

Global Economic & Credit Market

Week 1 Ending – January 2, 2026

Economic Calendar

Monday, January 5: Auto sales

Wednesday, January 7: ISM services index

Friday, January 9: UMich consumer sentiment

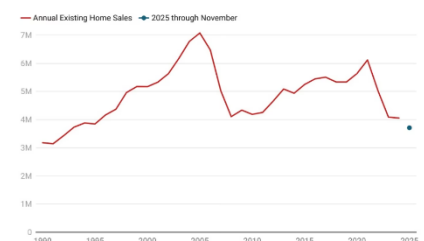
Key Market Metrics

	2-Jan	WoW	YTD	YoY	LTM EBITDA	NTM EBITDA
Equities						
S&P 500:	6,858	(1.03%)	+16.61%	+15.41%	17.3x	15.1x
Dow Jones:	48,382	(0.67%)	+13.72%	+13.22%	12.6x	14.6x
Nasdaq:	23,236	(1.52%)	+20.32%	+18.42%		
Credit						
High-yield:	2,120	+0.26%	+8.43%	+8.25%		
Leveraged Loan:	647	+0.19%	+5.99%	+5.93%		
Rates						
10Y Treasury:	4.15%	+4 bps	(42)bps	(45)bps		
1M SOFR:	3.70%	(2)bps	(63)bps	(62)bps		
3M SOFR:	3.66%	(2)bps	(64)bps	(63)bps		
6M SOFR:	3.58%	(3)bps	(67)bps	(66)bps		
Currencies						
British Pound / USD:	\$1.35	(0.30%)	+7.51%	+8.32%		
Euro / USD:	\$1.17	(0.45%)	+13.18%	+13.69%		
USD / Yen:	¥156.84	+0.17%	(0.23%)	(0.27%)		
Swiss franc / EUR:	€ 1.08	+0.08%	+1.21%	+0.85%		

U.S. News

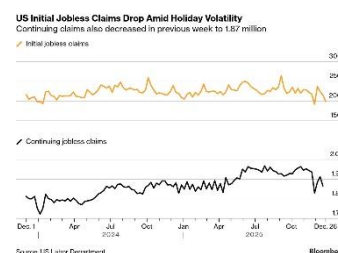
• Pending Home Sales

- U.S. pending home sales jumped 3.3% in November to the highest level since February 2023, beating expectations
- Improved affordability from lower mortgage rates, faster wage growth, and more inventory helped drive the surge in buyer activity
- Sales increased across all regions as 30-year mortgage rates fell to around 6.18%, near recent lows



- **Initial Jobless Claims**

- Weekly jobless claims fell unexpectedly to 199,000, the lowest level since late November, beating forecasts
- Despite fewer layoffs, hiring remains weak, with job growth slowing sharply and unemployment stuck around a four-year high of 4.6%
- The unusual “no hire, no fire” labor market is complicating the Fed’s decision on whether to cut rates further in 2026



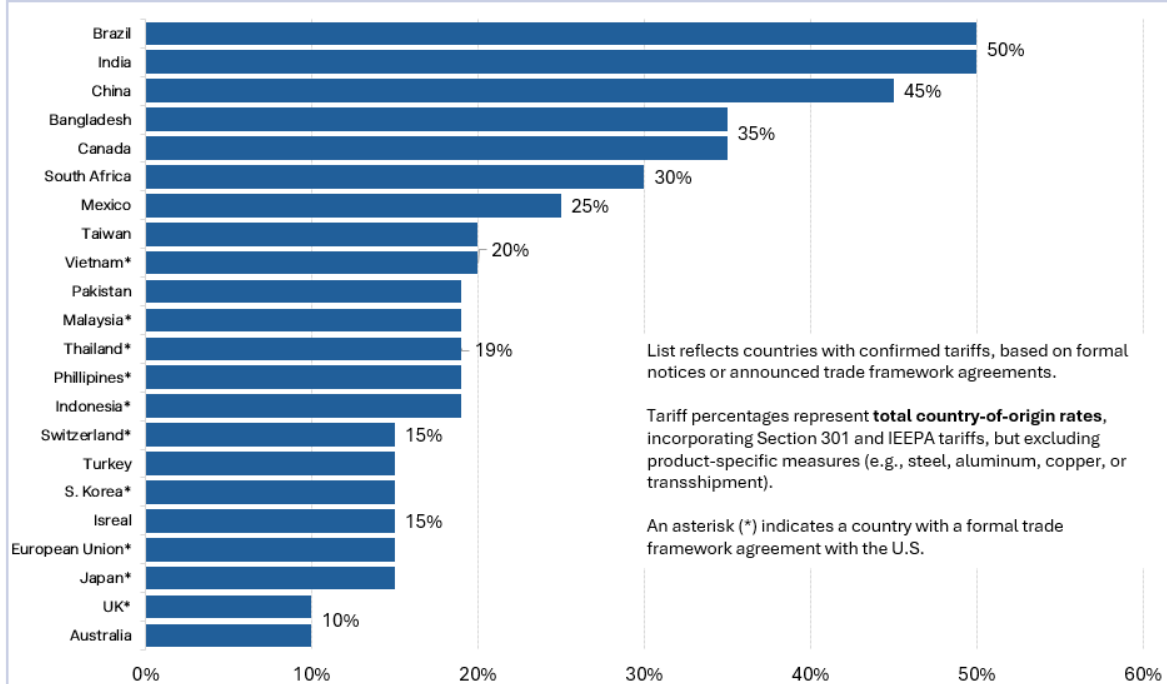
- **FOMC Minutes**

- Fed officials were sharply divided at the December meeting, with the rate cut described by some as a “finely balanced” decision
- Most policymakers backed the cut to support a cooling labor market, while others warned inflation progress may have stalled
- The Fed signaled it may pause further cuts in 2026 as rates near neutral and officials await clearer inflation and jobs data

- **U.S. Tariff & Trade**

- The Trump administration announced the postponement of planned tariff hikes on furniture, kitchen cabinets, and vanities by one year to allow further trade negotiations, keeping existing 25% duties in place until 2027
- Steel protectionism is expanding globally, with Canada implementing a 25% tariff on steel derivative products effective December 26, and India announcing a three-year safeguard tariff of 11%–12% on select steel imports to protect domestic producers
- The U.S. scaled back proposed anti-dumping tariffs on Italian pasta, reducing preliminary duties to 2%–14% from threatened levels as high as 92% following a review by the Department of Commerce; the duties would be in addition to the existing 15% EU tariff, and apply to 13 producers representing roughly 16% of Italian pasta imports after President Trump accused the Italian manufacturers of selling at unfairly low prices

Total Tariffs by Country: Top U.S. Trading Partners



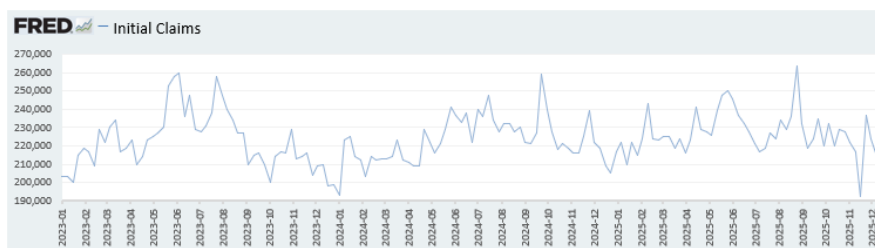
*The current 45% tariff rate on many Chinese goods reflects a layered structure of 25% Section 301 duties (2018), a 10% IEEPA "fentanyl" tariff (2025), and a 10% IEEPA reciprocal baseline tariff (2025); however, an estimated 10–20% of imports from China are not subject to Section 301, and some products remain at only 7.5% or 15% under Section 301

**The 50% tariff on Indian goods combines a 25% IEEPA "reciprocal" tariff (Aug. 7, 2025) with an additional 25% penalty tariff (Aug. 27, 2025) tied to India's continued imports of Russian oil.

***Goods from Canada and Mexico that qualify for USMCA agreement are not subject to IEEPA reciprocal tariffs

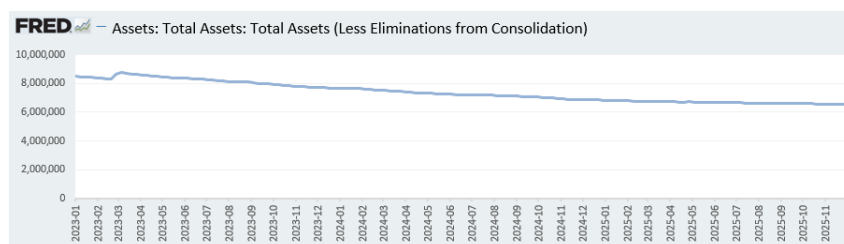
- **Jobless Claims**

- Initial jobless claims, a measure of how many workers were laid off across the U.S., decreased to 199,000 in the week ended December 26, down 16,000 from the prior week
- The four-week moving average was 218,750, up 1,750 from the prior week
- Continuing claims – those filed by workers unemployed for longer than a week – decreased at 1.866 million in the week ended December 19. This figure is reported with a one-week lag



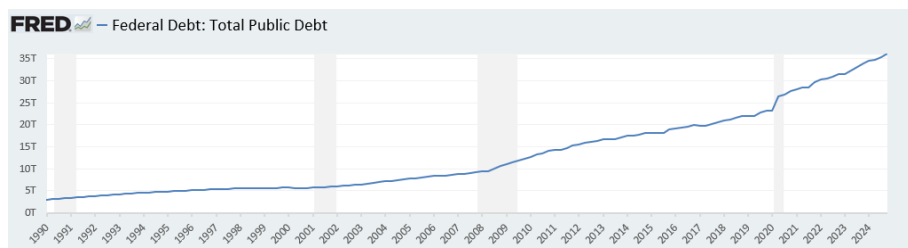
- **Fed's Balance Sheet**

- The Federal Reserve's assets totaled \$6.641 trillion in the week ended January 2, up \$59.4 billion from the prior week
- Treasury holdings totaled \$4.228 trillion, up \$9.8 billion from the prior week
- Holdings of mortgage-backed securities (MBS) were \$2.04 trillion in the week, down \$12.9 billion from the prior week



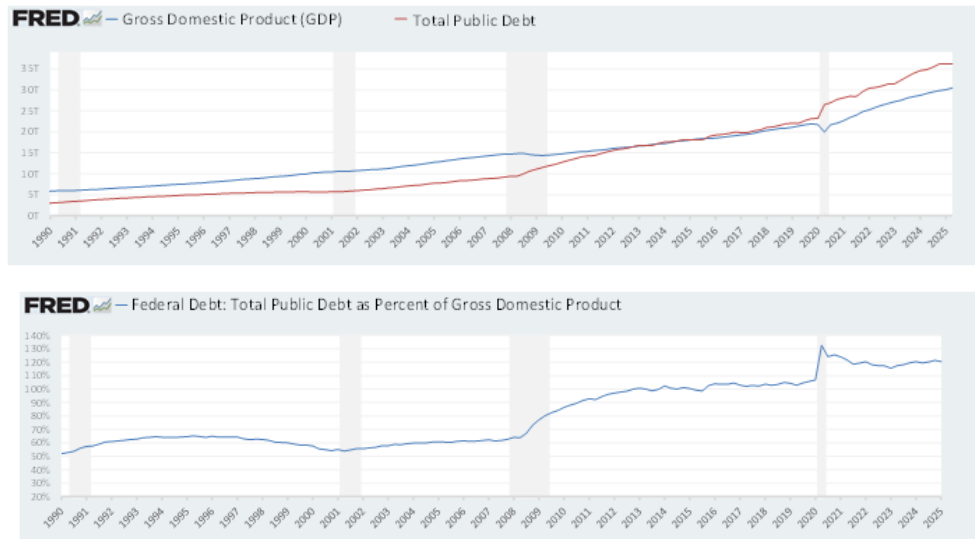
- **Total Public Debt**

- Total public debt outstanding was \$38.51 trillion as of January 2, an increase of 6.5% from the previous year



