Briefing
Global Economic & Credit Market
Week 02 Ending – January 10, 2025

www.zcg.com

Economic Calendar

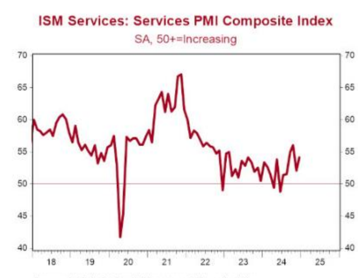
- Tuesday, January 14: Producer Price Index
- Wednesday, January 15: Consumer Price Index
- Thursday, January 16: Retail Sales

Key Market Metrics

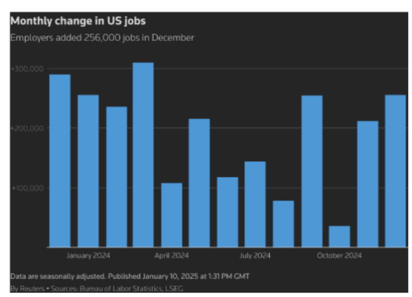
- S&P 500: (1.94%) WoW; (0.93%)YTD; +21.90% YoY; 16.1x LTM EBITDA; 14.2x NTM EBITDA
- Dow Jones: (1.86%) WoW; (1.42%) YTD; +11.21% YoY; 11.6x LTM EBITDA; 12.9x NTM EBITDA
- Nasdaq: (2.34%) WoW; (0.77%)YTD; +28.00% YoY
- Ten Year US Treasury Yield: 4.82% +19 bps YTD; +81 bps YoY
- Currency:
  - British Pound per USD: $1.22; (1.7%) WoW; (2.5%)YTD; (4.3%)YoY
  - Euro per USD: $1.02; (0.6%) WoW; (1.1%)YTD; (6.6%)YoY
  - USD per Yen: ¥157.73; 0.3% WoW; 0.3% YTD; 8.6% YoY
  - Swiss franc per EUR: 1.07 CHF; (0.3%)WoW; (0.0%)YTD; (0.4%)YoY

U.S. News

- **ISM Services**
  - ISM services index rose to 54.1 in December, signaling stronger business activity, with a notable increase in the prices-paid index to 64.4, the highest since early 2023
  - Rising costs and resilient demand in the service sector are raising concerns about persistent inflation
  - While the services sector showed growth, manufacturing struggled, with ISM's gauge indicating contraction for the 9th straight month due to a strong dollar and tariff concerns



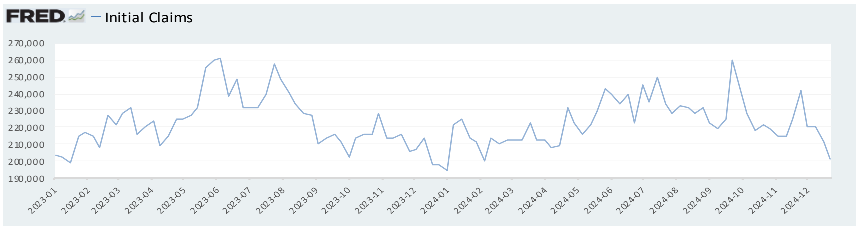
- **U.S. Unemployment Report**
  - U.S. nonfarm payrolls increased by 256k in December, surpassing expectations, while the unemployment rate fell to 4.1%
  - Average hourly earnings rose 3.9% YoY, slightly slowing from November's 4.0%
  - While inflation concerns persist, the labor markets strength supports consumer spending and broader economic expansion



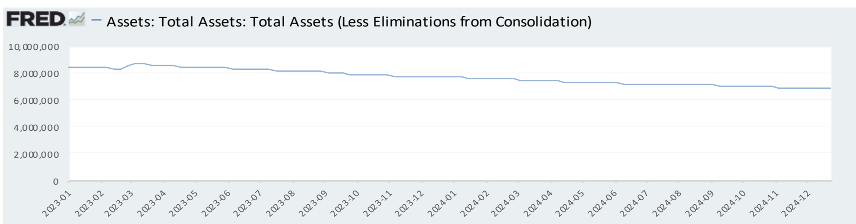
- **Wholesale Inventories**
  - U.S. wholesale inventories dipped by 0.2% in November, in line with estimates
  - November's decline was driven by a 0.4% fall in durable goods inventories, partially offset by a 0.2% increase in non-durable goods inventories
  - Wholesale sales increased by 0.6% in November, with durable goods sales jumping 1.5% but non-durable sales slipping 0.3%

1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

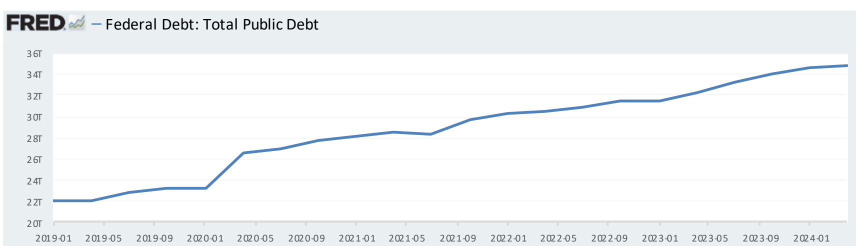
- **Jobless Claims**
  - Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 201,000 in the week ended January 3, down 10,000 from the prior week
  - The four-week moving average was 213,000, down 10,250 from the prior week
  - Continuing claims – those filed by workers unemployed for longer than a week – increased by 33,000 to 1.867 million in the week ended December 27. This figure is reported with a one-week lag



- **Fed's Balance Sheet**
  - The Federal Reserve's assets totaled $6.854 trillion in the week ended January 10, up $1.1 billion from the prior week
  - Treasury holdings totaled $4.291 trillion, down $12.8 billion from the prior week
  - Holdings of mortgage-backed securities (MBS) were $2.23 trillion in the week, down $12.7 billion from the prior week



- **Total Public Debt**
  - Total public debt outstanding was $36.17 trillion as of January 10, an increase of 6.2% from the previous year
  - Debt held by the public was $28.83 trillion, and intragovernmental holdings were $7.38 trillion

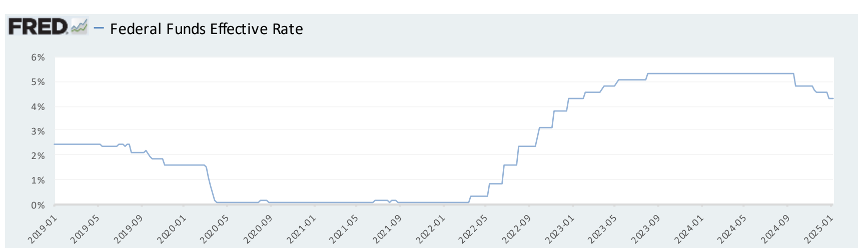


1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

- **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
    - 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
    - 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 $3,986.48 per 40ft
    - Drewry's composite World Container Index has increased by 29.8% 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%, flat 0.00% year to date



1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

World News

- **Middle East**
  - Arab states, led by Saudi Arabia, are providing aid and seeking influence in post-Assad Syria to counter rivals like Turkey and Iran, while addressing concerns about the Islamist-led government's stability and potential regional impact
  - Western powers remain cautious, maintaining sanctions and monitoring the new regime's inclusivity and governance
  - Lebanon's Parliament elected U.S.-trained General Joseph Aoun as president, ending a two-year vacancy and signaling Hezbollah's diminished influence after the war with Israel
  - Aoun's election marks a shift in Lebanese politics, with regional powers supporting him amid concerns over Hezbollah's power and instability
- **Europe**
  - Eurozone business sentiment dropped in December due to industrial struggles, political instability, and potential U.S. tariffs, with the Economic Sentiment Indicator falling to 93.7
  - Confidence weakened most in France and Germany, particularly in the manufacturing sector, while the services sector showed moderate improvement
  - Elon Musk has stirred controversy in Europe with political interventions, supporting far-right parties and making inflammatory social media posts, challenging European leaders
  - Elon Musk has specifically supported Germany's far-right AfD party ahead of the February election, calling it "the last spark of hope for the country". He also criticized the British prime minister, Keir Starmer, accusing him of spreading misinformation
- **China**
  - China's yuan has weakened 1.3% against the dollar since December, approaching a 16-month low, with economists predicting it could end the year at its weakest level in nearly two decades
  - The currency's decline is driven by concerns over President-elect Trump's potential tariffs, speculation that China's central bank might allow further depreciation, and weak economic conditions
  - China's consumer prices grew only 0.2% in 2024, with weak inflation continuing due to a sluggish property sector and cautious consumer spending.
  - The government is expected to boost consumption through subsidies and fiscal support, while the central bank may cut rates further to address ongoing deflationary pressures

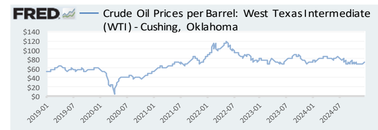
1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

Geopolitical Hotspots

- **U.K.**
  - Yields on U.K. government debt surged to their highest levels since 1998, while the British pound fell against the dollar, driven by concerns over rising government borrowing, weak demand for gilts, and a sluggish economy, with investors fearing that further borrowing could strain public finances
- **Japan**
  - The Biden administration's decision to block Nippon Steel's acquisition of U.S. Steel on national-security grounds has strained U.S.- Japan relations, risking a chilling effect on Japanese investment in the U.S. and undermining cooperation against China, despite the deep economic ties and progress in market reforms between the two countries
- **Sudan**
  - The U.S. has officially declared that Sudan's Rapid Support Forces (RSF) and its militias committed genocide during the ongoing civil war, citing ethnically targeted violence, and mass murders against specific ethnic groups, leading to tens of thousands of deaths and widespread famine
- **South Korea**
  - South Korean police raided the offices of Jeju Air and Muan International Airport following the December 29, 2024, crash of a Boeing 737-800 that killed 179 people. The investigation focuses on professional negligence, the flight's final moments, and airport safety protocols
- **Germany**
  - Germany's adjusted unemployment rate remained steady at 6.1% in December 2024, despite ongoing job loss threats from major manufacturing companies like Thyssenkrupp, Bosch, and Schaeffler
- **Ghana**
  - A fire destroyed two-thirds of Accra's Kantamanto secondhand clothing market, affecting around 8,000 people and causing significant economic losses for thousands of traders
- **India**
  - Former Indian Prime Minister Manmohan Singh, an economist who enacted market reforms and helped open India's economy, died at 92
- **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

