FECEMUZ BOLSA

WEEKLY REPORT

Week of Monday, December 29, 2025 to Friday, January 2, 2026

Deep dive and weekly commentary

The last week of the year was **short** and brought us **few relevant references** at the macro level, with the main catalyst "off the agenda", Powell's successor.

Markets opened on Monday with a **very flat tone for equities** and **low volatility** (VIX 11.6). In fixed income, **T-Note 10A 4.13%** and **Bund 10A 2.86%**; the **US 2-10 curve** remains **positive (+64.5 bps).** In Europe, **Spain 3.28%** and **Italy 3.55%.** Firm **USD** (EUR/USD 1.177), **JPY** weak (183.8). **Stable-low oil** (Brent 61.3). **Gold** corrected, partly due to the progress of negotiations on the war in Ukraine, and **cryptocurrencies** rebounded (BTC +2.2%).

We woke up on the first day of the week with the analysis houses putting the trending question back on the front page: **Who will come after Powell?** Possible answers are candidates such as Hasset (favorite); also Waller or Warsh. The first of them seems to be in favour of a **more *dovish*** monetary policy aligned with Trump's idea. Here we must remember the **importance of expectations in the financial markets**, as they are taken for granted by 2026, making risk assets more attractive.

On the **geopolitical** side, the Trump-Zelensky **meeting stood out that day**, talking about rapprochement of positions (Although, it is necessary to point out the main point of friction, the Donbas region and its demilitarization, which despite the opinions of the press releases, remains a risk for the end of this "modern war").

On the other side of the world**, China** continued to maintain pressure on **Taiwan**, as a **political and military response** to the **record package of US arms sales.**

to Taiwan (~$11.1bn; largest sales package to date, mentioning HIMARS, widely used in Ukraine, artillery, *Javelin* missiles, and *loitering munitions*) announced days earlier.

On Tuesday, the focus continued on the geostrategic level: Russia denounced that on Monday, at nightfall, an alleged **attack on Putin's residence** by Ukraine, warning of the revision of the negotiating position; on the other hand, another piece of news of impact arrived, Trump said in a telephone conversation with John Catsimatidis on the WABC radio station. last Friday, that **the U.S. "destroyed" on Christmas Eve a large drug production facility from which "ships were leaving,"** and which, according to officials quoted by U.S. media, referred to Venezuela. He gave no evidence or details, and neither the army, nor the CIA, nor the White House confirmed it; Caracas also did not report an attack on its territory.

Among the macroeconomic notes, we highlight the **preliminary data on the Spanish economy** (CPI for December, retail sales for November, trade balance for October). As possible implications of the notes, we draw: a moderation of inflation (maintaining this trend supports IRRs and helps sovereign debts; for equities, it improves cost items), more solidity for consumption, and improvement in the foreign sector, in short, references that support the good performance of the IBEX 35.

The relevant data was the 2nd hand housing sales in November in the US (Existing Home Sales) which usually act as a very useful "thermometer" of **rates, consumption and economic cycle, and which advanced against expectations, +2.6%.** This data tells us that the number of transactions increased, but it does not tell us why (an increase in supply, strong demand, or a one-off rebound?), so it is necessary to include in the reading the inventory (houses for sale) and the average price. It is from this combination that it will be possible to extract whether growth is being "healthy" (price moderation and more sales due to more supply) or on the contrary a more stressed scenario (firm prices, little supply given that users do not want to lose their "cheap" mortgages).

Wednesday, a day of little activity and last-minute adjustments. We saw the Minutes of the last Fed meeting, which showed how some of the members of the Fed were more hesitant about the rate cut (at that meeting -25 bp, to 3.50/3.75%). However, the market took it as "predictable" and the day continued without major movements.

Thursday, New Year's Day, without relevant notes. We take this opportunity to **wish you a happy new year from FECEMUZ BOLSA CLUB UNIVERSITARIO.**

Friday**'s session** could be described as **a formality**: Little relevance of the few macro news, low volume of activity, and last-minute movements, provoked by those who did not want to stop positioning themselves in those trends (defense, *utilities*, technology...) that the large analysis houses point out as favorites for this year 2026.

What can we expect for next week?

Attentive to the news, the news of the weekend has been the **US interference in Venezuela**. On Saturday, January 3, 2026, at noon, a movement arrived in Spain that some were already anticipating after the escalation of tensions between the Trump Administration and the government of Nicolás Maduro.

