MILLER TABAK + CO., LLC

Morning Comment

Monday, December 8, 2025

Now, the Bond Market Stands at a Key Technical Juncture as well!

- **We have spent a lot of time recently discussing how the stock market stands at an important juncture on the technical side of things. Well, the same is now true for the Treasury market. Therefore, how they react to this week's Fed announcement and press conference it going to tell us a lot about how the markets will finish the year…and likely how they will act in the early weeks of 2026.**

The markets are fairly subdued this morning…as investors await the reaction to this week's Fed announcement. The outcome is already well-known…as a 25-bps cut is what the Fed strongly signaled before they went into their quiet period. However, investors and traders will be listening closely to what Chairman Powell has to say about what they might do in the coming meetings. **They'll be trying to figure out if the rate cut is a "hawkish rate cut" or not.**

Even though the last short-term rate cut was well telegraphed, it was followed by a rather large RISE in long-term yields. If we get the same response this time around, it will have some very important implications for the bond market…and likely the stock market as well. The yield on the US 10yr Treasury note has bounced over the past week or so…and it has pushed back up near its highs for the fall months. **Therefore, if (repeat, IF) they push higher to the degree they did after the last Fed meeting, it will give the 10yr yield its first "higher-high" in many, many months. In fact, that kind of move would also take it above its trend-line of almost one full year…AND give it a meaningful positive weekly MACD cross.**

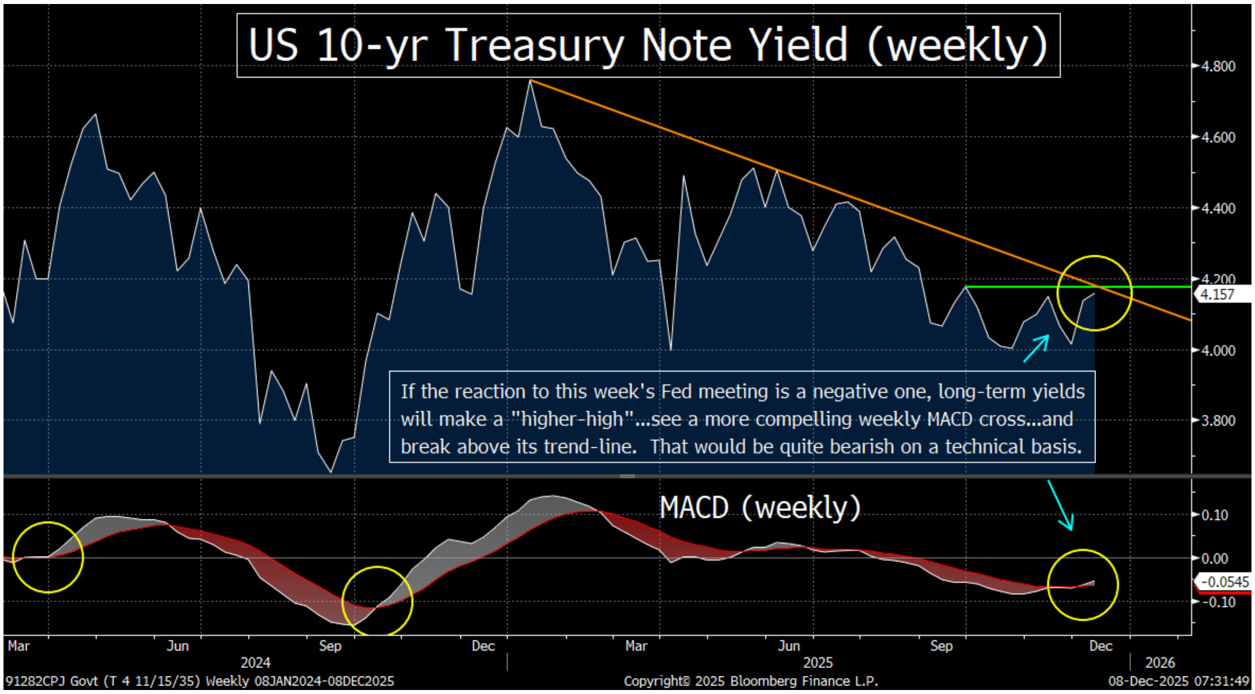
<u>Weekly MACD crosses has signaled important changes in trend for long-term yields in the past. So, if it takes place at a time when it is also crossing above its multi-month trend line and making a key "higher-high"…it will be quite bearish for long-term interest rates.</u>

Needless to say, if those yields push above their key resistance levels, the TLT Treasury ETF (which measures price, not yield) will push below the "neckline" of the "Head & Shoulders" pattern we highlighted late last week……**Therefore, there is little question that the Treasury market stands at an extremely important level on the technical side of things.**

