

BBR I

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Week of October 26, 2026

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Equities Outlook

Brazil Stocks Crash After Lula's Win

The Brazilian stock market crashed on October 26th, with the real falling 7.59% and the Ibovespa stock index losing 13.88%. The bullish sentiment investors had built up on the country in recent weeks went south after the surprise reelection of President Luiz Inácio Lula da Silva. The runner-up, Flávio Bolsonaro, previously made vague pledges to cut the deficit to bring down double-digit borrowing costs, which bid up Brazilian assets after his surprise first-round lead three weeks ago. This lead drew in billions in foreign flows, and firms including UBS Global Wealth Management (UBS), Morgan Stanley (MS), JPMorgan Chase & Co. (JPM) and Citigroup (C) put out bullish calls for Brazilian assets. However, these gains were eliminated on October 26th.

As of 10/30/2026

Metric	Close
S&P 500	7,580.07
DJIA	51,770.31
NASDAQ	25,437.00
Russell 2000	2,811.84
FTSE 100	10,729.78
Nikkei 225	63,290.11
WTI Crude	$104.12
10-yr Treasury	4.93%

Minutes after the market opened, the Ibovespa's 10% drop triggered a circuit breaker that halted trading for 30 minutes, with some shares losing more than 50% of their value, showing how much investors had bet on an end to the Lula administration. Swap rates were also pushed higher, with some up more than 3%. Brazil's currency, the real, closed at 5.4027 per dollar, after its largest one-day drop since 1999. The Ibovespa also had its sharpest drop since early 2020. Small caps saw a historic sell-off with a benchmark for the group declining 27%, the most on record. The rout in the country's assets reflects concerns that Lula is unlikely to take the steps needed to close a budget gap worth more than 9% of the economy.

After Lula's victory, Bradesco BBI (BBD) lowered its outlook on Brazilian stocks to neutral, while JPMorgan downgraded the currency and rates from overweight to market-weight. Heritage Capital Partners portfolio manager Eduardo Cohn said, "I have only seen the magnitude and voracity displayed today on a few rare occasions like Sept. 11th, and during the pandemic." Several companies were preparing for about $6 billion equity sales, but bankers don't expect any sales before mid-2027.

NYSE Expands Options Trading Hours As Competition Intensifies

On October 19, the New York Stock Exchange (NYSE) announced plans to extend options trading hours, beginning two hours before the traditional 9:30 a.m. ET opening and ending 15 minutes after the 4:00 p.m. ET close. This comes as the NYSE and Nasdaq prepare to introduce 23-hour trading for stocks and exchange-traded funds (ETFs), five days a week starting December 6. Growing competition from cryptocurrency markets and other platforms operating around the clock has pressured traditional exchanges to adapt to changing investor preferences.

Alternative trading platforms have gained popularity by offering greater flexibility through products like perpetual futures and tokenized securities. Unlike traditional options, perpetual futures have no expiration date and can trade continuously, while tokenized assets provide exposure to securities through blockchain platforms. These products allow investors to respond to economic and geopolitical events outside regular market hours. For example, following U.S. and Israeli strikes against Iran in February, investors could adjust their positions over the weekend.

Extended trading hours could help reduce the gap between retail and institutional investors, as institutions have historically had greater access to trading outside regular hours. However, overnight sessions may experience lower liquidity and trading volumes, increasing costs and making it harder to trade at favorable prices. Exchanges could also face higher operating costs from maintaining their infrastructure for longer periods. Despite these challenges, growing competition and demand for accessibility could make extended trading hours the new standard for U.S. markets.

Sources: Bloomberg

Equities Outlook

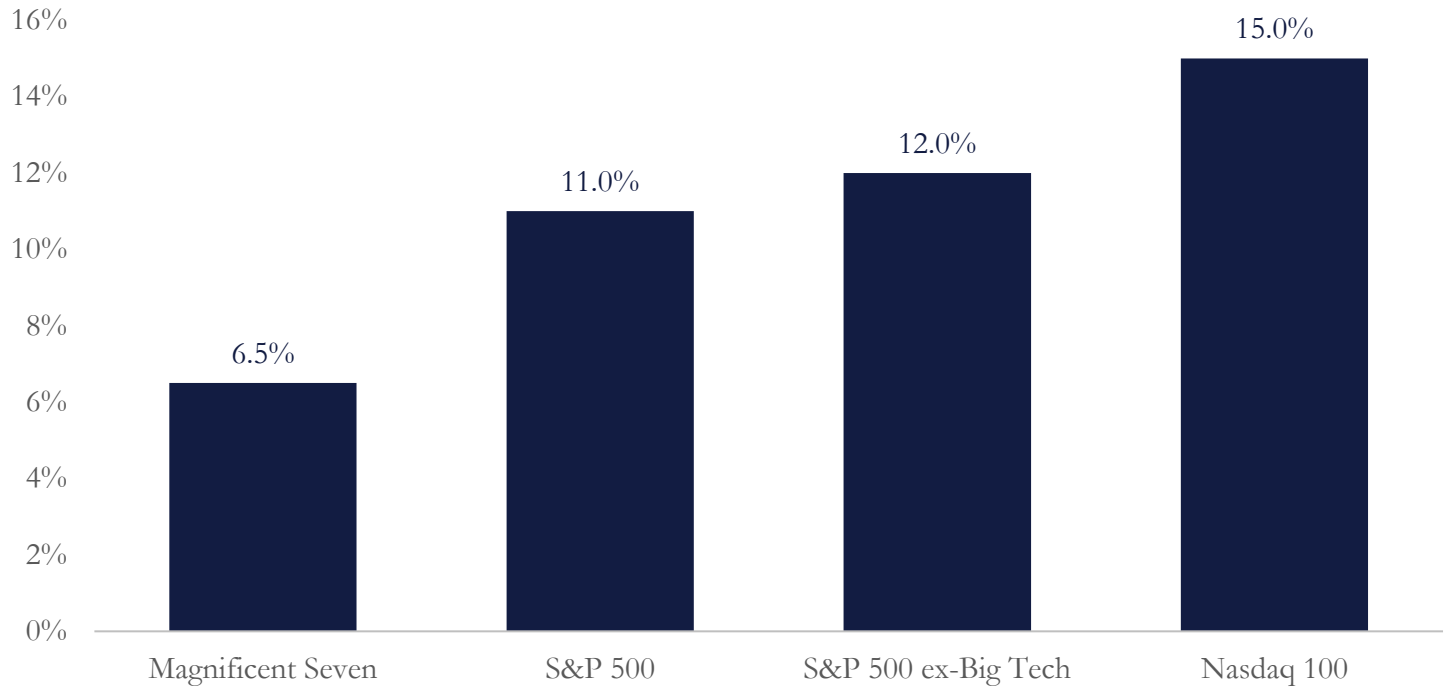
AI Spending Fears Threaten to Swamp Big Tech's Strong Earnings

Alphabet (GOOGL), Microsoft (MSFT), and Amazon (AMZN) were scheduled to report third-quarter earnings during the week of October 26th, and all three were expected to post double-digit revenue growth. Investors, however, are more focused on how much these companies are spending on artificial intelligence and when that spending will pay off. Meta Platforms (META) showed how harsh the reaction can be. After it reported on October 21st, investors focused on its plan to raise future spending commitments by $125 billion to $825 billion. The stock closed down 6.10% on October 22nd, its worst day since July, and the price of Meta's five-year credit default swaps hit a new high. John Belton, managing director of Gabelli Funds said investors have "absolutely no patience right now for higher capex."

