



The Roundup

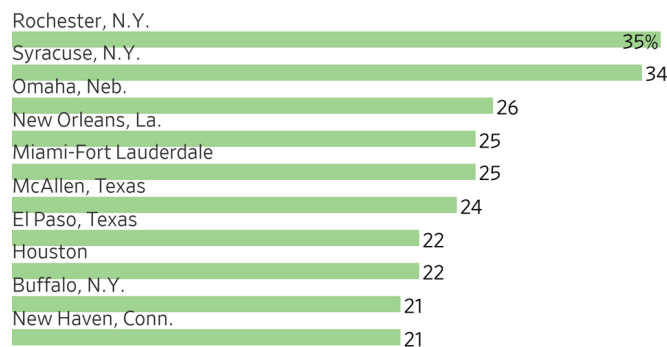
Weekly Economic Research

December 23 - 27, 2024

The S&P 500 has gained over 28% this year, led by strong performance from familiar sectors

- The S&P 500 is up 2.11%, the Nasdaq is up 2.32%, and the Dow Industrials is up 2.03% WTD
- The 10-Yr U.S. Treasury yield has increased +0.059% to a current yield of 4.589%, whereas the 30-Yr U.S. Treasury yield increased +0.065% to a current yield of 4.787%
- Crude oil prices increased 0.04% to a current \$69.62/bbl while bitcoin increased 1.20% to a current \$96,293.19/coin
- Soaring property taxes and insurance costs, driven by rising home values and natural disaster risks, are increasingly straining homeowners' budgets and worsening housing affordability [[WSJ](#)]

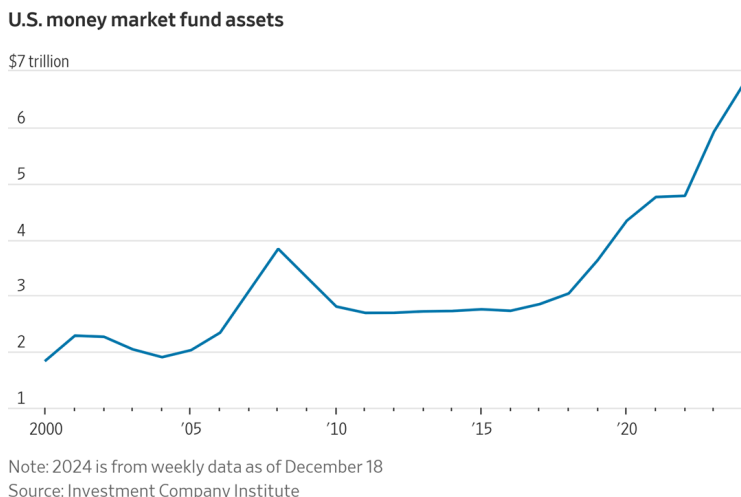
Share of borrowers spending more than half their monthly mortgage payment on taxes and insurance



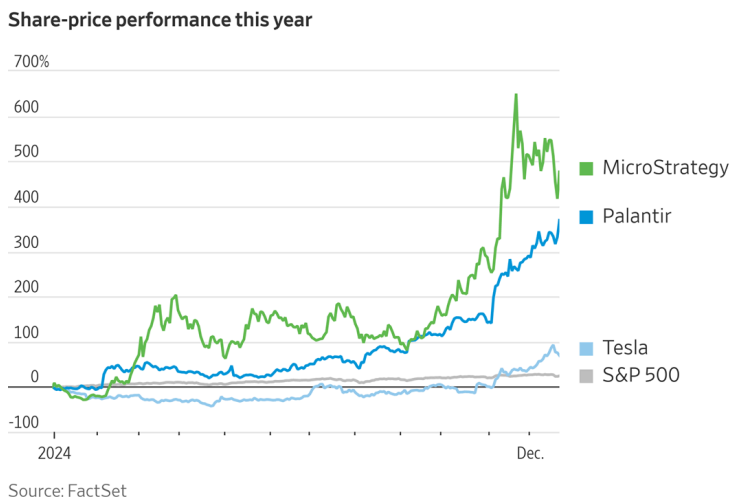
Note: Single-family mortgages that escrow property-tax and home-insurance payments. Data as of September.

Source: Intercontinental Exchange

- Money-market funds thrive on attractive yields, bank deposit shifts, and economic inflows, easing short-term borrowing costs [WSJ]

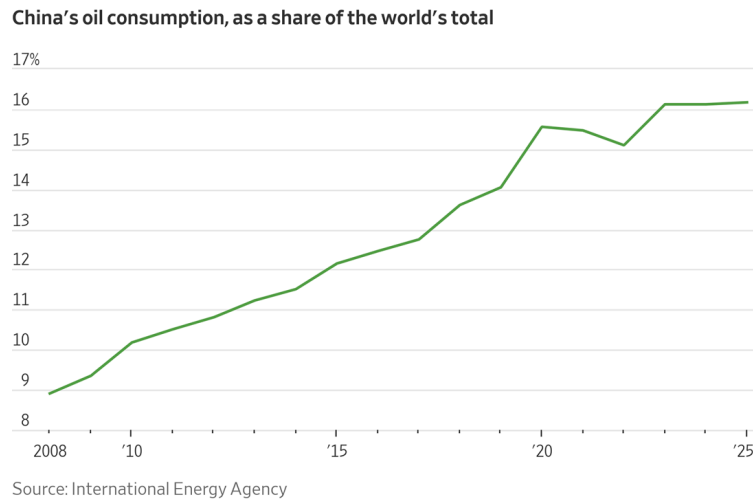


- MicroStrategy's stock surge, fueled by bitcoin enthusiasts and cult-like investor loyalty, reflects both bold speculation and significant risks tied to its leveraged bitcoin strategy [WSJ]



Shifting markets see U.S. buyers downsizing, China's EV boom pressuring oil, Nordstrom going private, and Ballmer thriving on concentrated Microsoft investments made headlines

- China's EV boom and declining transportation fuel demand, coupled with excess refining capacity, threaten global oil producers with reduced upstream demand and squeezed downstream margins [WSJ]

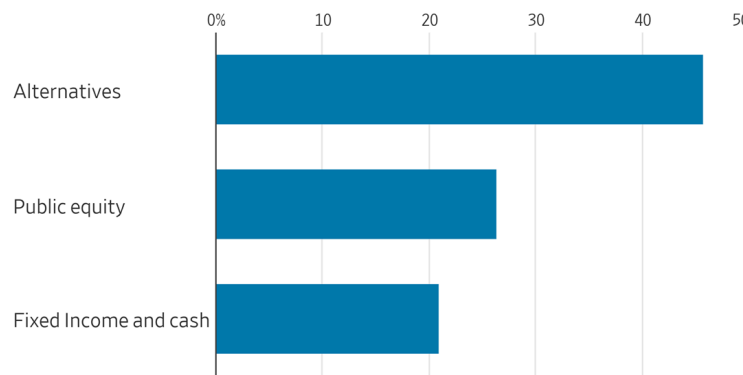


- The Nordstrom family, with Mexican retailer El Puerto de Liverpool, has secured a \$4 billion deal to take the department-store chain private, aiming to revive its fortunes outside public scrutiny [WSJ]



- Steve Ballmer's concentrated investment strategy of holding over 80% of his portfolio in Microsoft stock has made him one of the world's richest people, outperforming traditional diversification approaches [WSJ]

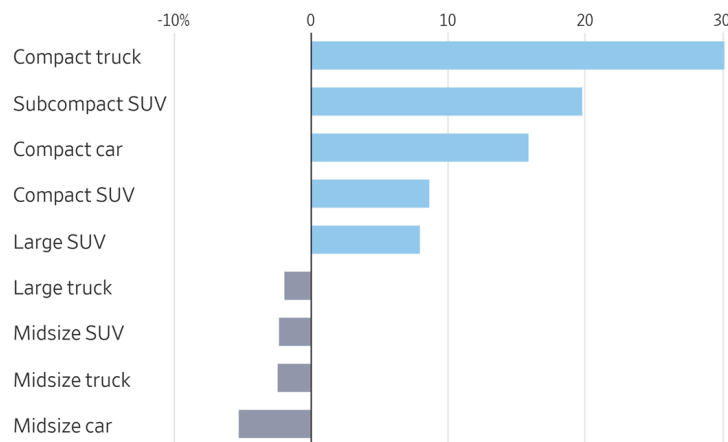
Largest mean holdings of family offices as a portion of their investment portfolio



Note: Data from family offices surveyed by JPMorgan Chase in its 2024 Global Family Office Report. The family offices surveyed had an average family net worth of \$1.4 billion.
Source: JPMorgan Chase's private bank

- High car prices and interest rates are driving U.S. buyers to prioritize affordability, boosting sales of smaller vehicles while larger pickups and SUVs see declines [WSJ]

Sales volume change, first 11 months of 2024



M&A activity continues to remain mixed

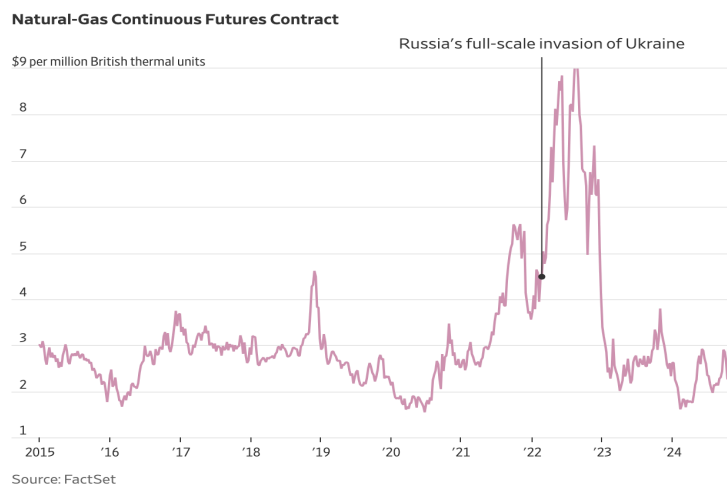
- Honda and Nissan signed a memorandum of understanding to begin talks for a potential \$58B merger
- KKR and Bain Capital submitted first-round bids of \$5.1B and \$7.6B respectively for 7-Eleven-owner Seven & i Holdings' non-core assets
- Nordstrom's founding family and Mexican retailer El Puerto de Liverpool agreed to take upscale retailer Nordstrom private in a \$6.25B cash deal

- Japanese electric motor maker Nidec made a \$1.6B unsolicited takeover offer for industrial gear supplier Makino Milling Machine
- NeueHealth's largest shareholder New Enterprise Associates and a group of existing investors will take the healthcare provider private in a \$1.3B deal, including debt
- Dutch technology investor Prosus will acquire LatAm online travel agency Despegar for \$1.7B
- Xerox agreed to buy printer maker Lexmark International from Ninestar, PAG Asia Capital, and Shanghai Shouda Investment Centre in a \$1.5B deal

Recent developments across four key industries highlight U.S. natural gas companies eyeing growth under Trump and Microsoft monetizing AI with Copilot amid user frustration

Energy & Natural Resources

- The U.S. natural gas industry anticipates growth under Trump's presidency, with plans for expanded LNG export hubs, eased regulations, and increased global demand, despite concerns over emissions and potential overbuilding [WSJ]



- As EV adoption reduces oil demand for transport, Big Oil is investing heavily in plastics and petrochemicals, betting on rising global consumption despite market saturation and regional cost disparities [WSJ]

Technology, Media, & Telecommunications

- Microsoft is integrating its AI assistant Copilot into 365 subscriptions, raising prices and sparking user frustration, as part of its strategy to monetize AI investments and compete in the consumer and enterprise markets [WSJ]
- Alibaba and South Korea's E-mart plan to launch a \$4 billion joint venture in 2025, combining their e-commerce platforms to enhance competitiveness and customer experience, pending regulatory approval [WSJ]

Healthcare & Life Sciences

- DexCom and Abbott Diabetes Care resolved their global patent disputes through a settlement granting mutual, royalty-free licenses to certain patents and agreeing not to sue or challenge these patents until 2034 [WSJ]
- A study suggests that frequent navigation and spatial decision-making, as seen in taxi and ambulance drivers, may lower Alzheimer's risk, highlighting the potential cognitive benefits of mentally stimulating activities [WSJ]

Financial Services

- Hedge funds are profiting from Argentine assets as President Javier Milei's aggressive economic reforms, including spending cuts and currency adjustments, spark market gains despite widespread economic pain [WSJ]
- Retailers are increasingly adding package protection fees, sometimes mandatory, to cover rising costs from theft and lost deliveries, shifting the burden to consumers [WSJ]