Thackray Newsletter

— Know Your Buy & Sells a Month in Advance —

Published the 10th Calendar Day of Every Month

Volume 19, Number 12, December 2025 Written by Brooke Thackray

Market Update

QE - AGAIN!

On December 10th, the Federal Reserve cut its federal funds rate by 25 basis points (bps) and started a quantitative easing (QE) program, buying $40 billion of short-term T-bills per month.

Of course, Powell said that its new program should not be called QE because it is being done at the short end of the curve rather than the long end and it is being done to provide liquidity in the markets rather than stimulate the economy. What?

Who cares why it is being done, it is what it is. QE. It is growing the Federal Balance Sheet. Period.

Calling it Not-QE is liked being pulled over by a police officer for speeding and saying to the police officer that you were not speeding because you were taking your child to their baseball game. The officer would laugh and still give you a speeding ticket. It does not matter why.

Powell did exactly the same thing back in 2019 launching a QE program for liquidity and stating that program should not be called QE. Ok, I will give Powell a bit of a break...how about we call the current program QE-Lite. LOL.

S&P 500 Technical Status

The S&P 500 has rallied strongly since April. Despite moving a sideways since October, the S&P 500 has not broken its uptrend - yet.

Since July, the S&P 500 has been rising, but the RSI has been trending lower. The RSI highs keep getting lower. This divergence does not mean that the stock market is going to “crash.” However, it does mean that the stock market is becoming more fragile and susceptible to a pull-back.

Watch for a possible break lower below the trend line for the S&P 500. Yes, we are in the strong seasonal period for the overall market, but it is possible that we could see a pull back in the interim period.

Not to be out done, the Bank of Canada (BoC) announced in November that it was starting a program of buying T-Bills. It did not state the amount per month, but the scheduled amount for one month starting in December is $1 Billion.

Macklem stated that it was not QE, because it was not being used to stimulate the economy, but to provide liquidity in the markets. He said that Canada has done this before and it is part of normal operations. What?

If you read the fine print of this operation it states very clearly that the BoC is not buying the T-Bills in the secondary market, but buying it in the primary market, directly from the government at auction. This is by definition monetizing government debt. This is pure money printing.

Ok, the BoC has plans to roll of some of its long-term government debt as it comes due. I guess we will have to judge the outcome in the future.

The reason that there are liquidity issues at the front end of the curves for both the US and Canada is that the governments are spending too much money, going deeper into debt and financing (selling) huge amounts of T-Bills.

I have a novel solution. Why don't the governments stop spending huge amounts of money and creating huge debts.

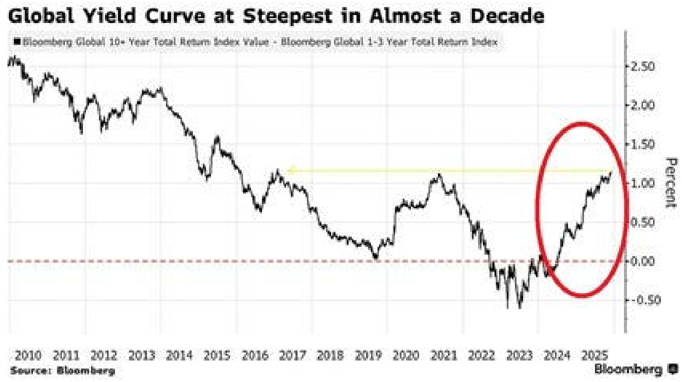
So why does the QE-Lite programs matter to the stock and bond markets?

The QE-Lite programs show the interdependence of central banks and governments. The central bank is supposed to be independent, but in recent years both the Bank of Canada and the Federal Reserve have shown their willingness to support irresponsible and reckless government spending.

The classic example of central bank policy gone wrong is the Federal Reserve buying mortgage backed securities (MBS) in 2023 during a housing bubble. The Federal Reserve currently has over $2 trillion worth of MBS's on their books.

It is not just the Canadian and US governments that are spendthrifts. It seems to be an epidemic around the world with many western governments racking up huge deficits and adding to their bloated debts.

Investors see the pattern and are starting to take action. They are demanding greater compensation to lend money to governments, i.e., interest rates are moving higher.



It is often forgotten that central banks do not control the long end of the yield curve....unless they implement some sort of quantitative easing program or yield control, both of which have disastrous long-term consequences.

