BearBull Global Investments Group

MACRO RESEARCH INSIGHT

CROSS-ASSET ANALYSIS — *U.S ASSETS*

October 2026



HIGH CONCENTRATION RISK IN U.S STOCKS – Part 1

- ✓ Resilience in Q2 and controlled inflation absorption
- ✓ Expected deceleration in GDP in Q3

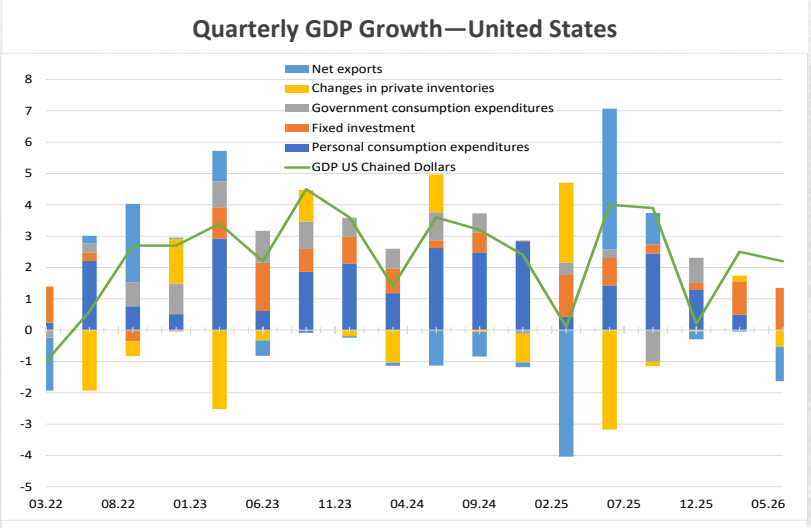
HIGH CONCENTRATION RISK IN U.S STOCKS – Part 1

Soft Landing Confirmed by Q2 GDP Resilience

The U.S. economy demonstrated unexpected resilience in the second quarter of 2026 as final BEA data released on September 30 locked in real GDP growth at an annualized +2.2%, defying stagflation fears and following a +2.1% reading in Q1. This expansion was anchored by real final sales to domestic private buyers (+2.9%) alongside strong high-end service and durable goods spending that offset softness in everyday goods. At the same time, massive tech investments in artificial intelligence and enterprise automation provided a vital macroeconomic buffer, supporting productivity gains and offsetting cutbacks in small business capital expenditures.

Consumer Debt Exhaustion Signals Slower Demand

The resilience of personal consumption through the spring relied heavily on consumer credit and installment mechanisms, pushing credit card debt beyond $1,100 billion. Delinquency rates on credit cards and auto loans have surged to their highest levels since the 2008 financial crisis, signaling that consumer borrowing is reaching its absolute limit. Meanwhile, headline CPI stabilized near +3.4% year-over-year at the end of Q2, while Core CPI settled at +2.5% due to limited energy-to-wage pass-through. Although labor market rebalancing helped ease unit labor costs without spiking unemployment, the complete depletion of pandemic-era excess savings leaves personal consumption highly vulnerable heading into the second half of the year.



Sources : Bloomberg, BBGI Group

Labor Market Cooling and Q3 GDP Deceleration

Macroeconomic momentum shifted from late-cycle resilience toward a pronounced deceleration as Q3 drew to a close. September nonfarm payrolls recorded a modest gain of just +29,000 net jobs, maintaining the unemployment rate at 4.2% while wage growth moderated to +3.0% year-over-year. As a result, Q3 GDP projections have been revised downward into a subdued range of +1.2% to +1.5%. While cooling wage growth has relieved cost pressures within the services sector, it has simultaneously pinched real disposable income, further dampening underlying consumer spending power across the economy.

Elevated Financing Costs Strain SMEs and Regional Banks

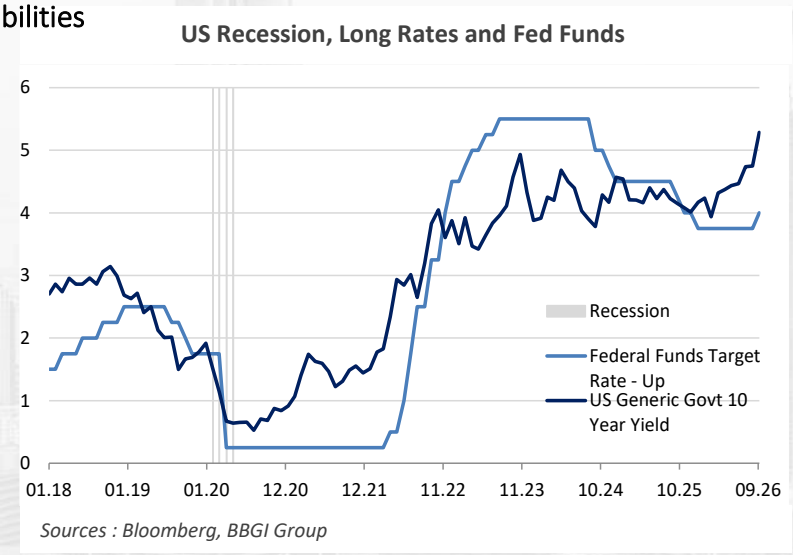
Prolonged high interest rates continue to exert severe financial pressure on small and medium-sized enterprises (SMEs) and the commercial real estate sector. The sharp rise in funding costs has compressed operating margins and heightened balance sheet vulnerabilities for regional banks heavily exposed to real estate debt. At the same time, massive Treasury issuance to fund the federal deficit has maintained steady upward pressure on long-term benchmark yields. Consequently, corporate credit conditions have tightened significantly, forcing non-tech businesses to cut back on capital expenditures and defer expansion projects.

Mortgage Rate Surges Freeze Residential Real Estate

The residential real estate sector remains the most severely impaired segment of the U.S. economy, overburdened by 30-year fixed mortgage rates crossing the 7% threshold. High borrowing costs have severely reduced transaction velocity in the existing-home market, creating a structural lock-in effect among homeowners reluctant to trade out of low-rate mortgages. This housing market freeze is directly weighing on broader fixed investment and dragging down overall economic expansion. Unless long-term sovereign bond yields ease, residential real estate will continue to act as a primary headwind to GDP growth.

Tech Investments Counter Balance Sheet Vulnerabilities

Despite weakening real demand and a softening ISM Services Index, ongoing capital deployment across the technology sector is preventing a broader recessionary contraction. Massive capital expenditures in AI infrastructure and enterprise automation continue to generate structural efficiency gains that shield corporate profit margins. However, this tech-led buffer is operating against growing macroeconomic uncertainty as the economy enters the fourth quarter. Moving forward, overall stability will depend on whether productivity gains can offset the dual pressures of exhausted consumer credit and sustained high capital costs.



Sources : Bloomberg, BBGI Group

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