

The K Shaped Economy In One Graph

Tuesday's weak Consumer Confidence report was a good reminder of why some economists are calling our economy the K shaped economy. The Conference Board Consumer Confidence Index fell 6.8 points to 88.7 in November, below expectations of 93. Moreover, it sits at levels similar to those of early 2020, when the pandemic shuttered the economy. Similarly, the University of Michigan Consumer Sentiment survey is slightly above 70-year lows. Both surveys indicate that a large majority of consumers are struggling. Within the surveys, the outlook on current jobs and job availability is low. Inflation, tariffs, politics, and the government shutdown are also weighing on the consumer and limiting big-ticket spending plans.

A K shaped economy describes a post-crisis recovery where different parts of the economy and society are performing at sharply diverging rates, forming the two arms of the letter 'K':

- The upper arm (going up): Sectors, companies, assets, and people that benefit from the recovery and, in many cases, are wealthier than before the pandemic. This includes investors in technology stocks, big tech companies, the luxury sectors, high-income professionals, and asset owners.
- The lower arm (going down): Sectors, small businesses, and people that continue to decline or stagnate even as the overall economy appears to improve. Examples include: the hospitality and travel industries, many lower-priced retail outlets, low-wage service workers, small businesses, and many middle-class and lower-income households.

The graph below showing the stark divergence between the S&P 500 and the University of Michigan consumer survey best depicts the K shaped economy. You can make similar K shaped plots comparing stock markets, GDP, and megacap corporate profits versus small business closures, wage growth for low-income workers, and economic activity in the manufacturing sector.





TV TradingView

What To Watch Today

Earnings

- *No notable releases today.*

Economy

- *No notable releases today.*

Market Trading Update

If you missed our [previous market commentary](#), we posted links to our two investment guides to help make you a better investor. They are formatted in a printable PDF version for easier reading

and keeping on your desk as a steady reminder when ?emotions? start to get the better of you.

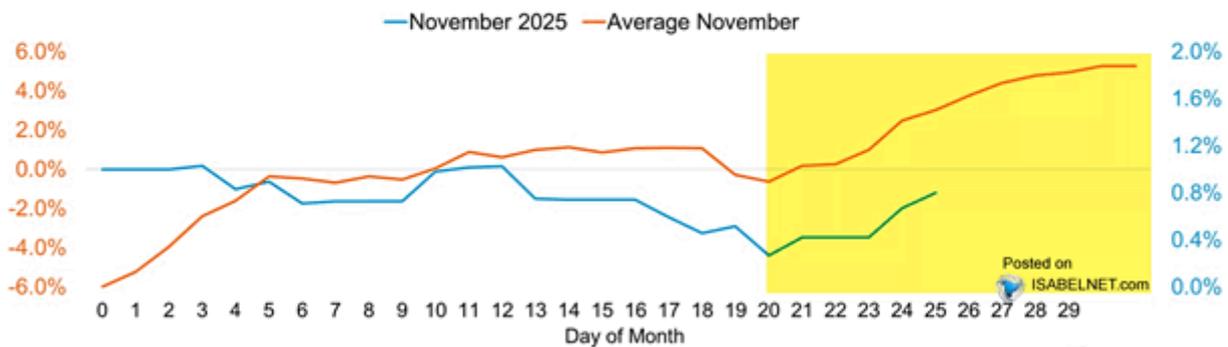
The reason I bring that up is that over the previous couple of weeks, as the market, bitcoin, and AI stocks declined, the media was filled with headlines about the ?death of the AI trade? and a range of other bearish headlines. As we noted then, the correction was part of a normal process following one of the most substantial six-month advances we had seen in the markets over the last decade. However, when corrections occur, they tend to get the better of our emotions, and we make mistakes.

However, as we discussed in last weekend?s [#BullBearReport](#):

*?Heading into December, the seasonal tailwinds remain intact, as noted above. December is historically the best month for equities, with the?Santa Claus rally?often delivering average gains of 1.5% to 2.0%. **With corporate buybacks in full swing, adding \$5-6 billion in daily volume, investor positioning remaining stable, and professional managers underweight in exposure, particularly in technology companies, the fuel for a rally is present. However, the market also remains fragile due to poor underlying breadth and rising volatility, so caution is advised.***

As shown, this past week has followed seasonal strength trends, with money flowing back into technology.

Late November Gonna Late November
S&P 500 Returns in November (1950 - Current)



Source: Carson Investment Research, Factset 11/25/2025

@ryandetrick



Late November Gonna Late November

S&P 500 Returns in November (1950 - Current)



As I noted previously, if you are not reading the weekly **#BullBearReport**, you are missing some critical analysis for your trading. For example, we noted last week that:

?As noted, Technology has reversed much of its previous overbought condition with the recent correction. Within the top 10 holdings of the sector, CRM, MSFT, ORCL, PLTR, and NVDA are the most oversold, suggesting we could see some buying enter these stocks next week.?