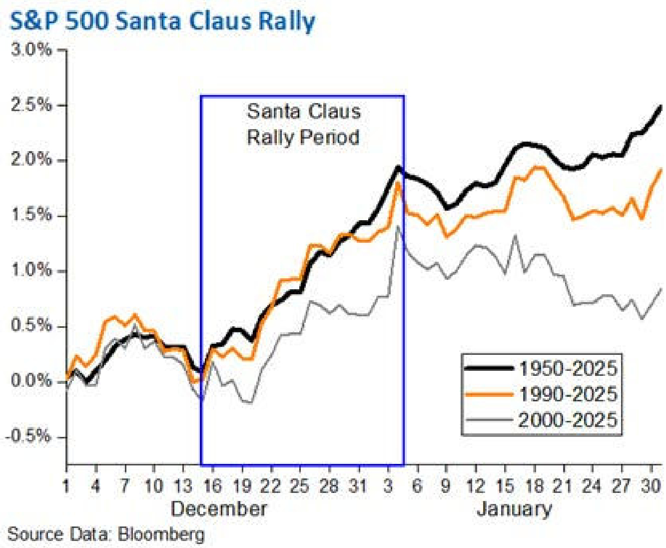
The bottom line is that QE-Lite and possibly another round of QE down the road contributes to higher long-term interest rates and lower bond prices.

The stock market is a different situation. Investors see the most recent move by the Federal Reserve and the Bank of Canada as an opening act to introducing a "true" QE if there is any appearance of economic trouble or the stock market starts to tumble.

The end result is that this increases investor risk-on appetite. It does not mean that the stock market will not correct, but any additional QE is supportive of higher markets. In other words, it is a plus for the stock markets (at least for the short-term).

Santa Claus Rally - Seasonal Trend

There is a lot of ink spilt at this time of the year, about the Santa Claus Rally. This is essentially a year-end run for markets that spills over into the next year. This is especially true if the markets receive a strong catalyst.



The above graph shows the Santa Claus Rally from mid-December to early January, with persistence over time. The rally appears strong for now, but watch for a possible fade in early January.

Seasonal Opportunities and Trends

Uranium

Uranium has a strong seasonal period from October 4 to January 24

The long-term case for uranium remains intact. Nothing has changed.

Unfortunately, uranium is out of the narrative news cycle. We all know that nuclear power is needed for future base load power as AI data centers gobble up power.

Uranium will make another comeback in the future. It is always hard to tell when and how much uranium will move. The long-term holders put the volatility out of their minds and hold. Do not be surprised to see some strong spikes in uranium.

On a seasonal basis, the uranium sector tends to fade in January. Recently, the sector has been underperforming.

My Call: The uranium sector will probably suffer some volatility over the next few months.

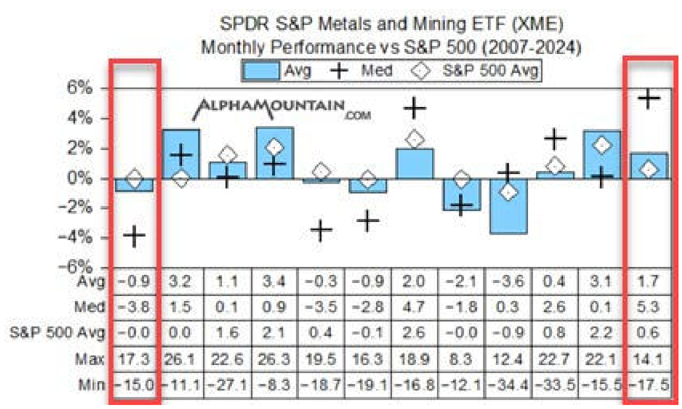
Metals & Mining

The metals and mining sectors has a strong seasonal period from November 19 to late January 5 and then from January 23 to May 5

The metals and mining sector has performed extremely well in 2025. Most investors do not pay attention to this sector, so it has been a stealth bull rally.

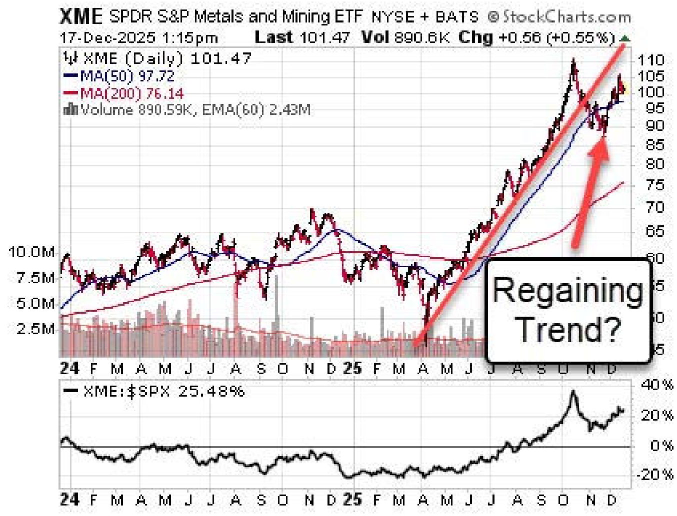
The metals and mining sector has performed well for a number of reasons, including benefitting from gold miners performing well and companies benefitting from tariffs in the sector.

