

## Briefing

### Global Economic & Credit Market

#### Week 49 Ending – December 06, 2024

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### Economic Calendar

- Monday, December 9: Wholesale inventories
- Wednesday, December 11: Consumer price index
- Thursday, December 12: U.S. Producer price index

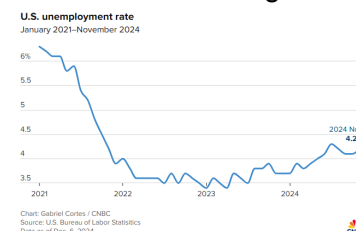
### Key Market Metrics

- S&P 500: +0.96% WoW; +27.68% YTD; +32.81% YoY; 16.1x LTM EBITDA; 14.8x NTM EBITDA
- Dow Jones: (0.60%) WoW; +18.45% YTD; +23.60% YoY; 11.6x LTM EBITDA; 13.8x NTM EBITDA
- Nasdaq: +3.34% WoW; +32.30% YTD; +38.49% YoY
- Ten Year US Treasury Yield: 4.20% +28 bps YTD; (1) bps YoY
- Currency:
  - British Pound per USD: \$1.27; 0.1% WoW; 0.1% YTD; 1.2% YoY
  - Euro per USD: \$1.06; (0.1%) WoW; (4.3%)YTD; (2.1%)YoY
  - USD per Yen: ¥150.00; 0.2% WoW; 6.5% YTD; 4.1% YoY
  - Swiss franc per EUR: 1.08 CHF; 0.4% WoW; 0.0% YTD; 1.7% YoY

### U.S. News

#### U.S. Employment Report

- Total nonfarm payroll employment increased by 227,000 in November, with notable gains in health care, leisure and hospitality, government, and social assistance; retail trade lost 28,000 jobs
- The unemployment rate remained steady at 4.2%, with 7.1 million people unemployed, up from 3.7% a year earlier
- Average hourly earnings for private nonfarm payroll employees rose by 0.4% to \$35.61 in November, marking a 4.0% increase over the past year



#### U.S. Trade Deficit

- The U.S. trade deficit narrowed by 11.9% to \$73.8 billion in October, beating economists' expectations of \$74.8 billion
- Imports fell by 4% to \$339.6 billion, while exports decreased by 1.6% to \$265.7 billion, following record highs in September
- Imports of capital goods, petroleum, and consumer goods fell, while service exports hit a record \$95.1 billion, driven by travel and business services

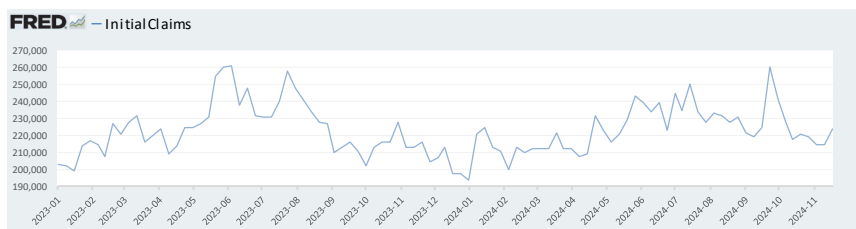


#### Consumer Credit

- Total U.S. consumer credit increased by \$19.2 billion in October, marking the fastest pace since July, compared to a \$3.2 billion gain in September
- Revolving credit, including credit cards, rose at a 13.9% annual rate, the largest gain since February, following a 1.4% increase in September
- Nonrevolving credit, such as auto and student loans, rose by a modest 1.1% in October, reflecting less volatility compared to revolving credit

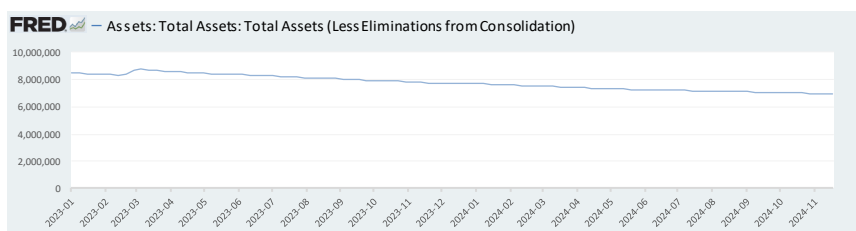
▪ **Jobless Claims**

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 224,000 in the week ended November 29, up 9,000 from the prior week
- The four-week moving average was 218,250, up 750 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – decreased by 25,000 to 1.871 million in the week ended November 22. This figure is reported with a one-week lag



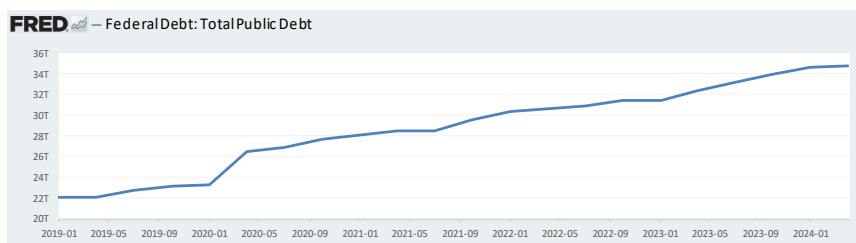
▪ **Fed's Balance Sheet**

- The Federal Reserve's assets totaled \$6.896 trillion in the week ended December 6, down \$9.3 billion from the prior week
- Treasury holdings totaled \$4.320 trillion, down \$3.2 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.25 trillion in the week, down \$16.4 billion from the prior week



▪ **Total Public Debt**

- Total public debt outstanding was \$36.17 trillion as of December 6, an increase of 6.9% from the previous year
- Debt held by the public was \$28.88 trillion, and intragovernmental holdings were \$7.38 trillion

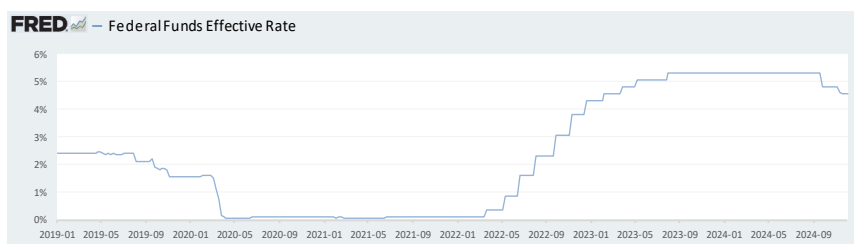


## ▪ Inflation Factors

- CPI:
  - The consumer-price index rose 2.6% in October year over year
  - On a monthly basis, the CPI increased 0.2% in October on a seasonally adjusted basis, after increasing 0.2% in September
  - The index for all items less food and energy (core CPI) rose 0.3% in October, after rising 0.3% in September
  - Core CPI increased 3.3% for the 12 months ending October
- Food & Beverages:
  - The food at home index increased 1.1% in October from the same month a year earlier, and increased 0.1% in October month over month
  - The food away from home index increased 3.8% in October from the same month a year earlier, and increased 0.2% in October month over month
- Commodities:
  - The energy commodities index decreased (1.0%) in October after decreasing (4.0%) in September
  - The energy commodities index fell (12.4%) over the last 12 months
  - The energy services index (0.4%) in October after increasing 0.4% in September
  - The energy services index rose 4.0% over the last 12 months
  - The gasoline index fell (12.2%) over the last 12 months
  - The fuel oil index fell (20.8%) over the last 12 months
  - The index for electricity rose 4.5% 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 \$3,533.04 per 40ft container
  - Drewry's composite World Container Index has increased by 141.8% over the last 12 months
- Housing Market:
  - The shelter index increased 0.4% in October after increasing 0.2% in September
  - The rent index increased 0.4% in October after increasing 0.2% in September
  - The index for lodging away from home decreased (3.4%) in October after decreasing (3.8%) in September

