Weekly Update –December 22, 2025

Market Returns Ending 12/19/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	0.1%	2.5%	17.6%
Mid Cap	0.0%	3.0%	8.9%
Small Cap	-0.8%	4.1%	14.9%
International			
Developed	0.2%	3.7%	30.5%
Emerging	-1.5%	2.0%	30.8%
Bonds			
Aggregate	0.3%	0.9%	7.1%
High Yield	0.2%	0.9%	8.2%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	-0.4	0.1	0.6
Mid	-0.4	-0.3	-0.2
Small	-0.9	-0.8	-0.7

YTD

	Value	Core	Growth
Large	15.6	17.2	18.6
Mid	11.7	11.5	10.2
Small	14.6	14.9	15.2

Source: Bloomberg

Key Events: Benign inflation data supports Fed actions

The economic data catch-up continued as data releases from previous months circulate in irregular fashion. Last week's employment data was mixed with the rise in the unemployment rate to 4.6% for November leaving the most important mark.

Surprisingly soft core CPI inflation data released later in the week trumped the employment data and set the stage for a recovery rally that favored large cap growth stocks.

Market review: Marking time as the year winds down

Stocks were under pressure the first part of the week but recovered well after the benign inflation data. Large cap equities eked out a modest gain with large cap growth leading the recovery. Emerging markets and small caps reverted after strong performance for the last month.

Bonds gained ground as interest rates fell modestly for the week.

