Morgan Stanley

# The Balog Group at Morgan Stanley

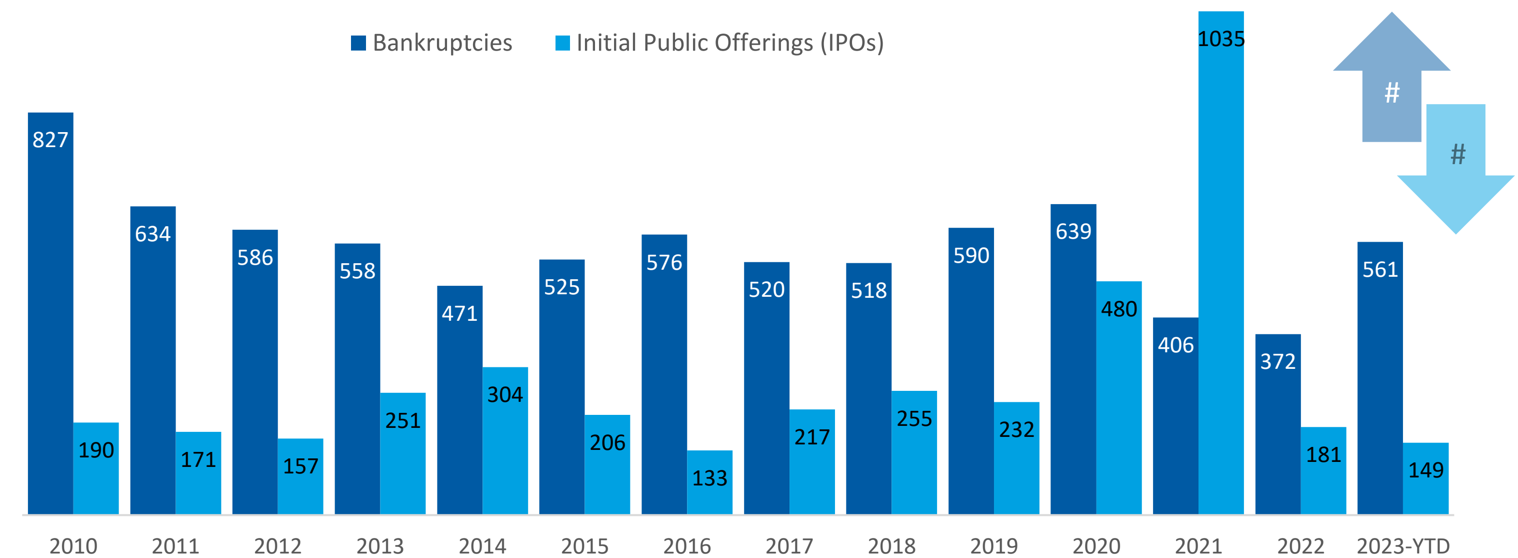
## Chart of the Week – 12/11/2023

This year we've seen an above average amount of bankruptcies among publicly traded companies.[1] The data is as of October's month end and we're already 51% higher than last years' mark. Grant it, the past two years we did see below average BK's. We feel this phenomenon can be attributed to two items: higher interest rates and a tight labor market. Higher interest rates have made it tough on over-leveraged institutions, making it so that their interest expenses outpaced revenues. Secondly, tight labor conditions have made it so that wages are now higher. Wage growth outpaced inflation every month this year except January.[2]

On the flip side, we've seen lower than usual IPO activity.[3] A lot of this has to do with private capital being more accessible, but also lackluster performance among recent announcements. Nobody wants to come out to the public with just a ho-hum reception. In 2020 and 2021 there was an explosion of IPOs as speculative trading ran high and investors were welcoming new companies with open arms.

### Annual Number of Bankruptcies and Initial Public Offerings...

*2023 has seen a pickup in the number of bankruptcies and a slowdown in IPOs relative to the last two years.*




Source for Bankruptcies: S&P Global (data is as of 10/31/23)
Source for IPOs: Stockanalysis.com (data is as of 12/04/23)

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**Sources:**


1. S&P Global – US Corporate Bankruptcies
2. Statista – Inflation vs. Wage Growth
3. Stockanalysis.com – IPO Statistics





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