RIVERSIDE ANALYTICS INC

DATE: July 20, 2026

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

Economic Outlook

RIVERSIDE'S DISCLAIMER

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

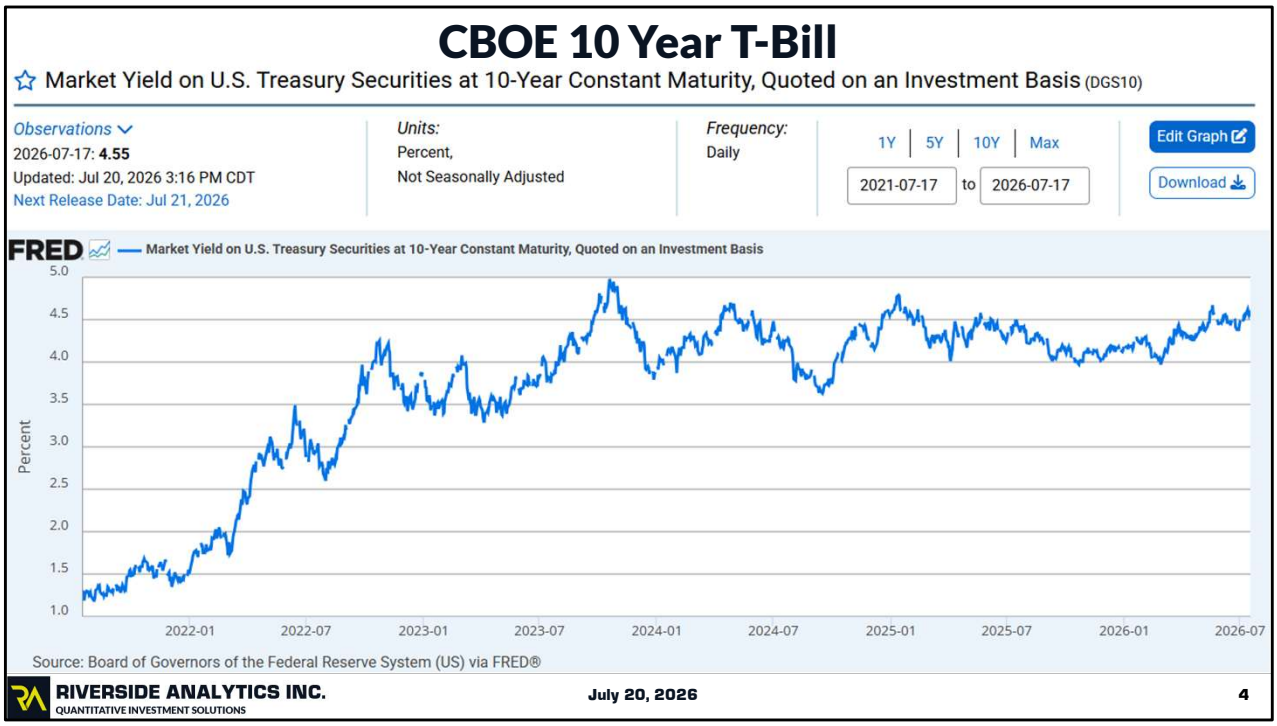
Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

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

ECONOMIC DATA

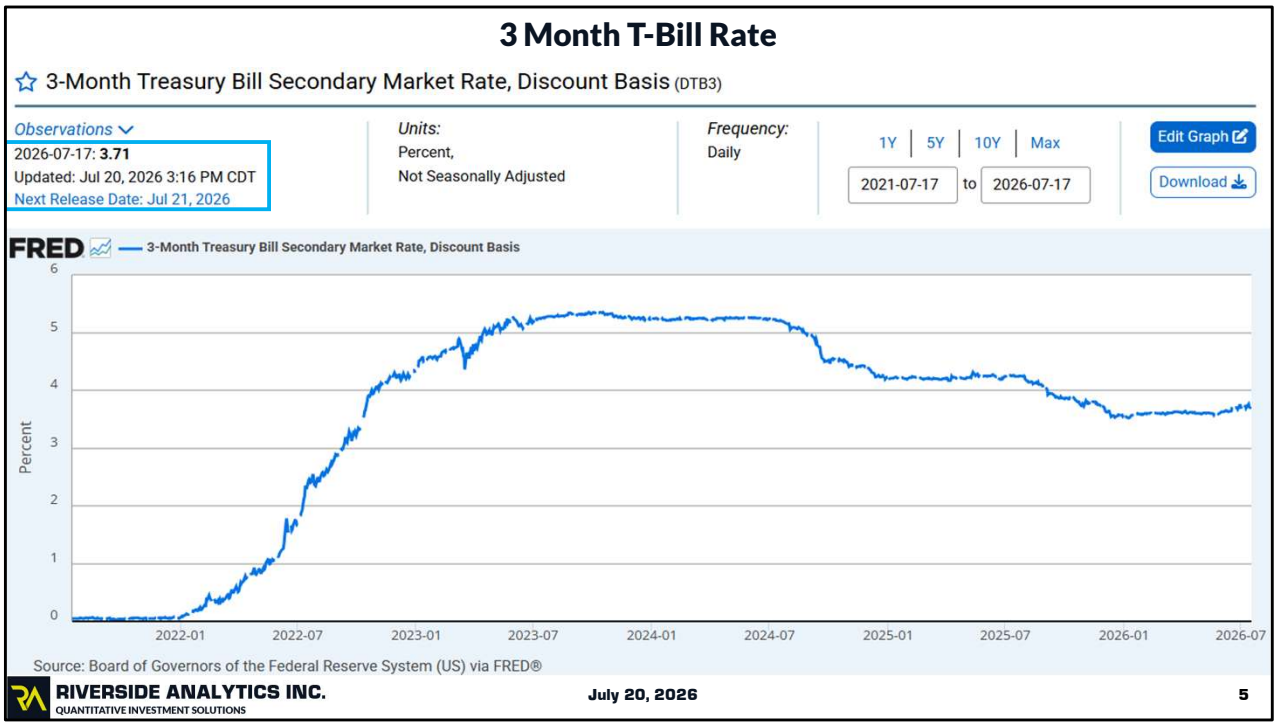
Indicator review

Canadian households continue to view the economic environment as challenging
Canadian Housing sales are steady
Canadian unemployment improved
Canadian Food, energy inflation still causing trouble
Canadian wage increases improved this month
US Third Estimate of Q1 GDP increased from 1.6% to 2.1% (Hello AI)
US UoM Consumer Sentiment index remains low, but off its lowest number
US and CAD gasoline prices have moderated, but rebounded after data was collected.
US housing starts back into its channel, after dipping below last month
US existing home sales near 3 year normal range
US inflation and Producer price indices are running hot.
US Import prices running hot at 7.1%
US home prices following normal spring increases, may peak out lower than normal
US Un-employment rate is slowly declining
Fedwatch tool – Rate INCREASE is likely by September, and again in March 2027
Ignore the noise, and pay attention to what is really important, mitigate as necessary.



July – Last month was 4.49.

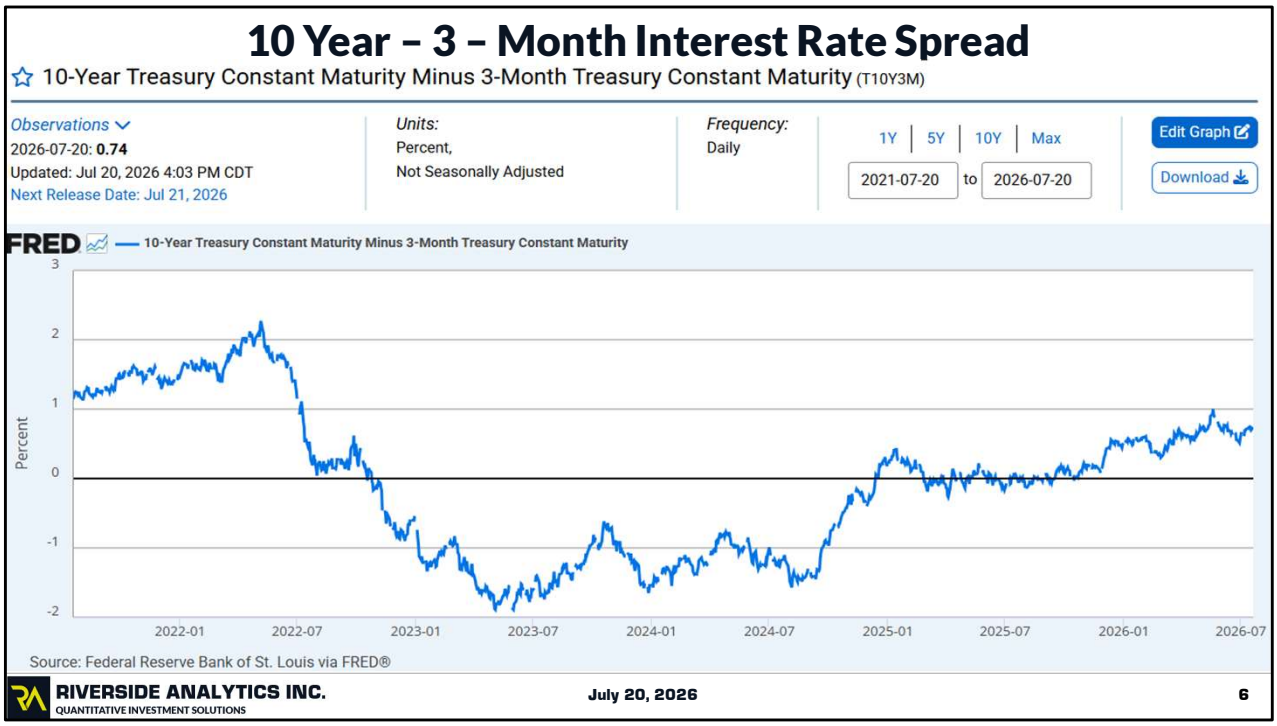
Source : Board of Governors of the Federal Reserve System (US) via FRED
https://fred.stlouisfed.org/series/DGS10



July – Last month was 3.68 – three points up does not count.

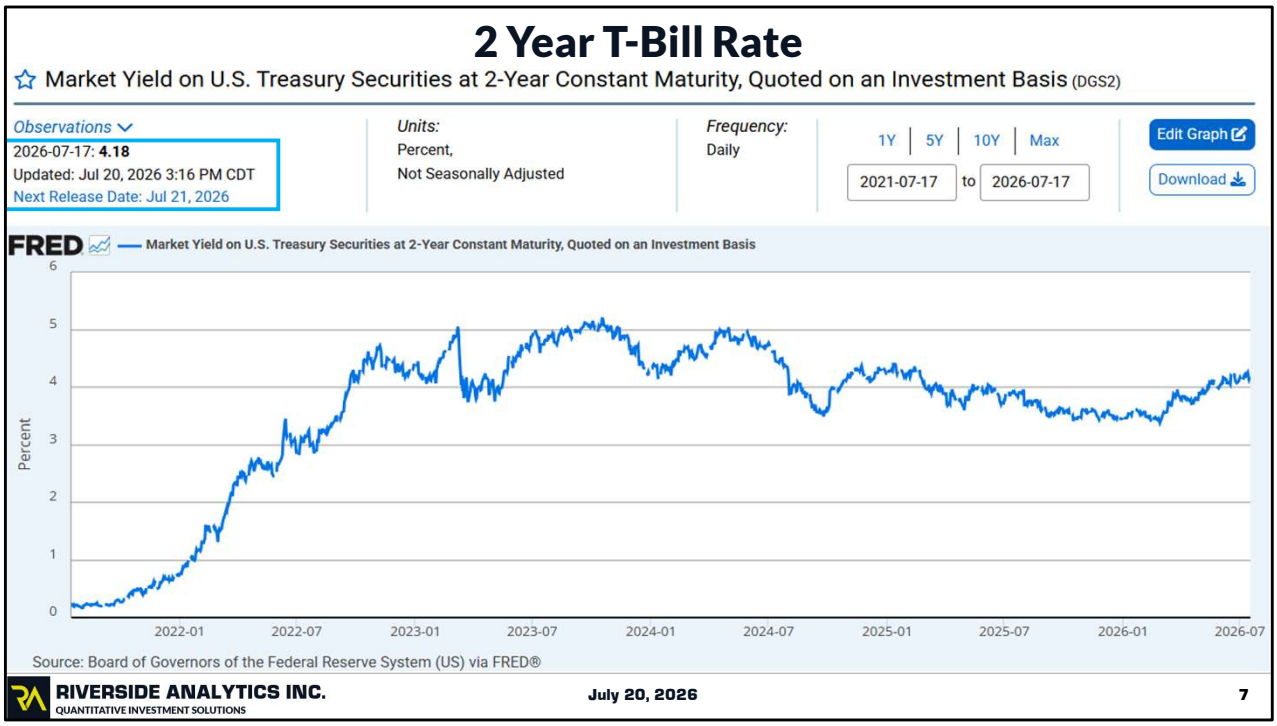
Source : Board of Governors of the Federal Reserve System (US) via FRED - https://fred.stlouisfed.org/series/DTB3

10 Year – 3 – Month Interest Rate Spread



July - Last month was 0.63 – the spread is up 11 points.

Source : https://fred.stlouisfed.org/series/T10Y3M



July – Last month was 4.20
Source : https://fred.stlouisfed.org/series/DGS2

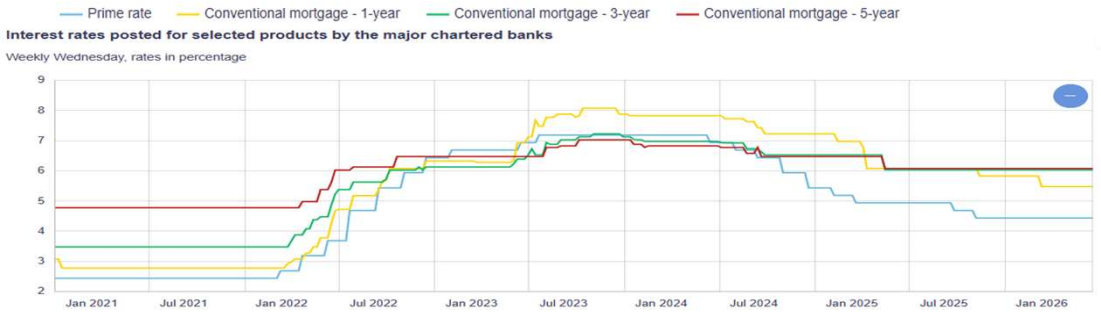
10 Year – 2 – Year Interest Rate Spread



July – last month was 0.27

Source : https://fred.stlouisfed.org/series/T10Y2Y

BoC Interest Rates
June 20



Weekly Wednesday, rates in percentage	CANSIM	2026-05-20	2026-05-27	2026-06-03	2026-06-10	2026-06-17
Prime rate[1]	V80691311	4.45	4.45	4.45	4.45	4.45
Conventional mortgage						
1-year	V80691333	5.49	5.49	5.49	5.49	5.49
3-year	V80691334	6.05	6.05	6.05	6.05	6.05
5-year	V80691335	6.09	6.09	6.09	6.09	6.09

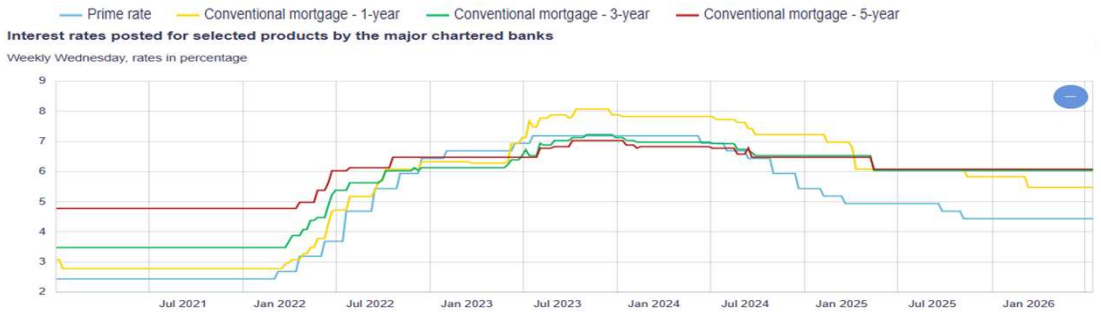
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 20, 2026
9

June – Another month of … Nothing changed.

CIBC has 5 year fixed – 4.94 – **Up 10 points**, Royal – 4.89 – **Up 20 points**, TD - 4.84 – **Unchanged**, and BMO - 4.74 – **Down 10 points**,
BNS 4.90 – **No Change** !

Source : Bank of Canada

BoC Interest Rates
July 20



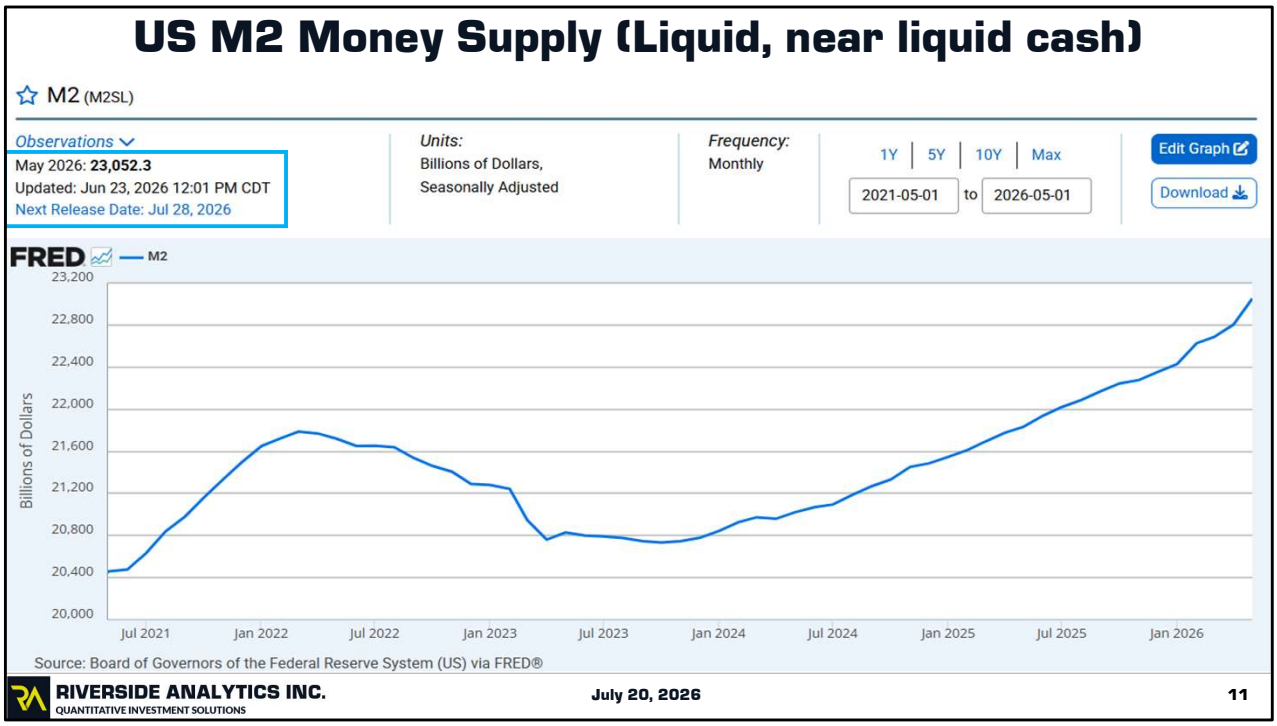
Weekly Wednesday, rates in percentage	CANSIM	2026-06-17	2026-06-24	2026-07-01	2026-07-08	2026-07-15
Prime rate[1]	V80691311	4.45	4.45	4.45	4.45	4.45
Conventional mortgage						
1-year	V80691333	5.49	5.49	5.49	5.49	5.49
3-year	V80691334	6.05	6.05	6.05	6.05	6.05
5-year	V80691335	6.09	6.09	6.09	6.09	6.09

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 20, 2026
10

July – Same as last month … Nothing changed.

CIBC has 5 year fixed – 4.94 – **No Change**, Royal – 4.89 – **No Change**, TD - 4.84 – **Unchanged**, and BMO - 4.74 – **No change**,
BNS 4.90 – **No Change** !

Source : Bank of Canada, and respective bank websites.



