



# VICTORY PARTNERS

## MIDDLE MARKET INSIGHT | What Business Owners Need To Know

40%  
OF EU GAS SUPPLY  
COMES FROM  
RUSSIA

GAS CONSUMPTION  
HAS ALREADY FALLEN 5%  
ACROSS THE EU

HEALTHCARE  
SECTOR  
WILL HAVE LESS  
STRINGENT GAS CUTS

95,000  
UNFINISHED VEHICLES  
SITTING IN INVENTORY

NET PROFIT  
DOWN 40%

AVERAGE  
VEHICLE PRICES  
ARE UP 15% COMPARED  
TO 2021

WMT SHARES  
FELL 8.6%

IMF: 1% GROWTH  
RATE IN 2023  
FOR PROJECTED GLOBAL  
OUTPUT

SPDR S&P  
RETAIL ETF  
FELL 4%

### EU Finally Strikes Deal to Slash Gas Demand as Russia Starts Squeezing Taps Closed

- The EU reached a decision Tuesday for countries to slash gas demand as much as 15% from August to March. Energy ministers from member counties met in Brussels to discuss the details of the deal. Multiple member countries pushed back, claiming they were against provisions in the proposal.
- To appease member states, there are several exemptions for countries that heavily rely on gas for electricity and are not apart of the bloc's electricity system. The "voluntary reduction" by EU members will be aimed at reducing consumption of gas and encouraging alternative energy sources.
- The EU's strategy will be focused on conserving gas now and encouraging alternative energy sources in the event Russia cuts off its gas supply to the EU, which president of the European Commission Ursula von der Leyen claims is "very likely".

### General Motors' Income Tumbles 40% on China Loss, Parts Shortages

- General Motor's net profit is down 40% in Q2 due to supply chain troubles that have resulted in computer chip shortages, preventing 95,000 vehicles from being shipped to car dealerships. GM also suffered significant loss in China due to stringent Covid-19 restrictions. China is the company's second largest market, and its joint venture business posted a loss of \$87 million.
- Chief Executive Mary Barra told analysts that GM is "taking precautions to guard weakening economic conditions including curtailing hiring" and cutting discretionary spending. GM executives reassured that layoffs were not in their plans as of present.
- GM increased spending on electric vehicles which contributed to a significant drop in free cash flow for the quarter. The company's capital expenditures, which are mostly linked with electric vehicle development, rose over 30% in Q2.

### U.S. Stocks Slip After Walmart Profit Warning, Gloomy IMF Economic Warning

- Walmart cut its profit outlook this week, the driver being inflation on food prices which has forced the store to markdown apparel. "This is another reminder how shifting dynamics in consumer preferences and supply chain issues are impacting retailers in an outsized way," said Lindsay Bell, chief markets and money strategist at Ally.
- The International Monetary Fund further trimmed its forecast for global economic outlook growth to 2.3% for this year. In 2023, the IMF is predicting a 1% growth rate.
- Walmart's profit warning was not a total shock to analysts considering the "barrage of bad news" regarding the economy. However, Walmart did make progress in reducing inventory and have noted the need for further markdowns in apparel and other product lines.

Sources: [www.forbes.com](http://www.forbes.com) | [www.wsj.com](http://www.wsj.com) | [www.marketwatch.com](http://www.marketwatch.com)