

WoodRock & Co. Capital Markets Update

Prepared April 4th, 2024



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Market Summary

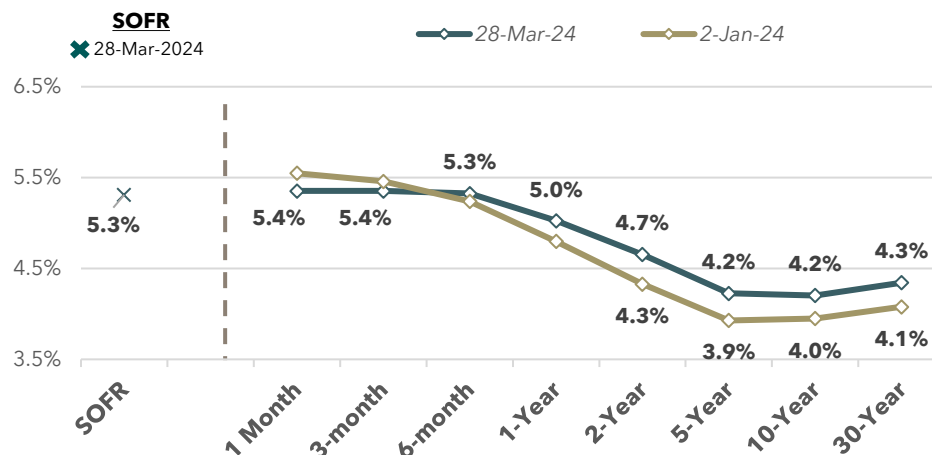
Key market highlights

- ❖ **US equities continue their upward trend as several benchmarks reach all-time highs**, largely driven by a **persistently bullish outlook on AI**
- ❖ **FOMC left interest rates unchanged in March** for the fifth consecutive time
- ❖ The Fed has expressed its **continued expectation for interest-rate cuts this year**
- ❖ The next **FOMC rate decision will be on May 1st**
- ❖ **The US unemployment rate increased to 3.9% in February**, up from 3.7% the month prior
- ❖ **February CPI increased to 3.15%** (+0.4% MoM). **Core CPI decreased to 3.75%** (-0.1% MoM), marking its **11th consecutive MoM decline**
- ❖ **Nonfarm payroll data indicates 275,000 jobs were added in February**, exceeding the expected 200,000
- ❖ **Crude oil prices finished the month strong** at around \$83 per barrel

S&P and Dow finish March at record-high levels

	28-Mar-24	29-Feb-24	MoM	YTD
Nasdaq	16,379	16,092	1.8%	9.4%
S&P 500	5,248	5,096	3.0%	10.6%
Russell 2000	2,125	2,055	3.4%	5.6%
DJIA	39,807	38,996	2.1%	6.0%
VIX	13.01	13.40	(2.9%)	(1.6%)
WTI Crude	\$83.57	\$78.26	6.8%	18.7%
Natural Gas	\$1.76	\$1.86	(5.4%)	(26.2%)
US Dollar¹	\$1.04	\$1.04	(0.2%)	2.5%

Longer-term yields rise on expectations of fewer rate cuts



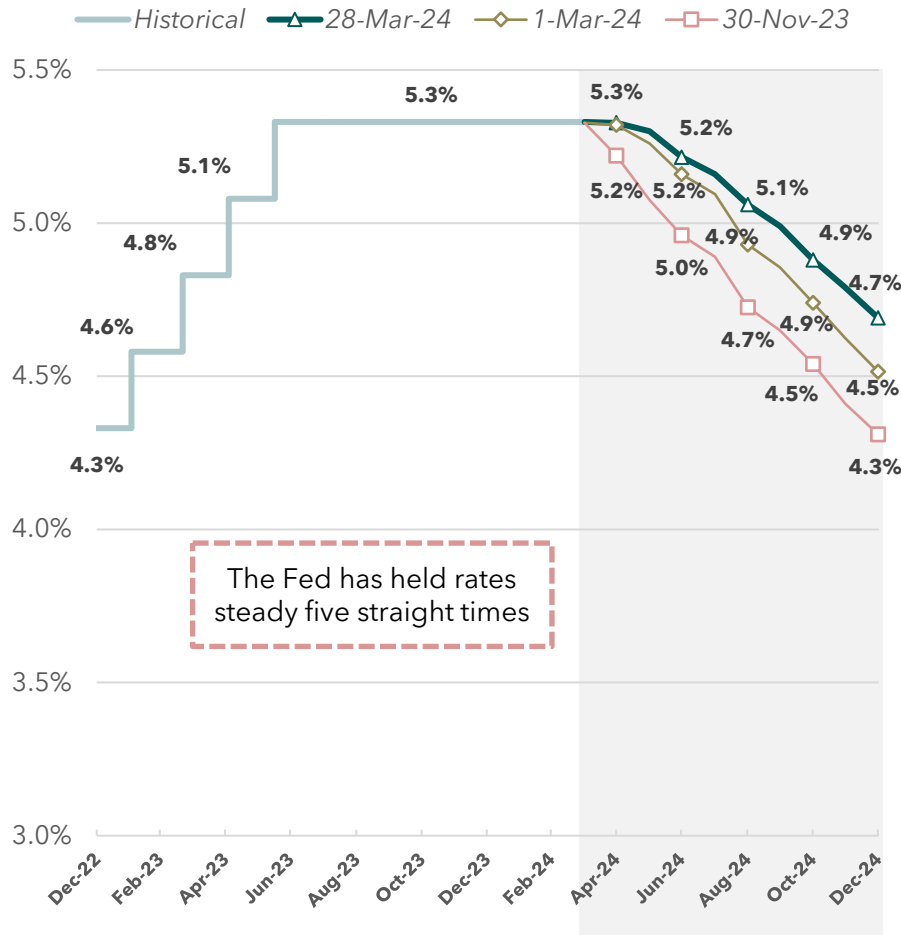
Sources: WSJ. YTD returns calculated off open prices as of January 2, 2024.