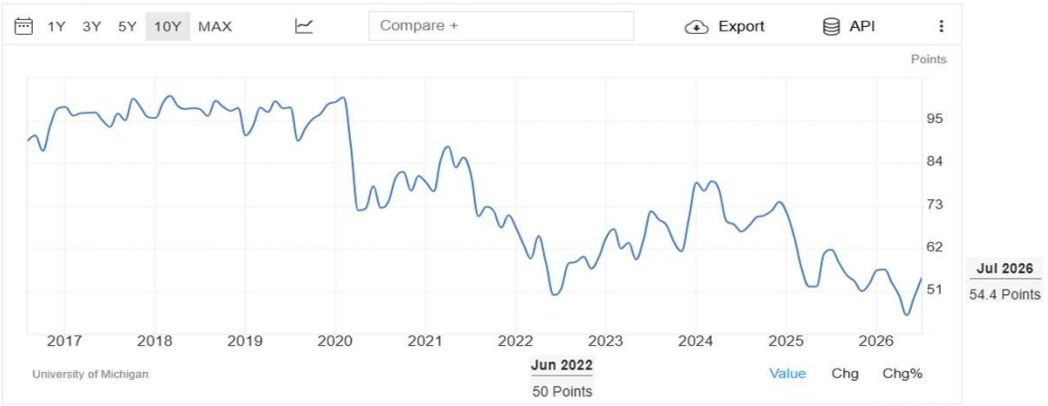
July – **NOTE – next release is in 5 days, at the time of this writing.** April was 22,804.5 – up 247.8, after being up 118.5 billion last month

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

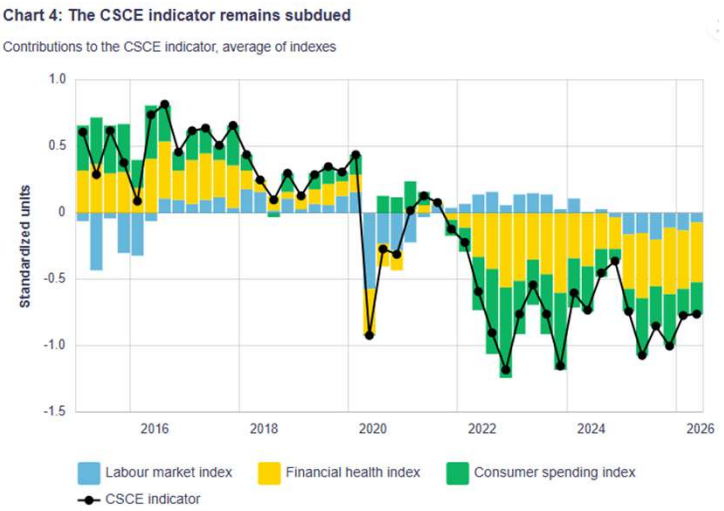
The University of Michigan's Consumer Sentiment Index rose to 54.4 in July 2026, beating expectations of 51.0 and marking a second straight monthly increase after May's record low, according to the preliminary estimate. Sentiment reached its highest level since February, supported by easing gasoline prices. All five index components improved, led by roughly 20% gains in buying conditions for durable goods and year-ahead business conditions. The improvement was broad-based across age, income, wealth, and political groups, with particularly strong gains among consumers without a bachelor's degree. Despite the rebound, sentiment remains 12% below its level a year ago as elevated prices continue to weigh on households. Meanwhile, one-year inflation expectations eased to 4.2% from 4.6%, while long-run expectations held steady at 3.3%. Most survey responses were collected before the July 7 resumption of US strikes against Iran and the subsequent rise in gasoline prices. source: University of Michigan



July – last month was 48.9

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

BoC Consumer Sentiment – Q2 Update



https://www.bankofcanada.ca/2026/07/canadian-survey-of-consumer-expectations-second-quarter-of-2026/

July – This is the Q2 Update

Households continue to view the economic environment as challenging

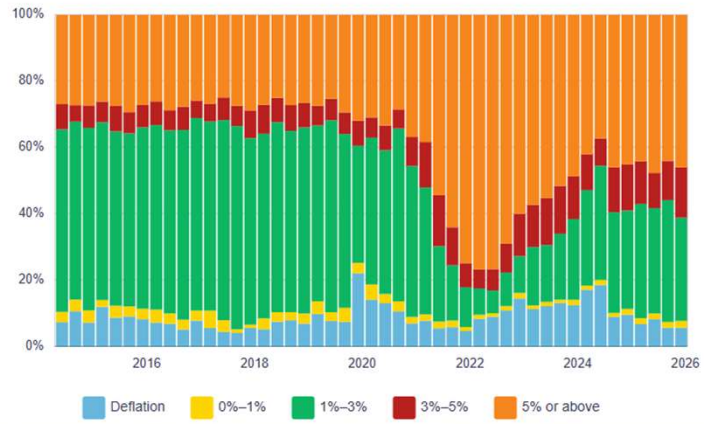
The CSCE indicator remains low as households continue to report affordability concerns linked to the high cost of living (Chart 4).1 This sentiment is reinforced by US tariffs and trade uncertainty as well as the war in the Middle East. At the time of the survey, most households expected the war to end within the next 12 months and to negatively impact the economy. The spending index eased slightly as households scaled back their spending plans amid expectations that the war will push inflation higher. Despite this, the labour market index edged up as concerns about losing a job eased, particularly for those working in sectors highly sensitive to trade.

Full details are here.
https://www.bankofcanada.ca/2026/07/canadian-survey-of-consumer-expectations-second-quarter-of-2026/

BoC Inflation Expectations – Q2 Update

Chart 2: The share of consumers who think inflation will be above 3% one year from now has increased

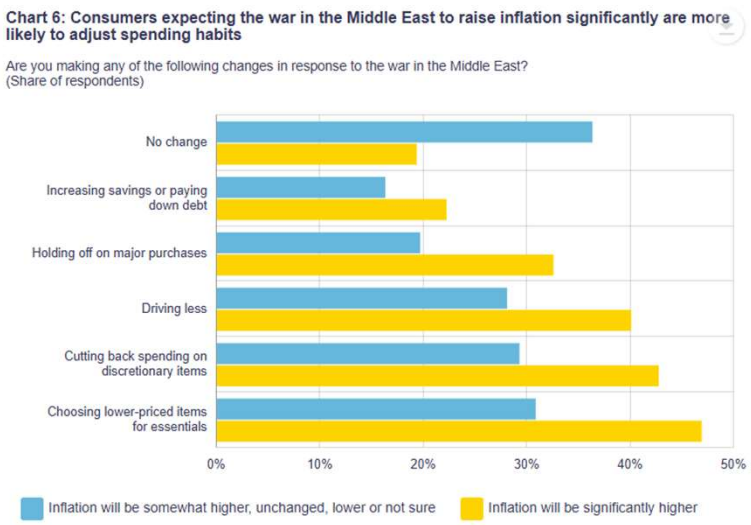
What do you expect the rate of inflation (deflation) to be over the next 12 months?
(Share of respondents)



Note: Responses of 1% and 3% are included in the 1%–3% bucket. The 3%–5% bucket includes responses strictly between 3% and 5%. Responses of 5% or higher are included in *5% or above*.

July – Q2 Update. I have no idea where decent size group of respondents have deflation expectations !

BoC Expectations Spending Plans – cont. – Q2 Update



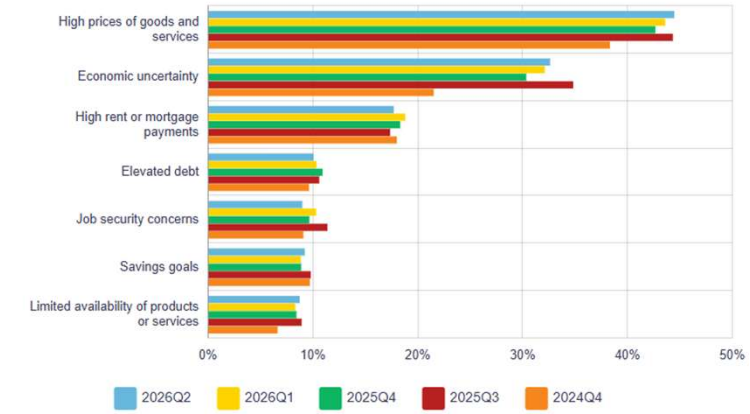
July – Q2 Release

Households expecting the war to raise inflation significantly are also more likely to report other spending changes, such as substituting toward cheaper essentials, reducing discretionary purchases and driving less (Chart 6, yellow bars). One respondent noted that "we do less travelling now," and another said, "we used to dine out…we don't do that often anymore. We don't travel that much by car because gas is high."

BoC Spending Plans – cont. – Q2 Update

Chart 7: High prices and economic uncertainty continue to hold back spending

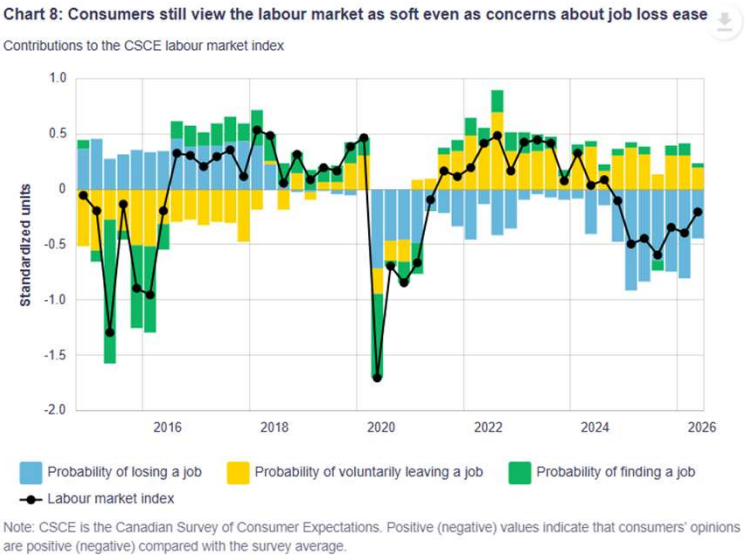
Consider the total spending of all members of your household (including you) over the next 12 months. Do you expect your spending to be negatively, positively or not affected by economic factors or personal circumstances? If negatively affected: Which of the following economic factors or personal circumstances 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)



Note: Respondents could select more than one option. Results for 2024Q4 are included to compare with results from before trade tensions began.

July – Q2 released.

BoC Expectations – Job Security – cont. – Q2 Update

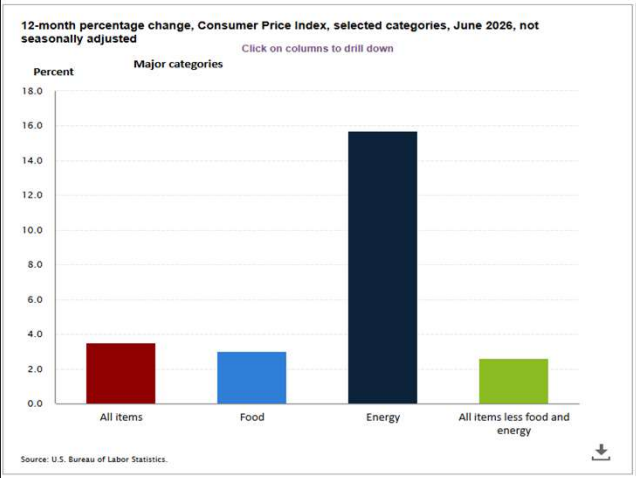


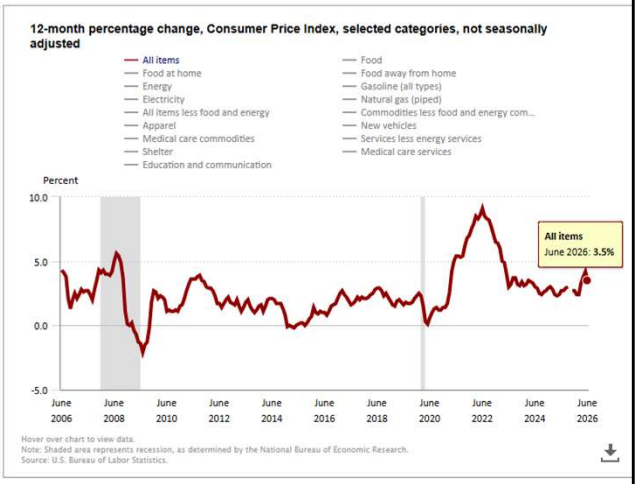
July – Q2 Released.

Consumers' perceptions of a soft labour market persist despite less concern about losing their job

The CSCE labour market index increased slightly in the second quarter from low levels. The improvement reflects a decline in consumers' perceived probability of losing a job (Chart 8, blue bars), which is now close to the level recorded before trade tensions began.

US Inflation Rate





All items : 3.5% - 0.7
Food : 3.0 - 0.1
Energy : 15.7 - 9.6
All items less food and energy : 2.6 % - 0.3
All items including food and energy : 3.5 % - 0.7

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

July – gasoline prices declined. This latest pulse upward will not be captured in the data until next month.

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

Right Chart is here
https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm

The hyperlink to the right chart reveals a number of statistics. Click on the one you are interested in, UNCLICK the one you are not !

U.S. Import and Export Price Indexes, 12-month-percent change



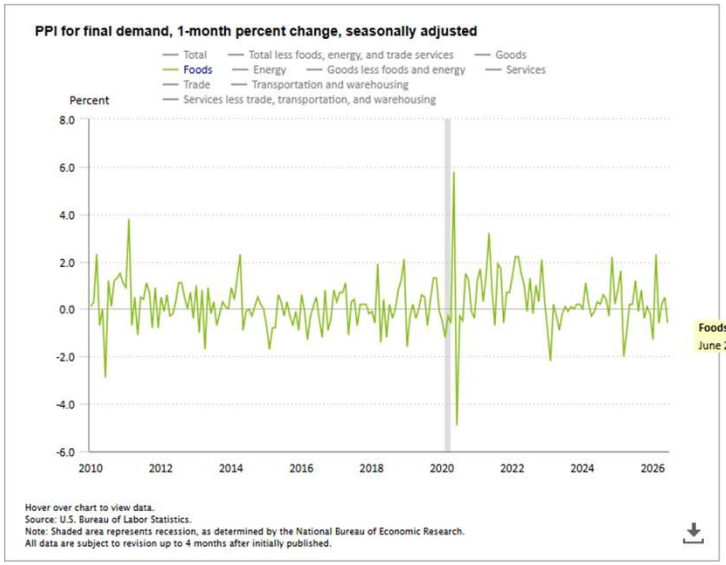
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

July – Last month was 6.7 – There is some future cost recovery coming to the retail level sooner or later !

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



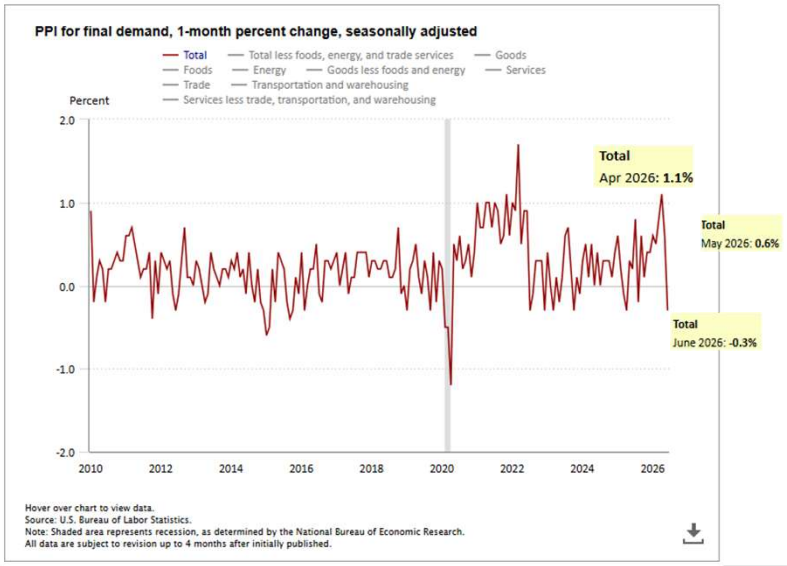
July – Last month was 0.6 %. This month is full 1 percent reversal to -0.6 % - volatile as usual !

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



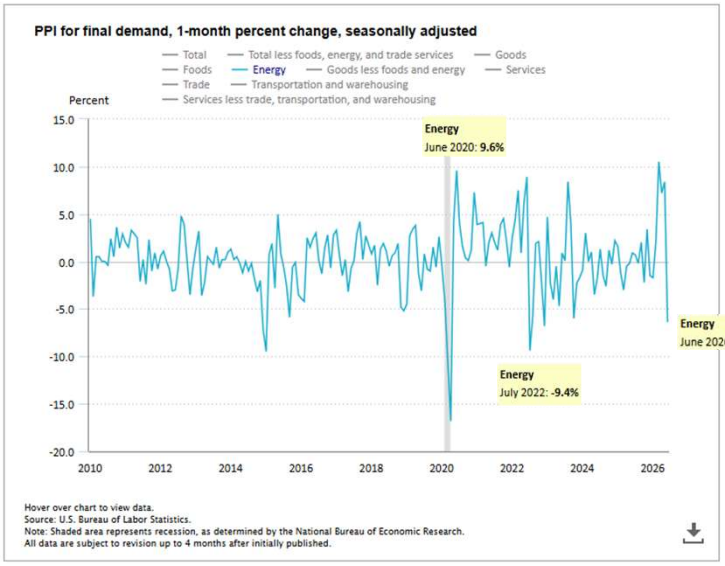
July – April was 1.1%. That was quite the reversal ! Energy fluctuations, primarily crude oil based, is driving the volatility. The next chart details the energy changes.

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



May originally reported 10.7, revised down to 8.4

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

22

July – Last month was 10.7% BUT, this month it got revised down to 8.4%.

Components in the index – gasoline, residential electric power, residential natural gas, jet fuel, and diesel fuel **at the wholesale level**

The august 2023 was heat wave, and in particular Texas had some outsized price increases, combined with strong air travel , and increased demand for oil in China.

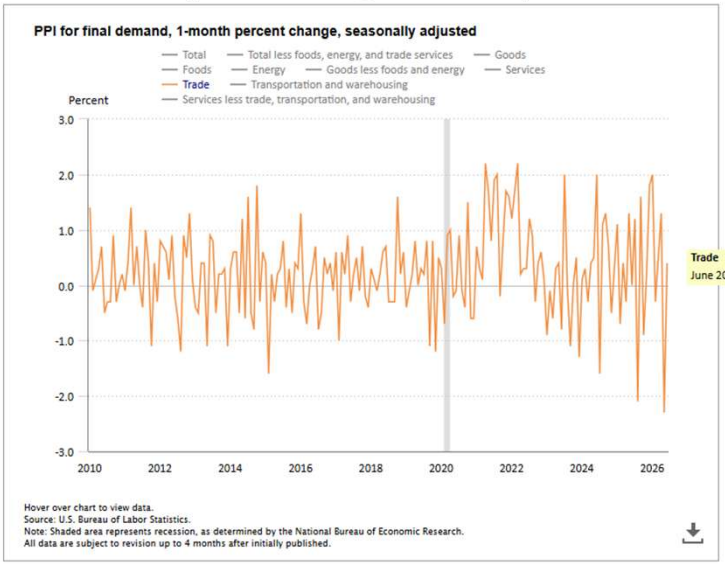
June 2022 was the Russian invasion of Ukraine

June 2020 – knock on affects of Covid caused some whiplash in the energy demand, causing some shortages due supply issues.

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

Producer Price Index – Trade

1-month percent change, seasonally adjusted

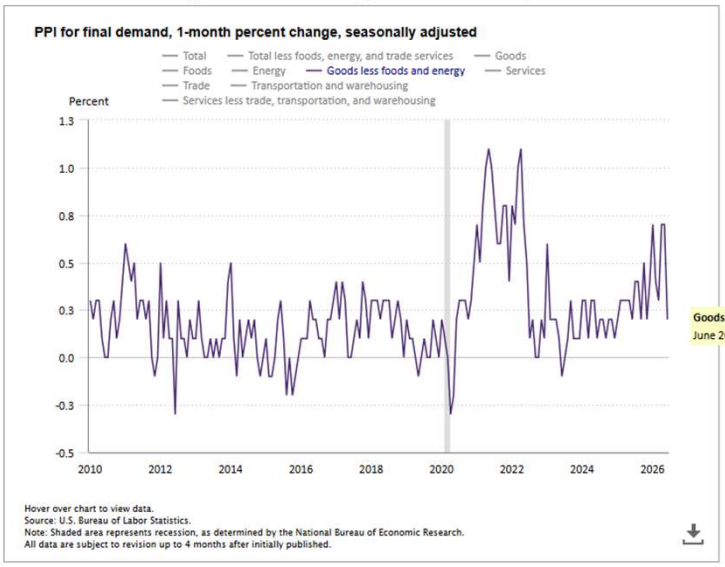


July– trade remains volatile ! – April trade from last month was revised down from 2.7% to 1.3%. This time, May gets the revision treatment, originally set at -1.1, now down to -2.3. Betting on June staying put is probably not a great idea !

