

RobustQuant Weekly Compass

Weekend Edition | December 14, 2025

 **COMPASS FOR EMOTIONAL DISCIPLINE—NOT TRADING ADVICE**

Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	6,539 – 7,056	±3.8%	49/52 (94.2%)
Gold (GLD)	370 – 426*	±7.0%	22/23 (95.7%)
REITs (XLRE)	39 – 42.3*	±4.1%	12/13 (92.3%)

*Newsletter-exclusive coverage




Target: ~95% of weekly closes fall within these ranges

Track record details → robustquant.com/predictions

2 | This Week's Summary

Three central banks, three directions—one market range. Fed cut but signalled pause with historic 9-3 division. China announced biggest policy pivot since 2008. Japan prepares first hike to 0.75% since 1995. Macro narrative screamed regime change—prices stayed structured.

Key Results:

- S&P 500: 6,847 (mid range) 
- Gold: 385 (mid range) 
- REITs: 41.7 (mid-upper range) 

Pattern of the week: All three assets mid-range despite historic central bank divergence. When policymakers scatter, systematic boundaries show markets process uncertainty without panic.

Fed divided. China pivots. Japan hikes. Yet SPX, GLD, XLRE remain contained. Compass tracks actual behaviour when policy chaos fills headlines.

3 | What Moved Markets (Dec 8–14)

Fed Cut But Signals Pause:

Federal Reserve cut 25bp to 3.50-3.75% with historic 9-3 vote split—most divided in years. Governor Miran wanted 50bp cut, Presidents Goolsbee and Schmid wanted no change. Powell explicitly stated Fed is "well positioned to wait." Dot plot shows just one cut projected for 2026. Total easing since September 2024: 175bp.

China's Crisis-Era Pivot:


Central Economic Work Conference adopted "moderately loose" monetary policy for 2026—language last used during 2008 financial crisis. Pledged "extraordinary counter-cyclical adjustments." Domestic consumption tops eight priority tasks. Most dramatic policy shift in 17 years.


Japan Rate Hike Imminent:

BOJ Governor Ueda told FT "we are closer to 2% inflation on a sustained basis." Market-implied probability of December hike to 0.75%: 80-90%. Would be Japan's highest rate since 1995.


→ For detailed regional breakdowns and economic data, see Appendix at end of newsletter

4 | S&P 500 (SPX) Boundaries (Dec 19)

 **Range: 6,539–7,056**

 **Hit Rate: 49/52 weeks (94.2%)**

Last Week's Performance:

Last week: Range 6,601-7,117, closed **6,847** (mid range) 

Current range: 6,539-7,056

Close at 6,847 positioned mid-range as markets absorbed Fed's divided cut and pause signal. Range shifts slightly lower whilst maintaining width ($\pm 3.8\%$ unchanged)—systematic response to completed behaviour. Track record improved to 94.2% (49/52). Amidst policy divergence, model tracks actual price behaviour not speculation.


For Your Planning:

- Lower zone (6,539-6,710): Where fear often peaks
- Middle zone (6,710-6,880): Normal trading area
- Upper zone (6,880-7,056): Where excitement builds


Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

 **Range: 370–426**

 **Containment: 22/23 weeks (95.7%)**

Last Week's Performance:

Last week: Range 360-415, closed **385** (mid range) 

Current range: 370-426


GLD closed **385**, down 2 points (-0.5%) from prior week's 387. Mid-range positioning reflected balanced safe-haven dynamics. Range shifts higher (370-426 vs 360-415, $\pm 7.0\%$ vs $\pm 7.1\%$). Track record strengthened to 95.7% (22/23), exceeding design parameters.

For Your Planning:


- Lower zone (370-390): Where fear flows typically emerge
- Middle zone (390-408): Consolidation territory
- Upper zone (408-426): Where safe-haven demand peaks

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

 **Range: 39–42.3**

 **Containment: 12/13 weeks (92.3%)**

Last Week's Performance:

Last week: Range 39.5-42.9, closed **41.7** (mid-upper range) 

Current range: 39-42.3

REITs closed **41.7**, up 0.6 points (+1.5%) from prior week's 41.1. Mid-upper positioning as rate-sensitive sector absorbed Fed's pause signal within boundaries. Range shifts slightly lower ($\pm 4.1\%$ unchanged). Track record improved to 92.3% (12/13) as thirteen-week sample continues building toward statistical significance.