1. The DXY US Dollar Currency Index tracks the price of the US dollar against six foreign currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc. Data as of March 28, 2024.

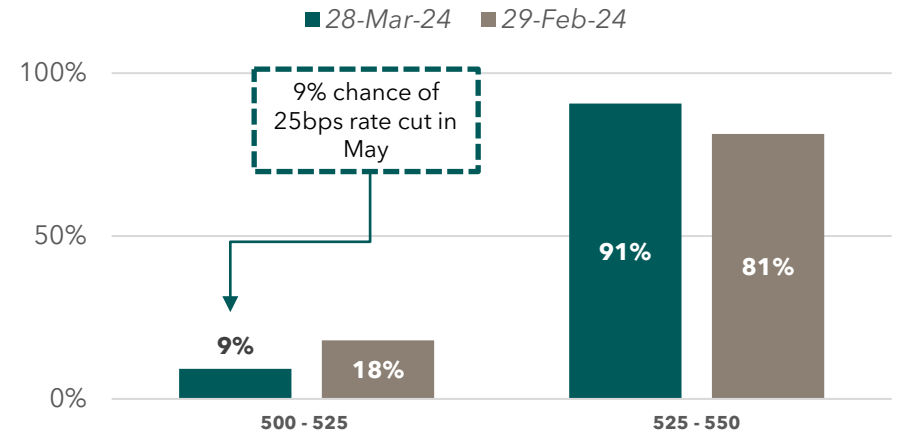
Federal Funds Rate

March Fed meeting left interest rates unchanged for the fifth straight time

Federal funds rate holds steady after March hold



Target rate probabilities for May 1st meeting¹



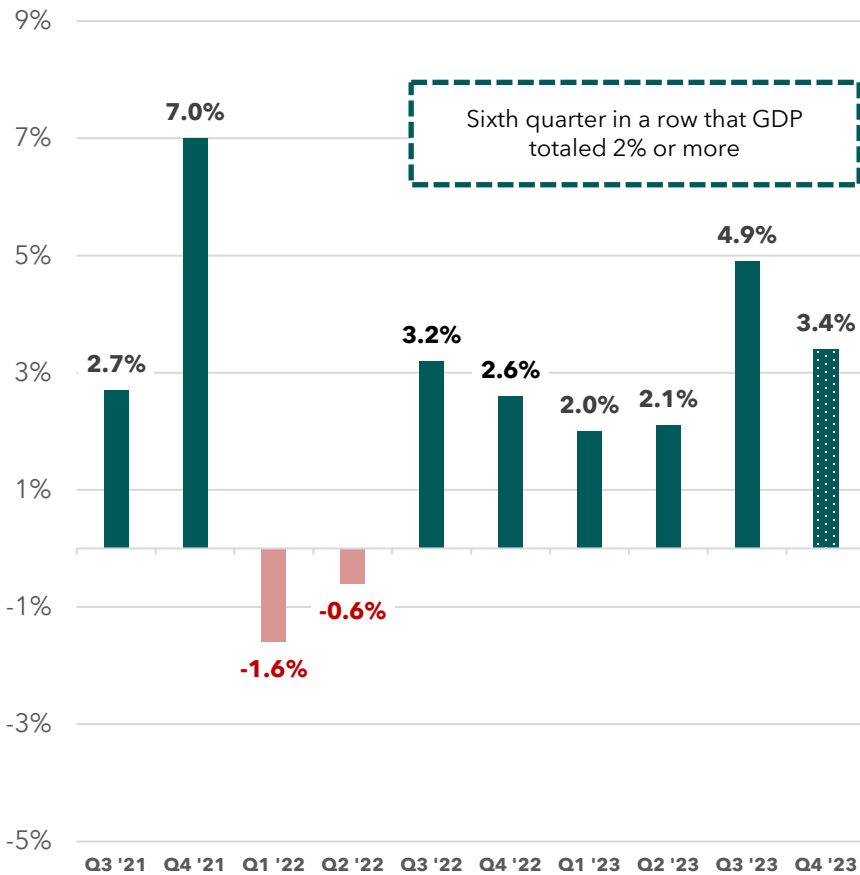
Powell remains optimistic for rate cut in 2024

