



December 15, 2025

A Dovish Hawkish Rate Cut

The FOMC (Federal Open Market Committee) concluded its regular monetary policy meeting last Wednesday and announced a highly anticipated and eagerly awaited rate cut.

It agreed to cut the Federal Funds rate by 25 bps to 3.50%-3.75%. But the Committee is not expecting many more interest rate cuts into 2026 – this was the hawkish side of their announcement and action.

Separately, the Fed ended Quantitative Tightening (QT) on December 1, halting the runoff of securities from its balance sheet – a process that had been draining liquidity from financial markets. At the FOMC meeting, the Fed also signaled a willingness to provide additional liquidity by purchasing Treasury bills, reflecting seasonal funding pressures, which tend to put upward pressure on interest rates as businesses wind down activity toward year-end.

In addition, seasonal tax payments from December through April also tend to put upward pressure on interest rates as demand for capital rises. To ease this pressure and prevent rates from rising as liquidity tightens, the Fed announced plans to purchase Treasury bills over the next 6 months, with estimates ranging from \$500 billion to \$550 billion, to maintain what it calls an “ample reserves regime.”

While the Fed has stated that this program does not constitute Quantitative Easing (QE), some market observers are calling it “QE-lite.” This was the dovish side of the FOMC meeting.

The equity market responded positively, but a rally was eventually stolen by the market’s disappointment in the Grinchy earnings announcements from Oracle (ORCL) and Broadcom (AVGO).

Productivity A Key Measure For Future Economic Growth & Inflation

There was another notable insight from the Fed meeting last week. Near the end of his press conference on Wednesday, Fed Chair Jerome Powell remarked, “I never thought I would see a time when we had, five, six years of 2% productivity growth. We are definitely seeing higher productivity.” Average nonfarm productivity from 1Q2019 Q1 to 2Q2025 (the most recent figure) has averaged 2.05%. Powell indicated that he thought part of the more recent gains might be attributable to artificial intelligence (AI) and that he expected more to come; this is reminiscent of Alan Greenspan’s remark in 1998 that the U.S. was experiencing a “once-in-a-century acceleration of innovation.” This would be the second such event in less than half a century, possibly a larger gain in productivity than in the 1990s.

Gains in productivity historically deliver higher corporate profits, higher wages and salaries, higher asset prices and lower inflation.

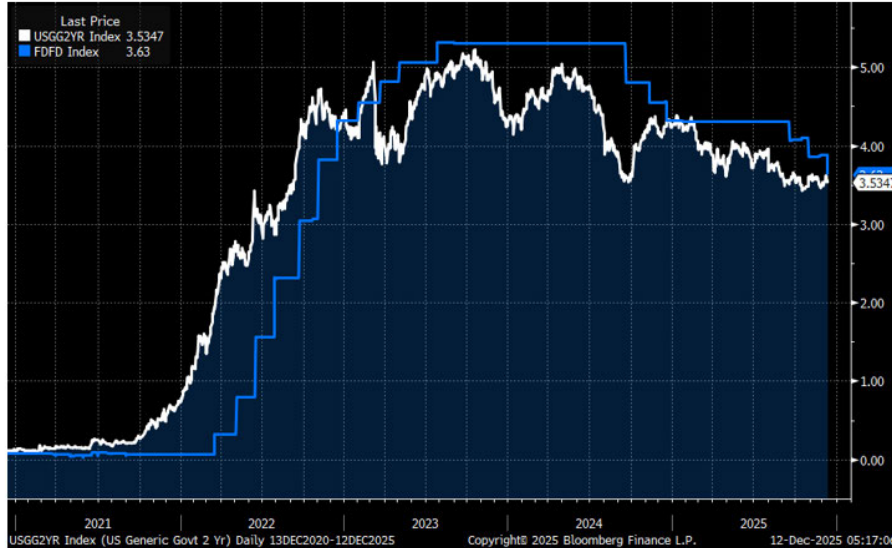


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2-Year Treasury Yields Leads The Trend In The Fed Funds Rate

The 2-Year Treasury yield generally leads the Fed Funds rate and this time is no different. We still expect interest rates to trend down going into 2026. The Fed providing \$50 billion of liquidity monthly should support rates falling.

