

Briefing

Global Economic & Credit Market

Week 06 Ending – February 07, 2025

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Economic Calendar

- Tuesday, February 11: NFIB optimism index
- Wednesday, February 12: Consumer price index
- Friday, February 14: U.S. retail sales and business inventories

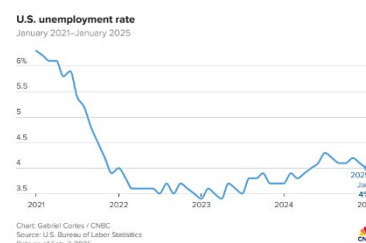
Key Market Metrics

- S&P 500: (0.22%) WoW; +2.48% YTD; +20.60% YoY; 16.2x LTM EBITDA; 14.7x NTM EBITDA
- Dow Jones: (0.54%) WoW; +4.13% YTD; +14.40% YoY; 11.6x LTM EBITDA; 13.7x NTM EBITDA
- Nasdaq: (0.53%) WoW; +1.10% YTD; +23.62% YoY
- Ten Year US Treasury Yield: 4.53% (9) bps YTD; +32 bps YoY
- Currency:
 - British Pound per USD: \$1.24; 0.1% WoW; (0.8%)YTD; (1.6%)YoY
 - Euro per USD: \$1.03; (0.3%) WoW; (0.2%)YTD; (4.1%)YoY
 - USD per Yen: ¥151.29; (2.5%)WoW; (3.8%)YTD; 1.3% YoY
 - Swiss franc per EUR: 1.06 CHF; 0.5% WoW; (0.1%)YTD; 0.2% YoY

U.S. News

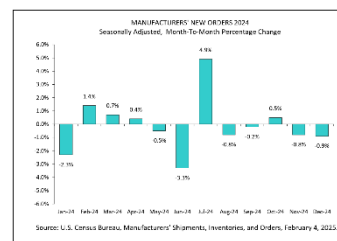
■ U.S. Unemployment Report

- The U.S. economy added 143,000 jobs in January, below the expected 169,000, while the unemployment rate fell to 4%
- Wage growth exceeded expectations, with average hourly earnings rising 0.5% for the month and 4.1% year-over-year
- The labor force participation rate increased to 62.6%, and job growth was concentrated in health care (44,000), retail (34,000), and government (32,000)



■ Factory Orders

- New orders for manufactured goods fell 0.9% (\$5.2 billion) in December, marking a decline in four of the last five months
- Shipments increased 0.6% (\$3.7 billion), continuing a two-month upward trend, with transportation equipment leading the growth
- Inventories rose 0.4% (\$3.3 billion), with durable goods up 0.4% and nondurable goods up 0.3%, marking the second consecutive monthly increase

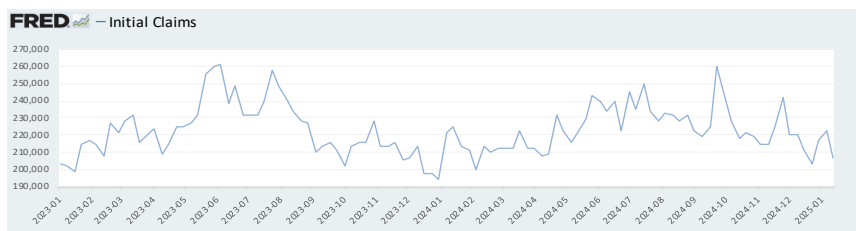


■ Consumer Credit

- Total consumer credit rose by \$40.8 billion in December, the biggest gain since June 2022, after a \$5.4 billion decline in November
- Revolving credit (credit card debt) surged at a 20.2% annual rate, following a 12.1% drop in the previous month
- Nonrevolving credit (auto and student loans) increased at a 5.8% annual rate, after a 2.7% rise in November

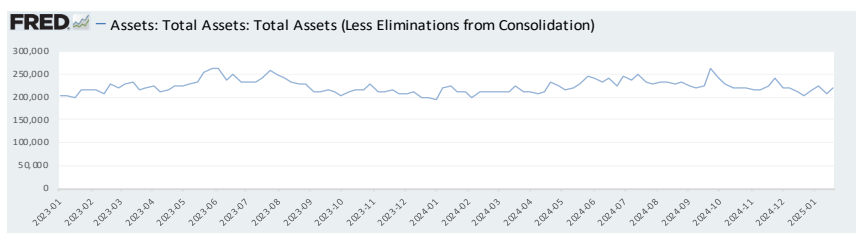
▪ Jobless Claims

- Initial jobless claims, a measure of how many workers were laid off across the U.S., increased to 219,000 in the week ended January 31, up 11,000 from the prior week
- The four-week moving average was 216,750, up 4,000 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – increased by 36,000 to 1.886 million in the week ended January 24. This figure is reported with a one-week lag



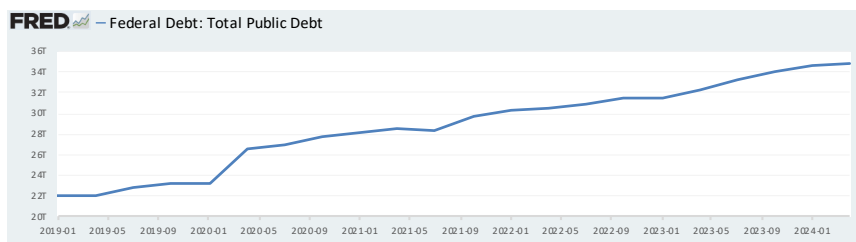
▪ Fed's Balance Sheet

- The Federal Reserve's assets totaled \$6.811 trillion in the week ended February 7, down \$7.3 billion from the prior week
- Treasury holdings totaled \$4.267 trillion, down \$7.4 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.22 trillion in the week, down \$14.7 billion from the prior week



▪ Total Public Debt

- Total public debt outstanding was \$36.22 trillion as of February 7, an increase of 5.8% from the previous year
- Debt held by the public was \$28.89 trillion, and intragovernmental holdings were \$7.31 trillion

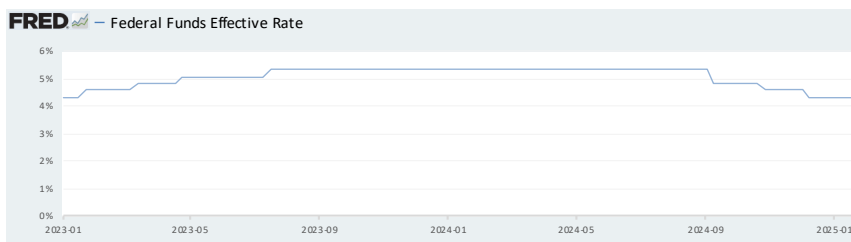


■ Inflation Factors

- CPI:
 - The consumer-price index rose 2.9% in December year over year
 - On a monthly basis, the CPI increased 0.4% in December on a seasonally adjusted basis, after increasing 0.3% in November
 - The index for all items less food and energy (core CPI) rose 0.2% in December, after rising 0.3% in November
 - Core CPI increased 3.2% for the 12 months ending December
- Food & Beverages:
 - The food at home index increased 1.8% in December from the same month a year earlier, and increased 0.3% in December month over month
 - The food away from home index increased 3.6% in December from the same month a year earlier, and increased 0.3% in December month over month
- Commodities:
 - The energy commodities index increased 4.3% in December after increasing 0.5%
 - The energy commodities index fell (3.8%) over the last 12 months
 - The energy services index 0.8% in December after decreasing (0.5%) in
 - The energy services index rose 3.3% over the last 12 months
 - The gasoline index fell (3.4%) over the last 12 months
 - The fuel oil index fell (13.1%) over the last 12 months
 - The index for electricity rose 2.8% over the last 12 months
 - The index for natural gas rose 4.9% over the last 12 months
- Supply Chain:
 - Drewry's composite World Container Index decreased to \$3,272.54 per 40ft
 - Drewry's composite World Container Index has decreased by (13.6%) over the last 12 months
- Housing Market:
 - The shelter index increased 0.3% in December after increasing 0.3% in November
 - The rent index increased 0.3% in December after increasing 0.3% in November
 - The index for lodging away from home decreased (2.1%) in December after decreasing (1.0%) in November

■ Federal Funds Rate

- The effective Federal Funds Rate is at 4.33%, flat 0.00% year to date



World News

▪ Middle East

- Hamas released three Israeli hostages in exchange for 183 Palestinian prisoners as part of a cease-fire agreement. The condition of the released hostages raised concerns, with Israeli officials reporting signs of malnutrition
- The UK Home Office has paused decisions on over 6,600 Syrian asylum applications following the fall of Bashar al-Assad's regime in December. The delay is attributed to uncertainty over the new government led by Ahmed al-Sharaa, a former rebel leader, whose forces are still considered a terrorist group by the UK
- The U.S. State Department approved a \$7.4 billion arms sale to Israel, including \$6.75 billion in bombs, guidance kits, and fuses, plus \$660 million in Hellfire missiles. The weapons are intended to strengthen Israel's defense, though concerns remain over their use in Gaza. Congress still needs to approve the deal
- Donald Trump proposed relocating nearly two million Palestinians out of Gaza and placing the area under U.S. control, an idea that was once taboo in Israeli politics but is now gaining support among Israeli right-wing politicians. His proposal has been widely condemned internationally as a form of ethnic cleansing

▪ Europe

- After the collapse of Michel Barnier's government in December 2024, new Prime Minister François Bayrou passed the 2025 budget using Article 49.3, avoiding a full parliamentary vote. The budget includes €50 billion in spending cuts and tax increases to address France's 6% GDP deficit, but political instability remains a concern
- The European Commission is tightening regulations on platforms like Shein and Temu to curb the influx of cheap, potentially unsafe goods from China. The proposed measures include removing the €150 tax exemption on small parcels and introducing stricter customs checks
- Ukraine is willing to offer access to its rare earth minerals in exchange for continued U.S. military aid, as proposed by President Trump. However, most of these resources are in Russian-occupied or contested areas, making extraction challenging
- Following a mass shooting in Örebro that resulted in 11 fatalities, former Swedish Prime Minister Magdalena Andersson advocated for tighter gun control and enhanced social media regulations

