

Stocks turn the calendar in a relatively underwhelming fashion

The stock market finished the holiday-shortened week with a generally soft tone, as low trading volume and a lack of fresh catalysts left equities drifting lower and erased much of the prior week's advance.



The muted action resulted in a largely nonexistent Santa Claus rally, with investors still searching for a clear directional driver as the calendar turned.

The major averages reflected that sluggish backdrop. The S&P 500 (-1.0% WTD), Nasdaq Composite (-1.5% WTD), and DJIA (-0.7% WTD) all declined, weighed down by pressure in several mega-cap names. Small- and mid-cap indexes extended last week's underperformance, with the Russell 2000 (-1.1% WTD) and S&P Mid Cap 400 (-0.7% WTD) also finishing lower.

Mega-cap weakness was a recurring theme, particularly within growth-oriented benchmarks. That pressure capped upside at the index level despite pockets of strength elsewhere.

Sector performance was mixed and rotational. Stocks in the information technology sector (-1.5% WTD) struggled overall, reflecting ongoing consolidation in large-cap AI and software names. That said, chipmakers showed improving momentum late in the week.

Consumer-facing areas were among the weakest spots, with the consumer discretionary sector (-3.2% WTD) posting the widest decline as selling pressure lingered in several heavyweight components. Financial stocks also lagged, leaving the financials sector (-1.3% WTD) lower on the week.

By contrast, energy was a clear standout. The energy sector (+3.3% WTD) finished with the strongest gain as geopolitical tensions and firm oil prices supported the group. The industrials (+0.5% WTD) and utilities (+0.9% WTD) sectors also closed higher, offering relative stability amid broader market softness.

Overall, this week's price action came amid notably light volume due to the holiday calendar, limiting conviction behind both rallies and selloffs.

With last week's gains largely retraced and no major macro or policy developments altering expectations, the market ended the week still in search of its next catalyst as 2026 begins.

- DJIA: -0.7% WTD
- S&P Mid Cap 400: -0.7% WTD
- S&P 500: -1.0% WTD
- Russell 2000: -1.1% WTD
- Nasdaq Composite: -1.5% WTD

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