WJ Charts of the Month

December 2025

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WJ Charts of the Month Intro

"WJ Charts of the Month" is a comprehensive monthly slide deck designed to showcase recent significant financial events and data. The presentation is organized into four sections, beginning with a "Highlights" slide that sets the stage for the subsequent content.

1. What Happened Last Month: This section features a curated collection of charts and images from various publications, offering a visual summary of the previous month's key events.

2. WJ State of the Economy: Our team at WJ has created an array of charts to emphasize crucial economic factors and trends.

3. WJ State of the Markets: Similarly, this section comprises a series of charts crafted by WJ to provide an overview of the core markets we monitor.

We strive to maintain consistency across the charts to facilitate easy comparison month-over-month. However, we may adjust or emphasize specific charts if their relevance shifts over time.

Our objective with this publication is to establish a "One-Stop Shop" for the most vital financial information, presented in a concise and easily digestible format. **We value your feedback to help us achieve this goal.** If you have suggestions regarding the format, or if there's particular information you'd like to see in future editions, please don't hesitate to let us know.

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Highlights

Market Forecasts

Private Credit Hidden Risks

AI Makes up For Sluggish Growth

Another Bad Month for Crypto

Nat Gas Spiking

What Happened

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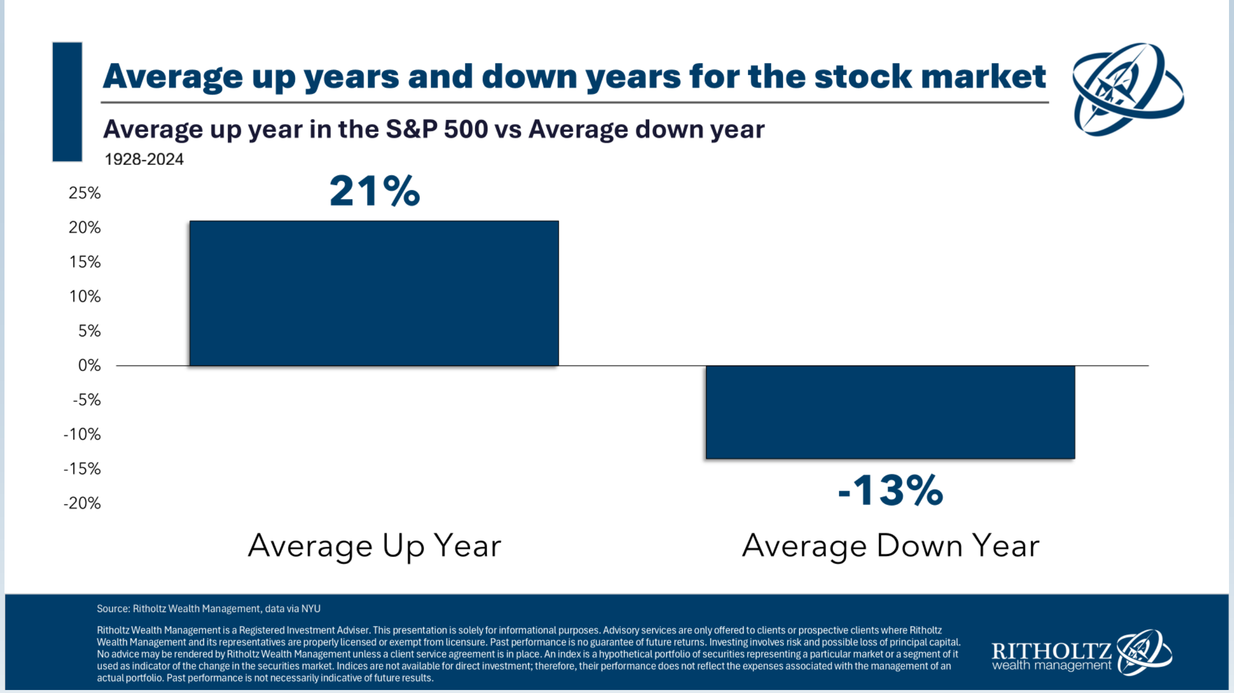
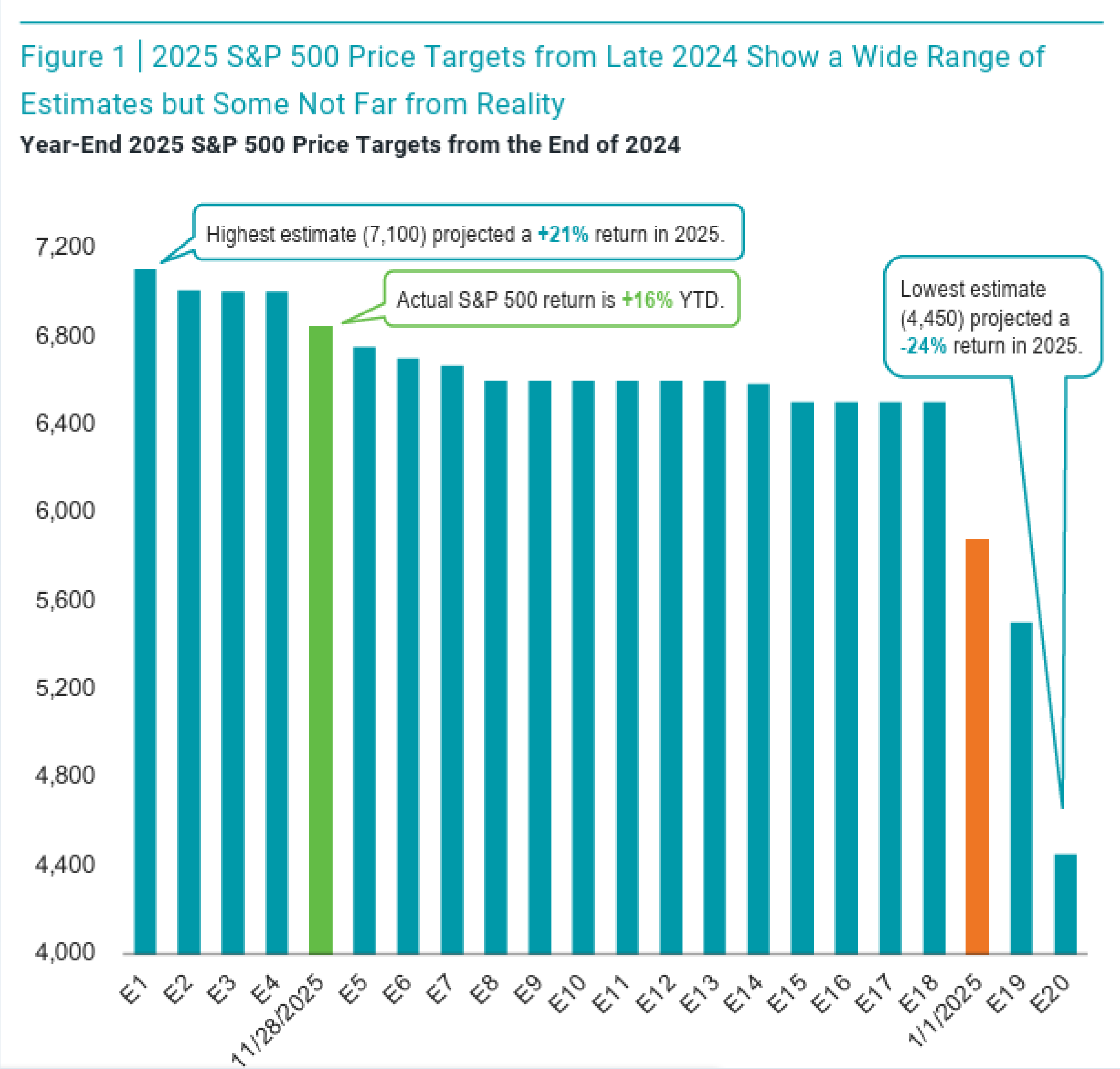
‘Tis the Season for Market Forecasts

It’s that time of year again, where we get to look back at all the prior years’ forecasts from professional bankers, investors, and economists, and laugh about how far off they were. Of course, it’s easy to play armchair economist, and everything looks obvious in hindsight… but, its still always amazing to see how far off forecasts are every year.

The chart on the right shows the orange bar as the S&P 500’s level at the beginning of the year, and every blue bar is a forecast for where it will be by the end of the year. The green is the current level. So honestly this year hasn’t been too bad for the average guess (though one contrarian guessed we’d have a -24% crash). Interestingly, only 1 forecast was above 20%, despite the fact that the average up year is right around 21%.





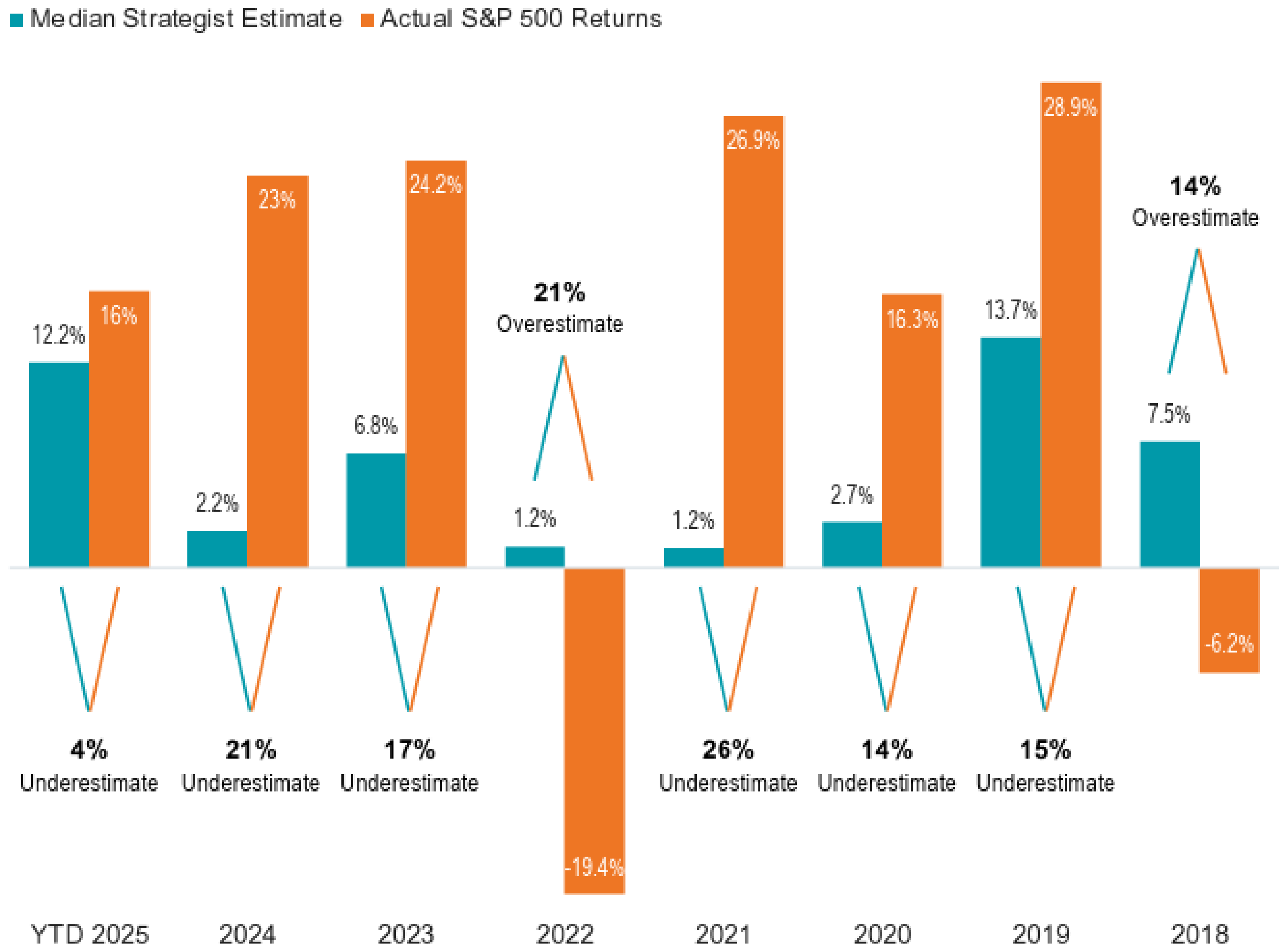
…Which Has Not Gone Well

Though 2025's forecasts aren't too bad, they are generally wildly off. The chart on the right shows each year's average forecast in turquoise, and the actual result in orange. Excluding this year, these forecasts have been off by an average of 18.2% each year! If our best and brightest can barely get within 20% margin of error, what hope do any of us have.

Well, that won't stop me from trying. Each of the last 2 years, I've put out my annual forecasts on a variety of different economic topics. The last one is here. I'll be putting out a full review of last years forecasts as well as next years forecasts just after the new year.

This will be the final Charts of the Month for the year, so I hope everyone has a Merry Christmas, and a Happy New Year!

Figure 2 | Consensus S&P 500 Estimates vs. Actual Returns (2018-2025)

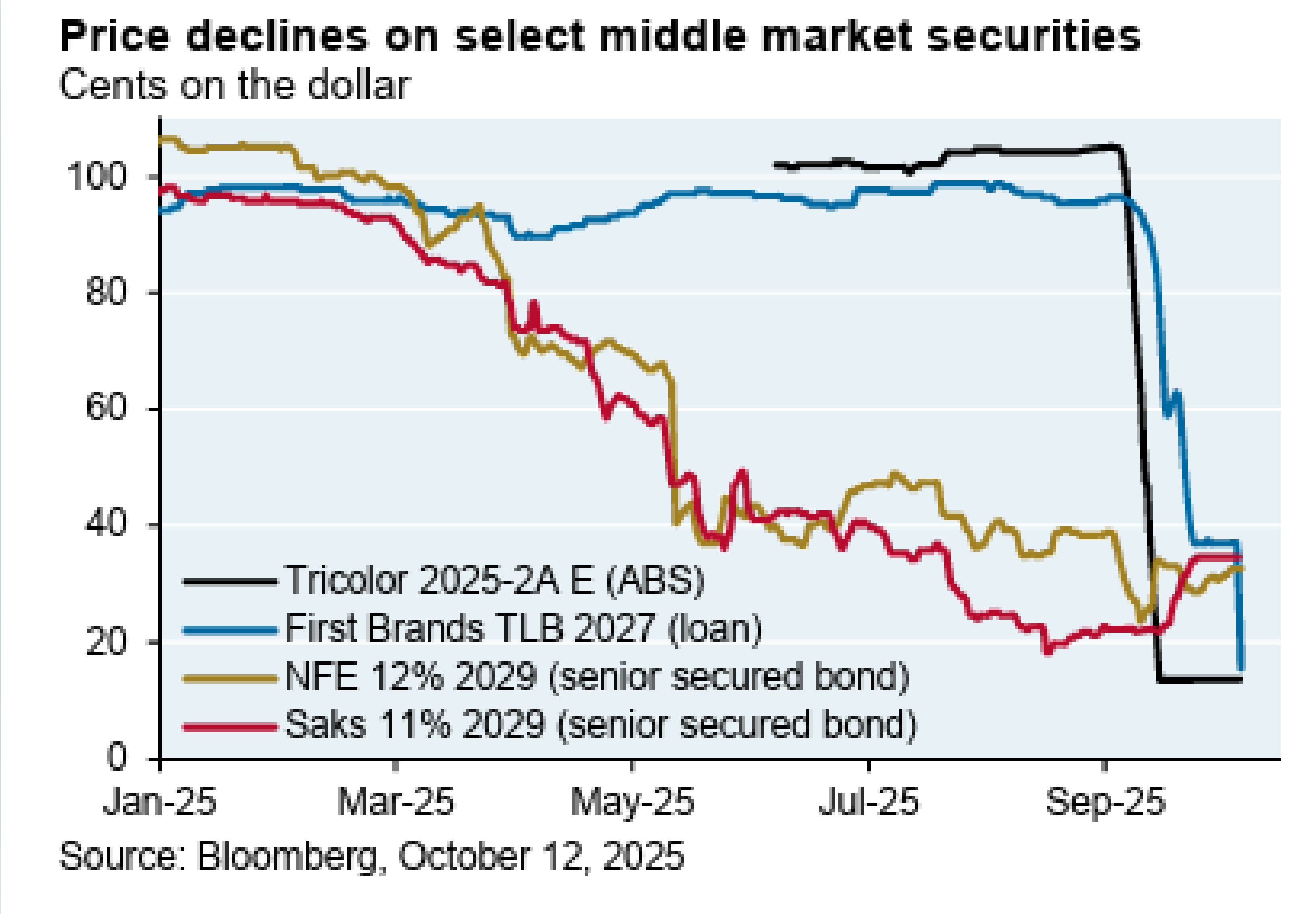


Private Credit's Hidden Risks

Last month I touched on a couple of high-profile blowups in the private credit space. Private credit is all the rage right now. Essentially, banks are doing less of the lending to smaller private companies, and private credit firms are taking the slack. They are raising assets hand over fist with the promise of higher yields with less risk (hopefully all reader's eyebrows raise in skepticism when they read that).