- **GDP**

- The latest annualized U.S. GDP stands at \$30.49 trillion as of June 30, 2025, an increase of 1.48% from the previous quarter, & an increase of 4.59% from the previous year
- The total public debt-to-GDP ratio is at 118.78% as of June 30, a decrease of -0.72% from the previous year

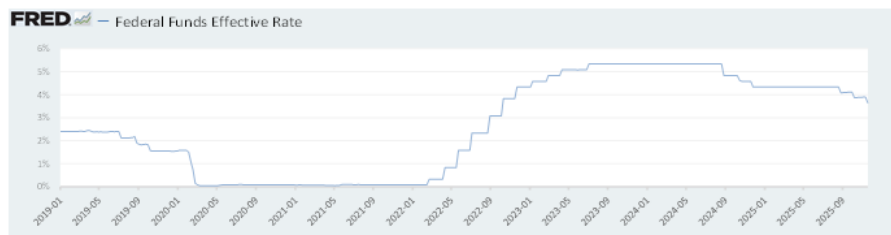


- **Inflation Factors**

- **CPI:**
 - The consumer-price index rose 2.7% in November year over year
 - On a monthly basis, the CPI increased 0.2% in November on a seasonally adjusted basis, after staying flat 0.0% in October
 - The index for all items less food and energy (core CPI) rose 0.2% in November, after remaining flat 0.0% in October
 - Core CPI increased 2.6% for the 12 months ending November
- **Food & Beverages:**
 - The food at home index increased 1.9% in November from the same month a year earlier, and decreased -0.2% in November month over month
 - The food away from home index increased 3.7% in November from the same month a year earlier, and increased 0.5% in November month over month
- **Commodities:**
 - The energy commodities index increased 0.7% in November after decreasing 0.0% in October
 - The energy commodities index rose 1.2% over the last 12 months
 - The energy services index rose 0.1% in November after decreasing 0.0% in October
 - The energy services index rose 7.4% over the last 12 months
 - The gasoline index rose 0.9% over the last 12 months
 - The fuel oil index rose 11.3% over the last 12 months
 - The index for electricity rose 6.9% over the last 12 months
 - The index for natural gas rose 9.1% over the last 12 months
- **Supply Chain:**
 - Drewry's composite World Container Index increased to \$2,212.79 per 40ft container for the week of January 2
 - Drewry's composite World Container Index has decreased by (41.8%) over the last 12 months
- **Housing Market:**
 - The shelter index increased 0.2% in November after decreasing 0.0% in October
 - The rent index increased 0.2% in November after decreasing 0.0% in October
 - The index for lodging away from home decreased (8.2%) in November after decreasing 0.0% in October

- **Federal Funds Rate**

- The effective Federal Funds Rate is at 3.64%, down (0.69%) year to date



World News

- **Middle East**

- President Donald Trump warned the U.S. could intervene if Iran violently suppresses protests, escalating pressure on Tehran
- Iranian hard-liners signaled a tougher crackdown as demonstrations spread nationwide, fueled by a collapsing currency, surging inflation, and long-running sanctions tied to the nuclear standoff
- Saudi Arabia issued an ultimatum to the U.A.E. to withdraw forces from Yemen, warning it would act to protect its security after clashes between rival-backed militias
- The U.A.E. said it would pull remaining troops, but continued backing of local allies risks prolonging tensions and complicating U.S. efforts to manage regional conflicts and contain Iran

- **Europe**

- Ukraine is seeking U.S. security guarantees lasting 30-50 years, pushing back on President Donald Trump's proposed 15-year pledge as insufficient to deter future Russian aggression
- Talks advanced on guarantees and postwar support, but major sticking points remain over territory in eastern Ukraine and control of a nuclear power plant occupied by Russia
- Russia has intensified drone and missile strikes on Odesa to disrupt Ukraine's grain exports and weaken its economic lifeline
- The attacks come as peace talks continue, underscoring Kyiv's push for more air defenses from the U.S. to protect ports, power grids, and trade routes

- **China**

- Xi Jinping said China is on track to meet its 2025 growth target of around 5%, highlighting advances in AI, semiconductors, and military modernization despite economic headwinds
- His New Year message emphasized confidence, state-led development, and national strength while affirming Beijing's hard line on Taiwan amid ongoing regional tensions
- China signaled it will not retreat from Latin America, releasing a new policy paper that emphasizes expanded economic, diplomatic, and strategic influence despite U.S. pushback
- The stance sharpens competition with the U.S., as China expands trade, infrastructure investment, and diplomatic pressure to sideline Taiwan in the region

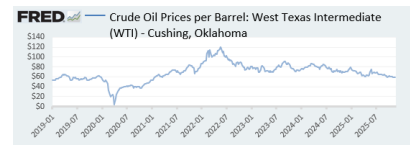
Geopolitical Hotspots

- **Thailand**
 - Thailand and Cambodia agreed to an immediate cease-fire to halt weeks of deadly border clashes that have killed at least 22 civilians
- **Nigeria**
 - The U.S. carried out missile strikes on Christmas Day against two alleged Islamic State camps in Nigeria, firing more than a dozen missiles from a Navy warship and killing multiple militants, according to U.S. officials
- **Venezuela**
 - The U.S. Coast Guard is pursuing the sanctioned oil tanker Bella 1 in the Atlantic, assembling elite boarding teams and military support after the vessel refused inspection and fled; U.S. officials say the ship is linked to Iranian and Venezuelan oil networks and is under a judicial seizure order
- **Canada**
 - British Columbia's Supreme Court ruled that a group of indigenous tribes held the right to about 730 acres of privately held land. The ruling may open the doors for other indigenous groups to press their claims, causing uncertainty in the real estate market
- **Australia**
 - At least 11 people were killed when two gunmen opened fire during a Hanukkah event at Sydney's Bondi Beach in what authorities called a terrorist attack targeting the Jewish community; one suspect was killed and another is in critical condition
- **UK**
 - The U.K. economy shrank for a second straight month in October, contracting 0.1% as weakness in the services sector, including retail, dragged on growth
- **India**
 - Russian President Vladimir Putin is visiting India to bolster ties by offering discounted Russian oil and military hardware, even as India faces U.S. tariffs over its Russian oil imports and seeks to maintain leverage with Washington while securing energy and defense needs

Commodities

Oil Prices

- WTI: \$57.42 per barrel
 - (1.59%) WoW; (18.60%) YTD; (19.12%) YoY
- Brent: \$60.85 per barrel
 - (2.23%) WoW; (16.43%) YTD; (18.48%) YoY



US Production

- U.S. oil production amounted to 13.8 million bpd for the week ended December 26, down 0.0 million bpd from the prior week

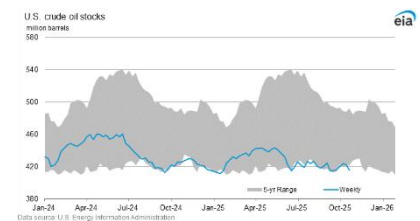
Rig Count

- The total number of oil rigs amounted to 545, up 3 from last week

Inventories

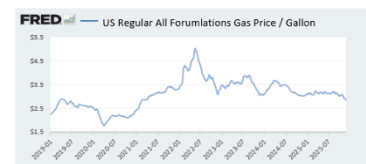
Crude Oil

- Total U.S. crude oil inventories now amount to 422.9 million barrels, up 1.8% YoY
- Refiners operated at a capacity utilization rate of 94.6% for the week, down from 94.8% in the prior week
- U.S. crude oil imports now amount to 6.525 million barrels per day, down (12.1%) YoY



Gasoline

- Retail average regular gasoline prices amounted to \$2.83 per gallon in the week of January 2, down (7.6%) YoY
 - Gasoline prices on the East Coast amounted to \$2.90, down (5.5%) YoY
 - Gasoline prices in the Midwest amounted to \$2.69, down (9.0%) YoY
 - Gasoline prices on the Gulf Coast amounted to \$2.49, down (8.2%) YoY
 - Gasoline prices in the Rocky Mountain region amounted to \$2.56, down (14.8%) YoY
 - Gasoline prices on the West Coast amounted to \$3.87, down (1.0%) YoY
- Motor gasoline inventories were up by 2.9 million barrels from the prior week
- Motor gasoline inventories amounted to 228.5 million barrels, down (1.3%) YoY
- Production of motor gasoline averaged 9.47 million bpd, up 5.7% YoY
- Demand for motor gasoline amounted to 8.563 million bpd, up 4.8% YoY

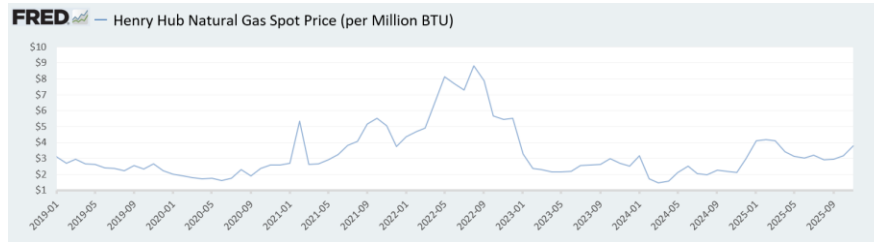


○ **Distillates**

- Distillate inventories increased by 0.2 million in the week of January 2
- Total distillate inventories amounted to 123.7 million barrels, up 0.7% YoY
- Distillate production averaged 5.234 million bpd, down (2.6%) YoY
- Demand for distillates averaged 3.379 million bpd in the week, up 4.5% YoY

○ **Natural Gas**

- Natural gas inventories decreased by 166 billion cubic feet last week
- Total natural gas inventories now amount to 3,375 billion cubic feet, down (1.1%) YoY



Credit News

High yield bond yields decreased 8bps to 6.62% and spreads decreased 5bps to 300bps. Leveraged loan yields decreased 3bps to 7.86%, while spreads remained unchanged at 455bps. WTD high yield bond returns were positive 28bps. WTD leveraged loan returns were positive 15bps. 10yr treasury yields increased 4bps to 4.17%. High yield and leveraged loans were up this week, supported by strong macro momentum as US jobless claims declined, reinforcing risk appetite.

High-yield:

Week ended 01/02/2026

- Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
6.62%	300	6.70%	304	(8)	(5)

- Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2024
\$97.83	\$97.70	13	0.28%	0.85%	8.41%	8.6%

- Fund Flows²

Total Flows (\$)
(\$269mm)

- New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
0	\$0.0bn	\$0.0bn	\$0.0bn	N/A

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

11/30/25	10/31/25	9/30/25
5.20%	4.88%	4.47%

- Total HY Defaults

Excluding Distressed Exchanges			Including Distressed Exchanges		
11/30/25	10/31/25	9/30/25	11/30/25	10/31/25	9/30/25
0.79%	0.64%	0.49%	1.82%	1.40%	1.39%

Leveraged loans:

Week ended 01/02/2026

- Yields & Spreads¹

Current Week		Prior Week		Δ (bps)	
Yield	Spread	Yield	Spread	Yield	Spread
7.86%	455	7.89%	455	(3)	0

- Pricing & Returns¹

Pricing			Returns			
Current Week	Prior Week	Δ (bps)	WTD	MTD	YTD	2024
\$95.92	\$95.94	-1	0.15%	0.63%	5.94%	9.3%

- Fund Flows²

Total Flows (\$)
\$296mm

- New Issue²

Week		YTD		
# New Deals	Total (\$)	Total (\$)	Prior Year YTD	CY vs PY
0	\$0.0bn	\$0.0bn	\$0.0bn	N/A

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

11/30/25	10/31/25	9/30/25
6.76%	6.00%	4.90%

- Total Leveraged Loan Defaults

Excluding Distressed Exchanges			Including Distressed Exchanges		
11/30/25	10/31/25	9/30/25	11/30/25	10/31/25	9/30/25
1.31%	1.37%	1.53%	3.16%	3.33%	3.49%

Default activity:

- Most recent defaults include: New Fortress Energy (\$3.5bn, 11/15/2025), Packers Sanitation Services (\$1.2bn, 11/5/2025), Office Properties Trust (\$1.7bn, 10/31/25), GPS Hospitality (\$400mn, 10/30/25), Jordan Health Services (\$1.0bn, 10/15/25), Astra Acquisition (\$1bn, 9/30/25), First Brands (\$4.4bn, 9/29/25), Spirit Airlines (\$852mn, 8/29/25), ModivCare (\$1.1bn, 8/20/25), Anastasia Beverly Hills (\$606mn, 8/11/25), Claire's Stores (\$506mn, 8/6/25).

