



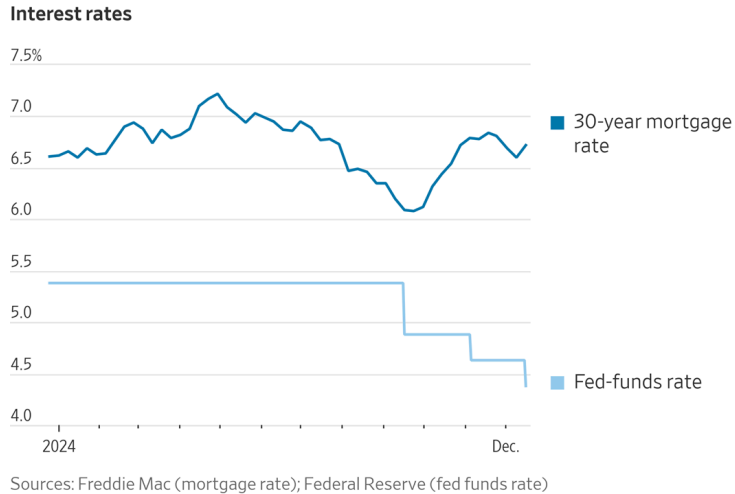
# The Roundup

Weekly Economic Research

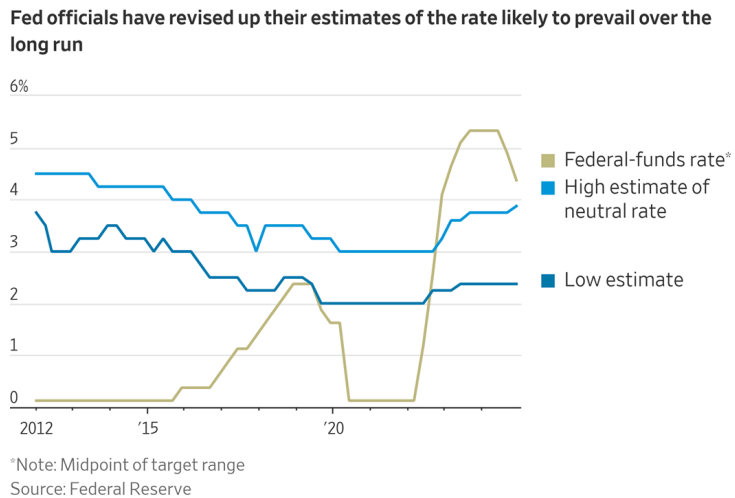
**December 16 - 20, 2024**

## **Real GDP grew at an annualized 3.1% in Q3, driven by strong consumer spending (3.7%) and healthy business investment (4%) despite high borrowing costs**

- The S&P 500 is down 3.53%, the Nasdaq is down 3.91%, and the Dow Industrials is up 3.39% WTD
- The 10-Yr U.S. Treasury yield has increased +0.127% to a current yield of 4.522%, whereas the 30-Yr U.S. Treasury yield increased +0.122% to a current yield of 4.722%
- Crude oil prices decreased 2.75% to a current \$68.52/bbl while bitcoin decreased 8.20% to a current \$95,743.68/coin
- Despite Fed rate cuts, mortgage rates have risen to 6.7% due to surging Treasury yields driven by rising inflation expectations and uncertainty about future rate trends [[WSJ](#)]

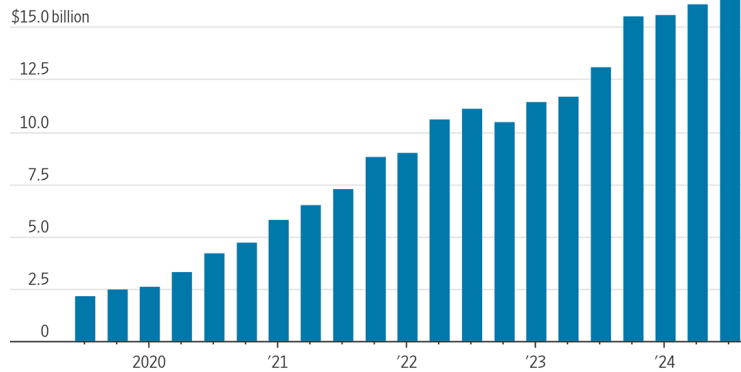


- Fed Chair Jerome Powell signaled caution in further rate cuts as the neutral rate likely rose post-pandemic, reflecting economic shifts and complicating monetary policy amid inflation and potential new fiscal shocks [WSJ]