▪ China

- The Trump administration suspended the de minimis trade exemption, which allowed Chinese imports under \$800 to enter the U.S. duty-free. This move targets platforms like Shein and Temu, potentially raising costs for consumers and disrupting supply chains
- After briefly halting parcels from China due to new tariffs, USPS resumed shipments while working with U.S. Customs to collect tariffs. The removal of de minimis means Chinese e-commerce sellers now face full import duties
- Nearly 25% of publicly listed Chinese companies reported Q3 2024 losses, the highest since before COVID-19. Overcapacity and weak demand are driving price wars, especially in industries like solar energy and steel, making companies more vulnerable to U.S. tariffs
- The Australian government has banned Chinese AI chatbot DeepSeek from all government systems and mobile devices, citing national security risks. The ban follows similar actions taken by Italy and restrictions imposed by U.S. agencies like NASA and the U.S. Navy, reflecting growing concerns about Chinese AI technology and data security

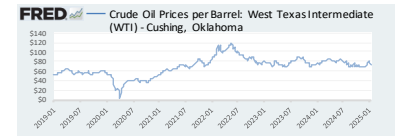
Geopolitical Hotspots

- **United Kingdom**
 - The Bank of England (BOE) cut interest rates by 0.25 percentage points to 4.5%, citing slowing economic growth and inflation concerns, while warning that U.S. tariffs could further weaken the global economy. The BOE also lowered its growth forecast for the U.K. economy and expects further rate cuts throughout 2025
- **Hong Kong**
 - Hong Kong is filing a WTO complaint against the U.S. tariffs, arguing that the 10% levies imposed on its exports violate WTO rules and undermine its status as a separate customs territory from China. The tariffs were imposed by the Trump administration, and Hong Kong is seeking dispute resolution to defend its trade rights
- **Sudan**
 - Sudan's military forces are close to retaking Khartoum from the Rapid Support Forces (RSF) after nearly two years of civil war, with recent victories in Wad Madani and key strategic areas in the capital. The conflict, which has displaced over 12 million people, is a power struggle between Lt. Gen. Abdel Fattah al-Burhan and RSF commander Lt. Gen. Mohamed Hamdan Dagalo
- **Cayman Islands**
 - A 7.6 magnitude earthquake struck the Caribbean Sea south of the Cayman Islands on February 8, 2025, prompting tsunami alerts in several regions, including Puerto Rico, the Dominican Republic, Cuba, and the U.S. Virgin Islands. While initial warnings urged coastal evacuations, most advisories were later canceled. There were no immediate reports of significant damage
- **India**
 - India's central bank (RBI) cut its key policy rate from 6.50% to 6.25%, marking its first rate cut in nearly five years, as the economy slows and inflation cools. The move aligns with India's efforts to stimulate growth, while also navigating trade tensions with the U.S. under the Trump administration
- **Canada**
 - Canada recorded a C\$708 million trade surplus in December 2024, driven by a jump in energy exports to the U.S. and a weaker Canadian dollar. The surplus comes amid uncertainty over potential U.S. tariffs, as President Trump threatened a 25% tariff on Canadian imports, prompting Ottawa to consider retaliatory measures
- **North Korea**
 - North Korean troops have been absent from the frontlines in Russia's Kursk region for weeks following heavy casualties, with around 4,000 of the 12,000 soldiers deployed being killed or injured
- **Japan**
 - The Bank of Japan raised interest rates to 0.5%, the highest since 2008, signaling confidence that rising wages will maintain inflation around its 2% target, while remaining cautious about external economic risks

Commodities

Oil Prices

- WTI: \$70.96 per barrel
 - (2.16%) WoW; (1.06%) YTD; (3.93%) YoY
- Brent: \$74.60 per barrel
 - (2.81%) WoW; (0.05%) YTD; (5.82%) YoY



US Production

- U.S. oil production amounted to 13.5 million bpd for the week ended January 31, up 0.0 million bpd from the prior week

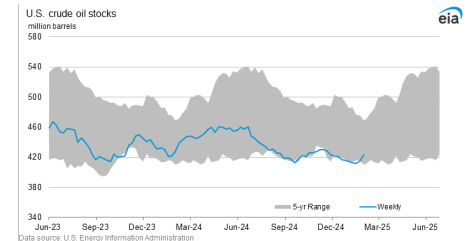
Rig Count

- The total number of oil rigs amounted to 586, up 4 from last week

Inventories

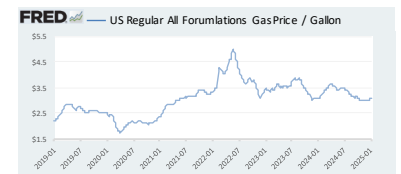
Crude Oil

- Total U.S. crude oil inventories now amount to 423.8 million barrels, down (0.9%) YoY
- Refiners operated at a capacity utilization rate of 84.5% for the week, up from 83.5% in the prior week
- U.S. crude oil imports now amount to 6.448 million barrels per day, down 0.1% YoY



Gasoline

- Retail average regular gasoline prices amounted to \$3.14 per gallon in the week of February 7, down (0.8%) YoY
 - Gasoline prices on the East Coast amounted to \$3.13, down (3.0%) YoY
 - Gasoline prices in the Midwest amounted to \$3.00, up 0.5% YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.81, down (3.5%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$3.09, up 7.9% YoY
 - Gasoline prices on the West Coast amounted to \$4.06, down (1.3%)
- Motor gasoline inventories were up by 2.2 million barrels from the prior week
- Motor gasoline inventories amounted to 251.1 million barrels, up 0.0% YoY
- Production of motor gasoline averaged 9.17 million bpd, up 1.7% YoY
- Demand for motor gasoline amounted to 8.328 million bpd, down (5.4%) YoY

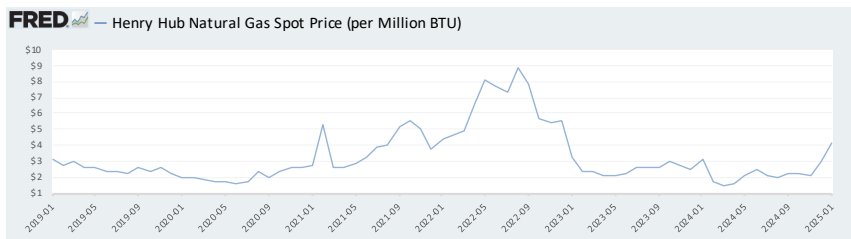


○ **Distillates**

- Distillate inventories decreased by -5.5 million in the week of February 7
- Total distillate inventories amounted to 118.5 million barrels, down (7.1%)
- Distillate production averaged 4.552 million bpd, up 4.5% YoY
- Demand for distillates averaged 4.599 million bpd in the week, up 20.5% YoY

○ **Natural Gas**

- Natural gas inventories decreased by 174 billion cubic feet last week
- Total natural gas inventories now amount to 2,397 billion cubic feet, down (7.2%) YoY



Credit News

High yield bond yields decreased 3bps to 7.12% and spreads decreased 1bps to 286bps. Leveraged loan yields decreased 11bps to 8.63% and spreads decreased 8bps to 466bps. WTD high yield bond returns were positive 18bps, while Leveraged loan returns remained unchanged. 10-year Treasury yield decreased 7bps to 4.44%. Yields and spreads declined as investors absorbed trade headlines, earnings, and active capital markets. 4Q earnings have been solid overall, though guidance has been mixed due to rising uncertainty from trade policy.

High-yield:

Week ended 02/07/2025

Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.12%	286	7.15%	287	(3)	(1)

Pricing & Returns¹

Pricing		Δ (bps)	Returns			
Current Week	Prior Week		WTD	MTD	YTD	2024
\$96.61	\$96.48	13	0.18%	0.35%	1.52%	8.6%

Fund Flows²

Total Flows (\$)
\$834mm

New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
16	\$15.5bn	\$32.1bn	\$40.8bn	-21%

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

1/31/25	12/31/24	11/30/24
4.42%	4.49%	4.04%

Total HY Defaults

1/31/25	12/31/24	11/30/24
0.30%	0.36%	0.34%

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Leveraged loans:

Week ended 02/07/2025

▪ **Yields & Spreads¹**

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
8.63%	466	8.74%	474	(11)	(8)

▪ **Leveraged Loan Index¹**

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2024
\$96.55	\$96.55	1	0.00%	-0.14%	0.70%	9.3%

▪ **Fund Flows²**

Total Flows (\$)
\$2,927mm

▪ **New Issue²**

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
33	\$38.2bn	\$203.7bn	\$164.5bn	+24%

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

1/31/25	12/31/24	11/30/24
5.06%	4.88%	5.28%

▪ **Total Loan Defaults**

1/31/25	12/31/24	11/30/24
1.50%	1.52%	1.54%

Default activity:

- Most recent defaults include: City Brewing (\$886mn, 1/2/2025), The Container Store (\$163mn, 12/22/2024), Party City (\$264mn, 12/21/2024), Hearthside Food Solutions (\$2.6bn, 11/22/24), Spirit Airlines (\$1.1bn, 11/18/24), Franchise Group Inc (\$1.1bn, 11/3/24), Exactech (\$254mn, 10/29/24), American Tire Distributors (\$975mn, 10/23/24), and Accuride (\$291mn, 10/11/2024).

