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Equities Outlook

Wall Street Stumbles as War Fears and Inflation Collide

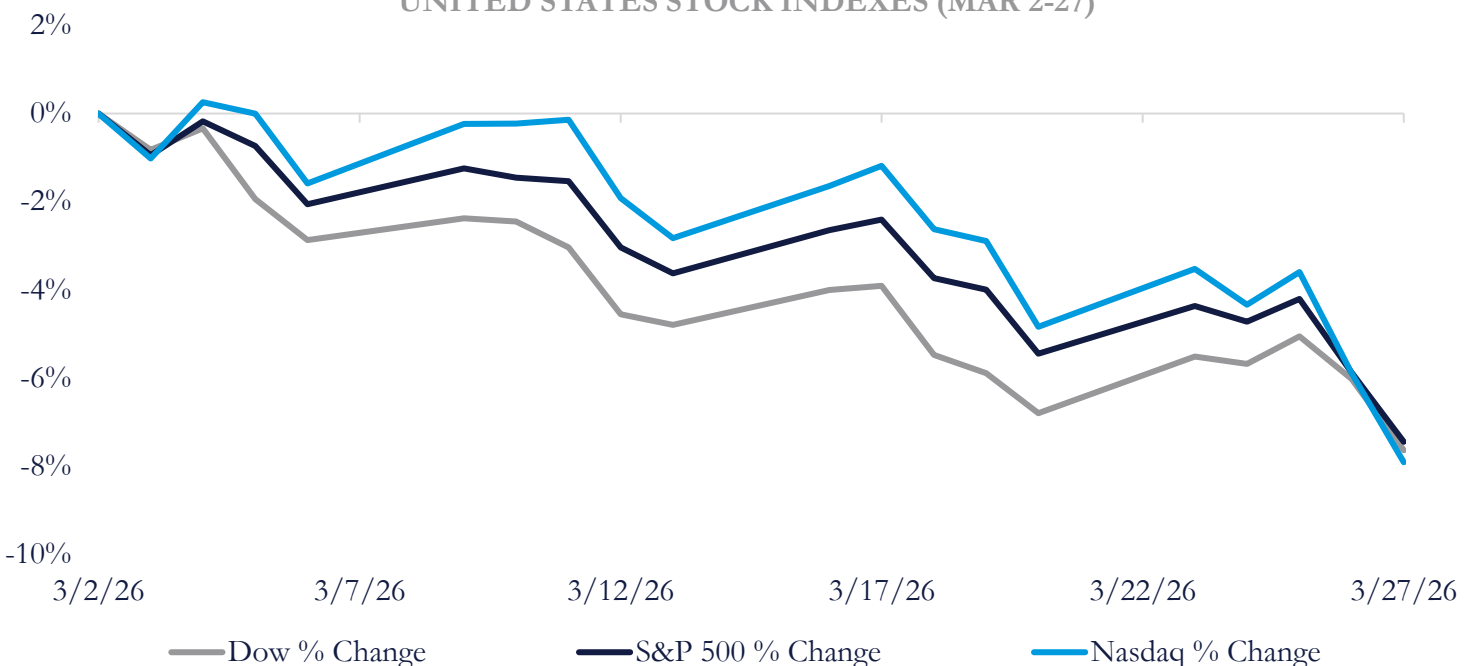
U.S. stocks fell sharply this week, with all three major indices posting their lowest closes in over seven months as escalating Middle East tensions weighed heavily on investor sentiment. The Dow Jones Industrial Average dropped more than 10% from its February peak, officially entering correction territory, while the S&P 500 and Nasdaq also recorded their fifth consecutive weekly losses; the longest streak in nearly four years. Markets remained unsettled despite geopolitical updates, including a U.S. ultimatum to Iran, as uncertainty around the conflict continued to suppress risk appetite.

The selloff was broad-based, led by declines in mega cap technology stocks such as Nvidia and Amazon, alongside weakness in software and consumer discretionary sectors. Carnival shares fell after cutting its profit forecast, further dragging the market lower. At the same time, oil prices surged, with Brent crude rising above \$110 per barrel, fueling inflation concerns. The spike in energy and commodity prices has raised fears of prolonged cost pressures across the global economy.

