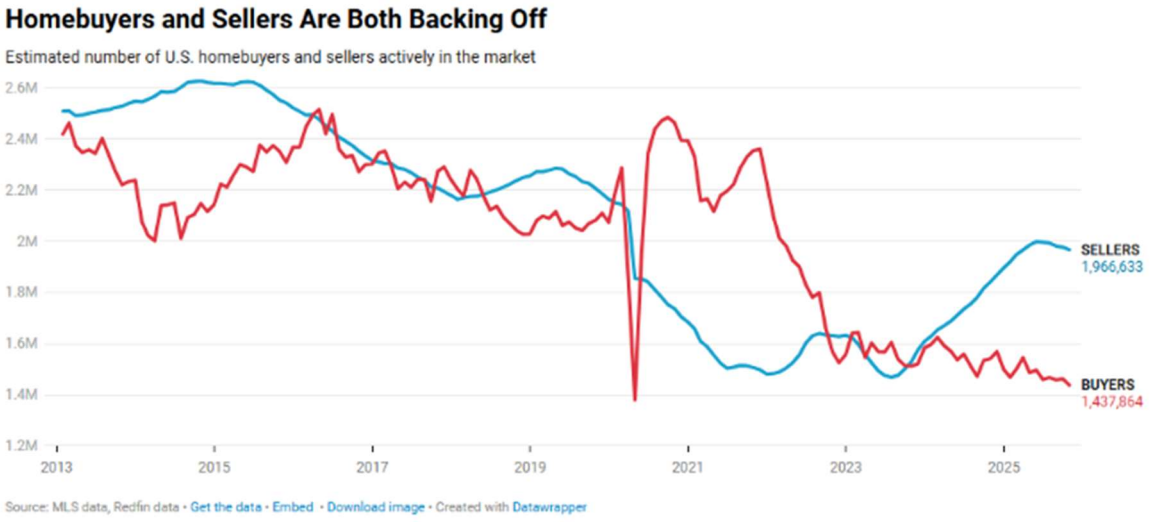
Wealth Enhancement®

Top 10 Economic and Market Predictions for 2026: Inflation, Housing, and Investment Trends

Predictions are fun. I'll take my shot at 10 economic and market predictions for 2026.

1. US Single Family Home prices will fall by 5% YoY at some point in the year.

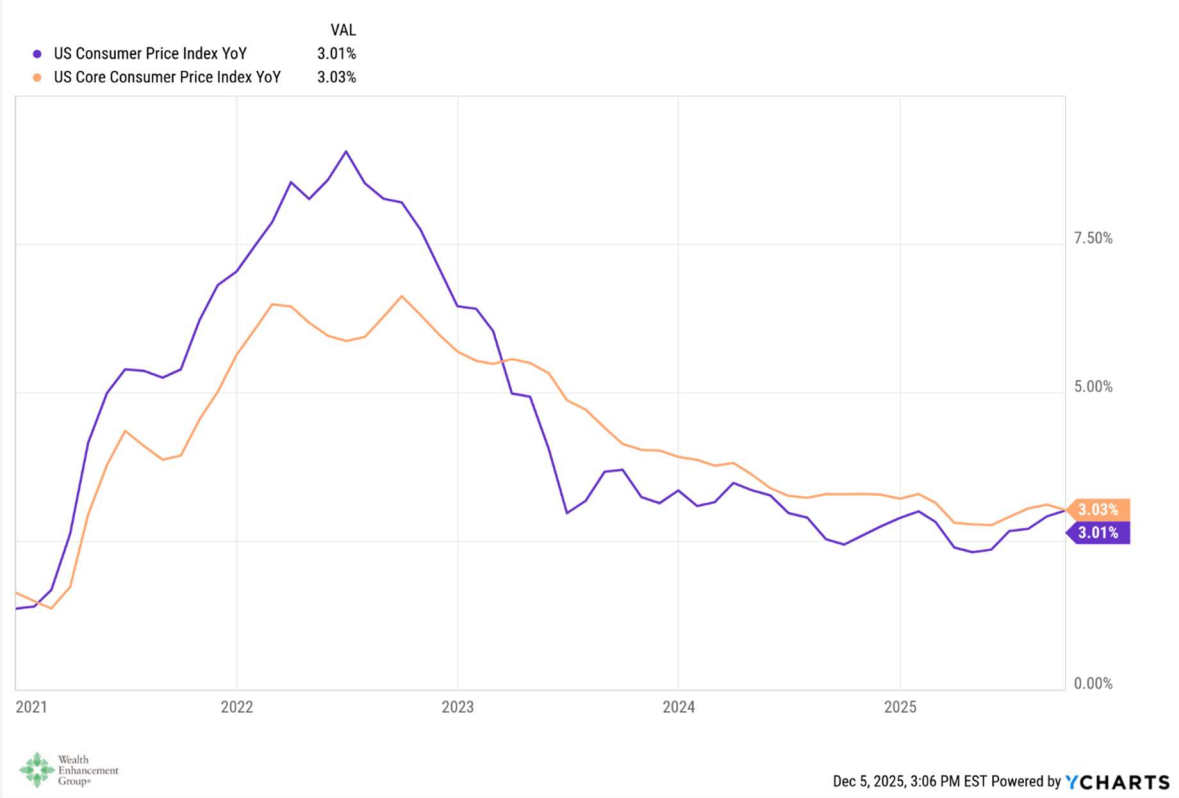
It is understood that housing is unaffordable to everyone except the sellers. Sellers take time to cut prices but will need to over the next 12 months.



2. US CPI will stay above 3% until 2H 2026.

Tariff pressures on goods and labor pressure on services will keep inflation elevated. A slowdown in demand and a YoY lapping of inflation increases due to tariffs will bring the YoY level below 3%.

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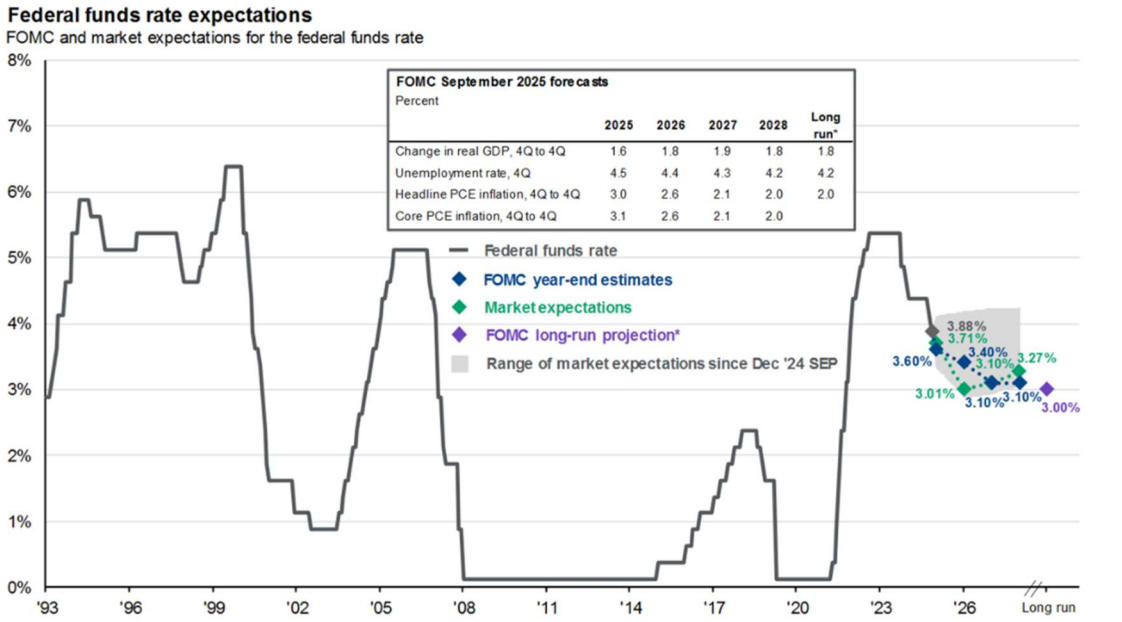
3. The Fed Funds rate will be cut at least 3 times in 2026.

The median fed expectation is for one cut. However, the President will be nominating his own chair and has not been shy about his dovish position. Additionally, I follow the argument that small changes in Fed Funds could decrease demand as wealthy people have less risk-free interest payments and larger cuts would be needed to stimulate demand from would-be borrowers.

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The Fed and interest rates

Actions



4. The S&P 500 will touch 7,800 at some point.

This is based on my ongoing fair value calculations.

