

AIC

AACHEN INVESTMENT CLUB

Newsletter CW 07/08

News Recap

U.S. Supreme Court Curbs Trump's Tariff Powers, Weakening a Key Trade Tool

The U.S. Supreme Court has stripped Donald Trump of an important part of his trade-policy toolkit. In a 6–3 ruling, the Court held that the president cannot rely on the International Emergency Economic Powers Act (IEEPA) to impose broad, across-the-board tariffs. While the law allows the executive branch to restrict certain economic transactions during national emergencies, the Court found that it does not explicitly authorize tariffs.

This is more than a technical legal decision. It directly affects one of the fastest and most politically forceful instruments Trump used to conduct trade policy. As a result, his leverage in negotiations with trading partners is reduced, since sweeping tariffs can no longer be introduced as easily under emergency powers.

The ruling also sends a broader institutional message. By limiting an expansive use of presidential emergency authority, the Court reinforces judicial oversight of major economic measures. For markets, that matters because it lowers the risk of sudden tariff shocks, at least through this specific legal pathway.

That said, the decision does not end Trump's tariff agenda. The Supreme Court did not strike down tariffs in general; it only restricted the use of IEEPA as a legal basis. Other tools remain available. According to CBS News, Trump announced a new 10 % global tariff rate on the same day as the ruling, this time under Section 122 of the Trade Act of 1974. However, that statute is narrower and time-limited, reducing the executive branch's flexibility.

For investors, the ruling changes the risk profile rather than eliminating trade-policy uncertainty. The threat of immediate, broad-based tariff action under emergency law has decreased, but companies with global supply chains still face potential pressure from alternative tariff mechanisms, with implications for input costs, margins, and pricing power.

Another unresolved issue is what happens to tariffs that were already collected. CBS reports that the Supreme Court did not decide whether affected companies are entitled to refunds. As related lawsuits continue, financial uncertainty remains alongside the political and legal uncertainty.

Overall, the decision represents a significant clarification of the legal boundaries surrounding presidential trade authority. While it constrains the use of emergency powers for tariff policy, it does not fundamentally alter the broader debate over U.S. trade strategy. Future developments will depend on how the executive branch utilizes alternative statutory instruments and how courts continue to interpret the scope of those authorities.

(Source: CBS News)

Lagarde Commits to Full ECB Term Amid Leadership Speculation

Speculation about a potential early departure of Christine Lagarde from the helm of the European Central Bank has intensified in recent weeks. Market rumors linked her name to possible political or international roles, prompting questions about leadership continuity at a time when monetary policy in the euro area remains finely balanced. Lagarde has now moved decisively to quell such talk, stating publicly that she fully intends to complete her eight-year term, which runs until October 2027.

Speaking after a recent Governing Council meeting in Frankfurt, Lagarde dismissed the speculation as unfounded and reiterated her commitment to delivering price stability across the euro area. “I am fully determined to complete my mandate,” she said, emphasizing that the ECB’s work remains unfinished as inflation dynamics continue to evolve. Her remarks were widely interpreted as an attempt to stabilize expectations both within the institution and in financial markets.

The timing of the rumors is sensitive. The ECB has only recently navigated the transition from an aggressive tightening cycle to a more neutral policy stance. With headline inflation moderating but services inflation still elevated in several member states, policy credibility and forward guidance remain crucial. Analysts note that even the perception of leadership uncertainty could complicate communication, particularly as markets assess the path of future interest rate adjustments.

Institutionally, the ECB is designed to operate independently of national political cycles. However, its president plays a central role in shaping consensus within the Governing Council and in communicating policy to global investors. Lagarde’s tenure, which began in November 2019, has spanned extraordinary shocks, including the pandemic, the energy crisis following Russia’s invasion of Ukraine, and the sharpest inflation surge in the euro era. Her leadership style, often described as consensus-driven and politically attuned, has contrasted with that of her predecessor, Mario Draghi, yet both faced similarly complex macroeconomic backdrops.

Market reaction to Lagarde's clarification was muted but positive. Sovereign bond spreads within the euro area remained broadly stable, and the euro showed limited volatility. Economists argue that continuity at the top of the ECB supports the institution's credibility, especially as discussions around fiscal coordination, capital markets union, and Europe's strategic autonomy intensify.

Looking ahead, attention will likely shift back to core monetary policy questions: the durability of disinflation, wage growth trends, and the resilience of euro area growth. By firmly rejecting early-exit speculation, Lagarde has sought to remove a potential source of uncertainty. For policymakers and investors alike, the message is one of stability, at least at the institutional level, during a period when macroeconomic signals remain mixed.

