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Newsletter CW 01/02

News Recap

EU moves forward with Mercosur trade deal after 25 years of negotiations

After more than a quarter century of negotiations, EU member states have given the green light to the long-discussed trade agreement with the Mercosur bloc, which includes Brazil, Argentina, Uruguay and Paraguay. Ambassadors of the 27 EU countries voted in favor of the deal, clearing a key political hurdle. The agreement would create one of the world's largest free trade zones, covering more than 700 million people. Bolivia has since joined Mercosur but must adapt its rules before fully benefiting from the pact.

The deal remains highly controversial within Europe. Agricultural groups fear increased competition from South American producers, particularly in beef and other farm goods that can be produced more cheaply than in Europe. To secure approval, additional concessions and support measures for European farmers were introduced, reflecting strong opposition from countries such as France and Poland and initial hesitation from Italy.

Economically, the agreement is significant. The European Commission estimates that EU exports to South America could rise by up to 39 %, supporting more than 440,000 jobs across Europe. Key beneficiaries are expected to be the automotive industry, machinery manufacturers and pharmaceutical companies, all of which currently face high tariffs in Mercosur markets.

Politically, the pact is also seen as a signal against rising protectionism, particularly considering higher U.S. tariffs. However, the process is not finished. The European Parliament must still approve the agreement, and legal challenges or referral to the European Court of Justice could delay ratification. At the same time, critics warn of environmental risks, including potential deforestation and pressure on EU food and safety standards, concerns the Commission firmly rejects.

(Sources: Tagesschau, Zeit)

Rise in Germany's industrial production amidst falling export rates

In November 2025 Germany's industrial output unexpectedly grew while exports weakened. Official Destatis data show industrial production up 0.8% month over month (seasonally adjusted) against expectations of a 0.4% drop. This was the third consecutive monthly gain, lifting output by about 0.8% on the year. By contrast, exports fell by -2.5% MoM in November, and by -0.8% in comparison to November 2024. The trade surplus decreased to €13.1 billion, down from €17.2 billion in October.

Germany's industry saw broad gains in November. Production was led by the automotive and machinery sectors, offsetting declines in the energy and construction sectors. In November 2025, production in industry excluding energy and construction was up 2.1% MoM (seasonally and calendar adjusted). The automotive sector's output increased by +7.8% MoM; and machinery & equipment by +3.2%. The energy sector production fell by -7.8%. Compared with November 2024, production in industry excluding energy and construction increased by 1.3% after calendar adjustment. New orders in industry rose by 5.6% MoM in November (seasonally and calendar adjusted). Exports to the EU and the U.S. declined by 4.2% MoM, while exports to EU third countries declined by 0.2% MoM. Exports to the People's Republic of China (PRC) increased by 3.4% MoM and to the United Kingdom declined by 8.1% MoM. Exports to the U.S. are down by 22.9% compared with November 2024. In contrast, imports grew by 0.8% MoM and 5.4% in comparison to November 2024. Import growth is being driven by the PRC with an increase of 8.0% MoM. Imports from the U.S. and the UK have risen by 7.9% MoM and 10.9% MoM respectively. Tougher trading conditions, such as tariffs to important German export markets, hinder Germany's ability to export and to restart its economic engine. Franziska Palmas, senior Europe economist at Capital Economics, expresses doubt in Germany's near-term recovery. "Given the significant structural headwinds facing the sector, we doubt this is the start of a sustained recovery and still expect German industrial output to decline in the medium term," Palmas said. Carsten Brzeski, Global Head of Macro at ING Bank, sees tentative signs of a turning point for Germany's economy but also expects further stagnation before the economy starts growing again.

The November data paints a mixed but cautiously hopeful picture. German industry appears to have stabilized at home. Output is edging up and factory orders are rising. However, export demand has cooled sharply, underscoring persistent headwinds from weaker global markets and trade tensions. Economists note that Germany's traditional export-driven model is "sputtering".
(Sources: Reuters, Destatis, ING THINK by ING Bank)

Germany Launches €30bn Deutschlandfonds to Mobilise Private Capital

Germany has launched the Deutschlandfonds, a new federal investment initiative aimed at addressing structural underinvestment in key areas of the economy. The fund combines public capital, guarantees, and financing instruments with the explicit goal of crowding private institutional investors. According to the federal government, public commitments of around €30 billion are expected to mobilise up to €130 billion in total investment over the coming years.
The Deutschlandfonds is structured as an umbrella platform rather than a single pooled vehicle. It brings together several financing instruments coordinated by the federal government and implemented primarily through the state development bank KfW. The focus lies on capital-intensive and transformation-driven sectors where private financing has remained insufficient, including industrial modernisation, energy and grid infrastructure, climate technologies, defence and security-related innovation, as well as growth financing for technology scale-ups.
Unlike traditional subsidy programmes, the fund emphasises market-based financing through equity, quasi-equity, loans, and guarantees. For growth companies, the government plans to deploy up to €1 billion in direct and indirect ventures and scale-up financing by 2030, complemented by additional credit instruments. In infrastructure and industrial projects, public guarantees are intended to lower risk thresholds for private investors and accelerate project execution.
The initiative reflects a broader shift in Germany's economic strategy. With GDP growth stagnating, industrial output under pressure, and private investment subdued despite easing inflation, policymakers are increasingly turning to capital-market-oriented solutions to support long-term competitiveness. The Deutschlandfonds is positioned as a structural tool rather than a short-term stimulus, aiming to address persistent financing gaps in Germany's transformation agenda.
For investors, the fund signals a more active role of the state as a risk-sharing partner in strategically relevant projects. Its effectiveness will depend on governance,

deployment speed, and the ability to attract private capital on a scale. If successful, the Deutschlandfonds could become a central pillar of Germany's investment framework over the coming decade.
(Sources: German Federal Government, KfW, Federal Ministry of Finance, Federal Ministry for Economic Affairs, Deutsche Bundesbank)

Rising CO2 Prices Reshape the European Economy from 2026

From 2026 onwards, carbon pricing in the European Union will become more tangible for businesses and households alike. As part of the EU's climate agenda under the "Fit for 55" package, CO2 prices are set to play a stronger role in steering investment decisions and reducing emissions. The shift marks a move away from politically fixed prices towards a system where market forces increasingly determine the cost of carbon.

In the EU Emissions Trading System (EU ETS), which covers power generation, industry, and aviation, CO2 prices are expected to remain high. With the cap on emissions continuing to tighten and fewer allowances available each year, analysts anticipate prices in the range of around EUR 80-90 per tonne of CO2 in 2026. This reinforces pressure on carbon-intensive activities and strengthens incentives to invest in cleaner technologies. At the same time, national systems are being adjusted. In Germany, for example, carbon pricing for heating and transport fuels will shift from fixed prices to an auction-based price corridor in 2026, bringing it closer to EU-wide market logic and preparing the ground for the new EU ETS 2.

ETS 2 will gradually extend carbon pricing to buildings and road transport across the EU, significantly broadening its impact. In parallel, the Carbon Border Adjustment Mechanism will become fully operational in 2026, applying carbon costs to selected imports and helping to protect European companies from unfair competition by producers in regions with weaker climate policies.

Overall, higher CO2 prices from 2026 represent a clear turning point. While they will increase costs for fossil energy in the short term, they also provide a strong and predictable signal to accelerate efficiency improvements, electrification, and investment in low-carbon solutions, key steps on the EU's path towards climate neutrality by 2050.
(Sources: European Commission, ICAP)

Bulgaria Introduces the Euro

Bulgaria introduced the euro on 1 January 2026, with euro banknotes and coins starting to circulate and the country becoming the 21st euro area member. On the same date, the Bulgarian National Bank (BNB) joined the Eurosystem, and the ECB noted that the BNB is now also a full member of the Single Supervisory Mechanism following a period of close cooperation.

The accession followed the EU's formal approval process. On 8 July 2025, the Council of the European Union adopted the final three legal acts required for Bulgaria to introduce the euro on 1 January 2026, completing the process for Bulgaria to become the 21st euro area member. The Council also set the irrevocable conversion rate at 1.95583 Bulgarian lev per €1, corresponding to the lev's central rate in ERM II. Earlier, on 4 June 2025, the European Commission assessed in its convergence report that Bulgaria fulfils the conditions for adopting the euro on 1 January 2026.

