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Bloomberg

Weekend Edition

The Forecast

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Welcome back to [The Forecast](#), where we help you think about the future — from next week to next decade — with predictions and analysis from around the world.

This week we're looking at overly cautious market forecasts and Netflix's big holiday season. Finally, we're checking in on all the prediction markets we cited since launch — and which ones have shifted the most in the intervening weeks.

We've also moved the Week Ahead down to the bottom of the newsletter so it's there if you need it but we can start with our main item each week.

Wall Street's Dubious Forecasts for 2025

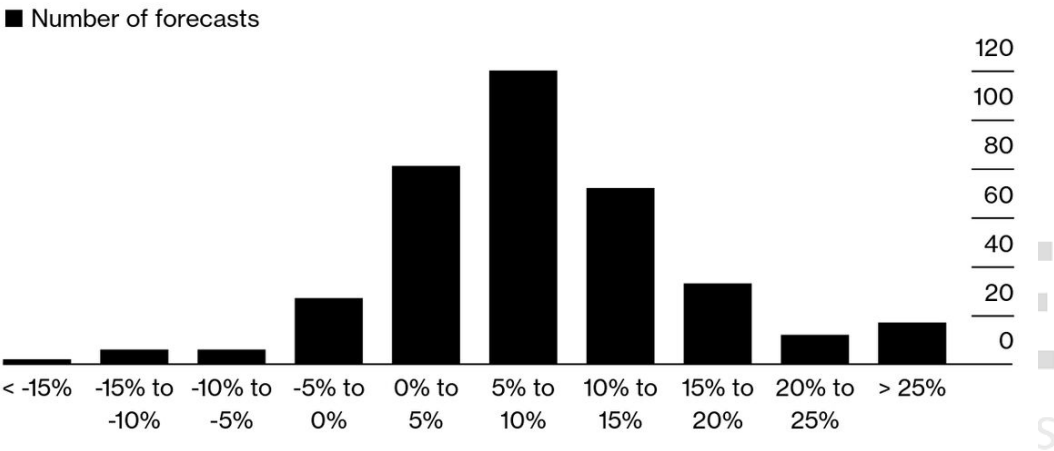
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Wall Street’s biggest firms have issued their latest forecasts for the S&P 500 in 2025. They sound a lot like the predictions they made over the last few years. And the years before that.

If hearing the brokerages’ average 2025 forecast of a 9.1% gain is giving you a sense of déjà vu, you’re onto something. Over the past 25 years, 53% of the [376 firm forecasts surveyed by Bloomberg](#) clustered between 0% and 10%.

Strategists Tend to Herd with Year-Ahead Market Forecasts

Counts of brokerage forecasts by annual S&P 500 Index returns, 2000-2024



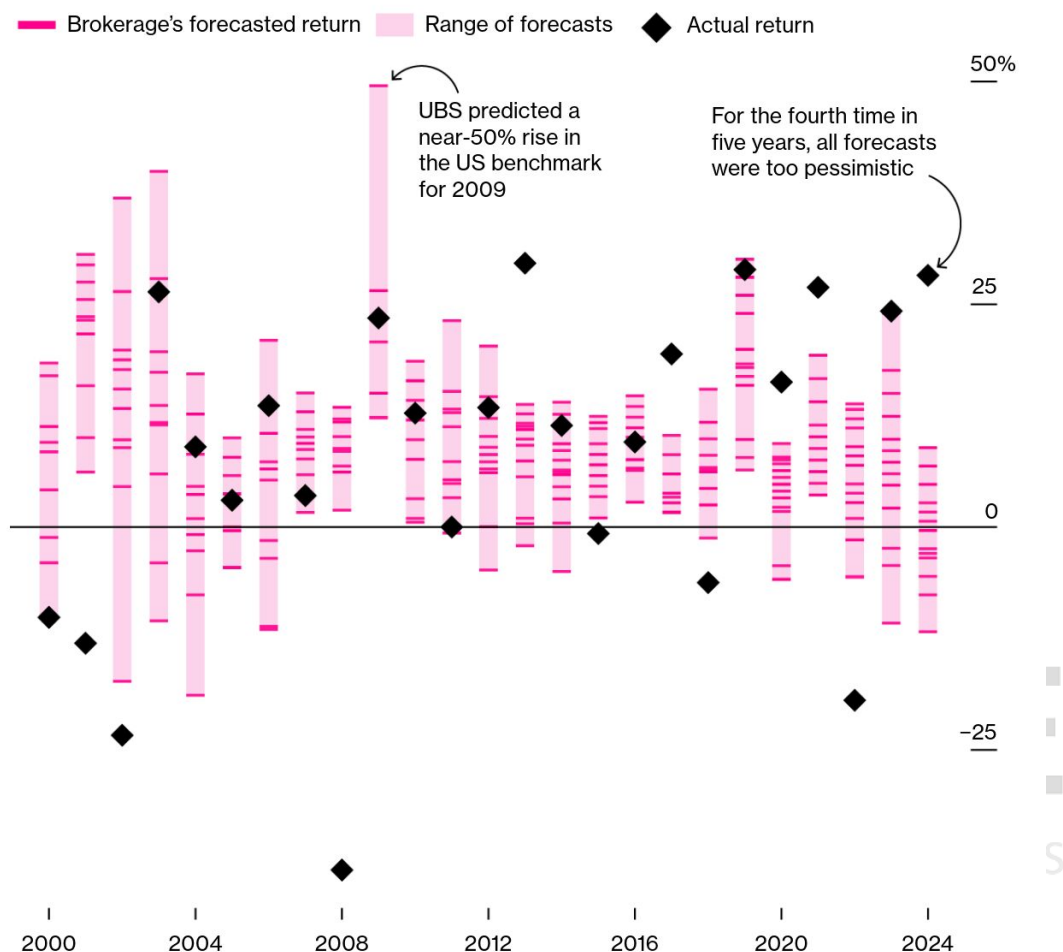
Source: Bloomberg
Note: Forecasts for price change in S&P 500 Index made one year in advance, for forecast years 2000 through 2024