On a seasonal basis, gold miners tend to perform particularly well in December and poorly in January. Perhaps a pull-back in January could lead to a good entry opportunity.



Avg	-0.9	3.2	1.1	3.4	-0.3	-0.9	2.0	-2.1	-3.6	0.4	3.1	1.7
Med	-3.8	1.5	0.1	0.9	-3.5	-2.8	4.7	-1.8	0.3	2.6	0.1	5.3
S&P 500 Avg	-0.0	0.0	1.6	2.1	0.4	-0.1	2.6	-0.0	-0.9	0.8	2.2	0.6
Max	17.3	26.1	22.6	26.3	19.5	16.3	18.9	8.3	12.4	22.7	22.1	14.1
Min	-15.0	-11.1	-27.1	-8.3	-18.7	-19.1	-16.8	-12.1	-34.4	-33.5	-15.5	-17.5

The fact that the metals and mining sector has been performing well is a good precursor for commodities to perform well.



My Call: The metals and mining sector will probably moderately outperform the S&P 500 over the next two months.

Industrials

The industrials sector has a strong seasonal period from October 28 to December 31 and from January 23 to May 5

The industrial sector underperformed the S&P 500 from self proclaimed liberation day in April until late November. In December, as the "shiny tech sector" has faded and investors are looking at other areas in which to invest. As a result the sector has been showing positive relative strength.

On an absolute basis, the sector has had a positive breakout. Often, the industrial sector takes a pause for most of January as the market sorts its narratives for the start of the year. Given that the sector has just started its outperformance, it is possible that we could see the industrial sector perform well in January, when it often lags.

My Call: The industrials sector will probably outperform the S&P 500 over the next four months.

Materials

The materials sector has a strong period from October 28 to the end of the year and then from January 23 to May 5

The materials sector has had similar performance to the industrial sector.

My Call: The materials sector will probably outperform the S&P 500 over the next four months.

Financials

The financials sector has a strong period from December 15 to April 13

The financials sector underperformed the S&P 500 starting in April until late November.

The financials sector started to outperform the S&P 500 before the start of its strong seasonal period.

The big catalyst for the financial sector was the Federal Reserve embarking on its program to buy $40 billion T-Bills per month. This liquidity benefits the big banks.

My Call: The financials sector will probably continue to outperform the S&P 500 into mid-April.

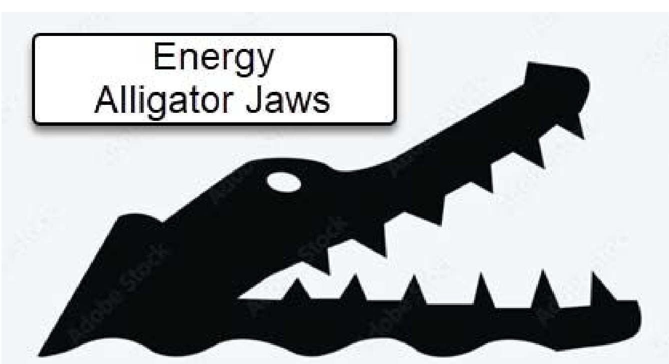
Energy Sector

The energy sector has its next strong seasonal period in late February into May 9.

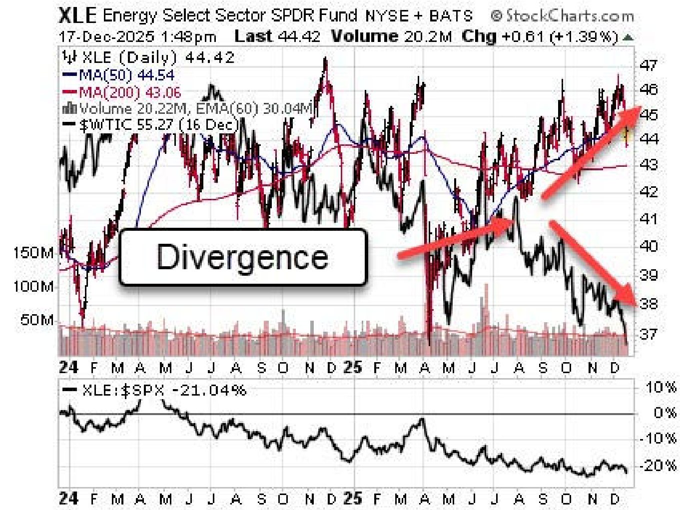
The energy sector has been positive since April, despite the price of oil moving lower.

