

# Market Intelligence

by Stock Chartistry

WEEKLY WRAP UP | December 14, 2025

## What's in This Issue

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2. **Macro & Fed Landscape** — Liquidity, rates, yield curve, and why the Fed still dominates
3. **Broad Market Structure** — SPY, Nasdaq, Russell: rotation vs breakdown
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## 1. Market Overview — December Weakness, December Opportunity

Markets moved sideways to lower through November and the first half of December, a development that was neither surprising nor structurally alarming. After a powerful multi-month advance driven largely by AI-related enthusiasm, markets entered a period of digestion marked by hesitation, rotation, and narrative fatigue.

This is not what tops look like.

True market tops are characterized by excess optimism, expanding participation, aggressive leverage, and broad speculative behavior. What we are seeing instead is **selective pressure**, concentrated weakness in formerly crowded leadership, and improving strength beneath the surface.

December seasonality matters here. In years where markets are already positive — as they are in 2025 — December has historically favored stabilization followed by upside continuation, especially after early-month weakness driven by rebalancing and positioning.

More importantly, liquidity dynamics have shifted. November saw liquidity withdrawn. December is seeing liquidity reintroduced. That single factor has outweighed nearly every macro variable for the last several years.

Markets are not driven by hope or fear.  
They are driven by **capital availability**.

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## 2. Macro & Fed Landscape — Liquidity Is the Only Narrative That Matters

The Federal Reserve's posture has shifted meaningfully. Inflation has faded from the foreground, and labor stability has moved to the center of policy decision-making.

The implications are clear.

The Fed has signaled:

- Willingness to tolerate inflation modestly above target
- Readiness to cut rates if labor conditions soften
- Openness to liquidity injections via repo mechanisms

This is not traditional QE, but it is **liquidity support**, and markets respond to liquidity, not semantics.

### **Yield Curve & Bonds**

Despite rate-cut expectations, long-duration Treasury yields have not collapsed. Instead, the yield curve is steepening, signaling that bond markets are pricing in reflation risk and increased issuance rather than deflationary stress.

This environment:

- Benefits Financials
- Supports real assets
- Punishes long-duration growth with weak cash flow

### **Gold**

Gold's breakout aligns perfectly with this regime. Lower real rates combined with higher inflation tolerance and currency debasement historically support gold prices. Weekly structure remains constructive, and pullbacks have been shallow.

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## 3. Broad Market Structure — Rotation, Not Risk-Off

**SPY** remains structurally sound. Pullbacks have respected higher-timeframe support, moving averages are intact, and volatility remains contained. Momentum has cooled, but trend integrity remains.

**Nasdaq / Tech** has clearly weakened, but this weakness is **contained**, not contagious. Leadership fatigue is healthy when markets are transitioning toward broader participation.

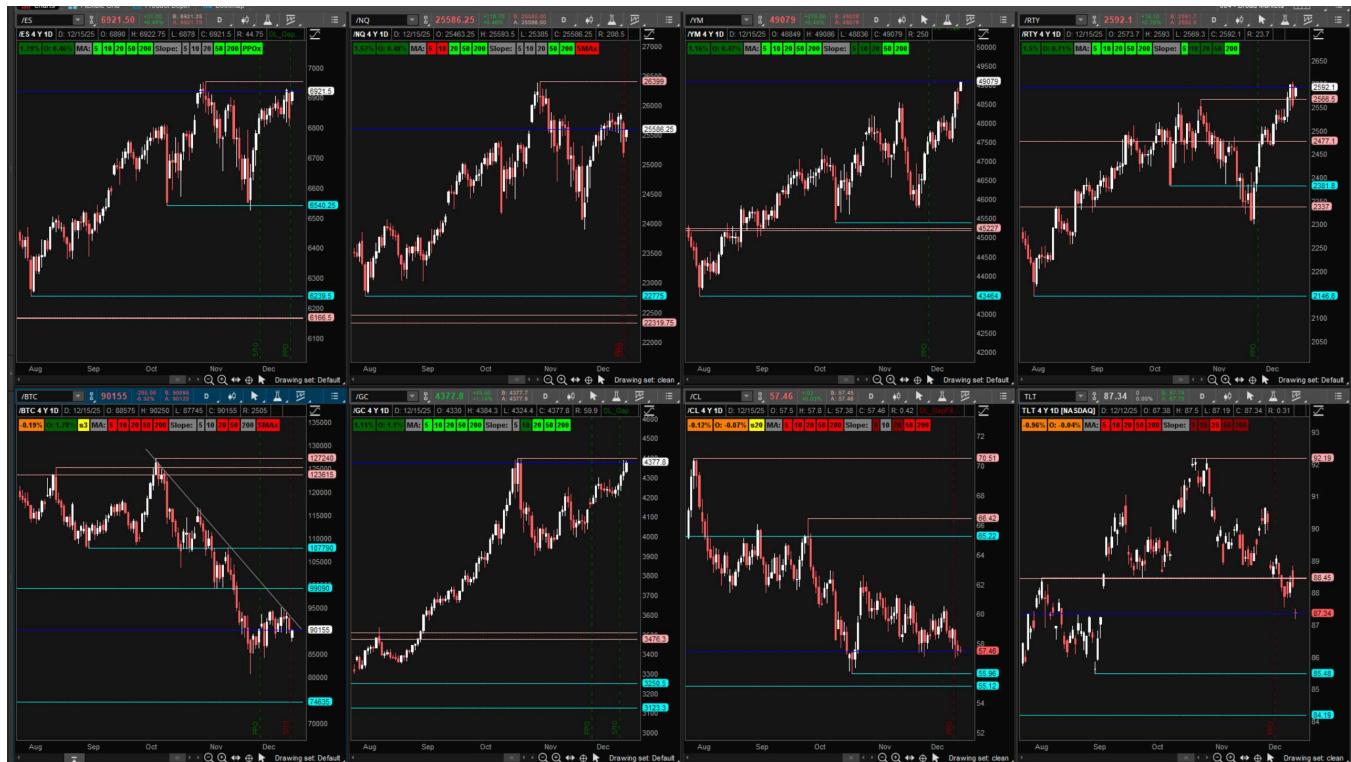
**Russell 2000** stands out. Small caps have broken higher on a weekly basis, signaling risk appetite remains alive and well — just redirected.

