



The Roundup

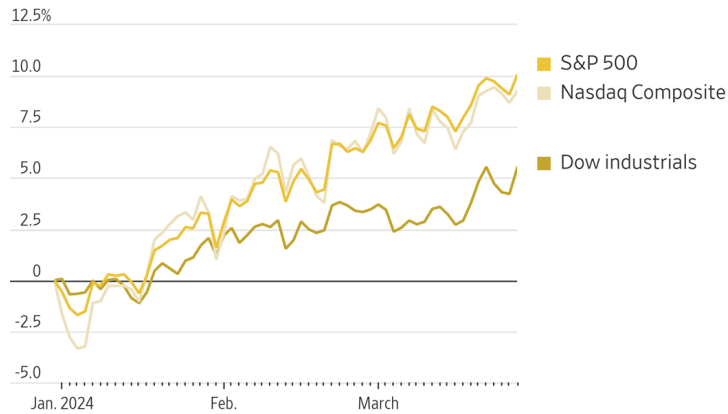
Weekly Economic Research

March 25 - 29, 2024

Capital markets delivered strong returns this week and throughout Q1; the S&P 500 surged 10%, while oil prices rallied an impressive 18% YTD

- The S&P 500 is up 0.23%, the Nasdaq is down 0.05%, and the Dow Industrials is up 0.08% WTD; markets have remained steady approaching end of Q4 as record-highs are maintained
- The 10-Yr U.S. Treasury yield has decreased 0.004% to a current yield of 4.206%, whereas the 30-Yr U.S. Treasury yield decreased 0.036% to a current yield of 4.349%; bond prices are ticking up as investors anticipate the Fed cutting interest rates
- Crude oil prices increased 3.19% to a current \$83.03/bbl while bitcoin increased 10.58% to a current \$70,771/coin; along with hot equity and bond markets, oil prices have climbed as electric vehicles sales show signs of slowing
- The first quarter of 2024 saw a robust rally across various asset classes, with stocks, cryptocurrencies like bitcoin, and safe-haven assets like gold reaching new records [[WSJ](#)]

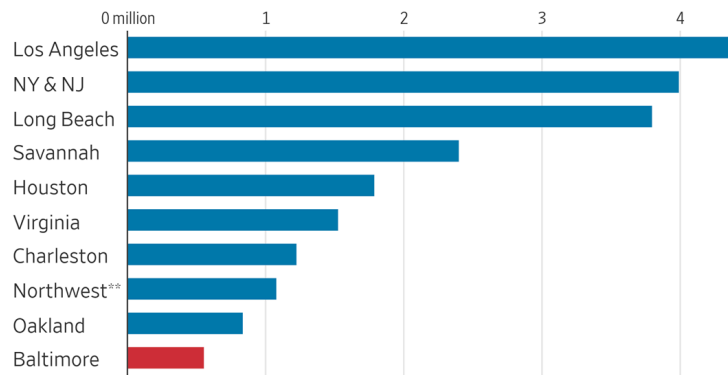
Index performance



Source: FactSet

- The Port of Baltimore, ranked ninth largest globally by trade volumes, faced a significant setback as a container ship collided with a bridge, potentially disrupting port operations for months [WSJ]

Top U.S. ports for container imports in 2023*

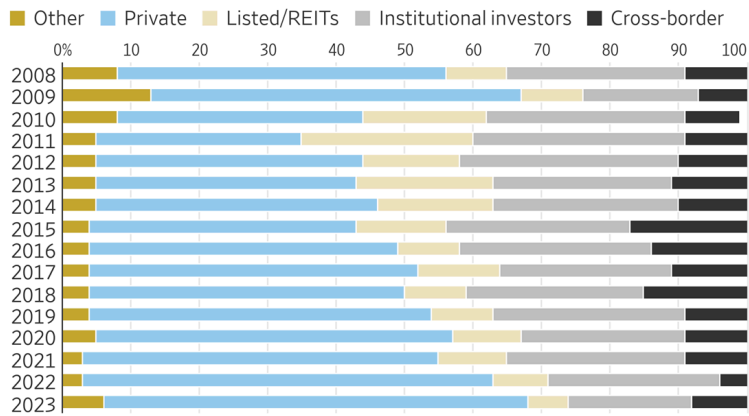


*Data in 20-foot equivalent units. ** Northwest Seaports includes ports in Seattle and Tacoma, Wash.

