



Smart Cents

W E E K L Y

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Hey there!

Welcome to the exciting 15th edition of Smart Cents Weekly! For all our new readers, a huge thank you for joining us. We're thrilled to have you! And to our loyal readers, we are grateful that you're returning for another round of insights.

Let's start by unwrapping what happened in the past week 



Big Picture: The Trillion-Dollar Week

Wall Street got a reality check this week as tech stocks tumbled and mega-deals dominated headlines. The Nasdaq led losses with a 3% weekly drop, while the S&P 500 slipped 1.2% and briefly broke below its 50-day moving average for the first time since April. Bitcoin crashed below \$100K (down 6% in a day) as the 31-day government shutdown squeezed liquidity and spooked investors. Consumer sentiment plunged to a 3-year low amid shutdown fears, and Wall Street CEOs warned of a potential 10-20% market pullback. But here's the twist: Q3 earnings continued their stellar run with 82% of S&P 500 companies beating expectations, which was the highest rate since Q3 2021.

So what should we learn? While short-term jitters rattled markets, corporate fundamentals remain rock-solid. This week proved that in today's market, billion-dollar deals and trillion-dollar ambitions are just another Tuesday.



Mega-Deals: The \$87 Billion Power Play

Amazon + OpenAI: The \$38B AI Alliance. Amazon announced a historic partnership with OpenAI on November 3rd, committing \$38 billion to integrate AI capabilities across AWS. This isn't just a deal, it's a declaration that the AI arms race just entered hyperdrive. Amazon is positioning itself as the infrastructure backbone for the next generation of AI applications.

Kimberly-Clark Swallows Kenvue for \$48.7B In consumer goods, Kimberly-Clark made waves with its \$48.7 billion acquisition of Kenvue (the Johnson & Johnson spinoff). This creates a consumer products giant that will dominate everything from diapers to Band-Aids. The deal consolidates household essentials under one roof, betting that brand power and scale still matter in retail.

What it means: Corporate America is going all-in on scale and AI. Companies with cash are making bold bets that bigger is better, especially in infrastructure and consumer staples.



Tesla's Trillion-Dollar Drama

Elon Musk pulled off one of the most controversial wins in corporate history. [Tesla shareholders approved his \\$1 trillion pay package with 75% voting in favor](#) on Thursday, November 6th. The deal awards Musk up to 423.7 million shares over 10 years, but only if Tesla hits jaw-dropping targets like reaching an \$8.5 trillion market cap, selling 20 million vehicles, deploying 1 million robotaxis, and delivering 1 million humanoid robots.

The controversy? Even using conservative estimates, [Tesla's board valued this package at \\$88 billion](#), which is roughly equal to what ALL S&P 500 CEOs combined earned last year. Critics (including Norway's sovereign wealth fund) called it excessive dilution. Supporters argued Musk only gets paid if he makes Tesla more valuable than most countries' GDPs.

The real prize? Control. With his existing 18% stake plus the new shares, Musk would cement near-permanent control over Tesla. [Board Chair Robyn Denholm admitted](#): "It's less about compensation and more about the voting influence."

Market reaction: [Tesla shares fell 5% on Tuesday](#) amid the vote drama, reflecting investor uncertainty about Musk's divided attention across Tesla, SpaceX, xAI, Neuralink, The Boring Company, and his political activities.



Tech Reality Check: AI Valuation Fears

Tech stocks took a beating this week as investors questioned sky-high AI valuations:

- [Palantir dropped 8% despite beating earnings](#)
- [Nvidia fell 4% on profit-taking](#)
- [Tesla down 5% ahead of shareholder vote](#)
- [Bitcoin briefly crashed below \\$100K](#)

The warning signs: Wall Street CEOs are sounding alarms about potential 10-20% corrections. After an epic run-up, reality is setting in: AI infrastructure spending is massive, but where's the ROI? Companies are pouring hundreds of billions into AI capex, but profit growth hasn't caught up to valuations yet.