Commodities

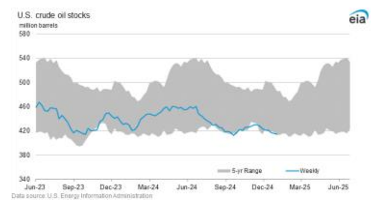
- **Oil Prices**
  - WTI: $76.57 per barrel
    - +3.53% WoW; +6.76% YTD; +7.29% YoY
  - Brent: $79.79 per barrel
    - +4.29% WoW; +6.90% YTD; +3.89% YoY



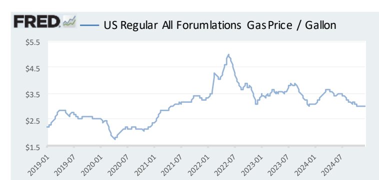
- **US Production**
  - U.S. oil production amounted to 13.6 million bpd for the week ended January 3, down 0.0 million bpd from the prior week

- **Rig Count**
  - The total number of oil rigs amounted to 584, down 5 from last week

- **Inventories**
  - **Crude Oil**
    - Total U.S. crude oil inventories now amount to 414.6 million barrels, down (4.1%) YoY
    - Refiners operated at a capacity utilization rate of 93.3% for the week, up from 92.7% in the prior week
    - U.S. crude oil imports now amount to 6.926 million barrels per day, down 3.0% YoY



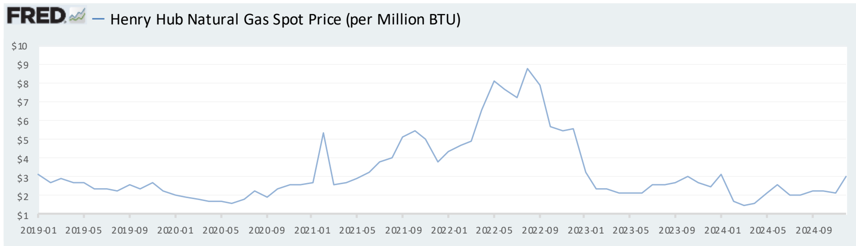
  - **Gasoline**
    - Retail average regular gasoline prices amounted to $3.07 per gallon in the week of January 10, down (0.3%) YoY
      - Gasoline prices on the East Coast amounted to $3.10, down (2.7%) YoY



      - Gasoline prices in the Midwest amounted to $3.02, up 6.1% YoY
      - Gasoline prices on the Gulf Coast amounted to $2.76, down (0.4%) YoY
      - Gasoline prices in the Rocky Mountain region amounted to $3.02, up 5.0% YoY
      - Gasoline prices on the West Coast amounted to $3.93, down (6.5%)
    - Motor gasoline inventories were up by 6.3 million barrels from the prior week
    - Motor gasoline inventories amounted to 237.7 million barrels, down (3.0%)
    - Production of motor gasoline averaged 8.88 million bpd, down (8.0%) YoY
    - Demand for motor gasoline amounted to 8.481 million bpd, up 1.9% YoY

  - **Distillates**
    - Distillate inventories decreased by 6.1 million in the week of January 10
    - Total distillate inventories amounted to 128.9 million barrels, down (2.6%)
    - Distillate production averaged 5.204 million bpd, up 0.7% YoY
    - Demand for distillates averaged 3.178 million bpd in the week, down (7.4%)

- Natural Gas
  - Natural gas inventories decreased by 40 billion cubic feet last week
  - Total natural gas inventories now amount to 3,373 billion cubic feet, up 1.1% YoY



1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

Credit News

High yield bond yields remained unchanged at 7.38% and spreads decreased 6bps to 298bps. Leveraged loan yields increased 2bps to 8.81% and spreads decreased 3bps to 472bps. Weekly returns were positive, up 15bps for leveraged loans and 13bps for high-yield bonds. The 10-year Treasury yield rose 11bps to 4.68%. High-yield bond spreads narrowed slightly after December's rise, driven by solid economic data. Leveraged loans gained in early January as strong data and lower Fed easing expectations boosted demand for floating-rate assets. Investors await next week's US CPI, earnings season kickoff, and Trump's January 20 inauguration.

High-yield:

Week ended 01/10/2025

- Yields & Spreads[1]

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.38%	298	7.38%	304	0	(6)

- Pricing & Returns[1]

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2024
$95.83	$95.82	1	0.13%	-0.15%	0.29%	8.6%

- Fund Flows[2]

Total Flows ($)
($27mm)

- New Issue[2]

Week		YTD		
# New Deals	Total ($)	Total ($)	Prior Year YTD	CY vs PY
4	$3.3bn	$3.3bn	$4.6bn	-28%

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

12/31/24	11/30/24	10/31/24
4.49%	4.04%	4.55%

- Total HY Defaults

12/31/24	11/30/24	10/31/24
0.36%	0.34%	0.55%

[1] Source: Credit Suisse High Yield and Leveraged Loan Index
[2] Source: JP Morgan

1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

Leveraged loans:

Week ended 01/10/2025

- Yields & Spreads[1]

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.81%	472	8.79%	475	2	(3)

- Leveraged Loan Index[1]

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2024
$96.62	$96.54	8	0.15%	0.72%	0.30%	9.3%

- Fund Flows[2]

Total Flows ($)
$2,167mm

- New Issue[2]

Week		YTD		
# New Deals	Total ($)	Total ($)	Prior Year YTD	CY vs PY
2	$1.4bn	$1.4bn	$20.1bn	-93%

- Distressed Level (loan price below $80)[1]

12/31/24	11/30/24	10/31/24
4.88%	5.28%	4.79%

- Total Loan Defaults

12/31/24	11/30/24	10/31/24
1.52%	1.54%	1.30%

Default activity:

- Most recent defaults include: The Container Store ($163mn, 12/22/2024), Party City ($264mn, 12/21/2024), 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), and Accuride ($291mn, 10/11/2024).

CLOs:

Week ended 01/10/2025

- New U.S. CLO Issuance[2]

# Priced	Total ($)	New Issue	Refis/Resets
0	$0.0bn	$0.0bn	$0.0bn

- New U.S. CLO YTD Issuance[2]

Total U.S. CLOs	Total ($)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
0	$0.0bn	$0.0bn	$0.0bn	$1.7bn	-100%

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

[1] Source: Credit Suisse High Yield and Leveraged Loan Index
[2] Source: JP Morgan

Ratings activity:

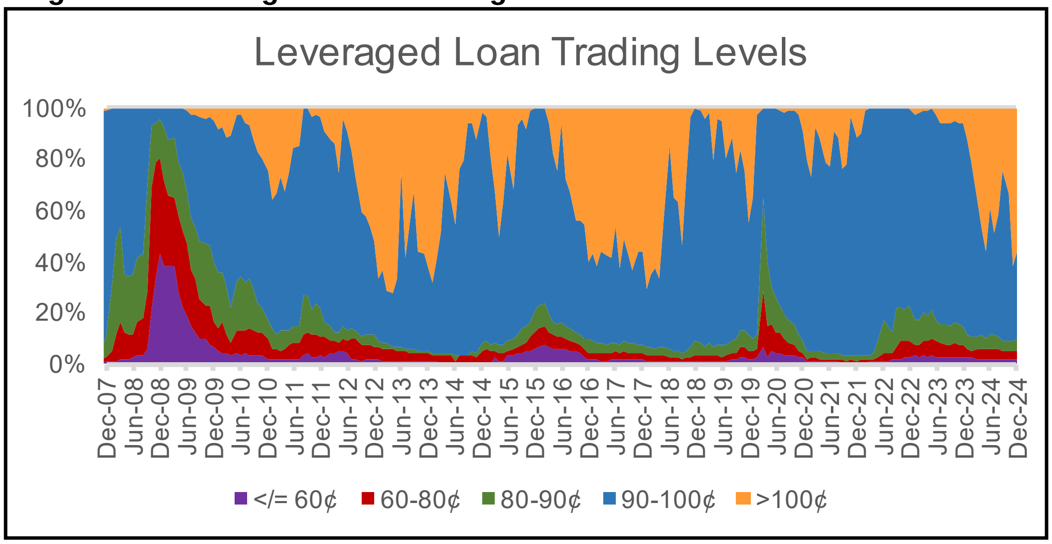
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2024	439	320	1.4x	493	371	1.3x
Week Ending 01/03/25	0	0	n/a	0	0	n/a
Week Ending 01/10/25	2	1	2.0x	4	3	1.3x
YTD 2025	2	1	2.0x	4	3	1.3x

Source: Bloomberg

Appendix:

Diagram A: Leveraged Loan Trading Levels



Source: Credit Suisse Leveraged Loan Index; JP Morgan

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	94.5	96.9	91.9	5.0
Leveraged Loans	96.0	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 1/8/25

[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	0.21%	0.20%	(0.05%)	(0.12%)
MTD Return	0.30%	0.30%	0.29%	(0.05%)
YTD Return	0.30%	0.30%	0.29%	0.29%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 01/10/2025

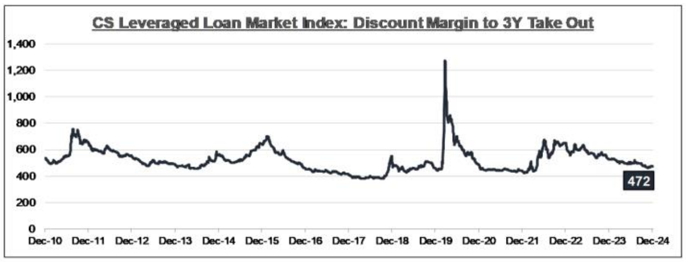
[2] Yield data as of 01/10/2025

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

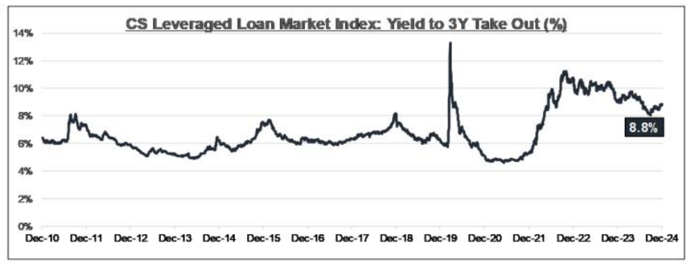
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.

