

Briefing

Global Economic & Credit Market

Week 51 Ending – December 20, 2024

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Economic Calendar

- Monday, December 16: S&P Manufacturing & Services PMI
- Tuesday, December 17: U.S. Retail Sales
- Wednesday, December 18: FOMC Interest-Rate Decision
- Friday, December 20: PCE Index

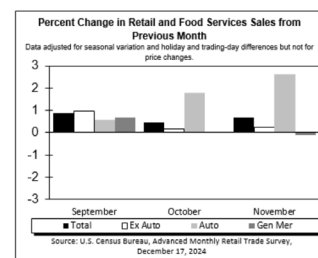
Key Market Metrics

- S&P 500: (1.99%) WoW; +24.34% YTD; +24.95% YoY; 16.1x LTM EBITDA; 14.7x NTM EBITDA
- Dow Jones: (2.25%) WoW; +13.67% YTD; +14.53% YoY; 11.6x LTM EBITDA; 13.6x NTM EBITDA
- Nasdaq: (1.78%) WoW; +30.39% YTD; +30.80% YoY
- Ten Year US Treasury Yield: 4.57% +65 bps YTD; +64 bps YoY
- Currency:
 - British Pound per USD: \$1.26; (0.4%) WoW; (1.2%)YTD; (0.9%)YoY
 - Euro per USD: \$1.04; (0.7%) WoW; (5.6%)YTD; (5.3%)YoY
 - USD per Yen: ¥156.31; 1.7% WoW; 10.9% YTD; 10.0% YoY
 - Swiss franc per EUR: 1.07 CHF; 0.6% WoW; (0.3%)YTD; 1.2% YoY

U.S. News

U.S. Retail Sales

- Retail sales rose 0.7% in November, higher than the forecasted 0.5% and above the 0.5% recorded in October
- Sales of new cars rose 2.6% last month, as dealerships increased incentives to move stockpiling inventory. Internet retailer sales increased 1.8%, while restaurant sales fell 0.4%
- Overall, retail sales have increased by 3.8% in the past year, similar to the annual increases in the decade pre-pandemic



FOMC Interest-Rate Decision

- The Federal Reserve announced a quarter point cut in interest rates, lowering the target interest rate range to 4.25%-4.5%
- The FOMC suggested that interest rate cuts would come at a slower pace in 2025 than previously anticipated, due to inflation remaining above the benchmark 2%
- Markets fell nearly 3% on the news of the cut but began showing signs of recovery later in the week

The Fed projects higher growth, inflation, and interest rates
FOMC median projection, December vs. September SEP, %

Variable	2024	2025	2026	2027	Long-term
Change in real GDP	2.5	2.1	2.8	1.9	1.8
September	2.0	2.0	2.0	2.0	1.8
Unemployment rate	4.2	4.3	4.3	4.3	4.2
September	4.4	4.4	4.3	4.2	4.2
PCE Inflation	2.4	2.5	2.1	2.0	2.0
September	2.3	2.1	2.0	2.0	2.0
Core PCE Inflation	2.8	2.5	2.2	2.0	2.0
September	2.6	2.2	2.0	2.0	2.0
Federal funds rate	4.4	3.9	3.4	3.1	3.0
September	4.4	3.4	2.9	2.9	2.9

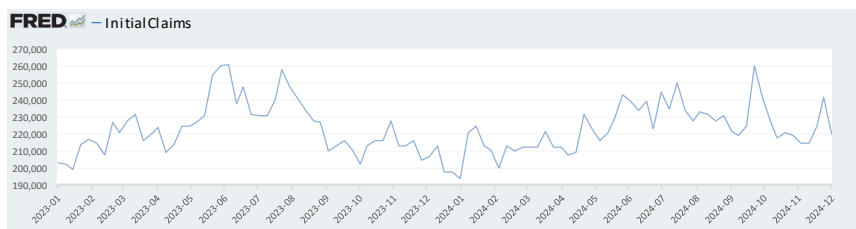
Source: Federal Reserve, Data as of December 16, 2024.

PCE Index

- The PCE index increased 0.1% in November, less than the forecasted 0.2% and lower than the 0.2% recorded in October
- The core rate also increased 0.1% in November, coming in lower than forecasts
- Over the last twelve months, the PCE index rose to 2.4%, up slightly from 2.3%. The increase in the core rate in the last twelve months stayed unchanged at 2.8%

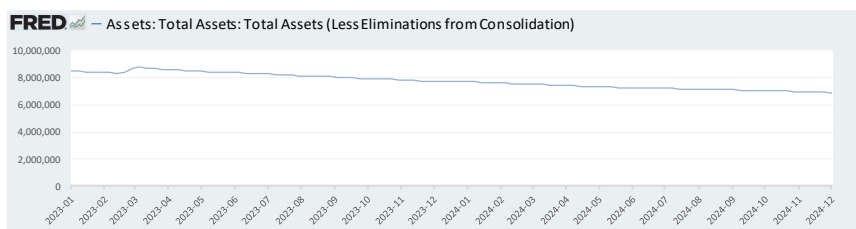
▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 220,000 in the week ended December 13, down 22,000 from the prior week
- The four-week moving average was 225,500, up 1,250 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – decreased by 5,000 to 1.874 million in the week ended December 6. This figure is reported with a one-week lag



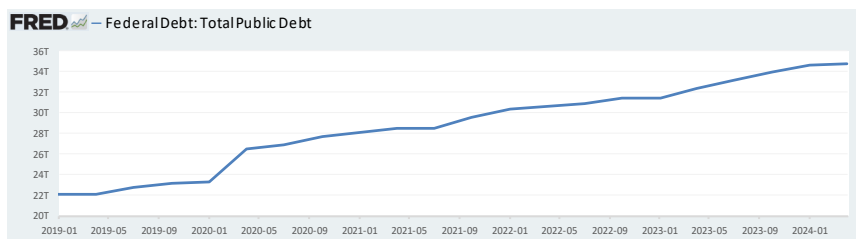
▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$6.889 trillion in the week ended December 20, down \$8.2 billion from the prior week
- Treasury holdings totaled \$4.313 trillion, down \$2.9 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.25 trillion in the week, down \$0.1 billion from the prior week



▪ Total Public Debt

- Total public debt outstanding was \$36.17 trillion as of December 20, an increase of 6.7% from the previous year
- Debt held by the public was \$28.87 trillion, and intragovernmental holdings were \$7.30 trillion

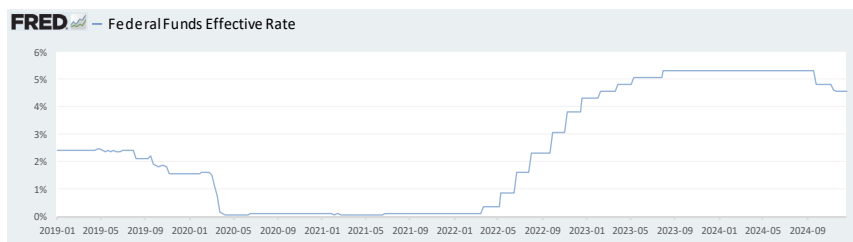


▪ Inflation Factors

- CPI:
 - The consumer-price index rose 2.7% in November year over year
 - On a monthly basis, the CPI increased 0.3% in November on a seasonally adjusted basis, after increasing 0.2% in October
 - The index for all items less food and energy (core CPI) rose 0.3% in November, after rising 0.3% in October
 - Core CPI increased 3.3% for the 12 months ending November
- Food & Beverages:
 - The food at home index increased 1.6% in November from the same month a year earlier, and increased 0.5% in November month over month
 - The food away from home index increased 3.6% in November from the same month a year earlier, and increased 0.3% in November month over month
- Commodities:
 - The energy commodities index increased 0.5% in November after decreasing (1.0%) in October
 - The energy commodities index fell (8.5%) over the last 12 months
 - The energy services index (0.5%) in November after decreasing (0.4%) in October
 - The energy services index rose 2.8% over the last 12 months
 - The gasoline index fell (8.1%) over the last 12 months
 - The fuel oil index fell (19.5%) over the last 12 months
 - The index for electricity rose 3.1% over the last 12 months
 - The index for natural gas rose 1.8% over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index increased to \$3,803.26 per 40ft container
 - Drewry's composite World Container Index has increased by 129.0% over the last 12 months
- Housing Market:
 - The shelter index increased 0.3% in November after increasing 0.4% in October
 - The rent index increased 0.3% in November after increasing 0.4% in October
 - The index for lodging away from home decreased (1.0%) in November after decreasing (3.4%) in October

