

BBR BULL & BEAR RESEARCH

Macroeconomic Research | Issue 7

Week of November 16, 2026

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Jake Eisner

Director

919-519-0856

eisner.ja@northeastern.edu



Dhilan Vyas

Associate

609-285-7493

vyas.dhil@northeastern.edu



David Youn

Analyst

617-584-9989

youn.ju@northeastern.edu



Isabella Betparoo

Analyst

408-702-5994

betparoo.i@northeastern.edu



Jack Whalen

Analyst

972-748-8007

whalen.ja@northeastern.edu



Mannan Wadhawan

Analyst

908-458-5221

wadhawan.m@northeastern.edu

Equities Outlook

Luxury Brands Split Over Price Cuts as Middle-Class Shoppers Pull Back

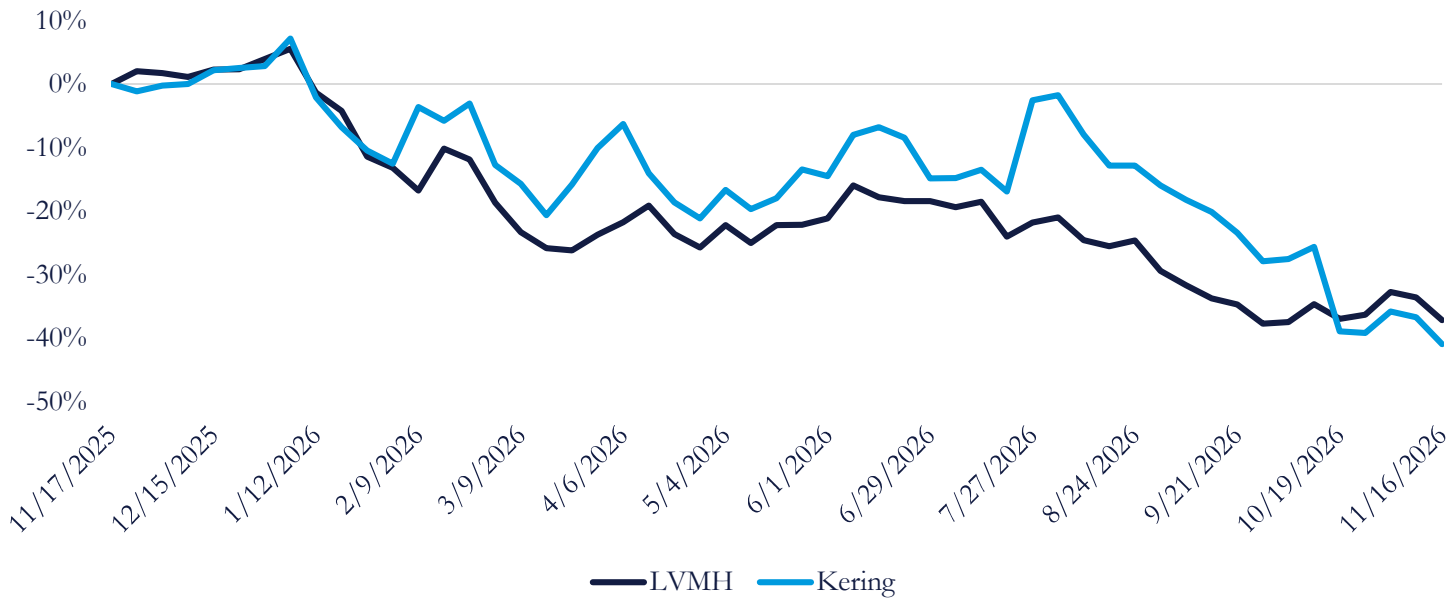
Luxury brands such as Gucci and Louis Vuitton have had conflicting ideas on if they should cut prices outright to pull the industry out of its three-year slump. Gucci's share of sales from middle-class consumers sits at 68%, while Louis Vuitton's sits at 55%. The large chunk of sales from middle-class customers has caused the brands to struggle as these consumers have pulled back. This is what has spurred the idea of price cuts. However, the act of cutting prices in the luxury industry is controversial. Gucci has already made cuts to the prices of select items. In July, Gucci's Padlock crystal small top-handle bag costs €3,500 in France, which was equivalent to $3,930. Currently, the price sits around €2,450, down 30%, according to Bernstein. Gucci's brand owner Kering (KER.PA) states that the strategy isn't about reducing prices, but rather about correcting them where past price increases pushed products beyond what customers could afford. Kering's CEO Luca de Meo, brings a perspective that explains this shift in approach. Gucci's 13 straight quarters of declining sales also pave the way for new options.

Louis Vuitton, on the other hand, is more reluctant to follow suit. LVMH's (MC.PA) finance chief Cécile Cabanis said on the company's last investor call that management has been "having debates on what could be some more drastic, immediate moves like price cuts." The company still believes that cutting prices at its flagship Louis Vuitton and other fashion brands would be a bad idea, though the fact that it is under discussion is notable. Last year, when an analyst asked Cabanis whether Louis Vuitton needed to adjust its prices to boost growth, she ruled it out, saying, "we are not Coca-Cola." What changed is that LVMH's main profit driver Louis Vuitton saw sales down 8% in the third quarter compared with a year ago. Overall, luxury growth is coming from both ends of the income scale. Ultra-wealthy shoppers, just 0.2% of luxury customers, drive 24% of the industry's sales, according to Boston Consulting Group. While Ralph Lauren (RL) grew 10% last quarter, Gucci and Louis Vuitton seem to be stuck in the middle.

As of 11/20/2026

Metric	Close
S&P 500	6,910.39
DJIA	48,147.33
NASDAQ	22,617.73
Russell 2000	2,581.79
FTSE 100	10,346.34
Nikkei 225	56,436.65
WTI Crude	$83.98
10-yr Treasury	4.95%

LVMH AND KERING STOCK PERFORMANCE (% CHANGE)



Note: % Change Based on Weekly Adjusted Closing Prices

Sources: The Wall Street Journal, Yahoo Finance, Bernstein Research

Anthropic Records Historic $81 Billion IPO

Artificial intelligence company Anthropic (ANT) completed the largest initial public offering in history on Thursday, November 19th, raising approximately $81 billion despite growing concerns about AI valuations and profitability. The company's shares began trading on the Nasdaq at an IPO price of $83, giving Anthropic a market capitalization of approximately $1.30 trillion by the end of its first trading session.

