

Briefing

Global Economic & Credit Market

Week 22 Ending – May 31, 2024

www.zcq.com

Economic Calendar

- Tuesday, June 3: Factory Orders
- Thursday, June 4: U.S. Trade Deficit
- Friday, June: Consumer Credit

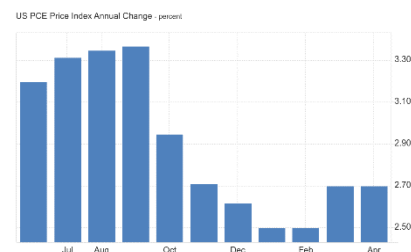
Key Market Metrics

- S&P 500: (0.72%) WoW; +10.41% YTD; +24.77% YoY; 15.5x LTM EBITDA; 12.7x NTM EBITDA
- Dow Jones: (0.98%) WoW; +2.64% YTD; +17.01% YoY; 11.4x LTM EBITDA; 12.2x NTM EBITDA
- Nasdaq: (1.10%) WoW; +11.48% YTD; +27.74% YoY
- Ten Year US Treasury Yield: 4.56% +64 bps YTD; +92 bps YoY
- Currency:
 - British Pound per USD: \$1.27; 0.1% WoW; 0.1% YTD; 1.7% YoY
 - Euro per USD: \$1.08; (0.5%) WoW; (1.8%) YTD; 0.8% YoY
 - USD per Yen: ¥157.29; 0.2% WoW; 11.6% YTD; 13.3% YoY
 - Swiss franc per EUR: 1.02 CHF; 1.3% WoW; (5.2%) YTD; (0.5%) YoY

U.S. News

■ Personnel Consumption index

- The Personnel Consumption index rose 0.3% in April, representing a 2.7% increase over the last 12 months
- The Core Personnel Consumption index, which excludes food and energy, increased 0.2% or 2.8% over the last 12 months
- The index is still higher than the 2.0% rate the Fed is targeting before reducing interest rates



■ Revised GDP Data

- U.S. gross domestic product, adjusted for inflation, grew at a 1.3% annual rate in the first three months of the year, down from 3.4% in the final quarter of 2023
- The revised GDP data is below the 1.6% growth rate reported last month in its preliminary estimate
- The slower than expected pace was driven by a surge in imports and a reduction in business inventories

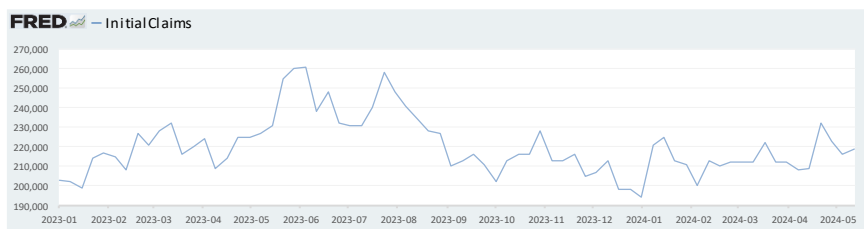


■ Case-Shiller Index

- Home prices in the 20 biggest U.S. metros hit another all-time high, rising 0.3% in March compared to the previous month and up 7.4% in the last 12 months
- The housing market remains hampered by a low numbers of properties for sale, such as San Diego, which posted the largest increase, rising 11.1% over the last 12 months
- The median price of a resale home was \$392,900 in March, and newly built home was \$439,500

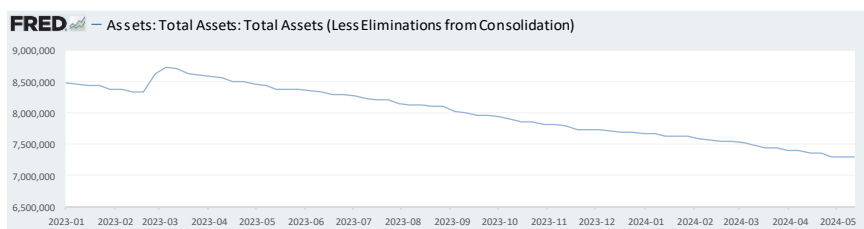
▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 219,000 in the week ended May 24, up 3,000 from the prior week
- The four-week moving average was 222,500, up 2,500 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 4,000 to 1.791 million in the week ended May 17. This figure is reported with a one-week lag



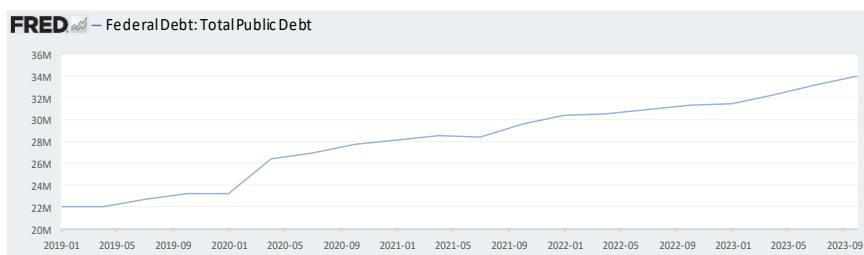
▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$7.284 trillion in the week ended May 31, down \$15.2 billion from the prior week
- Treasury holdings totaled \$4.489 trillion, up \$0.7 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.36 trillion in the week, down \$7.7 billion from the prior week



▪ Total Public Debt

- Total public debt outstanding was \$34.62 trillion as of May 31, an increase of 10.0% from the previous year
- Debt held by the public was \$24.69 trillion, and intragovernmental holdings were \$7.14 trillion

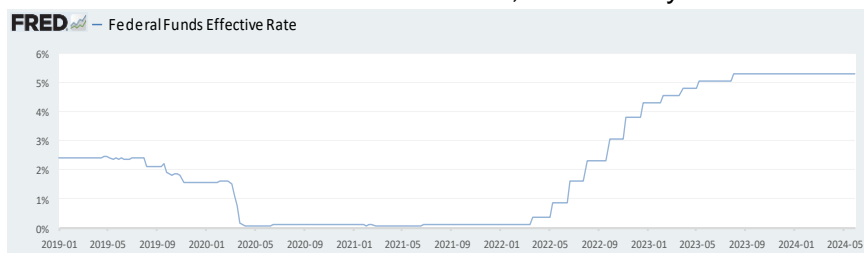


■ Inflation Factors

- CPI:
 - The consumer-price index rose 3.4% in April year over year
 - On a monthly basis, the CPI increased 0.3% in April on a seasonally adjusted basis, after increasing 0.4% in March
 - The index for all items less food and energy (core CPI) rose 0.3% in April, after rising 0.4% in March
 - Core CPI increased 3.6% for the 12 months ending April
- Food & Beverages:
 - The food at home index increased 1.1% in April from the same month a year earlier, and decreased -0.2% in April month over month
 - The food away from home index increased 4.1% in April from the same month a year earlier, and increased 0.3% in April month over month
- Commodities:
 - The energy commodities index increased 2.7% in April after increasing 1.5% in March
 - The energy commodities index rose 1.1% over the last 12 months
 - The energy services index (1.3%) in April after decreasing (0.0%) in March
 - The energy services index rose 3.6% over the last 12 months
 - The gasoline index rose 1.2% over the last 12 months
 - The fuel oil index fell (0.8%) over the last 12 months
 - The index for electricity rose 5.1% over the last 12 months
 - The index for natural gas fell (1.9%) over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index increased to \$4,226.49 per 40ft container for
 - Drewry's composite World Container Index has increased by 151.3% over the last 12 months
- Housing Market:
 - The shelter index increased 0.4% in April after increasing 0.4% in March
 - The rent index increased 0.4% in April after increasing 0.5% in March
 - The index for lodging away from home increased 0.9% in April after increasing 5.6% in March

