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Fall 2025 Market Insights Report

Issue III



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Global Outlook

Canada's Inflation Hits Seven-Month High, Complicating Rate Outlook

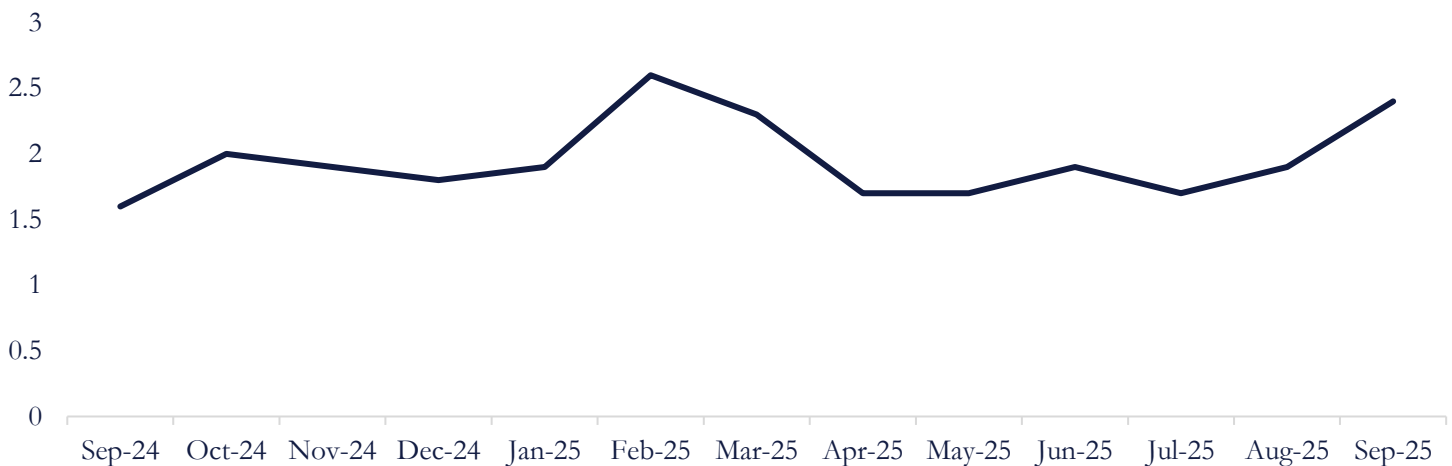
Canada's inflation rate rose to 2.4% in September, the highest level in seven months and above economists' expectations of 2.2%. The increase was modest but notable, driven by persistent food prices and a slower decline in gasoline costs. While the pace of price growth remained well below the peaks seen in 2023, the report served as a reminder that inflationary pressures continue to weigh on the economy.

For the Bank of Canada (BoC), this inflation uptick added a layer of complexity ahead of its October 29 policy meeting. The central bank had already cut rates once earlier in the year to support a weakening labor market, but the heightened CPI reading gave policymakers reason to pause. Core inflation remained steady near 3%, suggesting that price stability was still some distance from the 2% target. With inflation proving sticky, Economists expected an additional 25 basis-point cut before the bank shifted to a more cautious stance.

Markets reacted with measured optimism. The Canadian dollar edged higher, reflecting expectations that the BoC would proceed more cautiously with further easing. Investors and analysts alike watched for confirmation that inflation was cooling alongside demand before the central bank committed to additional cuts. Overall, the report showcased the balancing act facing policymakers as they navigate between supporting growth and keeping inflation anchored.

Metric	\$ (USD)
S&P 500	\$6,791.69 +0.79%
DJIA	\$47,207.12 +1.01%
NASDAQ	\$23,204.87 +1.15%
Russell 2000	\$2,513.47 +1.24%
FTSE 100	\$9,645.62 +0.70%
Nikkei 225	\$49,299.65 +1.35%
WTI Crude	\$61.44 -0.57%
10-yr Treasury	4.023%

CANADA INFLATION RATE (IN %)



Vietnam Faces Market Setback Amid Regulatory Scrutiny

After regulators uncovered misreported bond sales, Vietnamese stocks fell sharply, marking the largest daily drop since April. The country's main stock index, VN-Index, fell 5.5% after the release of a state investigation of \$17 billion in domestic bonds, issued between 2015 and 2033. A report by Vietnam's Government Inspectorate found flaws in disclosures and misuse of proceeds in several bond sales, with Novaland, Vietnam's largest property developer, among those accused.