## ▪ Federal Funds Rate

- The effective Federal Funds Rate is at 4.58%, down (0.75%) year to date



## World News

### ▪ Middle East

- Syrian rebel forces, led by Hayat Tahrir al-Sham (HTS), rapidly advanced across Syria, capturing major cities including Aleppo, Hama, Homs, and Damascus, forcing President Bashar al-Assad to flee to an unknown destination
- Assad's regime fell partly due to the weakened support from key allies Russia and Iran, who were distracted by other conflicts, including Russia's war in Ukraine and Iran's struggles with Israeli air and ground campaigns
- Rebel forces, under Abu Mohammed al-Jawlani, a former affiliate of al Qaeda, pledged to protect Syria's diversity, though concerns remain about the extent of this commitment
- International powers, including the U.S., Turkey, Russia, and Iran, are closely monitoring the situation, with fears that the collapse of Assad's regime could create a power vacuum and regional instability

### ▪ Europe

- French Prime Minister Michel Barnier resigned after losing a no-confidence vote in the National Assembly, marking the first government ousting in France since 1962
- President Emmanuel Macron announced plans to appoint a new prime minister to form a "government of general interest" and implement an emergency budget law to prevent a government shutdown, rejecting calls for his resignation
- The European Union and Mercosur (Brazil, Argentina, Paraguay, and Uruguay) reached a preliminary free-trade agreement to lower tariffs, potentially saving EU exporters €4 billion annually and facilitating trade across 30 countries
- The deal faces opposition from EU farmers, especially in France and Poland, over agricultural market concerns, and must still be ratified by the EU's 27 member states

### ▪ China

- After years of low activity, Hong Kong's IPO market has seen a significant rebound in 2024, driven by policy reforms, lower transaction costs, and increased international and Chinese company listings
- In retaliation to U.S. chip sanctions, China imposed export controls on critical raw materials like gallium and germanium and cautioned its companies against buying American processors
- Taiwanese President Lai Ching-te is bolstering ties with Pacific allies, emphasizing shared democratic values and offering economic and technological aid, as Beijing works to isolate Taiwan by courting its remaining diplomatic partners in the region
- President-elect Donald Trump has nominated former Georgia senator David Perdue as U.S. ambassador to China, emphasizing his extensive corporate experience in Asia and his potential to pragmatically navigate U.S.-China relation

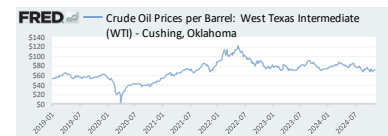
## Geopolitical Hotspots

- **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
- **Argentina**
  - Argentine President Javier Milei seeks U.S. support under President-elect Trump to secure new IMF loans for his aggressive capitalist reforms, including austerity measures to combat inflation and stabilize the economy, while aligning with Trump's political ideology despite diverging on trade and global economic policies
- **Canada**
  - Canada's Liberal government, supported by the New Democratic Party, plans to temporarily remove the 5% goods-and-services tax on select items like home heating and diapers to ease affordability challenges amid public dissatisfaction with rising costs and slow economic growth
- **North Korea**
  - North Korean leader Kim Jong Un dismissed the idea of resuming nuclear talks with President-elect Donald Trump, citing the U.S.'s "unchanging hostile policy" and emphasizing strengthened ties with Russia and expanded nuclear capabilities
- **UK**
  - U.K. inflation rose to 2.3% in October 2024, exceeding the Bank of England's 2% target, driven by energy price increases, with core inflation at 3.3%; policymakers plan gradual rate cuts despite lingering inflationary pressures and economic growth concerns

## Commodities

### Oil Prices

- WTI: \$67.20 per barrel
  - (1.18%) WoW; (6.21%) YTD; (3.14%) YoY
- Brent: \$71.12 per barrel
  - (2.50%) WoW; (7.68%) YTD; (4.28%) YoY



### US Production

- U.S. oil production amounted to 13.5 million bpd for the week ended November 29, up 0.3 million bpd from the prior week

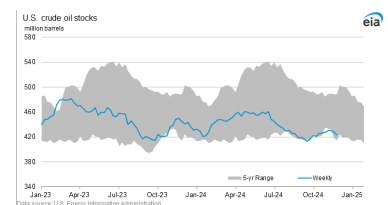
### Rig Count

- The total number of oil rigs amounted to 589, up 7 from last week

### Inventories

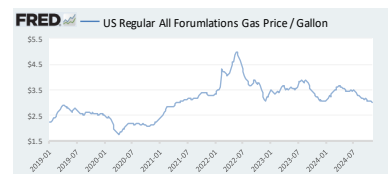
#### Crude Oil

- Total U.S. crude oil inventories now amount to 423.4 million barrels, down (4.9%) YoY
- Refiners operated at a capacity utilization rate of 93.3% for the week, up from 90.5% in the prior week
- U.S. crude oil imports now amount to 6.083 million barrels per day, down (2.9%) YoY

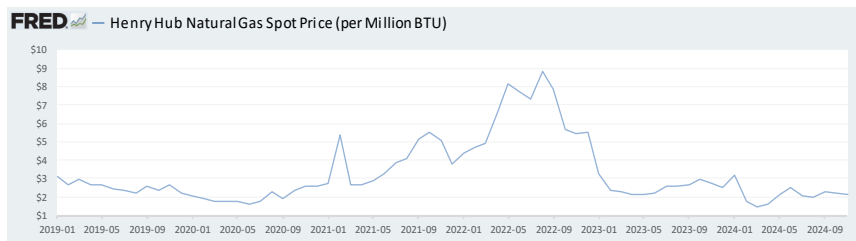


#### Gasoline

- Retail average regular gasoline prices amounted to \$3.02 per gallon in the week of December 6, down (5.2%) YoY
  - Gasoline prices on the East Coast amounted to \$3.10, down (6.5%) YoY
  - Gasoline prices in the Midwest amounted to \$2.98, down (2.7%) YoY
  - Gasoline prices on the Gulf Coast amounted to \$2.68, down (5.3%) YoY
  - Gasoline prices in the Rocky Mountain region amounted to \$2.91, down (7.0%) YoY
  - Gasoline prices on the West Coast amounted to \$4.00, down (8.8%) YoY
- Motor gasoline inventories were up by 2.4 million barrels from the prior week
- Motor gasoline inventories amounted to 214.6 million barrels, down (4.0%) YoY
- Production of motor gasoline averaged 9.50 million bpd, down (0.2%) YoY
- Demand for motor gasoline amounted to 8.738 million bpd, up 3.2% YoY



