

### News Recap

#### Volkswagen Could Cut Up to 100,000 Jobs in Deepened Restructuring

Volkswagen's management is preparing one of the largest workforce reductions in the company's history, with as many as 100,000 jobs potentially at risk worldwide. The plans, drawn up by the board under chief executive Oliver Blume, go considerably further than anything previously disclosed and signal that Europe's largest carmaker sees its traditional model as no longer viable across all of its brands.

The move builds on an earlier savings package agreed at the end of 2024, when management committed to eliminating around 50,000 positions by the end of the decade across VW, Audi, Porsche and the software unit Cariad. Reports now indicate that up to 50,000 further roles could be cut, bringing the combined total to roughly 100,000 of the group's current 657,000 employees. The proposals form part of a new strategic blueprint, known internally as Zielbild 2030, which Blume recently presented to the board.

A precise figure has reportedly been left out of the central planning document on purpose, with the reductions instead mapped through a matrix showing where and how quickly jobs could be removed. Several plants, including those in Hannover, Zwickau and Emden, along with the Audi site in Neckarsulm, could face closure over the medium term. Volkswagen declined to confirm the numbers but acknowledged that profound changes lie ahead, citing tariffs, intensifying competition and weak market conditions. The unions reacted sharply, with IG Metall and the works council warning they would resist such measures with full force.

The proposals are due to be discussed by the supervisory board on July 9, where their fate remains uncertain. Employee representatives hold half the seats and, together with the two delegates from Lower Saxony, which controls 20% of voting rights, form a majority. The plan illustrates how deeply pressure on Germany's automotive sector now reaches into its largest employer.

*(Sources: Tagesschau, Handelsblatt)*

## Trump Threatens Europe With 100% Tariffs Over Digital Taxes

President Donald Trump has threatened to impose a 100% tariff on imports from European countries that maintain digital services taxes targeting U.S. technology companies. Trump argued that such taxes unfairly discriminate against American firms and warned that affected countries could immediately face tariffs on goods exported to the United States. The announcement adds another layer of uncertainty to already tense transatlantic trade relations.

Digital services taxes are designed to capture revenues from large technology platforms that generate significant sales in a country without having a large physical presence there. In practice, however, the largest affected firms are often U.S.-based companies such as Alphabet, Meta, Amazon, and Apple. This has made the policy a recurring source of conflict between Washington and European governments.

Several European countries, including France, Italy, Spain, and the United Kingdom, have already introduced such taxes. European policymakers argue that these measures are not discriminatory, as they apply based on revenue thresholds and business activity rather than nationality. The U.S., however, views them as targeted burdens on American technology champions.

For markets, the key concern is escalation. A 100% tariff would be a severe trade shock for European exporters, particularly in sectors with high U.S. exposure such as autos, luxury goods, machinery, and chemicals. Even if the threat is mainly used as a negotiating tool, it increases policy uncertainty and could weigh on investor sentiment toward export-oriented European equities.

The dispute also highlights how technology, taxation, and geopolitics are becoming increasingly connected. U.S. tech companies may benefit from stronger political backing in the short term, but a broader trade conflict could still hurt demand, raise regulatory tensions, and invite retaliation from the EU.

Overall, Trump's threat should be viewed less as an isolated tax dispute and more as part of a broader confrontation over economic sovereignty. For investors, the key question is whether the issue remains political rhetoric or turns into an actual tariff regime. The former would likely create temporary volatility, while the latter could materially affect earnings expectations for European exporters and further complicate the global trade outlook.

*(Sources: AP News, The Guardian, Tax Foundation, Euronews)*

## German business Activity Hits 18-Month Low in June, PMI Shows

German private-sector activity weakened further in June, with S&P Global's flash Composite PMI falling to 48.0 from 48.8 in May, its lowest level in 18 months. The reading remained below the 50 threshold, indicating that more firms reported a decline in activity than an increase.