▪ Federal Funds Rate

- The effective Federal Funds Rate is at 4.33%, down (1.00%) year to date



World News

▪ Middle East

- Israeli President Benjamin Netanyahu and Defense Minister Israel Katz said they would indefinitely hold the 155-square-mile Syrian territory seized by Israeli troops. The buffer zone, with the high peak of Mount Hermon, provides a commanding view of strategically sensitive territory deeper inside Syria
- The U.N., along with countries including France, Saudi Arabia, Kuwait, Egypt, and Jordan, condemned Israel's move into the Syrian buffer zone, arguing the action violated the 1974 agreement between Syria and Israel. Israel argued that the agreement was void when Syrian soldiers abandoned the buffer zone as the Assad regime collapsed
- Israeli leadership stated their intention to keep longer-term security control over the Gaza Strip. Depending on the post-war political circumstances, control of the Gaza Strip may come with obligations to the two million civilian population, such as schooling, garbage collection, and other public services
- Senior US officials stated that Turkey and its militia allies are building up forces along the Syrian border, signaling that Turkey is preparing an invasion of American-backed Syrian Kurds. US-backed cease-fire talks between the two forces dissolved without an agreement

▪ Europe

- German Chancellor Olaf Scholz lost a confidence vote, which will lead to early elections in 2025. Scholz called for the vote of confidence fully expecting to lose, after Scholz's coalition government collapsed last month. The coalition government had included free-market liberals, social democrats, and Greens, but it was ultimately unable to agree on economic policy
- Ukraine claims to have killed Russian Lieutenant General Igor Kirillov by detonating a scooter in Moscow. Igor Kirillov was the head of the Russian Armed Forces' Radiological, Chemical and Biological Defense Troops. Russia has condemned the attack as an act of terror
- A car drove through a crowded Christmas market in Germany, killing 5 and wounding more than 200 people. The suspect is a Saudi exile and anti-Islam activist. Authorities are still not fully sure of the motive but believe it may be tied to dissatisfaction with Germany's treatment of Saudi refugees

▪ China

- US authorities are investigating whether TP-Link, a Chinese home-internet router manufacturer, is tied to cyberattacks and thus poses a national security threat. TP-Link has the most popular router on Amazon and services internet communication for the Defense Department and other federal government agencies
- According to a new report released by the Pentagon, China's crackdown on corruption within the People's Liberation Army could delay its modernization efforts, ultimately diminishing its ability to respond to threats. Over the last year and a half, Chinese leader Xi Jinping has removed over a dozen PLA officials and defense-industry executives, slowing development and procurement of advanced weaponry
- Taiwan received its first shipment of US M1A2 Abraham tanks, the most advanced battle tanks in the US arsenal. Taiwan has a backlog of orders for US weapons caused by the pandemic, along with wars in Ukraine and the Middle East, that defense analysts say will likely clear up further during the Trump administration. Beijing has decried these weapons shipments as interference in sovereign affairs

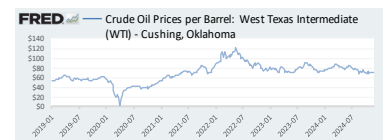
Geopolitical Hotspots

- **Brazil**
 - The Brazilian real has slipped to its lowest level against the dollar since the currency's introduction in 1994. As a result, the government is now considering significant cuts in deficit spending, particularly on the country's pensions and social benefits
- **El Salvador**
 - El Salvador is set to scale back its plan to adopt bitcoin as a national currency in exchange for a \$1.4 billion loan by the International Monetary Fund. The deal struck by the IMF demonstrates a friendlier stance on governments' use of bitcoin
- **Africa**
 - The war in Sudan has escalated with foreign mercenaries, including Colombian fighters, being deployed by the UAE to support the rebel Rapid Support Forces against Sudan's military. The involvement of foreign fighters and weapons has complicated the conflict, with the UAE and Egypt backing opposing sides for strategic control over Sudan's resources
- **U.K.**
 - A Chinese businessman with ties to Prince Andrew has been banned from entering the U.K. after intelligence services alleged he attempted to influence the British royal on behalf of Beijing, posing a national security risk; the businessman, identified as H6, was found to have cultivated a close relationship with Andrew, including being invited to his 2020 birthday party and acting on his behalf for a financial initiative linked to China
- **South Korea**
 - In a chaotic six-hour period, South Korea's President Yoon Suk Yeol declared martial law, citing threats to democracy, only to have it overturned by a National Assembly vote, which lawmakers fought to complete as soldiers attempted to storm the legislature
- **Romania**
 - Romania's Constitutional Court annulled its presidential election following allegations that a Kremlin-backed influence campaign on TikTok elevated pro-Russian candidate Calin Georgescu to a lead position. Using a network of 25,000 TikTok accounts, the campaign amplified Georgescu's anti-NATO, anti-EU messaging, disrupting the electoral process and leading to the cancellation of the second round of voting
- **Spain**
 - The U.S. Federal Maritime Commission is investigating Spain for blocking American-flagged ships, suspected of carrying military cargo to Israel. If confirmed, Spain could face penalties, including restrictions on its ships docking at U.S. ports
- **India**
 - Under Prime Minister Modi's economic strategy, conglomerates like the Adani Group have flourished through close governmental ties, leading to concerns about market concentration and its impact on competition. However, the group's recent scandal involving bribery and securities fraud has sparked global scrutiny

Commodities

Oil Prices

- WTI: \$69.46 per barrel
 - (2.57%) WoW; (3.06%) YTD; (6.41%) YoY
- Brent: \$72.94 per barrel
 - (2.08%) WoW; (5.32%) YTD; (8.48%) YoY



US Production

- U.S. oil production amounted to 13.6 million bpd for the week ended December 13, down 0.1 million bpd from the prior week

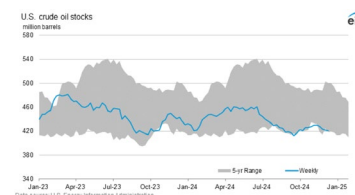
Rig Count

- The total number of oil rigs amounted to 589, down 0 from last week

Inventories

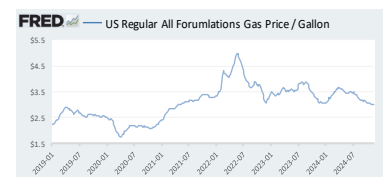
Crude Oil

- Total U.S. crude oil inventories now amount to 421.0 million barrels, down (5.1%) YoY
- Refiners operated at a capacity utilization rate of 91.8% for the week, down from 92.4% in the prior week
- U.S. crude oil imports now amount to 5.984 million barrels per day, down (1.5%) YoY



