



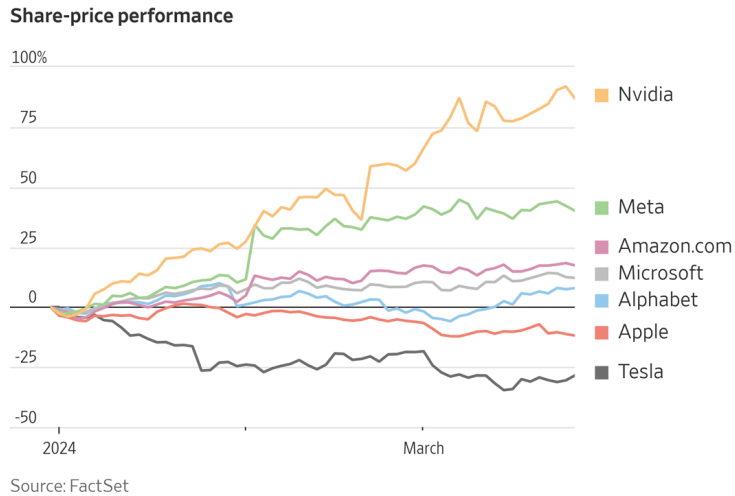
# The Roundup

Weekly Economic Research

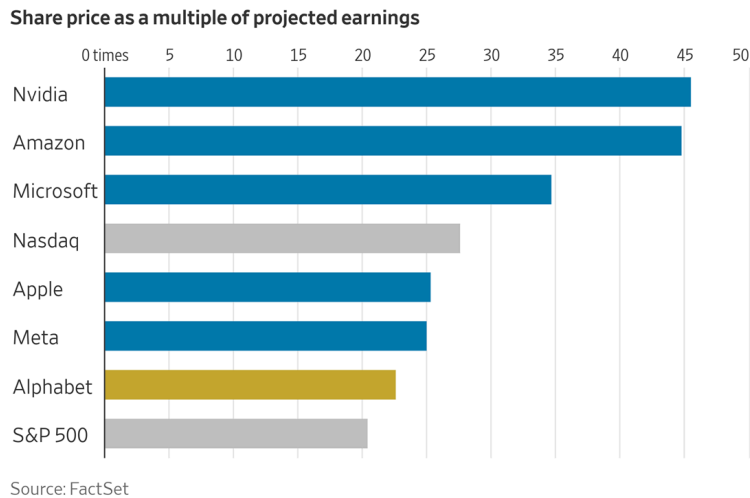
**April 1 - 5, 2024**

**Markets were volatile driven by concerns over escalating geopolitical tensions with investors closely monitoring developments in Ukraine and the energy markets but remained largely flat at the end of the week**

- The S&P 500 is down 1.92%, the Nasdaq is down 2.00%, and the Dow Industrials is down 2.93% WTD
- The 10-Yr U.S. Treasury yield has increased +0.101% to a current yield of 4.307%, whereas the 30-Yr U.S. Treasury yield increased +0.121% to a current yield of 4.47%; bond prices and yields move inversely, influencing the valuation of other investments
- Crude oil prices increased 6.34% to a current \$86.87/bbl while bitcoin decreased 1.87% to a current \$68,406.80/coin; oil prices have continue to climb, while bitcoin has a slight dip
- The S&P 500 surged 10% in the first quarter of the year, despite declines in key constituents like Apple and Tesla, with other sectors contributing to the market's gains [[WSJ](#)]

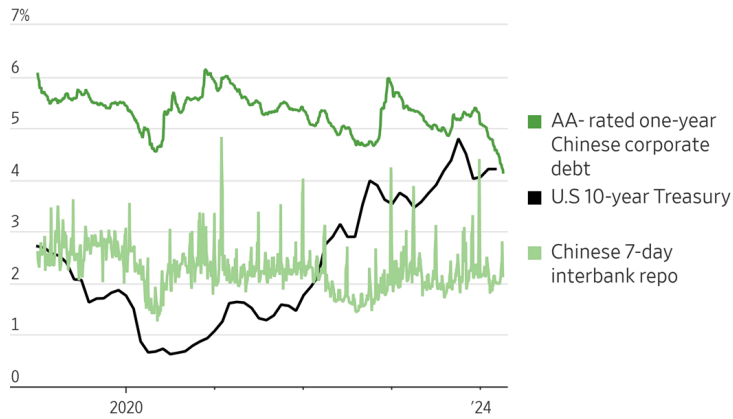


- Google's recent stock performance has lagged behind its Big Tech peers, partly due to concerns over ongoing antitrust trials and disappointments in its AI initiatives [WSJ]



