The Weekly Market Brief

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Thank you again to everyone who has been reading, sharing feedback, and following *The Weekly Market Brief* over the past weeks. This week once again brought a lot to unpack: major M&A activity around utilities, food delivery, private equity and music rights, continued market focus on energy prices and the Strait of Hormuz, a powerful AI-driven trade and infrastructure cycle, and central banks becoming more cautious as inflation risks return. As always, I tried to pick out the developments that felt most relevant and interesting, and to connect them to the bigger picture for markets, investors and the global economy.

M&A activity - Deal of the Week

M&A activity remained highly active this week, with several important developments across food delivery, industrials, healthcare and utilities. A major theme was again consolidation in fragmented or capital-intensive sectors, where scale, market access and strategic positioning are becoming increasingly important. Delivery Hero attracted takeover interest from both Uber and DoorDash, Apollo approached Bodycote with a cash offer, CVC and GBL moved forward with a bid to take Recordati private, and NextEra's planned combination with Dominion Energy stood out as one of the largest and most strategically important deals of the year.

Key M&A Developments

One of the most closely watched situations this week was **Delivery Hero**, after the company confirmed that **Uber** had approached it with an indicative takeover proposal of €33 per share, valuing the German food-delivery group at more than **€10 billion**. According to reports, Uber CEO Dara Khosrowshahi met with Delivery Hero's supervisory board chair Kristin Skogen Lund in Oslo, but the proposal was rejected. Several shareholders are reportedly seeking a price above €40 per share, which could value the company at around €13 billion. Uber already owns 19.5% of Delivery Hero and holds another 5.6% through derivatives, giving it significant influence over the situation. *Morgan Stanley is working on Uber's bid.*
The interest in Delivery Hero also reflects broader consolidation across the global food-delivery industry. DoorDash has also reportedly explored options, including a potential full takeover or a purchase of specific assets such as Delivery Hero's Middle East business, which includes Talabat and HungerStation. The Middle East arm appears especially attractive, with some shareholders valuing Delivery Hero's 80% stake in Talabat alone at up to €9 billion. Strategically, the situation shows how global delivery platforms are trying to secure scale, regional density and profitable assets, while investors continue to push Delivery Hero to simplify its structure and accelerate asset sales.

In the **industrial sector**, **Bodycote** received a **£1.52 billion**, or roughly $**2.04 billion**, **takeover proposal from Apollo Global Management**. The offer values Bodycote at 885 pence per share in cash, excluding the proposed final dividend, representing a 27% premium to the company's prior closing price. Bodycote, which specializes in heat treatment and thermal processing services, confirmed that it is in talks with Apollo, although there is no certainty that a formal deal will be agreed. The offer follows several previous approaches, suggesting that private equity sees value in Bodycote's niche industrial capabilities and potentially underappreciated public-market valuation. On the advisory side, Barclays Bank PLC and Goldman Sachs International are advising Bodycote, while Apollo's financial advisors have not yet been publicly disclosed.

Another notable transaction came from the **healthcare sector**, where **CVC Capital Partners and Groupe Bruxelles Lambert teamed up** for a **€10.73 billion**, or roughly **$12.5 billion**, **bid to take** Italian drugmaker **Recordati private**. CVC already controls an investment vehicle holding 46.8% of Recordati, and the new consortium is offering €51.29 per share, or €52 including a recent dividend. The aim is to delist the company and support it through increased research investment and further acquisitions, especially in the rare-disease segment. Strategically, the transaction fits the broader private-equity playbook in healthcare: stable cash flows, specialty medicines and room for expansion through targeted dealmaking. CVC relied on Goldman Sachs, J.P. Morgan, Jefferies, Mediobanca and Deutsche Bank as financial advisors, while GBL was advised by Morgan Stanley.

This Weeks Deal of The Week: NextEra to Buy Dominion Energy in $67 Billion Deal

This week's Deal of the Week is **NextEra Energy's agreement to buy Dominion Energy** in a roughly **$67 billion all-stock transaction**. Including debt, the combined group would have an enterprise value of around $420 billion, making it one of the largest utility combinations ever. The deal would unite two of the biggest U.S. electricity providers and create an East Coast energy giant with around 10 million customer accounts across Florida, the Carolinas and Virginia.

The reason this deal stands out is not only its size, but the strategic logic behind it. Electricity demand in the U.S. is rising sharply for the first time in decades, largely driven by artificial intelligence, data centers, electrification and reshoring. Dominion is particularly attractive because of its exposure to Virginia, especially "data center alley" near Washington, D.C., which is one of the most important hubs for U.S. digital infrastructure. Data centers already account for a large share of Dominion's electricity sales in Virginia, and demand is expected to grow significantly as AI companies and hyperscalers continue to build out compute capacity.

