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- Wednesday, April 10: Consumer Price Index
- Thursday, April 11: Initial Jobless Claims
- Friday, April 12: Import Price Index

- S&P 500: (0.95%) WoW; +9.11% YTD; +26.78% YoY; 14.0x LTM EBITDA; 12.8x NTM EBITDA
- Dow Jones: (2.27%) WoW; +3.22% YTD; +16.18% YoY; 10.9x LTM EBITDA; 12.2x NTM EBITDA
- Nasdaq: (0.80%) WoW; +8.24% YTD; +34.42% YoY
- Ten Year US Treasury Yield: 4.46% +54 bps YTD; +111 bps YoY
- Currency:
 - British Pound per USD: \$1.26; 0.1% WoW; (0.7%)YTD; 1.6% YoY
 - Euro per USD: \$1.08; 0.4% WoW; (1.9%)YTD; (0.8%)YoY
 - USD per Yen: ¥151.62; 0.2% WoW; 7.6% YTD; 15.1% YoY
 - Swiss franc per EUR: 1.02 CHF; (0.5%)WoW; (5.0%)YTD; 1.1% YoY

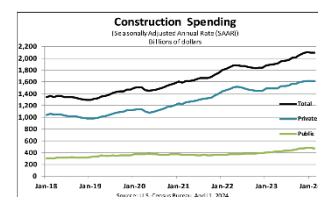
- **U.S. Trade Balance**

- The U.S. international trade deficit widened by 1.9% to \$68.9 billion in February, marking the third consecutive month of increase and the largest imbalance since last April
- Exports in February rose 2.3% to \$263 billion, while imports increased by 2.2% to \$331.9 billion
- The widening trade deficit is expected to slightly drag on the first-quarter GDP growth, amidst overall weak global trade due to geopolitical tensions



- **Construction Spending**

- Construction spending in the U.S. fell by 0.3% in February to \$2.1 trillion, contrary to expectations of a 0.7% increase
- Over the past year, construction spending has increased by 10.7%
- Private residential construction rose 0.7%, with single-family construction up 1.4% and multifamily construction down 0.2%; public residential construction decreased by 1.2%

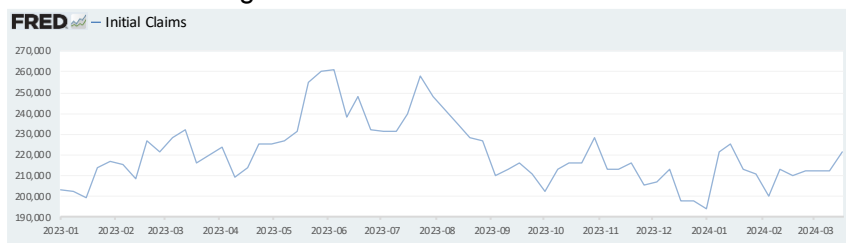


- **U.S. Auto Sales**

- U.S. new car and truck sales decreased by 2% in March, with an annual sales rate of 15.5 million, down from 15.8 million in February
- The auto industry hasn't returned to pre-pandemic levels of sales, with 2016 recording a peak of 17.5 million
- High vehicle prices, particularly for electric vehicles, and high loan rates averaging around 7% or more have significantly impacted demand

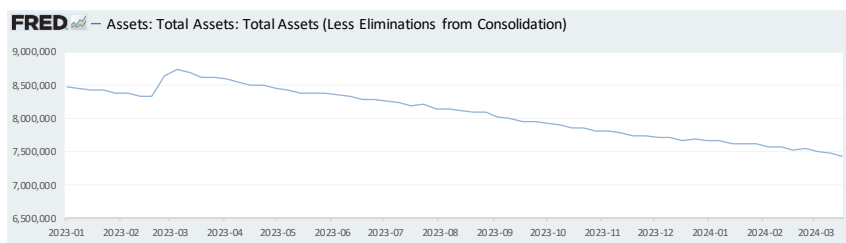
▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 221,000 in the week ended March 29, up 9,000 from the prior week
- The four-week moving average was 214,250, up 2,750 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – decreased by 19,000 to 1.791 million in the week ended March 22. This figure is reported with a one-week lag



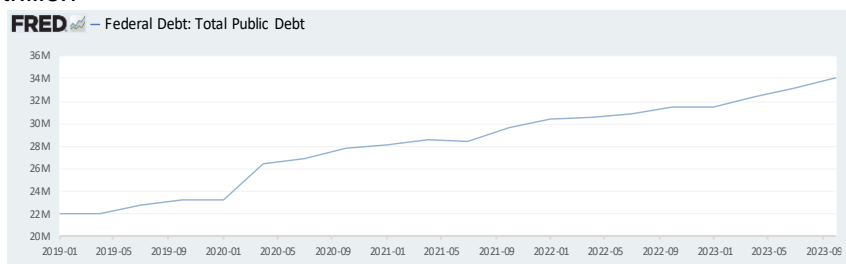
▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$7.440 trillion in the week ended April 5, down \$45.2 billion from the prior week
- Treasury holdings totaled \$4.597 trillion, down \$21.2 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.39 trillion in the week, down \$14.3 billion from the prior week



▪ Total Public Debt

- Total public debt outstanding was \$34.60 trillion as of April 5, an increase of 10.0% from the previous year
- Debt held by the public was \$24.68 trillion, and intragovernmental holdings were \$7.09 trillion

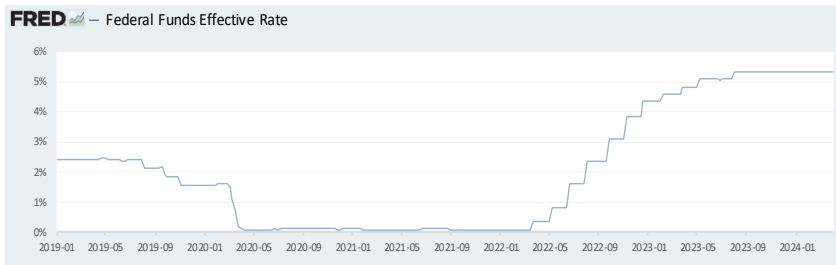


■ Inflation Factors

- CPI:
 - The consumer-price index rose 3.2% in February year over year
 - On a monthly basis, the CPI increased 0.4% in February on a seasonally adjusted basis, after increasing 0.3% in January
 - The index for all items less food and energy (core CPI) rose 0.4% in February, after rising 0.4% in January
 - Core CPI increased 3.8% for the 12 months ending February
- Food & Beverages:
 - The food at home index increased 1.0% in February from the same month a year earlier, and decreased 0.0% in February month over month
 - The food away from home index increased 4.5% in February from the same month a year earlier, and increased 0.1% in February month over month
- Commodities:
 - The energy commodities index increased 3.6% in February after decreasing (3.2%)
 - The energy commodities index fell (4.1%) over the last 12 months
 - The energy services index 0.1% in February after increasing 2.5% in January
 - The energy services index rose 0.5% over the last 12 months
 - The gasoline index fell (3.9%) over the last 12 months
 - The fuel oil index fell (5.4%) over the last 12 months
 - The index for electricity rose 3.6% over the last 12 months
 - The index for natural gas fell (8.8%) over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index decreased to \$2,835.51 per 40ft
 - Drewry's composite World Container Index has increased by 65.8% over the last 12 months
- Housing Market:
 - The shelter index increased 0.4% in February after increasing 0.6% in January
 - The rent index increased 0.4% in February after increasing 0.6% in January
 - The index for lodging away from home increased 3.1% in February after increasing 4.3% in January

