



The Roundup

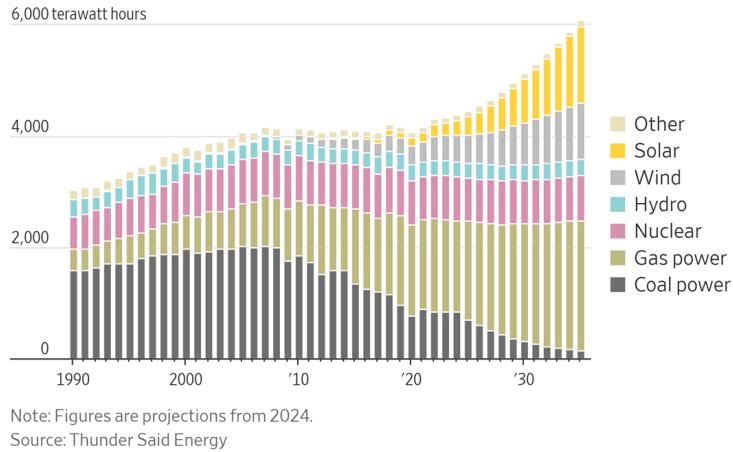
Weekly Economic Research

April 22 - 26, 2024

Despite recent volatility, a severe or prolonged bear market is unlikely given the robust U.S. economy, strong consumer demand, and a stabilizing global economy

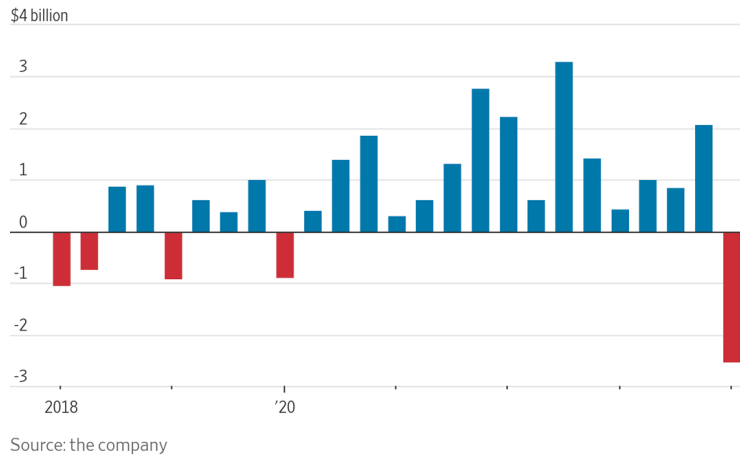
- The S&P 500 is up 0.86%, the Nasdaq is down 0.42%, and the Dow Industrials is down 0.75% WTD
- The 10-Yr U.S. Treasury yield has increased +0.034% to a current yield of 4.698%, whereas the 30-Yr U.S. Treasury yield increased +0.055% to a current yield of 4.805%
- Crude oil prices increased 2.80% to a current \$83.85/bbl while bitcoin decreased 1.16% to a current \$64,197.50/coin
- Renewable electricity growth is struggling to keep pace with rising power demand driven by energy-intensive sectors like artificial intelligence, electric vehicles, and industrialization, particularly in developing countries [[WSJ](#)]

U.S. electricity demand is set to soar after years of stagnation.



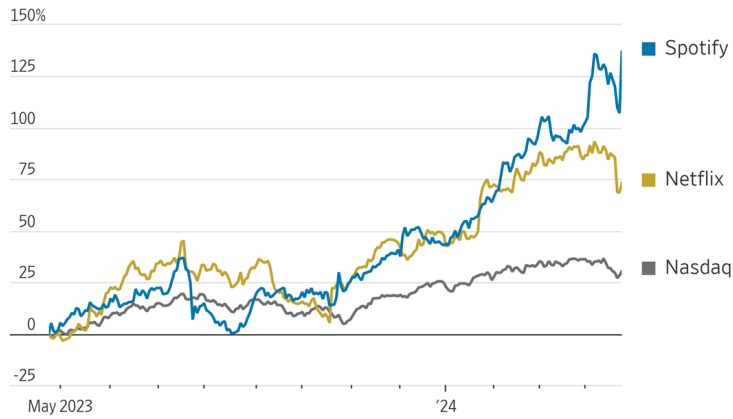
- Tesla surprised investors with an accelerated timeline for launching new vehicle models, combining current and next-generation platforms for efficiency but sacrificing some cost savings [WSJ]