Prior to this, the Vietnamese stock market attracted many international investors due to its strong growth, with the VN-Index gaining 29 per cent and being promoted by FTSE Russell from “frontier” to “emerging market” status. Vietnam remains one of Asia’s fastest-growing economies, with the government projecting 8% growth despite U.S. tariffs and tighter global financial conditions. However, Vietnamese investors continued to face the effects of a property-driven credit boom which collapsed in 2022-2023 amid an anti-corruption crackdown.

America This Week

Private Capital Steps Into New Territory

The U.S. Army has turned to private equity firms such as Apollo, KKR, Carlyle, and Cerberus to finance a \$150 billion infrastructure overhaul. Army Secretary Daniel Driscoll and Treasury Secretary Scott Bessent met with 15 buyout firms last week to pitch strategic projects aimed at reviving the military’s aging assets. With only \$15 billion left in its budget, the Army is looking to other sources to finance land for computing swaps, data centers for military bases, and partnerships for rare Earth minerals.

This turn to private equity firms marks a convergence between national security and private capital, which, under the Trump administration, has encouraged investment firms to play a larger role in U.S. policy. Over the next couple of months, the Army expects to receive investment pitches and finalize multiple deals. If successful, this partnership between private equity and the U.S Army could show a shift to having market-driven funding for national defense infrastructure.

Healthcare Insurers Rebound as Congress Weighs ACA Subsidy Renewal

As the U.S government shutdown begins its fourth week, investors have been betting on Democrats and Republicans to set aside their differences and execute a deal. Share prices of Affordable Care Act (ACA) insurers have soared in recent weeks. Investors believe that increasing subsidies for ACA plans will be extended. However, even if this occurs, many insurers will have to address structural issues that one stimulus won’t fix. Countless insurers in the ACA program have historically underperformed healthcare equity benchmarks, like the Health Care Select Sector SPDR ETF.

The unwinding of that support, combined with Republican control of both Congress and the White House, flipped the script. Medicare Advantage plans may now be improving, but Medicaid and ACA exchange plans have suffered as enrollment declined and healthier members dropped out, leaving a costlier pool behind amid rising medical costs. Millions of healthier members have fallen off the rolls as pandemic protections ended, leaving a sicker population. This explains why Centene and Molina Healthcare shares were sharply lower earlier this year before rebounding in recent weeks. Both remain down more than 35% year-to-date.

Their rebound reflects Wall Street’s belief that Biden-era enhanced subsidies, set to expire at year’s end, could be renewed as part of a broader deal to end the shutdown. Democrats have made this a key condition for reopening the government, and Republicans are considering ways to accept it.

Even if subsidies are extended, the long-term challenges remain. Medicaid rates continue to lag behind rising costs, and insurers are seeking premium hikes of up to 20% next year to defend margins. A renewal may calm sentiment for now, but it will not solve the structural pressures weighing on ACA and Medicaid insurers.

The Day Amazon Broke the Internet for Millions of Americans

On Monday, October 20, 2025, millions of Americans faced widespread digital outages after a software glitch in Amazon Web Services (AWS) disrupted a major portion of the internet. The failure stemmed from a faulty update to the Domain Name System, or DNS, which misrouted traffic for DynamoDB, one of AWS's most essential databases. The disruption began shortly after midnight on the East Coast and quickly cascaded, knocking out services for schools, banks, airlines, and major tech platforms.

Alexa devices went silent, Slack and Zoom went offline, and thousands of financial transactions were delayed. Amazon's own logistics systems froze, halting package sorting and delivery routing. By 3 a.m., more than 4,000 flights were delayed, media outlets including The Wall Street Journal experienced downtime, and even cryptocurrency exchanges such as Coinbase and Robinhood were unable to process trades. The widespread failure exposed how dependent modern infrastructure has become on a handful of large cloud providers.

Amazon restored most services by late afternoon, but analysts said the outage underscored a growing vulnerability in the global cloud ecosystem. AWS currently controls roughly one-third of the global cloud computing market, meaning even small software errors can have major economic and operational consequences. Some companies, like the construction firm McKenney's, avoided the worst impacts by using multiple cloud platforms, but most were not as resilient.

Experts estimate that the outage caused hundreds of millions in losses, with ripple effects across industries ranging from finance to retail. For small businesses, the impact was immediate. Many couldn't fulfill orders, access customer databases, or even charge electric vehicles reliant on cloud-linked infrastructure. Analysts predict the event will accelerate corporate efforts to diversify cloud providers and strengthen backup systems to limit future disruptions.

In addition, the incident highlights the concentration risk of digital infrastructure. As companies and governments rely more on cloud computing, dependence on a few major providers like Amazon, Microsoft, and Google have become a systemic risk. The outage serves as a warning that even a minor software update can destabilize essential services, emphasizing the need for redundancy and stronger digital resilience across industries.

Macro Highlights

September CPI Data Reinforces Fed's Easing Outlook

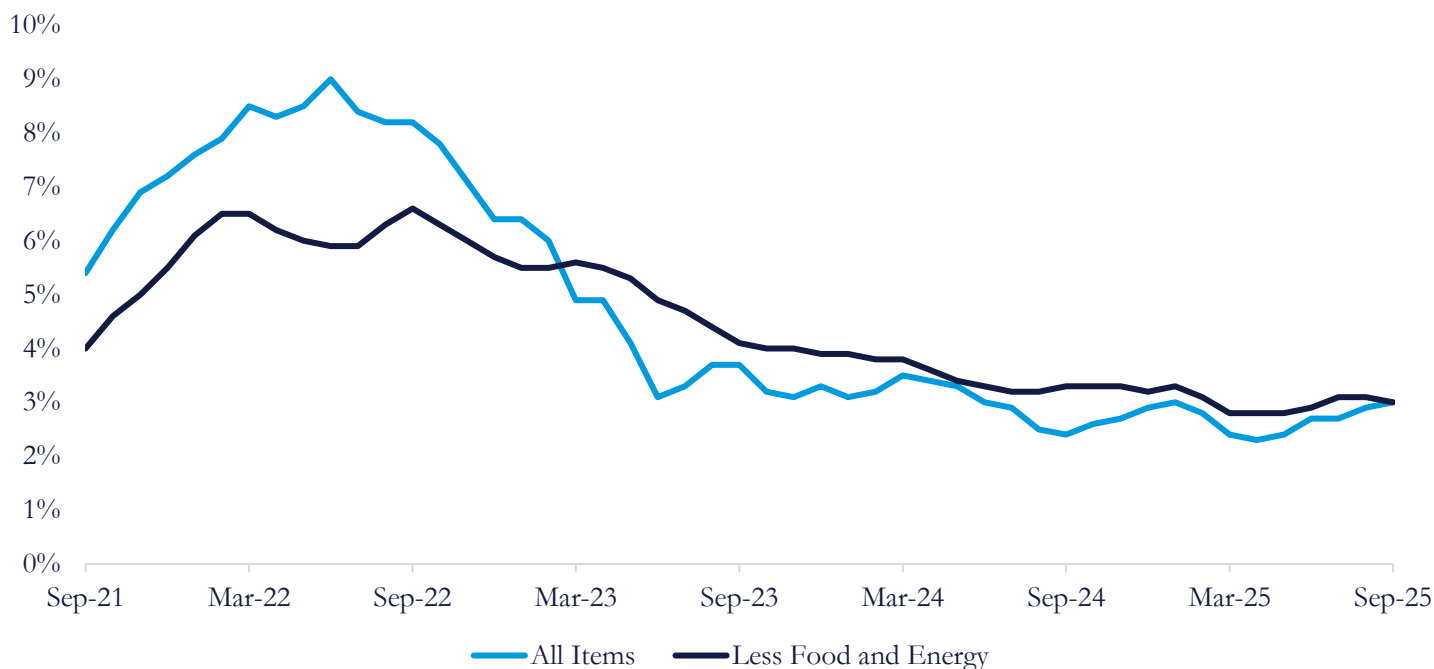
U.S. inflation, measured by the Consumer Price Index (CPI) a key indicator tracking changes in the cost of goods and services, rose to 3.0% in September, slightly above August's 2.9%, but below economists' expectations of a 3.1% increase. The data reflected moderate inflationary pressures, which supported the Federal Reserve's expected path toward interest rate cuts later in the month. Core inflation, which excluded volatile food and energy prices, also climbed 3.0% year-over-year, signaling stability rather than reacceleration.

Service categories such as healthcare and utilities saw higher price increases due to labor shortages, but goods-related prices cooled. Economists attributed this inflation stickiness to tariff-related costs and immigration restrictions, which increased wages and expenses.