2 Year Treasury Yields (White) Led Fed Funds (Blue) Lower



Source: Bloomberg, December 12, 2025

Breakout In Bank Stocks, Fed Eases & Yield Curve Steepens

The Fed's latest policy actions – including a 25-basis-point rate cut, the end of Quantitative Tightening (QT), and the introduction of so-called “QE-lite” – serve to boost bank profits and equity shares through several key drivers:

- Abundant liquidity reserves, which ease funding costs and support lending and investment activity;
- Yield-curve steepening, as short-term rates decline faster than long-term rates, widening net interest margins (NIMs) as banks fund cheaply at the short end while earning higher yields on longer-dated assets;
- Improved economic activity, as lower rates stimulate loan demand (including mortgages and business credit), reduce credit losses, and lift fee-based income; and
- Positive market sentiment, which supports rallies in bank stocks on expectations of sustained profitability and a resilient economy.

Financials, particularly the Banks, remain our favored area in Value.

KBW Bank Index Breaks To New All-Time Highs



Source: Bloomberg, Annotations By Sanctuary Wealth, December 14, 2025



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Silver Linings For The Holidays: Silver Has Broken Out

Silver prices have undergone a dramatic breakout, surging over 100% year-to-date to record highs. Last Tuesday, with unprecedented volatility and momentum, Silver smashed through the \$60 per troy ounce barrier for the first time. This rally, outpacing Gold's 60% gain, stems from a "perfect storm" of factors: structural supply deficits for the fifth consecutive year, booming industrial demand, ETF inflows (\$2 billion so far in Q4), and a weakening U.S. dollar. Technically, Silver broke a multi-decade trading range above \$50-\$55 resistance in late October, with the gold-silver ratio collapsing to 71.9 (favoring Silver), signaling potential targets of \$80-\$100+ in 2026 – if momentum holds.

Unlike the speculative frenzy of the 1980s – when brothers Nelson Bunker Hunt and William Herbert Hunt amassed roughly one-third of the global silver supply through futures and physical hoarding – this year's breakout is driven by fundamentals. Industrial and broad-based financial demand, rather than leveraged hoarding, is fueling the move, resulting in lower leverage risk despite similar delivery strains.

Metals in general have entered a secular bull market. We remain bullish on Silver.

Silver Enters A Secular Bull Market



Source: Bloomberg, Annotations By Sanctuary Wealth, December 14, 2025



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The Ratio Of Silver To Gold Could Rise, Appearing To Have Bottomed, Favoring Silver

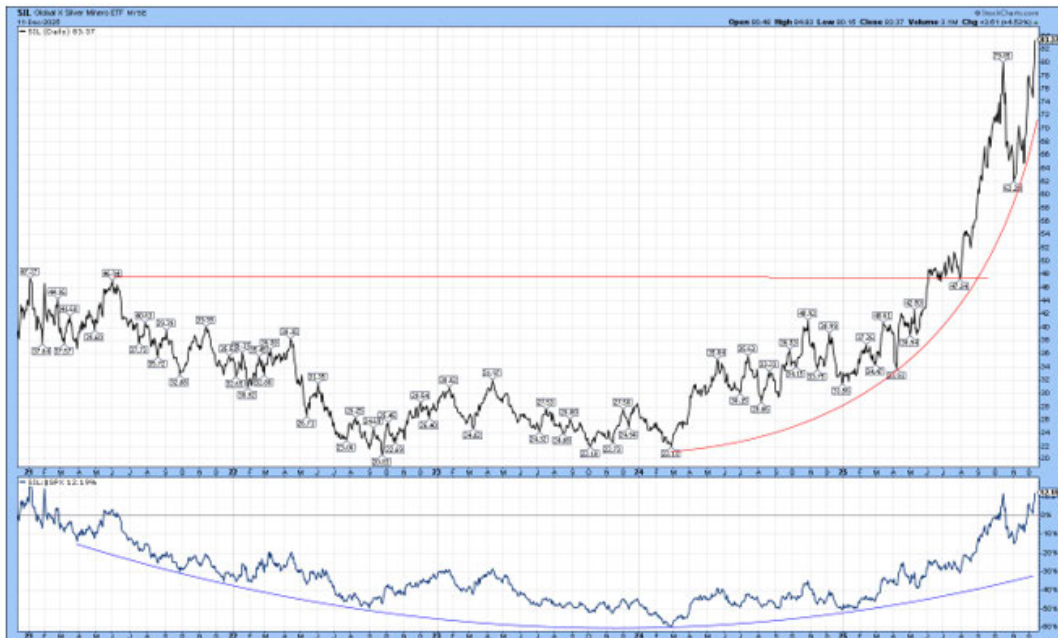


Source: St Louis Federal Reserve Bank, MacroTrends, Bloomberg, Sanctuary Wealth, December 10, 2025

The Rise In Silver Prices Has Boosted Silver Miners

Just as rising gold prices have boosted gold mining stocks, the rise in silver prices has boosted silver miners, too.