Shares initially surged more than 30% above the offering price (≈$115.10) before surrendering much of those gains, eventually closing 17% higher at $97.17. The offering exceeded the previous IPO fundraising record established by SpaceX (SPCX) earlier this year and attracted substantial demand from institutional investors. BlackRock reportedly received approximately half of its requested $10 billion allocation, while retail investors received 15% of the total.

Anthropic plans to use the proceeds to support its consistently growing AI infrastructure capex, including approximately $900 billion in computing and data-center commitments. The company also secured an additional $26 billion through private investments involving Nvidia (NVDA), Google (GOOGL), and Advanced Micro Devices (AMD). Rapid growth has been supported by adoption of its Claude chatbot and Claude Code software tools.

Despite the successful offering, broader technology stocks continued to decline. The Nasdaq Composite fell 2.3% on Thursday, while the S&P 500 dropped 2% and the Dow Jones Industrial Average declined 2.2%, or approximately 1,101 points. Investors remain concerned about whether AI companies can generate sufficient profits to justify their enormous infrastructure expenditures. The IPO also increased pressure on its rival OpenAI to pursue a public listing, potentially as early as next year. Meanwhile, competition from lower-cost open-source AI models continues to raise questions about the industry's long-term profitability and fit for further investment.

Anthropic's debut demonstrated that investor demand for leading AI companies remains strong, but its inability to lift the broader technology sector suggests that enthusiasm for artificial intelligence is becoming increasingly selective.

AI Stock Selloff Signals Shift in Wall Street's Investment Strategy

Wall Street's enthusiasm for artificial intelligence has weakened over the past month, as technology stocks decline and concerns about excessive valuations have raised questions about whether massive AI investments are sufficient.

The Nasdaq Composite experienced significant volatility following its October 6 peak, with selling pressure spreading across semiconductor manufacturers, data-center operators, and other AI-related companies. The downturn intensified toward the end of October and end of November, when the Nasdaq recorded its worst monthly performance in over a year. Intel (INTC) was among the hardest-hit companies, with shares falling 28.5% in a single session.

Investors have increasingly questioned the sustainability of AI infrastructure spending as major technology companies continue committing billions of dollars to data centers and computing capacity. Overall concerns about rising financing costs, competition, and delayed profitability have made investors more cautious.

The volatility was also exposed when the institutional portfolios were concentrated in a relatively small group of technology companies. As these positions declined simultaneously, losses spread across investment funds and broader equity markets. The shift challenged the assumption that companies associated with AI development would consistently outperform regardless of their valuation, exposing that it is a broader industry-wide concern.

Leadership disruptions and growing scrutiny of AI companies' financial commitments have reinforced skepticism. Although there is no doubt that long-term demand for artificial intelligence remains substantial, investors are becoming increasingly selective about which companies can quantitatively translate technological growth into sustainable earnings.

Sources: Wall Street Journal, Bloomberg, CNBC, Yahoo Finance

Colombia's $5.2 Billion Bond Sale Buys Time for Budget Fix

In October, Colombia completed its largest-ever international offering of dollar-denominated bonds, raising $5.2 billion. This came even as dollar and euro bond sales from other emerging markets fell by nearly half from a year earlier. Following the deal, Colombia's state-owned oil company Ecopetrol (EC) and utility Empresas Públicas de Medellín sold another $3 billion of bonds in early November. Rising yields and large debt from technology companies have made it harder for emerging-market borrowers to raise money. Despite this, Colombia's government has borrowed about $10 billion in U.S. dollars this year, the most since 1999.

Colombia's borrowing stems from an alarming preliminary budget deficit of 9.4% of gross domestic product for 2027, more than double the 4.5% deficit projected by former President Petro. Current President Espriella, who took office in August, has faced growing pressure from the deteriorating fiscal outlook and the country's financing needs.

The borrowing gives Colombia time to address the issues behind its deficit, like healthcare and subsidy spending that surged during the pandemic while government revenue failed to keep up. These will be addressed primarily through a plan to cut the deficit by more than four percentage points by 2030, using a mix of spending cuts and higher sales and income taxes. The government also aims to cut its 2027 external funding needs to about $15 billion, from roughly $28 billion in the original budget. Investors are willing to support the efforts so far. October's 10-year bonds sold with a yield of 7.65%, lower than the 8.75% yield Colombia paid on similarly dated notes sold last year.

However, investor patience may not last. Last month, Colombian lawmakers approved a 16% budget increase to cover higher-than-expected spending on healthcare, pensions and interest payments. On top of this, lawmakers redirected money from debt payments toward investment and repairs from the earthquake that struck western Colombia in August. These moves fuel concerns about growing debt despite the plans put in place. The effectiveness of this borrowing depends on the government's ability to execute its budget-cutting plans.

