RIVERSIDE ANALYTICS INC

DATE: July 21, 2025

RIVERSIDE ANALYTICS INC
Wayne Yeo
Wayne.yeo@riversideanalyticsinc.com
www.riversideanalyticsinc.com

Economic Outlook

RIVERSIDE'S DISCLAIMER

- All trading / investing comes with risk.
- The insights contained in this presentation do not constitute advice, rather are meant for educational purposes from which you may make more educated decisions taking into account your individual risk profile and needs for return.
- At Riverside, we assess probabilities using systematic quantitative methodology. We do not provide advice. There are no guarantees for positive return. All investing/trading is at your own risk.
- Riverside is about helping active and affluent investors learn how to make better decisions in financial markets.
- All charts shown in this presentation have been referenced from Amibroker unless otherwise noted.

Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors

ECONOMIC DATA

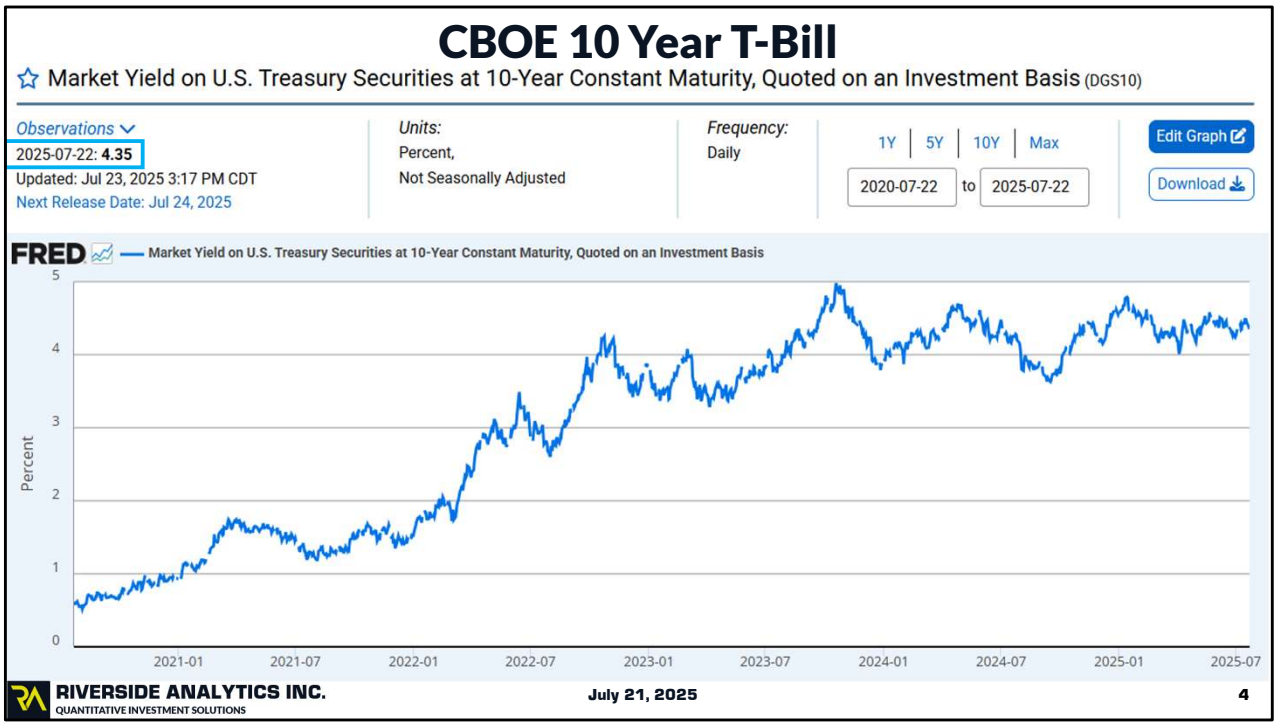
Indicator review

US Drives the bus, when it comes to the Canadian economy.

Please check the notes on each slide.

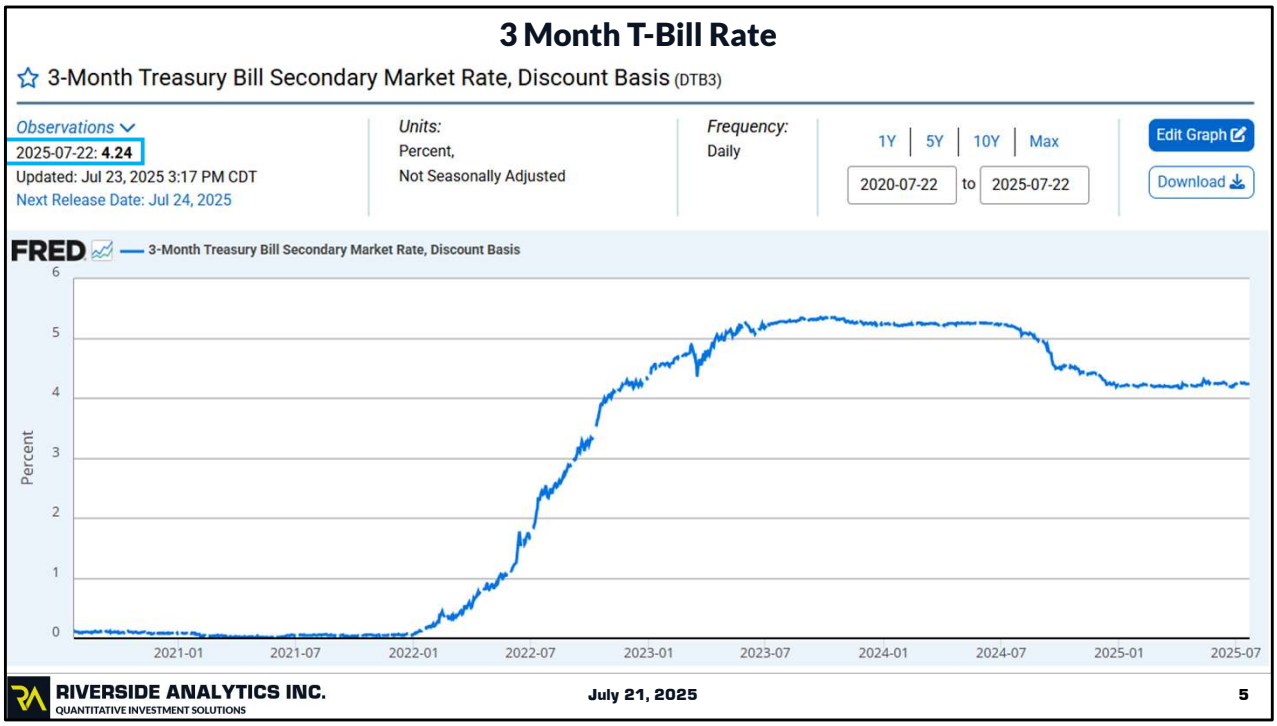
It's a steady as she goes report
Potential for US to enter technical recession July 30th
Prices will need to increase if tariffs are more or less permanent. Q3 inflation likely grows.

Ignore the noise, and pay attention to what is really important, mitigate as necessary.



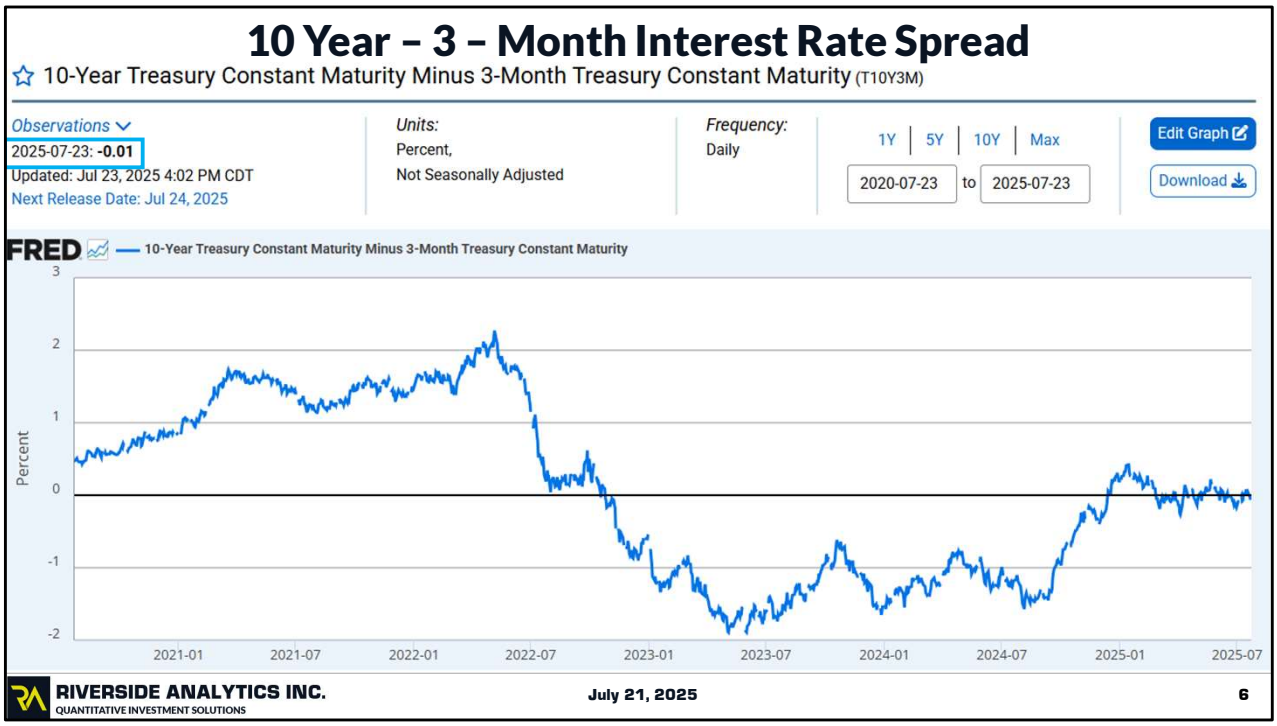
July – Last month was 4.46. Range bound it remains !

Source : Board of Governors of the Federal Reserve System (US) via FRED



July – Last month AND the month before, was 4.24. Still did not budge !

Source : Board of Governors of the Federal Reserve System (US) via FRED

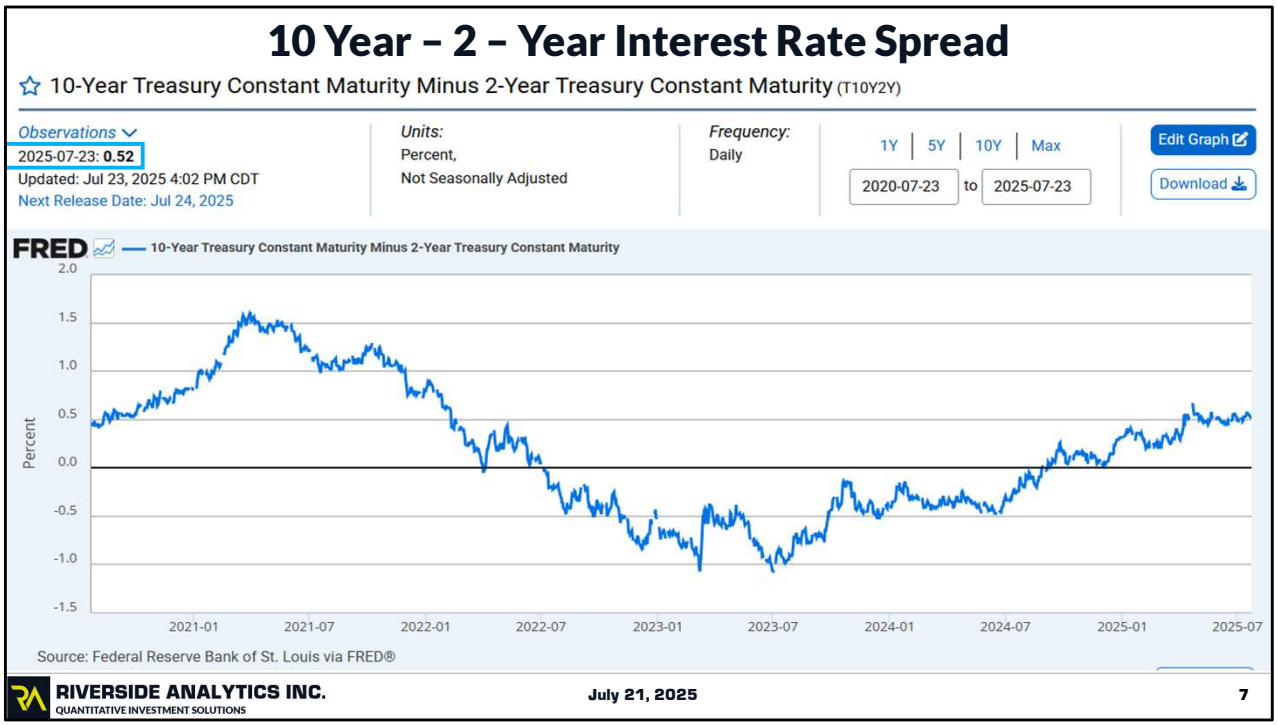


July - Last month was -0.03. Still flirting with zero since the beginning of March.

Based on previous Riverside analysis, a recession does not occur until AFTER the inversion as righted itself. **This is a very long drawn out righting ! It could go on all year !**

What I am super interested in, is the next quarterly US GDP number. Is it above or below zero ? Time will tell.

10 Year – 2 – Year Interest Rate Spread



July – last month was 0.45 - Another Rangebound month !

BoC Interest Rates
June 18



Weekly Wednesday, rates in percentage	CANSIM	2025-05-14	2025-05-21	2025-05-28	2025-06-04	2025-06-11
Prime rate[1]	V80691311	4.95	4.95	4.95	4.95	4.95
Conventional mortgage						
1-year	V80691333	6.09	6.09	6.09	6.09	6.09
3-year	V80691334	6.05	6.05	6.05	6.05	6.05
5-year	V80691335	6.09	6.09	6.09	6.09	6.09

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 21, 2025
8

June – No change from last month.

CIBC has 5 year fixed – 4.44 – No Change, Royal – 4.52 – down 38 points, TD - 4.59 down 5 points, and BMO - 4.64 UP 40 points,
BNS is 6.09.

BoC Interest Rates
July 18 – No Changes !

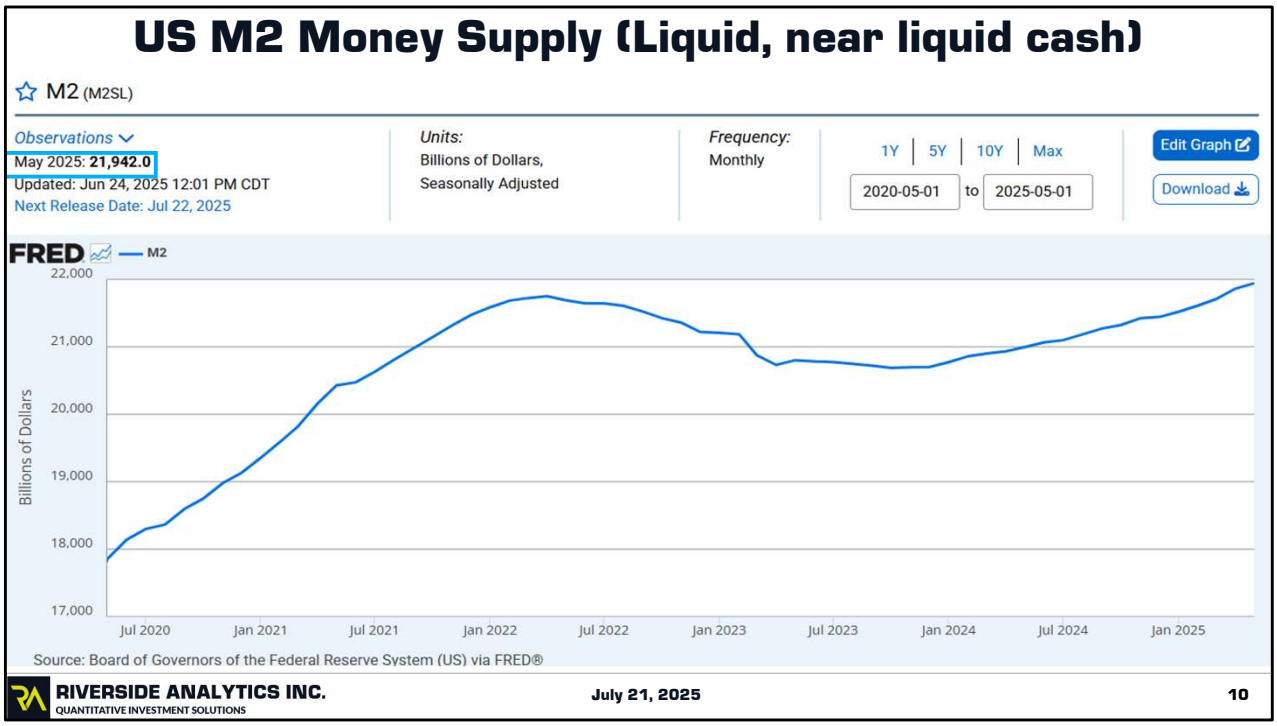


Weekly Wednesday, rates in percentage	CANSIM	2025-06-18	2025-06-25	2025-07-02	2025-07-09	2025-07-16
Prime rate[1]	V80691311	4.95	4.95	4.95	4.95	4.95
Conventional mortgage						
1-year	V80691333	6.09	6.09	6.09	6.09	6.09
3-year	V80691334	6.05	6.05	6.05	6.05	6.05
5-year	V80691335	6.09	6.09	6.09	6.09	6.09

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 21, 2025
9

July 24th – Updated Prime not yet posted, but is not expected to change.

CIBC has 5 year fixed – 4.54 – Up 10 points, Royal – 4.52 – No Change, TD - 4.59 - No Change, and BMO - 4.64 – No Change,
BNS DROPPED to 5.40 from 6.09, DOWN 69 points. Nearly a percentage point above most of its competitors.



July – Data ending May… April was 21,862.5 – That is an 4.36 percent annual growth rate ! Implications of rising M2 – it tends to forecast rising inflation! Tariffs will be a contributing factor to inflation. M2 tends to lead inflation by about a year, to 2 years ! There is a significant lag between cause and affect.

