



The Roundup

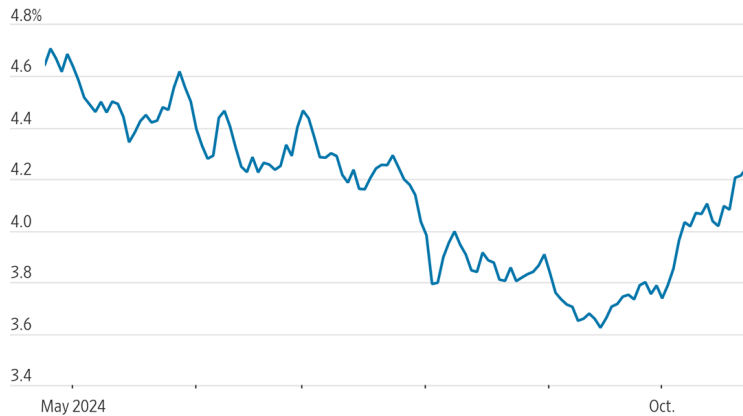
Weekly Economic Research

October 21 - 25, 2024

U.S. initial jobless claims fell to 227,000, below expectations and the long-term median, indicating the labor market remains healthy despite some easing

- The S&P 500 is down 0.26%, the Nasdaq is up 1.04%, and the Dow Industrials is down 2.09% WTD
- The 10-Yr U.S. Treasury yield has increased +0.136% to a current yield of 4.216%, whereas the 30-Yr U.S. Treasury yield increased +0.099% to a current yield of 4.488%
- Crude oil prices increased 3.65% to a current \$71.62bbl while bitcoin decreased 1.78% to a current \$67,742.55/coin
- The 10-year Treasury yield rose to 4.24%, its highest since July, driven by strong economic data suggesting slower Fed rate cuts and investor bets on larger deficits due to improving Republican election prospects [[WSJ](#)]

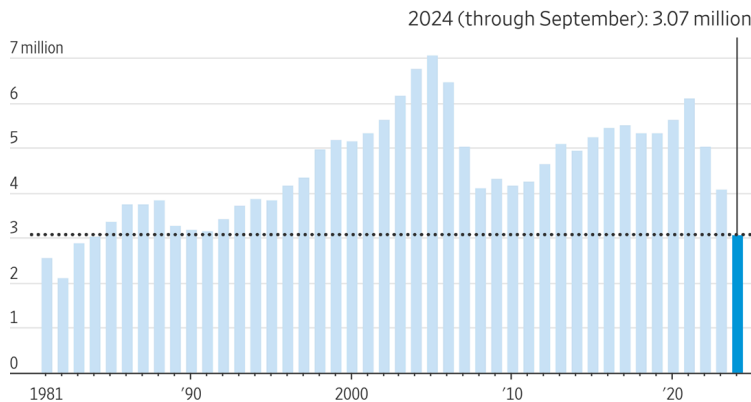
10-year U.S. Treasury yield



Source: Tullett Prebon

- U.S. existing home sales are on track for the worst year since 1995 due to high prices, elevated mortgage rates, and limited inventory, with economists predicting 2024 sales may remain stagnant [WSJ]

