# RIVERSIDE ANALYTICS INC

**DATE: August 20 - 26 , 2026**

**RIVERSIDE ANALYTICS INC**
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**Economic Outlook**

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- 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.

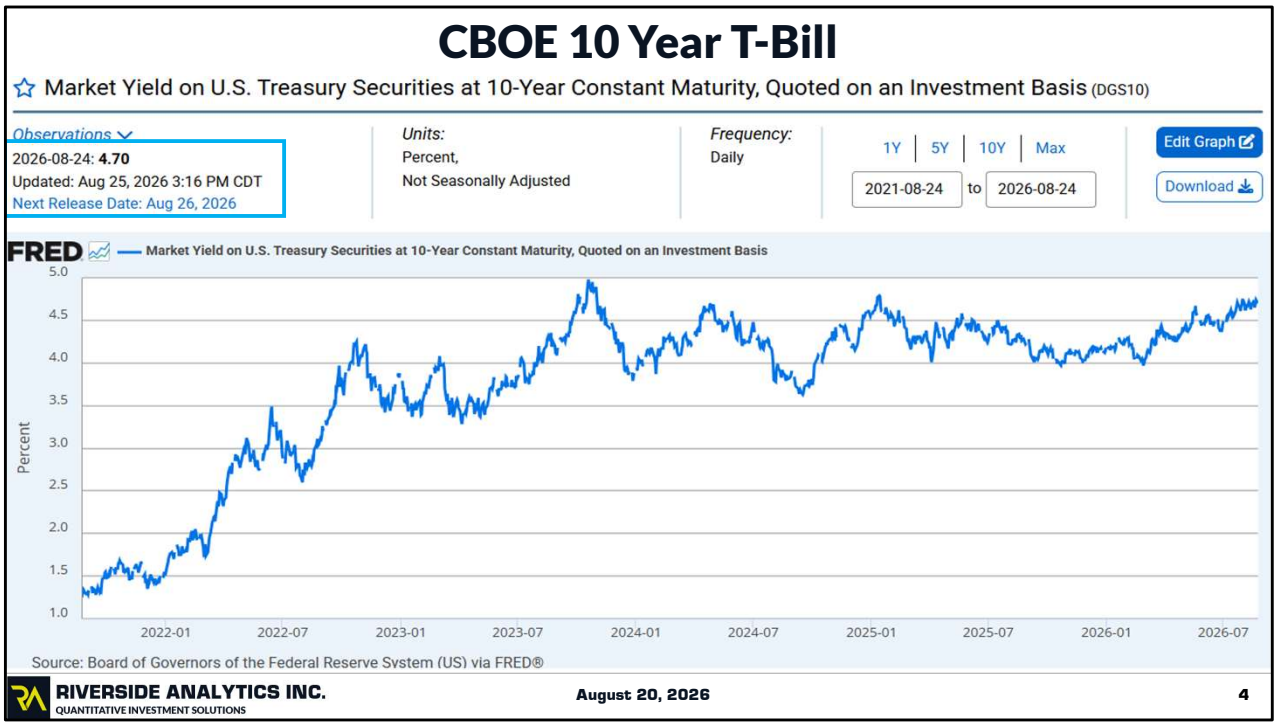
Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

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

# ECONOMIC DATA

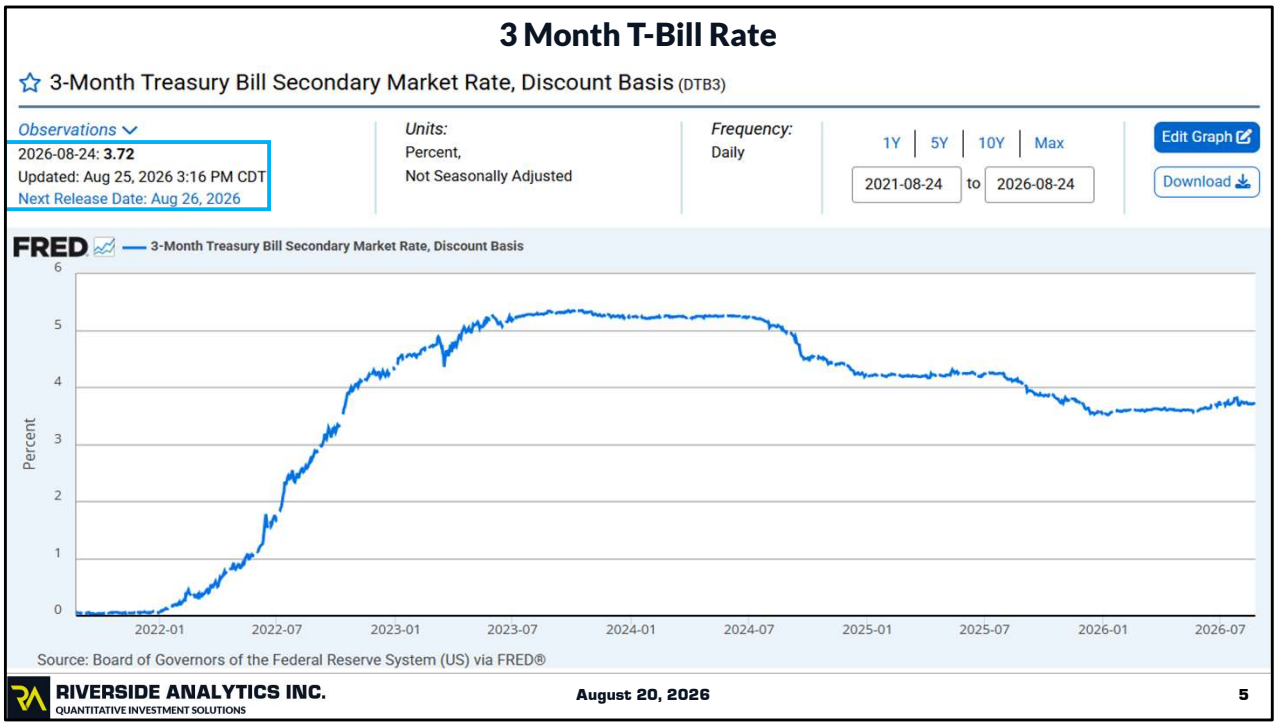
**Indicator review**

Canadian households continue to view the economic environment as challenging
Canadian Housing sales are steady, GTA – Not so much
Canadian Vehicle sales peaked about 5% short this summer.
Canadian unemployment improved again
Canadian energy inflation still causing trouble
Canadian wage increases continue to do well
US UoM Consumer Sentiment index remains low, but off its lowest number
US and CAD gasoline prices are volatile
US With long term bond yields rising, Housing starts likely stay muted.
US Aluminum prices due to war are unwinding, tariff premium is holding.
US inflation and Producer price indices are running hot.
US Import prices running hot at 5.9%
US home prices following normal yearly pattern
US Un-employment rate is slowly declining
Fedwatch tool – December is very likely to have a interest rate increase if October does not get one.
Ignore the noise, and pay attention to what is really important, mitigate as necessary.



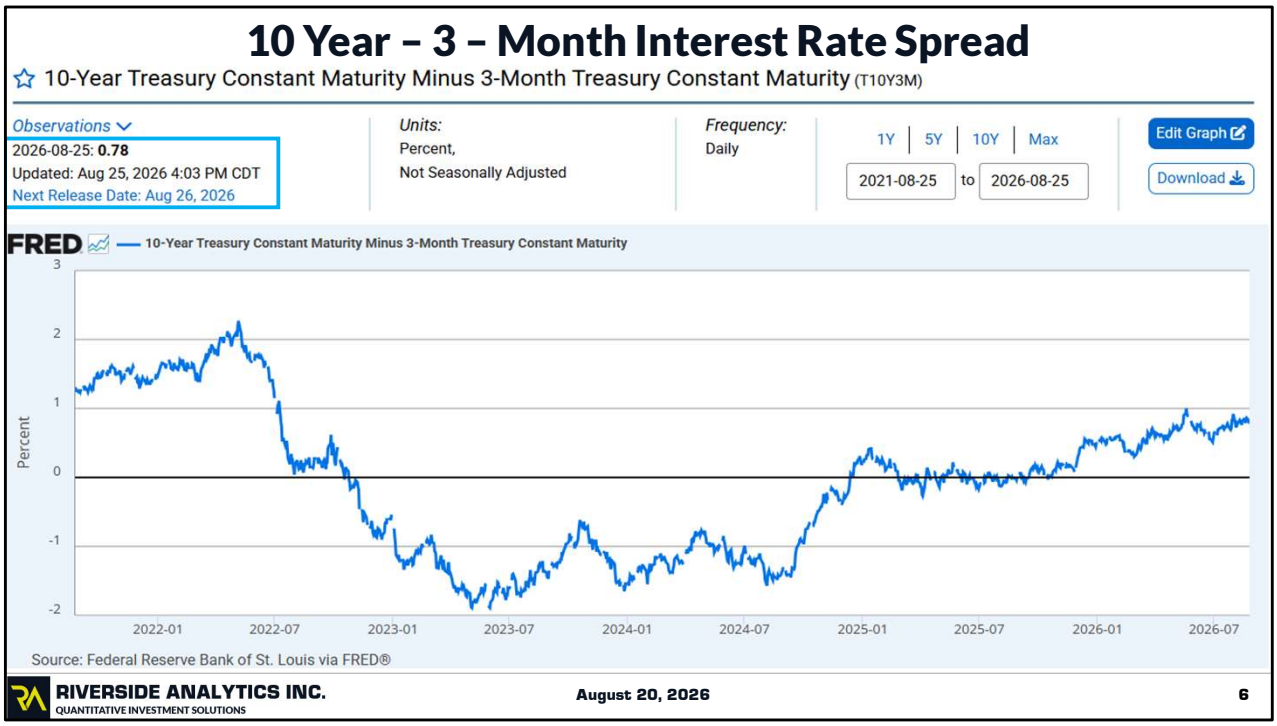

August – Last month was 4.55.

