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Macroeconomic Research | Issue 5

Week of November 2, 2026

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Equities Outlook

Binance Suffers the Largest Crypto Theft in History

On Thursday, October 29th, Binance, the world's largest cryptocurrency exchange, was hit with the largest crypto heist in history. Hackers stole an estimated $6.3 billion from the exchange's digital wallets. Binance first said the attack started with a hacked laptop belonging to one of its engineers, but co-CEO Richard Teng later said it was a more complex attack than the misuse of a single employee's access. Tether, Circle (CRCL), and other crypto firms managed to freeze about $3 billion, leaving roughly $3.3 billion under the hackers' control. The FBI has confirmed the attack was linked to North Korea's TraderTraitor hacking group, which has been behind many of the largest crypto hacks.

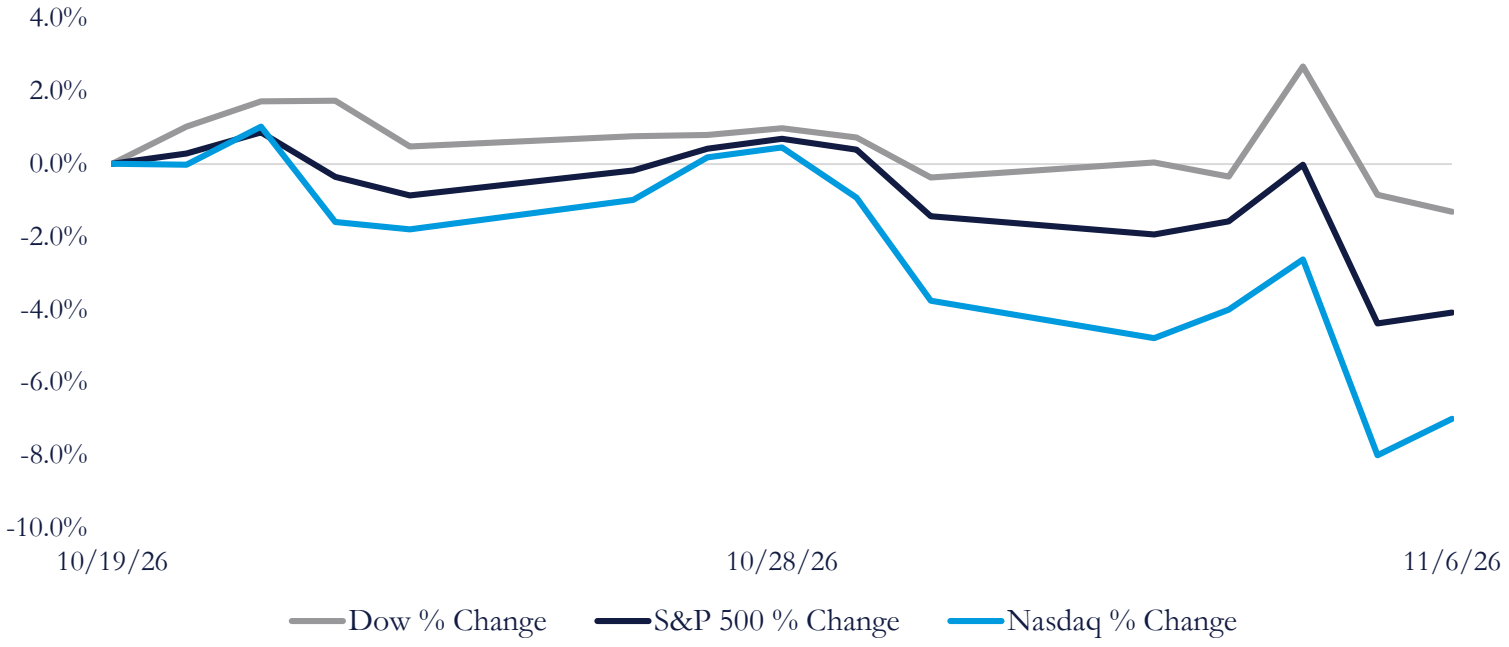
Binance does have an emergency reserve for situations like this, called the Secure Asset Fund for Users, or SAFU. As of October 29th, the fund held $1.23 billion in bitcoin, less than a fifth of what was stolen. Binance said it would cover the rest with company funds and refill its hot wallets, the shared company wallets where it holds customers' crypto together. The loss does not fall on individual users, and customers' balances will not change. The exchange reserved over $6.3 billion of company funds, including the SAFU amount, to cover users' affected assets. Binance will repay itself once the $3 billion in frozen funds is released.

Binance began restoring withdrawals in phases on November 1st, and customers pulled a net $3.64 billion off the platform that day, about 2.13% of the exchange's $171 billion in assets. By then, Binance had also replaced about 95% of the stolen assets. Withdrawals spiked at first but quickly stabilized, suggesting most customers chose to keep their funds on the exchange. Bitcoin, which fell after the hack, has since recovered most of its losses. Overall, despite the attack, we believe crypto exchanges are relatively safe for customers. They are backed by safeguards such as emergency reserve funds, large company reserves, and stablecoin issuers' ability to freeze stolen funds. We also believe Binance will recover from the loss.

As of 11/6/2026

Metric	Close
S&P 500	7,376.86
DJIA	51,285.73
NASDAQ	24,579.42
Russell 2000	2,754.11
FTSE 100	10,673.94
Nikkei 225	57,434.77
WTI Crude	$90.83
10-yr Treasury	4.86%

UNITED STATES STOCK INDEXES (OCT 19 - NOV 6)



