

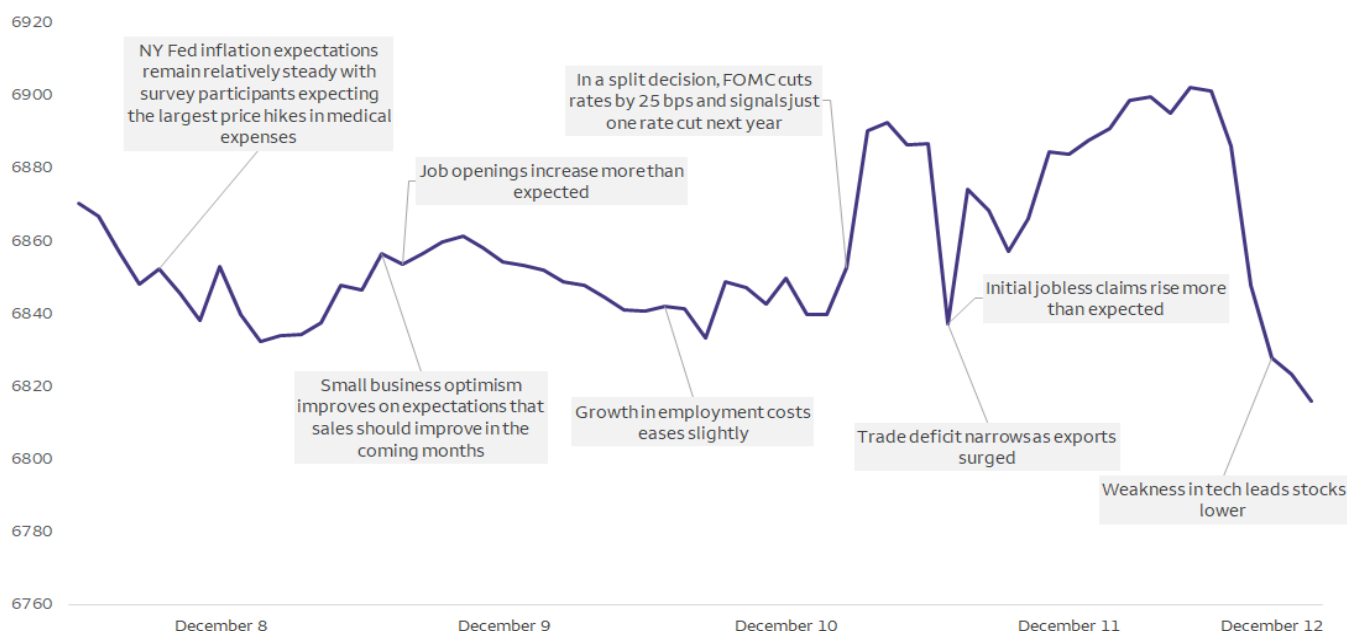
Looking Ahead

December 12, 2025

Stocks mixed as tech pullback threatens rally

Stocks ended the week mostly lower, driven by a selloff in tech on Thursday and Friday. Earlier in the week, investors were focused on the Federal Open Market Committee's (FOMC's) rate decision and Summary of Economic Projections as well as economic data. The FOMC's decision to cut rates by 25 basis points (bps; 100 bps equals 1%) was largely expected by markets. However, the fact that three policymakers dissented evidenced an unusual amount of division as inflation remains elevated while the labor market has softened. Tuesday's Job Openings and Labor Turnover Survey (JOLTS) data added to the impression of a challenging labor market, while small-business optimism improved over the prior month. Looking ahead to next week, investors will be watching October and November jobs data along with Consumer Price Index (CPI) data for November. Other releases will include delayed retail sales for October, S&P Global's Purchasing Managers' Indexes (PMIs) for December, and housing-market data. Meanwhile, many releases remain delayed due to ongoing effects from the government shutdown.

S&P 500 Index performance week of December 8 – 12



Sources: Bloomberg, Wells Fargo Investment Institute. Data from December 8, 2025, through December 12, 2025, at 12:00 p.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment. Fed = Federal Reserve. BPS = basis points (100 basis points equals 1%). FOMC = Federal Open Market Committee.

