

BBR I

BBR BULL & BEAR RESEARCH

Macroeconomic Research | Issue 3

Week of October 19th, 2026

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Equities Outlook

Bank of America's Problem Is Bigger Than Its $1.2 Billion Fine

On October 13, Bank of America (BAC) was held liable for a $1.2 billion fine after regulators found it had insufficient systems to monitor and report possible financial crimes. This included money laundering by Chinese underground bankers and suspicious activity along the southwest U.S. border. Bank of America had not reported over $5 billion in suspicious activity to appropriate authorities, some of which potentially posed a national-security risk.

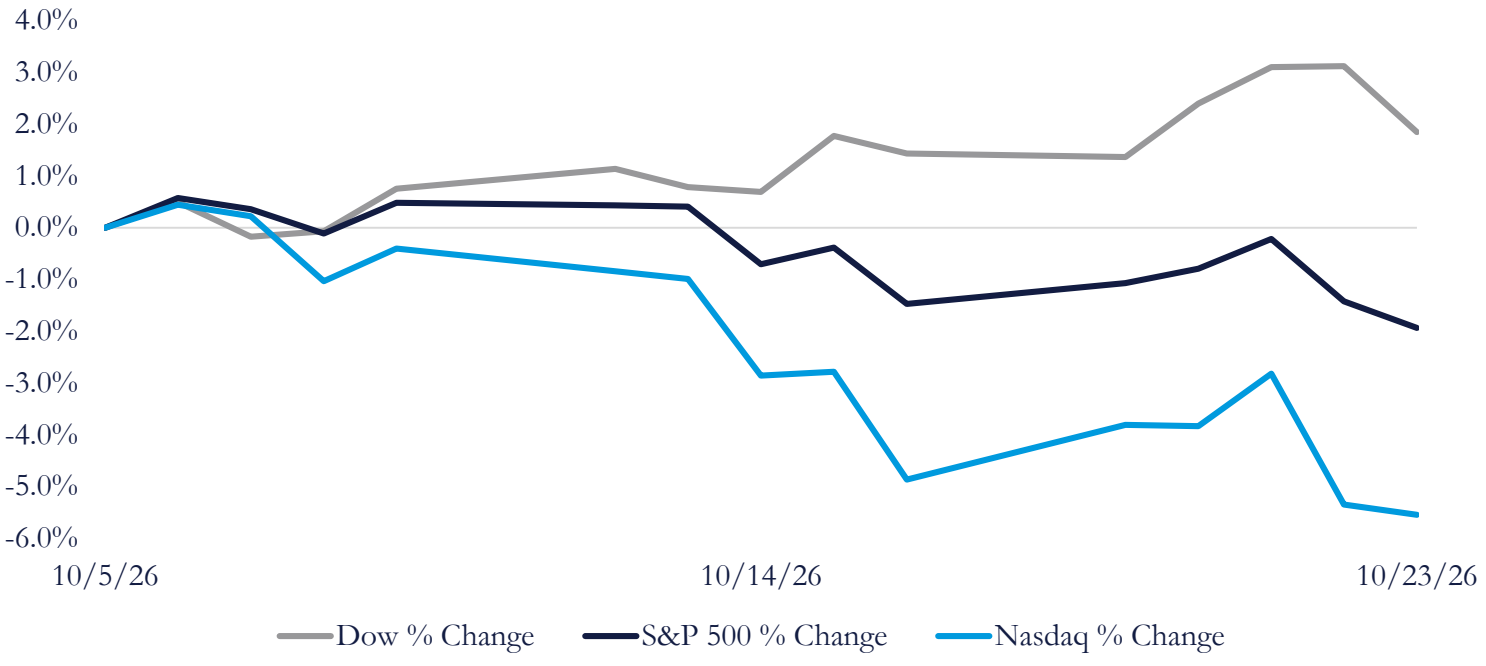
Law enforcement and regulators rely on banks to protect against money laundering. Banks must collect vast amounts of data on customers, screen transactions for signs of criminal activity, and report suspicious transactions to the Treasury Department. However, regulators stated that Bank of America had extensive knowledge of risks related to certain customers, but in certain cases declined to act. The levies include the largest-ever penalty by the OCC of $750 million. The Office of Foreign Assets Control also fined the bank $11.6 million as part of a settlement over apparent sanctions violations, including on Iran, Russia, narcotics and global terrorism. Bank of America's Q3 statement would include a $1.2 billion charge, lowering net income by $0.17 per share.

The Q3 results fell short of Wall Street's expectations, even with the regulatory fine excluded. Without the fine, Bank of America earned $1.08 per share, below the roughly $1.10 analysts expected. Profit fell to $6.9 billion despite revenue increasing to about $30 billion, with sales and trading revenue down around -5% from a year earlier. Bank of America shares fell as much as -8.71% on October 14 before closing down -4.76% at $51.39. While the fine itself is a massive one-time expense, with the stock still near its post-earnings low, we believe investors are unconvinced that Bank of America's problems won't continue.

