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Equities Outlook

Strong Rebound Driven by Geopolitical Relief

This week, U.S. equities posted a strong risk-on rebound after early volatility driven by geopolitical tensions and oil-price shocks. The S&P 500 rose about +3.8% for the week to ~\$6,824, while the Dow Jones gained roughly +3.6% to ~48,186, and the Nasdaq outperformed with a +4.3% move to ~\$22,822. Small caps also participated, with the Russell 2000 up around +4%, signaling broad-based buying.

The week began relatively muted, with Monday and Tuesday showing small mixed moves (S&P hovering around \$6,610–\$6,620) as investors weighed rising Middle East tensions and the inflation impact of surging oil prices. Crude oil briefly spiked above \$110/barrel, fueling risk-off sentiment and defensive positioning.

The turning point came midweek. On Wednesday, equities surged sharply after reports of a ceasefire and easing geopolitical risk, triggering one of the strongest single sessions in weeks. The S&P 500 jumped +2.5% in a single day to ~\$6,783, the Dow rallied over +1,300 points (+2.8%), and the Nasdaq gained nearly +2.8%, while oil prices fell roughly 15% intraday, easing inflation fears.

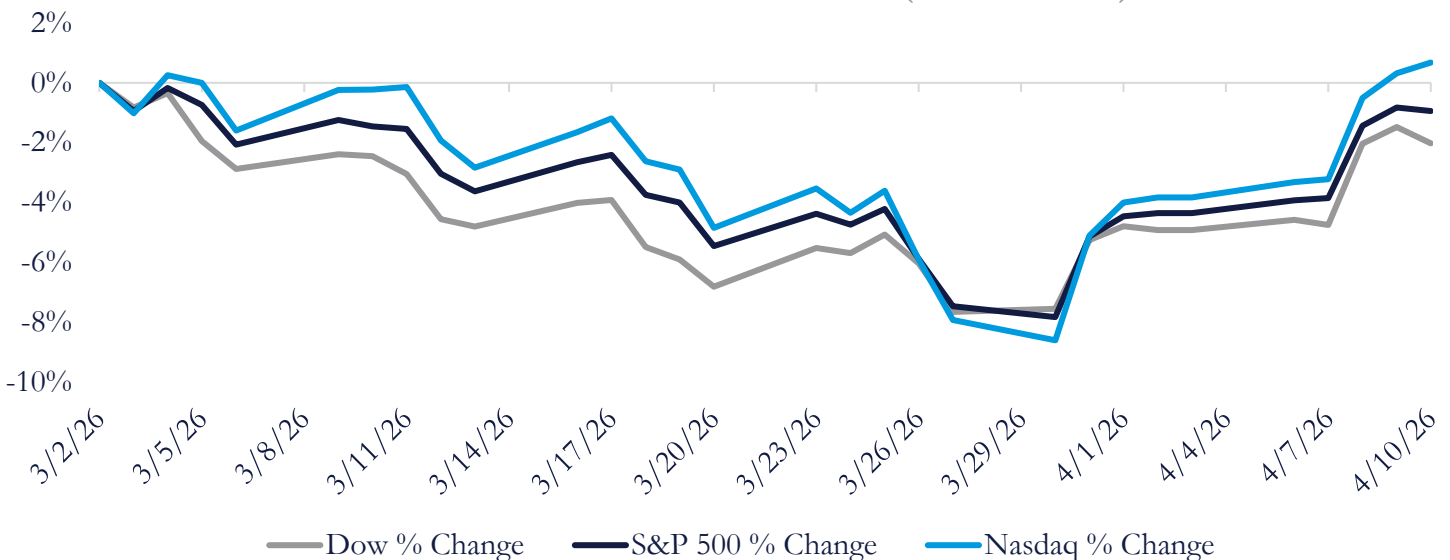
Momentum carried into Thursday and Friday, with steady gains of roughly +0.5% to +0.8% per session, as dip buyers stepped in and volatility cooled. By Friday, markets had fully priced in the de-escalation, ending the week firmly higher.