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Week in review: December 8 – 12

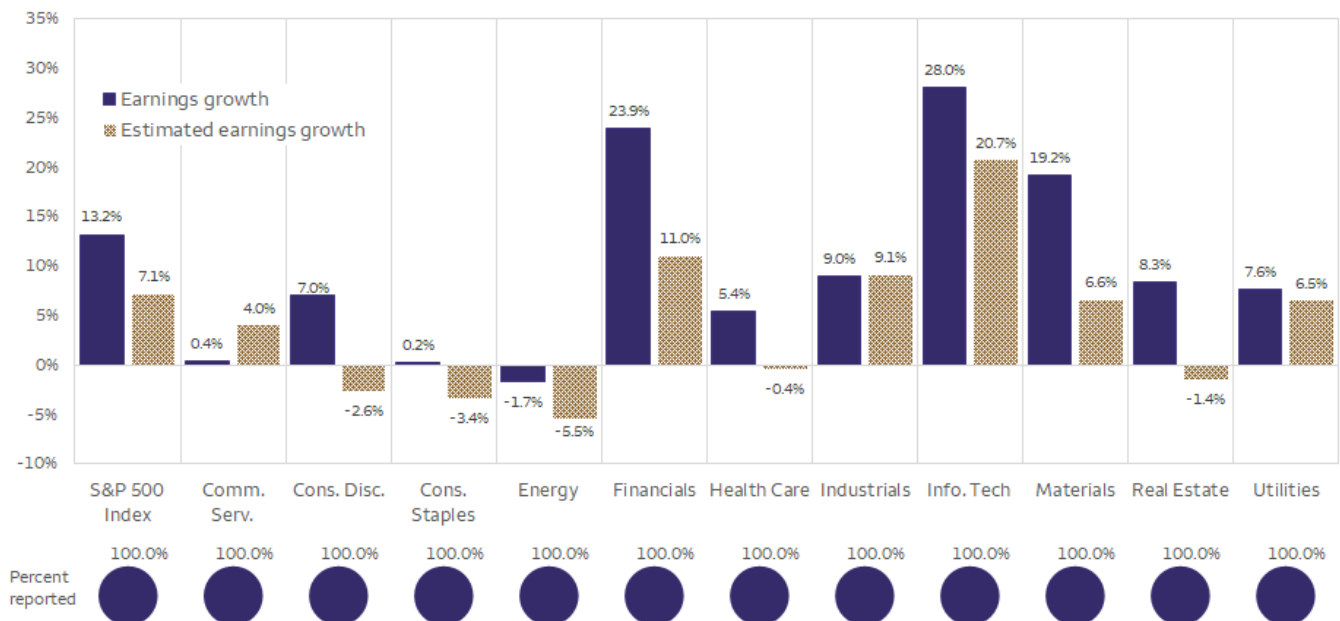
Economic data

- The FOMC reduced their target federal funds rate by 25 bps, to 3.50% – 3.75%. This was the third consecutive cut and brought the policy rate within the range of what many at the Federal Reserve (Fed) consider to be neutral, which is the rate at which monetary policy neither stimulates nor hampers the economy.
 - With two officials dissenting in favor of no rate change and one in favor of a 50-bp cut, the meeting showed divisions among policymakers related to the dynamic of stubborn inflation (still above the Fed's 2% target) coupled with signs of weakness in the labor market. The Fed's press release stated that downside risks to employment rose in recent months.
 - The updated Summary of Economic Projections had a median projection of one 25-bp cut in 2026. The Fed also raised its median gross domestic product forecasts for 2026 by 0.5 percentage points, to 2.3%, and decreased its inflation projection by 0.2 percentage points, to 2.4%.
- This week's JOLTS data for October (a delayed release) showed that while job openings rose, layoffs increased.
 - On one hand, the report showed openings per unemployed worker balancing out to a ratio of approximately 1:1. On the other, quits rates declined to their lowest level since 2020 at 1.8%, suggesting workers are more reluctant to switch jobs amid a challenging hiring environment.
- Initial jobless claims drew some attention this week as the number of applications saw a sharp week-over-week spike following possible holiday distortions, increasing by 44K to 236K, for the week ending December 6. While this represented a sizable increase, the four-week moving average remained subdued.
- The Small Business Optimism Index rose 0.8 points month over month (MOM) to 99.0.
 - The MOM improvement was driven by higher sales expectations and an increase in the percent of owners planning to create new jobs in the next three months. Notably, the net percent of owners raising average selling prices saw its largest MOM increase in the history of the survey.
 - Despite a positive sign from the overall MOM gain, it is worth noting that according to Bloomberg, 2025 has seen the most small-business bankruptcy filings on record.

Stock market recap

By Friday morning, the major averages were on track to end the week mostly lower, with the S&P 500 Index and Nasdaq led lower by tech. As of 12:00 p.m. ET, the S&P 500 Index was down 0.8%, the Nasdaq fell 1.8%, and the Dow rose 1.0%.

Third-quarter earnings came in well above consensus



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of December 12, 2025, at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of September 26, 2025, at 8:30 a.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Looking ahead to next week: December 15 – 19

U.S.

- Market-moving reports will include the November jobs report and October payrolls data, along with October retail sales and S&P Global's December PMIs for both the manufacturing and service sectors, all out on Tuesday.
- Attention will then shift to Thursday's November CPI and Friday's finalized December consumer sentiment and inflation expectations survey from the University of Michigan.
- Also on tap: December's homebuilder sentiment and November's existing home sales, in addition to measures of economic activity from the Fed Banks of New York, Philadelphia, and Kansas City.
- Markets will also watch for updates to release dates for other economic reports delayed due to the shutdown.

Asia

- In China, a full data calendar will include November's retail sales, industrial production, fixed asset investment, money supply, home prices, and surveyed jobless rate.
- The Bank of Japan will hold a policy meeting at the end of the week, preceded by the country's national CPI, December PMIs, core machine orders, trade balance, and fourth-quarter business activity updates from Tankan.
- Elsewhere in the region, South Korea's Producer Price Index (PPI) hits the tape, along with Australia's preliminary December PMIs, consumer confidence, and leading index.

Europe

- The highlight will be Thursday's European Central Bank policy meeting and a first look at euro-area PMIs for December, along with the eurozone's ZEW expectations for economic growth, trade balance, industrial production, consumer confidence, and finalized November CPI.
- The Bank of England will also hold a policy meeting on Thursday, with releases from the country including November's CPI, a companion Retail Price Index, and retail sales, in addition to house price and labor market data.
- From France, watch for manufacturing confidence, the PPI, and retail sales, while German economic data includes the PPI, ZEW index of current conditions, consumer confidence, and Ifo business climate survey.

Scheduled economic releases for week of December 15, 2025

Date	Time	Country	Release	For	Consensus	Prior
Monday, 12/15	8:30 AM	Canada	CPI YoY	November	2.3%	2.2%
Monday, 12/15	8:30 AM	U.S.	Empire Manufacturing	December	9.5	18.7
Monday, 12/15	10:00 AM	U.S.	NAHB Housing Market Index	December	39	38
Tuesday, 12/16	5:00 AM	Germany	ZEW Survey Expectations	December	39.0	38.5
Tuesday, 12/16	8:30 AM	U.S.	Change in Nonfarm Payrolls	November	50k	119k
Tuesday, 12/16	8:30 AM	U.S.	Retail Sales Advance MoM	October	0.2%	0.2%
Tuesday, 12/16	8:30 AM	U.S.	Unemployment Rate	November	4.5%	4.4%
Tuesday, 12/16	8:30 AM	U.S.	Retail Sales Ex Auto MoM	October	0.2%	0.3%
Tuesday, 12/16	8:30 AM	U.S.	Average Hourly Earnings MoM	November	0.3%	0.2%
Tuesday, 12/16	9:45 AM	U.S.	S&P Global US Manufacturing PMI	December Prelim		52.2
Tuesday, 12/16	9:45 AM	U.S.	S&P Global US Services PMI	December Prelim	54.0	54.1
Wednesday, 12/17	2:00 AM	U.K.	CPI YoY	November	3.5%	3.6%
Thursday, 12/18	7:00 AM	U.K.	Bank of England Bank Rate	December 18	3.8%	4.0%
Thursday, 12/18	8:15 AM	Eurozone	ECB Main Refinancing Rate	December 18	2.15%	2.15%
Thursday, 12/18	8:30 AM	U.S.	CPI YoY	November	3.1%	3.0%
Thursday, 12/18	8:30 AM	U.S.	Core CPI YoY	November	3.0%	3.0%
Thursday, 12/18	6:30 PM	Japan	Natl CPI YoY	November	2.9%	3.0%
Thursday, 12/18	10:00 PM	Japan	BOJ Target Rate	December 19	0.8%	0.5%
Friday, 12/19	10:00 AM	U.S.	Existing Home Sales	November	4.2m	4.1m

Source: Bloomberg. Data as of December 12, 2025, as of 12:00 P.M. ET. Times in table are in Eastern Time.