As of 10/23/2026

Metric	Close
S&P 500	7,623.68
DJIA	52,215.16
NASDAQ	25,955.34
Russell 2000	2,775.90
FTSE 100	10,690.36
Nikkei 225	62,693.16
WTI Crude	$103.27
10-yr Treasury	5.00%

UNITED STATES STOCK INDEXES % CHANGE (OCT 5 - OCT 23)



Sources: CNBC, The Wall Street Journal, Yahoo Finance

Equities Outlook

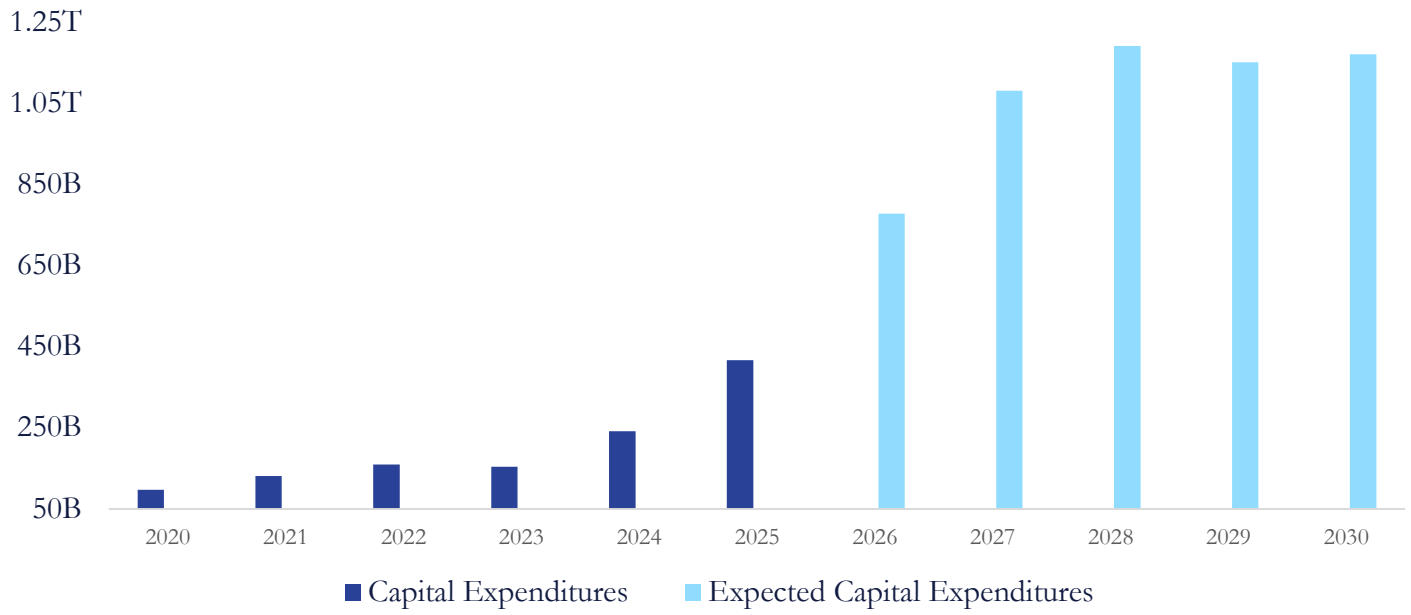
Technology Stocks Slide Amid Growing AI Financing Concerns

Technology stocks faced significant selling pressure last week, as Jefferies reported its largest weekly trading activity imbalance in more than five years. With a tremendous amount of angst in the market, the week's skew in tech equities reached $7.5 billion in net selling activity. This is a significant jump from the $5.5 billion skew, pushing past the skew of DeepSeek's sell-off in January 2025, which sparked widespread concerns over AI valuations. The selling activity was particularly concentrated in semiconductors, memory, hardware, and communications equipment. The sell-off was also evident in major stock indices, with the Nasdaq Composite falling approximately 3.0% and the Philadelphia Semiconductor Index (SOX) declining 10% over the week., reflecting growing uncertainty around AI valuations.

Much of the recent selling has been driven by rising credit risk and concerns over debt issuance at CoreWeave (CRWV), an AI cloud infrastructure company backed by Nvidia (NVDA). This has raised questions about how technology companies will finance their continued expansion as borrowing costs increase. Particularly, capital expenditures among hyperscalers are expected to exceed $800 billion in 2026 and reach over $1 trillion in 2027. This rapid spending has collided with geopolitical and economic pressures, including the war in Iran, growing U.S. debt, and ongoing trade tensions. These factors have contributed to a global bond market sell-off, driving yields to their highest levels in decades, increasing borrowing costs, and could strain corporate finances and limit future investments.

Despite the sell-off, semiconductor companies continue to experience strong demand and limited supply, while technology stocks traded by the Invesco QQQ ETF are trading at their lowest forward price-to-earnings ratios in six years. Consequently, investor positioning is beginning to stabilize, suggesting that some of the recent selling pressure may be easing soon. Although AI adoption is still relatively in its early stages, the technology sector continues to show promising long-term growth potential and faces ongoing financing concerns. At BBR, we believe the recent sell-off showcases the growing disconnect between excitement around AI and the financial demands of supporting its expansion. While demand for AI infrastructure remains strong, we see it becoming increasingly difficult to justify the enormous investments required to meet that demand as borrowing costs rise. Rather than focusing solely on industry growth, investors must pay closer attention to whether the investments can generate enough returns to justify the cost.

HYPERSCALER CAPITAL EXPENDITURES 2020-2030 ($)



Note: 2026 - 2030 figures are consensus estimates

Sources: Yahoo Finance, Vanguard

Equities Outlook

Meta Stock Plummets as Technology Sector Suffers

On October 22, U.S. technology stocks fell sharply as investors grew increasingly concerned about the massive amount of capital required to sustain the artificial intelligence boom. Meta Platforms (META) was at the center of the selloff after announcing plans to introduce a new class of nonvoting shares to raise additional funding for AI development. Meta's shares dropped -7.10%, wiping out approximately $124 billion in market value. The Nasdaq Composite declined -2.60%, demonstrating its worst one-day performance since June.

