weapons shipments due to strains on the American defense industry, heightened by the wars in Gaza and Ukraine, raising concerns about Taiwan's ability to stockpile arms in the event of a conflict with China

Commodities

Oil Prices

- WTI: \$74.38 per barrel
 - +9.09% WoW; +3.81% YTD; (9.63%) YoY
- Brent: \$78.05 per barrel
 - +8.43% WoW; +1.31% YTD; (7.16%) YoY



US Production

- U.S. oil production amounted to 13.3 million bpd for the week ended September 27, up 0.1 million bpd from the prior week

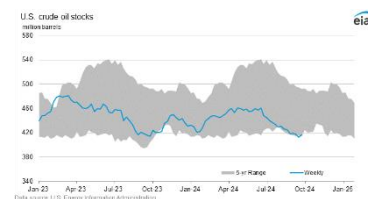
Rig Count

- The total number of oil rigs amounted to 585, down 2 from last week

Inventories

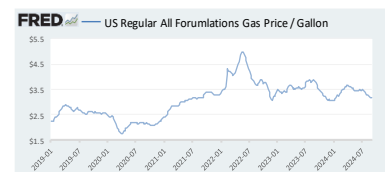
Crude Oil

- Total U.S. crude oil inventories now amount to 416.9 million barrels, up 0.7% YoY
- Refiners operated at a capacity utilization rate of 87.6% for the week, down from 90.9% in the prior week
- U.S. crude oil imports now amount to 6.456 million barrels per day, down 6.6% YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.18 per gallon in the week of October 4, down (15.2%) YoY
 - Gasoline prices on the East Coast amounted to \$3.17, down (13.0%) YoY
 - Gasoline prices in the Midwest amounted to \$3.19, down (11.8%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.79, down (18.1%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.54, down (12.3%) YoY
 - Gasoline prices on the West Coast amounted to \$4.18, down (24.3%) YoY
- Motor gasoline inventories were up by 1.1 million barrels from the prior week
- Motor gasoline inventories amounted to 221.2 million barrels, down (2.5%) YoY
- Production of motor gasoline averaged 9.60 million bpd, up 8.8% YoY
- Demand for motor gasoline amounted to 8.521 million bpd, up 6.3% YoY



Distillates

- Distillate inventories decreased by -1.3 million in the week of October 4
- Total distillate inventories amounted to 121.6 million barrels, up 2.4% YoY
- Distillate production averaged 4.794 million bpd, up 2.2% YoY
- Demand for distillates averaged 3.638 million bpd in the week, down (4.6%) YoY

Credit News

High yield bond yields increased 7bps to 7.03% and spreads decreased 1bps to 337bps. Leveraged loan yields decreased 5bps to 8.18% and spreads decreased 12bps to 486bps. WTD Leveraged loan returns were positive 21bps. WTD high yield bond returns were positive 4bps. 10yr treasury yields increased 6bps to 3.85%. HY prices consolidated for a second consecutive week as investors continued to weigh tight valuations against the benefits of a Fed easing cycle and resilient economic growth.

High-yield:

Week ended 10/04/2024

- Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.03%	337	6.96%	338	7	(1)

- Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.61	\$96.62	-1	0.04%	-0.13%	7.52%	13.5%

- Fund Flows²

Total Flows (\$)
\$2,210mm

- New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
11	\$8.7bn	\$245.9bn	\$133.8bn	+84%

- 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 10/04/2024

▪ **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.18%	486	8.23%	498	(5)	(12)

▪ **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.02	\$95.60	42	0.21%	0.08%	6.72%	12.9%

▪ **Fund Flows²**

Total Flows (\$)
\$55mm

▪ **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
34	\$28.9bn	\$922.5bn	\$247.2bn	+273%

▪ **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), Vyair Medical (\$339mn, 6/9/24), and 99 Cents Only Stores (\$350mn, 4/7/24).

CLOs:

Week ended 10/04/2024

▪ **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
29	\$13.3bn	\$5.2bn	\$8.1bn

▪ **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
742	\$338.9bn	\$142.6bn	\$196.3bn	\$94.3bn	+259%

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:

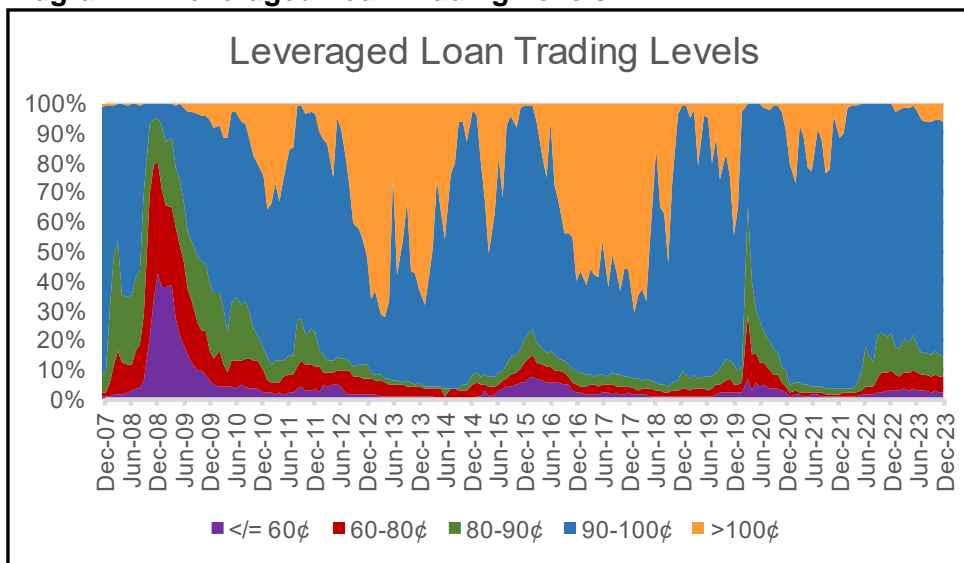
- S&P and Moody's High Yield Ratings

	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
YTD 2024	332	262	1.3x	386	297	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	92.6	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 5/15/24

[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	0.21%	0.17%	0.04%	(0.07%)
MTD Return	0.08%	0.09%	(0.13%)	(0.10%)
YTD Return	6.72%	6.61%	7.52%	6.60%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 10/04/2024

