



November 24, 2025

How The Grinch Won't Steal The Year-End Rally

Last week the markets enjoyed really good news with blowout earnings from Nvidia (NVDA) and an earnings report from Walmart (WMT) that showed consumers are still spending, though they're being more selective about where they shop.

We also are finally getting badly needed economic data. Last Thursday, the September employment report was released and there was something for the doves on the FOMC (Federal Open Market Committee) – those who want lower interest rates – and something for the hawks – those who want to pause further rate cuts. Despite the good news, the equity markets continued to decline sharply. Then on Friday, John Williams, President of the Federal Reserve Bank of New York (NY Fed), said he sees room for the Fed to lower rates in the near term as the labor market softens; the equity markets liked what they heard and rallied. The NY Fed carries a lot of weight on the FOMC, as a permanent voting member. It's clear that the equity markets want lower interest rates. But the Fed decision is still weeks away (December 10th). So, let's take a look at where the equity markets stand.

Holiday Weeks Bring Rallies And This One Starts With Stocks Oversold

Holiday weeks have a bias to rally stocks, and this being Thanksgiving week, we expect the equity markets to find their footing and rally. The S&P 500 is now clearly oversold on the 14-week stochastic – its most oversold reading since April. Price momentum remains positive with the 50-, 100-, and 200-day moving averages still trending higher, but the S&P 500 has not been able to hold the 50-day and is now testing the 100-day at 6544. The S&P 500 is down 5.5% while the Technology-heavy Nasdaq 100 is down 8.0%. The market is trying to find a bottom in equities, so investors should expect continued volatility until it regains its footing. We believe it can still rally and retest the highs near 6900, which keeps our year-end target of 7000 in play.

Last week, we released our 2026 Year Ahead Outlook, and we titled it "Be Fearless" because we expect the Bucking Bull to return next year with renewed volatility. Stocks are up nearly 100% since the lows of 2022. Some consolidation should be expected. We are also calling 2026 a reset year. Remember: 2026 is a mid-term election, which historically brings volatility from April through September, followed by a year-end rally. On average, mid-term election years deliver about a 6.0% gain. For next year, we are forecasting S&P 500 at 7,500, with volatility — possibly episodic — resetting markets along the way. (For more information, see our Year Ahead Outlook.)



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S&P 500 With Moving Averages And 14-Week Stochastic: Oversold



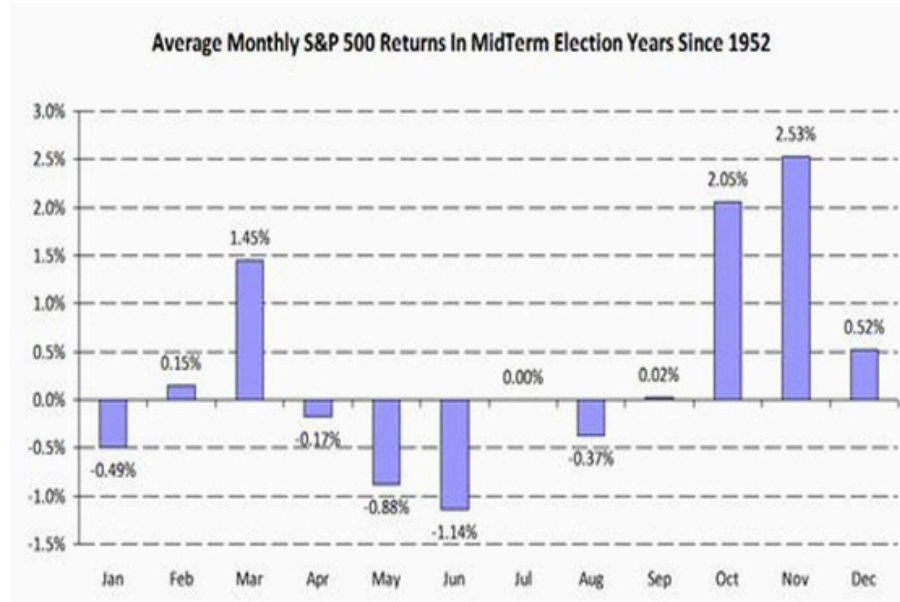
Nasdaq 100 With Moving Averages And 14-Week Stochastic: Oversold