- **Distillates**
  - Distillate inventories decreased by 3.4 million in the week of December 6
  - Total distillate inventories amounted to 118.1 million barrels, up 5.4% YoY
  - Distillate production averaged 5.315 million bpd, up 4.8% YoY
  - Demand for distillates averaged 3.398 million bpd in the week, down (9.5%) YoY
- **Natural Gas**
  - Natural gas inventories decreased by 30 billion cubic feet last week
  - Total natural gas inventories now amount to 3,937 billion cubic feet, up 5.9% YoY



## Credit News

High yield bond yields decreased 9bps to 7.05% and spreads decreased 4bps to 295bps. Leveraged loan yields decreased 2bps to 8.52% and spreads increased 7bps to 469bps. WTD Leveraged loan returns were positive 17bps. WTD high yield bond returns were positive 46bps. 10yr treasury yields decreased 6bps to 4.18%. High yield bond yields have fallen to their lowest point in eight weeks, influenced by the Fed's statements and economic data, which suggest a 25bps rate cut at the next meeting. Meanwhile, leveraged loan prices have reached their highest level since April 2022, driven by the largest stretch of inflows since February 2022 and a surge in repricing activity at the start of December.

### High-yield:

Week ended 12/06/2024

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

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.05%	295	7.14%	299	(9)	(4)

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

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.74	\$96.34	40	0.46%	0.19%	8.63%	13.5%

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

Total Flows (\$)
\$429mm

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

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
8	\$4.2bn	\$281.5bn	\$172.3bn	+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 12/06/2024

- **Yields & Spreads<sup>1</sup>**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.52%	469	8.54%	462	(2)	7

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

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.53	\$96.43	10	0.17%	-0.02%	8.57%	12.9%

- **Fund Flows<sup>2</sup>**

Total Flows (\$)
\$776mm

- **New Issue<sup>2</sup>**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
40	\$60.5bn	\$1156.0bn	\$335.4bn	+245%

- **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 12/06/2024

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

# Priced	Total (\$)	New Issue	Refis/Resets
16	\$7.0bn	\$2.0bn	\$5.0bn

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

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
979	\$452.8bn	\$189.3bn	\$263.5bn	\$128.1bn	+253%

**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:

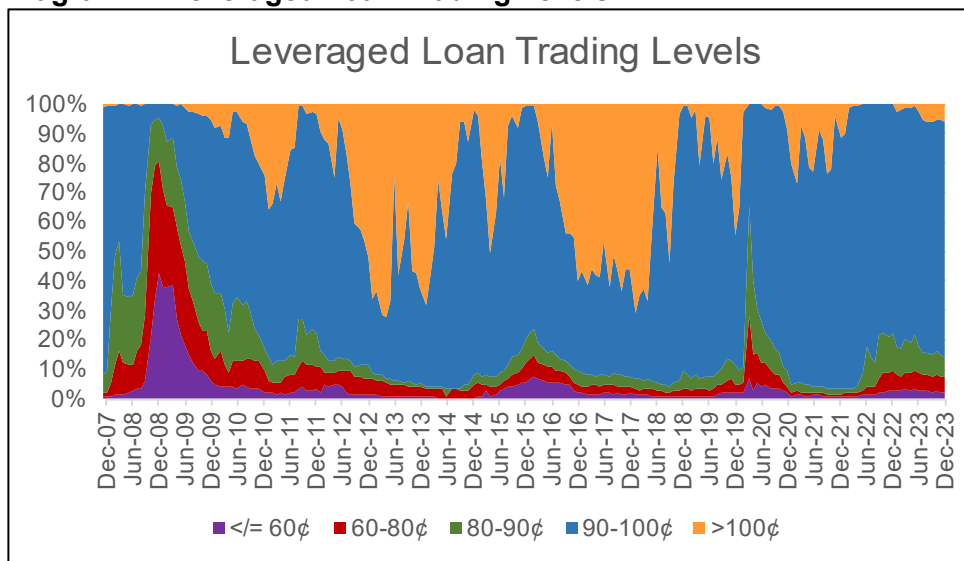
- S&P and Moody's High Yield Ratings

	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
YTD 2024	403	304	1.3x	473	365	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 $\Delta$
High Yield	94.1	96.9	90.0	6.9
Leveraged Loans	95.8	96.5	94.6	1.9

[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 12/5/24

[3] HY low price as of 12/11/23. LL low price as of 12/7/23

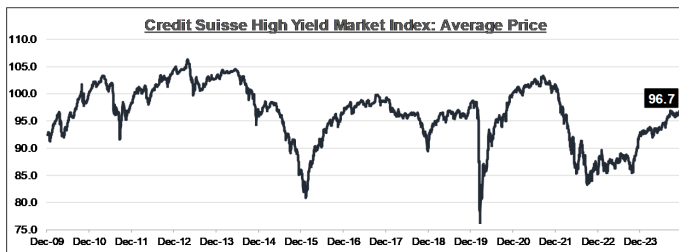
Diagram C: Leveraged Loan and High Yield Returns

	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	0.17%	0.14%	0.46%	0.41%
MTD Return	(0.02%)	0.11%	0.19%	0.19%
YTD Return	8.57%	8.44%	8.63%	7.58%

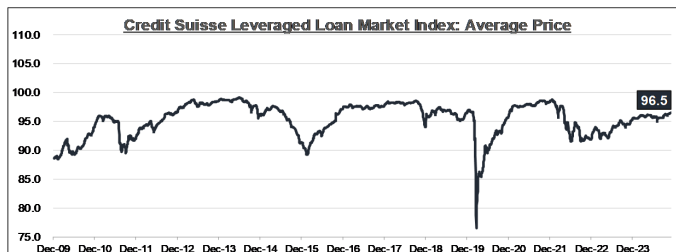
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 12/06/2024

[2] Yield data as of 12/06/2024

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

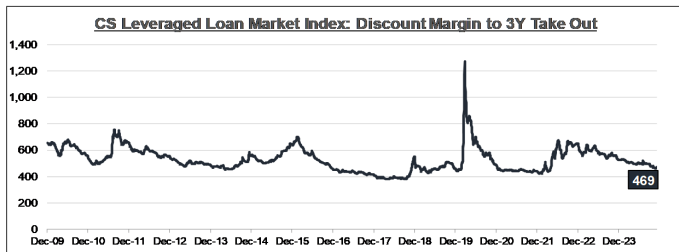


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.