■ Federal Funds Rate

- The effective Federal Funds Rate is at 5.33%, flat 0.00% year to date



World News

■ Israel

- CIA Director William Burns is participating in cease-fire talks in Cairo, aiming to halt fighting in Gaza and address the humanitarian situation as the conflict enters its seventh month
- Israeli Prime Minister Benjamin Netanyahu insists on the release of hostages for a cease-fire, while Hamas demands the return of Gazans to northern Gaza and the withdrawal of Israeli troops
- An airstrike in Syria, allegedly carried out by Israel, targeted an Iranian consulate, killing top Iranian military officials, which risks escalating tensions between Israel and Iran

■ China

- The U.S. and EU, along with emerging economies like Brazil, India, Mexico, and Indonesia, are responding to a surge of cheap Chinese imports by considering raising trade barriers and initiating antidumping investigations
- Treasury Secretary Janet Yellen, during her visit to China, emphasized the risks of China's economic strategy focused on exporting cheap goods without fostering domestic demand, indicating it could lead to negative global spillovers
- Governments worldwide have announced over 70 import-related measures targeting China since the start of the previous year, showcasing a global effort to protect domestic industries from the influx of cheap Chinese products

■ Russia

- More than 4,000 people, including 885 children, have been evacuated in the Orenburg region of Russia due to flooding caused by the bursting of a dam and the overflow of the Ural River
- A criminal investigation has been launched into suspected construction violations that may have led to the dam's failure, with water levels reaching about 9.7 meters, significantly above the dam's capacity

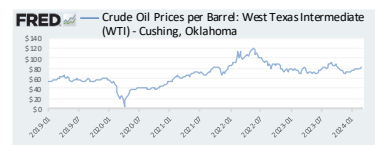
■ Germany

- German manufacturing orders marginally increased by 0.2% in February, a slower growth than the expected 0.5%, following a sharp 11.4% drop in January, with significant fluctuations driven by sectors like aerospace in previous months.
- The car industry in Germany saw a notable decline in orders by 8.1% in February, whereas orders in the chemical and pharmaceutical industries rose by 3.1% and 6.6%, respectively, indicating varied performance across different sectors.

Commodities

Oil Prices

- WTI: \$86.74 per barrel
 - +4.29% WoW; +21.06% YTD; +7.48% YoY
- Brent: \$90.92 per barrel
 - +3.93% WoW; +18.02% YTD; +6.81% YoY



US Production

- U.S. oil production amounted to 13.1 million bpd for the week ended March 29, down 0.0 million bpd from the prior week

Rig Count

- The total number of oil rigs amounted to 620, down 1 from last week

Inventories

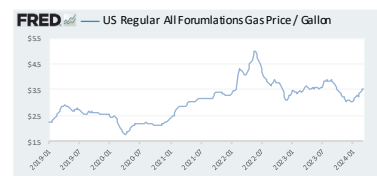
Crude Oil

- Total U.S. crude oil inventories now amount to 451.4 million barrels, down (3.9%) YoY
- Refiners operated at a capacity utilization rate of 88.6% for the week, down from 88.7% in the prior week
- U.S. crude oil imports now amount to 6.702 million barrels per day, down (7.4%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.58 per gallon in the week of April 5, up 0.0% YoY
 - Gasoline prices on the East Coast amounted to \$3.49, up 0.9% YoY
 - Gasoline prices in the Midwest amounted to \$3.44, down (0.5%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$3.21, down (0.8%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.47, down (3.3%) YoY
 - Gasoline prices on the West Coast amounted to \$4.68, up 4.0% YoY
- Motor gasoline inventories were down by 4.3 million barrels from the prior
- Motor gasoline inventories amounted to 227.8 million barrels, up 2.4% YoY
- Production of motor gasoline averaged 9.98 million bpd, up 1.3% YoY
- Demand for motor gasoline amounted to 9.236 million bpd, down (0.6%) YoY

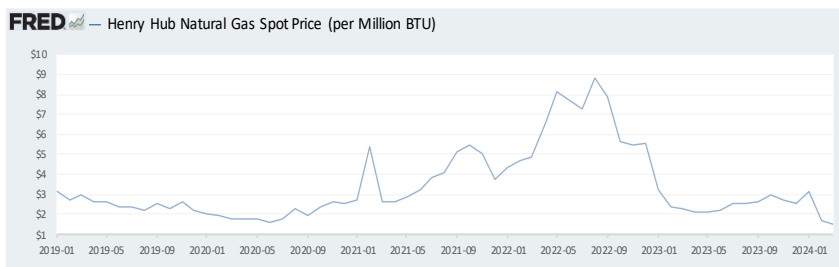


Distillates

- Distillate inventories decreased by -1.3 million in the week of April 5
- Total distillate inventories amounted to 116.1 million barrels, up 2.7% YoY
- Distillate production averaged 4.606 million bpd, down (2.8%) YoY
- Demand for distillates averaged 3.495 million bpd in the week, down (17.6%)

○ **Natural Gas**

- Natural gas inventories decreased by 37 billion cubic feet last week
- Total natural gas inventories now amount to 2,259 billion cubic feet, up 23.4% YoY



Geopolitical Hotspots

- **Canada**
 - Canada's goods-trade surplus widened more than expected in February, driven by record gold shipments and marking the strongest export growth in six months
- **South Korea**
 - South Korea's exports grew for a sixth consecutive month in March, driven by strong demand for semiconductors and ships, with a 3.1% increase from the previous year to \$56.56 billion
- **Taiwan**
 - A magnitude-7.4 earthquake, the strongest to hit Taiwan in 25 years, killed at least nine people, injured more than 900, and caused significant structural damage including the collapse of buildings
- **Japan**
 - The Bank of Japan ended negative interest rates and unwound most of its unconventional monetary easing policies, moving its key target for short-term rates to a range of 0% to 0.1%, its first rate increase since 2007
- **Australia**
 - Australian officials have unveiled a new policy aimed at reducing migration by 14% over the next four years in an effort to address housing affordability issues in cities like Sydney, where prices have reached record highs
- **Argentina**
 - President Javier Milei drives privatization despite congressional resistance, cutting costs by 456 billion pesos (\$535 million) in February 2024. Companies like Aerolíneas Argentinas and YPF undergo restructuring, facing hurdles in Congress and valuation challenges in YPF's state shares
- **South Africa**
 - Markus Jooste, former CEO of Steinhoff International, died from a self-inflicted gunshot wound a day after receiving a record fine for his role in the company's collapse due to massive corporate fraud

Credit News

High yield bond yields increased 16bps to 7.76% and spreads increased 4bps to 331bps. Leveraged loan yields increased 7bps to 9.34% and spreads decreased 6bps to 503bps. WTD Leveraged loan returns were positive 16bps. WTD high yield bond returns were negative 30bps. 10yr treasury yields increased 11bps to 4.31%. For the week, yields and spreads widened as investors absorbed an equity sell-off, rising commodity prices, and a strong payroll report that reaffirmed the resilience of the economy.