Despite the persistent inflation, analysts across Wall Street viewed this report as evidence that disinflation remained intact. With wage pressures beginning to ease and consumer demand softening, many expected the Fed to maintain its gradual easing cycle. Treasury yields fell slightly following the report, while equities gained modestly as investors priced in further policy support.

Overall, the smaller-than-expected increase in prices reinforced market optimism that the Fed could shift focus from inflation control to supporting growth amid a weakening labor market.

U.S. CONSUMER PRICE INDEX (YoY % CHANGE)



Note: Not seasonally adjusted

Beneath the Surface of a Record Market Rally

Even as U.S. equities hovered near record levels, a quiet shift was taking place beneath the surface. Investors had increasingly moved into defensive sectors such as utilities, healthcare, and consumer staples, companies that tend to remain profitable regardless of economic cycles. This shift reflected growing caution across Wall Street, despite optimism about rate cuts and AI-driven growth which kept investors broadly bullish.

Bond and gold markets reinforced this defensive tone. The 10-year Treasury yield fell below 4% for the first time in a year, signaling a surge in demand for longer-dated Treasuries. A move historically associated with investor caution and recessionary concerns. At the same time, gold prices reached new highs, showcasing investor preference for stability amid so much uncertainty.

Many analysts argued that the tech-powered rally in equities had concealed underlying fragility. While fundamentals remained sound, the tilt toward defensive sectors, long-term Treasuries, and gold reflected a broader unease about the market’s true strength.

Precious Metals Crash: Gold Down 6%, Silver Plummets 8.7% in Historic Selloff

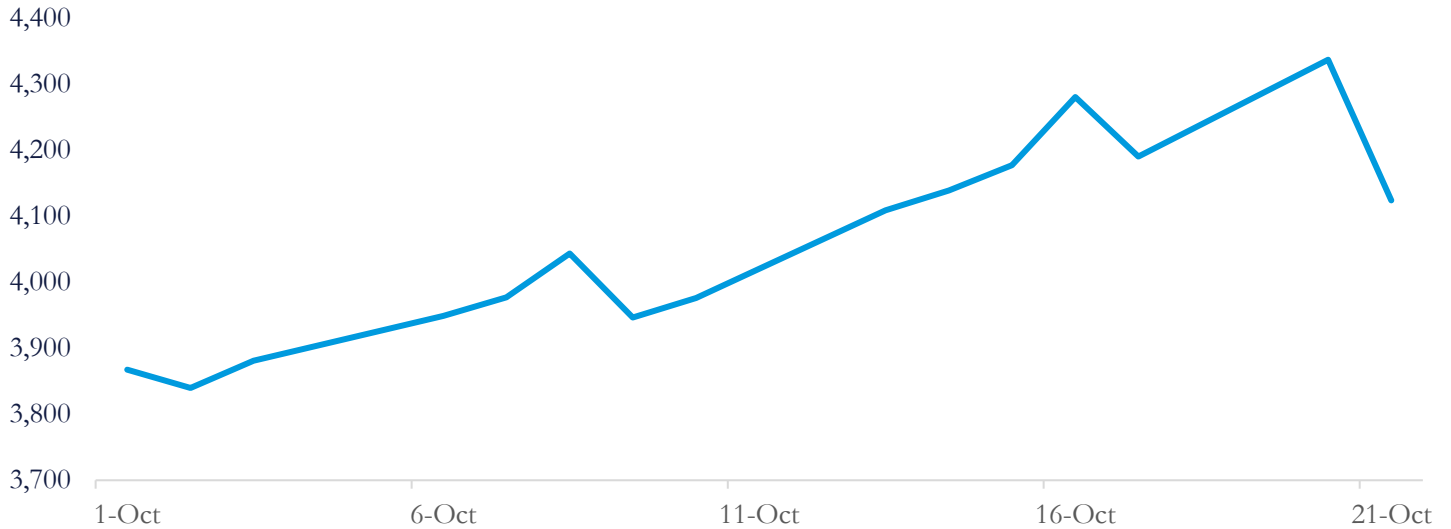
After a historically large rally during FY 2025, gold has seen the steepest selloff in years. Countless investors have secured large profits after exiting their positions over concerns regarding the overvaluation of precious metals.

The spot price of gold slipped by more than 6% on October 21st, the largest slump in more than a decade. At the same time, spot silver crashed by 8.7% when indicators pointed to earlier increases being overinflated.