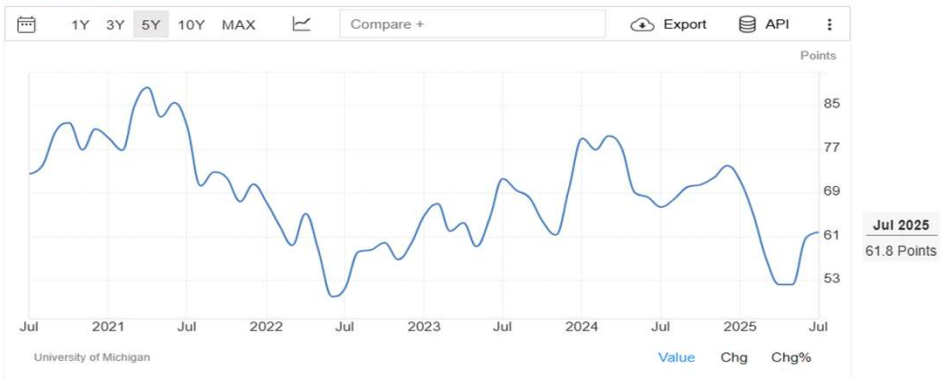
There is not always a cause and affect to the relationship. Quantitative Tightening helps combat inflation, and the US is executing this process now, and has been since 2002. This likely continues until the end of 2025. This helps offset inflationary aspects of M2 growth.

Source : https://fred.stlouisfed.org/series/M2SL

M2 consists of - Cash, checking deposits, and other deposits readily convertible to cash, such as CDs/GICs, are considered liquid money and are measured by the Fed's M2 money supply measurement.

UoM Sentiment Index

The University of Michigan consumer sentiment for the US increased to 61.8 in July 2025, the highest in five months, compared to 60.7 in June and above forecasts of 61.5, preliminary estimates showed. The current conditions index improved to 66.8 from 64.8 and the expectations gauge rose to 58.6 from 58.1. Short-run business conditions improved about 8%, whereas expected personal finances fell back about 4%. Meanwhile, year-ahead inflation expectations fell for a second consecutive month to 4.4% from 5% in June. Long-run inflation expectations receded for the third consecutive month, falling back to 3.6% from 4%. Both inflation gauges are the lowest since February but remain above December 2024, indicating that consumers still perceive substantial risk that inflation will increase in the future. source: University of Michigan

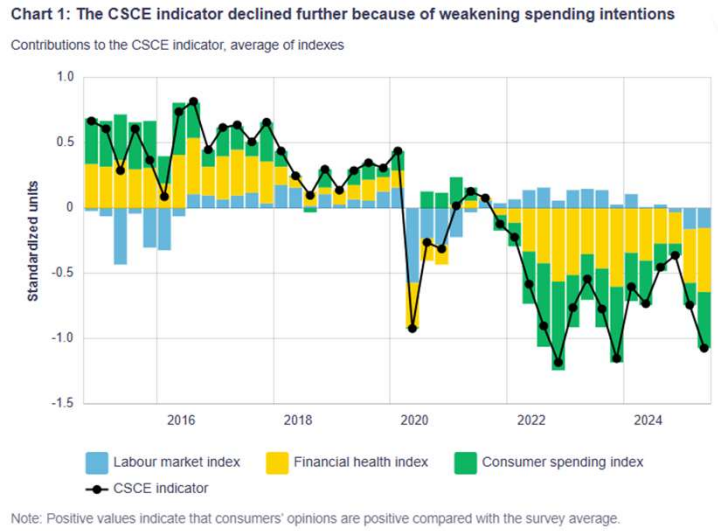


July – last month was 60.5. – The current June number was revised upwards by 2/10ths. At least some Americans seem to be numbing to the shenanigans of the White House. Businesses increased inventory prior to the tariff implementation. Most of that inventory will be exhausted by now, so Q3 numbers will be interesting.

Prices will need to increase if tariffs are more or less permanent.

Source : https://tradingeconomics.com/united-states/consumer-confidence

BoC Consumer Sentiment – Q2 Update



https://www.bankofcanada.ca/2025/07/canadian-survey-of-consumer-expectations-second-quarter-of-2025/

July – **This is a quarterly report – Q2 was released July 21.**

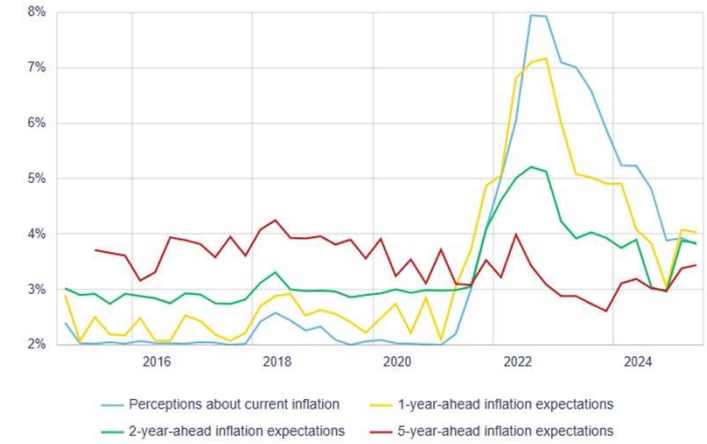
The trade conflict continues to weigh on consumers
The CSCE indicator summarizes the opinions of Canadian consumers about their spending plans, the labour market and their personal finances. This measure fell for the second consecutive quarter as the impact of tariffs and related uncertainty continued (Chart 1).2 Since the start of 2025, the decline in the indicator has been driven mainly by weaker spending intentions (Chart 1, green bars) and growing pessimism among Canadians about their financial health (Chart 1, yellow bars). This is particularly true for respondents in regions heavily dependent on trade with the United States.

There is lots in this report if you want to dig in !
https://www.bankofcanada.ca/2025/07/canadian-survey-of-consumer-expectations-second-quarter-of-2025/

BoC Inflation Expectations – Q2 Update

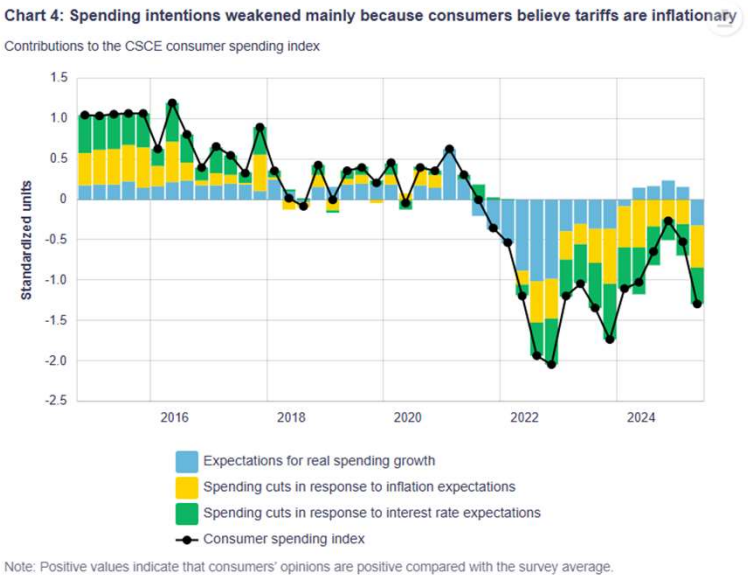
Chart 7: Consumers' expectations for short-term inflation have changed little since increasing notably last quarter

Inflation expectations for each horizon: What do you expect the rate of inflation (deflation) to be?
Perceptions about current inflation: What do you think the rate of inflation (deflation) was over the last 12 months?
(Interpolated median)



July – Consumers' expectations for short-term inflation are still above their pre-pandemic averages after having risen significantly last quarter (Chart 7, yellow and green lines). Similarly, expectations for inflation five years from now have also moved up since the start of the trade conflict; they remain around their pre-pandemic average (Chart 7, red line).

BoC Expectations Spending Plans – cont. Q2 Update



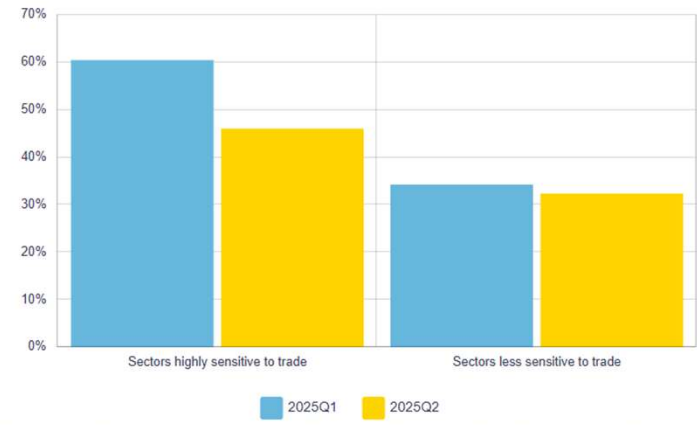
July – Consumers are increasingly cautious about their spending plans
This quarter, consumers showed greater caution in their spending decisions. The consumer spending index fell for the second consecutive quarter, with more consumers planning to cut spending in response to their inflation expectations (Chart 4). These expectations are being driven by consumers' belief that tariffs will put upward pressure on inflation. Survey results show that consumers plan to reduce their spending, mainly because of:

- economic uncertainty
- elevated housing costs
- high prices of many goods and services

BoC Expectations – Job Security – cont. Q2 Update

Chart 3: Job security concerns have diminished the most among workers in sectors that rely on trade with the United States

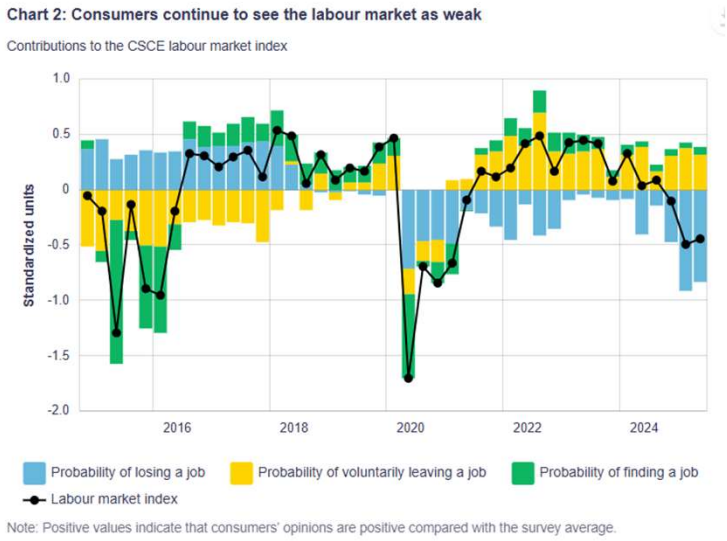
Share of workers citing weaker job security in response to trade tensions



Note: *Sectors highly sensitive to trade* includes agriculture and forestry, mining and oil and gas, and manufacturing sectors. These are sectors where more than 30% of jobs depend on exports to the United States. *Sectors less sensitive to trade* includes the public sector as well as all private sector industries in which no more than 30% of jobs depend on exports to the United States.

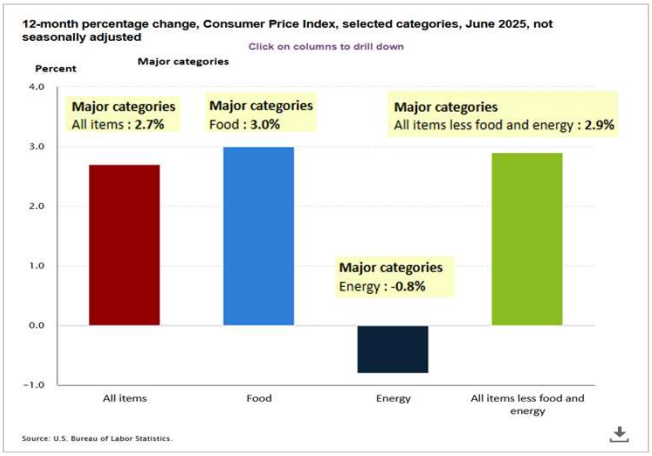
July – Against this backdrop of ongoing trade uncertainty, about two-thirds of consumers continue to expect the Canadian economy to fall into a recession over the next 12 months. In follow-up interviews, many consumers expressed the view that the trade conflict and the associated uncertainty are harming the economy. One person said, “Hard to predict what will happen with the tariff situation in the future, but I think with the way things are going to be, it seems like it won't get better until it gets really bad.”

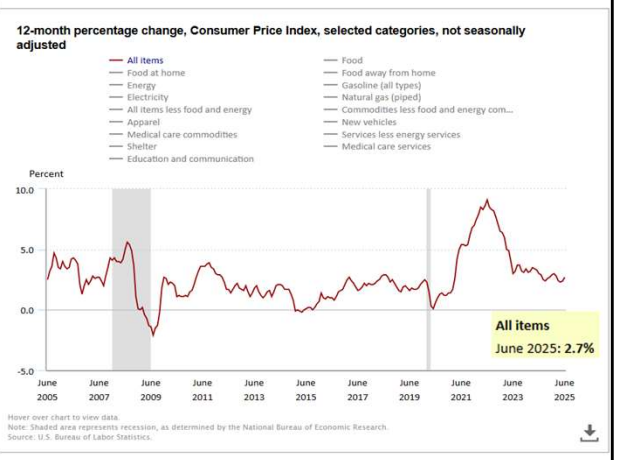
BoC Expectations – Labour Market – cont. Q2 Update



July – The labour market index remained nearly unchanged after falling sharply in the first quarter of 2025 (Chart 2). Consumers, especially young people, continued to report a higher-than-average chance of losing their job. This elevated concern is largely because of the trade conflict with the United States. In follow-up interviews, an employee of a manufacturing company said, “Tariffs are impacting my job a little bit. They are affecting my industry a lot, and many companies are laying off their employees.”

US Inflation Rate





All items : 2.7% + 0.3%
Food : 3.0 + 0.1%
Energy : -0.8 up 2.7% from -3.5 (less negative!)
All items less food and energy : 2.6 % - unchanged

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

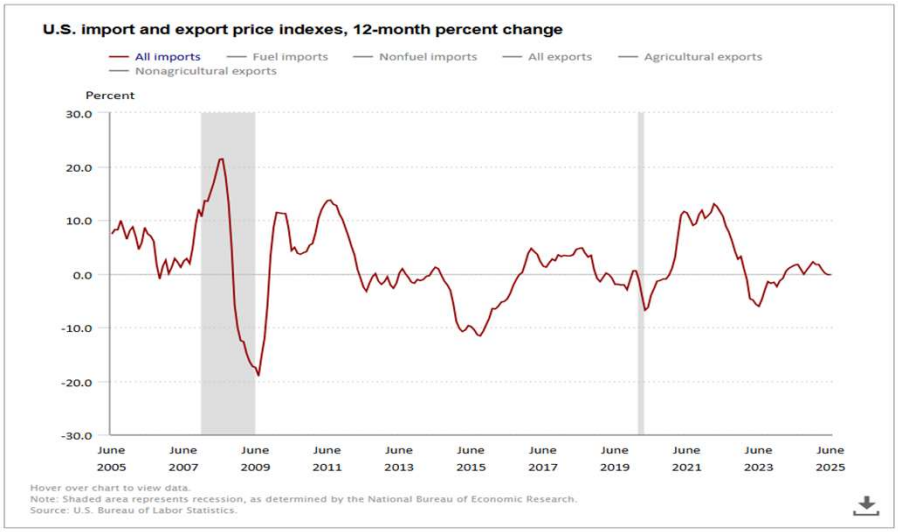
July 21, 2025

July – Up some from last month, but largely going sideways.

Lots of additional detail is located here – Each of the index items in the right hand cart above, has its own data.
The way you avoid muddying up the chart, is click once on the item you want to remove in the index, then click on the item you want to see.
https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm

The left chart is here
https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category.htm#

U.S. import and export price indexes, 12-month-percent change



Interesting US Tariff Impact – Yale University https://budgetlab.yale.edu/research/state-us-tariffs-july-23-2025

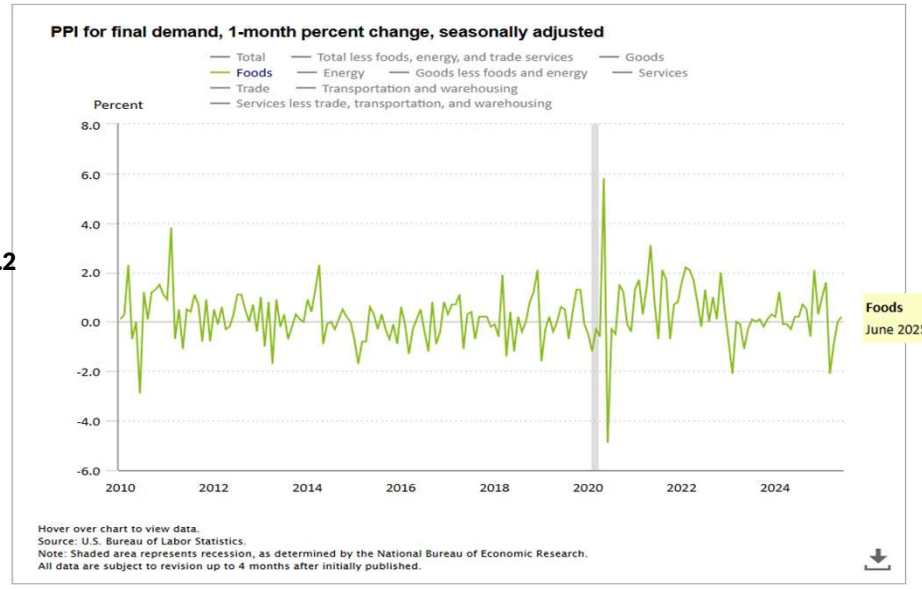
July – Not much going on ! What I was interested here was something that tracked import prices. As is very clear, prices are pretty stable. It is what is happening at the point of import that becomes much more interesting, as that is where any tariffs are applied, prior to the product moving to the warehouses / factories.

Source : https://www.bls.gov/charts/import-export/us-import-and-export-price-indexes-12-month-percent-change.htm#
Source : https://www.bls.gov/mxp/

State of US Tariffs – Yale University >> https://budgetlab.yale.edu/research/state-us-tariffs-july-23-2025

Producer Price Index – Food
1-month percent change, seasonally adjusted

Jul7 0.1% to 0.2

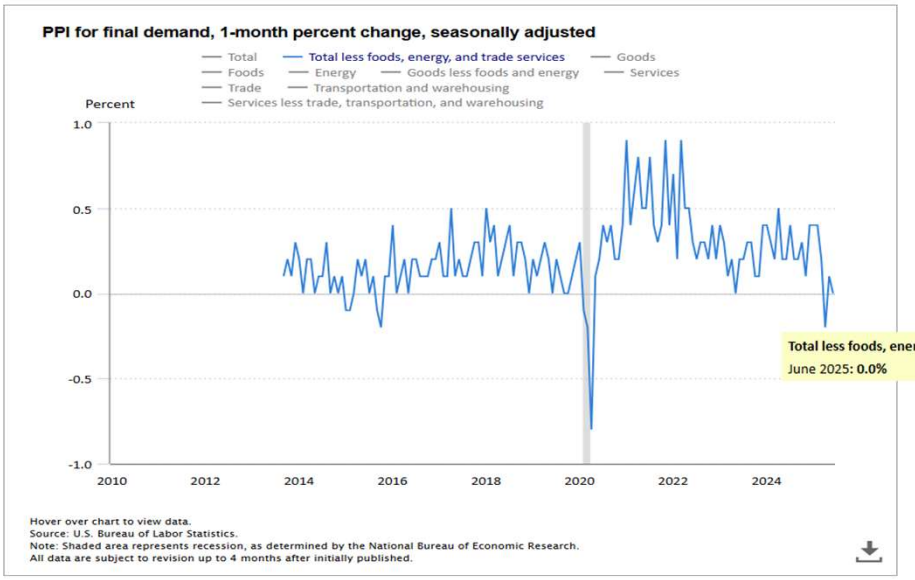


July – Food prices at the producer level are up 0.1 percent from last month. Well within the normal monthly range.