Other worries have added to the pressure. CoreWeave (CRWV) raised concerns about how much of the AI buildout is being paid for with debt, and Gartner (IT) estimated that more than $3.5 trillion of AI infrastructure spending could be at risk of impairment by 2030. Anthropic also told prospective investors that its third-quarter revenue grew about 45% from a year earlier, slower than last quarter. The Bloomberg Magnificent Seven Index is up only 6.50% this year, compared with 11% for the S&P 500 and 15% for the Nasdaq 100, and only Apple (AAPL) and Nvidia (NVDA) are beating the market. Heavy spending has also left many of these companies with negative free cash flow, and Kevin Shea, Vice President of BNY (BK) said upward revisions to free cash flow would signal the hardest part of the spending cycle is over.

The selloff has made the group cheaper. The Magnificent Seven trade at under 24 times estimated earnings, below their 10-year average of about 29, and Amazon's multiple is under 20, near its lowest since 2008. Bloomberg Intelligence expects the group's earnings to grow about 34% this year, ahead of 29% for the S&P 500, and analysts now expect 27% growth in 2027, up from under 19% two months ago. At BBR, we believe investors will judge these reports mostly on spending plans and free cash flow. If Alphabet, Microsoft, and Amazon can show that AI is starting to pay for itself, lower valuations leave room for a rebound. Another round of higher capex without clear returns would likely extend the selloff and spread the pressure to neoclouds and other parts of the market.

2026 YEAR-TO-DATE PRICE CHANGE (%) (AS OF OCT 23, 2026)



Note: Magnificent Seven reflects the Bloomberg Magnificent Seven Index. Data as of October 23, 2026

Sources: Bloomberg, Bloomberg Intelligence

Fixed Income Outlook

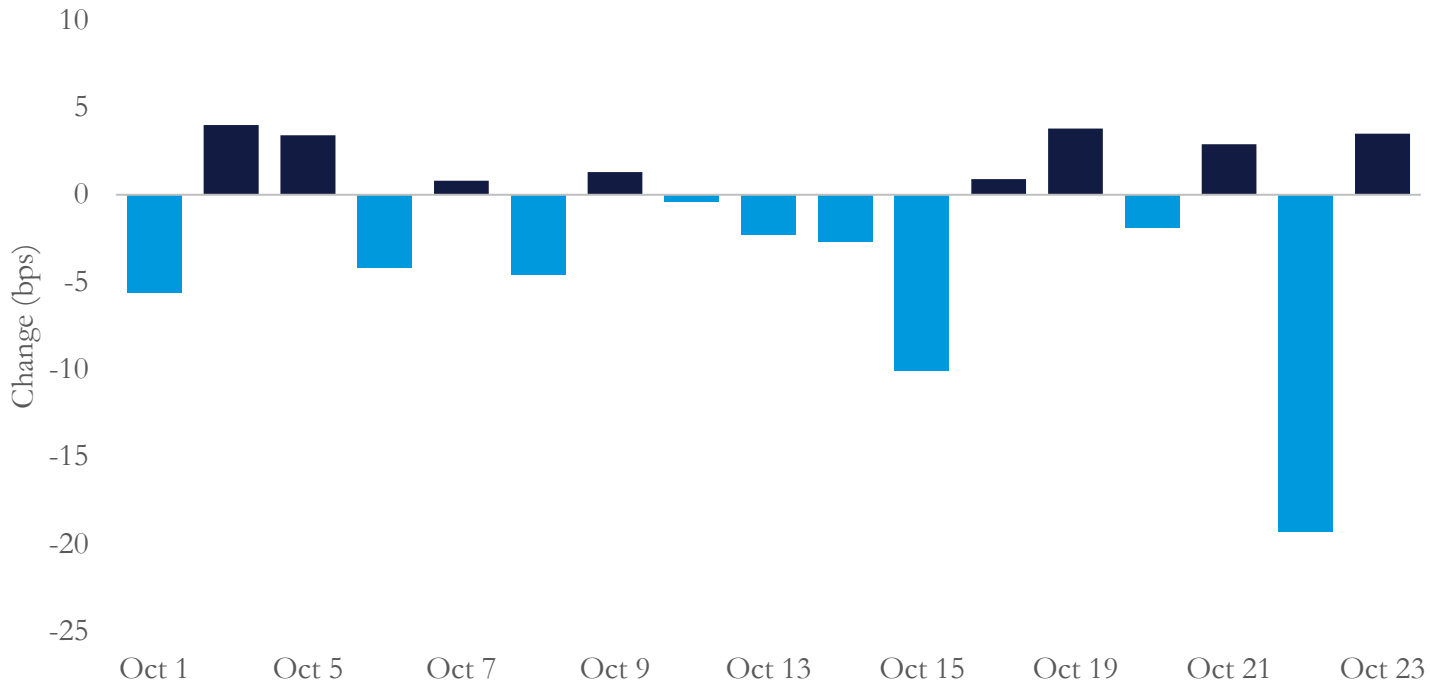
Treasuries' AI Link Shows Sharp Shift as Haven Trade Returns

U.S. Treasuries are acting like a safe haven again as the selloff in artificial intelligence stocks deepens. For most of this year, government bonds gave investors little protection when tech stocks fell, because inflation worries and higher interest rates pushed bond prices down at the same time. On October 22, Treasuries had their best day in more than a year, with shorter-dated yields falling as much as 20 bps as the Nasdaq 100 and the Philadelphia Semiconductor Index posted their biggest drops since June. The 10-year yield fell about 19 bps that day and closed below 5.00% for the first time since September 22. A Bloomberg gauge of the inverse relationship between Treasuries and AI stocks is at its strongest in a year, and Charlie McElligott, managing director of Nomura (NMR) wrote that bonds are "working as your hedge again."

The rally also changed expectations for the Federal Reserve. Concerns about whether AI spending will pay off are starting to weigh on the broader economic outlook, and traders cut back their bets on another rate hike. Ahead of the Fed's October 28 meeting, futures priced in less than a 15% chance of a quarter-point increase, down from more than half after the October 14 inflation report, and the Fed went on to hold rates steady. Treasuries gave back part of their gains on October 23, with yields up 3 to 4 bps as tech stocks and French bonds stabilized and Brent crude topped $117 for the first time since April. According to Bloomberg Intelligence, investors have still put about $58 billion into bond ETFs this month, roughly 38% of all ETF flows and the second straight month above 35%.

Pocalled the move a "turning point" and pointed to weaker consumer confidence, slow payroll growth, and a sharp drop in pending home sales as signs that high yields are slowing the economy. Frank Monkam, a Bloomberg market strategists, was more cautious, noting that the Fed kept raising rates after Silicon Valley Bank collapsed in 2023, even though that was a bigger threat than today's stress around CoreWeave (CRWV). At BBR, we believe the haven trade can hold as long as the AI selloff keeps weighing on growth expectations. If consumer and labor data keep softening, we expect the 10-year to stay below 5.00%, but a hot inflation report or another jump in oil prices could quickly push yields back toward their early October highs.

10-YEAR TREASURY YIELD DAILY CHANGE (OCT 1, 2026 – OCT 23, 2026)



Note: Daily change in bps based on closing yields. Negative values indicate a falling 10-year yield

Sources: Bloomberg, The Wall Street Journal, Yahoo Finance

France Dodges Moody's Downgrade, but Debt Worries Remain

Uncertainty has been rising in the French bond market as political issues raise concerns over France's public finances. The premium to hold the French 10-year over Germany jumped by 29 basis points the week of October 19, the second-biggest weekly rise in records dating back to 1990. The yield gap was double what it was back in May. Investors are worried about France's future because of heavy debt, a strained economy, and public discontent.

Spreads have been driven to the highest level since the peak of the euro debt crisis back in 2011. Chief investment officer at RBC BlueBay (RY) Mark Dowding said many investors who would normally pick French bonds when they trade 50 basis points over German bonds now won't go through with it. He said that with those buyers gone, the market is more vulnerable to sharp moves driven by hedge funds using trend-following signals. Despite France's 10-year rebounding and tightening the yield spread over Germany on October 23, the outlook remains challenging.

On October 23, Moody's (MCO) kept France's credit rating steady at Aa3 with a negative outlook. This was a surprise to many who expected a downgrade due to recent events, but Moody's said it expects France to eventually pass a 2027 budget that cuts the deficit. Other major rating firms, such as S&P Global Ratings (SPGI) and Fitch Ratings, already have lower credit ratings for France. When markets opened on October 26, French bonds rallied as a reaction, with the 10-year yield down 12 basis points to 4.90%, the most since April. The spread over German bonds fell 14 basis points, its biggest one-day drop since 2020. France's main stock index, the CAC 40, rose as much as 1.2%.

However, France's debt problems remain. The CAC 40 is down about 4% this year despite the recent gain, while the Stoxx Europe 600 has gained nearly 8%. The country's deficit is set to reach 5.4% of economic output this year. Prime Minister Sébastien Lecornu proposed a bill to constrain spending and raise tax revenue to meet a deficit goal of 5% next year, but this is uncertain as he has no majority in parliament. Senior investment adviser at Pictet Asset Management Christopher Dembik stated that he "can't see any solution for France's fiscal position to improve in the short term." The underlying issues still haven't been addressed, and we believe the rally after Moody's decision was a brief rebound rather than a solution, so the spread is likely to widen again unless France passes a deficit-cutting budget.

U.S. Economic Growth Accelerates to 3.4% in Third Quarter

The U.S. economy grew at an annualized rate of 3.4% in the third quarter, exceeding economists' expectations of 3.1% and marking its fastest growth in a year. Despite rising gasoline prices and continued concerns over inflation, consumer spending and business investment remained strong. The report suggests that the economy has continued to grow despite higher interest rates and ongoing uncertainty surrounding trade policy.

Consumer spending increased at a 3.8% annualized rate, while AI-related investment continued to support economic growth. According to S&P Global Ratings, high-tech investment accounted for more than one-third of GDP growth over the past year. However, increased imports subtracted 3.3 percentage points from third-quarter GDP growth.

The report raises questions about the Federal Reserve's next interest rate decision. Strong economic growth and persistent inflation could justify another rate increase in December, as consumer demand remains strong despite higher borrowing costs. However, Fed Chair Kevin Warsh has suggested that improving productivity could allow the economy to continue growing without creating additional inflationary pressures.

At BBR, we believe continued economic growth supports corporate earnings, particularly in technology companies benefiting from increased AI investment. However, elevated inflation could keep interest rates high and put pressure on stock valuations through the end of the year. We expect upcoming inflation and employment data to play an important role in determining the Fed's next decision and the direction of financial markets.

Sources: Bloomberg

Monetary Policy Outlook

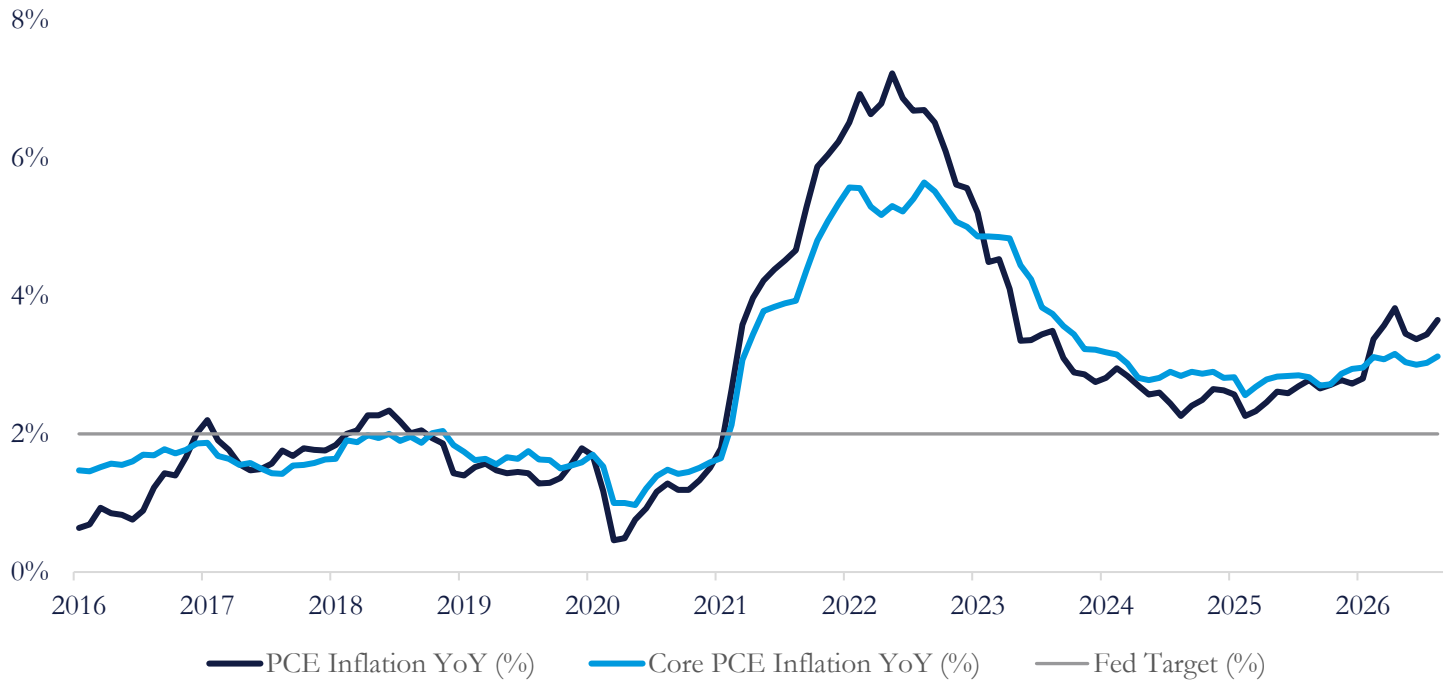
Fed Holds Rate Steady as Inflation Concerns Fuel Further Hike Debate

On October 28, the Federal Reserve held its benchmark interest rate steady at 3.75% - 4.00%, following a 25 basis-point increase in September. The decision passed in a 10-2 vote, with Federal Reserve Governor Lisa Cook and Cleveland Fed President Beth Hammack favoring an additional rate hike. Although the decision to maintain rates was widely expected, the two dissenting votes highlight growing disagreements, particularly over whether current interest rates are restrictive enough to bring inflation back toward the Fed's 2.0% target, and the overall direction of monetary policy.

