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# ECONOMIC UPDATE

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## EXECUTIVE SUMMARY

**ECONOMY: U.S. MANUFACTURING ACTIVITY PICKED UP IN MARCH**, as the ISM Manufacturing PMI rose to **52.7** from 52.4 in February, its highest since August 2022, while supplier deliveries slowed sharply to 58.9, prices paid jumped to 78.3, and new orders eased to 53.5. **Core capital goods orders were unchanged** in January, **core shipments slipped 0.1%**, **new home sales plunged 17.6%**, and **construction spending fell 0.3% in January**. **Retail sales rose 0.6% in February**, **core retail sales were up 0.5%**, and **The Conference Board Consumer Confidence Index edged up to 91.8 in March** as the Present Situation Index climbed to 123.3, though Expectations slipped to 70.9, still below the recession-warning threshold of 80. **The Conference Board Leading Economic Index was down another 0.1% in January** to 97.5 and down 1.3% over the prior six months, even as the Coincident Economic Index rose 0.3% to 115.3 and The Conference Board cut its 2026 U.S. GDP growth forecast to 2.0% year-over-year. Inflation remained firm and showed signs of building, with **CPI up 0.3% in February** and 2.4% over the prior 12 months, while **producer prices rose 0.7%** on the month and 3.4% year-over-year. **Nonfarm payrolls increased by 178,000 in March**, February payrolls were revised up to 133,000, January gains were revised to 160,000, and the **unemployment rate dipped to 4.3%**.

**STEEL: TARIFF BROADENING, DOMESTIC SUPPLY TIGHTNESS, AND CAPACITY MOVES KEPT METALS IN FOCUS**, as the administration shifted steel and aluminum derivative tariffs to the full customs value of finished imports and U.S. Steel restarted Granite City's B furnace to help offset planned downtime at Gary Works. Friedman added more processing capacity in Sinton, U.S. Steel began soliciting bids for a \$4B mini-mill, and Nippon secured 900B yen (\$5.6B USD) in financing tied to its U.S. Steel acquisition. Mexico imposed preliminary duties on hot-rolled steel from China and Vietnam and Canada's Buy Canada push gained visibility.

**AUTOMOTIVE: LOCALIZATION, RECALLS, AND AUTONOMY SHAPED THE AUTO STORY**, while Mercedes-Benz committed \$4B to Alabama, Minth planned a \$430M Alabama supplier site, and Hyundai, Toyota, and Nissan signaled further North American localization. EV demand remained uneven: U.S. adoption cooled after tax credit changes, but higher fuel costs lifted interest across Asia/Pacific, and Tesla pushed deeper into Japan while Volvo expanded Lynk & Co distribution in Europe.

**ENERGY: OIL SHOCKS, POWER SECURITY, AND DATA CENTER DEMAND DOMINATED ENERGY DEVELOPMENTS**, as physical crude prices surged near \$150 per barrel and U.S. gasoline topped \$4 a gallon. Diablo Canyon received a 20-year federal license extension while Microsoft, Chevron, and Engine No. 1 moved to secure gas-fired power for AI infrastructure. TotalEnergies and Masdar formed a \$2.2B Asia-focused renewables venture, Tesla won approval to supply UK homes with electricity, and China's coal additions climbed to an 18-year high even as renewables expand.

**MEDICAL: PHARMA DEALMAKING, NEW APPROVALS, AND AI-DRIVEN DEVELOPMENT LED THE MEDICAL NEWSFLOW**, as Eli Lilly stayed at the center with its up-to-\$7.8B Centessa acquisition, an up-to-\$2.75B Insilico collaboration, U.S. approval for its oral weight-loss drug Foundayo, and a \$3B China manufacturing commitment. Gilead bought Ouro Medicines for more than \$2B, Merck posted positive late-stage cholesterol data, and AstraZeneca reported strong liver cancer trial results. Rhythm won the first U.S. approval for obesity linked to brain damage, while Butterfly received FDA clearance for an AI pregnancy ultrasound tool, the FDA pushed alternatives to animal testing, and U.S. officials moved to monitor microplastics and pharmaceuticals in drinking water.

**AEROSPACE: DEFENSE MODERNIZATION AND SPACE REPOSITIONING HELPED SHAPE AEROSPACE**, as GE Aerospace committed another \$1B to U.S. manufacturing, Anduril prepared to begin FURY drone production at its \$1B Ohio plant, and Shield AI raised \$2B at a \$12.7B valuation to expand autonomous flight software. Military AI adoption advanced further with the Pentagon moving to make Palantir's Maven a core program. Finnair chose Embraer for a €2B fleet renewal, Amazon and Delta teamed up on satellite-backed in-flight Wi-Fi, and NASA overhauled Artemis around a \$20B lunar surface base.

**COMMODITIES: CRITICAL MINERALS, FOOD INFLATION, AND RESOURCE SECURITY MOVED MARKETS**, as REalloys and U.S. Critical Materials signed a domestic rare earth memorandum, the U.S. and Japan launched a new critical minerals action plan, and Glomar with Cobalt Blue proposed a U.S. deep-sea mineral refinery while Zambia and Chile advanced copper-centered expansion strategies. World food prices rose to a six-month high, while India urged manufacturers to conserve energy and materials.

**OVERSEAS: CROSS-BORDER INVESTMENT AND TRADE REALIGNMENT KEPT GLOBAL FLOWS IN FLUX**, as the U.S. trade deficit stayed near record levels despite renewed tariffs, Britain finalized a tariff-free pharmaceutical deal with the U.S., and Asian borrowers returned to debt markets with about \$2.8B in high-grade issuance led by LG Energy Solution. GM added \$600M to South Korea while AstraZeneca and Lilly deepened China manufacturing commitments.

## THE AMERICAS:

**Domestic plate shortages may be emerging**, as limited availability of some U.S.-produced plate products is expected to extend lead times and put upward pressure on prices. Sources said some mills are running behind, facing slab supply problems, or prioritizing military orders, which is tightening supply for certain grades, especially heavier 4-inch plate. Domestic plate prices were reported at \$1,130-\$1,180 per short ton, with lead times at 6-9 weeks, while one West Coast source said Korean plate was recently offered at about \$57/cwt, near parity with domestic material.

**Tariffs on derivative imports have broadened**, as the Trump administration will now apply steel and aluminum duties to the full customs value of certain imported finished goods rather than only to their metal content. The change, effective April 6, 2026, increases tariff exposure for many downstream products, including automotive components, machinery, and consumer goods, even where steel or aluminum makes up only part of the item's value. The updated framework also replaces the prior petition-based process for expanding derivative tariffs, giving the Department of Commerce and the U.S. Trade Representative authority to add products on a rolling basis.

**GE Aerospace is expanding U.S. engine production**, with the company announcing an additional \$1B investment in its U.S. manufacturing sites and supplier base in 2026 to support higher engine deliveries and parts output. The spending is expected to create about 5,000 jobs and includes more than \$275M for defense engine and component sites, \$200M to expand CFM LEAP engine capacity, and more than \$100M for supplier tooling and equipment. The move follows a separate \$1B investment announced last year and reflects continued demand strength in both commercial and defense aerospace markets.