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

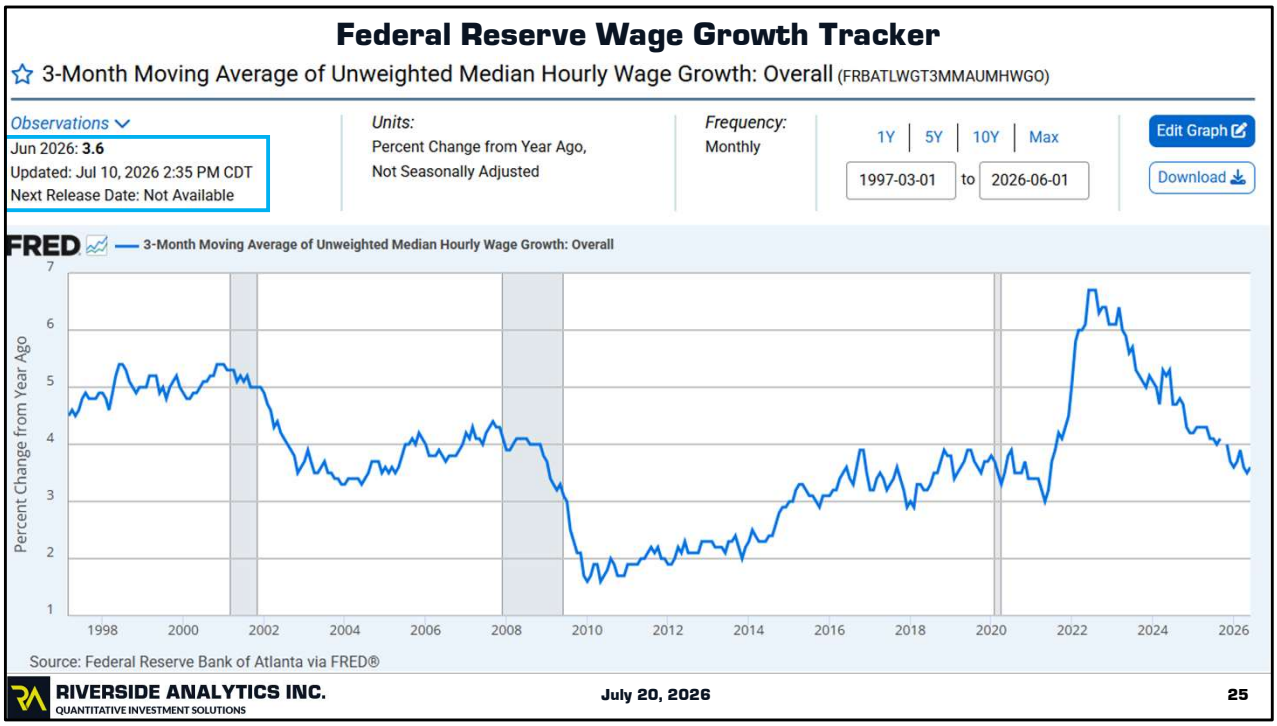
Producer Price Index – Goods less foods and energy

1-month percent change, seasonally adjusted



July – Last month was 0.8% and got revised down by 0.1 - Food and energy are usually the trouble makers at the retail level! This month it is down to 0.2% or 2.4% annual rate. **Core is not where all the trouble is !**

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

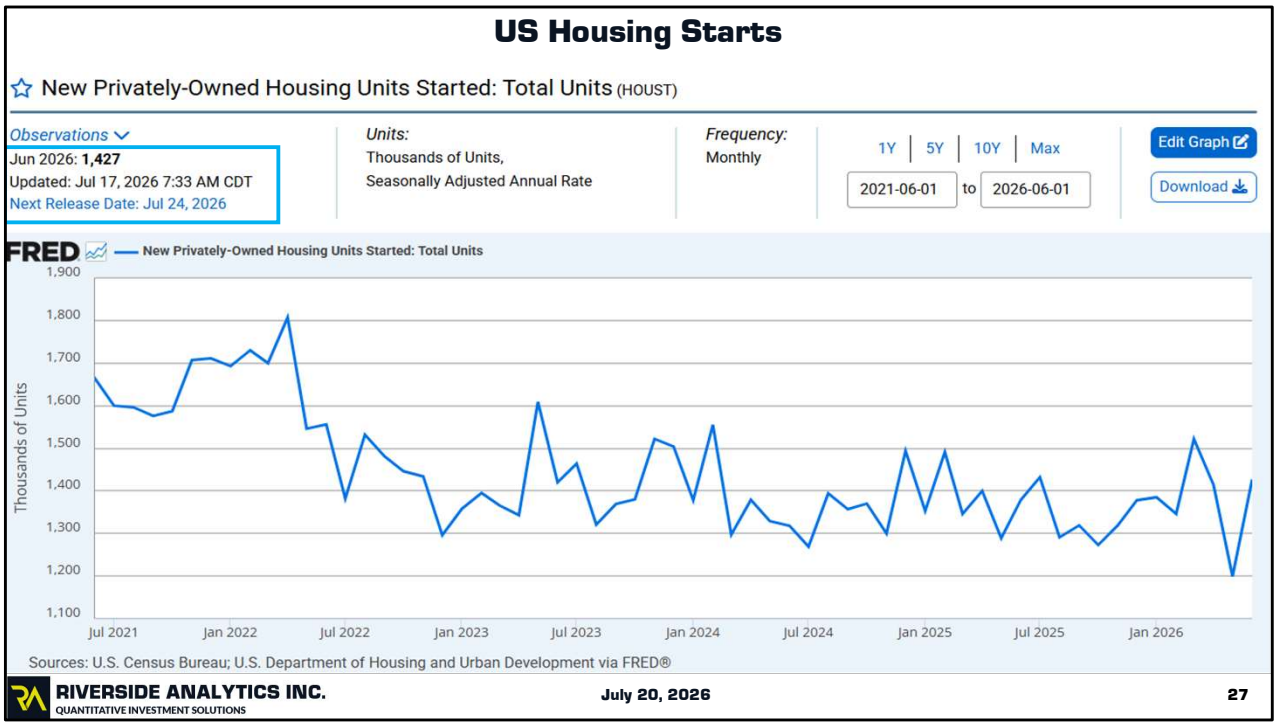


July – Last month was 3.5

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

Leading Indicators

Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked

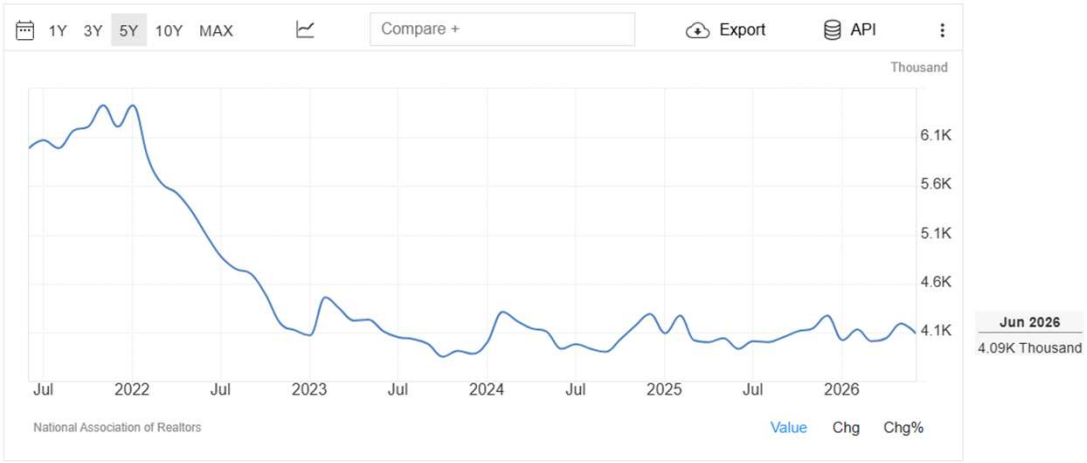


July – May was 1,177. Back where it should be !

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

US Existing Home Sales

Existing home sales in the United States fell by 2.4% from the previous month to a seasonally adjusted, annualized rate of 4.09 million units in June of 2026, firmly below expectations that they would hold steady at 4.20 million. Sales fell in the South (-3.6% to 1.89 million), the Midwest (-3.0% to 0.98 million), and the West (-1.3% to 0.74 million), offsetting an increase in the Northeast (2.1% to 0.48 million). With the last sales results, inventory fell by 0.6% to 1.56 million units, equivalent to 4.6 months of supply. Meanwhile, the average price of existing home sales rose by 1.8% from the previous year to $440,600, the most in over one year. source: National Association of Realtors



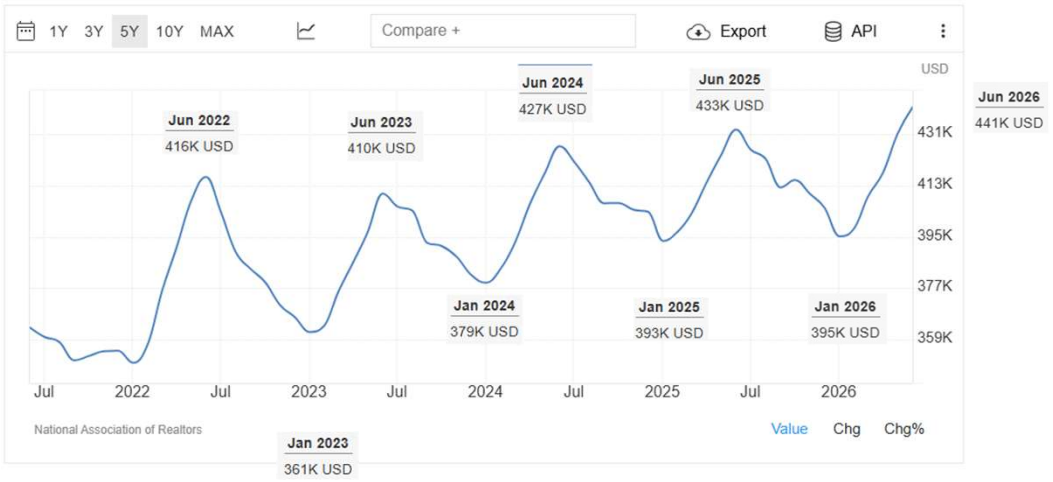
July – last month was 4.17 M annual rate – continuing to chug along in its sales channel of the past 3 years.

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

Source : https://tradingeconomics.com/united-states/existing-home-sales

US Existing Home Sales Prices



July – Last month was 429k - Usual pattern is being followed. If the usual pattern holds, next month should see prices decline.

From Trading Economics, who sourced it from National Association of Realtors
>> https://tradingeconomics.com/united-states/single-family-home-prices

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

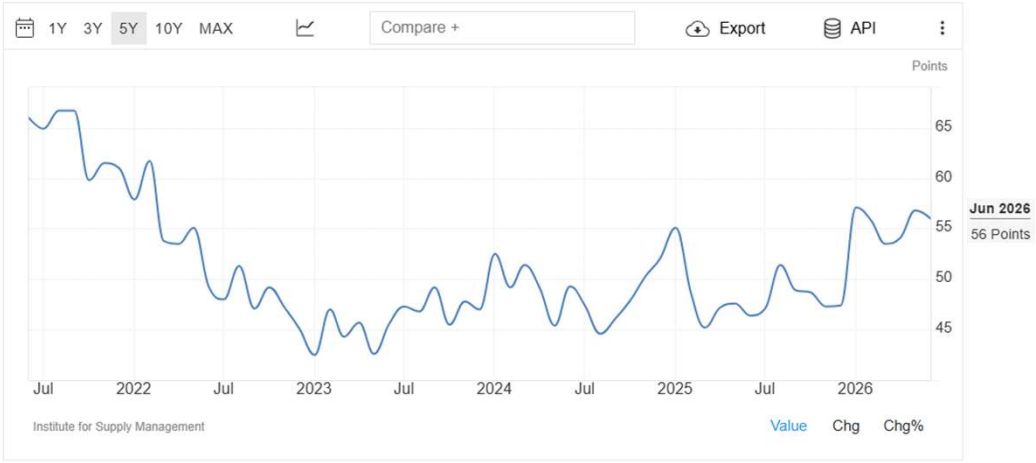


July – Last month was 662,728 and it has been revised up to 665,895. New orders is doing just fine ! The middle east war seems to have caused companies to front load inventory building in anticipation of shortages. 4 months into the war, new orders are not showing any significant signs of slowing down.

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

ISM Manufacturing New Orders Index

ISM Manufacturing New Orders in the United States decreased to 56 points in June from 56.80 points in May 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

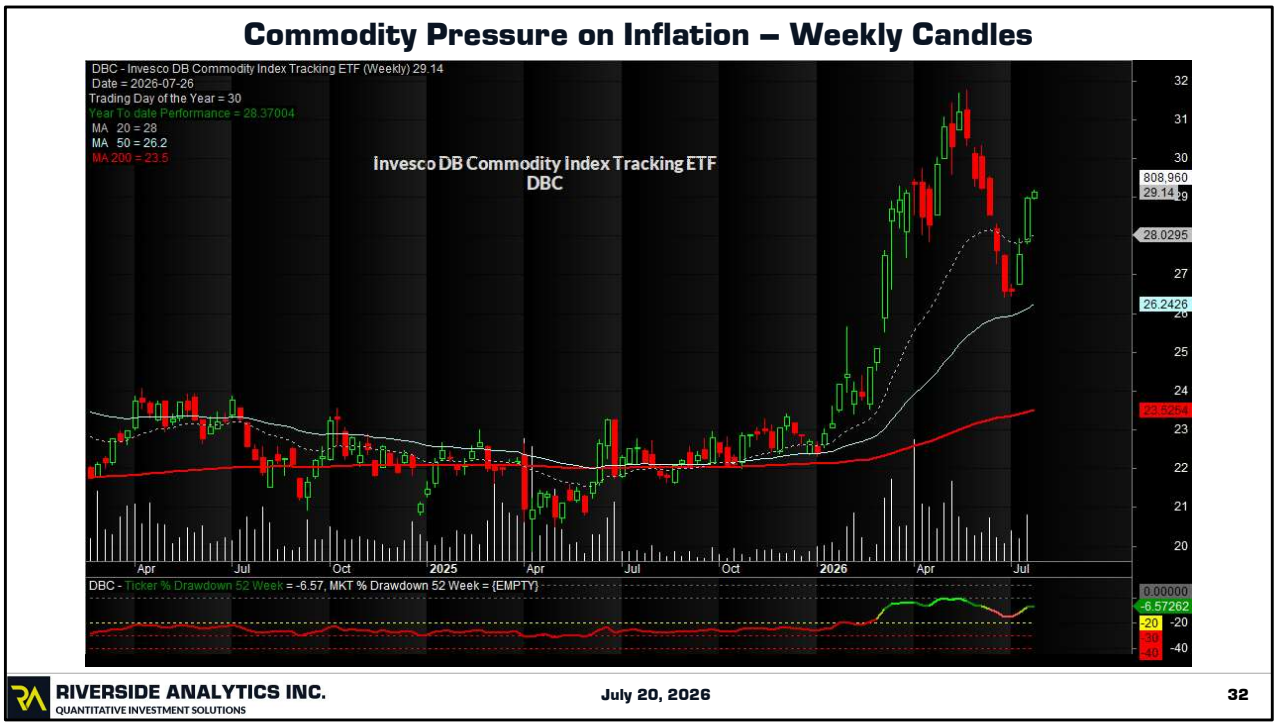


July – Last month was 56.8. Doing just fine.

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

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

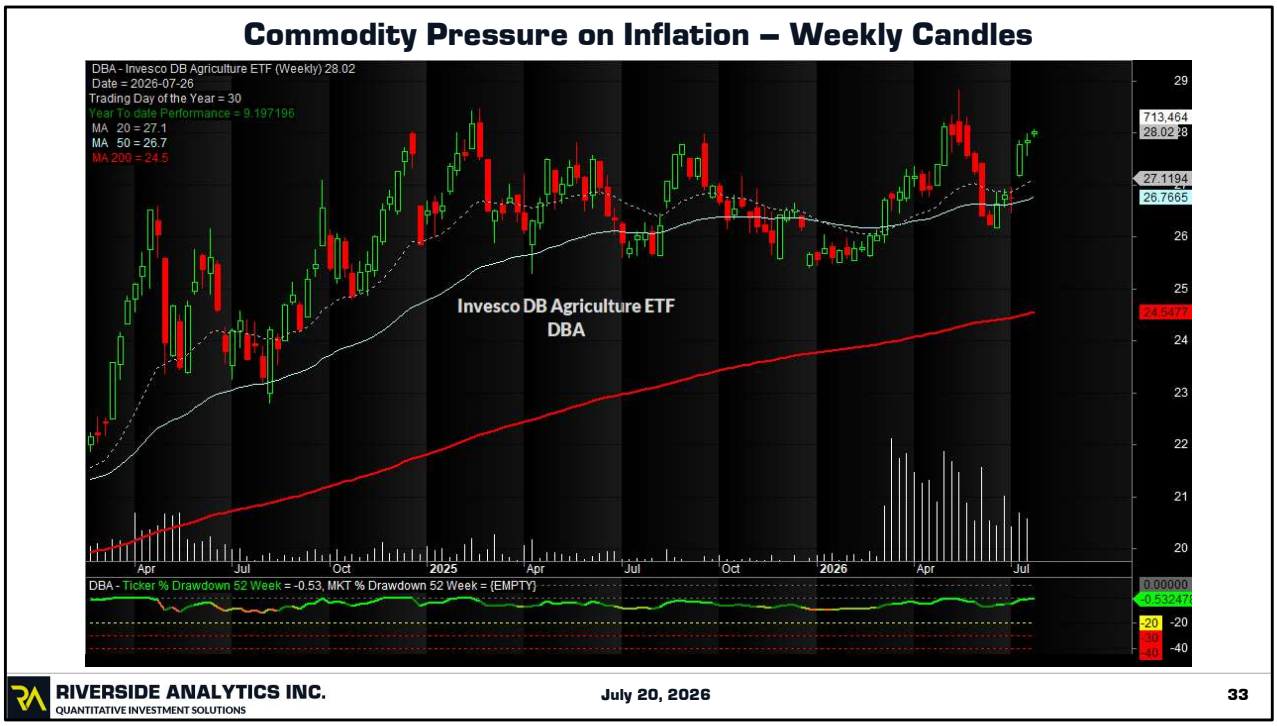
Chart Source : Trading Economics
https://tradingeconomics.com/united-states/ism-manufacturing-new-orders



July – carbon based energy let the foot off the gas until the 2nd of July, and then it starting rising again ! That brief time below the 20 MA did not last long.

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.

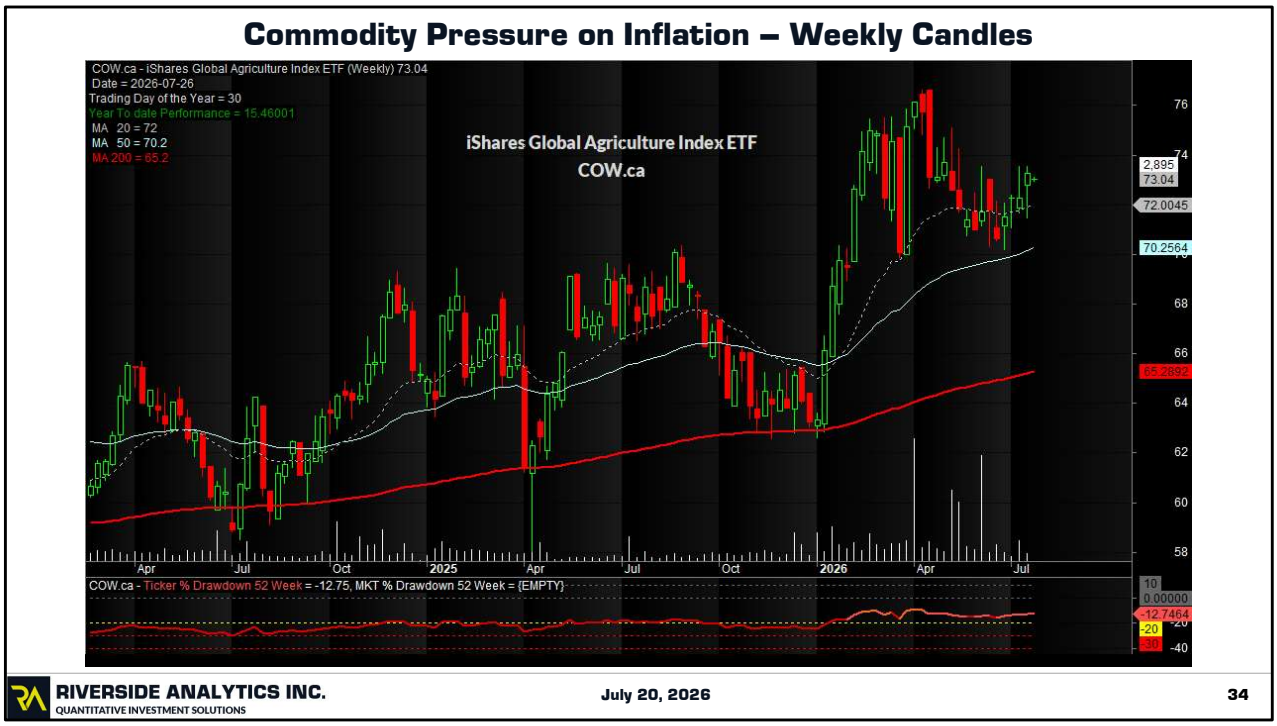
Source : Amibroker



July – So much for the price may be settling back into the band from the last 18 months.