■ Federal Funds Rate

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



World News

■ Israel/Gaza

- Israel has secured control of Gaza's southern border with Egypt, achieving a key goal of the Rafah offensive as it seeks to eliminate Hamas without upsetting the U.S.
- Israel says taking control of the 9-mile border will allow Israel to prevent Hamas from rearming by smuggling weapons through tunnels that reach into Egypt. Israel last controlled the corridor in 2005 before giving up control of the enclave to the Palestinians
- An Israel military official said it had found 20 cross-border tunnels in the area. The findings and Israel's advance risk sparking new tensions between Israel and Egypt
- The U.S. military has suspended the use of its temporary pier on the coast of Gaza because it was damaged during severe storms, a setback in the U.S. effort to deliver humanitarian by sea to the strip. It will take at least a week for the U.S. to repair the pier

■ Russia

- Russia launched plans to sharply raise taxes on high earners and companies as it seeks to fund a longer-term war in Ukraine
- The proposed amendments, which would go into place next year, are expected to add an additional 2.6 trillion rubles (\$29 billion)
- Russia currently has a flat tax of 13% for most citizens, with some high-income earners paying a 15% rate. The new rates would range from 13% to as high as 22% depending on income
- Russia's military expenditures are running over 6% of gross domestic product, which is equivalent to levels reached by the Soviet Union at the height of the Cold War

■ Ukraine

- The Biden administration on Thursday said that it would allow Ukrainian forces to do limited targeting with American-supplied weapons inside Russia
- The new policy would allow Ukrainian forces to use artillery and short-range rockets against command posts, armed depots, and other assets on Russian territory that are being used by Russian troops to carry out attacks on Kharkiv in northeastern Ukraine
- The narrow geographic scope is an effort to help Ukraine better defend against Russia's offensive while limiting the risk that the conflict in Ukraine could escalate into a direct conflict between Russia and the United States

■ China

- China's official manufacturing purchasing managers index fell to 49.5 in May from 50.4 in April. The change index below the 50 mark that separates activity from contraction
- Exports fell sharply from 118 to 113 in May, with a score of 100 representing export levels in June 2020

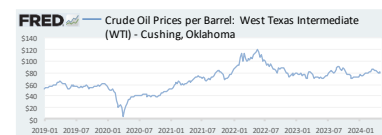
Geopolitical Hotspots

- **India**
 - India's economy grew at 8.2% for its full fiscal year compared with 7.0% a year earlier. The growth was fueled by government spending on infrastructure, and increased spend on manufacturing and construction
- **Canada**
 - Canadian police charged three men in the assassination of Hardeep Singh Nijjar, a Sikh activist who Canada's prime minister has suggested was killed with the help of Indian government agents
- **UK**
 - British Prime Minister Rishi Sunak called a surprise summer election, a gamble by the British leader to galvanize his restive Conservative party as it trails the opposition Labour Party by double digits in the polls.
- **Germany**
 - In March 2024, German manufacturing orders decreased by 0.4%, contrary to the expected 0.5% rise, with significant declines in orders for aircraft, ships, trains, and metal products, despite a 1.1% increase in car industry orders and a 2.0% rise in foreign orders
- **France**
 - France is sending 1,000 police officers and deploying the army to New Caledonia after violent riots over proposed changes to voting rights, which have resulted in the deaths of at least five people and significant property damage
- **Japan**
 - Japan has intervened to prop up the yen after it hit a multidecade low against the dollar. The currency has plummeted against the dollar this year, hurt by increasing doubts among traders about the timing of U.S. interest rate cuts
- **North Korea**
 - Kim Ki Nam, the architect of North Korea's cult-of-personality propaganda and mentor to Kim Jong Un, died at 94; Kim Jong Un will lead his state funeral

Commodities

Oil Prices

- WTI: \$77.13 per barrel
 - (0.76%) WoW; +7.65% YTD; +10.03% YoY
- Brent: \$81.62 per barrel
 - (0.61%) WoW; +5.94% YTD; +9.88% YoY



US Production

- U.S. oil production amounted to 13.1 million bpd for the week ended May 24, up 0.2 million bpd from the prior week

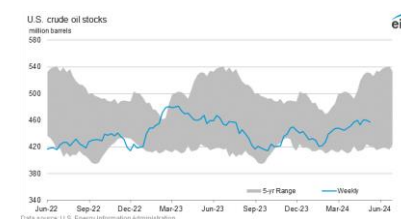
Rig Count

- The total number of oil rigs amounted to 600, down 4 from last week

Inventories

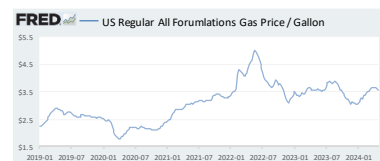
Crude Oil

- Total U.S. crude oil inventories now amount to 454.7 million barrels, down (1.1%) YoY
- Refiners operated at a capacity utilization rate of 94.3% for the week, up from 91.7% in the prior week
- U.S. crude oil imports now amount to 6.663 million barrels per day, down (6.2%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.56 per gallon in the week of May 31, down (0.2%) YoY
 - Gasoline prices on the East Coast amounted to \$3.59, up 1.8% YoY
 - Gasoline prices in the Midwest amounted to \$3.54, down (0.5%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$3.21, up 0.0% YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.47, down (7.3%) YoY
 - Gasoline prices on the West Coast amounted to \$4.70, up 1.2% YoY
- Motor gasoline inventories were up by 2.0 million barrels from the prior week
- Motor gasoline inventories amounted to 228.8 million barrels, up 5.9% YoY
- Production of motor gasoline averaged 10.01 million bpd, up 0.4% YoY
- Demand for motor gasoline amounted to 9.148 million bpd, up 0.5% YoY

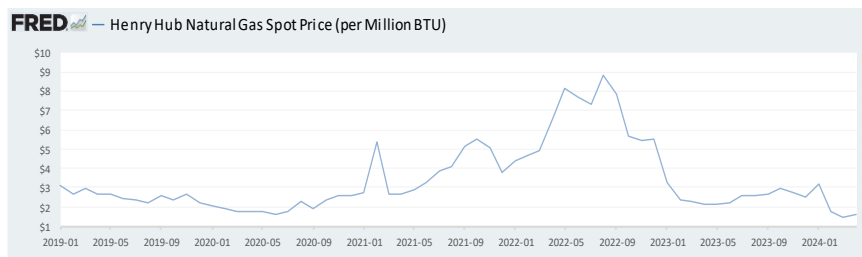


Distillates

- Distillate inventories decreased by 2.5 million in the week of May 31
- Total distillate inventories amounted to 119.3 million barrels, up 11.8% YoY
- Distillate production averaged 5.030 million bpd, down (0.2%) YoY
- Demand for distillates averaged 3.795 million bpd in the week, up 4.1% YoY

○ **Natural Gas**

- Natural gas inventories increased by 84 billion cubic feet last week
- Total natural gas inventories now amount to 2,795 billion cubic feet, up 14.3% YoY



Credit News

High yield bond yields increased 15bps to 7.95% and spreads increased 7bps to 328bps. Leveraged loan yields increased 11bps to 9.50% and spreads increased 1bps to 493bps. WTD Leveraged loan returns were positive 16bps. WTD high yield bond returns were negative 44bps. 10yr treasury yields increased 8bps to 4.55%. The loan asset class is benefiting from elevated coupons and Fed now expected to remain on hold until December. In addition, issuers are delivering solid earnings alongside a robust technical supported by retail inflows, a record pace of CLO origination, and very little net new supply.

