



Weekly market update: Tech troubles temper Fed- led rally.

The market and economy

- Major U.S. equity market indexes saw mixed performance during the week ending December 12. Investors were encouraged by the Federal Reserve's (Fed) third interest-rate cut since September, as well as comments from Fed Chair Jerome Powell that were generally less hawkish than anticipated. Both the Dow Jones Industrial Average and the broad-market S&P 500 Index reached record highs during the week. However, the market upturn was offset by weakness in the technology sector. The S&P 500 Index and the tech-heavy Nasdaq Composite Index ended the week in negative territory as shares of Oracle Corp. and Broadcom sold off amid investors' concerns about increased spending on artificial intelligence (AI) data centers and declining AI revenue margins, respectively.
- In a split 9-3 vote, the Federal Open Market Committee (FOMC) reduced the federal funds rate by 25 basis points (0.25%) to a range of 3.50%-3.75% following its meeting on Tuesday and Wednesday. For the first time in six years, there were three dissents. FOMC member Stephen Miran favored a 0.50% rate cut, while Kansas City Fed President Jeffrey Schmid and Chicago Fed President Austan Goolsbee voted to leave the rate unchanged. In a statement announcing the rate decision, the FOMC stated, "Job gains have slowed this year, and the unemployment rate has edged up through September. More recent indicators are consistent with these developments." The Committee also noted that inflation has increased from a four-year low in April and "remains somewhat elevated."
- The Fed's so-called dot plot of economic projections indicated a median federal funds rate of 3.4% at the end of 2026, unchanged from its previous estimate issued in September, signaling that the central bank anticipates just one rate cut next year. The Fed projected that core inflation, as measured by the core personal-consumption expenditures (PCE) price index—which measures the prices that consumers pay for goods and services (excluding volatile food and energy prices) to reveal underlying inflation trends—will rise 3.0% for the full 2025 calendar year (down marginally from the 3.1% forecast in September) and then cool to 2.5% in 2026. Additionally, the FOMC pegged the change in U.S. gross domestic product (GDP) at 1.7% for 2025—up slightly from the projected 1.6% annual growth rate in its previous dot plot. The Fed also raised its estimate of GDP growth for 2026 from 1.8% to 2.3%
- During a news conference following the FOMC meeting on Wednesday afternoon, Fed Chair Jerome Powell said the 0.25% reduction brings the federal funds rate "within a broad range of estimates of its neutral value" that is neither stimulating nor restricting the economy. Regarding the current economic environment, Powell commented that the government may have overestimated employment gains by roughly 60,000 jobs per month since April of this year. "We think there's an overstatement in these numbers," he said. Employment data for October and November, which were delayed by the 43-day government shutdown that ended last month, are scheduled for release on December 16. Additionally, Powell noted that, without the expanded U.S. tariffs on imports, inflation probably would be "in the low 2s." However, he expressed his view that the impact of the levies likely will diminish in the second half of 2026.
- There was notable news during the week regarding the status of the U.S. labor market. According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), open positions in the U.S. edged up by 12,000 (+0.2%) in October (the most recent reporting period) to 7,760,000, and rose 0.7% from the 7,615,000 job openings a year earlier. There were sizeable month-over-month increases in open positions in trade, transportation, and utilities, and healthcare and social assistance. Conversely, there were declines in job openings in professional and business services, finance and insurance, and the federal government.

Stocks

- Global equities recorded modest losses for the week. Emerging markets outperformed developed markets.
- U.S. equities were mixed during the week. Materials and financials were the top-performing sectors, while communication services and information technology were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.19% during the week.
- The U.S. bond market ended the week in negative territory.
- High-yield bonds led the market, followed by government bonds and corporate bonds.

The Numbers as of December 12, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-0.2%	19.9%	16.2%	1008.9
MSCI EAFE (\$)	0.9%	26.3%	22.1%	2855.6
MSCI Emerging Mkts (\$)	0.3%	29.2%	24.9%	1390.0
US & Canadian Equities				
Dow Jones Industrials (\$)	1.0%	13.9%	10.3%	48458.1
S&P 500 (\$)	-0.6%	16.1%	12.8%	6827.4
NASDAQ (\$)	-1.6%	20.1%	16.5%	23195.2
S&P/ TSX Composite (C\$)	0.7%	27.5%	24.1%	31527.4
UK & European Equities				
FTSE All-Share (£)	-0.3%	16.4%	14.5%	5200.0
MSCI Europe ex UK (€)	0.1%	14.3%	11.7%	2018.2
Asian Equities				
Topix (¥)	1.8%	22.9%	23.5%	3423.8
Hong Kong Hang Seng (\$)	-0.4%	29.5%	27.4%	25976.8
MSCI Asia Pac. Ex-Japan (\$)	0.1%	25.5%	21.3%	714.5
Latin American Equities				
MSCI EMF Latin America (\$)	1.2%	47.6%	36.3%	2734.6
Mexican Bolsa (peso)	2.1%	30.7%	26.2%	64712.1
Brazilian Bovespa (real)	2.2%	33.7%	27.5%	160766.4
Commodities (\$)				
West Texas Intermediate Spot	-4.4%	-19.9%	-18.0%	57.4
Gold Spot Price	1.8%	63.6%	59.9%	4294.4
Bond Indexes (\$)				
Bloomberg U.S. Aggregate	-0.2%	6.7%	5.6%	2336.3
Bloomberg Global Aggregate	0.0%	7.7%	6.0%	498.9
JPMorgan Emerging Mkt Bond	0.0%	12.9%	10.9%	1012.6
10-Year Yield Change (basis points*)				
U.S. Treasury note	5	-39	-14	4.19%
U.K. Gilt	4	-5	15	4.52%
German Bund	6	49	65	2.86%
Japan Government Bond	1	85	90	1.95%
Canada Government Bond	3	22	30	3.44%
Currency Returns**				
US\$ per euro	0.8%	13.4%	12.2%	1.174
Yen per US\$	0.3%	-0.9%	2.1%	155.81
US\$ per £	0.3%	6.8%	5.5%	1.337
C\$ per US\$	-0.3%	-4.3%	-3.2%	1.377

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly owned subsidiary of SEI Investments Company.