SimpleVisor Home Insights Markets Portfolios DIY Research Charts Simple AI (beta) Invest \$

Performance Analysis Factor Analysis Risk Range Credit Spreads Screener Stock Summary Strategy Builder

Sectors Factors

XLK: Technology X

Technology Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Holding	Absolute Score	Relative Score (vs SPY)	Chart
CRM	Salesforce Inc	2.06%	-0.72	⊕
MSFT	Microsoft Corp	12.55%	-0.60	⊕
ORCL	Oracle Corp	3.67%	-0.64	⊕
PLTR	Palantir Technologies Inc Ordinary Shares - Class A	3.78%	-0.36	⊕
NVDA	NVIDIA Corp	14.84%	-0.17	⊕
AMD	Advanced Micro Devices Inc	2.39%	-0.13	⊕
AVGO	Broadcom Inc	5.06%	-0.03	⊕
IBM	International Business Machines Corp	2.39%	0.05	⊕
CSCO	Cisco Systems Inc	2.47%	0.67	⊕
AAPL	Apple Inc	12.32%	0.34	⊕

How it works

Oversold
Could be a good time to increase holdings.

Overbought
Could be a good time to reduce holdings.

Note: scores can stay extremely overbought or oversold for a few weeks so patience is required at times.

Top 10 Holdings Relative Analysis with Each Other

AAPL/	AMD/	AVGO/	CRM/	CSCO/	IBM/	ORCL/	PLTR/	MSFT/	NVDA/	XLK/	
0.00	-0.12	-0.38	-0.82	0.14	-0.41	-0.66	-0.61	-0.82	-0.48	-0.67	AAPL Apple Inc
0.12	0.00	-0.02	-0.04	0.19	0.09	-0.40	-0.35	-0.17	-0.06	-0.06	AMD Advanced Micro Devices Inc



Furthermore, the Risk Range Model also suggests the same:

?Three weeks ago, we started warning that many sectors were exceedingly above their long-term means, and a correction was likely to reverse those conditions. The correction this past week significantly reduced some of those larger deviations, except for gold and gold miners. **Notably, healthcare, which was previously oversold, benefited from the risk-off rotation and is now overbought, 12% above its long-term mean. Take profits and look for a rotation back into technology and discretionary stocks, in particular, which may receive a technical bounce this week given their respective short-term oversold conditions. The overall bullish backdrop continues to improve with every primary market and sector, save Staples, on a bullish moving average crossover.?**

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT		MONTH END	REL S&P	RISK RANGE		% DEV - Short MIA	% DEV - Long MIA	MIA XVER SIGNAL
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	LONG WMA	PRICE	BETA	HIGH	LOW			
IVV	ISHARS-SP500	662.28	(1.93)	(2.68)	2.15	10.01	10.67	867.44	623.54	665.23	1.00	702.36	668.10	-1%	6%	BULLISH
XLB	SPDR-MATLS SELS	86.35	1.45	(0.31)	(8.58)	(11.64)	(18.89)	88.94	87.60	85.67	1.03	88.69	82.65	-3%	-1%	BULLISH
XLC	SPDR-COMM SV S&S	111.90	2.44	(0.48)	(1.70)	(2.12)	4.84	114.81	106.90	114.81	1.02	118.06	110.76	-3%	5%	BULLISH
XLE	SPDR-EGY SELS	89.42	(0.90)	4.21	(3.23)	(2.81)	(18.74)	88.77	86.18	88.13	0.75	91.00	85.26	1%	4%	BULLISH

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XLF	SPDR-FINL SELS	51.67	0.44	(0.03)	(6.45)	(9.25)	(8.81)	53.11	51.56	52.37	0.99	54.20	50.54	-3%	0%	BULLISH
XLK	SPDR-TECH SELS	273.20	(3.26)	(4.26)	1.94	4.60	6.29	281.17	253.37	300.68	1.21	311.83	289.53	-3%	8%	BULLISH
XLI	SPDR-INDU SELS	149.63	0.36	(0.73)	(3.72)	(6.77)	(5.77)	152.68	145.96	155.06	1.08	160.60	149.52	-2%	3%	BULLISH
XLP	SPDR-CONS STPL	77.90	2.76	1.18	(5.72)	(14.65)	(15.48)	78.58	80.25	76.28	0.52	78.59	73.97	-1%	-3%	BEARISH
XLRE	SPDR-RE SELS	40.90	1.81	(1.42)	(5.49)	(12.35)	(17.90)	41.65	41.45	40.90	1.00	42.33	39.47	-2%	-1%	BULLISH
XLU	SPDR-UTIL SELS	88.15	1.24	(0.86)	2.39	(1.44)	(2.44)	87.81	83.85	89.10	0.82	91.88	86.32	0%	5%	BULLISH
XLV	SPDR-HLTH CR	154.61	3.76	8.56	10.35	5.04	(3.42)	142.52	137.71	144.25	0.63	148.76	139.74	8%	12%	BULLISH
XLY	SPDR-CONS DISCR	225.50	(0.40)	(2.44)	(4.85)	(3.73)	(7.27)	235.91	220.76	239.93	1.21	248.84	231.02	-4%	2%	BULLISH
XTN	STSR-SP TRANSP	82.20	0.69	0.27	(6.72)	(4.72)	(21.68)	84.59	80.40	85.21	1.42	88.55	81.87	-3%	2%	BULLISH
SDY	STSR-SP DIV ETF	138.26	1.96	1.73	(4.33)	(7.77)	(13.51)	139.16	136.61	137.22	0.79	141.74	132.70	-1%	1%	BULLISH
RSP	INVS-SP5 EQ ETF	185.76	1.09	(0.20)	(3.67)	(6.06)	(10.54)	188.40	181.45	187.93	0.99	194.49	181.37	-1%	2%	BULLISH
SPSM	STSR-PRT SC	45.05	0.81	(1.94)	(4.30)	(2.67)	(17.99)	46.08	43.34	45.92	1.10	47.57	44.27	-2%	4%	BULLISH
MDY	SPDR-SP MC 400	582.32	1.27	(0.66)	(4.31)	(5.72)	(15.31)	594.21	568.48	592.98	1.08	614.21	571.75	-2%	2%	BULLISH
EEM	ISHARS-EMG MKT	53.10	(1.45)	(0.95)	4.34	3.16	12.02	53.33	49.12	55.30	0.65	57.04	53.56	0%	8%	BULLISH
EFA	ISHARS-EAFE	92.65	(0.81)	0.17	(0.87)	(6.77)	8.79	93.55	89.51	94.49	0.84	97.64	91.34	-1%	4%	BULLISH
IAU	ISHARS-GOLD TR	76.61	1.45	1.77	15.53	12.62	39.31	73.04	66.47	75.39	0.09	77.34	73.44	5%	15%	BULLISH
GDX	VANECK-GOLD MNR	73.65	(1.37)	3.85	14.44	32.66	81.73	72.40	59.47	72.06	0.53	74.24	69.88	2%	24%	BULLISH
UUP	INVS-DB US\$ BU	28.39	2.93	4.40	1.57	(6.55)	(17.06)	27.76	27.57	28.21	(0.22)	28.85	27.57	2%	3%	BULLISH
BOND	PIMCO-ACTV BOND	93.66	2.32	1.98	(0.95)	(6.30)	(8.27)	93.42	92.08	93.88	0.28	96.48	91.27	0%	2%	BULLISH
TLT	ISHARS-20+YTB	89.50	2.64	0.53	1.20	(5.15)	(11.65)	89.48	87.96	90.29	0.53	93.02	87.56	0%	2%	BULLISH
BNDX	VANGD-TTL INT B	49.56	2.13	2.24	(1.65)	(9.28)	(11.63)	49.52	49.35	49.85	0.22	51.21	48.49	0%	0%	BULLISH
HYG	ISHARS-IBX HYCB	80.37	2.12	1.80	(2.76)	(8.66)	(9.56)	80.74	79.88	80.80	0.41	83.15	78.45	0%	1%	BULLISH



RISK RANGE REPORT



While the seasonal trends remain intact, suggesting a further recovery in the market, the first couple of weeks of December tend to be choppy as mutual funds distribute capital gains and income for the year. Any weakness before Christmas will set up the *Santa Rally*? into year-end as managers *window dress*? for year-end reporting.

Maintain some cash, buy weakness, and pay attention to market rotation.

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Black Friday And Holiday Estimates