High-yield:

Week ended 05/31/2024

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.95%	328	7.80%	322	15	7

Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$92.88	\$93.41	-53	-0.44%	0.70%	1.61%	13.5%

Fund Flows²

Total Flows (\$)
(\$407mm)

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
2	\$0.9bn	\$147.6bn	\$81.6bn	+81%

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

4/30/24	3/28/24	2/29/24
6.55%	6.00%	6.20%

Total HY Defaults

4/30/24	3/28/24	2/29/24
1.55%	1.67%	1.66%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 05/31/2024

▪ Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
9.50%	493	9.39%	492	11	1

▪ Leveraged Loan Index¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$96.11	\$96.16	-5	0.16%	0.88%	4.13%	12.9%

▪ Fund Flows²

Total Flows (\$)
\$386mm

▪ New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
15	\$11.5bn	\$535.4bn	\$113.6bn	+371%

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

4/30/24	3/28/24	2/29/24
5.57%	5.44%	5.30%

▪ Total Loan Defaults

4/30/24	3/28/24	2/29/24
1.32%	1.86%	1.77%

Default activity:

- Most recent defaults include: 99 Cents Only Stores (\$350mn, 4/7/24), ConvergeOne (\$1.3bn, 4/4/24), Xplornet Communications (\$1.2bn, 3/31/24), 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), and Careismatic (\$700mn, 1/22/24).

CLOs:

Week ended 05/31/2024

▪ New U.S. CLO Issuance²

# Priced	Total (\$)	New Issue	Refis/Resets
22	\$10.8bn	\$5.0bn	\$5.8bn

▪ New U.S. CLO YTD Issuance²

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
358	\$162.0bn	\$86.0bn	\$76.0bn	\$51.3bn	+216%

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

Ratings activity:

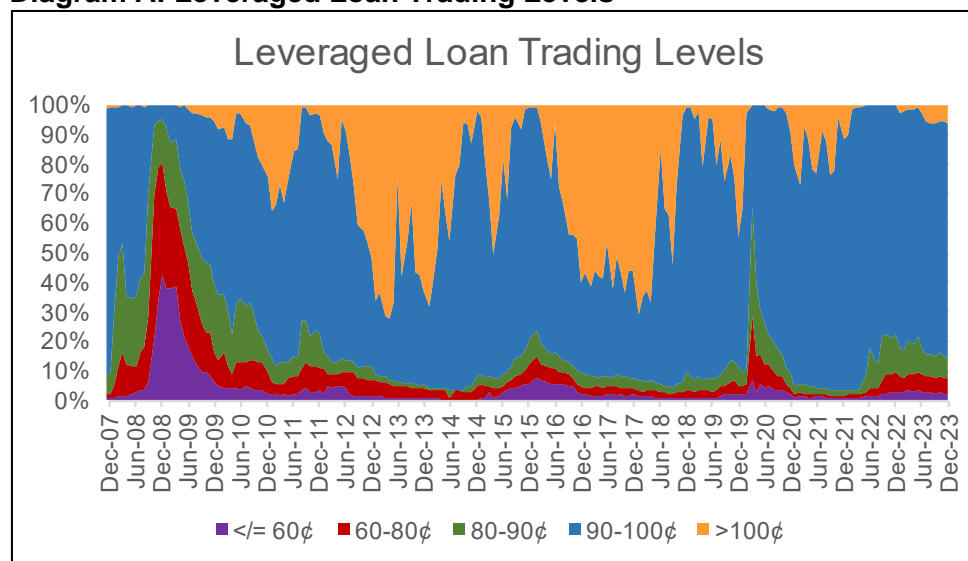
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2023	546	304	1.8x	488	288	1.7x
Week Ending 01/05/24	1	2	0.5x	0	2	0.0x
Week Ending 01/12/24	8	6	1.3x	3	7	0.4x
Week Ending 01/19/24	2	6	0.3x	12	6	2.0x
Week Ending 01/26/24	10	0	n/a	15	6	2.5x
Week Ending 02/02/24	3	13	0.2x	11	7	1.6x
Week Ending 02/09/24	18	6	3.0x	5	7	0.7x
Week Ending 02/16/24	8	2	4.0x	14	9	1.6x
Week Ending 02/23/24	3	8	0.4x	16	16	1.0x
Week Ending 03/01/24	14	5	2.8x	6	2	3.0x
Week Ending 03/08/24	16	10	1.6x	15	14	1.1x
Week Ending 03/15/24	12	7	1.7x	15	5	3.0x
Week Ending 03/22/24	6	5	1.2x	7	10	0.7x
Week Ending 03/29/24	9	2	4.5x	15	14	1.1x
Week Ending 04/05/24	8	11	0.7x	13	8	1.6x
Week Ending 04/12/24	8	11	0.7x	8	7	1.1x
Week Ending 04/19/24	14	10	1.4x	4	12	0.3x
Week Ending 04/26/24	3	4	0.8x	12	6	2.0x
Week Ending 05/03/24	12	5	2.4x	11	4	2.8x
Week Ending 05/10/24	6	10	0.6x	9	9	1.0x
Week Ending 05/17/24	13	7	1.9x	13	4	3.3x
Week Ending 05/24/24	10	6	1.7x	13	10	1.3x
Week Ending 05/31/24	12	3	4.0x	14	10	1.4x
YTD 2024	196	139	1.4x	231	175	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	90.3	93.9	85.4	8.5
Leveraged Loans	95.0	96.2	92.2	4.0

[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 5/15/24

[3] HY low price as of 10/20/23. LL low price as of 6/1/23

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%	0.10%	(0.44%)	(0.15%)
MTD Return	0.88%	0.91%	0.70%	1.25%
YTD Return	4.13%	3.98%	1.61%	0.93%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 05/31/2024

[2] Yield data as of 05/31/2024

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

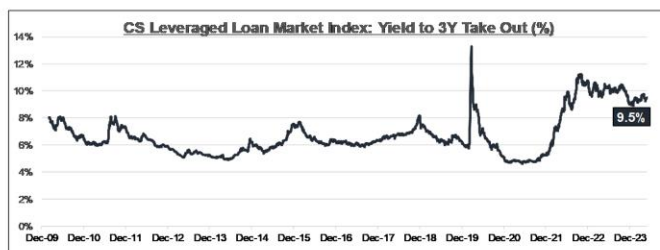
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.



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.



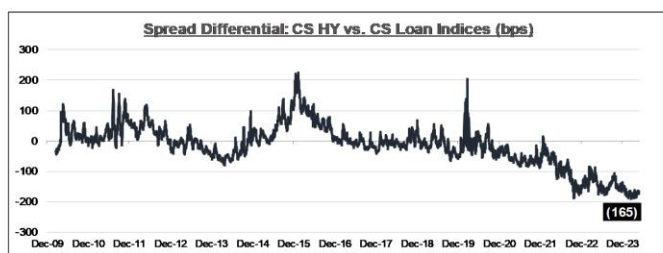
Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

Diagram F: High Yield Bonds Spreads & Yields

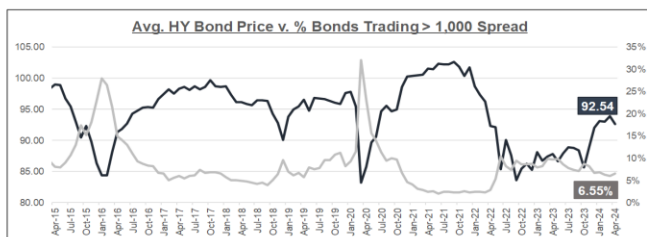
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