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.

Source : Amibroker



July – The floor of the new higher trading channel was tested and rejected !

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

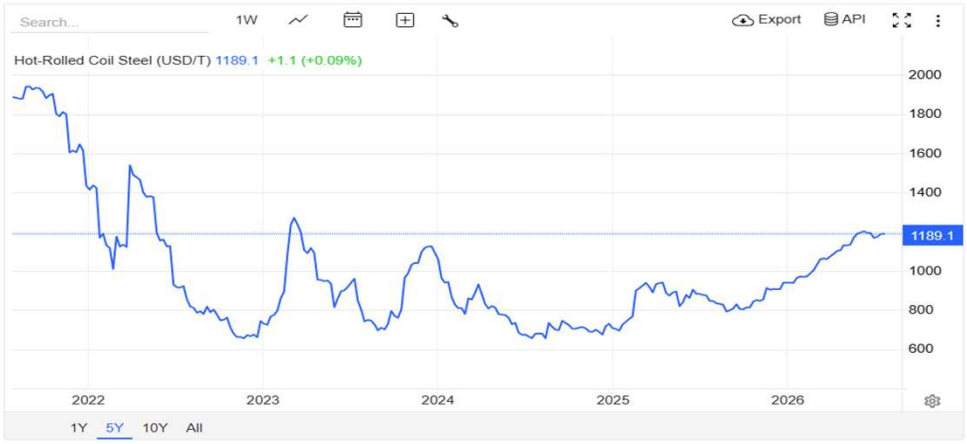
Top 10 holdings : DEERE, CORTEVA INC, ARCHER DANIELS MIDLAND, AGCO CORP, BUNGE GLOBAL, TYSON FOODS INC CLASS A, MOSAIC, INGREDION INC, FRESH DEL MONTE PRODUCE INC, and ANDERSONS INC – This is a mix of industrial (farm equipment, farm inputs (seed, fertilizer, fuel etc), logistics, and food companies

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 !

Source : Amibroker

Hot Rolled Steel – 5 Year

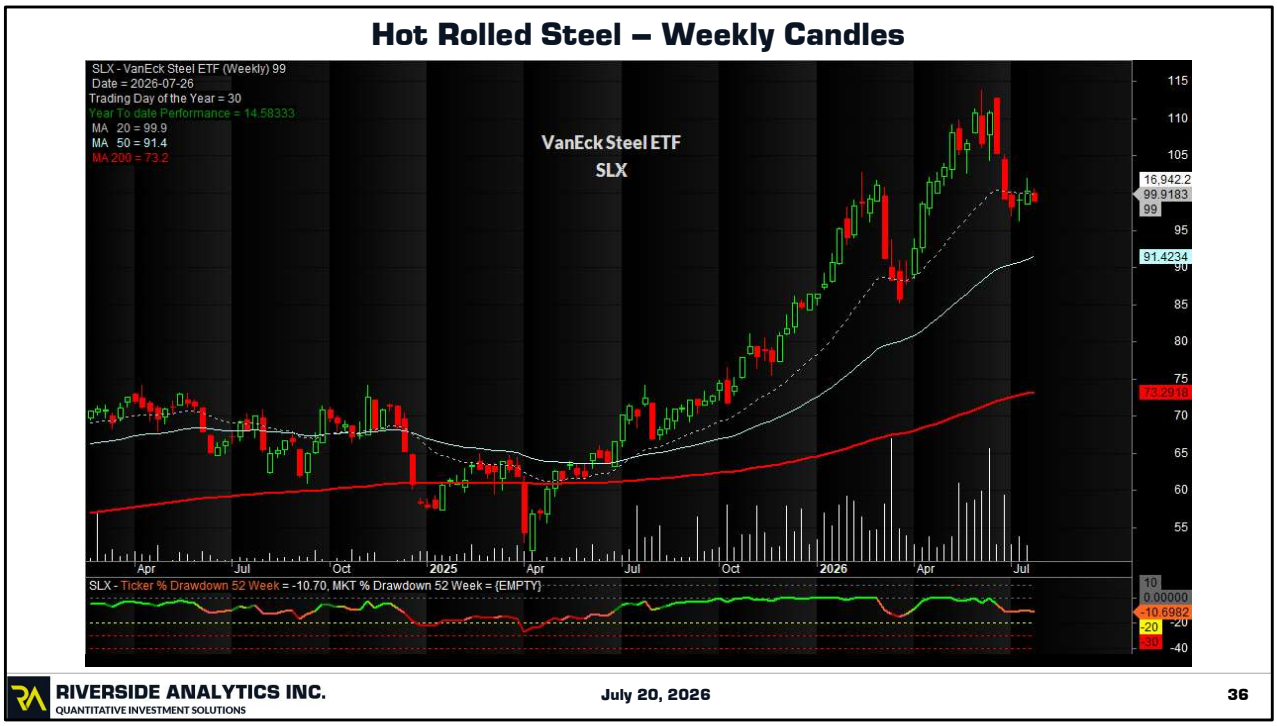
HRC Steel rose to 1,189.07 USD/T on July 21, 2026, up 0.17% from the previous day. Over the past month, HRC Steel's price has fallen 1.57%, but it is still 36.05% higher than a year ago, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



July – Last month was 1195.1 – Relative to the past 4 years, this is inflationary. So far, the summer time drop has not appeared.

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



July – High steel prices are off the peaks from a stock price perspective – down 10.7% from its peak the week of June 18th, the commodity, not so much !

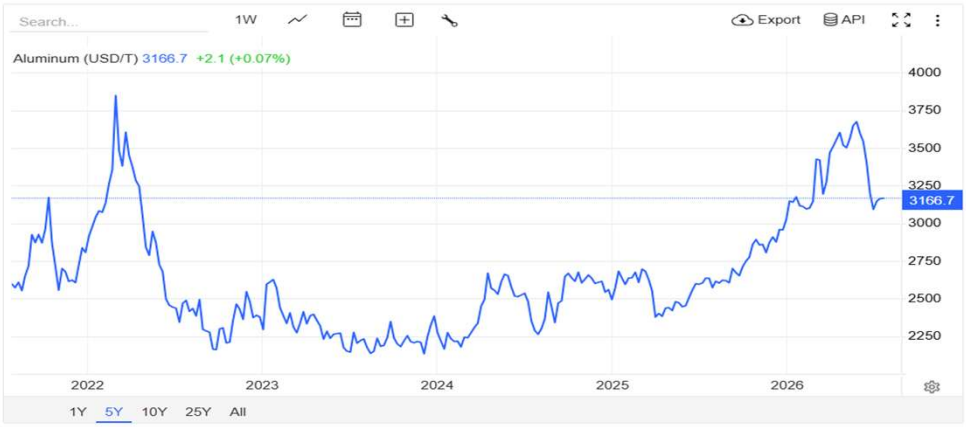
Automotive companies use long term fixed price steel contracts.

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 !

Source : Amibroker

Aluminum – 5 Year

Aluminum futures in the UK hovered around $3,150 per tonne, holding their rebound from a four-month low of $3,085 reached earlier in July, amid rising supply risks and tightening inventories. The US and Iran have intensified attacks since an interim ceasefire deal signed last month collapsed, with shipping traffic in the Strait of Hormuz largely stalled, indicating little prospect of a return of aluminum supplies from the Persian Gulf, which accounts for around 9% of global supply. This has added to supply constraints, as China's 45 million-ton production cap is set to become more restrictive this year. In addition, inventories in LME warehouses remained at their lowest levels since 2022, while Shanghai Futures Exchange stockpiles continued to decline, pointing to sustained demand. Meanwhile, the restart of Emirates Global Aluminium's Al Taweelah alumina refinery following a three-and-a-half-month outage could provide some relief.



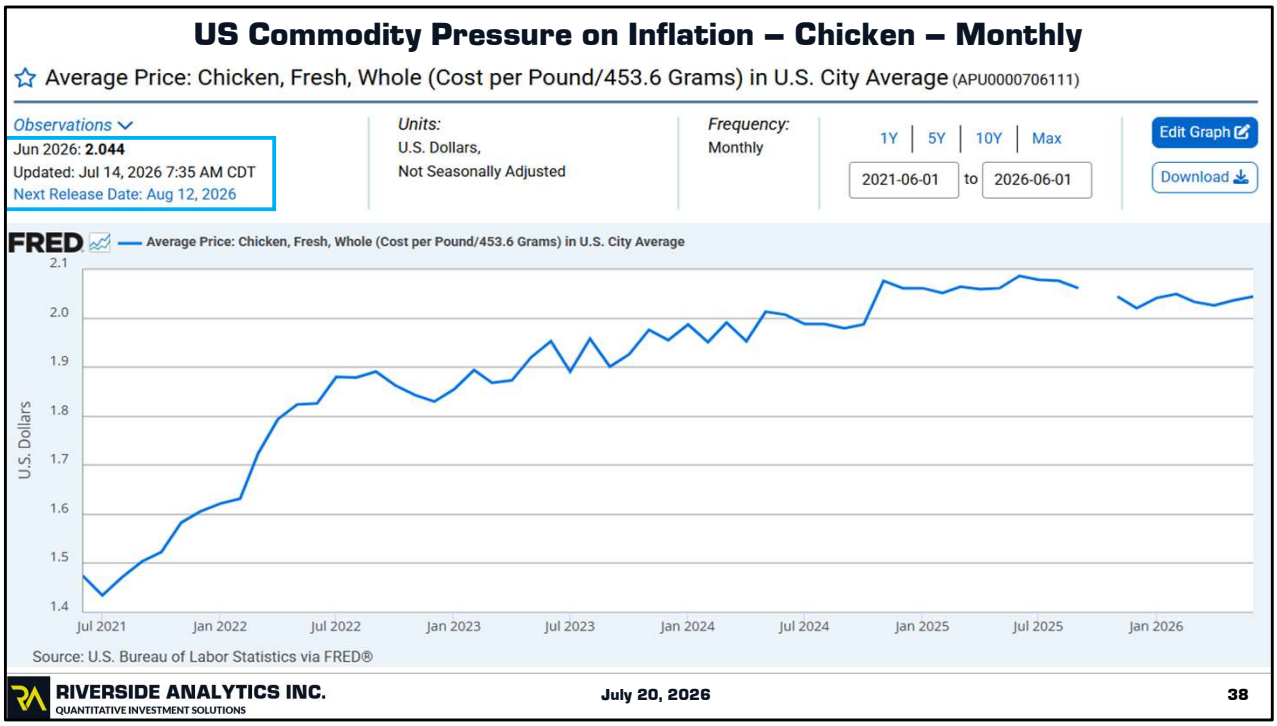
July – last month was 3400.8 – It is down 16% from its peak on June 2nd.

The US imports about 80% of the aluminum it consumes !

"Some of the many uses for aluminum are in transportation (automobiles, airplanes, trucks, railcars, marine vessels, etc.), packaging (cans, foil, etc.), construction (windows, doors, siding, etc), consumer durables (appliances, cooking utensils, etc.), electrical transmission lines, machinery, and many other applications." (USGS)

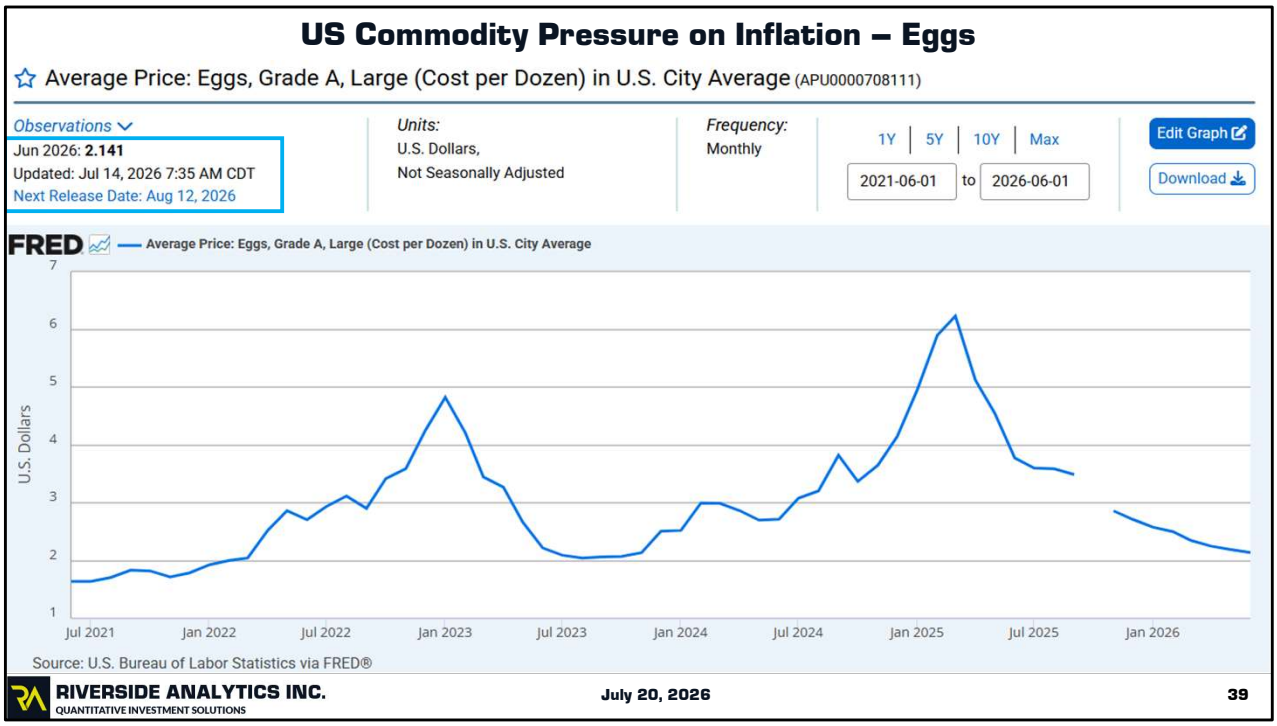
I switched this to the 5 year to give some longer term context.

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



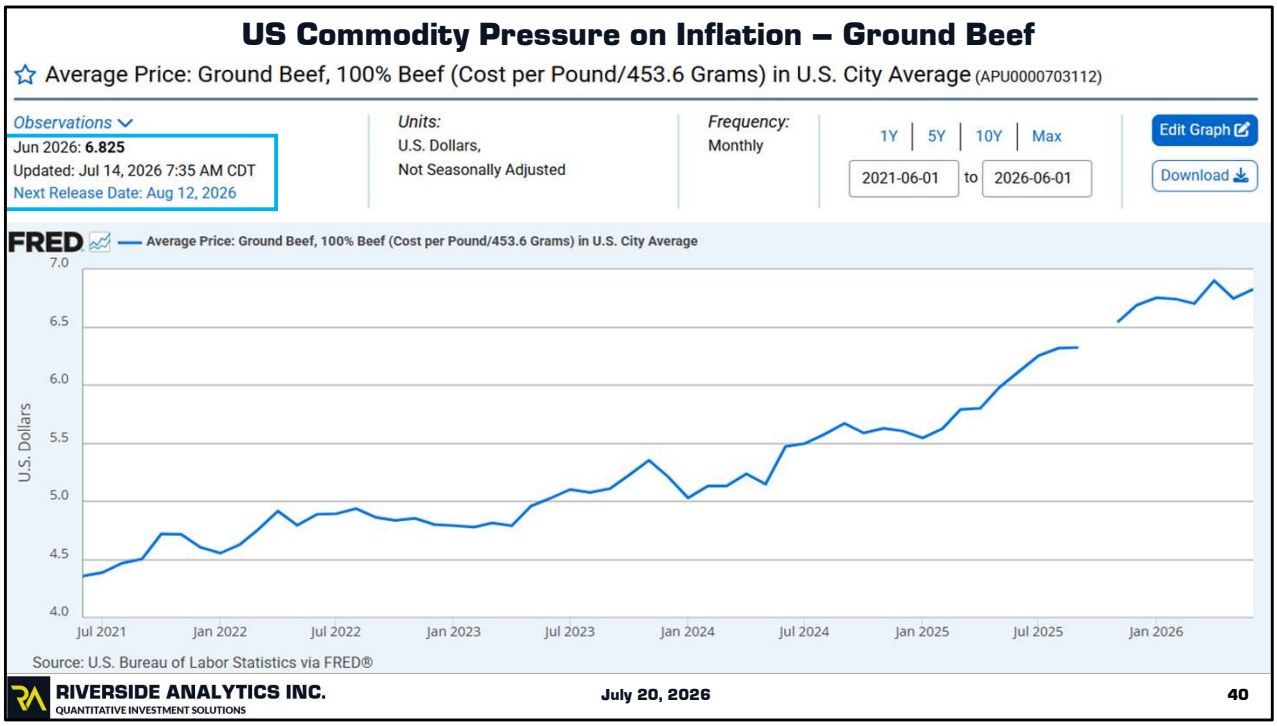
July – last month was 2.036 – nothing going on here.

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



July – last month was 2.191 – down a nickle a dozen from last month.

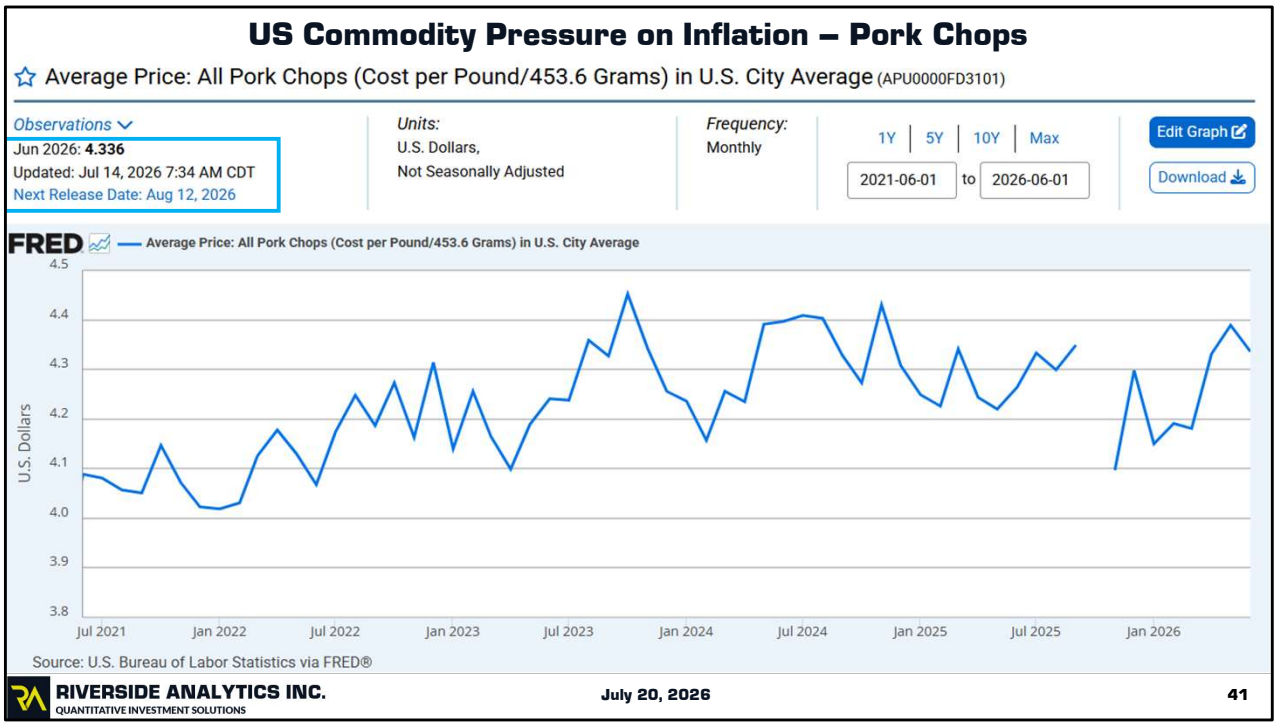
Source : https://fred.stlouisfed.org/series/APU0000708111



June – Last month was 6.745. Canadian prices are unlikely to come down until US prices do !