For NextEra, the acquisition provides a way to diversify beyond its traditional strengths in Florida and renewable energy. The company has long been one of the most important clean-energy developers in the U.S., but the AI-driven power boom increasingly requires an "all-of-the-above" approach, including renewables, natural gas, nuclear power, battery storage and transmission. By acquiring Dominion, NextEra gains access to a large regulated utility footprint, a major gas-fired power portfolio and one of the most attractive data-center demand pipelines in the country.

The **deal terms** give Dominion shareholders 0.8138 NextEra shares for each Dominion share, equivalent to around $76 per share based on pre-announcement prices. Dominion shareholders will own around 25% of the combined company, while NextEra shareholders will own approximately 75%. Dominion shareholders will also receive a one-time $360 million cash payment once the transaction closes. The combined group will operate under the NextEra Energy name, with dual headquarters in Juno Beach, Florida, and Richmond, Virginia. NextEra CEO John Ketchum will serve as chairman and CEO of the combined company, while Dominion CEO Robert Blue will become president and CEO of regulated utilities and join the board.

The **opportunity** is clear: the combined company would become the dominant U.S. electricity platform at a time when power has become one of the most important bottlenecks in the AI

build-out. NextEra said the combined group would have a 130-gigawatt pipeline of large prospective customers, which shows the scale of potential future demand. If the company can successfully build new generation, expand transmission and serve data centers without losing regulatory support, the deal could position NextEra as one of the biggest winners of the AI infrastructure cycle.

However, the **risks** are also significant. Utility deals of this size are extremely complex and heavily regulated. The transaction will need approval from federal antitrust authorities, energy regulators and state utility commissions. This could become difficult because electricity affordability is already a major political issue. Consumers in Virginia and other states have seen power bills rise, partly because of data-center demand, and there is growing public resistance to large data-center projects. To address this, NextEra has committed more than $2.2 billion in bill credits for Dominion's legacy customers in Virginia, North Carolina and South Carolina, clearly aiming to reduce regulatory and political opposition.

Another **risk** is execution. Combining two major regulated utilities while simultaneously investing in new power generation, transmission and data-center infrastructure is not easy. The company will need to balance shareholder returns with customer affordability, regulatory requirements and enormous capital-spending needs. If energy costs rise too quickly or regulators force more concessions, the financial attractiveness of the deal could be reduced. The deal also includes a $4.8 billion break fee if regulators block the transaction, underlining how important regulatory approval will be.

On the advisory side, *Lazard served as lead financial advisor to NextEra Energy*. The transaction is expected to close within around 18 months, although some analysts believe the regulatory process could take longer due to the size of the deal and the political sensitivity around energy prices and data-center growth.

Overall, this deal stands out because it connects two of the biggest themes in today's market: consolidation in critical infrastructure and the massive electricity demand created by artificial intelligence. It is not just a utility merger; it is a bet that power supply will become one of the defining constraints of the AI economy. For NextEra, Dominion offers direct exposure to one of the most important data-center markets in the world. For Dominion, the deal provides scale, capital and a stronger platform after years of underperformance. If approved, the combination could reshape the U.S. utility landscape and create one of the most important energy infrastructure companies in the AI era.

Market Movements

Market movements this week were again shaped by the same broad forces that have been driving markets for several weeks now: energy uncertainty, the continued closure of the Strait of Hormuz, the AI infrastructure build-out, and investor sensitivity to inflation and interest-rate expectations. Oil remained elevated, metals and commodity-linked stocks continued to react to supply concerns, and several sectors showed how deeply the Middle East conflict is filtering through input costs, logistics, investor sentiment and corporate outlooks. At the same time, the market's focus on AI-driven electricity demand created another important theme, especially around geothermal power and alternative sources of reliable energy.

Key Market Movements This Week

Commodities remained one of the most important areas to watch. Palm oil prices moved higher, supported by bargain hunting and expectations that Indonesia's planned export restrictions on key agricultural commodities could tighten supply. Aluminum also remained in focus, with analysts expecting Press Metal Aluminium to benefit from higher aluminum prices and easing alumina costs. The Middle East conflict continues to support the view that aluminum markets could remain structurally tight through 2027, although higher prices may eventually weigh on demand.

