

Briefing

Global Economic & Credit Market

Week 45 Ending – November 08, 2024

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Economic Calendar

- Wednesday, November 13: Consumer price index
- Thursday, November 14: Producer price index
- Friday, November 15: U.S. retail sales

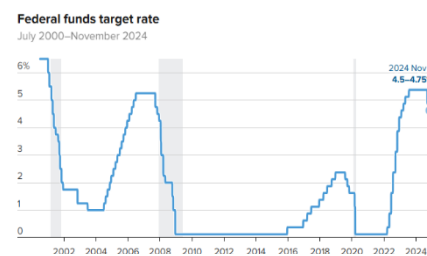
Key Market Metrics

- S&P 500: +4.66% WoW; +25.70% YTD; +37.91% YoY; 15.8x LTM EBITDA; 14.9x NTM EBITDA
- Dow Jones: +4.61% WoW; +16.71% YTD; +29.79% YoY; 11.8x LTM EBITDA; 14.4x NTM EBITDA
- Nasdaq: +5.74% WoW; +28.48% YTD; +42.64% YoY
- Ten Year US Treasury Yield: 4.36% +44 bps YTD; (34) bps YoY
- Currency:
 - British Pound per USD: \$1.29; (0.0%) WoW; 1.5% YTD; 5.7% YoY
 - Euro per USD: \$1.07; (1.1%) WoW; (2.9%)YTD; 0.5% YoY
 - USD per Yen: ¥152.55; (0.3%)WoW; 8.3% YTD; 0.8% YoY
 - Swiss franc per EUR: 1.07 CHF; 0.4% WoW; (1.1%)YTD; 2.6% YoY

U.S. News

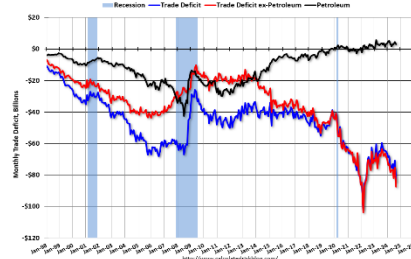
Interest Rates

- The Federal Reserve approved a 0.25 percentage point interest rate cut, its second consecutive reduction, bringing the benchmark rate to 4.50% - 4.75%
- Powell said for now the economic outlook was solid and stated that “we think that the economy, and we think our policies, are both in a very good place”
- Markets expect one more rate cut in December



Trade Deficit

- The U.S. trade deficit surged 19.2% to \$84.4 billion in September from \$70.8 billion in the prior month, the highest in 30 months, driven by a spike in imports
- The trade deficit shaved 0.6% percentage points off the rate of U.S. growth in the three months from July to September
- Imports rose 3.0% in September to a record \$352.3 billion

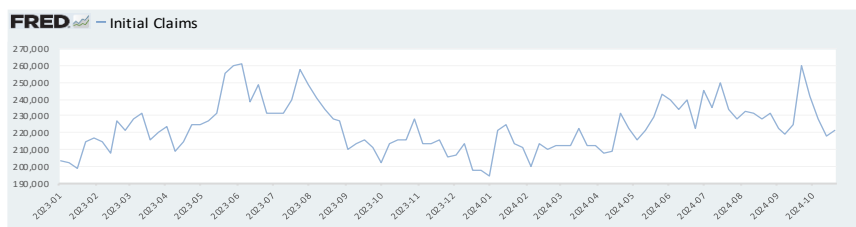


Factory Orders

- Orders for manufactured goods fell 0.5% in September, marking the fourth decline in five months, with a notable drop in civilian airplane orders driving the decrease
- Overall, the manufacturing sector has been sluggish for two years, with PMI in contraction territory for seven straight months
- Durable goods orders slid to a 0.7% decline for September, following a 0.9% drop in August

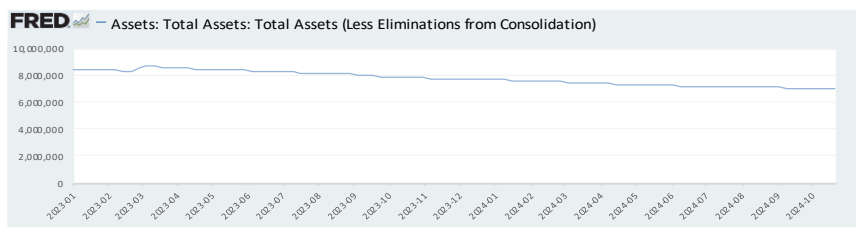
▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 221,000 in the week ended November 1, up 3,000 from the prior week
- The four-week moving average was 227,250, down 9,750 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 39,000 to 1.892 million in the week ended October 25. This figure is reported with a one-week lag



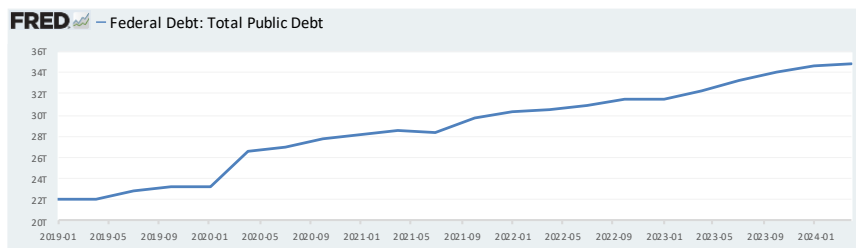
▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$6.994 trillion in the week ended November 8, down \$19.2 billion from the prior week
- Treasury holdings totaled \$4.340 trillion, down \$17.9 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.27 trillion in the week, down \$14.6 billion from the prior week



▪ Total Public Debt

- Total public debt outstanding was \$35.94 trillion as of November 8, an increase of 6.7% from the previous year
- Debt held by the public was \$28.61 trillion, and intragovernmental holdings were \$7.38 trillion

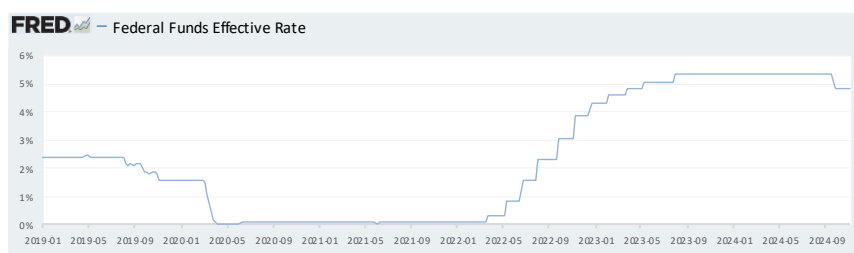


- **Inflation Factors**

- **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
 - 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 increased to \$3,443.90 per 40ft
 - Drewry's composite World Container Index has increased by 129.0% 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

- Israeli Prime Minister Netanyahu fired his defense minister, Yoav Gallant, following months of public disagreement over the handling of the wars in Gaza and Lebanon
- Gallant has been a key figure in U.S.-Israel defense coordination and was a vocal advocate for a ceasefire in Gaza. Foreign Minister Israel Katz will replace Gallant as defense minister
- The FBI thwarted an Iranian plot to assassinate Donald Trump before he was re-elected as president. An Iranian operative told law enforcement that an official in Iran's paramilitary Revolutionary Guard directed him in September to put together a plan to surveil and ultimately kill Trump
- The operative, identified as Farhad Shakeri, warned the official that crafting such a plan would be very costly. The official in October told Shakeri if he couldn't pull together a plan within seven days, they would put the assassination plot on hold until after the election, believing Trump would lose and it would be easier to kill him then

▪ Russia

- The Biden Administration has lifted restrictions on American military contractors deploying to Ukraine, allowing them to assist in maintaining and repairing U.S.-provided weapons systems such as fighter jets and air defense systems
- Contractors will be stationed away from the frontlines and will not engage in combat. This is to limit direct U.S. military involvement in Ukraine
- The Biden Administration plans to expedite as much as \$9 billion dollars' worth of security assistance to Ukraine before Biden leaves office in January. This includes the transfer of billions of dollars in weapons from U.S. stocks

▪ China

- The National People's Congress (NPC) approved a \$1.4 trillion package to help local governments swap off some of their mounting off-balance-sheet debts
- The package includes issuing \$837 billion in bonds over 3 years to replace local governments' hidden debts. The total package is disappointing to investors, who expected a fiscal-stimulus package to be unveiled alongside the debt-swap program
- China's exports rose at a faster-than-expected pace last month, with outbound shipments rising 12.7% from a year earlier in October, up sharply from the 2.4% increase in September
- The trade surplus rose to \$95.7 billion in October, up from \$81.7 billion in September, exceeding the expected \$74.4 billion