There's nothing wrong with the space in general, its just lending. But I want to address the claim of "lower risk" in private credit. Private credit prices are marked to market by the funds themselves, so regardless of market volatility, the prices don't move. This leads to a situation where private credit loans basically have two prices, par (100) and 0.

See the black and blue lines on the chart as examples. They were marked at or even above par as of September this year, and then suddenly, the veil is lifted, and creditors realize they are worthless. Meanwhile, the funds got to charge fees on 100 along the way. Conversely, you can see similarly bad bonds in the public markets in gold and red. Their price is dictated by the markets opinion over time. The result is essentially the same, but the experience is vastly different. Lending is lending, it doesn't matter if its public or private, it carries risk and should be sold as such.



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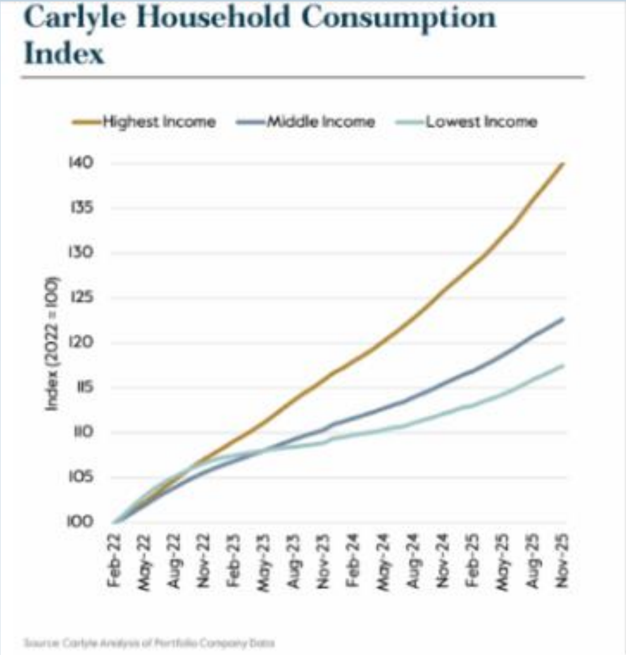
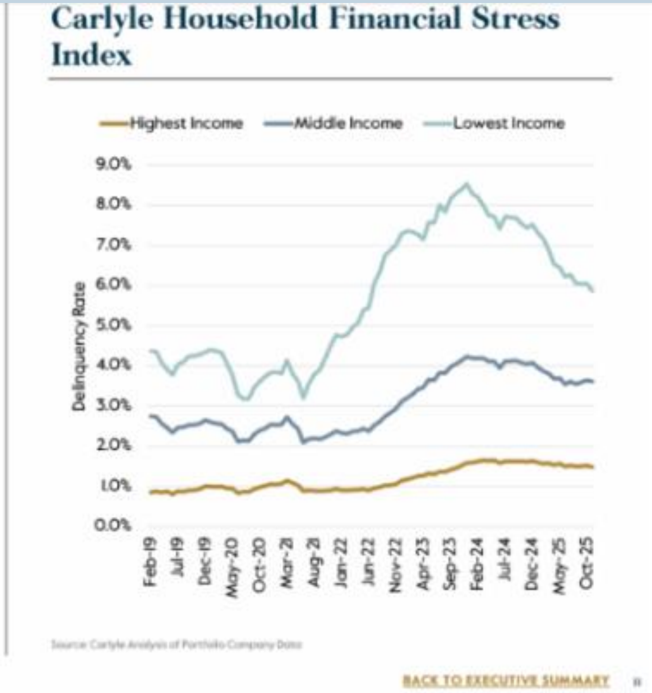
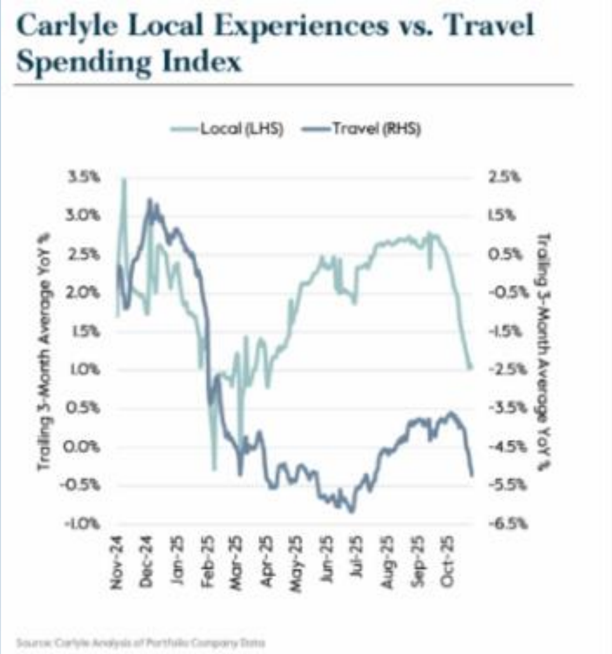
The "K-Shaped" Economy

The idea of a "K-shaped" economy is gaining traction. The idea is that there are two separate economies going in different directions (like the legs of a K…), the economy of the upper class, and the working class. Carlyle has a series of indices highlighting this divergence. The first chart shows relative consumption accelerating for the highest income groups, while growing at a much slower rate for lower income groups. The next shows financial stress higher than usual for lower vs higher income cohorts. Many have blamed this phenomenon for some of the extreme partisanship we're experiencing, along with unusual economic sentiment data that is currently near the worst it's ever been despite strong hard economic data. It's the "feel vs real" economy.

In addition, Carlyle highlights weakness in experience spending. Local experience and Travel spending is falling fast as consumers skip their trips.





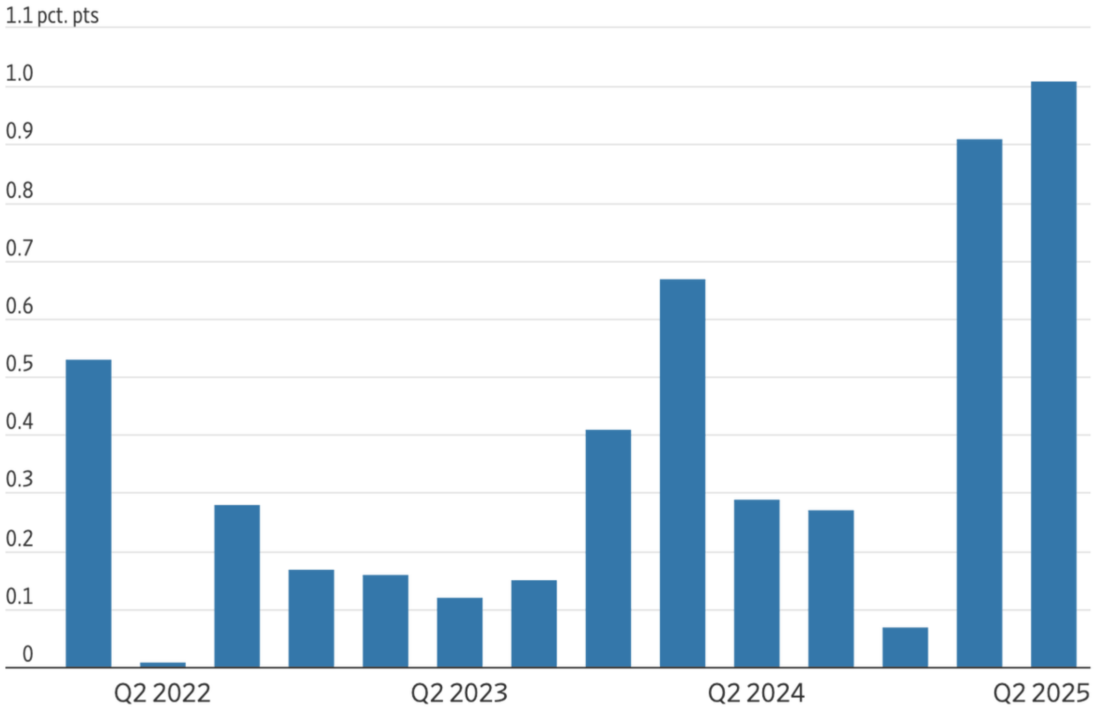


AI Picks Up Economic Slack

One possible factor that might explain why economic data is so strong despite how people feel, is artificial intelligence. AI is undergoing a massive infrastructure buildout, where some of the largest companies in the world are vowing to spend TRILLIONS of dollars on building data centers and electricity generation to power them. Over the last two quarters, AI spending alone has contributed about HALF of GDP growth (first chart). This is an extraordinary amount for a single industry to provide.

To see how, you have to understand the scale of these projects. The picture on the right shows Meta's proposed Hyperion Data center laid over a map of Manhatten for scale. Think of how much construction, electricity, engineering, IT, etc. professionals that project would employ. Hyperion is a huge, but there are several of massive scale being built all around the US similar to it.

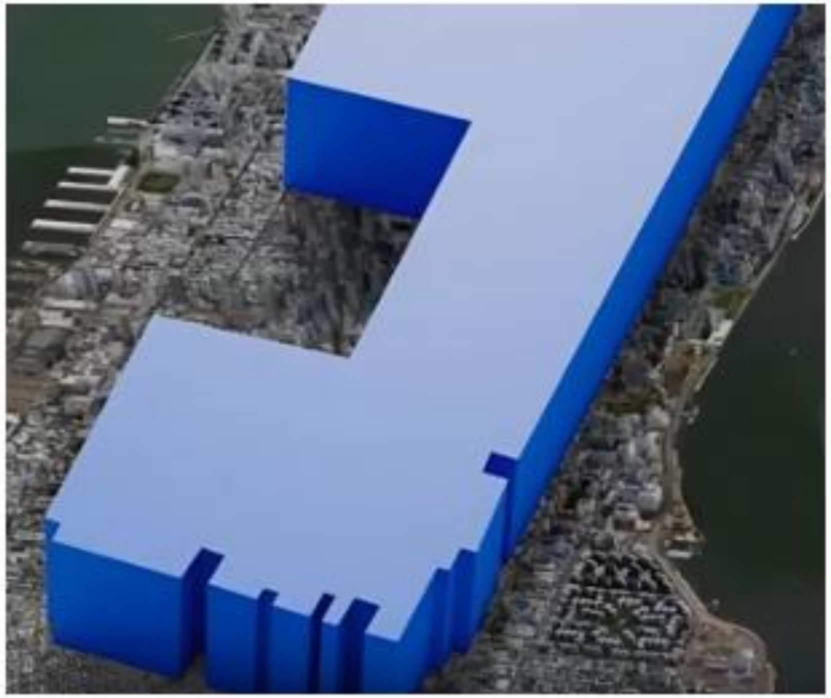
AI-related investment's boost to U.S. GDP growth



Note: Seasonally adjusted annual rate. AI-related investment includes software, computers and peripherals and data centers.
Source: Barclays

EXHIBIT 1

Meta's Hyperion Data Center Over Manhattan



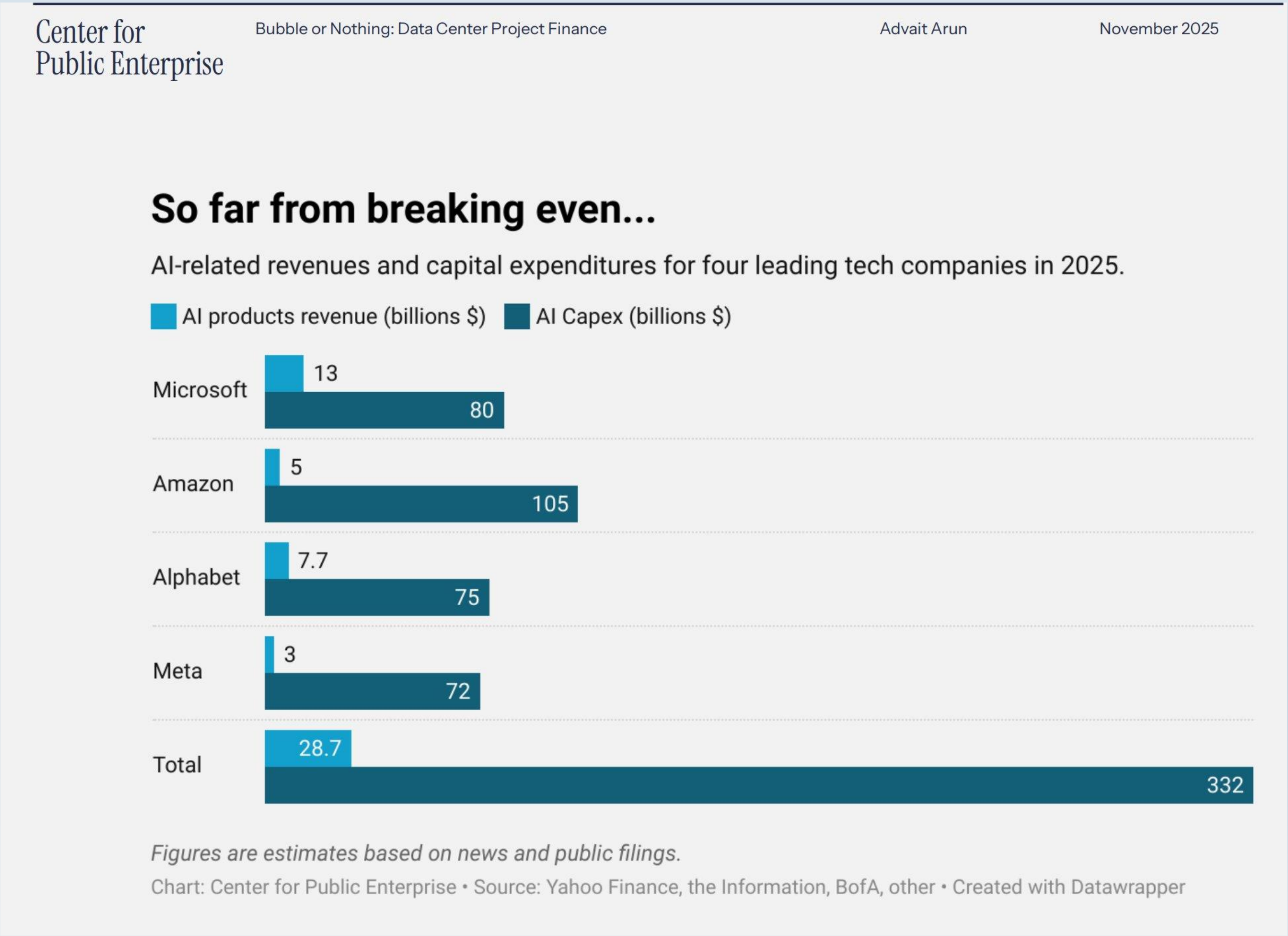
Source: Bloomberg.

