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Credit market outlook after the election

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Apollo Global Management

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Unless otherwise noted, information as of November 2024.

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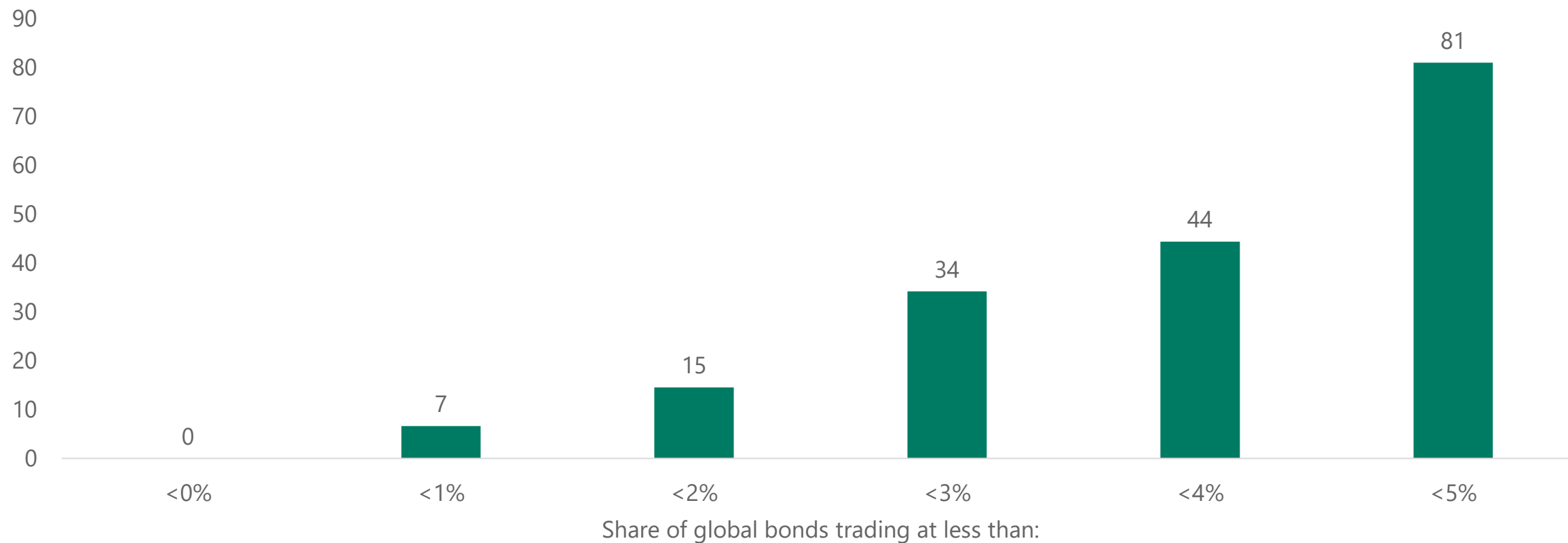


Key themes for credit investors after the election

- Credit spreads have continued to rally with many segments of the market, including US IG and HY corporates, EM corporates, and CLO A-BBB tranches, trading at or near post-Covid tightness. **The rally in credit spreads has been driven by a combination of robust economic growth, strong fixed income demand technicals, and, in the past few days, the election outcome.**
- **We expect credit fundamentals to remain robust.** This combined with elevated all-in yields and steep yield curves should continue to attract inflows into credit, which should support valuations even though room for further compression is getting more limited.
- **Given tight valuations and beta compression, we believe the risk-reward to extend spread duration or go down the rating spectrum is not compelling.** We see better value in private credit with the private-public basis still elevated.
- **Under a Republican administration, a more favorable approach to deal-making combined with a supportive economic backdrop should drive a significant pickup in M&A activity next year.** Trade policy, tariffs, and easing of the regulatory backdrop will have a disparate impact across the credit market and should drive elevated single-name dispersion.

81% of bonds in the world trading at less than 5% yield

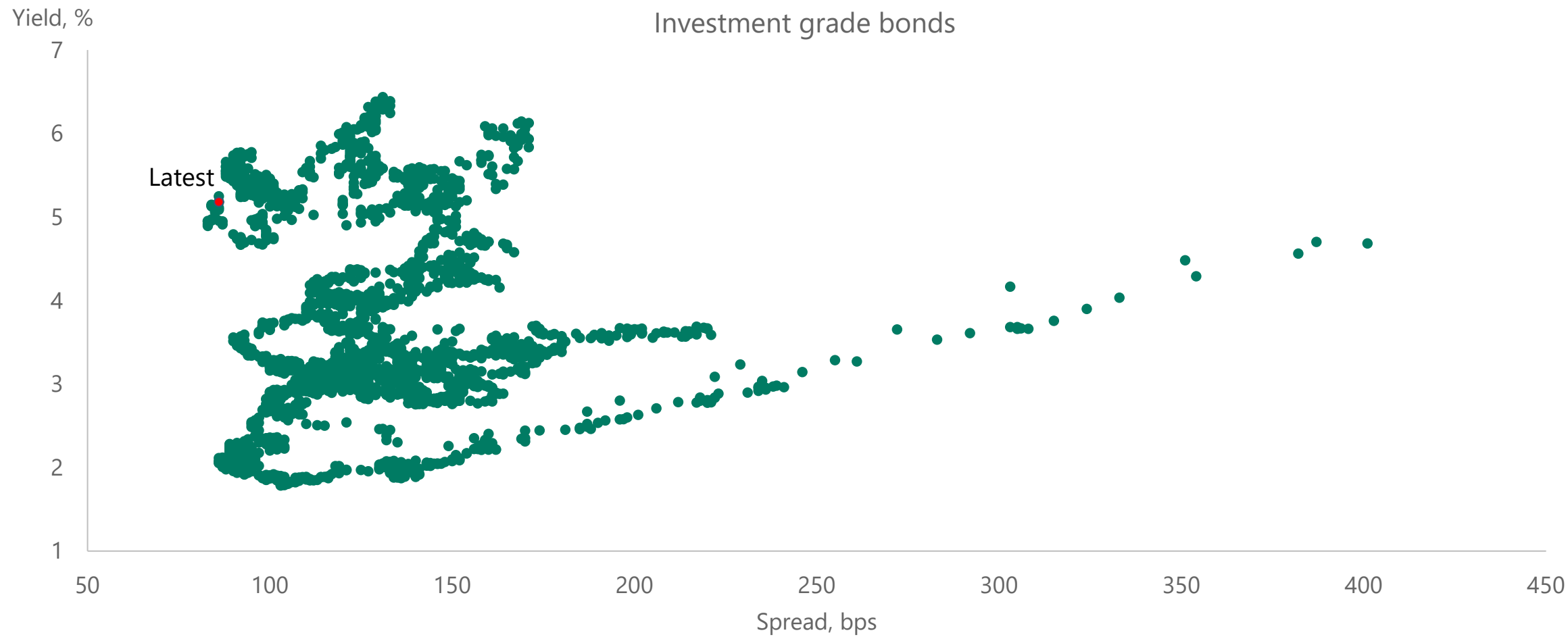
% global bonds outstanding



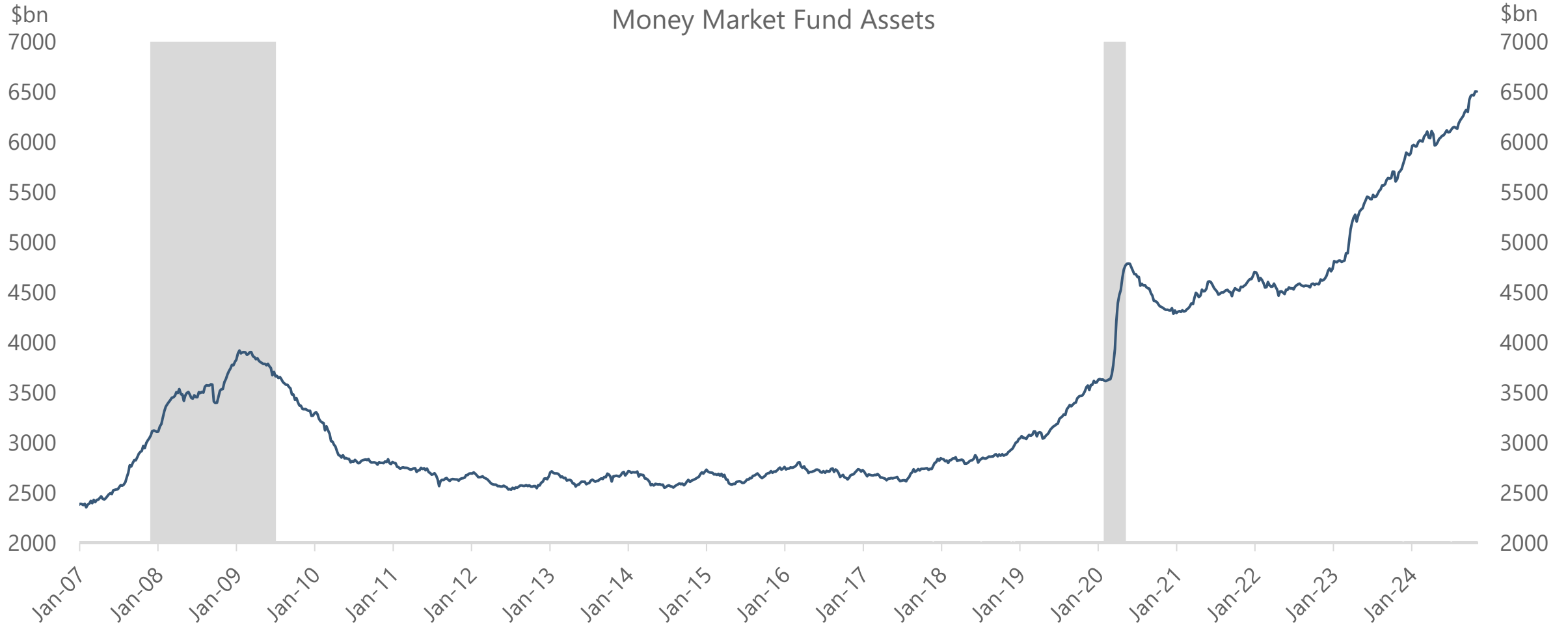
Overview



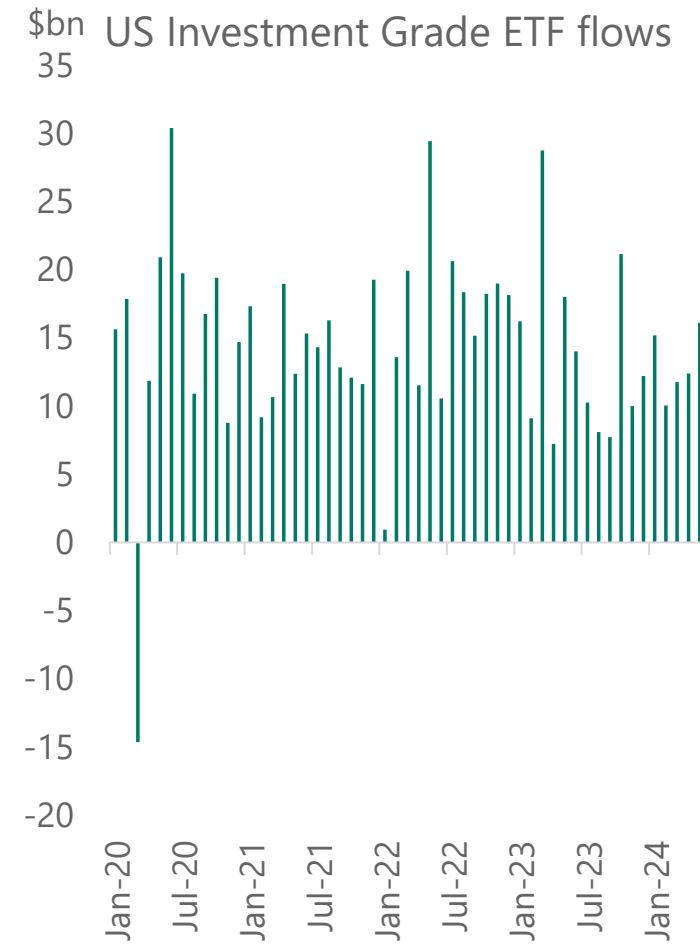
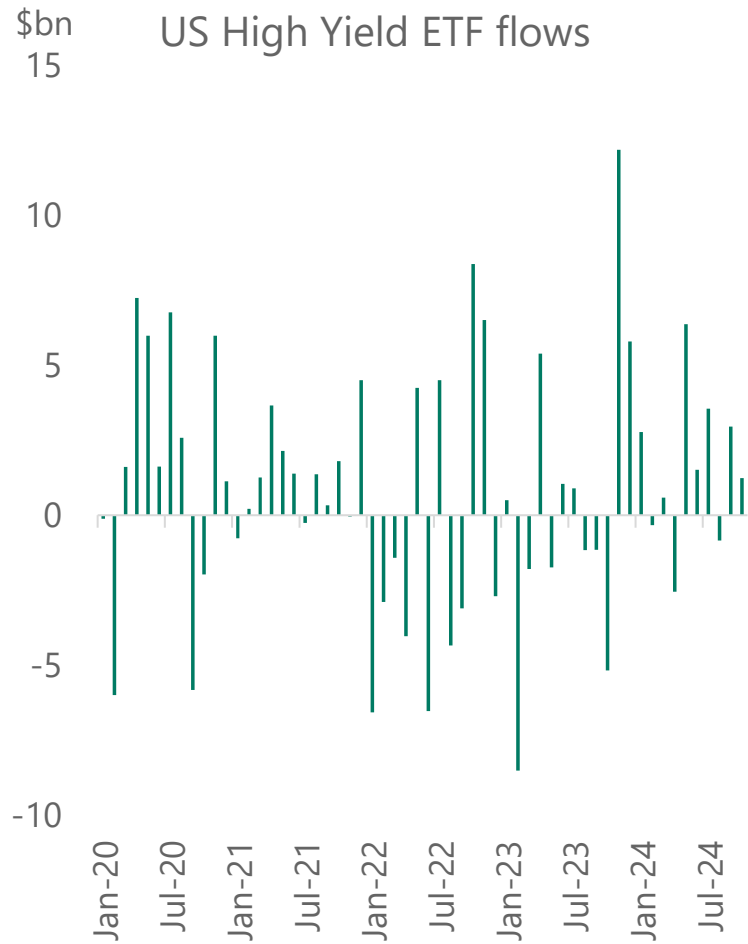
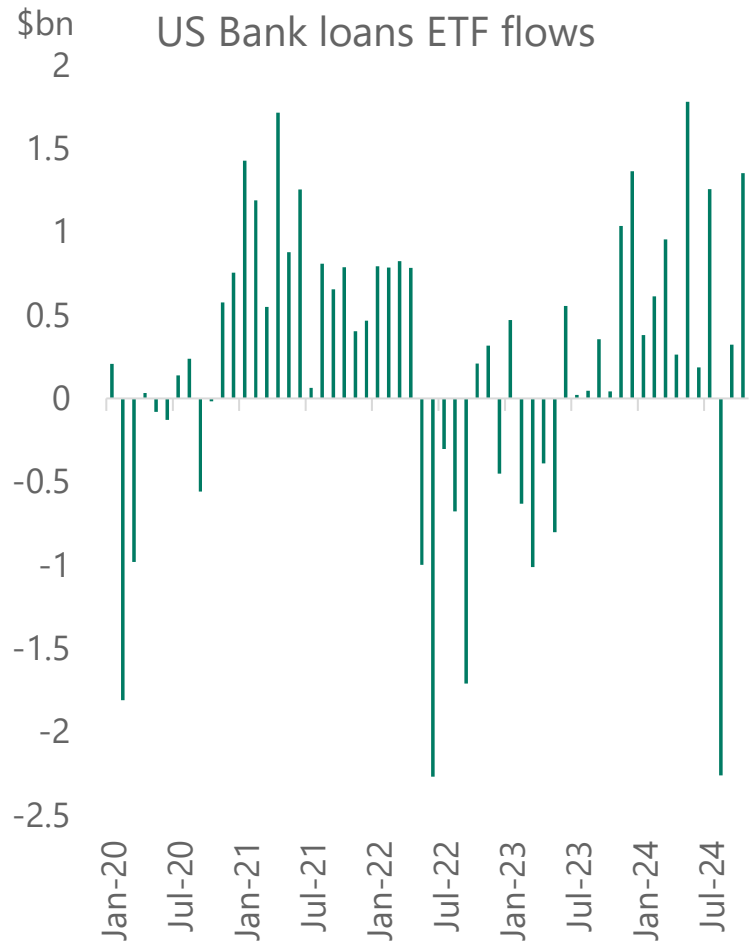
While spreads are tight, all-in yields are attractive



Money market fund assets at all-time high \$6.5trn, a good tailwind for credit as the Fed cuts interest rates

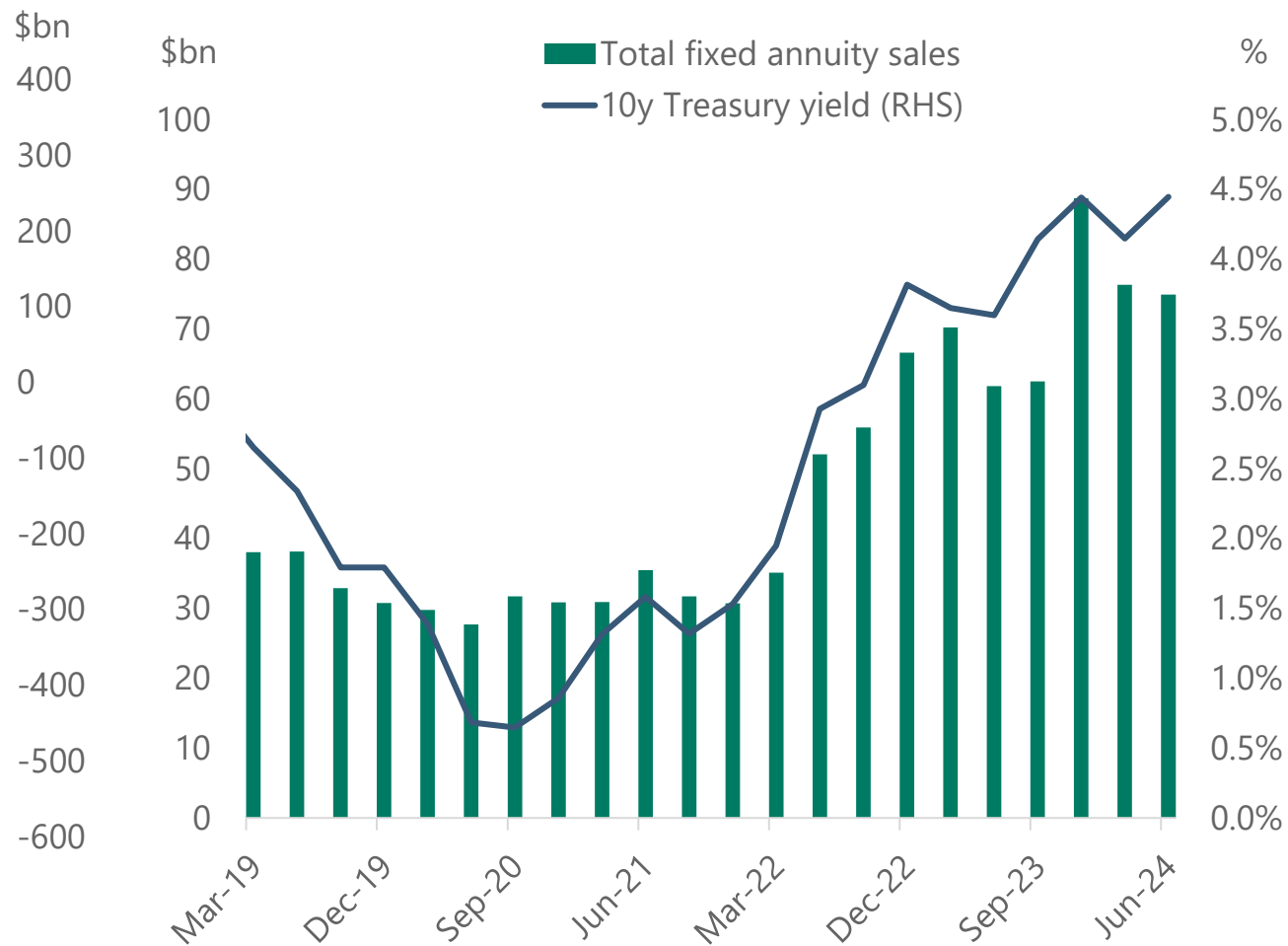
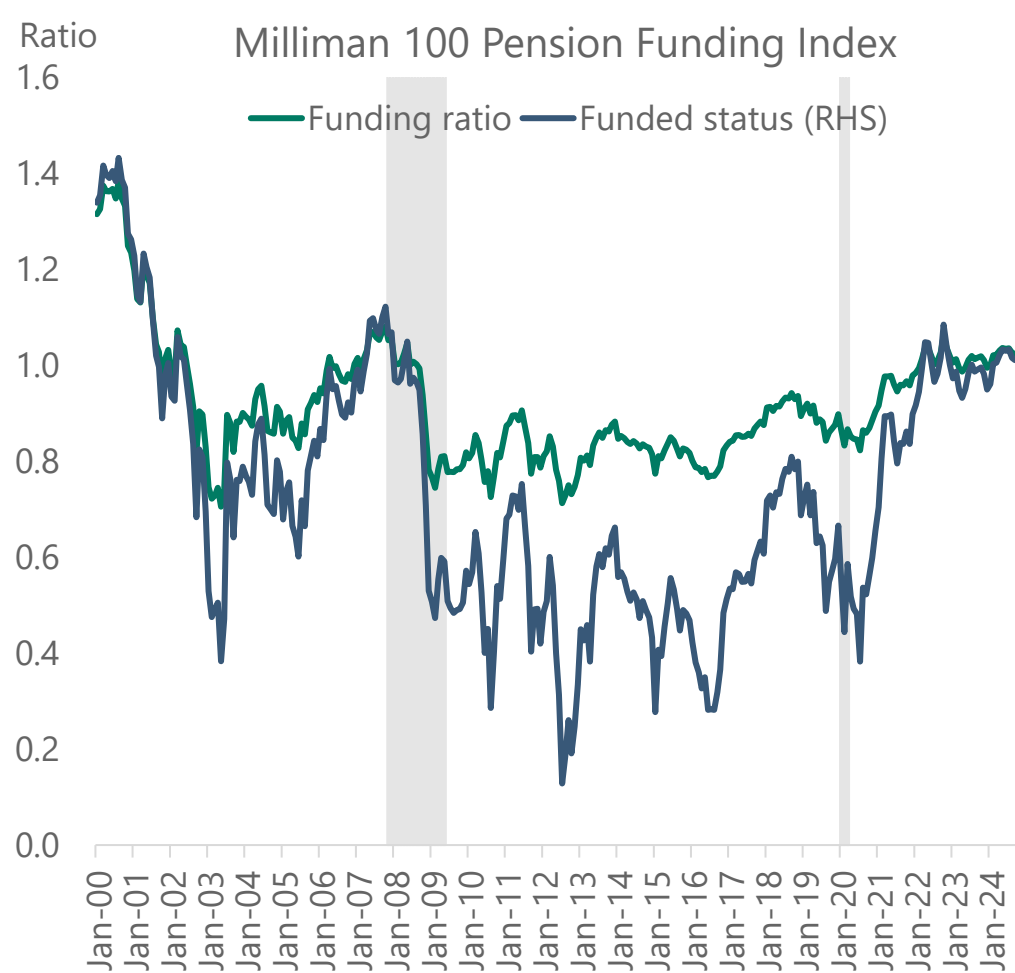


IG and Loan ETF Inflows have remained strong



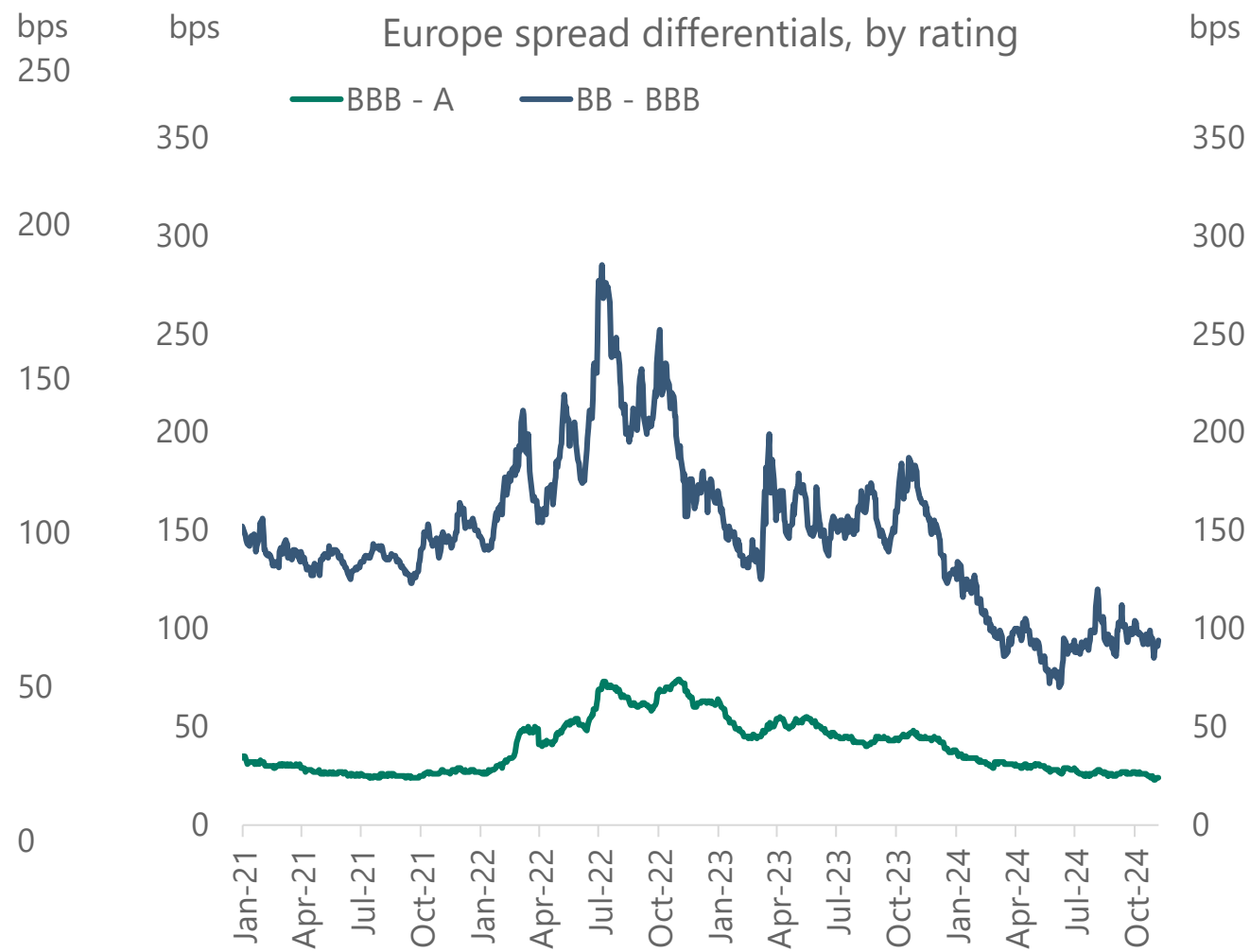
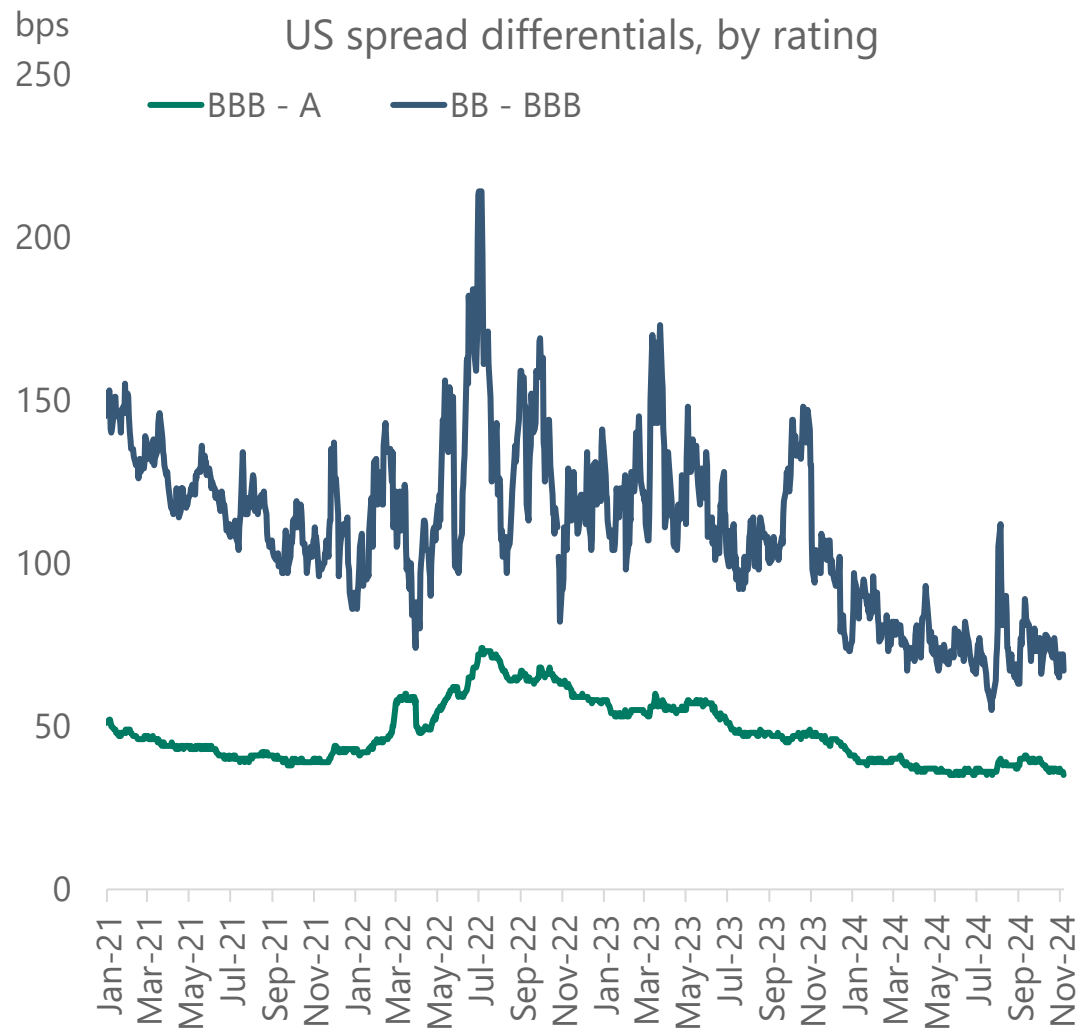
Source: Bloomberg, Apollo Chief Economist (Note: BFFUEBK Index: US Bank loans ETF flows, BFFUEHY Index: HY ETF flows; BFFUEIG Index: US IG ETF flows)

Demand from insurance and pensions should remain elevated

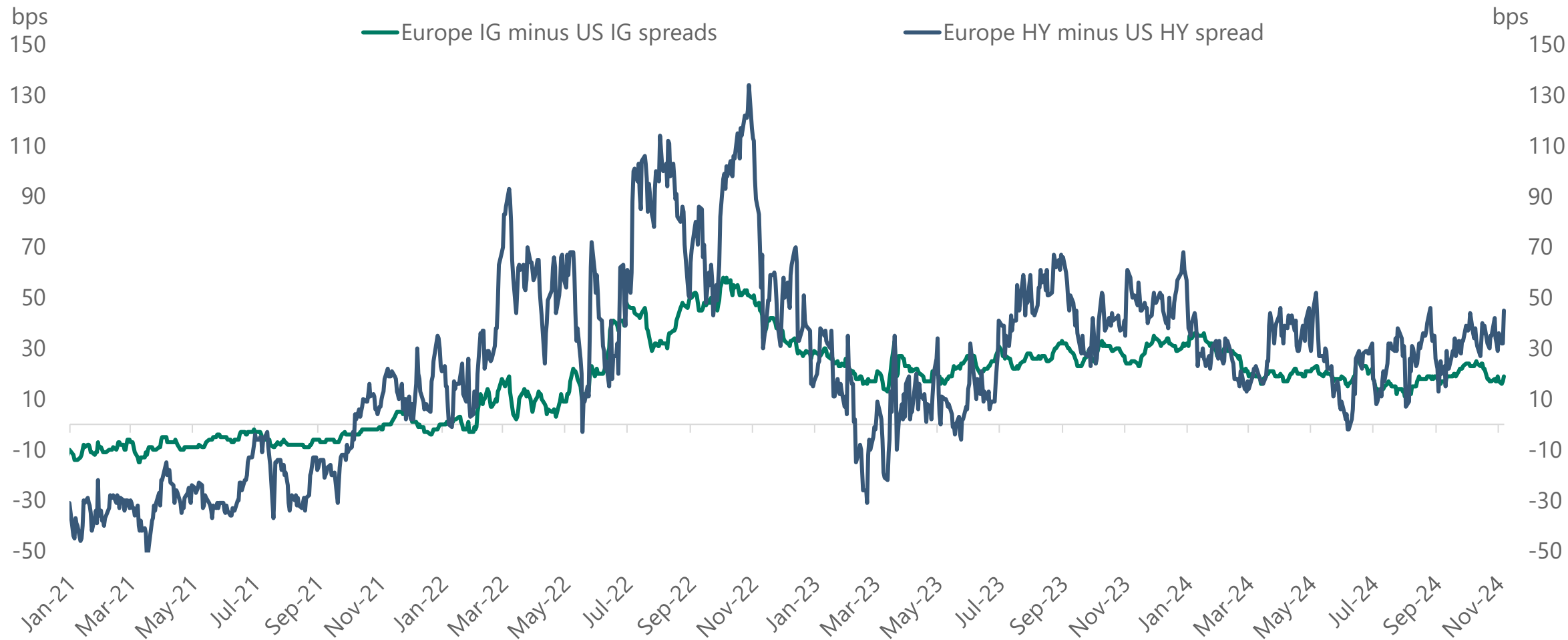


Source: Bloomberg, Apollo Chief Economist

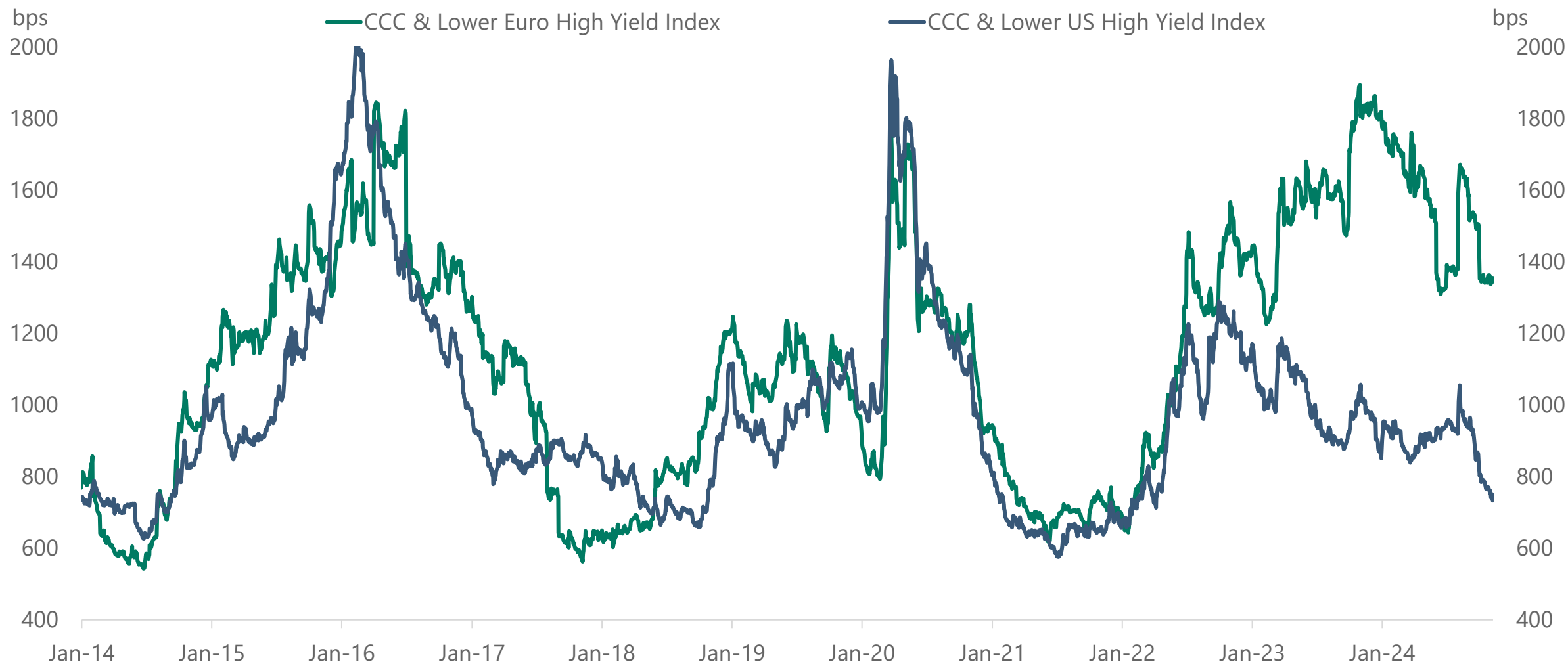
Beta compression across IG and high quality HY continues



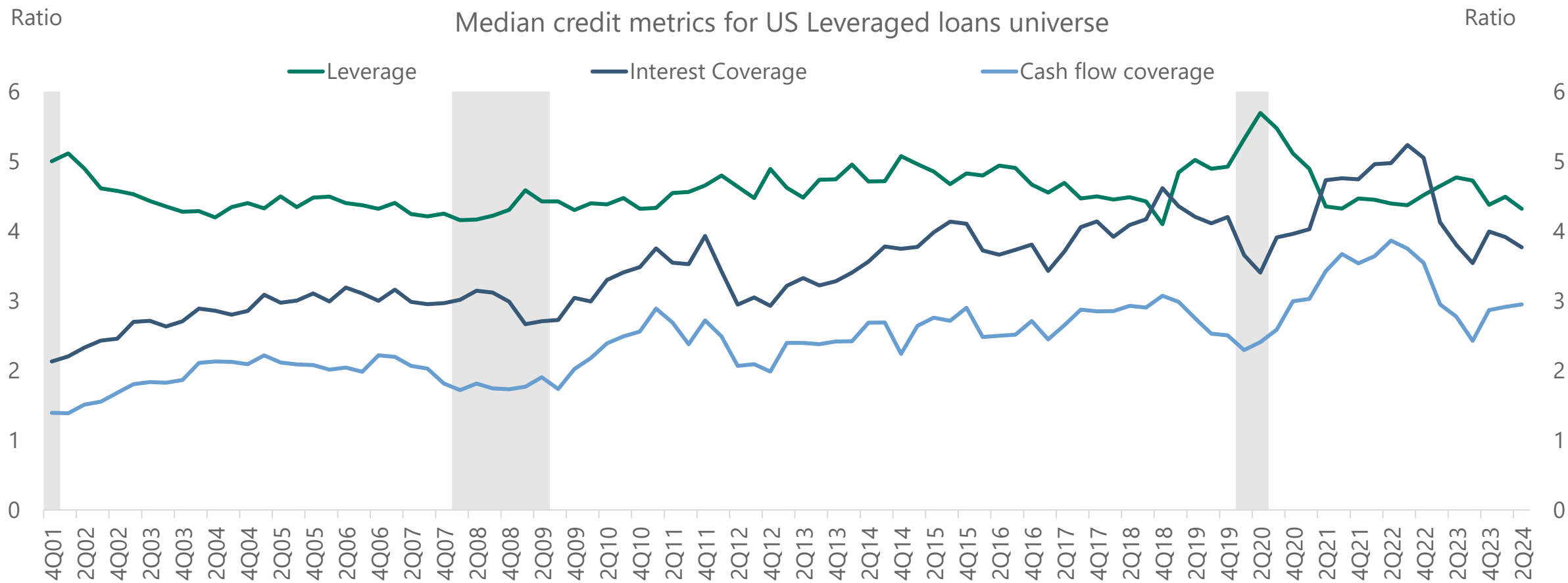
European credit has compressed to US this year, especially in investment grade credit



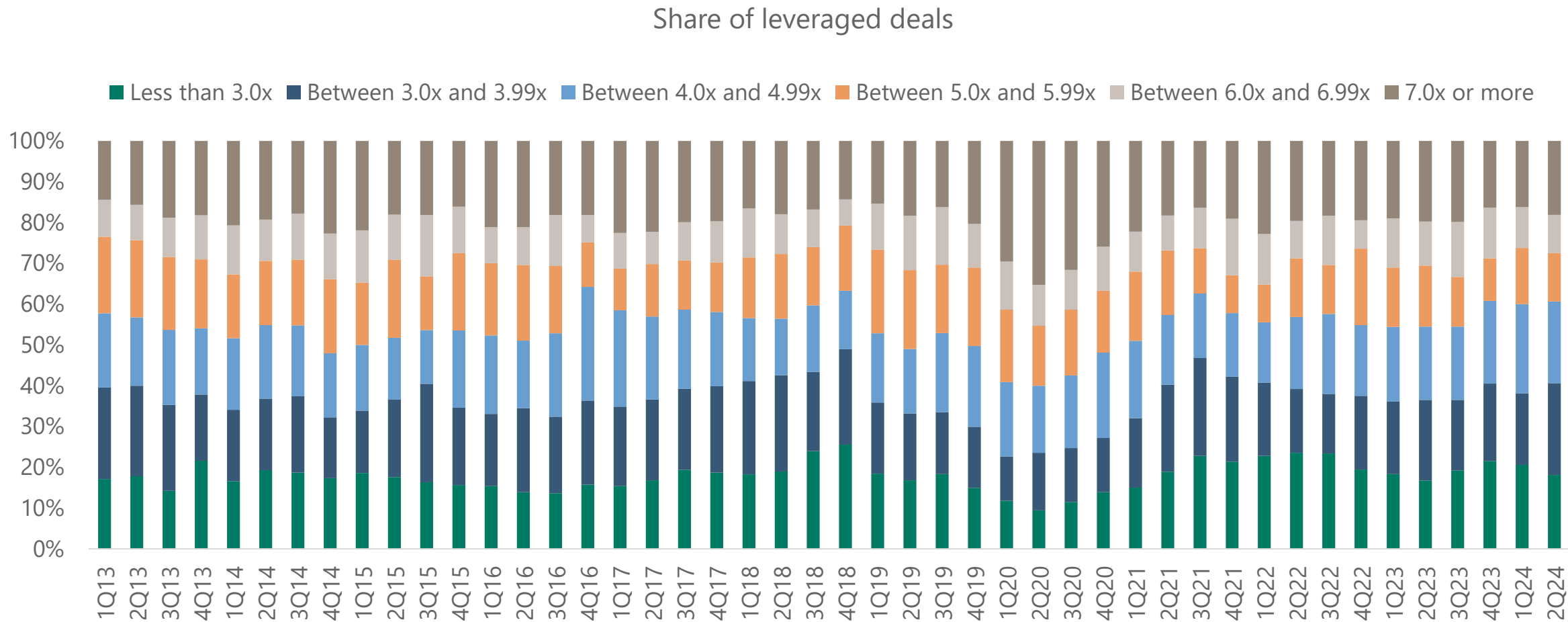
Continued divergence between US and Europe lower rated junk bond spreads



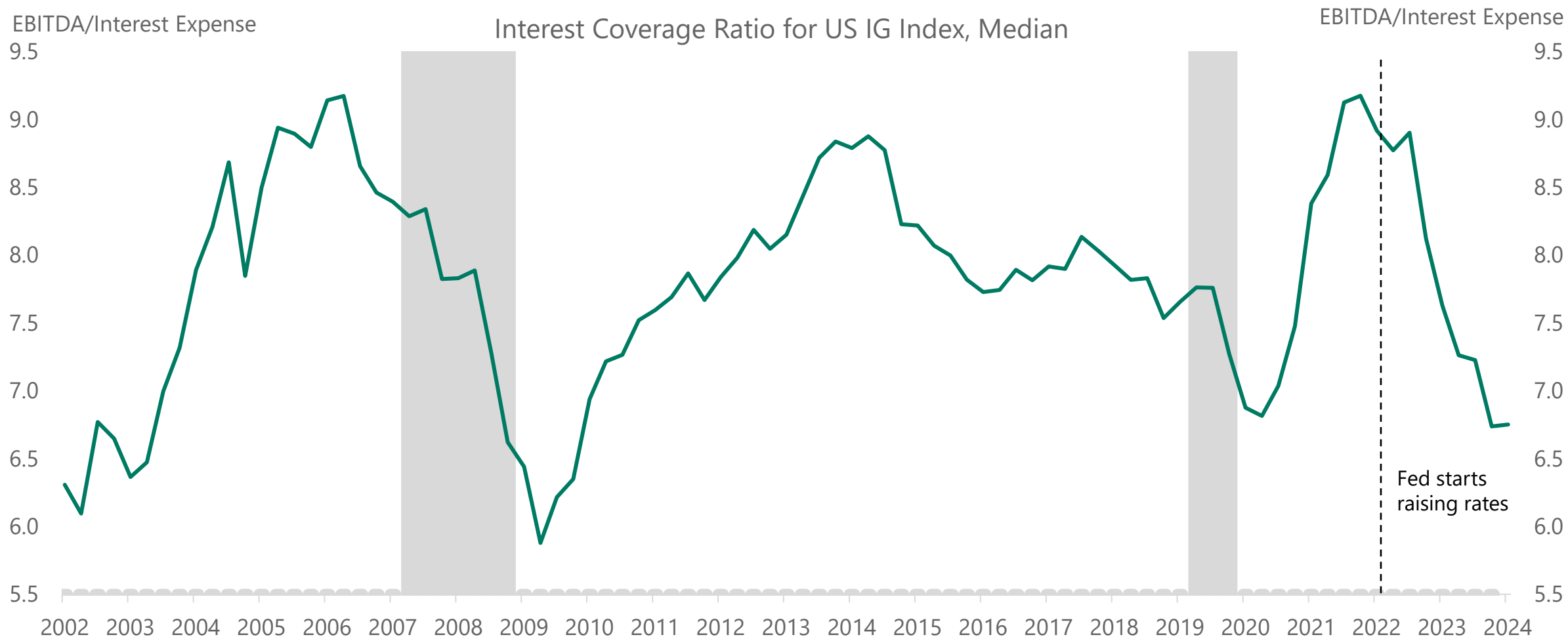
Credit metrics for leveraged loan deals



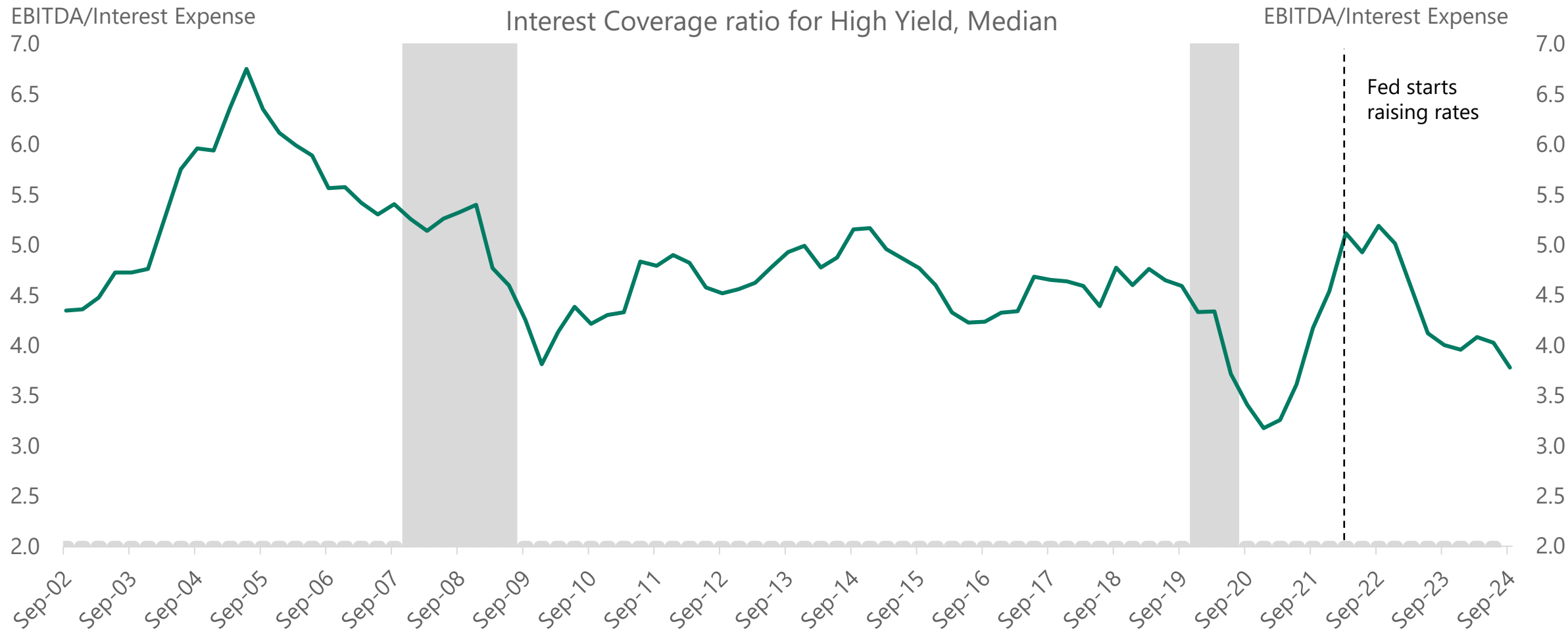
Interest coverage ratio for leveraged loans



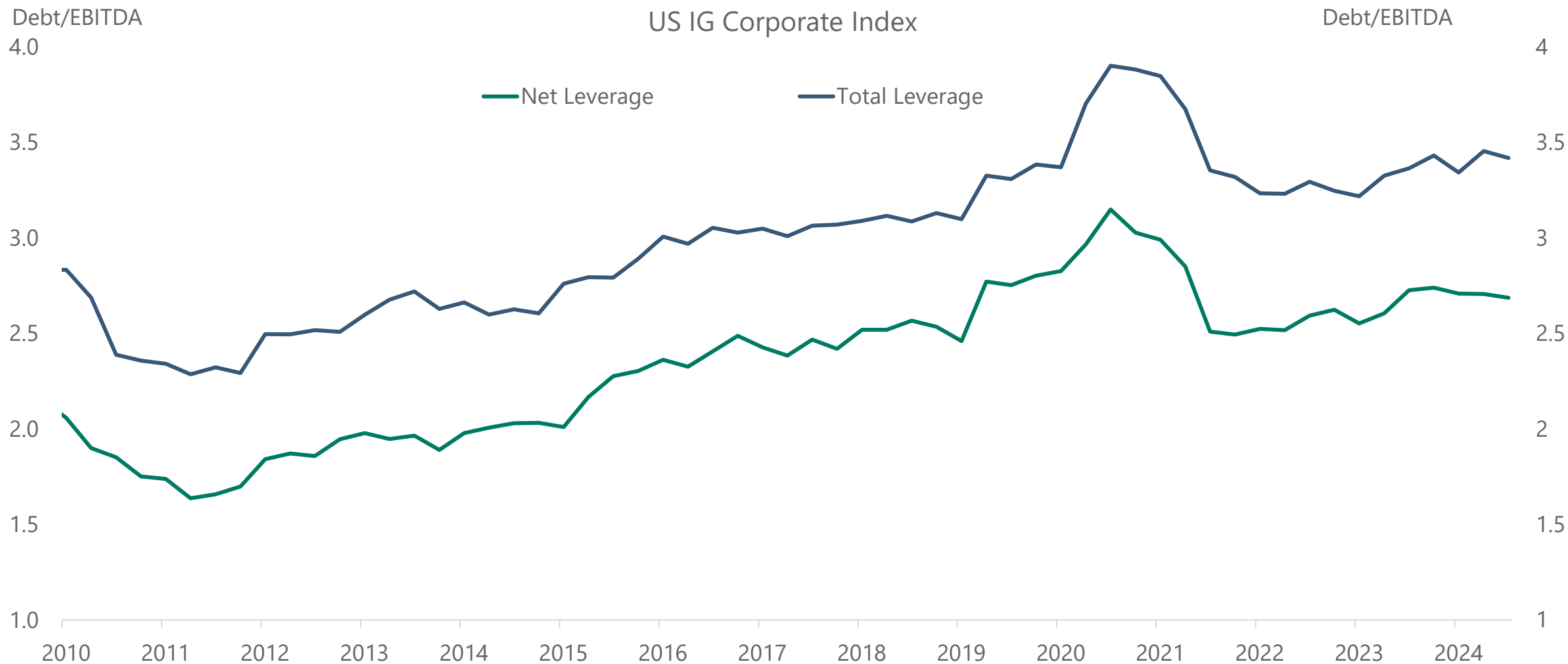
IG ICR falling



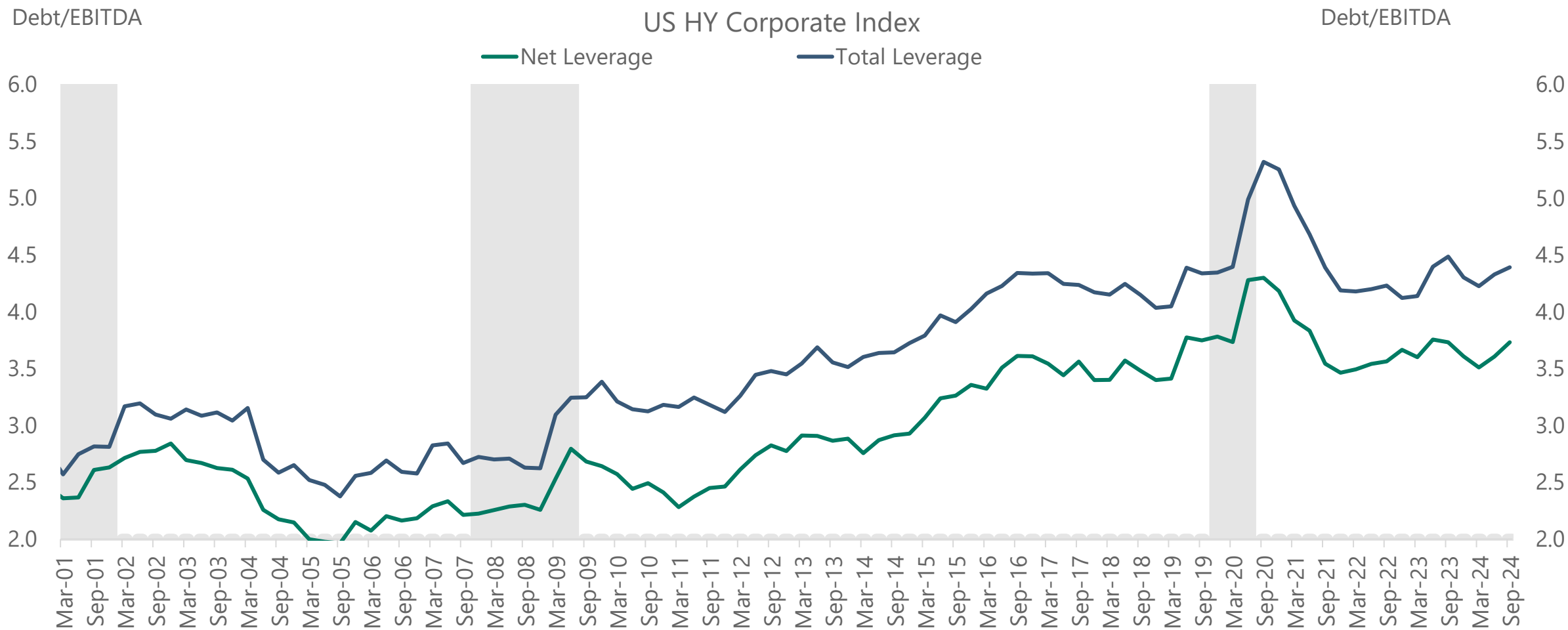
HY ICR falling



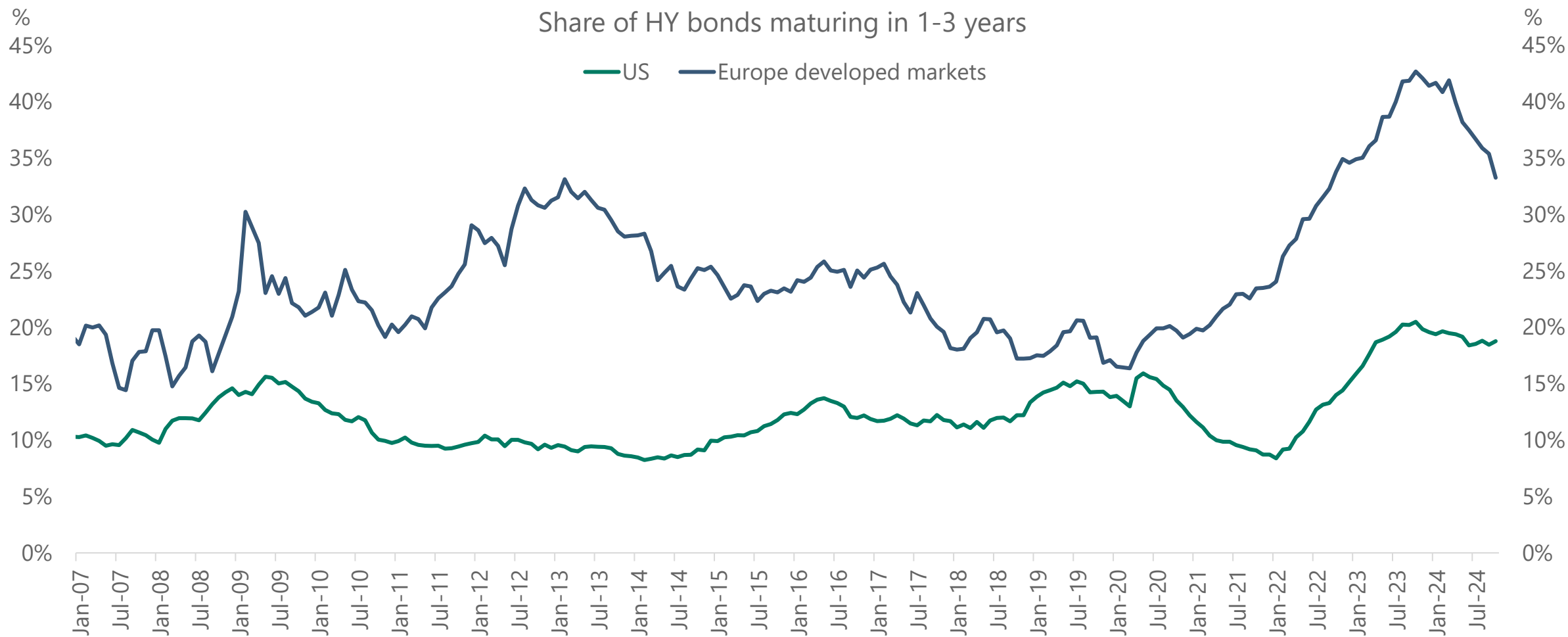
Leverage for investment grade companies is stable



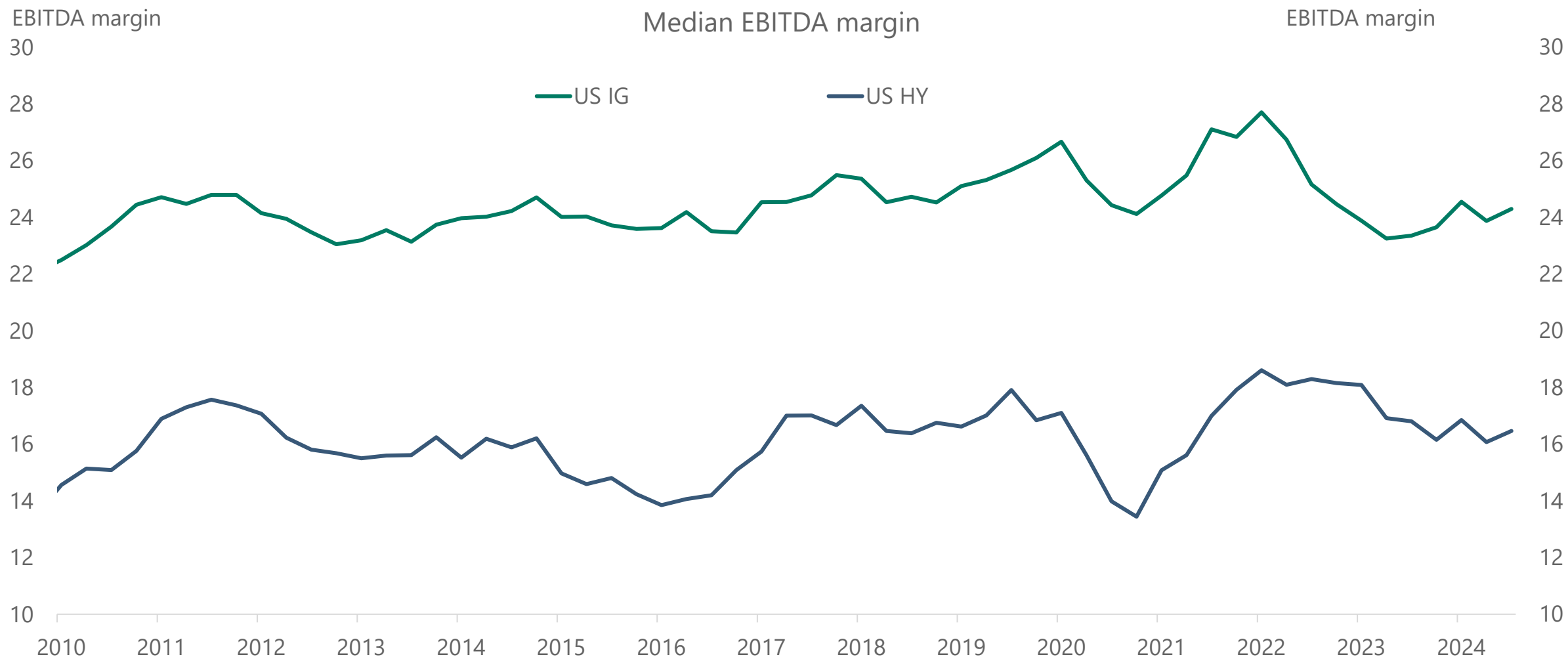
NY net leverage has been stable



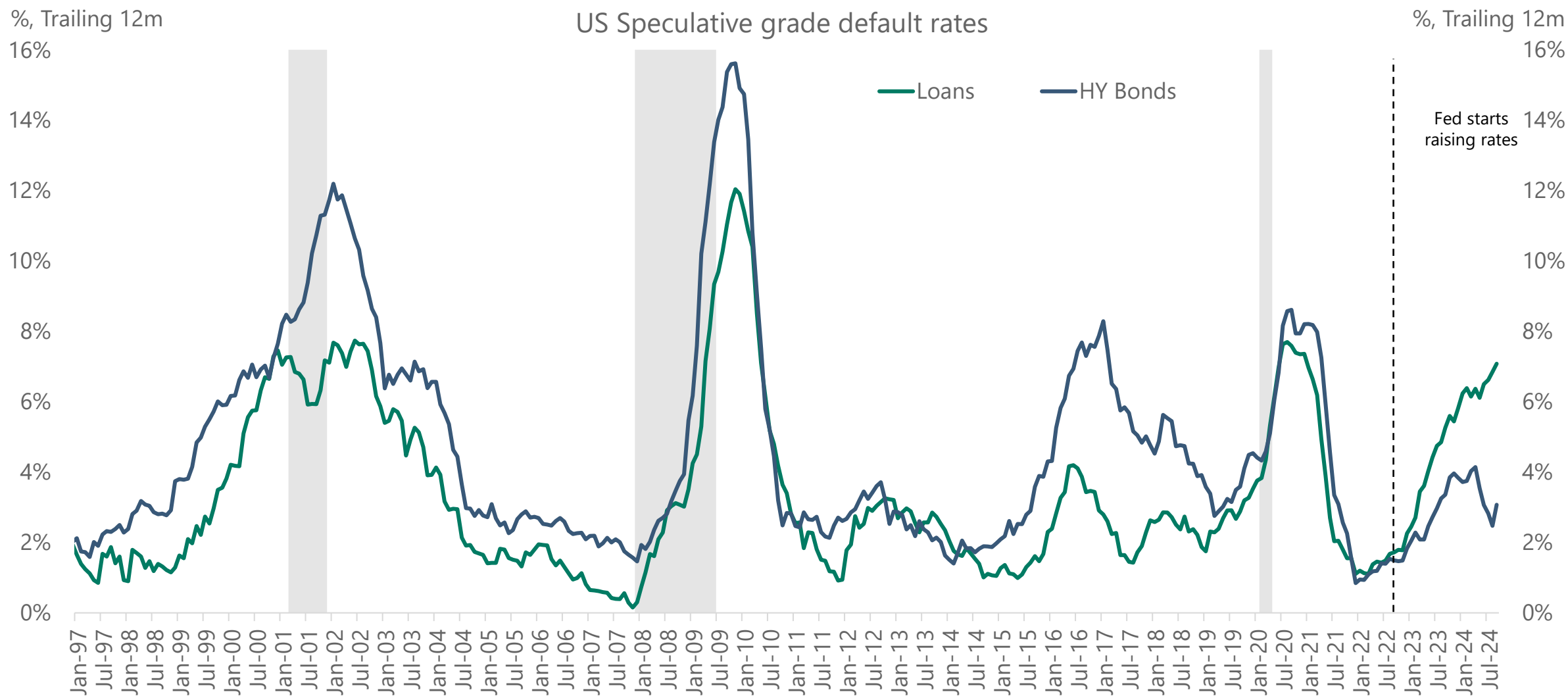
HY: Europe hitting the maturity wall before the US



EBITDA margins for HY coming down



A default cycle has started and higher for longer rates could weigh on lowest quality issuers