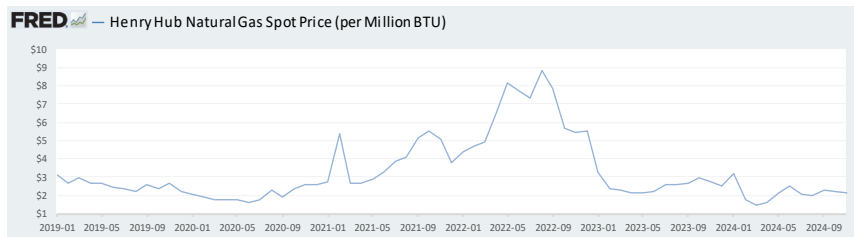
Gasoline

- Retail average regular gasoline prices amounted to \$3.05 per gallon in the week of December 20, down (2.7%) YoY
 - Gasoline prices on the East Coast amounted to \$3.10, down (1.9%) YoY
 - Gasoline prices in the Midwest amounted to \$2.97, up 3.2% YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.66, up 0.9% YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$2.96, up 1.4% YoY
 - Gasoline prices on the West Coast amounted to \$3.92, down (6.3%) YoY
- Motor gasoline inventories were up by 2.3 million barrels from the prior week
- Motor gasoline inventories amounted to 222.0 million barrels, down (2.1%) YoY
- Production of motor gasoline averaged 9.87 million bpd, down (1.7%) YoY
- Demand for motor gasoline amounted to 8.927 million bpd, up 2.0% YoY



- **Distillates**
 - Distillate inventories decreased by -3.2 million in the week of December 20
 - Total distillate inventories amounted to 118.2 million barrels, up 2.7% YoY
 - Distillate production averaged 5.094 million bpd, up 4.5% YoY
 - Demand for distillates averaged 4.498 million bpd in the week, up 17.7% YoY

- **Natural Gas**
 - Natural gas inventories decreased by 125 billion cubic feet last week
 - Total natural gas inventories now amount to 3,622 billion cubic feet, up 1.3% YoY



Credit News

High yield bond yields increased 43bps to 7.48% and spreads increased 19bps to 310bps. Leveraged loan yields increased 27bps to 8.83% and spreads increased 7bps to 474bps. WTD Leveraged loan returns were negative 2bps. WTD high yield bond returns were negative 109bps. 10yr treasury yields increased 25bps to 4.57%. Yields and spreads increased after the Fed implemented a hawkish rate cut on Wednesday. Fed now anticipates only two rate cuts next year. Leveraged Loan experienced its first weekly loss in 20 weeks as outflows resurfaced, following the largest stretch of inflows since early 2022 and as a record month for capital markets tapered off into the holiday season.

High-yield:

Week ended 12/20/2024

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.48%	310	7.05%	291	43	19

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$95.45	\$96.64	-119	-1.09%	-0.87%	7.48%	13.5%

Fund Flows²

Total Flows (\$)
(\$447mm)

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
2	\$0.6bn	\$288.8bn	\$177.5bn	+63%

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

11/30/24	10/31/24	9/30/24
4.04%	4.55%	5.11%

Total HY Defaults

11/30/24	10/31/24	9/30/24
0.34%	0.55%	0.94%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 12/20/2024

▪ **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.83%	474	8.56%	467	27	7

▪ **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.42	\$96.60	-18	-0.02%	0.19%	8.80%	12.9%

▪ **Fund Flows²**

Total Flows (\$)
\$1,014mm

▪ **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
64	\$57.2bn	\$1326.0bn	\$360.4bn	+268%

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

11/30/24	10/31/24	9/30/24
5.28%	4.79%	4.84%

▪ **Total Loan Defaults**

11/30/24	10/31/24	9/30/24
1.54%	1.30%	1.28%

Default activity:

- Most recent defaults include: Hearthside Food Solutions (\$2.6bn, 11/22/24), Spirit Airlines (\$1.1bn, 11/18/24), 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), and Wheel Pros (\$2.8bn, 7/11/24).

CLOs:

Week ended 12/20/2024

▪ **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
29	\$15.1bn	\$4.1bn	\$11.0bn

▪ **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
1021	\$473.5bn	\$194.5bn	\$279.0bn	\$134.8bn	+251%

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:

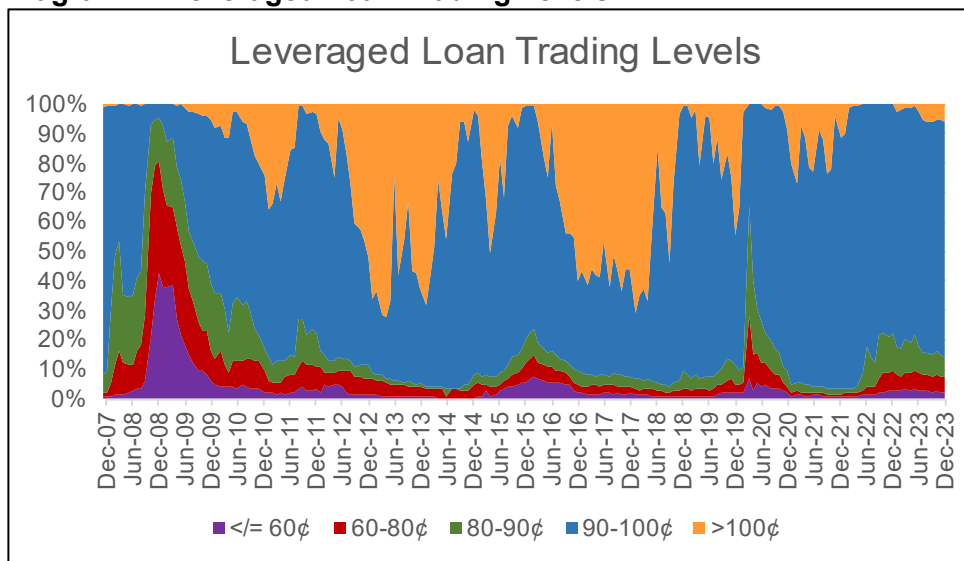
- S&P and Moody's High Yield Ratings

	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
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
Week Ending 11/15/24	13	8	1.6x	11	10	1.1x
Week Ending 11/22/24	14	9	1.6x	7	7	1.0x
Week Ending 11/29/24	8	3	2.7x	16	3	5.3x
Week Ending 12/06/24	2	5	0.4x	13	5	2.6x
Week Ending 12/13/24	4	4	1.0x	6	4	1.5x
Week Ending 12/20/24	17	4	4.3x	4	2	2.0x
YTD 2024	424	312	1.4x	483	371	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	94.3	96.9	91.9	5.0
Leveraged Loans	95.9	96.6	95.1	1.5

[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 12/13/24

[3] HY low price as of 4/18/24. LL low price as of 8/5/24

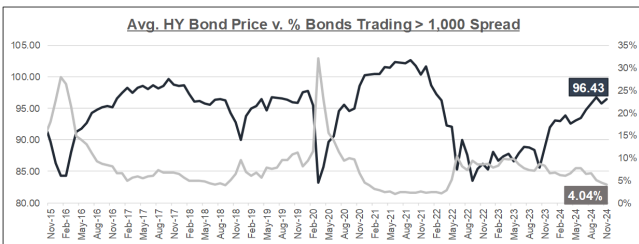
Diagram C: Leveraged Loan and High Yield Returns

	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	(0.02%)	(0.02%)	(1.09%)	(1.28%)
MTD Return	0.19%	0.35%	(0.87%)	(0.87%)
YTD Return	8.80%	8.70%	7.48%	5.92%

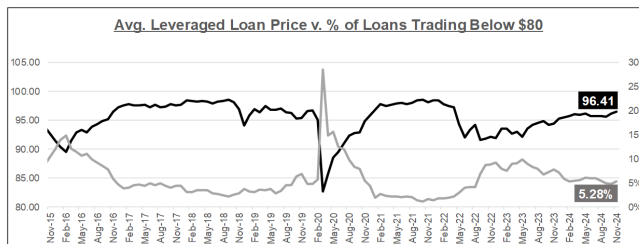
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 12/20/2024

[2] Yield data as of 12/20/2024

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



Source: CSFB. Data is reported monthly.



Source: JPM. Data is reported monthly.

