

ON THE EDGE – DECEMBER 2025

Market Review

November was a volatile month for stocks as a rotation away from the AI trade in the earlier part of the period gave way to investors buying the dip on restored expectations for a rate cut in December and turned an intra month loss to a small gain. The bulls and bears were in a tug of war to start out the period as a surprise jobs report that layoffs in the month of October were at a 20-year high had the bulls heading for the exits. AI-related and semiconductor stocks got hit hard which led to the NASDAQ and NDX 100 posting their biggest weekly loss (-3%) since the 'liberation day' selloff in April. The bumpy ride continued as positive signs that the government shutdown was coming to an end powered a rally with the NASDAQ surging 522.64 points (+2.27%), good for its biggest one-day point gain since May. However, disappointing earnings from AI hyperscalers and quantum computing companies led to a rotation into cyclical sectors and sent the DJIA above 48K for the first time, while the NASDAQ was in the red. The DJIA's record run was short lived as comments from several Fed officials that inflation remained too high and that further rate cuts may be pushed out further rattled markets as yields ticked higher and equities took a sharp turn downward. Despite Nvidia (NVDA) surpassing analysts' forecasts and issuing stronger-than-expected guidance for the fourth quarter, volatility surged with the VIX sprinting to the 28-area and left the Philadelphia Semiconductor Index (SOX) tumbling further below its 50-day MA.

Towards the end of the month, a dip in yields kept the major averages mixed as rate sensitive sectors found some buyers. Investors proceeded to pile back into AI-related, Mag 7 and semiconductors which led to a rally for the Philadelphia Semiconductor Index (SOX). Weak economic data handed increased probability of additional rate cuts in December, and the major averages jumped resistance at their respective 50-day moving average (MA) and retraced the entire monthly selloff. Almost every sector participated in the rally that ended with the S&P 500 a little more than +1% from a new all-time high. Investors rotated heavily into safety and cyclical sectors with Health Care (XLV), Consumer Staples (XLP), Energy (XLE) and Real Estate (XLRE) assuming leadership while Technology (XLK), Consumer Discretionary (XLY) and Industrials (XLI), the biggest underperforming market groups for the period.



For the month, the DJIA added 153.55 points (0.32%) and settled at 47716.42. The S&P 500 gained 8.89 points (0.13%) and closed out the month at 6849.09 while the NASDAQ was lower by 359.27 points (-1.51%) and finished at 23365.69. The small cap Russell 2000 added 21.05 points (0.85%) and settled at 2500.43.

Market Outlook

The technical condition of the market improved as the month progressed with the different indexes rallying back above key resistance levels with their old highs back in sight. Several of the different indexes had traded down to their respective 100-day MA and tested their October lows and were oversold by several measures. However, the major indexes held support at the October lows and finished the month back above their 50-day MA and chip shots from their old highs. The different indexes also reversed their Point & Figure Double Bottom chart breakout and are back in a bullish pattern. The technical indicators are now bullish with MACD, a short-term trend gauge, showing a bullish cross, while Momentum, as measured by the 14-day RSI, is bullish and gaining upside strength. The secondary indexes, which include the DJ transportation Index and small cap Russell 2000, outperformed for the month while the Philadelphia Semiconductor Index (SOX) continued to breakout past its 50-day MA, which bodes well for the market going forward. Market technicians like to see those indexes lead the market higher and lower. The DJ Transports broke out of a trading range that has been in place since July and hit its highest mark since January, and the Russell 2000 was less than 1% from a new record high as the month ended.

In addition, we're heading into one of the most positive months for the stock market with the 'Santa Clause' rally usually starting in the second half of the month. We could see some choppy trading however, ahead of the December FOMC meeting on December 8-9, as delayed economic data hits the tape. Despite the labor market holding up better than predicted, key inflation data will be on the slate, and any surprises to the upside could rattle investors and leave a December rate cut shaky. As of the last day of the period, the CME Group FedWatch is projecting an 87% probability of the Federal Reserve cutting a 0.25-point. Finally, market technicians will need to see the different indexes make new highs before ringing the bell that a market pullback is over.