[2] Yield data as of 10/04/2024

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

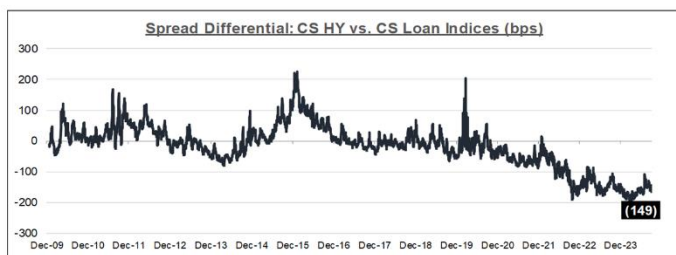


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



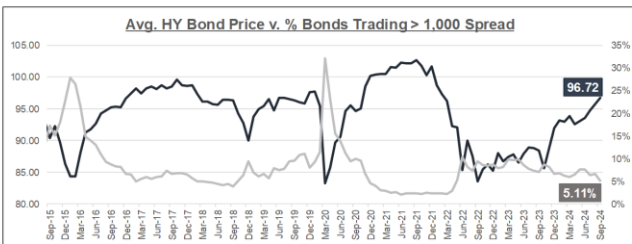
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

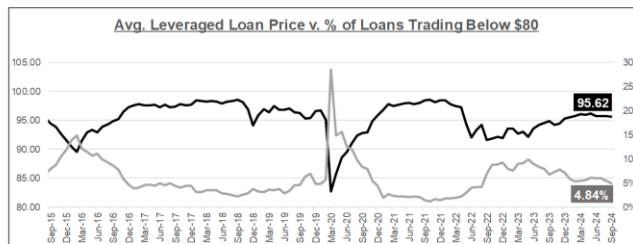


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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

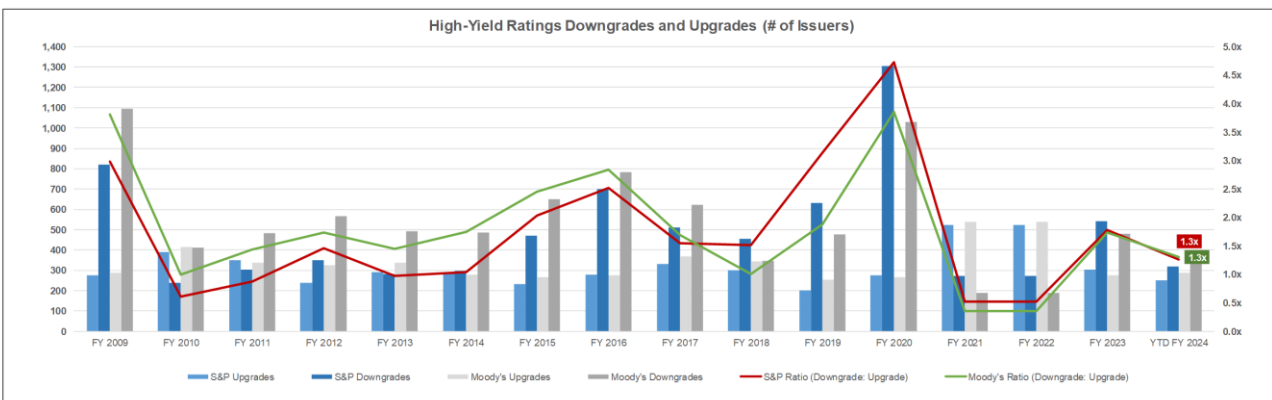
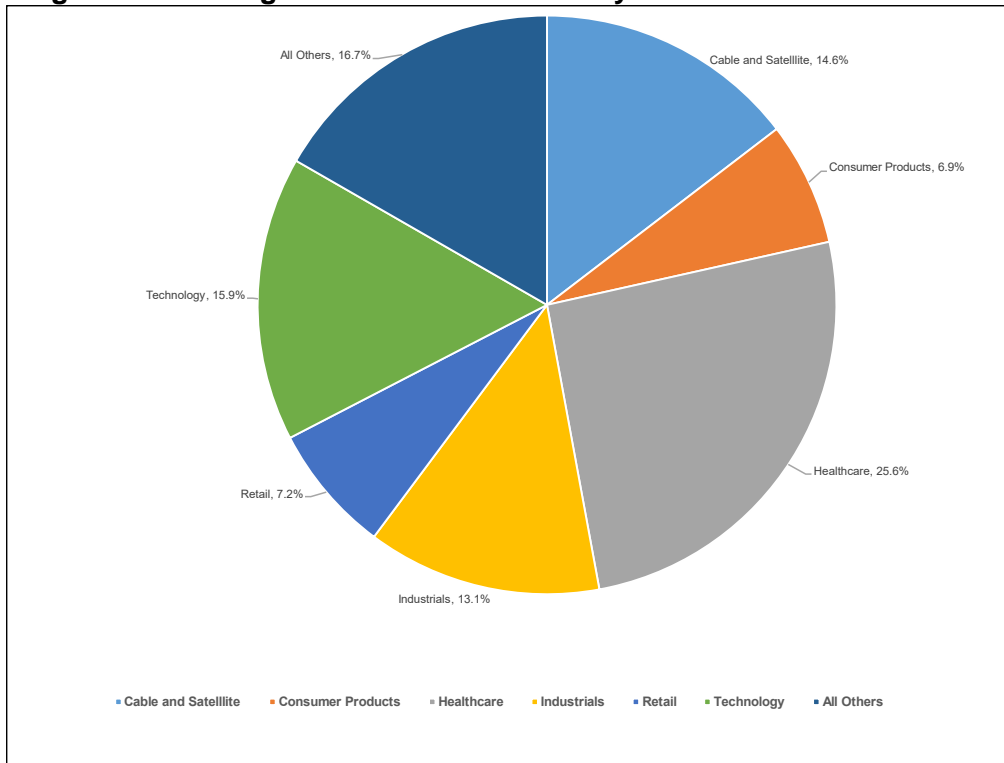