AI Spending vs Revenue

The chart shows four of the largest public companies' spending (capex) on building out AI (green), vs their revenues (light blue). In 2025, they have spent $332 billion on just $28.7 billion of revenue. This chart doesn't even in consider the $100s of billions of projected spending in both 2026 and 2027.

Of course, these companies expect AI to bring in revenue several times what they spend, otherwise they wouldn't bother. But it's certainly ambitious.

Regardless on whether the companies can make money or not, all that investment flows into the economy, and should help to keep GDP propped up for the foreseeable future.



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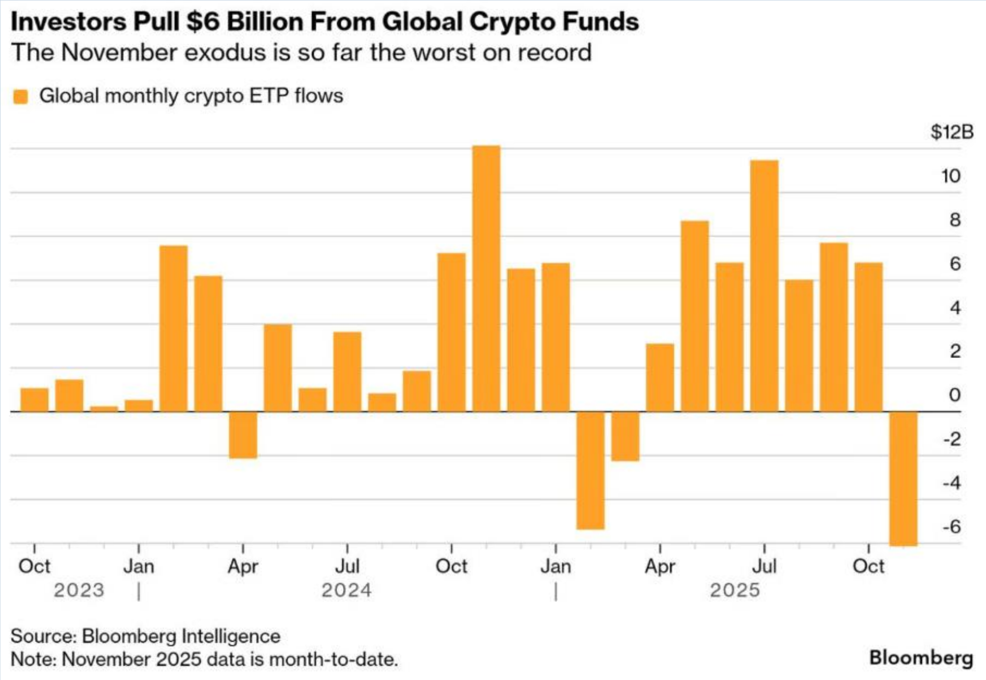
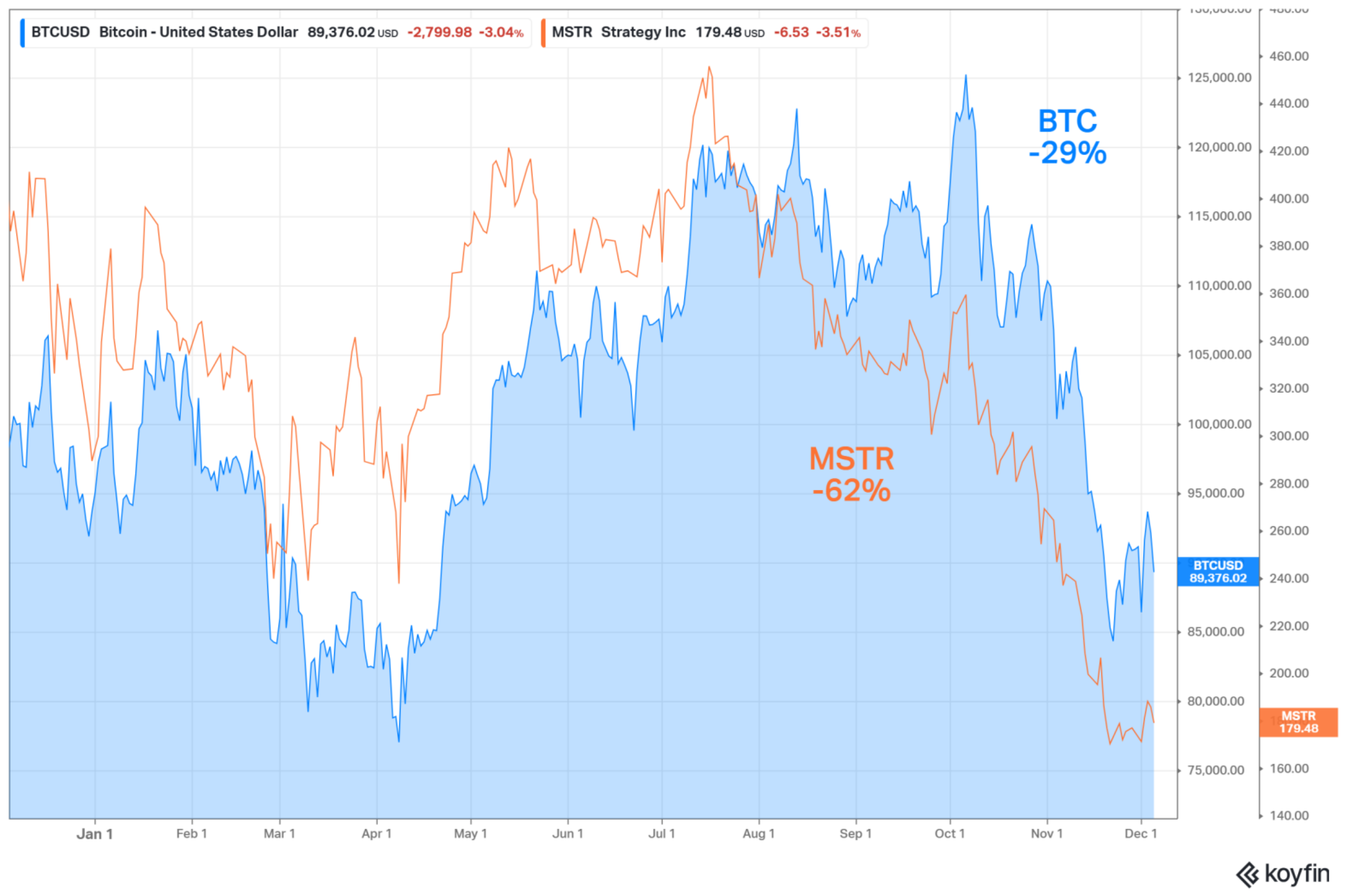
Continued Struggles in Crypto

The struggles continue in crypto as over $6 billion was pulled from crypto funds in November, by far the most on record. Bitcoin (BTC) is currently down about 29%.

“Strategy” formerly known as “Microstrategy” (MSTR) is a popular stock whose sole business is buying bitcoin. They are down 62%.





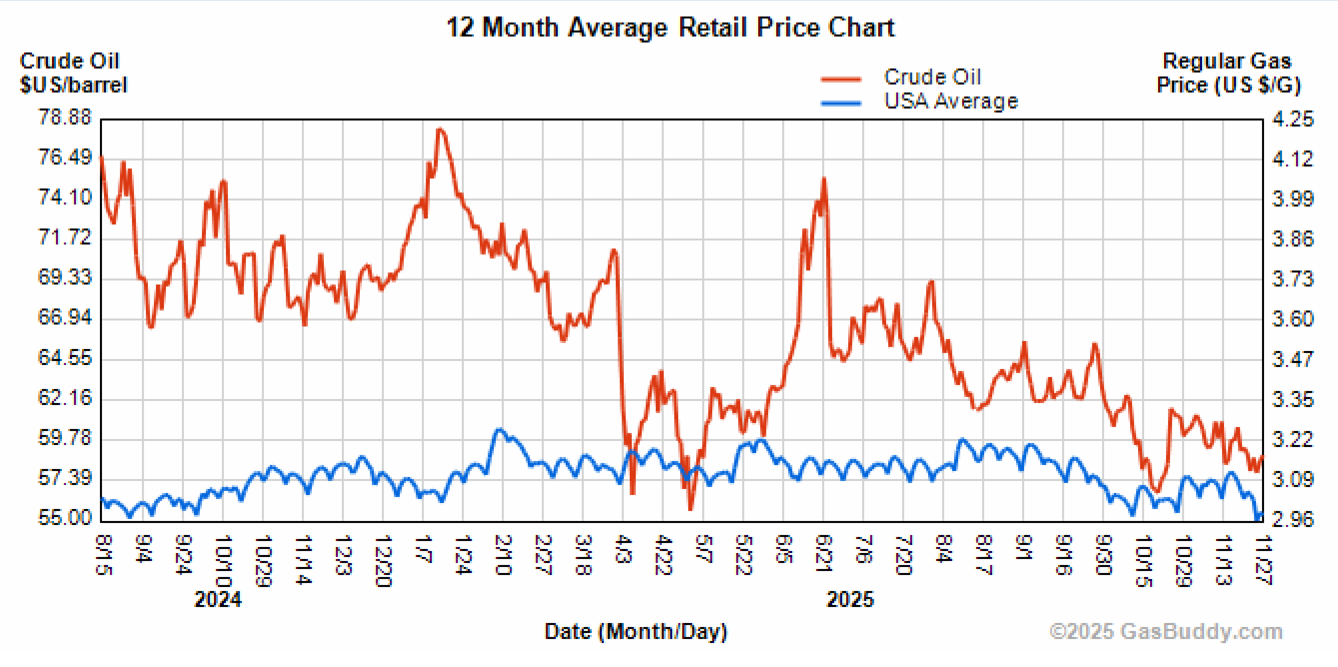
Gas Prices Below $3!

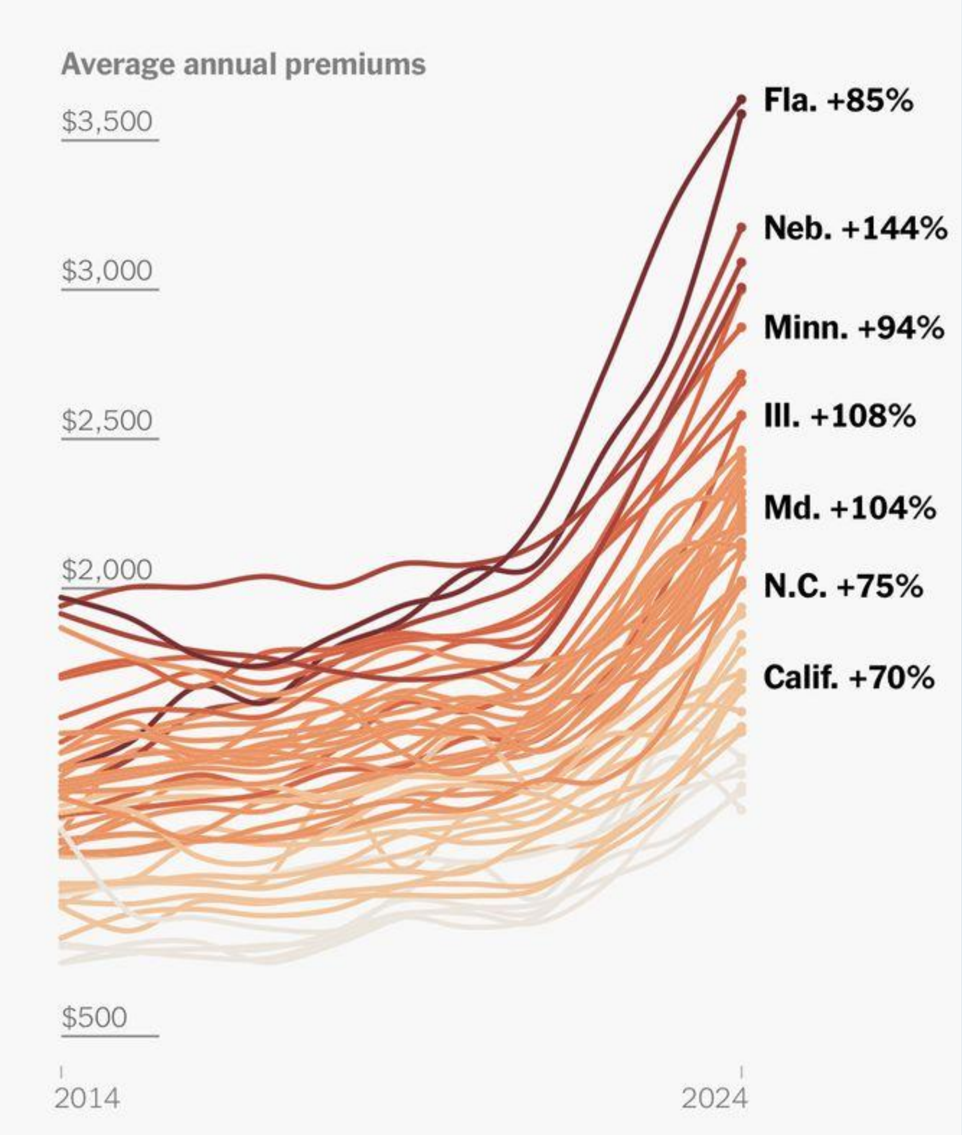
Finally, some good news and bad news.

Good news: For the first time in a while, US gas prices have dropped below $3 per gallon. Given the drop in oil prices (from near $80 to $58), you would've hoped for a steeper decline, but crossing the $3 mark is a psychological milestone that people see everywhere they drive.

Bad news: Insurance premiums are getting out of hand, especially in places like Florida. In addition to high mortgage rates and home prices, insurance rates have made owning a home in some places unaffordable for most.

On the bright side, if you are an investor of reinsurance, you've gotten to reclaim some of those steep premiums.