Cyclical Trend Index (CTI): Positive

The CTI is Positive at +9, up fifteen notches from the previous month. The counts for Cycles A, B, C and D are bullish, while Cycle E is bearish. It should be noted that the CTI is projected to remain in a positive configuration into January 2026.

Cycle	Average # Of Weeks In The Cycle	# Of Weeks Since Previous Bottom	Bullish Or Bearish Connotation
A	6 + or -1 Week	1 Week	Bullish
B	18 + or -2 Weeks	1 Week	Bullish
C	36 + or -4 Weeks	1 Week	Bullish
D	72 + or -7 Weeks	33 Weeks	Bullish
E	216 + or -20 Weeks	163 Weeks	Bearish

The following are projected CTI readings through the week ending 12/26/25.

Week Ending	CTI	Connotation
11/28/25 (Actual)	+9	Bullish
12/05/25 (Projected)	+9	Bullish
12/12/25 (Projected)	+9	Bullish
12/19/25 (Projected)	+9	Bullish
12/26/25 (Projected)	+9	Bullish

** The CTI is the total of the plus and minus values assigned to each cycle based on the number of weeks that have passed since their previous cyclical bottom. For a detailed explanation of the market timing models, click "Market Letter Help" at the top of the 'Market Letter'.

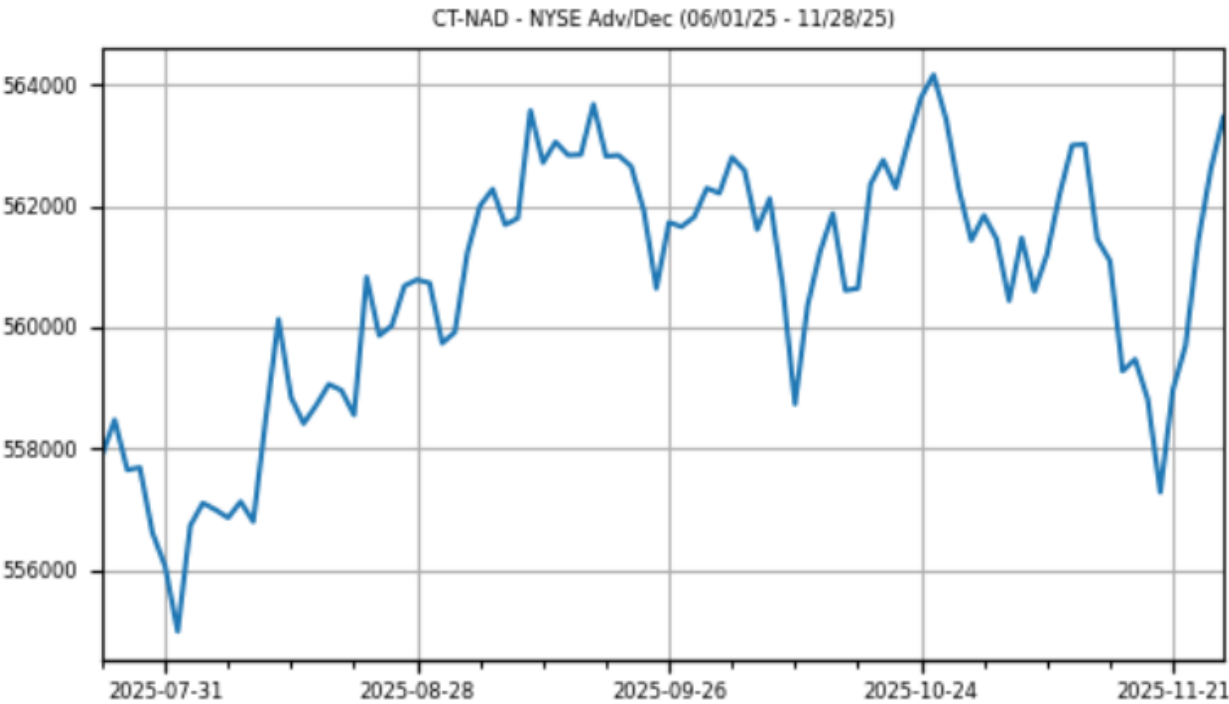
Momentum Index: Positive

As of the close on 11/30/25, the Momentum Index is Positive at +6, up eight notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes vs. the DJIA. Conversely, readings of -4 or lower are regarded as bearish. Below is a chart of the performance of seven of the major broad market indexes included in the Momentum Index vs. the DJIA since the last major cyclical highs.

