Newsletter CW 39/40

News Recap

Household Crisis in the United States

Midnight on October 1 marked the beginning of a shutdown in Washington, as Republicans and Democrats once again could not find common ground on federal spending. The Senate tried to avoid the crisis with two last-minute votes, but neither side was willing to back down. The result: Washington is stuck, and the country is paying the price.

A shutdown means large parts of the federal government cease operations. Essential services continue, things like Social Security payments, Medicare, border security, police, air traffic control, and the federal courts. Soldiers remain on duty, but many civilian staff at the Pentagon are being sent home without pay. National parks are closing their visitor centres and tours, while rangers responsible for safety and wildlife still have to work. For millions of Americans, the impact will become visible very quickly.

The political fight centres on funding for social and health programs. Democrats want to secure money for initiatives that support low-income families, while Republicans insist on spending cuts. In the Senate, Republicans don’t have enough votes to pass their budget without Democratic support, and Democrats are refusing to compromise. Public opinion is not helping Republicans. A new poll shows that more than half of Americans blame them for the shutdown, while only about a third blame the Democrats. But in the end, ordinary citizens are less concerned about party politics than about their pay checks and everyday lives.

Republicans have floated the idea of a temporary deal that would keep the government running until late November, but Democrats say they don’t trust that negotiations would lead anywhere. A handful of Democratic senators disagreed and supported the short-term fix, saying a shutdown only hurts everyday people.

If the shutdown drags on, its economic effects will grow. Hundreds of thousands of federal workers face furloughs, while many contractors may not be paid. Past shutdowns have shown that even short interruptions cost the U.S. economy billions of dollars. For now, there’s no end in sight. Americans have seen shutdowns before, but this one could be longer, deeper, and more damaging, especially for those whose jobs and livelihoods are caught in the middle of Washington’s political battle. *(Source: Tagesschau)*

Merz government unveils plan to modernize Germany

The German government under Chancellor Friedrich Merz has approved a Modernization Agenda to make the state more digital, efficient and citizen friendly. During a cabinet meeting in Berlin, the government agreed on around 80 measures aimed at reducing bureaucracy and accelerating digital transformation in public administration.

Only five months after taking office, the Merz administration is turning its reform goals into concrete action. The 40-page plan calls for a faster, more capable and trustworthy state that makes decisions quickly and delivers results reliably. Key projects include a construction turbo to speed up and lower the cost of building, faster recognition of foreign professional qualifications, particularly in healthcare, and the use of artificial intelligence to accelerate visa processing. Finance Minister Lars Klingbeil said the plan reflects a new attitude: "We want to make our country simpler and make it easier for citizens to build a house or start a business." The government expects the reforms to save about 16 billion euros in bureaucracy costs, marking one of the most ambitious modernization efforts in years. *(Source: Welt)*

Inflation in Germany Rises to 2.4 Percent

Inflation in Germany increased to 2.4 percent in September, marking the highest level so far this year. According to preliminary data from the Federal Statistical Office, prices for goods and services rose by 2.4 percent compared to the same month last year. This represents a slight acceleration from August, when the inflation rate stood at 2.2 percent. Economists expected a smaller rise to 2.3 percent. Month over month, consumer prices increased by 0.2 percent.

The latest data shows a mixed picture across categories. Energy prices fell by 0.7 percent compared to the previous year, continuing their downward trend. In contrast, services became significantly more expensive, rising by an average of 3.4 percent. Food prices increased by 2.1 percent, with regional variations such as a 7.1 percent rise in fruit prices and a 3.8 percent increase in dairy products reported in North Rhine-Westphalia. In Hesse, sugar, honey, and sweets rose by 4.1 percent, while fats and oils became 3.4 percent cheaper.

Core inflation, which excludes food and energy, edged up from 2.7 to 2.8 percent, indicating persistent underlying price pressures.