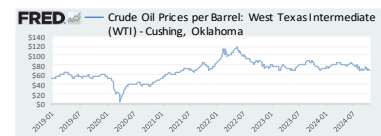
Geopolitical Hotspots

- **Germany**
 - Germany's government is in a political gridlock after a dispute over economic policy between coalition partners. The Free Democratic Party (FDP) is pushing for tax cuts and welfare reductions while the Social Democratic Party (SPD) is advocating for higher government spending, including subsidies for industries and additional support for Ukraine. This gridlock has led to a vote of confidence, potentially resulting in early elections
- **Pakistan**
 - Pakistan's government is strengthening its control through new laws that limit judicial power, extend the army chief's term, and allow detention without charges, amid growing political repression. Despite some economic improvements, the country remains politically unstable
- **Mexico**
 - Mexico's Supreme Court narrowly voted against blocking a controversial judicial reform pushed by President Sheinbaum's government, which would elect judges by popular vote. The reform has sparked concerns over the independence of the judiciary and its potential impact on Mexico's democracy and business climate
- **Spain**
 - Following torrential rains and flash floods in the Valencia region of Spain led to at least 214 deaths and significant devastation in towns like Paiporta and Picanya. The Spanish government deployed over 7,500 military personnel, along with 400 vehicles, 30 helicopters, and an amphibious ship, to assist in rescue efforts and restore water, electricity, and telecommunications amid restricted road access and reports of looting
- **UK**
 - Kemi Badenoch, the first Black woman to lead the U.K.'s Conservative Party, has been chosen to revitalize the Tories after a historic defeat, focusing on cultural conservatism, limited government, and immigration control, while facing challenges from Labour's Keir Starmer and Nigel Farage's Reform UK. Known for her direct style, Badenoch emphasizes honesty about past mistakes and the need for pragmatic policies
- **Japan**
 - Japan's ruling coalition lost its parliamentary majority in the recent election, creating political uncertainty that could delay interest rate hikes by the Bank of Japan, leading to a weakened yen. Despite this, Japan's domestic economic conditions, such as a tight job market and core inflation of 2.1%, still point towards gradual monetary tightening
- **Canada**
 - Canada has accused India's Home Minister, Amit Shah, of authorizing operations targeting Sikh separatists in Canada, escalating tensions between the two countries. The allegations come after previous claims that Indian agents were involved in the 2023 killing of Sikh activist Hardeep Singh Nijjar in Canada, a charge India has denied, calling the accusations politically motivated

Commodities

Oil Prices

- WTI: \$70.49 per barrel
 - +1.44% WoW; (1.62%) YTD; (6.93%) YoY
- Brent: \$74.04 per barrel
 - +1.29% WoW; (3.89%) YTD; (7.46%) YoY



US Production

- U.S. oil production amounted to 13.5 million bpd for the week ended November 1, down 0.0 million bpd from the prior week

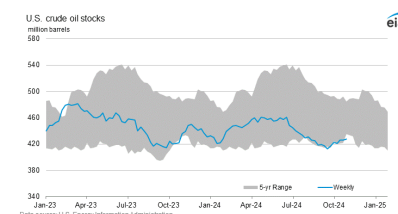
Rig Count

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

Inventories

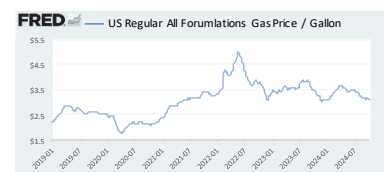
Crude Oil

- Total U.S. crude oil inventories now amount to 427.7 million barrels, down (1.9%) YoY
- Refiners operated at a capacity utilization rate of 90.5% for the week, up from 89.1% in the prior week
- U.S. crude oil imports now amount to 5.975 million barrels per day, down (2.4%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.10 per gallon in the week of November 8, down (8.6%) YoY
 - Gasoline prices on the East Coast amounted to \$3.10, down (7.7%) YoY
 - Gasoline prices in the Midwest amounted to \$3.02, down (8.1%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.72, down (8.3%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.23, down (9.7%) YoY
 - Gasoline prices on the West Coast amounted to \$4.08, down (13.7%)
- Motor gasoline inventories were up by 0.4 million barrels from the prior week
- Motor gasoline inventories amounted to 211.3 million barrels, down (2.7%)
- Production of motor gasoline averaged 9.71 million bpd, down (5.1%) YoY
- Demand for motor gasoline amounted to 8.828 million bpd, down (7.0%) YoY

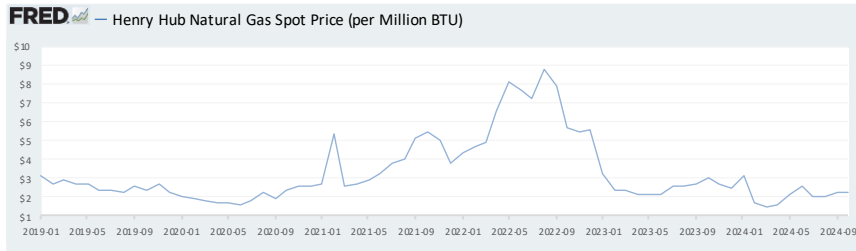


Distillates

- Distillate inventories decreased by 2.9 million in the week of November 8
- Total distillate inventories amounted to 115.8 million barrels, up 7.2% YoY
- Distillate production averaged 5.096 million bpd, up 8.4% YoY
- Demand for distillates averaged 3.406 million bpd in the week, down (20.8%)

○ **Natural Gas**

- Natural gas inventories increased by 69 billion cubic feet last week
- Total natural gas inventories now amount to 3,932 billion cubic feet, up 4.2% YoY



Credit News

High yield bond yields decreased 11bps to 7.16% and spreads decreased 17bps to 297bps. Leveraged loan yields decreased 7bps to 8.60% and spreads decreased 10bps to 469bps. WTD Leveraged loan returns were positive 20bps. WTD high yield bond returns were positive 51bps. 10yr treasury yields increased 6bps to 4.34%. Yields and spreads decreased driven by election outcome and change in the Fed forecast.

High-yield:

Week ended 11/08/2024

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.16%	297	7.27%	313	(11)	(17)

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.27	\$95.76	51	0.51%	0.49%	7.66%	13.5%

Fund Flows²

Total Flows (\$)
\$455mm

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
0	\$0.0bn	\$267.0bn	\$152.8bn	+75%

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

10/31/24	9/30/24	8/30/24
4.55%	5.11%	6.60%

Total HY Defaults

10/31/24	9/30/24	8/30/24
0.55%	0.94%	0.98%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 11/08/2024

- **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.60%	469	8.67%	479	(7)	(10)

- **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.29	\$96.09	20	0.20%	0.21%	7.73%	12.9%

- **Fund Flows²**

Total Flows (\$)	\$448mm
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- **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
14	\$10.7bn	\$1040.0bn	\$296.4bn	+251%

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

10/31/24	9/30/24	8/30/24
4.79%	4.84%	5.41%

- **Total Loan Defaults**

10/31/24	9/30/24	8/30/24
1.30%	1.28%	1.18%

Default activity:

- Most recent defaults include: Franchise Group Inc (\$1.1bn, 11/3/24), Exactech (\$254mn, 10/29/24), American Tire Distributors (\$975mn, 10/23/24), Accuride (\$291mn, 10/11/2024), Mavenir Systems (\$712mn, 9/27/24), Digital Media Solutions (\$208mn, 9/12/24), 2U (\$374mn, 7/25/24), Rodan & Fields (\$763mn, 7/11/24), Wheel Pros (\$2.8bn, 7/11/24), and Quorum Health Group (\$688mn, 7/10/24).

CLOs:

Week ended 11/08/2024

- **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
19	\$9.8bn	\$4.4bn	\$5.4bn

- **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
874	\$404.5bn	\$169.8bn	\$234.7bn	\$108.9bn	+271%

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

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Ratings activity:

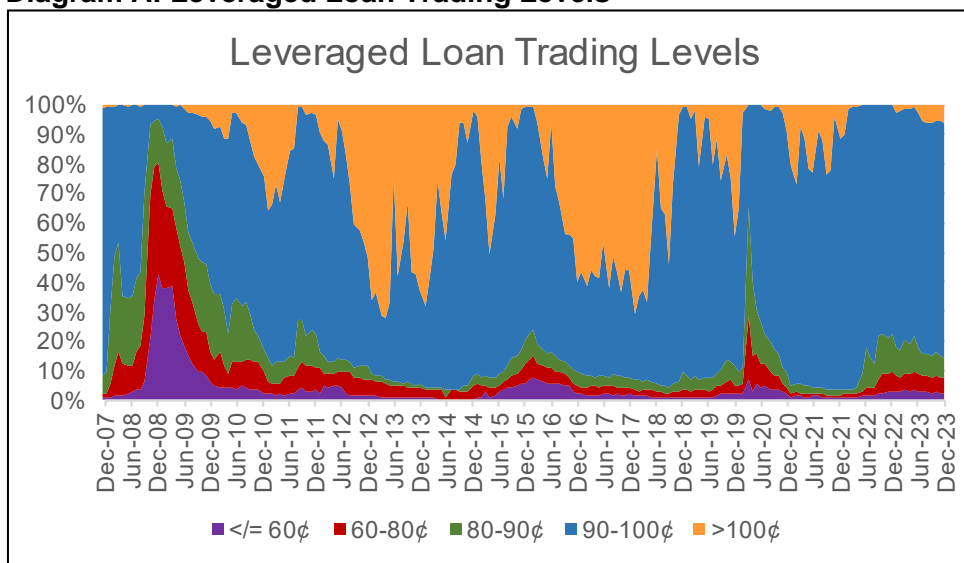
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 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
Week Ending 11/01/24	4	4	1.0x	10	9	1.1x
Week Ending 11/08/24	8	1	8.0x	6	5	1.2x
YTD 2024	366	279	1.3x	426	340	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	93.5	96.9	87.8	9.1
Leveraged Loans	95.7	96.3	94.5	1.8

[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 11/7/24

[3] HY low price as of 11/13/23. LL low price as of 11/9/23

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	0.20%	0.19%	0.51%	0.63%
MTD Return	0.21%	0.19%	0.49%	0.63%
YTD Return	7.73%	7.63%	7.66%	6.24%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 11/08/2024

[2] Yield data as of 11/08/2024

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.