Bloomberg

This might be understandable if annual market returns were scattered in the same way. In reality, they’re far more volatile. In seven of the past eight years, the market’s returns were outside the range of all forecasts compiled, often collectively underestimating the index’s return potential.

Strategists Often Miss The Mark When Forecasting

Predicted and actual returns for the S&P 500 Index



Source: Bloomberg

Note: Forecasts and actual returns are for price change only.

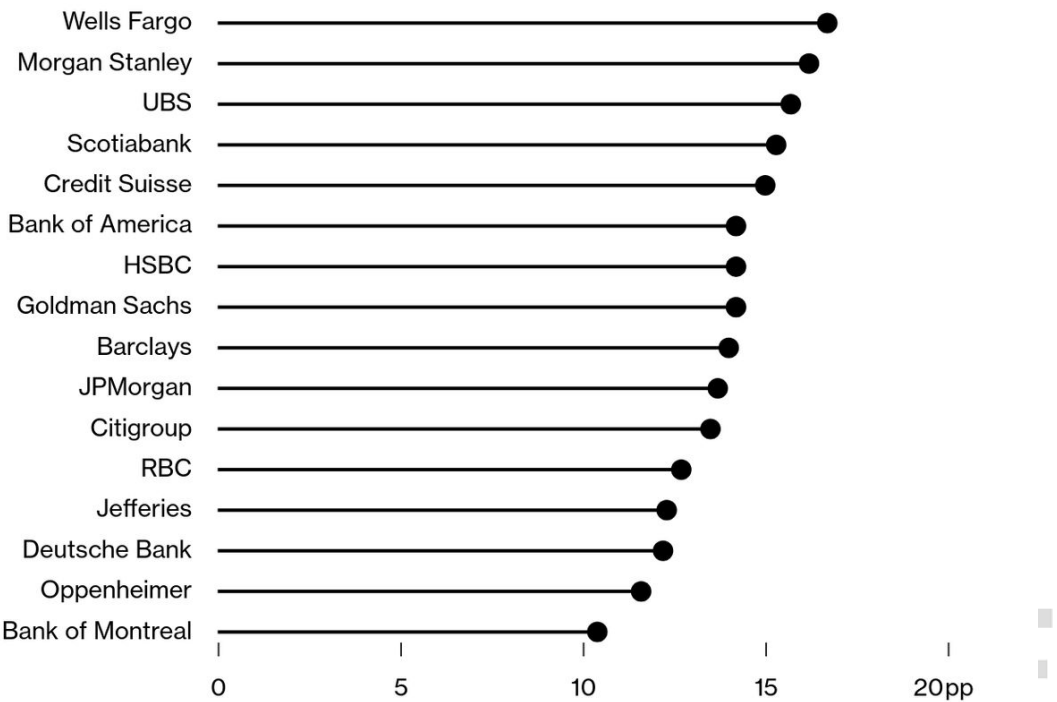
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A similar pattern holds over the prior century as well. Large gains and losses were more frequent than single-digit gains, which occurred just 14 times in 97 years.

Naturally, this disparity between forecasts and the historical record must lead to some unflattering results. Strategists on average missed the mark by more than 15 percentage points, though some were better than others. Still, even the “best” firm was off by an average of 10 points.

