



# The Roundup

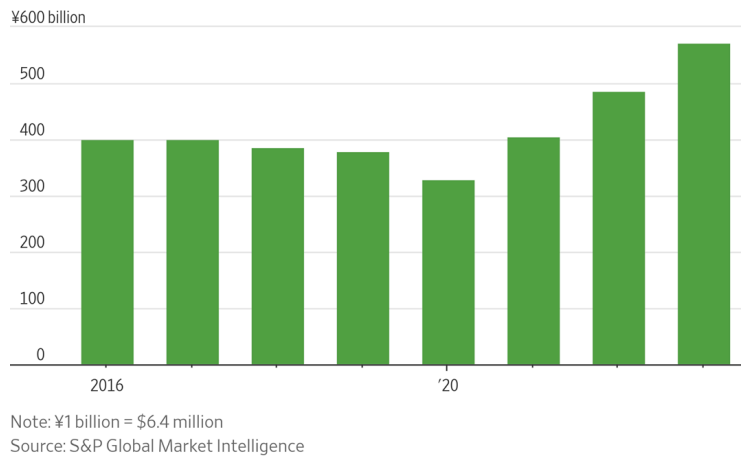
Weekly Economic Research

**June 3 - 7, 2024**

**This week's labor market reports, including a slower-than-expected ADP private-payrolls report and an increase in weekly initial jobless claims to 229,000, suggest a slight loosening in employment conditions**

- The S&P 500 is up 2.09%, the Nasdaq is up 2.39%, and the Dow Industrials is up 1.96% WTD; The S&P 500 experienced a slight dip from its record high as technology stocks, particularly Nvidia and Apple, declined, though gains in other sectors like consumer stocks and communication services limited overall losses
- The 10-Yr U.S. Treasury yield has increased -0.060% to a current yield of 4.42%, whereas the 30-Yr U.S. Treasury yield decreased -0.098% to a current yield of 4.542%
- Crude oil prices decreased 1.38% to a current \$75.89/bbl while bitcoin increased 4.80% to a current \$70,987.90/coin
- Asics, the Japanese sneaker brand, has surged, its stock price quadrupling in two years due to strong performance and growing running interest during Covid-19 [[WSJ](#)]

### Asics annual revenue

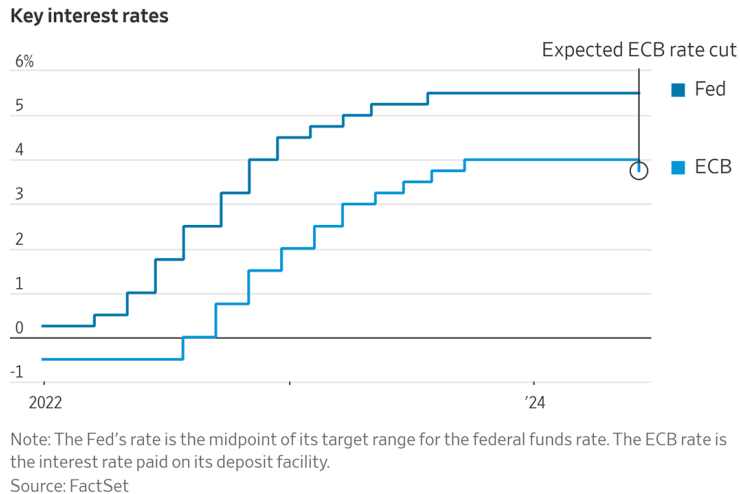


- Nvidia's valuation surpassed \$3 trillion, making it the third company ever to achieve this milestone, driven by the increasing demand for its artificial-intelligence chips [WSJ]

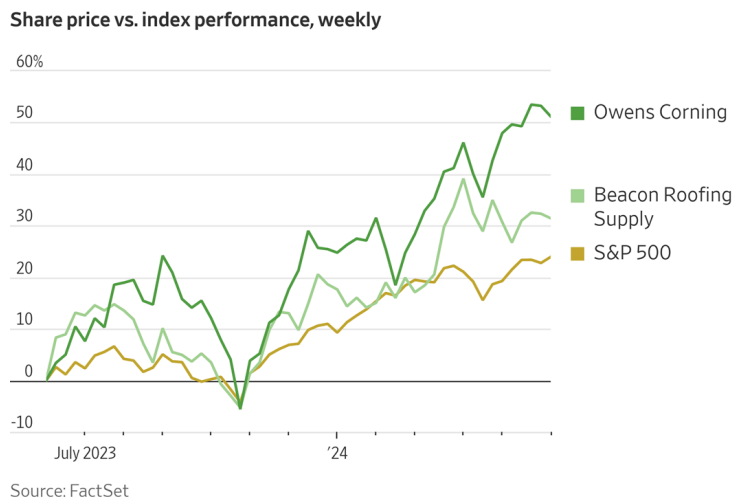
### Nvidia's stock price, past six months



