RIVERSIDE ANALYTICS INC

DATE: March 21, 2026

RIVERSIDE ANALYTICS INC
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Economic Outlook

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- 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

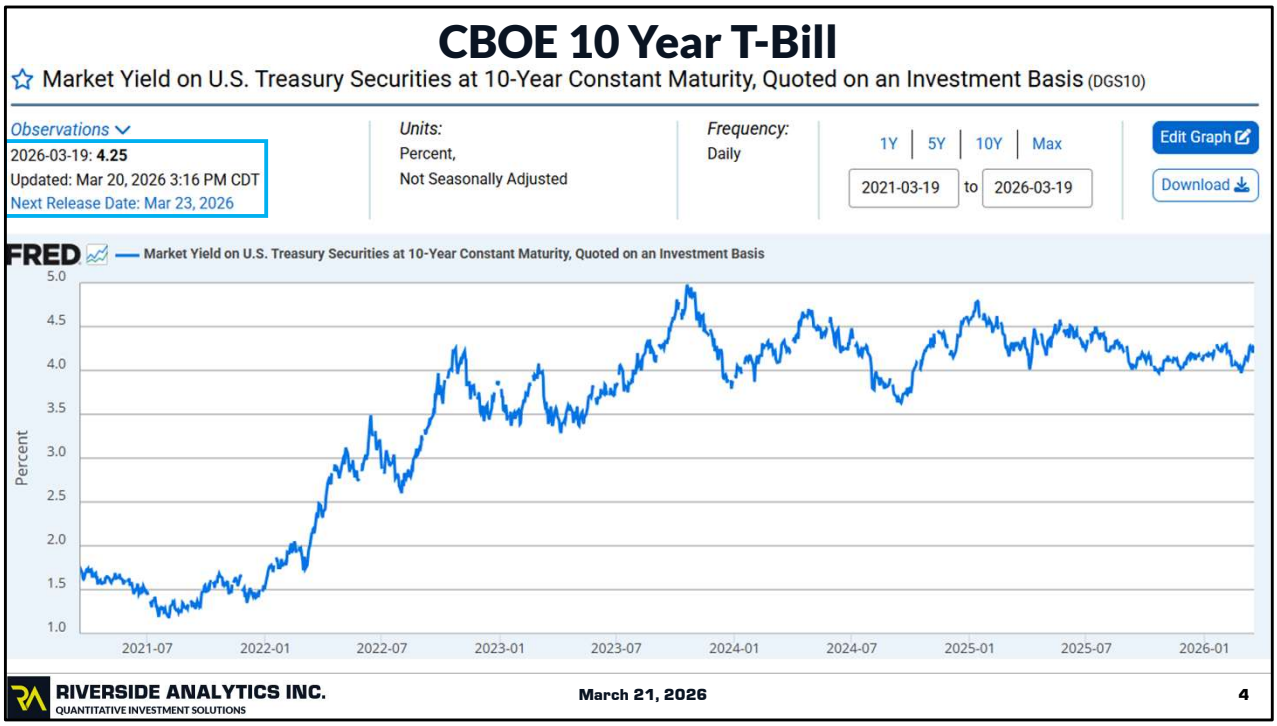
ECONOMIC DATA

Indicator review

US Drives the bus, when it comes to the Canadian economy.
Canada is actively attempting to diversify trade away from US
Canadian Housing on the whole doing ok, Ontario & BC, not so much!
Canadian unemployment steady near 7 percent
Canadian Food inflation remains high !
Canadian job losses were higher than expected
Canadian wage increases are barely keeping up with inflation
Canadian growth declined slightly Q4
US existing home sales near recent normals, starts are near their upper recent levels
US home prices are off to a soft start, good for affordability
US Q4 estimate GDP has been revised downward.
Fedwatch tool – Rate cuts are off the table, small chance of an increase !

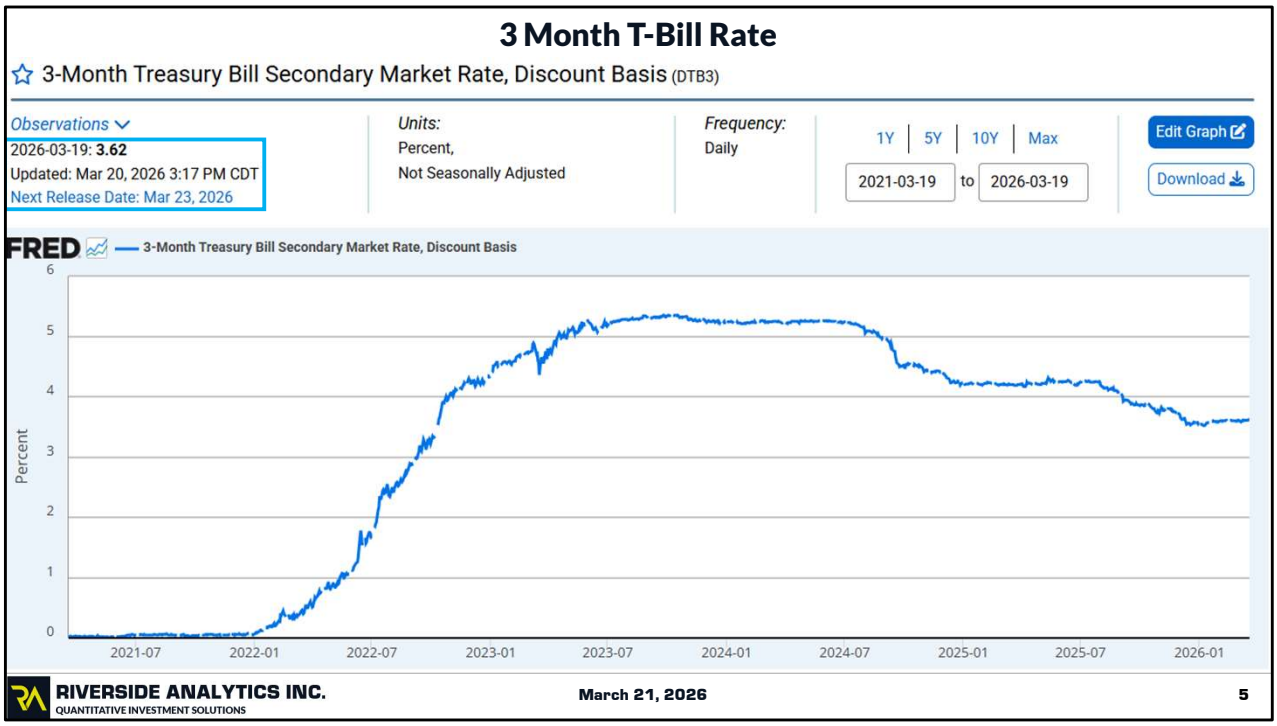
Ignore the noise, and pay attention to what is really important, mitigate as necessary.

CBOE 10 Year T-Bill



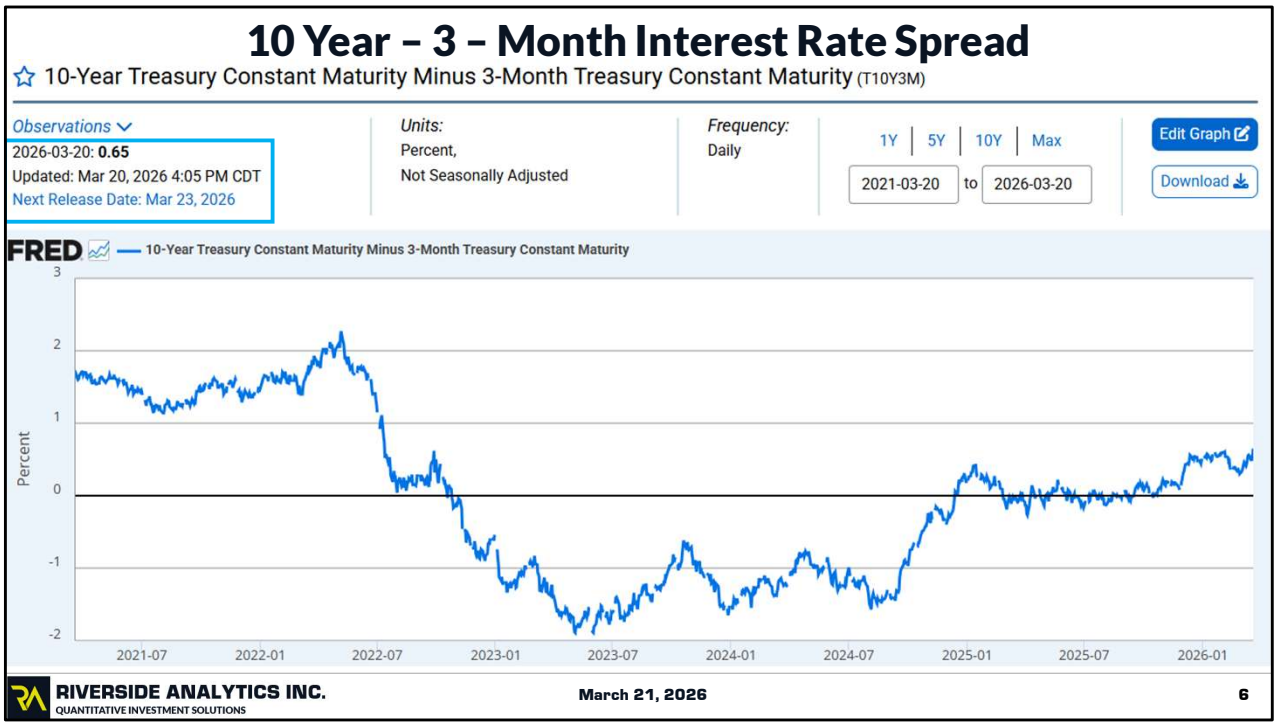
March – Last month was 4.05. a 20 point rise puts it back to late January levels.
I have no idea why the FED would update this on the 20th, only to update it again on the 23rd. I checked, nothing changed on the 23rd! I suspect they meant "April".

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



March – Last month was 3.61 – unchanged ! One point does not count.

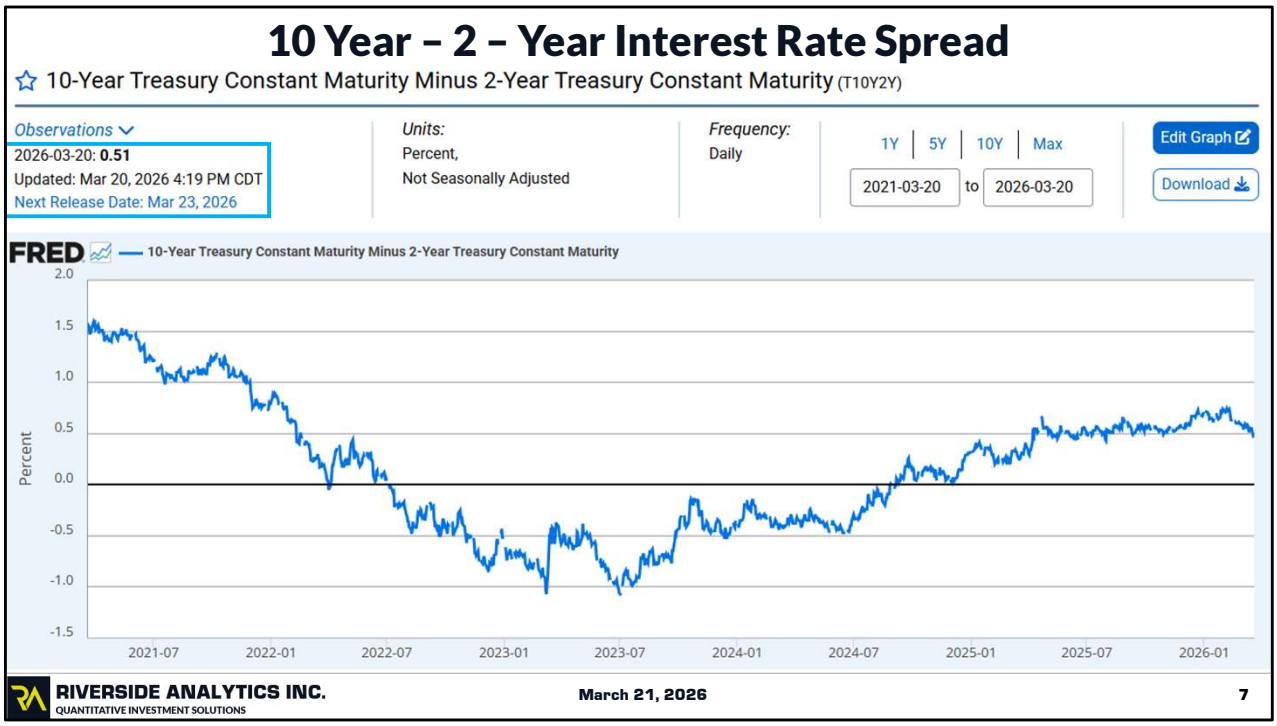
Source : Board of Governors of the Federal Reserve System (US) via FRED



March - Last month was 0.57 – small changes do not count – The low was hit on Feb 26 at 0.30

Will the gasoline spikes send the US into a recession ? Time will tell. It is up about 30 percent in 3 weeks ! Then the fed has an interesting problem. Soft labour numbers suggest reduced rates are in order and higher inflation suggest the opposite. A war induced interest increase would make the economy softer than it already is. Hello stagflation.

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. It will be some time before we find out if the breakout holds.



March – last month was 0.62, an 11 point drop this month.

BoC Interest Rates
February 20



Weekly Wednesday, rates in percentage	CANSIM	2026-01-21	2026-01-28	2026-02-04	2026-02-11	2026-02-18
Prime rate[1]	V80691311	4.45	4.45	4.45	4.45	
Conventional mortgage						
1-year	V80691333	5.84	5.84	5.84	5.84	5.84
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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February – Same as last 3 months.

CIBC has 5 year fixed – 4.54 – No change, Royal – 4.59 – No Change, **TD - 4.74 – DOWN 5 points**, and BMO - 4.64 – No Change,
BNS 4.90 – No Change !

BoC Interest Rates
March 20



Weekly Wednesday, rates in percentage	CANSIM	2026-02-18	2026-02-25	2026-03-04	2026-03-11	2026-03-18
Prime rate[1]	V80691311	4.45	4.45	4.45	4.45	4.45
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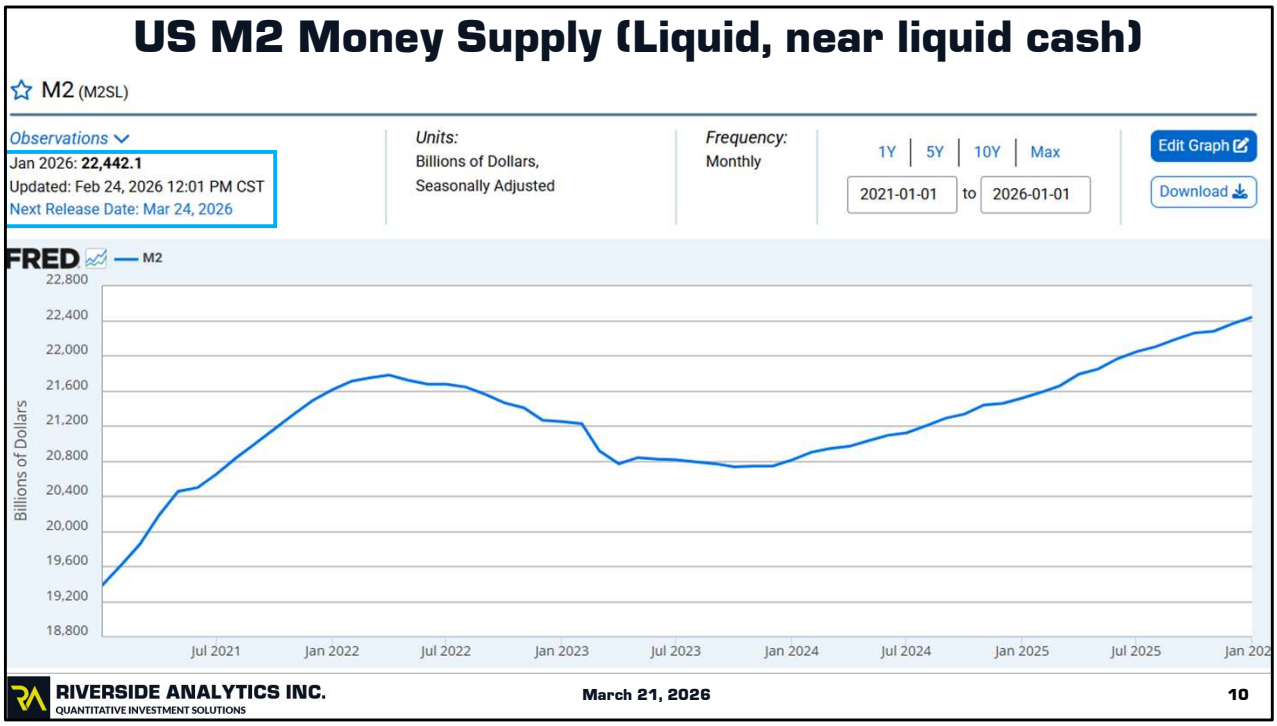
March – The one year declined from 5.84 to 5.49. Everything else is the same.

CIBC has 5 year fixed – 4.54 – No change, Royal – 4.59 – No Change, **TD - 4.59 – DOWN 15 points**, and BMO - 4.64 – No Change,
BNS 4.90 – No Change !



March – December was 22,411.0 – Up 31.1 billion.

– M2 tends to lead inflation by about a year, to 2 years ! There is a significant lag between cause and affect. **Inflation is more troublesome than the Fed would like AND new jobs numbers are below where they should be, with a number of large companies doing layoffs. Nobody is saying stagflation, but it is leaning in that direction !**

NOTE – QT has ended and is in Reserve Management Purchase Mode… not officially QE, but is it the same thing. The fed is injecting money into the system.

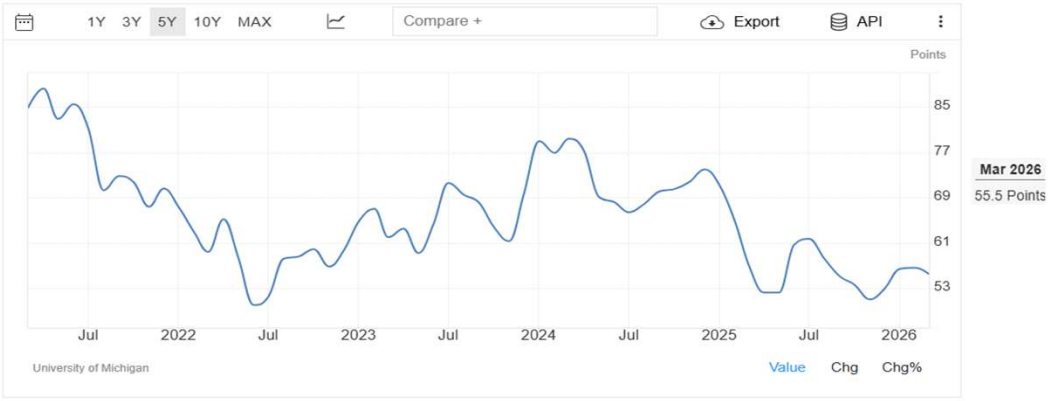
NOTE: Cash in tight in the market. There was a hiccup in the REPO market in October, and that has caused the FED to ease up on the tightening. There are two facilities that help liquidity if the market goes sideways – Standing Repo Facility (think emergency pool of cash) and Reverse Repo (think the Fed paying banks to hold cash instead of lending cash.) My guess is that the fed does some Quantitative Easing, or at least reduces Quantitative Tightening while it gives banks time to adjust to the current market. Either way general economic market expansion fueled by debt, is likely constrained for a couple quarters.

