

Macroeconomic Research | Issue 6

Week of November 9, 2026

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Equities Outlook

Stock Prices Rebound as Inflation Causes Eases Down

U.S. stocks surged on Monday, November 9, recovering much of the previous week's losses as oil prices continued to drop and stronger corporate earnings reports improved investors' sentiments. The S&P 500 index rose approximately 2.35%, recording its strongest daily performance since 2.51% in April. The Dow Jones Industrial Average also gained 2.15%, or approximately 1,104 points. The Nasdaq Composite increased 2.74%, supported by a recovery in technology shares following volatility concerns to uncertainties on artificial intelligence investments. The rebound followed a challenging week for U.S. equities, especially in semiconductor and AI infrastructure industries. Investors became increasingly concerned that the results of the midterm elections could potentially lead to greater regulation of technology companies and potentially slow the expansion of AI data centers, which inevitably contributed heavily to significant selling pressure across the market's technology sector.

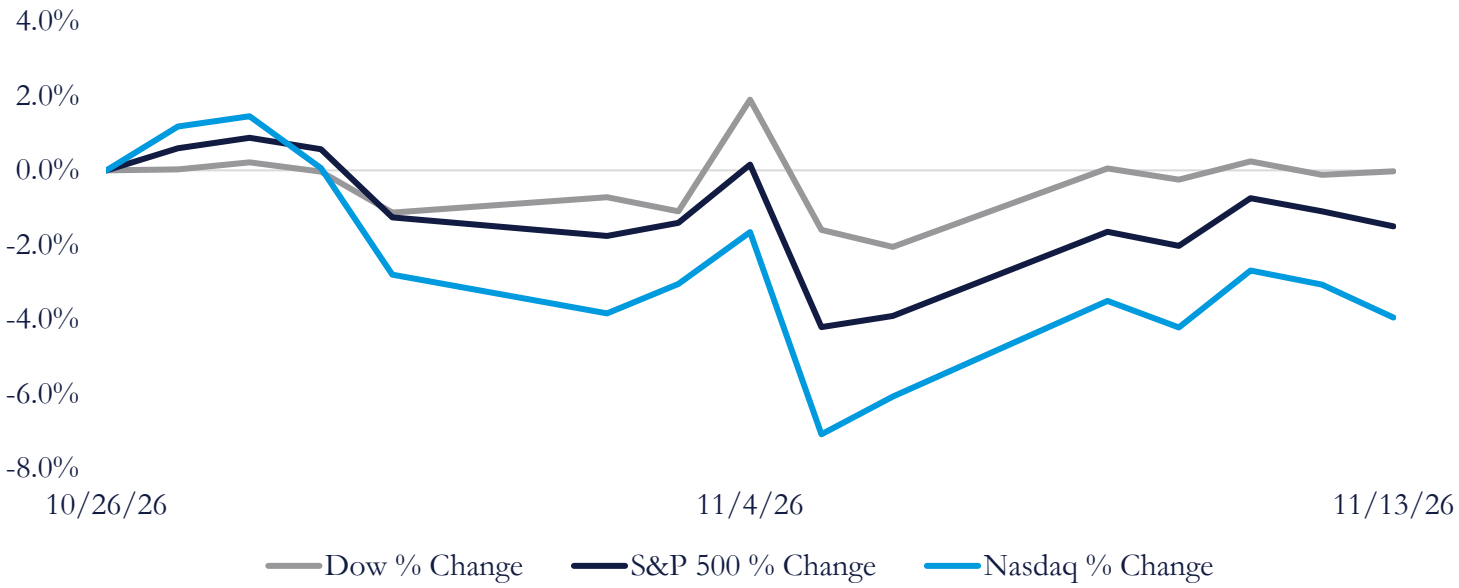
However, falling energy prices provided some relief. Brent Crude declined approximately 5.80% to $92.57 per barrel with reported optimism in diplomatic negotiations between the United States and Iran. Lower oil prices eased concerns about persistent energy-driven supply shock inflation, which unarguably affected financial markets throughout the year. Simultaneously, corporate earnings also contributed to the stock rally. Constellation Energy (CEG) shares climbed approximately 10.50% following stronger-than-expected results, while semiconductor companies including AMD (AMD) recovered from recent declines. Nvidia (NVDA) remained an exception, falling 4.30% due to a separate company investigation.

The Russell 2000 index, tracking smaller U.S. companies, outperformed major benchmarks with a 3.15% increase. The market recovery suggests investors are responding positively to lower energy prices despite continuous ambiguity surrounding AI capex and Federal Reserve policy.

As of 11/13/2026

Metric	Close
S&P 500	7,561.67
DJIA	52,347.55
NASDAQ	25,136.27
Russell 2000	2,790.49
FTSE 100	10,902.56
Nikkei 225	61,142.35
WTI Crude	$88.56
10-yr Treasury	5.15%

UNITED STATES STOCK INDEXES (OCT 26 – NOV 13)



Note: % Change From Close
Sources: The Wall Street Journal

Equities Outlook

Nvidia CEO Jensen Huang Resigns Amid Investigation

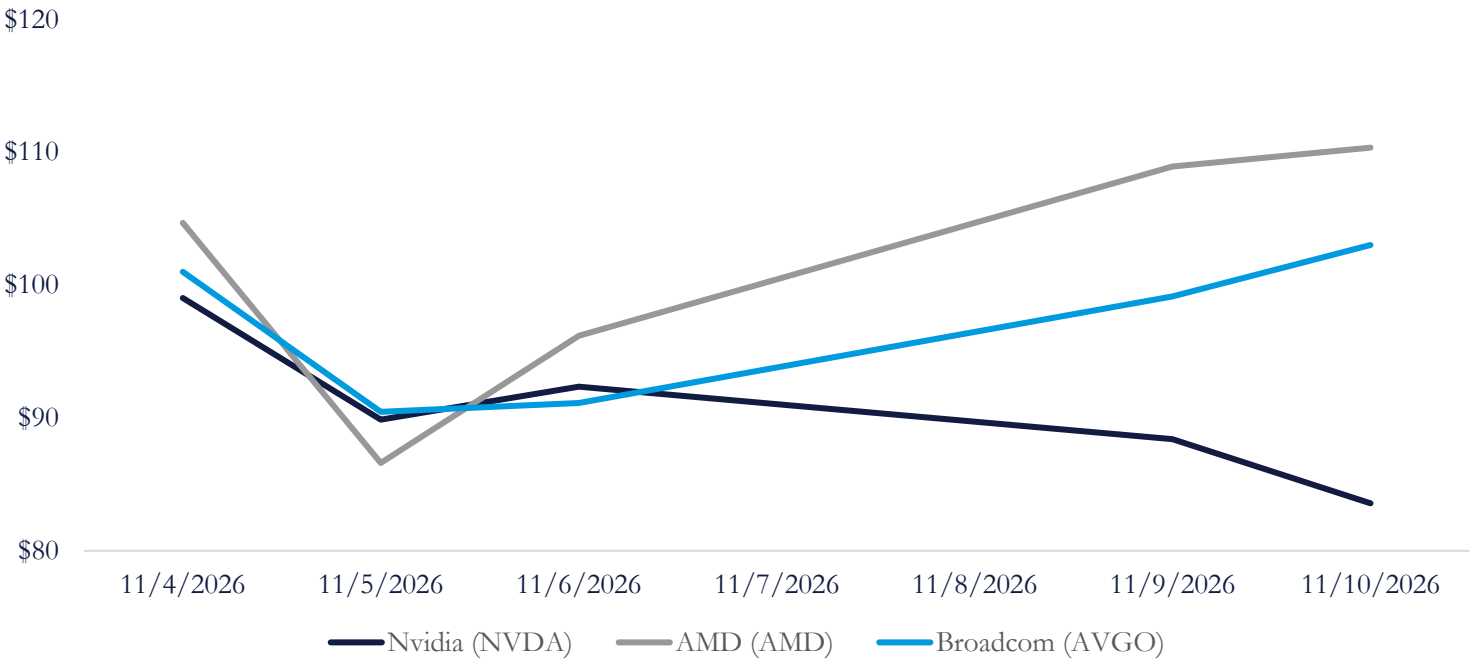
Nvidia (NVDA) shares fell 4.3% on Monday, November 9, after the company announced an independent investigation into CEO Jensen Huang's relationship with a woman suspected by U.S. intelligence officials of having ties to Chinese intelligence. The news raised concerns about corporate governance and potential national security risks at one of the world's leading AI chipmakers. In a memo to employees, Huang acknowledged an extramarital affair and apologized to his family and colleagues. Nvidia said independent directors and outside legal counsel would review the matter but emphasized that it currently has no reason to believe company information or national security had been compromised.

