

## Briefing

### Global Economic & Credit Market

### Week 52 Ending – December 27, 2024

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### Economic Calendar

- Monday, December 30: Pending Home Sales
- Thursday, January 2: Construction Spending
- Friday, January 3: ISM Manufacturing

### Key Market Metrics

- S&P 500: +0.67% WoW; +25.18% YTD; +24.83% YoY; 16.1x LTM EBITDA; 14.6x NTM EBITDA
- Dow Jones: +0.35% WoW; +14.07% YTD; +14.01% YoY; 11.6x LTM EBITDA; 13.3x NTM EBITDA
- Nasdaq: +0.76% WoW; +31.38% YTD; +30.65% YoY
- Ten Year US Treasury Yield: 4.68% +76 bps YTD; +79 bps YoY
- Currency:
  - British Pound per USD: \$1.26; 0.1% WoW; (1.2%)YTD; (1.2%)YoY
  - Euro per USD: \$1.04; (0.0%) WoW; (5.6%)YTD; (5.7%)YoY
  - USD per Yen: ¥157.87; 1.0% WoW; 12.1% YTD; 11.6% YoY
  - Swiss franc per EUR: 1.06 CHF; (0.9%)WoW; (1.2%)YTD; (0.6%)YoY

### U.S. News

#### Consumer Confidence

- The consumer confidence index dropped 8.1 points in December, down to a three-month low of 104.7 and below the forecasted increase to 113
- The survey was completed before the FOMC December meeting, when the committee stated it plans on cutting interest rates less in 2025 than previously thought
- Nearly 50% of consumers thought that new tariffs proposed by the upcoming Trump administration would increase their cost-of-living next year. Consumers also expected inflation to rise at the slowest pace since 2020



#### New Home Sales

- New home sales rose nearly 6% in November, though demand was still lower than usual due to high mortgage rates, high home prices, and a lack of housing supply
- Sales increased to an annual rate of 664,000 in November, up from 627,000 in October
- According to economists surveyed by the Wall Street Journal, home sales are unlikely to rise much more until builders construct more homes and mortgage rates decrease

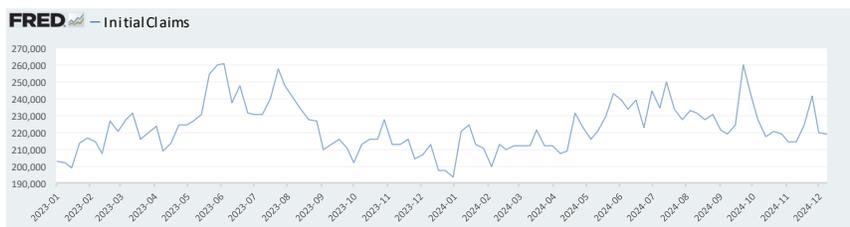
NEW RESIDENTIAL SALES	
NOVEMBER 2024	
New Houses Sold <sup>1</sup> :	664,000
New Houses For Sale <sup>2</sup> :	490,000
Median Sales Price:	\$402,600
Next Release: January 27, 2025	
<sup>1</sup> Seasonally Adjusted Annual Rate (SAAR)	
<sup>2</sup> Seasonally Adjusted	
Source: U.S. Census Bureau, HUD, December 23, 2024	

#### U.S. Trade Deficit

- The trade deficit in goods rose nearly 5% in November, reaching near all-time highs
- Goods imports increased by \$12 billion in November to \$279.2 billion, while goods exports rose \$7.4 billion to \$176.4 billion, which is close to record highs
- Many businesses are ordering more foreign-made goods than usual, ahead of tariffs proposed by President-Elect Donald Trump

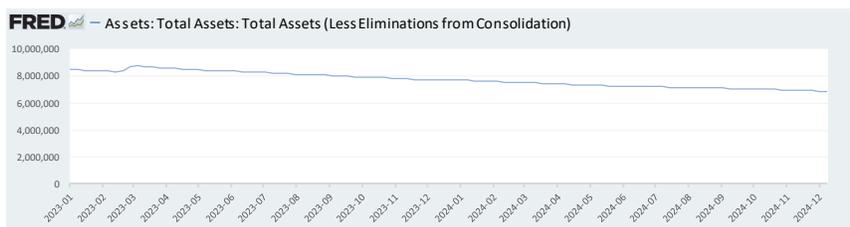
## ▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 219,000 in the week ended December 20, down 1,000 from the prior week
- The four-week moving average was 226,500, up 1,000 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 46,000 to 1.910 million in the week ended December 13. This figure is reported with a one-week lag



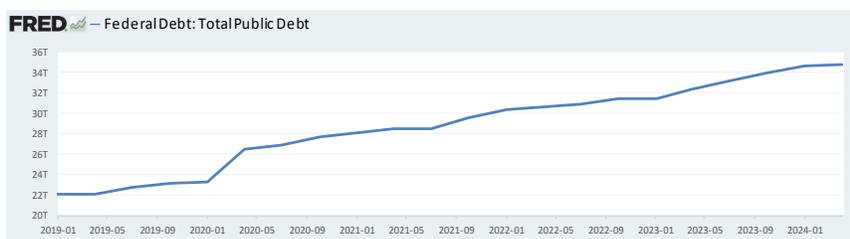
## ▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$6.886 trillion in the week ended December 27, down \$3.4 billion from the prior week
- Treasury holdings totaled \$4.309 trillion, down \$3.9 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.25 trillion in the week, down \$3.0 billion from the prior week



## ▪ Total Public Debt

- Total public debt outstanding was \$36.11 trillion as of December 27, an increase of 6.5% from the previous year
- Debt held by the public was \$28.80 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 decreased 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

- Israel increased the pressure against the Houthis in Yemen on Thursday, launching its first attacks against the capital, the San'a airport, two power stations, and other infrastructure that Israel claims the Houthis use to import Iranian weapons. The escalation came in response to ballistic missile attacks into Tel Aviv
- Fourteen members of the Hayat Tahrir al-Sham (HTS) security force were killed on Wednesday in an ambush orchestrated by Assad loyalists
- Also on Wednesday, protests ignited after video surfaced of HTS troops standing by as a famed Alawite shrine was destroyed. The transitional government claimed that the video is old and that HTS is working to protect religious sites
- Protests have also broken out in some southern Syrian villages against the Israeli military presence. Some villages are refusing to surrender their arms to Israeli forces, saying they would only hand over weapons to the Syrian government. So far, one young man was shot and wounded in Maariyah, and several people were wounded in Sweisa
- Residents of some southern villages claim that the Israeli military is disrupting their mobility and access to essentials, such as food, water, and electricity

### ▪ Europe

- A Dutch court sentenced five men in connection to the clash with Israeli soccer fans. Authorities claimed that the attacks were organized and targeted, as several of those convicted had posted on online forums advocating for violence ahead of the event. Sentences ranged from community service to six months in prison
- Finland detained a Russian oil tanker over suspicion that it had severed undersea power and data cables. The tanker traversed and slowed down over the cables connecting Finland and Estonia around the time they were severed. Finnish Special Forces met no resistance from the crew when they took control of the ship
- Iran detained Cecilia Sala, a prominent Italian journalist, without specifying any charges against her. Authorities are concerned that Iran will hold her as leverage in their dealings with the West, which has become an increasingly common tactic by authoritarian regimes
- Azerbaijan Airlines said that "physical and technical external interference" caused a plane crash that killed 38 people flying to southern Russia. This is the closest that officials have come to confirming that Russia downed the plane with an air-defense system. Putin called Azerbaijan's president to apologize but stopped short of taking responsibility