Rising inflation expectations have also shifted monetary policy outlooks. Markets are no longer pricing in Federal Reserve rate cuts this year and now see a growing probability of a rate hike. Consumer sentiment has weakened, and volatility has risen sharply, signaling increasing caution. Overall, markets remain fragile, with direction largely dependent on geopolitical developments and inflation trends.

Metric	\$ (USD)
S&P 500	\$6,377.55 +0.14%
DJIA	\$45,456.60 +0.64%
NASDAQ	\$20,906.32 -0.19%
Russell 2000	\$2,435.75 -0.57%
FTSE 100	\$10,127.96 +1.61%
Nikkei 225	\$51,885.85 -2.79%
WTI Crude	\$102.93 +3.30%
10-yr Treasury	4.33% -0.11%

UNITED STATES STOCK INDEXES (MAR 2-27)



Note: % Change Based off Adjusted Closing Prices

NYSE and Securitize Launch Initiative for 24/7 Tokenized Securities Trading

The New York Stock Exchange (NYSE) has partnered with digital asset firm Securitize to build a blockchain-based platform for trading tokenized securities, traditional financial assets like stocks represented as digital tokens. The initiative aims to modernize market infrastructure by enabling round-the-clock trading, faster settlement, and greater efficiency. Unlike traditional exchanges that operate within fixed hours and rely on intermediaries for clearing and settlement, the proposed platform would allow trades to settle instantly on-chain, potentially using stablecoins for transactions.

A central feature of the project is the creation of “native” tokenized equities that provide full shareholder rights, such as voting and dividends. This distinguishes them from many existing tokenized products, which often function more like derivatives and lack direct ownership benefits. Securitize will act as a digital transfer agent, managing issuance and record-keeping of these blockchain-based securities while helping establish regulatory-compliant standards for broader adoption.

The move reflects a growing push among major financial institutions to integrate blockchain technology into capital markets. Unlike competitors exploring tokenization within existing systems, NYSE is pursuing a separate trading venue designed specifically for digital assets. While the platform could significantly reshape how securities are traded, its launch and success will depend heavily on regulatory approval and market acceptance.

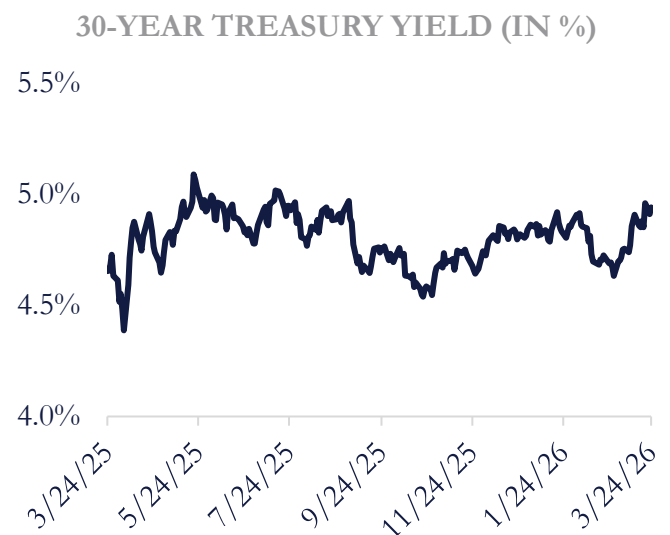
Fixed Income Outlook

Bond Yields Near 5% as Stagflation Worries Take Hold

The 30-year Treasury bond yield is creeping back toward 5%, nearly hitting 4.98% on Tuesday, and this time, investors are wary. Unlike last year when the yield briefly crossed 5% a few times without causing much damage to stocks, what's happening now looks more dangerous because inflation is heating up while the economy is slowing down.

Vincent Ahn, a portfolio manager at Wisdom Fixed Income Management, said the 30-year yield is "the market's long-term confidence gauge and, right now, it's flashing caution." Last summer, the economy was strong enough to handle higher rates. Now, oil is sitting near \$100, inflation is picking back up, and GDP growth came in at a weak 0.7% for the fourth quarter of 2025. What really caught people's attention is that bonds sold off when that worrying GDP number came out instead of rallying, which tells investors the market is way more worried about inflation than a slowdown.