WJ State of the Economy

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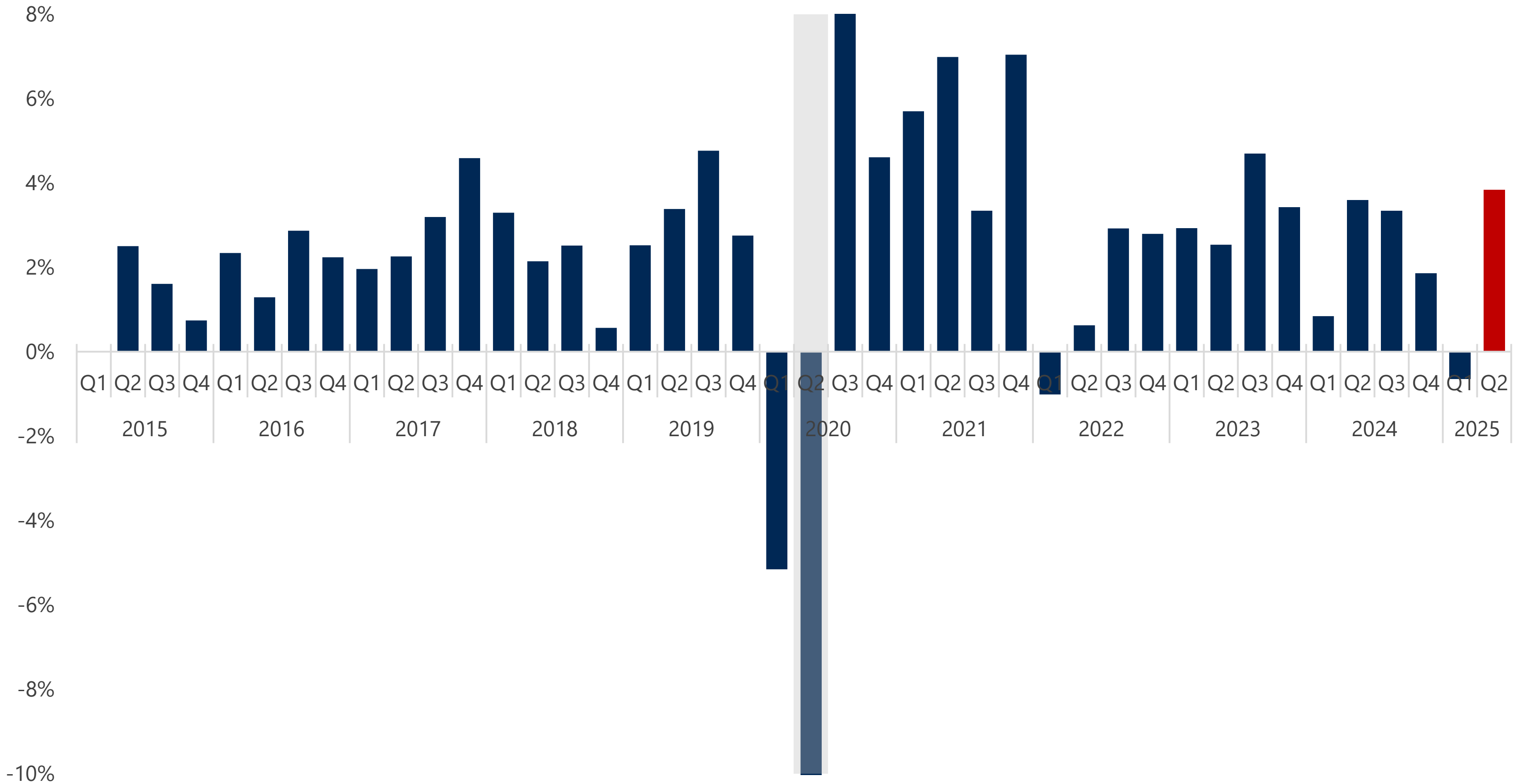
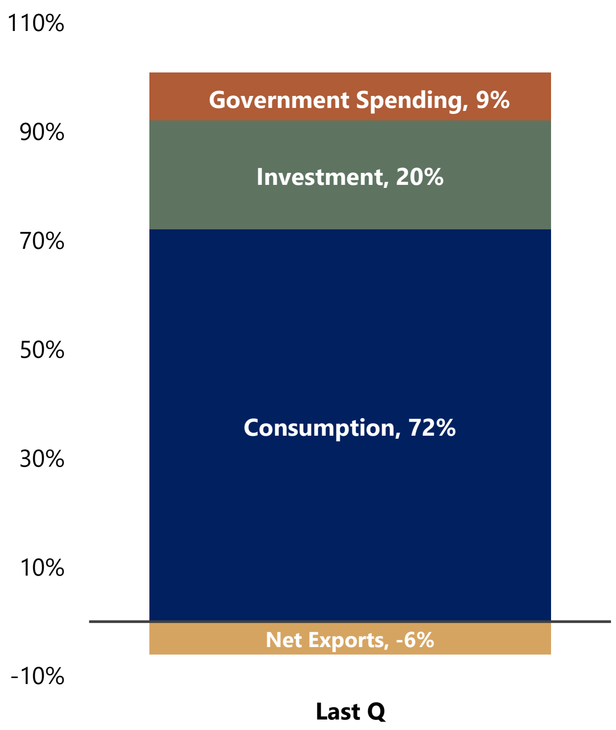
No Q3 GDP due to Shutdown

Annualized Real Gross Domestic Product (GDP) % Chg



Components of GDP



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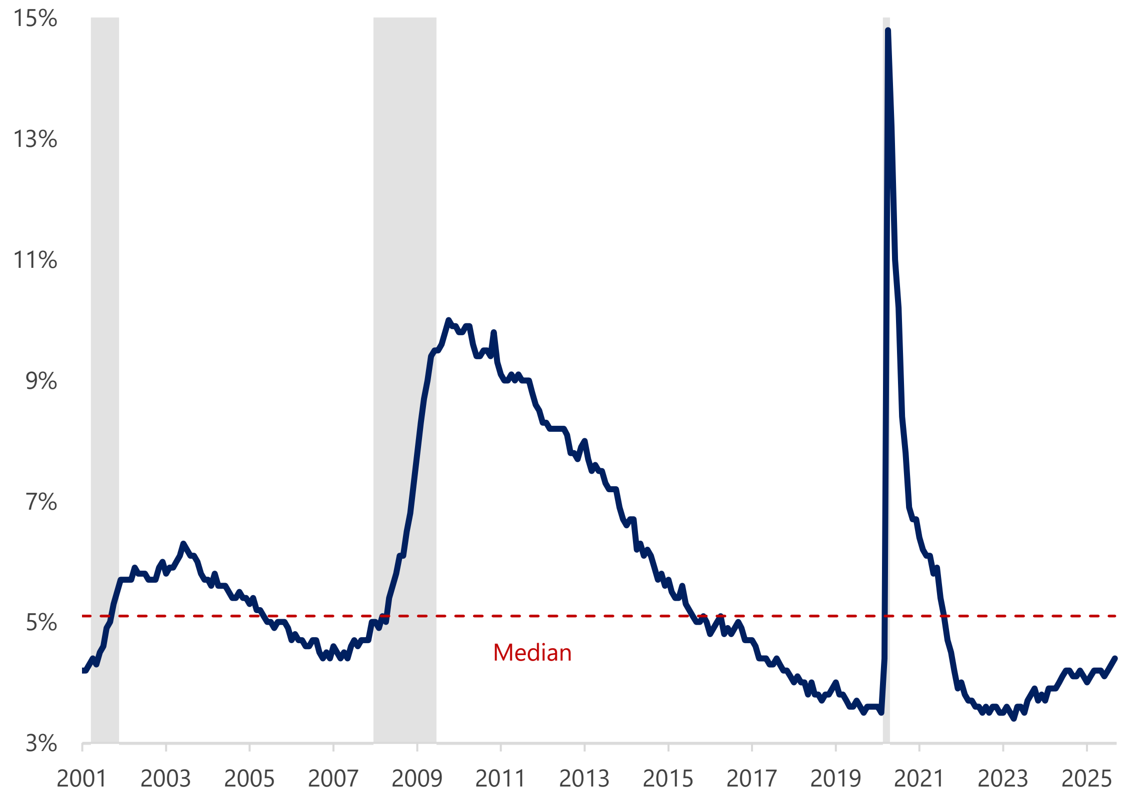
Source: Federal Reserve Economic Database (FRED). Real Gross Domestic Product (left). Components from U.S. Bureau of Economic Analysis, "Table 1.1.6. Real Gross Domestic Product, Chained Dollars" (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Employment Slowly Weakening

Unemployment Rate



Job Opening per Seeker and **Quits**

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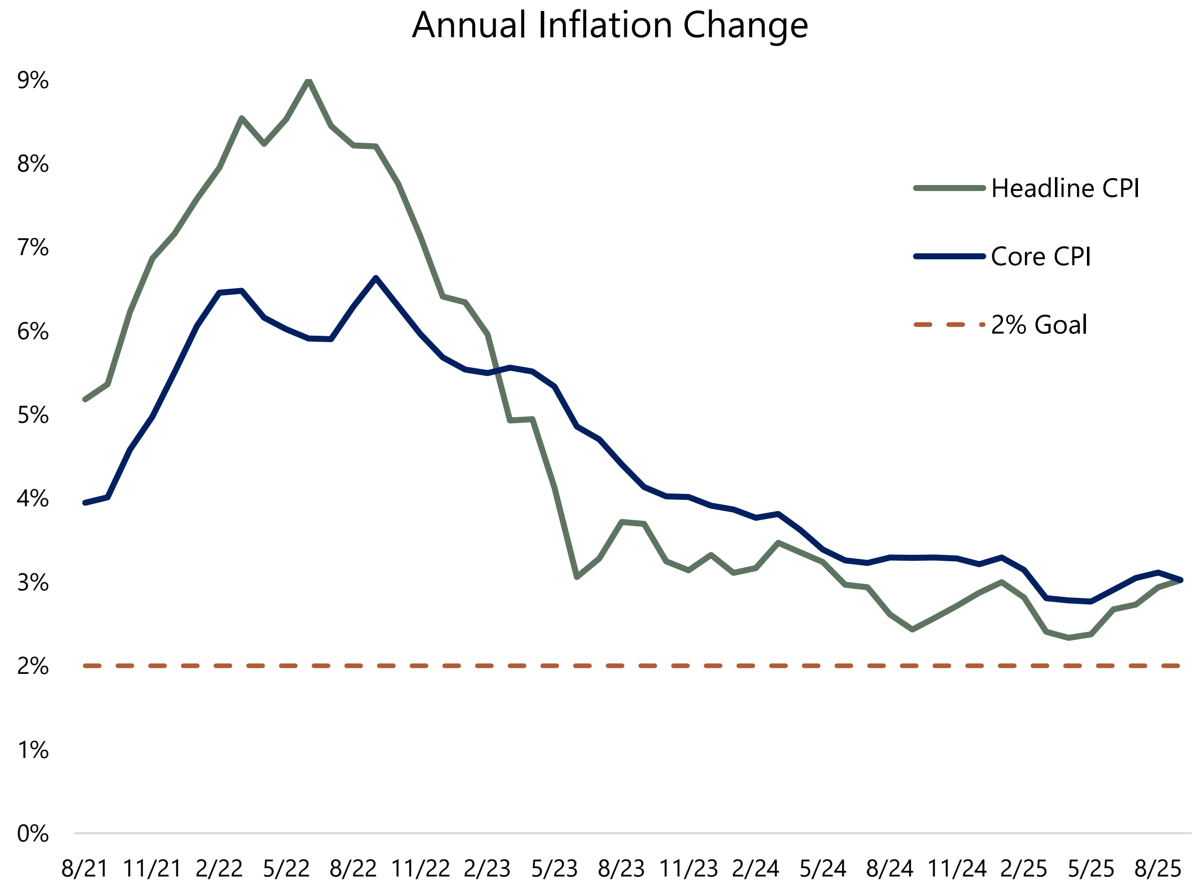
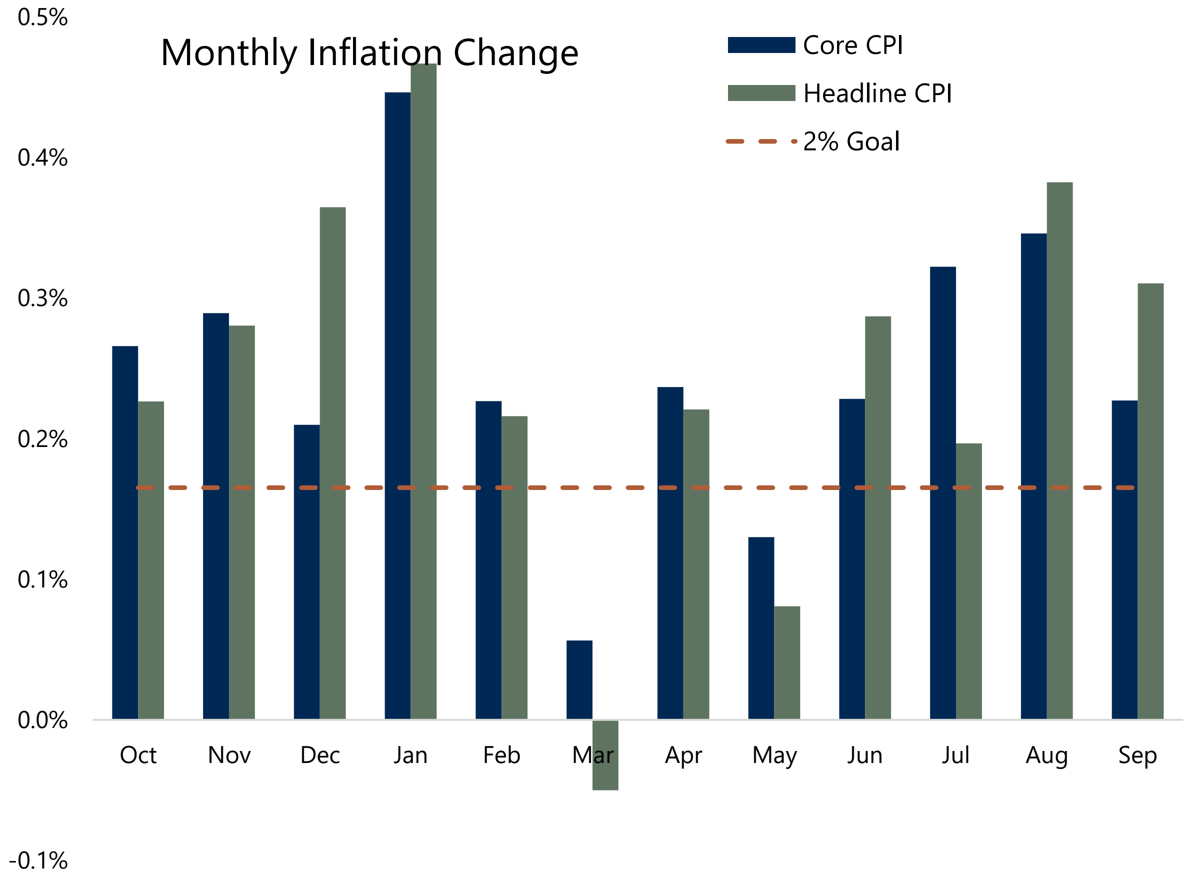
Source: Federal Reserve Economic Database (FRED). Unemployment Rate (left) and Job Openings: Total Nonfarm divided by Unemployment Level as well as Quits: Total Nonfarm (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Inflation Continues Over Target





Source: Federal Reserve Economic Database (FRED). Consumer Price Index. Annual CPI Forecasts are made by WJ using past month over month CPI data and extrapolating forward with different growth rates.