This divergence is colloquially called “alligator jaws.” At some point the jaws will close. Either the price of oil increases or energy stocks move lower. This alligator jaws relationship in the energy sector has sometimes persisted for extended periods of time, so the current bout is not a huge anomaly.

The graph below shows the US energy sector versus the price of oil. The Canadian energy sector has followed a similar trend, except the Canadian energy sector has outperformed the US energy sector. This phenomena is largely the result of the narrative that the US energy sector is peaking in its shale fields.



Given the “alligator jaws,” the energy sector will likely not start a strong seasonal run until later in February when its seasonal trend starts.



My Call: The energy sector will probably start its strong seasonal period as the start of its seasonal period in late February.

Gold

Gold’s next strong seasonal period starts in late December. Gold has been performing well ahead of its strong seasonal period, as it has done over the last few years.

Gold has had a rocket year. It has become overbought, but there some strong fundamentals driving gold higher, such as central bank buying and investors and institutions starting to worry about currency debasement.

Gold is very under owned by western investors compared to historical standards. The demand for gold has been coming from eastern investors.

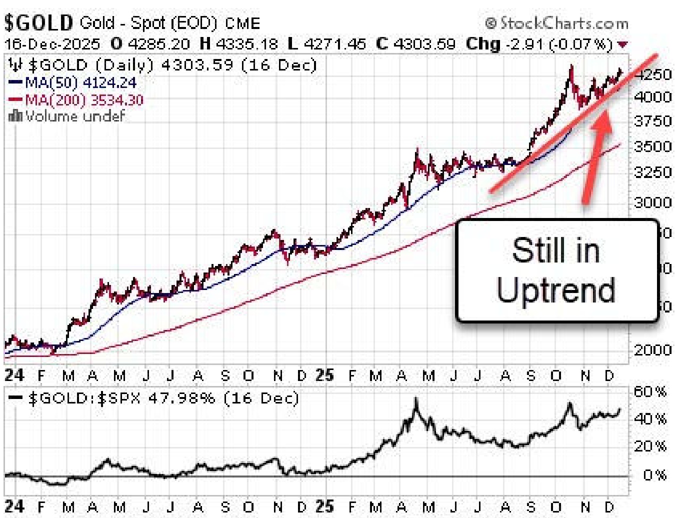
Although gold has been making all-time-highs, western investors are still not interested. Gold ETF holding are estimated to make up less than 1% of investor holdings. If investors were to get interested in gold and the amount of holdings were to increase by even 1%, this would be expected to put substantial upward pressure on gold.

The graph below shows the number of troy ounces hold in GLD, the largest gold fund in the world. When the ounces of gold held in inventory increases, this indicates increasing interest in holding gold and vice versa.

The peak ounces held was in 2020. There was a slight bump in 2022 at the start of the Russia-Ukraine war.

Since 2024, the number of ounces held has been increasing, but it is still not close to the peak in 2020.

Sure, the above graph only shows one ETF and there are other funds that have been launched, but nevertheless it is a strong indication that North American investors have truly not truly become interested in gold–yet.



My Call: Gold will probably continue to move higher into early March.