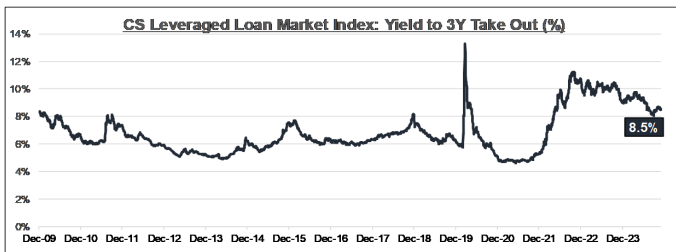


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

### Diagram E: Leveraged Loans Spreads & Yields

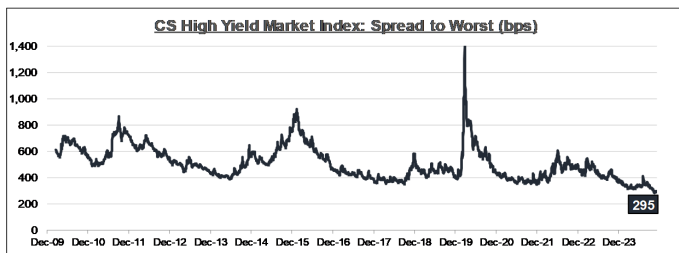


Source: CSFB Leveraged Loan Index Discount Margin to 3Y take-out, expressed in basis points. Data is reported daily.

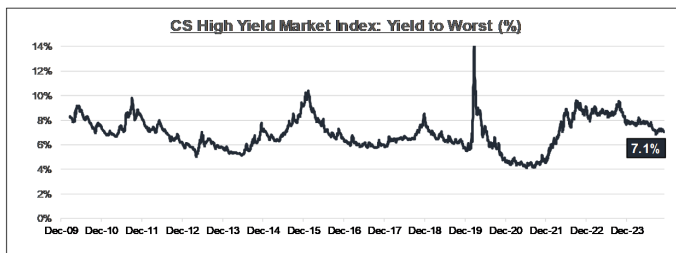


Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

### Diagram F: High Yield Bonds Spreads & Yields

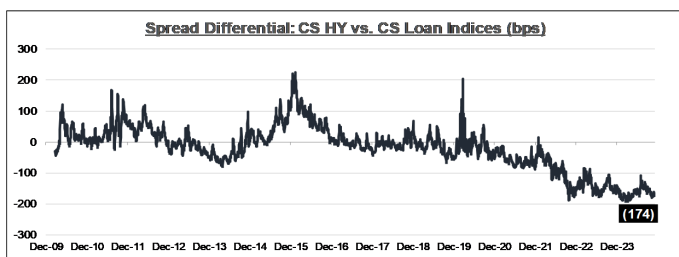


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



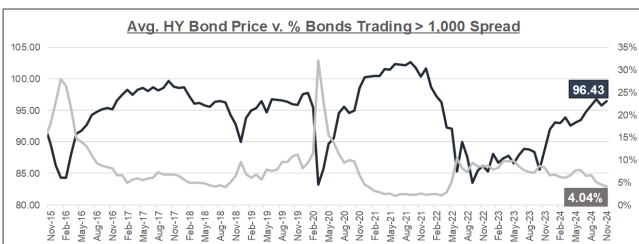
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

### Diagram G: Spread between High Yield Bonds and Leveraged Loans

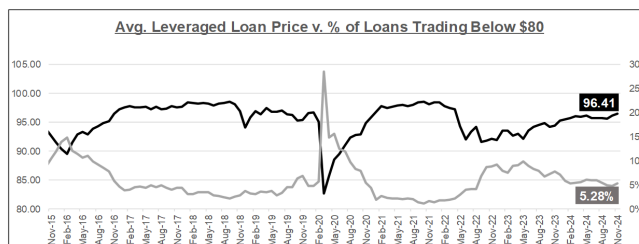


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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

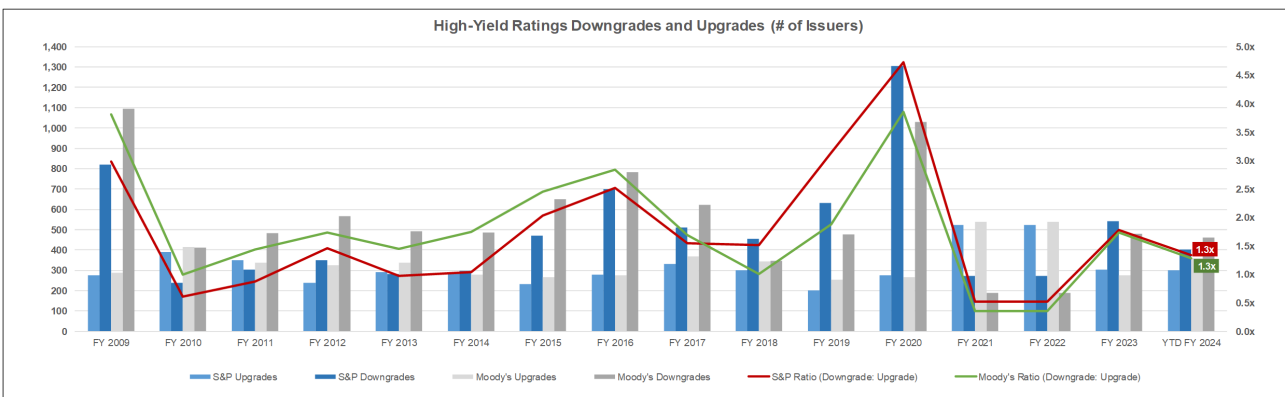


Source: CSFB. Data is reported monthly.