Source: Pacific Merchant Shipping Association

- Small, private investors, including high-net-worth individuals and family offices, are seizing the opportunity to buy commercial real estate as institutional investors retreat from the market [WSJ]

Commercial real estate buyer composition

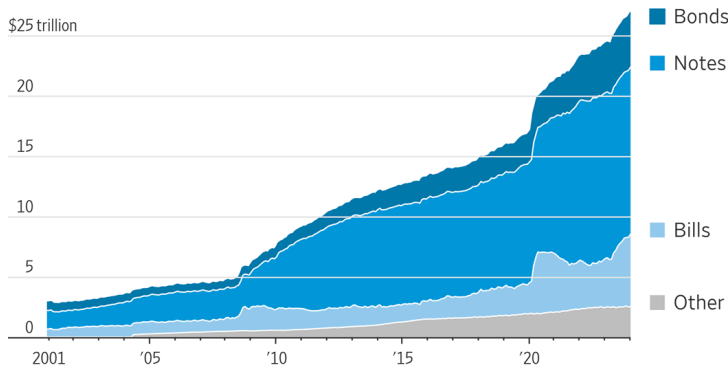


Source: MSCI Real Assets

While 2024 has largely dispelled anxieties from 2023, some lingering concerns remain evident in both ESG investing trends and the issuance of U.S. Treasuries

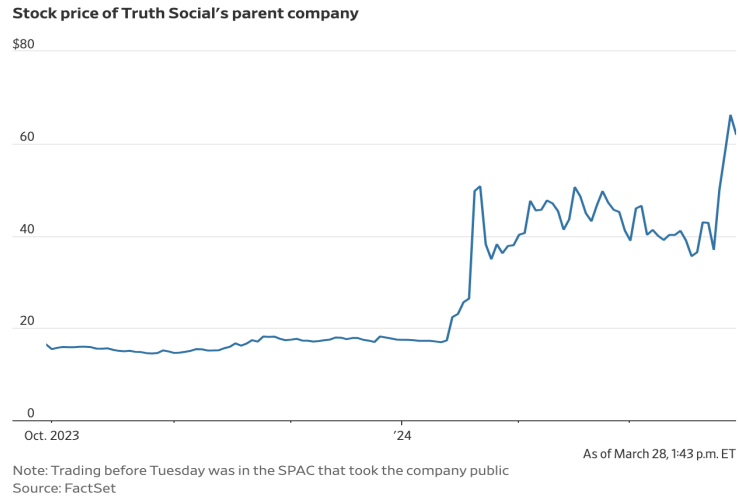
- The issuance of U.S. Treasuries has surged, nearly doubling since the beginning of the pandemic, reaching a record \$23 trillion in 2023 [WSJ]

U.S. Treasury debt outstanding

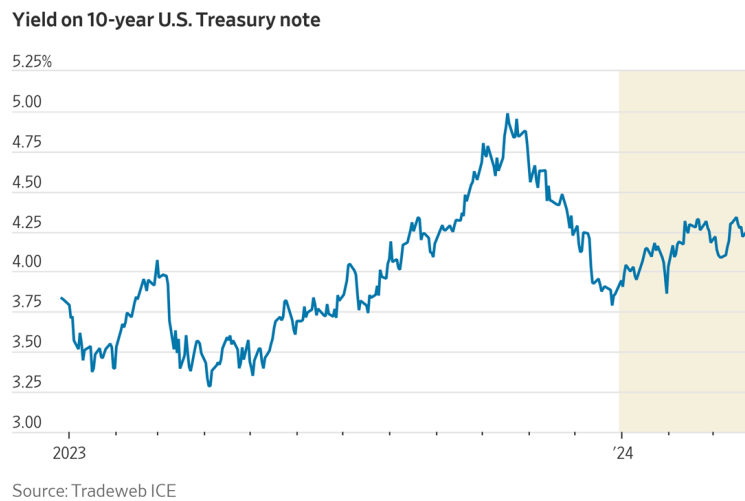


Note: Marketable debt only
Source: Treasury Department

- Donald Trump's social-media company, Truth Social, saw its shares surge 16% on its first day of trading, boosting Trump's fortune to approximately \$4.5 billion [WSJ]