- ❖ **Despite strong economic data**, the Fed has expressed its continued expectation that **inflation will continue to decline, allowing for interest-rate cuts this year**
- ❖ *"The recent data do not... materially change the overall picture, which continues to be one of solid growth, a strong but rebalancing labor market, and inflation moving down to 2% on a sometimes bumpy path"*
- ❖ **Target rate probabilities indicate over 50% chance of a 25bps rate cut in June**

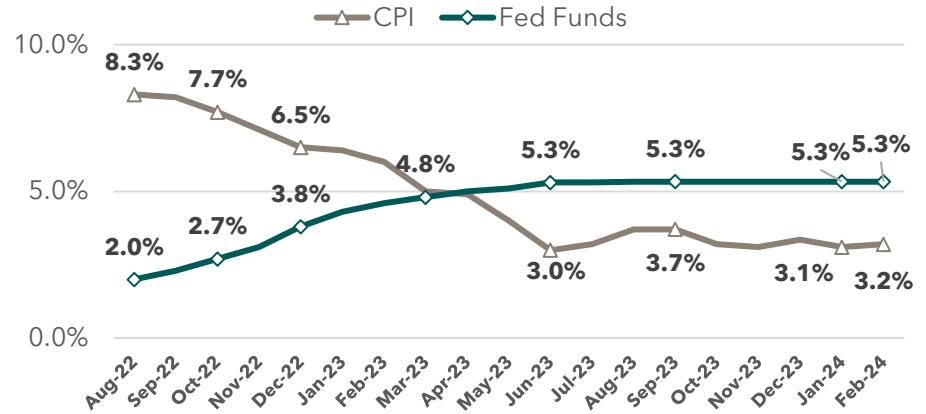
GDP, Inflation, & Employment

Economic data suggests stable inflation and rebounding job growth

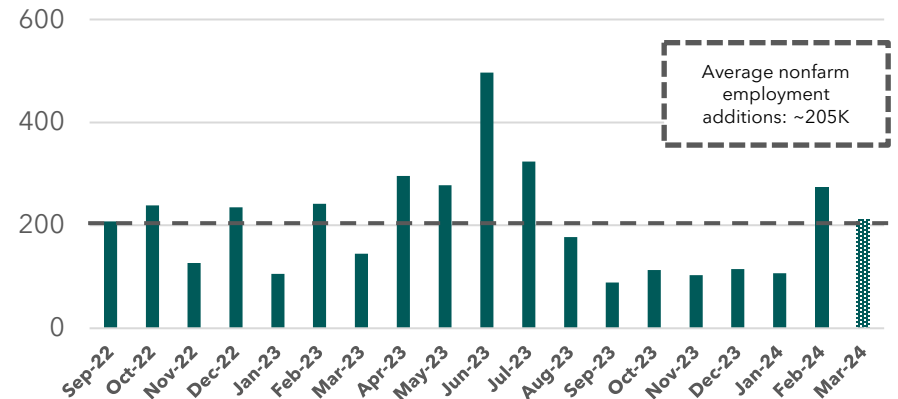
The U.S. economy expanded at a 3.4% annual rate in Q4 2023¹