High-yield:

Week ended 04/05/2024

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.76%	331	7.60%	327	16	4

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$93.36	\$93.69	-33	-0.30%	-0.26%	1.23%	13.5%

Fund Flows²

Total Flows (\$)
(\$259mm)

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
9	\$5.5bn	\$93.1bn	\$45.0bn	+107%

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

3/28/24	2/29/24	1/30/24
6.00%	6.20%	6.70%

Total HY Defaults

3/28/24	2/29/24	1/30/24
1.67%	1.66%	2.04%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 04/05/2024

▪ Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
9.34%	503	9.27%	509	7	(6)

▪ Leveraged Loan Index¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.04	\$96.00	4	0.16%	0.00%	2.65%	12.9%

▪ Fund Flows²

Total Flows (\$)
\$689mm

▪ New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
16	\$13.9bn	\$331.6bn	\$71.7bn	+362%

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

3/28/24	2/29/24	1/30/24
5.44%	5.30%	5.80%

▪ Total Loan Defaults

3/28/24	2/29/24	1/30/24
1.86%	1.77%	1.95%

Default activity:

- Most recent defaults include: JoAnn Stores (\$658mn, 3/18/24), New Insight Holdings (\$1.2bn, 3/13/24), Robertshaw (\$820mn, 2/29/24), Thrasio LLC (\$724mn, 2/28/24), Hornblower (\$838mn, 2/20/24), Careismatic (\$700mn, 1/22/24), Enviva Partners (\$750mn, 1/15/24), Ligado Networks (\$4.2bn, 11/1/23), and Air Methods (\$1.7bn, 10/24/23).

CLOs:

Week ended 04/05/2024

▪ New U.S. CLO Issuance²

# Priced	Total (\$)	New Issue	Refis/Resets
7	\$3.4bn	\$1.5bn	\$1.9bn

▪ New U.S. CLO YTD Issuance²

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
197	\$88.2bn	\$38.6bn	\$49.6bn	\$32.3bn	+173%

Note: High-yield and leveraged loan yields and spreads are swap-adjusted¹ Source: Credit Suisse High Yield and Leveraged Loan Index² Source: JP Morgan

Ratings activity:

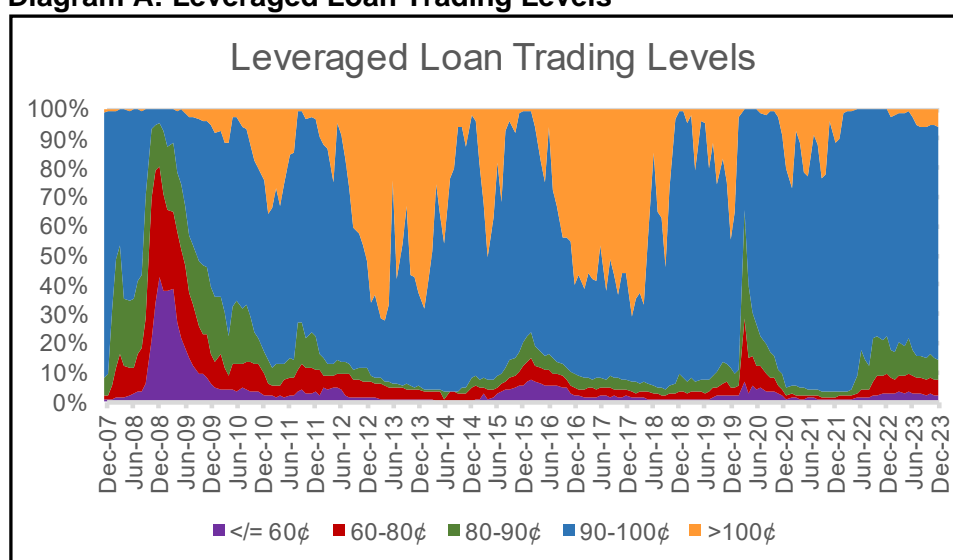
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2023	546	304	1.8x	488	288	1.7x
Week Ending 01/05/24	1	2	0.5x	0	2	0.0x
Week Ending 01/12/24	8	6	1.3x	3	7	0.4x
Week Ending 01/19/24	2	6	0.3x	12	6	2.0x
Week Ending 01/26/24	10	0	n/a	15	6	2.5x
Week Ending 02/02/24	3	13	0.2x	11	7	1.6x
Week Ending 02/09/24	18	6	3.0x	5	7	0.7x
Week Ending 02/16/24	8	2	4.0x	14	9	1.6x
Week Ending 02/23/24	3	8	0.4x	16	16	1.0x
Week Ending 03/01/24	14	5	2.8x	6	2	3.0x
Week Ending 03/08/24	16	10	1.6x	15	14	1.1x
Week Ending 03/15/24	12	7	1.7x	15	5	3.0x
Week Ending 03/22/24	6	5	1.2x	7	10	0.7x
Week Ending 03/29/24	9	2	4.5x	15	14	1.1x
Week Ending 04/05/24	8	11	0.7x	13	8	1.6x
YTD 2024	118	83	1.4x	147	113	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	89.3	93.9	85.4	8.5
Leveraged Loans	94.4	96.2	92.1	4.1

[1] Data is from Credit Suisse High Yield Market Index and Credit Suisse Leveraged Loan Index

[2] HY high price as of 3/22/24. LL high price as of 3/18/24

[3] HY low price as of 10/20/23. LL low price as of 5/31/23

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	0.16%	0.11%	(0.30%)	(0.36%)
MTD Return	(0.00%)	0.01%	(0.26%)	0.03%
YTD Return	2.65%	2.49%	1.23%	0.63%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 04/05/2024

[2] Yield data as of 04/05/2024

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.

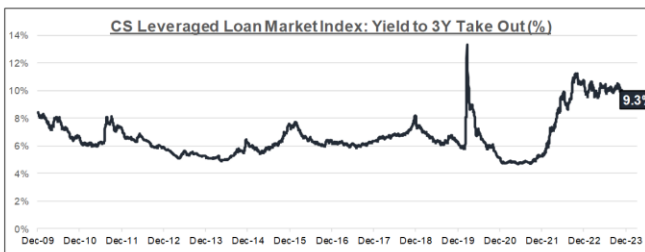


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

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

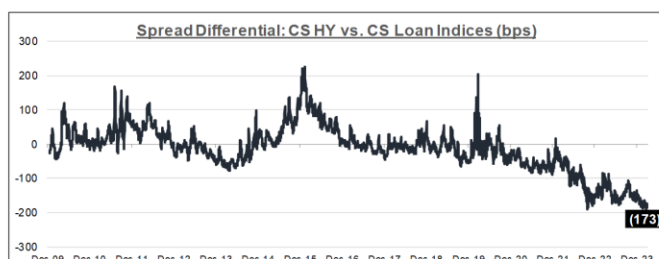


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.

