

## Briefing

### Global Economic & Credit Market

### Week 27 Ending – July 05, 2024

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### Economic Calendar

- Monday, July 08: Consumer credit
- Wednesday, July 10: Wholesale inventories
- Thursday, July 11: Consumer price index; jobless claims
- Friday, July 12: Producer price index

### Key Market Metrics

- S&P 500: +1.95% WoW; +16.72% YTD; +26.19% YoY; 15.5x LTM EBITDA; 13.5x NTM EBITDA
- Dow Jones: +0.66% WoW; +4.47% YTD; +16.08% YoY; 11.4x LTM EBITDA; 12.6x NTM EBITDA
- Nasdaq: +3.50% WoW; +22.26% YTD; +34.17% YoY
- Ten Year US Treasury Yield: 4.33% +41 bps YTD; +24 bps YoY
- Currency:
  - British Pound per USD: \$1.28; 1.3% WoW; 0.7% YTD; 0.6% YoY
  - Euro per USD: \$1.08; 1.2% WoW; (1.9%)YTD; (0.4%)YoY
  - USD per Yen: ¥160.75; (0.1%)WoW; 14.1% YTD; 11.6% YoY
  - Swiss franc per EUR: 1.03 CHF; (0.8%)WoW; (4.4%)YTD; 0.4% YoY

### U.S. News

#### US Unemployment Report

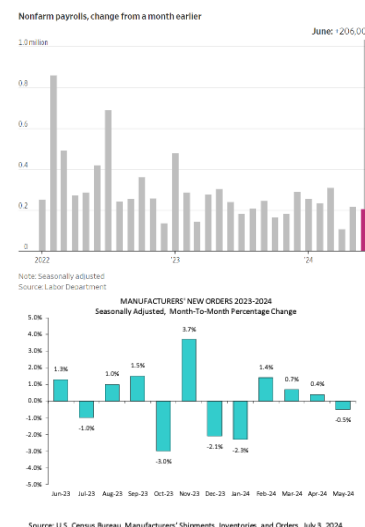
- The unemployment rate increased to 4.1%, tied for the highest level since October 2021 and up from 4.0% in May
- The labor force participation rate increased to 62.6%, up 0.1% from May
- Nonfarm payrolls increased by 206,000 in June, better than the forecasted 200,000 but lower than the 218,000 in May

#### Factory Orders

- New orders for manufactured goods decreased \$3.0 billion, or 0.5%, to \$583.1 billion in May. This drop comes after three consecutive monthly increases
- Shipments decreased \$4.2 billion, or 0.7%, to \$584.8 billion. This drop comes after three consecutive monthly increases
- Unfilled orders, up forty-six consecutive months, increased \$3.1 billion, or 0.2%, to \$1,402.8 billion
- Inventories increased \$1.8 billion, or 0.2%, to \$860.1 billion. Inventories have increased in five of the last six months

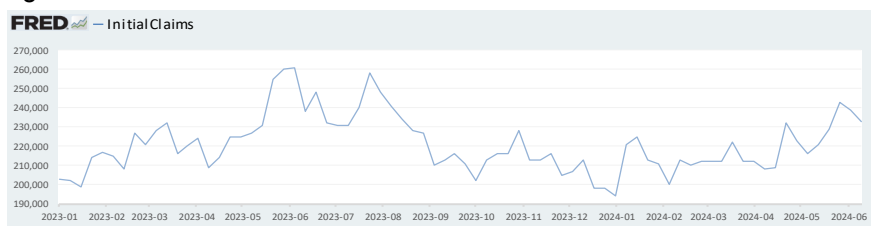
#### Auto Sales

- Auto sales dropped 3.2% year-over-year to 1,341,273 units
- Sales of light trucks decreased 2.1% year-over-year to 1,072,787 units, while passenger car sales decreased 7.6% year-over-year to 268,486 units
- The cyberattack on an auto dealer software provider impacted the sales process of 15,000 new car dealers in the U.S., partly explaining the below forecasted figure



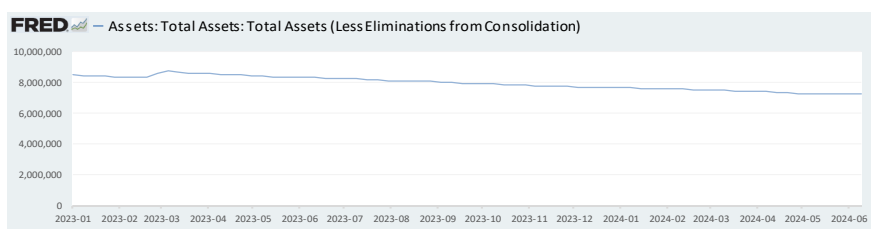
## ▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 238,000 in the week ended June 28, up 4,000 from the prior week
- The four-week moving average was 238,500, up 2,250 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 26,000 to 1.858 million in the week ended June 21. This figure is reported with a one-week lag



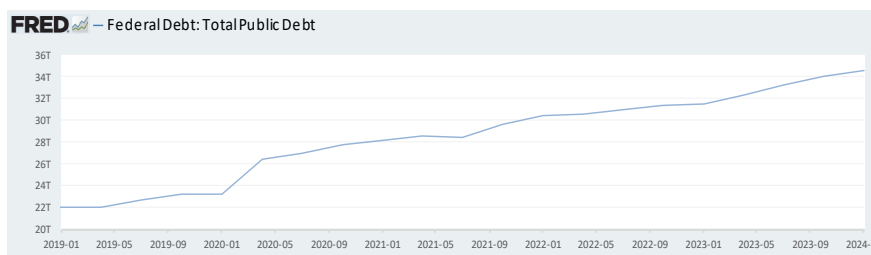
## ▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$7.222 trillion in the week ended July 5, down \$9.6 billion from the prior week
- Treasury holdings totaled \$4.447 trillion, down \$6.5 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.34 trillion in the week, down \$18.7 billion from the prior week



## ▪ Total Public Debt

- Total public debt outstanding was \$34.85 trillion as of July 5, an increase of 7.3% from the previous year
- Debt held by the public was \$25.59 trillion, and intragovernmental holdings were \$7.06 trillion

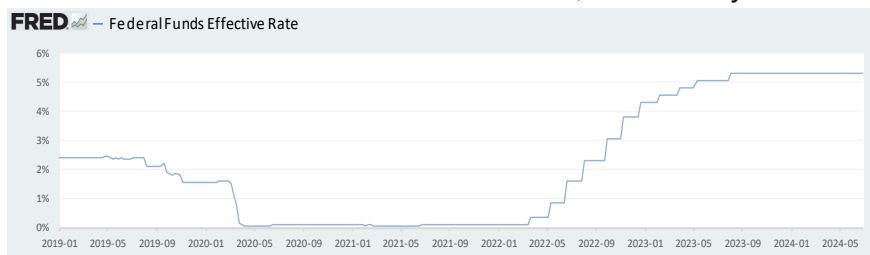


## ■ Inflation Factors

- 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 \$5,868.39 per 40ft container
  - Drewry's composite World Container Index has increased by 298.0% 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

- Negotiations suddenly resumed on Friday in Doha, Qatar, shortly after Israel signaled that it is preparing to wind down military operations in Gaza
- This new round of negotiations is considered a breakthrough after weeks of stalled talks, but it does not guarantee a final ceasefire deal, as the two parties still disagree over the duration of the ceasefire and Hamas's postwar role in Gaza
- The Israeli military is increasingly concerned about escalation with Hezbollah on the northern border, pushing the country toward striking a deal
- Israel is set to complete its military operations in Rafah, transitioning to lower-intensity, intelligence-based raids in locations where militants attempt to regroup

### ■ Russia

- The International Criminal Court (ICC) issued arrest warrants for Sergei Shoigu, the former Russian defense minister, and Valery Gerasimov, a leading Russian general, related to alleged war crimes committed during Russia's invasion of Ukraine in February 2022
- The two are suspected of directing attacks against civilians and civilian objects in Ukraine. The ICC found evidence that they were responsible for missile strikes on Ukrainian electric infrastructure between October 10, 2022, and March 9, 2023
- Russia pointed out that the warrants are legally meaningless, as the country is not a member of the ICC
- A U.N. panel concluded that Russia has arrested WSJ reporter Evan Gershkovich without factual or legal substantiation for the espionage accusation

