

Can Stocks Accelerate Into Final 2025 Straightaway?

Stocks have been largely flat of late, with the S&P 500 creeping up ever-so-slightly last week and the Nasdaq Composite showing similarly modest gains. These numbers are the result of improving breadth and **performance in sectors outside of technology**. The larger tech stocks have largely felt pressure in the face of continued concerns about AI, punctuated by recent news from Broadcom (\$AVGO) and Oracle (\$ORCL).

Oracle reported funding issues for its planned Michigan AI center, with Blue Owl Capital notably declining to provide backing despite having frequently done so for Oracle in the past. But as Fundstrat Head of Research Tom Lee reminded us, **this does not necessarily reflect on the viability of the AI thesis**. “Progress in AI will never be a straight line up and to the right,” he pointed out, “and **this setback, to us, seems like a normal course of business**.” He added, “Not every deal will have the same set of partners.”

Similarly, Head of Data Science “Tireless” Ken Xuan seemed **largely unperturbed about Broadcom’s earnings** (and the market’s reaction to them) during our weekly research huddle. “I thought the earnings numbers were fine, they show that the business is still growing,” he told us, though he acknowledged that Broadcom’s ASIC-focused business is arguably more prone to competitive pressures.

Head of Technical Strategy Mark Newton sees near-term constructivism as justified. “It’s interesting that growth projections continue to rise, which would be great for earnings, and inflation appears to be potentially nonexistent. To me, **that’s a real Goldilocks-type scenario for the market, at least in the short run**.”

Though broader indices have not exactly wowed casual observers this week, Newton told us “the market is really not as bad as what the tape has shown.

Breadth in the last two weeks has actually gone straight up,” he continued, with new highs in view for equal-weighted S&P 500, small caps, and Dow transports. “Those are all **very big positives**,” he asserted. The S&P 500 successfully exceeding 6,800 on Thursday gave Newton optimism for a rally over the last two weeks of the year. “This, to me, suggests that we are likely going to 7,000 between now and end of year.”

That’s a call that puts **Newton’s near-term views largely in line with Lee’s**, who wrote that “seasonals remain favorable, and we see at least 5% upside into year-end which implies S&P 500 at 7,000 or more.”

[Editor’s note: FS Insight Snapshot will not publish on Dec. 28, 2025. It will return Jan. 4, 2026. We wish all members of the FS Insight community a happy holiday season and a healthy, prosperous 2026.]

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Sean Farrell's 2026 Crypto Outlook

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Sean Farrell
Head of Digital Asset Strategy



Chart of the Week

**Core Consumer Price Index - Nov 2025**

Expenditure Category	Weight (%)	% YoY Sep '25	% YoY Current	CTG Sep '25	CTG YoY	Delta in CTG
					% Change	
Core CPI	100	3.0	2.6	3.0	2.6	-0.39
Commodities	23	1.5	1.4	0.4	0.3	-0.04
Services ex-Shelter	31	3.3	3.0	1.0	0.9	-0.09
Shelter	46	3.6	3.0	1.6	1.4	-0.24
1 Shelter ex-Hotels	44.6	3.7	3.3	1.7	1.5	-0.18
2 Hospital and related services	2.9	5.8	6.0	0.2	0.2	0.00
3 Household operations	1.3	8.4	11.5	0.1	0.1	0.04
4 Household furnishings and supplies	4.3	3.0	2.6	0.1	0.1	-0.02
5 Motor vehicle maintenance and repair	1.6	7.7	6.9	0.1	0.1	-0.01
6 Professional services	4.5	2.6	2.2	0.1	0.1	-0.02
7 Recreation services	4.1	4.4	2.5	0.2	0.1	-0.08
8 Other personal services	1.9	4.5	4.6	0.1	0.1	0.00
9 Tuition, other school fees, and childcare	3.0	2.9	2.9	0.1	0.1	-0.00
10 Used cars and trucks	2.4	5.1	3.6	0.1	0.1	-0.03
11 Water and sewer and trash collection services	1.4	4.8	4.3	0.1	0.1	-0.01
12 Tobacco and smoking products	0.7	6.9	6.9	0.0	0.0	0.00
13 Internet services and electronic information provide	1.2	0.4	3.9	0.0	0.0	0.04
14 New vehicles	4.5	0.8	0.6	0.0	0.0	-0.01
15 Medical care commodities	1.8	0.7	1.1	0.0	0.0	0.01
16 Alcoholic beverages	1.1	2.0	1.9	0.0	0.0	-0.00
17 Recreation commodities	2.5	0.8	0.6	0.0	0.0	-0.00
18 Motor vehicle parts and equipment	0.6	3.1	2.6	0.0	0.0	-0.00
19 Motor vehicle fees	0.7	1.0	1.2	0.0	0.0	0.00
20 Personal care products	0.8	1.5	0.7	0.0	0.0	-0.01
21 Apparel	3.1	-0.1	0.2	-0.0	0.0	0.01
22 Postage and delivery services	0.1	4.7	4.9	0.0	0.0	0.00
23 Health insurance	0.7	4.2	0.6	0.0	0.0	-0.03
24 Public transportation ex-Airline fares	0.4	-1.5	-0.4	-0.0	-0.0	0.00
25 Car and truck rental	0.2	-5.0	-2.7	-0.0	-0.0	0.00
26 Telephone services	1.9	-1.8	-0.3	-0.0	-0.0	0.03
27 Education and communication commodities	1.0	-4.0	-3.1	-0.0	-0.0	0.01
28 Airline fares	1.0	3.2	-5.4	0.0	-0.1	-0.08
29 Other lodging away from home including hotels and	1.4	-0.8	-5.7	-0.0	-0.1	-0.07
30 Motor vehicle insurance	3.8	3.1	n/a	0.1	n/a	n/a