CLOs:

Week ended 02/07/2025

▪ **New U.S. CLO Issuance²**

# Priced	Total (\$)	New Issue	Refis/Resets
38	\$18.6bn	\$6.2bn	\$12.4bn

▪ **New U.S. CLO YTD Issuance²**

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
105	\$48.9bn	\$12.8bn	\$36.1bn	\$23.9bn	+105%

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:

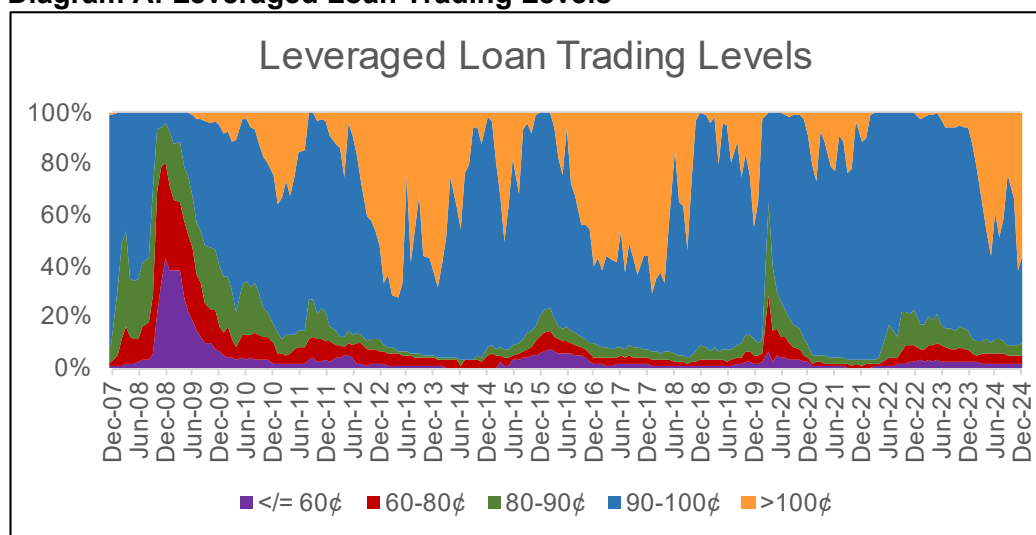
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2024	439	320	1.4x	493	371	1.3x
Week Ending 01/03/25	0	0	n/a	0	0	n/a
Week Ending 01/10/25	2	1	2.0x	4	3	1.3x
Week Ending 01/17/25	18	4	4.5x	7	11	0.6x
Week Ending 01/24/25	6	4	1.5x	9	5	1.8x
Week Ending 01/31/25	5	10	0.5x	13	8	1.6x
Week Ending 02/07/25	9	6	1.5x	8	8	1.0x
YTD 2025	40	25	1.6x	41	35	1.2x

Source: Bloomberg

Appendix:

Diagram A: Leveraged Loan Trading Levels



Source: Credit Suisse Leveraged Loan Index; JP Morgan

Diagram B: High Yield and Leveraged Loan LTM Price

High Yield and Leveraged Loan Data [1]				
	LTM Price			
	Avg. Price	High [2]	Low [3]	LTM High vs. Low Δ
High Yield	94.7	96.9	91.9	5.0
Leveraged Loans	96.0	96.6	95.1	1.5

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

[2] HY high price as of 9/19/24. LL high price as of 1/8/25

[3] HY low price as of 4/18/24. LL low price as of 8/5/24

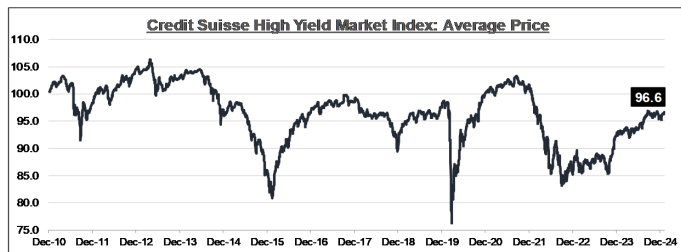
Diagram C: Leveraged Loan and High Yield Returns

Leveraged Loan and High Yield Returns				
	Leveraged Loan Indices		High Yield Indices	
	Credit Suisse [1]	S&P/LSTA [2]	Credit Suisse [1]	S&P [2]
Weekly Return	(0.00%)	0.02%	0.18%	0.30%
MTD Return	(0.14%)	0.02%	0.35%	0.29%
YTD Return	0.70%	0.73%	1.52%	0.22%

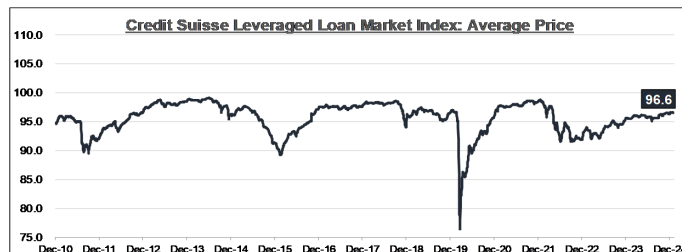
[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 02/07/2025

[2] Yield data as of 02/07/2025

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



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

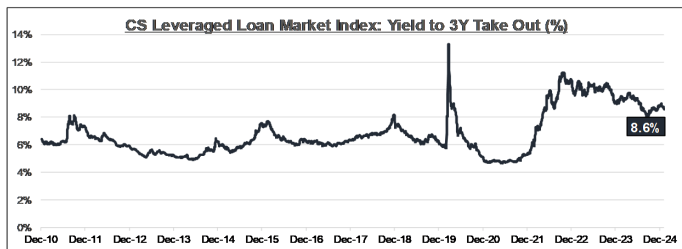


Source: CSFB Leveraged Loan Index Average Price, expressed as a % of par value. Data is reported daily.

Diagram E: Leveraged Loans Spreads & Yields

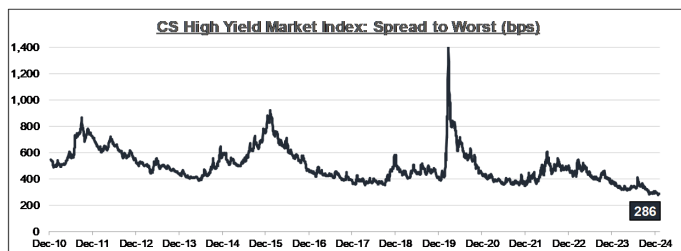


Source: CSFB Leveraged Loan Index Discount Margin to 3Y take-out, expressed in basis points. Data is reported daily.

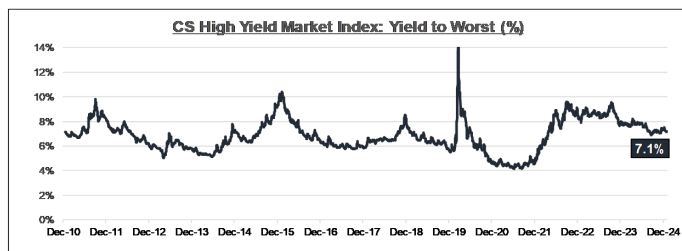


Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

Diagram F: High Yield Bonds Spreads & Yields

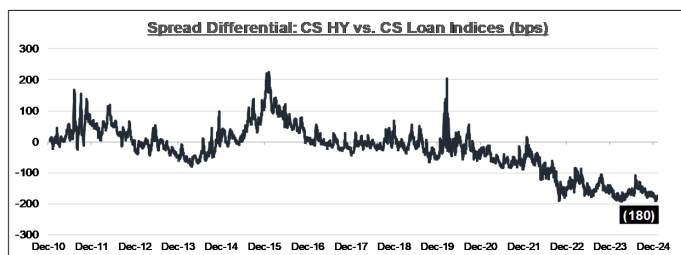


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



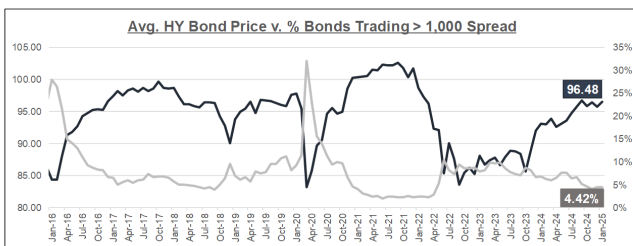
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

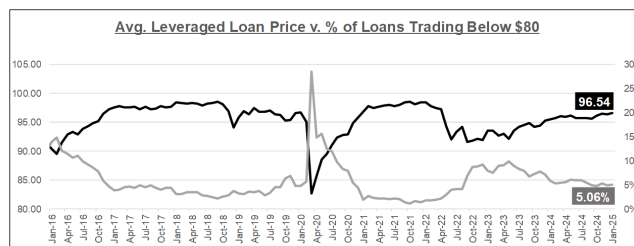


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

Diagram H: Percentage of Leveraged Loan and High Yield Market Trading at Distressed



Source: CSFB. Data is reported monthly.



Source: JPM. Data is reported monthly.

