

Weekly Market Analysis #591 — 5 December 2025

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This Week

[Steve Blumenthal's "On My Radar"](#) this week is long but well worth the time. Among other things, Steve said that the SPX P/E Ratio was 26.9 as of November 28th. Then he mentioned the following from Howard Marks: "When you buy the S&P 500 at a 23x P/E, your 10-year annualized return has always fallen between +2% and -2%, IN EVERY CASE, EVERY CASE."

Howard Marks is not given to exaggeration and I can't even remember the last time he got emphatic about anything, so I believe what he says.

I keep reading about "The K-Shaped Economy". Maybe my DQ (Density Quotient) is higher than normal this month, but I've been having trouble getting a firm grasp on what it is and why is it important. So I did some research, and this is what I found out.

What is a "K-Shaped Economy"?

A "K-shaped economy" (or K-shaped recovery) describes a situation where, after a downturn, different groups or sectors diverge significantly. Some improve and move up, while others stagnate or get worse, so the data traces something that looks like the two arms of the letter "K".

In a K-shaped recovery, the economy as a whole can look all right (or even strong), but aggregate views can mask internal divisions. For example, high-income households and large firms can be doing well while lower-income households or small businesses fall behind.

Unlike an aggregate view, which describes one overall theme (like GDP or employment), the K-shaped perspective reveals relative paths of different groups (e.g., high/low income, different regions, unrelated asset types, different generations).

Common K-shape patterns include:

- Wealthy consumers and asset owners seeing rising income, jobs, and stock/real-estate wealth, while poorer households face stagnant wages, higher debt burdens, and more job or housing stress.
- Tech, finance, and AI/data-center-related sectors booming while manufacturing, certain services, or small brick-and-mortar firms struggle.

Drivers of K-shape divergence can be technological change (Schumpeter-style "creative destruction"), policy choices that disproportionately aid certain sectors or asset owners, and pre-existing inequality that magnifies who benefits from economic forces or policies.

