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# Pls Fix, Thx

mXa Business & Economic Updates  
Sept 25 - 29, 2023

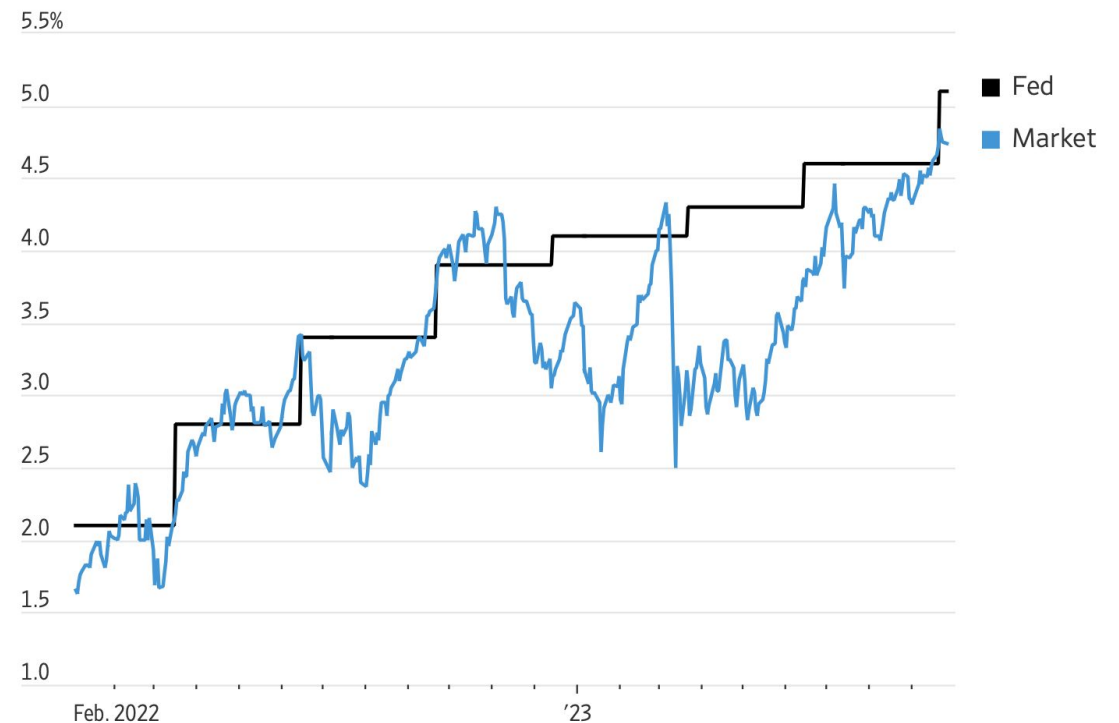


# Equity and bond markets highlight public anxiety of a future environment of both high interest rates and complex debt reduction

## Macroeconomic Updates

- The S&P 500 is down ~0.5%, the Nasdaq is up ~0.5%, and the Dow Jones Industrials Index is down ~0.5%; after coming off of the worst week since SVB's collapse in March, public markets remain largely unchanged as investors come to the realization that high interest rates could remain longer than expected
- The 10-Yr Treasury Note has risen 0.08% to a yield of 4.59%, with the 30-Yr Treasury Bond rising 0.14% to a current yield of 4.72%; rising yields and lower valuations reinforce current sentiment of environment of higher rates across a longer duration
- Many established investors are bearish on current long-term treasuries, and the Fed's ability to manage inflation, with Bill Ackman expecting 5.5% yields "soon" [CNBC]
- Rising loan costs are reinforcing the complexity of debt reduction for riskier companies and increasing the probability of default [WSJ]

Fed-funds rate forecast for end of 2024

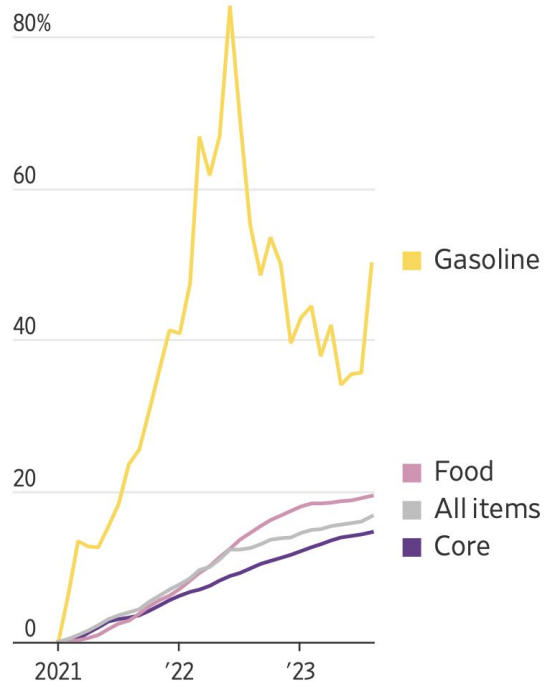


Note: Market forecast based on fed-funds futures contracts. Fed forecast reflects Fed officials' median at meetings with economic projections.  
Sources: FactSet; Federal Reserve