Fox Raises $8.4 Billion From Bond Sale to Pay Down Roku Bridge Loan

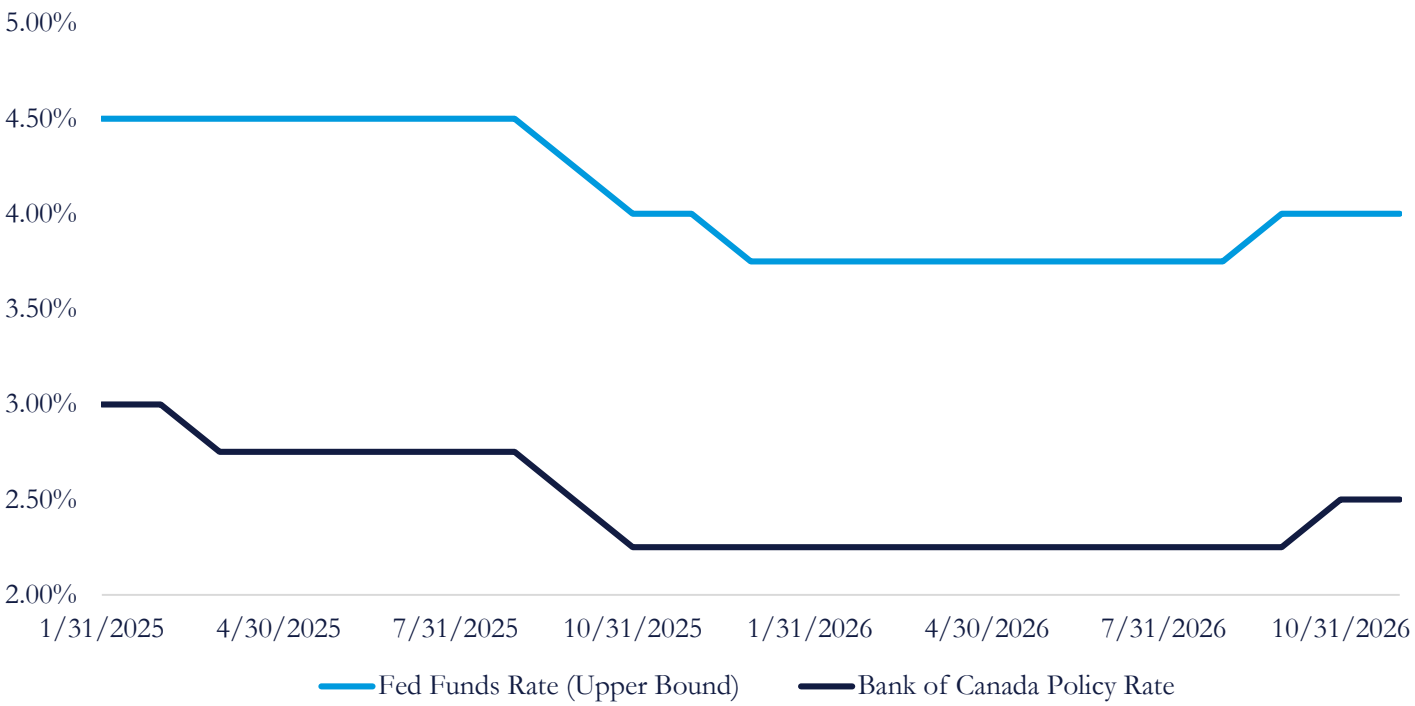
Fox Corporation (FOXA) raised $8.4 billion from an investment-grade bond sale on November 10th to repay part of the bridge loan it used to buy Roku (ROKU). Fox closed the $22 billion acquisition on November 6th, months ahead of its original target of the first half of 2027, after the Justice Department finished its antitrust review. Fox had borrowed $8.4 billion under a bridge facility to cover the cash portion of the deal and took out another $2 billion term loan with Morgan Stanley (MS). Companies usually replace this kind of temporary funding with longer-term bonds.

Demand for the bonds was strong. Investors placed about $39 billion in orders, almost five times the size of the sale, which was split across seven maturities. Pricing on the longest bonds, due in 2066, tightened by a quarter of a percentage point from initial talks to 2 percentage points above Treasuries. The sale came on the same day a hotter-than-expected inflation report pushed Treasury yields higher, and companies still raised $12 billion in the U.S. investment-grade market that day, bringing November's total above $110 billion. Morgan Stanley led the sale.

The deal gives Fox a platform that reaches more than 100 million households and pairs Roku with Tubi, the free, ad-supported streaming service Fox bought in 2020. Fox expects $400 million in annual cost savings within two years. The main risk is legal. On November 18th, Newsmax (NMAX) sued to block the integration, arguing the combined company would hold more than 70% of the free, ad-supported streaming market. At BBR, we believe the strong order book shows bond investors are comfortable with Fox's added debt, and the cost savings should help the company pay it down, although the Newsmax lawsuit could slow the combination of Roku and Tubi under its new Fox Digital Platforms unit, which also includes the Fox One streaming service and podcast producer Red Seat Ventures.

Sources: Bloomberg

U.S. FEDERAL RESERVE VS. BANK OF CANADA POLICY RATES



Note: Month-End Rates, Percent; Fed Shown at Upper Bound of Target Range

Softer Inflation Weakens Case for Another Bank of Canada Hike

Canada's inflation rate held at 3.1% in October, below the 3.2% economists had expected, as higher energy and grocery prices were offset by cheaper cell phone plans and slower rent growth. Compared with September, the consumer price index (CPI) rose 0.2%. On a monthly basis, gasoline prices fell by 2.5% in October but remained elevated due to ongoing uncertainty from the conflicts in Iran and Ukraine. Grocery prices rose 2.0% from a year earlier, up from 1.7% in September, though they have now risen more slowly than overall inflation for three straight months.

Core inflation also cooled, with prices excluding food and energy rising 1.8% from a year earlier, down from 2.1% in September and below the 2.0% economists had expected. The Bank of Canada raised its interest rate by 25 bps in October to combat price pressures from higher energy costs. Governor Tiff Macklem has said the central bank is increasingly convinced that higher energy prices will spill over into other parts of the economy, though he also noted headwinds from U.S. trade and said future rate decisions will be made one at a time. Canadian Imperial Bank of Commerce (CM) senior economist Andrew Grantham said there is "little sign here that inflation is spreading as much and/or as quickly as the Bank of Canada seemed to fear," which supports a hold at the December meeting.

The Canadian labor market has weakened this year, with employment declining by 45,900 jobs so far, the largest year-to-date loss since the pandemic. Growth has also slowed, with real gross domestic product tracking 1.3% annualized growth in the third quarter, down from 3.3% in the second quarter. U.S. tariffs continue to put downward pressure on businesses.

The October CPI reading is the last the central bank will have before its rate decision on December 10th. After the release, traders in swap markets placed the odds of another rate hike at about 50%, down from about 60% on November 16th. We believe the Bank of Canada will prioritize the weak labor market and slowing growth over inflation and hold rates steady in December.

