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# The Week Ahead



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## THINGS TO WATCH

### December FOMC Minutes

Minutes from the Federal Open Market Committee's (FOMC) December 9-10 meeting, due tomorrow afternoon, are likely to show a preference among policymakers for a slow pace of policy easing in the first half of 2026 after 75 basis points (bps) of rate cuts in the final four months of 2025. As of last Friday, pricing in fed funds futures markets indicated a 15%-20% probability of another 25-bps rate cut at the FOMC's first meeting of the year on January 27-28.

### Peace Talks

Efforts to end the nearly four-year Russia-Ukraine war have intensified but remain unresolved. President Donald Trump said talks with Ukrainian President Volodymyr Zelenskyy made "excellent" progress, citing broad agreement on a 20-point peace framework and U.S.-Ukraine security guarantees, though he stressed that several "thorny" issues persist. Key sticking points include the status of Donbas, demilitarization proposals, and Russia's broader demands. Trump also held calls with European leaders and Vladimir Putin, even as Russia continued large-scale strikes on Kyiv, underscoring the fragility of negotiations.

### Will Cyclical Leadership Continue?

Since November 20, the Goldman Sachs U.S. Cyclical Index—a basket of S&P 500 stocks with above-average sensitivity to domestic GDP growth, excluding energy and materials—has outperformed the U.S. Defensives Index by nearly 11%. Over the same period, the S&P 500 consumer discretionary, financials, and industrials sectors have all surpassed the broader market. Rising optimism around 2026 economic growth, continued Federal Reserve easing, and a rotation away from generative AI leaders have helped support cyclical sector leadership in recent weeks.

### LAST WEEK'S ECONOMIC DATA

	LATEST	3MO PRIOR	CHANGE
GDP (Q/Q Annualized) - 3Q25	4.3%	3.8%	▲
Durable Goods Orders (M/M) - Oct.	-2.2%	-2.8%	▲
Conf. Board Consumer Confidence - Dec.	89.1	95.6	▼
Cont. Jobless Claims (Thousands) - 12/13	1,923	1,916	▲

### INDEX

	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	48710.97	1.20%	16.47%	15.26%
NASDAQ	23593.10	1.23%	23.00%	20.44%
S&P 500	6929.94	1.41%	19.30%	17.53%
MSCI EAFE	2895.36	1.20%	32.29%	31.42%
BB U.S. Aggregate	2349.09	0.21%	7.36%	7.65%

### KEY BOND RATES

	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	3.61%	3.80%	4.27%
10-Year Treasury	4.11%	4.01%	4.63%

### REPORTS DUE THIS WEEK

	LATEST
S&P Cotality CS 20-City U.S. HPI (Y/Y) - Oct.	1.4%
ADP Weekly Employment 4-Week MA - 12/13	11,500
Continuing Jobless Claims (Thousands)	1,923

Total returns are as of 12/26/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

4.3%

U.S. GDP grew at an annualized rate of 4.3% in 3Q25, topping expectations and marking the fastest pace in two years, according to the Bureau of Economic Analysis. Growth accelerated from 2Q25 as consumer spending rebounded, business investment held firm, and net exports increased. While inflation remained above the Fed's target, strong household demand, healthcare spending, and AI-related investment helped sustain economic momentum despite a softening labor market.

10 million

Recent changes to Medicare coverage for GLP-1 weight-loss drugs could significantly broaden access in the U.S. A recent Bloomberg report cited industry estimates suggesting the policy shift may make the medications available to roughly 10 million additional patients—effectively doubling the addressable market. The expansion follows a pricing agreement between the Trump administration and drugmakers Eli Lilly (LLY) and Novo Nordisk (NVO) and reflects eased eligibility criteria.

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