Inflation remains ~2% below fed funds rate



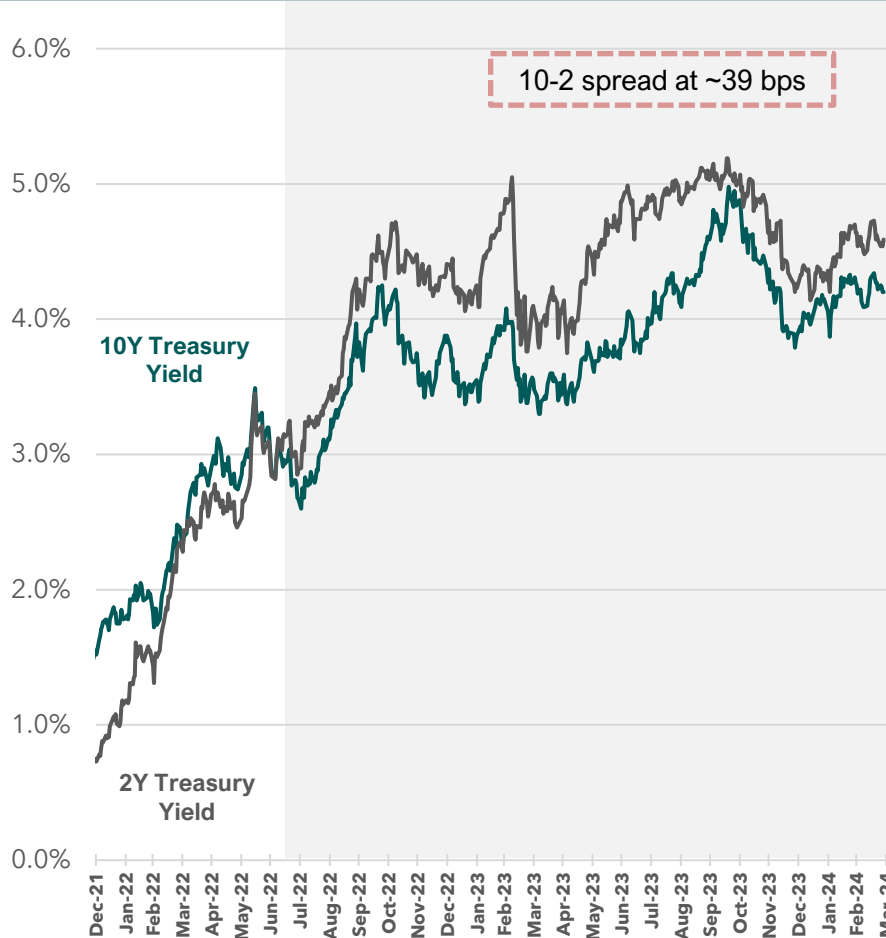
March employment data indicates slight hiring rebound (000s)²



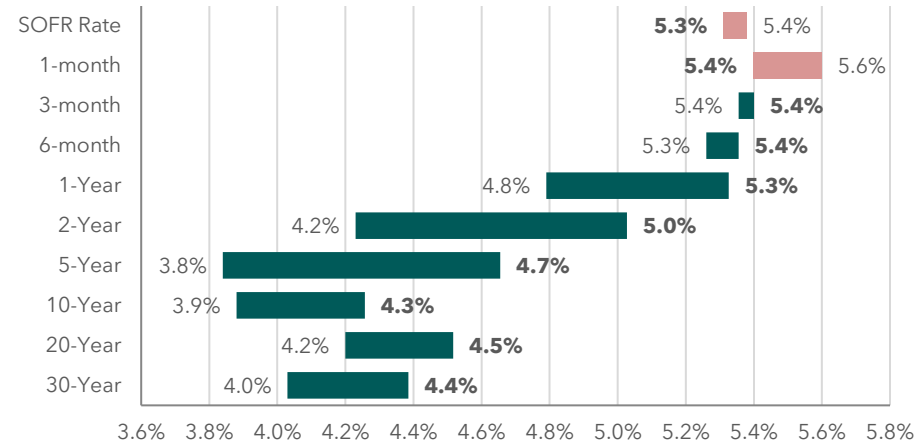
Treasury Yields¹

Longer dated maturities continue to rally as strong economic data persists, narrowing rate outlook