This combination — large caps consolidating, tech cooling, small caps strengthening — is **classic rotation behavior**.

If this were true risk-off:

- Small caps would be collapsing
- Bonds would be ripping
- Credit spreads would be widening

None of that is happening.



## 4. Sector Breakdown — Follow the Money

Sector performance confirms what indices alone obscure.

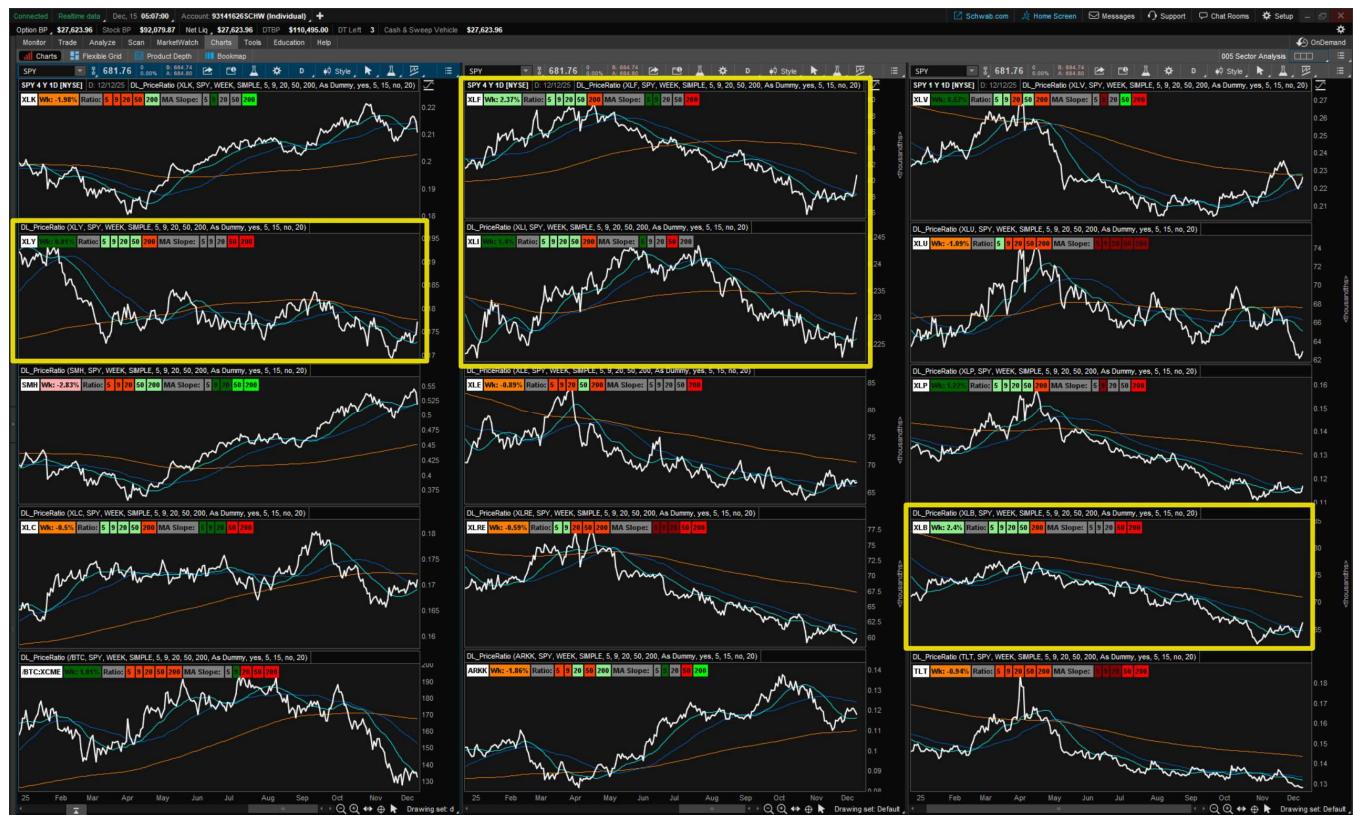
**XLF (Financials)** — Strong. Steepening yield curve improves margins. Banks benefit directly from this environment.