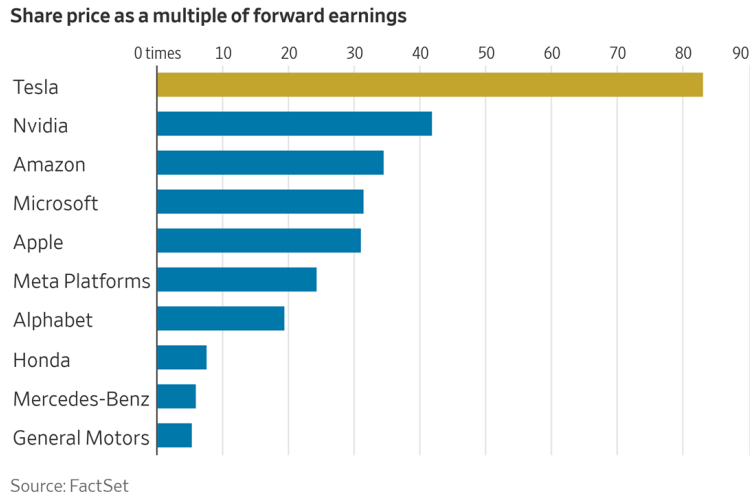
Annual U.S. existing-home sales



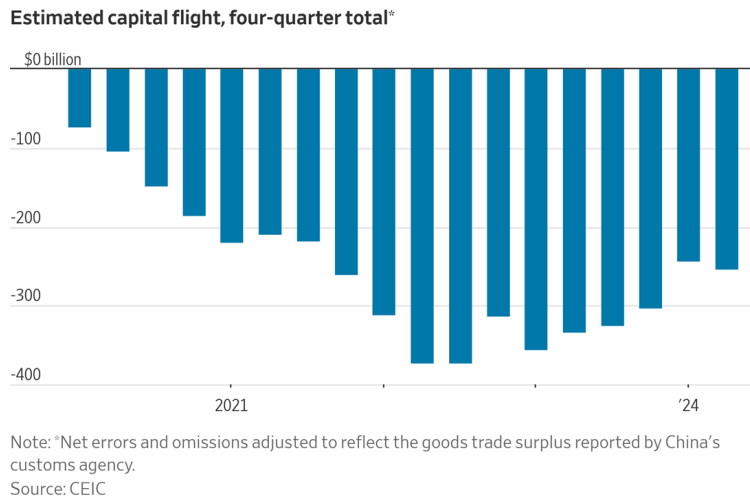
Note: September 2024 data is preliminary.

Source: National Association of Realtors

- Tesla's stock rose after strong Q3 profits and improved margins, but future growth faces challenges amid a global auto slowdown, regulatory hurdles for self-driving cars, and ambitious targets for new models and products like Robotaxis and Optimus [WSJ]



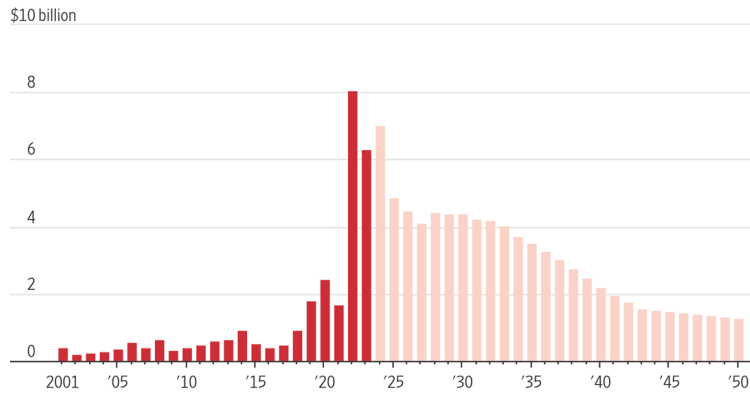
- Chinese residents are moving money overseas despite strict capital controls, driven by economic uncertainty and a collapsing property market, reflecting declining confidence in China's economy [WSJ]



New Mexico seeks to stabilize its oil-dependent economy, EF Hutton battles allegations, and Starbucks' CEO Brian Niccol faces challenges

- New Mexico's economy, heavily reliant on oil and gas revenue, faces fiscal volatility, but officials aim to mitigate boom-and-bust impacts through a growing sovereign wealth fund and investments in clean energy and aerospace [WSJ]

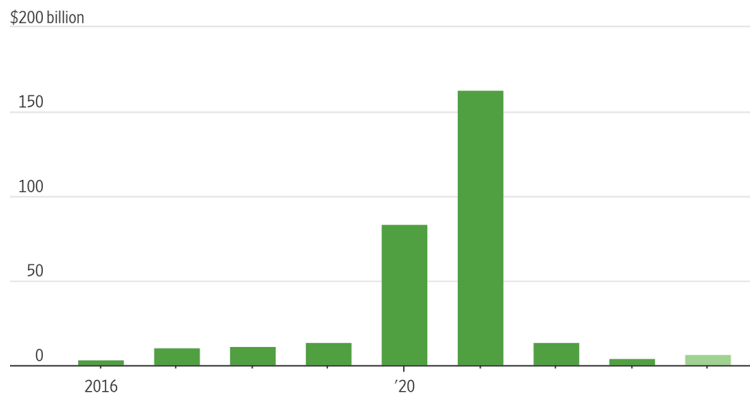
Annual inflows to New Mexico's sovereign wealth fund



