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AACHEN INVESTMENT CLUB

Newsletter CW 13/14

News Recap

Oil Prices Surge to Multi-Year Highs Amid Middle East Escalation

Global oil prices have surged to multi-year highs as escalating tensions in the Middle East intensify concerns over supply disruptions and market stability. Brent crude has climbed sharply, reflecting heightened risk premiums as investors react to the growing likelihood of disruptions in key energy transit routes, particularly the Strait of Hormuz. At the core of the price increase are fears that further escalation could significantly constrain global oil supply. The region accounts for a substantial share of global energy exports, making it highly sensitive to geopolitical developments. Even limited disruptions or perceived risks have been sufficient to trigger strong upward movements in prices, underlining the fragility of current supply chains.

Market reactions have been amplified by uncertainty surrounding political and military developments. Conflicting signals from major global actors have made it difficult for investors to assess the likelihood and scale of potential disruptions. As a result, oil markets have become increasingly volatile, with prices reacting sharply to new information and geopolitical headlines.

The economic implications are already becoming visible. Higher oil prices are contributing to renewed inflationary pressures, particularly in energy-importing regions such as Europe. This complicates the outlook for central banks, which must balance persistent inflation risks against weakening economic growth. Elevated energy costs also weigh on corporate margins and consumer spending, potentially slowing broader economic activity.

Looking ahead, the trajectory of oil prices will depend heavily on the evolution of the geopolitical situation. A further escalation could drive prices even higher, while signs of de-escalation may lead to a partial correction. For now, energy markets remain highly sensitive to political developments, with uncertainty likely to sustain elevated price levels and continued volatility.

(Sources: Bloomberg, Financial Times, Reuters, The Wall Street Journal)

Diesel Prices Hit Record Highs as Fuel Costs Surge Across Europe

Diesel prices have risen sharply across Europe, becoming one of the clearest economic effects of the recent Middle East energy shock. In Germany, prices climbed from

around €1.75 per liter to more than €2 in many areas within weeks, while the European Commission's latest Weekly Oil Bulletin shows elevated diesel prices across the EU at the start of April. The surge has been driven by tighter fuel supply, higher crude prices, and growing disruption risks tied to the conflict involving Iran.

The increase matters because diesel is especially important for freight transport, logistics, agriculture, and parts of industry. That means the price jump does not only affect drivers directly, but also feeds into transport and production costs across the economy. In Germany, the road haulage sector reported that diesel costs rose 28% in March alone, implying freight-rate increases of roughly 8% to 10% if companies want to remain profitable.

Governments across Europe have already started to react. Germany introduced rules to limit how often petrol stations can raise prices each day, while the Czech Republic and Romania approved emergency measures including diesel excise-tax cuts, margin caps, and other interventions to reduce pressure on households and businesses. France has also been hit hard, with fuel prices reaching their highest levels since the 2022 energy shock after Russia's invasion of Ukraine.

The broader concern is inflation. Europe's March inflation rate accelerated to 2.5%, with energy prices rising 4.9% after having fallen in February, showing how quickly fuel costs are again feeding through into the wider economy. This makes diesel more than a consumer-cost story: it has become a transport, inflation, and competitiveness issue for Europe at a time when policymakers are already under pressure to shield businesses and households from another energy-driven squeeze.

(Sources: European Commission, Reuters)

German Inflation Jumps to 2.8% in March Driven by Rising Energy Costs

Germany's inflation rate rose to 2.8% in March 2026, marking a clear acceleration from the previous month and highlighting renewed price pressures in Europe's largest economy. The increase was primarily driven by a sharp rebound in energy prices, which surged by approximately 7.2% year-on-year and reversed the moderating trend seen earlier in the year.

The uptick reflects both higher global energy prices and geopolitical tensions that have pushed up oil costs, underscoring the continued vulnerability of inflation to external shocks. While energy was the dominant driver, other components of the consumer basket showed more stability. Core inflation, which excludes volatile items such as



energy and food, remained relatively steady at around 2.5%, indicating that underlying domestic price pressures have not significantly intensified.

Services inflation continued to run at elevated levels, reflecting persistent wage growth and structural cost pressures in labor-intensive sectors. However, these increases were broadly in line with expectations and did not materially contribute to the overall acceleration in headline inflation.