- China's economy showed signs of a tentative rebound in March, with both the official factory purchasing managers index and the services sector index improving, supported by recovering exports and looser credit markets [WSJ]

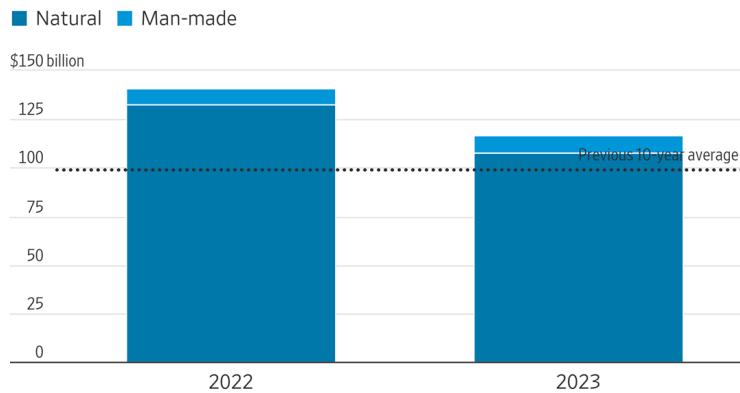
Chinese and U.S. rates and bond yields



Source: CEIC

- The collapse of Baltimore’s Francis Scott Key Bridge is expected to result in substantial insurance losses, potentially reaching \$2 billion to \$4 billion, largely falling on reinsurers [WSJ]

Global insured losses from catastrophes



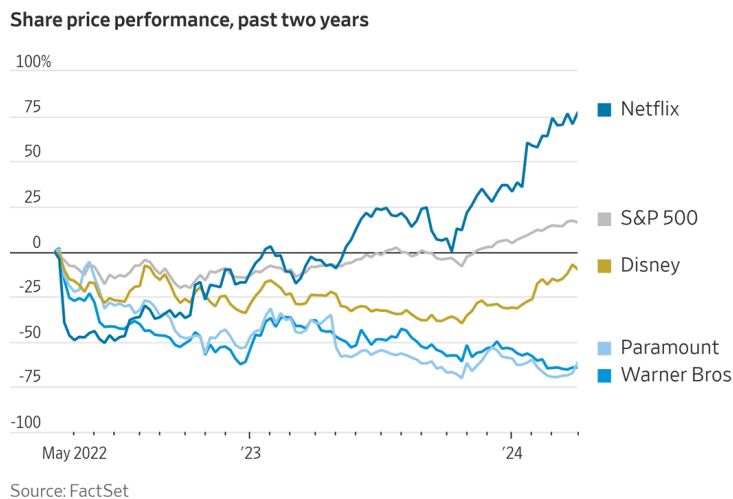
Note: Ten-year average is for man-made and natural total  
Source: Swiss Re Institute

- As the chief investment officer at Goldman Sachs Wealth Management, Sharmin Mossavar-Rahmani remains skeptical of cryptocurrencies, viewing them as speculative assets akin to the tulip mania of the 1600s [WSJ]



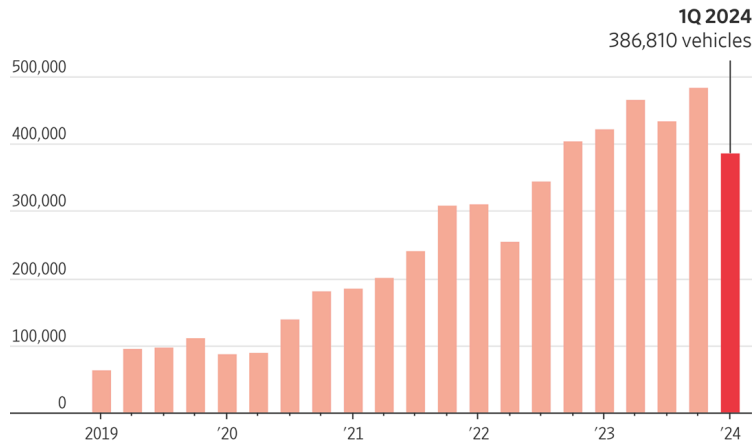
## U.S. spending aligns with forecasts, Disney struggles amid investor discontent, and Tesla's delivery woes question growth