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



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

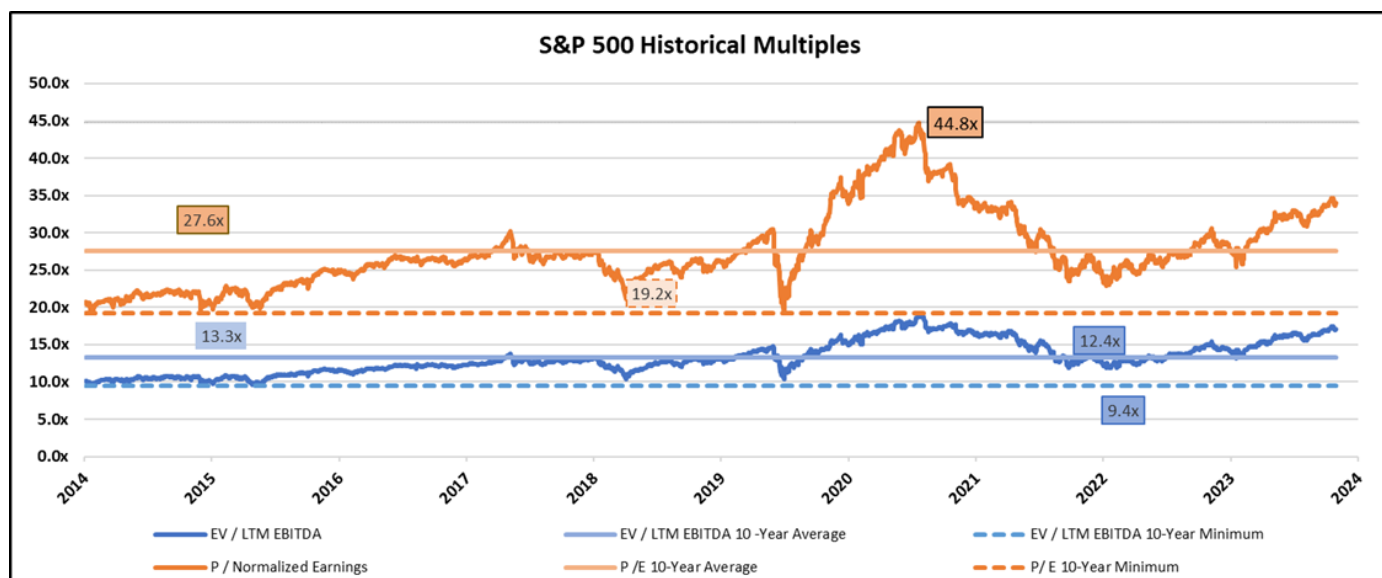
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	9/13/24	9/20/24	9/27/24	10/4/24	Weekly	Change			
						Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.84%	2.97%	2.92%	2.99%	7 bps	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.15%	2.21%	2.13%	2.22%	8 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.51%	3.56%	3.45%	3.52%	7 bps	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	0.85%	0.85%	0.85%	0.89%	3 bps	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	3.77%	3.90%	3.98%	4.13%	16 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	3.58%	3.59%	3.56%	3.87%	31 bps	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	3.43%	3.50%	3.51%	3.77%	26 bps	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	3.65%	3.74%	3.75%	3.95%	20 bps	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	3.98%	4.08%	4.10%	4.25%	15 bps	(89 bps)	106 bps	27 bps	(24 bps)

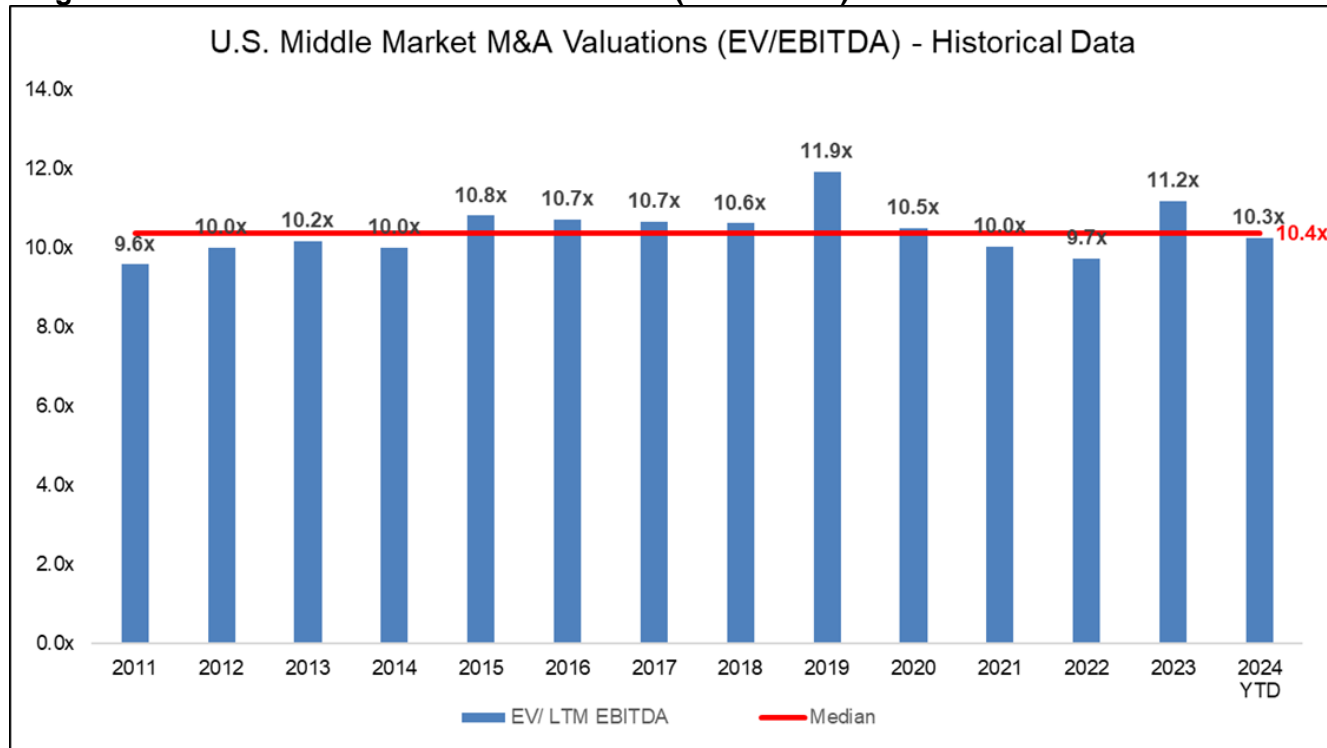
Source: Bloomberg

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)