### ▪ China

- Chinese authorities are advising Chinese students in the U.S. to be back on campus before President-Elect Donald Trump's inauguration on January 20. During his last administration, Donald Trump targeted Chinese student visas, leaving some concerned about being stranded abroad with no way to return to campus
- Fan Weiqiu, who killed 35 people by driving a car into a crowd of people, was sentenced to death on Friday. The verdict concluded an unusually fast judicial proceeding, as the incident occurred the evening of November 11. In the wake of similar attacks across China, Xi Jinping urged officials to maintain social stability and carry out a severe punishment against perpetrators
- Daniel Duggan, a former U.S. marine, will be extradited to the United States from Australia. Duggan was accused by U.S. authorities of training Chinese pilots how to land on aircraft carriers, a skill that China aims to develop among its pilots as it expands its carrier fleet and modernizes its navy

## Geopolitical Hotspots

- **South Korea**
  - South Korea's legislature voted to impeach acting President Han Duck-soo, after he refused to make judicial appointments required to advance the impeachment of his predecessor. This comes just two weeks after the National Assembly impeached President Yoon Suk Yeol
- **Germany**
  - A Christmas market attack in Germany killed five and injured 200 people. The suspect, a 50-year-old Saudi national, was a prominent anti-Islam activist, an outspoken critic of Germany's immigration policy, and a supporter of Germany's nationalist AfD party
- **India**
  - Former Indian Prime Minister Manmohan Singh, an economist who enacted market reforms and helped open India's economy, died at 92
- **Sudan**
  - According to the Famine Review Committee, 638,000 people across five localities in Sudan's Darfur and Kordofan regions are now suffering from famine. 17 additional localities are at risk of famine as military conflict escalates and humanitarian access is limited
- **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
- **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
- **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

## Commodities

### Oil Prices

- WTI: \$70.60 per barrel
  - +1.64% WoW; (1.47%) YTD; (4.74%) YoY
- Brent: \$74.09 per barrel
  - +1.58% WoW; (3.83%) YTD; (6.98%) YoY



### US Production

- U.S. oil production amounted to 13.6 million bpd for the week ended December 20, down 0.0 million bpd from the prior week

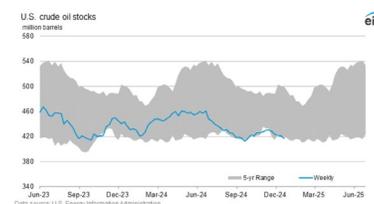
### Rig Count

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

### Inventories

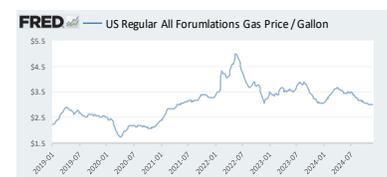
#### Crude Oil

- Total U.S. crude oil inventories now amount to 416.8 million barrels, down (4.5%) YoY
- Refiners operated at a capacity utilization rate of 92.5% for the week, up from 91.8% in the prior week
- U.S. crude oil imports now amount to 6.649 million barrels per day, down 3.1% YoY



#### Gasoline

- Retail average regular gasoline prices amounted to \$3.03 per gallon in the week of December 27, down (2.8%) YoY
  - Gasoline prices on the East Coast amounted to \$3.06, down (5.3%) YoY
  - Gasoline prices in the Midwest amounted to \$3.02, up 2.8% YoY
  - Gasoline prices on the Gulf Coast amounted to \$2.75, down (1.1%) YoY
  - Gasoline prices in the Rocky Mountain region amounted to \$3.01, up 1.3% YoY
  - Gasoline prices on the West Coast amounted to \$3.91, down (6.5%) YoY
- Motor gasoline inventories were up by 1.6 million barrels from the prior week
- Motor gasoline inventories amounted to 223.7 million barrels, down (1.1%) YoY
- Production of motor gasoline averaged 9.92 million bpd, down (1.1%) YoY
- Demand for motor gasoline amounted to 9.008 million bpd, down (1.7%) YoY

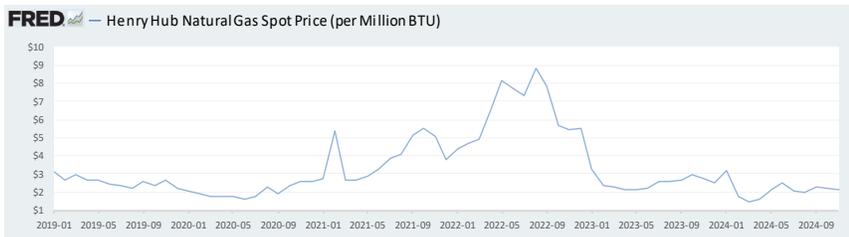


○ **Distillates**

- Distillate inventories decreased by -1.7 million in the week of December 27
- Total distillate inventories amounted to 116.5 million barrels, up 0.6% YoY
- Distillate production averaged 5.272 million bpd, up 3.0% YoY
- Demand for distillates averaged 4.253 million bpd in the week, up 6.9% YoY

○ **Natural Gas**

- Natural gas inventories decreased by 93 billion cubic feet last week
- Total natural gas inventories now amount to 3,529 billion cubic feet, up 1.1% YoY



## Credit News

High yield bond yields decreased 7bps to 7.41% and spreads decreased 8bps to 302bps. Leveraged loan yields increased 3bps to 8.86% and spreads increased 1bps to 475bps. WTD Leveraged loan returns were positive 15bps. WTD high yield bond returns were positive 31bps. 10yr treasury yields increased 4bps to 4.63%.

### High-yield:

Week ended 12/27/2024

#### Yields & Spreads<sup>1</sup>

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.41%	302	7.48%	310	(7)	(8)

#### Pricing & Returns<sup>1</sup>

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$95.58	\$95.45	13	0.31%	-0.56%	7.81%	13.5%

#### Fund Flows<sup>2</sup>

Total Flows (\$)
(\$1,900mm)

#### New Issue<sup>2</sup>

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
0	\$0.0bn	\$288.8bn	\$177.5bn	+63%

#### Distressed Level (trading in excess of 1,000 bps)<sup>2</sup>

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%

<sup>1</sup> Source: Credit Suisse High Yield and Leveraged Loan Index

<sup>2</sup> Source: JP Morgan

**Leveraged loans:**

Week ended 12/27/2024

▪ **Yields & Spreads<sup>1</sup>**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.86%	475	8.83%	474	3	1

▪ **Leveraged Loan Index<sup>1</sup>**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.38	\$96.42	-4	0.15%	0.34%	8.96%	12.9%

▪ **Fund Flows<sup>2</sup>**

Total Flows (\$)
(\$260mm)

▪ **New Issue<sup>2</sup>**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
0	\$0.0bn	\$1327.0bn	\$360.4bn	+268%

▪ **Distressed Level (loan price below \$80)<sup>1</sup>**

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 12/27/2024

▪ **New U.S. CLO Issuance<sup>2</sup>**

# Priced	Total (\$)	New Issue	Refis/Resets
25	\$12.5bn	\$3.2bn	\$9.3bn

▪ **New U.S. CLO YTD Issuance<sup>2</sup>**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
1046	\$486.0bn	\$197.7bn	\$288.3bn	\$138.9bn	+250%

**Note: High-yield and leveraged loan yields and spreads are swap-adjusted**<sup>1</sup> Source: Credit Suisse High Yield and Leveraged Loan Index<sup>2</sup> Source: JP Morgan