The latest data complicates the outlook for monetary policy in the euro area. Although inflation remains well below the peaks observed during the energy crisis, the renewed increase may reduce the European Central Bank's room to maneuver in considering potential interest rate cuts. Policymakers are likely to remain cautious, particularly if energy prices stay elevated or continue to rise.

At the same time, the divergence between stable core inflation and volatile headline figures suggests that the current uptick may be driven more by external cost factors than by overheating domestic demand. This distinction will be critical in determining whether inflation resumes its downward trajectory in the coming months or remains persistently above target.

Looking ahead, the path of inflation will depend largely on developments in global energy markets and geopolitical conditions. A stabilization in energy prices could support a renewed decline in inflation, while continued volatility would likely sustain upward pressure and prolong uncertainty for both policymakers and businesses.

(Sources: Deutsche Bundesbank, Tagesschau)

BASF Expands in China as Weak European Demand Pressures Profitability

German chemical giant BASF has officially opened its new mega-site in Zhanjiang, marking the largest single investment in the company's history at nearly €9 billion. The move reflects a clear strategic shift toward Asia, as weak demand and declining profitability continue to weigh on its European operations.

The new site, located in southern China, is now BASF's third-largest integrated production hub after Ludwigshafen and Antwerp. Spanning around four square kilometers, it is designed as a fully integrated "Verbund" site with its own deep-water port and is powered entirely by renewable energy. The facility will primarily produce basic and specialty chemicals for industries such as automotive and plastics, with a strong focus on serving the Asian market.

CEO Markus Kamieth described the investment as a "new chapter" for the company, emphasizing China's role as both the largest and fastest-growing chemical market

globally. Already accounting for around 14% of BASF's global revenue, the region is expected to play an even larger role going forward, as roughly half of global chemical demand is concentrated there.

At the same time, BASF is scaling back operations in Europe. At its main site in Ludwigshafen, production capacities are being reduced and more than 1,000 jobs have been cut amid weak demand and falling prices. The company has also launched cost-saving programs across its global operations.

The strategy has sparked criticism. Analysts warn of increasing dependence on China, particularly given geopolitical risks and growing competition within the local market. Still, BASF management argues that not investing in China would pose the greater risk, underlining the structural shift of global demand away from Europe.

(Sources: Tagesschau, Zeit)

EU-Australia Trade Deal Strengthens Supply Chain Diversification

The European Union and Australia have concluded negotiations on a comprehensive free trade agreement (FTA) and established a Security and Defence Partnership, further formalising their bilateral relations. The agreements were announced against the backdrop of increasing geopolitical uncertainty and a growing focus on cooperation between Europe and the Indo-Pacific region.

The final text of the FTA was agreed during a meeting in Canberra between Ursula von der Leyen and Anthony Albanese. In parallel, the Security and Defence Partnership was signed to expand cooperation in areas such as cybersecurity, maritime security, crisis management, and emerging technologies including artificial intelligence.

The trade agreement includes the removal of over 99% of tariffs on EU exports to Australia. According to EU projections, exports could increase by up to 33% over the next decade, with notable growth expected in sectors such as dairy, motor vehicles, and chemicals. The agreement also contains provisions to improve access to services markets, government procurement, and to facilitate cross-border data flows.

In addition, the FTA addresses access to critical raw materials, including lithium, aluminium, and manganese, which are relevant for industrial production and energy transition technologies. The agreement introduces measures aimed at increasing predictability in trade and investment in these sectors.

The agreement contains provisions on sustainability, including commitments related to labour standards, environmental protection, and climate policy. Sensitive agricultural sectors are addressed through tariff rate quotas and safeguard mechanisms designed to limit potential market disruptions.

Following the conclusion of negotiations, the agreement will undergo internal approval procedures within the European Union, including review by the Council and consent by the European Parliament, before it can enter into force after ratification by both parties.

(Source: European Commission)

M&A/VC News

Unilever to merge Foods unit with McCormick in major consumer deal

Unilever has agreed to merge its Foods division with U.S. spice maker McCormick in a significant cash-and-stock transaction that values the combined business at about \$45 billion. Under the terms, Unilever shareholders will receive \$15.7 billion in cash and McCormick shares representing a roughly 65% stake in the newly formed global food company. The merger, structured via a Reverse Morris Trust for tax efficiency, pairs iconic Unilever brands such as Knorr and Hellmann's with McCormick's seasoned portfolio. Unilever aims to concentrate on its higher-growth personal care and home segments following the transaction's completion.