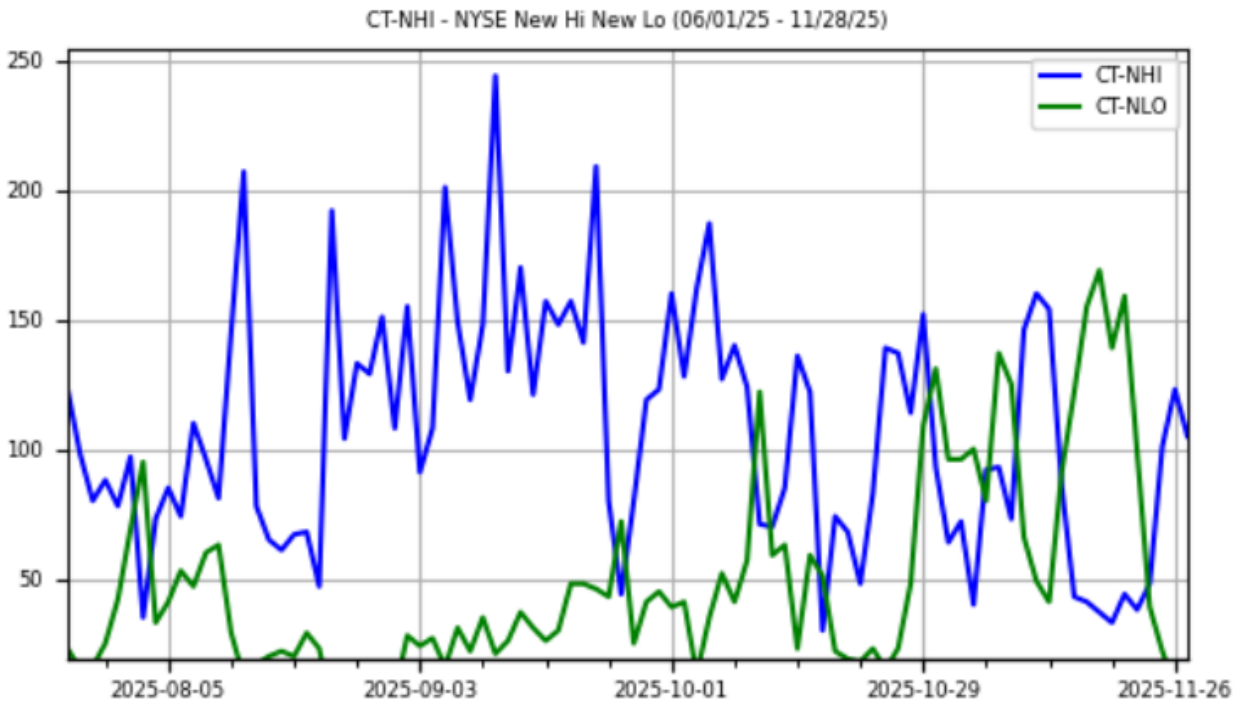
Prev Lows	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
Nov. 2025	45752.26	16013.90	6538.76	20912.89	2305.11	22078.05	1104.18	565824
11/30/2025	47716.42	16585.81	6849.09	21824.67	2500.43	23365.69	1128.32	572000
%Change	+4.3%	+3.6%	+4.7%	+4.4%	+8.5%	+5.8%	+2.2%	+1.1%

Average % Change of the Broad Market Indices: +4.5%

The broader market indexes are up on average +4.5% from their November 2025 closing lows vs. +4.3% for the DJIA resulting in a Positive +6 reading. Breadth was mixed for the month at the NYSE as the Advance/Decline Line added 1622 units vs. a gain of 36 units in October while the number of new 52-week lows exceeded the number of new highs on 11 of 19 sessions. Breadth was negative at the NASDAQ as the A/D line fell by 2195 units vs. a gain of 178 units in October.



