

Thanks again for all the feedback so far, I really appreciate it. This week was once again packed with developments across markets, from major M&A activity and strong moves in tech to continued volatility driven by the Middle East conflict and its impact on energy markets, inflation and global growth expectations. As always, I've tried to filter through everything and highlight the key stories and developments that stood out most and are worth keeping an eye on going forward.

M&A activity - Deal of the Week

M&A activity remained a key theme this week, with a mix of large-scale strategic discussions, consolidation plays, and continued roll-up strategies across industries. From telecom and banking to building materials and AI, companies are actively repositioning themselves in response to structural shifts, geopolitical dynamics, and the need for scale. The following developments provide a concise overview of the most relevant transactions and situations shaping the market this week.

Key M&A Developments

One of the most notable situations emerged in the telecom sector, where **T-Mobile US** and its majority owner **Deutsche Telekom** are exploring a potential combination into a single, more streamlined group. While still at an early stage, the discussions reflect a broader push for simplification and scale in global telecom structures. A combined entity could potentially be listed in both the U.S. and Europe, but the deal would face significant regulatory and political hurdles given government ownership stakes and cross-border sensitivities.

In the European banking sector, **UniCredit** intensified its push for a combination with **Commerzbank**, publicly criticizing the German lender's strategy and outlining a transformation plan. UniCredit argues that Commerzbank is underperforming and structurally inefficient, positioning a merger as the most effective path to unlock value. The situation remains contested, with resistance from Commerzbank's management, labor representatives, and the German government. *On the advisory side, Goldman Sachs is acting as defense advisor to Commerzbank, while UniCredit is supported by Jefferies, with reported involvement from Barclays and Citi.*

Another major transaction came from the U.S. building materials sector, where **QXO** agreed to acquire insulation company **TopBuild** in a **\$17 billion deal**. The transaction represents a **23% premium** and is structured as a mix of cash and stock. Strategically, the acquisition significantly expands QXO's footprint, combining its distribution capabilities with TopBuild's insulation business to create one of the largest building-products platforms in North America. The deal is expected to be immediately accretive to earnings. *TopBuild was advised by Goldman Sachs & Co. LLC and RBC Capital Markets.*

This Weeks Deal of The Week: Cohere & Aleph Alpha

This week's standout transaction is the **combination of Canadian AI startup Cohere and Germany's Aleph Alpha**, a deal that reflects a broader and increasingly important trend: the push for technological sovereignty outside of the U.S. and China.

At its core, the deal is less about immediate scale and more about strategic positioning. By joining forces, the two companies aim to create a credible “sovereign AI” alternative for governments and enterprises that want to avoid reliance on dominant U.S. tech giants. This is particularly relevant in sectors such as finance, defense, and the public sector, where data control and regulatory alignment are becoming critical decision factors.

A **key** element of the transaction is the involvement of the **Schwarz Group**, which is **backing** the deal with approximately **€500 million** in **structured financing** tied to Cohere’s funding round. Beyond capital, Schwarz also provides access to sovereign data-center infrastructure, which strengthens the combined company’s ability to offer fully European-based solutions. The strategic rationale is clear. The global AI landscape is consolidating rapidly, and smaller players face increasing pressure from capital-intensive competition. By combining resources, talent, and market access, Cohere and Aleph Alpha aim to accelerate growth, deepen their presence in Europe, and position themselves as a differentiated alternative focused on enterprise and government clients.

The **opportunities** are significant. Demand for non-U.S. AI solutions is growing, driven by geopolitical tensions, regulatory concerns, and the desire for digital independence. If executed well, the combined entity could capture a meaningful share of this emerging segment, particularly in Europe and other “middle power” economies seeking strategic autonomy.

At the same time, the **risks** should not be underestimated. Competing in AI remains highly capital-intensive, and the gap to leading players such as those in Silicon Valley is still substantial. Execution risk is also high, particularly given Aleph Alpha’s recent strategic pivot and the need to align product development, infrastructure, and go-to-market strategies. Moreover, long-term success will depend on whether demand for sovereign AI translates into sustained commercial traction rather than remaining a primarily political narrative.

Overall, this deal stands out because it captures a structural shift in the global technology landscape: the fragmentation of AI ecosystems along geopolitical lines. It is not just a merger, but a strategic bet on a multipolar tech world where control over data, infrastructure, and innovation becomes as important as technological performance itself.

Market Movements

This week, market movements were again shaped by a mix of geopolitical uncertainty, energy-market volatility and strong company-specific developments. Oil prices remained highly sensitive to every headline around the Strait of Hormuz and U.S.-Iran talks, while equity markets were supported by renewed strength in technology, especially after Intel’s sharp rally. Overall, the week showed a market that is still cautious because of the Middle East conflict, but also willing to reward companies with strong earnings momentum, AI exposure and clearer growth prospects.

