



The Roundup

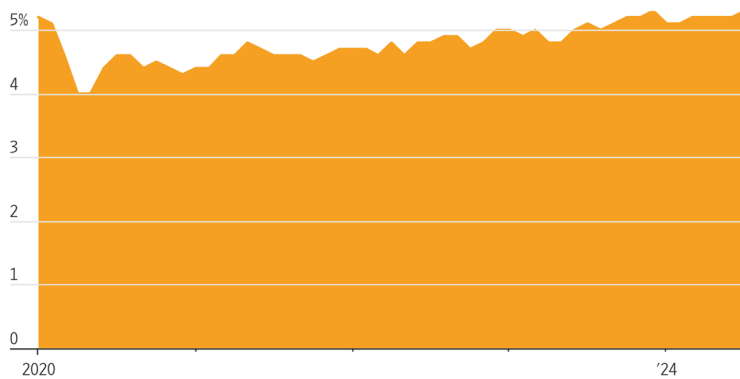
Weekly Economic Research

August 26 - 30, 2024

With nearly all S&P 500 companies reporting, second-quarter earnings are on track for 11.3% year-over-year growth, surpassing the 8.8% expected after the first quarter

- The S&P 500 is down 0.19%, the Nasdaq is down 1.44%, and the Dow Industrials is up 1.12% WTD
- The 10-Yr U.S. Treasury yield has increased +0.076% to a current yield of 3.871%, whereas the 30-Yr U.S. Treasury yield increased +0.060% to a current yield of 4.145%
- Crude oil prices decreased 1.41% to a current \$74.30/bbl while bitcoin decreased 7.71% to a current \$59,562.60/coin
- Despite early volatility, the Dow and S&P 500 are on track to finish August up over 1% as U.S. growth remains strong and inflation eases [WSJ]
- Rising costs and changes in the post-pandemic labor market are driving more Americans to take on second jobs, with the share of multiple jobholders increasing to 5.3% in July [WSJ]

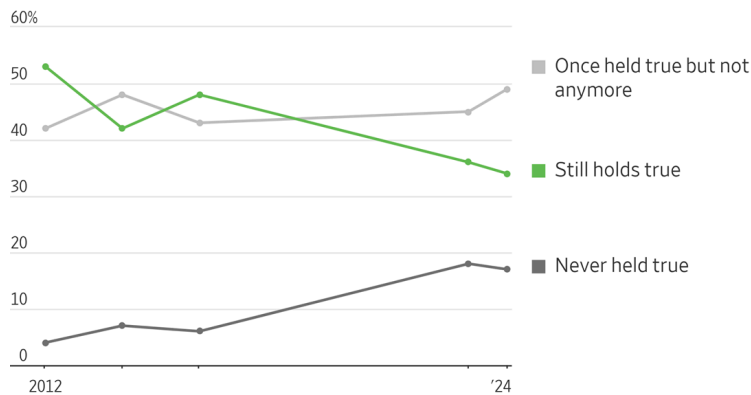
Multiple jobholders in U.S. as share of total employed



Note: Seasonally adjusted
Source: Labor Dept. via St. Louis Fed

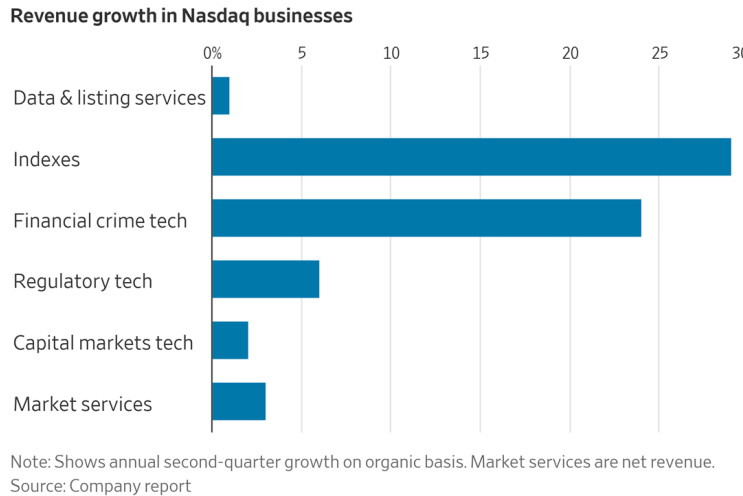
- Americans aspire to the American dream, but most find it increasingly difficult to achieve due to economic challenges like rising costs and declining mobility [WSJ]

Do you think the American dream still holds true, never held true, or once held true?