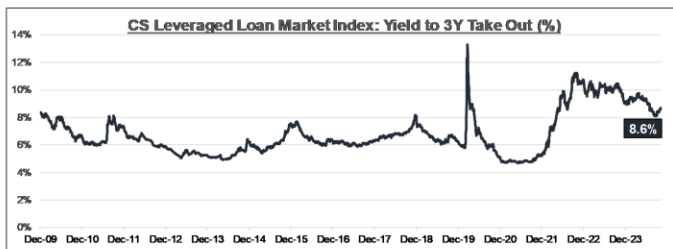


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

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

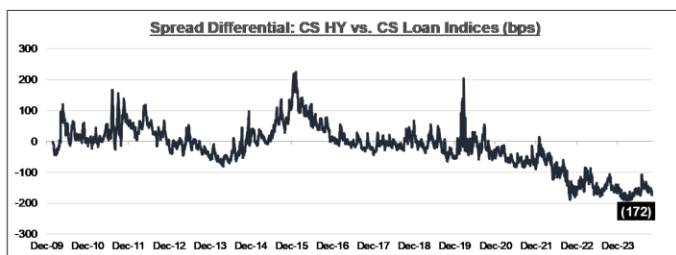


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



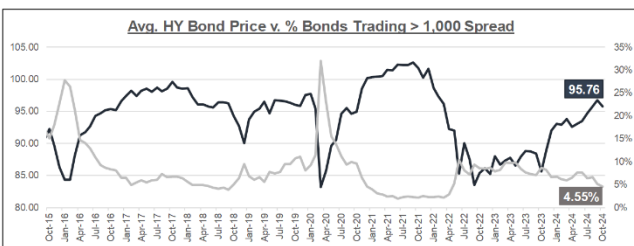
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

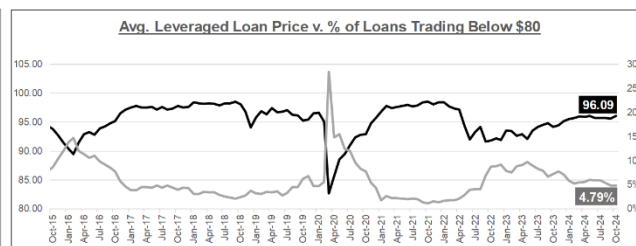


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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



Source: CSFB. Data is reported monthly.



Source: JPM. Data is reported monthly.

Diagram I: High Yield Upgrades and Downgrades

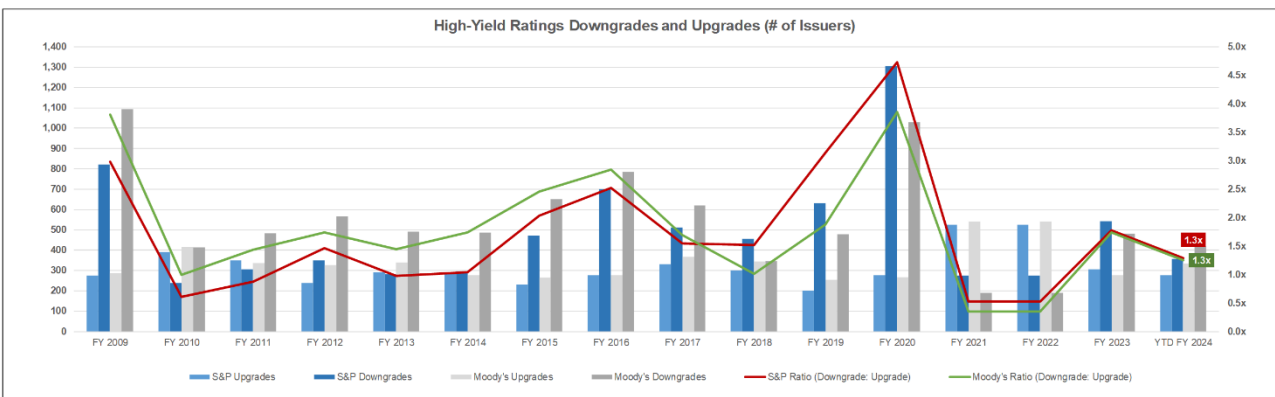
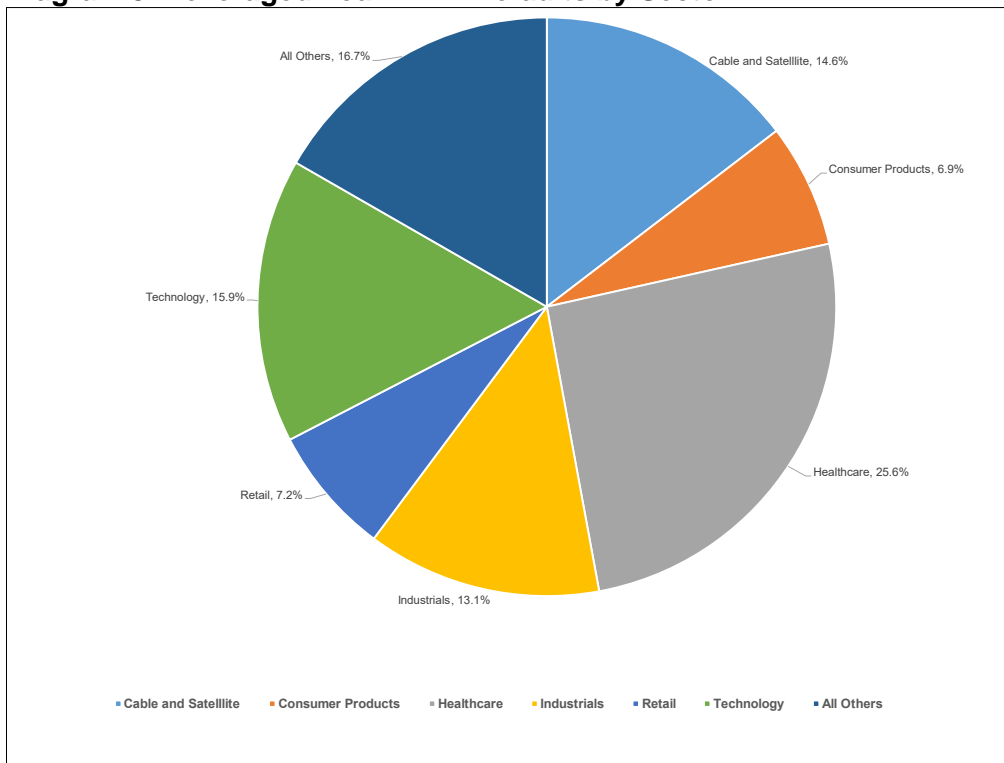


