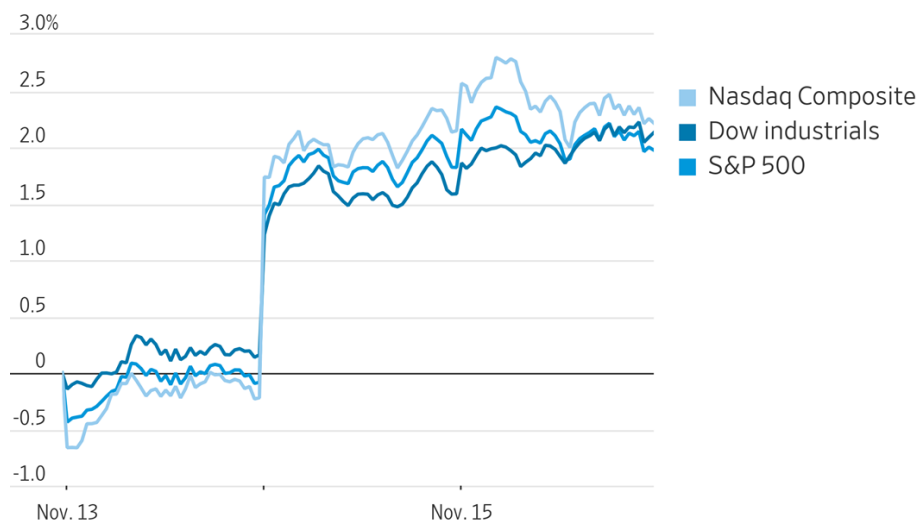


**November 13 - 17, 2023**

### Equity and bond markets continue to rebound as inflation and economic growth remain moderate, leading to more strategic debt issuance

- The S&P 500 is up 3.06%, the Nasdaq is up 3.81%, and the Dow Industrials is up 2.45% WTD; major stock indexes have rallied this week on growing evidence of a gradually cooling economy and sustained levels of lower inflation

Index performance

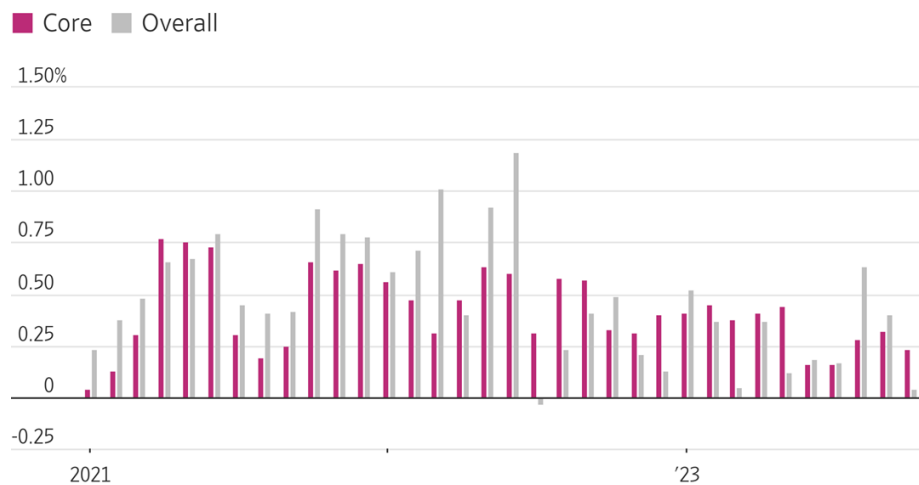


Source: FactSet

- The 10-Yr U.S. Treasury yield has decreased -0.203% to a current yield of 4.455%, whereas the 30-Yr U.S. Treasury yield decreased -0.150% to a current yield of 4.629%; treasury yields have come down since the Treasury Department took a more tactical approach to issuing debt in favoring short-term bills