(Sources: Bloomberg, ECB, Financial Times, Reuters)

Europe's Industrial Climate Push Signals Shift from Messaging to Market Design

European policymakers intensified efforts in early 2026 to accelerate emissions reductions in heavy industry by strengthening market incentives for emissions-intensive sectors, particularly cement production. Responsible for roughly 7 % of global carbon dioxide emissions, cement manufacturing remains one of the most difficult industries to decarbonise because a large share of emissions results directly from chemical production processes. With construction demand remaining high, policymakers are placing greater emphasis on regulatory frameworks and demand-side measures to support low-carbon alternatives.

Carbon pricing under the EU Emissions Trading System increasingly influences investment decisions. Allowance prices remained above €70 per tonne in recent trading periods, raising production costs for conventional clinker-based cement and increasing pressure on manufacturers to adopt lower-emission technologies. European funding programmes support pilot projects involving carbon capture and storage as well as blended cement mixtures capable of reducing emissions by up to 30-40 % compared with traditional production methods. Industry data nevertheless indicate that low-emission cement remains significantly more expensive than standard materials, limiting adoption in competitive construction markets where price continues to dominate procurement decisions.

Demand-side regulation is gaining relevance. Public procurement rules linked to infrastructure and housing investment increasingly favour lower-emission materials in publicly financed projects, creating predictable demand volumes intended to reduce in-



vestment risks for producers. The Carbon Border Adjustment Mechanism, currently entering phased implementation, applies comparable carbon costs to imported emissions-intensive goods, including cement, in order to limit production relocation outside the European market. Adoption speed varies between member states, as energy prices, subsidy structures and industrial infrastructure influence investment conditions and competitiveness within national construction sectors.

Implementation challenges are also reflected in broader sustainability governance approaches. Programmes highlighted in a handbook by the Umweltbundesamt show that climate measures achieve higher participation rates when embedded in institutional cooperation networks rather than communication campaigns alone.

Together, the expansion of carbon pricing, demand guarantees and institutional cooperation reflects changes in how climate objectives are integrated into European market frameworks and governance systems. Industrial decarbonisation is increasingly shaped by investment conditions and regulatory demand signals rather than voluntary commitments alone, underlining the growing economic role of implementation within European climate policy.

(Sources: Reuters, Umweltbundesamt)

Europe's Shift from Russian Gas to US LNG Raises New Dependency Concerns

Europe has dramatically reduced its dependence on Russian pipeline gas since the invasion of Ukraine in 2022. From supplying roughly half of the EU's natural gas in 2021, Russia's share has fallen sharply, and the bloc plans a complete phase out by 2027. However, while this shift was presented as a move toward diversification and energy security, critics argue that Europe is now becoming heavily reliant on US liquefied natural gas, LNG.

By 2025, around 57 % of the EU's LNG imports came from the United States, a fourfold increase compared to 2021. Analysts at the Institute for Energy Economics and Financial Analysis warn that this figure could rise to as much as 80 % by 2030. Long term supply contracts, some lasting 20 years, have been signed between European companies and major US exporters such as Venture Global. One example is Germany's state-owned company Securing Energy for Europe, which secured LNG deliveries from facilities in Louisiana.

Critics argue that this growing dependence contradicts the EU's REPowerEU strategy, which aims not only to end reliance on Russian fossil fuels but also to diversify suppliers and accelerate the transition to renewable energy. US LNG is also considered one

of the most expensive sources of gas for European buyers, raising concerns about affordability and competitiveness.

Political tensions add further complexity. A 2025 EU-US trade agreement commits Europe to large-scale purchases of American energy, strengthening transatlantic ties but potentially limiting strategic flexibility. At the same time, European leaders are increasingly emphasizing energy independence through offshore wind investments and expanded partnerships with countries such as Canada, Qatar, and Algeria.

Energy experts stress that diversification cannot simply mean replacing one dominant supplier with another. The long-term outcome will depend on whether Europe accelerates its clean energy transition and reduces overall gas demand, thereby limiting the strategic weight of US LNG in the future European energy mix.

(Source: Deutsche Welle)

Amazon Surpasses Walmart to Become the World's Largest Company by Revenue

In a historic shift in the global business landscape, Amazon has overtaken Walmart to become the world's highest-revenue company. For fiscal year 2025, Amazon reported net sales of \$716.9 billion, narrowly surpassing Walmart's \$713.2 billion for its fiscal year ending January 31, 2026. This marks the end of Walmart's more than 13-year reign at the top of the global revenue rankings.

The milestone reflects a structural transformation in global markets. Amazon's growth has been driven not only by its core e-commerce operations but increasingly by higher-margin segments such as Amazon Web Services (AWS), digital advertising, third-party marketplace services, and Prime subscriptions. With revenue growth of approximately 12 % compared to Walmart's roughly 4.7 %, Amazon demonstrated significantly stronger acceleration.

The contrast in business models is central to understanding this shift. Amazon operates a diversified platform model that combines retail, cloud infrastructure, advertising, and subscription services, creating scalable revenue streams and improving margin dynamics. Walmart, by comparison, remains primarily rooted in physical and online retail, a structurally lower-margin business despite its operational scale and continued strength in in-store sales.