- Disney's stock performance has trailed the overall market, and Wednesday's vote indicated that many investors still harbor dissatisfaction [WSJ]



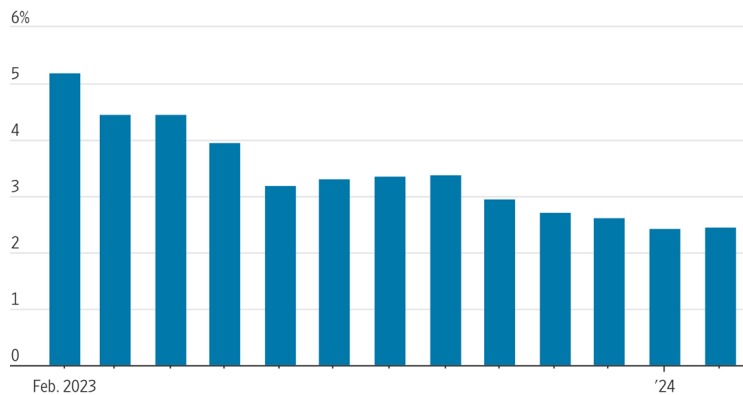
- Tesla reported an 8.5% decline in quarterly deliveries, missing Wall Street's expectations, sparking concerns about the company's growth prospects amid slowing EV market growth [WSJ]

Tesla vehicle deliveries, quarterly



- The overall personal-consumption expenditures price index in the U.S. rose by 2.5% over the 12 months through February, in line with economists' forecasts [WSJ]

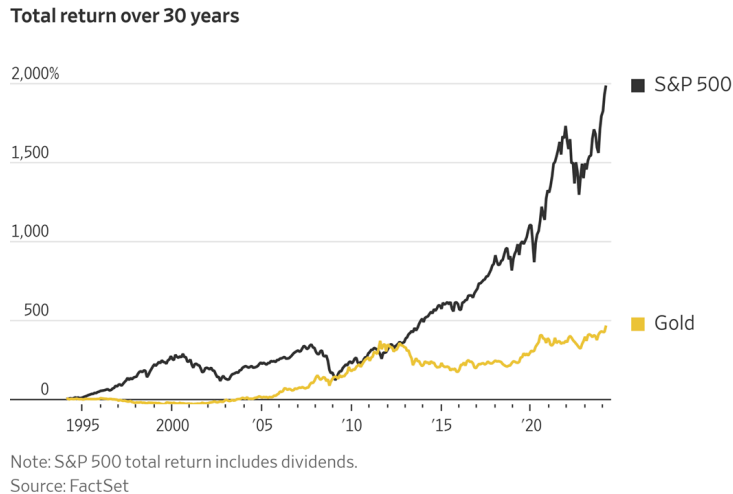
Change in PCE price index from a year ago



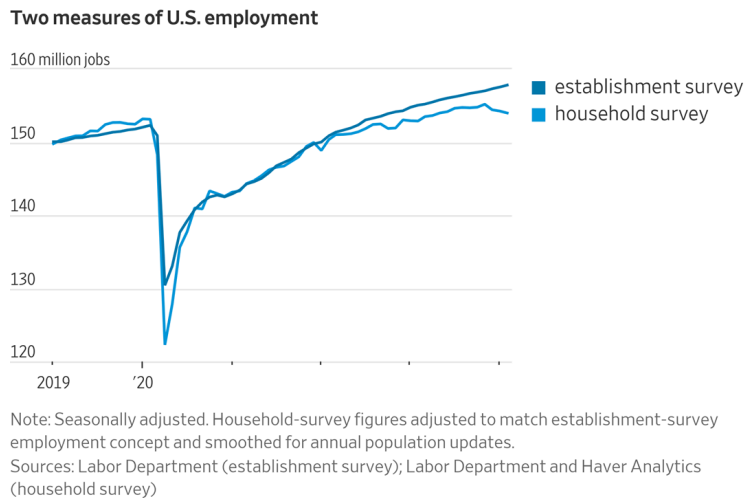
Note: Seasonally adjusted.

