



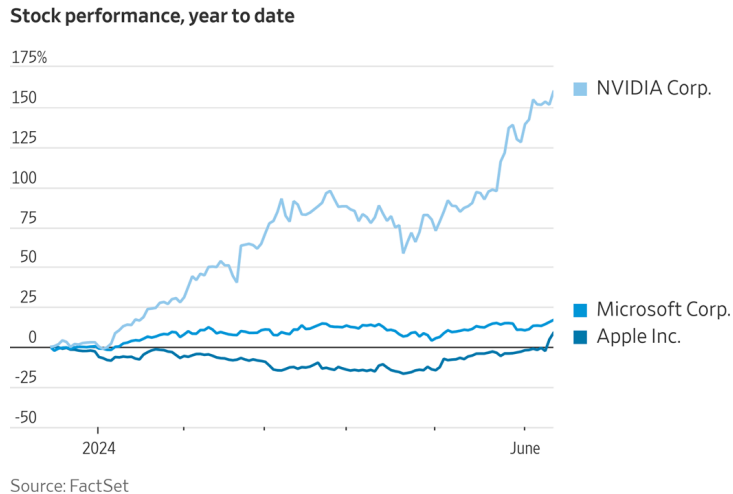
The Roundup

Weekly Economic Research

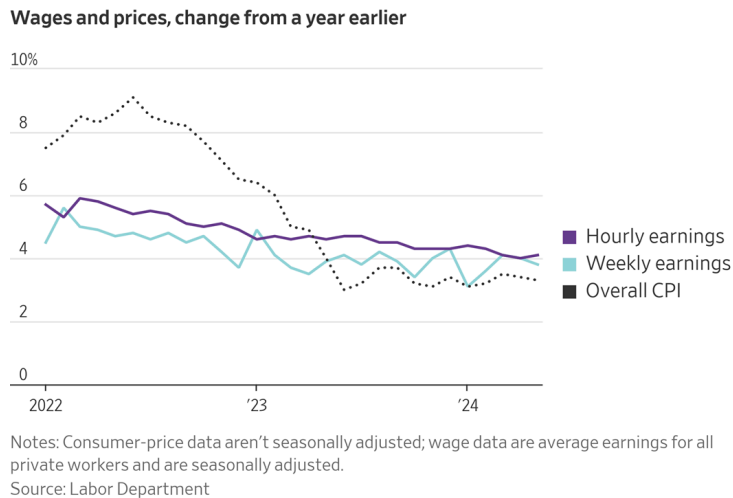
June 10 - 14, 2024

Technology, driven by AI optimism and lower interest rates, stood out, with real estate, consumer staples, and utilities leading gains

- The S&P 500 is up 1.68%, the Nasdaq is up 3.17%, and the Dow Industrials is down 0.55% WTD;
- The 10-Yr U.S. Treasury yield has decreased -0.263% to a current yield of 4.198%, whereas the 30-Yr U.S. Treasury yield decreased -0.251% to a current yield of 4.341%
- Crude oil prices increased 4.25% to a current \$78.67/bbl while bitcoin increased 3.83% to a current \$66,971.60/coin
- Chip stocks, driven by stock-split announcements from Broadcom and Nvidia, surged, with the PHLX Semiconductor Index rising over 3% Thursday morning and more than 6% for the week [[WSJ](#)]
- Apple briefly surpassed Microsoft in market capitalization on Wednesday, driven by a nearly 3% increase in its stock following a previous 7% surge fueled by optimism surrounding its new AI offerings [[WSJ](#)]

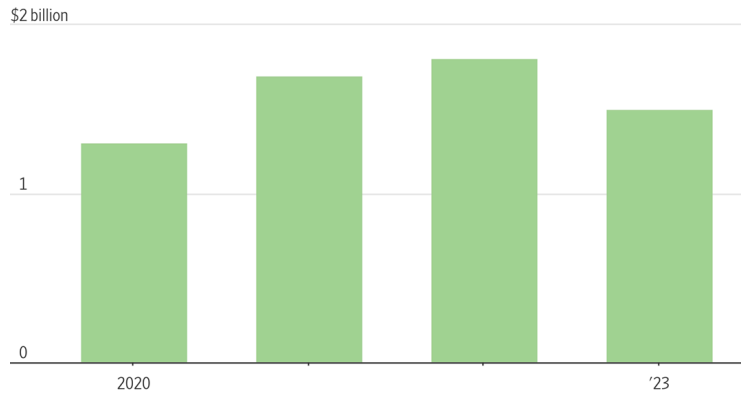


- The Federal Reserve indicated a cautious approach to interest rate cuts, with most officials expecting just one rate reduction this year despite improved inflation data [WSJ]



- Risky startups are leveraging a regulatory exemption known as Regulation A to raise substantial funds from individual investors through crowdfunding platforms, despite facing challenges in delivering promised products and generating sales [WSJ]

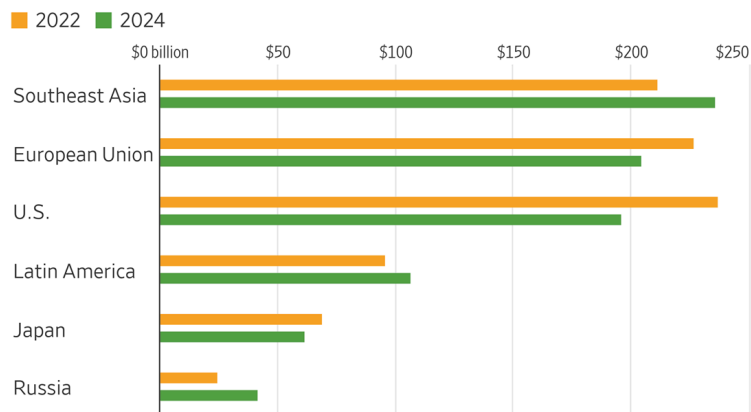
Regulation A crowdfunding proceeds



Note: For the 12-month periods ended June 30 of each year.
Source: Securities and Exchange Commission

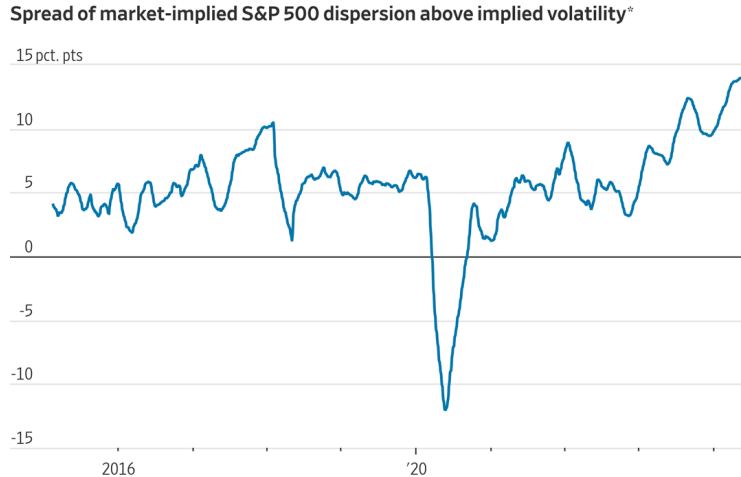
- China's robust export performance, driven by a pivot towards developing markets and the expansion of new product segments like electric vehicles, has triggered tensions with the West and led to retaliatory tariffs [WSJ]

China's exports in the first five months, by destination



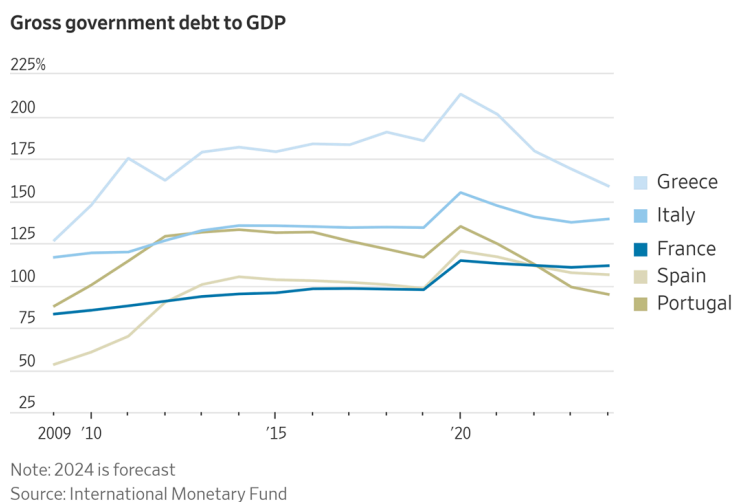
Source: CEIC

- Despite the apparent calm in the S&P 500, there is significant activity beneath the surface, with traders in the options markets anticipating substantial stock swings relative to the overall market tranquility [WSJ]



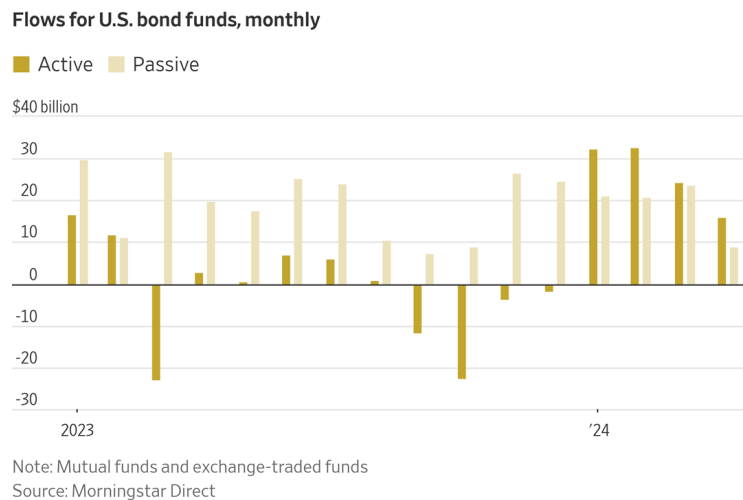
France's fiscal irresponsibility and political uncertainties in Europe are contributing to bond market volatility, while American savers are preferring actively managed fixed-income funds over passive ones

- France's fiscal irresponsibility and reluctance to tackle its mounting debt and deficits have sparked market concern, evident in recent bond market turbulence and comparisons to troubled eurozone peers like Greece, Spain, and Portugal [WSJ]

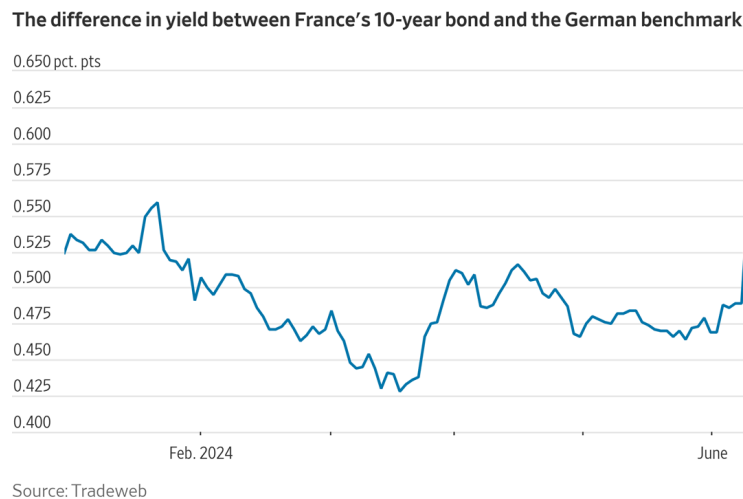


- American savers are favoring actively managed fixed-income funds over passive index-tracking funds amid debt market volatility, with \$105 billion

flowing into active funds versus \$74 billion into passive ones as of April 30
[WSJ]



- Political uncertainty in Europe, fueled by far-right gains in the European Parliament elections and President Macron's decision to call for a snap parliamentary election in France, has significantly impacted European markets [WSJ]



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

- PE firm Clayton Dubilier & Rice emerged as the frontrunner to acquire German drugmaker Stada Arzneimittel from owners Bain and Cinven, who are

seeking \$11.8B [BBG]

- Shari Redstone's National Amusements, which controls \$7.7B Paramount Global, ended talks with David Ellison's Skydance Media [WSJ]
- National Bank of Canada will acquire rival Canadian Western Bank in a ~\$3.6B stock deal [BBG]
- Bain-backed media exec Edgar Bronfman Jr. is weighing an up to \$2.5B bid for Shari Redstone's National Amusements, which controls \$7.7B Paramount Global [WSJ]
- Hellman & Friedman, TPG, and Vista Equity Partners are among the remaining bidders for the Aareon software business of Advent-owned Aareal Bank, which may fetch a \$3.2B+ equity value [BBG]
- Shell emerged as the lead bidder to buy LNG assets of Temasek-owned trading firm Pavilion Energy, which is seeking over \$2B [BBG]
- Oil producer Matador Resources agreed to buy assets in the Permian Basin from a portfolio company of EnCap Investments for \$1.9B cash [BBG]
- Probiotics maker Seed Health is exploring a sale at an over \$1B valuation [RT]
- Australia's Qantas Airways will buy the remaining 49% stake in online travel firm TripADeal for \$140M [RT]
- Sony Pictures Entertainment acquired dine-in theater chain Alamo Drafthouse Cinema [BBG]
- SK Telecom's AI chip startup unit Sapeon Korea agreed to combine with rival Rebellions [BBG]
- KKR will acquire a significant minority stake in Quick Quack Car Wash for \$850M [RT]
- App developer Voodoo will acquire social media platform BeReal for \$537M [FT]

Recent developments across four key industries highlight CMS planning to adjust private Medicare plan quality ratings, the

IEA forecasting a decade-long oil market surplus, and major hedge funds increasingly investing in other hedge funds

Energy & Natural Resources

- The International Energy Agency predicts a significant surplus in global oil markets over the next decade, driven by increased supplies and declining demand growth due to lower-emissions energy sources, posing challenges for producers [WSJ]
- U.S. crude oil stocks increased by 3.7 million barrels last week, driven by higher production and imports alongside reduced exports, according to the U.S. Energy Information Administration [WSJ]
- OPEC maintains its bullish oil-demand growth outlook for the coming years despite concerns about the market's capacity to absorb increased production [WSJ]

Technology, Media, & Telecommunications

- Satya Nadella, CEO of Microsoft, has aggressively expanded the company's AI capabilities through partnerships, acquisitions, and internal developments, including the creation of a potential competitor to OpenAI [WSJ]
- Microsoft's President Brad Smith acknowledged the company's responsibility for security failures that led to a significant U.S. government hack, pledging to address the issues highlighted by the federal Cyber Safety Review Board [WSJ]

Healthcare & Life Sciences

- Titanium dioxide, known for its use in sunscreen and as a food additive to enhance color, is facing increased scrutiny over potential health risks linked to immune system issues and DNA damage [WSJ]
- The Centers for Medicare and Medicaid Services (CMS) intends to revise this year's quality ratings for private Medicare plans following court rulings favoring insurers SCAN Health Plan and Elevance Health [WSJ]
- Done Global's founder, Ruthia He, and clinical leader David Brody face charges for fraudulently prescribing over 40 million stimulant pills using deceptive

advertising, allegedly defrauding pharmacies and Medicare of more than \$100 million [WSJ]

Financial Services

- Major hedge funds such as Millennium are allocating significant amounts of capital to other hedge funds, reflecting their abundance of cash resources [WSJ]
- The Federal Reserve is contemplating using indirect tools to influence rates following signals of a potential rate cut, affecting sectors like mortgages and property loans amid easing inflation [WSJ]