Our Chart of the Week shows a drill-down of the latest CPI report, comparing November with September. (Due to the federal government shutdown, October 2025 CPI was not compiled.) The latest inflation numbers are supportive of a constructive thesis for stocks as we look forward: Core CPI coming in at 2.6% YoY, significantly lower than consensus expectations of 3.0%. As Fundstrat Head of Research Tom Lee notes, falling inflation arguably leaves the Federal Reserve free to focus on the other part of its dual mandate – supporting a high level of employment. In his view, “this means a Fed ‘put’ is now in place for the economy.” To him, “a Fed put on the economy is bullish for stocks, because the quickest way to strengthen the economy is the wealth effect – for stocks to rise.”

Recent ✂ Flash Insights



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

With 90 minutes left of trading today, **^SPX** remains near the highs of the day and is not giving up gains like it did partially in trading yesterday. SPX should be pushing back to new highs over the next couple weeks and the first area of real importance now on the upside lies near 6900 but should be exceeded into year end if my thinking is correct. Technology is the overwhelming leader today, and the only sector higher by more than +1.50% Meanwhile, Consumer Staples is lower by nearly 1% and generally fits with a risk-on theme as Defensive areas continue to underperform.



MarkNewtonCMT created with TradingView.com, Dec 19, 2025 14:28 UTC-5



TradingView

[Dec 19 • 2:51 PM](#)**Tom Lee, CFA, CFA_{AC}**Head of Research

Nov CPI report released. Came in way under consensus 2.6% YoY vs consensus 3.0% Inflation falling like a rock This is bullish and why we stay constructive on stocks We see S&P 500 7,000-7,300 by year end

[Dec 18 • 10:09 AM](#)**Mark L. Newton, CMT_{AC}**Head of Technical Strategy

Lows to this pullback from early December are likely in place, as **^SPX** has exceeded the minor downtrend from 12/11 highs at 6772 and should begin trending back to highs. CPI came in weaker and as Tom Lee discussed earlier, inflation is “falling like a rock”. Market breadth is nearly 3.5/1 bullish which is a very good sign and should drive SPX up to 6902 and then over to 7000-7100 potentially into year-end. Technology’s 2% rally today along with 1% gains in



Industrials, Discretionary are very good signs to thinking “Mag 7” likely should be bottoming and starting to push back to new highs



Dec 18 • 11:41 AM

FS Insight Video: Weekly Highlight




Key incoming data

- ~~12/15 8:30 AM ET: Dec Empire Manufacturing Survey~~ **Tame**
- ~~12/15 10:00 AM ET: Dec NAHB Housing Market Index~~ **Tame**
- ~~12/16 8:30 AM ET: Nov Non-farm Payrolls~~ **Mixed**
- ~~12/16 9:45 AM ET: Dec P S&P Global Services PMI~~ **Tame**
- ~~12/16 9:45 AM ET: Dec P S&P Global Manufacturing PMI~~ **Tame**
- ~~12/17 9:00 AM ET: Dec M Manheim Used Vehicle Index~~ **Tame**
- ~~12/18 8:30 AM ET: Dec Philly Fed Business Outlook~~ **Tame**
- ~~12/18 8:30 AM ET: Nov Core CPI MoM~~ **Tame**
- ~~12/18 11:00 AM ET: Dec Kansas City Fed Manufacturing Survey~~ **Tame**
- ~~12/18 4:00 PM ET: Oct Net TIC Flows~~ **Tame**
- ~~12/19 10:00 AM ET: Dec F U. Mich. 1yr Inf Exp~~ **Tame**



