

Market Update

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Gobble, Gobble: Good News!

The 2025 Thanksgiving weekend handed Wall Street a turkey dinner with all the fixings: record-breaking \$11.8 billion in Black Friday online sales (+9.1% YoY), \$6.4 billion on Thanksgiving Day (+5.3% YoY), and an expected Cyber Monday blowout of \$14.2 billion (+6.3% YoY)—possibly the biggest online shopping day ever, with buy-now-pay-later (BNPL) crossing \$1 billion for the first time. Total weekend haul hit \$127 billion across 197 million shoppers, up 4% from 2024, as AI chatbots and mobile deals lured folks, even with tariffs pinching wallets like a bad pair of holiday pants. Affluent spenders kept the party going in electronics and apparel, but lower-income households played it tighter, painting a K-shaped picture that's got economists nodding like they've seen this before.

This spending spree could light a fire under December's Santa Claus rally—S&P 500 up 1.3% on average in that last-five-days-plus-two stretch, 80% positive historically—boosting e-commerce titans like Amazon and Shopify amid the Fed's likely rate trim. Come Q1 2026, if the National Retail Foundation's (NRF) \$1.02 trillion holiday total (+3.7–4.2% YoY) holds water, expect EPS beats to fuel double-digit gains (Deutsche Bank eyes S&P at 8,000), but a frugal fade could yank the rug out, spiking VIX to 25 and dragging cyclicals down 3–4% in a post-party hangover. Bottom line: Strong digits mean merry markets; skimpy ones spell Scrooge—Wall Street's perennial holiday gamble, where the ghosts of spending past haunt the profits to come.

1. Holiday Spending Over the Thanksgiving Weekend

Thanksgiving weekend 2025 proved consumers can still splurge like it's nobody's business, even if Uncle Sam's tariffs are lurking like that relative who overstays his welcome. A record 197 million shoppers—up from 184 million last year—forked over \$127 billion total, averaging \$542 a head (+2.4% YoY), with 88% of US adults (235 million) joining the fray despite 53% griping about price hikes.

E-commerce ran the show, snagging 56% of sales via smartphones, as AI tools like Walmart's Sparky juiced conversions by 300%—folks comparing deals quicker than a backroom poker game. In-store? A sleepy +1.7% crawl.

Here's the daily dish, pieced from Adobe and Mastercard data—because nothing says "holiday cheer" like spreadsheets over stuffing:

| Day/Event | Online Spending | YoY Change | In-Store Spending | YoY Change | Key Categories & Sass |
|----------------------|--------------------|------------|-------------------|------------|--|
| Thanksgiving | \$6.4B | +5.3% | N/A | N/A | Electronics, Apparel—AI bots beat the bird. |
| Black Friday | \$11.8B | +9.1% | +1.7% (total) | +1.7% | Video Games (+15%), Toys (+12%)—Gen Z's BNPL binge lit the fuse. |
| Saturday/Sunday | \$11.4B (combined) | +7% | Stable | Flat | Home Goods, Jewelry—weekend warriors kept carts full. |
| Weekend Total | ~\$41B (online) | +8% | ~\$86B | +2% | Gifts (86%)—but carts shrank 10% chasing deals like hounds after a coon. |

Gen Z footed 20% of the bill—up from 4% five years back—via BNPL (\$20.2B season total, +11% YoY), while boomers stuck to brick-and-mortar nostalgia. Apparel jumped 6.1% online, but 86% hunted promotions, and tariffs tacked on 0.5–0.75% costs, shoving 22% to early buys. Overall, a resilient romp that thumbed its nose at recession whispers, but don't kid yourself—it's the haves feasting while the have-nots nibble crumbs

2. Cyber Monday Spending Results

Cyber Monday 2025 isn't expected to just meet expectations; it's expected to kick 'em to the curb, ringing up and expected \$14.2 billion in online sales—+6.3% YoY and is expected to be the ninth straight year topping Black Friday as retail's digital crown jewel. That's an expected 82% of planned shoppers (up from 79% last year) dropping an average \$622—down 4.3% per head, mind you—stretching budgets with BNPL hitting \$1 billion+ for the day (season total \$20.2B, +11%). Mobile shopping is expected to expand to an estimated 70% of transactions, peak traffic slamming at 10–11 p.m. ET as night owls pounce on procrastinator perks.

3. How Spending Trends Could Affect US Stock Markets

Holiday spending is the market's favorite crystal ball—20% of annual retail sales, two-thirds of GDP—and this year's binge could crank the Santa Claus rally into overdrive, with S&P averaging +1.3% in those magic seven days (last five of Dec + first two of Jan), positive 80% of the time since 1950. Pair that with the Fed's December 9–10 quarter-point cut (85% odds), and you've got rocket fuel for a 2–3% S&P pop, juicing e-tailers (AMZN +5% post-

Black Friday norms) and shippers (UPS, FedEx) like moonshine at a dry county hoedown. Retail reports Dec 10–15 will be the tell: beats light up discretionary (XLY ETF +12% YTD), but misses? Cue the lump-of-coal blues.

Q1 2026's a different kettle—\$1.02T holiday haul (+4%) could sustain bull runs, with AI tailwinds and 83% EPS beats pushing S&P to 7,500–8,000 (JPM, Deutsche calls, +10–19% from now). K-shaped keeps it lopsided: luxury (LVMH +8%) feasts on high-rollers, value (WMT) grinds steady, but PwC's -5% per-person spend warning plus 0.75% tariff drag risks a January skid—VIX to 25, cyclicals -3–4% if frugality (45% early birds) bites back. Broader: Solid trends ease Fed pauses, but credit-fueled "miserable but spending" consumers (per TS2) hint at slowdowns crimping 8% EPS growth vs. 12% hopes. It's feast-or-famine: Bulls charge if spending sticks; bears hibernate early otherwise.

| Period | Bull Case (Robust Spend) | Bear Case (Frugal Fade) | Key Sectors & Snark |
|----------|----------------------------------|------------------------------|---|
| Dec 2025 | +2–3% S&P Ho-Ho-Ho; Retail +5–7% | Flat/-1%; VIX +10% | E-Comm (AMZN), Toys (HAS)—Santa's Sleigh Ride or <u>Sleigh</u> of Hand? |
| Q1 2026 | EPS Party; Cyclical +4% | -3% Hangover; Tariffs Tickle | Luxury (LVMH), Logistics (FDX)—Two-Speed Tango, Watch Your Step. |

Conclusion

This Thanksgiving-Cyber bash dished \$127B+ in spending with a side of records, thumbing its nose at tariffs and proving consumers can still charge ahead like a bull in a gift shop. December might jingle with rallies if the trillion-dollar tide holds, but Q1 2026's got that post-turkey bloat—watch retail earnings and sentiment for the real aftertaste. In this tariff-twisted tale, value's the VIP; load up on diversified deals or risk waking up to a lumpier stocking than expected. Wall Street's holiday script: Spend big, pray steady, and remember—every boom's got a bust hiding in the eggnog.

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