(Source: Reuters)

Biogen in \$5.6 billion acquisition of Apellis to bolster rare disease lineup

Biogen has agreed to acquire Apellis Pharmaceuticals for approximately \$5.6 billion in a deal designed to expand Biogen's footprint in rare diseases and complement targeted therapies. The all-cash offer of \$41 per share represents about a 140% premium to Apellis's last closing price and includes contingent value rights tied to future sales milestones for key products. Apellis's approved treatments for rare kidney and eye disorders are expected to complement Biogen's existing portfolio and support growth beyond its established multiple sclerosis drugs. The transaction is anticipated to close in the second quarter of 2026.

(Source: Reuters)



Sysco moves to expand with \$29 billion Restaurant Depot acquisition

U.S. food distribution leader Sysco has agreed to buy catering supplier Jetro Restaurant Depot in a transaction valued at about \$29 billion, including assumed debt, as part of a strategy to broaden its market reach. Sysco plans to fund the deal with around \$21 billion in new and hybrid debt alongside about \$1 billion in cash and equity. The acquisition will give Sysco access to Restaurant Depot's extensive wholesale "cash-and-carry" network catering to independent restaurants and cost-conscious buyers. The transaction is expected to close by the third quarter of Sysco's fiscal 2027 and is projected to boost earnings per share early post-closing.

(Source: Reuters)

Mistral AI Raises \$830 Million in Debt to Scale Sovereign European AI Infrastructure

In a landmark move for European technological autonomy, Paris-based Mistral AI has secured \$830 million in debt financing to build its own massive AI data center. The facility, located near Paris, will house nearly 14,000 NVIDIA GPUs, allowing the company to reduce its reliance on third-party cloud providers. CEO Arthur Mensch emphasized that controlling the full hardware and software stack is vital for ensuring Europe's digital sovereignty in the global AI race. This financing marks the company's first major debt raise, signaling a shift toward infrastructure-heavy investments in the AI sector. The campus is expected to be a cornerstone for government and enterprise contracts requiring domestic data handling. This deal reflects a broader trend of "sovereign tech" where European leaders prioritize local infrastructure over foreign-controlled platforms.

(Source: Tech Funding News)

Generare Secures €20 Million to Decode Microbial Chemistry for Drug Discovery

The Paris-based biotech startup Generare has closed a €20 million funding round to scale its AI-driven molecular discovery platform. Generare focuses on mining the genomes of microorganisms to identify novel natural compounds that have been previously inaccessible to conventional chemistry. The company claims its approach has already identified hundreds of new molecules, significantly outperforming traditional



lab-based discovery methods. The funds will be used to build one of the world's largest libraries of evolution-derived compounds for pharmaceutical partnerships. This investment highlights the growing "Bio-Convergence" trend, where AI and genomics are used to solve the data bottleneck in the drug development pipeline.

(Source: EU-Startups)

Qdrant Receives New Funding to Build Out High-Performance Vector Search Engines

Berlin-based deep-tech company Qdrant has secured fresh capital to expand its open-source vector database, a critical infrastructure component for AI applications. Vector databases like Qdrant's enable Large Language Models (LLMs) to store and retrieve complex data efficiently, making them essential for RAG (Retrieval-Augmented Generation) systems. The new funding will support the development of Qdrant's managed cloud offering and enhance performance for enterprise-scale deployments. As companies move from experimental AI to production-grade applications, the demand for reliable and scalable data infrastructure is surging. Qdrant's success underscores Germany's growing role in providing the "shovels and picks" for the global AI revolution.

(Source: Database Trends and Applications)

Outlook

Earnings and key events

- 08.04.: FOMC Minutes
- 10.04.: Blackrock, US Consumer Price Index
- 13.04.: Goldman Sachs
- 14.04.: Citigroup, JPMorgan Chase & Co., Johnson & Johnson, Wells Fargo
- 15.04.: ASML, Bank of America, Morgan Stanley
- 16.04.: Blackstone, Euro Area HICP, Netflix, Taiwan Semiconductor

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Editorial Team:

Leon Eckmann, Constantin Lemler, Lee Meier, Ninh Nguyen, Lasse Pelz,
Jan Pühl Viciano, Guy Wafeu