Some Firms Not Quite As Bad As Others

Average absolute percentage-point error in forecasts of S&P 500 Index returns



Source: Bloomberg
Note: Forecasts are for price change only. Includes only brokerages with at least 10 forecasts, 2000 to 2024

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These errors tend to fall on the side of being too pessimistic, as 57% of all forecasts analyzed were less than the actual market returns, while 43% proved to be too high. So what should average investors do with any given stock-market forecast they come across? Nothing, according to Elliott Appel, a financial planner in Madison, WI. “They should treat it as entertainment, much like you would a sports match.”

— Alexander McIntyre and Mathieu Benhamou, Bloomberg News

Predictions

“IPO bankers... have been helping companies gear up for what’s expected to be a standout year for debuts... While the exact timing for a return to normal is up for

debate, all eyes are on 2025, [so long as the incoming administration's policies don't throw cold water on it.](#)" — *Bailey Lipschultz and Ryan Gould, Bloomberg News*

"Office real estate is facing 'a year of reckoning' in 2025... the industry is [bracing for the losses it's been putting off.](#)" — *Patrick Clark, Neil Callanan and Jack Sidders, Businessweek*

"Coal demand set a record high in 2024, according to the International Energy Agency's annual report published on Wednesday... Forget all the slogans about consigning coal to history. [We're on a path to consigning the planet to history.](#)" — *Javier Blas, Bloomberg Opinion*

"Almost a million more properties in England are at risk of flooding than previously thought, raising concerns about a growing number of [uninsurable or unsellable properties](#) over the coming decades." — *Jess Shankleman, Bloomberg News*

"The first sign of a deep freeze this winter could be something called sudden stratospheric warming... temperatures climb dramatically over the course of a few days in the atmosphere far above Earth. That sets off the mechanism [that leads to a weakening of the polar vortex.](#)" — *Brian K. Sullivan, Bloomberg News*

"Dario Amodei, Anthropic's chief executive officer, has said it costs about \$100 million to train a bleeding-edge [AI] model, and he expects that amount [to hit \\$100 billion in the coming years.](#)" — *Rachel Metz, Businessweek*

Keep an Eye on

Netflix is hoping to end the year strong with a Christmas-week slate that could buoy subscriptions, according to Bloomberg Intelligence. The streamer will host its first two live NFL games on Christmas Day. Then, on the 26th, it will release the second season of its buzzy hit *Squid Game*.

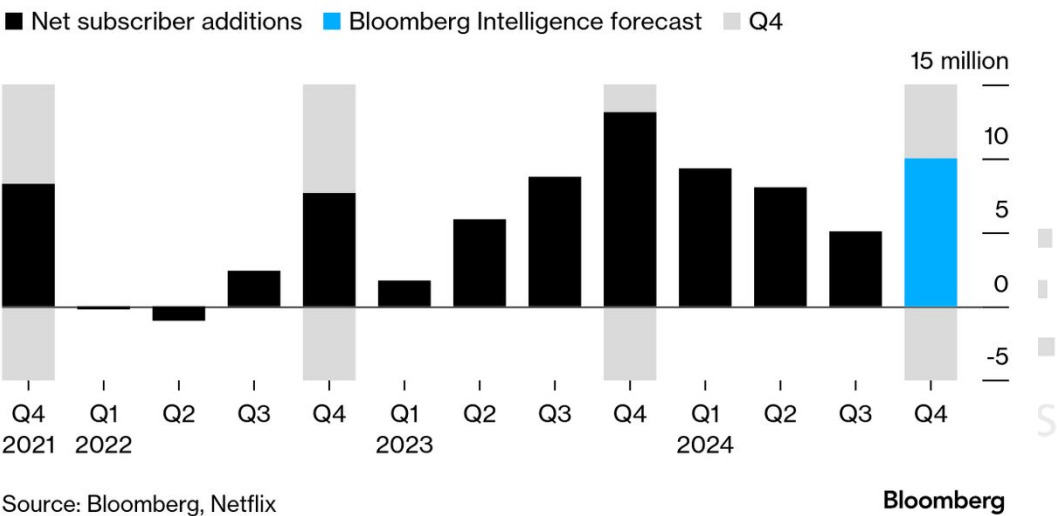
The NFL games are important not only to draw in new subscribers but to bolster Netflix's ad-supported subscription tier, says BI analyst Geetha Ranganathan ([Terminal subscribers only](#)). Ad revenue from the two NFL games should well exceed

what the company paid for the rights to them — before even counting new subscription revenue.

The fourth quarter is usually Netflix’s strongest, and those debuts — coming on the heels of November’s boxing match between Mike Tyson and Jake Paul — should ensure that this year is no different. Analysts expect Netflix to add just under 9 million subscribers in Q4, but Bloomberg Intelligence believes it could easily surpass 10 million.

