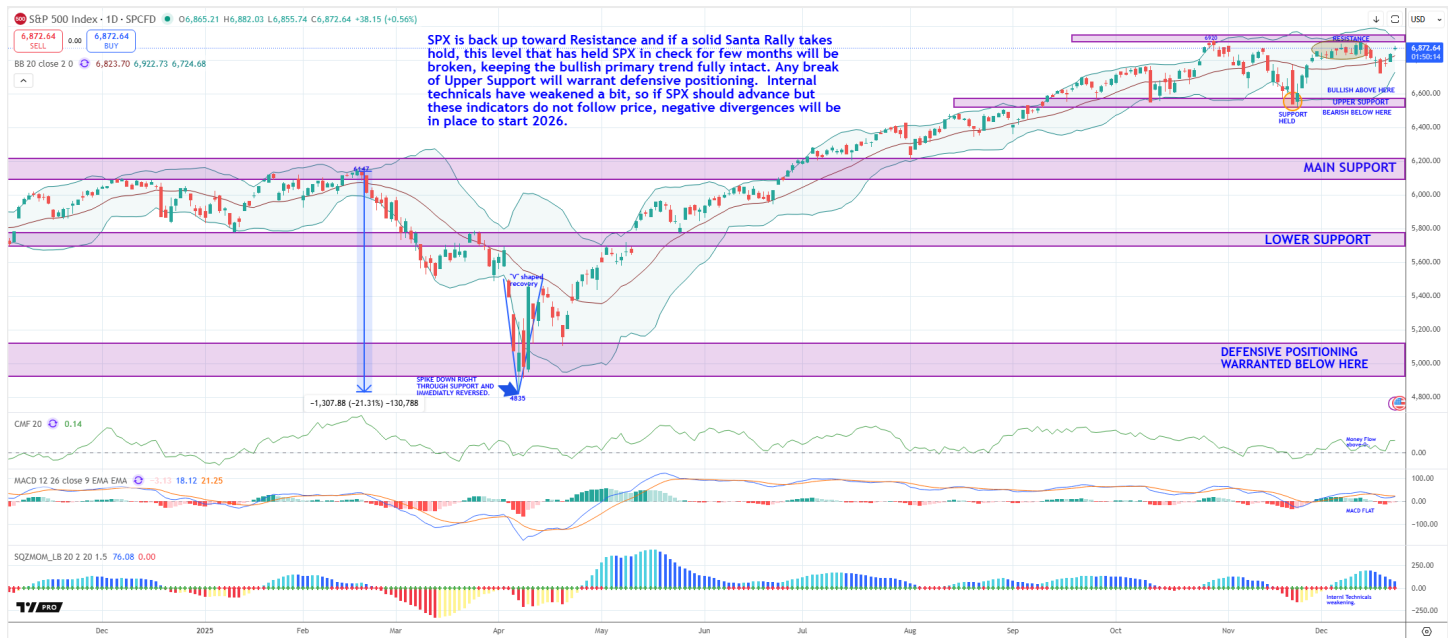


Capital Market Commentary: December 23, 2025

Muted start to Santa Rally.

The days leading up to Christmas and especially the few trading days after are typically bullish for capital markets.