The downturn was driven mainly by services, where activity fell to its weakest level since late 2022. Firms cited softer demand, weaker new business and persistent uncertainty. New orders across the private sector declined for a fourth consecutive month and at the fastest pace since December 2024, pointing to fragile underlying demand.

Manufacturing offered only limited support. Factory output edged higher, but the headline manufacturing PMI slipped to 50.0, signalling stagnation rather than a clear industrial recovery. The gap reflects the difference between output growth and broader manufacturing conditions, including orders, employment and inventories.

Price pressures eased, with input costs and output charges rising more slowly than in previous months. While this may offer some relief, the survey's main message is one of weak momentum: services are dragging, manufacturing is merely stabilising, and Germany's recovery remains uneven heading into the end of the second quarter.

*(Sources: S&P Global, Reuters)*

## Tech Stocks Retreat Amid AI Spending and Valuation Concerns

Global technology stocks have pulled back in late June 2026, reversing part of their earlier rally as investors reassess the costs and returns associated with artificial intelligence (AI). Major U.S. indices, including the Nasdaq and S&P 500, declined over several sessions, driven primarily by losses in large-cap technology and semiconductor companies. The shift follows a period of strong gains earlier in the year, when AI-related stocks had led market performance.

The sell-off reflects growing concerns about the scale of investment required to sustain the AI boom and whether it can translate into near-term profitability. Large technology firms have committed tens of billions of dollars to AI infrastructure, including data centers and chips, raising questions about returns on capital. Investors are increasingly demanding evidence that these expenditures will generate revenue, rather than accepting growth expectations alone. At the same time, valuations in the sector remain elevated compared to historical norms, after a prolonged period in which AI-driven companies accounted for a significant share of overall market gains. Market data shows that chipmakers and AI-linked firms, previously among the strongest

performers, have recently come under pressure, contributing to broader declines across equity markets.

At the same time, investors remain focused on signals from the U.S. Federal Reserve, particularly regarding the future path of interest rates. Higher borrowing costs increase discount rates used in equity valuation, which tends to weigh more heavily on highgrowth technology stocks. This reinforces sensitivity in the sector to monetary policy expectations alongside company-specific developments.

*(Sources: Financial Times, CBS News, Reuters, Economic Times)*

## SpaceX Stock Pulls Back After Historic IPO Gains

SpaceX shares have fallen sharply after an initially strong public market debut. The company went public on June 12 in what was described as the largest IPO in history by two measures: SpaceX raised a record \$75 billion and started trading with a market capitalization of nearly \$1.8 trillion. The stock priced at \$135 per share, rose to an all-time high of \$202 on June 16, and briefly reached a market value of around \$2.6 trillion.

Since then, however, the stock has pulled back significantly. By June 23, SpaceX shares had declined to \$156, around 23% below their post-IPO high. While analysts still see upside, with a median target price of \$238.50 according to eight analysts, the recent decline highlights the volatility often seen after large IPOs.

Historical IPO data also suggests caution. Among the 15 largest U.S. IPOs since 2006, the average stock fell 50% from its IPO price at some point during the first year and ended the first year 33% below its IPO price on average. If SpaceX followed this pattern, the stock could fall materially further from current levels.

Valuation is another concern. SpaceX generated \$19.3 billion in revenue over the past four quarters, while its current market value is around \$2 trillion. This implies a price-to-sales ratio of 104, which is extremely high compared with richly valued public companies such as Palantir. Overall, the pullback suggests that investors are starting to reassess whether SpaceX's growth expectations can justify its valuation after the IPO hype.

*(Source: Yahoo Finance)*

## M&A/VC News

### **Onsemi to acquire Synaptics in \$7 billion all-stock deal**

Chipmaker Onsemi has struck an all-stock agreement to take over Synaptics in a deal worth roughly \$7 billion, marking the largest acquisition in Onsemi's history. Under the agreed terms, each Synaptics share will be converted into 1.350 Onsemi shares, a ratio that equates to a 19% premium based on both firms' 10-day volume-weighted average prices. The combination is designed to push Onsemi deeper into so-called physical AI, the integration of artificial intelligence into connected devices and machinery. Management expects the merger to widen Onsemi's addressable market by roughly \$30 billion, reaching about \$243 billion by 2030, by adding Synaptics' connected-computing and human-machine interface technology.