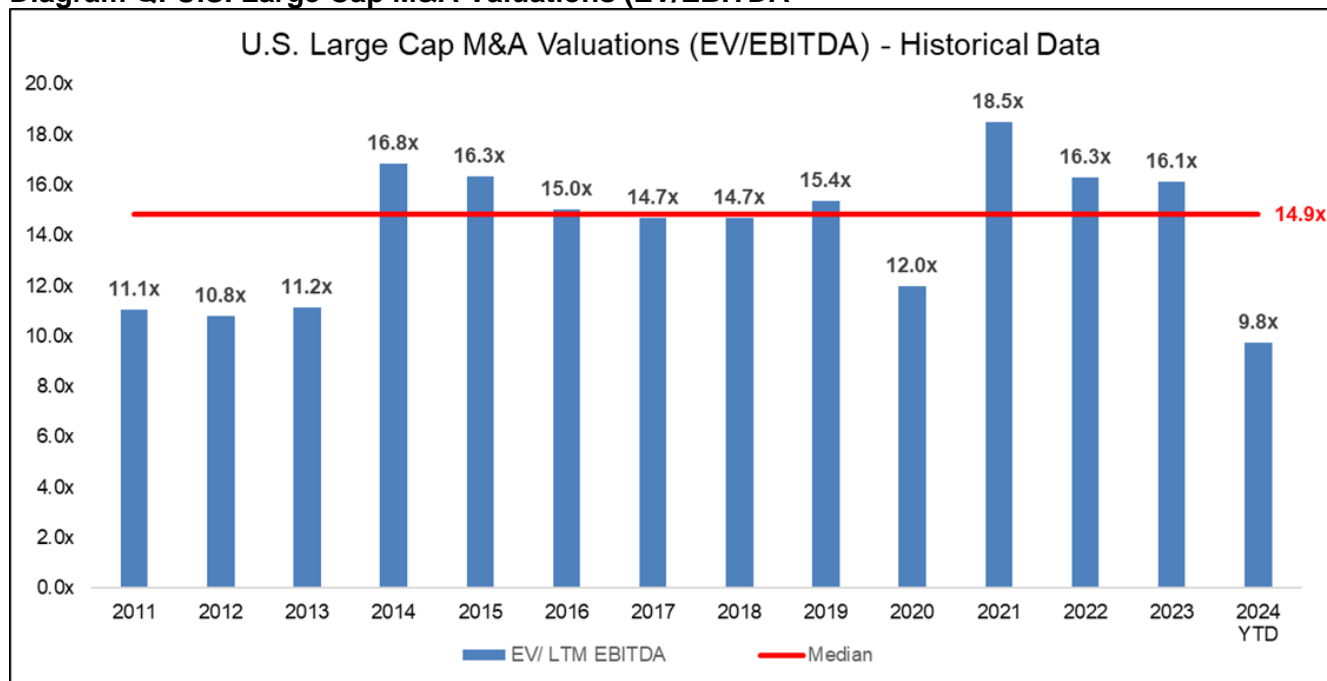
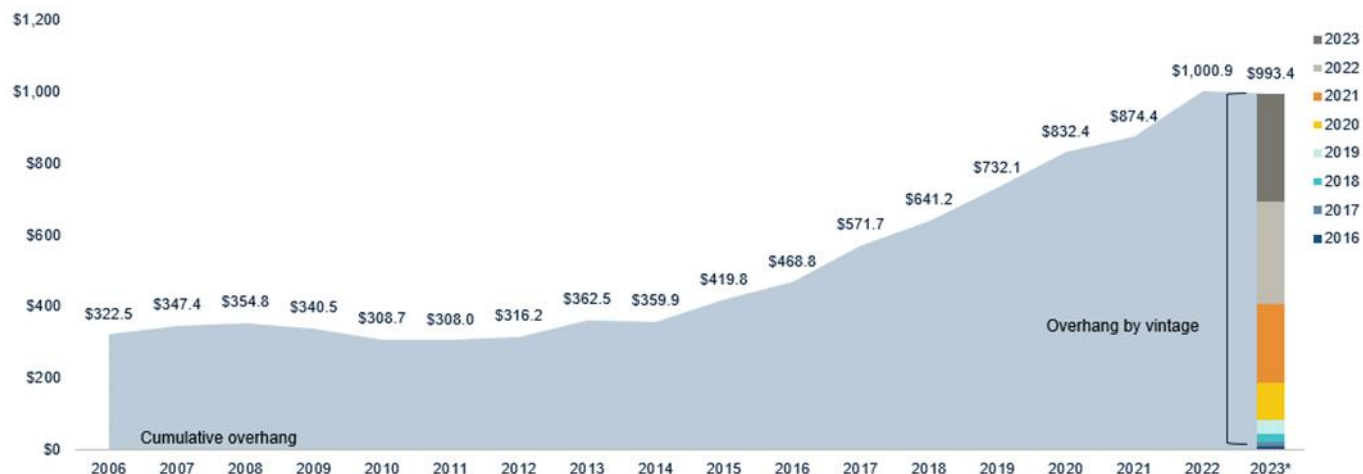
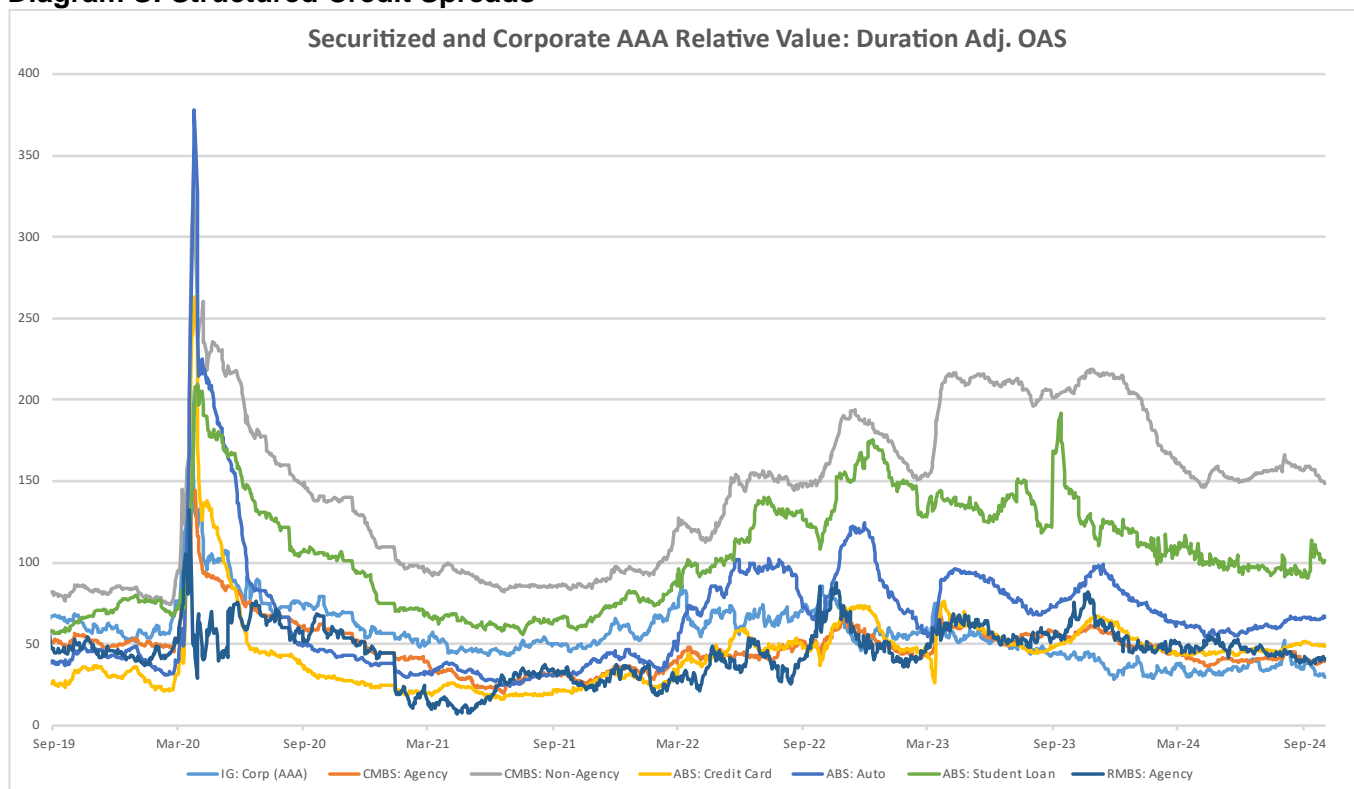