- Crude oil prices decreased 3.68% to a current \$73.36/bbl while bitcoin decreased 1.70% to a current \$36,506/coin; oil prices have fallen on worries of waning demand both in the U.S. and in China
- The consumer price index slowed to a cooler-than-expected 3.2% year over year in October, down from 3.7% in September; meanwhile, the “core” inflation gauge, which does not include food or gas prices, rose at the slowest pace since September 2021 [WSJ]

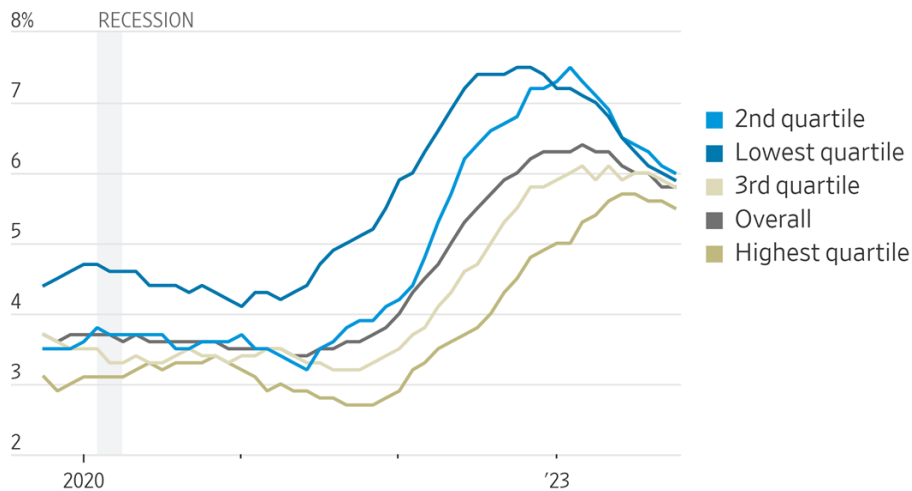
**Monthly change in consumer prices**



Notes: Seasonally adjusted; core excludes food and energy prices  
Source: Labor Department

- Economists think lower gasoline prices took a bite out of overall inflation but that underlying price pressures held steady; elevated levels of inflation reflect why the Federal Reserve isn't declaring an end to its historic campaign of interest-rate increases [WSJ]
- Wage growth is slowing, particularly at the lower end of the pay scale. Retailers are noticing low-income consumers pull back, and economists expect this to cool an exceptionally strong streak of consumer spending [WSJ]

### Wage growth by wage level



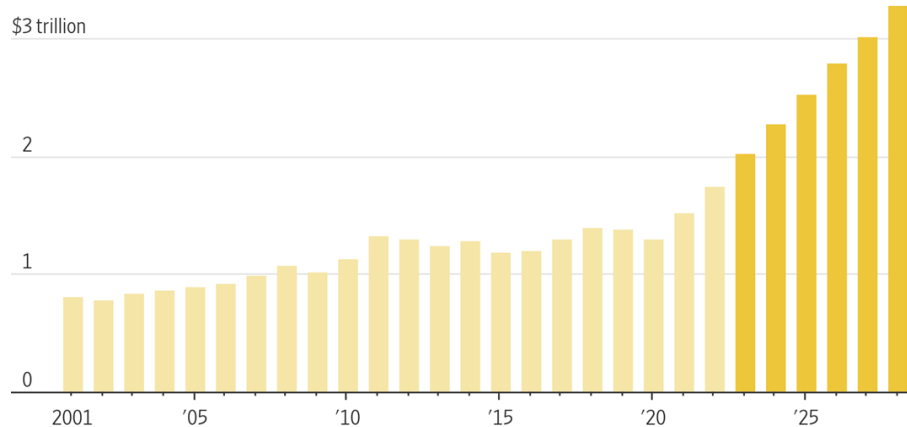
Note: Reflects the 12-month moving average of median wage growth, on an hourly basis  
Source: Federal Reserve Bank of Atlanta

