

BBR

**BULL & BEAR**  
RESEARCH

Fall 2025 Market Insights Report

Issue 1



# TABLE OF CONTENTS

- 3 Global Outlook
- 4 America This Week
- 6 Macro Highlights
- 8 Industry News
- 10 M&A Environment
- 13 Trade of the Week & Outlook

## Market Insights Team



**Rahul Kapur**

Director

(203) 232-8735

[kapur.ra@northeastern.edu](mailto:kapur.ra@northeastern.edu)



**Kelly Yam**

Associate

(917) 480-1761

[yam.k@northeastern.edu](mailto:yam.k@northeastern.edu)



**Riya Pallamreddy**

Analyst

(617) 306-9556

[pallamreddy.r@northeastern.edu](mailto:pallamreddy.r@northeastern.edu)



**Ahmad Shaikh**

Analyst

(214) 973-6325

[shaikh.ah@northeastern.edu](mailto:shaikh.ah@northeastern.edu)



**Dhilan Vyas**

Analyst

(609) 285-7493

[vyas.dhil@northeastern.edu](mailto:vyas.dhil@northeastern.edu)



**Jake Eisner**

Analyst

(919) 519-0856

[eisner.ja@northeastern.edu](mailto:eisner.ja@northeastern.edu)



**Franklin Indra**

Analyst

(617) 778-4580

[indra.f@northeastern.edu](mailto:indra.f@northeastern.edu)

# Global Outlook

## *U.S. Stocks Rise Despite Inflation Data and Trump's New Tariffs*

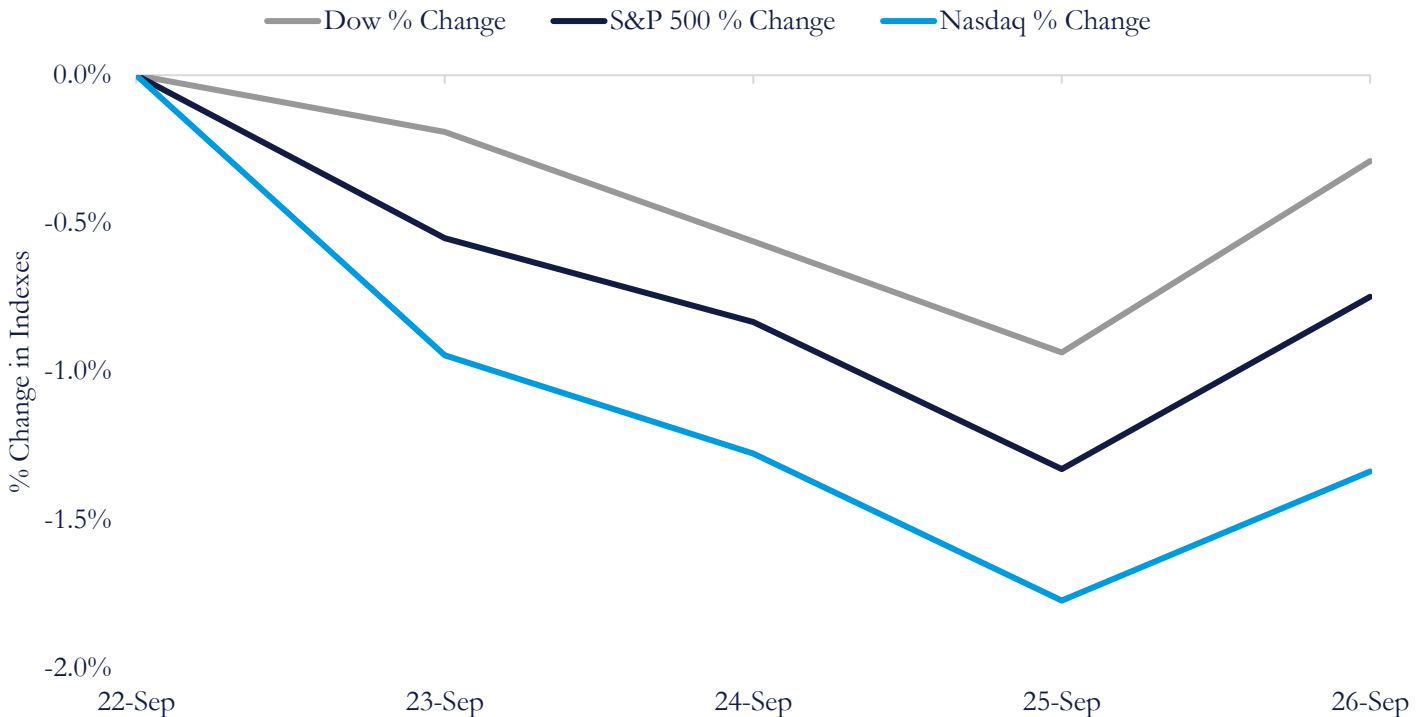
U.S. stocks climbed Friday, 9/26, as investors looked past sticky inflation data and a new round of tariffs announced by President Trump. According to Friday's report, the S&P 500 gained 0.6%, the Dow rose 0.7%, and the Nasdaq added 0.4%, breaking a three-day losing streak. Still, all three indices finished the week lower overall.

The tariffs, which include 50% duties on kitchen cabinets, 30% on upholstered furniture, and 25% on heavy trucks, took effect on October 1. Furniture companies saw mixed results, with Wayfair up 2.2% and RH down 4.2%. Trump also announced a 100% tariff on branded or patented drugs from foreign manufacturers. Despite this, pharmaceutical stocks rose as investors judged the impact limited. U.S. truck manufacturer, Paccar gained 5.2% as a likely beneficiary, while Daimler Truck fell 1.8% in Frankfurt.