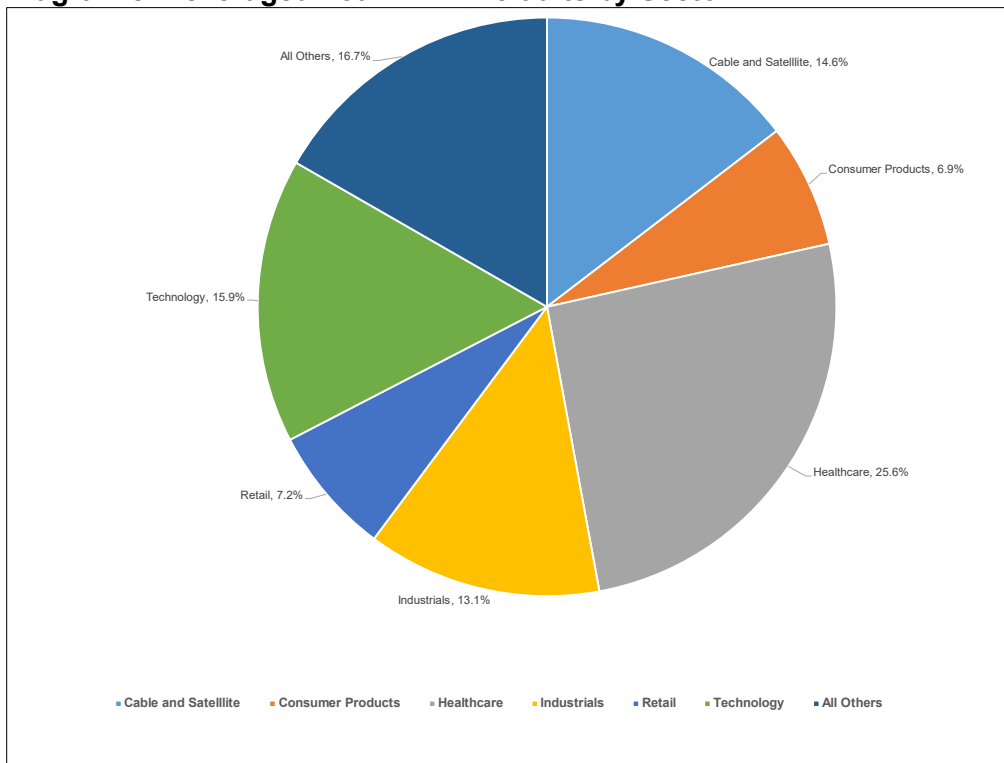


Source: JPM. Data is reported monthly.

**Diagram I: High Yield Upgrades and Downgrades**



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



Source: JP Morgan Default Monitor.

**Diagram L: CLO Economics**

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

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

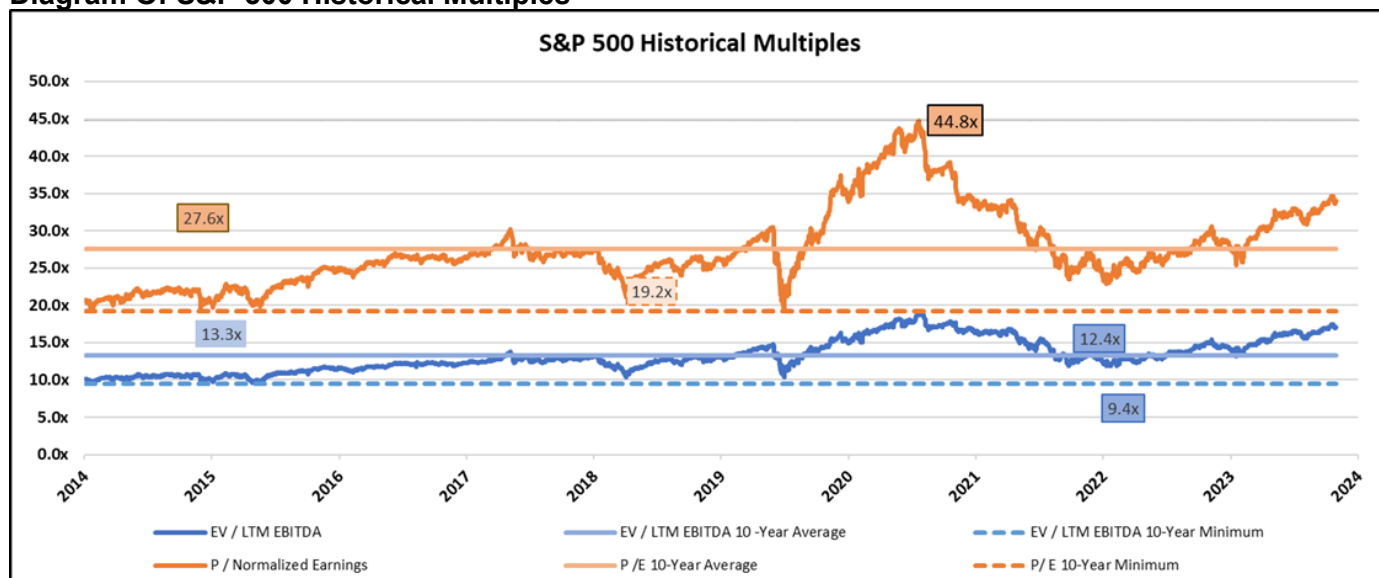
[1] Spread includes OID benefit based on 4 year repayment

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

By	11/15/24	11/22/24	11/29/24	12/6/24	Change				
					Weekly	Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	3.09%	3.05%	2.90%	2.88%	(2 bps)	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.36%	2.24%	2.09%	2.11%	2 bps	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.55%	3.50%	3.28%	3.19%	(8 bps)	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	1.07%	1.09%	1.05%	1.06%	1 bps	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	4.47%	4.39%	4.24%	4.28%	3 bps	(99 bps)	17 bps	95 bps	(27 bps)
US									
US - 2 year	4.30%	4.37%	4.15%	4.09%	(6 bps)	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	4.31%	4.29%	4.05%	4.03%	(2 bps)	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	4.44%	4.40%	4.17%	4.15%	(2 bps)	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.62%	4.59%	4.36%	4.33%	(3 bps)	(89 bps)	106 bps	27 bps	(24 bps)