The disagreement comes as the U.S. economy continues to show strength, with resilient consumer spending, strong productivity growth, and continued business investment. However, inflation remains elevated with rising energy costs and significant investment in AI infrastructure raising concerns about additional price pressures. While some policymakers believe the Fed should allow more time to evaluate the effects of the September rate hike, others argue that further tightening may be necessary to prevent inflation from becoming more persistent. At BBR, we believe the Fed's decision to pause was reasonable, as raising rates again could place unnecessary pressure on economic growth before clearly seeing the effects of the previous Fed decision. However, the economy's continued strength suggests that the Fed may have room to maintain higher interest rates without slowing economic activity.

From a fixed-income perspective, we believe investors should remain cautious about expecting interest-rate cuts in the near future. Although the Fed held rates steady in October, the two dissenting votes and continued inflation concerns suggest that another rate hike remains possible, particularly at the Fed's December meeting. If interest rates rise further, newly issued bonds would generally offer higher yields, making existing bonds less attractive and pushing their prices lower. Longer-term bonds would be especially vulnerable as their prices tend to be more sensitive to rate changes. With the Fed's next decision largely dependent on whether upcoming inflation data shows signs of improvement, we believe shorter-term bonds may be a more attractive option for investors looking to earn competitive yields while limiting their exposure to potential rate hikes. This would provide investors with greater flexibility as monetary policy evolves.

PCE INFLATION VS. FED'S 2.0% TARGET (2016-2026)



Note: PCE inflation reflects year-over-year changes; core PCE excludes food and energy. Data through September 2026

Sources: The Wall Street Journal, U.S. Bureau of Economic Analysis (BEA), Federal Reserve

Food Prices at Risk with Continuing Inflationary Pressure

Global food prices could face another wave of inflation as agricultural production continues to be threatened by rising energy costs, fertilizer shortages, and worsening weather conditions. These three factors affect essential agricultural inputs that can lead to significant increases in food prices, extending the economic consequences of the ongoing energy crisis into a more severe issue.

One of the main concerns is the sharp increase in diesel prices, which directly affects agricultural operations. Diesel-powered machinery is crucial for planting, harvesting, and transporting crops, making higher fuel costs an additional financial burden throughout the production process. Transportation and distribution expenses also rise as energy becomes more expensive, which inevitably increases the final prices consumers pay.

Fertilizer shortages present another challenge for food prices. Agricultural production heavily relies on fertilizers to maintain crop yields, but disruptions to global supply chains have reduced the overall access to such essential products. Limited fertilizer supplies can increase production costs and make the maintenance of previous levels of output notably more challenging. Regions that especially depend on imported agricultural materials are expected to experience the most significant impact.

El Niño is another potential threat to global food production. The recurring climate pattern can disrupt rainfall and temperature conditions across major agricultural regions, increasing the risk of droughts, floods, and lower crop yields. If such unfavorable geographical conditions coincide with ongoing higher energy costs and fertilizer shortages, the combined impact can place compounded additional pressure on global food supplies.

The overall concern is that food inflation can continue to persist even if energy prices eventually begin to stabilize. Higher agricultural production costs that have already risen and potential harvest disruptions may take longer to resolve. This will further complicate the Federal Reserve's efforts to bring inflation under control.

Oil Prices Remain Above $100 Despite Recovering Gulf Exports

Oil prices remain elevated despite a significant recovery in exports from the Persian Gulf. Brent crude futures climbed to approximately $111 per barrel on October 29, even as regional exports returned to levels exceeding those before the war with Iran. The continued rise reflects concerns over renewed military escalation, low global inventories, and shipping costs. U.S. gasoline prices averaged $4.25 per gallon and have remained above $4 since April.

A major factor supporting oil prices is the possibility of renewed U.S. military strikes on Iran following the upcoming midterm elections. Goldman Sachs estimates that fears of further supply disruptions have added approximately $27 per barrel to Brent prices. JPMorgan estimates Brent's fair value at $94 per barrel, suggesting that geopolitical uncertainty is keeping prices above levels justified by current supply conditions.

Shipping disruptions near the Strait of Hormuz have also increased costs. Although Persian Gulf exports recovered to more than 24 million barrels per day in mid-October, they subsequently declined to about 15.7 million barrels per day. Attacks on tankers and infrastructure have forced exporters to rely on alternative routes, increasing transportation and insurance expenses.

At BBR, we believe oil prices could remain elevated in the near term as geopolitical risks outweigh improving export volumes. Low global inventories leave limited protection against additional disruptions, while China's recovering crude imports could provide further support for demand. However, if tensions ease and shipping conditions improve, the current risk premium could decline, placing downward pressure on oil prices.

Sources: WSJ, Bloomberg, Yahoo Finance

Commodities Outlook

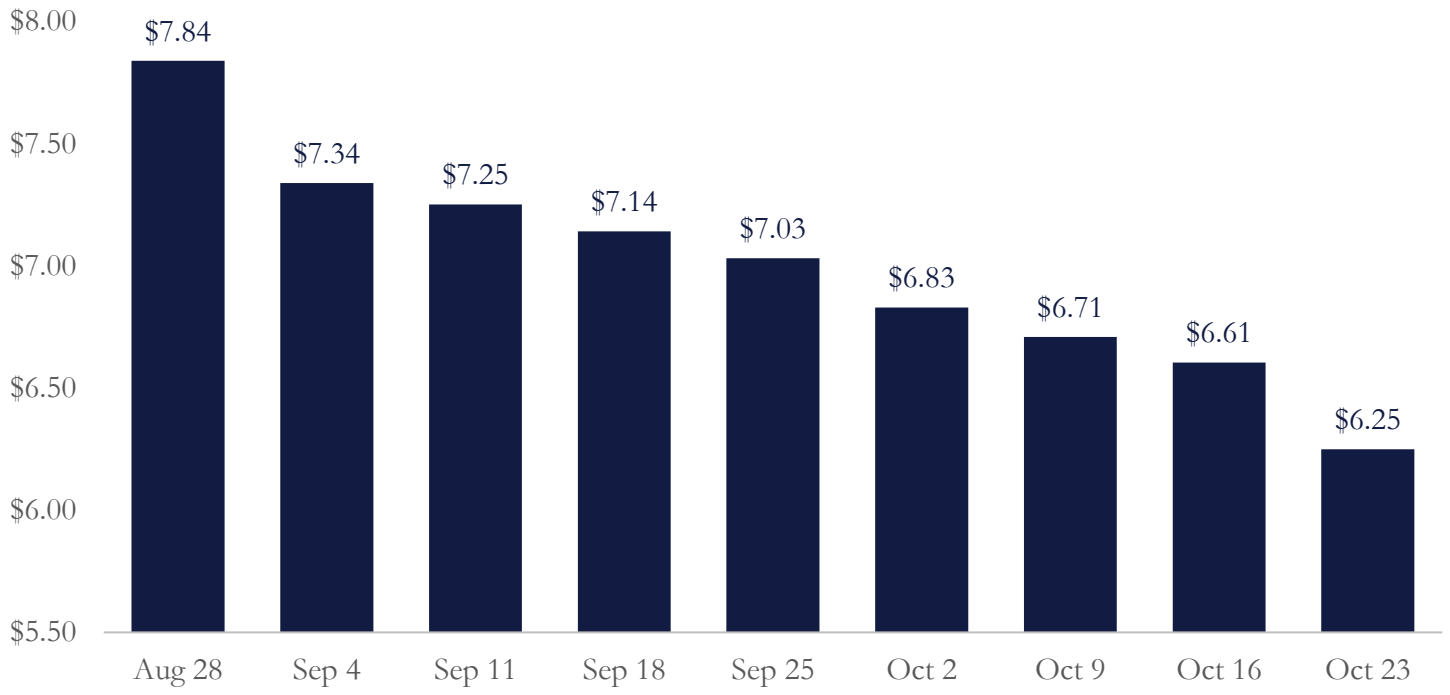
Wheat Slides for Eighth Week in Longest Losing Streak Since 1997