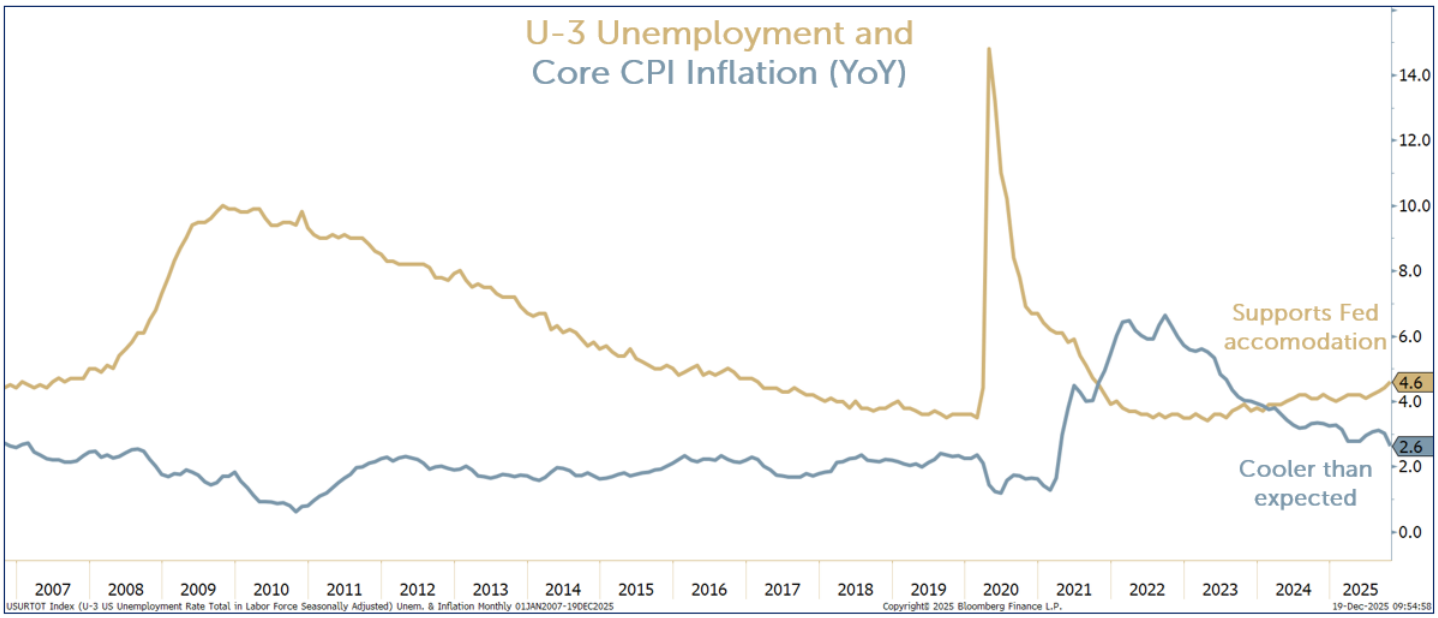
Outlook: Plans versus planning

Dwight Eisenhower is credited with several versions of the quote "plans are useless, but planning is indispensable"[i]. The statement stands the test of time since the process of planning develops the priorities and situational awareness though the plan itself inevitably changes. Whether you are preparing for the unknown as a portfolio manager, financial advisor or Fed governor, it is the process of planning that is paramount.

As we look towards 2026, the trends underpinning employment and inflation hold the keys for Fed policy. Last week's inflation print was encouraging but it most likely understates current reality and remains above target. Directionally, the rate of unemployment looks concerning, but the level remains historically low. Fed policymakers may develop plans to support growth with additional rate cuts should the unemployment rate weaken further. However, the playbook might require an adjustment if the cost of goods for consumers doesn't cooperate.

A resilient planning process requires versatility, and the Fed may need it more than ever in 2026. Asset allocators face the same circumstances. Proper diversification across geography, market cap and style can produce strong portfolio attributes, such as income and low volatility, that can weather storms that could arise from unforeseen challenges from weaker employment or more persistent inflation. Our portfolios emphasize diversification to provide durability and flexibility.

Unemployment and Inflation: Recent trends support Fed actions



Sources: Bureau of Labor Services and Bloomberg

OneAscent Navigator Outlook: December 2025

VALUATION

- Despite high US large cap valuations, mid-cap and international opportunities abound.
- Trailing P/E multiples for the Information Technology sector remain more than 10 points above the S&P 500.
- Bond yields are attractive relative to inflation, but credit spreads are near all-time lows.

ECONOMY

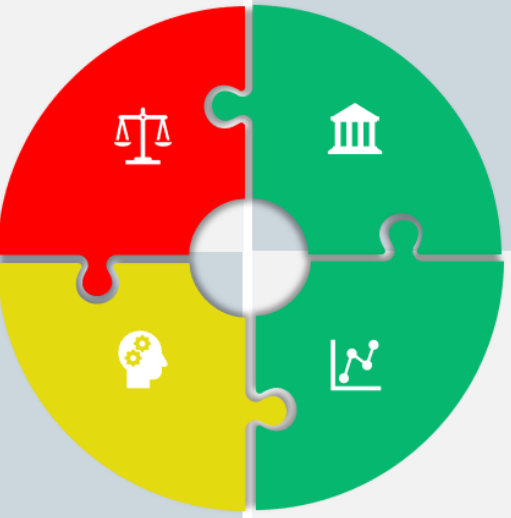
- Inflation remains a persistent concern.
- Slowing payroll growth suggests sluggish economic growth.
- AI-related capital spending is expected to remain strong in 2026.

SENTIMENT

- Weakening jobs outlook leads confidence lower, continuing the post-COVID trend.
- Investor sentiment has grown bearish despite stocks' month-end recovery.
- Federal Reserve sentiment shifted lower, reflecting lower employment and inflation.

TECHNICAL

- Mid-cap stocks are leading small caps, with a larger portion of index members advancing.
- Global stocks are in a strong uptrend but vulnerable to short-term volatility.
- Momentum and earnings revisions have been the key to recent outperformance.



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[i] Sources : Various sources show differing versions of the Eisenhower quote that stems from ”In preparing for battle I have always found that plans are useless, but planning is indispensable.” This is sometimes written as “plans are nothing; planning is everything” or “plans are worthless, planning is everything”.

[ii] Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield