



The Street, 2025.

IS THE ECONOMY DECLINING? BANK DATA TELLS A DIFFERENT STORY.

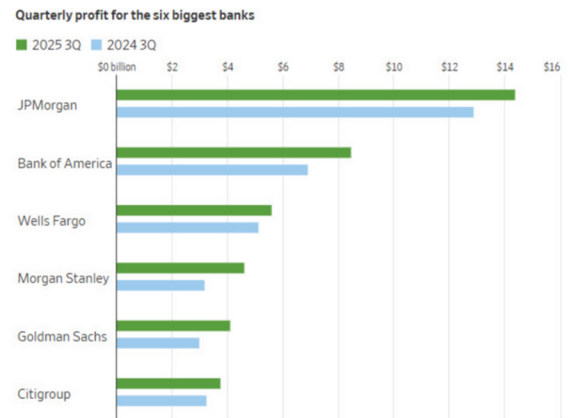


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In economics, it is often thought that a bank's performance over an extended period of time can serve as a good indicator of how well the average consumer is doing financially. After all, banks see the details of millions of American households and companies.

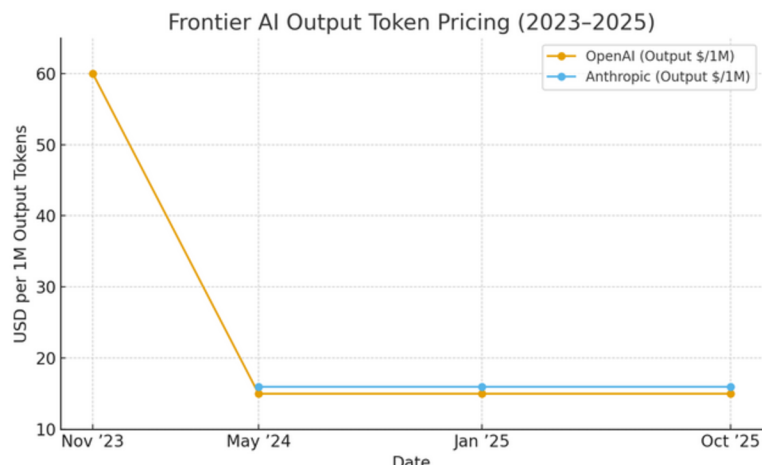
Just recently, the six largest US banks – JP Morgan, Bank of America, Goldman Sachs, Morgan Stanley, Wells Fargo, and Citi – have collectively earned nearly \$41 billion just in the third quarter of 2025 (Wall Street Journal, 2025). Several leading executives highlighted indicators of economic resilience. Bank of America's CFO reported that internal data reveal consumers are spending at higher levels and relying more heavily on credit and debit cards.

Strong financial activity by large banks showcases that consumers are confident enough to spend, even if cautiously. Yet, it is clear that a large amount of the US does not think the economy is doing well; As of September 2025, Pew Research Center found that only 26% of US adults rate current economic conditions as either excellent or good. However, while banks interpret higher spending as a sign of economic strength, rising prices tell a different story. Coffee has risen nearly 21% and ground beef 13% over the past year, forcing consumers to adapt rather than expand their spending power (New York Times, 2025). It can be hypothesized that consumers are becoming more strategic buyers! The CEO of Albertsons, one of the largest supermarket chains in the US, reports that they have seen upwards of a 20% increase in coupon usage (Insider Intelligence, 2025). While many may continue to spend out of status quo bias, maintaining familiar habits despite tighter budgets, others adapt by becoming strategic buyers. Taken together, these patterns suggest resilience more than prosperity – a willingness to cope, not necessarily to thrive.



Source: Wall Street Journal, 2025.

OPINION - THE PRISONER'S DILEMMA THAT MAY NEVER HAPPEN



By **Nonso Ottih**

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I expected the AI race to turn violent. It hasn't. Aggressive competition may not be in the best interest of the AI robber barons.

A “token” is the unit through which AI usage is measured: inputs and outputs to and from generative AI are measured and billed in tokens.

Since March 2024 token pricing has not materially shifted. Frontier models (price-setters) from OpenAI and Claude have maintained a unit cost of approximately \$3–5 per million input tokens and \$15–20 per million output tokens. Not only are these models similar in price, but they are also identical in structure: cheap to feed the model, costly to extract from it (*OpenAI Developer Pricing, 2024; Anthropic Model Pricing, 2024*).

In a real price war, “firm A” would have to cut output pricing, where profit is made, to win market share. But “firm B” would mirror the change immediately and the newfound margin would vanish. But we are not seeing this. There is no perpetual undercutting from either firm. In theory, AI should be brutally competitive: once the model is trained, distributing it to millions more users costs almost nothing. Hence why products like Google Search and YouTube collapsed to a price of zero; once the fixed cost is settled, the marginal cost of serving the next user is basically nothing (*Varian, 2003*).

On a vertical scale, it gets even worse. SK hynix and Nvidia supply over 70% of the world’s HBM (high-bandwidth memory) and AI-grade GPUs respectively, making both firms behemoth-like determinants of frontier model supply (*TrendForce HBM Market Report, 2025; Omdia AI Compute Market Survey, 2025*). Interestingly, Nvidia has chosen to preferentially allocate compute to OpenAI (*Financial Times, 2025*). Why? Because freely allocating their compute to the highest bidder would force downstream AI firms to compete on price and efficiency, and accordingly force Nvidia to lower its own margins, as AI firms would begin demanding cheaper compute to stay profitable. That preferential allocation guarantees Nvidia’s future revenue and enables it to monetize more aggressively because demand is predictable.