Diagram R: Dry Powder for All Private Equity Buyouts



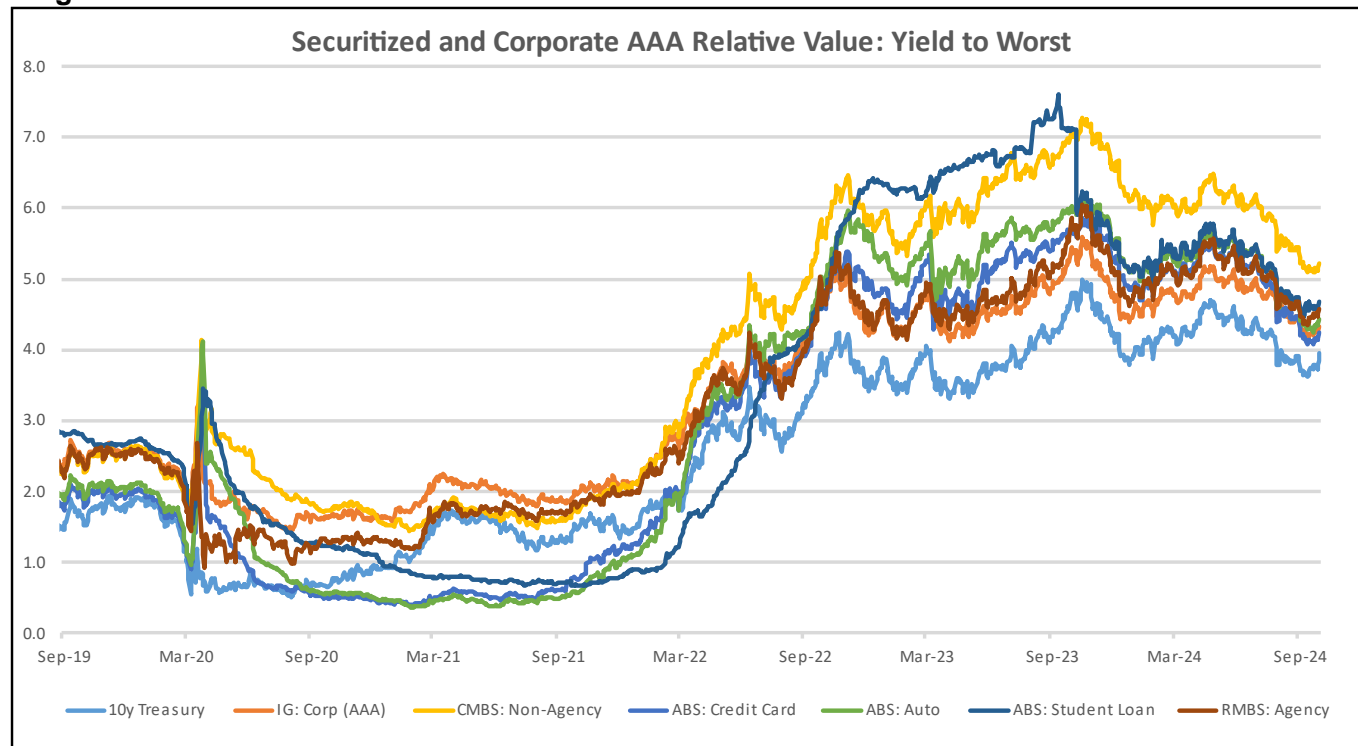
Source: Pitchbook

Diagram S: Structured Credit Spreads



Source: Bloomberg

Diagram T: Structured Credit Yield