The announcement came along with Meta's third-quarter earnings report. Meta revealed that the company's future spending commitments have increased to approximately $825 billion from nearly $700 billion in July. Despite reporting record-high quarterly revenue, Meta showed negative free cash flow for the first time since its IPO. The company also indicated that it would continue its aggressive investing strategy in AI infrastructure, raising concerns about how quickly these investments can generate sufficient returns to offset such high-volume ventures.

Meta was not the only player in the selloff. Other major technology companies, including Alphabet (GOOG) and Amazon (AMZN), showed declines, and the PHLX Semiconductor Index fell nearly 6.70%. Investors also became increasingly cautious about smaller AI infrastructure providers such as CoreWeave (CRWV), which rely heavily on debt financing to support expansion. Overall confidence in risking the financial burden of the industry is diminishing.

Meanwhile, investors shifted toward safer assets, particularly U.S. Treasuries. The 10-year Treasury yield declined from 5.15% to 4.95%, marking its largest one-day drop since March 2023. Several sectors outside technology, including consumer staples and regional banks, performed relatively well.

The market reaction continuously reflects growing concerns about whether the AI industry can keep up with its financing of rapid expansion. While demand for AI infrastructure remains significant, rising capital requirements and costs are making investors more cautious about the profitability and long-term sustainability of such huge investments.

META (META) SHARE PRICE (IN USD) (OCT 2025 – OCT 2026)



Sources: Wall Street Journal, Yahoo Finance

America's $10 Trillion AI Boom Faces Growing Public Opposition and Financing Issues

America's rapidly expanding AI infrastructure industry is beginning to face significant challenges as growing public opposition threatens the development of new data centers, along with rising borrowing costs and construction delays. At least 47 major data center projects have been delayed, withdrawn, or blocked in 2026, while analysts estimate that only 35% of the planned U.S. data center projects are realistically achievable. However, AI infrastructure spending could exceed $10 trillion between 2025 and 2032, representing approximately 3.6% of annual U.S. GDP.

Newer cloud infrastructure providers, commonly known as neoclouds, are facing substantial financing requirements to meet the growing demand for AI computing power, raising concerns about the ability to fund their long-term expansion. This is evident with SB Energy facing financial challenges, even though it is majority-owned by SoftBank (OTC: SFTBY). Although SB Energy has secured contracts worth $430 billion in future revenue, the company has yet to complete a single data center and still needs $174 billion in funding to fulfill those agreements.

Beyond the financial concerns, data center developers are facing scrutiny as communities are becoming resistant to large-scale AI infrastructure projects. More than 1,000 U.S. communities have attempted to introduce restrictions on data center development this year, reflecting growing public opposition to the industry's rapid expansion. Securing building permits and electricity connections has also become difficult, with some utility regulators refusing grid connections unless developers can supply their own power. Given the substantial power required to operate data centers, these restrictions create additional construction delays and increase the risk of developers missing project deadlines At BBR, we believe the rapid expansion of AI infrastructure has created an environment where companies are now prioritizing speed over financial stability. With the competition for computing power intensifying, developers have committed to projects worth billions before even securing the funding or resources needed to complete them. These risks could affect not only the developers themselves, but also AI companies relying on these projects for future computing capacity, potentially delaying their expansion plans and limiting their ability to meet growing demand.

French Bond Yields Climb as Protests Deepen Budget Concerns

French government bond yields rose on October 19th after a weekend of violent protests across France over the government's plan to cut its budget deficit. The 10-year French yield rose almost 8 bps to 4.87% in early trading, while Germany's 10-year Bund yield rose just 1 bp to 3.42%. That pushed the gap between French and German yields to 145 bps, a two-week high according to LSEG data. Analysts at KBC Bank (EBR: KBC) said the unrest has grown from school concerns into wider anger over living costs, public services, and President Emmanuel Macron's government.

The protests hit France where it is already weak. Public debt is above 119% of GDP, and the deficit, at 5.40% of GDP, is expected to stay well above the European Union's 3.00% limit, according to Claudio Wewel of J. Safra Sarasin. The budget cuts meant to fix that are the same cuts people are protesting, which makes them harder to pass before the 2027 presidential election. Elias Hilmer of Capital Economics warned that the French-German spread could widen to 200 bps by the end of 2027. The cost of insuring French debt against default is at its highest in over a decade.

In the U.S., Treasury yields first fell as oil prices dropped, with the 10-year down about 2 bps to 5.08% in the morning. Yields turned higher once oil erased its early losses, and the 10-year was up 5 bps at 5.15% by mid-afternoon. Money markets see an 85% chance the Fed holds rates steady on October 28th. At BBR, we believe France has become the weakest spot in Europe's bond market. Unless the government can pass its budget cuts without more unrest, we expect French yields to keep rising faster than German yields heading into the 2027 presidential election.

A wider bond spread would raise France's borrowing costs and make it even harder to bring the deficit down. Investors will also be watching whether the pressure spreads to other highly indebted eurozone countries, such as Italy, which could turn a French political issue into a broader concern for European bond markets in the months ahead.

Sources: Yahoo Finance, The Wall Street Journal, Dow Jones, LSEG, Time News

Fiscal/Monetary Policy Outlook

Elevated Inflation Rates Are Here to Stay

Economists expect U.S. Treasury yields to remain elevated through the end of 2026 and into 2027. The Wall Street Journal's October Survey, conducted before the September CPI report, collected opinions from 71 economists and showed growing expectations that higher short-term borrowing costs will persist as the economy continues expanding despite inflationary pressures and restrictive monetary policy.

