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Fall 2025 Market Insights Report

Issue V



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Global Outlook

Xi-Trump Agreement Restarts Auto Chip Shipments From China

On November 1, 2025, China agreed to resume exports of automotive semiconductors produced by Nexperia following a framework agreement reached between President Donald Trump and Chinese leader Xi Jinping. The accord, part of a broader U.S.–China trade truce, will allow production of critical legacy auto chips from Nexperia’s facilities in China to be shipped once again to automakers worldwide.

The decision ends weeks of disruption that strained global car manufacturing. Nexperia, a Dutch-owned but Chinese-controlled chipmaker, halted shipments after the Dutch government seized control of the company in late September, prompting Beijing to impose export restrictions. The halt caused severe supply shortages, forcing companies such as Honda to suspend production at several North American plants due to a lack of diodes and transistors.

China’s Commerce Ministry state exports would resume “for eligible cases,” emphasizing the need to maintain “the safety and stability of global supply chains.” While the White House said the change ensures the “resumption of trade from Nexperia’s facilities in China, allowing production of critical legacy chips to flow to the rest of the world.”

The agreement offers a reprieve for the global auto industry, which struggled with semiconductor shortages since 2020. It also underscores Beijing’s influence over key parts of the global supply chain, particularly in mature chip production, and how geopolitical tensions continue to shape the availability of critical manufacturing components.

Seres Group Falls on Hong Kong Debut Despite \$1.8 Billion Raise

Chinese electric-vehicle maker Seres Group, a partner to Huawei Technologies Co., Ltd. in the AITO luxury car line, debuted on the Hong Kong Stock Exchange this week raising HK\$14.3 billion (≈ US\$1.8 billion) through the public offering.

Despite strong fundraising and high-profile backing, the stock fell nearly 2% to HK\$128.90 on its first day of trading, compared to its offer price of HK\$131.50. Although Seres’ share price has soared roughly 1,600% over the past five years in China, the discounted debut signals that investor enthusiasm may face near-term pressure amid broader market headwinds.

Seres intends to invest the proceeds into advanced R&D (intelligent cockpit and driver assistance) and expansion of charging infrastructure, reflecting its ambition to climb from mass-market minivans to premium EVs. The listing also highlights Hong Kong’s resurgence as a capital-raising hub for Chinese companies amid regulatory tensions elsewhere. Investors will now watch whether Seres can convert growth promises into consistent profitability, especially given the high valuation and steep expectations.

U.K. Treasury Chief Puts Inflation Control at Core of November Budget

On November 4, 2025, U.K. Treasury Chief Rachel Reeves announced that the government’s upcoming November 26 budget will prioritize lowering inflation to allow the Bank of England to begin cutting interest rates. The plan will also focus on reducing national debt while maintaining public services, though tax increases were not ruled out, a move economists widely expect given the country’s rising borrowing costs.

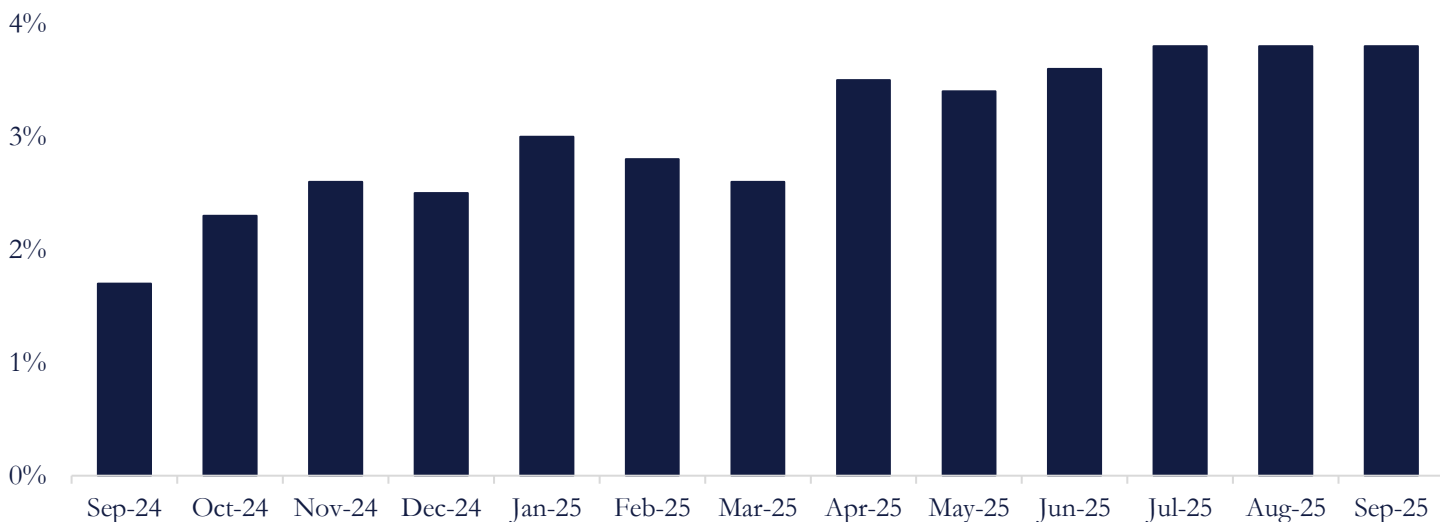
Metric	\$ (USD)
S&P 500	\$6,728.80 +0.13%
DJIA	\$46,987.10 +0.16%
NASDAQ	\$23,004.54 -0.21%
Russell 2000	\$2,432.82 +0.58%
FTSE 100	\$9,682.57 -0.55%
Nikkei 225	\$50,276.37 -1.19%
WTI Crude	\$59.83 +0.67%
10-yr Treasury	4.104%