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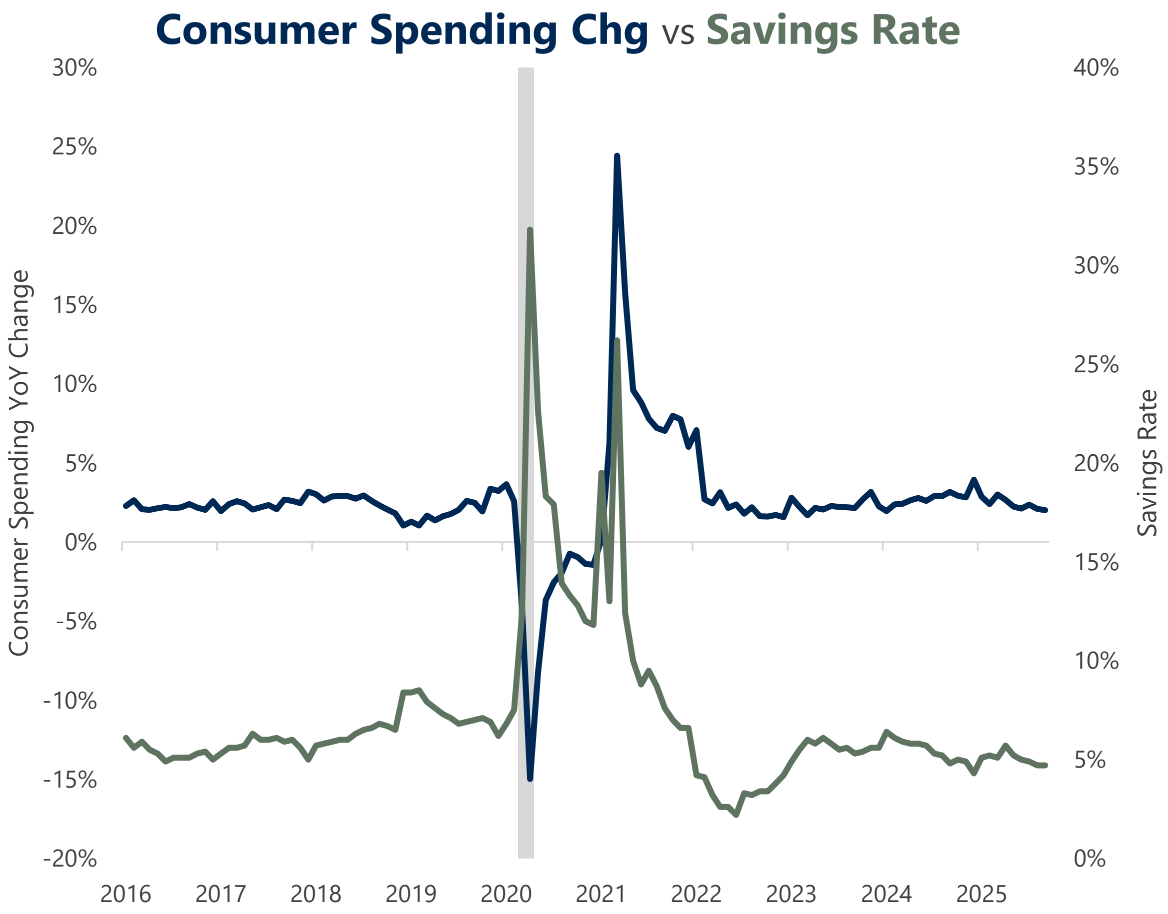
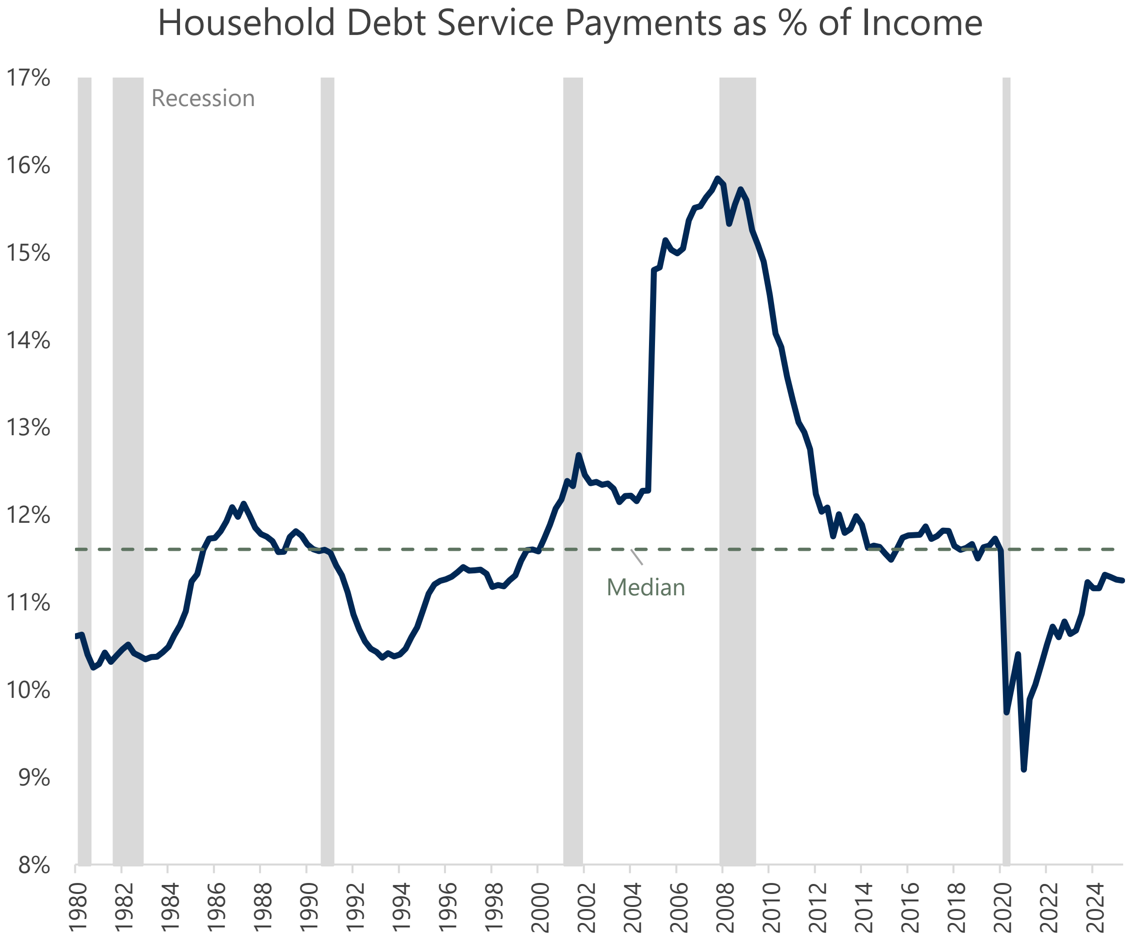
Consumer is Still Strong





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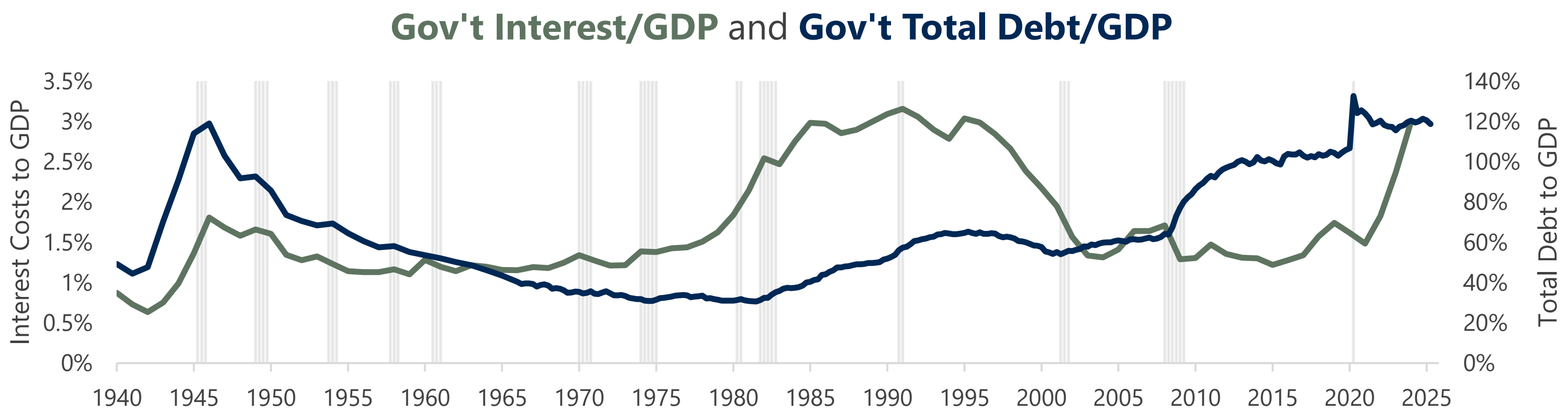
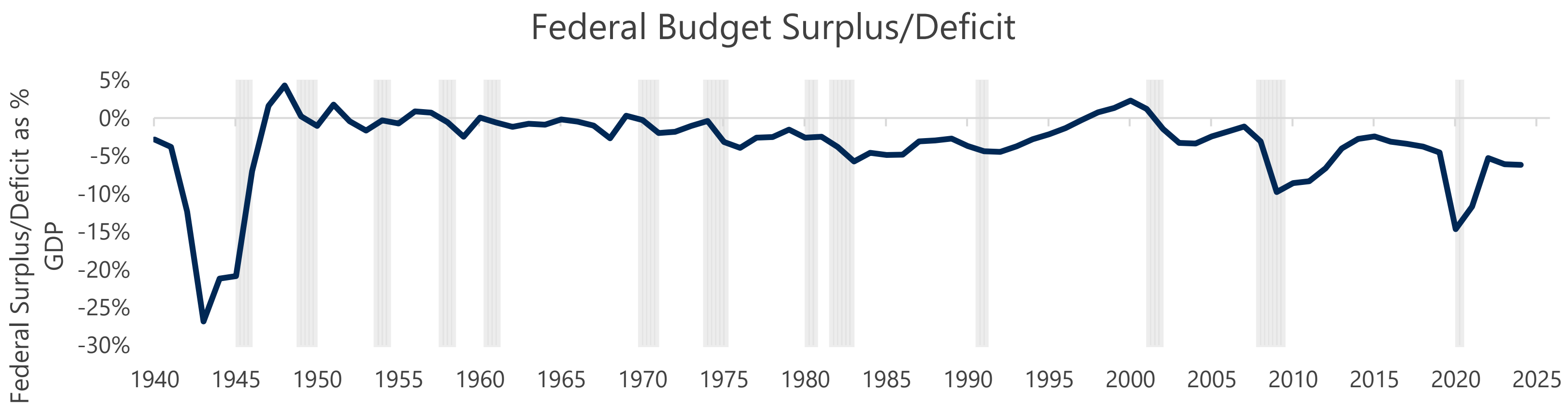
Source: Federal Reserve Economic Database (FRED). Personal Saving Rate plus Real Personal Consumption Expenditures (left) and Household Debt Service Payments as a Percent of Disposable Personal Income (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Interest Costs and the Deficit Rising





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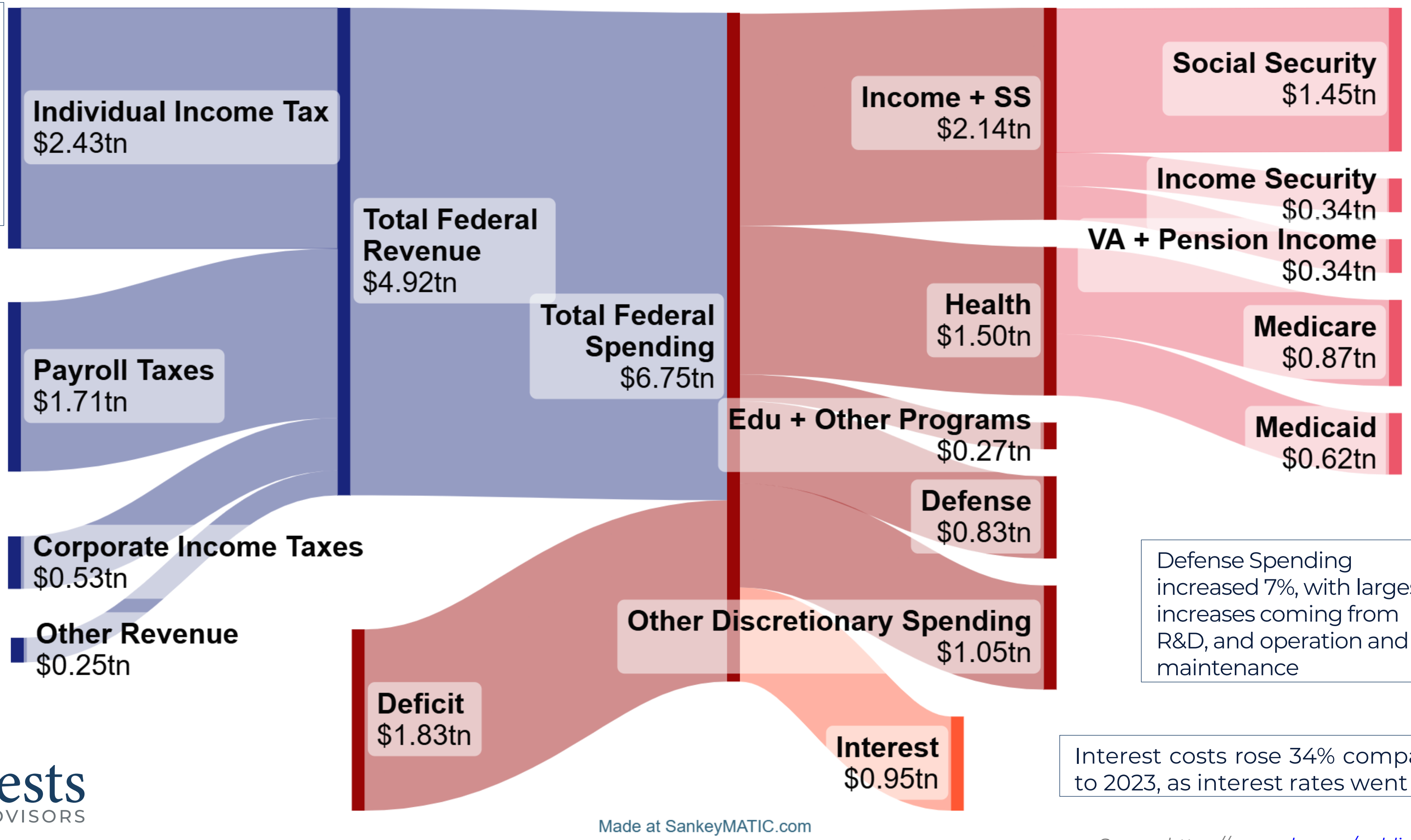
Source: Federal Reserve Economic Database (FRED) Federal Surplus or Deficit [-] as Percent of Gross Domestic Product (top) and Federal Debt: Total Public Debt as Percent of Gross Domestic Product plus Federal Outlays: Interest as Percent of Gross Domestic Product (bottom). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Government Expenditures 2024

This is an in depth look at how the US makes and spends money. On the spending side, the top 3 categories are known as "mandatory spending" and are unable to change without major reform. That leaves "Defense" and "Other Discretionary Spending" as the two categories congress can change on any year.

Total Receipts were up 11% in fiscal year 2024 compared to 2023. Most of these came from higher income tax receipts, and deferalls from 2023 that were paid in 2024.



Total Outlays were up 10% in fiscal year 2024 compared to 2023

SS and Medicare rose 8% and 9% respectively, due to cost of living adjustments and more beneficiaries.

Defense Spending increased 7%, with largest increases coming from R&D, and operation and maintenance

Interest costs rose 34% compared to 2023, as interest rates went up.