CLOs:

Week ended 01/02/2026

- New U.S. CLO Issuance²

# Priced	Total (\$)	New Issue	Refis/Resets
0	\$0.0bn	\$0.0bn	\$0.0bn

- New U.S. CLO YTD Issuance²

Total U.S. CLOs	Total (\$)	New Issue	Refis/Resets	Prior Year YTD	CY vs. PY
0	\$0.0bn	\$0.0bn	\$0.0bn	\$0.0bn	N/A

Note: High-yield and leveraged loan yields and spreads are swap-adjusted

¹ Source: Credit Suisse High Yield and Leveraged Loan Index

² Source: JP Morgan

Ratings activity:

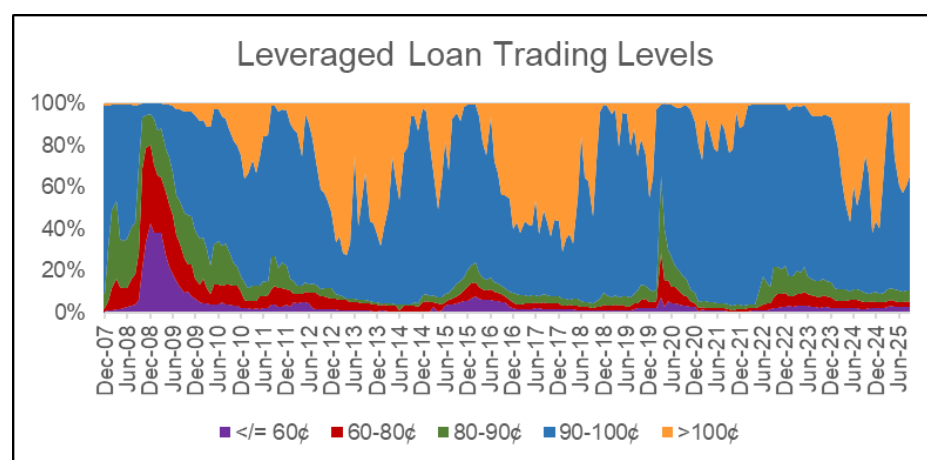
- S&P and Moody's High Yield Ratings

	S&P			Moody's		
	Downgrades	Upgrades	Ratio	Downgrades	Upgrades	Ratio
Full Year 2025	388	261	1.5x	460	294	1.6x
Week Ending 01/02/26	0	0	n/a	0	0	n/a
YTD 2026	0	0	n/a	0	0	n/a

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	96.4	98.1	92.2	5.8
Leveraged Loans	96.2	96.9	94.0	2.9

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

[2] HY high price as of 9/19/25. LL high price as of 7/18/25

[3] HY low price as of 4/7/25. LL low price as of 4/7/25

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	0.15%	0.11%	0.28%	0.13%
MTD Return	0.63%	0.68%	0.85%	0.85%
YTD Return	5.94%	5.94%	8.41%	8.41%

[1] Credit Suisse Total Return information is calculated weekly. Yield data is as of 01/02/2026

[2] Yield data as of 01/02/2026

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.

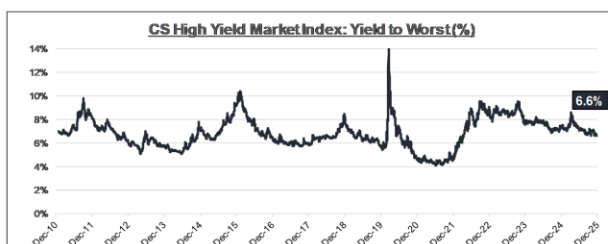


Source: CSFB Leveraged Loan Index Yield to 3Y take-out, expressed as a percentage. Data is reported daily.

Diagram F: High Yield Bonds Spreads & Yields

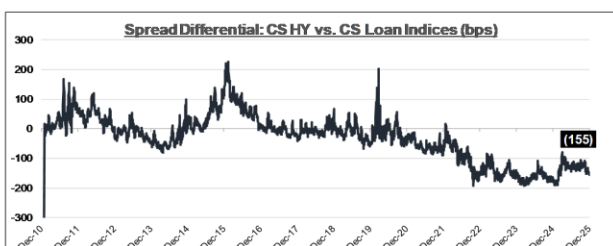


Source: CSFB High Yield Index (formerly DLJ High Yield Index) Spread-to-Worst, expressed in basis points. Data is reported daily.



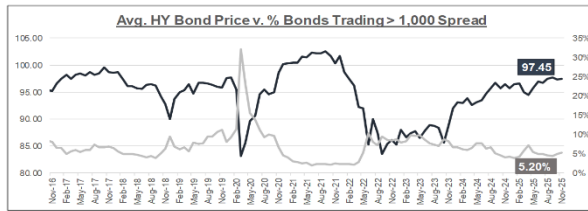
Source: CSFB High Yield Index (formerly DLJ High Yield Index) Yield-to-Worst, expressed as a percentage. Data is reported daily.

Diagram G: Spread between High Yield Bonds and Leveraged Loans

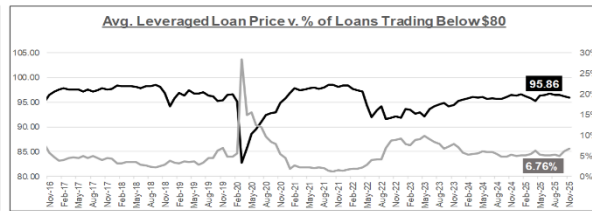


Source: CSFB HY Index and CSFB LL Index. Data is reported daily.

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

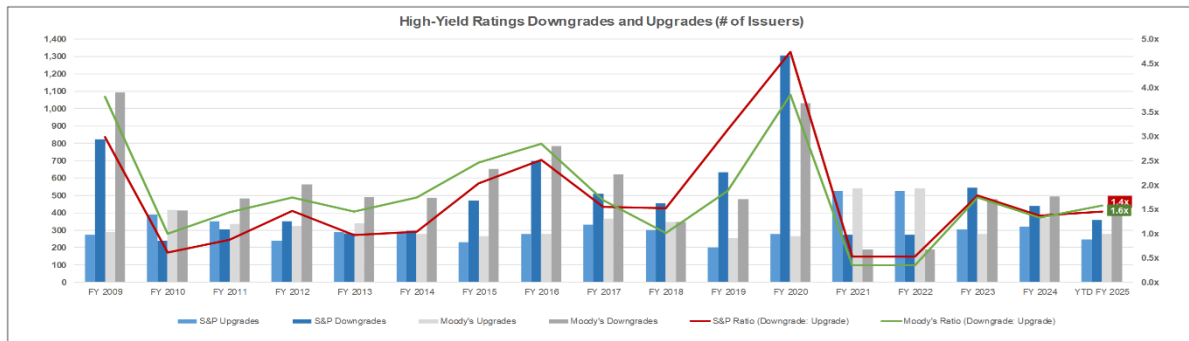


Diagram J: New Issue - Leveraged Loan and High Yield

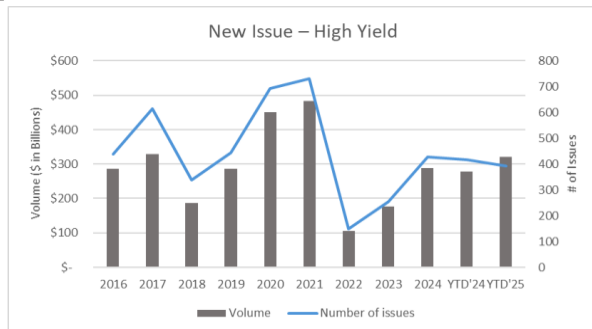
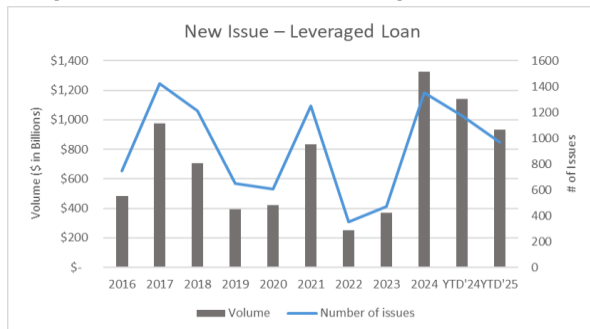
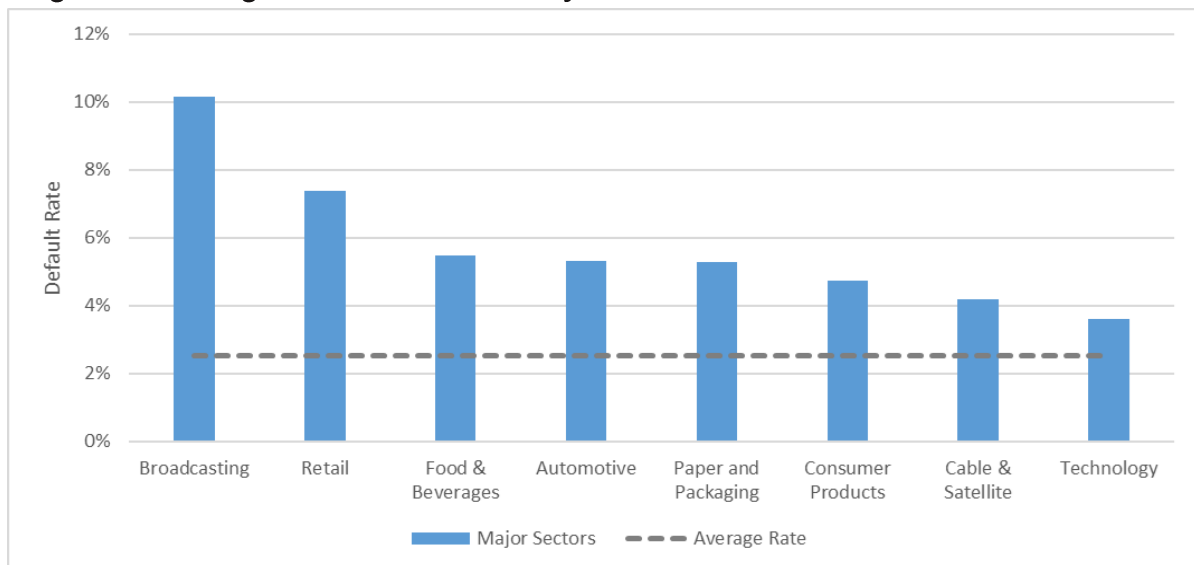


