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mXa Business & Economic Updates
Sept 11 - 15, 2023

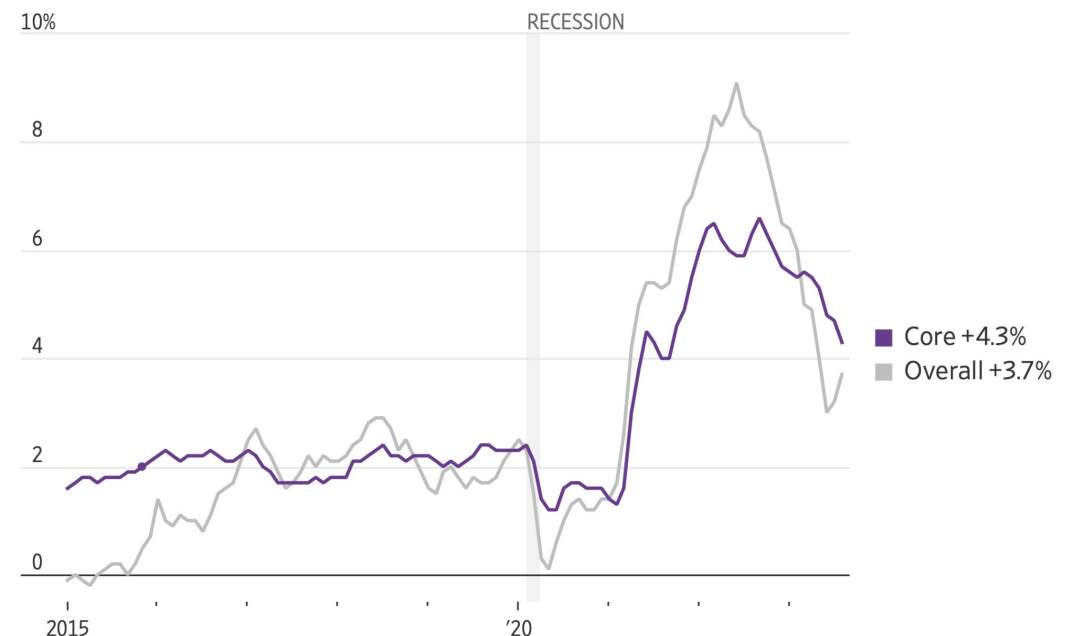


The combination of a higher-than-expected inflation report and positive earnings have helped keep equity and bond markets stable

Macroeconomic Updates

- Equities remain stable as the S&P is up ~0.5%, the Nasdaq is up ~0.3%, and the Dow is up 0.75% across the week
- U.S. Treasury Bonds have remained stable across this week in maintaining a current yield of ~4.3% for 10-Yr U.S. Treasury Notes, highlighting future sentiment of stable interest rates
- Consumer prices rose in August at the fastest pace in more than a year due to a jump in energy costs, with overall inflation increasing from 3.2% to 3.7% in August – the hotter than expected inflation result forecasts a future likelihood of further rate hikes [WSJ]
- Higher gasoline prices have boosted retail sales, with a monthly increase of 0.6% [WSJ]

Consumer price index, change from a year earlier

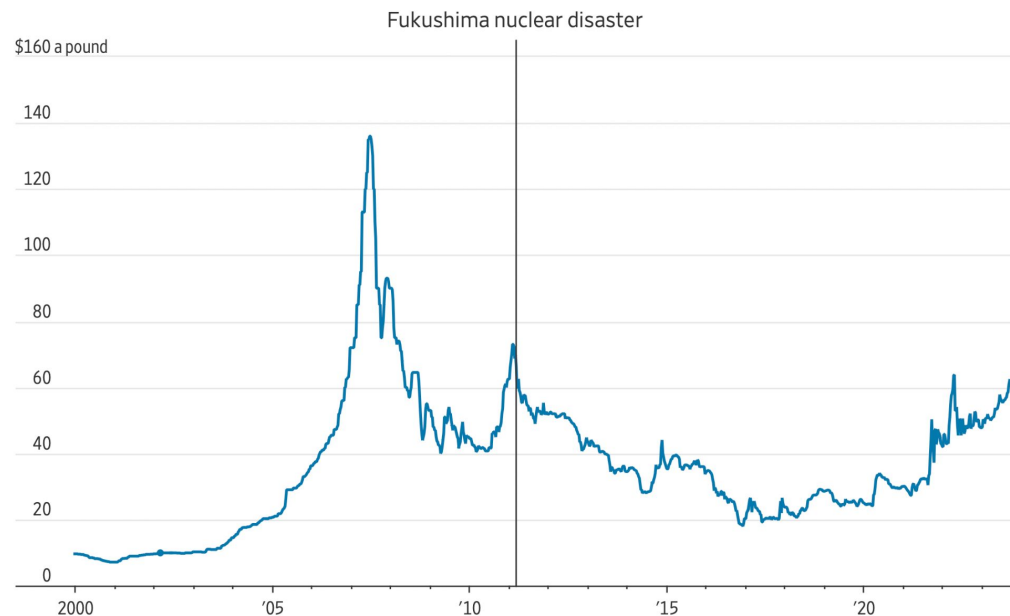


Note: Core excludes food and energy prices.
Source: Labor Department

U.S. program expirations, geopolitical complications, and high inflation continue to complicate poverty alleviation, supply chain processes, and uranium production

Macroeconomic Updates

Spot price of uranium



Note: Prices are for U3O8, a semi-processed form of uranium.
Source: UxC

- The overall supplemental poverty rate jumped from 7.8% in 2021 to 12.4% in 2022 and the child poverty rate increased from 5.2% in 2021 to 12.4% in 2022, translating to 5 million more children falling into poverty – program expirations and high inflation have erased progress on U.S. poverty alleviation [CNN]
- Prices of heavy fuels that power trucks, airplanes, and ships have risen more than crude oil and gasoline, adding financial pressure to construction, transportation, and farming stakeholders – OPEC+ production cuts suggest prices will continue to rise in Q3 [WSJ]
- Uranium prices have risen 50% in the past year, adding financial pressure to countries reliant on nuclear power as western sanctions in Russia continue to hamper the process from mining to enrichment [WSJ]

Strong cash positions and a bullish economic outlook support a favorable environment for future large-cap M&A transactions

M&A Updates



- **Kroger** will sell over 400 grocery stores to **C&S Wholesale Grocers** for \$1.9B cash in an effort to get regulatory approval for its \$25B takeover of rival **Albertsons** [RT]
- \$14B building materials firm **Kingspan Group** made an informal approach to combine with \$12.5B construction materials manufacturer **Carlisle Companies**, which rebuffed the tie-up offer [BBG]
- Food manufacturer **J.M. Smucker** agreed to acquire Twinkies maker **Hostess Brands** for ~\$5.6B [BBG]
- Alternative investor **777 Partners** is nearing a deal to acquire **Everton Football Club** from owner **Farhad Moshiri** [BBG]
- **Apollo Global Management** is among suitors competing to acquire **International Game Technology's global gaming division**, which could fetch \$4B-\$5B, including debt [BBG]
- **CrownRock LP** is exploring a sale that could value the US oil and gas producer at well over \$10B, including debt [RT]

Recent developments across four key industries highlight the increasing importance of current financial regulation and consumer spending

Energy & Natural Resources

- CEO of BP, Bernard Looney has resigned, providing additional opportunities for BP to limit current initiatives and strategically refer back to increasing oil production [WSJ]
- Soaring energy prices pose a risk for broader consumer inflation, affecting airline fares, transportation costs, and various goods and services [WSJ]

Healthcare & Life Sciences

- Johnson & Johnson is rebranding and refocusing as their new logo reflects a shift toward its prescription-drug and medical-device businesses following the split from its consumer-health division [WSJ]
- Recent reports highlight health insurers marking up prices of generics for cancer, multiple sclerosis and other complicated diseases on average of 24x of manufacturing prices [WSJ]

Tech, Media, and Telecom

- British chips Designer 'Arm' listed the biggest public offering of the year with prices rising ~25% in the first day of trading, providing future tech-IPO candidates with positive momentum [WSJ]
- Apple virtually debuted the iPhone 15 release with new features, battery capacity, and a USB-C port amidst sluggish smartphone demand [BBC]

Financial Services

- Banks have been loading up on \$1.2T in risky 'hot' deposits recognized as *brokered deposits* – the 86% increase this year has regulators worried as these non-customer deposits serve to shore up balance sheets [WSJ]
- Bank CEOs push back on regulators pursuing further capital requirements for financial institutions [BBC]

North Africa's catastrophic events were the leading news stories, while AI and U.S. politics also undertook significant developments

Additional News Updates

- The past week has been catastrophic for Northern Africa with floods in Libya and an earthquake in Morocco killing 5,000 and 8,000 people – humanitarian efforts have dealt with political complications [BBC]
- ChatGPT traffic has slipped for the third month in a row, although new analysis suggests the decline will end this month – a mixture of cooled AI “hype” around consumers and the cyclical implications within college use are the leading causes [RT]
- Hunter Biden has been indicted on gun charges related to a 2018 firearm purchase, potentially deepening his legal troubles and causing political complications to be expected during President Biden's re-election campaign [WSJ]



ChatGPT

