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## CAPITAL MARKETS AND MACROECONOMIC UPDATE

November 21, 2022

<https://sternbrothers.com/services/lines-of-business/corporate-finance/>



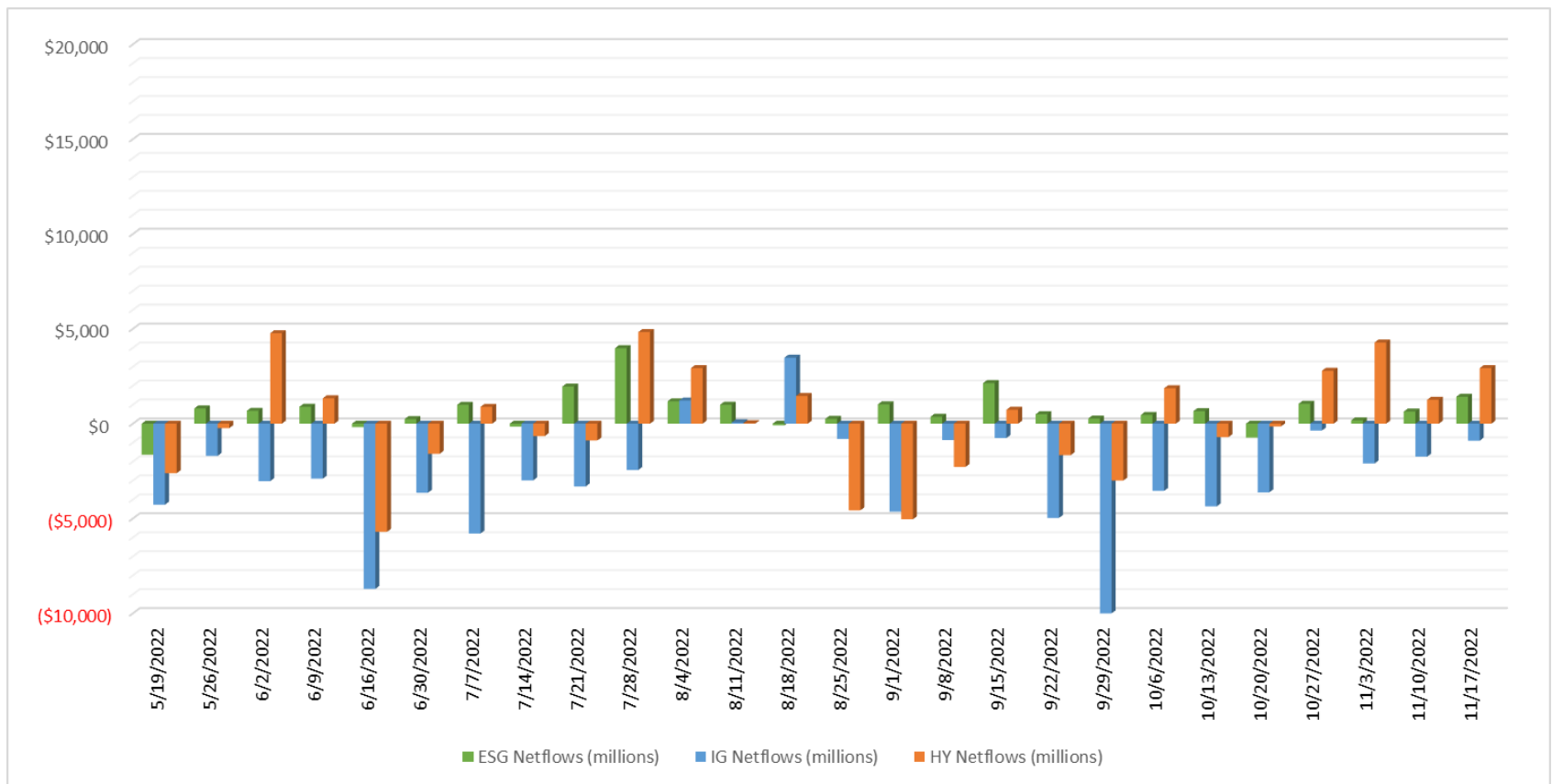
## CAPITAL MARKETS COMMENTARY

- **THE INVESTMENT GRADE PRIMARY MARKET** priced 22 deals for \$24.8B, right below the average calling for \$27.2B
- **THIS WEEK IS EXPECTING \$5.8B TO PRICE ON AVERAGE** with estimates ranging from \$2.5B to 7.5B
  - Thanksgiving week has never hit double-digits
  - There have not been more than three deals priced thanksgiving week in the last four years
- **NOVEMBER HAS PRICED \$75.3B** just \$400M shy of the average estimate calling for \$75.7B with five viable issuing days remaining in the month
- **YEAR-TO-DATE VOLUME STANDS AT \$1,184.0B**, running 17% behind last year

	Volume (B)	IPT-PXD (bp)	Book (X)	NIC (bp)
Week ending 11/18/22	\$24.8	(28.3)	3.6	9.2
Week ending 11/11/22	\$45.5	(27.7)	3.7	6.9
