VIEWS | DECEMBER 19, 2025

Weekly market update: Positive inflation news and tech worries dominate market.

The market and economy

- U.S. stocks saw mixed performance during the week ending December 19, as a late-week market upturn spurred by signs of slowing inflation and a rebound in the technology sector erased much of an earlier slump amid investors' concerns about tech companies' artificial intelligence (AI) expenditures. The tech-heavy Nasdaq Composite Index garnered a positive return for the week, and the broad-market S&P 500 Index eked out a gain. The Dow Jones Industrial Average moved lower.
- According to the Department of Labor, the consumer-price index (CPI) advanced by 2.7% year-over-year in November, down from the 3.0% rise in September and below expectations. (The government did not release inflation numbers for October and month-over-month changes for most items for November as the Bureau of Labor Statistics was unable to collect the data due to the 43-day government shutdown that ended last month.) Fuel oil and electricity costs posted corresponding increases of 11.3% and 6.9% over the previous 12-month period. Prices for new vehicles and gasoline rose just 0.6% and 0.9%, respectively, year-over-year. Core inflation, as measured by the CPI for all items less food and energy, was up by a lower-than-expected margin of 2.6% over the previous 12-month period ending in November—a decline from the 3.0% rate in September.
- On Tuesday, the Department of Labor released employment data for October and November, which were delayed by the government shutdown. U.S. payrolls rose by 64,000 jobs in November, following a decline of 105,000 in October attributable mainly to the 162,000 losses resulting from the ongoing federal government downsizing. The unemployment rate reached a four-year high of 4.6% in November, up 0.2 percentage point from September. The government did not provide an unemployment rate for October as the Department of Labor could not conduct the survey needed to compile the data. The healthcare and construction sectors posted job gains of 46,000 and 28,000, respectively, in November. Conversely, the transportation and warehousing sector shed 18,000 positions during the month, while federal government payrolls contracted by 6,000. Average hourly earnings increased 3.5% year-over-year in November.
- The Census Bureau reported that U.S. retail and food services sales—a gauge of consumer spending—were virtually flat in October, slightly below expectations and down marginally from the 0.1% uptick in September. (The government shutdown has delayed the release of the November report.) Sales increased 3.5% over the previous 12-month period. Furniture and home furnishing stores, sporting goods, hobby, musical instrument, and book stores, and nonstore retailers posted sales gains of 2.3% and 1.9%, and 1.8%, respectively, in October. Conversely, sales for motor vehicle and parts dealers, gasoline stations, and health and personal care stores fell by corresponding margins of 1.6%, 0.8%, and 0.6% for the month.
- The University of Michigan's final Index of Consumer Sentiment for December rose 1.9 points (3.7%) to 52.9, but plunged 23.0 points (28.5%) year-over-year. Consumers' expectations for inflation over the next 12 months dipped 0.3 percentage point to 4.2% in December, while long-run inflation expectations declined 0.2 percentage point to 3.2%. In a statement announcing the survey results, the University of Michigan commented, "Labor market expectations lifted a bit this month, though a solid majority of 63% of consumers still expects unemployment to continue rising during the next year. Despite some signs of improvement to close out the year, sentiment remains nearly 30% below December 2024, as pocketbook issues continue to dominate consumer views of the economy."

Stocks

- Global equities were virtually flat for the week. Developed markets outperformed emerging markets.
- U.S. equities were mixed during the week. Consumer discretionary and materials were the top-performing sectors, while energy and real estate were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield declined to 4.15% during the week.
- The U.S. bond market ended the week in positive territory.
- Government bonds led the market, followed by corporate bonds and high-yield bonds.

As of December 19, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.0%	19.9%	20.1%	1008.4
MSCI EAFE ($)	0.2%	26.5%	27.3%	2861.1
MSCI Emerging Mkts ($)	-1.5%	27.2%	26.5%	1368.5
US & Canadian Equities				
Dow Jones Industrials ($)	-0.7%	13.1%	13.7%	48134.9
S&P 500 ($)	0.1%	16.2%	16.5%	6834.5
NASDAQ ($)	0.5%	20.7%	20.3%	23307.6
S&P/ TSX Composite (C$)	0.7%	28.4%	30.1%	31755.8
UK & European Equities				
FTSE All-Share (£)	2.5%	19.3%	20.3%	5329.5
MSCI Europe ex UK (€)	1.1%	15.6%	15.7%	2040.5
Asian Equities				
Topix (¥)	-1.2%	21.5%	24.7%	3383.7
Hong Kong Hang Seng ($)	-1.1%	28.1%	30.1%	25690.5
MSCI Asia Pac. Ex-Japan ($)	-1.6%	23.5%	22.8%	703.3
Latin American Equities				
MSCI EMF Latin America ($)	-2.3%	44.2%	42.0%	2671.8
Mexican Bolsa (peso)	-1.2%	29.2%	29.9%	63967.0
Brazilian Bovespa (real)	-1.4%	31.7%	30.8%	158473.0
Commodities ($)				
West Texas Intermediate Spot	-1.4%	-21.0%	-19.0%	56.7
Gold Spot Price	1.4%	65.9%	67.9%	4353.6
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.3%	7.1%	7.3%	2344.1
Bloomberg Global Aggregate	0.0%	7.7%	7.7%	498.9
JPMorgan Emerging Mkt Bond	0.3%	13.2%	13.2%	1015.4
10-Year Yield Change (basis points*)				
US Treasury	-4	-42	-42	4.15%
UK Gilt	1	-4	-5	4.52%
German Bund	4	53	59	2.89%
Japan Govt Bond	7	92	95	2.02%
Canada Govt Bond	3	24	12	3.47%
Currency Returns**				
US$ per euro	-0.3%	13.1%	13.0%	1.171
Yen per US$	1.2%	0.3%	0.2%	157.75
US$ per £	0.1%	6.9%	7.0%	1.338
C$ per US$	0.2%	-4.0%	-4.1%	1.380

*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.*

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