In August, the personal-consumption expenditures price index (PCE), the Federal Reserve's preferred inflation measure, showed inflation remained above the Fed's 2% target, but results were in line with expectations. This kept investors betting on two additional Fed rate cuts further in the year. Analysts noted that September's strong gains leave markets vulnerable, with high valuations and declining consumer sentiment raising concerns that investors may be complacent about economic risks.

Metric	\$ (USD)
<b>S&amp;P 500</b>	\$6,552.51 -2.71%
<b>DJIA</b>	\$45,479.60 -1.90%
<b>NASDAQ</b>	\$22,204.43 -3.56%
<b>Russell 2000</b>	\$2,394.59 -3.01%
<b>FTSE 100</b>	\$9,427.47 -0.86%
<b>Nikkei 225</b>	\$48,088.80 -1.01%
<b>WTI Crude</b>	\$58.24 -1.12%
<b>10-yr Treasury</b>	4.04%

UNITED STATES STOCK INDEXES (SEPT 22-26)



Note: % Change based off closing prices

## *Argentina's President Milei Curbs Inflation but Currency Risks Remain*

Argentina has sharply reduced inflation under President Javier Milei, but its currency remains a major risk. After taking office, Milei ended excessive currency printing to cover deficits, cut subsidies, and trimmed public payrolls. These steps produced a budget surplus and brought monthly inflation down from 12.8% to 1.9% as of August 2025.

The deeper challenge is Argentina's dependence on its dollar-pegged peso. Low reserves and weak exports leave the central bank unable to defend the currency if investors exit. A rapid devaluation would directly cause prices to rise and cause inflation. Recent political setbacks for Milei's party have already pressured the peso and raised fears of instability.

As Argentina's financial crisis deepens, the U.S. has stepped in to offer economic assistance. Treasury Secretary Scott Bessent said support could come through debt purchases, credit lines, or swap arrangements, echoing past bailouts. Economists, however, argue that Argentina needs long-term reforms rather than temporary relief. Mexico and Brazil stabilized their economies by abandoning currency pegs, strengthening fiscal rules, and adopting inflation targets, while Argentina has not.

Dollarization remains under discussion, but it would reduce Argentina's flexibility in crises. A stronger export sector and more open trade policies are also critical. Analysts note that U.S. trade concessions could both support Argentina's growth and counter China's influence in the region.

## **America This Week**

### *H-1B Policy Shift Raises Questions for Tech's Workforce*

A new plague may be striking the tech industry, and this time it is not Artificial Intelligence. Foreign workers will now have to prove their worth to employers, who as of September 19<sup>th</sup> will have to front \$100,000 for each new H-1B visa application. H-1B's are mostly used in the technology industry, as workers from India and China provide immense amounts of labor for the largest tech powerhouses in America. The goal? Open jobs for an American workforce facing rising unemployment and a more competitive than ever job market. Higher fees might reduce competition, but losing H-1B talent may negatively affect an industry that has historically experienced large growth in recent years.

The United States Government has an 85,000-visa cap on the H-1B program, with certain exemptions for university and nonprofit employees; however, just under 400,000 new H-1B's were issued during the last fiscal year to "cover situations like extensions or workers switching jobs."

Americans' opinions have been anything but decisive, as a recent poll of more than 1,000 tech workers found that 75% of respondents believe H-1B workers fill large skill gaps at work; however, the same survey revealed that 20% of people admit to fearing replacement by the very same group of visa holders. Companies will now have to justify spending \$100,000 on a foreign candidate, or search for U.S. talent to ease the financial burden.

Since 2024, over 240,000 tech jobs have been cut as companies that over hired during the pandemic continue to downsize and reassess their staffing needs considering AI advances. With layoffs mounting, hiring stalling, and the Federal Reserve cutting rates to ease economic strain, the new visa fee adds yet another layer of uncertainty around whether recent policy will protect U.S. jobs, or cost the tech sector the talent it needs to survive.

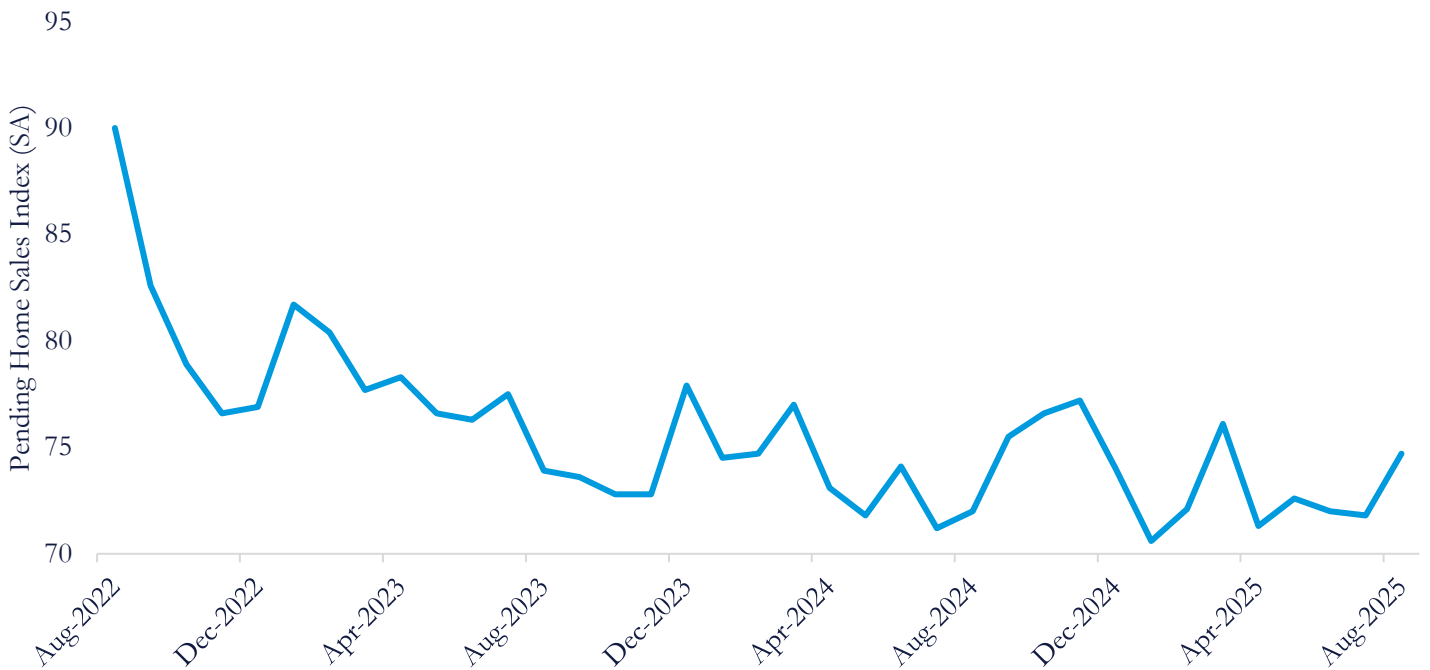
### *Pending U.S. Home Sales Rise to Five-Month High in August*

Sales of U.S. homes rose in August to the highest level in five months as falling mortgage rates boosted the housing market. According to the National Association of Realtors (NAR), the index for contract signings went up 4% from the previous month to 74.7. This larger-than-expected advance is in line with last month’s unexpected resilience in new-home sales, indicating signs of recovery in the housing market after years of subdued activity.

Mortgage rates have fallen to their lowest levels in a year, to 6.34% allowing many Americans to re-enter the market and list their homes for sale. According to Ryan Sweet, chief U.S. economist at Oxford Economics, as the mortgage rate approaches 6.0%, he anticipates a significant improvement in 30-year fixed mortgage rates.

Pending home sales increased across multiple regions, with the Midwest leading at 9%, its best performance since early 2023, followed by gains in the South and West. According to NAR data, closings on existing homes declined slightly in August and continue to hover within a sluggish range that has persisted for over two years. By the same token, home sales are the leading indicator for previously owned homes, as houses go under contract a month or two before they are sold.

UNITED STATES PENDING HOME SALES INDEX (2001=100)



Note: Month-end figures

### *U.S. Government Shutdown Begins, Weighing on Workers and Economic Growth*

On October 1<sup>st</sup>, 2025, the U.S. federal government entered a shutdown after Congress failed to pass the necessary appropriations to fund operations for the 2026 fiscal year. During the shutdown, non-essential federal agencies must suspend their operations and around 750,000 employees are furloughed until funding is restored.

Daily wage losses for federal workers are estimated to be in the hundreds of millions of dollars, which reduces household income and purchasing power. Analysts estimate that each week of shutdown could reduce U.S. GDP growth by about 0.1 percentage points because contracting firms tied to government work faces payment delays or cancellations which negatively affects private sector activity.

Additionally, the Labor Department was unable to issue its monthly jobs report due to the shutdown, obscuring labor market conditions and creating uncertainty during policy and market decision making. In past shutdowns, much of the economic disruption was reversed after reopening. However, analysts warn the risk of long-term damage is higher because of broader economic fragility. High interest rates, inflationary pressures, and slowing job growth are compounding concerns, particularly as some companies propose permanent job cuts instead of temporary furloughs.

### *America's Soybean Farmers are Panicking Over the Loss of Chinese Buyers*

U.S. markets turned cautious on Tuesday, October 7, 2025, as growing trade tensions between Washington and Beijing added new pressure on the agricultural sector. American soybean farmers are warning of a potential “bloodbath” as China, their largest buyer, has not booked any U.S. soybean purchases in months. The lack of demand comes during what is expected to be one of the biggest harvests in recent years, raising fears of a price collapse across the Midwest.

Farmers say the halt in Chinese purchases has already created storage problems and falling prices. Ron Kindred, who farms 1,700 acres of corn and soybeans in central Illinois, said, “We’ll see the bottom drop out if we don’t get a deal with China soon.” Producers report rising urgency among U.S. farmers, while China appears in no rush to resume trade talks.

The U.S. government is reportedly weighing a bailout package of at least \$10 billion to support struggling farmers as losses mount. Analysts note that the widening gap between farm costs and prices received has put additional strain on profitability, leaving smaller producers especially vulnerable.

Weaker exports could drag down rural income and reduce demand for farming equipment, fertilizers, and logistics services, creating a ripple effect through regional economies. The situation highlights how trade disruptions continue to expose vulnerabilities in the U.S. agricultural sector’s dependence on China and may accelerate diversification efforts toward alternative export markets such as India and Southeast Asia.