For consumers and businesses, the ECB's changeover timeline includes mandatory dual price display from 8 August 2025 for one year, a one-month dual circulation period starting 1 January 2026, and the euro becoming the sole legal tender on 1 February 2026. The ECB also states that lev cash can be exchanged free of charge at commercial banks and certain post offices until 30 June 2026, while the BNB exchanges lev banknotes and coins indefinitely and free of charge.

(Sources: European Central Bank, European Council, European Commission)

M&A/VC News

Rio Tinto in Talks to Acquire Glencore in Potential Mining Mega-Deal

Mining giant Rio Tinto has resumed discussions to acquire Glencore in an all-share transaction that could create the world's largest mining company, with a combined valuation near $207 billion. The renewed talks revive a previously mooted deal and reflect strategic moves by miners to scale up in copper and other key metals amid strong demand from energy transition and AI sectors. While specifics of any formal proposal and management structure remain undecided, both companies have acknowledged early negotiations under UK takeover rules. Analysts highlighted potential antitrust challenges, especially relating to coal assets.

(Source: Reuters)

Comerica Shareholders Approve $10.9 Bln Merger with Fifth Third Bancorp

Shareholders of Comerica overwhelmingly backed a $10.9 billion all-stock merger with Fifth Third Bancorp, setting the stage for one of the largest U.S. bank consolidations of 2025. With 97 % support, the deal will create the ninth-largest U.S. bank by assets and strengthen Fifth Third's footprint in the Midwest while expanding into Texas, Arizona, and California. Despite opposition from activist investor HoldCo Asset Management, which later litigated aspects of the agreement, proxy advisory support and strategic rationale carried the vote. Regulatory approvals are expected to be finalized by the first quarter of 2026.
(Source: Reuters)

Hg Capital to Take Financial Software Firm OneStream Private in $6.4 Bln Deal

Private equity firm Hg Capital agreed to acquire enterprise financial software provider OneStream in an all-cash deal valued at approximately $6.4 billion. OneStream's shareholders will receive $24 a share, representing a roughly 31 % premium and boosting its stock in active trading. The transaction marks one of the notable private equity take-private deals this year in software, underscoring continued investor confidence in subscription-based enterprise platforms. The acquisition is expected to close later in 2026, subject to customary conditions, with Hg planning to accelerate OneStream's product development and market reach.
(Source: Reuters)

Cyera raises $400 million led by Blackstone, valued at $9 billion

Cyera has raised $400 million in a late-stage funding round led by Blackstone, tripling the AI data security firm's valuation to about $9 billion in just over a year. The cash infusion underscores robust investor appetite for AI-driven cybersecurity tools as companies embrace generative AI and face growing cyber threats. Existing backers including Accel, Coatue and Lightspeed Venture Partners participated in the Series F round, which brings Cyera's total funding to more than $1.7 billion. Cyera provides software that helps enterprises classify and secure sensitive data across cloud and on-premises systems and said it will use the new capital to boost product development, expand globally and forge industry partnerships.
(Source: Reuters)

Stablecoin Payments Startup Rain Raises $250 Million, Reaching a $1.95 Billion Valuation

Rain, a startup focused on stablecoin payments, said it raised $250 million in a funding round led by investment firm ICONIQ, valuing the company at $1.95 billion. The Series C round comes only four months after Rain's previous fundraise and has lifted its valuation 17-fold in just ten months amid surging investor interest in the crypto sector. Rain provides infrastructure for businesses to issue and manage stablecoin-linked payment cards and digital wallets, benefiting from a friendlier regulatory stance on cryptocurrencies that is encouraging broader adoption. The company plans to use the funds to enter new licensed markets, strengthen its full-stack stablecoin payments platform and pursue strategic acquisitions. Other investors in the round include Sapphire Ventures, Dragonfly, Bessemer Venture Partners and Lightspeed.
(Source: Reuters)

Outlook

Earnings and key events

- 13.01.: US CPI, JPMorgan Chase & Co., Bank of New York Mellon
- 14.01.: US PPI, Bank of America, Citigroup, Wells Fargo
- 15.01.: Germany GDP, Taiwan Semiconductor, Goldman Sachs, Morgan Stanley, BlackRock
- 16.01.: Reliance Industries GDR
- 19.01.: BHP
- 20.01.: Netflix
- 21.01.: Johnson & Johnson

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