WELLS FARGO
Investment Institute

Looking Ahead

December 19, 2025

Stocks whipsaw after cooler-than-expected CPI

Stocks were mixed as October and November jobs data confirmed a softening labor market going into the fourth quarter while Consumer Price Index (CPI) data for November showed lower-than-expected inflation, though additional months of data will be needed to substantiate the CPI prints in particular. Delayed retail sales for October indicated healthy sales in most areas, offset by a decline in auto sales. Meanwhile, S&P Global's Purchasing Managers' Indexes (PMIs) for December indicated a deceleration in manufacturing and services activity, though both remained expansionary. Looking ahead to a light week of economic data, third-quarter gross domestic product (GDP) will be out, as will consumer confidence from The Conference Board, durable goods orders, and industrial production. Meanwhile, many releases remain delayed due to ongoing effects from the government shutdown. Please note, due to the holidays we will not be publishing this report December 26 or January 2. Our next publication will be on January 9.

S&P 500 Index performance week of December 15 – 19

Sources: Bloomberg, Wells Fargo Investment Institute. Data from December 15, 2025, through December 19, 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.

Week in review: December 15 – 19

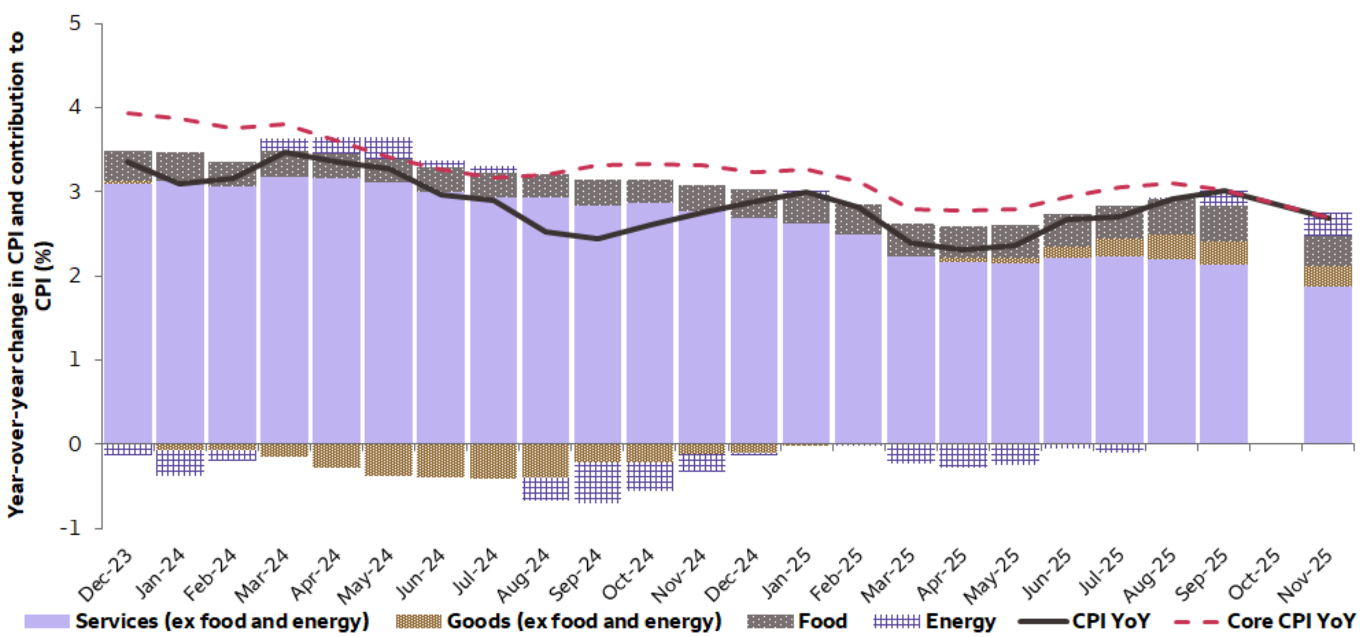
Economic data

- The delayed jobs report for October and November showed subdued nonfarm payrolls, an increase in unemployment, and slowing wage gains, indicating the labor market was cooling going into the fourth quarter.
  - Nonfarm payrolls fell by 105K in October, though federal government deferred resignations were a significant contributor. This was followed by November's increase of 64K. Meanwhile, downward revisions to the August and September prints totaled 33K. Overall, the rolling three-month average of a 22K per month increase over the September – November period represents a modest pace and suggests softening.
  - The unemployment rate for November increased to 4.6% from September's 4.4% (with data not collected for October). However, we would put the elevated November print in perspective with the report's mention of higher-than-usual standard errors related to lower response rates and adjustments to weighting following the shutdown. A decline in federal-government employment was also a notable contributor.
  - Year-over-year (YOY) average hourly earnings slowed to 3.5% in November, the lowest since May 2021.
- CPI data for November saw a notable month-over-month (MOM) slowdown, fueling market expectations for additional rate cuts in the near term, though additional months of data will be needed to substantiate the prints.
  - The YOY headline and core rates declined to 2.7% and 2.6%, respectively (from both being 3.0% in September). On a September to November basis, the headline and core inflation rates were both 0.2%.
  - Economists questioned the reliability of the data given several confounding factors — namely the record-long government shutdown; a significant decline in shelter inflation (which represents approximately a third of the CPI); the fact that data was not collected for October (with the rates calculated based on the September to November change); and a shorter-than-usual data-collection period for November.
- The delayed retail-sales print for October was flat with a 0.0% MOM gain, though this number was a product of a sizable decline at motor-vehicle dealers coupled with strong sales in other categories.
- S&P Global's PMIs for December showed services activity easing to a six-month low and manufacturing activity slowing to a five-month low, though both remained expansionary (at 52.9 and 51.8, respectively).

Stock market recap

By Friday morning, the major averages were on track to end the week mixed, after the S&P 500 Index erased losses from earlier in the week. As of 12:00 p.m. ET, the S&P 500 Index was relatively flat (-0.02%), the Nasdaq rose 0.1%, and the Dow declined 0.5%.

Headline and core inflation cooled in November



Sources: Bloomberg, Bureau of Labor Statistics, and Wells Fargo Investment Institute. Monthly data from December 1, 2023, to November 30, 2025. The Bureau of Labor Statistics did not publish October 2025 CPI data due to lack of data collection during the U.S. government shutdown.

Looking ahead to next week: December 22 – 26

U.S.

- The highlight of the holiday-shortened week will be a delayed first look at third-quarter GDP.
- Other potentially market moving reports include October's construction spending and preliminary durable goods orders, along with industrial production data for both October and November.
- Also on tap: Decembers consumer confidence and measures of economic activity from the Chicago, Philadelphia, and Richmond regional Federal Reserve banks.
- In the auction space, the U.S. Treasury department issues $211 billion in 2-, 5-, and 7-year notes.

Asia

- In China, the highlight of an otherwise data-light week will be reports on November's industrial profits and December's one- and five-year loan prime rates.
- From Japan, watch for the Tokyo CPI, services Producer Price Index, the jobless rate, retail sales, industrial production, housing starts, and department store sales.
- Elsewhere in the region, South Korea's consumer confidence and retail sales hit the tape.

Europe

- In Europe, the focus of the holiday-shortened week will be the U.K.'s finalized third-quarter GDP and trade data, along with Germany's import prices.

Scheduled economic releases for week of December 22, 2025

Date	Time	Country	Release	For	Consensus	Prior
Sunday, 12/21	8:00 PM	China	1-Year Loan Prime Rate	December 22	3.0%	3.0%
Monday, 12/22	2:00 AM	U.K.	GDP QoQ	3Q Final	0.1%	0.1%
Monday, 12/22	8:30 AM	U.S.	Chicago Fed Nat Activity Index	November	-0.20	-0.12
Tuesday, 12/23	2:00 AM	Germany	Import Price Index MoM	November	0.1%	0.2%
Tuesday, 12/23	7:00 AM	Mexico	Trade Balance	November		606.07m
Tuesday, 12/23	8:30 AM	Canada	GDP YoY	October	0.3%	1.0%
Tuesday, 12/23	8:30 AM	U.S.	GDP Annualized QoQ	3Q Second	3.2%	3.8%
Tuesday, 12/23	8:30 AM	U.S.	Personal Consumption	3Q Second	2.7%	2.5%
Tuesday, 12/23	8:30 AM	U.S.	Durable Goods Orders MoM	October Prelim	-1.5%	0.5%
Tuesday, 12/23	8:30 AM	U.S.	Cap Goods Orders Nondef Ex Air MoM	October Prelim	0.3%	0.9%
Tuesday, 12/23	9:15 AM	U.S.	Industrial Production MoM	November	0.1%	0.1%
Tuesday, 12/23	9:15 AM	U.S.	Capacity Utilization	November	75.90%	75.87%
Tuesday, 12/23	10:00 AM	U.S.	Conf. Board Consumer Confidence	December	92.0	88.7
Tuesday, 12/23	10:00 AM	U.S.	Richmond Fed Manufact. Index	December		-15
Tuesday, 12/23	4:00 PM	South Korea	Consumer Confidence	December		112.4
Tuesday, 12/23	6:50 PM	Japan	PPI Services YoY	November	2.6%	2.7%
Wednesday, 12/24	7:00 AM	U.S.	MBA Mortgage Applications	December 19		-3.8%
Wednesday, 12/24	8:30 AM	U.S.	Initial Jobless Claims	December 20	223k	224k
Thursday, 12/25	12:00 AM	Japan	Housing Starts YoY	November	0.600%	3.159%
Thursday, 12/25	12:30 AM	Japan	Nationwide Dept Sales YoY	November		4.3%
Thursday, 12/25	6:30 PM	Japan	Jobless Rate	November	2.6%	2.6%
Thursday, 12/25	6:30 PM	Japan	Tokyo CPI YoY	December	2.3%	2.7%
Thursday, 12/25	6:50 PM	Japan	Retail Sales MoM	November	0.5%	1.6%
Thursday, 12/25	6:50 PM	Japan	Industrial Production MoM	November Prelim	-2.0%	1.5%
Friday, 12/26	8:30 PM	China	Industrial Profits YoY	November		-5.5%

Source: Bloomberg. Data as of December 19, 2025, as of 12:00 P.M. ET. Times in table are in Eastern Time. 3Q = third quarter.

Scheduled earnings releases for week of December 22, 2025

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
	No earnings releases of note					

Source: FactSet. Data as of December 19, 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. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market.

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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.

The change in real average hourly earnings measure the change in real earnings or hours of all workers on nonfarm payrolls.

Construction spending generally refers to the value of new construction activity on residential and nonresidential projects.

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.

Department store sales tracks the resale of new and used goods to the general public, for personal or household consumption. Specifically these data measure sales at department stores.

Durable goods orders track 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.

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

Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by industry approach (or output-based GDP) is the sum of the gross value added (output less intermediate consumption) of all industry and services sectors of the economy (at basic prices), plus all taxes less subsidies on products. This concept is adjusted for inflation.

Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Import price indexes track changes in the prices of goods produced abroad and sold domestically (imports).

Industrial or manufacturing sales/profits (sometimes referred to as shipments or turnover) tracks producers' sale or shipment of their goods to third parties. This concept tracks the value of those sales or shipments.

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.

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.

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.

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.

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