Diagram I: High Yield Upgrades and Downgrades

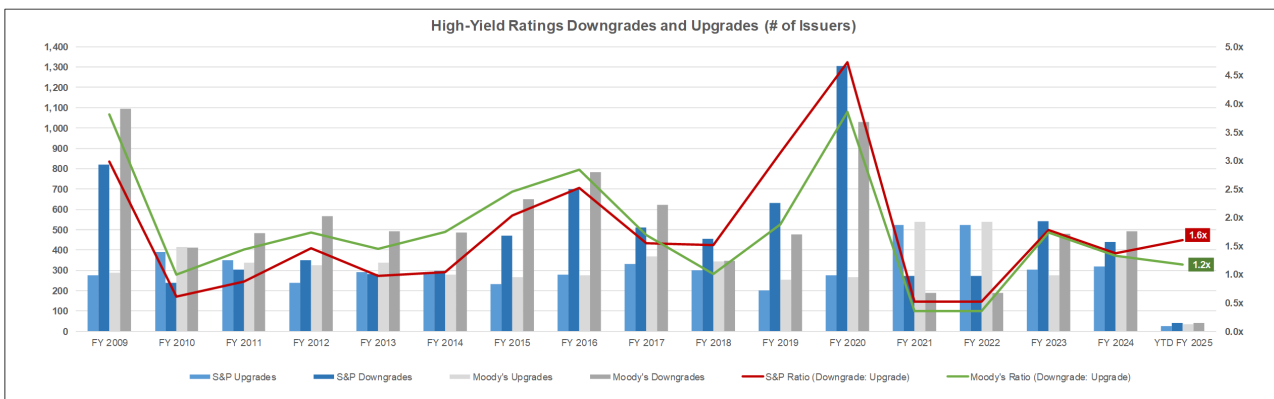
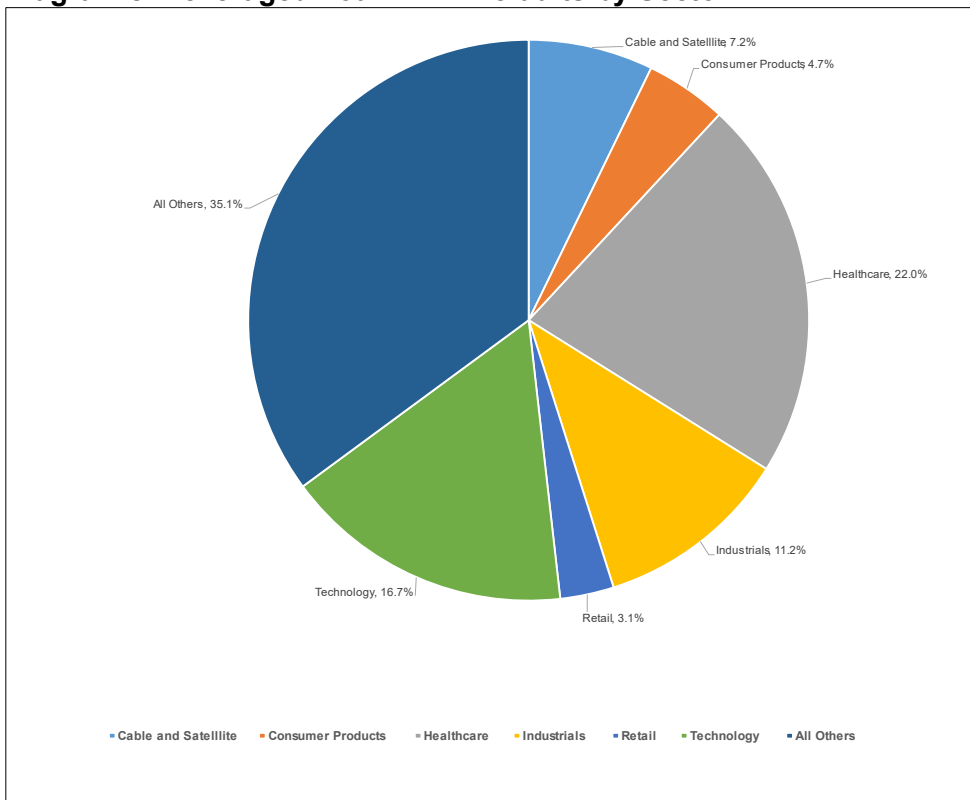


Diagram J: Leveraged Loan + HY Defaults by Sector – LTM



Source: JP Morgan Default Monitor.

Diagram L: CLO Economics

CLO Economics								
AAA Coupons	AAA DMs	WAC Liabilities	DM Liabilities	Leverage	Asset WAS	All In WAS [1]	IRR est.	Cash on Cash est.
L+125-140	L+125-140	L+165-205	L+170-210	9-11x	L+300-360	L+300-360	9-12%	9-13%

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

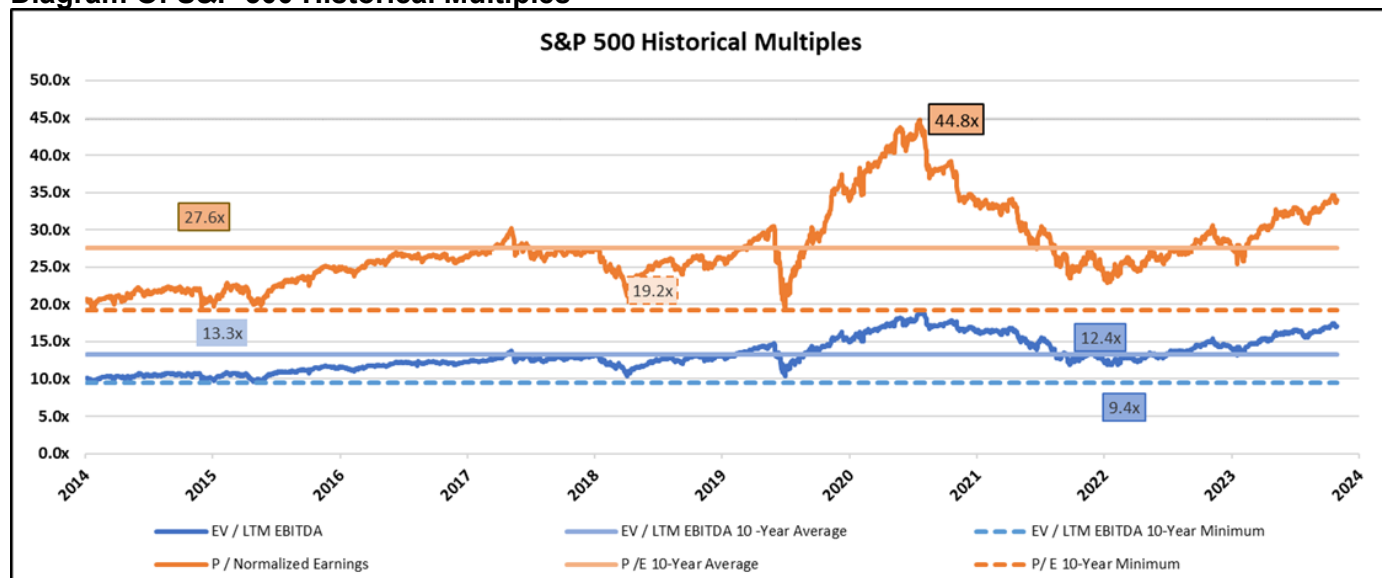
[1] Spread includes OID benefit based on 4 year repayment

Diagram N: Developed Country GovBond Yields (%)

By	1/17/25	1/24/25	1/31/25	2/7/25	Weekly	Q4 2024	Q3 2024	Q2 2024	Q1 2024
France - 10 year	3.31%	3.30%	3.21%	3.10%	(11 bps)	28 bps	(38 bps)	49 bps	25 bps
Germany - 10 year	2.54%	2.57%	2.46%	2.37%	(9 bps)	24 bps	(38 bps)	20 bps	27 bps
Italy - 10 year	3.65%	3.66%	3.55%	3.47%	(9 bps)	7 bps	(62 bps)	39 bps	(2 bps)
Japan - 10 year	1.20%	1.23%	1.25%	1.30%	6 bps	25 bps	(21 bps)	27 bps	18 bps
UK - 10 year	4.66%	4.63%	4.54%	4.48%	(6 bps)	57 bps	(13 bps)	20 bps	44 bps
US									
US - 2 year	4.28%	4.27%	4.20%	4.28%	8 bps	64 bps	(115 bps)	7 bps	37 bps
US - 5 year	4.43%	4.43%	4.33%	4.35%	2 bps	87 bps	(92 bps)	8 bps	43 bps
US - 10 year	4.63%	4.62%	4.54%	4.50%	(4 bps)	84 bps	(73 bps)	11 bps	42 bps
US - 30 year	4.86%	4.85%	4.79%	4.70%	(9 bps)	71 bps	(55 bps)	13 bps	42 bps