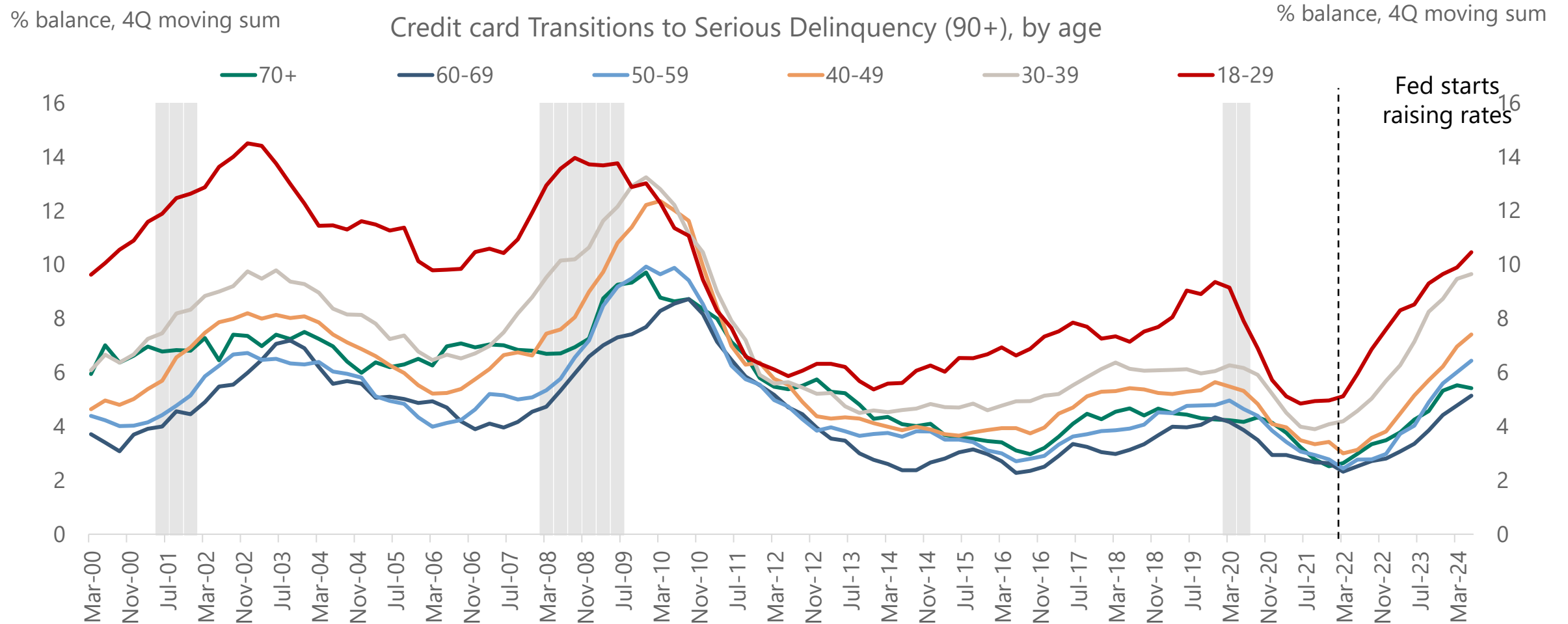


Source: Moody's Analytics, Apollo Chief Economist

Consumer Fundamentals

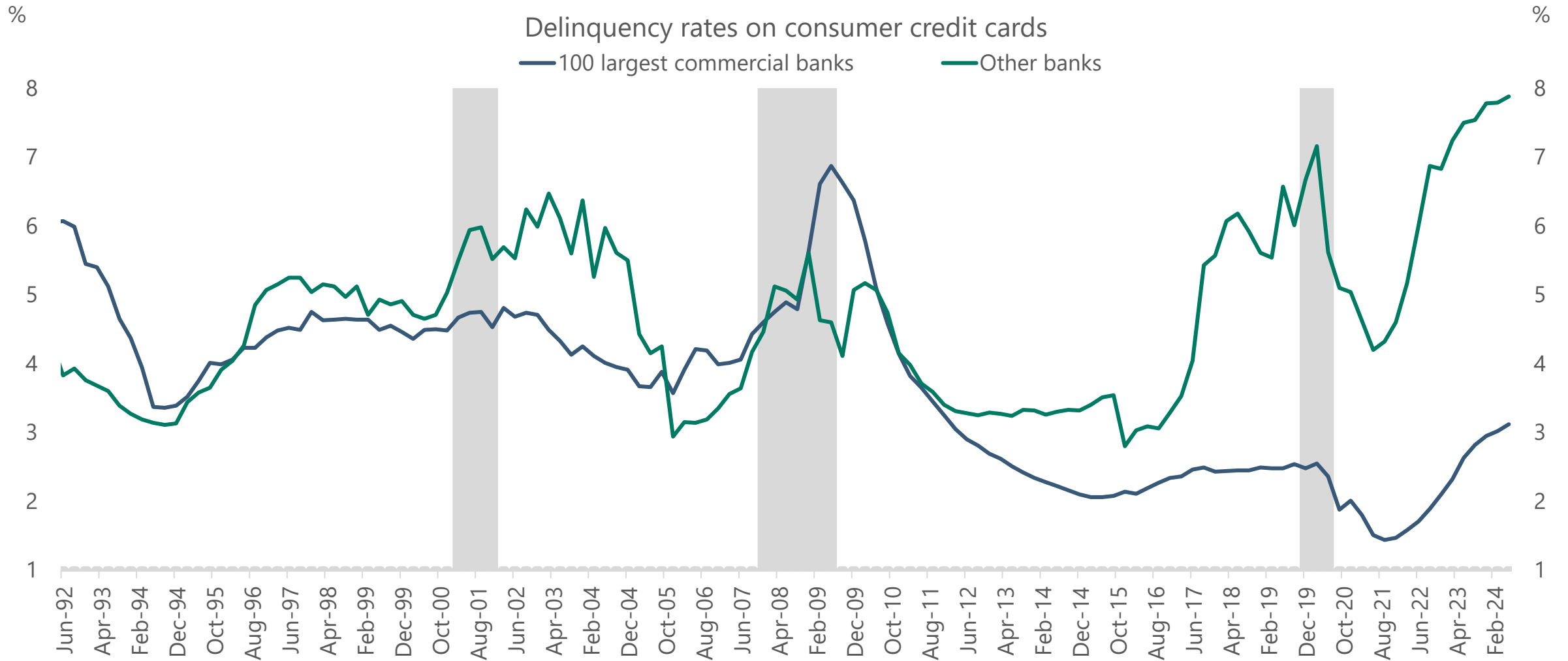


Credit card delinquency rates rising for younger households

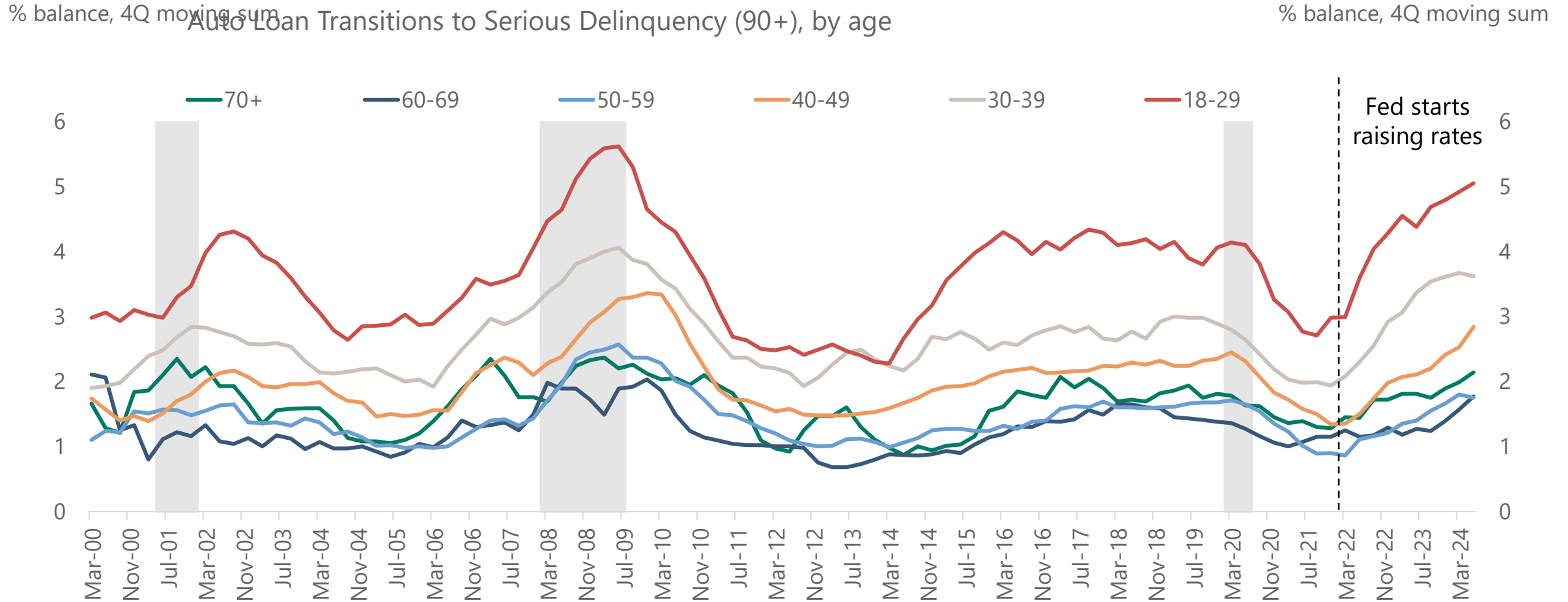


Source: New York Fed Consumer Credit Panel / Equifax, Apollo Chief Economist

Credit card delinquency rates at small banks are much higher than at large banks

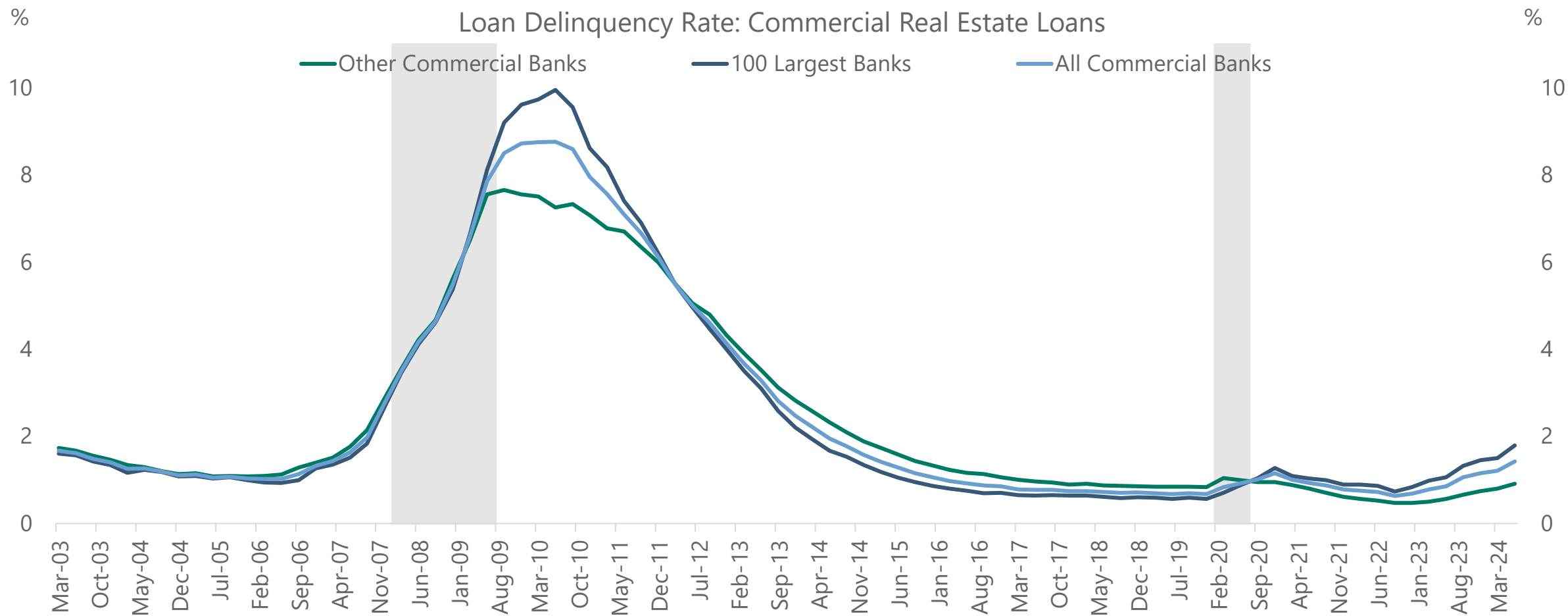


Auto loan delinquency rates rising for younger households

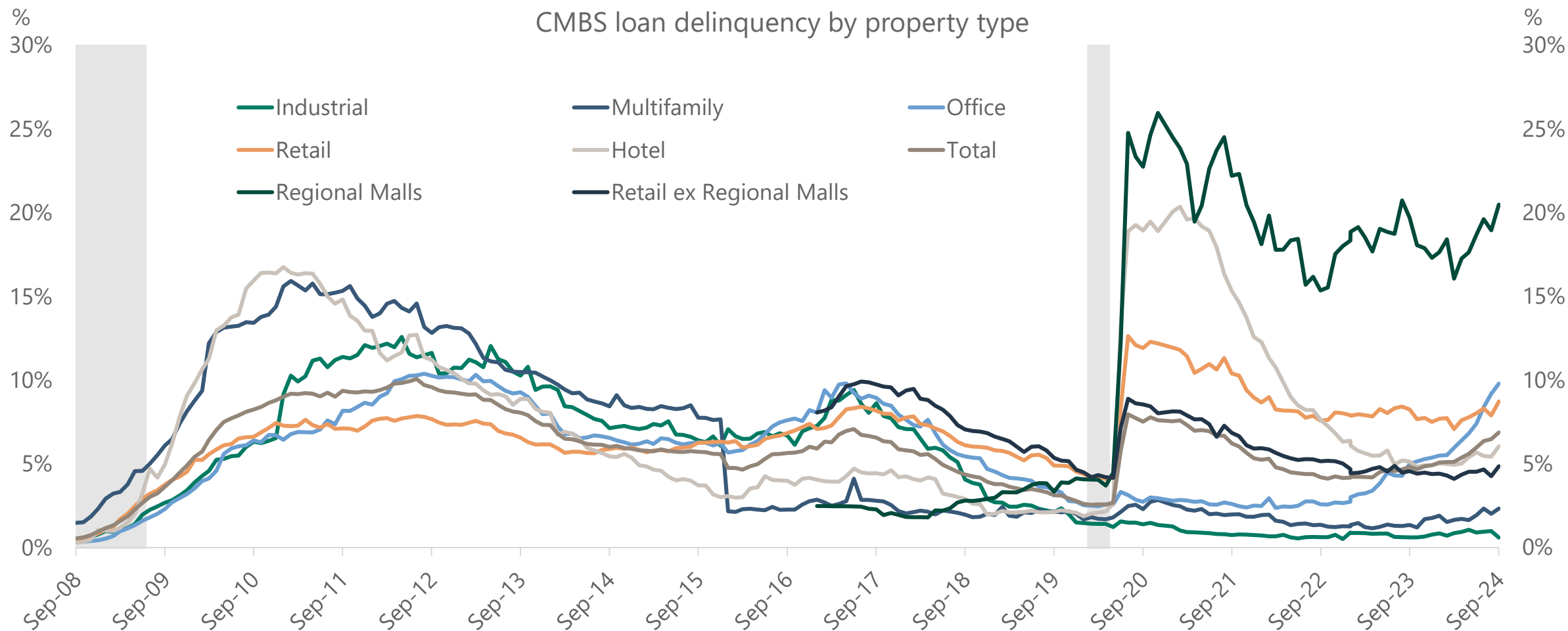


Source: FRBNY Consumer Credit Panel, Equifax, Haver Analytics, Apollo Chief Economist

CRE delinquency rate for banks



Rates higher for longer continues to put upward pressure on delinquency rates for CRE

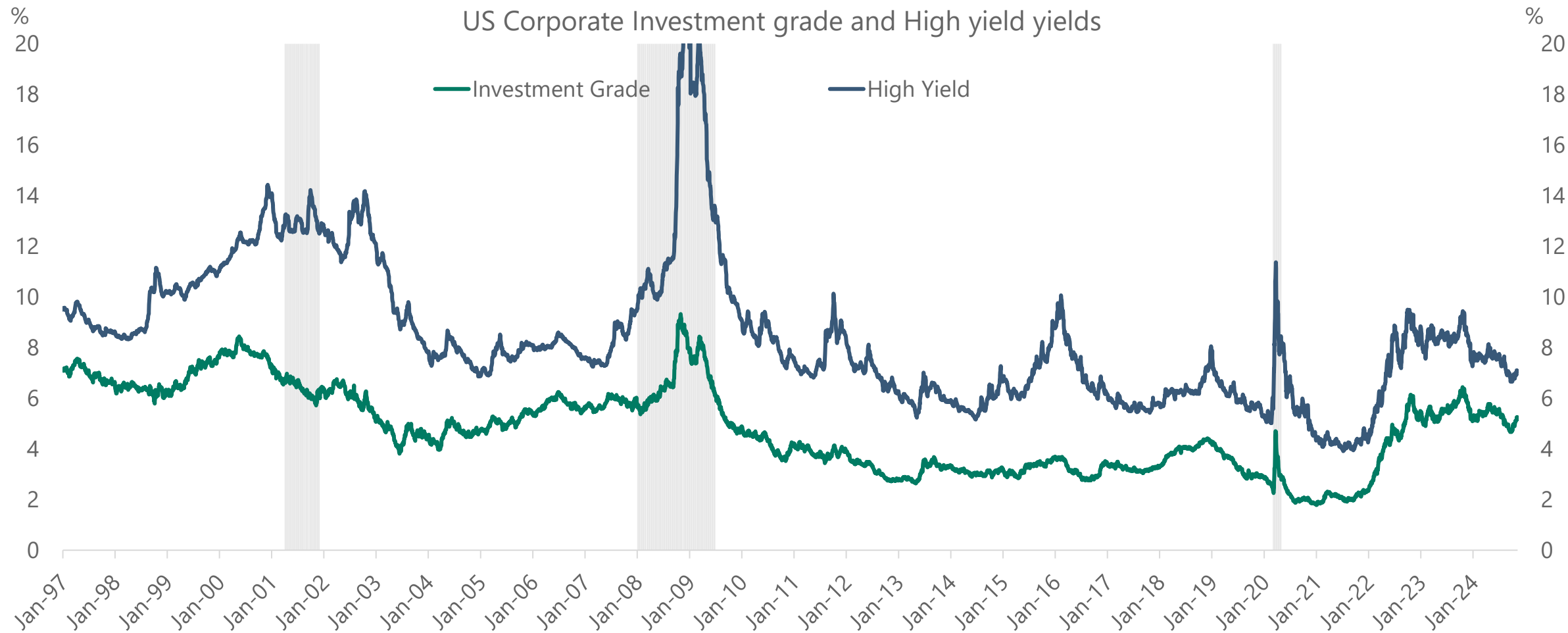


Source: Moody's Analytics, Apollo Chief Economist

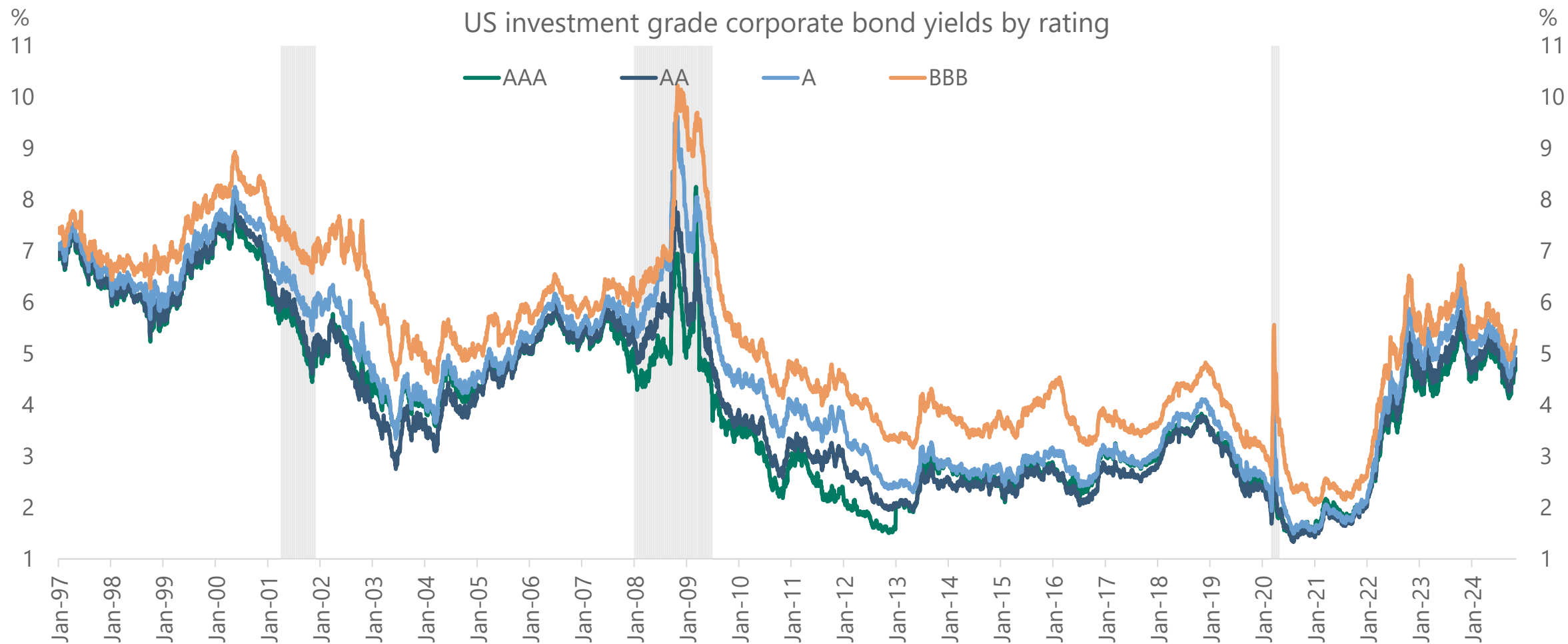
Yield levels



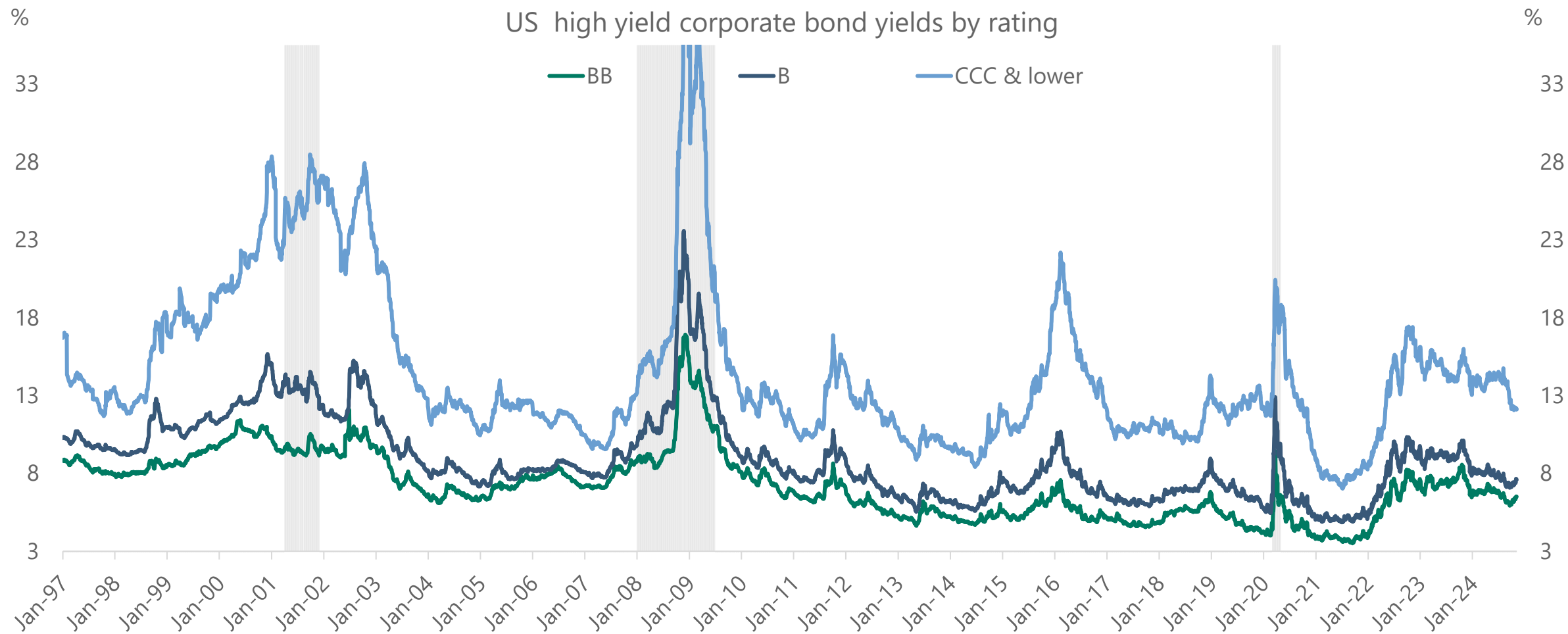
All-in yields: US IG around 5.2% and HY around 7.1%



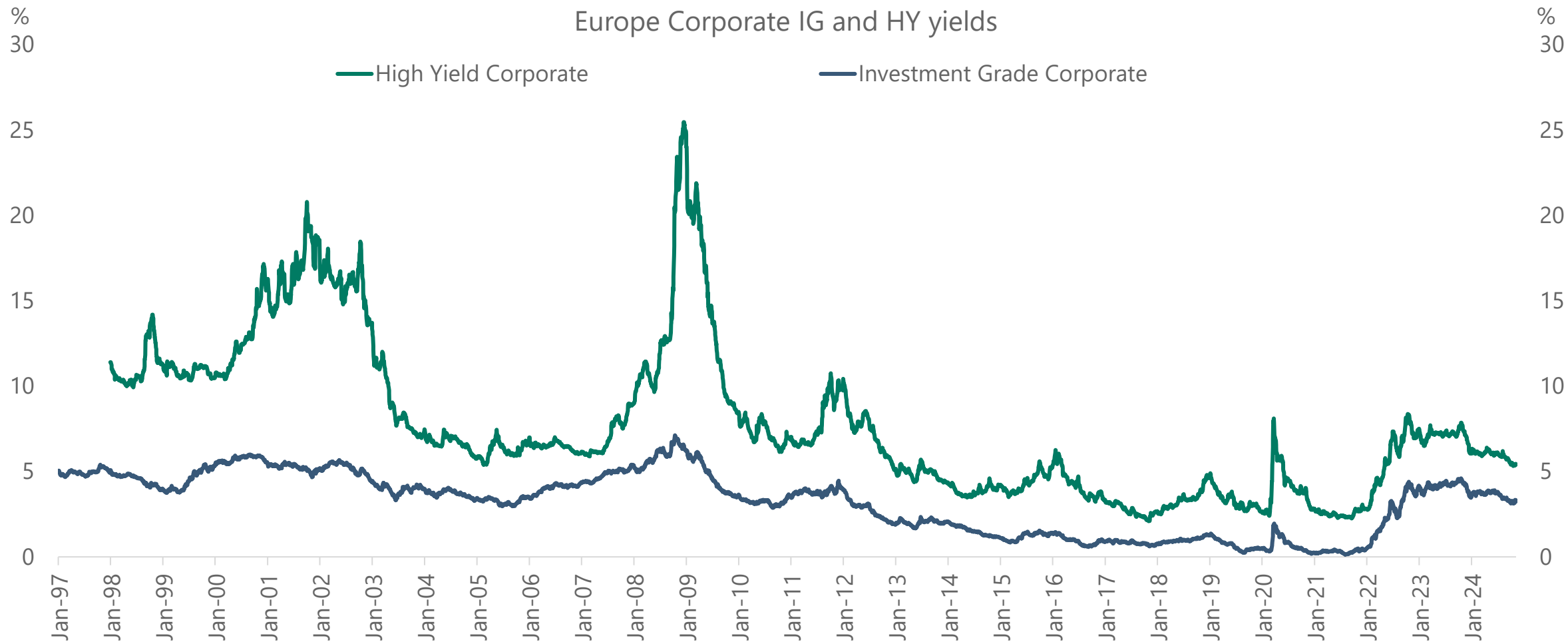
US IG yield levels, by rating



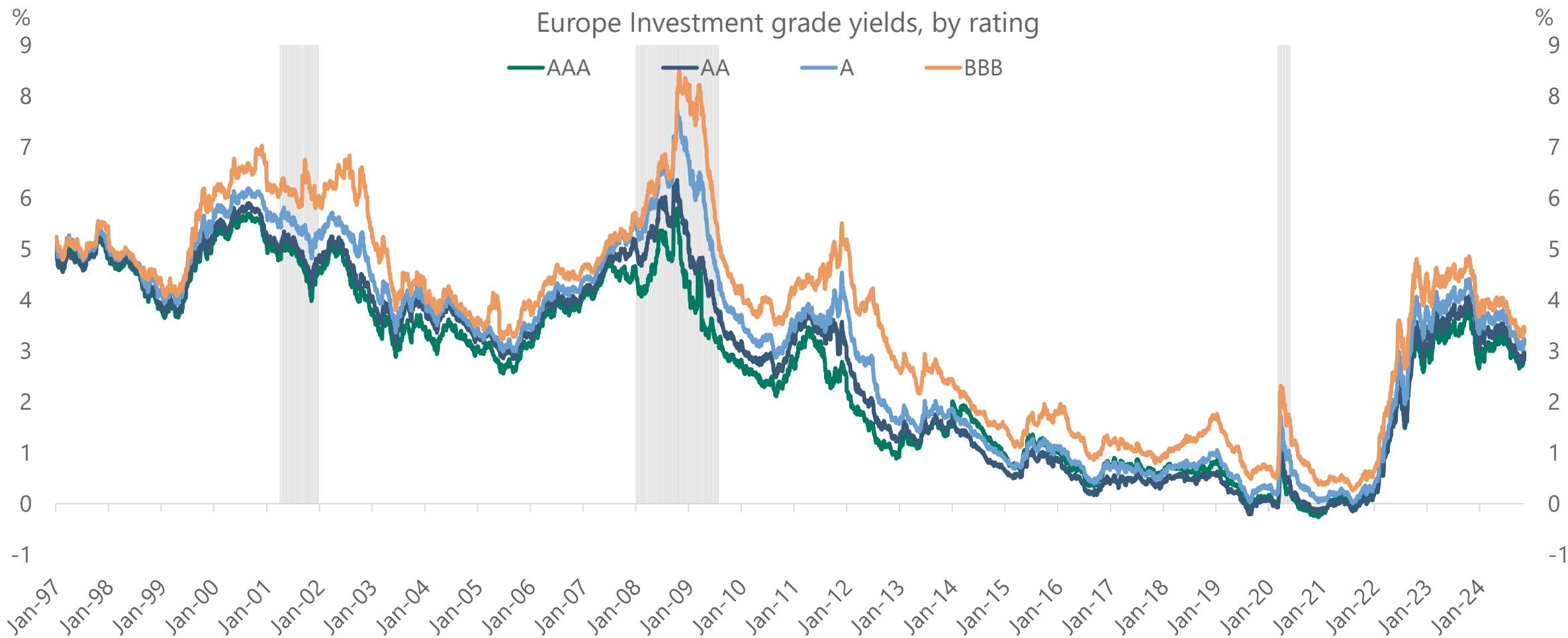
US HY yield levels, by rating



European corporate IG and HY yields



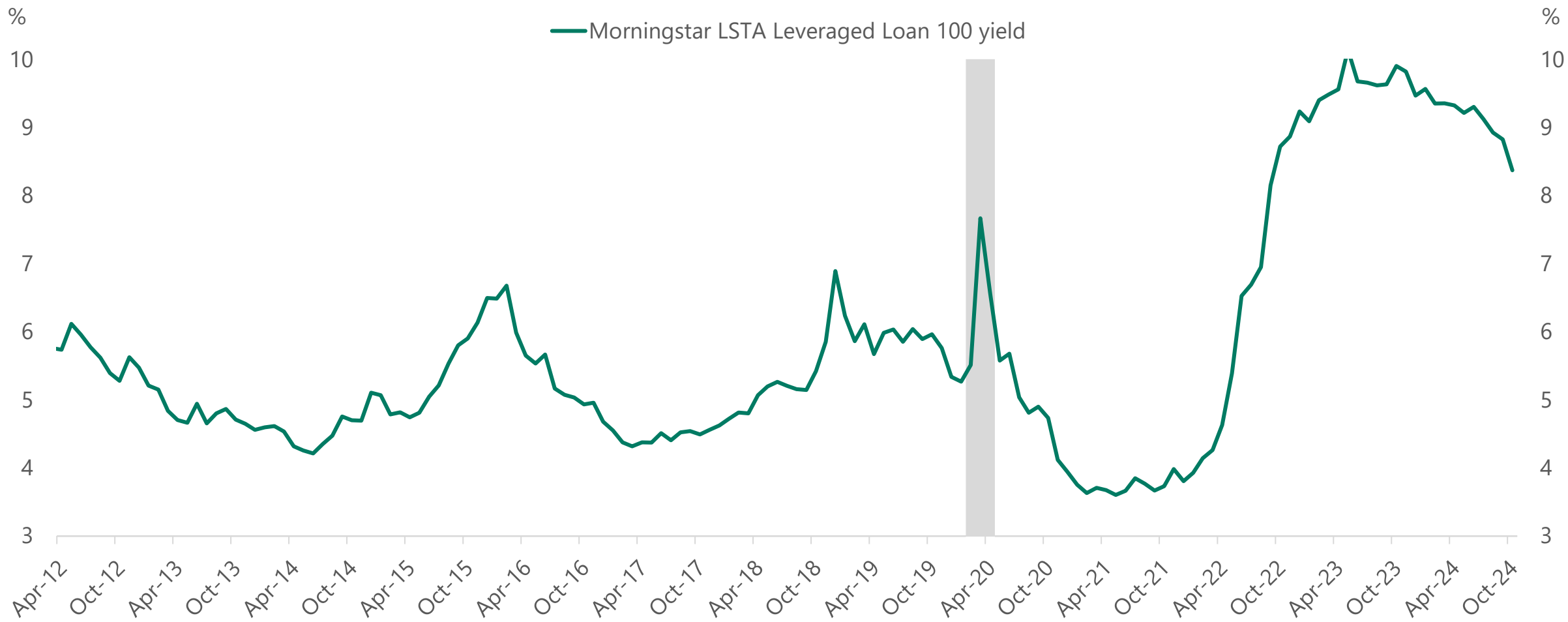
European IG yield levels, by rating



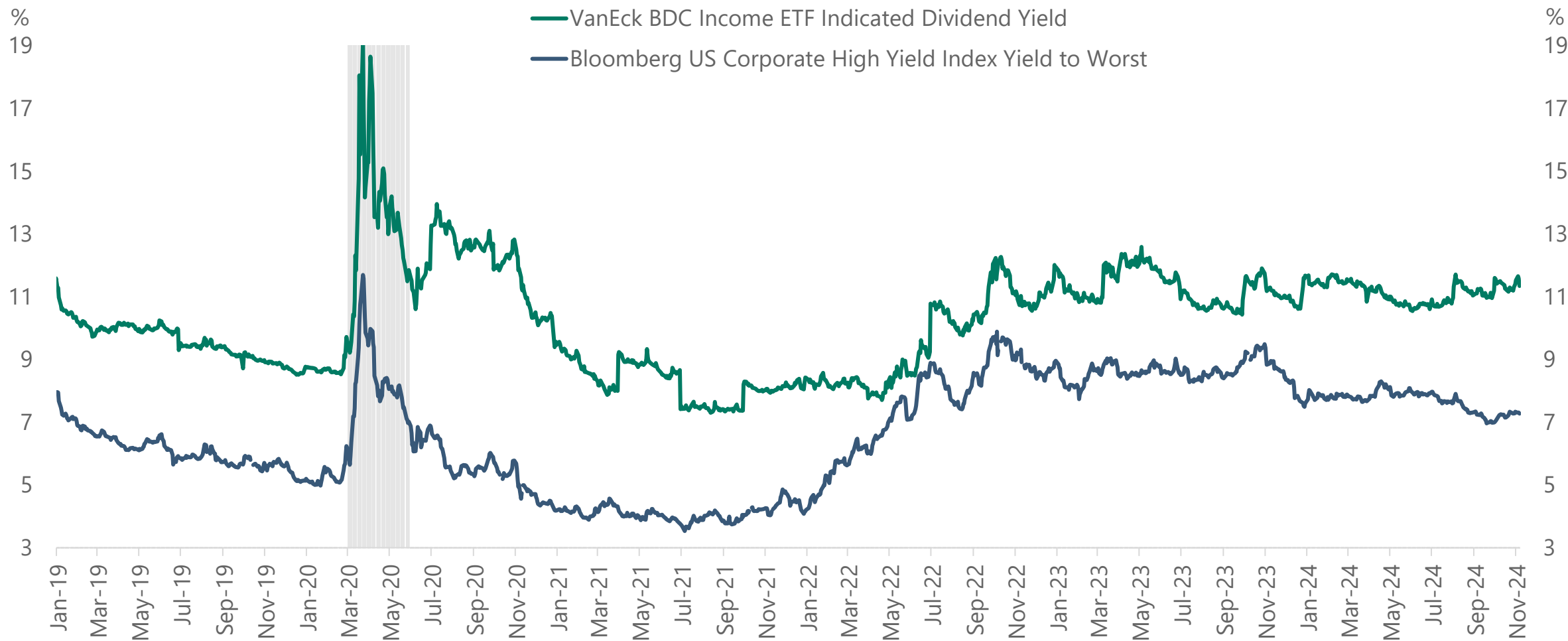
European HY yield levels, by rating



Yield for the leveraged loan index: 8.4%



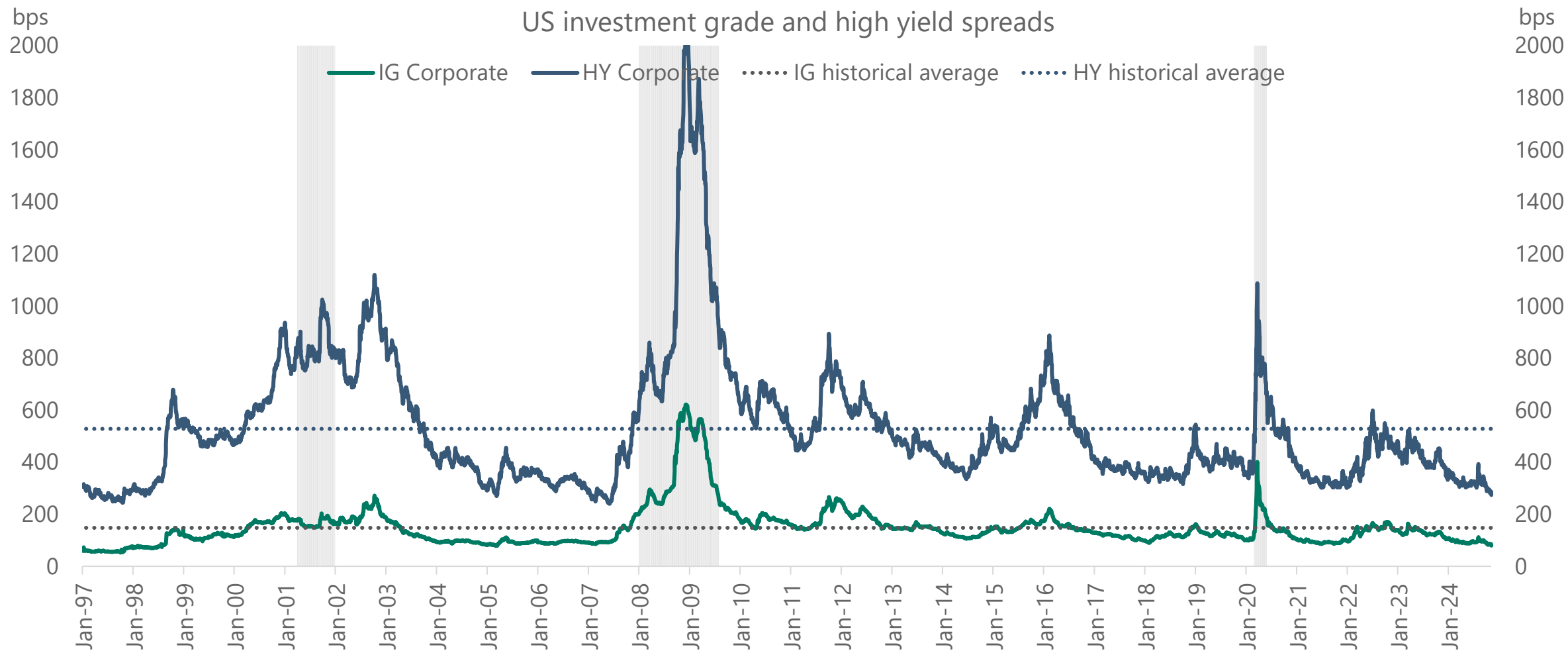
BDC yields higher than High Yield yields



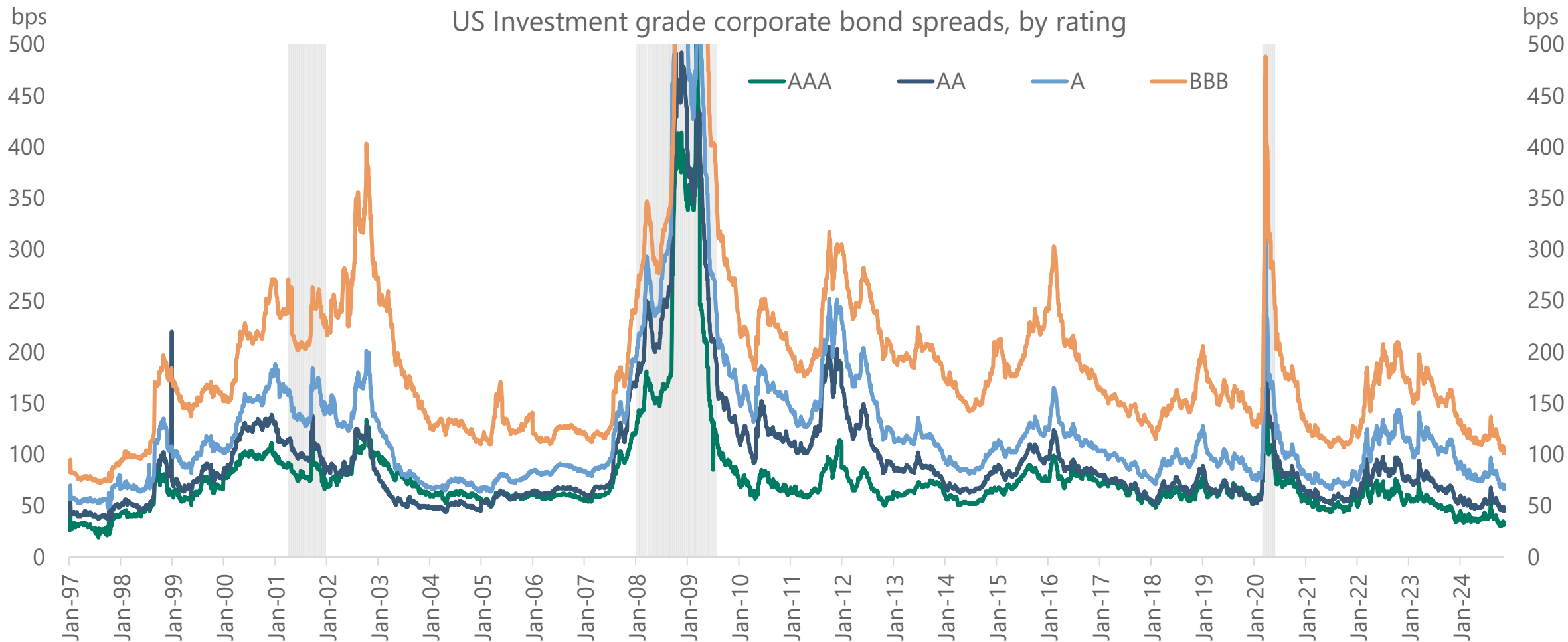
Spread levels



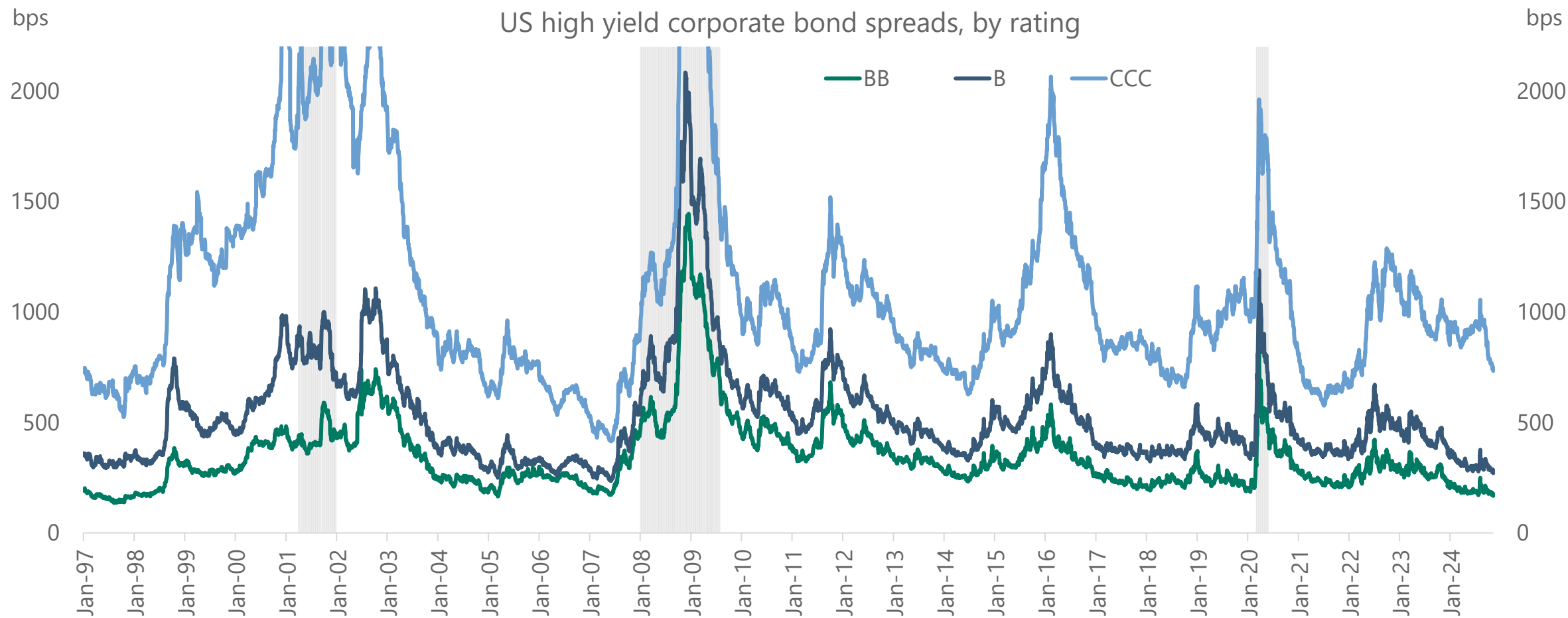
Credit spreads continue to tighten



IG spreads by rating



HY spreads by rating

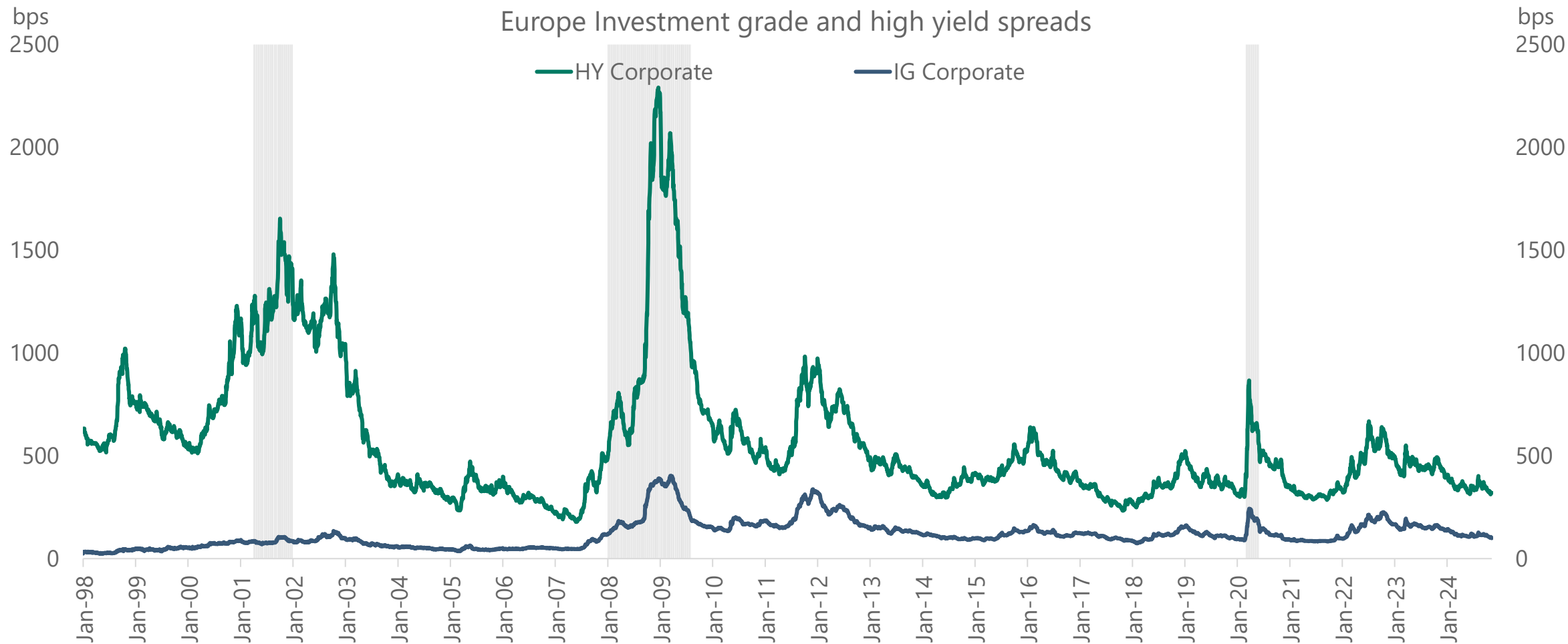


US HY spread minus IG spread



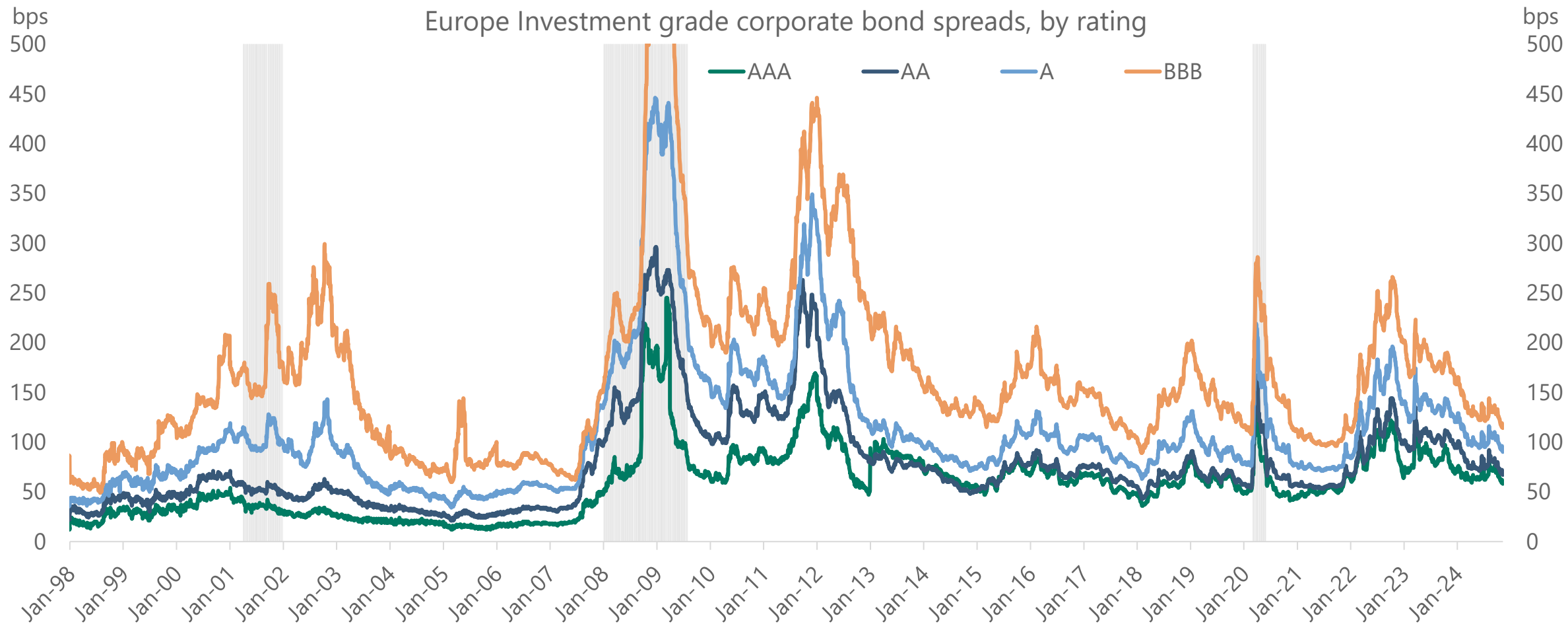
Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Bloomberg Index used COA0 Index and H0A0 Index

European IG and HY spreads



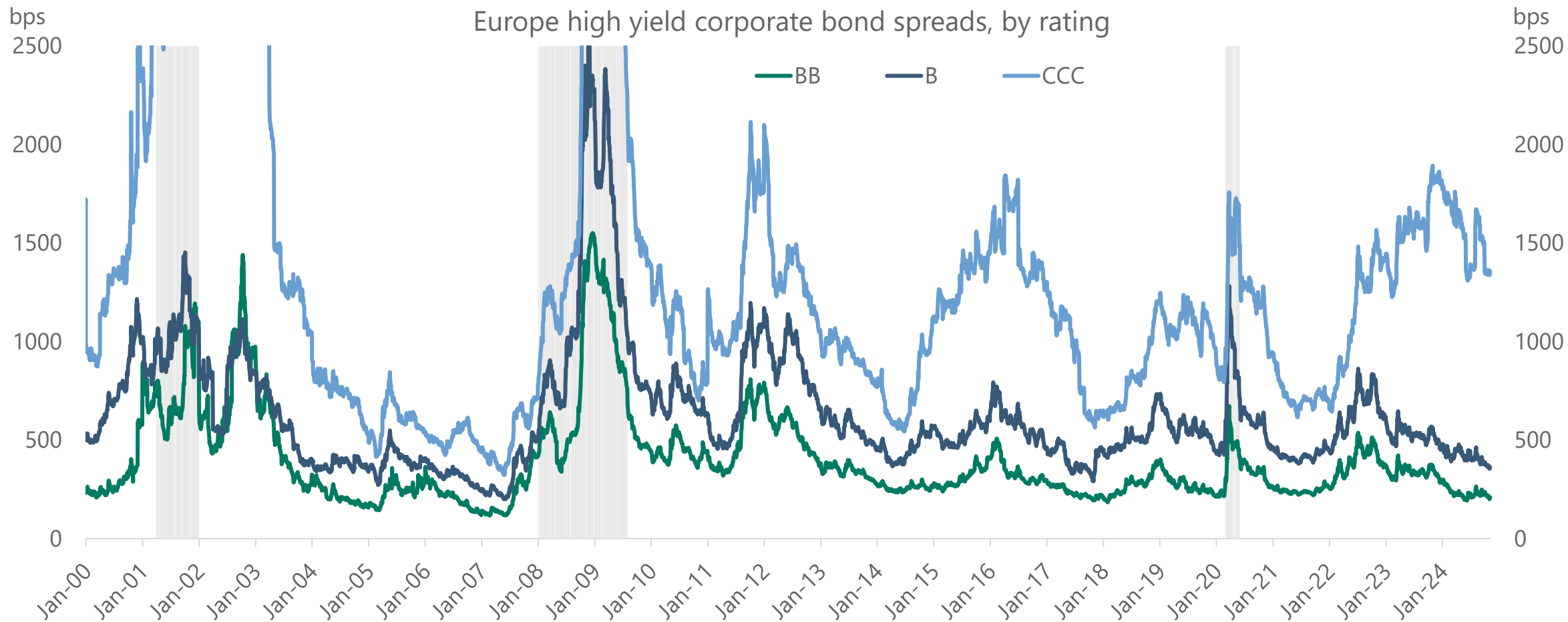
Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Ticker used HE00 Index and ER00 Index.

European IG spreads by rating



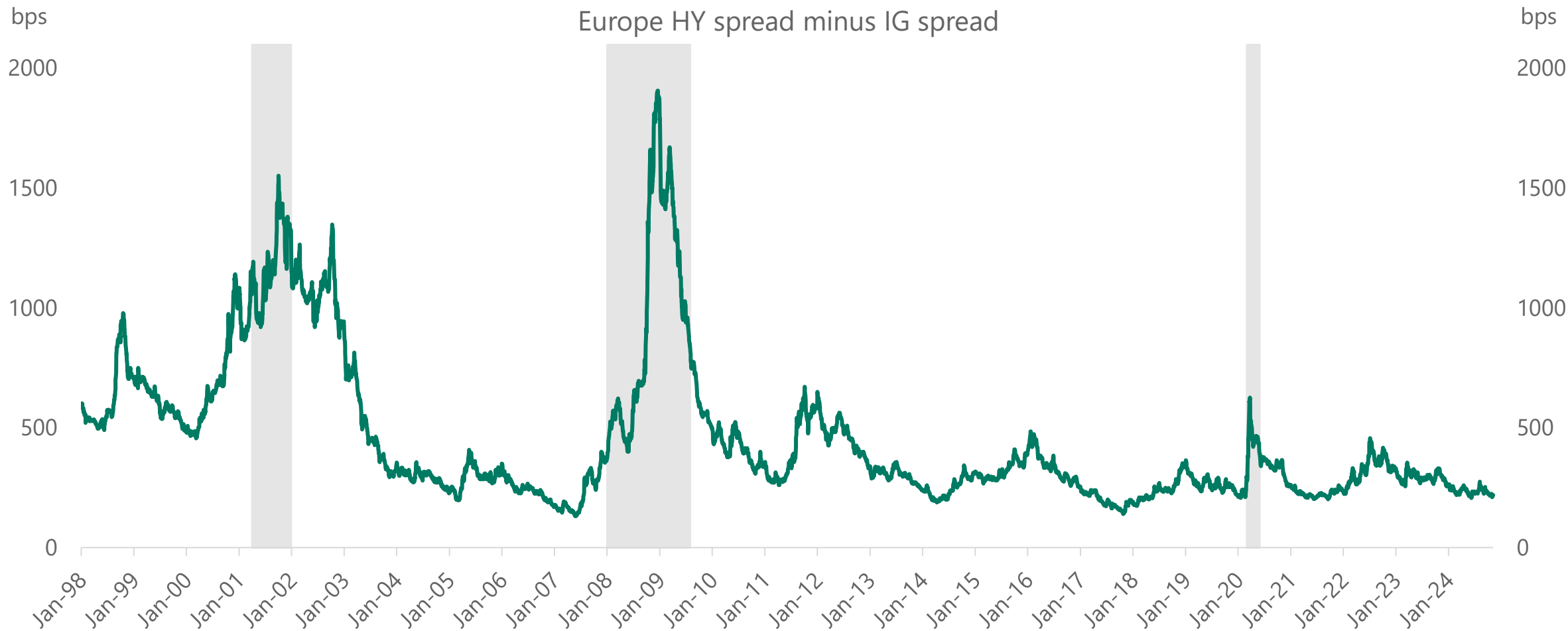
Source: ICE BofA, Bloomberg, Apollo Chief Economist.

European HY spreads by rating



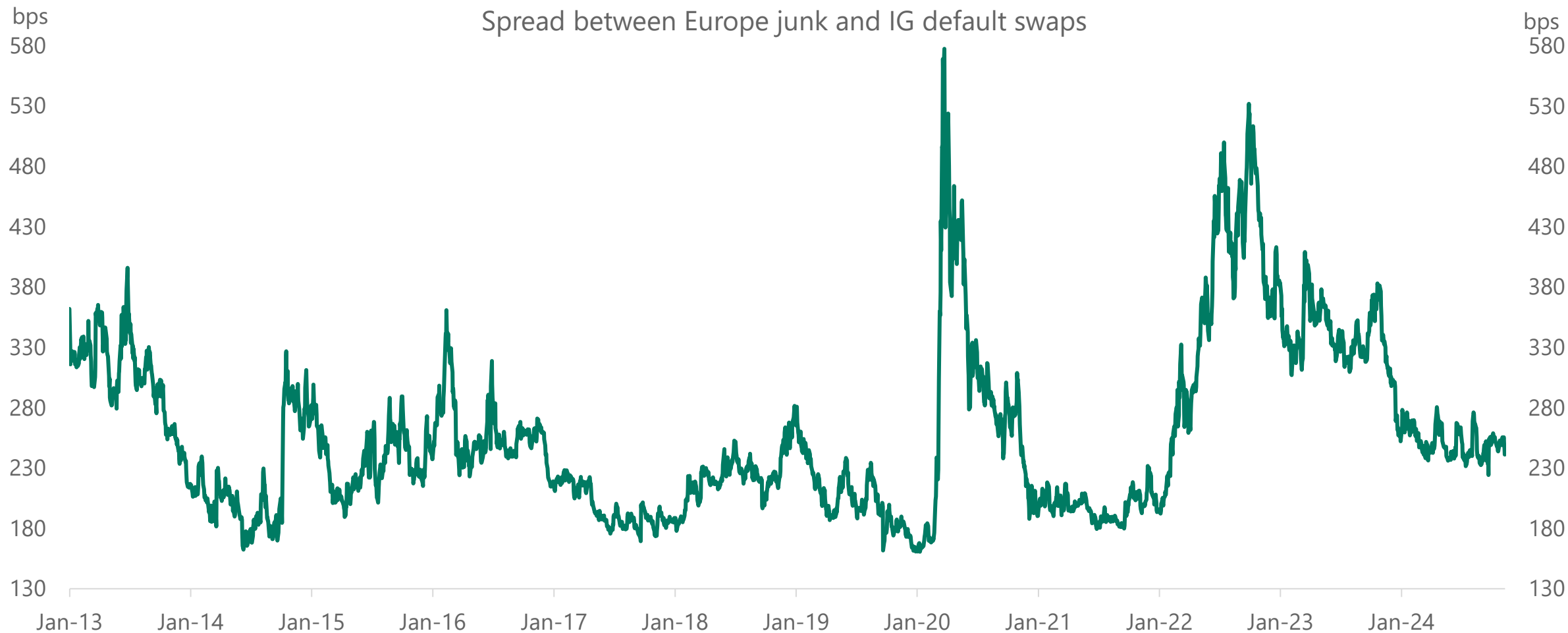
Source: ICE BofA, Bloomberg, Apollo Chief Economist.

European HY spread minus IG spread



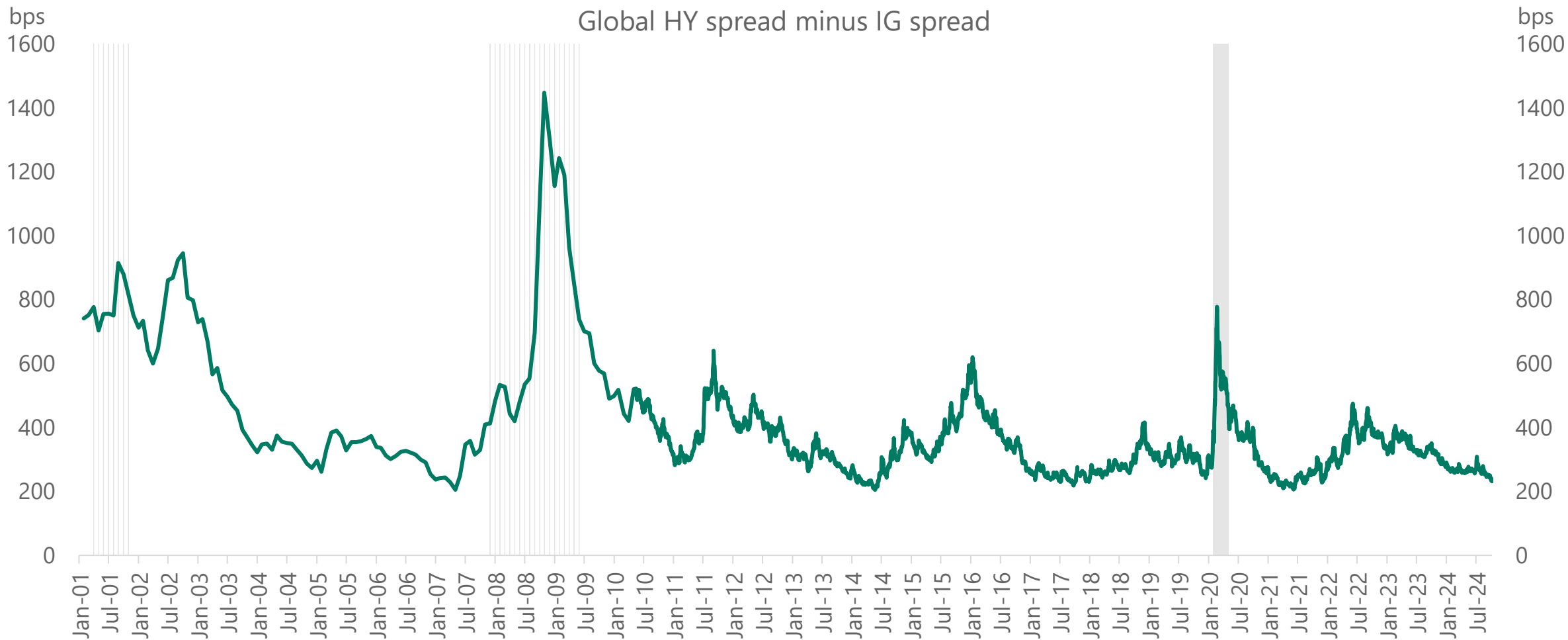
Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Ticker used HE00 Index and ER00 Index.