Sources: Bank of Canada, Bloomberg, Federal Reserve, Statistics Canada

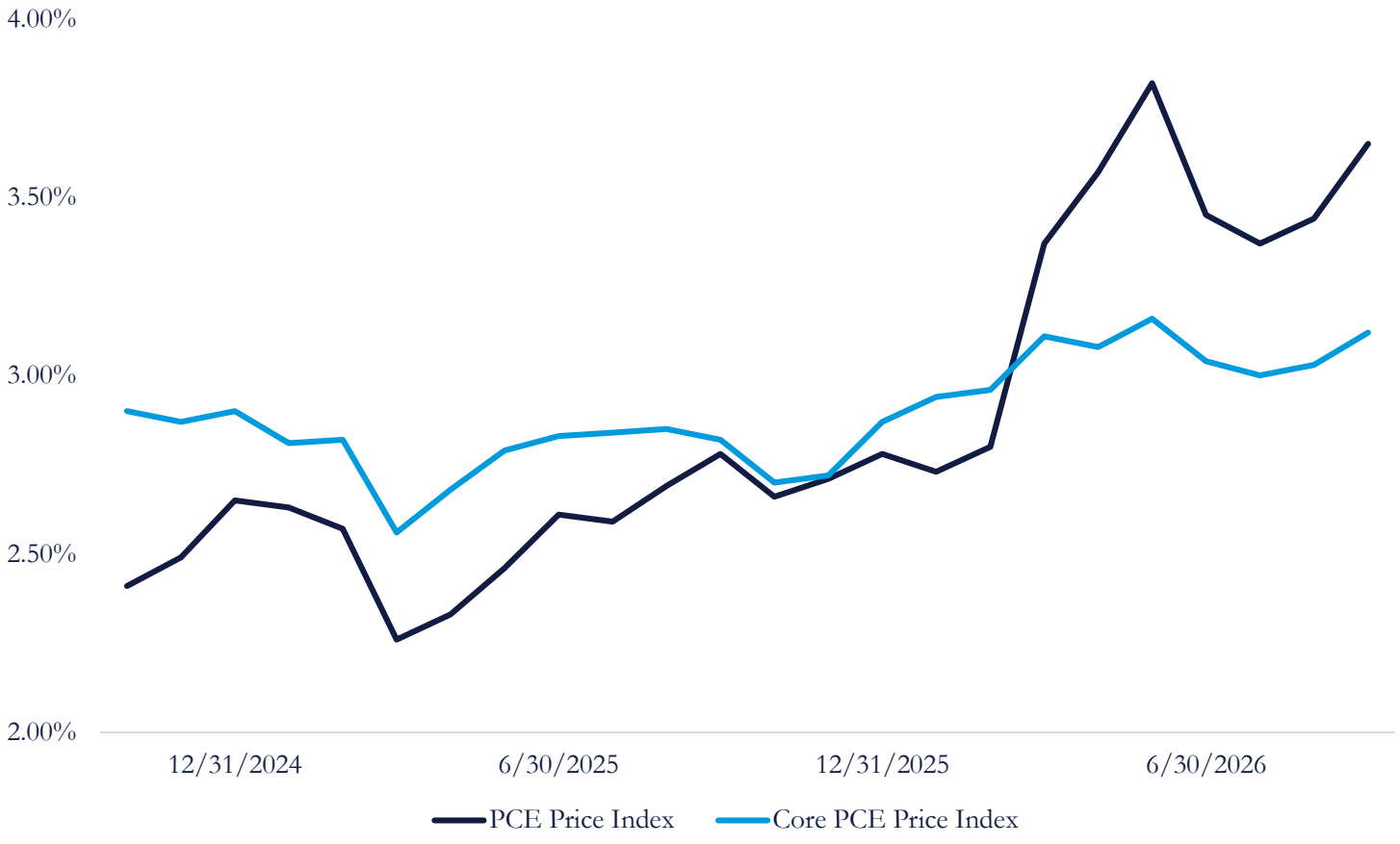
Fed's Hammack Backs Steady Rate Hikes as Inflation Spreads

Cleveland Fed President Beth Hammack said on November 16th that she prefers small, steady interest rate increases at consecutive meetings, but warned that the Federal Reserve may need larger moves if inflation pressures worsen. Hammack dissented when the Fed held rates steady in October. She said businesses and consumers are increasingly making decisions on the assumption that inflation will rise, and if that mindset sets in, the Fed could fall behind the curve and be forced to raise rates faster. Other Fed officials including Boston Fed president Susan Collins, Dallas Fed president Lorie Logan, and St. Louis Fed president Alberto Musalem have echoed that preference.

Hammack sees inflation coming from several sources at once, including lingering effects of tariffs, energy supply problems, spending on artificial intelligence infrastructure and broader demand. Company managers in her district say they need to pass higher costs on to customers, more firms are raising wages for lower-paid workers, and health insurance and other benefit costs are pushing up core services prices. Her contacts also report trouble finding both skilled and unskilled workers. The Fed's preferred inflation gauge, the personal consumption expenditures (PCE) price index, rose 3.6% year-over-year (YoY) in September, compared with 2.6% in October 2025, while core PCE rose 3.1%.

The Fed raised rates by a quarter point in September, its first increase since 2023, and futures now price in another hike in December and a likely move in January. Hammack said long-run inflation expectations remain anchored near the Fed's 2% goal, which gives officials time to decide how fast to move, and she does not expect the hikes to do significant damage to the labor market. At BBR, we believe the Fed will raise rates by a quarter point in December, but a third straight month of PCE inflation above 3.5% would make a half-point move more likely in early 2027.

U.S. PCE PRICE INDEX, YOY CHANGE (%)



Note: Monthly data from October 2024 to September 2026; core PCE excludes food and energy

Sources: Bloomberg, Federal Reserve Bank of St. Louis, U.S. Bureau of Economic Analysis

Commodities Outlook

Oil Prices Swing as Middle East Tensions Clash with Supply Surplus Concerns

Oil prices experienced significant fluctuations throughout the week as Middle East tensions escalated while expectations of a global supply surplus grew. Despite continued attacks on regional shipping routes and energy infrastructure, gradually recovering oil exports and rising U.S. inventories seem to have limited the impact of geopolitical concerns on crude prices, resulting in ambiguous trends.

On Monday, November 16, Brent crude declined 3.60% to $92.44 per barrel, while West Texas Intermediate (WTI) fell 3.20% to $85.72. The selloff followed an International Energy Agency assessment indicating that global oil supplies can exceed demand during the fourth quarter as Middle Eastern production and exports recovered.