Diagram K: Leveraged Loan + HY Defaults by Sector – LTM



Source: JP Morgan Default Monitor

Diagram L: CLO Economics

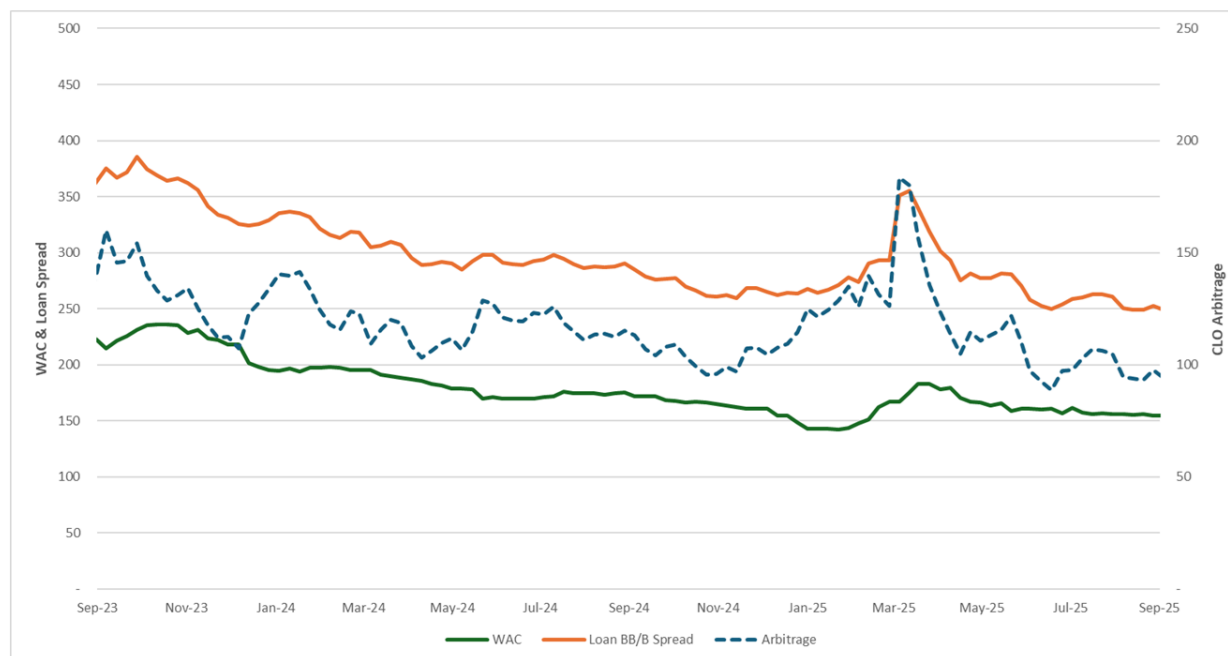
US CLO Economics											
CLO Arbitrage [1]			AAA Spread [2]			WAC Liabilities [2]			Asset WAS [3]		
3Q25	2Q25	3Q24	3Q25	2Q25	3Q24	3Q25	2Q25	3Q24	3Q25	2Q25	3Q24
89	122	115	S+131	S+136	S+138	S+166	S+178	S+176	S+375	S+420	S+411

[1] CLO Arbitrage = WAS - WAC - Fees & Losses

[2] Source: LCD

[3] Source: BBG. BB/B Loan Index Spared (25%/75% weighting)

*Assumptions: 50bp annual fees and 70bp annual loss (2% CDR, 65% Recovery)



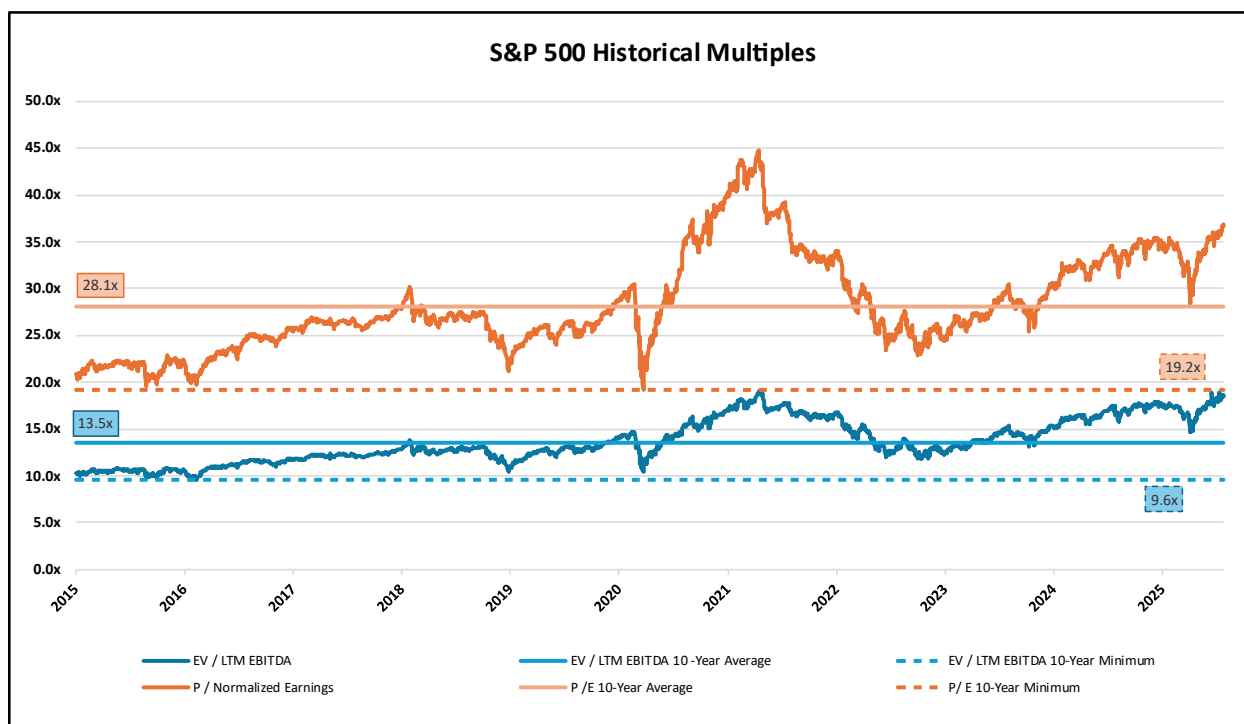
Source: JPM and BBG

Diagram M: Developed Country Govt. Bond Yields (%)

By	12/12/25	12/19/25	12/26/25	1/2/26	Change				
					Weekly	Q4 2024	Q3 2024	Q2 2024	Q1 2024
France - 10 year	3.58%	3.61%	3.57%	3.60%	3 bps	28 bps	(38 bps)	49 bps	25 bps
Germany - 10 year	2.86%	2.90%	2.89%	2.89%	0 bps	24 bps	(38 bps)	20 bps	27 bps
Italy - 10 year	3.55%	3.59%	3.56%	3.61%	5 bps	4 bps	(51 bps)	38 bps	13 bps
Japan - 10 year	1.96%	2.09%	2.04%	2.07%	3 bps	27 bps	(27 bps)	31 bps	18 bps
UK - 10 year	4.52%	4.52%	4.50%	4.52%	2 bps	63 bps	(16 bps)	20 bps	50 bps
US									
US - 2 year	3.50%	3.51%	3.48%	3.47%	(1 bps)	53 bps	(100 bps)	6 bps	26 bps
US - 5 year	3.72%	3.71%	3.70%	3.73%	3 bps	74 bps	(70 bps)	3 bps	32 bps
US - 10 year	4.17%	4.16%	4.13%	4.17%	4 bps	71 bps	(51 bps)	5 bps	31 bps
US - 30 year	4.85%	4.84%	4.81%	4.86%	5 bps	60 bps	(35 bps)	5 bps	32 bps

