



CAPITAL MARKETS AND MACROECONOMIC UPDATE

March 13, 2023

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CAPITAL MARKETS COMMENTARY

- **THE INVESTMENT GRADE PRIMARY MARKET** priced 32 deals for \$39.3B, beating the average estimate calling for \$35.3B
- **THIS WEEK IS EXPECTING \$25.0B ON AVERAGE TO PRICE** with a low guess of \$19.0B and high of \$32.5B
- **MARCH HAS PRICED \$55.8B** compared to the average estimate of \$155.9, with three weeks remaining in the month
- **YEAR-TO-DATE VOLUME STANDS AT \$359.2B**, running 2% behind 2022
- **THIS WEEK MIGHT BE TRICKY** with the fallout of Silicon Valley Bank at the end of the last week, CPI on Tuesday, PPI on Wednesday, March Madness starting, and St. Patrick's Day on Friday
 - Last week was the first week in 2023 that end-of-day secondaries were wider on average every day
 - Deals were trading 3.7bp wider on average on Friday
 - At the same time, issuers are certainly looking at rates on Friday which were 20-47bp lower from the widest point of the week on Wednesday

	Volume (B)	IPT-PXD (bp)	Book (X)	NIC (bp)
Week ending 03/10/23	\$39.3	(23.4)	3.5	9.4
Week ending 03/03/23	\$48.1	(21.8)	3.2	6.7
March 2023	\$55.8	(22.4)	3.5	9.5
2023 YTD	\$359.2	(24.1)	3.5	7.3
2022 YTD	\$365.1	(20.1)	2.7	9.0

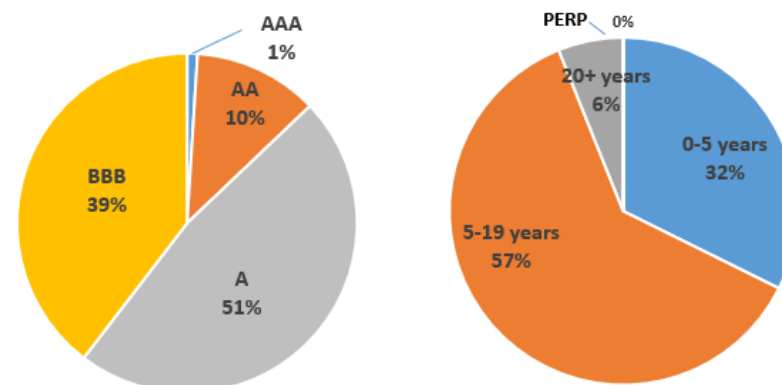
- **THE HIGH YIELD PRIMARY MARKET** had its second zero-issuance week of the year
 - The week priced no deals
 - March has priced five deals for \$4.2B
 - YTD has priced 45 deals for \$38.5B, running 8% ahead of 2022
- **BOND FUNDS SAW INVESTMENT GRADE INFLOWS OF \$717M** and \$10.0M inflows for high yield

- **INITIAL JOBLESS CLAIMS ROSE 21,000 TO 211,000**—higher than the 195,000 number expected
 - Continuing claims jumped the most since November 2021 to 1.72M
 - The elevated figures could have been driven by recent contract negotiations for NYC school workers (bus drivers and janitorial staff) where they now can file for unemployment benefits when there is a school break; NYC had its winter break last month...
- **FACTORY ORDERS FELL 1.6% IN JANUARY** and December orders were revised lower to down 1.7%; excluding transportation, orders rose 1.2%
- **DURABLE GOODS ORDERS FELL 4.5% IN JANUARY**; excluding transportation, orders rose 0.8%
- **FRIDAY'S JOBS NUMBER SEEMED TO HAVE A LITTLE BIT TO LIKE AND DISLIKE WITH THE HEADLINE NONFARM PAYROLLS ADDING 311,000 JOBS**, much higher than the 225,000 number expected
 - On the “like” side, wage growth moderated with hourly earnings up 0.2%, lower than the up 0.4% consensus
 - The unemployment rate also ticked up to 3.6% from 3.4%
 - The Labor Participation Rate inched up slightly to 62.5%
 - Employers had 10.8M job openings in January, down from 11.2M in December, but still double the number of unemployed people seeking work—a sign that strong hiring could continue
- **IT WAS AN ACTIVE WEEK IN M&A WITH \$8.55B ADDED TO THE YTD TOTAL OF \$52.0B, INCLUDING SPIN-OFFS**
 - *Magna International Inc.* added \$800M which proceeds will be used to help fund their acquisition of Veoneer Active Safety business from SSW Partners
 - *Kenvue Inc.* priced \$7.75B in preparation for their separation and spinoff of Johnson & Johnson’s Consumer Health business into an independently traded company