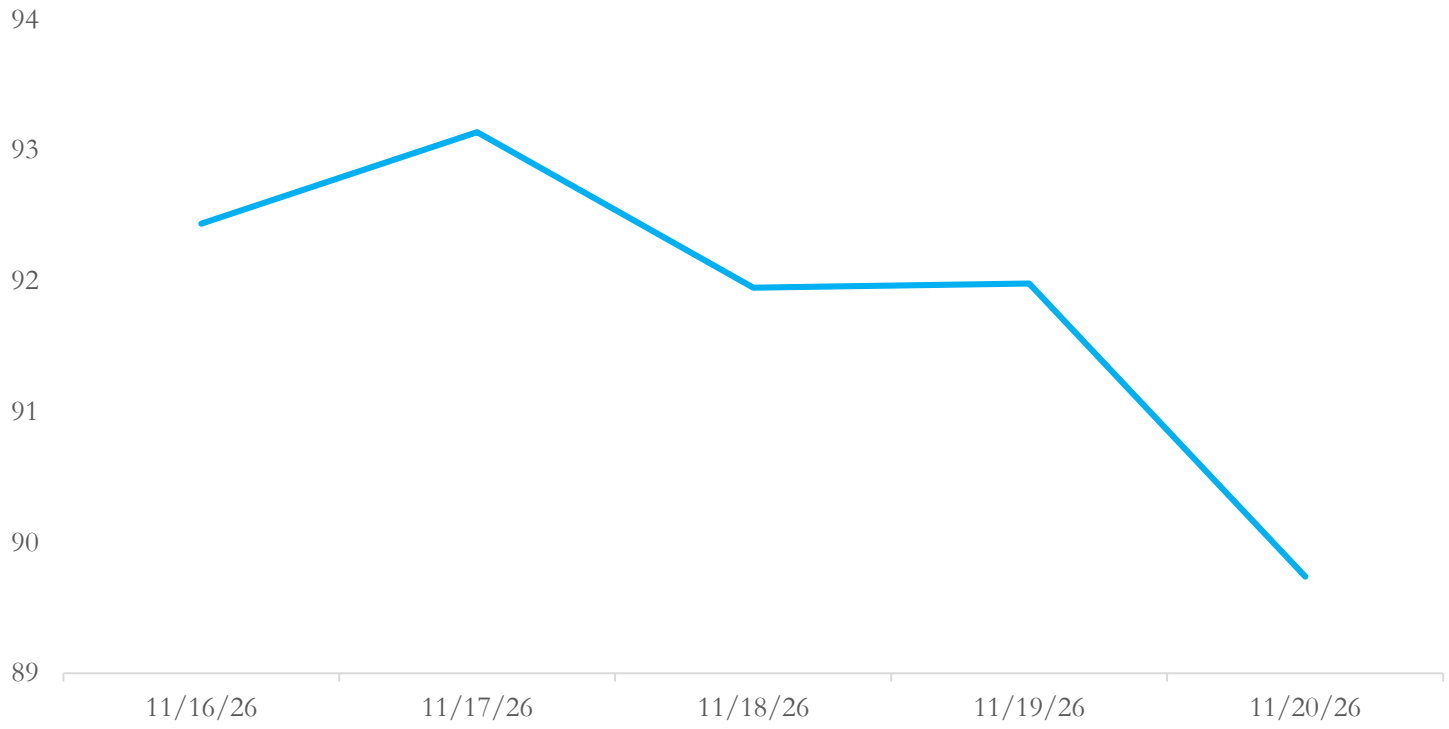
Conversely, prices rebounded Tuesday with renewed concerns about shipping disruptions in the Strait of Hormuz. Brent increased 0.76% to $93.14, while WTI rose 0.34% to $86.01. Continued tanker attacks and military activity increased concerns about the reliability of regional oil transportation, reflected in prices.

However, crude prices again dropped on Wednesday following stronger-than-expected U.S. inventory increases. Brent declined to $91.95, while WTI dropped 3.20% to $83.26. Government data showed that U.S. commercial crude inventories increased by approximately 3.4 million barrels, reinforcing expectations that supply can exceed demand.

On Thursday, prices stabilized as renewed Middle East tensions supported the market. Brent settled at $91.98, while WTI finished at $83.21. A Houthi attack damaged a major skyscraper in Saudi Arabia's capital, Riyadh, while reports of additional tanker incidents in the Strait of Hormuz intensified concerns about regional security.

Despite these developments, the broader downward trend reflects increasing confidence that global oil supplies are recovering. The market remains caught between geopolitical risks that could disrupt transportation and improving supply conditions that could place further downward pressure on prices.

BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (in $)



Note: Brent crude oil futures daily closing prices (USD per barrel) for the week of November 16-20, 2026

Sources: Wall Street Journal, Yahoo Finance

Foreign Markets Outlook

China's Export Boom Masks Domestic Economic Weakness

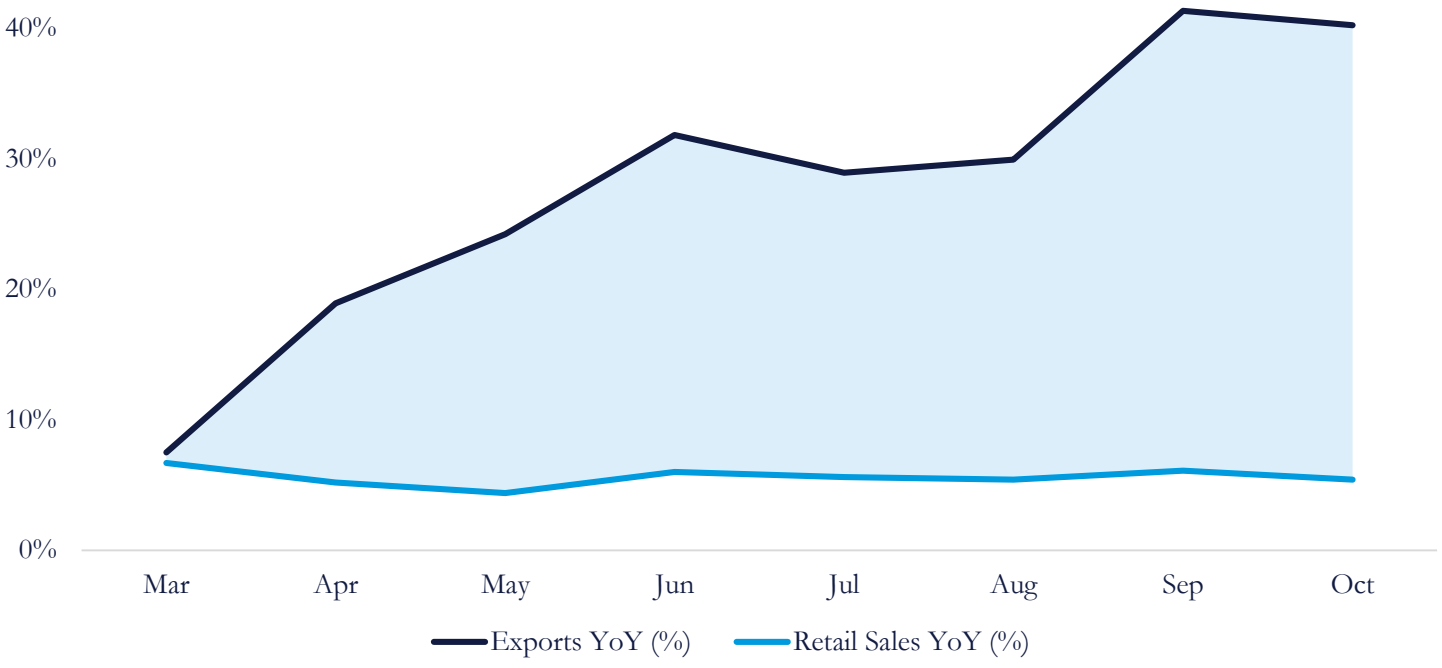
China's economy is showing an increasingly stark divide between strong demand for its exports and its weakening activity at home. Despite a surge in overseas sales, domestic growth has slowed, with weakened consumer spending, declining investment, and a prolonged property downturn. In October, retail sales rose just 0.4% YoY, down from 1.1% in September. Fixed-asset investment fell 8.1% during the first ten months of 2026, while property investment dropped nearly 22.0% over the same period, with home sales declining by 14.1%.

