

Weekly Market Recap

December 22, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	6,835	0.1%	16.2%
Dow Jones Industrial Average	48,135	-0.7%	13.1%
NASDAQ	23,308	0.5%	13.4%
Russell 2000® Index	2,529	-0.9%	13.4%
MSCI EAFE Index	2,858	0.1%	26.3%
Ten-Year Treasury Yield	4.15%	0.0%	-0.4%
Oil WTI ¹ (\$/bbl ²)	\$56.59	-1.5%	-21.1%
Bonds ³	\$99.84	0.0%	7.2%

¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

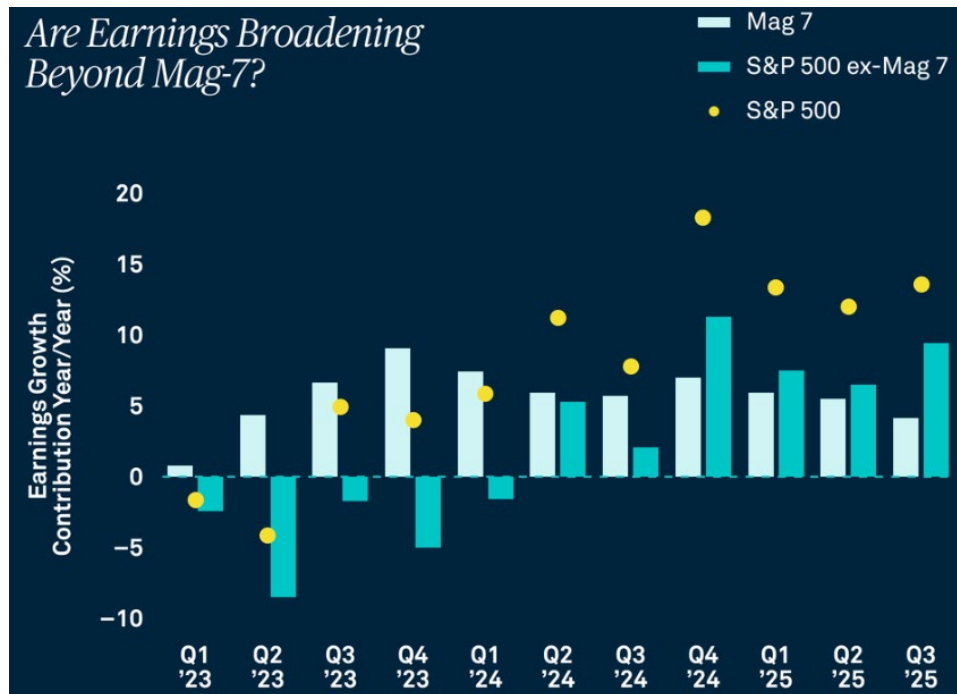
U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +0.1% as the artificial intelligence (AI) theme experienced additional scrutiny after reports of stalled negotiations for a \$10B Michigan datacenter with Blue Owl and Oracle discussing financing terms. Federal Reserve (Fed) Governor Christopher Waller reiterated his preference for more cuts by telling business news channel CNBC that the Fed policy rate is 0.50% - 1.0% above the neutral rate, while Fed Governor Stephen Miran argued “phantom inflation” is pushing the Fed to keep policy unnecessarily tight. November nonfarm payrolls were stronger than expected, up 64k after an estimated 105k decline in October. The 10-year Treasury yield fell to 4.15% from 4.19%.
- S&P 500 Index Sector Returns:
 - Consumer discretionary (+1.0%) rose, led by Tesla, travel stocks, and Amazon.
 - Materials (+0.6%) rose, led by precious metals mining stocks and industrial gas companies.
 - Healthcare (+0.6%) rose, led by medical devices and pharmaceutical stocks.
 - Technology (+0.5%) rose, led by AI semiconductor stocks.
 - Communication services (+0.1%) rose, led by social media and traditional media stocks.
 - Financials (-0.2) fell, led lower by banks.
 - Utilities (-0.6%) and consumer staples (-0.9%) underperformed as investors appeared to favor less-defensive sectors.
 - Industrials (-0.6%) fell, led lower by electrical grid suppliers and aerospace and defense companies.
 - Energy (-2.9%) fell, with the price of oil falling -1.5%.
 - Real Estate (-1.4%) fell, led lower by cell towers.

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Weekly Market Recap

- Earnings growth outside of the “Magnificent 7” (Mag 7) stocks appears to be accelerating, which may lead to a broadening out-of-demand for other equities outside of the Mag 7.