- The buy now, pay later sector is thriving as private credit firms like Sixth Street commit billions to fund lending, supporting growth despite high interest rates, while both sectors expand their roles in mainstream finance [WSJ]

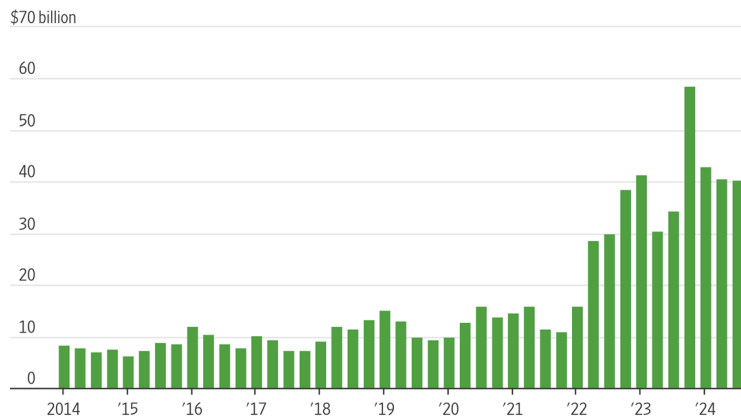
Affirm funding capacity



Source: the company

- Fixed-rate deferred annuities, offering higher yields than CDs due to insurers' investment portfolios, are booming amid Fed rate hikes, appealing to conservative investors despite tax deferral benefits and the need for insurer financial stability [WSJ]

Sales of fixed-rate deferred annuities

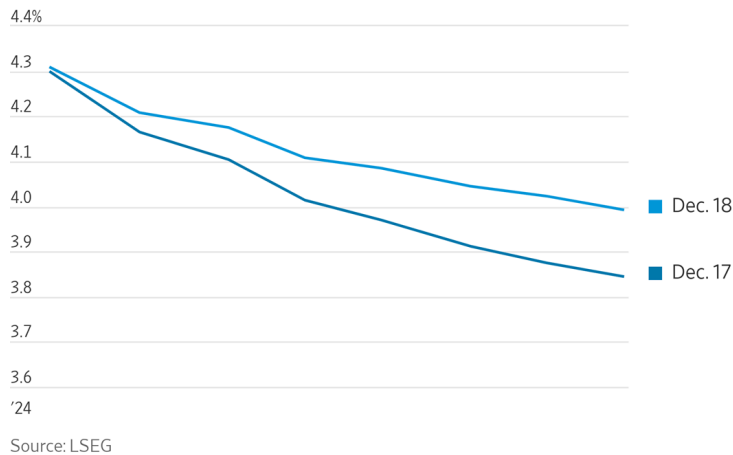


Source: Limra

## Traders anticipate limited Fed rate cuts in 2024, Honda and Nissan consider a merger to tackle EV market challenges, and Nippon Steel's \$14.1 billion U.S. Steel bid faces opposition over national security and economic concerns

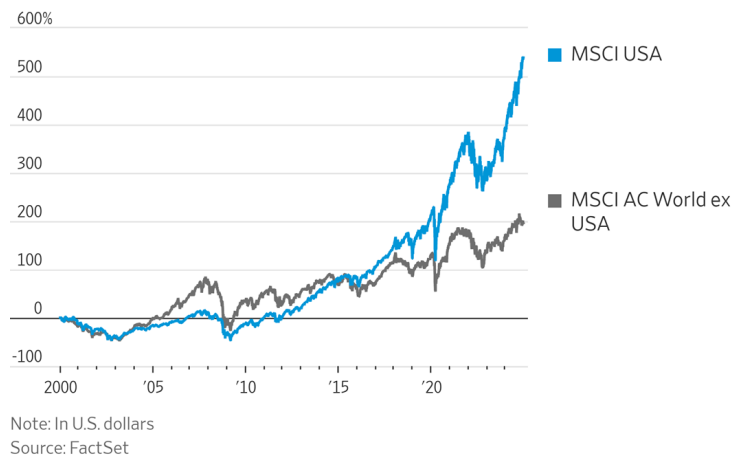
- Traders have scaled back rate-cut expectations, with a 58% chance the Fed may cut rates once or not at all in 2024, aligning with Fed officials' revised forecasts [WSJ]