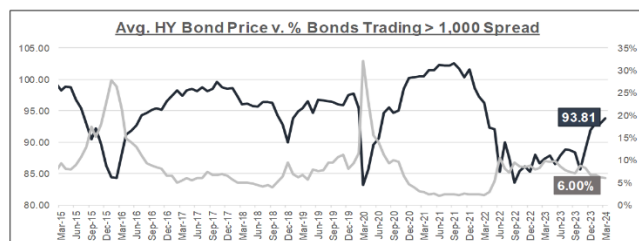


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

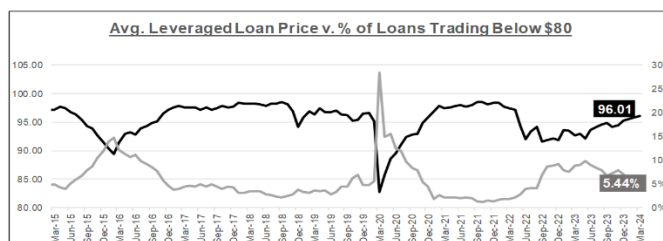
Diagram G: Spread between High Yield Bonds and Leveraged Loans



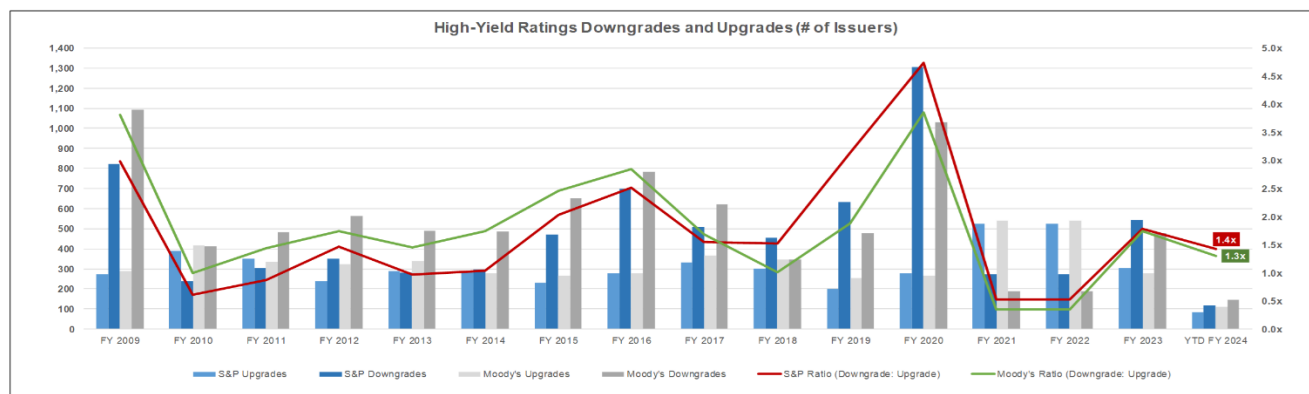
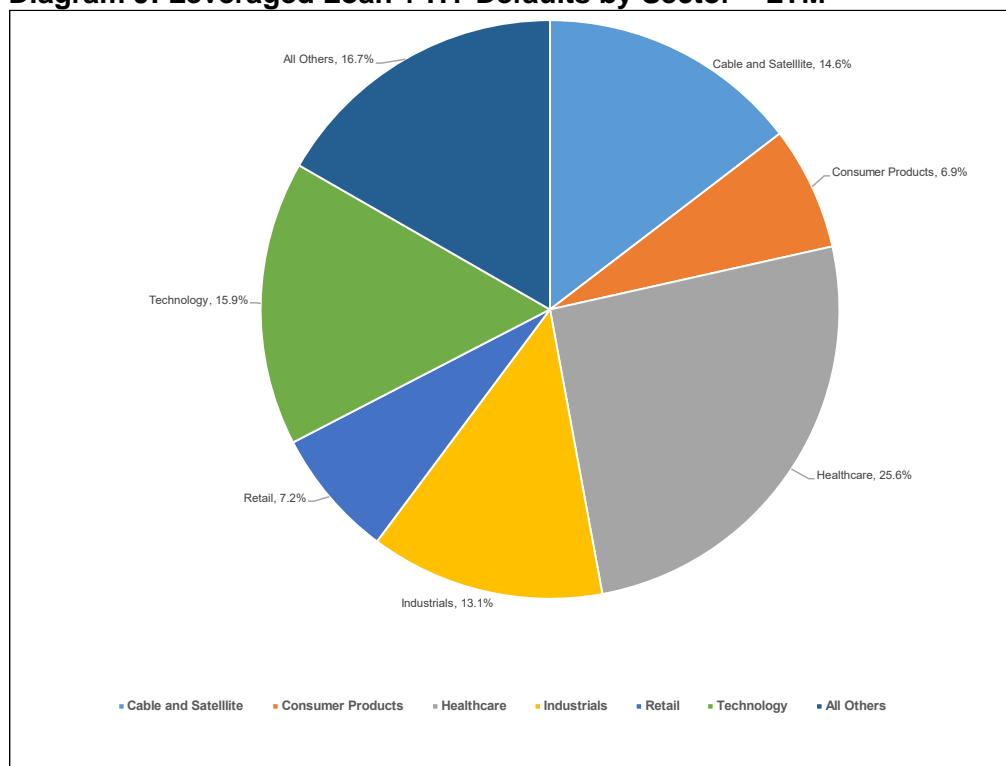
Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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