Macro Matters: Shutdown Shadows

The 31-day government shutdown continues to haunt markets:

- Consumer sentiment crashed to a 3-year low (50.3 reading)
- Economists estimate 60,000 job losses and 4.5% unemployment if the report had been released
- Flight disruptions from air traffic controller shortages
- Senate gridlock continues over Affordable Care Act subsidies

The Fed Factor: The Fed cut rates by 0.25% on October 29th, but Chair Powell warned a December cut is "not a foregone conclusion." Markets remain uncertain about the path forward.



Earnings Scorecard: Still Crushing It

Despite market jitters, Q3 2025 earnings remain exceptional:

- 82% beat rate for S&P 500 companies (highest since Q3 2021)
- 7.0% earnings surprise above estimates
- 77% revenue beat rate (well above historical averages)
- Forward P/E ratio: 22.7 (above 5-year and 10-year averages)

Sector standouts:

- **Financials:** 100% beat rate across all 10 reported companies
 - **Consumer Staples:** 95% beat rate
 - **Health Care:** 92% beat rate
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Quick Hits: More Market Moves

- **Denny's** shot up 50% after agreeing to go private in a buyout deal
 - **ADM** slumped 9% after cutting full-year guidance on weak crush margins
 - **Sarepta Therapeutics** crashed 39% on disappointing quarterly losses
 - **NuScale Power** plunged on a \$273M loss (vs. \$17.4M last year) as small nuclear reactors remain undeployed
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Power Plays

- **Trillion-dollar club:** Musk's pay package could make him the world's first **trillionaire** if Tesla hits \$8.5T market cap—that's more than Germany's entire GDP!
 - **M&A mania:** The [Amazon-OpenAI \(\\$38B\)](#) + [Kimberly-Clark-Kenvue \(\\$48.7B\)](#) deals totaled \$87B in ONE WEEK, which is more than the GDP of 120+ countries!
 - **Earnings excellence:** [82% S&P 500 beat rate](#) means companies are crushing estimates at levels not seen since 2021. The post-pandemic earnings boom is alive and well!
 - **Bitcoin's brutal day:** A 6% single-day crash wiped out over \$100 billion in crypto market cap, proving that "digital gold" can still corrode quickly!
 - **Government shutdown cost:** [31 days and counting](#), economists estimate billions in lost economic activity and thousands of job losses that won't show up in official data!
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Finance Riddle:

What costs nothing to give away, yet becomes priceless when you keep it long enough?

Answer: Time, in the market. Compound interest and long-term investing turn patience into wealth, but only if you resist the urge to panic-sell during volatility.



Final Take: Power, Price, and Patience

This week reminded us that modern markets move in billions and trillions, not millions. Amazon drops \$38B on AI like it's buying coffee. Tesla hands Musk a trillion-dollar incentive. Deals worth more than small countries happen weekly.

But beneath the headline-grabbing numbers, fundamentals remain strong: 82% earnings beat rates, solid revenue growth, and corporate resilience despite macro headwinds. The message? Stay focused on quality companies with real earnings power, not just hype.

Next week's watch list: More earnings reports, potential government shutdown resolution, and continued Fed policy signals.



Companies to Watch: Upcoming Earnings

Palantir (PLTR) - Already reported | Beat expectations but fell 8% on valuation concerns | 30%+ revenue growth, government contracts strong

Super Micro Computer (SMCI) - Early November expected | AI server demand driving growth | Watch for guidance on supply chain issues

Robinhood (HOOD) - Week of Nov 11 expected | Crypto trading volumes surging | Look for user growth metrics

DraftKings (DKNG) - Mid-November | Sports betting expansion continues | NFL season driving engagement

Coinbase (COIN) - Mid-November | Bitcoin volatility impacts trading revenue | Watch for institutional adoption metrics

Market Context: With 82% of S&P 500 companies beating Q3 expectations and forward earnings growth projected at 7.5% (Q4), 11.8% (Q1 2026), and 12.7% (Q2 2026), the earnings picture remains robust despite market volatility.

Stay sharp, think long-term, and remember: in markets driven by billions, your edge is patience! 🚀

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