Tesla's quarterly free cash flows



- Spotify's first-quarter results impressed investors, with revenue and operating income surpassing expectations, driven by accelerating monetization efforts [WSJ]

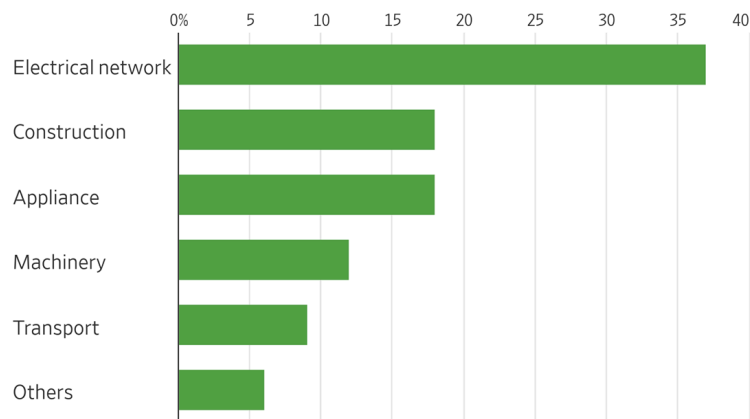
Share price and index performance, past 12 months



Source: FactSet

- Copper prices have surged amid hopes for a stronger Chinese recovery, global green-tech demand, and supply constraints, including BHP's bid for Anglo American [[WSJ](#)]

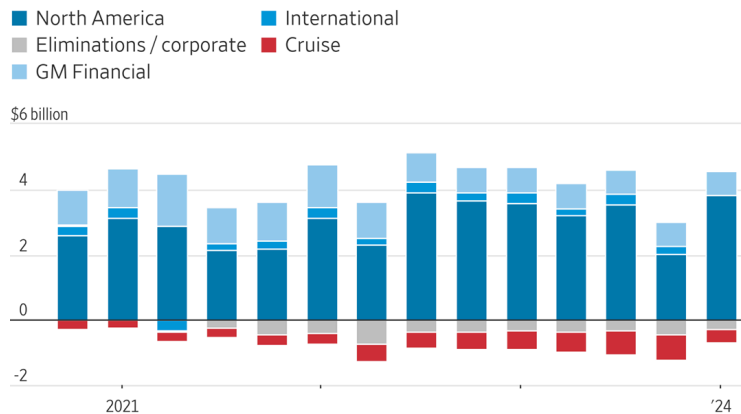
China's end-use demand for copper last year



Source: Wood Mackenzie

- General Motors reported a 24% increase in first-quarter profit, driven by strong sales of gas-powered trucks and SUVs in the U.S., prompting an upward revision of its profit outlook for the year [[WSJ](#)]