Wheat futures in Chicago fell for an eighth straight week through October 23rd, the longest weekly losing streak since 1997. The most-active contract dropped more than 5% during the week and traded at $6.27 per bushel on Friday morning. The decline is a reversal from September, when wheat climbed to its highest level since 2023 after strikes on ships and ports in the Black Sea cut exports from Ukraine and Russia, two of the world's largest wheat exporters. That shortfall left importers searching for other suppliers and raised fears of food inflation. Since then, the December contract has fallen from $7.84 per bushel on August 28th to $6.25 on October 23rd, a drop of about 20.28%.

The risk premium is fading even though the disruptions have not ended. The Trump administration is trying to start peace talks between Moscow and Kyiv, and more Russian wheat is being shipped through other routes, including ports on the Baltic Sea. Mike Castle of StoneX (SNEX) wrote that despite the progress toward talks, "we have yet to see any actual improvement on the ground." Demand has also been weak, with U.S. net export sales for the week ended October 15th coming in below expectations. Supply is growing as harvests pick up in Australia and Argentina, and Joe Boyle of Bendigo Bank (ASX: BEN) said global production is expected to be the second-largest on record. Corn futures also fell for a fourth straight week and were down 0.90% on October 23rd, while soybeans rose 0.50%.

The longer-term picture is less clear. Russia and Ukraine are both planting for next year's harvest, and farmers are expected to plant less because of weak exports. Ukraine's agriculture minister forecast an 18% decline in winter wheat planting. The selloff continued the following week, with December wheat falling to $5.99 per bushel on October 28th, a four-month low. At BBR, we believe wheat prices will stay low in the near term because a near-record global harvest and weak export demand outweigh the remaining Black Sea risk. However, smaller plantings in Ukraine and Russia could tighten supply in 2027, and a new attack on Black Sea shipping could quickly restore the risk premium.

CBOT WHEAT FUTURES, WEEKLY CLOSE (AUG 28, 2026 – OCT 23, 2026)



Note: Weekly closing prices for the December 2026 Chicago SRW wheat futures contract

Sources: Bloomberg, Yahoo Finance, 24/7 Wall St.

M&A/Deal Environment

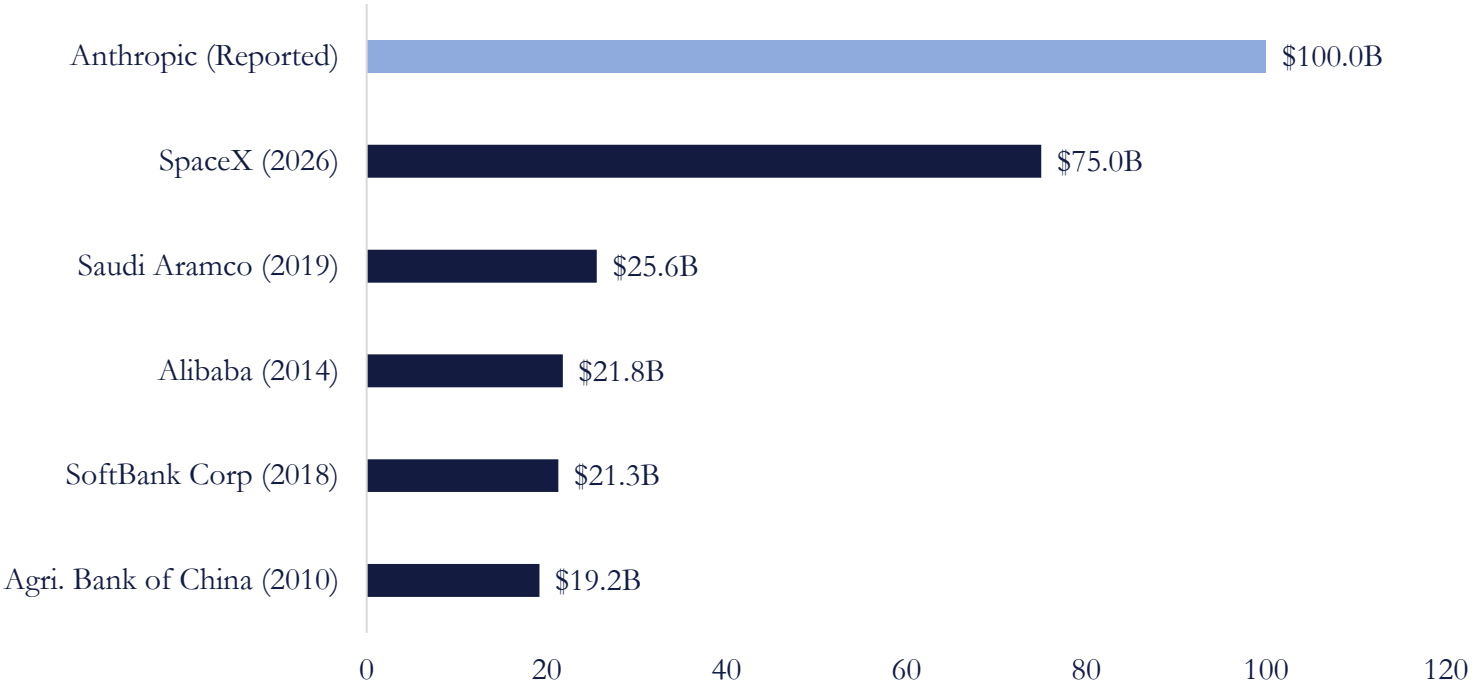
Anthropic Files for IPO That Could Value It at Up to $2 Trillion

On October 26, Anthropic filed its S-1, which gave the first official look at details of its business operations and ownership. The company is reportedly planning to go public the week of November 16th, though the timing is not certain. Valuation predictions currently range between $1.5 trillion and $2 trillion, and the IPO could potentially raise more than $100 billion. At the high end, a $2 trillion valuation would top the $1.77 trillion SpaceX (SPCX) reached in its record $75 billion IPO in June. Anthropic plans to trade under the ticker ANT with Goldman Sachs (GS) and Morgan Stanley (MS) named as the two lead banks in the deal, followed by another 20 underwriters.