Source: Bloomberg

Diagram U: SOFR Curve

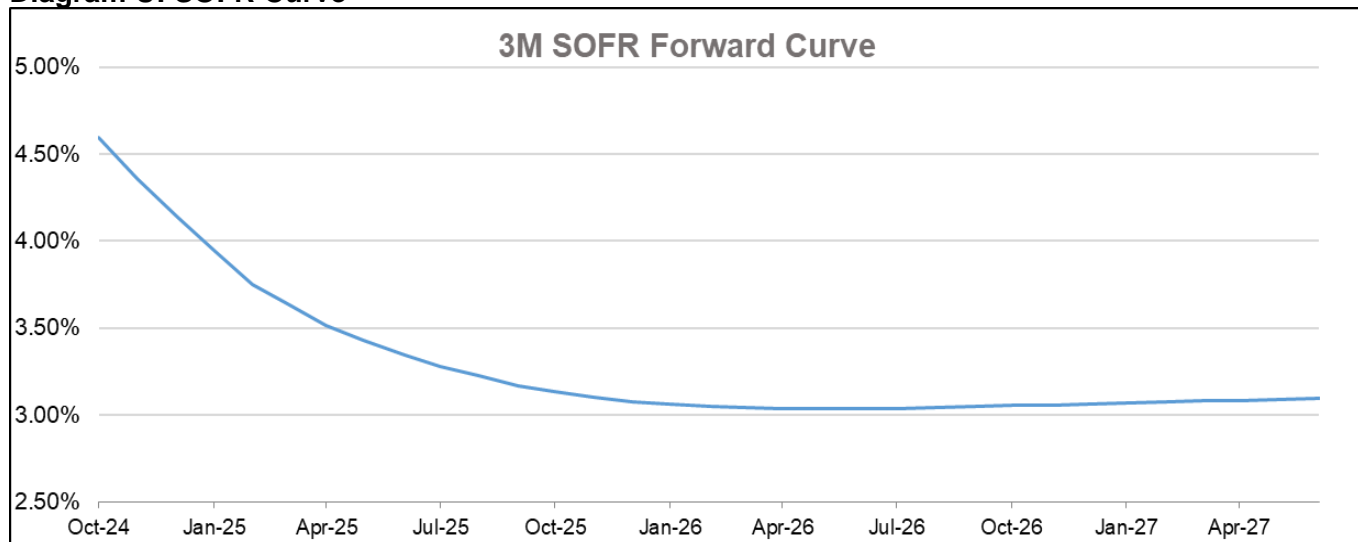
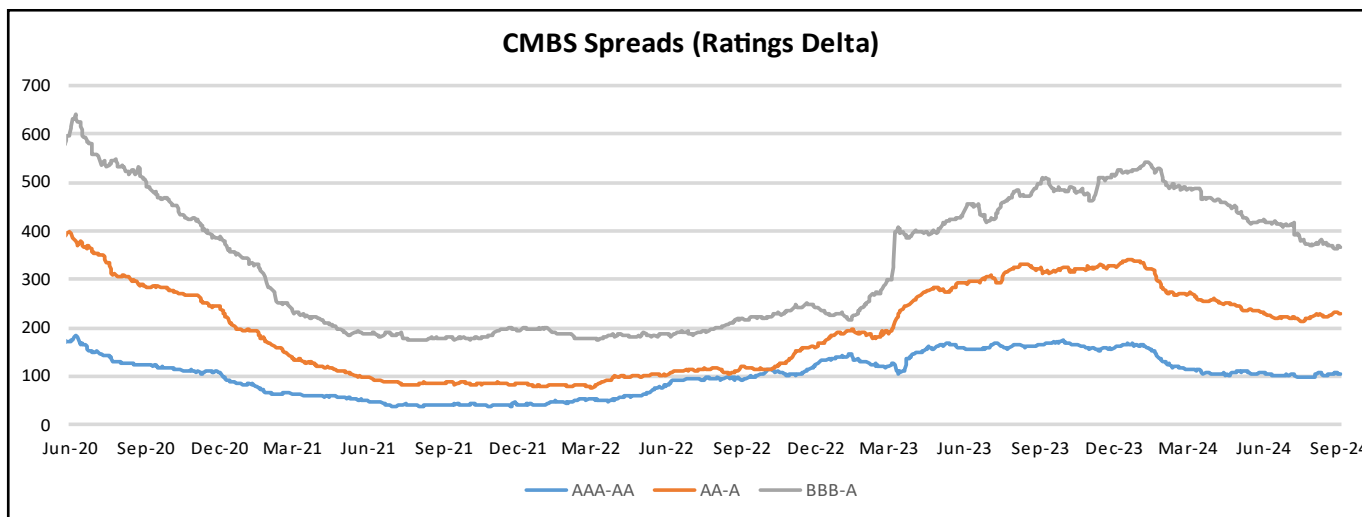
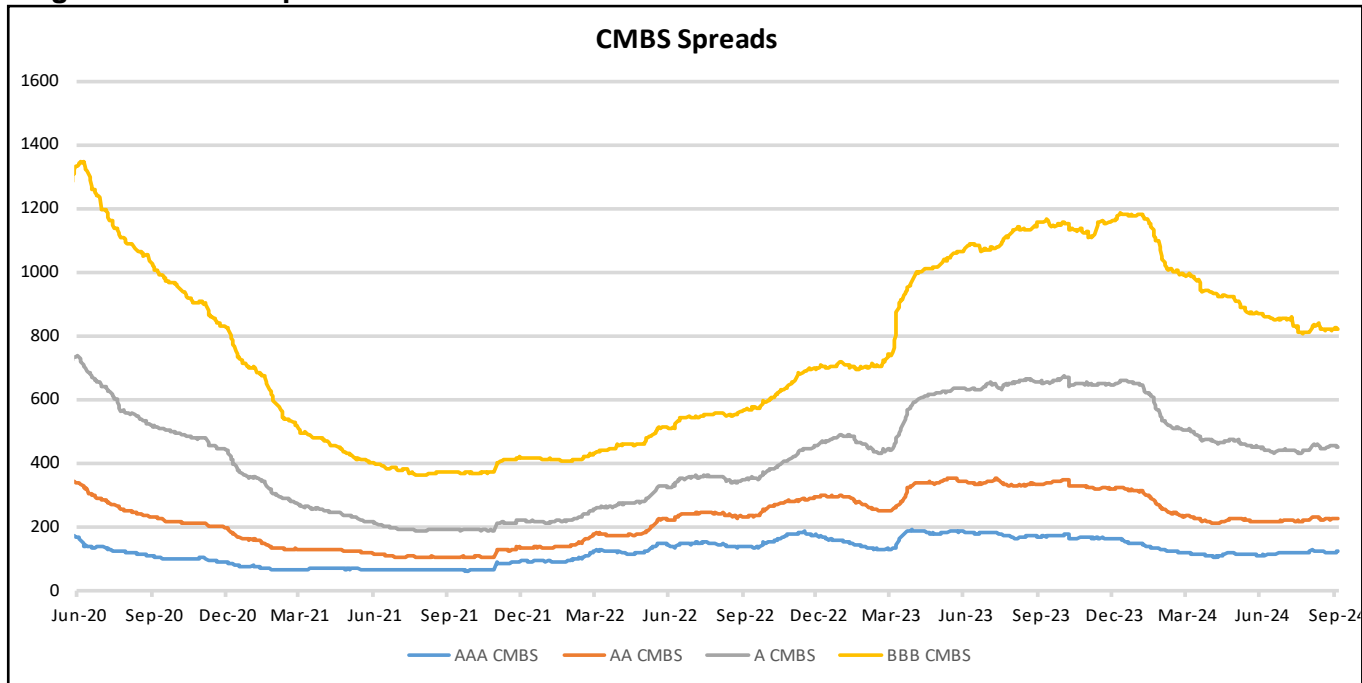
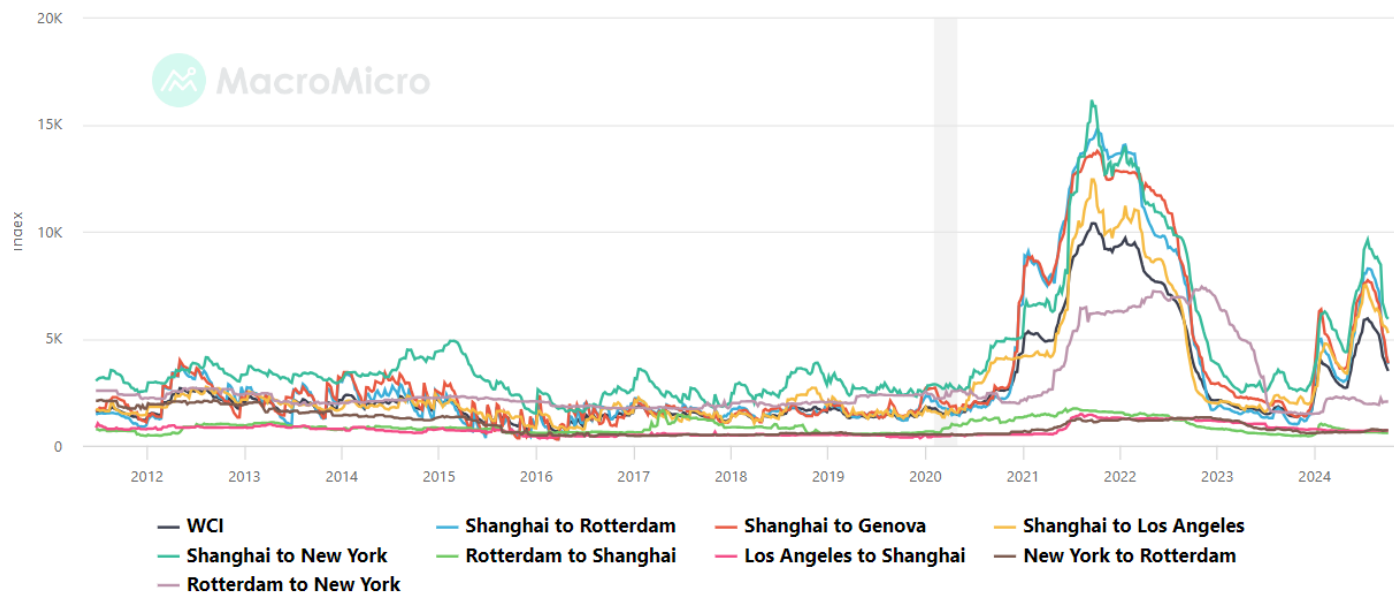