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



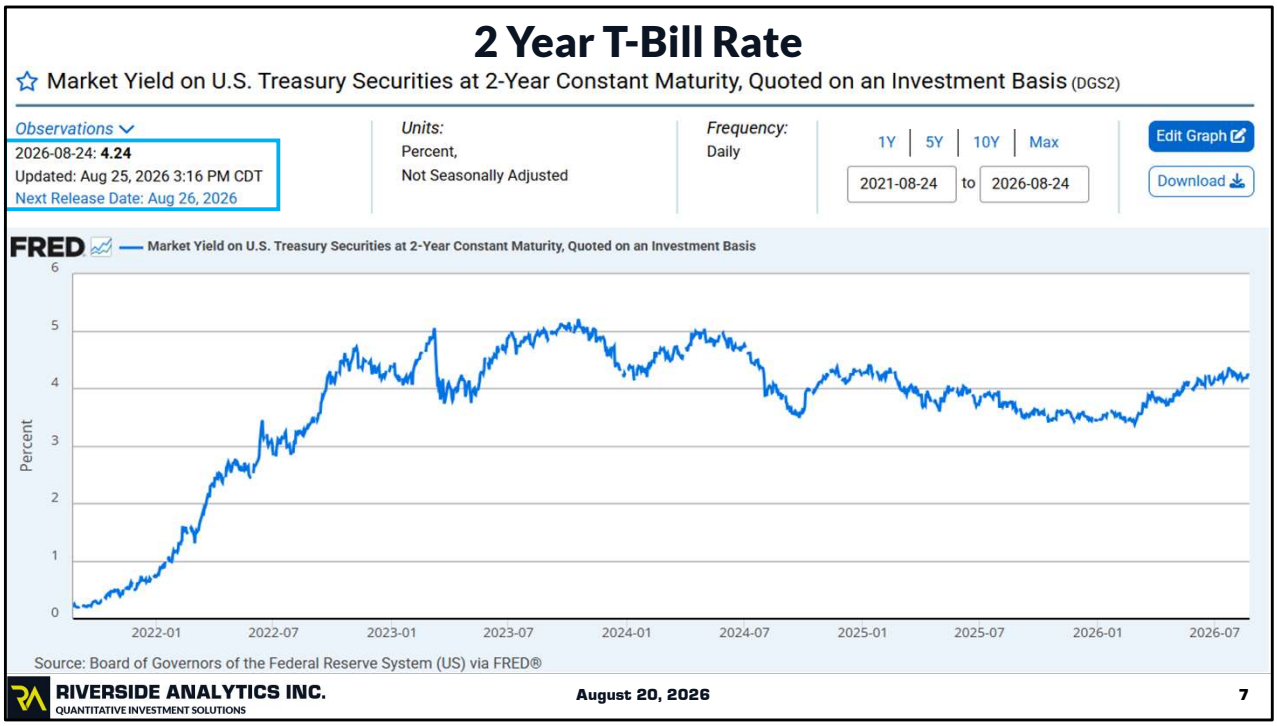

August – Last month was 3.71 – No change !

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

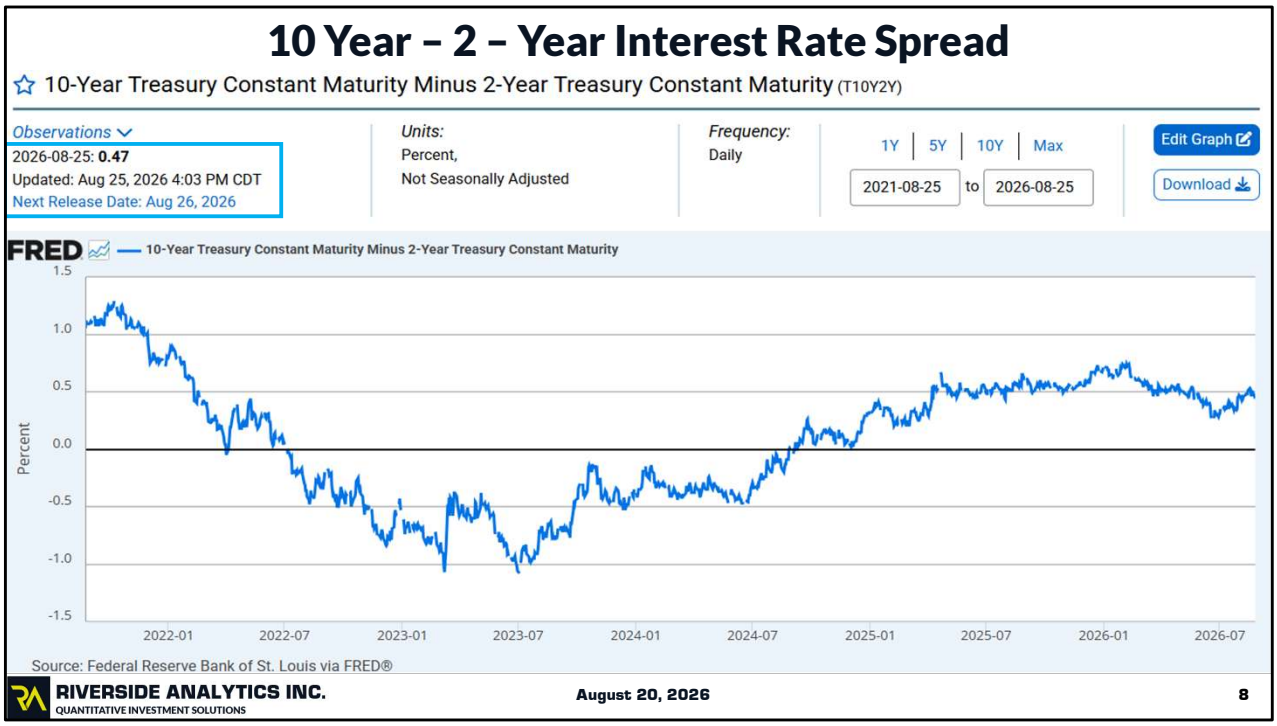



August - Last month was 0.63 – the spread is up 11 points.

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




August – Last month was 4.21 – No changes to worry about
Source : https://fred.stlouisfed.org/series/DGS2




August – last month was 0.27

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

## 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 |

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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

## BoC Interest Rates
## August 19




| Weekly Wednesday, rates in percentage | CANSIM | 2026-07-29 | 2026-08-05 | 2026-08-12 | 2026-08-19 | 2026-08-26 |
|---|---|---|---|---|---|---|
| Prime rate[1] | V80691311 | 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 |

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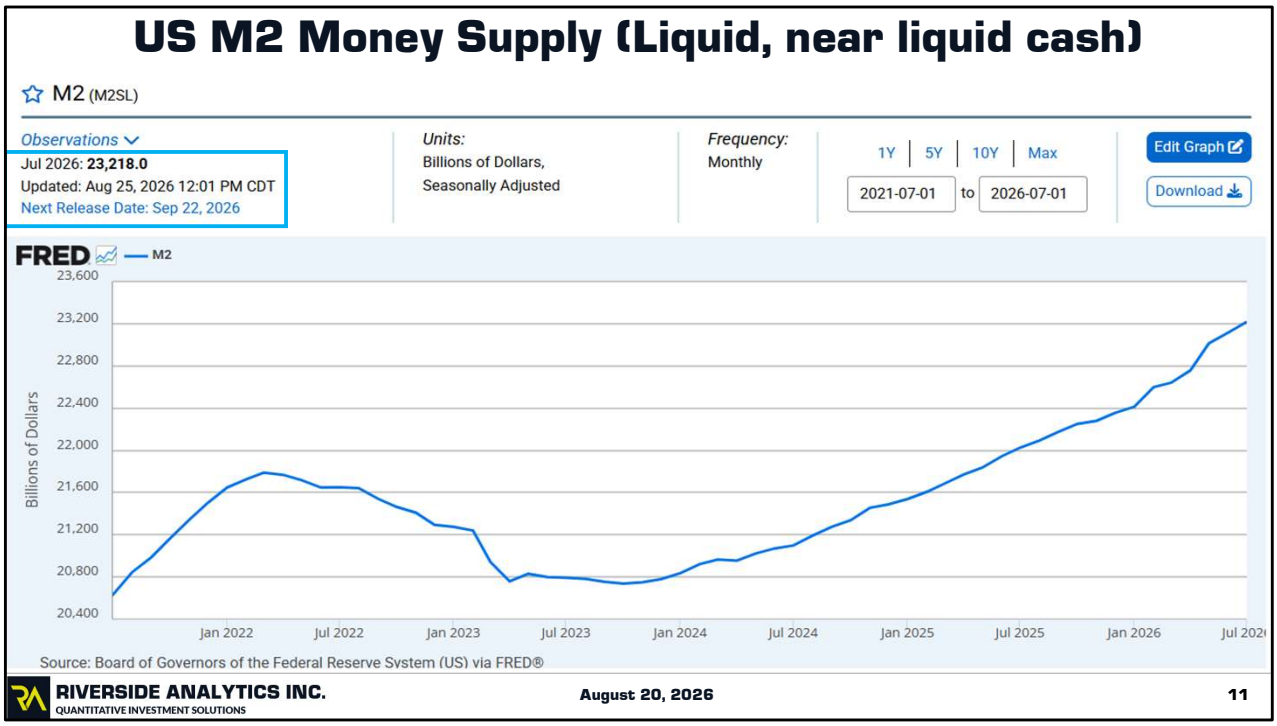
BNS 4.90 – **No Change** !

Source : Bank of Canada, and respective bank websites.