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



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

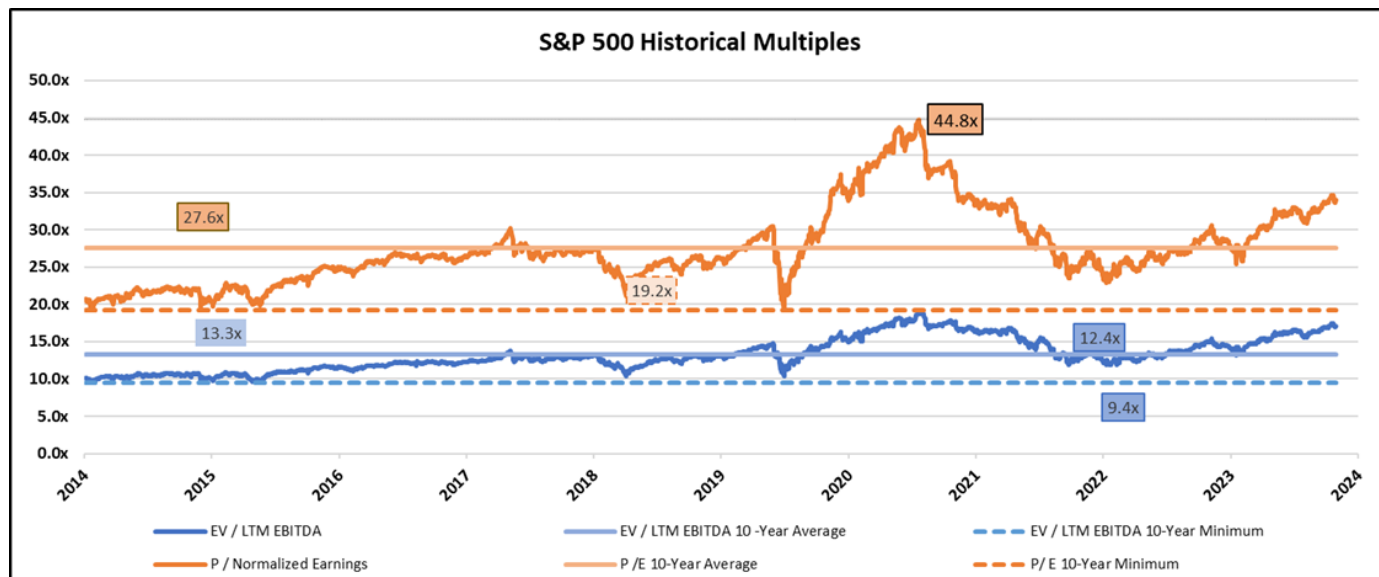
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	10/18/24	10/25/24	11/1/24	11/8/24	Change				
					Weekly	Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.90%	3.05%	3.16%	3.12%	(4 bps)	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.18%	2.29%	2.41%	2.37%	(4 bps)	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.36%	3.51%	3.68%	3.66%	(3 bps)	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	0.98%	0.96%	0.95%	1.01%	6 bps	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	4.06%	4.23%	4.45%	4.44%	(1 bps)	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	3.95%	4.10%	4.21%	4.24%	3 bps	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	3.88%	4.06%	4.22%	4.18%	(5 bps)	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	4.08%	4.24%	4.38%	4.30%	(8 bps)	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.39%	4.50%	4.58%	4.48%	(10 bps)	(89 bps)	106 bps	27 bps	(24 bps)

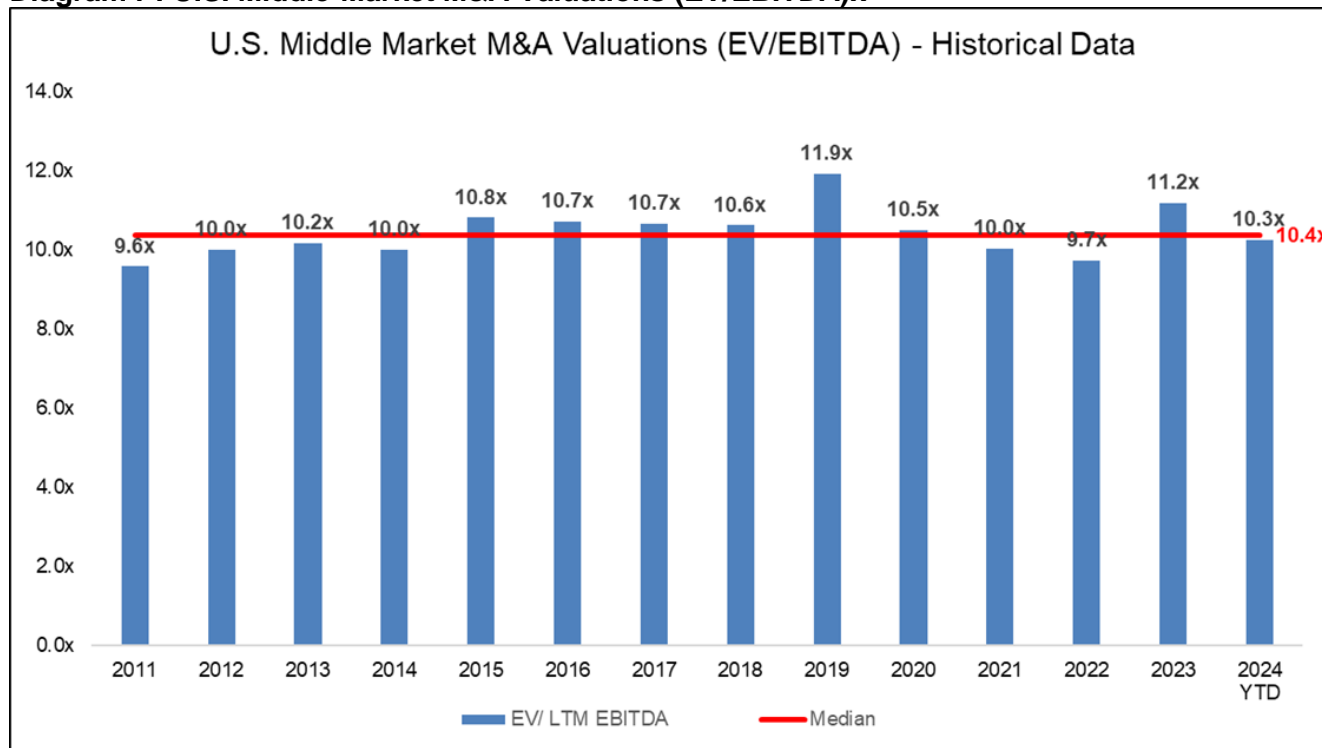
Source: Bloomberg

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)

