Outlook: JOLTS Job openings due out for Oct (Dec 9), **FOMC meeting (Dec 10)**. Monthly GDP figures, China Inflation numbers, and other central bank decisions from around the world (Canada, Australia, Brazil, Peru, Turkey, Philippines). Key Earnings: **Oracle (ORCL, Dec 10), Adobe (ADBE, Dec 10), Broadcom (AVGO, Dec 11), Costco (COST)**.

Summary: Indexes were very strong with a +3.7% advance for Thanksgiving week followed by a +0.3% advance last week for the S&P500 Index. The Nasdaq composite advanced +4.9% during Thanksgiving week and added to those gains with +0.9% gain last week. The Dow Jones Industrial Average advanced +3.2% Thanksgiving week and followed with +0.5% last week.

Sectors were mixed. Strength was once again in the **Technology sector (XLK, +2.45%)** while **Utilities (XLU, -4.45%)** pulled back. The index with more power generators, **Virtus Reaves Utilities (UTES, -5.2%)** were weak as well. Risk proxies diverged as **Ark Innovation (ARKK, +2.8%)** was offset by the Innovator **IBD 50 ETF (FFTY, -1.34%)** fell. The **Retail Sector (XRT, +2.2%)** advanced as the holiday shopping season posted spending ahead of expectations at $44.3B (vs $43.7B estimates) and up 8.8% y/y. S&P500 and the Nasdaq both retook their respective 50-day moving averages over the last two weeks and the 10-day and 21-day are now stacked in their proper positions to signal bullish trend. As far as significant earnings results, **Credo Technology Group (CRDO)** posted very strong results with massive beat vs estimates and guidance that was over 20% above the highest estimates on the Street. As we have seen with other AI adjacent names during earnings season, Credo stock initially soared over 20% on earnings only to close out the week down -0.9%. Credo stock is up 161.9% YTD. **Marvell Technology (MRVL)**, a custom semiconductor designer involved in data centers, telecom, and networks, surged +10.6% on the week on very strong guide laying out the path to $5 in EPS by FY2028 (CY2027). The odds of a Fed rate cut for December 10 now sits over 88% (see FedWatch - CME Group). **Sunday night futures are flattish with the S&P500 up -~0.1%, the Nasdaq up -~0.1%, and the Dow Jones Industrial Average -~0.1%.**

Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
47,965.00	- 36.00 0.07%▼	6,874.75	- 3.50 0.05%▼	25,710.75	- 21.25 0.08%▼
Fair Value	**Implied Open**	**Fair Value**	**Implied Open**	**Fair Value**	**Implied Open**
48,004.86	- 39.86	6,877.88	- 3.13	25,724.29	- 13.54

Source: After-Hours Stock Quotes | CNN

Regarding fundamentals on outlook, tailwinds from the cap spending by hyperscalers alone to be in the $4.5 trillion by 2030 according to estimates published by Morgan Stanley. McKinsey estimates are in the $6T-$7T range. Concerns about the lack of ROIC from such spending appear to be more of a holdover from the dot-com era. Numerous examples of exist of very high ROI with payback multiples of cap ex within 12-18 months from company conference calls. Satya Nadella, CEO of Microsoft said on its most recent earnings call that "For every $1 Microsoft spends on cap ex, it generates $5-$7 in incremental cloud revenue within 12-18 months." Other use cases by large corporates expressed similar kinds of returns. According to a search on Grok, mentions of an "AI Bubble" spiked 40% post-Nvidia earnings and NPR, Reuters, Forbes, CNBC, LA Times focusing on over-investment risks. Indeed, skeptics of bubble risks say that if it is a bubble, it would be "the most anticipated bubble in history." (Wikipedia via Grok).

Over the weekend stocks tied to OpenAI (Oracle, AMD, Microsoft, SoftBank, CoreWeave) are lagging while those tied to Google's orbit (Gemini AI) are higher (Broadcom, Lumentum, Celestica, TTM Technologies). Comfort Systems (FIX), which is a data center play and big winner in our infrastructure strategy, in cooling systems to be added to S&P500. President Macron of France warns China that the EU may take measures against China (including tariffs) to address widening trade imbalances.

Among infrastructure and AI plays leaders include Nvidia (NVDA, +3.1%), Marvel (MRVL, +10.6%), Vertiv Holdings (VRT, +5.2%), Oracle (ORCL, +7.8%). Other notable movers include Oklo (OKLO, +14.5%), Caterpillar (CAT, +4.8%), Vistra (VST, -6.5%), Comfort Systems (FIX -4.8%), MasTec (MTZ, +2.6%). However, news out over the weekend that Microsoft is in talks to shift custom chips away from Marvel (-3.6% after hours) to Broadcom (AVGO).

The US 10-year interest rate added fell 12pbs w/w to 4.14%.