Meanwhile, China's export sector has remained extremely resilient. Exports jumped 35.0% year over year in October, pushing the country's trade surplus to $1.04 trillion through the first ten months of the year. Demand for technology products has been particularly strong, with integrated circuit exports more than doubling in value. Although this has helped China's economy, it also shows how heavily the country is relying on international demand to support growth.

However, this dependence on exports could become a bigger concern as trade tensions continue. European officials have raised concerns about Chinese goods putting pressure on local manufacturers, and the EU recently agreed with Beijing to limit shipments of Chinese hybrid vehicles. For investors, further trade restrictions could affect the outlook for Chinese manufacturers, especially those that rely heavily on overseas markets. Further trade restrictions could limit China's export growth, putting additional pressure on an economy already struggling with weak domestic demand. Despite these challenges, Beijing is unlikely to act, as China remains on track to meet its 2026 GDP growth target of 4.5% to 5.0%.

Looking ahead, China's reliance on exports represents both risks and opportunities for foreign markets. While demand for AI-related products could continue supporting Chinese manufacturers, weaker domestic consumption and ongoing trade tensions remain evident. At BBR, we believe this growing divide could create opportunities for investors to become more selective in the Chinese market by favoring export-oriented technology companies over businesses that heavily rely on domestic spending. Rather than assessing all Chinese companies based on the country's overall economic performance, investors may benefit from identifying industries that still have the potential to grow now.

CHINA'S DIVERGING ECONOMIC GROWTH



Note Shaded area represents the 34.6 percentage-point gap between export and retail sales growth in October 2026

Sources: Wall Street Journal

M&A/Deal Environment Outlook

UniCredit's Commerzbank Bid Advances Amid German Opposition

Italian banking group UniCredit (UCG.MI) has received approval from European Union and U.S. regulators for its proposed takeover of Germany's Commerzbank (CBK.DE), solidifying a deal that has been developing for over two years. On November 16, the European Commission found that the transaction would not raise competition concerns, while UniCredit also confirmed approval from the U.S Federal Reserve. UniCredit began building its stake in Commerzbank in September 2024 and now owns just under 50.0%. However, the German government, which holds roughly 13.0% of Commerzbank, continues to oppose the takeover over concerns about UniCredit's aggressive acquisition strategy. This political resistance remains one of the biggest obstacles to moving the transaction forward.

The approval also reflects the EU's growing interest in larger European banks that can compete more effectively with global institutions. Regulators noted that the banks' combined market share in Germany would remain moderate, and customers would still have access to other banks offering trade finance services. The EU is also reviewing its merger guidelines to allow European companies more room to expand. Competition chief Teresa Ribera argued that stronger cross-border banks could be better equipped to withstand economic shocks and help support businesses. The European Central Bank had separately approved the transaction in October, adding to the regulatory support behind UniCredit's plan. The European Commission also said it would respond if a national government tried to block the deal, which could increase tensions between Brussels and Berlin over the future of cross-border banking mergers.

For Europe's broader M&A, this deal could become an important test of whether the region can turn its interest in banking consolidation into completed transactions. A combined institution could benefit from a larger customer base and potential cost savings, although those advantages would depend on how well the banks integrate. At BBR, we believe the approvals could encourage a wave of consolidation across Europe's banking sector, as other institutions look to expand their market influence and remain competitive with larger financial firms.

Alphabet's $3 Billion Energy Bond Deals Challenge Traditional Banking Roles

Google's parent Alphabet (GOOGL) is planning to participate in two prepaid energy bond transactions totaling $3 billion, marking another expansion of its role in the municipal debt market. According to preliminary documents released November 16th, the Southeast Energy Authority will issue both offerings, with Alphabet serving as the funding recipient and Goldman Sachs (GS) managing the transactions. The deals come shortly after Alphabet participated in a roughly $1.6 billion offering on November 4th, just months after Alphabet became the first known U.S. technology company to participate in this type of financing in June. Both upcoming deals involve Arizona utility Salt River Project.

Prepaid energy bonds allow utilities to secure electricity or natural gas at discounted prices through long-term agreements. In these transactions, funding recipients receive the proceeds from bond sales upfront and make payments over time to support energy delivery. The market has grown significantly in 2026, with approximately $40 billion in prepaid energy bonds issued so far, surpassing last year's record of $31 billion. While banks have traditionally served as funding recipients, insurance companies, real estate investment trusts, and now Alphabet have entered the market. Alphabet's involvement could signal a shift in the role of major technology companies as they begin taking on financial responsibilities traditionally handled by banks in the energy sector, reflecting a shift in how these deals are financed.

Looking ahead, Alphabet's participation could also change how the financial benefits and risks of prepaid energy deals are divided. Goldman Sachs is still managing the bond offerings, but Alphabet is taking on the long-term payment role, showing that banks can remain involved without serving as funding recipients. This separation allows banks to continue earning fees from structuring transactions without necessarily taking on the same long-term financial obligations. At BBR, we believe the growing presence of nonbank companies could increase competition in the prepaid energy market, potentially leading to more favorable financing terms for utilities and encouraging banks to reassess how they price and structure these transactions to maintain their relationships with municipal issuers.