The selloff isn't only hitting long bonds. It's happening across the board. Ahn said the bond market is "repricing the inflation regime" with the Iran war making sentiment worse. Oil near \$100 doesn't just hit you at the pump. It ripples through diesel, fertilizer, food, and freight costs, eventually pushing up prices across the economy. Stocks dropped Tuesday, with the major indices now down 6% to 9% from their highs, approaching correction territory. Some strategists are starting to worry that if inflation stays hot and forces the Fed to raise rates, we could end up in a recession. Even if the war wraps up soon, analysts think energy prices have settled into a "new normal" that won't return to where they were before the conflict started.



Fiscal / Monetary Policy Outlook

BOJ Signals More Room for Rate Hikes

The Bank of Japan is signaling that further rate hikes remain likely as underlying economic conditions continue to strengthen. New estimates show Japan’s natural interest rate is gradually rising, suggesting the economy can sustain higher borrowing costs without slowing. With inflation near the 2% target and underlying measures holding above it, the policy rate still appears below neutral, leaving room for additional tightening.

Recent data support this shift. The output gap has remained positive for over a year, indicating persistent demand strength, while the wage-price dynamic has become more stable. Together, these trends point to a more durable inflation backdrop, rather than the temporary price pressures seen in previous cycles. As a result, the BOJ appears increasingly confident in its normalization path.

At the same time, the timing remains sensitive. Policymakers are cautious about tightening too quickly and disrupting wage growth, which has been a key driver of sustained inflation. However, rising global energy prices and broader inflation risks may limit the BOJ’s ability to delay action.

Markets are now expecting a potential rate hike as early as April, reflecting a growing view that Japan is moving further away from its long-standing ultra-loose policy stance.

Commodities Outlook

Oil Shock Deepens as Middle East Conflict Fuels Inflation Fears

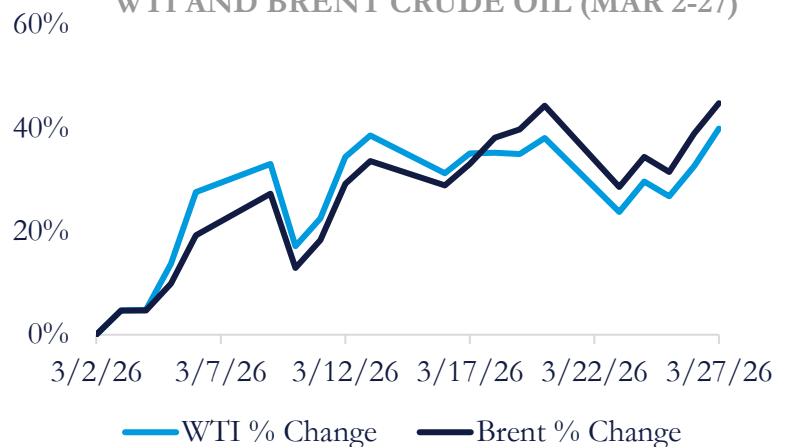
Oil prices rebounded on Tuesday after tumbling from the previous session as investors weighed conflicting signals on the Iran war. Brent crude oil futures for May gained over 4 percent to \$104.49 a barrel. Similarly, U.S. West Texas Intermediate crude oil futures for May advanced by a comparable percentage to end at \$92.35 a barrel.

Oil's decline came after President Donald Trump posted on his Truth Social platform that the U.S. and Iran had held "very good and productive conversations regarding a complete and total resolution of hostilities in the Middle East." Trump added that he had instructed his Department of War to hold off on all scheduled strikes against Iran's power plants and energy infrastructure for five days.

Though Tuesday's rebound was notable, prices still reflected the market's uncertainty. Iran denied that it had negotiated with Washington over the weekend. "Despite the exuberance on Wall Street, oil is well off its lows after Tehran denied conducting any weekend negotiations with Washington," said José Torres, senior economist at Interactive Brokers. Torres also noted concerns about repeated attacks on critical energy infrastructure across the region, which could drive up the long-term costs of the conflict — costs that investors worry will persist even if a deal is reached.

