

# Method360

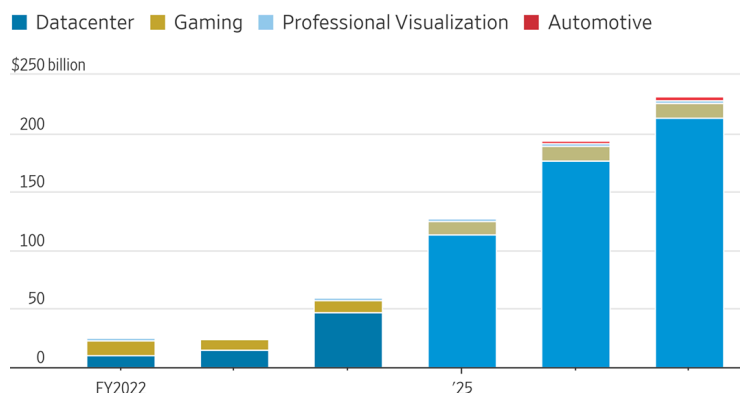
## The Roundup

January 6 - 10, 2024

### **Bond markets have scaled back rate-cut expectations as core PCE inflation remains at 2.8%, above the Fed's 2% target**

- The S&P 500 is up 0.25%, the Nasdaq is up 0.39%, and the Dow Industrials is down 0.06% WTD
- The 10-Yr U.S. Treasury yield has increased +0.146% to a current yield of 4.689%, whereas the 30-Yr U.S. Treasury yield increased +0.150% to a current yield of 4.932%
- Crude oil prices increased 2.92% to a current \$73.57/bbl while bitcoin decreased 5.70% to a current \$92,646.66/coin
- Nvidia's heavy reliance on data center AI chip sales overshadows its growing efforts in gaming, robotics, and automotive sectors, leaving investors unconvinced of its broader potential despite future opportunities [WSJ]

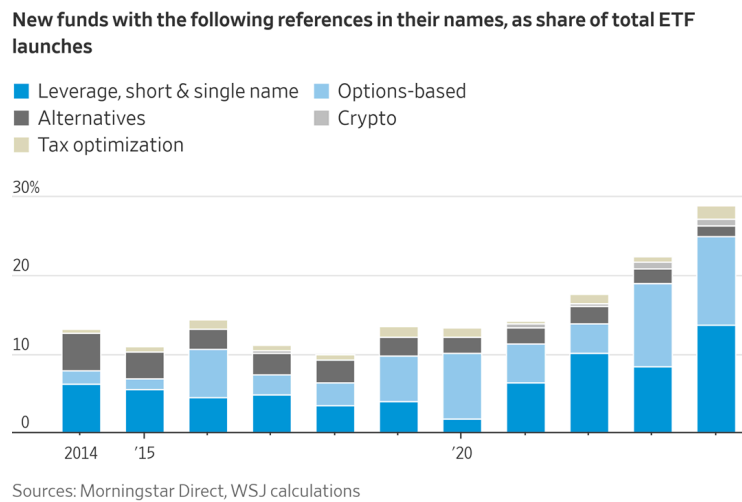
Nvidia's segment revenue per fiscal year



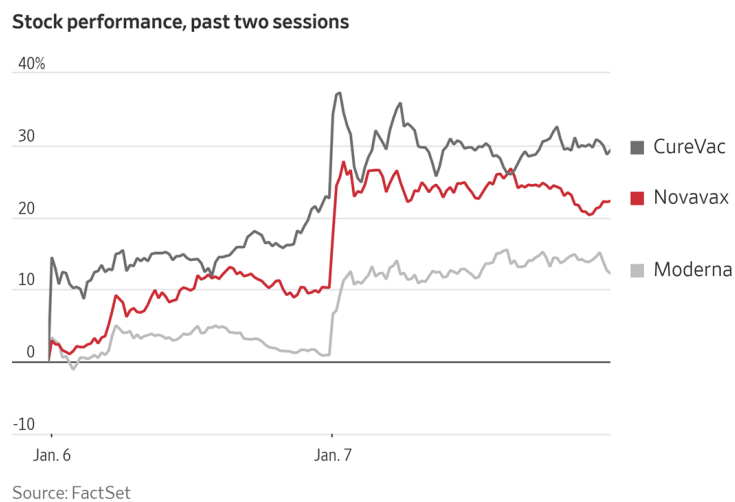
Note: Fiscal year ends in January. FY25-27 are projections.  
Source: FactSet