Diagram I: High Yield Upgrades and Downgrades

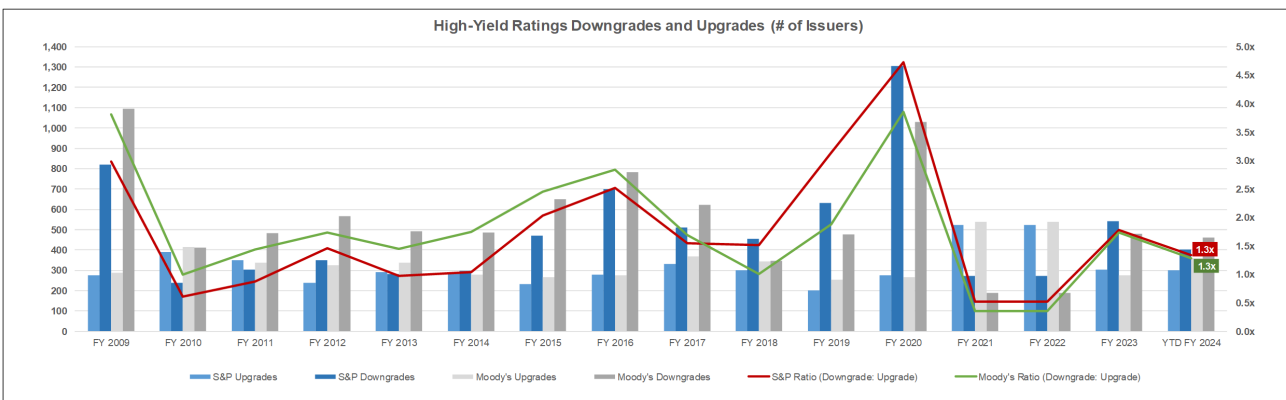
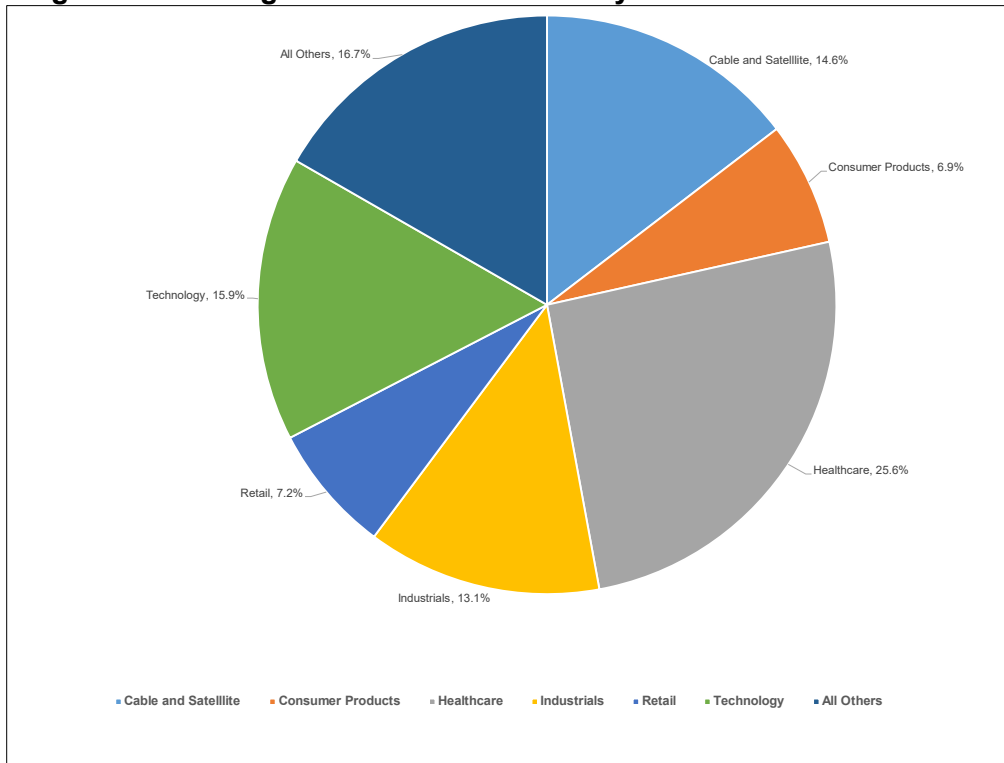


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



Source: JP Morgan Default Monitor.

Diagram L: CLO Economics

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

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

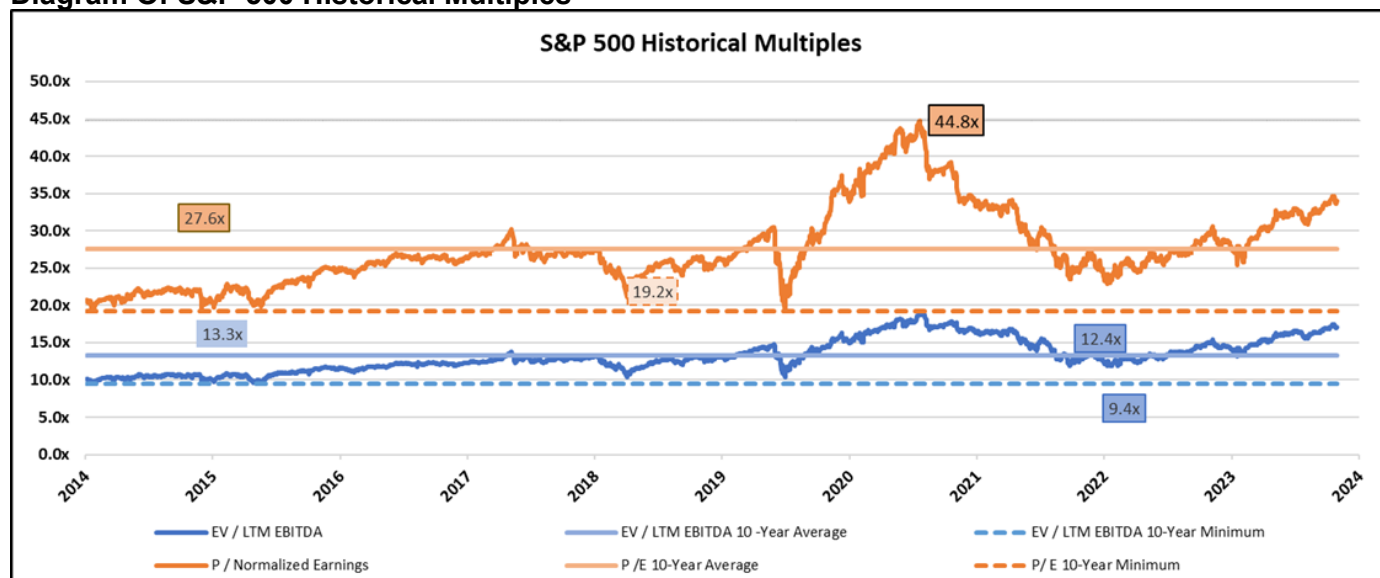
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	11/29/24	12/6/24	12/13/24	12/20/24	Weekly	Change			
						Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.90%	2.88%	3.04%	3.09%	5 bps	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.09%	2.11%	2.26%	2.29%	3 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.28%	3.19%	3.39%	3.45%	6 bps	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	1.05%	1.06%	1.04%	1.06%	2 bps	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	4.24%	4.28%	4.41%	4.52%	11 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	4.15%	4.10%	4.24%	4.29%	5 bps	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	4.05%	4.04%	4.25%	4.36%	11 bps	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	4.17%	4.15%	4.40%	4.51%	11 bps	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.36%	4.34%	4.60%	4.71%	10 bps	(89 bps)	106 bps	27 bps	(24 bps)

