



STRATOS

Investments of OneSeven



Stratos S&P 500

Market Analysis

**Primary Target:
7348**

**Intermediate Target:
7056**

**Today's S&P Level:
6780**

**Initial Support:
6611**

**Intermediate
Support:
6327**

**Primary Support:
6061**

**Base Camp:
5823**

**Line in the Sand:
5592**

December 18th, 2025

WEEKEND AT BERNARD'S



2025: A Rollercoaster Year to Remember

With incredible investments moving into Artificial Intelligence in 2025 anticipating increased productivity and profits for U.S. stocks, has led to strong returns this year. U.S. stock markets are poised to make new highs in the next quarter, bringing in a fast start for 2026. As I predicted in our September blog, "Ride the Trend", the S&P 500 (6780) is poised to test my intermediate target of 7056. 2025 turned out to be a roller coaster as fears of tariffs earlier in the year pushed the S&P to test Stratos Line in the Sand on April the 9th. Stratos Investments was fortunate enough to invest on the lows, but I am extremely surprised about how powerful the rest of the year has turned out. I successfully predicted a breakout above the 6000 level, but I am pleased that the S&P is testing the 7000 level after such a rough start.

Momentum has been extremely powerful and continues to be the main investment driver. Although many AI stocks have seen recent weakness, strong gains will be this year's results. There are some issues that will most likely result in a 10-15% correction after the initial positive rally I expect next year. The new tax legislation may provide a short-term stimulus/sugar-high and businesses will stimulate the economy as well. The problem that concerns me is the overall optimism, which is at record highs. The S&P is expensive when compared to historic data and even if their great earnings support these levels, at some point, the market may come back to reality.

Current economic conditions are pointing towards inflation as the Bloomberg commodity index is up over 13% year-to-date. Because of various reasons, government numbers have been delayed and may not be considered reliable, which I believe is masking short-term recession in different sectors of the economy. Energy prices are lower based on supply, but this can change overnight. Agricultural prices are down, primarily because of tariffs imposed this year. Inflation is most likely to continue to go up, partially because of tariffs.

The Federal Reserve is most likely to be pressured into lowering short-term interest rates, which will eventually be negative to the U.S. dollar. These factors point to the likelihood of higher inflation and much higher interest rates over the next 5-7 years. Next year, initially I expect interest rates to move slightly lower, which will be a great opportunity for investors to reduce exposure to long-term fixed income investments. A technical pull back during the middle of 2026 in the S&P 500, testing my primary support of 6061, is a strong possibility.

Energy stocks have shown significant resilience over the last few months as oil prices (\$56.90) are testing 2025 lows, which is down from the \$75-80 levels from earlier this year. I expect energy prices to move up by next year, based on increased demand and the possibility of supply disruption. Any price increase will most likely put inflation back into American's life as the price of gas, which is very low today, should go up in the next year or two. I forecast energy and material stocks could be the only safe sectors if the rest of the stock sectors enter a bear market.

Today's S&P Level



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As of December 18, 2025 in USD 2:29:04 PM

Good Trading for the Long Term

210 N Stanton St Suite 3 El Paso, TX 79901

(915)-312-6117

weekendatbernards.com



As I predicted on March 21st 2025, gold, silver, palladium, and platinum are up huge amounts and Stratos Global Commodity portfolio returns are pushing the limit. These types of returns convince me that this trend will continue. To believe that inflation is going to stay under 3% is not logical.

The 2nd year of our presidential term can be very tricky. I continue to be optimistic about the U.S. economy until I see unemployment go up rapidly and inflation start to affect consumer spending. For now, momentum is strong and I will ride the trend. If the market advances as high as my primary target (7348) during the first six months of next year, I will declare that the S&P 500 could be overbought. For now, let's enjoy a wonderful end to 2025 and a great new year. Good Trading for the Long Term.

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