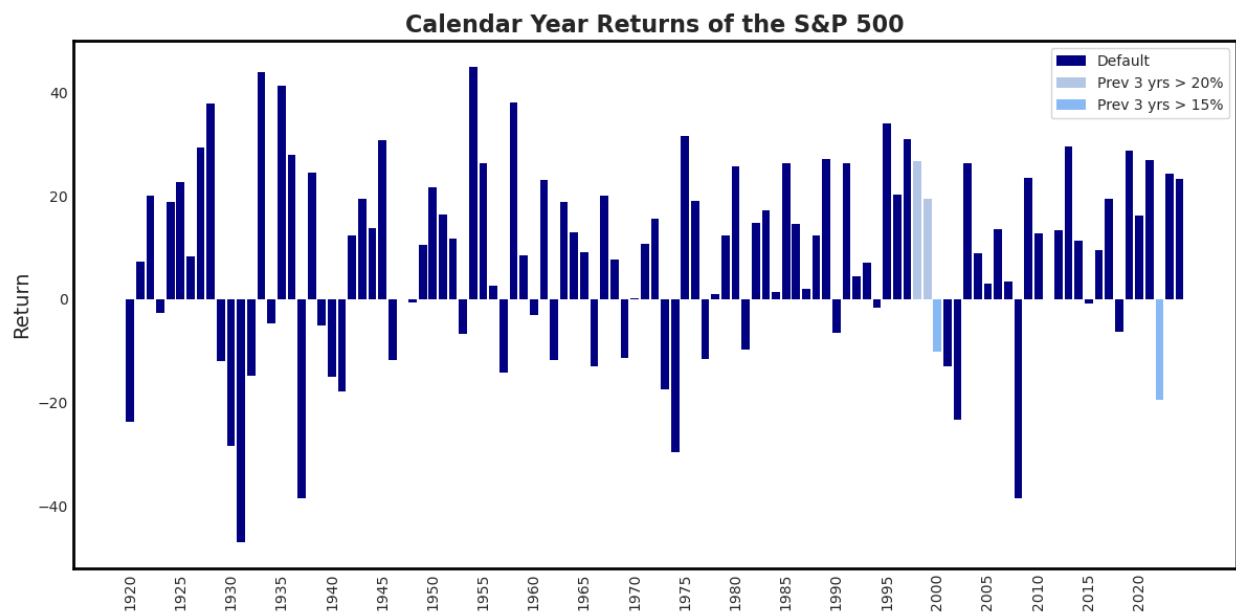


Market Sense – Can the Bull Keep Charging in 2026?

December 22, 2025

The S&P 500 is on pace for a third consecutive year of more than 15% price growth, and if a Santa Claus rally takes shape in the final trading days of the year, it could hit rare air with a third straight year of 20% growth. There is little historical precedent for extreme moves such as that which has just occurred in equity markets. Yet, if Wall Street analysts are correct, stocks may post a fourth year of double-digit gains in 2026, pushing the bull market to join only the 1990s tech bubble in duration and degree.

Stocks have recorded three straight years of 15% just twice since the early 1920s – in the late 1990s and surrounding the pandemic – and three straight years of 20% growth occurred only during the tech bubble. After the 15%+ occurrences, the average gain in the 4th year was 4.2%, with stocks up 19.5% that following year in the 90s but down 19.4% in 2022.

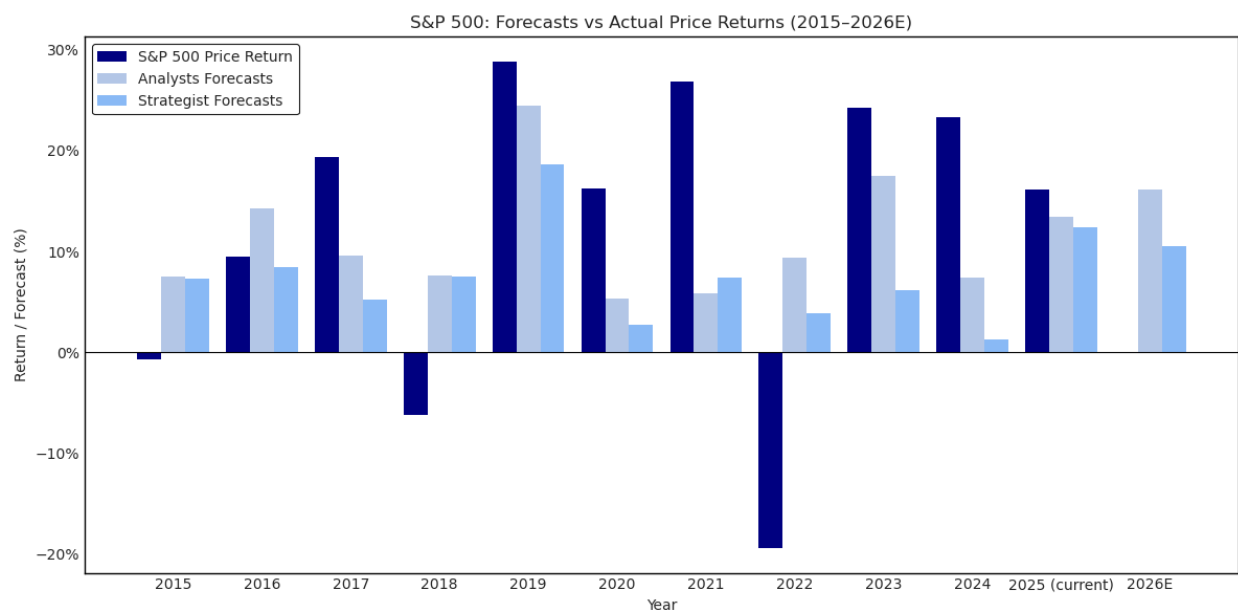


Sources: HB Wealth, Bloomberg; as of 12/22/2025

Wall Street analysts have a recent history of underestimating growth in stocks in years when stocks rise but got closer to predicting the return of the stock market last year than any year in the last ten. This time last year, bottom-up analysts forecasted price growth of 13% for the S&P 500 and the average top-down strategist estimate was for 12% growth. The combined group of forecasters was the most optimistic since 2018, when the group average forecast was for a 22% gain in stocks the following year. (That estimate also proved to be a bit low.)

On average over the last 10 years, analysts have underestimated stocks' price growth by 1% per year while strategists underestimated by 5% per year. However, that includes major misses in the years when stocks fell. Indeed, overestimations *only* occurred for the years when stock prices fell. Forecasters have not predicted stocks would fall any year in the last ten. In the years that stock prices rose, analysts thus underestimated price growth by 10 percentage points and strategists underestimated the index gain by 15 percentage points, on average.

Analysts are now forecasting 16% price growth for the index while strategists are targeting about 10%, resulting in an average price growth forecast about the same as a year ago. If they are right, the current bull market will surpass the duration and degree of the pandemic bull. Only the 1990s tech bubble will offer historical comparison.



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