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Mid-Term Election Year Tends To Have Volatility

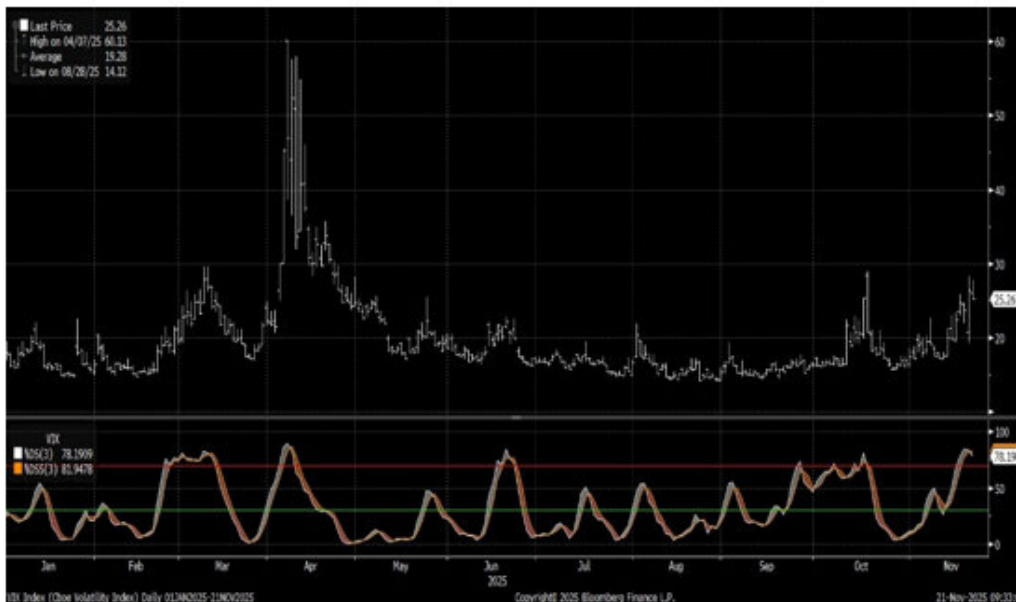


Source: Bloomberg, Sanctuary Wealth, November 2025

VIX Volatility Index Could Be Peaking

The Cboe VIX Volatility Index has rallied again but is now very overbought on the 14-day stochastic indicator. Volatility may stay elevated, but it appears to be in the process of peaking.

Cboe VIX Volatility Index With 14-Day Stochastic: Overbought





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Bitcoin Trying To Find A Bottom

Bitcoin (BTC) has been leading the risk-off sell-off, peaking before equities and falling earlier and faster. Because it led the decline, it can likely also help signal when the low is forming and when a potential year-end seasonal rally might begin. Both the 14-week stochastic and the Relative Strength Index (RSI) are in oversold territory. Notably, the stochastic has not moved to a new low even as BTC continued to sell off – this is a positive sign.

The crypto market tracks sentiment through the Fear & Greed Index, a contrarian gauge pointing to the opposite outcome when sentiment tilts to one side. The latest reading is 11, which appears to be a new all-time low and reflects extreme fear. This is a bullish reading, signaling that Bitcoin may be at or close to a bottom.

Bitcoin With 14-Weekly Stochastic And Relative Strength Index: Oversold



CMC Crypto Fear and Greed Index Shows Extreme Fear – A Contrarian Bullish Reading



Source: CoinMarket Cap, November 21, 2025



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Sector Readings: Communication Services Strongest, Materials Weakest

Communication Services rose to the top position last week, while Information Technology fell to second place. These two sectors have swapped the top two positions for the past 23 weeks, beginning June 13. Health Care, recovering from a deeply oversold position over the summer months, remained in third place. Materials declined to last place, followed by Consumer Staples and Real Estate.

A tactical sector rotation is underway, relieving overbought and oversold conditions within the market. We maintain that Growth sectors should continue to outperform Value sectors.

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

	Nov 21	Nov 14	Nov 7	Oct 31	Oct 24	Oct 17	Oct 10	Oct 3
Consumer Discretionary	7	7	5	3	5	5	5	5
Consumer Staples	10	11	11	11	11	10	11	11
Energy	6	5	7	8	10	11	9	9
Financials	8	8	8	7	7	6	6	6
Health Care	3	3	6	6	6	7	7	8
Industrials	5	6	4	4	4	4	4	3
Information Technology	2	1	1	1	1	1	1	1
Materials	11	10	10	10	9	8	8	7
Communication Services	1	2	2	2	2	2	2	2
Utilities	4	4	3	5	3	3	3	4
Real Estate	9	9	9	9	8	9	10	10

Source: Bloomberg, Sanctuary Wealth, November 21, 2025



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OBOS List: Health Care And Communication Services Overbought; Materials, Industrials, And Consumer Discretionary Oversold

Health Care, which languished for many months, has rallied and is now overbought. Communication Services is also overbought. The market continues to correct the strongly divergent overbought and oversold conditions we have seen over the past six months. Materials, Industrials, and Consumer Discretionary are oversold, with Consumer Staples, Financials, and Real Estate near oversold.

The extreme overbought and oversold readings that prevailed over the summer months are shifting, leading the market into a tactical sector rotation.

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 21 November 2025

rank	S&P Sector	normalized Oscillator
1	Health Care	1.5513
2	Communication Services	1.0238 <i>Overbought</i>
3	Information Technology	0.1745 <i>Neutral</i>
4	Utilities	0.1243
5	Energy	-0.0443 <i>Neutral</i>
6	Real Estate	-0.6301 <i>Near Oversold</i>
7	Financials	-0.8772
8	Consumer Staples	-0.9811
9	Consumer Discretionary	-1.0153 <i>Oversold</i>
10	Industrials	-1.1045
11	Materials	-1.3310

Source: Bloomberg, Sanctuary Wealth, November 21, 2025



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

	Last 11/21/2025	Month End 10/31/2025	Month to Date	Quarter End 9/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 11/21/2024	Year To Year
S&P 500	6602.99	6840.20	-3.5%	6688.46	-1.3%	5881.63	12.3%	5948.71	11.0%
NASDAQ Composite	22273.08	23724.96	-6.1%	22660.01	-1.7%	19310.79	15.3%	18972.42	17.4%
NASDAQ 100	590.07	629.07	-6.2%	600.37	-1.7%	511.23	15.4%	504.98	16.9%
Russell 2000	2369.59	2479.38	-4.4%	2436.48	-2.7%	2230.16	6.3%	2364.02	0.2%
S&P Consumer Discretionary Sector	1818.61	1963.14	-7.4%	1917.97	-5.2%	1831.16	-0.7%	1728.46	5.2%
S&P Consumer Staples Sector	867.57	848.70	2.2%	871.10	-0.4%	853.65	1.6%	878.64	-1.3%
S&P Energy Sector	679.91	674.74	0.8%	682.82	-0.4%	654.85	3.8%	737.99	-7.9%
S&P Financial Sector	858.24	870.44	-1.4%	896.86	-4.3%	804.44	6.7%	833.49	3.0%
S&P Health Care Sector	1799.75	1680.03	7.1%	1623.95	10.8%	1604.75	12.2%	1677.19	7.3%
S&P Industrials Sector	1264.26	1311.71	-3.6%	1306.11	-3.2%	1115.65	13.3%	1187.25	6.5%
S&P Information Technology Sector	5465.20	5960.13	-8.3%	5612.00	-2.6%	4609.52	18.6%	4557.26	19.9%
S&P Materials Sector	545.33	541.60	0.7%	570.71	-4.4%	529.77	2.9%	587.47	-7.2%
S&P Real Estate Sector	257.63	257.60	0.0%	264.79	-2.7%	255.92	0.7%	273.99	-6.0%
S&P Communications Sector	431.86	429.97	0.4%	422.60	2.2%	341.66	26.4%	326.21	32.4%
S&P Utilities Sector	445.47	452.13	-1.5%	443.18	0.5%	384.95	15.7%	414.48	7.5%
S&P 500 Total Return	14662.68	15173.95	-3.4%	14826.80	-1.1%	12911.82	13.6%	13040.08	12.4%
3 month Treasury Bill Price	99.04	99.04	0.0%	99.01	0.0%	98.92	0.1%	98.87	0.2%
3 month Treasury Bill Total Return	266.88	266.29	0.2%	265.32	0.6%	256.97	3.9%	255.64	4.4%
10 Year Treasury Bond Future	113.25	112.67	0.5%	112.50	0.7%	108.75	4.1%	109.66	3.3%
10 Year Treasury Note Total Return	317.47	315.15	0.7%	313.63	1.2%	293.94	8.0%	295.04	7.6%
iShares 20+ Year Treasury Bond ETF	89.50	90.29	-0.9%	89.37	0.1%	87.33	2.5%	90.34	-0.9%
S&P Municipal Bond Total Return	288.92	288.63	0.1%	285.56	1.2%	278.14	3.9%	279.09	3.5%
iShares S&P National Municipal Bond NAV	107.07	107.22	-0.1%	106.35	0.7%	106.40	0.6%	107.27	-0.2%
S&P 500 Investment Grade Corporate Bond Total Return	497.71	498.07	-0.1%	495.91	0.4%	465.24	7.0%	466.58	6.7%
S&P Investment Grade Corporate Bond	92.85	93.10	-0.3%	93.02	-0.2%	90.28	2.8%	90.90	2.1%
S&P Investment Grade Corporate Bond Total Return	530.90	530.99	0.0%	528.51	0.5%	495.89	7.1%	496.87	6.8%
SPDR Bloomberg High Yield Bond ETF	96.76	97.39	-0.6%	97.99	-1.3%	95.47	1.4%	96.65	0.1%
iShares iBoxx High Yield Corporate Bond ETF	80.37	80.80	-0.5%	81.19	-1.0%	78.65	2.2%	79.51	1.1%
Gold	4065.14	4002.92	1.6%	3858.96	5.3%	2624.50	54.9%	2669.72	52.3%
Bitcoin	85123.35	109428.01	-22.2%	114640.81	-25.7%	93714.04	-9.2%	98084.99	-13.2%