GM's quarterly operating profit by division

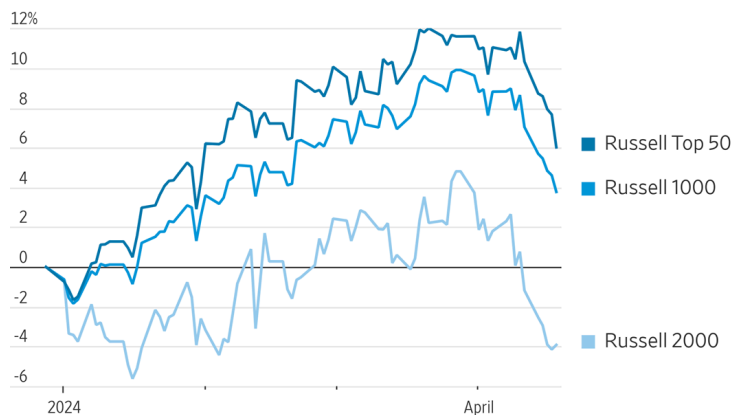


Source: FactSet

Meta Platforms is increasing its investment in AI, the Bank of Japan has ended its negative-interest policy, and Main Street banks are facing profit declines due to high interest rates

- Despite hopes for a broadening market, the recent stock rally has remained top-heavy, with larger companies continuing to outperform smaller ones [WSJ]

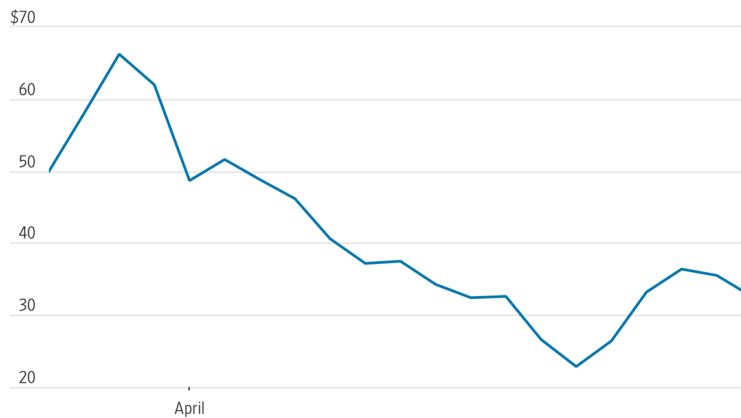
Index price change this year



Source: LSEG

- Former President Donald Trump is poised to receive a stock grant worth \$1.2 billion as his social-media company's stock, Trump Media & Technology Group, has maintained a trading price above \$17.50 for 20 consecutive sessions [WSJ]

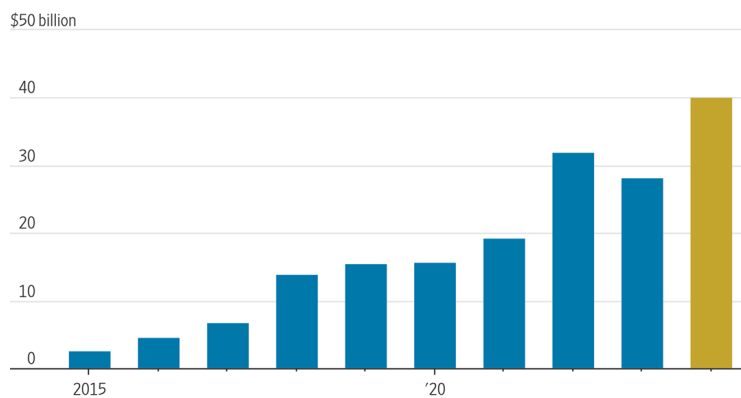
Trump Media & Technology Group stock price



Source: FactSet

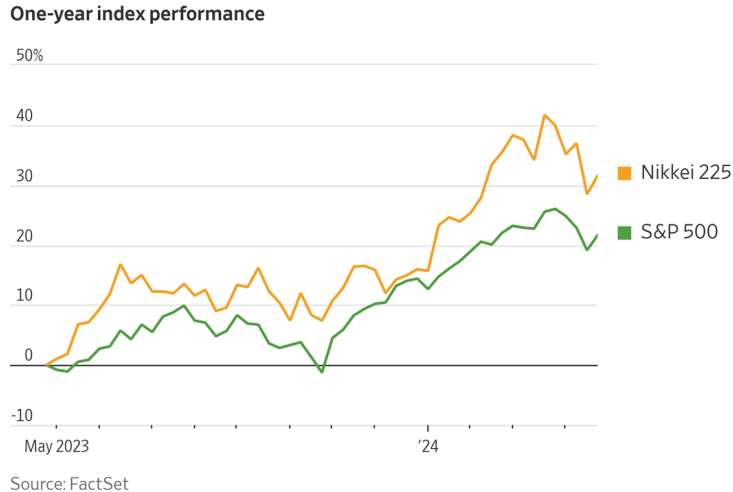
- Meta Platforms, the parent company of Facebook and Instagram, has raised its projected capital expenditures for the year by 12% to \$40 billion, aiming to boost investments in generative artificial intelligence [WSJ]