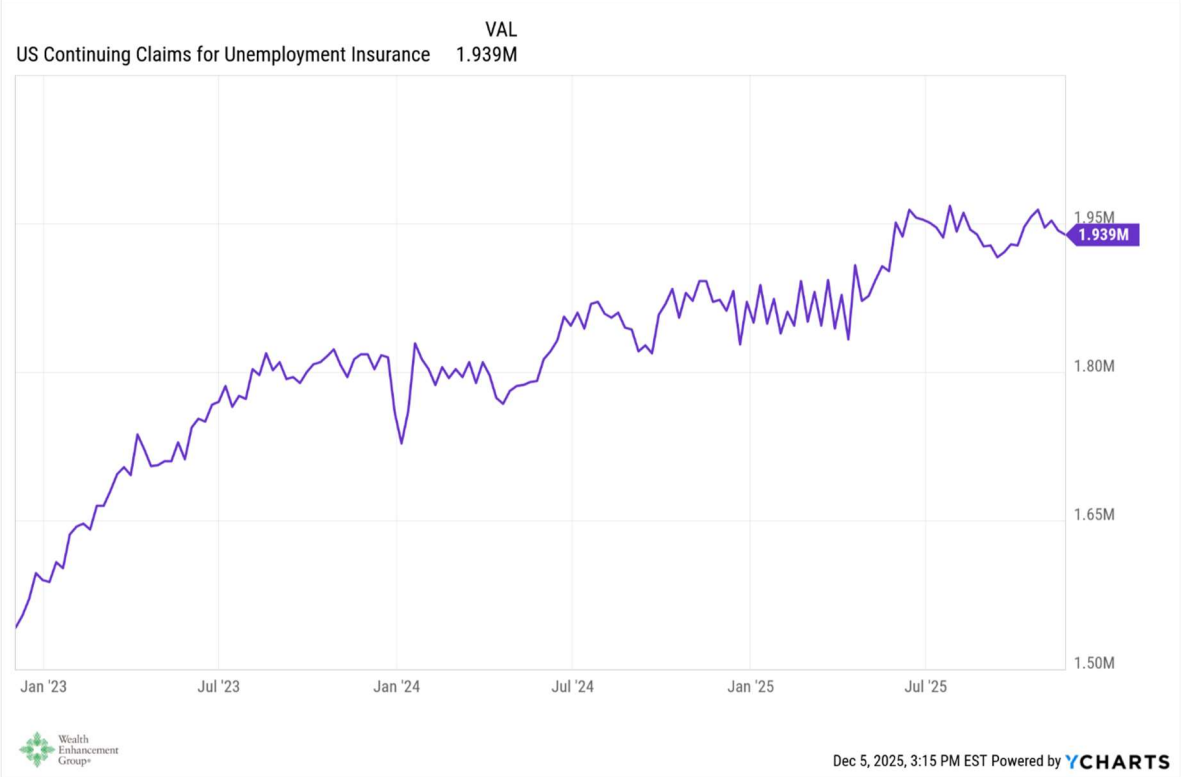
5. None of the hyperscalers will cut capital spending.

Nvidia guided to nearly $500B in revenue in 2026. They expect the hyperscalers to raise capital spending again.

6. Continuing unemployment claims will rise above 2M.

The employment situation is slowly deteriorating. Continuing claims have not been over 2M since late 2021. Whether it be to AI, over hiring in 2022, a slowdown in construction, or a reluctance to expand the government hiring I expect it to be more difficult to find a job in 2026.

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7. International Defense spending will continue to grow.

Russia, Ukraine, China, Taiwan, Israel, Iran. Geopolitical tensions will remain fraught with distrust. Europe and the United States will continue to re-evaluate the NATO relationship with European countries likely to add more spending towards defense. Asian allies also seem active with Japan increasing defense spending to 2% of GDP.

8. Private Credit will continue to make headlines.

Delinquency rates on business loans have been unusually volatile. There have been some more recent headlines with Tricolor, First Brands and Jamie Dimon's cockroaches comment. Lower crude makes this issue additionally problematic. It seems like it is now more common knowledge that the marks on all these loans may not be accurate.

9. Stable coins will get more adoption to little fanfare.

Stable coins seem like they have real use cases especially for cross border payments, but they hold a dollar by definition so will fly under the radar.

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10. I do not and will continue to not understand Bitcoin.

Ultimately, I think it is a market corner by a handful of whales in the industry including ETF providers and Bitcoin treasury companies coupled with speculation on the price momentum. That thesis has done nothing in furthering my understanding of the price movements.

Let’s be clear that this is mostly for fun, however, these thoughts can shape an investment allocation. For example, if I did not think the S&P 500 could reach 7,800 I would probably take less risk. If I thought hyperscalers would stop spending then I would have very little exposure to hardware providers. I think it is a good mental exercise to do regularly to gauge and December is a fine time, too. Happy Holidays everyone!

This information is not intended as a recommendation. The opinions are subject to change at any time and no forecasts can be guaranteed. Investment decisions should always be made based on an investor's specific circumstances. Investing involves risk, including possible loss of principal.