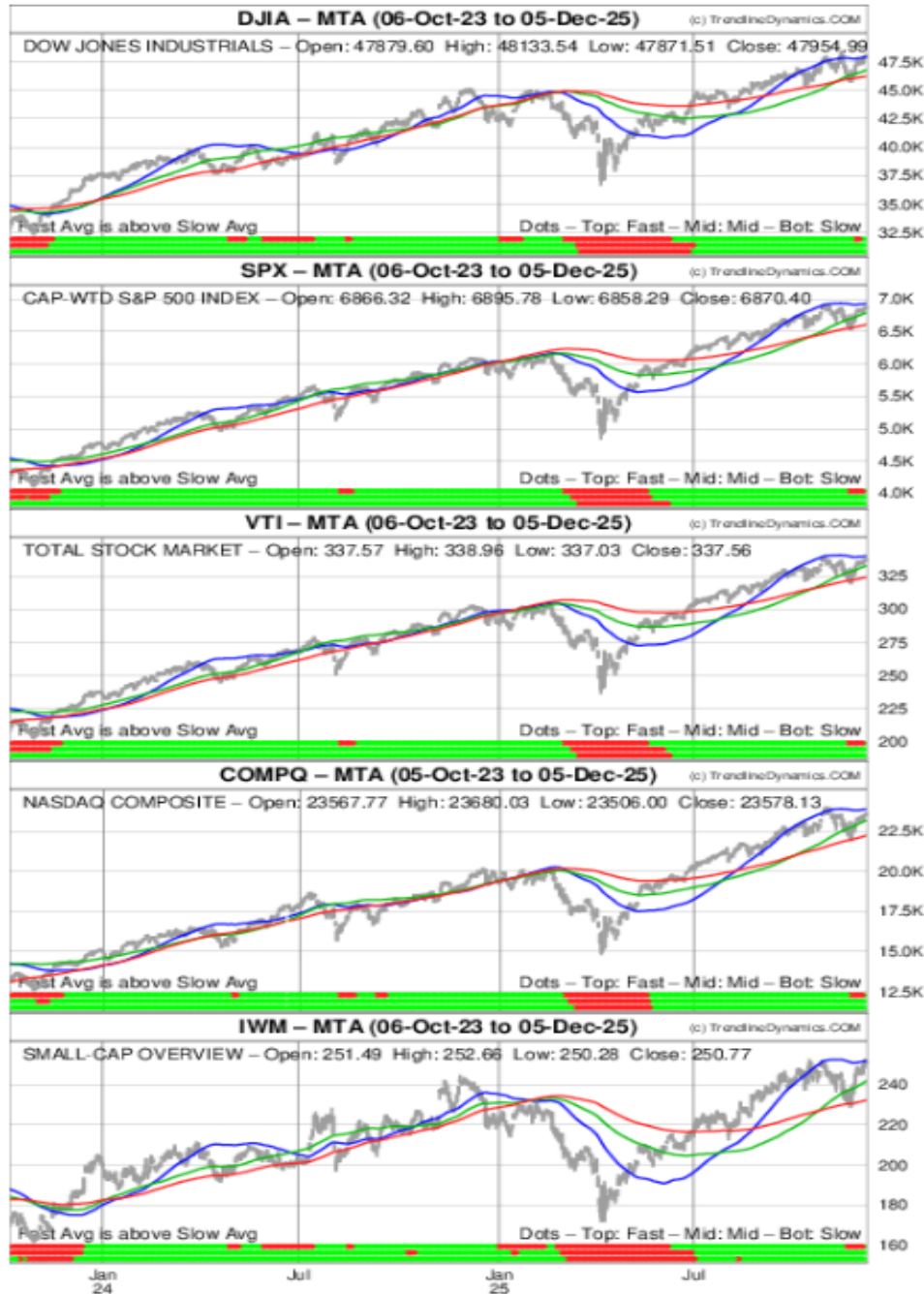
Why it matters

A K-shaped economy tends to widen inequality, because the gap between the "upper arm" (doing well) and "lower arm" (lagging or declining) grows over time. For policymakers and investors, it implies that:

- Macro aggregates like GDP or retail sales can mislead unless broken down by income, sector, or region.
- Targeted fiscal/monetary or structural policies may be needed to avoid entrenched dual-track outcomes.

Market Barometers

All 5 major indexes still have a positive MTAs, and all 5 look like their fast moving average (blue line) is starting to turn up. The DJIA index has turned up far enough to have its top row of dots turn green after being red for a short time.



Week-over-week: DJIA: 0.5%, SPX: 0.3%, VTI: 0.4%, COMPQ: 0.9%, IWM: 0.8%

Month-over-month: DJIA: 2.2%, SPX: 2.2%, VTI: 2.5%, COMPQ: 2.3%, IWM: 4.3%

A Closer Look

The SPX sort of fizzled on Monday but rose 4 days in a row after that. Friday it closed at \$6870, close to the October high of 6890. BPSPX did better than price, ending the week at a good 59.4%. NYAD was out of sync with price. SPXA50R and SPXA200R mirrored the NYAD and both ended the week above 50%.



[S&P Price](#) [Bullish Percent](#) [Advance-Decline Line](#) [Stocks Above Averages](#)

[Bullish Universe](#)

← Use this link to get to the live summary table

[Bearish Universe](#)

← Use this link to get to the live summary table

[Inflation Universe](#)

← Use this link to get to the live summary table

[Auxiliary Universe](#)

← Use this link to get to the live summary table

[Dividend Universe](#)

← Use this link to get to the live summary table

The Relative Strength History table shows the sector with the highest slope at the top and the sector with the lowest slope at the bottom. The lower table shows the corresponding ETFs and their slopes for the current week.