But what implications can we expect from this event and how can it affect the markets? The focus will be on two variables: **the risk premium** and **the supply of crude oil (*Brent*).** Trump said: *"US will be 'very strongly involved' in Venezuela's oil industry after military attack."* From there, it is worth highlighting two structural elements of the Venezuelan oil sector:

1- **Crude oil quality**: Much of the production is **extra-heavy**, less attractive on the world market and often requires **mixing with diluents to be marketable**.
2- **Deteriorated capacity**: the industry is **very deteriorated** and requires **significant investments** (capex, maintenance and services) to recover production/export levels.

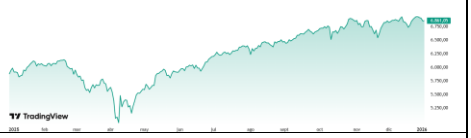
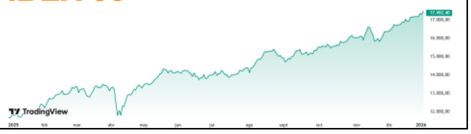
This opens up a ***bullish* option for medium-term production** (more potential barrels), which, if it materializes, would be **bearish for the price of crude oil** on the supply side. Ultimately, cheaper crude oil would tend to support **falling inflation** (mainly from energy) and, as a second derivative, from **transport costs**, reinforcing the narrative **of rate cuts** that surrounds the market for 2026, of which we remember, President Trump is favourable. But **what if flooding the oil market does not produce that effect, and that increase in supply goes hand in hand with an accelerated decrease in demand for oil, in favor of other alternative sources?**

Overall, the episode in Venezuela introduces a geopolitical catalyst that is likely to translate into **more volatility in the short term** (crude, currencies and emerging market assets), while the market will begin to cautiously price in the option of **a higher Venezuelan supply in the medium term**. In our central scenario, the immediate impact is channelled more by **risk premium and logistical frictions** than by a rapid increase in production; therefore, we expect a week of **mixed tone**, with pockets of lateral bias and rotation towards sectors sensitive to the **energy-uncertainty binomial**.

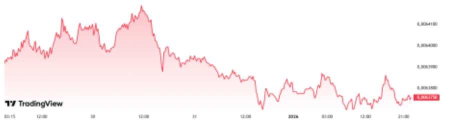
Sectors to watch (short/medium term direct impact)

	Catalysts	Risks
Utilities	- Disinflation via energy - Destination of defensive flows in an environment of uncertainty.	- Geopolitical escalation, increasing generation costs, affecting margins - Volatility of real rates (they are seen as attractive investments in the very long term given the stability of their cash flows, or the consistency in the distribution of profits).
Shipping companies	- Rising freight rates due to the risk of blockades, seizures... - More freight trips	- Operational disruption: accumulation of unsold crude oil. - Increased insurance/financing costs for "high-risk" routes
Defense	- *Boost* for defense spending	- Regulatory risks - "Buy the rumor, sell the news" A consensus on the defense for the new year that may lead to profit-taking.

Main Indices

A brief explanation of the indexes	12-MONTH EVOLUTION
Index of 500 large U.S. companies, **weighted by free-float adjusted market capitalization** and maintained with a **divisor** to neutralize the effect of corporate stocks.	**SP 500** 
Stock market index that tracks the performance of the largest companies listed on the Hong Kong Stock Exchange; **The selection considers capitalization, traded volume and sectoral representation**.	**HANG SENG** 
It includes 50 *highest-value blue chips* in the eurozone; it is a **capitalization-weighted index** (adjusted for "free float"), with a weight-per-value limit (10%), and serves as the underlying of numerous derivatives and ETFs.	**EUROSTOXX 50** 
Spanish benchmark index (price index) consisting of 35 liquid securities, **weighted by** cap-weighted market capitalization and calculated in real time.	**IBEX 35** 

Macroeconomics (Currencies)

Why should we care?	5-DAY EVOLUTION
Main global crossover and "thermometer" of the U.S. rate and growth differential and the Eurozone; it conditions imported inflation, exporters' margins and flows to European assets.	**EUR/USD** 
A key currency for the **carry trade** and for measuring the tone of the BoJ's policy; it moves hedging costs, affects Japanese exporters and tends to react strongly in episodes of risk aversion.	**JPY/ USD** 

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