Sources: CNBC, NBC News, The Wall Street Journal, Yahoo Finance

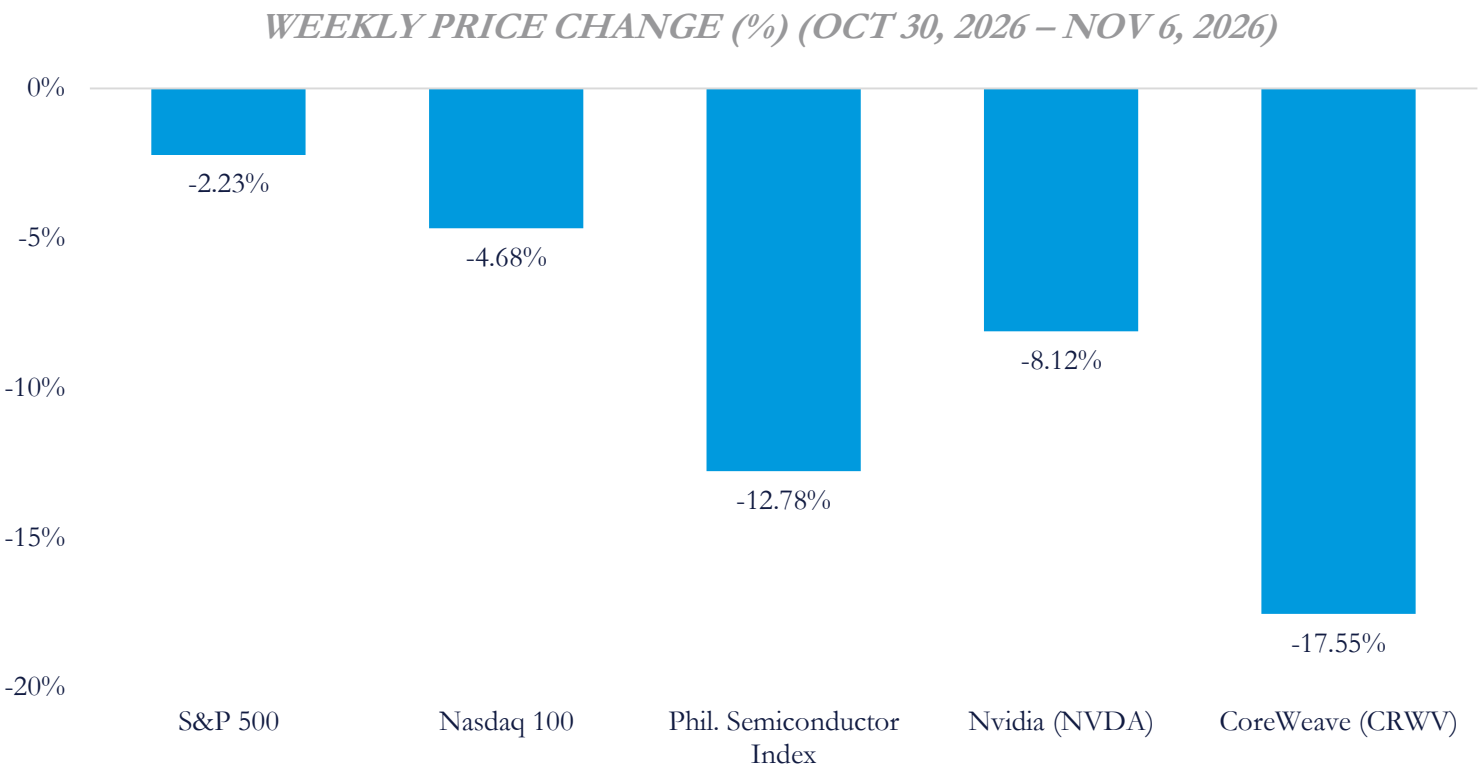
Equities Outlook

Wall Street Peers Into Abyss of AI Trade as Midterms Expose Risk

Technology stocks had their worst day since the start of the pandemic on November 5th, two days after Democrats swept the U.S. midterm elections. Democrats won majorities in the Senate and the House and took control of statehouses and governor's offices across the country, and many of the winners ran on platforms opposing artificial intelligence and new data centers. The Philadelphia Semiconductor Index fell 12.25% and the Nasdaq 100 dropped 6.36%, the largest one-day declines for both since March 2020. Nvidia (NVDA) led the selloff, falling 9.26% and losing more than $440 billion in market value. Peter Tuz of Chase Investment Counsel said it is "easy to draw a line" from the election results to more regulatory uncertainty and from there to the growth outlook for these companies.

The main concern is data center construction. UBS (UBS) estimates that nearly one-third of the computing power expected to come online in the U.S. in 2028 is now at risk, most of it in Texas, where Gina Hinojosa, who has promised to stop approving new data centers, defeated Greg Abbott to become the state's first Democratic governor since 1990. The selloff has also pushed valuations lower. Nvidia now trades at 13 times forward earnings, down from more than 32 times a year ago, and Broadcom (AVGO) trades at 15 times, compared with a peak of 42 times in December. CoreWeave (CRWV) fell 17.55% for the week, and Nebius (NBIS) dropped 15.00% on November 5th alone. Barry Knapp, managing partner at Ironsides Macroeconomics, said he is "not a buyer of anything right here."

Stocks recovered part of the losses on November 6th, with the semiconductor index up 3.46%, but the S&P 500 still finished the week down 2.23%. AI spending had supported the index this year despite high oil prices, elevated inflation, and the war in Iran. If tighter rules force Amazon (AMZN), Alphabet (GOOGL), Microsoft (MSFT), and Meta (META) to cut capital spending, they will need to borrow less and could generate more free cash flow, although their growth would likely slow. At BBR, we believe chip stocks are unlikely to fully recover until investors know what the new rules on data centers will look like. Until then, we expect large cloud companies with strong cash flow to hold up better than chipmakers and neoclouds like CoreWeave and Nebius that depend on continued data center growth.



Note: Weekly change based on closing prices from October 30, 2026, to November 6, 2026

Sources: Bloomberg, Yahoo Finance

Fixed Income Outlook

Tech Bonds Emerge as Attractive Fixed-Income Opportunity

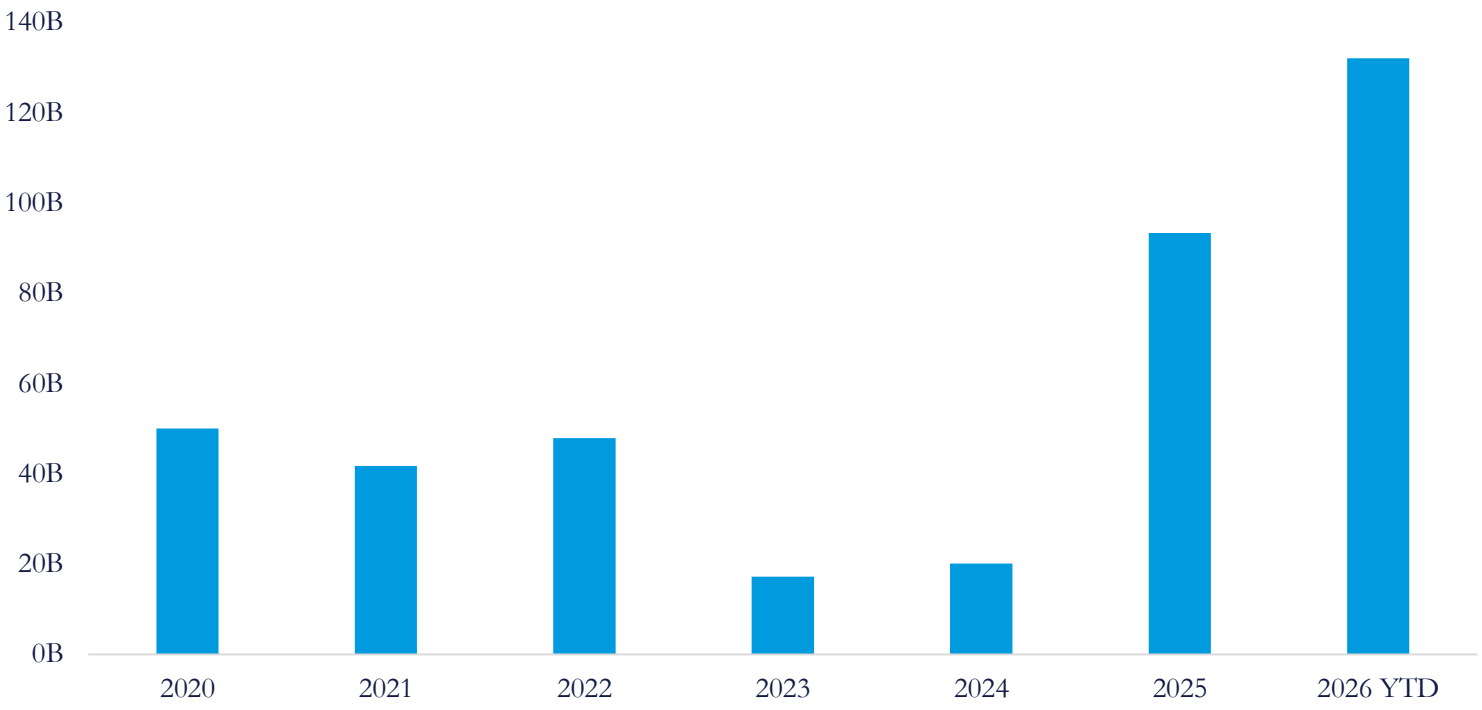
U.S Technology bonds have declined approximately 9.0% year-to-date, with their relative per broader investment-grade bond market reaching a 30-year low. The decline stems from a significant increase in bond supply, as major technology companies continue borrowing heavily to finance AI infrastructure. According to Bank of America, AI hyperscalers have issued $182 billion in bonds this year, compared to just $17 billion in 2024. This surge in issuance has increased the supply of technology bonds, pushing prices lower as investors demand higher yields to absorb the additional debt.