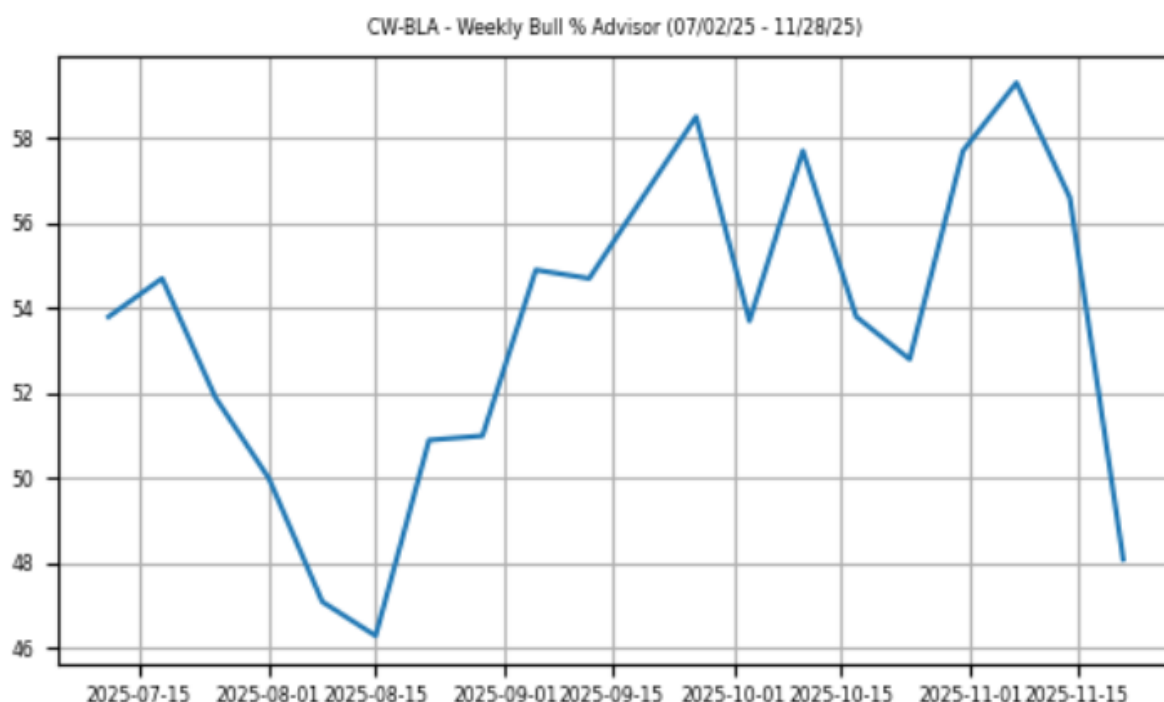
The number of new 52-week lows exceeded the number of new highs at the NASDAQ on 13 of 19 sessions. Finally, the percentage of stocks above their 50-day moving average jumped to 55.7% vs. 46.0% from the previous month while those above their 200-day moving average rose to 65.5% vs. 63.7%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Neutral

The Sentiment Index ended the period at a Neutral +0, up five notches from the previous month. The Sentiment Index tracks thirteen market indicators that measure excessive bullish or bearish conditions prevalent in the market. Whenever the crowd becomes overly optimistic (a bearish condition), the readings from the Sentiment Index will drop into negative ground. Conversely, when fear is rampant (a bullish condition), the index will be in the +3 to +8 area.

NYSE short interest was up +2.2% and 3.0 days of average volume for the period ending 11/14/25 vs. being down -0.5% and 3.0 days of average volume to cover at the end of October. Short interest at the NASDAQ was up +2.0% and 1.9 days of average volume to cover mid-November vs. a -0.3% decrease and 1.6 days average volume to cover on 10/31/25. The Fear and Greed Index (12.0 vs. 37.6) and the AAI Bull-Bear Ratio (0.7 vs. 1.2) are bullish. The Percentage of Bullish Investment Advisors (44.4% vs. 57.7%), the NAAIM Exposure Index (89.9 vs. 100.8), the Bullish-Bearish Investment Advisors Ratio (2.2 vs. 4.3) and VIX, a measurement of fear in the market (16.35 vs. 17.44) are Neutral. The Dividend Yield Spread (-2.62 vs. -2.66), the Percentage of Bearish Investment Advisors (20.4% vs. 13.5%), and the Total Put/Call Ratio (0.96 vs. 0.86) are Bearish.