Futures-implied rate expectations for 2025



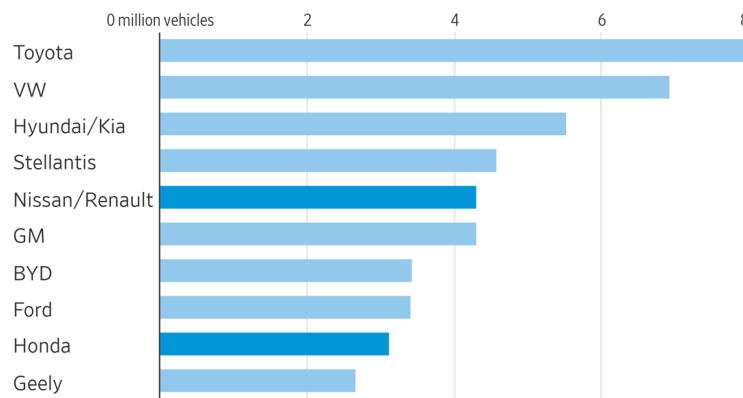
- In 2024, extreme market trends, driven by U.S. dollar strength, tech megacaps, and shifting economic dynamics, have widened the gap between U.S. and international equities, challenging historical norms and emphasizing the transformative impact of forces like AI and economic policy divergence [WSJ]

Cumulative total return



- Honda and Nissan are exploring a merger to address challenges in China's EV market and increasing competition, aiming to share costs and drive synergies despite cultural differences and overlapping lineups [WSJ]

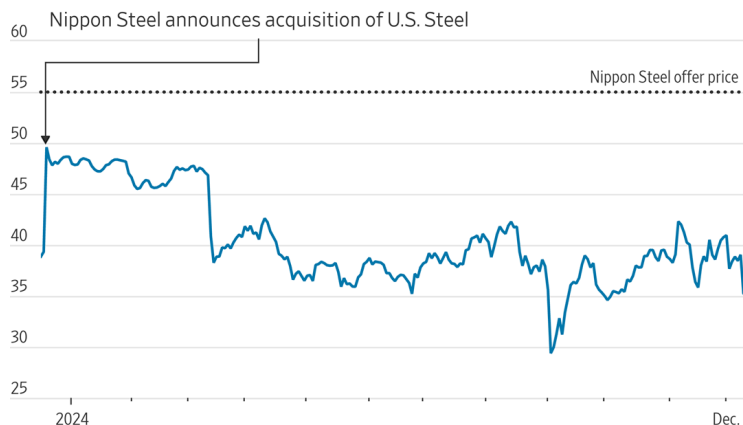
Global light vehicle retail sales, 2024\*



\*Through October  
Source: MarkLines

- Nippon Steel's \$14.1 billion bid for U.S. Steel faces union and political opposition over national security and domestic ownership concerns, risking plant closures and job losses if the deal collapses amid declining steel prices and weak demand [WSJ]

U.S. Steel stock price



Source: FactSet

## M&A activity continues to remain depressed

- Germany called on Italy's UniCredit to sell its stake in \$19B-listed Commerzbank after UniCredit increased its stake to 28%
- Honda, Nissan, and potentially Mitsubishi will begin talks on a possible merger [WSJ]
- PE firm Stone Point Capital will acquire a 15%-20% stake in UK insurance broker Ardonagh at a \$14B valuation

- Apollo is in exclusive talks to acquire Canadian waste management firm GFL Environmental's environmental services unit for \$5.6B
- Australia's Macquarie is exploring a \$5B sale of Midwest telecom carrier Altafiber
- Luxury goods giant Kering is seeking an outside investor for a new entity to house its \$4.2B real estate assets
- Grammarly will acquire productivity startup Coda, which was last valued at \$1.4B in 2021
- Blackstone acquired a Ritz-Carlton resort in Japan from Kanehide Holdings in a \$130M deal
- Chevron agreed to swap stakes in numerous Australian energy projects with Australia's Woodside Energy and pay Woodside \$400M