Consequently, long-term investment-grade bonds issued by major technology companies currently offer yields ranging from approximately 6.0% to 8.0%, including Meta at 7.40%, Nvidia at 6.67%, and Microsoft at 6.08%. These higher yields come as AI-related capital expenditures are expected to increase to $1.2 trillion by 2027. Meanwhile, free cash flow is expected to decline from $240 billion to negative $180 billion over the same period. To help finance this spending, hyperscalers have also raised $89 billion through equity issuance in 2026, while annualized share buybacks have fallen from $105 billion in 2024 to just $14 billion.

Despite the appeal of higher yields, investors remain cautious as the cost of insuring technology companies' debt against default has increased, reflecting concerns over their growing financial commitments. Since September 1st, Nvidia's (NVDA) five-year credit default swap spread has increased from 84 to 129 basis points, while Meta's has risen from 94 to 118 basis points over the same period. However, Bank of America strategist Michael Hartnett sees potential value in these beaten-down bonds, as the surge in supply has made technology bonds relatively inexpensive while offering more attractive yields to fixed-income investors.

Bondholders are also gaining the upper hand as hyperscalers turn to equity issuance and reduce share buybacks to preserve cash, potentially strengthening their ability to meet debt obligations. At BBR, we agree with this outlook and believe investment-grade technology bonds present an attractive opportunity for fixed-income investors.

ANNUAL HYPERSCALER BOND ISSUANCE (2020 – 2026)



Note: Annual issuance represents notional value in USD billions. 2026 YTD through July 31.

Sources: Yahoo Finance, Vanguard, Bloomberg

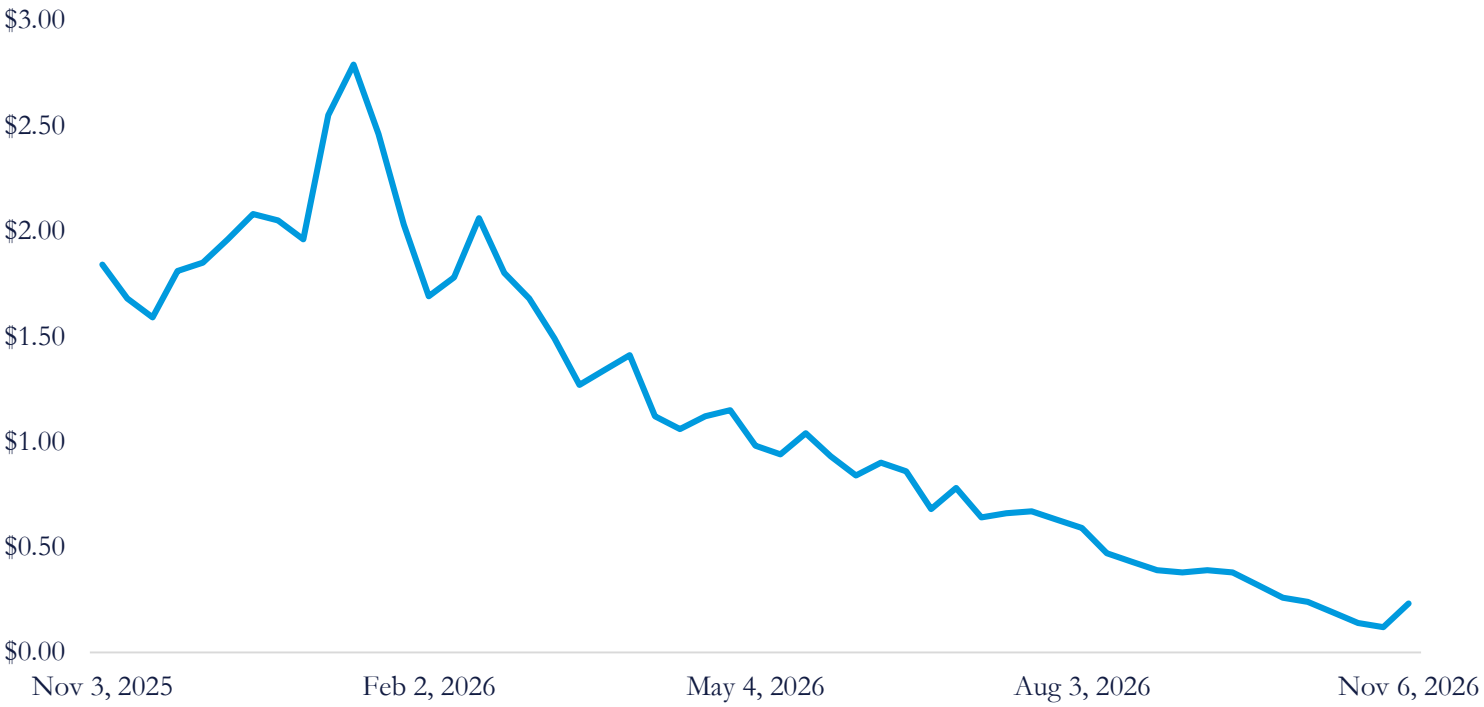
Pulp Producer Mercer Plans Chapter 11 With $1.1 Billion Debt Cut

Mercer International (MERC), a Canadian pulp producer, announced on November 2nd that it plans to file for Chapter 11 bankruptcy as part of a restructuring that would cut most of its bond debt. The company reached an agreement with holders of more than 87% of its senior notes and a majority of its shareholders to exchange about $1.1 billion of senior notes for equity, which would reduce that debt by about 88%. Mercer plans to file a prepackaged Chapter 11 case in Texas, which means creditors agreed to the plan before the filing and usually shortens the time a company spends in court. The deal also brings in $400 million of new money through a rights offering that is fully backstopped by members of an ad hoc group of noteholders, and creditors are expected to take control of the company.

Mercer has been under pressure for most of the year from rising fiber and energy costs, steady cash burn, and tariffs, which the company said were made worse by the wars in Ukraine and the Middle East. It skipped an October 1st interest payment on its notes due 2028 and later extended the grace period on that payment from 30 days to 90 days. The company also faces a January 2027 maturity on its Canadian revolving credit facility and warned that it was unlikely to generate enough cash to repay it without new funding or a refinancing. Redwood Capital Management had been buying Mercer's distressed bonds and became one of its largest creditors, as part of the majority group of bondholders that signed on to the restructuring agreement. Houlihan Lokey (HLI) has been advising Mercer through the process.

Shareholders will take the largest loss. Existing shares will be canceled once the restructuring takes effect, and current holders will receive only 8.5% of the new common stock and 3.5% of the new convertible preferred stock. Mercer's stock closed at 13 cents on November 2nd, down 93.43% from $1.98 at the end of 2025. At BBR, we believe the deal is a good outcome for bondholders, since they will own most of a company with far less debt and $400 million of new capital. We expect more restructurings like this among smaller commodity producers facing higher costs and weaker demand, and we would watch high-yield spreads in the paper and forest products sector for early signs of further credit stress, especially among issuers that, like Mercer, have large debt maturities coming due in 2027.

MERCER INTERNATIONAL (MERC) STOCK PRICE, YOY CHANGE (in $)



Note: Based on weekly closing prices from November 3, 2025, to November 6, 2026

Sources: Bloomberg, Yahoo Finance

Fixed Income Outlook

Oil and Treasury Yields Diverge as AI Market Weakness Raises Growth Concerns

The relationship between oil prices and U.S. Treasury yields has shifted significantly as concerns over artificial intelligence investments begin to outweigh inflationary pressures. For most of 2026, rising oil prices were closely tied to rising Treasury yields. It was a common consensus that higher energy costs would sustain inflation and keep interest rates elevated. However, this relationship started to wear off in October as oil prices continued rising while Treasury yields declined.

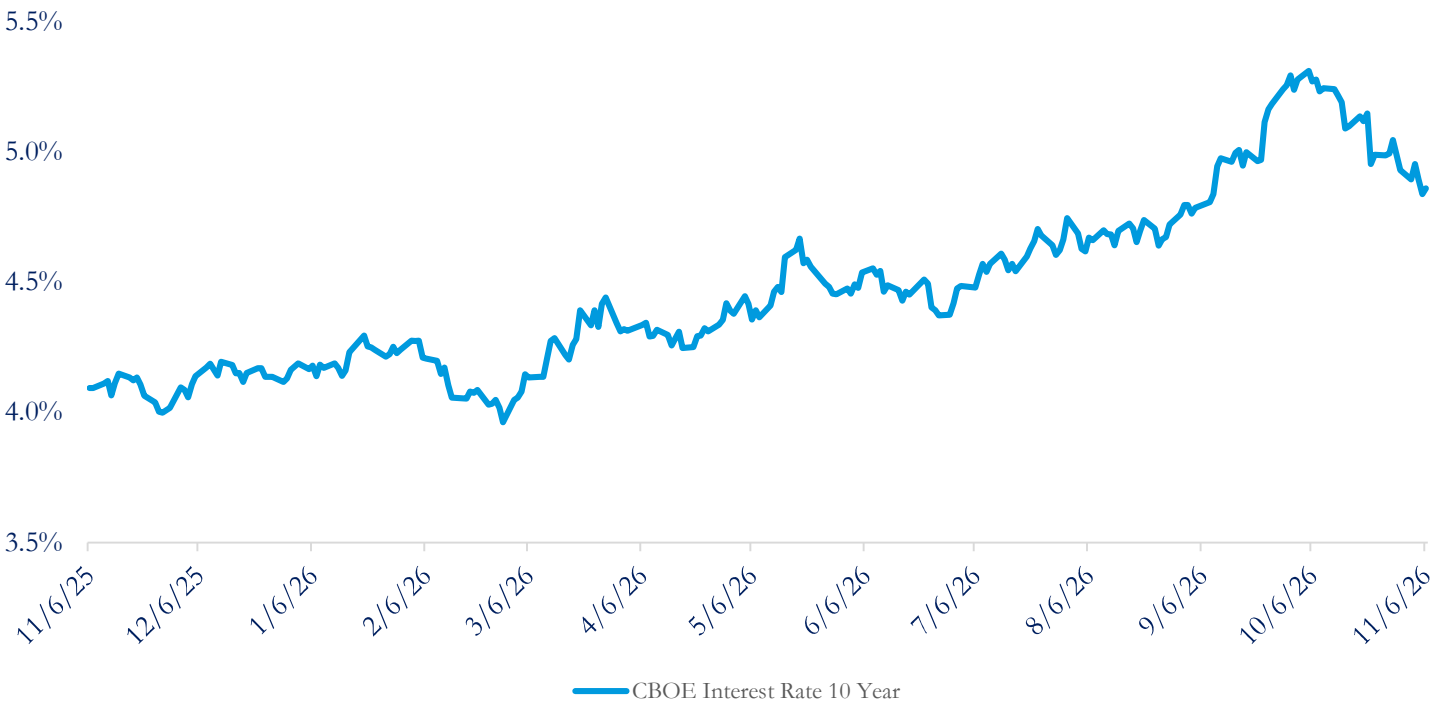
Jeffrey Rosenberg, a senior portfolio manager at BlackRock, claimed that oil futures and Treasury yields maintained an unusually strong correlation of approximately 80% earlier this year. The divergence appeared as major technology companies, especially the ones closely related to AI and its infrastructure, experienced substantial declines. Rosenberg suggested that investors are increasingly treating weakness in AI-related equities as a warning about broader economic growth rather than solely on geopolitical risks and energy inflation.

The shift followed a challenging period for technology stocks, including a significant Nasdaq selloff and a historic single-day decline in Alphabet's market capitalization. These developments raised concerns about the sustainability of AI infrastructure spending and whether companies can generate sufficient returns on their huge investments.

Meanwhile, Federal Reserve Chair Kevin Warsh also acknowledged increasing oil and commodity prices as an ongoing inflation concern during the central bank's latest policy announcement. However, declining Treasury yields suggest that investors are also considering the chances of weaker economic activity in general.

Such divergence highlights how market expectations have changed. While higher energy prices continue to create inflationary pressure, concerns surrounding AI valuations and economic growth are increasingly influencing bond markets. If the technology sector continues to show signs of weakness, higher demand for safer assets can continue putting downward pressure on Treasury yields despite elevated oil prices.

CBOE INTEREST RATE, 10 YEAR T NOTE



Note: Based on weekly closing prices from November 6, 2025, to November 6, 2026

Sources: CNBC, Wall Street Journal, Yahoo Finance

Fiscal/Monetary Policy Outlook

U.S Federal Debt Climbs to 100% of GDP

U.S. national debt reached 100% of gross domestic product (GDP) for the fiscal year that ended on September 30, marking the first time it has reached this level since 1946. Federal debt held by the public totaled $32.2 trillion, equivalent to 100.03% of GDP. This means the amount the government owes to investors outside federal government accounts is now roughly equal to the total value of goods and services produced by the U.S. economy in a single year. It does not mean the debt must be repaid within a year, but highlights how large federal borrowing has become relative to the economy's size.

This historic threshold reflects years of federal deficit spending, as the U.S. recorded a budget deficit of nearly $2 trillion in fiscal 2026, or approximately 6.2% of GDP. This is a substantial shortfall outside a recession or national emergency. For comparison, publicly held debt was just 33.7% of GDP in 2000 and 99.4% in fiscal 2025. Tax cuts, emergency spending, and rising costs for Social Security and Medicare have all contributed to the increase. With continued spending pressures and an aging population, narrowing the gap between federal revenue and expenditures is expected to become increasingly difficult.