The European Central Bank (ECB) targets an inflation rate of 2.0 percent for the euro area. Following a series of eight interest rate cuts last year, the ECB paused its easing cycle in July and September amid easing price pressures. The current inflation figures are likely to reinforce this cautious stance.

Economists also warn that persistently high inflation continues to erode consumers' purchasing power, as households in Germany can buy less for the same amount of money. The ECB further noted that food prices remain more than one-third higher than before the pandemic. Consequently, analysts expect that the central bank will refrain from lowering interest rates in October to avoid fueling inflationary pressures. *(Source: Tagesschau)*

Bosch to Cut About 13,000 Jobs by 2030

Bosch plans to cut around 13,000 jobs by the end of 2030, primarily in Germany, as part of a major restructuring of its Mobility division. The company aims to close an annual cost gap of approximately €2.5 billion, citing weak automotive markets, persistent price pressure, and rising trade barriers. In 2024, the Mobility business generated €55.8 billion in revenue, accounting for about 62% of Bosch's total sales.

Several sites will be affected by the restructuring. In Feuerbach, around 3,500 jobs will be eliminated, including about 1,500 at the plant itself, largely due to the ongoing decline in diesel-related business. In Schwieberdingen, roughly 1,750 positions in sales, purchasing, administration, and development will be cut. About 1,250 jobs in Homburg will be affected as Power Solutions operations are consolidated. Connector production in Waiblingen, employing around 560 people, will be phased out by the end of 2028, while roughly 1,550 roles are impacted in Bühl and Bühlertal.

The move follows 5,550 job cuts announced in November 2024, which included reductions at Cross-Domain Computing Solutions, steering operations, and the Hildesheim site. Shortly afterward, working hours were reduced for around 10,000 employees in Germany. According to Bloomberg, the new reductions represent about 3% of Bosch's global workforce.

By phasing out the connector product line in Waiblingen and consolidating production in Homburg, Bosch aims to reduce fixed costs and address under-utilized capacities. The company's restructuring comes amid broader industry changes, ZF Friedrichshafen, for example, has agreed with unions to cut 7,600 jobs in its powertrain division by 2030. *(Source: Bosch, Bloomberg, Handelsblatt)*

Lufthansa Struggles Despite Recovery

Lufthansa is still far from its pre-crisis strength. Profits and passenger numbers remain below 2018 levels, and by 2030 the group plans to cut 4,000 administrative jobs while leaving operational roles untouched.

In the first half of 2025, the airline earned 127 million euros after posting a loss of 265 million in the same period last year. Eurowings and Swiss contributed to the improvement, while the core Lufthansa brand lost around 300 million. Experts warn the rebound comes mainly from lower fuel prices, down 14 percent from last year, while personnel and material costs have risen by about 10 percent. If fuel prices climb again, financial pressure could return quickly. The biggest challenge remains the outdated fleet. New aircraft would cut costs and add seats, but deliveries from Airbus and Boeing are delayed, and the wide variety of aircraft types in service increases operating costs. Weak demand for business travel in Germany and higher taxes and airport fees add to the burden. Internationally, Lufthansa faces political tensions in the US and long detours on Asian routes since it cannot fly over Russia.

Bright spots can still be found in Lufthansa Technik and Cargo, which continue to support the group. Yet pilots have already voted for strikes over pension demands. The airline is on the road to recovery, but reaching pre-crisis levels will require painful changes and a clearer focus on efficiency. *(Source: Tagesschau)*

M&A/VC News

Electronic Arts to go private in a $55 billion buyout

Videogame giant Electronic Arts (EA) agreed on Sept. 29 to go private in a deal valued at $55 billion, marking what would be the largest leveraged buyout in history. A consortium comprising Saudi Arabia's Public Investment Fund, Jared Kushner's Affinity Partners and private-equity firm Silver Lake will pay $210 per share, a 25 % premium, financed with cash, equity and debt. Analysts say the transaction frees EA to invest in long-term growth opportunities, particularly its sports and shooter franchises, without the quarterly pressures of public markets. The deal underscores Riyadh's ambition to diversify beyond oil and signals a revival of mega-sized buyouts. *(Source: Reuters)*

