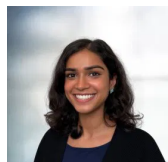


FSI Snapshot

January 4, 2026

Cyclicals and Chip Stocks Rally to Start The New Year

**Hardika Singh**

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

A decline in shares of risky, glitzy companies **didn't bother the S&P 500 too much** but weighed on the tech-focused Nasdaq composite in the new year.

The S&P 500 added 0.2% on the first trading day of 2026, with **eight of the 11 sectors finishing in the green. Cyclical corners of the market**, such as the energy, utilities, and materials sectors, were the top performers on Friday. The broad-based index finished the week down about 1%.

The **Nasdaq composite, meanwhile, was unchanged on Friday**, and the Dow Jones Industrial Average added 0.7%. Over the holiday-shortened trading week, they fell 1.5% and 1.3%, respectively.

Shares of Tesla fell 2.6% Friday, after the electric-vehicle maker reported a second straight annual drop in vehicle deliveries. Instead, **Chinese carmaker BYD is the top seller of EVs across the globe**. Other laggards this week were AppLovin, with shares of the mobile advertising platform down 13%, while **Palantir and Carvana fell 11% and 8.7%, respectively**.

Their stocks have been on a **roller-coaster ride in recent months**, but the losses this week could have been exacerbated by low trading volume, a hallmark of the year-end.

The declines could also be a sign that **investors are reconsidering some of the more risky parts** of their portfolios due to worries about AI companies overspending on capex with no clear path to monetization. AI-related companies were trading sideways during most of the second half of last year.



Among the areas of the market that were in the green on Friday were shares of chipmakers. Nvidia shares rose 1.3% and Intel added 6.7% on Friday. In particular, **memory-chip makers posted a furious rally**, with Micron and SanDisk shares up 11% and 16%, respectively.

As an exception to investors' risk-off mood in 2026, **bitcoin rose 1.3% Friday**. The cryptocurrency faced steep losses in 2025, falling 6.3%.

Editor's Note: As our research heads were on a well-earned holiday break this week, they didn't publish research. We will resume sharing their latest commentaries next week.

▶ Live Webinar with Q&A

FS Insight Macro Update & Top Ideas

Friday, January 9 @ 2pm ET



Tom Lee, CFA
Head of Research



Mark Newton, CMT
Head of Technical Strategy



Chart of the Week



HISTORICAL COMPOSITE: Gains possibly “back-ended” towards YE

2026 *stylized* roadmap

Daily Index Performance in Year +1 After Three Consecutive $\geq +20\%$ Gains
Since 1928



Source: Fundstrat, Bloomberg

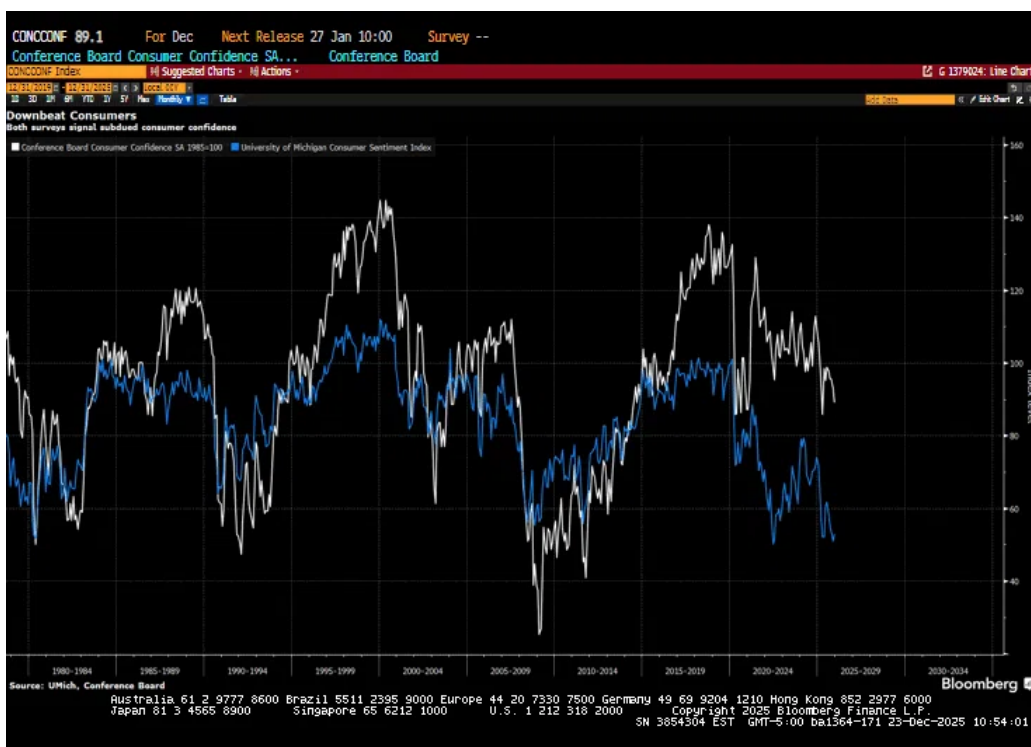
There were few economic reports released over the week, so the Federal Reserve's minutes on Tuesday were in focus, which further showed just how divided officials were on Dec. 10 regarding the final decision to cut interest rates by a quarter-percentage point. With the current Fed chair's term set to finish in May, the expectations are that the new Fed chair will be dovish. Our Chart of the Week has more details on how we expect it to affect stocks this year. The yield on the 10-year U.S. Treasury note was at 4.187% to end the week, compared with 4.137% last Friday.