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.



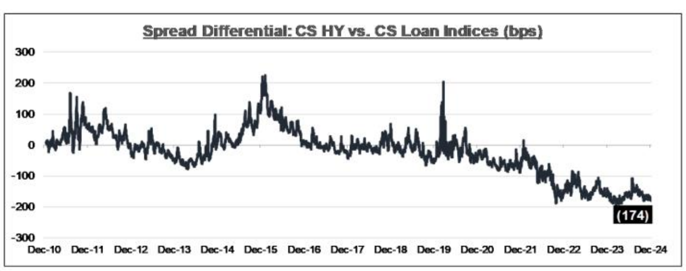
Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

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.

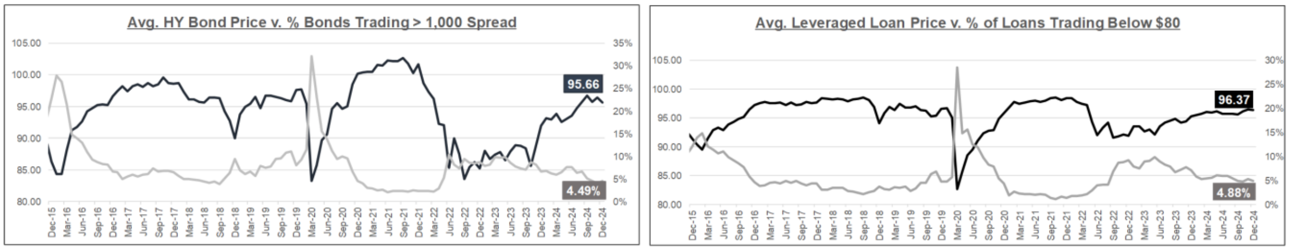
Diagram G: Spread between High Yield Bonds and Leveraged Loans



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

1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

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

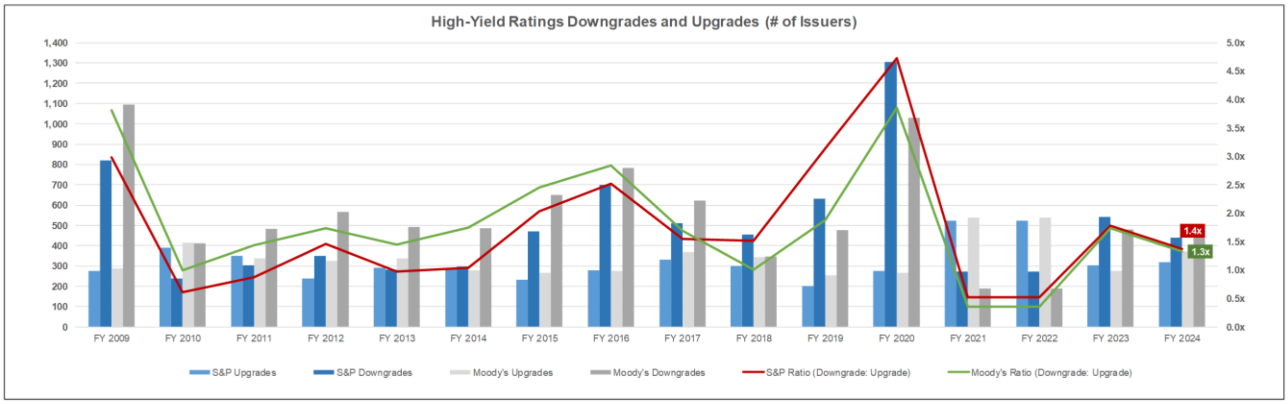
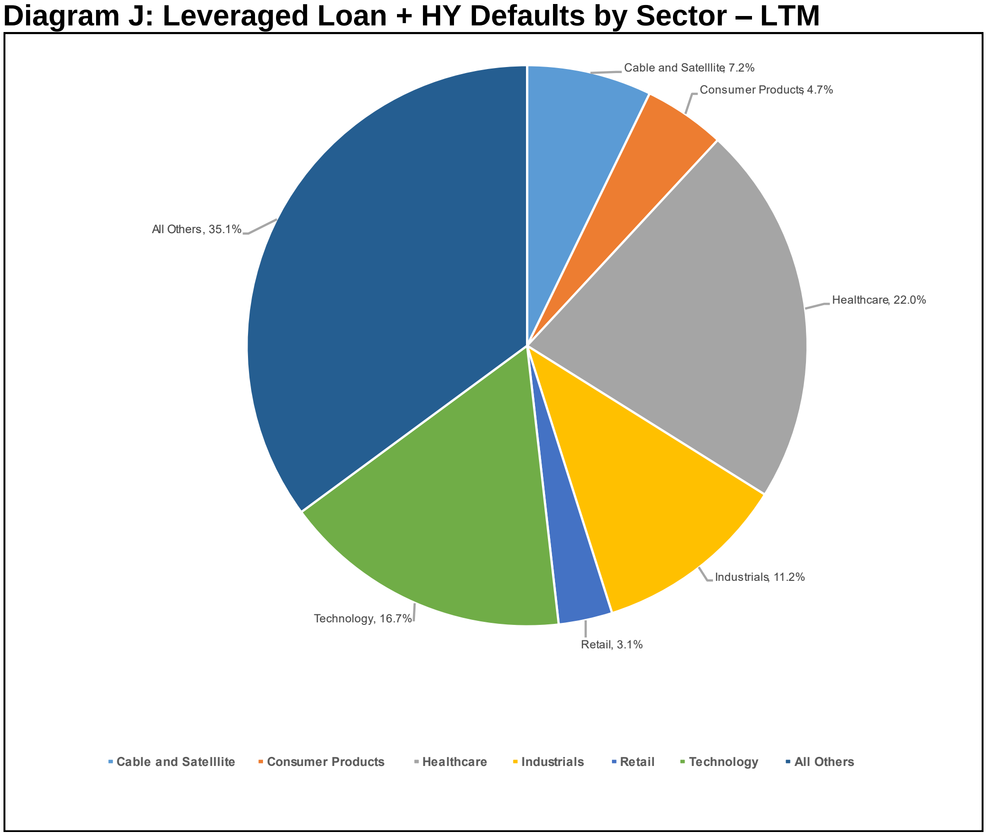


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



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+125-140	L+125-140	L+165-205	L+170-210	9-11x	L+300-360	L+300-360	9-12%	9-13%

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

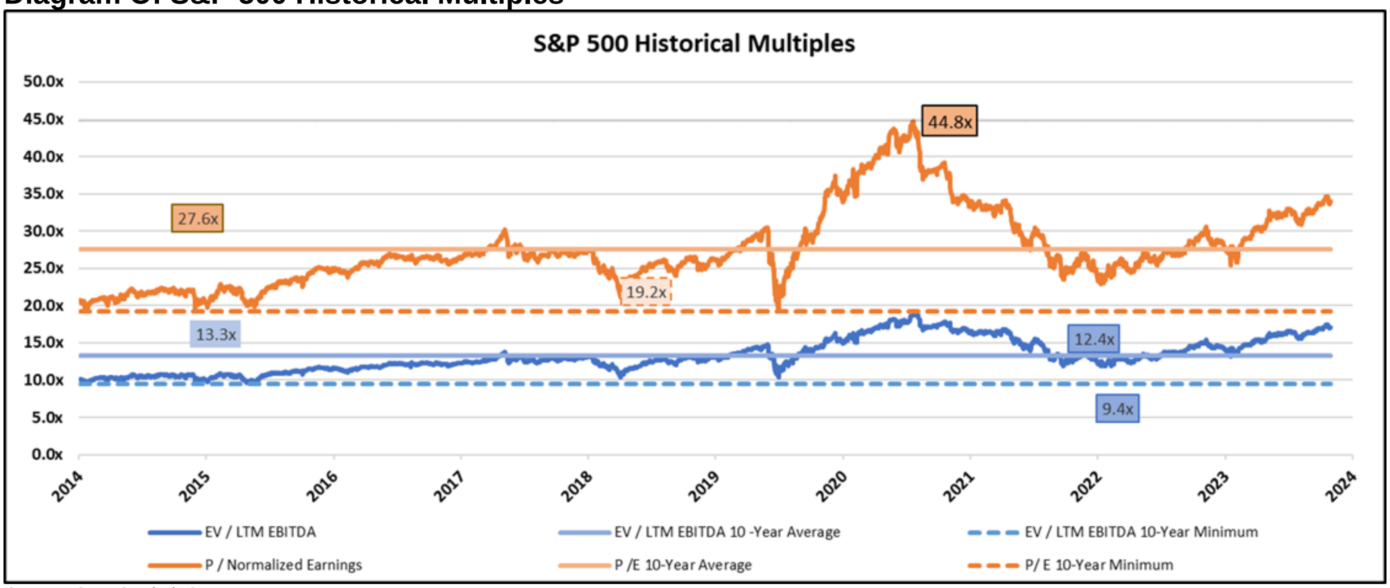
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	12/20/24	12/27/24	1/3/25	1/10/25	Change: Weekly	Change: Q4 2024	Change: Q3 2024	Change: Q2 2024	Change: Q1 2024
France - 10 year	3.08%	3.21%	3.29%	3.43%	14 bps	28 bps	(38 bps)	49 bps	25 bps
Germany - 10 year	2.29%	2.40%	2.43%	2.60%	17 bps	24 bps	(38 bps)	20 bps	27 bps
Italy - 10 year	3.45%	3.54%	3.59%	3.77%	18 bps	7 bps	(62 bps)	39 bps	(2 bps)
Japan - 10 year	1.08%	1.13%	1.10%	1.20%	10 bps	25 bps	(21 bps)	27 bps	18 bps
UK - 10 year	4.51%	4.63%	4.59%	4.84%	25 bps	57 bps	(13 bps)	20 bps	44 bps
US									
US - 2 year	4.34%	4.33%	4.28%	4.39%	11 bps	64 bps	(115 bps)	7 bps	37 bps
US - 5 year	4.43%	4.46%	4.41%	4.59%	18 bps	87 bps	(92 bps)	8 bps	43 bps
US - 10 year	4.59%	4.63%	4.60%	4.77%	17 bps	84 bps	(73 bps)	11 bps	42 bps
US - 30 year	4.77%	4.82%	4.81%	4.97%	15 bps	71 bps	(55 bps)	13 bps	42 bps