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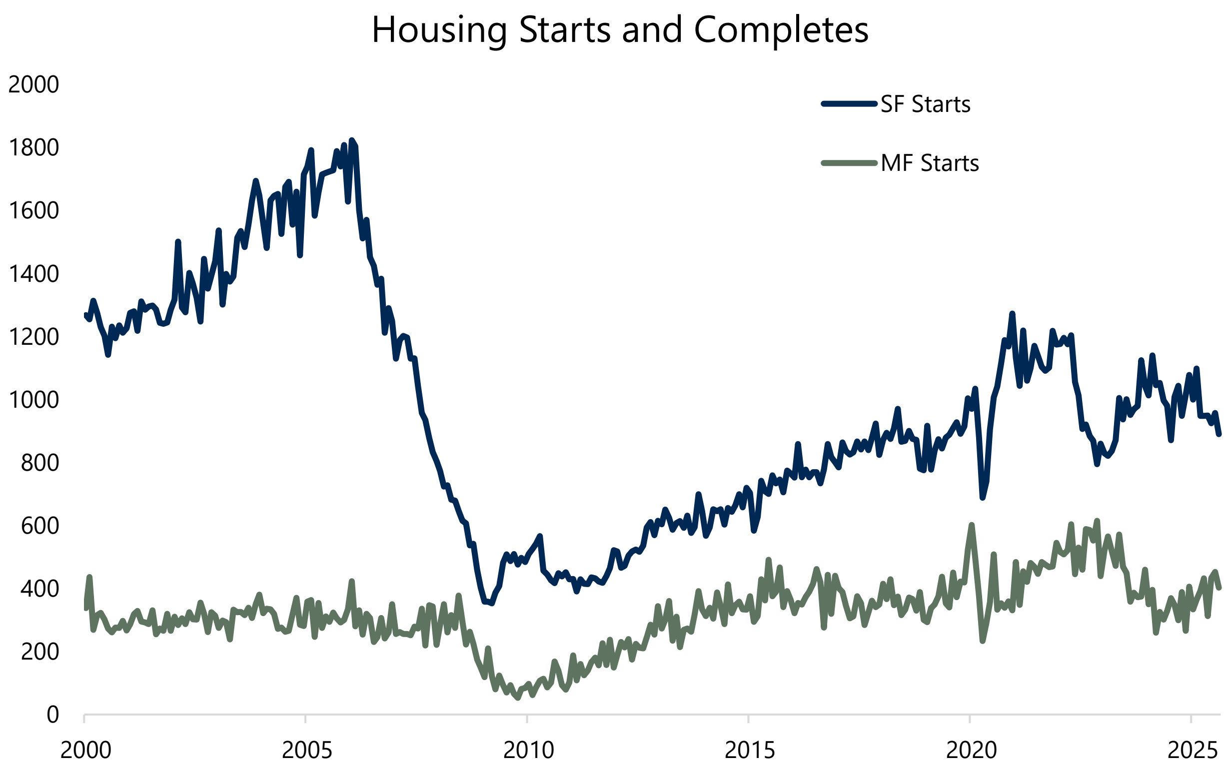
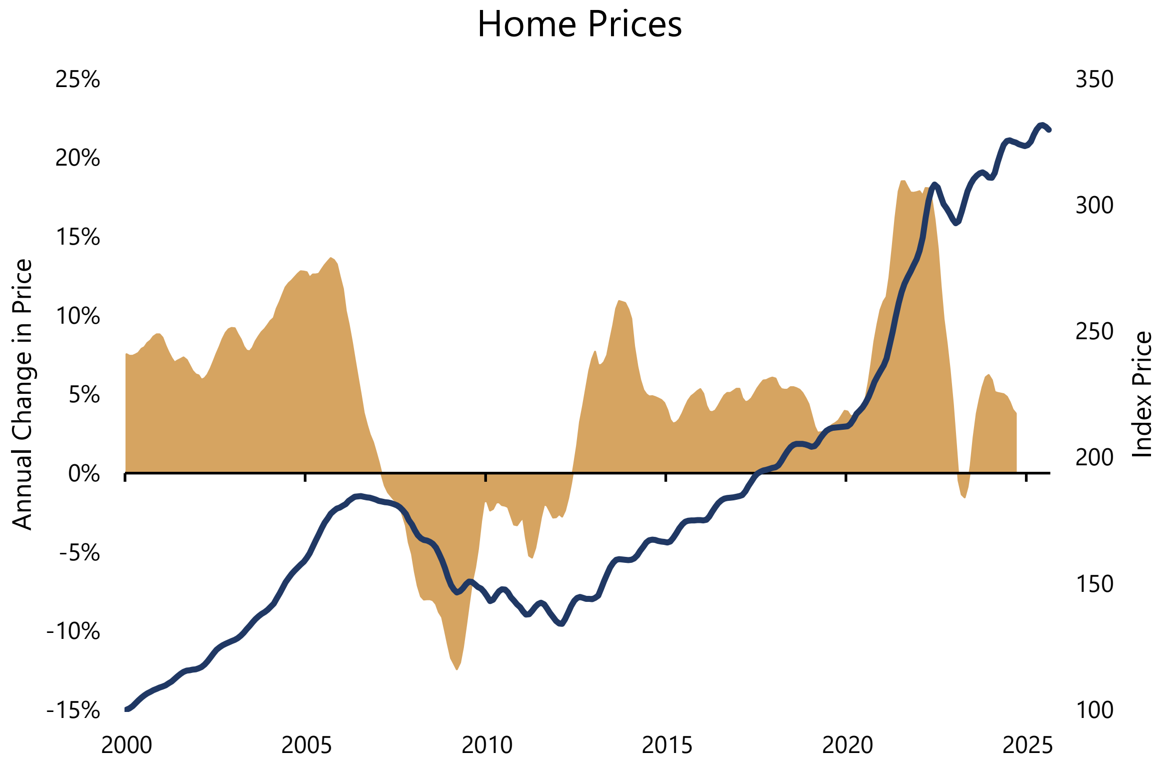
Source: https://www.cbo.gov/publication/59544/html

SF and MF Starts Drop





A housing start is the beginning of construction on a new residential housing unit and indicates how much new housing supply is on the horizon. On the right we show home prices over time, as well as the annual rate of change. Prices surged in 2021-2022 but have stopped growing altogether. What they do next will depend on how much pent-up demand there is, and how much housing we build going forward. Note of how significantly starts dropped after the 2008 crisis, and led to the undersupply we have today.

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Source: Federal Reserve Economic Database (FRED) (LEFT)New Privately-Owned Housting Units Starts: Single-Family Units and New Privately-Owned Housting Units Started: Units in Buildings with 5 units or More. (RIGHT) S&P CoreLogic Case-Shiller U.S. National Home Price Index

WJ State of the Markets

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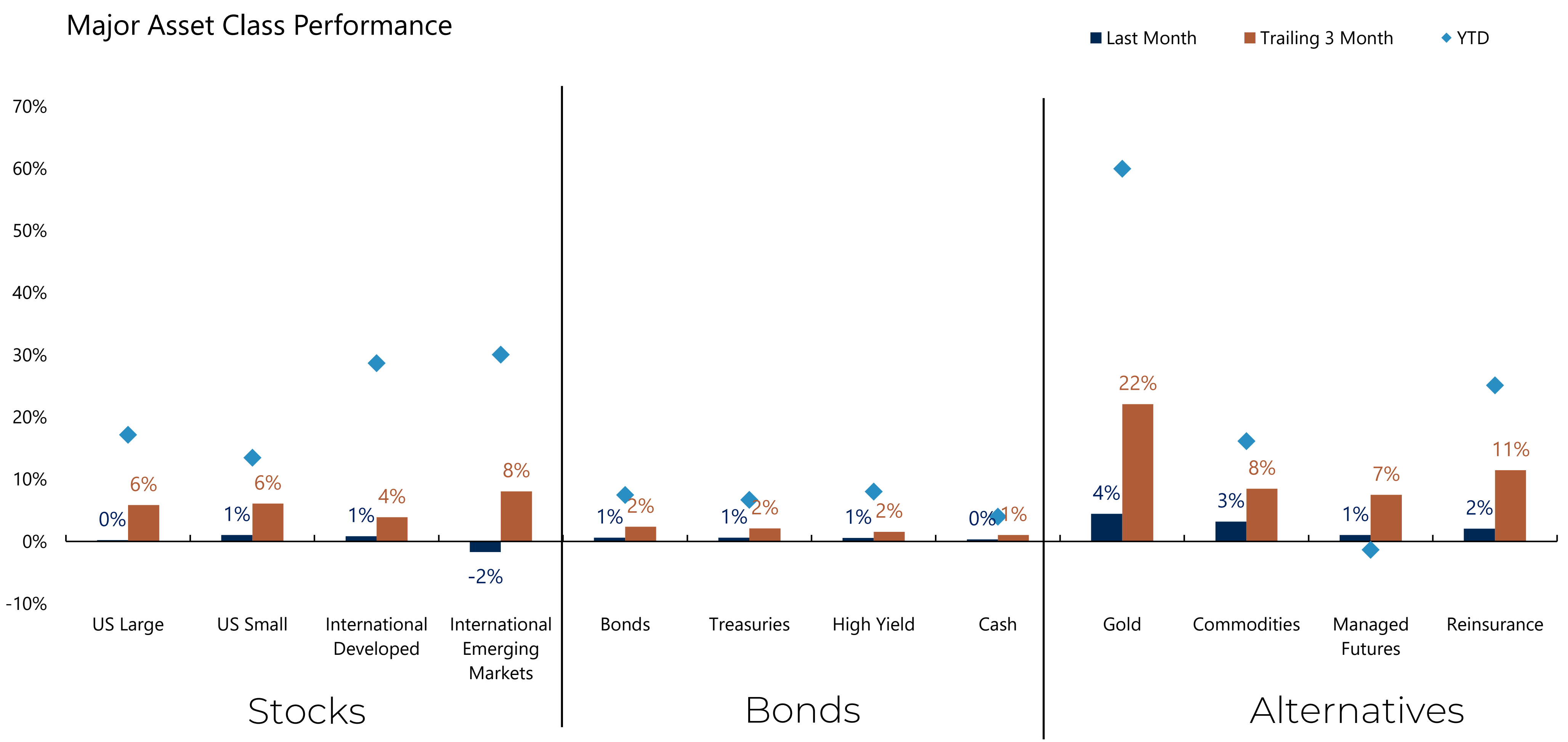
Amazing Year for Gold



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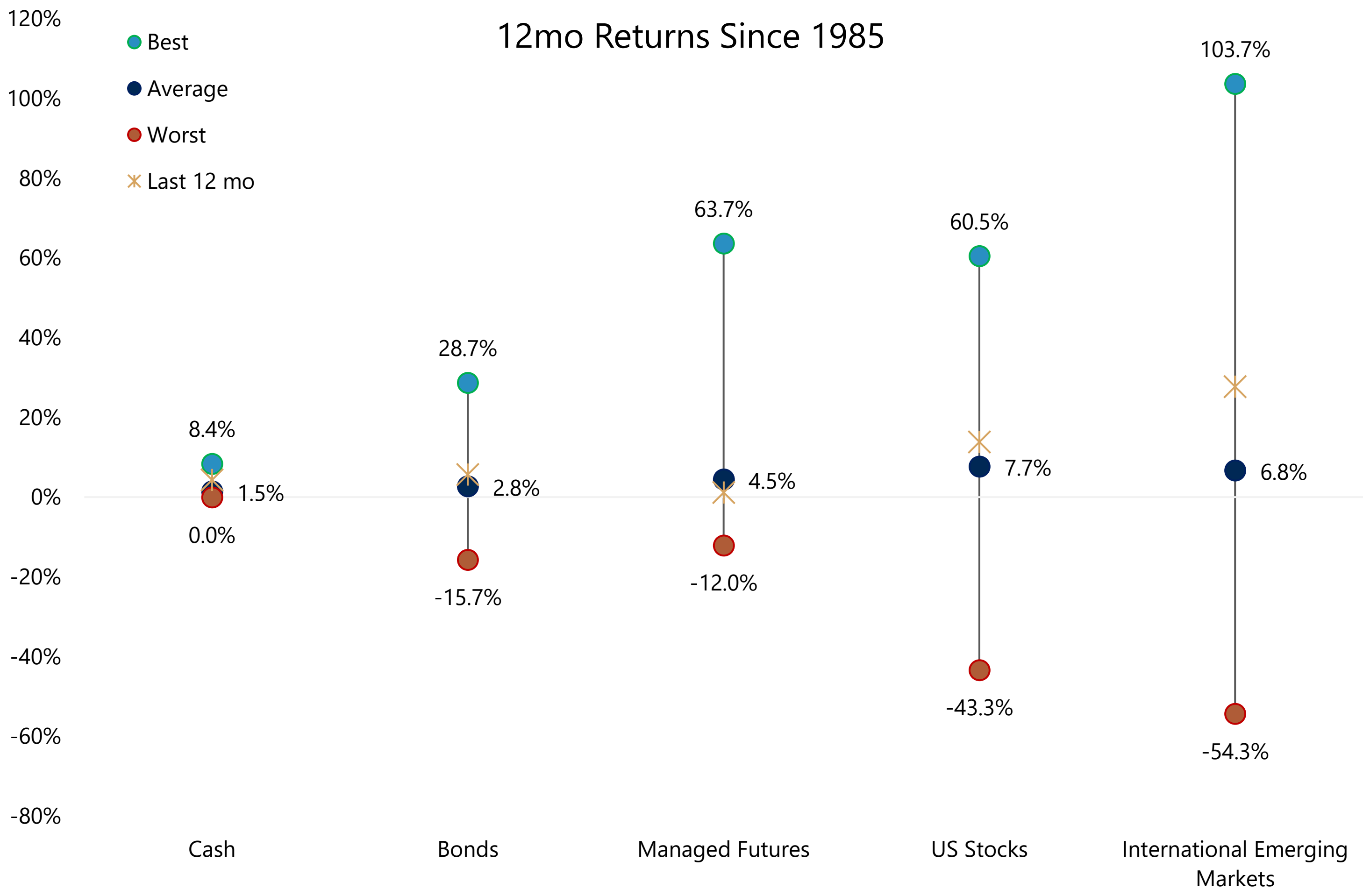
Source: Morningstar Direct. Categories in table are represented by (left to right) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI EM (IEMG), Bloomberg US Agg Bond TR, Bloomberg US Treasury TR USD, Bloomberg US Corporate High Yield TR USD, IA SBBI US 30 Day TBill TR USD, SPDR Gold Shares, Bloomberg Commodity TR USD, CISDM CTA EW USD, Stone Ridge Reinsurance Fund

Historical Asset Class Return Range



This chart shows the range of 12 month returns historically, by asset class. As you'd expect, the riskier investment leads to a greater potential gain, as well as loss.

The X on the line represents the last 12 months.