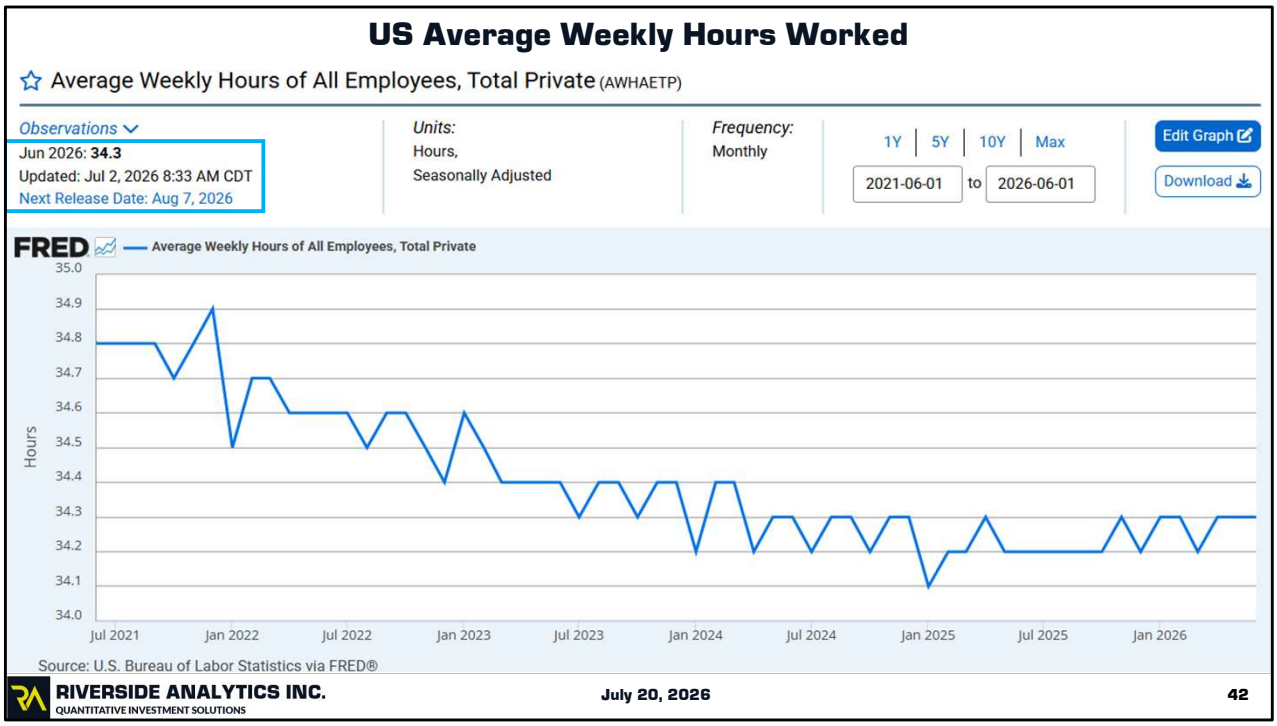
Source : https://fred.stlouisfed.org/series/APU0000703112

US Commodity Pressure on Inflation – Pork Chops



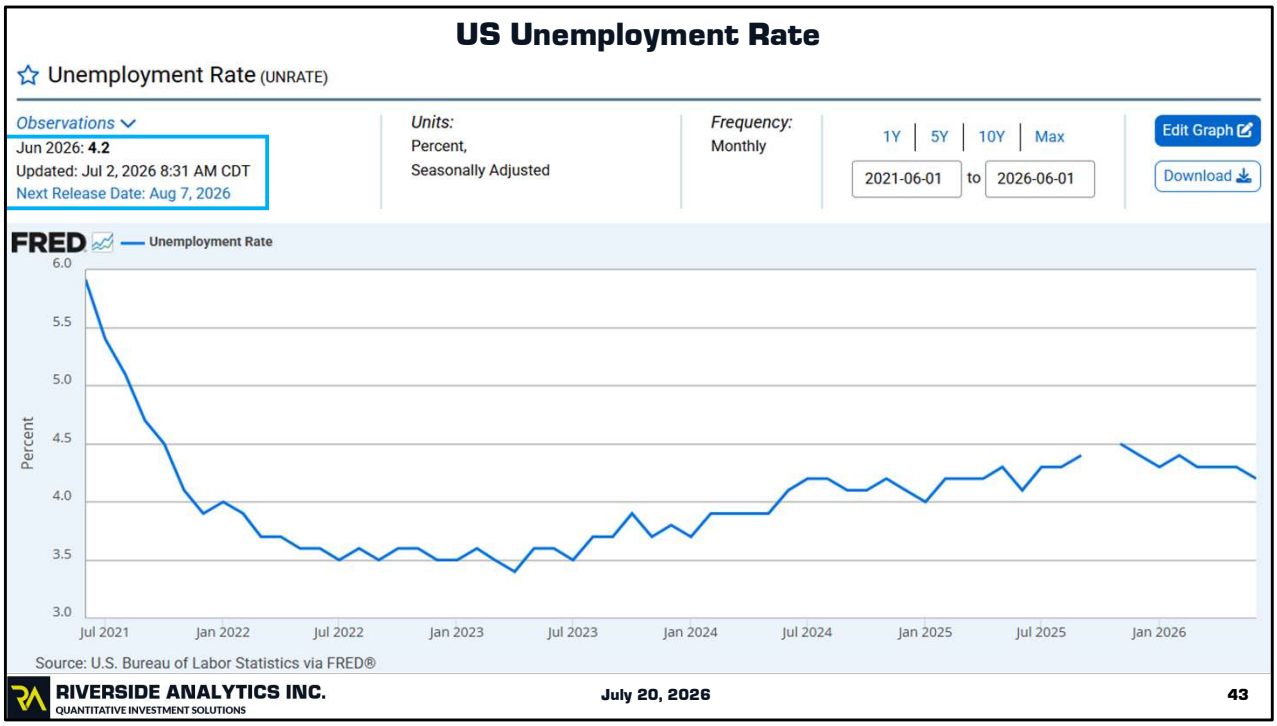
July – last month was 4.389 – 3 cent drop is a rounding error, kinda !

Source : https://fred.stlouisfed.org/series/APU0000FD3101



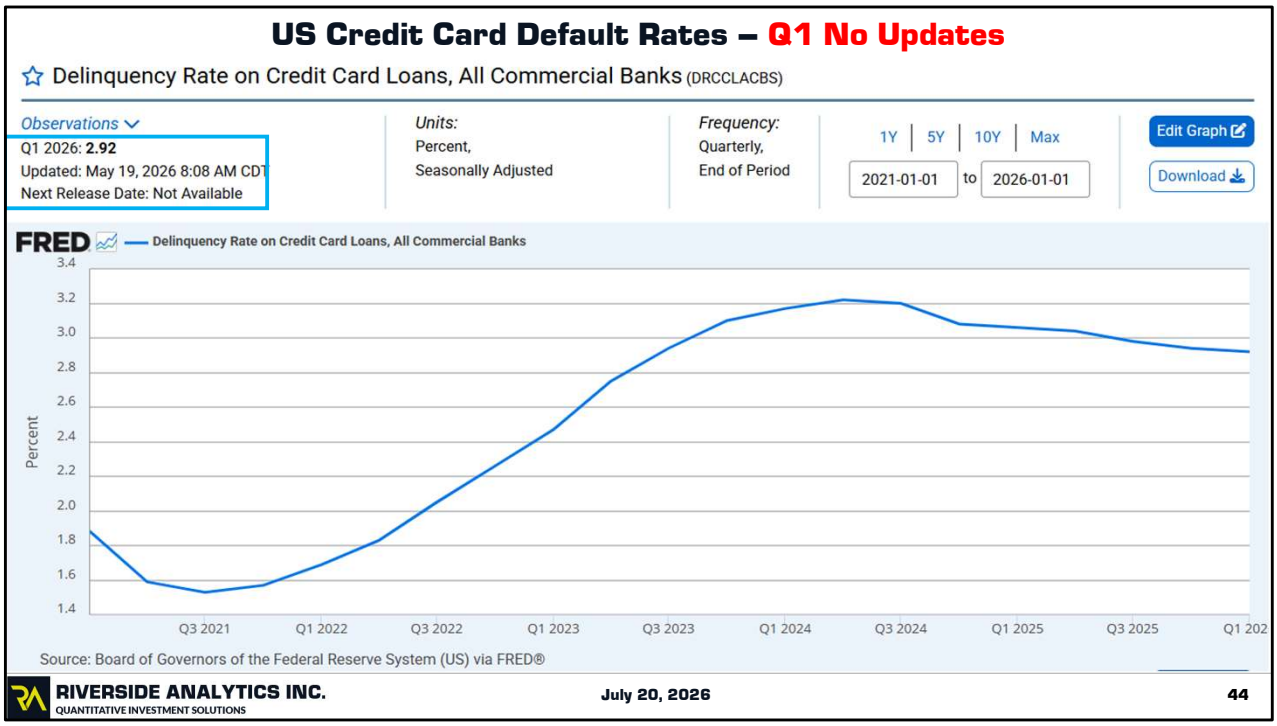
July – Last month was 34.3 – Steady as she goes !

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



July – Last couple months were 4.3

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

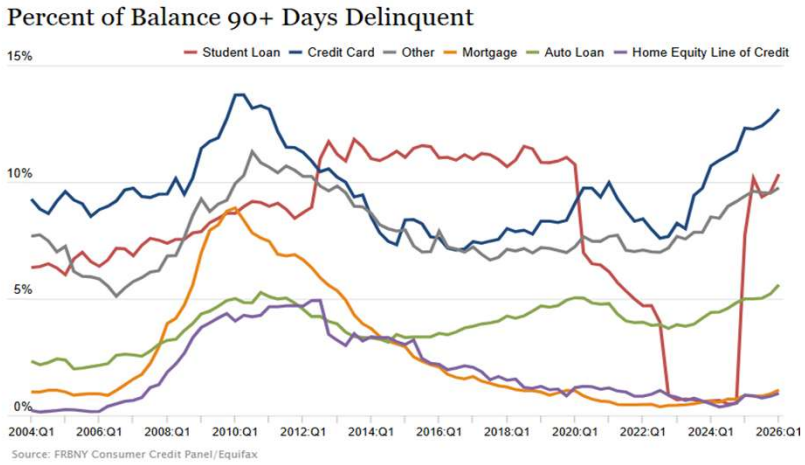


July – No Updates - Q4 20205 was 2.94

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 – Q1 No Updates



Aggregate delinquency rates were flat in the first quarter of 2026. As of the end of March, 4.8% of outstanding debt was in some stage of delinquency, roughly the same as the share from 2025Q4. Transition into early delinquency held steady for auto loans, but ticked down for credit cards, from 8.7% annually to 8.6%, and for mortgages from 3.9% to 3.8%. Transition rates into serious delinquency were mostly unchanged for auto loans and credit cards, but increased slightly for mortgages from 1.4% annually to 1.5%.

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 20, 2026
45

July – No updates – Originally Released May 12th – **The words and the chart seem to be telling different stories ! Banks are working with debtors to keep the write offs under control !**

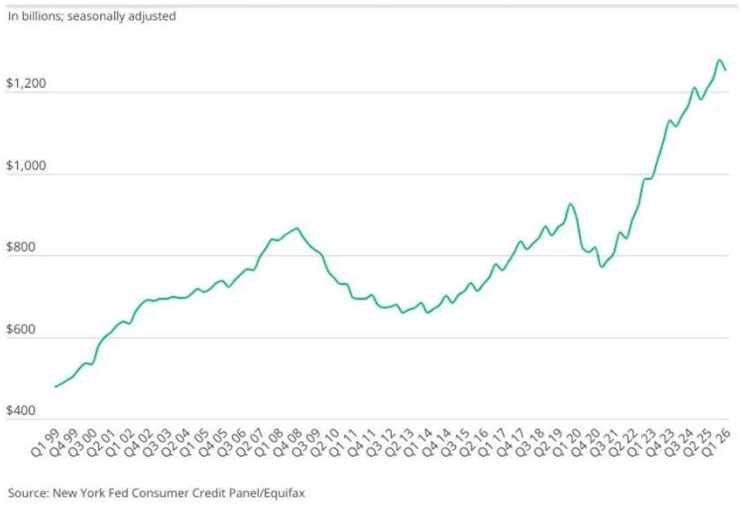
Of you really want to get into the weeds with details >>
https://www.newyorkfed.org/newsevents/news/research/2026/20260512

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

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



Source: New York Fed Consumer Credit Panel/Equifax

Q1 - 1.252 T, down from 1.277 Q4

About 45% of CC holders carry a balance of $7,886, down from 47% of CC holders. Works out to $138 / m in interest charges per card.

Average Interest rate : 21.00 + .03%
New CC Offer Rates : 23.77% + .02%

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

46

July – No updates
Q1 Released In June – It is normal for Q1 declines to occur. With interest rates likely to rise later this year, rates likely increase on CC too !

Transunion reports Canadian credit card holder balances are near $4,763 for Q4 2025, their latest report. This puts Canadian credit card holders in the situation of paying about $83.35 a month in interest. BoC reports about 46% of card holders who carry a balance, is very similar to the US. On average, Canadians who do NOT payoff their balances, hold 2.4 CCs verses those that do not, hold 1.7 CC's each!

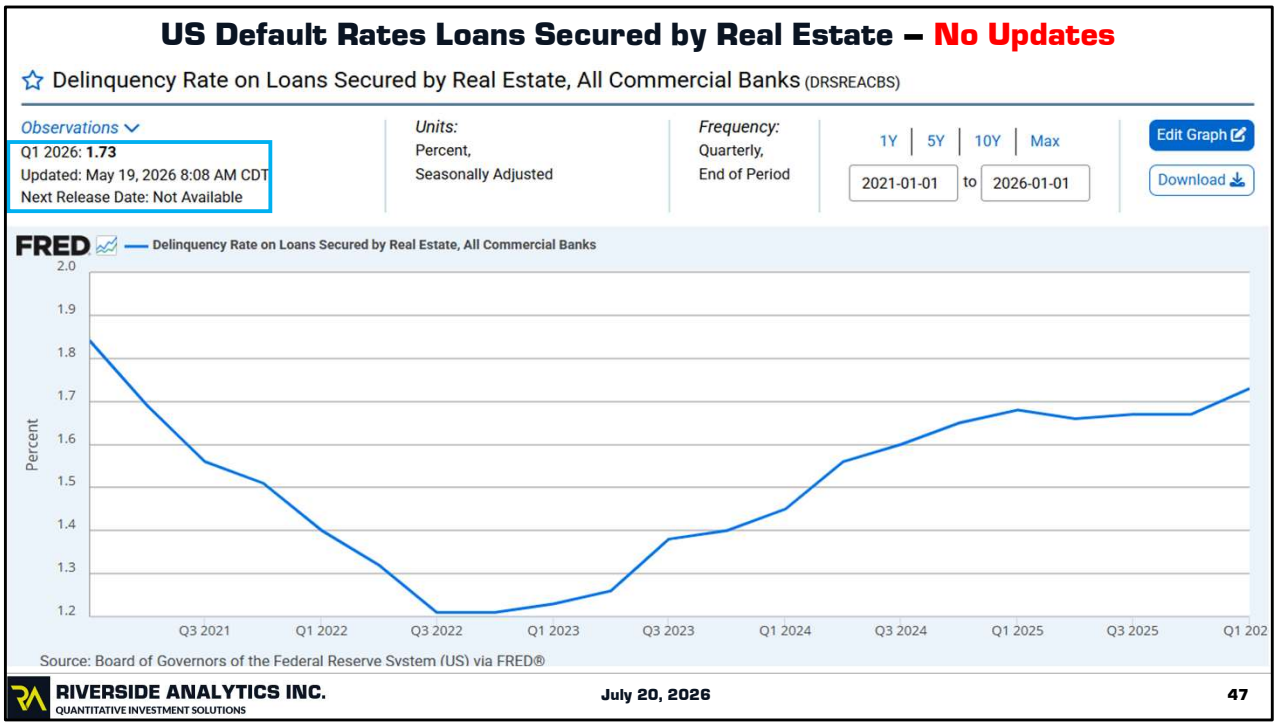
On the US side, the average number of cards per holder is 3.

https://www.transunion.ca/iir/reports/q4-2025

"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.

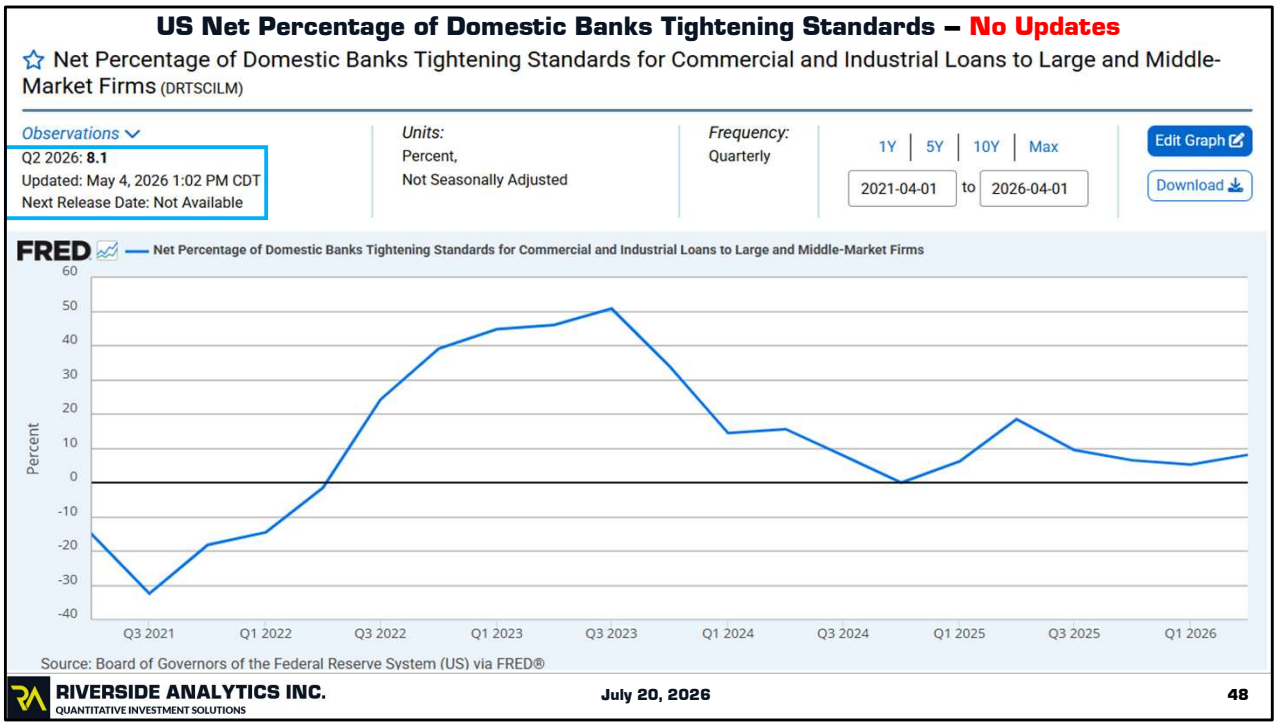
https://www.lendingtree.com/credit-cards/study/credit-card-debt-statistics/
Additional detail here > https://www.bankrate.com/credit-cards/news/credit-card-debt-survey/#many-carry-debt-for-more-than-a-year



July – **No updates** – Q4 2025 was 1.66

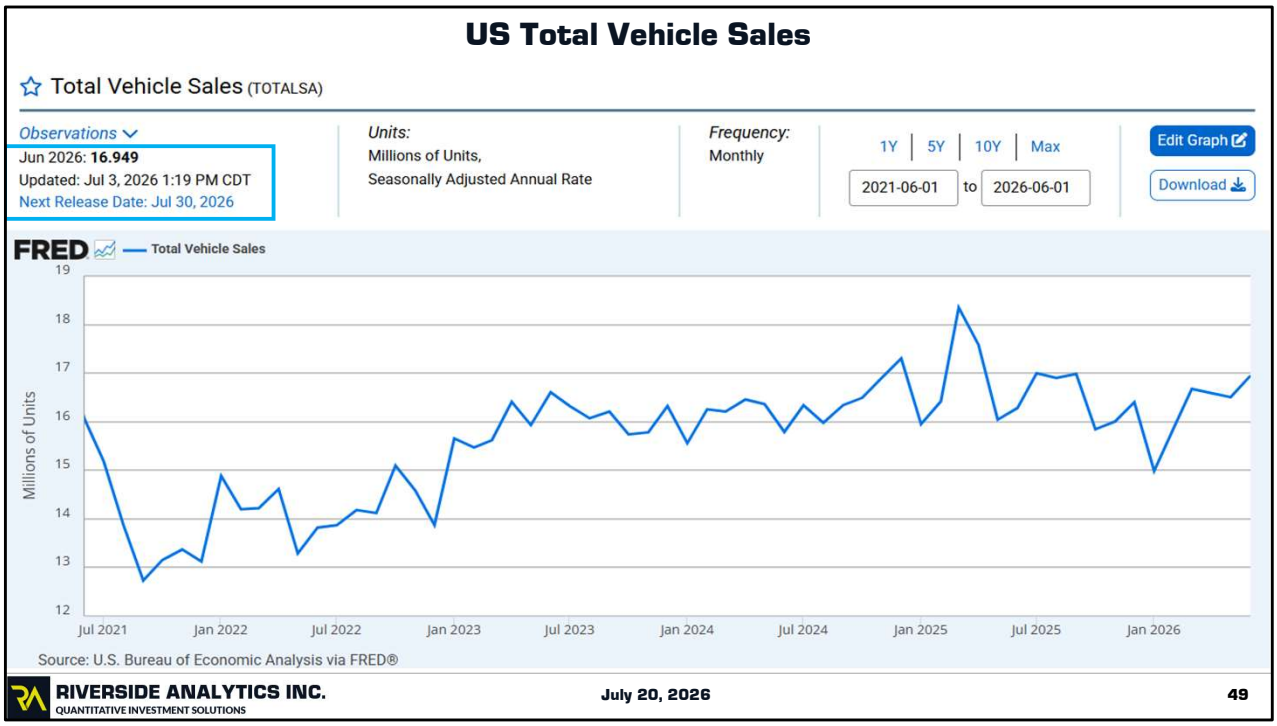
It is interesting that Federal Reserve Bank of New York says mortgage defaults are rising.
Note this chart ONLY includes commercial banks, thus includes commercial loans.