### ■ France

- Marine Le Pen's National Rally party and its allies won 33% of the first-round votes in France's parliamentary elections, putting the far-right party within reach of securing a majority of seats in the National Assembly. Should the National Rally win a majority of seats, President Emmanuel Macron would be compelled to choose a prime minister from their ranks
- In response to the first-round votes, a leftist alliance called The New Popular Front, along with a bloc led by President Emmanuel Macron, withdrew their third-place candidates from races where far-right candidates were polling first or second. The effort lowers the probability that the National Rally will win enough seats to control the French parliament
- French stocks rose about 1.5%, and yields on French government debt fell on Wednesday, after the withdrawals were announced

### ■ China

- The U.S. and Chinese governments coordinated the deportation of 116 Chinese nationals back to China. This action followed a surge of Chinese migrants entering the U.S. southern border in recent years, marking the first of such flights since 2018
- Analysts at the Center for Strategic and International Studies, a Washington-based think tank, identified new construction for an eavesdropping station in Cuba, about seventy miles away from the U.S. naval base at Guantanamo Bay
- China is suspected of using these stations to intercept sensitive electronic communications from American military bases, space-launch facilities, and military and commercial shipping

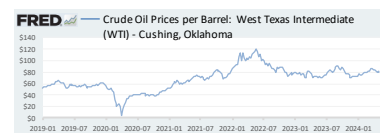
## Geopolitical Hotspots

- **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
- **United Kingdom**
  - Kier Starmer was confirmed as Britain's new prime minister, following a decisive parliamentary win by the Labour Party
  - While counting continues, the Labour party has so far won 412 seats in Parliament, versus 121 for the Conservatives, the fewest seats in the party's history
  - The Labour Party has promised to reduce the national debt as a percentage of GDP while reducing wait times and healthcare costs at the NHS
- **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
- **Kenya**
  - Kenyan police opened fire on protesters who stormed parliament in Nairobi amid demonstrations against proposed tax increases aimed at addressing the country's debt crisis, resulting in several deaths and widespread unrest
- **Canada**
  - Canada's GDP grew by 0.3% in April 2024 but slowed to 0.1% growth in May, suggesting a soft economic backdrop that could influence future rate cuts by the Bank of Canada
- **Sweden**
  - Sweden's central bank, Riksbank, holds key policy rate at 3.75% but anticipates two to three cuts later in the year based on inflation outlook and economic activity
- **Mexico**
  - Tropical storm Alberto ravages Mexico's Gulf Coast, bringing heavy rain and flooding. While the storm brought little damage, it is the first named storm of what is expected to be a busy Atlantic hurricane season
- **Saudi Arabia**
  - More than 1,170 pilgrims have died during the annual Hajj event, due to temperatures peaking above 125 degrees. This is the highest death toll at the pilgrimage since a stampede in 2015

## Commodities

### Oil Prices

- WTI: \$83.16 per barrel
  - +1.99% WoW; +16.06% YTD; +15.82% YoY
- Brent: \$86.54 per barrel
  - +0.15% WoW; +12.33% YTD; +13.09% YoY



### US Production

- U.S. oil production amounted to 13.2 million bpd for the week ended June 28, down 0.0 million bpd from the prior week

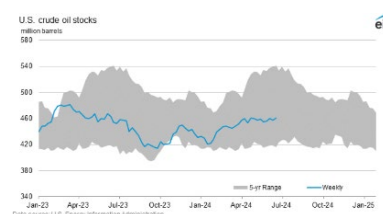
### Rig Count

- The total number of oil rigs amounted to 585, up 4 from last week

### Inventories

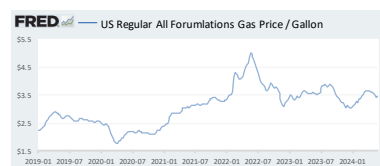
#### Crude Oil

- Total U.S. crude oil inventories now amount to 448.5 million barrels, down (0.8%) YoY
- Refiners operated at a capacity utilization rate of 93.5% for the week, up from 92.2% in the prior week
- U.S. crude oil imports now amount to 6.611 million barrels per day, down (7.0%) YoY



#### Gasoline

- Retail average regular gasoline prices amounted to \$3.51 per gallon in the week of July 5, down (0.8%) YoY
  - Gasoline prices on the East Coast amounted to \$3.50, up 0.6% YoY
  - Gasoline prices in the Midwest amounted to \$3.50, up 0.9% YoY
  - Gasoline prices on the Gulf Coast amounted to \$3.16, down (0.9%) YoY
  - Gasoline prices in the Rocky Mountain region amounted to \$3.47, down (11.3%) YoY
  - Gasoline prices on the West Coast amounted to \$4.37, down (5.9%) YoY
- Motor gasoline inventories were down by 2.2 million barrels from the prior week
- Motor gasoline inventories amounted to 231.7 million barrels, up 5.6% YoY
- Production of motor gasoline averaged 10.06 million bpd, down (2.0%) YoY
- Demand for motor gasoline amounted to 9.424 million bpd, down (1.8%) YoY

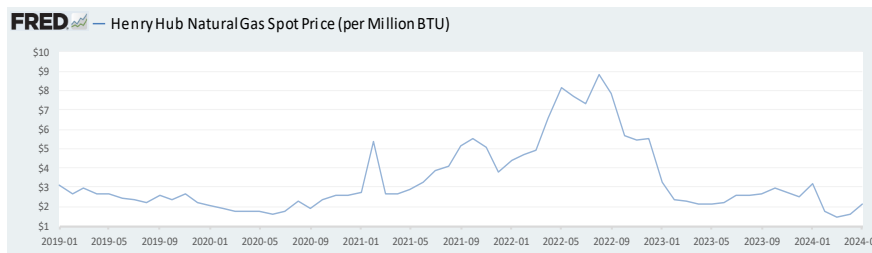


#### Distillates

- Distillate inventories decreased by -1.5 million in the week of July 5
- Total distillate inventories amounted to 119.7 million barrels, up 5.6% YoY
- Distillate production averaged 5.106 million bpd, up 5.3% YoY
- Demand for distillates averaged 3.715 million bpd in the week, down (2.5%) YoY

○ **Natural Gas**

- Natural gas inventories increased by 32 billion cubic feet last week
- Total natural gas inventories now amount to 3,134 billion cubic feet, up 8.8% YoY



## Credit News

High yield bond yields increased 4bps to 7.88% and spreads increased 7bps to 345bps. Leveraged loan yields decreased 16bps to 9.23% and spreads decreased 9bps to 499bps. WTD Leveraged loan returns were positive 18bps. WTD high yield bond returns positive 9bps. 10yr treasury yields increased 5bps to 4.34%. HY yields and spreads rose as jobless claims and ADP data suggested to a softer labor market and ISM services fell to its lowest level since the recession in 2020 whereas the PMI reached its two-year high.

### High-yield:

Week ended 07/05/2024

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

| Current Week |        | Prior Week |        | Δ (bps) |        |
|--------------|--------|------------|--------|---------|--------|
| Yield        | Spread | Yield      | Spread | Yield   | Spread |
| 7.88%        | 345    | 7.84%      | 338    | 4       | 7      |

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

| Pricing      |            |         | Returns |       |       |       |
|--------------|------------|---------|---------|-------|-------|-------|
| Current Week | Prior Week | Δ (bps) | WTD     | MTD   | YTD   | 2023  |
| \$93.51      | \$93.52    | -1      | 0.09%   | 0.20% | 2.76% | 13.5% |

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

| Total Flows (\$) |
|------------------|
| (\$208mm)        |

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

| Week        |            | YTD        |                |          |
|-------------|------------|------------|----------------|----------|
| # New Deals | Total (\$) | Total (\$) | Prior Year YTD | CY vs PY |
| 0           | \$0.0bn    | \$162.1bn  | \$95.0bn       | +71%     |

#### 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 07/05/2024

▪ **Yields & Spreads<sup>1</sup>**

| Current Week |        | Prior Week |        | Δ (bps) |        |
|--------------|--------|------------|--------|---------|--------|
| Yield        | Spread | Yield      | Spread | Yield   | Spread |
| 9.23%        | 499    | 9.39%      | 508    | (16)    | (9)    |

