



## MONTHLY MARKET REVIEW – December 2025

|   | Dec 2025 | 1-Year | 3-Years | 5-Years | 10-Years |
|---|----------|--------|---------|---------|----------|
| <b>U.S. Large Cap Equities</b><br>S&P 500                                     | 0.06%    | 17.88% | 23.01%  | 14.42%  | 14.82%   |
| <b>U.S. Small Cap Equities</b><br>Russell 2000                                | -0.58%   | 12.81% | 13.73%  | 6.09%   | 9.62%    |
| <b>Energy Infrastructure Equities</b><br>Alerian U.S. Midstream               | -0.40%   | 2.73%  | 22.65%  | 28.23%  | 12.92%   |
| <b>U.S. Real Estate Equities</b><br>Dow Jones U.S. Select REIT                | -2.47%   | 3.67%  | 8.50%   | 6.65%   | 4.81%    |
| <b>Global Equities</b><br>MSCI All Country World Index                        | 1.04%    | 22.34% | 20.65%  | 11.19%  | 11.72%   |
| <b>Int'l Developed Equities</b><br>MSCI EAFE                                  | 3.00%    | 31.22% | 17.22%  | 8.92%   | 8.18%    |
| <b>Emerging Market Equities</b><br>MSCI Emerging Markets                      | 2.99%    | 33.57% | 16.40%  | 4.20%   | 8.42%    |
| <b>U.S. Taxable Fixed Income</b><br>Bloomberg U.S. Aggregate                  | -0.15%   | 7.30%  | 4.66%   | -0.36%  | 2.01%    |
| <b>U.S. Tax-Exempt Fixed Income</b><br>Bloomberg Municipal Aggregate          | 0.09%    | 4.25%  | 3.88%   | 0.80%   | 2.34%    |
| <b>High Yield Fixed Income</b><br>Bloomberg U.S. Corp High Yield              | 0.57%    | 8.62%  | 10.06%  | 4.51%   | 6.53%    |
| <b>Floating Rate Loans</b><br>Morningstar LSTA U.S. Loan                      | 0.64%    | 5.90%  | 9.35%   | 6.42%   | 5.83%    |
| <b>Collateralized Loan Obligations</b><br>JP Morgan Collateralized Loan Index | 0.51%    | 5.86%  | 8.21%   | 5.39%   | 4.62%    |

- 2025 produced strong total returns for investors and marked the first time since the pandemic where all major asset class index returns were positive.
- Markets were pressured in the first half by trade concerns following U.S.-imposed tariffs but quickly shifted to “risk-on” as investors focused on positive implications from fiscal and monetary stimulus.
- The “everything rally” was led by international equities, which gained over 30%, while U.S. equities contributed nearly 18%.
  - Mag-7 stocks gained 23%, which represented 46% of the S&P 500 return.
  - Growth stocks outpaced value stocks but remained highly overvalued at 30x (P/E).
- Fixed income returns were solidly positive for the year, as high starting yields combined with bond price increases as the U.S. Federal Reserve moved interest rates lower by 175 basis points.
  - U.S. government bonds returned 8.2% (10-year), while the spread between 2-year and 10-year U.S. Treasuries narrowed by 0.38 basis points.
  - Bonds continued to offer an attractive positive real yield, with the 10-year U.S. Treasuries yielding 4.2%, exceeding inflation by 1.6%.
  - High yield bond and loan yields remain elevated, ending the year at 6.5% and 8.1%.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, Federal Reserve Bank of Atlanta, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Bureau of Economic Analysis, Market Watch, PBS.org

| Category       | Comments   |
|----------------|--|
| Growth         | <p>The U.S. economy grew 4.3% (annualized) in the third quarter:</p> <ul style="list-style-type: none"> <li>• The growth rate was unexpected and far exceeded estimates.</li> <li>• Growth was primarily supported by consumers, with spending up 3.5%.</li> <li>• Business fixed investment rose 2.8%; residential fixed investment declined 5.1%.</li> </ul>   |
| Profits        | <p>The 3Q 2025 earnings season:</p> <ul style="list-style-type: none"> <li>• Consensus estimates of year-over-year earnings growth of 13.0%.</li> <li>• Sales 7.6%</li> <li>• Margins 6.4%</li> <li>• Shares (1.0%)</li> </ul>   |
| Jobs           | <p>The November jobs report was weaker than anticipated.</p> <ul style="list-style-type: none"> <li>• U.S. jobs decreased by 41k; 162k drop in federal government employment.</li> <li>• The unemployment rate increased to 4.6%.</li> </ul>   |
| Inflation      | <p>Fed Gauge: Personal Consumption Expenditures Index (PCE):</p> <ul style="list-style-type: none"> <li>• Inflation remained above the Fed's long-term target of 2.0%.</li> <li>• Headline PCE increased to 2.8% in the third quarter, up from 2.1% in 2Q 2025.</li> <li>• Core PCE was 2.9%, up from 2.6%.</li> </ul>   |
| Interest Rates | <p>The FOMC policy rate decreased by 0.25% in December to a range of 3.50%-3.75%:</p> <ul style="list-style-type: none"> <li>• Three voting members dissented (one preferred a 0.50% cut &amp; two to hold steady).</li> <li>• Four non-voting members, set to rotate to voting seats in May, submitted projections in favor of no December rate cut.</li> </ul> |

## CANADA:

- The U.S. dollar index (DXY) **decreased** 1.1% in December and 9.8% in 2025 (see chart below). The U.S. dollar **weakened 4.8%** (YTD) against the Canadian dollar to end the year at an FX of **1.37**.



