



December 8, 2025

A 'Gift' From The Fed? Markets Eager For A Rate Cut This Week

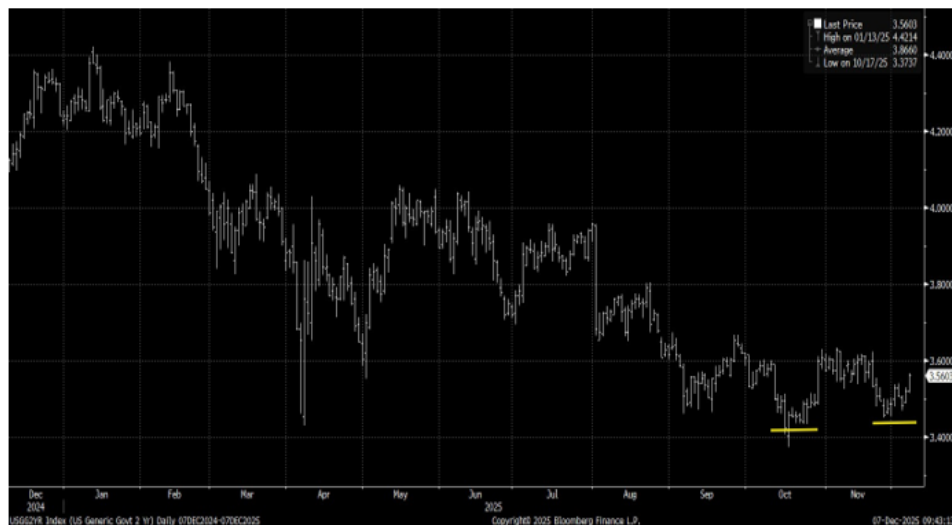
Much of the action this week revolves around the Federal Reserve (Fed). On Wednesday, the FOMC (Federal Reserve Open Market Committee), which sets monetary policy, will conclude its semi-quarterly meeting, and the market expects the FOMC to lower interest rates with a quarter-point cut (25 bps).

But the Committee is deeply divided – more so than at any time since the early 1980s, when the Fed was finally taming inflation. Adding to the uncertainty, President Trump has indicated that he has selected a yet-to-be-named new Federal Reserve Chair, replacing Jerome Powell. Although Powell's term does not end until May, many observers believe this will make him a lame duck chairman. However, markets don't like uncertainty, so once the Fed chair successor is named, the market will shift its focus to what Fed policy direction is likely to be heading into the latter part of 2026.

Risk: 2-Year Treasury Yields Rise

There is a seasonal bias for short-term rates to rise into December and the first quarter of the new year as companies have a higher demand for cash to settle their books for the year. On top of that, the Fed meeting this week has the market pricing in a 96% probability that interest rates will get cut by 25 basis points. The Fed is most likely not going to disappoint investors and will lower rates, but their comments may have a hawkish tone. So, the risk we see this week is that short rates can rise, in particular the 2-Year Treasury yield. We maintain rates are most likely to remain in a downtrend, but short term, they can rally to 3.8%-4.0%. We would be braced for some volatility in rates and stocks this week.