## **Macro Highlights**

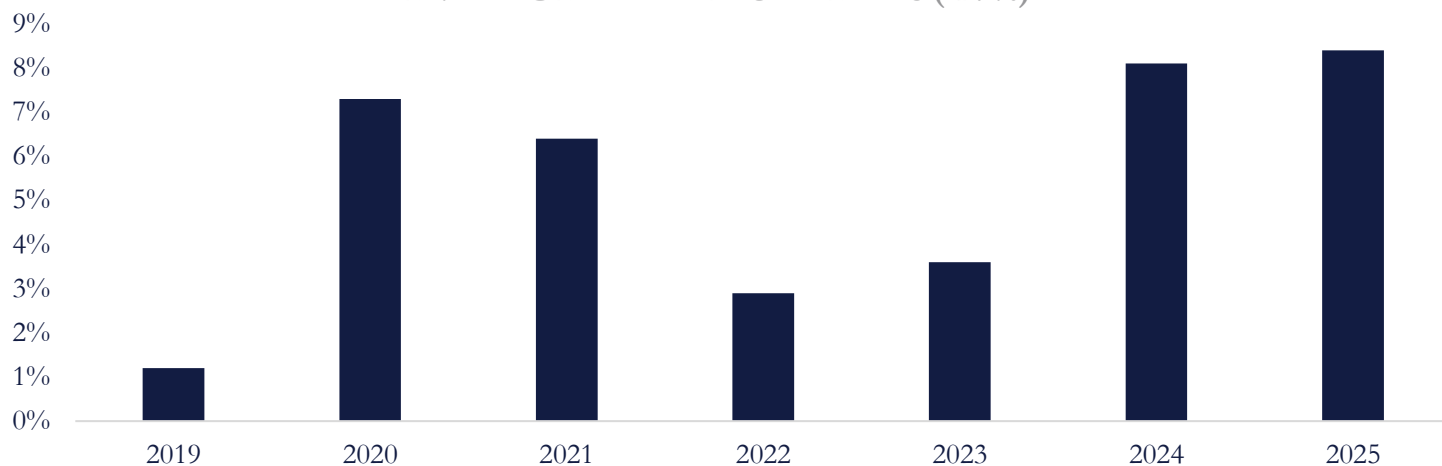
### *A Booming Credit Market Raises Concerns on Wall Street*

U.S. credit markets are experiencing heightened activity, with investors purchasing corporate debt at near-record levels. In September, companies with investment-grade credit ratings sold \$210 billion in bonds, surpassing the previous record high of \$172 billion in issuance from last year. However, junk bond issuance has remained relatively steady compared to last year, with much of the activity used for private-equity buyouts.

Low credit spreads between corporate bonds and U.S. Treasuries showcase market confidence but also misprice risk. The additional yield for investment-grade bonds fell to 0.74 percentage points in September, it's lowest since 1998. Similarly, spreads for junk-rated bonds stood near 2.75 percentage points, close to the record low set in 2007. Bond prices, particularly for shorter-term maturities, have been rising as investors seek to lock in current rates. This demand is fueled by expectations that the Federal Reserve will continue to cut rates as the labor market cools.

Investors are accepting these low spreads and paying higher prices for bonds because of a disconnect between market optimism and underlying credit stress. Investors expect high demand and rising prices; however, recent credit defaults suggest deep vulnerability within markets. Tricolor Holdings, an auto lender to subprime borrowers, filed for bankruptcy after raising roughly \$2 billion in asset-backed bonds. Many of these bonds fell to as low as 20 cents on the dollar after their collapse. Lastly, Fitch Ratings reported in July that private credit default rates rose to 9.5%, above pandemic levels of 7.3%.

PRIVATE CREDIT DEFAULT RATES (IN %)



Note: Year-end measures of companies with privately monitored ratings; 2025 figure is through August

### *Economists Left in the Dark as Jobs Data Goes Unreleased*

The September 2025 U.S. employment report, typically released by the Bureau of Labor Statistics (BLS), is expected to be withheld due to the federal government shutdown. The BLS report measures unemployment and job creation; its absence will complicate decisions for the Federal Reserve and businesses nationwide.

Without official data, investors and economists are relying on forecasts to understand the strength of the labor market. Economists surveyed by Bloomberg forecast that employers added 53,000 jobs in September, below the six-month average of 64,000 jobs. Similarly, ADP, a private payroll processor, reported that only 32,000 private sector jobs were added in September, showing that firms are not looking to expand hiring efforts significantly. Investors also took note of the Federal Reserve Bank of Chicago, which estimated the unemployment rate at 4.3%, consistent with the rate in prior months. Lastly, outplacement firm Challenger, Gray & Christmas found that companies' hiring plans for 2025 are at their lowest level since 2009.

These indicators point to pressure on both the supply and demand sides of the labor market. Supply-side constraints, particularly from immigration restrictions, are shrinking the labor pool and placing upward pressure on hiring costs. At the same time, demand indicators, along with the increased adoption of AI technologies, suggest hiring momentum is slowing.