Global X Silver Miners ETF (SIL) (Top) With Relative Price (Bottom)



Source: StockCharts.com, Annotations By Sanctuary Wealth, December 11, 2025



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Semiconductors And Mag 7 May Be Entering A Correction

Semiconductors and the Mag 7 have not been able to break to new highs and hold those levels. Price momentum for both groups, based on the 14-day stochastic, also looks to be peaking. We may be entering a correction. The good news is that the S&P 500 advance-decline line reached a new record high confirming the Bull is still charging. But the market may just have some bucking to get through.

VanEck Semiconductor ETF (SMH) With 14-Day Stochastic



Mag 7 With 14-Day Stochastic





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S&P 500 Advance-Dcline Line Reaches Record High



SEC Moves To Boost Tokenization Of Assets – Another Sign We Are In The Digital Era

The Depository Trust Company (DTC) is a central securities depository of the U.S. National Market System. DTC annually settles transactions worth hundreds of trillions of dollars, processes hundreds of millions of book-entry deliveries, and custodies millions of securities issues worth tens of trillions of dollars.

DTCC, through subsidiaries including DTC, is at the forefront of bridging traditional finance (TradFi) with blockchain technology through its tokenization initiatives. Tokenization involves creating digital representations (tokens) of real-world assets (RWAs) like stocks, bonds, ETFs, and Treasuries on blockchains, enabling benefits such as 24/7 trading, instant settlement, fractional ownership, and programmable smart contracts while preserving legal entitlements and investor protections.

A major breakthrough occurred Thursday when DTCC received a No-Action Letter (NAL) from the U.S. Securities and Exchange Commission (SEC). This three-year authorization allows DTCC, through DTC, to offer a controlled production service for tokenizing DTC-custodied assets on pre-approved blockchains, starting with a rollout in the second half of 2026. The service will initially focus on highly liquid securities, such as components of the Russell 1000 index, ETFs, and U.S. Treasuries, extending DTC's existing custody and record-keeping capabilities to the blockchain without altering ownership rights. This builds on DTCC's broader digital assets strategy.

DTCC's move, implemented through DTC, is a proactive adaptation to safeguard its central role in post-trade infrastructure amid the rise of blockchain-based direct trading, which threatens to disintermediate traditional custodians like DTC. By integrating tokenization, DTC isn't just reacting, it's embedding itself into the decentralized ecosystem to evolve rather than be bypassed.



DTCC Authorized to Offer New Tokenization Service, Paving the Way to Tokenized DTC-Custodied Assets



Provided by Business Wire • Dec 11, 2025, 4:23:00 PM

DTCC Authorized to Offer New Tokenization Service, Paving the Way to Tokenized DTC-Custodied Assets

DTC Receives No-Action Letter from SEC to Offer New Service to Accelerate Adoption of Digital Assets

Industry Partnership & Collaboration Will Continue to Underpin DTCC's Efforts to Help Lead Transition to Digital Markets

Source: MorningStar, December 11, 2025



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Sector Readings: Information Technology Strongest, Real Estate Weakest

Information Technology took back the top spot last week, switching places with Communication Services. These two sectors have swapped the top two positions for the past 26 weeks, beginning June 13. Healthcare, Financials and Consumer Discretionary have been improving. Real Estate is now in last place, followed by Consumer Staples and Materials.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Dec 12	Dec 5	Nov 28	Nov 21	Nov 14	Nov 7	Oct 31	Oct 24
Consumer Discretionary	3	4	6	7	7	5	3	5
Consumer Staples	10	11	11	10	11	11	11	11
Energy	8	7	7	6	5	7	8	10
Financials	6	8	8	8	8	8	7	7
Health Care	4	3	3	3	3	6	6	6
Industrials	5	5	5	5	6	4	4	4
Information Technology	1	2	2	2	1	1	1	1
Materials	9	9	9	11	10	10	10	9
Communication Services	2	1	1	1	2	2	2	2
Utilities	7	6	4	4	4	3	5	3
Real Estate	11	10	10	9	9	9	9	8

Source: Bloomberg, Sanctuary Wealth, December 12, 2025



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OBOS List: Health Care Overbought; Materials, Real Estate, And Consumer Staples Near Oversold

Health Care is outright overbought this week, but no sectors are near overbought. There are no outright oversold sectors, but Materials, Real Estate, And Consumer Staples are near oversold. The market continues to correct the strongly divergent overbought and oversold conditions we saw over the past many months.