The U.K. has borrowed more than planned in the first half of its fiscal year, and sluggish economic growth has strained its ability to meet self-imposed fiscal rules that prohibit day-to-day borrowing by 2030. Reeves reaffirmed her “iron-clad” commitment to those rules, saying the government must act to control inflation, which remains higher than in much of Europe and has pushed debt-servicing costs to record levels.

The commitment to the rules suggest that higher household taxes will likely make up most of the fiscal tightening, estimated between £20 billion and £40 billion. In addition, the budget will include greater “headroom” to manage global uncertainty and every pound saved on debt interest could be redirected to priorities that benefit working families.

Economists view the plan as a balancing act between fiscal discipline and long-term investment, with Reeves signaling that shared sacrifice through tax increases may be necessary to stabilize the economy and build a foundation for sustainable growth.

UNITED KINGDOM INFLATION RATE (IN %)



America This Week

J.P. Morgan Joins Investors of the Texas Stock Exchange

J.P. Morgan’s investment arm announced a \$90 million investment in the Texas Stock Exchange (TXSE), joining major financial backers including BlackRock, Citadel Securities, and Charles Schwab. The latest funding round brings TXSE’s total capital raised to over \$250 million ahead of its planned 2026 launch. The Dallas-based exchange aims to position itself as a more CEO-friendly alternative to New York’s market duopoly of the NYSE and Nasdaq.

The TXSE, which secured SEC approval in September to begin operations, intends to launch trading in early 2026 and expand listings later that year. Leadership, led by CEO James Lee, plans to leverage Texas’s reputation as a business-friendly and low-cost hub to attract firms seeking lighter regulation and lower listing fees. The exchange’s mission emphasizes “alignment and transparency for issuers,” signaling a push to reform the perception of public markets as increasingly taxing for corporations.

TXSE represents the first major challenge to New York’s dominance in two decades. Analysts view J.P. Morgan’s entry as a validation of the exchange’s long-term viability, offering institutional credibility and deep market expertise. If successful, TXSE could reshape the U.S. equity landscape by decentralizing capital markets and reinforcing the broader trend of financial expansion nationwide.

Trump Strikes Landmark Deal to Expand Access to Obesity Drugs

On November 6th, President Trump announced a landmark agreement with Eli Lilly and Novo Nordisk that aims to expand access to costly obesity drugs, with Medicare set to cover GLP-1 treatments for the first time beginning mid-2026. Under the deal, both drugmakers will cut the price Medicare and Medicaid pay for GLP-1s to \$245 per month, with eligible Medicare patients paying just \$50 monthly copays for treatments including Eli Lilly's Zepbound and Novo Nordisk's Wegovy. The agreement addresses the inaccessibility of these medications, as current monthly list prices exceed \$1,000 and coverage among state Medicaid plans, employers, and private insurers remains sparse. Eli Lilly CEO David Ricks said the deal could open access to as many as 40 million new eligible Medicare patients and prompt commercial insurers to expand coverage.