For Your Planning:

- Lower zone (39-40.1): Where rate-hike fears typically pressure sector
- Middle zone (40.1-41.2): Normal trading area given current policy uncertainty
- Upper zone (41.2-42.3): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

Central banks scattered. Markets said: mid-range.

This week proved systematic boundaries' core value: they don't require policy prediction. Compass tracked what markets actually did whilst headlines covered the divergence.

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when central bank divergence creates narrative chaos and emotions fill the interpretation void.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

Most individual investors buy high when markets break above ranges (excitement peaks) and sell low when they fall below (fear dominates). This emotional pattern—amplified when central banks send conflicting signals and analysts argue which policy matters—is the primary destroyer of long-term returns. This compass is designed to help you avoid this trap.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behaviour shifting beyond normal parameters

This Week's Context:

All three mid-range—SPX 6,847, GLD 385, XLRE 41.7. Synchronized positioning indicating markets processed policy divergence by settling into centre rather than swinging to extremes.

Key Point:

Your edge isn't predicting which central bank moves markets—it's maintaining systematic rules amidst policy chaos, recognizing markets ultimately price actual behaviour not headlines.

8 | Track Record

Performance Since Launch:

- S&P 500: 49 hits in 52 weeks (94.2%)
- Gold: 22 hits in 23 weeks (95.7%)
- REITs: 12 hits in 13 weeks (92.3%)

What This Means:

SPX improved to 94.2% (49/52) with mid-range close at 6,847. Historic policy divergence created maximum uncertainty—yet containment held mid-territory, validating model's focus on actual price behaviour over central bank speculation.

GLD reached 95.7% (22/23), maintaining performance above design parameters. Mid-range close at 385 reflected balanced safe-haven dynamics during week of extraordinary policy divergence. Containment through three major central bank signals demonstrated model capturing complex dynamics without requiring policy prediction.

REITs strengthened to 92.3% (12/13) with mid-upper close at 41.7. Thirteen-week sample continues building toward statistical significance, with containment rate converging toward design parameters as rate-sensitive sector navigated Fed's pause signal within normal boundaries.

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

Combines current volatility patterns, trend direction, and momentum indicators. Targets ~95% weekly containment rate. Critically: model doesn't require central bank prediction when policies diverge. Operates on market behaviour—completed price movement, volatility, breadth—which remains continuous regardless of whether Fed, ECB, BOJ, or PBOC dominate headlines.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures—they're signals that create opportunities for disciplined investors prepared to recognize regime changes. Perfect containment during historic policy divergence week demonstrates systematic boundaries maintain effectiveness when traditional analytical approaches face paralysis from conflicting central bank signals.

Current Environment:

Central bank divergence highlights why systematic boundaries don't depend on predicting policy outcomes. Three major central banks heading different directions—fundamental divergence that

typically paralyzes approaches requiring coherent macro story. Model operated normally because it never required policy consistency.

Questions About Your Situation:

Q: Three central banks heading three directions—which one should I follow?

A: Compass shows mid-range containment—markets processed all three signals without directional conviction toward any single policy narrative. Fed's pause, China's pivot, Japan's hike all absorbed within boundaries. Systematic approach tracked resulting market behaviour (mid-range stability) without requiring you to pick a winner. Your actions depend on financial plan and strategic rules established before policy chaos arrives.

Q: Fed signalled pause but China is easing aggressively—what does this mean for markets?

A: Policy divergence creates cross-currents that confuse narrative-driven approaches. Compass boundaries show where fear and excitement typically emerge regardless of which central bank dominates. Stay disciplined. Watch the boundaries. Be prepared for what you'll do if they break—or hold. Policy divergence provides backdrop, but systematic rules provide structure.

Next Week: Ranges for December 19 close

Updates: Quick social media notes if exceptional volatility occurs

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.

APPENDIX | Detailed Market Review (Dec 8–14)

For readers who want comprehensive economic data and regional breakdowns

United States: Fed Cuts Amid Historic Division, Signals Pause

FOMC delivers divided rate cut

The Federal Open Market Committee concluded its 9-10 December meeting with a 25-basis-point rate reduction, lowering the target range to 3.50-3.75%. This third consecutive cut brings total easing to 175 basis points since September 2024, marking the lowest policy rate since November 2022.