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

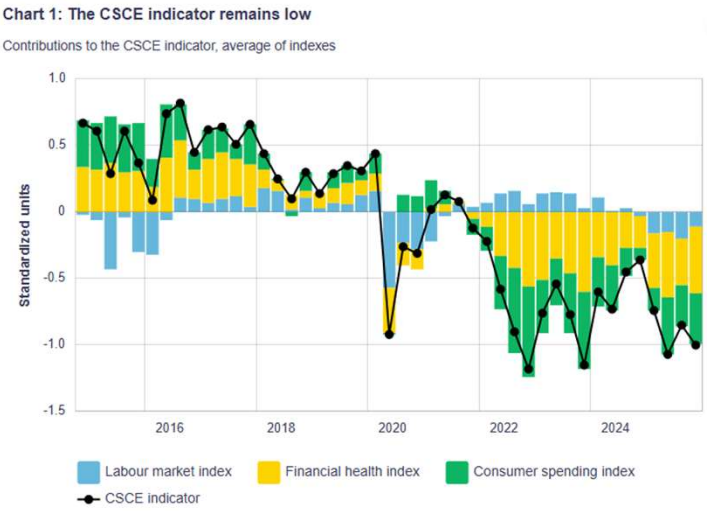
The University of Michigan Consumer Sentiment Index fell to 55.5 in March 2026, down from 56.6 in February but slightly above market expectations of 55, according to preliminary data. The reading marked the lowest level in three months, as households reacted to the military conflict involving the US and Iran. Higher gasoline prices had the most immediate effect on consumers, although the broader pass-through to other prices remains uncertain. A wide range of respondents across income groups, age brackets, and political affiliations reported weaker expectations for their personal finances, which fell 7.5% nationwide. Year-ahead inflation expectations held at 3.4%, ending six months of declines, while long-term expectations edged down to 3.2% from 3.3%. The survey was conducted between February 17 and March 9, with survey director Joanne Hsu noting sentiment weakened and inflation expectations rose following the start of the US military conflict with Iran on February 28. source: University of Michigan



March – last month was 57.3, which got revised down to 56.6 – down marginally this month to 55.

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

BoC Consumer Sentiment – Q4 No Update

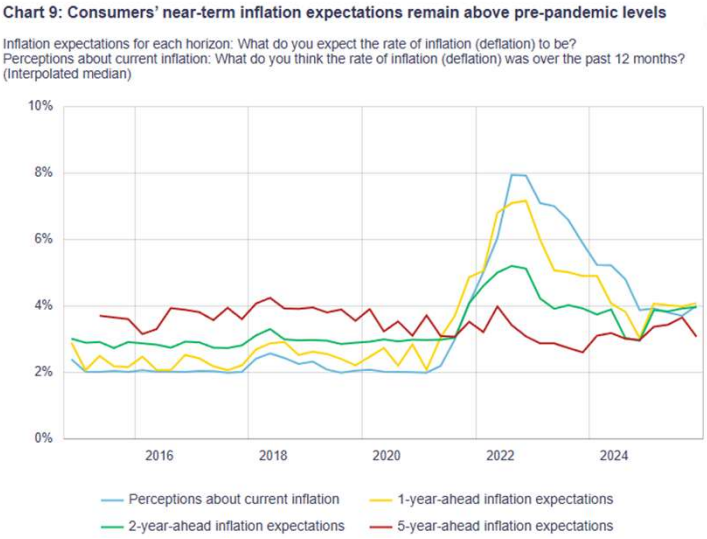


https://www.bankofcanada.ca/2026/01/canadian-survey-of-consumer-expectations-fourth-quarter-of-2025/

March – no updates this month – The Canadian Survey of Consumer Expectations (CSCE) indicator remains weak this quarter coinciding with ongoing perceptions that the cost of living is high. The trade conflict with the US has had an impact on Consumer Sentiment.

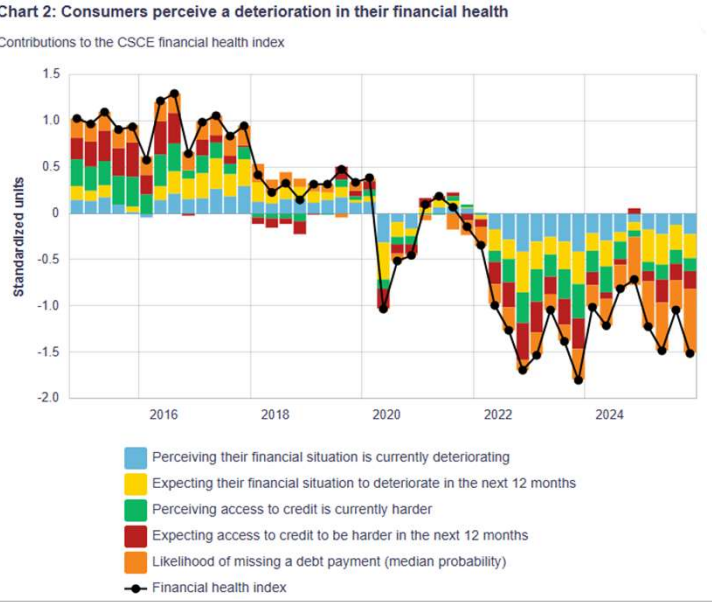
There is lots in this report if you want to dig in !
https://www.bankofcanada.ca/2026/01/canadian-survey-of-consumer-expectations-fourth-quarter-of-2025/

BoC Inflation Expectations – Q4 No Update



March – no updates this month – No substantive changes here. Near term inflation is expected to run higher than pre-covid, and longer term inflation expected to run lower than pre-covid.

BoC Expectations Spending Plans – cont. – Q4 No Update

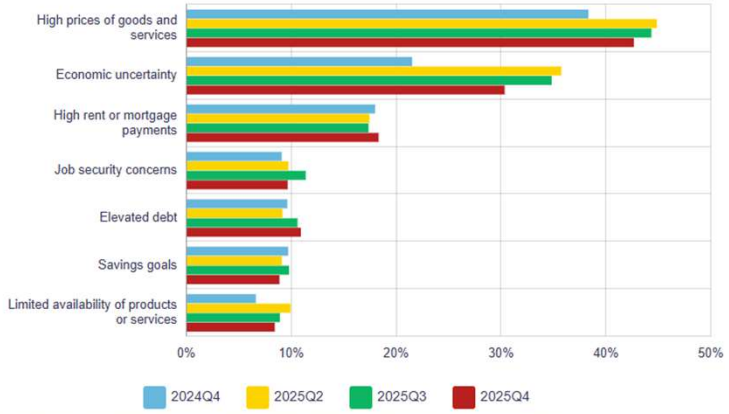


March – no updates this month - Consumers remain pessimistic about their financial health in the fourth quarter (Chart 2, black line). Respondents reported a **higher likelihood of missing a debt payment** (Chart 2, orange bars), and more than last quarter believe their financial situation has deteriorated (Chart 2, blue bars). In follow-up interviews, one person who said their financial health had worsened added, “Almost everybody’s living on credit…. It’s something that’s going to be detrimental for households.”

BoC Spending Plans – cont. – Q4 No Update

Chart 7: Consumers' spending continues to be negatively affected by their concerns about high prices, economic uncertainty and housing costs

Consider the total spending of all members of your household (including you) over the next 12 months. Do you expect your spending to be negatively, positively or not affected by economic factors or personal circumstances?
If negatively affected: Which of the following economic factors or personal circumstances do you expect will have the greatest negative impact on your spending over the next 12 months? (Share of respondents expecting their spending to be negatively affected by any factor; more than one option could be selected)



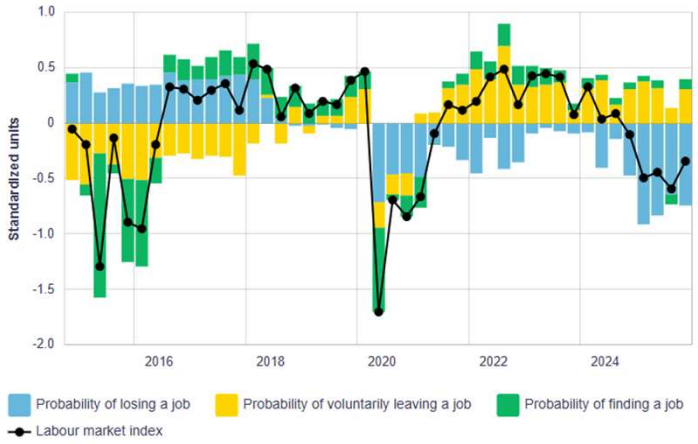
Note: Results for 2024Q4 are included to compare with results from before the trade conflict began.

March – no updates this month - The first two factors also continue to be more widely reported now than before the trade conflict began. However, the share of consumers reporting economic uncertainty as weighing on spending has declined meaningfully. Referring to recent economic changes that impact household spending plans, one respondent said the increase in grocery prices "stands out quite a bit…. I know there's also the tariffs."

BoC Expectations – Job Security – cont. – Q4 No Update

Chart 5: Despite a slight improvement in their perceptions of the labour market, consumers are more worried about losing their job

Contributions to the CSCE labour market index



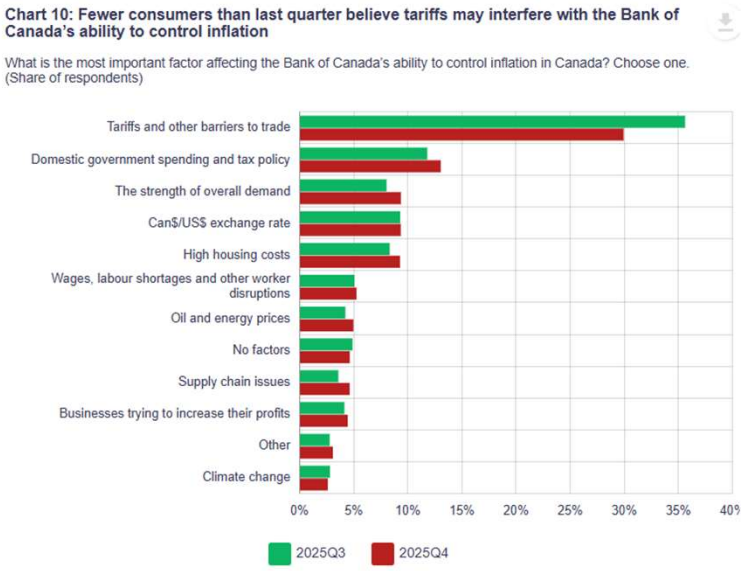
Note: CSCE is the Canadian Survey of Consumer Expectations. Positive values indicate that consumers' opinions are positive compared with the survey average.

March – no updates this month – Consumers continue to perceive the labour market as weak.

The CSCE labour market index rose slightly but remains well below pre-pandemic levels (Chart 5). In the fourth quarter of 2025, consumers reported a higher chance of voluntarily leaving a job or finding a job. However, they also perceived a higher chance of losing their job.

The perceived risk of job loss remains larger than it was before the start of the trade conflict.

BoC Expectations – Ability to Control Inflation – Q4 No Update



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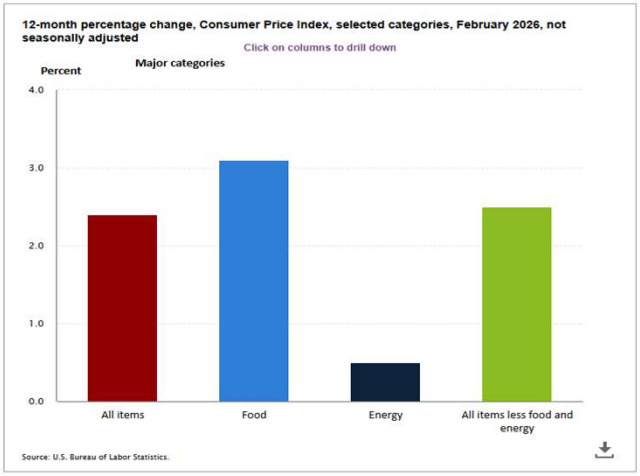
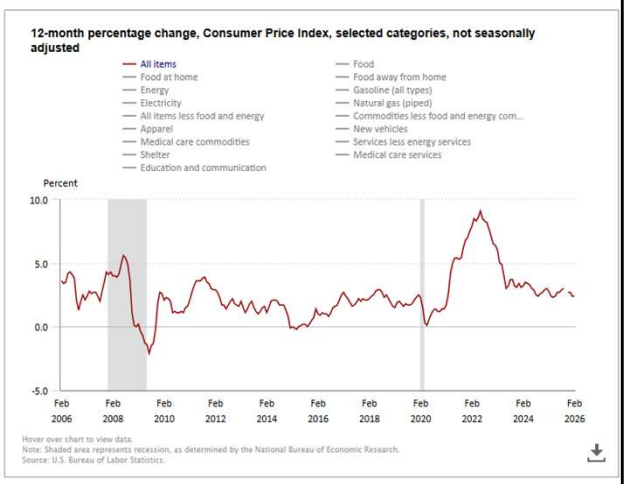
March – no updates this month – Tariffs and trade tensions remain the most frequently cited factors impacting inflation, though they were noted less often than last quarter (Chart 10). Moreover, survey results show that three-quarters of consumers who believe tariffs are impacting inflation expect the effects to persist for more than one year but fewer than five years. The shares of consumers pointing to domestic factors—such as domestic government spending, tax policy and high housing costs—as affecting the Bank's ability to control inflation also increased slightly.

Consumers who knew that the federal government removed a range of counter-tariffs on September 1, 2025, tended to report lower inflation expectations than those who did not know. Still, most consumers who were aware that some counter-tariffs were removed do not expect prices to fall. One respondent said, "I've never seen prices go down. With the tariffs gone, companies will stop raising prices and leave it at what it is."

US Inflation Rate





All items : 2.4% - Unchanged
Food : 3.1 + 0.2
Energy : 0.5 + 0.6
All items less food and energy : 2.5 % - Unchanged

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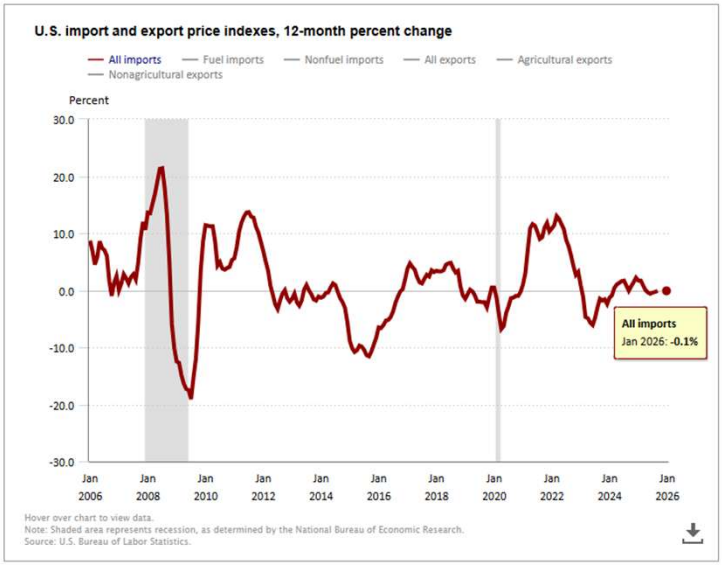
March – I was expecting a bigger increase in the food category.

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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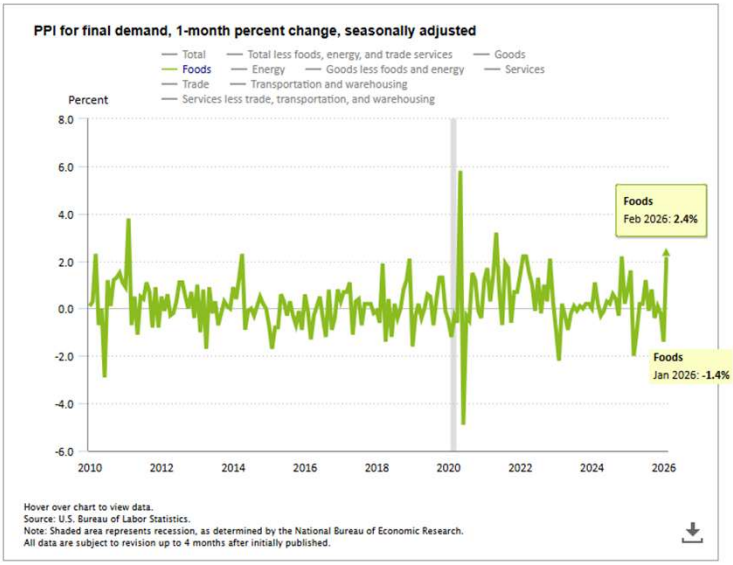
March – Import prices remain steady ! Do not confuse import prices with prices after tariffs are applied !

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/

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



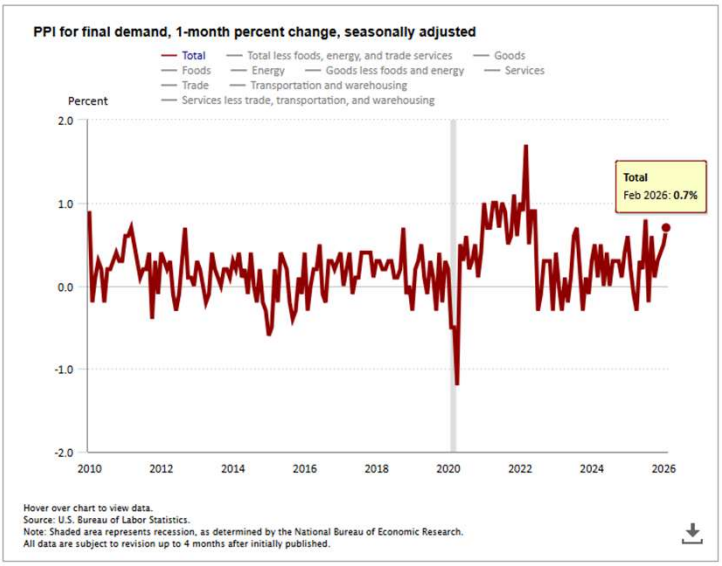
March – The spring spike that tends to happen most years ! A 3.8 percent swing in one month.

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



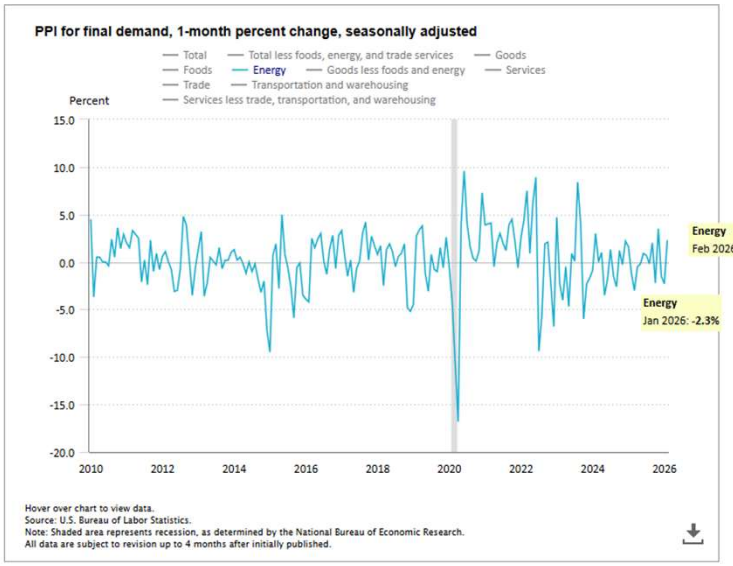
March – Staying in its channel.

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

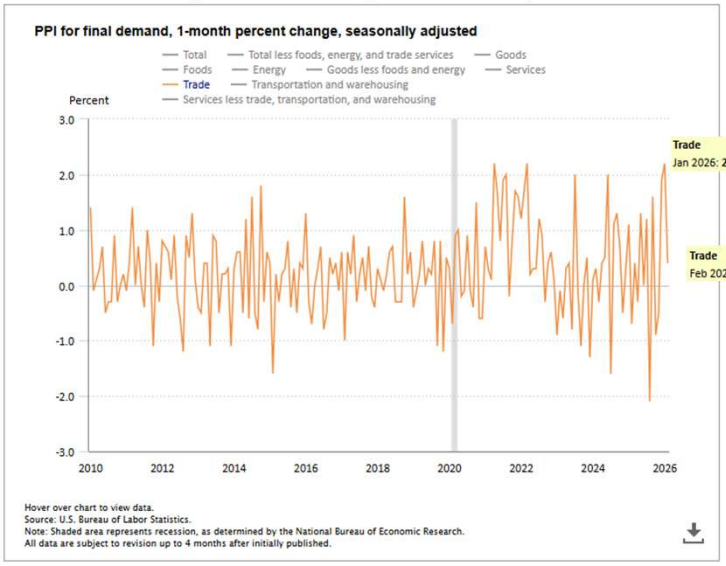


March – a 4.6 % change upwards

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

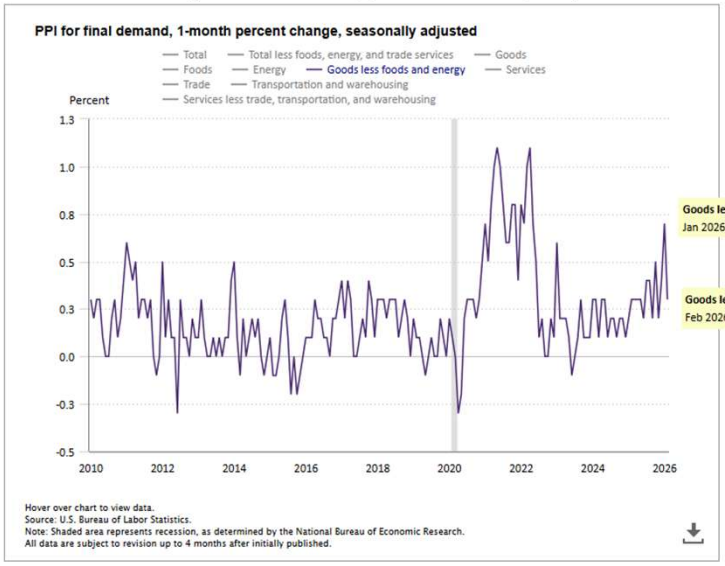


March – trade remains volatile !