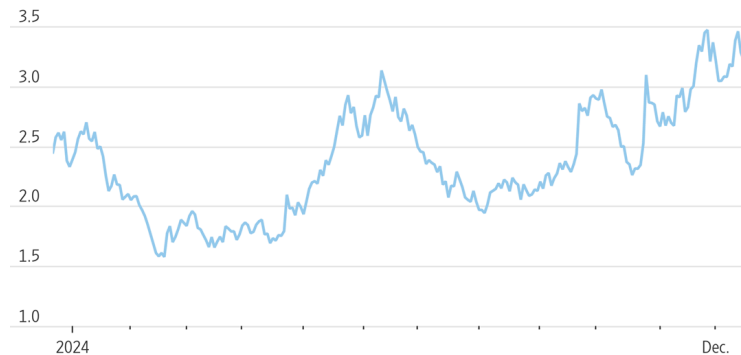
## **Recent developments across four key industries highlight natural gas prices hitting a two-year high, Nvidia's acquiring Run:ai, and Novo Nordisk shares plunging up to 29%**

### **Energy & Natural Resources**

- Natural gas prices hit a two-year high at \$3.584 per million BTUs amid expectations of a cold snap reducing supplies, with traders anticipating near-term shortages despite above-average stockpiles [WSJ]

### Natural-gas futures price

\$4.0 per million British thermal units



Source: FactSet

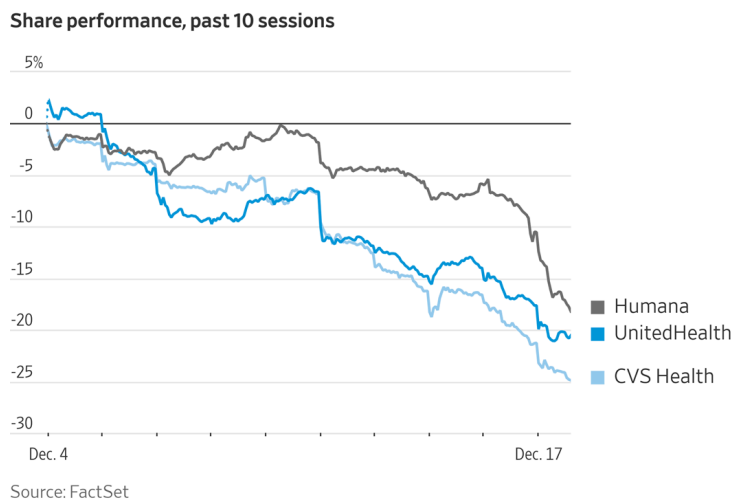
- National Grid plans to invest up to \$44.5 billion in U.K. electricity transmission by 2031 to meet rising power demand, boost grid capacity, and support decarbonization and electrification efforts [WSJ]
- The Biden administration approved a record \$15 billion low-interest loan to PG&E for grid upgrades and emissions reduction, marking a major clean-energy investment amid concerns over future administration policies [WSJ]
- Equinor discovered 2-13 million barrels of oil equivalent in the North Sea near the Troll field, exploring potential resource combination for economic viability [WSJ]

## Technology, Media, & Telecommunications

- The EU approved Nvidia's acquisition of Run:ai without conditions, concluding it poses no competition concerns, marking a regulatory win amid global antitrust scrutiny of the chipmaker [WSJ]
- The Supreme Court will fast-track a decision on the constitutionality of a U.S. law banning TikTok over national security concerns, with oral arguments set for Jan. 10 ahead of the Jan. 19 ban [WSJ]
- Netflix was fined \$4.8 million by the Dutch regulator for inadequate data-handling disclosures between 2018 and 2020, violating EU privacy rules [WSJ]

## Healthcare & Life Sciences

- Novo Nordisk shares plunged up to 29%, losing \$100 billion in value, after trial results for its weight-loss drug CagriSema fell short of expectations, raising competitive concerns against Eli Lilly's Zepbound [WSJ]
- Pharmacy benefit manager stocks fell sharply after President-elect Trump vowed to reduce drug costs by targeting PBMs as "middlemen," prompting industry concerns over increased transparency and changes to their business model [WSJ]



## Financial Services

- Bitcoin's mainstream success in 2024, fueled by spot ETFs amassing \$116 billion, has spurred asset managers to push for ETFs with smaller tokens like Solana and XRP, despite regulatory hurdles and lukewarm investor interest [WSJ]
- Santander will sell its 30.5% stake in Credit Agricole's Caceis, making the French bank sole owner, while maintaining their partnership and excluding the Latin American joint venture from the deal, which closes in 2025 [WSJ]