



VICTORY PARTNERS

MIDDLE MARKET INSIGHT

What Business Owners Need To Know

\$1.71 TRILLION

RUSSIAN GDP
(NOMINAL, 2021 EST.)

GDP GROWTH

2.2% (2019)
-2.7% (2020)
4.7% (2021)

\$366 BILLION

IMPORTS (2019 EST.)

S&P 500

ROSE 0.1%

DOW JONES

FELL 0.4% (118 POINTS)

NASDAQ

ROSE 0.2%

2025-26

INTEL'S GROSS
MARGINS EXPECT TO
REACH 54-58%

INTEL

EXPECTS TO SEE ONLY
A 1.7% GROWTH IN
REVENUE THIS YEAR

Big Banks Keeping Third Eye on Russia-Ukraine Tension

- According to a financial executive briefed on the discussions who asked anonymity due to the delicacy of the matter, the Biden administration is in constant contact with banks regarding the possibility of economic sanctions against Russia. Those discussions are intended at preparing lenders and reducing the risk for financial system disruption if broad sanctions are implemented.
- Severe economic sanctions would be difficult to implement, as it would necessitate American banks cutting off financing to Russian enterprises, selling national bonds, and, potentially, cross-border transfers. Such drastic penalties have never been taken against a country with the size of Russia's economy.
- Lenders may be impacted if the increasing conflict causes stock market and commodity price volatility. Cyberattacks are a growing threat to banks, and they might be Russia's way of retaliating if financial and economic penalties are applied.

Wall Street Skid as Ukraine Crisis Escalates

- Major indexes are recovering from two days of losses as investors keep a tight eye on the Ukraine issue. After originally hesitating to use the term, the White House is now referring to Russian force deployments in eastern Ukraine as an "invasion." President Joe Biden has stated that crossing that boundary would result in the United States imposing heavy penalties on Russia.
- Energy prices have been turbulent in recent weeks due to the Ukraine situation and U.S. crude oil prices are up 2.3% on Tuesday. Russia is a major energy producer and a military conflict could disrupt energy supplies. Germany has requested that Russia withdraw a key document required for accreditation of the Nord Stream 2 gas pipeline.
- Affected Industries include, but are not limited to: Energy, Retail, Technology, Television, Book Publishing

Intel

- On Thursday, Intel CEO Pat Gelsinger unveiled a bold and costly comeback plan that he believes can restore the chipmaker's dominance in the semiconductor business, but shareholders reacted angrily the next day, driving the stock price down as much as 6.4% on Friday.
- Intel is attempting to bring five manufacturing nodes into production over a four-year timeframe is the main factor driving up capital expenditures and lowering gross margins in the coming years. This began with Intel 7, formerly known as 10-nanometer Enhanced SuperFin, which was released alongside the Alder Lake client CPUs last fall. It will culminate with the Intel 18A, which, according to Gelsinger, will outperform other chip manufacturers in terms of performance.
- Intel's new CFO, David Zinsner, stated that the business aims to expand sales at a rate of 10-12% per year by 2025-26. After only expanding sales by 2% in 2021, 8% in 2020, and 2% in 2019, the chipmaker would be entering a new phase of significant growth. Furthermore, Intel's gross margins are predicted to reach 54-58% in 2025-26, with free cash flow accounting for around 20% of annual revenue.

Sources: www.nytimes.com | www.apnews.com | www.barrons.com