Sources: Yahoo Finance, The Wall Street Journal

Eli Lilly Adds Calytrix Bio to a Record Year of Deals

Eli Lilly (LLY) agreed on November 16th to buy Calytrix Bio, a privately held biotech company, in a deal worth up to $1.5 billion. Lilly will pay an undisclosed amount in cash up front, plus milestone payments tied to clinical results. The purchase lifts the potential value of Lilly's deals this year above $32 billion, the highest on record according to data compiled by Bloomberg. The same day, Lilly announced a research and licensing partnership with cancer startup Stipple Bio that could be worth up to $5.9 billion. Lilly's top dealmaker, Jake Van Naarden, also heads oncology.

Calytrix was founded in 2025 by JPMorgan Life Sciences Private Capital and launched with funding from JPMorgan Chase's (JPM) venture capital arm and Westlake BioPartners, with Avoro Ventures also investing. Its lead drug is a lab-made protein that targets the genetic mutations behind two chronic blood cancers, essential thrombocythemia and myelofibrosis. Current treatments for both diseases mostly control symptoms rather than fight the cancer itself. The deal builds on Lilly's purchase of Ajax Therapeutics earlier this year, which works on the same group of cancers.

Lilly's diabetes and obesity drugs, led by Zepbound, are paying for the spending spree. Revenue over the last twelve months reached $86.5 billion, up from $28.5 billion in 2022, and the company is worth about $1.3 trillion, making it the world's largest pharmaceutical company. Lilly's shares fell 0.80% on the day of the announcement but are up 33% this year. At BBR, we believe the Calytrix deal is a small, low-risk bet for a company of Lilly's size, and that cancer and immunology deals like this one will help Lilly find new growth beyond its blockbuster weight-loss drugs.

ELI LILLY (LLY) ANNUAL REVENUE (in $ Billions)



Note: Fiscal years end December 31; last 12 months through September 30, 2026

Sources: Bloomberg, Eli Lilly, Yahoo Finance

Trade of the Week

Long Onsemi (ON) – Jack Whalen

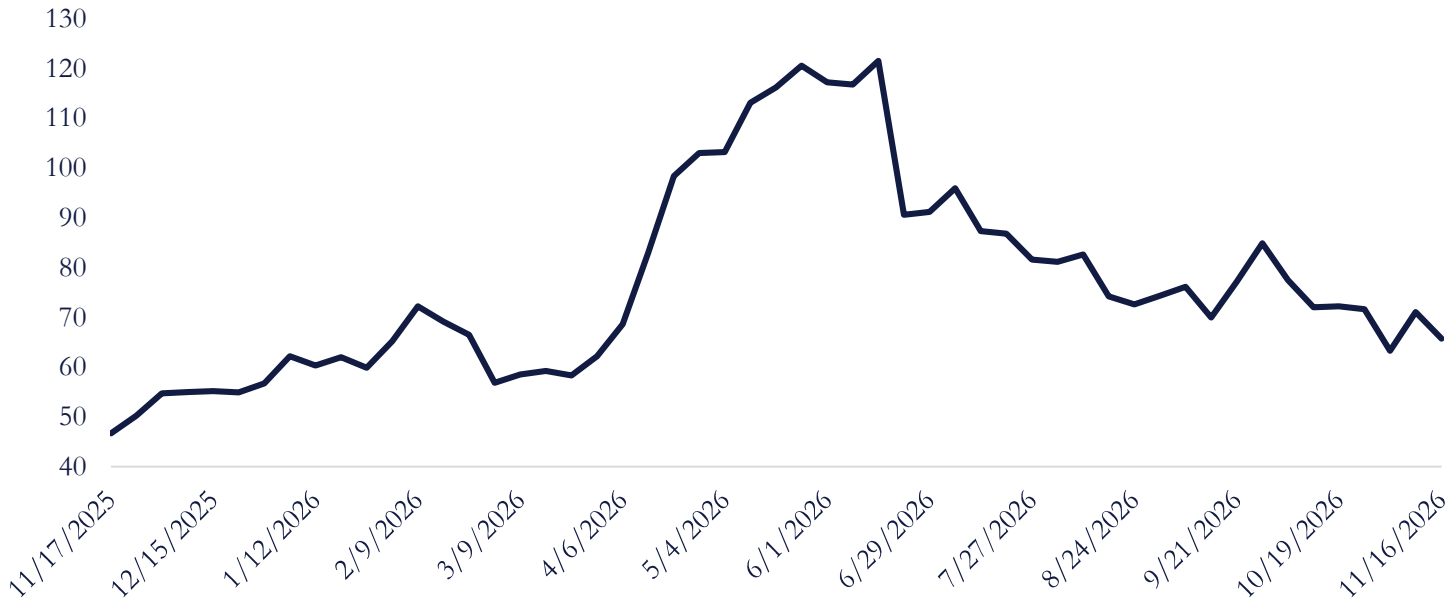
Onsemi (ON) is an American semiconductor company, headquartered in Scottsdale, Arizona, with a market cap hovering around $26 billion. The company makes specialized chips that can convert electricity in EVs, industrial equipment, and data centers. On November 19th, the stock closed at $65.72, which was down about 51.29% from its year-to-date high of $134.92 on June 3rd.

Despite the downward trend of the stock since the high in June, Onsemi has consistently outpaced its expected earnings through each quarter, with adjusted EPS rising from $0.64 in quarter 4 of 2025 to $0.90 in quarter 3 of 2026. The fourth quarter of 2026 is expected to be its strongest this year, with revenue projected at $1.72 billion to $1.82 billion. Analysts expect EPS to reach $0.96 per share, while Onsemi placed a range from $0.95 to $1.07. However, the stock has not had a strong reaction after many of these reports due to investors focusing on weaker auto sales. Onsemi's automotive business generated $777 million in third-quarter revenue, down 1% from the second quarter. Automotive remains the company's largest source of revenue, accounting for about 45% of total quarterly revenue, while AI data centers contributed about 10%. Onsemi does not currently have enough production capacity to meet all its demand, so it has prioritized its AI data center and industrial customers over some automaker orders.