## Ratings activity:

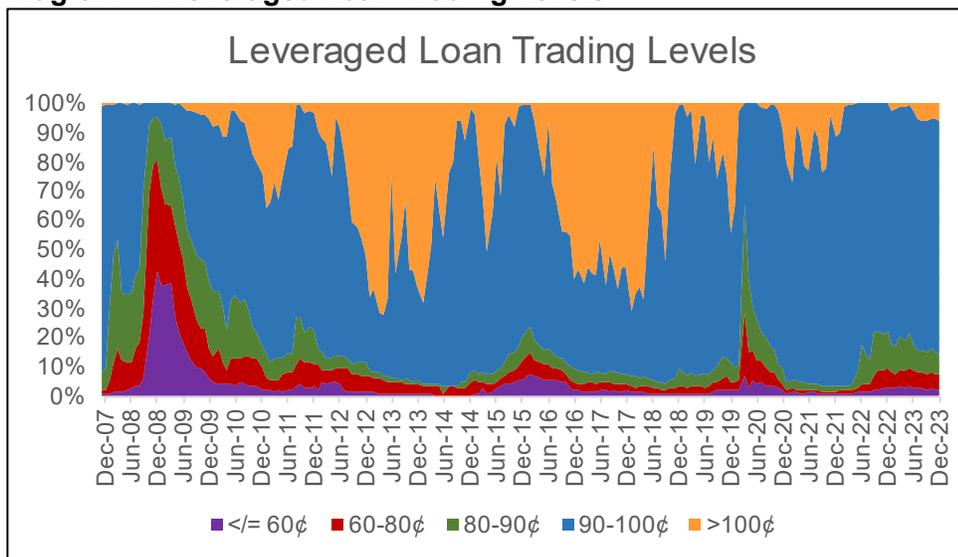
- S&P and Moody's High Yield Ratings

	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
Week Ending 12/27/24	15	8	1.9x	10	0	n/a
YTD 2024	439	320	1.4x	493	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	94.4	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

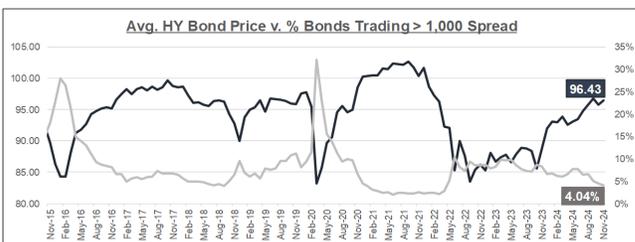
	Leveraged Loan and High Yield Returns			
	Leveraged Loan Indices		High Yield Indices	
	Credit Suisse [1]	S&P/LSTA [2]	Credit Suisse [1]	S&P [2]
Weekly Return	0.15%	0.12%	0.31%	0.07%
MTD Return	0.34%	0.45%	(0.56%)	(0.56%)
YTD Return	8.96%	8.81%	7.81%	5.99%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 12/27/2024

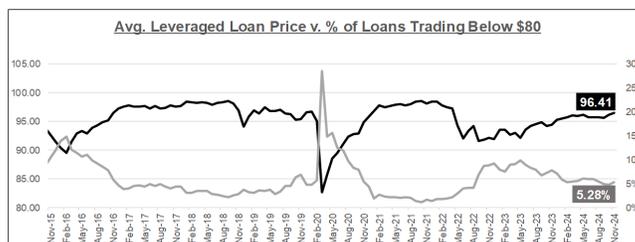
[2] Yield data as of 12/27/2024



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

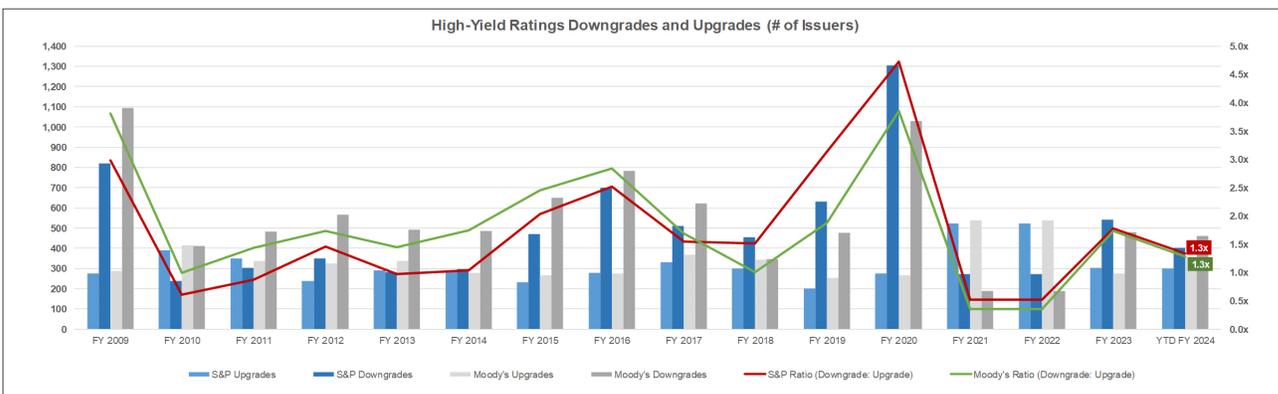


Source: CSFB. Data is reported monthly.

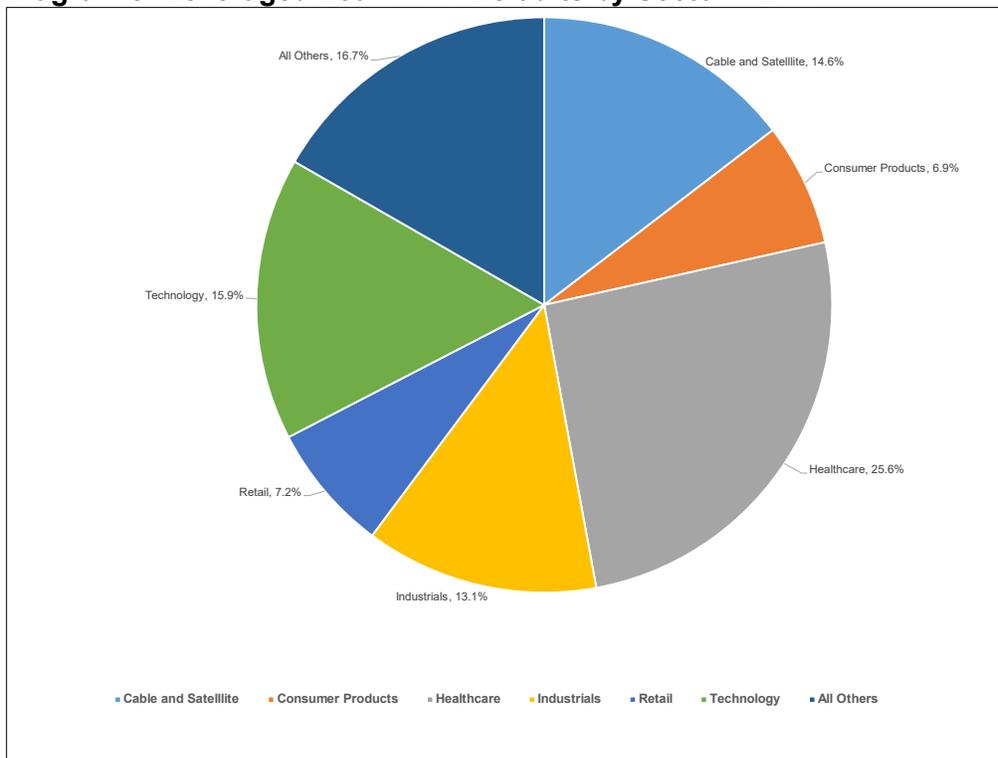


Source: JPM. Data is reported monthly.