Recent ✂ FlashInsights



Mark L. Newton, CMT_ AC
Head of Technical Strategy

We continue to be hit with a plethora of Economic data and today's GDP at 4.3% Annualized seen as a huge positive and being driven by Consumption. Exports recorded their strongest quarter in a year, and despite being lagged data, (happening ahead of the Govt Shutdown), this is a reassuring signal for the market. What's interesting though remains the lackluster sentiment of the Consumer, as Consumer Confidence showed nearly the lowest reading in five years. Thus, there's an interesting divergence between the actual spending (consumption) vs. how Consumers "feel". As Tom Lee has noted for months now, however, this remains a very politicized data point, but lackluster sentiment data like this certainly continue to be an arrow in the quiver for the Bulls



Dec 23 • 11:37 AM

Mark L. Newton, CMT_ AC



Head of Technical Strategy

^SPX has now risen to test the highs of this resistance Triangle which was formed in late October nearly two months ago. However, more sectors are lower today than higher and breadth is negative by around a 3/2 margin. (This won't matter to many outside of those who are truly short-term focused) However, some good broad-based representation among today's leaders, as **FCX▲2.38%** **JBL▲5.07%** **GILD▼-0.93%** **AZO▼-3.44%** and **C▲1.78%** are leading today, covering most major sectors. However, Technology is down -0.67% today in equal-weighted terms, while **XLK▲0.28%** is positive, so there's some definite evidence of NVDA's gains helping large-cap tech along with JBL and SNDK. Trends are bullish and QQQ continues to lag performance with QQQ well below initial resistance near 627 and then 637, both being important for QQQ. However, as shown below, SPX is doing better structurally and leading the major indices heading into late December. For now, 6903 will be the "line in the sand" for SPX bulls and I do anticipate an eventual period of catchup for QQQ as NVDA's rally starts to grow stronger into January.



Dec 23 • 11:36 AM

**Mark L. Newton, CMT^{AC}**Head of Technical Strategy**FSLR▲5.02%**

breakout worth following after having exceeded the base that's held this stock range-bound since early November. UPTICKS holding First Solar likely should push higher to test June 2024 peaks initially, near \$306.77, then \$321, \$362. Volume on this breakout is already \$2mm and is likely to be heavier than any time in the last few months. It's right to be bullish, and today's move should lead to upward acceleration, technically speaking.

Dec 22 • 1:32 PM*FS Insight Video: Weekly Highlight*



Key incoming data

- ~~2/22 8:30 AM ET: Nov Chicago Fed Nat Activity Index~~ **Tame**
- ~~12/23 8:30 AM ET: 3Q S GDP QoQ~~ **Tame**
- ~~12/23 10:00 AM ET: Dec Conference Board Consumer Confidence~~ **Tame**
- ~~12/23 10:00 AM ET: Dec Richmond Fed Manufacturing Survey~~ **Tame**
- ~~12/29 10:30 AM ET: Dec Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~12/30 9:00 AM ET: Oct S&P Cotality CS 20-City MoM SA~~ **Tame**
- ~~12/31 2:00 PM ET: Dec FOMC Meeting Minutes~~ **Mixed**
- 1/5 10:00 AM ET: Dec ISM Manufacturing PMI
- 1/6 9:45 AM ET: Dec F S&P Global Services PMI
- 1/7 10:00 AM ET: Dec ISM Services PMI
- 1/7 10:00 AM ET: Nov JOLTS Job Openings