Amazon's ascent signals more than a change in rankings. It underscores the increasing dominance of technology-enabled, service-driven ecosystems over traditional retail structures in shaping global economic growth.

(Sources: Deutschlandfunk, CNN Business)



M&A/VC News

Temporal raises \$300 million in Andreessen-led round amid AI agent boom

AI infrastructure software startup Temporal has secured \$300 million in a funding round led by Andreessen Horowitz, valuing the company at about \$5 billion. The latest financing comes as investor appetite grows for platforms that enable developers and enterprises to build, orchestrate, and scale autonomous AI agents and workflow automation at scale. Temporal's valuation roughly doubles its previous valuation and reflects heightened venture interest in backend tools that support AI-native applications.

(Source: Reuters)

ElevenLabs secures \$500 million, valuation climbs to \$11 billion

Voice-AI startup ElevenLabs announced it has raised \$500 million in a Series D funding round that propelled its valuation to approximately \$11 billion, more than tripling its previous valuation. The round was led by Sequoia Capital, along with Lightspeed Venture Partners, Evantic Capital, and existing backers like Andreessen Horowitz and ICONIQ. ElevenLabs specializes in advanced text-to-speech and voice-AI technologies and plans to use the new capital to accelerate global expansion and deepen research in conversational and emotional speech models.

(Source: Reuters)

Savings platform Vestwell raises \$385 million at \$2 billion valuation

Retirement savings platform Vestwell has secured \$385 million in a Series E funding round that doubled its valuation to about \$2 billion. The round was co-led by Blue Owl Capital and Sixth Street Growth, with participation from Neuberger Berman, Morgan Stanley, Franklin Templeton, TIAA Ventures and others. Vestwell serves over 2 million active users and manages more than \$50 billion in assets, blending technology and financial services to modernize 401(k) plan administration. The fresh funds will support broader distribution and more sophisticated investment product offerings for worker retirement solutions.

(Source: Reuters)



Danaher to buy Masimo in \$9.9 billion deal in diagnostics push

Danaher has agreed to acquire medical technology company Masimo for about \$9.9 billion, valuing Masimo shares at \$180 each, a roughly 38 % premium to prior trading levels. The deal marks Danaher's strategic expansion beyond traditional life sciences tools into patient monitoring and non-invasive diagnostic devices, broadening its healthcare tech footprint. Masimo, known for pulse oximeters and monitoring systems, has been involved in patent litigation with Apple over smartwatch features. Analysts view the acquisition as a departure from Danaher's core focus, though Masimo's strong market position and recurring revenue align with long-term growth goals.

(Source: Reuters)

MTN to take full control of IHS Towers in deal valuing it at \$6.2 billion

South African telecoms operator MTN Group announced it will acquire the remaining 75 % stake of IHS Holding it does not already own, in a transaction valuing the tower company at around \$6.2 billion. MTN will pay approximately \$8.50 per share, funded through a mix of its existing stake, over \$1.1 billion in cash, contributions from IHS' balance sheet, and limited debt rollover. The deal reverses previous tower outsourcing trends by bringing more than 29,000 African telecom towers back under MTN's direct control, potentially lowering long-term leasing costs and supporting 5G and fibre network deployments across the region. The IHS board and major shareholders have backed the transaction, which will take IHS private once complete.

(Source: Reuters)

Johnson Matthey accepts 26 % price cut on Honeywell deal after unit underperforms

British chemicals maker Johnson Matthey has agreed to reduce the sale price of its catalyst technologies division to Honeywell by £475 million, bringing the total acquisition value to about £1.33 billion (roughly \$640 million). Underperformance in the division due to delayed projects and declining profitability prompted the adjustment from an earlier £1.8 billion valuation. The revised terms are expected to return around £1 billion to Johnson Matthey's shareholders. While originally announced in May of the prior year, the deadline for closing has shifted from February 21 to July 21, with a possible extension to August 21 if antitrust approvals remain outstanding.

(Source: Reuters)

Outlook

Earnings and key events

- 25.02.: NVIDIA
- 26.02.: Allianz, Deutsche Telekom, Salesforce
- 27.02.: US PPI, Berkshire Hathaway
- 03.03.: CrowdStrike
- 04.03.: Broadcom
- 05.03.: DHL Group, Merck, Marvell Technology

Disclaimer: All texts as well as the notes and information provided do not constitute investment advice or recommendations. They have been compiled to the best of our knowledge and belief from publicly available sources. All information provided is intended solely for educational purposes and private entertainment.

Editorial Team:

Eric Bergmann, Leon Eckmann, Hannes Klettke, Jia-Syuan Li, Ninh Nguyen,
Mateo Prinz, Victor Robles Fernández, Joschka Sanders, Nick Stumpp