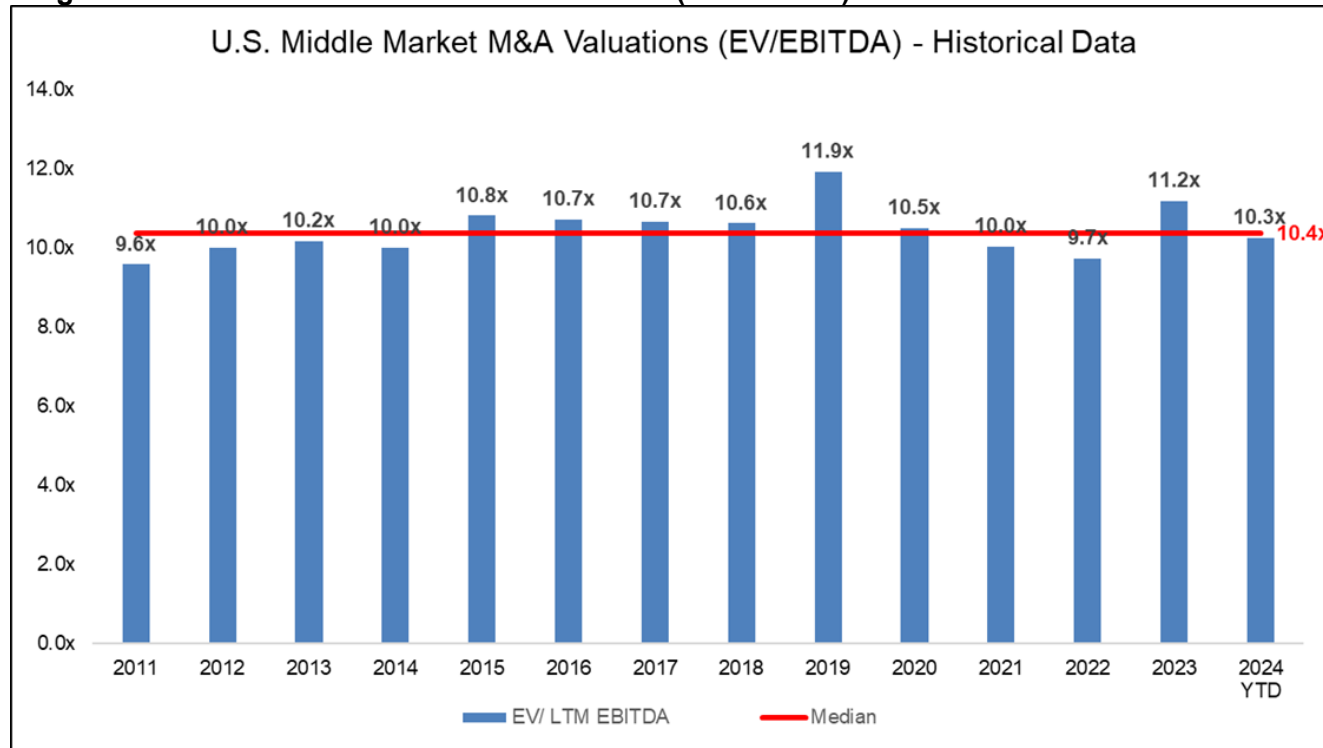
Source: Bloomberg

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



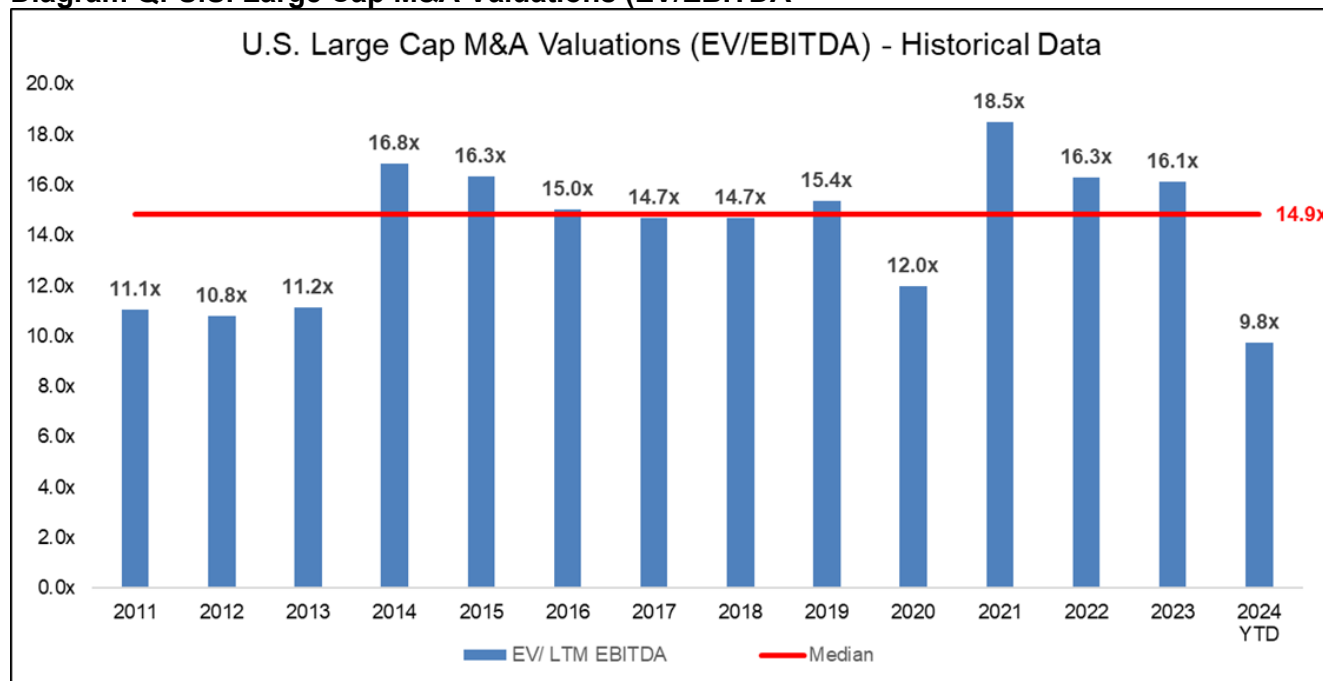
Source: S&P Capital IQ

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

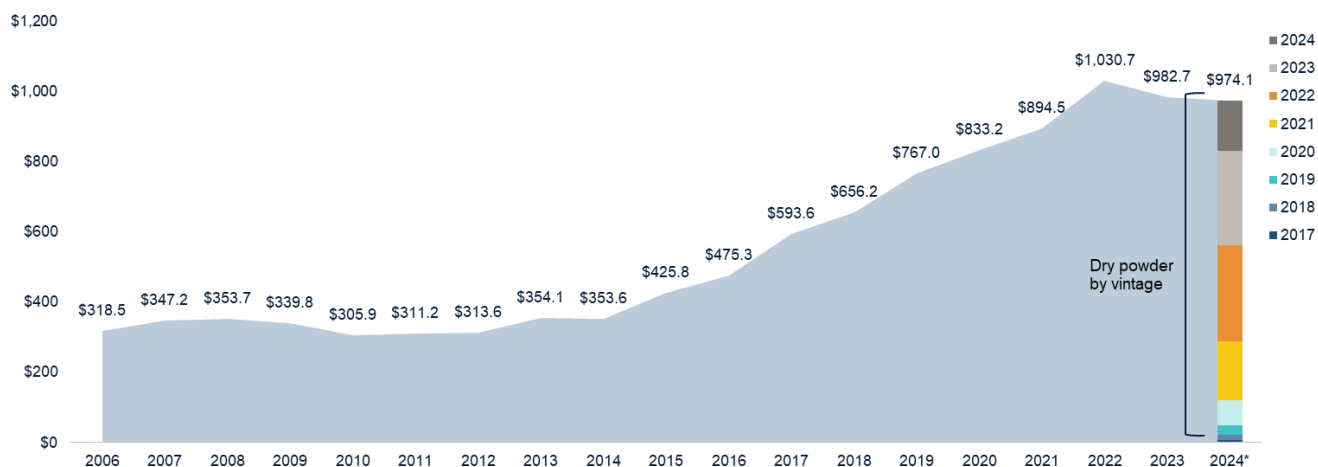