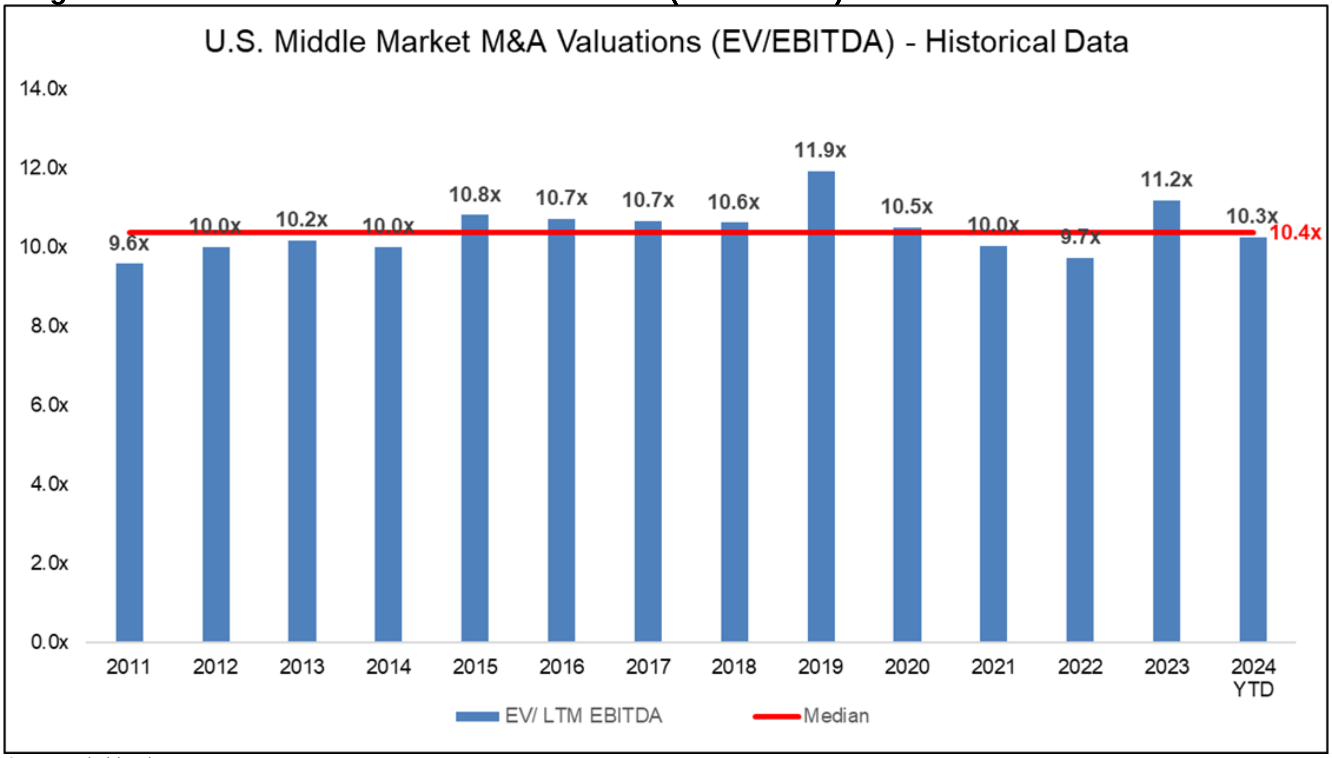
Source: Bloomberg

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

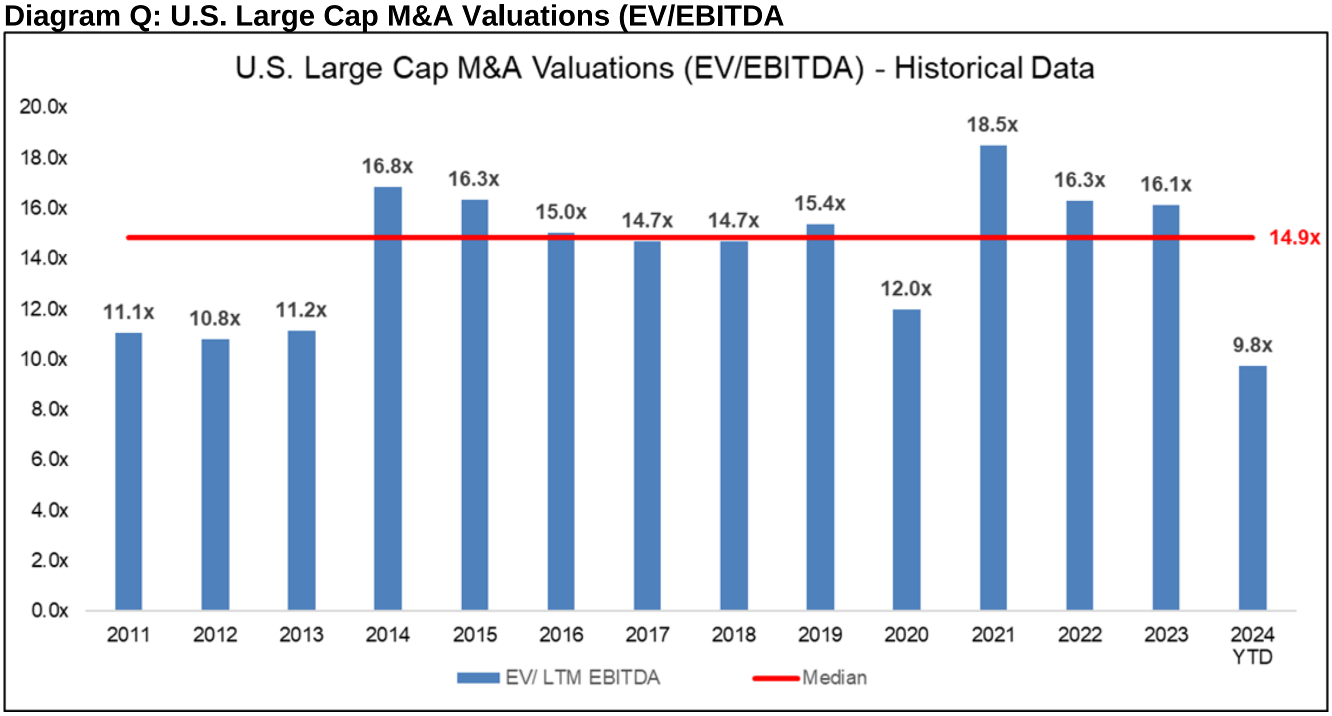
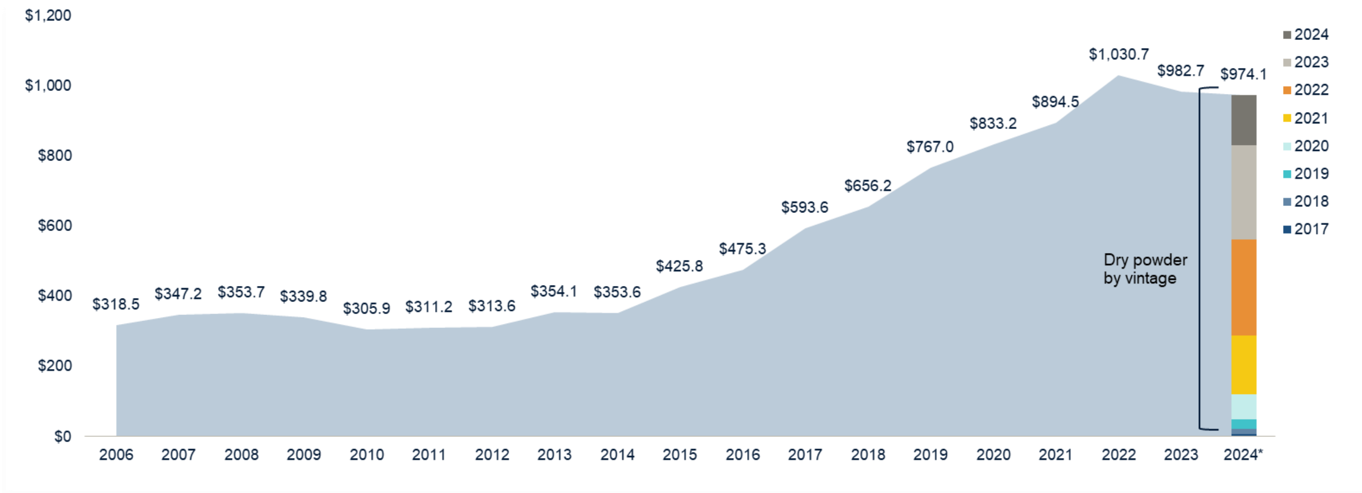
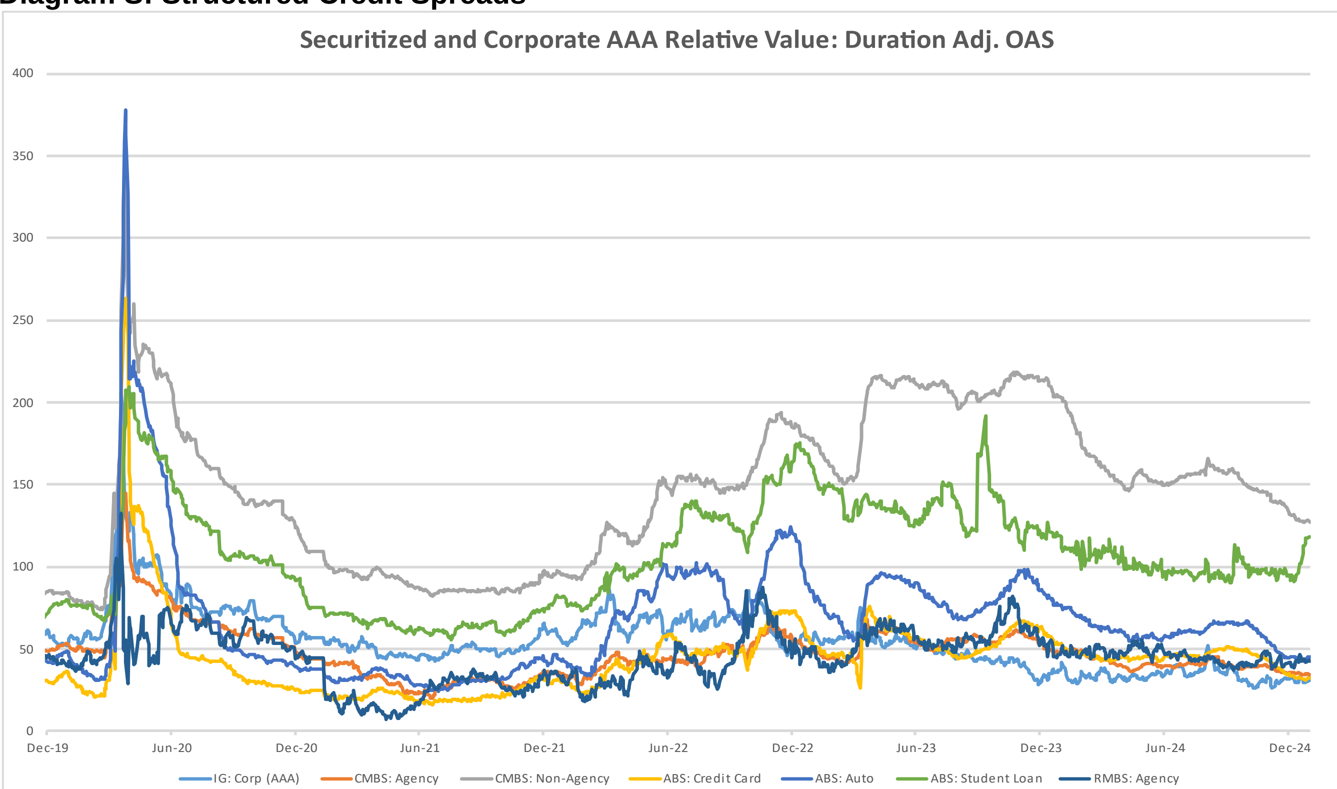