Copper remained central to the mining story. UBS upgraded several copper-exposed miners after raising its copper-price forecasts, pointing to structural demand from electrification, EVs, grid infrastructure, AI data centers and defense spending. This reinforces the idea that copper is not just moving on short-term cyclical demand, but increasingly on long-term infrastructure and technology trends. Iron ore prices were also slightly higher, supported by steady steel-mill production and robust demand, although analysts noted that high valuations may limit further upside.

Petrochemicals and chemical-related names continued to reflect the impact of the Strait of Hormuz disruption. Petronas Chemicals is expected to benefit from elevated product prices caused by tighter supply chains, but some analysts also warned that much of the upside may already be priced into the stock. This was a recurring theme across commodity-linked equities this week: higher prices support near-term earnings, but investors are increasingly asking how much of the good news has already been reflected in valuations.

In **healthcare**, Merck attracted attention after encouraging data for sac-TMT, a targeted chemotherapy treatment developed with China's Kelun-Biotech. JPMorgan described the study abstract as highly encouraging, though it also noted that comparisons are difficult because the treatment was tested against Merck's own Keytruda monotherapy rather than the standard of care in most markets. Separately, Recordati remained in focus after CVC and Groupe Bruxelles Lambert launched their bid to take the Italian drugmaker private, which also tied back to this week's M&A activity.

Transport and logistics were mixed. Stellantis presented a more ambitious long-term plan, targeting €175 billion in revenue and a 5% margin by 2028, while also confirming its 2026 and 2027 guidance despite commodity inflation headwinds. Shipping companies such as Maersk and Hapag-Lloyd continue to face uncertainty around the reopening of the Red Sea, fuel costs, fuel availability and global demand. The huge order book for new container ships also raises the risk of oversupply, making the sector difficult to call with confidence. DHL, however, was viewed more positively by Deutsche Bank, which upgraded the stock and argued that concerns around AI disruption and Amazon competition may be overdone.

Financial services saw several developments, particularly in wealth management and private banking. Julius Baer reported strong margins, helped by elevated client activity, but weaker net new money inflows raised concerns about the sustainability of momentum. Singapore's major banks, DBS and OCBC, continued to perform strongly, supported by a higher-for-longer rate environment that helps maintain net interest margins and reinforces Singapore's position as a wealth-management hub. In Australia and New Zealand, several financial and insurance names moved on company-specific updates, including Tower, which was downgraded after cutting premium growth guidance.

Energy remained the dominant macro-market driver. Oil prices held firm ahead of the U.S. Memorial Day weekend as markets waited for signs of progress in U.S.-Iran negotiations. WTI settled around $96.60 a barrel and Brent around $103.54, with analysts warning that falling inventories point to a significant global supply shortfall. The U.S. oil rig count rose for a fourth consecutive week to its highest level in almost a year, suggesting that producers are beginning to respond to higher prices, though still cautiously. Even if the Strait of Hormuz reopens, analysts expect supply normalization to take months rather than days.

Technology and media developments were again tied closely to AI. Workday's results showed some resilience, with investors watching whether its agentic AI products can become a meaningful growth driver. Spotify's new ticketing system and its AI-remix licensing agreement with Universal Music Group suggested that music platforms are looking for new ways to deepen engagement and monetize AI-enabled features. At the same time, Canada's decision to increase the financial contribution required from U.S. streaming companies created tensions with American digital firms and raised the risk of further U.S.-Canada trade friction.

Focus Topic: Geothermal Power Gets a Second Life

This week's focus topic is the **renewed investor interest in geothermal power**, **triggered by** the **successful IPO of Fervo Energy**. The company's shares are up sharply from its IPO price, giving it a **market capitalization** of **more than $12 billion**, despite the fact that it does not yet generate meaningful revenue. That valuation may look ambitious at first glance, but it reflects a broader market shift: investors are increasingly willing to pay high prices for companies that might help solve the electricity bottleneck created by artificial intelligence.

The **logic** behind Fervo is relatively simple. AI data centers need massive amounts of reliable electricity, and intermittent sources such as wind and solar cannot always provide the constant baseload power that hyperscalers require. Nuclear energy is one possible solution, but many small modular reactor projects are unlikely to deliver commercial power before 2030. Fervo, by contrast, has a more visible near-term path to revenue. Its Cape Station project in Utah is expected to start generating power for customers soon, with binding power-purchase agreements already signed with customers including Southern California Edison, Google, NV Energy and Shell.

What makes Fervo especially interesting is its use of hydraulic-fracturing techniques to access underground heat. In other words, the company is applying oil-and-gas drilling know-how to geothermal energy. This could potentially make geothermal power more scalable and cost-effective over time. The company estimates that it can develop 42 gigawatts of geothermal capacity across Utah, Nevada and Idaho, which would be a meaningful contribution to U.S. power supply if realized.