Overall, the week reflected a sharp rotation from fear-driven selling to relief-driven buying, with equities regaining momentum while oil volatility and rate expectations remained key macro drivers heading into next week.

Metric	\$ (USD)
S&P 500	\$6,816.89 -0.11%
DJIA	\$47,916.57 -0.56%
NASDAQ	\$22,902.90 +0.35%
Russell 2000	\$2,630.59 -0.22%
FTSE 100	\$10,600.53 -0.03%
Nikkei 225	\$56,924.11 +1.84%
WTI Crude	\$96.57 -1.33%

10-yr Treasury 4.32%
+0.02%

UNITED STATES STOCK INDEXES (MAR 2-APR 10)



Note: % Change Based off Adjusted Closing Prices

Fixed Income Outlook

Blackstone Closes \$10B Private Credit Fund Amid Strong Investor Demand

Blackstone has officially closed a \$10 billion opportunistic private credit fund, hitting its hard cap and raising more than it initially expected, according to company disclosures and reporting from The Wall Street Journal. The fund is part of Blackstone's broader credit and insurance platform, and highlights sustained institutional demand for private credit strategies even as the industry operates in a more challenging environment marked by higher interest rates, tighter liquidity, and rising scrutiny over credit quality. Despite these headwinds, Blackstone emphasized that its opportunistic credit strategy has generated approximately a 13% net internal rate of return since its inception in 2007, underscoring the long-term appeal of the asset class and its ability to attract capital through multiple market cycles.

The successful close comes at a time when private credit markets are becoming increasingly competitive and polarized. Investors are showing greater selectivity, with capital concentrating among large, established managers that have scaled, diversified origination platforms and proven underwriting track records. At the same time, the sector faces growing concerns around rising default risk as borrowing costs remain elevated, which has led to heightened due diligence and more cautious deal structuring across the industry. Major competitors such as Ares and Apollo are also continuing to raise multi-billion-dollar funds, reinforcing that while conditions are tighter, demand for private credit remains structurally strong.

Fiscal / Monetary Policy Outlook

A Longer Pause for the Fed

The Federal Reserve's path to rate cuts has become increasingly uncertain, even as geopolitical risks begin to ease. While a cease-fire in the Middle East reduces the likelihood of a severe growth shock, it does little to resolve the Fed's core challenge: persistent inflation. In some ways, the easing of worst-case scenarios may actually make it harder for the Fed to cut rates in the near term.

Minutes from the Fed's March meeting show that policymakers were already growing cautious before the recent conflict. Progress on inflation had stalled, and the labor market remained stable enough to reduce recession concerns. The added pressure from higher energy prices, tariffs, and lingering supply-side effects has reinforced the view that inflation may take longer to return to target.

The key issue is that inflation risks are no longer offset by clear downside risks to growth. Without the threat of demand destruction, policymakers are left with a more persistent inflation problem. This dynamic has led markets to push out expectations for rate cuts, with some officials even opening the door to the possibility of further tightening if inflation remains elevated.

Overall, the Fed appears positioned to remain on hold for longer, as it waits for clearer evidence that inflation is moving sustainably lower.