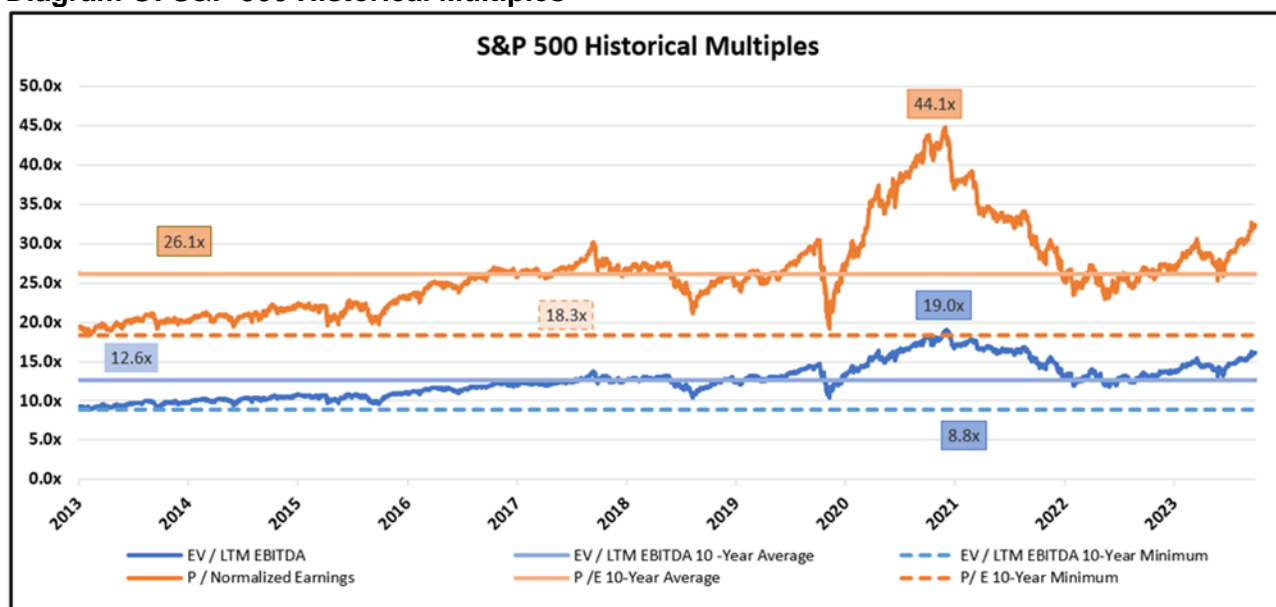
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

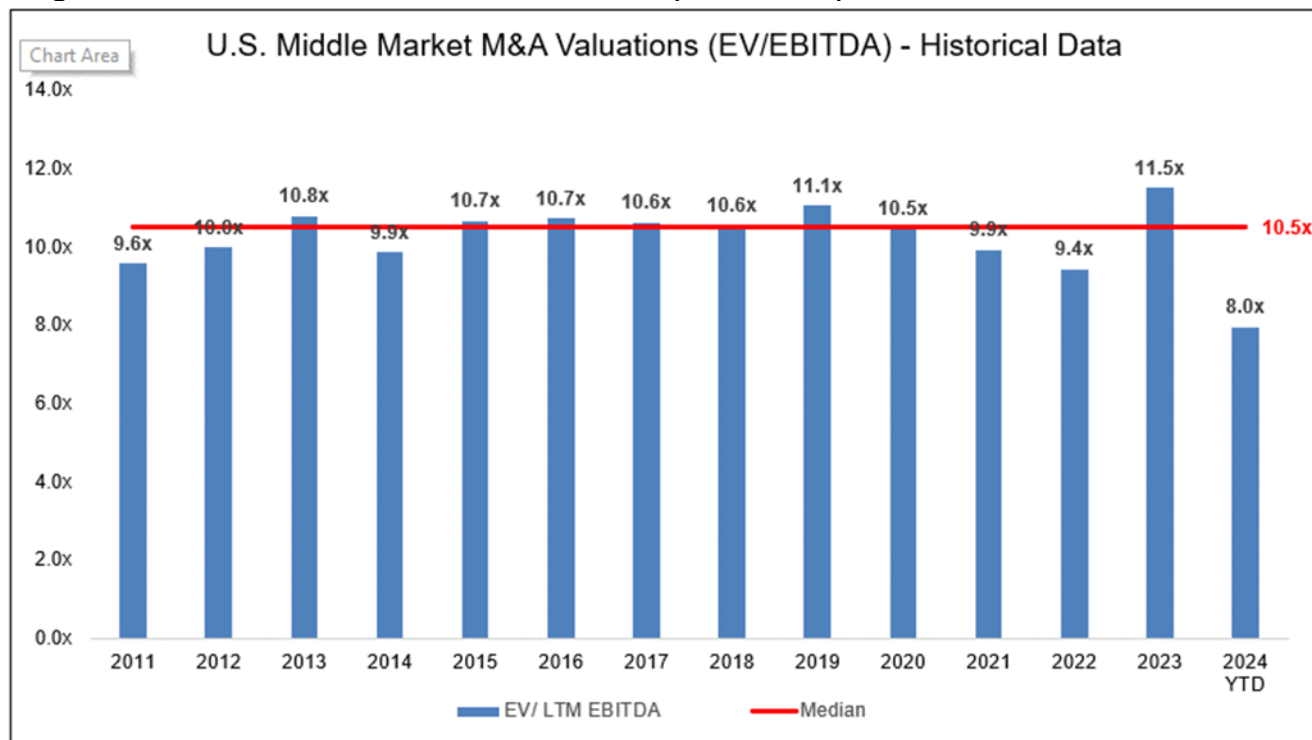
By					Change			
	3/15/24	3/22/24	3/29/24	4/5/24	Weekly	Q4 2023	Q3 2023	Q2 2023
France - 10 year	2.88%	2.80%	2.81%	2.89%	9 bps	(84 bps)	47 bps	14 bps
Germany - 10 year	2.44%	2.32%	2.30%	2.39%	9 bps	(82 bps)	45 bps	10 bps
Italy - 10 year	3.70%	3.64%	3.68%	3.79%	11 bps	(108 bps)	71 bps	(3 bps)
Japan - 10 year	0.77%	0.73%	0.74%	0.79%	5 bps	(15 bps)	38 bps	(4 bps)
UK - 10 year	4.10%	3.93%	3.93%	4.05%	12 bps	(90 bps)	6 bps	93 bps
US								
US - 2 year	4.73%	4.63%	4.71%	4.70%	(0 bps)	(90 bps)	21 bps	111 bps
US - 5 year	4.34%	4.23%	4.32%	4.35%	3 bps	(95 bps)	61 bps	80 bps
US - 10 year	4.32%	4.25%	4.31%	4.37%	6 bps	(92 bps)	94 bps	52 bps
US - 30 year	4.45%	4.42%	4.45%	4.52%	7 bps	(89 bps)	106 bps	27 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)