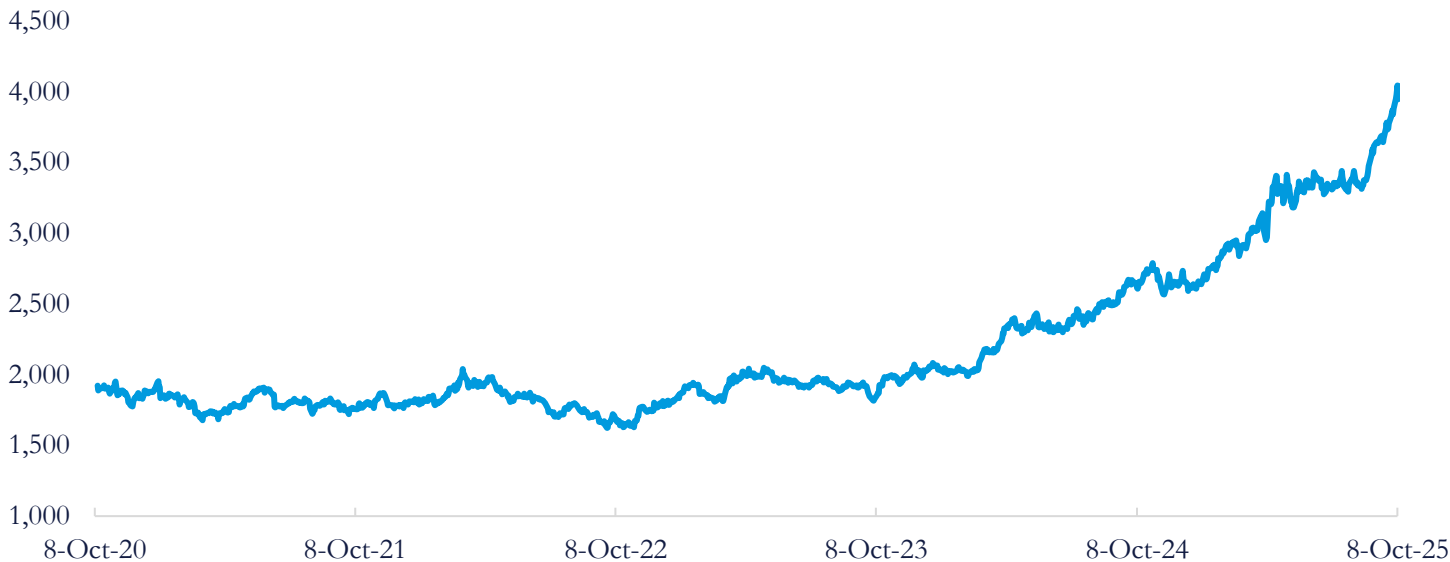
### *Gold Surges to Record High*

Gold is on track to hit its best year since the 1970s, with prices rising to \$ 4,000 an ounce for the first time. Just this year alone, the metal gained more than 50%, putting it on par with its best year in 1979, when prices surged over 100% due to high inflation and a geopolitical crisis in the Middle East. Analysts now cite political upheaval and uncertainty as key factors behind the surge in gold prices during the government shutdown.

According to Goldman Sachs, in September alone, exchange-traded funds purchased over 100 metric tons of gold, with analysts at the bank projecting gold prices to reach \$4,900 by the end of the year. Higher gold prices have boosted gold mining companies' stocks, driving the gold miners index up 100% this year.

Additionally, Central banks around the world have begun to increase their gold holdings in recent years, pivoting away from reliance on the U.S dollar. With continued geopolitical tensions and concerns regarding the U.S dollar, analysts predict gold's momentum to continue into 2026.

PRICE OF GOLD PER TROY OUNCE (IN USD)



## Industry News

### *BP Approves \$5 Billion Tiber-Guadalupe Offshore Project in U.S. Gulf*

In September 2025, British Energy Major BP signed a \$5 billion plan to develop the Tiber-Guadalupe offshore drilling project in the U.S. Gulf of Mexico. This project is expected to yield about 80,000 barrels of crude oil per day and the organization says that the Tiber and Guadalupe fields have roughly 350 million barrels of recoverable resources.

This project is expected to target BP's goals of prioritizing oil and gas over renewables and its aim to grow U.S. output to over 1 million barrels of oil equivalent per day by 2030. In addition, economically, the project involves significant capital investment in deep-water technology and infrastructure, which can help increase supplier activity, employment and secondary effects in the gulf region.

Furthermore, it also reflects the ongoing role of fossil fuel development in the U.S. energy supply and corporate planning. Fossil fuels currently account for about 79% of total U.S. energy consumption, with oil and natural gas serving as the dominant sources for transportation, manufacturing, and power generation. Hence, even as renewable energy expands, major energy companies continue to prioritize offshore and shale investments to meet projected demand.

### *CoreWeave and Meta Announce \$14B AI Infrastructure Deal*

On September 30, 2025, CoreWeave and Meta announced a \$14 billion A.I cloud infrastructure deal. CoreWeave has been on a deal-making spree, with the announcement coming just days after the Company signed an agreement expanding its deal with OpenAI by \$6.5 billion, bringing the total contract value to \$22.4 billion.

CoreWeave primarily generates revenue by building and renting out data centers equipped with Nvidia graphics processing units, which are mainly used for training and running large AI workloads. The company has positioned itself to be a crucial player in the increasingly interconnected web of AI infrastructures.

Meta has been spending tens of billions of dollars in the past few months in an effort to advance its AI infrastructure while bringing in the best talent. In its second-quarter earnings call in July, Meta estimated its total expenses to fall between \$114 billion and \$118 billion, with the expectation that its AI projects would result in a higher expense growth rate in 2026 compared with 2025.

### *AMD Lands OpenAI Deal in Challenge to Nvidia Dominance*

On October 6<sup>th</sup>, ChatGPT creator, OpenAI, just announced a planned partnership with Advanced Micro Devices (AMD), one of Nvidia's rivals. OpenAI's stake? The potential to become a top stakeholder in AMD in the form of warrants for 10% of the chip maker, or as many as 160 million shares of AMD, valued at \$0.01 per share. The warrants may be exercised under two conditions: OpenAI must "hit certain milestones for deployment", and AMD's share price must increase. As a result of the announcement, AMD's stock jumped 23.7% and closed at \$203.71 per share.

This deal is a pivotal achievement for AMD, as the company seeks to compete with Nvidia's dominant market share in the semiconductor industry. OpenAI will deploy AMD's chips primarily for inference workloads, the computational process that enables AI models to generate responses to user prompts in real-time. Inference demand has increased heavily because of the use of large language models (LLMs) that interact seamlessly with user queries. OpenAI CEO Sam Altman argues that software capabilities are struggling to handle the skyrocketing need for computing power, saying, "We want it super fast, but it takes some time".

In an industry driven by constant innovation, AMD aims to become a force to be reckoned with in chip manufacturing. Although Nvidia currently maintains a market share of over 70% of the AI chip sector, AMD's deal with OpenAI signals a disruptive bid. Whether this creates lasting competition or proves another chapter in an overheated AI infrastructure race remains to be seen.

