

## Briefing

### Global Economic & Credit Market

### Week 28 Ending – July 12, 2024

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### Economic Calendar

- Tuesday, July 16: U.S. retail sales & Import price index
- Thursday, July 18: Industrial production
- Friday, July 19: U.S. leading economic indicators

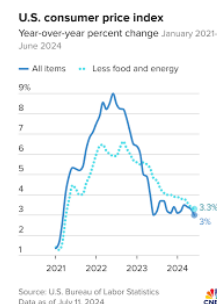
### Key Market Metrics

- S&P 500: +0.87% WoW; +17.73% YTD; +24.51% YoY; 15.6x LTM EBITDA; 13.6x NTM EBITDA
- Dow Jones: +1.59% WoW; +6.13% YTD; +16.30% YoY; 11.4x LTM EBITDA; 12.8x NTM EBITDA
- Nasdaq: +0.25% WoW; +22.56% YTD; +30.13% YoY
- Ten Year US Treasury Yield: 4.23% +31 bps YTD; +42 bps YoY
- Currency:
  - British Pound per USD: \$1.30; 1.3% WoW; 2.1% YTD; (1.1%)YoY
  - Euro per USD: \$1.09; 0.6% WoW; (1.2%)YTD; (2.8%)YoY
  - USD per Yen: ¥157.83; (1.8%)WoW; 12.0% YTD; 14.3% YoY
  - Swiss franc per EUR: 1.03 CHF; (0.5%)WoW; (4.8%)YTD; (1.2%)YoY

### U.S. News

#### Consumer Price Index

- The CPI rose by 3% in June on an annual basis, a sharper slowdown than expected. Prices dropped 0.1% month-over-month
- Excluding food and energy, the core price index increased by 3.3% year-over-year and ticked up only slightly on a monthly basis
- Housing costs, a major component of the Consumer Price Index, showed signs of easing with overall housing costs rising 5.2% year-over-year and 0.2% from the previous month



#### Producer Price Index

- The PPI rose by 0.2% in June, slightly above the 0.1% forecast
- Core wholesale inflation, which excludes volatile food, energy, and trade margin categories, was unchanged in June, below the forecasted 0.2% increase
- The annual increase in wholesale prices rose to 2.6% in June from 2.4% in May, while core wholesale prices' annual increase slowed to 3.1% from 3.3%

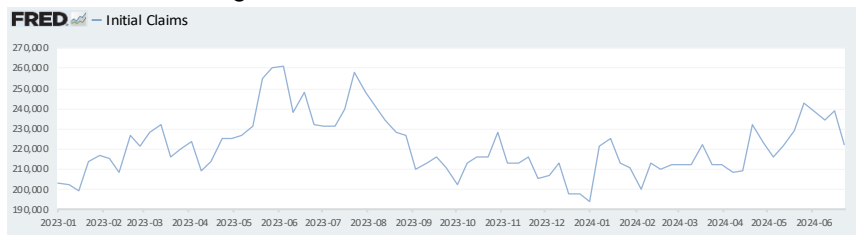


#### Consumer Credit

- Total consumer credit in the U.S. rose by \$11.3 billion in May, up from a \$6.5 billion increase in April
- Revolving credit, such as credit cards, increased by a 6.3% annual rate in May after a 0.8% decrease in April
- Nonrevolving credit, including auto and student loans, rose by a 1.4% rate in May, following a 2.4% increase in April

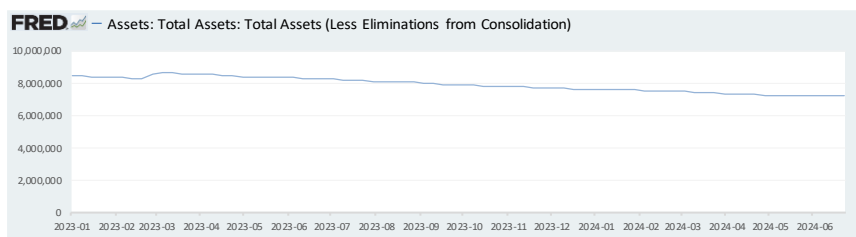
## ▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 222,000 in the week ended July 5, down 17,000 from the prior week
- The four-week moving average was 233,500, down 5,250 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – decreased by 4,000 to 1.852 million in the week ended June 28. This figure is reported with a one-week lag



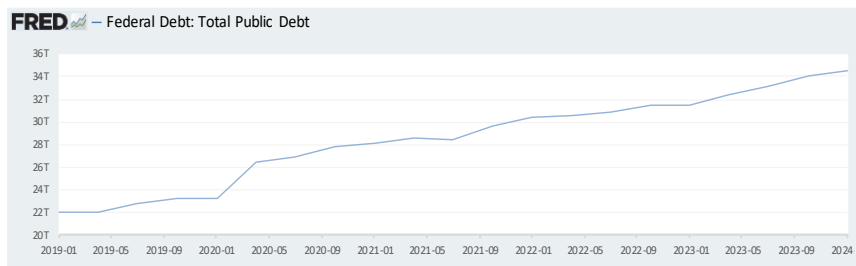
## ▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$7.224 trillion in the week ended July 12, up \$2.6 billion from the prior week
- Treasury holdings totaled \$4.438 trillion, down \$8.9 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.34 trillion in the week, down \$10.4 billion from the prior week



## ▪ Total Public Debt

- Total public debt outstanding was \$34.89 trillion as of July 12, an increase of 7.2% from the previous year
- Debt held by the public was \$25.65 trillion, and intragovernmental holdings were \$7.22 trillion

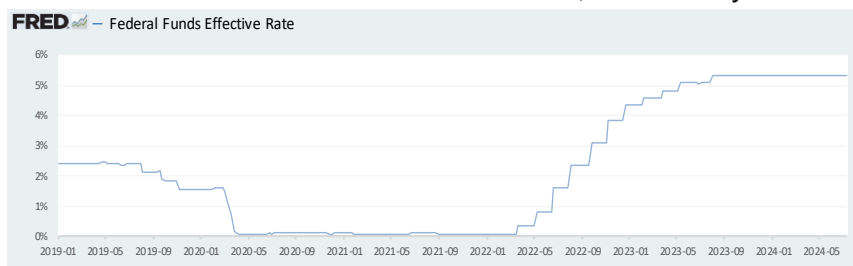


## ▪ Inflation Factors

- CPI:
  - The consumer-price index rose 3.3% in May year over year
  - On a monthly basis, the CPI increased 0.0% in May on a seasonally adjusted basis, after increasing 0.3% in April
  - The index for all items less food and energy (core CPI) rose 0.2% in May, after rising 0.3% in April
  - Core CPI increased 3.4% for the 12 months ending May
- Food & Beverages:
  - The food at home index increased 1.0% in May from the same month a year earlier, and decreased 0.0% in May month over month
  - The food away from home index increased 4.0% in May from the same month a year earlier, and increased 0.4% in May month over month
- Commodities:
  - The energy commodities index decreased (3.5%) in May after increasing 2.7% in April
  - The energy commodities index rose 2.1% over the last 12 months
  - The energy services index 0.3% in May after decreasing (1.3%) in April
  - The energy services index rose 4.7% over the last 12 months
  - The gasoline index rose 2.2% over the last 12 months
  - The fuel oil index rose 3.6% over the last 12 months
  - The index for electricity rose 5.9% over the last 12 months
  - The index for natural gas rose 0.2% over the last 12 months
- Supply Chain:
  - Drewry's composite World Container Index increased to \$5,900.74 per 40ft container
  - Drewry's composite World Container Index has increased by 296.5% over the last 12 months
- Housing Market:
  - The shelter index increased 0.4% in May after increasing 0.4% in April
  - The rent index increased 0.4% in May after increasing 0.4% in April
  - The index for lodging away from home increased 1.4% in May after increasing 0.9% in April

## ■ Federal Funds Rate

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



## World News

- **Israel/Gaza**

- Israel launched an airstrike targeting senior Hamas official Mohammed Deif near Khan Younis in southern Gaza, resulting in at least 90 Palestinian casualties in a designated humanitarian zone on July 13, 2024
- Israeli Prime Minister Benjamin Netanyahu stated that it was unclear whether Deif and his deputy had been killed, but emphasized the operation aimed at key figures responsible for the October 7 attacks on Israel
- The U.S. will soon begin shipping 500-pound bombs to Israel after previously suspending the delivery to reduce civilian casualties in Gaza. The heavier 2,000-pound bombs in the same shipment are still on hold. The shipment was initially paused in May due to concerns about civilian deaths

- **Russia**

- NATO members have pledged an "irreversible path" for Ukraine's future membership and committed €40bn in aid, including F-16 fighter jets and air defense support
- Ukraine, now armed with American-made precision missiles, is targeting the Crimean Peninsula to degrade Russian military capabilities, focusing on airfields, air defenses, and logistics hubs
- Kremlin spokesman Dmitry Peskov stated that European countries would be at risk if they accept deployments of long-range U.S. missiles, as Russia has the capability to deter these missiles
- The Russian death toll has reached over 550,000 since the invasion began, with recent losses estimated at 1,000 soldiers per day

- **UK**

- The U.K.'s economy grew by 0.4% in May 2024, surpassing the 0.2% growth forecast and rebounding from flat growth in April; GDP growth in the three months to May was 0.9%, the fastest since January 2022
- The Bank of England's Chief Economist Huw Pill suggested a potential future rate cut but emphasized inflation concerns, with services inflation at 5.7% in May despite overall inflation meeting the 2% target; the BOE's key rate remains at a 16-year high
- The U.K. government plans to release prisoners after serving 40% of their sentence, starting September, to address prison overcrowding, which has reached over 99% capacity

- **China**

- China's exports grew 8.6% year-over-year in June 2024, surpassing the 7.8% growth expected by economists and improving from May's 7.6% increase. Imports fell unexpectedly by 2.3% in June, contrasting with a 1.8% increase in May and the 3.2% growth expected by economists
- China's producer-price index (PPI), reflecting factory-gate prices, fell by 0.8% in June, marking the 21st consecutive month of decline and indicating weak domestic demand despite government efforts to stimulate consumption
- NATO leaders have identified China as a "decisive enabler" of Russia's war against Ukraine, urging Beijing to stop all material and political support for Russia's war efforts

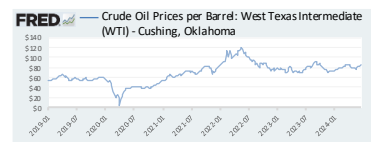
## ***Geopolitical Hotspots***

- **Japan**
  - Japan's Government Pension Investment Fund, which holds \$1.53 trillion in assets, is preparing its first portfolio overhaul in five years, potentially shifting investments from foreign assets back to yen assets due to the yen's weakness
- **France**
  - French President Emmanuel Macron has delayed appointing a new prime minister, calling for lawmakers in the divided National Assembly to reflect and identify guiding principles first
- **Mexico**
  - The Biden administration is imposing tariffs on Mexican imports that contain steel or aluminum from China, with a 25% tariff on steel products and a 10% duty on aluminum products, to prevent Chinese metals from entering the U.S. duty-free
- **Germany**
  - German industrial production fell by 2.5% in May, significantly weaker than the 0.1% increase in April, as car manufacturing declined, indicating a slower-than-expected recovery for Europe's largest economy
- **Canada**
  - Canada averted a labor disruption at its Pacific Coast ports after the country's labor-relations board deemed a strike notice by the union representing ship and dock foremen illegal, leading both the union and employers to rescind strike and lockout notices
- **India**
  - During his visit to Moscow, Indian Prime Minister Narendra Modi balanced reinforcing ties with Russia and publicly condemning a Russian missile attack on a children's hospital in Kyiv, exemplifying India's delicate diplomatic strategy amidst global tensions
- **Iran**
  - Iranians elected their first reformist president in two decades in a runoff election. Masoud Pezeshkian, who won more than 53% of the vote, campaigned on re-engaging in nuclear talks with the West and loosening moral codes for women
- **North Korea**
  - North Korea claimed to have successfully launched a multi-warhead missile, a top weapons goal for Kim Jong Un due to its resiliency against missile defense systems
  - South Korea disputed this claim, labeling the launch as a test of hypersonic technology, rather than multi-warhead missile technology

## Commodities

## Oil Prices

- WTI: \$82.21 per barrel
  - (1.14%) WoW; +14.74% YTD; +6.92% YoY
- Brent: \$85.03 per barrel
  - (1.74%) WoW; +10.37% YTD; +4.51% YoY



## US Production

- U.S. oil production amounted to 13.3 million bpd for the week ended July 5, up 0.1 million bpd from the prior week

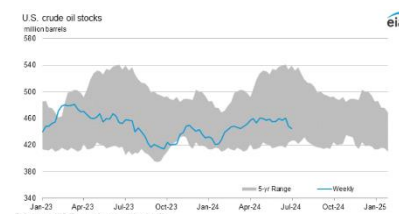
## Rig Count

- The total number of oil rigs amounted to 584, down 1 from last week

## Inventories

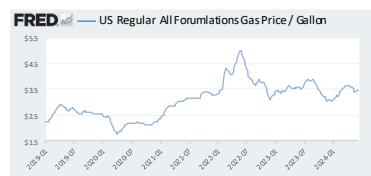
### Crude Oil

- Total U.S. crude oil inventories now amount to 445.1 million barrels, down (2.8%) YoY
- Refiners operated at a capacity utilization rate of 95.4% for the week, up from 93.5% in the prior week
- U.S. crude oil imports now amount to 6.547 million barrels per day, down 15.0% YoY



### Gasoline

- Retail average regular gasoline prices amounted to \$3.53 per gallon in the week of July 12, down (1.1%) YoY
  - Gasoline prices on the East Coast amounted to \$3.56, up 0.8% YoY
  - Gasoline prices in the Midwest amounted to \$3.45, up 0.3% YoY
  - Gasoline prices on the Gulf Coast amounted to \$3.15, down (2.7%) YoY
  - Gasoline prices in the Rocky Mountain region amounted to \$3.55, down (8.3%) YoY
  - Gasoline prices on the West Coast amounted to \$4.36, down (6.2%) YoY
- Motor gasoline inventories were down by 2.0 million barrels from the prior
- Motor gasoline inventories amounted to 229.7 million barrels, up 4.7% YoY
- Production of motor gasoline averaged 10.30 million bpd, up 1.9% YoY
- Demand for motor gasoline amounted to 9.398 million bpd, up 7.3% YoY

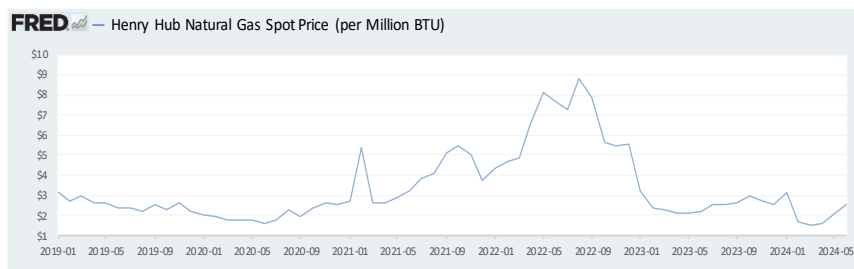


### Distillates

- Distillate inventories decreased by 4.9 million in the week of July 12
- Total distillate inventories amounted to 124.6 million barrels, up 5.4% YoY
- Distillate production averaged 5.128 million bpd, up 0.8% YoY
- Demand for distillates averaged 3.466 million bpd in the week, up 16.7% YoY

○ **Natural Gas**

- Natural gas inventories increased by 65 billion cubic feet last week
- Total natural gas inventories now amount to 3,199 billion cubic feet, up 9.2% YoY



## Credit News

High yield bond yields decreased 22bps to 7.66% and spreads decreased 4bps to 341bps. Leveraged loan yields decreased 21bps to 9.02% and spreads were flat at 499bps. WTD Leveraged loan returns were positive 18bps. WTD high yield bond returns positive 86bps. 10yr treasury yields increased 15bps to 4.19%. Yields and spreads declined following a very benign June CPI reading and a repricing of Fed expectations with a first Fed cut is expected in September followed by quarterly cuts thereafter.

### High-yield:

Week ended 07/12/2024

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

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.66%	341	7.88%	345	(22)	(4)

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

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$94.21	\$93.51	70	0.86%	1.06%	3.65%	13.5%

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

Total Flows (\$)
\$676mm

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

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
5	\$3.0bn	\$168.5bn	\$94.6bn	+78%

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

6/30/24	5/31/24	4/30/24
7.64%	7.63%	6.55%

#### Total HY Defaults

6/30/24	5/31/24	4/30/24
1.17%	1.25%	1.55%

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

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



**Leveraged loans:**

Week ended 07/12/2024

▪ **Yields & Spreads<sup>1</sup>**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
9.02%	499	9.23%	499	(21)	0

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

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2023
\$95.82	\$95.84	-2	0.18%	0.22%	4.77%	12.9%

▪ **Fund Flows<sup>2</sup>**

Total Flows (\$)
\$444mm

▪ **New Issue<sup>2</sup>**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
3	\$4.3bn	\$723.4bn	\$136.8bn	+429%

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

6/30/24	5/31/24	4/30/24
5.88%	6.02%	5.57%

▪ **Total Loan Defaults**

6/30/24	5/31/24	4/30/24
1.09%	1.25%	1.32%

**Default activity:**

- Most recent defaults include: Vyair Medical (\$339mn, 6/9/24), 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), and New Insight Holdings (\$1.2bn, 3/13/24).

**CLOs:**

Week ended 07/12/2024

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

# Priced	Total (\$)	New Issue	Refis/Resets
12	\$5.2bn	\$0.8bn	\$4.4bn

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

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
480	\$216.7bn	\$102.3bn	\$114.4bn	\$59.9bn	+262%

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

## Ratings activity:

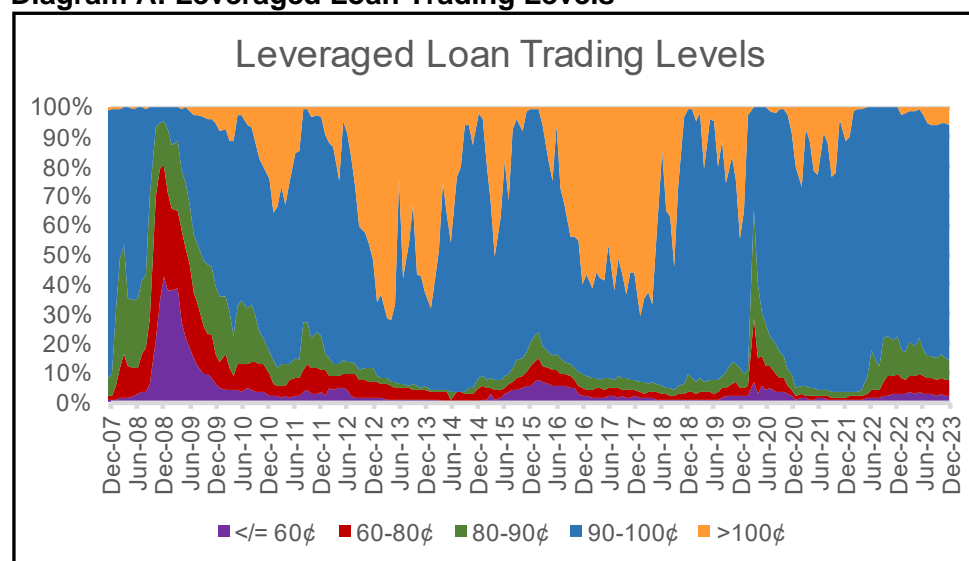
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2023	546	304	1.8x	488	288	1.7x
Week Ending 01/05/24	1	2	0.5x	0	2	0.0x
Week Ending 01/12/24	8	6	1.3x	3	7	0.4x
Week Ending 01/19/24	2	6	0.3x	12	6	2.0x
Week Ending 01/26/24	10	0	n/a	15	6	2.5x
Week Ending 02/02/24	3	13	0.2x	11	7	1.6x
Week Ending 02/09/24	18	6	3.0x	5	7	0.7x
Week Ending 02/16/24	8	2	4.0x	14	9	1.6x
Week Ending 02/23/24	3	8	0.4x	16	16	1.0x
Week Ending 03/01/24	14	5	2.8x	6	2	3.0x
Week Ending 03/08/24	16	10	1.6x	15	14	1.1x
Week Ending 03/15/24	12	7	1.7x	15	5	3.0x
Week Ending 03/22/24	6	5	1.2x	10	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	10	10	1.4x
Week Ending 06/07/24	9	14	0.6x	10	9	1.1x
Week Ending 06/14/24	10	7	1.4x	11	12	0.9x
Week Ending 06/21/24	9	6	1.5x	13	8	1.6x
Week Ending 06/28/24	5	4	1.3x	7	6	1.2x
Week Ending 07/05/24	5	8	0.6x	3	8	0.4x
Week Ending 07/12/24	1	4	0.3x	4	5	0.8x
YTD 2024	235	182	1.3x	279	223	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	90.9	94.2	85.4	8.8
Leveraged Loans	95.3	96.2	94.1	2.1

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

[2] HY high price as of 7/11/24. LL high price as of 5/15/24

[3] HY low price as of 10/20/23. LL low price as of 11/1/23

## 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	0.18%	0.15%	0.86%	0.00%
MTD Return	0.22%	0.32%	1.06%	1.08%
YTD Return	4.77%	4.66%	3.65%	3.21%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 07/12/2024

[2] Yield data as of 07/12/2024

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

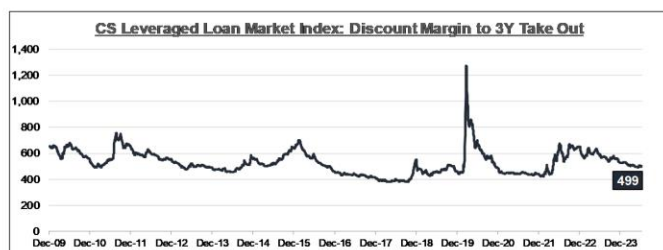


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Average Price, expressed as a % of par value. Data is reported daily.

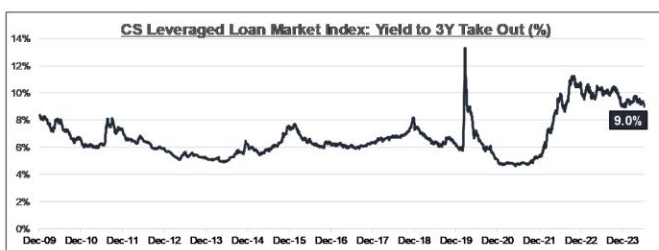


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

### 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

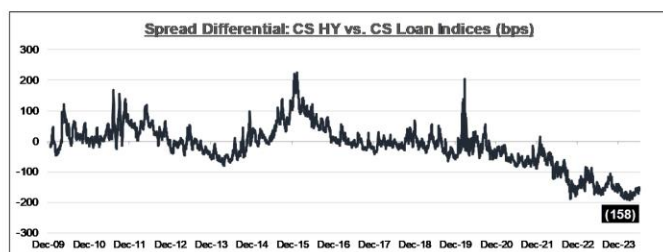


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.

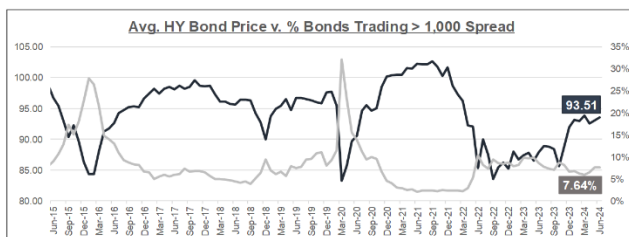


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

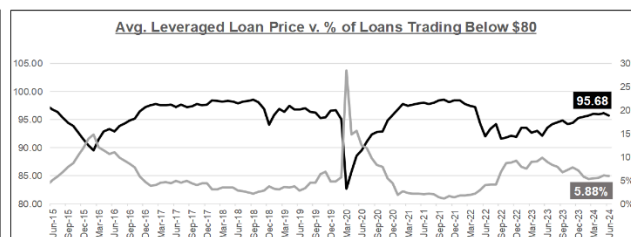
### Diagram G: Spread between High Yield Bonds and Leveraged Loans



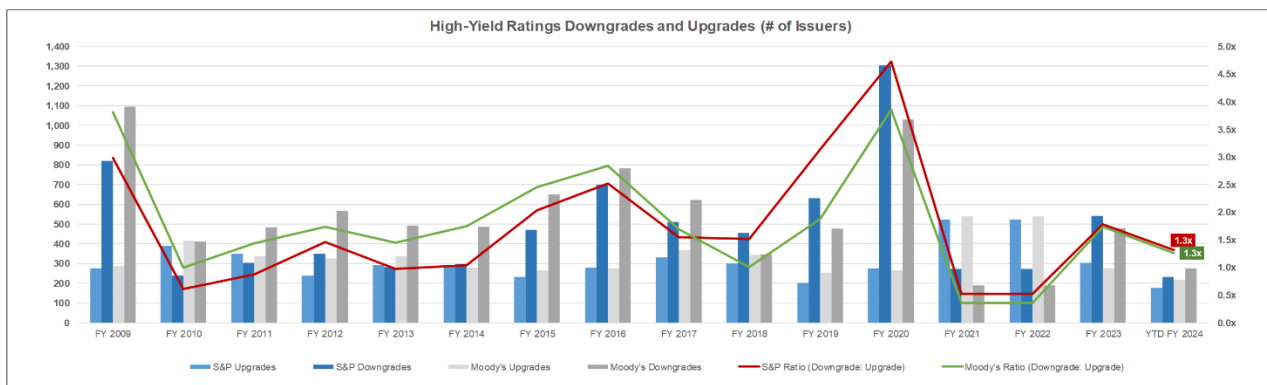
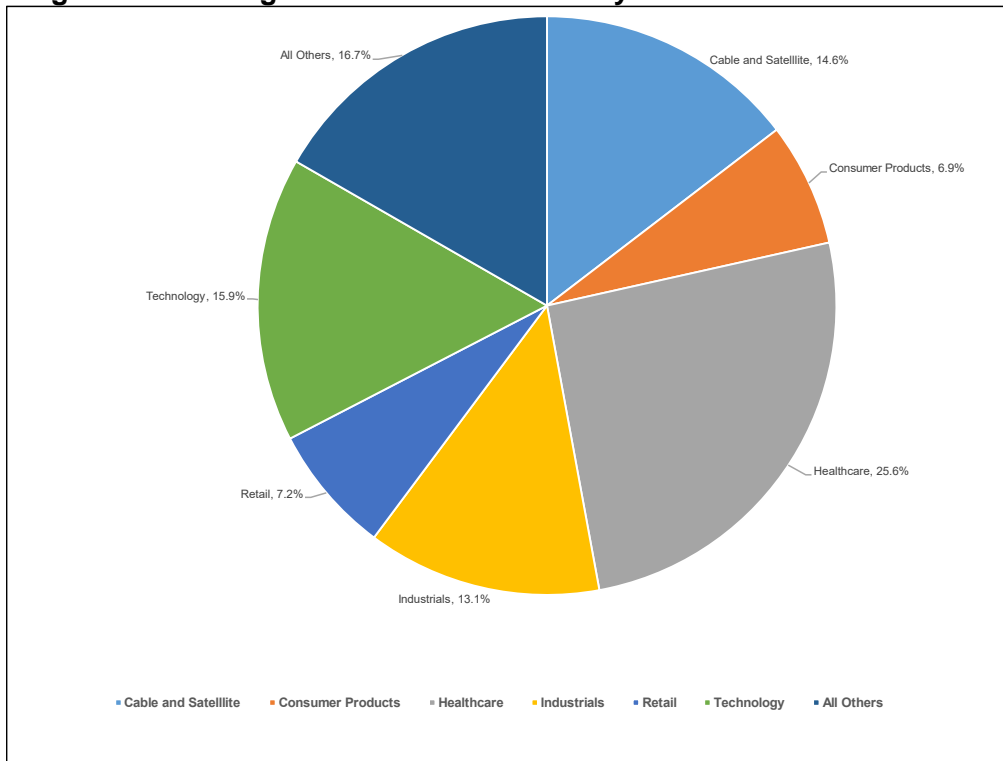
Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

**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

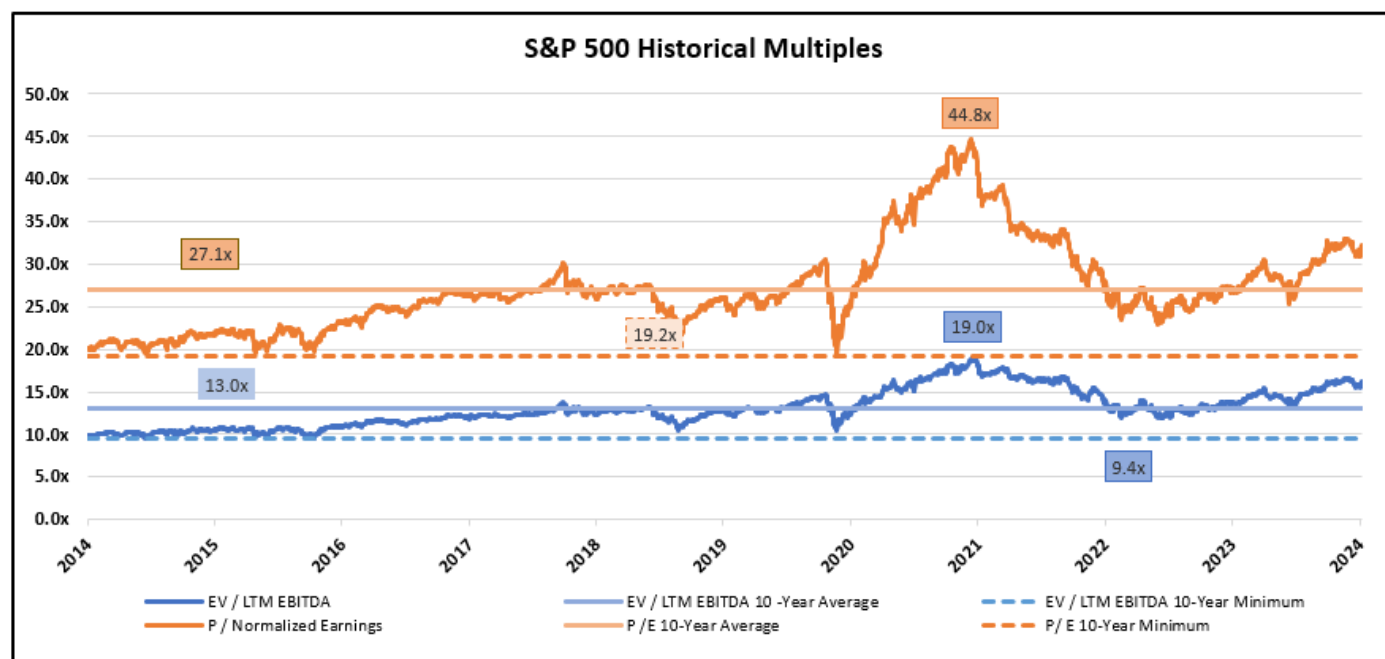
[1] Spread includes OID benefit based on 4 year repayment

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

By	6/21/24	6/28/24	7/5/24	7/12/24	Weekly	Q4 2023	Q3 2023	Q2 2023	Q1 2023
France - 10 year	3.21%	3.30%	3.21%	3.15%	(6 bps)	(84 bps)	47 bps	14 bps	(32 bps)
Germany - 10 year	2.41%	2.50%	2.56%	2.49%	(6 bps)	(82 bps)	45 bps	10 bps	(28 bps)
Italy - 10 year	3.94%	4.07%	3.94%	3.78%	(15 bps)	(108 bps)	71 bps	(3 bps)	(62 bps)
Japan - 10 year	0.98%	1.06%	1.08%	1.07%	(1 bps)	(20 bps)	42 bps	(9 bps)	2 bps
UK - 10 year	4.08%	4.17%	4.13%	4.11%	(1 bps)	(90 bps)	6 bps	93 bps	(18 bps)
US									
US - 2 year	4.73%	4.75%	4.60%	4.48%	(12 bps)	(90 bps)	21 bps	111 bps	(54 bps)
US - 5 year	4.27%	4.38%	4.23%	4.12%	(10 bps)	(95 bps)	61 bps	80 bps	(51 bps)
US - 10 year	4.26%	4.40%	4.28%	4.20%	(8 bps)	(92 bps)	94 bps	52 bps	(40 bps)
US - 30 year	4.40%	4.56%	4.48%	4.42%	(6 bps)	(89 bps)	106 bps	27 bps	(24 bps)

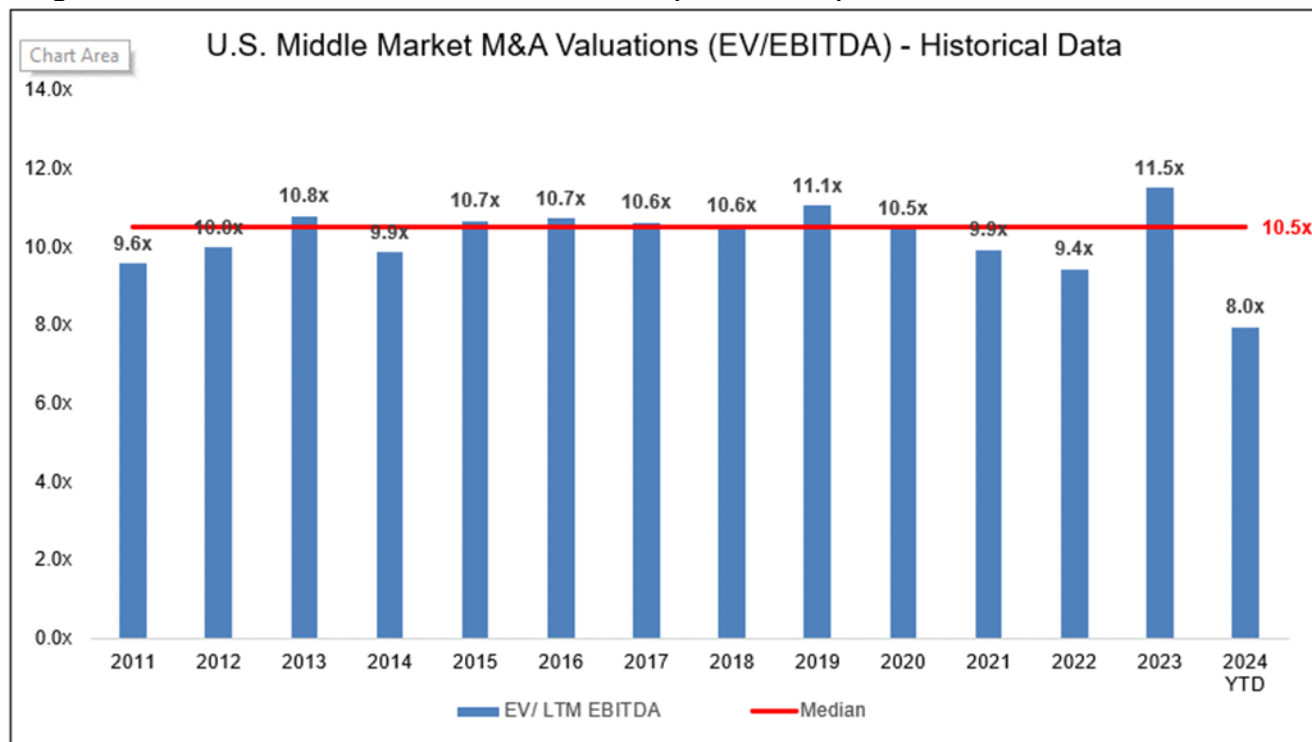
Source: Bloomberg

## Diagram O: S&amp;P 500 Historical Multiples



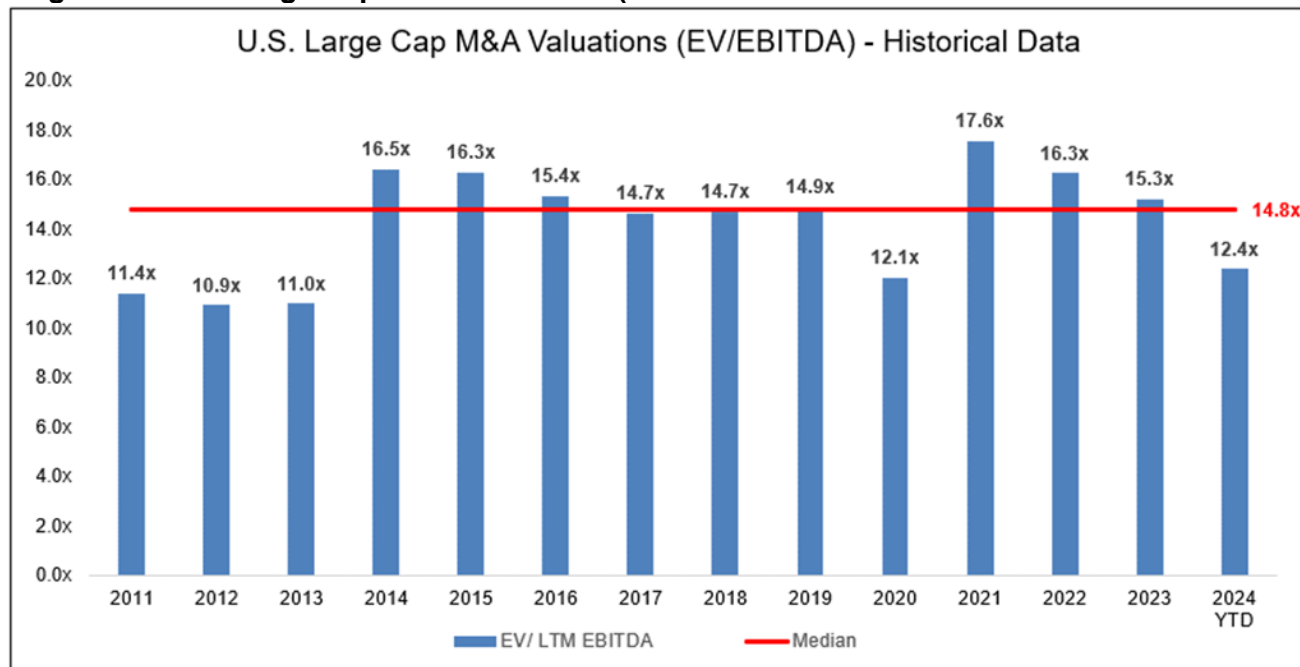
Source: S&P Capital IQ

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



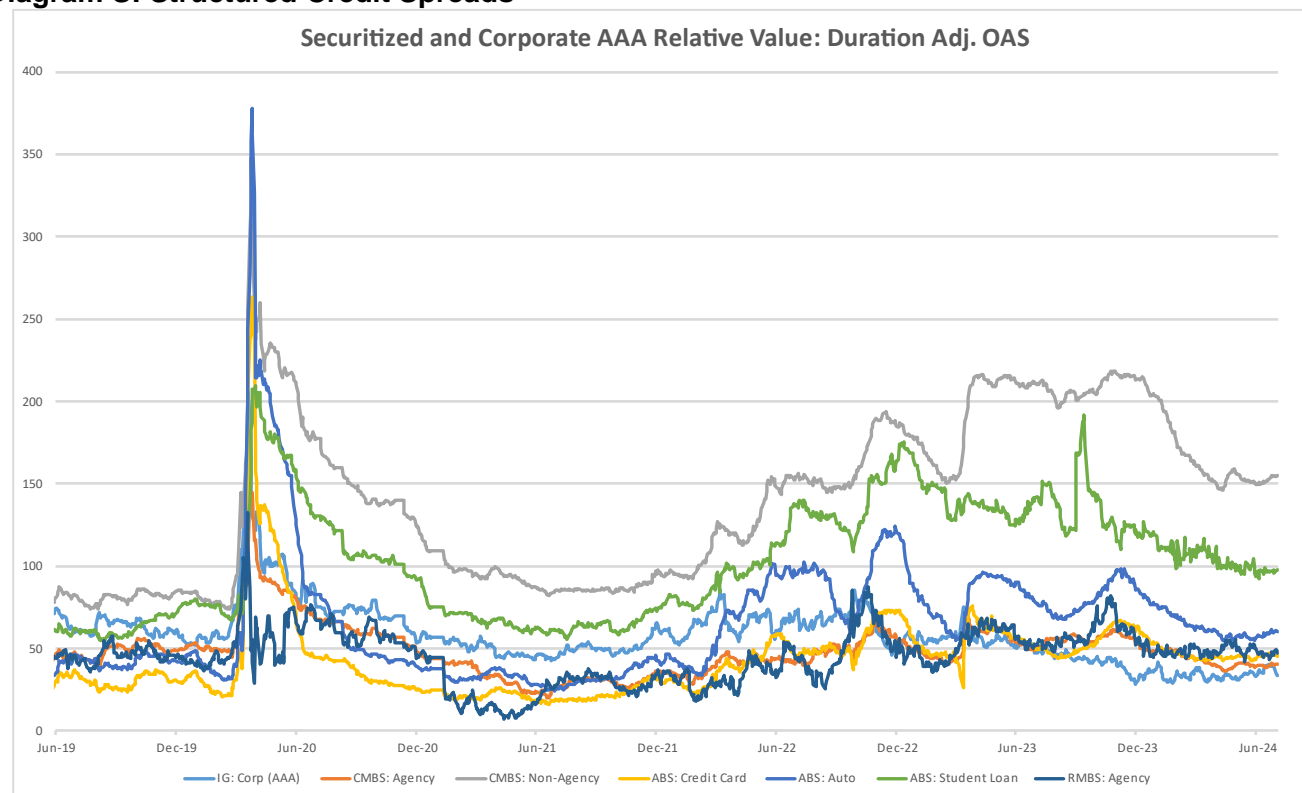
Source: Pitchbook

Diagram Q: U.S. Large Cap M&amp;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

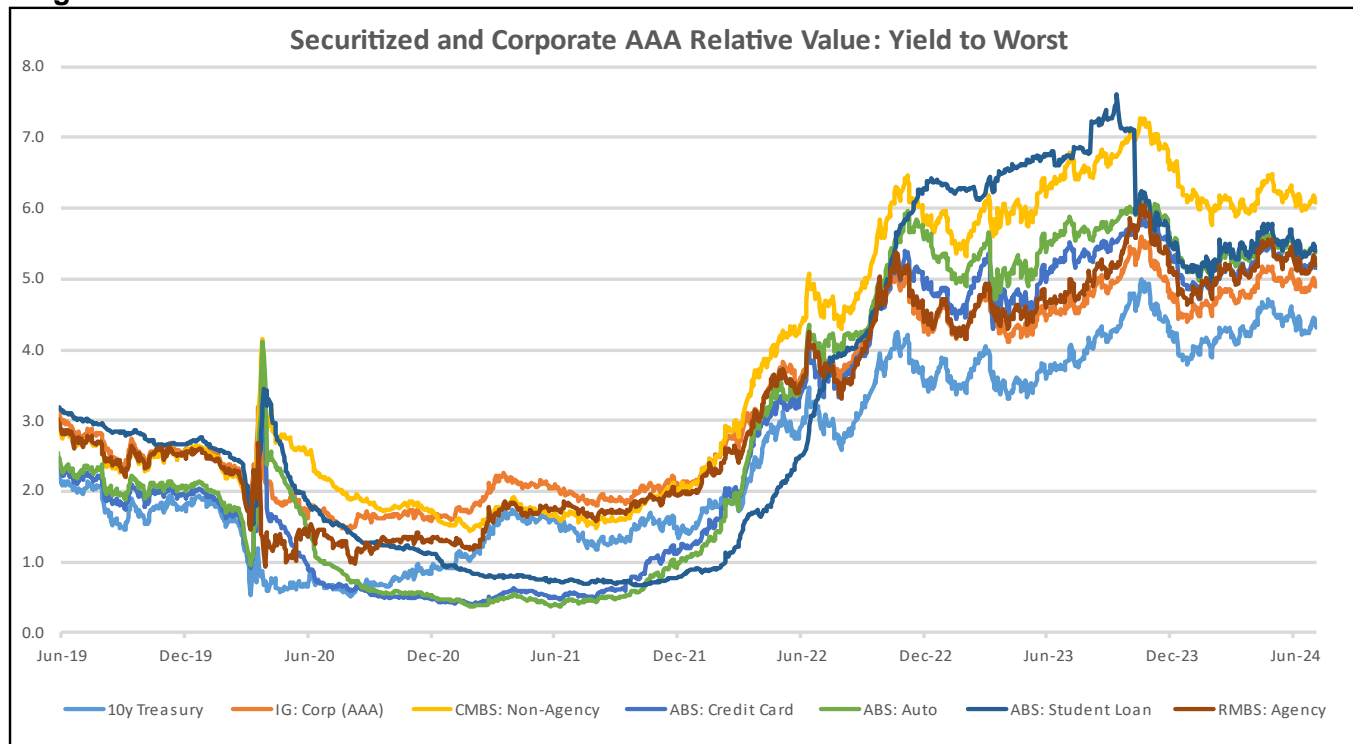


Diagram U: SOFR Curve

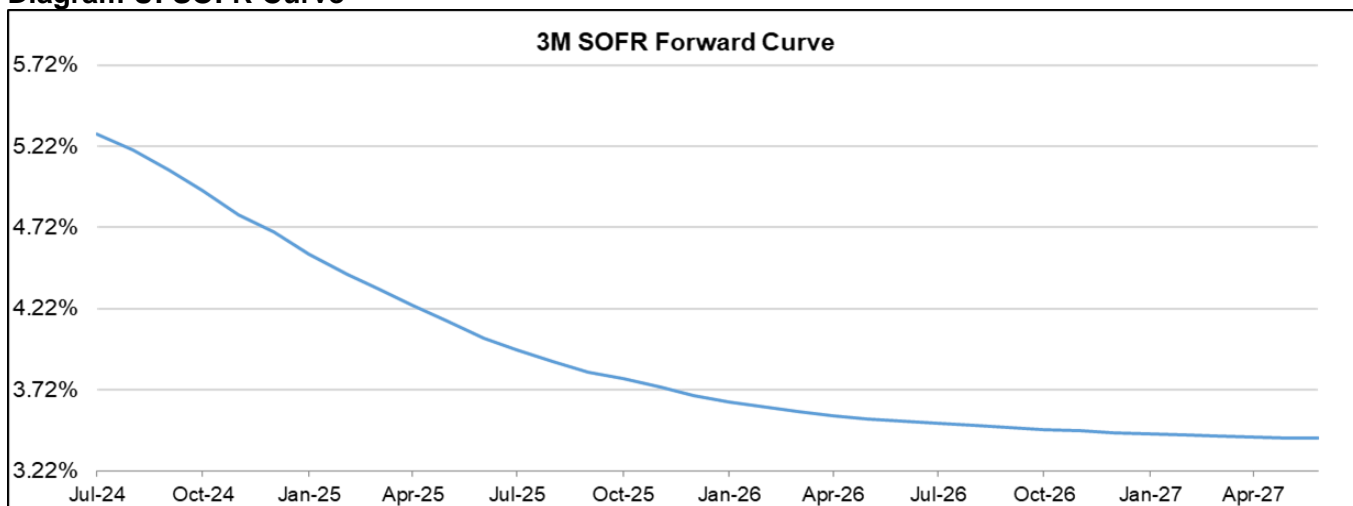
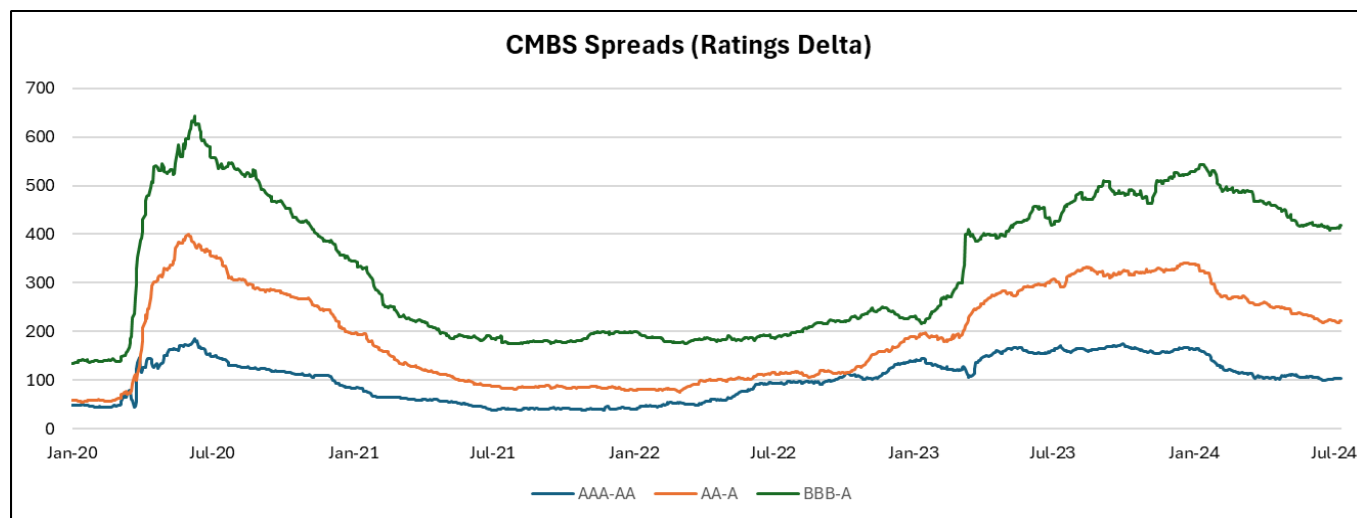
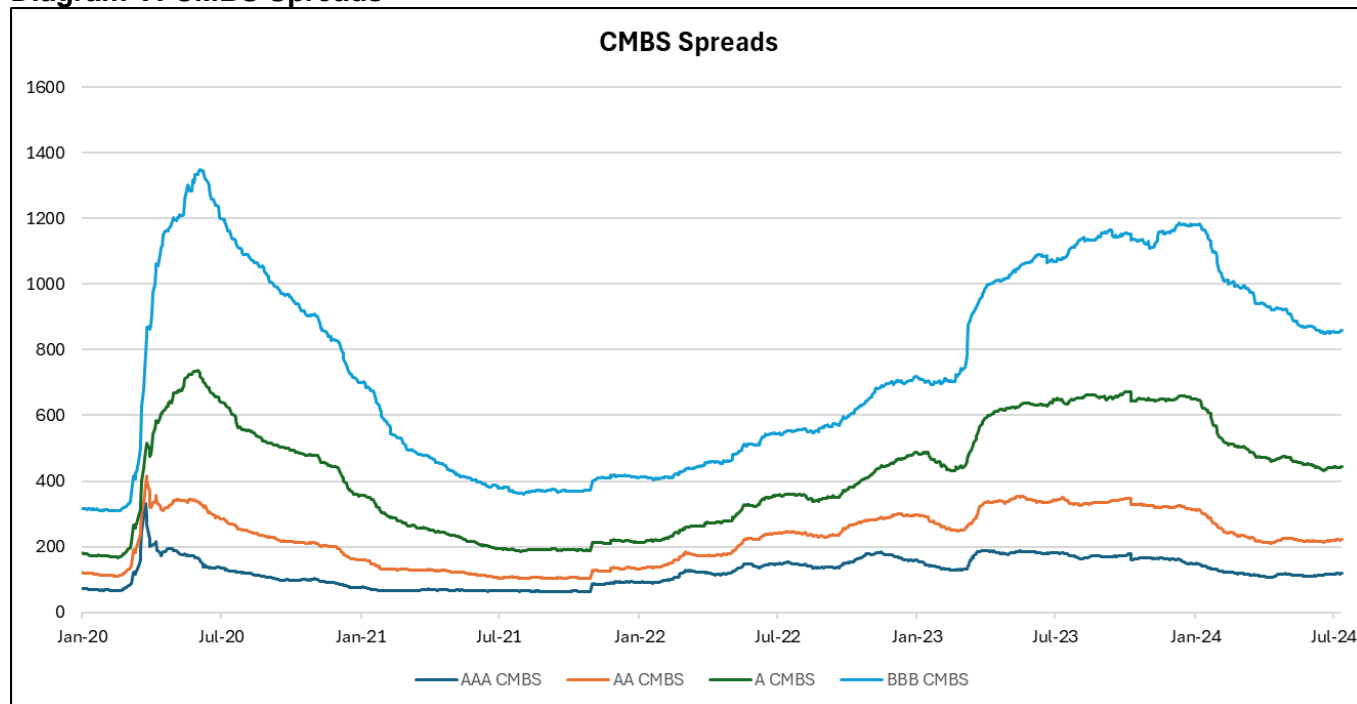