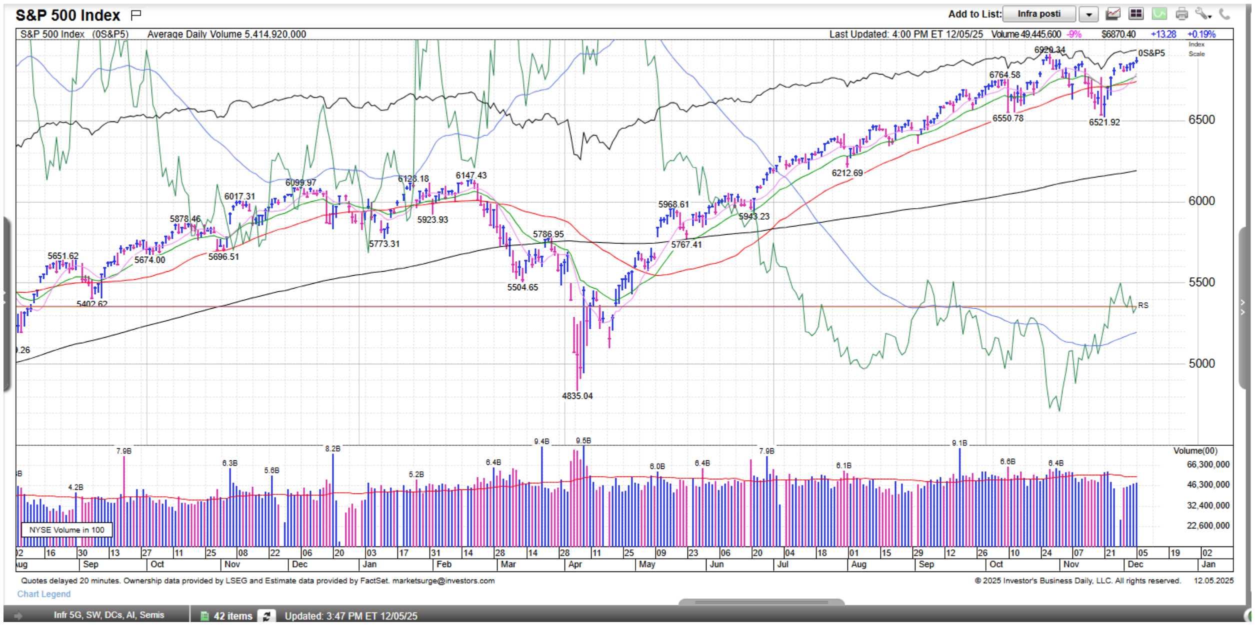
Stock Market Today/Week: Dec 5, 2025

Index	**Level**	**Day change**	**Week Change**
S&P 500	6,870.40	+0.19%	+0.31%
S&P500 eq wt	192.10	+0.23%	+0.25%
Nasdaq Composite	23,578.13	+0.31%	+0.91%
Dow Jones Industrial Avg.	47,954.99	+0.22%	+0.50%
US 10 year	4.14%		+12bp

Source: Factset

Market indices show that the uptrend is intact following the rally of the last two weeks. On the Nasdaq the 10dma has moved back above the 21EMA and both averages are back above the 50dma but just barely. The S&P500 is stacked in similar shape to the Nasdaq.

The 10dma is above the 21ema and both are above the 50dma though not by very much. The S&P500 and Nasdaq are not extended as they are less than 2% above the 10dma and 21ema, which is a solid set up for investors.



Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Key events for the week ahead:

House and Senate to consider voting on healthcare priorities this week. On the geopolitical front, Japan frustrated by lack of support from Trump administration on comments that Prime Minister Takaichi made about Taiwan that upset China.

12/8/2025

12/9/2025 AVAV AZO, JOLTS Job Openings.

12/10/2025 FOMC interest rate decision

12/11/2025 AVGO ORCL COST, Initial jobless claims.

12/12/2025 ADBE

Source: Factset, Copilot.

This Past week bull-bear debate:

Bulls: Stronger than expected retail sales from TG to Cyber Monday as mentioned above. Salesforce noted that AI influenced 20% of Cyber week orders. Macro is still solid with highest ISM services reading in November in nine months and lowest level of initial claims since 2022. Mastercard indicating spending metrics are still healthy. Airlines see stable bookings and demand trends into the end of the year. Positive tech guide as Marvel announced very positive earnings guide through 2028, Credo Technology announced huge guidance beat, Salesforce was up on Agentforce growth. Despite pressures on lower income consumers, Dollar General reported strong traffic, margin expansion and turnaround gaining traction and Dollar Tree on favorable response to multi-price point strategy. Golman Sachs noted positive fund flows from algo driven trading to the tune of $20B and such strategies net buyers in every scenario over the next week. Equity inflows for the 12th consecutive week. EPS revisions for the SPX, Nasdaq, and Russell were all positive at the same time for the first time in 18 months. Growth strategies increasing equity exposure.

Bears: Softening labor market with ADP data showing private payrolls fell 32k in November vs 10k consensus and biggest contractions since 2023. Challenger layoffs up to 1.1M YTD through November, the highest since 2020. Employment components of November ISMs remained in contraction. Affordability remains an issue as buy now pay later programs ramp up. Dollar Store seeing increase in trade-down traffic. OpenAI CEO Altman reported to have declared a "code red" on competitive threats igniting more narratives on AI disruption. Proctor and Gamble did not see any improvement in November following slowing sales in October. PayPal seeing total payment volume slowdown among its middle/lower income base. Political influence concerns the Fed as Kevin Hasset, Director of the National Economic Council gaining traction as the next Fed chair pick.

What to do now: Raising equity exposure gaining more conviction.

Appendix:

What kind of positive technical confirmations for a power trend per IBD ("Webby's rules"):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.

8. 3 consecutive days with low above 50dma.

9. Close above 200dma.

10. Low above 200dma.

11. 3 consecutive days low above 200dma.

12. 21ema moves above 50dma.

13. 21ema moves above 200dma.

14. 50dma moves above 200dma.

In the current rally as of 12/5/2025 all conditions met.

John D. Edwards, CFA

Sr. Portfolio Manager – Infrastructure PLUS Equity Strategy

Disclaimer

The information presented is for educational purposes only and is believed to be factual and up-to-date. All expressions of opinion reflect the judgment of the author(s) as of the date of publication and are subject to change. Nothing in this commentary should be construed as investment advice and does not take into consideration your specific situation. All investments involve risk. Past performance does not guarantee future results. Advisory services offered through Capital Ideas, an investment adviser registered with the U.S. Securities and Exchange Commission.