### *Tesla Debuts Cheaper, Stripped-Down Versions of Model 3 and Model Y*

U.S. markets slumped on Tuesday, October 7, 2025, as Tesla unveiled lower-cost versions of its best-selling vehicles amid waning EV tax incentives and intensifying price competition. The S&P 500 fell 2.7%, the Dow declined 1.9%, and the Nasdaq dropped 3.6%, reflecting broader weakness across tech and automotive sectors.

Tesla introduced "standard" versions of the Model 3 and Model Y priced at \$36,990 and \$39,990 respectively, placing them among the cheapest EVs available in the U.S. Both cars remove features like ambient lighting, power steering adjustments, and premium materials in exchange for lower prices. Despite slightly reduced range and fewer features, the models outperform several rivals in battery performance.

The launch comes just days after the expiration of a \$7,500 federal EV tax credit that had fueled record sales in the third quarter. Tesla's global sales rose 7.4% year-over-year, reversing earlier declines, but industry analysts warn that demand could soften as consumer incentives fade. Tesla's move aims to capture more price-sensitive buyers and fend off growing competition from Chinese automakers like BYD.

CEO Elon Musk reiterated that Tesla's future lies in autonomous technology rather than cheaper models, saying the company's long-term goal is to become an AI and robotics firm. Still, the lower-cost variants may provide short-term support as the EV industry braces for reduced government support and higher cost pressures.

Lower prices may help sustain sales as incentives end, but shrinking margins and rising competition could pressure automakers to cut costs and improve efficiency. The shift highlights a maturing EV market driven by affordability rather than subsidies.

### *U.S. Takes 10% Stake in Trilogy Metals, Green-lights Alaska Road and Markets React Sharply*

The U.S. government authorized the construction of a 211-mile access road to Alaska's Ambler Mining District on October 7, 2025, and disclosed a 10% equity position in Trilogy Metals. Following the announcement, Trilogy's stock rose more than 200%, indicating a significant drive to enhance domestic supply of copper and cobalt, metals necessary for energy infrastructure and electric vehicles.

The move is a component of Washington's larger attempt to weaken dependency on China, which controls the world's supply and processing of vital minerals. The administration hopes to increase America's strategic independence and secure essential resources to produce technologies, renewable energy, and defense by making direct investments in U.S. mining ventures.

Supporters claim that the project will strengthen American industry's resilience and generate jobs. Critics, however, warn it could harm Alaska's fragile environment and disrupt Indigenous lands. Still, the Ambler initiative marks a decisive step in the growing U.S. China resource race, showing that the U.S. is willing to use federal power to compete for control over the materials shaping the next industrial era.

## **M&A Environment**

### *Electronic Arts Sold in \$55 Billion Record Buyout*

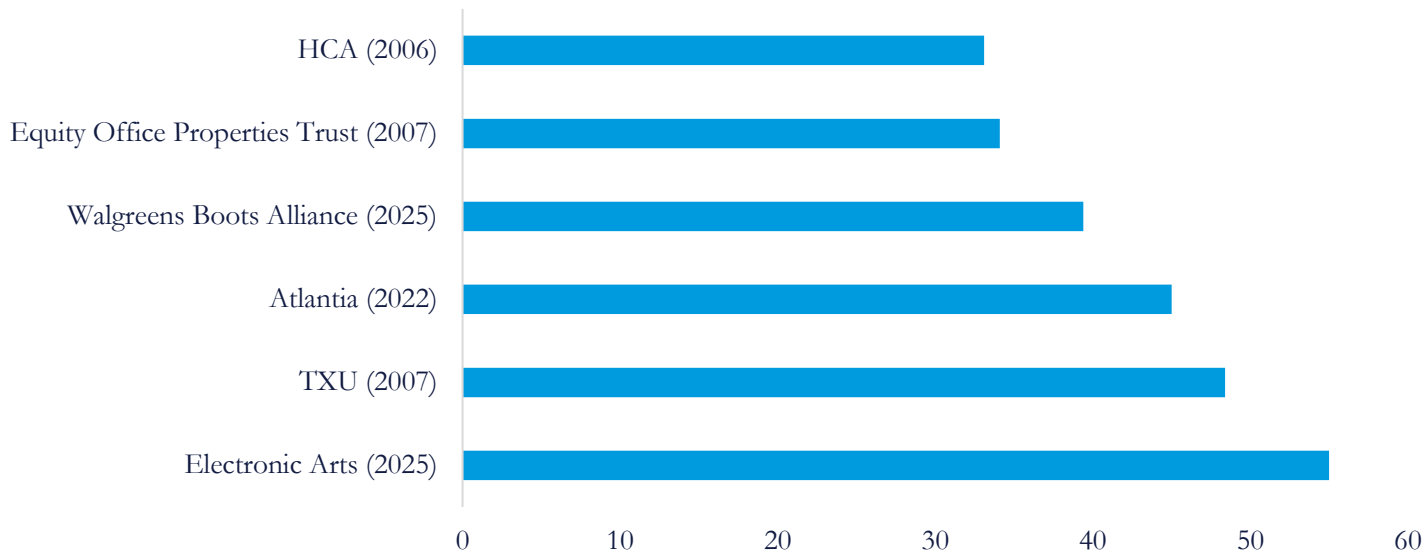
Electronic Arts Inc. has completed a going-private transaction with a private equity consortium led by Silver Lake Management, Saudi Arabia's sovereign wealth fund, and Affinity Partners. This is the largest leveraged buyout ever, valuing EA at roughly \$55 billion, with \$20 billion of debt coming from JPMorgan Chase & Co. The consortium settled on a 25% price premium to the previous day's price of EA, by paying \$210 per share. Goldman Sachs & Co. is EA's financial advisor, while J.P. Morgan Securities LLC will serve the consortium.