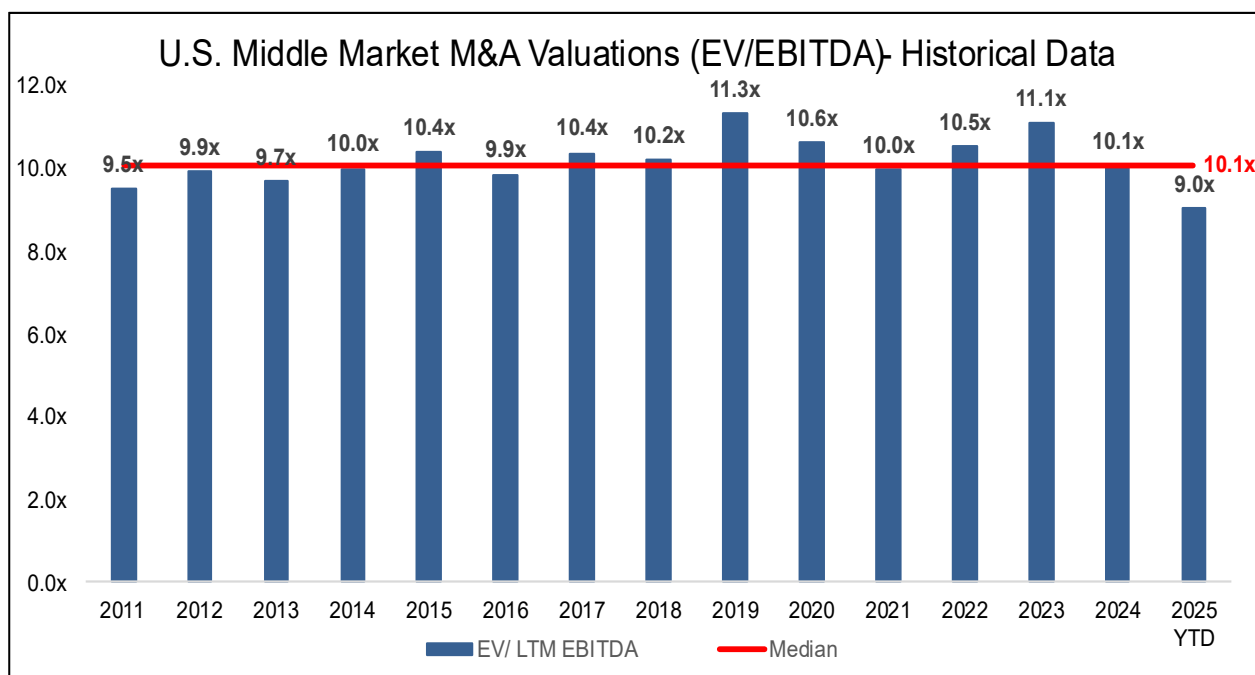
Source: Bloomberg

Diagram N: S&P 500 Historical Multiples



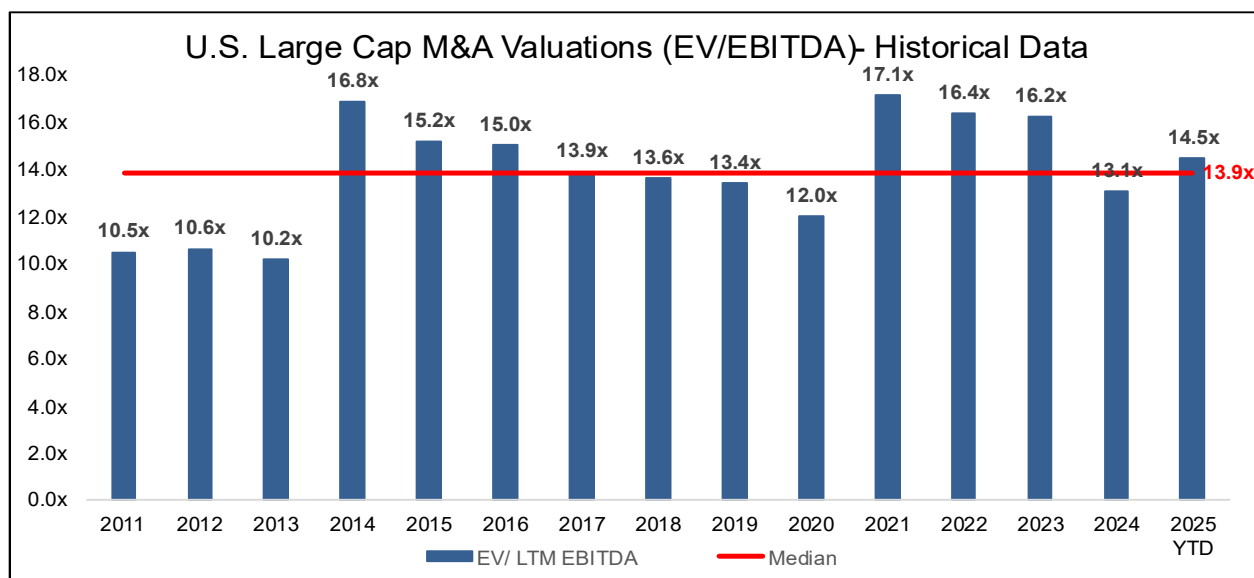
Source: S&P Capital IQ

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



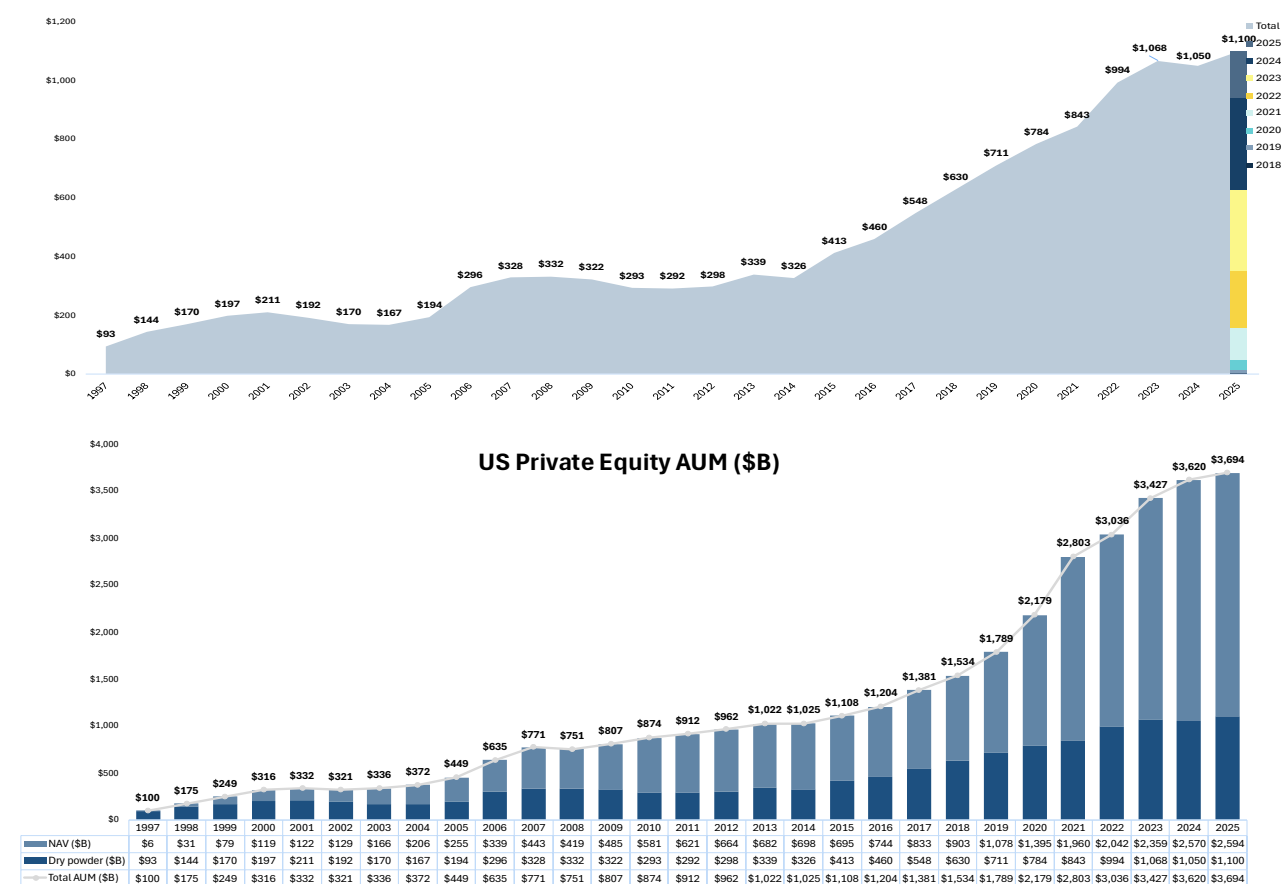
Source: Pitchbook

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



Source: Pitchbook

Diagram Q: Dry Powder for All Private Equity Buyouts (\$B)

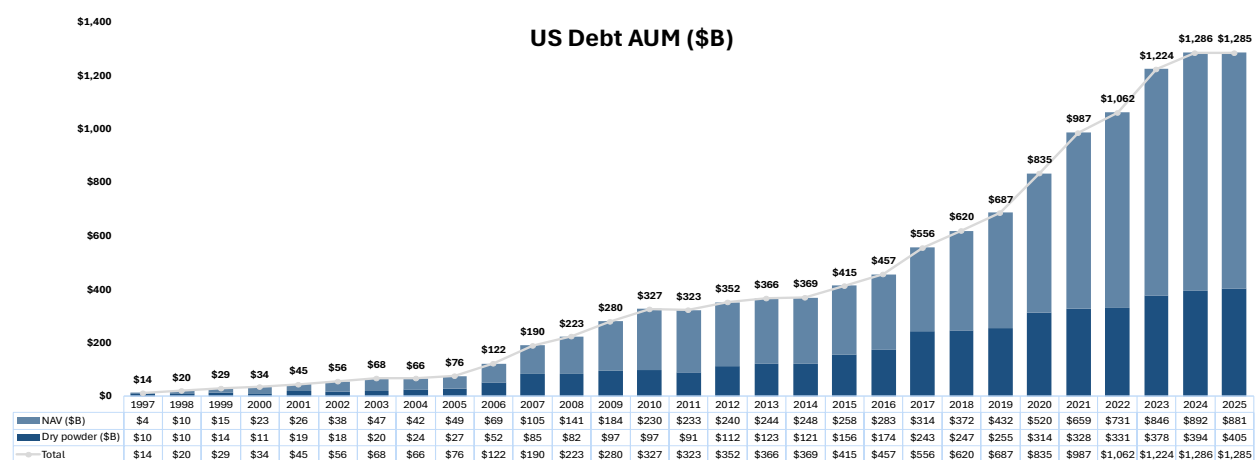
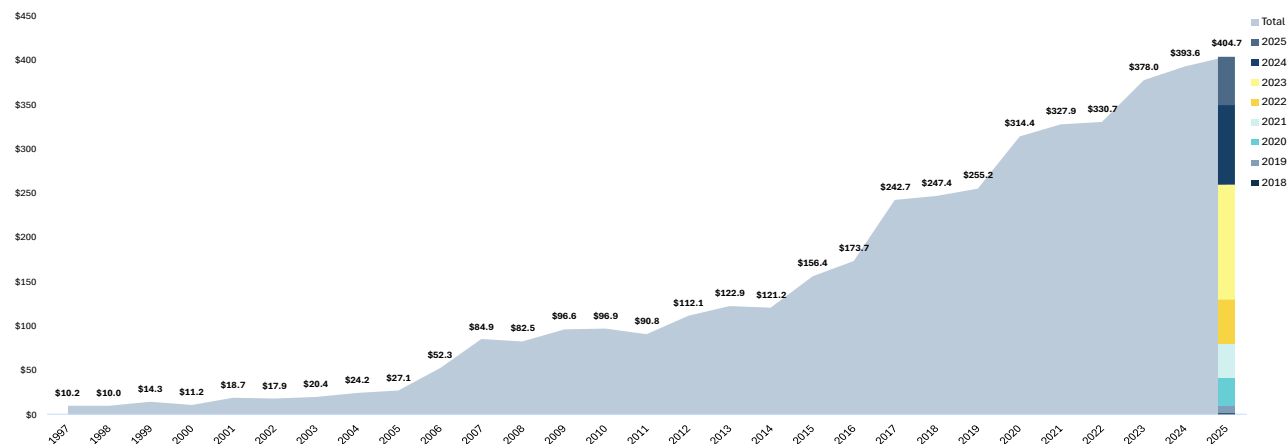


US Private Equity dry powder (\$B) by age bucket (years)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0-2 years	\$73.1	\$139.4	\$246.0	\$254.4	\$205.1	\$103.7	\$73.5	\$105.9	\$167.2	\$188.4	\$170.9	\$215.2	\$259.0	\$336.9	\$435.3	\$426.7	\$462.3	\$569.8	\$712.8	\$649.9	\$474.2	\$419.2
2-5 years	\$49.9	\$32.1	\$36.0	\$65.7	\$121.4	\$204.3	\$189.9	\$136.9	\$75.3	\$89.9	\$120.5	\$173.1	\$149.2	\$161.0	\$149.2	\$243.3	\$277.5	\$210.1	\$217.4	\$352.5	\$527.8	\$633.5
5-7 years	\$43.7	\$22.0	\$14.1	\$7.8	\$5.9	\$14.2	\$29.2	\$48.8	\$55.3	\$60.9	\$34.8	\$25.0	\$51.6	\$50.0	\$45.8	\$41.0	\$44.1	\$63.4	\$64.1	\$66.1	\$48.1	\$47.2

*As of 3/31/2025

Diagram R: Dry Powder for All US Debt (\$B)

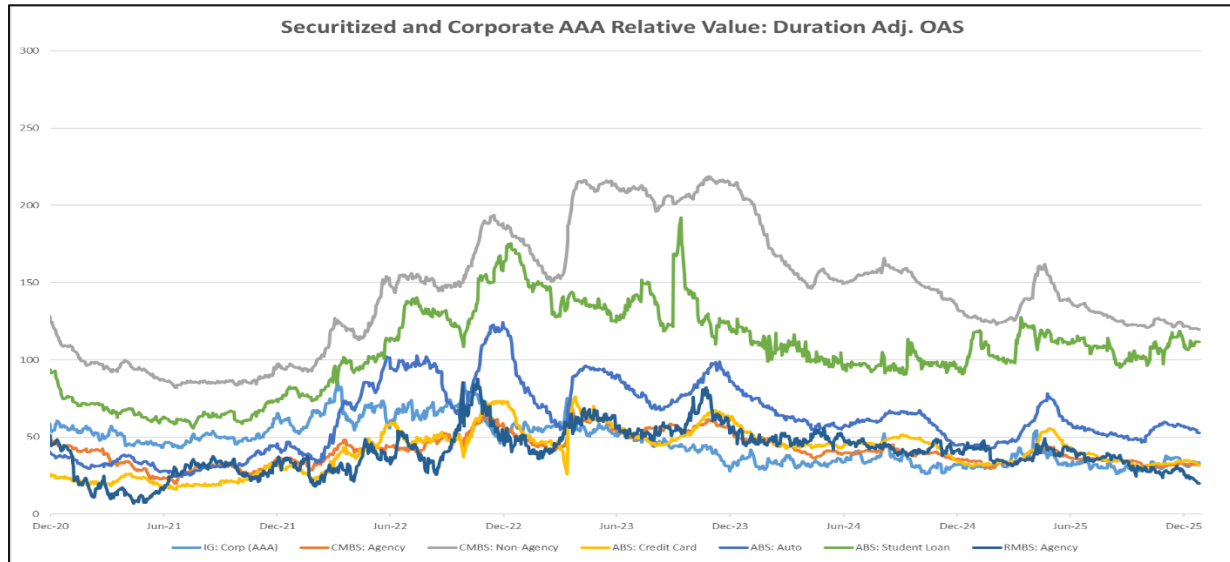


US Debt dry powder (\$B) by age bucket (years)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0-2 years	\$14.9	\$17.8	\$43.7	\$76.7	\$63.3	\$55.3	\$52.4	\$39.6	\$58.8	\$76.6	\$77.1	\$105.8	\$106.6	\$154.4	\$152.7	\$149.0	\$209.0	\$231.3	\$205.1	\$231.7	\$198.8	\$160.5
2-5 years	\$6.0	\$5.3	\$6.6	\$6.4	\$16.8	\$38.8	\$36.5	\$39.5	\$28.3	\$26.1	\$31.7	\$40.1	\$52.3	\$68.0	\$78.4	\$83.4	\$84.4	\$66.2	\$98.4	\$119.0	\$162.1	\$208.7
5-7 years	\$3.3	\$4.0	\$1.9	\$1.9	\$2.5	\$2.5	\$8.1	\$11.7	\$25.0	\$20.1	\$12.4	\$10.5	\$14.7	\$20.3	\$16.4	\$22.8	\$21.0	\$30.4	\$27.2	\$27.3	\$32.6	\$35.5