Relative Strength History 12-Sep-2025 to 05-Dec-2025

12 Sep	19 Sep	26 Sep	03 Oct	10 Oct	17 Oct	24 Oct	31 Oct	07 Nov	14 Nov	21 Nov	28 Nov	05 Dec
BLDRS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC
SEMIS	BLDRS	TECHS	TECHS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	SEMIS	SEMIS	SEMIS	SEMIS
DFEND	TECHS	DFEND	BIOTC	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD
TECHS	DFEND	BLDRS	GOLD	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	HLTHY	HLTHY
SALES	SALES	SALES	DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	HLTHY	TECHS
COMMS	COMMS	COMMS	COMMS	COMMS	COMMS	UTILS	UTILS	UTILS	SP500	DFEND	DFEND	SP500
INFRA	BIOTC	BIOTC	SALES	SALES	INFRA	COMMS	SP500	SP500	HLTHY	SP500	SP500	INFRA
BIOTC	DISCR	GOLD	BLDRS	DISCR	SP500	INFRA	INFRA	INFRA	UTILS	UTILS	UTILS	DFEND
BANKS	GOLD	DISCR	DISCR	SP500	UTILS	SP500	COMMS	HLTHY	INFRA	INFRA	INFRA	TRANS
DISCR	BANKS	BANKS	INFRA	INFRA	SALES	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY
GOLD	INFRA	INFRA	SP500	BLDRS	DISCR	SALES	HLTHY	COMMS	COMMS	COMMS	COMMS	COMMS
SP500	SP500	SP500	BANKS	BANKS	INDUS	HLTHY	SALES	INDUS	INDUS	INDUS	DISCR	INDUS
INDUS	INDUS	INDUS	INDUS	UTILS	TRANS	INDUS	INDUS	TRANS	TRANS	ENRGY	TRANS	BANKS
TRANS	TRANS	TRANS	TRANS	INDUS	BLDRS	TRANS	TRANS	SALES	ENRGY	TRANS	INDUS	UTILS
FINAN	FINAN	FINAN	FINAN	TRANS	BANKS	BLDRS	FINAN	ENRGY	SALES	FINAN	INSUR	INSUR
UTILS	MATER	ENRGY	UTILS	FINAN	HLTHY	FINAN	ENRGY	FINAN	FINAN	SALES	FINAN	SALES
MATER	UTILS	UTILS	ENRGY	ENRGY	FINAN	BANKS	BLDRS	BANKS	BANKS	INSUR	BANKS	FINAN
ENRGY	ENRGY	MATER	MATER	HLTHY	ENRGY	ENRGY	BANKS	REALE	REALE	BANKS	SALES	DISCR
INSUR	INSUR	INSUR	HLTHY	MATER	MATER	REALE	REALE	BLDRS	INSUR	REALE	REALE	REALE
REALE	REALE	HLTHY	INSUR	INSUR	INSUR	MATER	MATER	MATER	MATER	MATER	MATER	BLDRS
HLTHY	HLTHY	REALE	REALE	REALE	REALE	INSUR	INSUR	INSUR	BLDRS	STAPL	STAPL	STAPL
STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	BLDRS	BLDRS	MATER

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. XBI	7.54	BIOTC	BIOTECH	12. XLI	0.57	INDUS	INDUSTRIALS
2. SMH	4.87	SEMIS	SEMICONDUCTORS	13. KBE	0.19	BANKS	BANKS
3. GLD	4.10	GOLD	GOLD	14. XLU	0.17	UTILS	UTILITIES
4. XLV	3.22	HLTHY	HEALTH CARE	15. KIE	0.14	INSUR	INSURANCE
5. IGM	2.73	TECHS	TECHNOLOGY	16. XRT	0.10	SALES	RETAIL SALES
6. SPX	1.65	SP500	S&P 500	17. XLF	0.00	FINAN	FINANCIALS
7. PAVE	1.40	INFRA	INFRASTRUCTURE	18. XLY	-0.27	DISCR	CONSUMER DISCR
8. ITA	1.38	DFEND	AEROSPACE & DEFENSE	19. XLRE	-0.54	REALE	REAL ESTATE
9. IYT	1.04	TRANS	TRANSPORTATION	20. ITB	-0.79	BLDRS	HOMEBUILDERS
10. XLE	1.00	ENRGY	ENERGY	21. XLP	-0.92	STAPL	CONSUMER STAPLES
11. XLC	0.78	COMMS	COMMUNICATION SRVCS	22. XLB	-1.47	MATER	MATERIALS

The top 5 sectors remained the same. Infrastructure rose from row 9 to row 7, while Utilities declined from 8 to 14. Aerospace and Defense moved down 2 rows to #8. Energy had a 2-for-1 stock split but held steady at 10.