Medicare coverage represents a potential change for the obesity drug market. Eligible patients include those with a BMI of 27 or above with prediabetes or cardiovascular disease, BMI of 30 or more with related conditions, or BMI of 35 and above. JPMorgan analyst Chris Schott estimates these criteria could cover 80% of the obese Medicare population. The program will launch as a voluntary pilot in spring 2026 before transitioning to a mandatory program for all Medicare Part D plans in 2027. The agreement also includes discounted pricing through the Trump administration's direct-to-consumer website TrumpRx.gov, with monthly costs ranging from \$149 for upcoming obesity pills to \$350 for existing injections. With 8-9 million Americans currently using GLP-1s, experts believe government coverage will pressure private insurers to follow suit, as only 36% of employers currently cover the drugs for weight loss.

Macro Highlights

Economy Holds Firm Despite Tariff Headwinds

The U.S. economy has shown surprising resilience despite the sweeping tariffs introduced earlier this year. When the Trump administration implemented import levies, economists warned of runaway inflation and a possible recession. Instead, inflation has held near 3%, only modestly above the Federal Reserve's 2% target, and consumer spending has remained steady. Much of the expected backlash has been avoided by companies changing supply chains and absorbing parts of the cost rather than fully passing it on to consumers.

The U.S. Treasury is on track to collect around \$34 billion in October, suggesting an effective average rate of roughly 12.5%, well below the 17% headline estimate. Many firms have redirected production from China to lower-tariff countries such as Vietnam and Mexico, while others have relied on warehouses and inventory buildup to soften the blow. Automakers, for example, are covering about 80% of tariff costs themselves, with car prices up just 1.1% since March.

Still, economists caution that the longer-term impact has yet to unfold. Higher trade costs have already introduced uncertainty into hiring and investment plans, and some analysts expect companies to gradually pass more of the burden onto consumers next year. For now, the data shows that U.S. growth has outperformed expectations and has defied predictions of a tariff-induced slowdown.

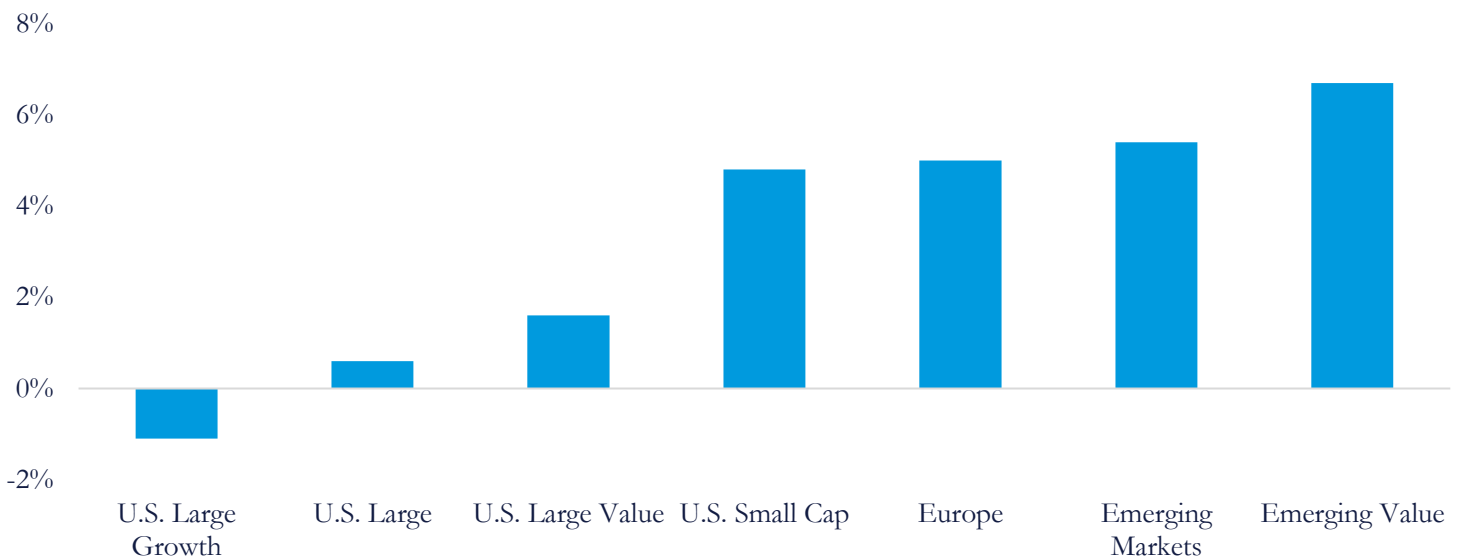
Valuations at Historic Highs Signal Caution for Long-Term Investors

U.S. equity valuations have reached levels that historically precede weaker long-term returns. The Shiller P/E ratio, a measure of cyclically adjusted earnings, recently climbed above 40 for only the second time in history, previously seen at the peak of the dot-com bubble in 1999. Such elevated levels have often coincided with below-average or even negative real returns over the following decade, as markets revert toward long-term earnings trends.