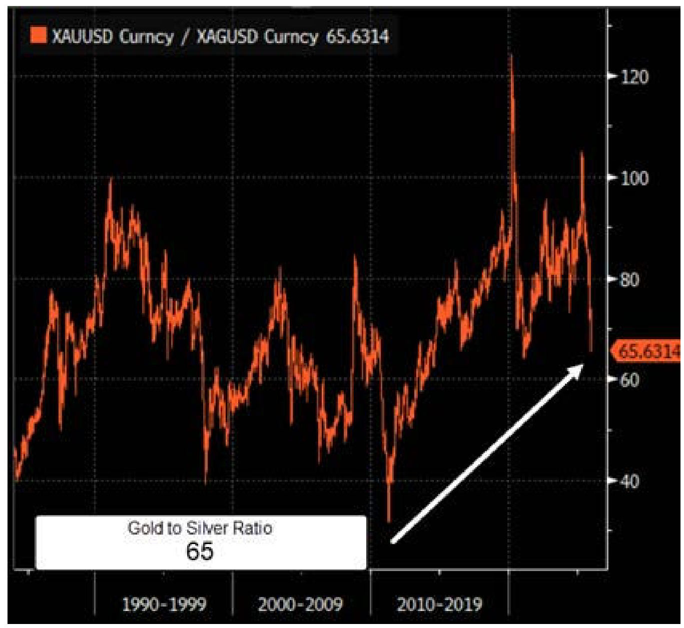
Silver

Silver's next strong seasonal period starts in late December. Silver has been performing well ahead of its strong seasonal period, as it has done over the last few years.

Silver has performed extremely well in 2025. At the time of this writing, silver is up more than 100% YTD.

One of the reasons that silver has performed well in 2025 is that it has been relatively underpriced relative to gold early in the year. Many investors follow the Gold to Silver Ratio (GSR). The ratio measures the price of one ounce of gold relative to silver.

Early in 2025, the ratio was 100, which makes silver cheap relative to gold by historical standards. The recent move in silver has brought that ratio back into balance at 65. It is totally possible that the ratio could move much lower.

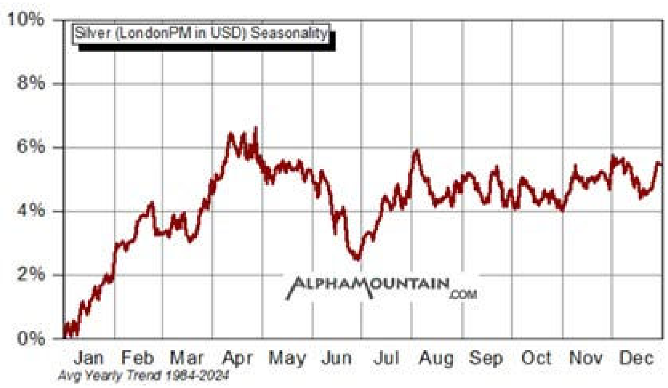


A nascent development took place in December with Samsung buying the entire silver production of a small silver mine in Mexico.

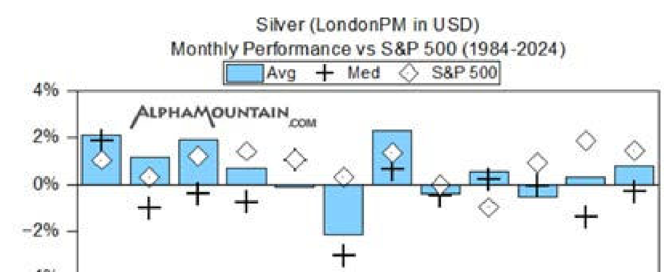
This development was not covered by the main-stream-media (MSM) because the deal was so small. Why did Samsung do this deal? They wanted to lock in silver supply for their upcoming solid-state silver based battery for EV cars.

The reason that I am mentioning this announcement is that investors should expect to see much more of this activity not just with silver, but also critical minerals. Companies dependent on critical minerals are increasingly going to be securing future production in 2026.

Below is the seasonal trend for silver from 1984. On average, silver has performed well from late December into April on an absolute basis.

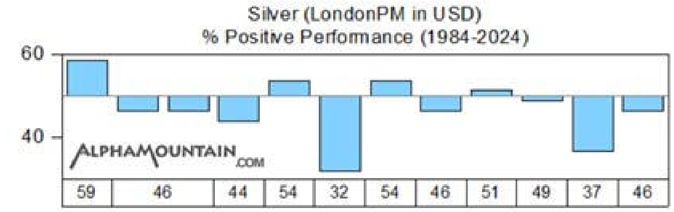


On a monthly basis, it is important to take a look at the median performance. January is the strongest month of the year. However, February March and April are negative. What this means is that the few times where silver has performed well in these months, it has performed very well.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Avg	2.1	1.2	1.9	0.7	-0.1	-2.2	2.3	-0.4	0.5	-0.6	0.3	0.8
Med	1.9	-1.0	-0.4	-0.8	1.0	-3.1	0.6	-0.5	0.2	-0.1	-1.4	-0.3
S&P 500	1.0	0.3	1.2	1.4	1.1	0.3	1.4	-0.0	-1.0	0.9	1.9	1.5
Max	19.2	20.7	21.2	28.9	22.9	14.3	34.9	18.6	17.0	12.4	13.2	19.6
Min	-9.4	-10.7	-18.9	-24.0	-20.6	-18.5	-15.3	-21.3	-26.4	-28.4	-10.2	-12.6

January is the best month on a positive frequency basis. See graph below.