*(Source: Reuters)*

### **Volkswagen to net €7.4 billion from Everllence stake sale to Bain Capital**

Volkswagen has entered an exclusive agreement to sell a 51% stake in its engine and industrial technology unit Everllence to U.S. private equity firm Bain Capital, a leveraged buyout set to bring in proceeds of about €7.4 billion (\$8.4 billion). The German carmaker, which will retain a 49% holding, said the move is intended to reinforce its balance sheet as it continues its broader business overhaul. Everllence, formerly known as MAN Energy Solutions, supplies large engines and decarbonization technology to the shipping, energy, and data-center sectors. The transaction still requires regulatory clearance and employee consultations, with completion targeted by the end of 2026.

*(Source: Reuters)*

### **Germany's Merck to buy Bio-Techne for \$11.3 billion in largest deal in over a decade**

Merck KGaA has agreed to acquire U.S. life-sciences supplier Bio-Techne for \$73 per share in cash, valuing the transaction at roughly \$11.3 billion and marking the German group's biggest acquisition since its 2014 purchase of Sigma-Aldrich. The offer represents a 36% premium to Bio-Techne's one-month volume-weighted average price. Bio-Techne, which produces proteins, antibodies, and analytical instruments used widely in biomedical research, is expected to strengthen Merck's life-science division and

expand its reach into cell and gene therapy tools. Merck plans to finance the purchase through existing cash and new debt, with closing anticipated in late 2026 or early 2027. *(Source: Reuters)*

## Qualcomm to acquire AI startup Modular in \$4 billion all-stock deal

Qualcomm said it will acquire AI infrastructure startup Modular in an all-stock transaction valuing the company at nearly \$4 billion. The San Diego-based chipmaker aims to integrate Modular's inference engine and AI compiler stack into its Snapdragon platforms, expanding its footprint in on-device and cloud AI workloads. Modular, founded by ex-Google engineers, has built a developer platform for deploying AI models more efficiently across devices. The acquisition is expected to close in the second half of 2026, pending regulatory approvals.

*(Source: Reuters)*

## Prosus invests \$460 million in French health-tech firm Alan at \$6.3 billion valuation

Dutch-listed tech investor Prosus has invested \$460 million in French health insurance startup Alan, Reuters reported. The deal, announced on June 25, values Alan at \$6.3 billion and makes Prosus one of its largest institutional shareholders. Alan provides digital health coverage and wellness services to over 600,000 users across France, Spain and Belgium. The company said it will use the funds to expand further in Europe and enhance its AI-powered health assistant. The investment marks one of the largest single-round financings for a European health-tech company in 2026.

*(Source: Reuters)*

## Elroy Air to go public via SPAC in \$1 billion merger with Columbus Circle II

Cargo drone manufacturer Elroy Air said it will go public through a merger with special-purpose acquisition company Columbus Circle Capital Corp II, valuing the combined entity at roughly \$1 billion. The deal, disclosed on June 26, allows Elroy to access public markets to fund development of its autonomous vertical takeoff aircraft for middle-mile logistics. Elroy's flagship drone system, dubbed Chaparral, is designed to carry loads up to 300 pounds over 300 miles without a pilot. The SPAC deal includes a \$160

million PIPE investment from existing backers including Lockheed Martin and Snowpoint Ventures.

*(Source: Reuters)*

## Outlook

### Earnings and key events

- 29.06.: Prosus
- 30.06.: Nike
- 01.07.: Eurozone HICP Flash
- 02.07.: Fast Retailing, U.S. NFP
- 06.07.: Foxconn
- 08.07.: Costco Wholesale
- 09.07.: PepsiCo, Tata Consultancy Services
- 10.07.: MediaTek, Taiwan Semiconductor

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