

# Week in review and ahead (vol.52)



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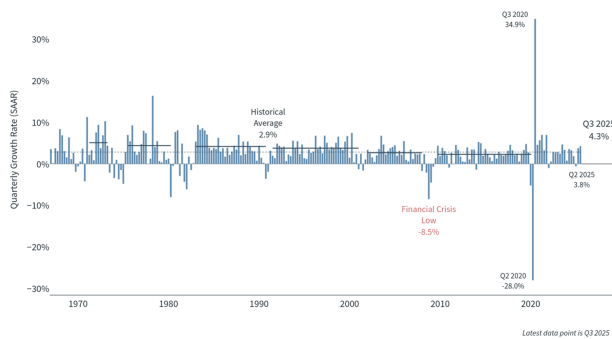
December 27, 2025

Markets advanced during the Christmas holiday-shortened week, buoyed by a stronger-than-expected initial estimate of U.S. Q3 2025 GDP growth at 4.3%, well above forecasts and helping the S&P 500 notch new all-time highs throughout the week. Despite this positive surprise, trading activity remained subdued, with volumes particularly light on Christmas Eve—when markets operated for only half a day—and again on the Friday following the holiday. The much-anticipated Santa Claus rally, historically spanning the final five sessions of the year and the first two of the new year, began on a positive note Wednesday. However, momentum faded by Friday, leaving the week without a sustained advance.

For the week, the S&P 500, Nasdaq Composite, Dow Jones Industrial Average, and Russell 2000 advanced by 1.4%, 1.2%, 1.2%, and 0.2%, respectively. Internationally, most major markets posted gains, with the notable exceptions of the UK and France, which declined by 0.3% and 0.6%, respectively. These losses came amid subdued activity across Europe and Hong Kong, where trading volumes were thin due to the Christmas holiday. Several markets—including Germany, France, and Hong Kong—remained closed on Friday.

## U.S. Economic Growth

Quarterly GDP, seasonally adjusted annual rate

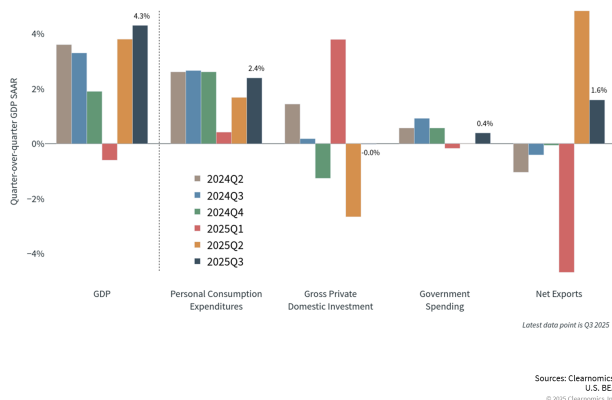


Despite the holiday-shortened week, several delayed key economic reports were released on Tuesday. The initial estimate for U.S. Q3 2025 GDP surprised to the upside, posting robust growth of 4.3%—well above expectations of 3.2% and marking the strongest pace since Q3 2024. The expansion was driven primarily by resilient consumer spending, contributing roughly 2.4 percentage points, while investment was neutral, improving significantly from the prior period's decline. However, inflationary pressures persisted: the price index for gross domestic purchases rose 3.7%, exceeding the 2.8% estimate and accelerating sequentially. Similarly, the PCE price index advanced,

with headline inflation climbing to 2.8% (from 2.1%) and core PCE, excluding food and energy, increasing to 2.9% (from 2.6%).

## GDP Growth Components Over Time

Quarterly GDP growth rate (SAAR) and contributions



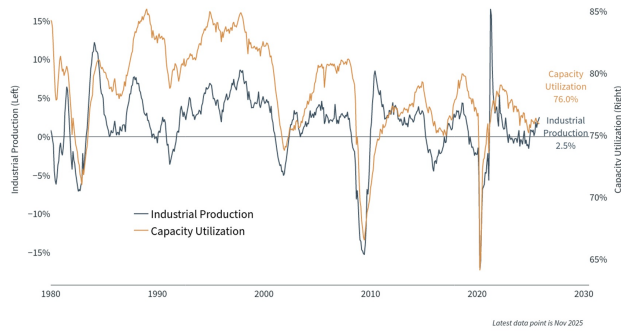
In addition to GDP, delayed industrial production data for October and November showed notable improvement. November output grew 2.5% year-over-year, the strongest since September 2022—following a 2.2% gain in October, both beating estimates. Utilities (+4.8%) and mining (+3.9%) led the gains, while manufacturing rose 1.9% YoY in November. Capacity utilization for October and November came in at 75.9% and 76%, slightly above forecasts but still 3.5 percentage points below its long-term average.

Conversely, U.S. durable goods orders for October fell 2.2% month-over-month, a sharper decline than the expected 1.2%, driven largely by weakness in transportation equipment, particularly a steep drop in aircraft orders. Meanwhile, consumer confidence, as measured by the Conference Board, weakened for the fifth consecutive month, slipping to 89.1 in December from 92.9 in November.

Labor market data remained resilient: initial jobless claims for the week ended December 20 declined to 214,000, better than expectations, and the prior week's 224,000. Continuing claims, however, edged higher to 1.92 million, signaling some softening beneath the surface.

## Industrial Production and Capacity Utilization

Year-over-year changes in seasonally adjusted data



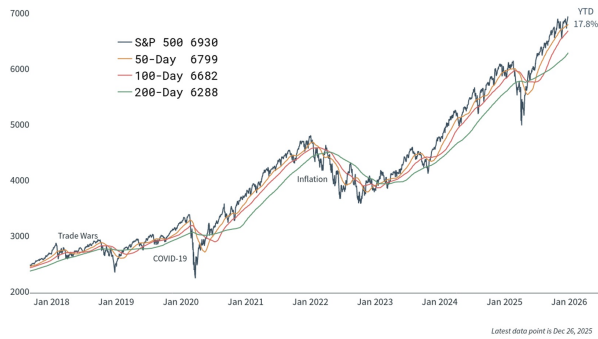
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Next week marks the final trading week of 2025, and attention will center on whether the Santa Claus rally resumes after the S&P 500's modest decline on Friday, particularly early in the week as trading volumes are expected to normalize. On the macro front, Monday brings the delayed report on November pending home sales, followed by Tuesday's release of the Federal Reserve's December FOMC meeting minutes, which markets will scrutinize for policy signals. Trading will once again be shortened, with markets closing early on New Year's Eve and remaining closed on Thursday for the New Year holiday.

Wishing everyone a happy, healthy, and prosperous New Year 2026!

## Stock Market Moving Averages

S&P 500 Index, 50-day, 100-day and 200-day moving averages



Sources: Clearnomics,  
Standard & Poor's  
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