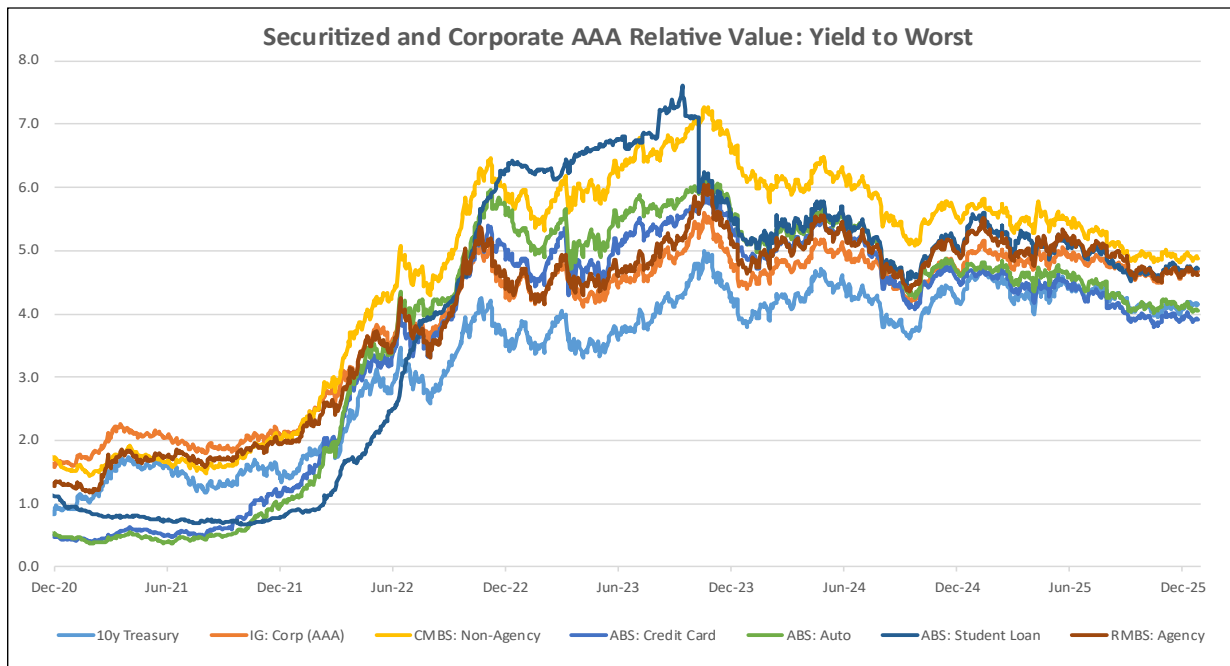
*As of 3/31/2025

Diagram S: Structured Credit Spreads



Source: Bloomberg

Diagram T: Structured Credit Yield



Source: Bloomberg

Diagram U: SOFR Curve

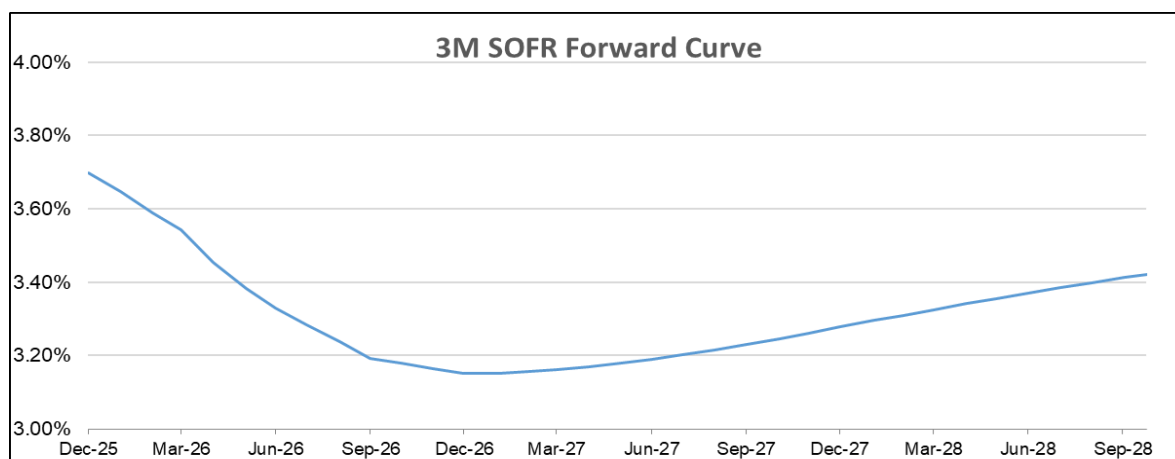
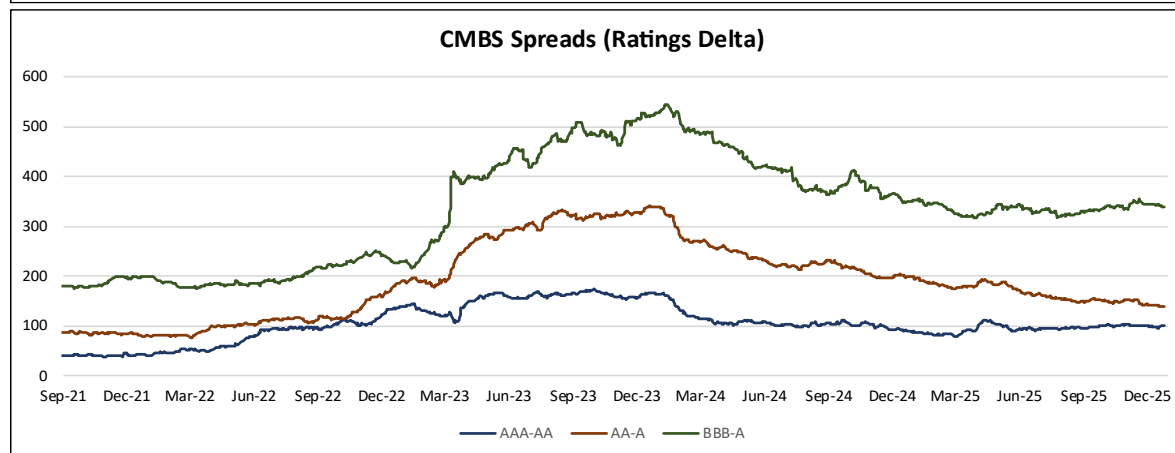
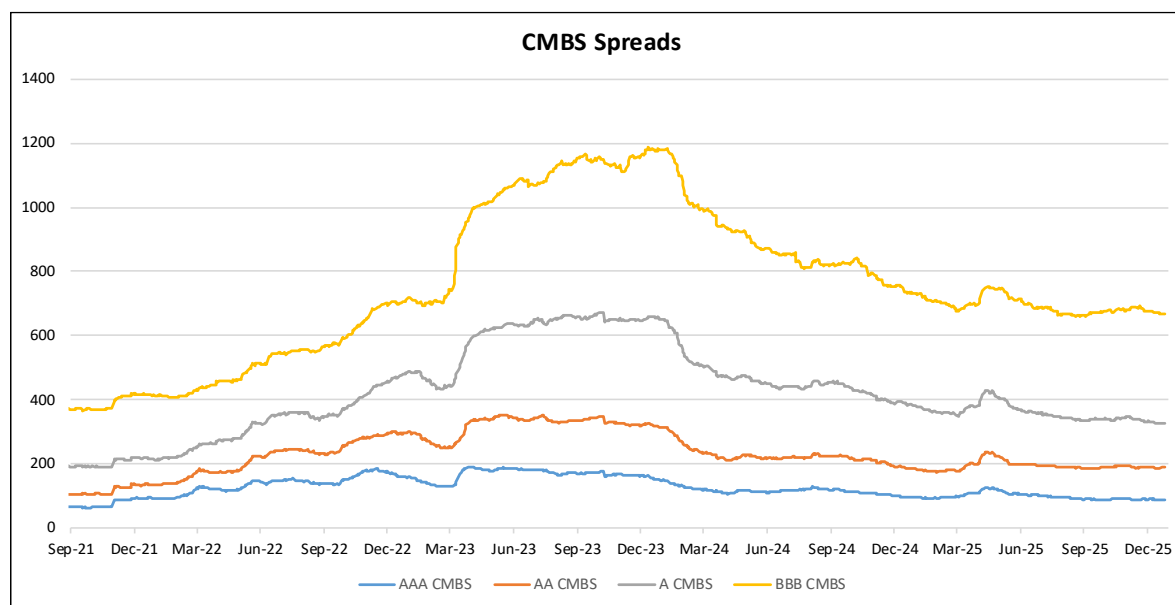