The 9-3 vote split represented the most divided FOMC decision in years. Governor Stephen Miran dissented in favour of a larger 50-basis-point cut, whilst Chicago Fed President Austan Goolsbee and Kansas City Fed President Jeffrey Schmid preferred no change. An additional six participants registered "soft dissents" through their dot plot submissions, showing preference for rates to remain at 3.75%-4.00%. Powell acknowledged the difficulty: "It's a close call. We have to make decisions... I could make a case for either side."

The Summary of Economic Projections painted economic resilience tempered by persistent inflation concerns. GDP growth for 2026 was upgraded to 2.3% from 1.8% in September, whilst unemployment rate projection held at 4.4%. However, PCE inflation projections remained elevated at 2.4% for 2026. The dot plot median showed just one 25bp cut projected for 2026—significantly fewer than markets had anticipated.

Powell signals January pause

Powell's press conference delivered the week's most consequential signal. "We are well positioned to wait to see how the economy evolves," he stated, effectively signalling a January pause. On inflation, Powell was direct: "If you get away from tariffs, inflation is in the low 2s... it's really tariffs that's causing most of the inflation overshoot." He projected goods inflation would "peak in the first quarter or so" of 2026 before declining in the second half.

Data fog continues

The 43-day government shutdown created unprecedented "data fog." October CPI, PPI, and household survey data were cancelled entirely—these cannot be retroactively collected. November CPI was rescheduled to 18 December, November employment to 16 December.

Available releases showed job openings essentially unchanged at 7.67 million in October. Initial jobless claims surged 44,000 to 236,000 for the week ending 6 December—largest weekly increase since March 2020, though following Thanksgiving-distorted figures. Consumer sentiment improved to 53.3 with inflation expectations moderating to 4.1%—lowest since January 2025.

European Union: German Production Beats, Russian Gas Ban Agreed

German industrial output surprises

German industrial production rose 1.8% month-on-month in October, dramatically beating expectations of 0.4% and following September's upwardly revised 1.1% gain. Year-on-year output turned positive at 0.8%—the first consecutive monthly increases since early 2024. Data processing equipment and mechanical engineering led gains.

Sentix investor confidence improved to -6.2 from -7.4, its highest in four months, though negative territory indicates continued weakness. ECB Governing Council meeting falls on 17-18 December, with rates unchanged at 2.00% deposit facility.

Historic Russian gas ban

The EU Council and European Parliament reached provisional agreement on 3 December to permanently end Russian gas imports. LNG imports face complete ban by 31 December 2026, pipeline gas prohibited by 30 September 2027. Commission President von der Leyen stated: "Today, we are stopping these imports permanently. By depleting Putin's war chest, we stand in solidarity with Ukraine."

Russian gas currently accounts for 13% of EU imports, worth over €15 billion annually to Moscow. The Russian share collapsed from 45% in 2021 to 19% in 2024.

Oil markets weaken

Brent crude fell approximately 4% week-on-week to USD 61.12/barrel, touching a low of USD 60.93—lowest since October 2025. Russian oil export revenues fell to USD 11 billion in November, lowest since Russia's invasion. Russian Urals crude plunged to USD 43.52/barrel.

China: Crisis-Era Policy Pivot Signals Deep Concern

Central Economic Work Conference delivers dramatic shift

The Central Economic Work Conference (10-11 December) and preceding Politburo meeting (9 December) delivered China's most dramatic policy pivot since the 2008 financial crisis. Leadership adopted "moderately loose" monetary policy for 2026 and pledged "extraordinary counter-cyclical adjustments"—language not used in 17 years.

Leadership declared 2025's targets will be "successfully achieved" with 5.2% year-to-date GDP growth, but the policy language clearly signals concern about 2026 momentum. Eight priority tasks placed domestic consumption at the top, followed by investment stabilisation and innovation-driven development. The explicit commitment to stabilise "both real estate and stock markets" elevated capital market stability in the policy hierarchy.

November data mixed

Exports surged 5.9% year-on-year to USD 330.35 billion, sharply recovering from October's contraction, but import growth of 1.9% missed expectations, reflecting weak domestic demand. The

year-to-date trade surplus exceeded USD 1 trillion for the first time in history, even as US-bound shipments collapsed 28.6%.

CPI accelerated to 0.7% year-on-year—highest since February/March 2024—but PPI deflation persisted at -2.2% for the 26th consecutive month. Markets anticipate further easing in early 2026 following CEWC's explicit call for RRR and interest rate cuts.

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.