Source: Pitchbook

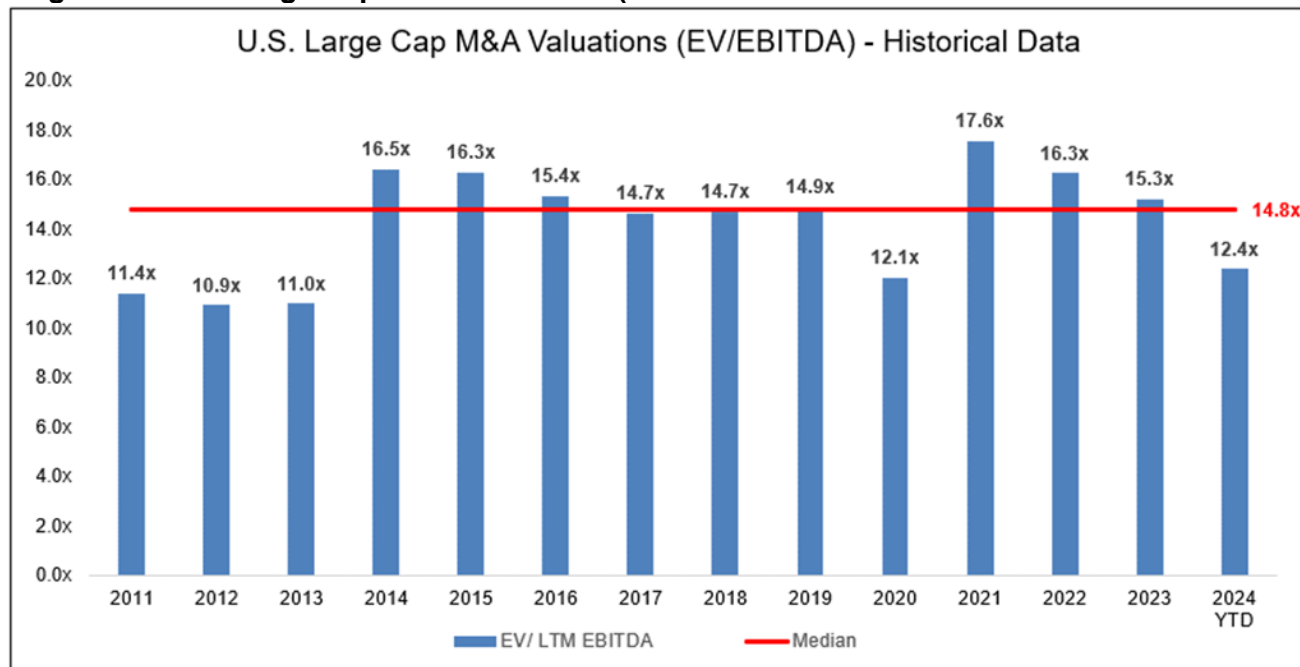
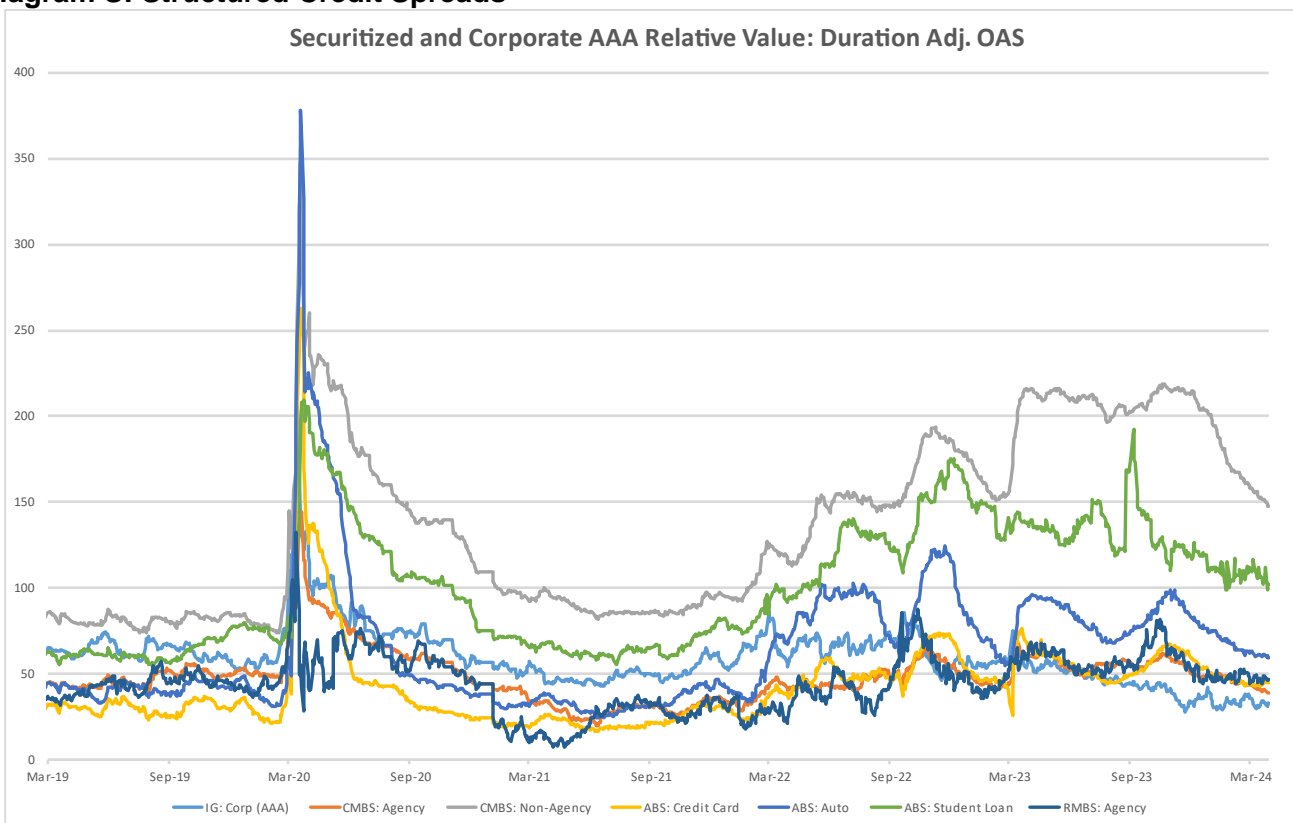
Diagram Q: U.S. Large Cap M&A Valuations (EV/EBITDA)