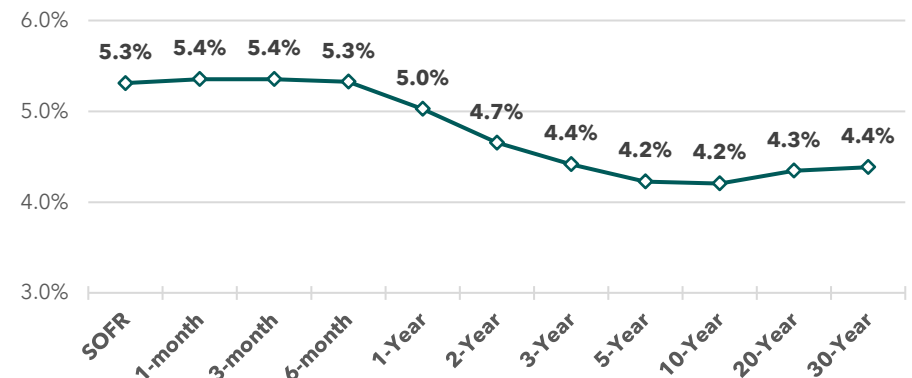
20+ months of 10-2 yield inversion



Year to date change in rates



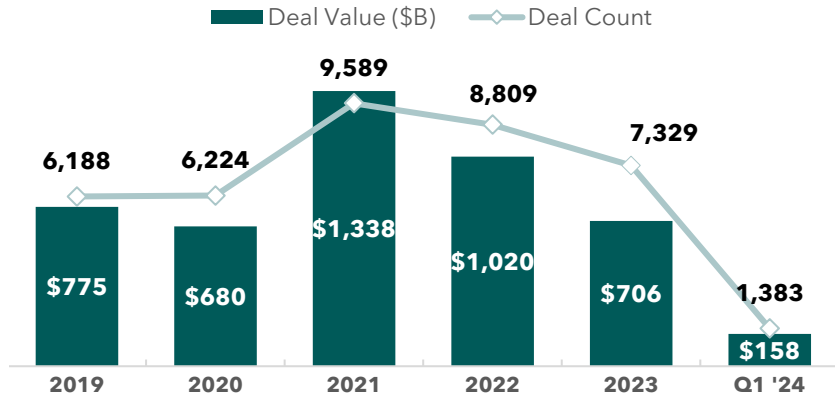
Treasury yield curve



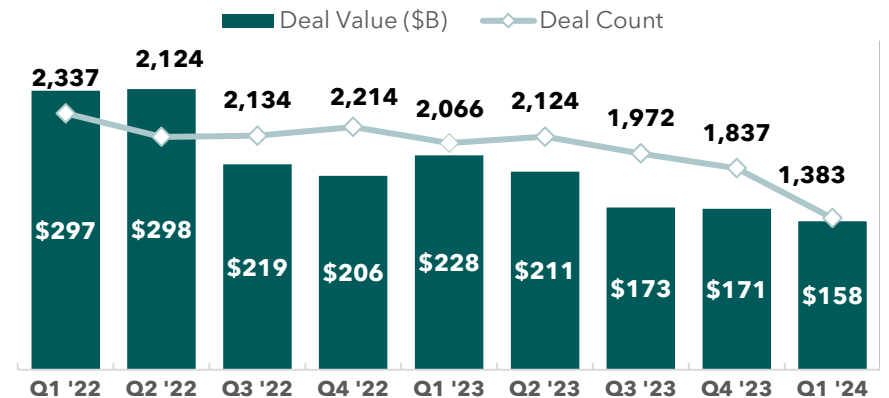
Private Equity Activity

Interest rates and economic uncertainty have continued to impact PE activity in 2024