–Details are here >> https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Total

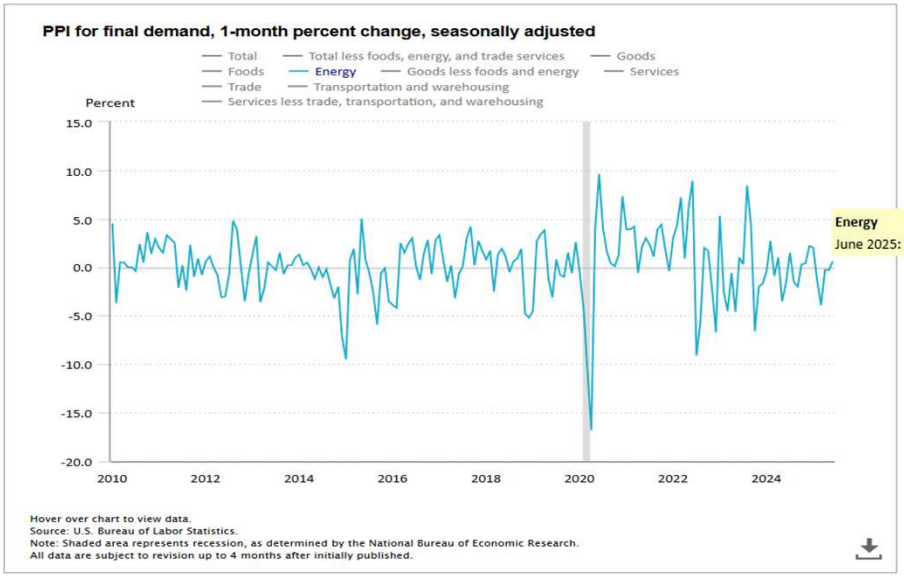
1-month percent change, seasonally adjusted



July – PPI inflation remains muted, which should be good for the near future. Like last month, **Tariffs, have had no influence here !**
https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Energy

1-month percent change, seasonally adjusted

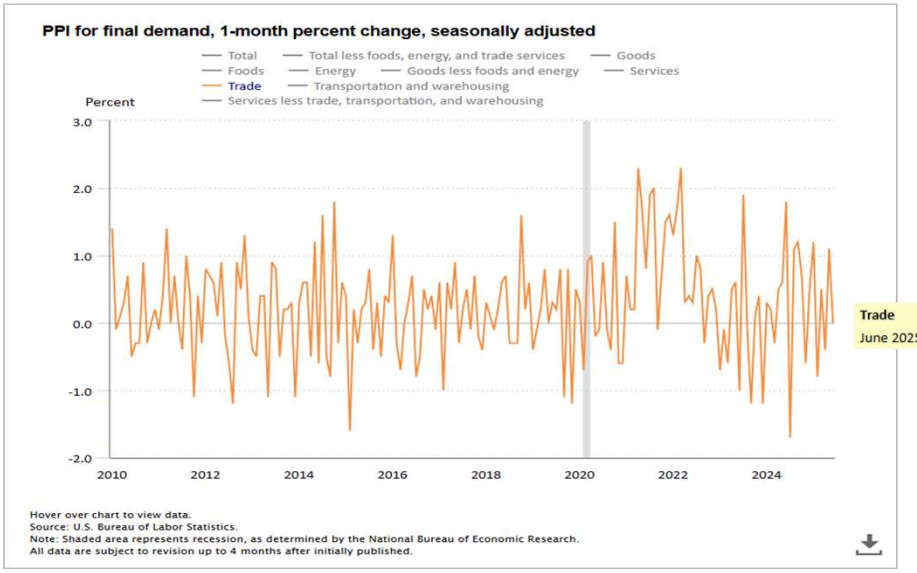


July – Energy price changes at the producer level are not out of the ordinary.

https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Trade

1-month percent change, seasonally adjusted

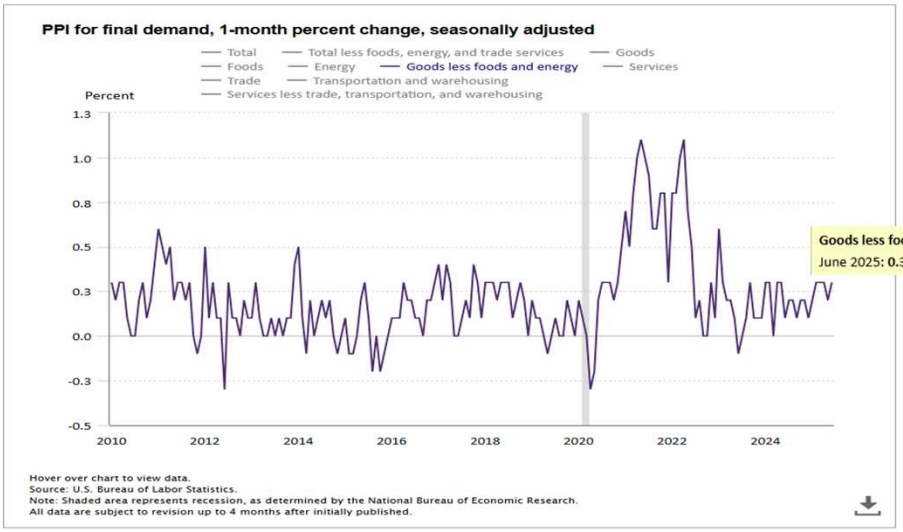


July – more muted than I expected !

https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Goods less foods and energy

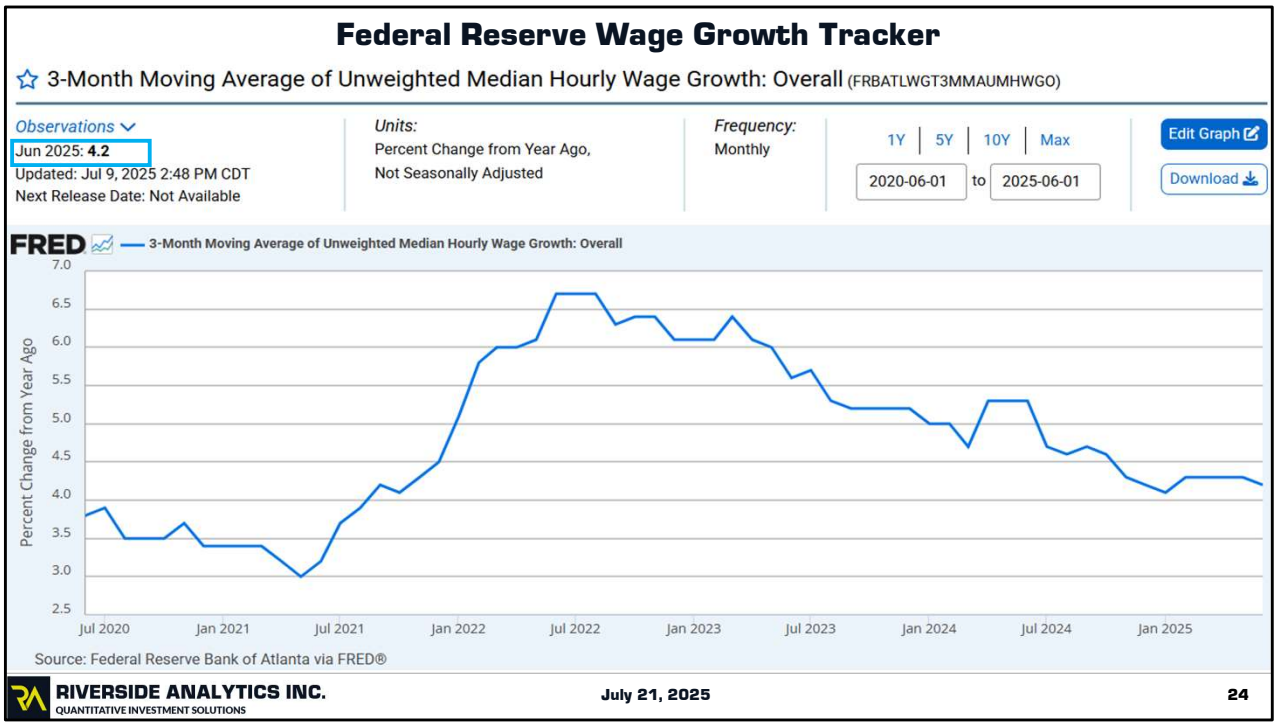
1-month percent change, seasonally adjusted



This is an implied 3.6 % annual rate

July – New Chart – This is running at a 3.6% annual rate, likely foreshadowing higher inflation than the Fed would like to see. As pre tariff inventories are sold off, this one will be one to watch in the coming months.

https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

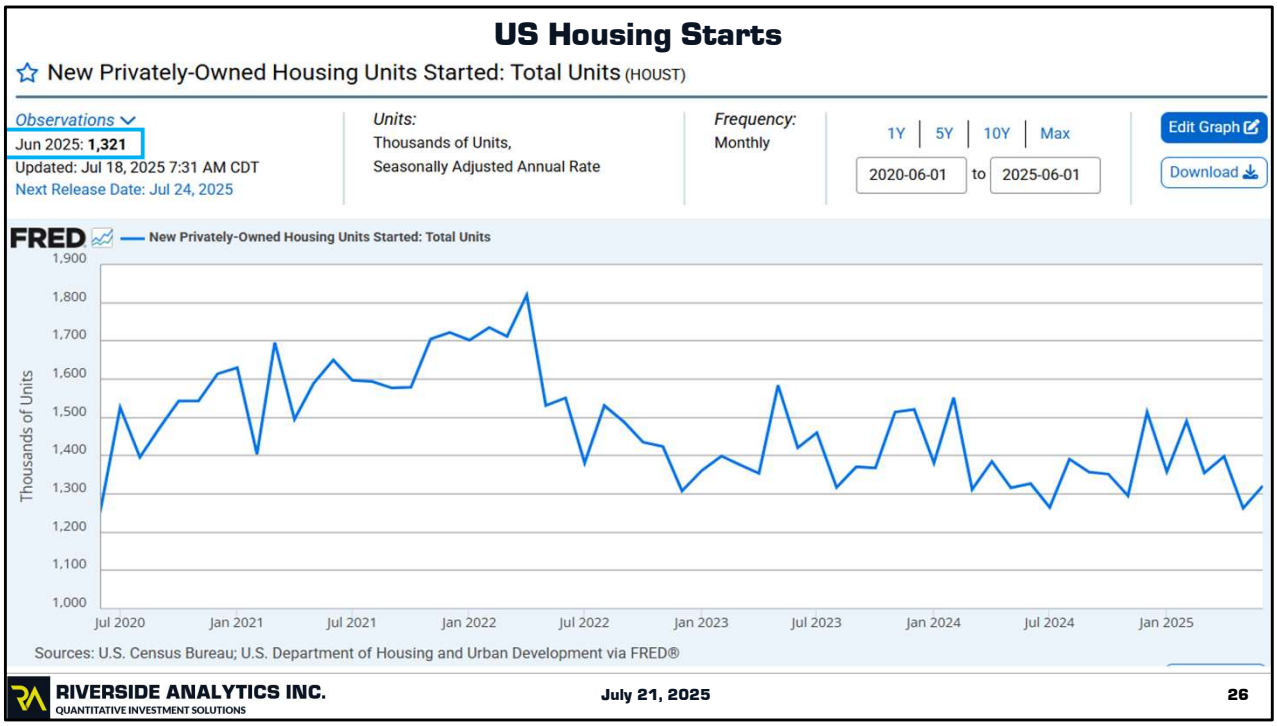


July – a 0.1 % tick down. On average, wages continue to grow faster than inflation.

https://fred.stlouisfed.org/series/FRBATLWGT3MMAUMHWGO

Leading Indicators

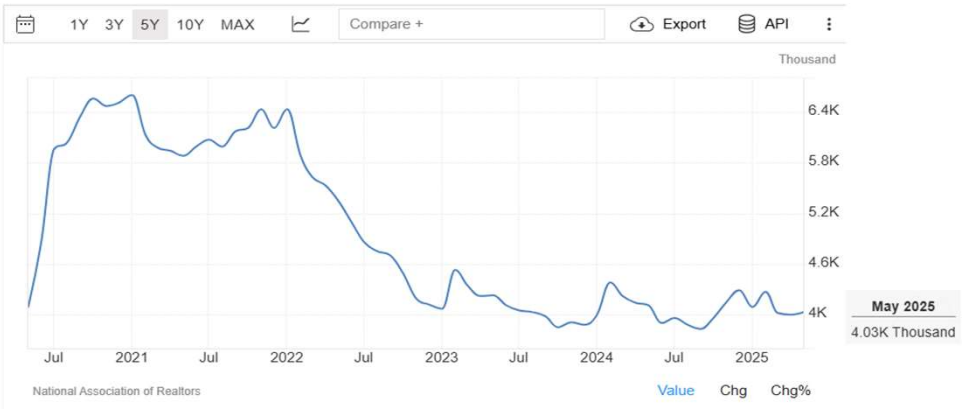
Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked



July – last month was1,256, **that was the lowest reading in the past 5 years.** Will it stay there? No, this month it has popped back inside the bottom range of the past 2 years.

US Existing Home Sales – May Data

Existing home sales in the US rose by 0.8% from the previous month to a seasonally adjusted annualized rate of 4.03 million in May of 2025, rebounding from the 0.5% drop in the previous month, and above market expectations of a drop to 3.96 million units sold. Sales were higher in the Northeast (4.2%), Midwest (2.1%), and South (1.7%), offsetting the drop in the West (-5.4%). Meanwhile, the median sales price for existing homes was at $422,800. According to NAR Chief Economist Lawrence Yun, "The relatively subdued sales are largely due to persistently high mortgage rates. Lower interest rates will attract more buyers and sellers to the housing market. Increasing participation in the housing market will increase the mobility of the workforce and drive economic growth.". source: National Association of Realtors



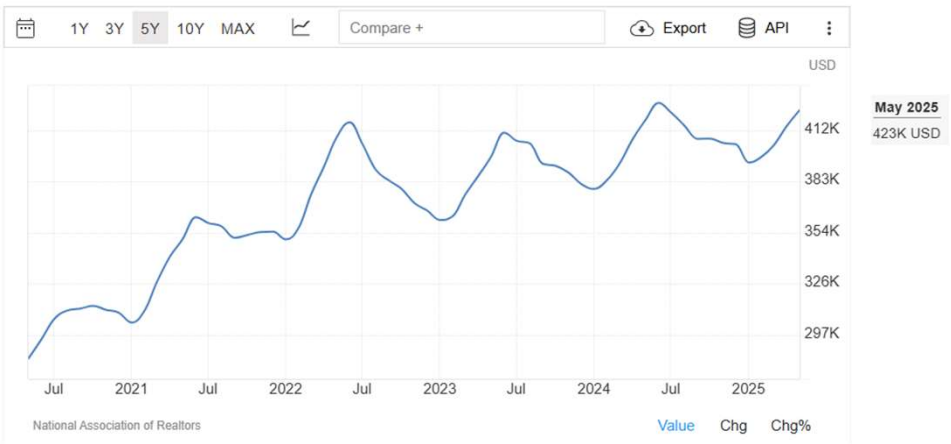
July 21st – same comment as April - another rangebound graph.

Housing affordability and higher interest rates is keeping sales muted.

From Trading Economics, who sourced it from National Association of Realtors

US Existing Home Sales Prices – May Data

Single Family Home Prices in the United States increased to 422800 USD in May from 414000 USD in April of 2025. Single Family Home Prices in the United States averaged 143571.12 USD from 1968 until 2025, reaching an all time high of 426900.00 USD in June of 2024 and a record low of 19700.00 USD in January of 1968. source: National Association of Realtors



July – New This month - Translating this to CAD, is 579K. It is a national average. The Canadian number on slide 55 is 689K CAD, about 19% higher. There is plenty of regional variability in both countries.

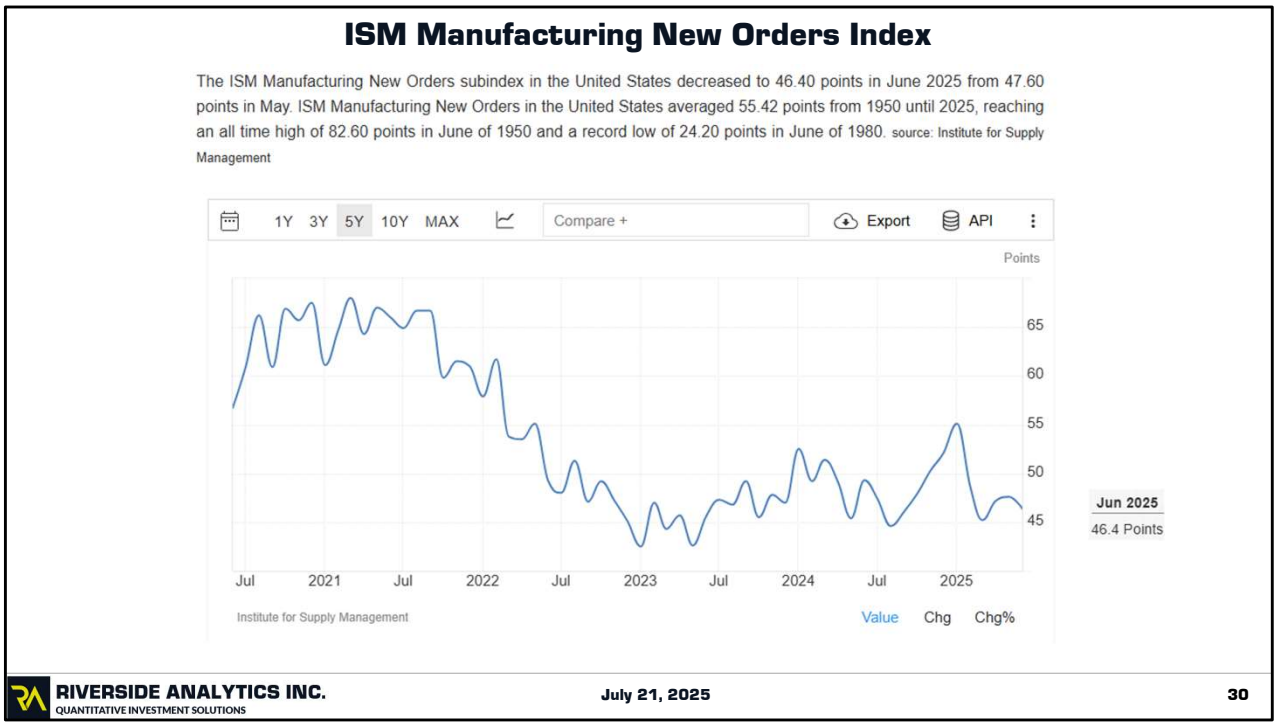
From Trading Economics, who sourced it from National Association of Realtors

More information about median home prices by state can be found here >> https://www.bankrate.com/real-estate/median-home-price/



July – Apr – 594,614 - That 4 percent pop in March did not last long, and then May comes along and blows it out of the water ! This was primarily driven by strong demand for aircraft, and business spending on equipment.