Source: Bloomberg, Sanctuary Wealth, October 25, 2025

Let's Give Thanks

This is the week to enjoy your fill of food, family, football – and data. Just save a little room for a year-end rally.

Thursday is Thanksgiving, and it's a good time to pause and be grateful for the personal blessings of the year. On the financial side, it has been a strong year for investors: equities have delivered solid gains, fixed income has posted meaningful progress, and Gold has been the star of the year. Thanksgiving week is typically quiet with lighter trading volumes, but this year we're expecting a deluge of data releases that could move markets. One exception: the Bureau of Labor Statistics canceled the release of the October CPI report, leaving the FOMC without a key piece of inflation data ahead of its December 10 interest rate decision.

It appears the markets are trying to form a bottom and stabilize ahead of a traditional year-end rally. We don't believe the Grinch is stealing the seasonal year-end rally.

We wish everyone a wonderful holiday week!



Calendar

Mon.

None scheduled

Tue.

8:30 am U.S. retail sales (delayed report)
8:30 am U.S. retail sales minus autos
8:30 am Producer price index (delayed report)
8:30 am Core PPI
8:30 am PPI year over year
8:30 am Core PPI year over year
9:00 am S&P Case-Shiller home price index (20 cities)
10:00 am Business inventories (delayed report)
10:00 am Consumer confidence
10:00 am Pending home sales
Earnings Best Buy, Dell Technologies*

Wed.

8:30 am Initial jobless claims
8:30 am Durable-goods orders (delayed report)
8:30 am Durable-goods minus transportation (delayed report)

Thu.

Thanksgiving holiday, none scheduled

Fri.

9:45 am Chicago Business Barometer (PMI)
The stock market will close at 1 pm Eastern Standard Time on Friday, November 28, while the bond market will end operations at 2 pm.

NOTE: Economic reports originally scheduled for this week that are not listed here have been postponed due to the government shutdown from Oct. 1 to Nov. 12.

*Earnings reflect highlights

Source: MarketWatch/Kiplinger's/CNBC

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