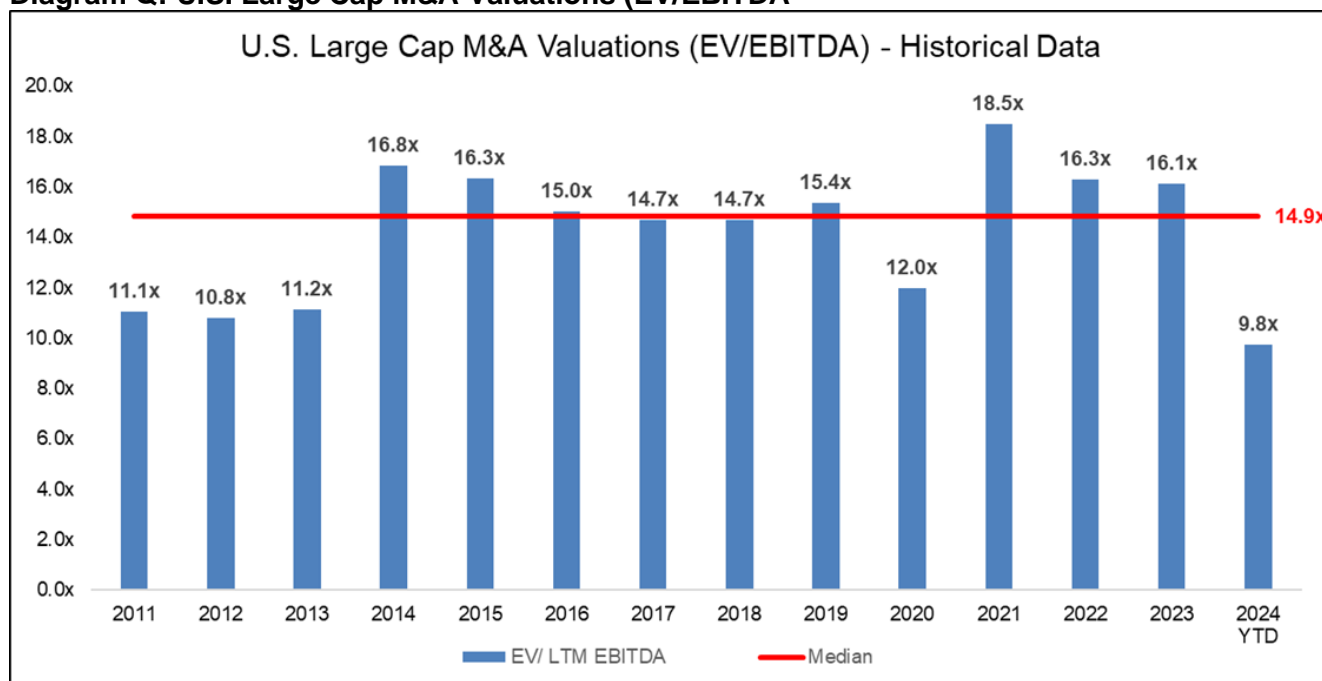
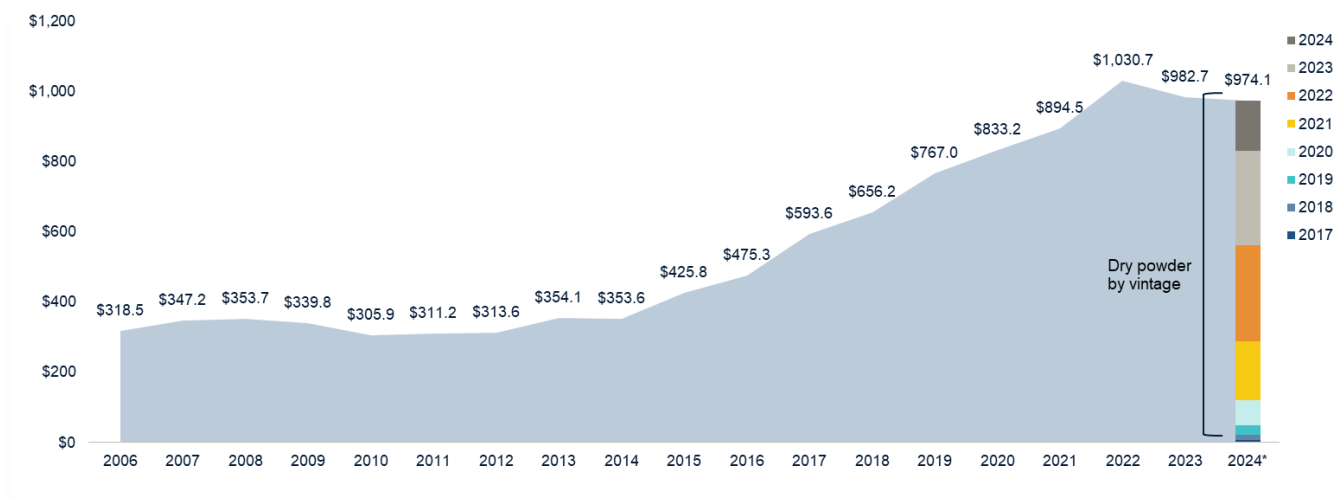
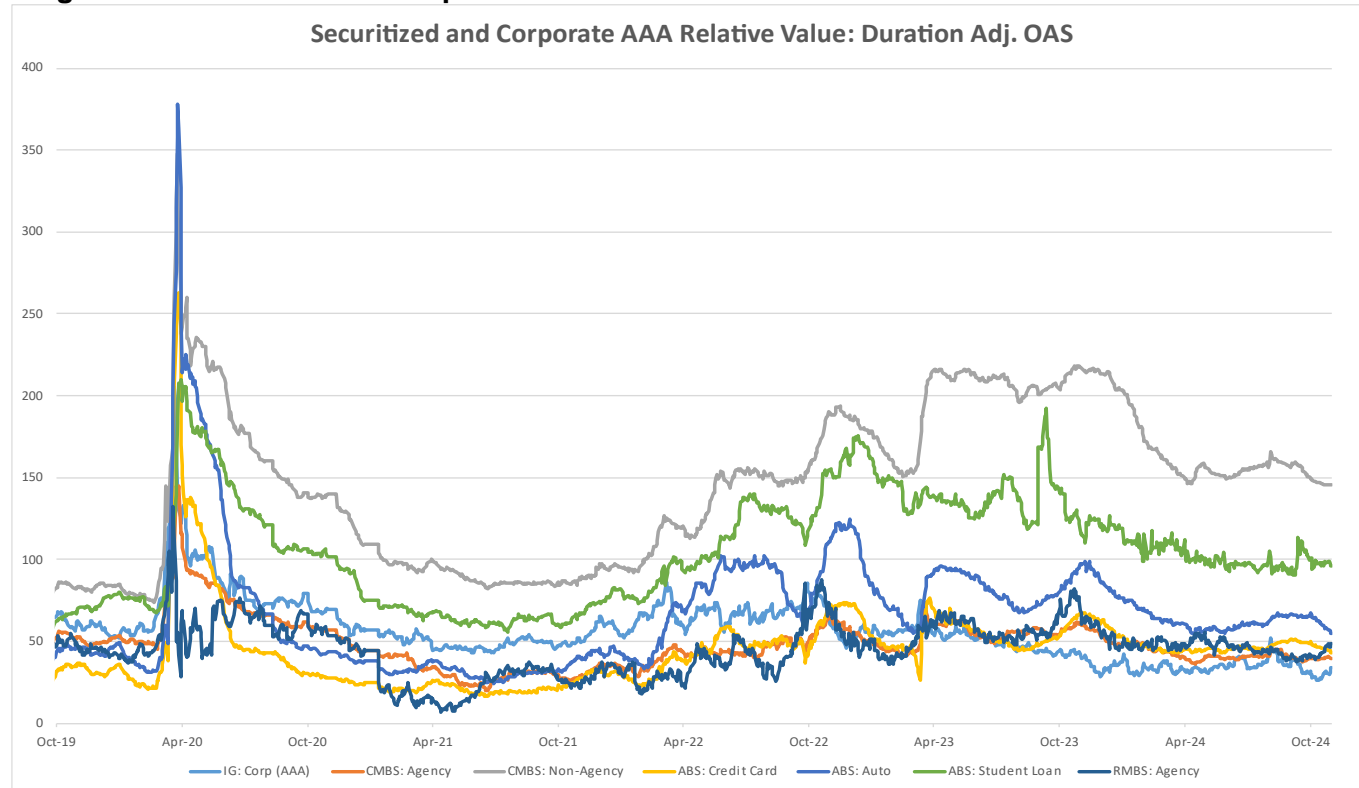