- 1/7 10:00 AM ET: Oct F Durable Goods Orders MoM
- 1/8 8:30 AM ET: 3Q P Nonfarm Productivity QoQ
- 1/8 8:30 AM ET: Oct Trade Balance
- 1/8 8:30 AM ET: 3Q P Unit Labor Costs
- 1/8 11:00 AM ET: Dec NYFed 1yr Inf Exp
- 1/9 8:30 AM ET: Dec Non-farm Payrolls
- 1/9 10:00 AM ET: Jan P U. Mich. 1yr Inf Exp

▶ Replay Now Available

Tom Lee's 2026 Market Outlook

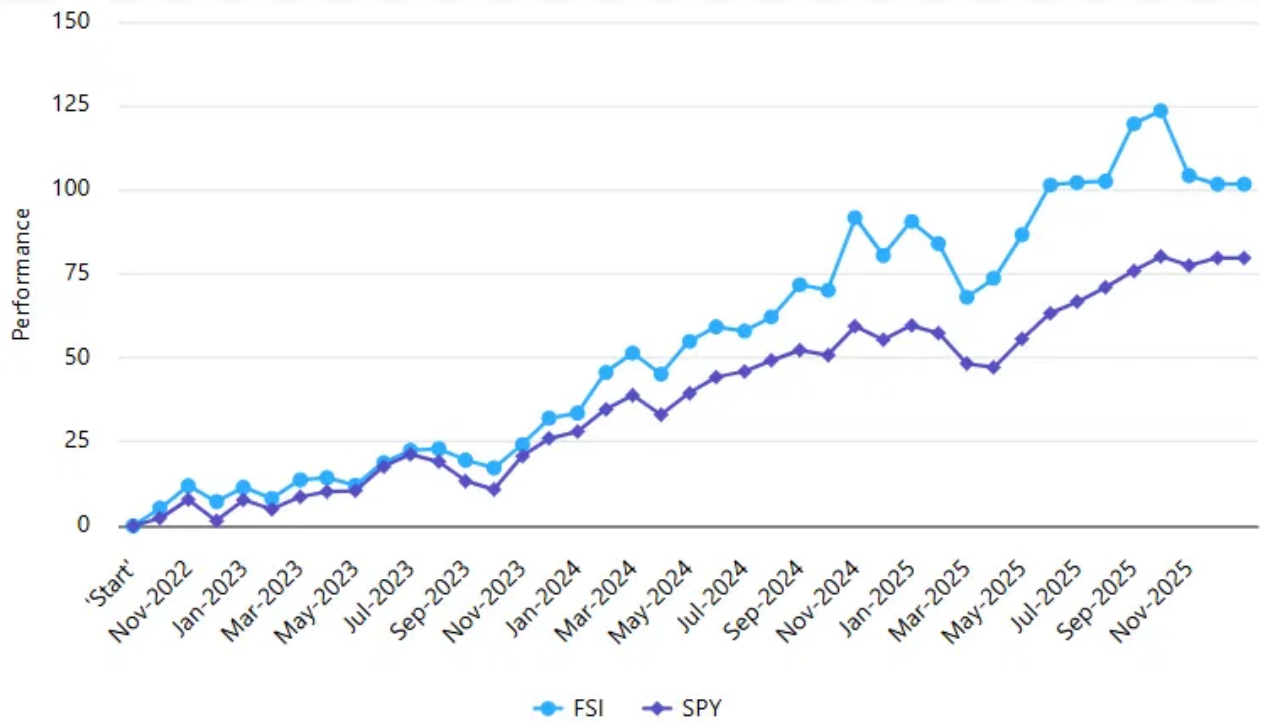
Watch Now

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

Tom Lee on the Santa Rally and 2026 Outlook

Dec 24, 2025



Tom Lee: What 2026 Could Mean for Your Portfolio?



Dec 23, 2025



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

Dec 16, 2025



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