- The rise of complex, riskier exchange-traded funds (ETFs) with creative strategies and opaque structures has attracted significant investor interest but

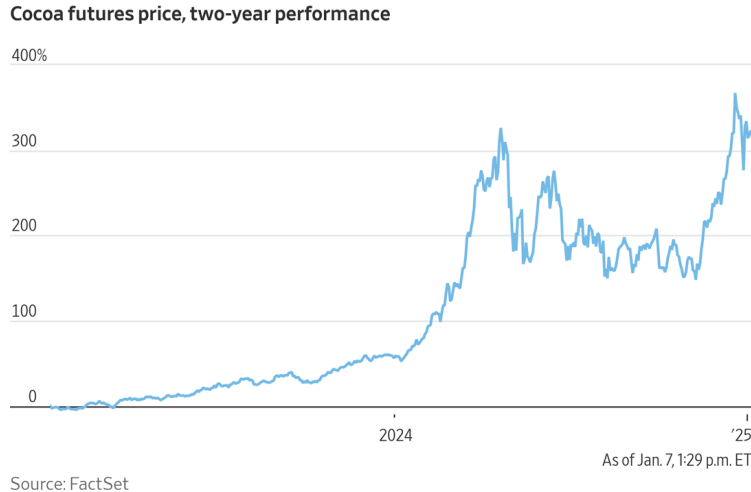
often underperforms simpler alternatives, posing growing risks to cautious investors [WSJ]



- Vaccine stocks surged after the first U.S. H5N1 bird flu death, raising prospects of increased federal funding and demand for experimental avian flu vaccines from Moderna, Novavax, and CureVac [WSJ]

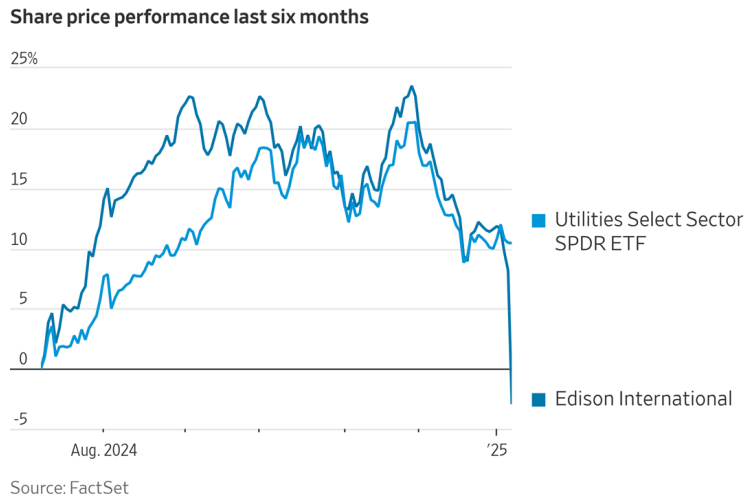


- Despite record cocoa prices, West African farmers are abandoning cocoa farming due to disease, adverse weather, failed government policies, and unsustainable profits, leading to declining production and a shift to alternative crops [WSJ]



## Edison International's wildfire liabilities, the demand for premium office space, and JPMorgan's potential full return-to-office mandate highlight evolving challenges and priorities across industries

- Edison International faces heightened investor concerns over wildfire liability, highlighting the precarious financial risks California utilities face under strict liability laws despite mitigation efforts and state insurance funds [[WSJ](#)]



- Healthcare stocks have faced significant underperformance and political uncertainty, but opportunities remain in growth-focused leaders and undervalued companies with sustainable models and high dividends [[WSJ](#)]

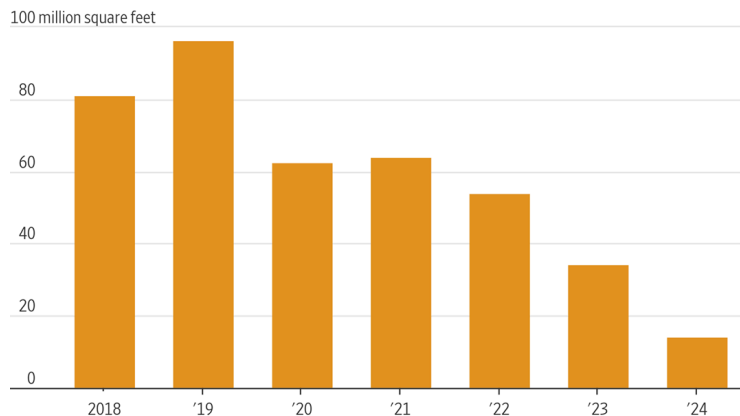
**Two-year performance:**



Source: FactSet

- Despite an overall office glut, high demand for premium workspace in prime locations is driving new developments, while aging, less desirable properties face declining occupancy and financial challenges [WSJ]

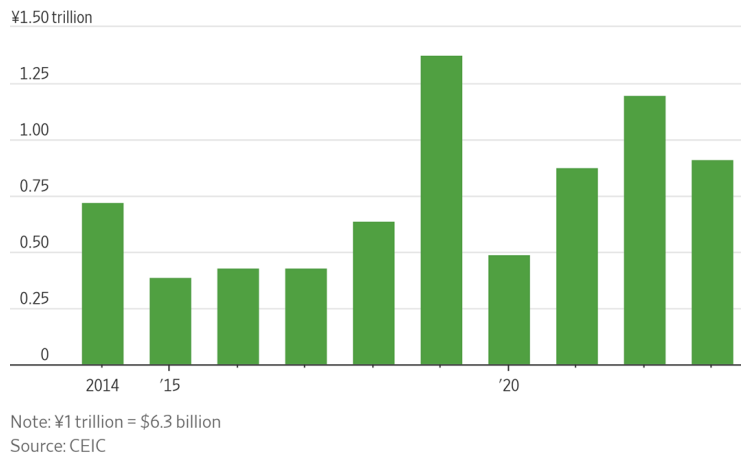
**U.S. office-building construction starts**



Source: CoStar Group

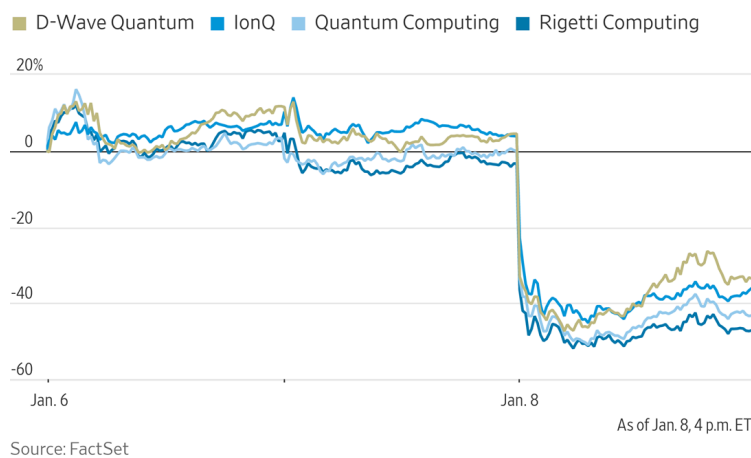
- JPMorgan Chase is considering requiring all employees, including back-office staff currently on hybrid schedules, to return to the office five days a week, aligning with CEO Jamie Dimon's stance on in-person work [WSJ]

Annual foreign direct investment in Japan from the U.S.



