StreetAccount Summary: The Economist print edition
Thursday, May 24, 2018 05:12:23 PM (GMT)

To add this weekly email alert, **[click here]**. Some notable articles in this week's print edition of The Economist:

- **Cover Story**
    - US executives warm up to Trump
        - American executives are generally optimistic about the Trump presidency, believing that the value of tax cuts, deregulation, and potential trade concessions outweighs the costs of weaker institutions and trade wars. While Q1 results lend support to this optimism, the US is being shortsighted in gauging the full costs of the Trump era. As the country's system of commerce moves away from rules, openness, and multilateralism towards arbitrariness and insularity, the costs to business will become more salient.
- **Leaders**:
    - Reforming the audit industry
        - A report by British MPs on the Carillion collapse was especially harsh on the Big Four accounting firms: KPMG, Deloitte, EY, and PwC. The MPs have called for a review into the audit market and asked it to say whether the Big Four's British units should be split up. Concerns about the audit industry are global; while the industry is important, it is highly concentrated and susceptible to moral hazard. While a break-up is premature, there are better ways to fix incentive problems. Regulators could lower the cap on non-audit fees charged to audit clients, limit auditor tenures, and require increased transparency to help investors assess auditor performance.
- **Business**:
    - EU cracks down on bribery
        - A spate of scandals in Europe suggests that regulators are becoming ever less tolerant of corporate corruption, while new laws make it harder for European companies to misbehave. Some fear that Britain may backpedal on fighting corruption to demonstrate that its economy can thrive after Brexit. Western firms in the mining and oil-and-gas industries complain that rivals from China and Russia have a leg up because they aren't subject to the same rules as Europeans.
    - Tesla's falling share price welcomes takeover
        - Tesla (**TSLA**) had once aimed to be producing 10K Model 3s per week by the end of 2018; now, even a revised goal of 5K seems lofty. As a result, the firm is losing cash, top executives, and reputation. Shares have fallen by 28%, and several analysts believe the firm will need to raise another $2B or more this year. Goldman Sachs believes the firm will need to raise $10B by 2020, adding that production problems could see shares slide by another third over the next six months. While the company is still more valuable than Ford, a continued slide could make it a takeover target. A mass-market firm looking for an edge in electrification, such as Fiat Chrysler Automobiles (**FCA.IM**), could be interested, as could a big tech firm (**AAPL**, **GOOGL**, **700.HK**, **BIDU**, **9984.JP**). If Tesla were cheap enough, Elon Musk could even decide to acquire the firm with **+SPACEX**.
    - Gazprom enjoys Europe sales boom
        - Since 2016 Gazprom's (**GAZP.RU**) supplies to Europe have risen to record levels, thanks to falling coal use in Europe, less natural-gas production in the Netherlands and a strong revival in energy demand. Regulators may boost it further, as the company is expected to settle a long-running dispute with European trustbusters who have accused it of stifling the free flow of its gas in some countries and of overcharging. The agreement is likely to come with concessions by Gazprom that could make its gas more attractive to customers. The US could disrupt the firm's winning streak, as the Trump administration has threatened to impose sanctions on companies taking part with Gazprom in the Nord Stream 2 project.
    - Europe's data-privacy law
        - Advertising technology, or ad tech, could well be the main loser of the EU's tough new privacy law, the General Data Protection Regulation (GDPR), which goes into effect on 25-May. This new industry emerged with the rise of targeted online ads and the need for

personal data, but has already been shrinking. The GDPR will accelerate consolidation by requiring most ad-tech firms to gain consent from individuals to process their data. Some ad-tech firms have pulled out of Europe in response. While publishers worry that Google will become an even more dominant force in online advertising, the law may end up allowing them to regain some control of customer relationships.

Industries: Unspecified, Aerospace & Defense, Construction - Raw Materials, Auto & Truck Manufacturers, Oil & Gas Integrated, Major Drugs, Communications Equipment, Computer Hardware, Computer & Internet Services
Primary Identifiers: 700-HK, 9984-JP, AAPL-US, BIDU-US, STLA-IT, GAZP-RU, LHN-CH, NOVN-CH, TSLA-US, 0071BP-E
Related Identifiers: 700-HK, 9984-JP, AAPL-US, BIDU-US, STLA-IT, GAZP-RU, LHN-CH, NOVN-CH, TSLA-US, 0071BP-E
Subjects: Media Summaries, Economist Summary