



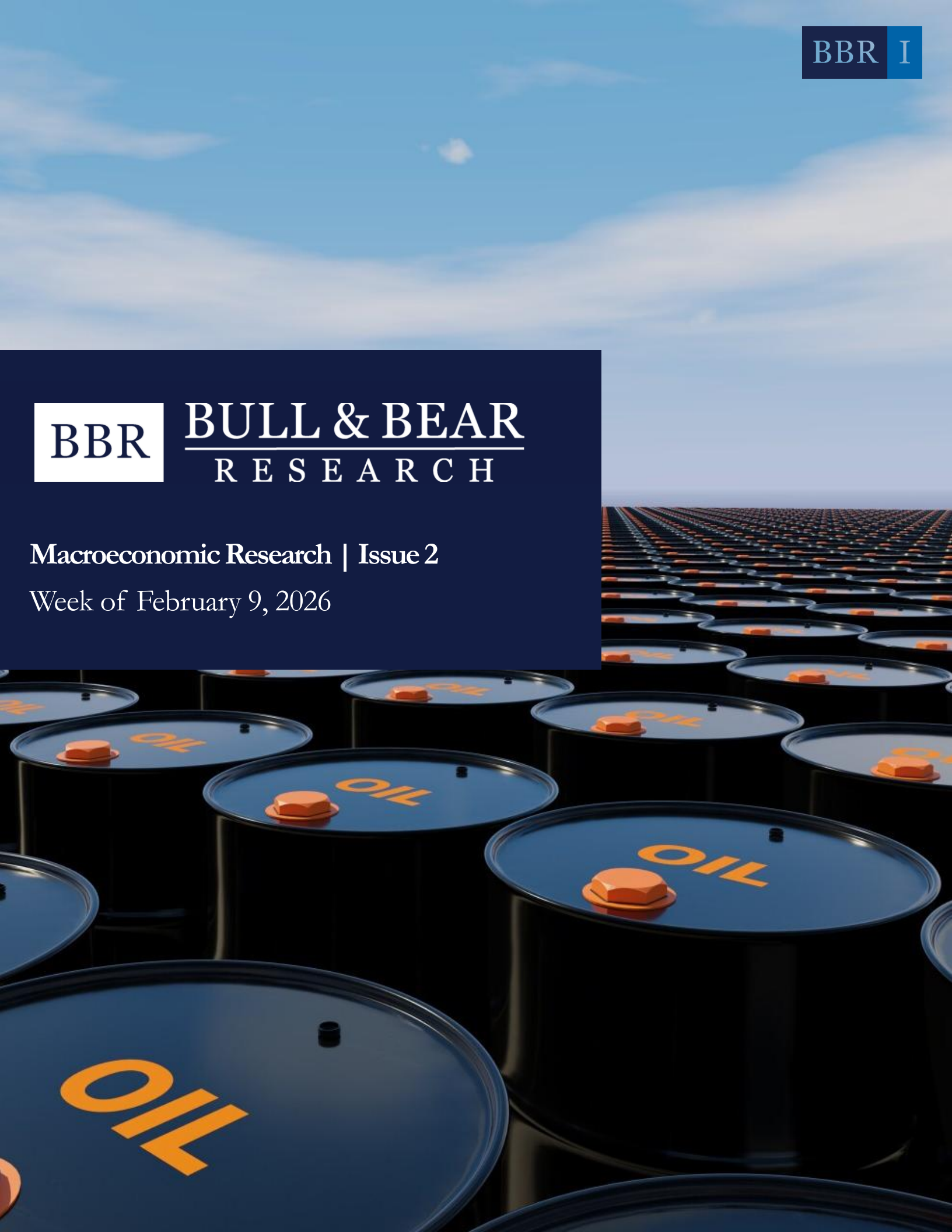
# BULL & BEAR

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## RESEARCH

Macroeconomic Research | Issue 2

Week of February 9, 2026



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## Macroeconomic Research Team



**Rahul Kapur**

Director

(203)-232-8735

[kapur.ra@northeastern.edu](mailto:kapur.ra@northeastern.edu)



**Jake Eisner**

Associate

(919)-519-0856

[eisner.ja@northeastern.edu](mailto:eisner.ja@northeastern.edu)



**Ahmad Shaikh**

Analyst

(214)-973-6325

[shaikh.ah@northeastern.edu](mailto:shaikh.ah@northeastern.edu)



**Dhilan Vyas**

Analyst

(609)-285-7493

[vyas.dhil@northeastern.edu](mailto:vyas.dhil@northeastern.edu)



**Riya Pallamreddy**

Analyst

(617)-306-9556

[pallamreddy.r@northeastern.edu](mailto:pallamreddy.r@northeastern.edu)



**Jessica Chen**

Analyst

(510)-579-1636

[chen.jessica3@northeastern.edu](mailto:chen.jessica3@northeastern.edu)

## Equities Outlook

### Markets Stall as Cooler CPI Fails to Offset AI-Driven Volatility

On Friday, February 13th, the S&P 500 finished nearly flat, rising 0.05%, as a slightly softer-than-expected inflation report failed to spark a rally. The Dow gained 0.10%, while the Nasdaq slipped 0.22%.