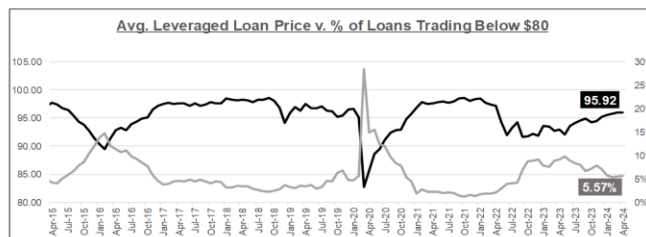
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

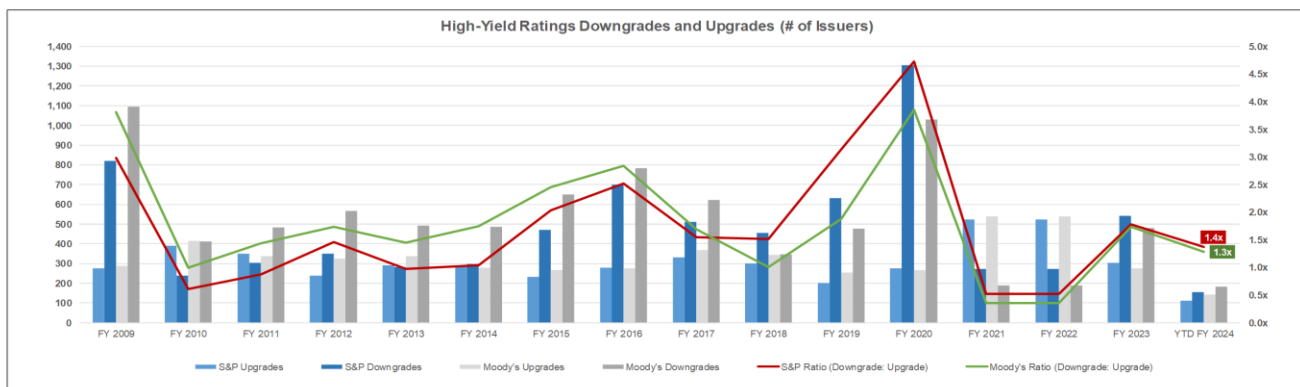
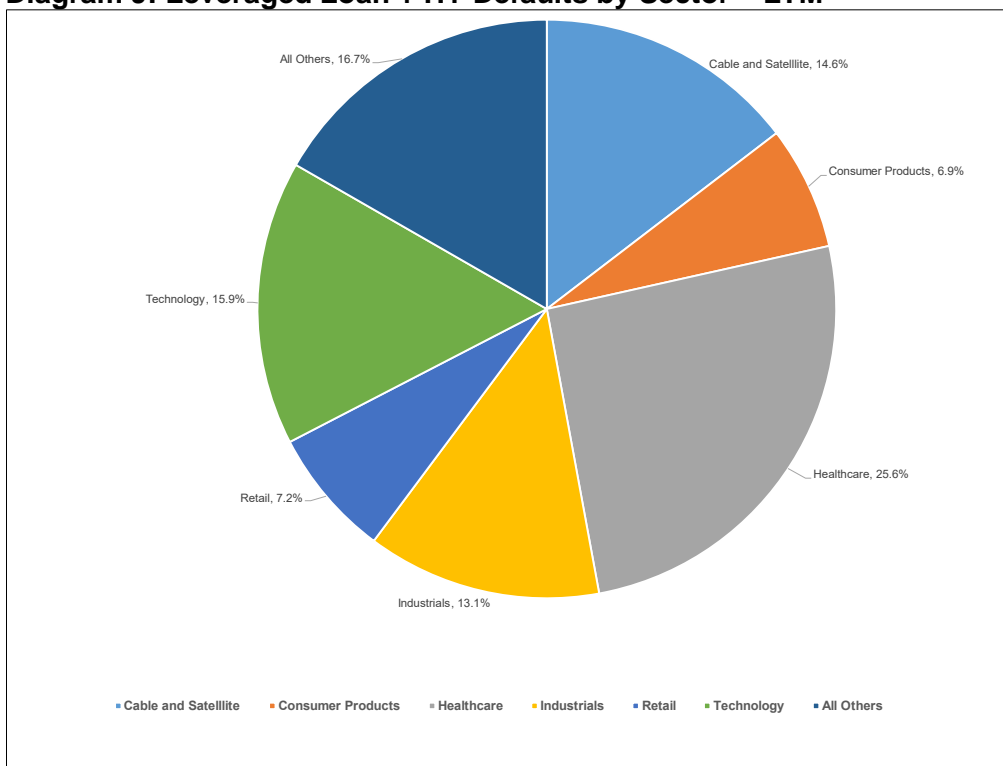
Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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

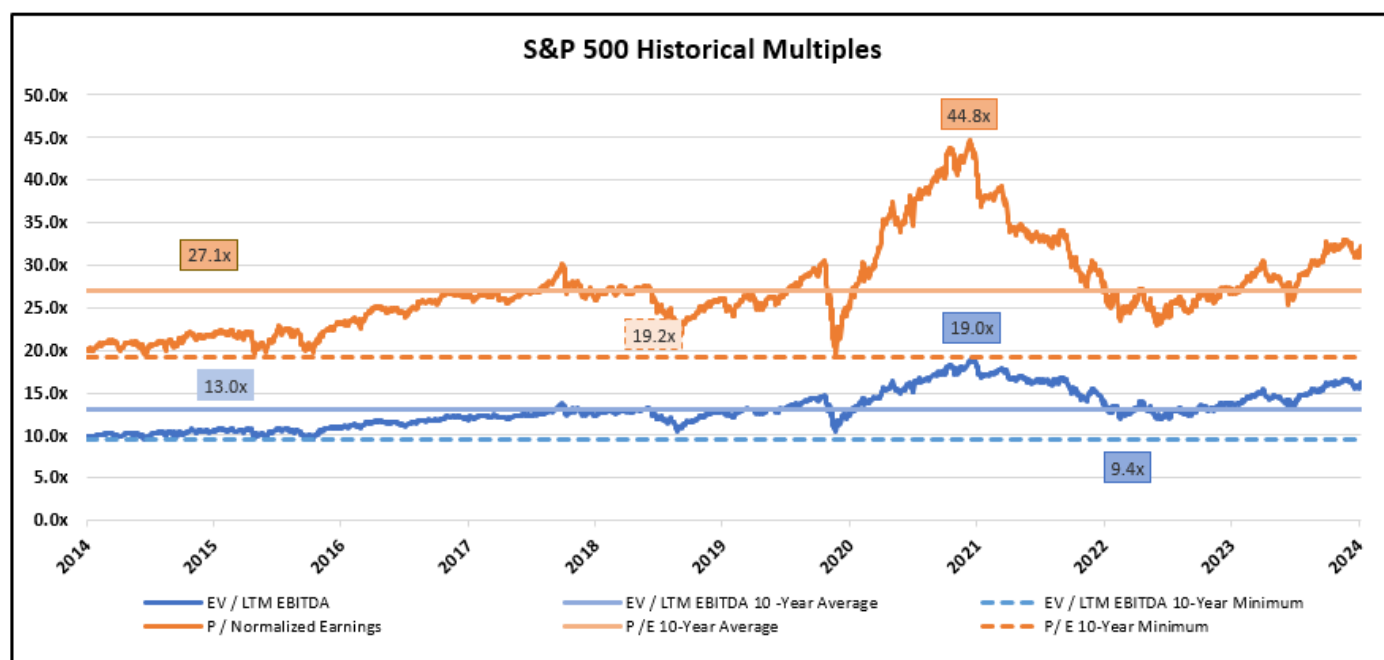
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	5/10/24	5/17/24	5/24/24	5/31/24	Change			
					Weekly	Q4 2023	Q3 2023	Q2 2023
France - 10 year	3.00%	2.99%	3.06%	3.14%	8 bps	(84 bps)	47 bps	14 bps
Germany - 10 year	2.52%	2.52%	2.58%	2.66%	8 bps	(82 bps)	45 bps	10 bps
Italy - 10 year	3.86%	3.81%	3.89%	3.98%	9 bps	(108 bps)	71 bps	(3 bps)
Japan - 10 year	0.91%	0.95%	1.01%	1.07%	7 bps	(20 bps)	42 bps	(9 bps)
UK - 10 year	4.14%	4.08%	4.26%	4.32%	6 bps	(90 bps)	6 bps	93 bps
US								
US - 2 year	4.82%	4.80%	4.94%	4.88%	(5 bps)	(90 bps)	21 bps	111 bps
US - 5 year	4.47%	4.40%	4.53%	4.52%	(1 bps)	(95 bps)	61 bps	80 bps
US - 10 year	4.45%	4.38%	4.48%	4.50%	3 bps	(92 bps)	94 bps	52 bps
US - 30 year	4.61%	4.51%	4.58%	4.64%	6 bps	(89 bps)	106 bps	27 bps