While Nvidia shares declined, much of the semiconductor industry rallied. Advanced Micro Devices (AMD) rose 13.0% following an analyst upgrade, while Broadcom (AVGO) gained 8.0% and Intel (INTC) rose 5.0%. Taiwan Semiconductor Manufacturing Company (TSM), which manufactures Nvidia's chips, gained nearly 4.0%, and Dutch semiconductor equipment manufacturer ASML Holding (ASML) also rose 6.0%. Meanwhile, Nvidia's decline erased $190 billion from its market value.

On Thursday, November 12, Huang resigned as CEO and board member, effective immediately, ending his leadership of the company he co-founded 33 years ago. Nvidia named CFO Colette Kress as interim CEO while it searches for a permanent successor and appointed Harvey C. Jones as its first-ever board chair. Huang's exit turns the "key-person" risk analysts had described into a reality, raising questions about Nvidia's ability to maintain its competitive advantage as other chipmakers expand their presence in the AI market.

The resignation also comes as Nvidia faces ongoing scrutiny over sales of advanced AI chips to China, where U.S. export restrictions already limit operations. The FBI and Congress are also investigating Huang's relationship, and the findings could increase pressure on lawmakers to tighten chip export restrictions while raising questions about Nvidia's ability to keep its technology away from unauthorized Chinese buyers. Several analysts have downgraded the stock since his exit, and investors will look to Nvidia's third-quarter results on November 17 for early signs of the company's growth and newfound reputation.

NVIDIA STOCK PERFORMANCE VS. SEMICONDUCTOR PEERS



Note: Indexed closing prices from November 4 through November 10, 2026

Sources: Yahoo Finance

Equities Outlook

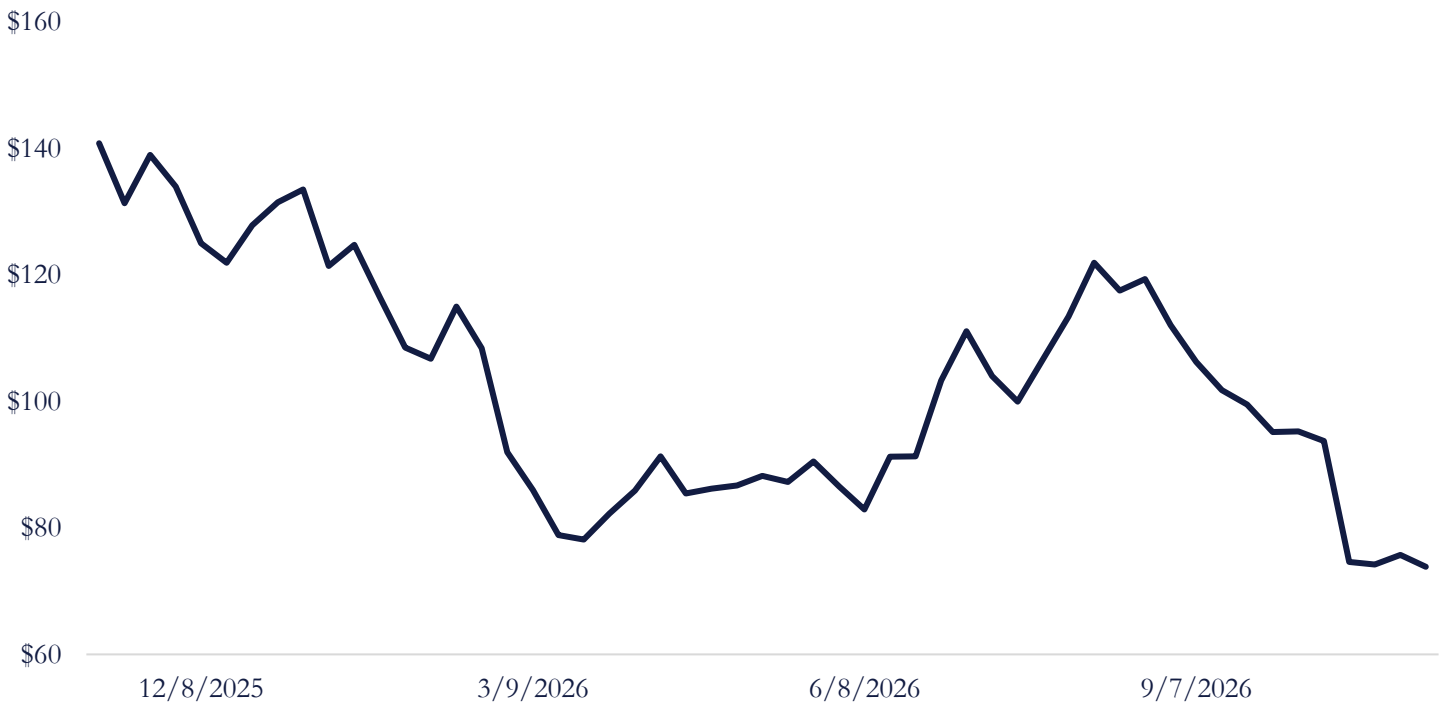
Singapore's Sea Reports 43% Jump in Quarterly Sales; Shares Rise

Sea Ltd. (SE), the Southeast Asian internet company that owns the online marketplace Shopee, reported third-quarter revenue of $8.6 billion on November 10th, a 43% increase from a year earlier and ahead of the average analyst estimate compiled by Bloomberg. Shopee's sales rose 41% to $6.1 billion, and its adjusted EBITDA climbed 45% to $269 million. The board also approved another $1.0 billion of share buybacks after the company finished a program of the same size. Investors had been worried about competition from ByteDance's TikTok Shop, Alibaba's (BABA) Lazada, and the recently listed Shein, so the results came as a relief. The ADRs rose as much as 9.2% to $85.16 in New York trading after the release, which marked the stock's largest intraday percentage gain in three months.