Diagram R: Dry Powder for All Private Equity Buyouts



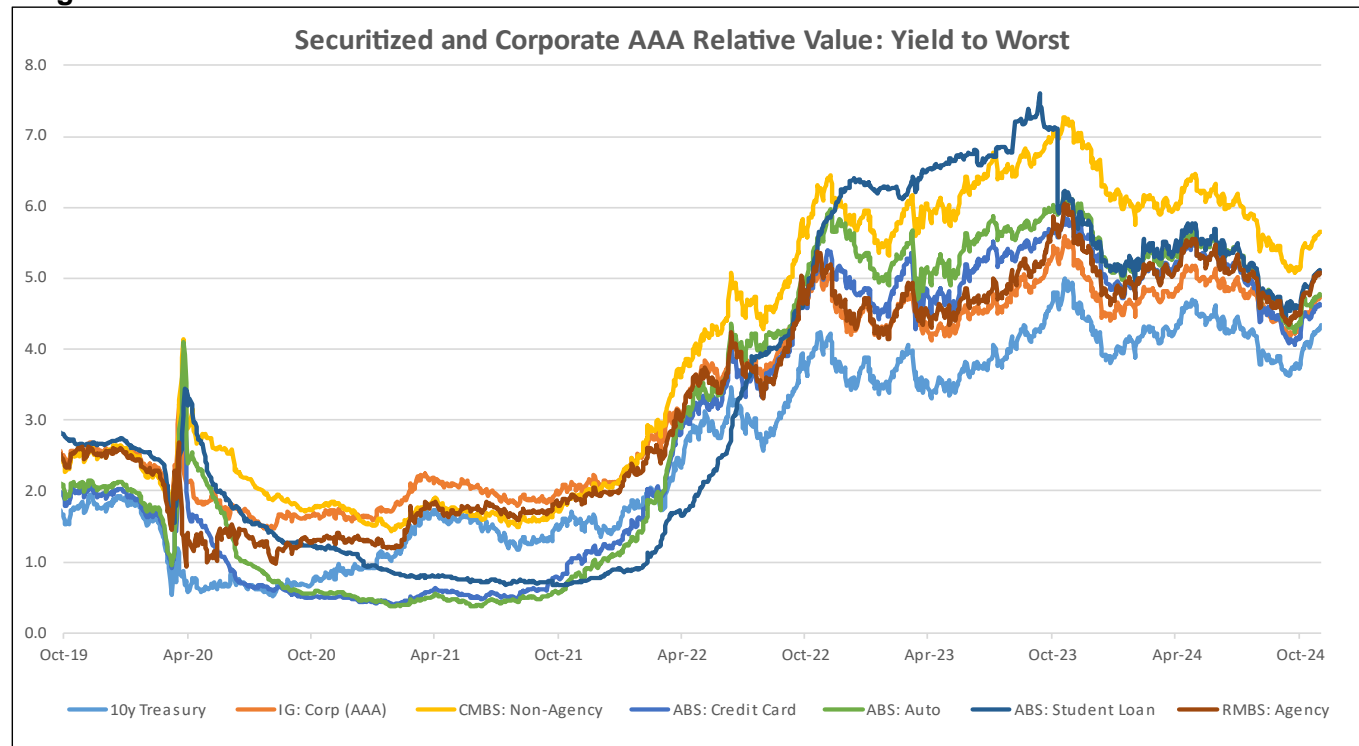
Source: Pitchbook

Diagram S: Structured Credit Spreads



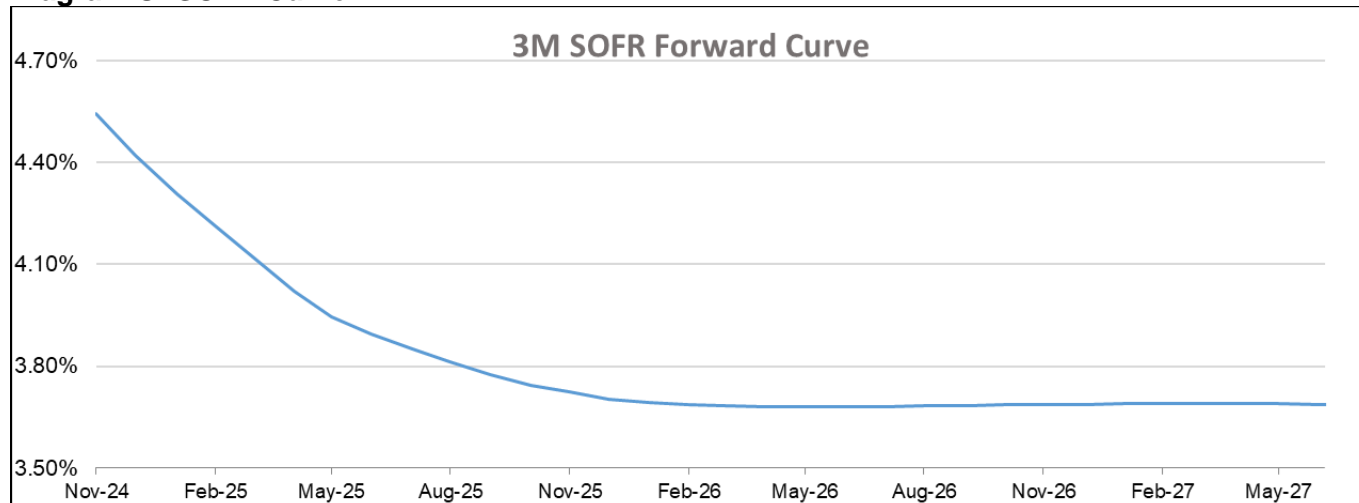
Source: Bloomberg

Diagram T: Structured Credit Yield



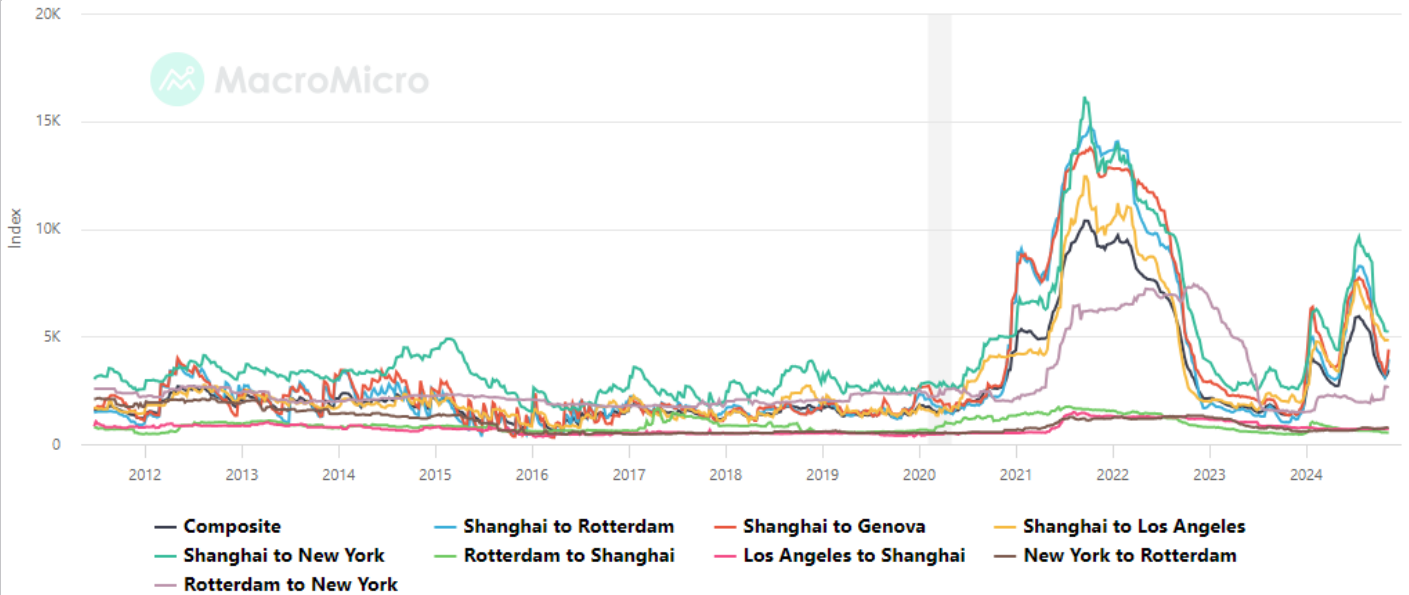
Source: Bloomberg

Diagram U: SOFR Curve

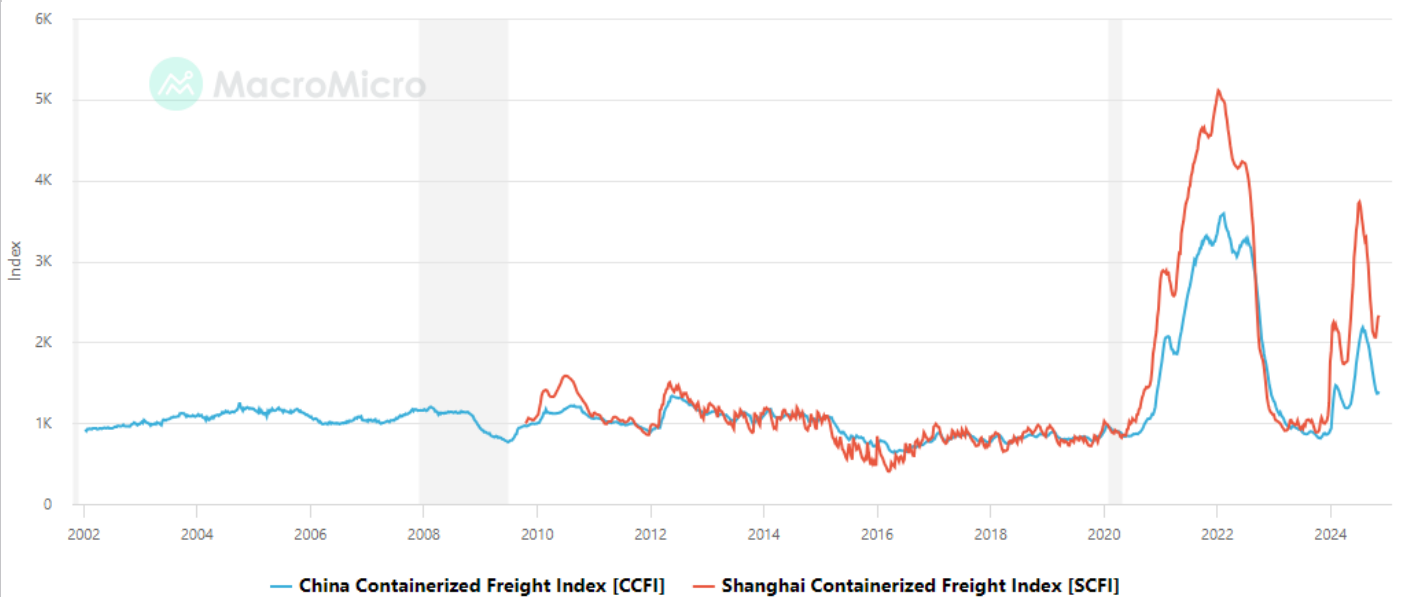


Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index

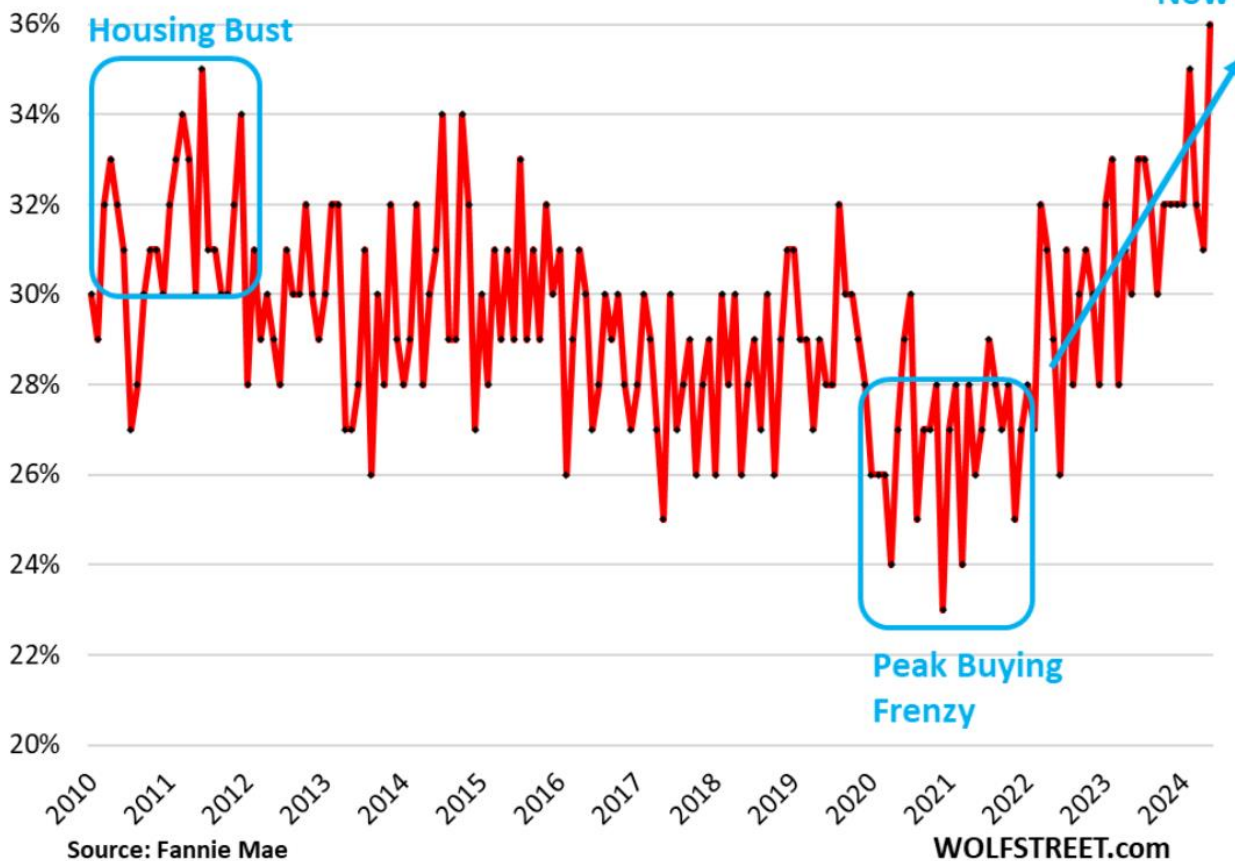


ZCGC RE Research

Rising Costs Push More Americans to Rent as Homeownership Becomes Less Affordable

Will Rent Instead of Buying if they Move: Fannie Mae NHS Survey

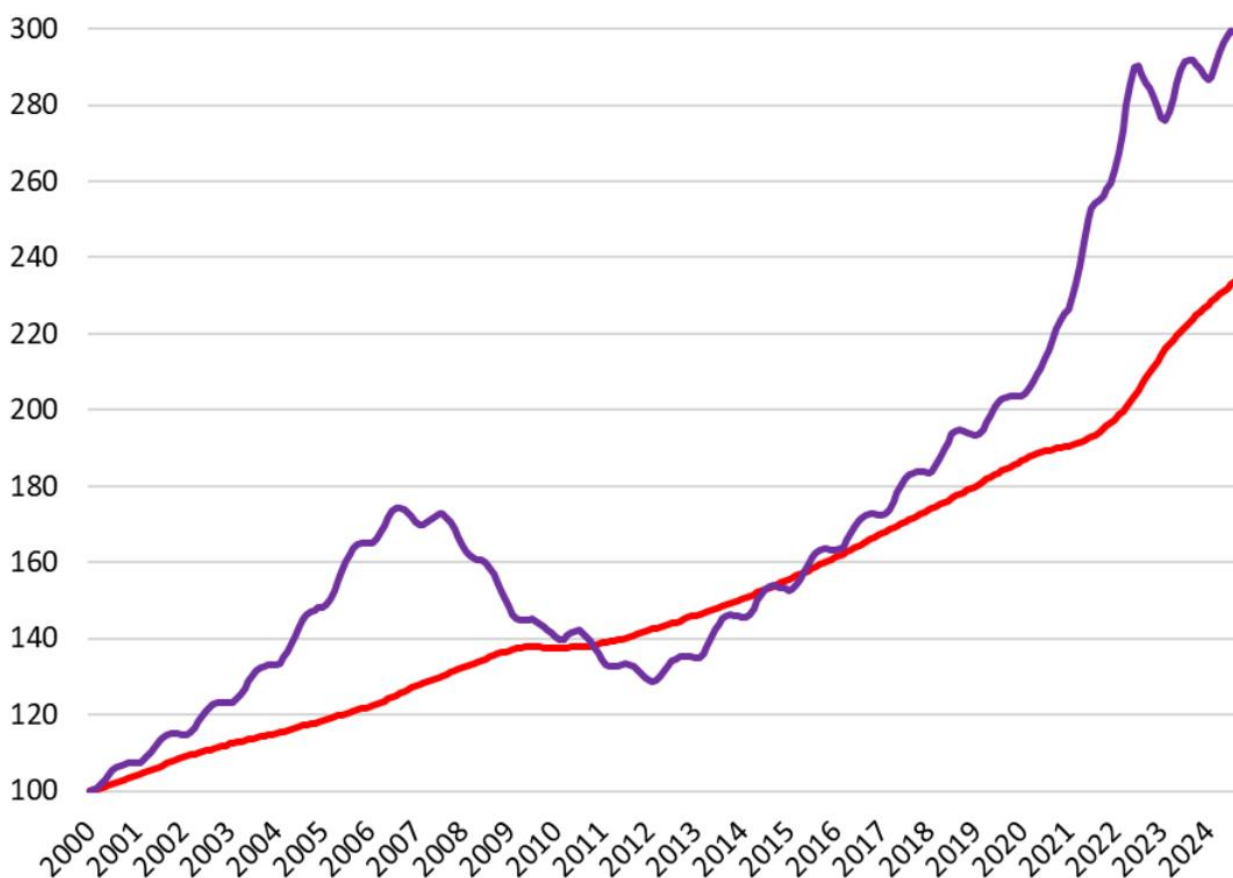
% respondents who said they'd rent if they were going to move



- High home prices, mortgage rates, property taxes, and spiking homeowners' insurance have made home ownership less financially viable, pushing more people toward renting.
- The share of people preferring to rent rather than buy hit a record high of 36%, according to Fannie Mae's survey, surpassing previous highs from the 2010 housing bust.

CPI Rent and Zillow Raw Home Value Index (ZHVI):

Indices set to Jan 2000 = 100



Sources: BLS, Zillow

WOLFSTREET.com

- The surge in home prices since 2020, driven by loose monetary policy, has made it significantly more expensive to buy than rent, leading to a trend of renting as a cost-effective alternative.
- Fannie Mae noted a growing preference for renting, expecting modest rent growth in 2025, making rental deals more attractive.
