VICTORY PARTNERS

MIDDLE MARKET INSIGHT | What Business Owners Need To Know

$50 BILLION
NETFLIX PLUMMETED BY $50 BILLION IN MARKET CAPITALIZATION ALONE

CHURNING
WHERE A CONSUMER PURCHASES A SERVICE BRIEFLY FOR A SHOW

37% CHURN RATE
IN THE U.S. ALONE

Netflix & CNN+ Busts Lead To Wall Street Worries of Streaming

- Wall Street was ecstatic about the prospect of new revenue streams from big and small companies alike, especially after the COVID-19 epidemic resulted in massive subscriber increases from stranded consumers starving for entertainment. The street isn't so sure following Netflix's recent missteps and other high-profile disappointments from Quibi Inc.'s short lifespan to Warner Bros. Discovery's cancellation of CNN+ in less than a month.
- Consumers may respond by cycling across streaming services, signing up for short bursts of time to devour new content before canceling and joining a new service to accomplish the same goal. According to Deloitte, 25% of U.S. customers have adopted a "churn and return" mindset, which involves quitting a streaming service and then re-subscribing to it within a year.
- As services raise costs or a favorite show comes to an end, the churn rate will only increase. According to Deloitte, the average turnover rate for all paid streaming video-on-demand services in the United States is 37%, with millennials seeing a 50% churn rate.

1 MILLION
LOADS PER DAY WERE BEING HANDLED BY SPOT TRUCKING

DIESEL
PRICES HAVE SKYROCKETED CONVINCING SHIPPERS TO WAIT TO FILL TRUCK TRAILERS

U.S. Trucking Downturn and The Economy at Large

- The Western States Trucking Association promotes small trucking companies that dominate the spot market, handling up to 30% of all freight during the pandemic's peak.
- “Average first-quarter spot rates, excluding fuel, dove 55 cents from $2.78 per mile in mid-January to $2.23 on April 14. Spot rates normally drop about 22 cents per mile during that period, said Dean Croke, freight market analyst at DAT Freight & Analytics.”
- In a research note, Stifel transportation analyst Bert Subin predicted lower truckload demand in the second and third quarters, followed by a fourth-quarter rebound powered by the holiday season. According to Deutsche Bank, interest rate hikes will push the United States into recession next year.

S&P 500
FELL 1.2%

DOW JONES
FELL 0.9%

NASDAQ
FELL 0.4%

Stocks Fall on Wall Street, Continuing Market’s Losses

- As traders turned away from risk, prices for ultra-safe U.S. government bonds climbed. The 10-year Treasury yield, which influences mortgages and other consumer credit rates, dropped to 2.77% from 2.90% late Friday.
- Inflationary pressures continue to be a major source of concern for investors. Investors are nonetheless paying attention to the steps that central banks are taking to mitigate the impact on firms and consumers. Beginning next week, the Federal Reserve's chair has hinted that the central bank may boost short-term interest rates by twice as much as usual at upcoming meetings. The Federal Reserve has already lifted its benchmark overnight rate, the first time since 2018.
- Investors are set for a busy week of corporate earnings. The current batch of corporate report cards elicited varied reactions, with numerous disappointing earnings reports last week shaking the market's major pillar of support.

Sources: www.apnews.com | www.marketwatch.com | www.reuters.com