Only about 10 percent of US Real Estate mortgages are variable rates.
Source : https://fred.stlouisfed.org/series/DRSREACBS

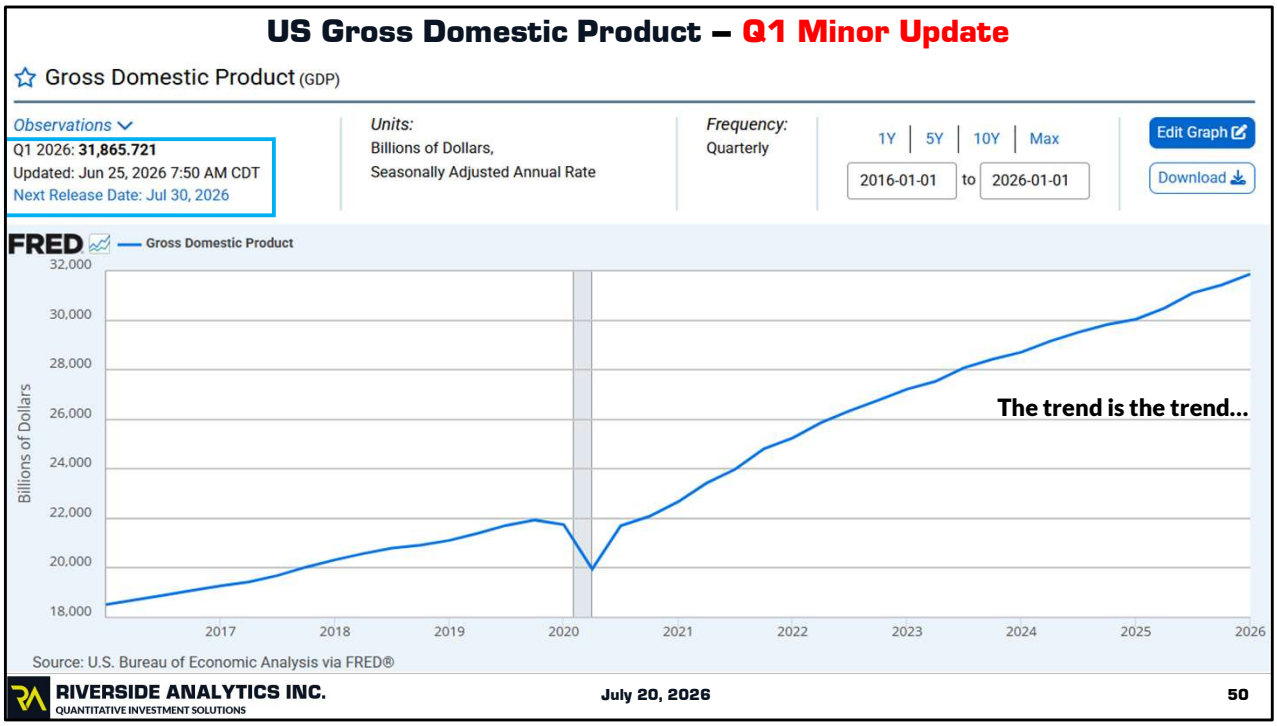


July – **No Updates**

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



July – The consumer is confident enough in the economy to keep buying vehicles at the pace of the last three years



July – Last month was 31,856.257 –

June 5 – Forbes Magazine – AI spending will hit 2% of GDP, and nearing defense level spending! I am reading investors are starting to get nervous as Google has gone cash flow negative, as has Oracle. Amazon free cahs flows is still positive, but much lower then normal.

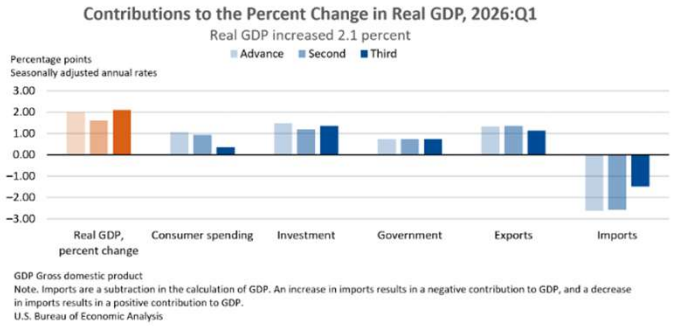
St Louis fed estimates that AI investment in 2025 contributed 1.29% to GDP. Early estimates put this at nearly 60% of the overall GDP growth in 2025. Overall US economy is ok, just not nearly as strong as the headline numbers suggest !

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

US GDP – Percent Change – Third Estimate Released

Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the first quarter of 2026 (January, February, and March), according to the third estimate released today by the U.S. Bureau of Economic Analysis. In the fourth quarter of 2025, real GDP increased 0.5 percent.

Real GDP was revised up 0.5 percentage point from the second estimate, primarily reflecting a downward revision to imports, which are a subtraction in the calculation of GDP, that was partly offset by a downward revision to consumer spending. For more information, refer to the "Technical Notes" below.



July – THIRD Estimate released. Real GDP third **estimate increased from 1.6% to 2.1%**

https://www.bea.gov/news/2026/gdp-third-estimate-industries-corporate-profits-state-gdp-and-state-personal-income-1st

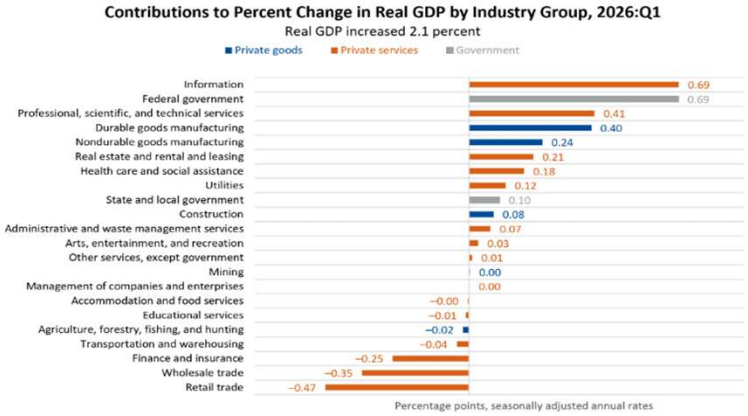
Second estimate details are here > https://www.bea.gov/news/2026/gdp-second-estimate-and-corporate-profits-1st-quarter-2026

Source : **First Estimate** - https://www.bea.gov/news/2026/gdp-advance-estimate-1st-quarter-2026

US GDP – Percent Change – Third Estimate Released

GDP by industry

From an industry perspective, the increase in **real GDP** reflected increases in **real value added** of 7.5 percent for government, 4.5 percent for private goods-producing industries, and 0.8 percent for private services-producing industries. The leading industry contributors to the increase in real GDP were information; federal government; professional, scientific, and technical services; and durable goods manufacturing. The leading offsets were decreases in retail trade, wholesale trade, and finance and insurance.



U.S. Bureau of Economic Analysis

July – THIRD Estimate released.

https://www.bea.gov/news/2026/gdp-third-estimate-industries-corporate-profits-state-gdp-and-state-personal-income-1st

US Gross Domestic Purchase Price Index – No Updates



The big picture is running hotter than CPI indicates !

Real GDP and Related Measures
[Percent change (SAAR) from 2025:Q4 to 2026:Q1]

	Advance Estimate
Real GDP	2.0
Current-dollar GDP	5.6
Real final sales to private domestic purchasers	2.5
Gross domestic purchases price index	3.6
PCE price index	4.5
PCE price index excluding food and energy	4.3

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 20, 2026
53

July – No Updates – Next update is scheduled for July 30th.

May – "The price index for gross domestic purchases increased 3.6 percent in the first quarter, compared with an increase of 3.7 percent in the fourth quarter. The personal consumption expenditures (PCE) price index increased 4.5 percent, compared with an increase of 2.9 percent, and the PCE price index excluding food and energy increased 4.3 percent, compared with an increase of 2.7 percent."

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-advance-estimate-1st-quarter-2026

S&P 500 YEARLY RETURNS

AVERAGE YEAR vs YEAR #1 OF THE US PRESIDENTIAL CYCLE

US Presidential Election Cycle - S&P 500 Performance Analysis

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

July – August of year 2 of a Republican administration tends to be decent !

The best plan is follow your plan !

CME FedWatch Tool

TARGET RATE PROBABILITIES as of June 19

FED FUND FUTURES												
ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7
96.3738	96.3575	96.2675	96.2050	96.1200	96.0800	96.0150	95.9450	95.9075	95.9200	95.8650	95.8850	95.9625

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500
7/29/2026	0.0%	0.0%	0.0%	61.5%	38.5%	0.0%	0.0%	0.0%	0.0%
9/16/2026	0.0%	0.0%	0.0%	26.3%	51.7%	22.0%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	0.0%	21.6%	47.2%	27.3%	3.9%	0.0%	0.0%
12/9/2026	0.0%	0.0%	0.0%	10.4%	33.9%	37.6%	16.0%	2.0%	0.0%
1/27/2027	0.0%	0.0%	0.0%	8.6%	29.9%	37.0%	19.7%	4.4%	0.3%
3/17/2027	0.0%	0.0%	0.0%	7.1%	26.2%	35.7%	22.8%	7.1%	1.1%
4/28/2027	0.0%	0.0%	0.6%	8.7%	27.0%	34.6%	21.4%	6.6%	1.0%
6/9/2027	0.0%	0.0%	0.6%	8.7%	26.8%	34.5%	21.5%	6.7%	1.0%
7/28/2027	0.0%	0.2%	2.9%	13.9%	29.1%	30.8%	17.3%	5.1%	0.7%
9/15/2027	0.0%	0.5%	4.1%	15.5%	29.2%	29.4%	16.0%	4.6%	0.7%
10/27/2027	0.1%	1.0%	5.6%	17.4%	29.3%	27.6%	14.4%	4.1%	0.6%
12/8/2027	0.2%	1.5%	6.9%	18.6%	29.1%	26.2%	13.3%	3.7%	0.5%

June – September and October are a toss up for a 25 point increase, compared to last month when there was zero chance of either.

CME FedWatch Tool

TARGET RATE PROBABILITIES – Aggregated as of June 19

FED FUND FUTURES												
ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7
96.3738	96.3575	96.2675	96.2050	96.1200	96.0800	96.0150	95.9450	95.9075	95.9200	95.8650	95.8850	95.9625

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES			
MEETING DATE	350-375	375-400	400-425	425-450
7/29/2026	61.52 %	38.48 %	0.00 %	0.00 %
9/16/2026	4.23 %	95.77 %	0.00 %	0.00 %
10/28/2026	0.00 %	86.52 %	13.48 %	0.00 %
12/9/2026	0.00 %	34.74 %	65.26 %	0.00 %
1/27/2027	0.00 %	17.52 %	82.48 %	0.00 %
3/17/2027	0.00 %	0.00 %	99.95 %	0.05 %
4/28/2027	0.00 %	8.52 %	91.48 %	0.00 %
6/9/2027	0.00 %	7.73 %	92.27 %	0.00 %
7/28/2027	0.00 %	36.52 %	63.48 %	0.00 %
9/15/2027	0.00 %	46.74 %	53.26 %	0.00 %
10/27/2027	0.00 %	60.52 %	39.48 %	0.00 %
12/8/2027	0.00 %	71.30 %	28.70 %	0.00 %

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

June – This is interesting – aggregates are saying its pretty much a certainty US interest rates are going up 25 points in September!, and maybe 50 points by December ! The 400 to 425 (a 75 point increase) sometime in 2027 is less likely than predicted last month.

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF – Tuesday July 21

FED FUND FUTURES												
ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7	ZQN7
96.3688	96.3100	96.2425	96.1500	96.0900	96.0125	95.9825	95.9450	95.9150	95.8800	95.8900	95.9500	95.8700

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525
7/29/2026	0.0%	0.0%	74.9%	25.1%	0.0%	0.0%	0.0%	0.0%	
9/16/2026	0.0%	0.0%	28.9%	55.7%	15.4%	0.0%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	21.2%	48.6%	26.1%	4.1%	0.0%	0.0%	0.0%
12/9/2026	0.0%	0.0%	12.6%	37.4%	35.3%	13.1%	1.7%	0.0%	0.0%
1/27/2027	0.0%	0.0%	10.4%	33.1%	35.6%	16.9%	3.6%	0.3%	0.0%
3/17/2027	0.0%	0.0%	7.7%	27.2%	35.0%	21.8%	7.1%	1.2%	0.1%
4/28/2027	0.0%	0.3%	8.5%	27.5%	34.4%	21.2%	6.9%	1.1%	0.1%
6/9/2027	0.0%	0.3%	7.8%	25.8%	33.8%	22.4%	8.1%	1.6%	0.2%
7/28/2027	0.0%	1.0%	9.4%	26.5%	32.8%	21.1%	7.6%	1.5%	0.2%
9/15/2027	0.1%	2.0%	11.4%	27.3%	31.4%	19.5%	6.8%	1.3%	0.1%
10/27/2027	0.3%	2.7%	12.7%	27.6%	30.4%	18.5%	6.4%	1.2%	0.1%
12/8/2027	0.5%	3.8%	14.3%	27.9%	29.1%	17.2%	5.8%	1.1%	0.1%

July 21 – The lean is towards a rate hike in September, but it looks like a coin toss, yes or no ? Lets see what the next slide has to say about that !

CME FedWatch Tool - Aggregated

TARGET RATE PROBABILITIES AS OF – Tuesday July 21

FED FUND FUTURES												
ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7	ZQN7
96.3688	96.3100	96.2425	96.1500	96.0900	96.0125	95.9825	95.9450	95.9150	95.8800	95.8900	95.9500	95.8700

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES			
MEETING DATE	350-375	375-400	400-425	425-450
7/29/2026	74.88 %	25.12 %	0.00 %	0.00 %
9/16/2026	13.45 %	86.55 %	0.00 %	0.00 %
10/28/2026	0.00 %	86.88 %	13.12 %	0.00 %
12/9/2026	0.00 %	46.10 %	53.90 %	0.00 %
1/27/2027	0.00 %	28.88 %	71.12 %	0.00 %
3/17/2027	0.00 %	2.59 %	97.41 %	0.00 %
4/28/2027	0.00 %	6.88 %	93.12 %	0.00 %
6/9/2027	0.00 %	0.00 %	98.02 %	1.98 %
7/28/2027	0.00 %	6.88 %	93.12 %	0.00 %
9/15/2027	0.00 %	18.84 %	81.16 %	0.00 %
10/27/2027	0.00 %	26.88 %	73.12 %	0.00 %
12/8/2027	0.00 %	37.66 %	62.34 %	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.

July 21 – If it not September, and will most likely be October. Given the midterms would be close by in October, if the Fed is going to move this year, I would think September would be less troublesome. Claims of interference are sure to arise otherwise !

Then another 25 points by March of 2027 ! Add 50 points to mortgages, and home sales that have been steady, likely slow down.

Side affect, this likely puts pressure on the Canadian dollar when it happens !

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

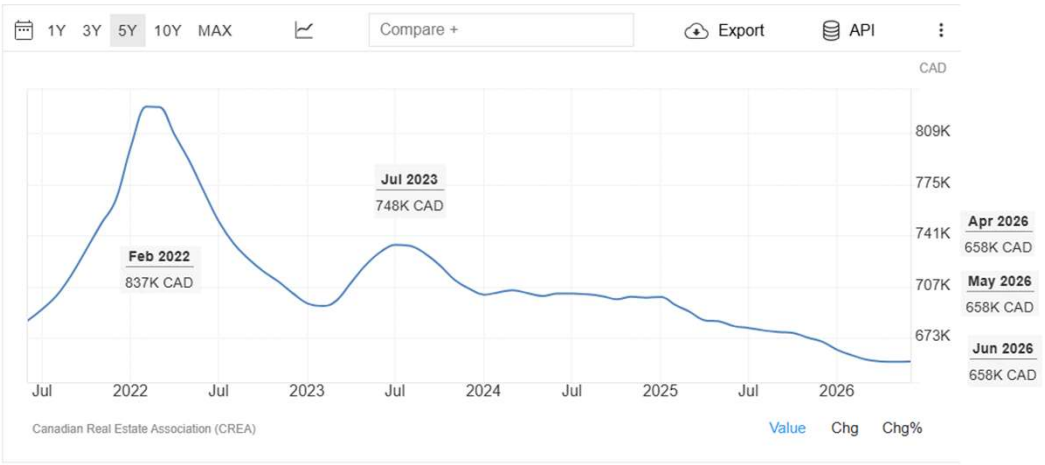
New Vehicle Sales

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 increased to 657700 CAD in June from 657400 CAD in May of 2026. Average House Prices in Canada averaged 471017.44 CAD from 2005 until 2026, reaching an all time high of 826800.00 CAD in February of 2022 and a record low of 236600.00 CAD in January of 2005. source: Canadian Real Estate Association (CREA)

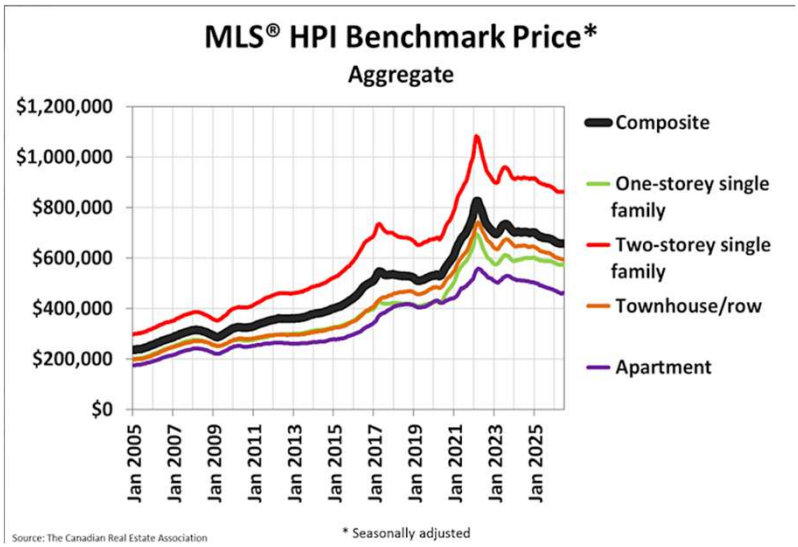


July – Last month was 658K, like the month before that – This month, no change !

It needs to get to about 560k to be on par with current US “average” prices.

Source : Trading Economics - https://tradingeconomics.com/canada/average-house-prices

Canada Average House Price

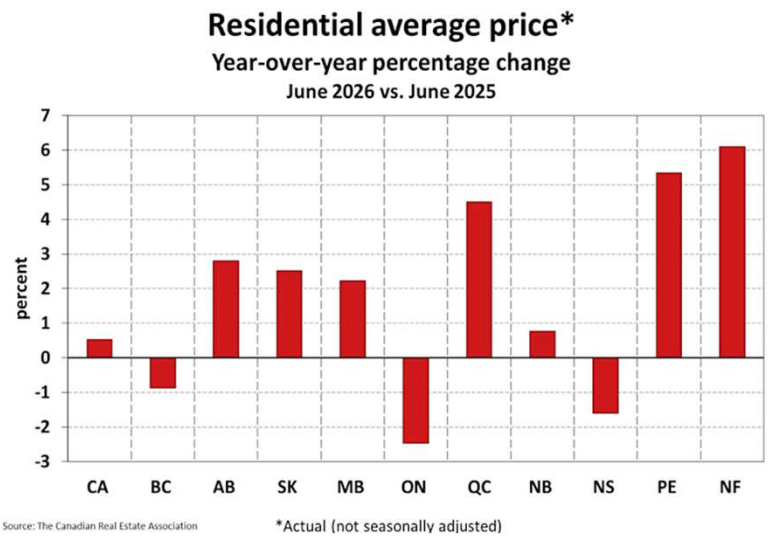


July – The number of home sales recorded over Canadian MLS® Systems edged up a further 0.5% on a month-over-month basis in June 2026. This builds on the 5.5% jump recorded in May and the 0.9% increase in April, placing national activity some 7% above where it stood in March. (Wayne – its normal for prices to rise in the spring.)

"June's housing numbers continued to build momentum following the late start to the year in May, with virtually every metric moving in the right direction," said Shaun Cathcart, CREA's Senior Economist. "Looking ahead, fixed mortgage rates have eased from their peak in April, and rate hikes from the Bank of Canada this year are much less likely than they were just a month ago. This is good news for borrowers."