- Quantum-computing stocks plunged, losing over \$8.2 billion in value, after Nvidia CEO Jensen Huang downplayed the near-term utility of quantum technology, predicting it could take 15 to 30 years to become "very useful" [WSJ]

Stock performance, past three days



## M&A activity continues to remain mixed

- Medical device maker Stryker agreed to acquire blood clot treatment producer Inari Medical for \$4.9B cash
- Paychex agreed to acquire rival payroll processor Paycor in a \$4.1B cash deal, including debt
- Getty Images agreed to acquire rival Shutterstock in a cash and stock deal to create a \$3.7B stock-photo provider

- Oil refiner Phillips 66 will acquire EPIC NGL in \$2.2B cash deal
- A Blackstone-led consortium will buy a majority stake in US accounting firm Citrin Cooperman from New Mountain Capital at an over \$2B valuation, including debt
- Walt Disney agreed to merge its Hulu + Live TV streaming service with \$1.7B-listed sports streaming company FuboTV
- Japanese oven maker Paloma Rheem will acquire Fujitsu's AC unit Fujitsu General for \$1.6B
- Advent International agreed to acquire condiments maker Sauer Brands from Falfurrias Capital Partners for \$1.5B
- Sumitomo Rubber will buy Dunlop from Goodyear for \$701M cash
- Chipmaker NXP Semiconductors agreed to buy Austrian automotive software developer TTTech Auto for \$625M cash

## **Recent developments across four key industries highlight U.S. crude oil inventories falling, Wells Fargo wanting to expand its credit-card business, and Elon Musk's xAI launching Grok app to compete in the generative AI market**

### **Energy & Natural Resources**

- U.S. crude oil inventories fell for the seventh week, while gasoline and distillate stocks saw significant builds as refineries increased capacity, according to EIA data [[WSJ](#)]
- Shell expects lower integrated gas earnings, reduced production guidance, and a \$1.3 billion cash flow hit, but minimal impact on 2025 shareholder returns [[WSJ](#)]
- ExxonMobil forecasts a drop in fourth-quarter earnings due to lower oil prices, partially offset by higher gas prices, with expected impacts on its energy and chemical products businesses [[WSJ](#)]

## **Technology, Media, & Telecommunications**

- Elon Musk's xAI launched a stand-alone Grok app, expanding access to its flagship AI chatbot beyond X users, as part of its effort to compete in the generative AI market [[WSJ](#)]
- Apple defended Siri's privacy practices, emphasizing it does not sell or use Siri data for advertising, following a \$95 million settlement over allegations of unauthorized data collection [[WSJ](#)]
- TikTok faces a potential U.S. ban over security concerns tied to Chinese ownership, with arguments before the Supreme Court focusing on First Amendment rights and the platform's survival hinging on divestiture or intervention by President-elect Trump [[WSJ](#)]

## **Healthcare & Life Sciences**

- UnitedHealth and Amedisys terminated their deal to sell medical centers to VitalCaring, initially intended to address antitrust concerns over their proposed \$3.3 billion merger, which remains under Justice Department scrutiny [[WSJ](#)]
- Novo Nordisk expanded its partnership with Valo Health, focusing on obesity, type 2 diabetes, and cardiovascular disease, with up to \$2.1 billion in potential payments for AI-driven drug discovery and development [[WSJ](#)]

## **Financial Services**

- BlackRock has withdrawn from the Net Zero Asset Managers initiative amid legal scrutiny and political backlash, marking a retreat from its earlier ESG commitments as firms brace for regulatory rollbacks under the incoming Trump administration [[WSJ](#)]
- Wells Fargo has hired former JPMorgan executive Ed Olebe to lead its credit-card business, aiming to expand under CEO Charlie Scharf's focus on growth in the sector [[WSJ](#)]

**Outside of standard macroeconomic updates and M&A developments, LA wildfires, Greenland & the Panama Canal, and Facebook fact-checking have led news cycles**

- Unprecedented wildfires in Los Angeles have destroyed thousands of structures, displaced over 360,000 residents, caused billions in economic losses, and prompted the federal government to fully fund disaster response for 180 days [[WSJ](#)]
- President-elect Donald Trump has proposed using economic or diplomatic pressure to gain control of Greenland and the Panama Canal, sparking backlash and rejection from Denmark, Greenland, and Panama [[WSJ](#)]
- Meta CEO Mark Zuckerberg has ended fact-checking on Facebook and Instagram, embracing a free-speech approach aligned with the incoming Trump administration, sparking criticism over potential political and profit-driven motives [[WSJ](#)]
- JPMorgan Chase is considering requiring all employees, including back-office staff currently on hybrid schedules, to return to the office five days a week, aligning with CEO Jamie Dimon's stance on in-person work [[WSJ](#)]