Anthropic generated about $16.3 billion in revenue in the first half of 2026, up from $1.2 billion in the same period a year earlier. The company disclosed an $80.7 billion net loss for the first half of the year, but this was mainly due to an accounting adjustment related to financing agreements rather than spending. Excluding certain costs, Anthropic still generated adjusted operating income of $1.62 billion for the 6-month period of 2026, a 10% margin. Cash from operations netted $3.45 billion, with capital expenditures at just $482 million. Operating leverage also looks strong. In Q2, the company brought in $11.6 billion in revenue against $5.6 billion in compute costs, or about $2.07 of revenue per dollar of compute, up from just 67 cents in Q4 of 2025. The S-1 also disclosed that the number of business customers spending more than $100,000 a year increased from 950 on September 30th, 2025, to 11,900, more than 12 times its level a year earlier.

Anthropic held $131.7 billion in cash and short-term investments as of June 30. However, the S-1 details infrastructure contracts with companies like Microsoft (MSFT), Amazon (AMZN) and SpaceX. The total for these deals comes to $657 billion, with $498 billion being noncancelable, meaning Anthropic is obliged to pay whether it uses the capacity it's reserved. Overall, we believe that Anthropic's stock could follow a trajectory similar to SpaceX's. The initial excitement could spike the stock, followed by a pullback before it recovers, since both have high valuations compared to their actual revenue. However, the $498 billion in noncancelable commitments remains a large risk.

LARGEST IPOS BY AMOUNT RAISED (IN BILLIONS USD)



Note: Anthropic figure is reported and not final

Sources: CNBC, Fortune, Renaissance Capital, The Wall Street Journal

M&A/Deal Environment

EQT to Buy Range Resources in $13 Billion Stock Swap

On October 26, EQT Corporation (EQT) announced plans to acquire Range Resources (RRC) in an all-stock transaction valued at approximately $13 billion, creating the largest natural gas producer in the United States. Under the agreement, EQT will exchange 0.987 of its shares for each Range share, representing an implied value of $54.91 per share and a 20.6% premium to Range's previous closing price of $45.52. Following the acquisition, existing EQT shareholders will own approximately 73.0% of the combined company, while Range shareholders will hold the remaining 27.0%. Expected to close in the first quarter of 2027, the transaction would create a company with an enterprise value exceeding $50 billion, highlighting the growing scale of consolidation in the U.S. natural gas industry.

The acquisition would strengthen EQT's position in the Appalachian Basin by combining production and infrastructure assets in one of the country's largest natural gas regions. The combined company expects to produce the equivalent of more than 9 billion cubic feet of natural gas per day and operate over 3,700 miles of pipelines and related infrastructure. It would also hold more than 30 years of drilling inventory, potentially supporting production over multiple commodity cycles. EQT estimates the merger could generate $325 million in annual synergies within two years through lower operating costs, and projects $20 billion in cumulative free cash flow over five years. However, these estimates depend heavily on natural gas prices and successful integration, leaving room for potential financial setbacks.

Although the merger promises significant cost savings, issuing additional shares means those benefits will be spread across a larger shareholder base. As a result, higher total free cash flow may not necessarily translate into higher free cash flow per share. Because the exchange ratio is fixed, changes in EQT's stock price could also affect the value Range shareholders ultimately receive, adding uncertainty before closing. From an investor's perspective, free cash flow per share is a better indicator of the acquisition's success, as it shows whether the merger generates enough additional cash flow to offset shareholder dilution and increase value per share. Ultimately, investors should focus on whether EQT can deliver stronger cash flow per share on a sustainable basis rather than simply expanding its overall size.

Marvell in Talks to Acquire Lumentum

Marvell Technology (MRVL) is reportedly in discussions to acquire Lumentum Holdings (LITE) in a potential multibillion-dollar deal that could expand its presence in the rapidly growing AI infrastructure market. An agreement could be announced as early as this week, although no final decision has been reached. Lumentum currently has a market capitalization of approximately $83 billion, compared with Marvell's $221 billion.

Marvell specializes in semiconductors used in data centers, networking, and AI computing, while Lumentum manufactures optical components that enable high-speed data transmission. As AI data centers require faster connections between servers, Lumentum's technologies have become increasingly important. Marvell already purchases lasers from Lumentum, meaning an acquisition could strengthen its supply chain and improve coordination. Earlier this year, Nvidia invested $2 billion in Lumentum, highlighting the growing importance of optical networking.

Investors reacted differently to the news, with Marvell shares falling approximately 11% in after-hours trading while Lumentum gained around 17%. The movements suggest that investors expect an acquisition premium for Lumentum but remain concerned about Marvell financing a company worth approximately 38% of its own market capitalization. Depending on the deal structure, Marvell could face significant financing costs or shareholder dilution, potentially placing additional pressure on its stock. Lumentum shares could also face a pullback if negotiations fail.

In the longer term, the acquisition could significantly strengthen Marvell's position in AI infrastructure by combining its semiconductor capabilities with Lumentum's optical technologies. The combined business could benefit from growing demand for advanced networking solutions as technology companies continue expanding AI data centers.

Sources: The Wall Street Journal

M&A/Deal Environment

Musk Explores $3.5 Trillion Tesla-SpaceX Merger to Consolidate Operations

Elon Musk is considering a merger between Tesla (TSLA) and SpaceX (SPCX): a transaction that can potentially create one of the world's largest companies. Musk recently acknowledged that combining the two businesses can offer significant advantages, particularly as both companies expand their investments in artificial intelligence, robotics, and future-oriented advanced technology. Although discussions remain preliminary and no final agreement has been announced, the idea introduces an intriguing topic for the market to consider.

The proposed merger would bring together two businesses operating in different industries. Tesla is primarily known for electric vehicles, energy storage, and its growing investments in autonomous driving and humanoid robotics. SpaceX focuses on rocket launches, satellite communications, and space infrastructure such as its Starlink satellite network. Combining the companies could allow them to share resources and coordinate more efficiently.

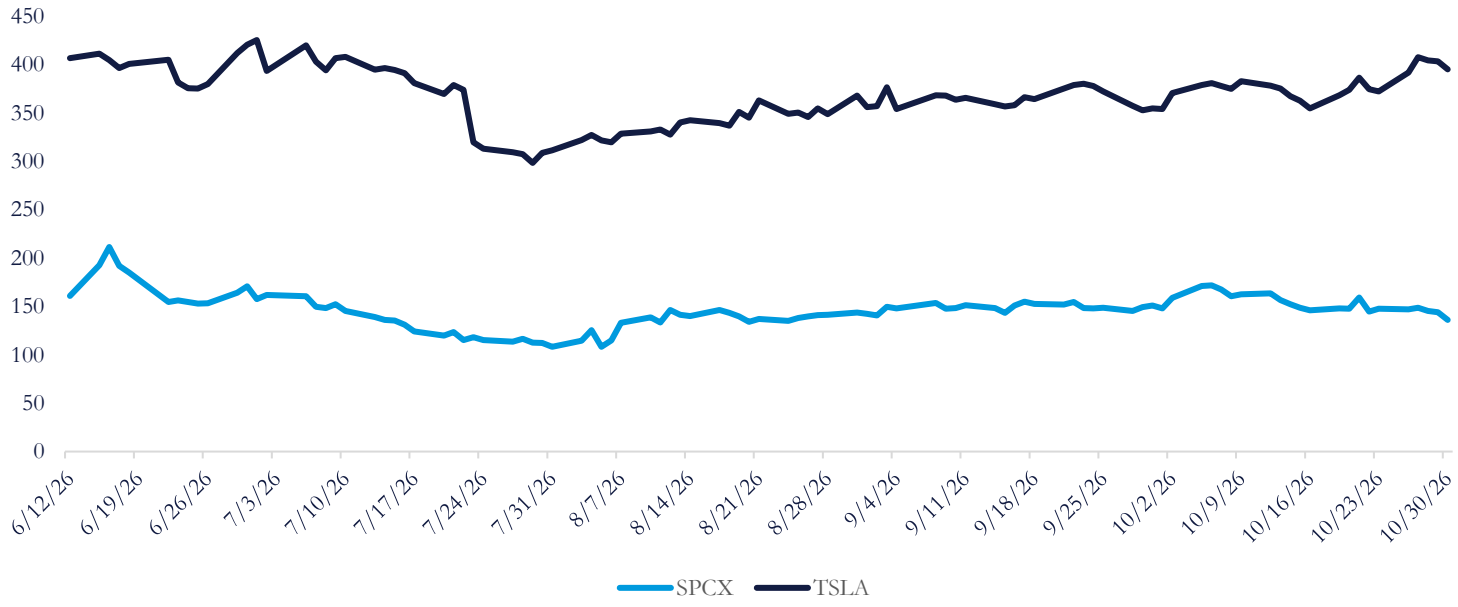
Artificial intelligence is arguably one of the biggest areas where both companies' operations increasingly overlap. Both businesses require substantial computing infrastructure, advanced semiconductor technology, and specialized engineering capabilities. A combined company can coordinate these investments while integrating Tesla's autonomous systems and robotics with SpaceX's satellite and communications technologies, generating significant potential synergy. The recently unveiled Tesla Roadster is viewed as a primary example of potential cooperation between the businesses.

However, a merger would simultaneously introduce significant financial and organizational challenges. At least half of Tesla's shareholders need to approve the merger while Musk is excluded from shareholder discussions due to his leadership positions at both companies. The valuation of the combined business and whether Tesla shareholders would receive a smaller ownership stake in a significantly larger company also remain questionable.

The transaction would likely attract immense attention and inspection from regulators and investors because of its scale and Musk's leadership roles across both companies. Questions around corporate governance, shareholder interests, and the financial implications of the merger would be vital to any negotiations and to the market responses.

For investors, the proposed merger represents a potentially significant development in the technology sector, although its structure, valuation, and realistic likelihood of completion again remain uncertain.

SPACEX vs. TESLA STOCK PRICE ($)



Sources: BBC, The Wall Street Journal, CNBC

Trade of the Week

Long Cheesecake Factory (CAKE) – David Youn

The Cheesecake Factory (CAKE) presents a favorable long opportunity following its strong third-quarter earnings. Accelerating restaurant sales, improving profitability, and continued expansion across its brands demonstrated further opportunities for growth. Despite concerns surrounding the company's elevated valuation, its recent financial performance demonstrates that earnings growth can continue supporting the stock's upward momentum.

The company reported record quarterly revenue of $1.03 billion, which represents a 13.9% increase from $907.2 million a year earlier and exceeded the consensus of approximately $1 billion. Net income nearly doubled to $61.3 million, or $1.19 per diluted share, a significant increase from the previous year's $31.9 million, or $0.66 per share. Adjusted earnings of $1.02 per share also easily surpassed the estimate of $0.96. Operating margins improved from 4.1% to 7.2%. The improvement indicated stronger overall efficiency and cost management.

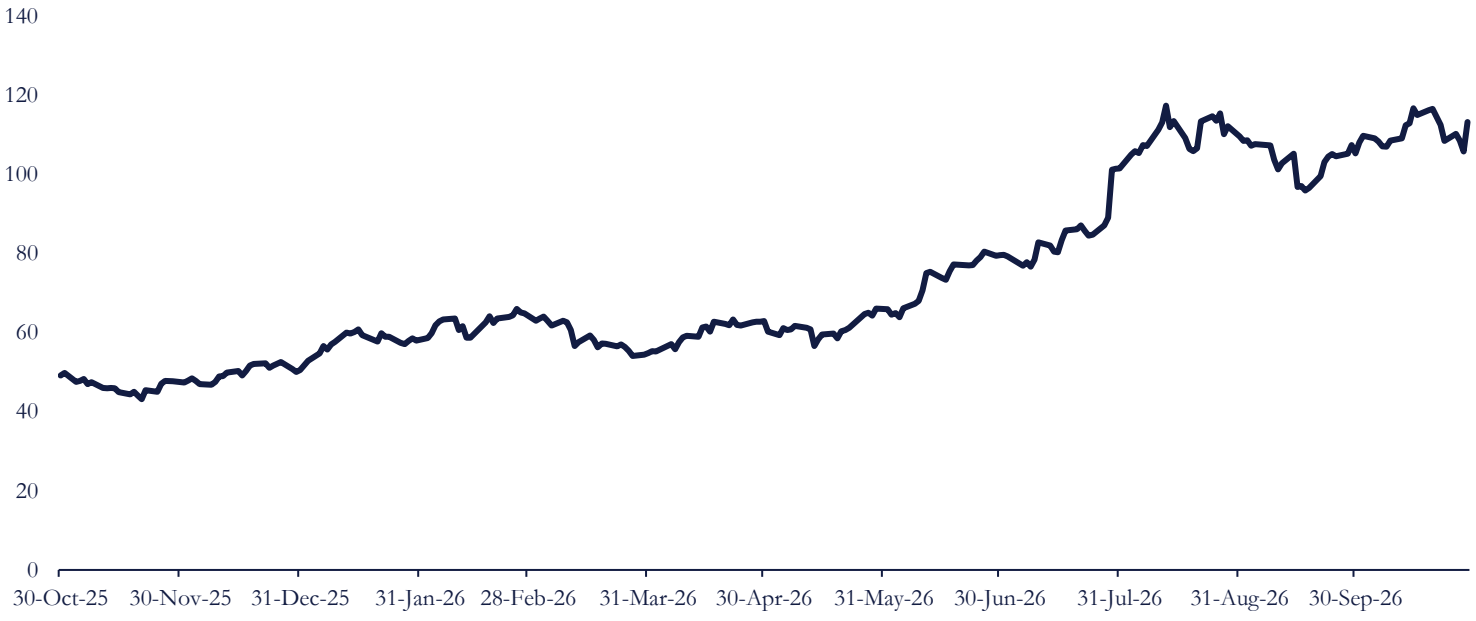
The company's primary Cheesecake Factory restaurants recorded significant sales growth of 15.2%. CEO David Overton attributed the performance to menu innovation, the company's rewards program, and stronger customer engagement through social media. Improved labor productivity and food efficiency despite volatile commodity prices also contributed to higher profitability, supporting the operating margin expansion seen in the quarter.

