Investor.Coffee (01.13.2025): Oil Price Rallies Continue as U.S. Dollar Surges to Multi-Month Highs on Strong Economic Data

written by Tracy Hughes | January 13, 2025

Today’s premarket news reveals several significant developments influencing global markets. Canadian and U.S. stock indexes are trending lower following robust U.S. jobs data, which has reinforced the Federal Reserve’s cautious stance on interest rate cuts. As a result, traders have tempered expectations for rate reductions to a modest 25-basis point cut for the remainder of the year. Investor sentiment remains cautious amid economic and geopolitical uncertainties, including U.S. President-elect Donald Trump’s proposed 25% tariff on Canadian imports. This impending policy, coupled with strong economic indicators, has contributed to market volatility.

European shares have also declined in a broad market selloff as investors grapple with concerns over the global interest rate outlook and slowing economic growth. In Asia, Chinese and Hong Kong markets experienced further losses due to the widening yield gap between U.S. and Chinese bonds, raising fears of capital outflows. The U.S. dollar surged to multi-month highs on the back of strong economic data, reflecting the resilience of the U.S. economy and increasing pressure on equity valuations.

Commodity markets also saw significant movement. Oil prices extended their rally for a third straight session, with Brent crude surpassing $81 per barrel, its highest level in over four

months. The rise is fueled by expanded U.S. sanctions on Russian oil, expected to disrupt supplies to major buyers like China and India. In contrast, gold prices edged lower as investors shifted focus to other assets. Meanwhile, China's December trade data offered a glimmer of optimism, with export growth accelerating and imports recovering, closing the year on a positive note despite mounting trade tensions and a challenging global environment.

Company Updates

Barrick Gold Corp. (NYSE: GOLD | TSX: ABX) has advised its shareholders to reject an unsolicited mini-tender offer from TRC Capital Investment. The offer seeks to acquire approximately 0.29% of Barrick's common stock at C$21.35 per share, which the company has deemed significantly below the market price, urging shareholders to refrain from tendering their shares.

BlackRock Inc. (NYSE: BLK) is under increased scrutiny from the Federal Deposit Insurance Corporation (FDIC), which has extended its deadline to February 10 for the firm to address regulatory oversight concerns related to its investments in FDIC-regulated banks. If unresolved, the FDIC may open a formal investigation into the asset manager.

CVS Health Corp (NYSE: CVS), Elevance Health Inc (NYSE: ELV), Humana Inc (NYSE: HUM), and UnitedHealth Group Inc (NYSE: UNH) are set to benefit from a 2.2% increase in Medicare Advantage payment rates for 2026. This adjustment marks a significant improvement from the previous year's decrease, with total payments expected to rise by 4.3%, or over $21 billion, when factoring in risk score adjustments.

Gilead Sciences Inc. (NASDAQ: GILD) has announced a partnership with Denmark-based LEO Pharma in a deal potentially worth up to

$1.7 billion. The agreement includes an upfront payment of $250 million and focuses on the development of treatments for inflammatory diseases, with Gilead securing global rights to commercialize the resulting therapies.

Howard Hughes Holdings Inc. (NYSE: HHC) has received a proposal from **Pershing Square Holdings Ltd. (LSE: PSH)**, led by Bill Ackman, to acquire the remaining shares of the real estate developer that it does not already own. The offer, priced at $85 per share, allows shareholders to receive cash or roll over their shares into the post-merger company.

Johnson & Johnson (NYSE: JNJ) has announced its intention to acquire **Intra-Cellular Therapies** for $14.6 billion, representing a 39% premium to the target's closing price. This acquisition is expected to bolster J&J's position in the market for neurological disorder treatments.

Nvidia Corp. (NASDAQ: NVDA) has raised concerns over new U.S. regulations aimed at tightening controls on AI chip exports. The company argues that the rules could stifle innovation, harm U.S. leadership in the AI sector, and adversely impact global economic growth.

Occidental Petroleum Corp. (NYSE: OXY) reported a decline in oil prices received during the fourth quarter, with average realized prices falling to $69.73 per barrel compared to $75.33 in the previous quarter. However, a 30% rise in natural gas prices during the same period is expected to cushion some of the impact on earnings.

United States Steel Corp. (NYSE: X) and **Nippon Steel** have been granted an extension by the Biden administration to finalize their merger agreement. The new deadline, set for June, provides time for courts to review legal challenges related to the transaction.

GSK PLC (NYSE: GSK) will acquire Boston-based biopharmaceutical firm **IDRx** in a deal valued at up to $1.15 billion. The acquisition will expand GSK's portfolio of treatments for gastrointestinal cancers, aligning with its strategy to address unmet medical needs.

Taiwan Semiconductor Manufacturing Co. Ltd. (NYSE: TSM) has commenced production of advanced 4-nanometer chips at its Arizona facility. This development marks a milestone in U.S. semiconductor manufacturing, with plans for the facility to produce even more advanced 2-nanometer technology by 2028.

UBS Group AG (NYSE: UBS) faces scrutiny over its size following the takeover of Credit Suisse. Former Swiss Finance Minister Ueli Maurer has called for measures to mitigate risks associated with the enlarged bank, including legislative actions and shareholder decisions.

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InvestorTalk with Christopher Berlet of MineralFunds.com
Join Zoom Meeting – click here

Wednesday, January 15, 2025 | 9:00-9:20 AM EST
InvestorNews with Stephen Burega from Appia Rare Earths & Uranium Corp. (CSE: API | OTCQB: APAAF)
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Thursday, January 16, 2025 | 9:00-9:20 AM EST
InvestorTalk with Peter Clausi from Silver Bullet Mines Corp. (TSXV: SBMI | OTCQB: SBMCF)
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