Spread between Europe HY and IG default swaps



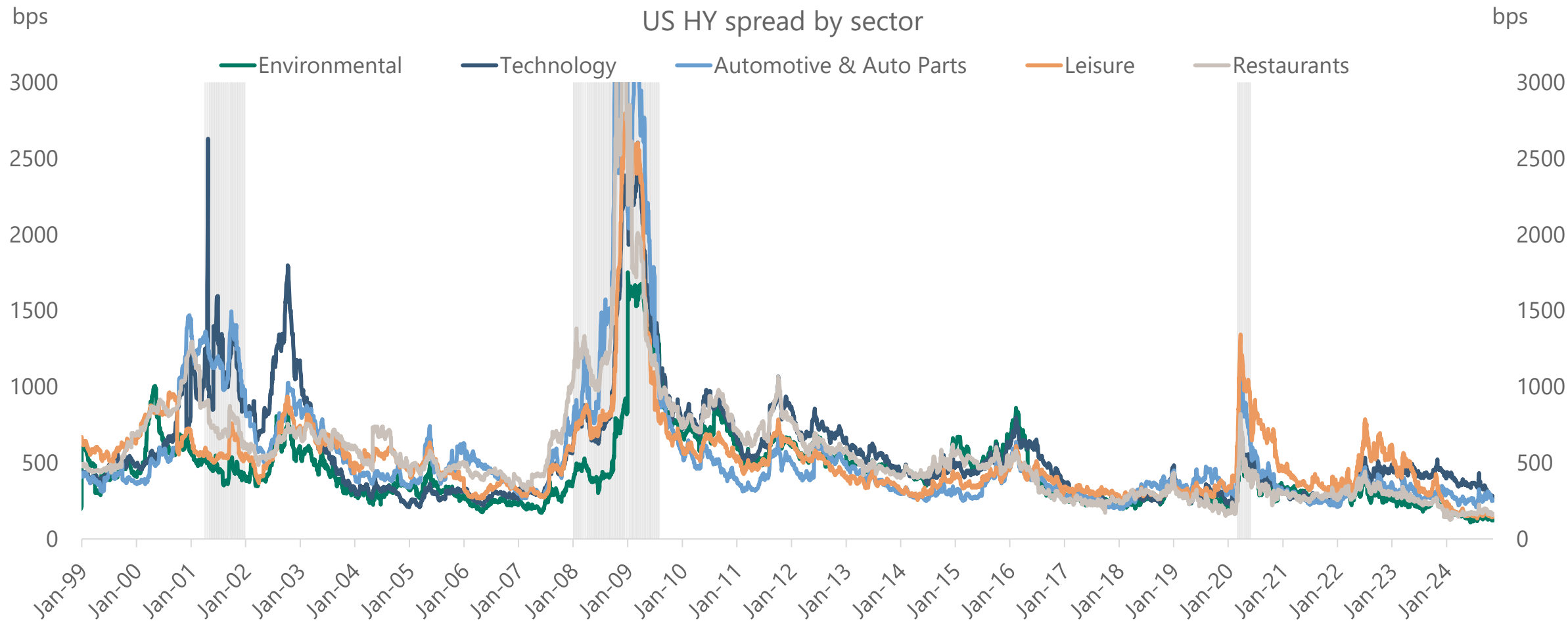
Source: Bloomberg, Apollo Chief Economist. Note: Tickers used ITRXEXE CBBT Curncy and ITRXEBE CBBT Curncy

Global HY spread minus global IG spread



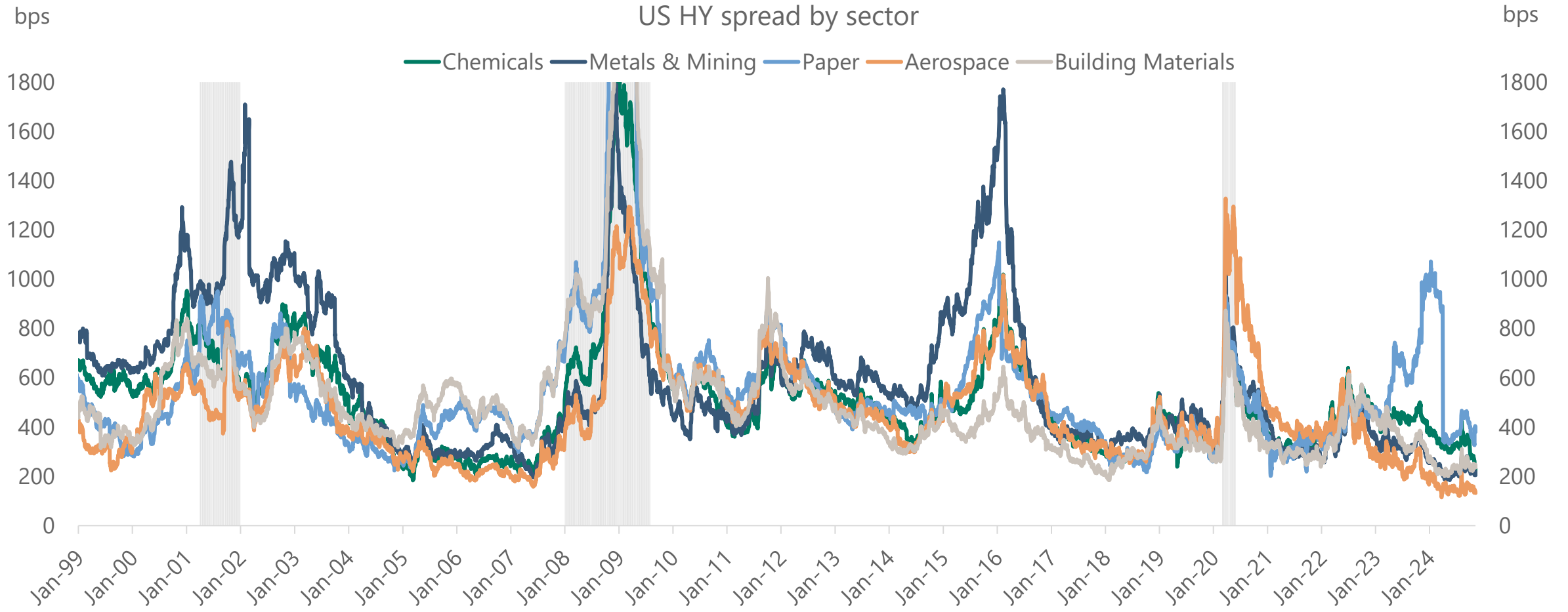
Source: Bloomberg, Apollo Chief Economist. Note: Bloomberg Index used BGLCTRUU index and LG50TRUU Index

HY spreads by sector: Spread for tech remains wider

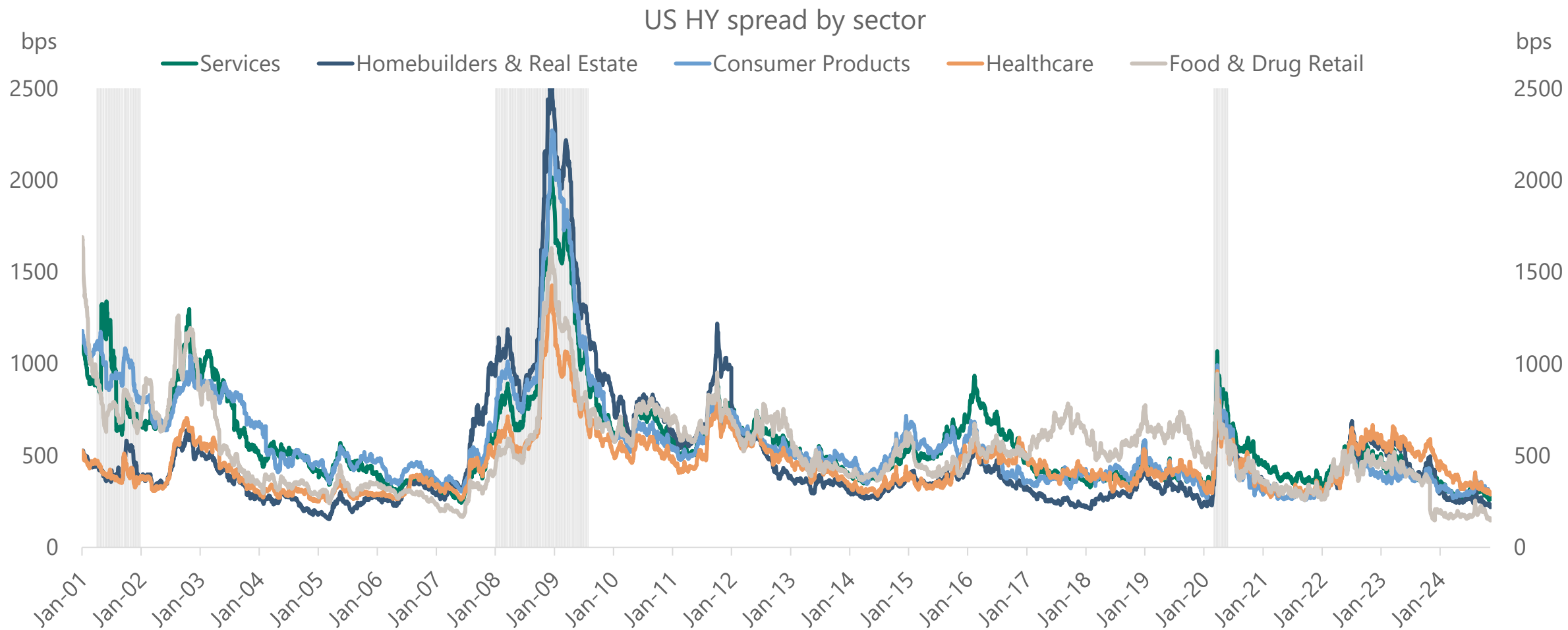


Source: ICE BofA, Bloomberg, Apollo Chief Economist

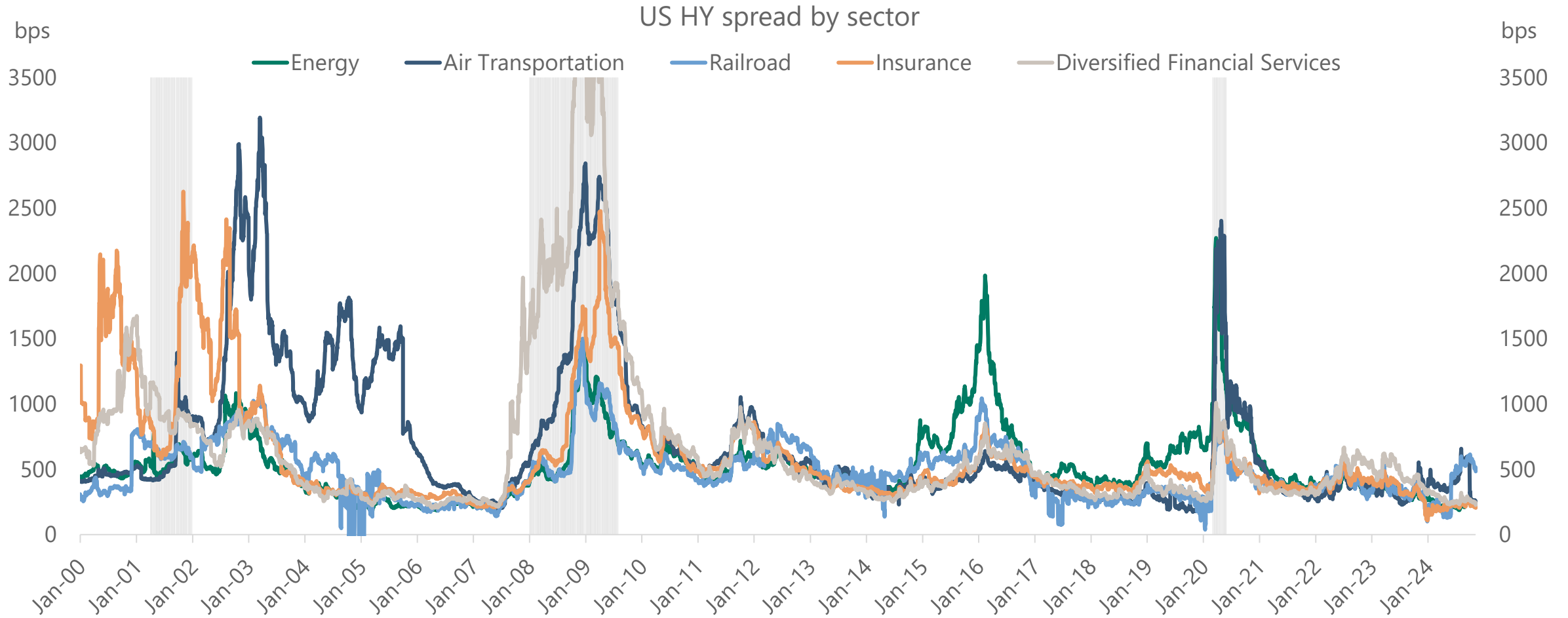
HY spreads by sector: Spread for paper remains wider



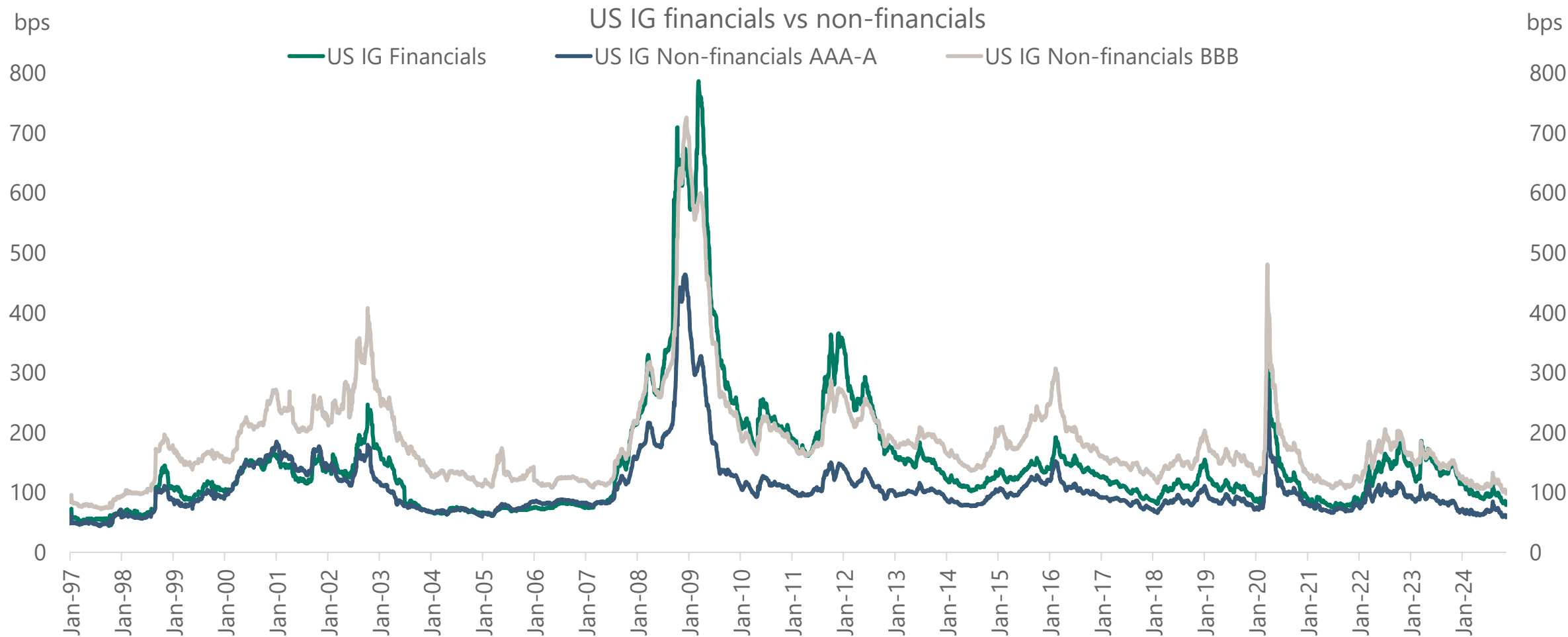
HY spreads by sector



HY spreads by sector

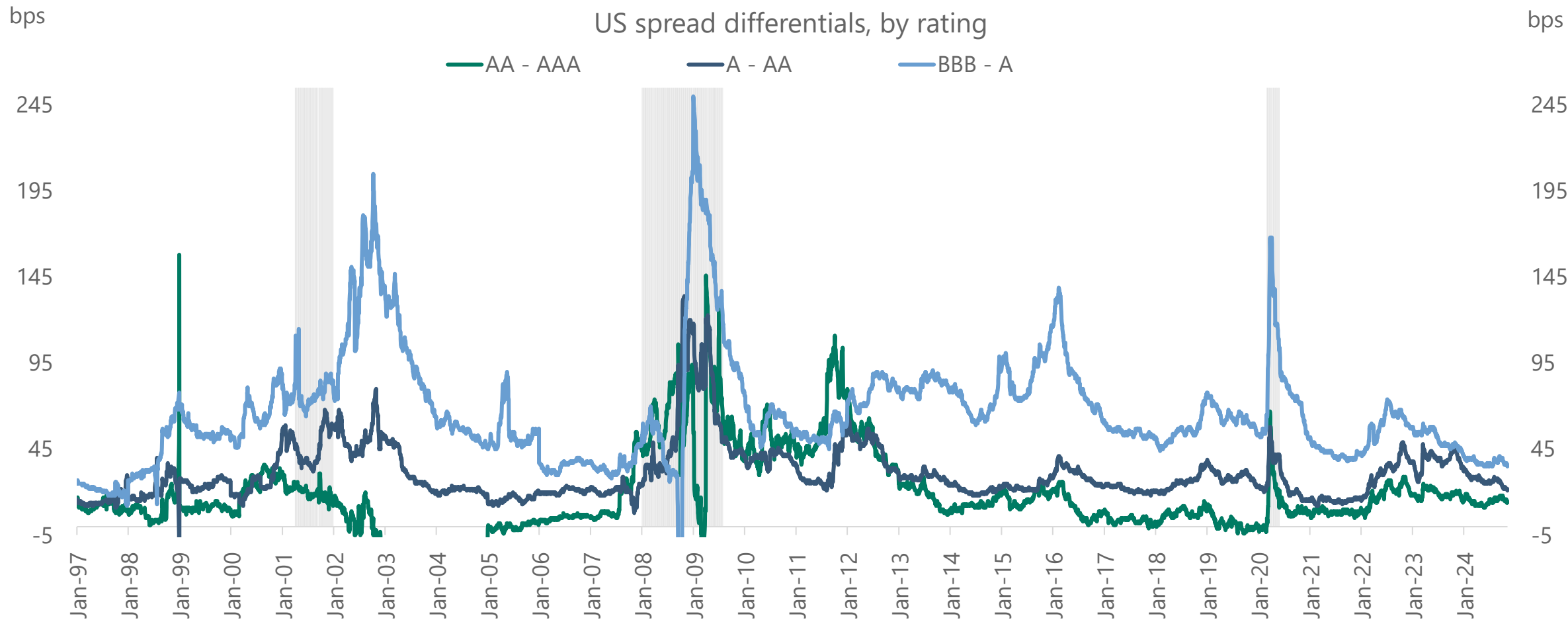


IG spreads for financials and non-financials

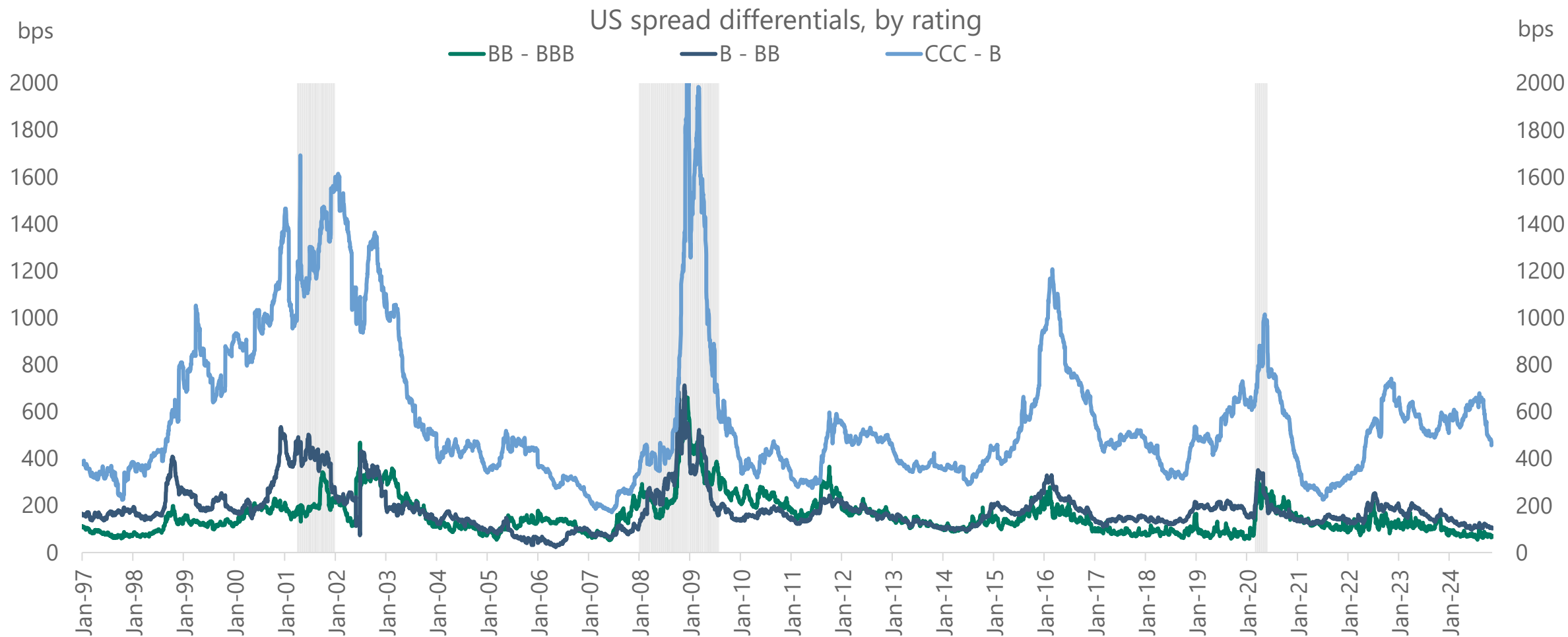


Source: ICE BofA, Bloomberg, Apollo Chief Economist

IG quality spreads, some differentiation between BBB and single-A



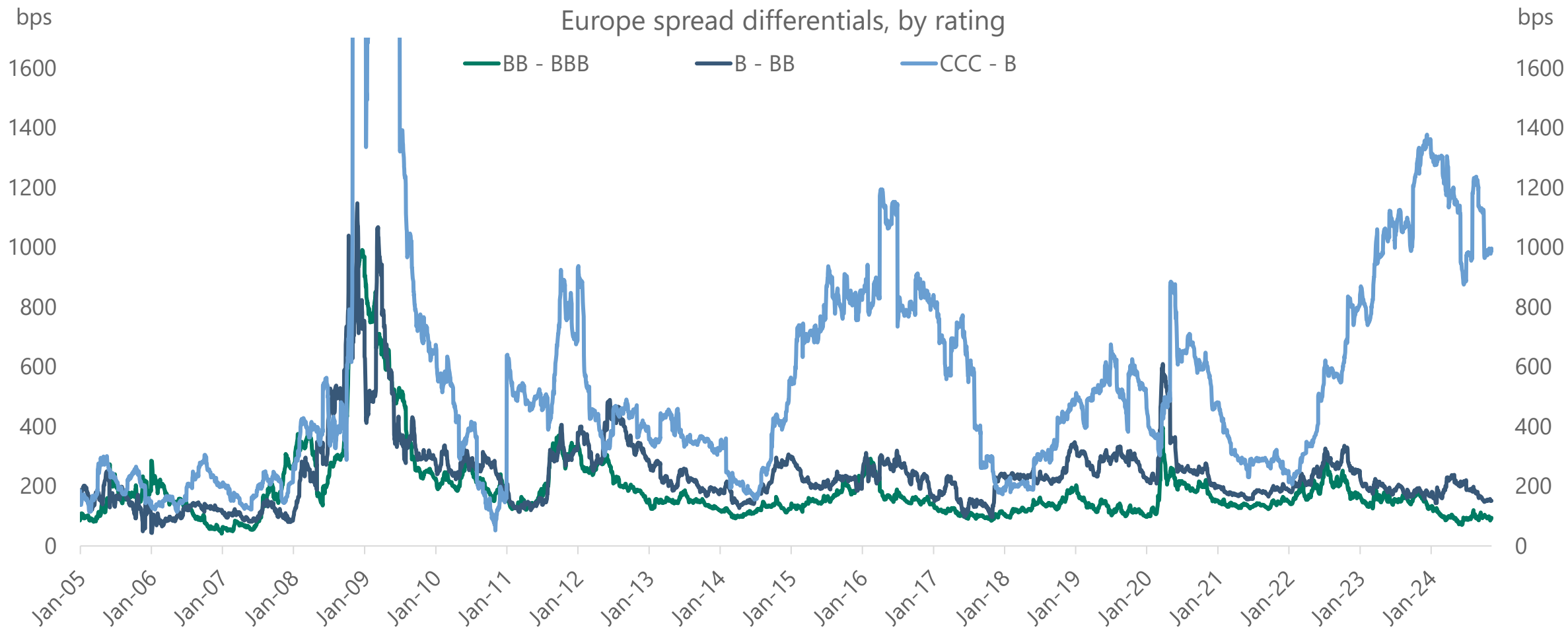
HY quality spreads, more differentiation between CCC and single-B



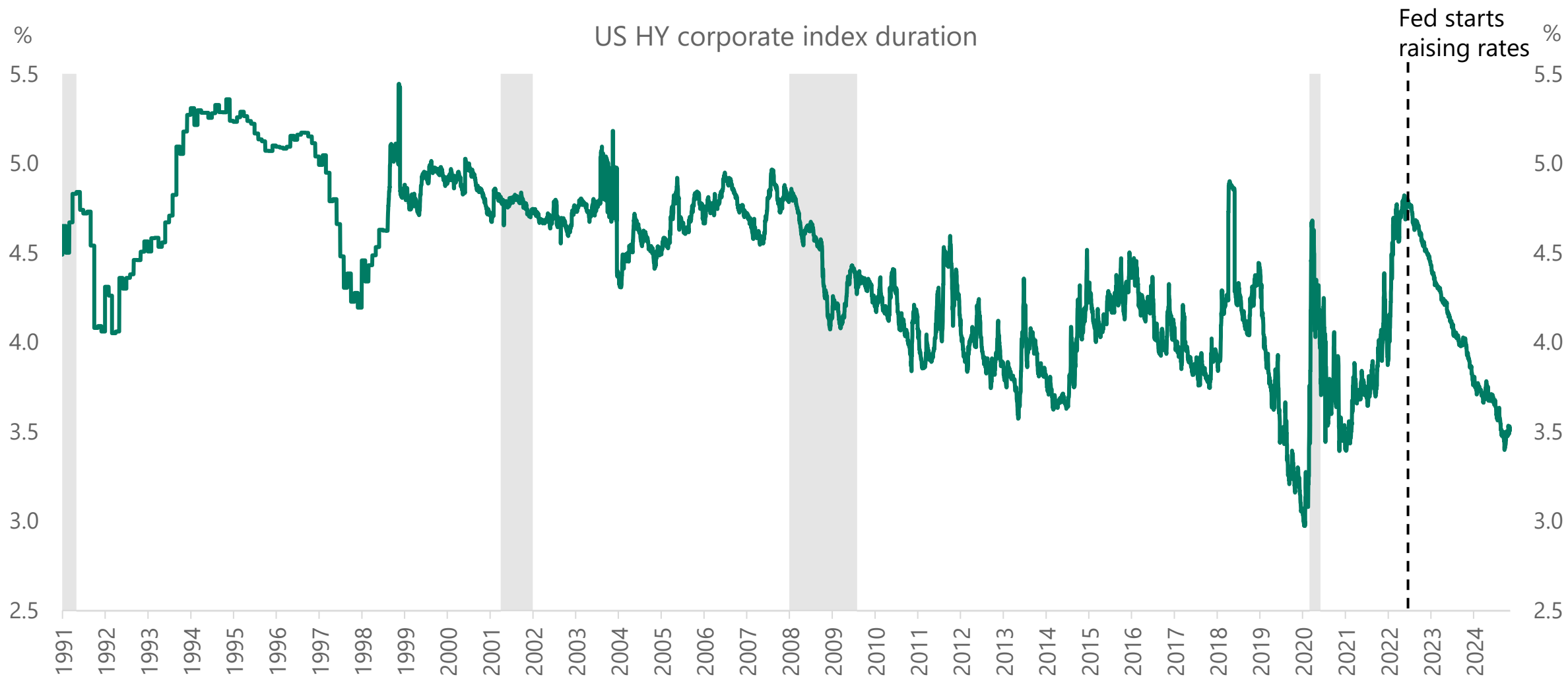
Europe IG quality spreads



Europe HY quality spreads, significant differentiation between CCC and single-B

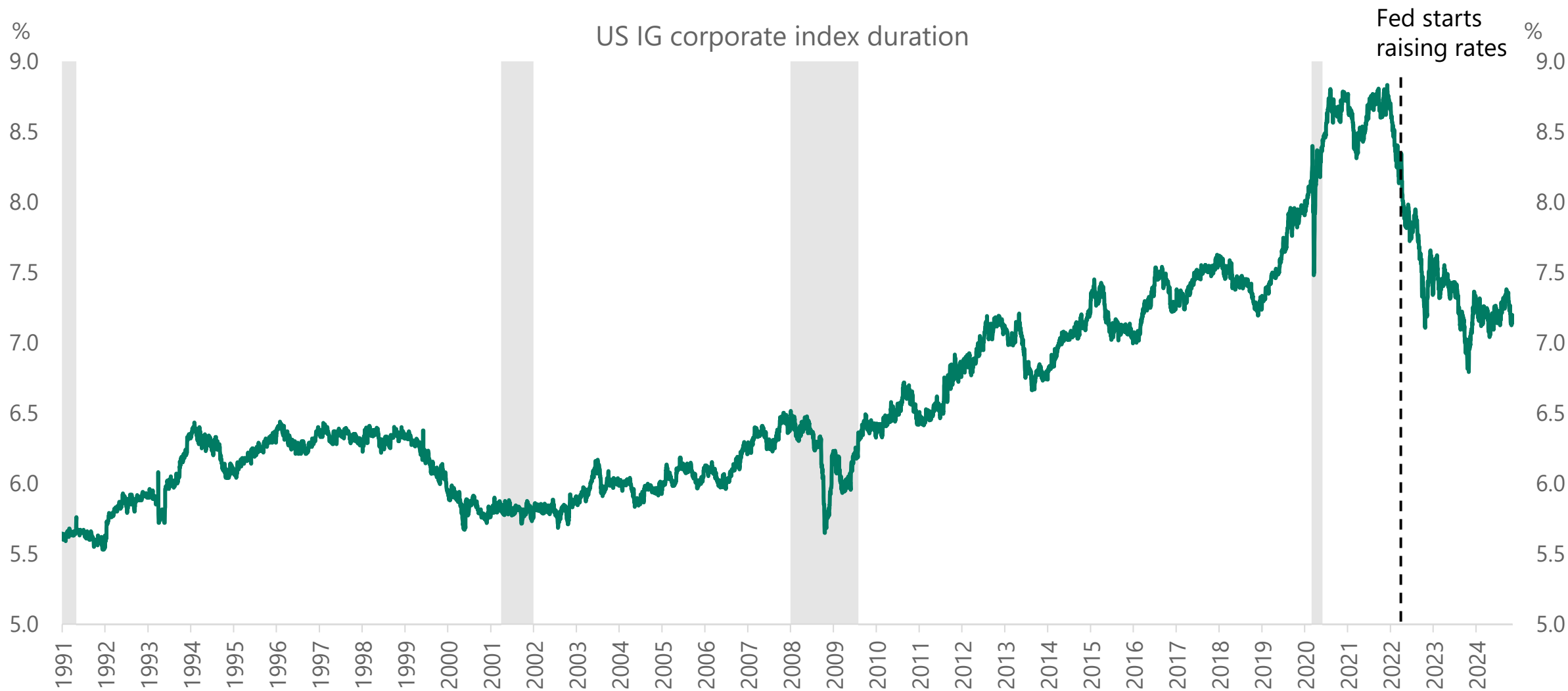


HY index duration continues to decline



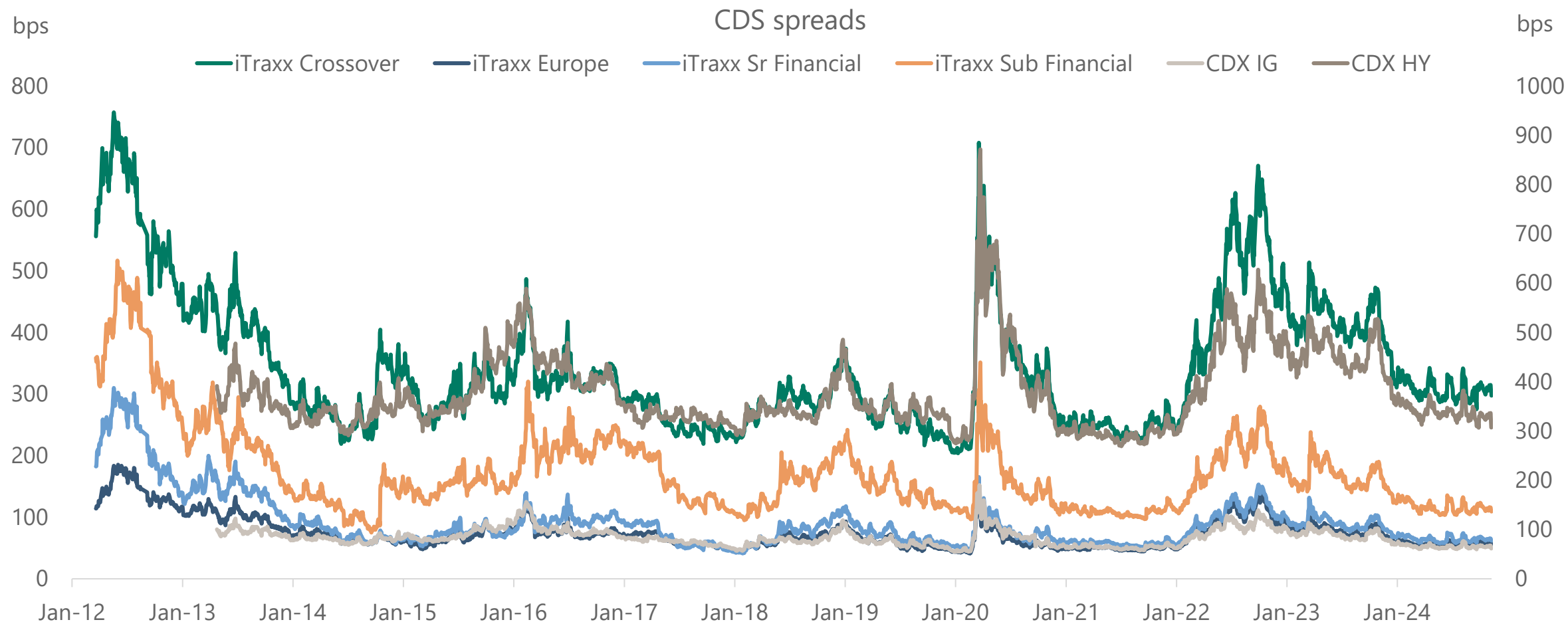
Source: Bloomberg, Apollo Chief Economist. Note: The measure used is modified duration, which measures the expected change in a bond's price to a 1% change in interest rates.

IG index duration has declined

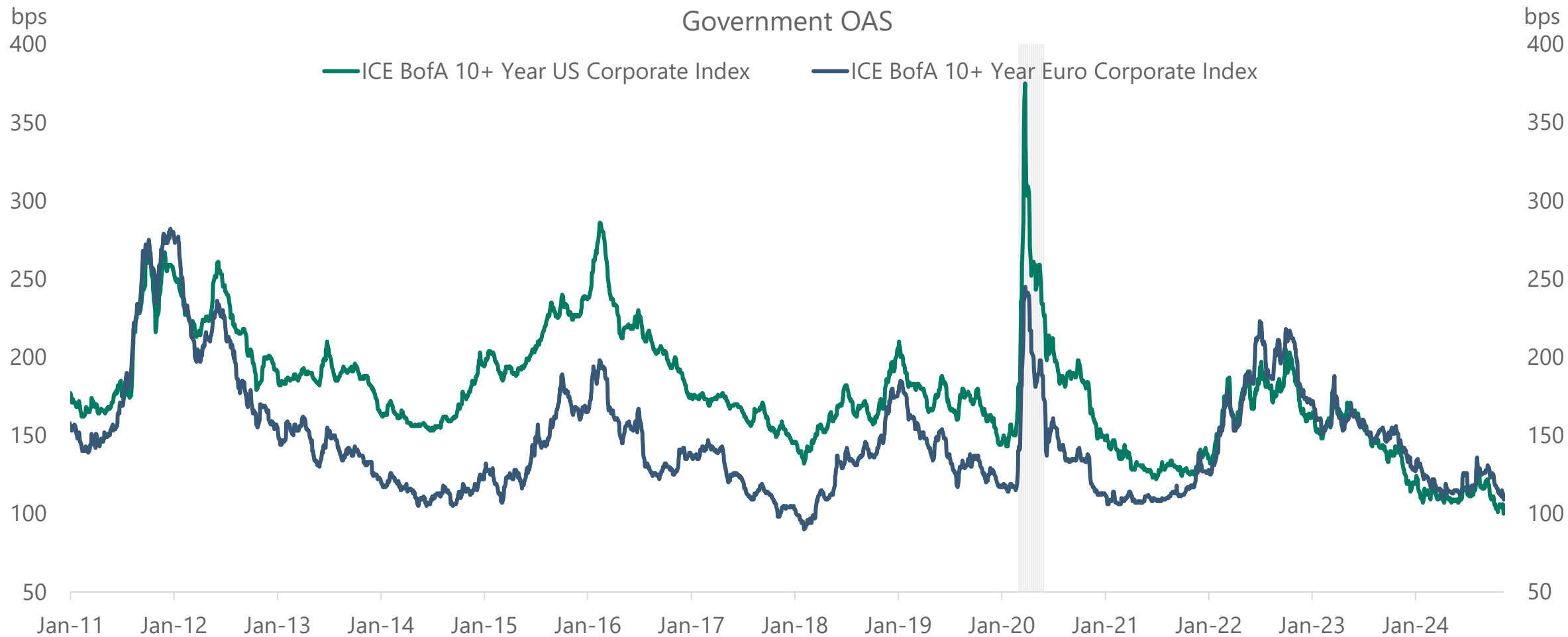


Source: Bloomberg, Apollo Chief Economist. Note: The measure used is modified duration, which measures the expected change in a bond's price to a 1% change in interest rates.

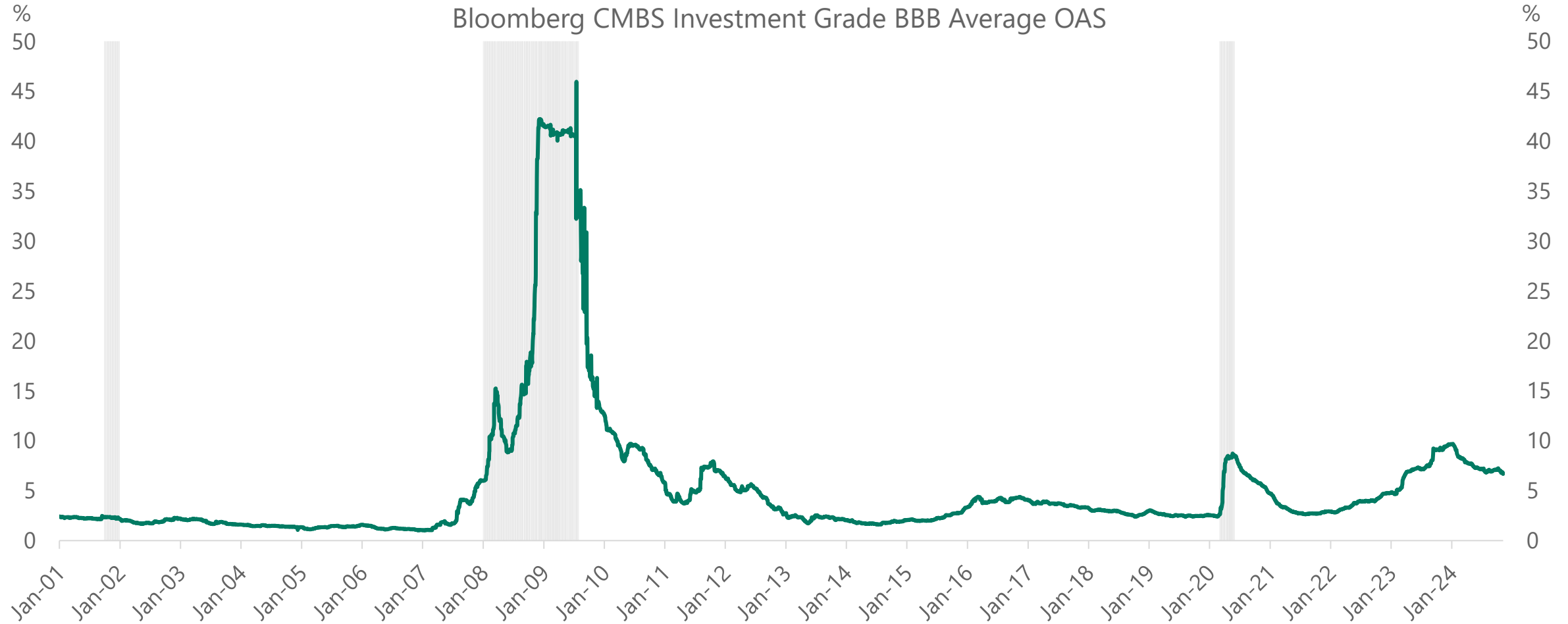
CDS spreads



Long-duration IG spreads in US and Europe



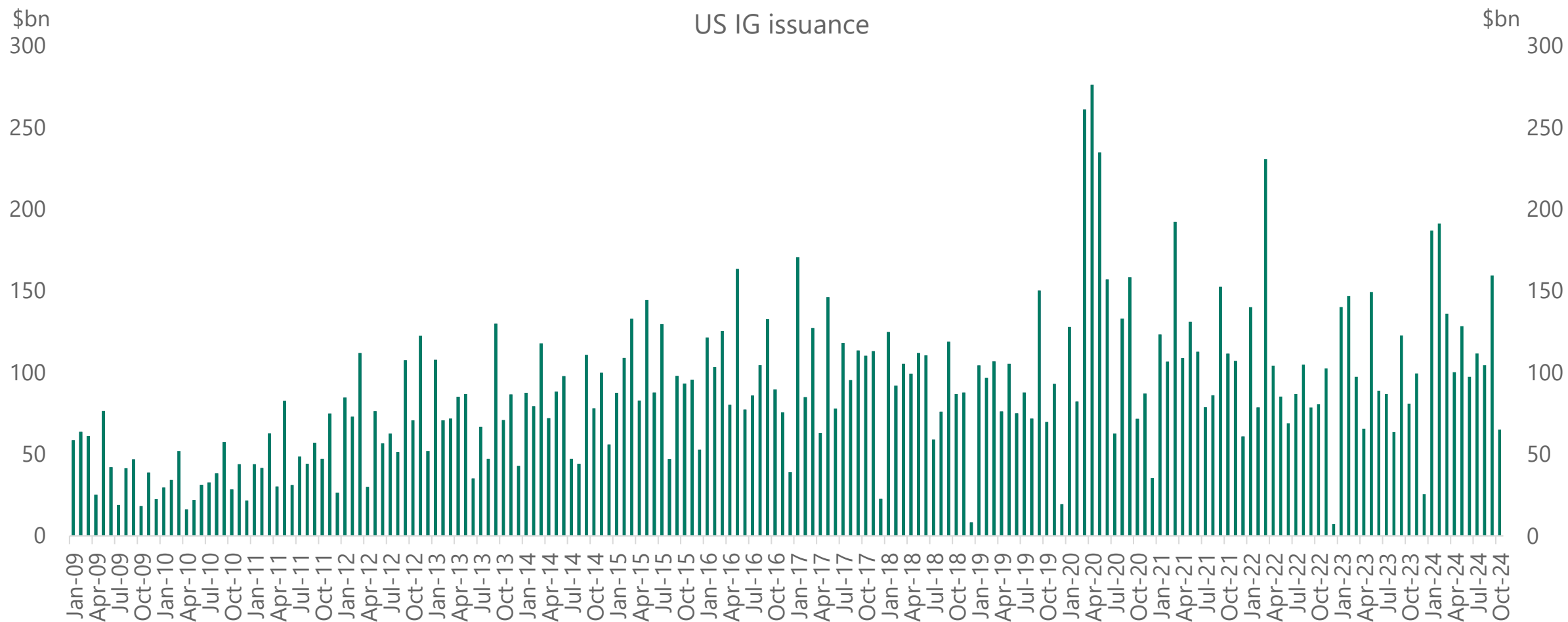
CMBS BBB spreads



New issuance

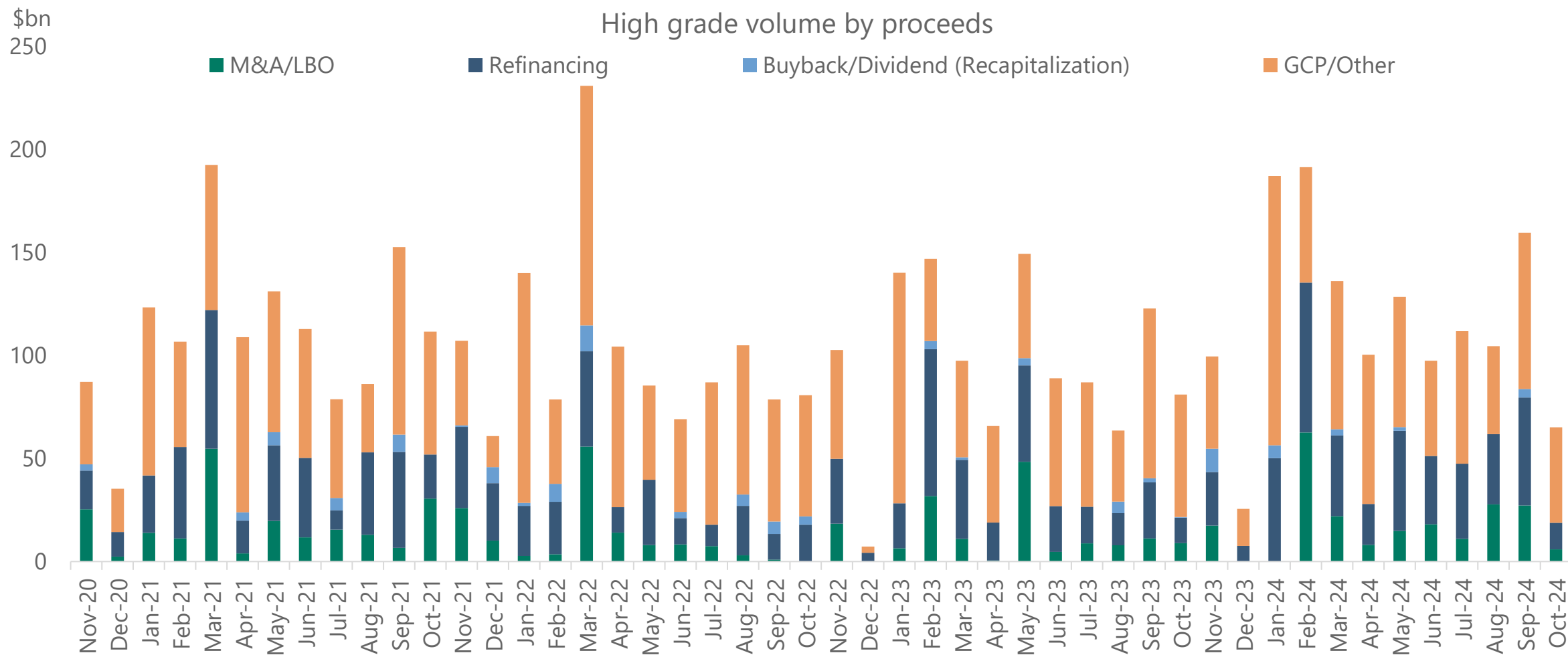


US IG issuance



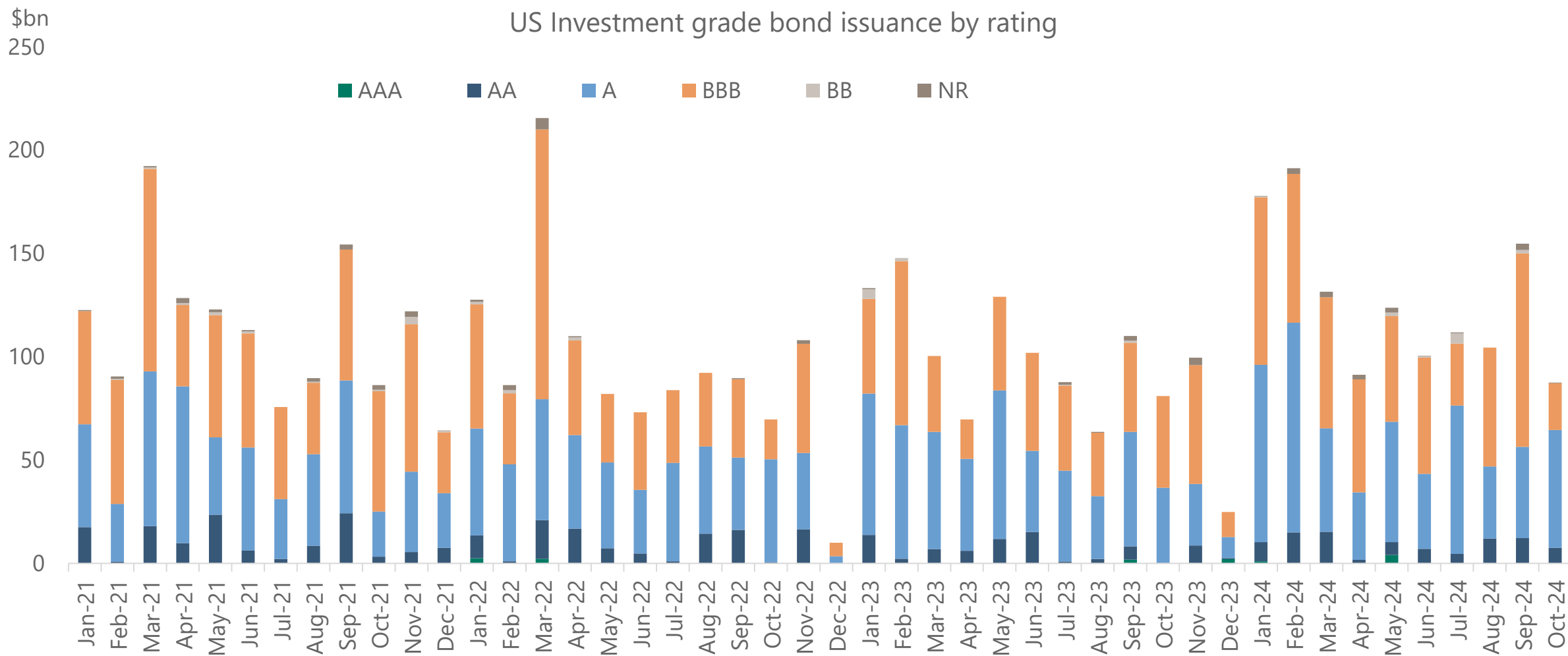
Source: PitchBook LCD, Apollo Chief Economist

High grade volume by proceeds



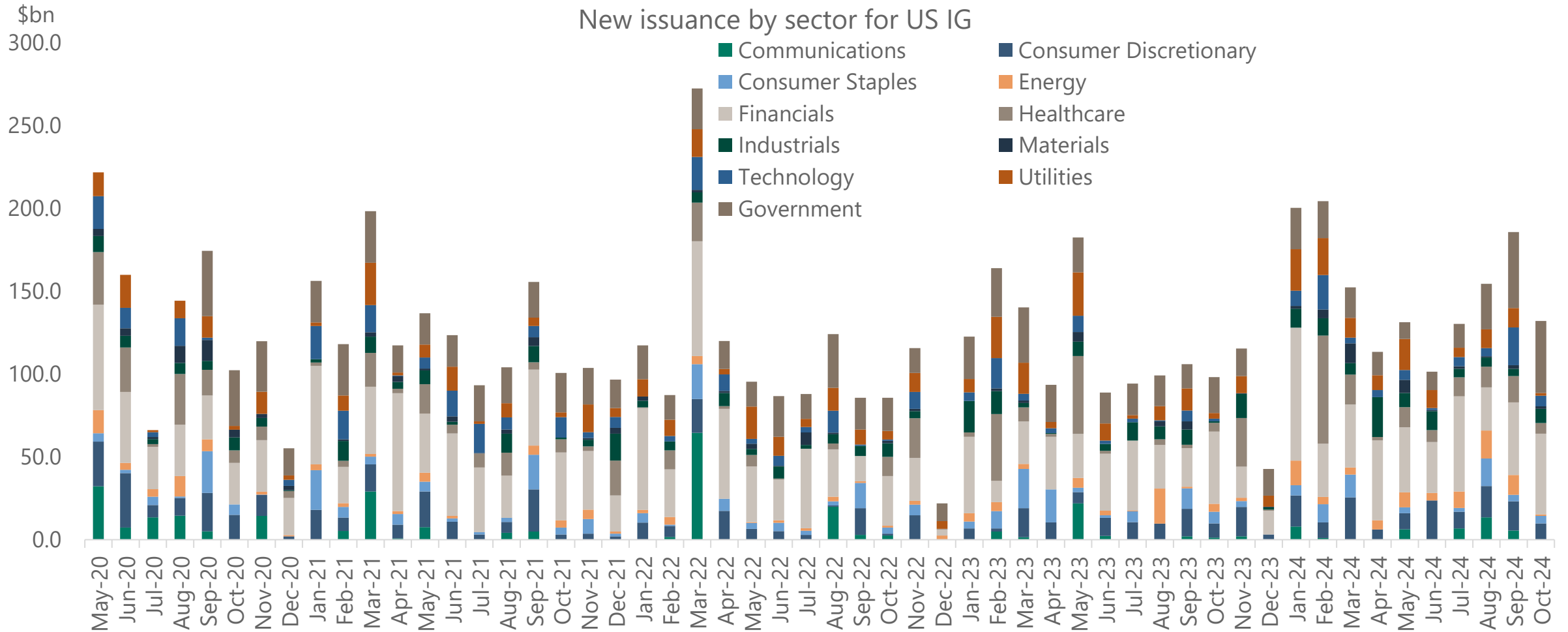
Source: PitchBook LCD, Apollo Chief Economist. Note: GCP means General Corporate Purpose, which means making or financing any payment for working capital, capital expenditures or any other general corporate purpose.

IG issuance by rating



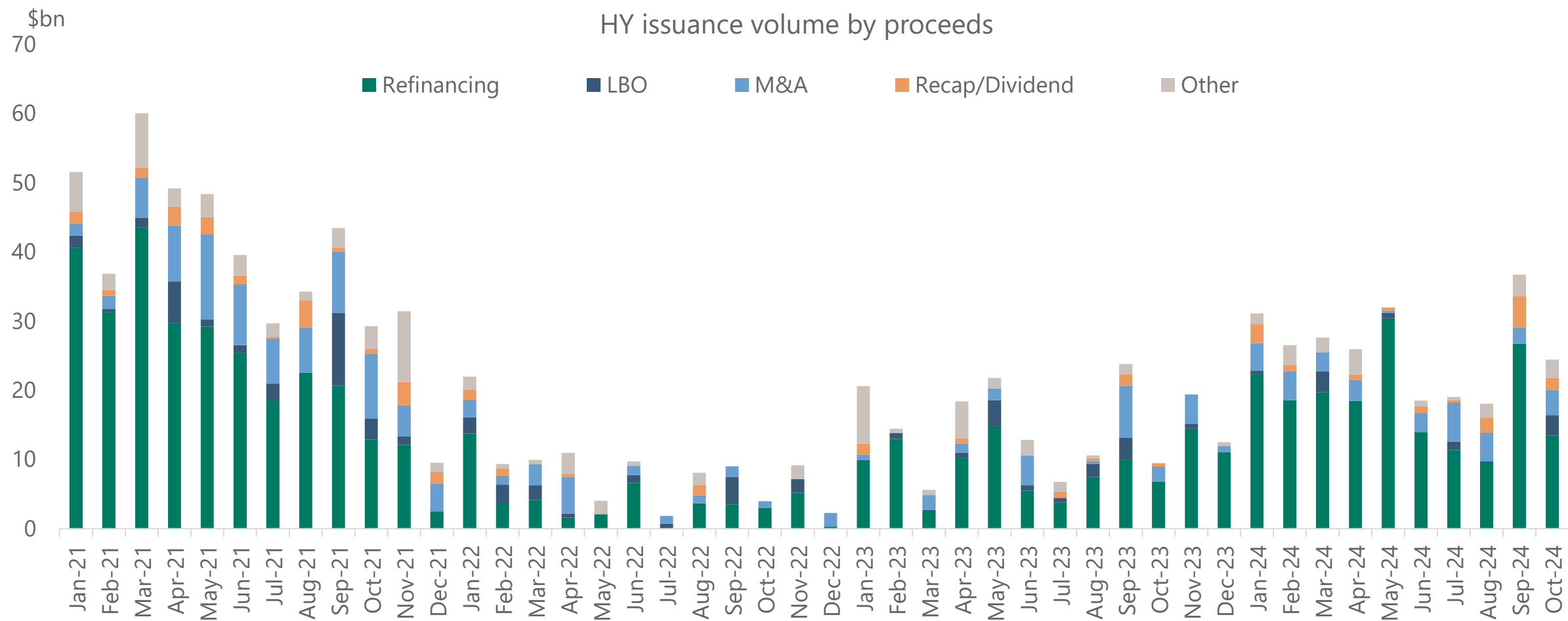
Source: PitchBook LCD, Apollo Chief Economist.

Sector distribution of new IG issuance



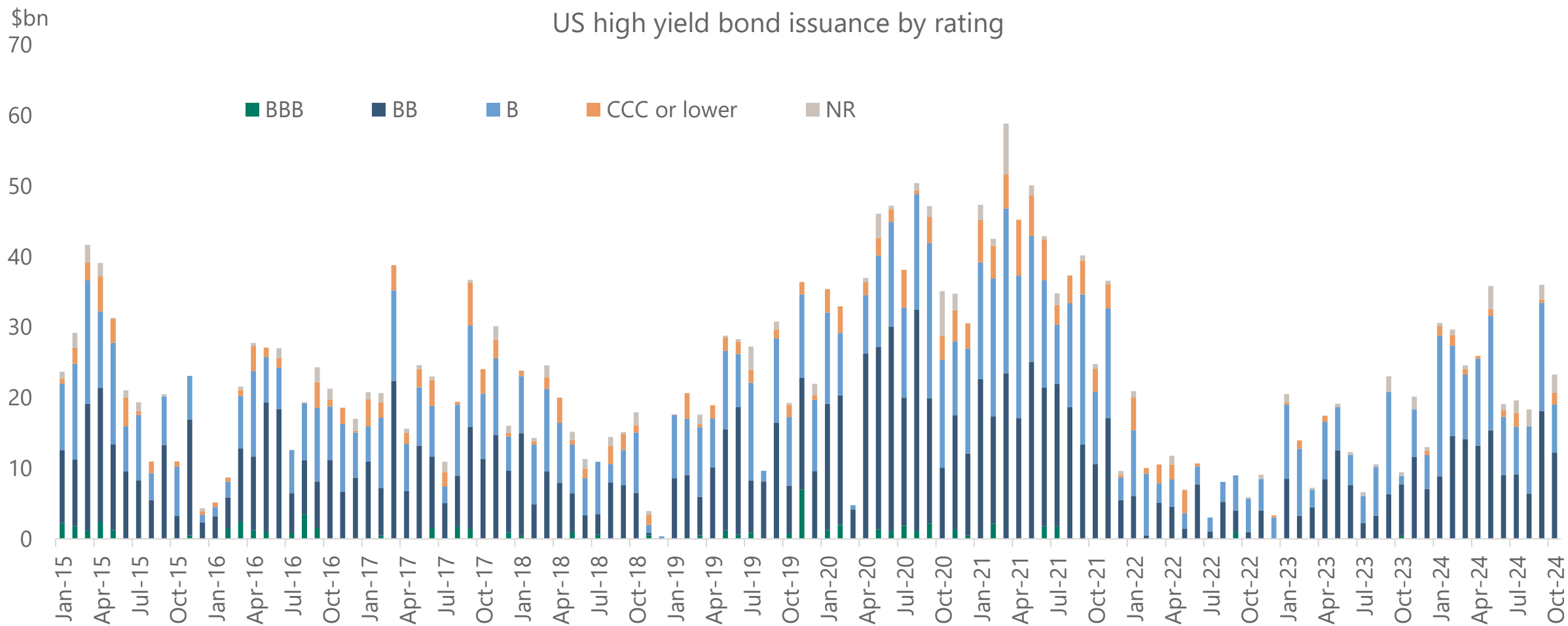
Source: Bloomberg, Apollo Chief Economist. Note: Issuance includes bonds, loans, leveraged loans, and preferred.

High yield volumes by proceeds



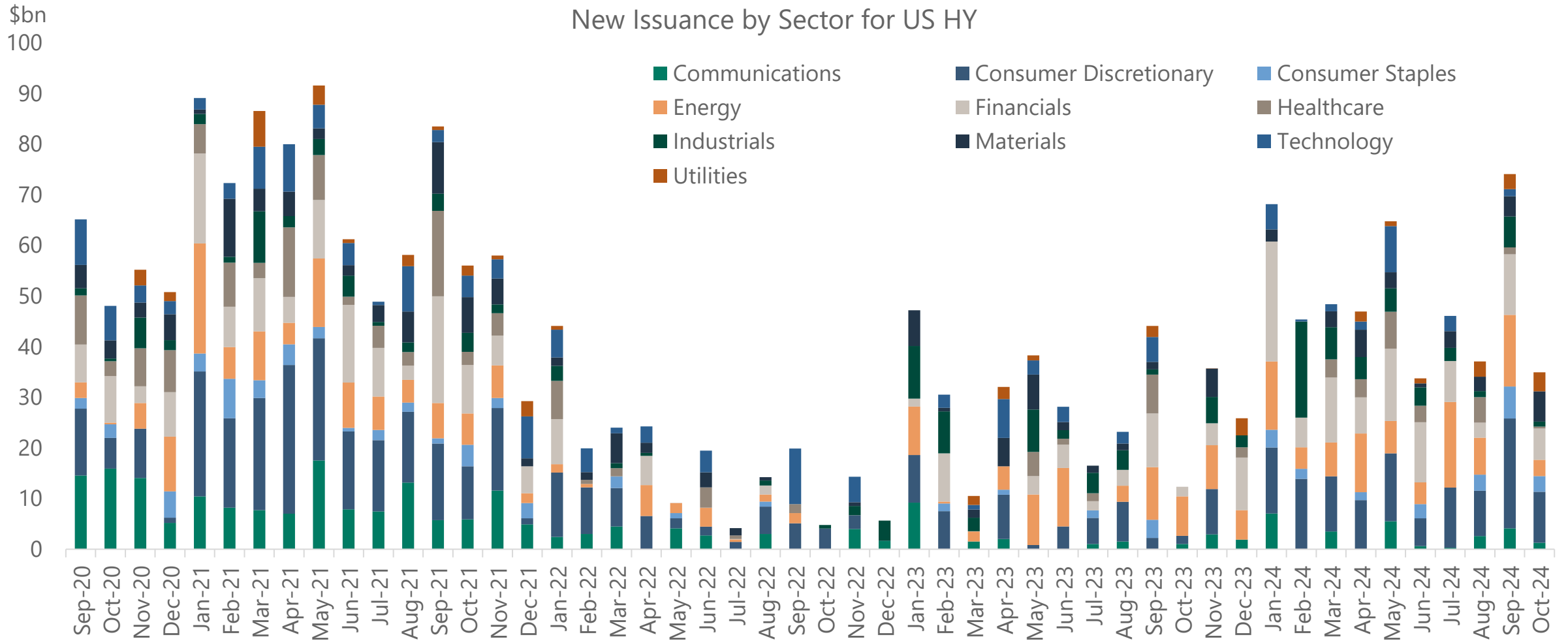
Source: PitchBook LCD, Apollo Chief Economist

HY issuance by rating



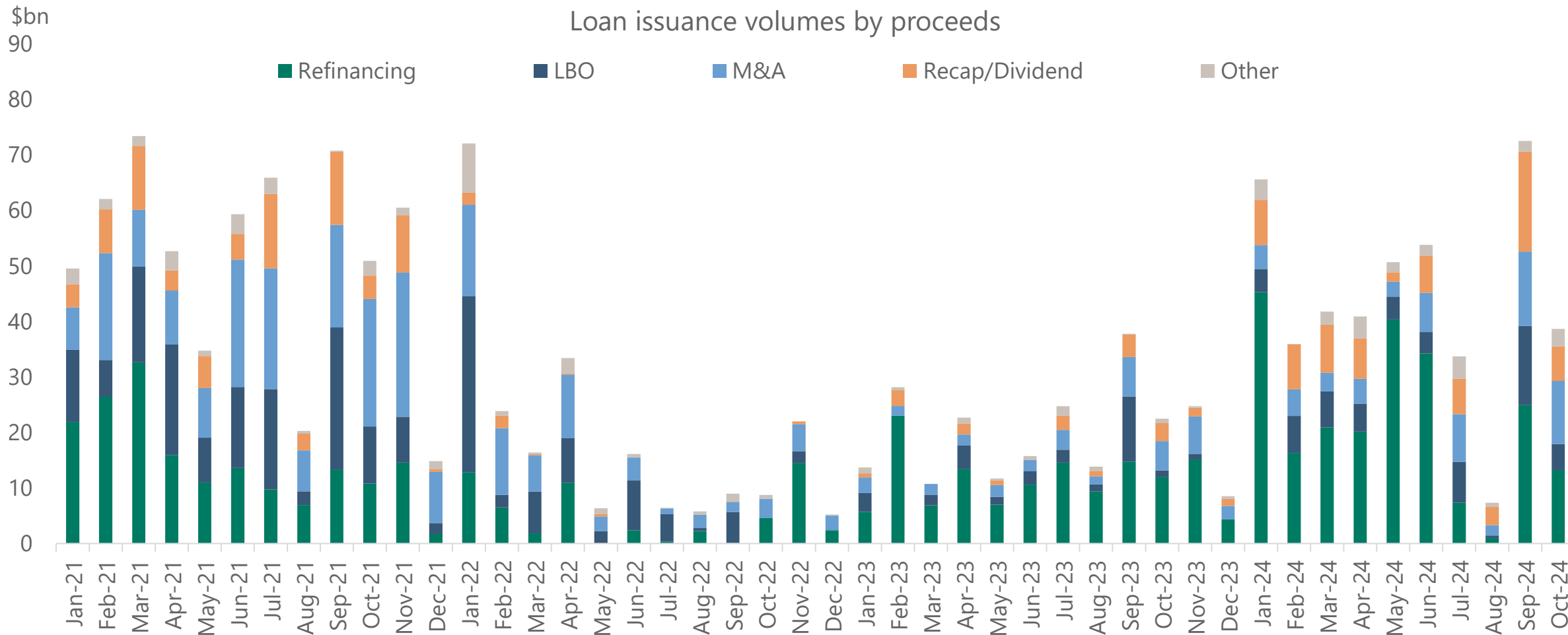
Source: PitchBook LCD, Apollo Chief Economist.

Sector distribution of new HY issuance

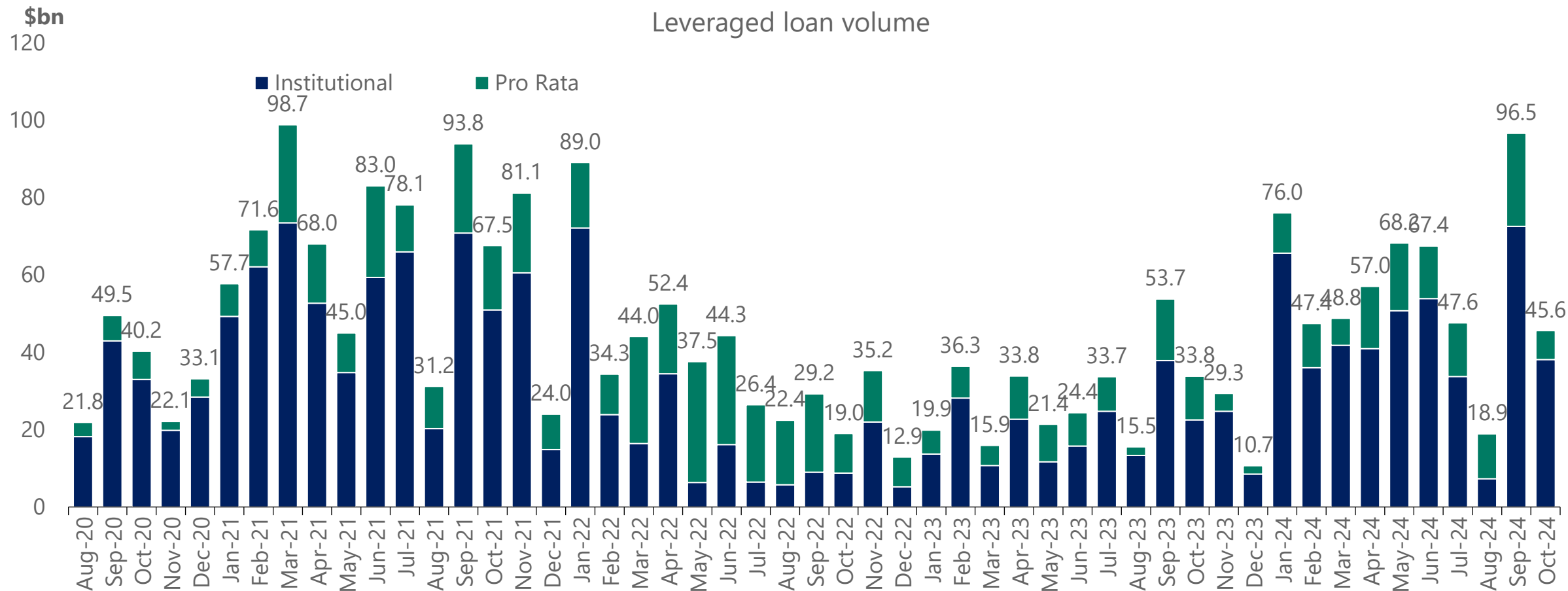


Source: Bloomberg, Apollo Chief Economist. Note: Issuance includes bonds, loans, leveraged loans and preferred.