The main attraction of geothermal energy is that it can provide always-available clean power. For AI hyperscalers, that is extremely valuable. Data centers do not just need cheap electricity; they need reliable electricity, available around the clock. This is why companies are willing to sign long-term power-purchase agreements at relatively high prices. In a market where gas turbines face long delivery times and nuclear projects face regulatory and construction uncertainty, geothermal offers a potentially faster route to reliable clean power.

However, the **risks** are also important. Geothermal only makes economic sense in certain regions, mainly where hot rock is close enough to the surface. Fervo's technology still needs to prove that it can deliver consistent heat output over the full life of its contracts. The company's pilot project has shown stable temperatures so far, but it has only been operating since 2023. Over time, the company may need to refracture wells, drill additional wells or optimize water flow to maintain production. That means the technology risk is lower than for some early-stage nuclear concepts, but it is not negligible.

Valuation is another risk. Fervo's market cap is already comparable to several nuclear-energy startups, even though the company is still at an early commercial stage. The market is clearly pricing in not just current projects, but a much larger future opportunity. That can work if execution is strong and costs decline as expected. But if project timelines slip, well performance disappoints, or hyperscaler demand becomes more selective, the stock could be vulnerable.

Overall, Fervo's IPO highlights how AI is reshaping the energy market. The AI boom is no longer just about chips, cloud platforms or software. It is increasingly about power supply, grid infrastructure and the technologies that can deliver reliable electricity at scale. Geothermal power has been overlooked for years, but in an environment where always-on power is scarce, it is suddenly becoming highly relevant again.

Risks and Opportunities for Investors

For investors, this week again showed that the market is balancing between two competing narratives. On one side, elevated energy prices, supply-chain disruptions and geopolitical uncertainty continue to create inflation risks and pressure interest-rate expectations. This supports parts of the commodity complex, energy producers and selected industrial companies with pricing power, but it also raises **risks** for consumer-facing sectors, logistics, airlines and energy-intensive industries. The continued closure of the Strait of Hormuz remains a key source of uncertainty, because even a diplomatic breakthrough would not immediately normalize physical supply chains.

At the same time, the AI infrastructure theme continues to create major **opportunities** across sectors that previously received less attention. Copper, aluminum, power generation, data-center infrastructure, geothermal energy and grid-related assets are all becoming part of the AI investment story. The opportunity is not limited to semiconductor companies anymore. Investors who can identify the companies that actually benefit from long-term power demand, electrification and infrastructure spending may find attractive growth areas. However, valuations in some of these themes are becoming demanding, which means execution risk matters more than ever.

Looking Ahead

Looking ahead, the market will remain heavily dependent on developments in the Middle East and the direction of energy prices. If the U.S. and Iran make progress and the Strait of Hormuz gradually reopens, oil prices could ease and inflation fears may moderate. That would support risk sentiment and reduce pressure on central banks. However, even in that scenario, inventories and supply chains will need time to normalize, meaning the market may not receive immediate relief.

Beyond geopolitics, investors should keep watching how the AI infrastructure story broadens. The focus is shifting from simply owning AI software or chip leaders to understanding the physical infrastructure required to support the AI economy. Power generation, transmission, copper, cooling, data centers and alternative baseload technologies such as geothermal are likely to remain important themes in the coming weeks and months. The key takeaway from this week is that markets are no longer just reacting to AI as a technology trend, but increasingly as a full-scale infrastructure cycle.

Economic Policy Shifts & Other Key Developments

This week's policy and macro developments were again dominated by the economic fallout from the conflict in the Middle East. The key theme is becoming increasingly clear: the war is no longer only a geopolitical risk factor, but a direct macroeconomic shock that is slowing activity, raising costs, complicating trade flows and forcing central banks to rethink their next steps. At the same time, AI-related investment continues to support global trade and selected parts of the economy, creating a split picture between sectors benefiting from the AI infrastructure boom and economies or industries exposed to higher energy prices.

Global business surveys showed that the **world economy** is **losing momentum**. The U.S. remained relatively resilient, with the S&P Global PMI holding steady at 51.7 in May, but this strength appears partly driven by companies bringing forward purchases to avoid future price increases or supply shortages. That means the current support to activity may be temporary rather than a sign of underlying strength. In Europe and Asia, the picture was weaker. The eurozone PMI fell to 47.5, pointing to contraction, while activity in the U.K. and several Asian economies also slowed as higher energy costs weighed on demand. The bigger concern is that companies are facing rising input costs while growth is weakening, creating a difficult environment for both businesses and policymakers.