Research Affiliates, a global investment firm, projects that large U.S. growth stocks, including the Magnificent Seven, could face negative real returns of around 1.1% annually over the next ten years. In contrast, large value stocks may see modest gains near 1.6%, while small-cap equities and emerging markets appear more attractive, with expected real returns of 4.8% and 5.4%, respectively. This difference underscores how the extreme concentration in U.S. megacaps has distorted valuations.

On the other hand, analysts argue that today’s high margins and AI-driven productivity gains justify these elevated multiples. However, valuations are now higher than they’ve been 99% of the time since 1881. Sustained outperformance will require either accelerated, meaningful earnings growth or a price correction. For long-term investors, history suggests that when valuations reach extremes, it’s usually prices that adjust.

CAPE FEAR: PROJECTED 10-YEAR ANNUAL REAL RETURN (IN %)



Industry News

Defense Stocks Surge as Europe Ramps Up Military Spending

Earlier this year, the Chief Executive of Rheinmetall, Armin Papperger, declared that an “era of rearmament” had started in Europe. The German defense company that specializes in military vehicles and weapons systems has seen an increase in market value of almost 3x since January from €27 billion (\$31 billion) to €80 billion. This is equivalent to 90 times its annual net profit. The valuations of other large defense contractors in Europe have also soared, including BAE Systems, Thales, and Leonardo. Nations across the continent have experienced increased tensions due to the war in Ukraine, but U.S. President Trump’s return to office has driven much of the rapid investment in military spending in order to reduce the continent’s dependence on American security guarantees.

In 2025 alone, Europe will spend an additional \$180 billion on defense, with this number set to rise because of NATO’s agreement to increase spending to 3.5% of GDP within the next decade. This is up from the previous target of 2% and is a result of Europe’s reliance on American military products. U.S. weapons are roughly 1/3 of European procurement spending, and it is clear the continent desires more autonomy.

This autonomy will be difficult, however, as military R&D was only €13 billion in 2024. This is significantly less than the \$148 billion spent in America. The gap in spending is largely due to fragmentation in supply chains and a large lag in scale when compared to Washington.

Still, investor sentiment has shifted sharply. Once viewed as a politically sensitive sector, defense is now attracting venture capital and institutional backing. Startups like Germany’s Helsing and Portugal’s Tekever are emerging as defense unicorns, showing that a new generation of firms could help Europe reduce reliance on American arms and compete globally in an increasingly unstable world.

OpenAI and Amazon Strike \$38 Billion Cloud Services Deal

OpenAI and Amazon Web Services (AWS) announced a seven-year agreement valued at approximately \$38 billion, granting OpenAI access to AWS’s expansive compute infrastructure to power models like ChatGPT. Under the deal, OpenAI will leverage “hundreds of thousands” of Nvidia GPUs and scalable CPU resources housed in AWS data centers.

This marks a major shift for OpenAI, which recently underwent restructuring to reduce dependency on Microsoft Corporation and widen its cloud partnerships. The deal is also a strong endorsement of AWS, which has faced pressure in the AI-cloud race. After the announcement of the agreement, Amazon’s shares jumped about 5%, hitting record highs.