Pfizer to acquire Metsera for up to $7.3 billion

Pfizer announced on Sept. 22 that it plans to buy weight-loss drug developer Metsera in a transaction worth up to $7.3 billion, including future milestone payments. The acquisition brings Pfizer two experimental weight-management therapies (GLP-1 injectable MET-097i and the amylin analogue MET-233i) that have shown early promise and are being developed as monthly treatments. Pfizer executives tout monthly dosing as a differentiator and note that the obesity-drug market is projected to reach $150 billion by the early 2030s. Analysts believe Metsera's pipeline could deliver billions in annual sales once commercialized. *(Source: Reuters)*

Sempra sells 45 % stake for $10 billion

Energy company Sempra said on Sept. 23 that it will sell a 45 % stake in its Sempra Infrastructure subsidiary to KKR and Canada Pension Plan Investment Board for $10 billion, valuing the business at about $22.2 billion. The sale reduces exposure to non-utility assets and funds Sempra's $56 billion capital program without issuing new stock. Upon closing, expected in 2026, the KKR-led consortium will hold 65 %, while Sempra retains 25 % and Abu Dhabi Investment Authority keeps 10 %. Sempra simultaneously approved a $14 billion expansion of its Port Arthur LNG project, adding two more liquefaction trains and 13 million tonnes of capacity backed by long-term supply contracts. *(Source: Reuters)*

Figure valued at $39 billion after latest funding round

U.S. robotics startup Figure announced on September 16, 2025, that it raised $1 billion in a Series C round, bringing its valuation to $39 billion. The funding was led by Parkway Venture Capital, with participation from Nvidia, Intel Capital, LG Technology Ventures, Salesforce, T-Mobile Ventures and Qualcomm Ventures. Figure is developing humanoid robots designed to work in industrial and commercial environments. The fresh capital will accelerate product development and scale deployment, highlighting strong investor confidence in advanced robotics. *(Source: Reuters)*

Cerebras raises $1.1 billion as valuation hits $8.1 billion

Silicon-Valley chip startup Cerebras Systems disclosed on Sept. 30 that it raised $1.1 billion in a funding round led by Fidelity Management & Research and Atreides Management, boosting its valuation to $8.1 billion. The round attracted new investors Tiger Global, Valor Equity Partners and 1789 Capital, a fund linked to Donald Trump Jr., giving the AI-chip maker fresh backing ahead of an anticipated IPO. CEO Andrew Feldman said the capital will help scale its dinner-plate-sized processors and that 1789 Capital's involvement came through long-standing relationships. Cerebras still intends to go public and will use the funds to meet demand from customers in the Middle East and beyond. *(Source: Reuters)*

AACHEN INVESTMENT CLUB

Vercel raises $300 million Series F at $9.3 billion valuation

U.S. web-development platform Vercel announced on Sept. 30 that it had closed an oversubscribed $300 million Series F round co-led by Accel and Singapore's sovereign wealth fund GIC, valuing the company at $9.3 billion. New investors BlackRock, Step-Stone and Khosla Ventures joined the round as the company's user base doubled and revenue jumped 82 % over the past year. Vercel plans to use the funds to expand its AI-cloud services, enhance security and accelerate development of its AI coding agent v0, which already counts more than 3.5 million users. A mobile version of v0 is slated for launch in October, with a secondary tender offer for employees and early investors planned for November. *(Source: Reuters)*

Outlook

Earnings and key events

- 09.10.: PepsiCo, LVMH
- 14.10.: JPMorgan Chase & Co., Johnson & Johnson, Wells Fargo, Goldman Sachs, BlackRock, Citigroup
- 15.10.: ASML, Bank of America, Morgan Stanley
- 16.10.: TSMC, Nestlé

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