Company-wide adjusted EBITDA rose 29% to $931 million, short of the $990 million analysts expected, as Sea keeps spending on AI features, cloud computing, and food delivery. Chief Executive Officer Forrest Li's cloud plan already pushed the stock lower in October, when analysts said the strategy and its cost were unclear. Lea El-Hage of Bloomberg Intelligence said Sea is unlikely to reach the scale of Amazon Web Services without heavy spending on chips and storage well before it earns a profit. Sea is also looking at a separate listing of its fintech arm Monee, is expanding Shopee in Brazil, and may face new regulatory hurdles in Indonesia, one of its largest markets. These projects add to the list of costs that investors will be watching closely in each of the coming quarters.

The early rally did not hold. Shares closed down 1.49% at $76.80 on November 10th and traded at $73.86 on November 12th, 50.18% below their 52-week high of $148.26. The stock had already fallen about 40% this year before the report on concerns over oil prices and competition. At BBR, we believe Shopee's core business is growing quickly, but investors are focused on how much Sea will spend on AI and cloud before that spending pays off. We expect the stock to stay under pressure until management gives clearer targets for cloud spending, and a listing of Monee could help by putting a clearer value on the fintech business, which the market is currently overlooking.

SEA LTD (SE) STOCK PRICE, YOY CHANGE (in $)



Note: Based on weekly closing prices from November 10, 2025, to November 12, 2026

Sources: Bloomberg, Yahoo Finance

Fixed Income Outlook

Data Center Builders Face a $1 Trillion Refinancing Wall

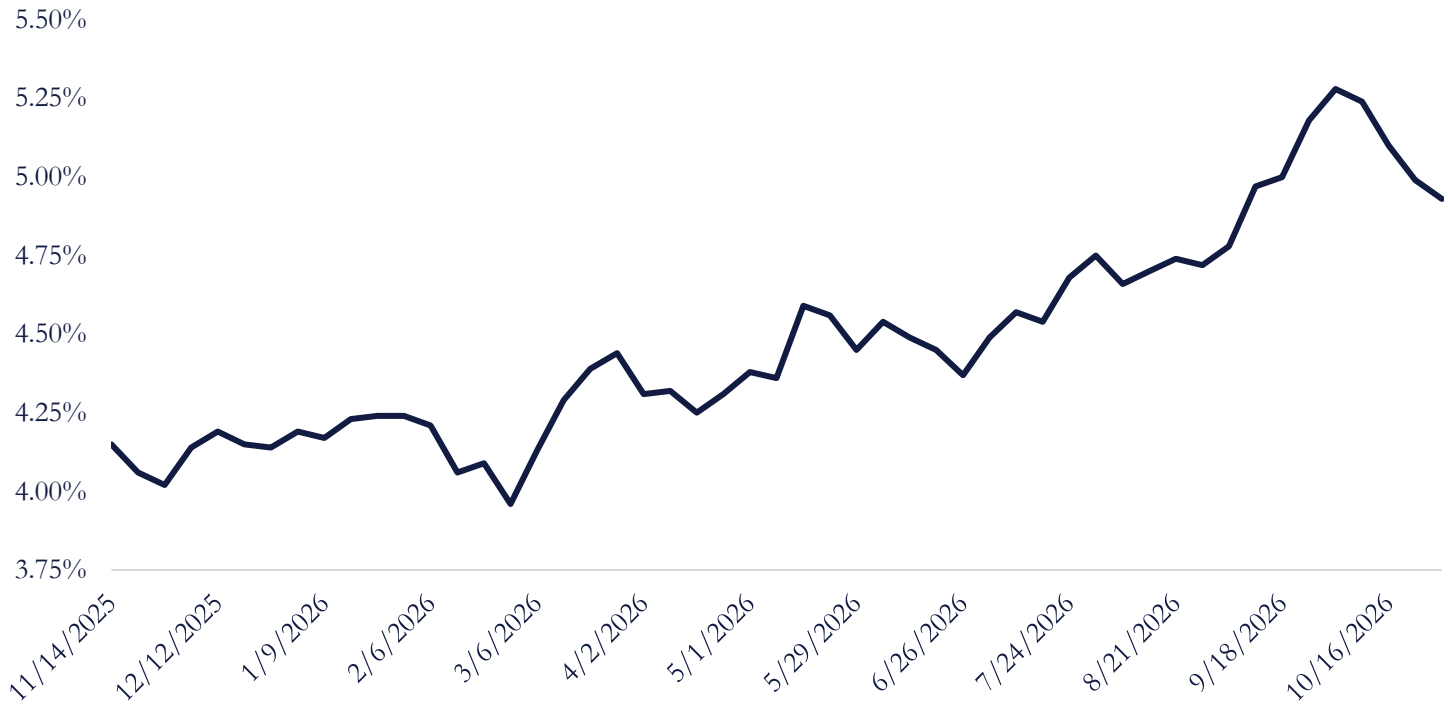
Rising benchmark U.S. yields have added pressure to the AI industry's expansion and financing. The 10-year Treasury yield climbed from 4.84% on November 5th to 4.88% on November 9th. It then jumped toward 5% after the hotter-than-expected inflation report on November 10th. This could bring significantly higher borrowing costs for data center builders, as billions of dollars of their debt comes due in the months ahead.

About $13.4 billion of data center debt with fixed interest rates is set to come due in 2027, according to a new BloombergNEF report. Refinancing will require borrowers to take on new debt at whatever rates are in place at the time. At October's Treasury yields, that would mean a 2.85 percentage point jump in their interest rates, adding at least $380 million in costs, even if their credit spreads stayed the same. In the next five years, at least $1 trillion of data center borrowings is set to mature, adding to the pressure. Most of the debt maturing by 2030 is concentrated in eight companies, with Vantage Data Centers, Switch, and DataBank holding the most.

Concurrently, there are growing concerns about large debt loads and a perceived overreliance on financial support from hyperscalers and chipmakers, along with potential limits on credit availability. Neoclouds, companies that buy AI chips and rent out the computing power, face concentrated refinancing pressure starting in 2030. About $49 billion, or 65% of their total outstanding borrowings, matures between 2030 and 2032. CoreWeave (CRWV) and Nebius Group (NBIS) account for 80% of those maturities. CoreWeave specifically has seen its corporate bond yields rise as high as 16.7% on November 5th, after candidates favoring slower data center construction won several governor races.

Data center projects in general have been dealing with delays. These include longer interconnection queues, the wait for approval to connect to the power grid, and skilled labor shortages. If the delays drag on, they will postpone rental income and make it harder for developers to repay or refinance their loans. This could differentiate strong and weak developers.