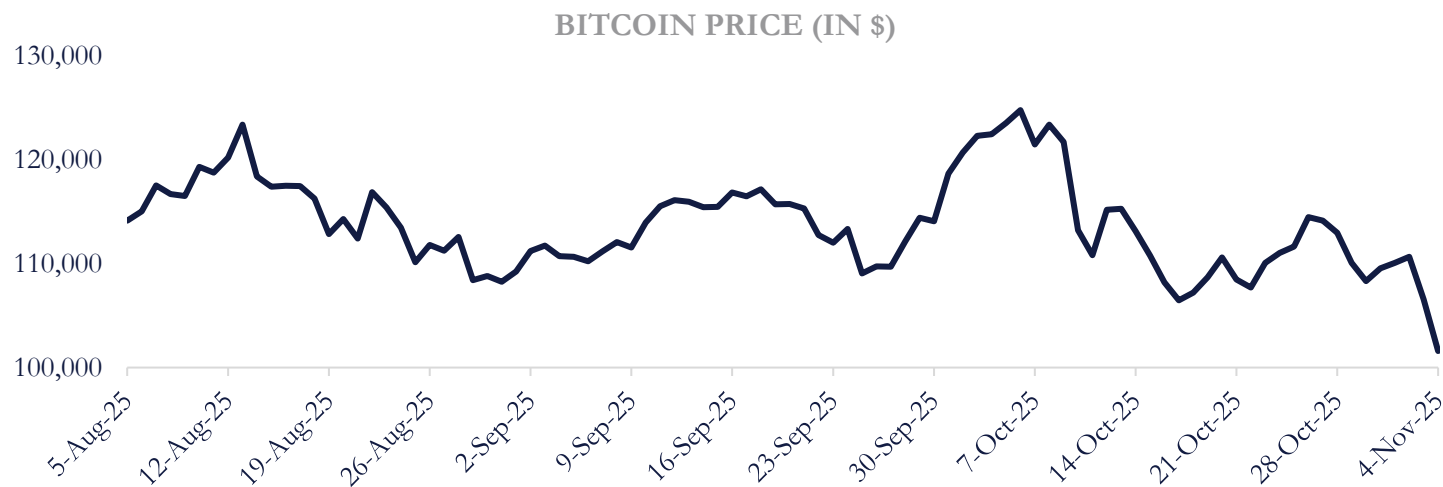
For AWS, the agreement strengthens its position in global AI infrastructure; for OpenAI, it secures scale and flexibility as it ramps up its next-generation models. However, analysts warn that the huge investment commitments, like how OpenAI has hinted at a multi-trillion-dollar spending pipeline, raise questions about sustainability and profitability in the broader AI boom.

Bitcoin Sinks Below \$100K as AI Trade Fears Shake Risk Assets

Cryptocurrency markets took a sharp turn as risk appetite waned amid mounting concerns over lofty valuations in artificial intelligence stocks and a broader tech pull-back. Bitcoin fell as much as 7.4% to around \$96,800, dipping below the symbolic \$100,000 mark for the first time since June. The slide brings Bitcoin’s loss from its early October peak of roughly \$126,000 to over 20% in just a month.

The crypto decline coincides with the decline of equity markets: the Nasdaq Composite dropped around 2%, and the S&P 500 lost about 1.2%. Analysts point to a convergence of factors: fears that the AI-driven rally has run ahead of fundamentals, major liquidations in crypto markets, and a retreat from risk assets as investors re-assess the timeline for interest-rate cuts.

For risk-asset investors, the message is clear. The momentum in speculative assets may be hard to sustain without clearer earnings or macro support. Bitcoin’s slip beneath \$100K may test investor conviction and could portend further volatility, especially if tech stocks continue to wobble and regulatory or liquidity pressures build.



Apple Prepares To Enter Low Budget Laptop Market

Apple is reportedly developing a budget Mac laptop, code-named J700, slated for release in the first half of 2026 and priced well below \$1,000, which is a marked shift from its premium-only hardware strategy. The device will use less advanced components, including a smaller LCD screen and an iPhone-series processor, marking the first time Apple is utilizing a smartphone chip in a Mac.

Targeted at students, casual users, and businesses primarily browsing the web, working on documents or light media editing, Apple aims to capture the entry-level PC market which is currently dominated by Chromebooks and budget Windows devices. By doing so, Apple seeks to broaden its addressable hardware base, increase Mac adoption, and strengthen its connected ecosystem of devices, software and services.

While this move could stimulate growth for Apple’s Mac segment, which rose 13% to about \$8.7 billion last quarter, it also raises questions about margin dilution and the brand’s focus on premium differentiation. If Apple can maintain profitability and margin discipline while expanding downward, the launch could open a new growth vector, but execution and pricing risk will be key.