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

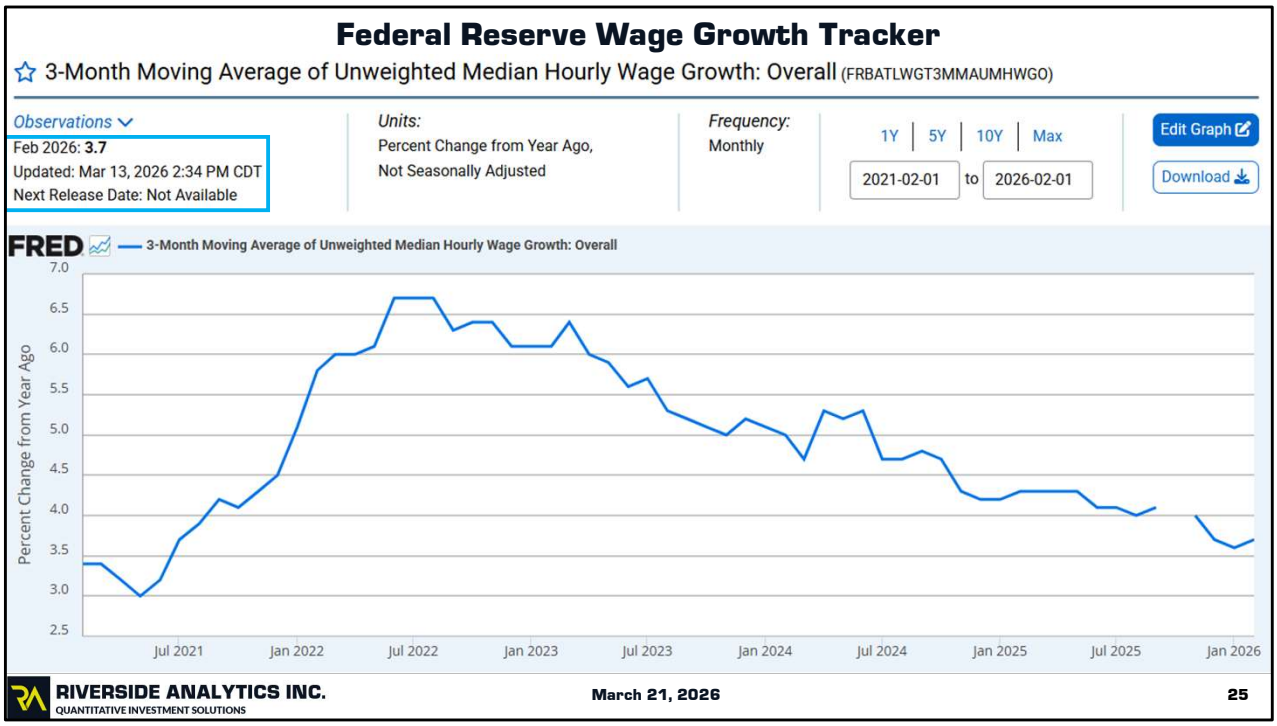
Producer Price Index – Goods less foods and energy

1-month percent change, seasonally adjusted



March

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

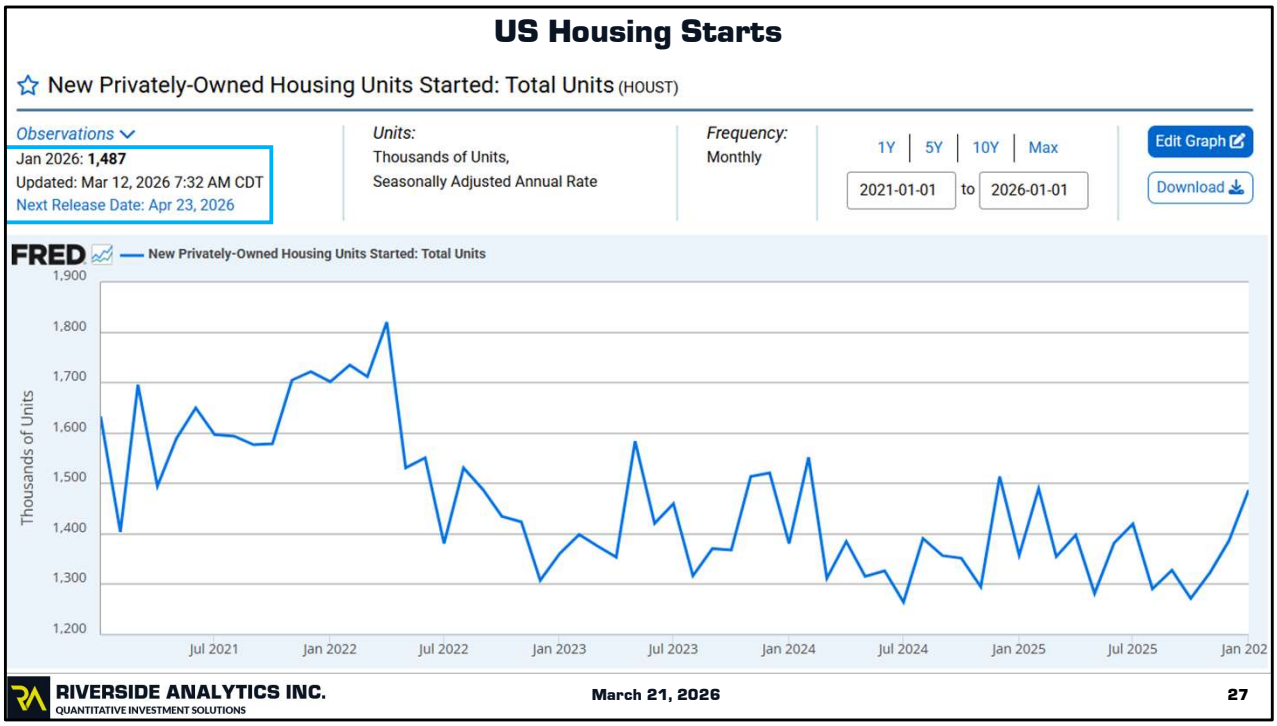


March – October occupies the missing data slot. US wage increases, on average are greater than the posted inflation rate.

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

Leading Indicators

Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked

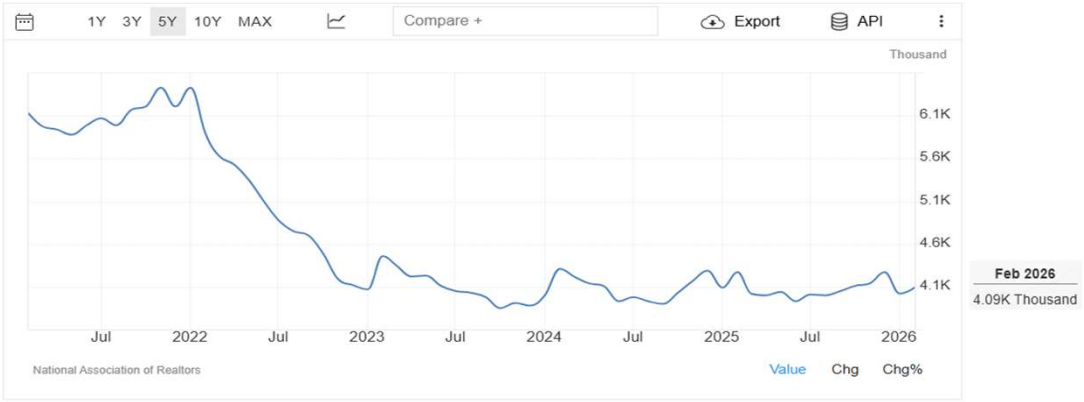


March – December was 1,404

Starts are sourced from the US Census Bureau

US Existing Home Sales

Existing home sales in the United States rose by 1.7% from the previous month to an annualized rate of 4.09 million in February of 2026, ahead of market expectations that they would fall to 3.89 million. Despite the rebound, unsold inventory rose by a sharper 2.4% to a total of 1.29 million, which is equivalent to 3.8 months of supply at the latest sales rate. Sales price of existing homes inched higher by 0.3% from the previous year to $398,000, despite the drop in mortgage rates since the period. "Housing affordability is improving, and consumers are responding," said NAR Chief Economist Dr. Lawrence Yun. "Still, there is a long way to go to return to pre-pandemic levels of transaction activity. There are more than 6 million more jobs than in 2019, yet home sales per year are down by one million. Despite the modest gain in home sales, actual housing demand remains muted relative to wage growth and job gains.". source: National Association of Realtors

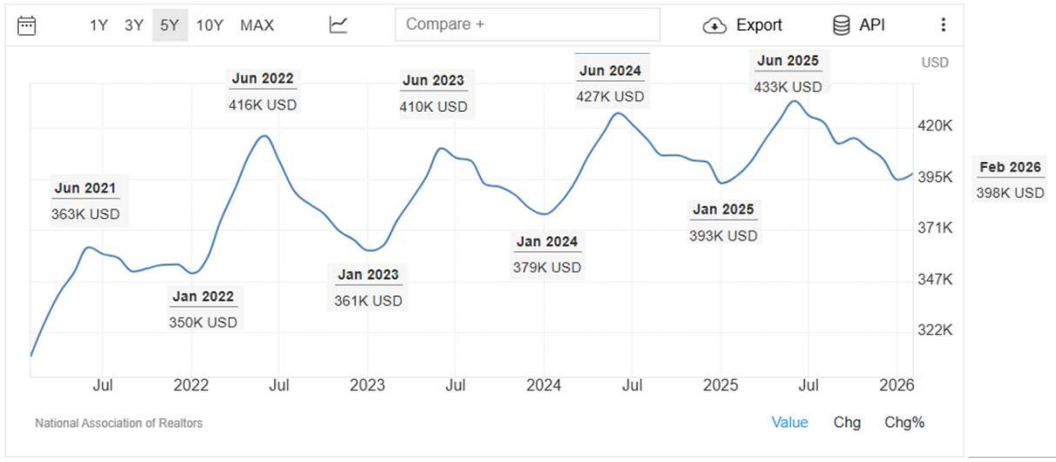


March – last month was 3.91m

The National Association of Realtors (NAR) releases its monthly Existing-Home Sales report around the 20th of the following month and the Pending Home Sales Index around the 25th. These are specific dates on the statistical news release schedule, with all release times set for 10 a.m. Eastern Time.

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

US Existing Home Sales Prices



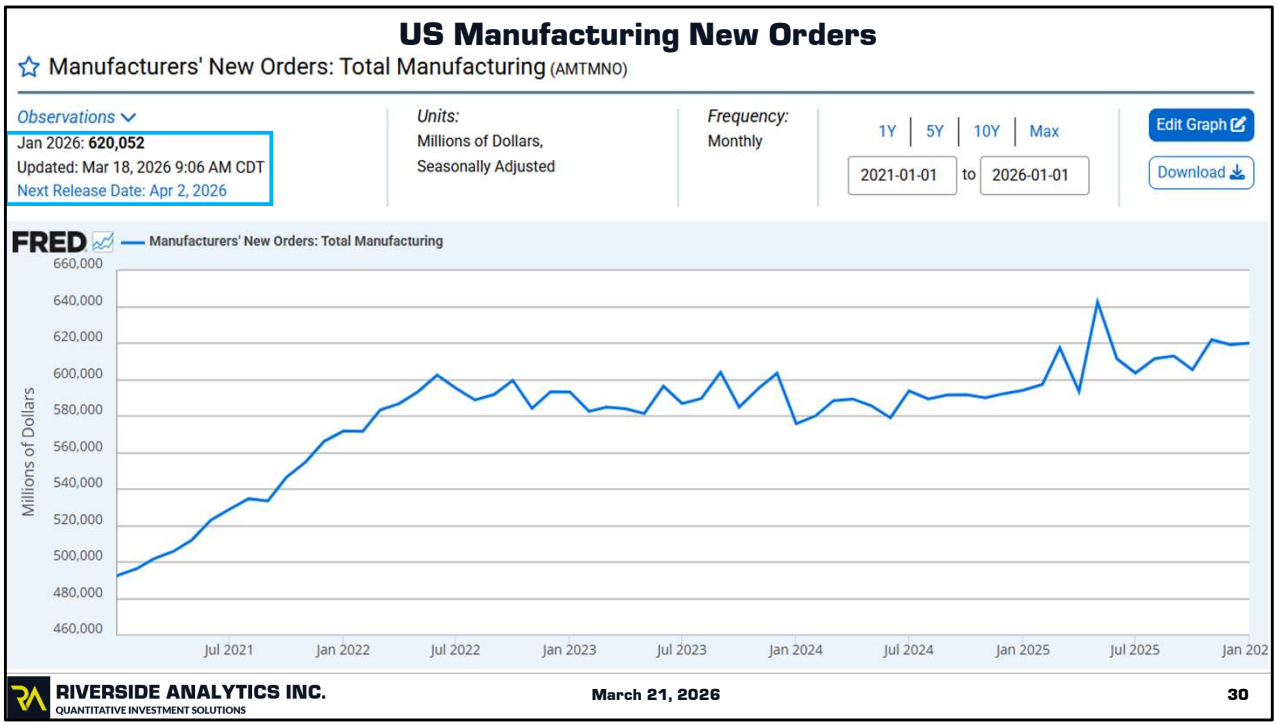
March – January prices were revised downward from 397 to 395, only 2k above the January 2025 number.

The normal annual pattern is produced a weaker low this time around !

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/

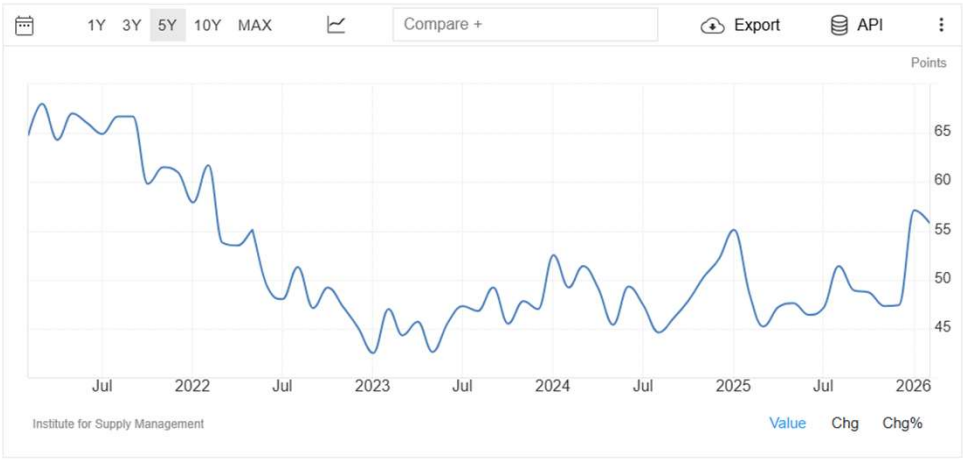
“Home prices generally rise over time, but they do fluctuate in the short-term. For example, seasonality plays a role: Prices will typically rise in spring, peak around June, then steadily drop during the fall and hit a low point mid-winter before the cycle starts again. In addition, prices can very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



March – November data was 621,621

ISM Manufacturing New Orders Index

ISM Manufacturing New Orders in the United States decreased to 55.80 points in February from 57.10 points in January of 2026. ISM Manufacturing New Orders in the United States averaged 55.37 points from 1950 until 2026, 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



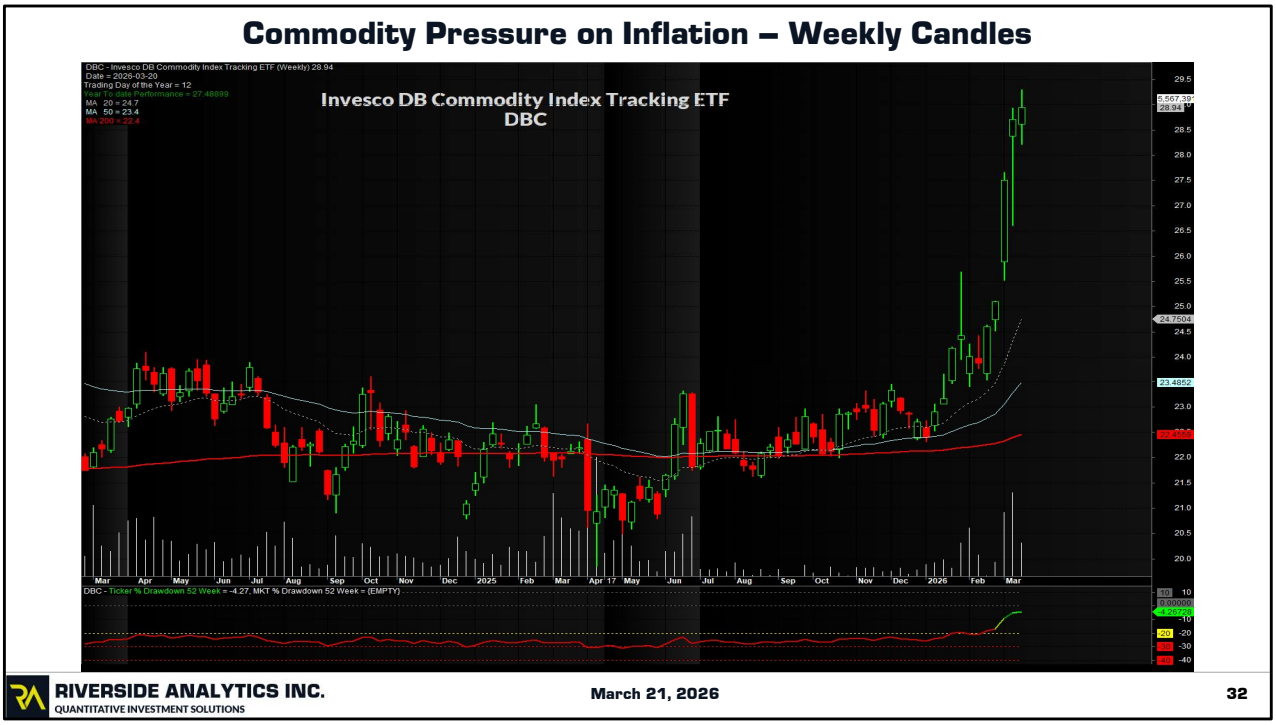
March – Last month was 57.1

“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)

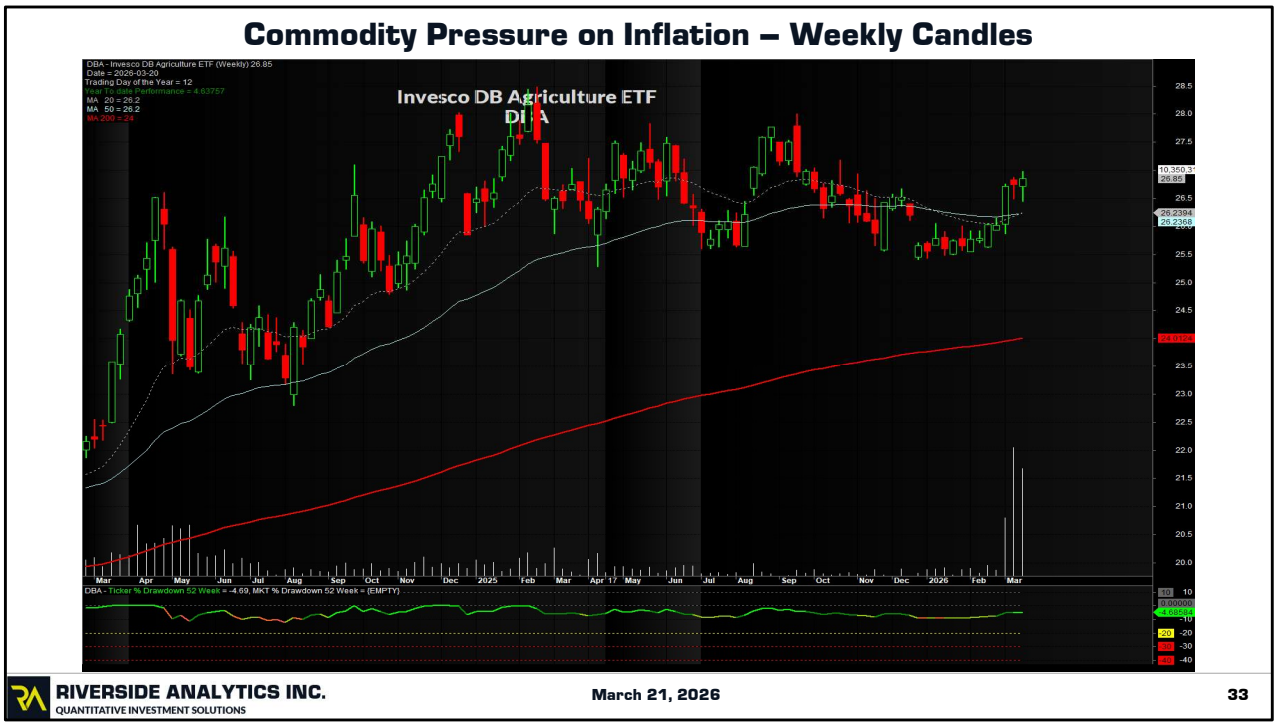
Chart Source : Trading Economics
https://tradingeconomics.com/united-states/ism-manufacturing-new-orders