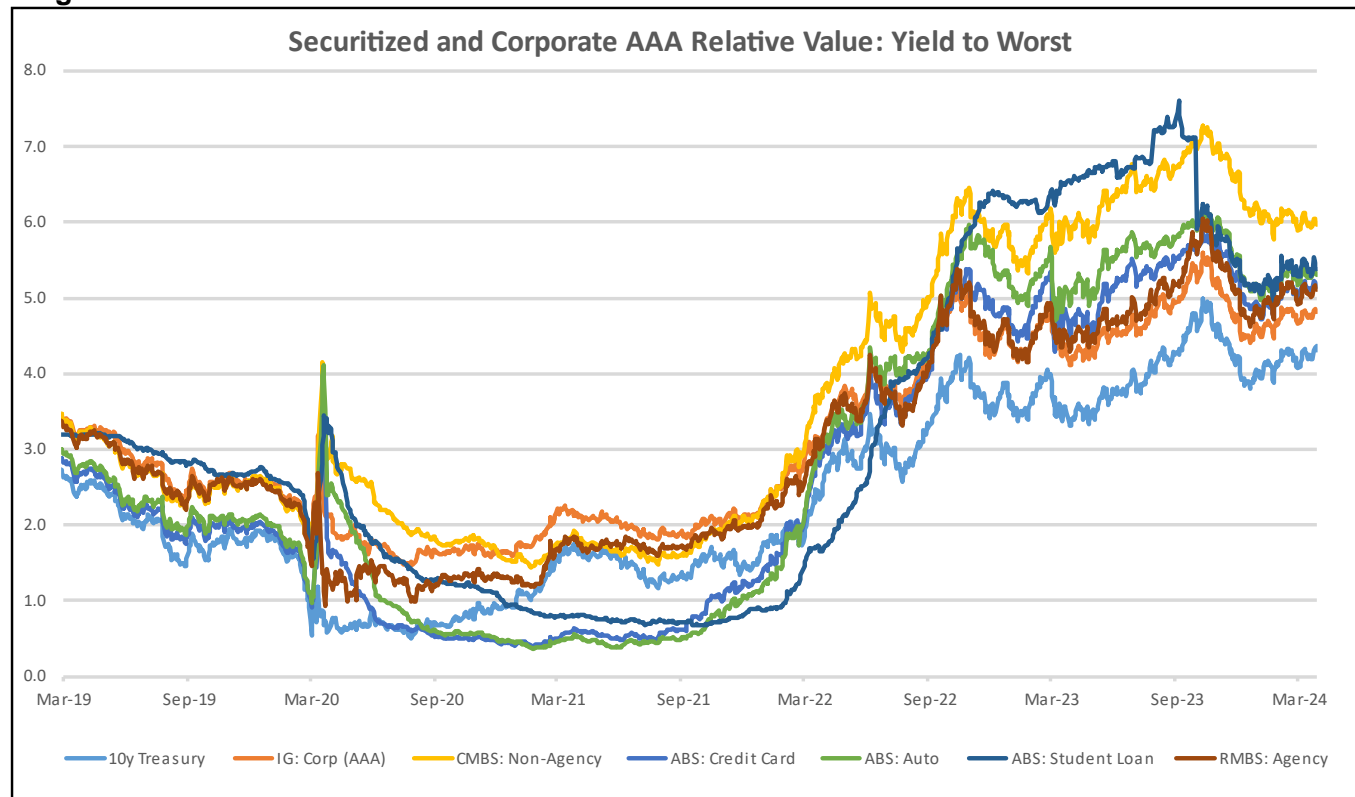
Diagram R: Dry Powder for All Private Equity Buyouts