November 2022	\$75.3	(27.4)	3.7	8.0
2022 YTD	\$1,184.0	(21.7)	3.0	11.0
2021 YTD	\$1,419.1	(23.4)	3.0	1.2

- **THE HIGH YIELD PRIMARY MARKET** had a disappointing week after coming off a week of the biggest volume week in six months and a strong secondary performance
  - One deal priced in the week for \$400M
  - November has priced seven deals for \$8.1B
  - YTD has priced 127 deals for \$98.5B running 78% behind 2021
- **BOND FUNDS SAW INVESTMENT GRADE OUTFLOWS OF \$895M** and \$2.9B inflows for high yield
- **INITIAL JOBLESS CLAIMS FELL 4,000 TO 222,000**, lower than expected
- **CONTINUING CLAIMS ROSE 13,000 TO 1.51M**, the fifth consecutive monthly increase

# US INVESTMENT GRADE, ESG, AND HIGH YIELDS BOND FUND FLOWS

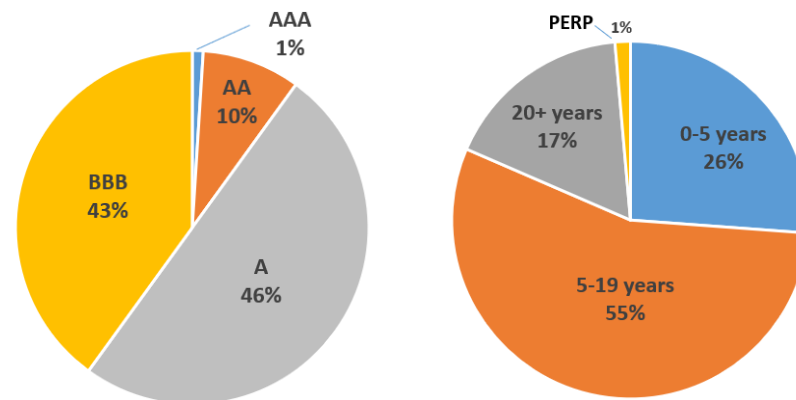


- U.S. Investment Grade funds posted outflows of \$895 million
- U.S. High Yield funds saw inflows of \$2.93 billion
- Net inflows to ESG ETF's totaled \$1.42 billion