Note: Figures for 2024 and beyond are estimates.
Source: New Mexico State Investment Council

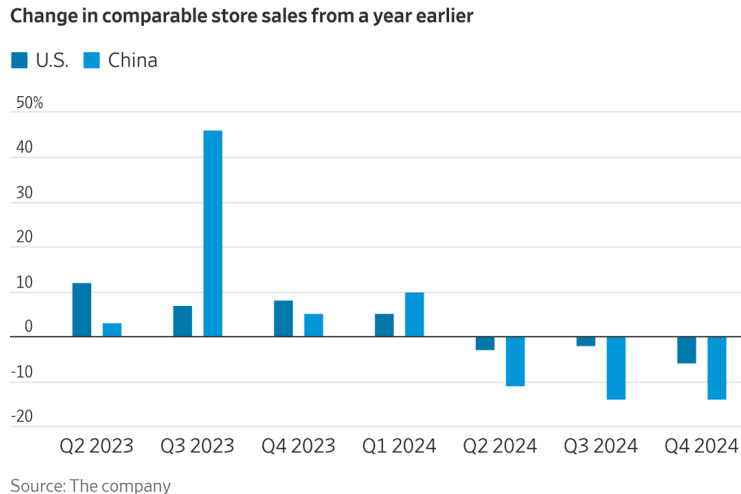
- EF Hutton faces controversy and a federal investigation as its executives battle over allegations of mismanagement and misconduct, jeopardizing the firm's future [WSJ]

Annual amount of money raised by SPACs

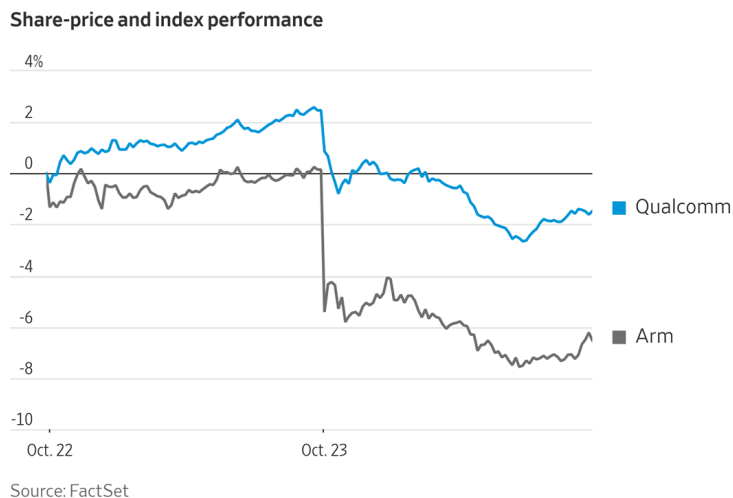


Note: Latest figures through Wednesday
Source: SPAC Research

- Starbucks' new CEO, Brian Niccol, faces challenges balancing a return to a more personal coffeehouse experience while maintaining profitability, amid slowing sales, competition in China, and the need to manage its digital and loyalty strategies [WSJ]



- Arm Holdings' plan to cancel its Qualcomm licensing deal, likely a negotiation tactic ahead of their December trial, has caused both companies' stocks to drop, with Qualcomm potentially facing significant costs if royalty rates increase [WSJ]



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

- German engineering group Siemens is in talks to acquire \$9B-listed software firm Altair Engineering
- \$6.5B-listed specialty chemicals manufacturer Element Solutions is exploring a sale