Source: Pitchbook

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

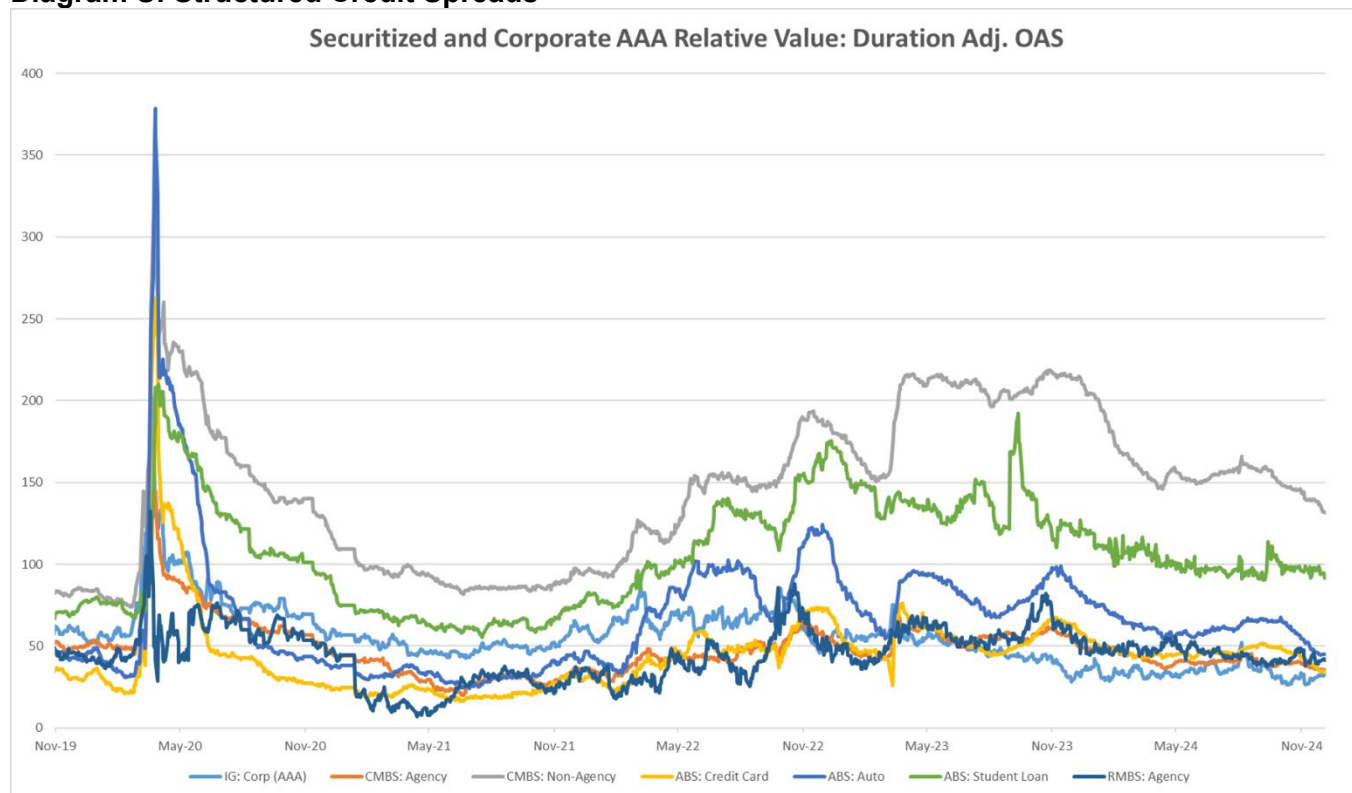


**Diagram R: Dry Powder for All Private Equity Buyouts**



Source: Pitchbook

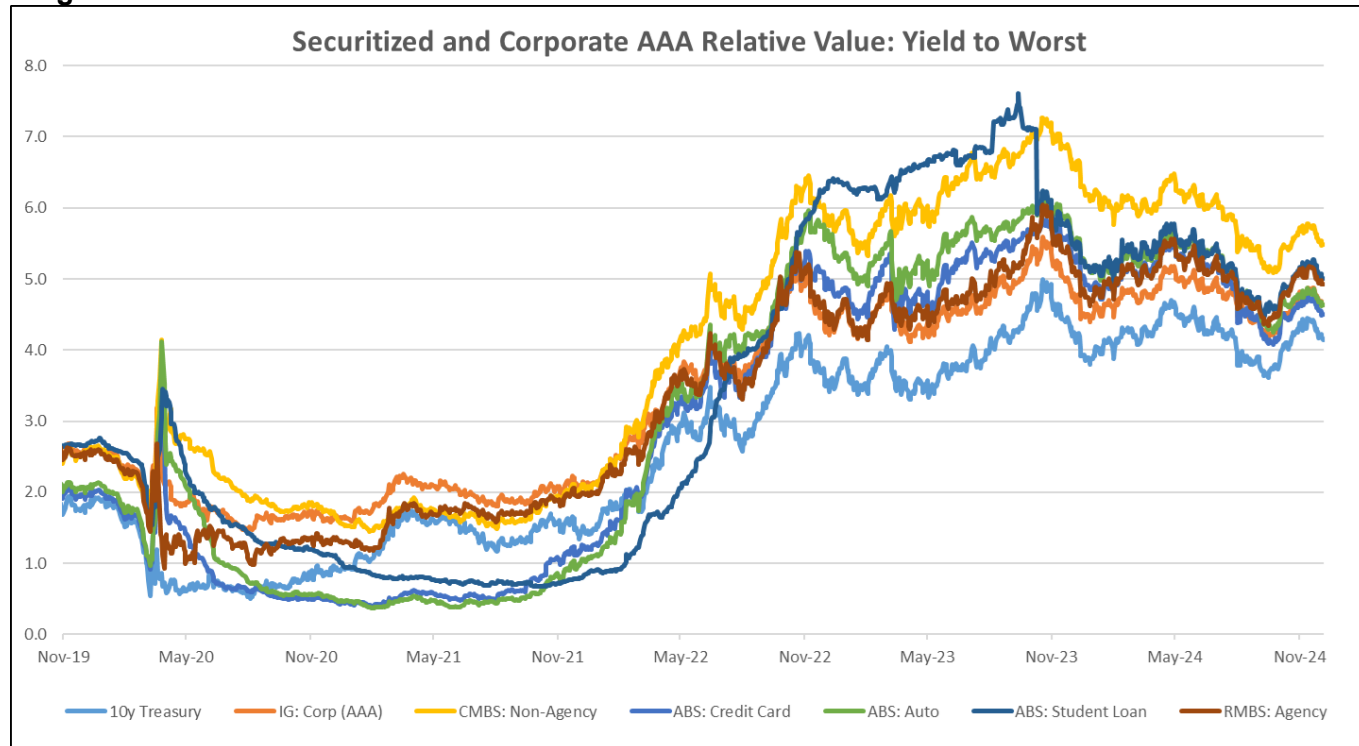
**Diagram S: Structured Credit Spreads**