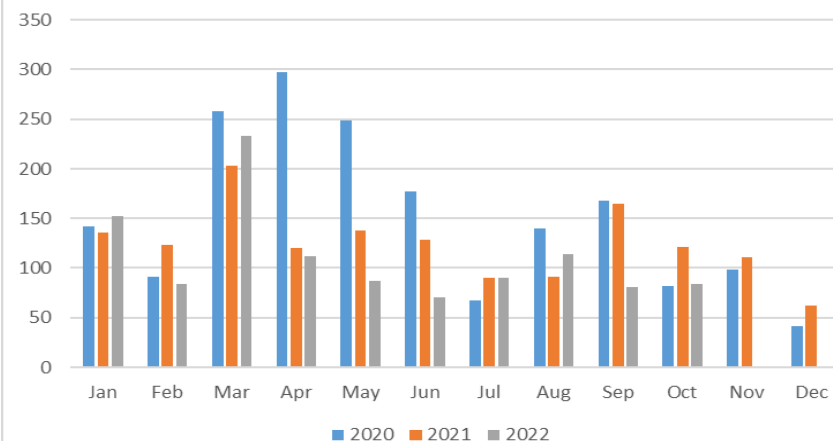
# INVESTMENT GRADE METRICS

Week Ending	11.18.22	11.11.22	YTD
Volume (\$b)	\$24.8	\$45.5	\$1,184.0
Deals	22	28	700
Tranches	31	46	1323
AVG IPT-PXD	(28.28)	(27.74)	(21.71)
AVG X-Cover	3.6	3.7	3.0
AVG NIC	9.2	6.9	11.0
Month-To-Date	Nov-22	Oct-22	November 2022 Estimate
Volume (\$b)	\$75.3	\$84.2	\$75.7
Deals	55	46	n.a.
Year-To-Date	2022	2021	+/- %
Ex-SSA Issuance (\$b)	\$1,184.0	\$1,419.1	(17)
Domestic FIG	\$407.0	\$442.1	(8)
Domestic Industrial	\$320.3	\$365.6	(12)
Domestic Utility	\$76.5	\$84.8	(10)
Yankee FIG	\$276.6	\$313.1	(12)
Yankee Industrial	\$91.3	\$199.8	(54)
Yankee Utility	\$12.4	\$13.6	(9)
M&A	\$131.9	\$154.8	(15)
Green	\$37.7	\$43.6	(13)
Sustainability	\$17.7	\$24.1	(26)
Sustainability-Linked	\$14.2	\$13.8	(3)
Social	\$3.7	\$6.2	(40)
Total ESG (U.S. Ex-SSA)	\$73.3	\$88.0	(17)
Last 3 Years	Year-Ending	Volume	+/- %
Ex-SSA Issuance (\$b)	2021	\$1,491	(18)
	2020	\$1,810	60.0
	2019	\$1,128	(3.7)
M&A Issuance (\$b)	2021	\$170	83
	2020	\$93	(49)
	2019	\$184	(29)

## 2022 YTD DISTRIBUTION



## NEW ISSUE VOLUME



# REVIEW OF MACRO ENVIRONMENT

<u>Exchange</u>	<u>Current</u>	<u>52 Week High</u>	<u>2021 Close</u>	<u>YTD %</u>
<b>North America</b>				
DIJA	<b>33,746</b>	36,953	<b>36,338</b>	<b>-7.1%</b>
S&P 500	<b>3,965</b>	4,819	<b>4,766</b>	<b>-16.8%</b>
Nasdaq	<b>11,146</b>	16,212	<b>15,645</b>	<b>-28.8%</b>
VIX	<b>23</b>	38.9	<b>17</b>	<b>33.9%</b>
IPC - Mexico	<b>51,534</b>	57,064	<b>53,272</b>	<b>-3.3%</b>
S&P/TSX - Toronto	<b>19,976</b>	22,213	<b>21,223</b>	<b>-5.9%</b>
<b>Europe</b>				
CAC 40 - Paris	<b>6,644</b>	7,385	<b>7,153</b>	<b>-7.1%</b>
DAX - Frankfurt	<b>14,432</b>	16,290	<b>15,885</b>	<b>-9.1%</b>
FTSE 100 - London	<b>7,386</b>	7,687	<b>7,385</b>	<b>0.0%</b>
FTSE MIB - Italy	<b>24,675</b>	28,213	<b>27,347</b>	<b>-9.8%</b>
IBEX - Spain	<b>8,128</b>	9,013	<b>8,714</b>	<b>-6.7%</b>
<b>Asia</b>				
Hang Seng - Hong Kong	<b>17,993</b>	25,100	<b>23,398</b>	<b>-23.1%</b>
KOSPI - South Korea	<b>2,444</b>	3,044	<b>2,978</b>	<b>-17.9%</b>
Nikkei 225 - Japan	<b>27,900</b>	29,806	<b>28,792</b>	<b>-3.1%</b>
RTS - Russia	<b>1,147</b>	1,798	<b>1,596</b>	<b>-28.1%</b>
Sensex - India	<b>61,663</b>	62,053	<b>58,254</b>	<b>5.9%</b>
S&P/ASX 200 - Australia	<b>7,152</b>	7,625	<b>7,445</b>	<b>-3.9%</b>
Shanghai - China	<b>3,097</b>	3,709	<b>3,640</b>	<b>-14.9%</b>