Our tactical sector rotation model uses the S&P 500 GICs sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 5 December 2025

rank	S&P Sector	<i>normalized</i> Oscillator
1	Health Care	1.2044 <i>Overbought</i>
2	Communication Services	0.2996 <i>Neutral</i>
3	Industrials	-0.0135
4	Information Technology	-0.0422
5	Energy	-0.0597
6	Financials	-0.2242
7	Utilities	-0.3793
8	Consumer Discretionary	-0.5287 <i>Neutral</i>
9	Consumer Staples	-0.7737 <i>Near Oversold</i>
10	Real Estate	-0.8846
11	Materials	-0.8848

Source: Bloomberg, Sanctuary Wealth, December 12, 2025



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Market Performance: Silver Is The Best Performing Asset Year-To-Date, Followed By Gold; Communication Services The Best Performing Sector

	Last 12/12/2025	Month End 11/28/2025	Month to Date	Quarter End 9/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 12/12/2024	Year To Year
S&P 500	6827.41	6849.09	-0.3%	6688.46	2.1%	5881.63	16.1%	6051.25	12.8%
NASDAQ Composite	23195.17	23365.69	-0.7%	22660.01	2.4%	19310.79	20.1%	19902.84	16.5%
NASDAQ 100	613.62	619.25	-0.9%	600.37	2.2%	511.23	20.0%	526.50	16.5%
Russell 2000	2551.46	2500.43	2.0%	2436.48	4.7%	2230.16	14.4%	2361.08	8.1%
S&P Consumer Discretionary Sector	1936.82	1915.26	1.1%	1917.97	1.0%	1831.16	5.8%	1912.67	1.3%
S&P Consumer Staples Sector	879.34	882.17	-0.3%	871.10	0.9%	853.65	3.0%	889.80	-1.2%
S&P Energy Sector	692.03	686.63	0.8%	682.82	1.3%	654.85	5.7%	680.99	1.6%
S&P Financial Sector	911.66	885.58	2.9%	896.86	1.7%	804.44	13.3%	823.00	10.8%
S&P Health Care Sector	1791.00	1833.52	-2.3%	1623.95	10.3%	1604.75	11.6%	1639.13	9.3%
S&P Industrials Sector	1323.34	1298.52	1.9%	1306.11	1.3%	1115.65	18.6%	1161.94	13.9%
S&P Information Technology Sector	5645.84	5700.38	-1.0%	5612.00	0.6%	4609.52	22.5%	4678.52	20.7%
S&P Materials Sector	568.07	563.10	0.9%	570.71	-0.5%	529.77	7.2%	564.26	0.7%
S&P Real Estate Sector	256.27	262.34	-2.3%	264.79	-3.2%	255.92	0.1%	269.11	-4.8%
S&P Communications Sector	446.19	457.25	-2.4%	422.60	5.6%	341.66	30.6%	356.02	25.3%
S&P Utilities Sector	432.45	458.15	-5.6%	443.18	-2.4%	384.95	12.3%	391.50	10.5%
S&P 500 Total Return	15172.13	15211.14	-0.3%	14826.80	2.3%	12911.82	17.5%	13275.24	14.3%
3 month Treasury Bill Price	99.10	99.05	0.0%	99.01	0.1%	98.92	0.2%	98.92	0.2%
3 month Treasury Bill Total Return	267.53	267.08	0.2%	265.32	0.8%	256.97	4.1%	256.36	4.4%
10 Year Treasury Bond Future	112.17	113.34	-1.0%	112.50	-0.3%	108.75	3.1%	110.38	1.6%
10 Year Treasury Note Total Return	315.27	318.10	-0.9%	313.63	0.5%	293.94	7.3%	297.66	5.9%
iShares 20+ Year Treasury Bond ETF	87.34	90.21	-3.2%	89.37	-2.3%	87.33	0.0%	91.08	-4.1%
S&P Municipal Bond Total Return	288.89	289.46	-0.2%	285.56	1.2%	278.14	3.9%	280.76	2.9%
iShares S&P National Municipal Bond NAV	106.75	107.22	-0.4%	106.35	0.4%	106.40	0.3%	107.61	-0.8%
S&P 500 Investment Grade Corporate Bond Total Return	497.25	500.63	-0.7%	495.91	0.3%	465.24	6.9%	471.35	5.5%
S&P Investment Grade Corporate Bond	92.56	93.25	-0.7%	93.02	-0.5%	90.28	2.5%	91.55	1.1%
S&P Investment Grade Corporate Bond Total Return	530.66	533.78	-0.6%	528.51	0.4%	495.89	7.0%	501.69	5.8%
SPDR Bloomberg High Yield Bond ETF	97.07	97.65	-0.6%	97.99	-0.9%	95.47	1.7%	96.73	0.4%
iShares iBoxx High Yield Corporate Bond ETF	80.57	80.99	-0.5%	81.19	-0.8%	78.65	2.4%	79.64	1.2%
Gold	4299.63	4239.43	1.4%	3858.96	11.4%	2624.50	63.8%	2680.73	60.4%
Bitcoin	90200.10	90914.64	-0.8%	114640.81	-21.3%	93714.04	-3.7%	99787.04	-9.6%
Silver	61.96	56.50	9.7%	46.65	32.8%	28.90	114.4%	31.00	99.9%