Loan volumes by proceeds

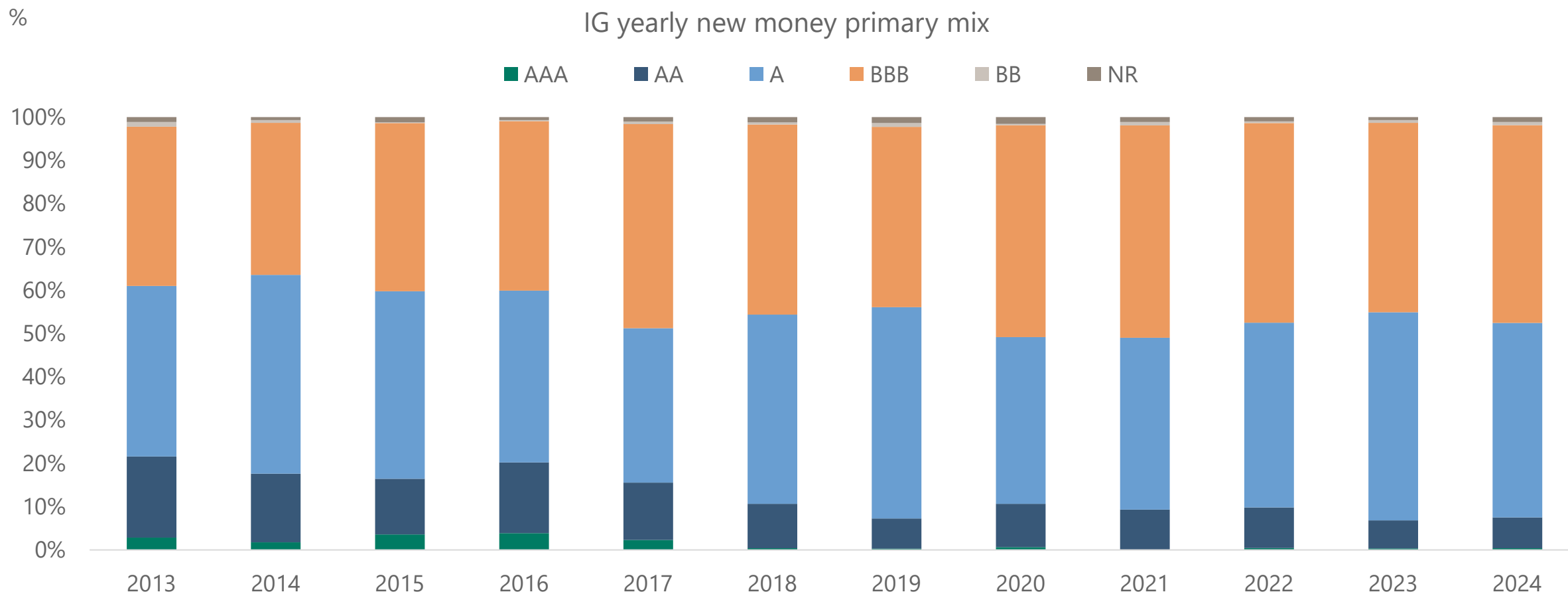


Leveraged loan volume

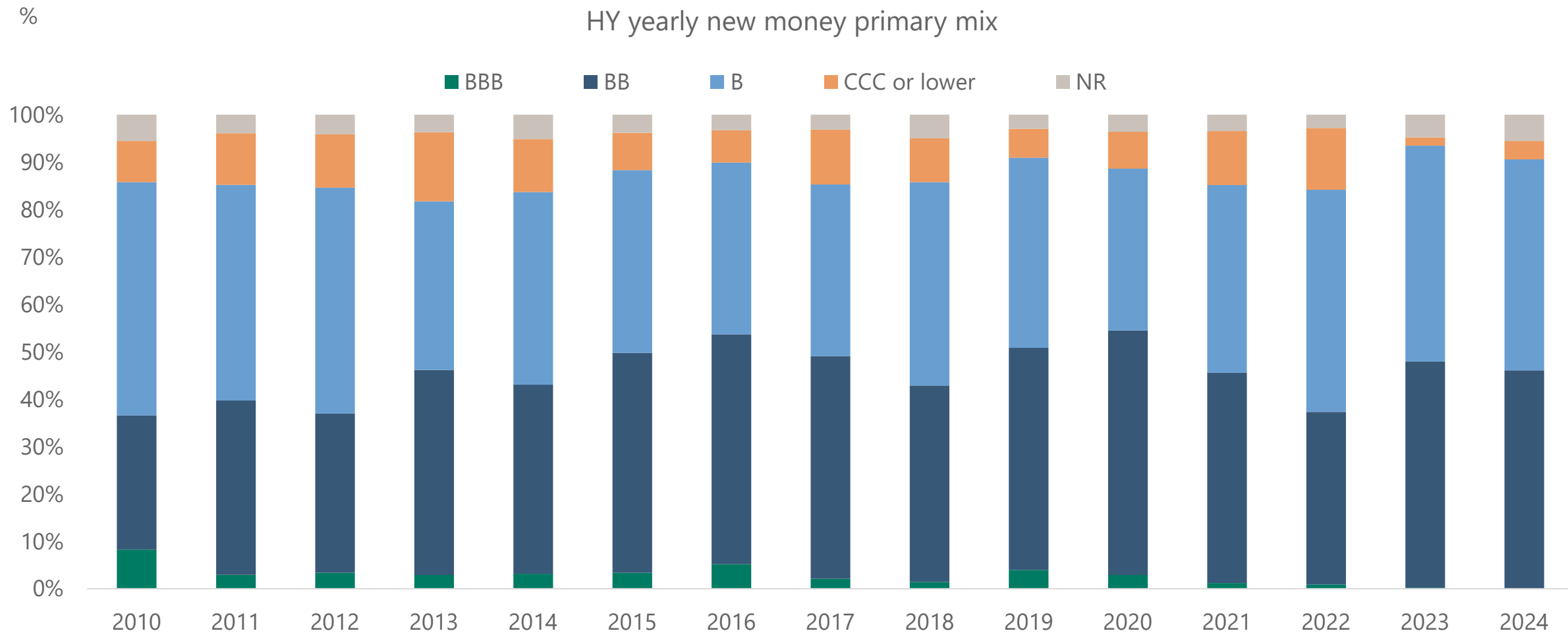


Source: PitchBook LCD, Apollo Chief Economist.

IG new money primary mix

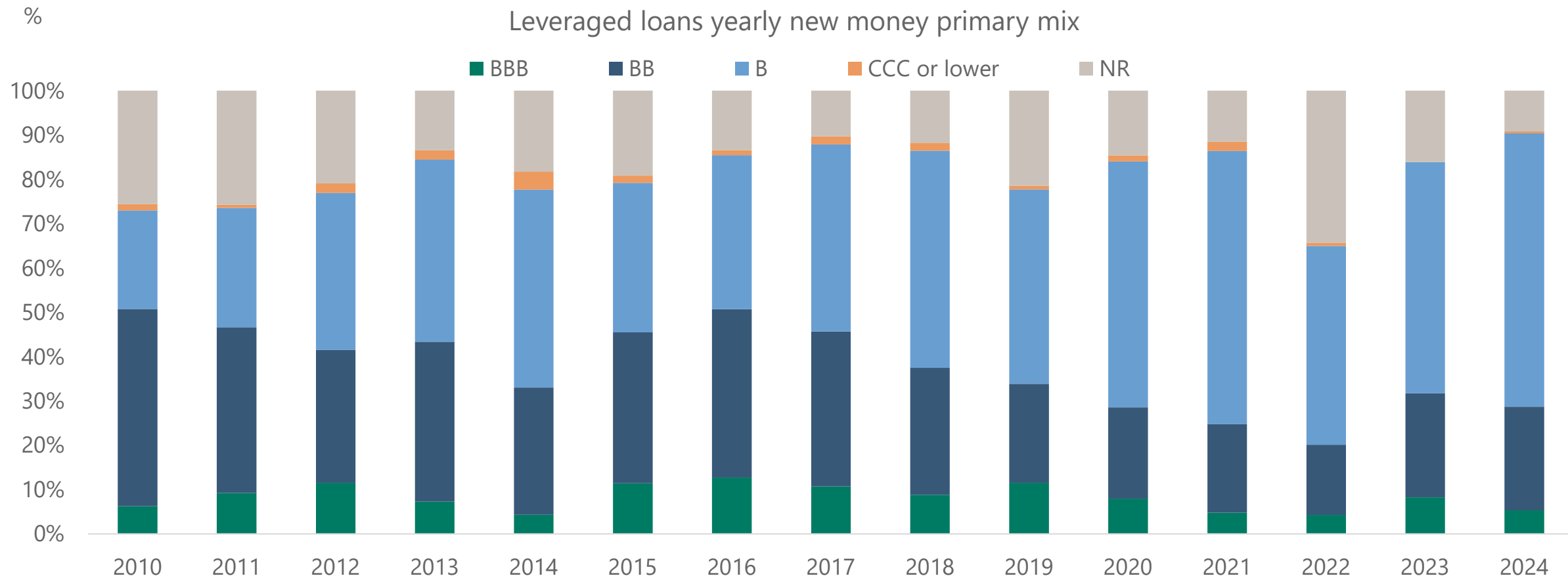


HY new money primary mix



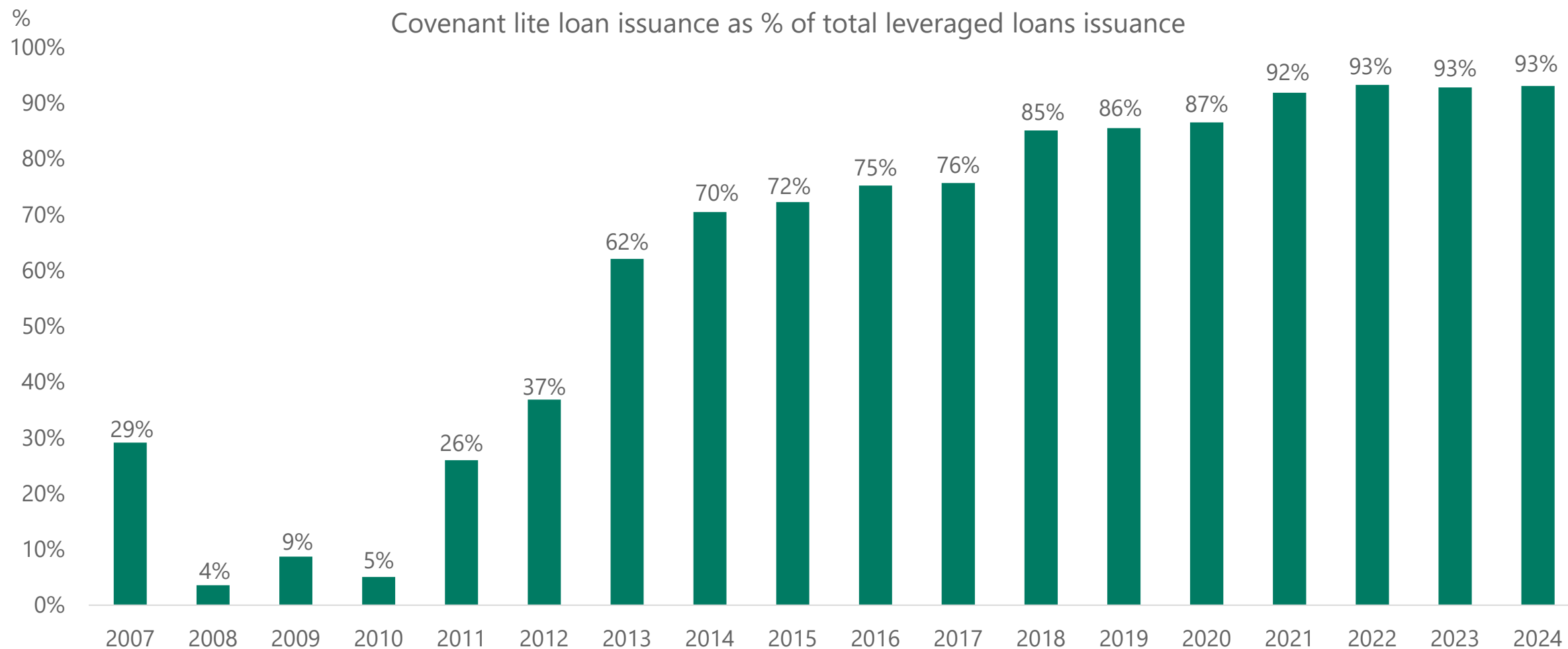
Source: PitchBook LCD, Apollo Chief Economist. Note: Data as of 31st October 2024.

Loans new money primary mix



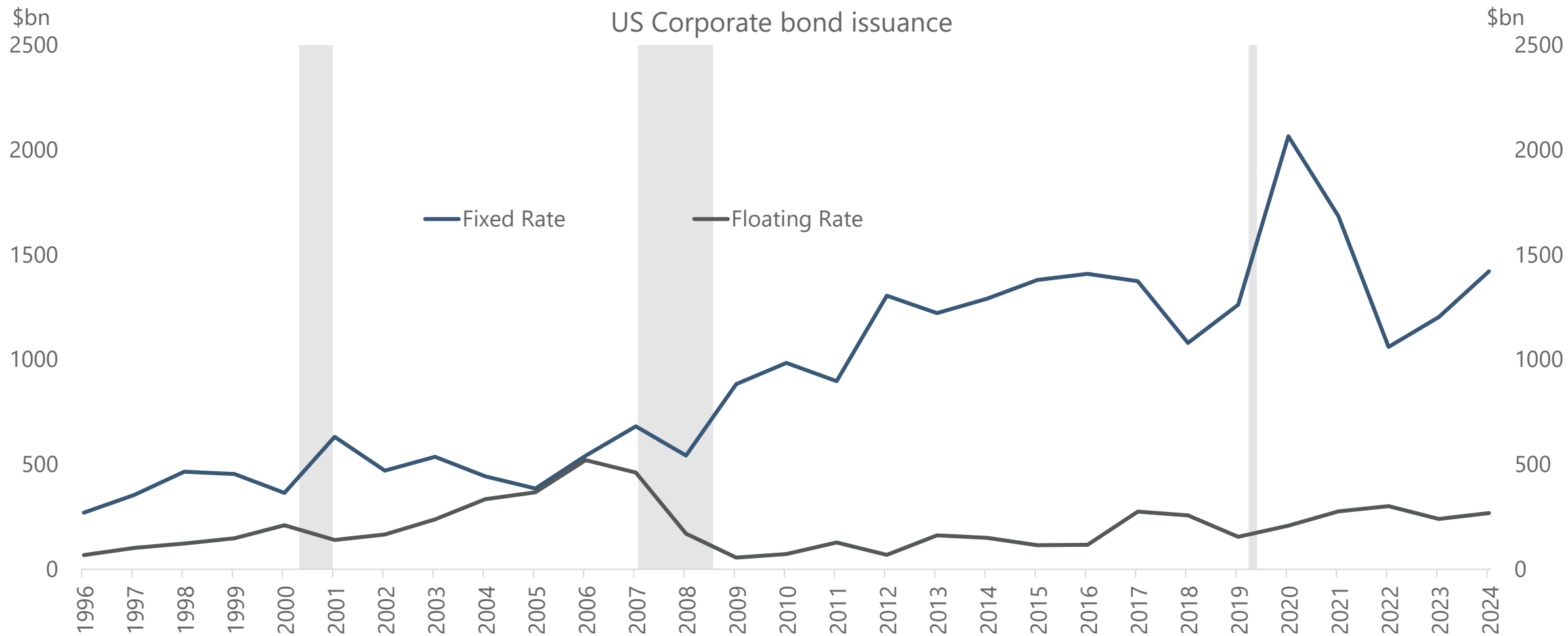
Source: PitchBook LCD, Apollo Chief Economist. Note: Data as of 31st October 2024.

Covenant lite loan issuance



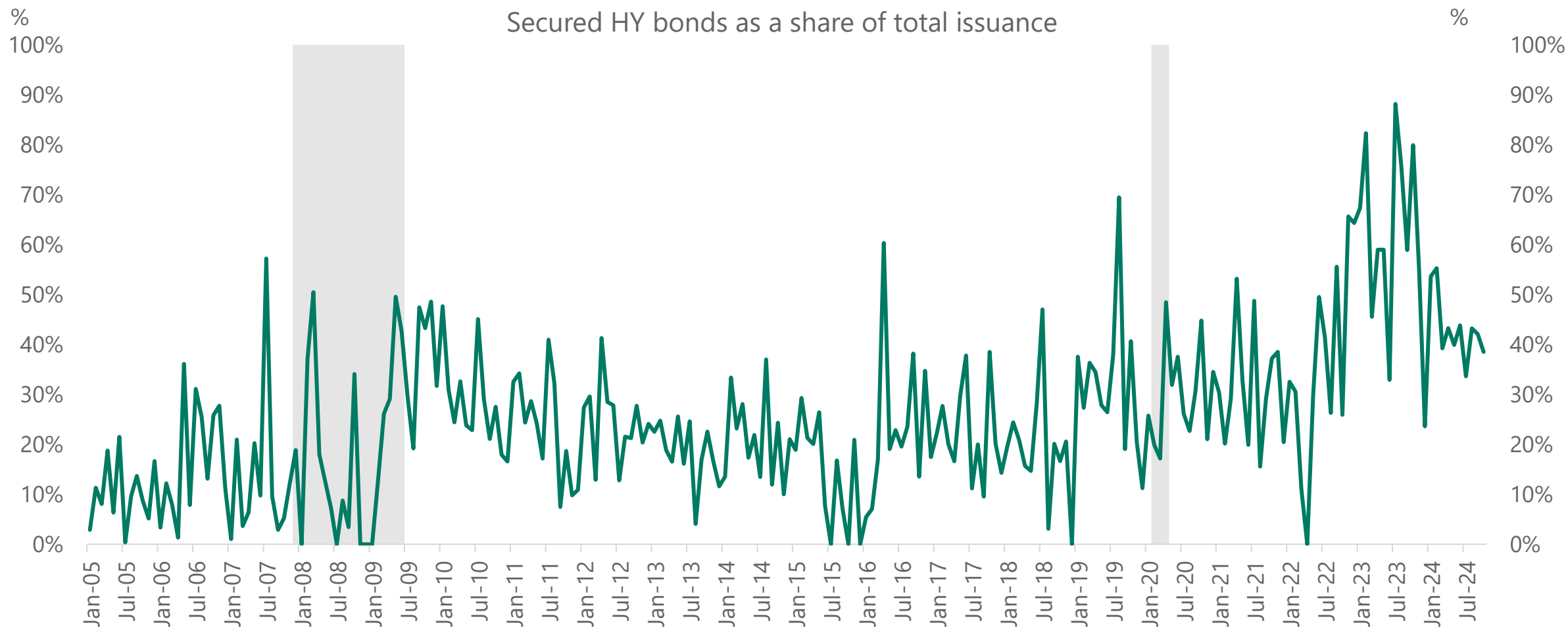
Source: PitchBook LCD, Apollo Chief Economist.. Note: A covenant-lite loan is a type of financing with fewer restrictions on the borrower and fewer protections for the lender, often used in leveraged buyouts. Data as of 4th November 2024.

Corporate bond issuance, floating rate and fixed rate



Source: SIFMA, Apollo Chief Economist. Note: 2024 data as of 31st October 2024

Secured HY bond issuance volume

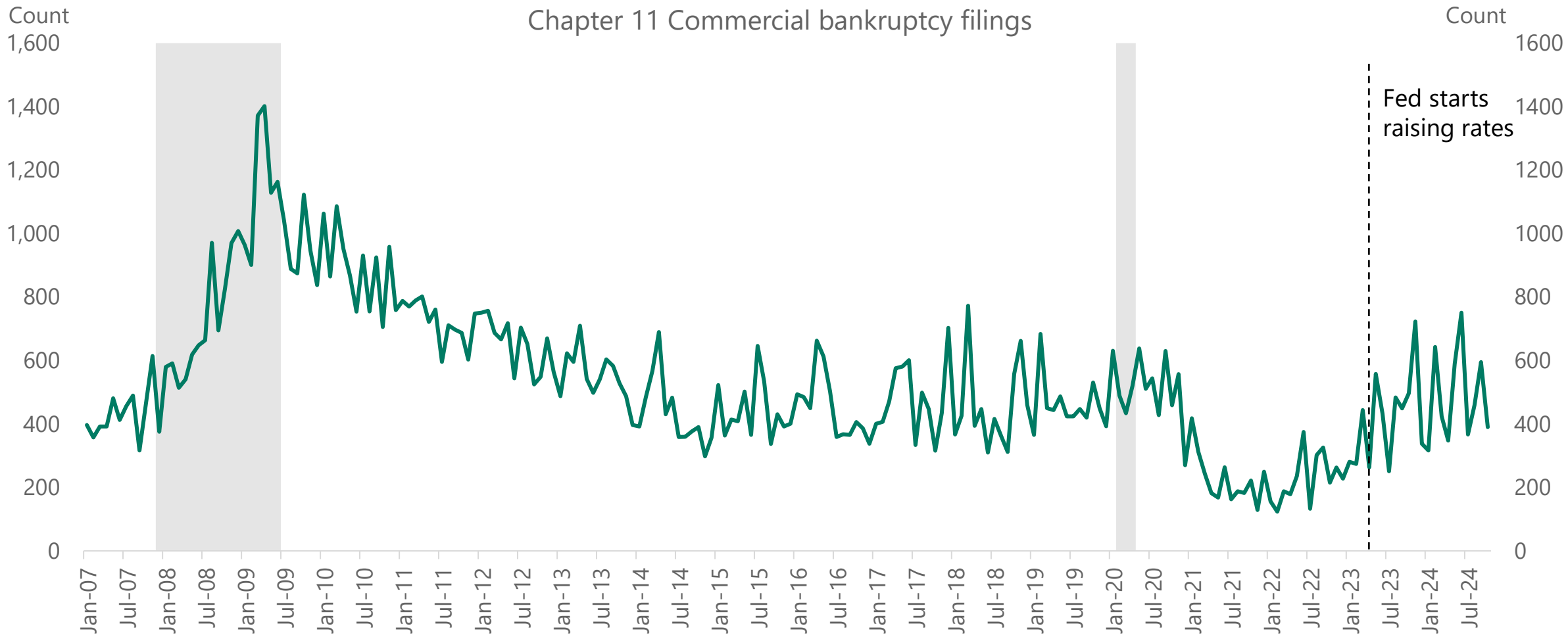


Source: PitchBook LCD, Apollo Chief Economist. Note: A secured bond is the bond issued with the collateral as a security for the bond

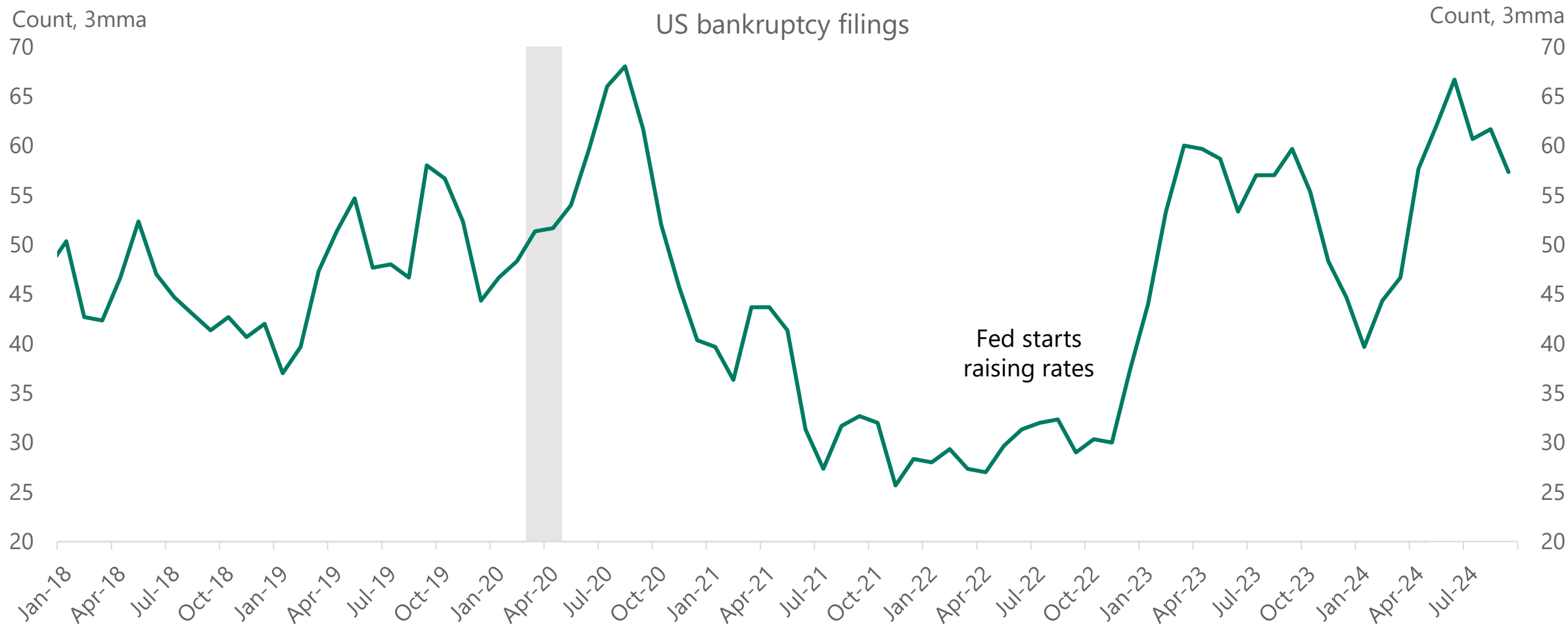
Credit fundamentals



Chapter 11 bankruptcy filings

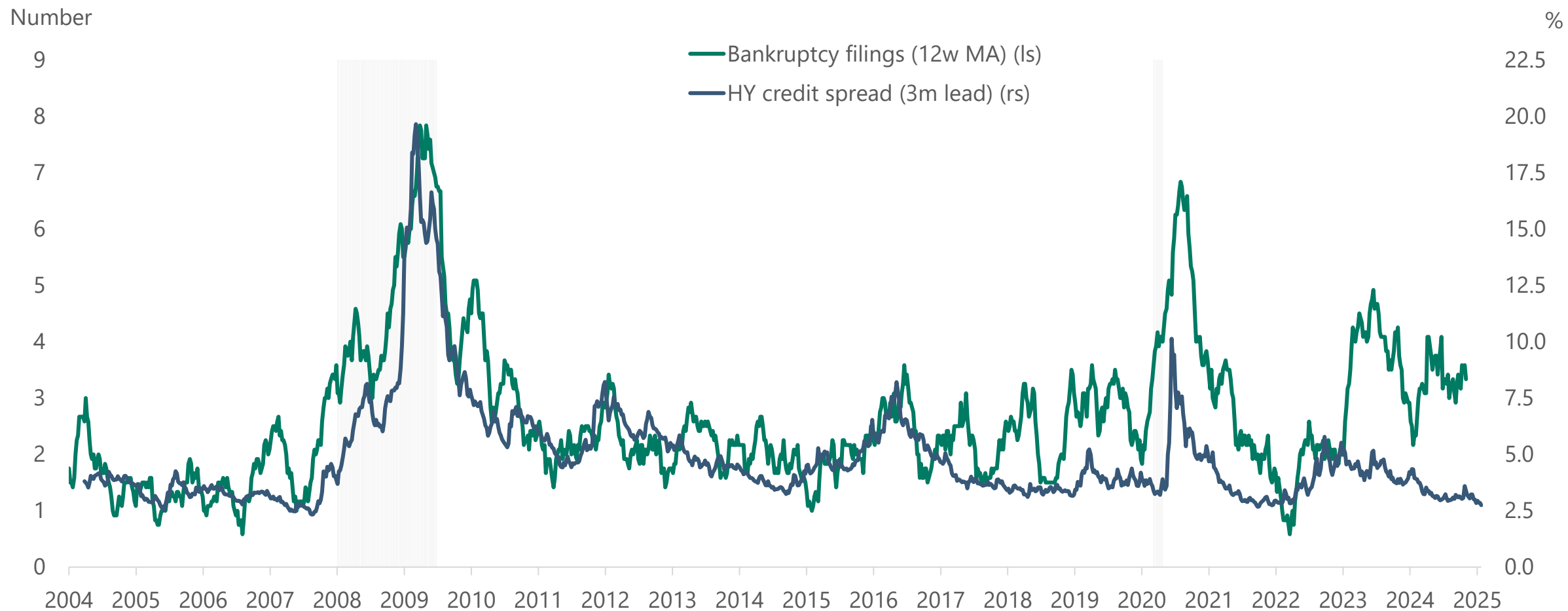


Fed hikes pushed bankruptcy filings higher

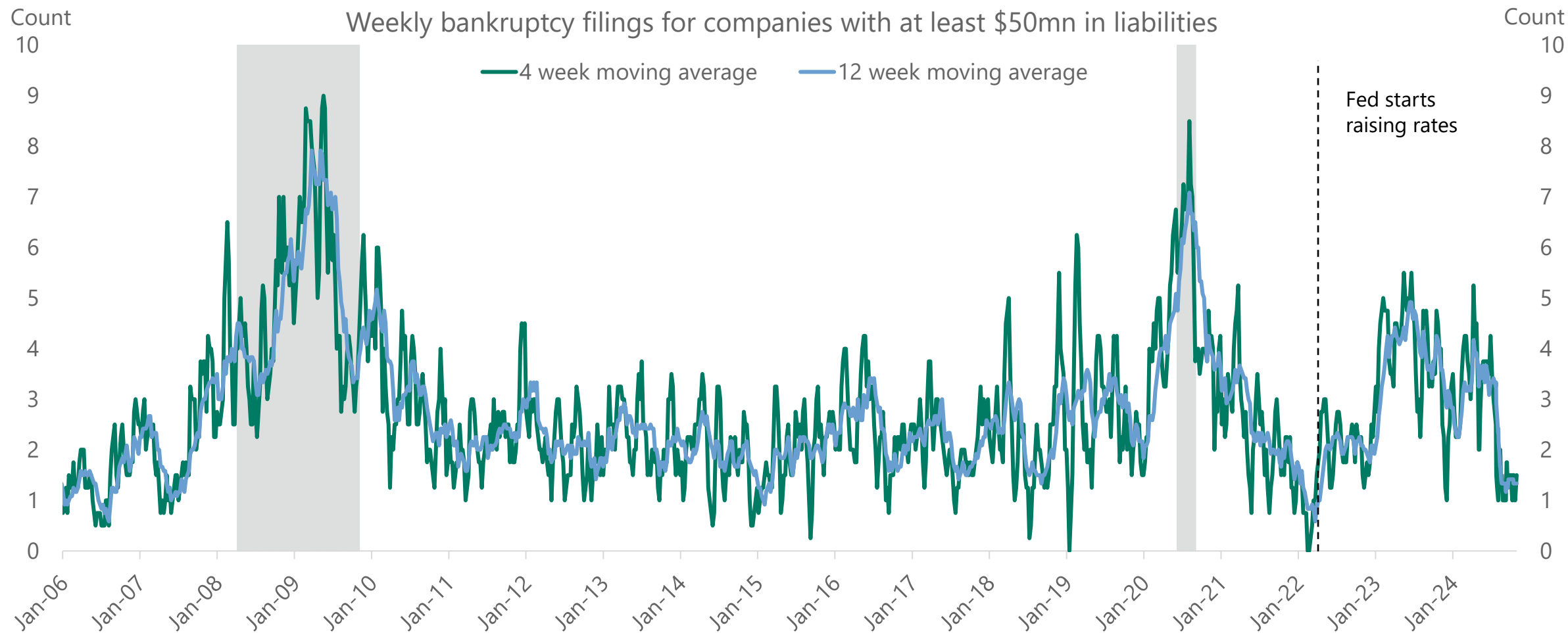


Source: S&P Capital IQ, Bloomberg, Apollo Chief Economist. Note: Bankruptcy figures include public companies or private companies with public debt with a minimum of \$2 million in assets or liabilities at the time of filing, in addition to private companies with at least \$10 million in assets or liabilities.

Bankruptcy filings and credit spreads

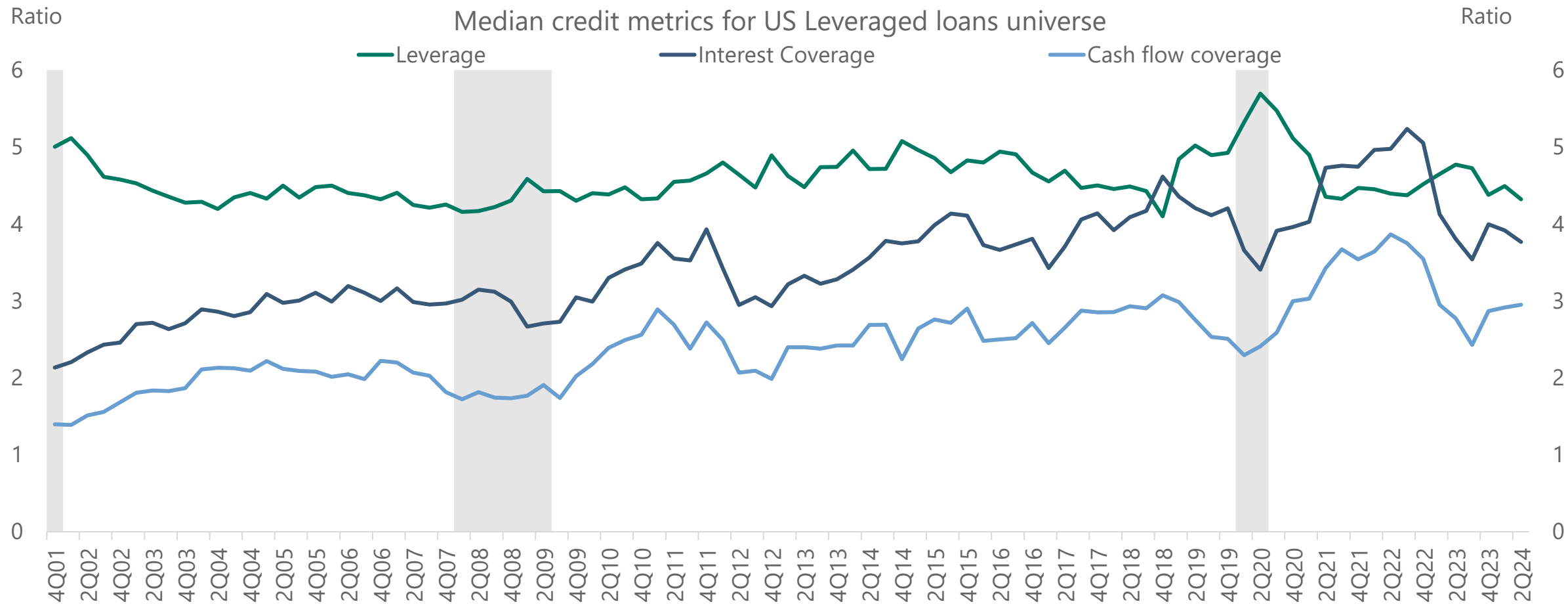


Bankruptcy filings for companies with more than \$50mn in liabilities

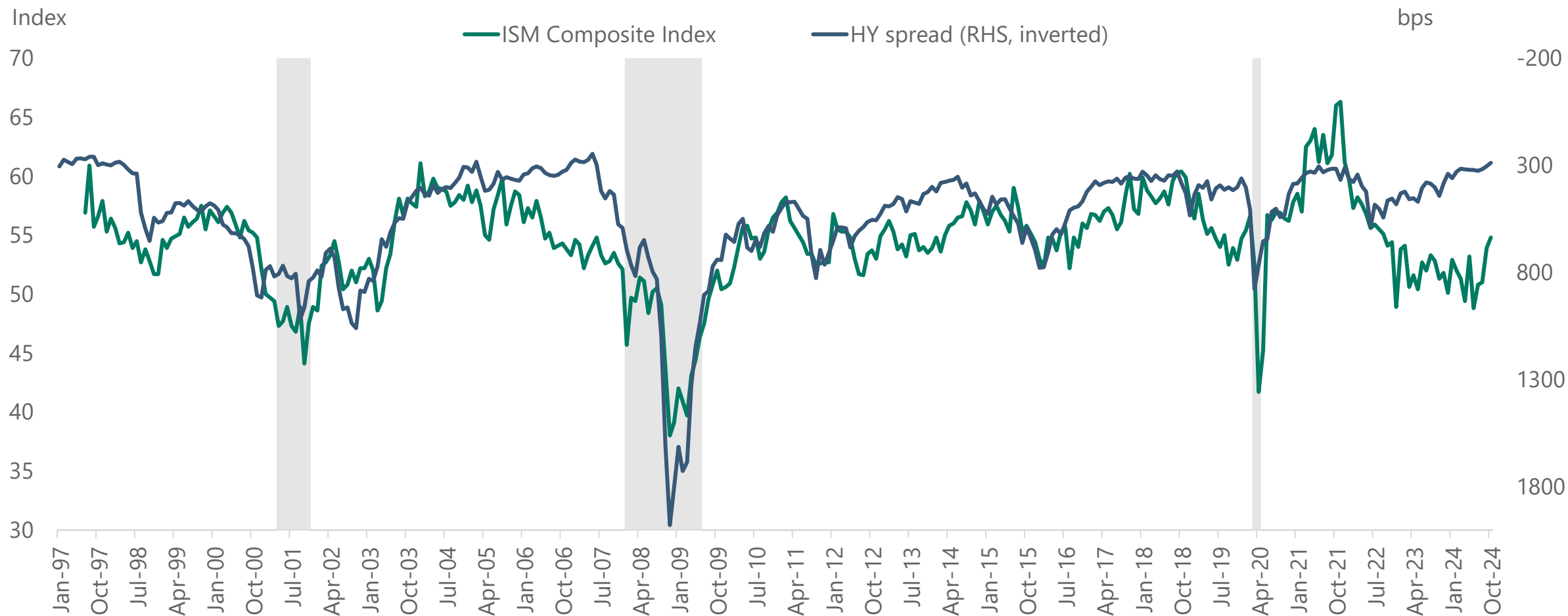


Source: Bloomberg, Apollo Chief Economist. Note: Filings are for companies with more than \$50mn in liabilities. For week ending on February 28, 2024.

Credit metrics for leveraged loan deals

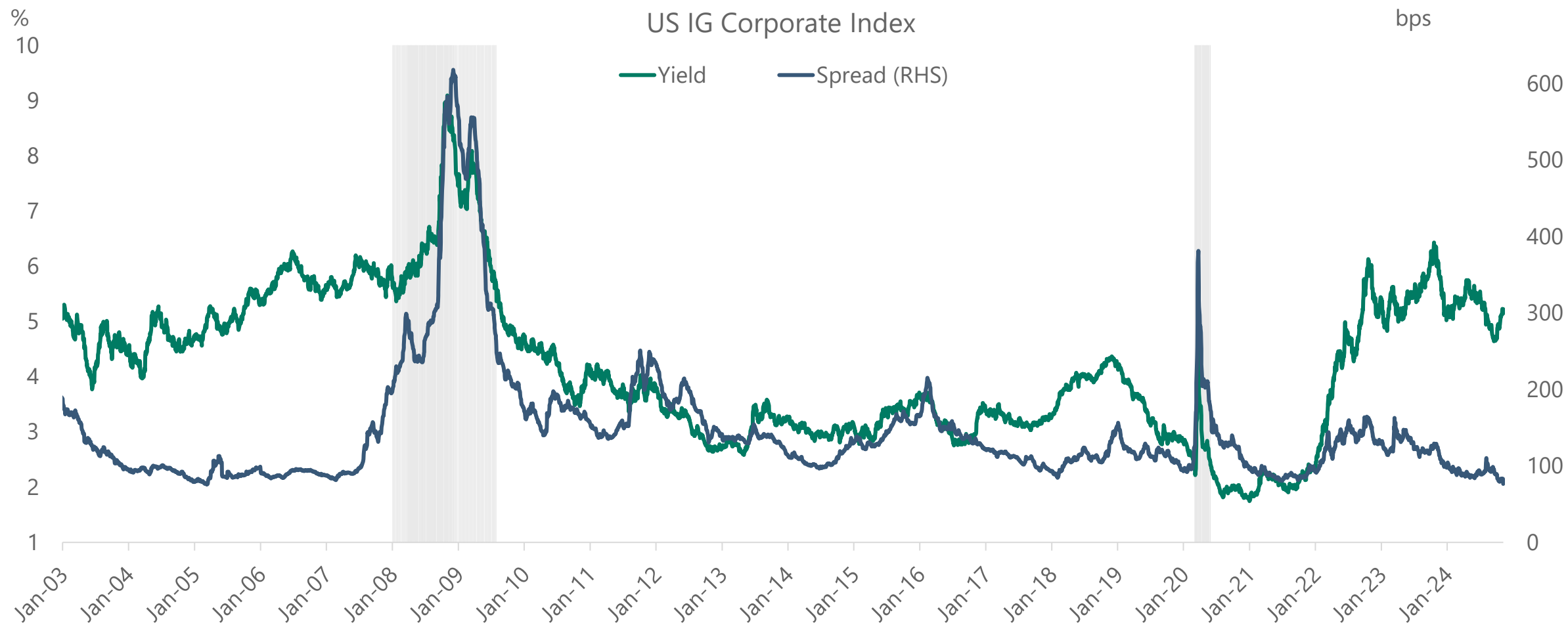


Disconnect between HY spreads and economic activity



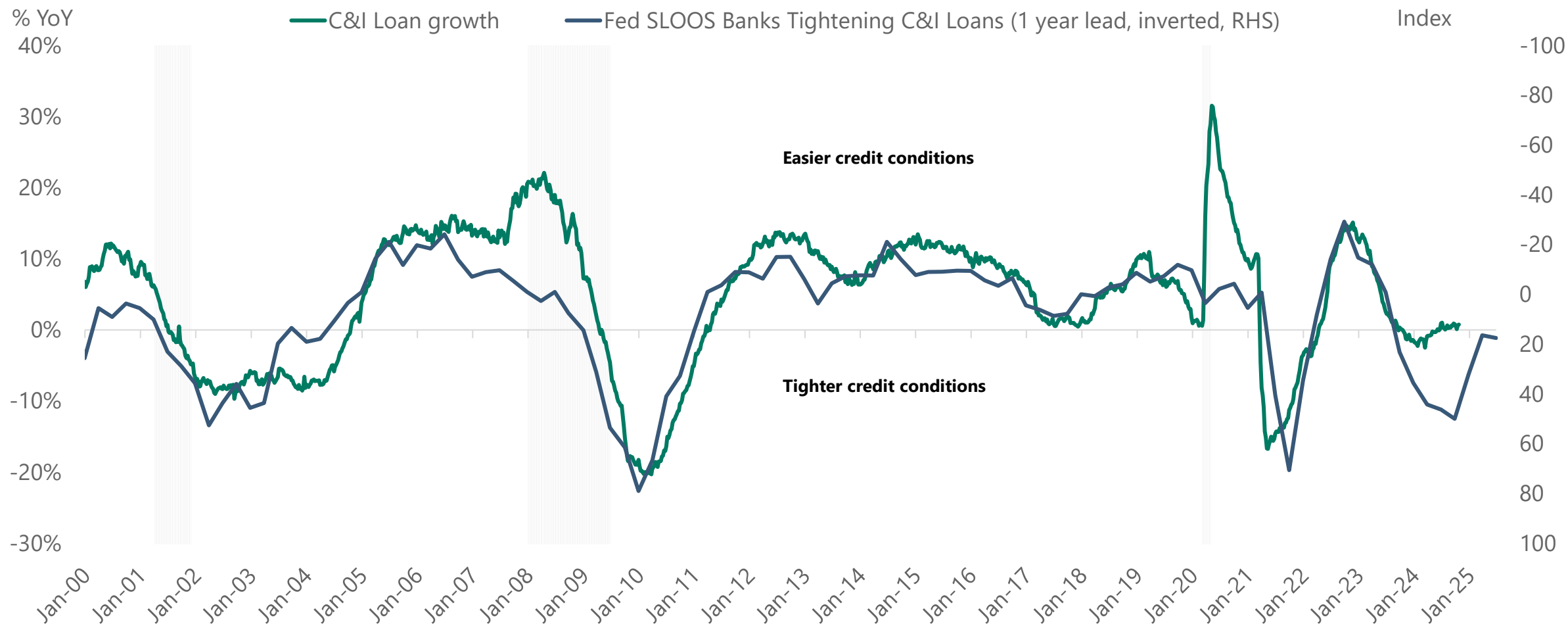
Source: ISM, ICE BofA, Haver Analytics, Apollo Chief Economist

HY: Disconnect between yield and spreads

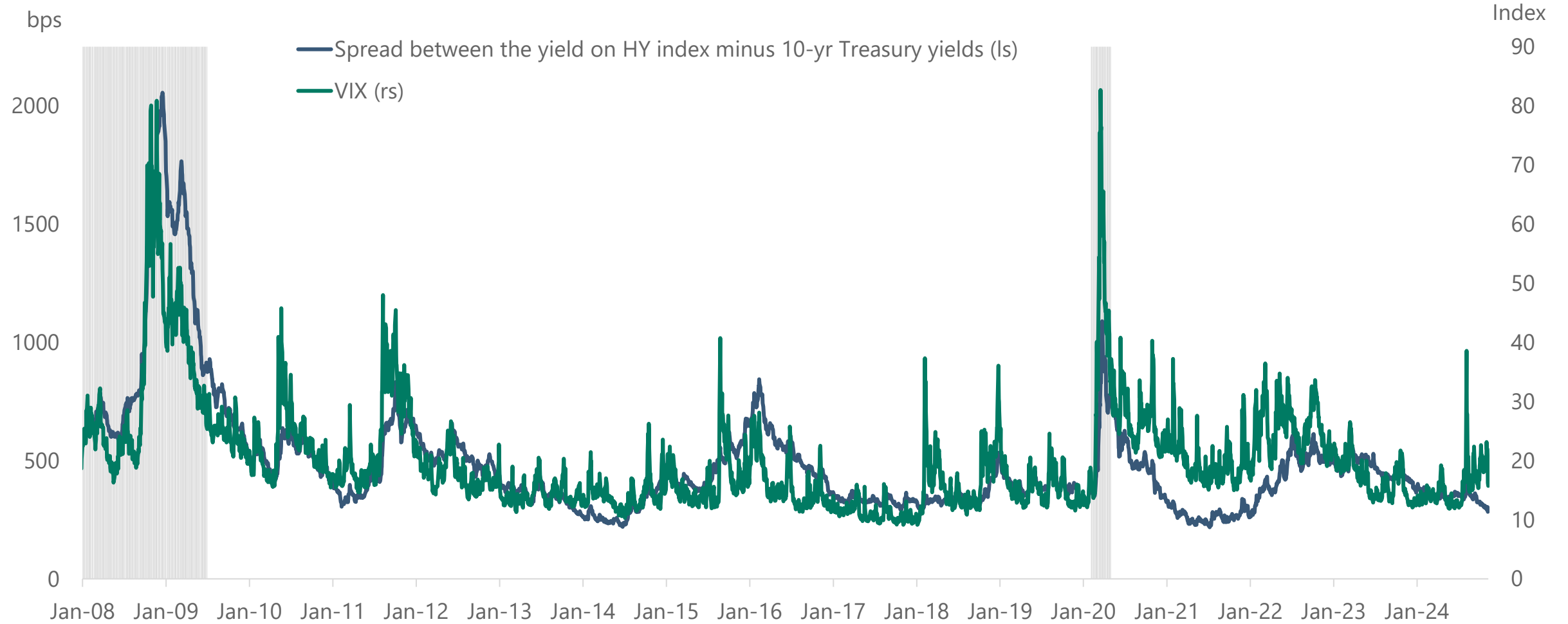


Source: Bloomberg, Apollo Chief Economist. Note: Index used LUACTRUU Index

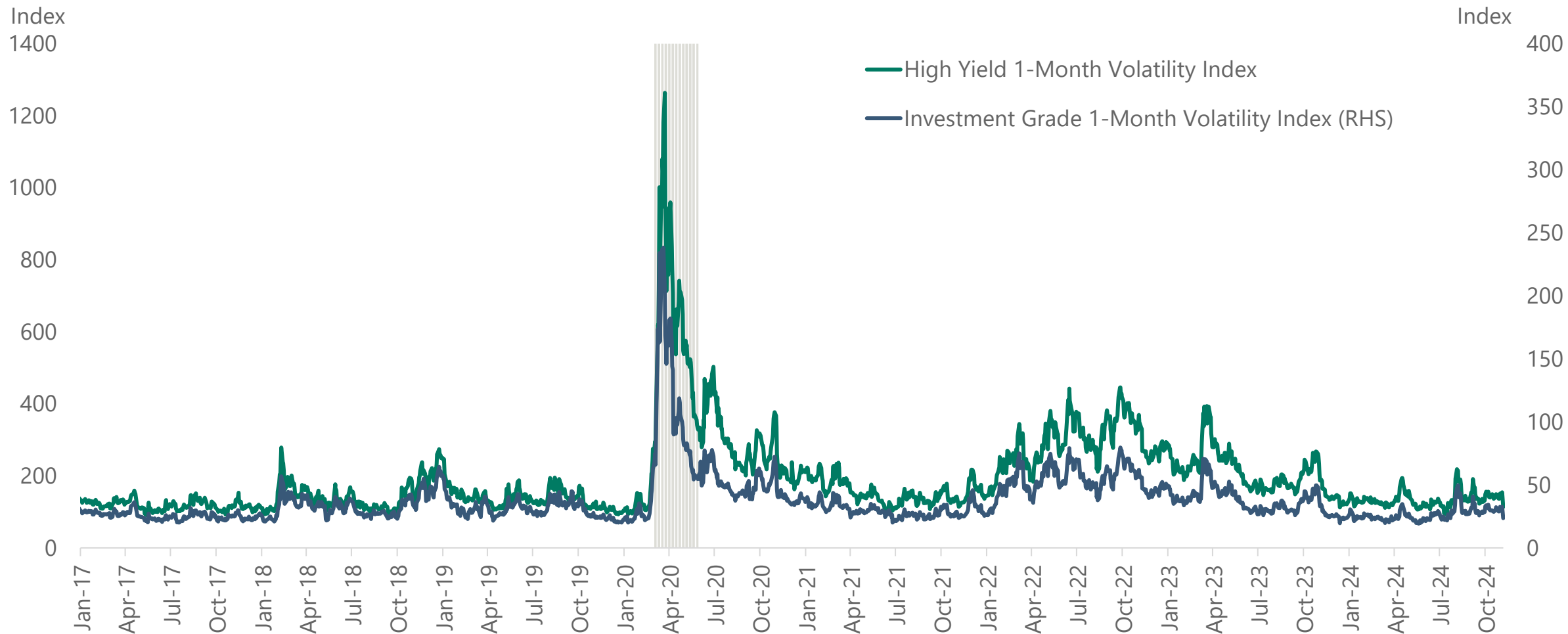
Bank lending and lending conditions



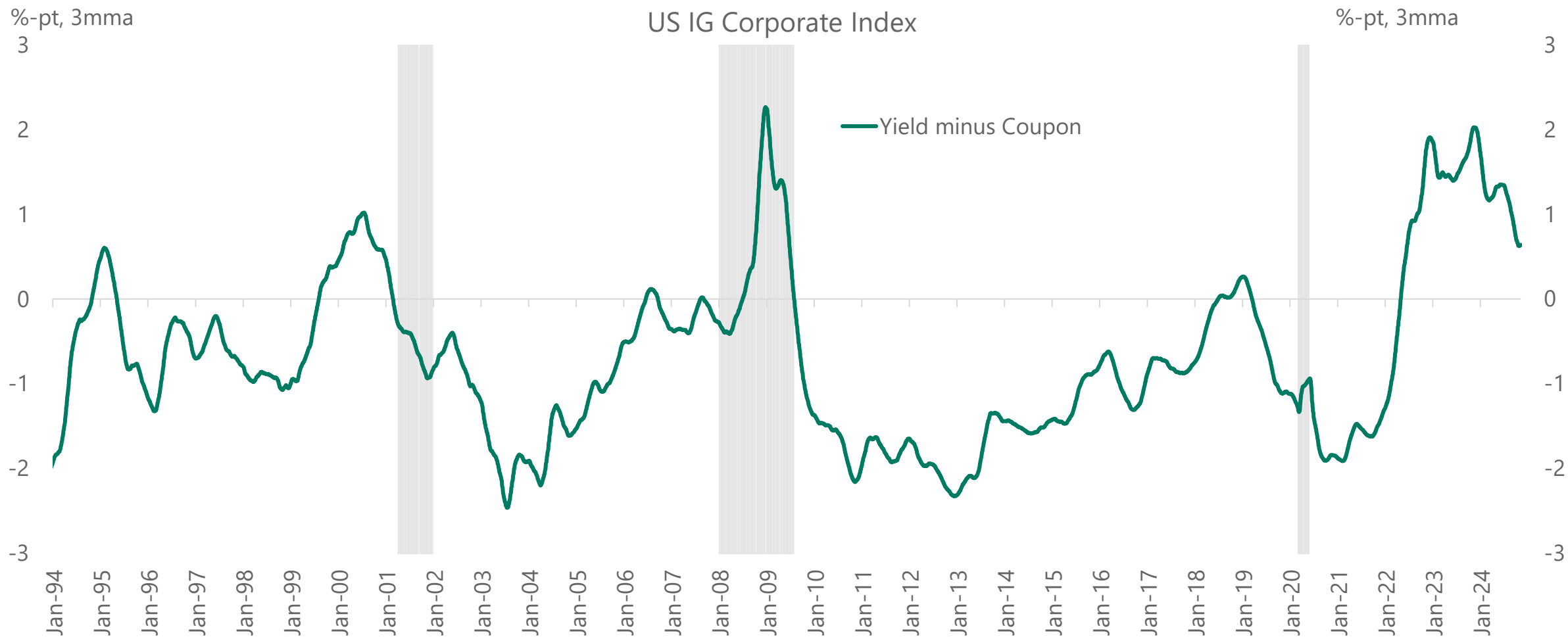
Disconnect between HY credit spreads and VIX



HY and IG implied volatility

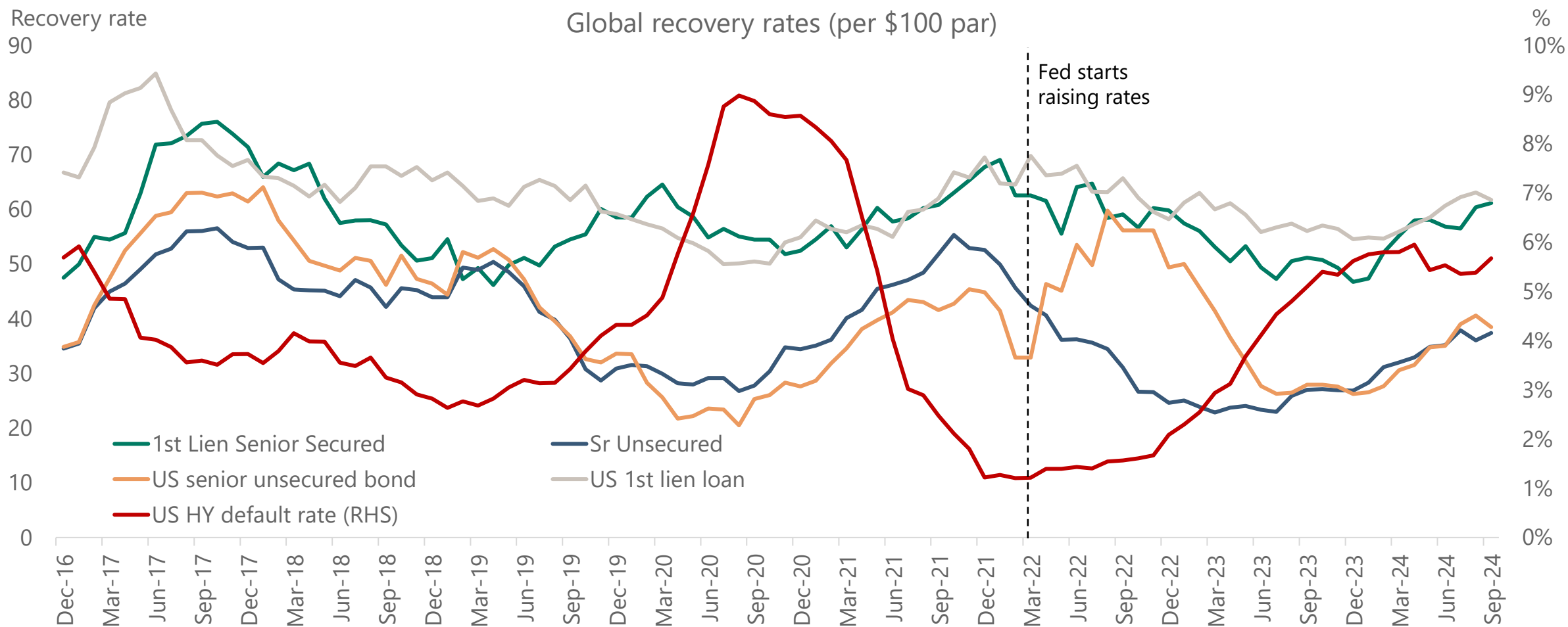


The yield on the IG corporate bond index is 0.6%-point higher than coupon

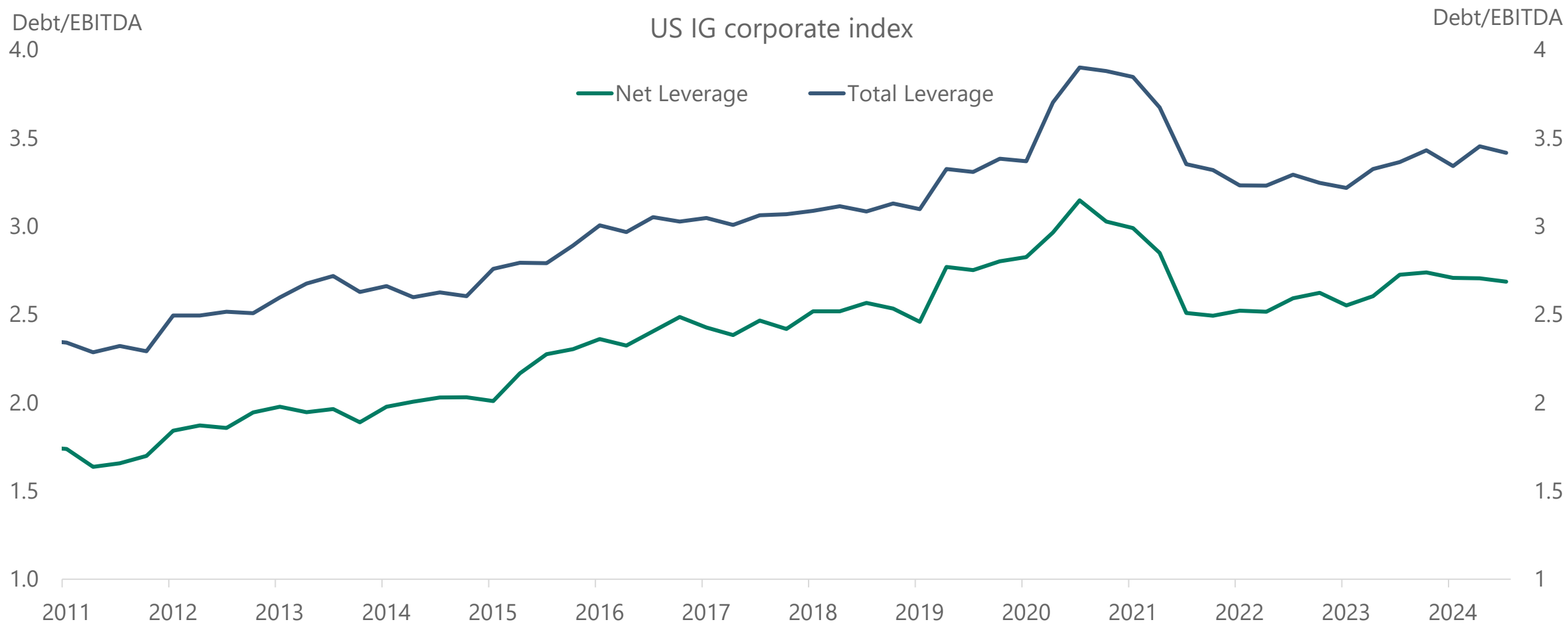


Source: Bloomberg, Apollo Chief Economist. Note: Index used LUACTRUU Index

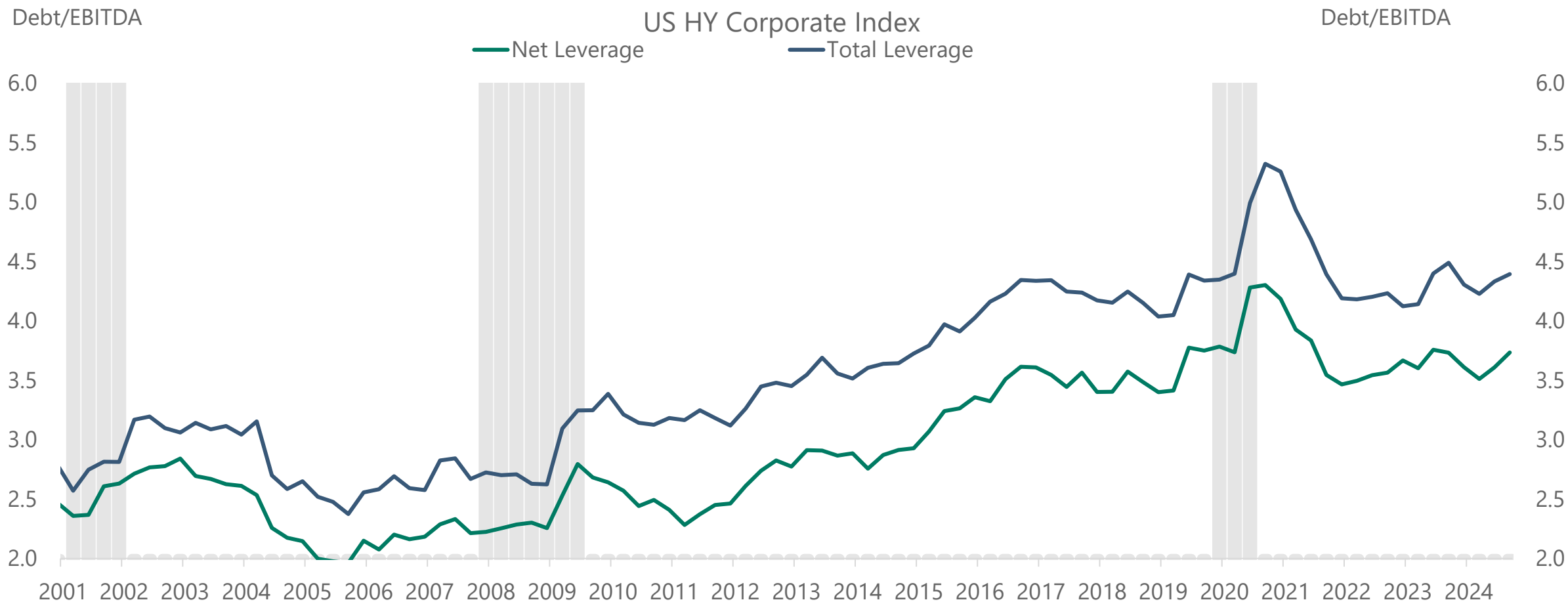
Recovery rates took a hit when the Fed raised rates, but have been rising recently



IG leverage

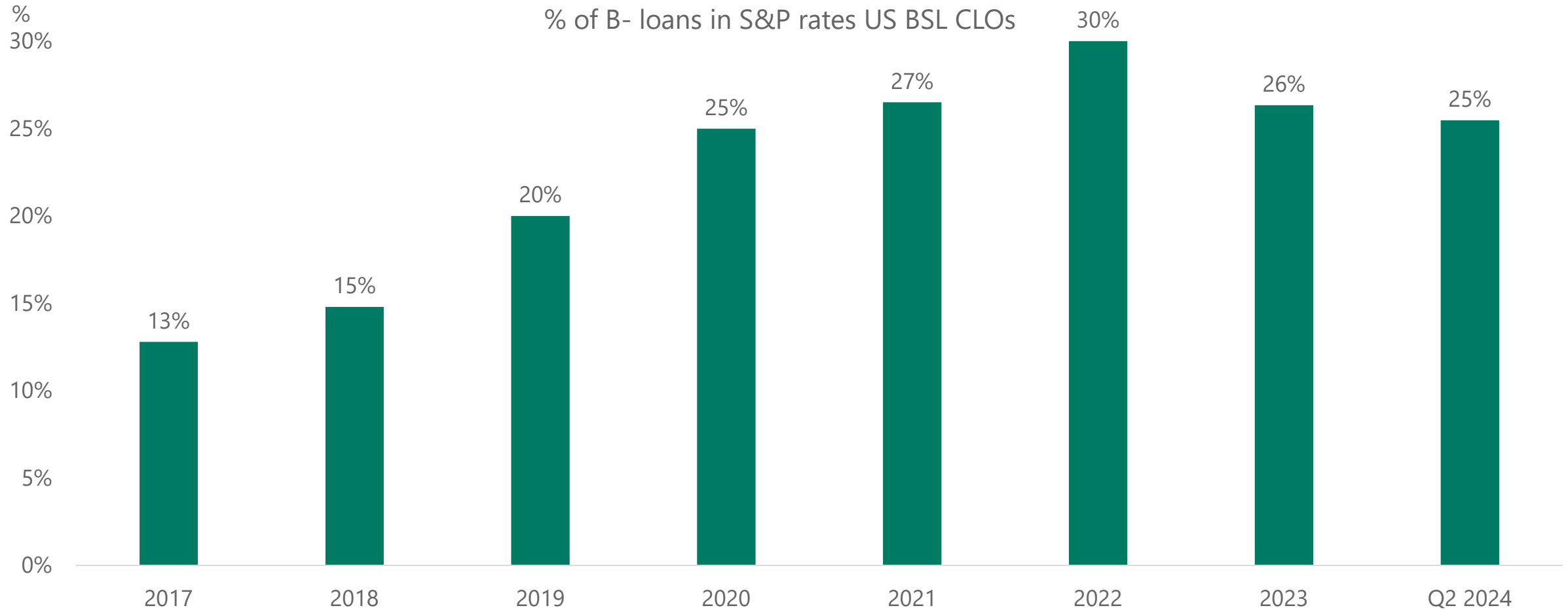


High yield leverage

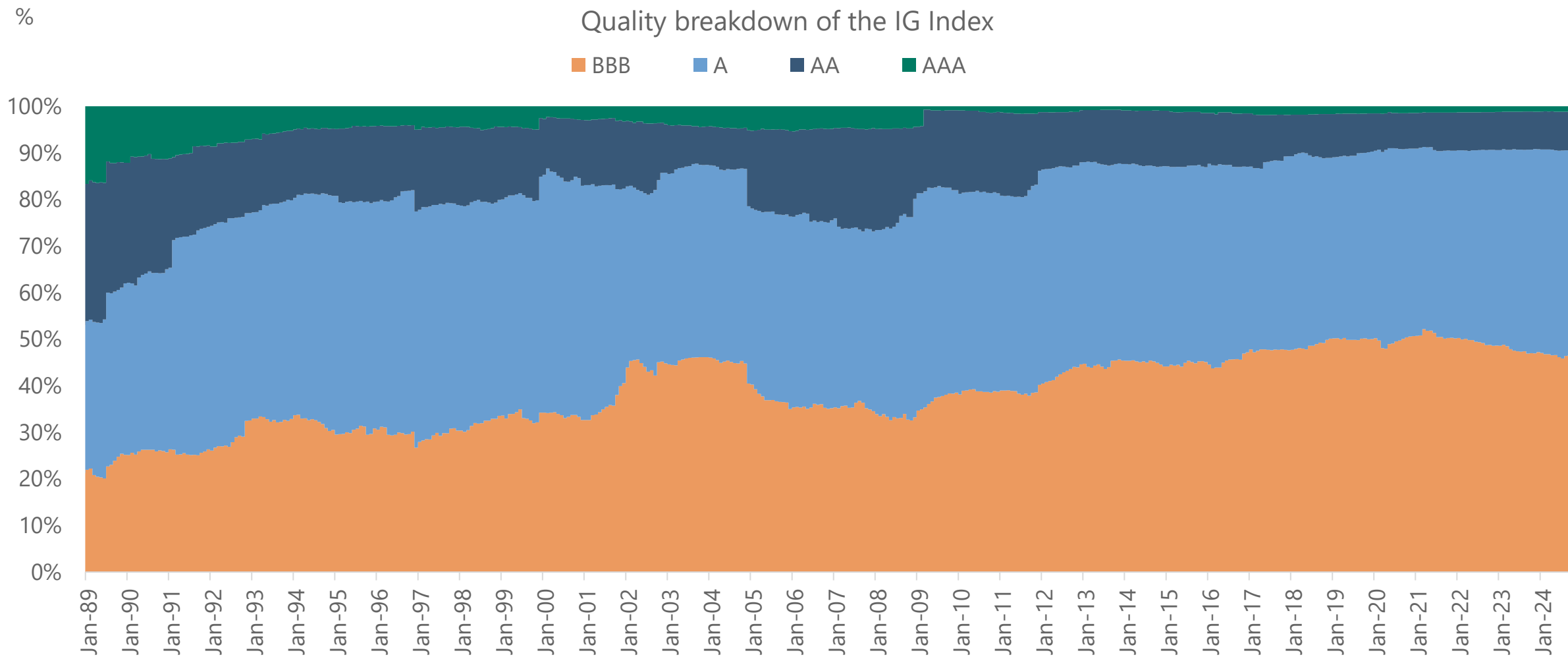


Source: Bloomberg, Apollo Chief Economist. Note: Median leverage for the bonds in H0A0 index