<u>(USD)</u>	<u>Current</u>	<u>Y/E 2021</u>	<u>2022 Projected</u>	<u>2023 Projected</u>
NYM WTI Crude (\$/bbl)	\$80.20	\$75.21	\$95.18	\$78.12
NYMEX Nat. Gas (MMBtu)	\$6.35	\$3.73	6.87	5.25
Gold (\$/t oz)	\$1,749.38	\$1,829	1,790	1,817
Silver (\$/t oz)	\$20.91	\$23	21.27	21.47
Soybeans (cents/bu)	\$1,427.50	\$1,329	1,574.59	1,404.45
Wheat (cents/bu)	\$820.25	\$771	931.61	841.51

	<u>Yield</u>	<u>2021 Close</u>	<u>+ / - bps</u>
Fed Funds	3.830	0.080	375.00
3-Month T-Bills	4.227	0.030	419.66
3-Month Libor	4.675	0.209	446.63
2-Year	4.529	0.732	379.65
3-Year	4.297	0.957	333.99
5-Year	4.010	1.263	274.72
10-Year	3.823	1.510	231.31
30-Year	3.921	1.903	201.75

# ECONOMIC RELEASE CALENDAR—NOVEMBER 2022

Monday	Tuesday	Wednesday	Thursday	Friday
<b>31-Oct</b>	<b>01-Nov</b>	<b>02-Nov</b>	<b>03-Nov</b>	<b>04-Nov</b>
	ISM	FOMC Rate Decision	Initial Jobless Claims	Nonfarm Payrolls
	Construction Spending	MBA Mortgage Applications	Continuing Claims	Unemployment Rate
		ADP Employment Change	Durable Goods	
			Factory Orders	
<b>07-Nov</b>	<b>8-Nov</b>	<b>9-Nov</b>	<b>10-Nov</b>	<b>11-Nov</b>
Consumer Credit	Small Business Optimism	MBA Mortgage Applications	Initial Jobless Claims	U. Of Michigan Sentiment
		Wholesale Inventories	Continuing Claims	
			CPI	
<b>14-Nov</b>	<b>15-Nov</b>	<b>16-Nov</b>	<b>17-Nov</b>	<b>18-Nov</b>
	PPI	MBA Mortgage Applications	Initial Jobless Claims	Existing Home Sales
	Empire Manufacturing	Retail Sales	Continuing Claims	
		Industrial Production	Housing Starts	
		Capacity Utilization	Building Permits	
<b>21-Nov</b>	<b>22-Nov</b>	<b>23-Nov</b>	<b>24-Nov</b>	<b>25-Nov</b>
		<b>MBA Mortgage Applications</b>		
		<b>Durable Goods Orders</b>		
		<b>Initial Jobless Claims</b>		
		<b>New Home Sales</b>		
		<b>U. Of Michigan Sentiment</b>		
<b>28-Nov</b>	<b>29-Nov</b>	<b>30-Nov</b>	<b>01-Dec</b>	<b>02-Dec</b>
	Consumer Confidence	GDP	Initial Jobless Claims	Nonfarm Payrolls
		Personal Consumption	Continuing Claims	Unemployment Rate
		ADP Employment Change	Personal Income	
		Pending Home Sales	ISM	

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*Source: Stern Commentary, Bloomberg, Environmental Finance, IIF, S&P Global*

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