Diagram R: Dry Powder for All Private Equity Buyouts



Source: Pitchbook

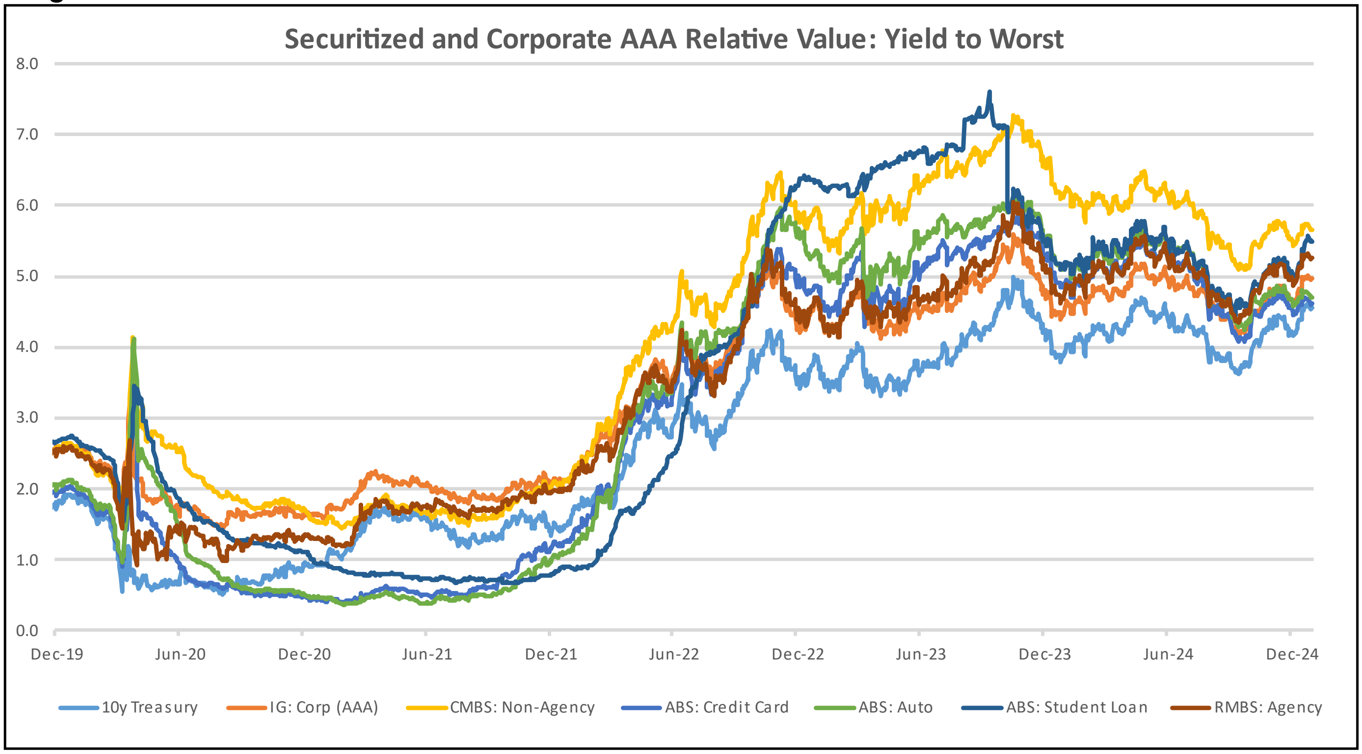
Diagram S: Structured Credit Spreads



Source: Bloomberg

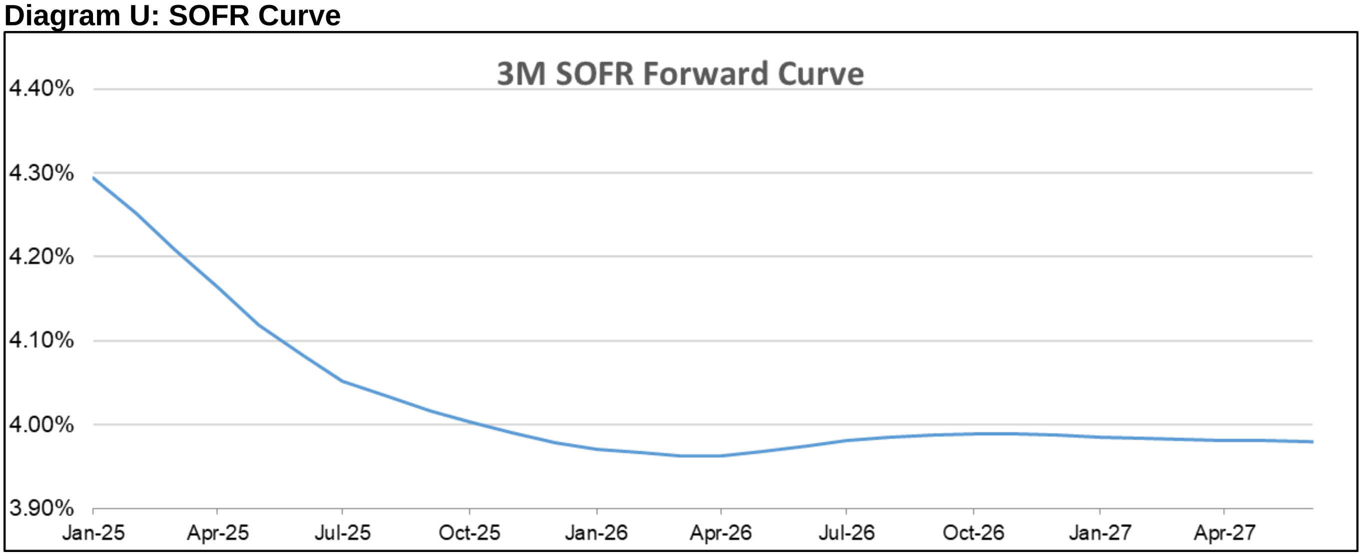
ZCG
1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

Diagram T: Structured Credit Yield



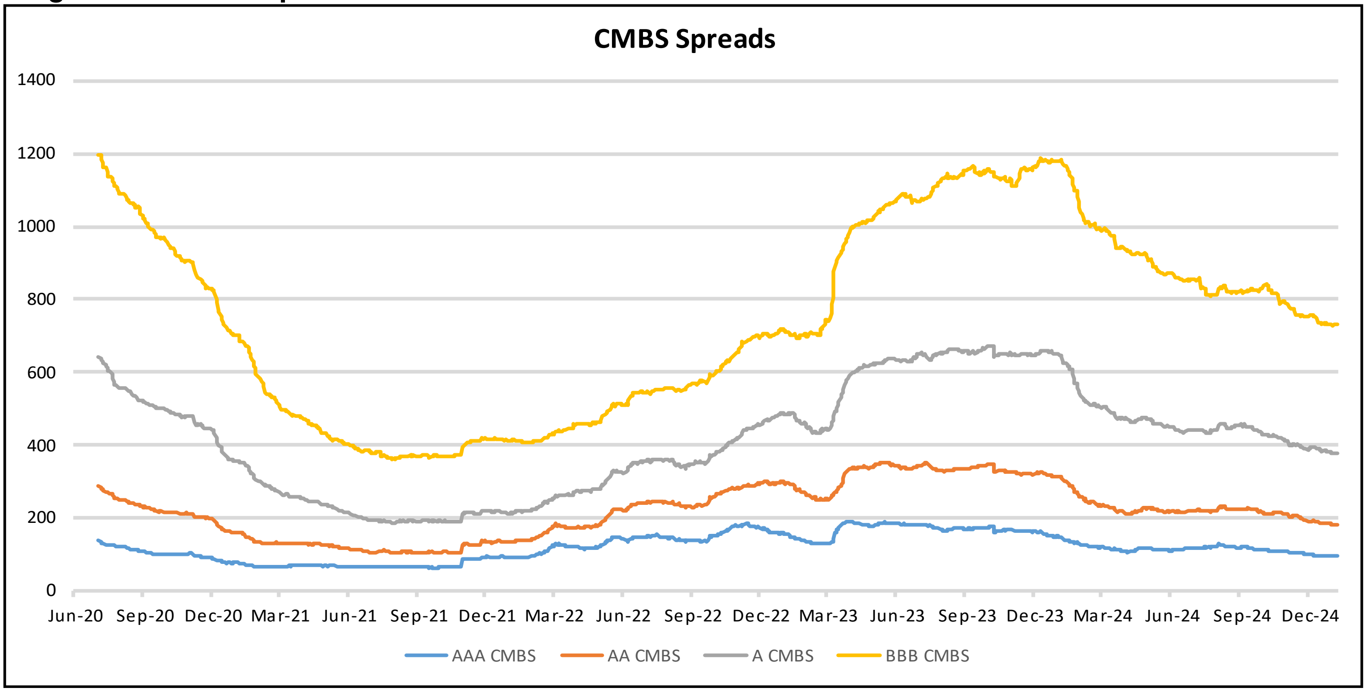
Source: Bloomberg

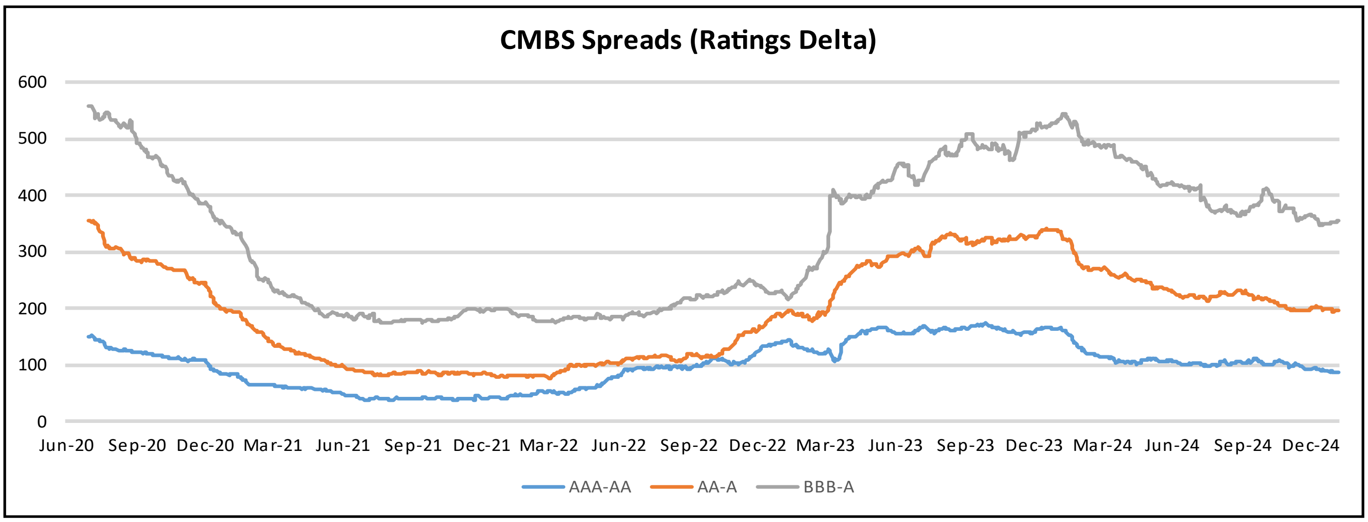
Diagram U: SOFR Curve



1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

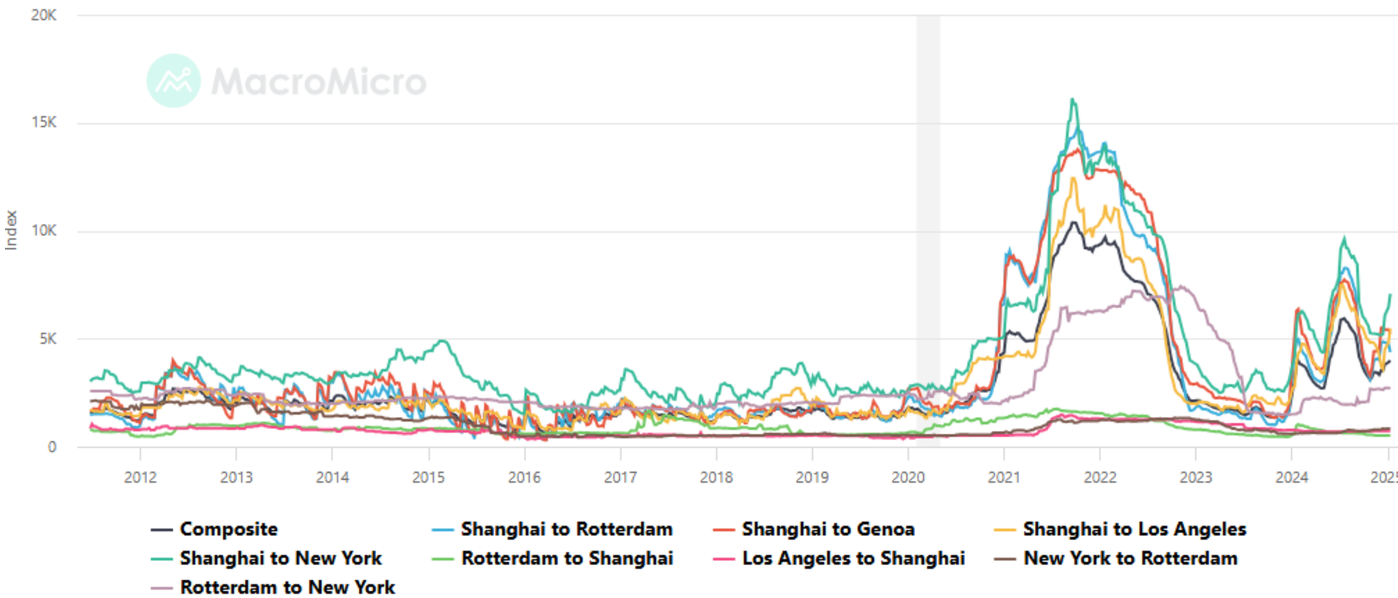
Diagram V: CMBS Spreads



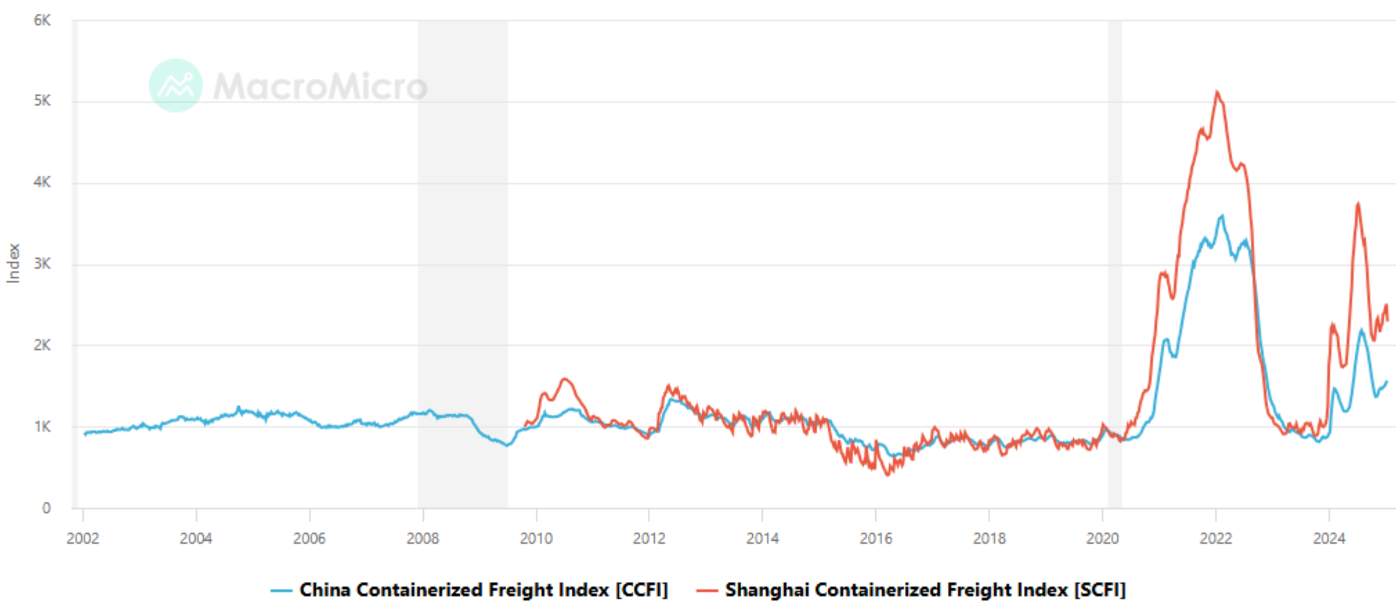


Freight Rates

Drewry World Container Index

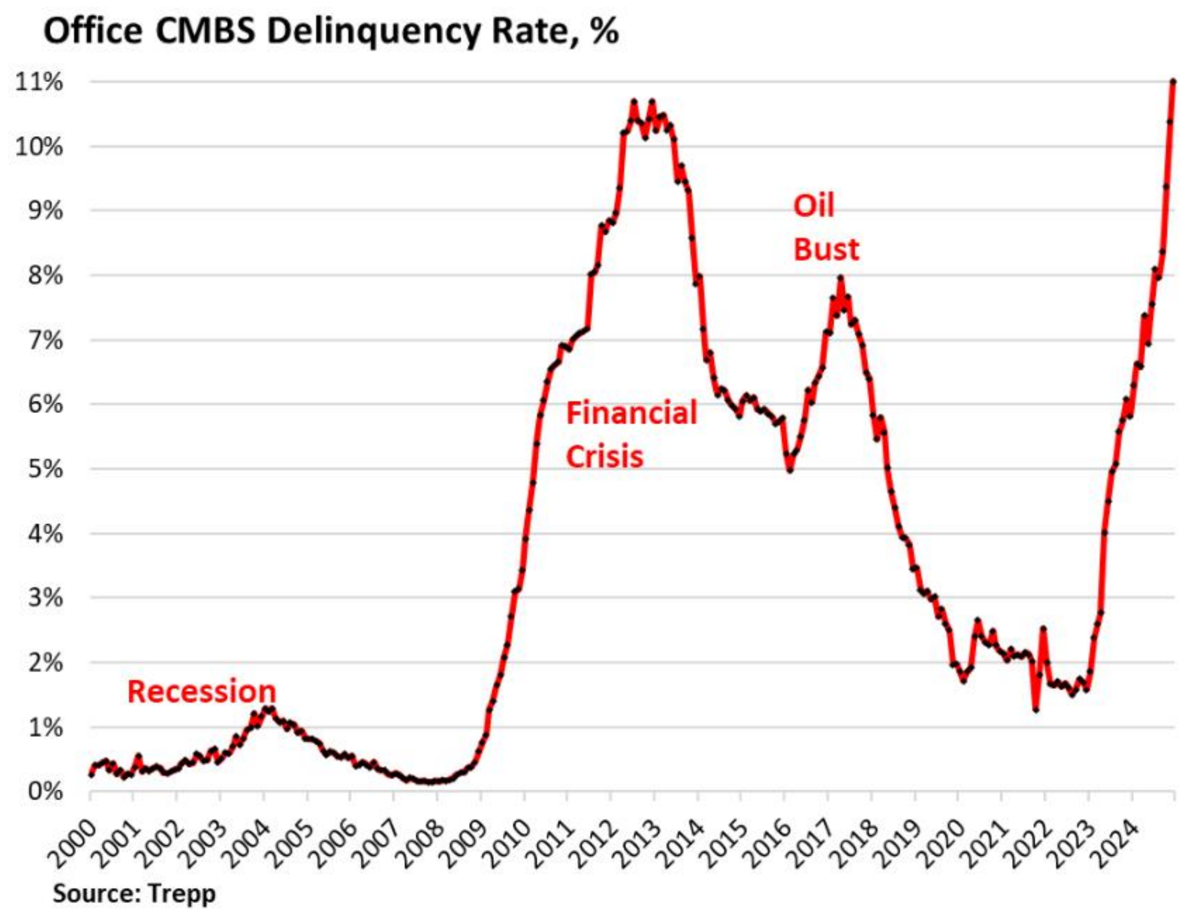


China-Global & Shanghai Export Container Freight Index



ZCGC RE Research

Office CMBS Delinquency Rate Climbs to a Record 11%



Mortgages are considered delinquent when landlords fail to make interest payments after the 30-day grace period.

- The delinquency rate for office mortgages securitized into commercial mortgage-backed securities (CMBS) reached a record 11.0% in December, surpassing the 10.7% peak during the Financial Crisis.
- Over the past 24 months, the delinquency rate for office CMBS has risen sharply, increasing by 9.4 percentage points from 1.6% to 11.0%.
- The office sector in commercial real estate is in a severe downturn, with an additional $2 billion in CMBS office debt becoming newly delinquent in December.
- Comparisons to other major sectors reveal lower delinquency rates:
    - Lodging: 6.1%
    - Retail: 7.4%
    - Multifamily: 4.6%
    - Industrial: 0.3%
  - Older office buildings are facing the most problems, as high vacancy rates in newer buildings allow companies to relocate, leaving older buildings with few replacement tenants.
  - Vacancy rates in older buildings are skyrocketing, and landlords are unable to refinance or sell, as property values for older towers have dropped by 50-70%.

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**.

1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

IMPORTANT INFORMATION and DISCLAIMER: Certain information contained in this material has been obtained from third party sources that we deem to be reliable, but we do not warrant its accuracy or completeness, and any yield referenced is indicative and subject to change. The material contained herein is intended as a general market commentary. Any opinions or statements contained herein are purely the author's and may not reflect those of Z Capital or any affiliates. The opinions or statements expressed are for informational purposes only and are subject to change without notice. This material should not be regarded as research or a Z Capital research report or as including sufficient information to support an investment decision. Certain statements contained in this document are forward-looking statements. Forward-looking statements are inherently uncertain as they are based on expectations and assumptions concerning future events and are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Statements in this document are not intended to be, and should not be construed as, legal, business, investment, or tax advice. This document is not intended to be relied upon as the basis for any investment decision. Past performance is not a guarantee of future results. This material is not, and is not intended as, an offer or solicitation for the purchase or sale of any financial instrument.