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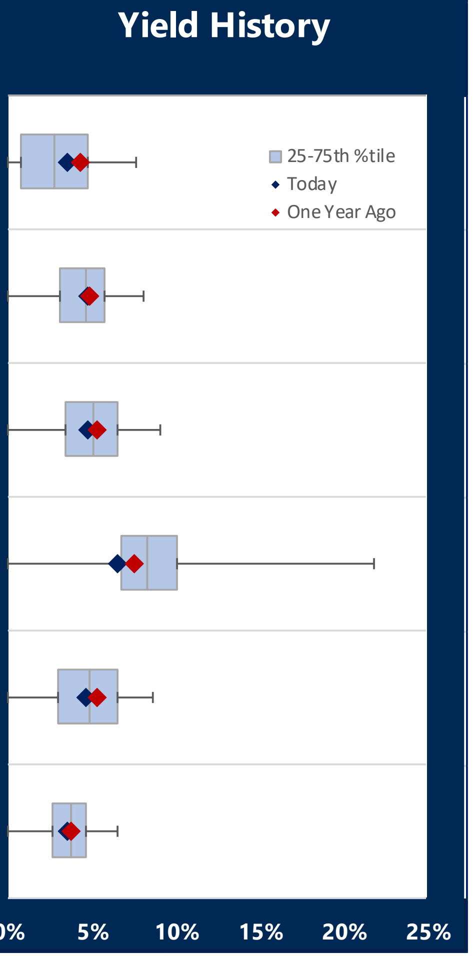
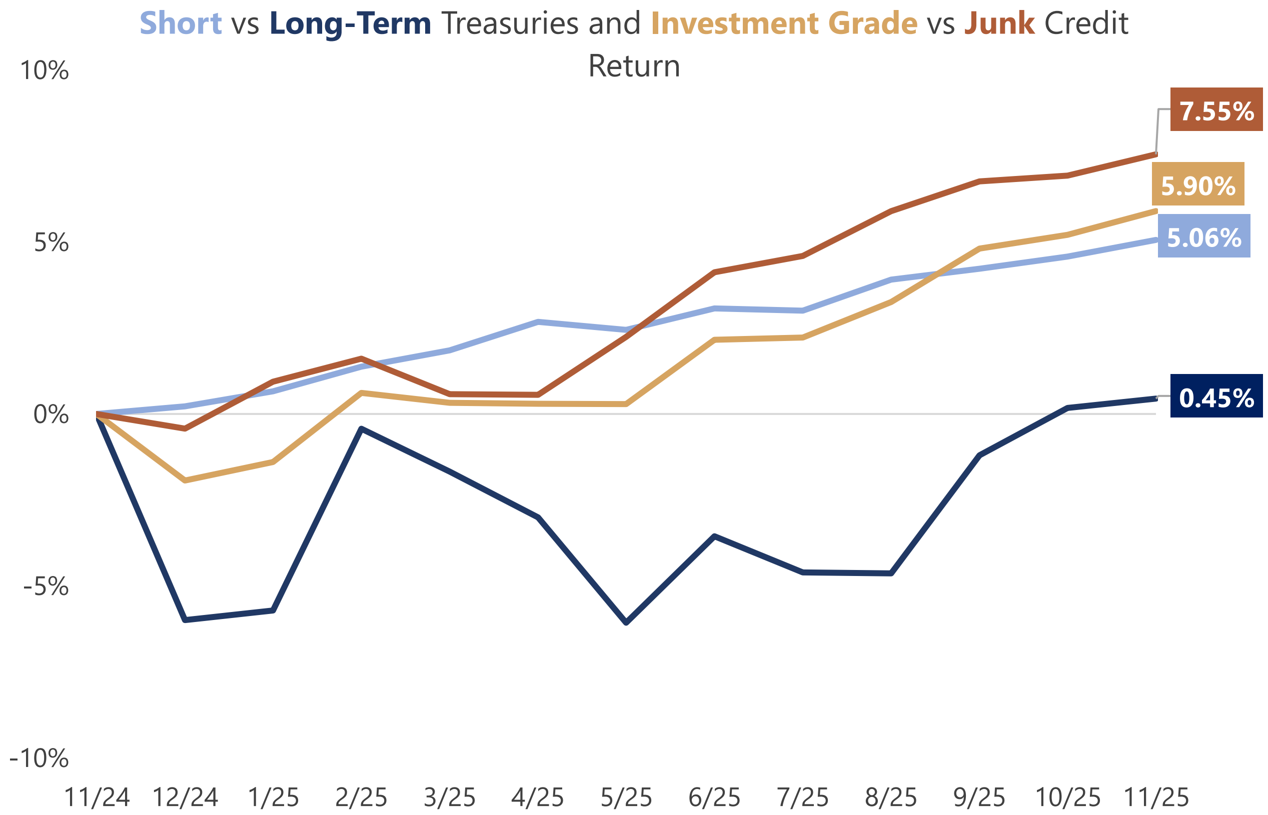
Source: Morningstar Direct. Categories in table are represented by (left to right) IA SBBI US 30 Day TBill TR US, Bloomberg US Agg Bond TR USD, CISDM CTA EW USD, iShares Russell 1000 (IWB), iShares Core MSCI EM (IEMG). Historical data starts at common inception in 1985.

Yields Down for All Bond Types

	Yield (%)		
Bond Type	Last Month	Last Year	Change
ST Treasury	3.53	4.26	-0.73
LT Treasury	4.72	4.87	-0.15
Investment Grade	4.76	5.33	-0.57
High-Yield	6.57	7.49	-0.92
Mortgage-Backed	4.61	5.27	-0.66
Municipal Bonds	3.58	3.74	-0.16





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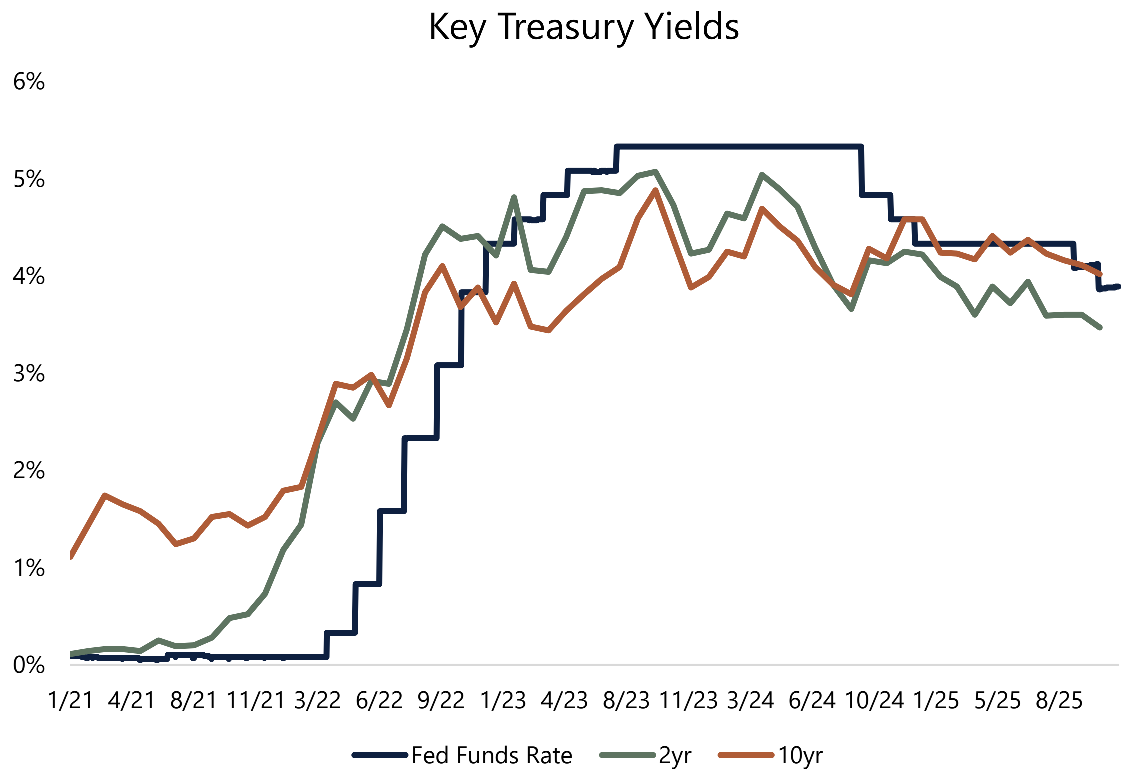
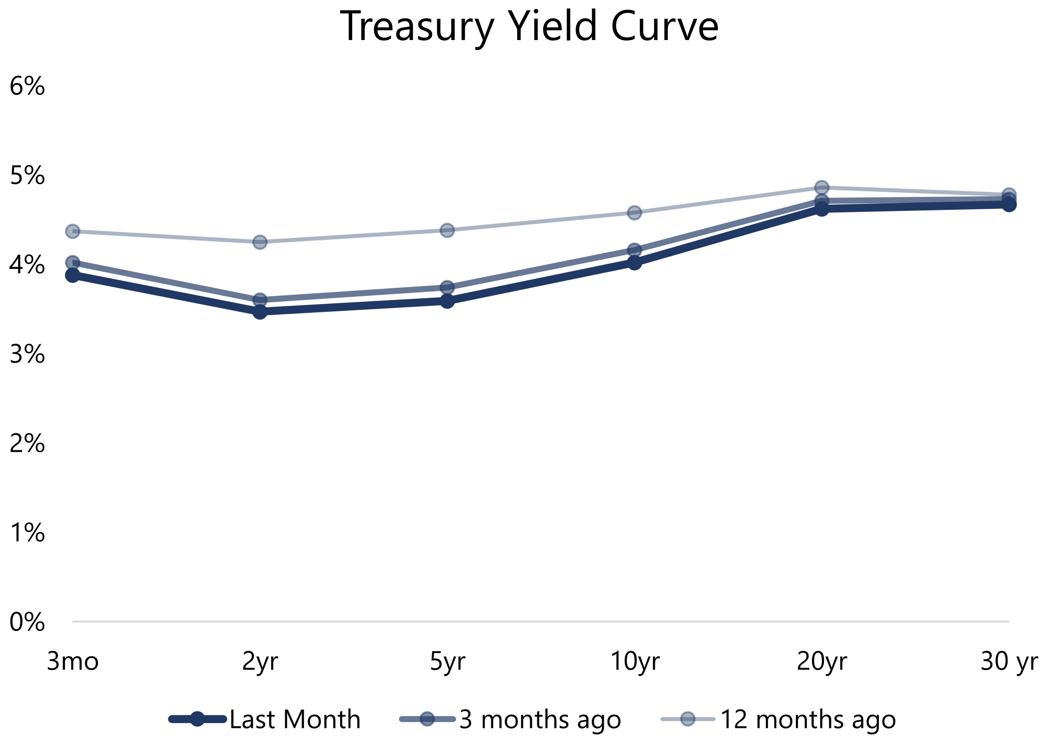
Source: Morningstar Direct. Categories in table are represented by (top to bottom) Bloomberg US Treasury 1-3 Yr Yld USD, Bloomberg US 20+Yr Yld USD, Bloomberg US Corp Bond Yld USD, Bloomberg US Corp High Yield Yld USD, Bloomberg US MBS Yld USD, Bloomberg Municipal Yld USD

Fed Has Cut Twice and Possibly Again in December





	3mo	2yr	5yr	10yr	20yr	30 yr
Last Month	3.9%	3.5%	3.6%	4.0%	4.6%	4.7%
3 months ago	4.0%	3.6%	3.7%	4.2%	4.7%	4.7%
12 months ago	4.4%	4.3%	4.4%	4.6%	4.9%	4.8%

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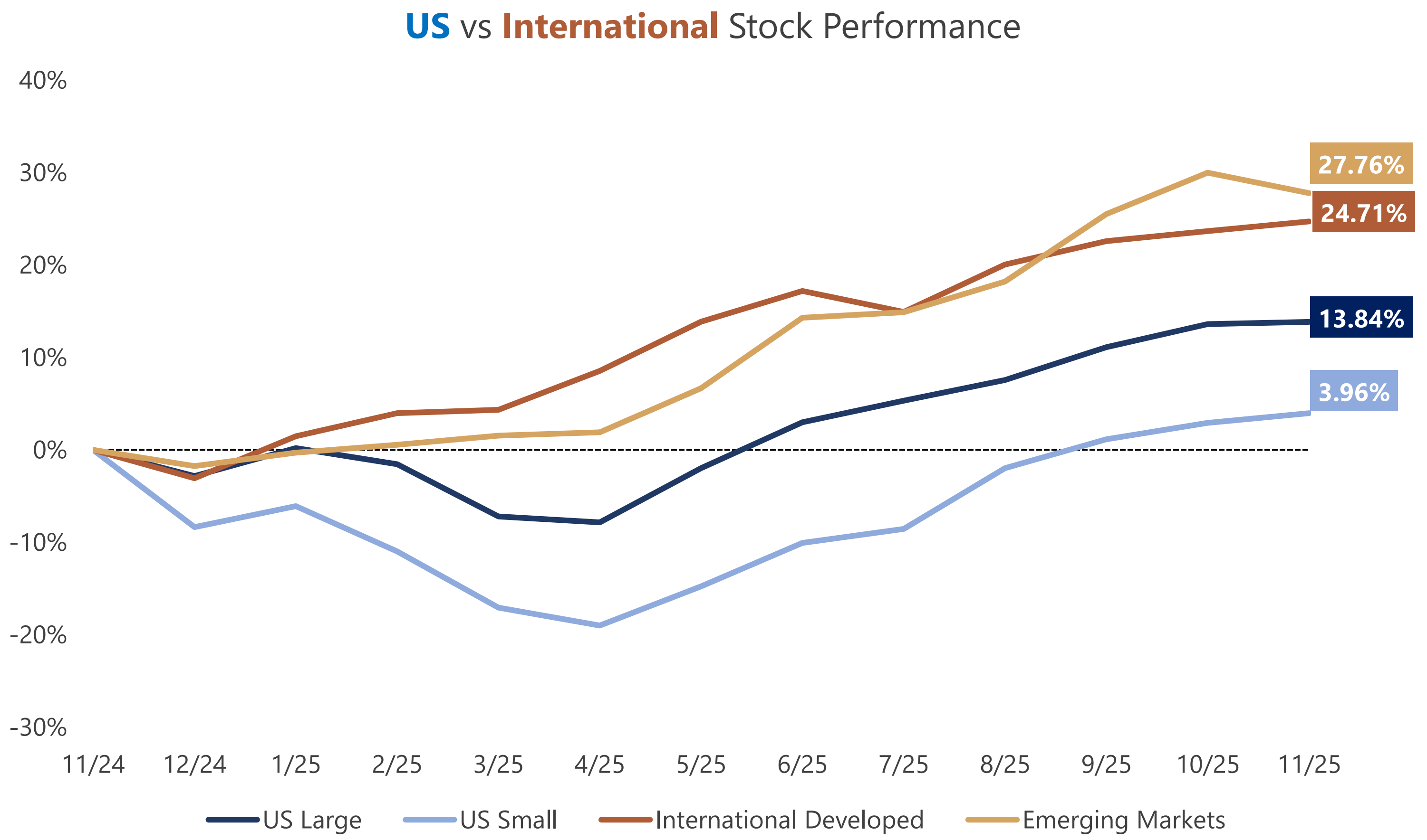
Source: Morningstar Direct. USTREAS T-Bill Cnst Mat Rate 3mo, USTREAS T-Bill Cnst Mat Rate 2 yr, USTREAS T-Bill Cnst Mat Rate 5yr, USTREAS T-Bill Cnst Mat Rate 10 Yr, USTREAS T-Bill Cnst Mat Rate 20 Yr, USTREAS T-Bill Cnst Mat Rate 30 Yr. Effective Fed Funds Rate from FRED Database.