10-YEAR U.S. TREASURY YIELD (NOV 2025 – OCT 2026)



Note: Weekly Closing Yield

Sources: Yahoo Finance, The Wall Street Journal

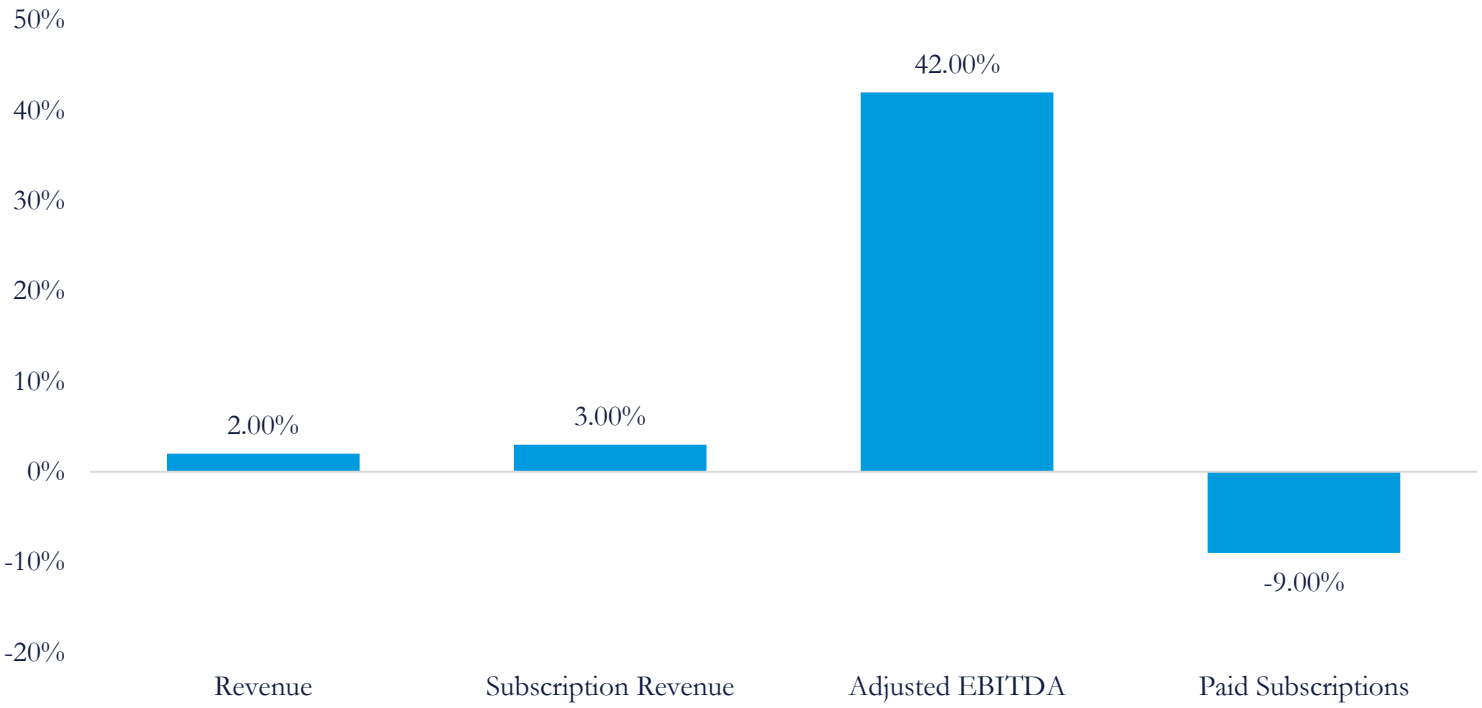
Peloton Draws $6.8 Billion of Demand for Debut Junk-Bond Sale

Peloton Interactive (PTON) sold its first high-yield bond on November 10th, and more than $6.8 billion of orders allowed the company to increase the deal by $100 million to $700 million. The bond matures in just over five years and priced at a yield of 8.625%, below initial talk in the low-to-mid 9% range but above the 6.85% average yield for companies with similar ratings. Goldman Sachs (GS) led the sale. Peloton will use the proceeds to repay term loans under the $1 billion financing package it arranged in 2024, which paid about 6 percentage points over the benchmark and comes due in 2029. Replacing that floating-rate loan with a fixed-rate bond gives the company a longer and more predictable debt profile, and the strong order book suggests investors were comfortable lending at these levels.

The sale came days after Peloton reported fiscal first-quarter results. Revenue rose 2% to $559 million, its third straight quarter of growth, and net income reached $96 million compared with $14 million a year earlier. Paid subscriptions fell 9% to 2.475 million, but subscription revenue rose 3% to $411 million because of higher prices. Adjusted EBITDA increased 42% to $168 million, and free cash flow more than doubled to $143 million. For the full year, Peloton expects revenue of $2.3 billion to $2.4 billion and at least $350 million of free cash flow. Moody's (MCO) rated the company Ba3 (Stable), three steps below investment grade, and said earnings and free cash flow have "significantly improved."

Moody's also said the key credit risk is whether Peloton can keep those gains while it tries to grow again. The deal adds to a broader revival in the junk market, where average high-yield yields hit a six-week low on November 9th as companies rush to borrow before the year ends. At BBR, we believe the strong demand shows lenders are willing to back improving cash flow even without sales growth, as long as the yield is close to 9%. Moving to fixed-rate debt also makes interest costs easier to plan as central banks discuss rate hikes. The holiday quarter is the next test, since Peloton expects gross margin to fall to about 50% from 61.3% and revenue to decline 3%. A weak result could push the new bond's yield higher, while a quarter that meets guidance would support the view that Peloton's turnaround is working and could help the company borrow on better terms the next time it refinances or comes back to the bond market.

PELOTON FISCAL Q1 2027 RESULTS, YOY CHANGE (%)



Note: Fiscal first quarter ended September 30, 2026, compared with the same quarter a year earlier

Sources: Bloomberg, Moody's Ratings

Fiscal/Monetary Policy Outlook

Strong Jobs Report Shifts Focus to Fed's December Rate Decision

The U.S. economy added 165,000 jobs in October, exceeding economists' expectations of 65,000, while the unemployment rate declined to 4.1%. Hiring in August and September was also revised upward with 84,000 additional jobs, reinforcing the Federal Reserve's view that the labor market remains relatively stable. Consequently, attention has shifted toward inflation and financial market conditions ahead of the Fed's December meeting. The central bank held its benchmark interest rate at 3.75%–4.00% in October, following a hike in September. However, two officials favored another rate hike, suggesting continued concerns about inflation remaining above the Fed's 2.0% target.

The Fed's decision could also be complicated with the recent selloff in AI-related technology stocks. Investors have increasingly questioned whether heavy spending on AI infrastructure will generate enough profits to justify high company valuations, especially as costs for chips, energy, and other resources continue rising. While a short-term decline in stock prices may have little impact on the Fed's decision, a prolonged selloff could reduce household wealth and tighten financial conditions. These effects could put additional pressure on economic growth, potentially reducing the need for another rate hike. Fed Chairman Kevin Warsh has also emphasized the importance of financial markets as an indicator of future economic conditions.

Meanwhile, October's Consumer Price Index (CPI), released on November 10, showed prices rising 0.4% from September, above the expectation of 0.3%. Core CPI, which excluded food and energy, rose 0.3%, also surpassing forecasts of 0.2%. The stronger inflation readings have increased pressure on the Fed to continue raising rates with investors now assessing how large a potential December rate hike could be. Although the latest employment and inflation figures support further tightening, the Fed will still need to weigh upcoming developments in financial markets. Another employment report is scheduled before the December meeting, giving officials one more opportunity to assess the labor market before making their decision.

Japan Spends Record $50 Billion to Support Weakening Yen

Japan spent a record $50 billion in a single day in July to support the yen after the currency fell to its weakest level in nearly four decades. According to data released by Japan's Ministry of Finance, the government purchased a total of 15.399 trillion yen ($97.16 billion) throughout July and August, including 7.976 trillion yen on July 30 alone.

The intervention follows the yen's decline to nearly 164 yen per U.S. dollar earlier this year, increasing their importing costs. This rare coordination effort marked the first joint currency intervention between Japan and the U.S since 1998.

Although the intervention initially strengthened the yen, the currency has since weakened to approximately 158.20 yen per dollar. One of the biggest factors behind the yen's continued weakness is the large interest rate difference between the U.S. and Japan. With the Federal Reserve expected to continue raising rates, investors have greater incentives to hold U.S. dollar-denominated assets as they offer higher returns. This increases demand for the dollar and puts downward pressure on the yen. The currency's continued weakness suggests that even significant government intervention may have limited long-term effects if underlying differences remain unchanged.

Meanwhile, the Bank of Japan raised its benchmark interest rate to 1.25% in September, with another increase expected before the end of the year. A weaker yen can benefit Japanese exporters by making their products more affordable overseas, but it also increases the cost of imported goods like food and energy. The higher costs could potentially add to domestic inflation pressures and encourage the central bank to continue with tightening monetary policy. Over time, further rate increases by the Bank of Japan could help narrow the interest rate gap with the U.S. and reduce the need for additional currency intervention, though such an adjustment would likely take several years.

Sources: Yahoo Finance, The Wall Street Journal

Fiscal/Monetary Policy Outlook

BBR I

Persistent U.S. Inflation Strengthens December Rate Hike Expectations

According to the Labor Department, the Consumer Price Index increased 0.40% in October, following a 0.60% increase in September. Core inflation, which excludes volatile food and energy prices, again rose 0.30% for the third consecutive month. The recently released report aggravated concerns that inflation continues to remain above the Federal Reserve's 2% target. Subsequently, expectations of Federal Reserve's another hawkish movement in December increased, adding additional pressures to investors and the financial market.

Although monthly inflation can be seen moderated compared to the previous month, the argument remains merely at the surface level. Price increases are simply yet to be mediated and remain widespread across the broader economy. Food prices rose 0.50%, with grocery prices increasing 0.40% and restaurant prices climbing 0.50%. Shelter costs increased 0.30%, accounting for more than 30% of the overall monthly increase. Recreation prices rose 0.80%, while motor vehicle insurance increased 0.70%.

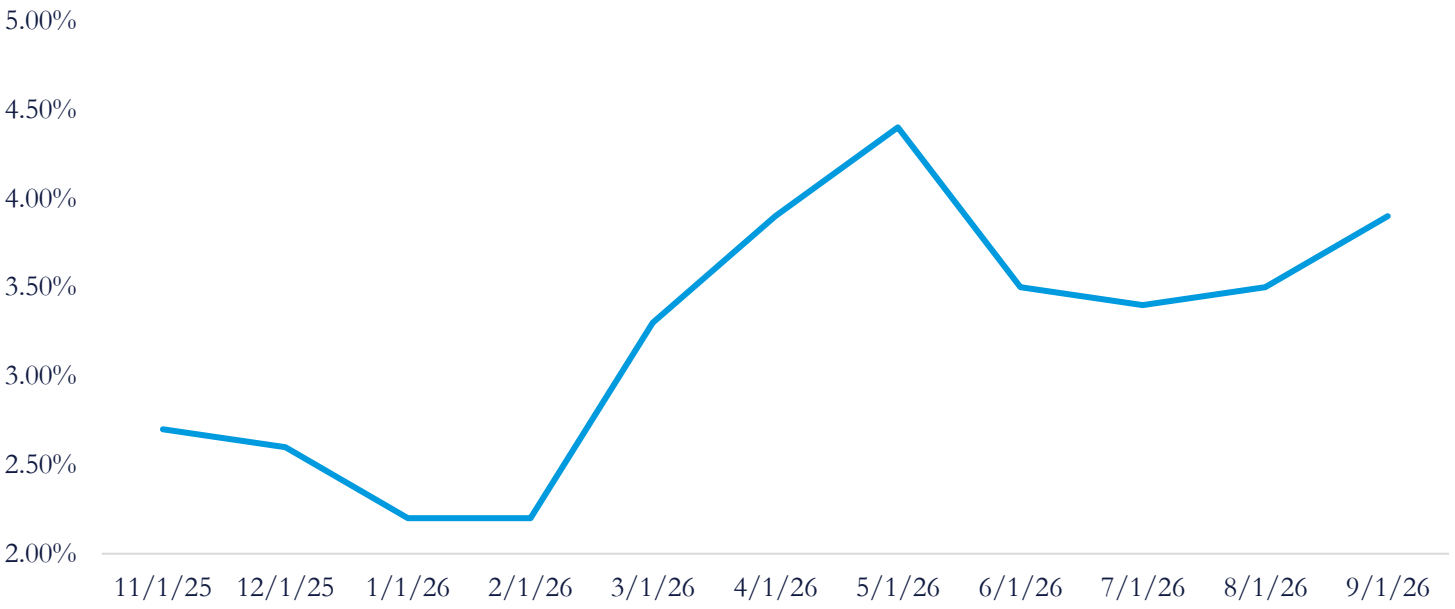
However, positives were seen as well: energy inflation moderated notably compared to the previous month. The energy index increased 0.70% in October after rising 5.20% in September. Gasoline prices increased 1.0% on a seasonally adjusted basis, compared with September's 9.10% increase, indicating a significant decline.

Despite the ease in energy inflation, broader price level pressures again remain elevated. Consumer prices increased at an annualized rate of approximately 5.70% over the past three months, which substantially exceeds the Federal Reserve's 2% target. The Wall Street Journal estimated annual headline inflation at approximately 4%, although the government shutdown from around this time last year prevented the usual year-over-year comparison report.

The report has intensified expectations that the Federal Reserve may need to raise interest rates further to contain inflation. The Federal Reserve policymakers are considering whether a larger increase in early December or consecutive increases over the following meetings may be necessary.

Expectedly, financial markets reacted negatively to the inflation data with stocks declining and short-term Treasury yields rising. Continued inflationary pressure can keep borrowing costs elevated for businesses and individuals, potentially further limiting investment and consumer spending.

U.S. CPI PERCENT YOY CHANGE (%)



Sources: Wall Street Journal, U.S. Bureau of Labor Statistics, Bloomberg, Yahoo Finance

Oil Prices Extend Decline with Renewed Optimism for Diplomatic Negotiations

Oil prices continued declining on Monday, November 9, as renewed optimism surrounding diplomatic negotiations between the United States and Iran reduced concerns about prolonged disruptions to global energy supplies. Brent crude fell approximately 5.9% to settle slightly above $92 per barrel, reaching its lowest level since August. The decline followed several weeks of volatility driven by the ongoing conflict in the Middle East.

Expectations of diplomatic progress strengthened after President Donald Trump indicated on Sunday, November 8th that additional large-scale military strikes against Iran were unlikely, provided negotiations produced an acceptable agreement. The recent U.S. midterm election results also increased expectations that Washington could pursue a diplomatic resolution to the conflict, acting as a notable trigger for the price drop.

Oil prices declined further following unconfirmed reports that negotiations had made progress on uranium enrichment, one of the major disagreements between the two countries. However, Bloomberg could not independently verify the reports, and a Qatari official disputed several claims concerning the proposed agreement. Secretary of State Marco Rubio also cautioned that a diplomatic breakthrough remained uncertain.

Despite improving market sentiment, military tensions across the region continue. Saudi Arabia's East-West pipeline was targeted in an attack that caused a limited fire, while additional incidents involving shipping routes and regional energy infrastructure highlighted the continuing risks to supply.

Oil prices remain more than 50% higher this year as the conflict has disrupted production and transportation across the Middle East. Nevertheless, regional supply has gradually recovered, with output from OPEC countries reaching approximately 88% of prewar levels in October, according to a Bloomberg survey.

The recent decline reflects growing expectations that diplomatic negotiations could eventually restore more stable energy supplies. However, without a confirmed agreement, further price volatility remains likely. Sustained declines in crude prices could also help ease global inflationary pressures and reduce transportation and production costs.

Gold Reverses Rally as Inflation Tops Forecasts

On November 9th, gold prices climbed further as the dollar weakened and lower crude oil prices briefly calmed inflation fears, with December gold futures settling 0.97% higher at $4,114.50 an ounce. This was short-lived, as on November 10th, the October Consumer Price Index (CPI) report showed prices rising 0.4%, slightly beating expectations, and gold quickly reversed its gains. December gold futures settled 1.83% lower at $4,039.20, as the dollar and Treasury yields climbed. Core inflation also rose 0.3% for the third straight month.

After the report, the U.S. dollar strengthened against other major currencies due to a more likely Federal Reserve rate hike. The stronger dollar and an increased expectation of a hike attract fewer gold buyers. Edward Meir, an analyst at Marex (MRX), said, "I think it's a bit of a short-term negative for gold because the inflation numbers were running a little higher than expected. Markets now fully expect a rate hike in December.

Standard Chartered noted that gold was still holding above the critical $4,000 level, and it continued to trade near that mark on November 11th. Spot gold, now hovering around $4,000 an ounce, is down more than 20% from its record high in late January. Its next move depends heavily on the Federal Reserve's early December meeting on potential rate hikes. For now, we believe gold will remain highly volatile in the near term, as its direction depends on several uncertain factors at once. These include the Fed's December decision, upcoming inflation data, and oil prices tied to the continued shift in positive and negative sentiment about the Iran peace talks.

Sources: Bureau of Labor Statistics, CNBC, Kitco, Reuters, Bloomberg, The Wall Street Journal, Trading Economics, Yahoo Finance

The World Races to Rebuild Its Oil Safety Net

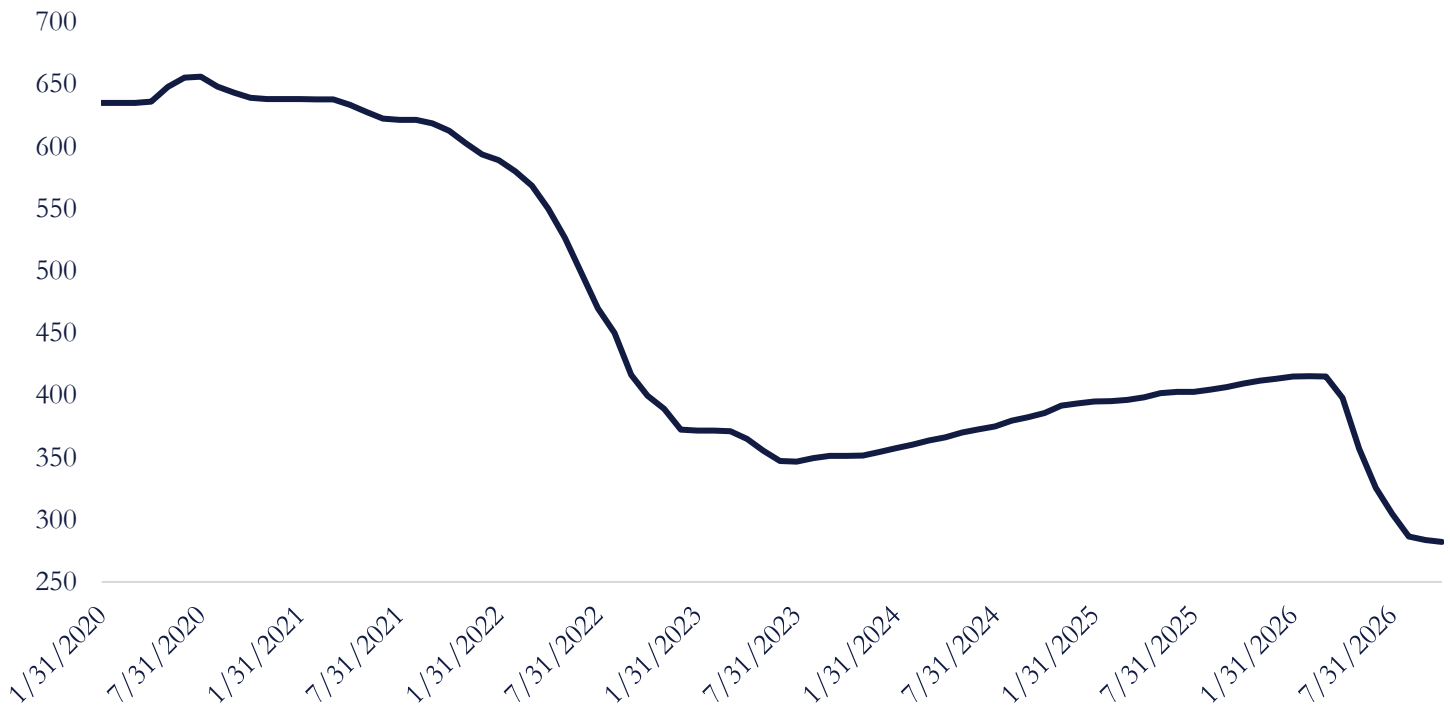
The Iran war has drained global oil reserves to their lowest level in years. Between February and September of 2026, observed global oil inventories fell by 509 million barrels. In August, government-held oil stocks in the OECD, a group of mostly wealthy nations, were at their lowest since 1989, while the U.S. Strategic Petroleum Reserve was near its lowest since 1982. Since the start of the war, members of the International Energy Agency (IEA) have released roughly 330 million barrels from emergency reserves, the largest coordinated release on record.

The world currently holds about 7.8 billion barrels of oil in inventories, but much of it is needed to keep day-to-day operations running or is already in transit, so it cannot immediately ease another disruption. Bypass pipelines, tanker transfers, and emergency reserve releases are methods that have been used since the start of the war to help keep oil flowing. However, these alone can't fully offset prolonged shipping disruptions. Sultan Al Jaber, CEO of Abu Dhabi's state-owned oil company Adnoc, said that "the world has eroded its supply buffers."

In response to this decline, both oil producers and importing countries are rushing to build new storage for protection. Gulf oil producers such as Saudi Aramco (2222.SR) and Adnoc are expanding storage closer to their customers. For example, in October Saudi Aramco reached a preliminary agreement to store crude in Singapore's Jurong Rock Caverns, which can hold 9 million barrels of oil. Adnoc is also exploring storage arrangements in India of up to 30 million barrels. Importing countries are implementing similar strategies of their own. Indonesia aims to build storage for 60 days of crude demand, and the Philippines is pursuing its first state-owned oil storage facilities, while Australia's government has pledged over $2.1 billion to stockpile a billion liters of diesel and jet fuel. Japan has set up a $10 billion regional financing framework supporting oil stockpiles and storage across Asia.

However, building these reserves is costly. Vitol CEO Russell Hardy estimated that building enough reserves to cover just 10 days of global fuel consumption would require 600 million barrels, costing around $60 billion at current prices. Storage also has limits, as Singapore's caverns hold less than two days' worth of Saudi crude exports, according to Capital Economics. Ultimately, even with these expansions, the total supply they can hold is limited.

U.S. STRATEGIC PETROLEUM RESERVE (JAN 2020 – OCT 2026)



Note: Month-End Crude Oil Stocks, Millions of Barrels

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

M&A Outlook

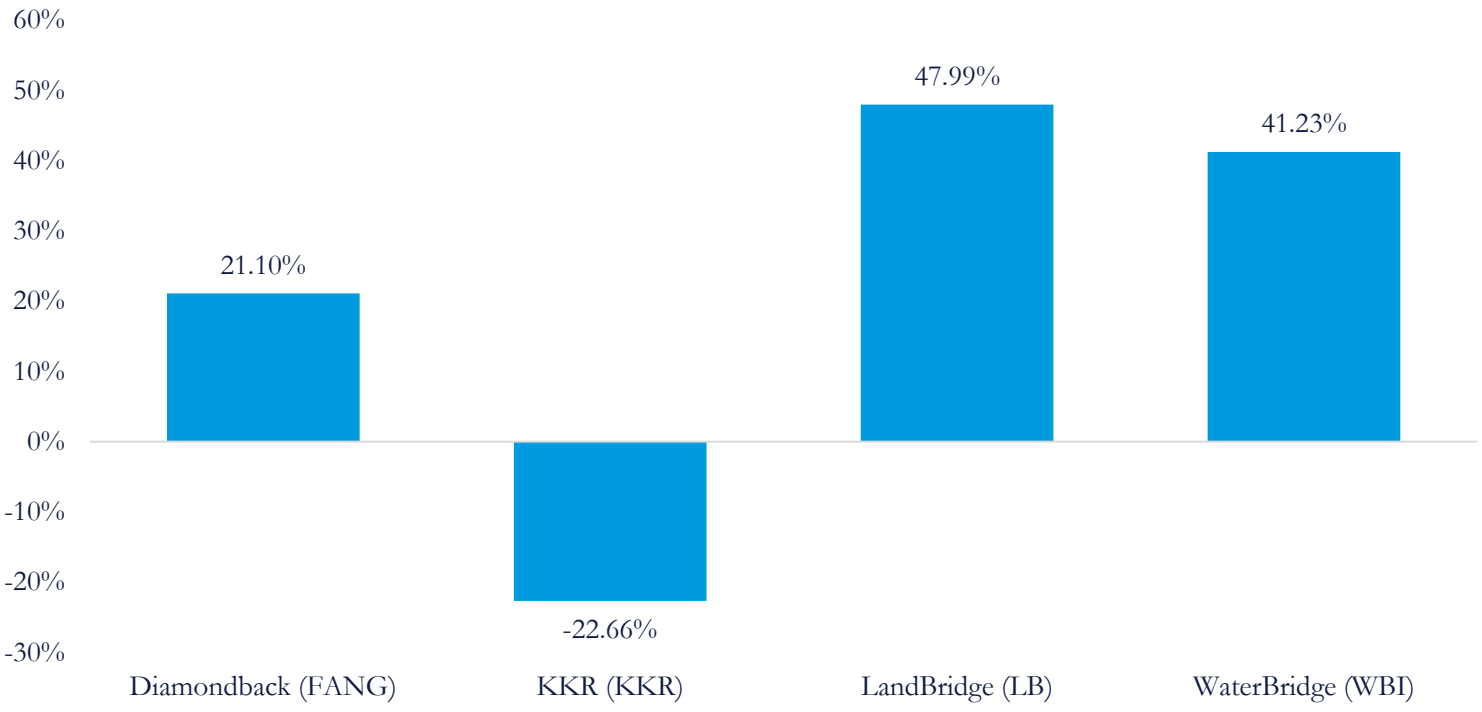
Diamondback, KKR to Get Stake in Water Firm for $2.1 Billion

Diamondback Energy (FANG) and KKR (KKR) agreed on November 10th to buy a 70% stake in Deep Blue Midland Basin, a Permian water company, from Five Point Infrastructure. The deal values that equity at about $2.1 billion in cash, according to a person familiar with the matter. Diamondback, the largest independent driller focused on the Permian Basin, already owns the other 30% through a joint venture formed three years ago, so the purchase gives it and KKR full ownership. Chief Executive Officer Kaes Van't Hof called the system critical to the company, since its operations depend on reliably moving nearly 2 million barrels of water per day. The deal also brings one of the largest water networks in the basin under the direct control of its main customer, Diamondback, rather than an outside owner.

Water has become a major expense in the Permian, where wells produce about five barrels of wastewater for every barrel of crude, and disposal activity has risen more than sevenfold over the past 15 years, according to Enverus. Neal Dingmann of William Blair said the deal puts the buyers in a "favorable position" to win multiyear contracts to supply cooling water to data centers, and it keeps majority ownership out of the hands of other operators. Five Point, which manages more than $10 billion, also founded WaterBridge (WBI) and LandBridge (LB), and LandBridge has gained almost 300% since its 2024 IPO. That record shows how much investors will pay for land and water assets.

Diamondback is keeping drilling flat, with about 19 rigs and five frack crews planned for 2027 even with oil near $100, after beating third-quarter estimates on November 3rd. Van't Hof said it is "not a good way to run an E&P just to be a perma-bull." At BBR, we believe the purchase is a smart use of cash because it secures infrastructure that Diamondback's wells cannot run without, while KKR gains a steady business backed by long-term contracts that could grow with demand for water from data centers. We expect more partnerships between private equity firms and producers in water, power and land assets, since those businesses are less exposed to swings in oil prices than drilling.

2026 YEAR-TO-DATE PRICE CHANGE (%) (AS OF NOV 12, 2026)



Note: Five Point Infrastructure, the seller of the Deep Blue stake, founded WaterBridge (WBI) and LandBridge (LB)

Sources: Bloomberg, Enverus, Yahoo Finance

Trade of the Week

Short Korean Won (KRW) – David Youn

The South Korean won (KRW) has appreciated significantly against the U.S. dollar (USD) over the past couple months. Strong semiconductor exports, megacorp dollar conversion pressures, and improving investor sentiment toward Korean equities all had a positive impact on the South Korean currency. However, the majority of factors behind the rally can be temporary, creating a potential opportunity to short KRW against USD as persistent U.S. inflation and capital flow shifts threaten the currency's long-term strength.

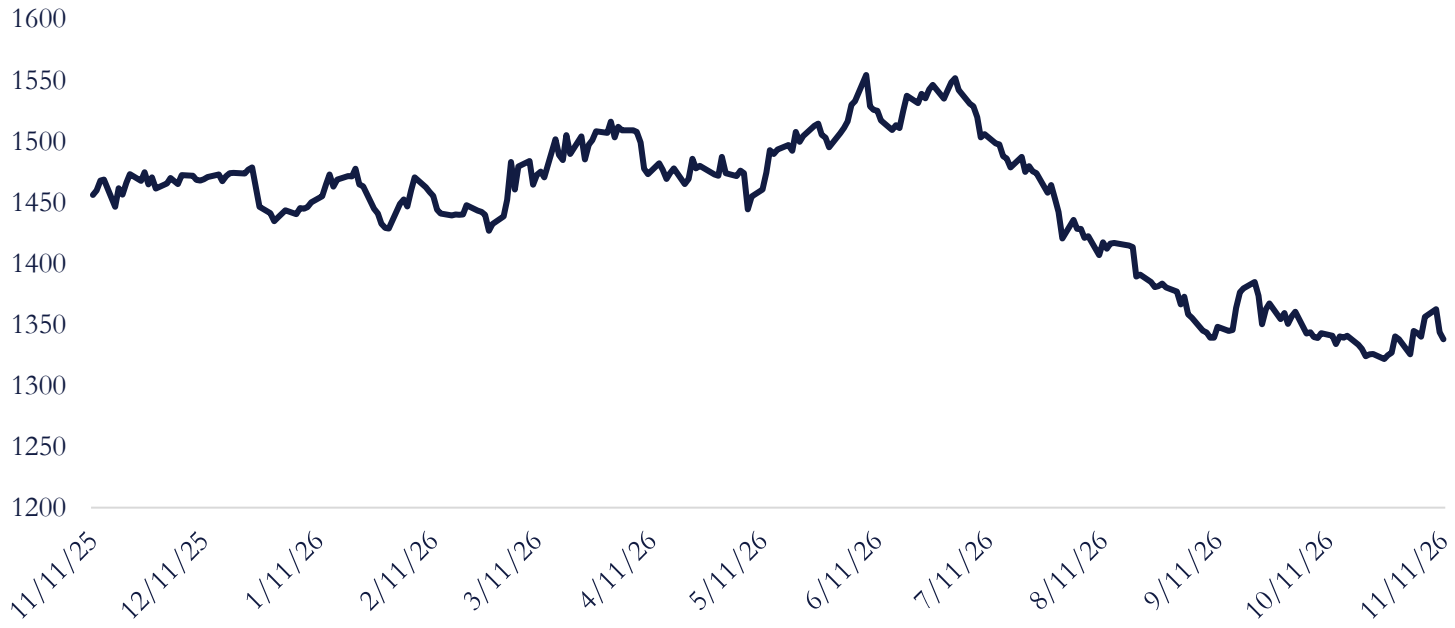
One major contributor of won appreciation was SK Hynix's (SKHY) approximately $26.50 billion American depositary receipt offering in July, generating significant dollar proceeds. The South Korean government also encouraged major exporters, including Samsung Electronics (KRX: 005930) and SK Hynix, to convert overseas dollar earnings into won to stabilize the foreign-exchange market currency rate. Expectations of potential further won appreciation could have encouraged other exporters to accelerate conversions, again supporting downward pressure on USD/KRW.

Seasonal corporate tax obligations provided an additional source of won demand. Companies with dollar-denominated export revenues converted additional funds ahead of August corporate tax payments. With that deadline now passed, the seasonal incentive to exchange dollars has diminished and expected to stay.

The won also benefited from a narrowing interest rate difference between South Korea and the United States, alongside reduced foreign selling of Korean equities. Strong demand for AI-related semiconductors helped support investor sentiment toward companies such as SK Hynix and Samsung Electronics.

These conditions are subject to change. Persistent U.S. inflation may encourage the Federal Reserve to maintain hawkish movements, further supporting demand for dollar-denominated assets. Meanwhile, Korea's heavy dependence on semiconductor exports leaves its currency vulnerable to a slowdown in global AI infrastructure spending and rising concerns. Continued overseas investment by Korean institutions can also sustain fundamental and structural demand for dollars. Although strong semiconductor exports and foreign investment could continue supporting KRW, diminishing exceptional corporate inflows, reduced seasonal conversion demand, and renewed U.S. dollar strength provide a reasonable rationale for shorting the Korean won.

USD / KRW (KRW = X)



Sources: Reuters, The Korea Times. SBS News, Yahoo Finance, International Monetary Fund, Bank of Korea

Trade of the Week

Long GFL Environmental (GFL) – Mannan Wadhawan

GFL Environmental (GFL), a Canadian waste management company built largely through acquisitions, said on November 10th that a special committee of its board had rejected buyout proposals and that the company will remain public. The sale process drew interest from Blackstone (BX), KKR (KKR) and Brookfield Asset Management (BAM), though Blackstone denied making a bid. One approach was made at $52 per share, which would have valued the company at more than $22.0 billion. The stock fell 7.56% to $42.41 after the announcement and closed at $42.37 on November 12th, 18.52% below the $52 offer. We see the drop as an opening, since the decision to stay public says nothing negative about how the underlying business is performing, as the latest quarterly results show.

Third-quarter results were strong. Revenue rose 27.2% to C$2.2 billion, with organic growth of 7.4% and core pricing up 5.7%, and adjusted EBITDA increased 26.8% to C$678 million. Adjusted free cash flow reached C$272 million, up from C$180 million a year earlier. GFL raised its full-year guidance for the third time this year and now expects adjusted EBITDA of about C$2.5 billion and about C$1.0 billion of adjusted free cash flow, helped by its pending purchase of SECURE Waste Infrastructure. Founder and Chief Executive Officer Patrick Dovigi said free cash flow per share is on track to double over five years, giving the company room for more acquisitions and buybacks.

The rejected bid sets a reference point for value. Dovigi said large shareholders see the company's worth "well into the $60s," and the board said it remains open to future proposals and will help sponsor BC Partners sell its stake. The main risks are pressure on the stock from those sponsor sales, a third-quarter net loss of C$28 million, and net leverage that GFL expects to be in the mid-3x range at year-end. At BBR, we believe the selloff is an overreaction to a decision that leaves the company's growth plan unchanged. We recommend buying GFL at current levels with a price target of $52, and we would revisit the trade if free cash flow growth slows or if new acquisitions push leverage higher. A new offer from a buyer or a larger buyback would be further catalysts that could help the shares move back toward $52.

GFL ENVIRONMENTAL (GFL) STOCK PRICE, YOY CHANGE (in $)



Note: Based on weekly closing prices from November 10, 2025, to November 12, 2026

Sources: Bloomberg, GFL Environmental, Recycling Product News, Yahoo Finance