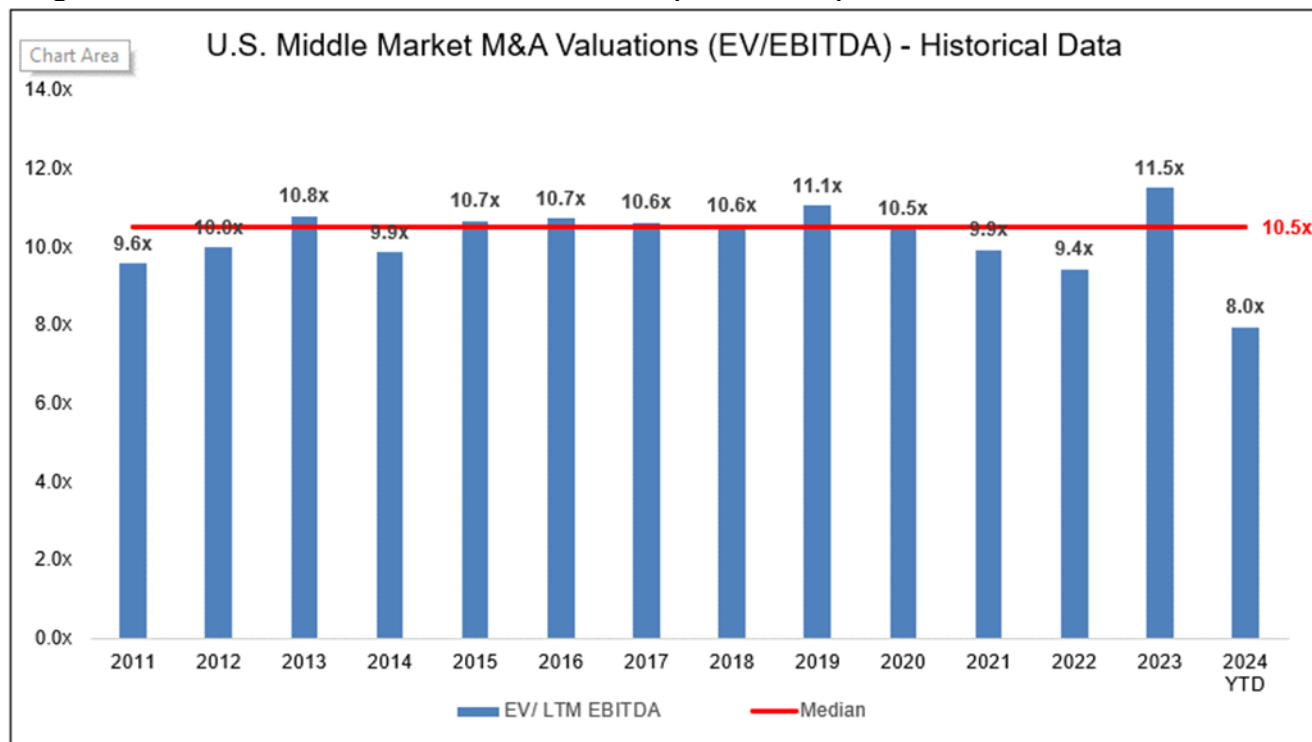
Source: Bloomberg

Diagram O: S&P 500 Historical Multiples



Source: S&P Capital IQ

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



Source: Pitchbook

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

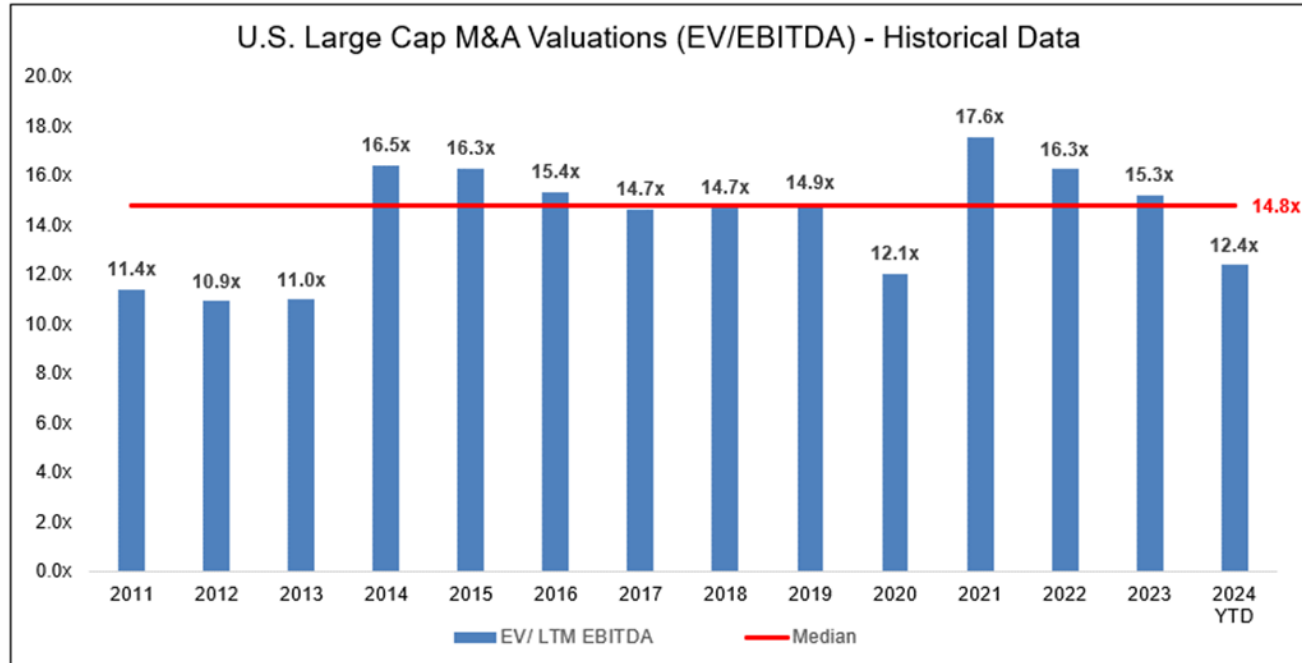
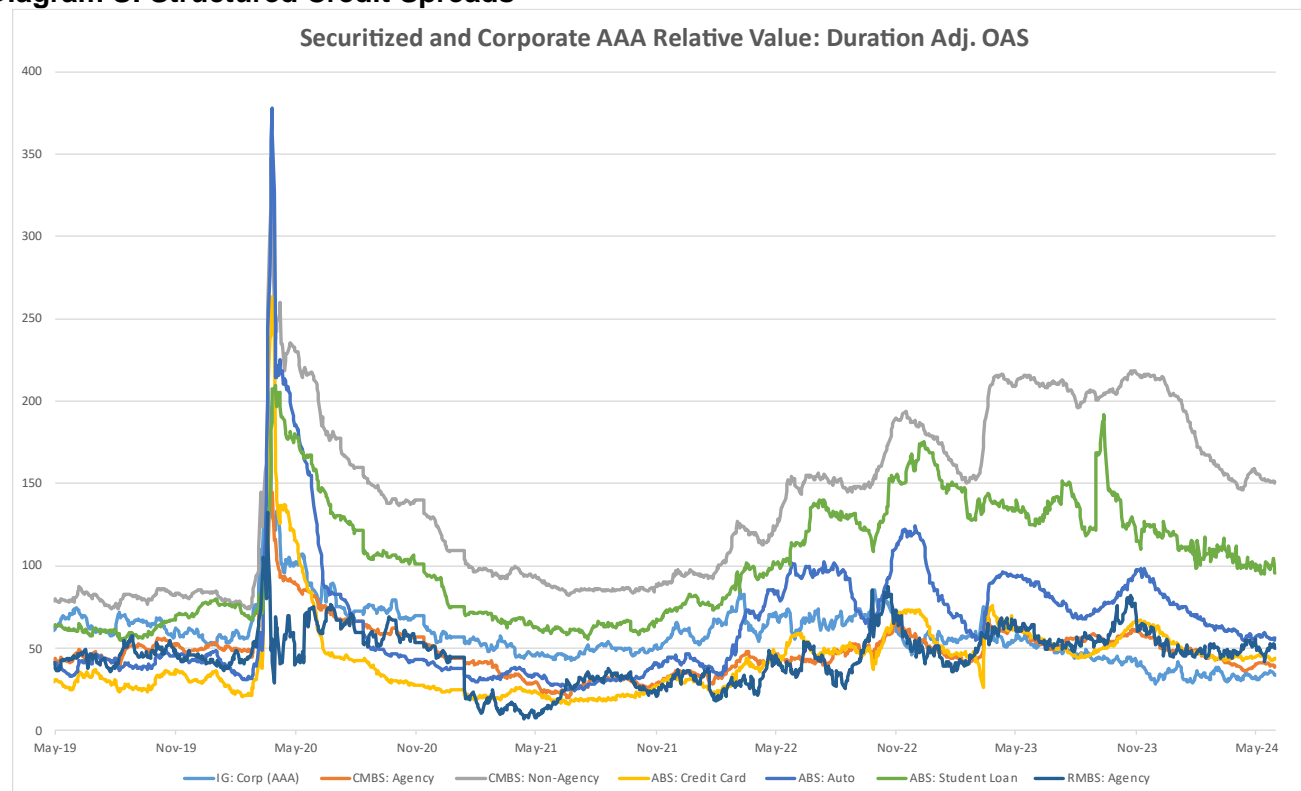
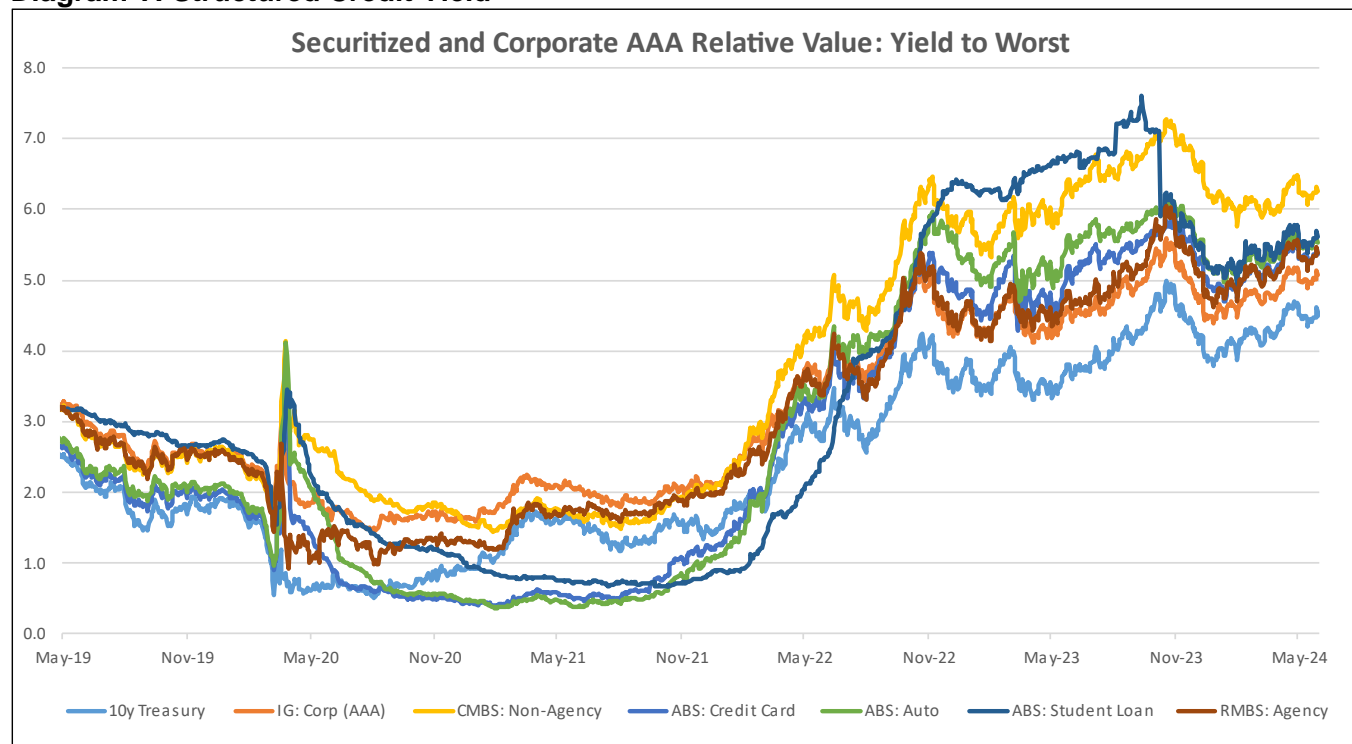


