

Thank you again for the continued feedback and for following *The Weekly Market Brief*. This week was once again shaped by a very busy mix of major corporate moves, market volatility and macroeconomic uncertainty. On the dealmaking side, large transactions continued to stand out, including GameStop's bold bid for eBay as this week's Deal of the Week, while markets remained heavily influenced by oil-price swings, chip-stock momentum and the ongoing U.S.-Iran standoff. At the same time, economic policy developments were dominated by renewed tariff tensions, weakening European growth signals, central-bank caution and the broader inflationary effects of the Middle East conflict. As always, I tried to pick out the key developments and the stories I found most relevant and interesting for investors, markets and the wider economy.

### M&A activity - Deal of the Week

M&A activity remained highly interesting this week, with several developments showing how companies and investors are still willing to pursue large transactions despite uncertainty around rates, credit conditions and geopolitics. The week included a rejected private-equity takeover approach, continued evidence of strong private-capital firepower, telecom consolidation in the U.K., and one particularly bold proposed transaction that shows how far risk appetite can still stretch in today's market. The following developments provide a concise overview of the most relevant M&A stories this week.

#### Key M&A Developments

One of the most notable situations came from the **testing, inspection and certification sector**, where **Intertek rejected** a sweetened £8.93 billion, or roughly **\$12.1 billion, takeover proposal** from Swedish private-equity group **EQT**. The improved offer of £58 per share followed earlier approaches at £54 and £51.50 per share, but Intertek's board unanimously rejected the bid, arguing that it significantly undervalued the company and carried meaningful execution risk. Instead, Intertek remains focused on its own strategic review, which could involve selling or demerging its Energy & Infrastructure unit from its Testing & Assurance business. The company said it has already received encouraging interest from potential buyers, suggesting that management believes it can unlock value without accepting EQT's proposal. EQT now has until May 14 under U.K. takeover rules to either make a formal offer or walk away.

**Private capital** also remained a key theme this week, with **Carlyle** reporting that it now has a record **\$96 billion** of dry powder **available to invest**. Even though the firm posted a first-quarter loss and distributable earnings fell sharply, management emphasized that market volatility, energy-security needs, national-security priorities and demand for private capital are creating attractive deployment opportunities. Carlyle raised \$13 billion during the quarter, bringing total assets to around \$475 billion, and continues to work on major transactions including an \$8 billion carve-out from BASF and a \$3 billion acquisition of MAI Capital Management. The results show a mixed picture: near-term earnings are under pressure because exits have not yet generated meaningful carried interest, but the firm's fundraising strength and capital base suggest that large private-equity players remain well positioned to pursue deals when market dislocations create openings.

Another major **transaction** came from the **telecom** sector, where **CK Hutchison** agreed to **exit its VodafoneThree joint venture** by **selling its 49% stake to Vodafone** for £4.30 billion, or around **\$5.8 billion**. The transaction gives Vodafone full ownership of one of the U.K.'s largest mobile operators and implies an enterprise value of £13.85 billion for VodafoneThree, which was created through the merger of Vodafone's U.K. business and Three UK. For Vodafone, full control should allow faster decision-making and a clearer path to transforming the U.K.'s digital infrastructure. For CK Hutchison, the sale fits into a broader strategy of divesting assets, reducing debt and strengthening the balance sheet. The deal is expected to close in the second half of 2026 and follows other major disposals by CK Group, including the planned sale of UK Power Networks.

### This Weeks Deal of The Week: GameStop's \$56 Billion Bid for eBay

This week's standout deal is **GameStop's proposed \$56 billion bid for eBay**, a transaction that is remarkable not only because of its size, but also because of what it says about current market conditions. GameStop, with a market value of around \$11 billion, is trying to acquire eBay, a company worth roughly \$46 billion, in a **cash-and-stock offer of \$125 per share**. That represents about a **20% premium** to eBay's previous closing price and would be funded through a 50-50 mix of cash and stock, including debt financing supported by TD Securities.