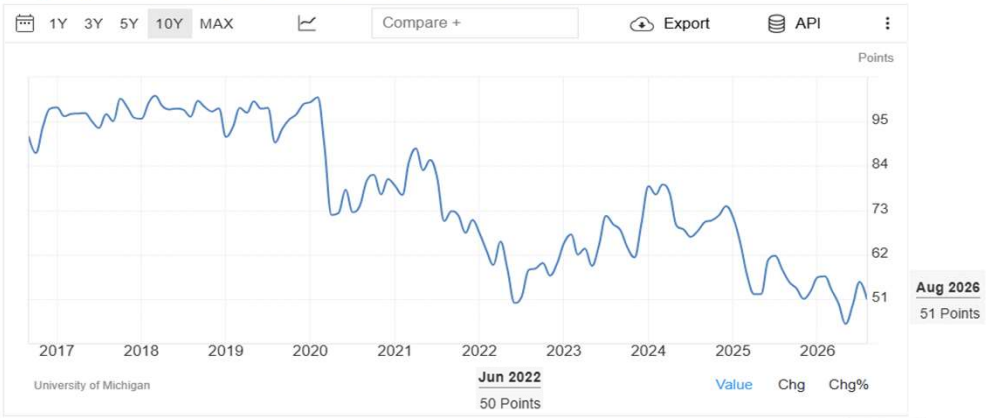

August – last month was 23,155.2

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 fell to 51 in early August 2026, down from 55.2 in July and below market expectations of 54.5, ending two consecutive months of improvement. Both major components weakened, with the current conditions index declining to 51.8 and the expectations measure falling to 50.6. The deterioration was broad-based across political and demographic groups, with particularly sharp declines among older, lower-income and less-educated consumers, who are more exposed to rising prices. Expectations for business conditions also worsened significantly, falling 11% over the next year and 17% over the longer term. Inflation concerns increased slightly, with year-ahead expectations rising to 4.3% from 4.2%, while the long-term outlook remained unchanged at 3.3%. Only 8% of consumers now expect their incomes to grow faster than inflation, down from 18% in December 2024. source: University of Michigan

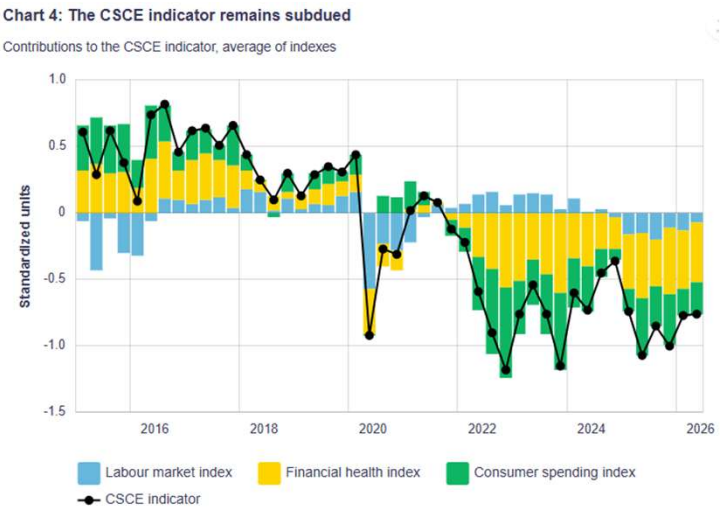





August – last month was 54.4

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

## BoC Consumer Sentiment – Q2 No Updates




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



August – No updates

Households continue to view the economic environment as challenging

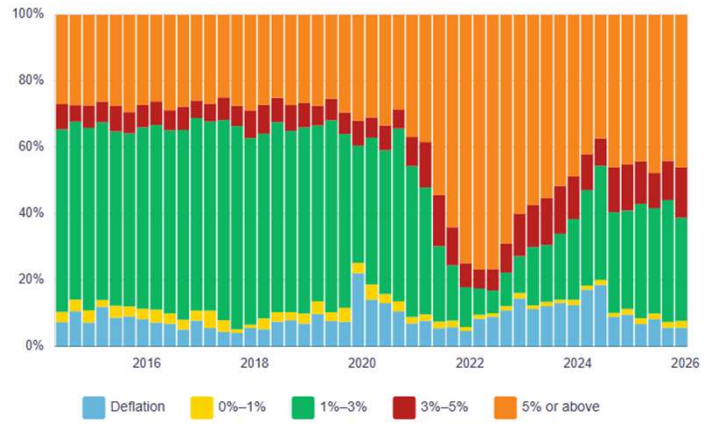
The CSCE indicator remains low as households continue to report affordability concerns linked to the high cost of living (Chart 4).1 This sentiment is reinforced by US tariffs and trade uncertainty as well as the war in the Middle East. At the time of the survey, most households expected the war to end 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 No Updates

**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)

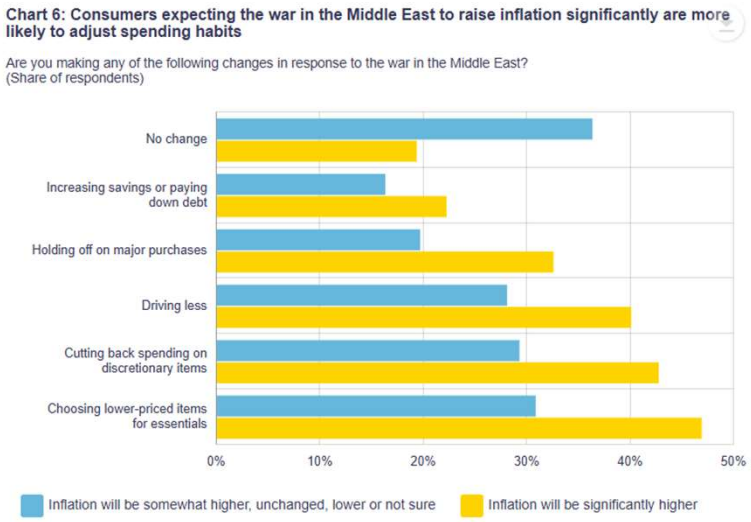



Note: Responses of 1% and 3% are included in the 1%–3% bucket. The 3%–5% bucket includes responses strictly between 3% and 5%. Responses of 5% or higher are included in *5% or above*.



August – No Updates. I have no idea where decent size group of respondents have deflation expectations !

## BoC Expectations Spending Plans – cont. – Q2 No Updates





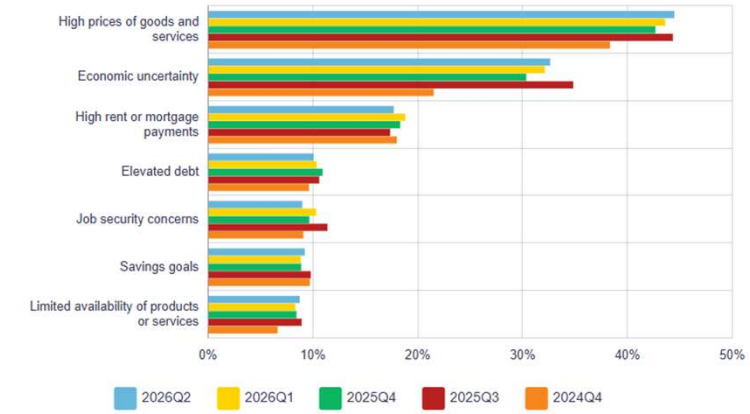

August – No Updates

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 No Updates

**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)

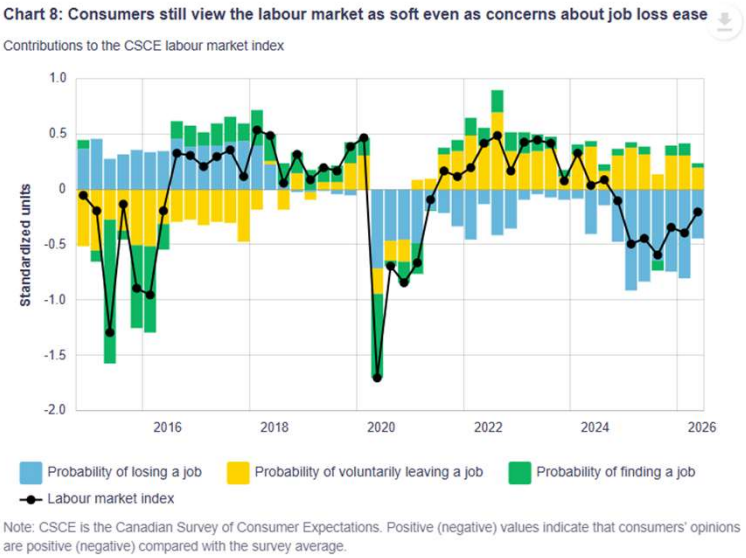



Note: Respondents could select more than one option. Results for 2024Q4 are included to compare with results from before trade tensions began.