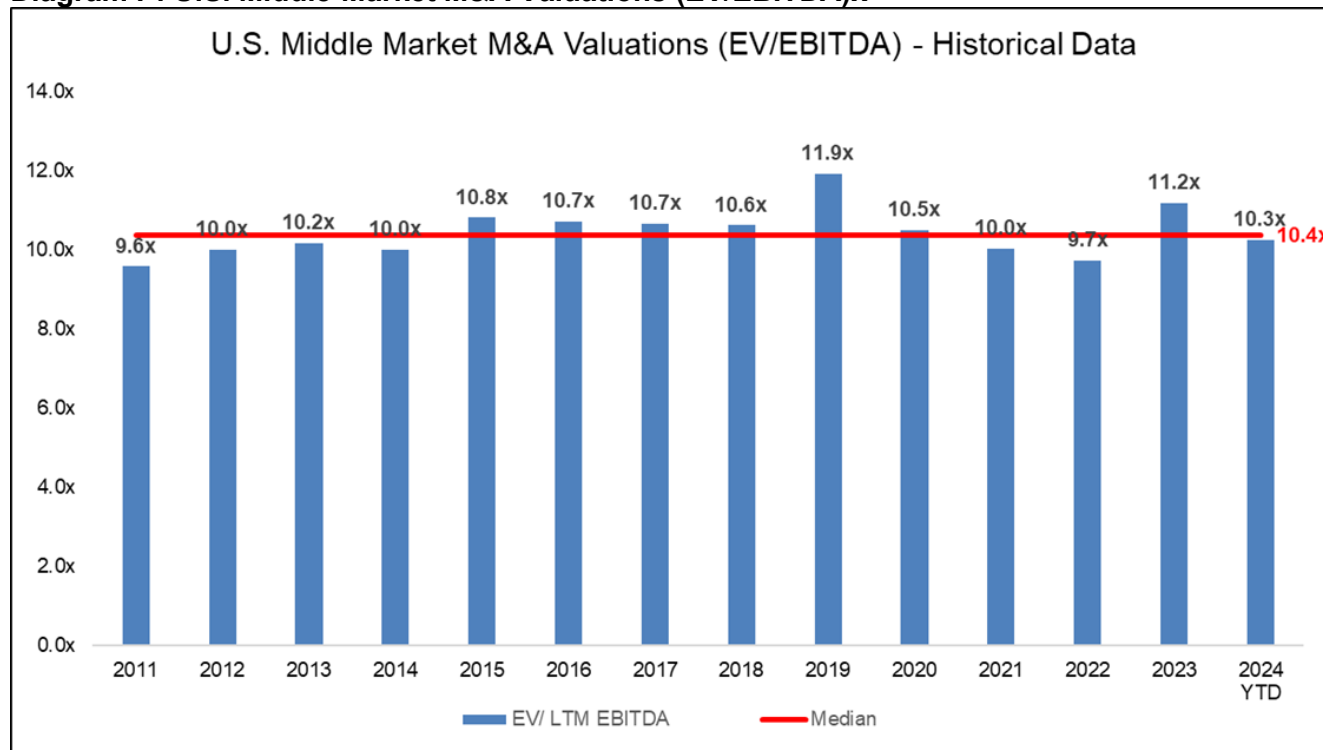
Source: Bloomberg

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)

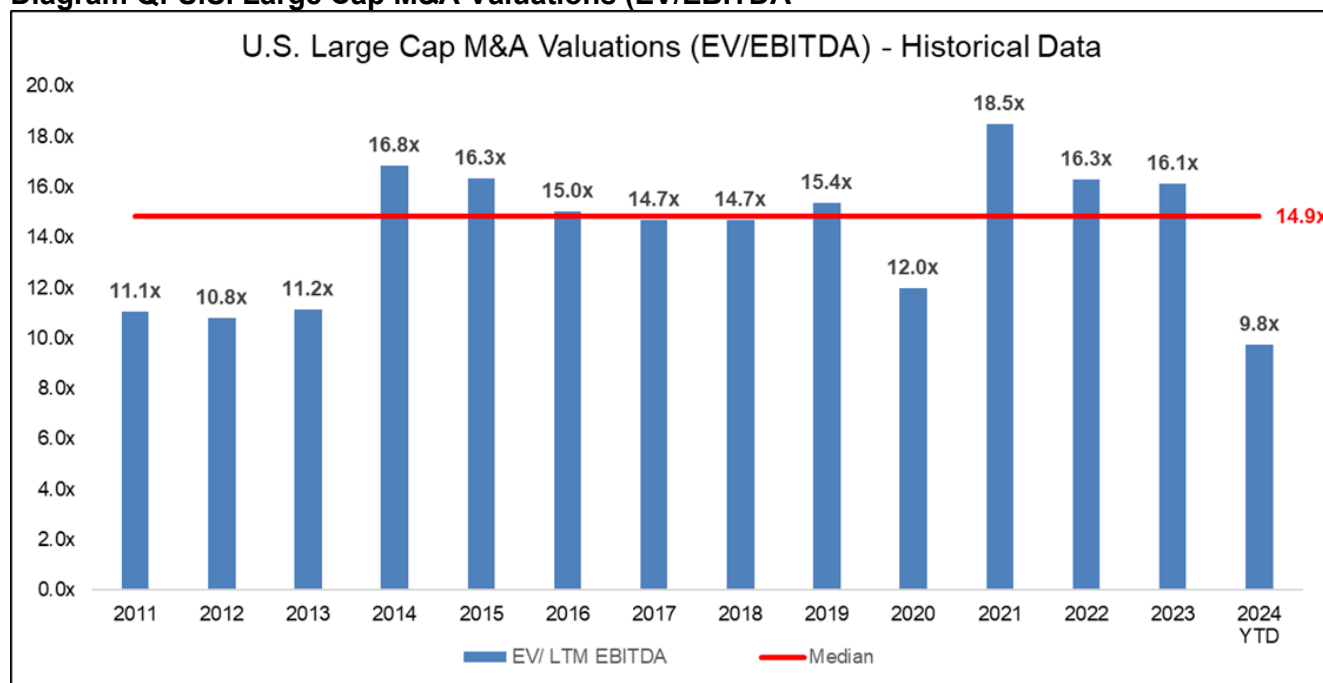
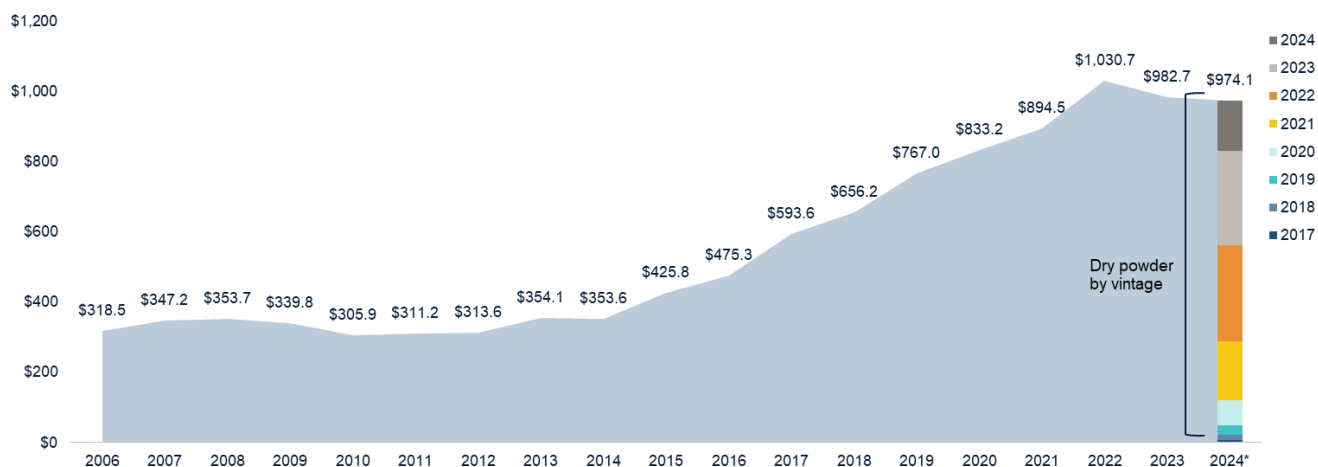
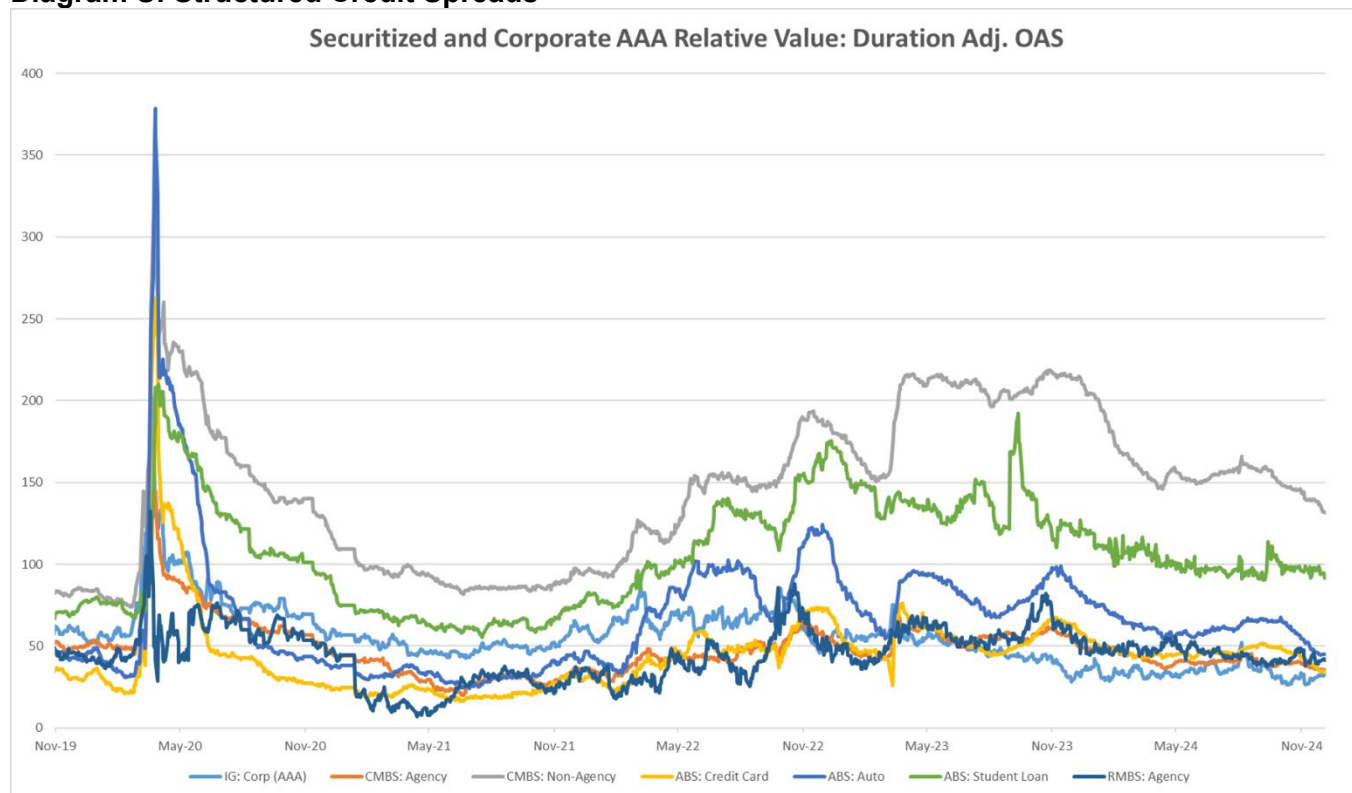