The deal stands out because it is a bold attempt by GameStop CEO Ryan Cohen to reinvent the company far beyond its traditional video-game retail roots. GameStop's core brick-and-mortar business has been under pressure for years as gamers increasingly shift toward digital downloads, online platforms and cloud gaming. Under Cohen, the company has tried to stabilize itself by closing stores, cutting costs and expanding into areas such as collectibles and trading cards. However, the proposed eBay acquisition would represent something much more ambitious: a move to turn GameStop into a broader e-commerce and marketplace competitor.

**Strategically**, the rationale is understandable at a high level. eBay would give GameStop a large global marketplace, a broader customer base, stronger digital infrastructure and an established platform for resale, collectibles and consumer goods. This could, in theory, accelerate GameStop's transformation away from a shrinking physical retail model and toward a more scalable marketplace business. Given GameStop's existing customer base and its growing focus on collectibles, there is some strategic overlap with eBay's marketplace strengths.

However, the **risks** are substantial. The biggest issue is financing. GameStop has reportedly received a "highly confident" letter from TD Securities for up to \$20 billion in debt, with the proposed transaction also relying on around \$9 billion of cash on hand and stock consideration. Taking on that amount of leverage would be a major risk for a company whose operating business is still undergoing a difficult transformation. GameStop has already used favorable market conditions to raise money through interest-free convertible notes and invest in Bitcoin, marketable securities and eBay shares. That has made the company look less like a traditional retailer and more like a leveraged investment vehicle.

The deal also reflects a **broader market theme**: despite concerns around private credit, high interest rates and geopolitical risk, financial markets are still showing signs of major risk appetite. Credit spreads remain relatively tight, equity valuations are elevated, and investors continue to fund bold, highly leveraged transactions. In that sense, the GameStop-eBay

proposal is not just an M&A story; it is also a signal of how much confidence, liquidity and financial engineering still exist in the market.

For eBay shareholders, the offer may be attractive because of the premium, but they will likely question whether GameStop has the financial capacity and operational credibility to complete and successfully integrate such a large transaction. For GameStop shareholders, the deal offers the possibility of a dramatic strategic reset, but also exposes them to major execution, debt and integration risks. The comparison with other highly leveraged retail deals is unavoidable: when debt is used aggressively to fund a transformation, the outcome can be powerful if the strategy works, but dangerous if growth disappoints.

**Overall**, GameStop's bid for eBay is this week's Deal of the Week because it captures several important themes at once: the continued availability of credit, the search for scale in digital marketplaces, the influence of meme-stock-era capital structures, and the willingness of companies to attempt transformative deals even when the financial logic is controversial. Whether the deal succeeds or not, it is a reminder that today's markets are still rewarding boldness, but also that leverage can quickly turn from opportunity into risk if the underlying business case does not hold.

## **Market Movements**

This week's market movements were once again heavily shaped by the developments around the Middle East conflict, oil prices, inflation expectations and the continuing strength of the AI trade. While oil ended the week lower on renewed hopes for a U.S.-Iran agreement and a possible reopening of the Strait of Hormuz, markets remained cautious, as the situation is still highly fluid and any renewed escalation could quickly push energy prices higher again. At the same time, technology and semiconductor stocks continued to attract strong investor attention, while airlines, chemicals, industrials and other energy-sensitive sectors remained exposed to higher input costs.

### **Key Market Movements This Week**

**Oil markets** remained the central driver of broader market sentiment. Brent crude ended the week at around \$101 per barrel, down more than 6% for the week, while WTI also fell by a similar amount. The decline reflected hopes that a U.S. proposal could move negotiations with Iran forward and eventually lead to the reopening of the Strait of Hormuz. However, analysts remained cautious, as there is still limited evidence of real progress on the key sticking points. Barclays kept its 2026 Brent forecast at \$100 per barrel, with risks still tilted to the upside, arguing that prices may actually be too low given resilient demand and declining inventories. U.S. oil producers also continued to show restraint, with rig counts only slightly higher than at the end of February and still well below last year's level, suggesting that companies remain hesitant to increase drilling amid volatile prices and geopolitical uncertainty.