**August – No updates**

## BoC Expectations – Job Security – cont. – Q2 No Updates



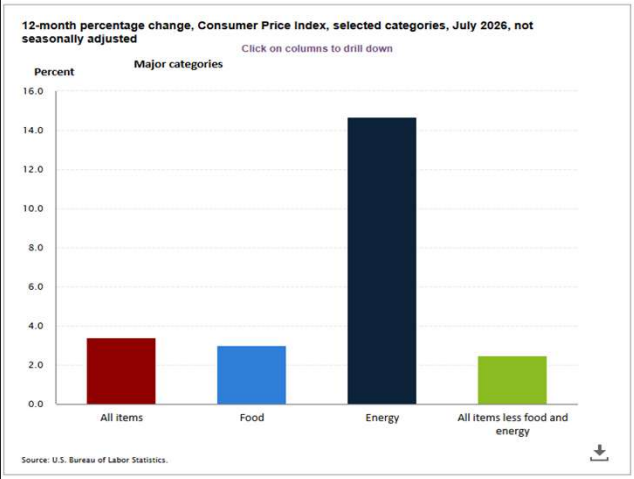


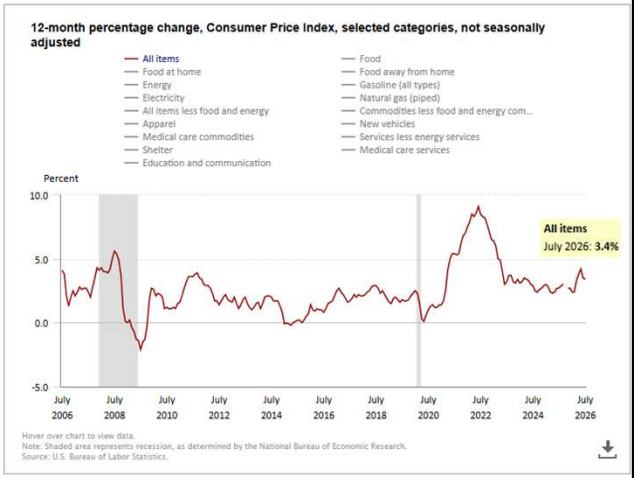

**August – No Updates**

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 : 3.4% - 0.1**
**Food : 3.0 - No Change**
**Energy : 14.7 - 1.0**
**All items less food and energy : 2.5 % - 0.1**
**All items including food and energy : 3.4 % - 0.1**

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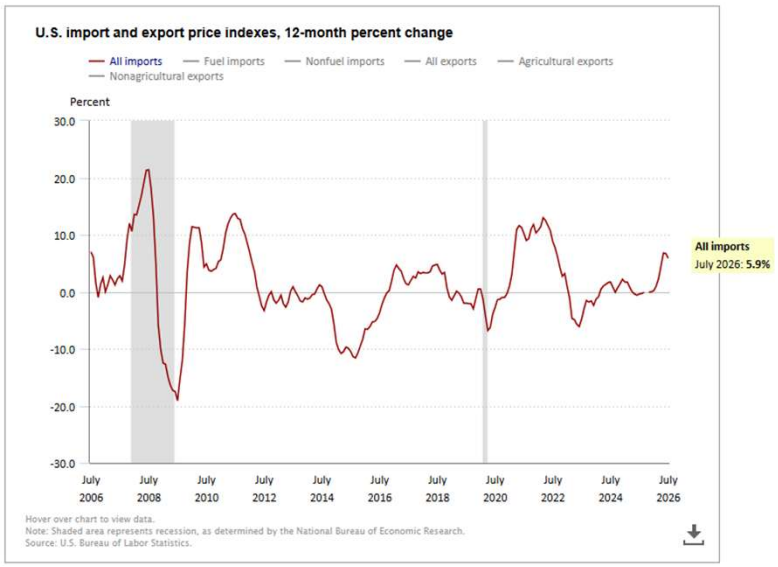
August – July gasoline prices declined a small amount. In general, inflation remains stubbornly above fed targets !

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

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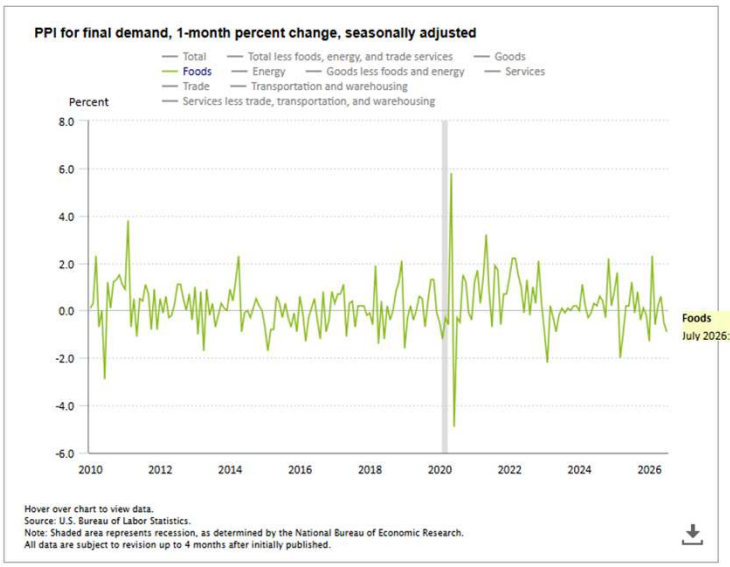
August – Last month was 7.1 – There is some future cost recovery coming to the retail level sooner or later !

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





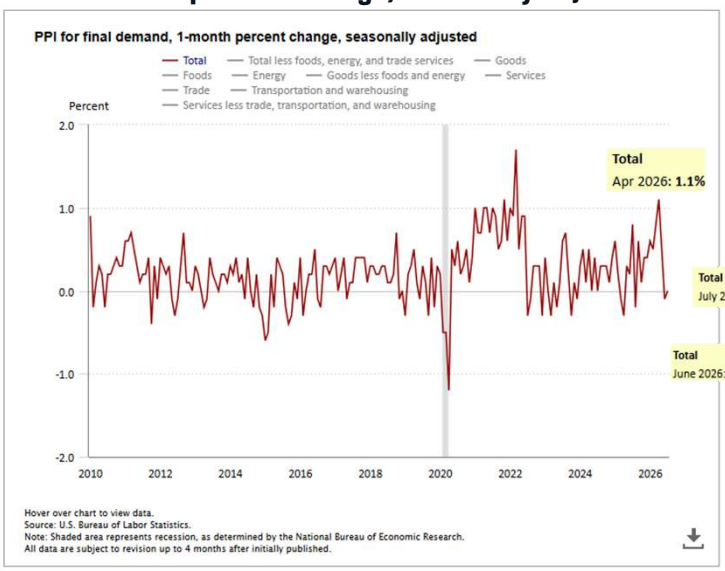

August – Last month was - 0.6 %.

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





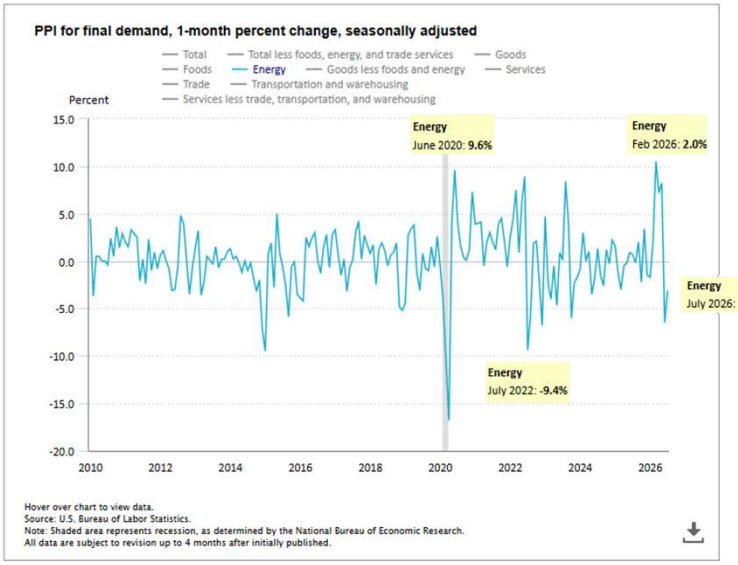

August – Last month was -0.3%.

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. Volatile tariff strategy does not help this dataset !

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






August – Last month was -6.4%

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.

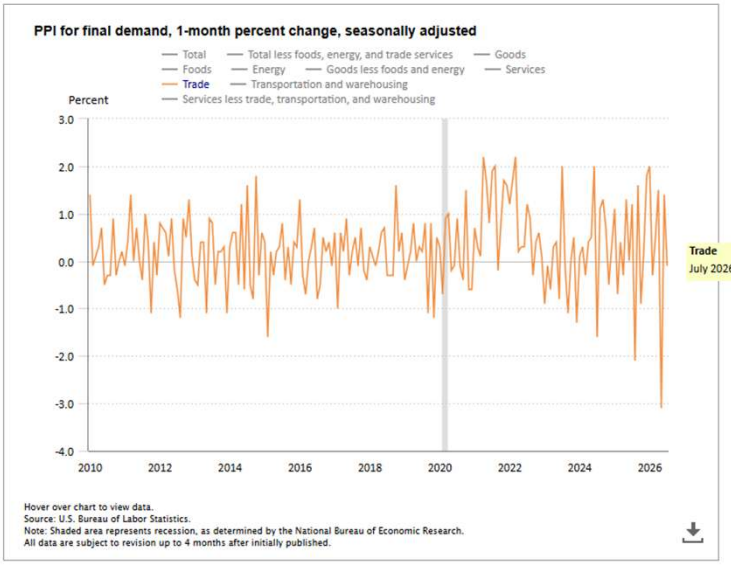
June 2022 was the Russian invasion of Ukraine