Great Year for International Stocks

	Stock Type	Last Month	Last 3 Months	Last 12 Months
Core	US Large	0.2%	5.8%	13.8%
Core	US Small	1.0%	6.1%	4.0%
Core	International Developed	0.9%	3.9%	24.7%
Core	International Emerging	-1.7%	8.1%	27.8%
Other	US Value	2.6%	4.6%	7.1%
Other	US Growth	-1.8%	7.1%	20.1%
Other	Nasdaq	-1.6%	8.7%	22.1%



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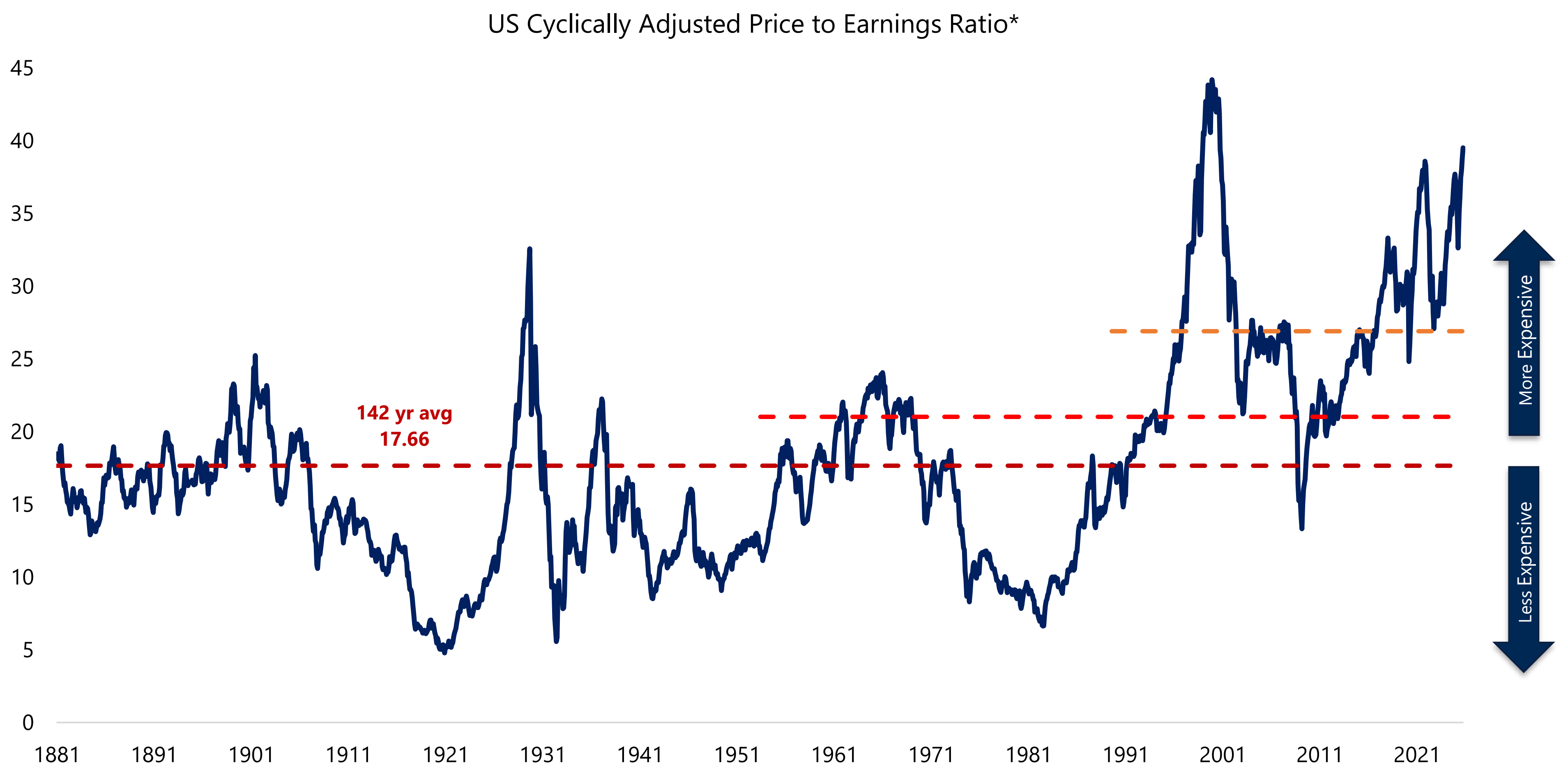
Source: Morningstar Direct. Categories in table are represented by (top to bottom) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI Emerging Markets (IEMG), iShares Russell 1000 Value ETF (IWD), Russell 1000 Growth ETF (IWF), Nasdaq 100 ETF (QQQ).

US Stock Valuations Go Higher



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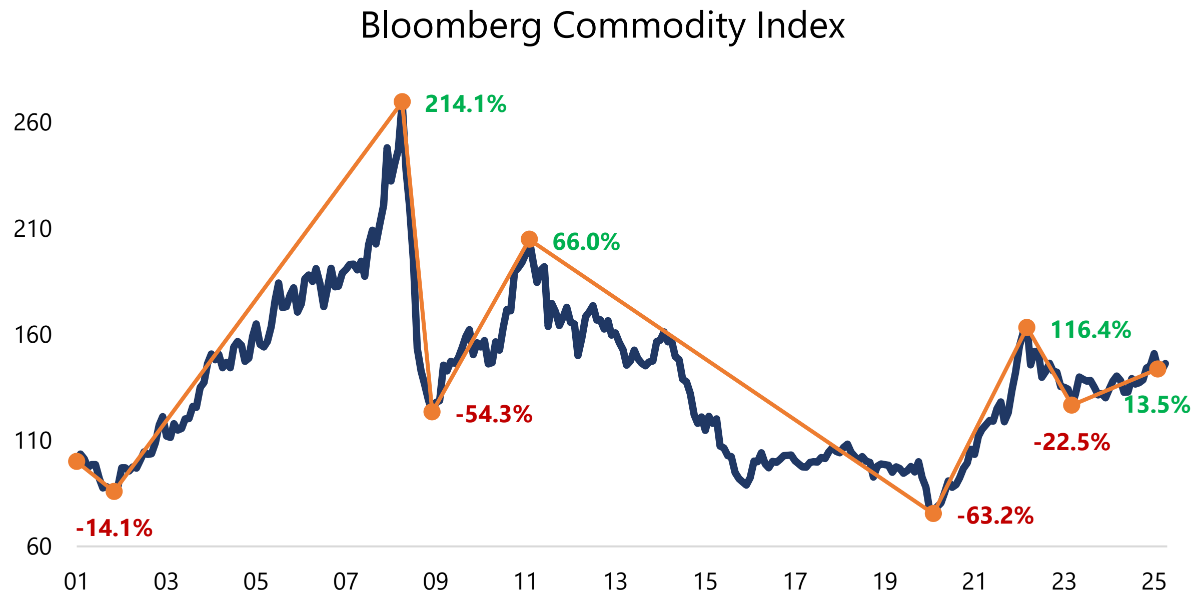
CAPE or Cyclically Adjusted Price to Earnings Ratio takes the current price and divides it by the last 10 years average earnings for the S&P 500 and adjusts it for inflation. It is thought to be more predictive of future returns than trailing 12 month or Forward PE.

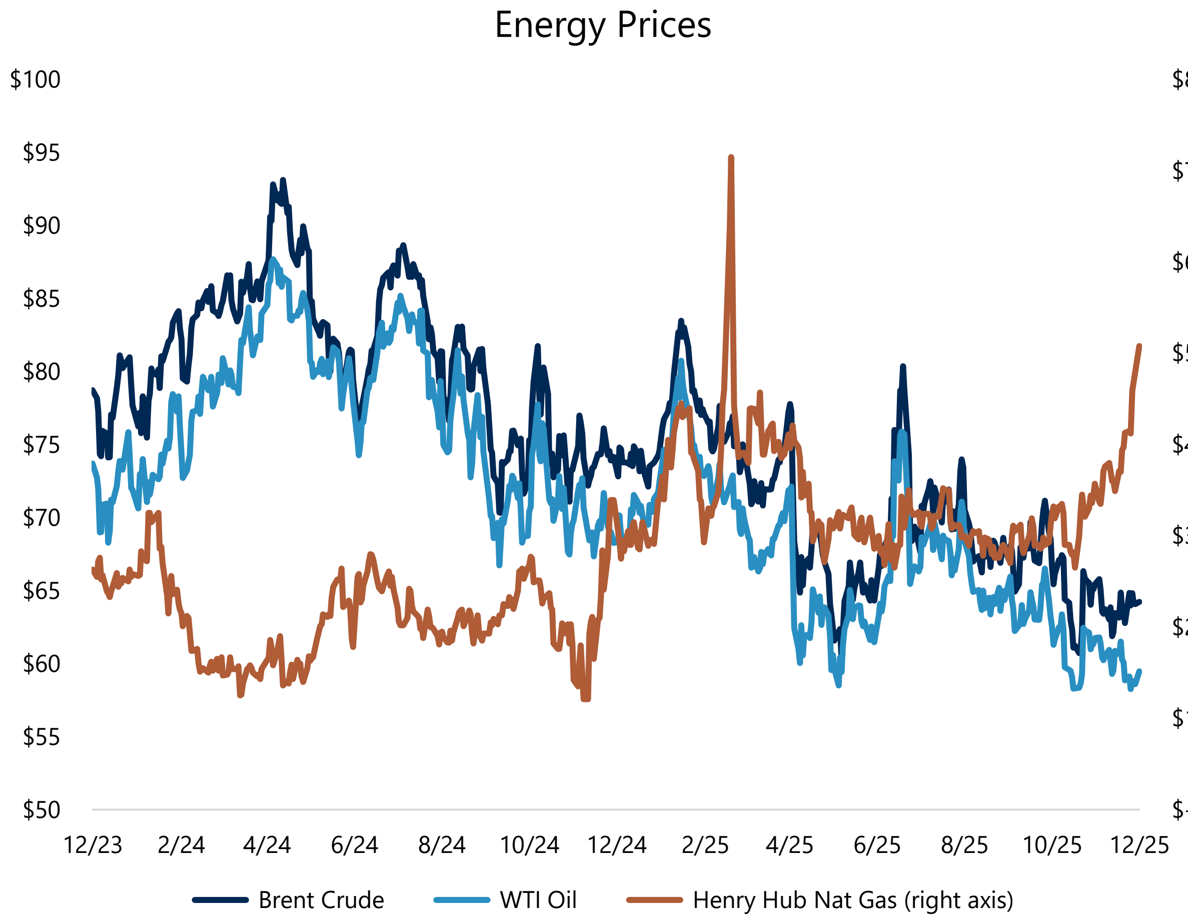
Source: Data and CAPE Ratio were developed by Robert Shiller using various public sources.

Nat Gas Prices Soaring as Oil Falls



Oil and Natural Gas prices are falling quickly on a combination of things. First, oil prices tend to fall as expected demand weakens, as is the case during a recession.

In addition, OPEC+ has also announced they are increasing production for the second month in a row. The combination of weak demand and increased supply could mean low energy prices for the foreseeable future. This is of course good for the consumer, but bad for energy companies.



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Source: Bloomberg Commodity TR USD (left) and Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma, Crude Oil Prices: Brent – Europe, Henry Hub Natural Gas Spot Price from U.S.

Energy Information Administration (right)

Periodic Table of Asset Class Returns

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Through Last Month End 11/30/2025

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD	5 Yr	10 Yr
Reinsurance 8%	US Small Stock 22%	Intl Emerging Stk 37%	Cash 2%	US Large Stock 31%	US Large Stock 21%	US Large Stock 26%	Trend Following 22%	Reinsurance 44%	Reinsurance 31%	Intl Emerging Stk 30%	Reinsurance 19%	US Large Stock 14%
Bonds 2%	US Large Stock 12%	Intl Developed Stk 27%	Bonds 0%	US Small Stock 25%	US Small Stock 20%	US Small Stock 15%	Reinsurance 3%	US Large Stock 26%	US Large Stock 24%	Intl Developed Stk 29%	US Large Stock 14%	US Small Stock 9%
US Large Stock 1%	Intl Emerging Stk 10%	US Large Stock 22%	US Large Stock -5%	Intl Developed Stk 23%	Intl Emerging Stk 18%	Intl Developed Stk 12%	Cash 2%	Intl Developed Stk 18%	TAA 12%	Reinsurance 25%	Intl Developed Stk 9%	Moderate Blended Port 8%
Cash 0%	Reinsurance 6%	TAA 19%	Reinsurance -6%	TAA 20%	Moderate Blended Port 13%	Moderate Blended Port 11%	Bonds -12%	US Small Stock 17%	US Small Stock 11%	Moderate Blended Port 18%	Moderate Blended Port 8%	Reinsurance 8%
Intl Developed Stk 0%	Moderate Blended Port 6%	Moderate Blended Port 17%	Moderate Blended Port -7%	Moderate Blended Port 20%	Intl Developed Stk 8%	TAA 10%	TAA -12%	Moderate Blended Port 17%	Moderate Blended Port 10%	US Large Stock 17%	US Small Stock 8%	Intl Developed Stk 8%
Trend Following 0%	TAA 5%	US Small Stock 15%	TAA -8%	Intl Emerging Stk 18%	Reinsurance 7%	Trend Following 5%	Moderate Blended Port -15%	Intl Emerging Stk 12%	Intl Emerging Stk 7%	TAA 15%	TAA 8%	Intl Emerging Stk 8%
Moderate Blended Port 0%	Intl Developed Stk 2%	Bonds 5%	US Small Stock -11%	Bonds 8%	Bonds 7%	Cash 0%	Intl Developed Stk -15%	TAA 12%	Cash 5%	US Small Stock 13%	Intl Emerging Stk 6%	TAA 7%
TAA -4%	Bonds 1%	Trend Following 2%	Trend Following -13%	Trend Following 4%	Trend Following 3%	Bonds -1%	US Large Stock -19%	Bonds 6%	Intl Developed Stk 3%	Bonds 7%	Trend Following 6%	Cash 2%
US Small Stock -4%	Cash 0%	Cash 1%	Intl Developed Stk -14%	Cash 2%	Cash 0%	Intl Emerging Stk -1%	Intl Emerging Stk -20%	Cash 5%	Trend Following 3%	Cash 4%	Cash 3%	Bonds 2%
Intl Emerging Stk -14%	Trend Following -6%	Reinsurance -11%	Intl Emerging Stk -15%	Reinsurance -4%	TAA -2%	Reinsurance -5%	US Small Stock -20%	Trend Following -3%	Bonds 1%	Trend Following -2%	Bonds 0%	Trend Following 1%

Disclaimer

PAST PERFORMANCE IS NOT A GUARANTEE OF CURRENT OR FUTURE RESULTS. Examples of historical information included in this presentation do not, nor are they intended to, constitute a promise of similar future results. Specific client portfolio allocations, risks and returns can and may deviate from these examples depending on accounts and types of investments available through each account. Future market views by WJ Interests, LLC may vary significantly from the historical examples presented herein and no one receiving this summary should assume that WJ Interests, LLC will be able to replicate successful views in the future.

Moderate Blended Portfolio is for illustrative purposes only. It is calculated by taking a weighted average of the following asset classes and represents a moderate risk portfolio incorporating leverage and the asset classes in the table:

27%	US Large Stock	iShares Russell 1000 (IWB)
6%	US Small Stock	iShares Russell 2000 (IWM)
21%	Intl Developed Stock	iShares Core MSCI EAFE (IEFA)
6%	Intl Emerging Stock	iShares Core MSCI Emerging Markets (IEMG)
40%	Bonds	Vanguard Total Bond Market (BND)
-15%	Cash	Morningstar USD 1M Cash TR USD
5%	Reinsurance	Stone Ridge Reinsurance Fund (SRRIX)
5%	Managed Futures	SG Trend Index, PIMCO Trends (PQTIX), Virtus Alphasimplex (ASFYX), Standpoint (BLNDX)
5%	TAA	GMO Benchmark Free (GBMIX) and Strategy Shares Nwfnd/Rslv Rbt ETF (ROMO)

Assumes annual rebalancing. All data represents total return for stated period.

WJ Interests
WEALTH ADVISORS