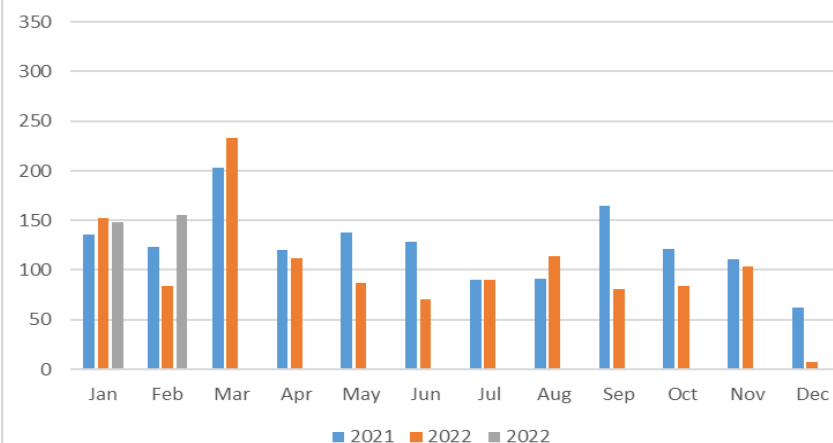
INVESTMENT GRADE METRICS

Week Ending	3.10.23	3.3.23	YTD
Volume (\$b)	\$39.3	\$48.1	\$359.2
Deals	32	37	215
Tranches	53	66	394
AVG IPT-PXD	(23.43)	(21.82)	(24.11)
AVG X-Cover	3.5	3.2	3.5
AVG NIC	9.4	6.7	7.3
Month-To-Date	Mar-23	Feb-23	March 2023 Estimate
Volume (\$b)	\$55.8	\$155.7	\$154.9
Deals	45	81	n.a.
Year-To-Date	2023	2022	+/- %
Ex-SSA Issuance (\$b)	\$359.2	\$365.1	(2)
Domestic FIG	\$77.3	\$138.7	(44)
Domestic Industrial	\$132.1	\$86.4	53
Domestic Utility	\$32.9	\$21.9	50
Yankee FIG	\$89.5	\$78.0	15
Yankee Industrial	\$27.5	\$37.6	(27)
Yankee Utility	\$0.0	\$2.6	(100)
M&A	\$47.0	\$51.6	(9)
Green	\$5.1	\$11.5	(56)
Sustainability	\$0.6	\$8.0	(93)
Sustainability-Linked	\$3.8	\$3.2	21
Social	\$0.0	\$2.5	(100)
Total ESG (U.S. Ex-SSA)	\$9.5	\$25.1	(62)
Last 3 Years	Year-Ending	Volume	+/- %
Ex-SSA Issuance (\$b)	2022	\$1,219	(22)
	2021	\$1,491	(18)
	2020	\$1,810	60.0
M&A Issuance (\$b)	2022	\$136	(20)
	2021	\$170	83
	2020	\$93	(49)