Sector Universe

← Use this link to get to the live summary table

The order of the sector ETF's and their synonyms in this SPX Sector Universe Summary table should match the order of the synonyms in the rightmost column of the Relative Strength History Table above. This table provides a quick look at sector MTA status, Relative-Strength, Chaikin Money Flow, the number of weeks since price made a New High and New Low, and the MACD Histogram score.

SPX Sector Universe Summary for 05-Dec-2025								
Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	7.54:1.61	-UP-	204/1	0.4
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	4.87:1.61	UP	5/0	0.7
GLD	GOLD	SPDR GOLD SHARES	ETF	UP	4.10:1.61	<<up>>	6/1	0.3
XLV	HLTHY	HEALTH CARE	ETF	UP	3.22:1.61	=DN=	0/2	-0.1
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	2.73:1.61	UP	5/0	0.5
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	1.65:1.61	UP	5/0	0.3
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	1.40:1.61	=UP=	441/1	0.5
ITA	DFEND	SPACE & DEFENSE	ETF	UP	1.38:1.61	=UP=	0/1	-0.2
IYT	TRANS	TRANSPORT NDX	ETF	UP	1.04:1.61	UP	999/0	0.4
XLE	ENRGY	ENERGY	ETF	DN	1.00:1.61	<<up>>	34/0	0.1
XLC	COMMS	COMMUNICATION SRVCS	ETF	UP	0.78:1.61	UP	6/0	0.8
XLI	INDUS	INDUSTRIALS	ETF	UP	0.57:1.61	=UP=	5/0	0.3
KBE	BANKS	S&P BANK SECTOR	ETF	UP	0.19:1.61	<<DN>>	11/0	0.9
XLU	UTILS	UTILITIES	ETF	UP	0.17:1.61	DN	0/498	-0.9
KIE	INSUR	INSURANCE SECTOR	ETF	DN	0.14:1.61	DN	0/2	0.1
XRT	SALES	RETAIL	ETF	UP	0.10:1.61	dn	9/0	1.3
XLF	FINAN	FINANCIALS	ETF	UP	0.00:1.61	=UP=	8/0	0.4
XLY	DISCR	CONSUMER DISCR	ETF	UP	-0.27:1.61	dn	3/280	-0.2
XLRE	REALE	REAL ESTATE	ETF	DN	-0.54:1.61	DN	0/2	0.1
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	-0.79:1.61	<<DN>>	6/1	1.7
XLP	STAPL	CONSUMER STAPLES	ETF	DN	-0.92:1.61	-up-	0/1	0.4
XLB	MATER	MATERIALS	ETF	DN	-1.47:1.61	-DN-	0/286	-0.1

MoM price changes for the top 5 sectors: [XBI](#): 12.9%, [SMH](#): 3.8%, [GLD](#): 5.6%, [XLV](#): 5.0%, [IGM](#): 2.6%

MoM price changes for the Mag 7 plus AVGO (8 stocks which currently over 30% of the SPX) are: [AAPL](#): 3.3%, [AMZN](#): -5.6%, [AVGO](#): 9.7%, [GOOGL](#): 12.8%, [META](#): 8.8%, [MSFT](#): -2.8%, [NFLX](#): -8.6%, [TSLA](#): 2.0%

This Week's Selections

Last week my sector choices were: GLD, XBI, XLV, BIL (70%).

Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XBI	UP	Up	7.54%	\$113.54	\$123.41	Hold 10%
SMH	UP	Up	4.87%	\$335.27	\$364.42	no
GLD	UP	Up	4.10%	\$361.75	\$386.44	Hold 10%
XLV	UP	Up	3.22%	\$146.07	\$153.26	Hold 10%
IGM	UP	Up	2.73%	\$122.15	\$132.77	no
SPX	UP	Up	1.65%	\$6339.62	\$6870.40	INDEX
PAVE	UP	Up	1.40%	\$44.84	\$48.47	no
ITA	UP	Up	1.38%	\$188.69	\$202.41	no
URA	UP	Up	2.74%	\$45.26	\$47.92	no

Legend: Up: ↑, Down: ↓, Flat/Stable: —

Analysis

[XBI](#) made a 204-week high and all basic charts are up. [SMH](#) is very close to its October high of \$368.61. If it surpasses that I'll buy it. [GLD](#) continues to climb gradually. Its ARI has been up since autumn of 2023 and seems to be tracking gold's trend well. [XLV](#) has backed down to its 21-day average. Its money flow is declining so a break below \$150 would signal an exit.