Meta Platforms' capital expenditures per year

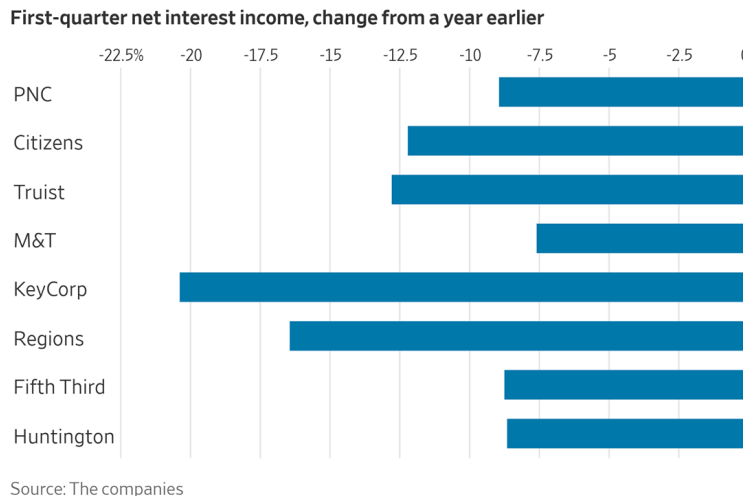


Note: 2024 figure is high end of company's forecast
Source: the company

- The Bank of Japan recently raised interest rates for the first time since 2007, signaling the end of its negative-interest-rate policy, which was a response to the global financial crisis [WSJ]



- Main Street banks are grappling with steep profit declines due to persistently high interest rates, impacting their plain-vanilla businesses of deposits and loans [WSJ]



M&A activity continues to remain depressed, although developments within energy, tech, and retail prove to be encouraging

- Communications infrastructure REIT Uniti Group is in advanced talks to reunite with telecom provider Windstream in a deal worth up to \$15B, including debt [BBG]
- IBM agreed to acquire software company HashiCorp in a \$6.4B cash deal [BBG]

- MassMutual agreed to acquire a minority stake in lending business Atlas from Apollo Global for over \$2B [FT]
- Blackstone will acquire restaurant chain Tropical Smoothie Cafe for ~\$2B including debt from PE firm Levine Leichtman Capital Partners [RT]
- C&S Wholesale Grocers will acquire an additional 166 stores from Kroger and Albertsons for a total of 579 stores for ~\$2.9B cash [RT]
- PE firm PAI Partners will acquire a majority stake in UK music equipment maker Audiotonix from French PE firm Ardian in a ~\$2.5B deal [FT]
- Real estate information provider CoStar Group will acquire Matterport, a provider of 3D virtual tours of properties, in a \$1.6B cash-and-stock deal [RT]
- UK's JD Sports Fashion agreed to buy US sportswear retailer Hibbett for \$1.1B [BBG]
- Ithaca Energy agreed to acquire almost all of Italian energy company Eni's UK oil and gas fields in a ~\$940M stock deal [FT]
- Coffee roaster Luigi Lavazza agreed to buy vending machine maker IVS Group in a \$697M cash deal [BBG]
- Carlyle-backed oil pipeline company Crescent Midstream is exploring a potential sale after receiving takeover interest and could be valued at \$1.3B [BBG]
- Nvidia agreed to acquire Israeli AI software provider Run:ai for \$700M [BBG]
- French energy group TotalEnergies will acquire Malaysian oil company Sapura Energy's 50% stake in oil and gas upstream company SapuraOMV for \$705M [RT]

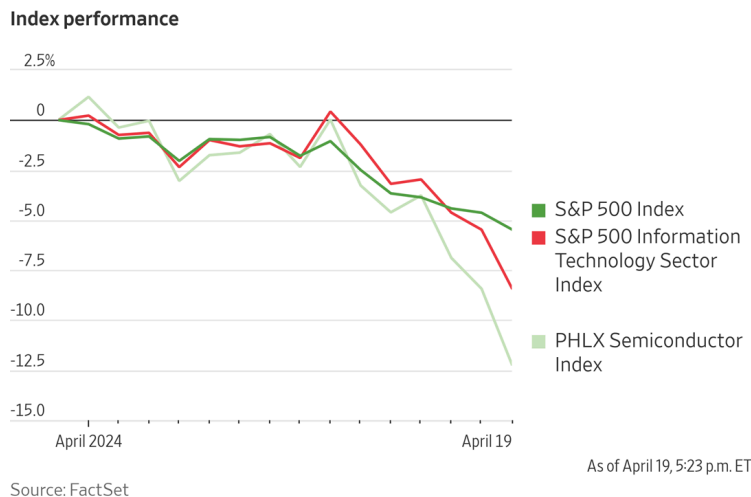
Recent developments across four key industries highlight Biden targeting power plant emissions, insurers posting strong earnings, and investment firms expanding their asset control

Energy & Natural Resources

- The Biden administration has issued new regulations targeting power-plant pollution, particularly focusing on coal plants and newly built natural-gas plants, aiming to reduce carbon dioxide emissions significantly by 2035 [WSJ]
- Exxon Mobil and Chevron reported lower first-quarter earnings compared to last year, with Exxon's profits down 28% to \$8.2 billion and Chevron's down 16% to \$5.5 billion, both impacted by falling natural-gas prices and refining margins [WSJ]
- CNOOC reported a record-high net profit of 39.72 billion yuan (US\$5.48 billion) for the first quarter, up 24% from the previous year, with revenue increasing by 14% to CNY111.47 billion [WSJ]
- In 2023, Texas achieved record-high oil and gas production, with 1.92 billion barrels of oil and 12.01 trillion cubic feet of natural gas produced, according to the Texas Railroad Commission [RZ]

Technology, Media, & Telecommunications

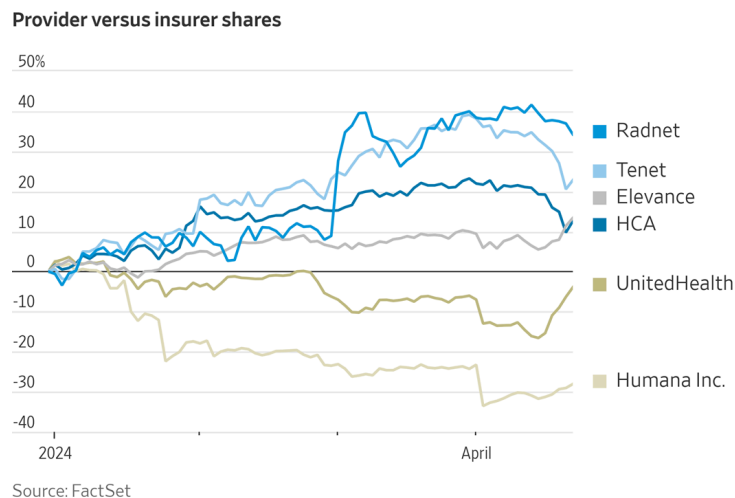
- Micron Technology is set to receive up to \$6.1 billion from the U.S. government to build three chip-making facilities in New York and Idaho, fueling a \$125 billion investment over the next 20 years [WSJ]
- Tech stocks, known as the "Magnificent Seven," experienced a sharp selloff, shedding a combined \$950 billion in market value, putting pressure on the group to deliver strong earnings [WSJ]



- Investors are eagerly anticipating Meta Platforms' first-quarter earnings report, with expectations riding high due to a sharp rebound in its advertising business and improved cost efficiency [WSJ]
- Microsoft's profit rose last quarter by 20%, reaching \$21.9 billion, driven by increased demand for its software and cloud services, particularly bolstered by artificial intelligence integration, including its partnership with OpenAI [WSJ]

Healthcare & Life Sciences

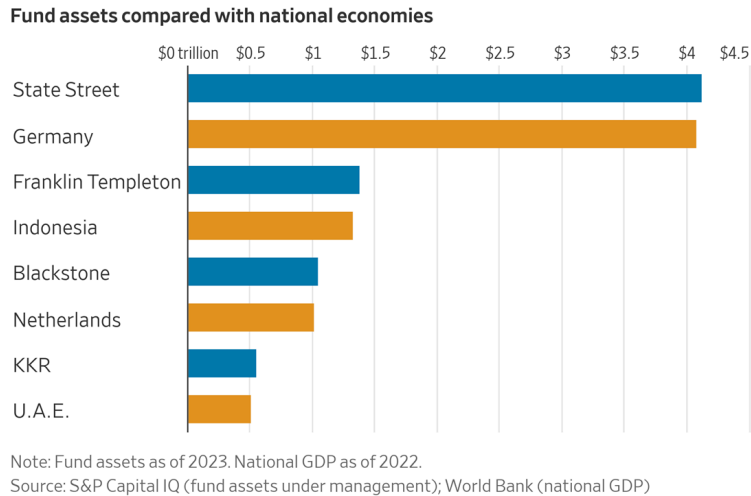
- While large insurers like UnitedHealth Group and Elevance Health reported better-than-expected earnings, signaling stabilization in healthcare utilization, the outlook for providers may not be as optimistic as previously thought [WSJ]



- UnitedHealth Group is grappling with the aftermath of a ransomware attack on its business unit Change Healthcare, which operates the largest U.S. clearinghouse for medical payments, potentially affecting a substantial proportion of Americans [WSJ]

Financial Services

- Giant investment firms, including Blackstone, Franklin Templeton, BlackRock, and KKR, are expanding their reach and influence, now controlling assets rivaling the economies of large countries [WSJ]



- The latest economic report revealed persistently higher-than-expected inflation for the third consecutive month, contrary to hopes for a cooling trend [WSJ]

Outside of standard macroeconomic updates and M&A developments, college protests and low fertility rate in the U.S. have led news cycles

- Pro-Palestinian protests have swept over 40 college campuses in the U.S. and Canada, prompting safety concerns and graduation cancellations [CNBC]
- The U.S. Justice Department is conducting a criminal investigation into consulting firm McKinsey's past role in advising major opioid manufacturers on sales strategies, including whether McKinsey obstructed justice [WSJ]
- President Joe Biden signed into law measures to provide aid to Israel, Ukraine, and Taiwan, alongside legislation requiring Chinese parent company ByteDance to divest TikTok or face a national ban [CNBC]
- American women are giving birth at a record-low rate, with the total fertility rate falling to 1.62 births per woman in 2023, the lowest recorded since the 1930s [WSJ]
- The No. 1 pick in the NFL draft went to the Bears selecting Caleb Williams, followed by the Commanders choosing Jayden Daniels; six quarterbacks were taken within the first 12 picks [CNBC]

- Major media companies like Amazon, Google's YouTube, NBCUniversal, Disney, and Warner Bros. Discovery are vying for NBA media deals set to kick in after the 2024-2025 season, with robust pricing expected [[WSJ](#)]