We will need a couple more months of data to see if this is a blip, or something more sustainable.



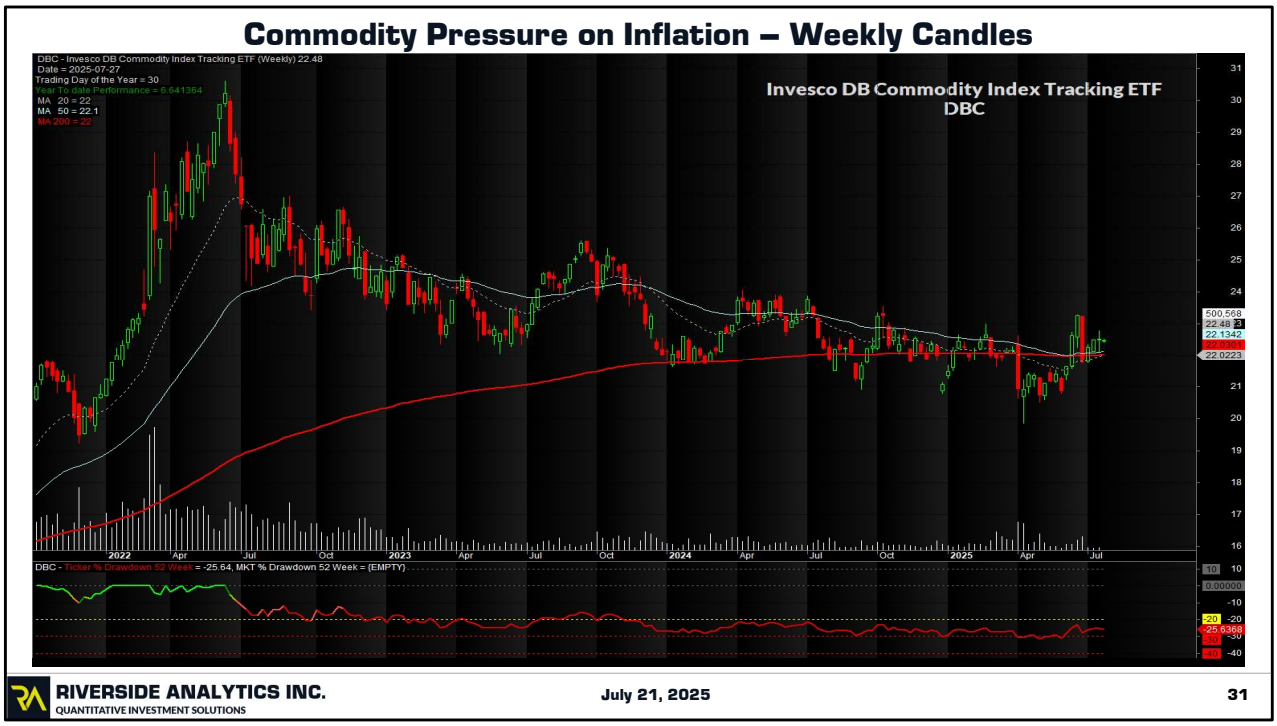
July – 5 YEAR chart – This smooths out the annual chart.

ISM offers a forward looking perspective vs US Manufacturing New orders reflects actual order volume.

“By monitoring the ISM manufacturing index, investors can better understand national economic trends and conditions. When the index is rising, investors anticipate a bullish stock market in reaction to higher corporate profits. The opposite is the case in the bond markets, which may fall as the ISM manufacturing index rises because of the sensitivity of bonds to inflation.”

“The monthly announcement of the ISM manufacturing index can greatly influence investor and business confidence. This is because the index is a survey of purchasing managers and supply management executives who are at the forefront of their companies' supply chains.” Quote Source : Investopedia. (https://www.investopedia.com/terms/i/ism-mfg.asp)

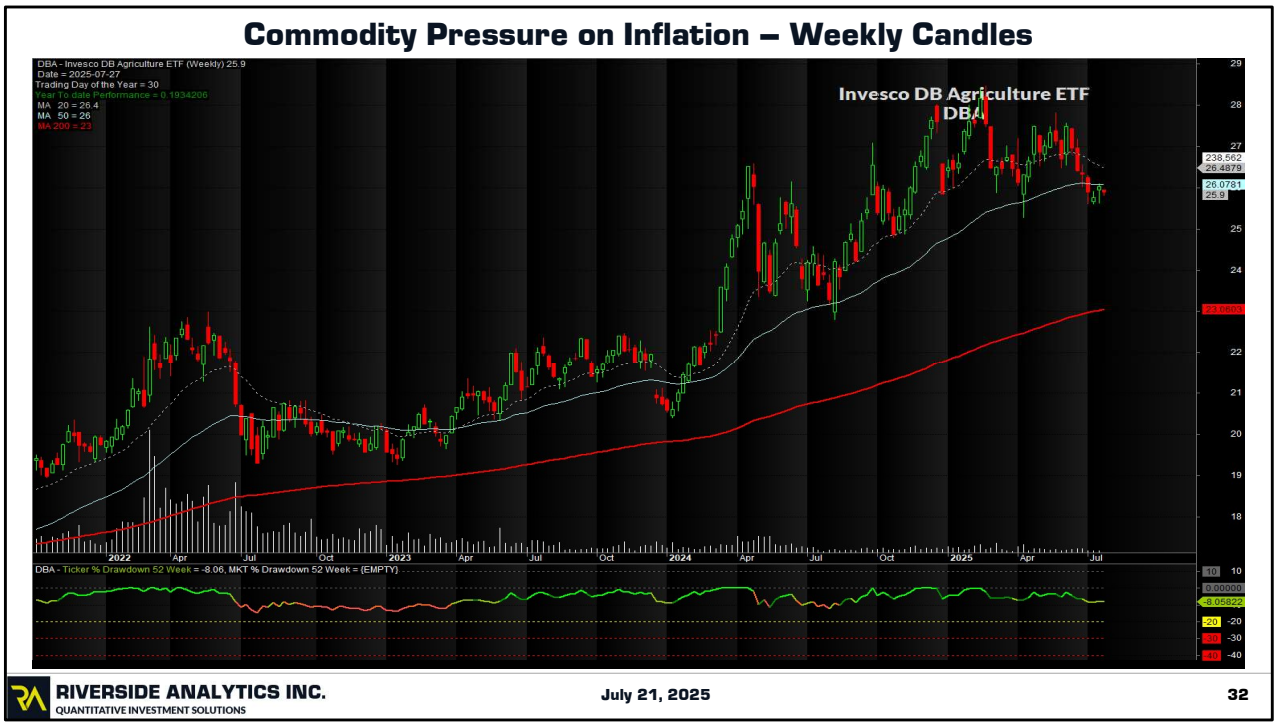
Chart Source : Trading Economics
https://tradingeconomics.com/united-states/ism-manufacturing-new-orders



July – June's bump unwound and it has settled more or less into the median of the past year. No inflation pressure here !

The 20, and 50 MA remain on the trend down, indicating a continuing slow decline on future inflation from carbon based energy, Gold, Silver, Aluminum, Zinc, Copper Grade A, Corn, Wheat, Soybeans, and Sugar.

The 200 MA is showing signs of having peaked and entering a slow decline.



July – Same comment as last month! The trading range remains intact. Upward pressure on these items is muted.

The underlying index includes corn, soybeans, wheat, Kansas City wheat, sugar, cocoa, coffee, cotton, live cattle, feeder cattle, and lean hogs. The one good thing is that Y/Y comparisons are likely to be more favourable than 2024, thus the RATE of change should be lower for 2025.

Commodity Pressure on Inflation – Weekly Candles



Where are primary protein prices going ?

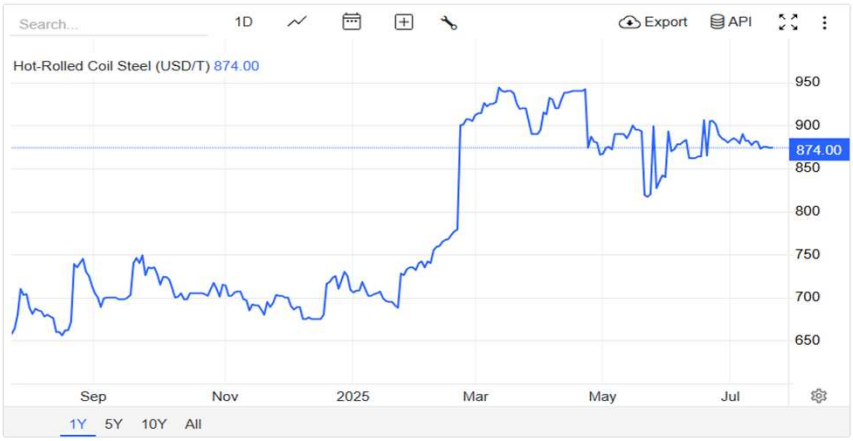
July – same as last month - another trading range being maintained - price increases "should" be muted. The grocery buyer in me is skeptical !

NOTE: This is a general commodities ETF…

Consumers need protein in their diet, and typically make up about 1/3 of the calories they consume. This covers grains, oils, some specialized transportation AND Cattle and Pork. Protein is not the predominate category of this ETF !

Hot Rolled Steel – 1 Year

HRC Steel fell to 867.94 USD/T on July 22, 2025, down 0.69% from the previous day. Over the past month, HRC Steel's price has fallen 4.09%, but it is still 32.51% higher than a year ago, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



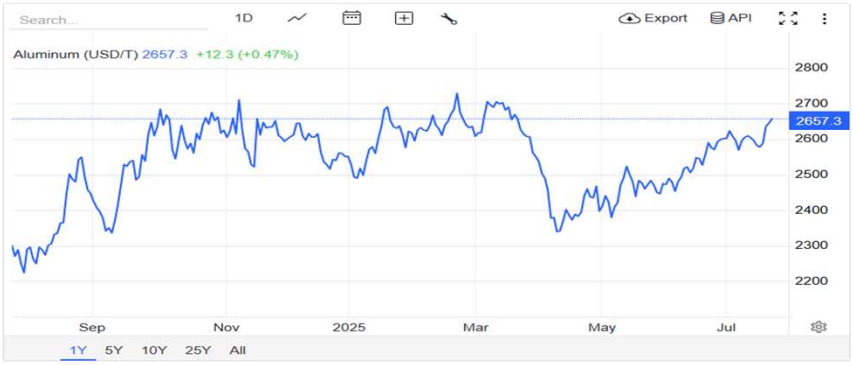
Where are steel prices going ?

July – Manufacturers were quick to take advantage of that opportunity !

Source : https://tradingeconomics.com/commodity/hrc-steel

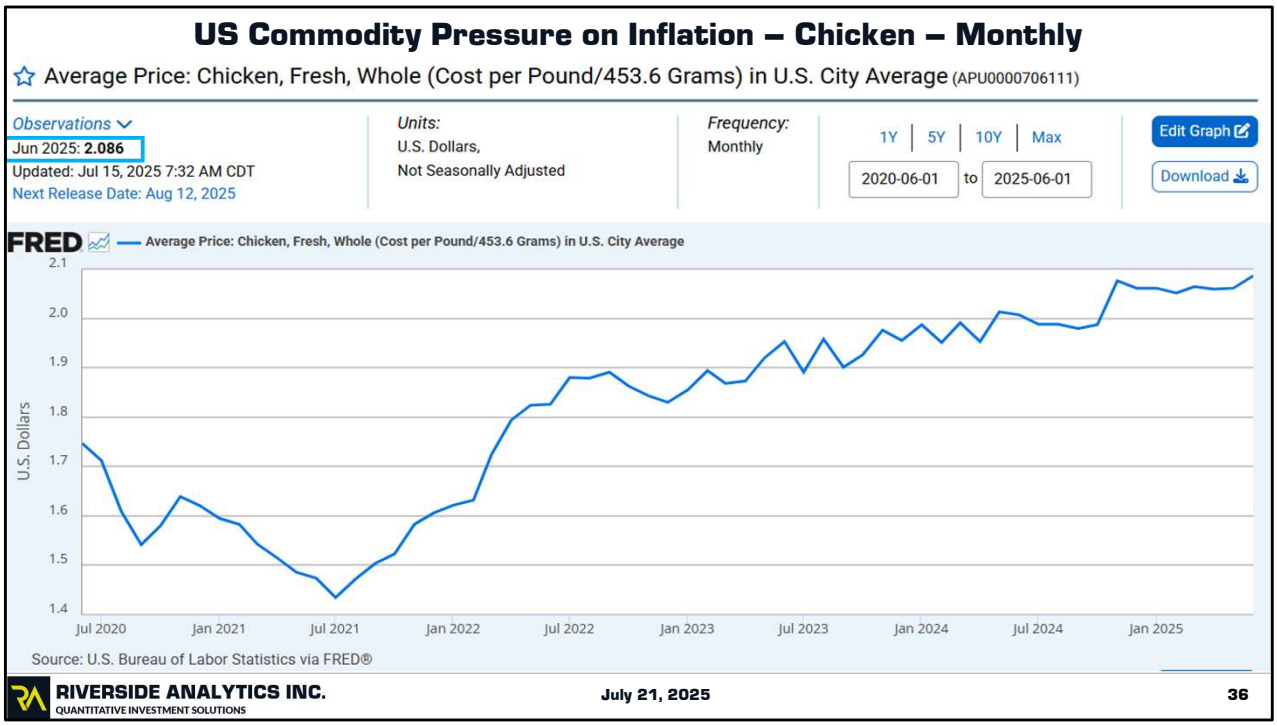
Aluminum – 1 Year

Aluminum futures rose to $2,650 per tonne in July, the highest in four months, on the outlook of lower supply and less pessimism on demand from China. Output from top producer China was due to slow this year as the current production pace is bound by the annual cap of 45 million tons, initially mandated to aid carbon emission targets. This coincided with expectations of higher demand in Europe as EU members signaled they will expand defense goods production. Supply for European factories is already limited due to sanctions of major producer Russia. In the meantime, the outlook demand from China also boosted sentiment for industrial metals after the announcement of CNY 1.2 trillion hydroelectric dam signaled that government will infrastructure investment as a way to boost its economy. The move was in line with the government's pledge to clamp down on overcapacity for industrial metals to counter the impact that its property crisis has on various sectors of the real economy.



July – Overall, Aluminum prices are pretty normal. I expected a spike in price, and so far, that is not happening. NOTE: landed inventory price, and cost after tariffs are two completely different things ! Tariffs are applied at the port of the import.

Source : https://tradingeconomics.com/commodity/aluminum

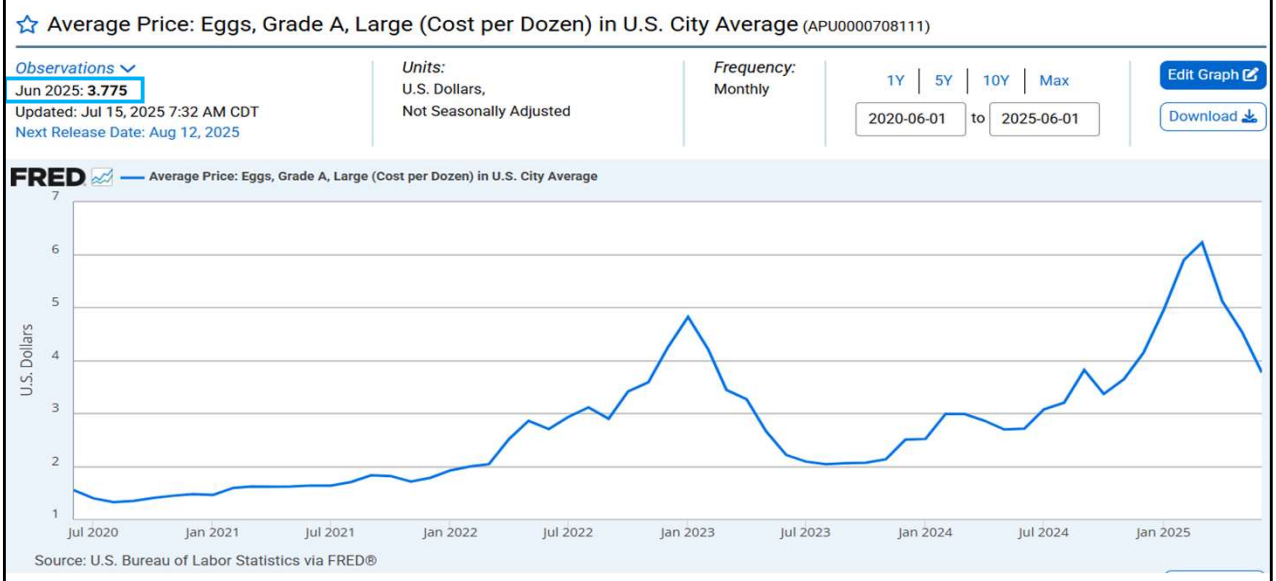


July – no change here - numbers are up 2 cents a pound over May.

The jump in the chart to the right is November.