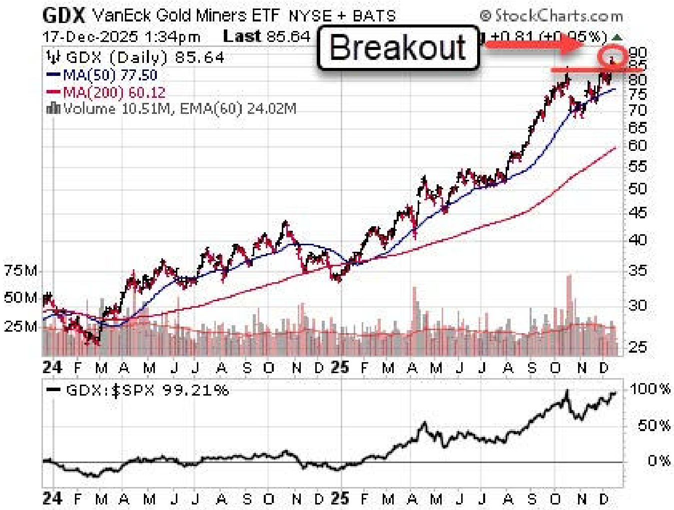
Silver has broken out higher on an absolute basis and has been outperforming gold. On a technical basis, silver has not broken down.

My Call: Silver will probably continue to perform well into March.

Gold Miners

Gold miners' next strong seasonal period starts in late December and can last into March. Gold miners have been performing well ahead of its strong seasonal period, as it has done over the last few years.

Gold miners have performed well in 2025. The good news is that gold miners are starting their strong seasonal period.



My Call: Gold miners will probably continue to perform well into March.

CAD/USD

The Canadian dollar is currently in a neutral period. The Canadian dollar has been performing well despite the price of oil moving lower. The main reason is that the US dollar has been falling versus world currencies.

Technology

The technology sector tends to perform well from October 9 to December 5 and then from December 15 to January 17

The technology sector has been consolidating relative to the S&P 500. It is being battered around by the challenging of the AI narrative. Investors are starting to realize that the way forward for AI is not a smooth ride higher.

The narrative is being challenged because investors are now worried if there is enough financing, enough power, enough data centers. This has had the effect of adding volatility to the sector and putting downward pressure in the sector.

Nevertheless, if a risk-on rally ensues, it would be expected that investors would come back and "buy-the-dip," and push the sector higher.

My Call: The technology sector will probably continue to be volatile, with bursts of outperformance. Watch for the possibility of deteriorating performance in late January.

Small Caps

The small cap sector tends to perform well from mid-December until early March

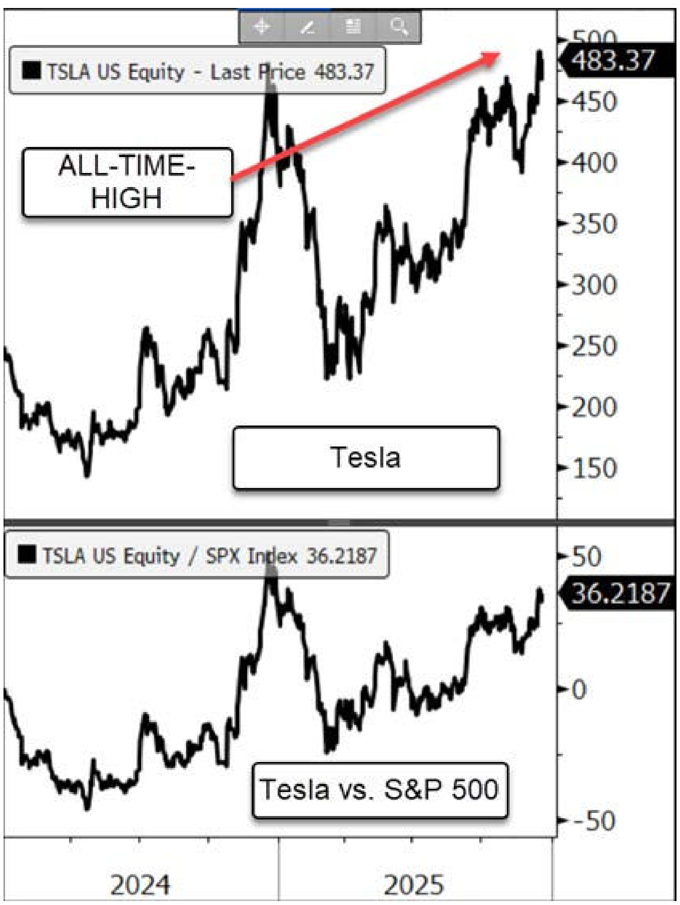
Small caps started to underperform in 2021 after a sharp rally post COVID. Recently, the small cap sector started to outperform the S&P 500. This is partly because investors started to shift their focus from the large tech stocks.