For fixed-income investors, the rising debt burden raises concerns about the cost of financing future deficit spending. As the Treasury continues issuing securities and existing debt matures, elevated interest rates could make borrowing more expensive, even modest rate increases that can add billions of dollars in interest expenses over the next decade. Higher interest payments could also force the government to make difficult spending decisions, potentially leaving less funding available for priorities such as education, healthcare, and infrastructure.

We believe the 100.0% threshold does not indicate an immediate fiscal crisis, but it highlights the importance of addressing persistent deficits. Without a more sustainable fiscal outlook, continued borrowing could push long-term Treasury yields higher, making it costlier for the government to manage its debt.

Growing Concern for Artificial Intelligence Heightened by U.S. Midterm Elections

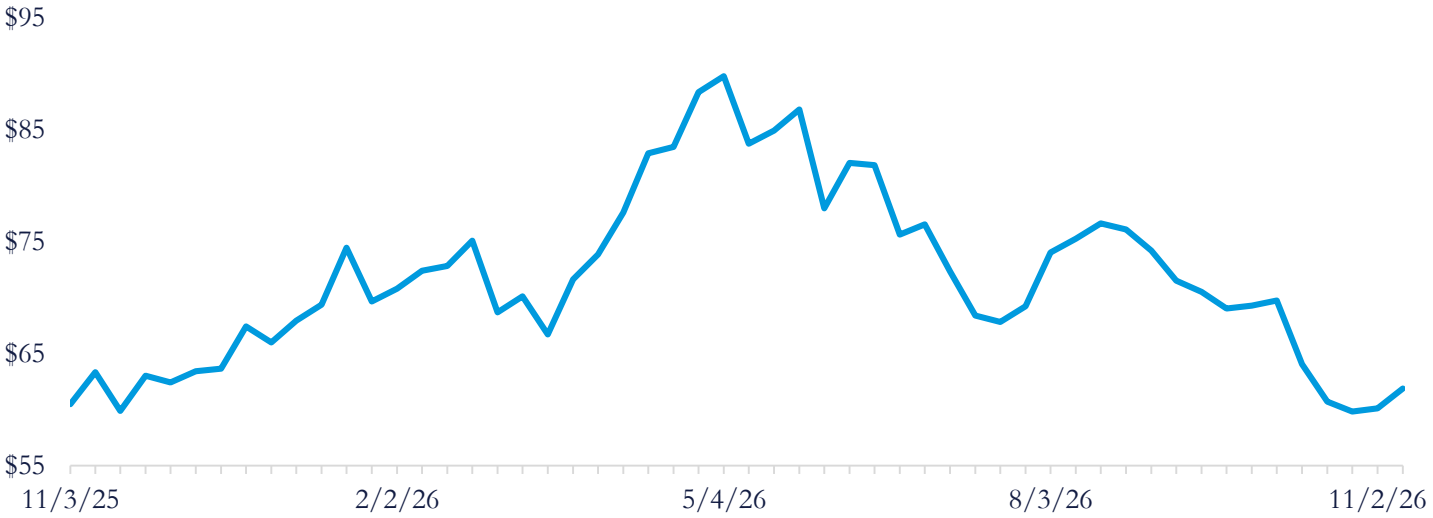
Following the November 3 midterm elections, scrutiny of artificial intelligence and election cybersecurity is expected to increase as Democrats prepare to take control of Congress in January 2027. Major technology companies established dedicated monitoring operations during the election to identify attempts to misuse AI tools and spread false voting information. The growing ability to create realistic deepfakes, including fabricated images and videos of public figures, has raised concerns about the effectiveness of existing safeguards against election misinformation. With the election now over, attention is shifting from last-minute protections to oversight of the companies and agencies responsible for addressing these threats.

The Cybersecurity and Infrastructure Security Agency (CISA), which helps protect federal networks and supports state election systems, lost roughly one-third of its workforce following staffing cuts. Although the agency has attempted to rebuild, approximately 250 prospective hires were still awaiting security clearances in September. Incoming congressional leaders plan to investigate how these reductions affected federal defenses and states' ability to secure elections. They also intend to examine how agencies are preparing for cyberattacks aided by AI, bringing government spending decisions into the broader debate over technology regulation.

Policymakers are now facing growing concerns over whether current federal resources can adequately address increasingly sophisticated digital threats. Restoring cybersecurity staff and expanding technical assistance could require additional funding, as failing to address vulnerabilities may leave state and local officials to take on the financial burden. However, increased congressional oversight does not guarantee immediate changes to funding or regulation. We believe the post-election debate highlights the importance of balancing fiscal priorities with election security, particularly as AI makes misleading content easier to produce.

Sources: The Wall Street Journal, Nextgov/FCW

GLOBAL X LITHIUM & BATTERY TECH ETF (LIT) PRICE (NOV 2025 – NOV 2026)



Lithium Miners Ramp Up Output Despite Price Slide

Lithium, the metal responsible for powering the lithium-ion batteries in smartphones, laptops, and electric cars, has seen constant price swings in recent years. The fast-growing market has been constantly managing mismatches in supply and demand, with sudden swings in outlooks. After recovering from a slump in recent years, lithium prices have dropped sharply in recent weeks. Lithium carbonate is down more than 20% since early September, at $15,450 a metric ton. Spodumene concentrate, a lithium-rich raw material, is down almost 40% over the same period, at $1,385 a ton.

Despite this drop, lithium miners are not being swayed from expanding. PLS Group (PLS.AX), an Australian lithium miner, approved a roughly $1.3 billion project to double production capacity at its Pilgangoora mine in Western Australia. Liontown Resources (LTR.AX), another Australian lithium miner, also plans a $273 million expansion of its Kathleen Valley lithium mine in Western Australia. In Quebec, Elevra Lithium advanced plans to nearly double its own capacity. In some cases, this extra production won't come for several years.

Lithium miners are used to high volatility and base investments on long-term price expectations. They remain bullish on growing demand for lithium in electric vehicles and large battery systems that can help utilities store power for when it is most needed. Higher mine production also lowers operating costs, which can help miners weather market downswings. Liontown CEO Tony Ottaviano said the company is "looking through short-term lithium price movements," adding that an expanded, more efficient operation will make Liontown more resilient through the cycle.

Expansion plans have not helped lithium prices, which have been hurt by worries about demand. Those worries center on battery energy storage systems (BESS), which store electricity for power grids. In addition, concerns about higher-than-anticipated inventories in China and a string of unfavorable policies from Beijing, such as a 2% consumption tax on domestic battery cell sales, have added to the pressure

Citi (C) recently stated that investors are "unanimously bearish" on lithium in the near term. UBS (UBS) also warned that if prices stay weak, some miners could delay or rethink their spending. However, miners themselves see the drop as a short-term, sentiment-driven dip, and they expect demand from electric vehicles and energy storage to keep growing for years to come. We believe the short-term weakness is not a major negative indicator, since lithium prices remain higher than a year ago and long-term demand should keep supply needs high.

Sources: The Wall Street Journal

Commodities Outlook

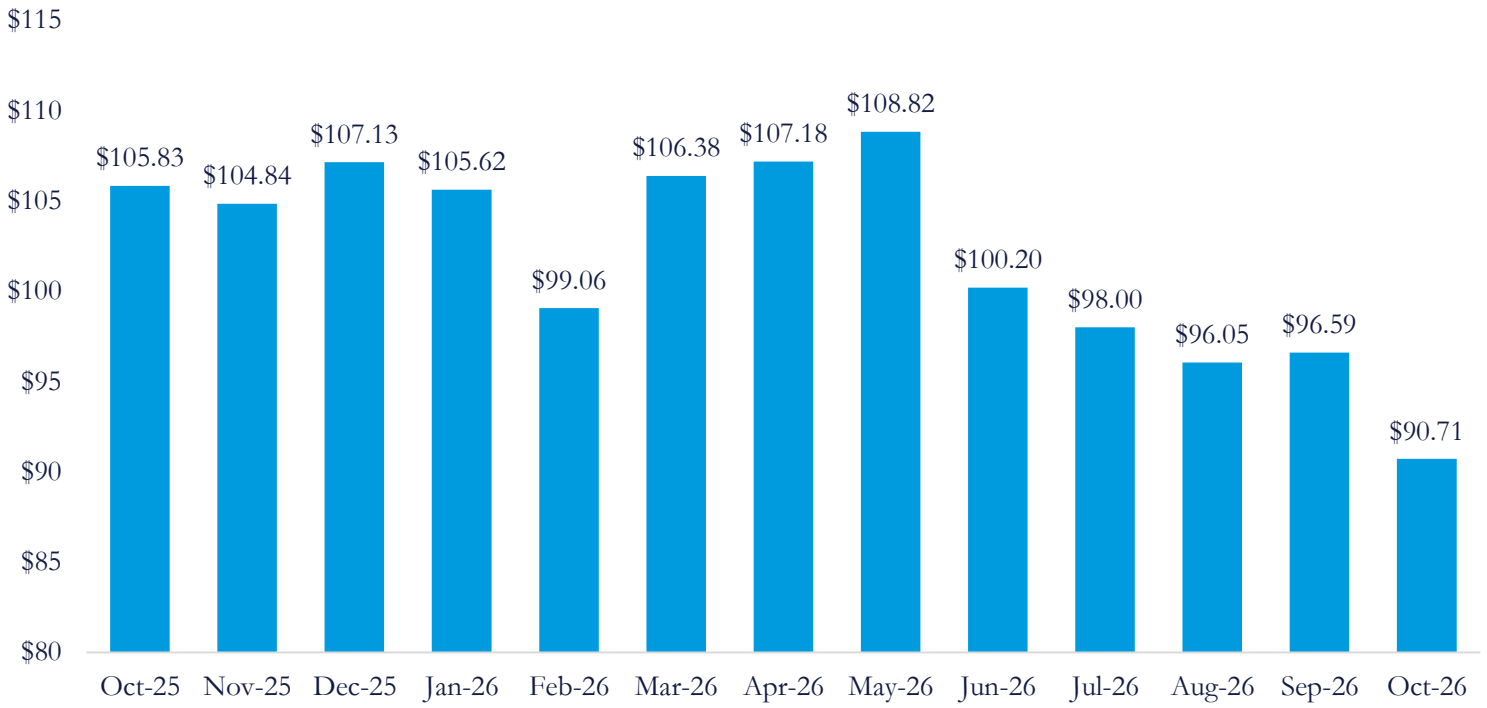
Iron Ore Heads for Lowest Month-End Close Since October 2022

Iron ore futures in Singapore were on track for their lowest month-end close in four years on October 30th, trading near $91.25 per ton. Prices fell more than 2% in October, the seventh monthly decline this year, and are 18.23% below their May peak of $111.60. China buys most of the world's iron ore, and its steel mills are struggling to make money because domestic demand is weak and coking coal prices have risen this year. According to Mysteel, only about 11% of Chinese mills were profitable in the latest week, compared with 45% a year earlier. Pig iron output, a gauge of demand, also fell, while port stockpiles of iron ore rose 1% from the prior week and 15% from a year earlier. Weak margins have pushed some mills to cut production, which in turn has further reduced their appetite for imported iron ore.

Supply has kept growing even as demand weakens. Guinea's Simandou project, partly owned by Rio Tinto (RIO), has "single-handedly supported seaborne volumes," according to Macquarie (MQG), and could export about 28 million tons this year if October's pace holds. Macquarie expects global supply to rise by about 14 million tons in 2026 while Chinese output falls 4.5%. Elsewhere, Vale (VALE) produced 88.35 million metric tons in the third quarter, below the 91.64 million-ton estimate, because of restrictions at its Serra Norte mine in Brazil. UBS (UBS) estimates that 150 to 170 million tons of production loses money below $90, but producers accounting for only 15 to 20 million tons have cut output or announced cuts so far, since the cost of restarting a closed mine can delay a response. Until more higher-cost producers curtail output, we expect seaborne supply to remain ample relative to demand from Chinese mills.

Demand is unlikely to improve soon, since November and December are usually the weakest months for steel use in China. Iron ore futures traded at $93.12 per ton on November 6th, still well below the $105.62 they ended January at. At BBR, we believe iron ore will stay near $90 through the end of the year because Simandou's growing exports and high Chinese port inventories outweigh the supply cuts so far. With so much production already losing money at these prices, we see limited room for a much deeper decline. A lasting recovery would likely require more mine closures or new support for China's property and construction sectors, and until then we expect miners' profits to stay under pressure, as Vale's 20% drop in adjusted earnings this quarter, driven by lower prices and higher costs, already shows.

IRON ORE FUTURES, MONTHLY CLOSE (OCT 2025 – OCT 2026)



Note: Monthly closing prices for the CME 62% Fe iron ore futures contract (TIO), in $ per ton

Sources: Bloomberg, Yahoo Finance

Commodities Outlook

Rising Material and Labor Costs Put Further Pressure on U.S. Homebuilders

Home construction costs across the United States continue to rise as tariffs, labor shortages, higher energy prices, and elevated interest rates place more pressure on residential developers. These constant challenges are aggravating conditions for homebuilders to expand housing supply despite ongoing concerns about affordability.

Building materials represent one of the largest sources of overall cost rises in the economy. Tariffs have raised prices for most fundamental supplies such as aluminum, lumber, drywall, and windows, while higher energy prices have also increased the cost of petroleum-based materials such as roofing shingles and PVC pipes. UBS analysts estimate that existing tariffs will add approximately $8,200 to the average cost of home construction. Subsequently, roofing manufacturer Owens Corning (OC) increased shingle prices by approximately 8% in April, followed by 6% to 9% in June.

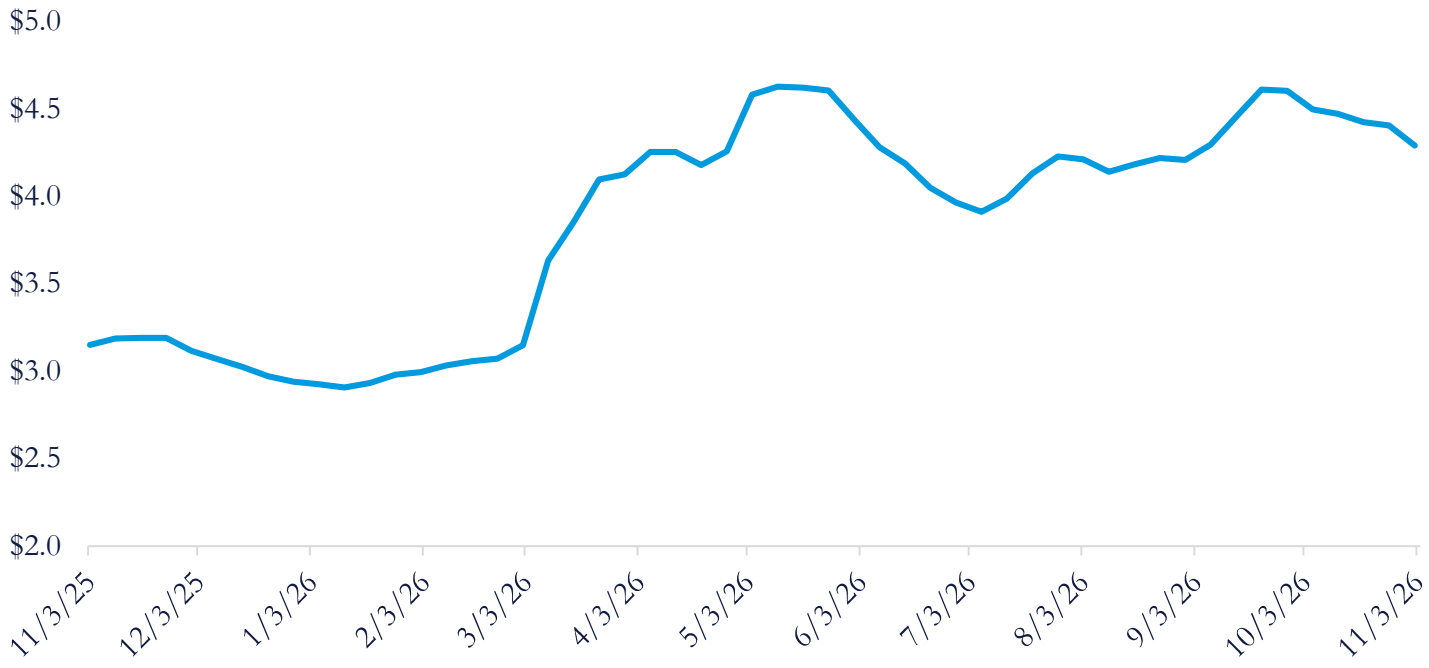
Labor shortages have additionally made construction projects more complicated. The rapid expansion of artificial intelligence data centers has increased competition for many professionals such as electricians, HVAC technicians, and other skilled workers. Simultaneously, stricter immigration enforcement has reduced available construction labor in certain regions. This ultimately forced developers to offer higher wages or absorb additional project delays.

Transportation and financing expenses are also victims of price increases. Higher diesel prices raised the cost of delivery of materials, while elevated mortgage rates continue weakening housing demand. The National Association of Home Builders suggests that developers have reported tightening credit conditions for 18 consecutive quarters.

Although Congress recently passed legislation intended to reduce housing development barriers, restrictive local zoning regulations and increasingly complex building codes continue limiting construction.

The combination of higher production costs and weaker demand presents a significant challenge for the housing market. As developers reduce construction activity, limited new housing supply can exacerbate affordability problems even if mortgage rates eventually decline.

WEEKLY U.S. RETAIL GASOLINE PRICES ($ PER GALLON)



Note: Based on weekly closing prices in USD from November 3, 2025, to November 3, 2026

Sources: Wall Street Journal, U.S. Energy Information Administration

AstraZeneca Pursues $10 Billion Rhythm Acquisition to Expand Drug Portfolio

AstraZeneca (AZN) has reportedly made an approximately $10 billion offer to acquire Rhythm Pharmaceuticals (RYTM). The British pharmaceutical company proposed paying $124 per share last month, although there has been no final consensus that was made. AstraZeneca is seeking to expand its presence in the growing obesity treatment market while also strengthening its rare-disease portfolio through this huge investment.

Following the report of the potential acquisition, Rhythm Pharmaceuticals shares surged approximately 28% to $110.68, and the company's market capitalization reached roughly $7.60 billion. AstraZeneca, meanwhile, has a market value approaching $300 billion. The proposed acquisition would represent another major investment in specialty pharmaceuticals. AstraZeneca is continuously working toward its target of $80 billion in annual revenue by 2030, an approximately 36% increase from $58.70 billion last year. Rhythm Pharmaceuticals specializes in treatments for rare metabolic disorders and severe forms of obesity. Its primary drug, Imcivree, targets the MC4R pathway, which regulates hunger and appetite. In March, the FDA expanded the drug's approval to include hypothalamic obesity, a condition associated with the brain's appetite-regulating system.

The acquisition would complement AstraZeneca's existing investments in obesity treatments, including its development of GLP-1 medications and licensing agreements with Chinese pharmaceutical companies CSPC Pharmaceuticals (1093.HK) and privately held Eccogene. It would also strengthen the company's constantly growing rare-disease business, which expanded significantly following its $39 billion acquisition of Alexion in 2021. The potential deal comes with increasing competition in the obesity treatment industry. Companies such as Eli Lilly (LLY) and Novo Nordisk (NVO) have experienced substantial demand for weight-loss medications. Although the acquisition can provide AstraZeneca with an established commercial product and additional growth opportunities, its long-term financial benefits would depend on numerous other factors such as the final purchase price and Rhythm's ability to expand its treatments into additional sources.

Mitsubishi Turns to Blackstone to Fund LNG Canada Expansion

On November 2nd, Blackstone (BX) agreed to invest $3.1 billion in Mitsubishi Corporation's (8058.T) stake in LNG Canada. Blackstone partnered with four Canadian pension investors (CPP Investments, OMERS, the Investment Management Corp. of Ontario and PSP Investments) to acquire a 49.9% noncontrolling stake in a Mitsubishi subsidiary that holds the company's 15% share of the project. Mitsubishi also said the deal won't change how much LNG it receives from the project or who it sells to.

LNG Canada, which is located in British Columbia, is Canada's first and only large-scale liquefied natural gas export terminal. Plants like this turn natural gas into a liquid by cooling it down and shrinking its volume so it can be shipped around the world. The project's phase-two expansion was announced in September and will double the facility's annual production capacity to 28 million metric tons once completed.

The project is a joint venture led by Shell (SHEL), which owns 40%, alongside Mitsubishi, Petronas, PetroChina and Korea Gas. Blackstone's group isn't buying into LNG Canada directly. Instead, it's buying nearly half of the Mitsubishi holding company that owns Mitsubishi's 15% share of the project. The structure lets Mitsubishi raise money for the expansion without giving up control or any of its LNG supply, while Blackstone and the other funds gain steady returns from a long-term energy asset. This large investment from Blackstone follows a trend of large-scale investments in Canadian and global energy infrastructure in recent years. For example, Blackstone led a $7 billion investment in Sempra Infrastructure Partners' Port Arthur LNG Phase 2 in Texas back in 2025. Blackstone's group acquired a 49.9% minority stake while Sempra Infrastructure Partners retained a 50.1% majority stake, which mirrors the Mitsubishi deal.

