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'Twas the night before Christmas

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'Twas the night before Christmas, my favorite time,
To summarize the past year in markets, in rhyme.
Despite sticky inflation, the bull market endured,
Double-digit gains appear, once again, well secured.

The year started with investors still largely in doubt,
Would the rally stay narrow or start to broaden out?
"Mag 7" domination had been quite supreme,
With AI emerging as a dominant theme.

A new model from China put a dent in that trend,
DeepSeek made us question how much companies would spend.
Analysts contemplated what this innovation meant,
Growth stocks slumped in Q1; the market fell by 5%.

In Q2, the downdraft became more extreme,
Tariffs were announced, to levels rarely seen.
In a matter of days, equity markets corrected,
A recession is coming! Economists projected.

April's panic proved only temporary,

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Trump backtracked; the outlook was soon less scary.
Some deals were struck; other tariffs were delayed,
We dodged the worst-case scenarios on trade.

But uncertainty lingered, the economy was split,
Manufacturing slowed, but AI capex was legit.
The wealthy kept spending, but many were hurting,
A “K-shaped” economy—trends were diverting.

Stocks rose in the summer; earnings were robust.
Global supply chains continued to adjust.
The impact of tariffs was less than assumed,
And more than offset by the great AI boom.

The Fed added fuel to a market already on fire,
Restarting an easing cycle that began 12 months prior.
Concerned as layoffs were starting to climb,
Chair Powell cut rates—he hopes just in time.

Entering the fall, the AI craze truly took flight,
When OpenAI signed deals with everyone in sight.
Gen Z’ers saw Bitcoin prices keep soaring on their screens,
But can someone please tell me what the meme “6-7” means?

In Washington, DC, work ground to a halt,
Both parties said it was the other guy’s fault.
The shutdown lasted for a record 43 days.
Without fresh data, investors were left in a haze.

Soon everyone worried about an AI bubble,
With markets so concentrated, that could spell trouble.
But spending from hyperscalers continued to expand,
Both chips and cloud services could not keep up with demand.

We eagerly look forward; the New Year awaits,
With so many unanswered investment debates.
Through cyclical swings and technology’s wild ride,
We’ll seek new perspectives, with data as our guide.

To our colleagues and clients, heartfelt thanks are a must,
For your partnerships, insights, and unwavering trust.
I hope your holiday presents bring you pure delight,
And may no ugly Labubu come into your sight.

Happy holidays!

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