Diagram R: Dry Powder for All Private Equity Buyouts



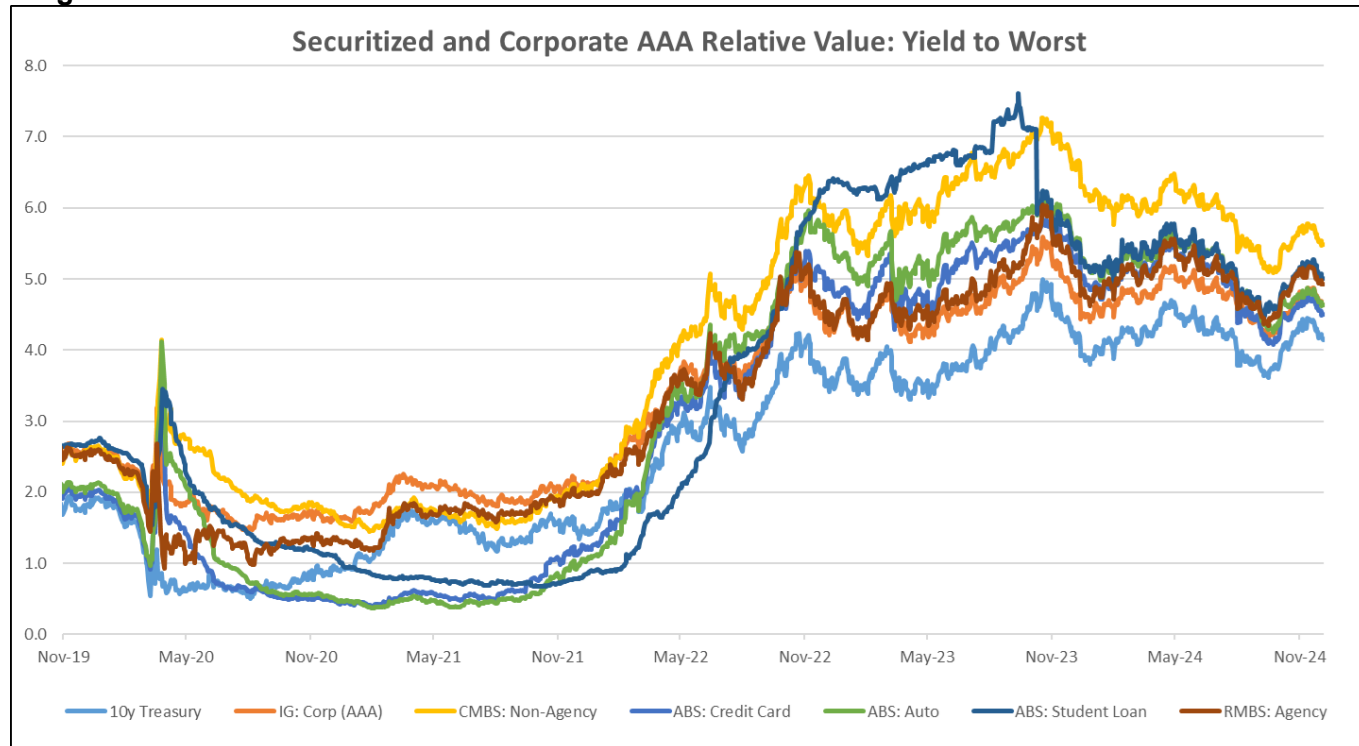
Source: Pitchbook

Diagram S: Structured Credit Spreads



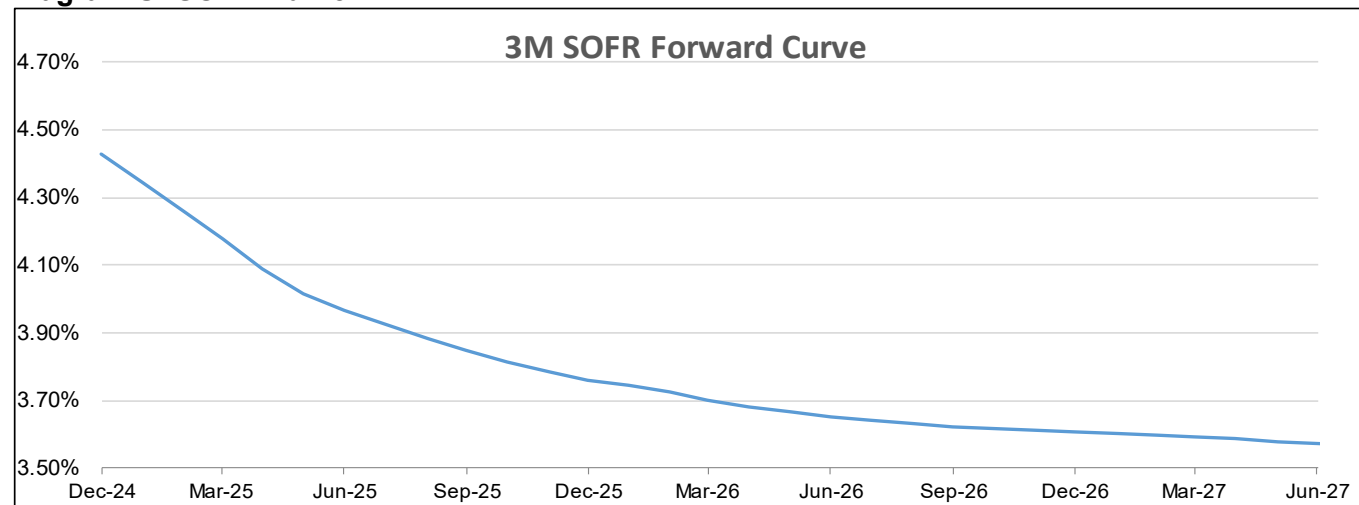
Source: Bloomberg

Diagram T: Structured Credit Yield



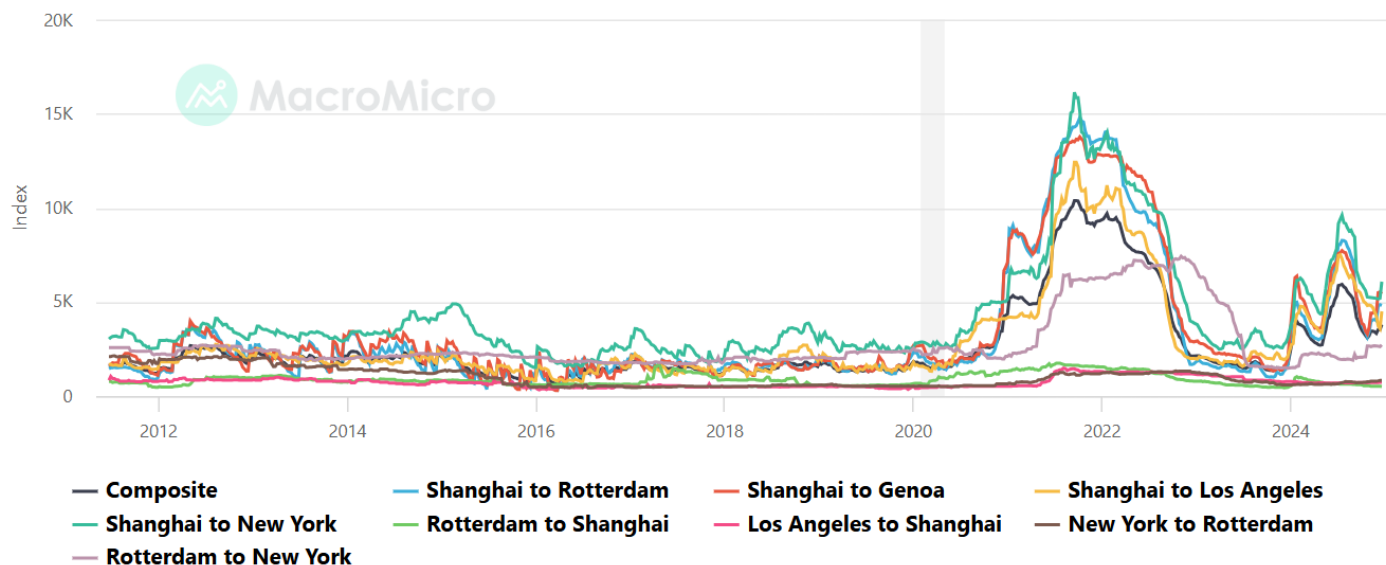
Source: Bloomberg

Diagram U: SOFR Curve

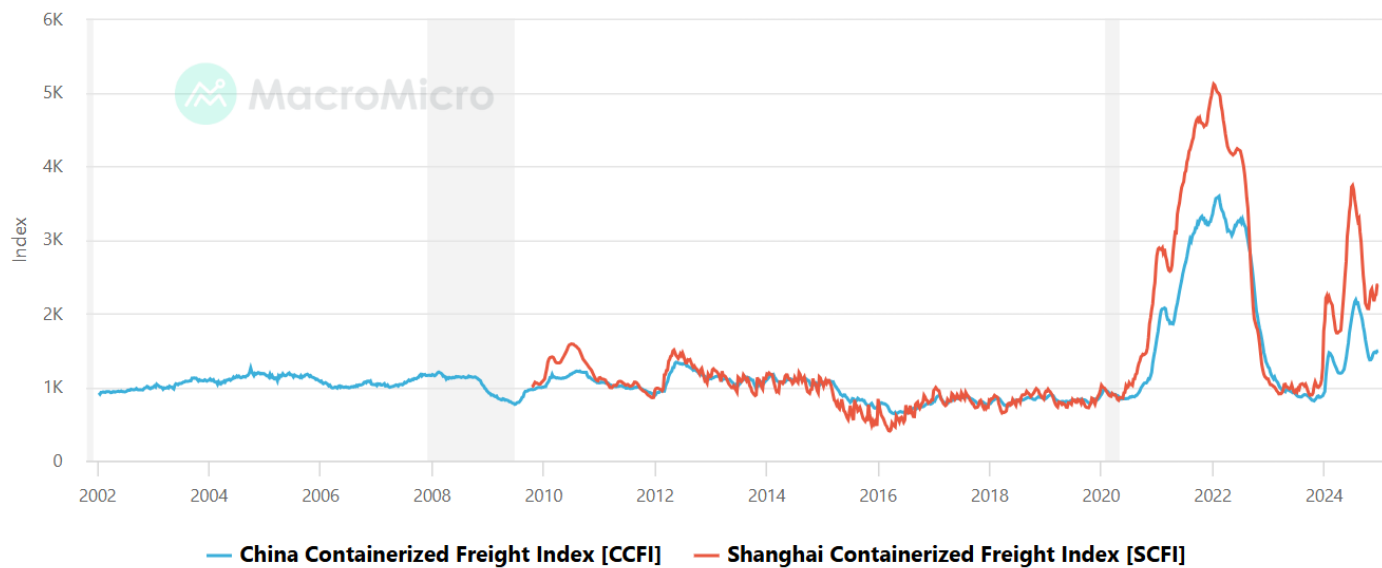


Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Containerized 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	20-Dec	13-Dec	WoW Change	YTD Change	YoY Change
DJIA	42,840.26	43,828.06	(2.25%)	13.67%	25.80%
S&P 500	5,930.85	6,051.09	(1.99%)	24.34%	41.89%
NASDAQ	19,572.60	19,926.72	(1.78%)	30.39%	60.42%
MSCI - EAFE	2,235.78	2,319.05	(3.59%)	(0.02%)	4.78%
MSCI - Emerging Markets	1,072.25	1,107.01	(3.14%)	4.74%	2.55%
US Dollar Index	107.62	107.00	0.58%	6.21%	5.77%
VIX	18.36	13.81	32.95%	47.47%	(1.98%)
US Equities Avg Daily Dollar Volume (\$ in Billions)	182.91	193.43	(5.44%)	(51.22%)	(47.74%)

Market Ratios	20-Dec	13-Dec	WoW Change	YTD Change	YoY Change	
TED Spread	3 Month LIBOR - 3 Month T-Bills	18.00	18.01	(0.06%)	(30.95%)	(7.37%)
Put/Call Ratio	Equities	0.54	0.58	(6.90%)	(16.92%)	10.20%