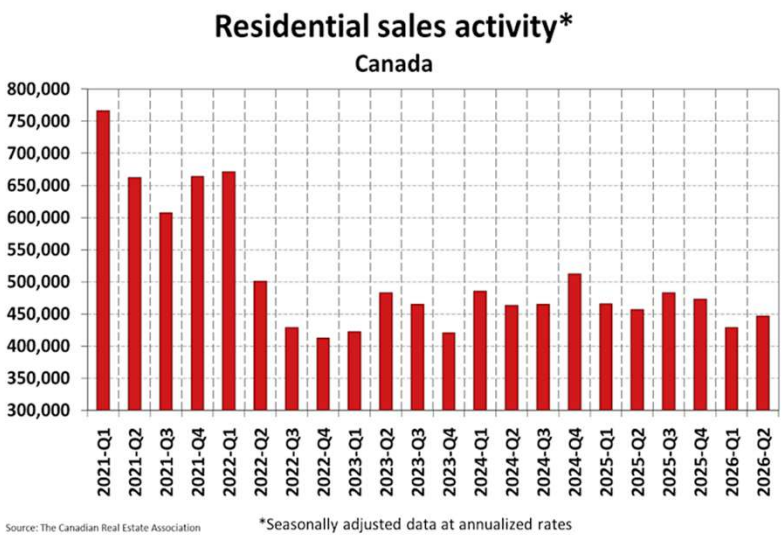
Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province



July – Another month of Ontario and BC in the basement, continuing to unwind their excesses of the past.

Home Sales Activity for Canada



July – Q2 data is now complete. The market continues to bounce along in a channel of consistent sales.

This is from The Canadian Real Estate Association.

Housing Starts - % Change – Canada

Housing starts in Canada declined 6% from the previous month to a seasonally adjust annual rate of 239 thousand units in June 2026, compared to a downwardly revised 253 thousand units in May and falling short of markets expectations of 258 thousand units. The number of building permits fell 1.1% compared to the previous month, while units under construction in centers with a population above 50 thousand was flat, edging up 0.2% over the month to 375,469 units. Meanwhile, completed contructions totalled 18,298 units, up 8.4% compared to May. By region, Vancouver recorded the last decrease, by 35%, due to lower multi-unit and single-detached starts. In contrast, the largest increase was recorded in Toronto, up 25%, due to higher multi-unit starts, followed by Montreal (10%). source: Canada Mortgage And Housing Corporation

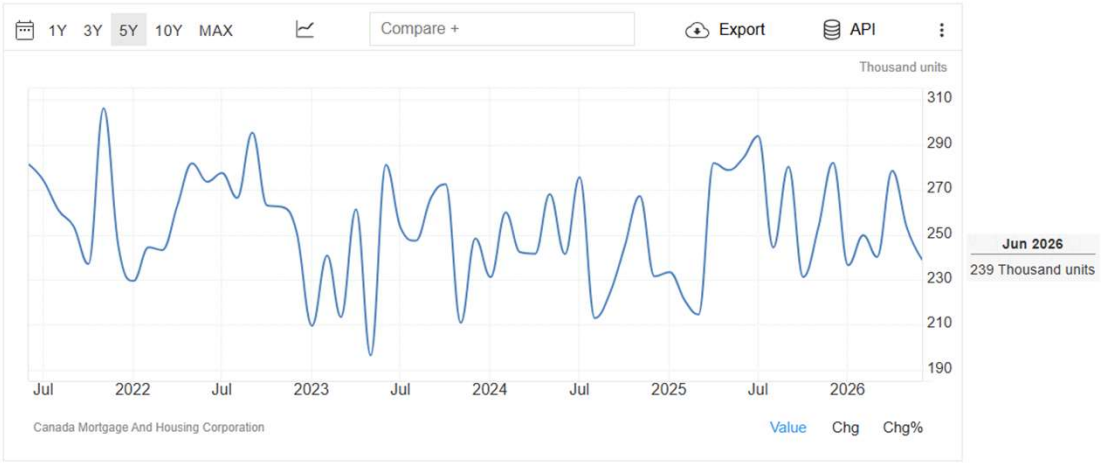


July – Completions are up compared to last month, recovering some of last months short fall, while starts are soft, suggesting completions will be soft in the next couple quarters. Data is bouncing around, but the overall trend is steady starts and completions. Slow months are offset by busy months.

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



July – Last month was 261.4 thousand. Normal activity happening !

Trading Economics - https://tradingeconomics.com/canada/housing-starts

Housing Sales Activity for GTA

ALL PROPERTY TYPES	DETACHED	SEMI-DETACHED	FREEHOLD TOWNHOUSE	CONDO APARTMENT
$1,058,658 **Avg. Sold Price** 1% decrease (1-month change) 3.9% decrease (12-month change)	$1,364,204 Avg. Sold Price 0.4% increase (1-month change) 2.0% decrease (12-month change)	$1,038,973 Avg. Sold Price 2.7% decrease (1-month change) 4.7% decrease (12-month change)	$912,380 Avg. Sold Price 0.4% decrease (1-month change) 5.5% decrease (12-month change)	$630,688 Avg. Sold Price 1.4% decrease (1-month change) 9.4% decrease (12-month change)
6,770 **Transactions (Buy/Sell)** 2.8% increase (1-month change) 8.4% increase (12-month change)	3,256 Transactions (Buy/Sell) 0.6% increase (1-month change) 8.1% increase (12-month change)	617 Transactions (Buy/Sell) 1.5% increase (1-month change) 2.7% increase (12-month change)	619 Transactions (Buy/Sell) 6.6% decrease (1-month change) 9.4% increase (12-month change)	1,714 Transactions (Buy/Sell) 11.7% increase (1-month change) 13.5% increase (12-month change)

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

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

66

July – another Month over month units sold is mostly up. M/M prices are mostly down.

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

Housing Sales Activity for GTA

Single-Family Detached Home Prices in the GTA



Statistics for June 2026

Average Price:	$1,364,204	↓-2.0% from Jun. 2025
Units Sold:	3,256	↑8.1% from Jun. 2025
New Listings:	8,470	↓-9.0% from Jun. 2025

Semi-Detached Home Prices in the GTA



Statistics for June 2026

Average Price:	$1,038,973	↓-4.7% from Jun. 2025
Units Sold:	617	↑2.7% from Jun. 2025
New Listings:	1,218	↓-20.5% from Jun. 2025

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

July – Units sold remain about 1/3 to ½ of what came on the market. Lots of supply in the GTA !

Housing Sales Activity for GTA

Townhouse Prices in the GTA



Statistics for June 2026

Average Price:	$912,380	↓-5.5% from Jun. 2025
Units Sold:	619	↑9.4% from Jun. 2025
New Listings:	1,485	↓-16.9% from Jun. 2025

Apartment Prices in the GTA



Statistics for June 2026

Average Price:	$630,688	↓-9.4% from Jun. 2025
Units Sold:	1,714	↑13.5% from Jun. 2025
New Listings:	4,550	↓-17.2% from Jun. 2025

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

July – Another New listings vastly outnumbering sales month.

WOWA - Housing Activity for GTA

Average Prices by Region

	City	Average Sold Price	1-Year Change	Total Transactions
#1	City of Toronto	$1,081,375	↓-4.5%	2,443
#2	York Region	$1,169,958	↓-5.8%	1,289
#3	Peel Region	$966,024	↓-4.9%	1,167
#4	Durham Region	$856,170	↓-4.0%	849
#5	Halton Region	$1,222,898	↑1.0%	785
#6	Simcoe County	$869,159	↓-8.4%	204
#7	Dufferin County	$779,245	↑2.6%	33
	GTA	**$1,058,658**	**↓-3.9%**	**6,770**

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

69

July – Breaking out the areas within GTA, here is how they compare. Note, this is the MEDIAN not the AVERAGE ! Dufferin is not selling a lot of units, but they are up a couple months in a row.

Note these are year over year changes

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

WOWA - Housing Activity for GTA

Median Prices by City

	City	Median Sold Price	1-Year Change	Total Transactions
#1	City of Toronto	$835,000	↓-8.2%	2,443
#2	Mississauga	$880,000	↓-7.9%	567
#3	Brampton	$845,500	↓-7.0%	518
#4	Markham	$1,071,000	↓-15.0%	360
#5	Vaughan	$1,100,000	↓-4.5%	333
#6	Oakville	$1,360,000	↑9.5%	297
#7	Burlington	$999,000	↑3.0%	279
#8	Richmond Hill	$1,104,000	↓-9.2%	230
#9	Oshawa	$691,000	↓-6.6%	181
#10	Whitby	$886,000	↓-3.2%	168
	GTA	**$890,000**	**↓-6.3%**	**6,770**

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

70

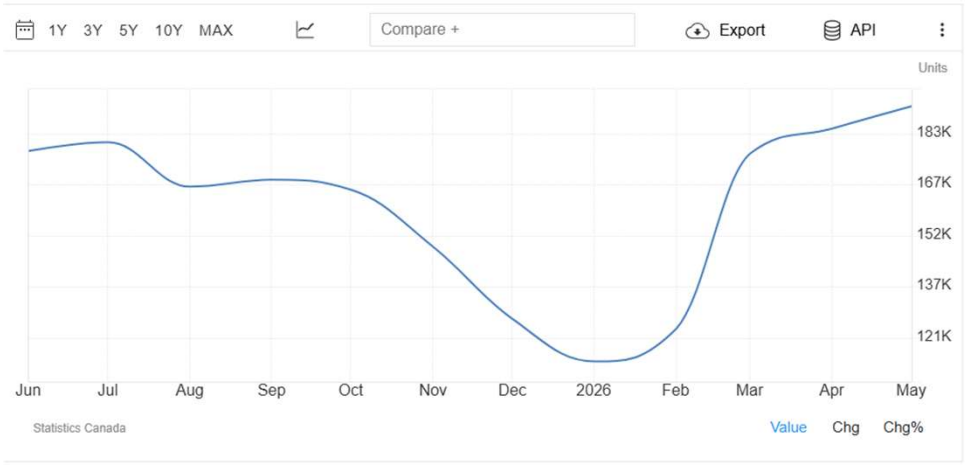
July – Oakville has been green three months in a row ! Breaking out the areas within GTA, here is how they compare. Note, this is the MEDIAN not the AVERAGE !

Note these are year over year changes

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

New Vehicle Sales Activity for Canada

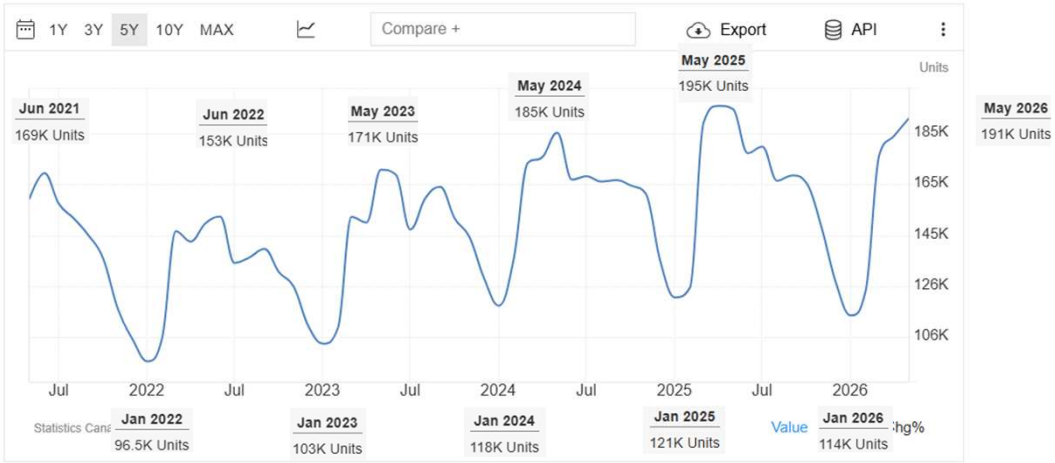
Canada's new motor vehicle sales totaled 190,564 in May 2026, a 1.9% decline from May 2025. New zero-emssion vehicle (ZEV) sales surged 19.7%, account for 9.6% of total new motor vehicles sales, up from 7.9% in May 2025. Meanwhile, new trucks sales decrease 2.2%, while the number of new passenger cars sold edged up 0.1%. source: Statistics Canada



July – Consumers are out shopping ! It is interesting the EV sales are up nicely. EV % share of market is about 9.6%. Increased gasoline prices have sparked renewed interest in EVs. New truck sales down is interesting. Is it a blip, or something more sustainable. Hard to tell. Filling up a big truck is hard on the budget ! Trucks are the highest margin vehicle on the lot !

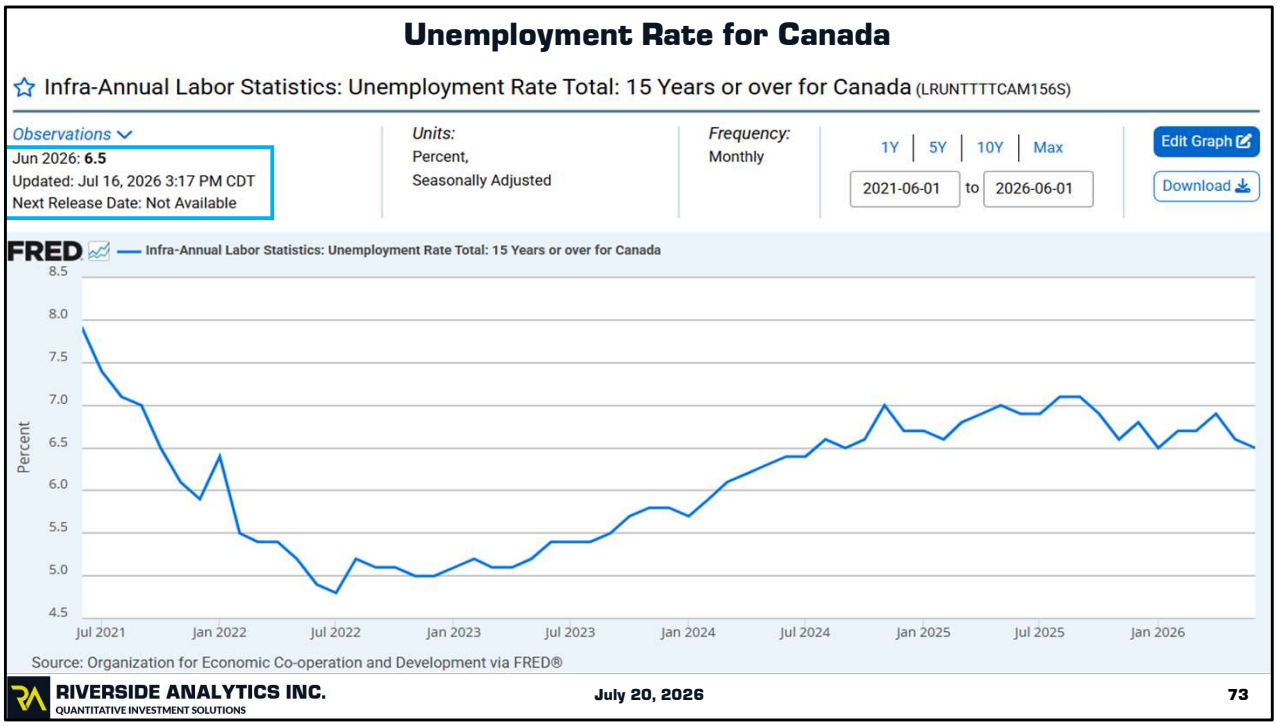
Source : Trading Economics

New Vehicle Sales Activity for Canada – 5 Year Chart



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

July - Trading Economics – Now the question becomes, does May become the peak month for Canada, like the previous years, OR does it get delayed a month due to a slow start for the year. Next month, we find out !

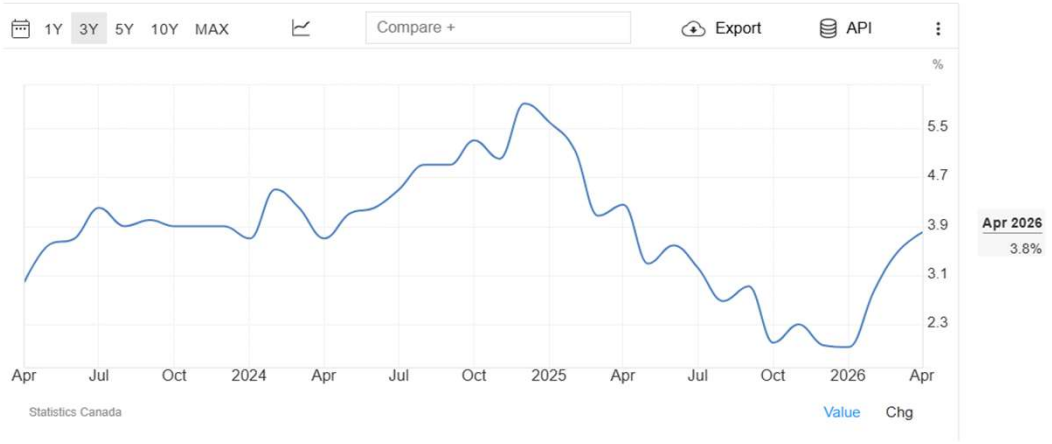


July – Last month was 6.6. That is nice to see that number dropping.

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

Canada Average Weekly Earnings YOY – 3 Year Chart

Average weekly earnings of Canadian non-farm payroll employees rose 3.8% year-on-year to C$1,346 in April 2026, accelerating from a 3.5% increase in March and marking the fastest increase since April 2025. The strongest gains were recorded in utilities (11.2%), information and cultural industries (10.1%), finance and insurance (8.2%), retail trade (7.2%), and professional, scientific and technical services (6.7%). In contrast, earnings declined in real estate and rental and leasing (-3.9%). By province, the largest increases were seen in Nunavut (8.1%), New Brunswick (6.7%), Manitoba (6.2%), and Nova Scotia (5.9%). On a month-over-month basis, average weekly earnings rose 1.0%. Meanwhile, average weekly hours worked were little changed at 33.5 hours, both from the previous month and a year earlier. source: Statistics Canada



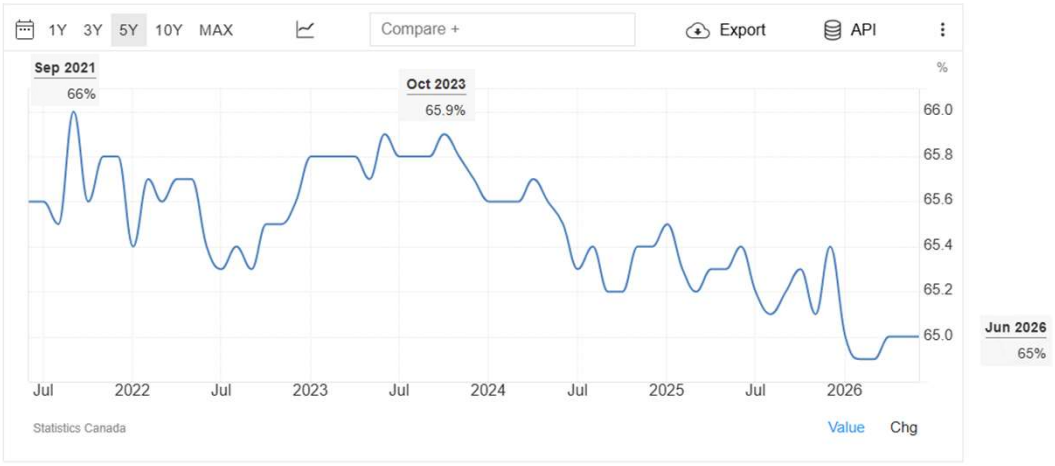
July – Last month was 3.5%. Families are squeezed at the pumps, groceries, and property taxes. Getting some cushion on the revenue side is helpful.

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

The labor force participation ate in Canada stood at 65% in June 2026, unchanged from each of the previous two months. Labor Force Participation Rate in Canada averaged 65.71 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

July – unchanged from last TWO months at 65%

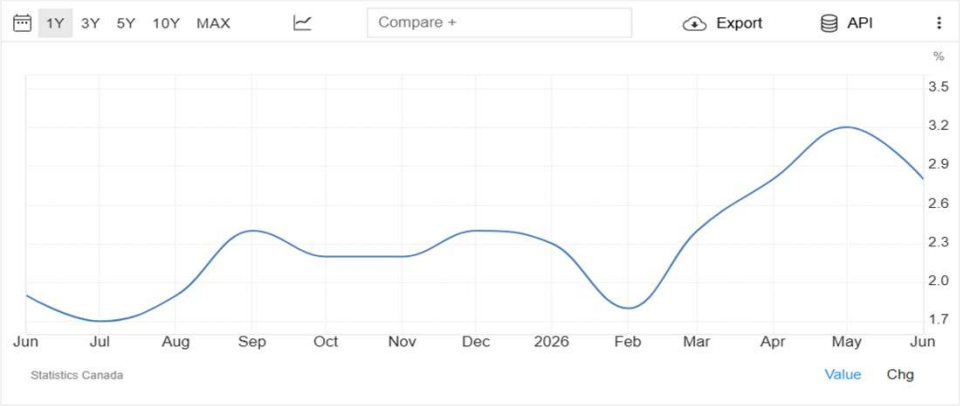
Essentially, this means that about 35 percent of the population that could be working, are not.