# Rising oil prices and a tight labor market continue to eat into the profits of industrial companies, especially in recent months

## Macroeconomic Updates

Consumer price index, select items, change since January 2021



Note: Core excludes food and energy prices; seasonally adjusted  
Source: Labor Department

Benchmark U.S. crude prices



Source: FactSet

- Crude oil has increased to a current 2023-high of ~\$92/bbl, continuing the momentum of low-elastic demand from a lesser supply from OPEC+ cuts
- The potential of a \$100/bbl has disrupted expert consensus on the Federal Reserve's ability to control inflation; inflation-adjusted prices in accordance with recent history also reflect the risk affiliated with such oil price increases from foreign influence [WSJ]
- Current analysis reinforces past warnings that the combination of baby boomer retirements, low birth rates, shifting immigration policies and changing worker preferences leaves U.S. employers with too few workers to fulfill jobs – the labor market will remain tight even in a cooling job market [WSJ]
- After a positive H1 of 2023, small-cap and medium-cap industrial equities are dropping largely due to corrected profit outlooks [BBC]

# Despite high interest rates, the M&A market moved in the direction of larger deal-making within energy, materials, and sports

## M&A Updates



**COHERENT**



**TEKNIPILEX**  
Materials Science Solutions



**Apax**  
PARTNERS



**PIPESTONE**  
ENERGY CORP.

- **Coherent**, a major supplier of materials used to make automotive chips, attracted interest from **four Japanese conglomerates** for an investment in **its silicon carbide business** at a valuation of up to \$5B [RT]
- PE firm **Genstar Capital** is considering a sale of **TekniPlex** that could value the manufacturing group at over \$4B [BBG]
- PE firms **GTCR** and **Apax Partners** are exploring options including a full or partial sale of insurance broker **AssuredPartners**, which could be valued at up to \$16B, including debt [BBG]
- Billionaire **Jim Ratcliffe** is restructuring his offer to acquire Premier League team **Manchester United**, which the **Glazer Family** is looking to sell for at least \$7.3B [BBG]
- **Pipestone Energy's** shareholders approved of its proposed all-stock sale to privately-held larger rival **Strathcona Resources** to create a \$6.4B combined entity [RT]

# Recent developments across four key industries highlight the impact of FTC regulation and the looming U.S. government shutdown

## Energy & Natural Resources

- U.S. oil prices have surged to their highest levels in over a year due to production cuts by major oil-producing countries, posing challenges in addressing inflation [WSJ]
- The Ring of Fire in Canada, a critical source of metals for electric vehicle batteries, has become a contentious issue, pitting mining companies against climate advocates and indigenous groups due to environmental concerns amid the global shift towards clean energy and EVs [WSJ]

## Healthcare & Life Sciences

- A battle over hospital costs in Indiana highlights a growing trend in which employers are taking action against the rising price of healthcare [WSJ]
- The pharmaceuticals sector is enduring a tough year in the stock market – however, companies selling weight-loss drugs are a big exception [WSJ]

## Tech, Media, and Telecom

- Companies like Intel and Ayar Labs are researching optical fiber for chip interconnects to enhance energy efficiency and scalability amid rising AI demands [WSJ]
- The FTC has sued Amazon, alleging the status of an illegal online-marketplace monopoly; in collaboration with 17 other states, the lawsuit alleges that Amazon has the monopoly-power to keep prices artificially high by locking sellers and hindering competitors [WSJ]

## Financial Services

- The depressed state of current equities and additional offerings in money-market securities have created a “cross-asset” selloff, incentivizing hedge funds to cut leverage at the fastest pace since 2020 [BBC]
- Moody’s, the only major credit rating agency that still gives the US government a triple-A rating, warned that a federal government shutdown would negatively impact the country’s credit [RT]

# Outside of macroeconomic updates and M&A developments, the second Republican debate and Taylor Swift led news cycles

## Additional News Updates

- The second Republican Primary Debate took place this Wednesday; Trump did not attend for the second time while DeSantis, Burgum, and Ramaswamy led the floor according to audience reviews [WSJ]
- Taylor Swift's attendance at a Chiefs game overshadowed the Dolphins' historic 70-point performance, with Kelce jersey sales spiking nearly 400% and the game becoming the weekend's most-watched NFL contest with 24.3 million viewers [FOS]
- OpenAI is pursuing a potential share sale that would value the company at 3x of its value in January at \$90B in the same week that Amazon invests \$4B into leading competitor, Anthropic [WSJ, WSJ]
- In the last available days, the currently dim prospects for a deal on federal spending legislation raise the chances of a partial government shutdown this weekend [WSJ]