2-Year Treasury Yield – Risk Of A Double Bottom



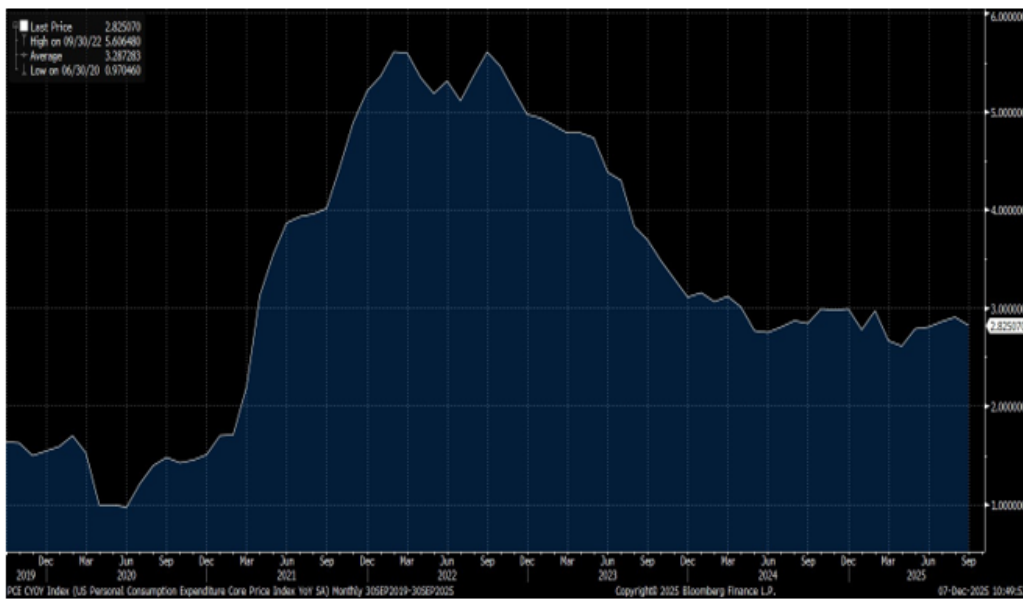


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Personal Consumption Expenditures Suggest The Fed Can Ease

Delayed economic data is finally being released. Personal Consumption Expenditures (PCE) for September were released last week. The data was in line with analyst expectations, with both PCE and Core PCE, which excludes food and energy costs, both increasing 2.8% year-to-year. This data, along with somewhat restrained September Consumer Price Index (CPI) readings [which were released last month despite the government shutdown to ensure Cost of Living Adjustment (COLA) calculations could be measured], paints a more moderate picture of inflation. Taken together, these figures give Wall Street hope that the FOMC will view inflation expectations as restrained. That would give the Committee's dovish members more room to argue for rate cuts, especially given concerns of a slower labor market.

Core PCE, The Fed's Favorite Inflation Measure, Remains Restrained



Copper Joins The Metals Melt-Up

Tariffs, coupled with surging copper demand tied to data center buildouts and the expanding power grid – a trend only now beginning to show its economic impact, are putting upward pressure on copper prices. In addition, tariff arbitrage is happening as traders are purchasing copper on the London Metals Exchange (LME) and selling it on the Comex in Chicago, to make a profit which is currently estimated to be \$180 per ton. This is pulling copper from the rest of the world, including China, into the U.S., and while copper prices are not at record highs in this country, they are in others.

Commenting on copper markets, super-bull Kostas Bintas of Mercuria told [Bloomberg](#) that the U.S. tariff arbitrage is draining global inventories and is about to ignite another leg higher in prices.

"This is the big one," Bintas told the media outlet in an interview during an industry conference in Shanghai. **"If the world keeps going like this we will be left without copper cathodes in the rest of the world."**

Source: ZeroHedge, December 2, 2025

Can Arizona Miners Unleash an American Copper Boom?

Rio Tinto's Nuton venture is using microbes to remove copper from ores that are otherwise uneconomical to mine

By [Ryan Dezember](#)

Dec. 2, 2025 12:00 pm ET

Source: Wall Street Journal, December 2, 2025



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Copper Prices Breaking Out



Southern Copper (SCCO) Tracking Copper Prices To New Highs





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A Notable Commodity On The Move: Natural Gas

With an Arctic cold spell moving through parts of the U.S., natural gas prices are responding with a breakout. Expect higher prices – a move toward \$6.00 should be expected or a 20% move higher.