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

| Pricing      |            |         | Returns |       |       |       |
|--------------|------------|---------|---------|-------|-------|-------|
| Current Week | Prior Week | Δ (bps) | WTD     | MTD   | YTD   | 2023  |
| \$95.84      | \$95.68    | 17      | 0.18%   | 0.04% | 4.58% | 12.9% |

▪ **Fund Flows<sup>2</sup>**

| Total Flows (\$) |
|------------------|
| \$533mm          |

▪ **New Issue<sup>2</sup>**

| Week        |            | YTD        |                |          |
|-------------|------------|------------|----------------|----------|
| # New Deals | Total (\$) | Total (\$) | Prior Year YTD | CY vs PY |
| 34          | \$31.1bn   | \$679.0bn  | \$127.0bn      | +435%    |

▪ **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: 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 07/05/2024

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

| # Priced | Total (\$) | New Issue | Refis/Resets |
|----------|------------|-----------|--------------|
| 27       | \$11.9bn   | \$2.9bn   | \$9.0bn      |

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

| Total U.S. CLOs | Total (\$) | New Issue | Refis/Resets | Prior Year YTD | CY vs. PY |
|-----------------|------------|-----------|--------------|----------------|-----------|
| 468             | \$211.5bn  | \$101.5bn | \$110.0bn    | \$57.6bn       | +267%     |

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

## Ratings activity:

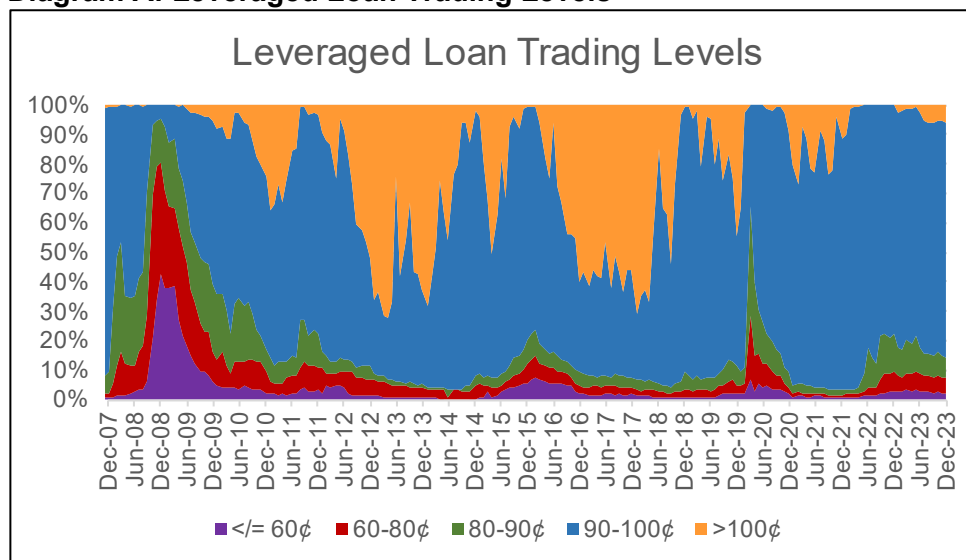
- S&P and Moody's High Yield Ratings

|                      | S&P        |          |       | Moody's    |          |       |
|----------------------|------------|----------|-------|------------|----------|-------|
|                      | Downgrades | Upgrades | Ratio | Downgrades | Upgrades | Ratio |
| Full Year 2023       | 546        | 304      | 1.8x  | 488        | 288      | 1.7x  |
| Week Ending 01/05/24 | 1          | 2        | 0.5x  | 0          | 2        | 0.0x  |
| Week Ending 01/12/24 | 8          | 6        | 1.3x  | 3          | 7        | 0.4x  |
| Week Ending 01/19/24 | 2          | 6        | 0.3x  | 12         | 6        | 2.0x  |
| Week Ending 01/26/24 | 10         | 0        | n/a   | 15         | 6        | 2.5x  |
| Week Ending 02/02/24 | 3          | 13       | 0.2x  | 11         | 7        | 1.6x  |
| Week Ending 02/09/24 | 18         | 6        | 3.0x  | 5          | 7        | 0.7x  |
| Week Ending 02/16/24 | 8          | 2        | 4.0x  | 14         | 9        | 1.6x  |
| Week Ending 02/23/24 | 3          | 8        | 0.4x  | 16         | 16       | 1.0x  |
| Week Ending 03/01/24 | 14         | 5        | 2.8x  | 6          | 2        | 3.0x  |
| Week Ending 03/08/24 | 16         | 10       | 1.6x  | 15         | 14       | 1.1x  |
| Week Ending 03/15/24 | 12         | 7        | 1.7x  | 15         | 5        | 3.0x  |
| Week Ending 03/22/24 | 6          | 5        | 1.2x  | 7          | 10       | 0.7x  |
| Week Ending 03/29/24 | 9          | 2        | 4.5x  | 15         | 14       | 1.1x  |
| Week Ending 04/05/24 | 8          | 11       | 0.7x  | 13         | 8        | 1.6x  |
| Week Ending 04/12/24 | 8          | 11       | 0.7x  | 8          | 7        | 1.1x  |
| Week Ending 04/19/24 | 14         | 10       | 1.4x  | 4          | 12       | 0.3x  |
| Week Ending 04/26/24 | 3          | 4        | 0.8x  | 12         | 6        | 2.0x  |
| Week Ending 05/03/24 | 12         | 5        | 2.4x  | 11         | 4        | 2.8x  |
| Week Ending 05/10/24 | 6          | 10       | 0.6x  | 9          | 9        | 1.0x  |
| Week Ending 05/17/24 | 13         | 7        | 1.9x  | 13         | 4        | 3.3x  |
| Week Ending 05/24/24 | 10         | 6        | 1.7x  | 13         | 10       | 1.3x  |
| Week Ending 05/31/24 | 12         | 3        | 4.0x  | 14         | 10       | 1.4x  |
| Week Ending 06/07/24 | 9          | 14       | 0.6x  | 10         | 9        | 1.1x  |
| Week Ending 06/14/24 | 10         | 7        | 1.4x  | 11         | 12       | 0.9x  |
| Week Ending 06/21/24 | 9          | 6        | 1.5x  | 13         | 8        | 1.6x  |
| Week Ending 06/28/24 | 5          | 4        | 1.3x  | 7          | 6        | 1.2x  |
| Week Ending 07/05/24 | 5          | 8        | 0.6x  | 3          | 8        | 0.4x  |
| YTD 2024             | 234        | 178      | 1.3x  | 275        | 218      | 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                             | 90.8       | 93.9     | 85.4    | 8.5                |
| Leveraged Loans                        | 95.2       | 96.2     | 93.8    | 2.4                |

[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 7/5/23

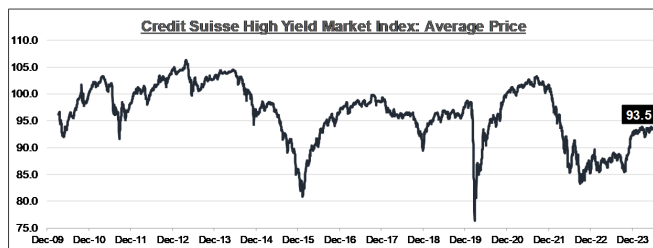
## Diagram C: Leveraged Loan and High Yield Returns

|               | Leveraged Loan Indices |              | High Yield Indices |         |
|---------------|------------------------|--------------|--------------------|---------|
|               | Credit Suisse [1]      | S&P/LSTA [2] | Credit Suisse [1]  | S&P [2] |
| Weekly Return | 0.18%                  | 0.14%        | 0.09%              | 0.00%   |
| MTD Return    | 0.04%                  | 0.43%        | 0.20%              | 0.98%   |
| YTD Return    | 4.58%                  | 4.47%        | 2.76%              | 2.25%   |

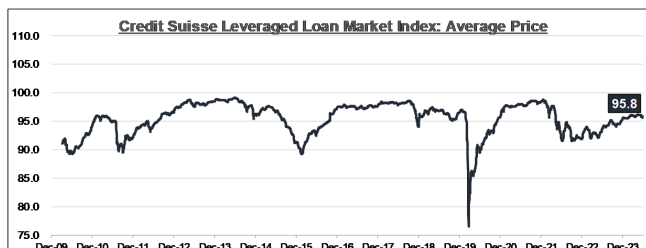
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 07/05/2024

[2] Yield data as of 07/05/2024

### 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.

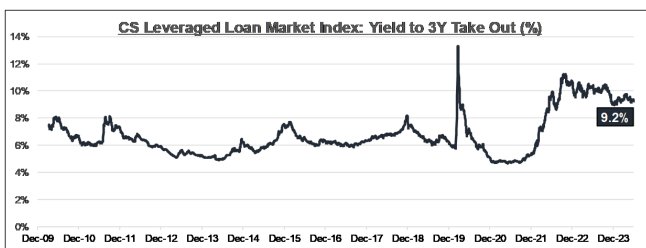


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

### Diagram E: Leveraged Loans Spreads & Yields

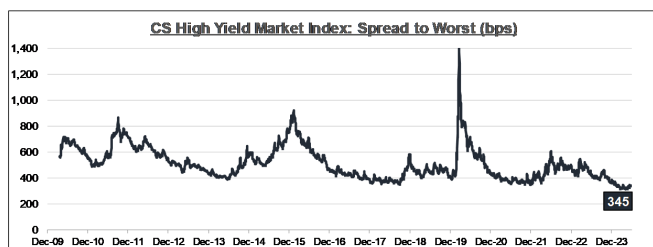


Source: CSFB Leveraged Loan Index Discount Margin to 3Y take-out, expressed in basis points. Data is reported daily.



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

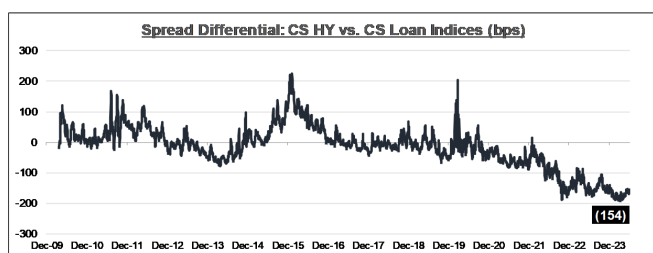


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.

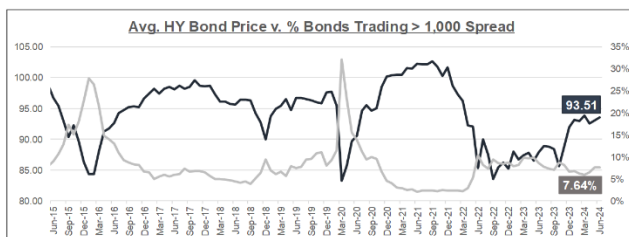


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

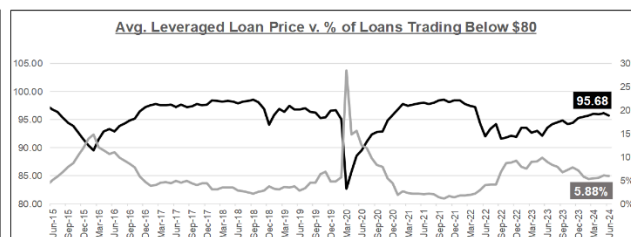
### Diagram G: Spread between High Yield Bonds and Leveraged Loans



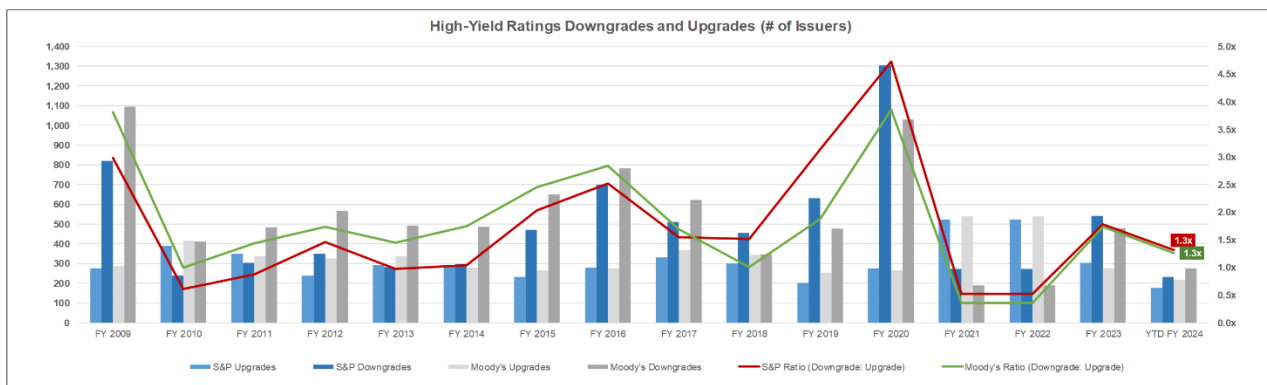
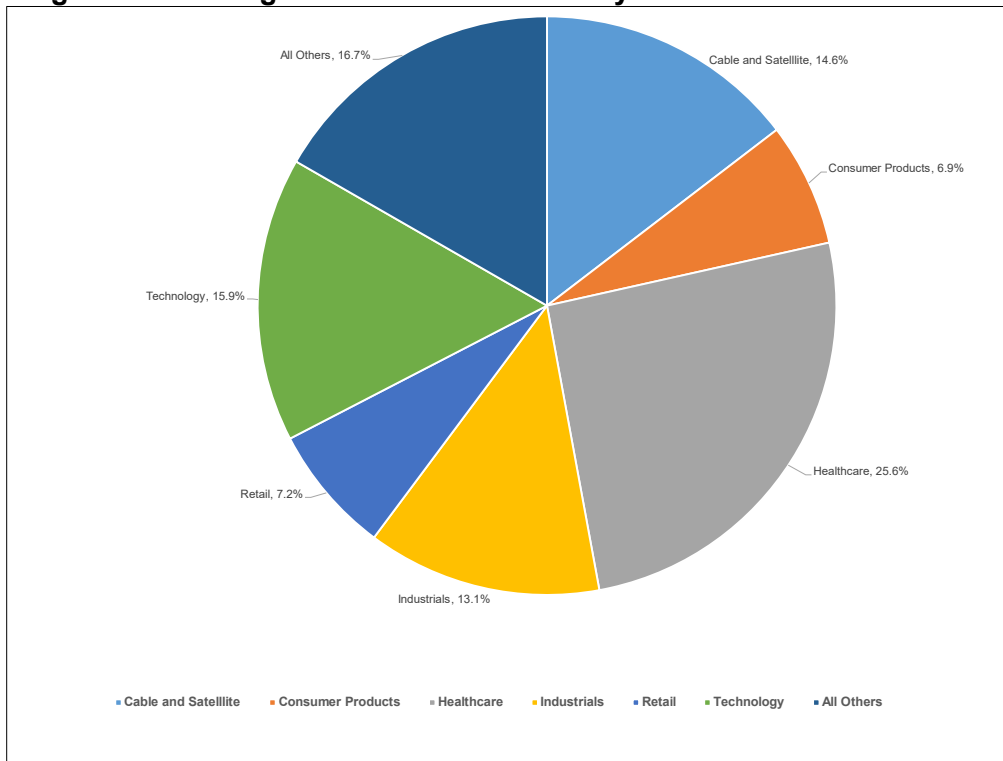
Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

**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

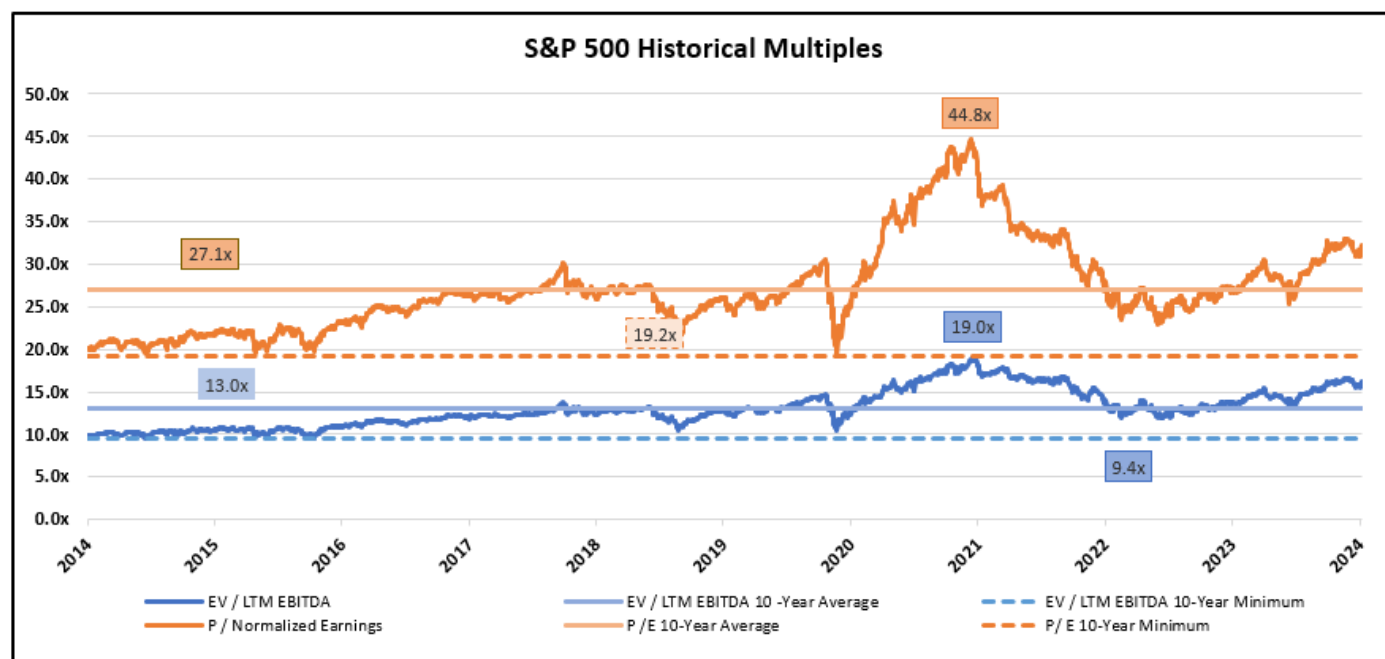
[1] Spread includes OID benefit based on 4 year repayment

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

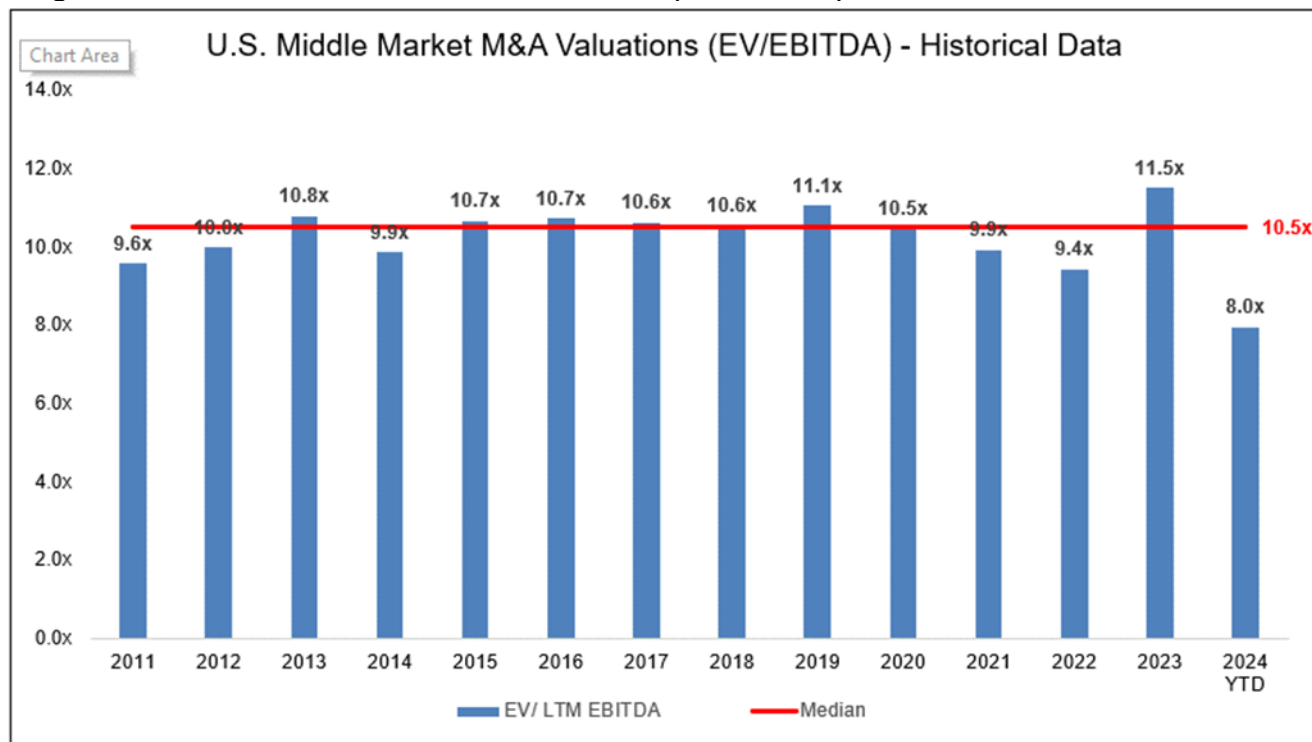
| By                | 6/14/24 | 6/21/24 | 6/28/24 | 7/5/24 | Weekly   | Q4 2023   | Change Q3 2023 | Q2 2023 | Q1 2023  |
|-------------------|---------|---------|---------|--------|----------|-----------|----------------|---------|----------|
| France - 10 year  | 3.13%   | 3.21%   | 3.30%   | 3.23%  | (7 bps)  | (84 bps)  | 47 bps         | 14 bps  | (32 bps) |
| Germany - 10 year | 2.36%   | 2.41%   | 2.50%   | 2.58%  | 8 bps    | (82 bps)  | 45 bps         | 10 bps  | (28 bps) |
| Italy - 10 year   | 3.93%   | 3.94%   | 4.07%   | 3.95%  | (12 bps) | (108 bps) | 71 bps         | (3 bps) | (62 bps) |
| Japan - 10 year   | 0.94%   | 0.98%   | 1.06%   | 1.08%  | 2 bps    | (20 bps)  | 42 bps         | (9 bps) | 2 bps    |
| UK - 10 year      | 4.06%   | 4.08%   | 4.17%   | 4.14%  | (3 bps)  | (90 bps)  | 6 bps          | 93 bps  | (18 bps) |
| US                |         |         |         |        |          |           |                |         |          |
| US - 2 year       | 4.70%   | 4.73%   | 4.75%   | 4.63%  | (12 bps) | (90 bps)  | 21 bps         | 111 bps | (54 bps) |
| US - 5 year       | 4.24%   | 4.27%   | 4.38%   | 4.26%  | (12 bps) | (95 bps)  | 61 bps         | 80 bps  | (51 bps) |
| US - 10 year      | 4.22%   | 4.26%   | 4.40%   | 4.31%  | (9 bps)  | (92 bps)  | 94 bps         | 52 bps  | (40 bps) |
| US - 30 year      | 4.35%   | 4.40%   | 4.56%   | 4.51%  | (5 bps)  | (89 bps)  | 106 bps        | 27 bps  | (24 bps) |