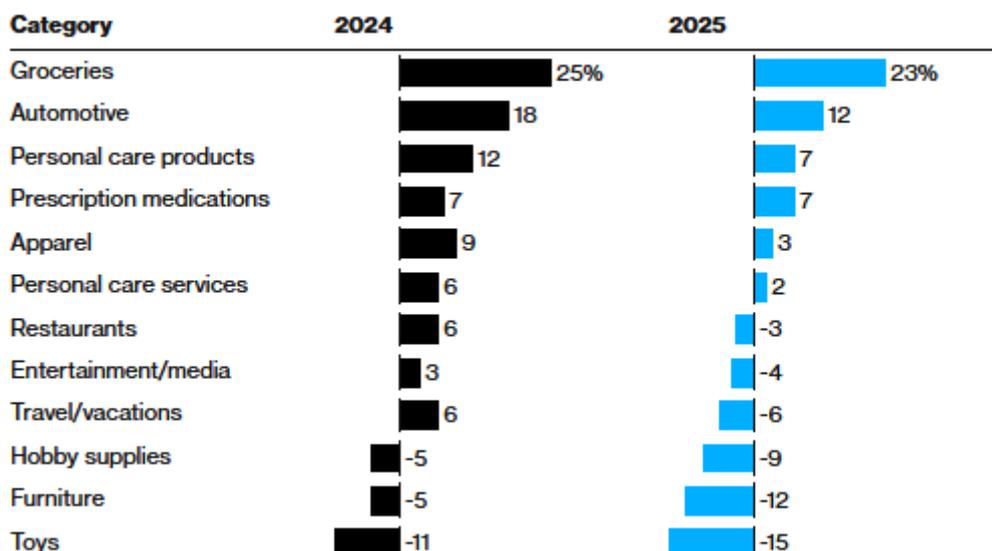
Black Friday kicks off a spending frenzy as consumers worldwide buy holiday gifts. Often, holiday sales, particularly Black Friday sales, can make or break the entire year. Given the weak consumer sentiment we outlined in the opening section, we thought it might be helpful to see a few estimates of what this year's holiday season may have in store for consumption.

- Adobe Analytics: US online sales forecasted to reach \$11.7 billion, marking an 8.3% year-over-year increase from 2024's \$10.8 billion record.
- National Retail Federation (NRF): Overall holiday spending for November and December is expected to exceed \$1 trillion for the first time, driven by a projected 3.7% to 4.2% growth in total retail sales, slightly down from last year's 4.8% surge.
- Deloitte: They anticipate a more modest 3% rise in sales amid consumer caution over high prices and tariffs
- Bain & Company: Predicts an outsized 11% increase specifically for the Black Friday weekend but a more restrained 4% holiday forecast. They expect shopper turnout to hit a record 186.9 million over the five-day Thanksgiving-to-Cyber Monday stretch, up from 183.4 million in 2024. Moreover, they suspect shoppers will be enticed with deeper discounts averaging up to 28% off on electronics, toys, and appliances.

The graph below, courtesy of Bloomberg, shows a KPMG survey estimating the percentage of spending by broad product category.

Consumers Plan to Spend Less on Some Items This Year

Anticipated change in average monthly spend, winter 2024 vs. winter 2025

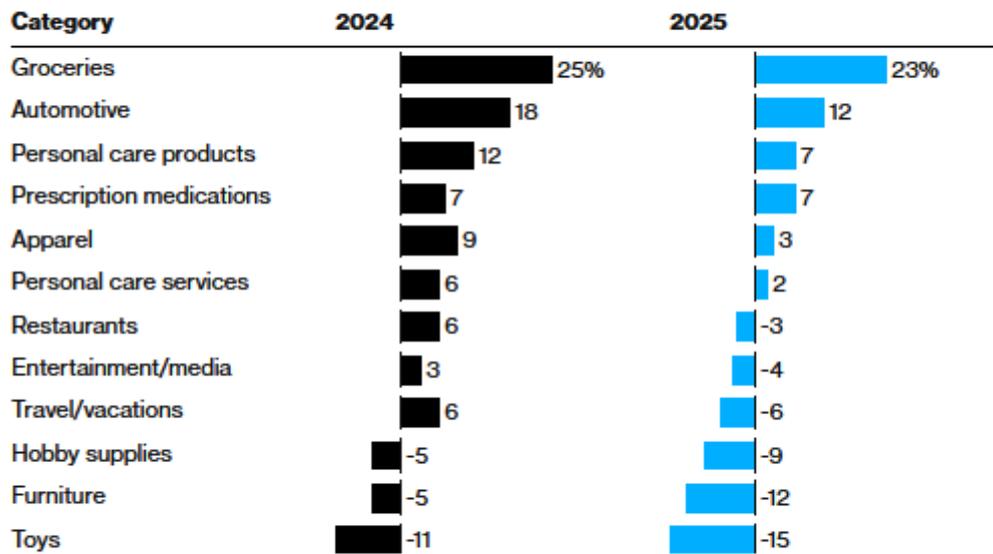


Source: KPMG

Note: KPMG conducted a survey of 2,021 consumers Aug. 28-Sept. 4, 2025. The survey asked, "How much do you think your monthly household spend on each of the following products/services will change in the winter of 2025 compared to winter of 2024?"

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Jon Erlichman @JonErlichman · Nov 12



Age 15: Jensen Huang works at Denny's

Age 30: founds Nvidia at a Denny's

Age 62: worth 522X more than Denny's





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