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



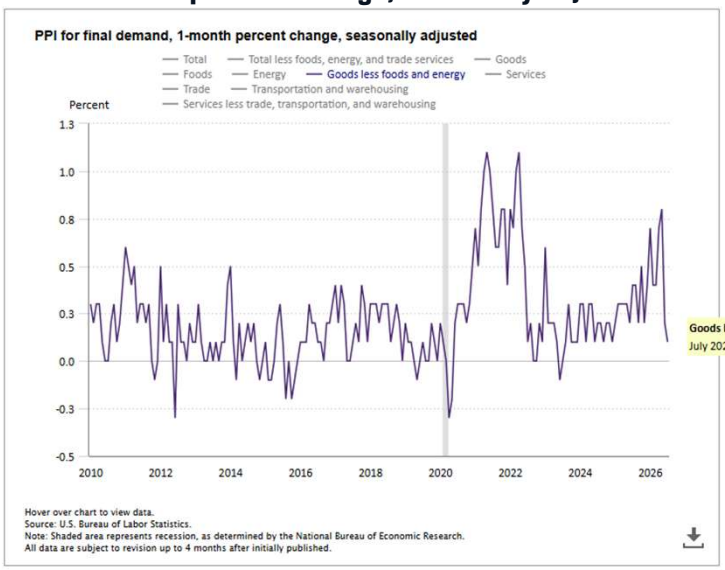



August – last month was 0.4

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






August – last month was 0.2

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

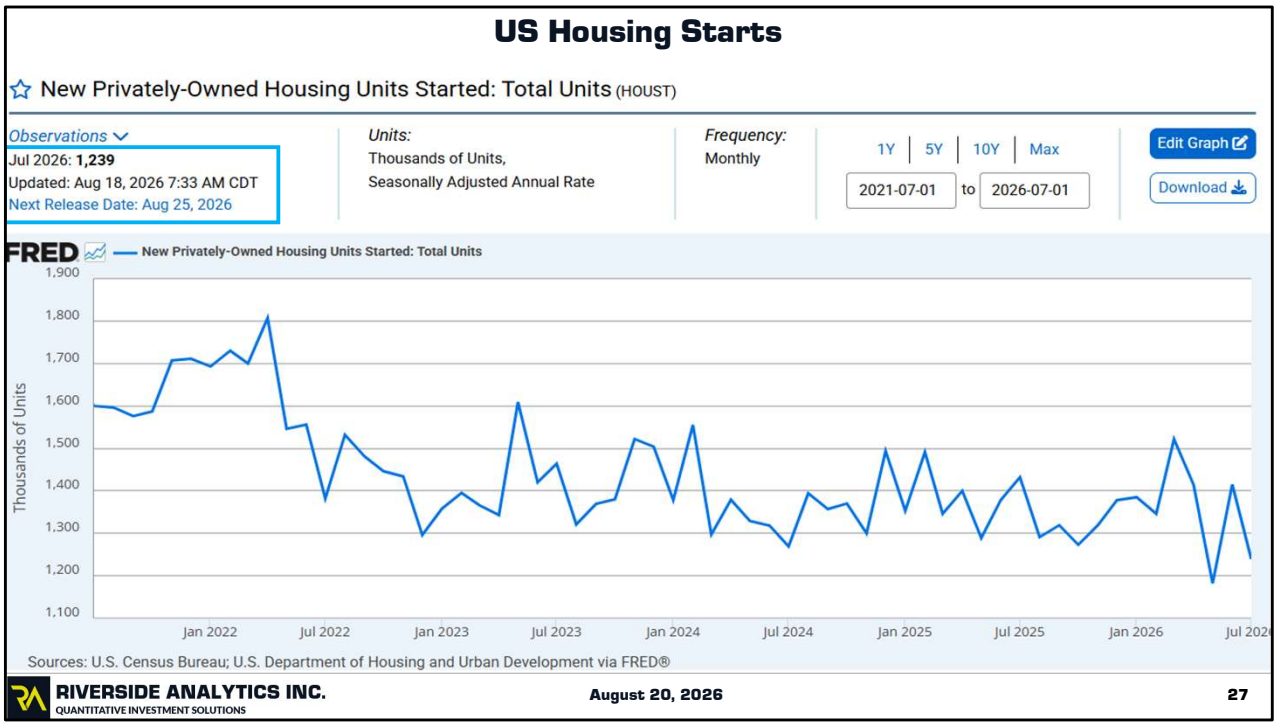



August – Last month was 3.6

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

# Leading Indicators

**Housing Starts**
**Manufactures New Orders**
**Commodity Prices**
**Average Hours Worked**

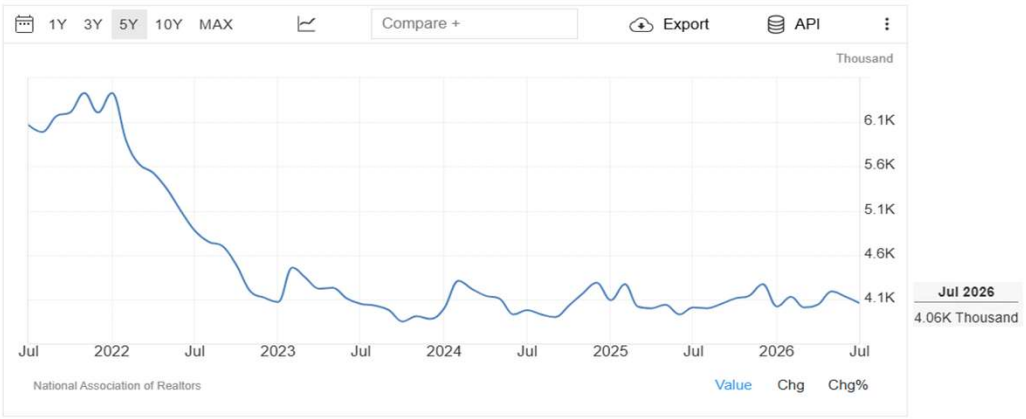



August – June was 1,427. With long term bond yields rising, Housing starts likely stay muted.

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

## US Existing Home Sales

Existing home sales in the United States fell by 1.7% from the previous month to a seasonally adjusted annualized rate of 4.05 million units in July of 2026, relatively close to market expectations of 4.06 million. It follows a 1.4% decline in the previous month. Existing home sales declined in the South (-3.1%) and Midwest (-2%) regions while sales were relatively unchanged in the West, offsetting the 2% increase in the Northeast. Total housing inventory decreased 1.9% to 1.54 million units and the median price was $434,100 for all housing types, a 2% increase from last year. "Home sales have been remarkably stable, even amid the rising mortgage rate environment of the past few months," said NAR Chief Economist Lawrence Yun. "Year-to-date sales are up 2.4% and there's no doubt that the housing market would be thriving if average mortgage rates were to return near 6%". source: National Association of Realtors





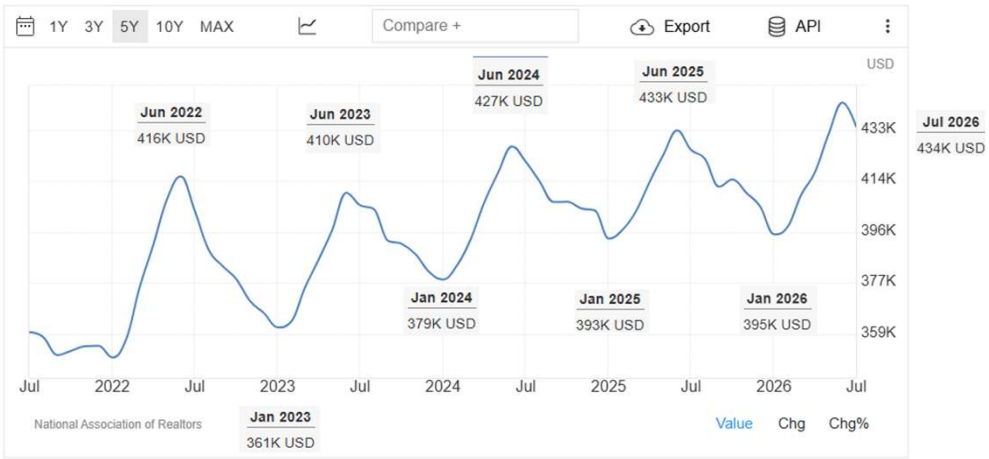

August – last month was 4.-9 M annual rate – Like last month, continuing to chug along in its sales channel of the past 3 years.

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






August – Last month was 443k – Revised upwards 2k from last month.

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

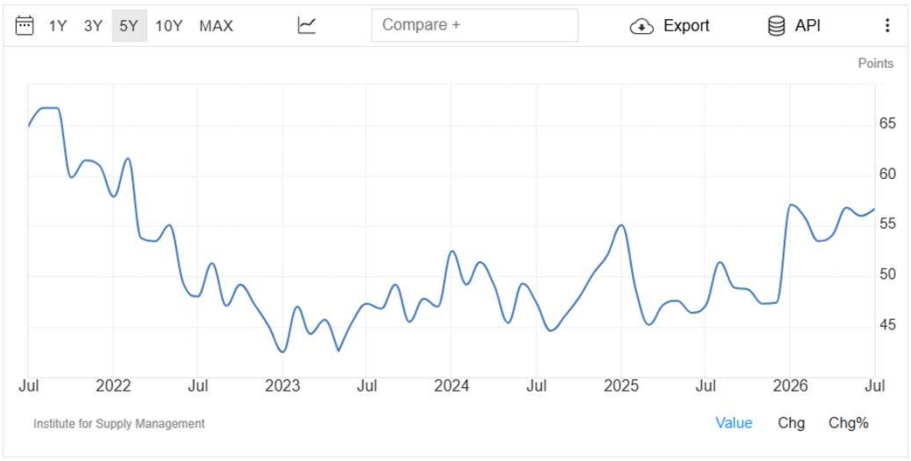



August – Last month was 658,826 after it was revised up by additional 1,463. New orders is doing just fine.

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

## ISM Manufacturing New Orders Index

ISM's New Orders Index expanded in July with a reading of 56.7 percent, an increase of 0.7 percentage point compared to June's reading of 56 percent. "Of the six largest manufacturing industries, three (Machinery; Transportation Equipment; and Computer & Electronic Products) reported increased new orders. source: Institute for Supply Management






August – Last month was 56.0. Steady as she goes !

"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






August – Energy playing havoc with price.

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

## Commodity Pressure on Inflation – Weekly Candles






August – fertilizer and diesel costs are keeping prices high.

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

## Commodity Pressure on Inflation – Weekly Candles

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August – The floor of the trading channel was tested and rejected again !

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

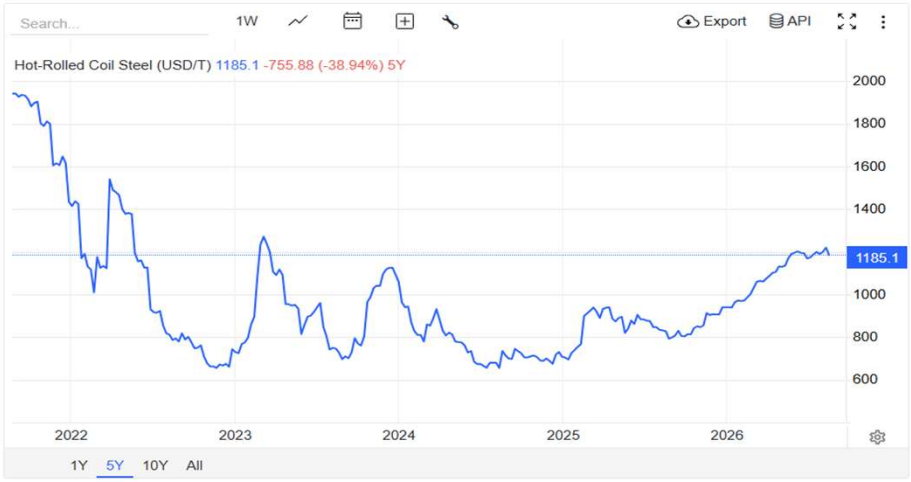
Top 10 holdings : DEERE, CORTEVA INC, ARCHER DANIELS MIDLAND, AGCO CORP, BUNGE GLOBAL, TYSON FOODS INC CLASS A, MOSAIC, INGREDION INC, FRESH DEL MONTE PRODUCE INC, and ANDERSONS INC – This is a mix of industrial (farm equipment, farm inputs (seed, fertilizer, fuel etc), logistics, and food companies

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 1,185.12 USD/T on August 21, 2026, up 0.35% from the previous day. Over the past month, HRC Steel's price has fallen 0.91%, but it is still 43.13% higher than a year ago, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.






August – Last month was 1189.1 – This is a sideways market until it breaks one way or the other.

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

## Hot Rolled Steel – Weekly Candles

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August – Tariffs are providing support for higher prices. US is NOT self sufficient is steel so must import 10 – 15 % per year. India is taking up the slack of Mexican and Canadian reductions.

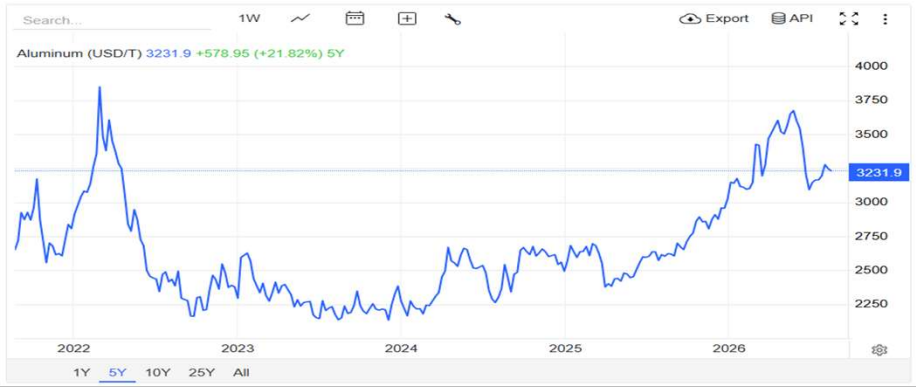
Automotive companies use long term fixed price steel contracts.

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 fell to $3,200 per tonne from the eight-week high of $3,360 on August 11th, as higher supply from China offset the disruption from the war in the Middle East. Exports of aluminum from China, the world's top producer, surged by 18.7% in the year to July. The country has stepped up exports as muted demand allowed producers to ship metal despite Beijing's output cap of 45 million tons, easing shortages from the Middle East due to the war in Iran. The Alunorte plant in Brazil, the world's largest alumina plant outside of China, was forced to cut operations to half capacity amid the lack of natural gas from its supplier. This added to detriment to its client Norsk Hydro, which already declared two force majeures on aluminum sales after its joint Qatari venture Qatalum plant was forced to shut off production on natural gas shortages. LNG supply from the Middle East, essential for aluminum refining, has been scarce due to tanker blockades from the US and Iran.



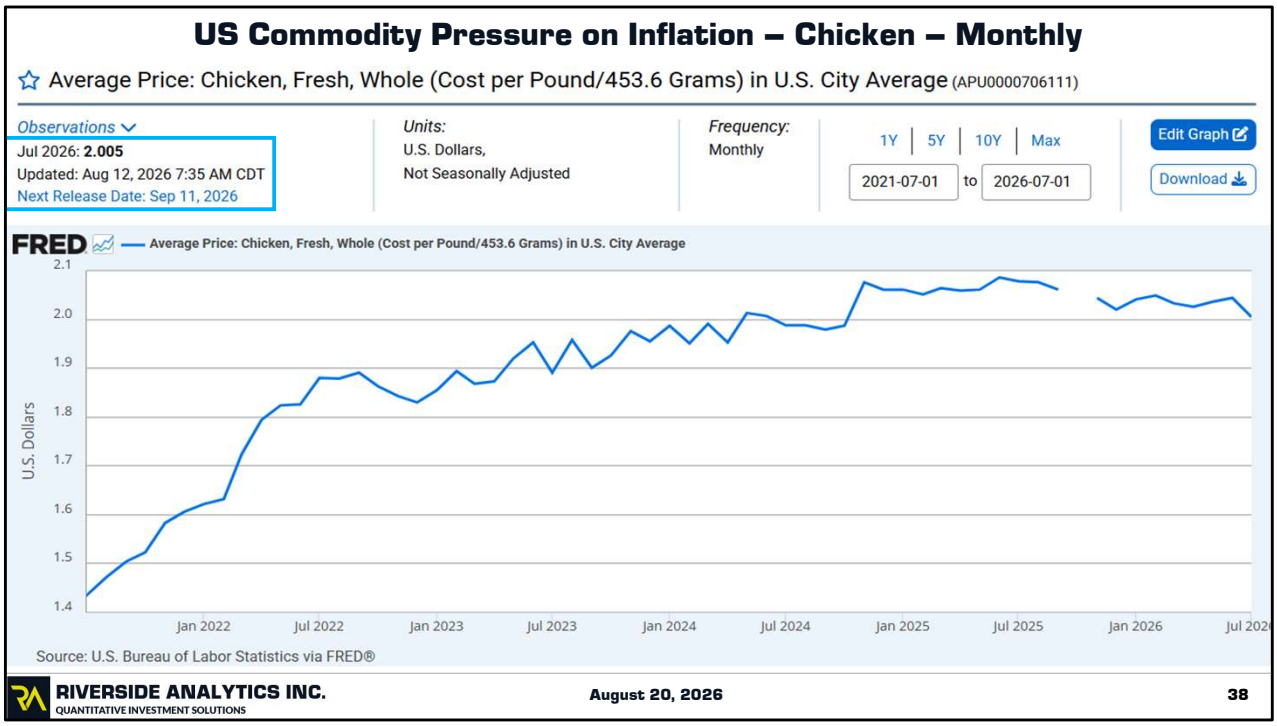



August – last month was 3166.7. The price spike from the Iranian war seems to have resided, but the runup due to tariffs, has ways to go.

The US imports about 80% of the aluminum it consumes ! Tariffs on aluminum confuse me. They do not have bauxite reserves to mine, nor they do have the excess electricity to process it, even if they did !

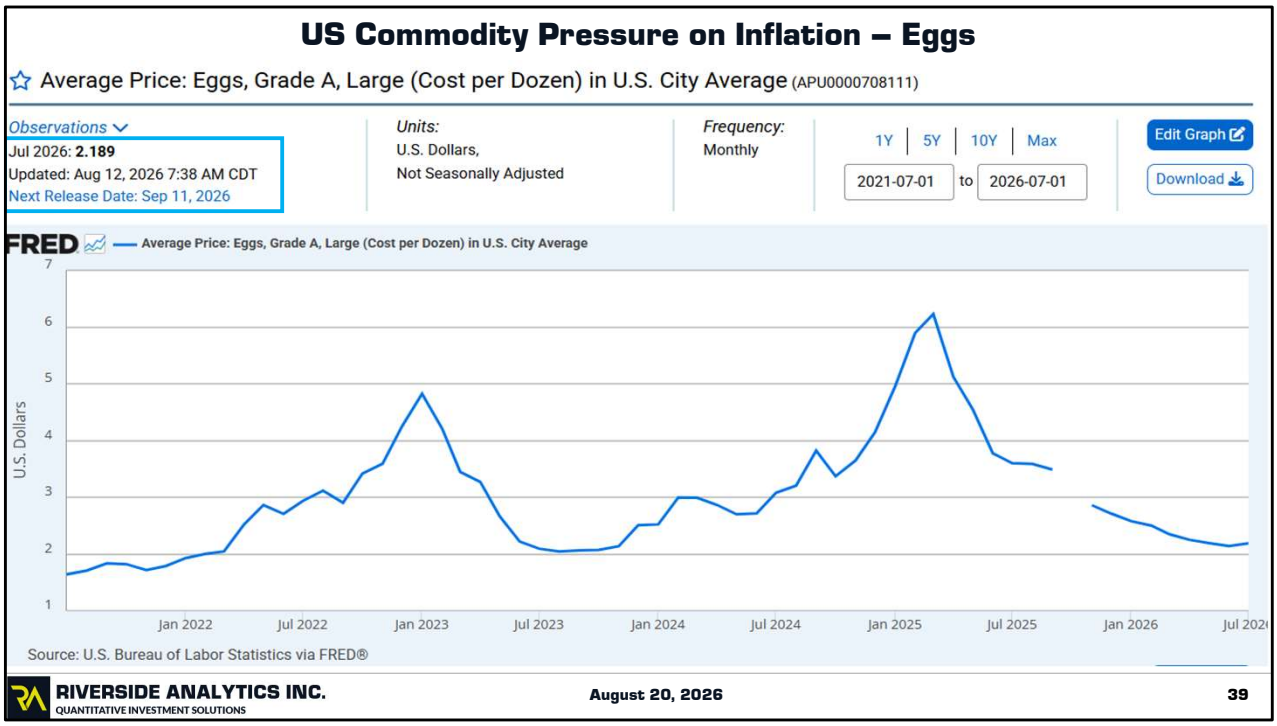
“Some of the many uses for aluminum are in transportation (automobiles, airplanes, trucks, railcars, marine vessels, etc.), packaging (cans, foil, etc.), construction (windows, doors, siding, etc), consumer durables (appliances, cooking utensils, etc.), electrical transmission lines, machinery, and many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

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



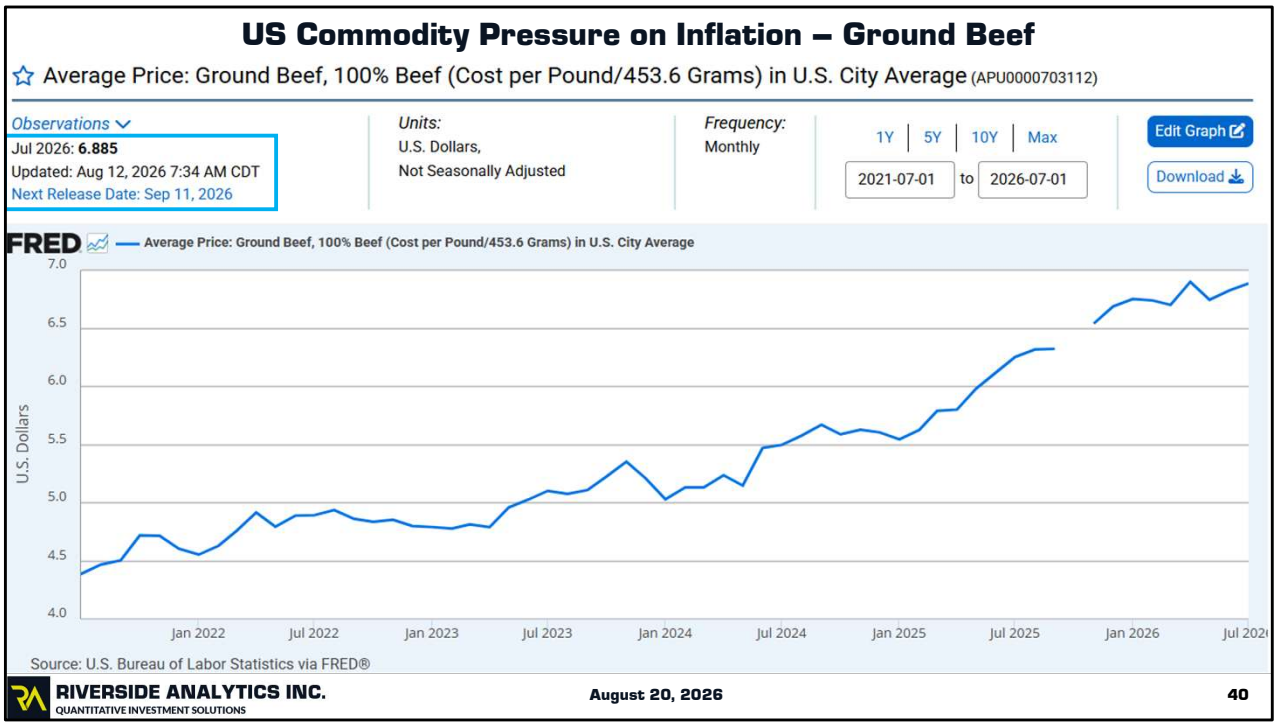

August – last month was 2.044 – another month of - nothing going on here.

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



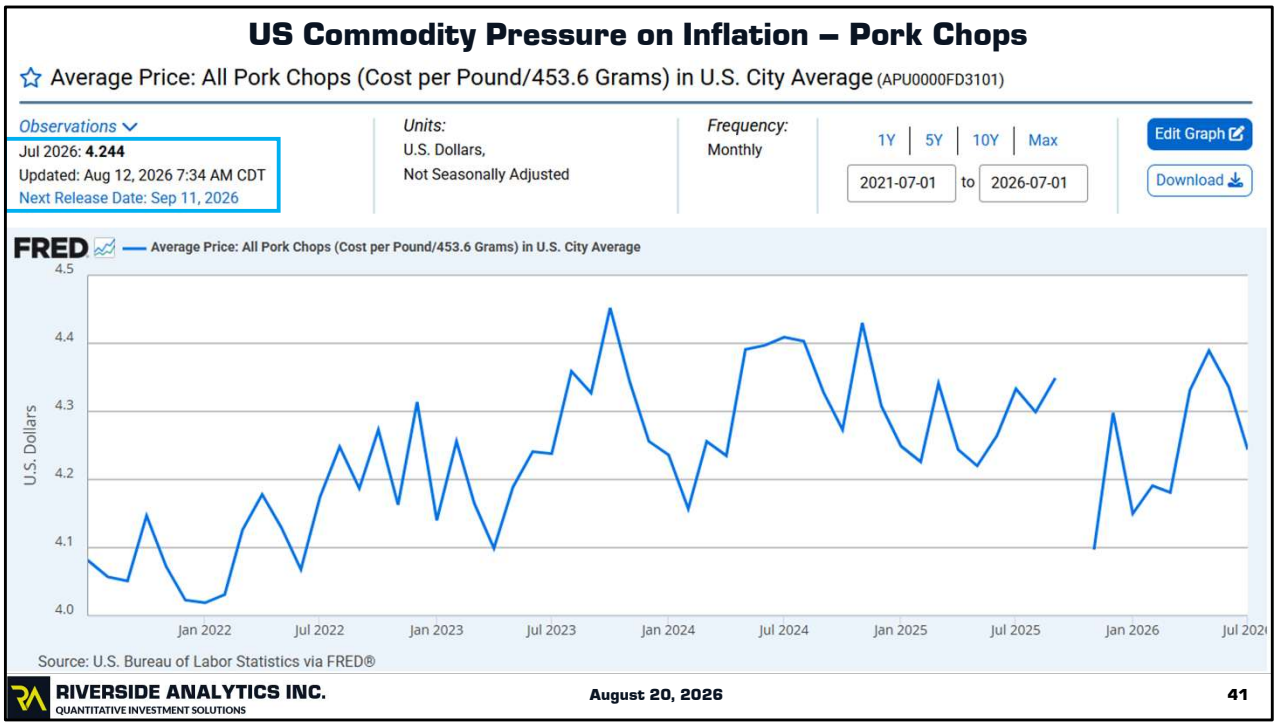

August – last month was 2.141 – up 4 cents from last month – nothing going on here.

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



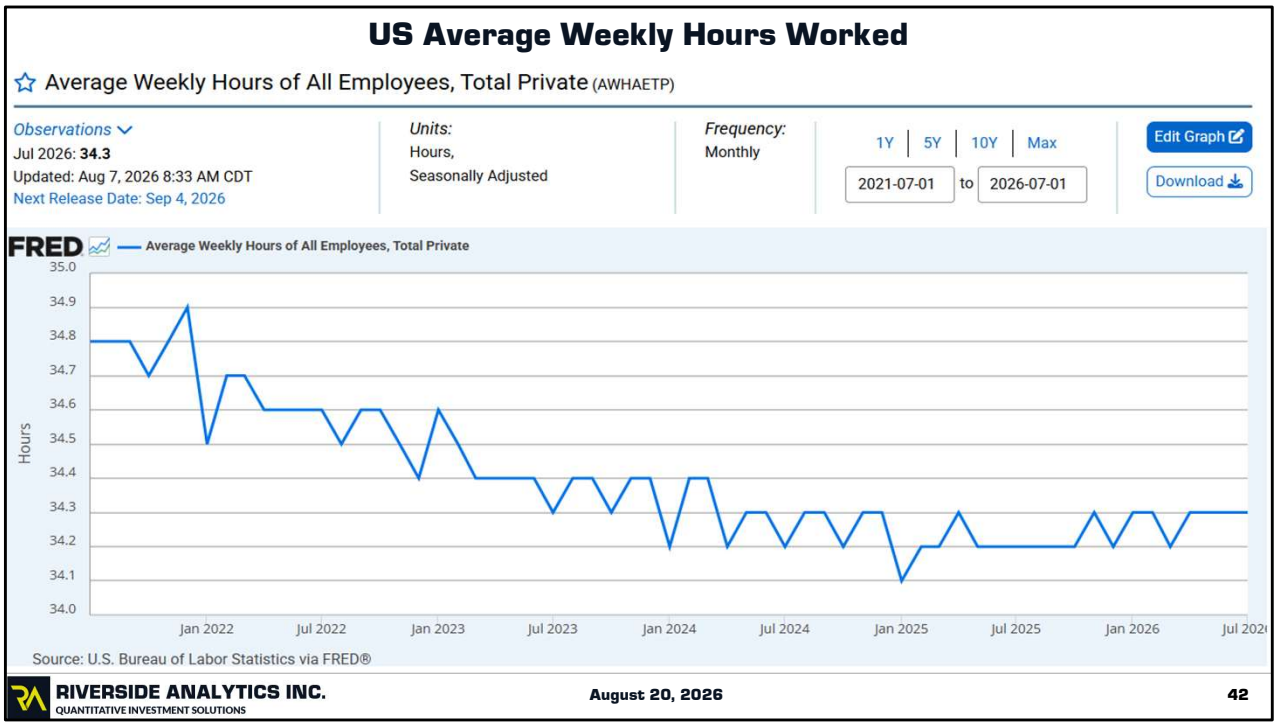

August – Last month was 6.825. Canadian prices are unlikely to come down until US prices do !