**To view the charts and graphs of the major market indexes and pertinent technical indicators that are incorporated in the Momentum and Sentiment indexes, go to the Market-At-A-Glance section located under Market Recap on the Market Edge home page.

Market Posture: Positive

Based on the status of the Market Edge, market timing models, the 'Market Posture' is Positive as of the week ending 11/28/2025 (DJIA – 47716.42).

Market Posture Performance 2022-2025

The following is the performance record of the Market Edge 'Market Posture' for 2022 - 2025.

Projected Strong Periods:		Actual Results – DJIA
03/18/22 - 04/29/22 (34754.93 – 32977.21)	DJIA Gain/Loss	-1,777.72
05/27/22 - 06/10/22 (33212.96 – 31392.79)	DJIA Gain/Loss	-1820.17
10/28/22 - 01/13/23 (32861.80 – 34302.61)	DJIA Gain/Loss	+1440.81
03/24/23 - 05/05/23 (32237.53 – 33674.38)	DJIA Gain/Loss	+1436.85
07/21/23 - 08/18/23 (35227.69 – 34500.66)	DJIA Gain/Loss	-727.03
10/13/23 - 12/01/23 (33670.29 – 36245.50)	DJIA Gain/Loss	+2575.21
05/03/24 - 07/12/24 (38675.68 – 40000.90)	DJIA Gain/Loss	+1325.22
08/23/24 - 11/01/24 (41175.08 – 42052.19)	DJIA Gain/Loss	+877.11
12/06/24 - 02/28/25 (44642.52 – 43840.91)	DJIA Gain/Loss	-801.61
04/18/25 - 07/11/25 (39142.23 – 44371.51)	DJIA Gain/Loss	+5229.28
08/22/25 - 10/10/25 (45631.74 – 45479.60)	DJIA Gain/Loss	+152.14
11/28/25 - ??? (47716.42 – ???)	DJIA Gain/Loss	???

Projected Weak Periods:		Actual Results – DJIA
08/26/22 - 10/21/22 (32283.40 – 31082.56)	DJIA Gain/Loss	-1200.84
05/26/23 - 07/14/23 (33093.34 – 34509.03)	DJIA Gain/Loss	+1415.69
08/18/23 - 10/13/23 (34500.66 – 33670.29)	DJIA Gain/Loss	-830.37
01/05/24 - 03/28/24 (37466.11 – 39475.90)	DJIA Gain/Loss	+2009.79
07/19/24 - 08/23/24 (40287.53 – 41175.08)	DJIA Gain/Loss	+887.55
11/01/24 - 12/06/24 (42052.19 – 44642.52)	DJIA Gain/Loss	+2590.33
02/28/25 - 04/18/25 (43840.91 – 39142.23)	DJIA Gain/Loss	-4698.68
08/01/25 - 08/22/25 (43588.58 – 45631.74)	DJIA Gain/Loss	+2043.16
10/24/25 - 11/28/25 (47207.12 – 47716.42)	DJIA Gain/Loss	+509.30

While the CTI is typically regarded as either a Bullish or Bearish connotation, at times mixed readings from several indicators related to the CTI will result in a Neutral - Market Posture. The dates not presented in the above tables were periods where the Market Posture was Neutral. For a closer look at the technical indicators and studies that make up the market timing models, check out the 'Market Letter (Weekly)' located on the Market Edge home page. (www.marketedge.com).

ETF Center:

The top performing ETF categories for the period ending 11/26/25 were Blend-Small Cap, Growth-Small Cap, Specialty Retail, Value-Small Cap, and Specialty-Health. The weakest categories were Blend-Large Cap, Shorts, and Commodity-Energy. To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Rankings: What's Hot (7) – What's Not (23)

Of the 30 Industry Groups that we track, 7 are rated as either Strong or Improving while 23 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 11/26/25. Strongest: Healthcare Products, Metals & Mining, Infrastructure and Healthcare Services. The weakest categories were Paper & Forest Products, Chemicals, Building Materials, and Technology Services. To review all the Industry Group rankings, click on the Industries tab.