The **energy shock** continued to **affect a wide range** of sectors. **Utilities and pipeline companies** such as Emera and Enbridge delivered relatively solid updates, with management teams emphasizing stable growth plans and strong balance sheets. In contrast, parts of the chemical sector remained under pressure, as companies such as Henkel and Clariant face rising direct costs from inflation, higher energy prices and potential disruptions linked to the Middle East. Henkel is expected to respond with price increases and cost controls, while

Clariant's outlook depends partly on whether the important spring and summer turnaround season can proceed normally. This shows how the oil shock is not only a commodity story, but also a margin story for industrial companies.

**Transport and airline stocks** were another area where the impact of higher fuel costs was clearly visible. IAG, the owner of British Airways, Iberia and Aer Lingus, gave more cautious comments for the second half of the year than some peers and warned that its fuel bill could rise sharply compared with last year. European airline shares fell after IAG lowered its outlook, while Lufthansa had previously sounded more optimistic about its ability to recover fuel costs through pricing. The wider message is that airlines still face a difficult balancing act: demand may remain decent, but higher jet-fuel prices can quickly pressure margins if carriers cannot fully pass costs on to passengers.

In **basic materials**, gold held firm and remained supported by geopolitical uncertainty, technical momentum and institutional inflows. Spot gold traded above \$4,700 per ounce, with analysts pointing to the \$4,680 level as an important support zone. At the same time, lithium, laminates and specialty materials continued to benefit from AI-related demand and supply tightness. Kingboard Holdings, for example, was seen as a beneficiary of shortages in laminate materials linked to the AI boom, while mining and specialty chemical names remained sensitive to both commodity pricing and broader industrial demand.

**Financial markets** were mixed but relatively stable. Treasury yields ended the week close to where they began, as investors balanced hopes of Middle East de-escalation against still-elevated inflation risks. The 10-year Treasury yield hovered around the mid-4% range, while the 2-year yield remained just below 4%. Stronger-than-expected U.S. payrolls suggested that the labor market is cooling but not collapsing, giving the Federal Reserve little immediate pressure to cut rates. At the same time, consumer sentiment remained weak, showing that households are still worried about inflation, fuel prices and economic uncertainty.

**Technology** remained the clear **bright spot**, although not without volatility. CoreWeave came under pressure after projecting second-quarter revenue below consensus and raising concerns about capital expenditure, but analysts argued that its long-term AI infrastructure story remains intact. Cloudflare fell sharply despite better results, as investors reacted to guidance and a major headcount reduction linked to an "AI-first" operating model. More broadly, AI continued to reshape the corporate landscape, with layoffs, rising data-center spending, stronger semiconductor demand and new monetization opportunities all reinforcing the idea that artificial intelligence is becoming a central market theme rather than a narrow technology story.

### Focus Topic: The Chip-Stock Juggernaut Shows No Signs of Slowing Down

This week's focus topic is the continued **surge in semiconductor stocks**, which has become one of the defining market stories of 2026. The rally is no longer limited to Nvidia or GPU-focused companies. Instead, investor enthusiasm has broadened across the entire semiconductor value chain, including CPU makers, memory-chip companies and suppliers of key infrastructure for AI computing.

Intel is the most striking example. Only a year ago, many investors viewed the company as structurally challenged, but its stock has now surged more than **200% this year**. The reason is that the AI narrative has shifted. While GPUs remain essential for training large AI models,

the rise of agentic AI and inference workloads has renewed demand for traditional CPUs. These chips are needed to run AI applications continuously, process data and support the broader infrastructure behind AI tools. This shift has turned Intel from a perceived laggard into a potential beneficiary of the next phase of AI computing.

Memory-chip companies have also become major winners. As AI models become more complex and generate more data, demand for memory has increased sharply. Micron, for example, is expected to see revenue rise dramatically compared with its 2023 levels, while analysts now forecast extremely strong operating profits due to tight supply and strong pricing. Sandisk and other memory-related names have also surged, showing that investors are now rewarding companies that can benefit from shortages and pricing power across the semiconductor supply chain.