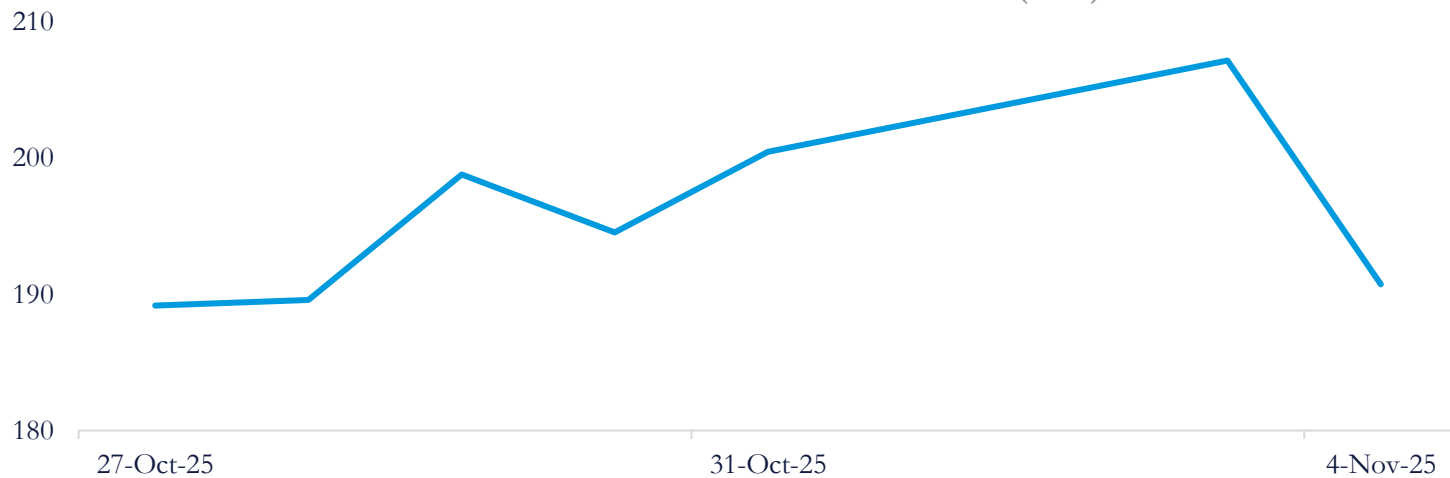
Palantir Shares Fall 8% on Burry Short Position

On November 3rd, Palantir's shares closed 8% lower after hedge fund manager Michael Burry revealed a bearish bet against the data intelligence company. Burry disclosed a \$912 million position against Palantir using derivatives that increase in value when share prices fall, according to a US regulatory filing published on Monday. Palantir CEO Alex Karp dismissed the move calling the behavior “egregious.” Fund managers do not need to disclose certain types of trades in regulatory filings, meaning it was not immediately possible to determine whether Burry made outright bets against Palantir and Nvidia or whether they formed part of a broader strategy.

Despite the market reaction, Palantir delivered strong third-quarter results, with revenue surging 63% year over year to \$1.18 billion. At the same time, net income reached \$476 million, beating analyst expectations of \$435 million. The company raised its 2025 revenue guidance to \$4.4 billion, above Wall Street’s forecast of \$4.17 billion. However, an analyst at Deutsche Bank argued the company’s valuation was “very difficult to wrap [their] heads around”, with shares trading at nearly 230 times forward earnings after climbing over 170% this year.

Palantir has signed several deals in the quarter, including a \$10 billion US government contract in July. US commercial revenues climbed 121% to \$397 million, while government sales increased 52% to \$486 million. Burry's position highlights the tension between Palantir's exceptional growth and its premium valuation amid the AI sector's rally.

PALANTIR TECHNOLOGIES STOCK PRICE (IN \$)



M&A Environment

Kimberly-Clark Bets \$48.7 Billion on Kenvue to Revive Growth in Health and Wellness