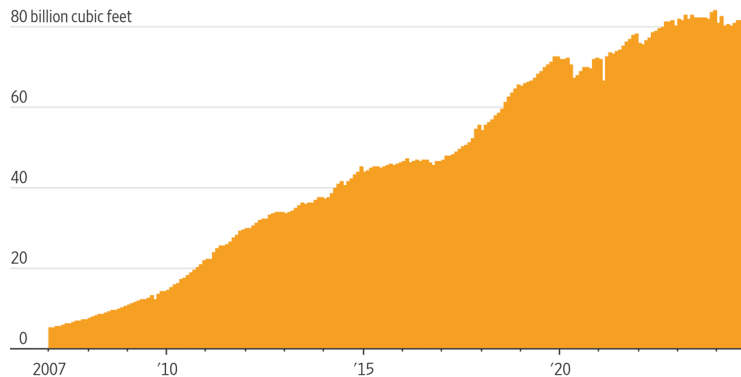
- PE firm Triton is exploring options for plastic container firm IFCO, which could fetch a \$5.4B valuation
- WWE-owner TKO Group will acquire three sports businesses Professional Bull Riders league, On Location, and IMG from entertainment conglomerate Endeavor Group for \$3.3B stock
- Brazilian meatpacker JBS and Mexico's Sigma Alimentos are among firms competing to acquire Kraft Heinz's meats and cold cuts business Oscar Mayer, which could fetch ~\$3B
- Health insurer Elevance Health acquired home care firm CareBridge for \$2.7B
- \$3.6B-listed offshore driller Transocean is in talks to merge with \$2.6B-listed rival Seadrill
- Singapore SWF GIC and Australia's Macquarie are seeking to sell their ~30% stake in Philippine renewable energy firm EDC, which could fetch \$2B
- Pharma giant Merck agreed to acquire Modifi Biosciences in a \$1.3B deal
- HMC Capital agreed to acquire data center group Global Switch Australia in a \$1.3B deal

Recent developments across four key industries highlight U.S. shale gas output declining, GLP-1 drugs influencing food companies, and Nvidia's CEO promoting AI integration for business transformation

Energy & Natural Resources

- Tech companies like Amazon, Google, and Microsoft are investing heavily in nuclear power, including SMRs, to meet AI-driven energy demands and reduce carbon emissions, but they face delays and continue relying on fossil fuels in the interim [WSJ]
- U.S. shale gas output is down this year due to low prices, marking the first decline since 2000, while conventional gas production has increased, keeping overall output flat as prices remain low for consumers ahead of winter [WSJ]

U.S. shale gas production, daily



Note: monthly data

Source: Energy Information Administration

- Iberdrola's net profit surged 50% in the first nine months of the year, driven by record investments in the U.S. and U.K., particularly in offshore wind and network assets, leading to a 2% rise in its shares [WSJ]

Technology, Media, & Telecommunications

- Nvidia CEO Jensen Huang urged companies to integrate AI into their operations, emphasizing the need for CIOs to leverage AI in key areas, as Nvidia does with chip design and software, to prepare for a new industrial revolution [WSJ]
- Microsoft's \$75 billion bet on gaming faces a major test with the release of "Call of Duty: Black Ops 6" on its Game Pass subscription service, aiming to boost subscribers despite challenges in transitioning gamers to cloud-based streaming and subscription models [WSJ]

Healthcare & Life Sciences

- GLP-1 weight-loss drugs are reshaping the food industry, prompting companies like Danone, Campbell Soup, and Conagra to cater to users' needs for high-protein, high-fiber, and easily digestible options, with targeted products and marketing strategies [WSJ]
- NICE rejected Eli Lilly's Alzheimer's drug, donanemab, for NHS use over cost and benefit concerns, despite U.K. regulatory approval, with a final decision due November 20 [WSJ]

- Novo Nordisk's diabetes pill Rybelsus, containing semaglutide, reduced heart attack and stroke risk by 14% in a trial, with regulatory approval expected by early 2025, alongside ongoing studies exploring additional health benefits of semaglutide-based treatments [[WSJ](#)]

Financial Services

- Capital One's CEO reassures that current credit issues are isolated to pandemic debtors, while overall consumer health remains strong, boosting the bank's performance and shares [[WSJ](#)]
- Morgan Stanley named CEO Ted Pick as chairman, effective January 1, 2025, succeeding James Gorman, who will step down at year-end after previously transitioning the CEO role to Pick [[WSJ](#)]