The benchmark 10-year Treasury yield increased from approximately 4.20% at the beginning of 2026 to 5.10% in October. Around three-quarters of surveyed economists expect the yield to finish the year at or above 5%, and more than one-third anticipate it remaining at that level through 2027. The forecasts reflect a combination of stronger economic growth, persistent inflation, and concerns about the federal government's position on fiscal policy.

Oil prices remain a critical factor for inflation expectations. Economists suspect that U.S. benchmark oil prices will decline to approximately $75 per barrel by the end of 2027, compared with $101 in mid-October. Although this would represent a considerable decrease, prices would remain above their pre-conflict level of $67. Economists consequently expect consumer-price inflation to moderate to 2.30% by the end of 2027.

The survey also showed improving expectations for economic growth. Economists revised their forecast for third-quarter annualized GDP growth from 2.00% in July to 3.10% in October. Among the 64 economists who participated in both surveys, 60 raised their growth estimates from the previous result in July, while the labor market is expected to add an average of 56,000 jobs per month over the next year.

Overall, the survey suggests that the U.S. economy may continue growing despite elevated interest rates. However, persistently high Treasury yields could keep mortgage rates, corporate borrowing costs, and government interest expenses elevated for a longer period, adding extra pressure to households and businesses.

Rising Inflation Expectations Push Bank of Canada Toward October Hike

A rising number of economists and traders now expect the Bank of Canada to raise interest rates on October 28, after the bank's latest surveys showed Canadian banks expect higher inflation. Bank of Montreal (BMO), Royal Bank of Canada (RBC) and Desjardins Group all changed their forecasts on October 19, now expecting a 25 bps hike that would lift the bank's key rate to 2.50%. The Bank of Canada cited the "new tariffs and the recent rebound in energy prices" as reasons for rising inflation expectations. The tariffs are reducing business optimism, hurting outlooks for exports and investment, and putting upward pressure on costs and prices. More firms reported a "slight or significant" increase in their costs and selling prices due to the tariffs and high oil prices, with roughly half planning to pass along part or all these costs to consumers. This is partly due to margin compression from businesses holding back on price hikes in the past, with improved demand conditions now letting them catch up. The survey also showed that firms were less certain about the timing of when inflation would return to the bank's 2.00% target.

Consumers are anticipating higher long-term inflation as well. Inflation expectations five years from now rose to 3.91%, the highest level since Q2 of 2022, when the yearly change in the CPI was at its highest level in decades. Despite the rising anticipation for inflation, consumers feel better about their finances, citing gains in the value of financial assets and greater labor market confidence. However, consumers' spending plans have weakened from the weight of high prices and economic uncertainty.

Even though Statistics Canada reported on October 19 that inflation rose to 3.10%, which was below expectations, hike odds in swap markets still jumped as high as 87% that day. Desjardins' Royce Mendes said central bankers "can no longer look through" the effect of high energy prices on inflation, meaning the increase in energy prices has lasted long enough to show up in the prices of other goods and services.

Sources: Bloomberg, Yahoo Finance, The Wall Street Journal, Dow Jones, LSEG, Time News

Copper Slips as LME Stockpiles Rise and Supply Concerns Ease

Copper prices fell on October 19th as more metal showed up in exchange warehouses and a strike at a major Chilean mine came to an end. Three-month copper on the London Metal Exchange (LME) dropped 0.40% to $14,342 per metric ton by 16:00 GMT, about 3.58% below the record high of $14,875 it set on September 10th. Available stocks in LME-registered warehouses rose to a two-month high of 147,450 tons after 8,225 tons were delivered into U.S. warehouses. More copper ready for delivery makes the metal easier for buyers to get and eases pressure on prices.

The inventory numbers tie back to trade policy. Copper stocks outside the U.S. have been shrinking for months as traders moved shipments into the U.S. ahead of possible tariffs on refined copper imports. Daniel Ghali of Deutsche Bank (DB) said the tariff threat is part of a bigger strategic shift driven by national security concerns over critical mineral supply chains that are concentrated in only a few countries. On the supply side, workers at Antofagasta's (LSE: ANTO) Centinela mine in Chile ended a strike that began on October 7th, which eased worries about lost production. Signals from China were mixed. Third-quarter growth rebounded from three-year lows on stronger exports, but the country's property market is still in a downturn, which could keep a lid on Chinese copper demand for a while.

Most other base metals moved the opposite way. Aluminum rose 0.70% to $3,021.50 per ton, zinc gained 0.80% to $3,721, lead added 0.30% to $1,894.50, tin climbed 1.00% to $50,860, and nickel rose 1.30% to $15,555. The market also stays positive on copper over the longer run, since attendees at the LME's annual seminar ranked copper first among industrial metals for price outlook, ahead of tin, aluminum, and nickel. At BBR, we believe this pullback comes from easing supply fears rather than weaker demand. As long as tariff uncertainty keeps pulling metal into the U.S. and China's economy holds up, we expect copper to stay above $14,000 per ton and would not be surprised to see it test its September record again before the end of the year. A sharp slowdown in China is the biggest risk to that call.

