



The Roundup

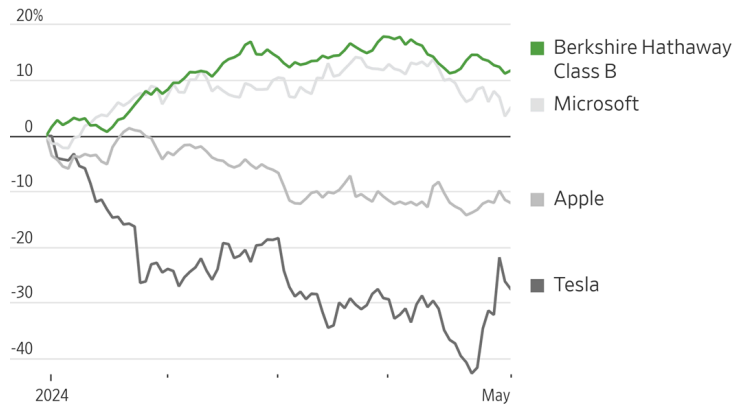
Weekly Economic Research

April 29 - May 3, 2024

Stock futures rose after the release of the jobs report, while Amgen and Apple shares rallied premarket, boosting Dow industrials contracts

- The S&P 500 is down 0.40%, the Nasdaq is up 0.12%, and the Dow Industrials is up 0.29% WTD
- The 10-Yr U.S. Treasury yield has decreased -0.073% to a current yield of 4.59%, whereas the 30-Yr U.S. Treasury yield decreased -0.043% to a current yield of 4.734%
- Crude oil prices decreased 4.75% to a current \$79.23/bbl while bitcoin decreased 5.56% to a current \$59,603.20/coin; Bitcoin remains up by over 39% for the year, with investor demand showing signs of slowing down as flows into exchange-traded funds holding the token have weakened
- Despite Warren Buffett's warning of limited performance, Berkshire Hathaway's shares have surged ahead of the broader market, benefiting from economic conditions favoring its investment strategy [[WSJ](#)]

Share-price performance

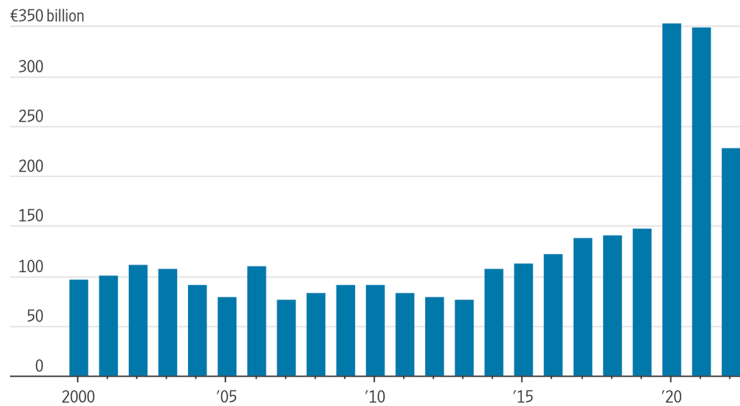


Source: FactSet

As of May 1, 4:15 p.m. ET

- The European Union is considering a €100 billion public fund to reduce its reliance on U.S. defense manufacturers and bolster domestic weapon development amid growing concerns over security threats, particularly from Russia [WSJ]

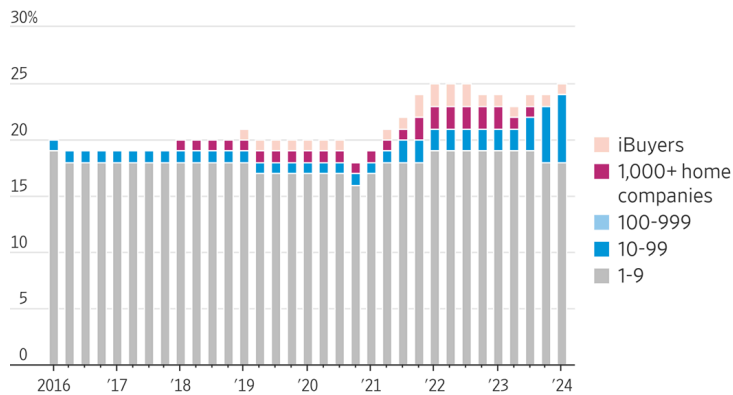
Total state aid spending across all EU countries, adjusted for inflation.



Source: European Commission

- Lawmakers at both the state and federal levels are proposing legislation to restrict large investors from buying single-family homes, citing concerns about the impact on housing affordability and availability for first-time buyers [WSJ]

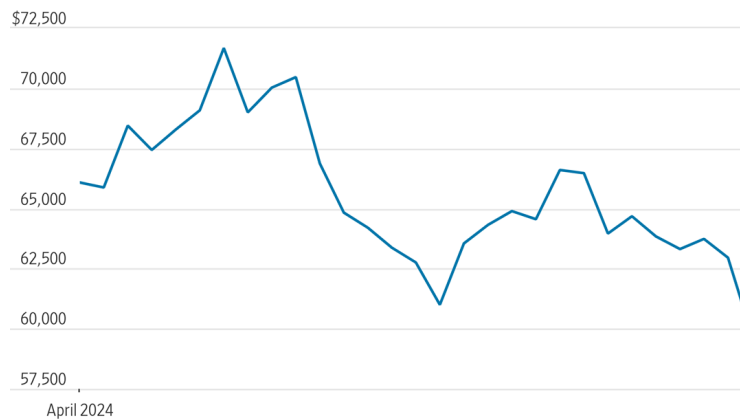
Share of single-family homes purchased by investors, by portfolio size



Note: Quarterly data measures the trailing 12 months. iBuyers are a type of house flipper.
Source: John Burns Research and Consulting

- Bitcoin experienced its worst monthly performance in nearly two years as its price dipped below \$60,000, marking a 17% decrease in April [WSJ]

Bitcoin's dollar value, past month

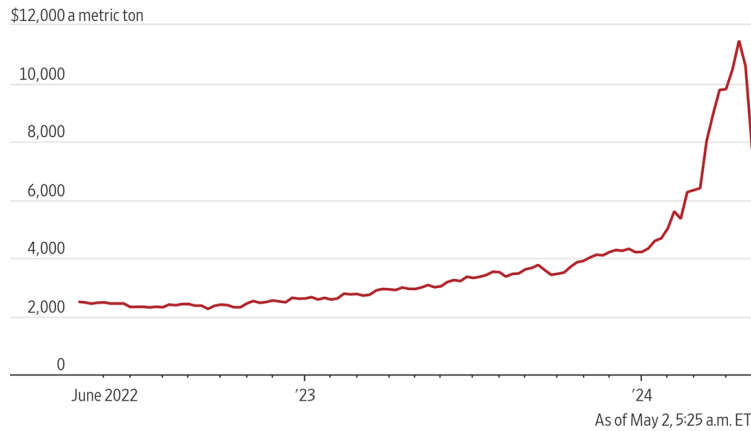


Source: CoinDesk

The U.S. office market is seeing historic defaults amid high interest rates and economic woes, including Apple's expected weak quarterly report due to regulatory challenges and declining sales in key markets

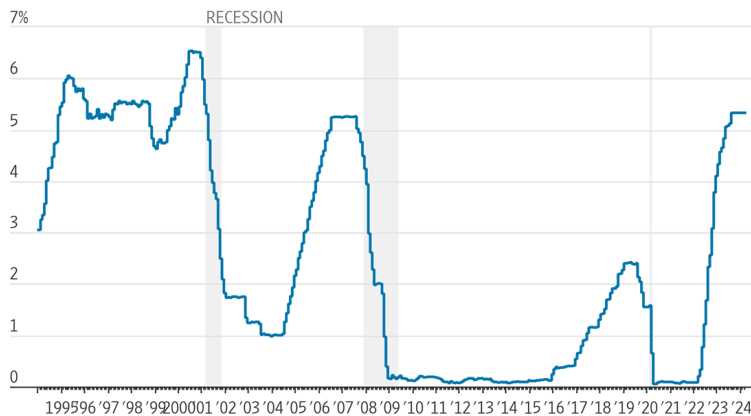
- Cocoa prices have plummeted by about 30% since reaching record highs in April, marking a significant downturn for one of the year's most popular trades [WSJ]

Cocoa futures price



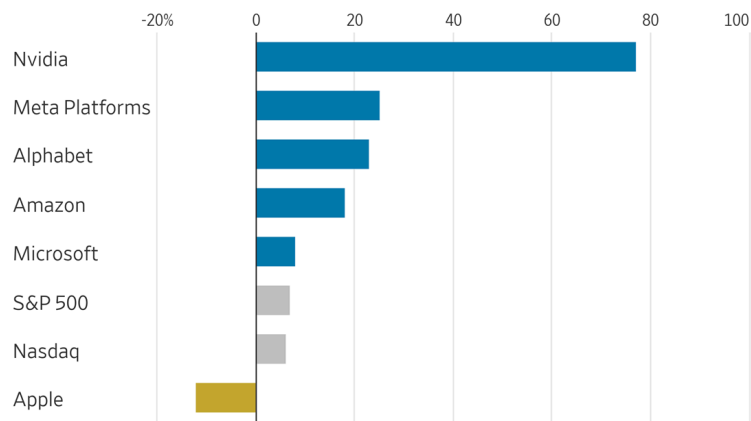
- Fed officials are expected to maintain the benchmark federal-funds rate at 5.3%, its highest level in over two decades, during their two-day policy meeting starting Tuesday, amid firmer-than-expected inflation [WSJ]

The effective federal-funds rate



- Apple is facing challenges such as government scrutiny, declining iPhone sales in China, and a drop in stock value, with its fiscal-second-quarter report expected to reflect a weak performance [WSJ]

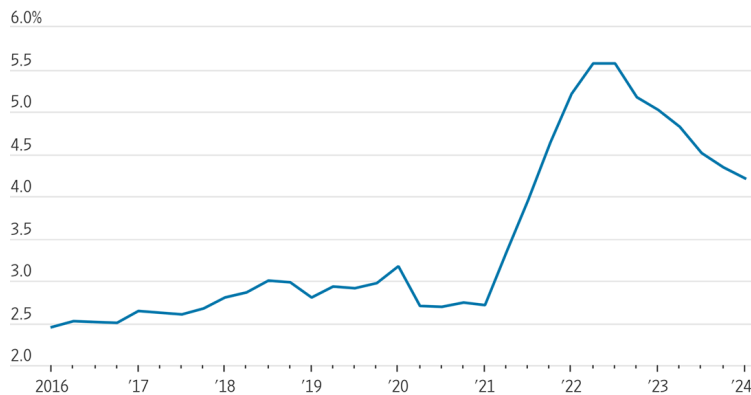
Share-price performance, year to date



Source: FactSet

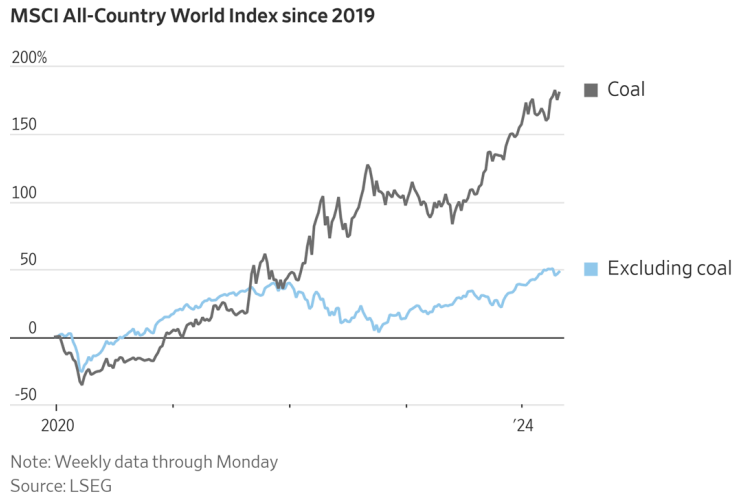
- Underlying inflation fell steadily from its pandemic peak to under 3% by the end of last year due to improved supply, softer demand, and well-anchored inflation expectations [WSJ]

Private wages and salaries* year-to-year change

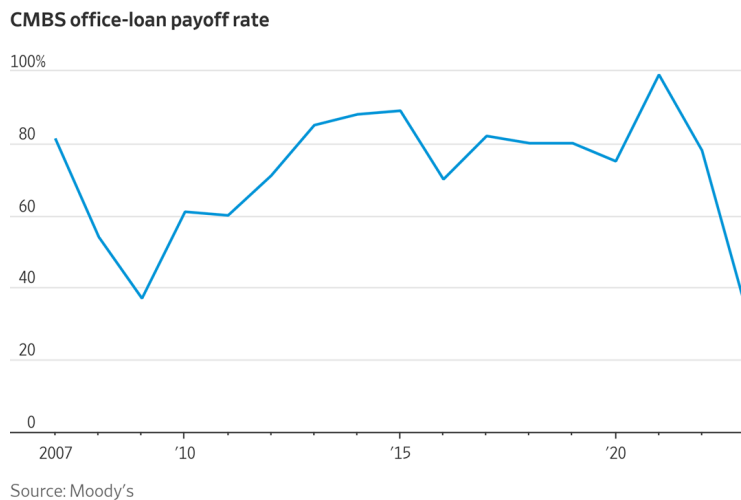


*Excluding incentive-paid occupations
Source: Labor Department

- Efforts to influence fossil fuel production or political decisions through divestment campaigns by universities are deemed ineffective due to the vastness of capital markets [WSJ]



- Defaults in the U.S. office market are surging to historic levels due to high interest rates and reduced demand, with over \$38 billion of office buildings facing distress [[WSJ](#)]



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

- FTC is set to approve ExxonMobil's \$60B acquisition of Pioneer Natural Resources after the companies agreed to minor concessions [[BBC](#)]
- Sony Pictures and Apollo Global Management have jointly submitted a \$26 billion all-cash offer for Paramount Global [[WSJ](#)]

- Singapore and Abu Dhabi SWFs and PE firms KKR, Permira and Hellman & Friedman are among potential suitors seeking controlling stakes in \$15B international school operator Nord Anglia from EQT and CPPIB [BBG]
- Spanish bank BBVA made an all-stock \$13.2B takeover bid for Spanish lender Banco Sabadell [BBG]
- AI company Presight AI acquired a 51% stake in AIQ, a tech JV between ADNOC and G42 in a deal valuing the company at \$1.4B [RT]
- SES agreed to acquire Intelsat for \$3.1B cash to create a satellite giant to compete with Musk's Starlink [BBG]
- Tech-focused PE firm Thoma Bravo agreed to acquire UK cybersecurity company Darktrace at an equity value of ~\$5.3B [BBG]
- Food giant General Mills is exploring a sale of its North America yogurt business including its Yoplait brand in a deal that could be worth over \$2B [RT]
- UMB Financial is in talks to acquire rival Heartland Financial USA, which has a \$1.5B market cap, in what could be the largest regional bank merger this year [BBG]
- Apollo Global Management will acquire frac-sand provider US Silica Holdings in a \$1.2B cash deal [BBG]
- KKR is nearing a deal to acquire a multibillion-dollar minority stake in PG&E's power generation business [WSJ]
- SEA pharma company Far East Drug agreed to acquire a majority stake in Singapore's Fullerton Health at a ~\$1B valuation [BBG]
- Private medical supplier Medline will acquire water solutions company Ecolab's global surgical solutions business for \$950M in cash [RT]

Recent developments across four key industries highlight Shell's first-quarter earnings, Oracle enhancing with AI features, and Novo Nordisk doubling in sales of Wegovy

Energy & Natural Resources

- Shell's first-quarter adjusted earnings fell less than anticipated, bolstered by a strong performance in its integrated gas division, leading to the initiation of a \$3.5 billion share buyback program [WSJ]
- Despite past setbacks like the Deepwater Horizon disaster, BP, under new CEO Murray Auchincloss, is doubling down on Gulf exploration, eyeing the potential of untapped oil reservoirs in the Paleogene geological layer [WSJ]
- Enverus Intelligence Research (EIR) predicts that emissions reduction targets and cryptocurrency mining could double power demand in West Texas by 2040, necessitating significant expansion of power generation infrastructure [RZ]
- According to the U.S. Energy Information Administration, crude oil inventories surged by 7.3 million barrels last week due to decreased exports and lower refinery capacity use [WSJ]

Technology, Media, & Telecommunications

- Oracle is enhancing its flagship database software with artificial-intelligence features, enabling businesses to search data using plain English queries and integrating generative AI search-and-answer capabilities [WSJ]
- SK Hynix, facing robust demand for artificial-intelligence chips, has reported that its high bandwidth memory products are sold out for this year and nearly fully booked for 2025 [WSJ]
- Microsoft is investing \$2.2 billion in cloud and artificial intelligence infrastructure in Malaysia over the next four years, marking its single largest investment in the country [WSJ]

Healthcare & Life Sciences

- Novo Nordisk's sales of the obesity treatment Wegovy more than doubled in the first quarter, propelled by surging demand [WSJ]
- CVS Health's enticing offer of free sports equipment to seniors who signed up for Aetna Medicare plans led to a surge in enrollment but also resulted in

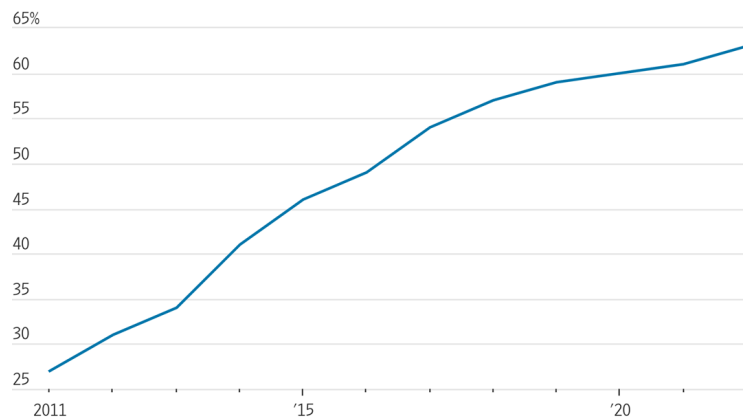
higher-than-expected medical costs, significantly impacting the company's first-quarter earnings [WSJ]

- The Food and Drug Administration is considering implementing new front-of-package labels on food products to alert consumers to health risks like high levels of sugar, salt, or saturated fat [WSJ]

Financial Services

- Some companies are introducing 401(k) plans with target-date funds embedded with annuities, aiming to provide employees with predictable retirement income [WSJ]

Average retirement-plan-contribution allocation to target-date funds at Vanguard



Source: Vanguard Group

- Securities regulators have concluded their investigation into Barry Diller, Alexander von Furstenberg, and David Geffen's large investments in Activision Blizzard before its acquisition by Microsoft, stating they don't plan to accuse them of insider trading [WSJ]

Outside of standard macroeconomic updates and M&A developments, police removing a pro-Palestinian encampment at UCLA, Walmart launching a premium food brand, and Dave & Buster's introducing social wagering have led news cycles

- Billionaire Changpeng Zhao, founder of Binance, received a four-month prison sentence for violating U.S. anti-money-laundering requirements, following a plea deal that saw him stepping down as Binance's CEO [WSJ]

- Walmart is launching a new premium food brand called Bettergoods, aiming to attract higher-income shoppers with adventurous flavors and health-conscious options [WSJ]
- Dave & Buster's is set to introduce social wagering on its arcade games through its app, allowing customers to make friendly bets on various games like basketball and Skee-Ball [CNBC]
- Police forcibly removed a pro-Palestinian encampment at UCLA, arresting over 200 people, prompting President Biden to emphasize the right to protest without violence [WSJ]
- Chubb, the insurer of the collapsed Francis Scott Key Bridge in Baltimore, is set to make a \$350 million payout to Maryland, covering the full amount of the coverage quickly after the structure's collapse, with analysts estimating damages to exceed \$1 billion [WSJ]
- Job growth slowed in April with U.S. employers adding 175,000 jobs, below expectations, and the unemployment rate rising to 3.9% [WSJ]
- Starbucks is facing challenges in its core American market as well as in China, where competition is fierce and consumer behavior is different [WSJ]
- Boeing is facing delays in its Dreamliner production due to a shortage of heat exchangers, stemming from disruptions in its supply chain caused by Russia sanctions [WSJ]