**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

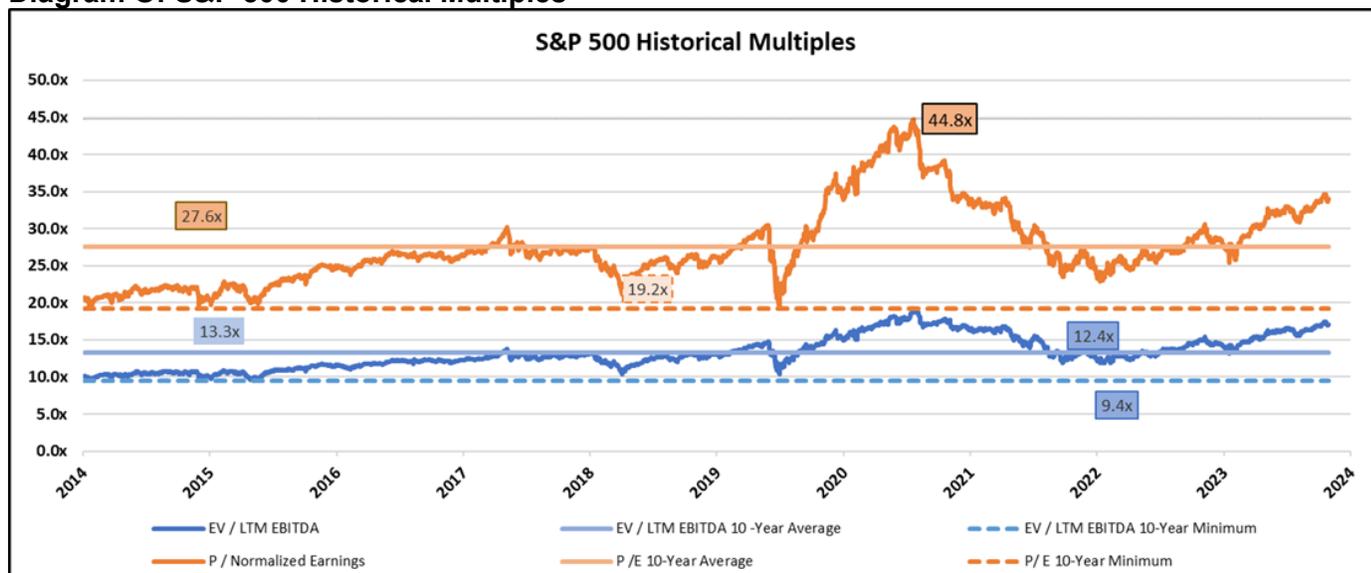
[1] Spread includes OID benefit based on 4 year repayment

**Diagram N: Developed Country GovBond Yields (%)**

By	12/6/24	12/13/24	12/20/24	12/27/24	Weekly	Change			
						Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	2.88%	3.04%	3.08%	3.21%	13 bps	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.11%	2.26%	2.29%	2.40%	11 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.19%	3.39%	3.45%	3.54%	10 bps	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	1.05%	1.07%	1.08%	1.13%	5 bps	(20 bps)	40 bps	(6 bps)	4 bps
UK - 10 year	4.28%	4.41%	4.51%	4.63%	12 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	4.12%	4.25%	4.34%	4.33%	(1 bps)	(73 bps)	11 bps	116 bps	(57 bps)
US - 5 year	4.07%	4.26%	4.43%	4.46%	3 bps	(81 bps)	48 bps	88 bps	(47 bps)
US - 10 year	4.20%	4.40%	4.59%	4.63%	4 bps	(80 bps)	80 bps	62 bps	(37 bps)
US - 30 year	4.39%	4.60%	4.77%	4.82%	4 bps	(79 bps)	93 bps	36 bps	(23 bps)