Sources: Bloomberg, Yahoo Finance

Trade of the Week

Long Marvell (MRVL) – Isabella Betparoo

Marvell Technology (MRVL) presents a potential long opportunity following a sharp selloff, supported by strong demand for AI infrastructure and the company's growing presence in custom chips and data center connectivity. Although investors have reacted negatively to its proposed acquisition of Lumentum (LITE), Marvell's underlying revenue growth and expanding portfolio could support a recovery in the long term. In its second quarter of fiscal 2027, Marvell reported record revenue of $2.74 billion, up 37.0% from the year earlier. Data center revenue grew 46.0% to $2.17 billion, which accounts for approximately 79% of total revenue. Adjusted earnings reached $0.94 per share, while operating cash flow totaled $606 million, and the company also expects third-quarter revenue to reach approximately $3.15 billion.

Marvell's growth prospects are supported by its custom silicon business, which develops chips tailored to the needs of major cloud providers, and connectivity products that allow AI processors to communicate efficiently. In October, Marvell raised its fiscal 2028 revenue forecast to approximately $20 billion and expects custom-chip revenue to exceed $12 billion in fiscal 2029. These expectations reflect the increasing investment needed to build and connect large AI data centers. On November 2nd, Marvell announced plans to acquire optical components manufacturer Lumentum in an all-stock transaction valued at approximately $115 billion, including debt. The combination would bring together Marvell's networking chips and Lumentum's optical technologies, potentially strengthening its competitive position as data centers require faster connections and greater power efficiency. Management expects more than $1 billion in annual cost savings once the businesses are integrated.

Nevertheless, the transaction presents significant risks. Existing Marvell shareholders would own approximately 67.0% of the combined company, leaving investors concerned about dilution, the price paid, and execution. Marvell shares closed at $133.55 on November 5 after falling 16.4% that day, amid a broader selloff in AI-related stocks. Regulatory approvals, integration costs, and uncertainty around AI capital spending could continue to pressure the stock.

Despite these concerns, we believe Marvell's recent decline in share price presents an attractive buying opportunity for investors. The company's strong financial performance and growing presence in custom chips and optical connectivity support its long-term growth potential, although the success of the Lumentum acquisition will remain an important factor.

MARVELL (MRVL) STOCK PRICE (in $)



Note: Daily closing share prices in USD from November 6, 2025, to November 5, 2026.

Sources: Reuters, Marvell Technologies, LSEG Data & Analytics

Trade of the Week

Short Arabica Coffee (KC=F) – Jack Whalen

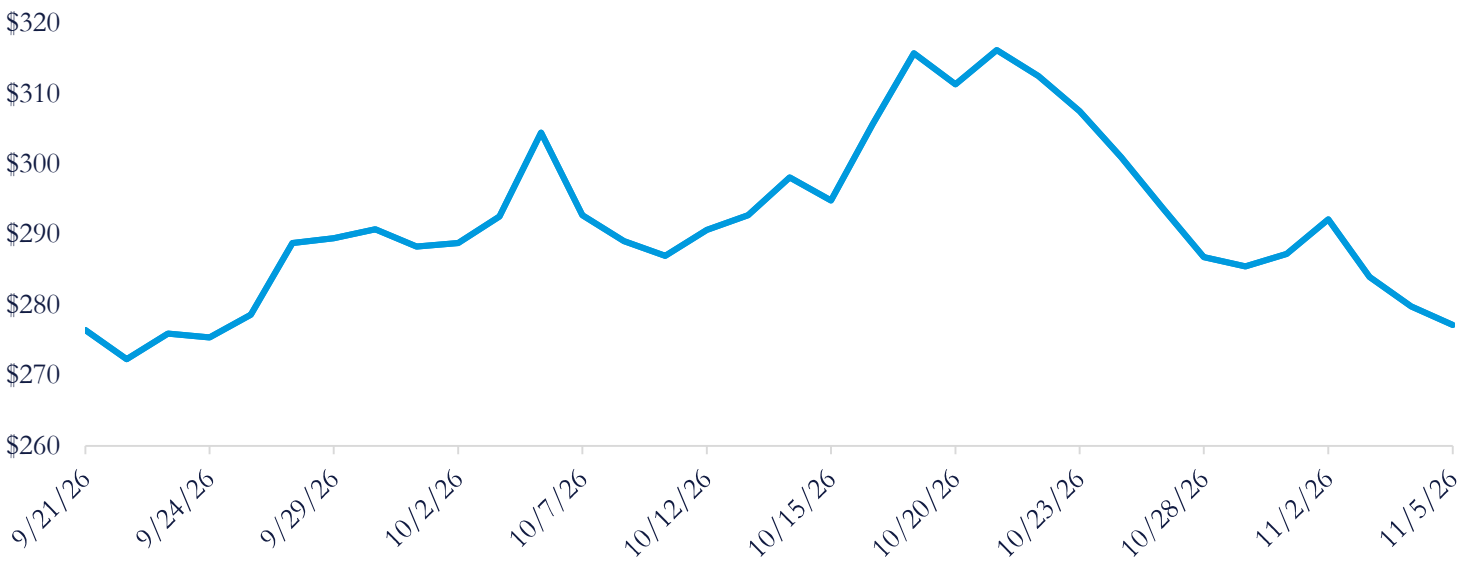
Arabica coffee is a specific type of coffee that makes up most of the world's coffee production. Compared with robusta coffee, the other main type, arabica is on average more expensive. On November 5th, the price of December arabica coffee futures closed at 277.15 cents a pound, or about $2.77. This is down about 12.34% from its recent peak of 316.15 cents back on October 21st.

Brazil is the world's largest producer of arabica coffee, growing about 45% of the world's arabica alone and nearly four times as much arabica as the next-largest producer. This gives Brazil an amplified effect on the price, and the country had a record harvest in 2026, with the USDA forecasting 71.9 million bags, including 47.5 million bags of arabica. This is up from the previous total of 38 million bags of arabica, a 25% increase. Weather is also working against prices, with forecasters reporting favorable rainfall in Brazil during the critical flowering stage for next year's crop.

The surprise re-election of President Luiz Inácio Lula da Silva on October 25th also dealt a major hit to Brazil's markets and weakened its currency, and neither has recovered. As of November 5th, the Ibovespa, Brazil's main stock index, was down about 18.96% from before the election, and the BRL had weakened about 7.49% to roughly 5.46 per U.S. dollar. The weaker BRL encourages more Brazilian coffee exports due to coffee being priced in dollars, and exporters now earn about 8.10% more in local currency for each dollar of coffee sold than they did before the election. This adds even more supply to an already well-supplied global market. According to the USDA, global coffee production is forecast to reach a record 189.7 million bags in the 2026/27 season, and the International Coffee Organization estimated a 3 million-bag surplus in 2025/26, the first in five years.

However, there are risks to this trade. In the near term, tight coffee inventories could limit how much further prices fall. ICE-certified arabica stocks, the coffee approved for delivery against futures contracts, fell to 220,379 bags on November 3rd, close to their 27-year low of 217,646 bags in September. This is not due to a lack of supply but rather a delay, as Brazilian coffee arriving at exchange warehouses has not yet been graded and certified. Weather is another risk, as a super El Niño could bring drought to Brazil and Vietnam and hurt next year's crops. A recovery in the Brazilian real, driven by greater confidence in President Lula's economic policies, could also slow exports. Despite these risks, the combination of factors relating to arabica makes us believe that prices will fall.

ARABICA COFFEE FUTURES PRICE (KC =F)



Note: December 2026 Contract, Daily Closing Prices (Cents per Pound)

Sources: Reuters, USDA, Yahoo Finance