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

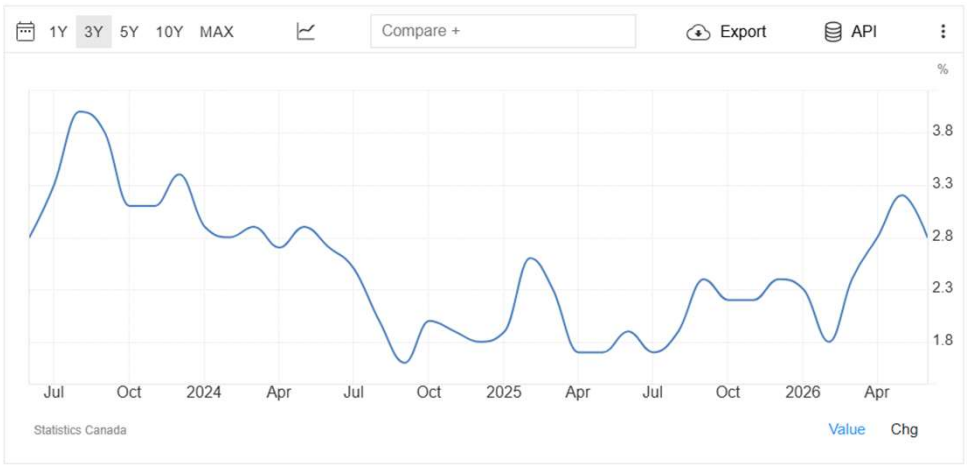
The headline inflation rate in Canada fell to 2.8% in June of 2026 from the over-two-year high of 3.2% in the previous month, slightly under market expectations of 2.9%. The drop was consistent with a slower surge in prices of gasoline (20.5% vs 33.2% in May), trimming inflation for overall transportation (6.7% vs 9.0%), as the momentary restoration of energy exports from the Middle East had eased wholesale fuel prices. Price growth also eased for food (3.5% vs 3.8%) amid softer inflation in grocery stores. Meanwhile, the median core (1.9% vs 2.1%) and the trimmed-mean (1.8% vs 2%), both key core rates tracked by the BoC, fell more than expected to their lowest in over five years. Inflation fell for shelter (1.5% vs 1.7%) and health and personal care (2.5% vs 2.7%), while prices dropped for household operations, furnishings, and equipment (-0.2% vs -0.2%). From the previous month, the Canadian CPI fell by 0.4% amid a 10.2% drop in gasoline prices. source: Statistics Canada



July – Last month was 3.2% - On queue we are seeing an easing, as gasoline prices have dropped off their peaks, next month, we likely see a reversal compliments of the Iran war ! Dumb off the cuff comment, Iran could be engineering a reverse regime change ! If true, this Hormuz stand-off could last well into the fall, and possibly past the midterms.

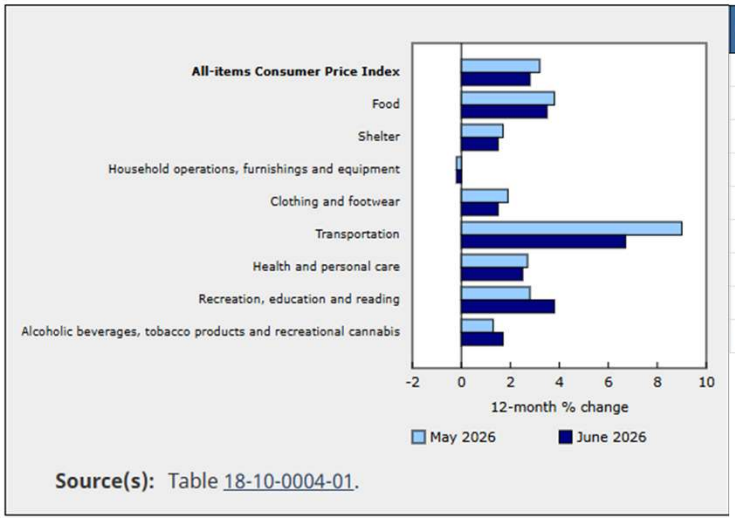
Source : Trading Economics

Consumer Price Index: 3 Year View Canada



July - Inflation – long view – The middle east war has done some damage to consumers budgets especially in the commuting costs department !

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



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

March 2026	April 2026	May 2026	June 2026
2.4	2.8	3.2	2.8
4.0	3.5	3.8	3.5
1.7	1.8	1.7	1.5
0.6	0.4	-0.2	-0.2
-0.4	2.0	1.9	1.5
3.7	7.6	9.0	6.7
3.3	3.3	2.7	2.5
2.6	1.0	2.8	3.8
1.3	1.1	1.3	1.7

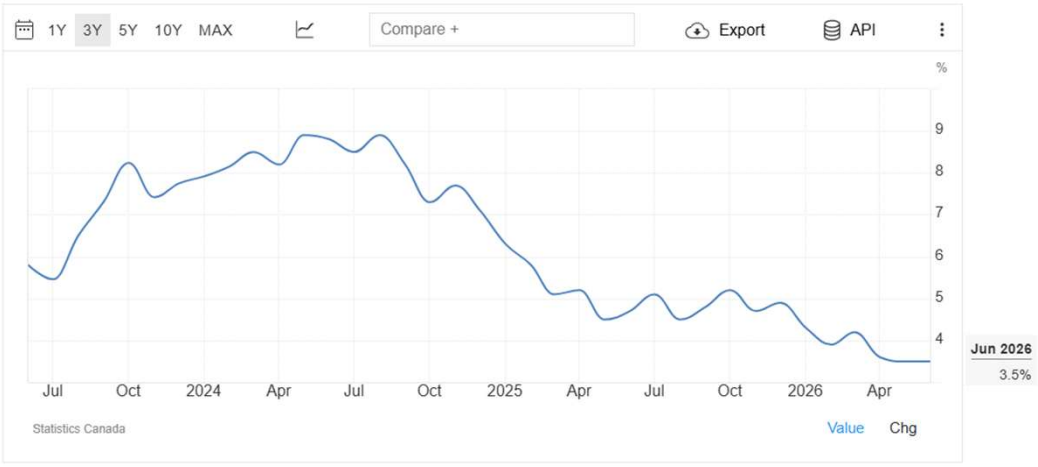
July – Relative to last month, down across the board except for Recreation, education and reading. Energy is causing trouble in the transportation category.

More details are here
Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/260720/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 remained unchanged at 3.50 percent in June. 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



July – No change this month, sitting at 3.5%

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

Gasoline Prices – Canada Average

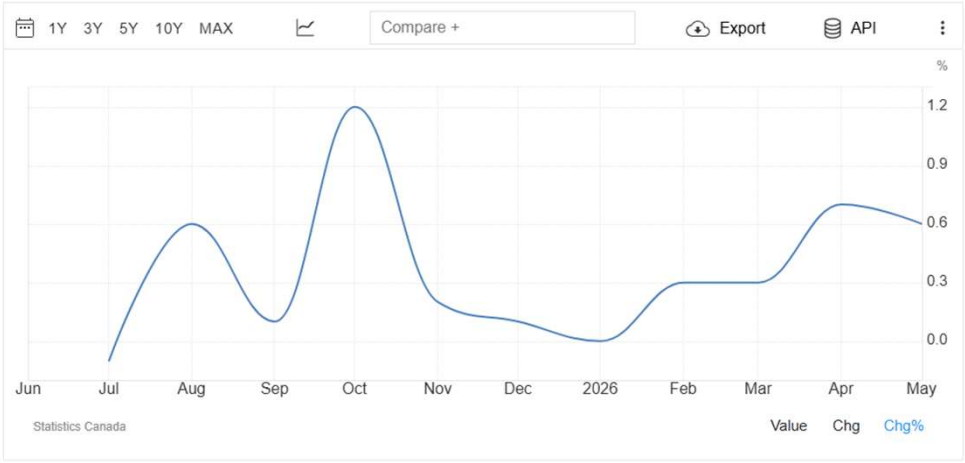


July – That little reprieve did not take long to disappear !

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

Canada - M2 Money Supply

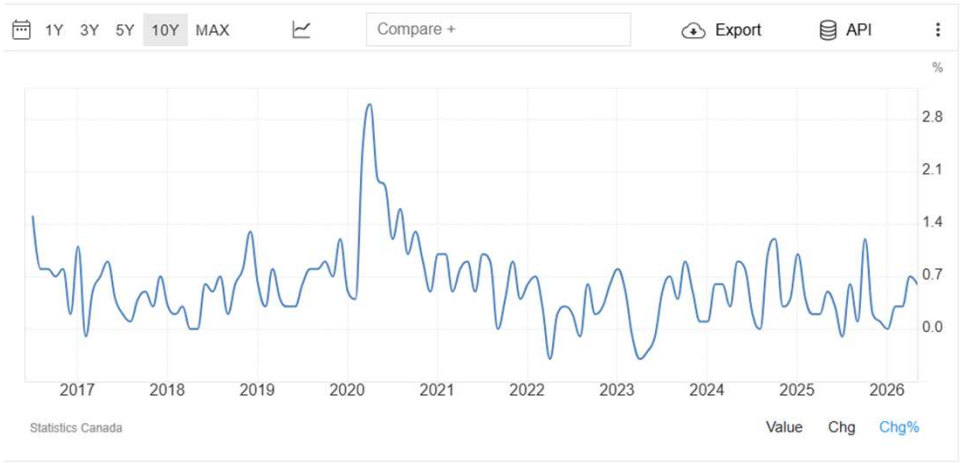
Money Supply M2 in Canada increased to 2832736 CAD Million in May from 2816934 CAD Million in April of 2026. Money Supply M2 in Canada averaged 682199.15 CAD Million from 1968 until 2026, reaching an all time high of 2832736.00 CAD Million in May of 2026 and a record low of 25523.00 CAD Million in January of 1968. source: Statistics Canada



July – Each year in May and October there tends to be a pulse upwards.

Source : Trading Economics

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



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

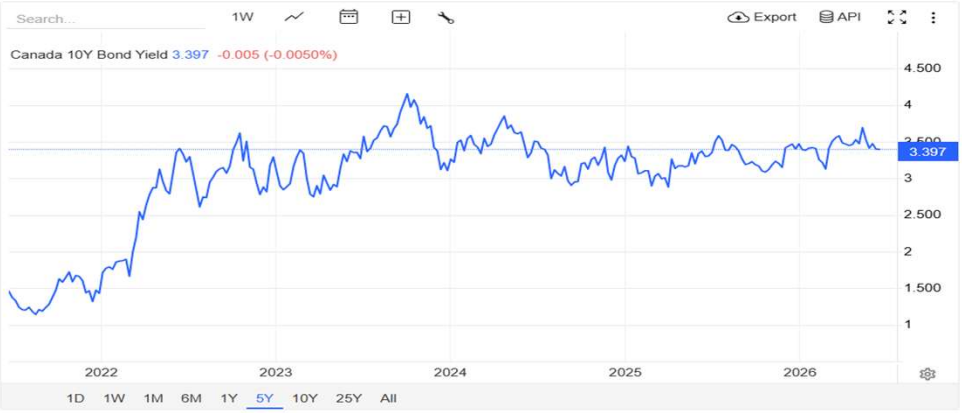
In general inflation happens when corporations raise prices. Demand pull, Cost push and Profit margin expansion all can impact the company's reasons for prices increases. When ever there is excess cash in certain areas of the economy, companies are incentivised to try to harvest it.

Cost push provides cover for margin expansion ! That is excess price increases over and above the actual cost increases.
All three of these can happen at the same time, or in any combination.

Source : Trading Economics

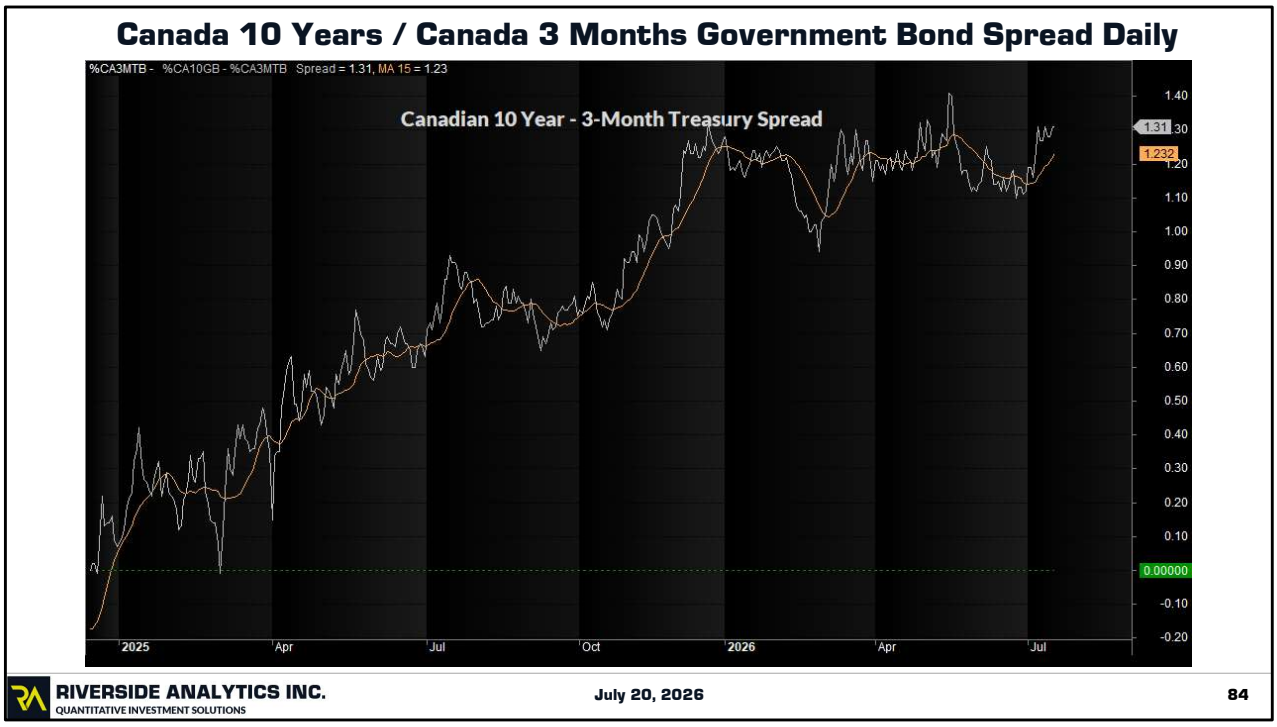
Interest Rates: Yields: 10-Year: Canada

The yield on Canada's 10-year government bond rose above 3.57% in July, the highest in two months, as investors weighed rising US Treasury yields against soft Canadian inflation data. US bond yields increased as tensions between the US and Iran escalated over the weekend, sending oil prices higher before they pared most of their gains following comments from Iran's foreign ministry indicating that negotiations with the US could continue. Meanwhile, Canada's annual inflation rate eased to 2.8% in June 2026 from 3.2% in May, slightly below forecasts of 2.9%. Gasoline prices increased at a slower pace, while the Bank of Canada's preferred core inflation measures fell to their lowest levels in more than five years, reinforcing the BoC's view that the impact of higher energy costs stemming from the Middle East oil supply crisis is not spreading broadly throughout the economy. The softer inflation data reduced expectations of further Bank of Canada interest rate hikes this year.



July – Last month was 3.397, 19 points higher - CAD long bond rates, steady as she goes !

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



July – last month was 1.12 – Up 19 points this month.

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



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

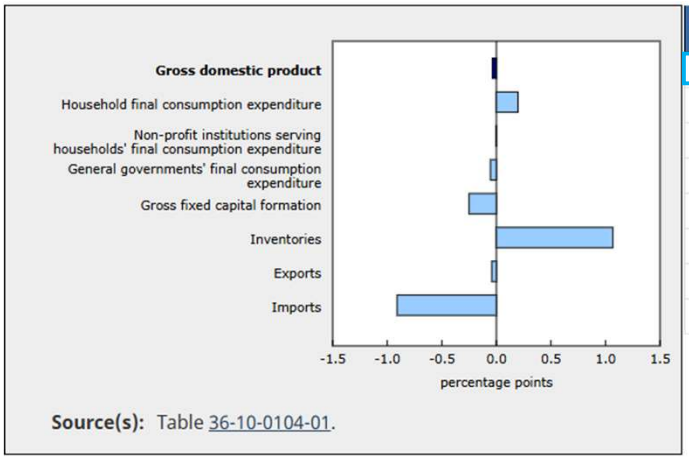
July 20, 2026

85

July– A quiet few months - 30 years of data.

This one is from Amibroker.

Gross Domestic Product for Canada
No Updates



	percentage points
Gross domestic product	-0.036
Household final consumption expenditure	0.198
Non-profit institutions serving households' final consumption expenditure	-0.003
General governments' final consumption expenditure	-0.054
Gross fixed capital formation	-0.250
Inventories	1.068
Exports	-0.042
Imports	-0.910

Real gross domestic product (GDP) declined 0.15% in the fourth quarter, and other 0.036 in 2026 Q1
Hello technical recession !

July – **NO UPDATES** – GDP declined 0.036% in Q1, so with Q4 2025 number of -0.15, we are in a technical recession by the thinnest of margins !

Source :https://www150.statcan.gc.ca/n1/daily-quotidien/260529/cg-a002-eng.htm

Market Participant Survey for Canada – BoC Survey Results
2026 Q1 Released – No Updates

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 = 27)	End of 2027 (n = 26)
25th percentile of responses	1.3	1.7
Median of responses	1.6	1.9
75th percentile of responses	1.7	2.0

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 Q4 data – within 0.1 of the last report.

July – **No Updates**

2026 Q1 Released - This is a quarterly report – **NOTE THIS IS A SURVEY, not an analysis of country GDP from StatsCan.**

https://www.bankofcanada.ca/2026/05/market-participants-survey-first-quarter-of-2026/

Market Participants Survey for Canada - BoC Survey Results - 2026 Q1 – No Updates

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 INCREASED by 5% from the Q4 survey, except 18 – 24 months, which remained the same.

July – **No Updates**

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

https://www.bankofcanada.ca/2026/05/market-participants-survey-first-quarter-of-2026/

Market Participants Survey for Canada - BoC Survey Results - 2026 Q1 – No Updates

Monetary policy

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				
April	2.25	2.25	2.25	28
June	2.25	2.25	2.25	28
July	2.25	2.25	2.25	28
September	2.25	2.25	2.25	28
October	2.25	2.25	2.25	28
December	2.25	2.25	2.25	28
2027				
January	2.25	2.25	2.50	27
March	2.25	2.50	2.56	27
Q2	2.25	2.50	2.75	26
Q3	2.25	2.50	2.75	26
Q4	2.31	2.75	2.75	26
2028				
Q1	2.44	2.75	2.75	24
Q2	2.44	2.75	2.75	24

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

July 20, 2026

89

June – No Updates

No changes to interest rates are expected this year.

https://www.bankofcanada.ca/2026/05/market-participants-survey-first-quarter-of-2026/

Market Participants Survey for Canada - BoC Survey Results - 2026 Q1 – No Updates

1.4 Please identify up to three downside risks to your growth outlook for Canada.

	Top downside risks
	Share of respondents (%)* (n = 28)
Increasing geopolitical risks	82
Increase in trade tensions	79
Tightening of global financial conditions	57

July – **No Updates**
No Surprises here !

The full report is here >>

https://www.bankofcanada.ca/2026/05/market-participants-survey-first-quarter-of-2026/

CAD / USD Spot Rate – Weekly Candles



July – last month was 70.66

Summary

- Iranian war – key industrial inputs remain trapped behind the strait (oil, LNG, fertilizer, sulphur, helium (used in semiconductor mfg)
- European jet fuel crunch is offset with imports from US, Nigeria, Kuwait, Canada, India and South Korea. Inventory is very tight, < 30 days !
- US gulf war, Mid-terms, inflation, and high gas prices do not mix well.
- US inflation is running hotter than the fed would like. There are multiple contributing factors (tariffs, war)
  Aluminum prices down 16% from its peak on June 2nd
- US beef prices seem to be topping. Look into a chub at Costco. Very lean, reasonably priced if you have a vacuum sealer and a deep freeze.
- US vehicle sales are fine – consumers feel good enough to replace aging vehicles
- Canada is in a technical recession by the slimmest of margins. It does not feel like one !
- Sentiment - some improvement, but remains very weak
- Fedwatch tool suggest rates are heading higher – likely in September
- Canadian Y/Y housing prices are very slowly trending down, particularly in Ontario and BC as their bubbles unwind.
- Canadian interest rates likely go no where all year.
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs and protecting Americans from price increases to some extent. The last round of tariffs are a violation of the CUSMA agreement.
- Canadian Tepid growth likely continues with persistent tariff uncertainty.
- Ignore the noise, and pay attention to what is really important, mitigate as necessary.


THAT'S IT FOR TODAY!
The End
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
July 20, 2026
93

RIVERSIDE'S DISCLAIMER

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

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

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