Source: Bloomberg

Diagram O: S&P 500 Historical Multiples



Source: S&P Capital IQ

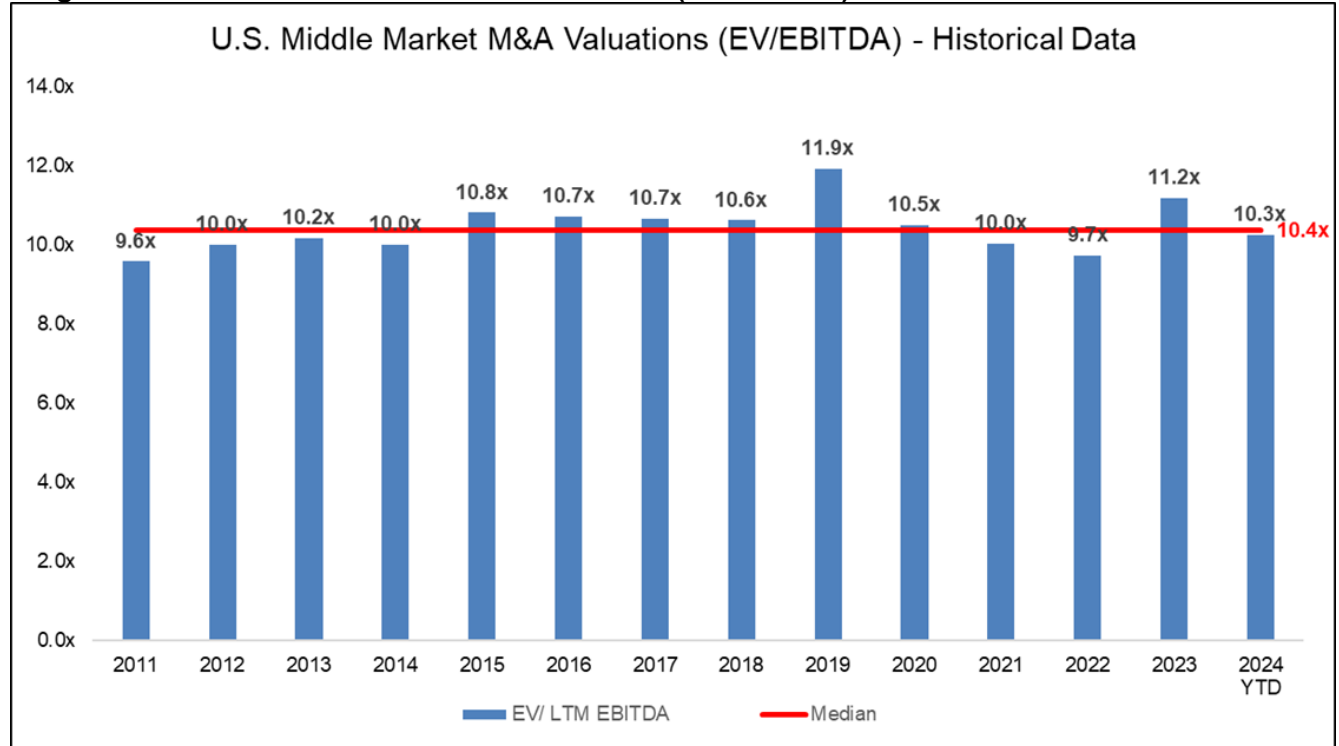
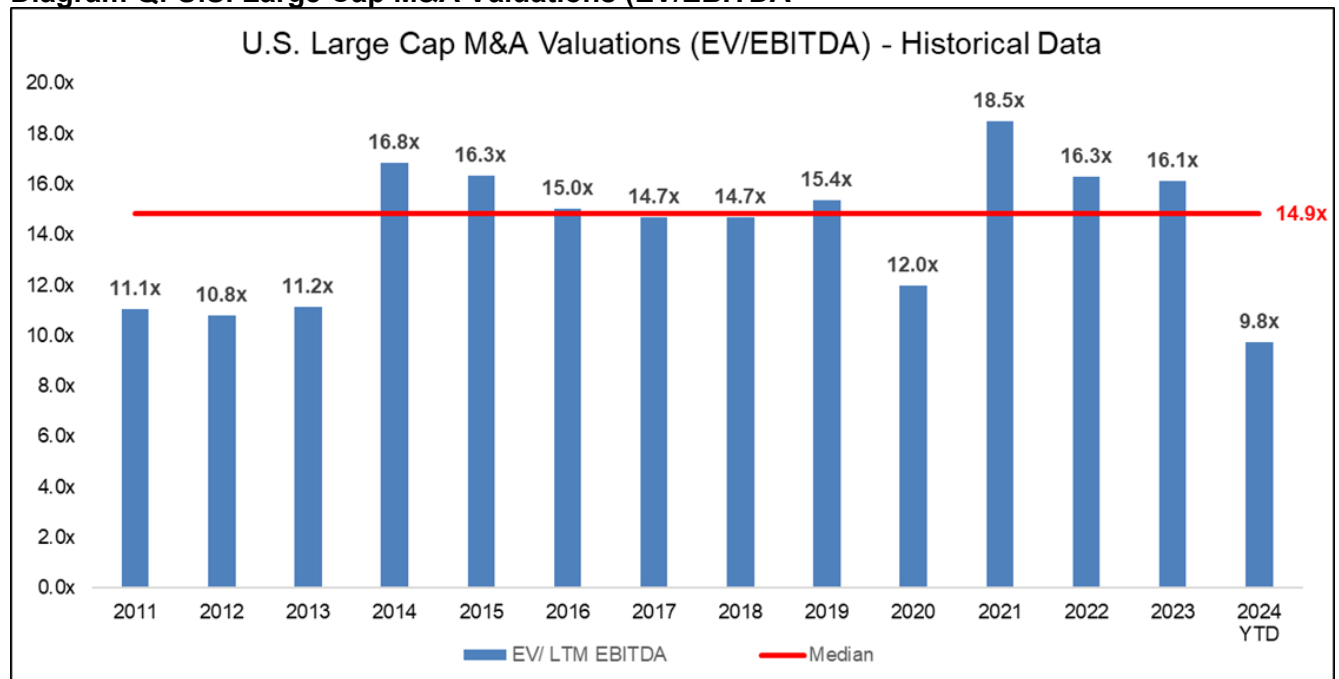
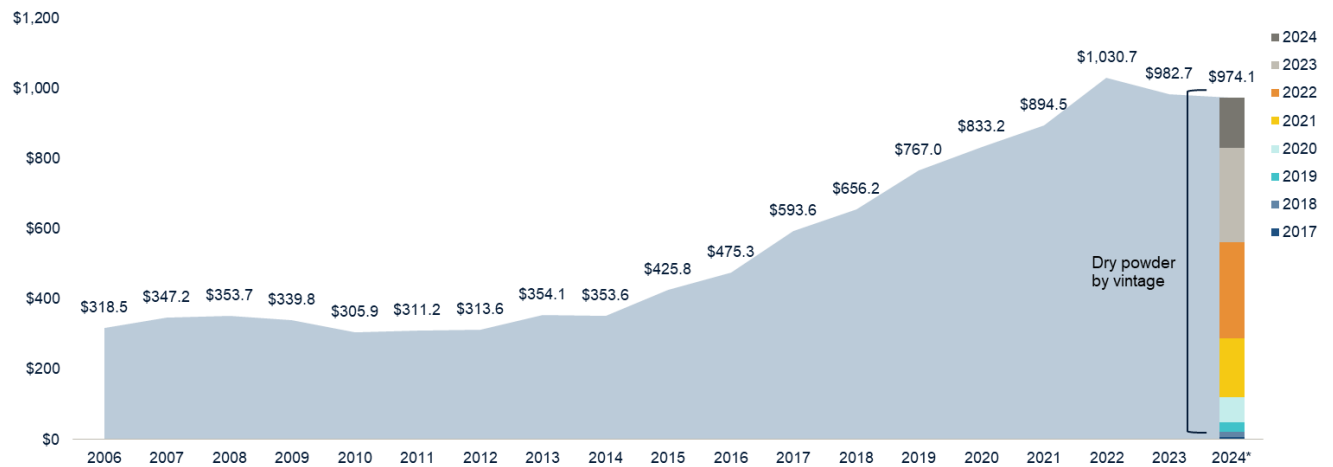
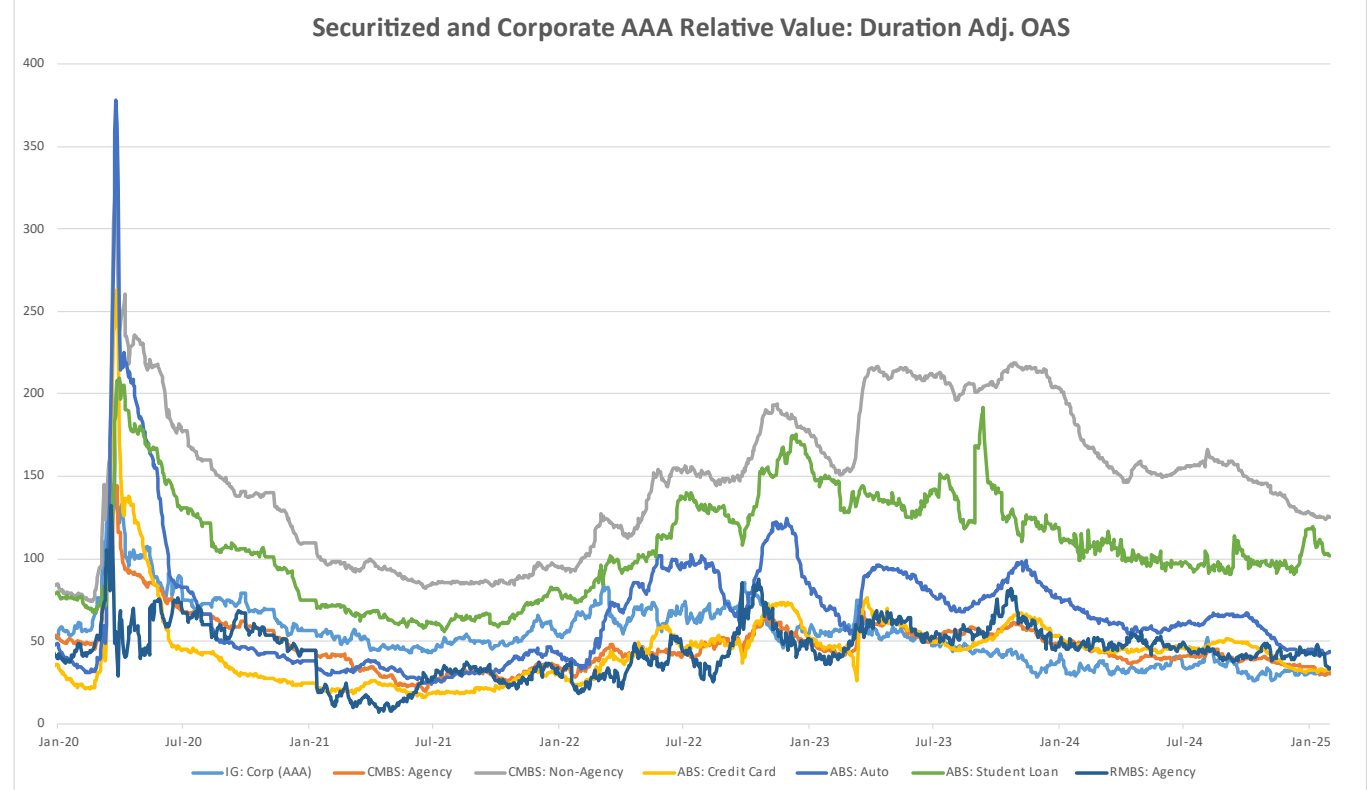
Diagram P: U.S. Middle-Market M&A Valuations (EV/EBITDA)x**Diagram Q: U.S. Large Cap M&A Valuations (EV/EBITDA)**