- The European Central Bank is expected to cut interest rates, diverging from the Federal Reserve's stance, which is anticipated to maintain rates until September [WSJ]



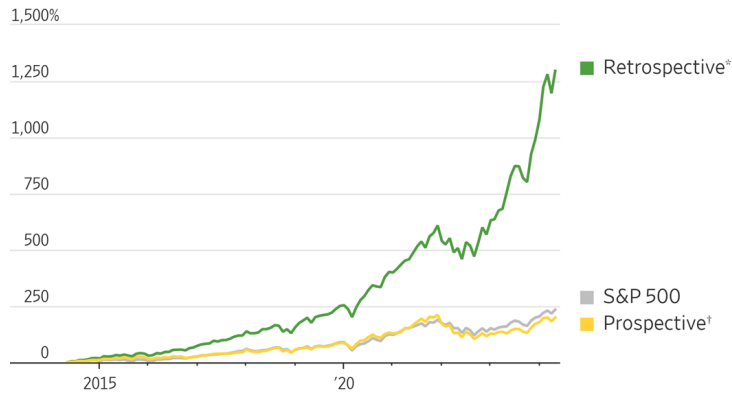
- Despite dampened demand for building materials due to bad weather this spring, roofing firms are experiencing a surge in prospects driven by an unusually destructive hail season and forecasts for a record-breaking Atlantic hurricane season [WSJ]



## **Backtesting distorts performance evaluation, Miami's rapid growth worsens housing affordability, and Material Evolution faces startup challenges amidst climate change efforts**

- Backtesting can create misleading perceptions of performance and emphasizes the importance of considering factors such as strategy longevity and trading costs when evaluating investment opportunities [WSJ]

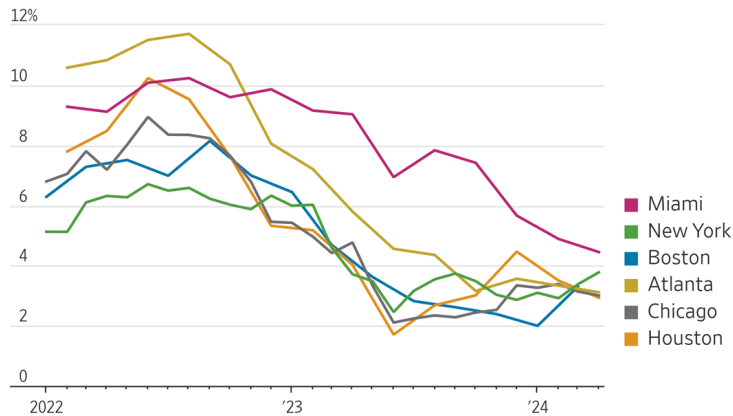
### Cumulative returns



\*For the 30 highest-priced stocks today †For the 30-highest priced stocks 10 years ago  
Source: AJOVista

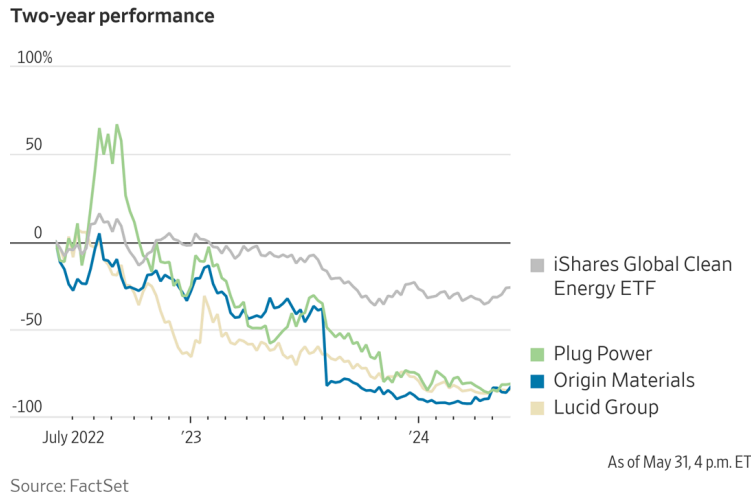
- Miami's rapid economic growth, fueled by the influx of white-collar businesses, has led to a scarcity of affordable housing despite plentiful job opportunities, exacerbating inequality [WSJ]

### Consumer price index by metro area, 12-month percentage change



Source: Labor Department via St. Louis Fed

- In Wrexham, Material Evolution is pioneering a low-carbon alternative to cement, symbolizing the challenges faced by climate-focused startups in navigating the "valley of death" amid high stakes and uncertainties [WSJ]