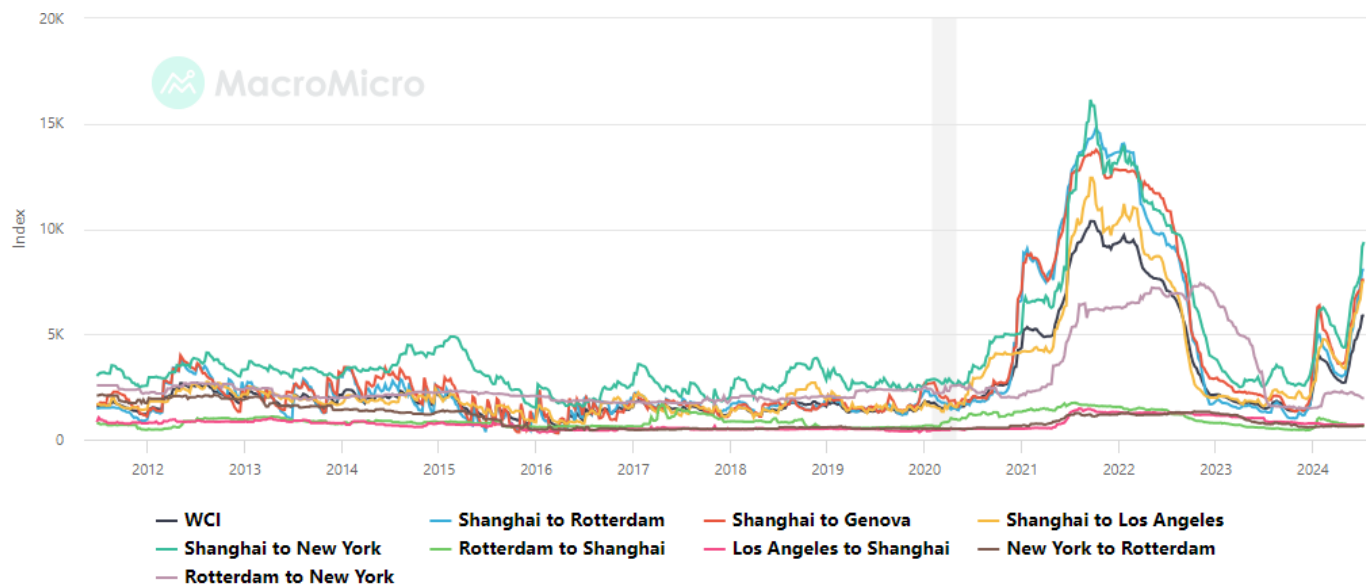


Diagram V: CMBS Spreads

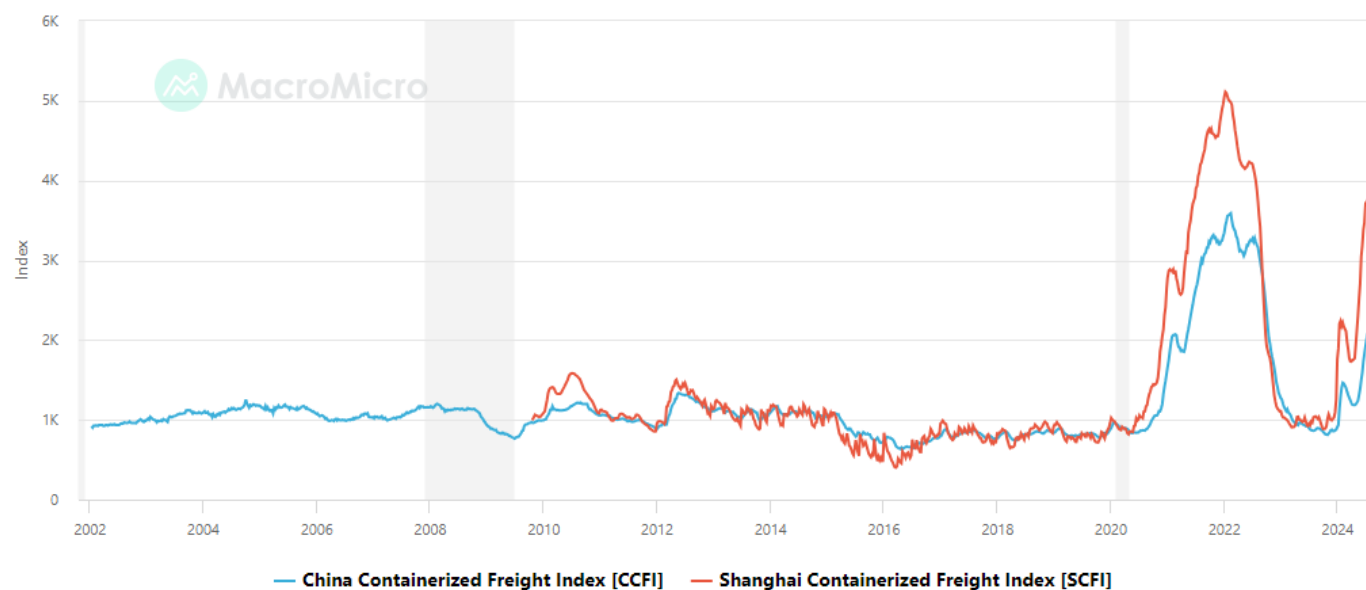


## Freight Rates

### Drewry World Container Index



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



### About ZCG

**Z Capital Group, LLC (“ZCG”)** is a leading, privately held merchant bank comprised of private markets asset management, business consulting services, and 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 of dollars of capital and have industry leading track records in private equity and credit.

ZCG has a global team comprised of over 400 professionals. For more information on ZCG, please visit [www.zcg.com](http://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 turnarounds.

ZCP has a specialized approach including our consulting practice, ZCG Consulting, LLC, and technology affiliate, Haptiq, LLC, 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 of the ZCP and ZCCP investment platforms share ZCG common resources, including infrastructure, legal, and cross global intelligence.

### Consulting

**ZCG Consulting, LLC (“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, business operations, c-suite advisory, real estate operations & management, and insurance & risk management. 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. For more information on ZCGC, please visit [www.zcgc.com](http://www.zcgc.com).

### Technology

**Haptiq, LLC (“Haptiq”)** – where insight meets innovation.

Haptiq offers a nuanced understanding of each client’s performance and exactly how to leverage technology for sustained growth. Through its suite of software, digital solutions, and industry expertise, Haptiq equips business leaders with a clear path to accelerate growth and profitability. For more information on Haptiq, please visit [www.haptiq.com](http://www.haptiq.com).

**Olympus Fintech, LLC (“Olympus”)** is a software product and platform which provides private equity, debt, and CLO managers with customizable and simplified workflows, data management, and robust reporting capabilities. For more information on Olympus, please visit [www.olyfintech.com](http://www.olyfintech.com).

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Market Indices	12-Jul	5-Jul	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	3,904.12	3,897.05	0.18%	5.07%	15.36%
Barclays High Yield Index	2,571.52	2,551.17	0.80%	4.10%	11.53%
Barclays Aggregate	2,179.73	2,161.93	0.82%	1.31%	2.45%
Loan Market Bids					
S&P Flow Name Index	99.65	99.70	(0.05%)	1.32%	
S&P 100 Name Index	97.22	97.17	0.05%	0.35%	
S&P BB's Index	99.41	99.36	0.05%	(0.18%)	
S&P B's Index	98.18	98.13	0.05%	0.25%	
S&P CCC's Index		76.97	(0.49%)	(8.54%)	
Loan Market Spreads					
S&P BB's Index	Lx289	Lx250	(1 bps)	193 bps	
S&P B's Index	Lx484	Lx480	4 bps	44 bps	
S&P CCC's Index	Lx1974	Lx1909	65 bps	334 bps	
Credit Default Swap - Volatility Indices					
Investment Grade CDS	Market	48.20	49.80	(3.21%)	(14.99%)
High Yield CDS	Market	321.21	333.07	(3.56%)	(9.86%)
Credit					
High Yield	Ave Yield	T+460	T+455	5 bps	75 bps
LCD Flow Name	Ave Spread	Lx208	Lx211	(3 bps)	12 bps
US Treasury 2-Yr		4.50%	4.60%	(10 bps)	18 bps
US Treasury 3-Yr		4.28%	4.50%	(23 bps)	24 bps
US Treasury 5-Yr		4.14%	4.32%	(19 bps)	26 bps
US Treasury 7-Yr		4.15%	4.31%	(16 bps)	24 bps
US Treasury 10-Yr		4.20%	4.30%	(10 bps)	30 bps
US CLO Spreads - New Issue					
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					
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	5.34%	5.32%	2 bps	(4 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					
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					
Net Outright Total Corp Securities	3-Jul	26-Jun	WoW Change	YTD Change	
	10.98	10.56	3.98%	0.00%	
Margin Debt - \$ USD in Billions					
	31-May	30-Apr	MoM Change	YTD Change	
	775.45	784.14	(1.11%)	10.66%	

Leveraged Finance Primary Volume - \$ USD in Billions				
7/12/2024	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-May	30-Apr	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				31-May	30-Apr	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-May	30-Apr	YTD Change		
SNAP aka Food Stamps - # of Participants		in Millions		38.778	39.027	(6.22%)		
Retail Sales				31-May	30-Apr	YTD Change		
Adj. Retail & Food Services Sales Index - US Census				683.0	687.4	0.79%		
US Home Foreclosures and Delinquencies				31-May	30-Apr	YTD Change		
Home Foreclosures Inventory		in Thousands		180	180	3.54%		
Delinquency Rate				-0.85%	-0.68%	(3.74pp)		
U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas Type				12-Jul	5-Jul	YTD Change		
	Peak-11/100 to Date	% of Rigs	% 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-May	30-Apr	YTD Change		
Total Rail Carloads		Tons in Thousands		1,066.12	1,064.20	4.13%		
Total Intermodal		Tons in Thousands		983.48	987.93	(9.04%)		
Truck Tonnage Index				136.85	136.10	13.71%		
TSA Checkpoint Travel Numbers				11-Jun	4-Jul	WoW Change	YoY Change	
Weekly Traveler Throughput		in Thousands		18,892.3	18,709.1	0.98%	29.24%	
Freight Rates				12-Jul	5-Jul	WoW Change	YTD Change	YoY Change
Freightos Baltic Index				3,481	3,481	0.00%	54.99%	(44.72%)
Shanghai - Los Angeles Spot Rates				7,472	7,400	0.97%	48.74%	(28.85%)
Shanghai - NY Spot Rates				9,158	9,100	0.64%	42.45%	(30.50%)
Shanghai Containerized Freight Index				1,030	1,031	(0.16%)	(4.26%)	(74.21%)

Region	2021	2022	2023	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%