Key Market Movements This Week

Markets remained heavily driven by the same central question this week: whether the conflict in the Middle East will move toward a diplomatic solution or continue to disrupt global energy flows. **Oil** ended the week sharply higher, with Brent rising around 17% compared with the previous week, as disappointment grew that the Strait of Hormuz had still not fully reopened. At the same time, renewed U.S.-Iran talks in Islamabad kept some optimism alive,

limiting the upside in crude prices. The result was another week in which energy markets stayed extremely sensitive to every diplomatic headline.

Equity markets, however, showed a more mixed picture. Technology once again provided major support, with the Nasdaq and S&P 500 reaching record highs, helped by a strong rally in Intel after better sales and upgraded guidance. The move showed that investors are still willing to reward companies linked to AI infrastructure and semiconductor demand, even while broader macro uncertainty remains high. Intel's strength also lifted sentiment across parts of the chip sector, while SAP's solid cloud momentum and continued AI-related demand supported European technology names.

Outside technology, the picture was less straightforward. **Energy** companies benefited from higher oil prices, with Eni upgrading its buyback target and European energy stocks gaining as the Iran conflict continued to support crude. At the same time, sectors more exposed to input costs and consumer weakness remained under pressure. Transport and logistics companies faced mixed conditions: firms such as Volvo and Kuehne + Nagel showed resilience through cost control and solid operations, while Hyundai and other auto names remained exposed to geopolitical uncertainty and weakening demand in parts of the Middle East.

Commodities also remained highly sensitive to energy and geopolitical developments. Precious metals ended the week lower overall despite a late rebound, as investors balanced safe-haven demand against shifting expectations for U.S. monetary policy. Palm oil prices rose on stronger crude and soybean oil prices, while lithium and other battery-material names saw renewed investor attention, partly linked to stronger Chinese demand signals. In financial services, sentiment remained cautious, with Gulf banks using private placements to raise funds during market volatility and investors continuing to assess how higher energy costs and geopolitical risk may affect credit conditions.

Focus Topic: Deutsche Telekom and T-Mobile US

This week's focus topic is the **market reaction** to reports that **Deutsche Telekom and T-Mobile US** are considering a potential **combination**. Deutsche Telekom already owns a majority stake in T-Mobile US, but the reported structure would go further by creating a new holding company that could control both businesses and potentially list in both the U.S. and Europe.

For investors, the immediate reaction was negative. Deutsche Telekom shares fell sharply, extending a decline of around 14% over the past month. The concern is that a full combination could make the investment case more complex. U.S. shareholders may prefer T-Mobile as a clean U.S. telecom story, while Deutsche Telekom investors may worry about leverage, regulatory hurdles, and whether such a structure would truly unlock value.

At the same time, the selloff may have gone too far. Deutsche Telekom still benefits from T-Mobile's strong U.S. performance, with solid service revenue growth and rising earnings. The group also continues to return capital to shareholders through buybacks and offers a dividend yield of around 3.6%, which supports the stock during periods of uncertainty. Analysts at UBS, Barclays and Deutsche Bank appear to see the recent weakness as overdone, arguing that a full integration is not necessarily imminent and that the underlying fundamentals remain intact.

Strategically, the logic of deeper integration is understandable. T-Mobile US is the group's strongest asset, and closer alignment could simplify the structure, strengthen the transatlantic telecom platform, and potentially improve access to U.S. capital markets. However, execution would be complicated. Any transaction would likely require careful handling of both U.S. and German political interests, and investors will need to see a clear value-creation case before fully supporting such a move.

The next catalysts are clear. T-Mobile US reports quarterly results next week, and Deutsche Telekom's own results will follow in May. If T-Mobile continues to deliver strong growth, investor attention may shift back from merger speculation to operating performance. For now, the stock remains caught between strategic uncertainty and solid underlying fundamentals.

Risks and Opportunities for Investors

For investors, the **key risk** remains the fragile energy backdrop. Oil prices are still being driven less by normal supply-and-demand dynamics and more by diplomatic headlines, military developments and uncertainty around the Strait of Hormuz. If talks between the U.S. and Iran fail or shipping remains restricted, energy prices could stay elevated, keeping pressure on inflation, consumers and corporate margins. This would be particularly negative for transport, autos, chemicals, packaging and other energy-sensitive sectors.

At the same time, the week also showed that markets are not moving purely on fear. The rally in Intel and broader strength in AI-linked technology stocks highlight that investors are still willing to look through macro uncertainty when company-specific fundamentals are improving. Semiconductor demand, AI infrastructure, data centers and cloud-related investment remain major opportunities. Energy producers and selected service companies may also benefit from higher oil prices, although volatility makes this trade more difficult.