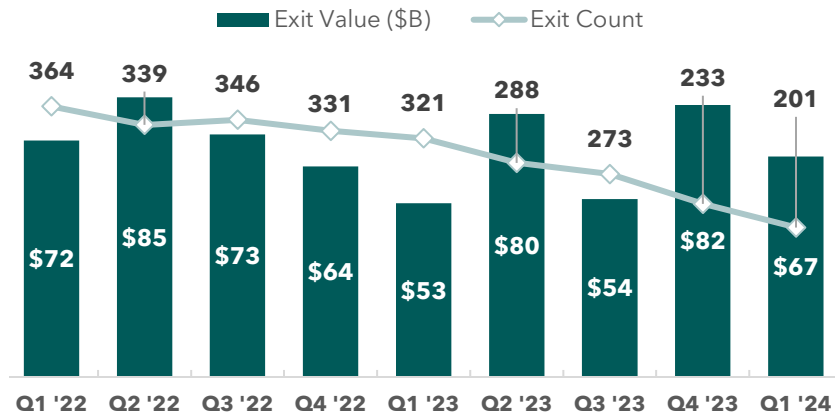
Annual U.S. PE deal activity



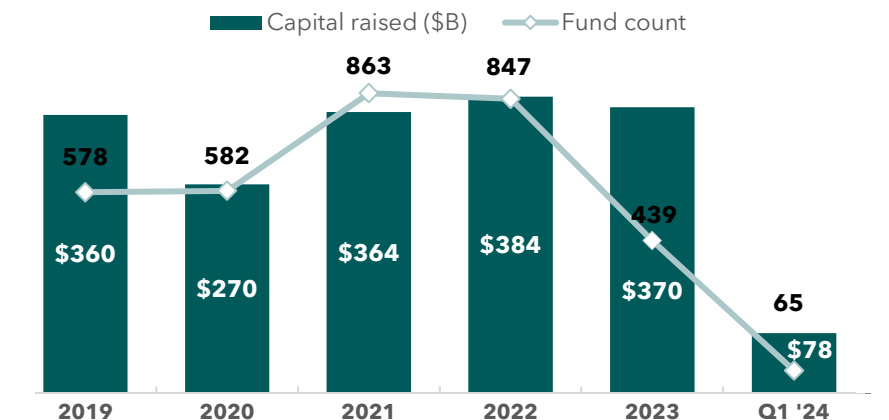
Quarterly U.S. PE deal activity



Quarterly U.S. PE exit activity

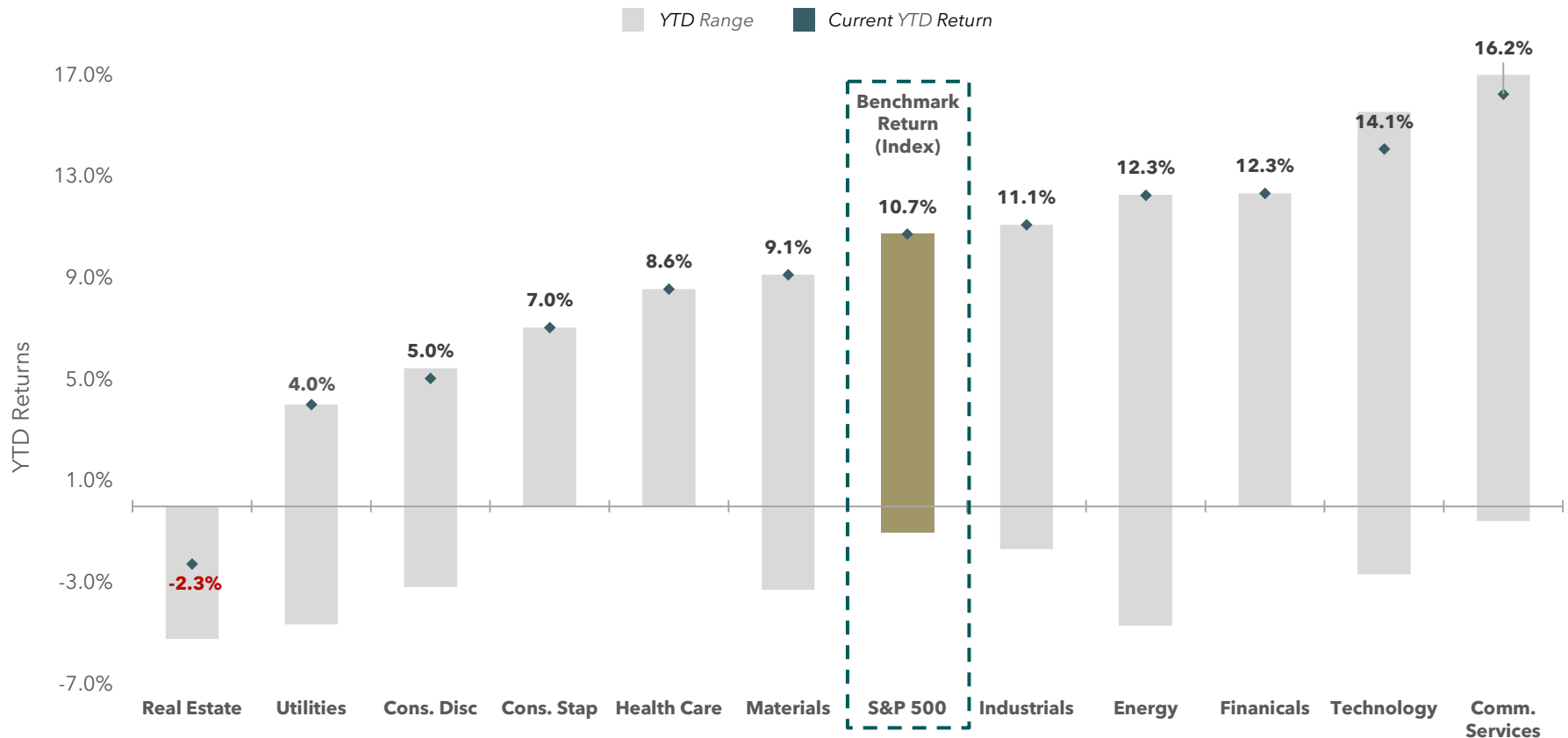


U.S. PE fundraising activity



S&P 500 Returns by Sector¹

Year to date returns and forward price to earnings multiples by sector



RE	Utilities	Cons. Disc	Cons. Stap	HC	Materials	S&P 500	Industrials	Energy	Financials	Tech	Telecom
28.3x	14.5x	18.5x	18.5x	18.7x	14.9x	21.6x	18.9x	10.0x	13.4x	25.0x	17.5x

