AACHEN INVESTMENT CLUB

# Newsletter CW 37/38

## News Recap

### Fed Hikes Rates for First Time Since 2023, Setting Up Clash With Trump

The U.S. Federal Reserve raised its benchmark interest rate by 0.25 percentage points on September 16, bringing the target range to 3.75%–4.00%. It was the first rate hike since July 2023 and came as inflation remained above the Fed’s 2% target. The unanimous decision also put the Fed at odds with President Donald Trump, who has called for substantially lower rates. Fed Chair Kevin Warsh said inflation was “too high” and had remained above the Fed’s target for more than five years. U.S. inflation stood at 3.4% in August, while higher energy prices following the Iran war added to price pressures, with crude oil above $105 a barrel. The higher policy rate raises financing costs across the economy and supports higher returns on cash and short-term fixed-income assets. Major U.S. banks raised their prime lending rate from 6.75% to 7% following the decision. Financial markets reacted negatively, with the Dow falling 1.2% and the S&P 500 0.4%, while the Nasdaq was broadly unchanged. The 10-year Treasury yield had already reached a 19-year high earlier in the week, underscoring the pressure on longer-term borrowing costs. Most Fed policymakers expect another rate increase before the end of 2026, with the majority seeing rates at 4%–4.25%. The decision marks a renewed tightening of U.S. monetary policy after the Fed’s rate-cutting cycle. For investors, this means higher funding costs, elevated Treasury yields and continued sensitivity of equity and bond markets to inflation and Fed policy.
*(Sources: ABC News, BBC, FED, Financial Times, The Guardian)*

### ECB Raises Rates to 2.50% in Its Second and Likely Final Hike of the Year

The European Central Bank has raised its key interest rates by 0.25 percentage points, taking the deposit facility rate to 2.50%. The rates on its main refinancing operations and marginal lending facility increased to 2.65% and 2.90%, respectively. The move, effective from September 16, represents the ECB’s second increase of 2026.
The decision reflects renewed inflation pressures caused by the conflict in the Middle East. Disruptions to energy supplies have pushed oil prices above $100 per barrel, while European natural gas prices have also risen sharply. Policymakers are concerned

that these higher costs could spread beyond energy and gradually affect food, services, wages, and inflation expectations.

The ECB expects headline inflation to average 3.0% in 2026, 2.5% in 2027, and 2.1% in 2028. Its forecasts for 2027 and 2028 were revised upward, suggesting that inflation may remain above the 2% target for longer than previously anticipated. However, the projections were completed before the latest rise in energy prices, leading some economists to argue that they may already underestimate the inflation risk.

The euro-area economy has performed better than expected, prompting the ECB to raise its 2026 growth forecast to 0.9%. This resilience gave policymakers greater scope to increase rates. At the same time, underlying inflation has moderated and wage growth remains contained, providing little evidence of a broader wage-price spiral.

Before the meeting, many economists expected the September increase to be the ECB's final move for the time being. That view became less certain after the decision, as markets increased their expectations of further tightening and some analysts forecast another increase in December. The ECB itself provided no firm guidance and emphasized that future decisions would remain data-dependent and be taken meeting by meeting.

Overall, September may prove to be the final increase of 2026 if energy prices stabilize and underlying inflation remains contained. Further escalation in the Middle East or evidence that higher costs are spreading through the economy, however, could lead the ECB to raise rates again.

*(Sources: ECB, Reuters)*

## Diesel Price Hits New All-Time High as Middle East War Pushes Up Fuel Costs

Diesel prices set fresh records in both Germany and the United States in September 2026, nearly seven months into the war between Iran and Israel and the United States. In Germany, a liter of diesel averaged 2.453 euros on September 16, topping the previous record from 7 April 2026 by 0.6 cents; premium petrol Super E10 also hit a fresh high of 2.314 euros. In the U.S., the national average diesel price passed $6.50 a gallon by September 21, up more than 87 cents this month alone and well above the 2022 record.

The surge traces back to the war's start on 28 February 2026, when the U.S. and Israel struck Iran. Iran has since repeatedly restricted shipping through the Strait of Hormuz, a chokepoint that once carried roughly a fifth of the world's seaborne oil trade. Despite

ceasefire attempts in June and August, transit remains far below pre-war levels, and Brent crude climbed back above $100 a barrel in September after renewed strikes.
Diesel has been hit harder than crude itself, largely because of constrained refining rather than crude supply alone. Russia, the world's second-largest diesel exporter, banned exports on 9 July 2026 and extended the ban through year-end after Ukrainian drone strikes on its refineries. Gulf refiners have also cut diesel exports to about 390,000 barrels a day in August, roughly a quarter of pre-war volumes. As a result, the crack spread between crude and diesel prices has hit record levels on both sides of the Atlantic.
The records have prompted a political response in Germany. Economy Minister Katherina Reiche wants lower fuel taxes, Finance Minister Lars Klingbeil has proposed a windfall tax on oil companies, and Brandenburg premier Dietmar Woidke has called for a price cap. Federal and state governments have agreed on a temporary fuel rebate starting in October, with a price cap under discussion from January. In the US, rising diesel costs are already feeding into freight, farming and delivery costs, with some businesses passing surcharges on to consumers.
With Hormuz still contested and no durable ceasefire in sight, analysts see little near-term relief, pointing to tight refining margins and constrained Russian and Gulf exports as structural pressures likely to keep prices elevated for months to come.
*(Sources: Bloomberg, Reuters, Statista)*

## Copper Hits Record Above $14,700 as Metal Flows Into U.S.

Copper prices climbed to a fresh all-time high on Tuesday as a steady flow of metal into the United States left supply increasingly scarce in the rest of the world. Three-month copper on the London Metal Exchange (LME) gained 1.3% to $14,703 a ton in official trading, with prices touching as much as $14,779 during the session. The rally has lifted the metal between 17% and 18% since the start of the year.
The new peak came just one day after copper had already broken its previous record. On Monday, LME futures rose as much as 0.8% to $14,533, surpassing the high set in January. That move capped weeks of gains driven by expectations that President Donald Trump will extend U.S. tariffs to imports of refined copper.
Those expectations have reshaped global trade flows. Traders have shipped large volumes of copper to the U.S. ahead of possible duties, tightening availability elsewhere, according to an analyst at Chinese broker Everbright Futures. Inventories in LME warehouses have fallen by almost 40% since the end of May, and stocks outside the U.S., including in China, continue to decline. Alice Fox, an analyst at Macquarie, identified

these shrinking inventories as the main driver of the gains. She added that storms in Chile and the situation in the Middle East have raised further concerns about supply. Speculative buying and weak mine output have also supported prices.
Beyond the tariff debate, the rally reflects a tight underlying market. Evy Hambro, global head of thematic and sector investing at BlackRock, told Bloomberg that supply shortfalls are running far above normal levels and have been amplified by the discussion over U.S. tariffs. At the same time, the expansion of artificial intelligence, solar parks and power grids continues to drive demand for the metal. The move highlights how expectations about U.S. trade policy are increasingly shaping supply conditions on global copper markets.
*(Sources: Reuters, Handelsblatt, Bloomberg)*

## China's Exports Jump 25% in August, Trade Surplus Widens Ahead of Trump-Xi Meeting

China’s exports surged in August, providing a major source of support for an economy still struggling with weak domestic demand. According to Chinese customs data reported by Reuters, exports measured in U.S. dollars rose 25% year-on-year, accelerating from 23.9% in July. Imports also increased sharply, rising 28.2% compared with the previous year.
The strong export performance pushed China’s monthly trade surplus to $119.09 billion, up from $112.5 billion in July. Over the first eight months of 2026, the surplus reached $805.51 billion, putting China on course for another annual trade surplus exceeding $1 trillion. The figures highlight the importance of foreign demand at a time when consumption, investment and the property sector at home remain subdued.
Technology and manufactured goods have been important drivers of the export boom. During the first eight months of the year, the value of China’s high-tech exports increased 42.9%, while semiconductor export values more than doubled. Automobile exports rose by more than 50% in both value and volume. Strong international demand related to artificial intelligence, electric vehicles and other high-tech products has helped Chinese manufacturers compensate for weaker demand at home.
Trade with the United States has also remained resilient despite continuing tensions between Washington and Beijing. China’s exports to the U.S. increased 34.4% year-on-year in August, while imports from the U.S. rose 17.8%. China’s bilateral trade surplus with the United States consequently reached $29.18 billion. However, tariffs and the possibility of further trade restrictions continue to create uncertainty for Chinese exporters.