Arctic Air In Parts Of The U.S. Breaks Out Natural Gas



Source: Bloomberg, Annotations by Sanctuary Wealth



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Sector Readings: Communication Services Strongest, Consumer Staples Weakest

Communication Services remained in the top position last week, followed by Information Technology. These two sectors have swapped the top two positions for the past 25 weeks, beginning June 13. Health Care, which was in a deeply oversold position over the summer, remained in third place. Consumer Staples is in last place, followed by Real Estate 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 5	Nov 28	Nov 21	Nov 14	Nov 7	Oct 31	Oct 24	Oct 17
Consumer Discretionary	4	6	7	7	5	3	5	5
Consumer Staples	11	11	10	11	11	11	11	10
Energy	7	7	6	5	7	8	10	11
Financials	8	8	8	8	8	7	7	6
Health Care	3	3	3	3	6	6	6	7
Industrials	5	5	5	6	4	4	4	4
Information Technology	2	2	2	1	1	1	1	1
Materials	9	9	11	10	10	10	9	8
Communication Services	1	1	1	2	2	2	2	2
Utilities	6	4	4	4	3	5	3	3
Real Estate	10	10	9	9	9	9	8	9

Source: Bloomberg, Sanctuary Wealth, December 5, 2025



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

Health Care is near overbought this week. There are no outright overbought sectors. Materials, Consumer Staples, and Real Estate are oversold, while Industrials, Consumer Discretionary, and Financials are near oversold.

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	normalized Oscillator
1	Health Care	0.7635 <i>Near Overbought</i>
2	Communication Services	0.5810 <i>Neutral</i>
3	Information Technology	0.4334
4	Energy	-0.0677
5	Utilities	-0.2042 <i>Neutral</i>
6	Financials	-0.7206 <i>Near Oversold</i>
7	Consumer Discretionary	-0.7808
8	Industrials	-0.8185
9	Real Estate	-1.0247 <i>Oversold</i>
10	Consumer Staples	-1.3074
11	Materials	-1.5818

Source: Bloomberg, Sanctuary Wealth, December 5, 2025



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Market Performance: Gold Is The Best Performing Asset Year-To-Date