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

- Apollo Global will acquire a 49% stake in an Irish factory from chipmaker Intel for \$11B [BGC]
- \$8.9B media giant Paramount Global and Skydance Media agreed to merger terms [CNBC]
- Waste recycling giant Waste Management will acquire medical-waste disposal company Stericycle for ~\$5.8B in cash [BGC]
- Medical device company Becton Dickinson will acquire the critical care unit of Edwards Lifesciences for \$4.2B in cash [BGC]
- Blackstone will acquire industrial firm Emerson's 40% in its Copeland JV in a \$3.5B deal [RT]
- Advent International is seeking first round bids for Aareon, the \$3.3B software arm of real estate lender Aareal Bank [BGC]
- SAP will acquire Israeli SaaS firm WalkMe in a \$1.5B cash transaction [BGC]
- Authentic Brands will acquire the HanesBrands' sportswear business Champion in a \$1.2B deal [BGC]

- US insurer Homesteaders Life Company and Canadian PE firm Birch Hill Equity Partners agreed to acquire Canadian funeral home company Park Lawn for ~\$1.2B cash [AW]
- Global data analytics firm Databricks agreed to acquire data-management startup Tabular for over \$1B [RT]
- AI cloud computing startup CoreWeave offered to acquire Bitcoin miner Core Scientific for ~\$1B [BBG]
- Steel products manufacturer Nucor agreed to acquire doormaker Rytac in a \$565M cash deal [PRN]

**Recent developments across four key industries highlight the Texas Stock Exchange (TXSE) aiming to rival the dominance of the New York Stock Exchange (NYSE) and people are opting for compounded versions of weight-loss drugs despite safety concerns and rising prices**

**Energy & Natural Resources**

- Ukraine's transition from Russian to Westinghouse nuclear fuel post-invasion is a major victory for the West, signaling a decisive break from Russian influence and providing alternative supply avenues for countries with Soviet-designed reactors [WSJ]
- OPEC+ extended production cuts into next year, suggesting elevated oil prices as Saudi Arabia spearheads the decision alongside a significant share sale in its national oil company to support economic transformation [WSJ]
- Billionaire Danny Rice leads NET Power, pioneering a gas-fired method to slash CO2 emissions by spinning turbines with gas, despite scalability uncertainties and higher costs [WSJ]

**Technology, Media, & Telecommunications**

- TSMC's shares reached a new record high amidst positive industry news, including surging demand for advanced AI chips and a tie-up with Dutch chip-equipment maker ASML [WSJ]

- Cloud software vendors like Salesforce and Workday have yet to benefit from the AI boom, with analysts attributing this to the ongoing focus on developing foundational elements of AI technology [WSJ]
- Greylock Partners led a \$36 million financing round for Seven AI, a startup using artificial intelligence to enhance enterprise cybersecurity defenses, co-founded by Lior Div and Yonatan Striem Amit of Cybereason [WSJ]

## Healthcare & Life Sciences

- As weight-loss drug prices soar, more people are opting for compounded versions due to affordability, despite concerns about safety and authenticity [WSJ]
- The U.S. healthcare landscape is dominated by consolidated giant hospital systems, controlling medical care and pricing, with research indicating increased costs and limited benefits for patient care [WSJ]

## Financial Services

- The Texas Stock Exchange (TXSE) aims to rival the dominance of the New York Stock Exchange (NYSE) and Nasdaq by offering cost-saving opportunities for listed companies, tapping into red-state frustration with perceived liberal agendas in traditional financial centers [WSJ]
- Robinhood is expanding its crypto offerings with a \$200 million acquisition of Bitstamp, despite facing potential legal action from the SEC over its digital-assets business [WSJ]
- The secondary market for private-equity fund investments operates with limited transparency, where buyers often purchase stakes at significant discounts to official valuations, then quickly mark them up to boost performance [WSJ]

**Outside of standard macroeconomic updates and M&A developments, U.S. job growth exceeded expectations in May and New York lawmakers close to passing legislation to restrict social-media platforms from targeting content to minors have led news cycles**

- U.S. job growth surpassed expectations in May, with nonfarm payrolls increasing by 272,000, but the unemployment rate ticked up to 4%, signaling a mixed picture of the labor market's health [WSJ]
- June 6, 2024 marks the 80th anniversary of the D-Day landings along the Normandy coast during World War II [ABMC]
- Keith Gill, also known as Roaring Kitty, reignited interest in GameStop through social media, prompting speculation of market manipulation [WSJ]
- E\*Trade may restrict meme-stock influencer Keith Gill, aka Roaring Kitty, from its platform over concerns about potential stock manipulation tied to his recent GameStop options purchases [WSJ]
- New York lawmakers are close to finalizing legislation aimed at prohibiting social-media platforms from using algorithms to target content to minors without parental consent, with similar legislation advancing in California [WSJ]
- Vladimir Putin's vision of Russia as a global stabilizing force faces challenges due to the country's declining population, exacerbated by factors like the war in Ukraine and historically low birthrates [WSJ]