Diagram R: Dry Powder for All Private Equity Buyouts



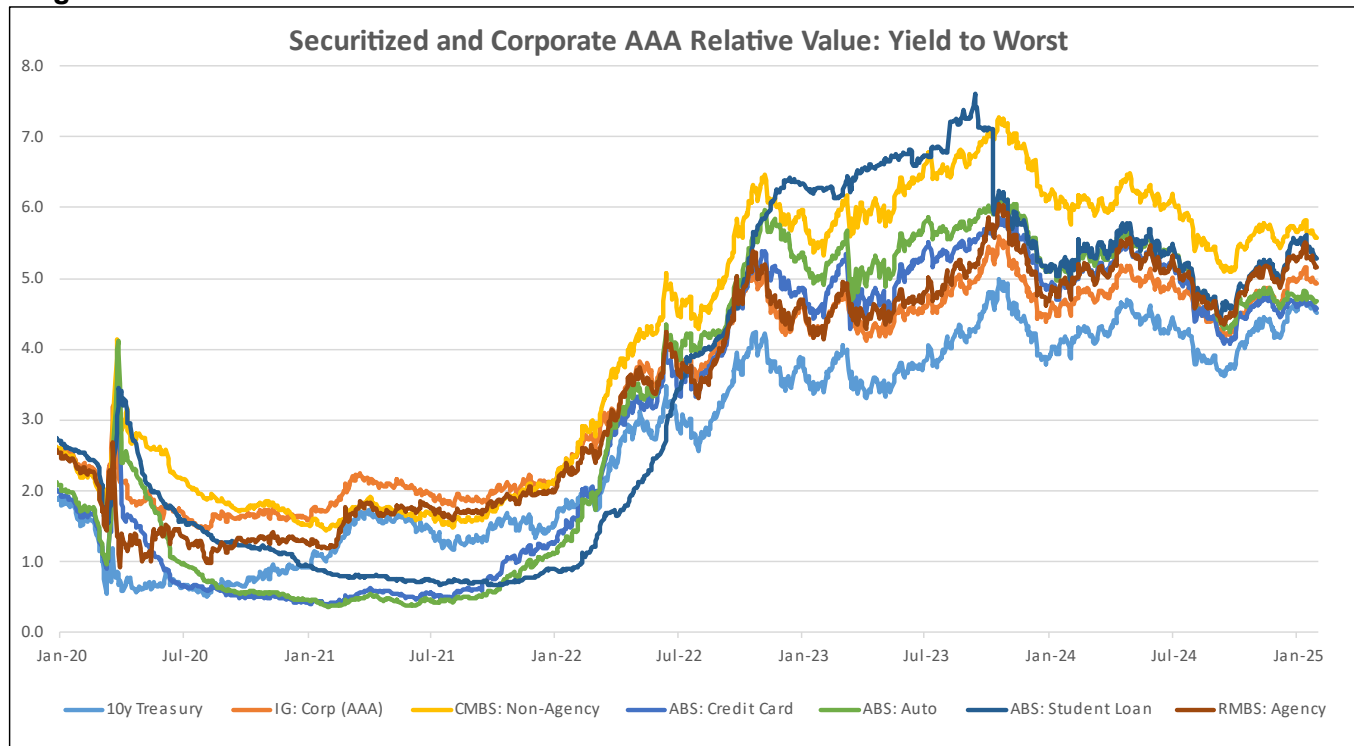
Source: Pitchbook

Diagram S: Structured Credit Spreads



Source: Bloomberg

Diagram T: Structured Credit Yield



Source: Bloomberg

Diagram U: SOFR Curve

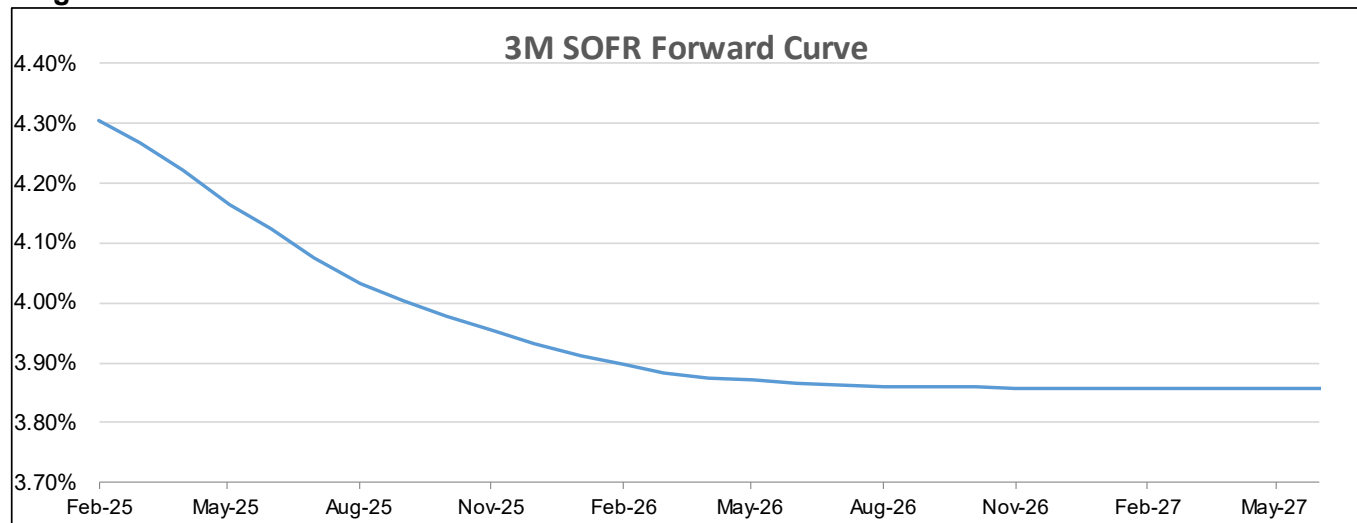
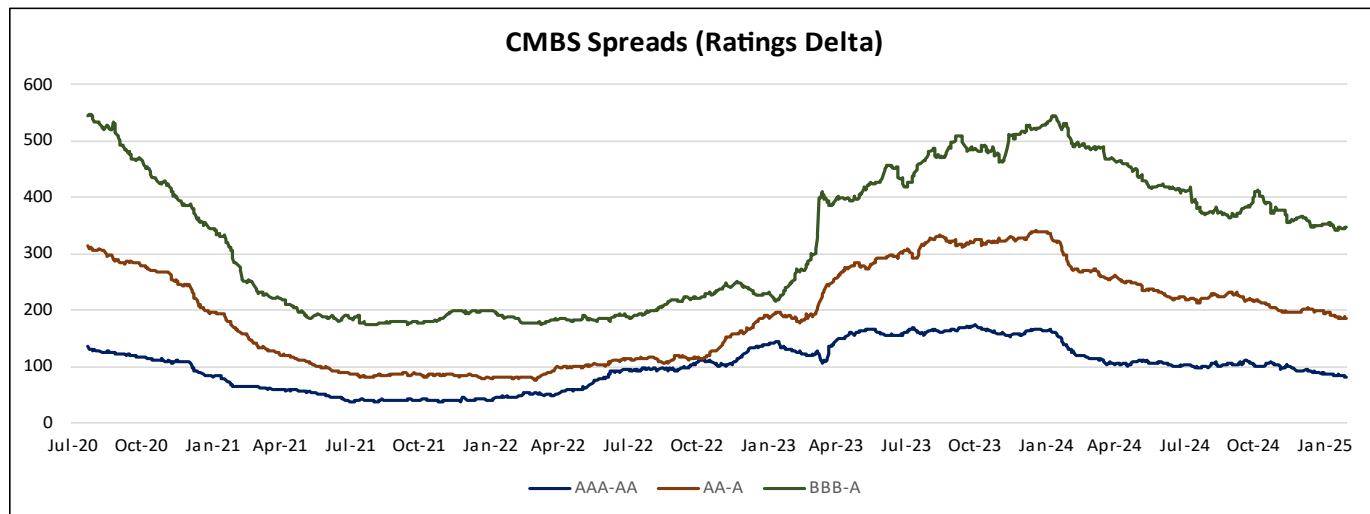
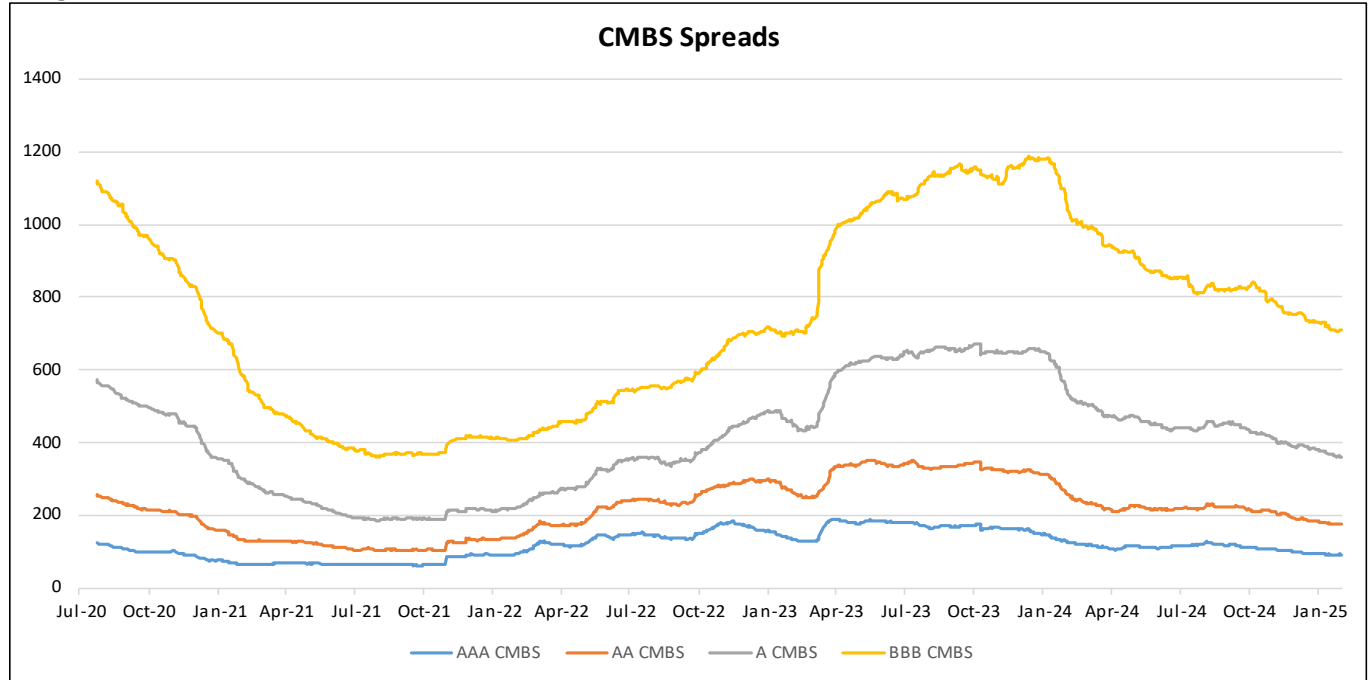
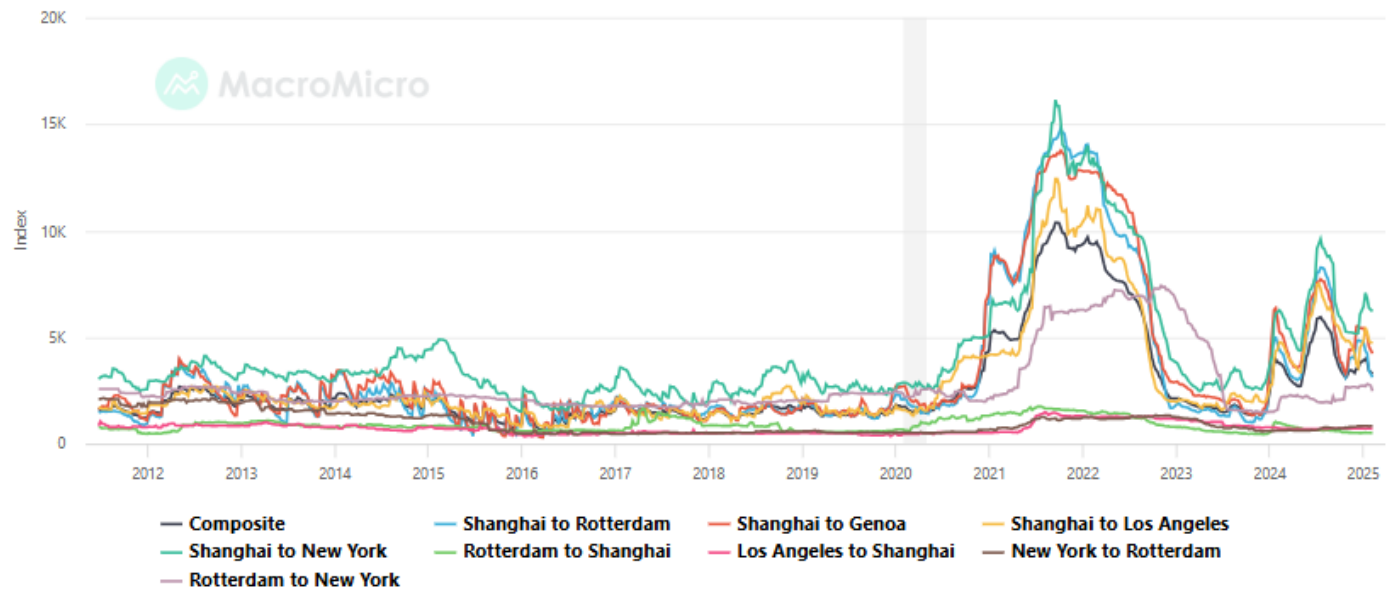