Diagram R: Dry Powder for All Private Equity Buyouts

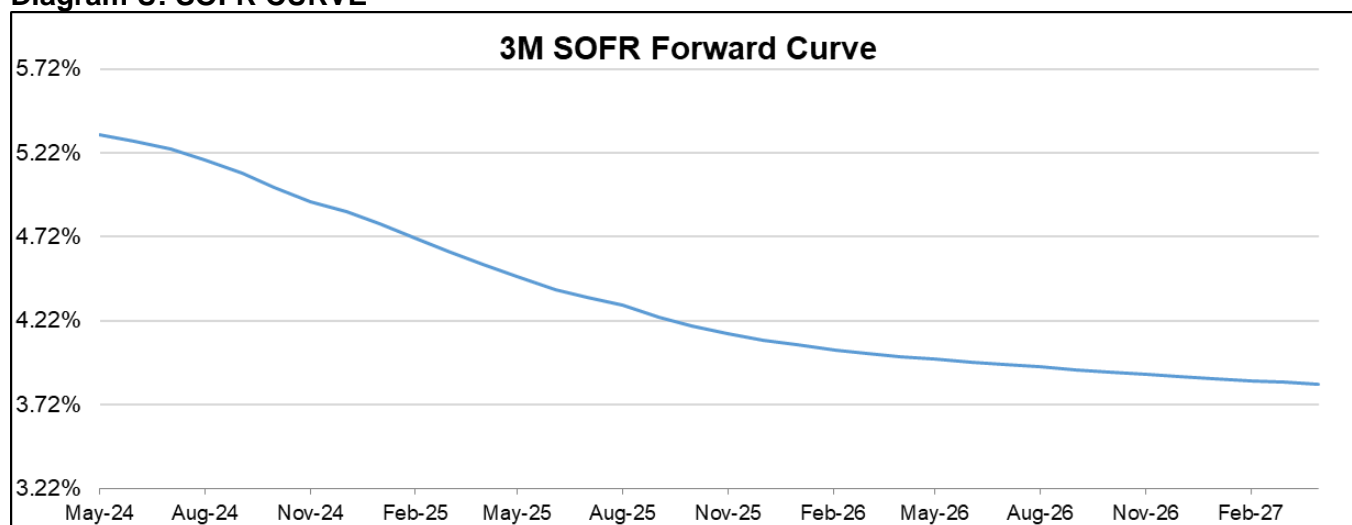
Source: Pitchbook

Diagram S: Structured Credit Spreads

Source: Bloomberg

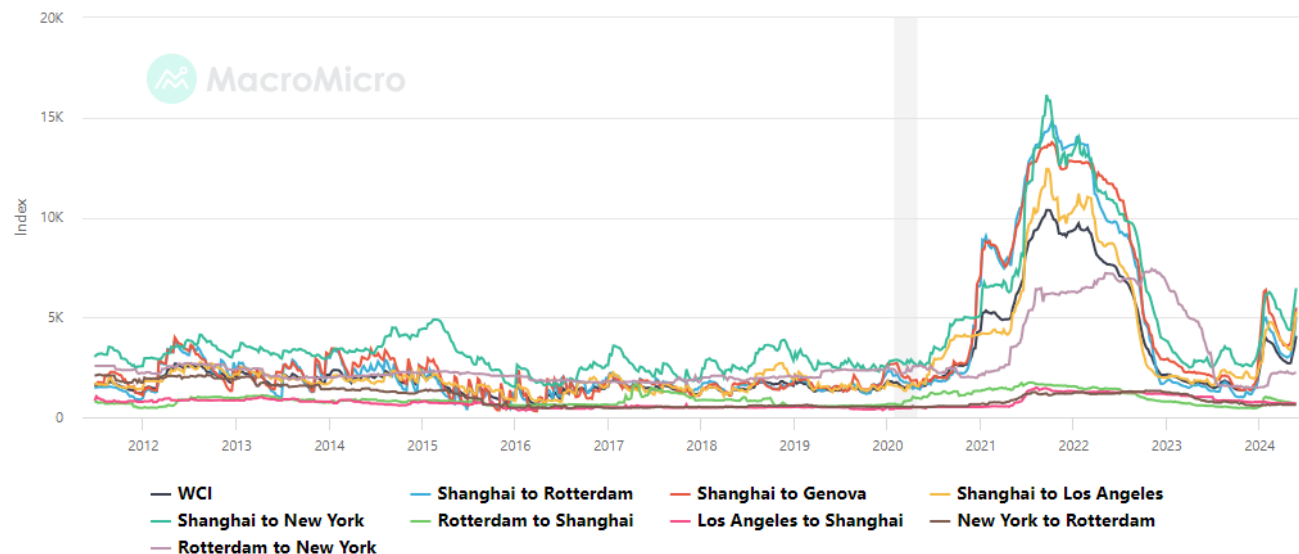
Diagram T: Structured Credit Yield

Source: Bloomberg

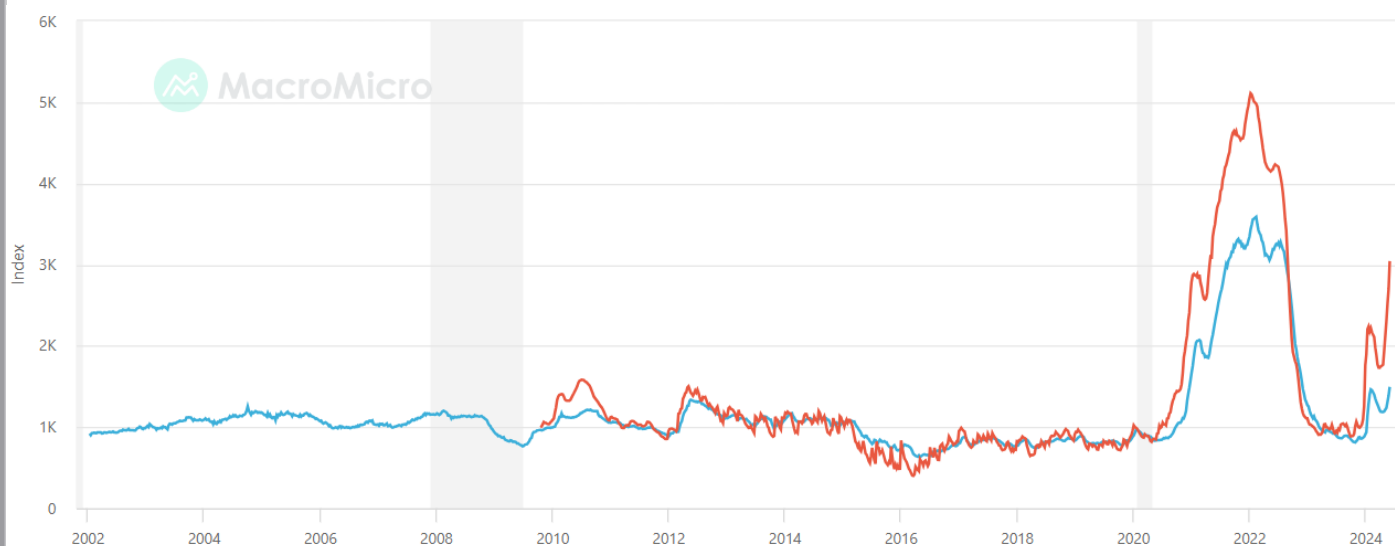
Diagram U: SOFR CURVE

Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index

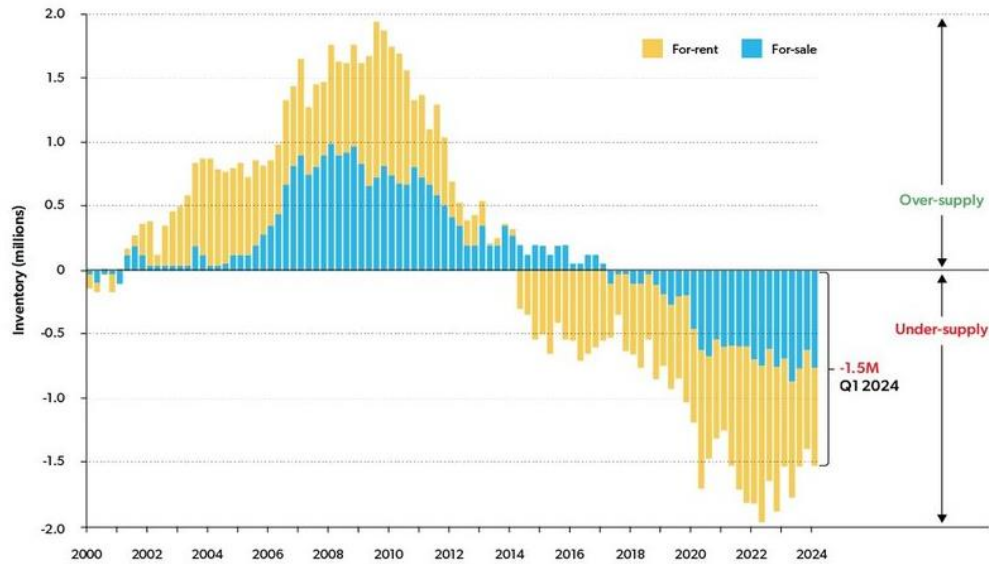


Real Estate

Section 1:

EXHIBIT 1

Total for-sale and for-rent vacant housing is 1.5 million units below a balanced market



Source: Freddie Mac calculations using U.S. Census Bureau data

- Demand for homes continues to far outpace the available supply pushing prices higher. Most of the newly built units were rentals.
- Rental vacancy rate flatlined at 6.6%, but homeowner vacancy rate dropped to 0.8%.
- The U.S. needs at least 1.5 million additional homes (Rental and For-Sale) to bring vacancy rates back in line with historical averages.