China's Export Strength Ironically Conceals Weakening Domestic Demand

China's economy continues to benefit from strong exports. However, weakening domestic consumption, declining investment, and uncertainty surrounding employment reveal a different picture of economic conditions that is not shown at the surface level. While Chinese manufacturers have experienced growing international demand, many households and businesses remain cautious about spending as the country's prolonged property downturn continues. Vivian Wei, a Chinese recruitment business owner who is shutting down her company after more than a decade, highlights this case. Major technology companies that previously hired hundreds of engineers have now been reducing their workforces, which inevitably weakens demand for recruitment services. Wei estimates that her income has fallen by more than half in recent years, forcing her family to cut down fundamental everyday spending.

These difficulties significantly contrast with China's strong export performance. Official figures showed that the economy expanded 4.50% year-over-year in the third quarter, up from 4.30% in the previous quarter. Exports increased by more than one-third in September, mainly supported by international demand for technology products and equipment used in artificial intelligence infrastructure. China's trade surplus reached approximately $938 billion during the first nine months of 2026, a 7.70% increase from the same period last year. Yet domestic economic indicators remain weak again. Property investment declined -20.60% during the first three quarters. Overall fixed-asset investment fell -7.20%. Retail sales increased only 1.10% in September. Although urban unemployment declined to 5.20%, concerns about job security and household finances continue to discourage spending.

Beijing has introduced measures including mortgage subsidies, infrastructure spending, and financial support for banks. Nevertheless, economists are still concerned that these policies may be insufficient to address the underlying problems. China's growing dependence on exports has allowed its economy to maintain relatively stable growth. However, the obvious imbalance between strong manufacturing activity and weak domestic consumption can become increasingly difficult to sustain, particularly as trade tensions with major international partners continue.

Sources: Reuters (via MINING.COM), The Wall Street Journal

Commodities & International Outlook

Oil Futures Pull Back as U.S. Waives Some Russia Sanctions

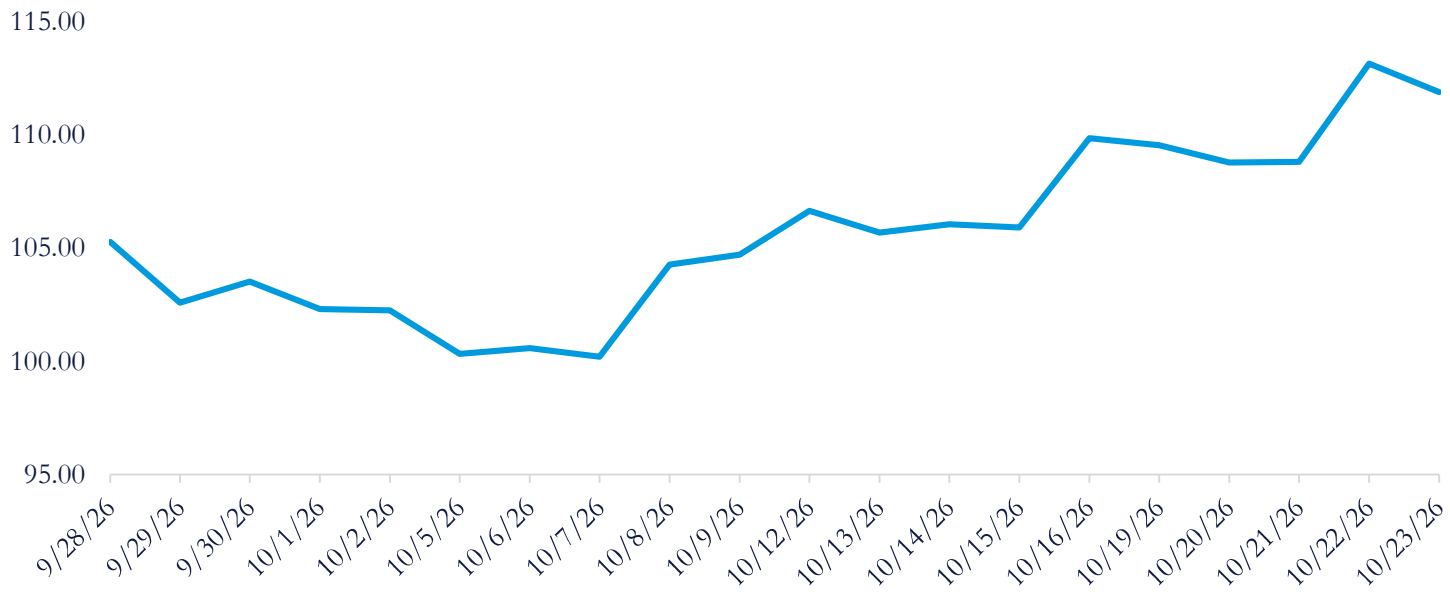
On October 16, Trump signed an executive order that would waive certain sanctions and tariffs under a new law targeting Russia. This could potentially ease restrictions on Russian energy trade, but the waiver doesn't affect earlier sanctions. The order follows an October 9th deal in which Trump said this deal will supply more than 4 million tons of diesel to the global market, coming in waves, with the Treasury allowing Russian diesel sales through April 2027. 300,000 tons will be released immediately, followed by 500,000 tons in November, and 1 million tons thereafter, with Moscow delivering another 3 million tons of diesel based on the condition of Russia's refineries.

The agreement of this order again stems from a response to surging diesel prices around the world from Ukraine's attacks on Russian refineries and Iran's shipment attacks in the Middle East. There is growing political pressure to take action to reduce fuel prices, especially ahead of the November midterm elections.

