

November ended up being another positive month, even though it did not start off on a great note. While (1) I was slightly surprised September was a good month given that historically on average it has not been one, and (2) I was relieved that October was relatively quiet despite the U.S. government shutdown, I was not surprised that November ended up being positive since the 4th quarter is typically a strong quarter.

After three consecutive years of strong gains for most equity markets, it would be normal to feel that all good things must come to end. But nothing historically rules out a fourth (source: Global Insight 2026 Outlook, p.2). Martin Zweig, a famous American financial analyst, cleverly provided two investing rules that seem very applicable today, namely *'Don't fight the Fed'* and *'Don't fight the tape'*. This week, the U.S. Federal Reserve cut interest rates by a quarter point, lowering borrowing costs for the third time this year. Furthermore, the U.S. and Canadian stock markets are currently trading within one percent of their all time highs. Another quote from Martin Zweig is *'Big money is made in the stock market by being on the right side of major moves...It's suicidal to fight trends. They have a higher probability of continuing than not'* (source: brainyquote.com). I am inclined to agree with this belief as my experience has taught me that trends often tend to last longer than we anticipate.

Looking ahead into 2026, Lori Calvasina (RBC Capital Markets, Head of U.S. Equity Strategy) recently published a positive research report entitled Strategy Spotlight – Our Year-Ahead US Equity Market Outlook which she also discussed on CNBC. RBC Capital Markets 12-month-forward price target for the S&P 500 is 7,750. As of this writing, that would represent a 13 percent increase for the U.S. stock market. In the interest of brevity, I will not delve into the factors underlying her positive outlook, but I may mention a few in my January commentary.