Source: Pitchbook

Diagram S: Structured Credit Spreads

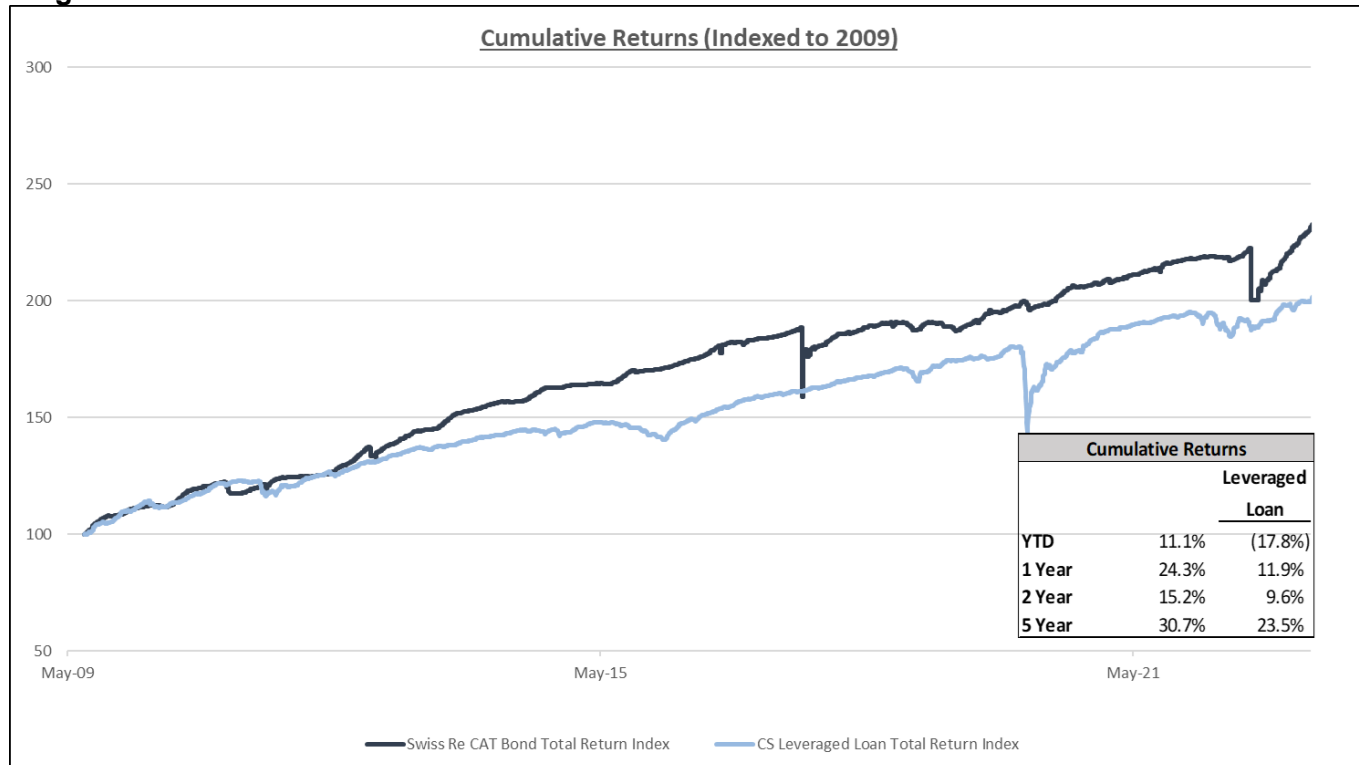
Source: Bloomberg

Diagram T: Structured Credit Yield



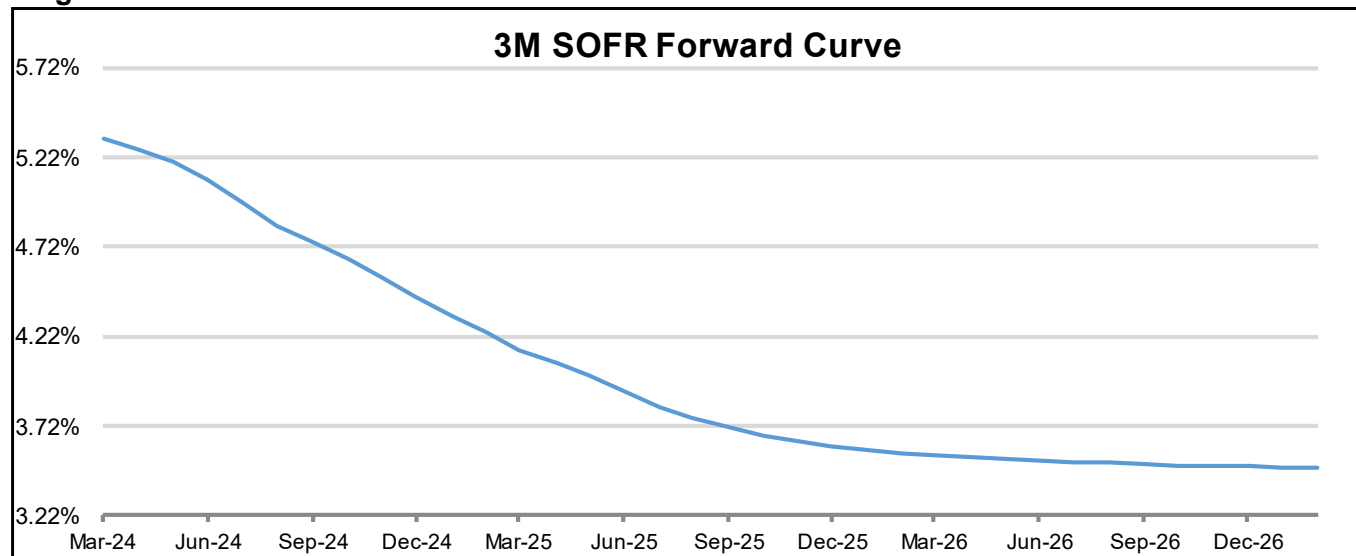
Source: Bloomberg

Diagram U: CAT Bonds – Cumulative Returns



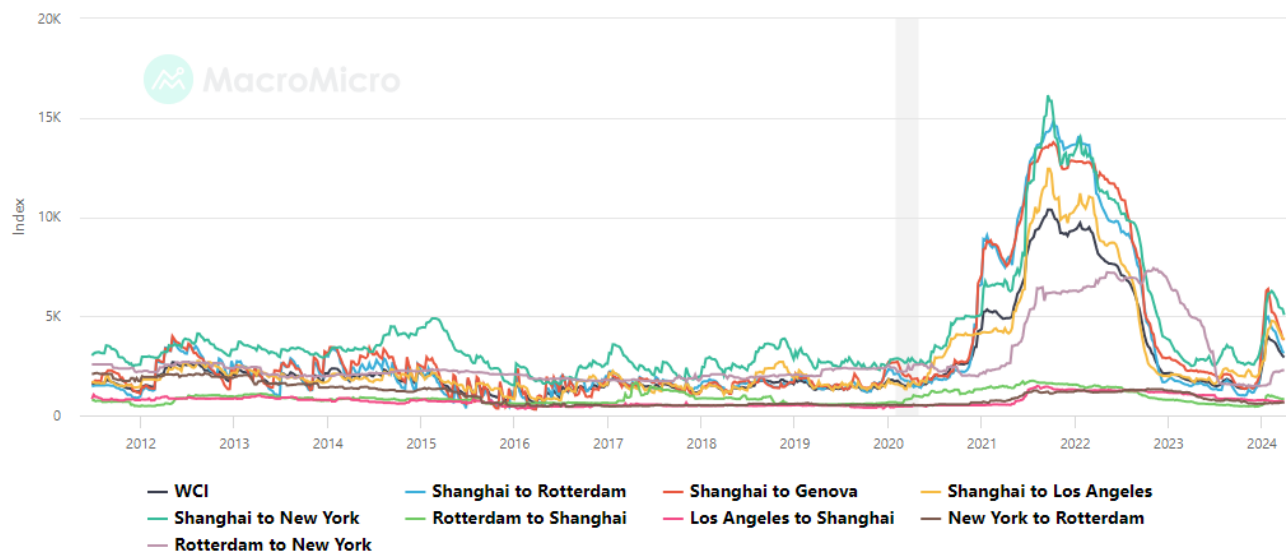
Source: Bloomberg

Diagram V: SOFR CURVE

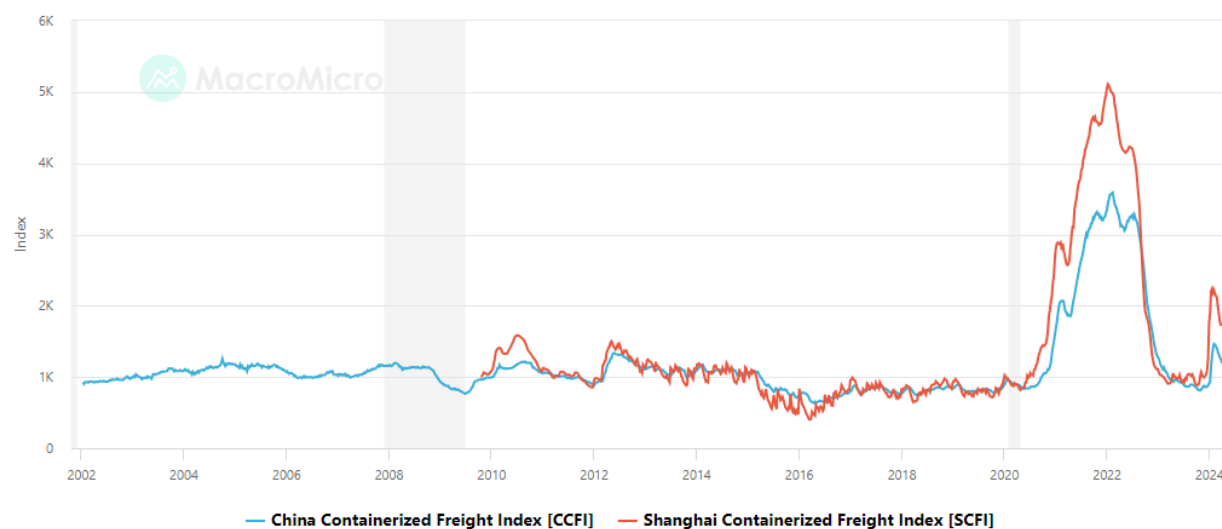


Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index



About Z Capital Group, L.L.C.

Z Capital Group, L.L.C. (“ZCG”) is a leading, privately held merchant bank comprised of private markets asset management, business consulting services, technology development and solutions.

ZCG has approximately \$7B of AUM with a global team comprised of approximately 400 professionals.
www.zcg.com

Asset Management

Z Capital Partners, LLC (“ZCP”) is the private equity fund management platform of ZCG. ZCP pursues a strategy of acquiring companies that are growth platforms, corporate carve-outs, buy & build, go-private transactions, and turn arounds.

Z Capital Credit Partners, LLC (“ZCCP”) is the credit fund management platform of ZCG. ZCCP invests across a range of credit investments including leveraged loans, private debt, direct lending, and opportunistic credit. ZCCP manages closed and open ended funds as well as structured vehicles of strategic debt.

Both investment platforms share ZCG common resources, including infrastructure, legal, and cross global intelligence.

ZCG Consulting

ZCG Consulting (“ZCGC”), the strategic management consulting platform of ZCG, is a team of operating professionals within various disciplines of expertise including: financial reporting & planning, technology assessment & implementation, talent acquisition & analysis, global supply chain & logistics, c-suite advisory, real estate operations & management, insurance & risk management, in support of portfolio companies. The team works closely with company management teams and investment professionals to optimize operations and financial rigor, ultimately leading to value creation and increased performance.

Technology

Haptiq, LLC (“Haptiq Technology and Solutions” or “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.

www.haptiq.com

Olympus Fintech (“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.

www.olyfintech.com

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AUM is Gross Pro-Forma as of May 31, 2023, and reflects certain transactions set to close prior to the end of Q3 2023.

