# RobustQuant Weekly Compass

**Weekend Edition | December 21, 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) | 6,530 – 7,069 | ±4.0% | 50/53 (94.3%) |
| Gold (GLD) | 373.6 – 429.8* | ±7.0% | 23/24 (95.8%) |
| REITs (XLRE) | 38.5 – 41.8* | ±4.1% | 13/14 (92.9%) |

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges Track record details → robustquant.com/predictions

## 2 | This Week's Summary

Central banks diverge—markets don't. BOJ hiked to 30-year high (0.75%). ECB held and refused forward guidance. PBOC held, saving ammunition for 2026. Fed remains in pause mode. Four central banks, four different reasons—yet all three assets closed mid-range.

**Key Results:**

• S&P 500: 6,835 (mid range) ✅ • Gold: 399 (mid range) ✅ • REITs: 40 (mid range) ✅

**Pattern of the week:** All three assets mid-range despite landmark BOJ decision and policy divergence across major economies. When central banks scatter, systematic boundaries show markets absorb uncertainty without drama.

Holiday week ahead. Thin volume means smaller trades can move prices more—don't mistake noise for signal.

## 3 | What Moved Markets (Dec 15–21)

**BOJ Hikes to 30-Year High:**

Bank of Japan raised rates to 0.75%—highest since 1995—in unanimous decision December 19. Governor Ueda: "Will continue to raise policy rate if economy, prices move in line with forecast." Inflation above 2% target for 44 consecutive months. 10-year JGB yield hit 2.019%, highest since 1999.

**ECB Holds, Refuses Guidance:**

ECB held all rates unchanged (deposit 2.00%) in unanimous decision December 18. Lagarde: "We are in a good place" but "we simply cannot offer forward guidance" given uncertainty. Fourth consecutive hold after 250bp easing cycle.

**US Data Returns with Questions:**

November CPI surprised lower at 2.7% (vs 3.1% exp), but economists flagged methodology issues from shutdown. Consumer sentiment current conditions hit survey's all-time low (50.4). PBOC held LPR unchanged—seventh consecutive month.

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

## 4 | S&P 500 (SPX) Boundaries (Dec 26)

🎯 **Range: 6,530–7,069** 📊 **Hit Rate: 50/53 weeks (94.3%)**

**Last Week's Performance:**

Last week: Range 6,539-7,056, closed **6,835** (mid range) ✅ Current range: 6,530-7,069

Close at 6,835 positioned mid-range as markets absorbed BOJ's landmark hike and continued policy divergence. Range widens slightly (±4.0% vs ±3.8%). Track record reached 50/53 (94.3%). Model tracks actual behaviour regardless of central bank headlines.

**For Your Planning:**

Lower zone (6,530-6,710): Where fear often peaks Middle zone (6,710-6,890): Normal trading area Upper zone (6,890-7,069): Where excitement builds

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

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

🎯 **Range: 373.6–429.8** 📊 **Containment: 23/24 weeks (95.8%)**

**Last Week's Performance:**

Last week: Range 370-426, closed **399** (mid range) ✅ Current range: 373.6-429.8

GLD closed **399**, up 14 points (+3.6%) from prior week's 385. Mid-range positioning despite BOJ hike and policy divergence. Range widens slightly (±7.0% unchanged). Track record strengthened to 95.8% (23/24), exceeding design parameters.

**For Your Planning:**

Lower zone (373.6-393): Where fear flows typically emerge Middle zone (393-410): Consolidation territory Upper zone (410-429.8): Where safe-haven demand peaks

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

🎯 **Range: 38.5–41.8** 📊 **Containment: 13/14 weeks (92.9%)**

**Last Week's Performance:**

Last week: Range 39-42.3, closed **40** (mid range) ✅ Current range: 38.5-41.8

REITs closed **40**, down 1.7 points (-4.1%) from prior week's 41.7. Mid-range positioning as rate-sensitive sector absorbed BOJ hike signal without panic. Range shifts slightly lower (±4.1% unchanged). Track record improved to 92.9% (13/14) as fourteen-week sample continues building toward statistical significance.

**For Your Planning:**

Lower zone (38.5-39.6): Where rate-hike fears typically pressure sector Middle zone (39.6-40.7): Normal trading area given current policy uncertainty Upper zone (40.7-41.8): Where rate-cut optimism drives positioning

## 7 | Psychology & How to Read

Central banks scattered. BOJ hiked to 30-year high. ECB held. PBOC held. Fed paused. Markets said: mid-range.

This week proved systematic boundaries' core value: they don't require predicting which central bank matters. Compass tracked what markets actually did whilst policy headlines diverged.

**What They Show:**

Weekly boundaries where markets typically move—designed to help you stay calm when central bank decisions conflict 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 during holiday trading with thin volume—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 6,835, GLD 399, XLRE 40. Synchronized positioning indicating markets processed major policy divergence by settling into centre.

**Key Point:**

Your edge isn't predicting central bank impact—it's maintaining systematic rules amidst policy divergence, recognizing markets ultimately price actual behaviour not headlines. Holiday week ahead: stay disciplined, expect thin volume.

