



## Wall Street Advances with the S&P 500 reaching a New Record, but December Tailwinds Persist, and European Stocks closed mostly lower.

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The U.S. and European equity markets had mixed results Wednesday, with Wall Street extending December's historically favorable seasonal pattern. The S&P 500 advanced 0.3%, while the Nasdaq Composite added 0.2%, keeping major indexes on track for a solid month and another strong calendar year. December performance is reinforcing expectations for a third consecutive year of gains exceeding 15% for the S&P 500. Internationally, Asian markets traded mostly higher overnight, while European equities closed mostly lower. On the economic front, initial jobless claims declined to 214,000, below consensus expectations, signaling continued resilience in the U.S. labor market.

A strong year for diversified investors – 2025 has proven constructive across asset classes, rewarding investors who maintained broad diversification. Global equities posted robust gains, led by international markets, with the MSCI AC World ex-U.S. Index up more than 30% year-to-date, including dividends—its strongest annual performance since 2009. U.S. equities also delivered notable results, with the S&P 500 registering 39 new all-time highs and remaining on pace for a third straight year of returns above 15%. In fixed income, credit-oriented segments outperformed, as U.S. high-yield bonds and emerging-market debt each gained more than 8%. U.S. investment-grade bonds also generated solid returns, tracking gains of more than 7%. The breadth of performance across regions and asset classes reinforces the strategic value of diversified portfolio construction aligned with long-term objectives.

Low confidence has often preceded strong equity returns – Consumer confidence declined to 89.1, its lowest level since the height of trade-policy uncertainty earlier in the year and well below the long-term average near 100. While subdued sentiment may appear concerning, historical patterns suggest otherwise. Over the past three decades, periods when confidence fell between 80 and 90 have often been followed by favorable equity outcomes, with the S&P 500 delivering average 12-month returns of approximately 13%, including dividends. While history is not predictive, our outlook for steady economic expansion and continued earning growth supports a constructive view for equality in 2026. Accordingly, we favor a globally diversified equity overweight relative to bonds as part of a balanced, forward-looking investment strategy.

For a more detailed view, read our report **9 Issues & 9 Answers: Ending 2025 with a Sturdy Global Backdrop and a Constructive Setup for 2026**, by clicking **below:** <https://birlingcapital.com/publications/TS.9Issues9Answers.Ending2025withaSturdyGlobalBackdrop.pdf>

### Economic Data:

- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** fell to 216,750.0, compared to 217,500.0 last week.
- **US Initial Claims for Unemployment Insurance:** fell to 214,000.0, compared to 224,000.0 last week.

- **Continental US Working Natural Gas in Underground Storage WoW:** fell to -167.00B, compared to -177.00B last week.
- **30 Year Mortgage Rate:** fell to 6.21%, compared to 6.22% last week.
- **US Crude Oil Stocks WoW:** fell to -1.274M, compared to -1.812M last week.
- **Japan Business Conditions Composite Coincident Index:** rose to 115.90, compared to 114.90 last month.

#### Eurozone Summary:

- **Stoxx 600:** Closed at 588.70, down 0.03 points or 0.01%.
- **FTSE 100:** Closed at 9,870.68, down 18.54 or 0.19%.
- **DAX Index:** Closed at 24,340.06, up 56.09 points or 0.23%.

#### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 48,731.16, up 288.75 points or 0.60%.
- **S&P 500:** closed at 6932.05, up 22.26 points or 0.32%.
- **Nasdaq Composite:** closed at 23,613.30, up 51.46 points or 0.22%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,028.96, down 23.39 points or 0.58%.
- **Birling Capital U.S. Bank Index:** closed at 9,311.29, up 39.24 points or 0.42%.
- **U.S. Treasury 10-year note:** closed at 4.15%.
- **U.S. Treasury 2-year note:** closed at 3.47%.

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