What makes this rally especially interesting is that it is supported by real earnings growth, not just excitement. Unlike parts of the dot-com bubble, where many companies had little or no profit, several chip makers are currently delivering strong results and positive guidance. This gives the rally a stronger fundamental base. However, that does not eliminate risk. Semiconductor stocks have historically been cyclical, and periods of shortages and high prices often lead companies to build too much capacity, which can later create oversupply and falling margins.

The market is therefore caught between two narratives. On one side, AI demand looks enormous, and the largest technology companies are still racing to secure as much computing power as possible. On the other side, the speed of the rally is extreme. Leveraged semiconductor ETFs, such as SOXL, have attracted heavy retail attention, and some investors are already comparing the current move with the late-stage dot-com period. The fact that semiconductor stocks have added trillions in market value within weeks shows how powerful the trade has become, but also how sensitive it could be to any disappointment in earnings, AI spending or supply-demand expectations.

Overall, the chip rally remains one of the strongest opportunity stories in the market, but also one of the clearest areas where expectations are becoming demanding. The long-term AI buildout still supports the sector, yet investors should be careful not to assume that every chip company will continue to rise indefinitely. The winners will likely be those with real pricing power, supply advantages and exposure to the most durable parts of AI infrastructure.

### Risks and Opportunities for Investors

For investors, this week once again showed that the market is offering **opportunities**, but only with significant macro and geopolitical risk attached. The most obvious risk remains the Middle East conflict. Even though oil prices declined this week on hopes of a potential diplomatic breakthrough, the Strait of Hormuz has not fully normalized, and any failure in negotiations could quickly reverse the move lower in energy prices. That would keep pressure on airlines, chemicals, consumer companies and import-dependent economies, while also complicating the rate outlook for central banks.

At the same time, the decline in oil prices created some relief for risk assets and helped keep bond yields relatively contained. If the conflict de-escalates further, energy-sensitive sectors could benefit, especially airlines, transport companies and parts of European industry that

have been hit by higher input costs. However, this depends heavily on whether lower futures prices eventually translate into lower physical energy costs and improved supply flows.

The AI and semiconductor rally remains the most important opportunity in equity markets. Companies exposed to CPUs, memory chips, data centers and AI infrastructure are seeing strong demand and in some cases impressive earnings growth. However, valuations and investor expectations have risen quickly. That means the upside remains attractive, but the margin for error has narrowed. Investors may need to distinguish between companies with genuine long-term earnings power and those that are simply being lifted by broad AI enthusiasm.

Another risk is that inflation remains sticky even if oil prices fall. Companies in sectors such as chemicals, transport and consumer goods are already preparing or implementing price increases to offset higher costs. If these second-round effects continue, central banks may remain cautious, limiting the chance of rate cuts. This would be especially important for bond markets, highly valued growth stocks and leveraged companies.

### Looking Ahead

**Looking ahead**, the market will remain highly sensitive to developments in the Middle East, especially any real progress toward reopening the Strait of Hormuz and restoring normal energy flows. Oil prices have become the key variable for inflation expectations, central-bank policy and sector rotation. If negotiations move forward and energy prices continue to fall, markets could shift further into a risk-on mode, benefiting equities, airlines, industrials and consumer-facing sectors.

At the same time, investors should not ignore that the economic impact of the conflict may take time to fully appear. Higher energy costs have already affected companies' guidance, consumer sentiment and inflation expectations. Even if the geopolitical situation improves, some of the cost pressure may remain visible in earnings and prices over the coming quarters. The second key theme to watch is whether the chip-stock rally continues to broaden or starts to show signs of overheating. Strong earnings, AI infrastructure spending and supply shortages still support the sector, but the pace of gains has become extraordinary. Upcoming guidance from major semiconductor, cloud and AI infrastructure companies will therefore be crucial. If results continue to confirm real demand, the rally may have further room to run. If expectations become too stretched, however, even small disappointments could trigger sharp corrections.