Source: Bloomberg, Sanctuary Wealth, December 12, 2025

Bewitched: Will Nonfarm Payrolls And CPI Data Cast A Spell?

This week brings delayed data, Witching Day dynamics, and more discussion on digital markets.

The federal government continues to catch up on economic data delayed by the shutdown earlier this fall. On Tuesday, we'll see the November Nonfarm Payrolls report, followed by the November Consumer Price Index (CPI) release on Thursday. Fed Chair Powell warned last week that these reports "could be distorted" by interruptions in survey data.

Friday is "Witching Day," a term dating back to the old "Triple Witching Days" of decades past, when futures, options, and options on futures expired simultaneously, often leading to violent end-of-session volatility on the third Friday of quarter-ending months. While settlements are now more dispersed and additional expirations have been added, the day is still commonly referred to as "Quadruple Witching Day," or simply "Witching Day." Equity trading volume is often higher than normal, which can sometimes amplify volatility, though typically less dramatically than in the past.

An unusual event occurs this afternoon, as the SEC's Crypto Task Force is set to host a public discussion forum led by Commissioner Hester Peirce. The forum will address policy issues at the intersection of financial surveillance, privacy protections, and innovation in crypto and related technologies. Panels will feature experts from security protocol developers, blockchain firms, legal scholars, and advocacy groups, with a focus on surveillance, privacy, and broader stakeholder interests. The event will stream live on the SEC's website.



Calendar

Mon.

8:30 am Empire State manufacturing survey
9:30 am Fed governor Stephen Miran speaks
10:00 am Home builder confidence index
10:30 am New York Fed President John Williams speaks
11:30 am Fed governor Stephen Miran speaks

Tue.

8:30 am *U.S. employment report (delayed report)
8:30 am U.S. unemployment rate
8:30 am U.S. hourly wages
8:30 am Hourly wages year over year
8:30 am U.S. retail sales (delayed report)
8:30 am Retail sales minus autos
9:45 am S&P flash U.S. services PMI
9:45 am S&P flash U.S. manufacturing PMI
10:00 am Business inventories
Earnings Micron Technology **

Wed.

8:15 am Fed governor Chris Waller speaks
9:05 am New York Fed President John Williams opening remarks
12:30 pm Atlanta Fed President Raphael Bostic speaks
Earnings FedEx, Nike

Thu.

8:30 am Initial jobless claims
8:30 am *Consumer price index
8:30 am CPI year over year
8:30 am *Core CPI
8:30 am Core CPI year over year
8:30 am Philadelphia Fed manufacturing survey

Fri.

10:00 am Existing home sales
10:00 am Consumer sentiment (final)

*#September results.

*Limited October and full November results to be combined in one report

**Earnings reflect highlights

Source: MarketWatch/Kiplinger's/CNBC

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