Source: Commerce Department via St. Louis Fed

- Gold's value as an investment has sparked debate, with recent record highs above \$2,100 per ounce reigniting the discussion [WSJ]



- The discrepancy between rising employment figures and an increasing unemployment rate in the U.S. has puzzled economists, with many now attributing the trend to a surge in immigration [WSJ]



## M&A activity has shown areas of growth this week with several high-profile deals across various sectors, marking an uptick in deal-making

- Home Depot will acquire professional building-projects supplier SRS Distribution in an \$18.3B deal [WSJ]
- Paramount Global agreed to enter exclusive merger discussions with

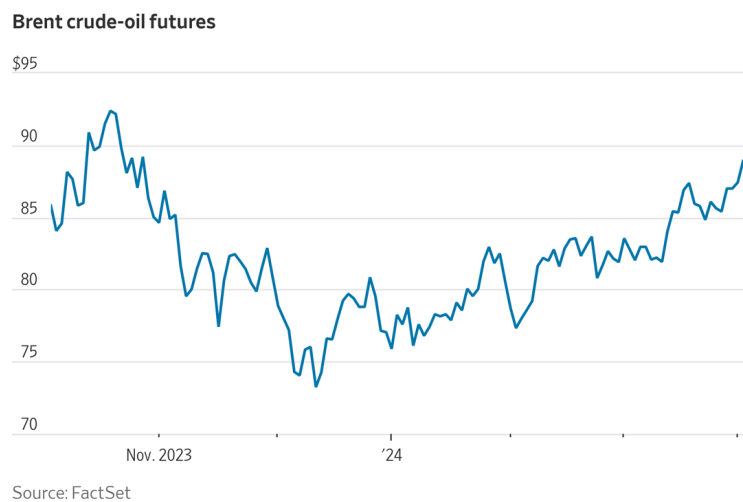
Skydance, favoring the media company over Apollo Global's recent \$26B cash offer [WSJ]

- Silver Lake agreed to take private sports and entertainment company Endeavor at a \$13B valuation [WSJ]
- SLB agreed to acquire rival oilfield service provider ChampionX for \$7.8B in an all-stock deal [BBG]
- Investors led by PE firm PAG will invest \$8.3B in Chinese property giant Dalian Wanda's mall unit Newland Commercial Management for a 60% stake in the business [RT]
- Advent International will take Canadian payments processor Nuvei private in a \$6.3B all-cash deal deal [WSJ]
- F1 owner Liberty Media will buy motorcycle racing league MotoGP from Bridgepoint and CPP Investments in a \$3.8B deal [BBG]
- Abu Dhabi-based firm Lunate acquired BlackRock and KKR's 40% stake in ADNOC's oil pipeline network, at a reportedly \$4B+ valuation [BBG]
- PE firm Summit Partners is exploring a sale of men's grooming brand Dr. Squatch at a potential \$2B+ valuation [RT]
- Danish drugmaker Genmab agreed to buy US antibody cancer treatment developer ProfoundBio in a \$1.8B all-cash deal [BBG]
- PE firm EnCap Investments is seeking to sell XCL Resources, which could be worth at least \$2.8B, including debt [RT]
- SilverBow Resources rejected largest shareholder Kimmeridge Energy Management's latest offer that valued the company at \$2.1B, including debt [RT]
- Apollo will acquire Panasonic's entire stake in Panasonic Automotive Systems in a \$2.06B deal [RT]
- Minnesota Timberwolves-owner Glen Taylor canceled the NBA team's \$1.5B sale to a group led by Marc Lore and ex-MLB player Alex Rodriguez due to a missed final payment [WSJ]

## Recent developments across four key industries highlight rising fuel prices, avian influenza, and stock prices of major insurance companies declining

### Energy & Natural Resources

- Oil prices have surged to their highest levels since October, reaching about \$86 a barrel, driven by strong economic data from the U.S. and China, along with concerns over limited supply and geopolitical tensions in the Middle East [WSJ]



- U.S. refiners are enjoying increased profitability due to rising fuel prices, supported by widening crack spreads, disruptions in the Red Sea, cheap natural gas prices, and tighter fuel inventories [WSJ]
- Saudi Aramco has awarded EPC contracts worth \$7.7 billion for the expansion of its Fadhili Gas Plant, aiming to increase its processing capacity and sulfur production by 2030 [RZ]

