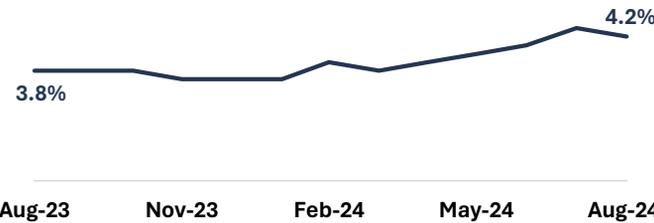


- **Economic indicators appear steady**
- **Uncertainty surrounding the political climate and borrowers' ability to bear financing costs cast a shadow over the rest of year outlook**

**Unemployment.** "...the unemployment rate changed little at 4.2 percent... Total nonfarm payroll employment increased by 142,000 over the month... in line with average job growth in recent months but below the average monthly gain of 202,000 over the prior 12 months." ([BLS August Release](#))

### Unemployment Rate (%)



**Private Payrolls.** "The job market's downward drift brought us to slower-than-normal hiring after two years of outsized growth. The next indicator to watch is wage growth, which is stabilizing after a dramatic post-pandemic slowdown." (Nela Richardson Chief Economist, ADP) ([ADP Release](#))

	Jun-24	Jul-24	Aug-24
Private Employment (MM)	132.2	132.3	132.4
MoM Change (000s)	+155k	+111k	+99k
Top	Hospitality	Edu & Health	Edu & Health
Top Chg	+63k	+66k	+29k
Bottom Industry	NatResc	Biz Serv	Biz Serv
Bottom Chg	-8k	-47k	-16k

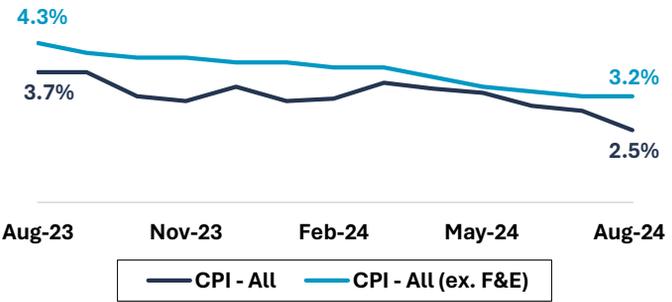
### Credit Risks Likely to Rise as 2024 Draws to a Close (Husch Blackwell – Aug 7<sup>th</sup> 2024)

"This pull-forward is forcing companies to make longer-range inventory and sales projections for the holiday season... If this earlier-than-usual inventory build miscalculates holiday demand, the results could be severe, especially for enterprises that are already struggling with financial distress... In 2023, corporate bankruptcies reached levels not seen since 2011, and the first half of 2024 is trending above last year's level."

[Husch Blackwell Article](#)

**Inflation.** "The all items index rose 2.5 percent for the 12 months ending August, the smallest 12-month increase since February 2021. The all items less food and energy index rose 3.2 percent over the last 12 months. The energy index decreased 4.0 percent for the 12 months ending August. The food index increased 2.1 percent over the last year." ([BLS August Release](#))

### CPI (% 12-month change)



**Credit Ratings Activity.** "Credit conditions look set to steadily improve, but the forthcoming U.S. elections could create some financial market volatility and policy uncertainty... Financing costs could remain overly burdensome for some borrowers, especially those at the lower end of the ratings spectrum, if monetary-policy easing is derailed or risk aversion increases." ([S&P Release](#))

### S&P Global Ratings Activity

	Jun-24	Jul-24	Aug-24
Global Upgrades (UG)	49	45	44
Global Downgrades (DG)	28	29	34
UG:DG Ratio	1.8x	1.6x	1.3x

Sources: U.S. Bureau of Labor Statistics (BLS), ADP, Standard & Poor's.

### The Cost of Money (Tonkon Torp – Aug 20<sup>th</sup> 2024)

"Some reading this article may think, "As long as we make timely payments, whether we satisfy these additional covenants won't matter." While failing to make timely payments is the quickest way to end up in hot water with a lender, it is not the only way and lenders have increasingly focused on additional covenants and demonstrated their willingness to act on noncompliance."

[Tonkon Torp Article](#)

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