- The monthly costs of buying—factoring in mortgage rates, property taxes, and insurance—have far exceeded those of renting, especially with rents rising at a slower pace than home prices.
- People are increasingly opting to rent to avoid inflated costs, benefitting from flexibility and saving money rather than becoming “house-poor.”

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	8-Nov	1-Nov	WoW Change	YTD Change	YoY Change
DJIA	43,988.99	42,052.19	4.61%	16.71%	29.17%
S&P 500	5,995.54	5,728.80	4.66%	25.70%	43.44%
NASDAQ	19,286.78	18,239.92	5.74%	28.48%	58.08%
MSCI - EAFE	2,336.75	2,336.19	0.02%	4.50%	9.51%
MSCI - Emerging Markets	1,135.65	1,122.28	1.19%	10.93%	8.62%
US Dollar Index	105.00	104.28	0.69%	3.62%	3.19%
VIX	14.94	21.88	(31.72%)	20.00%	(20.23%)
US Equities Avg Daily Dollar Volume (\$ in Billions)	246.04	256.56	(4.10%)	(34.39%)	(29.70%)

Market Ratios	8-Nov	1-Nov	WoW Change	YTD Change	YoY Change
TED Spread	18.00	18.01	(0.06%)	(30.95%)	(7.37%)
Put/Call Ratio	0.55	0.71	(22.54%)	(15.38%)	12.24%

Commodities Indices (\$ USD)	Metric	8-Nov	1-Nov	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	281.68	279.44	0.80%	6.77%	3.70%
Gasoline - Pump	Gallon	3.09	3.11	(0.64%)	(0.87%)	(11.49%)
Gasoline - Futures	Gallon	2.01	1.97	2.34%	(4.29%)	(17.93%)
Crude Oil - WTI	Barrel	70.38	69.49	1.28%	(1.77%)	(7.25%)
Crude Oil - Brent	Barrel	73.87	73.10	1.05%	(4.11%)	(10.10%)
Natural Gas	MM BTU	2.67	2.66	0.23%	6.17%	8.67%
Coal (1 contract = 1,000 tons)	Contract	188.67	188.67	0.00%	(12.10%)	(4.17%)