Scheduled earnings releases for week of December 15, 2025

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
LEN	Lennar Corporation Class A	Tuesday, 12/16	11:00 AM	\$9.00	\$2.21	\$3.90
MU	Micron Technology, Inc.	Wednesday, 12/17	4:30 PM	\$12.82	\$3.93	\$1.79
JBL	Jabil Inc.	Wednesday, 12/17	8:30 AM	\$8.00	\$2.70	\$2.00
GIS	General Mills, Inc.	Wednesday, 12/17	Unspecified	\$4.78	\$1.02	\$1.40
CTAS	Cintas Corporation	Thursday, 12/18	10:00 AM	\$2.77	\$1.20	\$1.09
NKE	NIKE, Inc. Class B	Thursday, 12/18	5:00 PM	\$12.21	\$0.38	\$0.78
FDX	FedEx Corporation	Thursday, 12/18	5:30 PM	\$22.78	\$4.11	\$4.05
ACN	Accenture Plc Class A	Thursday, 12/18	8:00 AM	\$18.51	\$3.74	\$3.60
DRI	Darden Restaurants, Inc.	Thursday, 12/18	8:30 AM	\$3.07	\$2.11	\$2.03
KMX	CarMax, Inc.	Thursday, 12/18	9:00 AM	\$5.69	\$0.37	\$0.81
FDS	FactSet Research Systems Inc.	Thursday, 12/18	9:00 AM	\$0.60	\$4.36	\$4.37
CCL.U	Carnival Corporation	Friday, 12/19	10:00 AM	\$6.37	\$0.25	\$0.14
LW	Lamb Weston Holdings, Inc.	Friday, 12/19	10:00 AM	\$1.59	\$0.64	\$0.66
PAYX	Paychex, Inc.	Friday, 12/19	9:30 AM	\$1.55	\$1.23	\$1.14
CAG	Conagra Brands, Inc.	Friday, 12/19	Unspecified	\$2.98	\$0.44	\$0.70

Source: FactSet. Data as of December 12, 2025, as of 8:30 A.M. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **Real estate** has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic condition.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

Additional information available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable, but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The change in nonfarm payrolls measures the number of employees on business payrolls.

Consumer confidence (or consumer sentiment) tracks sentiment among households or consumers.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Core machine orders tracks the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

The Employment Cost Index measures changes in employee compensation costs (or labor costs). These costs include both direct costs (such as wages, bonuses or in kind benefits) as well as indirect costs (such as social security contributions, training costs, medical benefits, taxes, etc.).

Existing home sales tracks the sales of previously owned homes during the reference period.

Fixed asset investment tracks investment in or capital expenditures on fixed assets such as buildings, plant, equipment, machinery, etc.

The German Ifo Business Climate survey tracks the general state of the economy as it relates to businesses.

The German ZEW index of current conditions (or business conditions) tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

House/home prices track changes in residential property prices.

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

Initial jobless claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

The international trade balance (or foreign trade) measures the difference between the movement of merchandise trade and/or services leaving a country (exports) and entering a country (imports). This measure tracks the value of the merchandise trade balance.

The Job Openings by Industry Total Survey (JOLTS) tracks the number of specific job openings in an economy.

Leading indicators (leading indexes) include economic variables that tend to move before changes in the overall economy.

Manufacturing confidence tracks business sentiment within the industry sector.

The money supply (or money stock) measures the total amount of money in circulation in a country or group of countries in a monetary union.

The National Association of Home Builders (NAHB) Housing Market Index (or homebuilder sentiment) tracks sentiment among participants in the housing industry.

The Producer Price Index (PPI) is a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Purchasing Managers' Indexes (PMIs) track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

The retail price index is a measure of inflation that tracks changes in retail prices paid by households for a market basket of goods and services.

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Small business optimism tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

The Tankan Survey (Tankan Manufacturing Index), conducted quarterly by the Bank of Japan, is the most comprehensive and influential measure of business confidence in Japan. The survey is conducted among a broad range of large manufacturing enterprises.

The unemployment (or jobless) rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

The ZEW survey of expectations for economic growth concept tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

General Disclosures

Wells Fargo Investment Institute, Inc. (WFII) is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

Opinions represent WFII's opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. WFII does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report. The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor.

This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

©2025 Wells Fargo Investment Institute. All rights reserved. PM-06122027-8664039.1.1