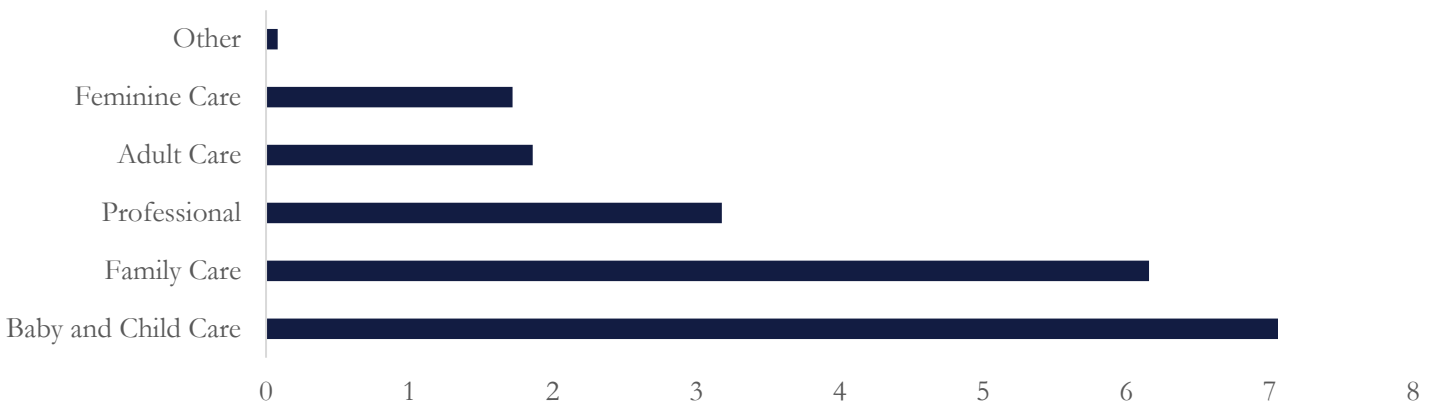
Kimberly-Clark [NYSE: KMB] announced a deal to buy Kenvue [NYSE: KVUE] on November 3rd, combining two blockbuster health-and-wellness companies in “one of the biggest takeovers of the year” The cash-and-stock deal for \$48.7 billion will create a company that controls 11 brands with more than \$1 billion in sales per year. Notable brands under the new acquisition are Kleenex, Cottonelle, Tylenol, and Listerine. Annual revenues may reach as high as \$32 billion. Kimberly-Clark will pay \$21.01 per share; however, KVUE is trading at just above \$16.00. Kenvue equity soared 16% after the news broke, while Kimberly-Clark stock plummeted by 12%.

Mike Hsu, Chief Executive of Kimberly-Clark, is betting big on Kenvue to win over market share in the consumer healthcare market, and Kenvue’s firm grasp in high-margin products will help boost Hsu’s firm. This is much needed, as for all of its successful brands, Kimberly-Clark has “lagged behind rivals Unilever and Procter & Gamble.”

Kenvue, a Johnson & Johnson spinoff, has been an independent firm since 2023 and has fallen on tough times after President Trump’s accusation that the active ingredient in star drug Tylenol, acetaminophen, was linked to autism. Additionally, a lawsuit was filed in the U.K. alleging that Johnson’s Baby Powder, a Kenvue product, caused cancer.

Facing mounting pressures, the acquisition offers Kimberly-Clark immediate scale in consumer healthcare while providing Kenvue an exit from mounting legal and reputational challenges that have weighed on its stock since independence.

KIMBERLY-CLARK 2024 REVENUE PER PRODUCT LINE (IN \$B)



KENVUE 2024 REVENUE PER PRODUCT LINE (IN \$B)



Pfizer and Novo Nordisk Clash in \$10 Billion Battle for Metsera

Pharmaceutical giant and COVID-19 vaccine manufacturer, Pfizer, is engaged in a bidding war with Novo Nordisk for a weight-loss drug. Metsera, the company developing the drug, is at the center of global weight loss treatment frenzy, owning a suite of “at least eight potential new drugs” in the category. Pfizer’s current bid of more than \$10 billion dollars was not the first attempt to acquire Metsera across the industry. Bristol Myers Squibb had also explored a takeover before talks intensified between Novo Nordisk and Pfizer. What makes this battle so vital is opportunity: analysts predict the weight loss market to exceed \$100 billion by 2030.

Novo Nordisk, the maker of Ozempic, raised the stakes after Pfizer had already reached an agreement to buy Metsera. In response, Pfizer filed a lawsuit challenging Novo’s unsolicited higher offer. This back and forth has shown how valuable Metsera’s pipeline is, with analysts estimating potential annual sales of more than \$5 billion.

Behind Metsera stand two veterans of the biotech world: Clive Meanwell and Whit Bernard. The pair’s investment firm, Population Health Partners, owns 12% of Metsera, a stake worth over \$1 billion at Pfizer’s bid value. Meanwell, a U.K.-born virologist who founded The Medicines Company (sold to Novartis for \$9.7 billion), and Bernard, a Brown University graduate and former McKinsey consultant, focused their venture on tackling widespread health issues like obesity. Metsera’s lead candidate is a monthly injection and has achieved roughly 14% greater weight loss than placebo in early trials, a promising advancement over existing weekly treatments like Wegovy and Zepbound. For Pfizer, securing Metsera is a chance to reclaim dominance in a market shaping the future of modern medicine.