**Overall**, this week's market message is clear: investors are still willing to take risk, especially in AI-related areas, but the broader market remains highly dependent on oil, inflation and geopolitical headlines. The coming weeks will likely determine whether the market can move beyond war-driven uncertainty and refocus on earnings and fundamentals, or whether another round of energy volatility forces investors back into a more defensive stance.

### Economic Policy Shifts & Other Key Developments

This week's economic policy and macroeconomic developments again revolved around the **impact of the Iran conflict, higher energy prices, inflation risks** and the question of how **central banks and governments** should respond. The key theme was that the global

economy is not experiencing a simple demand slowdown, but rather a supply-driven shock that is feeding into energy costs, business confidence, consumer sentiment and industrial activity. While some data points still looked resilient, especially in German factory orders, the broader picture remained fragile.

**German factory orders** delivered a **surprisingly strong** March reading, **rising 5.0%** after already increasing in February. At first glance, this looks like a clear positive sign for German industry, especially because the growth was broad-based and not only driven by large individual orders. Electrical equipment, machinery, computer and optical products all contributed, while both domestic and foreign demand improved. However, the interpretation is more complicated. A large part of the increase likely reflected companies front-loading orders and building inventories to protect themselves against supply-chain disruptions and higher prices following the outbreak of the Iran war. In other words, the data looked strong, but may not represent a sustainable industrial recovery.

That caution was reinforced by **German industrial production**, which unexpectedly **declined by 0.7% in March**. This showed that while orders picked up, actual output was already being hit by higher energy prices and uncertainty. Germany is particularly vulnerable here because it is a major energy importer and had already been struggling with high input costs since the loss of cheap Russian gas. The closure of the Strait of Hormuz adds further pressure by disrupting flows of oil, gas, petrochemicals, industrial gases and fertilizer-related inputs. For German companies, this means higher production costs, weaker margins and more uncertainty around planning. The fact that business expectations in purchasing managers' surveys turned negative for the first time in 18 months suggests that March's order strength could quickly fade in the coming months.

The situation is especially important for Germany because the government had hoped its large defense and infrastructure stimulus package would finally help revive the country's industrial base. The new data show that the stimulus may provide some support, but it is now being offset by the external shock from the Middle East. This leaves Germany in a difficult position: there is fiscal support in the background, but firms are facing higher energy costs, weaker confidence, U.S. tariff threats and structural pressure from Chinese competition. The result is a recovery that remains possible, but far less convincing than it looked before the war began. For the European Central Bank, the key question remains whether the energy shock will turn into a broader inflation problem. This is why the ECB's wage tracker was particularly important this week. The tracker suggests that eurozone wages are set to rise by 2.6% in 2026, down from 3.0% in 2025, and therefore still points toward wage moderation. This is somewhat reassuring for policymakers, because it means that so far there is limited evidence of a wage-price spiral. If workers do not demand much higher pay to compensate for higher energy prices, the inflation shock is less likely to become deeply embedded.

However, the **ECB** is not fully comfortable. Officials are still worried that if energy prices remain elevated for long enough, employees may start demanding higher wages and companies may raise prices more broadly. ECB official Piero Cipollone made clear that the current situation is drifting away from the central bank's earlier baseline assumptions, increasing the likelihood that policy rates may need to be adjusted. In simple terms, the ECB is not reacting only to current inflation, but to the risk that temporary energy inflation becomes persistent inflation. The wage data reduce that risk for now, but they do not eliminate it.

In the **U.S.**, the **supply-chain debate** also remained important, particularly in the auto sector. Although Chinese cars are largely absent from American roads, Chinese auto parts are deeply embedded in U.S. vehicle production. Chinese companies now own stakes in a meaningful share of U.S. auto suppliers, including producers of airbags, glass, steering systems and other key components. This shows that economic dependence on China is not only about finished products, but also about hidden supply-chain exposure. For U.S. policymakers, this raises national-security and industrial-policy concerns, especially as lawmakers push for restrictions on Chinese-made cars and certain safety components.

