Pentagon to terminate $5.1 billion in contracts with Accenture, Deloitte

US DEFENSE Secretary Pete Hegseth has ordered the termination of several information technology services contracts valued at $5.1 billion, including companies such as Accenture, Booz AllenHamilton and Deloitte, according to a Pentagon memo.

The contracts "represent nonessential spending on third-party consultants" for services Pentagon employees can perform, Mr. Hegseth said in the memo released late on Thursday.

"These terminations represent $5.1 billion in wasteful spending," Mr. Hegseth said, adding that their termination would result in "nearly $4 billion in estimated savings."

During morning trading in New York shares of Booz Allen Hamilton were down 2.4% to $106.30 and Accenture shares were down 2% to $279.52.

Representatives for Accenture, Deloitte and Booz Allen Hamilton did not immediately respond to requests for comment.

The contracts appeared to be wide-ranging cuts to consulting services for the Navy, the Air Force, the Defense Advanced Research Projects Agency and the Defense Health Agency.

In a video posted on X, Mr. Hegseth said the contracts were for "ancillary things like consulting and other nonessential services." He said the services would be brought in-house.

In the memo Mr. Hegseth said he was directing the Pentagon's chief information officer to work over the next 30 days with tech billionaire Elon Musk's Department of Government Efficiency to prepare a plan to cut and in-source the Defense department's information technology consulting and management services.

Additionally, the memo said the Pentagon would negotiate the "most favorable rates" for cloud computing services. — ***Reuters***

Morgan Stanley Q1 profit beats views; CEO hopeful about deals

MORGAN STANLEY beat first-quarter profit estimates on Friday, helped by record equity trading and strong wealth management results, while its chief executive officer (CEO) expressed more optimism about dealmaking than his counterparts.

The investment bank reported record equity trading revenue, with a 45% jump from a year earlier, reflecting increases across businesses and regions, particularly in Asia, with its biggest gains in prime brokerage and derivatives.

As uncertainty over sweeping US tariffs roiled markets, some transactions in Morgan Stanley's deal pipeline were paused, CEO Ted Pick told analysts. Still, companies have not given up on them, he said.

Corporations may look at potential tax cuts and deregulation and decide to proceed with deals even as volatility rises, Mr. Pick said.

The bank earned $4.3 billion, or $2.60 per share, in the three months ended March 31. That compares with a profit of $3.4 billion or $2.02 per share, a year ago. Analysts expected earnings per share of $2.20, according to estimates compiled by LSEG.

Morgan Stanley's investment banking revenue rose 8% from a year earlier, bolstered by higher advisory and fixed income underwriting revenue.

GLOBAL SELL-OFF

US President Donald J. Trump's decision to impose heavy tariffs and the launch of China's generative AI model, DeepSeek, triggered a broad sell-off in global markets. Potential for a recession and uncertainty over the Federal Reserve's interest-rate trajectory have kept investors on edge.

Equity trading revenue rose as investors rebalanced their portfolios, boosting volumes, mainly in technology and industrial stocks.

Fixed-income trading revenue increased, as renewed concerns about stagflation due to tariffs led investors to hedge aggressively and change the types of bonds they held, and over what periods.

A rebound in Asia helped lift global mergers and acquisition volumes in the first quarter, but US activity — a key revenue driver for firms such as Morgan Stanley — slumped 13% amid growing uncertainty, according to Dealogic data.

Equity underwriting revenues fell as issuers and investors considered market uncertainty.

Bankers and analysts warn the prolonged trade war, disappointing IPO debuts and weak follow-through on major deals could dampen investor sentiment and advisory pipelines in the second quarter.

Stable markets support deal activity by giving buyers and sellers more confidence around valuations, reducing execution risk and encouraging companies to move ahead with transactions.

Morgan Stanley ranked fourth globally in investment banking fees in the first quarter, according to Dealogic data.

The bank advised on several big transactions in the quarter, including Walgreens' $24-billion take-private deal with Sycamore Partners. It also served as lead underwriter for AI cloud firm CoreWeave's $1.5 billion US initial public offering.

Morgan Stanley's Institutional Securities business, which houses investment banking and trading, reported revenue of $9 billion compared with $7 billion a year earlier.

PROFIT FROM X LOAN SALE

Morgan Stanley booked a profit from the sale in the first quarter of the loan that financed the 2022 acquisition of social media platform X, according to two sources with knowledge of the matter.

The bank led the syndicate of lenders that included Bank of America, Barclays, BNP Paribas, MUFG, Mizuho and Societe Generale that kept the $13 billion in loans on their balance sheets for more than two years.

The profit was booked as other revenue in the bank's Institutional Securities division, which reached $692 million, more than doubled the $242 million in revenue from a year ago.

Elsewhere, JPMorgan Chase and Wells Fargo's profits beat forecasts, but executives warned that sweeping tariffs could fuel risks and weigh on economic growth. Morgan Stanley's wealth management revenue — a key area of focus — came in at $7.3 billion, compared with $6.9 billion a year ago. — ***Reuters***

What Samsung Electronics and Vietnam stand to lose in Trump's tariff war

SEOUL/HANOI — When Samsung Electronics Chairman Jay Y. Lee met Vietnam's prime minister in July, he had a simple message to convey.

"Vietnam's success is Samsung's success, and Vietnam's development is Samsung's development," Mr. Lee told Pham Minh Chinh, pledging long-term investment to make the country its biggest manufacturing base for display products.

Since the South Korean conglomerate entered Vietnam in 1989, it has poured billions of dollars into expanding its global manufacturing footprint beyond China. Many of its peers followed after US President Donald Trump placed tariffs on Chinese goods in his first term.

The pioneering move has made Samsung Vietnam's biggest foreign investor and exporter.

About 60% of the 220 million phones Samsung sells each year globally are made in Vietnam, and many are destined for the US, where Samsung is the No. 2 smartphone vendor, according to research firm Counterpoint.

Now, that reliance on Vietnam threatens to backfire as Hanoi is racing to negotiate with the Trump administration to lower a punishing potential 46% tariff that has exposed the vulnerability of the Southeast Asian country's export model.

While Vietnam and Samsung won a reprieve this week after Mr. Trump paused the rate at 10% for 90 days, Reuters interviews with more than a dozen people, including at Samsung and its suppliers, show the company would be a primary victim should higher US tariffs take effect in July. — ***Reuters***