Diagram V: CMBS Spreads

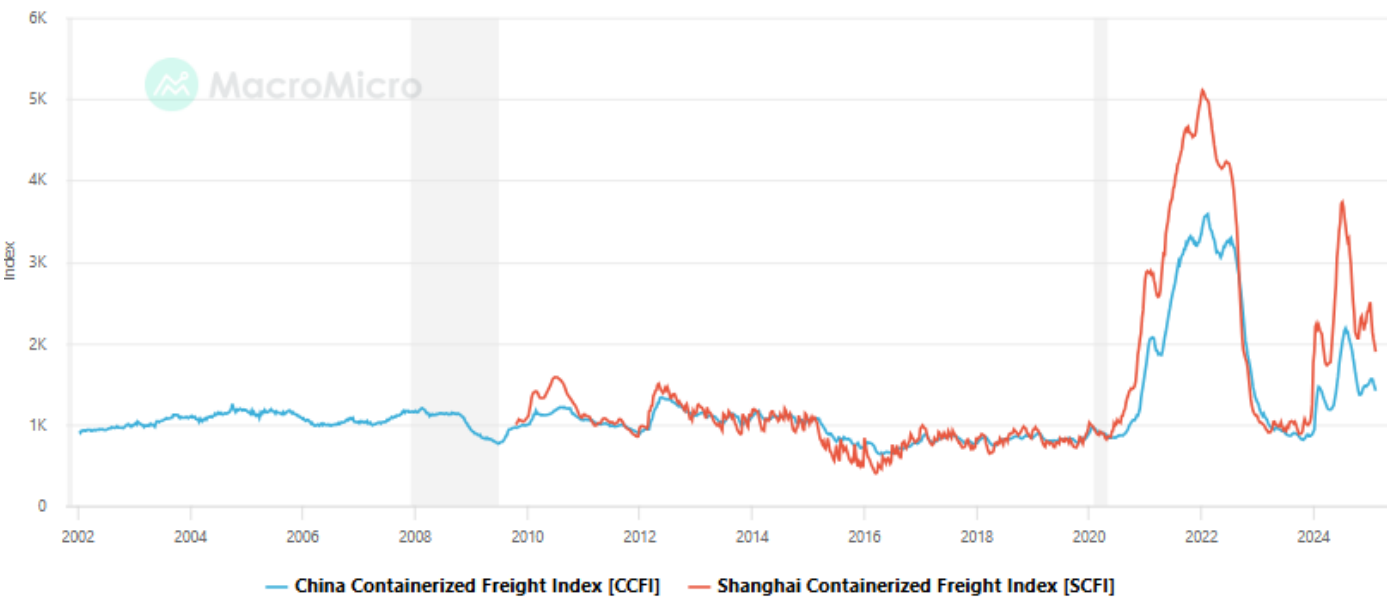


Freight Rates

Drewry World Container Index

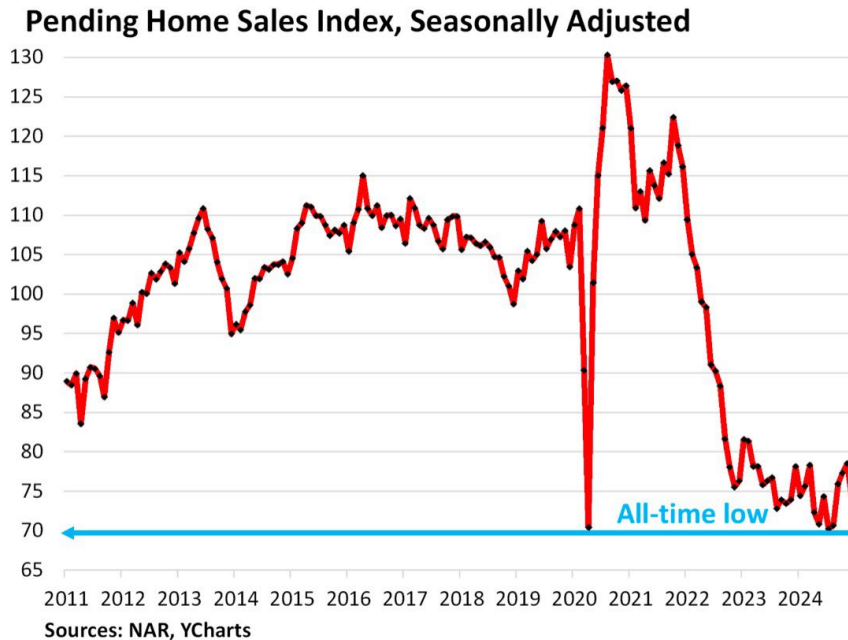


China-Global & Shanghai Export Container Freight Index

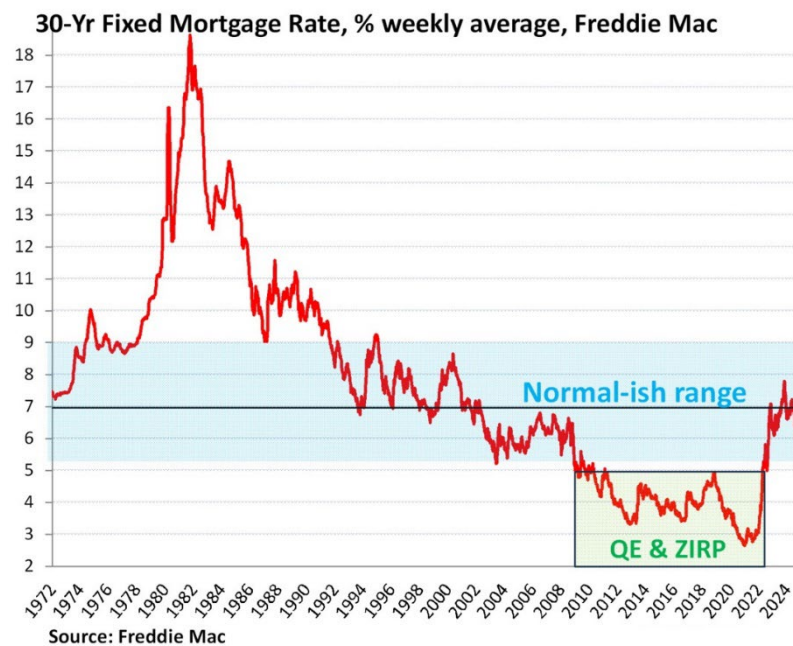


ZCGC RE Research:

High prices and mortgage rates have stalled demand, causing sales to plunge, inventory to surge past Housing Bust levels, and home prices to start falling in major cities.

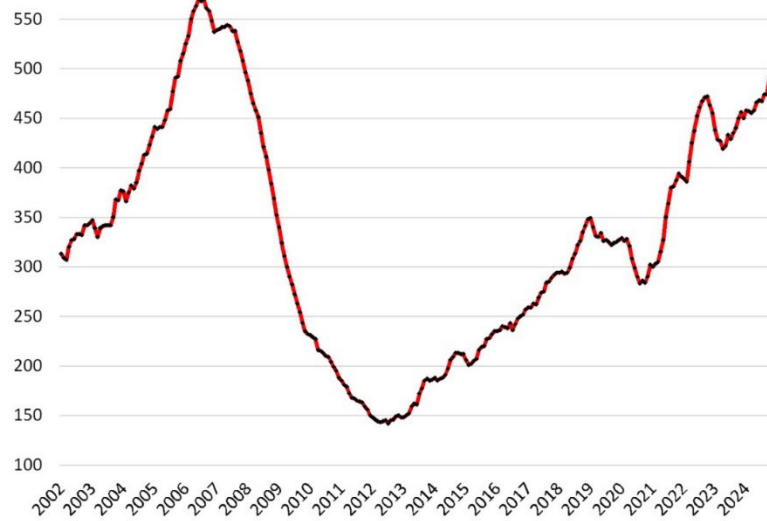


Pending home sales dropped 8.0% year-over-year in December, marking the 34th month of year-over-year declines in 35 months.



30-Year Fixed Mortgage Rate now at 6.95%, back to pre-QE levels after Fed ended stimulus and shed \$2.11T in mortgage-backed securities.