Commodity Pressure on Inflation – Weekly Candles



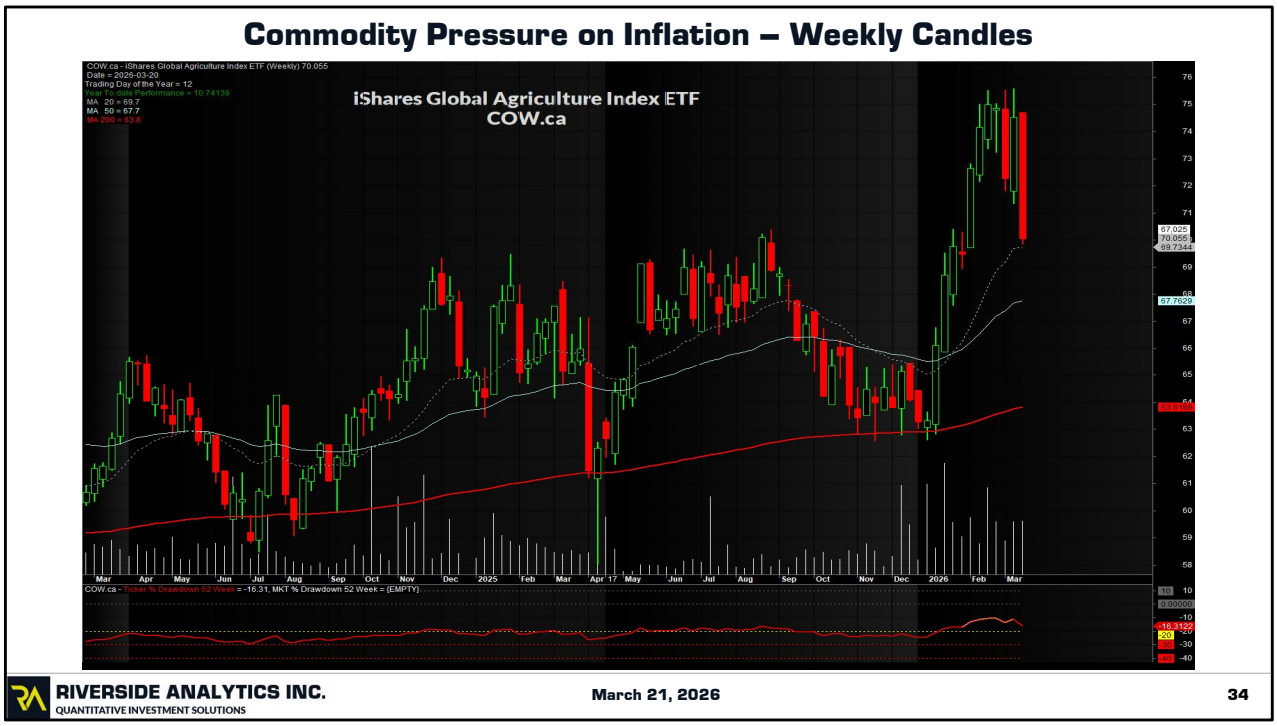
March – carbon based energy is up sharply with the war in Iran.

Prices have moved above the 20, and 50 MA indicating future inflation from carbon based energy, Gold, Silver, Aluminum, Zinc, Copper Grade A, Corn, Wheat, Soybeans, and Sugar is possible.



March – Sideways for 2026 so far

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 2026.



March – 3 weeks of US market trending down, and this will follow suit.

NOTE: This is a general commodities ETF… There are some break out slides coming further in the presentation.

Top 10 holdings : DEERE, CORTEVA INC, ARCHER DANIELS MIDLAND, AGCO CORP, BUNGE GLOBAL, TYSON FOODS INC CLASS A, MOSAIC, INGREDION INC, FRESH DEL MONTE PRODUCE INC, and ANDERSONS INC – This is a mix of industrial (farm equipment, farm inputs (seed, fertilizer, fuel etc), logistics, and food companies

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 rose to 1,064 USD/T on March 20, 2026, up 0.95% from the previous day. Over the past month, HRC Steel's price has risen 10.14%, and is up 15.78% compared to the same time last year, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



March – Last month was 985.00 – This is not going to help with affordability of vehicles, appliances, construction equipment, machinery… That said, the market has been here before in spring 2024, 2023, 2022. Spring spikes are not unusual !

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

Hot Rolled Steel – Weekly Candles



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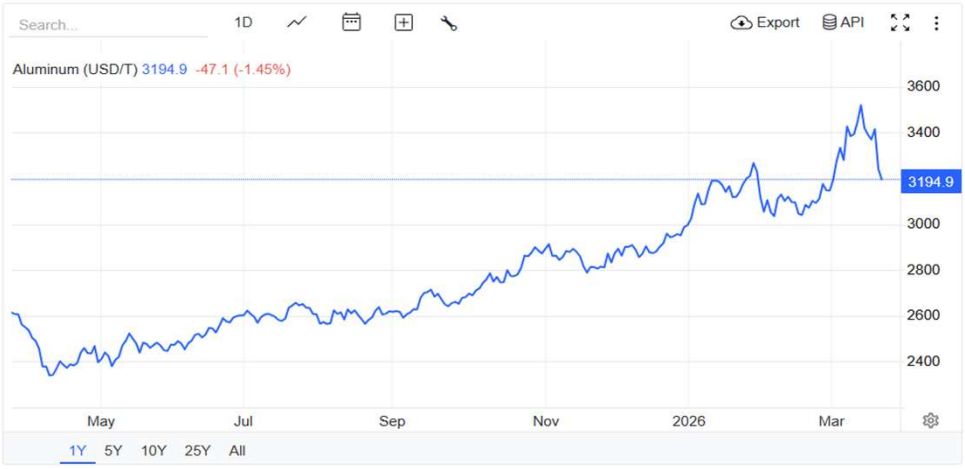
March – General market downturn and steel companies are coming down with it !

Construction and the Automotive sectors are the two largest consumers of steel, followed by appliance manufacturing, energy infrastructure, industrial equipment, and manufacturing. About 70 percent of a vehicle's weight, is steel !

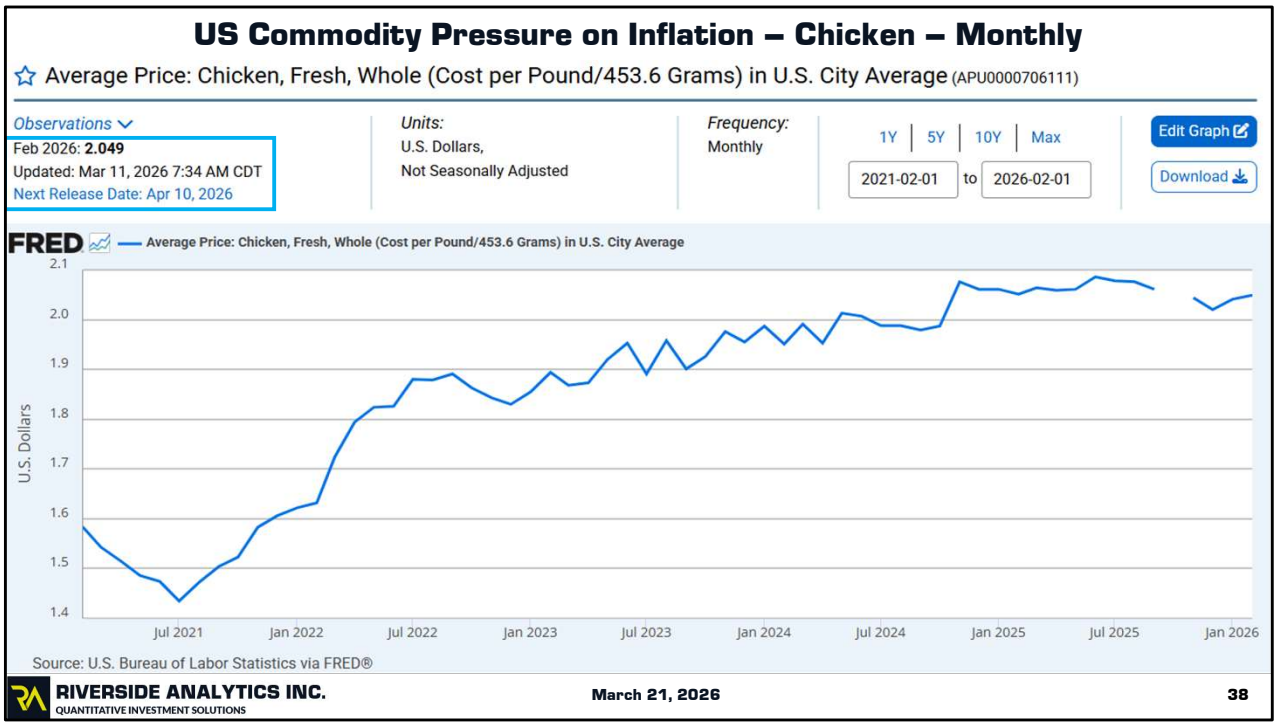
Aluminum – 1 Year

Aluminum futures in the UK fell below $3,300 per tonne, extending their retreat from a near four-year high as traders assess demand prospects amid ongoing conflict in the Middle East. Analysts noted that demand from China, the world's largest producer and consumer, still lags the previous year due to higher aluminum prices, even as operating rates among fabricators have picked up following the Lunar New Year holiday. Prices had surged this month after the US-Israeli strikes on Iran led to shutdowns and shipping disruptions in a region responsible for roughly 9% of global supply. Recently, Bahrain's Alba, the world's largest single-site aluminum producer, shutdown 19% of its 1.6 million tonne-a-year production capacity, while Qatar also halted part of its production due to natural gas shortages.



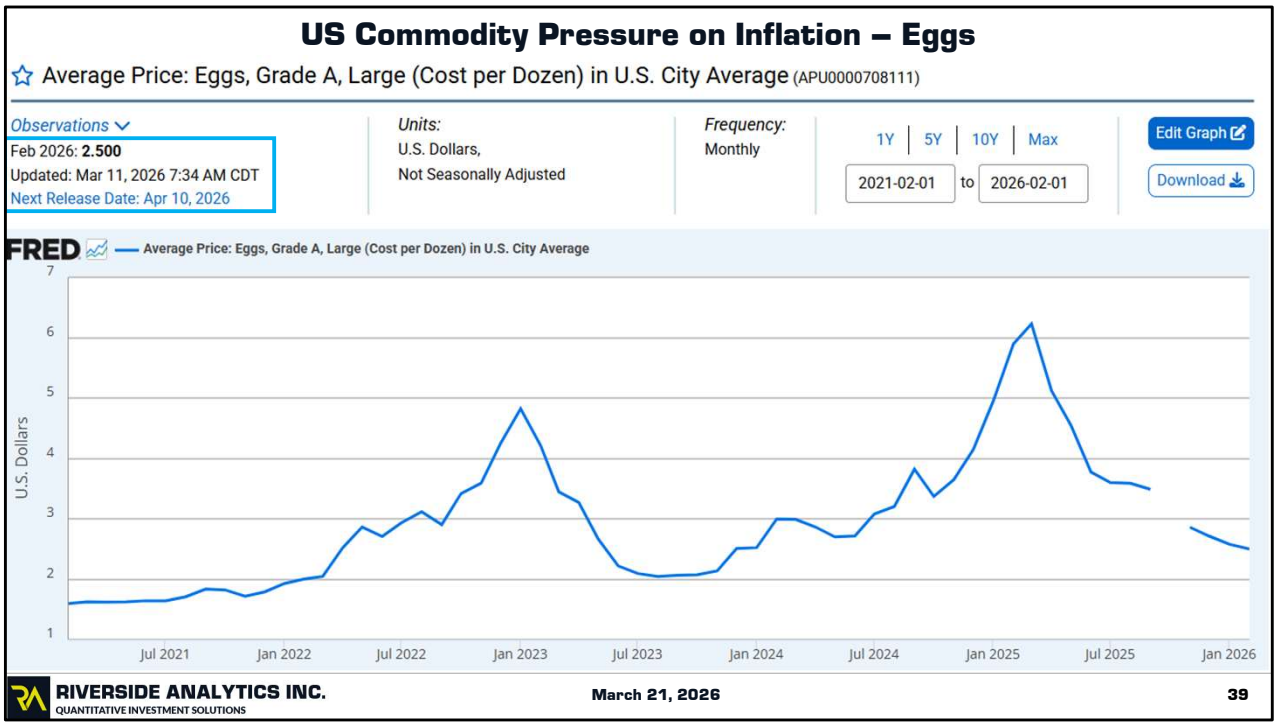
March – last month was 3118.30

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



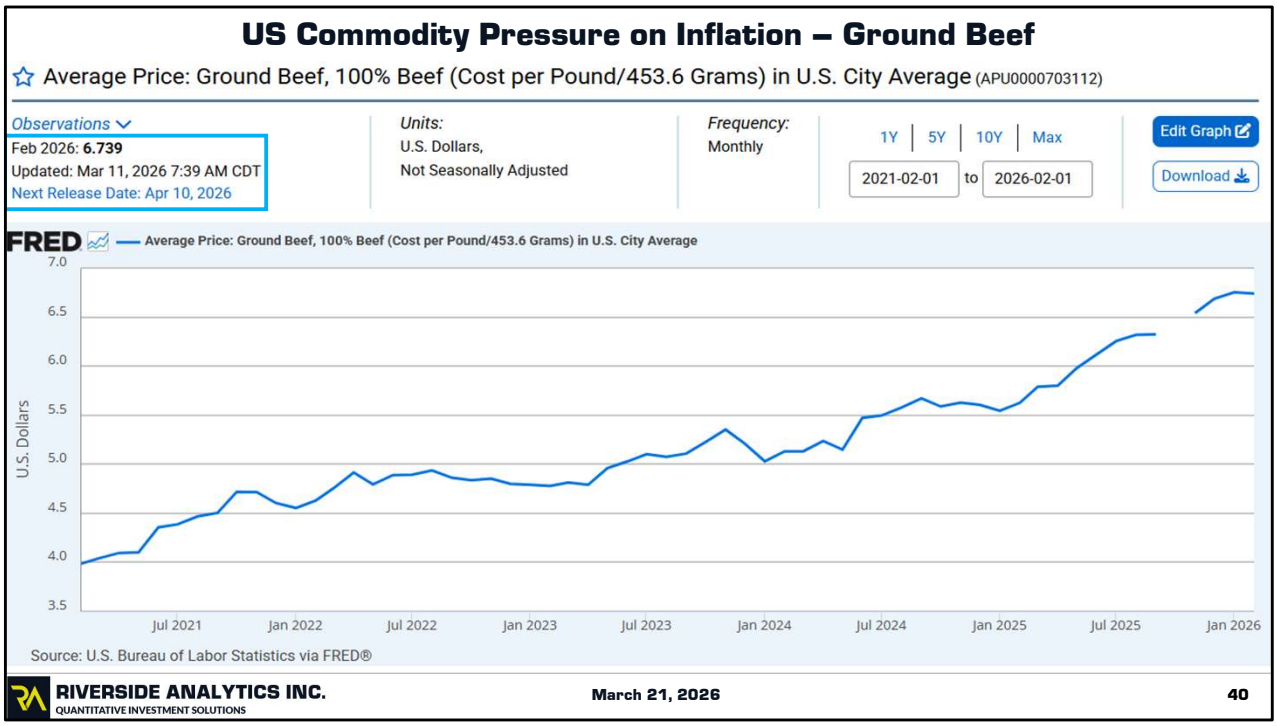
March – last month was 2.041

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



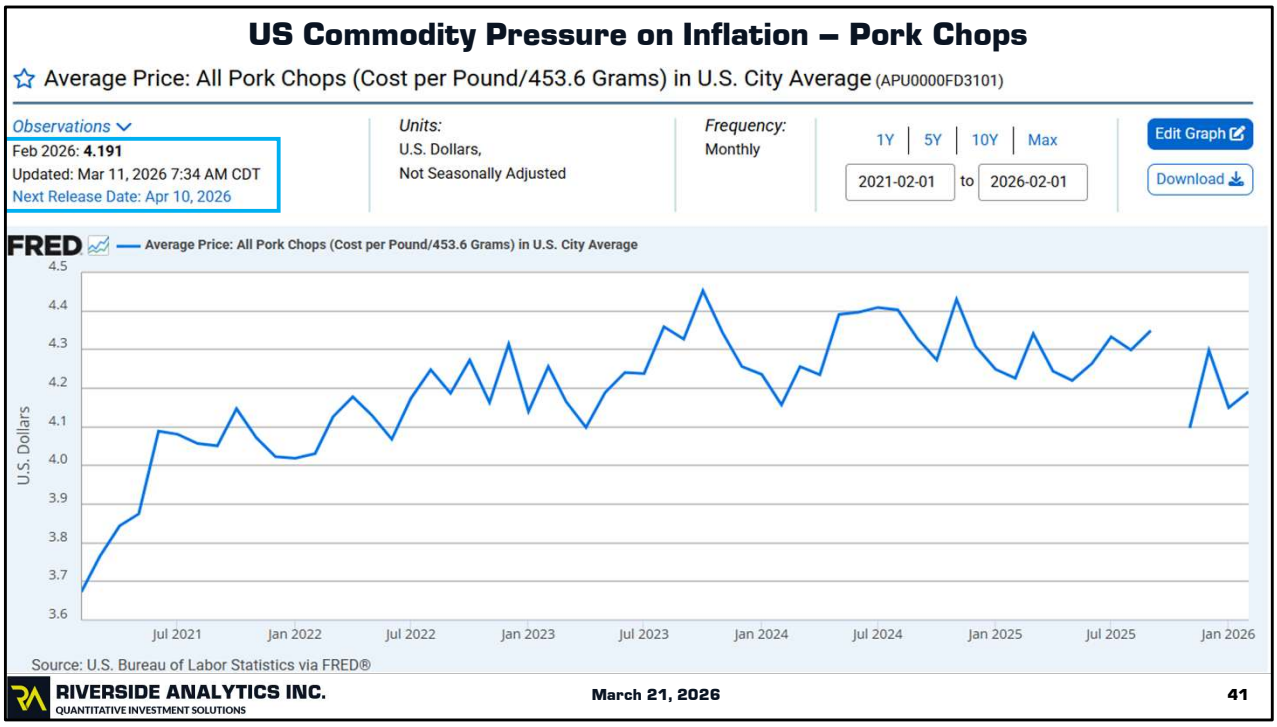
March – last month was 2.577

Source : https://fred.stlouisfed.org/series/APU0000708111

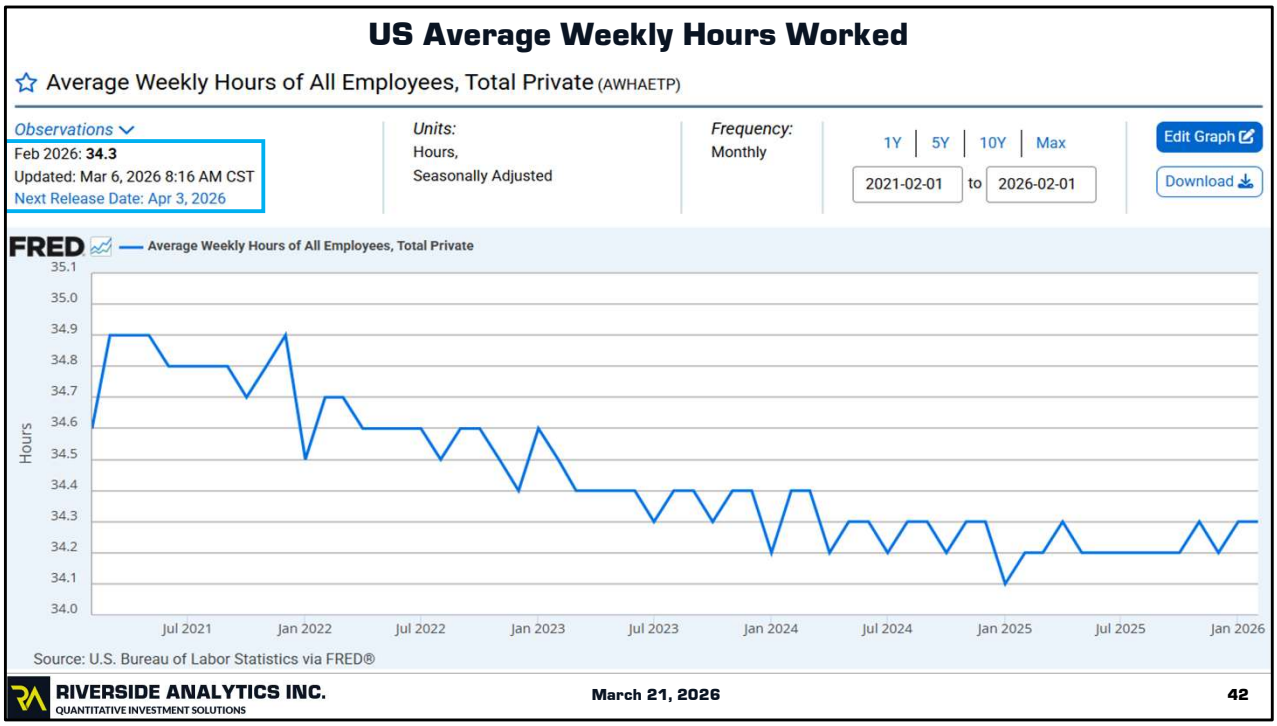


March – Last month was 6.752 – Beef prices are way past due to decline !