The **main opportunity** lies in selective positioning. Companies with strong pricing power, exposure to structural AI demand, solid balance sheets, or the ability to benefit from higher energy prices remain attractive. By contrast, firms dependent on cheap energy, fragile consumer demand, or stable funding conditions face more risk. This is a market where broad index performance can hide very different sector-level realities.

Looking Ahead

Looking ahead, the **most important market driver** will remain the **diplomatic path around Iran and the Strait of Hormuz**. A meaningful breakthrough could ease oil prices, support risk assets, and reduce pressure on bond yields. However, even a partial normalization would likely take time, meaning supply-chain and energy-market distortions may continue to influence markets for weeks.

Investors will also **watch central-bank signals** closely. If energy prices remain high, policymakers may be reluctant to cut rates, even if growth weakens. That creates a difficult environment where inflation risks and slowdown risks exist at the same time. Company earnings will therefore become especially important, as markets look for proof of which firms can still grow despite higher costs and geopolitical uncertainty.

Overall, this week showed a market that is nervous but not broken. Energy uncertainty remains the biggest macro risk, but strong AI-related momentum and resilient corporate results in selected sectors continue to provide support. The next few weeks will likely determine whether markets can move back toward fundamentals, or whether geopolitics continues to dominate every major move.

Economic Policy Shifts & Other Key Developments

This week's economic and policy landscape was **dominated** by the **global spillover effects** of the **Middle East conflict**, with rising energy prices increasingly feeding into inflation, growth expectations and central-bank decision making. In the U.K., inflation accelerated to 3.3% in March, driven largely by a sharp increase in fuel costs, highlighting how quickly geopolitical shocks are translating into real economic pressure. While the Bank of England is still expected to hold rates for now, the key concern is no longer just headline inflation but potential second-round effects, higher wages and broader price increases, which could force policymakers to remain restrictive for longer than previously expected.

At the same time, the **impact on growth** is becoming more visible **across Europe**. **Germany, in particular**, is showing clear signs of stress, with business sentiment falling to its lowest level since the pandemic as companies face rising energy costs, supply-chain disruptions and weakening demand. This reinforces the broader narrative that Europe is especially exposed to energy shocks, given its reliance on imports. Across the eurozone, economic activity is beginning to contract again, even as inflation pressures persist, an early signal of a potential stagflationary environment that central banks will need to navigate carefully.

Globally, **central banks** are facing increasingly complex trade-offs. The **Bank of Japan**, for example, is dealing with “two-way risks,” where the same shock both slows growth and pushes inflation higher. This dynamic is now visible across major economies: policymakers are hesitant to tighten further due to fragile growth, but at the same time cannot ignore persistent inflation risks driven by energy and supply disruptions. As a result, many central banks are shifting into a cautious “wait-and-see” mode, closely monitoring whether temporary shocks turn into more persistent inflation dynamics.

Interestingly, parts of the real economy are showing short-term distortions rather than outright weakness. **Manufacturing activity** has picked up in several regions, not because of strong underlying demand, but due to firms stockpiling goods and accelerating orders to avoid future shortages and price increases. This front-loading effect is likely temporary and could reverse later in the year, potentially leading to a sharper slowdown once inventories are drawn down.

Beyond macroeconomics, **policy developments in the U.S.** also drew attention, with the Justice Department ending its probe into Federal Reserve Chair Jerome Powell. This removes a key political obstacle to the potential confirmation of Kevin Warsh as his successor and helps ease concerns about pressure on central-bank independence, an issue that had become increasingly relevant for markets.

Finally, **global trade tensions** remain an additional layer of uncertainty. Negotiations between the U.S. and Canada have stalled, with both sides taking a harder stance on tariffs and market access. This highlights that, alongside geopolitical conflict and energy shocks, protectionist trade dynamics continue to shape the global economic environment.

Overall, the week underscored a key theme: the global economy is entering a phase where geopolitical shocks, inflation risks and slowing growth are increasingly intertwined, making the policy outlook more uncertain and the path forward for markets less straightforward.

A Few Words

All in all, it has been another exciting week across markets, with a lot happening and plenty of developments that will likely shape the weeks and months ahead. It's exactly this kind of environment where it pays to stay on top of the bigger picture, so make sure to tune in again next week for the next edition of *The Weekly Market Brief*.

As always, thank you to everyone reading and supporting, your feedback is highly appreciated. Feel free to share your thoughts, leave a comment, and if you haven't already, subscribe to the newsletter to stay updated when the next brief goes live.

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