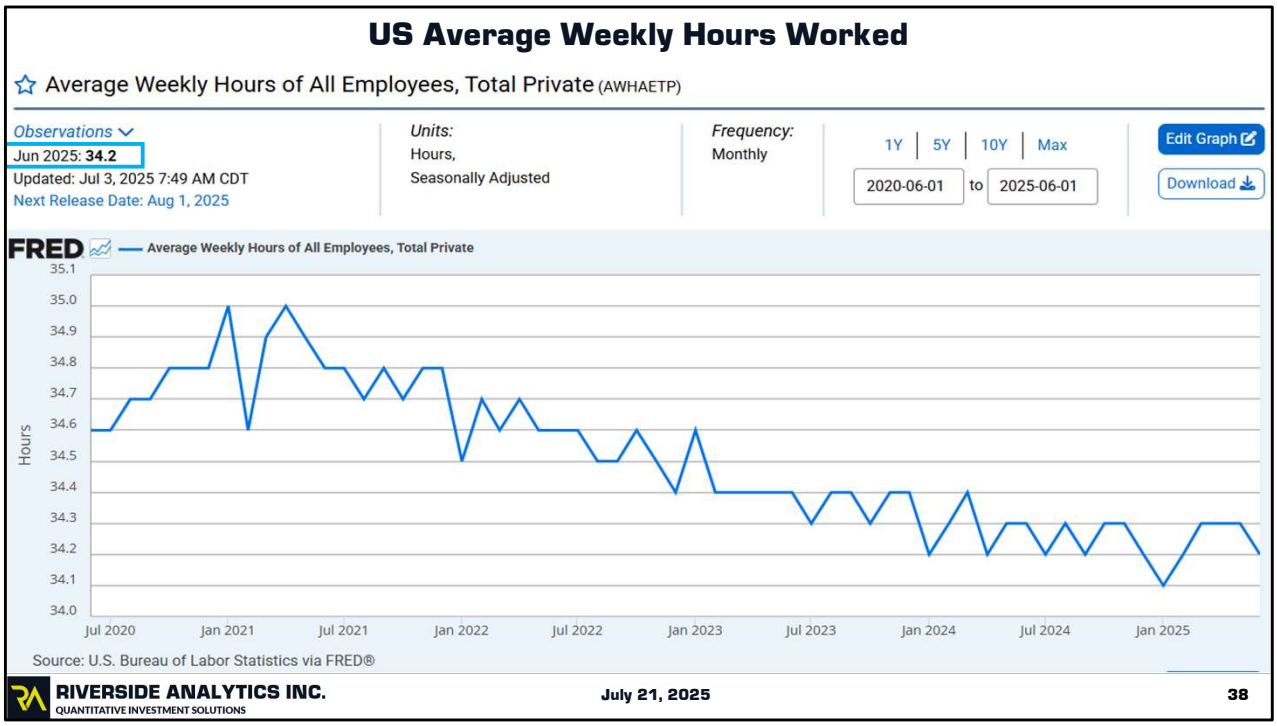
Source : https://fred.stlouisfed.org/series/APU0000706111

US Commodity Pressure on Inflation – Eggs



Where are US Egg price per dozen going ?

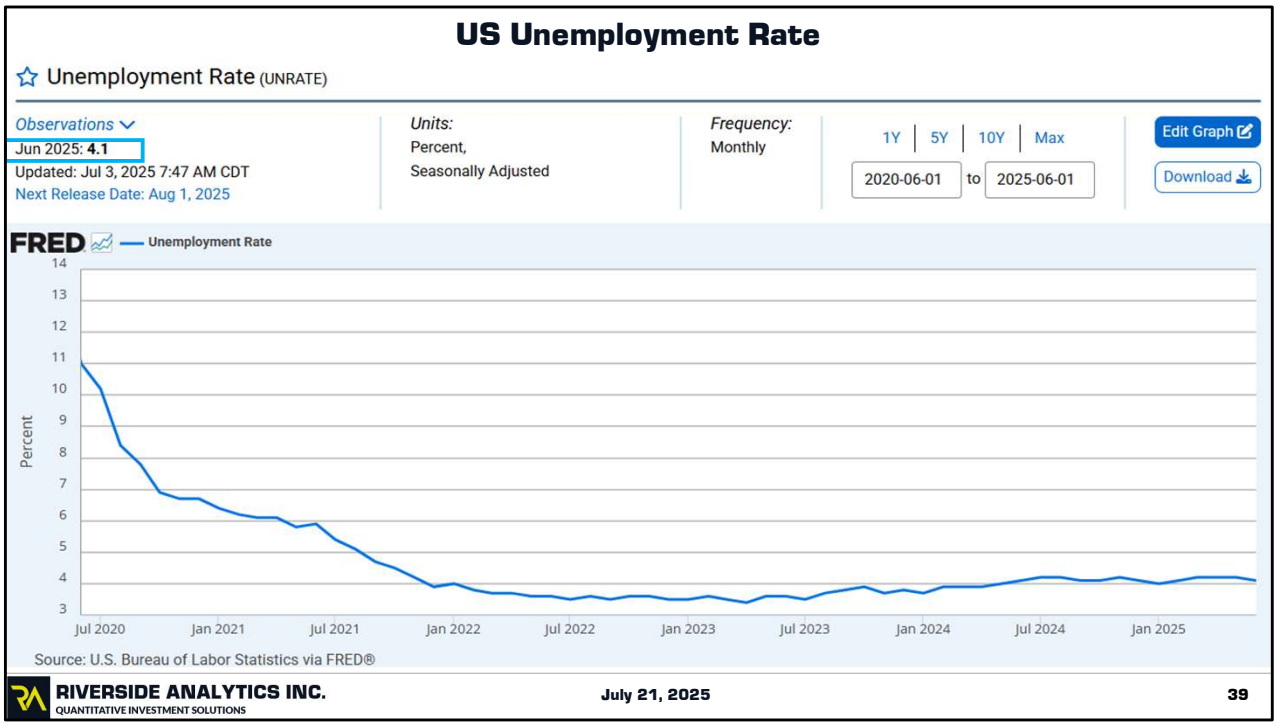
July – US average egg prices peaked at $6.22 per dozen in March, is down from 5.122 in April, and now sits below 4 dollars !



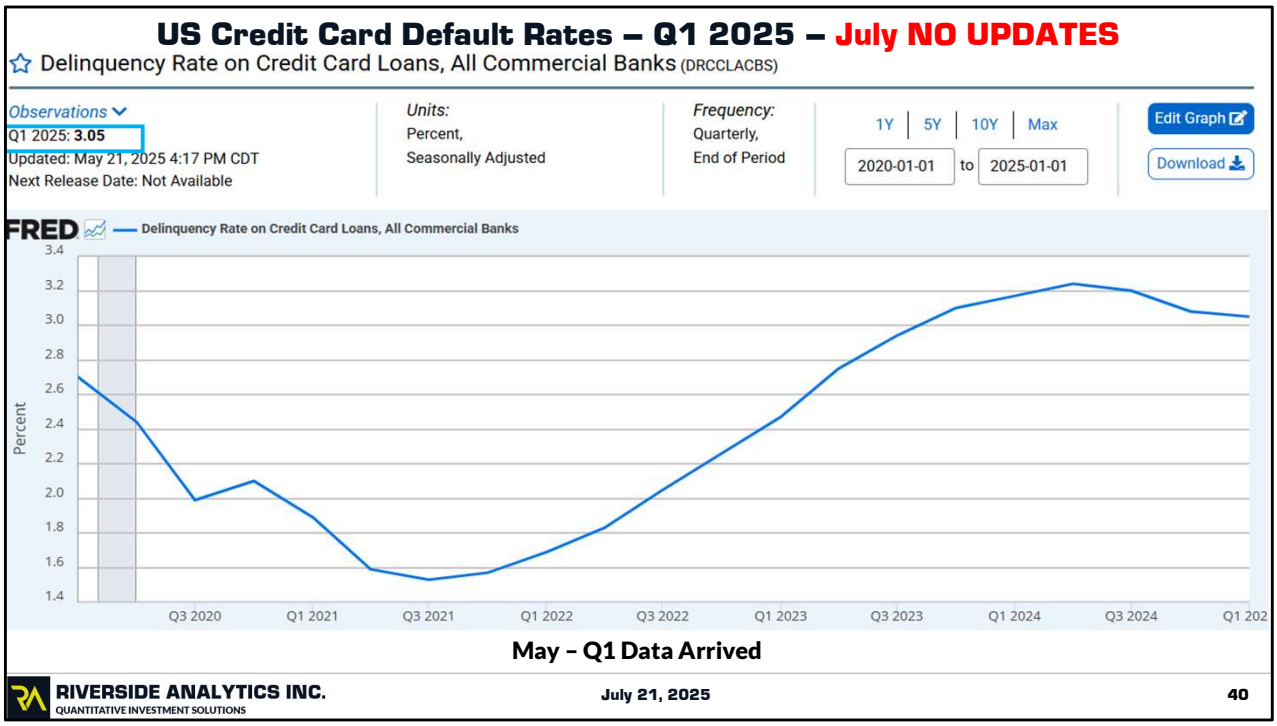
July – it has in the 1 to 2/10^{ths} wiggle for year !

Source: https://fred.stlouisfed.org/series/AWHAETP

US Unemployment Rate



July – down 1/10th… essentially no change in 4 months.



July – NO UPDATES - This is quarterly data ! 2025 Q1 3.05 - 2024 Q4 3.08 is a decline from the 3.24 peak in Q2.

As you will see on the next slide, there is a difference between numbers of cards defaulting, and the value of the debt defaulting!

Delinquent loans are those past due thirty days or more and still accruing interest as well as those in nonaccrual status. They are measured as a percentage of end-of-period loans.

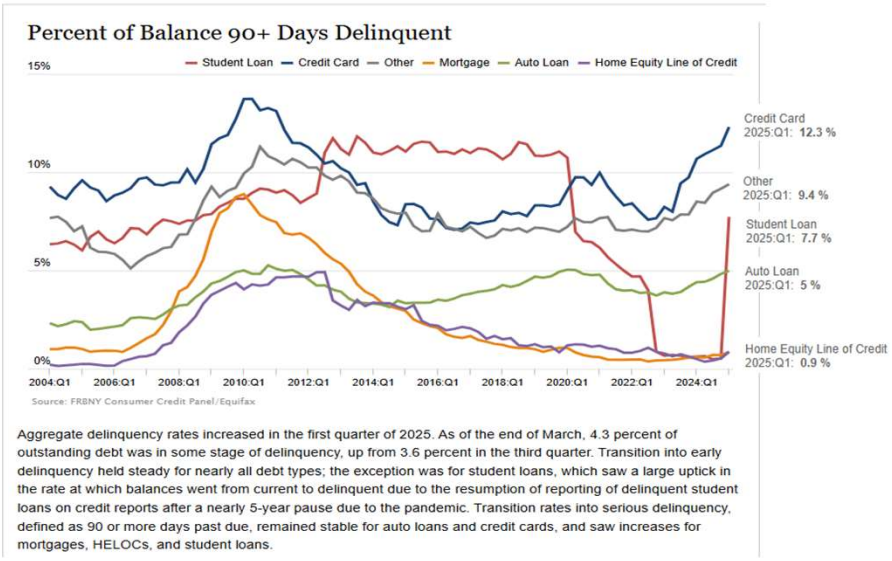


July – No Updates - This is a long view of consumer loan default rates.

The rate of defaults is in the concerning area, and well above pre-covid levels. Interest rates and inflation is causing more consumers to struggle with their debt. Price increases to cover tariff costs is going to make this worse for the lower class citizens.

Credit Card Default Rates – NY Fed – 2025 Q1 – July NO UPDATES

US Household Debt Hits $18.20 Trillion



Aggregate delinquency rates increased in the first quarter of 2025. As of the end of March, 4.3 percent of outstanding debt was in some stage of delinquency, up from 3.6 percent in the third quarter. Transition into early delinquency held steady for nearly all debt types; the exception was for student loans, which saw a large uptick in the rate at which balances went from current to delinquent due to the resumption of reporting of delinquent student loans on credit reports after a nearly 5-year pause due to the pandemic. Transition rates into serious delinquency, defined as 90 or more days past due, remained stable for auto loans and credit cards, and saw increases for mortgages, HELOCs, and student loans.

Quarterly Report

July – NO UPDATES - This is quarterly data, no updates this month

Household Debt Hits $18.20 Trillion. Changes to the overall balances of debt are very small on a percent change basis.

Credit card balances fell by $29 billion from the previous quarter and stood at $1.18 trillion at the end of March 2025. Auto loan balances also declined by $13 billion, representing the second drop from one subsequent quarter since 2011, and totaled $1.64 trillion. Mortgage balances grew by $199 billion and stood at $12.80 trillion. HELOC balances rose by $6 billion to $402 billion, representing the twelfth consecutive quarterly increase. Student loan balances grew by $16 billion and now stand at $1.63 trillion. Other balances, which include retail cards and other consumer loans, fell by $12 billion.

November – Federal Reserve Bank of New York.
https://www.newyorkfed.org/microeconomics/hhdc.html

Another way to look at the credit card delinquency rate. About 47% of cardholders carry a month to month balance. If 11 percent of those are in trouble, this infers about 23 percent of those carrying a balance, are in serious trouble.

What is the difference between delinquency and charge-off?
Charge-offs are the value of loans and leases removed from the books and charged against loss reserves. Charge-off rates are annualized, net of recoveries. Delinquent loans and leases are those past due thirty days or more and still accruing interest as well as those in nonaccrual status

US Credit Card Outstanding Balances – Quarterly – July NO UPDATES

Total outstanding credit card balances, 1999 to present



$1.182 trillion

This is costing the 47 % of card holders on average $120.60 a month in interest charges or $1447 / year.

Average Interest rate : 21.37%
New CC Offer Rates : 24.28%

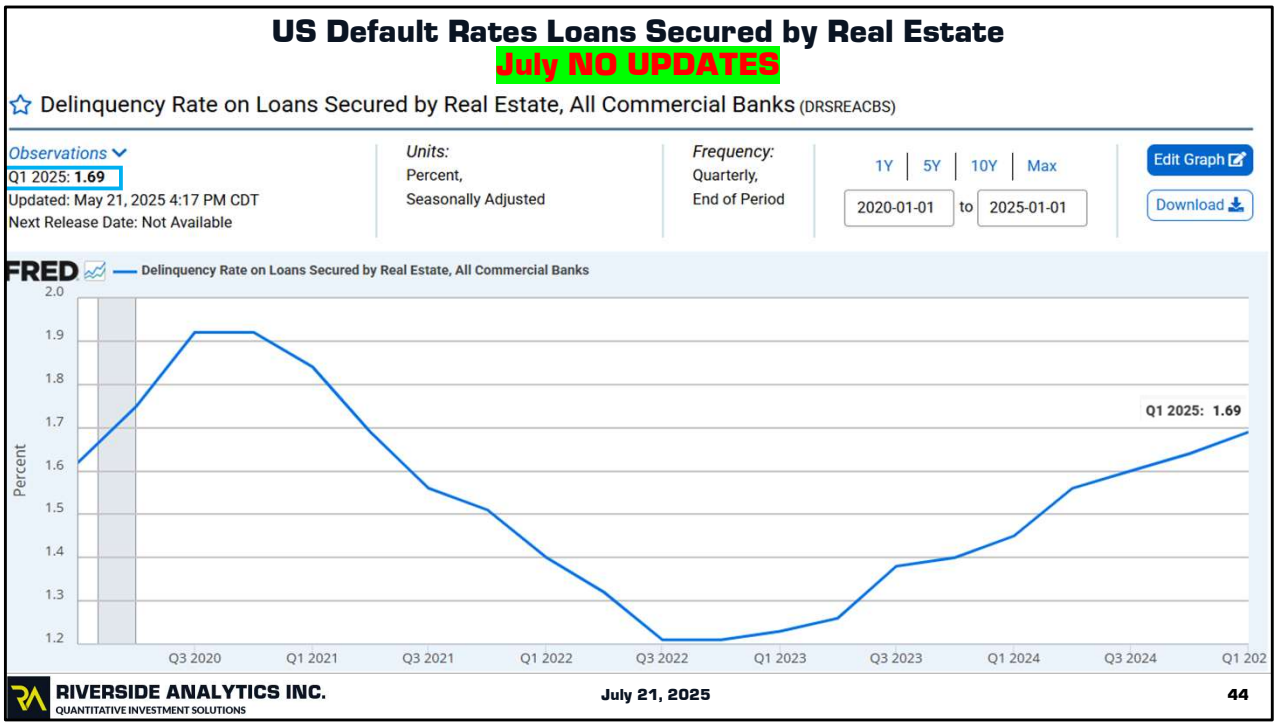
Source: New York Fed Consumer Credit Panel/Equifax. Note: Values, which are in billions, are seasonally adjusted.

47% of card holders carry a balance month to month ! Average CC balance $7,321 in Q1 2025

July – NO UPDATES - This is based on quarterly data. "It isn't unusual for credit card debt to dip in Q1. That's happened in all but three years — 2000, 2001 and 2023 — since the report began in 1999. However, no one should expect this to be the part of a new downward trend for credit card debt. The last time we saw card debt decrease in Q2 of a year was 2020, when the pandemic was in full swing. Prior to that, it hadn't happened since 2012."
Source: Lending Tree.

About half the population is paying some stiff interest charges on rotating debt.

https://www.lendingtree.com/credit-cards/study/credit-card-debt-statistics/
Additional detail here > https://www.bankrate.com/credit-cards/news/credit-card-debt-survey/#many-carry-debt-for-more-than-a-year



July – This is quarterly data, Still no updates this month !

Q4 was 1.64

Only about 10 percent of US Real Estate mortgages are variable rates.