## Macroeconomic concerns persist beyond public equity and bond markets, as outstanding debt continues to rise and earnings expectations are revised downwards

- Lenders are issuing a record number of foreclosure notices related to risky property loans, a stark sign of commercial real estate's troubles [WSJ]
- Last week's hack against ICBC hit the repo market, where more than \$62 billion of U.S. Treasuries failed to deliver Thursday, DTCC data shows, meaning either sellers didn't send securities or buyers didn't receive them in time to settle a trade [WSJ]
- Wall Street has slashed its estimates for corporate profits in the final months of 2023 - yet investors appear to be taking the shifting picture in stride, partly because much of the blame appears to fall on just two companies: Pfizer and Merck [WSJ]
- Target shares rocketed 18% after blowing past Q3 earnings expectations and beating on revenue; the retailer still sees weaker discretionary spending [CNBC]
- The world spent the past decade-plus taking advantage of rock-bottom interest rates to binge on debt; an unprecedented bill is coming due -

governments are expected to spend a net \$2 trillion paying interest on their debt this year as higher interest rates make borrowing more expensive, up more than 10% from 2022 [WSJ]

#### World governments' annual net interest payments on their debt



Note: 2023 to 2028 are projections. Data cover general (central, local and state) government.

Source: Teal Insights analysis of International Monetary Fund data

## M&A activity continues to remain depressed, although developments within infrastructure, energy, and telecommunications prove to be encouraging

- Hungary is working with French infrastructure giant Vinci in a plan to purchase Budapest Airport; an earlier acquisition attempt valued the airport at \$4.7B [BBG]
- Private healthcare operator Columbia Asia Healthcare will acquire Ramsay Sime Darby Health Care from Australia's Ramsay Health Care and Malaysian conglomerate Sime Darby for \$1.2B [BBG]
- Bain Capital is exploring a potential sale or IPO of Varsity Brands that could value the US maker of sports uniforms and school yearbooks at over \$6B, including debt [RT]
- Australian data services company Vocus Group abandoned a \$4B deal to acquire the fiber network of TPG Telecom [BBG]

- PE firm General Atlantic will acquire a controlling stake in Joe & the Juice in a deal that values the Danish sandwich chain at ~\$600M [FT]
- Adobe's \$20B acquisition of cloud-based designer platform Figma is set to face an EU antitrust warning in the coming days [RT]
- A Glencore-led consortium agreed to buy Canadian miner Teck Resources' steelmaking coal unit for \$9B [RT]
- Antin Infrastructure Partners is considering selling French district heating operator IDEX, which could be worth over \$3.2B [BBG]
- ByteDance is considering selling gaming studio Shanghai Moonton Technology, which it bought for ~\$4B [BBG]
- Japan's Tsuruha Holdings is considering a sale for ~\$4B or more after a proxy battle with activist investor Oasis Management [RT]

## Recent developments across four key industries highlight energy strategies, mixed earnings, and debt concerns

### Energy & Natural Resources

- Exxon aims to become a major lithium producer for EV batteries - in its first big move outside the fossil fuel space in decades, Exxon this week revealed plans to become a top lithium supplier by 2030 [RT]
- Bank of America's \$1.5B natural gas bond sale for BP casts doubt on Texas energy 'boycott' label [BBG]
- The energy transition is faltering as offshore wind projects get scrapped, U.S. automakers rein in electric-vehicle plans and profit-flush oil-and-gas giants push the idea that fossil fuels will stick around [WSJ]

### Technology, Media, & Telecommunications

- Khosla Ventures is in the final stages of raising \$3 billion for its latest set of venture funds, showing how some Silicon Valley investors remain bullish even as startups continue to stare down slower growth and lower valuations [WSJ]

- Cisco shares fell 10% despite beating Q1 earnings and revenue expectations due to a revenue forecast well below analyst expectations [B]
- ByteDance revenue grew to \$29 billion in the second quarter, putting the Chinese owner of TikTok within striking distance of Meta [TI]
- Apple gets 36% of Google revenue in search deal, Google witness says [BBG]