Commodities Indices (\$ USD)	Metric	8-Nov	1-Nov	WoW Change	YTD Change	YoY Change
Aluminum	Metric Ton	2,620.50	2,600.00	0.79%	9.92%	0.13%
Copper	Metric Ton	9,443.50	9,570.50	(1.33%)	10.33%	4.32%
Iron Ore	Metric Ton	103.82	102.49	1.30%	(23.87%)	(16.24%)
Steel - Hot Rolled Coil	Metric Ton	707.00	714.00	(0.98%)	(37.71%)	(11.18%)
Steel - Cold Rolled Coil	Metric Ton	980.00	980.00	0.00%	(22.22%)	1.03%
Ferrous Scrap	Metric Ton	419.00	420.00	(0.24%)	(21.68%)	(11.79%)
Lumber	Metric Ton	501.50	437.5	14.63%	(7.64%)	(7.64%)
Gold	Troy Ounce	2,684.77	2,736.53	(1.89%)	30.14%	40.36%
Silver	Troy Ounce	31.31	32.49	(3.64%)	31.57%	33.41%
Cotton	Pound	66.01	64.46	2.40%	(14.17%)	(20.88%)
Butter	Pound	2.65	2.67	(0.75%)	(0.56%)	(2.29%)
Cheese	Pound	1.92	1.96	(1.99%)	23.17%	22.54%
Cocoa	Pound	3.17	3.15	0.53%	66.52%	98.54%
Corn	Bushel	4.31	4.15	3.98%	(8.54%)	(36.17%)
Milk, Non Fat Dry	Pound	1.37	1.37	0.53%	14.21%	8.74%
Soybean	Bushel	10.17	9.83	3.49%	(21.40%)	(33.73%)
Sugar	Pound	0.22	0.22	(1.13%)	6.03%	0.74%
Wheat	Bushel	5.73	5.68	0.79%	(8.84%)	(24.77%)
Live Cattle	Pound	1.84	1.86	(1.20%)	5.77%	(81.30%)
Lean Hogs	Pound	0.80	0.84	(4.34%)	18.32%	6.74%
Beef, USDA Ground	Pound	3.08	3.16	(2.66%)	6.29%	16.16%
Chicken, Boneless & Skinless	Pound	3.98	3.97	0.25%	(2.50%)	(7.76%)

Currencies	Metric	Spot Prices	Futures	10-Year Historicals			
		8-Nov	1-Nov	2024	2025	Low	High
Japanese Yen	USD/JPY	152.640	153.010	136.000	145.000	75.320	139.570
Chinese Renminbi	USDCNY	7.184	7.129	6.940	7.150	6.041	7.179
Swiss Franc	USDCHF	0.876	0.870	0.890	0.870	0.721	1.030
British Pound	GBPUSD	1.292	1.292	1.340	1.300	1.130	1.717
Euro Zone Euro	EURUSD	1.072	1.083	1.120	1.090	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
	6-Nov-24	\$ 448	\$ 455
	30-Oct-24	\$ 402	\$ (815)
	23-Oct-24	\$ 528	\$ 34
	16-Oct-24	\$ 1,099	\$ 664
	9-Oct-24	\$ 681	\$ (140)
	2-Oct-24	\$ 53	\$ 2,240
	25-Sep-24	\$ 313	\$ 73
	18-Sep-24	\$ (116)	\$ 1,741
	11-Sep-24	\$ (230)	\$ (633)
Year To Date 2024		\$ 1,823	\$ 9,782
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	11/8/2024	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	5,233
Forward Calendar		4	7,437
High Yield	11/8/2024	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	Oct	249K	236K	238K	
Continuing Claims	Oct	1,839K	1,828K	1,821K	
Change in Non-Farm Payrolls	Oct	272K	180K	175K	
Change in Private Payrolls	Oct	229K	165K	167K	
Unemployment Rate	U-3	Oct 4.0%	3.9%	3.9%	
Unemployment Rate	U-6	Oct 6.6%	6.5%	6.7%	
Average Work Week		Oct 34.3	34.7	34.4	
Existing Home Sales	Oct	4.11M	4.10M	4.14M	
Housing Starts	Oct	1,277K	1,370K	1,360K	
S&P/Case-Shiller Composite	YoY	Oct 7.2%	7.0%	7.4%	
S&P/Case-Shiller Composite	MoM	Oct 0.4%	0.3%	0.3%	
Consumer Confidence	Oct	91.3	90.0	88.9	
GDP	QoQ-Annualized	2Q24 1.4%	1.4%	1.3%	
Durable Goods Orders	Oct	0.6%	0.7%	0.7%	
Total Vehicle Sales	Oct	15,32M	15,50M	15,50M	
Capacity Utilization	Oct	79.0%	77.0%	76.8%	
Fed & Treasury Balance Sheet	6-Nov	30-Oct	WoW Change	YoY Change	
Fed Total Assets	\$ in Billions	6,994,299.0	7,013,490.0	(0.3%)	(11.0%)
Public Debt	\$ in Billions	35,912.1	35,847.0	0.2%	6.5%
US Debt Outstanding	2024	1Q24	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%	1.0%	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%)	1.8%	1.1%	1.3%	1.0%
United Kingdom	(10.0%)	7.4%	4.0%	(0.3%)	1.0%

Market Indices	8-Nov	1-Nov	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,016.00	4,005.98	0.25%	8.08%	18.67%
Barclays High Yield Index	2,685.17	2,665.52	0.74%	8.71%	16.46%
Barclays Aggregate	2,209.47	2,192.34	0.78%	2.69%	3.84%

Loan Market Bids	8-Nov	1-Nov	WoW Change	YTD Change
S&P Flow Name Index	98.74	98.80	(0.05%)	0.40%
S&P 100 Name Index	97.85	97.66	0.20%	1.00%
S&P BB's Index	99.81	99.70	0.11%	0.22%
S&P B's Index	98.33	98.13	0.20%	0.40%
S&P CCC's Index	80.09	80.14	(0.06%)	(2.63%)

Loan Market Spreads	8-Nov	1-Nov	WoW Change	YTD Change
S&P BB's Index	L+272	L+273	(1 bps)	176 bps
S&P B's Index	L+398	L+400	(2 bps)	(42 bps)
S&P CCC's Index	L+869	L+868	2 bps	(771 bps)

Credit Default Swap - Volatility Indices	Index	8-Nov	1-Nov	WoW Change	YTD Change
Investment Grade CDS	Market	47.21	53.02	(10.94%)	(16.72%)
High Yield CDS	Market	298.53	332.39	(10.19%)	(16.23%)

Credit	8-Nov	1-Nov	WoW Change	YOY Change
High Yield	T+500	T+495	5 bps	115 bps
LCD Flow Name	L+205	L+208	(3 bps)	9 bps
US Treasury 2-Yr	4.16%	4.06%	10 bps	(16 bps)
US Treasury 3-Yr	4.12%	4.02%	10 bps	8 bps
US Treasury 5-Yr	4.15%	4.02%	13 bps	27 bps
US Treasury 7-Yr	4.22%	4.08%	14 bps	31 bps
US Treasury 10-Yr	4.28%	4.14%	14 bps	38 bps

US CLO Spreads - New Issue	8-Nov	1-Nov	WoW Change	YTD Change
AAA	S+139	S+139	0 bps	(10 bps)
AA	S+178	S+178	0 bps	(10 bps)
A	S+215	S+212	3 bps	(15 bps)
BBB	S+318	S+318	0 bps	(5 bps)
BB	S+688	S+688	0 bps	0 bps

Market Rates	8-Nov	1-Nov	WoW Change	YTD Change
Fed Fund Rate	4.81%	4.81%	0 bps	(50 bps)
Prime Rate	7.75%	8.00%	(25 bps)	(75 bps)
Broker Call Rate	6.75%	6.75%	(25 bps)	(75 bps)
1M SOFR	4.82%	4.86%	(4 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	30-Sep	31-Aug	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	30-Oct	23-Oct	WoW Change	YTD Change
Net Outright Total Corp Securities	10.98	10.56	3.98%	0.00%

Margin Debt - \$ USD in Billions	30-Sep	31-Aug	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
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-Sep	31-Aug	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	30-Sep	31-Aug	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	30-Sep	31-Aug	YTD Change
SNAP Ika Food Stamps - # of Participants in Millions	37.782	38.031	(8.63%)

Retail Sales	30-Sep	31-Aug	YTD Change
Adj. Retail & Food Services Sales Index - US Census	683.0	687.4	0.79%

US Home Foreclosures and Delinquencies	30-Sep	31-Aug	YTD Change
Home Foreclosures Inventory in Thousands	181	181	4.29%
Delinquency Rate	-1.53%	-1.36%	(4.42pp)

U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas	8-Nov	1-Nov	YTD Change
Type	Peak-11/00 to Date	# of Rigs	% Change
Oil	10/10/2		