

### Headlines

OPEC reached a deal in late May to extend production cuts through March 2018. The agreement was made to curtail the continued drop in oil prices, but investors are not convinced the cuts will be successful because of the U.S.’s increased oil production. Since OPEC’s announcement, U.S. Crude fell to \$46.05 per barrel while Brent Crude – the global benchmark – fell to \$48.13 per barrel.

Uber’s management team and board are weighing a leave of absence for CEO Travis Kalanick following a formal investigation into 215 harassment claims against the company, which already triggered 20 firings. Before the recent surge of layoffs, Uber hired management expert Frances Frei and former Apple marketing executive Bozoma Saint John to address its culture crisis. Chief Business Officer Emil Michael also resigned from his post.

A drop in labor force participation overshadows the fact that the unemployment rate fell to 4.3%, its lowest level in 16 years. Nearly 608,000 people reported that they were neither working nor actively looking for work, effectively excluding them from the labor force and the unemployment rate. Consequently, seasonally adjusted payrolls rose only 138,000 – 46,000 fewer than expected.

### Things to Watch For in 2017 Going Forward

U.S. consumers’ credit scores hit an all-time high this spring, while shares of the riskiest consumers hit a record low. However, 6 million consumers will have their foreclosures and personal bankruptcies excluded from their credit reports. This invites worry that credit scores will no longer fully reflect consumers’ credit risk.

### Investment Banking Terminology:

Transfer mispricing or transfer pricing manipulation – the illegal trading of supplies or funds between company departments at a price meant to deceive tax authorities and/or manipulate markets. It is most often seen in transactions between a company and its subsidiary.

### Market Snapshot as of June 12, 2017

As of June 12 <sup>th</sup>	June 12 <sup>th</sup>	YTD% Δ	LTM % Δ
<b>S&amp;P 500</b>	<b>\$2,429.39</b>	<b>7.06%</b>	<b>14.42 %</b>
<b>Gold</b>	<b>\$1,267.40</b>	<b>7.67 %</b>	<b>(2.77) %</b>
<b>U.S. Crude Oil</b>	<b>\$46.05</b>	<b>(20.85)%</b>	<b>(13.01)%</b>
<b>10 Yr. T-Note</b>	<b>2.21%</b>	<b>(24) bps</b>	<b>60 bps</b>

### Australia’s Crackdown on Chevron’s Tax Strategy

Chevron’s tax strategy in Australia is under scrutiny as the company lost an appeal to a 2015 court decision, which ordered it to pay \$250 million in taxes for the years 2004 to 2008. The case concerned the company’s transfer mispricing practices of lending to its Australian subsidiary at up to a 7.0% interest rate markup, which reduced its taxable income. The case could open the floodgates into the crackdown on tax strategies used by multinational corporations, and Chevron could see its tax bill double to \$300 million annually. The company is planning an appeal to Australia’s highest court.

### M&A Focus

- Lowe’s (LOW) is set to acquire Maintenance Supply Headquarters for \$512 million to complement its 2016 acquisition of Central Wholesalers, a building maintenance supply distributor. The company hopes to expand its reach in the multi-family housing industry.
- Pandora Media (P) agreed to sell a 19.0% stake in its business to satellite radio company Sirius XM (SIRI) for \$480 million and will pay \$22.50 million to KKR & Co. for breaking a previously agreed \$150 million deal. With this investment, Sirius XM hopes to expand its presence in the music streaming sector.

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