Restaurants have notices much smaller drinking portions of bills as consumers still want to eat out, but need to save some money somewhere. Drinks are where restaurants make margin.

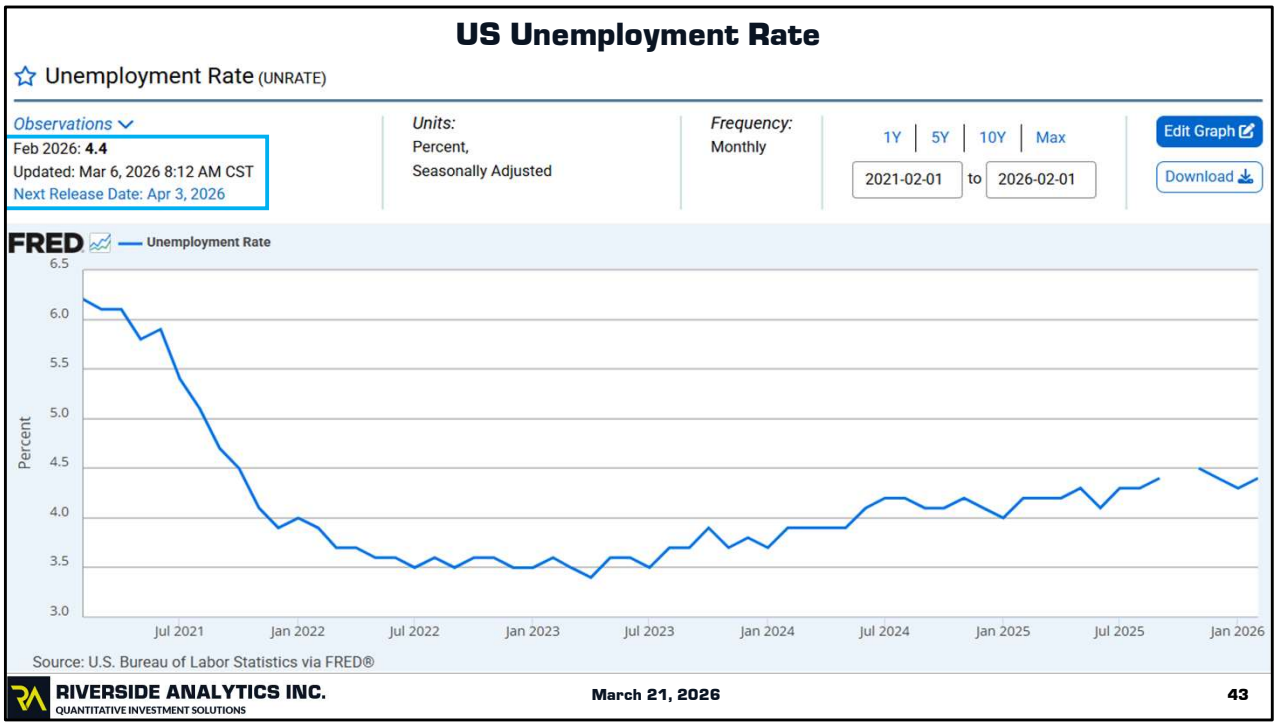


March – last month was 4.15



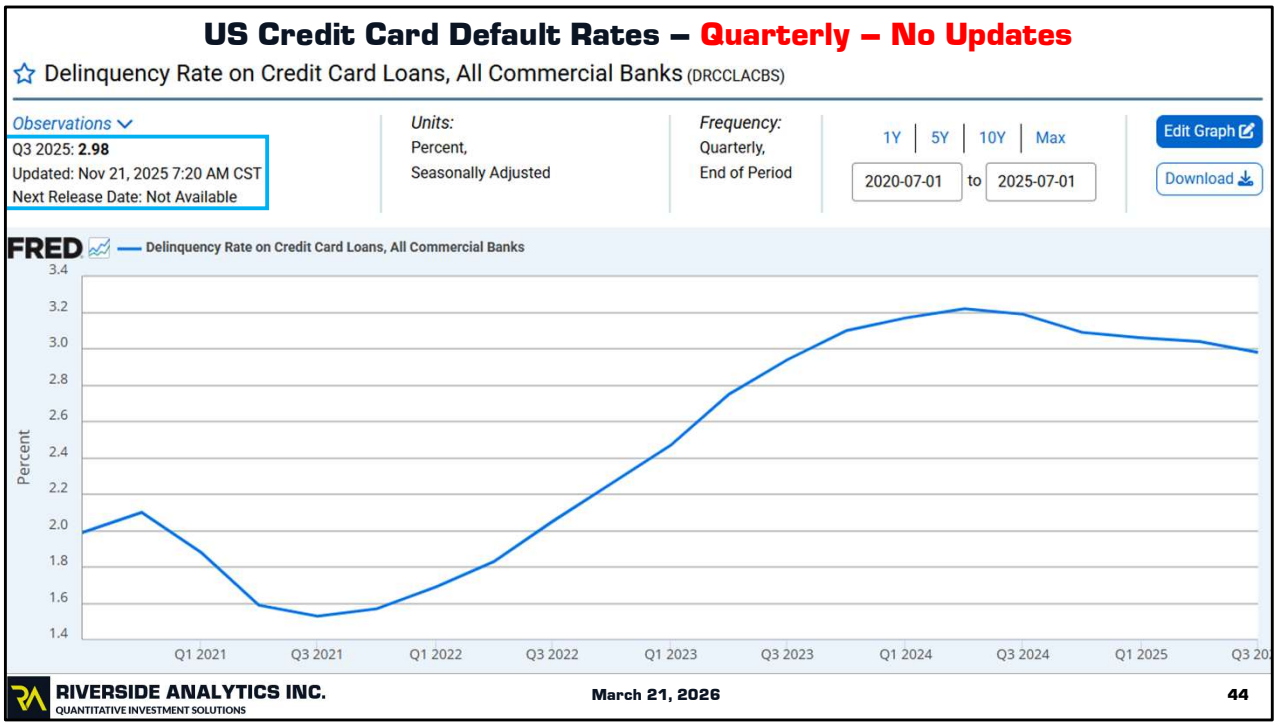
March – Last month was 34.3

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



March – Last month was 4.3 – Every spring tends to deliver a blip up, and this one was no different !

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

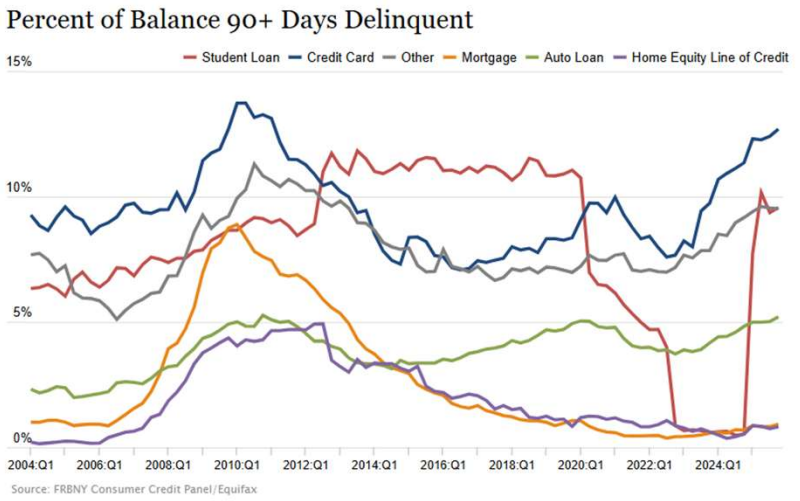


March – NO UPDATES

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.

Credit Card Default Rates – NY Fed – Serious Delinquency – Q4 Released



Aggregate delinquency rates worsened in the fourth quarter of 2025. As of the end of December, 4.8% of outstanding debt was in some stage of delinquency, 0.3 percentage points higher than 2025Q3. Transition into early delinquency ticked up for mortgages, but held mostly steady for autos, credit cards, and HELOCs.

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March – Summary – Balances are growing, Mortgage Delinquencies are growing, but near normal levels, none household Delinquencies are level.
Student loans is the outlier in part due to a technicality. Approximately 1 million of them were transferred to US Department of Education's Default Resolution Group. All were more than 120 days past due. **Outstanding student loans stand at 1.7 Trillion.**

As of the end of December, 4.8% of outstanding debt was in some stage of delinquency, 0.3 percentage points higher than 2025Q3. Transition into early delinquency ticked up slightly for mortgages and more significantly for student loans, but held mostly steady for autos, credit cards, and HELOCs.

Of you really want to get into the weeds with details >>
https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q4

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

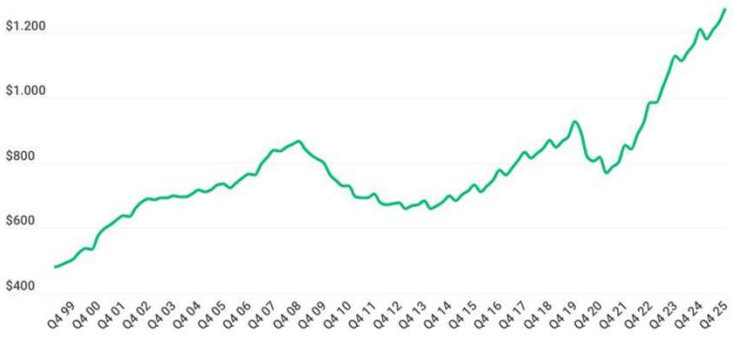
Another way to look at the credit card delinquency rate. About 47% of cardholders carry a month to month balance. If 11 percent of those are in trouble, this infers about 23 percent of those carrying a balance, are in serious trouble.

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 – No Updates

Total outstanding credit card balances, 1999 to present

In billions; seasonally adjusted



Source: New York Fed Consumer Credit Panel/Equifax

Up 3.57% Q/Q

$1.277 trillion,

This is costing the 47 % of card holders on average $137.81 a month in interest charges or $1653 up from Q1 $1565 / year.

Average Interest rate : 20.97 - .42%
New CC Offer Rates : 23.77% - .58%

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March update – No Updates - So far, delinquency rates have not changed significantly. Lower income households are in more trouble, and middle and upper income level reductions offset the difference.

If you really want to get into the weeds on US debt by type, and any other measure you can think of, have a look at this report.

https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q4

"Job No. 1 for anyone with a credit card is to pay off that balance in full at the end of each month. But we all know that life happens, and that means that it's not always possible to pay off your credit cards each month."

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



March – It is interesting that Federal Reserve Bank of New York says mortgage defaults are rising. **Note this chart ONLY includes commercial banks, thus includes commercial loans.**

Q2 was 1.67 - 2024 Q4 was 1.64

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

US Net Percentage of Domestic Banks Tightening Standards – No Updates

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

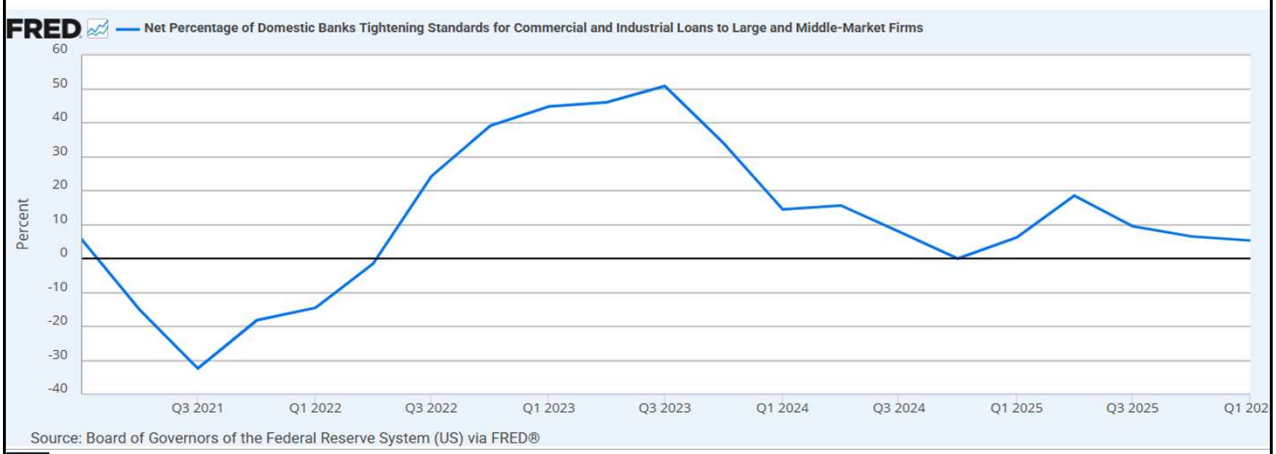
Observations
Q1 2026: **5.3**
Updated: Feb 3, 2026 9:34 AM CST
Next Release Date: Not Available

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Quarterly

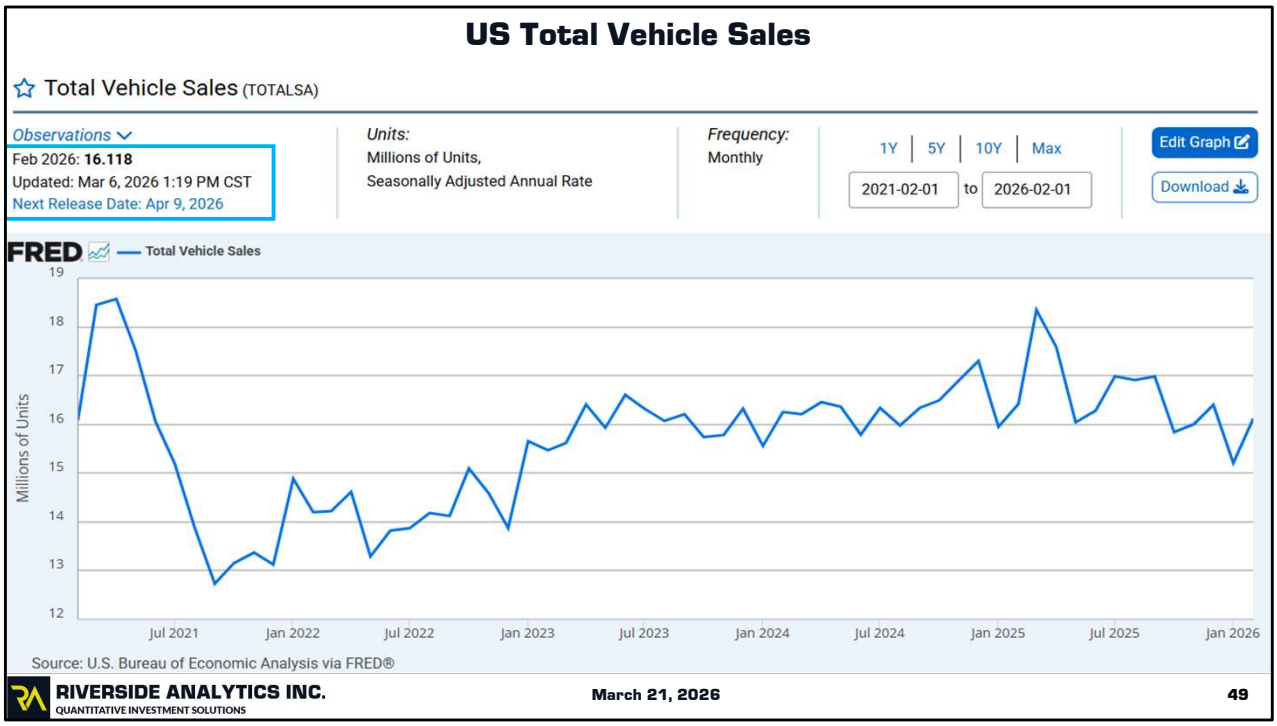
1Y | 5Y | 10Y | Max
2021-01-01 to 2026-01-01

Edit Graph
Download

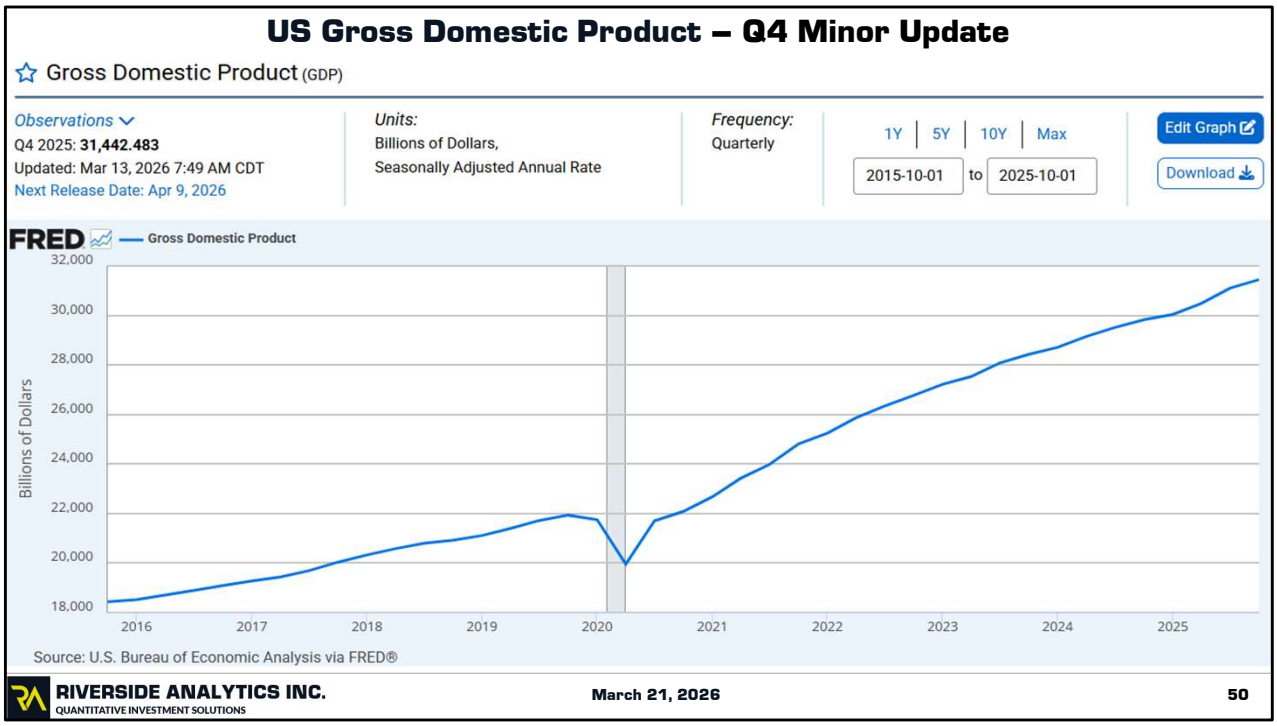


Source: Board of Governors of the Federal Reserve System (US) via FRED®

March **– NO UPDATES -** Q4 2025 was 6.5 – More banks are loosing standards



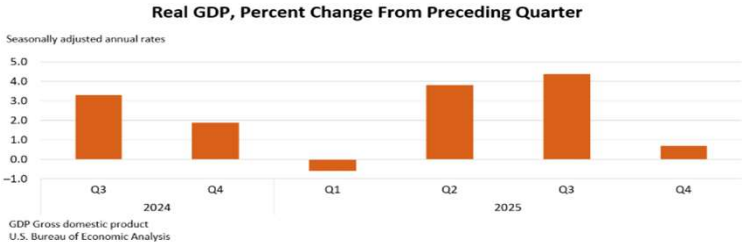
March – January was 15.199 – Nasty weather largely over. Now with the Iran war and gas prices up 30ish percent, next month could be interesting. Selling trucks with big V8 engines is going to hurt at the pumps.

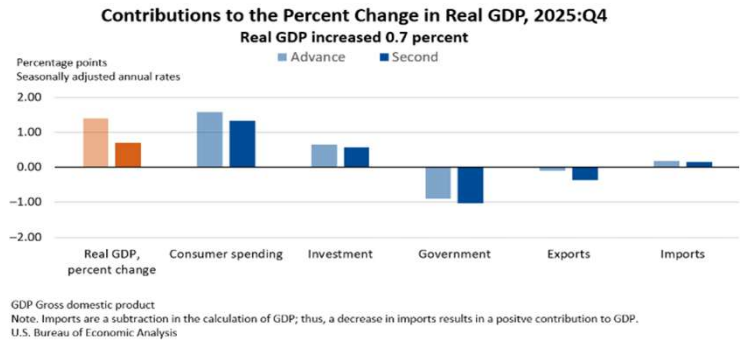


March – last month was 31,490.070 – This month came with a slight revision down.
St Louis fed estimates that AI investment in 2025 contributed 1.29% to GDP. Early estimates put this at nearly 60% of the overall GDP growth in 2025. Overall US economy is ok, just not nearly as strong as the headline numbers suggest !

Source of AI data >> https://www.stlouisfed.org/on-the-economy/2026/jan/tracking-ai-contribution-gdp-growth

US GDP – Percent Change – Estimate Updated



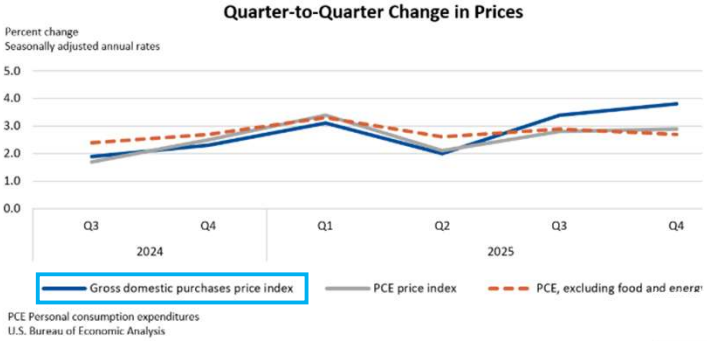


March – Second estimate of GDP released. – "U.S. GDP increased by an annual rate of 0.7% in Q4, revised downwards from +1.4% in the first estimate and compared to the 4.4% growth seen in the prior quarter, according to the Bureau of Economic Analysis. The revision in Q4 GDP growth reflects downward revisions to exports, consumer spending, government spending, and investment. The third estimate, which includes industries, corporate profits, state GDP, and state personal income for Q4 2025, is scheduled for release on April 9."
Text source - seekingalpha.com

Source : The Bureau of Economic Analysis of the United States Department of Commerce https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025#:~:text=Real%20gross%20domestic%20product%20(GDP,real%20GDP%20increased%204.4%20percent.

US Gross Domestic Purchase Price Index – Q4 Second Estimate

Quarter-to-Quarter Change in Prices



PCE Personal consumption expenditures
U.S. Bureau of Economic Analysis

The big picture is running hotter than CPI indicates !

Real GDP and Related Measures
[Percent Change (SAAR) from 2025 Q3 to Q4]

	Advance estimate	Second Estimate
Real GDP	1.4	0.7
Current-dollar GDP	5.1	4.5
Real final sales to private domestic purchasers	2.4	1.9
Gross domestic purchases price index	3.7	3.8
PCE price index	2.9	2.9
PCE price index excluding food and energy	2.7	2.7

March – Part of the Q4 GDP second estimate report.

How it Differs from Other Indexes

Vs. GDP Price Index: The GDP Price Index includes prices of U.S.-produced exports but excludes imported goods.

Vs. CPI (Consumer Price Index): The CPI measures price changes for a fixed basket of consumer goods; GDPP covers all domestic purchases, including business and government spending, and accounts for imports.

Key Takeaway
The GDPP index gives a comprehensive view of the price levels for all goods and services purchased within the U.S. economy, making it a crucial indicator for understanding domestic inflation dynamics.

Source : The Bureau of Economic Analysis of the United States Department of Commerce https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025#:~:text=Real%20gross%20domestic%20product%20(GDP,real%20GDP%20increased%204.4%20percent.

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

March – April of year 2 of a Republican administration tends to negative ! That positive tendency for March is not working out so well ! Gas price increases and a new war did not help any !

Follow your plan !

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF February 20, 2025

FED FUND FUTURES												
ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7
96.3600	96.3650	96.3700	96.4050	96.4500	96.5200	96.6050	96.6650	96.7500	96.8250	96.8900	96.9200	96.9450

	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
3/18/2026			0.0%	0.0%	0.0%	0.0%	3.5%	96.5%	0.0%
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	17.0%	82.5%	0.0%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.2%	7.7%	45.6%	46.5%	0.0%
7/29/2026	0.0%	0.0%	0.0%	0.1%	2.9%	21.5%	45.9%	29.6%	0.0%
9/16/2026	0.0%	0.0%	0.0%	1.6%	13.1%	34.9%	37.0%	13.4%	0.0%
10/28/2026	0.0%	0.0%	0.6%	5.4%	20.3%	35.6%	29.1%	8.9%	0.0%
12/9/2026	0.0%	0.2%	2.4%	10.9%	25.9%	33.2%	21.8%	5.7%	0.0%
1/27/2027	0.0%	0.5%	3.3%	12.6%	26.7%	31.9%	19.9%	5.0%	0.0%
3/17/2027	0.1%	0.8%	4.3%	14.0%	27.2%	30.7%	18.4%	4.5%	0.0%
4/28/2027	0.1%	0.8%	4.3%	14.0%	27.2%	30.7%	18.4%	4.5%	0.0%
6/9/2027	0.1%	0.9%	4.7%	14.6%	27.4%	30.2%	17.8%	4.3%	0.0%
7/28/2027	0.1%	0.9%	4.5%	14.2%	26.8%	30.0%	18.4%	4.9%	0.2%
9/15/2027	0.1%	0.9%	4.4%	13.9%	26.5%	29.9%	18.7%	5.3%	0.3%
10/27/2027	0.1%	0.8%	4.1%	13.0%	25.3%	29.6%	19.7%	6.5%	0.8%
12/8/2027	0.2%	1.5%	6.0%	15.7%	26.2%	27.5%	16.9%	5.3%	0.6%

February - The next potential rate cut is pushed out a month to July, and that one is a coin toss !

CME FedWatch Tool

TARGET RATE PROBABILITIES – Aggregated AS OF February 20, 2025

FED FUND FUTURES												
ZQG6	ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7
96.3600	96.3650	96.3700	96.4050	96.4500	96.5200	96.6050	96.6650	96.7500	96.8250	96.8900	96.9200	96.9450

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES			
MEETING DATE	275-300	300-325	325-350	350-375
3/18/2026	0.00 %	0.00 %	3.52 %	96.48 %
4/29/2026	0.00 %	0.00 %	18.00 %	82.00 %
6/17/2026	0.00 %	0.00 %	61.66 %	38.34 %
7/29/2026	0.00 %	0.00 %	98.00 %	2.00 %
9/16/2026	0.00 %	52.79 %	47.21 %	0.00 %
10/28/2026	0.00 %	86.00 %	14.00 %	0.00 %
12/9/2026	22.52 %	77.48 %	0.00 %	0.00 %
1/27/2027	34.00 %	66.00 %	0.00 %	0.00 %
3/17/2027	44.00 %	56.00 %	0.00 %	0.00 %
4/28/2027	44.00 %	56.00 %	0.00 %	0.00 %
6/9/2027	48.43 %	51.57 %	0.00 %	0.00 %
7/28/2027	44.00 %	56.00 %	0.00 %	0.00 %
9/15/2027	41.19 %	58.81 %	0.00 %	0.00 %
10/27/2027	32.00 %	68.00 %	0.00 %	0.00 %
12/8/2027	53.57 %	46.43 %	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.

February – The market is thinking the next fed chair engineers a 25 point drop at the end of July. Due keep in mind, he is only one vote in the decision ! The chances of a June drop have been lowered since last month to 62% from 83%.

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF – Friday March 20

FED FUND FUTURES											
ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7
96.3575	96.3550	96.3400	96.3400	96.3400	96.3400	96.3450	96.3450	96.3450	96.3700	96.3800	96.3850	96.3900

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES							
MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	6.2%	0.0%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	6.2%	0.0%
7/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	6.2%	0.0%
9/16/2026	0.0%	0.0%	0.0%	0.0%	1.9%	92.0%	6.1%	0.0%
10/28/2026	0.0%	0.0%	0.0%	0.0%	1.9%	92.0%	6.1%	0.0%
12/9/2026	0.0%	0.0%	0.0%	0.3%	14.2%	80.3%	5.2%	0.0%
1/27/2027	0.0%	0.0%	0.0%	0.6%	15.7%	78.5%	5.1%	0.0%
3/17/2027	0.0%	0.0%	0.0%	1.4%	19.3%	74.3%	4.8%	0.0%
4/28/2027	0.0%	0.0%	0.1%	2.2%	21.7%	71.4%	4.6%	0.0%
6/9/2027	0.0%	0.0%	0.6%	7.0%	34.0%	54.8%	3.5%	0.0%
7/28/2027	0.0%	0.0%	0.5%	5.2%	26.2%	48.8%	18.3%	1.0%
9/15/2027	0.0%	0.2%	2.8%	15.7%	37.5%	33.5%	9.6%	0.5%
10/27/2027	0.0%	0.2%	2.8%	15.7%	37.5%	33.5%	9.6%	0.5%
12/8/2027	0.2%	2.5%	14.3%	35.1%	34.0%	12.3%	1.5%	0.1%

March – That is quite the change ! All bets are off for changes in the next 15 months !
Notice there are now columns indicating some small leans towards rate INCREASES !

CME FedWatch Tool - Aggregated

TARGET RATE PROBABILITIES AS OF – Friday March 20

FED FUND FUTURES												
ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7
96.3575	96.3550	96.3400	96.3400	96.3400	96.3400	96.3450	96.3450	96.3450	96.3700	96.3800	96.3850	96.3900

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES			
MEETING DATE	300-325	325-350	350-375	375-400
4/29/2026	0.00 %	0.00 %	93.79 %	6.21 %
6/17/2026	0.00 %	0.00 %	93.79 %	6.21 %
7/29/2026	0.00 %	0.00 %	93.79 %	6.21 %
9/16/2026	0.00 %	0.00 %	95.79 %	4.21 %
10/28/2026	0.00 %	0.00 %	95.79 %	4.21 %
12/9/2026	0.00 %	9.50 %	90.50 %	0.00 %
1/27/2027	0.00 %	11.79 %	88.21 %	0.00 %
3/17/2027	0.00 %	17.51 %	82.49 %	0.00 %
4/28/2027	0.00 %	21.79 %	78.21 %	0.00 %
6/9/2027	0.00 %	46.58 %	53.42 %	0.00 %
7/28/2027	0.00 %	17.79 %	82.21 %	0.00 %
9/15/2027	0.00 %	67.79 %	32.21 %	0.00 %
10/27/2027	0.00 %	67.79 %	32.21 %	0.00 %
12/8/2027	56.75 %	43.25 %	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.

March – Aggregates did the same thing. No decreases expected and there just might be an increase, however small that probability currently is !

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

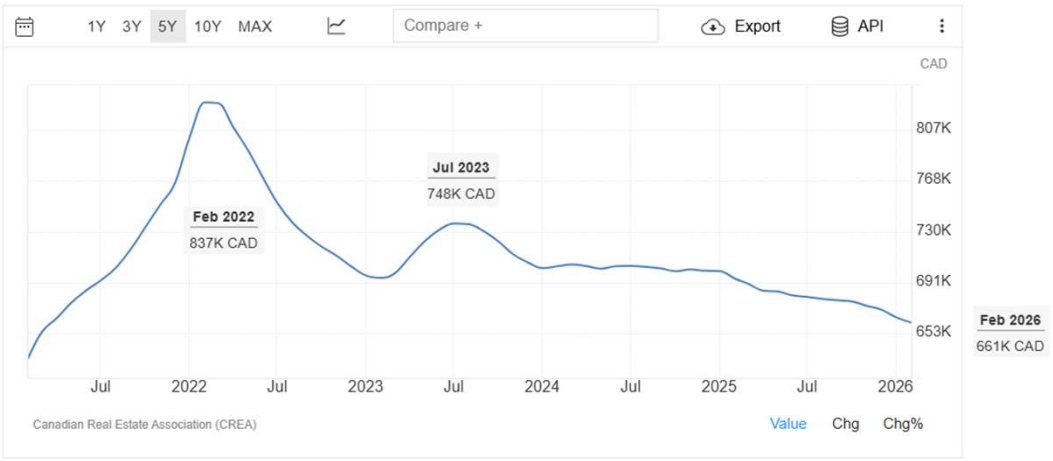
New Vehicle Sales

ST Louis Fed tracks a number of Canadian Metrics.

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

Average House Prices for Canada

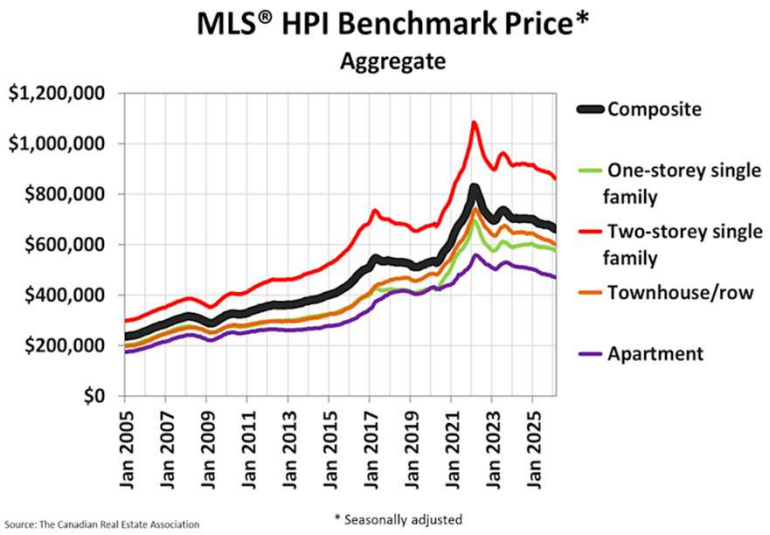
Average House Prices in Canada decreased to 661100 CAD in February from 665000 CAD in January of 2026. Average House Prices in Canada averaged 468562.20 CAD from 2005 until 2026, reaching an all time high of 827600.00 CAD in February of 2022 and a record low of 236900.00 CAD in January of 2005. source: Canadian Real Estate Association (CREA)



March – Last month was 665K – Worlds slowest market crash !

Source : Trading Economics

Canada Average House Price



March – National home sales declined 1.3 % month / month.

Actual (not seasonally adjusted) monthly activity came in 8.1% below February 2025.

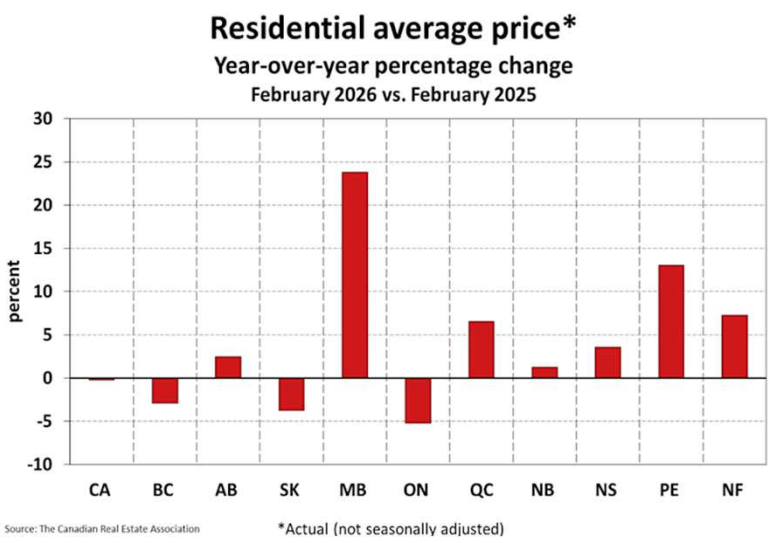
The number of newly listed properties declined 3.9% on a m/m basis.

The MLS® Home Price Index (HPI) fell 0.6% month-over-month and was down 4.8% on a year-over-year basis.

The actual (not seasonally adjusted) national average sale price was little changed.

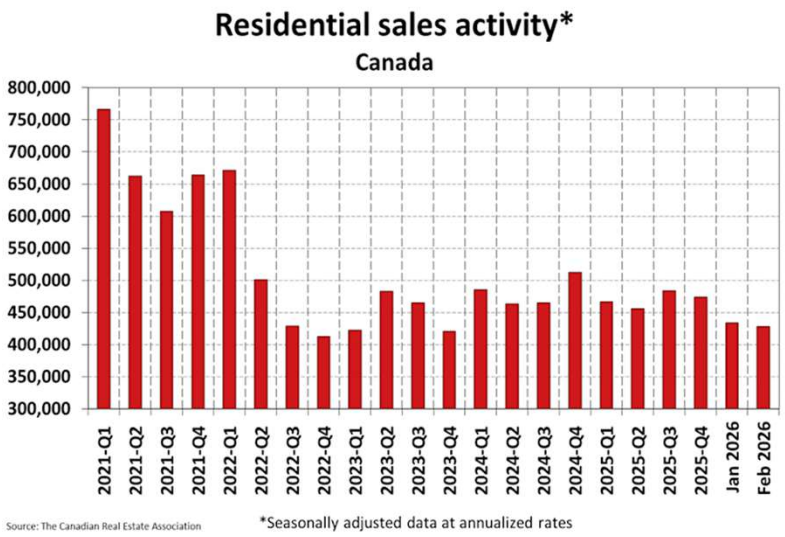
Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province



March – BC and Ontario continue the trend of price declines, joined this month by Saskatchewan.

Home Sales Activity for Canada



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March – Overall, Canada is doing ok in the sales department. A cold and snowy month did not help sales. It will be interesting to see if there is bounce coming in the next couple months.

There were 5 months of inventory on a national basis at the end of February 2026, up from 4.9 months at the end of January. The long-term average for this measure of market balance is five months of inventory. Based on one standard deviation above and below that long-term average, a seller's market would be below 3.6 months, and a buyer's market would be above 6.4 months.

This is from The Canadian Real Estate Association.

Housing Starts - % Change – Canada

Housing starts in Canada increased 4.5% in February 2026 to a seasonally adjusted annual rate of 250,900 units, up from 240,148 in January, below market expectations of 252,500 units. Rural starts were estimated at a seasonally adjusted annual rate of 20,400 units. Actual housing starts were up 10% year-over-year in centres with a population of 10,000 or greater. By province, Vancouver recorded a 60% increase in actual starts due to higher multi-unit and single-detached starts. Meanwhile, Toronto declined 28% due to lower multi-unit and single-detached starts. source: Canada Mortgage And Housing Corporation

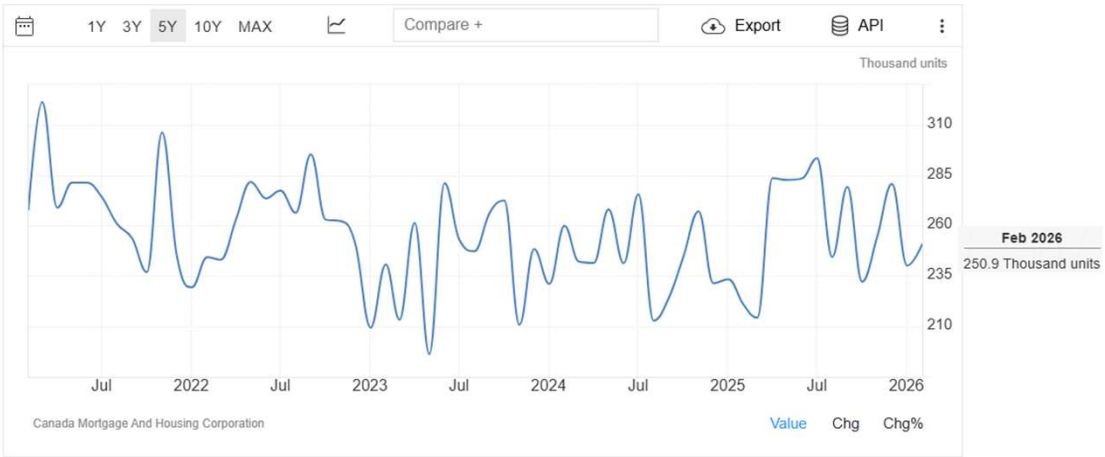


March – A slow first couple months is not unusual.

Source : Trading Economics

If you want to get into the weeds, detail is here : https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables

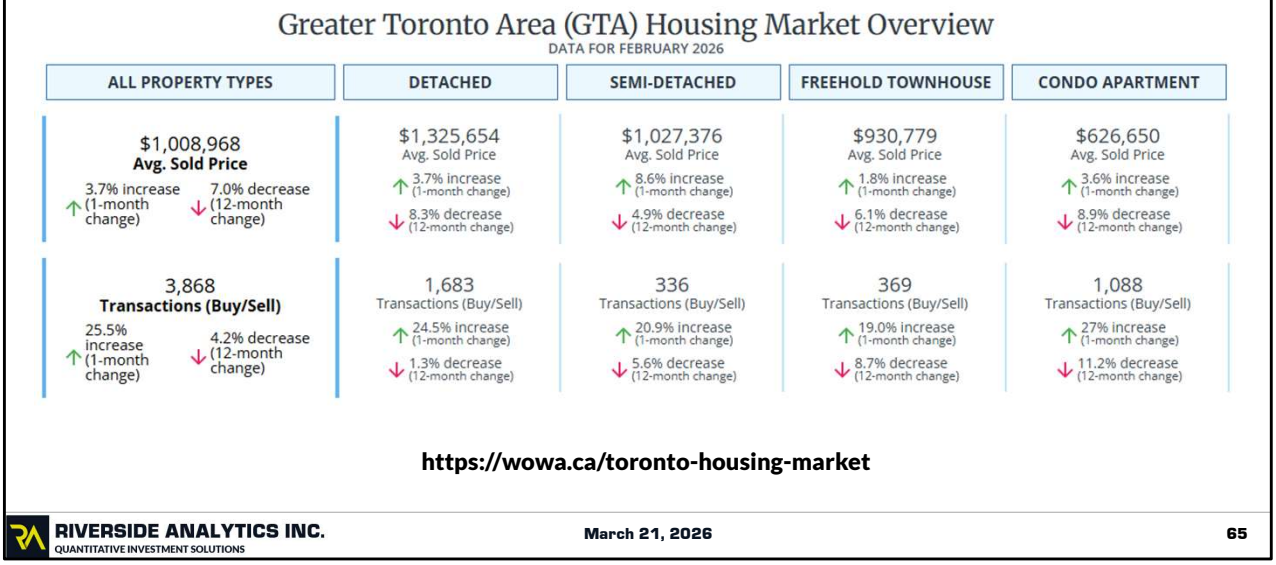
Housing Starts – 5 Year – Percent Change - Canada
6 Month Seasonally Adjusted Annual Rate



March – last month was 238. – Nothing out of the ordinary.

Trading Economics

Housing Sales Activity for GTA



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

March – A few green shoots after a very red February ! This likely represents a catch up month after a very brutal weather start to the year.

Housing Sales Activity for GTA

Single-Family Detached Home Prices in the GTA



Statistics for February 2026

Average Price:	$1,325,654	↓-8.3% from Feb. 2025
Units Sold:	1,683	↓-1.3% from Feb. 2025
New Listings:	4,632	↓-8.4% from Feb. 2025

Semi-Detached Home Prices in the GTA



Statistics for February 2026

Average Price:	$1,027,376	↓-4.9% from Feb. 2025
Units Sold:	336	↓-5.6% from Feb. 2025
New Listings:	693	↓-13.2% from Feb. 2025

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

March – Prices for detached jumped 47k from last month, and semis are up about 75k.
New listings still vastly out number units sold !

Housing Sales Activity for GTA

Townhouse Prices in the GTA



Statistics for February 2026

Average Price:	$930,779	↓-6.1% from Feb. 2025
Units Sold:	369	↓-8.7% from Feb. 2025
New Listings:	948	↓-11.9% from Feb. 2025

Apartment Prices in the GTA



Statistics for February 2026

Average Price:	$626,650	↓-8.9% from Feb. 2025
Units Sold:	1,088	↓-11.2% from Feb. 2025
New Listings:	3,492	↓-14.5% from Feb. 2025

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

March – “Apartments”, aka condos continue their torrid pace of listings out numbering units sold by a wide margin.

Town prices are up 16K, condos up 21k

WOWA - Housing Activity for GTA

Median Prices by Region

	City	Median Sold Price	1-Year Change	Total Transactions
#1	City of Toronto	$819,000	↓-2.8%	1,491
#2	Peel Region	$847,750	↓-7.6%	706
#3	York Region	$1,080,000	↓-8.7%	683
#4	Durham Region	$799,950	↓-5.9%	454
#5	Halton Region	$1,005,000	↓-2.4%	397
#6	Simcoe County	$752,500	↓-12.5%	122
#7	Dufferin County	$743,000	-	15
	GTA	**$865,000**	**↓-6.3%**	**3,868**

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March – Breaking out the areas within GTA, here is how they compare. Note, this is the MEDIAN not the AVERAGE !

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

WOWA - Housing Activity for GTA

Average Prices by City

	City	Average Sold Price	1-Year Change	Total Transactions
#1	City of Toronto	$1,019,144	↓-6.2%	1,491
#2	Mississauga	$963,747	↓-7.3%	345
#3	Brampton	$887,457	↓-8.7%	309
#4	Vaughan	$1,140,088	↓-7.1%	197
#5	Markham	$1,068,928	↓-11.8%	182
#6	Oakville	$1,325,983	↓-11.9%	156
#7	Oshawa	$712,618	↓-7.4%	127
#8	Burlington	$1,070,052	↑3.1%	126
#9	Richmond Hill	$1,166,816	↓-12.2%	121
#10	Whitby	$928,656	↓-6.0%	103
	GTA	**$1,008,968**	**↓-7.0%**	**3,868**

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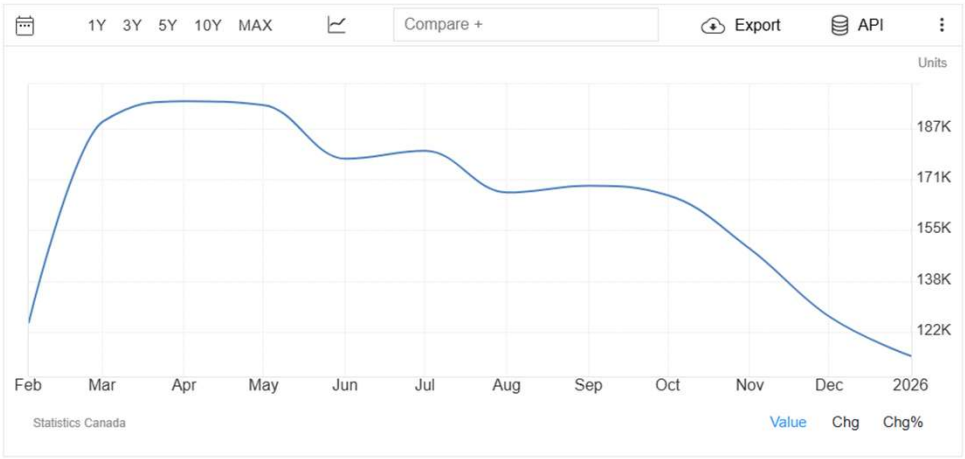
March – Breaking out the areas within GTA, here is how they compare. Note, this is the MEDIAN not the AVERAGE !

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

New Vehicle Sales Activity for Canada

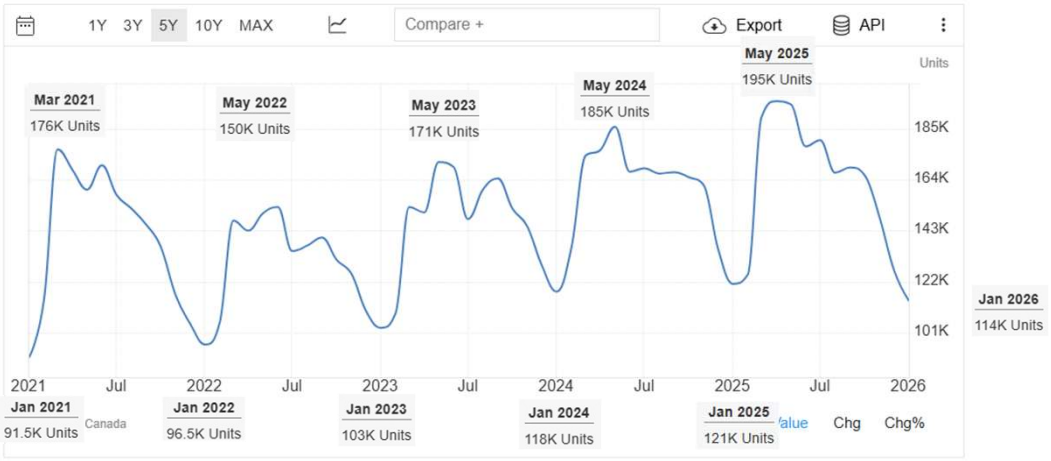
Car Registrations in Canada decreased to 114415 Units in January from 126983 Units in December of 2025. Car Registrations in Canada averaged 100363.58 Units from 1946 until 2026, reaching an all time high of 220858.00 Units in May of 2018 and a record low of 2756.00 Units in January of 1946. source: Statistics Canada



March – The buying patterns remain close to normal, although this dip could end up being a little deeper than a year ago. Snow storms and excessive cold likely a contributing factor. Time will tell.

Source : Trading Economics

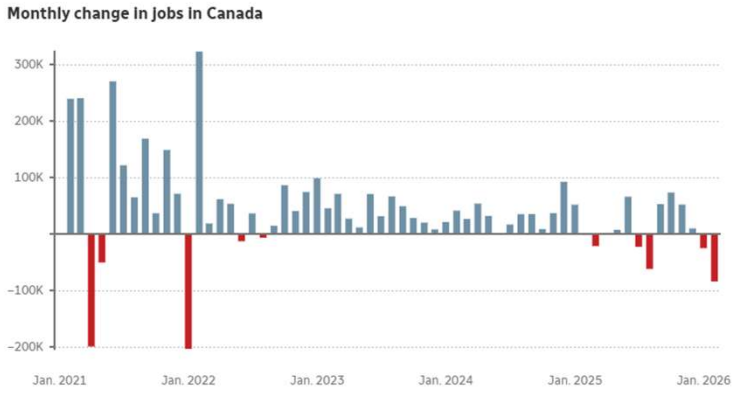
New Vehicle Sales Activity for Canada – 5 Year Chart



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

March - Trading Economics – This low is a little below the Jan 2024 low, thus below the previous two lows for this period.
This could just be cold snowy weather playing a little havoc with charts. Time will tell !

Unemployment Rate for Canada



Canada's economy lost 84,000 jobs in February, unemployment rate ticked up 0.1 to 6.7%
Employment growth in the past year has been weak.

March - My usual sources did not have any updates. This one is from StatsCan via CBC Posted March 13th.

Source : https://www.cbc.ca/news/business/canada-labour-force-survey-february-2026-9.7127105

Canada's economy lost 84,000 jobs in February while the unemployment rate edged up to 6.7 per cent, Statistics Canada said on Friday, a setback for the labour market and one of the worst monthly job losses seen in years outside of the pandemic.

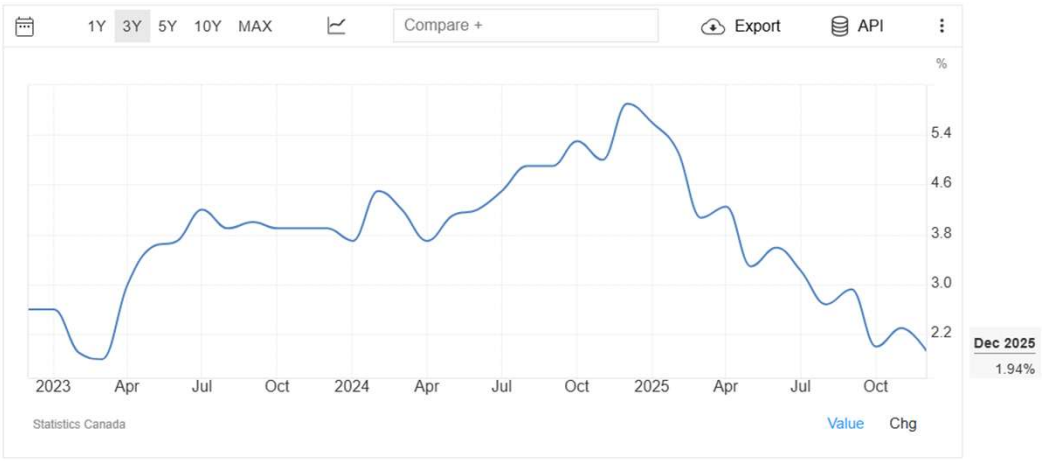
The decline in employment was largely driven by a drop in full-time and private sector jobs, the latter offsetting a short period of growth seen earlier in the fall.

Employment mostly fell in the goods and services-producing industries, with 18,000 jobs lost in wholesale and retail trade, 12,000 lost in construction and 9,200 lost in manufacturing. Men aged 25 to 54 and young people aged 15 to 24 were worst impacted by the drop.

My usual source.
Source: https://fred.stlouisfed.org/series/LRUNTTTTCAM156S

Canada Average Weekly Earnings YOY – 3 Year Chart

Wages in Canada increased 1.94 percent in December of 2025 over the same month in the previous year. Wage Growth in Canada averaged 2.57 percent from 1992 until 2025, reaching an all time high of 10.10 percent in May of 2020 and a record low of -0.40 percent in May of 2001. source: Statistics Canada



March – November was 2.5 – Just slightly above the posted inflation rates! Wage earners will not be getting ahead at these values.

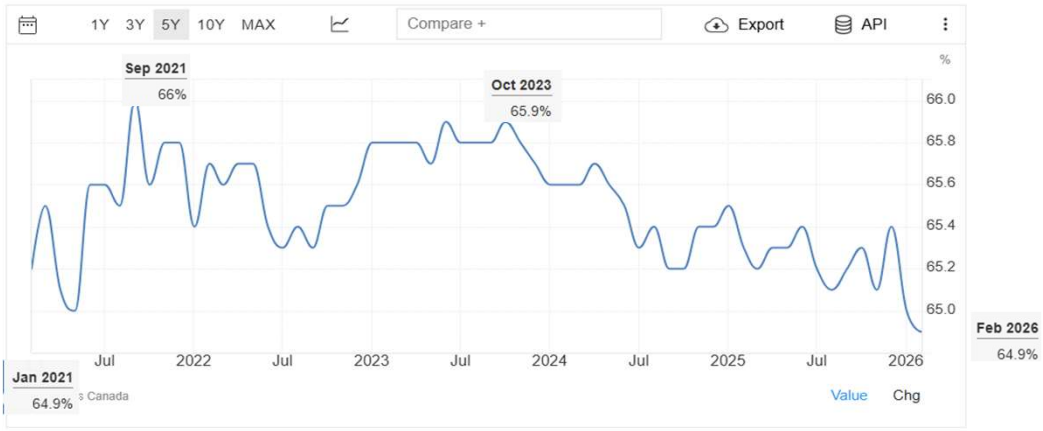
– DATA TENDS TO RUN 2-3 MONTHS BEHIND

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 64.90 percent in February from 65 percent in January of 2026. Labor Force Participation Rate in Canada averaged 65.72 percent from 1976 until 2026, 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

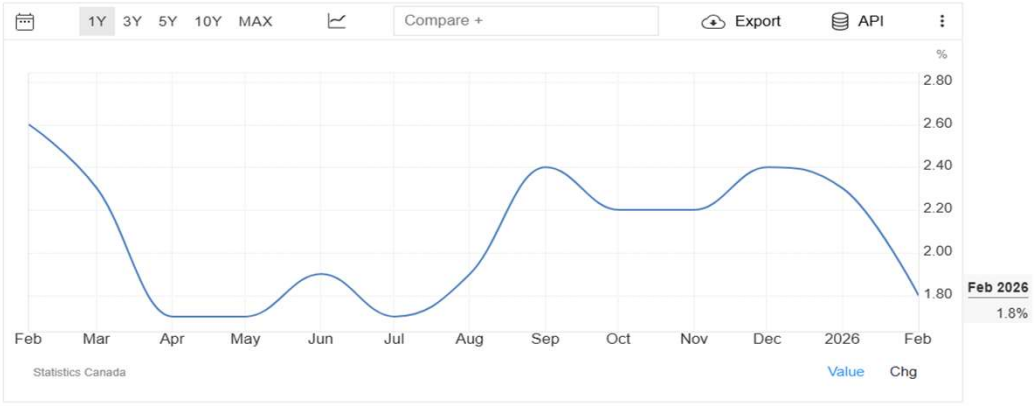
March – Due note, this data series does not change much. Working age people are very slowly disappearing from the work force ! Essentially, this means that about 35 percent of the population that could be working, are not.

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

Consumer Price Index: Monthly Canada

The headline inflation rate in Canada fell to 1.8% in February of 2026 from 2.3% in the previous month, slightly under market expectations of 1.9% to reflect the softest rate since July of the previous year. Price growth remained in line with the baseline expectations from the Bank of Canada that inflation would remain near the 2% mark in the near term, although the Bank's outlook and the data preceded the outbreak of war in Iran that triggered a surge in global energy prices, and those of other selected commodities. February's drop reflected base effects from the end of tax breaks in February of 2025, driving food inflation to slow to 5.3% from 7.3% last month. Prices also decelerated for recreation and education (0.5% vs 1% in January), household operations (1.2% vs 2.5%), and shelter (1.5% vs 1.7%), while transportation deflation slowed (-0.8% vs -1.7%). Meanwhile, core rates tracked by the BoC eased more than expected, with the trimmed-mean rate falling to a four-year low of 2.3%. source: Statistics Canada

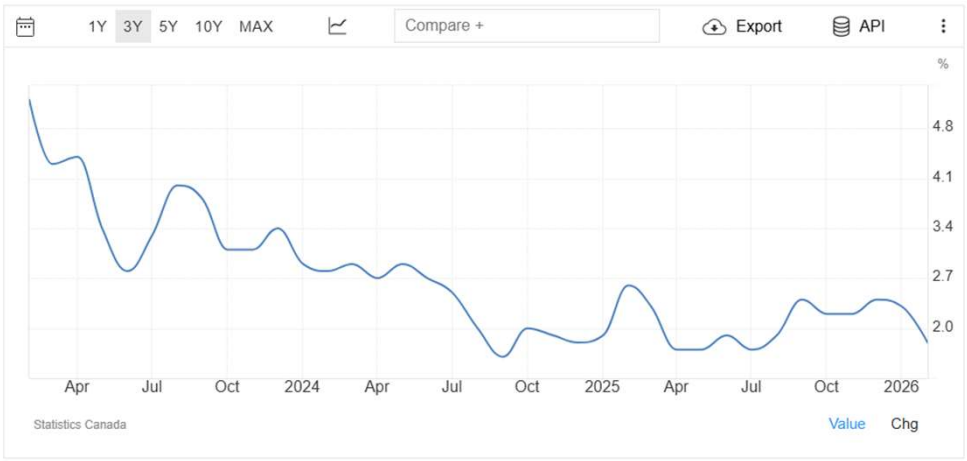


March – The big picture is remains within the 1 – 3% range. Inflation is eating up most of any new worker raises ! We shall see how food inflation is doing in a couple slides.

With the Iranian war, gasoline prices are going to eat into budgets, especially for commuters. If the war lasts longer than a few months, then it likely pushes North American economies into recession, due to the energy cost increases. Farmers could face significant fertilizer cost pressure, depending on their sources. Farmers typically have on site fuel storage. If they topped up before the increases, that will help cushion some of the blow for planting season.

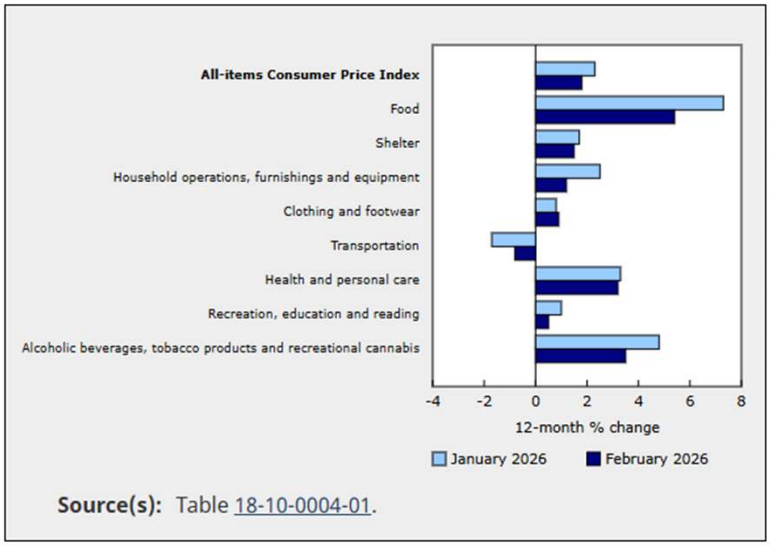
Source : Trading Economics

Consumer Price Index: 3 Year View Canada



March - Inflation – long view – With food and rent being large components of the consumers budget, this chart understates the impact of inflation on households.

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



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

January 2026	February 2026
2.3	1.8
7.3	5.4
1.7	1.5
2.5	1.2
0.8	0.9
-1.7	-0.8
3.3	3.2
1.0	0.5
4.8	3.5

Food inflation is down, but Still hurts !

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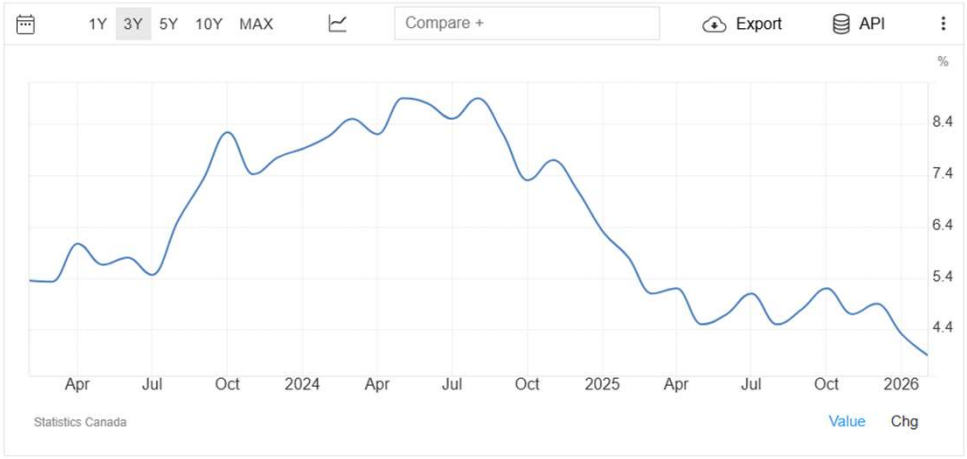
March – Like the last few months - Food continues to lead with the highest inflation – About 33 percent of Canadian households rent, so for that population, this chart understates that portion of their inflation impact. The next chart breaks that out.

More details are here
Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/260316/cg-a002-eng.htm

Selected food product price change over time can be viewed here – **Just change the start date.**
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810024502

Consumer Price Index: Rent

Rent Inflation in Canada decreased to 3.90 percent in February from 4.30 percent in January of 2026. Rent Inflation in Canada averaged 2.81 percent from 1951 until 2026, 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



March – Same comment – Rent Inflation finally broke below its sticky level, but still needs to decline at least another full percentage point.

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

Gasoline Prices – Canada Average

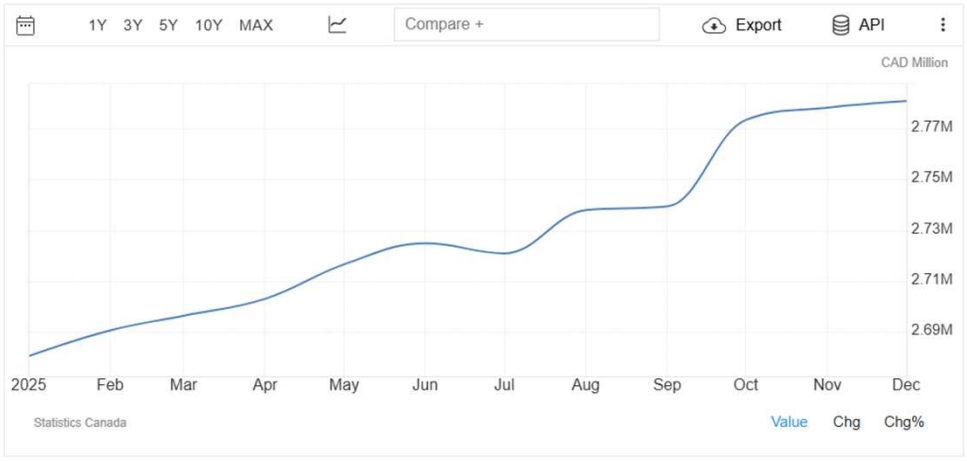


March – Ouch !

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

Canada - M2 Money Supply

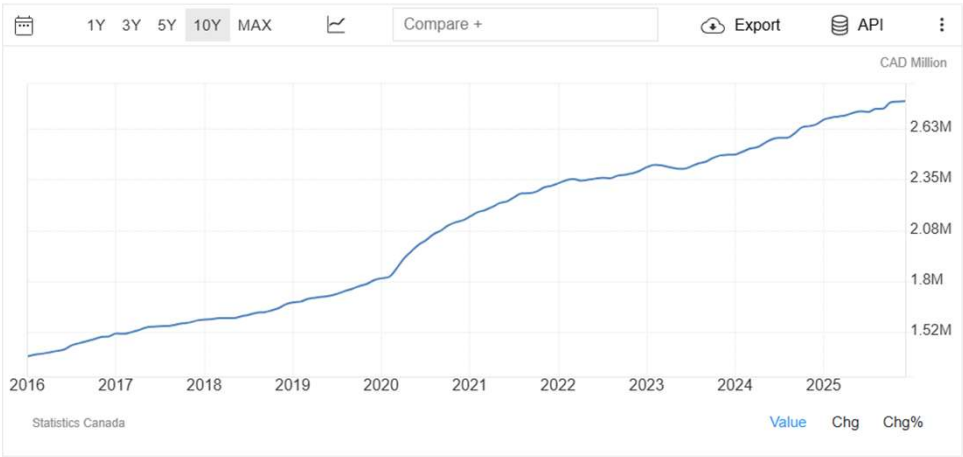
Money Supply M2 in Canada increased to 2779326 CAD Million in December from 2776745 CAD Million in November of 2025. Money Supply M2 in Canada averaged 669204.92 CAD Million from 1968 until 2025, reaching an all time high of 2779326.00 CAD Million in December of 2025 and a record low of 25523.00 CAD Million in January of 1968. source: Statistics Canada



March – Nothing to see here !

Source : Trading Economics

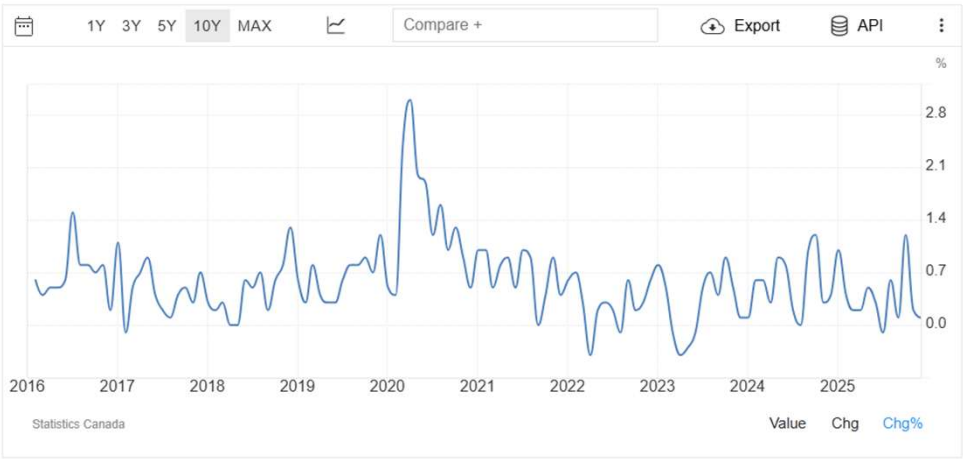
Canada - M2 Money Supply – Long Term View



March - I believe corporate pricing decisions are the dominate force in inflation. Does it help maintain the 2 percent inflation rate? Maybe. The covid bump is correlated with inflation, but did it cause it? No, corporate profit maintenance was behind that one!

Source : Trading Economics

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



March - Multiply these numbers by 12 to get annual rate of change. Pumping money into the economy during covid, correlated with inflation. Do not confuse causation and correlation !

In general inflation happens when corporations raise prices. Demand pull, Cost push and Profit margins all can impact the company's 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 Canada's 10-year government bond climbed past 3.48% amid persistent global inflationary pressures and a hawkish shift in North American interest rate expectations. While headline inflation in Canada decelerated more than anticipated to 1.8% in February and the unemployment rate rose to 6.7% following a loss of 83,900 jobs, the Bank of Canada maintained its overnight rate at 2.25% on March 18th and warned of heightened uncertainty. At the same time, the US February PPI and a more aggressive stance from the Federal Reserve, drove 10-year Treasury notes to August 2025 highs amid escalating conflict in the Middle East. Although markets previously prioritized a widening output gap and cooling food costs, the ongoing risk of energy supply disruptions across the Strait of Hormuz has maintained volatility in benchmark rates. The 10-year benchmark is now following a broader rise in global yields as investors brace for one rate cut at most this year from major central banks.

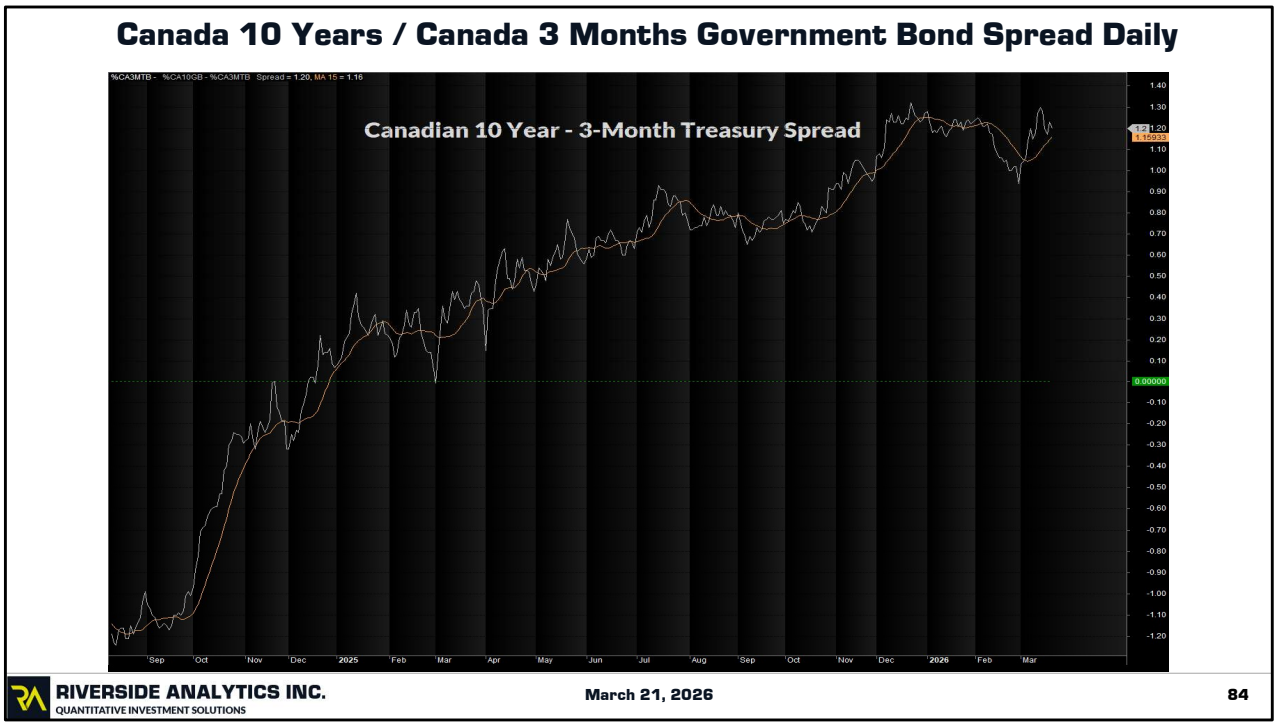


February – Last month was 3.435 Trading channel is maintained !

March – Same comment - That striking down of Trump's tariffs last all of one day before he implemented new 10 – 15? percent tariffs across the board for 150 days. After that, Congress needs to approve a renewal unless he renews under a different program, which appears to be possible. US Treasury needs more money, that is clear, but these highly unpredictable tariff changes is not the way to do it ! Social Security will need a significant cash injection by early 2030's OR there will be benefit cuts. The US has done a very poor job of managing its long term health for decades !

Toss in an expensive war, and cash burn just went up. There is a decent chance rates could climb if the war continues very long. Canada could get pushed into a rate increase IF CAD declines too much if that happens

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



March – last month was 1.04

This chart is from Amibroker.

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

Canada 10 Years / Canada 3 Months Government Bond spread
30 Year View - Monthly



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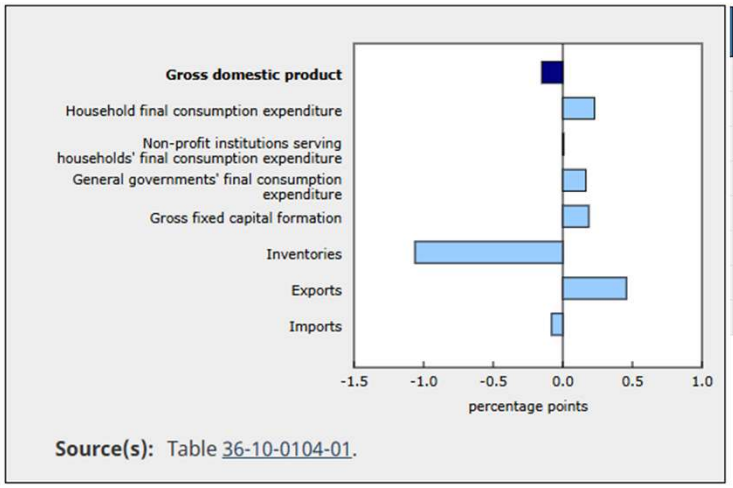
March – 30 years of data. Back into the pre-covid range of spreads !

This one is from Amibroker.

Gross Domestic Product for Canada – Q4 Released



	percentage points
Gross domestic product	-0.151
Household final consumption expenditure	0.228
Non-profit institutions serving households' final consumption expenditure	0.007
General governments' final consumption expenditure	0.166
Gross fixed capital formation	0.187
Inventories	-1.062
Exports	0.457
Imports	-0.081

Source(s): Table 36-10-0104-01.

Real gross domestic product (GDP) declined 0.15% in the forth quarter after increasing 0.6 % in the third quarter of 2025, after falling 0.5% in the second quarter.

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March – Q4 Released

Real gross domestic product (GDP) declined 0.15% in the forth quarter after increasing 0.6 % in the third quarter of 2025, after falling 0.5% in the second quarter.

Canada is playing footsy with a technical recession definition ! It needs two negative quarters in a row to hit the definition!

Source : https://www150.statcan.gc.ca/n1/daily-quotidien/251128/dq251128a-eng.htm

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

Economic scenario

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 2026 (n = 25)	End of 2027 (n = 23)
25th percentile of responses	1.4	1.8
Median of responses	1.6	1.9
75th percentile of responses	1.9	2.1

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.

Essentially unchanged from Q3 data – within 0.1 of the last report.

March – NO UPDATES - This is a quarterly report – **NOTE THIS IS A SURVEY, not an analysis of country GDP from StatsCan. Participants are expecting Canada is going to be doing just fine.**

https://www.bankofcanada.ca/2026/02/market-participants-survey-fourth-quarter-of-2025/

Real Gross Domestic Product for Canada - No Updates
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 = 22)	In 6 to 12 months (n = 22)	In 12 to 18 months (n = 23)	In 18 to 24 months (n = 22)
25th percentile of responses	11	20	18	15
Median of responses	20	25	20	20
75th percentile of responses	34	34	28	25

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

The median of responses all declined from the Q3 survey.

March – NO UPDATES - **All but one numbers are less than the last survey – and the outsider is unchanged in the 18-24 month 25th percentile category.**

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

https://www.bankofcanada.ca/2026/02/market-participants-survey-fourth-quarter-of-2025/

Real Gross Domestic Product for Canada - No Updates

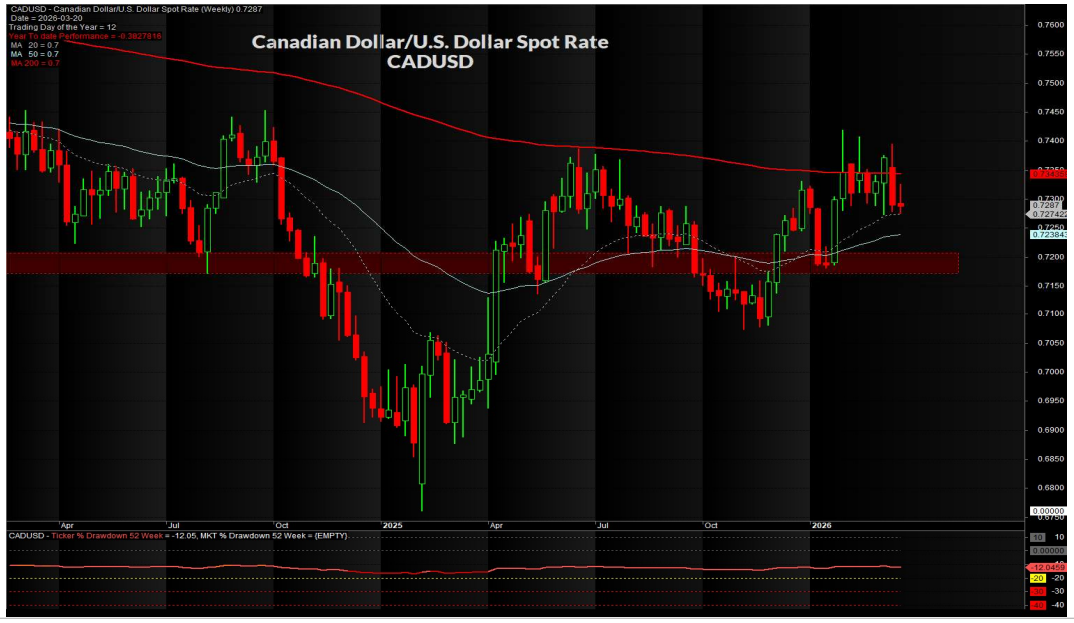
2.1 What is your forecast for the Bank of Canada's policy interest rate?

	Policy interest rate (%)			
	25th percentile of responses	Median of responses	75th percentile of responses	Number of responses
2026				
January	2.25	2.25	2.25	27
March	2.25	2.25	2.25	27
April	2.25	2.25	2.25	27
June	2.25	2.25	2.25	27
July	2.25	2.25	2.25	27
September	2.25	2.25	2.25	27
October	2.25	2.25	2.25	27
December	2.25	2.25	2.25	27
2027				
Q1	2.25	2.25	2.50	24
Q2	2.25	2.50	2.75	24
Q3	2.25	2.50	2.75	24
Q4	2.50	2.75	2.75	24

March – NO UPDATES - This is a quarterly report. These are all 25 basis points higher than the Q3 survey.

https://www.bankofcanada.ca/2026/02/market-participants-survey-fourth-quarter-of-2025/

CAD / USD Spot Rate – Weekly Candles



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March – CAD has declined from marginally 73.11 to 72.87 since the last report.

Summary

- US inflation data continues to be tamer than I expect.
- Overall, Canada is doing ok. GDP is slightly negative in Q4.
- Sentiment US and Canadians worry about inflation, weaker finances.
- Fedwatch tool predictions changed markedly from declines to hold steady with possible increase
- Canadian Y/Y housing prices are slowly trending down – good for affordability
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs and protecting Americans from price increases to some extent.
- Trump lost one tariff war, and started another, but there is 150 day time limit.
- Iranian war has increased gasoline prices significantly in US and Canada, up nearly 30% in three weeks
- Tepid growth likely continues with persistent tariff uncertainty. Some Canadian sectors are hurting (auto, metal production)
- 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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- 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