January's Consumer Price Index (CPI) rose 0.2% month over month and 2.4% year over year, both of which were below forecasts. Core CPI met expectations at 0.3% monthly and 2.5% annually. The data raised hopes that easing inflation could support lower interest rates if the trend continues. Despite the encouraging print, markets remained pressured by growing concerns that artificial intelligence could disrupt earnings across industries. Investors are increasingly focused on potential AI “winners and losers,” driving volatility and sector divergence.

AI-related fears weighed on financials, software, real estate, and media stocks. Major indices posted weekly losses: the S&P 500 fell 1.4%, the Dow lost 1.2%, and the Nasdaq declined 2.1%, marking the S&P 500's second straight losing week.

| Metric         | \$ (USD)              |
|----------------|-----------------------|
| S&P 500        | \$6,836.17<br>+0.05%  |
| DJIA           | \$49,500.93<br>+0.10% |
| NASDAQ         | \$22,546.67<br>-0.22% |
| Russell 2000   | \$2,646.70<br>+1.18%  |
| FTSE 100       | \$10,446.35<br>+0.42% |
| Nikkei 225     | \$56,941.97<br>-1.21% |
| WTI Crude      | \$62.89<br>+0.08%     |
| 10-yr Treasury | 4.05%<br>-3.70%       |

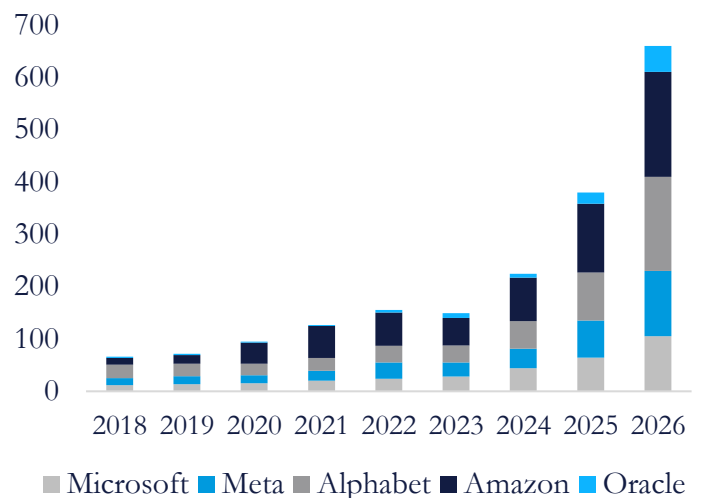
## Fixed Income Outlook

### Alphabet Launches Global Bond Issuance to Finance Historic Investment Surge

On Monday, February 9<sup>th</sup>, Alphabet Inc. (NASDAQ: GOOG) announced its largest greenback bond sale at a staggering \$20 billion, up from the previously expected \$15 billion issuance. This comes as GOOG faced a massive order book that soared past \$100 billion. Google’s parent is borrowing at scale to finance an incredible spending spree on their artificial intelligence goals. Furthermore, the tech giant is in talks to unveil a 100-year bond in European markets, a feat not seen since the 1990s dotcom era.

As of last week, GOOG announced a plan to allocate more than \$185 billion toward spending in 2026, more than the last three fiscal years combined, with a heavy emphasis on data center expansion. Alphabet is not alone, however, as other hyper-scalers, such as AWS, Microsoft Azure, and Oracle Corp., are leading the charge with an expected 2026 capital expenditure of \$650 billion. Oracle itself raised \$25 billion in a bond sale one week ago, with a book order of \$129 billion, beating out Alphabet’s sale on Monday. Alphabet’s issuance with the longest maturity of 2066 was only yielding 95 bps more than risk-free treasuries, tighter than the previous spread of 1.2%. The last time Alphabet dipped into the US Bond market was back in November, raising \$17.5 billion on a book of \$90 billion in orders. The transaction featured a 50-year note, which was the longest-term corporate note in the tech industry last year. Bloomberg Intelligence estimates that total capital expenditures on artificial intelligence, cloud infrastructure, and data centers will collectively reach \$3 trillion by 2029.