**U.S. Steel has restarted the Granite City B blast furnace**, bringing capacity back online in response to customer demand and hiring 400 workers to support the restart. The move also helps offset planned downtime at the company's Gary Works facility, where the larger No. 14 blast furnace is scheduled to be idled from May through August for a \$350M reline. U.S. Steel had previously announced the restart in December, and the furnace was brought back online as it works to maintain supply during the outage.

**Merck has reported positive late-stage results for its oral cholesterol drug**, with enlicitide meeting its main goal in a head-to-head trial against existing non-statin therapies for patients with elevated LDL cholesterol. Added to statin treatment, enlicitide reduced LDL cholesterol by up to 64.6% from baseline and also outperformed bempedoic acid,

ezetimibe, and their combination. Those results strengthen Merck's search for new growth drivers as it prepares for the eventual loss of patent protection on Keytruda.

**The U.S. trade deficit remains near record levels despite renewed tariffs**, highlighting the limited impact of protectionist measures on the country's overall trade balance. After narrowing following the 2008 financial crisis, the deficit steadily widened through the 2010s and surged during the COVID-19 pandemic, reaching a peak of **-\$924B** in 2022 before settling around **-\$912B** in 2025. Strong consumer demand and a relatively strong dollar have continued to drive imports, while economists point to broader macroeconomic factors—such as savings and investment imbalances—rather than tariffs as the primary forces shaping the deficit.



**The U.S. Export-Import Bank may provide up to \$10B in support for the Mesabi Metallics iron ore project in Minnesota**, according to a report citing the announcement at a recent Indo-Pacific energy and business forum in Tokyo. The project, backed by India's Essar Group, is intended to strengthen U.S. supply chain security alongside Indo-Pacific allies and has been under development for more than 20 years. The update follows earlier reporting that Essar was finalizing an additional \$650M investment for the 7-million-metric-ton-per-year mining and pelletizing facility.

**Mexico has imposed preliminary anti-dumping duties on hot-rolled steel from China and Vietnam**, after finding that rising volumes of low-priced imports harmed domestic producers. Provisional duties range from \$196.00-\$230.40 per metric ton, with the government citing price undercutting and pressure on profitability, capacity utilization, sales volume, and market share at Mexican mills. A final determination is expected between July and September, when the duties could be confirmed, revised, or removed.

**Minth Group is planning a \$430M redevelopment of a former Alabama steel mill site**, converting the brownfield location into a facility that will produce aluminum and plastic components for U.S. automakers. The Taiwan-based supplier said the new plant will support high-volume

**THE AMERICAS:**

assembly operations in the Southeast, including Hyundai's Montgomery, Alabama, plant and Kia's West Point, Georgia, facility, while strengthening its North American footprint in aluminum structural systems and EV-related components. The Gadsden site is expected to become a flagship U.S. facility with nearly 1 million square feet of manufacturing space.

**Zekelman Industries has paid CA\$30,000 (\$21,845 USD) to Canadians who reported foreign steel in public works projects**, as part of a campaign aimed at supporting domestic sourcing under Canada's Buy Canada initiative. The independent steel tube and pipe manufacturer said the reward program, launched in November, has identified 30 projects ranging from bridges and schools to hospitals and transit centers, with CA\$1,000 paid for each verified submission. Zekelman said the effort is intended to increase pressure on public agencies to direct taxpayer-funded projects toward Canadian steel producers.

**Insilico Medicine has secured a drug discovery collaboration with Eli Lilly worth up to \$2.75B**, extending the use of AI in pharmaceutical research and development. Under the agreement, Lilly will receive an exclusive license to develop, manufacture, and commercialize selected preclinical oral drug candidates, while Insilico will receive \$115M upfront and could earn additional milestone payments plus tiered royalties on future sales. The deal demonstrates continued investment by large drugmakers in AI-enabled platforms to accelerate pipeline development.

**The FAA has tightened helicopter safety rules near major airports**, suspending the use of visual separation between airplanes and helicopters in key airport airspace after recent near misses and the January 2025 mid-air collision near Reagan Washington National Airport. Controllers will instead use radar separation where helicopter routes cross arrival or departure paths, requiring defined lateral or vertical distance between aircraft. The change reflects a broader push to reduce reliance on pilot "see and avoid" operations in high-traffic areas.

**Anduril is set to begin production of its FURY combat drone at a new Ohio facility**, marking the start of operations at a \$1B autonomous systems manufacturing campus designed to scale next-generation defense production. The plant is expected to employ more than 4,000 people over the next decade and will also produce additional unmanned and missile systems by year-end. FURY is Anduril's entry in the U.S. Air Force's Collaborative Combat Aircraft program, which is focused on fielding uncrewed systems that can operate alongside piloted aircraft.

**The Pentagon is moving to make Palantir's Maven system a core military program**, a step that would formalize long-term use of the AI platform across the U.S. armed forces and secure more stable funding. The change is expected to take effect by the end of the current fiscal year and would shift oversight to the Pentagon's Chief Digital and Artificial Intelligence Office. Maven is already used to analyze battlefield data and identify potential targets, and the decision signals a broader push to integrate artificial intelligence into military operations.

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**Eli Lilly has agreed to acquire Centessa in a deal worth up to \$7.8B**, expanding its pipeline into sleep disorder treatments as it looks to diversify beyond its metabolic portfolio. Centessa's lead drug, clemimorexton, is in mid-stage development for narcolepsy and idiopathic hypersomnia and targets orexin, a key regulator of the sleep-wake cycle. The deal is expected to close in the third quarter and marks one of Lilly's largest acquisitions in recent years.

**NASA is reshaping its Artemis program with a major expansion of lunar and deep-space ambitions**, canceling plans for a moon-orbiting space station in favor of repurposing those components into a \$20B lunar surface base while also advancing a nuclear-powered spacecraft mission to Mars. The changes are expected to redirect billions of dollars in existing contracts and increase pressure on contractors developing lunar landers as NASA pushes toward a 2028 moon landing target ahead of China's planned 2030 mission. The revised strategy also raises new questions for international partners that had committed hardware for the former Lunar Gateway station.

**Amazon and Delta are expanding competition in the in-flight Wi-Fi market**, with Amazon's low-earth-orbit satellite network set to begin service on 500 Delta aircraft in 2028. Delta selected the service as Amazon continues building out its satellite constellation and preparing for commercial rollout, positioning the deal as a direct challenge to other aviation connectivity providers, including Starlink. The agreement also strengthens Amazon's push into satellite-based communications as airlines seek faster and more reliable onboard internet options.

**THE AMERICAS:**

**Automakers are still introducing new EV models for the U.S. market despite weaker demand**, as major brands used the New York Auto Show to signal continued long-term commitment to electric vehicles even after the expiration of the \$7,500 federal tax credit slowed sales. Kia and Subaru both unveiled new EVs for the U.S., while automakers said higher gasoline prices are beginning to support renewed interest, particularly in California. Even so, manufacturers acknowledged that EV growth is likely to continue at a more gradual pace, with hybrids playing a larger role in the near term.