Source: Bloomberg

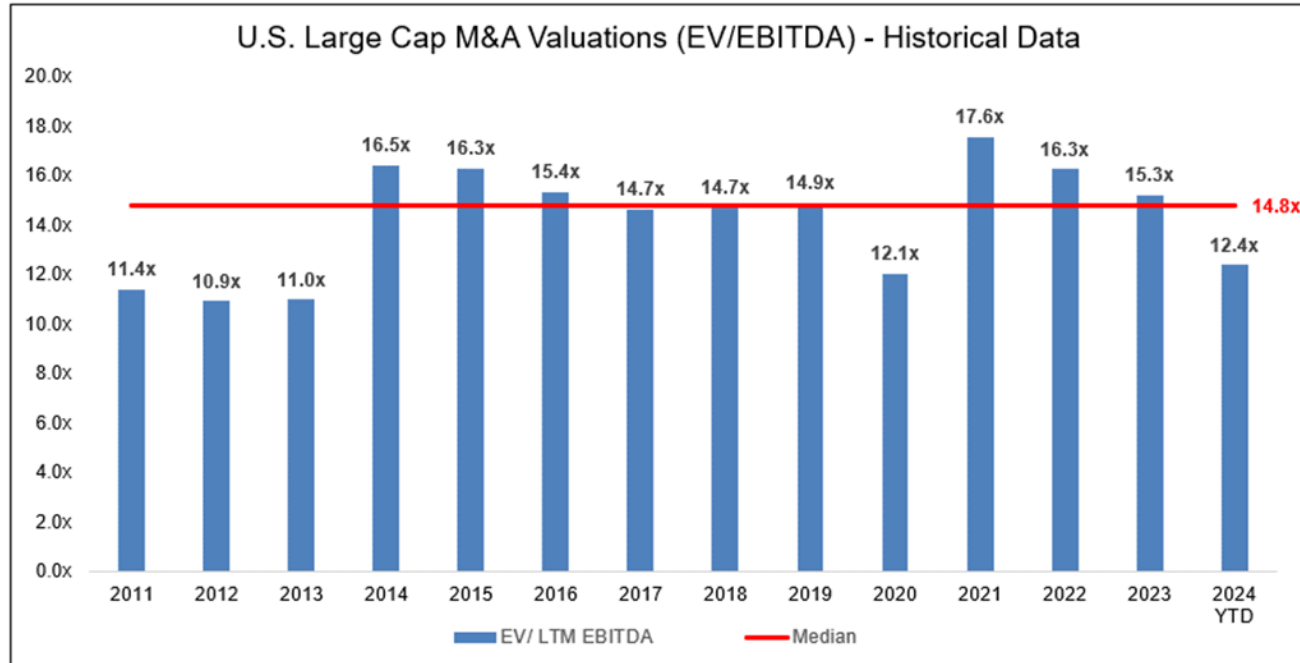
## Diagram O: S&amp;P 500 Historical Multiples



Source: S&P Capital IQ

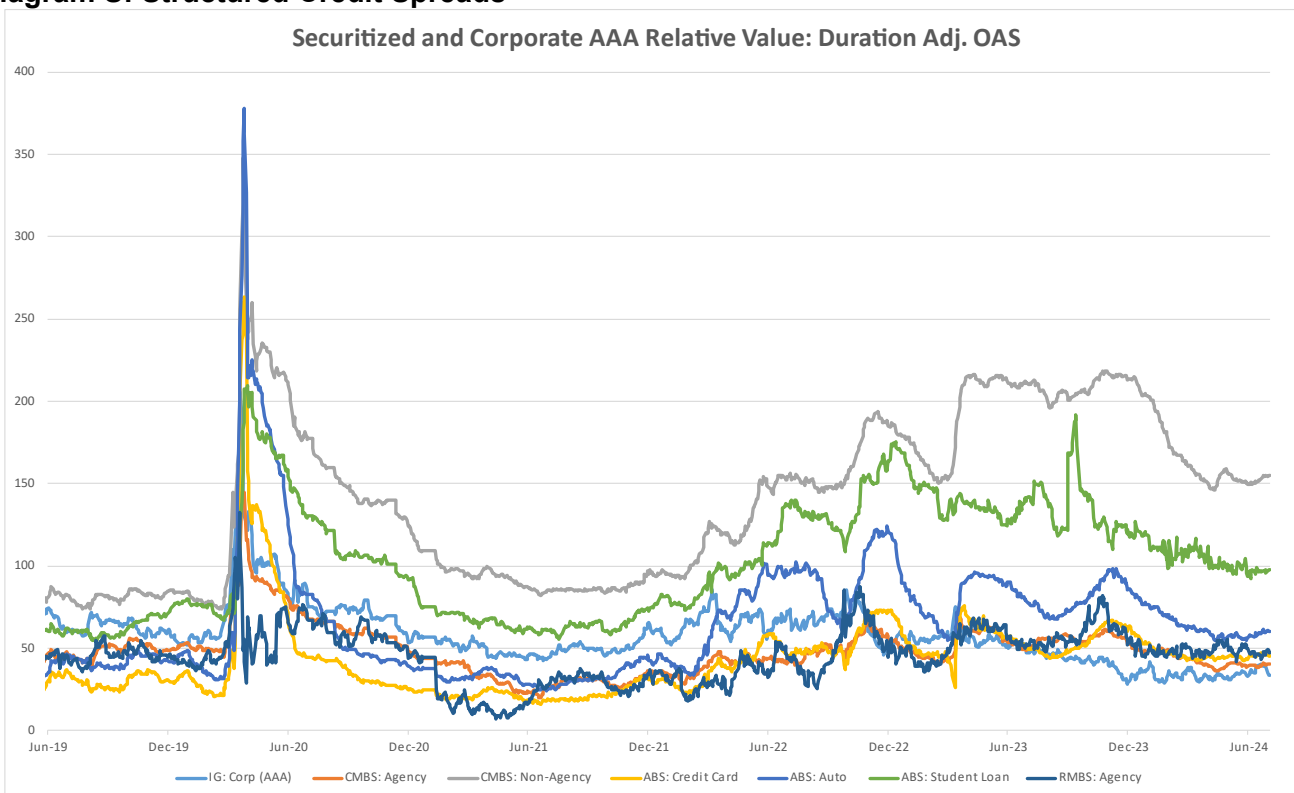
**Diagram P: U.S. Middle-Market M&A Valuations (EV/EBITDA)x**

Source: Pitchbook

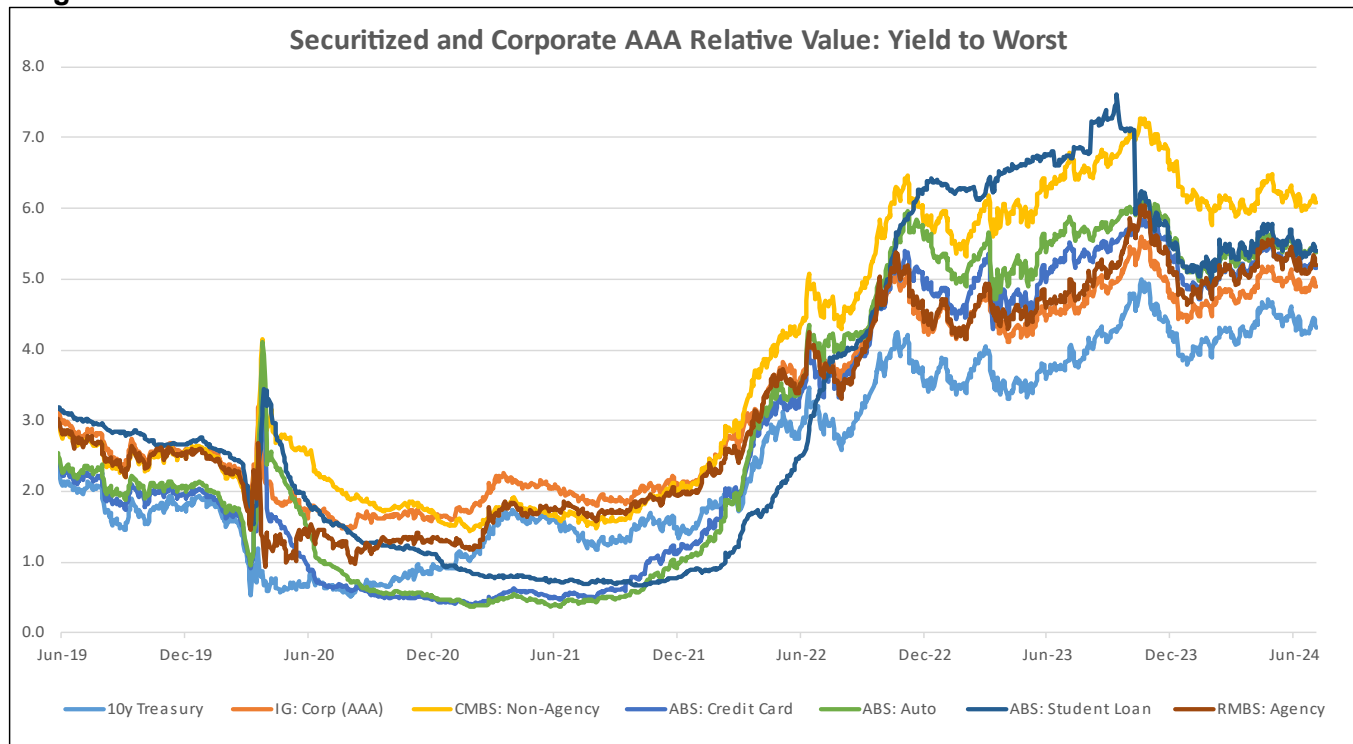
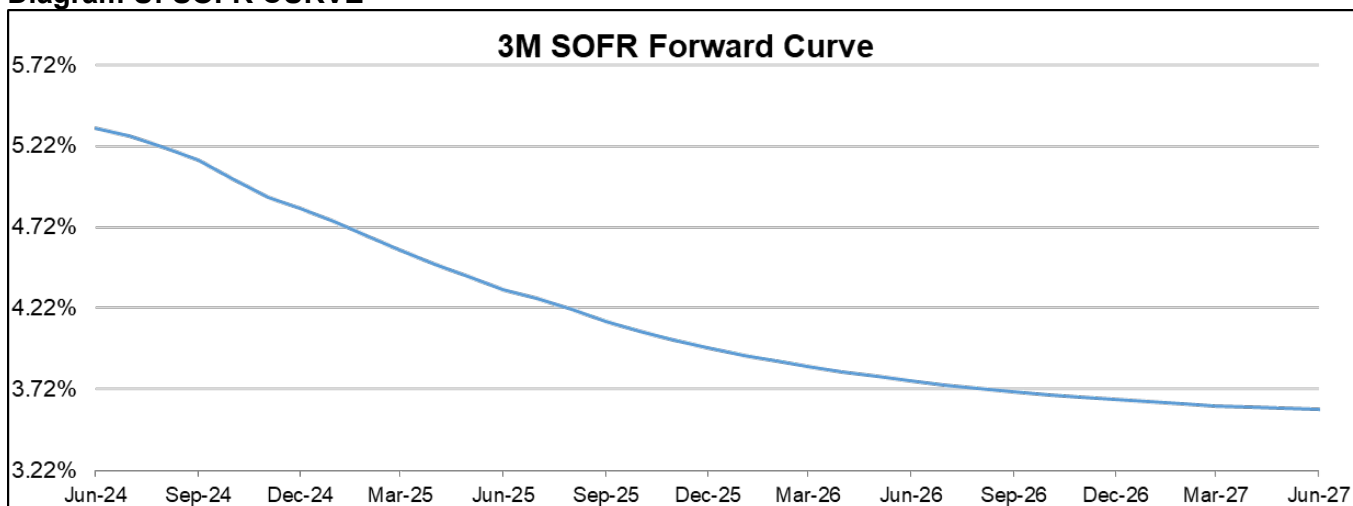
**Diagram Q: U.S. Large Cap M&A Valuations (EV/EBITDA)**

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

Source: Pitchbook

**Diagram S: Structured Credit Spreads**

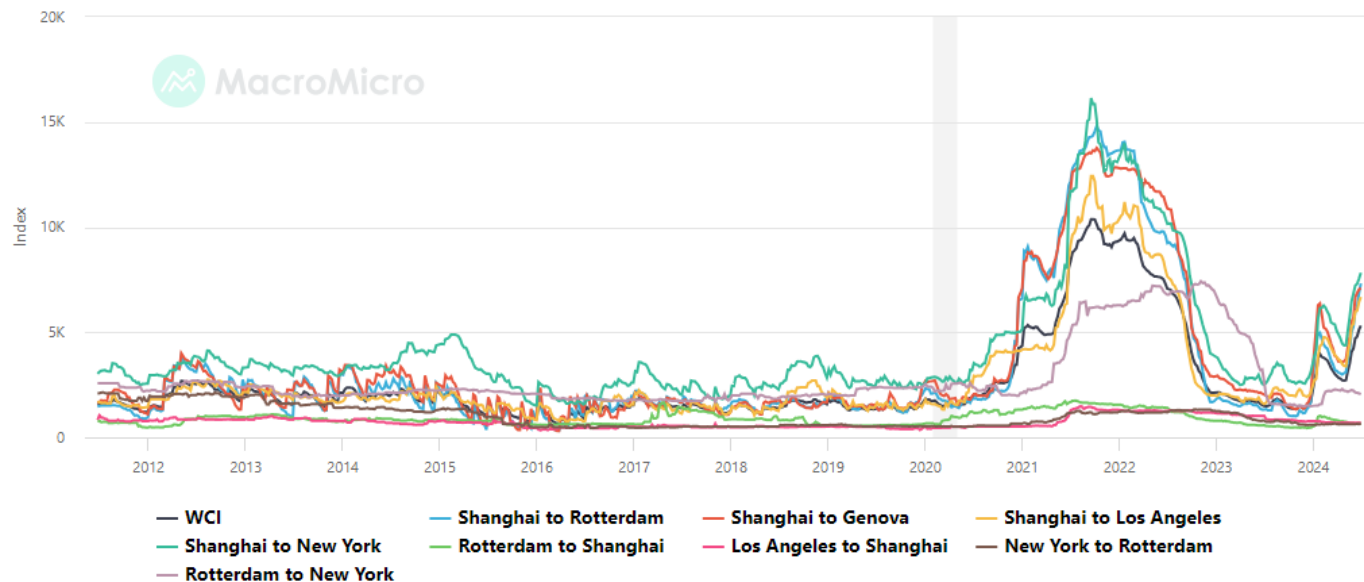
Source: Bloomberg

**Diagram T: Structured Credit Yield****Diagram U: SOFR CURVE**

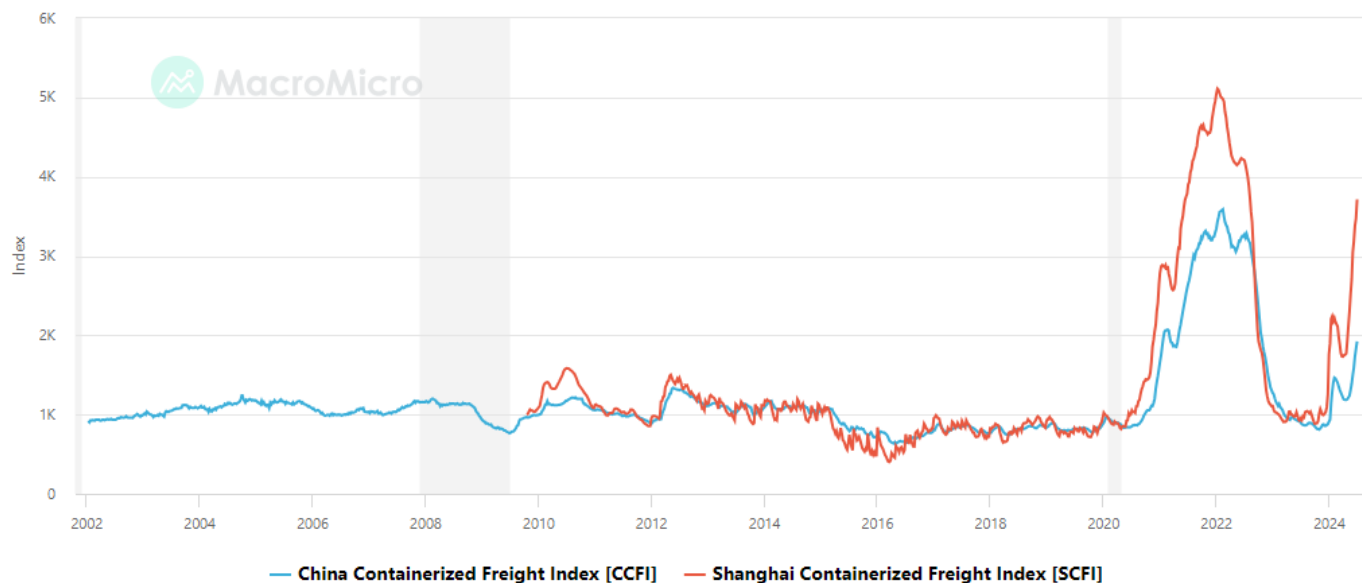


## Freight Rates

### Drewry World Container Index

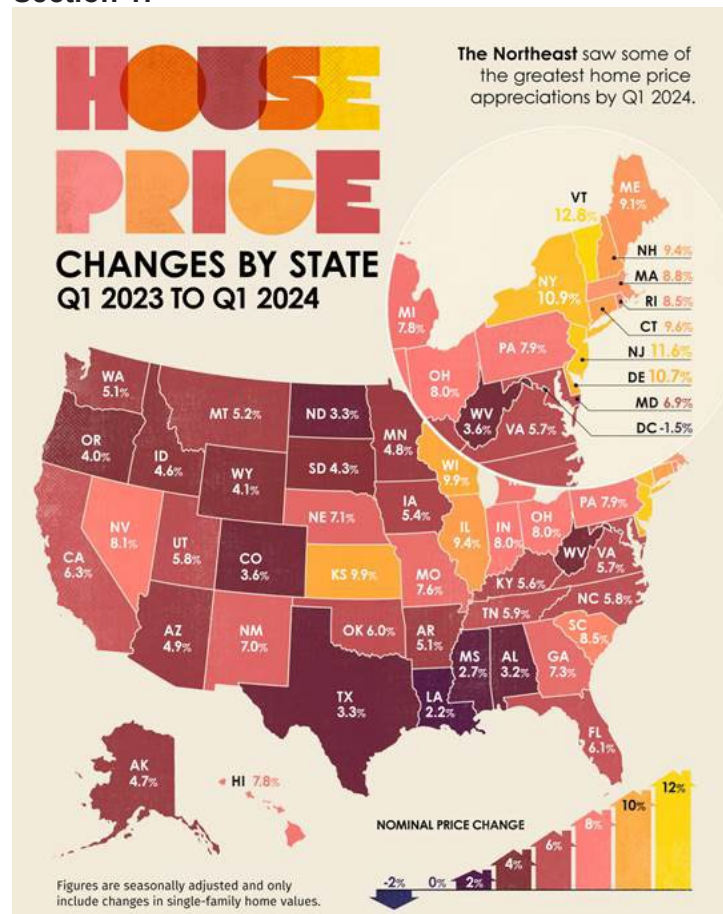


### China-Global & Shanghai Export Container Freight Index



## Real Estate

### Section 1:



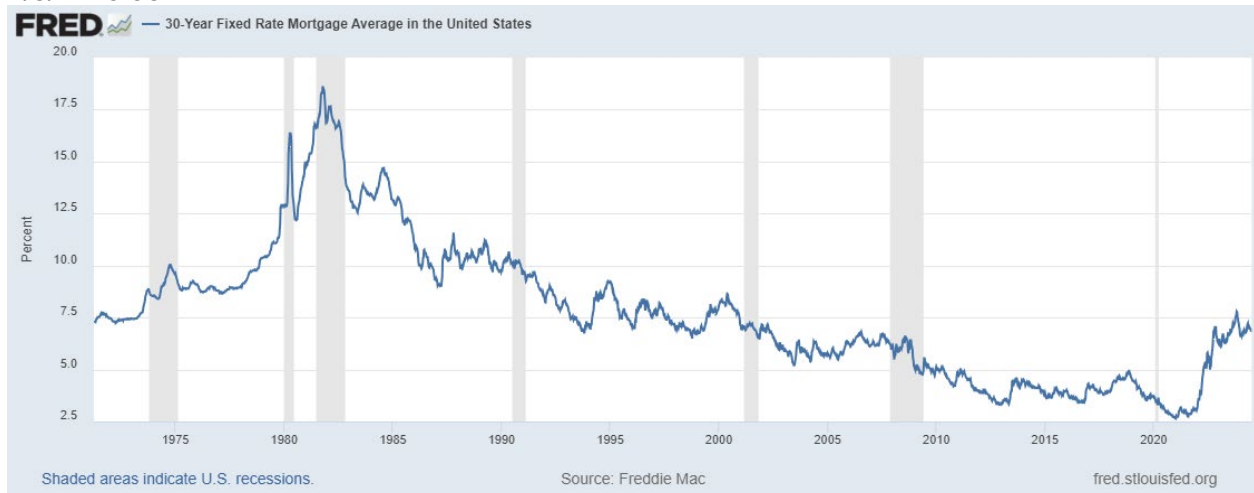
Source: Federal Housing Finance Industry

- In 2024, U.S. home prices are steadily rising across nearly every state in America