# 8 | Track Record

**Performance Since Launch:**

S&P 500: 50 hits in 53 weeks (94.3%) Gold: 23 hits in 24 weeks (95.8%) REITs: 13 hits in 14 weeks (92.9%)

**What This Means:**

SPX reached 50/53 (94.3%) with mid-range close at 6,835, entering second year of tracking. BOJ's 30-year high rate hike—most significant Japanese monetary policy shift in decades—created headline drama. Yet containment held mid-territory, validating model's focus on actual price behaviour.

GLD reached 95.8% (23/24), gathering statistically significant sample size whilst maintaining performance above design parameters. Mid-range close at 399 reflected balanced dynamics during week of major policy divergence.

REITs improved to 92.9% (13/14) with mid-range close at 40. Fourteen-week sample continues building toward statistical significance as rate-sensitive sector navigated BOJ hike within 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. Model doesn't require central bank prediction. Operates on market behaviour—completed price movement, volatility, breadth—which remains continuous regardless of policy 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.

**Current Environment:**

Policy divergence across four major central banks highlights why systematic boundaries don't depend on predicting which bank moves markets. BOJ hiked to 30-year high, ECB held without guidance, PBOC reserved ammunition, Fed paused. Model operated normally because it tracks price behaviour, not policy speculation.

Holiday week ahead brings specific dynamics: thin volume, reduced liquidity, potential for amplified moves on small flows.

**Questions About Your Situation:**

Q: Should I trade differently during holiday week with thin volume?

A: Thin volume can amplify moves in either direction—boundaries help identify when such moves represent noise versus genuine regime shifts. Your actions depend on your pre-established strategy, not holiday calendar.

Q: BOJ hiked to 30-year high—is this a regime change?

A: Markets processed BOJ's landmark decision with mid-range stability across all three assets. Containment held, suggesting markets viewed this as expected normalisation rather than shock. Stay disciplined. Watch the boundaries. Be prepared for what you'll do if they break—or hold.

**Next Week:** Ranges for December 26 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.**

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# APPENDIX | Detailed Market Review (Dec 15–21)

*For readers who want comprehensive economic data and regional breakdowns*

## United States: Data Returns with Methodology Questions

### Shutdown aftermath complicates economic picture

The 43-day government shutdown's statistical legacy continued as delayed November data arrived with significant methodology concerns. The employment report (December 16) showed modest payroll growth of 64,000 with unemployment rising to 4.6% from September's 4.4%—October household survey data was permanently lost and could not be collected.

November CPI (December 18) surprised to the downside at 2.7% year-on-year versus 3.1% consensus, with core at 2.6% versus 3.0% expected. Shelter costs decelerated to 3.0% from 3.6%. However, Harvard's Jason Furman flagged the BLS "made a big judgment error in its shelter calculation (effectively assuming 0 in October), leading to inflation understated." Pantheon's Sam Tombs noted higher-than-usual price quotes sourced during Black Friday discounts.

Consumer sentiment's current conditions sub-index hit 50.4—the lowest in survey history. Director Joanne Hsu: "Consumers are loud and clear that they believe that the outlook for the economy has soured quite a bit since the beginning of the year."

Initial jobless claims fell to 224,000 but continuing claims rose to 1.897 million. The Fed, having cut 25bp on December 10, remains in pause mode with Powell stating the Fed is "well positioned to wait."

## European Union: ECB Holds, Ukraine Support Approved

### Fourth consecutive hold as Lagarde emphasizes uncertainty

The ECB's December 17-18 meeting delivered unanimous decision to hold all rates unchanged—deposit facility at 2.00%—marking fourth consecutive pause after 250bp easing cycle since September 2024.

Lagarde's press conference struck cautious tone: "We reconfirmed that we are in a good place, which does not mean that we are static." On forward guidance: "I know everybody would like some forward guidance, but in the current situation, with the degree of uncertainty that we are facing, we simply cannot offer forward guidance." Wages surprised higher at 4.0% growth, services inflation climbed to 3.5%.

German sentiment diverged sharply: ZEW surged to five-month high (45.8) whilst IFO fell to seven-month low (87.6). IFO's Fuest: "The year is ending without any sense of optimism."

The European Council approved €90 billion Ukraine loan for 2026-2027, repayable only once Ukraine receives Russian reparations. €210 billion in Russian assets remain immobilised.

# China: Consumption Falters, PBOC Holds Ammunition

## Retail sales collapse underscores demand weakness

November data revealed sharp demand deceleration. Retail sales grew just 1.3% year-on-year—dramatically missing 2.9% consensus and marking significant slowdown from October's 2.9%. Industrial production at 4.8% slightly missed expectations. Fixed asset investment contracted 2.6% year-to-date. Real estate investment fell 15.9%.

PBOC held both LPR rates unchanged December 20—one-year at 3.00%, five-year at 3.50%—seventh consecutive month of stability. Policymakers appear to be reserving ammunition for 2026 when "moderately loose" stance takes effect.

Russian oil revenues collapsed to lowest since February 2022 invasion. Urals crude hit $34.52/barrel—well below G7's $60 cap. Chinese refiners Sinopec and PetroChina cancelled some Russian shipments amid deepening discounts.

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