Oil shipments through the Strait of Hormuz amounted to roughly 20% of the world's seaborne oil supplies before the war. Iran has since halted flows through the waterway. On Sunday, Iranian state media reported that Iran would permit safe passage through the strait for vessels not associated with its designated enemies.

WTI AND BRENT CRUDE OIL (MAR 2-27)



Trump Administration Pays Total \$1 Billion to Switch from Wind to Fossil Fuels

The Trump administration is paying TotalEnergies nearly \$1 billion to ditch its offshore wind projects and invest in oil and gas instead. The Interior Department will reimburse the French energy company TotalEnergies \$928 million for two offshore wind leases off the coasts of New York and North Carolina, if it cancels the projects and redirects the funds to fossil fuel development.

The deal comes as Trump tries to bring down gas prices that have spiked because of the Iran war. It also lines up with his long-standing distaste for offshore wind, which he has repeatedly called expensive and unreliable. Interior Secretary Doug Burgum announced the agreement at an energy conference in Houston, describing offshore wind as "expensive, unreliable, and environmentally disruptive" while promising the oil and gas investment would lower monthly bills for Americans.

Total's CEO Patrick Pouyanné announced the money will go toward the company's Rio Grande LNG project, which could ship gas to Europe, and oil production in the Gulf of Mexico and shale gas operations. The gas would also supply U.S. data centers. Total had already hit pause on both wind projects back in November 2024 after Trump won the election, saying the market was too uncertain. The two projects combined would have generated about four gigawatts of power. Under the deal, Total has also agreed to stay out of offshore wind development in the U.S. completely.

Limited Access, Lasting Disruption

Iran has signaled a partial reopening of the Strait of Hormuz, stating that "non-hostile" vessels may transit the waterway if they coordinate with Iranian authorities. While this suggests some easing, access remains tightly controlled, and the strait is far from fully operational. Since the conflict began, the passage has effectively been closed, with only a limited number of ships allowed through under strict monitoring.

The disruption has had a significant impact on global trade and energy flows. Roughly one-fifth of the world's oil typically passes through the strait, and thousands of vessels remain stranded in the Gulf. Reports indicate that some ships have paid substantial fees for safe passage, highlighting both the risks and the leverage Iran currently holds over the route.

Importantly, there is little indication that Iran intends to return to pre-conflict conditions. Officials have suggested that new regulations governing transit could be introduced, potentially formalizing greater control over the waterway. This raises the possibility of a more persistent shift in how energy flows are managed in the region.

Even with limited reopening, the situation continues to pose upside risks to oil prices and ongoing uncertainty for global supply chains. As long as access remains conditional, markets are likely to price in a sustained geopolitical risk premium across energy and shipping.

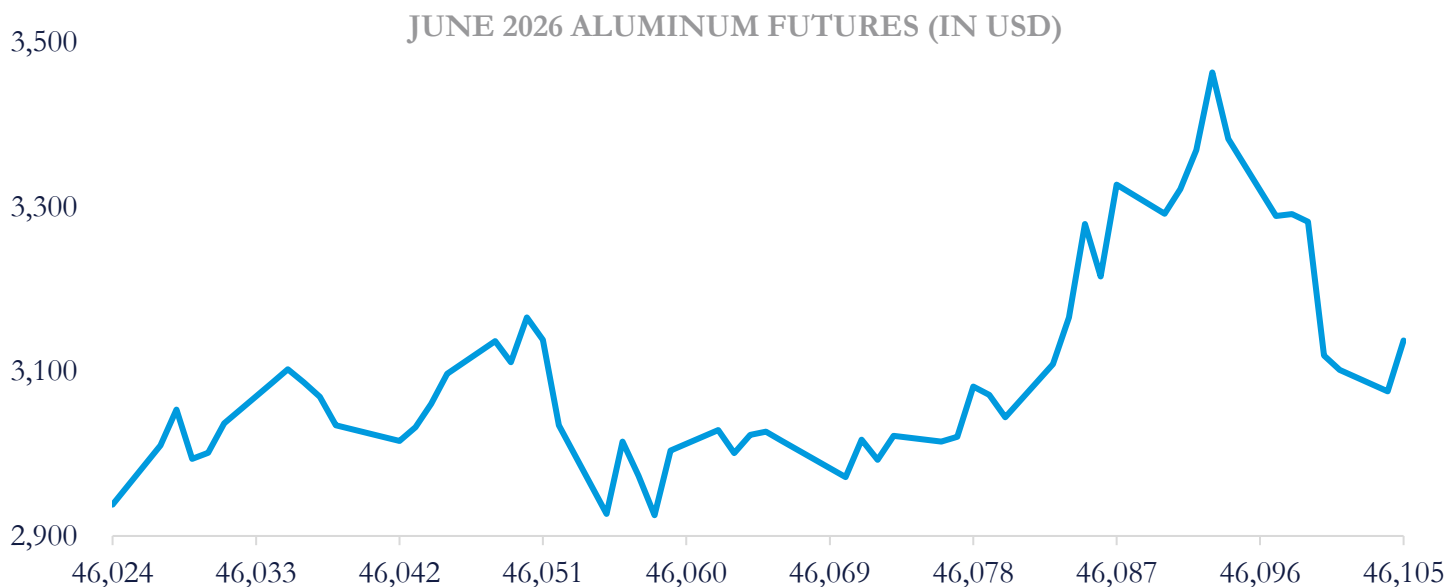
Aluminum Supply Shock Ripples Through Global Auto Industry

The conflict in the Middle East is affecting the global aluminum market; therefore, it is prompting large carmakers to stockpile the resource in anticipation of a longer period of supply disruptions. The Gulf region supplies about 10% of the world's refined aluminum products; therefore, the region supplies 14% of the import needs of Europe and 25% of Japan's import needs. Since shipping via the Strait of Hormuz has come to a near standstill, carmakers in the U.S., Europe, and Japan are seeking alternative sources of aluminum for their manufacturing needs. These carmakers are currently using inventories that are only supposed to last a few months.

The prices of aluminum on the London Metal Exchange have risen by 12%, though they have since dropped. Regional premiums for aluminum in the U.S., Europe, and Japan have risen more than the prices; they have risen by 30-40%. Specialty products such as aluminum alloys for wheels and blocks for automotive manufacturing are in short supply, so it will take these carmakers 18 months to qualify alternative suppliers.

In the meantime, carmakers have implemented solutions such as substituting scrap metal for new material, stockpiling contingency inventories, and even considering buying Russian metal again after boycotting it since its invasion of Ukraine in 2022. If conditions remain as they are, some European production cuts could occur as soon as June or July, according to analysts.

Observers say the aluminum issue is only exacerbating an existing tense situation for automakers, adding to existing tariff pressures and prior supply chain disruptions.



Note: Adjusted Closing Price

Emerging Markets Outlook

Rupee Hits Record Low as Oil Surge and Capital Outflows Weigh on India

Weakness in global risk appetite saw the rupee drop to a new all-time low of 93.94 per dollar, edging past last Friday's record close of 93.74. Pressures on the rupee have mounted since tensions flared up in the Middle East earlier this month. Oil prices have surged over 50% so far in March as the conflict intensifies. The International Energy Agency said the crisis was worse than the two oil shocks of the 1970s combined. The rupee is down nearly 3% since the war began. Foreign investors have pulled \$9.5 billion from Indian equities during the same period.

On the equity front, BSE Sensex and Nifty 50 both dipped over 1.5%, mirroring losses across the region. Bond yields extended their rise, with the 10-year sovereign benchmark yield climbing to its highest level in over a year. The pickup in US Treasury yields and concerns over the fiscal impact of higher energy prices weighed on bonds.

Bank of America Global Research revised its rupee forecast to 94 per dollar by June 2026, from 89 previously. The new estimate assumes that tensions will subside over the next few weeks. Analysts at the bank warned that prolonged high energy prices could erode current account buffers across regional economies, leaving currencies more exposed to swings in risk appetite and portfolio flows.

The Reserve Bank of India has intervened several times to temper the rupee's slide and was reported to be active in the non-deliverable forwards market on Monday. A trader noted that while RBI support has helped, the rupee could take another leg lower if conditions deteriorate further.

M&A Environment

Apollo to Acquire Nippon Sheet Glass in \$3.7B Turnaround Deal

Apollo Global Management has agreed to acquire Nippon Sheet Glass in a deal valued at about \$3.7 billion, marking one of the firm’s largest private-equity investments in Japan. The transaction is structured to strengthen the financially strained glass maker, with Apollo injecting new equity while lenders convert part of their debt into equity. This restructuring is intended to stabilize the company’s balance sheet and position it for long-term growth.

Nippon Sheet Glass, a major global supplier of architectural, automotive, and solar glass, has faced years of financial pressure and high debt. Apollo’s investment aims to help the company capitalize on growing demand for energy-efficient building materials, advanced automotive glazing, and solar-related products. The firm plans to leverage its operational expertise to improve performance, invest in new technologies, and expand the company’s global competitiveness.

The deal reflects a broader trend of private-equity firms targeting underperforming industrial companies in Japan for turnaround opportunities. It also highlights Apollo’s expanding presence in the Japanese market, where it has been increasing investments in recent years. The transaction is expected to close around 2027, subject to shareholder and regulatory approval, and could serve as a model for future cross-border restructuring deals.

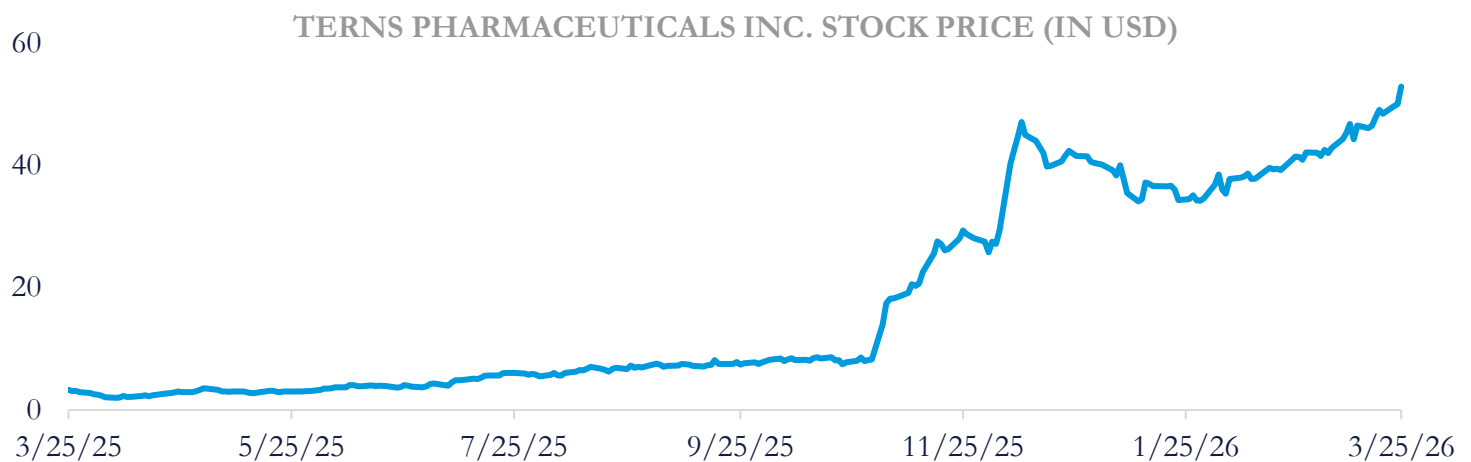
Merck Expands Cancer Pipeline with \$6.7B Terns Acquisition

Terns Pharmaceuticals Inc. has agreed to be acquired by pharma giant Merck & Co. for \$6.7 billion, with Merck gaining a potentially promising new leukemia treatment for its drug portfolio. Merck is currently faced with its most popular cancer drug losing patent status, and this acquisition aims to find a new alternative.

Merck has announced that it will pay a 6% premium based on Tern’s closing price on March 24th, forking over \$53 a share. This represents a more than 50% increase in price from January, which was before speculation of a takeover began. The deal is expected to close in Q2, 2026.

Terns’ stock shot up by more than 5% at market opening on Wednesday, March 25th. Meanwhile, Merck saw gains of roughly 1%. Merck is trying to find new sources of growth as it gets ready for increased competition and pricing pressure on its top cancer drug, Keytruda. In 2025 alone, Keytruda brought in over \$31 billion, making up roughly half of the company’s total revenue, so any decline would be a big deal for its overall performance. As a result, Merck is looking to expand its pipeline with new drugs that could help replace some of that lost revenue. Terns’ lead drug has shown strong early results in patients with a type of blood cancer that hasn’t responded to initial treatment. This drug is still in early development, but the results so far have suggested the potential for major success.

Terns worked with Centerview Partners LLC and Jefferies LLC as its financial advisors on the deal, and Freshfields LLP as the legal advisor.



Blackstone Buys Indian Cricket Franchise for \$1.8 Billion

Blackstone and a group of investors have paid \$1.8 billion for the Royal Challengers Bengaluru, one of the top cricket teams in India's Premier League. The deal includes Blackstone, David Blitzer's Bolt Ventures, Indian billionaire Kumar Mangalam Birla's Aditya Birla conglomerate, and The Times of India Group, all buying the team from Diageo's Indian arm, United Spirits.

This marks Blackstone's first move into sports team ownership and shows how valuable the IPL has become. Since starting in 2008, the league has turned into one of the biggest sports competitions in the world, with owners like Mukesh Ambani, Asia's richest person, and Bollywood star Shah Rukh Khan. Media rights have jumped from essentially nothing to \$5.4 billion for the current five-year cycle, though that growth might be slowing down as fewer broadcasters fight for the next round of rights.

For Diageo, selling RCB helps the company cut debt while new CEO Dave Lewis tries to fix its problems. The Spirits' maker has been struggling with weaker demand in the U.S. and higher costs from tariffs, so it has been selling off anything that isn't core to making whisky and tequila. Diageo inherited the cricket team when it bought a stake in United Spirits back in 2012 and recently sold its Kenyan brewery to Asahi for \$2.3 billion. The deal still needs approval from India's cricket board and antitrust regulators.

Estée Lauder in Talks to Expand Portfolio

Estée Lauder is in discussions to acquire Spanish beauty group Puig, a potential deal that would combine two major players in the global prestige beauty market. While talks are ongoing and not guaranteed to result in an agreement, the structure is expected to involve a mix of cash and stock. Puig, which has a market value of around \$10 billion, has struggled since its 2024 IPO, with shares under pressure due to softer demand in fragrances.

Strategically, the acquisition would expand Estée Lauder's portfolio and strengthen its position in high-end beauty. The company already owns brands such as Clinique, M.A.C, and Bobbi Brown, and has been focused on regaining market share and appealing to younger consumers. A deal for Puig would add a range of premium brands, including Carolina Herrera and Charlotte Tilbury, further diversifying its offerings across fragrance, skincare, and cosmetics.

The potential transaction also reflects broader consolidation within the beauty industry, as companies seek scale and brand diversification to navigate shifting consumer preferences. For Estée Lauder, the deal would mark another step in its turnaround strategy and reinforce its position as a global leader in prestige beauty.

Trade of the Week

NYSE: IONQ – Jake Eisner

IonQ represents an incredibly compelling opportunity in the emerging quantum computing space. Unlike competitors such as IBM or Google, who rely on superconducting systems, IonQ utilizes trapped-ion technology. This method involves individual atoms that are suspended and controlled with lasers to function as quantum bits, which are units that can represent 0,1 or both simultaneously through superposition. IonQ's approach displays higher accuracy, longer coherence times, and full qubit connectivity, all of which are important advantages for complex computational problem solving.

IonQ is best understood as a long-duration growth asset. The firm is already creating revenue via cloud-based access to its systems through platforms like AWS and Microsoft Azure. This ultimately allows institutions, governments, and researchers to experiment with quantum computing while not having to own hardware. Although the revenue is still growing, the model has strong scalability and resembles early-stage cloud computing businesses.

Some real-world applications include drug discovery, supply chain optimization, cryptography, and artificial intelligence. It is important to understand that this is not a near-term bet on earnings. IonQ is trading on future expectations, leading its equity to be sensitive to interest rate changes and market sentiment. IonQ should be viewed similarly to a venture-type investment, and not a traditional stock.

IonQ offers significant upside tied to a breakthrough technology, but it comes with meaningful risk and uncertainty around timing and execution.