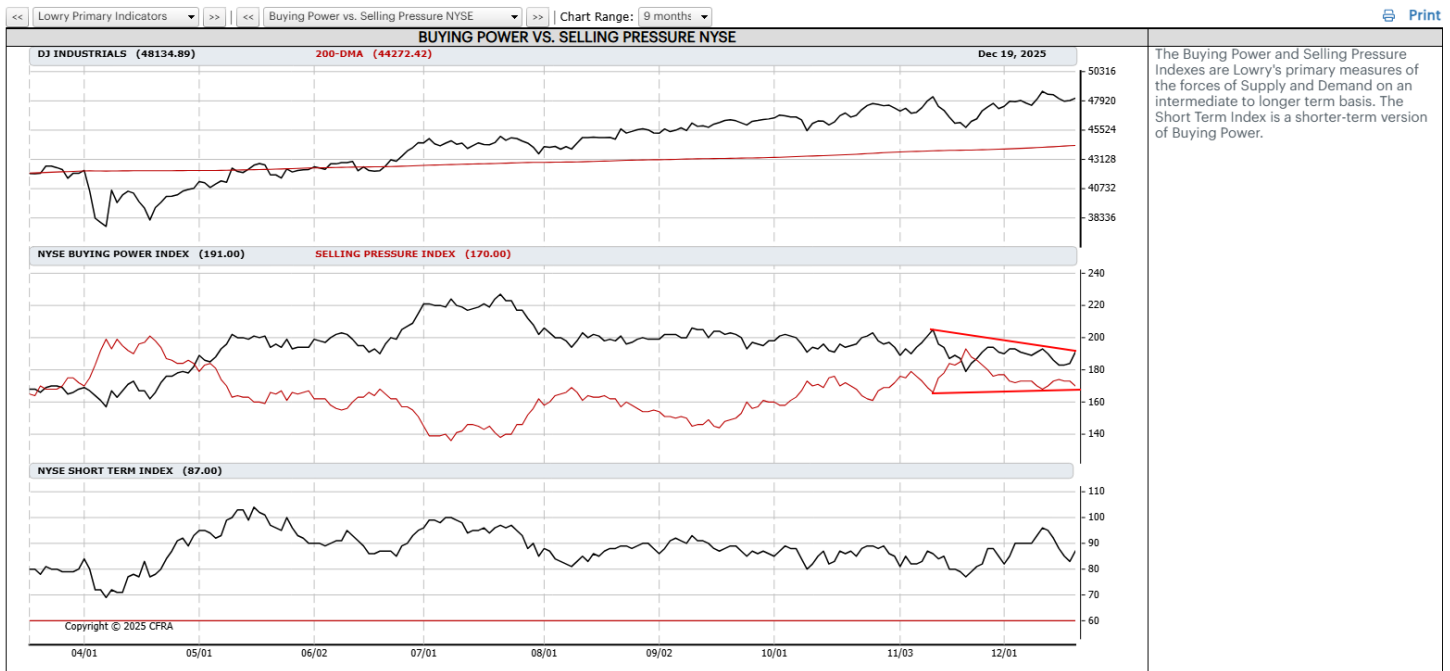
Last Friday, the S&P 500 (SPX) had a decent advance and had a more modest one on Monday. While not as robust a start as investors and capital market participants would like, up is good, and as you can see in the support and resistance chart below, SPX is close to challenging Resistance.



(Source: Tradingview)

If a solid Santa Rally takes hold over the next few trading sessions, Resistance should be conquered, keeping the bullish primary trend in full control. Any failure at Resistance and then a sustained break of Upper Support will warrant defensive positioning. The internal technicals have weakened a bit, so if SPX should advance without an equal improvement in these indicators, negative divergences will be in place as we enter the New Year, creating the conditions for an early in 2026 pullback. This is something I will be closely monitoring.

In Lowry Research's proprietary Buying Power(BP)/Selling Pressure(SP) indicator below, you can see a clear wedge has formed. Odds currently favor a bullish breakout of this pattern. However, if SP moves into the dominant position over BP, and other indicators turn negative, it might get volatile in early 2026.



(Source: Lowry Research – Note: Reproduction or distribution of information without specific permission of Lowry Research Corporation is prohibited.)

This will be my last note for 2025. I can't believe how fast the year has gone by. It certainly has been a profitable one, albeit with spurts of volatility. But the charts and indicators kept us on the right side of the trend, especially in commodities, which were the performance stars of 2025.

All trends eventually end. And once they do, it will be time to move into other assets classes that might have been neglected by investors and capital market participants. This is called market rotation, and it's typically bullish, unless all the rotation is to defensive sectors, and if this occurs, we will be ready.

Thanks for your time in reading my notes and for everyone who has commented on them throughout the year. All feedback has been greatly appreciated.

Have a wonderful holiday season and I will resume my market commentaries in the New Year.

-Dan

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S&P MidCap 400 Index is an unmanaged total return index of 400 domestic stocks measuring the performance of the midsize company segment of the U.S. stock market.

S&P SmallCap 600 Index is an unmanaged index representing the aggregate market value of the common equity of 600 small company stocks.

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