HYPERSCALER AI SPENDING (IN \$B)



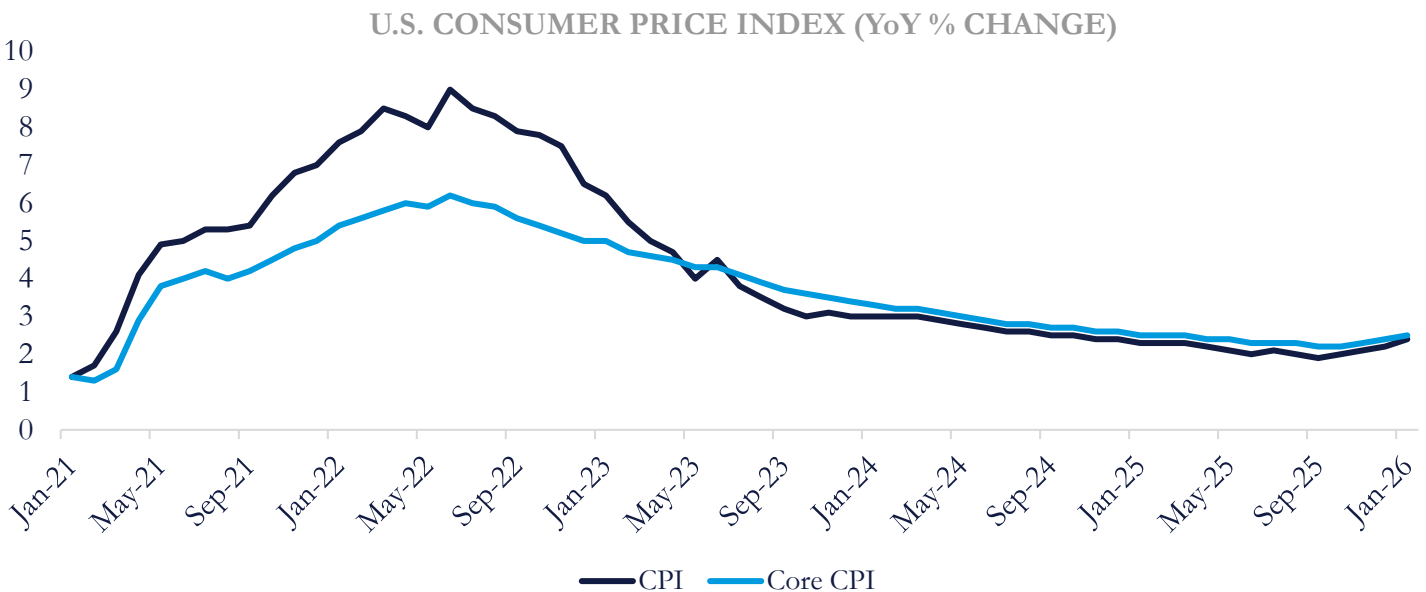
## Fiscal / Monetary Policy Outlook

### *Steady Jobs, Cooling Inflation: Signs of Economic Stabilization in January 2026*

The US economy added an estimated 13,000 jobs in January 2026, while the unemployment rate dropped by a tenth to 4.3% according to the new Bureau of Labor Statistics Data. Healthcare led gains, with 123,500 jobs, followed by professional services and construction, while government jobs declined. It was revealed that 2025 job growth was far weaker than initially reported, with only 181,000 jobs added, one of the worst years outside a recession. Analysts caution that the labor market is stabilizing rather than accelerating, with wage growth soft and hiring concentrated only in a few sectors. There seems to be optimism due to tax refunds, AI-driven investments, and policy clarity, which all may boost employment later in 2026.

The January 2026 US CPI report showed consumer prices rising 2.4% year-over-year, below expectations and the lowest since May 2025, while core inflation (excluding food and energy) was 2.5%. Monthly gains were modest: 0.2% overall and 0.3% for core. Shelter and food price increases slowed, energy fell 1.5%, and vehicle prices were muted, while airline fares surged. The softer-than-expected inflation raised expectations for potential Federal Reserve rate cuts later this year.

Together, the reports indicate a labor market that is looking strong, paired with inflation pressures that are cooling, supporting the likelihood of the Federal Reserve cutting interest rates in the coming months.



### *BOJ Nearing Inflation Target, Reinforcing Medium-Term Yen Appreciation*

Bank of Japan policymaker Naoki Tamura indicated that the central bank is close to its 2% inflation objective. This is a notable shift for an economy that faced deflation for decades and has a two-decade-high benchmark rate of 0.75%. The hawkish policymaker argues that inflation is being reinforced by the steady wage growth and rising consumer prices the economy has seen. The BOJ could even formally acknowledge that price stability has been achieved as early as the spring.

Tamura also reiterated the bank’s stance of raising rates further, given that economic activity and prices match projections. Markets are pricing in about 60 bps of rate hikes for the remainder of 2026.

However, it remains unclear what meetings the BOJ will act on. If the Japanese Yen weakens sharply, the central bank could be forced to take restrictive policy action as early as March. However, if the Yen begins to appreciate relative to major currencies, this rate action can be pushed to later in the year.

The Japanese Yen has been a major focus for both real money and alternative investors. We expect the yen to appreciate in the medium term, driven by fiscal and monetary policy and attractive JGB yields. BOJ hikes and Takahashi's loose fiscal policy are catalysts that market participants have already priced in to strengthen the yen. However, attractive JGB yields combined with low inflation, are catalysts rarely mentioned but will strongly appreciate the Yen.

### *The Politicization of the Greenback*

The U.S. dollar has historically been driven by economic fundamentals, but it is now increasingly responsive to U.S. politics and uncertainty. Traditionally, interest rate differentials and growth forecasts have driven currency movements. Now, despite stronger U.S. growth forecasts and higher short-term yields relative to the G10, the dollar has declined modestly since the start of the year.

U.S. politics and its influence on Fed independence have affected the dollar. For example, stronger-than-expected U.S. jobs data this week pushed yields higher, as market participants expected restrictive policy to remain in place longer. Higher yields would usually support the dollar, but instead the currency was unchanged. Many investors viewed this as the market relying less on strong economic performance and more on politics within the administration and the Fed. A more direct example was Trump's January comments about the dollar. The president expressed comfort with a weaker dollar and said the dollar's value was "great". Markets immediately reacted, and the U.S. dollar dropped about 1.3% in a single day, marking its worst one-day sell-off since April 2025.

As a result, many foreign investors are choosing to hedge their exposure to dollars. This shift will further reduce demand but allow for continued investment in American markets. We expect strong U.S. economic growth, but a weakening dollar in 2026.

### *Healthcare-Led Growth Masks Broader Payroll Weakness*

January's 130k payroll gain looks strong at first glance, but the underlying data raises concerns. The total change in nonfarm payrolls since January 2024 has steadily increased. However, total change excluding the healthcare and social assistance sector has been flat, indicating no significant growth.

Healthcare and social assistance have been the sole drivers of the labor market and nonfarm payroll gains. The industries added 437,000 and 321,000 jobs YoY, respectfully. The sectors have subdued weakness in the overall job market, as all other private-sector jobs combined have shrunk. Even beyond the private sector, there were significant losses in government jobs following Trump's federal workforce cuts.

This concentration leaves the labor market more fragile than the headline suggests. When one or two sectors account for nearly all job growth, the broader economy lacks depth. If hiring in healthcare begins to slow, overall payroll gains could weaken quickly. The unemployment rate remains relatively stable, but the lack of breadth points to a labor market that is cooling beneath the headlines.

## **Commodities Outlook**

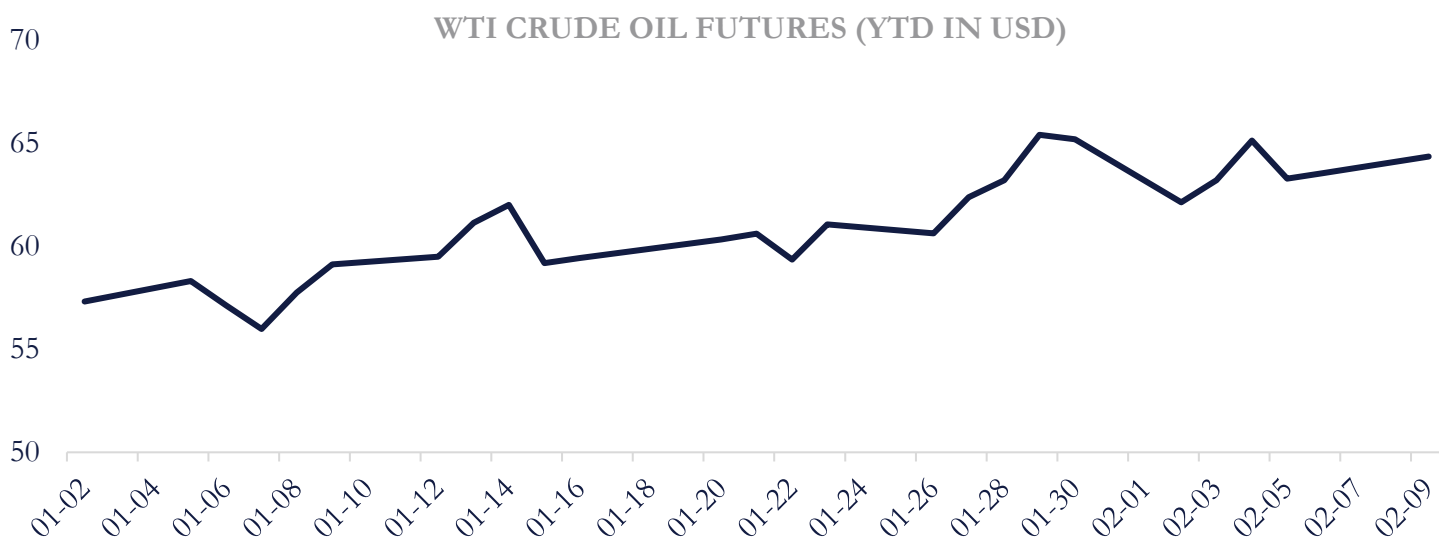
### *Oil Edges Higher after US Tells Ships in Hormuz to Avoid Iran*

Oil prices increased this week after Secretary of State Mike Pompeo told US-flagged ships to avoid Iranian waters in the Strait of Hormuz. The geopolitical risk premiums that diminished following productive Iranian nuclear conversations earlier this week have now returned in full force.

West Texas Intermediate crude is up 1.3% and trading back above \$64 per barrel of oil after it was reported the Islamic Revolutionary Guard Corps threatened a US-flagged tanker. A complete shutdown of the Strait of Hormuz is unlikely because it would be costly for all parties. However, any risk to oil flows through this key chokepoint would heighten volatility in global crude benchmarks. Shipping delays or higher insurance premiums could drive movements in an otherwise range-bound crude market this week, following last week’s downward pressure from constructive US-Iranian negotiations.

Outside of Iran, Indian trade talks with the United States could limit India’s purchases for Russian barrels moving forward. This could lead to Russian barrels needing to trade at larger discounts to find buyers or a tightening of global oil supplies, specifically in the medium sour crude category. Mexico suspended all oil exports to Cuba this week under pressure from the United States. Added to last week’s outage from Kazakhstan these headlines offset concerns of oversupply later in the year.

Updates from the Energy Information Administration, the Organization of the Petroleum Exporting Countries, and the International Energy Agency this week will shed light on demand and inventory levels. In the short term, prices will likely react to the Strait of Hormuz security risk, US-Iran talks, and the displacement of Russian barrels.



***Goldman Expects Wave of South Africa Deals Driven by Commodities Boom***

Goldman Sachs is projecting an influx of deals in South Africa this year, as the continent’s largest economy begins to benefit from a commodities boom. Simon Denny, CEO of the South Africa Business, expects “mining will continue to be a big theme this year and there are growing benefits to scale”. Platinum Prices have doubled over the past year, with gold being up 73%, leading to deals such as the \$20.2 billion merger of Anglo American PLC and Tech Resources LTD.

South Africa’s economy has struggled to grow by more than 1% annually over the last decade, driven by corruption and poor infrastructure, which have deterred investors. However, increased reforms to end power shortages and improve the rail network have improved sentiment. The Central Bank is expecting the economy to grow 1.4% this year and 1.9% next year.

President Cyril Ramaphosa remains optimistic with plans to turn South Africa into a construction site to modernize infrastructure, which would grow the economy by 3.5% by 2030. For this plan, he anticipates \$300 billion in private investment and public sector infrastructure spending. Simon Denny is confident that with these investments improving infrastructure, M&As will follow.

### *Gold Reclaims \$5,000 as Cooling Inflation Boosts Fed Rate Cut Bets*

Gold advanced as traders raised bets on Federal Reserve rate cuts following a strong jobs report and inflation reading, with investors taking advantage of the selloff to buy the metal at lower prices. The yield on 10-year Treasury notes fell, with swap trades pricing in around 50% odds of a third rate cut by December. Lower rates typically benefit non-yielding gold.

According to Ewa Manthey, a commodity strategist at ING Bank, “the broader backdrop remains one of elevated volatility following this week’s sharp liquidation across precious metals, but today’s move suggests the correction may have overshoot.” Gold surged to a peak of over \$5,595 in late January before a rapid rout at the end of the month, bringing it back below \$5,000 an ounce. Despite choppy price movements, gold is set to end the week higher. Spot gold climbed 2.2% to \$5,031.52 an ounce, with silver, platinum, and palladium also posting gains.

### *The U.S. Is Awash in Natural Gas, but American Factories Still Can’t Get Enough*

The shale revolution of the past decade has repositioned the United States as a global gas powerhouse. Washington went from net importer to global leader in natural gas production and leader in exports of liquefied natural gas (“LNG”). Despite booming production and exports, domestic manufacturers are starting to feel the squeeze as pipeline constraints and contract terms favor residential heating and power plants. During cold snaps, manufacturers are forced to scale back operations or pay lofty spot prices that can reach \$150 per million British thermal units (MMBtu) as recently seen in New York. Major producers including German chemical giant Evonik and Texas-based International Paper have temporarily shut down facilities as a result.

Production has increased exponentially over the past decade, but pipeline capacity has not kept pace, leaving some areas susceptible to curtailments. Because LNG export facilities typically book pipeline capacity years in advance and sign rigid “take-or-pay” contracts, industrial end-users cannot afford to commit so far in advance due to the interruptible nature of their demand. Manufacturers experienced over 40 pipeline curtailments last year and are lobbying federal regulators to decrease the length of these pipeline contracts while pressuring the White House to restrict uncontracted LNG exports during severe weather.

Pipeline constraints threaten to undercut what has been the U.S. manufacturing sector’s primary cost advantage over European and Asian competitors – natural gas that costs one-third as much as overseas. Although LNG exports have increased upstream production, which will likely balance prices in the long run, the short-term volatility of spot prices exposes the fragility of domestic supply priorities. While LNG exports are vital to trade deficits and global energy security, and Trump administration approvals will double export capacity by 2030, infrastructure buildout must accelerate or politicians will succumb to pressure for export restrictions. Watch for new pipeline approvals, FERC’s decision on contract length, and any restrictions on LNG exports during emergencies.

## **Emerging Markets Outlook**

### *Soft Dollar, Stronger Yen: Implications for EM FX*

Currency markets are starting to shift. The U.S. dollar has softened ahead of key economic data, while the yen has held onto its gains following Japan’s election. Together, these moves suggest that global currency flows may be adjusting, and that could matter for emerging markets.

When the dollar weakens, it usually takes pressure off emerging economies. Many of them borrow in dollars, so a softer dollar makes financing conditions easier and encourages investors to look beyond the U.S. for higher returns. That can support currencies like the Mexican peso or Brazilian real, especially if those countries have relatively strong fundamentals.

At the same time, the yen's strength reflects changing interest rate expectations. If Japan continues raising rates while the Federal Reserve moves closer to cutting, some traditional carry trades may unwind. That shift can reduce the dollar's dominance and create a more balanced currency environment.

That said, not all emerging markets will benefit equally. Countries with stronger policy credibility and stable inflation are more likely to attract inflows, while weaker economies may still struggle.

## M&A Environment

### *KKR Buys Arctos*

KKR has agreed to acquire minority sports investor and secondaries firm Arctos Partners for \$1.4 billion. Arctos brings KKR into sports investing, including stakes in professional franchises such as Liverpool F.C., Paris Saint-Germain F.C., and the Golden State Warriors. KKR will merge Arctos' sports platform with customized financing and liquidity solutions for private equity managers through a new unit, KKR Solutions. KKR expects Arctos' platform will grow to more than \$100 billion over time. The deal is priced at \$300 million in cash and \$1.1 billion in KKR equity, with additional earnouts.

Arctos was founded in 2013 and manages over \$15 billion in assets. KKR, which manages \$713 billion across asset classes, said Arctos pioneered institutionalized minority investment in professional sports teams. Alongside its sports platform, Arctos owns Keystone, a secondaries and general partner financing business positioned to capitalize on sustained demand for liquidity and alternative yield as private equity capital remains trapped. Through the deal, KKR enters the secondaries space, where firms such as Hellman & Friedman, GIC, Canada Pension Plan Investment Board, and Legal& General Investment Management have recently moved to gain scale.

Arctos sees an opportunity to deepen general partner relationships and provide customized capital solutions to attract investor allocations. KKR said the acquisition strengthens its secondaries offerings, where it has been less active than peers, and allows it to leverage the platform across credit, real estate finance, and insurance. Recent years have seen rising capital in secondaries and solutions as firms seek scale and permanent capital amid slowing traditional fundraising. Professional sports franchises are also gaining acceptance as long-duration, institutional-quality assets attractive to retail and high-net-worth investors. As secondaries and structured financing grow more competitive, platforms offering liquidity-driven solutions across asset classes will stand out.

### *Google Backed Startup Terradot Acquires Eion*

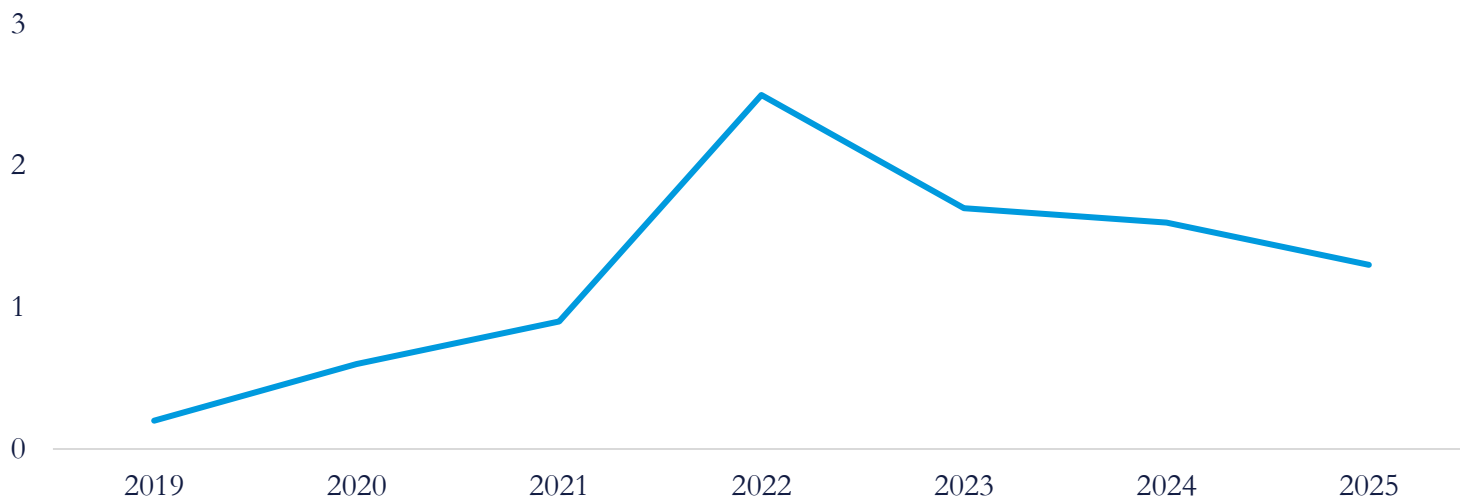
Carbon-removal startup Terradot has agreed to purchase their rival firm Eion, which signals early consolidation in the emerging carbon dioxide removal (CDR) industry. Both these companies focus on enhanced rock weathering (spreading crushed minerals on agricultural land to speed up natural CO<sub>2</sub> absorptions) and the combined business aims to scale operations more efficiently as demands grow from corporate climate commitments.

This acquisition creates one of the largest portfolios in the enhanced rock weathering space. Currently, buyers of carbon credits are increasingly seeking partners that can deliver durable removal at scale with strong measurement and verification, and this deal positions Terradot to compete more effectively in that environment.

The carbon-removal market is growing quickly, but it is still at its early stage. More companies are realizing that cutting emissions isn't enough: they also need to remove carbon from the atmosphere to meet their net-zero goals. That has increased demand for technologies that can physically pull CO<sub>2</sub> out of the air and store it long term. However, many of the startups in this space are small, expensive to scale, and still working to prove that their methods are reliable and measurable.

At the same time, big corporate buyers want large, dependable projects that can deliver meaningful volumes of carbon removal over many years. Last year, 291 different buyers signed carbon removal offtake deals or retired credits from registries, up from 264 in 2024. This mismatch between rising demand and limited scalable supply is pushing the industry toward consolidation.

### VENTURE FUNDRAISING FOR CARBON REMOVAL (IN \$B)



### *Advent and FedEx Lead €7.8 Billion Takeover of Parcel Company InPost*

A consortium comprising the private equity group Advent and FedEx has agreed to buy InPost in a deal valued at €7.8 billion. The €15.60-per-share buyout will result in Advent and FedEx each owning a 37% stake in InPost. The offer is priced at a 50% premium to the InPost share price on January 2. Rafal Brzoska will own 16%, and PPF, the Czech investment firm, will hold the remaining 10%. Following the deal announcement, shares jumped more than 13% to €15.07.

In 2017, Advent acquired a majority stake in InPost from Brzoska, ahead of InPost's 2021 Amsterdam listing, one of the largest European IPOs of the year, which valued InPost at €8 billion. In the past couple of years, InPost has been expanding rapidly beyond its home market to build a cross-border delivery network by acquiring smaller logistics companies in countries such as France and the U.K. Currently, it operates 61,000 automated parcel lockers with 14,000 located in Britain. This allows customers to pick up their purchases at their convenience rather than waiting for a courier to deliver.

The deal is expected to close in the second half of the year, and InPost will remain headquartered in Poland and will continue to be run by Brzoska.

## Trade of the Week

### *Long Lithium (LIT) – Jessica Chen*

The lithium market has experienced a turnaround. Spot prices for battery-grade lithium carbonate rose from approximately \$11 per kilogram in early December to over \$16 per kilogram in early January, increasing nearly 50% within weeks. January also saw prices for spodumene top \$2,000 per metric ton for the first time since October 2023.

Driving the turnaround are fundamental demand trends beyond EVs. Demand for lithium-ion batteries for energy storage applications soared 80% year-over-year in 2025, more than triple the 21% global growth in annual EV sales. Shipments to North America skyrocketed 90% amid needs for grid stability and increasing electricity demand from data centers and AI. European shipments more than doubled year-over-year as many European countries look to add more renewables while securing their energy future. Shipments to emerging markets grew by 120%, with hotspot demand coming from Southeast Asia, the Middle East, and Australia.

Lithium giant Albemarle recently increased its 2030 global lithium demand outlook by 10% and is guiding for 2026 global lithium demand growth between 15-40%. The company’s Q4 energy storage segment revenue grew 23% with EBITDA up 25%, showing strong profitability in the space.

The bullish thesis is further supported by supply-side discipline. Recently, Pilbara Minerals announced a floor price agreement with Chinese battery maker Canmax Technologies for \$1,000/ton lithium. The move has been characterized as “a first for the industry” and highlights the necessity for buyers to hedge against uncertain market conditions. US and Australian governments are even looking to build stockpile regimes to help lithium developers weather future downturns in commodity markets.

### *Long CrowdStrike – Ahmad Shaikh*

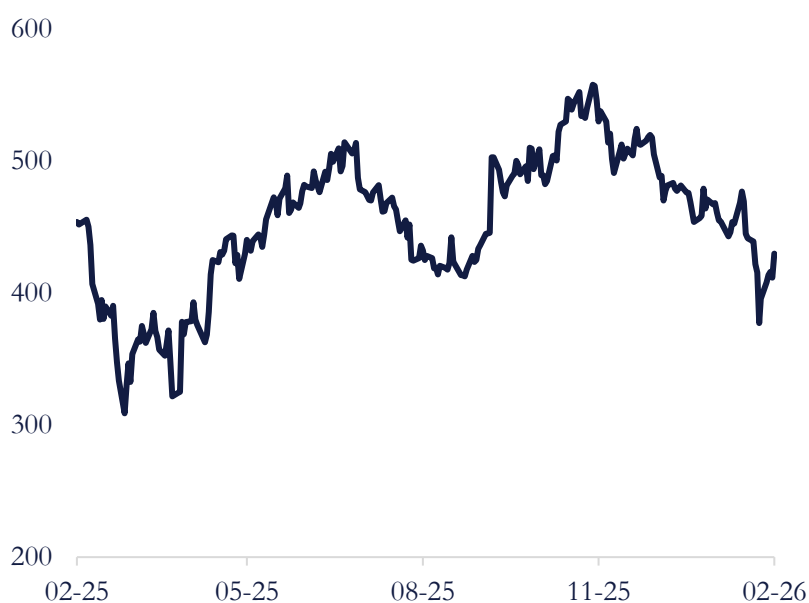
CrowdStrike is a leading American cybersecurity firm focusing on cloud-native security and threat intelligence. Their primary product is the Falcon platform, which uses AI-powered lightweight agents that detect malware and cyberattacks, positioning the company at the forefront of endpoint protection. Given the recent software sector selloff, which pushed CrowdStrike 30% below its November high, it is an attractive buy at current prices.

The company has made significant strides in its operations and toward its strategic goals. CrowdStrike recently announced acquisitions of both SGNL and Seraphic Security, advancing its next-gen identity security and advanced browser security for the Falcon platform. Outside of product development, the company signed a memorandum of understanding with Aramco to advance cybersecurity in Saudi Arabia, opening the door to long-term growth in a new Middle Eastern market.

What makes this an attractive opportunity is that analysts argued that fears that AI agents would take over the traditional SaaS business model were overblown. Barclays noted that companies would not change their systems overnight and that these transitions would take years, protecting established players like CrowdStrike. Meanwhile, Wedbush analyst Dan Ives, called the recent tech selloff a major buying opportunity for stocks like CrowdStrike.

CrowdStrike reports earnings on March 3rd, which could be a catalyst for the stock to move higher. With shares down 27% from their November peak despite solid fundamentals and strategic momentum, there is plenty of room for the valuation to recover if results come in strong. The setup favors buyers who can handle near-term swings in software stocks.

CROWDSTRIKE STOCK PRICE (IN USD)



Note: Adjusted Closing Prices