- ~~12/19 10:00 AM ET: Nov Existing Home Sales~~ **Tame**
- 12/22 8:30 AM ET: Nov Chicago Fed Nat Activity Index
- 12/23 8:30 AM ET: 3Q S GDP QoQ
- 12/23 10:00 AM ET: Dec Conference Board Consumer Confidence
- 12/23 10:00 AM ET: Dec Richmond Fed Manufacturing Survey

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Tom Lee's 2026 Market Outlook

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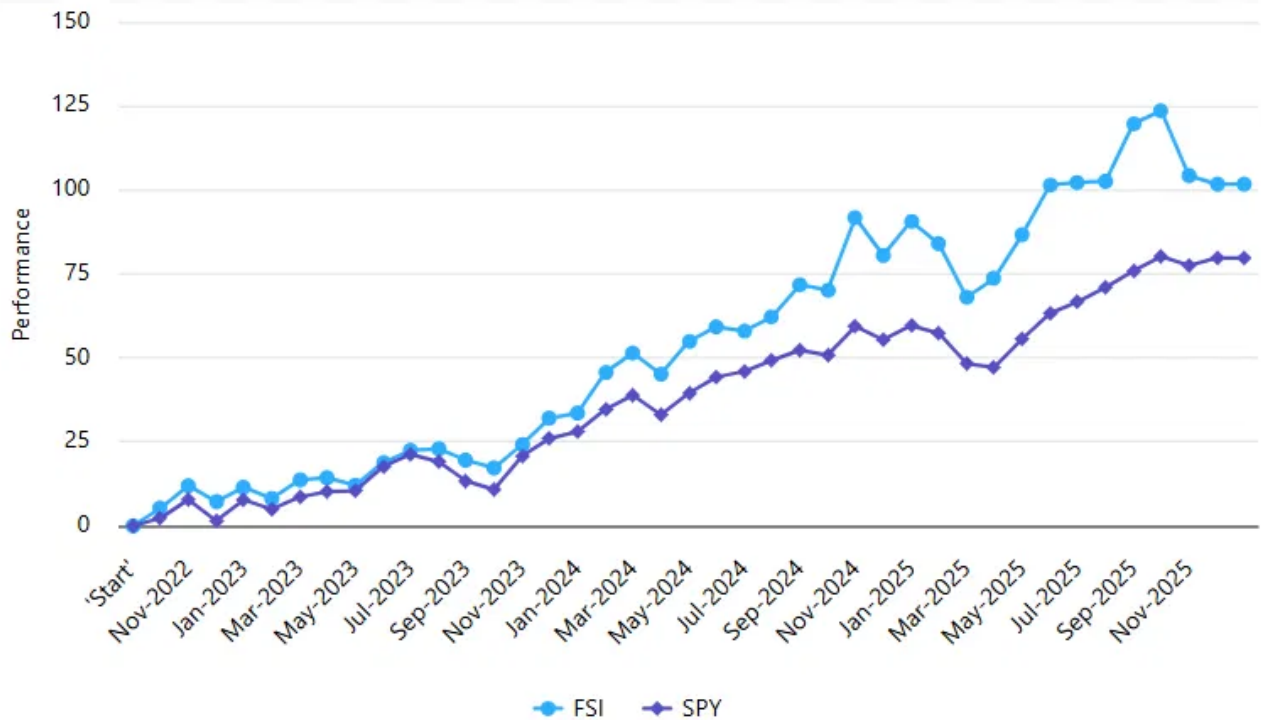
Tom Lee, CFA
Head of Research



Stock List Performance



Upticks vs SPY (Inception to Date)



Highcharts.com

Performance period: October 5, 2022 through December 19, 2025

In the News

Expect AI stocks like Nvidia to rerate higher, says Fundstrat's Tom Lee

Dec 16, 2025



Tom Lee: Why a Rocky Start to December Could Lead to a Year-End Rally



Dec 1, 2025



Mark Newton: Why Markets Will Still Prove Choppy in December

Nov 26, 2025



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