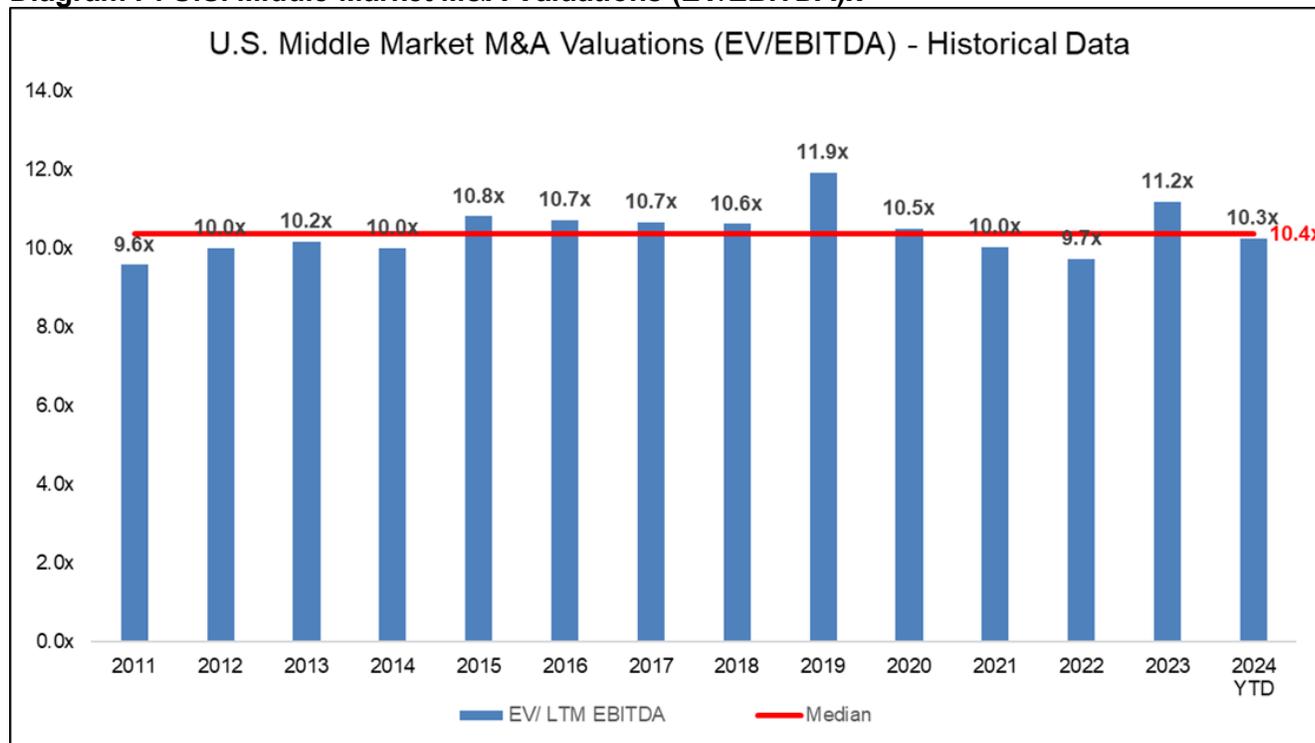
Source: Bloomberg

**Diagram O: S&P 500 Historical Multiples**



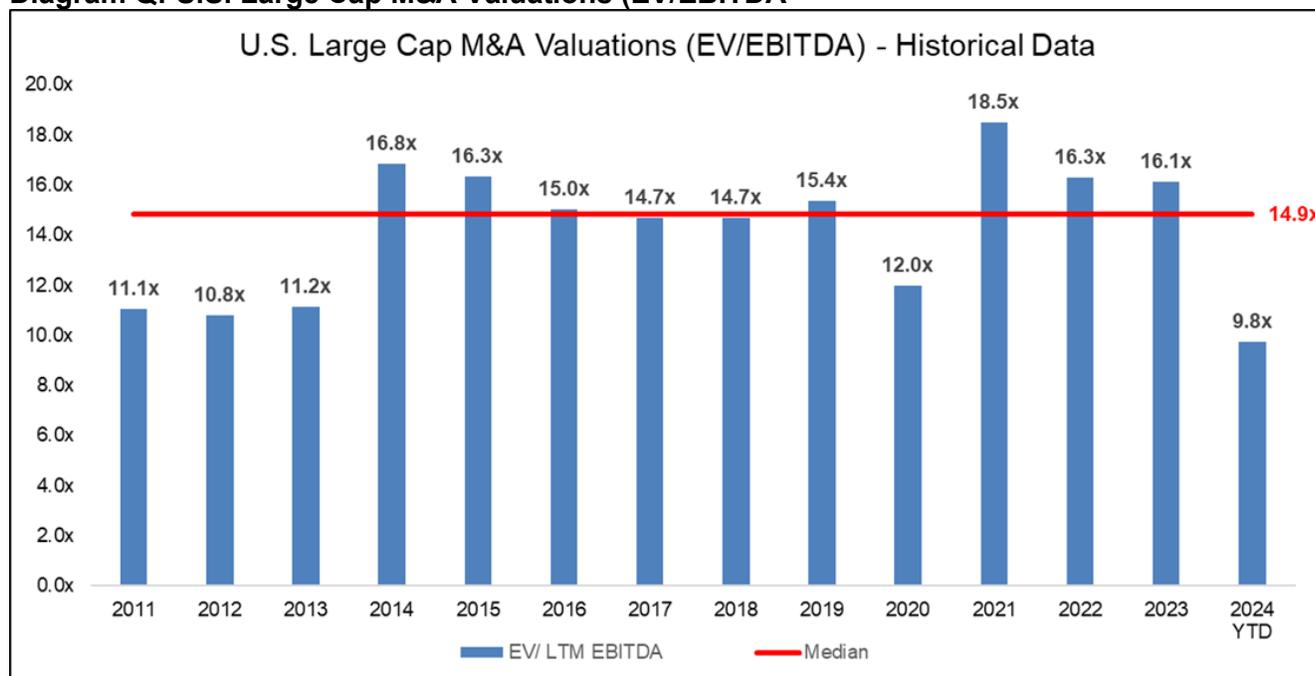
Source: S&P Capital IQ

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

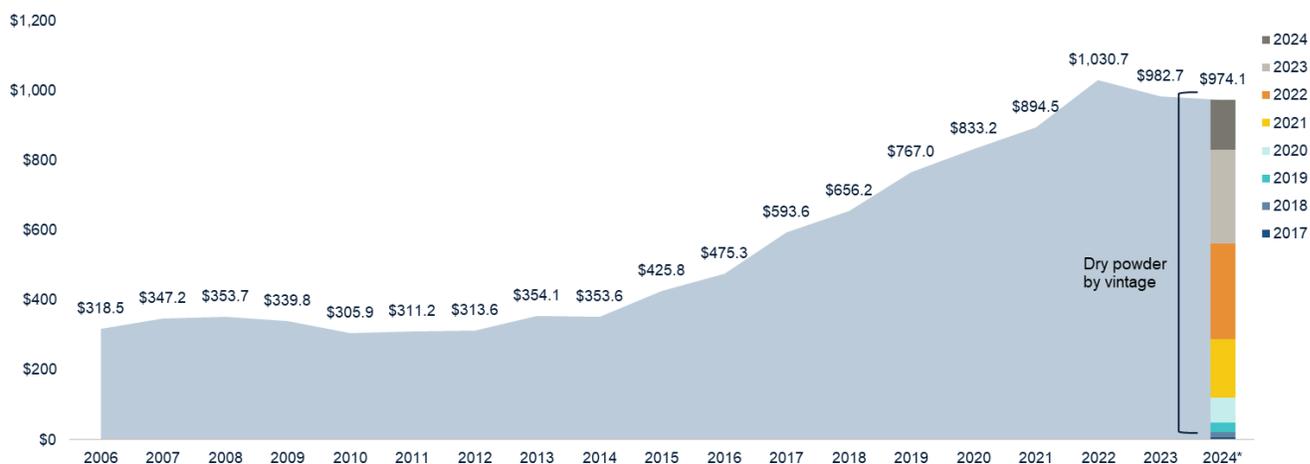


Source: Pitchbook

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

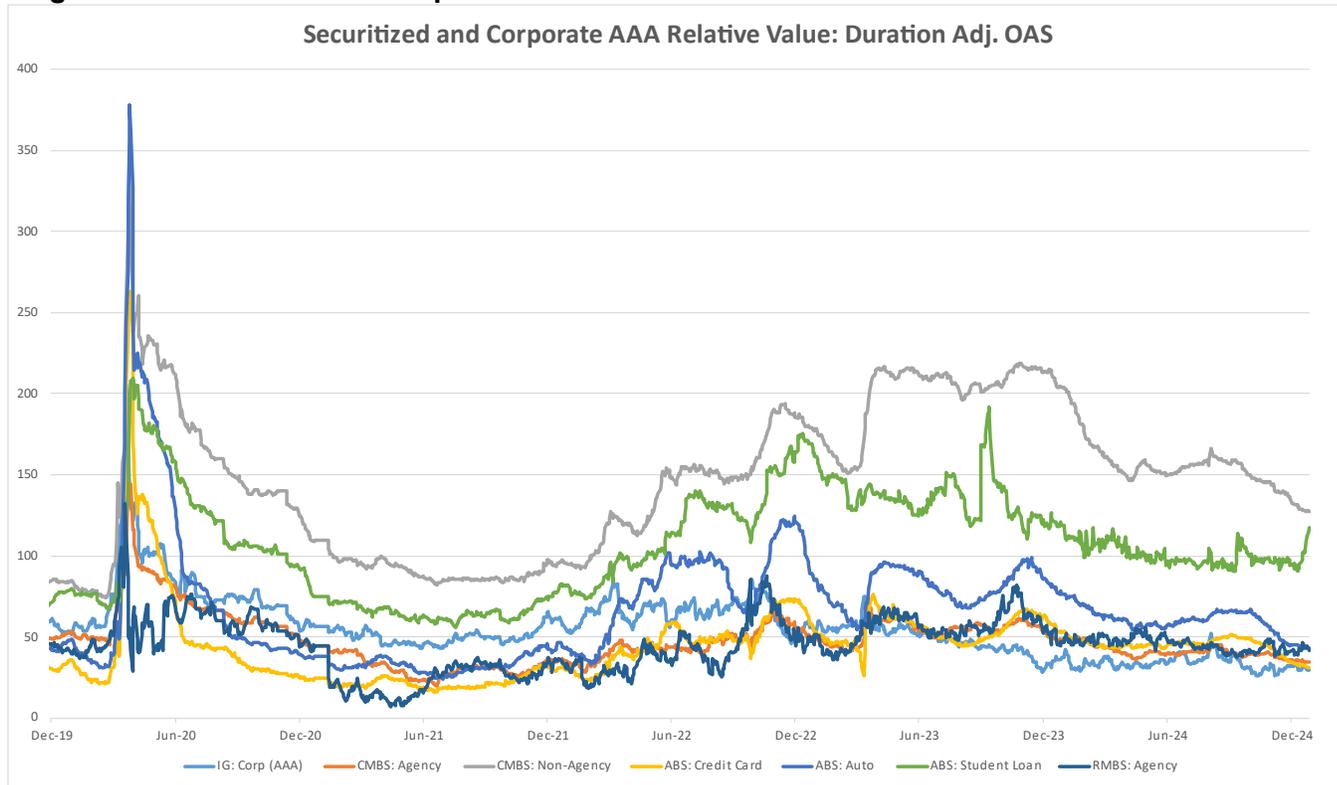


**Diagram R: Dry Powder for All Private Equity Buyouts**



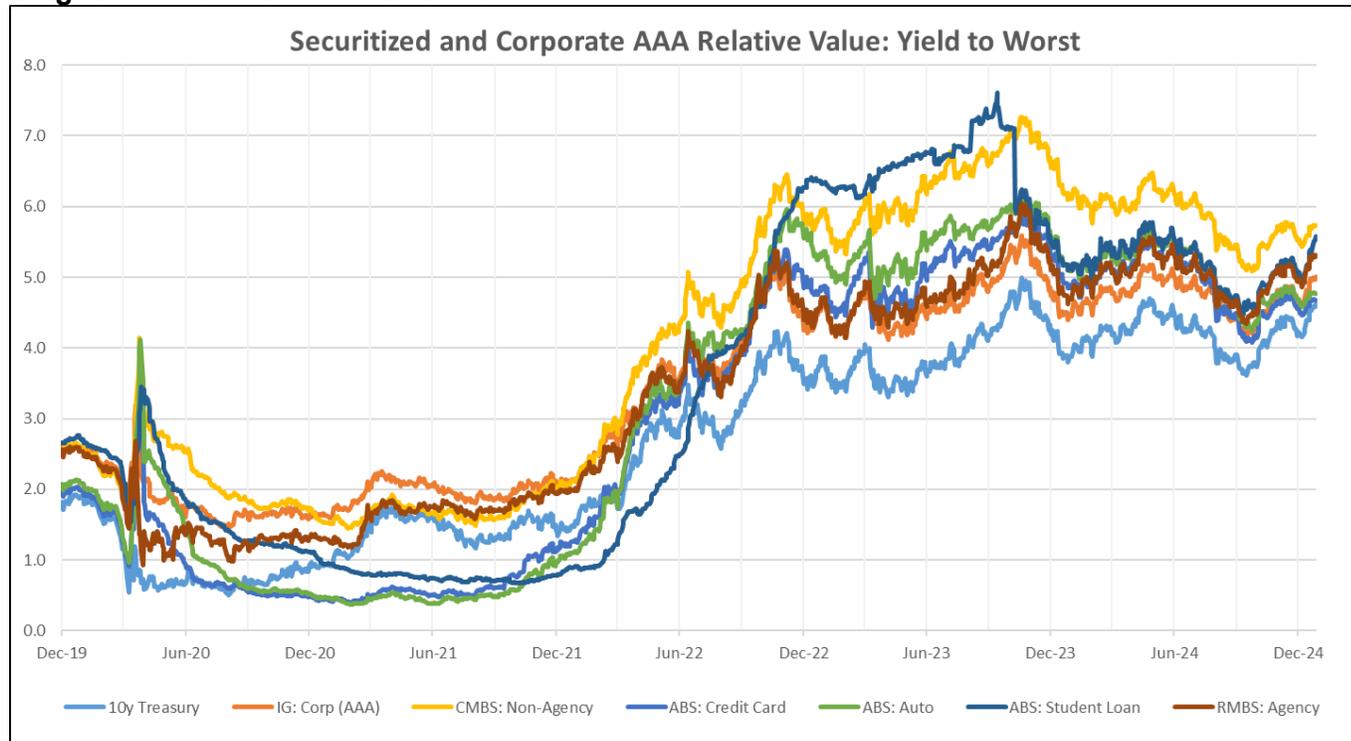
Source: Pitchbook

**Diagram S: Structured Credit Spreads**



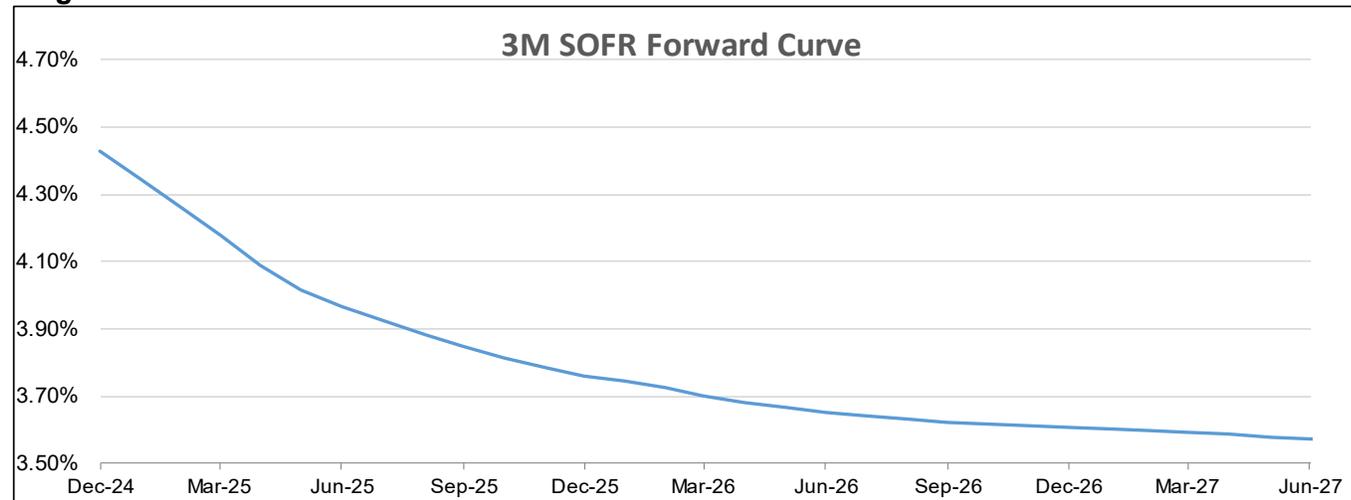
Source: Bloomberg

Diagram T: Structured Credit Yield



Source: Bloomberg

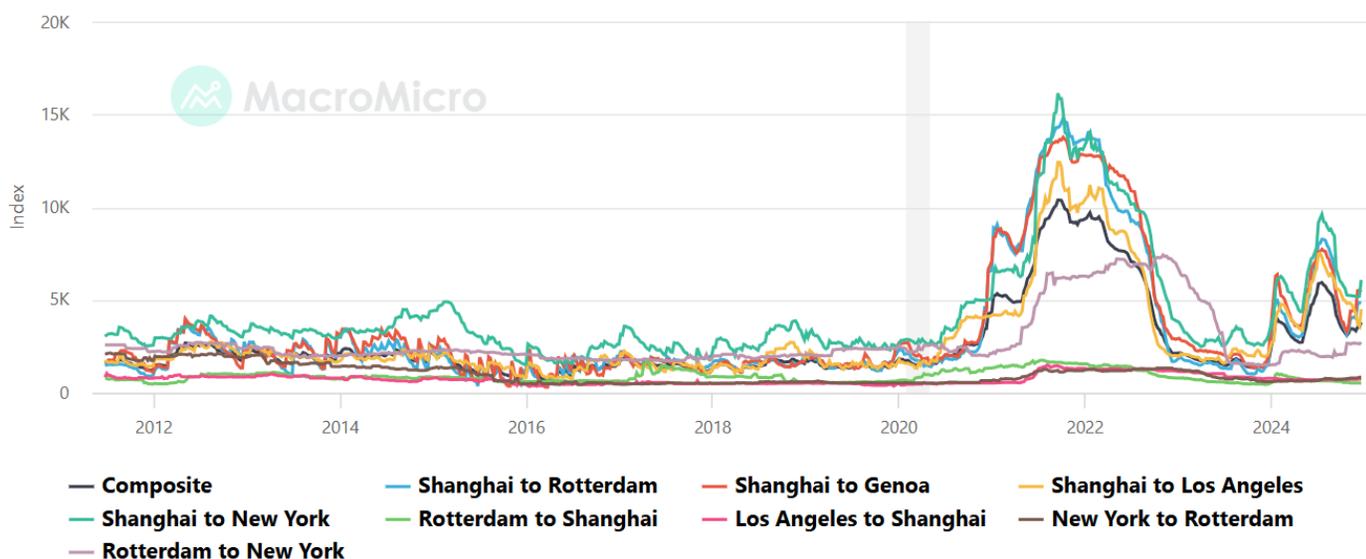
Diagram U: SOFR Curve



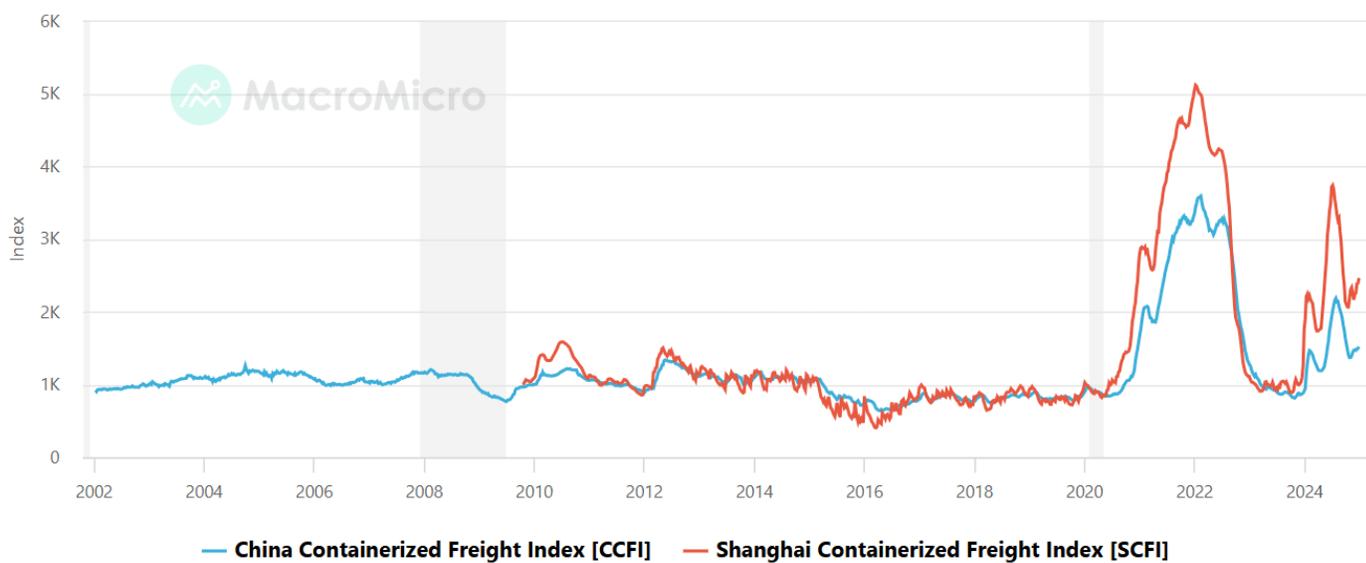


## Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Containerized Freight Index



## Real Estate

Getting used to 6% to 7% mortgage rates

