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Quiet week for markets as 2025 ends and new year begins.

Last week was a predictably quiet holiday centric week for the financial markets as we put 2025 in the rearview mirror and ushered in the new year.

An exceptionally light economic and corporate calendar translated to thin volume and minor movements across financial markets where U.S. equity markets lost 1% and treasury bond yields edged slightly higher. As for the year in stocks, 2025 finished with the S&P 500 up 18%, Russell 2000 up 13%, and non-U.S. developed and emerging markets both up 31%. Bond markets also posted healthy gains in 2025 with the Aggregate up 7%, High Yield up 8.6%, and Municipals up 4.25%.

Financial Market Highlights

- 2025 was a great year to own nearly any asset, with the exception of the USD, as U.S. stocks posting a third consecutive double-digit gain, non-U.S. stocks holding onto substantial early 2025 outperformance, extreme precious metals performance, and solid returns for bonds and real assets.

Policy Highlights

- Tariff and foreign policies are expected to continue to be focal points in 2026 with ample geopolitical flash points and constitutional SCOTUS tariff rulings, trade deals, and ongoing tariff rollbacks including a welcomed New Year's Eve announcement on upholstered furniture and kitchen cabinets.
- Monetary policy will also be closely watched in 2026 with a new Chair



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forthcoming and FOMC meeting minutes released last week highlighting an uncertain policy path forward with concerns around inflation and well documented dissents with the December rate cut.

Economic Highlights

- In a year in which U.S. GDP grew approximately 2%, growth is expected to show a dip in 4Q (from a 4.3% 3Q) due to the government shutdown but Q1 should benefit substantially from pent up shutdown effects, increased tax refunds, and weakened IRS tax enforcement.

Bullish Asset Allocation Narratives

- Strong consumption with ample room for the consumer to re-lever and market related wealth effects.
- Growth conducive policies including a less restrictive Fed, fiscal stimulus, and deregulation.
- Robust U.S. corporate earnings growth, profit margins, and forward guidance.
- An AI boom including substantial

capex and longer-term productivity gains/earnings potential.

Bearish Asset Allocation Narratives

- Risks to consumption due to lower/middle class price fatigue (cumulative inflation), higher interest rates (sluggish housing market), and slowing labor markets.
- Reliance on AI stock momentum and capex with unknown ROI and monetization potential alongside circular transactions, debt financed expenditures, and a pivot to asset intensive business models.
- Tariff and immigration policies introducing longer-term structural headwinds on aggregate demand, trade, and hiring alongside shorter-term goods inflation and sectoral level labor inflation.
- Fed policy mistake of being too restrictive (or accommodative) given labor and inflation dynamics.
- Fading U.S. fiscal thrust beyond Q3'26 with constraints on continuing elevated deficit spending.

INSIGHT

SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
Case-Shiller HPI (YoY)	12/30/25	Oct	1.4%	1.0% to 1.2%	1.1%	1.3%
Pending Home Sales	12/29/25	Nov	2.4%	0.7% to 1%	0.8%	3.3%
U.S. GDP (QoQ AR)	12/23/25	Q3	3.8%	2/5% to 3.8%	3.2%	4.3%
PCE (QoQ AR)	12/23/25	Q3	2.5%	2.7% to 3.1%	2.7%	3.5%
Consumer Confidence	12/23/25	Dec	92.9	89.0 to 94.5	91.9	89.1
Industrial Production	12/23/25	Nov	-0.3%	-0.1% to 0.2%	0.1%	DELAYED
Durable Goods Orders	12/23/25	Oct	0.1%	-0.4% to 0.3%	0.1%	0.2%
New Home Sales	12/23/25	Nov	800k	n/a	n/a	DELAYED
Payrolls (MoM)	12/16/2025	Nov	119,000	-20k to 100k	40,000	64,000
Unemployment Rate	12/16/2025	Nov	4.4%	4.4% to 4.7%	4.5%	4.6%
CPI (Headline/Core YoY)	12/18/2025	Nov	2.7% / 2.6%	2.9% to 3.2%	3.1% / 3.0%	2.7% / 2.6%
CPI (Headline/Core MoM)	12/18/2025	Nov	0.3% / 0.2%	0.2% to 0.3%	0.3% / 0.3%	0.2% / 0.2%
PCE YoY (Headline/Core)	12/19/2025	Nov	2.8% / 2.8%	2.8% to 3.0%	2.8% / 2.9%	DELAYED
PCE MoM (Headline/Core)	12/19/2025	Nov	0.3% / 0.2%	0.2% to 0.3%	0.3% / 0.3%	DELAYED
PMI Services	12/16/2025	Dec	54.1	53.0 to 55.1	53.9	52.9
PMI Manufacturing	12/16/2025	Dec	52.2	52.0 to 52.5	52.0	51.8
Retail Sales (Headline/Core)	12/16/2025	Oct	0.2%	-0.2% to 0.4%	0.1% / 0.0%	0.0% / 0.5%
Housing Starts & Permits (M)	12/16/2025	Nov	1.307 / 1.302	n/a	n/a	DELAYED
Housing Market Index	12/15/2025	Dec	38	37 to 40	39	39
Existing Home Sales	12/19/2025	Nov	4.1M	4.1M to 4.25M	4.15M	4.13M
UofM Consumer Sentiment	12/19/2025	Dec	51.0	50.0 to 53.0	52.0	52.9
Employment Cost Index	12/10/2025	Q3	3.60%	3.7% to 3.7%	3.7%	3.5%
JOLTS	12/9/2025	Oct	7.658M	7.10M to 7.30M	7.20M	7.67M
NFIB Small Biz Optimism	12/9/2025	Nov	98.2	97.6 to 98.2	98.0	99.0
ISM Manufacturing	12/1/2025	Nov	48.7	48.3 to 49.3	49.0	48.2
ISM Services	12/3/2025	Nov	52.4	51.8 to 53.2	52.1	52.6
Personal Income	12/5/2025	Sept	0.4%	0.3% to 0.5%	0.4%	0.4%
JPM Global Manufacturing PMI	11/3/25	Oct	50.7	n/a	n/a	XX / 50.8

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INSIGHT

MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	12/31/25	9/30/25	6/30/25
Dow Jones	48382	(0.70)	2.03	4.46	0.68	16.12	Oil (WTI)	57.89	57.89	63.17	66.30
NASDAQ	23236	(1.59)	(0.70)	1.87	(0.02)	21.30	Gold (Mo-End)	4053.28	4053.28	3665.20	3352.00
S&P 500	6858	(1.02)	0.55	2.46	0.21	18.39					
Russell 1000 Growth		(1.77)	(0.94)	0.19	(0.27)	18.44	Currencies	Current	12/31/25	9/30/25	6/30/25
Russell 1000 Value		(0.15)	2.32	4.56	0.90	17.14	USD/Euro (\$/€)	1.17	1.18	1.17	1.17
Russell 2000		(1.51)	1.90	2.35	1.06	13.93	USD/GBP (\$/£)	1.35	1.35	1.34	1.37
Russell 3000		(1.02)	0.65	2.26	0.32	17.70	Yen/USD (¥/\$)	156.63	156.63	147.97	144.17
MSCI EAFE		0.56	3.86	4.73	0.60	32.78					
MSCI Emg Mkts		2.34	4.33	4.97	1.79	37.23	Treasury Rates	Current	12/31/25	9/30/25	6/30/25
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	3.65	3.67	4.02	4.41
US Aggregate	3.89	0.01	0.03	0.07	0.00	0.15	2 Year	3.47	3.47	3.60	3.72
High Yield	6.54	(0.01)	(0.04)	(0.00)	(0.00)	(0.07)	5 Year	3.74	3.73	3.74	3.79
Municipal	3.32	(0.01)	0.03	0.09	(0.00)	0.32	10 Year	4.19	4.18	4.16	4.24
Treasury	3.49	0.17	0.20	0.26	0.17	0.49	30 Year	4.86	4.84	4.73	4.78

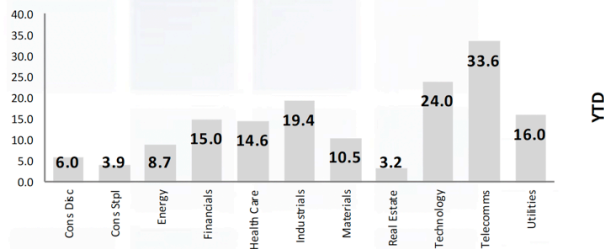
Style Returns

	V	B	G
L	0.90	0.28	-0.27
M	1.16	1.11	0.97
S	0.84	1.06	1.26

MTD

	V	B	G
L	0.90	0.28	-0.27
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YTD



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