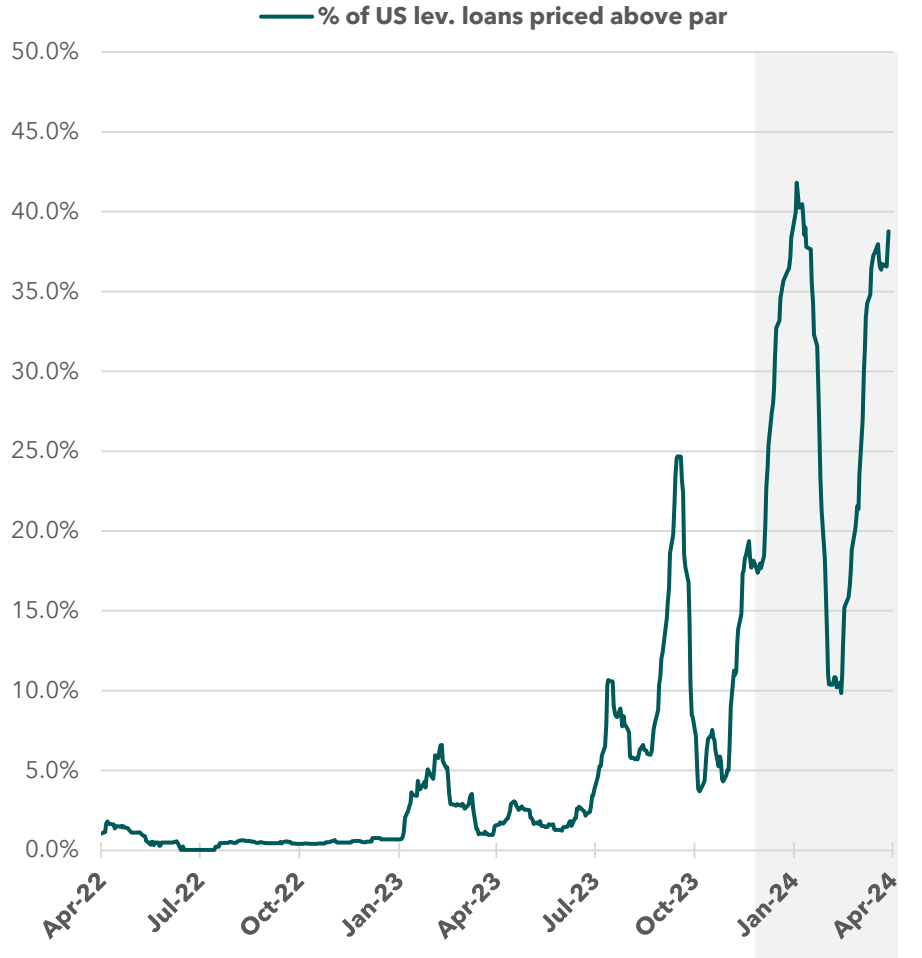
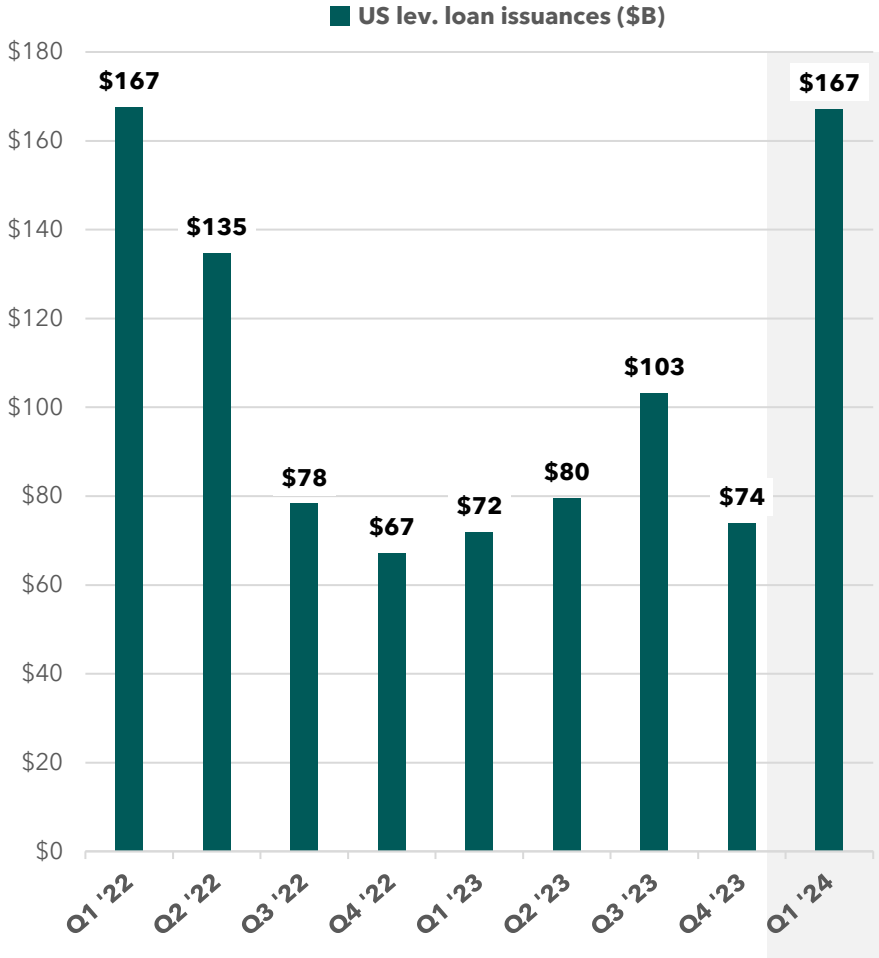
Sources: S&P Sector Indices Report
 1) All data as of market close March 28, 2024.

Credit Overview

Q1 2024 witnessed a significant uptick in leveraged loan pricing amid rising demand

Surging US leveraged loan demand...