1330 Avenue of the Americas 16th Floor
New York, NY 10019
(212) 595-8400

ZCG

Data Scan

Week Ending 1/10/25

PERFORMANCE

Market Indices	10-Jan	3-Jan	WoW Change	YTD Change	YoY Change
DJIA	41,938.45	42,732.13	(1.86%)	(2.45%)	23.15%
S&P 500	5,827.04	5,942.47	(1.94%)	(2.41%)	39.41%
NASDAQ	19,161.63	19,621.68	(2.34%)	(2.84%)	57.05%
MSCI - EAFE	2,244.94	2,254.82	(0.44%)	(1.33%)	5.21%
MSCI - Emerging Markets	1,057.10	1,073.21	(1.50%)	(2.38%)	1.10%
US Dollar Index	109.65	108.95	0.64%	1.53%	7.76%
VIX	19.54	16.13	21.14%	22.51%	4.32%
US Equities Avg Daily Dollar Volume ($ in Billions)	286.02	296.54	(3.55%)	(6.85%)	(18.28%)

Market Ratios		10-Jan	3-Jan	WoW Change	YTD Change	YoY Change
TED Spread	3 Month LIBOR - 3 Month T-Bills	18.00	18.01	(0.06%)	0.00%	(7.37%)
Put/Call Ratio	Equities	0.70	0.45	55.56%	4.48%	42.86%

Commodities Indices ($ USD)	Metric	10-Jan	3-Jan	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	305.97	296.77	3.10%	4.96%	12.64%
Gasoline - Pump	Gallon	3.06	3.06	0.00%	1.26%	(12.23%)
Gasoline - Futures	Gallon	2.07	2.05	1.03%	5.96%	(15.39%)
Crude Oil - WTI	Barrel	76.57	73.96	3.53%	8.46%	0.91%
Crude Oil - Brent	Barrel	79.76	76.51	4.25%	7.54%	(2.93%)
Natural Gas	MM BTU	3.99	3.35	18.93%	13.52%	62.42%
Coal (1 contract = 1,000 tons)	Contract	189.54	188.67	0.46%	0.46%	(3.72%)
Aluminum	Metric Ton	2,571.50	2,493.50	3.13%	0.53%	(1.74%)
Copper	Metric Ton	9,091.50	8,876.50	2.42%	1.22%	0.43%
Iron Ore	Metric Ton	98.09	99.44	(1.36%)	(5.59%)	(20.86%)
Steel - Hot Rolled Coil	Metric Ton	704.00	708.00	(0.56%)	(3.56%)	(11.56%)
Steel - Cold Rolled Coil	Metric Ton	910.00	910.00	0.00%	0.00%	(6.19%)
Ferrous Scrap	Metric Ton	419.00	420.00	(0.24%)	0.00%	(11.79%)
Lumber		501.50	437.5	14.63%	0.00%	0.00%
Gold	Troy Ounce	2,689.76	2,640.22	1.88%	2.61%	40.62%
Silver	Troy Ounce	30.41	29.62	2.65%	3.48%	29.58%
Cotton	Pound	64.09	64.43	(0.53%)	(0.80%)	(23.18%)
Butter	Pound	2.60	2.55	1.86%	0.97%	10.17%
Cheese	Pound	1.88	1.91	(1.68%)	6.34%	21.71%
Cocoa	Pound	4.79	5.10	(5.94%)	4.41%	98.54%
Corn	Bushel	4.71	4.51	4.38%	3.63%	(30.32%)
Milk, Non Fat Dry	Pound	1.39	1.40	(0.27%)	0.09%	10.24%
Soybean	Bushel	10.14	9.81	3.31%	3.42%	(33.94%)
Sugar	Pound	0.19	0.20	(2.19%)	(0.77%)	(11.27%)
Wheat	Bushel	5.31	5.29	0.28%	(2.88%)	(30.26%)
Live Cattle	Pound	1.99	1.94	2.43%	2.73%	(79.74%)
Lean Hogs	Pound	0.83	0.81	2.20%	(1.90%)	9.56%
Beef, USDA Ground	Pound	3.33	3.25	2.34%	3.24%	25.55%
Chicken, Boneless & Skinless	Pound	3.98	3.97	0.25%	0.00%	(7.76%)

		Spot Prices		Futures		10-Year Historicals	
Currencies	Metric	10-Jan	3-Jan	2024	2025	Low	High
Japanese Yen	USDJPY	157.730	157.260	146.000	#N/A N/A	75.820	138.570
Chinese Renminbi	USDCNY	7.333	7.322	7.400	#N/A N/A	6.041	7.179
Swiss Franc	USDCHF	0.916	0.909	0.900	#N/A N/A	0.721	1.030
British Pound	GBPUSD	1.221	1.242	1.280	#N/A N/A	1.130	1.717
Euro Zone Euro	EURUSD	1.024	1.031	1.040	#N/A N/A	0.986	1.483