Tuesday’s sunken market put an immediate stop to a surge that had both gold and silver reaching record highs. Gold had seen an increase of over 50% YTD, even after this week’s plunge. Silver is the same story, with a YTD increase of more than 44%. Gold’s previous increase is partly due to the United States Federal Reserve’s expected rate cut by the end of 2025. The drop can also be attributed to the debasement trade, where many investors have pulled out of currencies and sovereign government debt to hedge against budget deficits. Furthermore, India’s shutdown due to Diwali decreased the market’s liquidity, as it is the second-largest buyer of gold.

Ultimately, analysts still expect gold prices to start climbing in the near future because of several long-term drivers, like constant central bank buying. BMO Capital Markets commodities analyst, Helen Amos, on the subject, “We’re forecasting prices around \$4,500 next year.”

GOLD PRICE PER TROY OUNCE (IN USD)



Treasury Yields Decline as Delayed Inflation Data Fuels Fed Cut Expectations

On Tuesday, October 21, 2025, U.S. Treasury yields fell as investors waited for delayed economic reports. The 10-year yield dropped to 3.96%, its lowest level in more than a year, while the two-year yield slipped to 3.45%. The decline came as traders increased their purchases of U.S. government bonds in anticipation of a Federal Reserve rate cut next week.

With key economic indicators pending due to the government shutdown, investors have limited information to assess inflation and growth trends. The uncertainty has led to stronger demand for Treasuries, pushing bond prices higher and yields lower, as markets increasingly expect the Fed to ease policy to support the economy.

The WSJ Dollar Index rose 0.3% for a third consecutive day, while gold prices fell 5.7% as investors shifted toward fixed-income assets. Analysts said the rise in Treasury prices reflects a growing preference for safety and steady returns ahead of the October 29 Fed meeting.

Industry News

Apple Stock Sets Record on Strong iPhone 17 Launch

Apple shares closed at \$262.24, up 3.9%, after data showed that early U.S. and China sales of the new iPhone 17 are outpacing those of last year’s iPhone 16. This surge pushed Apple past Microsoft to become the second-largest U.S. company by market cap, with only Nvidia now ahead.

Research from Counterpoint finds that iPhone 17 sales in the first ten days are 14% higher than the comparable period for the iPhone 16, with base model sales nearly doubling in China. Analysts point to upgrades in chip, display, storage, and camera as key drivers, all while maintaining price parity with last year’s model.

The strong performance underscores persistent brand loyalty and resilience in consumer spending- especially in high-stakes markets like China. It also reflects Apple’s ability to generate excitement in its core product line even in a mature smartphone market. The stock move is likely to draw attention from investors watching for signals about consumer demand, semiconductor supply, and Apple’s next steps in services and AI.

APPLE STOCK PRICE (IN USD)



OpenAI Launches ChatGPT Atlas, Driving Google Stock Down 4.8%

On October 21, 2025, OpenAI officially launched ChatGPT Atlas, a web browser integrating its AI chatbot directly into the browsing experience, challenging Google Chrome’s market dominance. Initially available for macOS, with Windows, iOS, and Android versions expected soon, Atlas offers a sidebar with ChatGPT and an “agent mode” that allows the browser to perform tasks for users, from booking flights to filling forms.

The browser supports importing bookmarks, passwords, and history, and is built on Chromium, ensuring compatibility with existing web infrastructure. In agent mode, which is available to paid subscribers, ChatGPT leverages browser memory to execute multi-step actions, giving it a more autonomous role in user workflows.

Alphabet’s stock (GOOG) reacted sharply, dropping 4.8% intraday following the announcement, reflecting investor concerns over potential disruption to Google’s search and browser dominance. OpenAI’s launch signals a shift in the browser market, as AI-driven platforms increasingly compete to become central gateways to the internet.

