Your Weekly Investment
Insights

December 8, 2025

Key **Takeaways:**

- The annual spin on the 12 days of Christmas song; our 2026 wish list!
- Wishing for the fourth straight year of double-digit gains in the S&P 500 Index!
- Five golden rings!
- Can earnings grow in the double-digit range for the third straight year?
- An 11% average tariff rate will help offset spending in the OBBBA.

Our Annual 12 Days of Christmas Wishlist for 2026

As we move towards the end of 2025, we are optimistic about the long term prospects for economic growth. However, we also can not ignore the elevated valuations in the global equity market. In this weekly insights, we offer our traditional spin on the 12 days of Christmas with our wish list for 2026. While some wishes may be overly optimistic, it does not hurt to spread a little holiday optimism!

- **First day of Christmas:** Dysfunction in DC puts a strain on confidence. In 2026, we are wishing for ***one*** cohesive, bipartisan government.

- **Second day of Christmas:** Japan's 10YR bond yield has increased over 80bps in just eight months (~2.0%). We are wishing for the 10 year yield to remain under ***2%*** as a sustained move higher could cause global bond market volatility.

- **Third day of Christmas:** The Federal Reserve has been divided regarding the appropriate path forward for interest rates. While we think it's a bit optimistic due to stubborn inflationary pressures, ***three*** rate cuts in 2026 would be nice!

- **Fourth day of Christmas:** The last time the S&P 500 Index posted double-digit gains for four straight years was between 1995 -1999. While we expect more muted performance, the ***fourth*** straight year of double-digit gains in 2026 would be great for investors!

- **Fifth day of Christmas:** Gold prices are hovering near a record high ($4200/oz). Who wouldn't want ***five*** golden rings?!

- **Sixth day of Christmas:** The 30YR fixed mortgage rate has been above 6% since 2022, a rate below ***6%*** in 2026 could help affordability!

- **Seventh day of Christmas:** Consumer confidence has been under pressure driven by global tariff uncertainties and persistent inflationary pressures. In 2026, we are hopeful consumer confidence will increase ***7%*** to above its long-run historical average.[1]

- **Eighth day of Christmas:** Treasury debt has grown between 8-9%, on average, for the last 50 years. For 2026, we wish for no higher than an ***8%*** increase in debt to avoid volatility in the Treasury market.

- **Ninth day of Christmas:** According to S&P Global, office CMBS delinquency rates are currently at the highest level since the GFC (~10%).[2] Getting this rate back under ***9%*** would show welcome signs of improvement in the commerical real estate space.

- **Tenth day of Christmas:** We are wishing for ***10%*** S&P 500 earnings growth in 2026. It would be the first time the index has reported double-digit earnings growth for three straight years since '03 – '06.

- **Eleventh day of Christmas:** The current average tarrif rate is 14%, and we are still waiting to finalize deals with some key trading partners. While we will not get to the historical average (2% - 3%), having the rate settle at ***11%*** will ease curent tariffs but also bring in revenue to help offset spending in the One Big Beautiful Bill.

- **Twelfth day of Christmas:** A ***12%*** return on the MSCI AC World ex U.S. Index would be above the 30YR median average (11%) and be the second best four-year run for international equities since the lead up to the GFC.[2]

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Past performance is not indicative of future returns.

Key Takeaways:

- Manufacturing activity remains in contraction territory.
- U.S. companies cutting jobs at fastest annual pace since ‘20.
- Fed’s preferred inflation gauge shows slight moderation.
- Global equities rally; EM leads global market performance.
- Bond yields whipsawed by Fed expectations.
- Commodities higher for fourth time in five weeks.

Weekly Economic Recap –

Inflation Moderating but Job Cuts Climb

Manufacturing activity in the U.S., as tracked by the ISM Manufacturing Index, remained in contraction territory (a reading below 50) for the ninth straight month in November. Consumer demand remains subdued, highlighted by the new orders gauge contracting at the fastest pace since July. The prices paid component increased for the first time in five months as price pressures accelerated.

Service sector activity in the U.S., as tracked by the ISM Services Index, increased at the fastest pace in nine months in November. Supplier deliveries increased to the highest level in more than a year and business activity climbed to a three-month high.

Private U.S. companies cut more jobs than expected in November, according to ADP. It was the largest month of job losses since March 2023. Companies with fewer than 50 employees cut the most (120K jobs).

U.S. companies announced ~71K layoffs in November according to a report from Challenger, Gray & Christmas. It was the highest level for the month of November in three years. Year-to-date hiring plans are at the lowest since 2010. The telecom sector led job cuts for the month.

The Fed’s preferred inflation gauge, PCE Core, increased at an annual rate of 2.8% in September, in line with consensus estimates. Goods prices advanced at the fastest monthly pace since January, driven by higher gasoline prices.

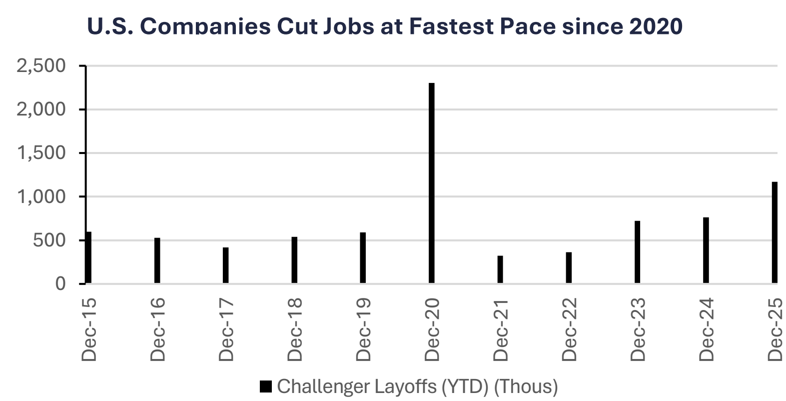
Weekly Market Recap –

Global Equities Rally on Optimism for December Rate Cut

Equities: The MSCI AC World Index was higher for the third time in four weeks as investors’ optimism for a December rate cut from the Federal Reserve increased. Major U.S. averages were all higher with tech and small-caps outperforming. Internationally, emerging markets outperformed their developed market peers. South Korea equities led EM performance after the U.S. announced it was cutting the tariff rate to 15% from 25%.

Fixed Income: The Bloomberg Aggregate Index was lower for the week as bond yields were whipsawed by economic data and expectations for Fed rate cuts. Longer-dated Treasury yields (10YR) moved higher than shorter-dated yields (2YR). The mix was driven by an increase in expectations for a December rate cut, but 2026 expectations declined. Municipal bonds posted losses, but outperformed Treasuries, on increased issuance.

Commodities/FX: The Bloomberg Commodity Index was higher for the second consecutive week due to energy prices surging. Natural gas prices were higher by the most since October as frigid temperatures increased demand. Copper prices advanced to a record high driven by fears of a global supply shortage. U.S. investors are stockpiling the metal ahead of potential new tariffs in 2026.



Footnotes: Data is as of November 2025.
Data Source: FactSet Research Systems, Verdence Capital Advisors.

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Stocks Surge on Rate Cut Hopes

U.S. Equities	Current	1WK	1MO	3MO	1YR	YTD
Dow Jones Industrial Average	47,955	0.6%	1.6%	6.1%	9.0%	14.6%
S&P 500	6,870	0.4%	1.2%	6.3%	14.5%	18.2%
Russell 1000 Growth	4,817	0.5%	-0.2%	6.8%	17.6%	19.8%
Russell 1000 Value	2,066	0.3%	3.1%	4.9%	9.2%	15.4%
Russell 2500	4,329	0.7%	2.8%	3.3%	5.4%	12.7%
Russell 2000	2,521	0.9%	2.4%	5.8%	6.7%	14.5%
Nasdaq	23,578	0.9%	0.4%	8.8%	20.5%	22.9%

International Equities	Current	1WK	1MO	3MO	1YR	YTD
MSCI AC World (USD)	1,011	0.6%	1.4%	6.1%	17.6%	21.8%
MSCI EAFE (USD)	2,831	0.8%	2.3%	4.3%	23.2%	28.4%
MSCI Europe ex UK (USD)	3,170	1.0%	3.1%	5.1%	25.8%	31.7%
MSCI Japan (USD)	4,795	0.3%	2.1%	4.8%	20.8%	24.3%
MSCI UK (USD)	1,532	0.1%	1.6%	4.2%	25.4%	30.4%
MSCI EM (USD)	1,385	1.4%	0.3%	9.0%	28.5%	31.5%
MSCI Asia ex Japan (USD)	902	1.4%	-0.1%	8.4%	28.1%	30.6%

Fixed Income	Current Yield	1WK	1MO	3MO	1YR	YTD
U.S. Aggregate	4.4%	-0.5%	0.5%	0.9%	4.9%	6.9%
U.S. Govt/Credit	4.2%	-0.6%	0.4%	0.8%	4.5%	6.6%
U.S. 10 Year Treasury	4.1%	-0.9%	0.6%	0.7%	4.9%	8.0%
U.S. TIPS (1-10YR)	3.9%	-0.3%	0.3%	-0.1%	6.3%	7.4%
U.S. High Yield	6.6%	0.1%	1.0%	1.4%	7.3%	8.1%
EM Bonds (USD)	5.8%	0.0%	0.5%	2.4%	8.9%	10.6%
Municipal Bonds	3.6%	-0.1%	0.2%	2.8%	2.2%	4.0%

Commodities	Current	1WK	1MO	3MO	1YR	YTD
Bloomberg Commodity Index	281	1.5%	4.5%	10.4%	20.0%	17.9%
Crude Oil (USD/bbl)	$59.6	0.4%	-0.2%	-2.7%	-7.7%	-12.2%
Gold ($/oz)	$4,197.8	-0.7%	5.0%	15.6%	59.6%	60.1%
Copper	$538.2	3.0%	8.5%	19.7%	29.9%	33.5%
Wheat	$535.8	0.6%	-0.8%	-0.6%	-11.9%	-12.3%
U.S. Dollar	99	-0.4%	-0.6%	1.6%	-6.7%	-8.7%
VIX Index	15.4	-5.7%	-14.4%	1.5%	13.8%	-11.2%

Footnotes: Data is as of December 5, 2025.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

[1]: Conference Board: Consumer Price Index
[2]: Great Financial Crisis (2008)

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