**XLY (Consumer Discretionary)** — Resilient. Consumer pessimism has not translated into price damage.

**XLB (Materials)** — Improving. Often an early signal of reflation or industrial demand.  
**XLK (Technology)** — Cooling, not breaking. Leadership fatigue, not collapse.

Sector takeaway:

Capital is rotating **within equities**, not exiting equities.



## 5. AI Trade Under the Microscope — From Story to ROI

The sell-off in AI-related stocks was not a rejection of AI as a technology. It was a rejection of **unchecked capital spending without near-term monetization**.

For two years, markets rewarded scale and ambition. That phase is over.

Now markets demand:

- Cash flow
- Margin discipline
- Payback timelines

### The Scaling Laws Question

There is increasing evidence that simply adding more compute and more data to large language models is yielding diminishing returns. If future generations of models fail to deliver exponential improvements, the economics of current CapEx plans become questionable.

This is the backdrop against which recent earnings must be understood.

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## 6. Stock-Level Deep Dives — Where the Real Information Lives

### Broadcom (AVGO)

Broadcom's earnings were the inflection point.

Yes, they beat expectations.

No, the market didn't care.

Why? Because margins compressed and forward guidance failed to justify the scale of custom silicon investment. If margins are shrinking during peak AI demand, investors are forced to ask what margins look like once demand normalizes.

Price action confirmed the message:

- Gap down
- Heavy volume
- Failure to reclaim short-term moving averages

This is not a dip-buying setup. This is **capital repricing**.

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### Oracle (ORCL)

Oracle's commentary was arguably more important than Broadcom's numbers.

When Oracle stated that data center expansion would proceed **only with customer pre-commitments**, it signaled a major shift in risk tolerance.

Translation:

- Infrastructure providers are no longer willing to front capital
- Counterparty risk matters again
- AI demand is being scrutinized for certainty

This undermines the assumption of infinite AI infrastructure growth.

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## Microsoft (MSFT)

Microsoft sits at the intersection of AI ambition and execution risk.

Reports of missed internal AI sales targets — regardless of official rebuttals — changed market psychology. Microsoft is capital-intensive, margin-sensitive, and dependent on sustained AI monetization to justify spending.

The chart reflects this uncertainty:

- Heavy price action
- Distribution behavior
- Rallies sold

Until Microsoft proves revenue acceleration, the stock remains vulnerable.

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## Nvidia (NVDA)

Nvidia has not failed fundamentally, but leadership has cracked technically.

The stock has:

- Lost momentum
- Failed to reclaim key short-term averages
- Become sensitive to downstream demand signals

Nvidia now trades less on hype and more on whether its customers can continue spending at current levels.

That is a meaningful change.

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## Micron (MU)

Micron is critical.

As the supplier of High Bandwidth Memory used in AI accelerators, Micron's earnings represent a real-time demand check.

If Micron guides down or highlights inventory build-ups, it confirms Broadcom and Oracle's warnings. If Micron delivers strong guidance, it challenges the bearish AI narrative.

Micron is the **swing vote** for the semiconductor complex.

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## Tesla (TSLA)

Tesla is the outlier.

While AI stocks sold off, Tesla refused to break down. Weekly structure remains strong, relative strength is clear, and the stock continues to consolidate near highs.

This is what institutional accumulation looks like.

A breakout above \$450 opens the door to \$500 and beyond.

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## Palantir (PLTR)

Palantir represents the type of AI exposure markets now prefer:

- Government contracts
- Predictable revenue
- Operational leverage

The stock has formed a tight bull flag above its 50-day moving average. Unlike speculative AI names, Palantir benefits from disciplined spending and long-term contracts.

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## 7. Technical Framework — What Actually Matters Now

SPY:

- Support: 675
- Failure below 670 increases downside risk
- Holding support favors accumulation

Russell:

- Support: 240
- Upside: 255–260

Nasdaq:

- Watch for stabilization rather than leadership

Semiconductors:

- Avoid chasing until Micron resolves uncertainty

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## 8. The Week Ahead — Where Volatility Lives

Key events include:

- CPI
- FOMC messaging
- Micron earnings

Markets are likely to react **not** to the data itself, but to how it reinforces or contradicts the liquidity narrative.

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## 9. Summary & Final Thoughts — December Is a Structural Month

November weakness and early-December pressure were expected. Overbought conditions, rebalancing, and narrative exhaustion created a pause.

Now the ingredients for a turn are present:

- Improving liquidity
- Rotation beneath the surface
- Constructive weekly structure
- Selective leadership

This is not the environment for fear.

It is the environment for **disciplined positioning**.

The market is not broken.

It is **resetting**.

And resets, when aligned with liquidity, often resolve higher. Look at these weekly charts. Is anything broken. **HAVE A GREAT DAY! AND STAY GREEN!**