US Net Percentage of Domestic Banks Tightening Standards – July NO UPDATES

☆ Net Percentage of Domestic Banks Tightening Standards for Commercial and Industrial Loans to Large and Middle-Market Firms (DRTSCILM)

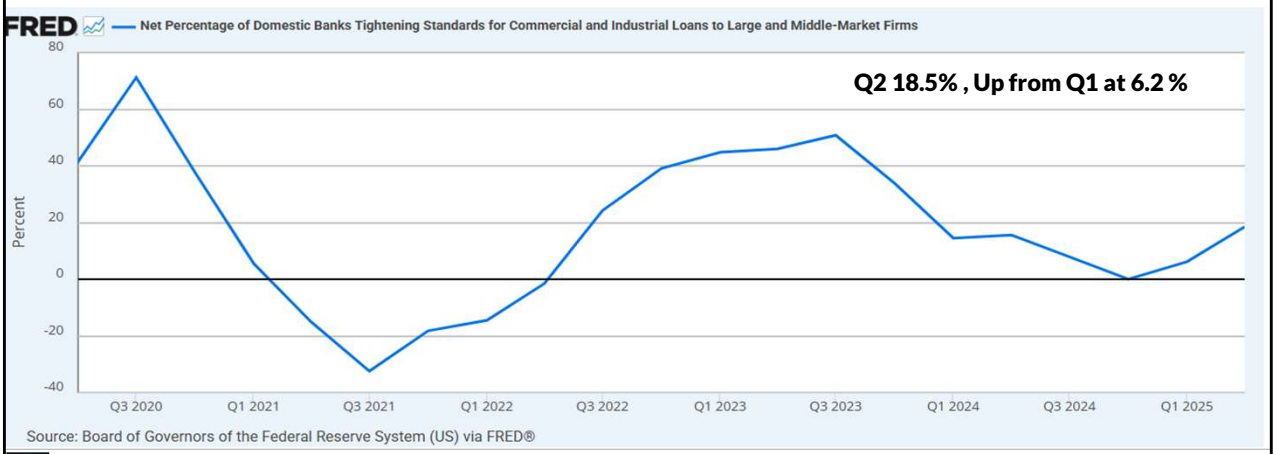
Observations
Q2 2025: **18.5**
Updated: May 12, 2025 1:00 PM CDT
Next Release Date: Not Available

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Quarterly

1Y | 5Y | 10Y | Max
2020-04-01 to 2025-04-01

Edit Graph
Download



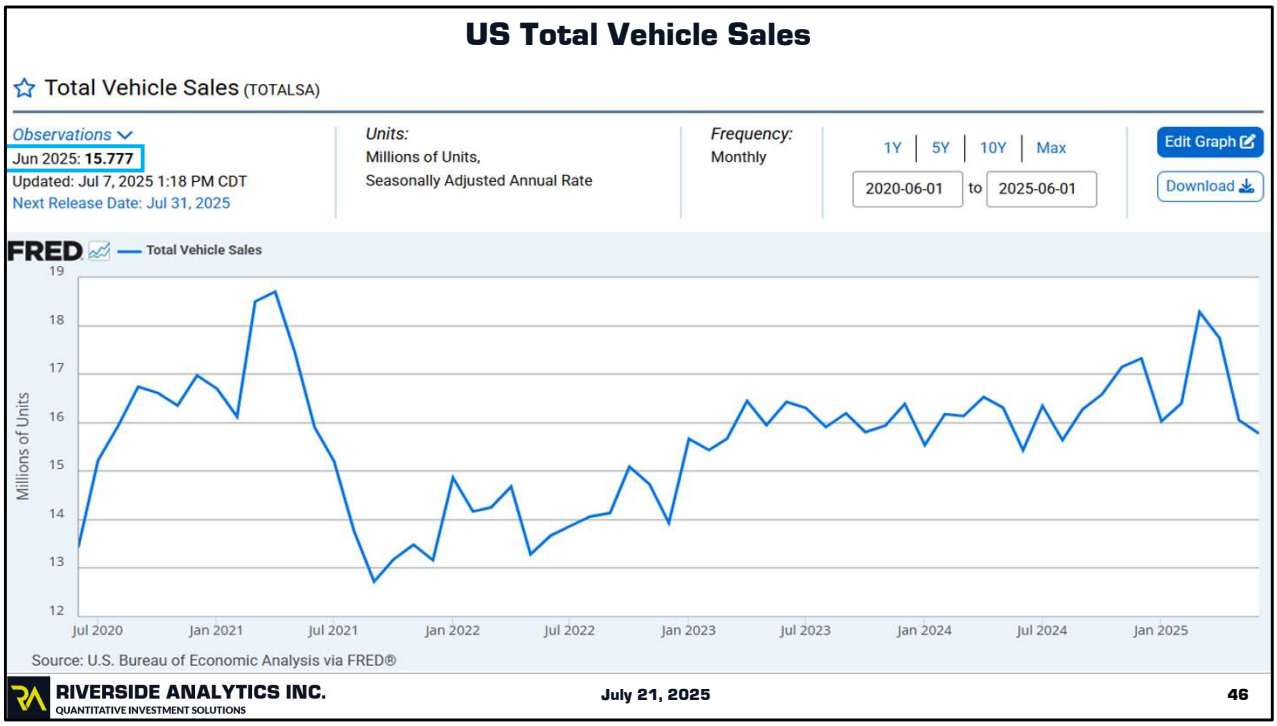
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 21, 2025

45

July – This is quarterly data, no updates this month !

– Q1 finished at 6.2, and Q2 has increased to 18.5. More banks are restricting access to debt !



July – beat the tariff buying spree is over ! Buying likely undershoots the recent range in the coming months. The question now becomes, by how much. Time will tell. GM and Stellantis have both reported significant tariff payments. This likely needs to price increases in the Q3 / Q4 if the issue can not be resolved. Increase prices too much and demand will fall !



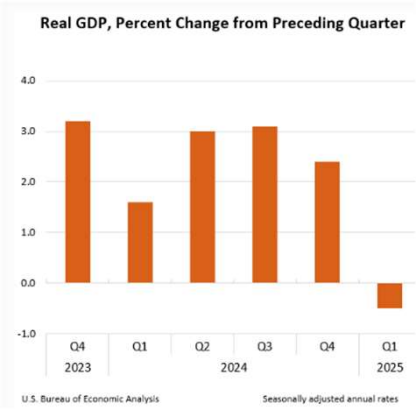
July – NO Update – Nothing to suggest any issues at this level caused by tariffs, but Q2 may be a little different ! I do not get that data until July !

This means any recession can not technically occur until after Q3 data is released -- at the earliest – Late October !, But…next slide is interesting !

Q4 Update - 29,719 vs 29,700 - US economy is remains healthy, except existing home resales !

US GDP – Percent Change – July No Updates YET ! Q1 Updated !

Real gross domestic product (GDP) decreased at an annual rate of 0.5 percent in the first quarter of 2025 (January, February, and March), according to the third estimate released by the U.S. Bureau of Economic Analysis. In the fourth quarter of 2024, real GDP increased 2.4 percent. The decrease in real GDP in the first quarter primarily reflected an increase in imports, which are a subtraction in the calculation of GDP, and a decrease in government spending. These movements were partly offset by increases in investment and consumer spending.



July – New Slide – Q1 was a weak performer. It has been revised down to -0.5% from 0.2% The potential is Q2 comes in negative also, thus a technical recession is called by the slimmest of margins ! New GDP data is expected July 30th !

Source : The Bureau of Economic Analysis of the United States Department of Commerce

S&P 500 YEARLY RETURNS

AVERAGE YEAR vs YEAR #1 OF THE US PRESIDENTIAL CYCLE

US Presidential Election Cycle - S&P 500 Performance Analysis

	Jan%	Feb%	Mar%	Apr%	May%	Jun%	Jul%	Aug%	Sep%	Oct%	Nov%	Dec%	Yr. Profit%
Average Year 1	0.76	-1.66	0.61	2.45	1.90	0.56	2.28	-0.04	-1.52	-0.59	0.68	0.54	6.63
Average Year 2	0.47	0.01	0.11	0.26	-0.76	-1.32	1.01	-0.45	-1.48	2.16	2.03	1.19	3.11
Average Year 3	3.40	1.58	0.57	2.55	-0.17	2.07	1.24	-0.02	-1.08	0.84	-0.50	2.24	13.51
Average Year 4	0.05	-0.25	0.36	-0.12	-1.23	1.69	2.19	2.90	-0.50	-0.34	1.14	1.51	6.56
Democrats Avg Year 1	0.56	-1.64	1.14	3.79	2.72	1.06	2.71	1.04	-0.92	-0.70	1.25	0.71	12.89
Democrats Avg Year 2	0.46	-0.08	-1.38	1.29	-1.57	-0.25	1.80	-1.52	-0.46	1.85	1.61	2.72	3.29
Democrats Avg Year 3	2.25	0.52	0.28	2.46	0.23	1.08	2.53	-0.71	0.99	2.07	-0.18	2.60	14.68
Democrats Avg Year 4	0.32	-0.55	2.48	0.00	-0.23	2.72	0.78	1.08	0.64	1.64	0.64	0.27	9.77
Republicans Avg Year 1	1.00	-1.68	-0.03	0.86	0.95	-0.02	1.76	-1.33	-2.23	-0.45	0.00	0.33	-0.76
Republicans Avg Year 2	0.47	0.12	1.88	-0.96	0.19	-2.59	0.07	0.81	-2.67	2.50	2.48	-0.47	2.89
Republicans Avg Year 3	4.66	2.72	0.89	2.65	-0.61	3.16	-0.16	0.73	-3.34	-0.51	-0.85	1.84	12.23
Republicans Avg Year 4	-0.25	0.07	-1.96	-0.26	-2.33	0.57	3.73	4.88	-1.65	-2.32	1.63	2.75	3.35

July – August, September, and October tend to be a poor performers for first year Republicans.

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF June 25, 2025

FED FUND FUTURES												
ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6
95.6713	95.6725	95.6925	95.7575	95.8525	95.9775	96.0925	96.1550	96.2375	96.2875	96.3625	96.4325	96.4850

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES										
MEETING DATE	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025						0.0%	0.0%	0.0%	0.0%	8.3%	91.7%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	58.8%	36.2%
10/29/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	33.8%	46.7%	16.8%
12/10/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	23.6%	42.5%	26.6%	5.5%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	9.8%	30.5%	36.7%	18.9%	3.5%
3/18/2026	0.0%	0.0%	0.0%	0.0%	0.3%	5.1%	20.0%	33.5%	27.9%	11.3%	1.8%
4/29/2026	0.0%	0.0%	0.0%	0.1%	1.7%	9.4%	23.9%	31.9%	23.1%	8.6%	1.3%
6/17/2026	0.0%	0.0%	0.0%	0.9%	5.6%	16.8%	28.0%	27.5%	15.7%	4.8%	0.6%
7/29/2026	0.0%	0.0%	0.3%	2.5%	9.4%	20.6%	27.8%	23.4%	12.0%	3.4%	0.4%
9/16/2026	0.0%	0.1%	1.1%	5.0%	13.4%	23.2%	26.2%	19.4%	8.9%	2.3%	0.3%
10/28/2026	0.0%	0.3%	1.7%	6.2%	14.8%	23.6%	25.3%	17.9%	8.0%	2.0%	0.2%
12/9/2026	0.1%	0.7%	3.1%	9.0%	17.7%	24.1%	22.9%	14.7%	6.1%	1.4%	0.2%

June – The September / October prediction has not changed much from last month.

CME FedWatch Tool

TARGET RATE PROBABILITIES – Aggregated AS OF June 25, 2025

FED FUND FUTURES												
ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6
95.6713	95.6725	95.6925	95.7575	95.8525	95.9775	96.0925	96.1575	96.2375	96.2900	96.3675	96.4375	96.4900

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025	0.00 %	0.00 %	0.00 %	0.00 %	8.27 %	91.73 %
9/17/2025	0.00 %	0.00 %	0.00 %	0.00 %	68.82 %	31.18 %
10/29/2025	0.00 %	0.00 %	0.00 %	22.27 %	77.73 %	0.00 %
12/10/2025	0.00 %	0.00 %	0.00 %	90.84 %	9.16 %	0.00 %
1/28/2026	0.00 %	0.00 %	26.27 %	73.73 %	0.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	77.30 %	22.70 %	0.00 %	0.00 %
4/29/2026	0.00 %	6.27 %	93.73 %	0.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	55.99 %	44.01 %	0.00 %	0.00 %	0.00 %
7/29/2026	0.00 %	91.27 %	8.73 %	0.00 %	0.00 %	0.00 %
9/16/2026	24.87 %	75.13 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	39.27 %	60.73 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	71.68 %	28.32 %	0.00 %	0.00 %	0.00 %	0.00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.

June – Not much has changed in the probabilities for the next 6 months.

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF July 22, 2025

FED FUND FUTURES												
ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6
95.6713	95.6825	95.7475	95.8350	95.9550	96.0725	96.1450	96.2450	96.3100	96.4050	96.4950	96.5550	96.6475

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES													
MEETING DATE	100-125	125-150	150-175	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025									0.0%	0.0%	0.0%	0.0%	4.7%	95.3%
9/17/2025				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	57.0%	40.3%
10/29/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	30.5%	48.4%	19.6%
12/10/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	22.3%	43.4%	27.8%	5.6%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	10.4%	31.6%	36.5%	17.9%	3.1%
3/18/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	6.7%	23.7%	34.7%	24.8%	8.6%	1.2%
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	2.7%	13.0%	27.8%	31.0%	18.8%	5.8%	0.7%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.6%	8.7%	21.7%	29.7%	23.9%	11.2%	2.8%	0.3%
7/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	4.3%	13.6%	24.7%	27.5%	19.1%	8.1%	1.9%	0.2%
9/16/2026	0.0%	0.0%	0.0%	0.0%	0.1%	1.1%	5.4%	14.9%	25.0%	26.5%	17.8%	7.4%	1.7%	0.2%
10/28/2026	0.0%	0.0%	0.0%	0.0%	0.5%	3.0%	9.7%	19.5%	25.7%	22.6%	13.1%	4.8%	1.0%	0.1%
12/9/2026	0.2%	1.2%	4.8%	12.3%	21.2%	24.9%	20.0%	10.9%	3.8%	0.8%	0.1%	0.0%	0.0%	0.0%

July – Conditional probabilities are meh, for the foreseeable future ! Aggregates are more interesting !

CME FedWatch Tool – Aggregated

TARGET RATE PROBABILITIES AS OF July 22, 2025

FED FUND FUTURES												
ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6
95.6713	95.6825	95.7475	95.8350	95.9550	96.0725	96.1450	96.2450	96.3100	96.4050	96.4950	96.5550	96.6475

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES							
MEETING DATE	200-225	225-250	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	4.65 %	95.35 %
9/17/2025	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	62.34 %	37.66 %
10/29/2025	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	13.65 %	86.35 %	0.00 %
12/10/2025	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	85.36 %	14.64 %	0.00 %
1/28/2026	0.00 %	0.00 %	0.00 %	0.00 %	29.65 %	70.35 %	0.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	0.00 %	0.00 %	92.41 %	7.59 %	0.00 %	0.00 %
4/29/2026	0.00 %	0.00 %	0.00 %	29.65 %	70.35 %	0.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	0.00 %	0.00 %	88.24 %	11.76 %	0.00 %	0.00 %	0.00 %
7/29/2026	0.00 %	0.00 %	25.65 %	74.35 %	0.00 %	0.00 %	0.00 %	0.00 %
9/16/2026	0.00 %	0.00 %	37.26 %	62.74 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	0.00 %	0.00 %	82.65 %	17.35 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	9.56 %	90.44 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.

No significant changes from last month.

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 21, 2025

53

July – October probabilities increased to 86% from 77%. December is shaping up to be the second quarter point drop of the year.

The third drop is predicted drop is in March of 2026, rather than April.

Not much change for 2025.

Canadian Charts

St Louis Fed has quite a number of charts of Canadian data !

Residential Property Prices

Unemployment rate

Consumer Price Index

Inverted Yield Curve

Gross Domestic Product

Cdn existing home sales

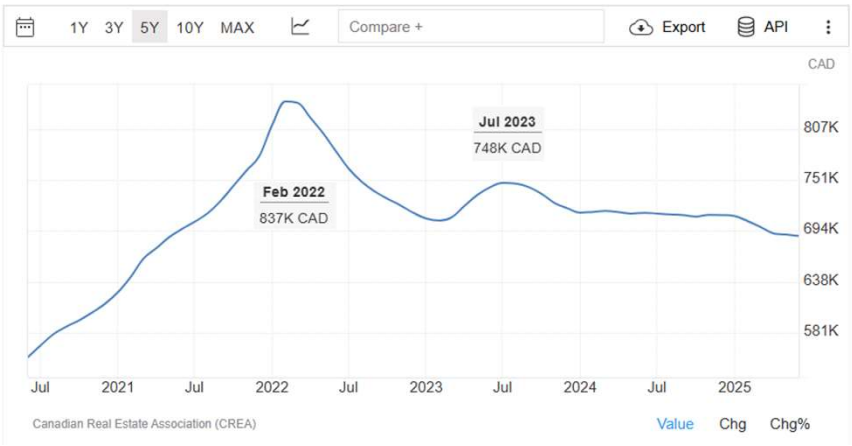
New Vehicle Sales

ST Louis Fed tracks a number of Canadian Metrics.

https://fred.stlouisfed.org/categories/32268

Average House Prices for Canada

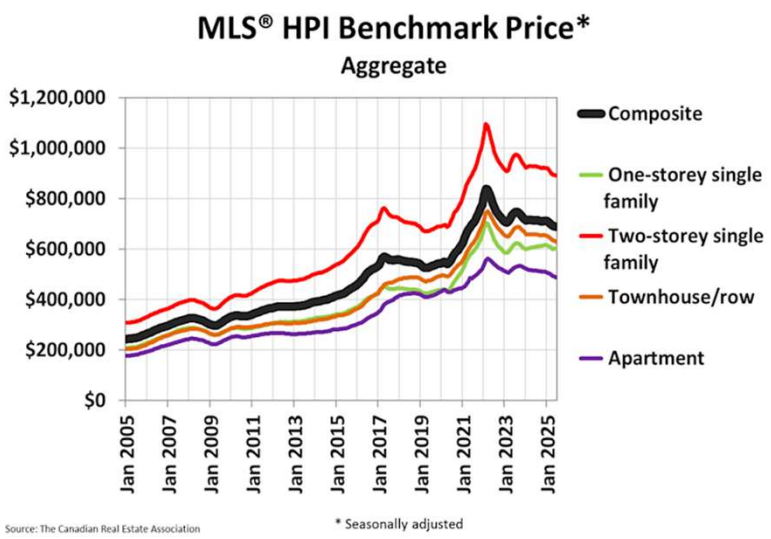
Average House Prices in Canada decreased to 688600 CAD in June from 690200 CAD in May of 2025. Average House Prices in Canada averaged 474304.07 CAD from 2005 until 2025, reaching an all time high of 837400.00 CAD in February of 2022 and a record low of 243300.00 CAD in January of 2005. source: Canadian Real Estate Association (CREA)



July – Last month reported number was 691K. Practically speaking… nothing changed !