...Driving spike in US leveraged loan pricing

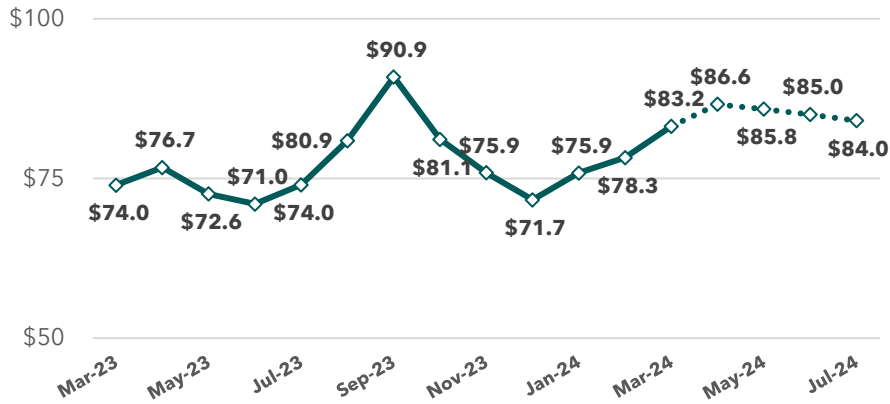


Sources: PitchBook (April 1, 2024).

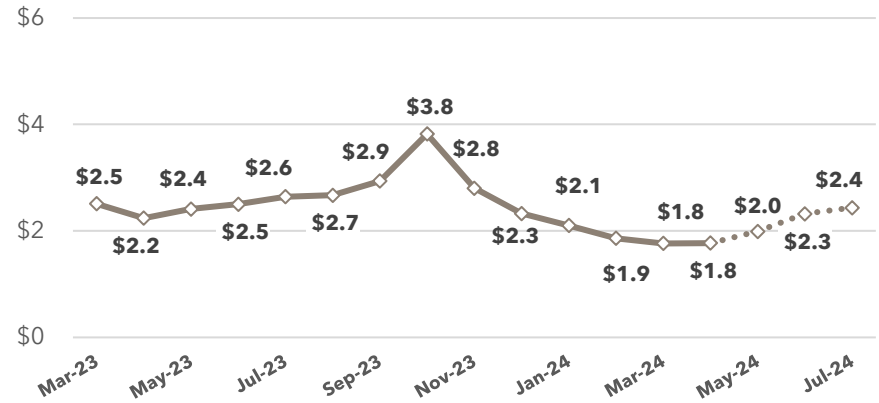
Commodities

Commodity Prices & Futures

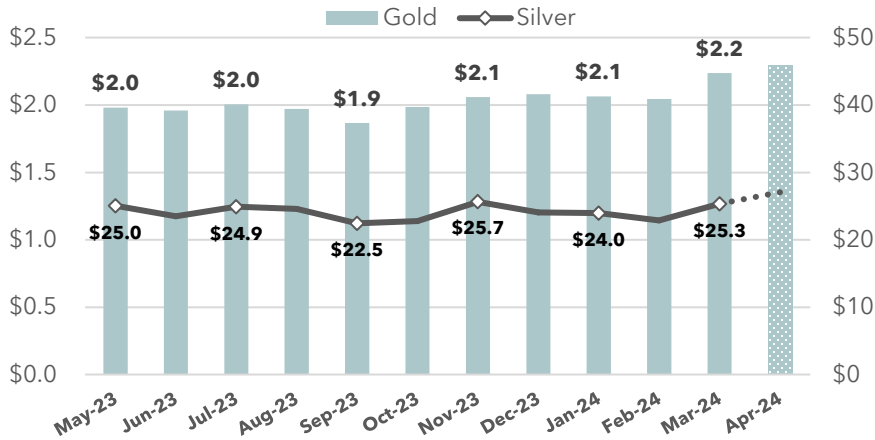
Crude Oil WTI (\$/bbl)



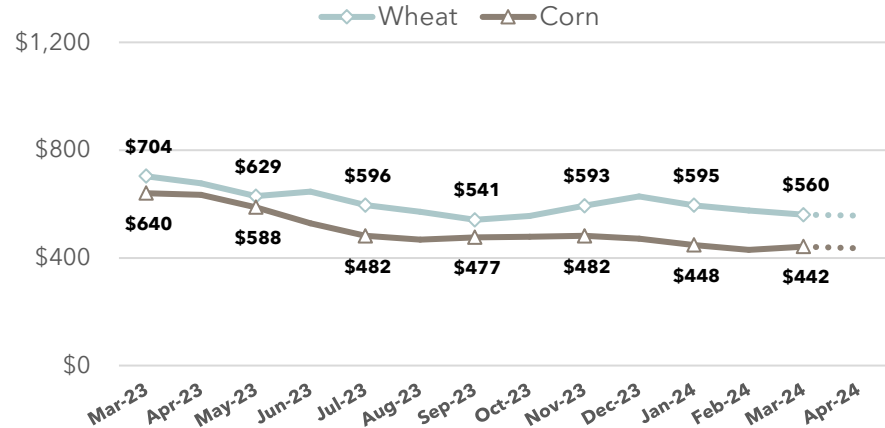
Natural Gas (\$mmbtu)



Gold (\$000's) & Silver (\$/oz)



Wheat & Corn (\$/bu)



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