**Zoox is expanding its U.S. robotaxi operations**, widening service in San Francisco and Las Vegas while beginning testing of its purpose-built autonomous vehicles in Austin and Miami. The move marks the American technology company's most sweeping push yet in the U.S. self-driving ride-hailing market, where it is competing against larger rivals including Waymo and Tesla. Zoox said it has logged nearly 2 million autonomous miles and carried more than 350,000 riders as it works to scale service and improve ride availability.

**Rhythm Pharmaceuticals has received FDA approval for the first treatment for obesity linked to brain damage**, expanding use of its therapy Imcivree to treat acquired hypothalamic obesity in the U.S. Backing for the decision came from late-stage data showing a 15.8% reduction in body mass index at 52 weeks, compared with a 2.6% increase for patients on placebo. Patients with this rare condition, which can result from injuries such as tumors or stroke, now have their first approved treatment option.

**Uber plans to invest up to \$1.25B in Rivian as part of a robotaxi partnership**, with the companies aiming to deploy 10,000 fully autonomous R2 SUVs on Uber's platform starting in 2028. Uber has committed an initial \$300M, with additional funding tied to Rivian meeting autonomous development milestones, while also retaining an option to purchase up to 40,000 more robotaxis beginning in 2030. The agreement gives Rivian added capital to accelerate its self-driving roadmap and positions Uber to expand its robotaxi network across multiple cities in the U.S., Canada, and Europe.

**The U.S. government has confirmed a \$4.3B battery supply agreement between Tesla and LG Energy Solution**, centered on a new lithium iron phosphate battery cell manufacturing facility in Lansing, Michigan, with production expected to begin in 2027. The project is intended to support Tesla's Megapack 3 energy storage systems produced in Houston and strengthen a more domestic battery supply chain. The deal also shows broader efforts to reduce reliance on Chinese battery imports in a segment where Chinese producers have historically held a dominant position.

**The U.S. Food and Drug Administration has issued draft guidance encouraging drugmakers to reduce animal testing and adopt alternative methods**, including computer simulations, lab-grown human cell models, and organ-on-chip technologies. These approaches, known as new approach methodologies (NAMs), are intended to improve how drug safety is evaluated, as many treatments that succeed in animal studies still fail in human trials. Officials say broader adoption of these tools could make drug development faster, more cost-effective, and more reflective of human biology.

**Rising oil prices are creating a new cost risk for U.S. cruise operators**, with Carnival viewed as especially exposed because it does not hedge fuel costs the way some competitors do. Analysts said a 10% increase in fuel cost per metric ton would reduce Carnival's 2026 net income by \$145M, compared with \$57M for Royal Caribbean, while higher oil prices could also weigh on future bookings, particularly for higher-value European and transatlantic itineraries. Although the major cruise lines have no direct operating exposure to the Middle East, fuel volatility and softer travel demand could pressure profitability across the sector.

**Defense technology firm Shield AI is raising \$2B at a \$12.7B valuation**, reflecting strong investor interest in autonomous military systems and AI-enabled defense software. The company said the funding will support expansion of its Hivemind software, which allows drones and aircraft to operate in GPS-denied environments, and will also help fund its planned acquisition of simulation software company Aechelon Technology. Growing military demand for autonomous tools has increased attention on companies developing battlefield AI, particularly for applications tied to aircraft, drones, and virtual combat testing.

**A new U.S. tariff policy is raising pressure on pharmaceutical manufacturers**, with branded drugs facing a 100% import tariff unless companies agree to government pricing deals or commit to producing their products in the United States. Large drugmakers that already signed pricing agreements received temporary exemptions, while smaller and mid-sized companies face greater exposure unless they secure separate arrangements or shift manufacturing domestically. Generic drugs remain exempt for at least one year, but the policy could increase cost pressure across parts of the pharmaceutical supply chain.

**REalloys and U.S. Critical Materials are taking steps to build a domestic rare earth supply chain**, signing a memorandum of understanding aimed at reducing U.S. dependence on China for strategically important materials.

**THE AMERICAS:**

Under the agreement, REAlloys will secure up to 10% offtake from the Sheep Creek rare earth deposit in Montana, which contains elements such as dysprosium and terbium used in advanced defense applications including fighter aircraft, missile systems, and radar platforms. The companies also said they plan to advance processing test work and seek a long-term offtake agreement within one year.

**Automakers are planning major U.S. investments while waiting for clearer trade policy**, as global carmakers weigh new production spending against ongoing uncertainty around tariffs and the future of the United States-Mexico-Canada Agreement. Toyota said it plans to invest \$10B in the U.S. over five years, Hyundai has announced a \$26B U.S. investment through 2028, and Nissan is increasing production in Tennessee as manufacturers work to localize more output. Industry executives said longer-term investment decisions will depend heavily on clearer rules around vehicle tariffs and North American trade.

**Tesla and xAI have unveiled a joint artificial intelligence project aimed at software automation**, with Elon Musk describing the new system, called “Macrohard” or “Digital Optimus,” as capable of emulating the functions of software companies. The platform combines xAI’s Grok large language model with a Tesla-developed AI agent that can process screen activity and keyboard and mouse actions in real time. The announcement shows broader interest in agentic AI tools that could disrupt traditional software workflows and business models.

**Mercedes-Benz is expanding its U.S. manufacturing footprint**, with the automaker planning to invest \$4B in its Alabama plant through 2030 to increase SUV production as it responds to higher U.S. vehicle and parts tariffs. The German automotive manufacturer also said it expects to invest more than \$7B across its U.S. operations in the coming years, including moving up to 500 jobs to a new research and development hub in Atlanta. The investment follows Mercedes-Benz’s decision to shift GLC SUV production from Germany to Alabama as automakers move to localize more production in the U.S.

**U.S. regulators are expanding oversight of contaminants in drinking water**, with the Environmental Protection Agency and Department of Health and Human Services announcing plans to monitor microplastics and pharmaceuticals as part of a wider effort to assess health risks and guide future policy. The move adds both categories to the latest Contaminant Candidate List, opening the door to testing, research funding, and possible future regulation under the Safe Drinking Water Act. Federal officials also said the EPA will release human

health benchmarks for 374 pharmaceuticals to support the monitoring effort.

**U.S. gasoline prices have climbed above \$4 per gallon for the first time in over three years**, driven by global energy disruptions following the Strait of Hormuz crisis. Prices have surged roughly 36% since late February, marking one of the steepest monthly increases on record and adding pressure on household budgets. Government measures to ease costs, including fuel releases and regulatory adjustments, have slowed the rise but are unlikely to reverse it while geopolitical tensions continue to constrain supply.

**Eli Lilly is deepening its use of artificial intelligence in drug discovery**, expanding its partnership with Insilico Medicine in a deal worth up to \$2.75B. The agreement gives Lilly access to Insilico’s AI platform and an exclusive worldwide license to develop, manufacture, and commercialize certain oral treatments now in preclinical development. Insilico will receive \$115M upfront and could earn additional development, regulatory, and commercial milestone payments, along with tiered royalties on future sales.

**Merck has entered a new antibody discovery partnership with Infinimmune**, in a deal that could generate up to about \$838M in milestone payments tied to multiple drug candidates. Under the agreement, Merck will receive exclusive rights to develop and commercialize antibody candidates identified through Infinimmune’s platform, which combines large-scale screening of human immune cells with AI-based refinement tools. The collaboration is not limited to a single disease area, giving Merck flexibility to pursue multiple therapeutic targets.

**Eli Lilly has secured U.S. approval for a new oral weight-loss drug**, introducing a once-daily GLP-1 pill that could expand access beyond injectable treatments and intensify competition with Novo Nordisk. The drug, to be sold as Foundayo, showed 12%-15% body weight reduction in clinical trials and is expected to launch at about \$149 per month for lower doses, with broader availability through pharmacies and telehealth providers. Analysts expect oral treatments to capture a growing share of the weight-loss market, potentially reaching around 20% by 2030.

**Gilead is expanding its immunology pipeline through a more than \$2B acquisition of Ouro Medicines**, adding an early-stage antibody drug aimed at autoimmune conditions such as hemolytic anemia and Sjogren’s disease. The deal includes \$1.68B in upfront cash plus up to \$500M in milestone payments, supporting Gilead’s wider effort to diversify beyond HIV and offset pressure from patent expirations and weaker

**THE AMERICAS:**

COVID-19 treatment sales. Gilead also said it is in advanced discussions with Galapagos on a potential collaboration tied to the acquired assets.

**R1 Therapeutics has launched with \$77.5M in Series A funding and an exclusive license for a kidney disease treatment**, giving the new company rights to develop and commercialize AP306 for high phosphate levels in chronic kidney disease patients on dialysis. The company plans to move the drug into a mid-stage trial in the first half of 2026, with data expected next year, as it targets an area where treatment options have changed little in decades. R1 said it intends to commercialize the therapy on its own in the U.S. while seeking partners in Europe, the UK, and Japan.

**Surging diesel costs are prolonging the downturn in the U.S. trucking industry**, with diesel prices up 50% as higher energy costs tied to Middle East conflict continue to pressure carriers. Independent truckers appear especially exposed because flat demand has limited their ability to pass through higher fuel costs, while larger firms have more flexibility through fuel surcharges, hedging, and bulk purchasing. Although spot rates remain above year-ago levels, the sharp rise in diesel prices is continuing to squeeze cash flow and delay a broader recovery.

**Butterfly Network has received FDA clearance for an AI-powered ultrasound tool for pregnancy care**, allowing clinicians to estimate gestational age in under two minutes without needing to capture or interpret images manually. The company said the technology could help expand maternal care access in underserved and low-resource settings, including rural areas where prenatal imaging remains limited. Integrated into Butterfly's app, the tool is designed for pregnancies between 16 and 37 weeks and reflects extensive momentum around AI-enabled medical devices.

**Glomar Minerals and Australia's Cobalt Blue are planning a U.S. refinery for deep-sea critical minerals**, aiming to process materials extracted from Pacific seabed nodules as governments and industry look for alternatives to China-dominated supply chains. The facility is expected to cost less than \$500M, initially process 200,000 metric tons per year, and begin operating before 2029 if financing and site selection move forward on schedule. The project would support processing of minerals such as nickel, manganese, and copper, while also highlighting growing geopolitical and environmental debate around deep-sea mining.

**The U.S. Environmental Protection Agency has proposed easing restrictions on ethylene oxide**, a cancer-linked gas used to sterilize medical devices, citing concerns that stricter

rules could disrupt supply chains and increase costs for manufacturers. The updated proposal would give companies more flexibility in how they meet emissions requirements while maintaining compliance with existing regulations. Ethylene oxide remains widely used to sterilize roughly half of U.S. medical devices, though long-term exposure has been linked to elevated cancer risks.

**Major energy companies are showing early interest in a stake in a key U.S. Gulf deepwater oil field**, with firms including Shell, TotalEnergies, BP, Repsol, and Chevron reportedly evaluating potential bids. The sale process could offer a 51% stake in the Shenandoah offshore field, one of the most promising ultra-deepwater developments in the Gulf. Rising oil prices and geopolitical uncertainty are increasing the appeal of North American assets, particularly those located outside active conflict zones.

**Friedman Industries has announced plans to expand its Sinton, Texas, processing facility**, adding building space and new fabrication capabilities, including laser cutting equipment. Located alongside Steel Dynamics' flat-rolled mill, the site is positioned to provide integrated processing directly at the mill source. The expansion is aimed at improving efficiency for customers by reducing handling and streamlining supply chain operations through combined service center and fabrication capabilities.

**U.S. Steel has begun soliciting bids for the location of a planned \$4B mini-mill**, with multiple states under consideration as the company evaluates long-term investment opportunities following its partnership with Nippon Steel. Site selection criteria include access to infrastructure, workforce availability, and regulatory conditions, as the company looks to modernize its production footprint. The proposed facility is expected to feature two electric arc furnaces with a combined capacity of roughly 3M tons per year, with a final location decision anticipated later this year.

**U.S. regulators have approved a 20-year operating license extension for California's Diablo Canyon nuclear plant**, allowing PG&E Corp's facility to continue running beyond its planned 2025 shutdown, pending state approval. The plant supplies roughly 10% of California's electricity and remains a key source of reliable, carbon-free power as demand rises. Continued operation will now depend on legislative action in California, which currently only permits the plant to run through 2030.

**Shell is in advanced talks with Venezuela to expand its access to major offshore natural gas fields**, potentially targeting up to 20 trillion cubic feet of reserves tied to the

**THE AMERICAS:**

Mariscal Sucre and Loran projects. Plans include sending gas to Trinidad for liquefied natural gas export, supporting output at the Atlantic LNG facility, which has faced supply constraints. Progress on a final agreement will depend on regulatory conditions and resolving ownership complexities tied to existing Russian-linked stakes.

**Microsoft, Chevron, and Engine No. 1 have signed an exclusivity agreement to explore power generation and supply for data centers**, as demand for electricity surges alongside the growth of AI infrastructure. The effort builds on Chevron and Engine No. 1's plans to develop natural gas-powered facilities, potentially including a large-scale project in Texas, to support energy-intensive computing operations. While no final commercial terms have been set, the agreement reflects increasing coordination between tech and energy companies to secure reliable power for expanding data center capacity.

**Rising strain on the U.S. power grid is pushing data center operators to adopt more flexible energy use strategies**, as utilities and regulators encourage large tech companies to reduce consumption during peak demand periods. Electricity demand from data centers could grow significantly by the end of the decade, increasing pressure on grid reliability and infrastructure investment. In response, companies are beginning to test approaches such as shifting workloads, using backup power, and participating in demand response programs to help stabilize energy supply.

**Chile's antitrust regulator has approved a joint mining plan between Codelco and Anglo American**, allowing the Andina-Los Bronces project to move forward in Chile's copper sector. The agreement is expected to generate at least \$5B through higher production and cost savings, while increasing annual copper output by about 120,000 metric tons through closer coordination between the neighboring mines. Remaining steps include environmental permitting, creation of the shared operating entity, and local community consultations.

**EUROPE, AFRICA, & THE MIDDLE EAST:**

**Physical crude oil prices have surged to near \$150 per barrel as supply disruptions intensify**, with refiners in Europe and Asia paying record premiums for immediate delivery amid the effective closure of the Strait of Hormuz. The disruption has removed an estimated 12% of global oil supply, creating a sharp mismatch between physical oil prices and lower futures contracts. Panic-driven demand for

near-term supply has pushed key benchmarks like North Sea Forties crude to all-time highs, highlighting the severity of the current supply shock.

**World food prices are continuing to rise and could move higher if the Iran war drags on**, with the UN Food and Agriculture Organization warning that sustained increases in energy and fertilizer costs could lead farmers to reduce inputs, plant less, or shift to less fertilizer-intensive crops. The FAO Food Price Index rose 2.4% in March to its highest level since September, with gains led by wheat, vegetable oils, and sugar, though prices remain nearly 20% below the March 2022 peak. Ample global cereal supplies have helped limit the increase so far, but prolonged disruption could put more pressure on food markets later this year and into 2027.

**Europe has become the world's largest arms-importing region**, with imports more than tripling over the 2021-2025 period as governments responded to the war in Ukraine, Russia's extensive threat, and weaker confidence in long-term U.S. security commitments. Europe accounted for 33% of global arms imports, up from 12% in the prior five-year period, while the United States increased its share of global arms exports to 42%. Arms imports in the Middle East declined 13%, though demand could rise again as countries replenish inventories and expand air-defense capabilities.

**AstraZeneca reported positive late-stage trial results for a liver cancer treatment combination**, with its Imfinzi-based regimen showing a statistically significant improvement in progression-free survival compared with standard therapy alone. The combination, which includes Imjudo and lenvatinib alongside a common liver cancer procedure, also demonstrated improved overall survival in interim analysis. Analysts estimate peak annual sales for the Imfinzi-Imjudo combination could reach about \$11.3B, reflecting strong commercial potential.

**Poland's Nitro-Chem is moving to expand TNT production**, with the explosives manufacturer preparing to begin work on a new production line as demand for munitions rises. The investment is intended to increase output, modernize infrastructure, and support growing demand from foreign partners, while reinforcing comprehensive defense and national security priorities. Nitro-Chem is already considered the largest TNT producer in NATO, with reported annual output of about 10,000 tons.

**Britain, Finland, and the Netherlands are exploring a joint defense financing and procurement mechanism**, with the goal of speeding up investment and increasing demand for weapons, munitions, and military equipment

## EUROPE, AFRICA, & THE MIDDLE EAST:

by 2027. The proposed structure, which could also include additional partner countries, is intended to complement existing NATO and EU efforts while improving coordination, interoperability, and purchasing efficiency. The discussions attest to a broader push across Europe to strengthen defense capabilities amid ongoing security concerns tied to Ukraine and the Middle East.

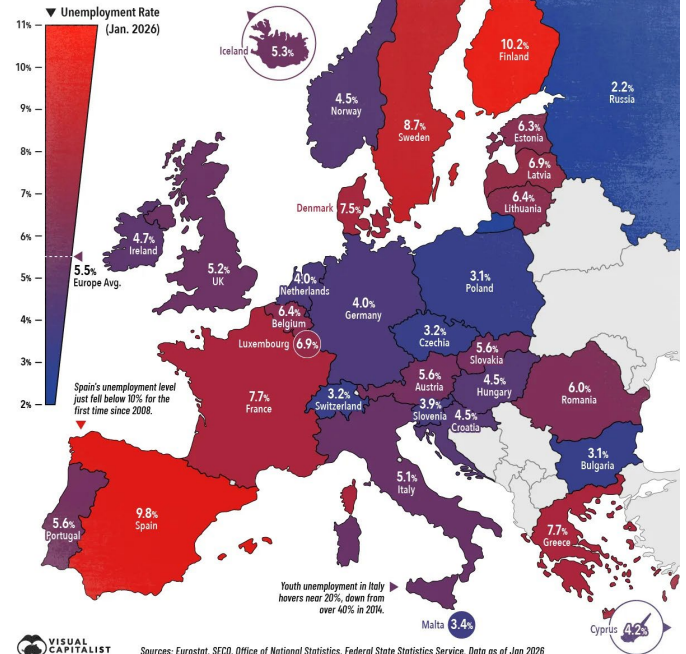
**Volkswagen is exploring a defense-related future for its Osnabrueck plant**, with reports indicating the company is in talks with Rafael Advanced Defence Systems about producing components tied to the Iron Dome air-defense system. Volkswagen said it is continuing to evaluate options for the site as vehicle production there winds down, though it also stated that weapons production itself is ruled out. The discussions reflect the broader shift underway in Germany as industrial assets are increasingly being considered for defense supply chain use.

**Zambia is seeking global investment to more than triple its copper output to 3M metric tons by 2031**, as the country looks to strengthen its role in supplying materials critical to electric vehicles, renewable energy, and advanced manufacturing. The government said it is in talks with investors from multiple countries, including the U.S., while emphasizing that future mining agreements must deliver fair returns for both Zambia and its partners. In addition to copper, Zambia is also positioning its reserves of cobalt, nickel, manganese, lithium, and rare earth elements as part of its comprehensive resource strategy.

**European airlines are pushing back on EU synthetic fuel mandates**, calling for delays and potentially preparing a formal challenge as concerns grow over high costs and limited supply. Industry groups said current requirements for eSAF use beginning in 2030 are unrealistic, with production expected to meet only a fraction of mandated volumes, while costs remain significantly higher than conventional jet fuel. Airlines warned the rules could drive billions of euros in added costs, as regulators face increasing pressure to balance decarbonization goals with industry capacity.

**Unemployment across Europe shows a wide divide in 2026**, with the regional average at 5.5% but significant variation between countries. Finland (10.2%) and Spain (9.8%) report the highest unemployment rates, while Russia (2.2%), Bulgaria (3.1%), and Poland (3.1%) sit at the low end, highlighting uneven labor market conditions across the continent. Major economies such as France and Greece remain above average, while others—including Germany, the UK, and several non-EU countries—are closer to or below the regional benchmark, reinforcing a split between

## UNEMPLOYMENT IN EUROPE



higher-unemployment southern markets and tighter labor conditions elsewhere.

**Finnair has selected Embraer for its narrow-body fleet renewal**, ordering 18 E195-E2 aircraft in a move away from Airbus for its next phase of short-haul fleet investment. The order also includes options for 16 additional jets and purchase rights for 12 more, with total planned investments through 2029 estimated at about €2B (\$2.31B USD). Finnair said the new aircraft will help modernize its regional network, improve efficiency, and reduce CO2 emissions per passenger by about 30%.

**TotalEnergies and Masdar are forming a \$2.2B renewables joint venture focused on Asia**, combining their onshore renewable energy activities across nine countries into a 50/50 partnership headquartered in Abu Dhabi. The venture will begin with 3 gigawatts of operating capacity and 6 GW in advanced development, with projects spanning solar, wind, and battery storage and expected to expand through 2030. The deal reflects continued investment in Asian power markets, where electricity demand growth is expected to remain strong this decade.

**The UK and Turkey have signed a new multi-billion-pound air defense agreement**, advancing the next phase of Turkey's

**EUROPE, AFRICA, & THE MIDDLE EAST:**

£8B (\$10.73B USD) Eurofighter Typhoon deal through a major training and support contract. The agreement covers UK-based training for Turkish pilots and ground crews as Turkey prepares to operate its first British-built jets, with companies including BAE Systems, Rolls-Royce, Leonardo UK, and MBDA involved in supplying components and training equipment. The deal also reinforces immense NATO defense cooperation on the alliance's eastern flank.

**Vertical Aerospace has secured a financing package worth up to \$850M**, providing new capital to support flight testing, certification work, and initial production of its electric vertical takeoff and landing aircraft. The UK-based company said it raised \$50M in equity and expects another \$30M soon, which would bring near-term working capital to about \$160M and fund operations through 2026. Access to additional capital through 2027 and beyond is expected to support wider commercialization efforts as the eVTOL sector works toward regulatory approval and market launch.

**Volvo Cars has agreed to exclusively distribute Lynk & Co electric vehicles in Europe**, deepening collaboration within Geely's automotive group as it looks to leverage Volvo's retail and service network to expand the brand's reach. Initial plans cover three Lynk & Co models, with the arrangement designed to scale sales more efficiently across European markets without requiring major additional product investment. This move also reflects Geely's strategy of creating tighter operational synergies across its automotive brands.

**The European Chemicals Agency has backed a broad EU ban on PFAS "forever chemicals,"** supporting restrictions on the manufacture, sale, and use of the substances while allowing for limited exemptions where alternatives are not available. PFAS are used across a wide range of consumer and industrial products and have drawn increasing scrutiny because they do not break down in the environment and have been linked to health and contamination risks. The recommendation will help shape upcoming EU legislation, with policymakers expected to introduce legally binding limits after further review.

**Tesla has received approval to supply electricity to homes in the UK**, entering the retail energy market as it expands its solar and battery storage offerings. The license from regulator Ofgem allows Tesla to compete with established providers such as Centrica's British Gas and other suppliers, using technologies like its Powerwall system to store and distribute energy. The move comes as UK households face rising energy costs, increasing interest in alternative energy solutions.

**Britain has finalized a pharmaceutical trade agreement with the United States that grants tariff-free access for UK-made medicines**, while committing to higher domestic drug spending and pricing adjustments; the deal guarantees zero U.S. tariffs on British pharmaceuticals for at least three years, positioning the UK as the only country with such access and reinforcing its role in global drug exports, while also requiring increases in medicine pricing and healthcare spending, closer regulatory cooperation, and alignment with U.S. expectations around sharing research and development costs, even as sweeping U.S. policy continues to signal potential tariffs for companies that do not meet pricing or domestic production requirements.

**Gold prices are holding relatively steady as markets remain cautious ahead of a U.S. deadline tied to the Strait of Hormuz**, with investors weighing geopolitical risk against the possibility that higher energy-driven inflation could delay interest rate cuts. Spot gold is trading near \$4,648.32 per ounce, while attention is also turning to upcoming Federal Reserve minutes and U.S. inflation data for signals on monetary policy. Ongoing central bank demand continues to support the market, with China's central bank reporting a 17th straight month of gold purchases.

**ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:**

**A tightening helium supply is beginning to disrupt technology supply chains**, as shortages linked to Middle East conflict are affecting chipmaking and other precision manufacturing processes that rely on the gas for cooling, leak detection, and production control. Industry executives said companies are scrambling to secure alternative sources, while prolonged shortages could force output cuts and ripple into electronics, automotive, and smartphone supply chains. Transport delays and raw material disruptions tied to the region are also extending lead times for some suppliers.

**Taiwan's president has said the island can afford a proposed \$40B increase in defense spending**, arguing that strong economic growth and rising pressure from China justify a larger long-term military investment. The plan, spread over eight years, remains stalled in parliament, though lawmakers have already approved about \$9B in U.S. arms deals to avoid missing contract deadlines. President Lai also said the added spending would support both national defense and domestic industrial development, including real-time defense systems using AI.

## ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

**The U.S. and Japan have outlined an initial action plan on rare earths and critical minerals cooperation**, focusing first on a select group of minerals as both countries work to reduce supply chain vulnerability and build alternatives to China-dominated sourcing. The plan includes discussions around coordinated trade measures such as price floors, joint support for mining and processing projects, stockpiling coordination, and faster responses to supply disruptions. Officials also said the two countries will identify projects eligible for priority financing and policy support as part of a larger push to strengthen critical mineral supply chain resilience.

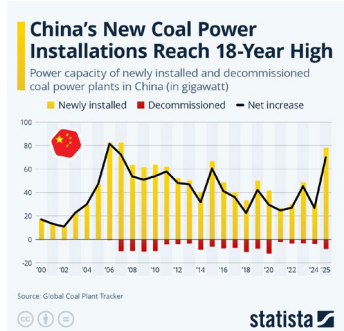
**Qantas and American Airlines have received interim approval to continue their trans-Pacific partnership**, allowing the carriers to keep coordinating flights between Australia and New Zealand and North America while Australia's competition regulator completes its review. The proposed five-year arrangement covers cooperation on fares, schedules, and inventory across routes linking the region with the U.S., Canada, and Mexico. A final determination is expected in June.

**Tesla is expanding its retail and service network in Japan as it targets the country's top imported-car position**, with plans to grow to at least 60 stores and about 30 service centers while broadening appeal beyond early EV adopters. The company has begun taking orders for the six-seat Model Y L and said stronger coverage, more test-drive-focused stores, and added staff training have helped accelerate sales growth in a market where fully electric vehicle adoption remains relatively low. Tesla said first-quarter sales in Japan were already roughly half of its full-year 2025 total.

**Nippon Steel has secured 900B yen (\$5.6B USD) in financing to support its U.S. Steel acquisition**, with funding provided by the Japan Bank for International Cooperation and a group of major Japanese lenders. The loans will be used to repay the bridge financing tied to Nippon's purchase of Pittsburgh-based U.S. Steel, which the company completed in June 2025 for about \$14.1B. The financing underscores the scale of Japanese backing behind one of the steel industry's largest recent cross-border deals.

**China's coal power capacity additions surged to an 18-year high in 2025**, with nearly 70 gigawatts of net new capacity added—the largest increase since 2007—signaling a continued reliance on coal even as renewable energy expands. The increase follows power disruptions in recent years tied to shortages, droughts, and demand swings, reinforcing coal's role as a stable energy source, while roughly 500 GW of additional capacity remains in the pipeline. Despite

this growth, coal's share of electricity generation has gradually declined to about 58% as wind and solar continue to scale, though not yet enough to overtake fossil fuels.



**India has asked automakers and parts suppliers to conserve energy and optimize production**, as disruption to oil and gas flows linked to the Iran war raises concern over fuel shortages, higher input costs, and tighter raw material supply.

A government advisory urged manufacturers to reduce idle fuel use, shift from oil-based fuels to electricity where possible, and increase use of recycled aluminum or alternative materials in non-critical applications. The move highlights growing pressure on India's industrial supply chains as energy imports from the Gulf come under strain.

**Asian borrowers raised about \$2.8B in debt markets as demand for high-grade credit remained strong**, with companies including LG Energy Solution, Westpac, and Macquarie tapping investors amid ongoing uncertainty around energy prices and interest rates. LG Energy Solution led the activity with a \$1.6B multi-tranche U.S. dollar bond offering, while Westpac issued a €1B (\$1.16B USD) covered bond and Macquarie launched a new dollar-denominated deal. Investor appetite for investment-grade issuers has remained resilient, even as overall issuance volumes in the region trend lower year-over-year.

**China has launched a long-term care insurance system to help address the challenges of an aging population**, expanding support for people with long-term disabilities while easing financial and caregiving pressure on families. The new framework aims to build a unified nationwide system over the next three years, funded by employers, individuals, and government subsidies, with the goal of providing more consistent nursing and medical care across both rural and urban areas. The move is part of a larger effort to strengthen China's social safety net as its elderly population continues to grow and workforce pressures intensify.

**Hyundai Motor plans to more than double its China sales while expanding its North American lineup to 36 models by 2030**, targeting annual sales of 500,000 vehicles in China as part of its medium-term growth strategy; at the same time, the company is increasing investment in its most profitable region by broadening its vehicle portfolio across electric, hybrid, and gasoline models, demonstrating a dual focus on

## ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

regaining momentum in China and strengthening its position in North America.

**General Motors plans to invest \$600M in its South Korean unit to upgrade manufacturing and improve competitiveness**, adding to a previously announced \$300M as it modernizes facilities, enhances production capabilities, and strengthens output of small SUV models primarily exported to the U.S.; the move reinforces GM’s long-term commitment to its Korean operations, which remain a key production hub despite recent sales declines and ongoing concerns about future product allocation.

**Rising fuel costs tied to the Middle East conflict are accelerating electric vehicle adoption across the Asia-Pacific region**, as supply disruptions through the Strait of Hormuz push consumers and businesses to reconsider reliance on gasoline and diesel vehicles; EV inquiries and registrations have surged in markets like Australia, Japan, South Korea, and New Zealand, supported by government incentives and growing cost pressures, while the shift is also boosting global EV manufacturers—particularly Chinese producers—as higher energy prices reshape vehicle demand and long-term transportation trends.

**AstraZeneca is expanding its China manufacturing and research footprint with plans for a cell therapy base and innovation center in Shanghai**, as part of its greater effort to strengthen end-to-end cell therapy capabilities in one of

its largest markets. The new facility is intended to produce and supply CAR-T therapies for China and other Asian markets, while the company also plans a radioconjugate drug production site in Guangzhou. The investment forms part of AstraZeneca’s previously announced \$15B commitment to China through 2030.

**Eli Lilly plans to invest \$3B in China over the next decade to expand manufacturing capacity**, supporting production of its experimental type 2 diabetes and obesity pill orforglipron while building a more localized supply system for oral medicines. The global pharmaceutical firm has also submitted a marketing application for the drug in China, where it is seeking approval after positive late-stage weight-loss trial results. The move adds to a broader wave of multinational pharmaceutical investment in China as global drugmakers continue to strengthen regional production footprints.

**China plans to upgrade some older petrochemical plants and phase out others by 2029**, as part of a broader effort to modernize industrial capacity and improve supply-demand balance across refining and petrochemicals. Authorities will rely on outdated facility lists already compiled by local governments and begin annual rolling surveys next year to identify additional sites for review. The policy aligns with China’s wider push to reduce excess refining capacity and improve efficiency across the sector.

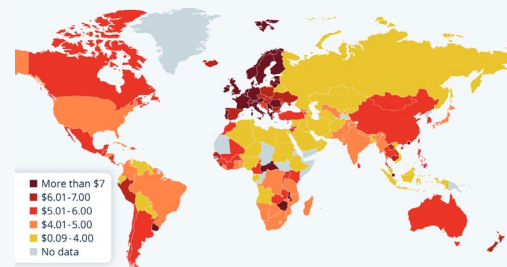
## ECONOMIC UPDATE: APPENDIX TO THE APRIL 2026 ISSUE

### ENERGY: GASOLINE PRICES VARY WIDELY ACROSS GLOBAL MARKETS

Gasoline prices remain highly uneven around the world, reflecting not only changes in crude oil markets but also major differences in national tax policy and fuel subsidies. As of March 23, 2026, the United States averaged about \$4.29 per gallon, still below other car-heavy developed markets such as Canada and Australia, where prices ranged from roughly \$5.47 to \$5.91 per gallon. Europe remained one of the most expensive regions for gasoline, with much of Western Europe above \$7.00 per gallon and Germany reaching about \$9.07, while Hong Kong recorded the highest price in the dataset at \$15.37 per gallon. At the other end of the spectrum, major oil-producing countries including Venezuela, Libya, and Iran continued to post extremely low gasoline prices, while Algeria was around \$1.34 per gallon and Russia about \$3.16. The data highlights how retail fuel prices are shaped as much by domestic policy choices as by global energy supply conditions.

### How Gas Prices Compare Around The World

Price of one gallon of gasoline, by country/territory (as of March 23, 2026\*)



\* Some countries only updated monthly  
Source: Global Petrol Prices



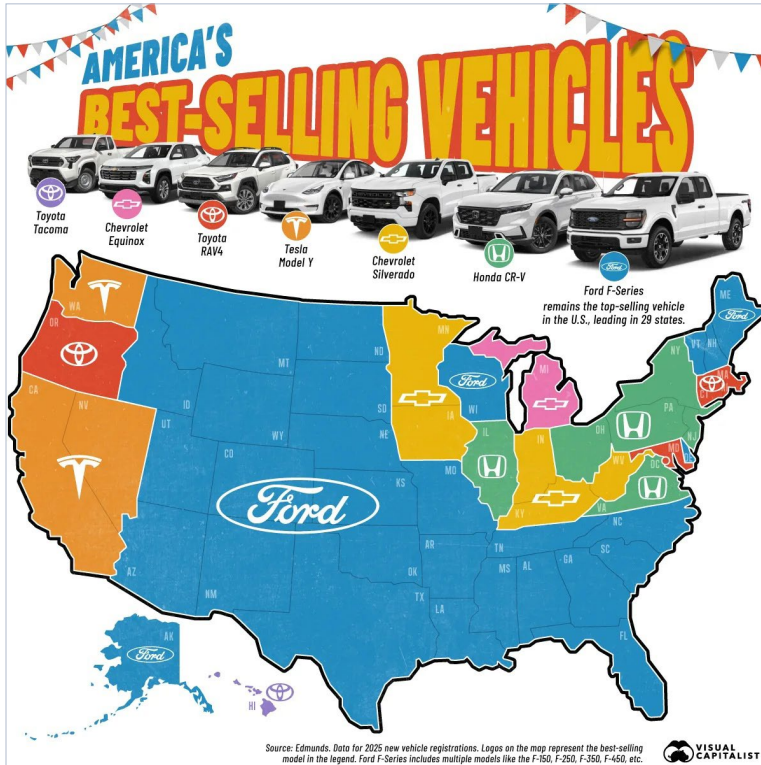
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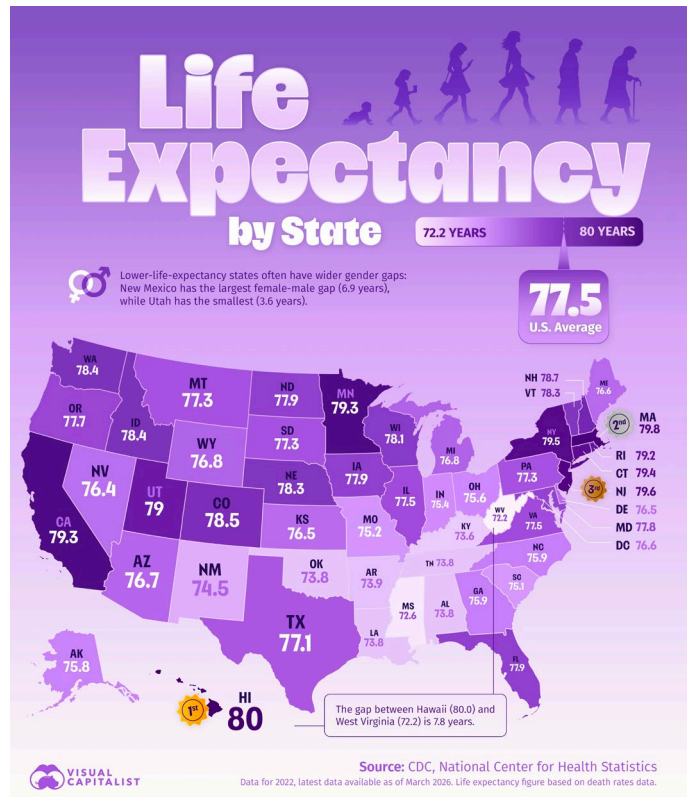
**AUTOMOTIVE: PICKUP TRUCKS STILL DOMINATE U.S. STATE LEVEL SALES**



Pickup trucks continued to dominate the U.S. vehicle market in 2025, with the Ford F-Series ranking as the best-selling vehicle in 29 states and maintaining especially strong coverage across the South, Midwest, and Mountain West. Chevrolet’s Silverado also posted a solid showing in several states, while compact SUVs such as the Honda CR-V and Toyota RAV4 led in several Northeastern, Mid-Atlantic, and urban markets. The biggest regional exception was the West Coast, where Tesla’s Model Y topped California, Nevada, and Washington, pointing to stronger electric vehicle adoption in those states. Hawaii also stood apart with the Toyota Tacoma as its top seller. Taken together, the map shows a U.S. auto market still anchored by trucks, even as EVs and crossovers continue to gain ground in select regions.

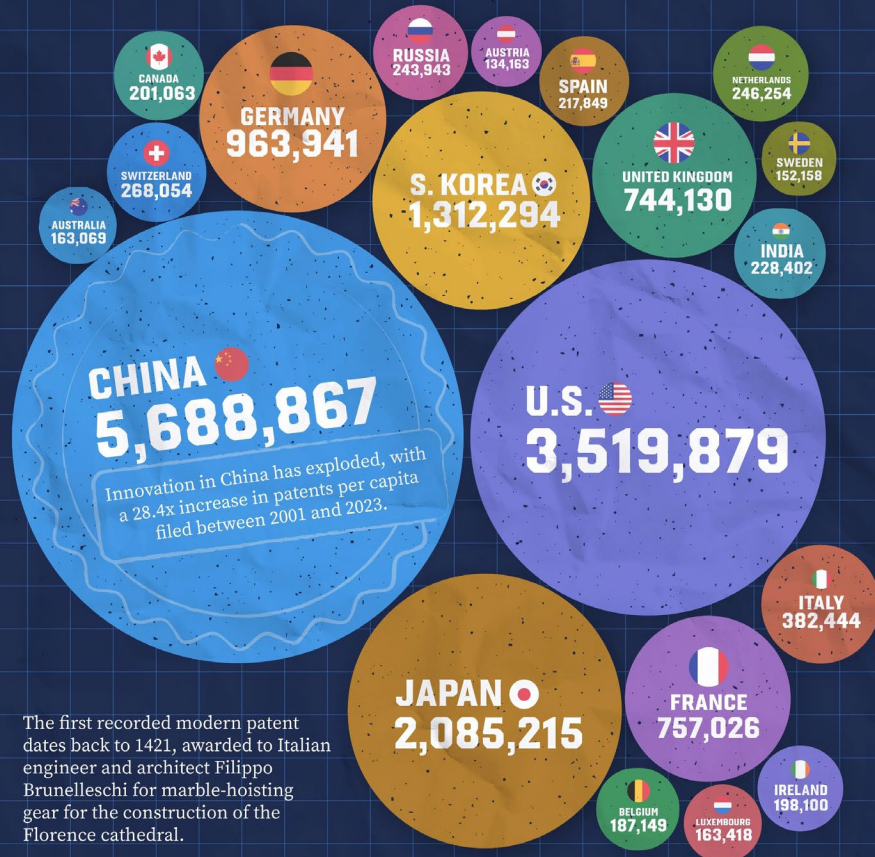
**MEDICAL: LIFE EXPECTANCY VARIES WIDELY ACROSS U.S. STATES**

Life expectancy continued to show a wide state-by-state gap in the latest CDC data, with Hawaii ranking highest at 80.0 years and West Virginia lowest at 72.2 years. The national average stood at 77.5 years, but 28 states fell below that mark, highlighting how uneven mortality outcomes remain across the country. Higher life expectancy was generally concentrated in the Northeast and along the West Coast, while many Southern and Appalachian states ranked near the bottom. Massachusetts, New Jersey, New York, and Connecticut joined Hawaii among the top performers, while Mississippi and Kentucky were also near the low end of the ranking. The report also found that women outlived men in every state and Washington D.C., with larger gender gaps tending to appear in lower-life-expectancy states.



**TECHNOLOGY: ACTIVE PATENTS REMAIN HEAVILY CONCENTRATED IN A FEW COUNTRIES**

**TOP 20 COUNTRIES WITH THE Most Active Patents**



The first recorded modern patent dates back to 1421, awarded to Italian engineer and architect Filippo Brunelleschi for marble-hoisting gear for the construction of the Florence cathedral.

Source: World Intellectual Property Organization  
Data as of 2024, latest as of March 2026.



Global patent ownership remains concentrated in a small group of innovation leaders, with China holding the largest stock of active patents in 2024 at 5,688,867. The United States ranked second with 3,519,879 active patents, followed by Japan at 2,085,215 and South Korea at 1,312,294, underscoring Asia’s strong position in the global innovation landscape. Together, China, the U.S., and Japan held more active patents than the rest of the world combined, showing how sharply patent activity falls off after the top tier. Germany remained the leading European country at 963,941, while France and the United Kingdom followed at 757,026 and 744,130, respectively. The ranking highlights the extent to which research capacity, industrial scale, and long-term investment continue to shape where intellectual property is being created and maintained.

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