Netflix Ends Each Year with Holiday Cheer

Bloomberg Intelligence predicts it will once again see its highest subscriber additions in Q4.



— *Walter Frick, Bloomberg Weekend Edition*

What Are the Chances...

9

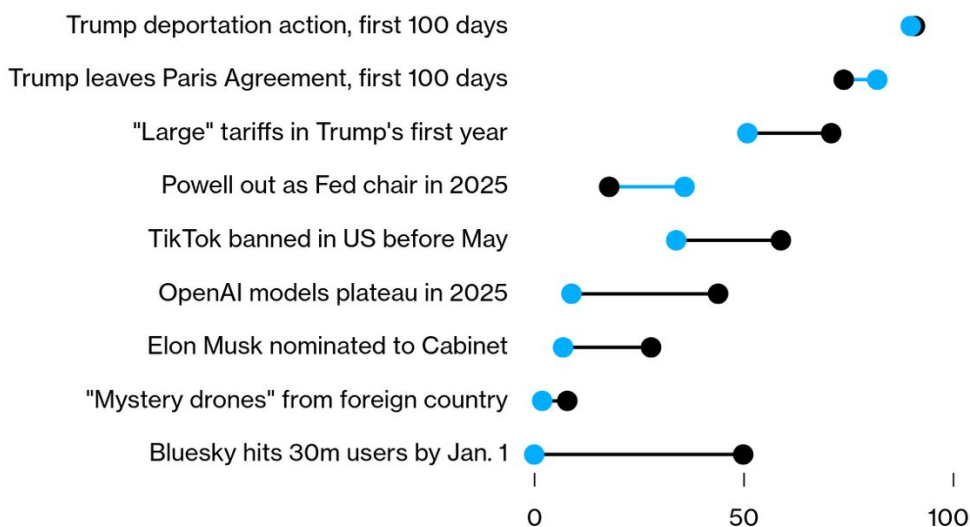
Prediction markets cited in The Forecast since launch.

This is the seventh issue of The Forecast and each time we've cited at least one prediction market. Since 2024 is wrapping up, we decided to look back and see how the odds in each of those markets have changed.

Checking in on the Prediction Markets We Cited This Year

Forecasters see Powell's departure as more likely than when we last mentioned it, while Bluesky growth and OpenAI plateau are less likely.

● Original ● Updated



Source: Kalshi, Polymarket, Metaculus

Note: Original prediction dates span November and December.

<https://www.bloomberg.com/account/newsletters/the-forecast>

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Here are a few of the forecasts that jumped out:

More likely: The chances that Jerome Powell is no longer Fed chair by the end of 2025 have risen from 18% when we mentioned them on Nov. 17 to 36% today, [according to Kalshi](#). The likelihood that the US leaves the Paris climate agreement within Trump's first 100 days has gone from high to higher, and now is [up to 82% on Kalshi](#).

Less likely: The chances that OpenAI's models plateau in 2025 have fallen 35 percentage points since we cited them on Nov. 24 — from 44% on Kalshi to [just 9%](#) today. ([The definition of plateau is here](#).) But no market has shifted as much as

Bluesky's chances of hitting 30 million users by the end of 2024. When we cited it on Dec. 10, Metaculus put the odds at 50%; today forecasters [give it just a 0.1% chance](#).

Some things never change: In this case, the chances that Trump issues an executive action in his first 100 days concerning the deportation of undocumented immigrants. They were very high at 91% when we cited them in the first Forecast edition on Nov. 17. Today, the odds on Polymarket are at 90% — almost [exactly the same](#).

(Forecasts as of 9 a.m. ET Friday.)

Weekend Reads

Related Stories



Replicating TikTok's Success Will Be Harder Than It Looks



Crypto Got What It Wanted in November's Election. Now What?



The Future of Gaming is Gen-Z on Smartphones Earnings Millions



Is Europe Already at War With Putin's Russia?



Ten Books to Read in 2025

Week Ahead

Monday: The Conference Board's consumer confidence index is expected to rise, just as the University of Michigan's index did earlier this month; the UK and Spain report GDP.

Tuesday: NASA's Parker Space Probe will come closer to the sun's surface than any other flight in human history. It will still be 3.8 million miles away.

Wednesday: Christmas Day.

Thursday: Turkey's central bank is expected to cut its one-week interest rate to 48.5%, from 50%, according to Bloomberg Economics.

Friday: Tokyo's CPI will likely rise to 2.5% year-on-year in December; the Bank of Japan is expected to gradually raise interest rates in 2025.

Have a great Sunday and a productive week.

—Walter Frick and Kira Bindrim, *Bloomberg Weekend Edition*; Alexander McIntyre and Mathieu Benhamou, *Bloomberg News*

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