

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON MARKETS
AND THE ECONOMY

DECEMBER 2025



FORWARD
WEALTH MANAGEMENT

BIG THOUGHT

Year-ahead outlooks are beginning to circulate as we turn toward 2026, yet December is likely to set the table for monetary policy in the new year. The Fed's upcoming decision—and its tone—will shape how investors handicap the policy path into early 2026. November ultimately delivered a 'round trip' in sentiment: Chair Powell's reminder that a December cut was 'far from certain' reset expectations, triggering a sharp repricing across stocks and bonds. Risk assets quickly gave back roughly 5% in major indices before grinding their way back toward all-time highs. That rebound leaves analysts asking the obvious question: can markets build on 2025's momentum and climb to yet another plateau in the year ahead? A constructive case certainly leans on Fed easing, but it doesn't end there (See Chart of the Month).

DASHBOARD

-  Valuation
-  Trend
-  Economy
-  Inflation
-  Money Flow
-  Credit

BULLISH

- Corporate credit markets not showing stress in spreads, i.e. no recession pricing
- Markets no longer driven by tariff headlines (possible alternative = complacency)
- Fiscal Deficits are historically bullish, and AI should energize productivity (GDP)
- Monetary Policy is supportive as rate cutting cycle underway. QT has ended.

BEARISH

- Economic weakness & global trade restructuring risks negative feed-back loop
- Market valuation at levels last seen in 2000 and speculative behavior is prevelant
- Credit strains appearing in peripheral assets- private lending/BDCs
- Trump's pressure on rates (Powell/Treasury issuance) introduces major source of risk

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CHART OF THE MONTH



Expectations for the new year from Wall Street firms range from good to great. The AI buildout continues, with Morgan Stanley calling 2026 the year of AI adoption. Earnings growth is expected to be robust—not just for tech stocks, but across industries and market capitalizations. Falling rates and a supportive monetary backdrop, continued tailwinds from OBBBA, and a renewed focus on deregulation are all needed to support the bull case. The performance stronghold of Mag7 stocks may be waning. This year we have seen non-U.S. stocks outperform U.S. counterparts, one of three trends we've noted to watch for. Value outperforming growth and small- and mid-caps outperforming large-caps are other trends to watch in the new year. One thing we can say with certainty from this month's chart: markets certainly won't move in a straight line.

ABOUT FORWARD WEALTH MANAGEMENT

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