The small cap sector has a strong seasonal period that lasts until early March. Even in an overall downtrend, the small cap sector tends to perform well at this time of the year. Caveat emptor.

My Call: Small caps will probably continue to outperform into early March.

Consumer Discretionary

The consumer discretionary sector has a strong seasonal period from October 28 to December 31



The consumer discretionary sector has benefitted from Tesla performing well (Tesla makes up 20% of the consumer discretionary sector ETF -XLY).

On an absolute basis, the sector is breaking out, which is positive. Relative to the S&P 500, the sector is still in a consolidation phase. On a seasonal basis, the sector tends to pull back in January (moderately).

My Call: The consumer discretionary sector will probably perform at market over the next two months.

Canadian Banks

The Canadian banking sector tends to perform well starting in mid-October until late December and then from January 23 to April 13

The Canadian banks have been performing well for almost all of 2025. Canadian banks have been in the sweetspot. They are high dividend payers in an oligopoly industry. Investors love the comfort of the dividends. Banks have performed well mainly because the long-forecasted recession never materialized. Canadian banks tend to perform poorly once the economy becomes well entrenched in a recession.

Canadian investors tend to ride the banks up until the concern for a recession starts to take hold.

In addition, Canadian banks have benefitted from foreigners buying into Canadian markets. The foreign inflows was the fourth highest inflow over the last four years and third highest in history. The Canadian banking sector typically is one of the major recipients of foreign investing.

David Rosenberg @EconguyRosie · 4h

We raised some eyebrows with our recent pivot to a more positive stance on the Canadian dollar but in reality, we had been moving away from our long-standing bearish posture for some time. The clouds are parting, and we saw that on full display in October when foreign investors plowed a net $46.4 billion into the domestic securities market which was the strongest capital inflow in nearly four years and third most on record.

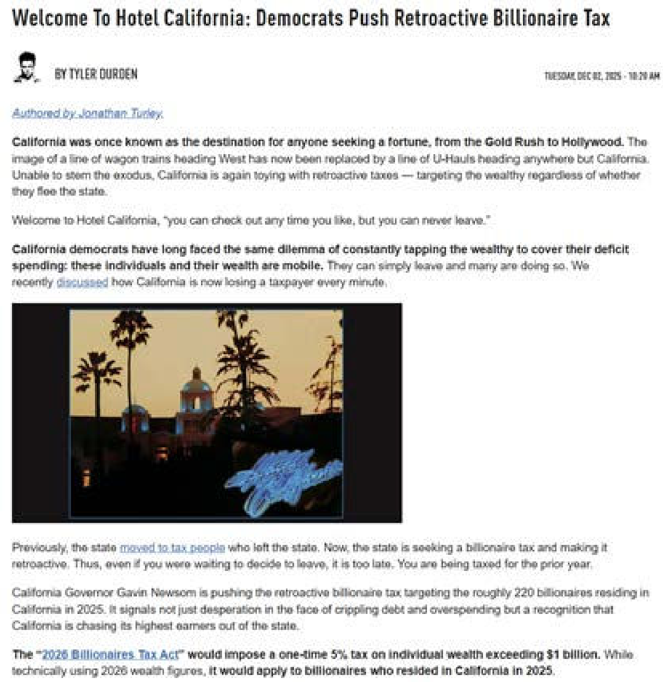
12 8 66 13K

Very often, Canadian banks, when they have strongly outperformed the markets heading into their Q4 earnings, tend to have their performance fade. At the time of this writing, this has not happened yet. I would not be surprised to see Canadian bank performance to start to lag imminently.

My Call: The Canadian banking sector will probably start to underperform in early January.