The real estate industry has now given up on trying to outwait those mortgage rates and is exhorting sellers and buyers to get used to “a new normal of mortgage rates between 6% and 7%,” as the NAR put it today

These 6% to 7% mortgage rates are of course the old normal mortgage rates that prevailed in the decades before the money-printing era of 2008 through 2021, and they’re unlikely to go back to the pandemic range

Fannie Mae, the largest Government Sponsored Enterprise that buys and guarantees mortgages, came out earlier this month, encouraging mortgage investors, the real estate industry, home sellers, and home buyers to get used to these 6% to 7% mortgage rates:

“It is unlikely we will again see the low mortgage rates we had during the COVID-19 pandemic,” Fannie Mae wrote in a blog post, adding that “current mortgage rates and Fannie Mae’s forecast for 2025 rates are well in line with rates over the past several decades. Since 1990, the 30-year fixed-rate mortgage has averaged 6%.”

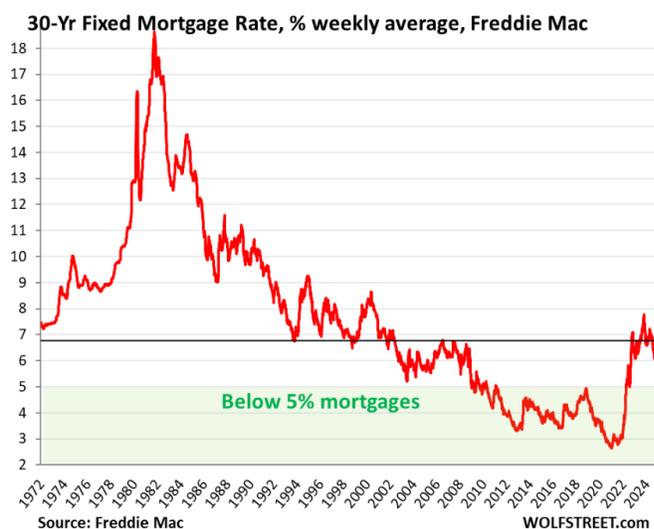
The average 30-year fixed mortgage rate rose to 7.14% today, according to the daily measure by Mortgage News Daily

Freddie Mac’s weekly measure of the average 30-year fixed mortgage rate rose to 6.72% today

Mortgage rates track the 10-year but at a higher level, with a spread between them that varies. And the 10-year yield has jumped by nearly 20 basis points to 4.58% since the Fed’s rate cut yesterday

Mortgage rates have been above 6% since mid-2022. The market might as well get used to this mortgage rates and deal with them – and lower prices, after the ridiculous spike, will bring up the volume

Before the 2008-2021 money printing era, 5% mortgages had been essentially unheard of:



## 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](http://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](http://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](http://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](http://www.olyfintech.com).

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PERFORMANCE

Market Indices	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change
DJIA	42,992.21	42,840.26	0.35%	14.07%	26.25%
S&P 500	5,970.84	5,930.85	0.67%	25.18%	42.85%
NASDAQ	19,722.03	19,572.60	0.76%	31.38%	61.65%
MSCI - EAFE	2,275.20	2,235.79	1.76%	1.75%	6.63%
MSCI - Emerging Markets	1,082.87	1,072.25	0.99%	5.78%	3.57%
US Dollar Index	108.00	107.62	0.35%	6.58%	6.14%
VIX	15.95	18.36	(13.13%)	28.11%	(14.84%)
US Equities Avg Daily Dollar Volume (\$ in Billions)	172.39	182.91	(5.75%)	(54.03%)	(50.75%)

Market Ratios	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change
TED Spread	18.00	18.01	(0.06%)	(30.95%)	(7.37%)
Put/Call Ratio	0.67	0.54	24.07%	3.08%	36.73%

Commodities Indices (\$ USD)	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change	
Core Commodity Index	291.52	292.20	(0.23%)	10.50%	7.32%	
Gasoline - Pump	Gallon	3.03	3.05	(0.66%)	(2.92%)	(13.32%)
Gasoline - Futures	Gallon	1.96	1.94	0.85%	(6.87%)	(20.15%)
Crude Oil - WTI	Barrel	70.60	69.46	1.64%	(1.47%)	(6.96%)
Crude Oil - Brent	Barrel	74.17	72.94	1.69%	(3.73%)	(9.74%)
Natural Gas	MM BTU	3.51	3.75	(6.24%)	39.78%	43.08%
Coal (1 contract = 1,000 tons)	Contract	188.67	188.67	0.00%	(12.10%)	(4.17%)

Commodities Indices (\$ USD)	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change	
Aluminum	Metric Ton	2,558.00	2,534.50	0.93%	7.30%	(2.25%)
Copper	Metric Ton	8,982.00	8,941.00	0.46%	4.94%	(0.78%)
Iron Ore	Metric Ton	103.90	103.84	0.06%	(23.81%)	(16.18%)
Steel - Hot Rolled Coil	Metric Ton	730.00	718.00	1.67%	(35.68%)	(8.29%)
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	2,621.40	2,622.91	(0.06%)	27.07%	37.05%
Silver	Troy Ounce	29.39	29.52	(0.46%)	23.49%	25.22%

Commodities Indices (\$ USD)	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change	
Cotton	Pound	64.61	63.37	1.96%	(15.99%)	(22.56%)
Butter	Pound	2.58	2.56	0.78%	(3.38%)	9.11%
Cheese	Pound	1.77	1.76	0.17%	13.35%	14.45%
Cocoa	Pound	4.59	5.42	(15.31%)	141.28%	98.54%
Corn	Bushel	4.54	4.46	1.74%	(3.66%)	(32.77%)
Milk, Non Fat Dry	Bushel	1.39	1.39	(0.34%)	15.69%	10.14%
Soybean	Bushel	9.80	9.75	0.56%	(24.24%)	(36.13%)
Sugar	Pound	0.19	0.20	(0.72%)	(5.88%)	(10.57%)
Wheat	Bushel	5.47	5.33	2.53%	(12.98%)	(28.19%)
Live Cattle	Pound	1.94	1.91	1.14%	11.41%	(80.14%)
Lean Hogs	Pound	0.84	0.86	(2.07%)	23.80%	11.68%
Beef, USDA Ground	Pound	3.22	3.16	2.07%	11.28%	21.61%
Chicken, Boneless & Skinless	Pound	3.98	3.97	0.25%	(2.50%)	(7.76%)

Currencies	Metric	27-Dec	20-Dec	2024	2025	10-Year Historicals
Japanese Yen	USD/JPY	157.870	156.310	145.000	152.000	75.320
Chinese Renminbi	USDCNY	7.296	7.295	7.400	7.200	6.041
Swiss Franc	USDCHE	0.902	0.893	0.890	0.890	0.721
British Pound	GBPUSD	1.258	1.257	1.280	1.280	1.130
Euro Zone Euro	EURUSD	1.043	1.043	1.050	1.060	0.986

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, \$ USD in Millions, (Source: LCD News)	Week Ending	Bank Loans	High Yield
	25-Dec-24	\$ (260)	\$ (1,900)
	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)
Year To Date 2024		\$ (2,308)	\$ 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	12/27/2024	Deals	Amt (\$mm)
Launched	Prior Two Weeks	12	5,233
Forward Calendar		4	7,437

High Yield	12/27/2024	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	4.0%	3.9%	3.9%	
Unemployment Rate	U-6	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	7.2%	7.0%	7.4%	
S&P/Case-Shiller Composite	MoM	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	25-Dec	18-Dec	WoW Change	YoY Change	
Fed Total Assets	\$ in Billions	6,885,963.0	6,889,332.0	(0.0%)	(10.7%)
Public Debt	\$ in Billions	#N/A N/A	36,167.6	#VALUE!	#VALUE!

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

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	27-Dec	20-Dec	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,058.81	4,052.63	0.15%	9.23%	19.93%
Barclays High Yield Index	2,680.81	2,677.98	0.11%	8.53%	16.27%
Barclays Aggregate	2,182.18	2,189.39	(0.33%)	1.42%	2.56%

Loan Market Bids	27-Dec	20-Dec	WoW Change	YTD Change
S&P Flow Name Index	98.37	98.42	(0.05%)	0.02%
S&P 100 Name Index	97.96	97.98	(0.02%)	1.11%
S&P BB's Index	100.12	100.07	0.05%	0.53%
S&P B's Index	98.54	98.48	0.06%	0.61%
S&P CCC's Index	79.74	79.79	(0.06%)	(3.05%)

Loan Market Spreads	27-Dec	20-Dec	WoW Change	YTD Change
S&P BB's Index	L+265	L+266	(1 bps)	169 bps
S&P B's Index	L+384	L+386	(2 bps)	(56 bps)
S&P CCC's Index	L+865	L+865	0 bps	(776 bps)

Credit Default Swap - Volatility Indices	Index	27-Dec	20-Dec	WoW Change	YTD Change
Investment Grade CDS	Market	49.26	49.29	(0.07%)	(13.12%)
High Yield CDS	Market	306.09	306.88	(0.26%)	(14.10%)

Credit	27-Dec	20-Dec	WoW Change	YOY Change	
High Yield	Ave Yield	T+485	T+480	5 bps	100 bps
LCD Flow Name	Ave Spread	L+193	L+196	(3 bps)	(3 bps)
US Treasury 2-Yr		4.33%	4.32%	1 bps	1 bps
US Treasury 3-Yr		4.36%	4.34%	1 bps	32 bps
US Treasury 5-Yr		4.43%	4.43%	0 bps	56 bps
US Treasury 7-Yr		4.50%	4.51%	(1 bps)	59 bps
US Treasury 10-Yr		4.58%	4.57%	1 bps	68 bps

US CLO Spreads - New Issue	27-Dec	20-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	27-Dec	20-Dec	WoW Change	YTD Change	
Fed Fund Rate		4.32%	4.32%	0 bps	(99 bps)
Prime Rate		7.50%	7.50%	0 bps	(100 bps)
Broker Call Rate		6.25%	6.25%	0 bps	(100 bps)
1M SOFR		4.53%	4.30%	23 bps	(85 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	31-Oct	30-Sep	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	18-Dec	11-Dec	WoW Change	YTD Change
Net Outright Total Corp Securities	10.98	10.56	3.98%	0.00%

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

Leveraged Finance Primary Volume - \$ USD in Billions

12/27/2024	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:	31-Oct	30-Sep	YE 2023
Default Rate by Total Amount of All Loans Outstanding	1.72%	1.56%	1.96%

Default Rate by Total Number of All Loan Issuers	31-Oct	30-Sep	YTD Change
	1.89%	1.62%	0.98%

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

Government Assistance	31-Oct	30-Sep	YTD Change
SNAP Ika Food Stamps - # of Participants in Millions	37.533	37.762	(9.23%)

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