[IGM](#) made an open and a close above \$130 and its money flow is strong. If it breaks \$135 then I will buy it. [SPX](#) is rising by all measures and is close to an all-time high. [PAVE](#) made a 441-week high, but still hasn't managed to close above \$49. [ITA](#) is doing its best to remain above \$200. x [URA](#) touched \$60 in October, then fell to \$40 in November. Now it's approaching \$50.

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Thoughts and Decisions

When you make a mistake like I did with SMH, own it, take responsibility for it. Don't try to make up for it or, worse, "try to get even". Remember your mistakes so you don't repeat them, but don't let a mistake bias your analysis.

My sector choices this week are still: GLD, XBI, XLV, BIL (70%).

New Highs and New Lows

There were 5 all-time highs this week and an almost 19-year high, SLV.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 05-Dec-2025					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
AAPL	APPLE	STOCK	UP	5.26	999
DJTA	DOW JONES TRANSPORTS	INDEX	UP	2.25	999
IWM	SMALL-CAP OVERVIEW	ETF	UP	1.67	999
IYT	TRANSPORT NDX	ETF	UP	1.04	999
WMT	WALMART STORES	STOCK	UP	1.73	999
SLV	SILVER TRUST	ETF	UP	7.97	986
COPX	GLOBAL X COPPER MINERS	ETF	UP	6.75	787
KBWB	BIG BANKS	ETF	UP	1.69	452
IVE	S&P 500 VALUE	ETF	UP	1.29	449
IWN	SMALL-CAP VALUE	ETF	UP	1.66	446
PAVE	INFRASTRUCTURE	ETF	UP	1.40	441
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	1.50	424
ASML	ADVANCED SEMICONDUCTOR MANU.	STOCK	UP	7.16	343
GSK	GLAXOSMITHKLINE PLC	STOCK	UP	5.31	343
NVS	NOVARTIS	STOCK	UP	1.71	343
CM	CANADIAN IMPERIAL BANK (DS 1868)	STOCK	UP	4.05	305
RY	ROYAL BANK OF CANADA (DS 1870)	STOCK	UP	2.85	305
TD	TORONTO-DOMINION BANK (DS 1857)	STOCK	UP	3.42	305
SPYV	S&P 500 (VALUE)	ETF	UP	1.28	304
VTV	US LARGE CAP VALUE	ETF	UP	1.06	304
CAT	CATERPILLAR	STOCK	UP	8.59	300
GS	GOLDMAN SACHS GROUP	STOCK	UP	3.14	300
XBI	BIOTECHNOLOGY	ETF	UP	7.54	204
BNS	BANK OF NOVA SCOTIA (DS 1833)	STOCK	UP	4.37	186
DBB	BASE METALS	ETF	UP	2.75	176
NLY	ANNALY CAPITAL MANAGEMENT	STOCK	UP	2.34	141
QLTY	GMO U.S. QUALITY	ETF	UP	2.18	103
INTC	INTEL	STOCK	UP	11.96	84
DBC	DB COMMODITY INDEX	ETF	UP	1.08	59
PANL	PANGAEA LOGISTICS	STOCK	UP	10.43	59
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 05-Dec-2025					
XLU	UTILITIES	ETF	UP	0.17	498
GIS	GENERAL MILLS	STOCK	DN	-2.47	300
XLB	MATERIALS	ETF	DN	-1.47	286
NTOIY	NESTE OYJ	STOCK	DN	-5.04	282
XLY	CONSUMER DISCR	ETF	UP	-0.27	280
PG	PROCTER AND GAMBLE (DA)	STOCK	DN	-1.87	108
VICI	VICI PROPERTIES	ETF	DN	-2.88	71