This could/SHOULD have some important implications for the stock market. As we have been saying for a couple of weeks, the stock market has been involved with its own test of a "critical level." So far, that "test" has been working out very well. The major averages (and the key leadership groups…like the chip stocks) bounced strongly off their key support levels (their lows from October). They have since regained their 50-day moving averages as well! **Thus, if they can follow these moves…with a push to new all-time highs…it should be very bullish for the stock market over the rest of this year. If, however, they fail…with will raise the specter of a "double top" on all of these indices/ETFs…which would throw a wrench into the works of the potential of a strong year-end rally that so many people are looking for right now.**

The stock futures are pushing slightly higher this morning…as Bitcoin has bounce back above $90k and the USDJPY has bounced as well. However, it seems like the action over the next two days will be muted…much like it was pretty much all week…last week. Even if we do get some meaningful movement, the moves we see following the Fed announcement/press conference will be the (much) more important ones this week……Of course, we'll almost certainly see some wild swings in both directions initially, but we should get a good idea of the real response to this Fed decision before the week is over.

In other words, we have both the stock market…and now the bond market…sitting at very important technical levels. Therefore, how they respond to this week's Fed announcements is going to be extremely important for how the markets act over the rest of this year…and likely how they act in the early weeks of 2026.



US 10-yr Treasury Note Yield (weekly)
If the reaction to this week's Fed meeting is a negative one, long-term yields will make a "higher-high"...see a more compelling weekly MACD cross...and break above its trend-line. That would be quite bearish on a technical basis.
MACD (weekly)
4.800
4.600
4.400
4.200
4.157
4.000
3.800
0.10
0.00
-0.0545
-0.10
Mar
Jun
Sep
Dec
Mar
Jun
Sep
Dec
2024
2025
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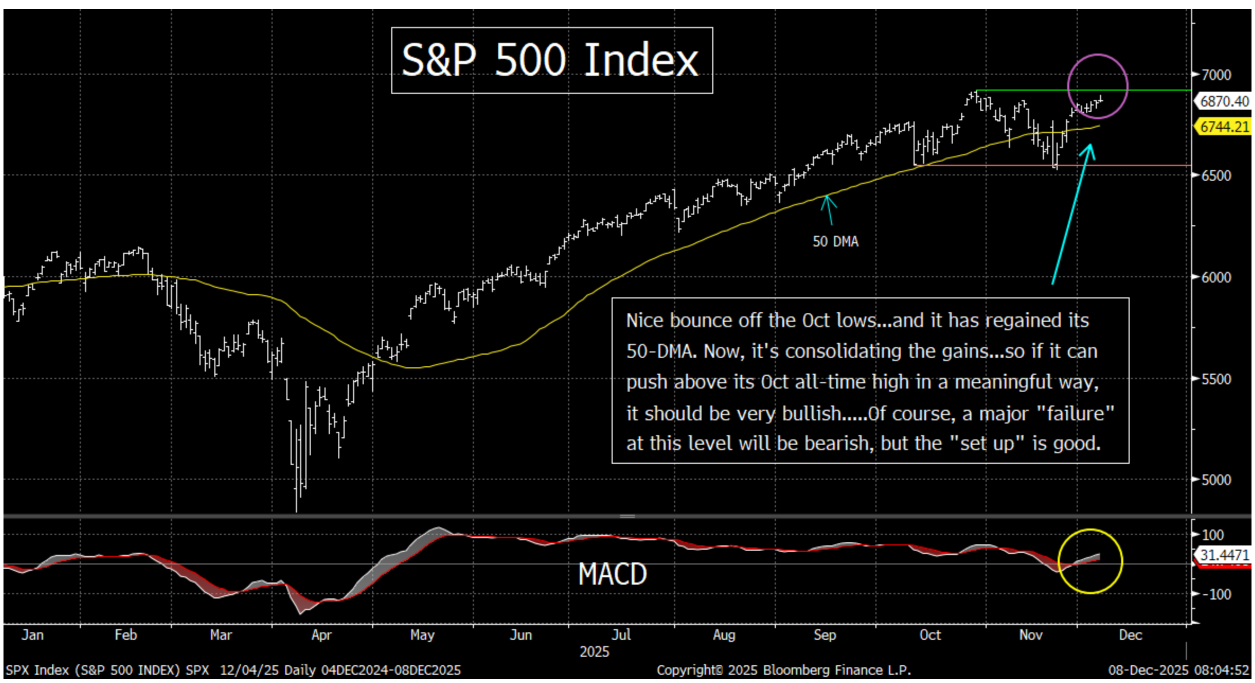

S&P 500 Index
50 DMA
Nice bounce off the Oct lows...and it has regained its 50-DMA. Now, it's consolidating the gains...so if it can push above its Oct all-time high in a meaningful way, it should be very bullish.....Of course, a major "failure" at this level will be bearish, but the "set up" is good.
MACD
7000
6870.40
6744.21
6500
6000
5500
5000
100
31.4471
-100
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2025
SPX Index (S&P 500 INDEX) SPX 12/04/25 Daily 04DEC2024-08DEC2025
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