- Overall, home prices rose 6.6% annually as of the first quarter of 2024, the highest increase since 2022
- A combination of low inventory and homeowners' reluctance to sell is driving up home values as interest rates remain persistently high

## Section 2:

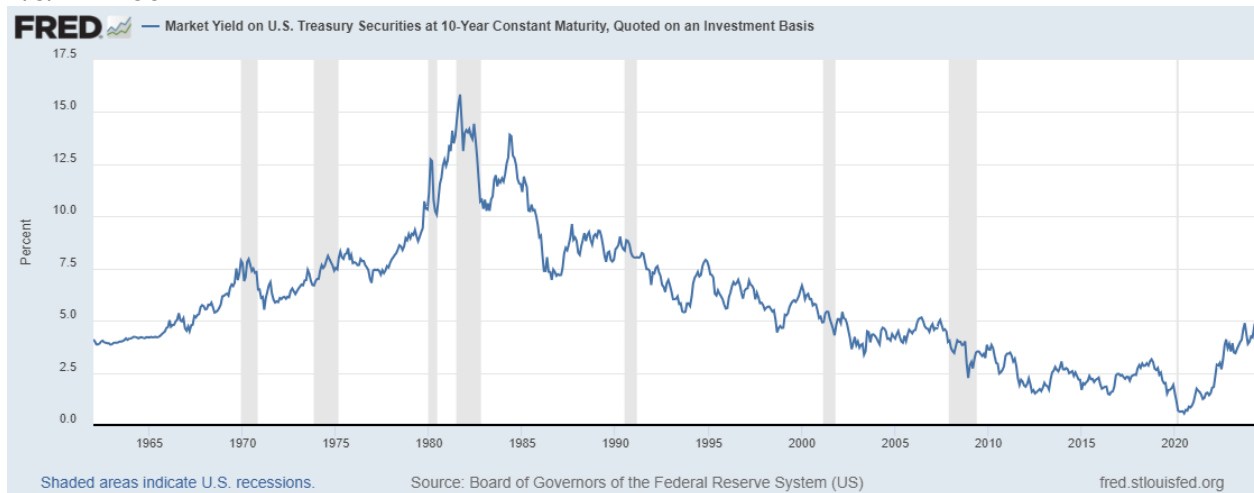
### 30 Year Fixed Mortgage

7/3/24: 6.95



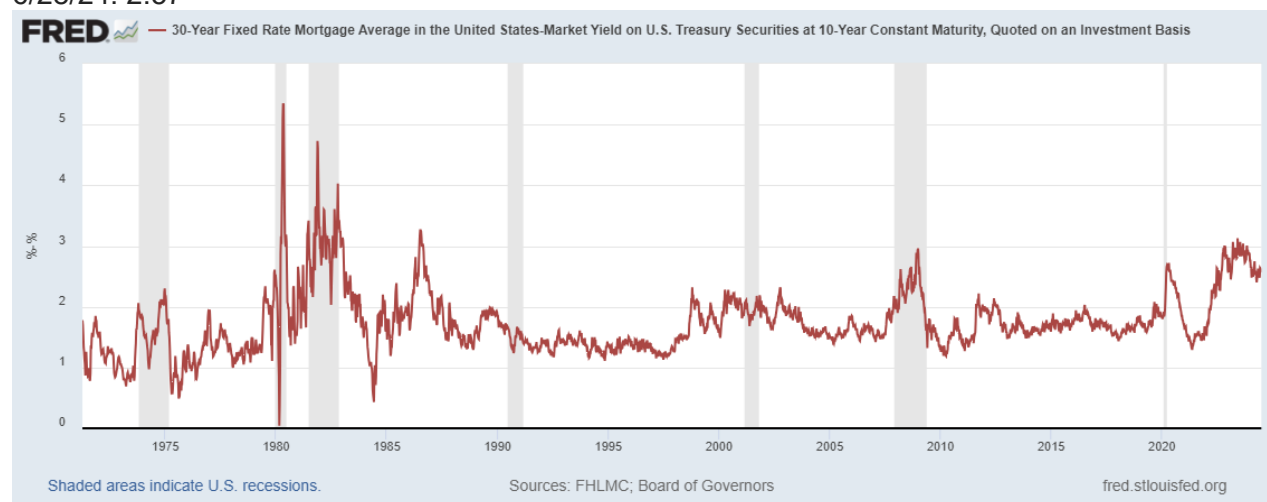
## 10-year US Treasury

7/3/24: 4.36



## Spread

6/28/24: 2.57



## 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).

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

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