Rants

Rant #1
California - Worst Run State ?
Welcome to Hotel California - You Can Never Leave



Welcome To Hotel California: Democrats Push Retroactive Billionaire Tax

BY TYLER DURDEN

TUESDAY, DEC 02, 2025 - 10:20 AM

Authored by Jonathan Turley,

California was once known as the destination for anyone seeking a fortune, from the Gold Rush to Hollywood. The image of a line of wagon trains heading West has now been replaced by a line of U-Hauls heading anywhere but California. Unable to stem the exodus, California is again toying with retroactive taxes — targeting the wealthy regardless of whether they flee the state.

Welcome to Hotel California, "you can check out any time you like, but you can never leave."

California democrats have long faced the same dilemma of constantly tapping the wealthy to cover their deficit spending: these individuals and their wealth are mobile. They can simply leave and many are doing so. We recently discussed how California is now losing a taxpayer every minute.

Previously, the state moved to tax people who left the state. Now, the state is seeking a billionaire tax and making it retroactive. Thus, even if you were waiting to decide to leave, it is too late. You are being taxed for the prior year.

California Governor Gavin Newsom is pushing the retroactive billionaire tax targeting the roughly 220 billionaires residing in California in 2025. It signals not just desperation in the face of crippling debt and overspending but a recognition that California is chasing its highest earners out of the state.

The "2026 Billionaires Tax Act" **would impose a one-time 5% tax on individual wealth exceeding $1 billion.** While technically using 2026 wealth figures, **it would apply to billionaires who resided in California in 2025.**

California is at it again, proposing a retroactive tax on billionaires (for now - until it applies to the middle class)

I really could have a special section in my rants...just for California. It is either the worst run state or one of the worst run states.

The latest California proposal is to tax billionaires retroactively. Honestly, you cannot make this stuff up.

I am sure that the retroactive part of the proposed law will get challenged in court. However, California is one of the most overtaxed states and it keeps looking for more ways to tax its people. The proposal is for a billionaire's tax, but we all know that it will be a millionaire's tax soon and then it will be a tax for the middle class.

I have a novel idea, how about California start electing competent government officials and reduce government spending and regulations. Maybe one day... or maybe I am just California dreaming?

Rant #2
Regina - Frozen Thinking
EV Buses Do Not Work in Winter

You can be forgiven if you laugh at this one.

Regina has bought twenty EV buses. They wanted to jump on the me too EV trend and show their commitment to the climate. I have no objections to EV's or other alternative non internal combustion engine (ICE) modes of transportation.

The Regina city government officials who put out an RFP for the EV buses, must have asked the question, how long will an EV bus run before needing to be charged....and the most important question, how long in winter? For those of you that do not know....Regina is one of the coldest cities in Canada.

Of course, there would have been a clause in the contract that stated that if the bus cannot run for a full eight hour shift in winter, then Regina should be able to return the buses for a full refund. In the era where government officials often do not even read the contract they are responsible for, there is a possibility that this clause was not included.

To answer the question...how long will the EV bus run in winter before needing a charge...1.5-3 hours. Yes, you heard that right that is the real world experience with Regina's new EV buses.

How is this even remotely possible? Did the government officials forget that they live in one of the coldest places on earth?

Oh, just in case you do not know, EV batteries degrade over time and a full charge does not last as long in a bus that is a few years old compared to a new EV bus. We all know this to be fact, because our laptop batteries after three years have substantially less capacity to hold a charge.

In addition, in severe cold weather, the expected distance on a charge can be reduced by up to one-half.

I am not an engineer, but if your really wanted to go down the "environmentally friendly" route, maybe hydrogen would have been a better solution for buses in Regina.

Rant #3
Person of Year (POY) - Time Cover Curse

On the cover:

- ♦ *Meta CEO Mark Zuckerberg*
- ♦ *AMD CEO Lisa Su*
- ♦ *xAI CEO Elon Musk*
- ♦ *Nvidia CEO Jensen Huang*
- ♦ *OpenAI CEO Sam Altman*
- ♦ *Google DeepMind CEO Demis Hassabis*
- ♦ *Anthropic CEO Dario Amodei*
- ♦ *Fei-Fei Li, founder of Worldlabs*

The Time Cover Person of the year has often marked the peak of their career and foreshadows a "fall from grace." The Time Cover phenomena has become somewhat of a curse. Let us hope that it does not apply this time around.

The December 2025 Time cover uses the iconic photo of iron workers taking their lunch on a metal beam high in the sky while working on the Empire State building. The cover is supposed to be symbolic of a new "industrial" revolution.

Ok, I get it.

I just hope that this Time Cover Curse is broken.