25% of the loans in the Morningstar LSTA Leveraged Loan Index are rated B-

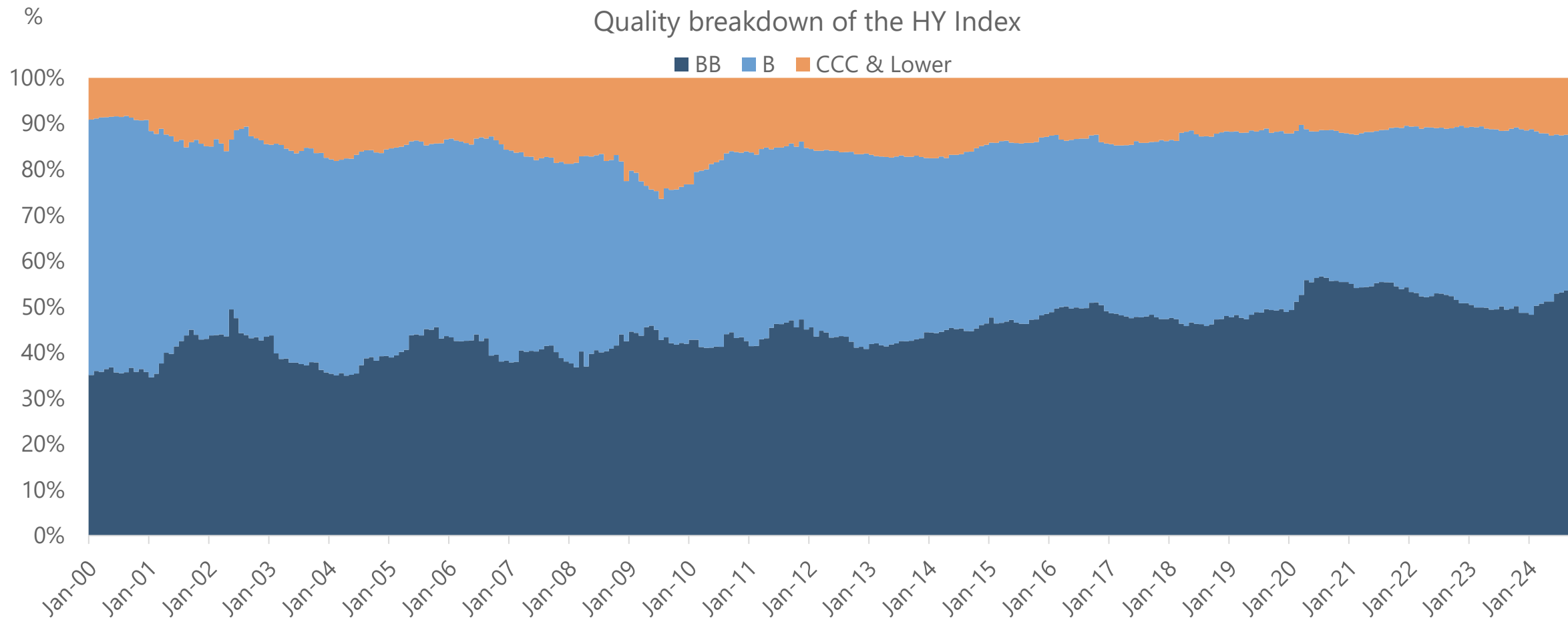


Quality composition of the IG Index



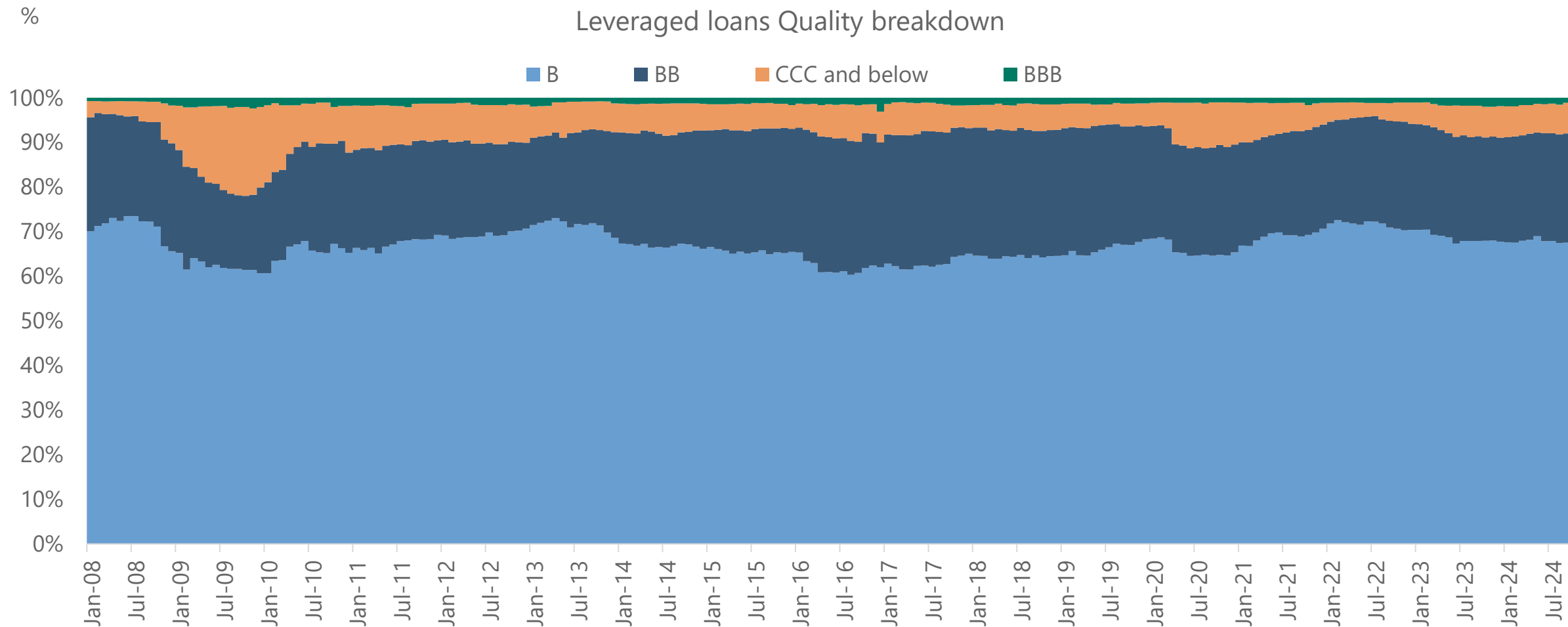
Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Breakdown by market value. Data as of 31st October 2024

Quality composition of the HY Index

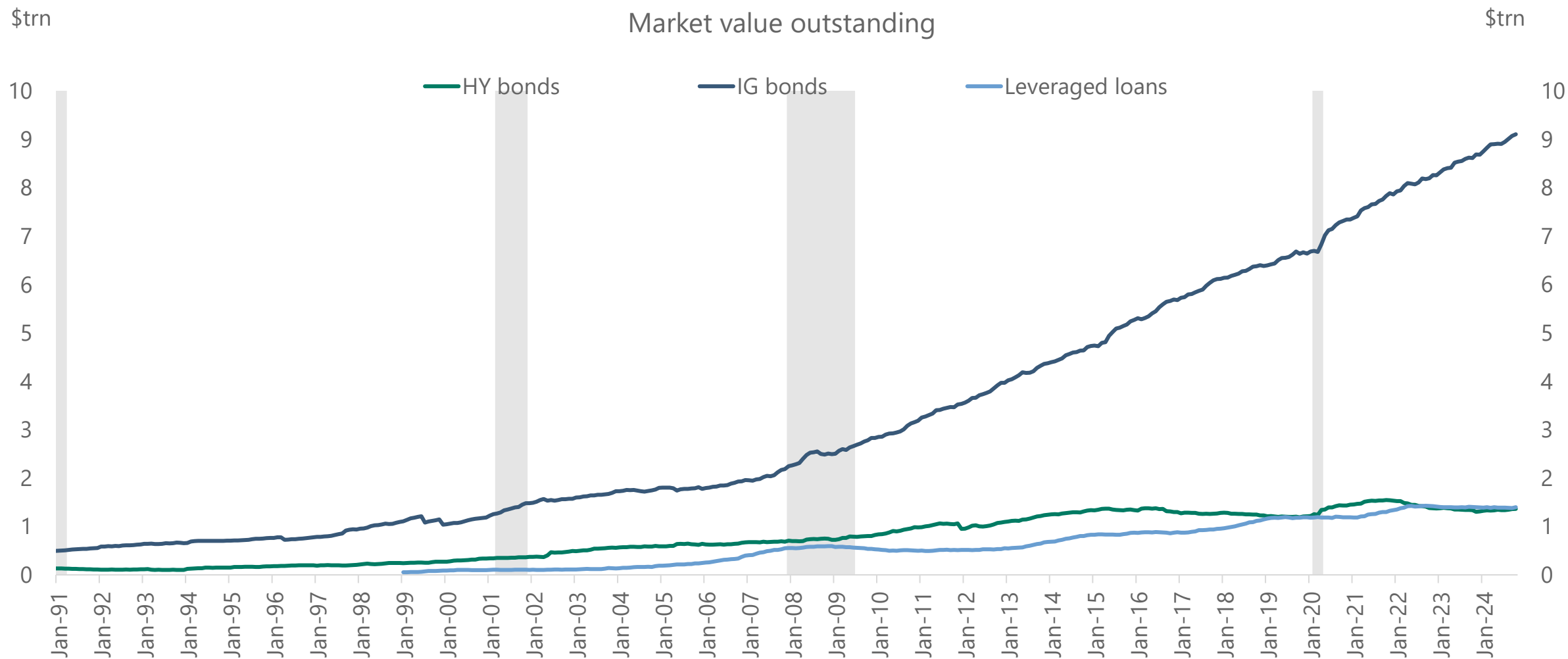


Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Breakdown by market value. Data as of 31st October 2024

Quality composition of the leveraged loans index

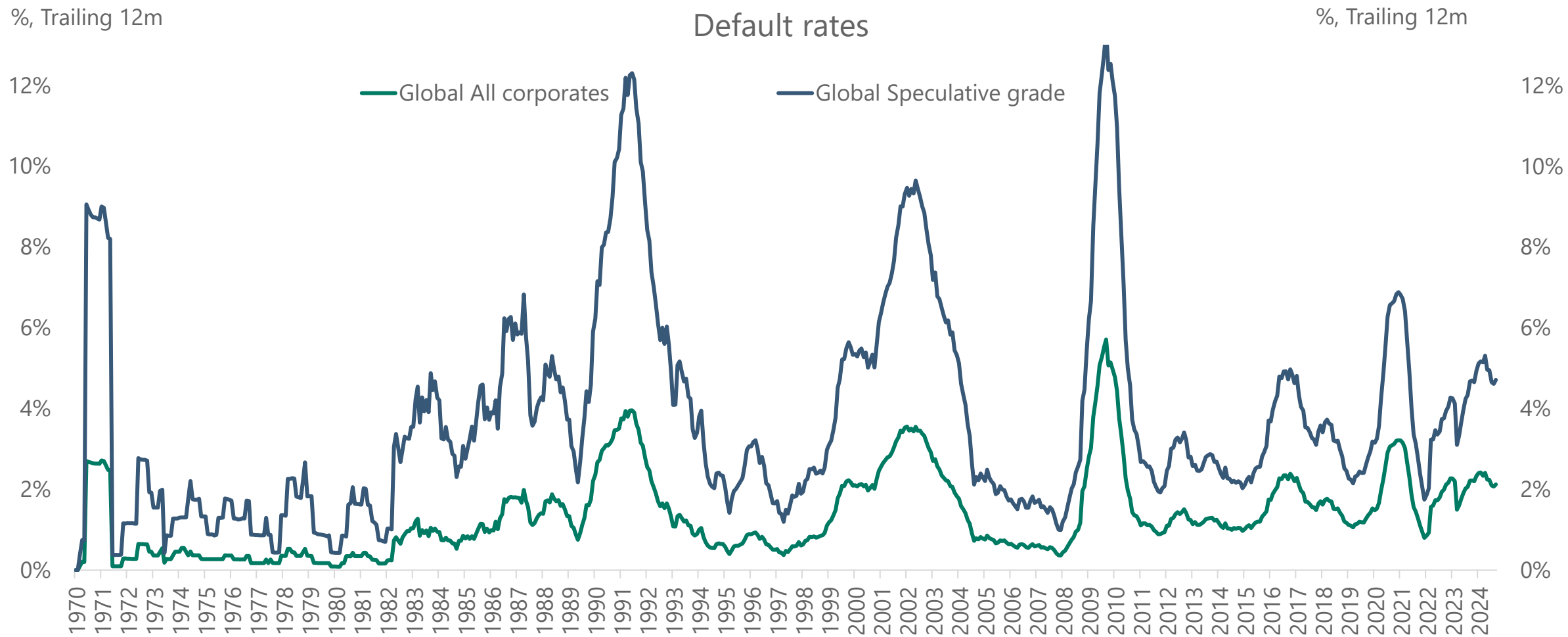


IG market is nine times bigger than HY and nine times bigger than the loan market



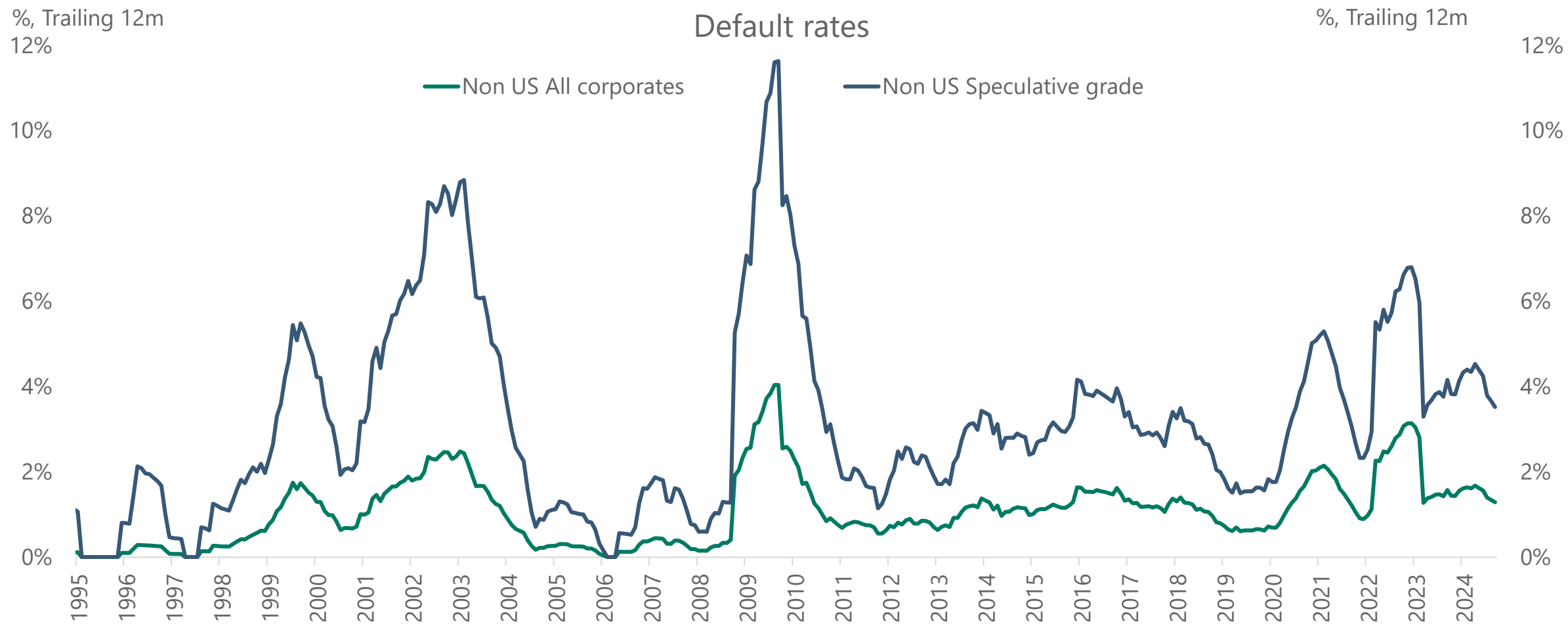
Source: ICE BofA, Bloomberg, PitchBook LCD, Apollo Chief Economist. Note: Ticker used for HY is H0A0 Index and for IG it is C0A0 Index and for Loans it is SPBDALB Index.

Global corporate default rates

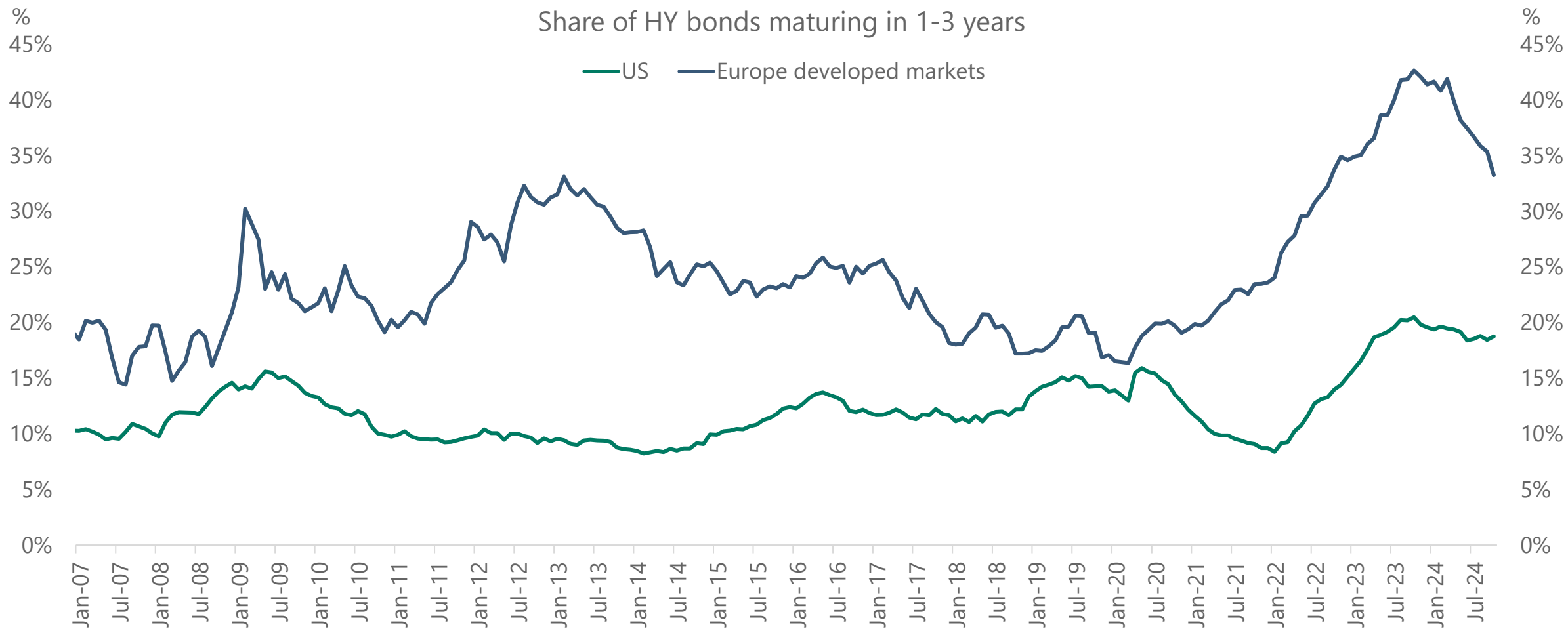


Source: Moody's Analytics, Apollo Chief Economist

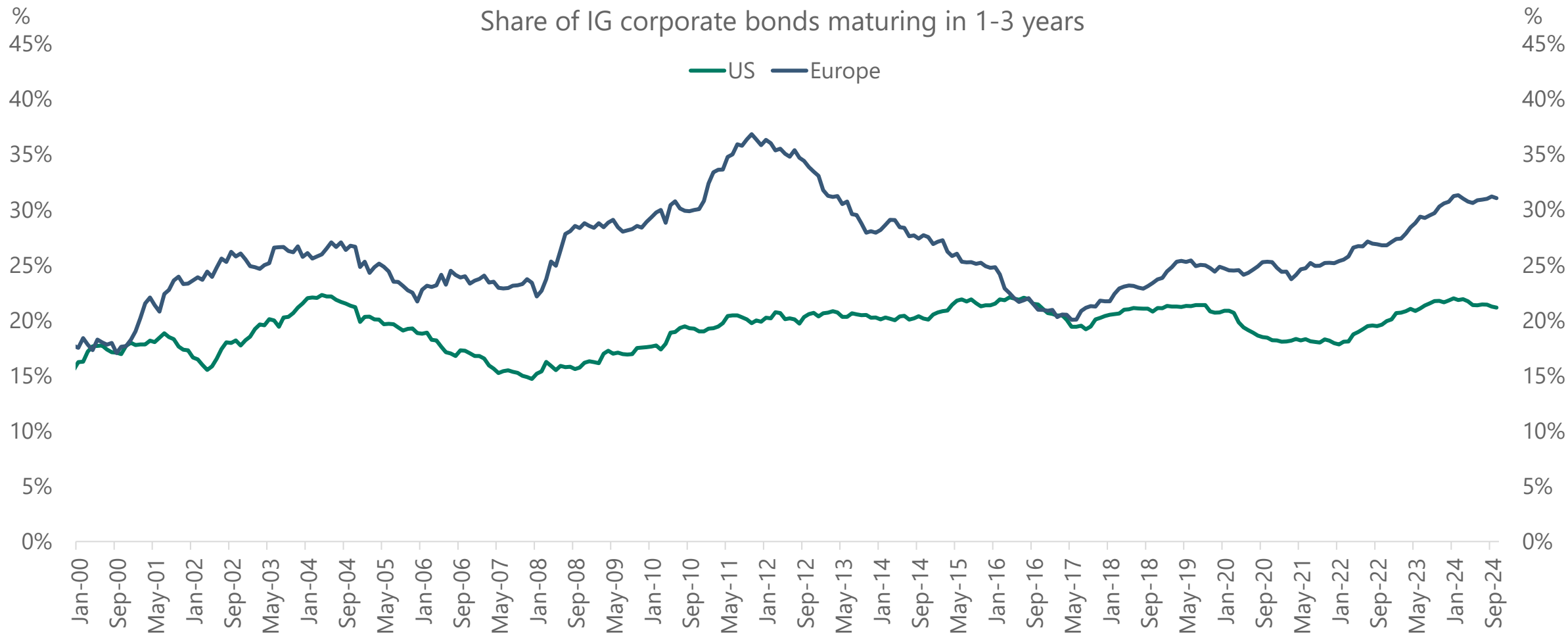
Non-US corporate default rates



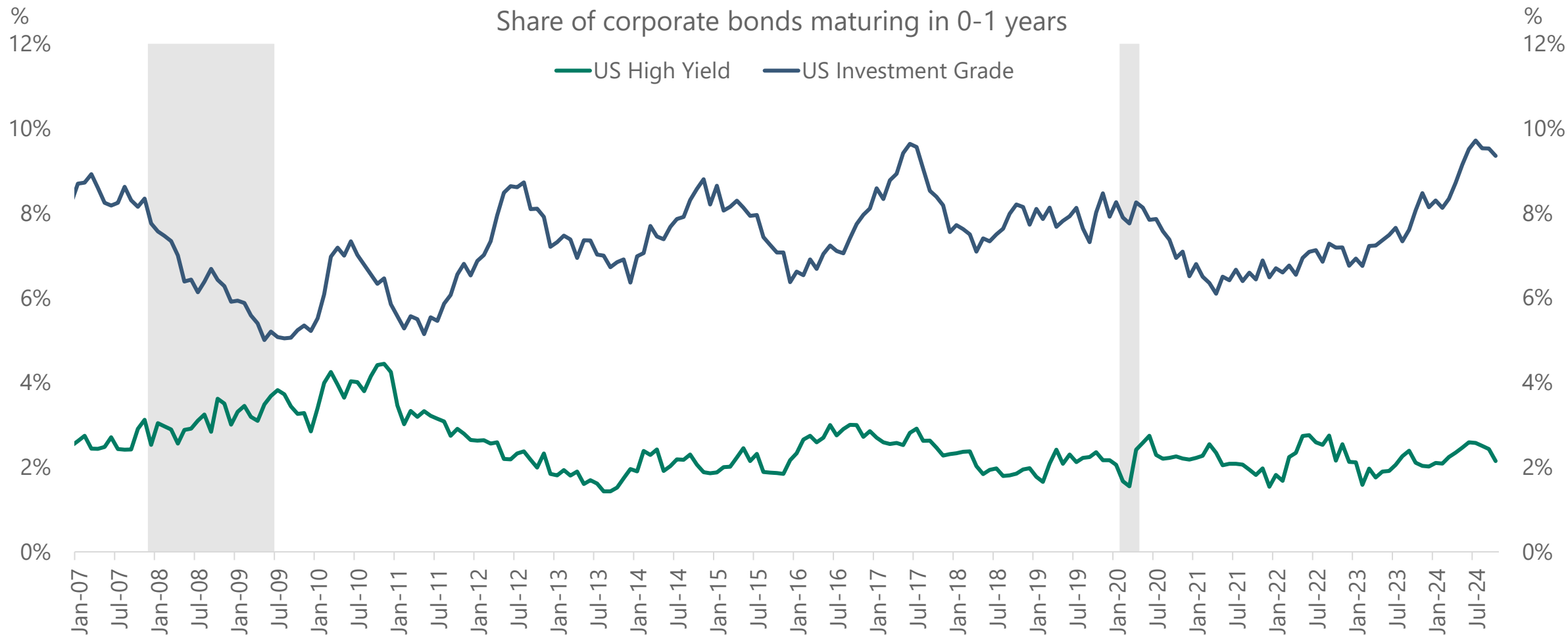
HY: Europe hitting the maturity wall before the US



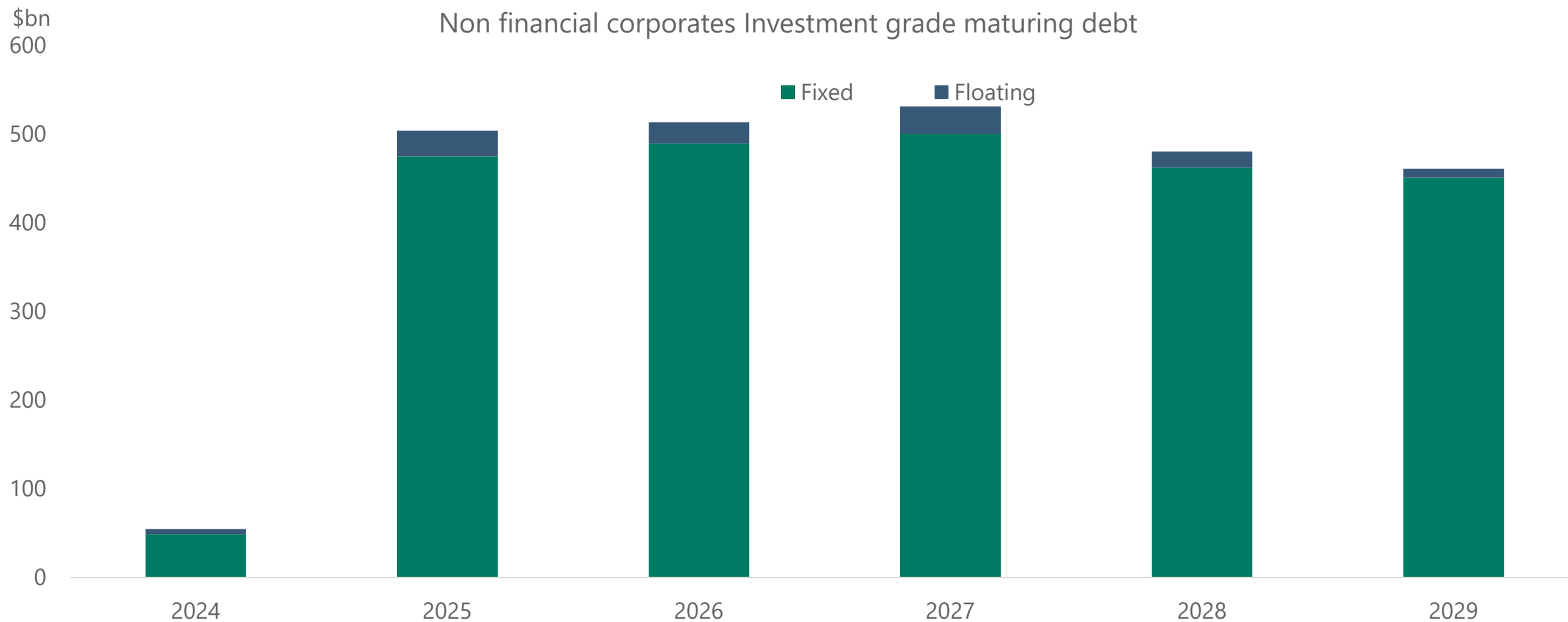
IG: Europe hitting the maturity wall before the US



The share of IG and HY bonds maturing within a year

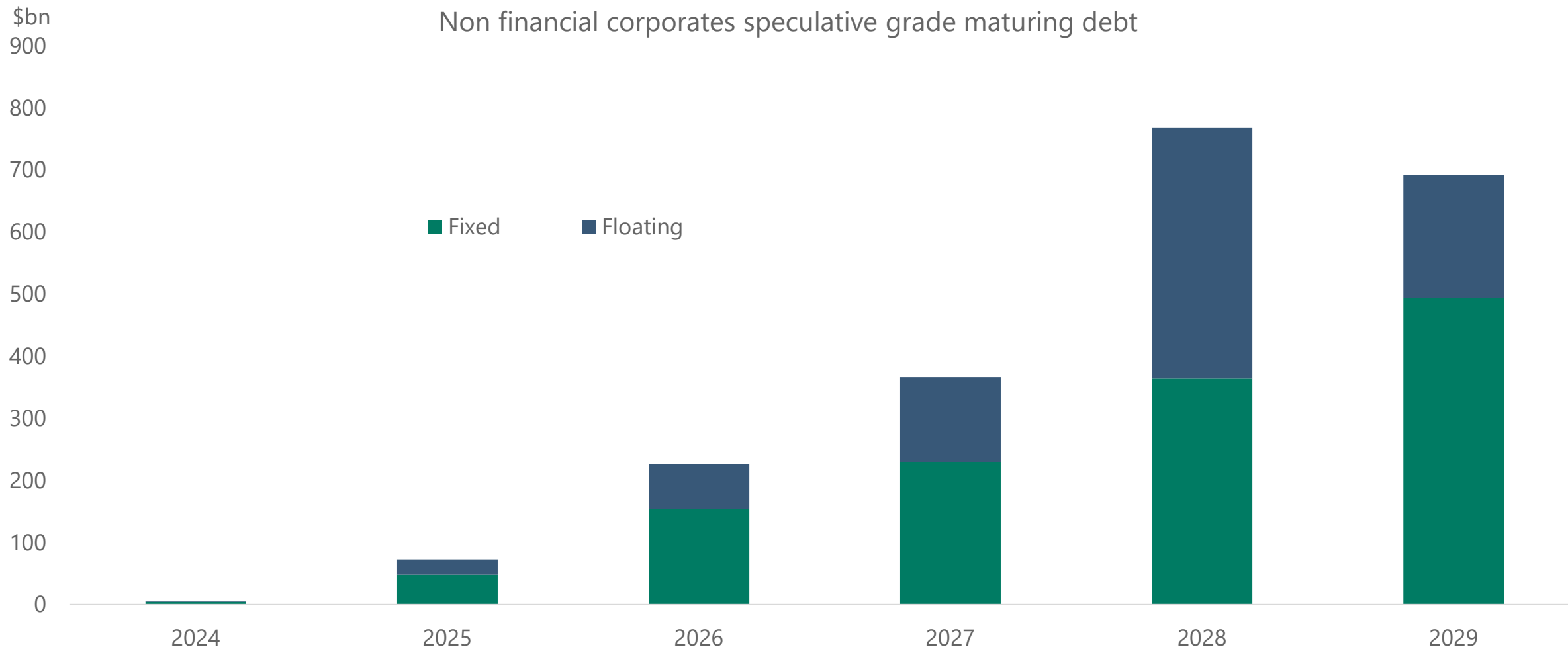


Investment grade maturity wall



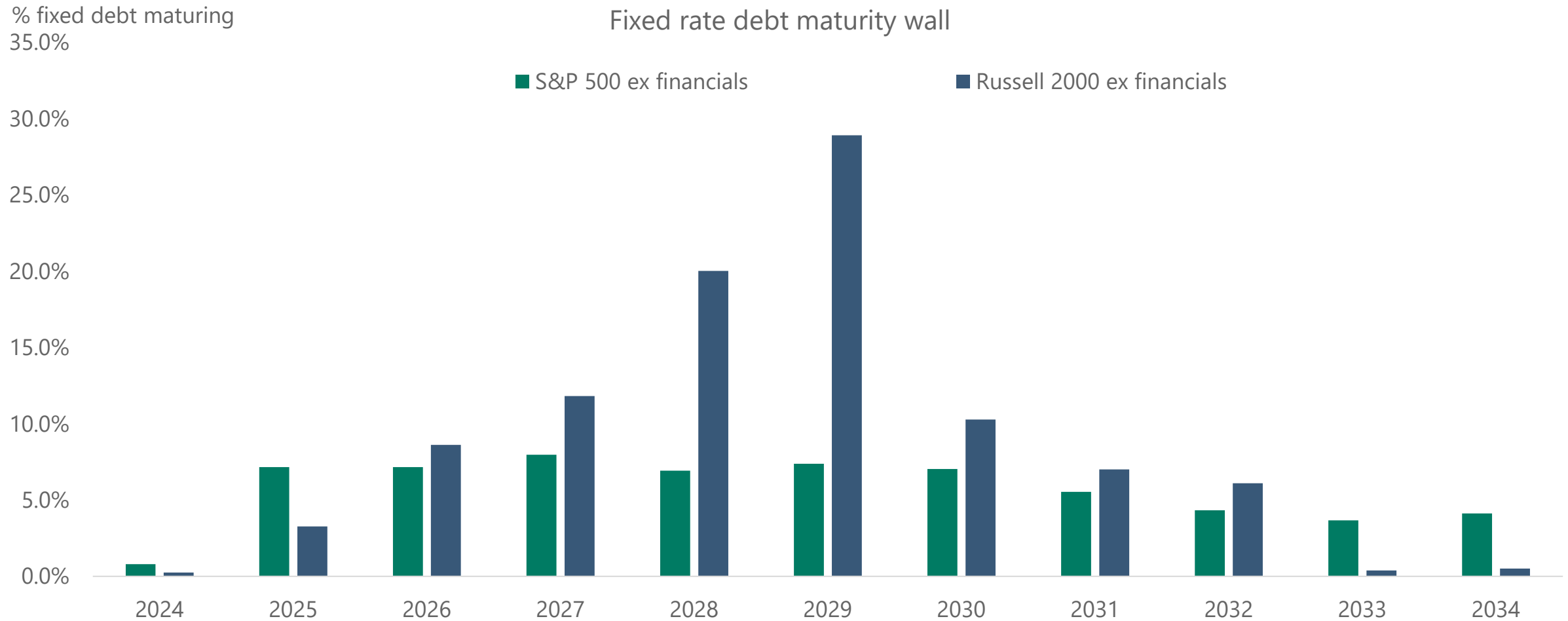
Source: Bloomberg, Apollo Chief Economist. Note: Data as of May 2024, using SRCH <GO> function on Bloomberg and includes corporate bonds and loan (tranches)

High yield maturity wall

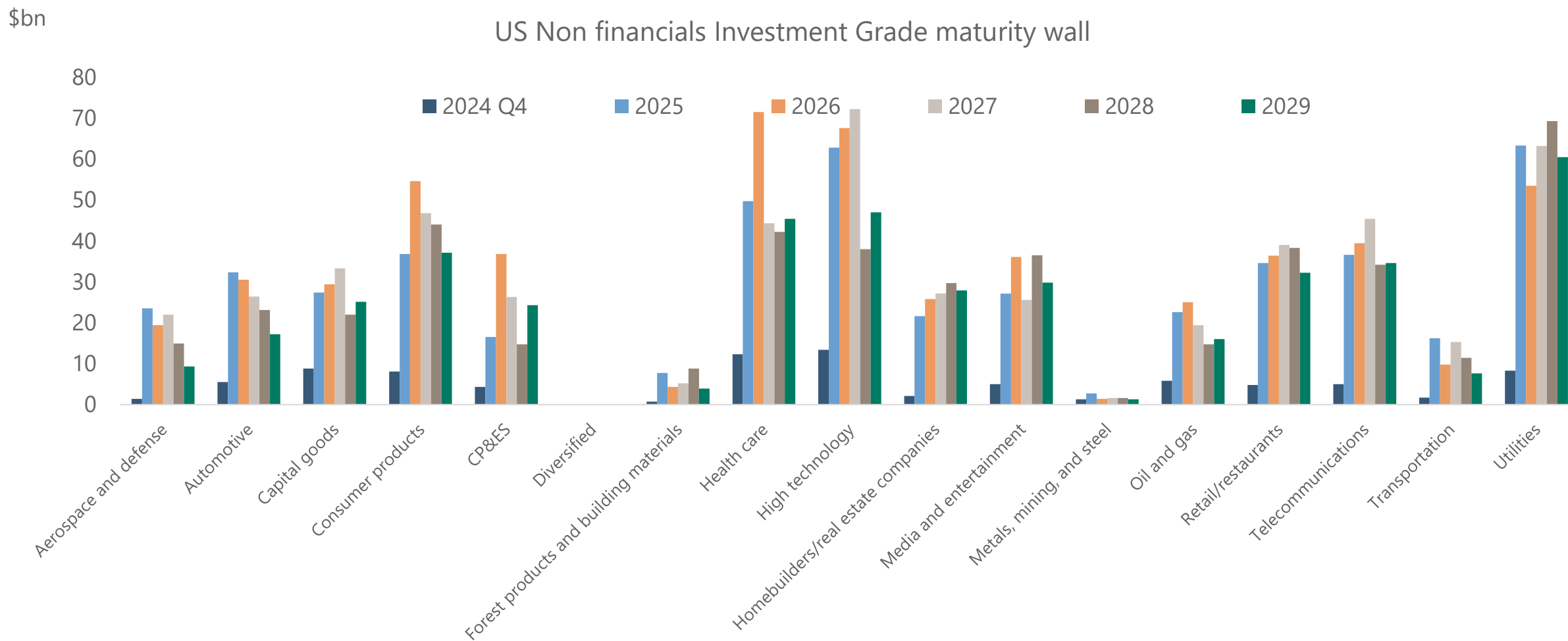


Source: Bloomberg, Apollo Chief Economist. Note: Data as of May 2024, using SRCH <GO> function on Bloomberg and includes corporate bonds and loan (tranches)

Fixed rate maturity for small vs large companies

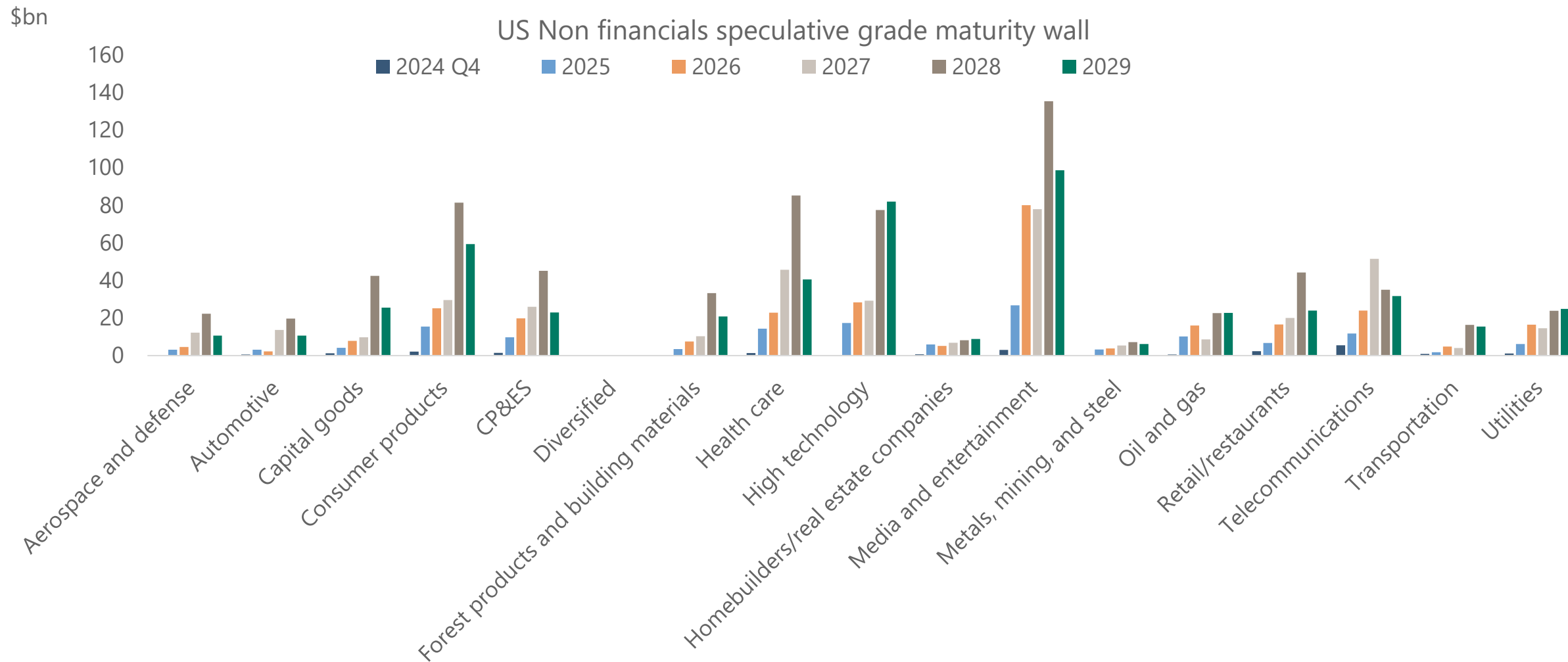


IG: US Non financials maturity wall



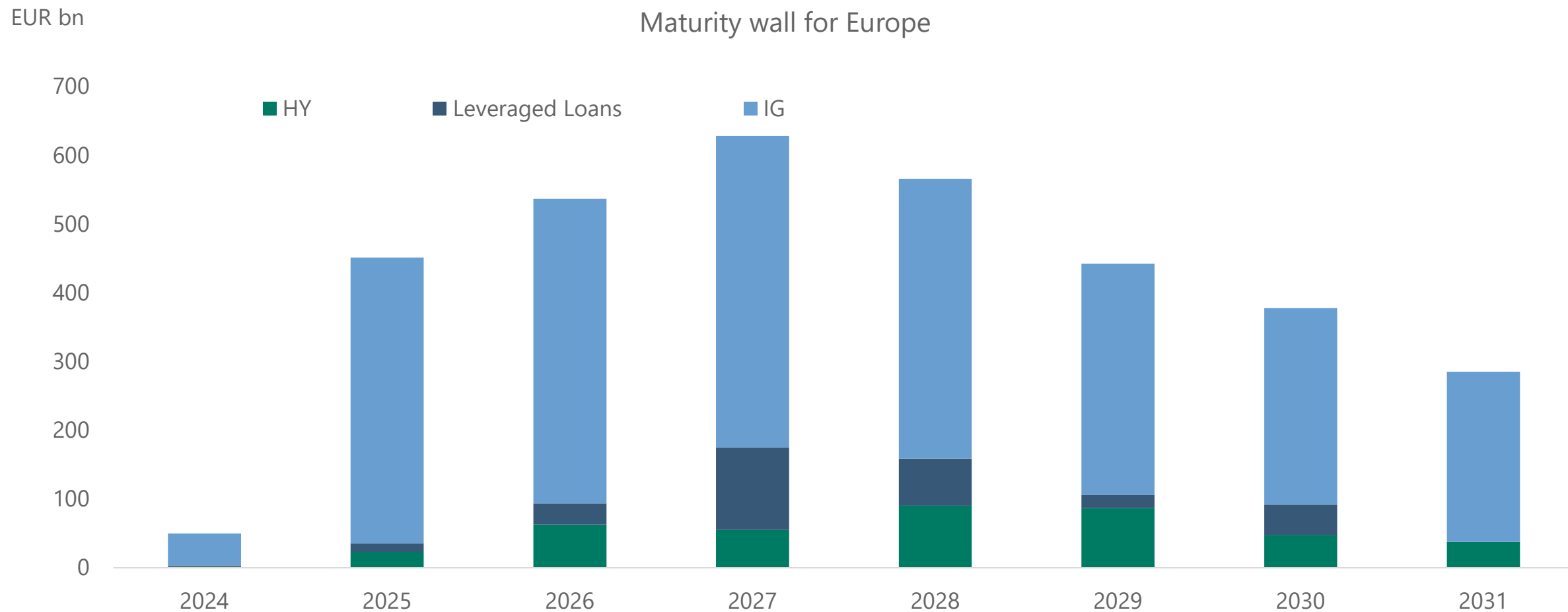
Source: S&P, Apollo Chief Economist. Note: CP&ES--Chemicals, packaging, and environmental services. FP&BM--Forest products and building materials. Media and entertainment includes the leisure sector. Includes bonds, loans, and revolving credit facilities that are rated by S&P Global Ratings. Data as of Oct 1, 2024.

HY: US Non financials maturity wall



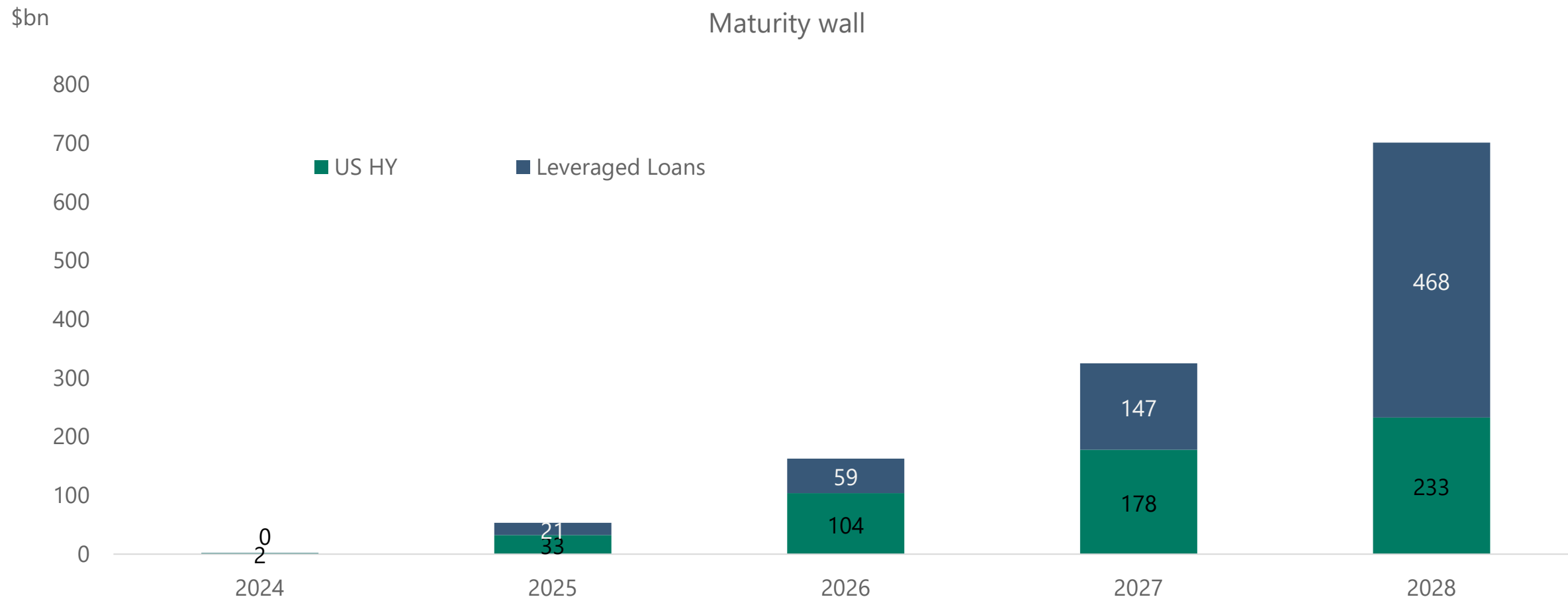
Source: S&P, Apollo Chief Economist. Note: CP&ES--Chemicals, packaging, and environmental services. FP&BM--Forest products and building materials. Media and entertainment includes the leisure sector. Includes bonds, loans, and revolving credit facilities that are rated by S&P Global Ratings. Data as of Oct 1, 2024.

Europe maturity wall

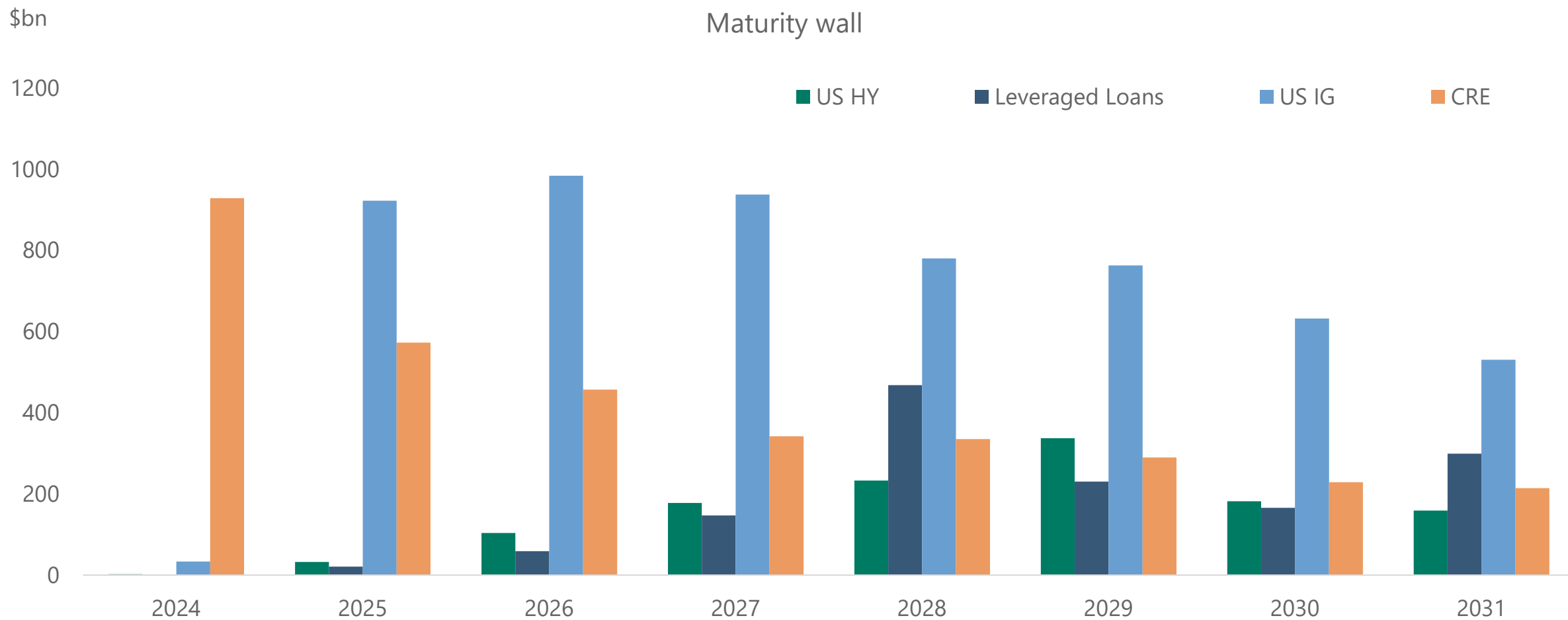


Source: PitchBook LCD, Bloomberg, Apollo Chief Economist. Note: Maturity wall for HY and IG bonds denominated in Euro from SRCH <GO> function on Bloomberg.

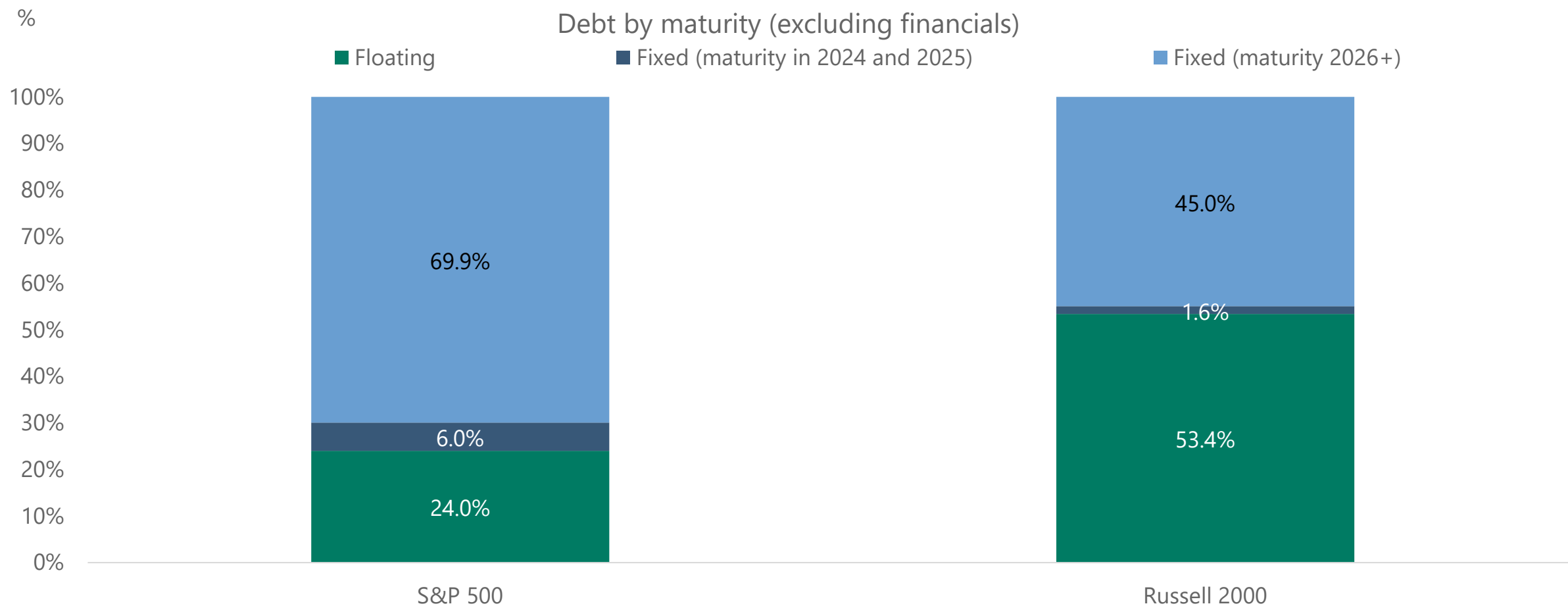
US HY and leveraged loans maturity wall



Maturity wall

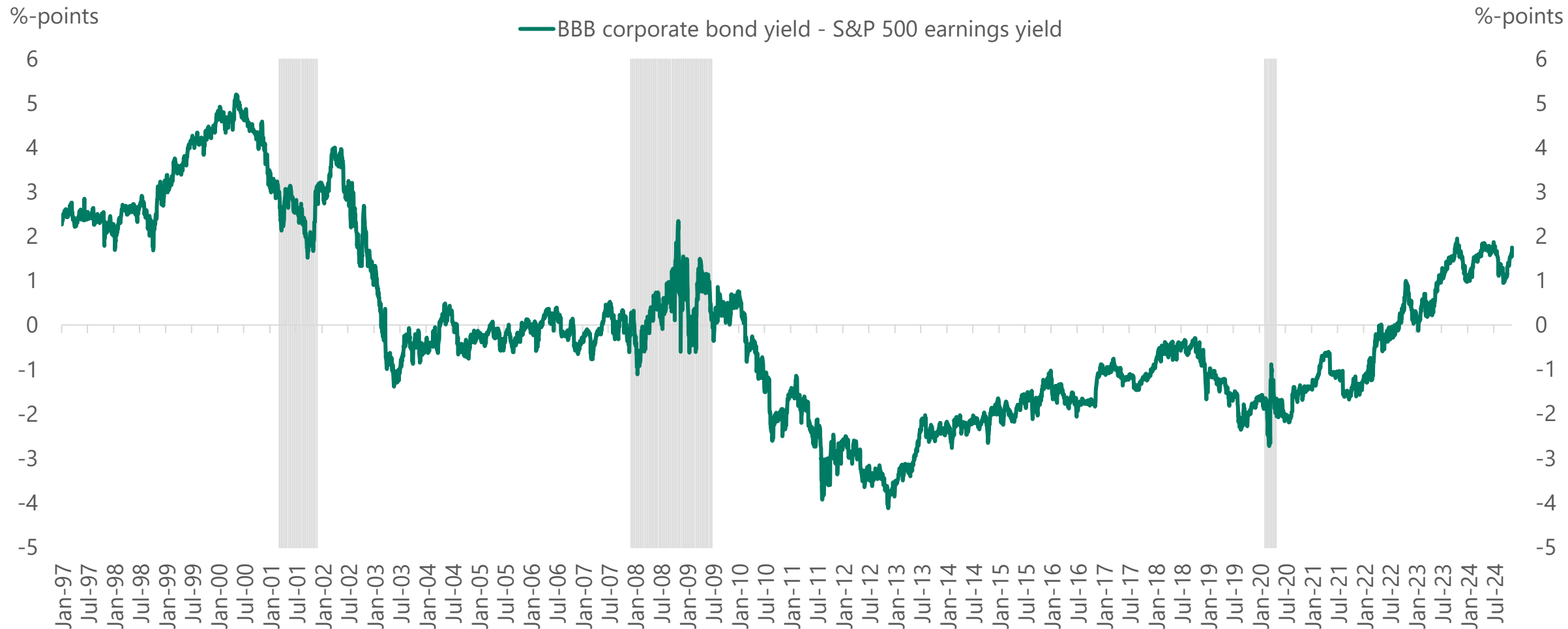


Russell 2000 more vulnerable when rates stay higher for longer

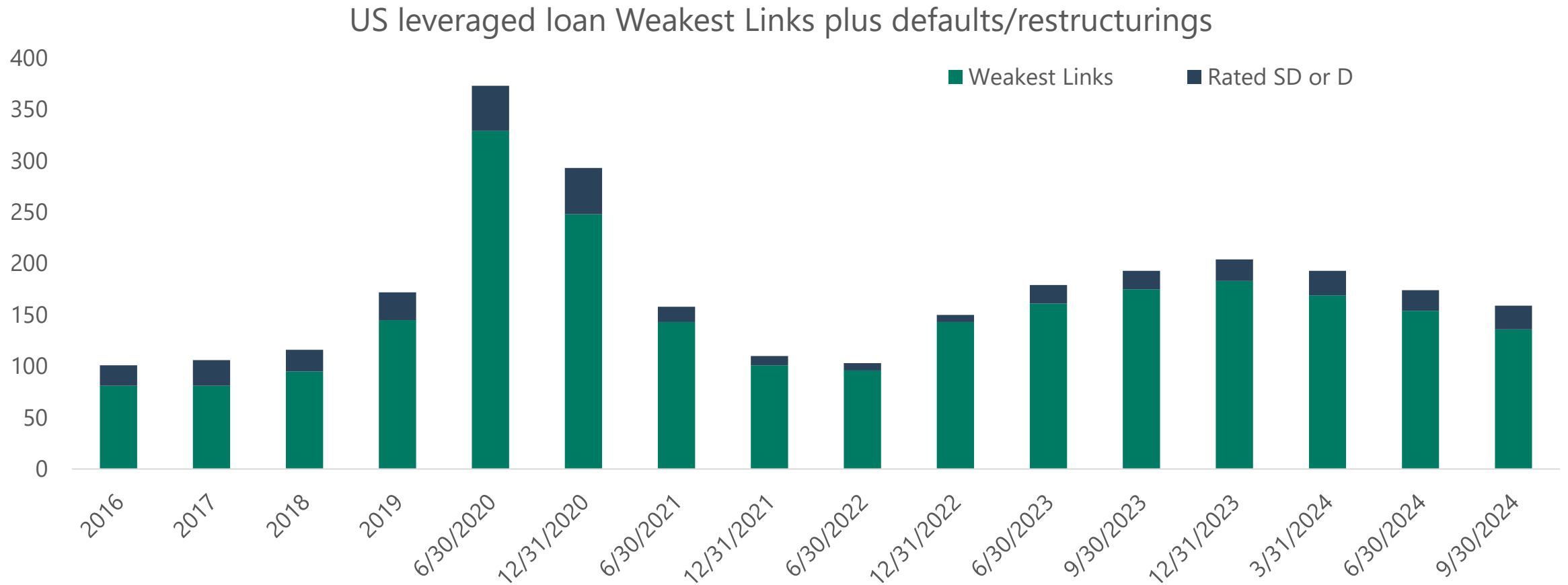


Source: Bloomberg SRCH, Apollo Chief Economist. Note: Includes bonds and loans (tranches) and excludes financials.

Bonds more attractive than equities



US: Leveraged loan weakest links decrease in Q3

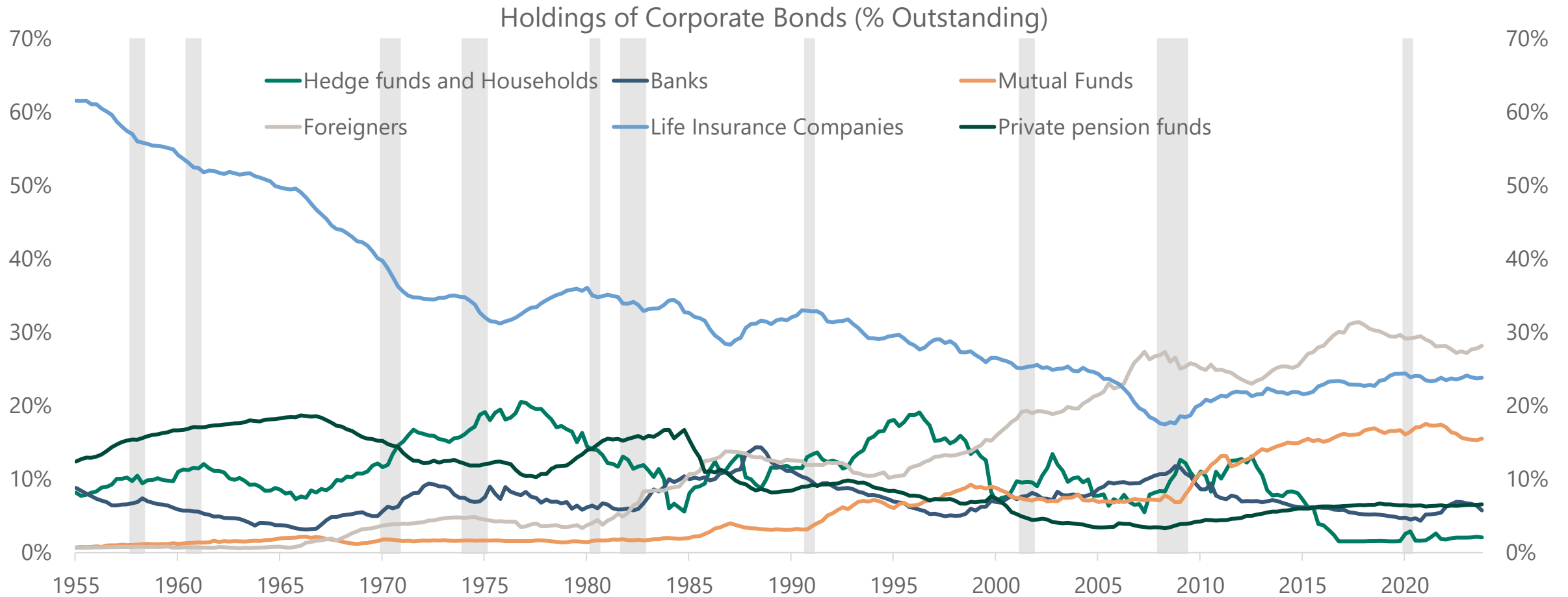


Source: Pitchbook, LCD; Morningstar LSTA US Leveraged Loan Index, Apollo Chief Economist (Data through June 30, 2023) (SD and D - An obligor rated 'SD' (Selective Default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated) when it came due. A 'D' rating is assigned when Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when Standard & Poor's believes that the obligor has selectively defaulted on a specific issue or class of obligations, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner.)

Corporate bond holdings



Who owns US credit? Since 2020 foreigners and mutual funds have been lowering their shares. Banks and life insurance have been increasing their shares.