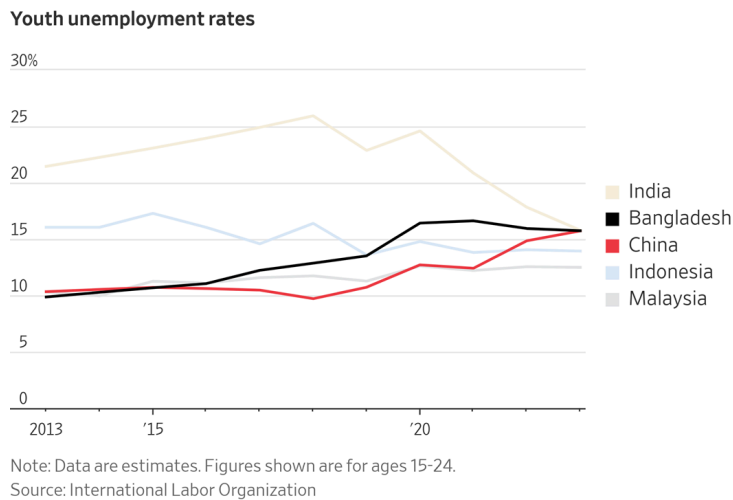


Source: Wall Street Journal/NORC survey of 1,502 adults, conducted June 26-July 8, 2024; margin of error +/- 3.3 pct. pts.

- Nasdaq is focusing on financial crime management with its Verafin acquisition, aiming to boost revenue growth by providing fraud detection tools to banks [WSJ]



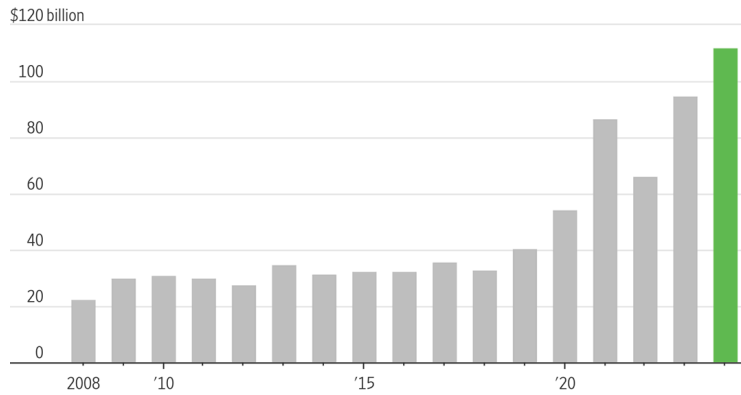
- Asia's fastest-growing economies are facing a troubling rise in youth unemployment, with millions of young people unable to find suitable jobs despite robust economic growth [WSJ]



Despite financial challenges in various sectors, Bank of America remains a strong investment, U.S. farmers face strain from falling grain prices and high costs, and traders are heavily investing in risky leveraged ETFs

- Traders are flocking to risky leveraged and inverse ETFs, driving assets to a record \$112 billion, despite the potential for significant losses and dwindling returns over time [WSJ]

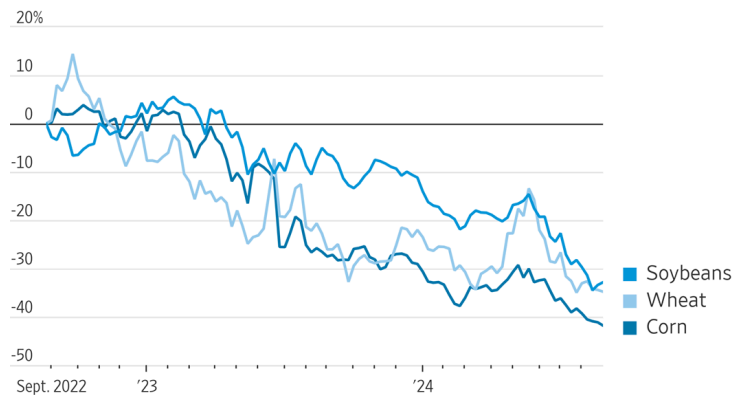
Assets in leveraged and inverse exchange-traded funds