The figures come shortly before U.S. President Donald Trump is scheduled to host Chinese President Xi Jinping in Washington on September 24. Trade is expected to feature prominently in the talks. Washington is seeking greater Chinese purchases of U.S. goods and improved access to critical minerals, while Beijing has pushed for relief from restrictions limiting Chinese companies' access to advanced American technology.
China therefore enters the meeting with an exceptionally strong export sector but an economy that remains uneven. Overseas demand is helping offset weakness at home, yet dependence on exports also increases China's exposure to tariffs and other trade restrictions. The August figures underline this tension: China's growing competitiveness in manufacturing and technology is supporting economic growth while simultaneously contributing to trade friction with its major partners.
*(Source: Reuters)*

## M&A/VC News

### Paramount, states discuss settlement over $110 billion Warner Bros. deal

Paramount and a group of U.S. states are discussing a possible settlement that could clear a major regulatory hurdle for Paramount's proposed $110 billion acquisition of Warner Bros. Discovery. The talks reportedly include independent monitoring of CNN and commitments concerning the number of films released in theatres. The California-led case is one of the final obstacles facing the transaction after U.S. regulators cleared it, while the Writers Guild of America has separately challenged the deal. A settlement could help Paramount avoid daily fees owed to Warner shareholders if the transaction remains outstanding beyond September 30.
*(Source: Reuters)*

### McCormick, Unilever face UK competition review over $65 billion food deal

The UK Competition and Markets Authority has opened an investigation into the proposed $65 billion combination of McCormick and Unilever's food business. The regulator will examine whether the transaction could weaken competition in the British market. If completed, the deal would bring together major brands including Knorr, Hellmann's, French's and Frank's RedHot, creating one of the world's largest food and

flavouring companies. Unilever shareholders would hold 65% of the combined business, while McCormick investors would own 35%. The CMA has set November 11 as the deadline for its initial Phase 1 assessment.
*(Source: Reuters)*

## UK regulator opens probe into AkzoNobel's $25 billion Axalta merger

Britain's Competition and Markets Authority has launched an investigation into AkzoNobel's planned $25 billion merger with U.S. coatings producer Axalta. The review will assess whether the transaction could substantially reduce competition in the UK and determine whether it falls within the country's merger-control framework. The companies announced the combination in November, proposing to create a global coatings group with an enterprise value of approximately $25 billion. The CMA has established November 11 as the deadline for its Phase 1 decision. The review highlights the regulatory scrutiny facing large cross-border industrial combinations as companies pursue greater scale.
*(Source: Reuters)*

## Crusoe Raises $3.9 Billion Series F at $30.9 Billion Valuation to Scale AI Infrastructure

AI infrastructure provider Crusoe announced on September 17 it raised $3.9 billion in Series F funding at a $30.9 billion post-money valuation, as demand for computing capacity to power AI workloads continues to surge. The round was co-led by Atreides Management, Mubadala Capital and Valor Equity Partners, with additional backing from Founders Fund, Nvidia and the Qatar Investment Authority, among others. Crusoe began in 2018 as a cryptocurrency venture before pivoting to build data centers and cloud services purpose-built for AI, positioning itself among the emerging neocloud providers. The company plans to use the new capital to expand its data-center build-out.
*(Source: Reuters)*

## Positron AI Raises $875 Million Series C at $5 Billion Valuation

Chip startup Positron AI said on September 10 it raised $875 million across two tranches of its Series C round, more than quadrupling its valuation in seven months to $5 billion. The financing was co-led by NEA, Atreides Management, Valor Equity

Partners, Andra Capital and SemiAnalysis Capital, alongside Silicon Graphics and Netscape founder Jim Clark, with additional support from the Qatar Investment Authority and Cisco Investments. Positron builds memory-focused inference chips designed to run large AI models more efficiently than traditional GPUs, and said it is already deploying its current-generation hardware at Oracle Cloud Infrastructure. The proceeds will fund development of its next chip, Asimov.
*(Source: Reuters)*

### Temporal Raises $550 Million Series E at $12.55 Billion Valuation

Software infrastructure startup Temporal announced a $550 million Series E round on September 14 that more than doubled its valuation to $12.55 billion, according to Reuters. The round was led by Lightspeed Venture Partners, with Wellington Management, Goldman Sachs Alternatives and Tiger Global serving as co-leads, and continued participation from Andreessen Horowitz, Sequoia Capital and GIC. Temporal's platform helps applications, including AI agents, recover automatically from failures without requiring custom recovery code, and counts OpenAI, Netflix and JPMorgan Chase among its customers.
*(Source: Reuters)*

## Outlook

### Earnings and key events

- 23.09.: Bosch
- 24.09.: Costco Wholesale
- 30.09.: German Inflation Flash, U.S. Core PCE Inflation
- 02.10.: Eurozone Inflation Flash, U.S. Jobs Report



**Editorial Team:**
Anna Babina, Leon Eckmann, Marlon Frerks, Lee Meier, Guy Wafeu