Consumer Prices Jump 3.3% in March as Iran War Drives Energy Spike

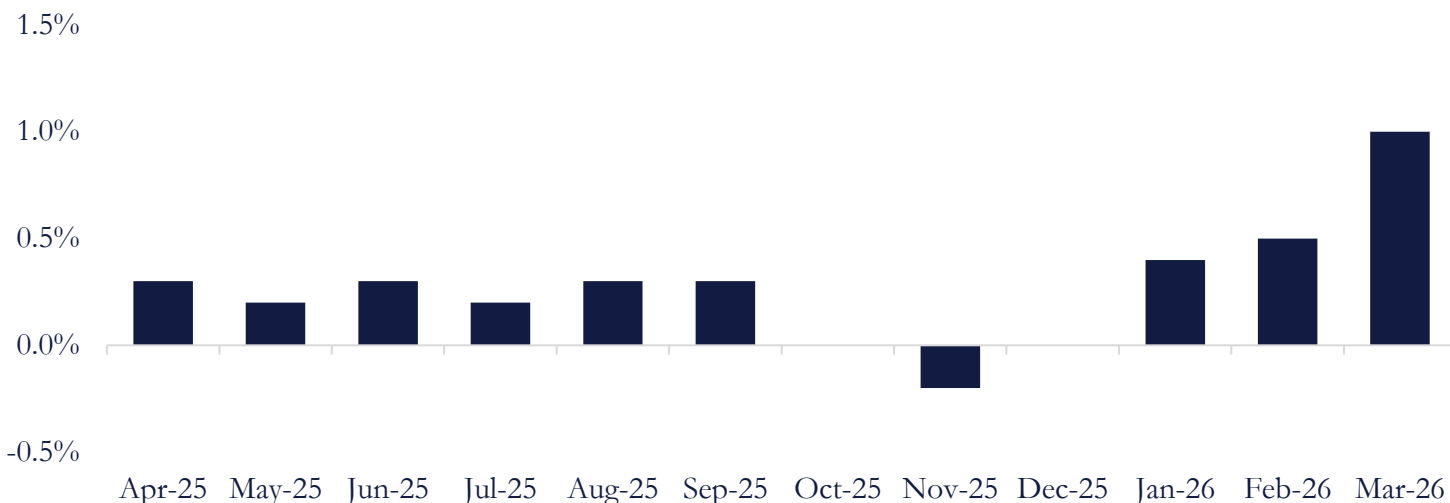
Consumer prices jumped 0.9% in March, pushing annual inflation to 3.3%, the highest since April 2024. The Iran war has been a large factor, with gasoline prices soaring 21.2% and accounting for nearly three-quarters of the monthly increase. Energy prices surged 10.9% for the month. The optimistic news is that underlying inflation stayed relatively contained.

Core prices, which exclude food and energy, rose just 0.2% for the month and 2.6% annually, both coming in 0.1 percentage points below forecasts. Some categories actually saw price declines, including medical care, personal care, and used cars and trucks.

Services excluding energy rose 0.2% monthly and 3% annually, while shelter was up 0.3% for the month and 3% from a year ago, tied for its lowest level since August 2021. Food prices were flat for the month and up 2.7% annually, with meat down 0.6% and eggs falling another 3.4%, now down 44.7% over the past year.

The Fed will likely look past the energy spike, especially since prices have moderated in April following a ceasefire between the U.S. and Iran that established a shaky peace. Markets are already pricing in a low chance of rate cuts through the rest of 2026, though Fed officials hinted at a potential quarter-point reduction at their March meeting, with the timing highly uncertain. Alexandra Wilson-Elizondo at Goldman Sachs Asset Management said, "The Fed has room to be patient, and every reason to do so. Today's number buys the Fed time, but the real test lies ahead." There were signs of tariff and war impact beyond energy, with airline fares jumping 2.7% and apparel climbing 1%. The inflation surge also meant real earnings for workers fell 0.6% for the month.

UNITED STATES CONSUMER PRICING INDEX (% CHANGE)



Canada’s Labor Market Stabilizes

Canada’s labor market showed signs of stabilization in March, with modest job growth offsetting earlier weakness. Employers added 14,100 jobs, keeping the unemployment rate steady at 6.7%. While the headline number appears stable, it follows significant job losses earlier in the year, suggesting hiring remains subdued rather than strong.

The broader picture points to a soft but balanced labor market. Job gains were concentrated in part-time roles, while full-time employment declined slightly. At the same time, slower population growth and reduced immigration have limited labor force expansion, helping to keep the unemployment rate from rising further. This dynamic suggests that even modest job creation is enough to stabilize labor conditions in the near term.

Wage growth, however, remains firm. Average hourly earnings rose 4.7% year over year, continuing to outpace inflation and signaling potential underlying pressure. For the Bank of Canada, this creates a mixed backdrop. While labor market softness supports a cautious stance, persistent wage growth may limit the urgency to ease policy.

Overall, the data suggest the Bank of Canada is likely to remain on hold, as policymakers balance slowing employment momentum against still-elevated wage pressures.

CANADA UNEMPLOYMENT RATE (IN %)



Commodities Outlook

Oil Hits \$117 as Trump's Iran Deadline Nears

Trump set an 8 p.m. Tuesday deadline for Iran to reopen the Strait of Hormuz, and oil markets reacted immediately. U.S. crude surged to \$117.63 a barrel before easing to around \$112 by the close, its highest level since June 2022, while Brent crude climbed to \$111.80 and finished near \$109.

The stock market was volatile for the whole session. At one point, the Dow was down 455 points, but it finished down 85. The S&P 500 and Nasdaq barely stayed positive. What changed things late in the day was Pakistan's leader asking Trump on social media to wait two more weeks and telling Iran to open the Strait for two weeks. The White House said Trump saw it and will get back to them.

Gas is now \$4.14 a gallon, and diesel hit \$5.64, almost back to the 2022 high of \$5.82. The government has conveyed the opinion that gas will top out around \$4.30 next month, and diesel will go over \$5.80. The White House keeps saying prices will fall once the war ends and ships can get through again, but analysts say it's not that easy anymore. Société Générale believes there are two ways this situation may unfold: either a weak ceasefire where oil trickles back slowly, or a real war with troops on the ground and everyone hoarding oil. The way things are going, they think it's probably the second one.

Gold Soars To Record, No. 1 U.S. Export Amid Iran, Other Uncertainties

US exports of gold hit a record of \$17.88 billion in February of this year, according to Census Bureau data released Monday. This is nearly four times higher than any previous February going back at least two decades, and it vaulted gold to the number one spot on the US export rankings across more than 1,200 product categories. It is now the biggest US export by value for three out of the last five months; it did not top the ranking prior to October of last year.

The spike reflects gold's enduring role as a safe haven during periods of heightened uncertainty. Multiple sources of geopolitical tensions have driven demand for gold, while interventionist trade policy moves from the White House. More specifically, the Supreme Court ruling that nullified IEEPA tariffs on unconstitutional grounds has compounded market uncertainty. Several central banks, like China's, have also been reported shifting reserves from US Treasuries into gold in the wake of Russia's frozen foreign reserves, providing structural demand as well.

Physical demand was also visible in February. Over \$15.2 billion worth of gold, or 85% of total shipments by value, were loaded out of JFK International Airport last month. Switzerland was once again the largest recipient of US gold by value, with Hong Kong leapfrogging past the UK to take second place. Both Switzerland and the UK are typically viewed as primary destinations, with Switzerland also acting as a refiner. This movement has been partly attributed to increased jewelry and manufactured demand out of China proper.

Gold prices have fallen more than 15% from their highs in late January, but February tonnage remained the second highest month on record since 2003. With only three full calendar years ever surpassing the combined export value of January and February 2026, the data underscores how deeply economic and political uncertainty continues to drive the movement of the world's foremost safe-haven asset.

VALUE OF U.S. GOLD EXPORTS IN FEB (IN \$B)



Emerging Markets Outlook

Week Ahead: FX, Bonds Focus on U.S. Inflation & Middle East

Emerging markets face a challenging week ahead as the ongoing conflict in the Middle East continues to ripple through energy markets, supply chains, and central bank decision-making across Asia. Higher oil prices will remain, along with inflation reports from a handful of major economies that will be scrutinized for clues about how persistent the energy shock will be.

Chinese consumer prices are set to rise 1.3% year-over-year in March. Producer prices are expected to climb into positive territory for the first time in more than three years. China has been shielded from much of the energy shock thanks to strategic reserves and cheap coal capacity to fill gaps. Citi predicts annual GDP growth of 5% despite pressures in the property sector, though it warns stubbornly weak domestic demand could lead to lasting "supply-side inflationary pressures."

India's central bank meets later this week as inflation and a depreciating rupee add to growth risks. Finance Ministry officials have warned that the war poses "multi-layered" risks to India due to its reliance on Middle Eastern energy and strong trade and remittance ties with the region. The Reserve Bank of India is expected to keep policy rates unchanged amid little inflation pressure, according to DBS economists, who say monetary policy can do little to address external risks facing India.

Interest rate decisions are also due in South Korea and New Zealand this week, with most economists expecting both central banks to keep rates on hold. South Korea's consumer prices already breached its central bank's 2% target earlier this month due to higher oil prices, a critical issue for the country as it imports much of its energy. Thai and Philippine inflation reports are also due this week; both countries import most of their oil from Middle Eastern producers. Worsening conditions in the Middle East continue to hang over EM markets, threatening to fuel faster inflation, weaken currencies, and push central banks toward higher rates.

RBI Struggles to Stabilize the Rupee

India is facing growing pressure on its currency as the recent oil shock and global risk-off sentiment expose structural vulnerabilities in the rupee. The Reserve Bank of India has responded by tightening restrictions on banks' foreign exchange positions, attempting to stabilize one of Asia's worst-performing currencies without further depleting reserves. However, these measures highlight the limits of policy tools in the face of sustained external pressure.

The underlying issue is a worsening external balance. Higher oil prices have significantly increased India's import bill, while capital outflows and weaker remittances have reduced dollar inflows. Foreign investors have pulled back sharply, contributing to one of the largest recent equity outflows and further weakening the rupee. At the same time, the central bank has already spent roughly \$40 billion in reserves over the past month, raising concerns about how long it can continue defending the currency.

The situation also reflects a broader policy challenge. While the RBI has historically intervened to manage volatility, its reluctance to allow the currency to fully adjust is now being tested. As global conditions tighten and energy costs remain elevated, defending the rupee becomes increasingly costly.

Overall, the current environment suggests continued depreciation pressure, with intervention likely to slow but not reverse the broader trend.

M&A Environment

Danantara Pushes Asset Manager Merger With \$159 Million Deal

Indonesia's sovereign wealth fund Danantara is looking to merge the asset management units of some of the country's largest state-owned banks into one entity, in order to compete more effectively with other investors in Southeast Asia.

Earlier this month, Danantara's subsidiary PT Danantara Asset Management signed agreements to acquire the investment management companies of PT Bank Mandiri, PT Bank Rakyat Indonesia, PT Bank Negara Indonesia, and PT Permodalan Nasional Madani.

The deal still needs approval from regulators. The total value of the deal is set at IDR 2.7 trillion (\$158.8 million), with Danantara taking control of all four subsidiaries. In a filing to the stock exchange earlier this week, the companies said they planned to merge their subsidiaries to form "a champion with strong competitiveness." BRI, Mandiri and BNI currently manage just under \$8 billion in assets between their asset management subsidiaries as of the first quarter of this year. That will give Danantara plenty of scale to build on. Danantara is seeking approval to merge the state-affiliated asset managers it will soon own majority stakes in. Indonesia hopes that by merging the companies it can create a domestic "champion" capable of taking on larger competitors elsewhere in the region.

Danantara was founded by Indonesian President Prabowo Subianto last year, with the stated goal of helping Indonesia's state-owned enterprises operate more efficiently, reinvest dividends into impactful investments, and bring foreign capital into Indonesia. Danantara has already invested in Indonesia's state-owned airline and the country's largest steelmaker, which have both struggled financially in recent years. The fund's portfolio is estimated at \$1 trillion, making Danantara one of the largest sovereign wealth funds in the world. Danantara is part of President Prabowo's plan to return Indonesia's economy to the high growth levels it saw in the 1990s.

Gilead to Acquire Tubulis in Up to \$5 Billion Cancer Drug Deal

Gilead Sciences has agreed to acquire German biotech Tubulis GmbH in a deal valued at up to \$5 billion, marking another major push into oncology and reinforcing the company's aggressive M&A strategy in 2026. The transaction includes approximately \$3.15 billion in upfront cash with up to \$1.85 billion in contingent milestone payments tied to clinical and regulatory progress, according to company disclosures and reporting from the Wall Street Journal and Bloomberg.

The acquisition centers on Tubulis' antibody-drug conjugate (ADC) platform, a fast-growing area of cancer treatment designed to deliver chemotherapy directly to tumor cells while limiting damage to healthy tissue. Tubulis' lead asset is in mid-stage development for ovarian and lung cancers, positioning it in high-unmet-need oncology markets that have become key battlegrounds for large pharmaceutical companies.

Strategically, the deal continues Gilead's shift beyond its core antiviral franchise toward oncology and advanced biologics, following a series of multibillion-dollar acquisitions earlier this year. The move comes as the company prepares long-term revenue pressure from patent expirations and seeks to rebuild its growth pipeline through targeted biotech acquisitions.

Market reaction was slightly cautious, with Gilead shares modestly lower on the announcement, reflecting typical short-term dilution concerns. However, analysts broadly view the transaction as pipeline-enhancing rather than earnings-accretive in the near term. Overall, the deal underscores a broader industry trend of large-cap pharma consolidating innovative biotech platforms amid rising competition in precision oncology.

Ackman's fund has offered to buy the largest record company, Universal

Pershing Square Capital, a closed-end hedge fund run by Bill Ackman, has announced an offer to purchase Universal Music Group (UMG) at a valuation of roughly \$60 billion. Universal works with world-famous artists, including the Beatles, Taylor Swift, and Bad Bunny. If the deal is approved, Universal would combine with Pershing Square Sparc Holdings by the end of the year, with this new vehicle being based in Nevada and listed on the New York Stock Exchange.

UMG holds more than 30% of the worldwide record market share and is a member of the "big three" labels alongside Warner Music Group and Sony Music Entertainment. According to Universal, Pershing's approach was "unsolicited", and that "the board of directors has complete confidence in UMG's strategy...and the company's management team." Two-thirds of UMG's voters would have to unite to pass a deal, with notable shareholders including France's Vivendi SE and China's Tencent.

Structured as a mix of cash and equity, Ackman's proposal depends on several assumptions about the company's future performance. At €30.40 per share (about \$35.15), the current shares outstanding imply a valuation exceeding \$63 billion. According to investors, the deal is difficult to value. Pershing estimates that the transaction would allow the new company to retire about 17% of its shares, resulting in an equity valuation of roughly \$58 billion after accounting for the cash portion. This estimate relies on the assumption that the new company's shares will trade at a significantly higher value than the current ones. Pershing Square argues this is achievable because the new entity would take on €5.4 billion in debt and sell its stake in Spotify for €1.5 billion. The projected share price also depends on its expectations for future earnings.

Neurocrine Pays \$2.9 Billion for Rare Disease Drugmaker Soleno

Neurocrine Biosciences is acquiring Soleno Therapeutics for \$2.9 billion, the largest acquisition the company has ever completed. The firm is paying \$53 per share, representing a 34% premium to Soleno's closing price on Thursday. The primary asset underlying the transaction is Vykat XR, the only approved drug for treating the extreme hunger associated with Prader-Willi syndrome.

Vykat XR has performed well since its launch last year. It generated \$190 million in revenue for Soleno in 2025, with \$92 million of that coming in the fourth quarter alone. Neurocrine's CEO believes the drug could become a blockbuster and indicated that it is expected to be immediately accretive. The company also plans to leverage its existing sales infrastructure to expand physician adoption.

There has been significant recent deal activity in the biopharmaceutical sector. Gilead Sciences acquired Ouro Medicines for \$2.2 billion, Merck & Co. pursued Terns Pharmaceuticals with a \$6.7 billion offer, Eli Lilly agreed to pay \$6.3 billion for Centessa Pharmaceuticals, and Biogen acquired Apellis Pharmaceuticals for \$5.6 billion.

Following the transaction, Neurocrine will have three first-in-class drugs, alongside Ingrezza and Crenesity. The company believes Vykat XR has patent protection extending into the mid-2040s. The transaction is expected to close within approximately three months.

Trade of the Week

Short Circle – Ahmad Shaikh

Circle has rallied over 100% from early February to mid-March on stablecoin adoption hype before selling off 20% in a single day on March 24. This came after draft legislation threatened to ban yield on stablecoins, directly hitting a key incentive that drives USDC adoption. While Circle earns reserve income and does not pay yield directly, the threat to platforms like Coinbase that distribute rewards could reduce USDC circulation and liquidity.

The regulatory overhang is real and creates ongoing uncertainty. The bigger issue is valuation. Circle trades at roughly a \$22 billion market cap on \$3-\$4 billion in revenue, giving it a 5x+ price-to-sales ratio. For a payment's infrastructure company, that is expensive, especially when much of the rally was driven by speculative narratives around AI-agent micropayments and tokenization that remain largely theoretical. The stock hit \$299 in June 2025 before crashing to \$50 in February 2026, showing just how volatile sentiment can be.

The competition is heating up, too. Tether just hired a Big Four firm to audit USDT reserves, addressing the main criticism that gave USDC its edge. If Tether gets the transparency stamp Circle has had, differentiation narrows. PayPal has its own stablecoin, and Visa is integrating stablecoins across 130+ cards in 50 countries. Meanwhile, Circle's reserve income benefits from higher rates, but if the Fed cuts rates as inflation cools post-Iran conflict, that tailwind reverses. The stock is already down from \$299 to \$100. At 5x sales with regulatory uncertainty and rising competition, the setup favors shorts; betting reality doesn't match the hype.

Long Alcoa – Jessica Chen

Alcoa has markedly underperformed relative to aluminum demand fundamentals. The macroeconomic thesis has been for a broad-based slowdown in commodity prices, but aluminum demand is continuing to prove more resilient than expected. Industrials are currently being sold on a story of broad-based demand destruction, yet aluminum's role in the energy transition appears pivotal in highly durable ways. EVs consume as much as 40% more aluminum per vehicle when compared to traditional engines and should see even greater increases in aluminum use as battery housings, e-drive components, and thermal management systems become increasingly aluminum-intensive. Unlike other aluminum uses, these demands aren't cyclical in nature. Governments & corporations have green energy and sustainability built into their long-term plans, which should provide a floor to demand that most industrial commodities will never have.

Demand for aluminum should continue growing on a year-over-year basis, led by building and construction, EVs, and aerospace. Construction benefits from underlying infrastructure spend, aerospace from a production backlog that stretches years out, and EVs from regulatory requirements in the US, Europe, and China. Alcoa trades at a discount to its competitors primarily due to its exposure to spot commodity pricing through vertical integration across bauxite, alumina, and primary aluminum. That discount looks increasingly difficult to justify given the durability of the demand outlook.

On top of that, aluminum's supply-side constraints act as a tailwind for Alcoa if demand doesn't collapse. Supply disruptions translate to higher revenues, something Alcoa can capitalize on throughout its production chain due to vertical integration. The biggest threat is a sharp global slowdown, but aluminum continues to be one of those resilient industries, strengthened by the ongoing energy transition.

ALCOA CORPORATION STOCK PRICE (IN USD)