Source : Trading Economics

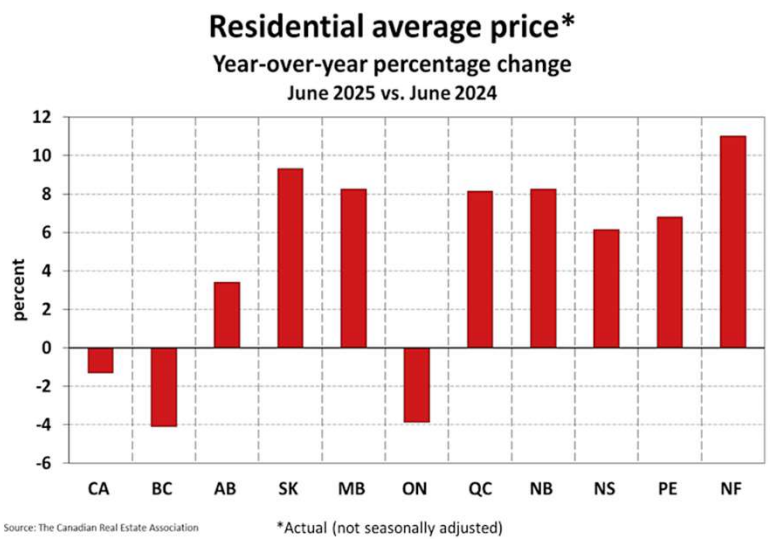
Canada Average House Price



July – Quarterly report – Price is down about 1.3% on a Y/Y basis

Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province

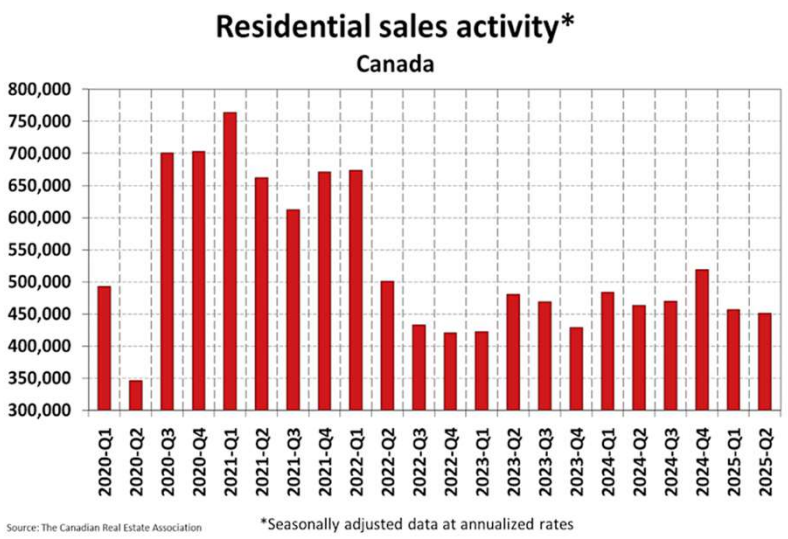


Source: The Canadian Real Estate Association

*Actual (not seasonally adjusted)

July – much like the last 6 months, BC and Ontario continue to lead prices down.

Home Sales Activity for Canada



July – Quarterly report – Sales activity is staying within its range. Sales activity is cooler than it has been for the past 5 quarters.

There were 206,435 properties listed for sale on Canadian MLS® Systems at the end of June 2025, up 11.4% year-over-year.

This is from The Canadian Real Estate Association.

Housing Starts - % Change – Canada

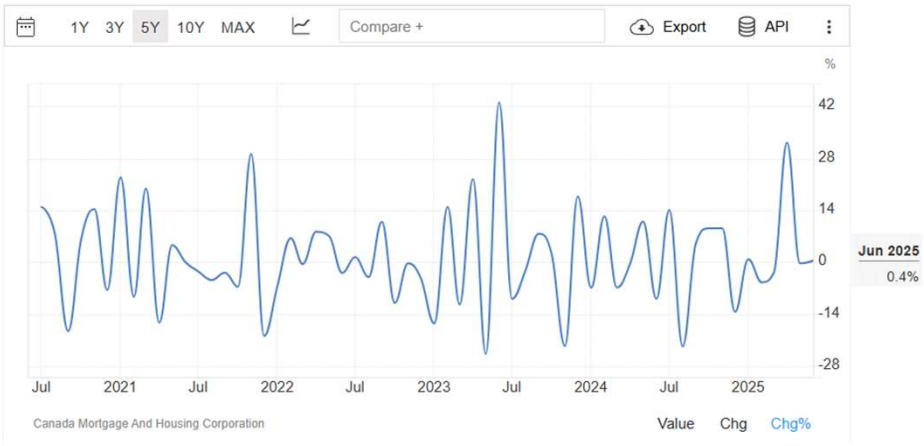
Housing starts in Canada rose 3.6% in June 2025 to 253,081 units, down from 282,705 units in May and below market expectations of 259,000. In urban centers with populations of 10,000 or more, actual housing starts rose 14% year-over-year, reaching 23,282 units in June 2025 compared to 20,509 a year earlier. Montréal saw an 8% decline from June 2024, driven by fewer multi-unit starts. Vancouver recorded a 74% increase due to a surge in multi-unit activity, while Toronto experienced a 40% drop, also linked to lower multi-unit starts. The total seasonally adjusted annual rate (SAAR) of housing starts across Canada was nearly flat at 283,734 units in June, up slightly from 282,705 in May. In urban centers, the SAAR was 261,705 units, little changed from 260,947 in May. Rural housing starts were estimated at a SAAR of 22,029 units. source: Canada Mortgage And Housing Corporation



July – Housing starts might be happening elsewhere in Canada, but in my neck of the woods, it is pretty quiet

Source : Trading Economics

Housing Starts – 5 Year – Percent Change - Canada
6 Month Seasonally Adjusted Annual Rate



July - Trading Economics – Big picture

Housing Sales Activity for GTA

Greater Toronto Area (GTA) Housing Market Overview

DATA FOR JUNE 2025

ALL PROPERTY TYPES	DETACHED	SEMI-DETACHED	FREEHOLD TOWNHOUSE	CONDO APARTMENT
$1,101,691 **Avg. Sold Price** ↓ 1.7% decrease (1-month change) ↓ 5.2% decrease (12-month change)	$1,392,033 Avg. Sold Price ↓ 2.3% decrease (1-month change) ↓ 6% decrease (12-month change)	$1,089,751 Avg. Sold Price ↓ 0.8% decrease (1-month change) ↓ 1.2% decrease (12-month change)	$965,792 Avg. Sold Price ↓ 3.0% decrease (1-month change) ↓ 5.5% decrease (12-month change)	$696,424 Avg. Sold Price ↑ 1.9% increase (1-month change) ↓ 4.3% decrease (12-month change)
6,243 **Transactions (Buy/Sell)** ↓ 0% decrease (1-month change) ↑ 0.5% increase (12-month change)	3,011 Transactions (Buy/Sell) ↑ 0.4% increase (1-month change) ↑ 0.8% increase (12-month change)	601 Transactions (Buy/Sell) ↓ 2.6% decrease (1-month change) ↑ 0.3% increase (12-month change)	566 Transactions (Buy/Sell) ↓ 12.9% decrease (1-month change) ↓ 0.2% decrease (12-month change)	1,510 Transactions (Buy/Sell) ↑ 1.9% increase (1-month change) ↓ 0.7% decrease (12-month change)

https://wowa.ca/toronto-housing-market

July – Prices are mostly down, both M/M and Y/Y. Number of transactions, with the exception Townhouses is stable.

WOWA – Detached / Semi Detached Prices for GTA

Single-Family Detached Home Prices in the GTA



Statistics for June 2025

Average Price:	$1,392,033	↓-6.0% from Jun. 2024
Units Sold:	3,011	↑0.8% from Jun. 2024
New Listings:	9,307	↑14.4% from Jun. 2024

Semi-Detached Home Prices in the GTA



Statistics for June 2025

Average Price:	$1,089,751	↓-1.2% from Jun. 2024
Units Sold:	601	↑0.3% from Jun. 2024
New Listings:	1,533	↑22.7% from Jun. 2024

https://wowa.ca/toronto-housing-market

July – Similar to last couple months, Inventory is up, and Y/Y **prices** are stable !

WOWA – Townhouse / Apartment Prices for GTA

Townhouse Prices in the GTA



Statistics for June 2025

Average Price:	$965,792	↓-5.5% from Jun. 2024
Units Sold:	566	↓-0.2% from Jun. 2024
New Listings:	1,787	↑9.1% from Jun. 2024

Apartment Prices in the GTA



Statistics for June 2025

Average Price:	$696,424	↓-4.3% from Jun. 2024
Units Sold:	1,510	↓-0.7% from Jun. 2024
New Listings:	5,493	↓-0.5% from Jun. 2024

https://wowa.ca/toronto-housing-market

July – There is lots of data to explore here.

https://wowa.ca/reports/canada-housing-market

WOWA - Housing Activity for GTA

Toronto Median Prices by Neighbourhood

	Neighbourhood	Median Sold Price	1-Year Change	Total Transactions
#1	Bay Street Corridor-Little Italy-Trinity-Bellwoods-Little Portugal-Dufferin Grove	$685,000	↓-4.8%	295
#2	St. James Town-Cabbagetown-Regent Park-Moss Park	$642,000	↓-5.6%	141
#3	Etobicoke Centre	$1,109,750	↓-5.5%	120
#4	Pleasant View-Don Valley Village-Hillcrest Vilage	$728,850	↓-7.7%	96
#5	Etobicoke-Lakeshore	$889,632	↓-2.9%	82
#6	Junction-Triangle-Wallace Emerson-Bloor West Village-High Park North	$1,310,000	↑9.2%	81
#7	Danforth	$1,230,000	↑18.8%	80
#8	Riverdale	$1,296,500	↑1.7%	78
#9	The Beaches	$1,324,500	↓-2.8%	76
#10	West Hill-Highland Creek-Centennial	$983,500	↓-0.1%	74
	City of Toronto	**$910,000**	**↓-2.2%**	**2,319**

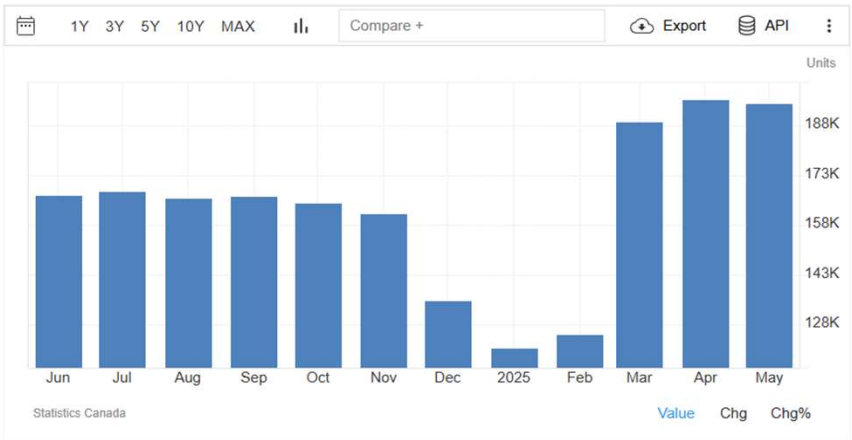
https://wowa.ca/toronto-housing-market

July – Breaking the areas within Toronto down, here is how they compare.

https://wowa.ca/reports/canada-housing-market

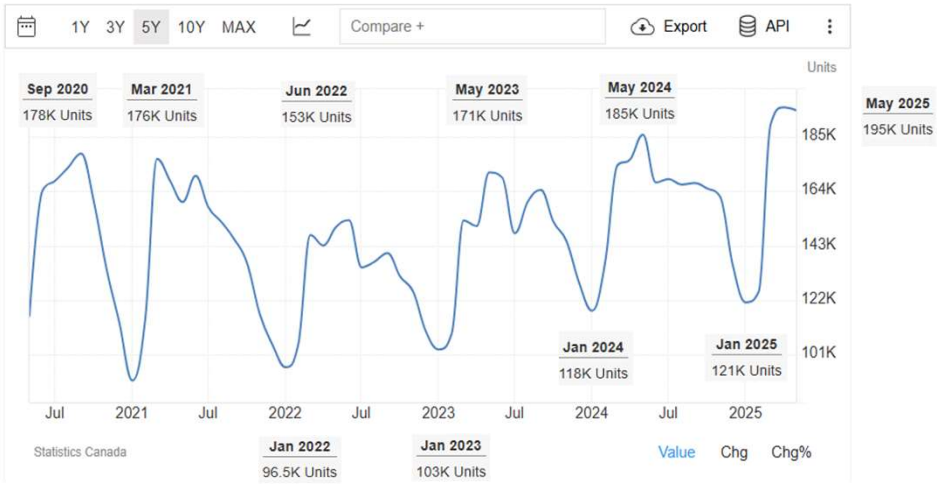
New Vehicle Sales Activity for Canada

Car Registrations in Canada increased to 194,524 units in May 2025, an increase of 5.0% from May 2024. Sales in dollar terms were up 2.0% in the same period. These gains were entirely attributable to higher sales of new trucks, which increased 7.0% year over year in May 2025. At the same time, passenger car sales decreased 6.8%. In May, 15,298 new zero-emission vehicles (ZEVs) were sold, representing a decline of nearly one-third (-32.3%) compared with the same period one year earlier. Despite this decline, new ZEVs comprised 7.9% of total new motor vehicles sold, the highest rate since January. source: Statistics Canada



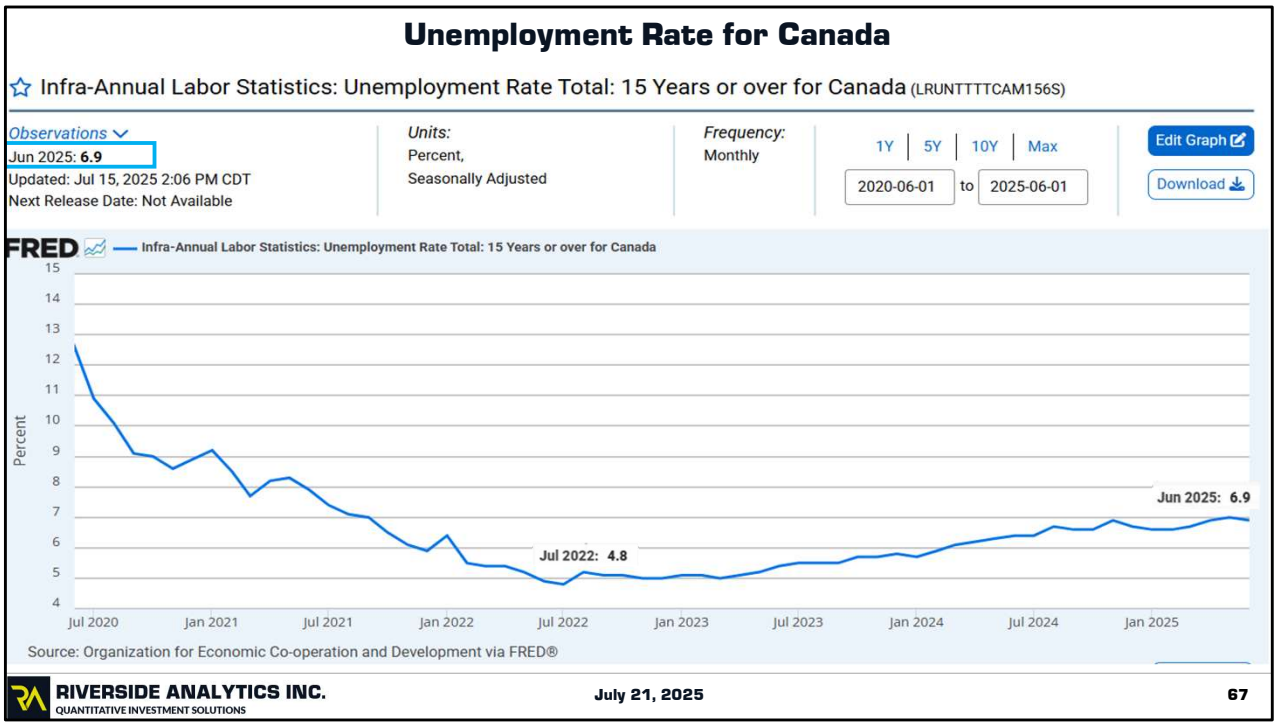
July - Trading Economics – Every January sales drop, then there is a rebound in February. It was a month late this year. This is perfectly normal.

New Vehicle Sales Activity for Canada – 5 Year Chart



Normal patterns, higher highs, and higher lows is a good thing !

July - Trading Economics – Sales are following their normal patterns.

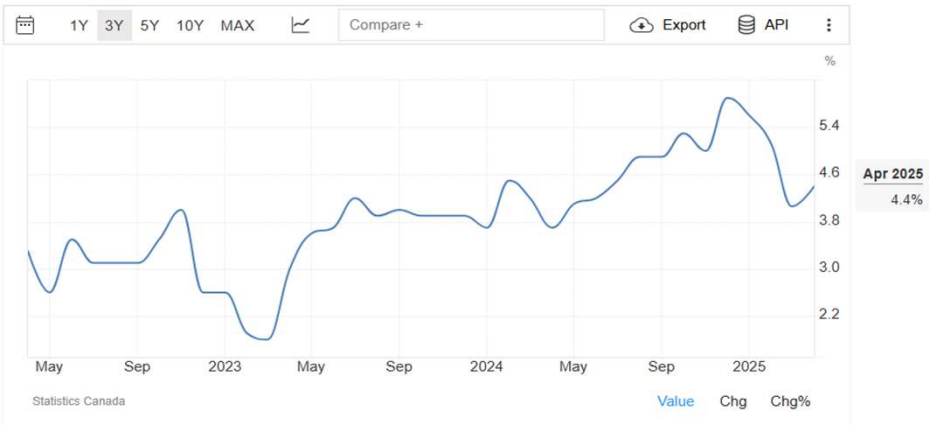


July - down a 1/10th from last month. Our young people need work and decent wages to afford basic living costs.

Source: https://fred.stlouisfed.org/series/LRUNTTTTCAM156S

Canada Average Weekly Earnings YOY – 3 Year Chart

Average weekly earnings in Canada rose 4.4% year-over-year to $1,297 in April 2025, accelerating from a downwardly revised 4.1% increase in March. Gains were markedly higher for the information and culture industries (+10.1%, to $1,875.15), real estate and rental and leasing (+9.7%, to $1,371.91), finance and insurance (+8.0%, to $1,744.12), educational services (+7.3%, to $1,311.34) and forestry, logging and support (+7.1%, to $1,454.40). Gains were lower in the utilities sector (-2.8% to $2,090.59), retail trade (-1.0% to $735.52) and wholesale trade (-0.8% to $1,503.50). source: Statistics Canada



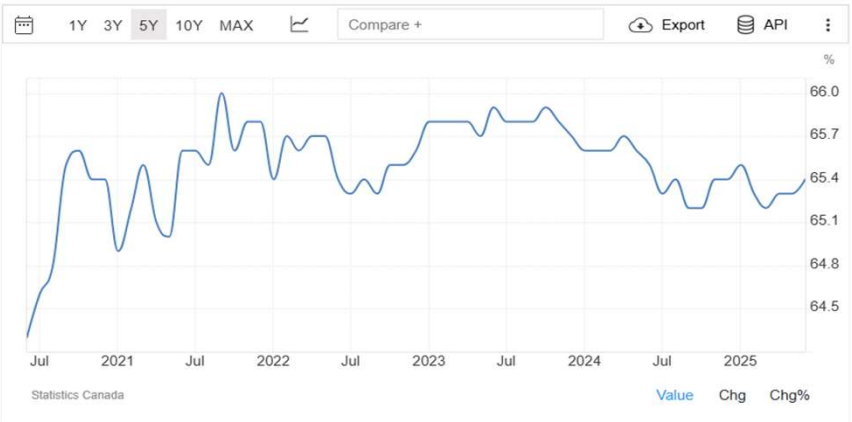
July - January data at 5.5%, Feb 5.4, March is 4.3, and now April is 4.4
On average worker wages is growing faster than inflation.