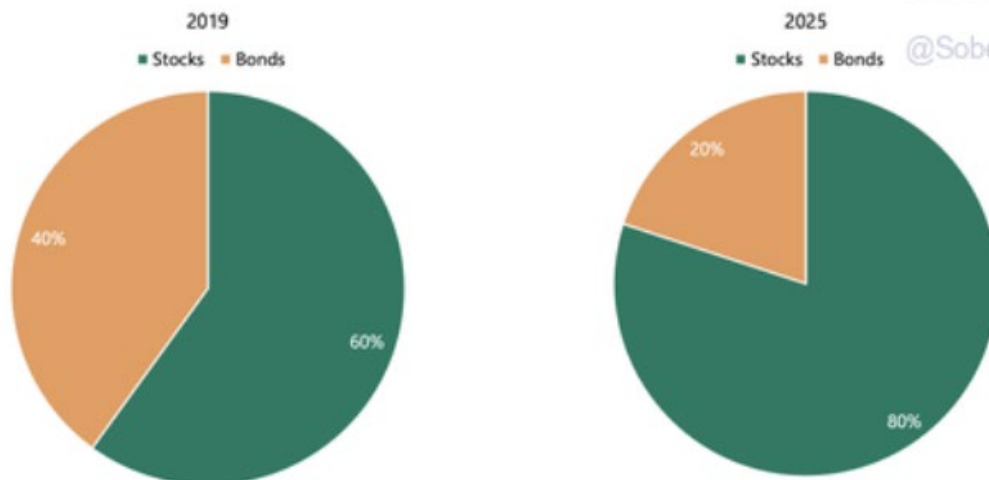


Data is as of 12.12.2025. Sources: BNY; FactSet.

- If you had invested in a 60% equity and 40% bond portfolio in 2019, and there was no rebalancing, the portfolio would have turned into an 80% equity and 20% bond portfolio.

A 60/40 portfolio in 2019 has turned into an 80/20 in 2025

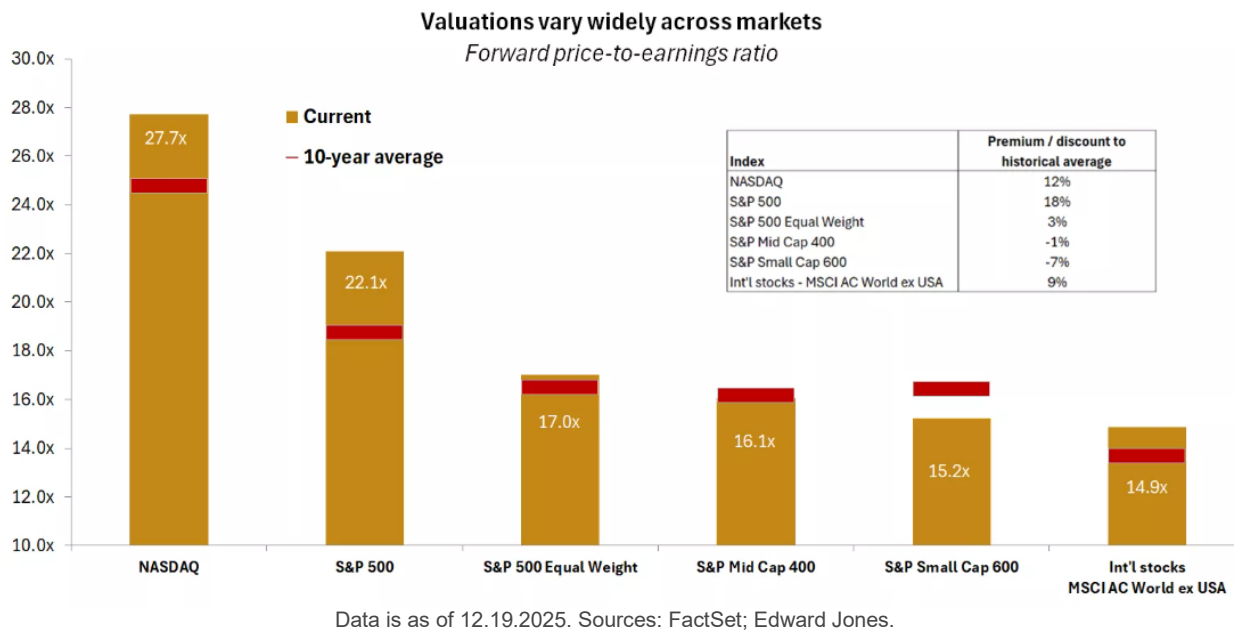
Posted on
The Daily Shot
22-Dec-2025
@SoberLook



Equity portfolio is invested in the S&P 500 Index, and bond portfolio is invested in the Bloomberg U.S. Aggregate Bond Index.
Sources: Bloomberg L.P.; Apollo; The Daily Shot.

Weekly Market Recap

- The NASDAQ and the S&P 500 Index valuations (price-to-earnings (P/E) ratio) are trading at premiums relative to their historical averages, while the S&P Small Cap 600 Index is trading at a discount to its historical average.



- In the U.S., growth equities continue to outperform value equities, but in Europe value stocks have been outperforming growth equities.

Exhibit 9: Value vs. Growth dynamics have been diverging between the US and Europe
Total return. Indexed to 100 in Jan 2003



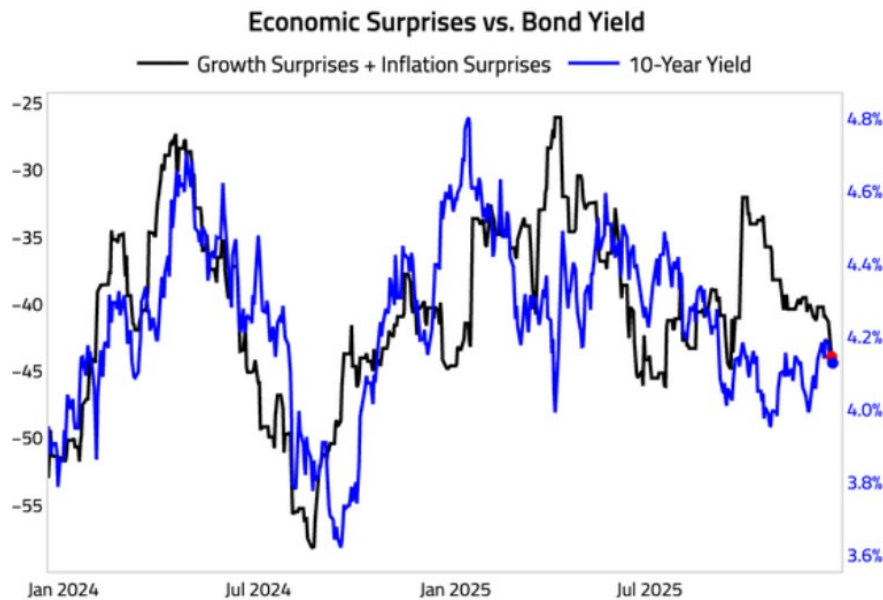
Fixed Income Markets

- Two-year real rates (yields on Treasury Inflation-Protected Securities) have risen even as the Fed lowered short-term rates.



Data is as of 12.19.2025. Sources: Bloomberg, L.P.; The Daily Shots.

- U.S. yields appear to be reasonable given the recent growth and inflation data that have been declining.



Left Y-axis measures Augur Growth Surprise Index and Inflation Surprise Index. Right Y-axis measures U.S. 10-year Treasury yield.
Note: Based on Augur's Economic Surprises Indices. Data is as of 12.19.2025. Sources: Augur; The Daily Shot.

U.S. Economic and Political News

- November Consumer Price Index was up 2.7% year-over-year, which was below analyst expectations for 3.1%; Core prices were up 2.6% year-over-year.

International Markets and News

- European markets (STOXX 600 Index) rose +1.6% as the European Central Bank left the deposit rate unchanged at 2.0% for a fourth consecutive meeting and raised its estimate for annual growth in gross domestic product (GDP) to 1.4% in 2025.
- The Chinese stock market (Shanghai Composite) was flat for the week as November retail sales rose +1.3% year-over-year (slowest pace since the pandemic).
- Japanese equities (Nikkei 225 Index) fell 2.6% as the Bank of Japan expectantly raised its benchmark interest rate by 0.25% to 0.75% (highest level since 1995), citing the increasing likelihood of the central bank's economic outlook being realized.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Limited economic data;
 - Tuesday: Durable Orders, GDP (advance), GDP Chain Price (advance), Capacity Utilization, Industrial Production, New Home Sales, Consumer Confidence;
 - Wednesday: Mortgage Bankers Association, Mortgage Purchase Applications, Jobless Claims;
 - Thursday: Holiday;
 - Friday: Limited U.S. economic data.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The **S&P SmallCap 600®** seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **S&P MidCap 400® Index** provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

The **MSCI ACWI ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets countries. With 1,973 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Augur's Growth Surprise Index and Inflation Surprise Index measure how real economic data (like GDP, employment) or inflation figures compare to market expectations (analyst forecasts), using weighted data to show if the economy/prices are surprisingly strong (positive index) or weak (negative index), offering real-time sentiment indicators for investors.

Technical Terms:

The "**Magnificent 7**" (**Mag 7**) refers to seven dominant, mega-cap U.S. technology companies—Apple, Microsoft, Amazon, Alphabet (Google), Nvidia, Meta Platforms, and Tesla—that significantly drove stock market growth, especially in 2023, due to their huge influence on indexes like the S&P 500.. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. The **Consumer Confidence Index (CCI)** is a measure of the results from the Consumer Confidence Survey administered by the Conference Board that measures consumer attitudes about individual financial prospects. The **Price-to-Earnings Ratio** measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. The **GDP Chain** uses a series of chained price indexes to adjust for inflation, rather than a fixed-base year approach. The **Core Price Index** measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices. **Capacity Utilization** is the manufacturing and production capabilities that are being utilized by a nation or enterprise at any given time. The **Industrial Production Index (IPI)** measures levels of production and capacity in the manufacturing, mining, electric, and gas industries, relative to a base year. (Technical definitions are sourced from Corporate Finance Institute.)

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