Market Indices	10-Jan	3-Jan	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,074.40	4,066.14	0.20%	0.38%	20.39%
Barclays High Yield Index	2,684.09	2,691.58	(0.28%)	0.12%	16.41%
Barclays Aggregate	2,167.06	2,186.15	(0.87%)	(0.69%)	1.85%

Loan Market Bids	10-Jan	3-Jan	WoW Change	YTD Change
S&P Flow Name Index	98.26	98.32	(0.05%)	(0.11%)
S&P 100 Name Index	99.03	98.01	1.04%	1.09%
S&P BB's Index	100.19	100.15	0.04%	0.07%
S&P B's Index	98.61	98.56	0.05%	0.07%
S&P CCC's Index	79.64	79.69	(0.06%)	(0.13%)

Loan Market Spreads	10-Jan	3-Jan	WoW Change	YTD Change
S&P BB's Index	L+263	L+264	(1 bps)	(2 bps)
S&P B's Index	L+380	L+382	(2 bps)	(4 bps)
S&P CCC's Index	L+865	L+865	0 bps	0 bps

Credit Default Swap - Volatility Indices	Index	10-Jan	3-Jan	WoW Change	YTD Change
Investment Grade CDS	Markit	51.50	48.66	5.85%	4.55%
High Yield CDS	Markit	320.68	304.15	5.43%	4.76%

Credit		10-Jan	3-Jan	WoW Change	YOY Change
High Yield	Ave Yield	T+495	T+490	5 bps	10 bps
LCD Flow Name	Ave Spread	L+187	L+190	(3 bps)	(6 bps)
US Treasury 2-Yr		4.26%	4.25%	1 bps	(7 bps)
US Treasury 3-Yr		4.34%	4.29%	5 bps	(2 bps)
US Treasury 5-Yr		4.45%	4.38%	8 bps	2 bps
US Treasury 7-Yr		4.57%	4.48%	10 bps	7 bps
US Treasury 10-Yr		4.69%	4.57%	12 bps	11 bps

US CLO Spreads - New Issue	10-Jan	3-Jan	WoW Change	YTD Change
AAA	S+139	S+139	0 bps	0 bps
AA	S+178	S+178	0 bps	0 bps
A	S+215	S+212	3 bps	0 bps
BBB	S+318	S+318	0 bps	0 bps
BB	S+688	S+688	0 bps	0 bps

Market Rates	10-Jan	3-Jan	WoW Change	YTD Change
Fed Fund Rate	4.32%	4.32%	0 bps	0 bps
Prime Rate	7.50%	7.50%	0 bps	0 bps
Broker Call Rat	6.25%	6.25%	0 bps	0 bps
1M SOFR	4.30%	4.31%	(1 bps)	(23 bps)
3M SOFR	4.68%	4.71%	(4 bps)	(4 bps)
6M SOFR	5.01%	5.05%	(4 bps)	(4 bps)

Short Interest - Billions of shares	30-Nov	31-Oct	MoM Change	YTD Change
NYSE Mkt Short Interest	16.23	16.04	1.22%	0.00%
Nasdaq Short Interest	13.21	12.91	2.35%	0.00%

Fed Corp Primary Dealer Positions - $ USD in Billions	1-Jan	25-Dec	WoW Change	YTD Change
Net Outright Total Corp Securities	10.98	10.56	3.98%	0.00%

Margin Debt - $ USD in Billions	30-Nov	31-Oct	MoM Change	YTD Change
	775.45	784.14	(1.11%)	0.00%

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, $ USD in Millions, (Source: LCD News)

	Week Ending	Bank Loans	High Yield
	8-Jan-25	$ 2,167	$ (27)
	1-Jan-25	$ 280	$ 396
	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
Year To Date 2025		**$ 2,447**	**$ 369**
Year Ended December 31, 2024		**$ 21,086**	**$ 19,373**
Year Ended December 31, 2023		**$ (18,051)**	**$ (17,252)**

Leveraged Finance Primary Volume - $ USD in Billions

1/10/2025	Year To Date 2024	2023	Year End 2022	YoY Change
Bank Debt	**500.9**	**234.8**	**588.4**	**113.33%**
Senior Secured Bonds	125.2	105.0	147.9	19.24%
Unsecured Bonds	156.4	69.8	313.8	124.07%
Total Bonds	**281.6**	**174.8**	**461.7**	**61.10%**
Totals	**782.5**	**409.6**	**1,050.1**	**91.04%**

NEW ISSUE SUMMARY - BI-WEEKLY

Institutional Loans	1/10/2025	Deals	Amt ($mm)
Launched	Prior Two Weeks	12	8,233
Forward Calendar		4	7,437

High Yield	1/10/2025	Deals	Amt ($mm)
Launched	Prior Two Weeks	9	6,532
Forward Calendar		3	4,711

DEFAULT ACTIVITY

Total Loan Defaults - as of:	30-Nov	31-Oct	YE 2023
Default Rate by Total Amount of All Loans Outstanding	1.72%	1.56%	0.98%
Default Rate by Total Number of All Loan Issuers	1.89%	1.62%	0.98%

ECONOMIC DATA RECAP

Key Economic Indicators:		Period	Actual	Expected	Prior
Initial Jobless Claims		Jan	249K	236K	238K
Continuing Claims		Jan	1,839K	1,828K	1,821K
Change in Non-Farm Payrolls		Jan	272K	180K	175K
Change in Private Payrolls		Jan	229K	165K	167K
Unemployment Rate	U-3	Jan	4.0%	3.9%	3.9%
Unemployment Rate	U-6	Jan	6.6%	6.5%	6.7%
Average Work Week		Jan	34.3	34.7	34.4
Existing Home Sales		Jan	4.11M	4.10M	4.14M
Housing Starts		Jan	1,277K	1,370K	1,360K
S&P/Case-Shiller Composite	YoY	Jan	7.2%	7.0%	7.4%
S&P/Case-Shiller Composite	MoM	Jan	0.4%	0.3%	0.3%
Consumer Confidence		Jan	91.3	90.0	88.9
GDP	QoQ-Annualized	3Q24	1.4%	1.4%	1.3%
Durable Goods Orders		Jan	0.6%	0.7%	0.7%
Total Vehicle Sales		Jan	15.32M	15.50M	15.50M
Capacity Utilization		Jan	79.0%	77.0%	76.8%

Fed & Treasury Balance Sheet		8-Jan	1-Jan	WoW Change	YoY Change
Fed Total Assets	$ in Billions	6,853,554.0	6,852,491.0	0.0%	0.0%
Public Debt	$ in Billions	36,167.6	36,167.6	0.0%	0.0%

US Debt Outstanding		2Q24	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%

Employment - Labor Participation Rates	31-Oct	30-Sep	YTD Change
Civilian Employment as % of Total Labor Force	60.4%	60.4%	0.00pp
Labor Force Participation Rate	62.6%	62.6%	0.00pp

Government Assistance		31-Oct	30-Sep	YTD Change
SNAP fka Food Stamps - # of Participants	in Millions	37.533	37.782	0.00%

Retail Sales	31-Oct	30-Sep	YTD Change
Adj. Retail & Food Services Sales Index - US Census	683.0	687.4	0.00%

US Home Foreclosures and Delinquencies		31-Oct	30-Sep	YTD Change
Home Foreclosures Inventory	in Thousands	182	181	0.00%
Delinquency Rate		1.70%	1.53%	0.00pp

U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas

Type	Peak- 2000 to Date	# of Rigs	% Change	10-Jan	3-Jan	YTD Change
Oil	10/10/2014	1,609	(61.28%)	623	618	0.00%
Gas	9/12/2008	1,606	(90.66%)	150	152	0.00%

Rail & Truck Volume		31-Oct	30-Sep	YTD Change
Total Rail Carloads	Tons in Thousands	1,075.73	1,073.81	0.00%
Total Intermodal	Tons in Thousands	961.26	965.70	0.00%
Truck Tonnage Index		140.60	139.85	0.00%

TSA Checkpoint Travel Numbers		9-Jan	2-Jan	WoW Change	YoY Change
Weekly Traveler Throughput	in Thousands	15,721.3	18,303.4	(14.11%)	(6.87%)

Freight Rates	10-Jan	3-Jan	WoW Change	YTD Change	YoY Change
Freightos Baltic Index	4,380	4,290	2.10%	0.00%	(30.44%)
Shanghai - Los Angeles Spot Rates	4,806	4,839	(0.68%)	0.00%	(54.24%)
Shanghai - NY Spot Rates	5,233	5,241	(0.15%)	0.00%	0.15%
Shanghai Containerized Freight Index	1,030	1,031	(0.16%)	0.00%	0.16%

ECONOMIC / GDP DATA

International Monetary Fund Growth Rates (Source: IMF "World Economic Outlook")

Country	2020	2021	2022	2023	Projected 2024
United States	(3.5%)	5.7%	2.1%	1.6%	1.1%
Brazil	(4.1%)	4.6%	2.9%	0.9%	1.5%
China	2.3%	8.1%	3.0%	5.2%	4.5%
Germany	(4.9%)	2.8%	1.8%	(0.1%)	1.1%
India	(8.0%)	8.9%	6.8%	5.9%	6.3%
Japan	(4.8%)	1.6%	1.1%	1.3%	1.0%
United Kingdom	(10.0%)	7.4%	4.0%	(0.3%)	1.0%

Region	2021	2022	2023	Projected 2024
World	6.1%	6.1%	2.8%	3.0%
Advanced Economies	5.2%	5.2%	1.3%	1.4%
Euro Area	5.3%	5.3%	0.8%	1.4%
Emerging Mkts and Developing Economies	6.8%	6.8%	3.9%	4.2%
Emerging and Developing Asia	7.3%	7.3%	5.3%	5.1%
Emerging and Developing Europe	6.7%	6.7%	1.2%	2.5%
Latin America and the Caribbean	6.8%	6.8%	1.6%	2.2%

1330 Avenue of the Americas, 16th Floor
New York, NY 10019
(212) 595-8400