



VICTORY PARTNERS

MIDDLE MARKET INSIGHT | What Business Owners Need To Know

**EMERGENCY
CRUDE RESERVE**
CURRENTLY AT ITS
LOWEST LEVEL IN 37
YEARS

Nine Companies to Buy Oil From U.S. Strategic Reserve in Latest Sale

- Nine companies are set to purchase 20 million barrels of oil from the Strategic Petroleum Reserve (SPR). The companies included Valero Energy Corp (VLO.N), with 4.9 million barrels, Motiva Enterprises LLC, with 2.1 million barrels, Phillips 66 with 950,000 barrels and Chevron Corp (CVX.N) with 350,000 barrels with deliveries taking place in September and October.
- Average gas prices in the US are under \$4 per gallon for the first time this summer, down from over \$5 per gallon earlier this year. The Biden administration stated the SPR sale will “bridge the supply and demand imbalance as domestic producers boost output.”
- The periodic sales have decreased the SPR’s supply down to its lowest level since 1985. Deputy US Energy Secretary David Turk stated the department will use the funds from recent sales to re-purchase the oil at lower prices.

**880,000 BARRELS
PER DAY**
ON AVERAGE BEING
RELEASED

Venture Capital’s Cash Stockpile Swells Amid Slowdown

- Venture capital’s (VC) “dry powder”, cash raised but not yet deployed, is up \$100 billion in July 2022 worldwide since the end of 2021. This signals that investors from both sides of the aisle are growing more selective in which start-ups they choose to back. Venture capitalists are now predicting a period where funding is hard to come by.
- VC leaders such as Jeffrey Grabow of Ernst & Young have said the continued raise indicates the ongoing interest of investors in the alternative asset class and its ability “to produce outsized returns”, referring to the “long-term adoption of tech and software” start ups backed by VC.
- Cryptocurrency and block-chain focused VC firms are sitting on mountains of “dry powder” amid the wide sell off of popular cryptocurrency assets like Bitcoin. The number of crypto-related deals fell 10% in Q2 for the first time since the beginning of the pandemic. Some firms such as Sequoia Capital are continuing their initial strategy, stating that the “current market conditions haven’t changed their strategy” in cryptocurrency investments.

\$539 BILLION
RAISED BY VENTURE
CAPITAL GLOBALLY AS
OF JULY 2022

**VC DEALS DOWN
24% IN Q2**
FROM THE PRIOR
QUARTER

U.S. Stocks End Mixed as Rally Tied to Cooler Inflation Data Takes Breather

- Stocks were up early Thursday morning at their peak since May following hopes that inflation has slowed following this week’s report. The data encouraged investors following the assumption that the Fed may hike interest rates less aggressively due to potentially cooling inflation.
- “Overall, the data, combined with the CPI data earlier this week, is a welcome sign...that we have passed peak inflation” said Charlie Ripley of Allianz Investment Management. Despite this positive news, there is a long road ahead to get from 8.5% inflation back to 2%.
- Initial jobless benefit claims rose to 262,000 last week, even as the unemployment rate decreased to 3.5% the past month. On average, claims have been trending higher which is consistent with the decreasing demand for labor this summer.

**JULY PRODUCER
PRICE INDEX**
FALLS 0.5%

DISNEY SHARES
UP 4.7% THURSDAY

**JOBLESS
BENEFITS CLAIMS**
UP 14,000 LAST WEEK

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