New Single-Family Houses for Sale, All Stages of Construction
Thousands, not seasonally adjusted



Source: Commerce Dept.

Homebuilders have plenty of supply to meet actual demand, with inventory at 456,000 unsold new houses, up 14% year-over-year.

The Southwest is drowning in supply: The biggest inventory increases occurred in the South and West, with supply up 34% in Phoenix, 31% in Austin, 29% in Nashville, and 24% in Tampa.

About ZCG

ZCG is a leading, privately held merchant bank comprised of private markets asset management, business consulting services, and technology development and solutions.

For nearly three decades, ZCG has invested tens of billions of dollars in private equity and credit-related strategies, through multiple economic cycles and across many industries, including consumer products, steel, steel processors, agriculture, consumer food, gaming, hospitality, manufacturing, specialty services and automotive. ZCG has successfully executed buy-and-build opportunities, corporate carve-outs, go-private transactions and growth opportunities, as well as credit investments, including private debt, direct lending, balance sheet solutions, mezzanine, syndicated leveraged loans, opportunistic credit and structured products.

ZCG's investors include prominent global sovereign wealth funds, endowments, pension funds, insurance companies, foundations, family offices, wealth management firms and other financial institutions in North America, Europe, Asia, Africa and the Middle East.

ZCG has a global team comprised of approximately 400 talented professionals. For more information on ZCG, please visit www.zcg.com.

Asset Management

ZCG Private Equity is the private equity fund management platform of ZCG, which pursues a strategy of acquiring companies that are growth platforms, corporate carve-outs, buy & build, go-private transactions, and turnarounds.

ZCG has a specialized, three-pronged approach including its consulting practice, ZCGC, and technology affiliate, to assist in significant value-creation initiatives across portfolio companies.

ZCG Credit is the credit fund management platform of ZCG, which invests across a range of credit investments including leveraged loans, private debt, direct lending, and opportunistic credit. ZCG Credit manages closed and open-ended funds as well as structured vehicles of strategic debt.

ZCG Credit utilizes an approach of fundamental credit analysis, developed over nearly 30 years, through proprietary sourcing, sophisticated structuring and comprehensive risk management utilizing the Olympus™ system.

ZCG's current portfolio companies have aggregate worldwide annual revenues of approximately \$2 billion, sell products in 120 countries, operate 15 manufacturing facilities, and have over 200,000 employees and associates directly and through joint ventures.

Consulting

ZCGC is a team of consultants possessing a diverse skillset with significant industry and subject matter expertise, offering comprehensive support across the full transaction cycle optimizing returns in numerous verticals.

ZCGC partners with management teams to develop strategic plans and oversee tactical execution of specific value creation initiatives.

A trusted resource for private equity firms and their portfolio companies, our ZCGC professionals offer unmatched functional expertise with highly tailored solutions to accelerate growth and scale responsibly.

Our consultants are selected for their leadership experience across investment banking, capital markets, Big 4 consulting, real estate development, talent acquisition, procurement, and the corporate C-suite.

Together with Haptiq, our strategic software development affiliate, ZCGC helps position its clients on the path to success. For more information on ZCGC, please visit www.zcgc.com.

Technology

Haptiq, LLC ("Haptiq") – where insight meets innovation.

Haptiq offers a nuanced understanding of each client's performance and exactly how to leverage technology for sustained growth. Through its suite of software, digital solutions, and industry expertise, Haptiq equips business leaders with a clear path to accelerate growth and profitability. For more information on Haptiq, please visit www.haptiq.com. **Olympus Fintech, LLC ("Olympus")** is a software product and platform which provides private equity, debt, and CLO managers with customizable and simplified workflows, data management, and robust reporting capabilities. For more information on Olympus, please visit www.olyfintech.com.

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Market Indices	7-Feb	31-Jan	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,091.01	4,090.17	0.02%	0.79%	20.88%
Barclays High Yield Index	2,719.67	2,719.80	(0.00%)	1.45%	17.95%
Barclays Aggregate	2,209.18	2,200.64	0.39%	1.24%	3.83%
Loan Market Bids	7-Feb	31-Jan	WoW Change	YTD Change	
S&P Flow Name Index	98.05	98.10	(0.05%)	(0.33%)	
S&P 100 Name Index	98.78	98.93	(0.16%)	0.83%	
S&P BB's Index	100.07	100.18	(0.11%)	(0.05%)	
S&P B's Index	98.44	98.53	(0.09%)	(0.10%)	
S&P CCC's Index	79.44	79.49	(0.06%)	(0.38%)	
Loan Market Spreads	7-Feb	31-Jan	WoW Change	YTD Change	
S&P BB's Index	L+259	L+260	(1 bps)	(6 bps)	
S&P B's Index	L+372	L+374	(2 bps)	(12 bps)	
S&P CCC's Index	L+865	L+865	0 bps	0 bps	
Credit Default Swap - Volatility Indices	Index	7-Feb	31-Jan	WoW Change	YTD Change
Investment Grade CDS	Market	48.53	48.66	(0.26%)	(1.48%)
High Yield CDS	Market	299.54	300.28	(0.25%)	(2.14%)
Credit		7-Feb	31-Jan	WoW Change	YOY Change
High Yield	Ave Yield	T+515	T+510	5 bps	30 bps
LCD Flow Name	Ave Spread	L+175	L+178	(3 bps)	(18 bps)
US Treasury 2-Yr		4.21%	4.21%	0 bps	(12 bps)
US Treasury 3-Yr		4.23%	4.25%	(2 bps)	(13 bps)
US Treasury 5-Yr		4.28%	4.33%	(5 bps)	(16 bps)
US Treasury 7-Yr		4.36%	4.43%	(7 bps)	(14 bps)
US Treasury 10-Yr		4.44%	4.54%	(10 bps)	(14 bps)
US CLO Spreads - New Issue		7-Feb	31-Jan	WoW Change	YTD Change
AAA		S+139	S+139	0 bps	0 bps
AA		S+178	S+178	0 bps	0 bps
A		S+215	S+212	3 bps	0 bps
BBB		S+318	S+318	0 bps	0 bps
BB		S+688	S+688	0 bps	0 bps
Market Rates		7-Feb	31-Jan	WoW Change	YTD Change
Fed Fund Rate		4.31%	4.31%	0 bps	(1 bps)
Prime Rate		7.50%	7.50%	0 bps	0 bps
Broker Call Rat		6.25%	6.25%	0 bps	0 bps
1M SOFR		4.36%	4.38%	(2 bps)	(17 bps)
3M SOFR		4.68%	4.71%	(4 bps)	(4 bps)
6M SOFR		5.01%	5.05%	(4 bps)	(4 bps)
Short Interest - Billions of shares		30-Nov	31-Oct	MoM Change	YTD Change
NYSE Mkt Short Interest		16.23	16.04	1.22%	0.00%
Nasdaq Short Interest		13.21	12.91	2.35%	0.00%
Fed Corp Primary Dealer Positions - \$ USD in Billions		29-Jan	22-Jan	WoW Change	YTD Change
Net Outright Total Corp Securities		10.98	10.56	3.98%	0.00%
Margin Debt - \$ USD in Billions		30-Nov	31-Oct	MoM Change	YTD Change
		775.45	784.14	(1.11%)	0.00%

Leveraged Finance Primary Volume - \$ USD in Billions				
2/7/2025	2024	2023	Year End 2022	YoY Change
Bank Debt	500.9	234.8	588.4	113.33%
Senior Secured Bonds	125.2	105.0	147.9	19.24%
Unsecured Bonds	156.4	69.8	313.8	124.07%
Total Bonds	281.6	174.8	461.7	61.10%
Totals	782.5	409.6	1,050.1	91.04%

DEFAULT ACTIVITY			
Total Loan Defaults - as of:	31-Dec	30-Nov	YE 2023
Default Rate by Total Amount of All Loans Outstanding	1.72%	1.58%	0.98%
Default Rate by Total Number of All Loan Issuers	1.89%	1.62%	0.98%

Employment - Labor Participation Rates				30-Nov	31-Oct	YTD Change		
Civilian Employment as % of Total Labor Force				60.4%	60.4%	0.00pp		
Labor Force Participation Rate				62.6%	62.6%	0.00pp		
Government Assistance				30-Nov	31-Oct	YTD Change		
SNAP aka Food Stamps - # of Participants		in Millions		37.284	37.533	(0.66%)		
Retail Sales				30-Nov	31-Oct	YTD Change		
Adj. Retail & Food Services Sales Index - US Census				683.0	687.4	0.00%		
US Home Foreclosures and Delinquencies				30-Nov	31-Oct	YTD Change		
Home Foreclosures Inventory		in Thousands		182	182	0.18%		
Delinquency Rate				1.87%	1.70%	0.17pp		
U.S. Rig Count - Active								
Type	Drilling Rigs, Exploring or Developing Oil & Natural Gas							
	Peak: 2000 to Date	# of Rigs	% Change	7-Feb	31-Jan	YTD Change		
Oil	10/10/2014	1,609	(61.28%)	623	618	0.00%		
Gas	9/12/2008	1,606	(90.66%)	150	152	0.00%		
Rail & Truck Volume				30-Nov	31-Oct	YTD Change		
Total Rail Carloads		Tons in Thousands		1,077.66	1,075.73	0.18%		
Total Intermodal		Tons in Thousands		956.82	961.26	(0.46%)		
Truck Tonnage Index				141.35	140.60	0.53%		
TSA Checkpoint Travel Numbers				6-Feb	30-Jan	WoW Change	YoY Change	
Weekly Traveler Throughput		in Thousands		14,179.4	14,043.2	0.97%	(16.00%)	
Freight Rates				7-Feb	31-Jan	WoW Change	YTD Change	YoY Change
Freightos Baltic Index		4,740	4,650	1.94%		0.00%		(24.73%)
Shanghai - Los Angeles Spot Rates		4,806	4,839	(0.68%)		0.00%		(54.24%)
Shanghai - NY Spot Rates		5,233	5,241	(0.15%)		0.00%		0.15%
Shanghai Containerized Freight Index		1,030	1,031	(0.16%)		0.00%		0.16%

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%