Management also showed continued expansion of the restaurant portfolio, opening six new locations during the quarter while maintaining its target of up to 26 openings for fiscal year 2026.

Nevertheless, a couple of concerns remain. Cheesecake Factory shares have more than doubled since the beginning of the year, raising questions about whether future earnings growth can justify the stock's valuation. Additionally, North Italia reported a 3% decline in sales, suggesting that performance across the company's brands remains uneven.

Even with these concerns, a long position remains attractive given the company's strong revenue growth, expanding profitability, and steady customer demand, though cost pressures remain a risk this fiscal year. Its ability to beat earnings expectations while improving operating efficiency supports further upside, and easing commodity costs could add to those gains over time.

CHEESECAKE FACTORY (CAKE) STOCK PRICE (in $)



Sources: StockAnalysis, Yahoo Finance, CNBC

Trade of the Week

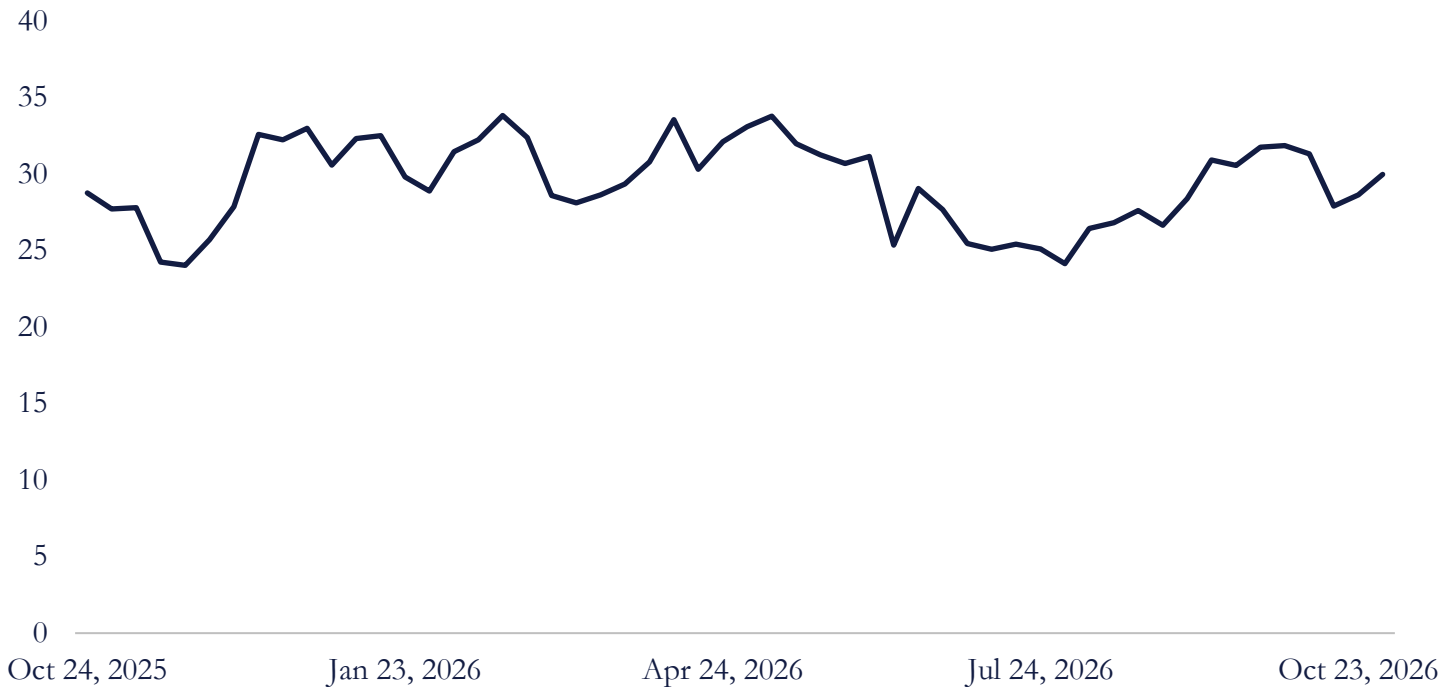
Long Perma-Pipe International Holdings (PPIH) – Mannan Wadhawan

Perma-Pipe International Holdings (PPIH) makes pre-insulated piping and leak detection systems used in district heating and cooling, oil and gas, and other infrastructure projects. With a market capitalization of about $246 million, it is a microcap, but its sales and order book have grown quickly over the past year. In the quarter ended July 31st, net sales rose 24.40% from a year earlier to $59.6 million on higher volumes in North America and the Middle East and North Africa (MENA). Diluted earnings per share rose to $0.31 from $0.10, and operating cash flow was about $7.2 million. The company won more than $67 million in new orders during the quarter, including its first critical cooling infrastructure award in MENA, and its backlog reached $142.3 million, up from $121.6 million at the end of January.

On October 20th, Perma-Pipe announced more than $28 million in new North American orders through the end of September, covering district heating, Canadian oil and gas, and U.S. data center projects. It also signed a memorandum of understanding with Welspun Corp (NSE: WELCORP) to build a pipe manufacturing and coating plant in Jordan worth up to about $169 million. Half of the plant's output will go to Jordan's National Water Carrier Project, which will carry desalinated water about 450 kilometers from Aqaba to Amman, and Perma-Pipe expects to form the joint venture before the end of its fiscal third quarter. In August, it closed a new credit facility of up to $139 million with JPMorgan Chase (JPM), and its new Ohio plant has started production for U.S. customers.

The stock does not yet reflect much of this. PPIH closed at $29.97 on October 29th, about 18% below its 52-week high of $36.72, and trades at about 16 times trailing earnings and about 14 times forward earnings. Freedom Broker (FRHC) raised its price target to $38 from $29.55 after the second-quarter report. Still, gross margin slipped to 29.20% from 30.10% on higher material and logistics costs, the company wrote off a $3.9 million uncollectible receivable, and much of its business depends on oil, gas, and Middle East projects. At BBR, we believe the market is underpricing Perma-Pipe's growing backlog and its new data center and water projects. We would buy at current levels with a target near $38, and we would rethink the trade if December's earnings report shows margins falling further.

PERMA-PIPE (PPIH) STOCK PRICE, STOCK CHANGE (in $)



Note: Based on weekly closing prices from October 24, 2025, to October 23, 2026

Sources: Perma-Pipe 8-K (September 9, 2026), Business Wire, Smart Water Magazine, StockAnalysis, Yahoo Finance