2023 YTD DISTRIBUTION



NEW ISSUE VOLUME



REVIEW OF MACRO ENVIRONMENT

Exchange	Current	52 Week High	2022 Close	YTD %	%/ATH
North America					
DIJA	31,910	35,492	33,147	-3.7%	89.9%
S&P 500	3,862	4,637	3,840	0.6%	83.3%
Nasdaq	11,139	14,647	10,466	6.4%	76.0%
VIX	28	36.6	22	27.4%	75.3%
IPC - Mexico	52,795	57,064	48,729	8.3%	92.5%
S&P/TSX - Toronto	19,775	22,213	19,385	2.0%	89.0%
Europe					
CAC 40 - Paris	7,066	7,401	6,577	7.4%	95.5%
DAX - Frankfurt	15,068	15,706	14,038	7.3%	95.9%
FTSE 100 - London	7,612	8,047	7,452	2.2%	94.6%
FTSE MIB - Italy	26,284	28,050	24,088	9.1%	93.7%
IBEX - Spain	9,005	9,528	8,360	7.7%	94.5%
Asia					
Hang Seng - Hong Kong	19,696	22,701	19,781	-0.4%	86.8%
KOSPI - South Korea	2,411	2,769	2,226	8.3%	87.1%
Nikkei 225 - Japan	27,833	29,223	26,095	6.7%	95.2%
RTS - Russia	953	1,496	971	-1.8%	63.7%
Sensex - India	58,238	63,583	61,168	-4.8%	91.6%
S&P/ASX 200 - Australia	7,109	7,625	7,039	1.0%	93.2%
Shanghai - China	3,269	3,425	3,089	5.8%	95.4%

	Yield	2022 Close	+ / - bps
Fed Funds	4.570	4.330	24.00
3-Month T-Bills	4.586	4.343	24.33
3-Month Libor	5.138	4.767	37.09
2-Year	4.147	4.426	-27.90
3-Year	3.953	4.224	-27.09
5-Year	3.672	4.004	-33.24
10-Year	3.517	3.875	-35.81
30-Year	3.635	3.963	-32.78

(USD)	Current	Y/E 2022	2023 Projected	2024 Projected
NYM WTI Crude (\$/bbl)	\$75.35	\$80.26	\$76.26	\$71.45
NYMEX Nat. Gas (MMBtu)	\$2.46	\$4.48	3.08	3.77
Gold (\$/t oz)	\$1,890.16	\$1,824	1,912	1,999
Silver (\$/t oz)	\$21.01	\$24	21.21	21.69
Soybeans (cents/bu)	\$1,521.75	\$1,519	1,449.33	1,330.60
Wheat (cents/bu)	\$674.75	\$792	693.97	725.17

ECONOMIC RELEASE CALENDAR—MARCH 2023

Monday	Tuesday	Wednesday	Thursday	Friday
27-Feb	28-Feb	1-Mar	2-Mar	3-Mar
Durable Goods	Consumer Confidence	MBA Mortgage Applications	Initial Jobless Claims	ISM Services
Pending Home Sales		ISM	Continuing Claims	
		Construction Spending		
6-Mar	7-Mar	8-Mar	9-Mar	10-Mar
Factory Orders	Wholesale Inventories	MBA Mortgage Applications	Initial Jobless Claims	Change in Nonfarm Payrolls
Durable Goods		ADP Employment Change	Continuing Claims	Unemployment Rate
13-Mar	14-Mar	15-Mar	16-Mar	17-Mar
	CPI	PPI	Initial Jobless Claims	Leading Index
	Small Business Optimism	MBA Mortgage Applications	Continuing Claims	U. Of Michigan
		Retail Sales	Housing Starts	Industrial Production
			Building Permits	
20-Mar	21-Mar	22-Mar	23-Mar	24-Mar
	Existing Home Sales	FOMC Rate Decision	Initial Jobless Claims	S&P Global PMI
		MBA Mortgage Applications	Continuing Claims	Durable Goods
			New Home Sales	
27-Mar	28-Mar	29-Mar	30-Mar	31-Mar
	Consumer Confidence	MBA Mortgage Applications	Initial Jobless Claims	PCE Deflator
		Pending Home Sales	Continuing Claims	Personal Income/Spending
			GDP Price Index	U. Of Michigan

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