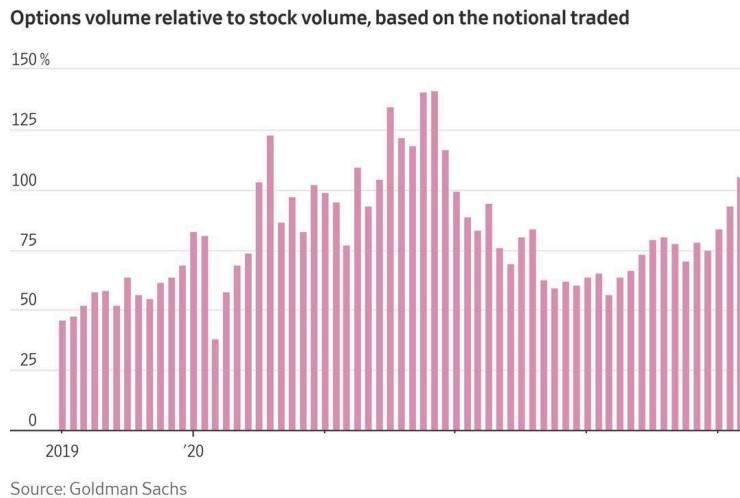
- Despite the Federal Reserve's promises of interest-rate cuts, Treasury yields have continued to rise, impacting mortgage rates and borrowing costs [WSJ]



- Chinese technology stocks, once high-growth darlings, have now transitioned into value stocks due to slower growth and increased regulatory risks [WSJ]

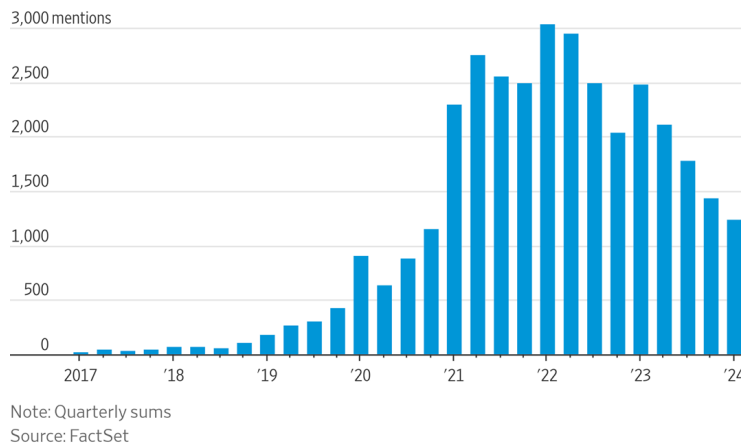


- Investors are increasingly turning to derivative-income exchange-traded funds (ETFs) to protect against potential losses amid low market volatility, with assets in such funds surpassing \$80 billion [WSJ]



- The popularity of ESG investing has declined significantly, with fewer new funds being created and decreased online interest and analyst mentions [WSJ]

Mentions of "ESG" in companies' conference calls with analysts



M&A activity improves off of 2023 lows as developments within pharmaceuticals, industrials, and global infrastructure prove to be encouraging

- Johnson & Johnson is in talks to acquire medical device maker Shockwave Medical, which has an ~\$11.9B market cap [WSJ]
- London-listed Ithaca Energy is in exclusive talks to take over Italian oil major Eni's UK upstream assets, including Neptune Energy, which Eni bought for \$4.9B last year [FT]
- US-listed International Paper offered to acquire UK paper and packaging firm DS Smith in a \$7.2B all-stock deal [RT]
- FI owner Liberty Media is in exclusive talks to buy MotoGP-owner Dorna Sports for over \$4.3B [FT]
- Alibaba Group is offering to buy the 36% of logistics business Cainiao it does not already own for up to \$3.8B, abandoning plans for an IPO [RT]
- Avetta attracted takeover interest from PE firms including EQT, Warburg Pincus, and Bain Capital; the compliance software provider could be valued at over \$3B in a sale [BBG]
- French builder Vinci and Spain's state-controlled airport manager Aena SME are competing to acquire Edinburgh Airport from Global Infrastructure

Partners, which is seeking over \$3.8B [BBG]