Germany offered a slightly mixed but still fragile picture. The Ifo business-climate index edged higher to 84.9 in May from 84.5 in April, suggesting that companies have partly adjusted after the initial shock of the war and the energy-price surge. However, the absolute level remains very weak and expectations for the coming months continued to deteriorate. This matters because Germany is heavily exposed to higher energy prices as a major net importer of energy, especially through its manufacturing sector. While fiscal stimulus in defense and infrastructure should provide some support over time, the near-term outlook remains pressured by costs, uncertainty and weaker external demand.

One **positive sign for the eurozone** came from **wage data**. Negotiated wage growth slowed to 2.46% in the first quarter from 2.89% in the previous quarter. For the European Central Bank, this is important because wage growth is one of the main indicators of whether higher energy prices will turn into longer-lasting inflation. So far, wage demands appear relatively contained, which reduces the risk of a full wage-price spiral. Still, inflation pressures from energy remain high, and investors continue to expect the ECB to raise rates in the coming months if price pressures do not ease.

World trade also showed a divided picture. Global goods trade rose strongly at the start of the year, helped by the AI boom. Demand for servers, semiconductors, high-performance computing equipment and other AI-related products continued to support exports from Asian economies, especially China, Japan and other advanced Asian exporters. This shows how AI investment is becoming a major driver not just of equity markets, but also of global trade

flows. However, outside AI-linked goods, trade is weakening. The continued disruption around the Strait of Hormuz is weighing on maritime transport, energy shipments and broader demand. The United Nations now expects global trade growth to slow significantly this year, showing that the AI boom is not enough to offset the broader shock from the Middle East conflict.

U.S.-China trade relations showed some signs of stabilization. China agreed to purchase 200 Boeing jets and resume imports of some U.S. beef products, while both countries discussed a framework for reciprocal tariff reductions on selected goods. The agreements are limited and would not be large enough to fundamentally change China's growth outlook, but they are still symbolically important. They suggest that both sides are trying to prevent trade tensions from escalating further, especially at a time when the global economy is already under pressure from the Middle East conflict and higher energy costs. For investors, the key point is that continued dialogue between Washington and Beijing reduces one source of uncertainty, even if the deeper strategic rivalry remains unresolved.

In the **auto sector**, **trade policy** remained highly sensitive. UAW President Shawn Fain criticized the USMCA trade agreement and called for a major overhaul or even its replacement. His argument is that North American free trade has weakened U.S. auto workers by encouraging production to shift to lower-wage locations. Automakers, however, warn that higher trade barriers between the U.S., Mexico and Canada would disrupt deeply integrated supply chains and likely increase car prices. This debate matters because the auto industry is already dealing with tariffs, EV uncertainty, higher input costs and weaker consumer affordability. A more protectionist USMCA review could therefore become another major pressure point for the sector.

The Federal Reserve also moved into a more cautious position. Christopher Waller, who had previously supported rate cuts, said that inflation risks now mean the Fed should no longer signal that cuts are the default next move. His shift is significant because it shows how much the policy debate has changed. The Middle East conflict has added another inflationary shock on top of tariffs and already elevated price pressures. Waller now argues that the Fed may need to keep rates steady for the foreseeable future and cannot rule out hikes if inflation fails to cool. This creates a difficult starting point for incoming Fed Chair Kevin Warsh, especially because President Trump has publicly favored lower rates, while the economic backdrop may not justify them.

Overall, this week showed how complicated the macro environment has become. The global economy is slowing, but inflation risks are rising again. Trade is being supported by AI-related demand, but disrupted by energy and shipping shocks. Germany and the eurozone remain fragile, while the U.S. looks more resilient but is still vulnerable to higher costs and weaker confidence. Central banks are therefore facing a classic policy dilemma: raising rates could help control inflation, but it could also deepen the slowdown. That tension is likely to remain one of the most important themes for markets over the coming weeks.

A Few Words

This was another exciting week with a lot going on across markets, policy and corporate activity. From major M&A developments and AI-driven infrastructure demand to shifting central-bank expectations, trade tensions and the ongoing impact of the Middle East conflict, there is clearly a lot worth watching over the coming weeks and months.

As always, thank you very much to everyone reading *The Weekly Market Brief*. I really appreciate the continued support, feedback and discussions around the newsletter. If you have any thoughts, criticism or topics you would like to see covered in future editions, feel free to leave a comment or reach out. And if you have not subscribed yet, make sure to do so to get notified when next week's Brief is released.

See you next week for another edition of *The Weekly Market Brief*.

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