Note: Figures are through July 2024.
Source: Morningstar Direct

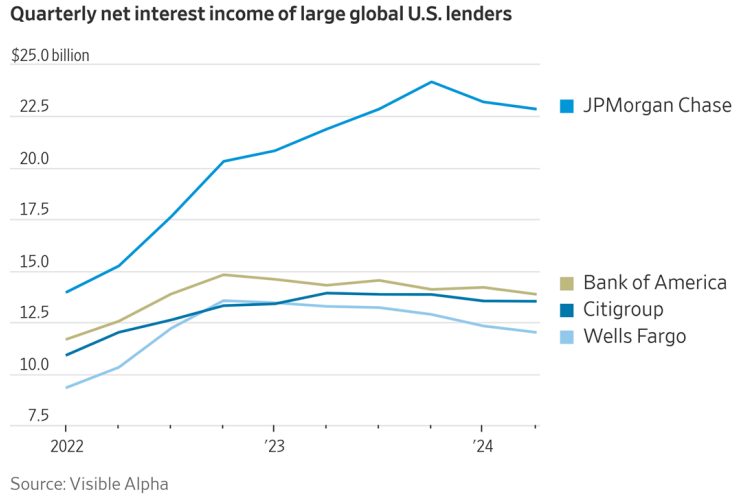
- Despite a bumper crop expected in the U.S. farm belt, falling grain prices and high production costs are leading to financial strain for farmers, forcing many to cut expenses and reconsider their budgets [WSJ]

CBOT Grain Futures

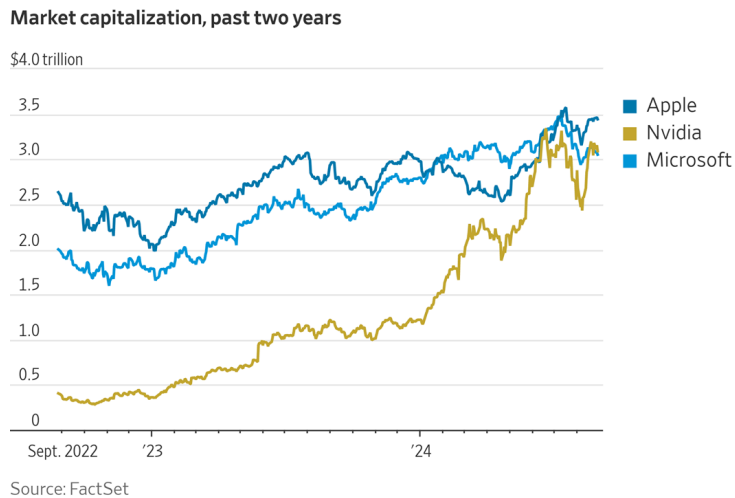


Note: Continuous contracts
Source: FactSet

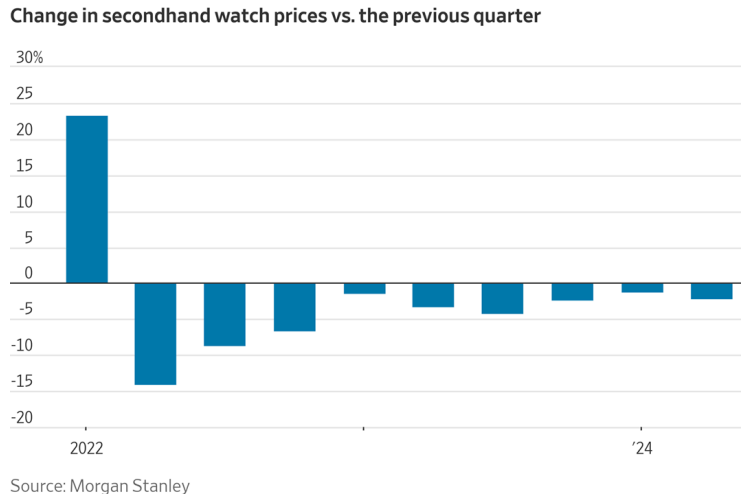
- Despite Berkshire Hathaway's reduced stake, Bank of America remains a strong investment opportunity due to its resilience, potential income growth, and attractive valuation [WSJ]



- Nvidia's strong performance faces challenges from rising product complexity and uncertain AI spending, despite its dominant market position and high investor expectations [WSJ]



- Falling prices and demand in the secondhand luxury watch market indicate that a recovery in firsthand sales will be slow, challenging luxury brands to maintain prices and sales [WSJ]



M&A activity shows improvement with developments within energy, tech, and retail prove to be encouraging

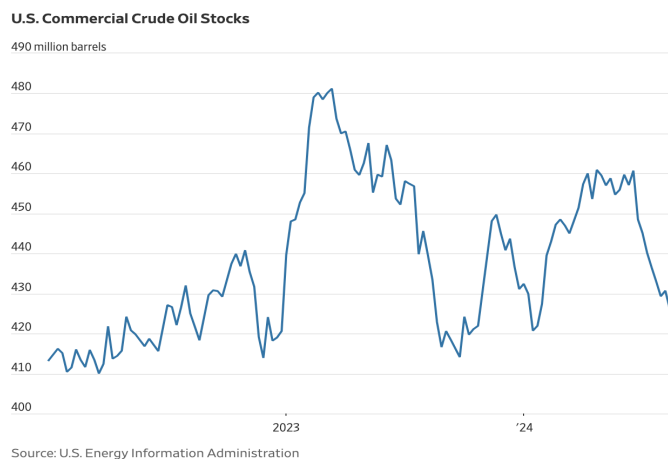
- Natural gas transmission company ONEOK agreed to acquire GIP's 43% stake in EnLink Midstream for \$3.3B and GIP's equity interest in Medallion Midstream for \$2.6B [WSJ]
- CVC is in talks to acquire significant minority stake in residential property manager Odevo at a ~\$3B valuation [BBG]
- ExxonMobil is seeking to sell some conventional Permian Basin oil assets for \$1B [BBG]
- China Resources-subsidiary CR Longdation offered to purchase a Hong Kong shopping mall from New World Development for \$1.2B [BBG]
- Mundipharma International again failed to find a buyer for its China unit which it hoped to sell for \$1B [RT]
- Bank First Busey will merge with CrossFirst Bank in a \$917M all-stock deal [GNW]
- The owner of Maersk agreed to acquire Swedish engine products maker Concentric for \$840M [BBG]
- Dell is again exploring a sale of \$800M-listed cybersecurity firm SecureWorks [RT]

- Suitors including Samsung are interested in Nokia's mobile networks assets [BBG]
- DraftKings agreed to acquire live-game betting site Simplebet [BBG]
- UK engineering company Wood sold its turbines and control systems units [FT]
- BlackRock initiated an auction for German Amazon aggregator SellerX, once valued at \$1B [BBG]

Recent developments across four key industries highlight U.S. crude oil stockpiles falling, Apple and Nvidia are open to investing in OpenAI, and Brazil has frozen Starlink's finances

Energy & Natural Resources

- U.S. crude oil stockpiles fell by 846,000 barrels last week as refineries increased their capacity use, though the decline was smaller than expected [WSJ]



- TotalEnergies is paying \$100 million for carbon credits to preserve 740,000 acres of U.S. timberland, aiming to offset emissions by keeping trees standing to absorb carbon dioxide [WSJ]
- Michigan's Palisades nuclear plant is being revived with nearly \$2 billion in funding, making it the first decommissioned nuclear plant to restart, driven by rising electricity demand and support for green energy [WSJ]

Technology, Media, & Telecommunications

- Nvidia's latest AI chips, Blackwell, face significant manufacturing challenges due to their complex design, impacting profit margins and leading to a stock drop despite high demand [WSJ]
- Brazil has frozen Starlink's finances, escalating legal tensions with Elon Musk's companies as X faces potential closure after ceasing operations in the country [WSJ]
- Apple and Nvidia are in talks to invest in OpenAI, joining a new fundraising round that would value the AI startup above \$100 billion, as they strengthen their partnerships in the competitive AI landscape [WSJ]

Healthcare & Life Sciences

- Eli Lilly will offer Zepbound in more affordable vials, priced at half the cost of the original pens, to boost supply and compete with cheaper alternatives [WSJ]
- A 2020 study claiming that unique microbial signatures could diagnose cancers via blood tests has been retracted due to methodological flaws, impacting related research and undermining the credibility of the findings [WSJ]

Financial Services

- Fintechs like Chime and Credit Sesame help customers boost credit scores by reporting transactions as credit activity without actual borrowing [WSJ]
- September is usually a popular time for IPOs, but this year's stock-market volatility is causing many companies to delay their plans, with some considering pushing their debuts to 2025 [WSJ]