Source: Bloomberg

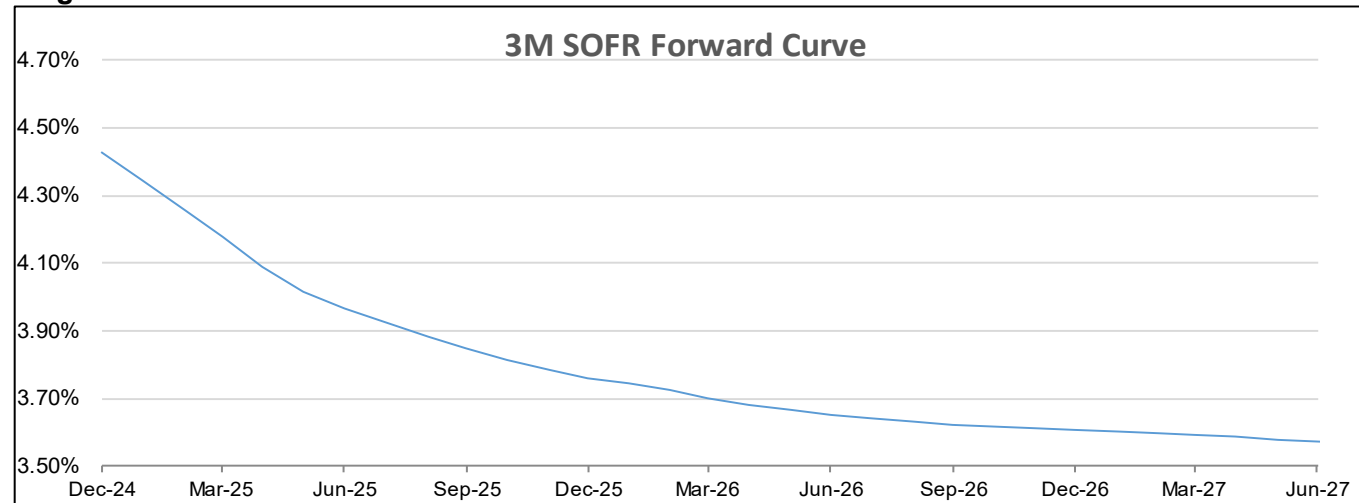


Diagram T: Structured Credit Yield



Source: Bloomberg

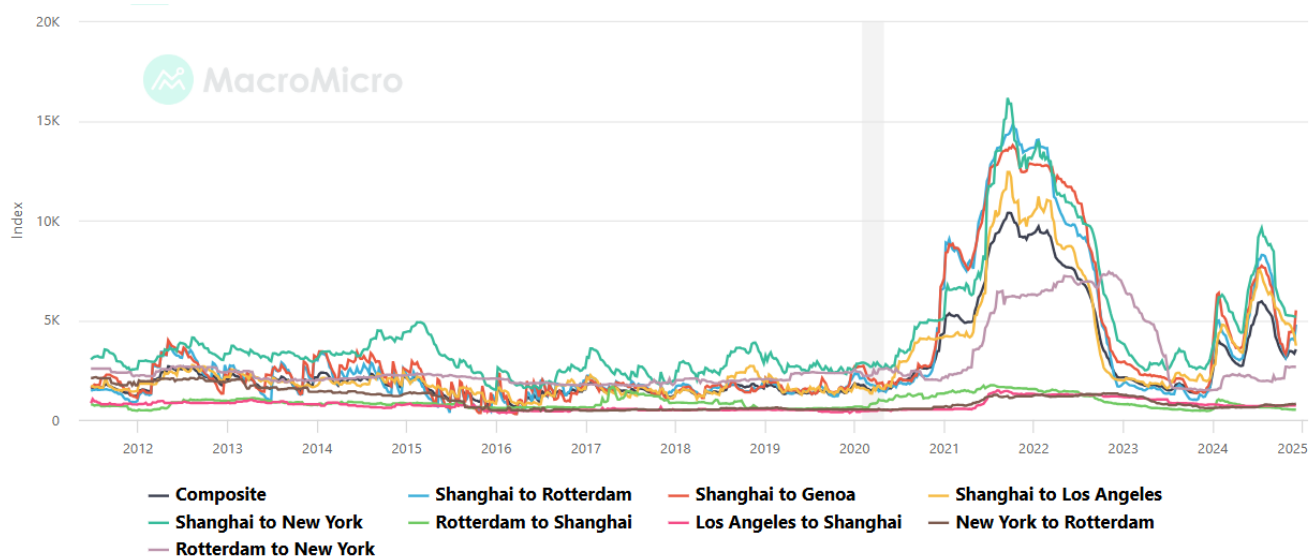
Diagram U: SOFR Curve



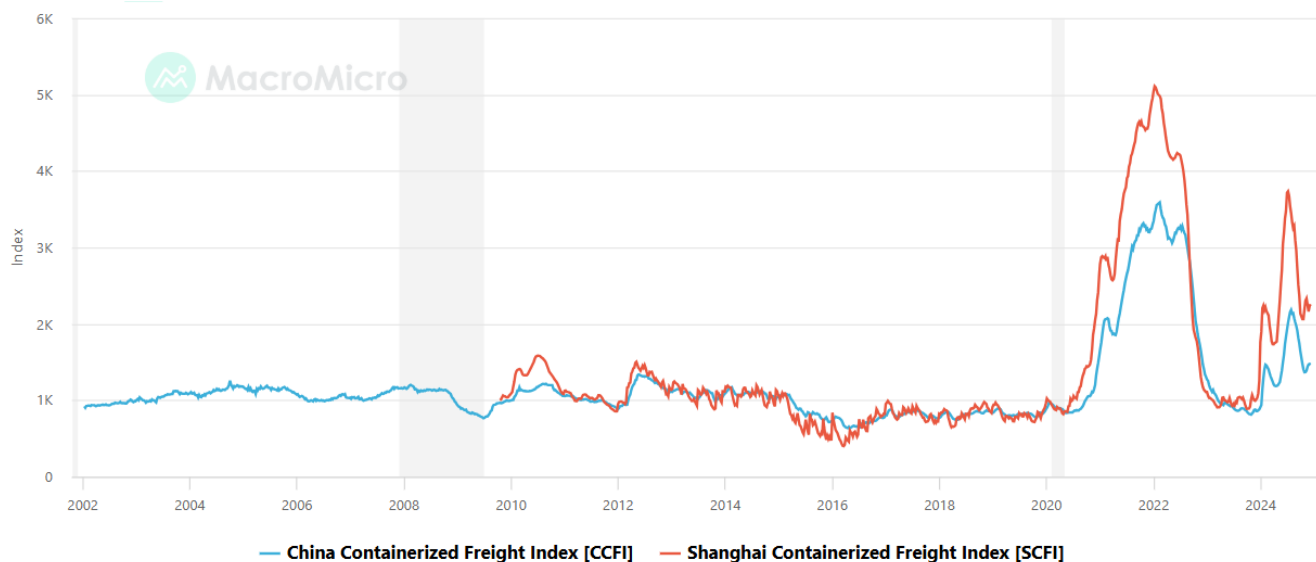


## Freight Rates

### Drewry World Container Index



### China-Global & Shanghai Export Container Freight Index



## 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.

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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

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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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