- The Bank of Canada's policy interest rate was **unchanged** in December to end the year at 2.25%.
- **Core CPI**, referred to as "CPI-trim," **increased** by 0.4% in 2025 to end the year at 2.2%.
- The Bank of Canada will convene in January, with labor market trends and trade-exposed sector results expected to guide any decision on additional rate cuts.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, Federal Reserve Bank of Atlanta, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Bureau of Economic Analysis, Market Watch, PBS.org

## OIL:

- The price of crude oil was \$57.42 per barrel (WTI).
- Oil prices **decreased** \$1.13 per barrel, or 1.9%, in December.
- Crude prices were steady in December and notched higher in early January trading following the U.S. engagement in Venezuela. The ramifications to global oil supply are uncertain at this time but following the planned U.S. takeover of oil production and export infrastructure, analysts expect higher supply and lower prices.
- Oil is forecasted to trade between \$45 and \$65 per barrel over the next 12 months.

| Year | Ave. Price | High     | Low     | % Change |
|------|------------|----------|---------|----------|
| 2025 | \$64.62    | \$78.71  | \$57.13 | -19%     |
| 2024 | \$75.83    | \$87.01  | \$66.37 | 1%       |
| 2023 | \$77.64    | \$93.84  | \$66.74 | -11%     |
| 2022 | \$94.53    | \$123.70 | \$71.59 | 7%       |
| 2021 | \$68.17    | \$84.65  | \$47.62 | 55%      |
| 2020 | \$39.68    | \$63.27  | \$11.26 | -21%     |
| 2019 | \$56.99    | \$66.24  | \$46.31 | 35%      |
| 2018 | \$65.23    | \$77.41  | \$44.48 | -25%     |
| 2017 | \$50.80    | \$60.46  | \$42.48 | 12%      |
| 2016 | \$43.29    | \$54.01  | \$26.19 | 45%      |
| 2015 | \$48.66    | \$61.36  | \$34.55 | -31%     |
| 2014 | \$93.17    | \$107.95 | \$53.45 | -46%     |

## COPPER:

- The price of copper was \$5.68 USD per pound.
- Copper prices **increased** \$0.41 per pound, or 7.8%, in December.
- Copper prices moved steadily higher in December and nearly exceeded the record high set in July. The price increase was attributable to tightening global supply.
- Copper is forecasted to trade between \$5.35 and \$6.00 per pound over the next 12 months.

| Year | Ave. Price | High   | Low    | % Change |
|------|------------|--------|--------|----------|
| 2025 | \$4.86     | \$5.82 | \$4.03 | 41%      |
| 2024 | \$4.23     | \$5.10 | \$3.68 | 3%       |
| 2023 | \$3.86     | \$4.28 | \$3.57 | 2%       |
| 2022 | \$4.00     | \$4.94 | \$3.23 | -14%     |
| 2021 | \$4.24     | \$4.76 | \$3.52 | 27%      |
| 2020 | \$2.80     | \$3.63 | \$2.10 | 26%      |
| 2019 | \$2.72     | \$2.97 | \$2.53 | 6%       |
| 2018 | \$2.93     | \$3.30 | \$2.56 | -20%     |
| 2017 | \$2.81     | \$3.30 | \$2.49 | 32%      |
| 2016 | \$2.20     | \$2.69 | \$1.94 | 17%      |
| 2015 | \$2.49     | \$2.94 | \$2.02 | -25%     |
| 2014 | \$3.11     | \$3.38 | \$2.83 | -17%     |

## ALUMINUM:

- The price of aluminum was \$2,995 USD per tonne.
- Aluminum prices **increased** \$122.35 per tonne, or 4.3%, in December.
- Aluminum prices increased at a consistent pace in December amid signs of tighter supply for manufacturers. China, the world's top producer, reiterated its intention to prevent overcapacity in metal production to quell deflationary pressures.
- Aluminum is forecasted to trade between \$2,800 USD/tonne and \$3,150 over the next 12 months.

| Year | Ave. Price | High    | Low     | % Change |
|------|------------|---------|---------|----------|
| 2025 | \$2,643    | \$2,913 | \$2,340 | 17%      |
| 2024 | \$2,458    | \$2,768 | \$2,159 | 7%       |
| 2023 | \$2,288    | \$2,662 | \$2,122 | 0%       |
| 2022 | \$2,711    | \$3,966 | \$2,103 | -15%     |
| 2021 | \$2,486    | \$3,198 | \$1,954 | 42%      |
| 2020 | \$1,732    | \$2,068 | \$1,427 | 9%       |
| 2019 | \$1,811    | \$1,936 | \$1,706 | -2%      |
| 2018 | \$2,115    | \$2,556 | \$1,817 | -19%     |
| 2017 | \$1,979    | \$2,272 | \$1,686 | 34%      |
| 2016 | \$1,610    | \$1,784 | \$1,450 | 12%      |
| 2015 | \$1,679    | \$1,978 | \$1,436 | -18%     |
| 2014 | \$1,984    | \$2,107 | \$1,840 | 0%       |

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, Federal Reserve Bank of Atlanta, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Bureau of Economic Analysis, Market Watch, PBS.org

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