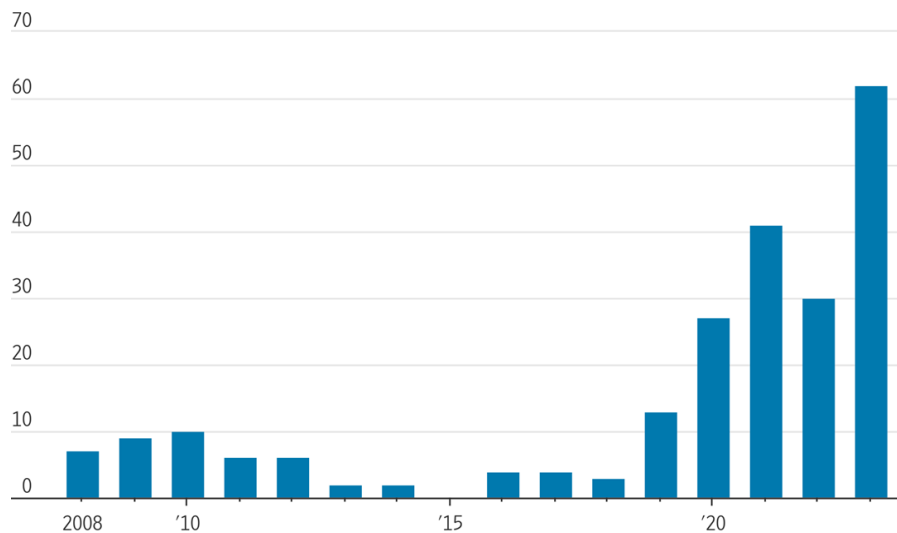
## Healthcare & Life Sciences

- New York regulators Monday announced plans to issue cybersecurity regulations for hospitals, after a series of attacks crippled operations at medical facilities [WSJ]
- The effectiveness of blockbuster obesity treatment Wegovy in reducing heart attacks and strokes could be due to more than weight loss alone, according to new clinical trial data [WSJ]

## Financial Services

- Morgan Stanley named Ted Pick as its next chief executive to succeed longtime CEO James Gorman, ushering in a new era for the Wall Street powerhouse [MS]
- Foreclosures are surging in an opaque and risky corner of commercial real-estate finance, offering one of the starkest signs yet that turmoil in the property market is worsening; lenders this year have issued a record number of foreclosure notices for high-risk property loans [WSJ]

Number of UCC foreclosure sale notices for commercial property loans



## Outside of standard macroeconomic updates and M&A developments, Xi Jinping's visit and political spending developments led news cycles

- The House passed a funding bill to avert a government shutdown; Johnson needed Democrats' help since the GOP's right-wing Freedom Caucus—which helped orchestrate the ouster of previous Speaker Kevin McCarthy—came out against the bill for not including spending cuts [CNBC]
- Marvel might be in need of a factory reset because *The Marvels* just made box-office history in all the wrong ways; the 33rd installment in the franchise brought in a measly \$47 million domestically this weekend, the worst opening ever for an MCU movie [CNBC]
- Sen. Tim Scott of South Carolina withdrew from the race for the 2024 Republican presidential nomination, narrowing the field for an alternative to frontrunner Donald Trump [WSJ]
- U.S. corporate leaders applauded Chinese leader Xi Jinping's after-dinner speech in San Francisco, but some were disappointed by the lack of plans to boost business ties [WSJ]
- Israel is facing growing pressure to justify its raid on the Al-Shifa complex, as it

continues to search through Gaza's largest hospital for further evidence that it is used by Hamas for military purposes [WSJ]

- The Supreme Court's first-ever code of conduct follows months of scrutiny over ethical standards, though it is unclear if it would have helped justices avoid some of the controversies that have dogged the court this year [WSJ]