1) The Venezuelan situation caught the world by surprise. As to which industries or companies might be the biggest beneficiaries of what occurred, one would expect the oil service companies to play a significant role in the rebuild and overhaul of the decayed infrastructure, implying significant upside for names in drilling, completion and maintenance. Note the OIH etf. Given that Venezuela has the world's largest reserves of oil, investors should focus on the fact that CVX has long-standing JVs and a bespoke OFAC licensing framework in Venezuela and that the company was explicitly highlighted in prior rounds of sanctions relief to restart production. The President specifically mentioned XOM as one of the companies that will be "enlisted" to invest billions to repair and run the country's infrastructure and bid on new PSCs and brownfield projects. Furthermore, Gulf Coast refiners of heavy/sour crude grades should ultimately benefit as well as tanker companies that can handle incremental exports. Further in the future, companies that comprise the Transportation Index should be aided by lower prices. Enthusiasm needs to be tempered to some extent because any discounted cash flow models will need to incorporate the fact that Venezuelan output cannot ramp quickly given the years of decay and under-investment.

2) Although there is still one trading day to go on the calendar, this is the second year in a row there was no supposed Santa Claus rally. This is a win for those who surmise thar Mr. Market rarely satisfies the consensus.

3) As regular readers know, my most important indicator for reasons stated on numerous occasions has been HYG. This index kept me steadfastly bullish from the lows of Liberation Day Week. While the Index has remained consistently above its upward sloping 200 day moving average throughout 2025, the 50 day has not been as uniform and is currently flat. HYG trades ex-dividend the first trading day of every month and it does not appear technicians consistently adjust their charts for this. Nevertheless, HYG has stayed notably above both the 50 and the 200 with excellent support from the mid-November/early December levels. HYG has successfully shrugged off the disasters by those who thought that more junk companies would be revealed to have double-pledged

assets against the same collateral; First Brands and Tricolor at this stage appear to be one-off events. The performance of HYG entering the New Year should be a balm for investors' nerves.

4) Continuing with the theme of the impact of the fixed income market on equities, Paul Shea (Miller Tabak Economist), in his predictions for 2026, presents a conundrum for equity investors. On the one hand, he has confirmed his view that the 10 year yield will decline to 3.40% by next Christmas. This is most definitely an out-of-consensus opinion, but, given his track record, needs to be incorporated in one's thinking. Using that figure in discounted cash flow models, this clearly indicates a meaningful bullish scenario. He also believes inflation concerns are "badly overstated", and by the end of 2026, "inflation risks will be mostly forgotten." Contrariwise from these positives, Shea is more bearish than most on GDP growth and affirms his view that GDP growth will slow to match a stagnant labor market rather than visa-versa. Which side of these juxtaposed positions one concludes is more vital is key for investing.

5) This writer noted last Sunday the potential impact of components of the Big, Beautiful Bill achieving fruition in 2026. The most meaningful remains the accelerated depreciation for certain equipment and structures , especially related to AI infrastructure and data centers. This will certainly encourage front-loaded capex by the hyperscalers and semi-conductor names.

6) Relative to this depreciation provision, one would conclude that the SMH, which many investors including this one believe to be the most important etf, will be a significant beneficiary. To the chagrin of the bears, who had smelled blood in the early December correction, SMH registered an all-time high tick on Friday and is meaningfully above its upward sloping 50 day which the bears had been hoping it would again smash to the downside. The price performance of the SMH remains fodder for the bulls.

7) Lurching in the background for all tech/AI investors remains the comments made by Sarah Friar the CFO of Open AI in early November. Her pithy comment that the US government might/could be needed to be "the backstop, the guarantee that allows the financing of the company to happen" is foreboding. This summons to the forefront the issue of the intertwined, circular arrangements between companies that act as suppliers, investors and customers of each other and how these financial liaisons are ultimately resolved. It is highly unlikely that the profusion of companies in this space are all going to see a significant ROI or MOIC for the hundreds of billions that will be spent on chips and data centers to supply computing capacity to OpenAI and Anthropic.

8) Clearly, the weak US$ was a meaningful headwind for European investors in particular in 2025. The Euro rose vs. the US$ from 104.06 to 117.50 with an

interim high of 118.30 at the beginning of July. At the margin, the performance of the US$ remains important and the recent bounces have been relatively weak. A break of the mid-to-late December lows in the DXY would be an impediment to advancing equities.

9) This writer was convinced about the importance of HOOD to the equity markets, for reasons I will not repeat. Suffice it to say I have been wrong on the impact of the correction in HOOD (down a shade over 25% from its October highs) to the overall market and to the financial sector specifically. However, one might expect enthusiasm for stocks in the "predictive markets" and the DeFi sector to be tempered. Thus far, the belief that companies in this sector that were viewed as replacements for traditional intermediaries has simply not achieved fruition.

10) Physical gold/digital gold: The breathtaking move in GLD this past year—from $243 to $404—was supported by a myriad of factors, many of which could continue into 2026. Certainly the continued buying by central banks reducing exposure to fiat currencies in countries with huge structural deficits should remain unabated. Believers in digital gold have been stunned by the fact that crypto had a poor year with bitcoin falling 6.5%, Ethereum 11% and the darling coin, Solana, which was going to correct all of the gas fees and alacrity issues with which the blockchain needed to grapple, tumbling 34%. Bitcoin has been eerily quiet over the past two weeks. Sources indicate there are massive stops in bitcoin at $84,400, a break below which would cause a fundamental re-examination of the crypto premise. Stops at $94,700 will produce significant short-covering and suggest that the highly leveraged positions from the expectations of an UPtober have been unwound and the conclusion of year-end tax selling will allow investors to focus on the store-of-value and usage case aspects of digital currencies.

Jeff
Have a productive week.

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