

## Moderna, U.S. Bank Shares and Zomato: Investments in the Spotlight

Bloomberg Wealth reviews assets that made a splash this week.



The Moderna Covid-19 vaccine. *Photographer: Angel Navarrete/Bloomberg*

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### \$100 Billion Shot

**Moderna Inc.**'s Covid-19 vaccine made it a household name last year. On Friday, the pharmaceutical company's shares hit a fresh record, after S&P Dow Jones Indices said it would add the company to its benchmark index next week.

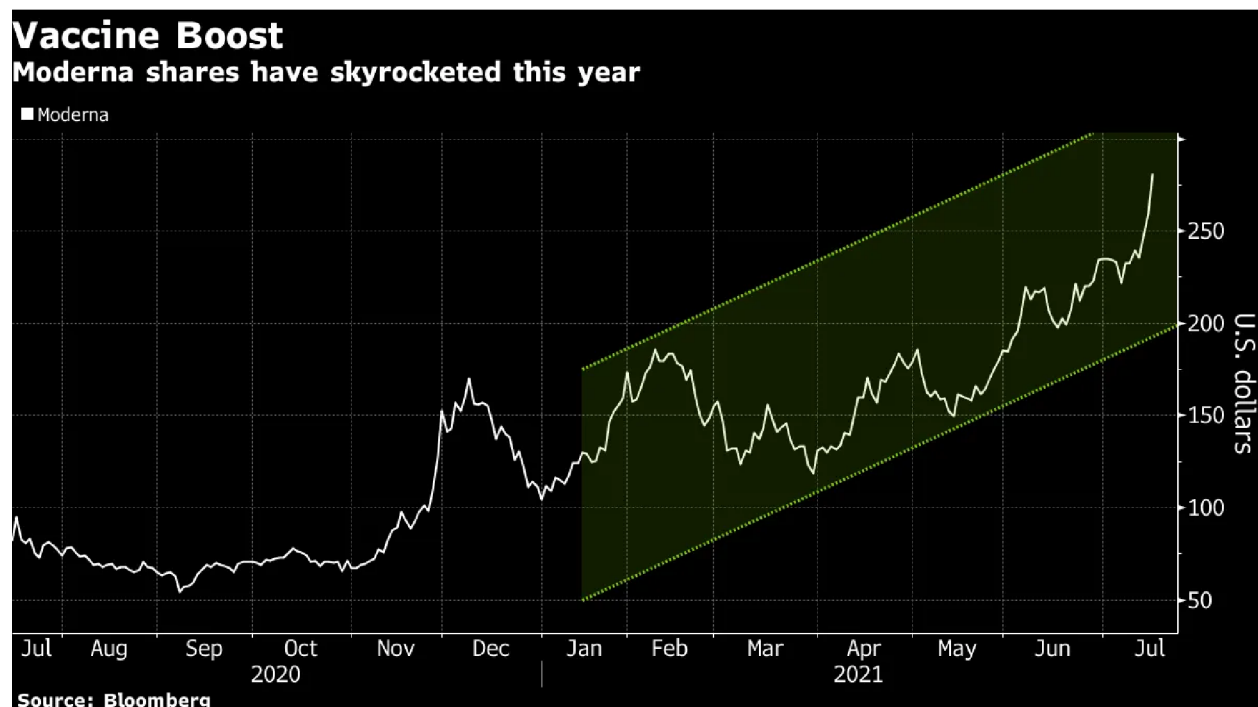
The drug developer's surging shares pushed its valuation above \$100 billion for the first time on Wednesday, giving it a market cap above that of rivals **Biogen Inc.** and **Bayer AG**. On Friday, its valuation soared to \$113 billion.

Moderna shares have gained more than 165% to start the year and about 240% over the past 12 months.

The company's vaccine was a serious boon. Moderna's inoculation received emergency authorization in December. To date more than 136 million doses of the vaccine have been administered in the U.S. In late June, it was cleared for importation in India, which has recently overtaken the U.S. in total Covid deaths.

The firm has plans beyond this pandemic. Chief Executive Officer Stéphane Bancel suggested that the mRNA technology that forms the basis of Moderna's Covid vaccine could prove effective against other diseases such as the flu, Zika and HIV.

**What's next?** Expect a decline in shots administered in 2022 as more people have gotten vaccinated. Still, the potential for booster shots could buoy orders. "We see 2021 guidance increasing to \$21 billion from \$19 billion, and expect positive commentary around boosters in development (potentially delta next) and preparing for 2022 orders," Jefferies analyst Michael Yee said.



## Lending Slump

After a year of massive government stimulus, the big U.S. banks are feeling the equivalent of a hangover. **Bank of America Corp.** dropped as much as 5.2% on Wednesday after loans and leases in the consumer banking unit fell 12%. **Wells Fargo & Co.** reported a similar decline in the average balance of its lending book, while total loans at **JPMorgan Chase & Co.** remained flat from a year ago.

Pandemic relief in the form of direct transfer payments to households helped the banks stave off losses. But after initially paying down loans, customers haven't yet begun borrowing again, leading to weakened demand for new financing compared with a year ago.

There are signs that loan growth may start to pick up as the last of the stimulus money is spent: Period-end card loans at both **Citigroup Inc.** and JPMorgan ticked up in the second quarter compared with the first three months of the year.

**What's next?** "We are more optimistic on card loan growth," Morgan Stanley analyst Betsy Graseck said, referring to JPMorgan. Graseck is also bullish on Bank of America, noting that "the data clearly shows that loan growth is inflecting and trending up."

### **Inflation Jitters**

Prices paid by U.S. consumers surged in June by the most since 2008, topping all forecasts. It's not just a U.S. story either, with U.K. inflation also climbing.

Federal Reserve Chair Jerome Powell says he still believes inflation will be transitory, pointing out the largest gains are coming in a small number of categories – notably, used cars.

Others aren't so sure. **BlackRock Inc.** Chief Executive Officer Larry Fink says he thinks more wage growth is coming – and backed it up with an 8% pay raise for employees. Investors also aren't sure which way to jump, with the size of outstanding positions in Treasury futures shrinking □□ as some traders apparently take their chips off the table.

**What's next?** Expect the debate to go on, with increased nervousness. While central bankers stay steadfast, there is a drumbeat of companies reporting higher costs that they will pass on to customers and clients. “Markets will only truly breathe a sigh of relief once we see this upward trajectory reverse,” said Joshua Mahony, senior market analyst at IG.

## **Indian Unicorns**

India's tech startups are finally ready to go public. In a boost of confidence for those waiting in the wings, food delivery platform **Zomato Ltd.**'s \$1.3 billion initial public offering was fully subscribed on the first day.

**Blackrock Inc.** and **Fidelity International Ltd.** were among the big institutional investors participating. Eyes are now on digital payment startup **Paytm**, which is seeking around \$3 billion in what could be the country's largest debut ever.

Both are among the first chances for ordinary investors to buy into the country's fast growing tech players. While India is spawning startups with at least a billion dollars in valuation at a rate of almost three a month, that action has all been in private markets with almost nothing trading publicly.

**What's next?** Expect more IPOs, with companies like cosmetics retailer **Nykaa E-Retail Pvtand** and **Policybazaar Insurance Web Aggregator Pvt Ltd.** eyeing their options. “Startups that are big enough and mature have outgrown the venture capital and private equity funds' ability to invest,” said Manisha Girotra, country head for Moelis & Co. “These companies which need larger pool of capital to grow are the ones readying to go to the public market.”

– *With assistance from Brian K Sullivan, Nupur Acharya, and Edward Bolingbroke*

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