Section 2:

30 Year Fixed Mortgage

5/30/24: 7.03



10-year US Treasury

5/30/24: 4.55



About ZCG

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’s investors are some of the largest and most sophisticated global institutional investors including pension funds, endowments, foundations, sovereign wealth funds, central banks, and insurance companies.

For almost 30 years, ZCG Principals have invested tens of billions in capital and have industry leading track records in private equity and credit.

ZCG has a global team comprised of over 400 professionals. www.zcg.com

Asset Management

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

ZCP has a specialized approach including our consulting practice, ZCG Consulting (“ZCGC”), and technology affiliate, Haptiq, to assist in significant value-creation initiatives across portfolio companies.

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

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.

Market Indices		31-May	24-May	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index		3,878.87	3,873.80	0.13%	4.39%	14.61%
Barclays High Yield Index		2,520.25	2,520.60	(0.01%)	2.03%	9.30%
Barclays Aggregate		2,126.49	2,125.73	0.04%	(1.17%)	(0.06%)
Loan Market Bids						
		31-May	24-May	WoW Change	YTD Change	
S&P Flow Name Index		99.89	99.81	0.16%	1.65%	
S&P 100 Name Index		97.20	97.13	0.07%	0.33%	
S&P BB's Index		99.66	99.73	(0.07%)	0.07%	
S&P B's Index		98.60	98.64	(0.04%)	0.67%	
S&P CCC's Index		78.87	79.25	(0.48%)	(5.82%)	
Loan Market Spreads						
		31-May	24-May	WoW Change	YTD Change	
S&P BB's Index		L+295	L+296	(1 bps)	199 bps	
S&P B's Index		L+460	L+456	4 bps	20 bps	
S&P CCC's Index		L+1584	L+1519	65 bps	(56 bps)	
Credit Default Swap - Volatility Indices						
	Index	31-May	24-May	WoW Change	YTD Change	
Investment Grade CDS	Market	49.85	49.23	1.26%	(12.08%)	
High Yield CDS	Market	332.84	328.30	1.38%	(6.60%)	
Credit						
		31-May	24-May	WoW Change	YOY Change	
High Yield	Ave Yield	T+430	T+425	5 bps	45 bps	
LCD Flow Name	Ave Spread	L+226	L+229	(3 bps)	30 bps	
US Treasury 2-Yr		4.97%	4.93%	4 bps	65 bps	
US Treasury 3-Yr		4.79%	4.79%	0 bps	75 bps	
US Treasury 5-Yr		4.63%	4.66%	(3 bps)	75 bps	
US Treasury 7-Yr		4.63%	4.66%	(3 bps)	72 bps	
US Treasury 10-Yr		4.61%	4.65%	(3 bps)	71 bps	
US CLO Spreads - New Issue						
		31-May	24-May	WoW Change	YTD Change	
AAA		S+157	S+155	2 bps	(10 bps)	
AA		S+204	S+200	4 bps	(10 bps)	
A		S+250	S+240	10 bps	(15 bps)	
BBB		S+380	S+380	0 bps	(5 bps)	
BB		S+658	S+663	(5 bps)	0 bps	
Market Rates						
		31-May	24-May	WoW Change	YTD Change	
Fed Fund Rate		5.31%	5.31%	0 bps	0 bps	
Prime Rate		8.50%	8.50%	0 bps	0 bps	
Broker Call Rat		7.25%	7.25%	0 bps	0 bps	
1M SOFR		5.33%	5.32%	1 bps	(5 bps)	
3M SOFR		5.35%	5.36%	(1 bps)	(4 bps)	
6M SOFR		5.39%	5.39%	0 bps	(8 bps)	
Short Interest - Billions of shares						
		29-Feb	31-Jan	MoM Change	YTD Change	
NYSE Mkt Short Interest		16.23	16.04	1.22%	0.53%	
Nasdaq Short Interest		13.21	12.91	2.35%	2.26%	
Fed Corp Primary Dealer Positions - \$ USD in Billions						
		22-May	15-May	WoW Change	YTD Change	
Net Outright Total Corp Securities		10.98	10.56	3.98%	0.00%	
Margin Debt - \$ USD in Billions						
		30-Apr	31-Mar	MoM Change	YTD Change	
		775.45	784.14	(1.11%)	10.66%	

Leveraged Finance Primary Volume - \$ USD in Billions

Leveraged Finance Primary Volume - \$ US\$ in billions				
5/31/2024	Year To Date 2024	2023	Year End 2022	YoY Change
Bank Debt	226.1	86.9	588.4	160.18%
Senior Secured Bonds	66.1	51.5	147.9	28.35%
Unsecured Bonds	76.1	27.6	313.8	175.72%
Total Bonds	142.2	79.1	461.7	79.77%
Totals	368.3	166.0	1,050.1	121.87%

DEFAULT ACTIVITY

Total Loan Defaults - as of:	31-Mar	29-Feb	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%

Employment - Labor Participation Rates

Employment - Labor Participation Rates				31-Mar	29-Feb	YTD Change
Civilian Employment as % of Total Labor Force				60.4%	60.4%	0.60pp
Labor Force Participation Rate				62.6%	62.6%	(0.25pp)
Government Assistance				31-Mar	29-Feb	YTD Change
SNAP Ika Food Stamps - # of Participants in Millions				39.276	39.525	(5.02%)
Retail Sales				31-Mar	29-Feb	YTD Change
Adj. Retail & Food Services Sales Index - US Census				683.0	687.4	0.79%
US Home Foreclosures and Delinquencies				31-Mar	29-Feb	YTD Change
Home Foreclosures Inventory in Thousands				179	179	3.16%
Delinquency Rate				-0.51%	-0.34%	(3.40pp)
U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas						
Type	Peak- 1/1/00 to Date	# of Rigs	% Change	31-May	24-May	YTD Change
Oil	10/10/2014	1,609	(61.28%)	623	618	10.66%
Gas	9/12/2008	1,606	(90.66%)	150	152	0.67%

Rail & Truck Volume		31-Mar	29-Feb	YTD Change			
Total Rail Carloads	Tons in Thousands	1,062.27	1,060.35	3.76%			
Total Intermodal	Tons in Thousands	922.37	998.82	(8.22%)			
Truck Tonnage Index		135.35	134.61	12.46%			
TSA Checkpoint Travel Numbers		30-May	23-May	WoW Change	YoY Change		
Weekly Traveler Throughput	in Thousands	0.0	0.0	#DIV/0!	(100.00%)		
Freight Rates		31-May	24-May	WoW Change	YTD Change	YoY Change	
Freightos Baltic Index	#N/A	Connection	#N/A	Connection	#VALUE!	#VALUE!	#VALUE!
Shanghai - Los Angeles Spot Rates	2,240	2,361	(5.12%)	(2.54%)	(78.67%)		
Shanghai - NY Spot Rates	3,425	3,545	(3.39%)	(1.34%)	(72.93%)		
Shanghai Containerized Freight Index	1,030	1,031	(0.16%)	(4.26%)	(74.21%)		

CONFIDENTIAL