Source is Trading Economics

There are LOTs of charts in this category on the Trading Economics website.
https://tradingeconomics.com/canada/wage-growth

Participation Rate - Employed Persons for Canada

Labor Force Participation Rate in Canada increased to 65.40 percent in June from 65.30 percent in May of 2025. Labor Force Participation Rate in Canada averaged 65.72 percent from 1976 until 2025, reaching an all time high of 67.70 percent in December of 2003 and a record low of 60.10 percent in April of 2020. source: Statistics Canada



Number of employed persons in Canada on a percentage basis

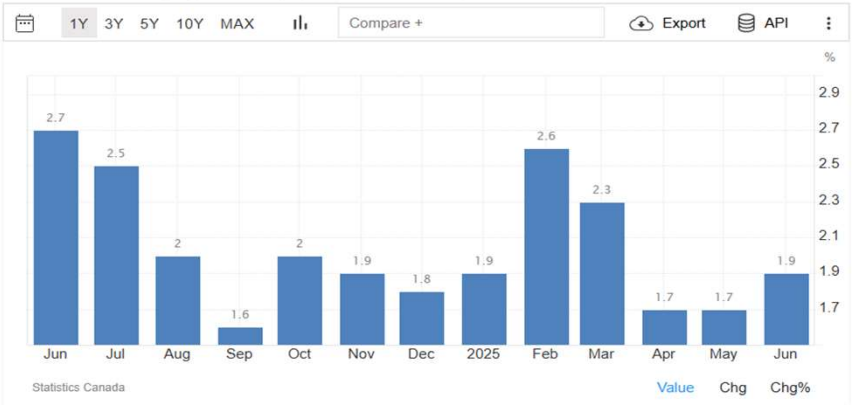
July – like last month, no meaningful change here. **Do note, the Y axis changed**, thus producing more wiggles, but the data did not change !

Trading Economics > **https://tradingeconomics.com/canada/labor-force-participation-rate**

Details by age group are here >>
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028702
The participation rates vary by age group. I would really like to see the 55 and over group broken into two pieces. 55 – 65, and 66 and over.

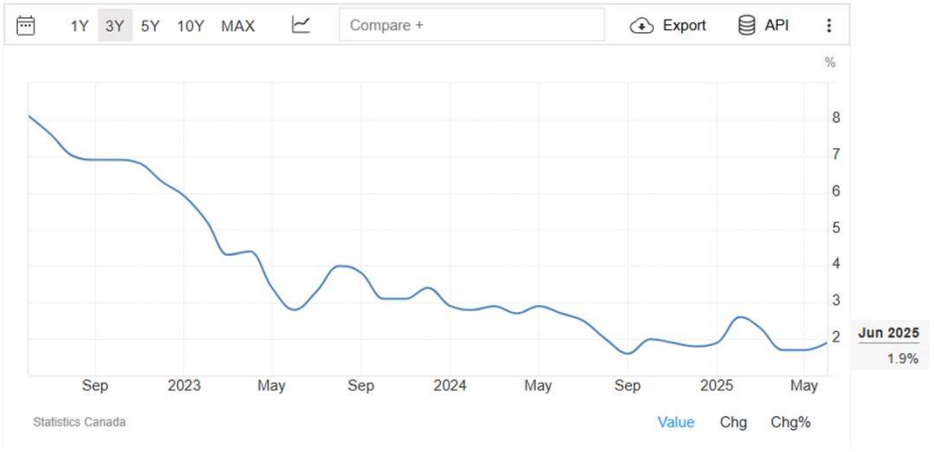
Consumer Price Index: Monthly Canada

The annual inflation rate in Canada rose to 1.9% in June of 2025 from 1.7% in the previous month, aligned with market expectations. Despite the pickup, the rate remained below the Bank of Canada's mid-point target of 2% for the third straight month, consistent with the central bank's forecast that price growth should rise as tariffs and supply-disruptions may threaten material shortages. Deflation slowed sharply for fuel (-13.4% vs -15.5% in May) due to base effects, driving similar developments in overall transportation costs (-0.6% vs -1.4%). Durable goods also lifted the inflation rate, with prices accelerating for passenger vehicles (5.2% vs 4.9%) and furniture (3.3% vs 0.1%). In turn, inflation slowed for food (2.9% vs 3.4%) amid softer price growth for groceries, and shelter (2.9% vs 3%). The trimmed-mean core CPI, which the BoC uses as its main gauge for underlying inflation, was unchanged at 3% as expected. source: Statistics Canada



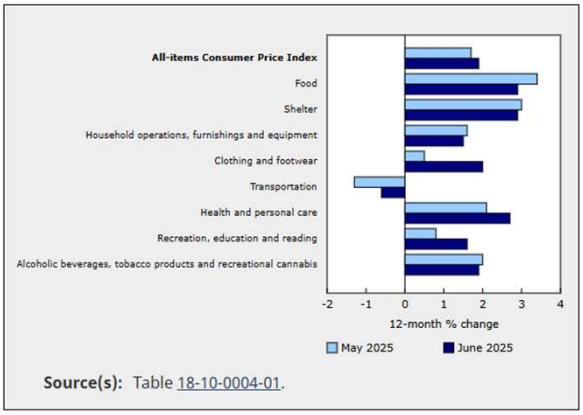
July – Core inflation is running a little hot at 3 %, but overall, Canada is doing pretty good.

Consumer Price Index: 3 Year View Canada



July – Inflation – long view

Consumer Price Index: Monthly Canada
12 Month % Change M/M

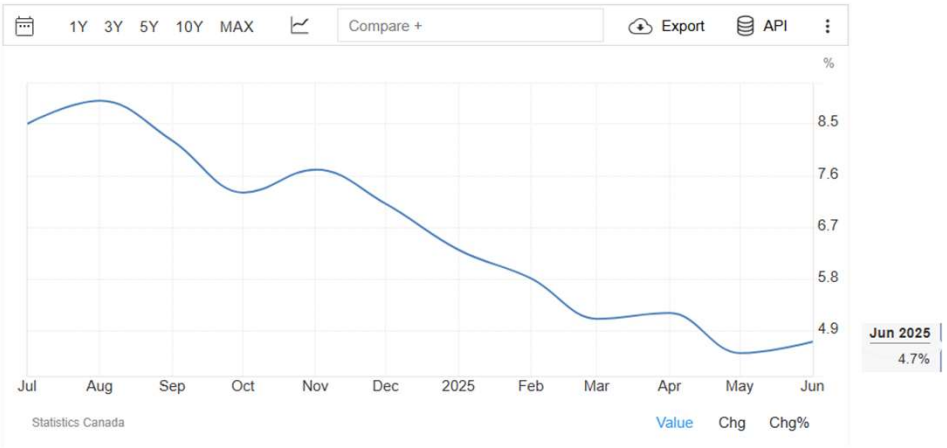


July - Food, and Shelter are hurting consumer wallets the worst.

Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/250715/cg-a002-eng.htm

Consumer Price Index: Rent

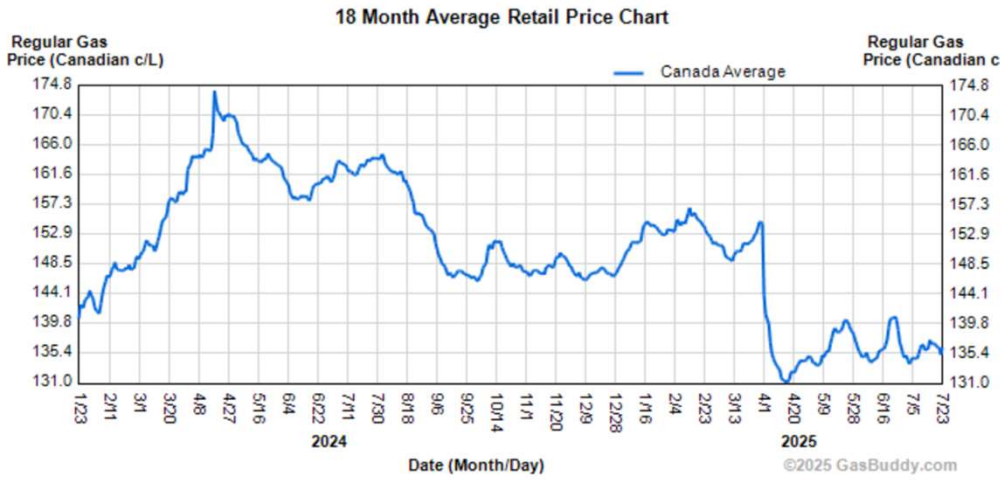
Rent Inflation in Canada increased to 4.70 percent in June from 4.50 percent in May of 2025. Rent Inflation in Canada averaged 2.79 percent from 1951 until 2025, reaching an all time high of 10.27 percent in September of 1982 and a record low of 0.00 percent in September of 1961. source: Statistics Canada



July -Rent Inflation remains a sticky spot. It needs to drop in half from where it is now !

https://tradingeconomics.com/canada/rent-inflation

Gasoline Prices – Canada Average



July – gas prices are staying steady.

https://www.gasbuddy.com/charts
Gas tools > Gas Price Charts, Choose Canada Average, and Canadian c/L

Canada - M2 Money Supply – M/M Percent Change

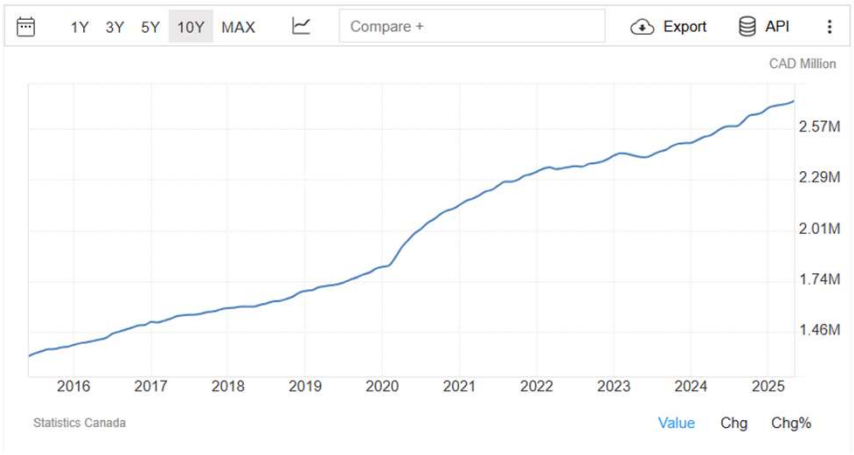
Money Supply M2 in Canada increased to 2715609 CAD Million in May from 2702153 CAD Million in April of 2025. Money Supply M2 in Canada averaged 651204.74 CAD Million from 1968 until 2025, reaching an all time high of 2715609.00 CAD Million in May of 2025 and a record low of 25523.00 CAD Million in January of 1968. source: Statistics Canada



July – Multiply these numbers by 12 to get annual rate of change

Source : Trading Economics

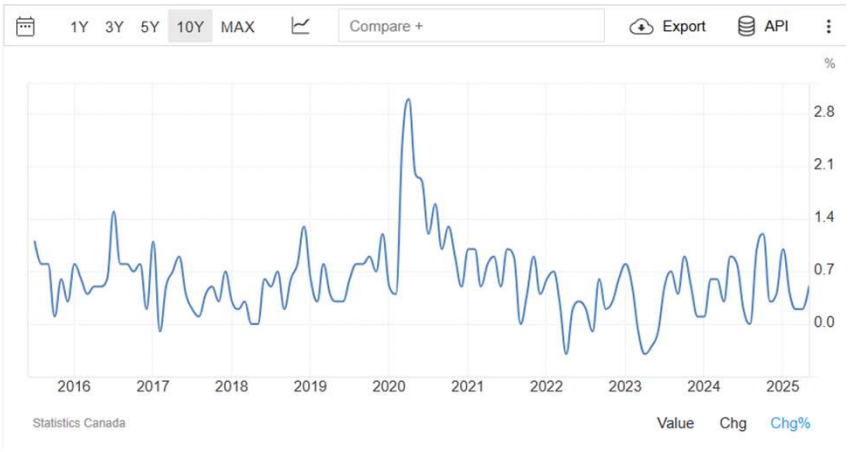
Canada - M2 Money Supply – Long Term View



July – I am not convinced that M2 has a significant impact on inflation. I will continue to noodle this one. Does it help maintain the 2 percent inflation rate? Maybe. The covid bump is correlated with inflation, but did it cause it? Jury is out!

Source : Trading Economics

Canada - M2 Money Supply – M/M Percent Change – Long View



July – Multiply these numbers by 12 to get annual rate of change. Pumping money into the economy during covid, correlated with inflation.

In general inflation happens when corporation raise prices. Demand pull, Cost push and Profit margins all can impact the companies reasons for prices increases. When ever there is excess cash in certain areas of the economy, companies are incentivised to try to harvest it.

Source : Trading Economics

Interest Rates: Yields: 10-Year: Canada



July – Last month was 3.335. Trading channel is maintained !

https://tradingeconomics.com/canada/government-bond-yield

Canada 10 Years / Canada 3 Months Government Bond spread

The Canada 10 Years / Canada 3 Months Government Bond Spread reached a maximum value of 201.8 bp (27 March 2022) and a minimum value of -205.6 bp (20 December 2023).

Available Data Source: from 17 April 2015 to 23 July 2025



July – last month was 63.5.

https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/

Canada 10 Years / Canada 3 Months Government Bond spread
10 Year View



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 21, 2025

80

May – 10 years of data. Back into the pre-covid range of spreads !

https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/

Real Gross Domestic Product for Canada – July No Updates
BoC Survey Results

June – Survey results for Q2 probably will not be released until the end of July.

1.1 What is your forecast for real GDP growth (year-over-year percentage change) in Canada?

	GDP growth in Canada (year-over-year % change)	
	End of 2025 (n = 26)	End of 2026 (n = 24)
25th percentile of responses	0.5	1.4
Median of responses	1.0	1.7
75th percentile of responses	1.3	1.9

Note: Respondents were asked to calculate the four-quarter (year-over-year) growth rate based on the end of Q4. GDP is gross domestic product.

July – GDP - NO UPDATES – Survey results for Q2 probably will not be released until the end of July.

May – **Q1 Data Released** - The Market Participants Survey results are based on questionnaire responses from about 30 financial market participants.

https://www.bankofcanada.ca/2025/04/market-participants-survey-first-quarter-of-2025/

Real Gross Domestic Product for Canada – July No Updates
BoC Survey Results

Survey results for Q2 probably will not be released until the end of July.

1.6 What is the probability of the Canadian economy being in a recession in each of the following individual time frames?*

	Probability of a recession in Canada (%)			
	In 0 to 6 months (n = 24)	In 6 to 12 months (n = 24)	In 12 to 18 months (n = 24)	In 18 to 24 months (n = 22)
25th percentile of responses	25	30	24	11
Median of responses	38	40	30	20
75th percentile of responses	50	46	41	30

* A recession is defined as two consecutive quarters of negative economic growth, as measured by real gross domestic product.

July – NO UPDATES – An interesting prediction – experts give the economy a 50 50 chance of no recession !

- The Market Participants Survey results are based on questionnaire responses from about 30 financial market participants.

https://www.bankofcanada.ca/2025/04/market-participants-survey-first-quarter-of-2025/

Real Gross Domestic Product for Canada – July No Updates
I found some interesting BoC Survey Results

2.1 What is your forecast for the Bank of Canada's policy interest rate?

	Policy interest rate (%)			
	25th percentile of responses	Median of responses	75th percentile of responses	Number of responses
2025				
April	2.50	2.75	2.75	27
June	2.25	2.50	2.63	27
July	2.25	2.25	2.50	27
September	2.00	2.25	2.50	27
October	2.00	2.25	2.50	27
December	2.00	2.25	2.50	27
2026				
January	2.00	2.13	2.50	26
March	2.00	2.13	2.50	26
Q2	2.00	2.00	2.50	25
Q3	2.00	2.13	2.56	24
Q4	2.00	2.13	2.56	24

July – NO UPDATES – Survey results for Q2 probably will not be released until the end of July.

May – **They are expecting two more 25 point cuts this year, then stable for 2026.**

https://www.bankofcanada.ca/2025/04/market-participants-survey-first-quarter-of-2025/

CAD / USD Spot Rate – Weekly Candles



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 21, 2025

84

July – Looks a lot like June !

Summary

- Overall, the US and Canadian economies continue to be fine.
- Fedwatch continues to predict rate declines in the last quarter, and likely a one month pull ahead Q1 2026
- No new data on Consumers delinquency rates.
- US overall inflation is above targets are likely will stay there due to tariffs. Consumers likely will face highest inflation in textiles and motor vehicles. Back to school shopping inflation likely does not appear until October data releases.
- US consumer budgets likely squeezed between 1100 and 2300 per year due to tariffs.
- US GDP Q/Q percent change turned negative in Q1 - this sets up the possibility of the technical definition mid summer by the slimmest of margins. Q2 GDP gets released July 30. Tariffs likely to have -0.8% impact by the end of Q4.
- Canada Q2 GDP not reported yet.
- August stock market tends to be poor for first year Republicans.
- Canadian Y/Y housing resales are down, but do not seem to be hurting the overall market. New listings are up.
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs.
- There is nothing to suggest a Canadian recession is on the horizon, yet !!!
- US Q2 company results could be interesting. Especially hotels, restaurants, apparel and auto sales with the impacts of international visitor losses and tariff influencies become more apparent.
- GM and Stellantis (Chrysler / Jeep / Dodge) have both reported hits to profitability because of tariffs.
- Ignore the noise, and pay attention to what is really important, mitigate as necessary.


THAT'S IT FOR TODAY!
The End
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 21, 2025
86

RIVERSIDE'S DISCLAIMER

- All trading / investing comes with risk.
- The insights contained in this presentation do not constitute advice, rather are meant for educational purposes from which you may make more educated decisions taking into account your individual risk profile and needs for return.
- At Riverside, we assess probabilities using systematic quantitative methodology. We do not provide advice. There are no guarantees for positive return. All investing/trading is at your own risk.
- Riverside is about helping active and affluent investors learn how to make better decisions in financial markets.
- All charts shown in this broadcast have been referenced from stockcharts.com, Amibroker or eSignal unless otherwise noted.

Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors