RIVERSIDE ANALYTICS INC

DATE: September 19, 2025

RIVERSIDE ANALYTICS INC
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Economic Outlook

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- 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

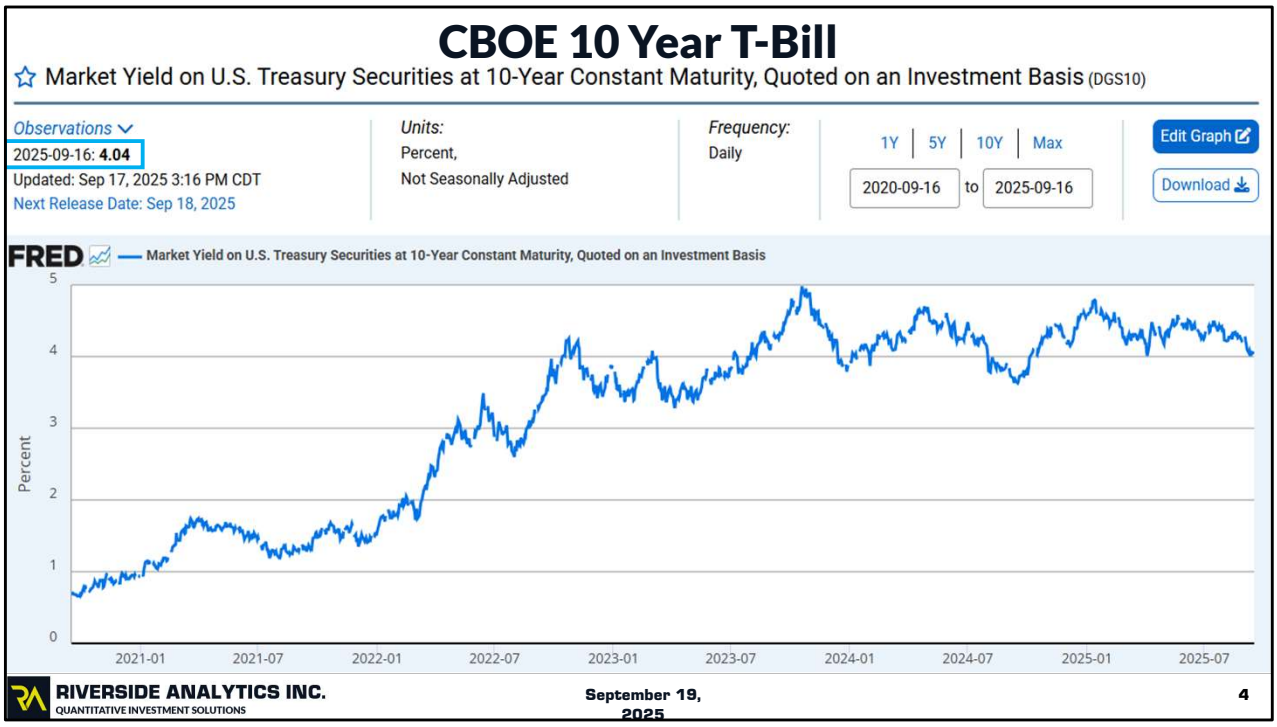
US Drives the bus, when it comes to the Canadian economy.

Please check the notes on each slide.

It's another steady as she goes report – mostly.
Fedwatch tool is shifting to earlier and deeper cuts. US job creation is poor.
Check Producer Price Indices ! Inflation lives here again!
US total inflation exceeds 3% at the retail level.
Expect US retailers to increase prices Q3 and Q4 – largely missing in the #'s so far.
Canadian GDP -1.6% Q2 - Canada likely escapes recession

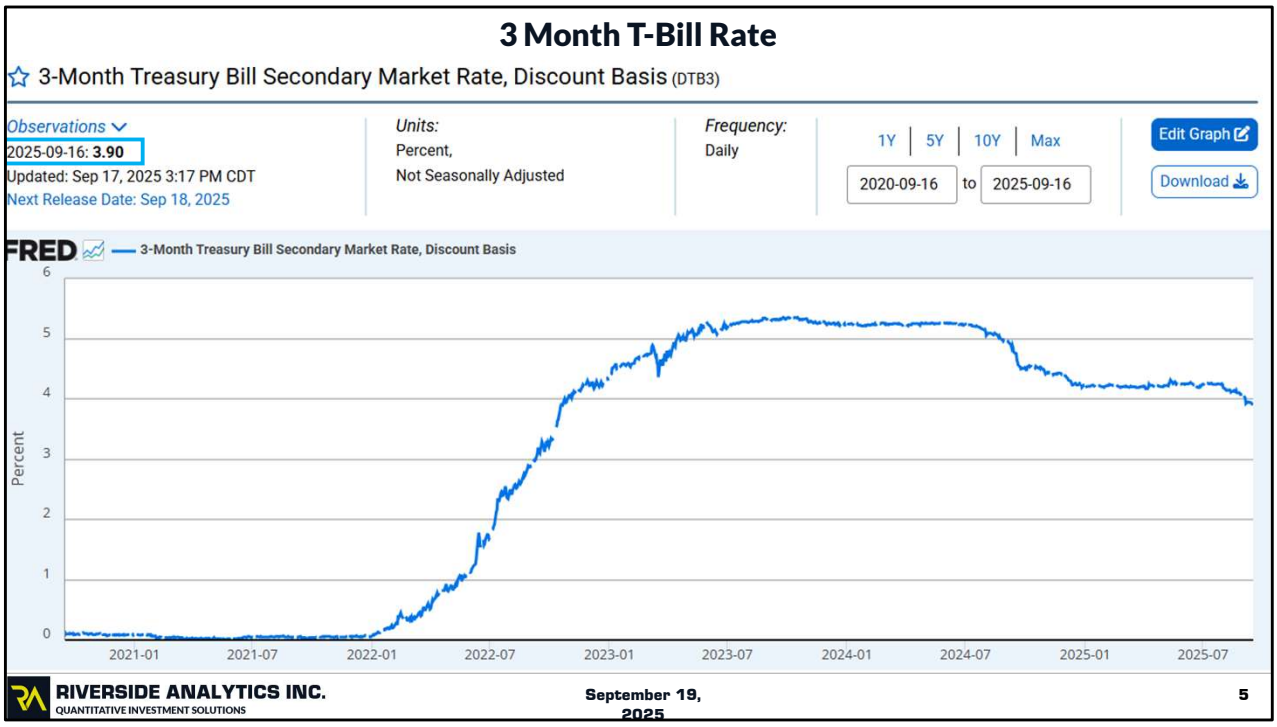
Ignore the noise, and pay attention to what is really important, mitigate as necessary.

CBOE 10 Year T-Bill



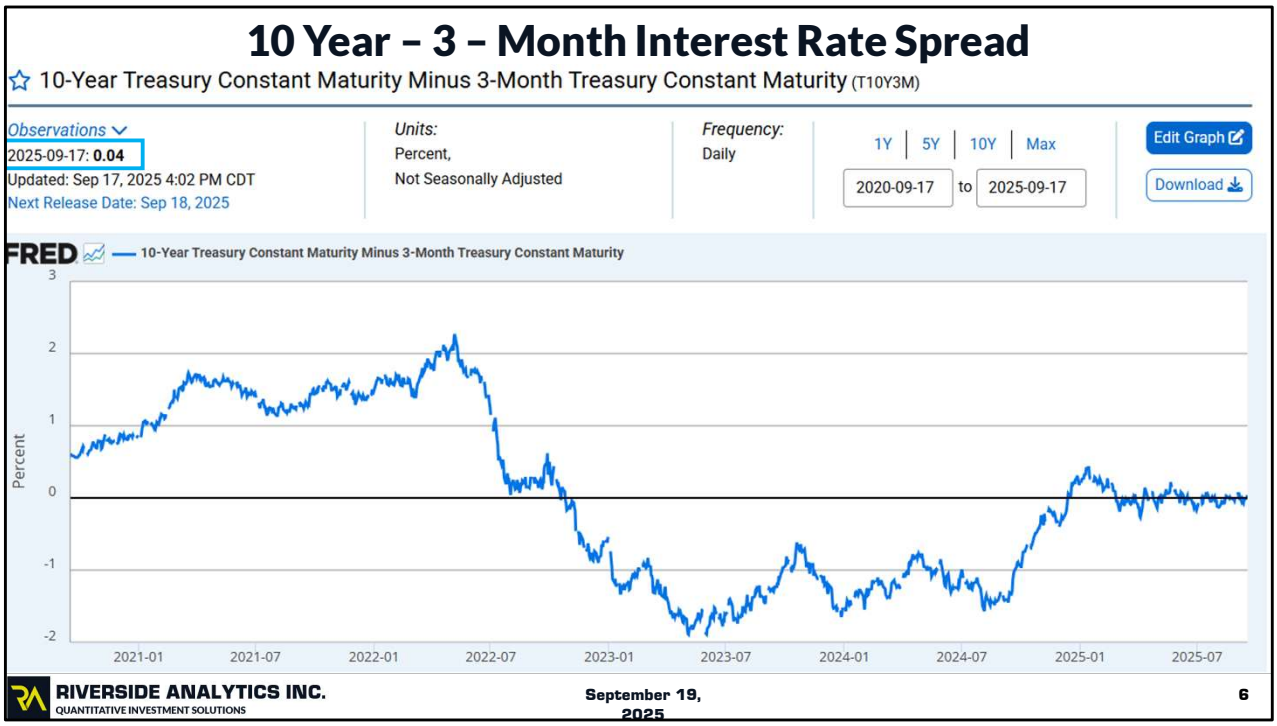
September – Last month was 4.34. The 25 point drop was implemented !

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



September – Last month was 4.14 – This first interest rate drop of the year has been implemented most likely due to weak employment numbers. The Fed has a dual legal mandate to manage both inflation and jobs.

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



September - Last month was 0.00. This month, no differences ! Both maturities moved lock step with the rate drop.

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 has been going on all year, and continues to do so. The one item I am very interested in are the PPI and inflation numbers you will see later in the presentation.



September – last month was 0.55 – This has been tightly rangebound since April and this month is no different !

BoC Interest Rates
August 18 – No Changes !



Weekly Wednesday, rates in percentage	CANSIM	2025-07-23	2025-07-30	2025-08-06	2025-08-13	2025-08-20
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

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September 19, 2025
8

August – Same as last month.

CIBC has 5 year fixed – 4.54 – No change, Royal – 4.69 – Up 17 points, TD - 4.69 – Up 10 points, and BMO - 4.64 – No Change,
BNS DROPPED to 5.40 – No Change, still well above competitors.

One thing I heard from a real estate agent, is that TD is quick to respond to a brokers request for quote, but has trouble delivering the funds on time. Do not close a deal late in the day if you can help it !

BoC Interest Rates
September 18 – No Changes – YET !

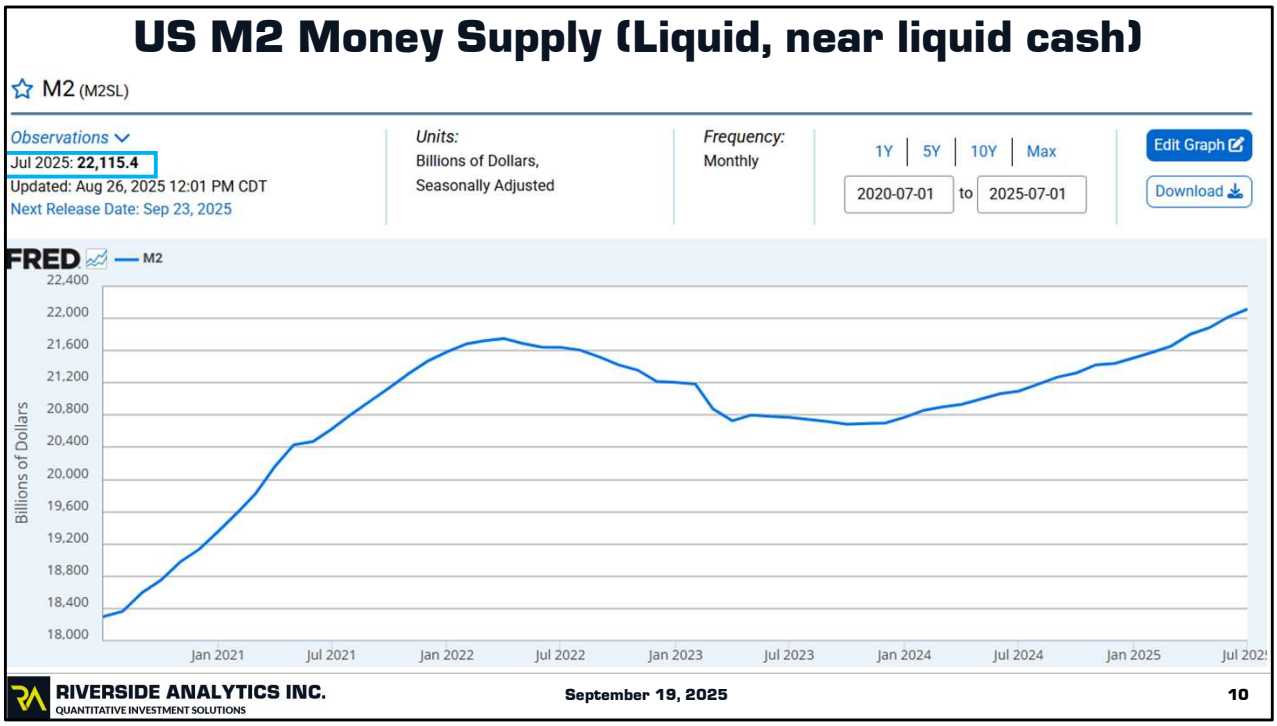


Weekly Wednesday, rates in percentage	CANSIM	2025-08-20	2025-08-27	2025-09-03	2025-09-10	2025-09-17
Prime rate[1]	V80691311	4.95	4.95	4.95	4.95	4.95
Conventional mortgage						
1-year	V80691333	6.09	6.09	6.09	6.09	6.09
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QUANTITATIVE INVESTMENT SOLUTIONS
September 19, 2025
9

September – This is interesting. I had expected to see this drop 25 points due to yesterdays (Sept 17th 25 point drop). I suspect BoC is just tardy in updating the website. (Sept 20, I rechecked, and the website was not updated.)

CIBC has 5 year fixed – 4.54 – No change, Royal – 4.59 – Down 10 points, TD - 4.64 – Down 5 points, and BMO - 4.64 – No Change,
BNS INCREASED to 6.09 up from 5.40 – up 69 points.



September – Data ending July… Last month was 22,020.8 – M2 tends to lead inflation by about a year, to 2 years ! There is a significant lag between cause and affect.

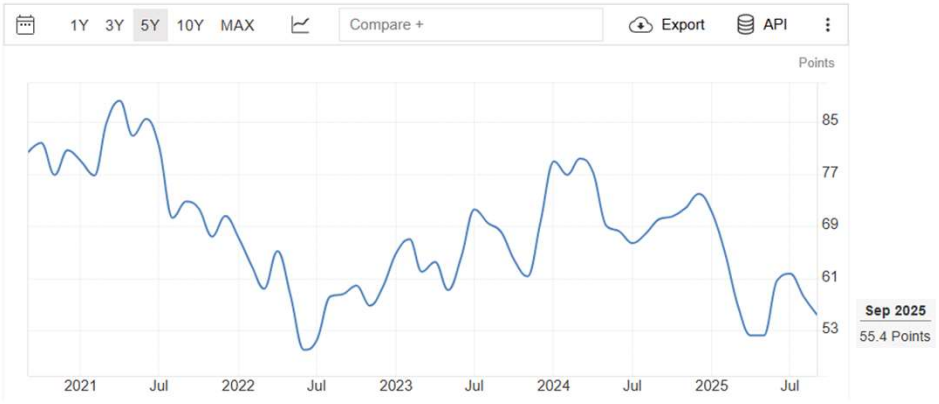
There is not always a cause and affect to the relationship. Quantitative Tightening helps combat inflation, and the US is executing this process now, and has been since 2002. This likely continues until the end of 2025. This helps offset inflationary aspects of M2 growth.

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 dropped to 55.4 in September 2025, down from 58.2 in August and well below market expectations of 58, according to preliminary estimates. This marked the second consecutive monthly decrease, pushing sentiment to its lowest level since May, with declines strongest among lower- and middle-income households. Buying conditions for durable goods improved, but other components weakened as concerns grew over business conditions, jobs, and inflation. Personal finance views fell 8%, while about 60% of respondents still cited tariffs as a key issue. The current conditions index deteriorated to 61.2 from 61.7, and the expectations gauge fell to 51.8 from 55.9. Meanwhile, year-ahead inflation expectations held steady at 4.8% while the five-year expectations moved up for the second straight month to 3.9% from 3.5%. source: University of Michigan

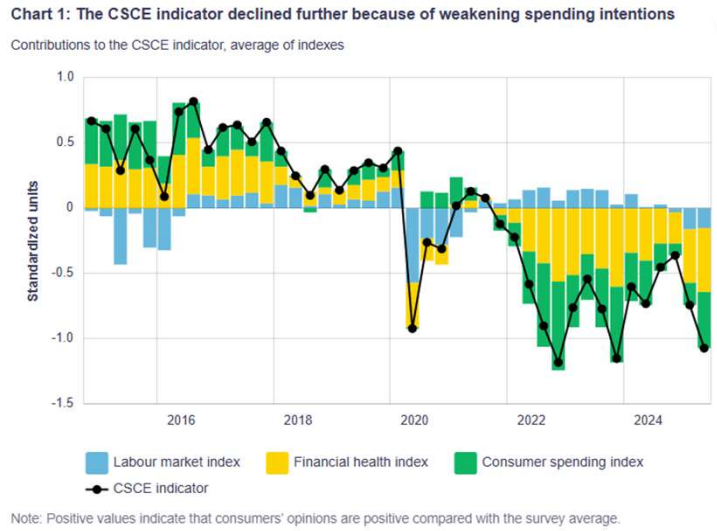


September – last month was 58.6. – it was revised down to 58.2 !

I am expecting inflation to increase in the coming months as corporations decide to pass on at least some of the tariff costs. Average tariff by country is just north of 18 percent. Corporations start putting up poor profits, then the price increases become more certain. Q3 earnings reports will be interesting !

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

BoC Consumer Sentiment – Q2 No Change



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

September – NO CHANGE - **This is a quarterly report – Q2. New data will not be out until late October, early November**

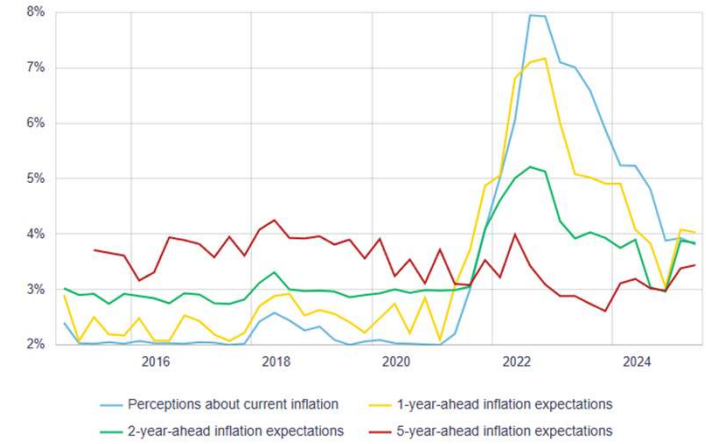
The trade conflict continues to weigh on consumers
The CSCE indicator summarizes the opinions of Canadian consumers about their spending plans, the labour market and their personal finances. This measure fell for the second consecutive quarter as the impact of tariffs and related uncertainty continued (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 No Change

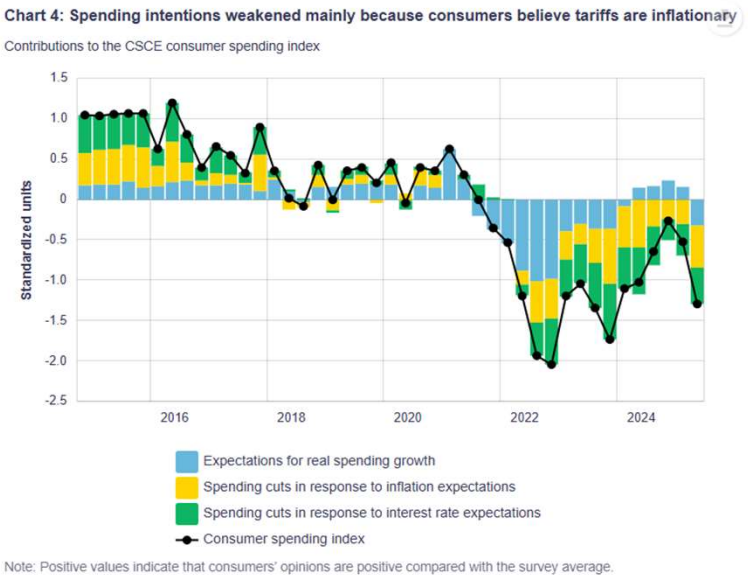
Chart 7: Consumers' expectations for short-term inflation have changed little since increasing notably last quarter

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)



September – NO CHANGE - 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 No Change



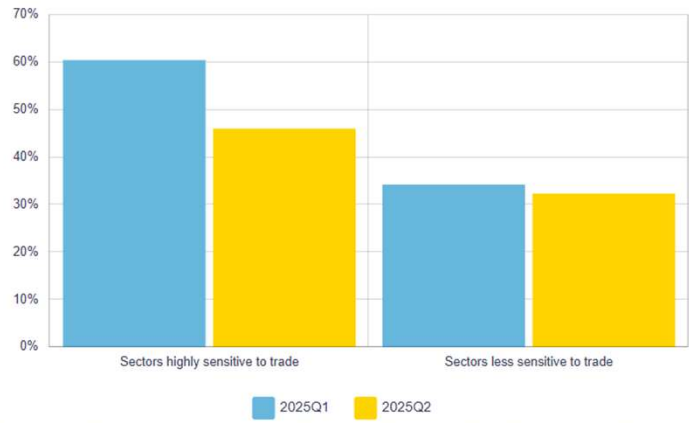
September – NO CHANGE - Consumers are increasingly cautious about their spending plans This quarter, consumers showed greater caution in their spending decisions. The consumer spending index fell for the second consecutive quarter, with more consumers planning to cut spending in response to their inflation 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 No Change

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

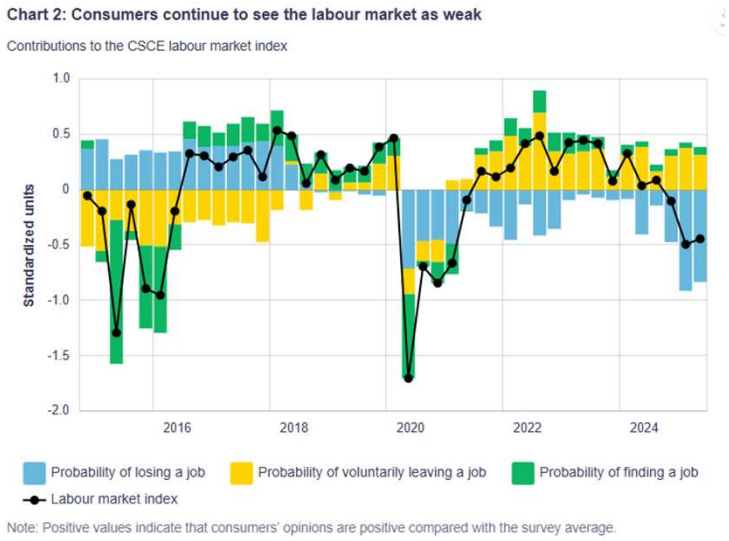
Share of workers citing weaker job security in response to trade tensions



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.

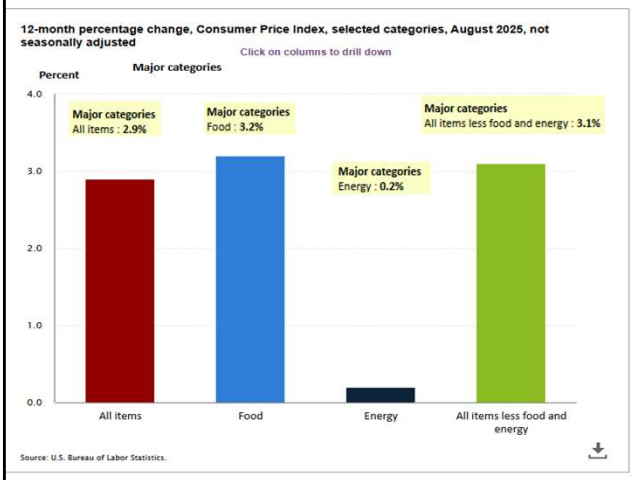
September – NO CHANGE - Against this backdrop of ongoing trade uncertainty, about two-thirds of consumers continue to expect the Canadian economy to fall into a recession over the next 12 months. In follow-up interviews, many consumers expressed the view that the trade conflict and the associated uncertainty 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.”

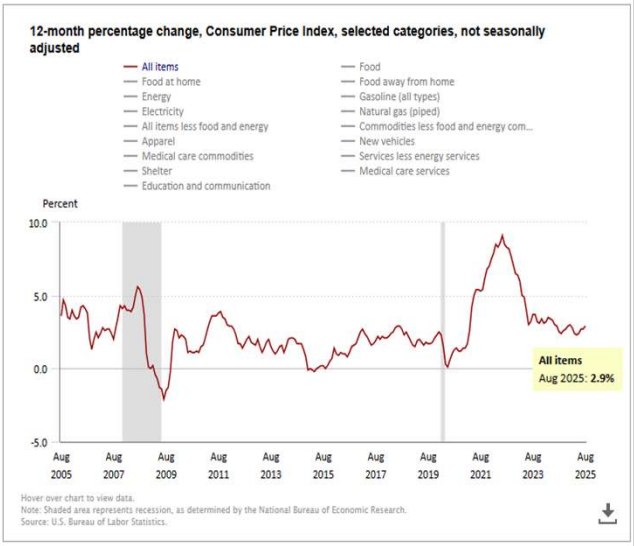
BoC Expectations – Labour Market – cont. Q2 No Change



September – NO CHANGE - 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 : 2.9% + 0.2%
Food : 3.2 + 0.3%
Energy : 0.2 + 1.6%
All items less food and energy : 3.1 % no change

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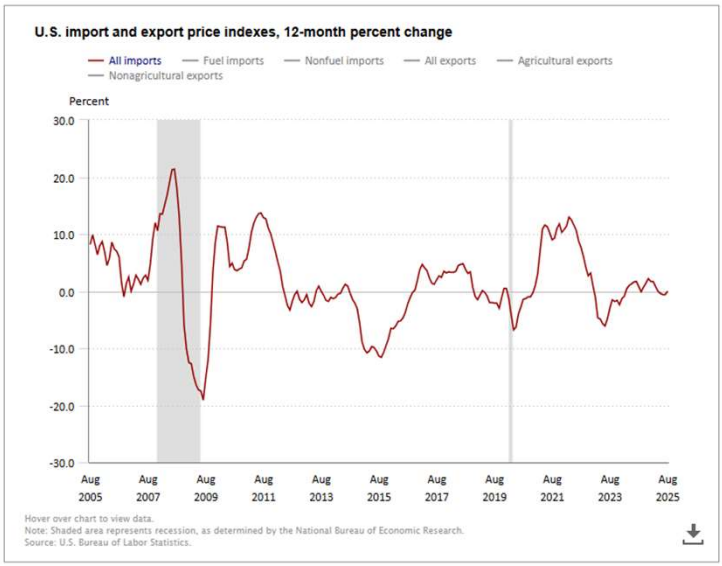
September 19, 2025

September – "All items" category went sideways – no change. **The right chart is 12 month percent change "All Items". Left chart excludes food and energy.**

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



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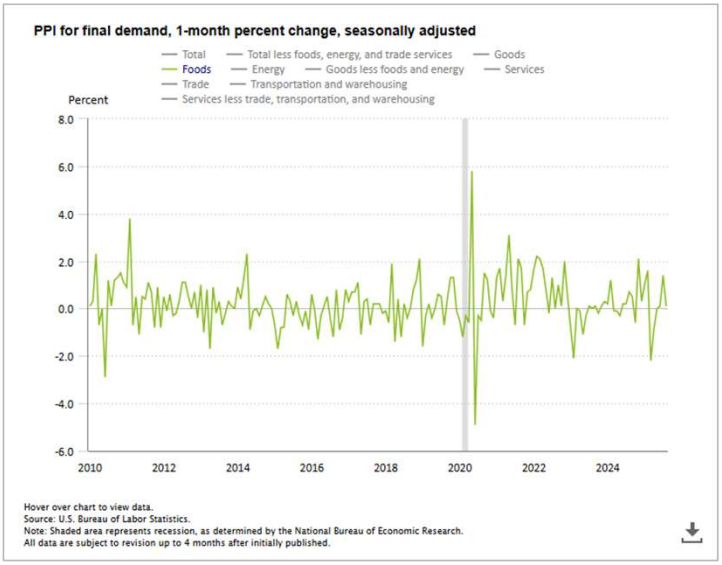
September 19, 2025

September – NOTE – import prices are stable. What I was interested here was something that tracked import prices. 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



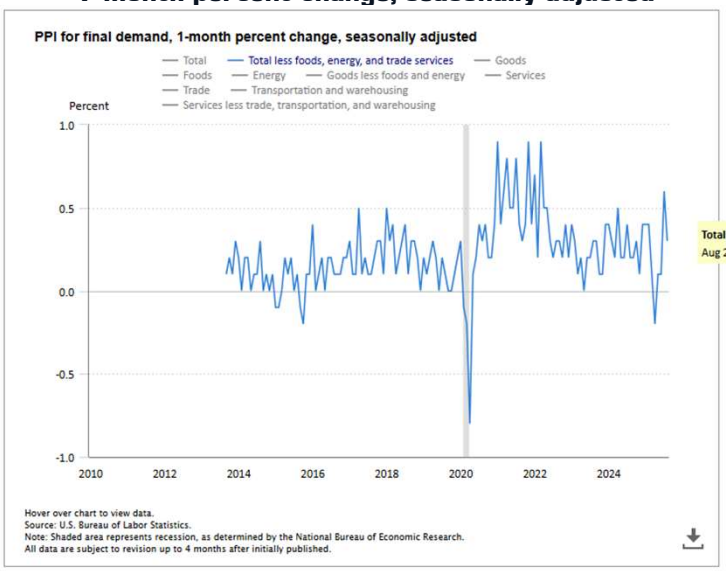
September – Food prices at the producer level reversed from 1.4 to 0.1%. Within the normal monthly range. It will take a few months to see if it stays on the plus side of the ledger. I was expecting a higher number due to the tariffs.

The Producer Price Index is a measure of the change in prices that domestic producers receive for their goods and services. The index is a measure of wholesale inflation and an indicator of the health of the economy.

– 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



3.6% Annual

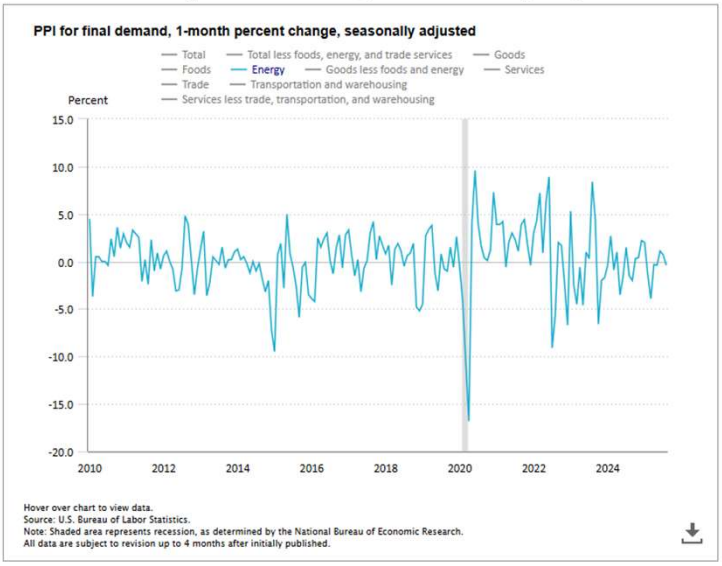
September – Last month was 0.6, back near the top of the range January 2024

Tariffs tend to be one time price bumps that take a year to resolve themselves when the current year becomes the baseline year, 12 months hence.

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

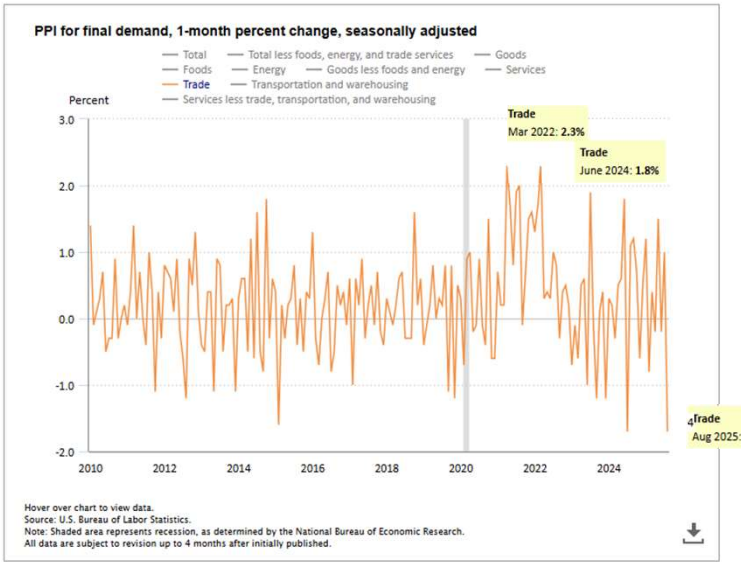


September – 0.9 > -0.4 Energy price changes at the producer level are not out of the ordinary.

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

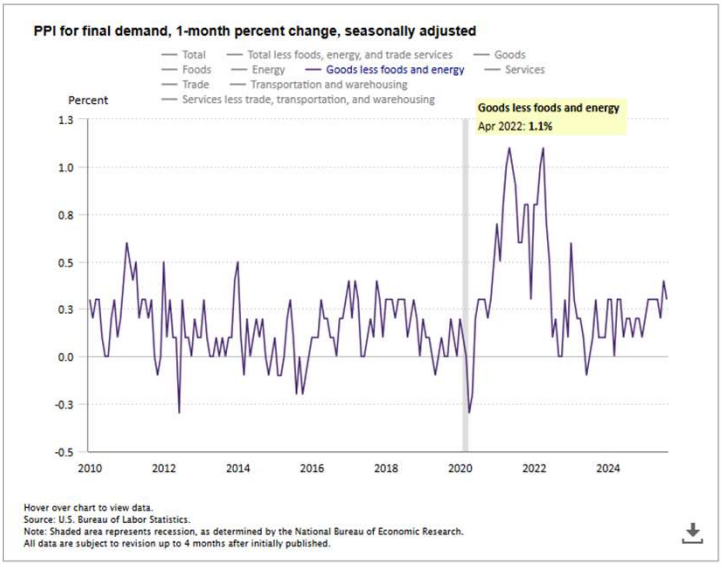


September – The July number was revised down from 2% (24% annual) to 1% (12% annual). Expect the volatility to continue ! Negative 1.7 % is -20.4% annual, which is a 44.4% swing from the original July number !

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

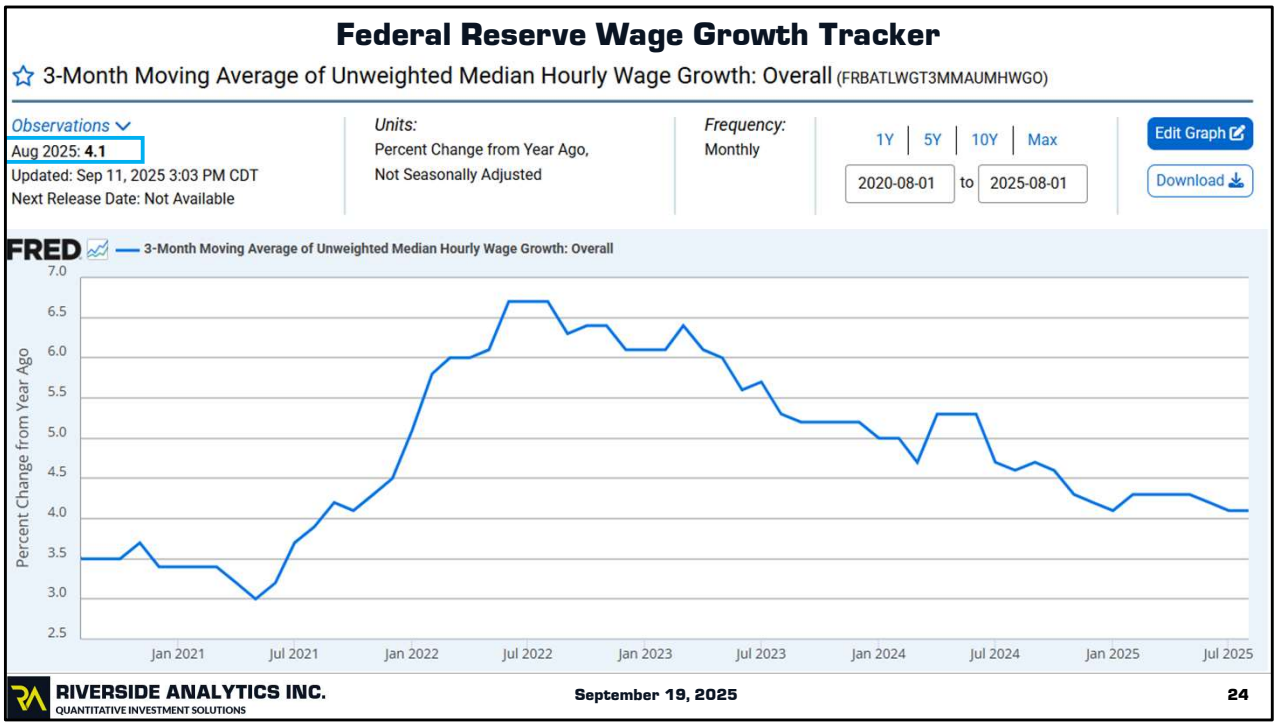


Goods less foods and energy
Aug 2025: 0.3%

3.6% Annual

September – The chart needs more time to determine if it will stay elevated or not.

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

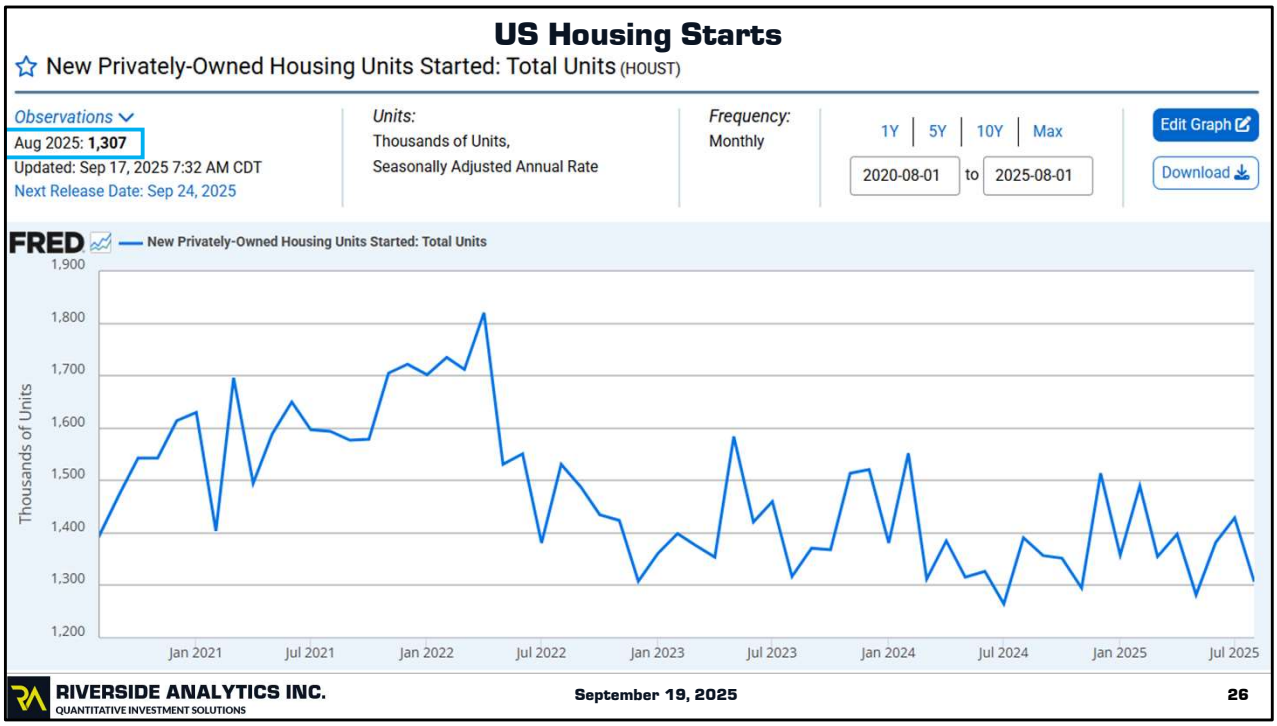


September – no change this month. On average, US wages continue to grow faster than inflation.

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

Leading Indicators

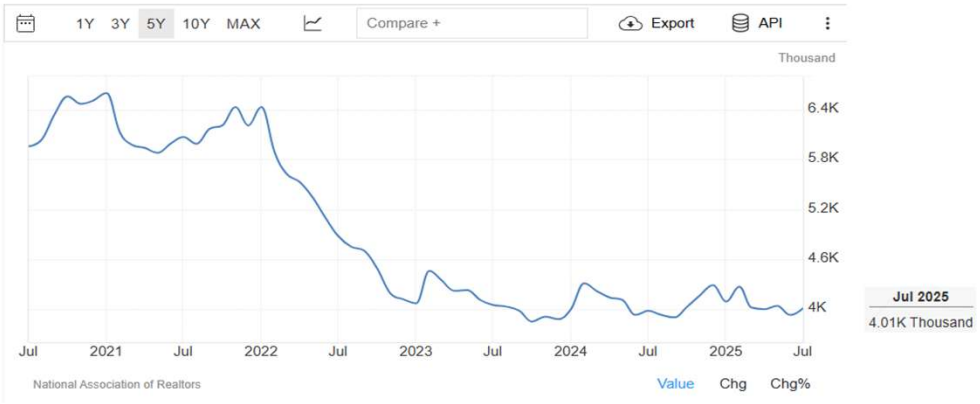
Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked



September – last month was1,428. Rangebound it is.

US Existing Home Sales – July Data

Existing home sales in the United States rose by 2% from the previous month to a seasonally-adjusted annualized rate of 4.01 million in July of 2025, the sharpest increase since February, and above market expectations of a 3.92 million rate. Despite the increase in sales, housing inventory rose by 0.6% from the pervious month to 1.55 million units, which is equivalent to 4.6 months of unsold inventory. Also, median prices of existing home sales inched 0.2% higher from one year ago to $422,400. "The ever-so-slight improvement in housing affordability is inching up home sales," said NAR Chief Economist Lawrence Yun. "Wage growth is now comfortably outpacing home price growth, and buyers have more choices. Condominium sales increased in the South region, where prices had been falling for the past year.". source: National Association of Realtors



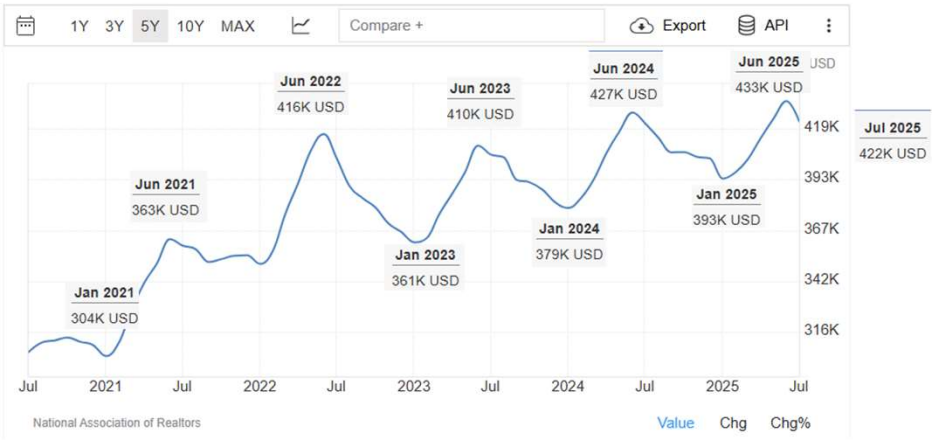
September – July Data ! More rangebound activity.

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 – June Data

Single Family Home Prices in the United States decreased to 422400 USD in July from 432700 USD in June of 2025. Single Family Home Prices in the United States averaged 144394.36 USD from 1968 until 2025, reaching an all time high of 432700.00 USD in June of 2025 and a record low of 19700.00 USD in January of 1968. source: National Association of Realtors

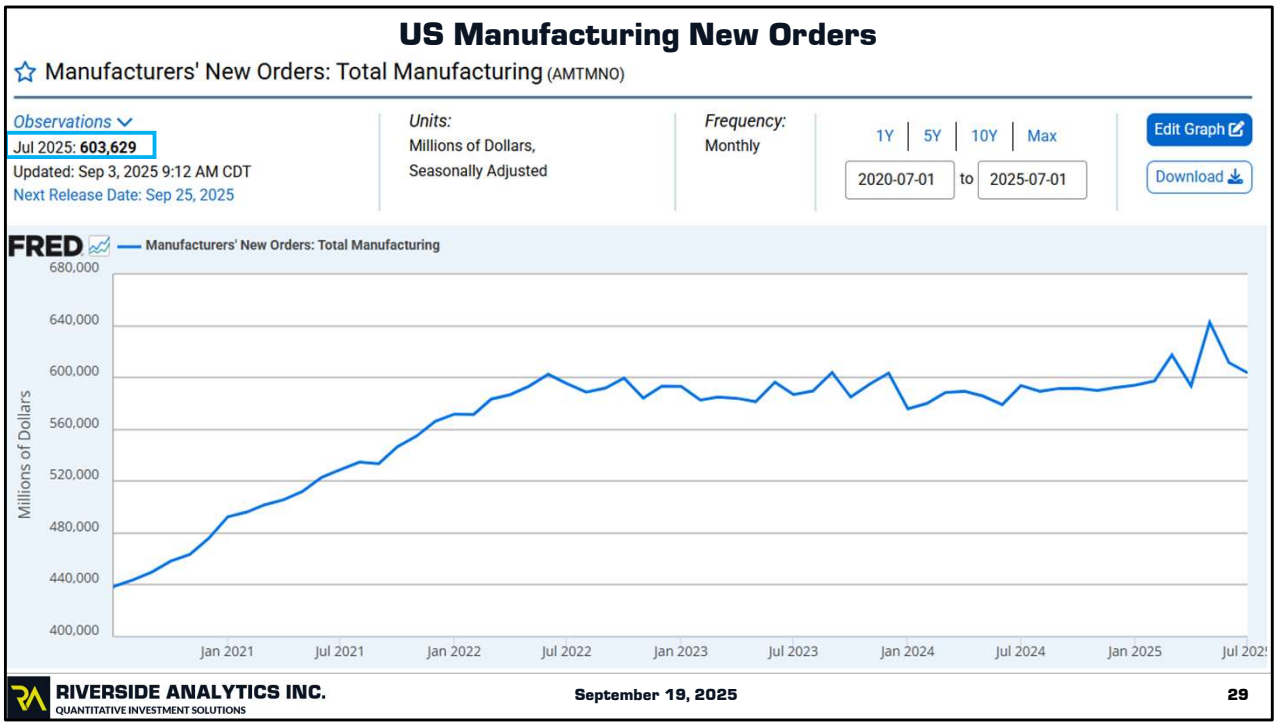


September – last month was 435 USD. This month it is 422K. The normal annual pattern is playing itself out !

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/

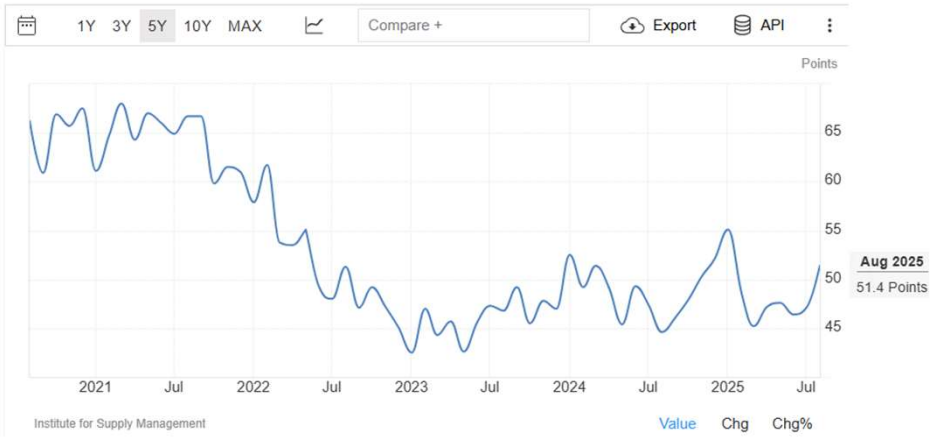
“Home prices generally rise over time, but they do fluctuate in the short-term. For example, seasonality plays a role: Prices will typically rise in spring, peak around June, then steadily drop during the fall and hit a low point mid-winter before the cycle starts again. In addition, prices can very quite widely from one geographic location to another, even within the same state or city.” Bankrate.com



September – last month was 611,682 – The blip is playing itself out. Regardless manufacturing is doing just fine.

ISM Manufacturing New Orders Index

ISM Manufacturing New Orders in the United States increased to 51.40 points in August from 47.10 points in July of 2025. ISM Manufacturing New Orders in the United States averaged 55.40 points from 1950 until 2025, reaching an all time high of 82.60 points in June of 1950 and a record low of 24.20 points in June of 1980. source: Institute for Supply Management



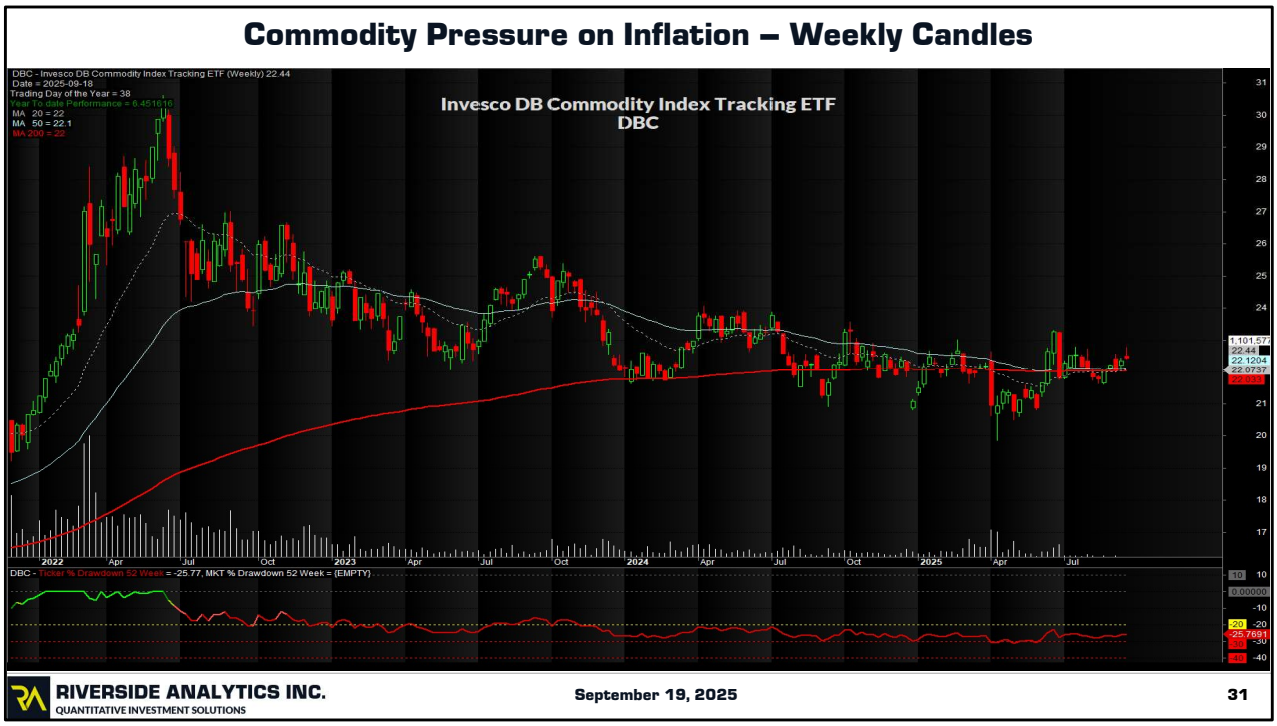
September – Last month was 47.1 – This smooths out the annual chart. A range bound chart !

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)

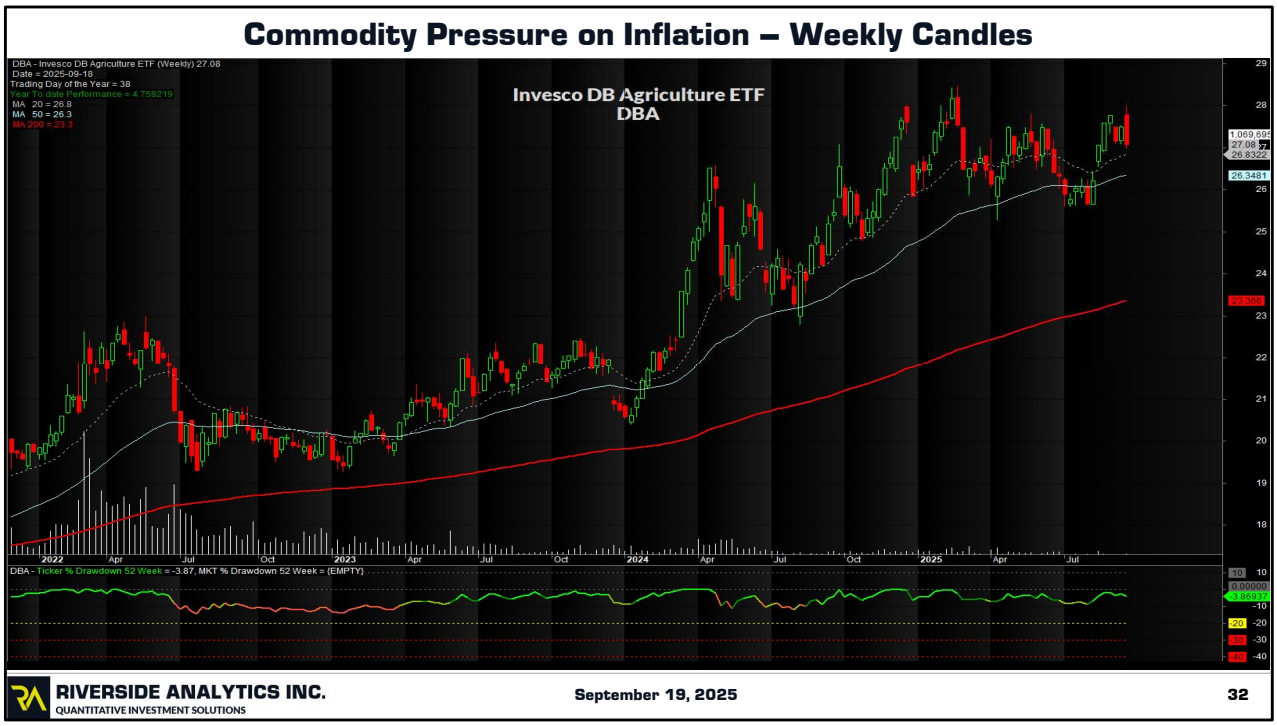
Chart Source : Trading Economics
https://tradingeconomics.com/united-states/ism-manufacturing-new-orders



September – Rangebound it is ! No inflation pressure here !

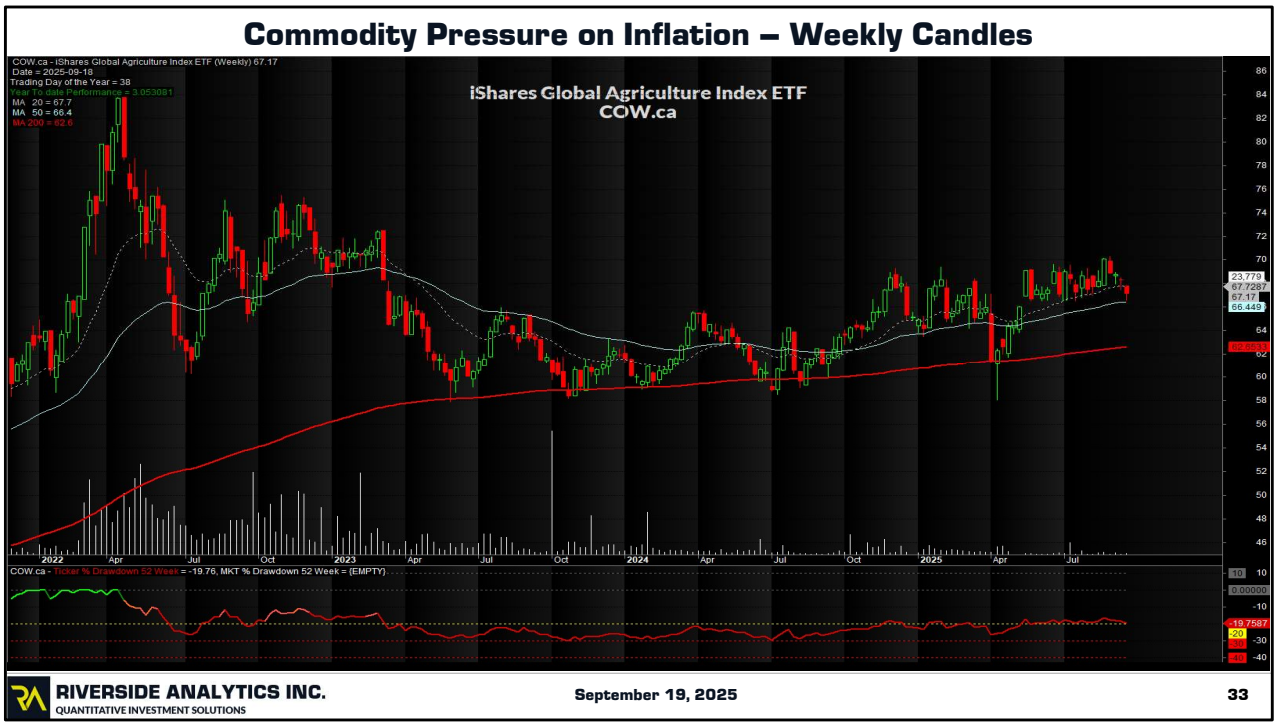
The 20, and 50 MA settling into a sideways motion, indicating a floor is being built on future inflation from carbon based energy, Gold, Silver, Aluminum, Zinc, Copper Grade A, Corn, Wheat, Soybeans, and Sugar.

All three Mas have settled on to the 22 number.



September – No comment change ! Like the past couple months 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.

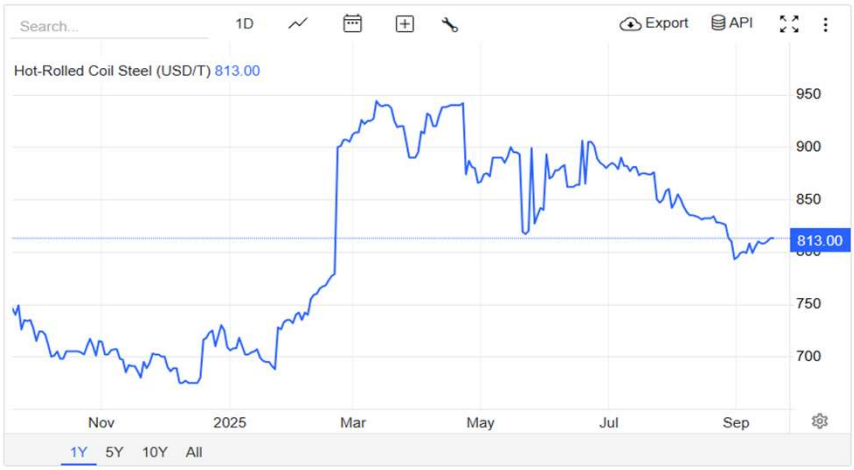


September – same as last month - another trading range being maintained - price increases "should" be muted.
NOTE: This is a general commodities ETF… There are some break out slides coming further in the presentation.

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

Hot Rolled Steel – 1 Year

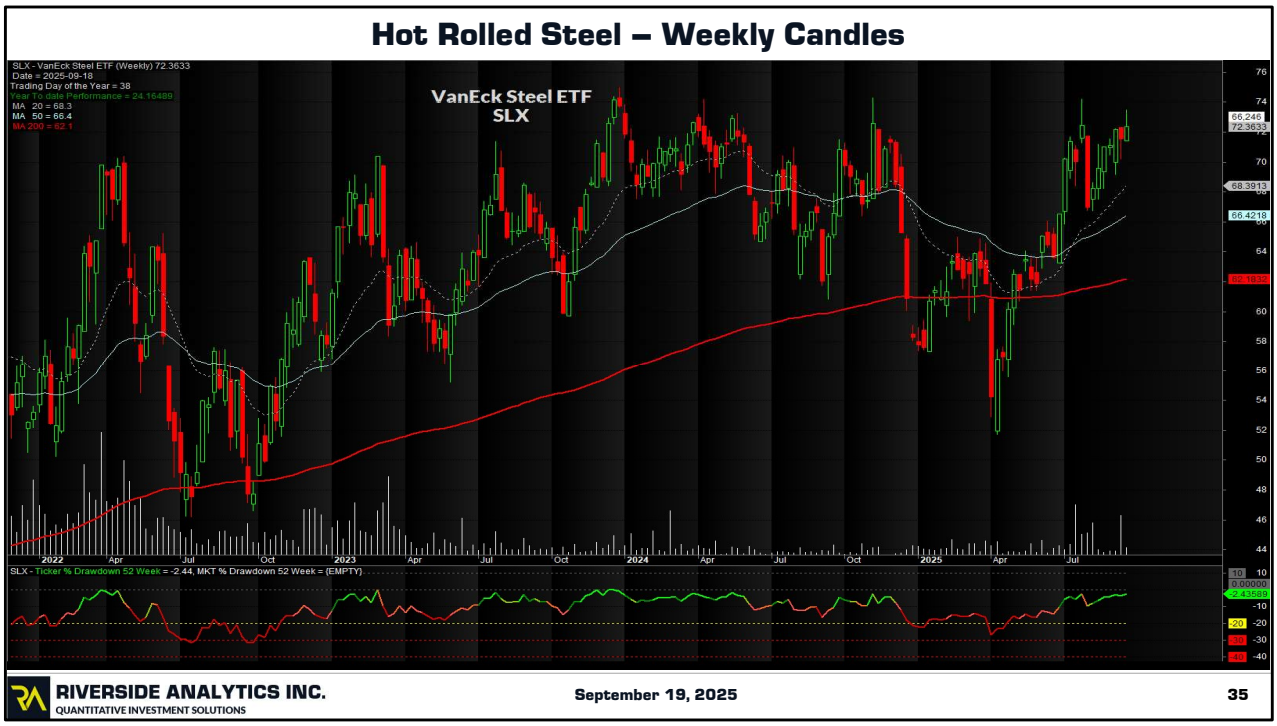
HRC Steel traded flat at 813 USD/T on September 18, 2025. Over the past month, HRC Steel's price has fallen 2.28%, but it is still 9.86% higher than a year ago, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



Where are steel prices going ?

September – Last month was 834. It hit a recent low of 795 on August 29th, before recovering in September. Steel prices are running about 16% higher than the pre-tariff range.

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



September – The steel industry stocks got a nice bump after the tariffs but has not managed to break their highs from 2024 !

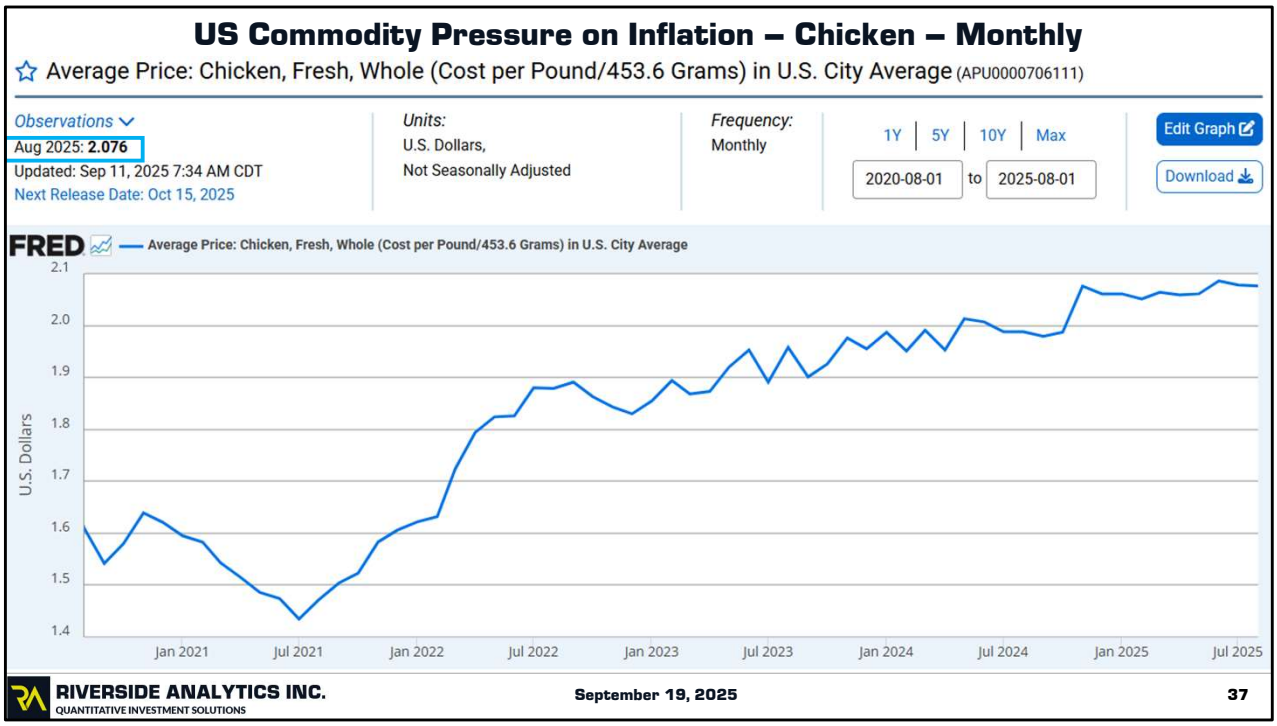
Aluminum – 1 Year

Aluminum futures in the US rose to over $2,700 per tonne in September, not far from the highest level since 2022 amid a weak US dollar and persistent threats to supply. The 50% tariff rate on aluminum imports placed by President Trump drove key Canadian producers to divert metal away from the US, with its shipments accounting for 78% of total Canadian exports in Q2, compared to 95% in Q1. Chinese output is due to slow on the country's annual limit of 45 million tons, capping supply growth from the world's largest producer. Also, Guinea Alumina lost all of its mining licenses after Guinea's military-led government transferred all mining leases to a newly created state-run company, potentially halting ore that feeds major producer Emirates Global Aluminum. In the meantime, quick demand for physical aluminum lifted withdrawal requests in global warehouses, with primary aluminum stocks in the LME to plunge by nearly 100,000 tonnes to 375,000 in the first third of the month.



September – last month was 2582.6 – we got a little pop since last month. This level is about the resistance level for the past 3 years. Tariffs have not moved the price levels up like steel !

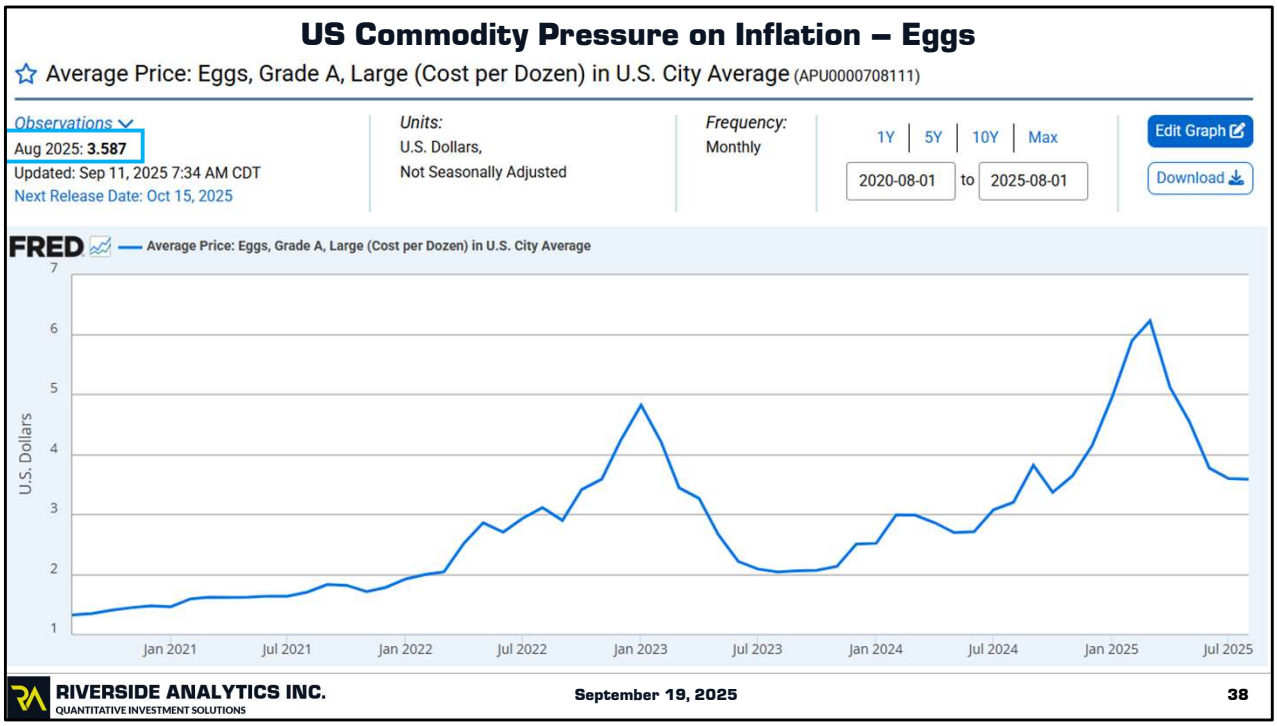
Source : https://tradingeconomics.com/commodity/aluminum



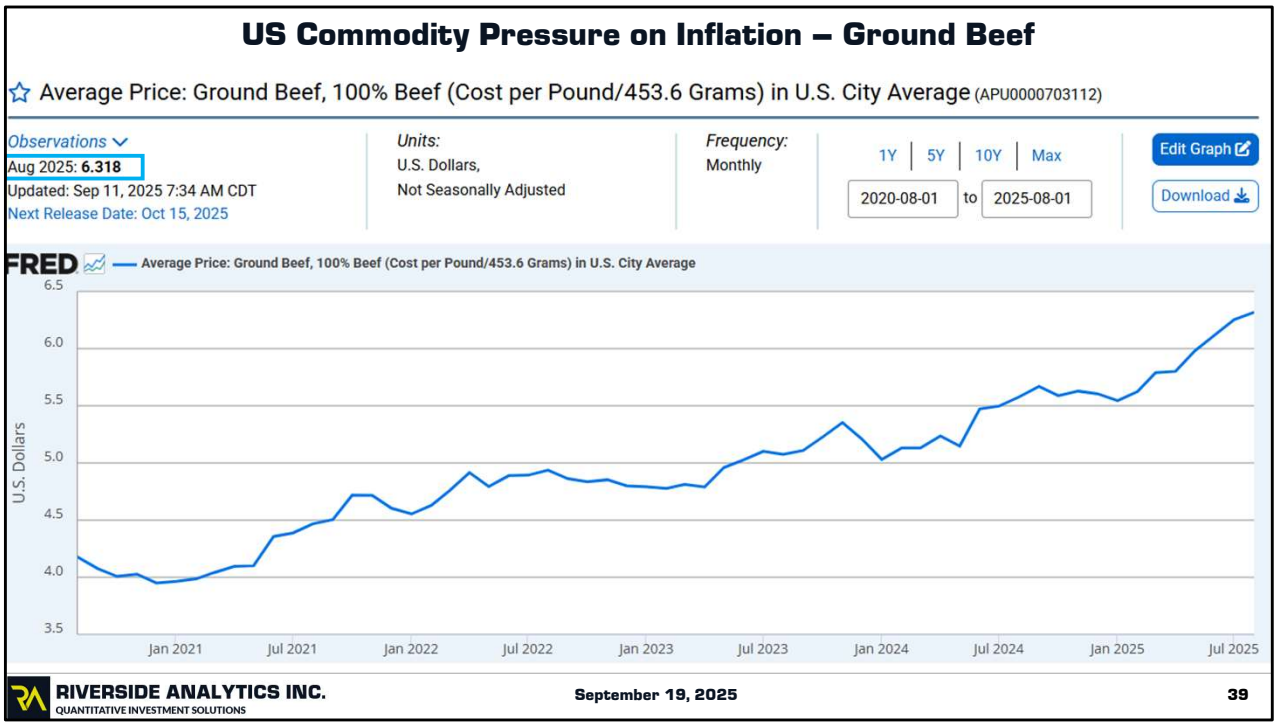
September – is a repeat of August - no significant change here

The jump in the chart to the right was in November.

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



September – Last month – 3.599 – This month comes in at 3.587, down about 1/10 of a cent. US average egg prices peaked at $6.22 per dozen in March. The egg price bubble continues to unwind.

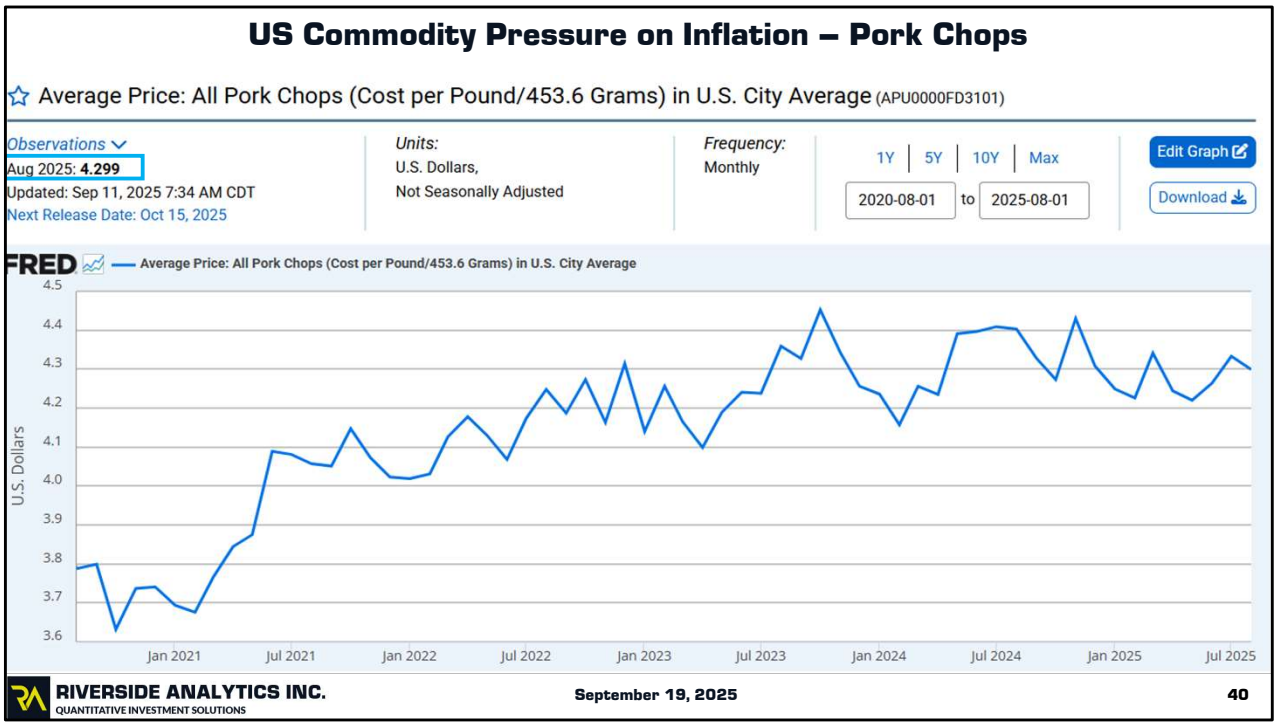


September – Last month was 6.254. You are not imagining things ! This is a 46.6 percent increase from July 2020.

Canadian rates of change are similar .

I checked Statistics Canada. Ground beef was 9.48 in 2020 and is now 14.73, on average for an percentage increase of 55% (new price / old price times 100)

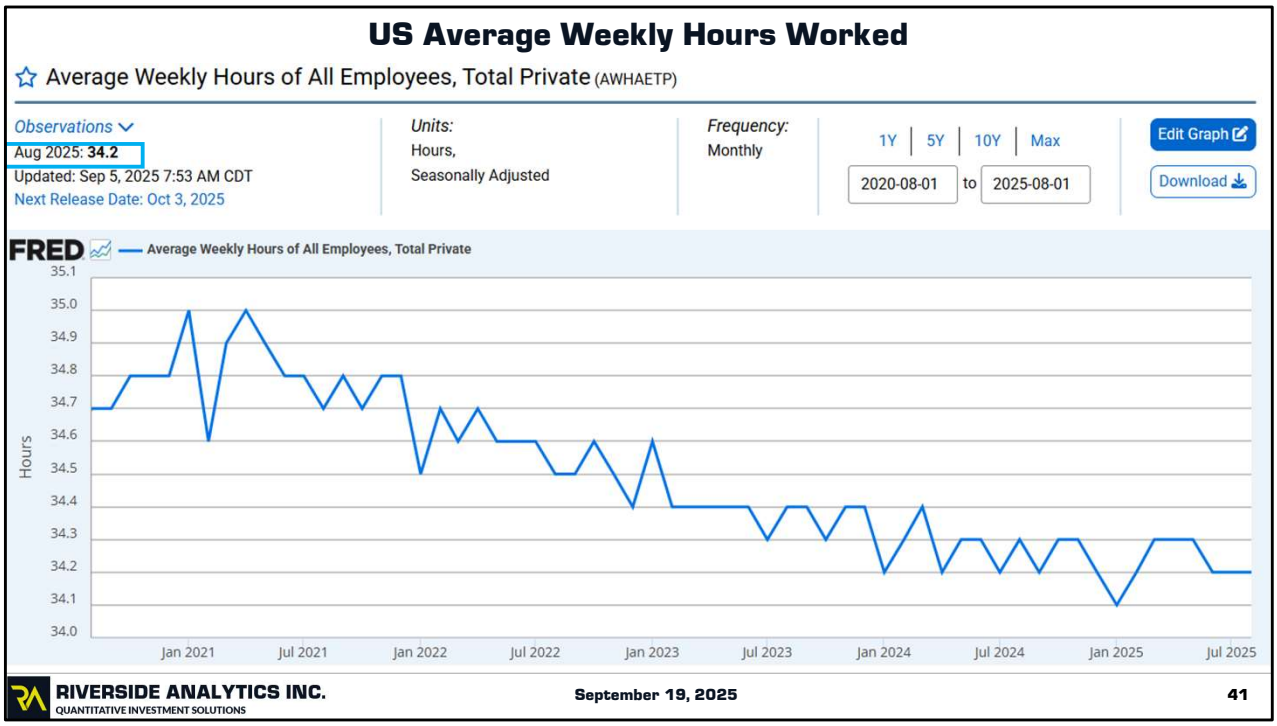
Statscan source : Monthly average retail prices for selected products



September –Pork chops have remain in a price range since more or less since July 2022.

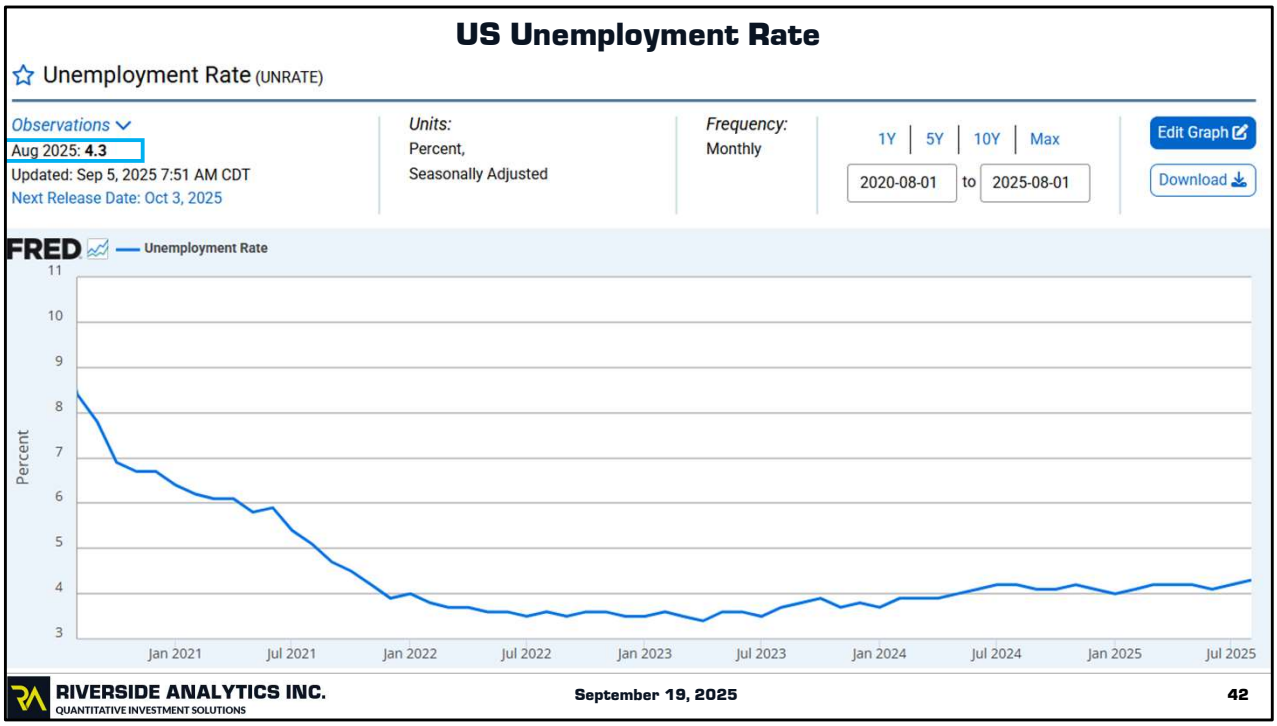
Canadian prices are very steady up only 7% in the past 5 years.

Statscan Source : [Monthly average retail prices for selected products]



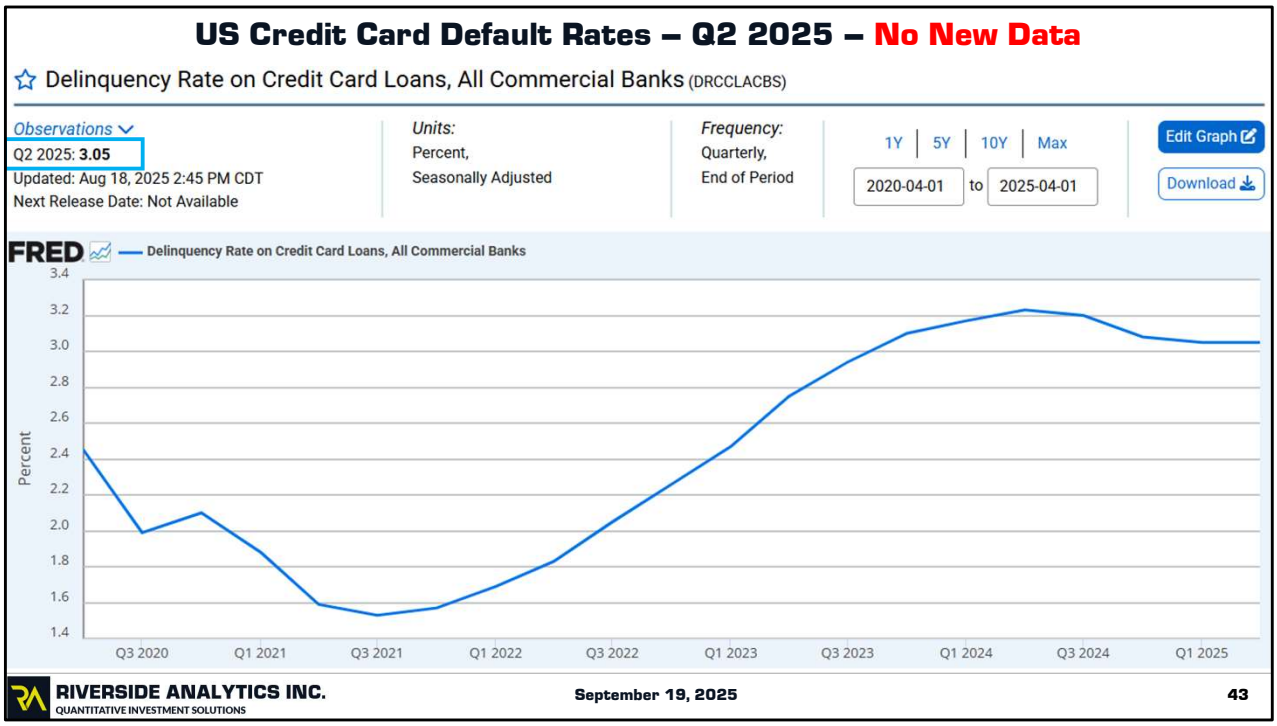
September – July was revised down 1/10th. It has been wiggling near here for 2 years !

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



September – up another 1/10th… It has ever so slightly exceeded the past few months highs.

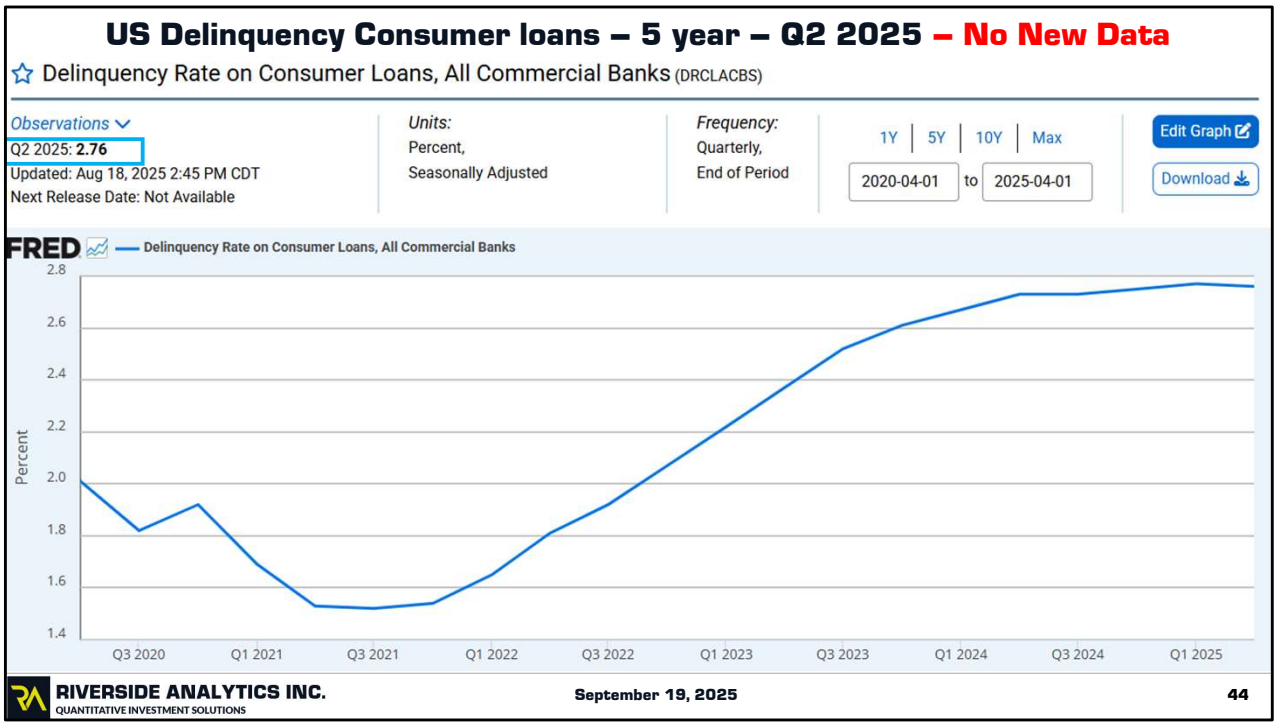
Source: [Unemployment Rate (UNRATE) | FRED | St. Louis Fed]



September – no change from Q1

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.

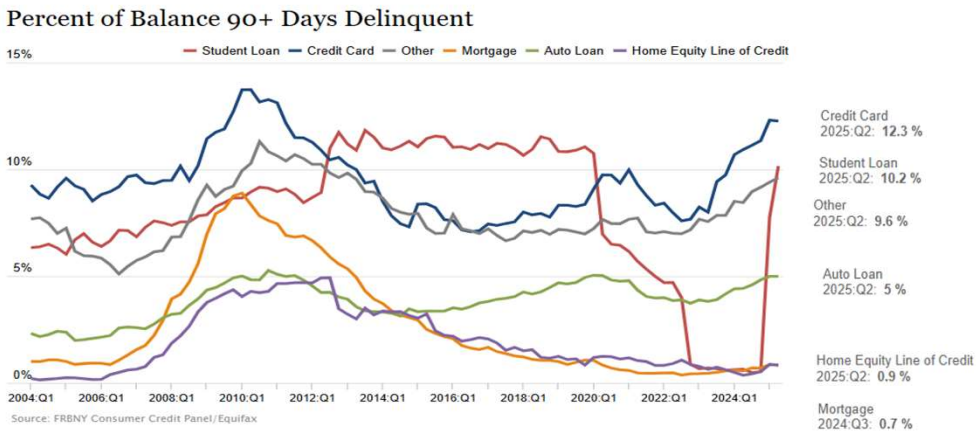


September – No New data.

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 – Serious Delinquency – No New Data

US Household Debt Hits $18.39 Trillion Up from $18.20 T



Aggregate delinquency rates remained elevated in the second quarter of 2025. As of the end of June, 4.4% of outstanding debt was in some stage of delinquency, which is 0.1 percentage point higher than the first quarter. Transition into early delinquency held steady for nearly all debt types; the exception was for student loans, which saw another 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, were largely stable for auto loans and credit cards; edged up slightly for mortgages and HELOCs; and rose sharply for student loans.

RIVERSIDE ANALYTICS INC. QUANTITATIVE INVESTMENT SOLUTIONS — September 19, 2025 — 45

September – No New data - This is quarterly data, Only Student Loans changed from 7.7% to 10.2%

NOTE : Home Equity Revolving and Auto loan percents are the same.

Household Debt Hits $18.89 Trillion.

Balances

Mortgage balances shown on consumer credit reports grew by $131 billion during the second quarter of 2025 and totaled $12.94 trillion at the end of June. Balances on home equity lines of credit (HELOC) rose by $9 billion, the thirteenth consecutive quarterly increase. There is now $411 billion in outstanding HELOC balances, $94 billion above the low reached in the first quarter of 2022. Credit card balances rose by $27 billion during the second quarter and now total $1.21 trillion outstanding and are 5.87% above the level a year ago. Auto loan balances rose by $13 billion, and now stand at $1.66 trillion. Other balances, which include retail cards and consumer finance loans, were roughly unchanged

at $540 billion. Student loan balances edged up by $7 billion and now stand at $1.64 trillion. In total, non-housing balances increased by $45 billion, a 0.9% increase from 2025Q1.

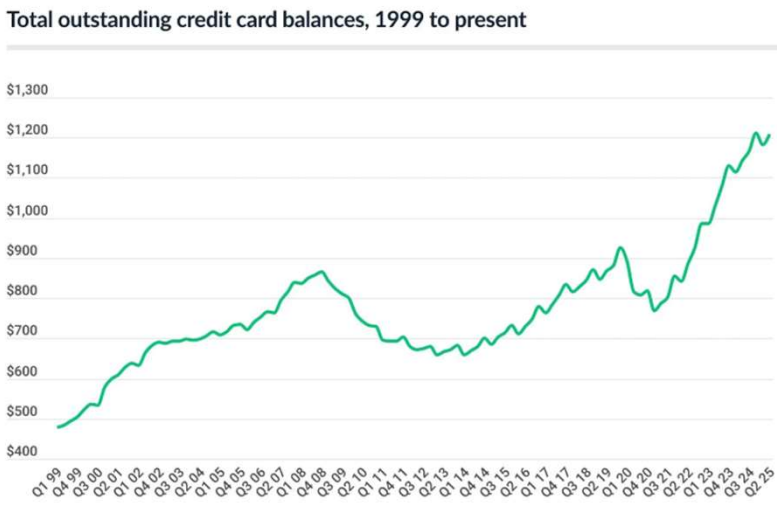
November – Federal Reserve Bank of New York.
https://www.newyorkfed.org/microeconomics/hhdc.html

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

Finally, if you really want to get into the weeds on this one >>
https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q2

US Credit Card Outstanding Balances – No New data



$1.209 trillion

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

Average Interest rate : 21.16%
New CC Offer Rates : 24.35%

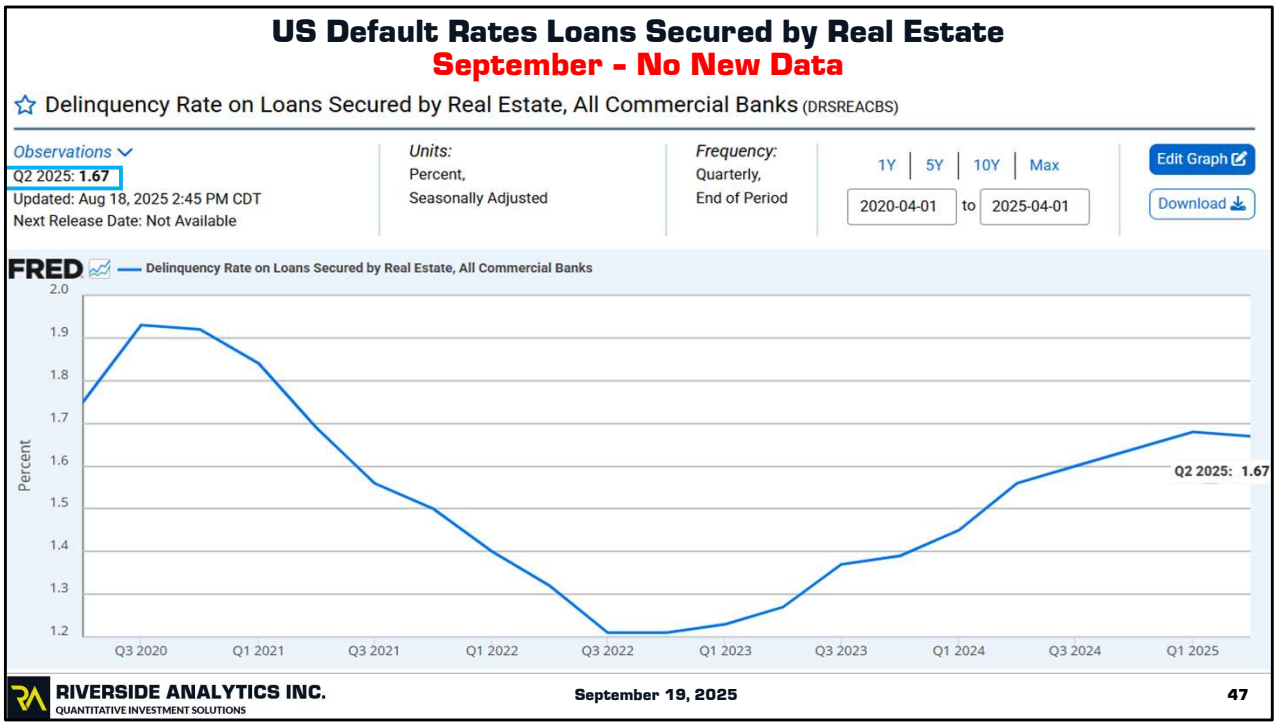
47% of card holders carry a balance month to month ! Average CC balance $7,321 in Q1 2025

August – "It isn't unusual for credit card debt to rise in Q2. The last time we saw card debt decrease in Q2 of a year was 2020, when the pandemic was in full swing. Before that, it hadn't happened since 2012.

With this quarter's increase, credit card balances have risen by $439 billion since Q1 2021, when credit card debt bottomed out at $770 billion during the pandemic. That's a 57% increase in four years. Americans' credit card debt is $282 billion higher than the pre-pandemic record set in Q4 2019, when balances stood at $927 billion. (That's a 30% increase.) However, thanks to still-sky-high interest rates, stubborn inflation and myriad other economic factors, credit card balances are likely only going to climb."
Source: Lending Tree.

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

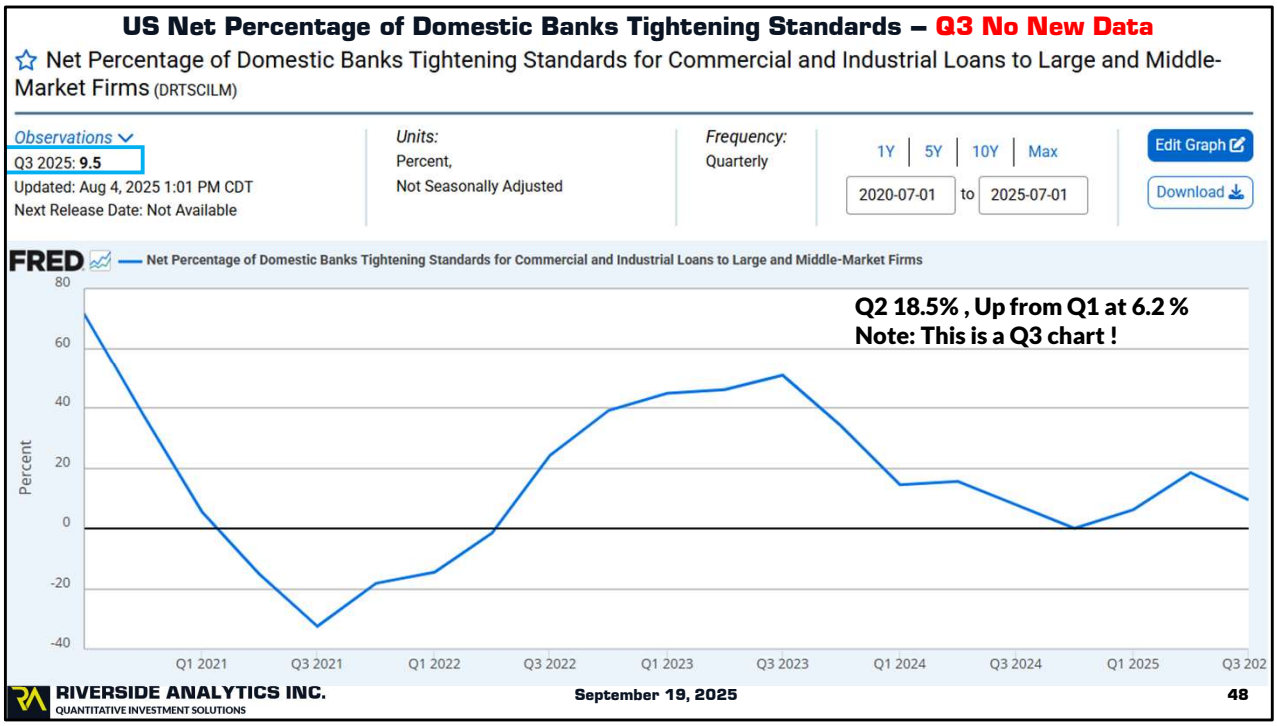
https://www.lendingtree.com/credit-cards/study/credit-card-debt-statistics/
Additional detail here > https://www.bankrate.com/credit-cards/news/credit-card-debt-survey/#many-carry-debt-for-more-than-a-year



September – No New data

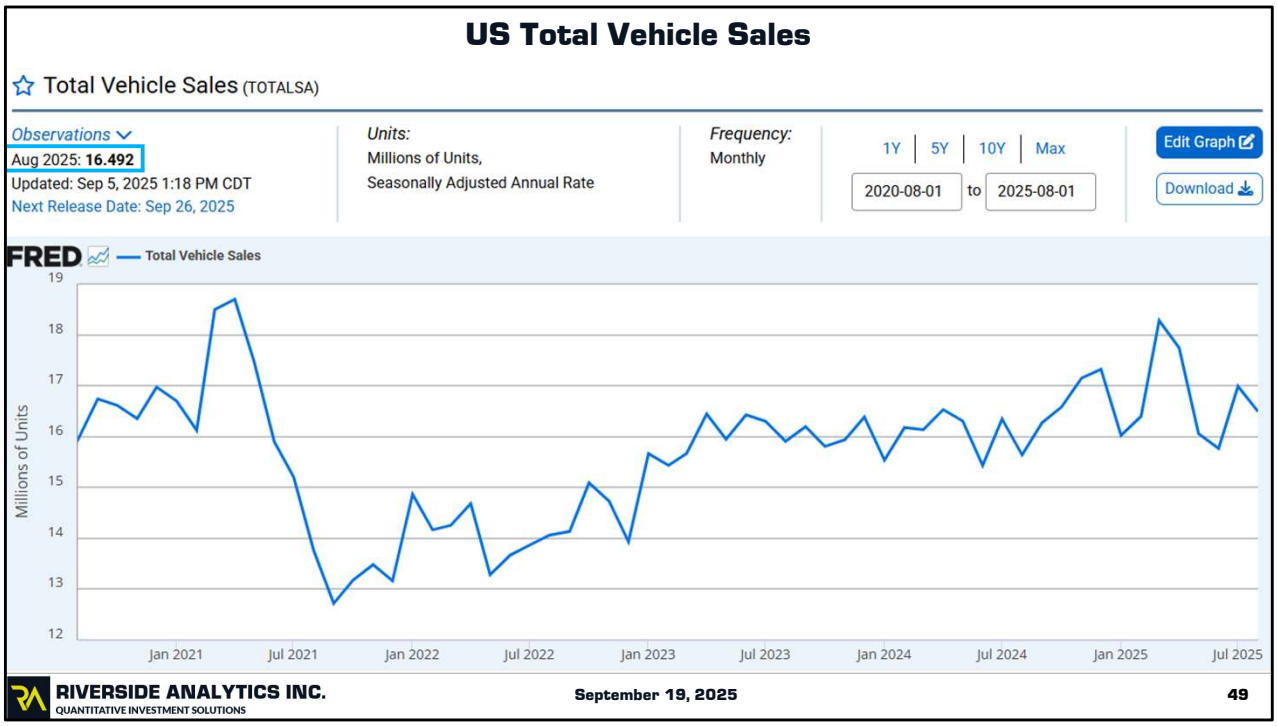
2024 Q4 was 1.64

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

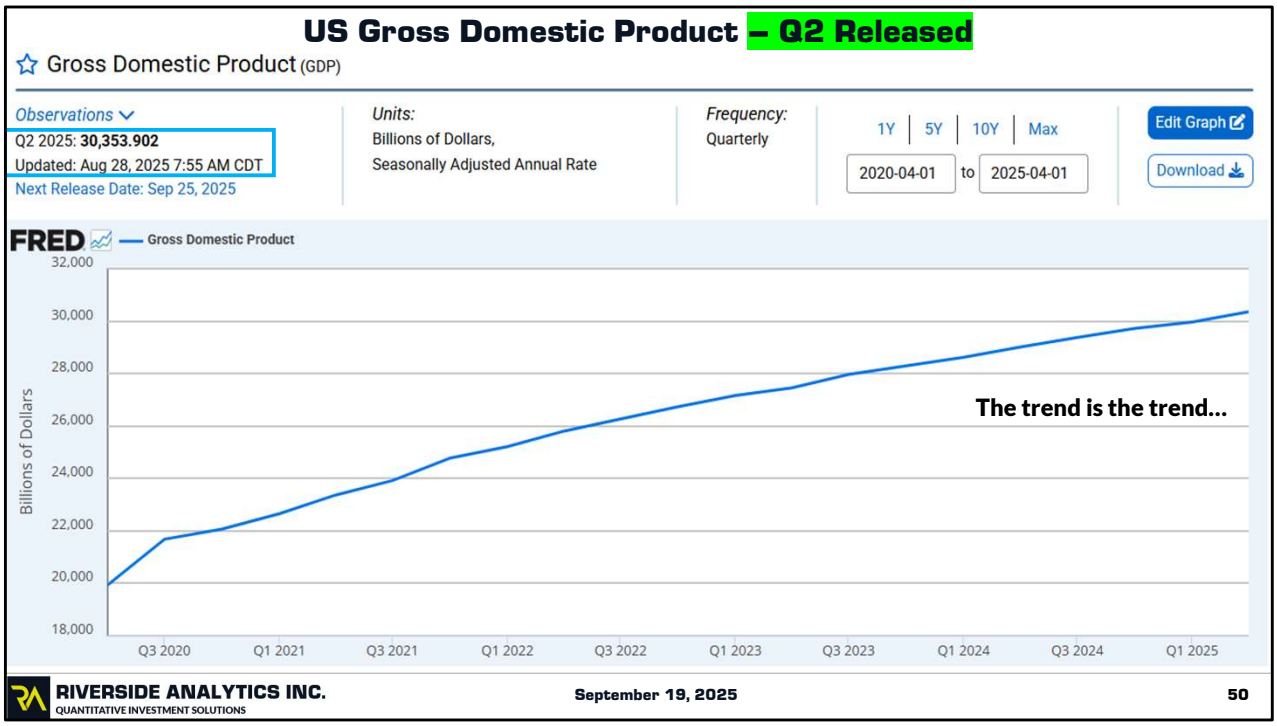


September – No New Data.

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



September – Last month was 16.866 – No signs of a slowdown here due to tariffs, or otherwise !

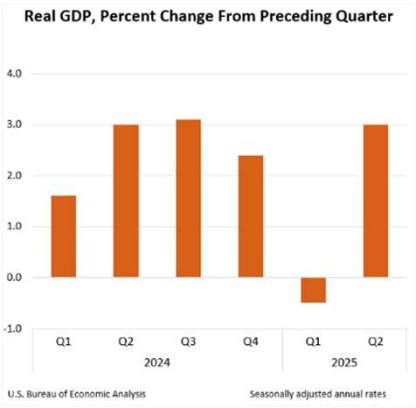


September – A slight adjustment to last months reported 30,331.117 – up 22.7 – Nothing to suggest any issues at this level caused by tariffs, will Q3 may be a little different ! I do not get that data until late October !

US GDP – Percent Change – No New Data

Q2 2025 (Adv)	+3.0%
Q1 2025	-0.5%

Real gross domestic product (GDP) increased at an annual rate of 3.0 percent in the second quarter of 2025 (April, May, and June), according to the advance estimate released by the U.S. Bureau of Economic Analysis. In the first quarter, real GDP decreased 0.5 percent. The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports.



September – No New Data – Q2 – It was strong due to heavy influence of lack of imports as businesses worked down inventories brought in early in preparation for tariffs. That influence is done, as companies must prepare for fall and winter sales. I am expecting Q3 data to be much softer, and with higher consumer prices.

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

September – September so far, has turned out pretty decent. October tends to be a poor performers for first year Republicans. By mid October we should be seeing the beginnings of the 3rd quarter earnings reports.

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF August 21, 2025

FED FUND FUTURES											
ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6
95.6713	95.7475	95.8625	95.9725	96.0925	96.1625	96.2625	96.3150	96.3975	96.4775	96.5425	96.6275	96.7075

	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
9/17/2025						0.0%	0.0%	0.0%	0.0%	73.5%	26.5%
10/29/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.6%	51.4%	14.1%
12/10/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.8%	46.6%	24.6%	4.0%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	34.5%	36.9%	15.5%	2.2%
3/18/2026	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%	23.4%	35.7%	25.6%	8.5%	1.0%
4/29/2026	0.0%	0.0%	0.0%	0.0%	1.9%	11.6%	27.5%	32.4%	19.9%	6.0%	0.7%
6/17/2026	0.0%	0.0%	0.0%	1.1%	7.5%	20.8%	30.3%	25.2%	11.9%	2.9%	0.3%
7/29/2026	0.0%	0.0%	0.4%	3.3%	12.1%	24.0%	28.5%	20.6%	8.8%	2.0%	0.2%
9/16/2026	0.0%	0.2%	1.5%	6.8%	16.9%	25.8%	25.4%	15.9%	6.1%	1.3%	0.1%
10/28/2026	0.0%	0.4%	2.7%	8.9%	18.7%	25.7%	23.4%	13.8%	5.1%	1.0%	0.1%
12/9/2026	0.1%	0.9%	4.0%	11.0%	20.2%	25.2%	21.4%	12.0%	4.2%	0.8%	0.1%

August – a decent probability September will see a 25 point drop in interest rates. Based on what I reported previously on the PPI indexes, this is not likely warranted, BUT, the Fed is MAY interested in pacifying the White House, at least marginally ! Regardless, the Powell Trump “discussions”, even if only via the media, are interesting to watch.

CME FedWatch Tool

TARGET RATE PROBABILITIES – Aggregated AS OF August 21, 2025

FED FUND FUTURES											
ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6
95.6713	95.7475	95.8625	95.9725	96.0925	96.1650	96.2625	96.3175	96.3975	96.4775	96.5425	96.6275	96.7075

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450
9/17/2025	0.00 %	0.00 %	0.00 %	0.00 %	73.47 %	26.53 %
10/29/2025	0.00 %	0.00 %	0.00 %	20.50 %	79.50 %	0.00 %
12/10/2025	0.00 %	0.00 %	0.00 %	93.32 %	6.68 %	0.00 %
1/28/2026	0.00 %	0.00 %	36.50 %	63.50 %	0.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	89.40 %	10.60 %	0.00 %	0.00 %
4/29/2026	0.00 %	22.50 %	77.50 %	0.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	80.29 %	19.71 %	0.00 %	0.00 %	0.00 %
7/29/2026	14.50 %	85.50 %	0.00 %	0.00 %	0.00 %	0.00 %
9/16/2026	54.46 %	45.54 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	75.50 %	24.50 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	96.64 %	3.36 %	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.

August – Aggregate is in agreement with target rates. It is still calling for a December or January drop of 25 points, then another 25 points in March or April. If business finally passes on tariff costs to the consumer, January and beyond likely moves further out.

Pacify the White House, or investors. This next few months will not be boring in the Fed Watch observation department !

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF – Friday September 19

FED FUND FUTURES												
ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6
95.7788	95.9325	96.1475	96.2925	96.3775	96.4825	96.5325	96.6125	96.6775	96.7425	96.8325	96.8975	96.9350

	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
10/29/2025					0.0%	0.0%	0.0%	0.0%	91.9%	8.1%	0.0%
12/10/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.4%	18.6%	1.0%	0.0%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.4%	51.7%	10.4%	0.5%	0.0%
3/18/2026	0.0%	0.0%	0.0%	0.0%	0.0%	19.1%	44.7%	30.6%	5.4%	0.3%	0.0%
4/29/2026	0.0%	0.0%	0.0%	0.0%	5.1%	26.0%	40.9%	23.8%	4.0%	0.2%	0.0%
6/17/2026	0.0%	0.0%	0.0%	3.1%	17.7%	35.0%	30.6%	11.9%	1.7%	0.1%	0.0%
7/29/2026	0.0%	0.0%	0.9%	7.2%	22.5%	33.8%	25.4%	9.0%	1.3%	0.1%	0.0%
9/16/2026	0.0%	0.3%	3.1%	12.5%	26.4%	30.8%	19.7%	6.3%	0.8%	0.0%	0.0%
10/28/2026	0.0%	0.6%	4.2%	14.2%	27.0%	29.5%	18.1%	5.7%	0.7%	0.0%	0.0%
12/9/2026	0.1%	1.1%	5.6%	15.9%	27.3%	27.9%	16.4%	5.0%	0.6%	0.0%	0.0%
1/27/2027	0.2%	1.6%	6.7%	17.2%	27.4%	26.6%	15.1%	4.5%	0.6%	0.0%	0.0%
3/17/2027	0.2%	1.6%	6.8%	17.3%	27.4%	26.6%	15.0%	4.5%	0.6%	0.0%	0.0%
4/28/2027	0.4%	2.1%	7.7%	18.1%	27.3%	25.6%	14.1%	4.1%	0.5%	0.0%	0.0%
6/9/2027	0.3%	1.9%	7.0%	16.9%	26.2%	25.8%	15.5%	5.3%	0.9%	0.1%	0.0%
7/28/2027	0.2%	1.2%	4.8%	12.5%	22.1%	26.0%	20.0%	9.8%	2.9%	0.5%	0.0%
9/15/2027	0.3%	1.5%	5.4%	13.3%	22.4%	25.5%	19.2%	9.2%	2.7%	0.4%	0.0%
10/27/2027	0.2%	1.3%	4.7%	11.9%	20.8%	24.9%	20.3%	11.1%	3.9%	0.8%	0.1%

September – October and December both have 25 point drops penciled in. That is change from last month. Weak job growth numbers are making it much easier to get the drops done.

CME FedWatch Tool – Aggregated

TARGET RATE PROBABILITIES AS OF

FED FUND FUTURES												
ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6
95.7788	95.9325	96.1475	96.2925	96.3775	96.4775	96.5325	96.6125	96.6775	96.7425	96.8325	96.8975	96.9350

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425
10/29/2025	0.00 %	0.00 %	0.00 %	0.00 %	91.93 %	8.07 %
12/10/2025	0.00 %	0.00 %	0.00 %	79.65 %	20.35 %	0.00 %
1/28/2026	0.00 %	0.00 %	23.93 %	76.07 %	0.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	77.03 %	22.97 %	0.00 %	0.00 %
4/29/2026	0.00 %	3.93 %	96.07 %	0.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	64.14 %	35.86 %	0.00 %	0.00 %	0.00 %
7/29/2026	0.00 %	91.93 %	8.07 %	0.00 %	0.00 %	0.00 %
9/16/2026	26.75 %	73.25 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	38.93 %	61.07 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	52.45 %	47.55 %	0.00 %	0.00 %	0.00 %	0.00 %
1/27/2027	63.93 %	36.07 %	0.00 %	0.00 %	0.00 %	0.00 %
3/17/2027	64.36 %	35.64 %	0.00 %	0.00 %	0.00 %	0.00 %
4/28/2027	72.93 %	27.07 %	0.00 %	0.00 %	0.00 %	0.00 %
6/9/2027	61.22 %	38.78 %	0.00 %	0.00 %	0.00 %	0.00 %
7/28/2027	16.93 %	83.07 %	0.00 %	0.00 %	0.00 %	0.00 %
9/15/2027	25.30 %	74.70 %	0.00 %	0.00 %	0.00 %	0.00 %
10/27/2027	6.93 %	93.07 %	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.

September – Aggregated is indicating a floor in rates 25 points lower than last month occurring late 2026.

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

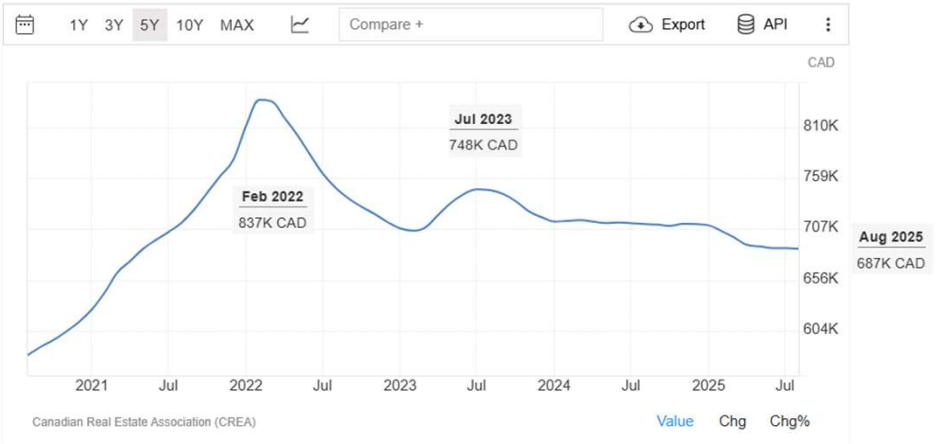
New Vehicle Sales

ST Louis Fed tracks a number of Canadian Metrics.

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

Average House Prices for Canada

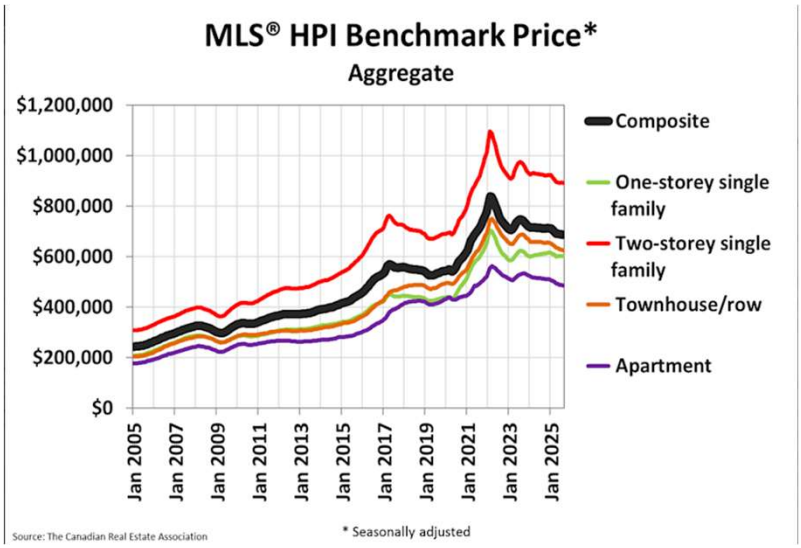
Average House Prices in Canada decreased to 687300 CAD in August from 688100 CAD in July of 2025. Average House Prices in Canada averaged 476022.18 CAD from 2005 until 2025, reaching an all time high of 837400.00 CAD in February of 2022 and a record low of 243300.00 CAD in January of 2005. source: Canadian Real Estate Association (CREA)



September – Last month was 689. a 2K drop really does not count !

Source : Trading Economics

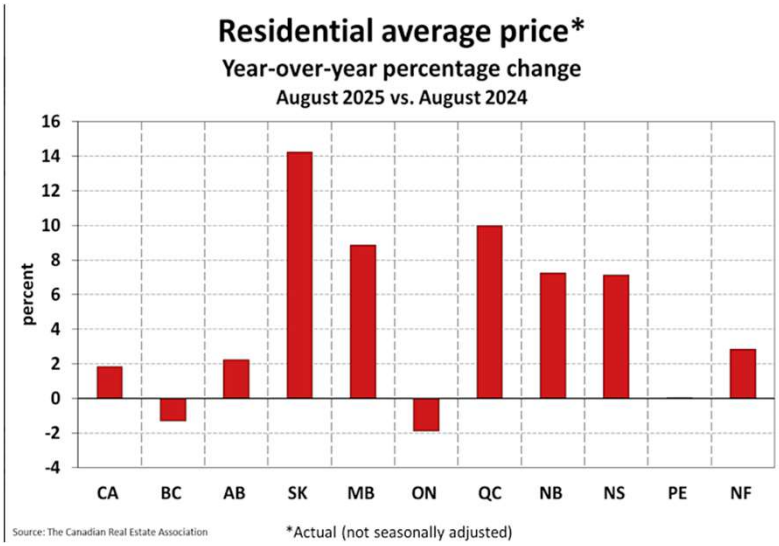
Canada Average House Price



September – Home sales are up a 12.5% annual rate, month over month. Month to month numbers can be volatile.

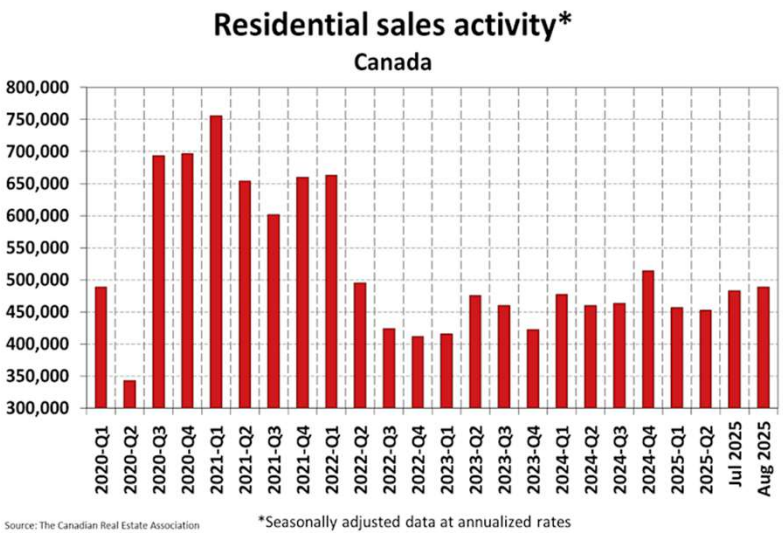
Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province



September – much like the last 7 months, BC and Ontario continue to lead prices down. Saskatchewan, Quebec and Manitoba are leading the price increase parade.

Home Sales Activity for Canada



September – Quarterly report – August data continues the bump in sales from July.

Number of new listings is up sharply by 31.2% on an annual basis over July ! Supply is not this issue, affordability is !

A sellers market is considered to be below 3.6 months inventory. The market is considered to be in balanced state with 4.4 months worth of inventory to sell. The balanced market range is 3.7 to 6.4 months inventory. When it goes over 6.4 months, it is considered to be a buyers market.

This is from The Canadian Real Estate Association.

Housing Starts - % Change – Canada

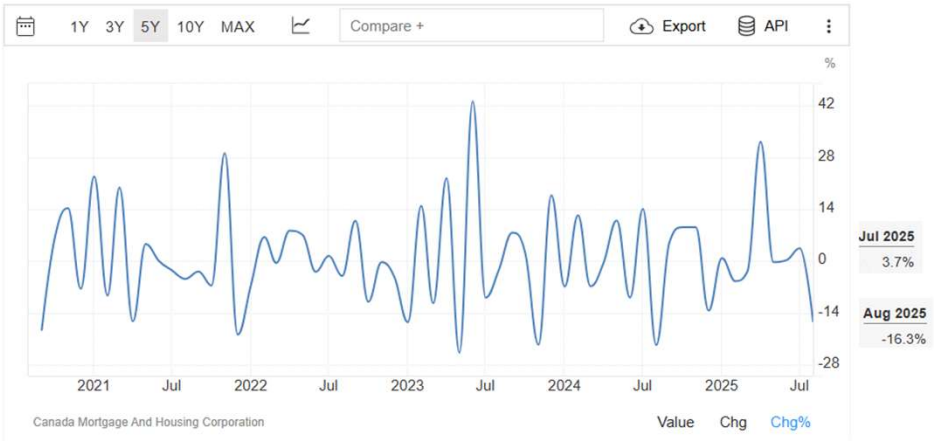
Housing starts in Canada declined 16% in August 2025 to 245,791 units from a revised 293,537 in July and well below market expectations of 277,500. The seasonally adjusted annual rate (SAAR) of total urban housing starts in centers with populations of 10,000 or more declined by 18% to 223,728 units from 272,330 units in July. Rural starts were estimated at 22,063 units. Actual housing starts in urban centers rose 10% year-over-year, with Montréal posting a 32% year-on-year increase driven by stronger multi-unit activity, Vancouver posting a 46% gain on higher multi-unit and single-detached starts, and Toronto posting roughly the same level as in August 2024. source: Canada Mortgage And Housing Corporation



September – This is not an unusual drop. They tend to happen once or twice a year.

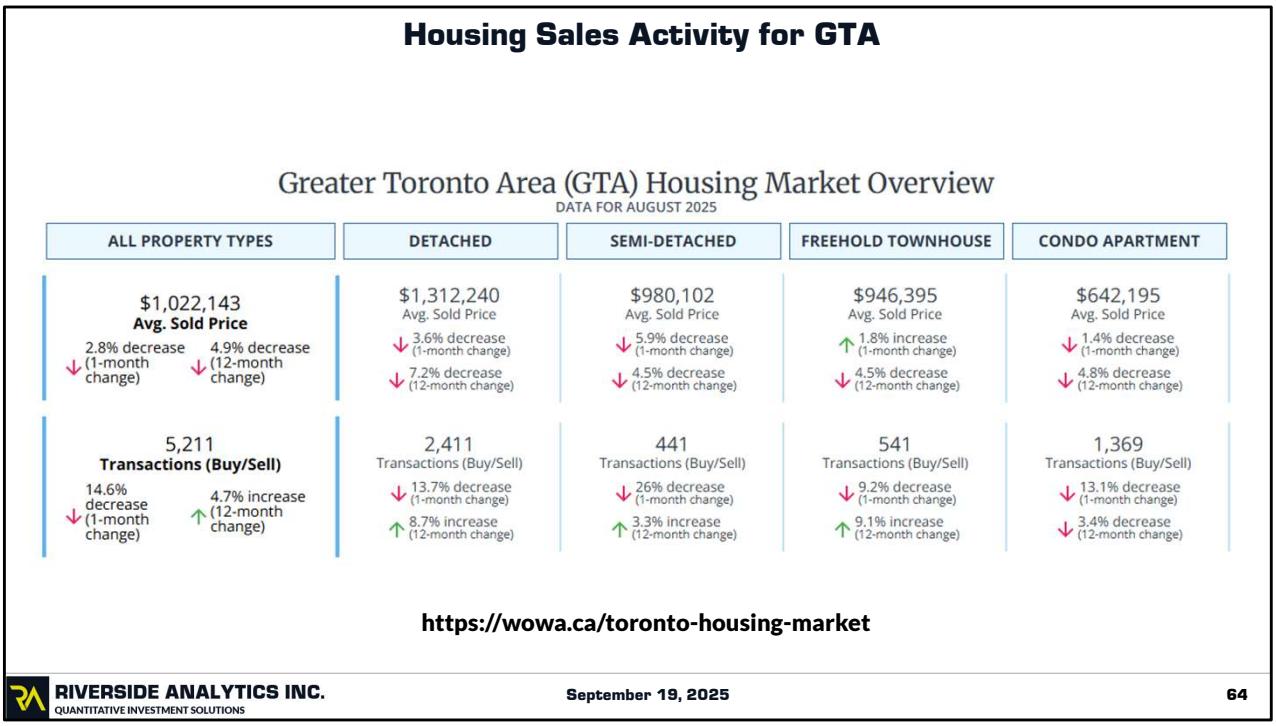
Source : Trading Economics

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



August - Trading Economics – Big picture – June got revised down to 0.3 from 0.4

Housing Sales Activity for GTA



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

September – Average prices are down, and units sold month over month are down across the board.

The month over month transactions last month was -7.2, -0.8, 5.3, and 4.4 vs this month at -13.7, -26, -9.2, and -13.1)

The 12 month units sold percent change is still positive but down sharply from last month. (last month > 14.3, 27, 18.3, and 6.3 – vs this month at 8.7, 3.3, 9.1 and -3.4)

WOWA – Detached / Semi Detached Prices for GTA

Single-Family Detached Home Prices in the GTA



Statistics for August 2025

Average Price:	$1,312,240	↓-7.2% from Aug. 2024
Units Sold:	2,411	↑8.7% from Aug. 2024
New Listings:	6,418	↑17.4% from Aug. 2024

Semi-Detached Home Prices in the GTA



Statistics for August 2025

Average Price:	$980,102	↓-4.5% from Aug. 2024
Units Sold:	441	↑3.3% from Aug. 2024
New Listings:	945	↑12.4% from Aug. 2024

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

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

September 19, 2025

65

September was a repeat of August – Inventory is up, and Y/Y **prices** are down a bit ! New listings out paced unit sold between 2 and 3 times ! The price drop has accelerated from a year ago down (-49k on Single family detached, and -61k on Semi-Detached.)

WOWA – Townhouse / Apartment Prices for GTA

Townhouse Prices in the GTA



Statistics for August 2025

Average Price:	$946,395	↓-4.5% from Aug. 2024
Units Sold:	541	↑9.1% from Aug. 2024
New Listings:	1,240	↑3.8% from Aug. 2024

Apartment Prices in the GTA



Statistics for August 2025

Average Price:	$642,195	↓-4.8% from Aug. 2024
Units Sold:	1,369	↓-3.4% from Aug. 2024
New Listings:	4,159	↑5.1% from Aug. 2024

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

September – Towns increased in price from 929K to 946K for the month, but are down year over year.

There is lots of data to explore here.

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

WOWA - Housing Activity for GTA

	City	Median Sold Price	1-Year Change	Total Transactions
#1	City of Toronto	$800,000	↓-1.7%	1,779
#2	York Region	$1,107,500	↓-6.5%	994
#3	Peel Region	$890,000	↓-5.8%	915
#4	Durham Region	$805,000	↓-5.3%	676
#5	Halton Region	$1,019,000	↓-5.2%	640
#6	Simcoe County	$829,500	↓-0.1%	181
#7	Dufferin County	$730,000	↓-3.5%	26
	GTA	**$887,000**	**↓-4.1%**	**5,211**

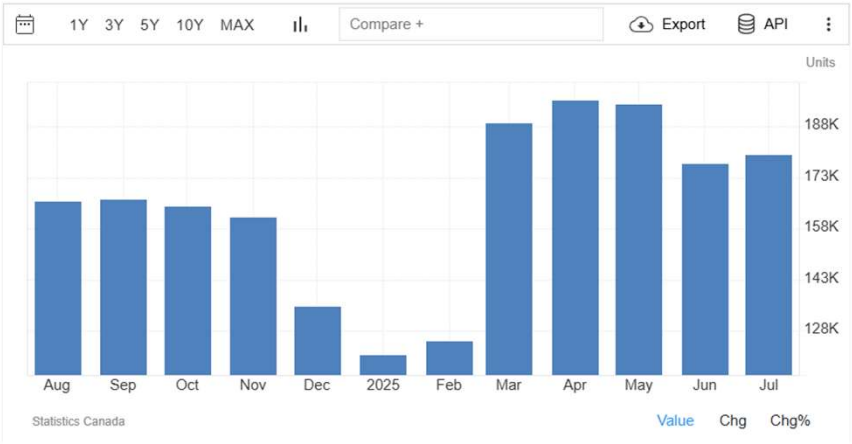
September – Breaking the areas within GTA, here is how they compare. Note, this is the MEDIAN not the AVERAGE ! The average price decline is -4.9%.

Units sold is down from 6,100 last month to 5,200.

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

New Vehicle Sales Activity for Canada

Car Registrations in Canada increased to 179814 Units in July from 177219 Units in June of 2025. Car Registrations in Canada averaged 104411.68 Units from 1950 until 2025, reaching an all time high of 220858.00 Units in May of 2018 and a record low of 19807.00 Units in December of 1951. source: Statistics Canada



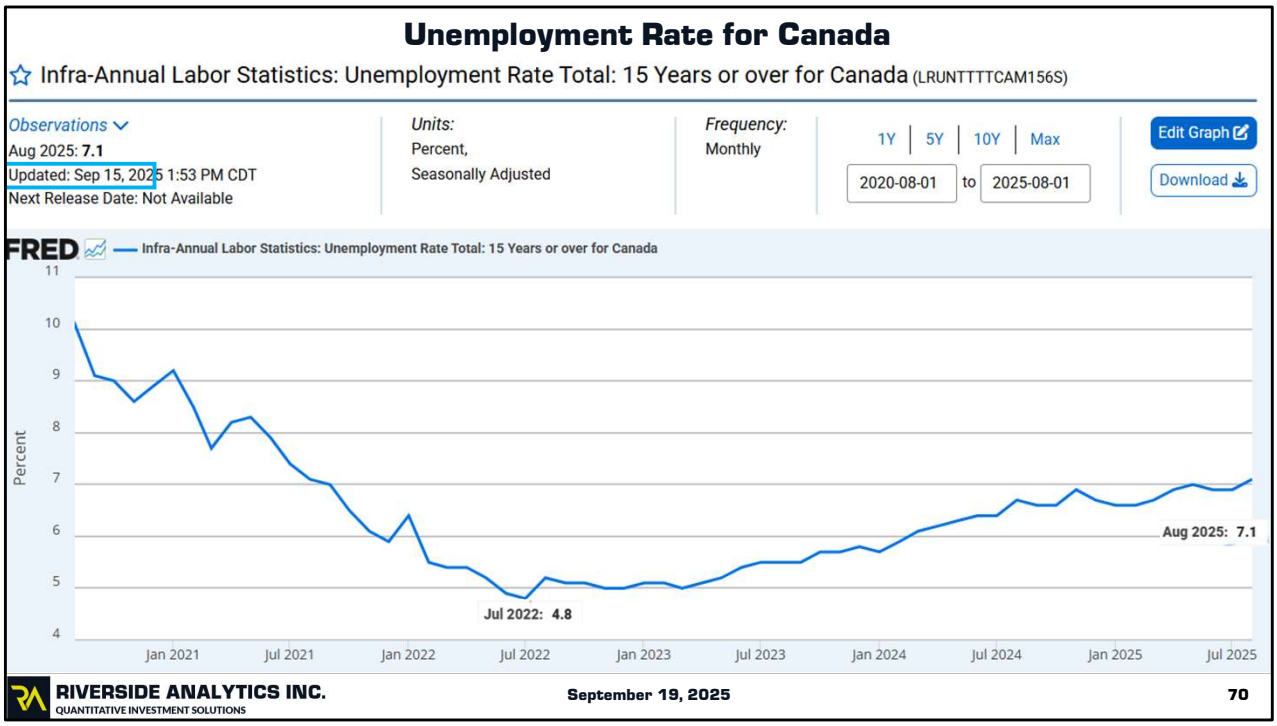
September - Trading Economics – Every January sales drop, then there is a rebound in February. It was a month late this year. This is perfectly normal.

New Vehicle Sales Activity for Canada – 5 Year Chart



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

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

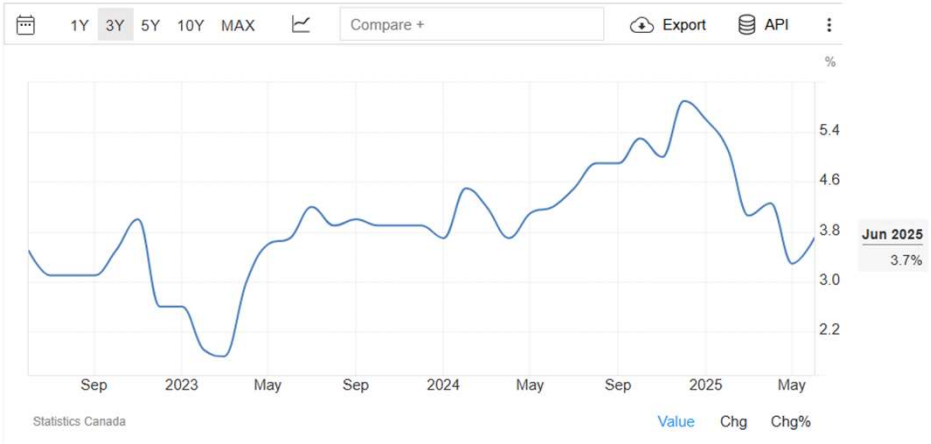


September - Up 2/10's from last month. Royal Bank senior economist Claire Fan reports that the trade dispute with the US is taking a toll on the Canadian labour market.

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

Canada Average Weekly Earnings YOY – 3 Year Chart

Average weekly earnings in Canada rose by 3.7% year-over-year to CAD 1,302.11 in June 2025, accelerating from a 3.3% gain in the previous month. In general, growth in average weekly earnings can reflect a range of factors, including changes in wages, composition of employment, hours worked and base-year effects.Month over month, average weekly earnings were up 0.7% in June. Average weekly hours worked (33.4 hours) were little changed in June both on a month-over-month and year-over-year basis. source: Statistics Canada



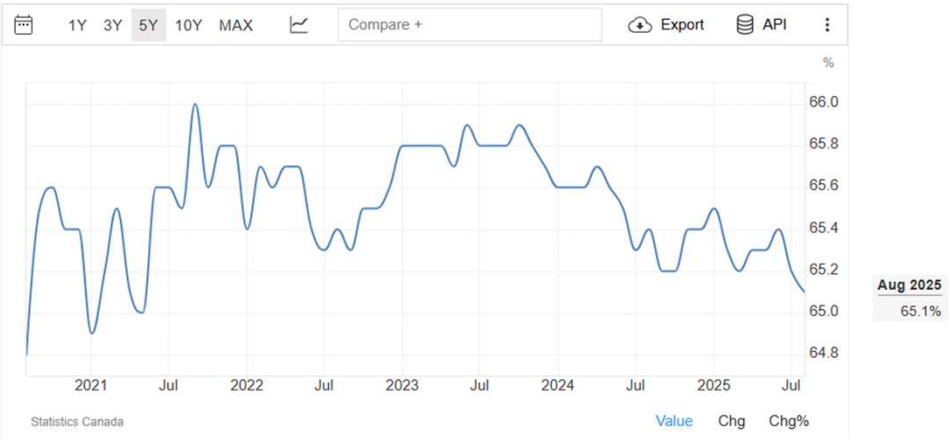
September – On average worker wages is still growing faster than inflation

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 decreased to 65.10 percent in August from 65.20 percent in July 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

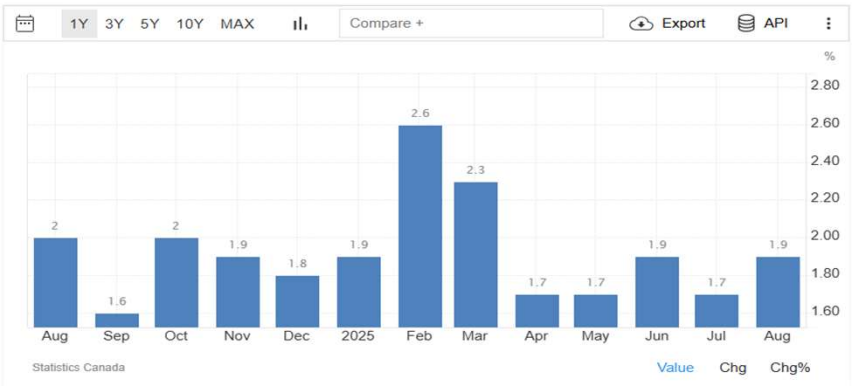
September – like last month, no meaningful change here. From June to August it dropped 3/10ths.

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.

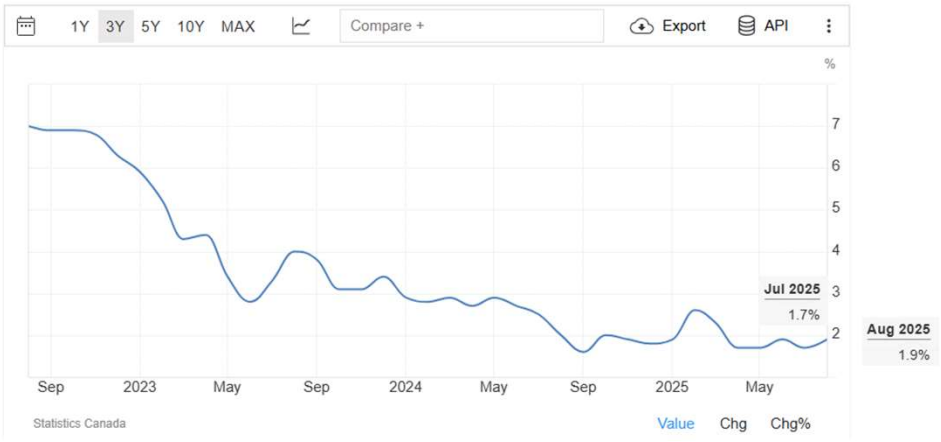
Consumer Price Index: Monthly Canada

The annual inflation rate in Canada rose to 1.9% in August 2025, from 1.7% in July, but below the expected 2% and staying below the BoC's 2% midpoint for the fifth straight month. The smaller year-on-year decline in gasoline prices (-12.7% vs -16.1% in July) was a key factor behind the pickup in headline inflation. Excluding gasoline, the CPI rose 2.4% in August, after increasing 2.5% in each of the previous three months. At the same time, food inflation ticked up (3.4% vs 3.3%), mainly due to higher prices of meat (7.2% vs 4.7%). Meanwhile, prices for shelter, representing almost 30% of the CPI basket, increased 2.6% in August, easing from 3% in July as both mortgage and rent costs moderated. On a monthly basis, the CPI edged down by 0.1%, after a 0.3% increase in July and compared with estimates of no change. The trimmed-mean core CPI, which is closely followed by the BoC for underlying inflation, eased to 3% in August, down from 3.1% in July, matching market forecasts. source: Statistics Canada



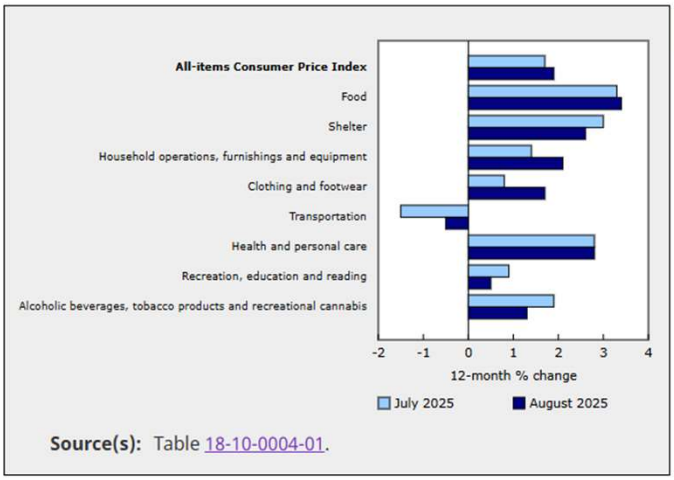
September – Like last month – The Core inflation is running a little hot at 3 %, but overall, Canada is doing pretty good. Once you get into the details you see the areas still causing some trouble. Food and shelter are still troublesomely high, while saving on gasoline

Consumer Price Index: 3 Year View Canada



September – Last month was 1.7% - Inflation – long view

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



Source(s): Table 18-10-0004-01.

July 2025	August 2025
1.7	1.9
3.3	3.4
3.0	2.6
1.4	2.1
0.8	1.7
-1.5	-0.5
2.8	2.8
0.9	0.5
1.9	1.3

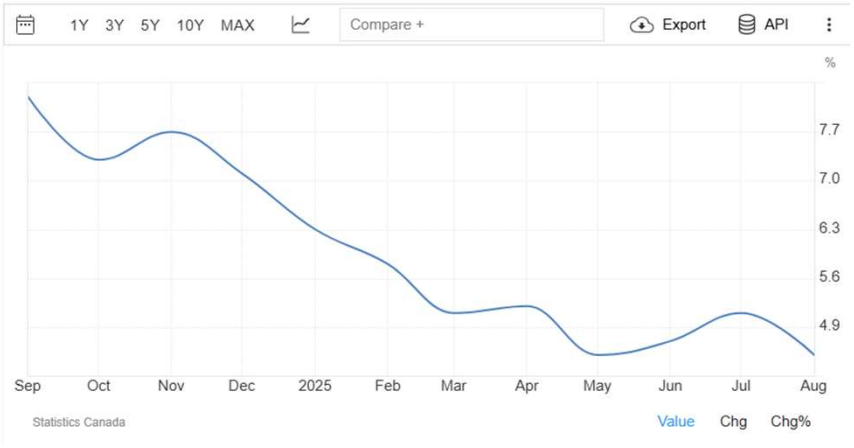
September - Food, and Shelter remain the worst culprits hurting consumer wallets. Food and shelter are about 40 percent of many household budgets.

In August, prices for meat rose 7.2% year over year, following a 4.7% increase in July. Higher prices for fresh or frozen beef (+12.7%) and processed meat (+5.3%) put upward pressure on the index in August. Growth in prices for ground beef and multiple processed meat categories contributed the most to the upward movement.

Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/250916/cg-a002-eng.htm

Consumer Price Index: Rent

Rent Inflation in Canada decreased to 4.50 percent in August from 5.10 percent in July 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



September - Rent Inflation remains a sticky spot. It is back down to the May 2025 lows, but still way too high !

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

Gasoline Prices – Canada Average

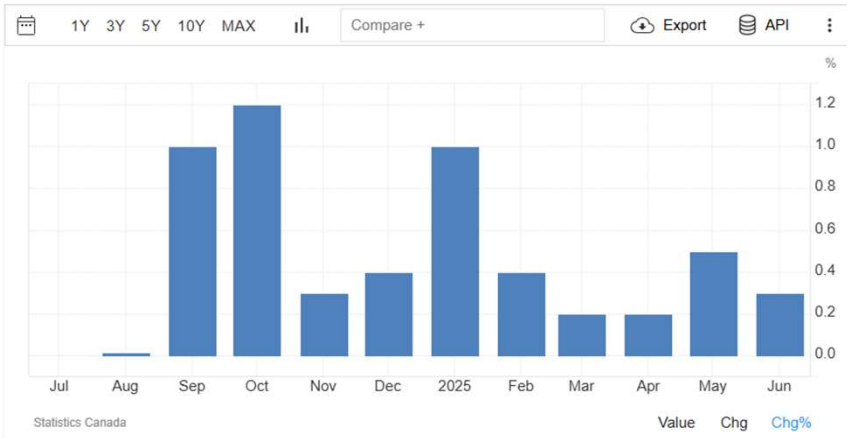


September – gas prices have increased to the top of the recent range.

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 – No Updates

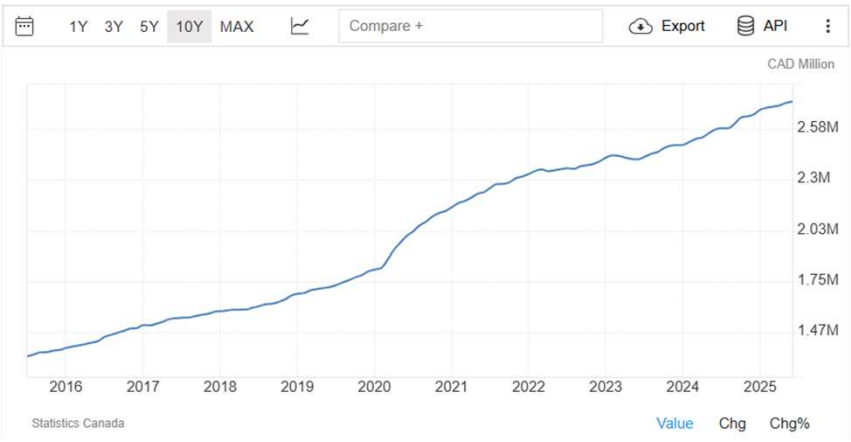
Money Supply M2 in Canada increased to 2723735 CAD Million in June from 2715609 CAD Million in May of 2025. Money Supply M2 in Canada averaged 653763.42 CAD Million from 1968 until 2025, reaching an all time high of 2723735.00 CAD Million in June of 2025 and a record low of 25523.00 CAD Million in January of 1968. source: Statistics Canada



September – **No New Data -** Multiply these numbers by 12 to get annual rate of change

Source : Trading Economics

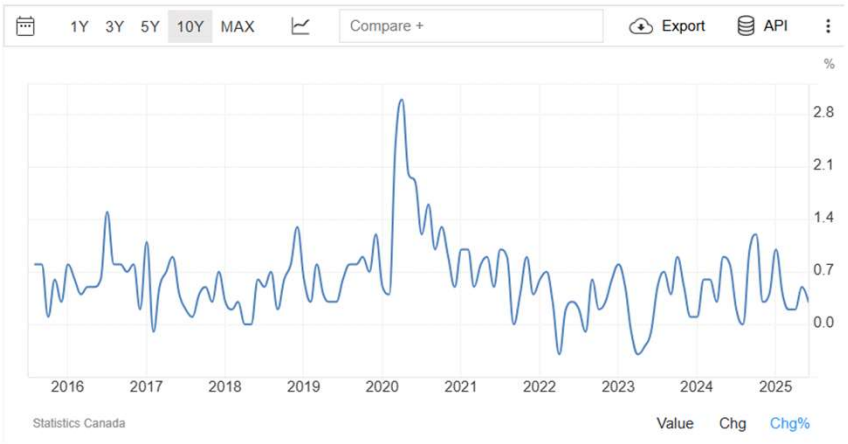
Canada - M2 Money Supply – Long Term View – No Updates



September – **No New Data -** I am not convinced that M2 has a significant impact on inflation. I believe corporate pricing decisions are the dominate force in 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! There seems to be about a 2 year delay between the growth of money supply and its inflationary affects.

Source : Trading Economics

Canada - M2 Money Supply – M/M Percent Change – Long View – No Updates



September – **No New Data -** 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 corporations 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

The yield on the Canadian 10-year government bond eased to about 3.15% as markets repriced the expected path for policy and long run inflation after the Bank of Canada cut its policy rate by the widely anticipated 25 basis points to 2.5% and signalled a durable easing campaign. Domestically a sharper growth slowdown has reinforced that repricing with second quarter GDP contracting roughly 1.6% and exports plunging about 27%, which weakened the growth and trade outlook and made future rate cuts more plausible. At the same time headline inflation eased to 1.9% in August, giving the BoC room to loosen policy without jeopardising its target, and labour market weakness has reduced near term wage pressure. Finally lower US Treasury yields and a general retreat in global long rates have transmitted to Canadian paper and compressed the term premium.



September – Last month was 3.487 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 19 September 2025



September – last month was 82.5.

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

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

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 19 September 2025



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

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

Gross Domestic Product for Canada – RBC Source

Canadian GDP Growth

	Q/Q annualized %				y/y %
	2024/Q3	2024/Q4	2025/Q1	2025/Q2	2025/Q2
Consumer spending	4.4	4.9	0.5	4.5	3.6
Goods	5.4	6.9	2.3	4.7	4.8
Services	3.6	3.4	-0.8	4.3	2.6
Government	5.5	2.4	-0.4	5.1	3.1
Res Investment	5.4	16.8	-12.2	6.3	3.5
Business investment	-11.9	4.7	1.1	-10.1	-4.3
Net trade (ppt cont, annualized)	0.1	1.4	0.7	-8.1	
Inventories (ppt cont, annualized)	-0.8	-4.4	2.1	3.2	
GDP	**2.4**	**2.1**	**2.0**	**-1.6**	**1.2**

Source: Statistics Canada, RBC Economics Research

September – Published August 29th – the pullback is largely due to sharp pullback in exports. Advanced numbers for July is showing 7% pickup in US imports.

Source : Royal Bank - https://www.rbc.com/en/thought-leadership/economics/featured-insights/canadian-gdp/

Real Gross Domestic Product for Canada – September No New Data
BoC Survey Results

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)			
	Q1	End of 2025 (n = 26)	End of 2026 (n = 25)	Q1
25th percentile of responses	0.5	0.5	1.5	1.4
Median of responses	1.0	0.8	1.8	1.7
75th percentile of responses	1.3	1.0	2.0	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.

Note: The Q2 data Statscan Report has not been released yet.

September – **No New Data** – **NOTE THIS IS A SURVEY, not an analysis of country GDP from StatsCan.** GDP – Q2 survey results released – Somewhat softer than many would like, but doing ok with all the tariff turmoil. Nearer 2% would be nice ! Companies are expecting a soft finish to the year.

https://www.bankofcanada.ca/2025/08/market-participants-survey-second-quarter-of-2025/

Real Gross Domestic Product for Canada – September No New Data
BoC Survey Results

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 = 23)		In 6 to 12 months (n = 23)		In 12 to 18 months (n = 23)		In 18 to 24 months (n = 22)	
	Q1		Q1		Q1		Q1	
25th percentile of responses	25	25	30	23	24	15	11	15
Median of responses	38	35	40	30	30	25	20	20
75th percentile of responses	50	40	46	40	41	30	30	30

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

September – **No New Data** – An interesting prediction – Canada really is doing decently considering all the noises in the media.

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

https://www.bankofcanada.ca/2025/08/market-participants-survey-second-quarter-of-2025/

Real Gross Domestic Product for Canada – September No New Data
I found some interesting BoC Survey Results

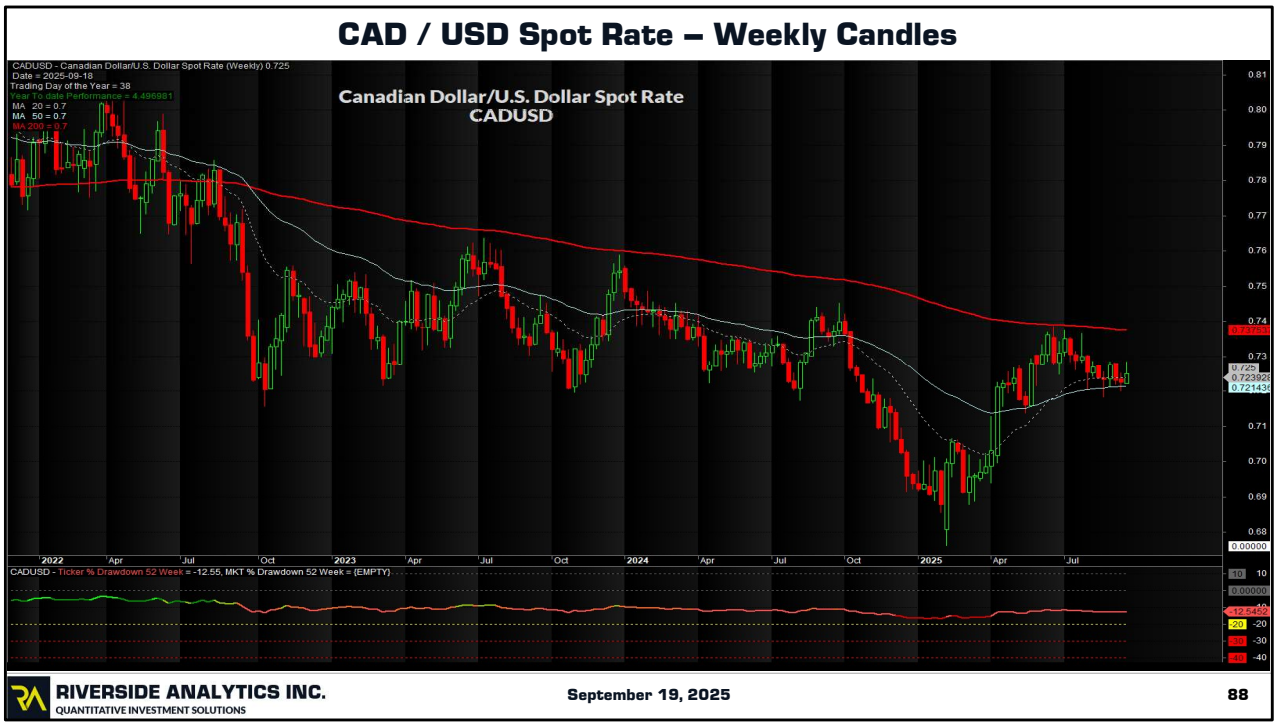
2.1 What is your forecast for the Bank of Canada's policy interest rate?

	Policy interest rate (%)			
	25th percentile of responses	Median of responses	75th percentile of responses	Number of responses
2025				
July	2.50	2.75	2.75	27
September	2.38	2.50	2.75	27
October	2.25	2.50	2.50	27
December	2.13	2.25	2.50	27
2026				
January	2.00	2.25	2.44	26
March	2.00	2.25	2.25	26
April	2.00	2.25	2.25	26
June	2.00	2.25	2.25	26
Q3	2.00	2.25	2.25	25
Q4	2.00	2.25	2.25	25

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September 19, 2025
87

September – **No New Data - Maybe 4 12 point cuts before the end of the year? Then stable for 2026.** We got a 25 point cut, we shall see what the rest of the year brings in due time.

https://www.bankofcanada.ca/2025/08/market-participants-survey-second-quarter-of-2025/



September – a sideways range for the month.

Summary

- Overall, the US and Canadian economies continue to be performing well.
- Fedwatch tool has changed predictions with 25 point cuts likely in October and December
- Consumers delinquency rates are steady
- 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 Q2 - Q/Q Came in hot at 3%, but lack of imports in the quarter likely inflated this number significantly.
- Canada survey results were predicting Q2 GDP at 1% a rather soft result, however latest numbers are negative 1.6 due to export shocks. However, RBC is predicting Q3 and Q4 GDP come in soft, but on the plus side !
- September stock market tended to be soft, but that has not played out. October also tends to the soft.
- Canadian Y/Y housing prices are flat to down, Units sold has declined. New listings continue to out pace sales.
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs.
- Canadian unemployment has gone up to 7.1% largely due to tariffs.
- Ignore the noise, and pay attention to what is really important, mitigate as necessary.


THAT'S IT FOR TODAY!
The End
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90

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