Diagram V: CMBS Spreads

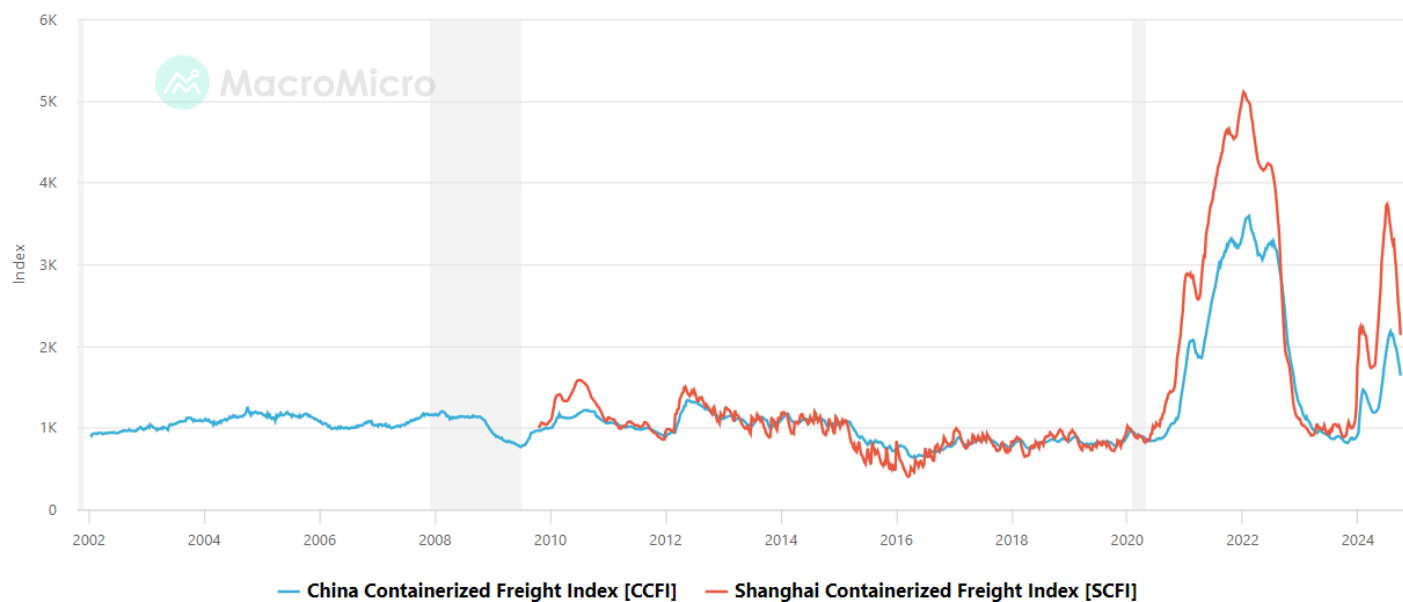


Freight Rates

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.