- US oil refiner Phillips 66 is exploring the sale of its 25% stake in the Rockies Express Pipeline that it hopes could be worth over \$1B, including debt [RT]
- Goldman Sachs Asset Management is exploring a sale of B&B Hotels in a potential deal that could value the European budget hotel chain at ~\$3.8B [BBG]
- Pharma giant Novo Nordisk will acquire RNA-based heart disease treatment developer Cardior Pharmaceuticals in a deal worth up to \$1.1B [FT]

Recent developments across four key industries highlight energy disruption, investment into artificial intelligence, and weight loss drug expansion

Energy & Natural Resources

- Dry conditions in Quebec, Canada, are forcing one of the world's largest hydropower producers, Hydro-Québec, to cut exports, disrupting plans to become the "battery of the U.S. northeast" by supplying power to neighboring states [WSJ]
- Macquarie strategists anticipate Brent crude oil prices to rise towards \$90 per barrel due to geopolitical tension and discussions on global oil balances [RZ]
- Rising gasoline prices, driven by severe weather at home and geopolitical disruptions abroad, have impacted American consumers, contributing to stickier-than-expected inflation and weighing on the outlook for the U.S. economy [WSJ]



- Schlumberger has announced plans to acquire 80% of carbon-capture company Aker Carbon Capture for nearly \$400 million, forming a joint venture focused on carbon capture [WSJ]

Technology, Media, & Telecommunications

- Amazon has invested an additional \$2.75 billion in the artificial-intelligence startup Anthropic, bringing its total investment in the company to \$4 billion [WSJ]
- Companies are forging ahead with the development and deployment of artificial intelligence applications despite the uncertain regulatory landscape, with European lawmakers recently passing comprehensive legislation on AI [WSJ]
- The artificial intelligence boom has intensified competition in Silicon Valley's talent market, with tech companies offering million-dollar compensation packages and perks to attract expertise in generative AI [WSJ]

Healthcare & Life Sciences

- Major U.S. health insurers, including CVS Health, Elevance Health, and Kaiser Permanente, have agreed to cover Novo Nordisk's anti-obesity drug Wegovy for certain Medicare beneficiaries with heart-related conditions, following new guidance from the Centers for Medicare and Medicaid Services [WSJ]

- Merck has high hopes for its newly approved drug, Winrevair, which treats pulmonary arterial hypertension, potentially offsetting revenue declines from its blockbuster cancer drug Keytruda [WSJ]
- Walgreens Boots Alliance reported higher sales for the fiscal second quarter but posted a loss due to a one-time impairment charge related to VillageMD [WSJ]

Financial Services

- UBS Group announces that Sergio Ermotti will remain as CEO to oversee the integration of Credit Suisse, addressing concerns about the bank's size and potential regulatory needs [WSJ]
- Visa, Mastercard, and major U.S. credit-card issuing banks have reached a settlement with merchants to lower swipe fees over the next few years, potentially eliminating \$30 billion in fees over five years [WSJ]

Outside of standard macroeconomic updates and M&A developments, SBF's sentencing and the Crocus City Hall Attack in Russia have led news cycles

- Sam Bankman-Fried, founder of FTX, has been sentenced to 25 years in prison for fraud related to the collapse of his digital exchange, with over \$11 billion in financial penalties imposed [WSJ]
- Since the legalization of sports betting, major U.S. leagues have faced a surge in gambling-related scandals involving athletes, prompting concerns about the integrity of sports competitions [WSJ]
- The death toll from the Moscow concert hall attack rose to 143, with around 80 people remaining hospitalized from injuries sustained during the siege by gunmen [AP]
- President Biden, along with former Presidents Bill Clinton and Barack Obama, are set to attend a major campaign fundraiser in New York City, showcasing unity despite past tensions [WSJ]

- Robinhood introduced its inaugural credit card, the Robinhood Gold Card, at its first-ever product keynote event in New York City, offering 3% cash back on all categories [AX]
- The Biden administration plans to expand the Uyghur Forced Labor Prevention Act Entity List, adding more companies alleged to have ties to forced labor in China's Xinjiang region [WSJ]
- Israeli Prime Minister Benjamin Netanyahu is facing intense pressure as he navigates the war in Gaza and hostage-release negotiations with Hamas [WSJ]