Mergers in Q3 2025 have proved to be the most active in any quarter over the last three years, while the video-game industry has suffered rounds of layoffs. Peak player counts during the pandemic have shrunk incredibly, and fewer players are willing to spend on new titles when free-to-play franchises are just as entertaining. For EA, the move offers a chance to reset strategy away from the quarterly pressure of Wall Street by going private. For its new owners, the company's sports franchises, such as *Madden NFL* and *EA Sports FC* provide a reliable revenue stream at a time when most studios are struggling to monetize big-budget titles.

The consortium will finance the buyout, while Saudi Arabia’s Public Investment Fund (PIF) will roll over its existing 9.9% stake in the company. The total deal represents \$36 billion in equity, coupled with a \$1 billion termination fee, should the agreement collapse.

Lastly, the deal will also draw attention in Washington, given Jared Kushner’s involvement, paired with the role of Saudi Arabia’s sovereign fund. Due to the sheer size of this takeover, regulators may feel tested on their appetite for mega-deals in a crucial midterm election year.

LARGEST LEVERAGED BUYOUT’S (IN \$B)



*Fifth Third Bancorp to Acquire Comerica for \$10.9 Billion*

On Monday, October 6<sup>th</sup>, Fifth Third Bancorp announced its \$10.9 billion acquisition of regional lender Comerica. This combination will create the 9<sup>th</sup> largest American bank, pooling together \$288 billion in assets, according to the United States Federal Reserve. Comerica’s stock price soared 14% on the 6<sup>th</sup> immediately after news of the acquisition became public; Fifth Third equity dipped by roughly 1%.

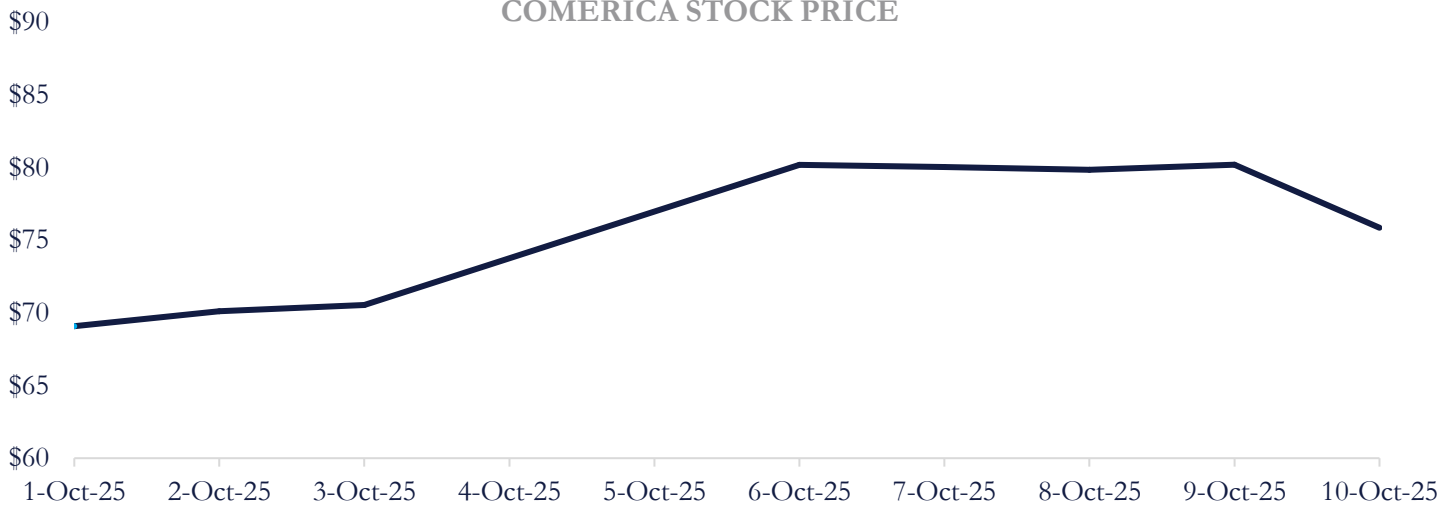
This strategic deal aims to build on Comerica’s commercial presence in Texas, California, Michigan, Arizona, and Florida. The 350 branches will join Fifth Third’s 1,100 locations scattered throughout the Midwest and South.

The mounting pressure of a boardroom fight on Comerica via hedge fund Holdco Asset Management has also contributed to the acquisition. This activist investor had been prodding Comerica to “pursue a deal to sell itself” after talks of internal mismanagement. Holdco and shareholders alike believe Comerica would achieve more success under the guidance of a larger banking institution.

Although activist investors typically stay far away from industries with high regulatory presence, like banks, this news could pave the way for a “long-awaited” series of industry consolidation among struggling regional banks facing the expensive push for technological innovation and regulatory costs. Fifth Third CFO Bryan Preston argues that there “appears to be a very supportive environment” for bank M&A due to regulators’ healthy appetite for consolidation.

Shareholders of Fifth Third and Comerica stand to own 73% and 27% of the combined company, respectively, assuming the deal clears. Comerica CEO Curt Farmer will be named vice chair of the new endeavor, hoping to right the ship by working with Preston.

COMERICA STOCK PRICE



Note: Based off Closing Price (Oct 1-10)

*Qualtrics Acquires Press Ganey Forsta in \$6.75 Billion Health-Tech Deal*

On October 6, 2025, U.S.-based software company Qualtrics announced it will acquire Press Ganey Forsta for \$6.75 billion. The deal, backed by Silver Lake and financed by a consortium led by JPMorgan, Goldman Sachs, and KKR, marks Qualtrics’ largest acquisition to date. The move expands Qualtrics’ reach into healthcare, integrating its AI-driven customer experience tools with Press Ganey’s data from over 41,000 hospitals and healthcare organizations.