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PERFORMANCE

Market Indices	4-Oct	27-Sep	WoW Change	YTD Change	YoY Change
DJIA	42,352.75	42,313.00	0.09%	12.37%	24.37%
S&P 500	5,751.07	5,738.17	0.22%	20.57%	37.59%
NASDAQ	18,137.85	18,119.59	0.10%	20.83%	48.66%
MSCI - EAFE	2,413.03	2,506.69	(3.74%)	7.91%	13.08%
MSCI - Emerging Markets	1,179.34	1,174.52	0.41%	15.20%	12.80%
US Dollar Index	102.52	100.38	2.13%	1.17%	0.76%
VIX	19.21	16.96	13.27%	54.30%	2.56%
US Equities Avg Daily Dollar Volume (\$ in Billions)	298.65	309.17	(3.40%)	(20.36%)	(14.67%)

Market Ratios	4-Oct	27-Sep	WoW Change	YTD Change	YoY Change
TED Spread 3 Month LIBOR - 3 Month T-Bills	24.11	18.01	33.85%	(7.53%)	24.05%
Put/Call Ratio Equities	0.48	0.53	(9.43%)	(26.15%)	(2.04%)

Commodities Indices (\$ USD)	Metric	4-Oct	27-Sep	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	291.65	285.94	2.00%	10.55%	7.37%
Gasoline - Pump	Gallon	3.18	3.22	(1.34%)	1.92%	(8.99%)
Gasoline - Futures	Gallon	2.10	1.95	7.31%	(0.32%)	(14.54%)
Crude Oil - WTI	Barrel	74.38	68.18	9.09%	3.81%	(1.98%)
Crude Oil - Brent	Barrel	78.05	71.98	8.43%	1.31%	(5.01%)
Natural Gas	MM BTU	2.85	2.90	(1.65%)	13.52%	16.21%
Coal (1 contract = 1,000 tons)	Contract	196.01	196.01	0.00%	(8.68%)	(0.44%)

Aluminum	Metric Ton	2,653.00	2,646.50	0.25%	11.28%	1.38%
Copper	Metric Ton	9,943.50	9,982.50	(0.39%)	16.18%	9.84%
Iron Ore	Metric Ton	108.84	92.98	17.06%	(20.19%)	(12.19%)
Steel - Hot Rolled Coil	Metric Ton	724.00	734.00	(1.36%)	(36.21%)	(9.05%)
Steel - Cold Rolled Coil	Metric Ton	987.50	987.50	0.00%	(21.63%)	(1.80%)
Ferrous Scrap	Metric Ton	415.00	415.00	0.00%	(22.43%)	(12.63%)
Lumber	Metric Ton	501.50	437.5	14.63%	(7.64%)	(7.64%)
Gold	Troy Ounce	2,653.60	2,658.24	(0.17%)	28.63%	38.73%
Silver	Troy Ounce	32.20	31.57	2.00%	35.32%	37.22%

Cotton	Pound	66.41	66.66	(0.38%)	(13.65%)	(20.40%)
Butter	Pound	2.69	2.73	(1.65%)	0.84%	13.88%
Cheese	Pound	2.21	2.27	(2.56%)	41.85%	40.14%
Cocoa	Pound	3.21	3.76	(14.64%)	68.47%	178.86%
Corn	Bushel	4.25	4.18	1.61%	(9.87%)	(37.10%)
Milk, Non Fat Dry	Pound	1.33	1.29	3.59%	10.99%	5.67%
Soybean	Bushel	10.38	10.66	(2.63%)	(19.77%)	(32.36%)
Sugar	Pound	0.23	0.23	0.97%	11.81%	6.23%
Wheat	Bushel	5.90	5.80	1.68%	(6.09%)	(22.50%)
Live Cattle	Pound	1.87	1.84	1.77%	(82.45%)	(82.45%)
Lean Hogs	Pound	0.84	0.82	2.41%	23.61%	11.51%
Beef, USDA Ground	Pound	3.03	2.97	1.99%	4.44%	14.14%
Chicken, Boneless & Skinless	Pound	3.95	3.95	0.00%	(3.18%)	(8.41%)

Currencies	Metric	Spot Prices		Futures		10-Year Historicals	
		4-Oct	27-Sep	2024	2025	Low	High
Japanese Yen	USDJPY	148.700	142.210	135.500	142.000	75.820	138.570
Chinese Renminbi	USDCNY	7.019	7.011	7.000	7.100	6.041	7.179
Swiss Franc	USDCHF	0.858	0.841	0.880	0.860	0.721	1.030
British Pound	GBPUSD	1.312	1.337	1.350	1.320	1.130	1.717
Euro Zone Euro	EURUSD	1.097	1.116	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	
	\$		\$	
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)
31-Jul-24	\$	(59)	\$	438
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	10/4/2024	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	8,233
Forward Calendar		4	7,437
High Yield	10/4/2024	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	2-Oct	25-Sep	WoW Change	YoY Change
Fed Total Assets \$ in Billions	7,046,925.0	7,080,059.0	(0.5%)	(11.4%)
Public Debt \$ in Billions	35,677.8	35,304.0	1.1%	6.6%

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	4-Oct	27-Sep	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	3,978.10	3,968.87	0.23%	7.06%	17.55%
Barclays High Yield Index	2,673.86	2,677.85	(0.15%)	8.25%	15.96%
Barclays Aggregate	2,235.47	2,263.44	(1.24%)	3.90%	5.07%

Loan Market Bids	4-Oct	27-Sep	WoW Change	YTD Change
S&P Flow Name Index	99.01	99.06	(0.05%)	0.67%
S&P 100 Name Index	97.48	97.38	0.10%	0.61%
S&P BB's Index	99.66	99.63	0.03%	0.07%
S&P B's Index	97.87	97.77	0.10%	(0.07%)
S&P CCC's Index	80.09	80.14	(0.06%)	(2.63%)

Loan Market Spreads	4-Oct	27-Sep	WoW Change	YTD Change
S&P BB's Index	L+277	L+278	(1 bps)	181 bps
S&P B's Index	L+408	L+410	(2 bps)	(32 bps)
S&P CCC's Index	L+862	L+860	2 bps	(779 bps)

Credit Default Swap - Volatility Indices	Index	4-Oct	27-Sep	WoW Change	YTD Change
Investment Grade CDS	Markit	52.78	52.57	0.40%	(6.90%)
High Yield CDS	Markit	330.01	329.90	0.03%	(7.39%)

Credit	4-Oct	27-Sep	WoW Change	YOY Change	
High Yield	Ave Yield	T+475	T+470	5 bps	90 bps
LCD Flow Name	Ave Spread	L+220	L+223	(3 bps)	24 bps

US Treasury 2-Yr	3.62%	3.59%	3 bps	(70 bps)
US Treasury 3-Yr	3.54%	3.47%	7 bps	(50 bps)
US Treasury 5-Yr	3.56%	3.49%	7 bps	(32 bps)
US Treasury 7-Yr	3.66%	3.60%	6 bps	(25 bps)
US Treasury 10-Yr	3.79%	3.72%	7 bps	(11 bps)

US CLO Spreads - New Issue	4-Oct	27-Sep	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	4-Oct	27-Sep	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	4.85%	4.84%	1 bps	(53 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	25-Sep	18-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 2024	2023	Year End 2022	YoY Change
10/4/2024				
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:	30-Jun	31-May	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)