Commodities Indices (\$ USD)	Metric	20-Dec	13-Dec	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	292.20	293.96	(0.60%)	10.76%	7.57%
Gasoline - Pump	Gallon	3.05	3.02	0.76%	(2.28%)	(12.75%)
Gasoline - Futures	Gallon	1.94	2.00	(3.01%)	(7.66%)	(20.83%)
Crude Oil - WTI	Barrel	69.46	71.29	(2.57%)	(3.06%)	(8.46%)
Crude Oil - Brent	Barrel	72.94	74.49	(2.08%)	(5.32%)	(11.23%)
Natural Gas	MM BTU	3.75	3.28	14.27%	49.09%	52.61%
Coal (1 contract = 1,000 tons)	Contract	188.67	188.67	0.00%	(12.10%)	(4.17%)

Commodities Indices (\$ USD)	Metric	20-Dec	13-Dec	WoW Change	YTD Change	YoY Change
Aluminum	Metric Ton	2,534.50	2,605.00	(2.71%)	6.31%	(3.15%)
Copper	Metric Ton	8,941.00	9,052.50	(1.23%)	4.46%	(1.23%)
Iron Ore	Metric Ton	103.84	105.31	(1.40%)	(23.85%)	(16.22%)
Steel - Hot Rolled Coil	Metric Ton	679.00	675.00	0.59%	(40.18%)	(14.70%)
Steel - Cold Rolled Coil	Metric Ton	910.00	910.00	0.00%	(27.78%)	(6.19%)
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	2,622.91	2,648.23	(0.96%)	27.14%	37.13%
Silver	Troy Ounce	29.52	30.55	(3.38%)	24.06%	25.79%
Cotton	Pound	63.37	65.55	(3.33%)	(17.60%)	(24.04%)
Butter	Pound	2.56	2.47	3.65%	(4.13%)	8.26%
Cheese	Pound	1.76	1.77	(0.17%)	13.16%	14.26%
Cocoa	Pound	5.42	5.13	5.79%	184.89%	98.54%
Corn	Bushel	4.46	4.30	3.78%	(5.31%)	(33.91%)
Milk, Non Fat Dry	Pound	1.39	1.39	0.31%	16.08%	10.52%
Soybean	Bushel	9.75	9.88	(1.39%)	(24.66%)	(36.48%)
Sugar	Pound	0.20	0.21	(5.84%)	(5.20%)	(9.33%)
Wheat	Bushel	5.33	5.27	1.23%	(15.13%)	(29.96%)
Live Cattle	Pound	1.91	1.94	(1.20%)	10.16%	(80.64%)
Lean Hogs	Pound	0.86	0.84	2.63%	26.41%	14.03%
Beef, USDA Ground	Pound	3.16	3.16	(0.17%)	9.02%	19.14%
Chicken, Boneless & Skinless	Pound	3.98	3.97	0.25%	(2.50%)	(7.76%)

Currencies	Metric	Spot Prices	Futures	10-Year Historicals			
		20-Dec	13-Dec	2024	2025	Low	High
Japanese Yen	USD/JPY	156.310	153.850	145.500	152.000	75.820	139.570
Chinese Renminbi	USDCNY	7.295	7.274	7.350	7.200	6.041	7.179
Swiss Franc	USDCHF	0.893	0.893	0.890	0.890	0.721	1.030
British Pound	GBPUSD	1.257	1.262	1.280	1.280	1.130	1.717
Euro Zone Euro	EURUSD	1.043	1.050	1.050	1.060	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		
18-Dec-24	\$ 1,013	\$ (447)		
11-Dec-24	\$ 1,066	\$ (257)		
4-Dec-24	\$ 776	\$ 429		
27-Nov-24	\$ 1,160	\$ (58)		
20-Nov-24	\$ 2,020	\$ 459		
13-Nov-24	\$ 2,150	\$ 2,086		
6-Nov-24	\$ 448	\$ 455		
30-Oct-24	\$ 402	\$ (815)		
23-Oct-24	\$ 528	\$ 34		
Year To Date 2024	\$ (2,348)	\$ 9,821		
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	12/20/2024	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	5,233
Forward Calendar		4	7,437
High Yield	12/20/2024	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	Dec	249K	236K	238K	
Continuing Claims	Dec	1,839K	1,828K	1,821K	
Change in Non-Farm Payrolls	Dec	272K	180K	175K	
Change in Private Payrolls	Dec	229K	165K	167K	
Unemployment Rate	U-3	Dec 4.0%	3.9%	3.9%	
Unemployment Rate	U-6	Dec 6.6%	6.5%	6.7%	
Average Work Week	Dec	34.3	34.7	34.4	
Existing Home Sales	Dec	4.11M	4.10M	4.14M	
Housing Starts	Dec	1,277K	1,370K	1,360K	
S&P/Case-Shiller Composite	YoY	Dec 7.2%	7.0%	7.4%	
S&P/Case-Shiller Composite	MoM	Dec 0.4%	0.3%	0.3%	
Consumer Confidence	Dec	91.3	90.0	88.9	
GDP	QoQ-Annualized	2Q24 1.4%	1.4%	1.3%	
Durable Goods Orders	Dec	0.6%	0.7%	0.7%	
Total Vehicle Sales	Dec	15.32M	15.50M	15.50M	
Capacity Utilization	Dec	79.0%	77.0%	76.8%	
Fed & Treasury Balance Sheet	18-Dec	11-Dec	WoW Change	YoY Change	
Fed Total Assets	\$ in Billions	6,889,332.0	6,897,485.0	(0.1%)	(10.8%)
Public Debt	\$ in Billions	36,167.6	36,132.5	0.1%	6.8%
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	20-Dec	13-Dec	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,052.63	4,054.51	(0.05%)	9.07%	19.75%
Barclays High Yield Index	2,677.98	2,699.98	(0.81%)	8.41%	16.14%
Barclays Aggregate	2,189.39	2,204.65	(0.69%)	1.75%	2.90%

Loan Market Bids	20-Dec	13-Dec	WoW Change	YTD Change
S&P Flow Name Index	98.42	98.48	(0.05%)	0.07%
S&P 100 Name Index	97.98	98.10	(0.12%)	1.13%
S&P BB's Index	100.07	100.22	(0.15%)	0.48%
S&P B's Index	98.48	98.69	(0.21%)	0.55%
S&P CCC's Index	79.79	79.84	(0.06%)	(2.99%)

Loan Market Spreads	20-Dec	13-Dec	WoW Change	YTD Change
S&P BB's Index	L+266	L+267	(1 bps)	170 bps
S&P B's Index	L+388	L+388	(2 bps)	(54 bps)
S&P CCC's Index	L+865	L+865	0 bps	(776 bps)

Credit Default Swap - Volatility Indices	Index	20-Dec	13-Dec	WoW Change	YTD Change
Investment Grade CDS	Market	49.29	47.81	3.10%	(13.06%)
High Yield CDS	Market	306.88	297.17	3.27%	(13.88%)

Credit	20-Dec	13-Dec	WoW Change	YOY Change	
High Yield	Ave Yield	T+480	T+475	5 bps	95 bps
LCD Flow Name	Ave Spread	L+196	L+199	(3 bps)	0 bps
US Treasury 2-Yr		4.32%	4.19%	13 bps	(0 bps)
US Treasury 3-Yr		4.34%	4.16%	18 bps	30 bps
US Treasury 5-Yr		4.43%	4.18%	25 bps	55 bps
US Treasury 7-Yr		4.51%	4.25%	26 bps	60 bps
US Treasury 10-Yr		4.57%	4.33%	24 bps	67 bps

US CLO Spreads - New Issue	20-Dec	13-Dec	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	20-Dec	13-Dec	WoW Change	YTD Change	
Fed Fund Rate		4.56%	4.56%	(24 bps)	(99 bps)
Prime Rate		7.50%	7.75%	(25 bps)	(100 bps)
Broker Call Rat		6.25%	6.50%	(25 bps)	(100 bps)
1M SOFR		4.30%	4.60%	(30 bps)	(108 bps)
3M SOFR		5.03%	5.09%	(6 bps)	(36 bps)
6M SOFR		5.23%	5.26%	(3 bps)	(24 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	11-Dec	4-Dec	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%	0.95%

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%		