The **auto-parts issue** highlights a **broader shift** in global trade policy. Governments are increasingly trying to reduce strategic dependence on geopolitical rivals, but supply chains are already deeply interconnected. Removing Chinese components from U.S. vehicles would be difficult, expensive and potentially disruptive for automakers. At the same time, companies such as Tesla and General Motors have already started reducing their exposure to China-made parts. This suggests that supply-chain localization and “de-risking” will remain important themes, even if they raise costs in the short term.

**Consumer sentiment** was another weak point this week. The University of Michigan’s consumer sentiment index fell to 48.2 in May, below the previous month’s already historic low. Higher gasoline prices have clearly intensified consumers’ worries about the economy, even though the broader macro backdrop still shows some resilience. This creates an important disconnect: headline economic data may not yet look recessionary, but households are feeling the pressure from fuel costs, inflation uncertainty and a softer labor market. This matters because weak sentiment can eventually become self-reinforcing if consumers cut discretionary spending.

**Inflation expectations** in the Michigan survey were slightly lower than in April, but still elevated. Year-ahead inflation expectations stood at 4.5%, while longer-run expectations remained above levels central banks would usually feel comfortable with. For the Federal Reserve, this is relevant because inflation expectations can influence real inflation behavior. If consumers and businesses expect prices to keep rising, wage demands and pricing decisions can adjust accordingly. The Fed therefore has little reason to rush into rate cuts while sentiment is weak but inflation risks remain unresolved.

**The labor-market picture** also became more nuanced, especially in technology. The unemployment rate for information-technology workers rose to 3.8% in April, reflecting a more uncertain hiring environment as artificial intelligence reshapes the sector. Several companies have announced layoffs or hiring slowdowns linked partly to AI adoption and cost control, while others continue to seek workers with AI-related skills. This does not mean that AI is simply destroying tech jobs across the board, but it does suggest that the composition of hiring is changing. Entry-level and routine IT roles appear more vulnerable, while demand remains stronger for workers who can build, manage and apply AI tools.

This trend matters beyond the technology sector. AI is increasingly becoming both a productivity opportunity and a labor-market disruption. Companies are using AI to streamline operations, reduce costs and rethink roles, but the transition may be difficult for workers without the right experience. For investors and policymakers, the key question is whether AI-driven productivity gains can offset the disruption in employment and wages over time. Finally, U.K. consumer data showed that the energy shock is already filtering into spending behavior. Retail footfall declined sharply in April, with consumers making fewer trips to shops as inflation and lower confidence weighed on spending. While the timing of Easter

distorted the monthly comparison, the two-month trend still pointed to weaker retail activity. This fits the broader pattern seen across advanced economies: higher fuel and energy costs act like a tax on households, leaving less money for discretionary purchases. For retailers, this means fewer visits, more selective consumers and greater pressure to convert each shopper into actual sales.

**Overall**, this week's policy and economic developments underline how broad the impact of the Iran conflict has become. It is affecting German industry, eurozone wage debates, U.S. consumer sentiment, global supply chains, tech employment and U.K. retail activity. The main takeaway is that economies are still functioning, but the margin for error has narrowed. If energy prices ease and supply routes normalize, some of the pressure could fade. If disruptions persist, however, central banks may face the difficult combination of weaker growth and stubborn inflation.

### **A Few Words**

This has been another highly eventful week across markets, dealmaking and economic policy. From major M&A developments and continued AI-driven market momentum to persistent uncertainty around energy prices, inflation and the Middle East conflict, there was a lot to follow and even more to interpret. The coming weeks and months will be especially important to watch, as investors, policymakers and companies continue to adjust to a shifting macroeconomic and geopolitical environment.

As always, thank you to everyone reading *The Weekly Market Brief* and for the feedback so far. I really appreciate every comment, suggestion and discussion around the topics covered. If you enjoyed this week's edition, feel free to leave a comment, share your thoughts or subscribe to the newsletter if you have not already, so you will be notified when next week's brief is published. See you again next week for another edition of *The Weekly Market Brief*.

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