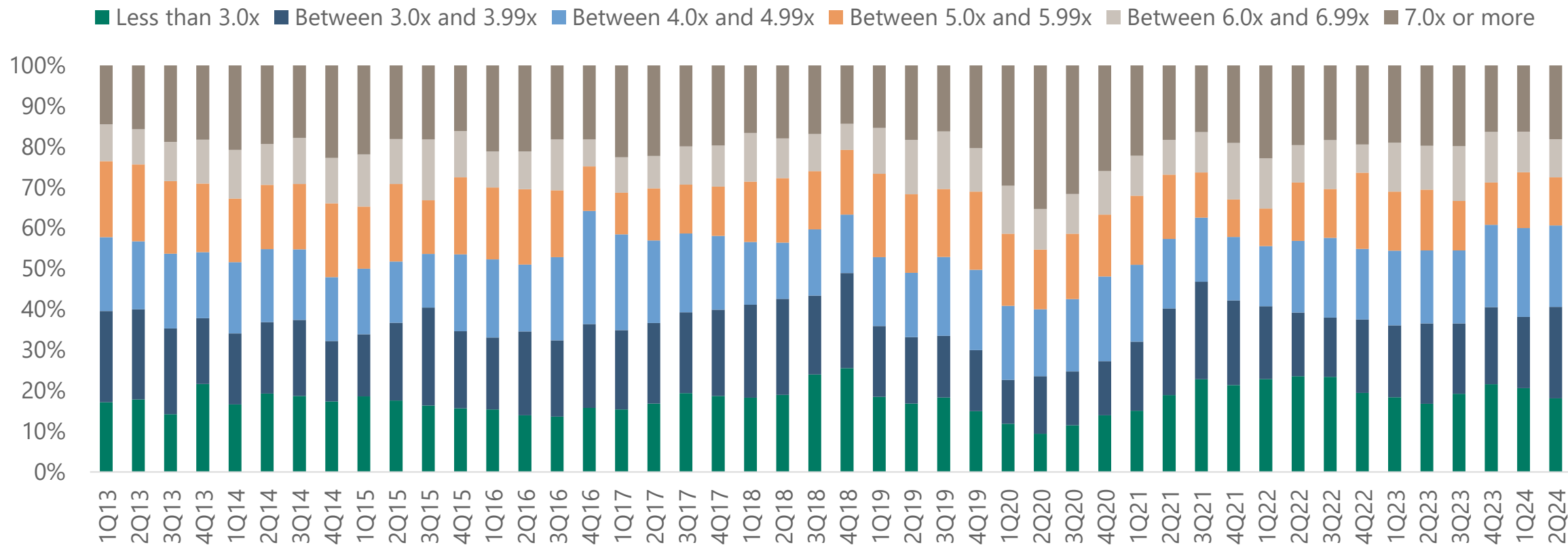


Loans/CLOs



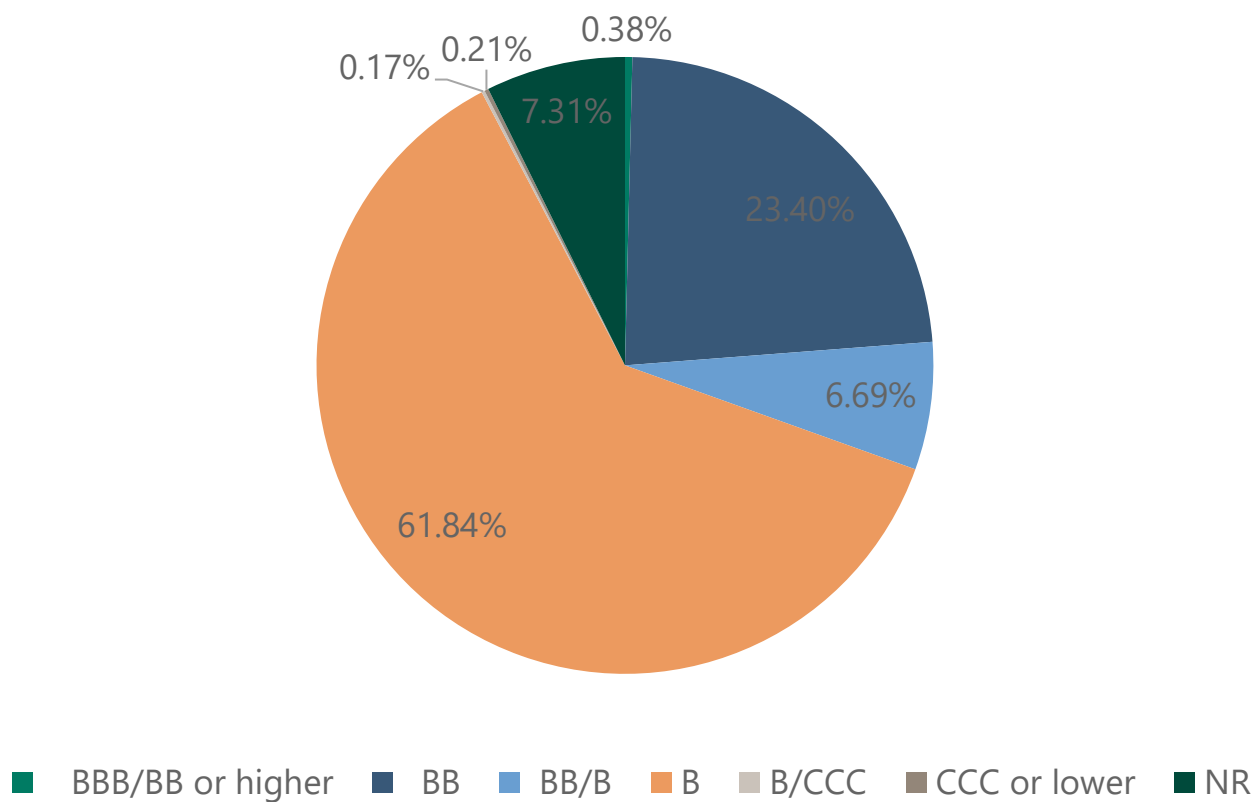
Leveraged loan deals, by multiple

Share of leveraged deals



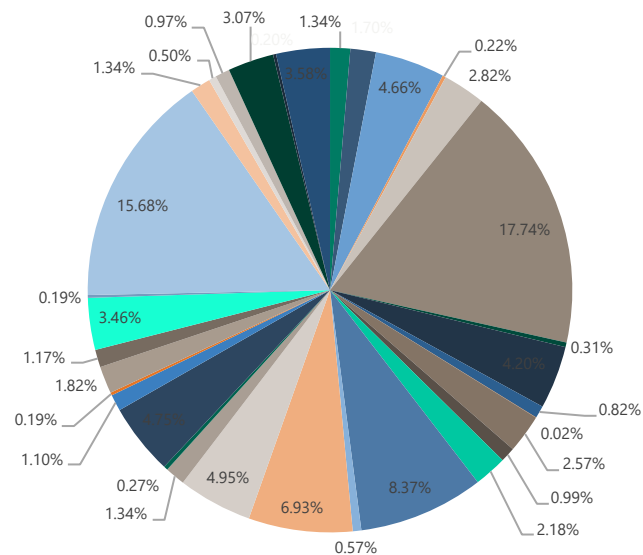
Leveraged loans rating distribution 2024Q3

US leveraged loan rating distribution



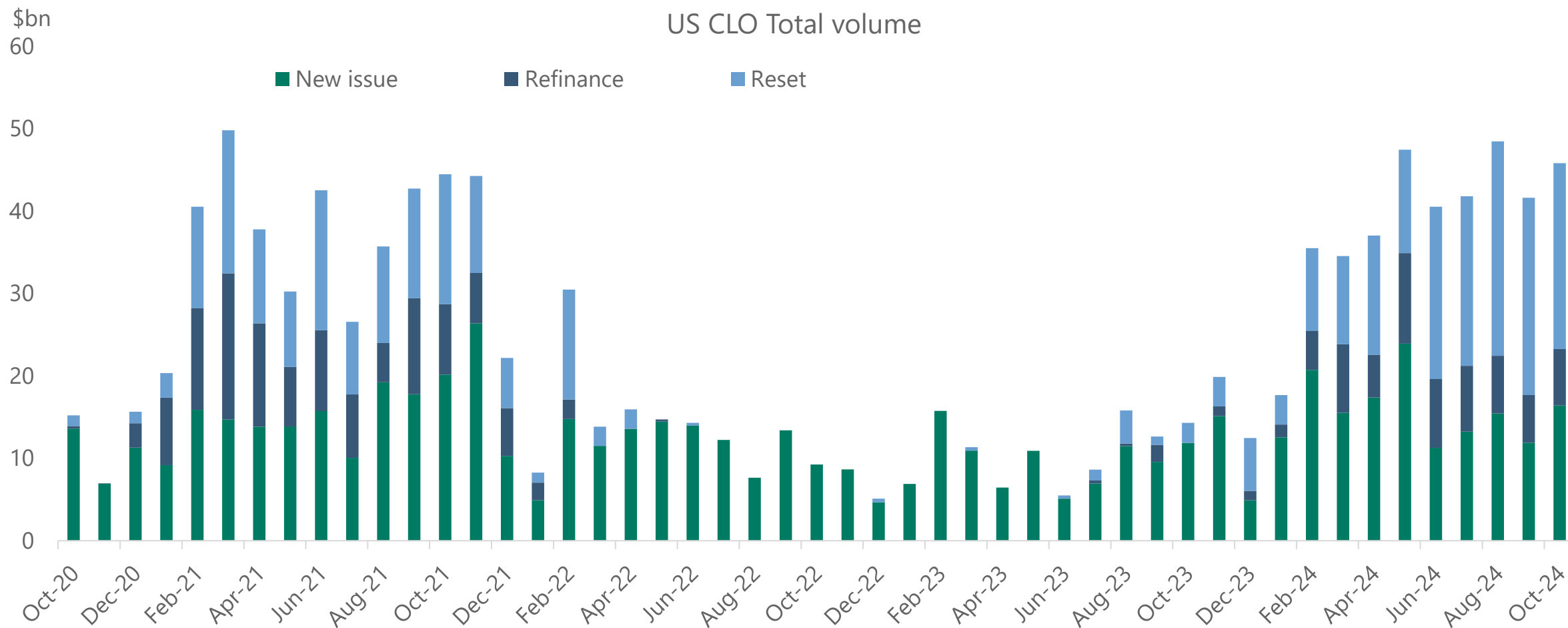
Leveraged loans distribution, by industry, 2024Q3

US leveraged loan industry distribution



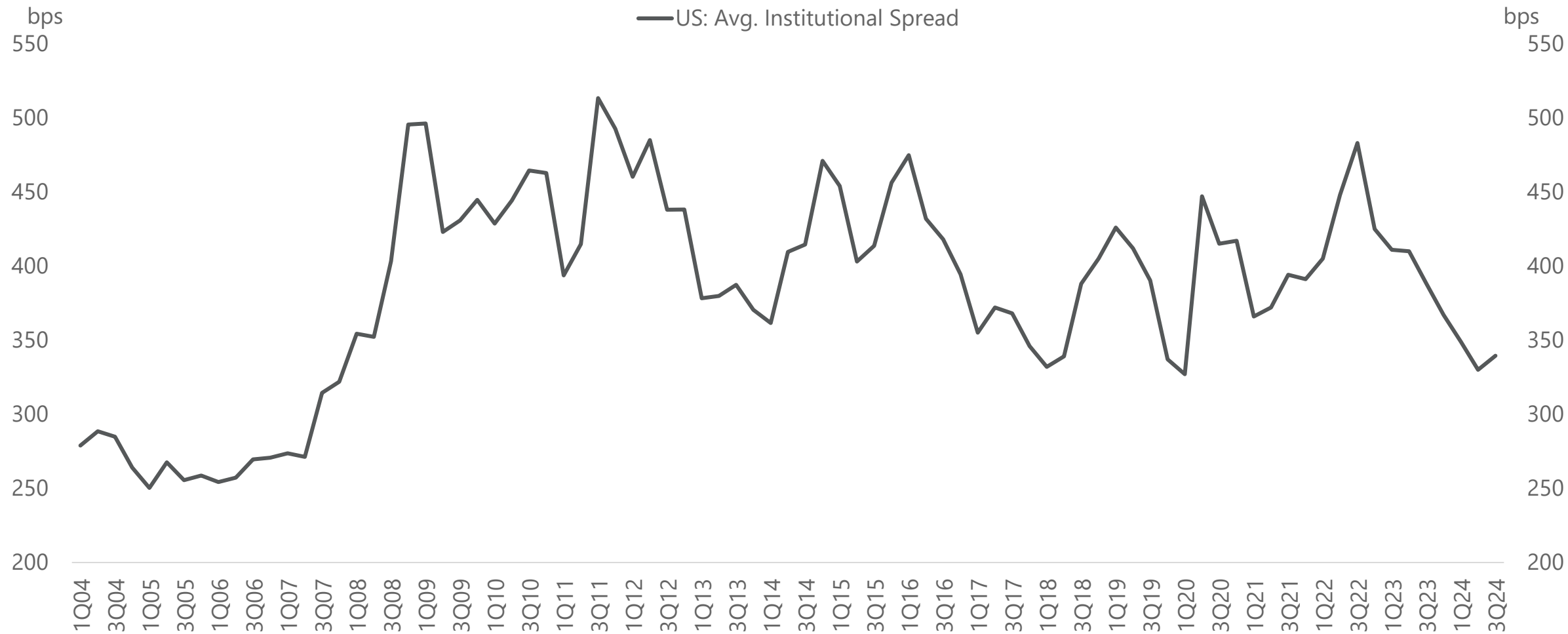
- Aerospace & Defense
- Automotive
- Building Materials
- Cable
- Chemicals
- Computers & Electronics
- Consumer Nondurables
- Entertainment & Leisure
- Environmental
- Film
- Food & Beverage
- Forest Product
- Gaming & Hotel
- Healthcare
- Home Furnishings
- Insurance
- Manufacturing & Machinery
- Metals & Mining
- Not for Profit
- Oil & Gas
- Printing & Publishing
- Radio
- Real Estate
- Restaurants
- Retail
- Retail Food & Drug
- Services & Leasing
- Telecom
- Telecom Equipment
- Textile & Apparel
- Transportation
- TV
- Utilities

US CLO total volume



Source: PitchBook LCD, Apollo Chief Economist.

Loans: Institutional spread relative to bespoke loans

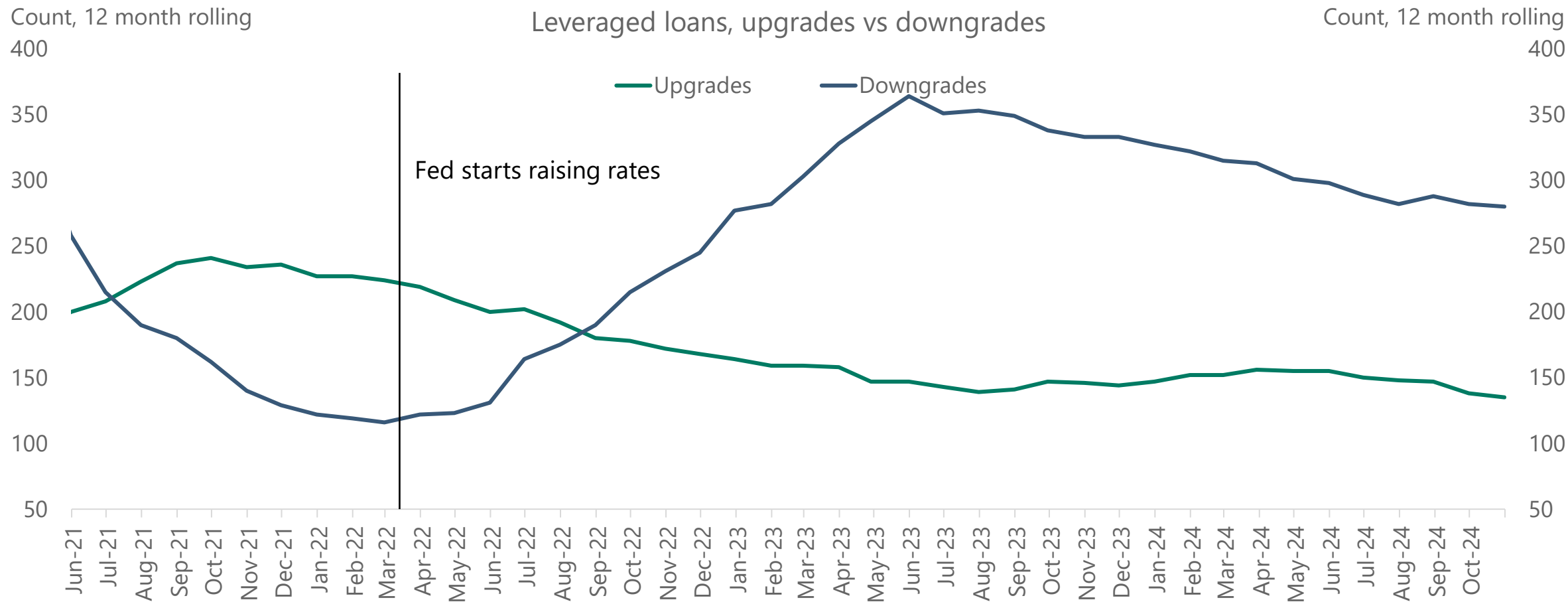


Distressed ratio for leveraged loans remains elevated



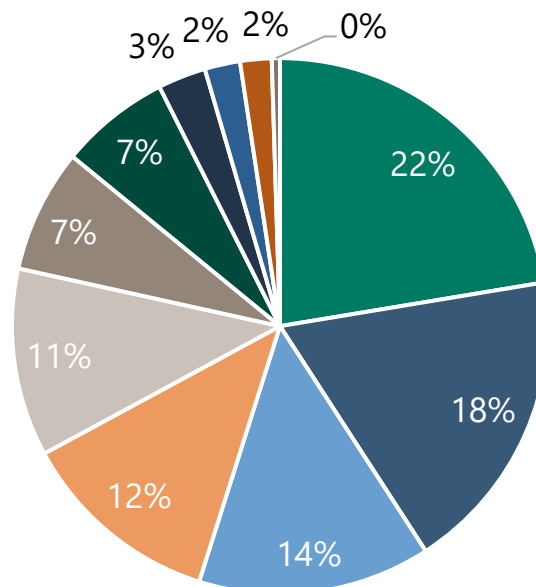
Source: PitchBook LCD, Apollo Chief Economist. Note: For percent loans priced below 80

More downgrades than upgrades after the Fed started hiking



Leveraged loans index weights

Morningstar leveraged loans index weights



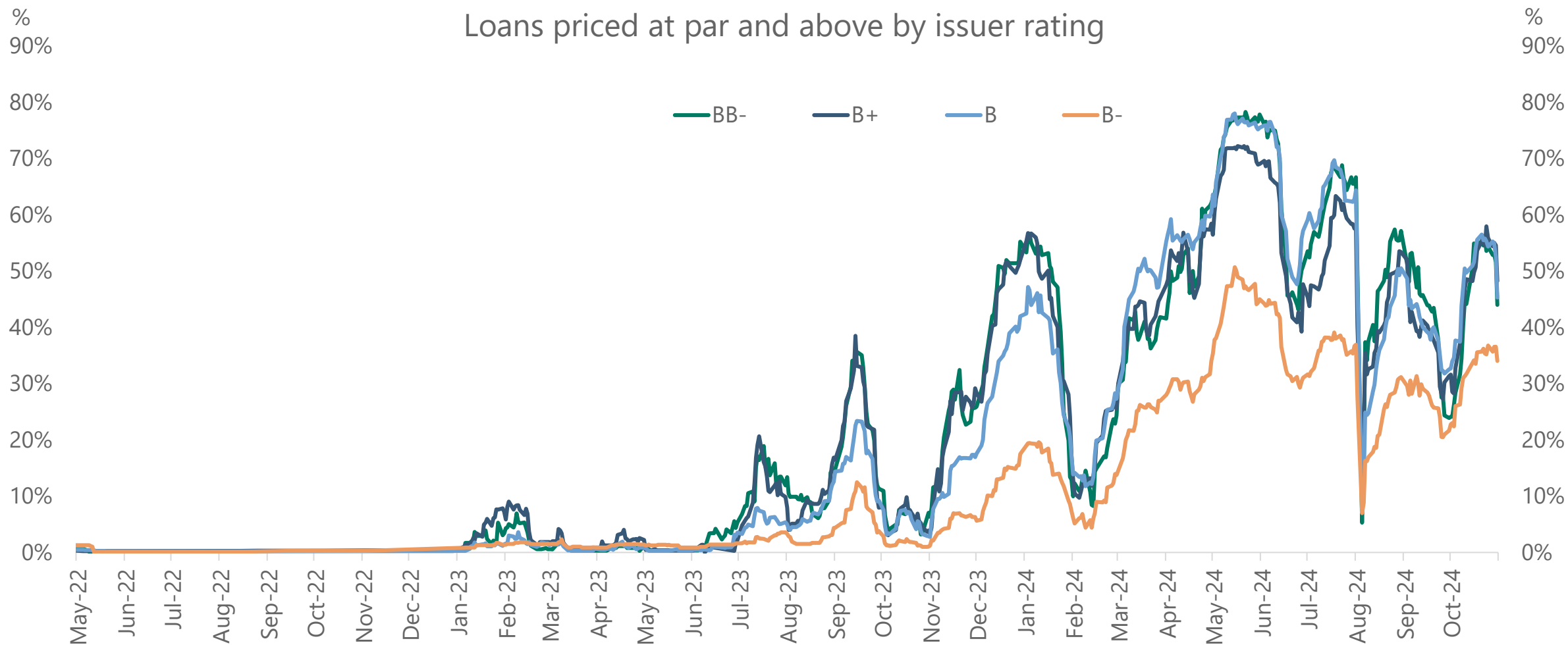
- Industrials
- Information Technology
- Consumer Discretionary
- Health Care
- Communication Services
- Materials
- Financials
- Consumer Staples
- Utilities
- Energy
- Real Estate

Loans priced at par and above falling

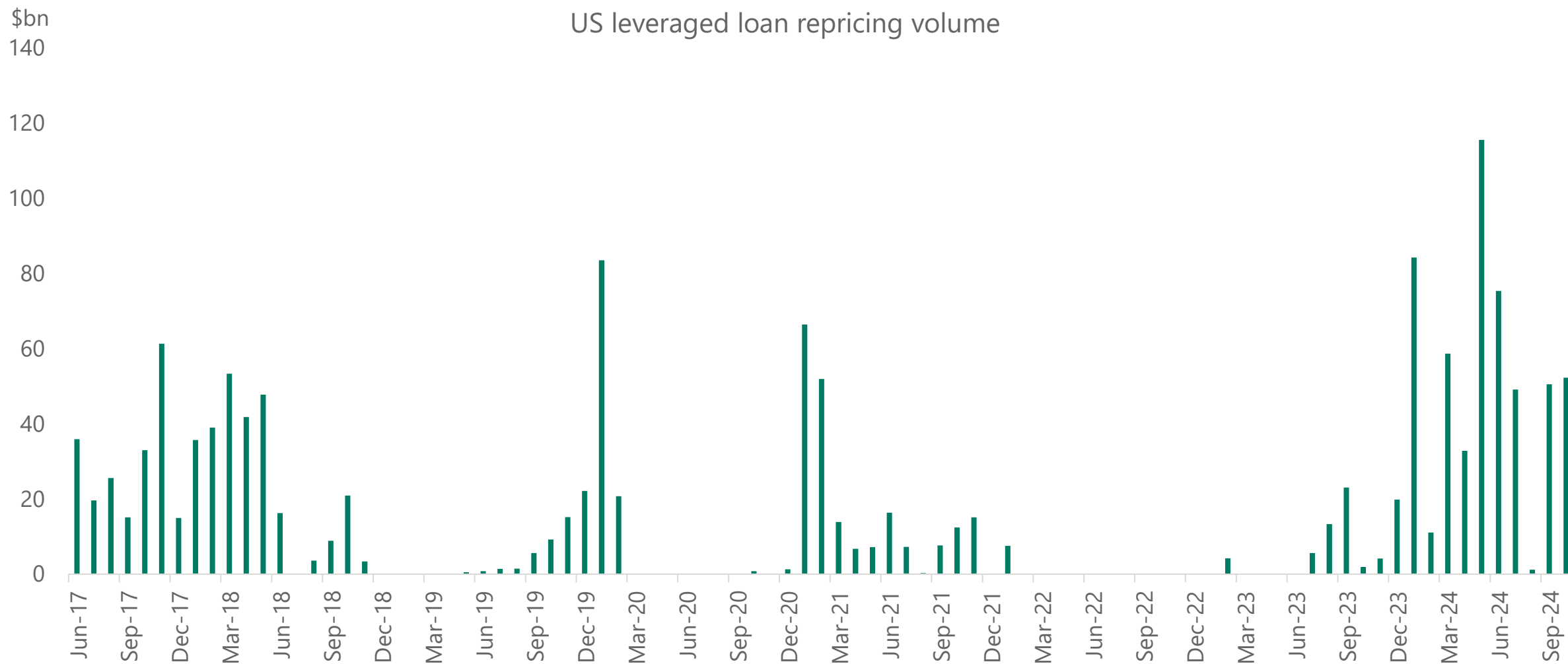


Loans priced at par and above, by rating

Loans priced at par and above by issuer rating



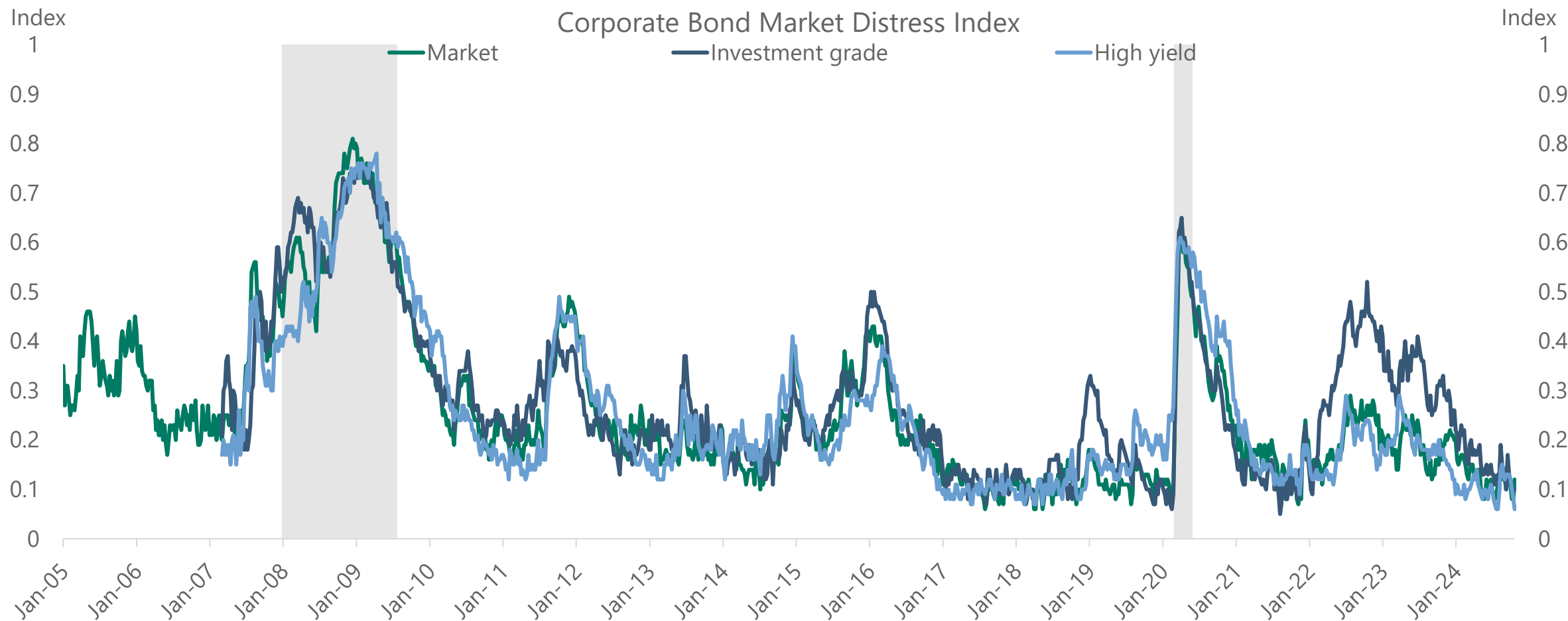
Leveraged loan repricing volume



Liquidity in US credit markets

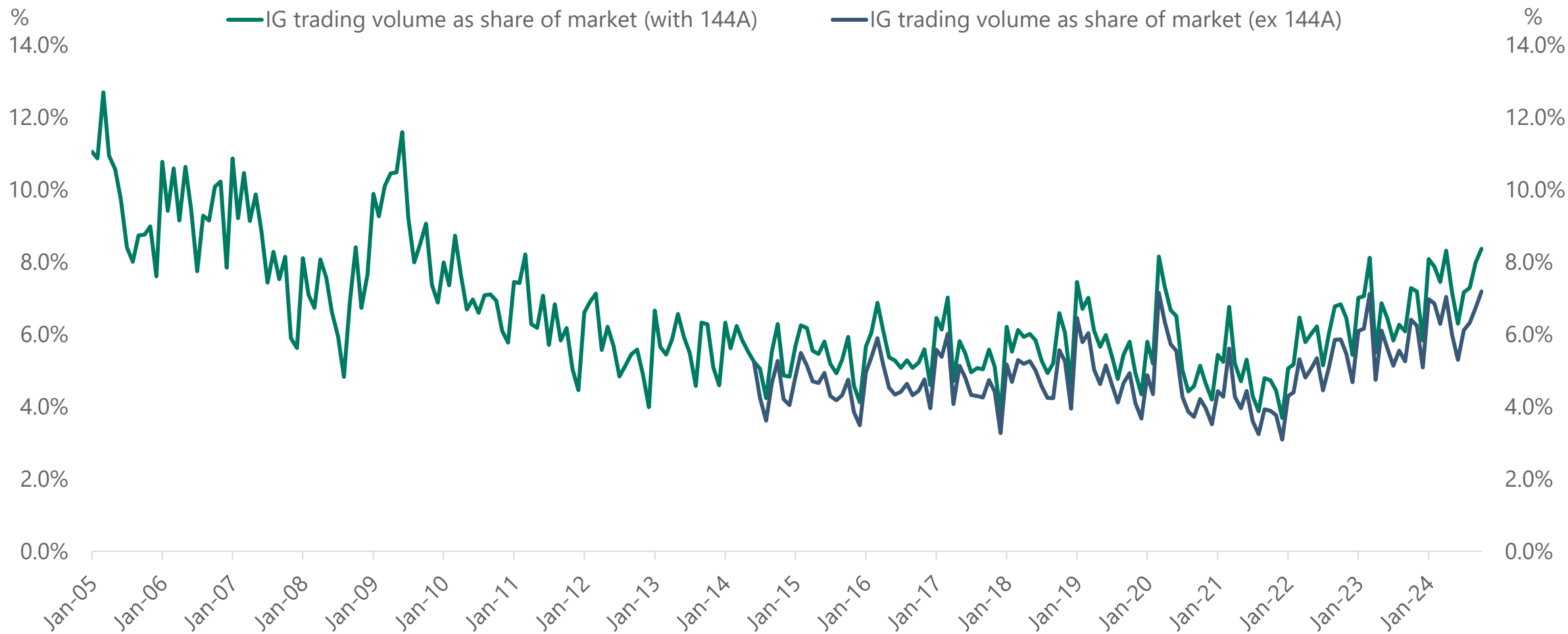


NY Fed measure of corporate bond market functioning

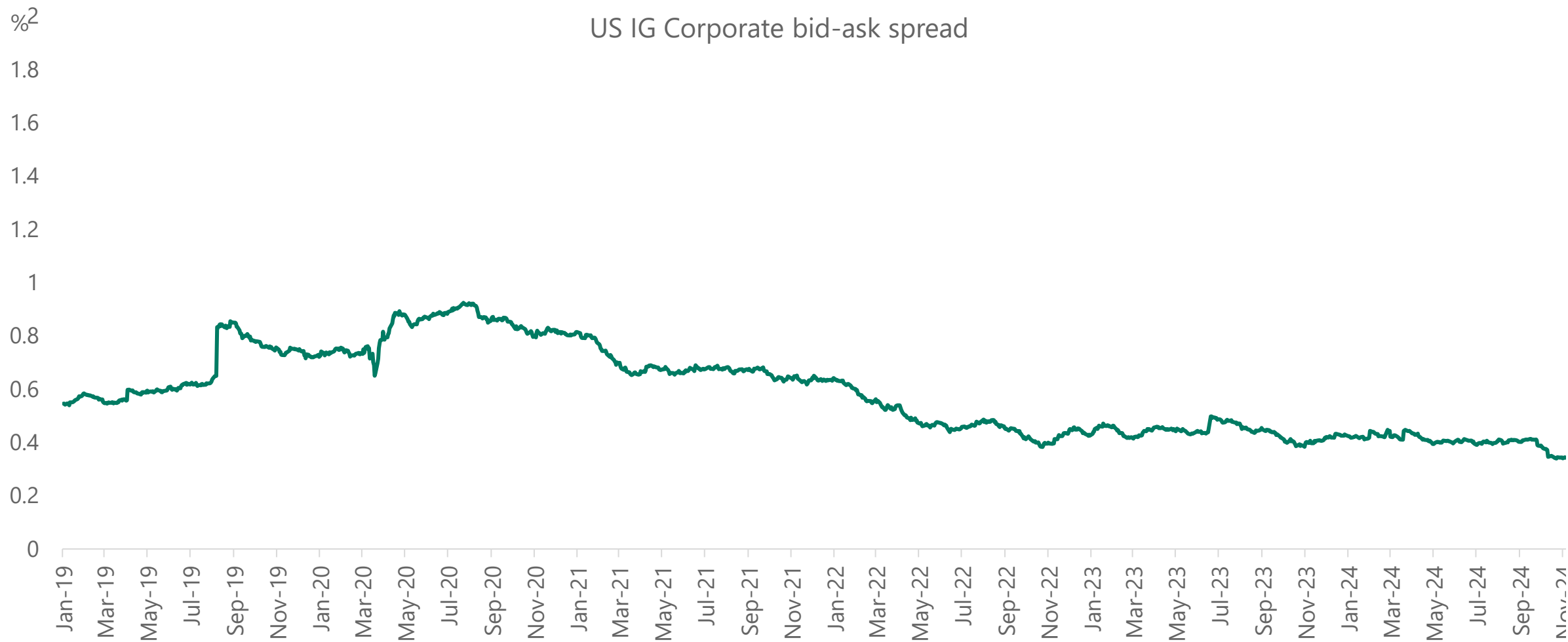


Source: FRB of New York, Apollo Chief Economist (Note: Corporate bonds are a key source of funding for U.S. non-financial corporations and a key investment security for insurance companies, pension funds, and mutual funds. Distress in the corporate bond market can thus both impair access to credit for corporate borrowers and reduce investment opportunities for key financial sub-sectors. CMDI offers a single measure to quantify joint dislocations in the primary and secondary corporate bond markets. Ranging from 0 to 1, a higher level of CMDI corresponds with historically extreme levels of dislocation. CMDI links bond market functioning to future economic activity through a new measure.

IG trading liquidity

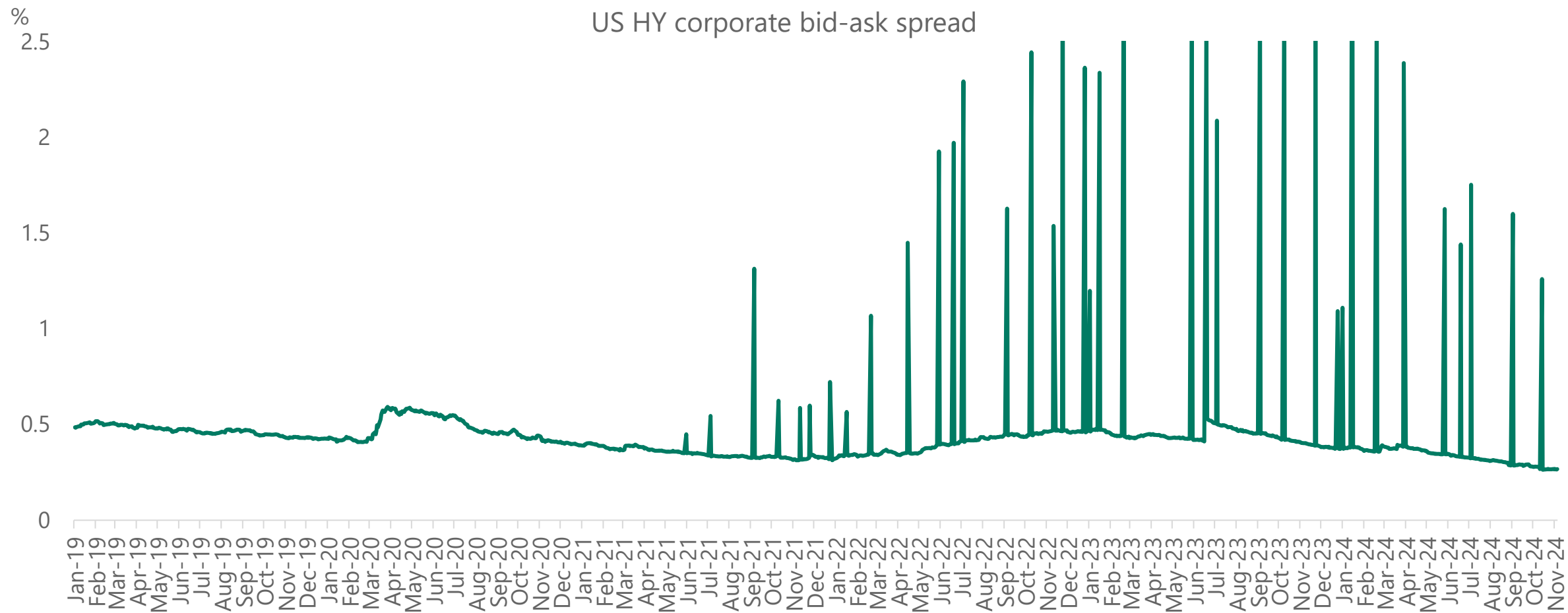


Bid-ask spread for US IG



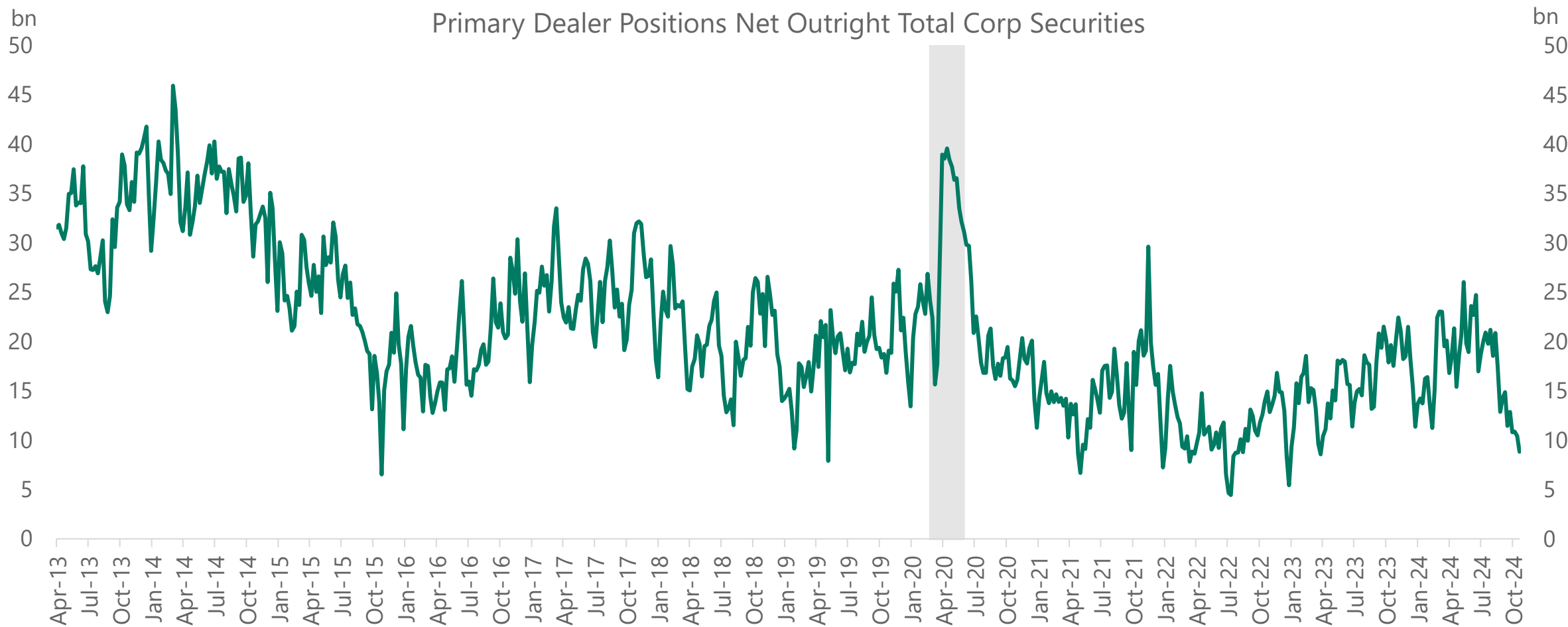
Source: Bloomberg, Apollo Chief Economist. Note: The bid-ask spread is the weighted average bid-ask spread for the Bloomberg Barclays US IG Index.

Bid-ask spread for US HY

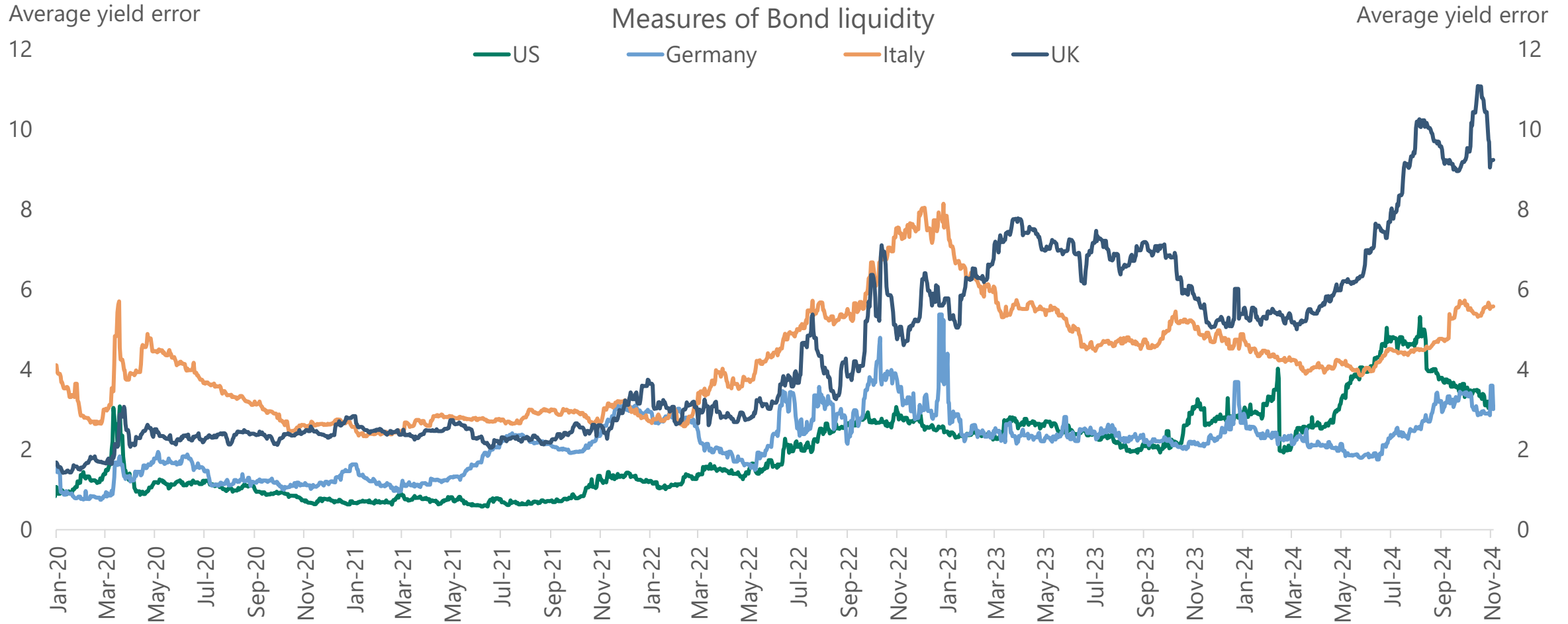


Source: Bloomberg, Apollo Chief Economist. Note: The bid-ask spread is the weighted average bid-ask spread for Bloomberg Barclays US HY Index.

Dealer inventory of corporate bonds (IG+HY)

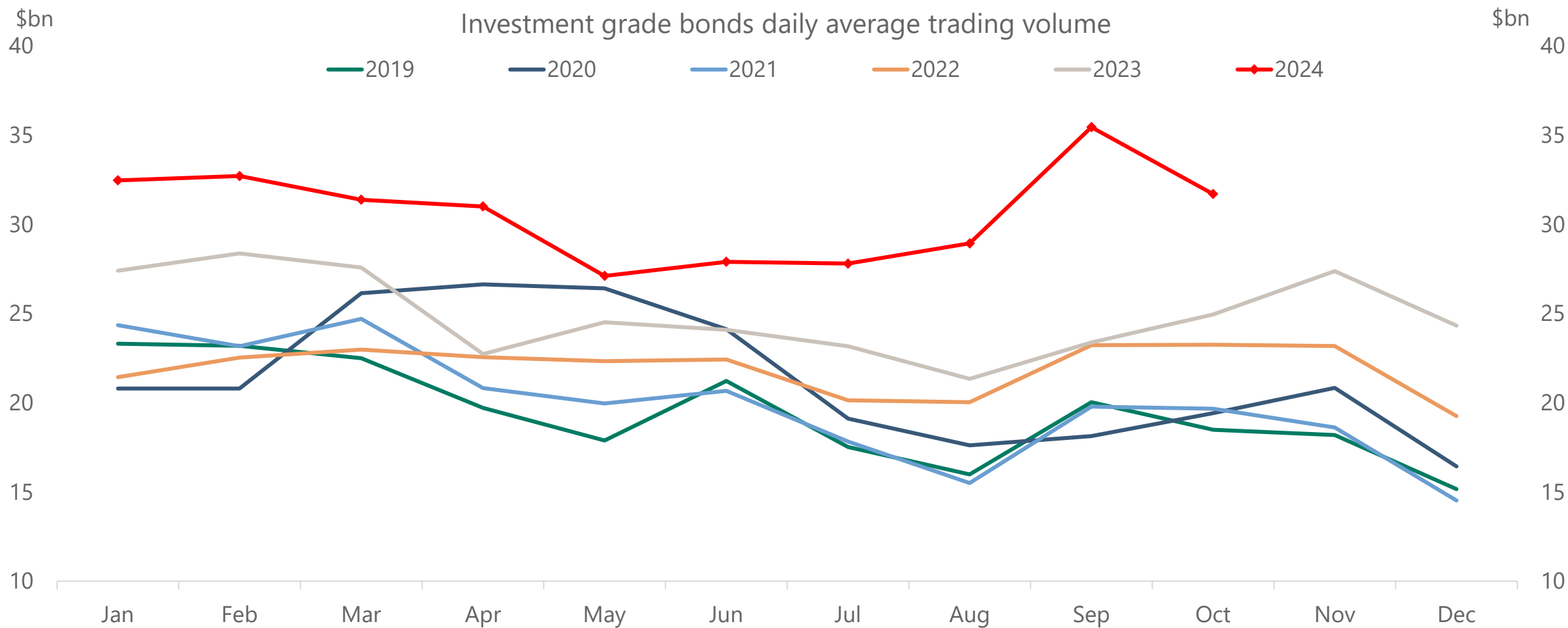


Worse liquidity in the UK and Italian bond market



Source: Bloomberg, Apollo Chief Economist. Note: The index displays the average yield error across the universe of government notes and bonds with remaining maturity 1-year or greater, based off the intra-day Bloomberg relative value curve fitter. When liquidity conditions are favorable the average yield errors are small as any dislocations from fair values are normalized within a short time frame. Average yield error is defined as an aggregate measure for dislocations in Treasury securities across the curve.

IG trading volumes are higher than previous years

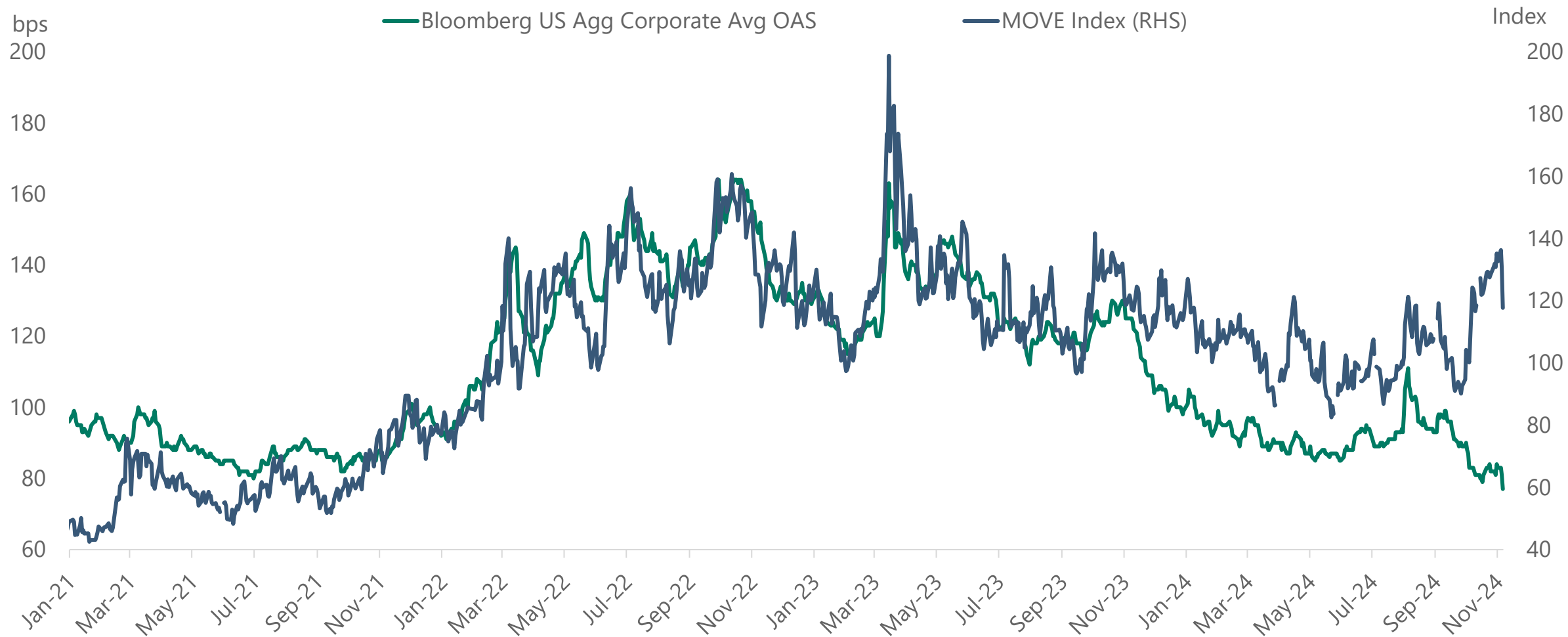


Source: FINRA TRACE, Haver Analytics, Apollo Chief Economist

Market technicals



US IG spread highly correlated with implied rates vol

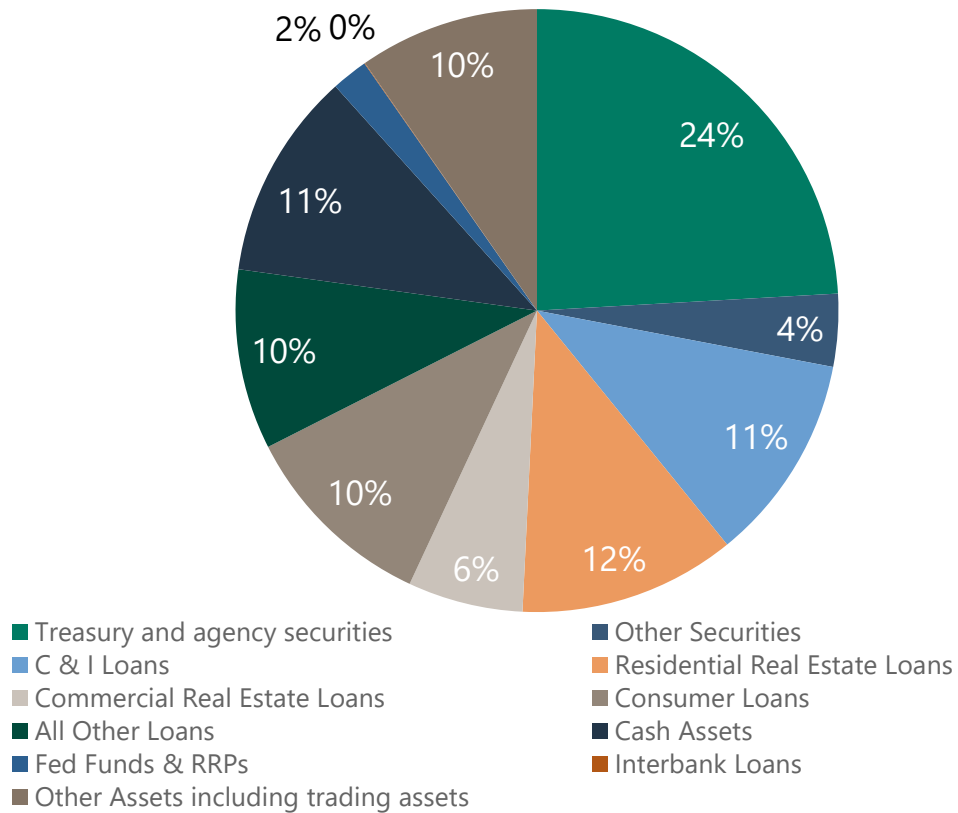


Regional banks

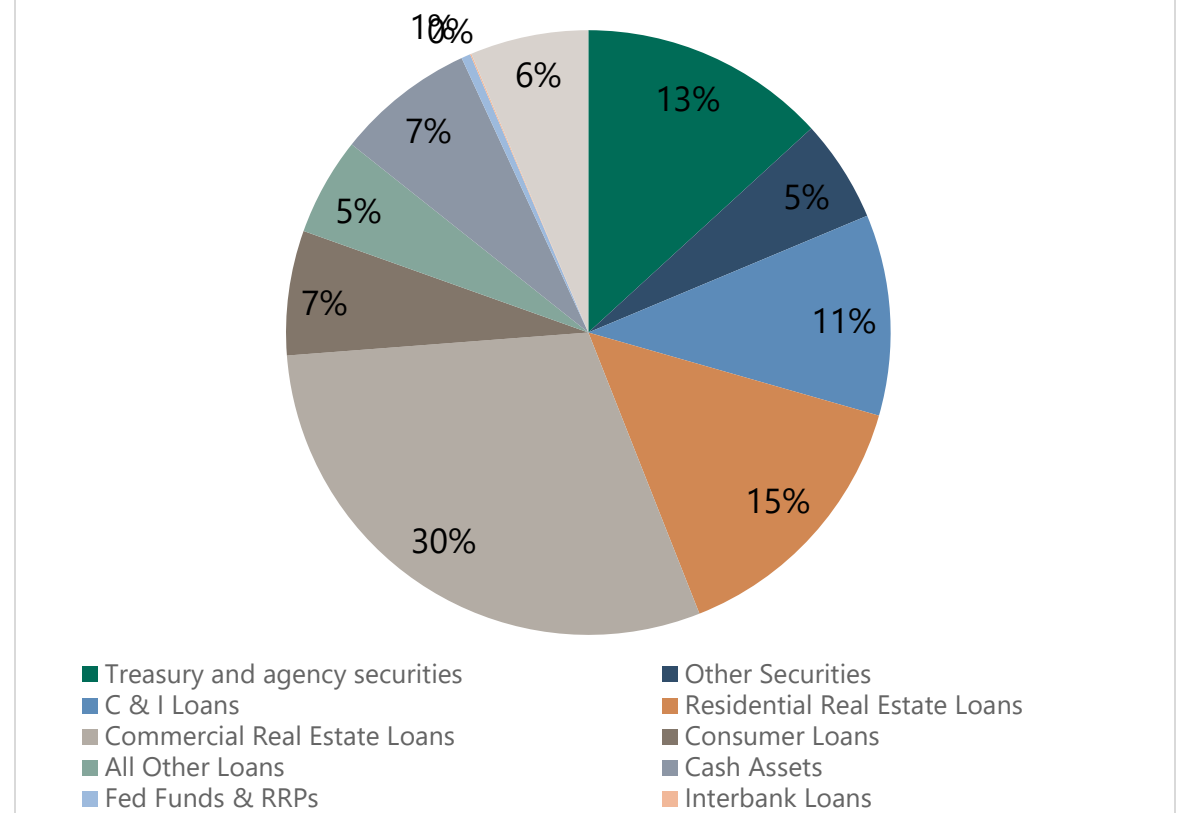


Small bank and large bank balance sheets are very different

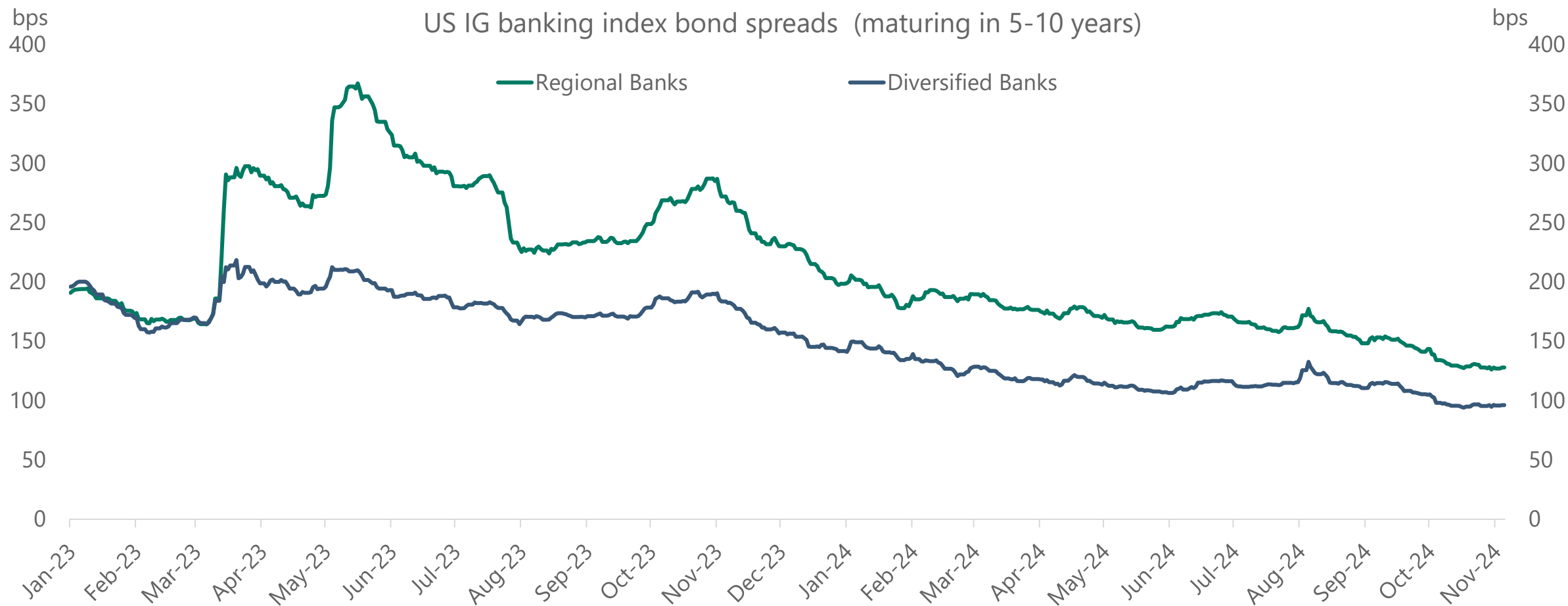
Composition of large domestically chartered commercial bank assets



Composition of small domestically chartered commercial bank assets

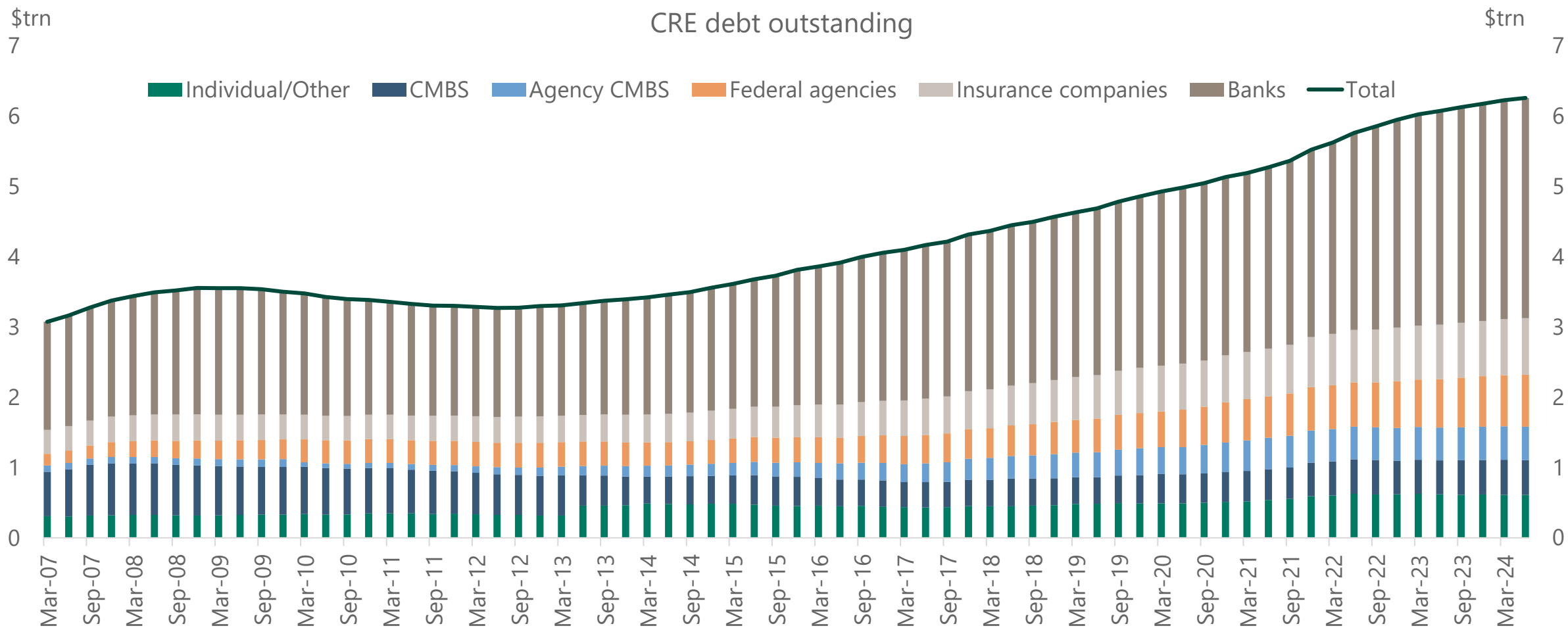


Regional bank spreads remain wide

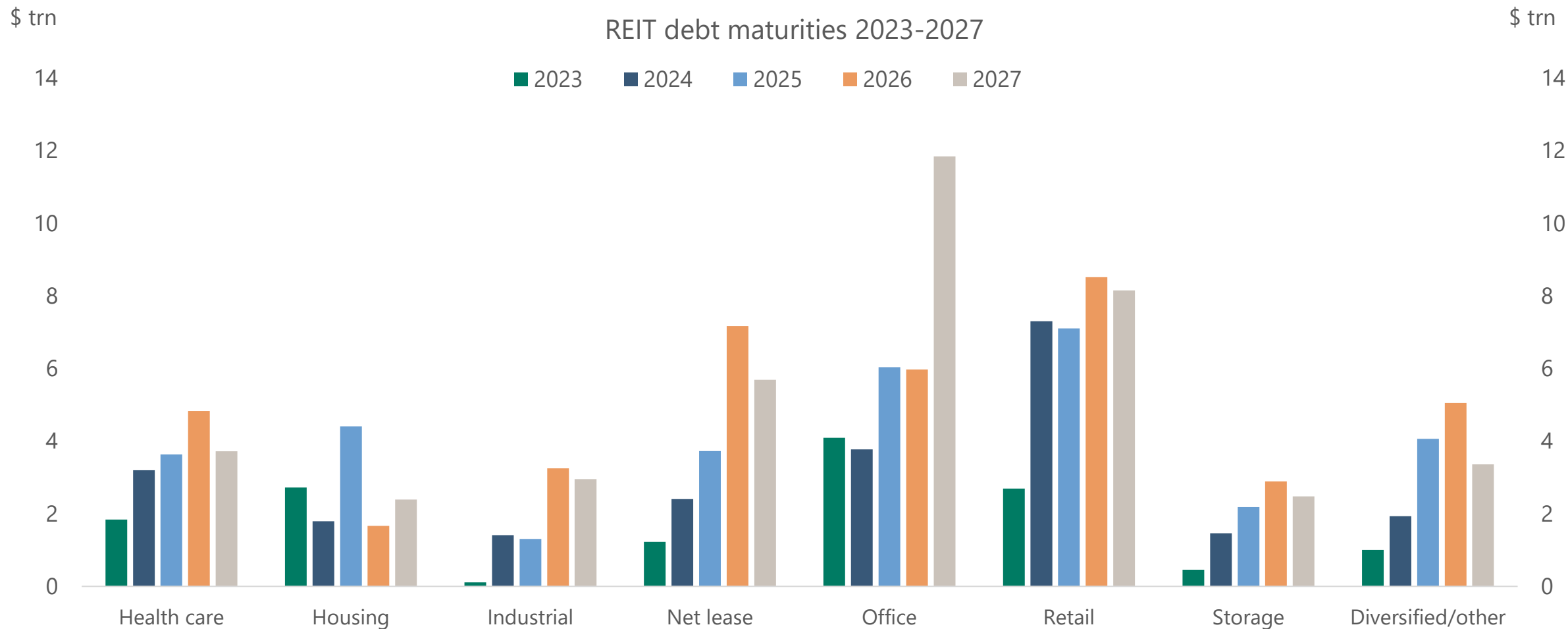


Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Unweighted average spreads of bonds from ICE 5-10 Year US Banking Index, C6PX Index for bonds issued before 1st Jan 2023. There are 8 banks in the Regional index and 41 banks in the Diversified index, and Regional banks include BankUnited Inc, Citizens Financial Group, Huntington Bancshares Incorporated, Regions Financial Corporation, Truist Financial Corporation, Webster Financial Corp, Wintrust Financial Corp, Zions, and Diversified banks includes JP Morgan, Citibank, Bank of America, etc

Banks hold half of CRE debt outstanding

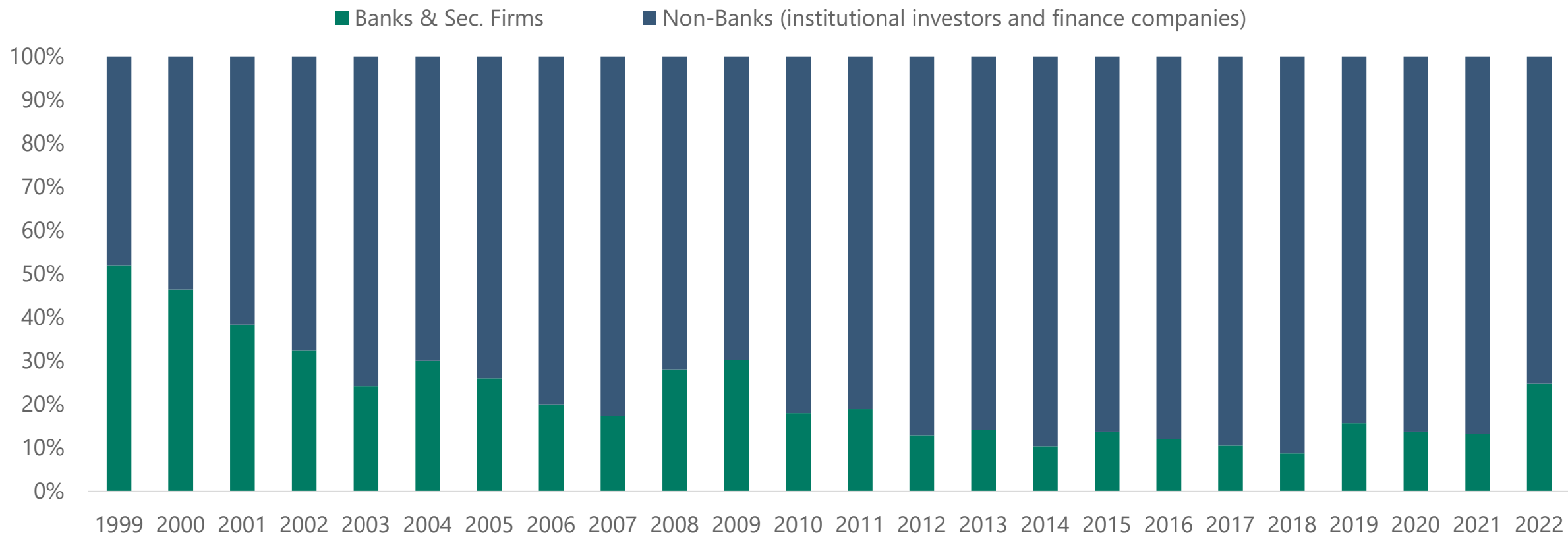


U.S. REITs hold approximately \$14 billion of debt maturing this year



More leveraged loans are held by banks

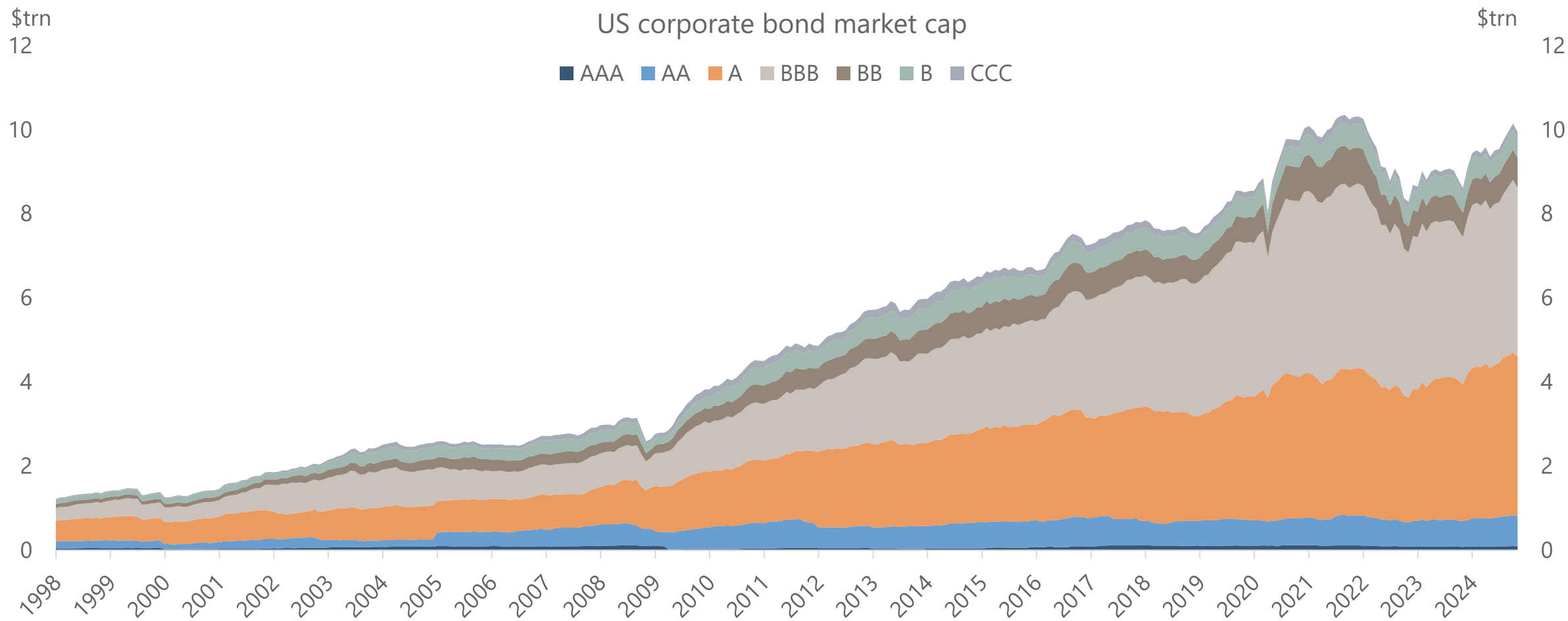
Primary investor market: leveraged loans



Credit markets in a
broader perspective

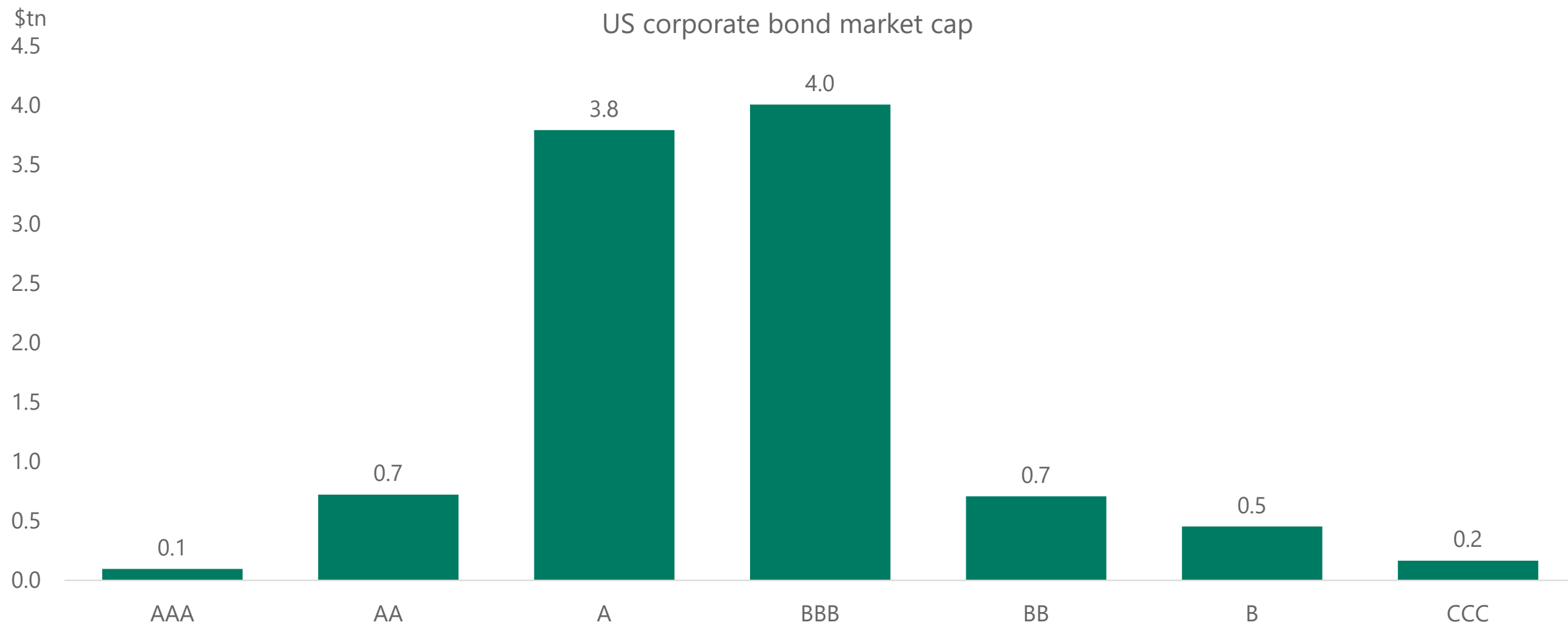


Total market cap of US corporate bond markets: \$10trn

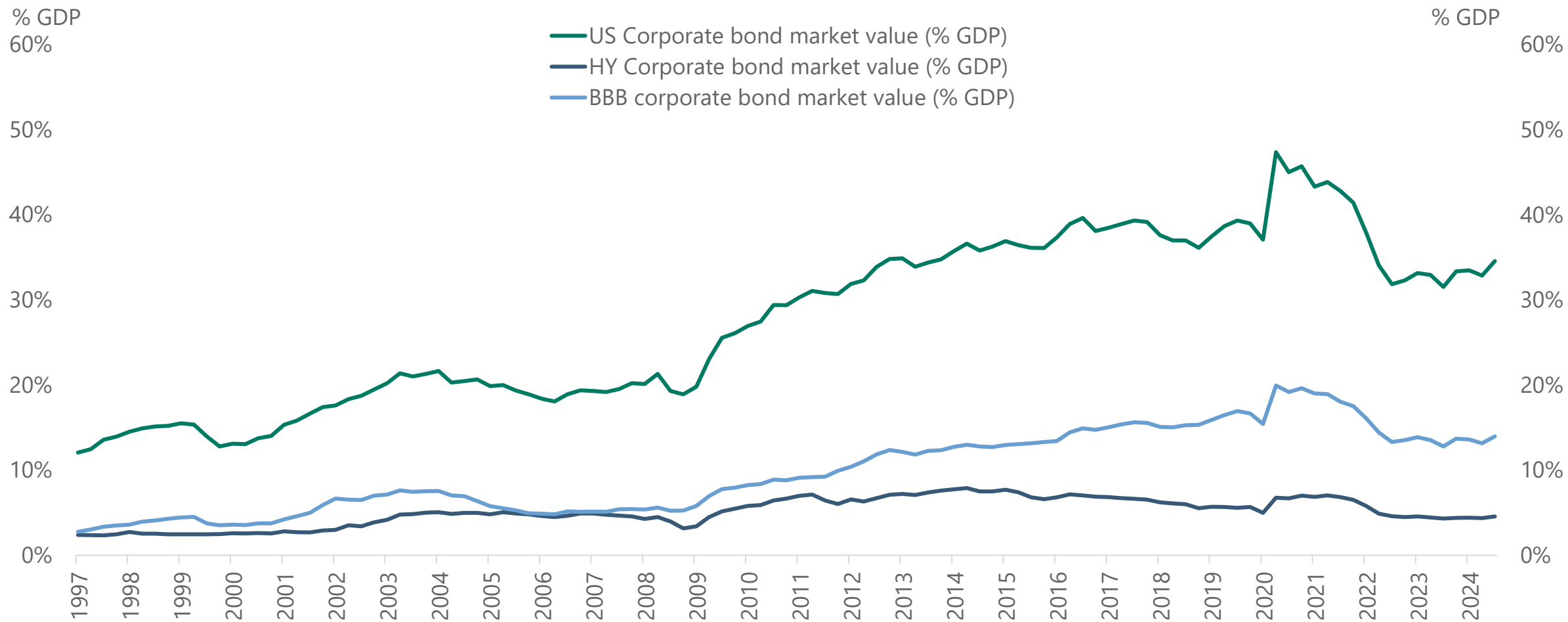


Source: ICE BofA, Bloomberg, Apollo Chief Economist.

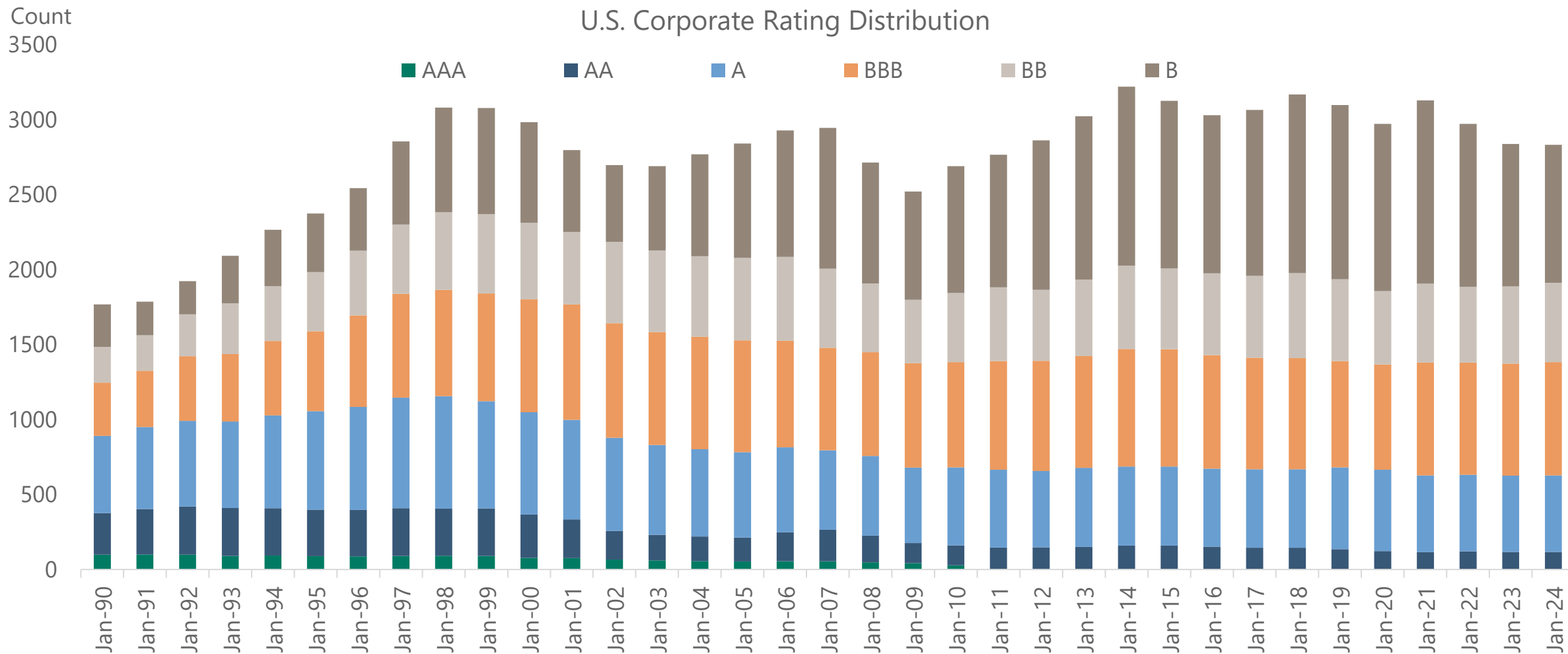
Most corporate bonds outstanding are rated either BBB or single-A



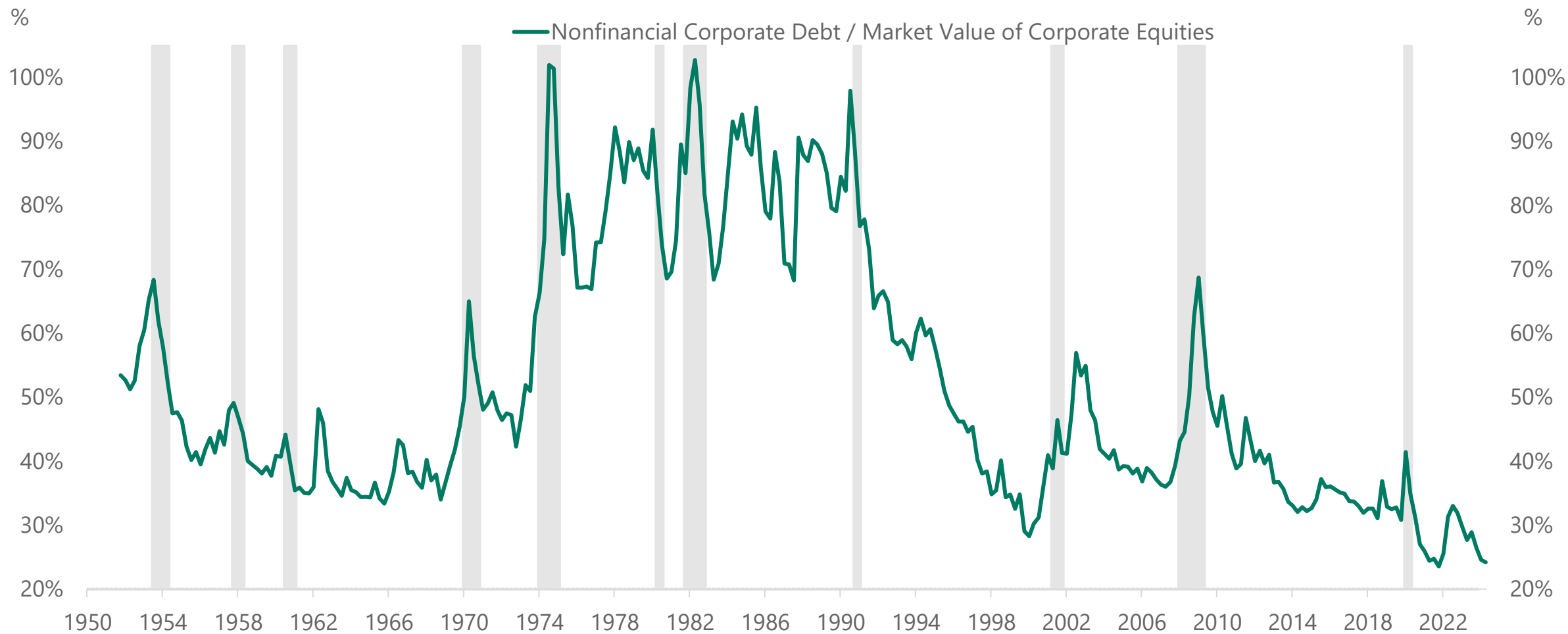
US corporate bond markets as a share of GDP



Distribution of corporate credit ratings

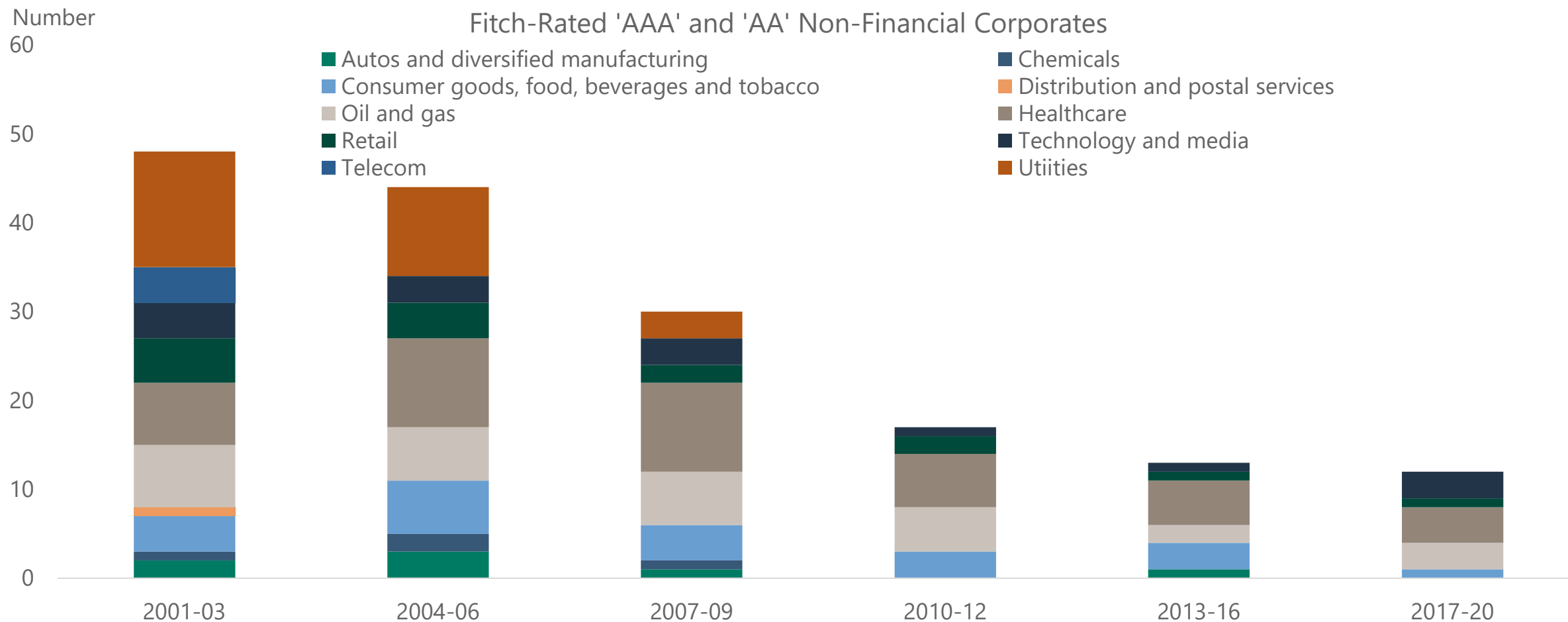


Debt-to-equity ratio is low for corporate America



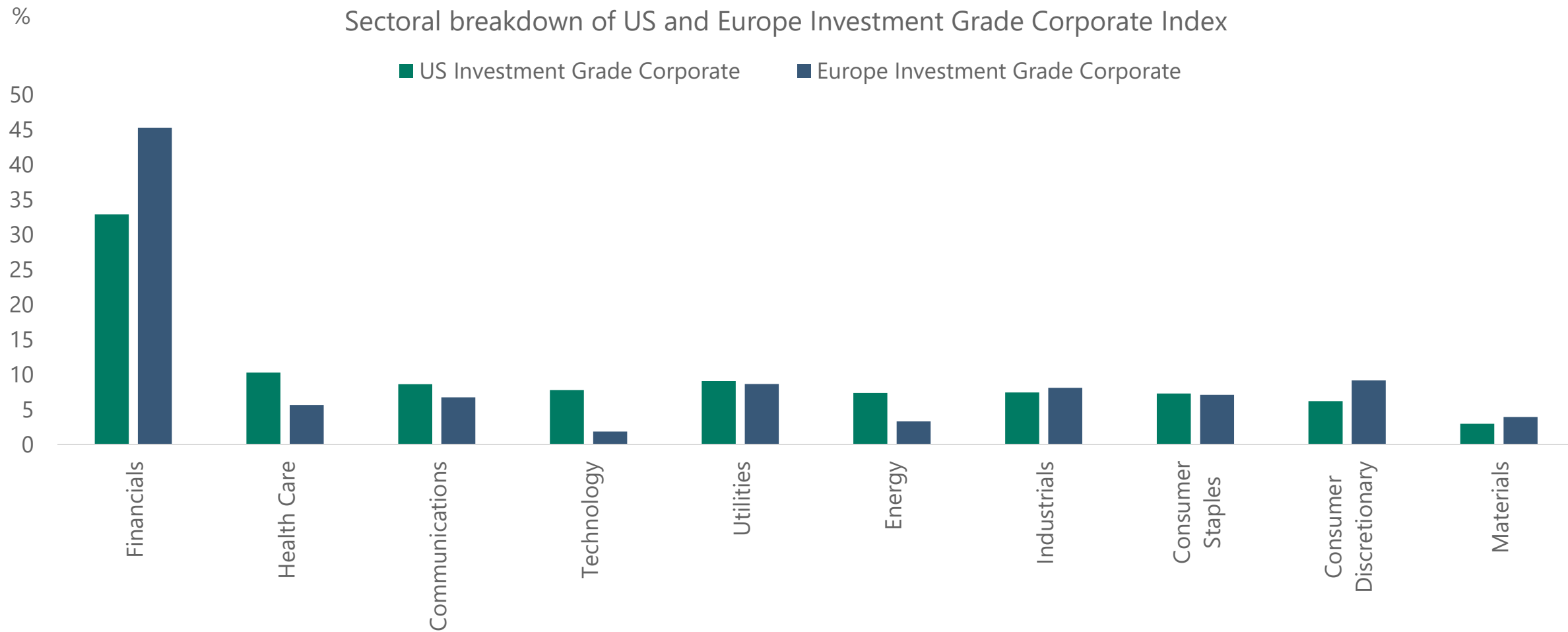
Source: FRB, Haver Analytics, Apollo Chief Economist.

Fewer and fewer corporate bonds are rated AAA and AA

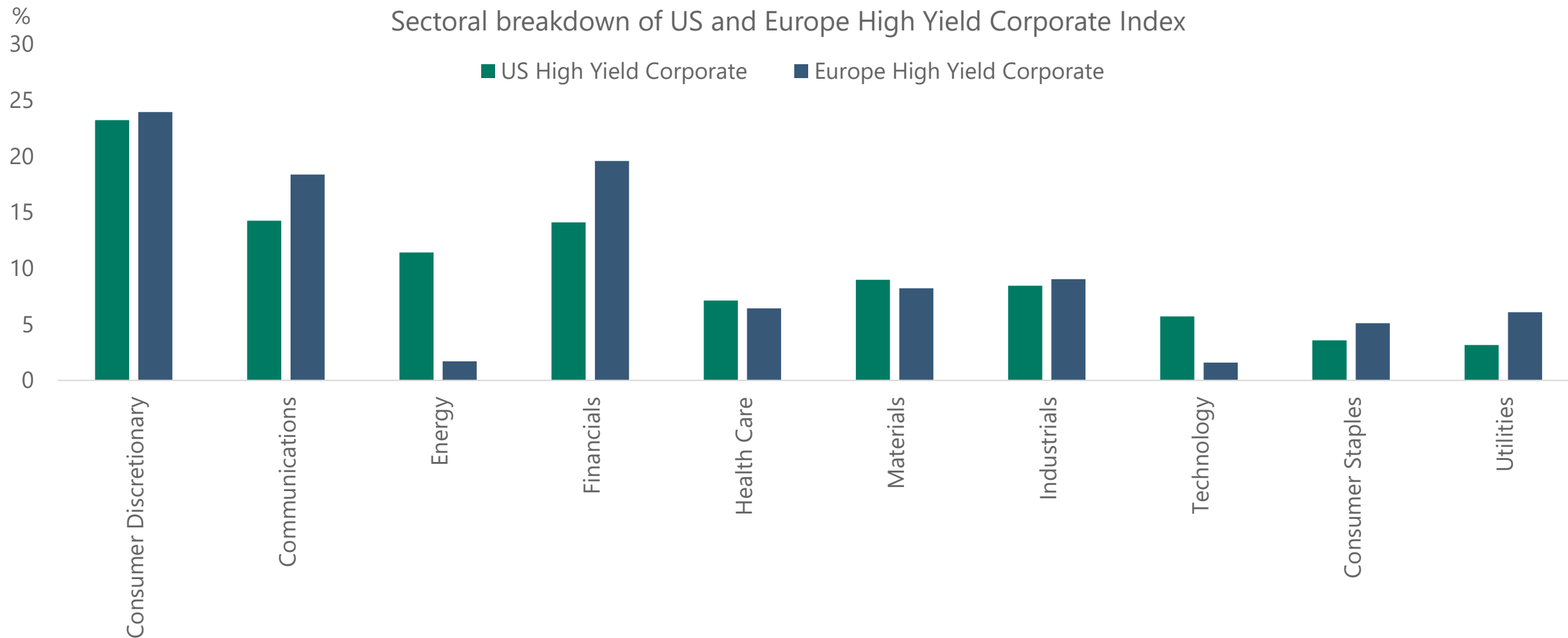


Source: Fitch Ratings, Apollo Chief Economist. Note: Including state-linked issuers with Standalone Credit Profiles in the 'AA' category. Data cover issuers that have been rated for at least six years or at end-2020.

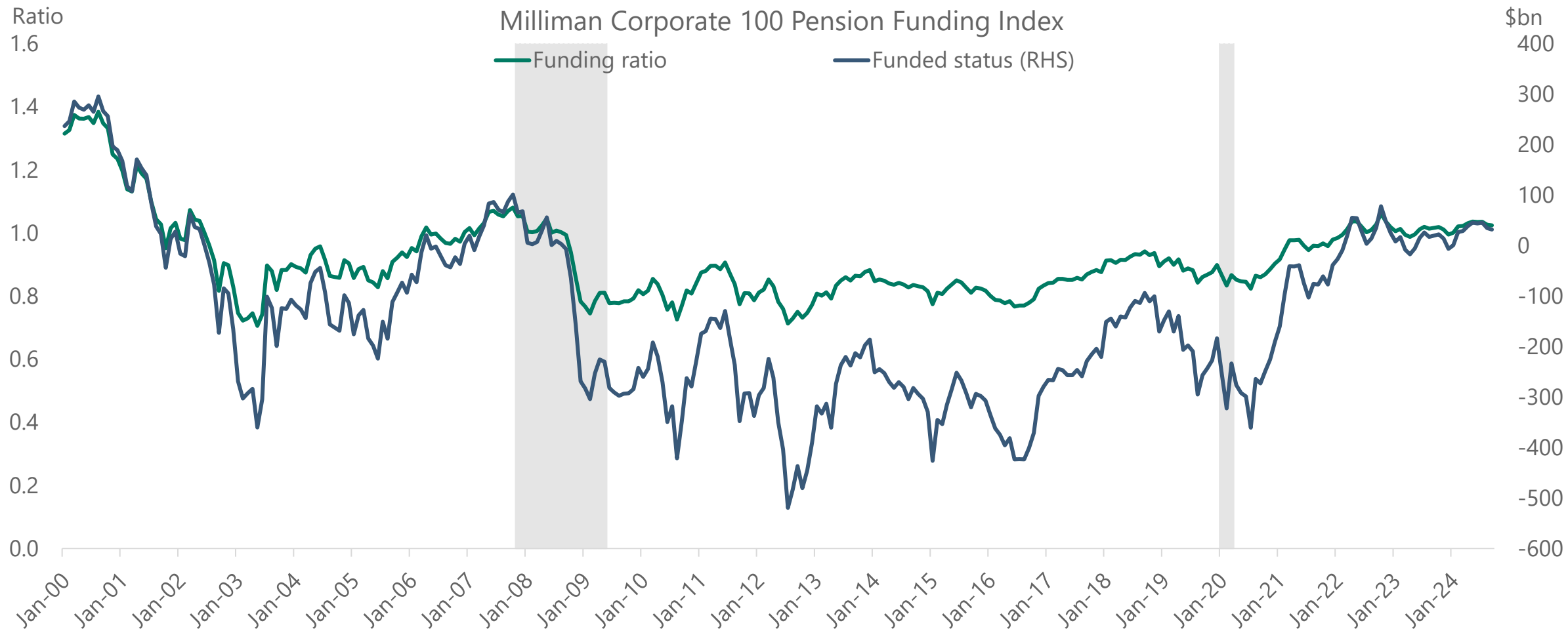
Comparing the US IG index with the EU IG index



Comparing the US HY index with the EU HY index

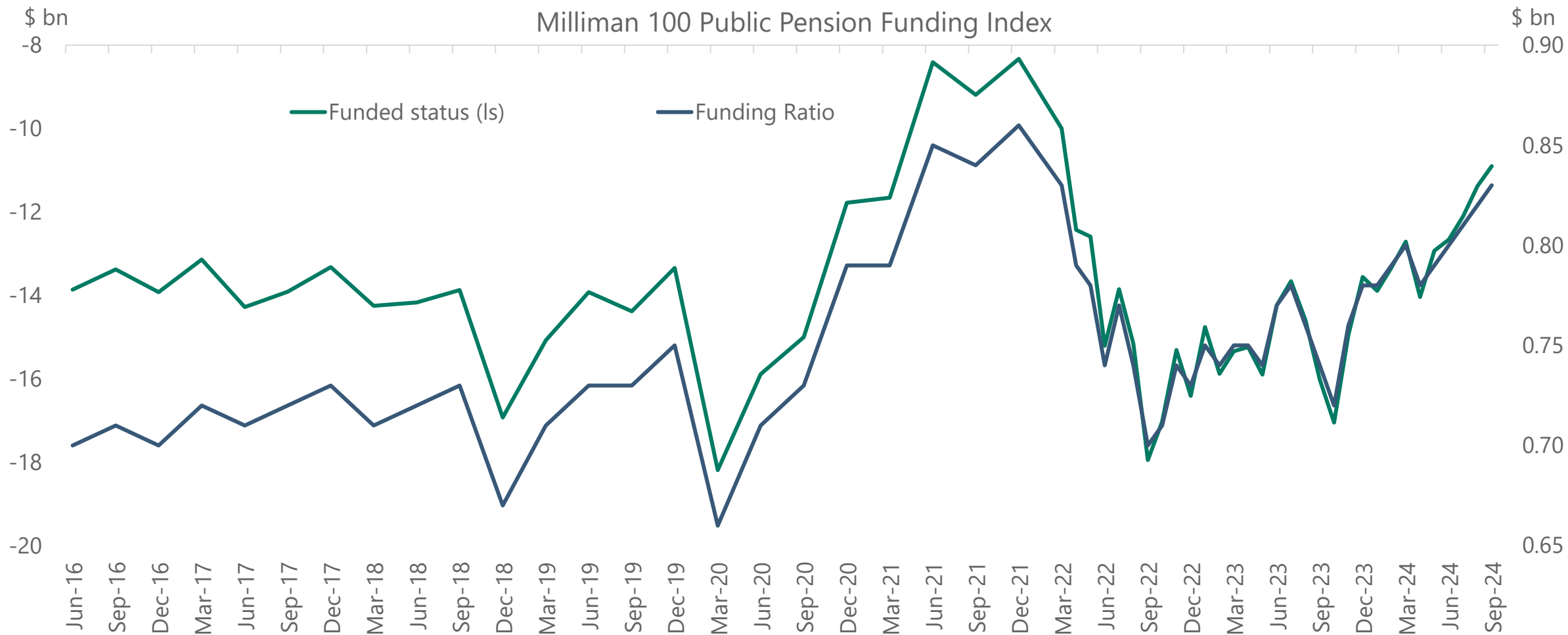


Corporate pension funding status has improved



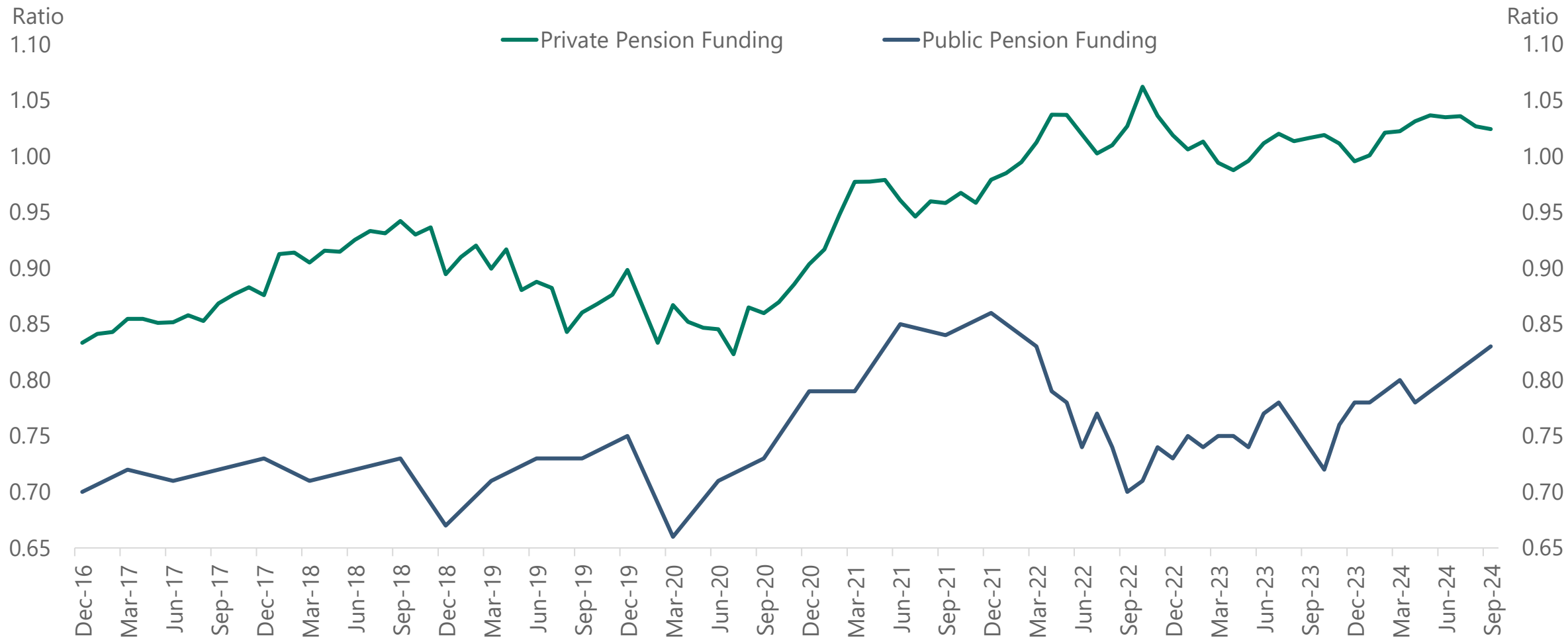
Source: Milliman, Bloomberg, Apollo Chief Economist. Note: Funded status measures planned assets minus projected benefit obligation

Public pension funding status has improved

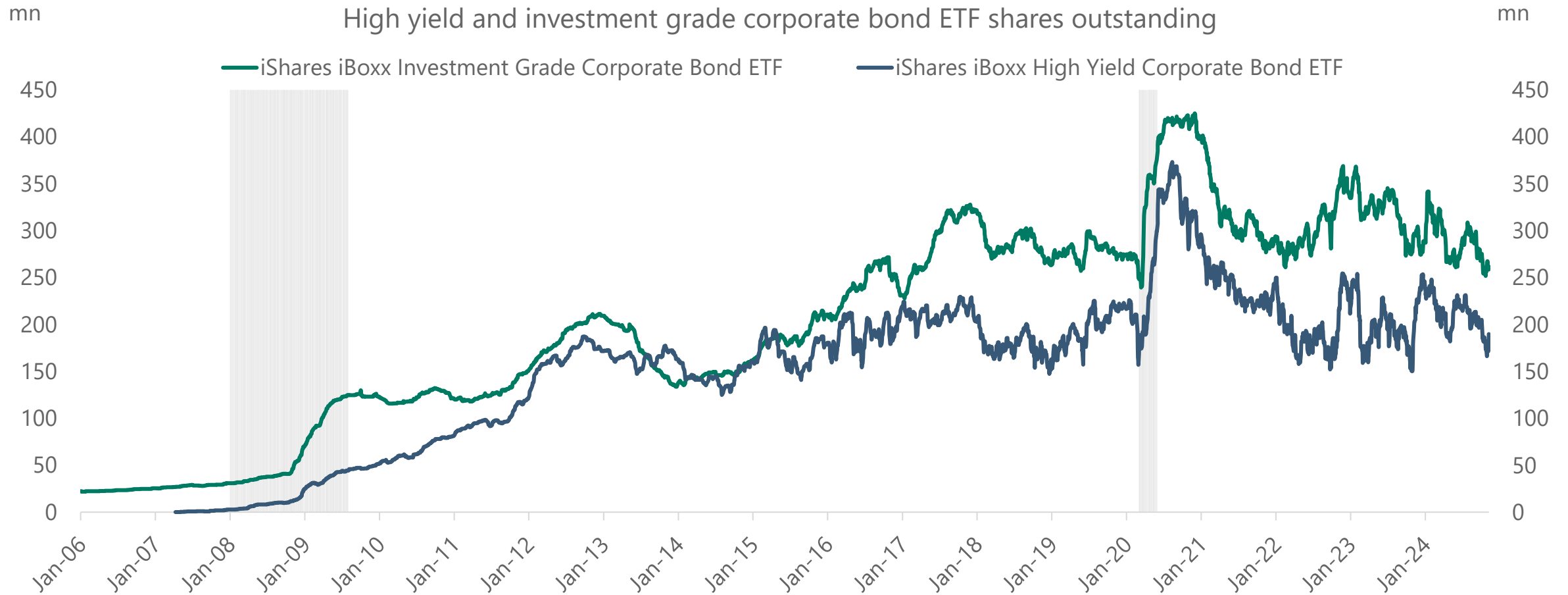


Source: Milliman, Bloomberg, Apollo Chief Economist.

Private vs public pension funding

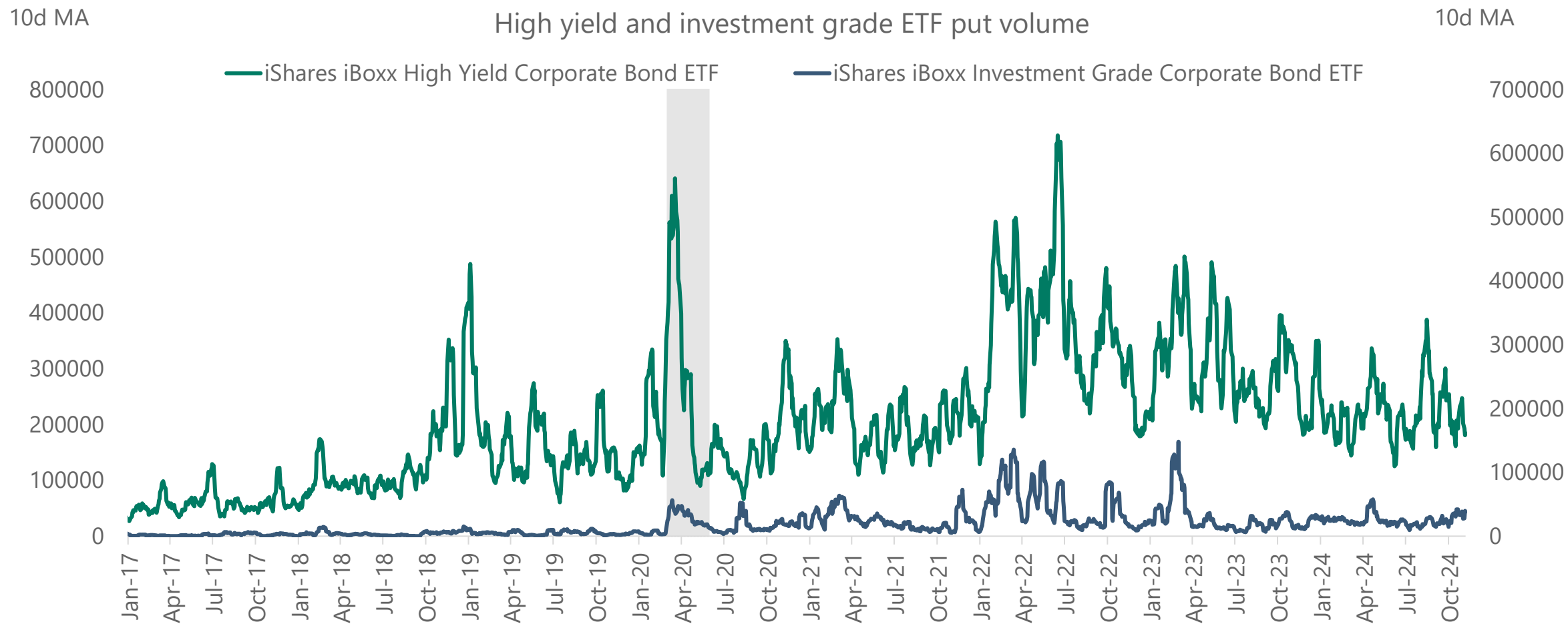


Retail investor activity in IG and HY



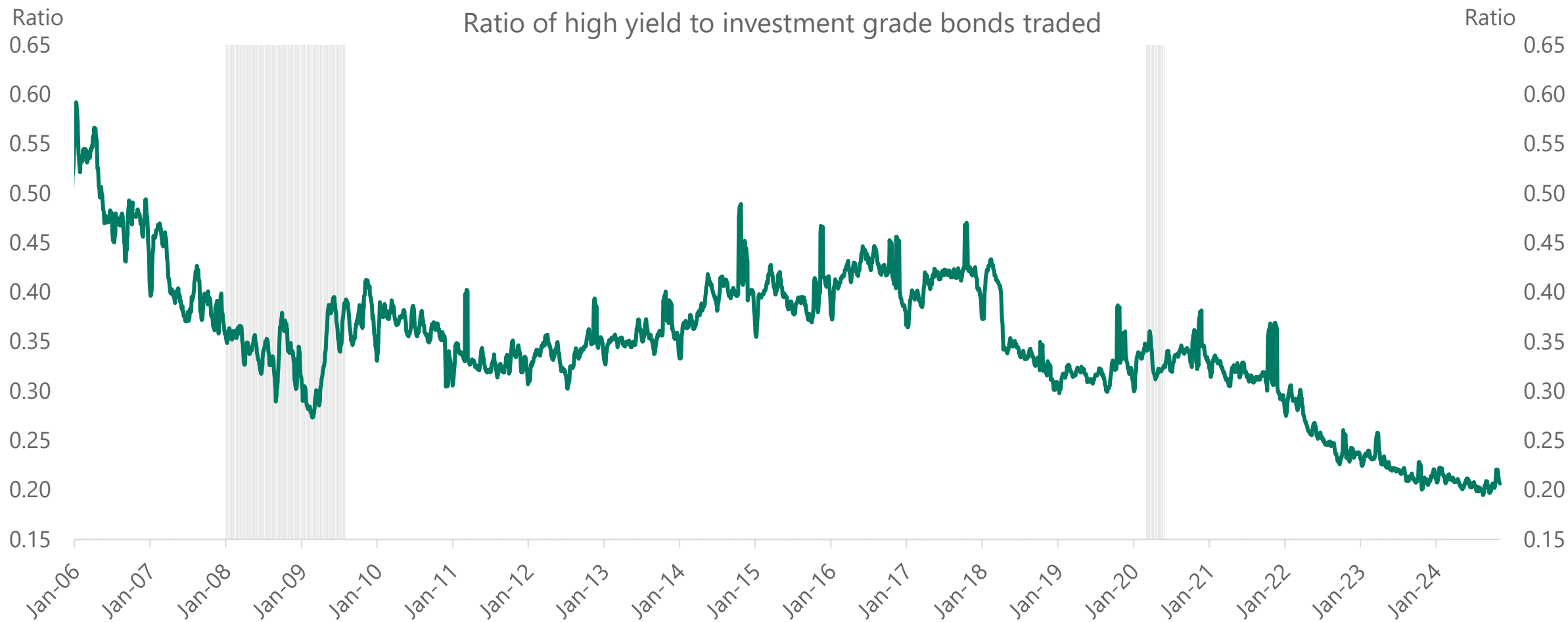
Source: Bloomberg, Apollo Chief Economist. Note: Tickers used HYG US Equity and LQD US Equity

Put volumes for IG and HY ETF

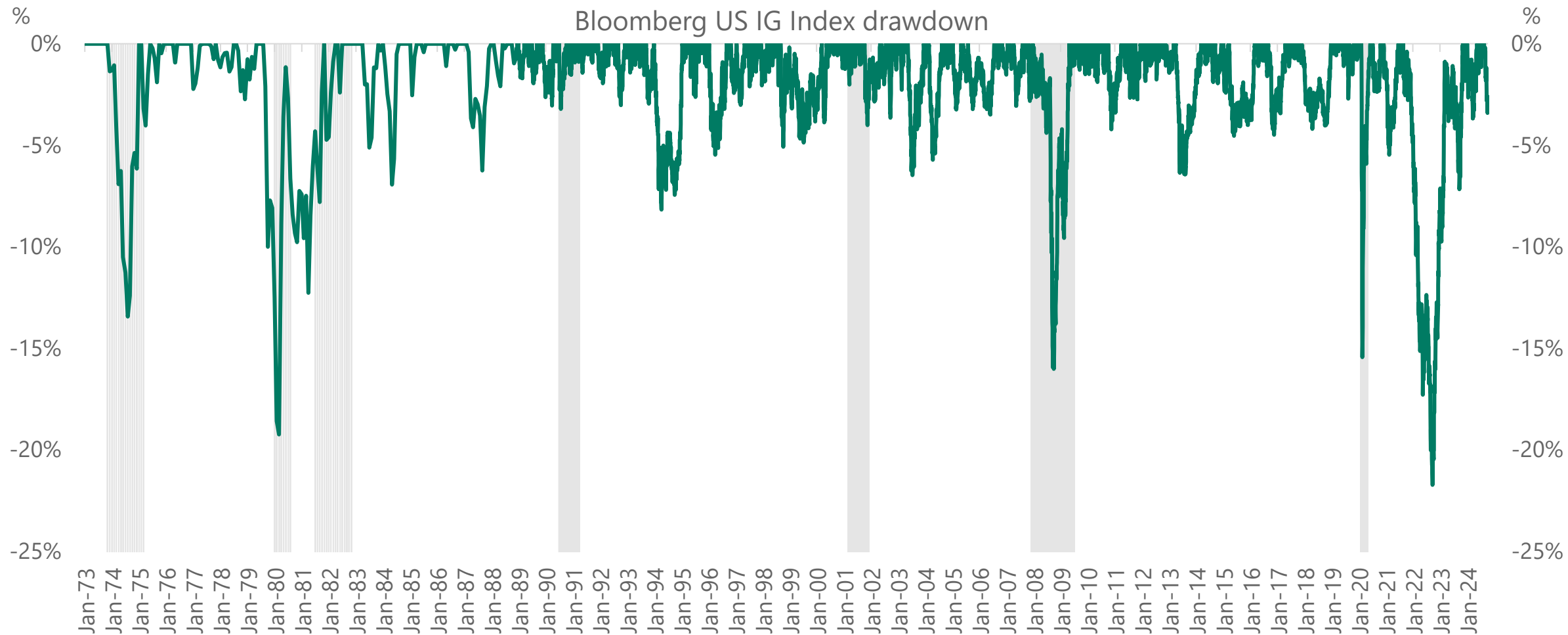


Fewer high yield bonds being traded

Ratio of high yield to investment grade bonds traded



IG index drawdown

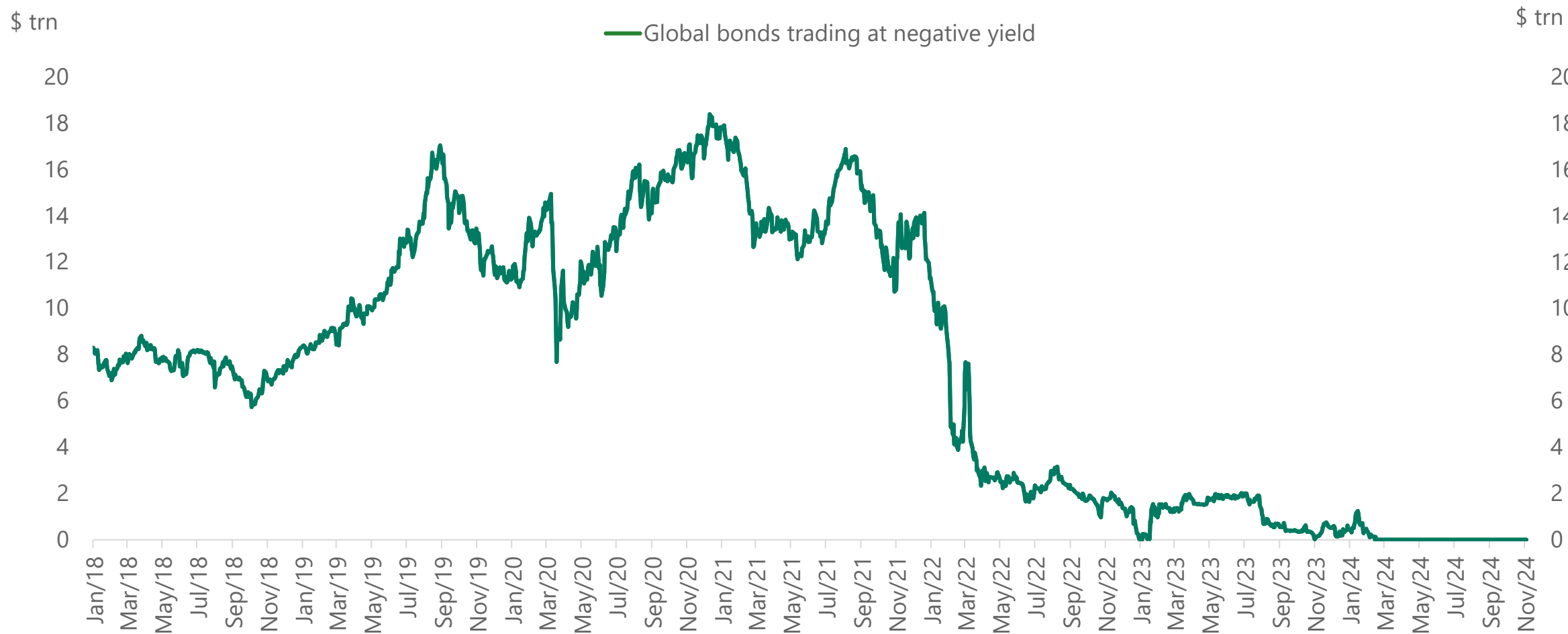


Source: Bloomberg, Apollo Chief Economist. Note: Index used LUACTRUU Index

Bonds outstanding trading at negative interest rates

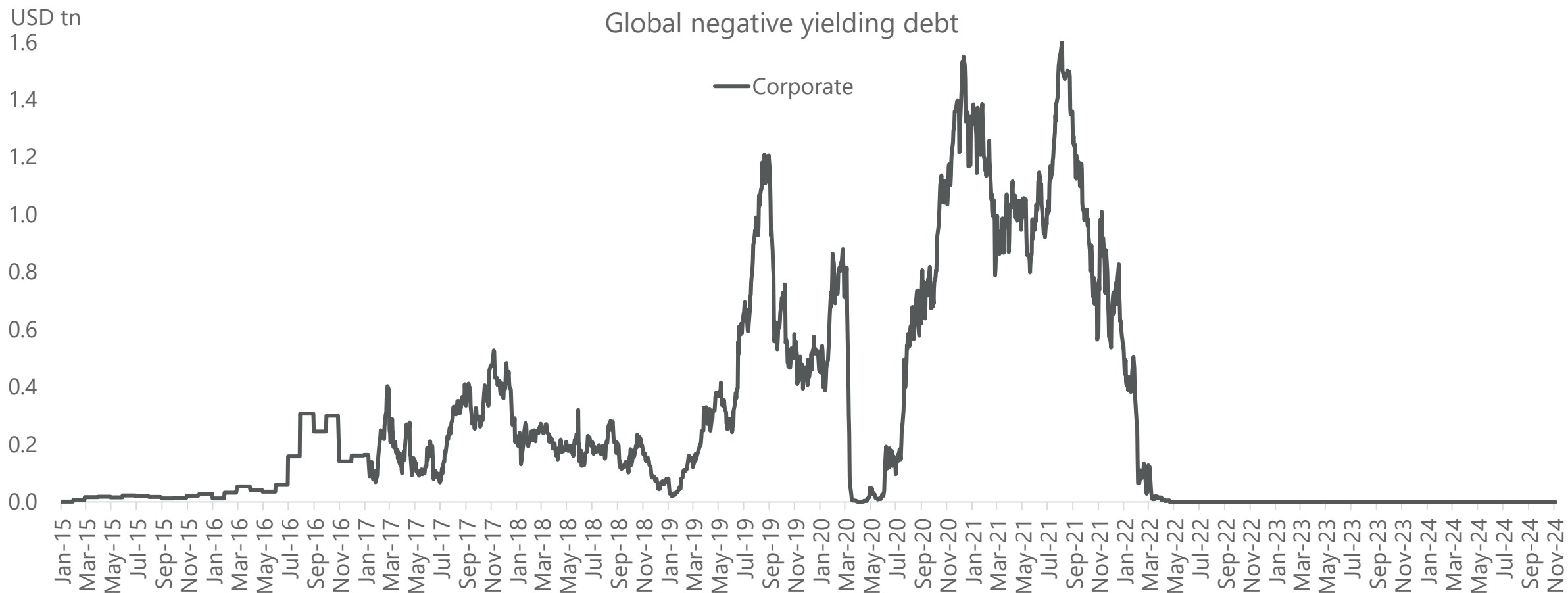


The total value of negative yielding debt in the world

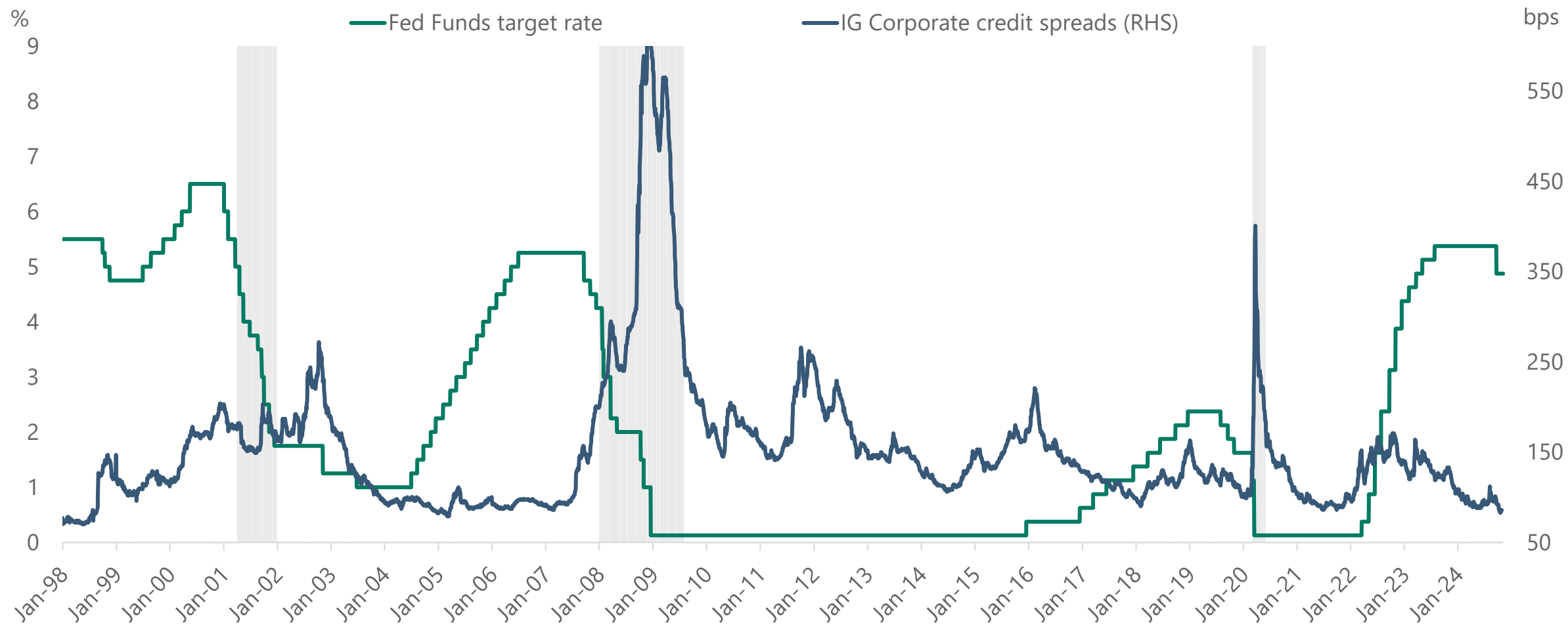


Source: Bloomberg, Apollo Chief Economist

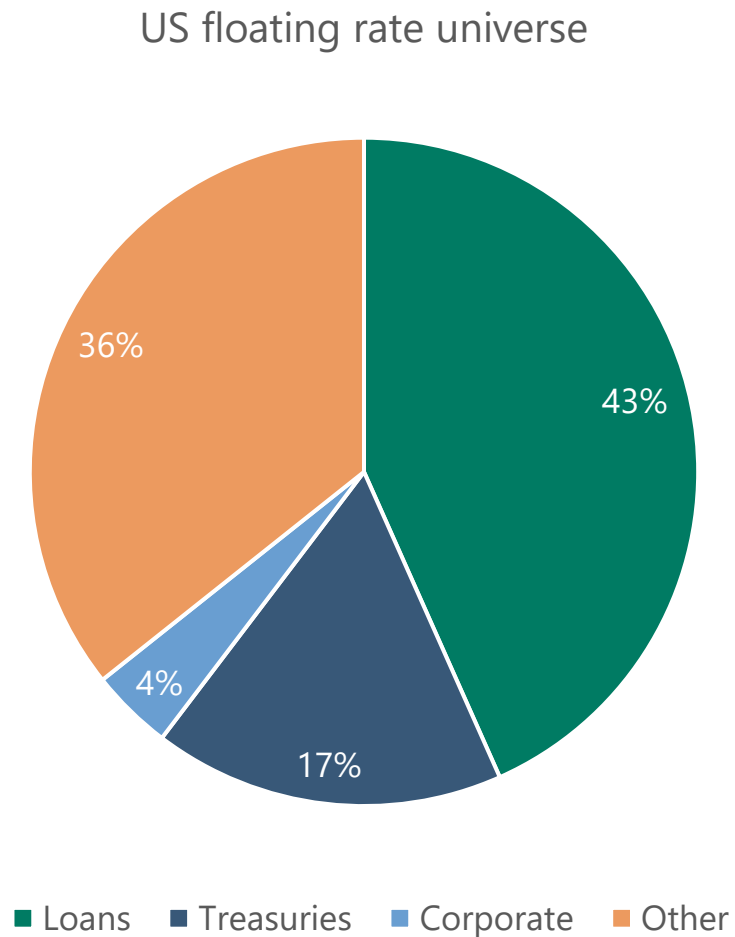
All corporate bonds now have positive yields



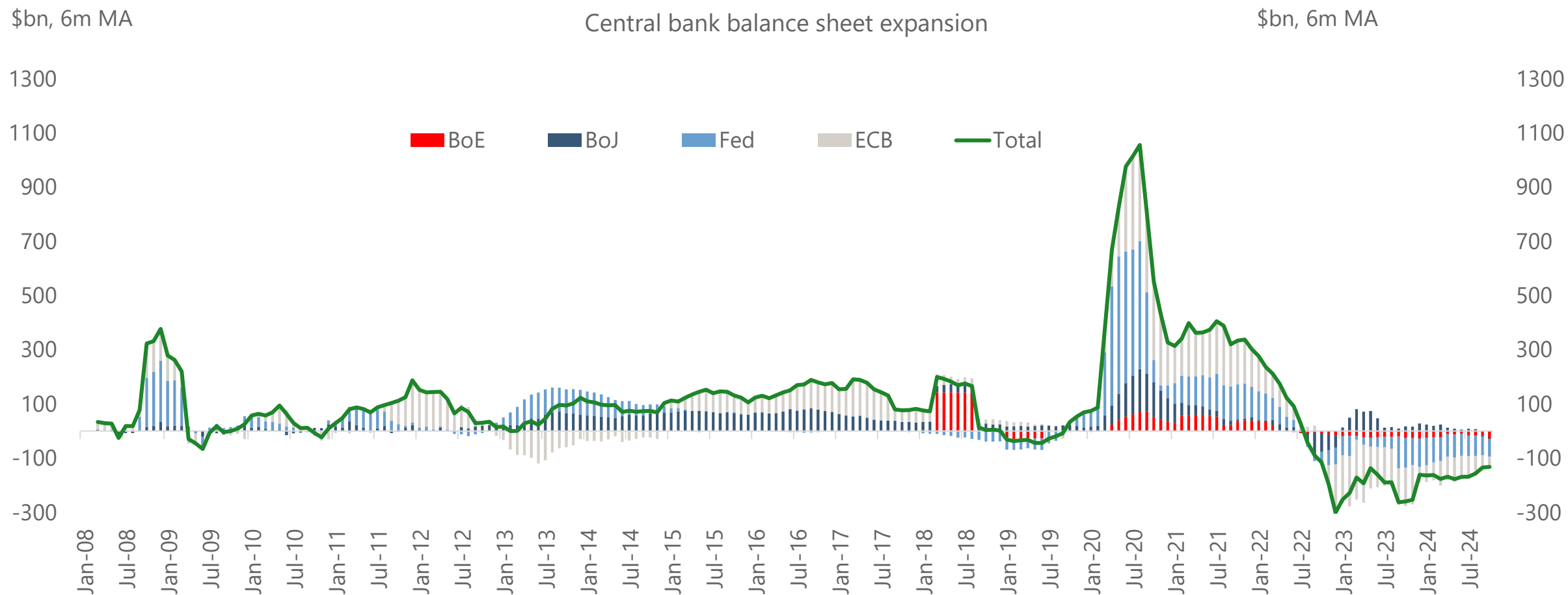
Credit spreads normally widen when the Fed is hiking



US: Floating rate bonds outstanding, May 2024

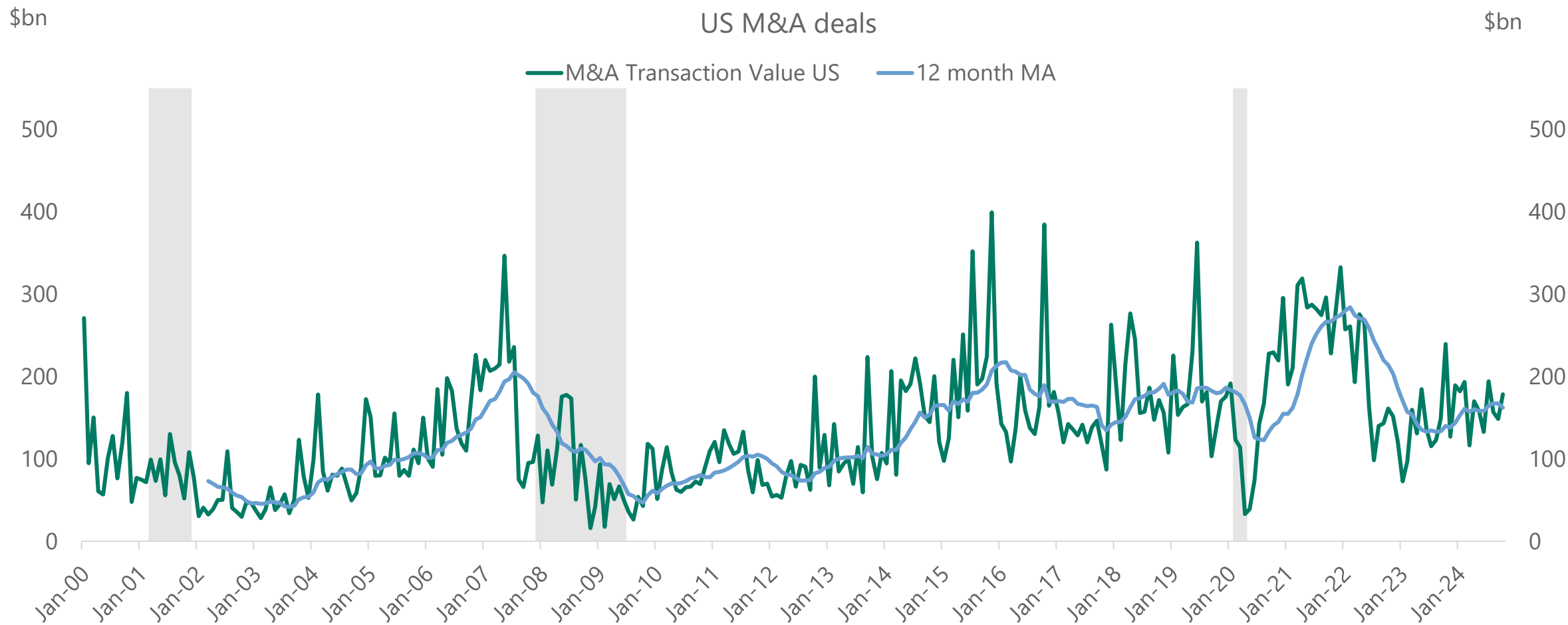


From QE to QT



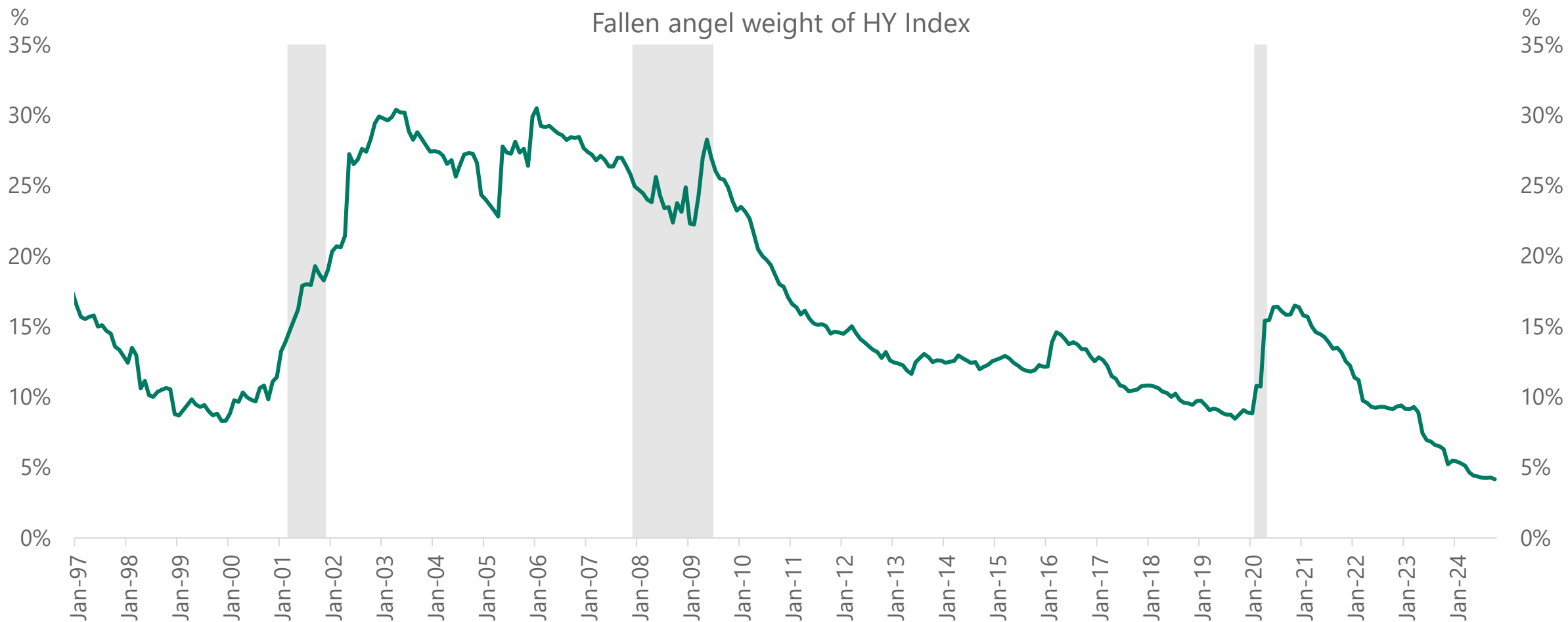
Source: Bloomberg, Apollo Chief Economist.