### Technology, Media, & Telecommunications

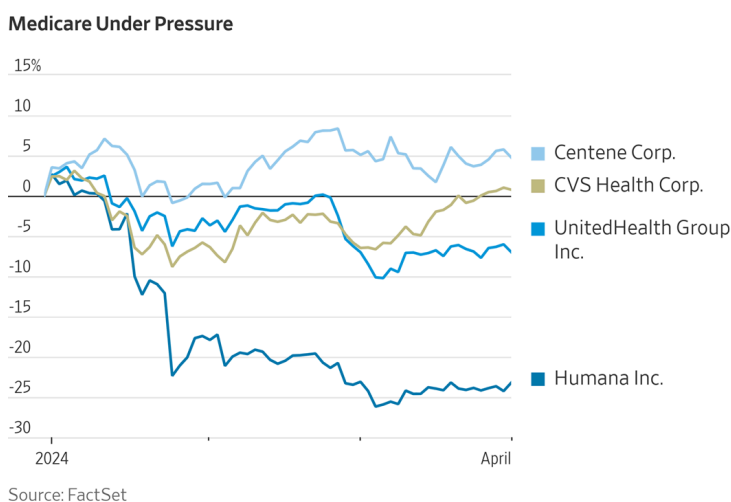
- SK Hynix plans to invest \$3.9 billion in a chip-packaging facility in Indiana, aiming for mass production by 2028, creating over 1,000 jobs [WSJ]
- Amazon is reducing its workforce in its cloud-computing division and physical stores technology team, aiming to cut costs [WSJ]



- Elon Musk announced that Tesla is increasing compensation for its artificial intelligence engineers to fend off poaching from competitors like OpenAI, amid what he described as an intense talent war in the AI field [WSJ]

## Healthcare & Life Sciences

- Investors were disappointed as the Centers for Medicare and Medicaid Services decided to maintain its earlier payment proposal, leading to significant declines in stock prices of major insurance companies [WSJ]



- Sanofi has reached an agreement in principle to settle approximately 4,000 claims related to allegations that its heartburn drug Zantac caused cancer, with the financial terms remaining confidential [WSJ]
- The Centers for Disease Control and Prevention reported a second case of H5N1 bird flu infection in the U.S., with the individual experiencing conjunctivitis as the only symptom [WSJ]

## Financial Services

- The stock market's robust performance in 2024, driven by optimism about the U.S. economy, has been largely fueled by a select group of megacap tech stocks, raising concerns about market breadth [WSJ]
- A shareholder resolution introduced by activist hedge fund Bluebell Capital Partners aims to remove Larry Fink as the chairman of BlackRock, proposing that the chairman be an independent director instead [WSJ]

- A significant shift towards fee-based financial advice in the past decade has aimed to reduce conflicts of interest, but concerns remain about advisors prioritizing their own compensation over clients' best interests [WSJ]

## **Outside of standard macroeconomic updates and M&A developments, grocery prices are rising and Gen Z gravitating towards skilled trades have led news cycles**

- Gen Z is increasingly turning to skilled trades as a viable career path, drawn by rising pay, new technologies, and skepticism about the value of a college education [WSJ]
- Spotify is planning to raise prices in several markets, including the U.K., Australia, and the U.S., as it aims to improve profitability following years of losses and recent layoffs [WSJ]
- McKinsey is offering managers in its UK and US offices nine months of pay, access to career-coaching services, and resources to support their job search if they choose to leave the firm [BI]
- Grocery prices saw a modest increase of 1% in February compared to the previous year, marking a slowdown from the double-digit inflation observed in 2023 [WSJ]
- British billionaire Joe Lewis, aged 87, received a three-year probation and a \$5 million fine after pleading guilty to securities fraud charges related to an insider-trading scheme [WSJ]
- Former President Donald Trump has filed a lawsuit against the co-founders of Truth Social, alleging mismanagement of the social media platform and seeking to strip them of their stock in the company [CNBC]
- President Biden warned Israeli Prime Minister Benjamin Netanyahu that future U.S. support for Israel hinges on protecting civilians and aid workers in Gaza, signaling a potential reassessment of backing for Israel's actions in the enclave [WSJ]
- The Oakland Athletics have announced that they will play their home games in Sacramento's Sutter Health Park for the next three seasons before relocating to Las Vegas in 2028 [CBS]