Diagram V: CMBS Spreads

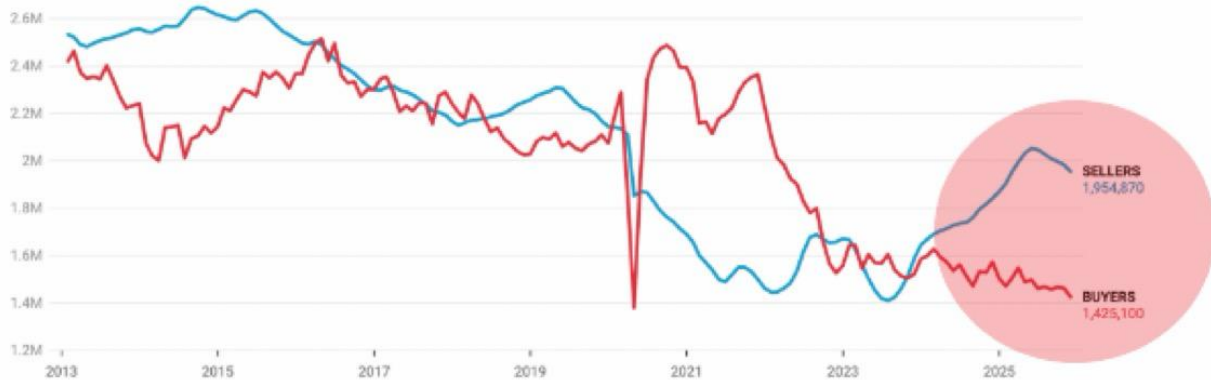


Source: Bloomberg

ZCGC Real Estate

Homebuyers and Sellers Are Both Backing Off

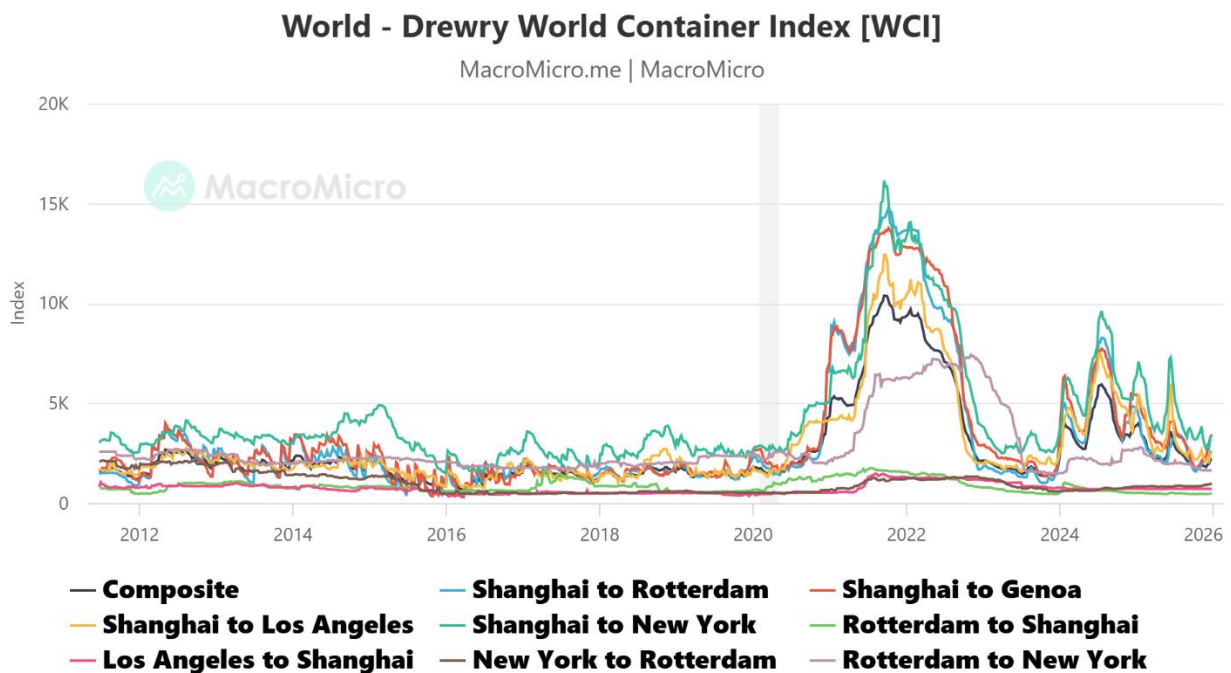
Estimated number of U.S. homebuyers and sellers actively in the market



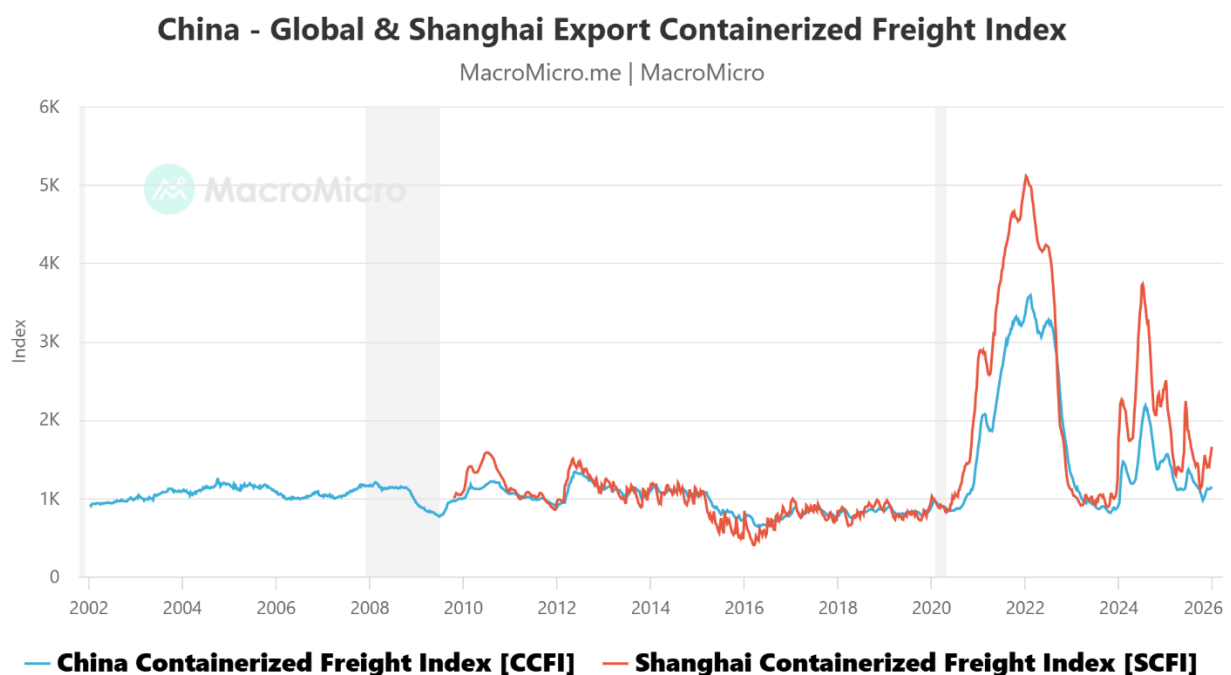
- Mortgage-rate shock is freezing demand, not supply
 - 30-year mortgage rates remain structurally high relative to incomes, pricing out marginal buyers even as sellers slowly re-enter the market due to life events
- Sellers are no longer “locked in,” buyers still are
 - Job changes, divorce, inheritance, and relocation are forcing listings, while buyers remain constrained by monthly payment math, not home prices alone
- Affordability is the binding constraint, not inventory
 - Even with more listings, payment-to-income ratios are near cycle highs, keeping first-time buyers sidelined
- Psychology flipped faster for sellers than buyers
 - Sellers see peak pricing behind them and are acting before further softening; buyers expect better deals ahead and are waiting
- Investor demand has meaningfully pulled back
 - Higher cap rates, tighter credit, and better risk-free yields (T-bills, money markets) have reduced investor bid support for housing
- This is not a supply glut, it's an affordability stalemate where sellers are first to react and buyers are still waiting for the math to work

Freight Rates

Drewry World Container Index



China-Global & Shanghai Export Container Freight Index



About ZCG

ZCG is a leading, privately held global firm comprised of three dynamic, cross-disciplinary platforms: private markets asset management, business consulting services, and technology development and solutions.

For nearly three decades, ZCG Principals have invested tens of billions of dollars of capital 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 are some of the largest and most sophisticated global institutional investors including 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. ZCG is headquartered in New York, with seven offices, across five countries.

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 leverages a horizontal approach, a flexible mandate allowing ZCG to deploy capital horizontally at the highest risk adjusted return across the senior secured spectrum, including broadly syndicated loans and direct lending. ZCG Credit manages closed and open-ended funds as well as structured vehicles of strategic debt, investing across industries with exposure to over 300 credits across the platform.

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 Credit - Direct Lending intends to directly source and originate senior secured and asset-backed loans to small and medium-sized enterprises (“SMEs”) primarily in the Kingdom of Saudi Arabia (“KSA”).

ZCG seeks to provide growth capital solutions to SMEs in KSA through various debt instruments, including secured term loans, revolving facilities and mezzanine loans. ZCG intends to partner with SMEs that are cash flow generative, high-growth businesses with proven management teams.

ZCG's current portfolio companies sell products in 120 countries, operate 15 manufacturing facilities, and have over 200,000 employees and associates directly and through joint ventures.

ZCG Consulting

ZCGC is a global business advisory partner delivering operational optimization, process and procedures, transformation, and M&A support. Our team combines deep industry expertise with hands-on senior leadership to help portfolio businesses, governments, and investors unlock growth, streamline operations, and maximize long-term value and returns across numerous industry verticals.

ZCGC partners with management teams to develop strategic plans and execute high-impact value creation initiatives. As a trusted resource for private equity firms and portfolio companies, our consultants bring 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, we equip clients with the tools and expertise to drive growth and long-term success. For more information on ZCGC, please visit www.zcgc.com.

Technology

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

Haptiq is ZCG's technology affiliate with over a decade of global experience in providing digital solutions to institutions and companies. Haptiq drives value and enhances efficiency through their premier AI data-driven platform and expert tech-enablement consulting. For more information on Haptiq, please visit www.haptiq.com.

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PERFORMANCE

Market Indices	2-Jan	26-Dec	WoW Change	YTD Change	YoY Change
DJIA	48,382.39	48,731.16	(0.72%)	13.72%	13.72%
S&P 500	6,858.47	6,932.05	(1.06%)	16.61%	16.61%
NASDAQ	23,235.63	23,613.31	(1.60%)	20.32%	20.32%
MSCI - EAFE	2,916.01	2,895.36	0.51%	28.65%	28.65%
MSCI - Emerging Markets	1,429.48	1,397.40	2.30%	32.92%	32.79%
US Dollar Index	98.42	97.98	0.46%	(9.28%)	(9.28%)
VIX	14.51	13.47	7.72%	(16.37%)	(16.61%)

High Yield & Loan Returns

	WTD	MTD	YTD	2024
High Yield Bond	0.27%	0.85%	8.41%	8.63%
Leveraged Loan	0.15%	0.63%	5.94%	9.33%

Market Ratios	2-Jan	26-Dec	WoW Change	YTD Change	YoY Change
CBOE Put/Call Ratio	0.56	0.64	(12.50%)	21.74%	21.74%

Commodities (\$ USD)	Metric	2-Jan	26-Dec	WoW Change	YTD Change	YoY Change
Core Commodity Index	CRY Index	297.82	361.42	(1.19%)	0.37%	0.37%

Gasoline - Pump	Gallon	2.82	2.84	(0.56%)	(7.90%)	(11.76%)
Gasoline - Futures	Gallon	1.70	1.75	(2.80%)	(15.15%)	(15.15%)
Crude Oil - WTI	Barrel	57.32	58.35	(1.77%)	(20.08%)	(18.94%)
Crude Oil - Brent	Barrel	60.75	62.24	(2.39%)	(18.61%)	(17.08%)
Natural Gas	MM BTU	3.62	4.24	(14.71%)	(0.41%)	7.23%
Coal (1 contract = 1,000 tons)	Contract	106.55	108.25	(1.57%)	(43.53%)	(14.45%)

Aluminum	Metric Ton	3,915.50	2,939.00	0.02%	18.19%	18.19%
Copper	Metric Ton	12,469.50	12,060.50	3.39%	42.22%	42.22%
Iron Ore	Metric Ton	107.17	106.94	0.22%	3.44%	3.44%
Steel - Hot Rolled Coil	Metric Ton	940.00	941.00	(0.11%)	26.51%	15.76%
Steel - Cold Rolled Coil	Metric Ton	1,065.00	1,065.00	0.00%	17.03%	17.03%
Ferrous Scrap	Metric Ton	421.00	439.00	(4.10%)	0.24%	5.25%
Ammonia	Metric Ton	585.00	650.00	(10.00%)	8.74%	8.74%
Lumber	27.5k Board Ft	646.00	642.00	0.62%	11.28%	0.47%
Gold	Troy Ounce	4,332.29	4,479.42	(3.28%)	65.07%	65.07%
Silver	Troy Ounce	72.82	79.27	(8.14%)	151.95%	146.27%
Corrugated Box Cost	Short Ton	119.31	119.31	0.00%	(7.09%)	(8.16%)
Cotton	Pound	60.56	60.33	0.38%	(5.88%)	(46.60%)

Butter	Pound	1.38	1.40	(1.96%)	(46.08%)	(46.60%)
Cheese	Pound	1.45	1.46	(0.62%)	(23.64%)	(20.77%)
Cocoa	Pound	2.66	2.71	(1.50%)	(46.82%)	(31.26%)
Coffee	Pound	3.29	3.20	2.54%	7.23%	14.25%
Corn	Bushel	4.38	4.51	(2.99%)	(4.58%)	(4.58%)
Milk, Non Fat Dry	Pound	1.16	1.16	0.58%	(16.37%)	(16.37%)
Soybean	Bushel	10.30	10.63	(3.17%)	3.13%	3.13%
Sugar	Pound	0.15	0.15	(4.51%)	(24.20%)	(24.20%)
Wheat	Bushel	5.07	5.22	(2.92%)	(8.16%)	(8.16%)
Live Cattle	Pound	2.36	2.29	3.19%	21.74%	21.74%
Lean Hogs	Pound	0.84	0.85	(1.12%)	3.44%	3.44%
Beef, USDA Ground	Pound	3.50	3.55	(1.31%)	7.94%	8.19%
Chicken, Boneless & Skinless	Pound	4.15	4.15	0.00%	1.12%	2.80%

Currencies	Metric	Spot Prices		Futures		10-Year Historicals	
		2-Jan	26-Dec	2025	2026	Low	High
Japanese Yen	USD/JPY	156.840	156.570	150.000	146.000	99.890	161.690
Chinese Renminbi	USDCNY	6.988	7.016	7.100	6.970	6.195	7.346
Swiss Franc	USDCHF	0.792	0.790	0.800	0.790	0.815	1.030
British Pound	GBPUSD	1.346	1.350	1.330	1.360	1.069	1.588
Euro Zone Euro	EURUSD	1.172	1.177	1.170	1.200	0.959	1.251

TECHNICALS (Supply / Demand)

Bank Loan & High Yield, Inflows (Outflows) Mutual Fund, \$ USD in Millions, (Source: Lipper FMI)

	Week Ending	Bank Loans	High Yield
	31-Dec-25	\$ 290	\$ (269)
	26-Dec-25	\$ (340)	\$ (975)
	17-Dec-25	\$ (1,100)	\$ 1,800
	10-Dec-25	\$ (123)	\$ 542
	3-Dec-25	\$ (182)	\$ 1,184
	26-Nov-25	\$ (60)	\$ 705
	19-Nov-25	\$ (89)	\$ (333)
	12-Nov-25	\$ 388	\$ (367)
	5-Nov-25	\$ (437)	\$ (955)
Year To Date 2025		\$ 4,202	\$ 18,134
Year Ended December 31, 2024		\$ 21,086	\$ 19,373
Year Ended December 31, 2023		\$ (18,051)	\$ (17,262)

NEW ISSUE SUMMARY

Institutional Loans	1/2/2026	Deals	Amt (\$mm)
Priced	Prior Week	0	0
In-Market Forward Calendar		0	0
High Yield	1/2/2026	Deals	Amt (\$mm)
Priced	Prior Week	0	0
In-Market Forward Calendar		0	0

ECONOMIC DATA RECAP

Key Economic Indicators:	Period Ending	Actual	Expected	Prior
Initial Jobless Claims	12/27/2025	199K	219K	216K
Continuing Claims	12/20/2025	1,846K	1,916K	1,913K
Change In Non-Farm Payrolls	11/30/2025	64K	51K	(105K)
Change In Private Payrolls	11/30/2025	69K	45K	52K

Unemployment Rate	U-3	11/30/2025	4.6%	4.5%	4.4%
Unemployment Rate	U-6	11/30/2025	8.7%	8.7%	8.0%
Average Work Week		11/30/2025	34.3	34.2	34.2

Existing Home Sales		11/30/2025	4.13M	4.15M	4.11M
Housing Starts		8/31/2025	1,307K	1,370K	1,429K
S&P/Case-Shiller Composite	YoY	10/31/2025	1.3%	1.1%	1.4%
S&P/Case-Shiller Composite	MoM	10/31/2025	0.3%	0.1%	(0.5%)

Consumer Confidence		12/31/2025	89.1	91.7	92.9
GDP	QoQ-Annualized	9/30/2025	4.3%	3.3%	3.8%

Durable Goods Orders		10/31/2025	(2.2%)	(1.5%)	0.7%
Total Vehicle Sales		11/30/2025	15.60M	15.50M	15.30M
Capacity Utilization		10/31/2025	75.9%	75.9%	76.0%

Fed & Treasury Balance Sheet	2-Jan	26-Dec	WoW Change	YoY Change
Fed Total Assets	\$ in Billions	6,581.2	0.9%	(3.1%)
Public Debt	\$ in Billions	38,514.0	0.4%	6.5%

US Debt Outstanding		2Q25	1Q25	QoQ Change	YoY Change
Domestic Nonfinancial Debt	\$ in Billions	77,956.9	77,434.6	0.7%	3.4%

Shared National Credit		2024	2023	YoY Change
Shared National Credit Total Commitments	\$ in Billions	6,521.9	6,408.8	1.8%
Special Mention Commitments	\$ in Billions	161.8	176.6	-8.4%
Classified Commitments	\$ in Billions	434.0	395.6	9.7%

ECONOMIC / GDP DATA

International Monetary Fund Growth Rates (Source: IMF "World Economic Outlook")

Country	2021	2022	2023	2024	2025	2026
United States	5.7%	2.9%	2.9%	2.8%	2.0%	2.1%
Brazil	4.6%	2.5%	3.2%	3.4%	2.4%	1.9%
China	8.1%	5.2%	5.2%	5.0%	4.8%	4.2%
Germany	2.8%	0.8%	(0.3%)	(0.5%)	0.2%	0.9%
India	6.1%	8.2%	6.5%	6.5%	6.5%	6.2%
Japan	1.6%	0.5%	1.5%	0.1%	1.1%	0.6%
United Kingdom	7.4%	0.6%	0.3%	1.1%	1.3%	1.3%
Saudi Arabia	3.2%	8.7%	(0.8%)	2.0%	4.0%	4.0%
UAE	4.6%	7.5%	4.3%	4.0%	4.8%	5.0%

Market Indices	2-Jan	26-Dec	WoW Change	YTD Change	YoY Change
S&P/LSTA Leveraged Loan Index	4,383.89	4,297.90	0.14%	5.95%	5.89%
Barclays High Yield Index	2,914.48	2,908.63	0.20%	8.62%	8.44%
Barclays Aggregate	2,344.07	2,349.09	(0.21%)	7.08%	7.04%

Loan Market Bids	2-Jan	26-Dec	WoW Change	YTD Change
S&P Flow Name Index	96.09	95.92	0.17%	(0.29%)
S&P 100 Name Index	99.31	99.28	0.03%	1.38%
S&P BB's Index	99.89	99.89	0.00%	(0.21%)
S&P B's Index	98.42	97.93	0.50%	(0.72%)
S&P CCC's Index	75.41	74.62	1.06%	(1.40%)

Loan Market Spreads	2-Jan	26-Dec	WoW Change	YTD Change
S&P BB's Index	S+248	S+247	1 bps	(13 bps)
S&P B's Index	S+403	S+411	(8 bps)	(28 bps)
S&P CCC's Index	S+1438	S+1473	(35 bps)	32 bps

Credit Default Swap - Volatility Indices	Index	2-Jan	26-Dec	WoW Change	YTD Change
Investment Grade CDS	Market	60.11	60.18	(0.15%)	0.53%
High Yield CDS	Market	317.33	315.14	0.69%	1.88%

Credit	2-Jan	26-Dec	WoW Change	YOY Change
High Yield	OAS - YTW	T+268	T+271	(14 bps)
Loan Index - S&P Flow Name	DM - 3 Year	S+450	S+455	(25 bps)
US Treasury 2-Yr	3.47%	3.48%	(1 bps)	(77 bps)
US Treasury 3-Yr	3.55%	3.53%	2 bps	(73 bps)
US Treasury 5-Yr	3.74%	3.70%	5 bps	(63 bps)
US Treasury 7-Yr	3.96%	3.90%	6 bps	(51 bps)
US Treasury 10-Yr	4.19%	4.13%	6 bps	(37 bps)
US Treasury 30-Yr	4.87%	4.81%	6 bps	9 bps

US CLO Spreads - New Issue	30-Nov	31-Oct	MoM Change	YTD Change
AAA	S+128	S+125	3 bps	(1 bps)
AA	S+166	S+164	2 bps	(4 bps)
A	S+190	S+190	6 bps	1 bps
BBB	S+288	S+273	15 bps	(42 bps)
BB	S+588	S+605	(17 bps)	(60 bps)

Market Rates	2-Jan	26-Dec	WoW Change	YTD Change
Fed Fund Rate	4.31%	4.31%	0 bps	(1 bps)
Prime Rate	6.75%	6.75%	0 bps	(75 bps)
Broker Call Rate	5.50%	5.50%	0 bps	(76 bps)
1M SOFR	3.69%	3.72%	(3 bps)	(64 bps)
3M SOFR	3.65%	3.69%	(3 bps)	(65 bps)
6M SOFR	3.57%	3.62%	(4 bps)	(68 bps)

Short Interest - Millions of shares	30-Nov	31-Oct	MoM Change	YTD Change
NYSE Mkt Short Interest	18,953.73	18,733.88	1.17%	17.53%
Nasdaq Short Interest	18,191.31	17,265.22	5.36%	22.69%

Fed Corp Primary Dealer Positions - \$ USD in Millions	30-Nov	31-Oct	MoM Change	YTD Change
Net Outright Total Corp Securities	15,903.00	11,951.00	33.07%	79.45%

Margin Debt - \$ USD in Billions	30-Nov	31-Oct	MoM Change	YTD Change
FINRA Margin Debt	1,214.32	1,183.65	2.59%	35.05%

Leveraged Finance Primary Volume - \$ USD in Billions

	1/2/2026	Year To Date 2026	Year End 2025	YoY Change
Bank Debt	-	984.0	984.0	N/A
Total Bonds	-	332.0	332.0	N/A
Totals	-	1,316.0	1,316.0	N/A

DEFAULT ACTIVITY

Total Loan Defaults - as of:	30-Nov	31-Oct	YE 2024
Default Rate by Total Amount of All Loans Outstanding	1.31%	1.37%	1.52%
Default Rate by Total Amount of All HY Bonds Outstanding	0.79%	0.64%	0.36%

Employment - Labor Participation Rates	30-Sep	31-Aug	YTD Change
Civilian Employment as % of Total Labor Force	59.7%	59.6%	0.54pp
Labor Force Participation Rate	62.4%	62.3%	0.56pp

Government Assistance		30-Sep	31-Aug	YTD Change
SNAP fka Food Stamps - # of Participants	in Millions	41.6	41.8	(3.14%)

Retail Sales		31-Oct	30-Sep	YTD Change
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Retail Sales	31-Oct	30-Sep	YTD Change
Adj. Retail & Food Services Sales Index - US Census	732.6	732.4	2.09%

Packaging Papers & Containerboard	YoY	YTD YoY
Packaging Papers & Specialty Packaging Shipments (November)	1.00%	1.00%
Total Containerboard Production (Q3 2025)	(3.10%)	(3.00%)

U.S. Rig Count - Active Drilling Rigs, Exploring or Developing Oil & Natural Gas	2-Jan	26-Dec	YoY Change
Type	Peak: 2000 to Date	# of Rigs	% Change
Oil	10/10/2014	1,609	(74.39%)
Gas	9/12/2008	1,606	(92.22%)

Rail & Truck Volume		31-Oct	30-Sep	YTD Change
Total Rail Freight Carloads	Tons in Thousands	952.37	956.81	0.22%
Total Intermodal	Tons in Thousands	1,210.82	1,185.41	1.92%
Truck Tonnage Index		112.18	114.32	0.21%

TSA Checkpoint Travel Numbers	2-Jan	26-Dec	WoW Change	YoY Change
Weekly Traveler Throughput	in Thousands	18,706.9	18,257.0	2.45%

Freight Rates	2-Jan	26-Dec	WoW Change	YTD Change	YoY Change
Baltic Exchange Dry Index	1,882	2,071	(9.13%)	88.77%	82.90%
Shanghai - Los Angeles Spot Rates	2,481	2,474	0.28%	(48.62%)	(52.54%)
Shanghai - NY Spot Rates	3,302	3,293	0.27%	(48.77%)	(51.62%)
Shanghai Containerized Freight Index	1,656	1,553	6.66%	(33.88%)	(33.88%)