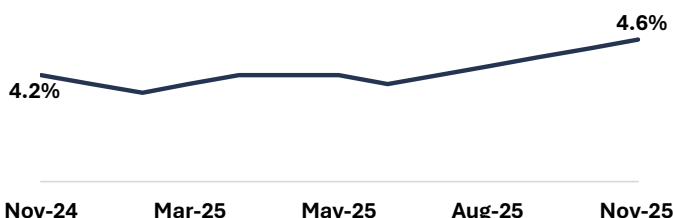


- **Economic indicators are trending positively**
- **Borrower performance has held through 2025 as the focus shifts to the 2026 outlook**

**Unemployment.** “In November, the unemployment rate, at 4.6 percent, was little changed from September. Employment rose in health care and construction in November, while federal government continued to lose jobs.” ([BLS Nov Release](#))

Unemployment Rate (%)



**Private Payrolls.** “Hiring has been choppy of late as employers weather cautious consumers and an uncertain macroeconomic environment. And while November’s slowdown was broad-based, it was led by a pullback among small businesses.” (Nela Richardson, Chief Economist, ADP) ([ADP Release](#))

	Sep-25	Oct-25	Nov-25
Private Employment (MM)	134.5	134.6	134.5
MoM Change (000s)	-29	+47k	-32
Top Industry	Edu & Health	Transp & Util	Edu & Health
Top Chg	+32k	+66k	+33k
Bottom Industry	Other Serv	Biz Serv	Biz Serv
Bottom Chg	-17k	-22k	-26k

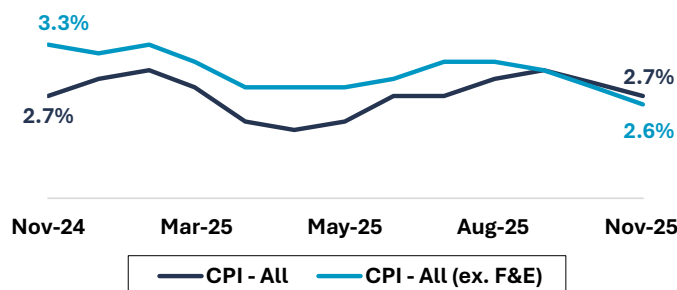
## A meeting of minds: US and European debt terms converge (White & Case – Nov 4<sup>th</sup>, 2025)

“Traditional European documents have always included maintenance covenants (such as leverage ratio and interest rate cover covenants) as well as tightly defined incurrence covenants that place limits on acquisitions, additional debt incurrence and dividend payouts. In comparison, US Term Loan B documents often only include incurrence covenants, which are also much more flexible than their European equivalents.”

[White & Case Article](#)

**Inflation.** “The all items index rose 2.7 percent for the 12 months ending November, after rising 3.0 percent over the 12 months ending September. The all items less food and energy index rose 2.6 percent over the last 12 months. The energy index increased 4.2 percent for the 12 months ending November. The food index increased 2.6 percent over the last year.” ([BLS Nov Release](#))

CPI (% 12-month change)



**Credit Ratings Activity.** “Overall rating actions were mostly positive in 2025 (through October), with upgrades outnumbering downgrades by just under 4%... Almost two-thirds of speculative-grade downgrades were of issuers rated ‘B’ or below--indicating increasing pressure among the weakest issuers.” ([S&P Release](#))

S&P Global Ratings Activity

	Sep-25	Oct-25	Nov-25
Global Upgrades (UG)	42	28	56
Global Downgrades (DG)	40	33	50
UG:DG Ratio	1.1x	0.8x	1.1x

Note: October Unemployment & Inflation figures are implied based on EMB extrapolation (not reported due to shutdown). Sources: U.S. Bureau of Labor Statistics (BLS), ADP, Standard & Poor’s.

## Developments in Leveraged Finance — Know Thy Lender (Hughes Hubbard & Reed – Nov 14<sup>th</sup>, 2025)

“Credit markets continue to evolve, with borrowers effectuating “liability management transactions” to de-lever, generate additional liquidity, prolong maturity dates and otherwise create a runway to managing upcoming debt maturities. Concurrently, creditors are forming “co-ops” in which they “unite with the goal of obtaining a favorable restructuring transaction with a stressed or distressed company to restructure the company’s indebtedness.”

[Hughes Hubbard & Reed Article](#)

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