M&A activity



Source: Bloomberg, Apollo Chief Economist. Note: Ticker used is MAATUS Index

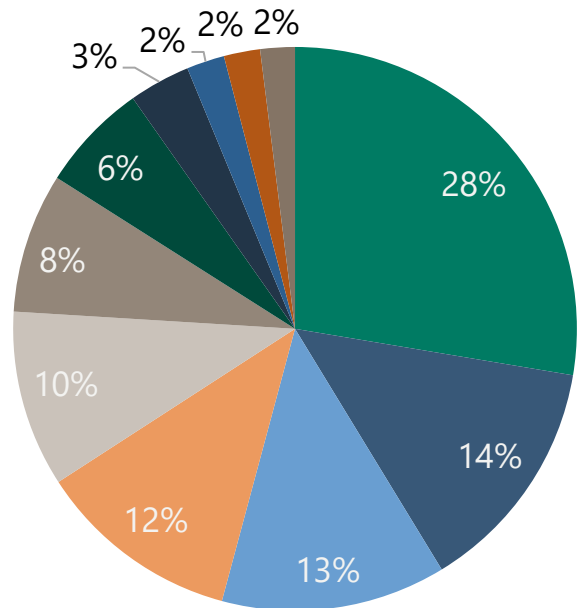
Declining share of fallen angels in the HY index



Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Tickers used H0A0 Index and H0FA Index

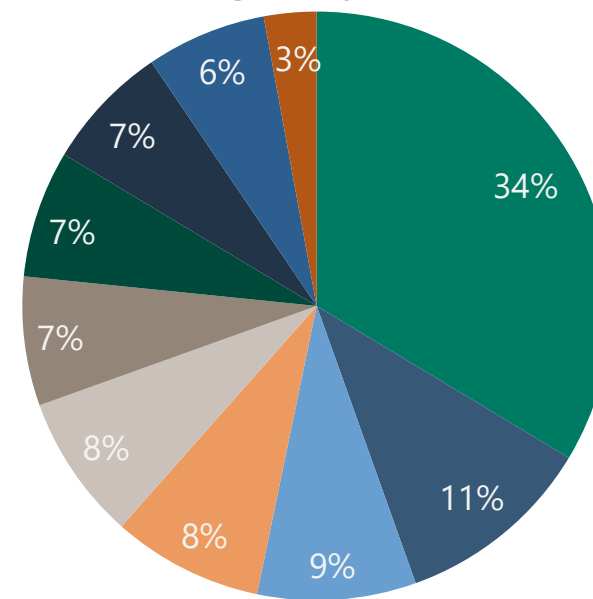
Big differences between weights in the S&P500 and the IG index

S&P 500 Index weight by market cap



- Information Technology
- Financials
- Consumer Discretionary
- Consumer Staples
- Real Estate
- Communication Services
- Health Care
- Industrials
- Energy
- Materials

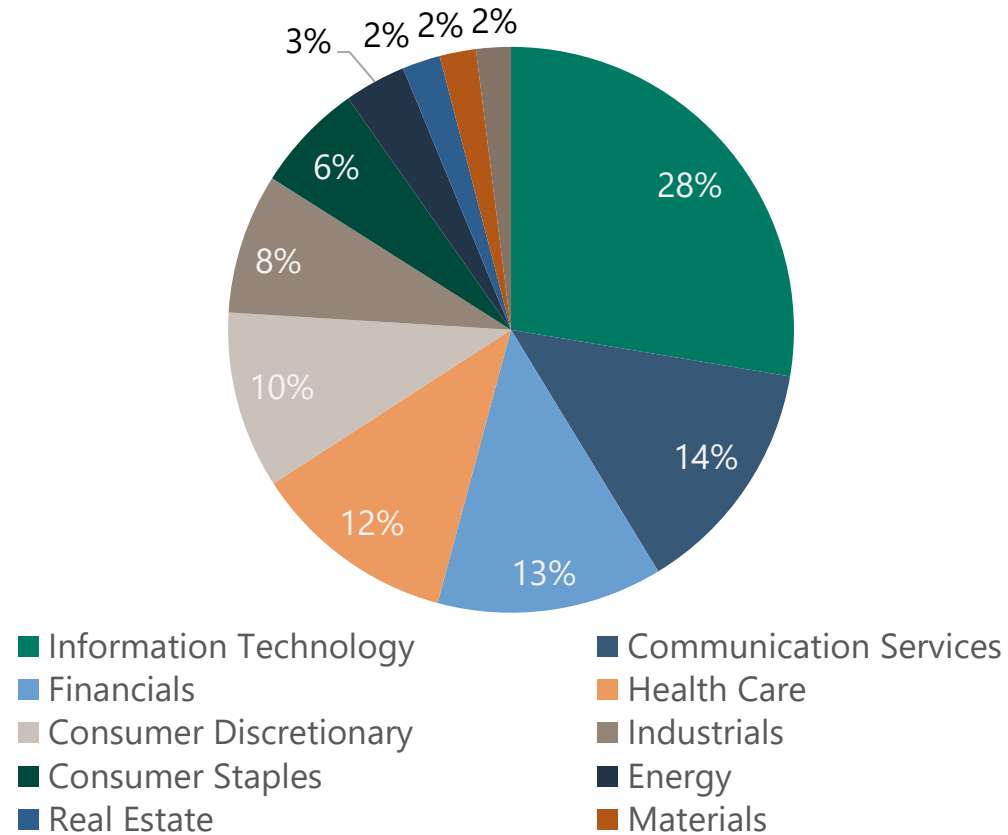
Barclays corporate IG index weights by market cap



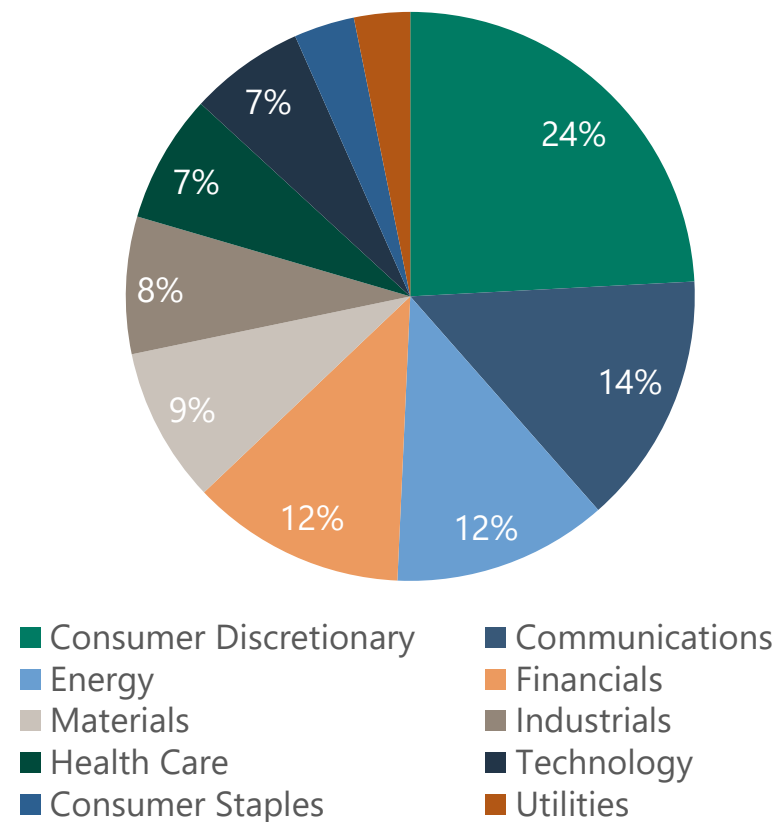
- Financials
- Utilities
- Technology
- Energy
- Consumer Staples
- Health Care
- Communications
- Consumer Discretionary
- Industrials
- Materials

Big differences between weights in the S&P500 and the HY index

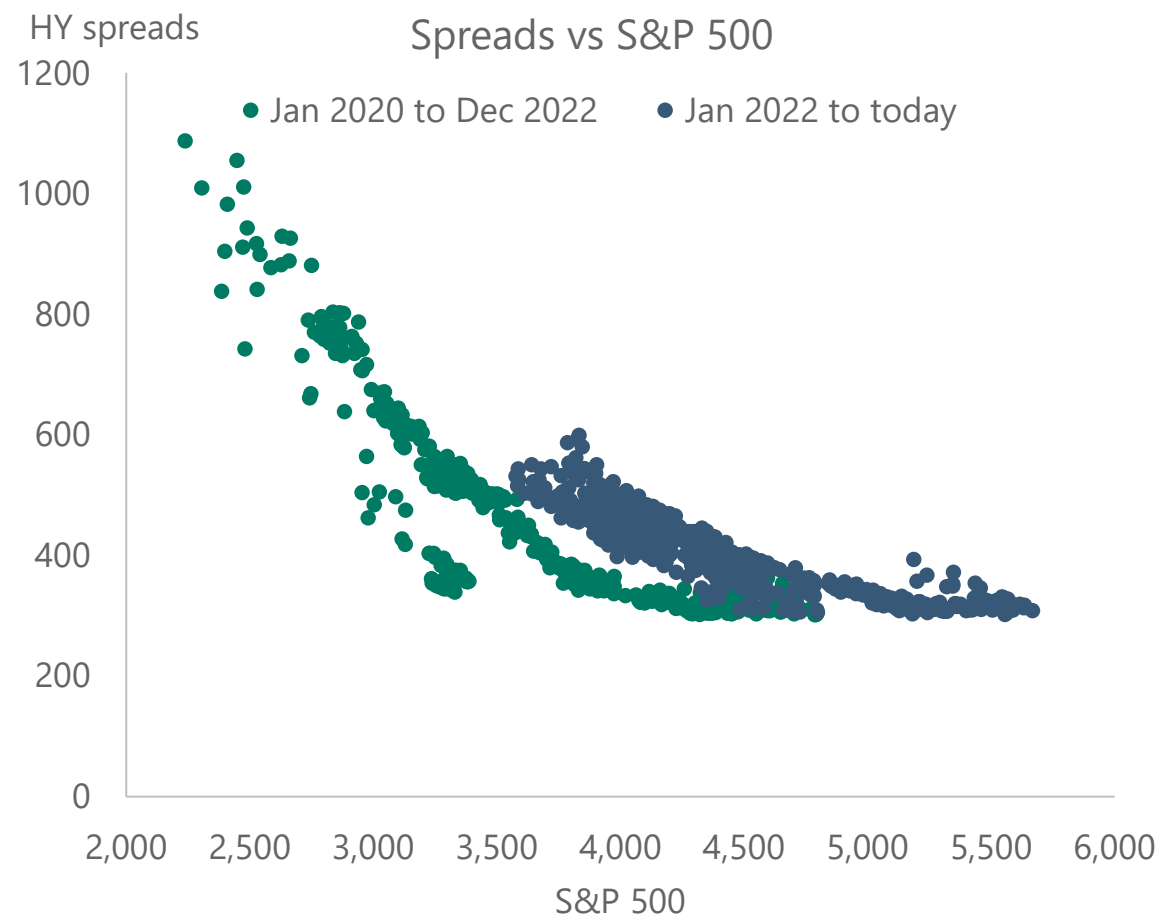
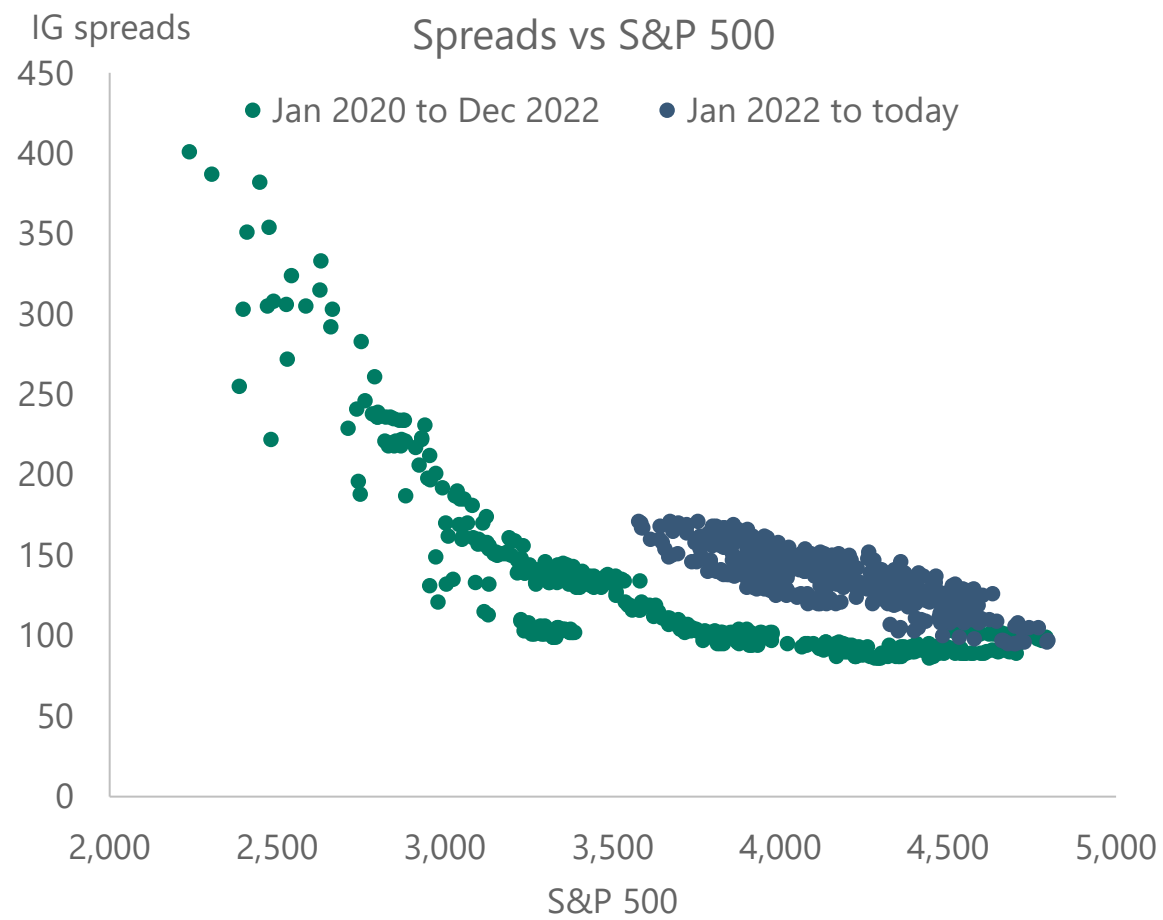
S&P 500 index weight by market cap



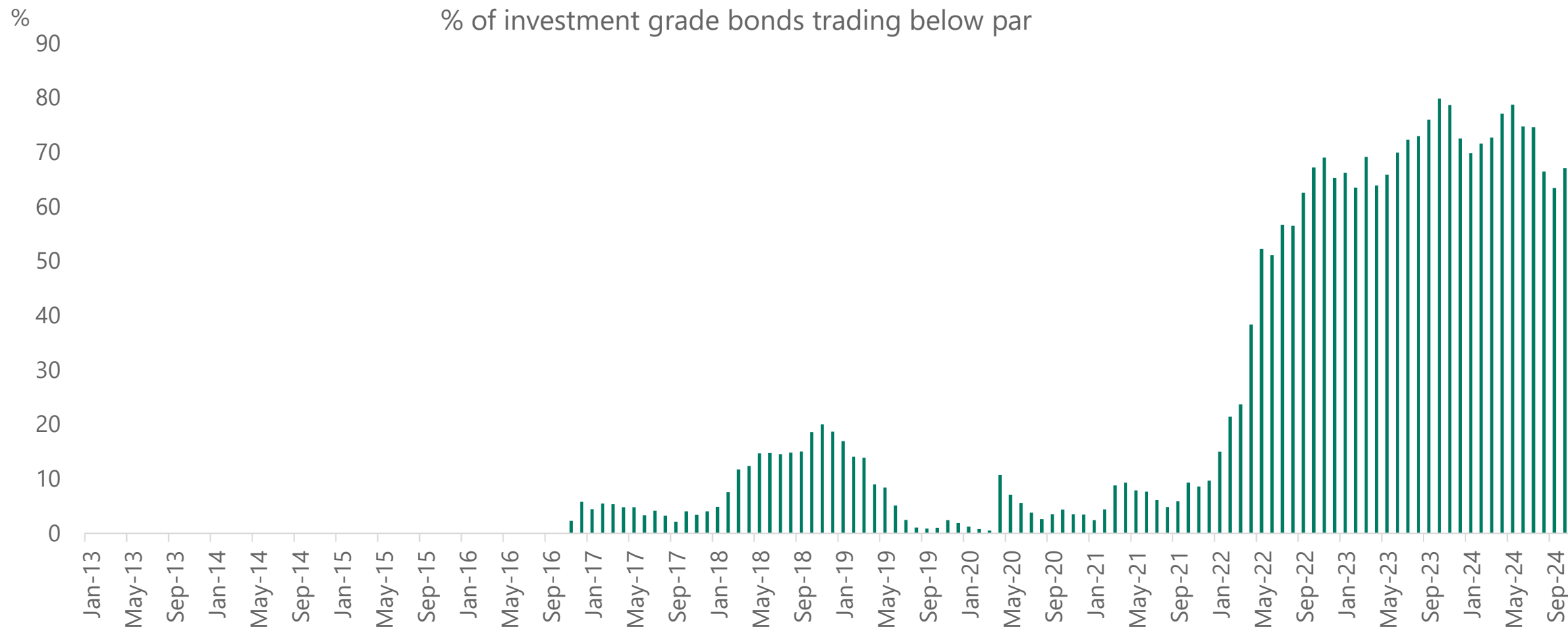
Bloomberg Barclays HY index weights by mkt cap



Valuation of credit versus equities

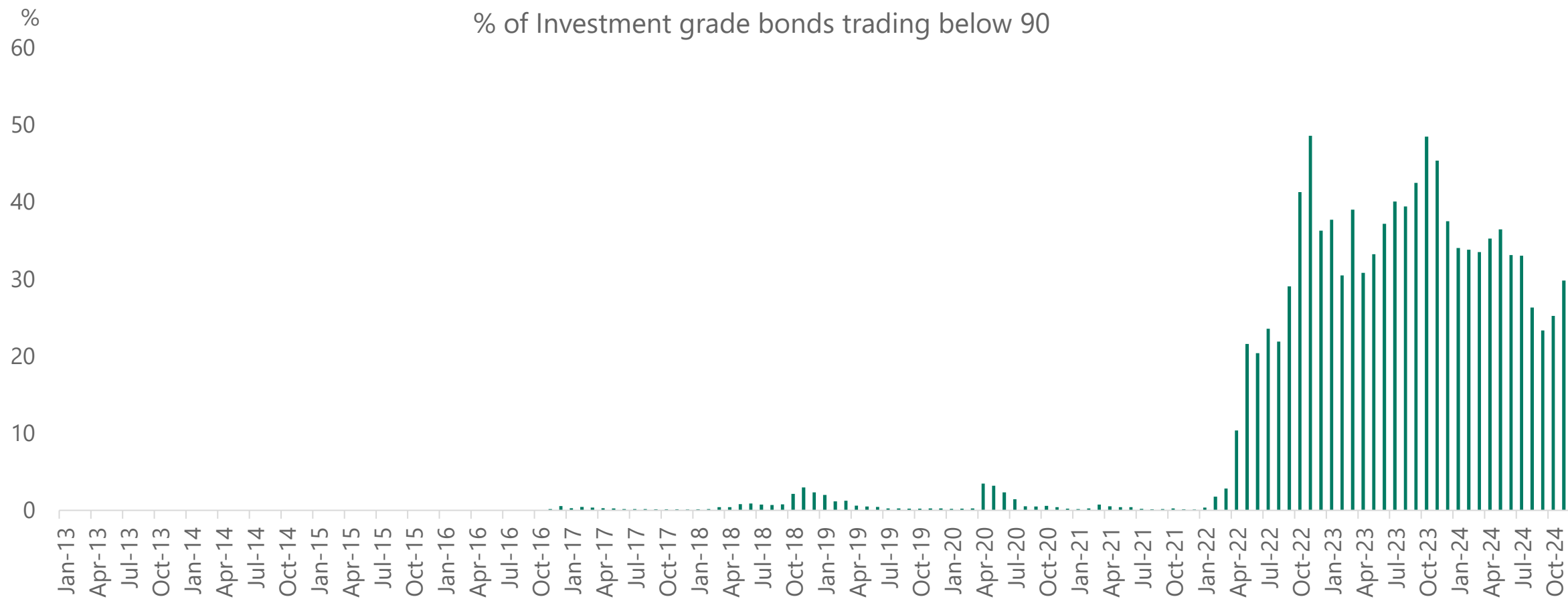


74% of the US IG market trading below par



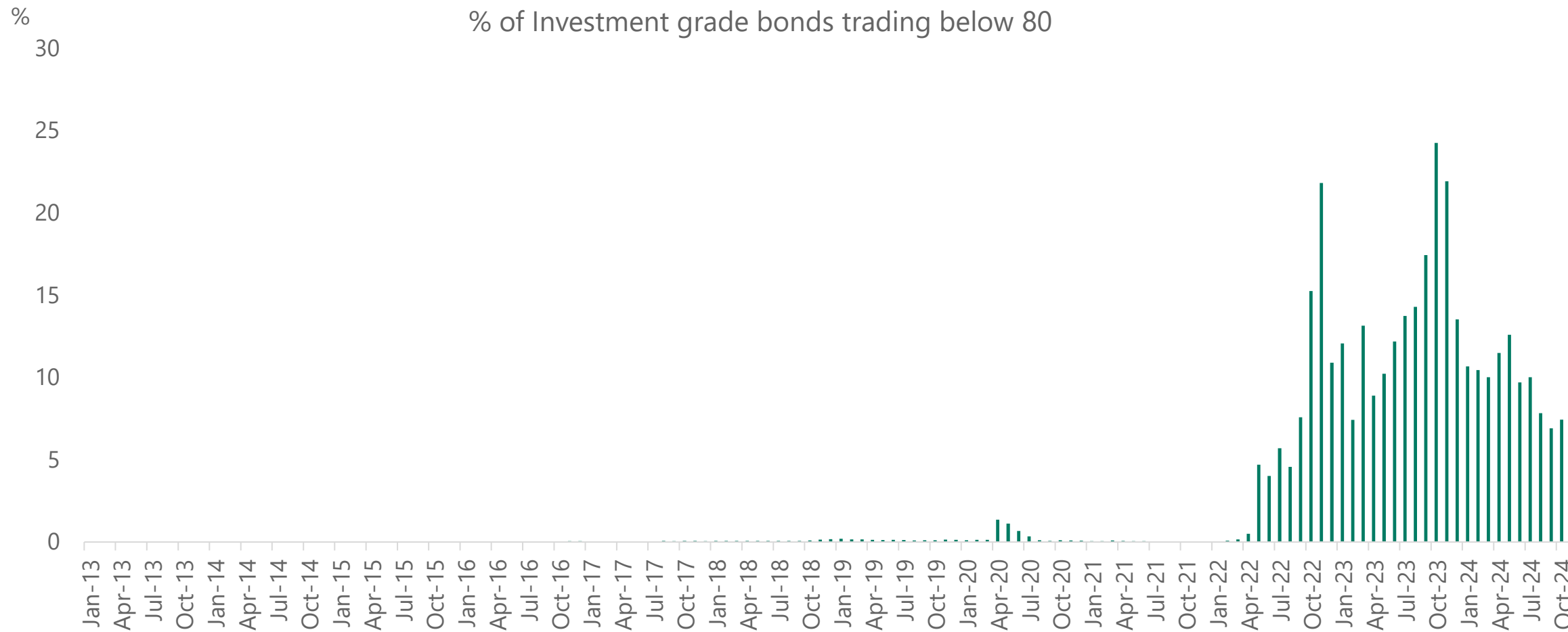
Source: Bloomberg, Apollo Chief Economist. Note: Data used for members in the LBUSTRUU Index.

30% of the US IG market trading below 90



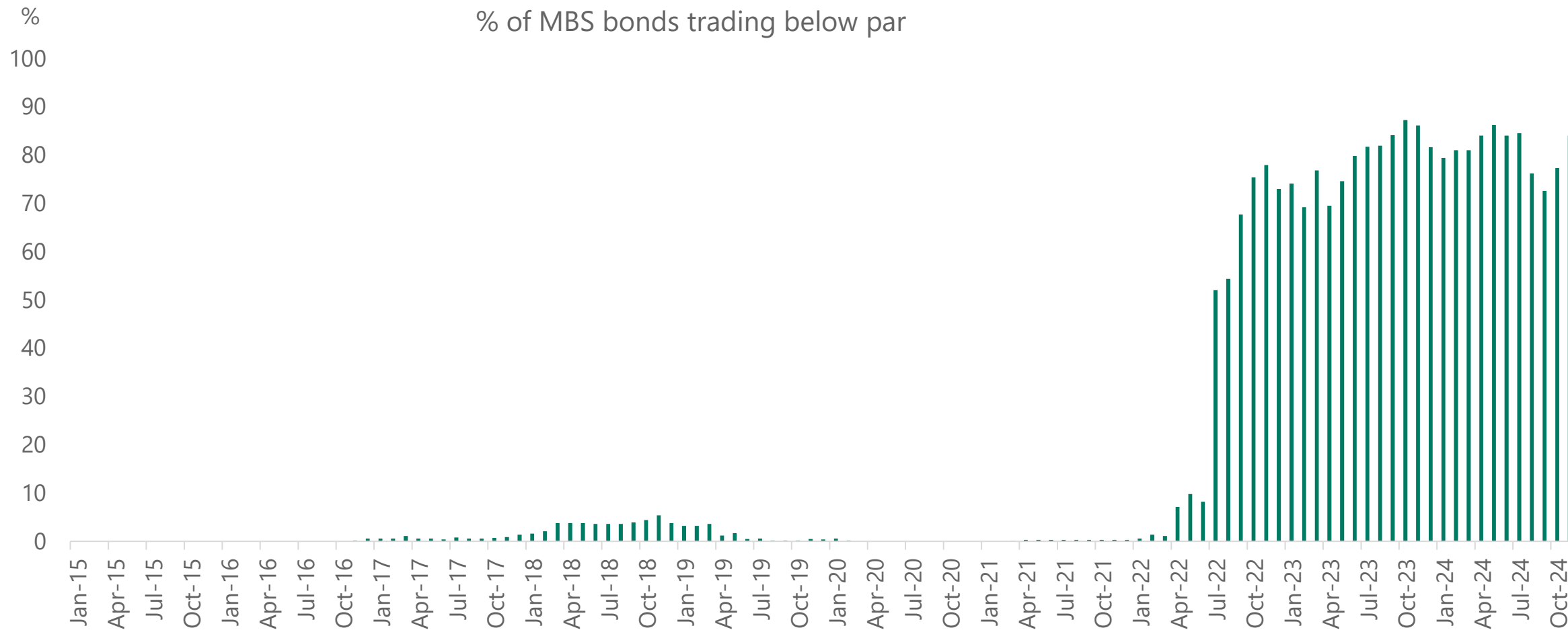
Source: Bloomberg, Apollo Chief Economist. Note: Data used for members in the LBUSTRUU Index.

9% of the US IG market trading below 80



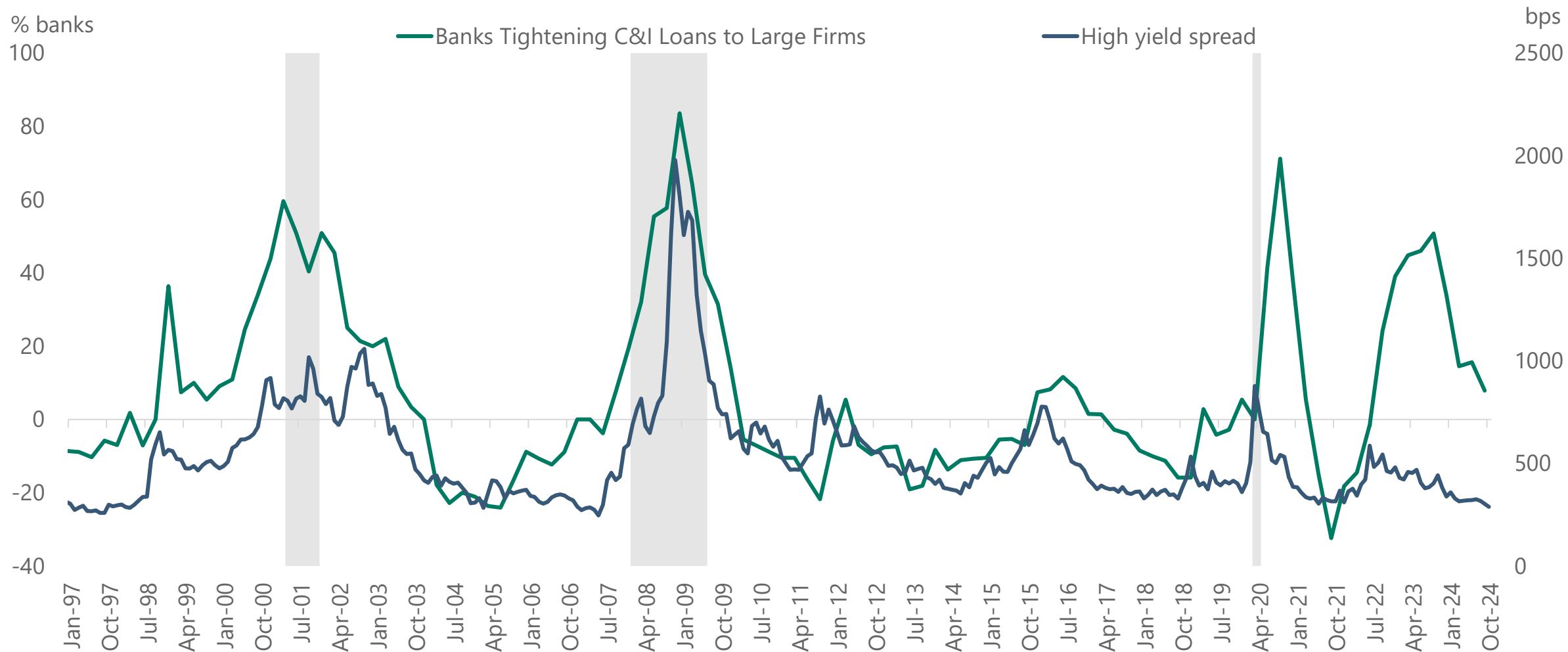
Source: Bloomberg, Apollo Chief Economist. Note: Data used for members in the LBUSTRUU Index.

84% of the US MBS market trading below par



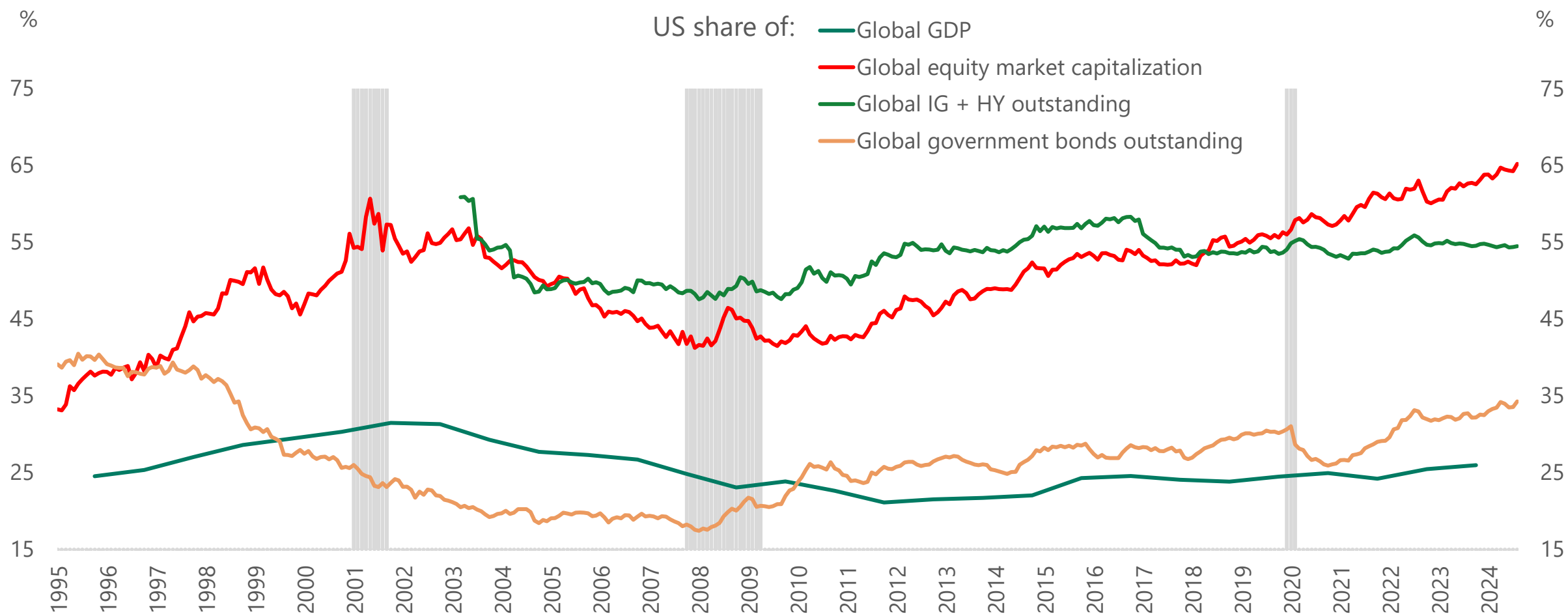
Source: Bloomberg, Apollo Chief Economist. Note: Data used for members in the LD10TRUU Index.

Banks tightening credit conditions, HY spread not signalling distress



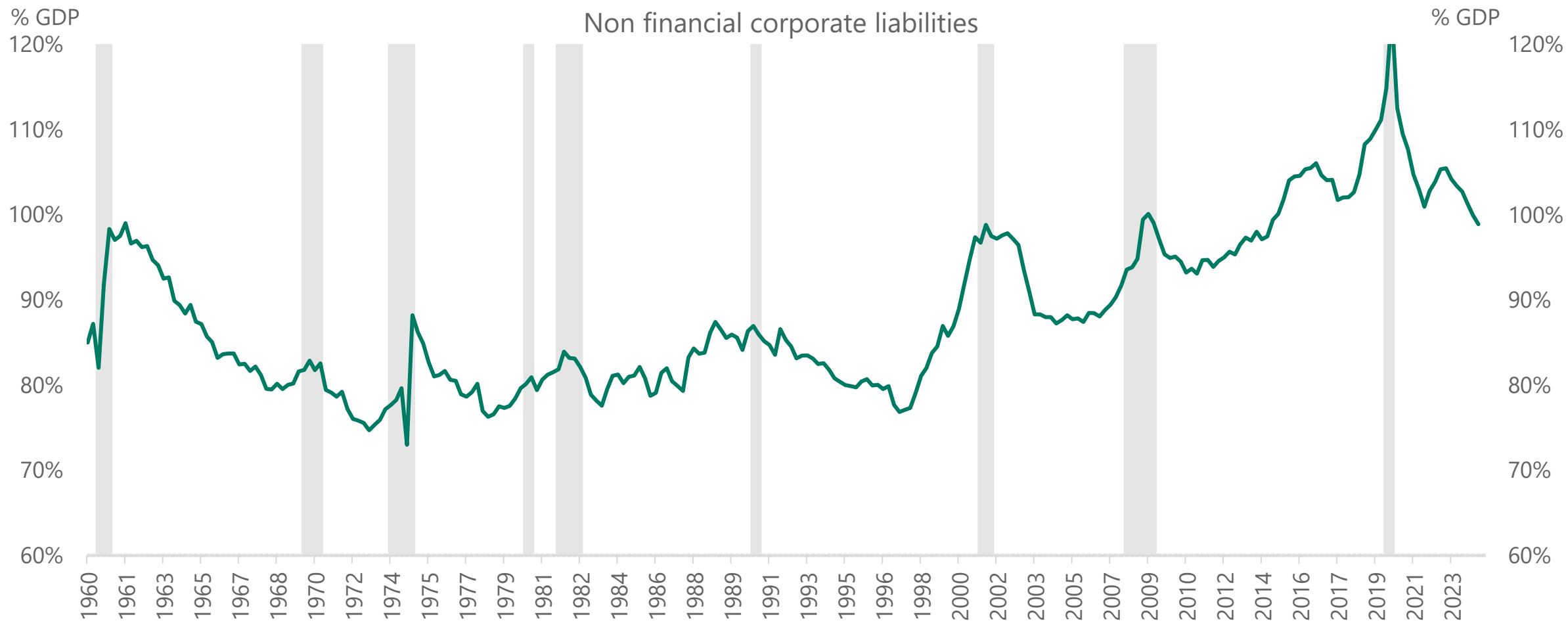
Source: FRB, Haver Analytics, Bloomberg, Apollo Chief Economist

US share of the world economy and global financial markets



Source: Bloomberg, Haver, Apollo Chief Economist (Note: Bloomberg tickers: MXUS Index, MXWD Index, LUATTRUU Index, BTSYTRUU Index, LF98TRUU Index, LG30TRUU index, LUACTRUU Index, I09805US index)

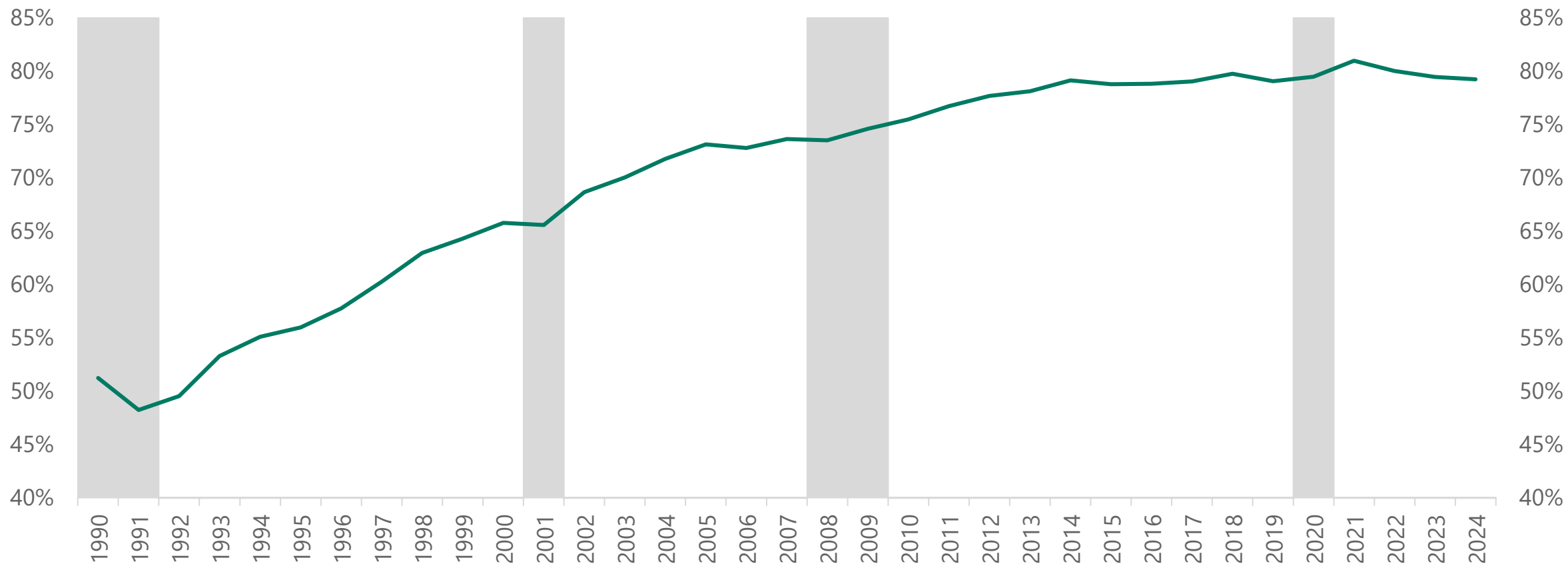
Corporate debt is coming down as a share of GDP



Source: FRB, Haver Analytics, Apollo Chief Economist

Lower-rated firms are by definition more vulnerable to rising interest rates

Share of corporate bonds rated BBB and below

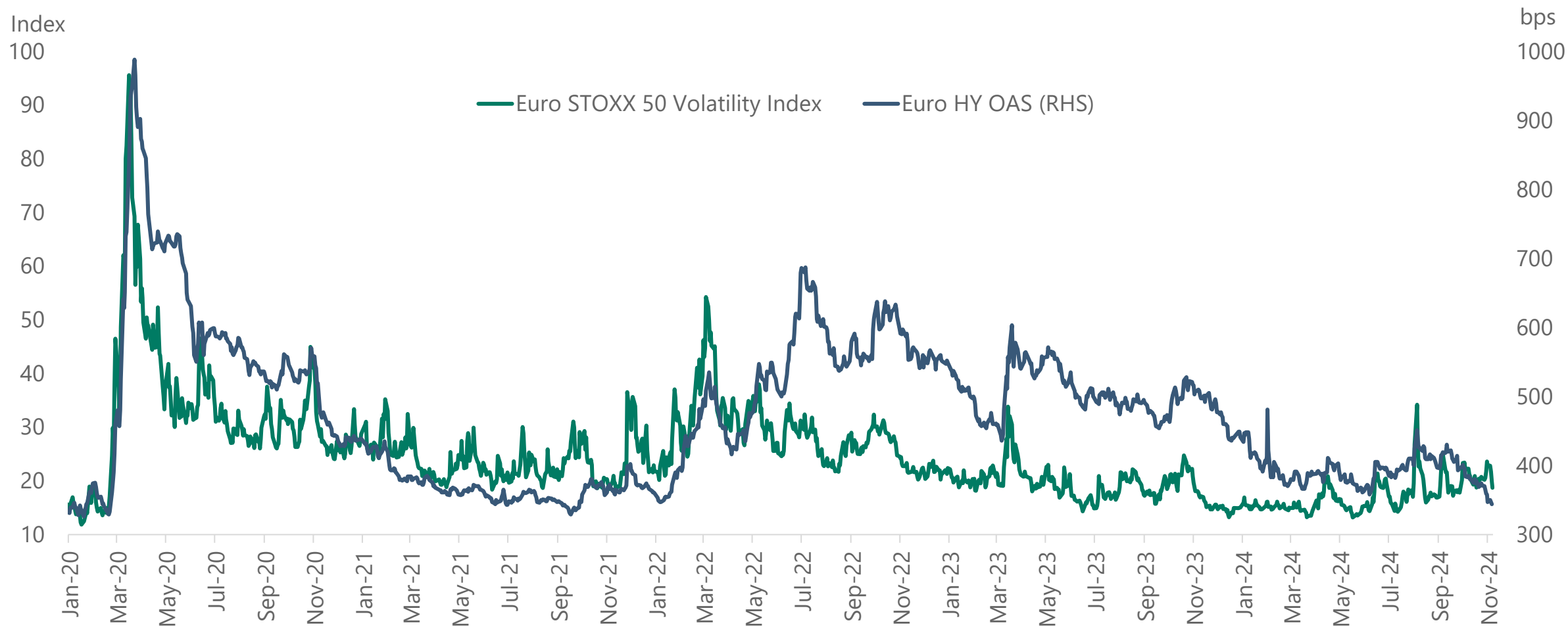


Share of corporate bond market value outstanding rated BBB and below



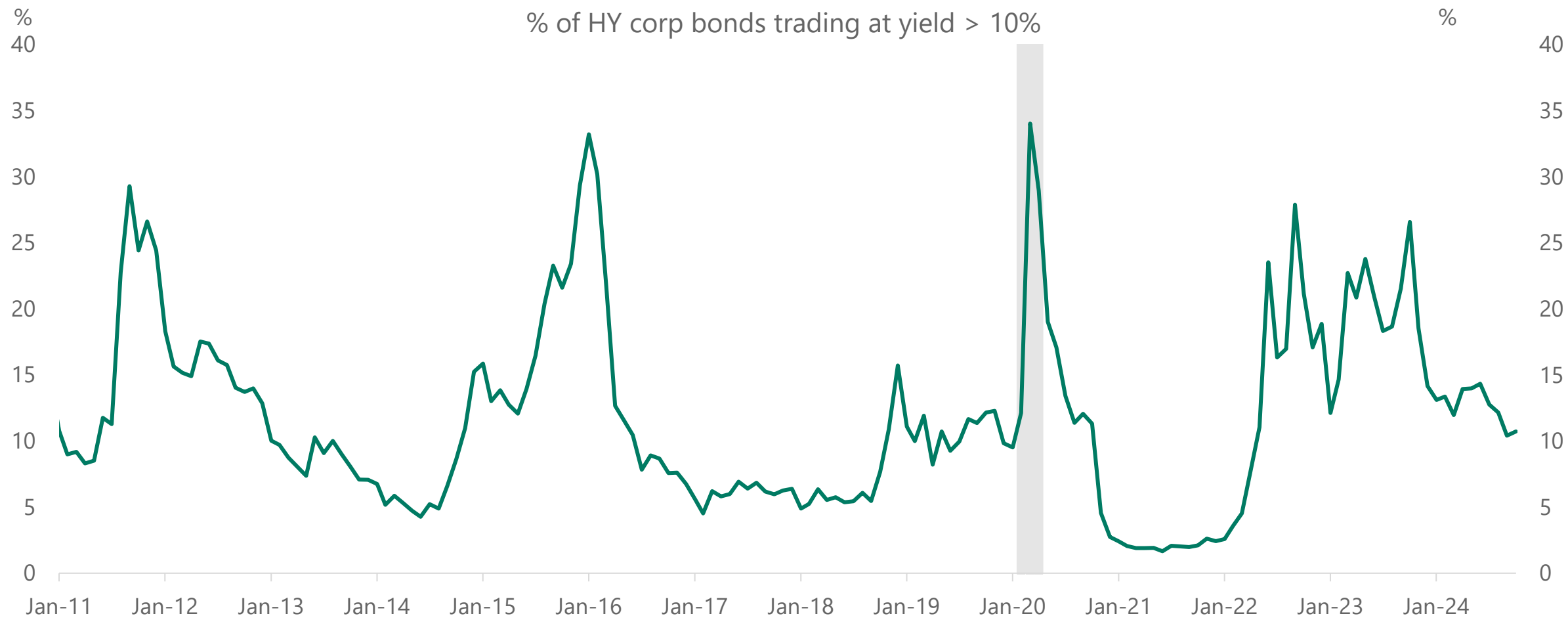
Source: ICE BofA, Bloomberg, Apollo Chief Economist. Data as of 31st October 2024

Convergence between EU equity vol and EU HY spreads



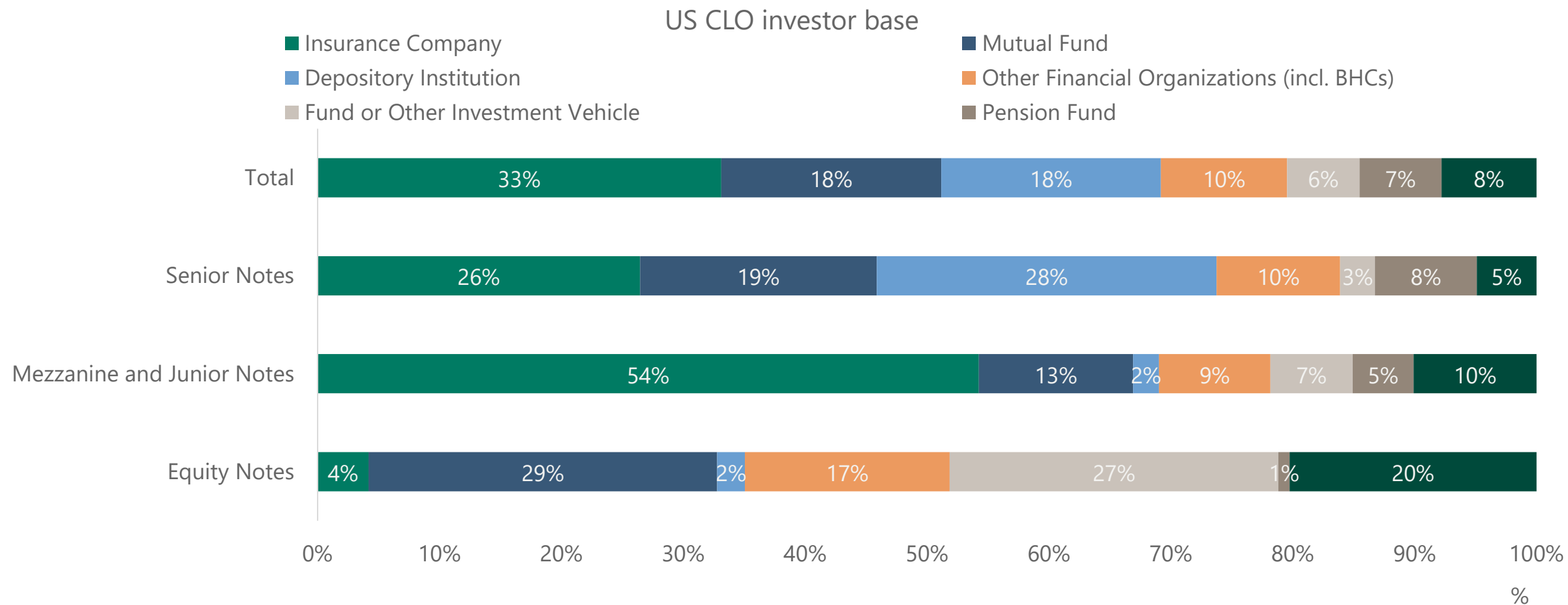
Source: Bloomberg, Apollo Chief Economist. Note: Tickers used are V2X Index and LP01OAS Index

13% of bonds in the HY index are trading with a yield higher than 10%

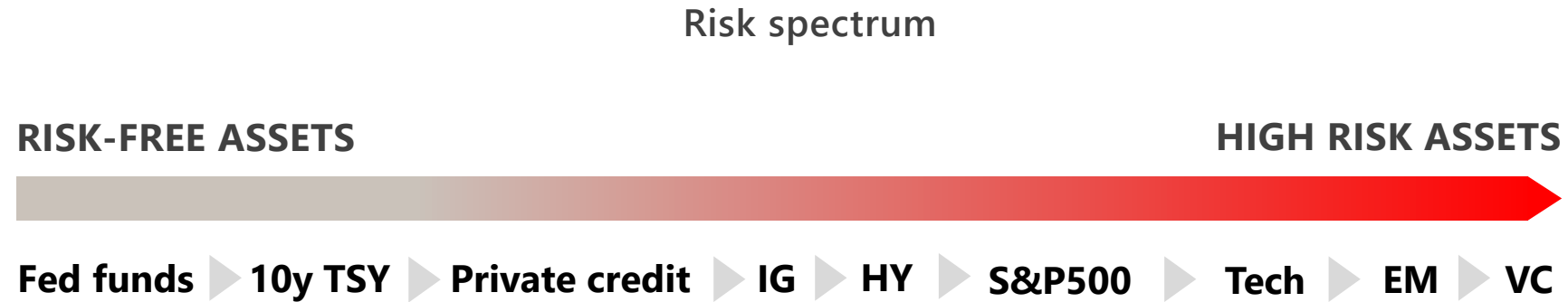


Source: Bloomberg, Apollo Chief Economist. Note: HY bond universe is H0A0 Index

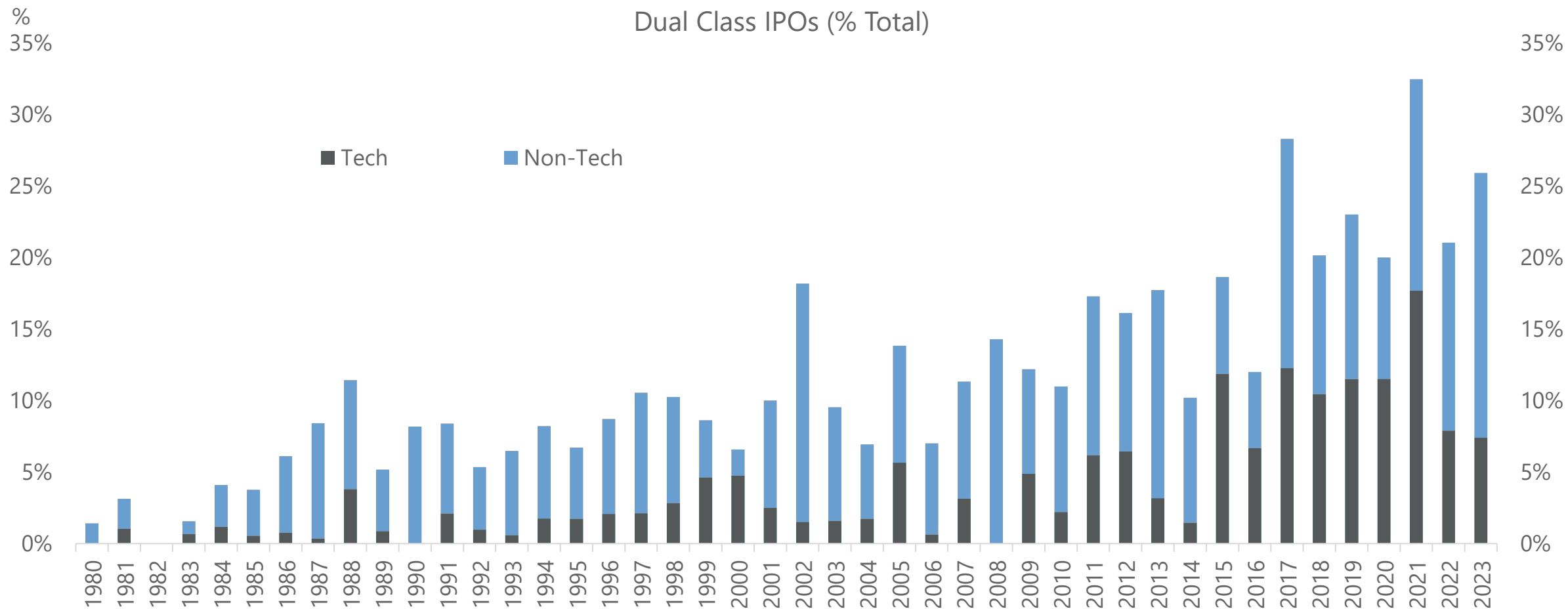
US CLO investor base by tranche



Fed signaling lower risk-free interest rates is bringing back the hunt for yield

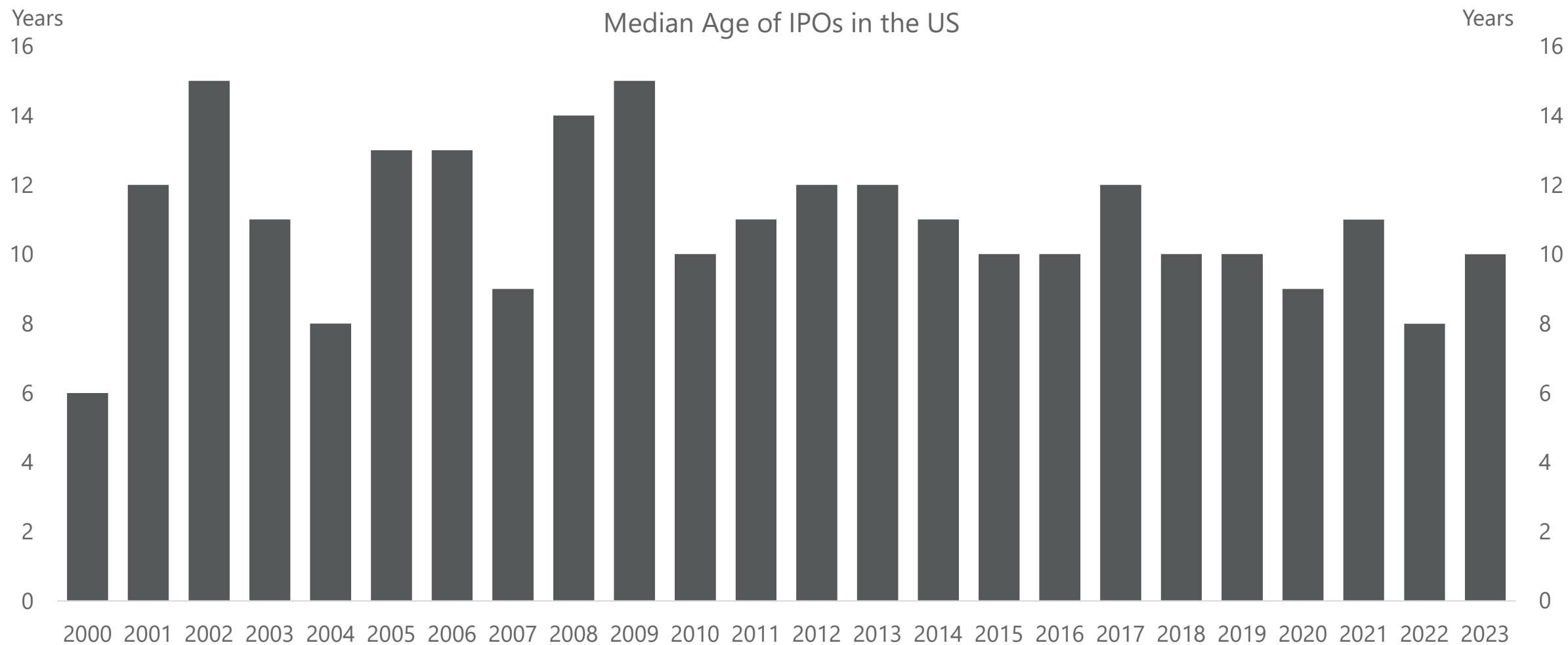


Dual class IPOs, driven by non-tech



Source: Jay Ritter, Apollo Chief Economist

Median age of IPOs



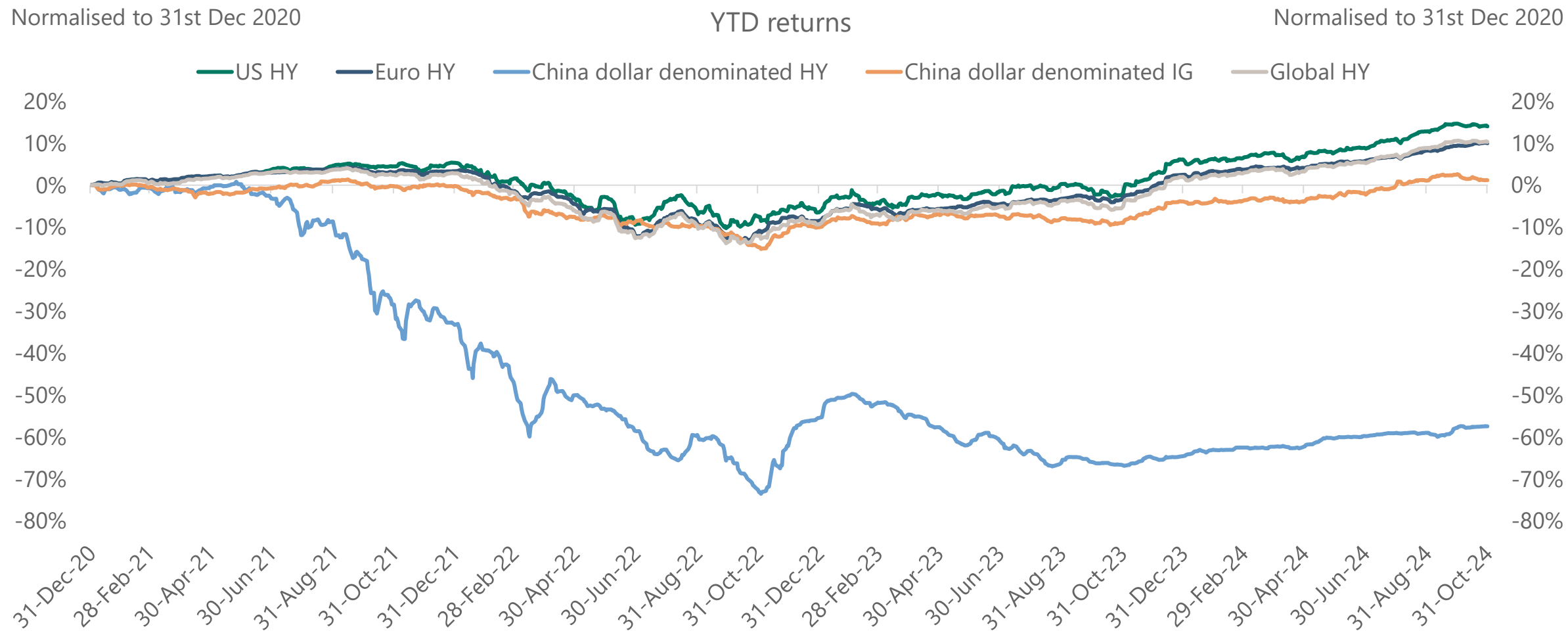
China HY



The yield on China HY is at 9%



Little contagion from China HY to US and EU credit markets

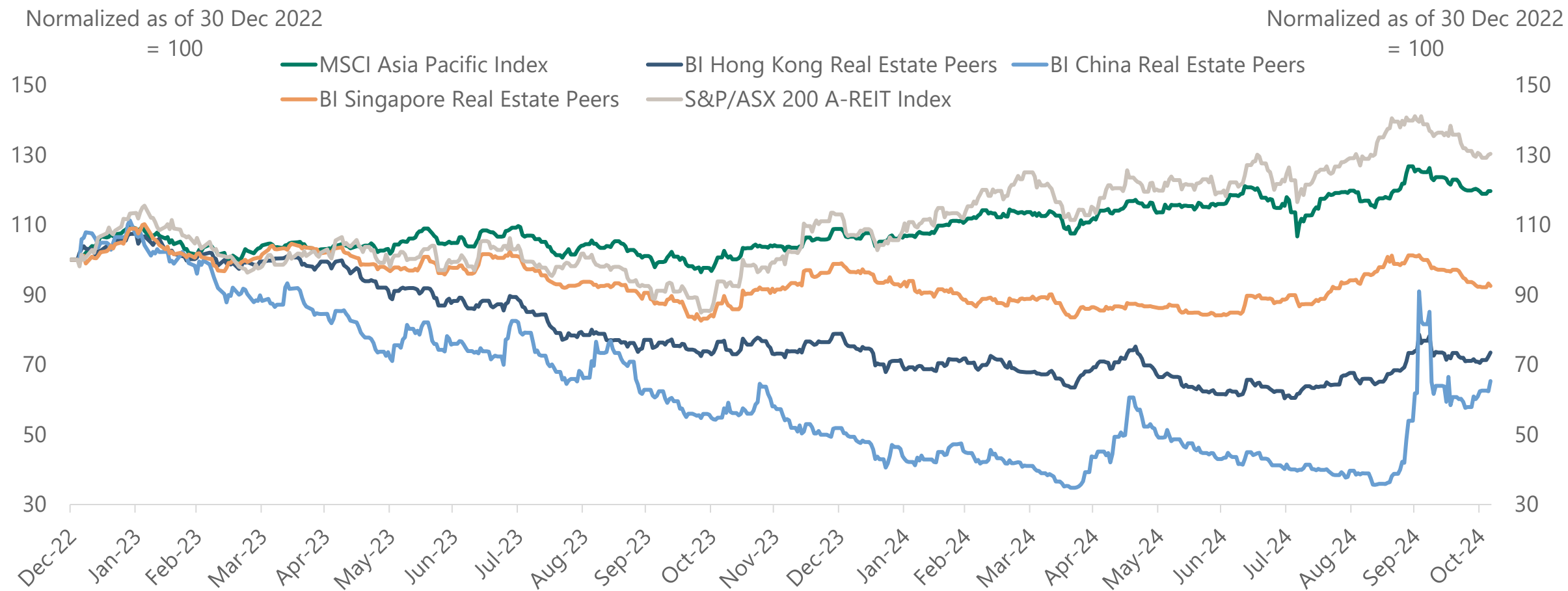


China property crisis intensifying



Source: Bloomberg, Apollo Chief Economist.

China real state sector performance compared to its peers



Source: Bloomberg, Apollo Chief Economist.

Top issuer names



Top issuer names for IG and HY

	Top 50 Investment Grade corporate bond issuers	Top 50 High Yield corporate bond issuers
1	Bank of America Corp.	CCO Holdings LLC/ CCO Holdings Capital Corp.
2	JPMorgan Chase & Co.	CSC Holdings LLC
3	Morgan Stanley	TransDigm Inc.
4	Wells Fargo & Co.	Tenet Healthcare Corporation
5	Goldman Sachs Group Inc.	Bausch Health Companies Inc.
6	Citigroup Inc.	Community Health Systems Incorporated
7	AT&T Inc	Venture Global LNG Inc.
8	Comcast Corporation	DISH DBS Corporation
9	Verizon Communications Inc.	Royal Caribbean Group
10	Apple Inc.	Sirius Xm Radio Inc
11	UnitedHealth Group Inc.	OneMain Financial Corporation
12	HSBC Holdings PLC	Altice France S.A
13	Oracle Corp.	Level 3 Financing Inc.
14	T-Mobile USA Inc.	1011778 B.C. Unlimited Liability Company / New Red Finance Inc.
15	UBS Group AG	Iron Mountain Inc.
16	Amazon.com Inc.	Vistra Operations Co LLC
17	CVS Health Corp	Carnival Corporation
18	AbbVie Inc.	Medline Borrower LP
19	Amgen Inc.	Alliant Holdings Intermediate LLC/Alliant Holdings Co-Issuer Inc
20	The Boeing Company	Hilton Domestic Operating Co Inc.
21	Barclays PLC	Albertsons Cos Inc / Safeway Inc / New Albertsons LP / Albertsons LLC / (Albertsons Safeway LLC)
22	Home Depot Inc.	Caesars Entertainment Inc New
23	Bristol-Myers Squibb Company	Equitrans Midstream Corporation
24	Microsoft Corp.	United Rentals (North America) Inc.
25	Intel Corporation	Post Holdings Inc.
26	Sumitomo Mitsui Financial Group Inc.	HUB International Ltd.
27	Charter Communications Operating LLC/Charter Communications Operating Capital Corp.	Cloud Software Group Inc.
28	Energy Transfer LP	Rakuten Group Inc.
29	Broadcom Inc	Calpine Corporation
30	Mitsubishi UFJ Financial Group Inc.	Univision Communications Inc.
31	Pacific Gas and Electric Company	Uniti Group LP/Uniti Fiber Holdings Inc/Uniti Group Finance 2019 Inc/CSL Capital LLC
32	General Motors Financial Company Inc	Davita Inc
33	HCA Inc.	Bombardier Inc.
34	RTX Corp.	Service Properties Trust
35	Ford Motor Credit Company LLC	Standard Buildings Solutions Inc.
36	BNP Paribas SA	AAdvantage Loyalty IP Ltd/ American Airlines Inc
37	Walt Disney Company	Clear Channel Outdoor Holdings Inc New
38	Lowe's Companies Inc.	Icahn Enterprises L.P. / Icahn Enterprises Finance Corporation
39	Philip Morris International Inc.	Venture Global Calcasieu Pass LLC
40	BP Capital Markets America Inc.	NCL Corporation Ltd.
41	Enterprise Products Operating LLC	Sunoco LP / Sunoco Finance Corp
42	Banco Santander S.A.	Walgreens Boots Alliance Inc.
43	U.S. Bancorp.	YUM Brands Inc.
44	Anheuser-Busch InBev Worldwide Inc.	Transocean Inc.
45	International Business Machines Corporation	Nationstar Mortgage LLC
46	The Cigna Group	Vodafone Group PLC
47	Toyota Motor Credit Corp.	Directv Financing LLC/Directv Financing Co-Obligor Inc.
48	Meta Platforms Inc	Carvana Co
49	John Deere Capital Corp.	Allied Universal Holdco LLC / Allied Universal Finance Corporation
50	Merck & Co. Inc	GFL Environmental Inc.



Torsten Slok, Ph.D.

Chief Economist

Apollo Global Management

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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.



Shobhit Gupta

Multi-Credit Strategy
Apollo Global Management
shobhitgupta@apollo.com

Shobhit Gupta joined Apollo in January 2024 as the Head of Multi-Credit Strategy and is responsible for identifying key themes and opportunities across global credit.

Prior to joining Apollo, Mr. Gupta spent 15 years at Barclays as the head of US credit strategy, covering investment grade, high yield, loans, credit derivatives and securitized products. He also worked at Citadel for two years focusing on opportunities in subordinated capital securities.

Mr. Gupta has a PhD in Operations Research from MIT, and a Bachelor's degree in Mechanical Engineering from IIT Bombay.