

AMC, Beef and Oil: Investments in the Spotlight

Bloomberg Wealth reviews assets that made a splash this week.

Tap to unmute

AMC Looks to Issue 25 Million More Shares

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Popcorn Time

Internet traders did it again. After first sending shares of **AMC Entertainment Holdings Inc.** to record highs earlier this year, retail investors embarked on another buying frenzy of the cinema group.

The rally came to an end on Thursday after the company said it would sell more shares to finance acquisitions and repay debt, which sent the share price tumbling as much as 40% before erasing some of those losses. The stock is still up a staggering 2,300% on the year, having outperformed other “meme stocks” such as **GameStop Corp.** and **Bed Bath & Beyond Inc.**, also targeted by Redditors.

It's another amazing turn of events for AMC, which had been hammered as the pandemic forced movie theaters to close. The company had been staring at potential bankruptcy. This latest rally leaves it with a market cap greater than some of the world's most valuable companies.

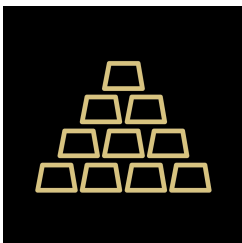
What's next? The share sales should help AMC recover from over a year of lockdowns. "I think most of those losses have been pared at this point," Bloomberg Intelligence analyst Geetha Ranganathan said. "AMC has really embraced this retail investor frenzy and has cashed in. I think they will continue to use new share issuance to bolster liquidity and clean up their capital structure."

Cyber Halt

The meat industry was thrown into disarray after a weekend ransomware attack against **JBS SA**, the world's largest meat producer, led to a shutdown of plants across the U.S. The stoppage temporarily prevented the Department of Agriculture from releasing wholesale prices for beef and pork that agriculture markets rely on daily.

The company is gradually recovering from the attack, saying on Thursday that facilities around the globe were operating at normal capacity.

There may be repercussions for cryptocurrencies as well. The recent spate of cyber attacks, including one on Colonial Pipeline Co., has led to calls for enhanced enforcement of anti-money-laundering laws and the adoption of reporting rules for transactions involving digital tokens, which have become a preferred method for ransom payments.



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What's next? The immediate effect on the share price was minimal, but effects of the shutdowns could linger for a while. "We expect short-term


uncertainty on the beef industry, with cattle backlog slightly increasing, as certain animals require to be redirected to other slaughter facilities,” Barclays analyst Benjamin Theurer said. The company and industry may need to spend more on IT security at a time when expenses are already high, he said.

Bounce Back

Crude oil is well and truly out of the doldrums. The market hit its highest level since October 2018 on increasing optimism about demand as major economies start to reopen more fully.

The International Energy Agency is forecasting global demand will jump by roughly 5 million barrels a day – the equivalent of the production of Kuwait and the United Arab Emirates – between now and the end of the year.

On the supply side, OPEC is sticking to its plans to increase production gradually until July, but is still in wait-and-see mode about any further moves.

What’s next? Oil is in “strong demand right now” said Daniel Yergin, an oil historian and vice chairman at consultant IHS Markit Ltd., in a Bloomberg TV interview . He’s expecting prices in the \$60-\$75 range this year, though it could touch \$80.

Commercial Bright Spot

While a work-from-home cloud looms over much of the commercial-office sector, prospects do look bright in one area: life sciences.

So far this year, more than \$10 billion has gone towards buying buildings for life sciences and other research, according to Real Capital Analytics Inc. That equates to about 4% of all global commercial-real-estate transactions, double the share from last year.

In one high-profile example of the sector’s growing importance, in London’s Canary Wharf there are now plans for a science campus on a site once tagged for Deutsche Bank AG’s London headquarters.


What's next? “The pandemic has pushed life sciences into warp speed,” said Jonathan Varholak, who runs the life-sciences team in the Boston office of the real estate firm CBRE. “You can’t do chemistry from home.”

Gen Z Focus

Craft and vintage marketplace Etsy Inc. is making a push for a younger crowd with its purchase of second-hand fashion app Depop for \$1.63 billion.

About 90% of Depop’s active users are younger than 26, according to Etsy. With the purchase, Etsy gets exposure to the wider trend of trading recycled clothing.

The U.S. secondhand retail market is projected to hit \$64 billion by 2024 from \$32 billion in 2020, according to a ThredUP report. The trend also got a boost during lockdowns as people embarked on long-delayed cupboard clear outs.

What's next? “The global resale market is booming, expanding at 2x the size of fast fashion,” Bloomberg Intelligence analyst Poonam Goyal said . The deal gives “Etsy additional runway to tap and expand into re-commerce.”

– *With assistance from Elizabeth Low, John Gittelsohn, and Deirdre Hipwell*

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