The merger highlights the growing trend of AI platforms targeting industry-specific data assets, which in this case is healthcare to improve algorithm training and deliver specialized solutions. By combining Qualtrics’ AI systems with Press Ganey’s deep patient-feedback networks, the companies aim to accelerate innovation in hospital analytics, patient engagement, and compliance management. Executives from both firms called the deal a step toward building the “most complete, specialized AI platform” in the healthcare sector.

This acquisition also illustrates how private equity and tech investors are doubling down on AI-driven vertical integration, competing with major players like Oracle and Palantir in healthcare data. For the U.S., it highlights a shift toward domestic AI consolidation where companies are blending software expertise with healthcare infrastructure to boost productivity and competitiveness in one of America’s largest, most regulated industries.

*Paramount Acquires The Free Press for \$150M*

On October 6<sup>th</sup>, Paramount Skydance announced it would be acquiring online publication The Free Press, naming its CEO, Bari Weiss, as CBS News’s editor in chief. The publication, launched by Weiss back in 2021, will merge with CBS News. Paramount released that The Free Press currently has 1.5 million subscribers, with over 170,000 of those paying subscribers. The acquisition, valued at \$150 million, comes soon after Paramount and CBS settled a \$16 million settlement with President Donald Trump over a “60 Minutes” interview with Kamala Harris.

The acquisition reflects Paramount's broader strategy to expand its footprint while regaining public trust. Weiss's appointment signals a shift toward greater transparency and editorial independence at CBS News. Paramount Skydance CEO David Ellison notes that the goal of this merger is to “return to thoughtful discourse” and reduce partisanship within media coverage.

The deal follows multiple moves by Ellison, including exclusive rights to UFC and Zuffa Boxing, as well as development deals with the Duffer Brothers and Legendary. Along with recent legal hires and a shift to AI-focused streaming plans, the Free Press acquisition represents part of Paramount Skydance's broader transformation into a forward-thinking media platform.

## Trade of the Week

### *Dhilan Vyas - Long European Investment-Grade Credit*

With U.S. credit spreads near 30-year lows and the dollar weakening, yield opportunities abroad appear more attractive. In September, Morgan Stanley projected the euro to appreciate about 7% against the dollar over the next year. This projection is supported by stronger European fundamentals and a more cautious European Central Bank (ECB) stance compared to the Federal Reserve's ongoing rate-cutting cycle. The Fed's cutting cycle will continue to place downward pressure on U.S. yields and the dollar. In contrast, the ECB's cautious stance will likely preserve stability within credit markets and the Euro.

European investment-grade credit currently yields around 3%, an already notable spread advantage over U.S. corporates. If the 7%-euro appreciation materializes and yields remain stable, U.S. investors could achieve an estimated 10% annual return with European investment-grade credit. Investors should look to keep currency exposure unhedged to realize this 10% yield. In a global market with tight U.S. spreads, euro appreciation to the dollar, and contrasting rate expectations, European credit stands out as a multi-asset strategy and the trade of the week.

## Analyst Outlook

### *Ahmad Shaikh – Two More Cuts to Come: Fed Eyes Easing as Inflation Cools*

Considering recent macroeconomic changes, the Fed is likely to deliver two more interest rate cuts by the end of 2025. Inflation remains well above the Fed's target goal of 2%, with recent reports from the CPI and PCE showing moderate progress toward disinflation. In August, core PCE rose 0.1% month-over-month, and the year-over-year rate remained at 2.9%. While this is an increase in inflation, it does indicate a slowing down in inflation rates rather than an acceleration. At the same time, the labor market has softened with job gains slowing and wage growth cooling. This essentially shows how the economy has responded to the Fed's previous tightening cycle. The Fed has delivered its first rate cut of the year this September by 25 basis points to a target range of 4.00-4.25.

Accordingly, the Fed will continue these rate cuts with two additional 25-basis-point cuts: one in October and another in December. One of the main reasons for this comes from the labor market showing signs of cooling, which has reduced the risk of wage-driven inflation. Another reason stems from the Fed's statement in its latest meeting minutes, where it was indicated that they are focused on conducting gradual easing as inflation begins to slow down. With the Fed's goal being towards pushing for full employment and keeping inflation to that 2% target I anticipate two more rate cuts before the year ends.

### *Riya Pallamreddy – Outlook on Q4 Consumer Spending*

Consumer spending is impacted by both encouraging trends and growing difficulties as Q4 2025 gets underway. Resilience is evident in recent figures, as retail sales and personal consumption expenditures increased by 0.6% in August. While Morgan Stanley predicts a slowdown, with nominal consumption growth dropping to 3.7% in 2025 from 5.7% in 2024 and a steeper cooling anticipated in Q4, J.P. Morgan estimates spending to expand by roughly 2.3% year over year. However, strain is clearly visible. The Conference Board noted a drop in confidence linked to inflation, job insecurity, and tariffs, and the University of Michigan consumer sentiment index dropped to 55.4 in September, its lowest level in months. Higher borrowing prices are putting pressure on durable goods like refrigerators, cars, and other items, and middle-class consumers are already reducing their discretionary spending.

I predict that Q4 will see modest growth, with real spending rising by 1.5% to 2.0% annually. Discount retail and necessary purchases should be supported by a still strong labor market and consistent wage growth, but high loan charges and a decline in sentiment will reduce demand for expensive goods. I think that positive trends will be unlikely until inflation slows down or financial conditions improve, but during the holiday season the consumer spending figures will increase to a modest level.