Morgan Stanley Acquires Private Shares Platform EquityZen

On October 29, 2025, Morgan Stanley announced an agreement to acquire EquityZen, a leading platform for trading shares in private companies. The acquisition aims to strengthen Morgan Stanley’s position in private markets by connecting its wealth management clients with greater access to pre-IPO opportunities and liquidity programs for private company shareholders.

Founded in 2013, EquityZen operates a technology-driven marketplace that links employees and early investors to private companies with accredited investors seeking access to private shares. The firm has more than 800,000 registered users and has processed over 49,000 transactions across roughly 450 private companies. Its model emphasizes issuer alignment, allowing private companies to maintain control over when and how their shares trade.

Morgan Stanley said the acquisition enhances its private markets ecosystem, which already offers services such as capital management, direct investments, and secondary trading. Executives said the deal reflects the growing demand for liquidity solutions as companies remain private longer and employees seek ways to realize value from their holdings.

EquityZen will become part of Morgan Stanley’s Wealth Management division, with integration expected to begin following regulatory approval. The transaction is expected to close in early 2026 and will expand liquidity options for Morgan Stanley’s workplace clients while providing broader private-market access to its investors.

SM Energy and Civitas Merge to Create \$13B Permian Driller

On November 3rd, SM Energy and Civitas Resources announced an all-stock merger to create a \$13 billion oil and gas producer focused on the Permian Basin, marking a significant return to dealmaking in the U.S. oil industry. The combined company, SM Energy, will become one of the 10 largest independent oil producers in the U.S., valued at \$12.8 billion. Civitas stockholders are expected to own about 53% of the merged company, with the deal closing in the first quarter of 2026.

The merger follows a slowdown in dealmaking in the U.S. exploration and development sector, which had hit record levels in 2023 following Exxon's and Chevron's \$50 billion-plus acquisitions of Pioneer Natural Resources and Hess Corporation, respectively. In the 3rd quarter, M&A activity fell to \$9.7 billion, marking the third consecutive quarter of declining activity. However, analysts have said there is a growing interest in U.S. natural gas assets due to the boom in liquefied natural gas exports, which is driving oil production in the Permian to consolidate and build scale.

The combined company's portfolio will include over 800,000 acres in high-return shale basins in the Permian Basin. Growing foreign interest in U.S. oil and gas assets has also emerged, with governments of Japan, South Korea, and the United Arab Emirates pledging investments as part of trade talks with the Trump administration. Overall, the merger signals a potential rebound in US oil and gas dealmaking after consecutive declines.

Trade of the Week

Ahmad Shaikh – BUY ServiceNow

ServiceNow beat the Wall Street expectations with the enterprise software giant announcing a 5-for-1 stock split. Revenue reached \$3.41 billion versus expectations of \$3.35 billion, while adjusted earnings per share hit \$4.82 compared to the \$4.27 estimate. The company raised its full-year subscription revenue guidance to \$12.84 billion to \$12.85 billion and approved a stock split, pending shareholder approval on December 5, which will bring the share price down from around \$900 to approximately \$180.

The company's A.I products have driven extreme growth with the company expecting its AI-related revenue to exceed \$500 million this year and reach \$1 billion by 2026 as enterprises rapidly adopt its workflow automation platform. Demand for AI features accelerated dramatically in Q3, with usage of certain products surging more than 50-fold since May. The company closed over 100 deals worth more than \$1 million each during the quarter, building a contracted revenue backlog of \$11.35 billion. US federal government revenue grew by more than 30% as Washington prioritizes IT modernization.

Despite exceeding expectations, the stock is down roughly 15% year to date while the broader IT services industry surged 153%, creating a potential buying opportunity. The stock trades at 104 times earnings, a 49% premium to the IT services industry average, but its price-to-sales multiple of 14.15 is roughly half the industry average of 27.54, suggesting that investors may be paying more for earnings but less for revenue relative to peers. However, Wall Street sentiment is overwhelmingly bullish, with most analysts maintaining "Buy" or "Strong Buy" ratings. Analysts project 35.8% earnings growth in fiscal 2025, followed by another 21.5% increase in 2026. The stock split signals management's confidence in continued momentum, while the recent pullback could offer an entry point for investors.

SERVICENOW STOCK PRICE (IN \$)