M&A Environment

Kering to Sell Beauty Business to L’Oréal in \$4.7 Billion Deal

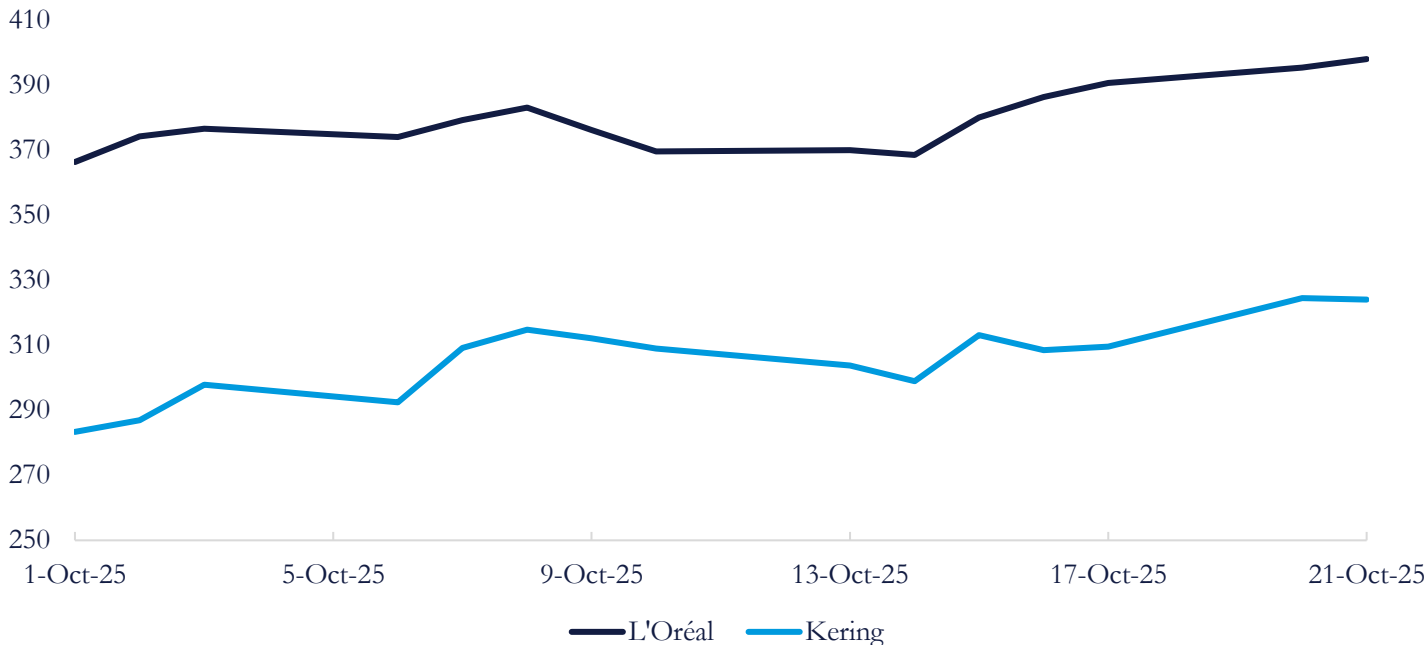
Kering announced on October 19, 2025, that it will sell its beauty division to L’Oréal for an approximate \$4.7 billion. The agreement provides L’Oréal an exclusive 50-year right to develop and sell fragrances and cosmetics for Kering’s fashion brands, such as Gucci, Balenciaga, and Bottega Veneta, after their present licensing agreements expire. It also includes the acquisition of the luxury fragrance company House of Creed.

In the face of constraints like diminishing sales in important markets, Kering is able to remain concentrated on its core luxury fashion operations due to this strategic move. Additionally, the sale gives Kering the chance to lower its debt, which as of mid-2025 had reached approximately \$11 billion.

For L'Oréal, the acquisition strengthens its position in the high-end fragrance market and expands its portfolio of luxury beauty brands. The long-term licensing agreements with Kering's fashion houses offer potential for significant growth in the luxury beauty segment.

Industry analysts view this transaction as a significant reshaping of the luxury beauty landscape, with implications for brand strategies and market dynamics in the coming decades.

L'OREAL & KERING STOCK PRICE (IN EUR)



BlackRock Among Biggest Investors in Meta's \$27 Billion AI Data Center Deal

On Tuesday, October 21, 2025, BlackRock was named one of the largest investors in Meta Platforms' \$27 billion private-debt offering to fund construction of a new data center in Louisiana. The project, called Hyperion, is a joint venture between Meta and private-credit manager Blue Owl Capital, with Meta holding a 20 percent stake and Blue Owl owning the remaining 80 percent.

BlackRock purchased over \$3 billion worth of bonds issued last week, which were arranged by Morgan Stanley. The deal is notable both for its record size and for receiving an A+ investment-grade rating from S&P Global Ratings. Despite the strong rating, the debt carried a yield of 6.58%, a more typical rate for high-yield bonds.

The bonds were issued at 100 cents on the dollar and quickly rose to 110 cents by Monday, creating sizable paper gains for early investors. Pimco was the largest buyer, acquiring about \$18 billion of the total offering. BlackRock's position was spread across its high-yield, total-return, and loan-focused ETFs.

By structuring the project through its partnership with Blue Owl, Meta financed the data center off its balance sheet. The approach mirrors Intel's 2024 arrangement with Apollo Global Management to fund its \$11 billion chip plant in Ireland. The strategy allows Meta to expand its AI infrastructure without adding significant debt directly to its books.

The transaction underscores the growing importance of private credit in financing large-scale technology projects. It also highlights investor confidence in AI-related infrastructure, as asset managers like BlackRock and Pimco play an increasingly central role in funding the physical backbone of the global AI boom.

Blackstone and TPG Announce \$18.3 Billion Hologic Buyout

Blackstone and TPG announced an \$18.3 billion deal taking Hologic, a healthcare diagnostics company, private. This deal would be the largest healthcare buyout since 2006 and follows major takeovers by private equity groups as the industry's largest players look to deploy more than \$2 trillion in unused cash in the coming years. Hologic's shareholders will receive \$76 per share in cash, with an additional \$3 contingent on performance, representing a 46% premium to the company's pre-offer price. The deal is expected to be financed by a \$12 billion debt package from Citi and Bank of America.

The Hologic privatization follows several similar high-profile transactions, including Silver Lake's acquisition of Electronic Arts (EA) and Thoma Bravo's \$10 billion-plus software deals, signaling the return of megadeals in private equity. Declining borrowing costs and looser lending conditions have reignited the leveraged buyout market after a two-year slowdown, showing a recovery in M&A confidence and reemergence of traditional banks financing large-scale deals.

Google Strengthens AI Bet with Expanded Anthropic Cloud Deal

According to reports, Anthropic PBC and Google, a division of Alphabet Inc., are in advanced talks over a cloud computing deal worth tens of billions of dollars. Through this partnership, Anthropic would have access to Google's state of the art tensor processing units, which are specially made CPUs that speed up workloads related to AI and machine learning. The agreement highlights Anthropic's quick growth and the escalating competition amongst big tech companies to fuel the next generation of AI, even if the negotiations are still preliminary and could alter.

Google, an existing investor and cloud provider for Anthropic, previously committed roughly \$3 billion to the AI startup, while Amazon pledged roughly \$8 billion and serves as another key cloud partner. Google's shares rose 2.3% following the report, while Amazon's dipped 1.5%, reflecting the shift in investor sentiment in the evolving ecosystem.

Anthropic has become a central player in generative AI with its Claude family of large language models, rivaling OpenAI's GPT series. Following a \$13 billion funding round led by Iconiq Capital, Anthropic's valuation soared to \$183 billion. The potential Google deal could further solidify its computing backbone, fueling continued innovation and expansion in AI research and deployment.

Trade of the Week

Franklin Indra – KVYO! Stock tanked after billionaire CEO sold 7mil worth of stock

Klaviyo (KVYO) is a U.S.-based marketing automation and data platform that helps e-commerce businesses personalize customer engagement through email, SMS, and AI-driven analytics. The company has built a strong partnership with Shopify, which also holds a minority stake in the business.

KVYO shares dropped sharply in early October after its billionaire CEO sold about \$7 million worth of stock, sparking investor concerns about insider sentiment. However, analysts view the decline as an overreaction. The sale represented only a small fraction of the CEO's total holdings, suggesting a liquidity move rather than a loss of confidence.

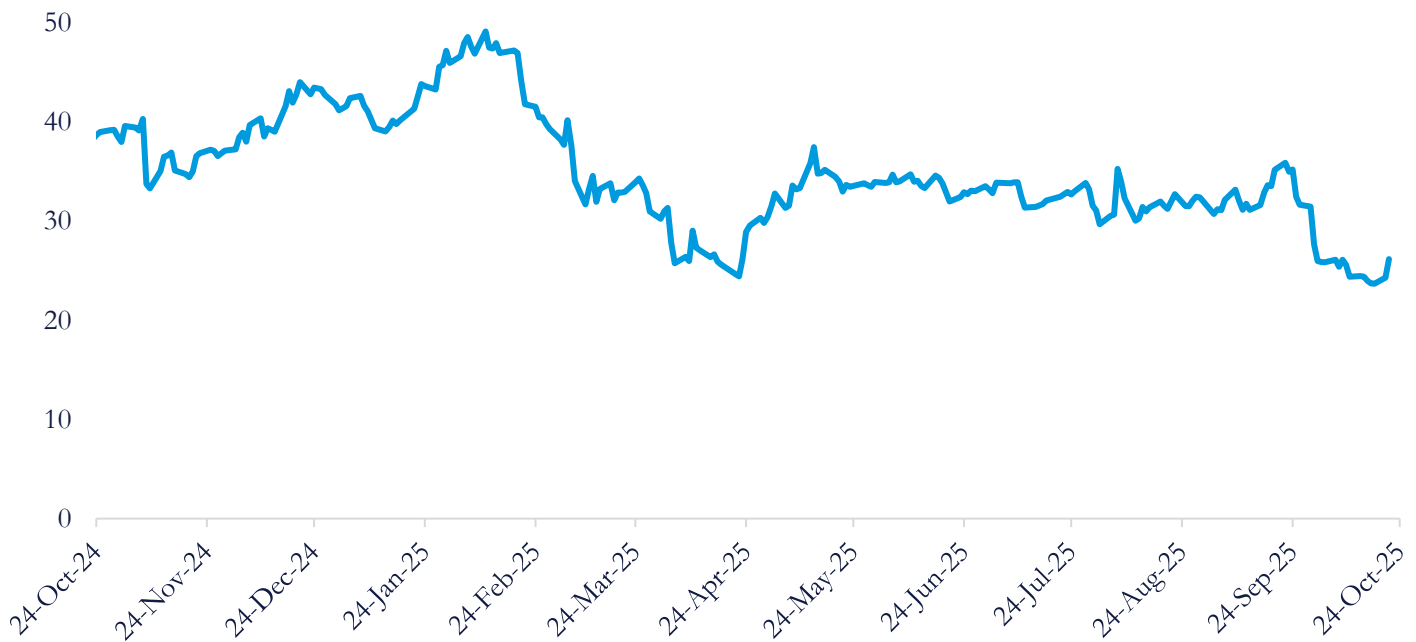
As of October 17, 2025, 95.5 percent of analysts covering KVYO rate it a Buy or Outperform, with a 12-month consensus target price of \$45.81, implying an upside of nearly 89 percent from its recent close near \$24.30. Firms such as Morgan Stanley, William Blair, and Goldman Sachs have reaffirmed bullish ratings, reflecting confidence in the company's growth outlook.

Fundamentally, Klaviyo continues to post solid revenue growth, margin expansion, and customer acquisition momentum. Its platform remains central to how online retailers personalize marketing, and its deep integration with Shopify gives it a competitive edge in the e-commerce ecosystem.

Technically, the stock is approaching a key support level where institutional buyers have historically entered, and the recent pullback has made the valuation more attractive relative to software peers.

While the CEO's sale pressured sentiment, the company's strong fundamentals and Wall Street's overwhelmingly positive outlook suggest the current weakness could be a long-term buying opportunity. KVIYO remains well positioned to benefit from the growing demand for AI-powered marketing solutions and sustained digital commerce expansion.

KLAVIYO STOCK PRICE (IN USD)



Analyst Outlook

Dhilan Vyas – View on Fed October Meeting

The Federal Reserve is widely expected to deliver another 25 basis-point rate cut at its October 28–29 meeting, lowering the federal funds rate to the 3.75%–4.00% range. Most market participants and economists forecast three cuts this year—September, October, and December.

This policy shift reflects the Fed's pivot from inflation control toward labor-market support. Recent FOMC minutes highlight that job gains have slowed and that the unemployment rate has edged up to around 4.3%. As a result, the upcoming cut is viewed as both timely and necessary. With inflation near 3%, the Fed has room to ease without reigniting price pressures. However, even with policy support, the unemployment rate is expected to rise modestly to 4.5%–4.6% by year-end, as economists anticipate further softening in the labor market.

For markets, this environment supports risk assets and tighter credit spreads. Lower policy rates reduce the discount rate for equities, which lifts valuations. Lower borrowing costs for firms can also lead to further tightening of historically narrow credit spreads. Looking ahead, the Fed is expected to proceed cautiously and balance the need to stabilize employment with the risk of inflation pressures.