

WEEKLY MARKET COMMENTS – DECEMBER 22, 2025 – EXTERNAL

The market ended the week on a strong note on Friday, with the Dow having its best day since December 11 with a gain of 183 to 48,135 although it did end the week slightly lower. More importantly, it did gain for the eighth straight month, and this was the first such occurrence since 2018.

The S&P and Nasdaq ended higher for the week, by 60 points to 6834 and by 301 to 23,307, but as we approach the end of the year, the latter is now down for two consecutive months unless something changes for the better in the time remaining in 2025.

And once again, market darling did well after a couple of lower weeks, and AVGO advanced as well, also after being lower for a while. And how about beaten-down ORCL, who along with two other companies, had signed agreements to form a new TikTok U.S. joint venture.

On the other hand, beaten-down Dow component NKE got clobbered once again, as did LW on weaker than expected reports.

Homebuilders were weak on a report that new home sales slowed for the first time since May.

The U. of Michigan Consumer Sentiment Survey improved a bit from last month, but is way below last year's readings by 30%, due to inflation pressures weakens consumer attitudes. This is in addition to the slowing job market while retail sales are declining as well.

The newest inflation news showed a surprise cooling off of prices in December, with a gain of 2.7%, but observers warned that these numbers were suspect because they were delayed and most likely influenced by the 43- day government shutdown.

Friday was also the heaviest-ever option closeout session with daily, weekly and monthly situations all expiring.

Two stocks reflected the ridiculous moves that can happen with META plunging from 669 at 3:50pm to 659 at the close, and did anything happen fundamentally with this one to cause such a meltdown, and AAPL rose from

270.4 also at 3:50pm to a close three points higher at 273.6 – same thing here. These are both examples of how the options markets can determine the prices of stocks with NO fundamental reasons for it, and it basically become a question of when the option market makers want to maneuver an issue to cause in the money calls and puts to go out of the money and vice-versa, and so be it.

Investors are speculating that the Fed will do nothing at the January meeting and the yield on the 10-year Note rose to 4.15% from 4.11% on Thursday.

Barron's newspaper had an article about the possibility of a strong 2026 once again, with the S&P ahead by 16% so far this year. They expect 13% earnings growth once again in 2026. This number implies \$310 a share which could occur if Fed policy is stable, the economy keeps growing and profit margins continue to expand.

Profit margins should reach 17% this year, higher than 13% in 2019, and could reach 19% in 2026. Much of the improvement comes from information technology, so at 25 times trailing earnings multiplied by \$310, one can predict 7750 as the 2026 price target.

On the other hand, there is the school of thought that says a private credit breakdown or a bursting AI bubble could mess things up. There is a fear that the consensus for economic growth, moderate inflation and declining interest rates could be upended by a further resumption of higher inflation and expanding interest rates. So we will see how all of these predictions unfold as the new year soon gets underway.

This shortened week sees the following economic reports – Tuesday: October durable goods orders, initial estimate of 3Q G.D.P. at 3.2%, down from 3.8% in the 2Q, December Consumer Confidence, estimated to be 91.7, up from November which was the second lowest since the onset of the Covid-19 pandemic.

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