Onsemi's revenue has also shifted toward AI data centers, showing the trust it has in the segment's future. AI data center revenue jumped 175% in the third quarter from a year earlier to $180 million. Management expects a total of $620 million in AI data center revenue for 2026 and projects that figure could double in 2027. The company expects additional capacity to become available in the first quarter of 2027, which would allow automotive revenue growth to return toward its longer-term target next year.

However, there are factors behind why the stock is down despite the earnings beat and the data center shift. The company is still driven largely by automotive revenue, and even with the exciting data center revenue reports, CEO Hassane El-Khoury stated that the shift in production priorities is temporary and does not represent a change in Onsemi's long-term automotive strategy. Uncertainty surrounding AI and data centers in the market recently adds to this. Though even with these risks, we believe the stock has not fully priced in the potential growth from its expanding AI data center sales. With additional capacity coming online, ON could have upside not yet reflected in the price.

ONSEMI (ON) STOCK PRICE (in $)



Note: Weekly Adjusted Closing Prices, U.S. Dollars

Sources: Investing.com, TheStreet, Yahoo Finance

Trade of the Week

Long Expedia Group (EXPE) – Isabella Betparoo

Expedia Group (EXPE) presents a potential long opportunity, with strong earnings growth and continued expansion of its business-to-business (B2B) segment. The company has also maintained an active share repurchase program, which could further support shareholder value despite recent stock underperformance. Through its B2B partnerships, Expedia provides travel inventory and booking technology to other businesses, allowing it to reach customers beyond its traditional consumer platforms. This allows Expedia to scale its operations internationally and strengthen its presence across different segments of the travel industry, without relying solely on its own booking platforms.

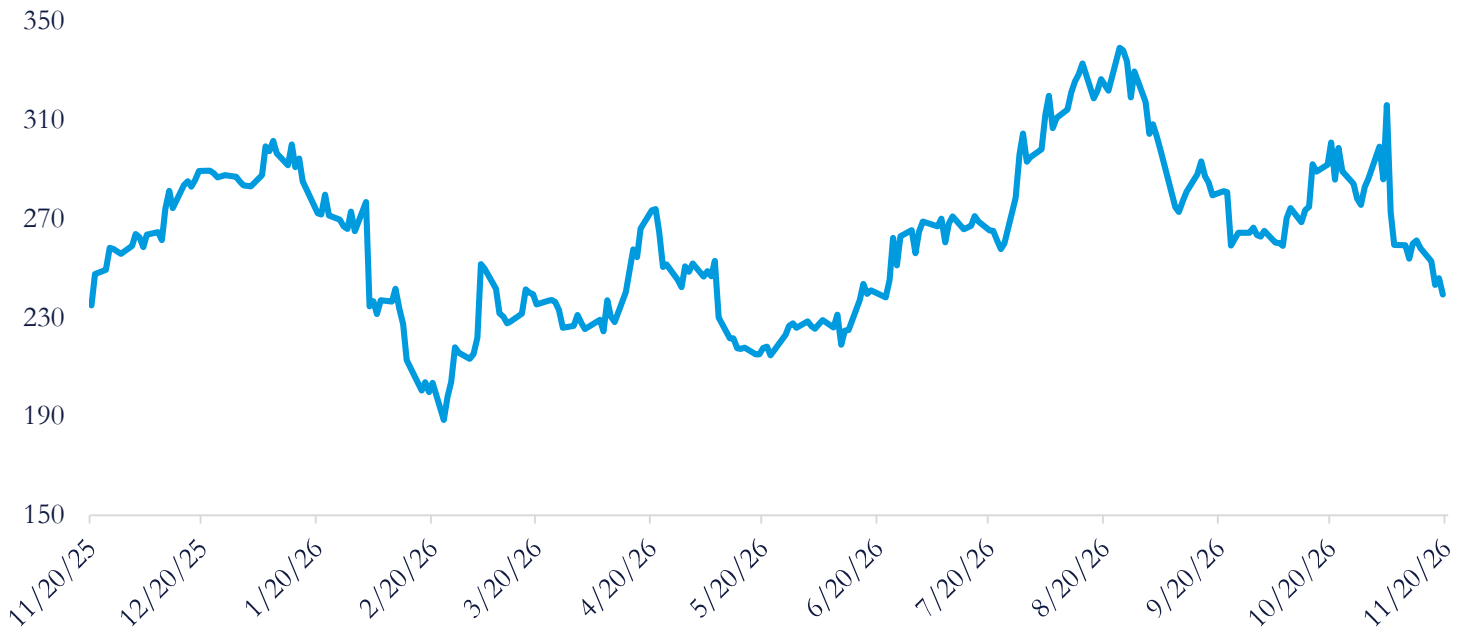
In its third quarter of 2026, Expedia reported $34 billion in gross bookings, up 11.0% year over year, while revenue increased 12.0% to $4.94 billion. Adjusted EBITDA reached $1.69 billion, representing 17.0% growth, while adjusted earnings per share rose 24.0% to $9.39. B2B revenue grew 23.0%, significantly outpacing the company's consumer business, which grew 6.0%, highlighting a growing shift in Expedia's revenue mix as B2B becomes an important driver.

Expedia also repurchased approximately 2 million shares for $576 million, reflecting its continued commitment to returning capital to shareholders. Following these results, the company raised its full-year revenue outlook between $16.37 billion and $16.43 billion, reflecting management's confidence in its near-term financial performance.

In the short term, management expects fourth-quarter booking growth to slow, which could continue weighing on investor sentiment. However, Expedia's ability to maintain profitability despite moderate booking activity could help reassure investors that its underlying business remains strong. In the long term, Expedia's expanding B2B network could become especially valuable as travelers increasingly book through airline websites and other third-party platforms.

With approximately 75,000 partners, Expedia has positioned itself to benefit from bookings even when customers never directly use its own brands. This could become an important advantage as AI changes how consumers discover and book travel, allowing Expedia to remain involved in transactions across different platforms. At BBR, we believe investors may be undervaluing Expedia's potential to become a key technology provider behind the broader travel industry, which could support a stronger valuation as its B2B operations continue to expand.

EXPEDIA GROUP (EXPE) STOCK PRICE (in $)



Note: Daily closing share prices in USD from November 20, 2025, to November 20, 2026

Sources: Reuters, Yahoo Finance, LSEG Data & Analytics