	Last 12/5/2025	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 12/5/2024	Year To Year
S&P 500	6870.40	6849.09	0.3%	6688.46	2.7%	5881.63	16.8%	6075.11	13.1%
NASDAQ Composite	23578.13	23365.69	0.9%	22660.01	4.1%	19310.79	22.1%	19700.72	19.7%
NASDAQ 100	625.48	619.25	1.0%	600.37	4.2%	511.23	22.3%	521.81	19.9%
Russell 2000	2521.48	2500.43	0.8%	2436.48	3.5%	2230.16	13.1%	2396.17	5.2%
S&P Consumer Discretionary Sector	1930.51	1915.26	0.8%	1917.97	0.7%	1831.16	5.4%	1849.89	4.4%
S&P Consumer Staples Sector	869.66	882.17	-1.4%	871.10	-0.2%	853.65	1.9%	897.80	-3.1%
S&P Energy Sector	696.25	686.63	1.4%	682.82	2.0%	654.85	6.3%	702.13	-0.8%
S&P Financial Sector	891.10	885.58	0.6%	896.86	-0.6%	804.44	10.8%	836.59	6.5%
S&P Health Care Sector	1783.40	1833.52	-2.7%	1623.95	9.8%	1604.75	11.1%	1687.81	5.7%
S&P Industrials Sector	1305.49	1298.52	0.5%	1306.11	0.0%	1115.65	17.0%	1188.92	9.8%
S&P Information Technology Sector	5778.78	5700.38	1.4%	5612.00	3.0%	4609.52	25.4%	4704.69	22.8%
S&P Materials Sector	554.55	563.10	-1.5%	570.71	-2.8%	529.77	4.7%	578.04	-4.1%
S&P Real Estate Sector	258.40	262.34	-1.5%	264.79	-2.4%	255.92	1.0%	274.32	-5.8%
S&P Communications Sector	460.93	457.25	0.8%	422.60	9.1%	341.66	34.9%	339.03	36.0%
S&P Utilities Sector	437.42	458.15	-4.5%	443.18	-1.3%	384.95	13.6%	407.53	7.3%
S&P 500 Total Return	15264.64	15211.14	0.4%	14826.80	3.0%	12911.82	18.2%	13323.74	14.6%
3 month Treasury Bill Price	99.07	99.05	0.0%	99.01	0.1%	98.92	0.2%	98.89	0.2%
3 month Treasury Bill Total Return	267.33	267.08	0.1%	265.32	0.8%	256.97	4.0%	256.11	4.4%
10 Year Treasury Bond Future	112.52	113.34	-0.7%	112.50	0.0%	108.75	3.5%	111.20	1.2%
10 Year Treasury Note Total Return	316.01	318.10	-0.7%	313.63	0.8%	293.94	7.5%	299.64	5.5%
iShares 20+ Year Treasury Bond ETF	88.17	90.21	-2.3%	89.37	-1.3%	87.33	1.0%	94.25	-6.5%
S&P Municipal Bond Total Return	288.87	289.46	-0.2%	285.56	1.2%	278.14	3.9%	282.25	2.3%
iShares S&P National Municipal Bond NAV	106.76	107.22	-0.4%	106.35	0.4%	106.40	0.3%	108.22	-1.3%
S&P 500 Investment Grade Corporate Bond Total Return	498.60	500.63	-0.4%	495.91	0.5%	465.24	7.2%	475.20	4.9%
S&P Investment Grade Corporate Bond	92.84	93.25	-0.4%	93.02	-0.2%	90.28	2.8%	92.29	0.6%
S&P Investment Grade Corporate Bond Total Return	531.75	533.78	-0.4%	528.51	0.6%	495.89	7.2%	505.31	5.2%
SPDR Bloomberg High Yield Bond ETF	97.29	97.65	-0.4%	97.99	-0.7%	95.47	1.9%	96.94	0.4%
iShares iBoxx High Yield Corporate Bond ETF	80.75	80.99	-0.3%	81.19	-0.5%	78.65	2.7%	79.77	1.2%
Gold	4197.78	4239.43	-1.0%	3858.96	8.8%	2624.50	59.9%	2631.67	59.5%
Bitcoin	89203.45	90914.64	-1.9%	114640.81	-22.2%	93714.04	-4.8%	99029.87	-9.9%

Source: Bloomberg, Sanctuary Wealth, December 5, 2025

Fed Decision Takes Center Stage

This week could see markets move with a Fed cut and a jobs report.

The main event this week will be the FOMC's decision on Wednesday about its highly anticipated rate cut. The market is expecting a 25-basis-point trimming. Ahead of that announcement, the Bureau of Labor Statistics will release on Tuesday the October Job Openings (JOLTS) – data that could move markets. On the quarterly earnings front, Oracle (ORCL) reports after Wednesday's close, and investors will be watching its guidance for signals about the health of the AI ecosystem. Costco (COST) reports after Thursday's close, and investors will be looking for insight into the near-term outlook for consumer discretionary spending as the Holiday shopping season progresses.



Calendar

Mon.

None Scheduled

Tue.

6:00 am NFIB optimism index
10:00 am Job openings (delayed report)

Wed.

8:30 am Employment cost index (delayed report)
2:00 pm FOMC interest-rate decision
2:00 pm Monthly U.S. federal budget
2:30 pm Fed Chair Powell press conference
Earnings: Oracle*

Thu.

8:30 am Initial jobless claims
8:30 am U.S. trade deficit
Earnings: Costco, Broadcom

Fri.

8:00 am Philadelphia Fed President Anna Paulson speaks
8:30 am Cleveland Fed President Beth Hammack speaks
10:00 am Wholesale inventories

*August data. September report was canceled.

*Earnings reflect highlights

Source: MarketWatch/Kiplinger's/CNBC

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