The market had a brief response to the news on October 19th. Brent crude fell as much as -2.30% to $107.36 a barrel in early trading, then recovered most of the loss to settle down just -0.30% at $109.55. Price Futures Group analyst Phil Flynn stated that this waiver and release will put "a few more barrels back on a market" but "these volumes are small compared with the global shortfall." He added that Russian refineries remain damaged and U.S distillate inventories remain historically low. The constant tensions in the Middle East also add to this. Shipments through the Strait of Hormuz averaged 10.17 million barrels a day over the seven days through October 17th, which was around 41% below pre-war levels. Including other Gulf of Oman and Red Sea routes, total flows averaged 19.04 million barrels a day, about 19% below pre-war levels. According to Morgan Stanley, the affected Gulf producers and Russia remain 5.5 million barrels a day below year-earlier levels.

Morgan Stanley raised its Q4 Brent forecast to $105 a barrel, citing record tanker freight costs, low inventories, and geopolitical risks. We believe that because so much refining and export infrastructure has been damaged, relief is hard to come by. Sanctions waivers and reserve releases slow price increases in the short term, but oil will remain a long-term problem until damaged refineries are rebuilt and shipping through the Strait of Hormuz returns to normal.

BRENT CRUDE OIL PRICE (IN USD), SEP 28 – OCT 23



Sources: CNBC, The Wall Street Journal, Yahoo Finance

M&A/Deal Environment

H.B. Fuller Rejects Ancora's $1.4 Billion Bid Amid Strategic Review

H.B. Fuller has rejected Ancora's second unsolicited proposal to acquire its Building Adhesive Solutions business, despite an increased cash offer from $1.2 billion to $1.4 billion. The revised proposal follows the previous initial offer of $1.1 billion to $1.2 billion, which H.B. Fuller also rejected. The company's board unanimously determined that the higher offer continued to undervalue the business. This is primarily due to its current momentum and potential to benefit from ongoing efforts to improve operational efficiency and focus on higher-margin segments.

Beyond valuation concerns, H.B. Fuller argued that Ancora's latest proposal lacked important details regarding the transaction's execution as well. Although Ancora secured support from Fortress Investment Group for potential debt financing, H.B. Fuller's board maintained that the proposed terms remained extremely conditional. The company has also raised concerns about separating Building Adhesive Solutions from its other operations as the business shares manufacturing facilities with other segments across more than 30 plants worldwide. Selling the business could increase operating costs and make H.B. Fuller's remaining operations less efficient, reducing the financial benefits of the sale.

Despite rejecting the acquisition proposal for a second time, H.B. Fuller announced plans to review certain noncore businesses and product lines that may no longer align with its broader strategy. By the end of 2026, the company expects to complete this review and intends to use proceeds from any potential divestitures to reduce its debt. This approach would allow the company to narrow its focus on its core business operations, while potentially freeing up capital to improve its financial position. However, the review will also consider potential separation costs, tax implications, and the impact on its ongoing restructuring initiatives. For now, H.B. Fuller appears to be focused on restructuring its existing portfolio and business model, rather than pursuing a major sale under Ancora's terms.

Tradeweb Bets $1.97 Billion on Credit Trading With Trumid Deal

On October 19th, Tradeweb Markets (TW) agreed to buy Trumid Holdings, an electronic bond trading platform, for about $1.97 billion. The price includes $1.75 billion for the business and about $220 million for Trumid's tax assets. Tradeweb will pay roughly $1.89 billion in cash, mostly from cash on hand, plus $82 million in equity. With more than $2 billion in cash and no debt, the company can fund the deal without borrowing. It is expected to close in the first half of 2027 after regulatory review. Tradeweb would also owe Trumid a $105 million fee if the deal is terminated under certain conditions. Both boards approved the deal unanimously, and Morgan Stanley advised (MS) Tradeweb.

Trumid focuses on U.S. dollar corporate bonds, from investment grade to high yield, distressed, and emerging market debt. The deal gives Tradeweb a bigger role in the "grey market," where bonds start trading before they are officially issued. Grey markets make up about 5% of trading volume, but much of that work is still done by hand. Trumid's Swarms tool groups buyers and sellers on one bond for short trading windows, and Tradeweb plans to expand it. CEO Billy Hult said "grey markets are where a bond's trading life begins." Trumid's clients also lean toward hedge funds, which tend to trade less on Tradeweb, and CFO Sara Furber said client overlap between the two firms is "pretty small."

Tradeweb already handles more than $3 trillion in notional value traded per day on average, and the company expects the deal to add to adjusted earnings per share within the first full year after closing. It also comes a few months after Intercontinental Exchange (ICE) agreed to buy rival MarketAxess (MKTX) for about $5.7 billion. Investors should get more detail when Tradeweb reports third-quarter results on October 29th. Hult has also called U.S. credit a major long-term growth opportunity, and buying Trumid gives Tradeweb a larger share of that market. At BBR, we believe the price is reasonable for a debt-free company with this much cash, and the new hedge fund clients alone could make the deal worth it. The main risk we see is regulatory review, which could push the closing later into 2027 than planned.

Sources: Yahoo Finance, The Wall Street Journal, Tradeweb, Tradeweb 8-K, FinTech Futures, Markets Media

Trade of the Week

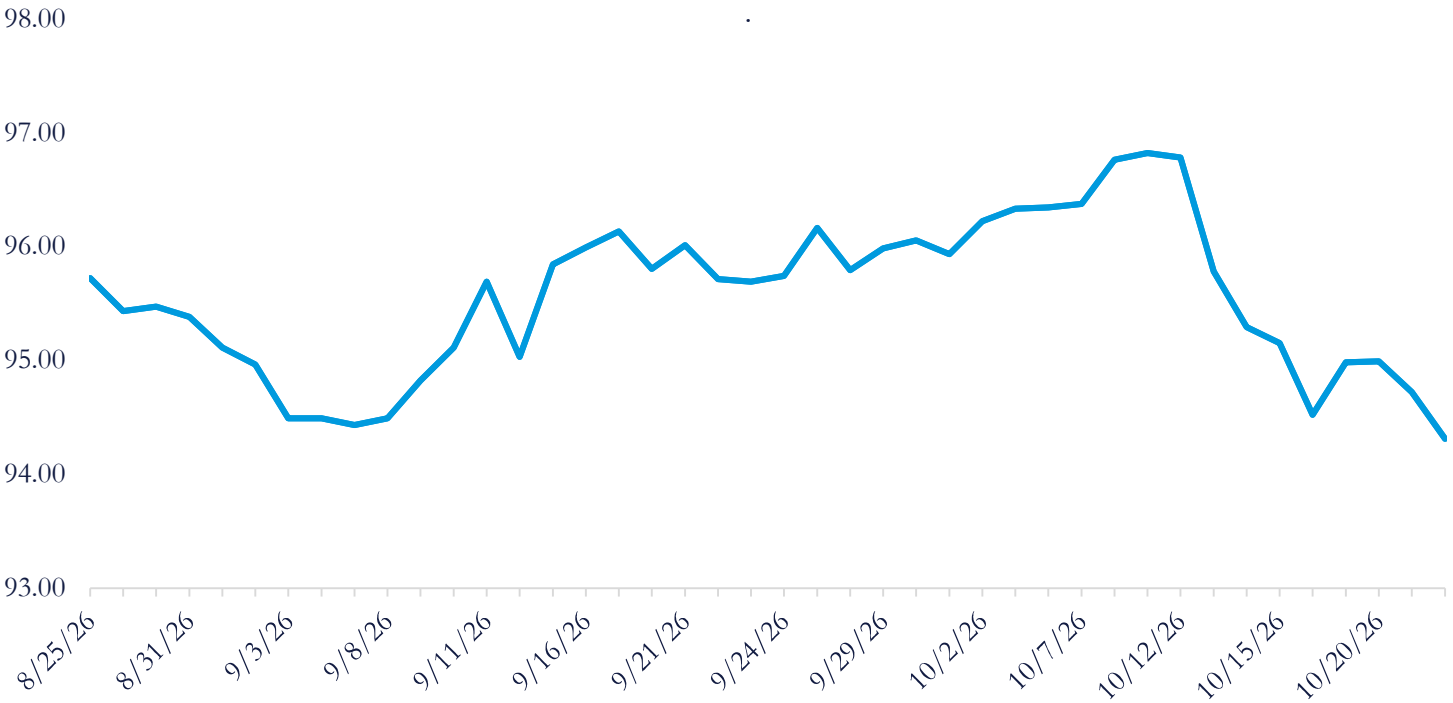
Long USD/INR– Jack Whalen

The Indian Rupee has recently bounced back from near its record low of $96.97 per dollar, strengthening from $96.82 per dollar on October 9th to $94.31 on October 22nd, but we believe this was driven by temporary factors, and the underlying pressures on the currency will cause it to fall again. This bounce came after the Reserve Bank of India released different measures on October 10th to ease the pressure on the currency. These include the RBI announcing it would supply all of the daily dollars needed by three state-run oil companies directly, so their large purchases no longer go through the open currency market. This has the effect of reducing dollar demand in the open market, which helped the rupee strengthen. The central bank also barred companies from rebooking canceled currency hedges to limit potential profit from the rupee's value falling. The limit on positions without underlying business exposure was reduced from $100 million to $5 million, and banks are now required to keep a 20% cash reserve against certain contracts.

However, these measures only provide a buffer against the rupee losing value. They don't change the underlying demand for dollars; the elevation of crude oil prices means India has higher demand for U.S. dollars to pay for oil imports. The demand is driven by external factors like oil prices and foreign outflows that the RBI can't control. The growing pressure from global demand is being met by the RBI intervening and much of the demand from its own foreign-exchange reserves. These reserves fell $51 billion in four weeks to $734 billion as of October 2nd. This reflects the bank selling dollars in the spot market while also using sell/buy swaps in the forward market, both contributing to the decline. The RBI raised its benchmark repo rate by 25 bps from 5.25% to 5.50% on October 7th, its first increase in nearly four years, but the rupee kept weakening. HDFC Bank (HDB) economist Sakshi Gupta said rate hikes offer only a weak short-term defense, since the rupee's slide is driven by oil prices, foreign outflows and a strong dollar.

Mecklai Financial Services warned that a break past 97 could push the rupee toward 98.50 per dollar, and HDFC Bank expects it to trade between 96 and 98 in the second half of India's fiscal year, both well above its current level, which would mean a weaker rupee. With current crude oil prices and continued conflict, along with reserves shrinking, despite the recent rebound, we believe the rupee will continue to weaken and revisit the low it hit earlier this year.

USD/INR EXCHANGE RATE (RUPEES PER U.S. DOLLAR), AUG 25 – OCT 22



Note: Higher values indicate a weaker rupee

Sources: Bloomberg, Business Today, Yahoo Finance

Trade of the Week

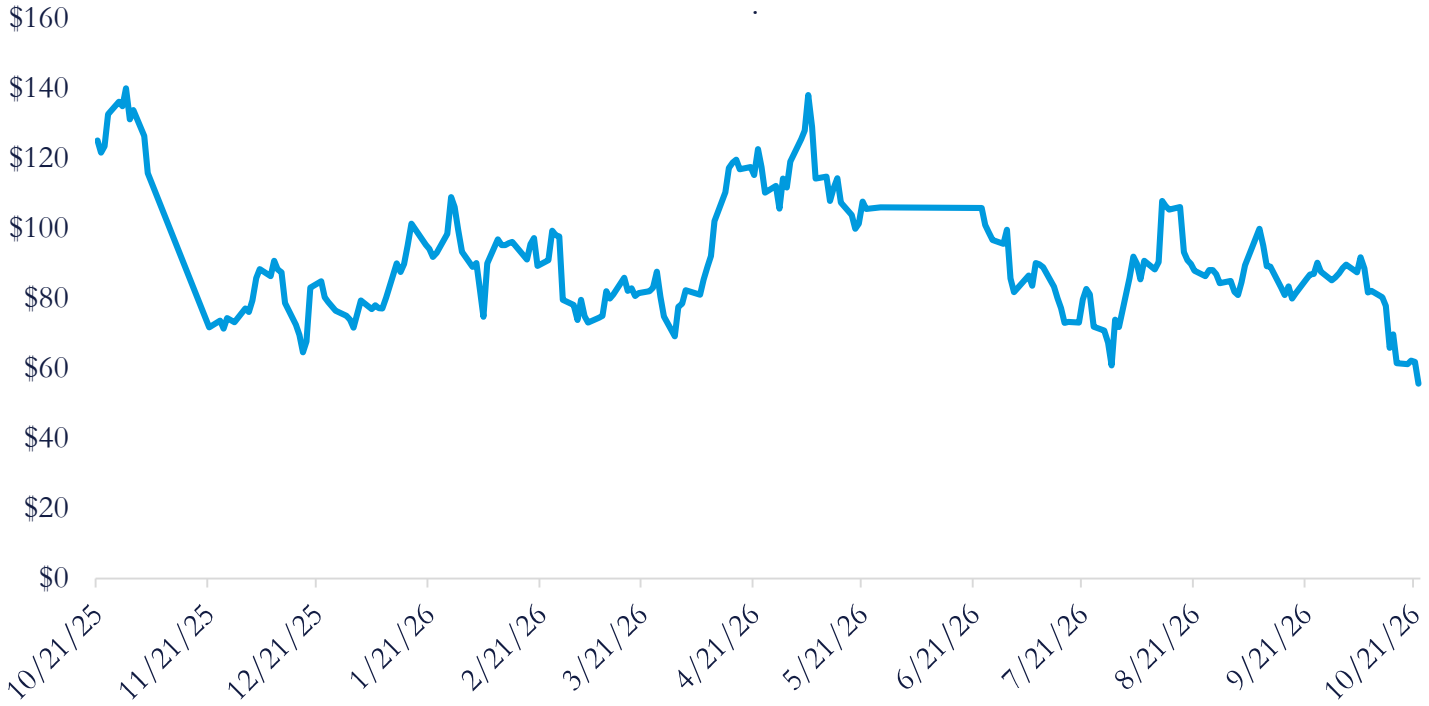
Long CoreWeave (CRWV) – Isabella Betparoo

CoreWeave (CRWV), an AI cloud infrastructure company backed by Nvidia (NVDA), presents a compelling long-term investment opportunity as growing demand for AI computing infrastructure, expanding customer contracts, and strong revenue growth positioning the company for continued expansion. In the second quarter of 2026, CoreWeave reported revenue of $2.6 billion, representing a 112% increase year over year. Its revenue backlog also reached approximately $104 billion and secured more than $25 billion in additional customer commitments early in the third quarter. These figures showcase the substantial demand for CoreWeave's computing services as companies continue investing in AI development and infrastructure. As AI models become increasingly complex, companies require greater access to specialized computing resources, making infrastructure providers like CoreWeave an important part of the AI industry.

Although CoreWeave carries roughly $50 billion in debt, much of this borrowing supports investments in GPUs, data centers, and power infrastructure needed to meet growing demand for its AI computing services. Despite these substantial financial commitments, the company's continued revenue growth and expanding contracts showcase the strength of its business. In the second quarter, CoreWeave reported $1.51 billion in adjusted EBITDA, reflecting the company's ability to generate substantial earnings before interest and other expenses. Although higher borrowing costs remain a concern, CoreWeave's growing revenue and demand support its initiative for continued expansion, and the opportunity to further strengthen its financial position as new computing capacity begins generating revenue.

We believe CoreWeave's recent sell-off represents a potential buying opportunity, as financial concerns may be overshadowing the company's long-term growth prospects. Last week, yields on some of CoreWeave's bonds climbed to approximately 15-16%, reflecting heightened investor concerns about borrowing costs. However, as additional capacity becomes available and integrated, the company has the potential to improve its profitability and therefore reduce investor concerns surrounding its debt. If CoreWeave successfully executes its current expansion plans and demonstrates stronger cash flow generation, we believe renewed investor confidence could support a recovery in its share price and reinforce the company's position as a long-term investment opportunity.

COREWEAVE (CRWV) SHARE PRICE (IN USD) *(OCT 2025 – OCT 2026)*



Note: Stock prices reflect CoreWeave's daily closing share prices from October 2025 to October 2026

Sources: Yahoo Finance