



Daily Macro Insights: Music rises from the ashes

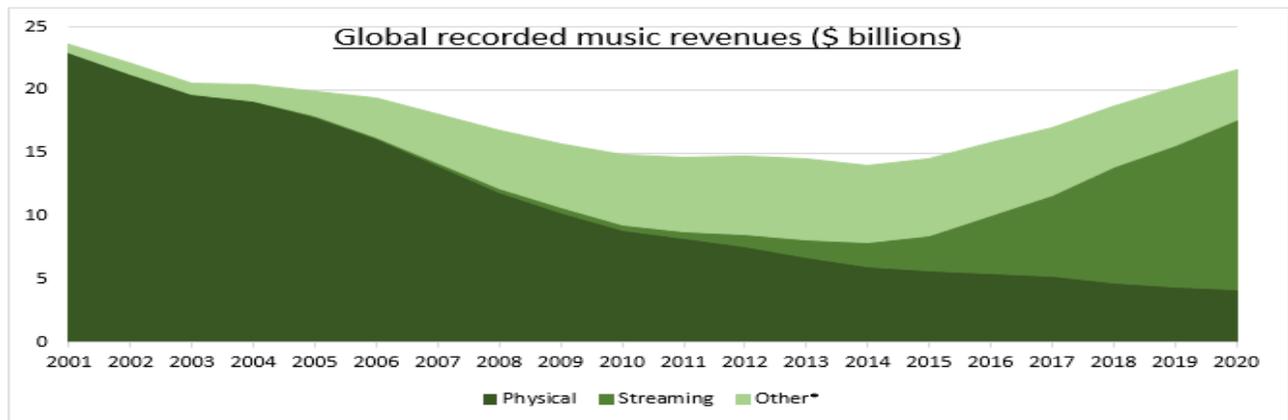
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UNIVERSAL LISTING: World's largest record label Universal Music (UMG) is due to list on Euronext Amsterdam today, as owner Vivendi (VIV.PA) spins off a 60% stake, hoping for over a \$39 billion valuation. The music streaming boom has allowed the industry to rise from the ashes and now near the revenues of 20 years ago (see chart). A strong IPO would boost UMG owner, investors, competitors, and potentially broader streaming, radio, and live entertainment stocks.

ALL STREAMING: Global recorded music revenue was \$21 billion last year, with streaming 62% of that, per the International Federation of Phonographic Industry (IFPI). Industry revenues grew a fast 7.4% and streaming 18.5%. Streaming growth is increasingly from emerging markets, at a lower price, whilst revenue sources broadening to video gaming, fitness apps, and social media. This likely offsets some of biggest acts increasingly going direct, without a label.

TAILWINDS: A big UMG market valuation (see [FT](#)) would help owner Vivendi, investors like struggling Tencent Music (TME), and competitors like no. 2 Sony Music parent Sony (SONY) - music only 10% revenues - and recently listed no. 3 pure-play Warner Music (WMG). Strong sector outlook also helps largest streamer Spotify (SPOT), which with Apple Music pays 2/3 sales to labels; concert promoter and Ticketmaster owner Live Nation (LYV); satellite radio and Pandora owner Sirius (SIRI); speaker maker Sonos (SONO); US radio station iHeart (IHRT).

TODAY: Market nerves worsen on China slowdown and property sector concern and stubbornly high US virus cases and looming Fed (and China PBoC) meeting. Weakness overdue after remorseless rally since November. See markets supported by earnings rebound and low yields.



Source: IFPI. *Other digital, performance rights, synchronisation

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