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



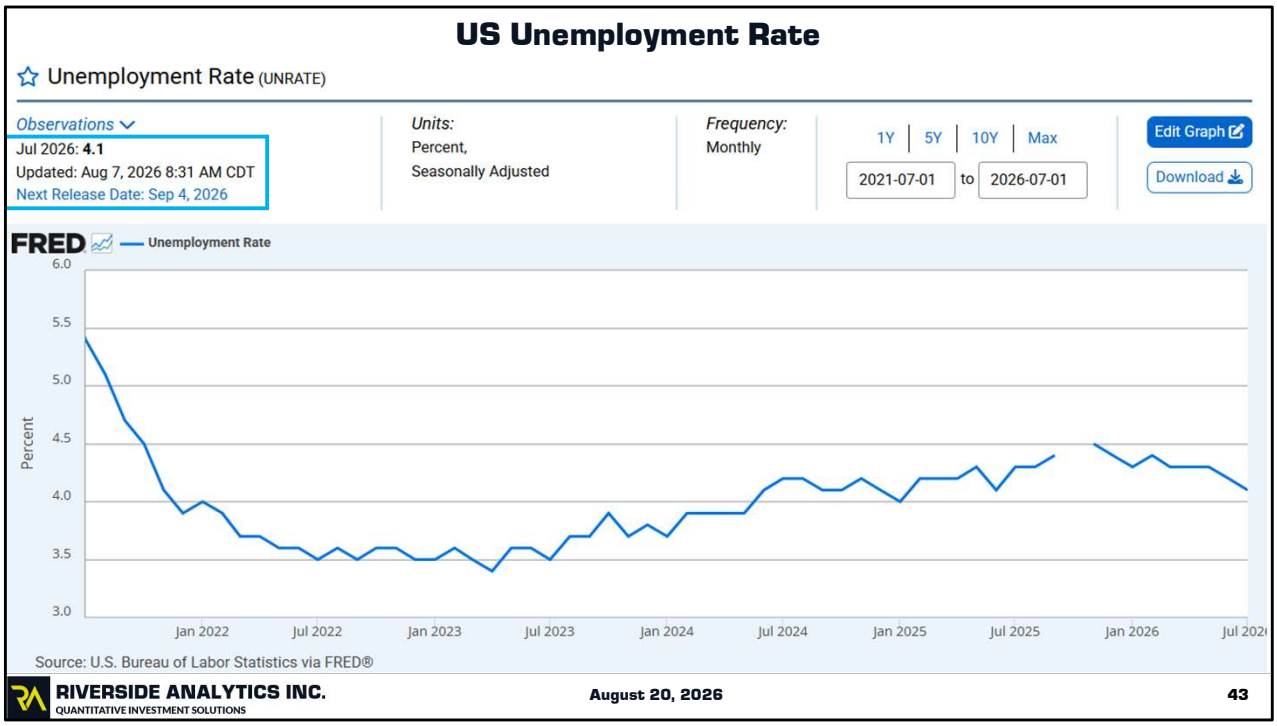

August – last month was 4.336 – no material changes here.

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



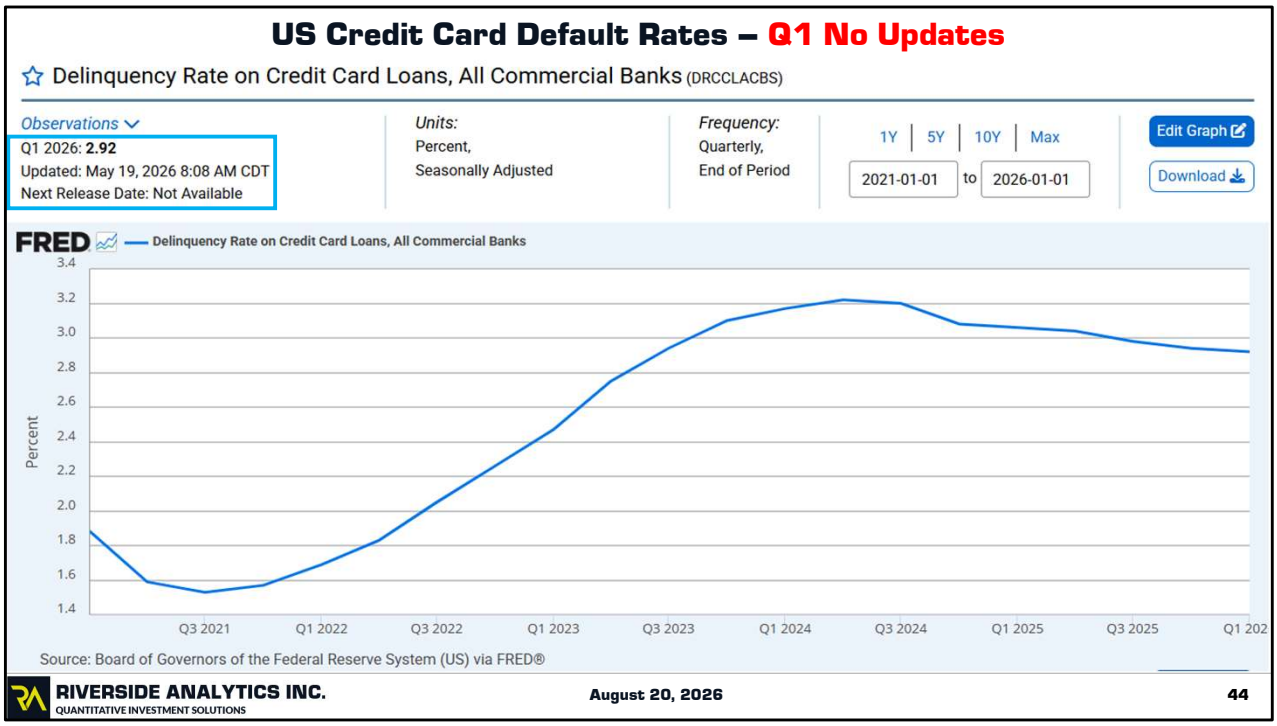

August – Last month was 34.3 – Another month of - Steady as she goes !

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




August – Last couple months were 4.2

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

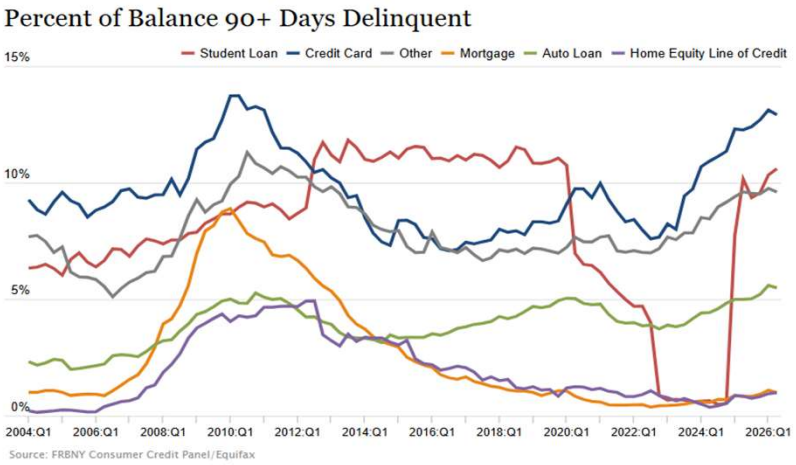



August – No Updates - Q4 20205 was 2.94, and no new release date posted. It should be getting close !

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 – Q2 Released




**Aggregate delinquency rates** improved slightly. As of the end of June, 4.7% of outstanding debt was in some stage of delinquency, 0.1 percentage points down from the previous quarter. Transition into early delinquency upticked slightly for auto loans and mortgages, but was largely steady for credit cards and other debts. Delinquency transitions improved slightly for home equity lines of credit. Transition rates into serious delinquency unchanged. Student loans remained an exception, with the continued impact of the re-reporting of defaulted student debt causing some distortions in student loan delinquency rates.



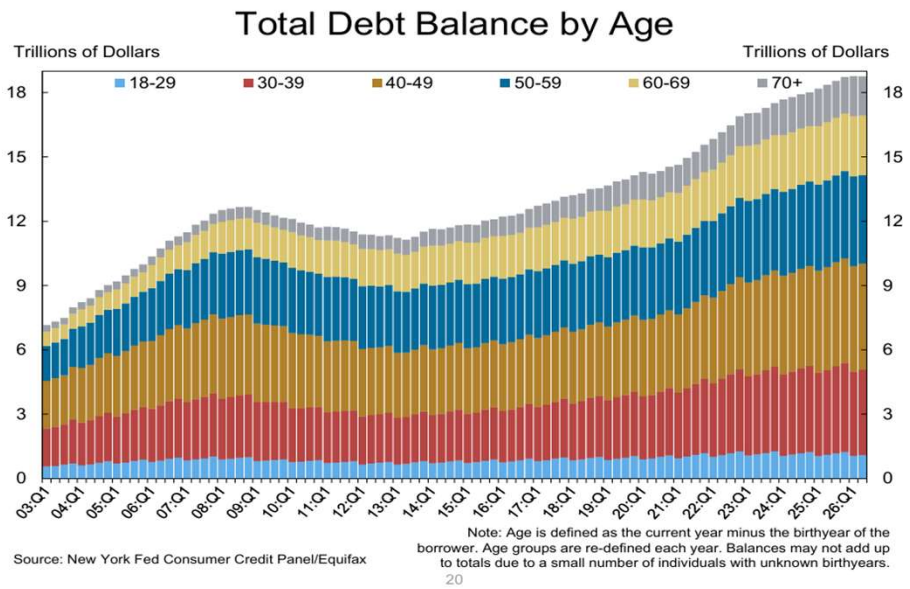
August – Q2 Data released. Auto Loans and Credit Card defaults are at or higher than the 2010 peak. Home Equity and Mortgages are doing fine. Student loans has some polluted data, making that read a bit of a challenge. Suffice to say, they are not doing well either.

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.

**Credit Card Default Rates – NY Fed – Debt by Age – Q2 Released**

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August – **New Slide** - A selected slide from a much larger report. As US seniors age, on the whole, they are taking on more debt !

This is slide 20 from this report.
Of you really want to get into the weeds with details >>
https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2026Q2

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

Metrics - 2026_0825 - US Debt by age Q2 report. This is taken from the latest Quarterly Report from the New York Fed. As US citizens age, they are taking on more debt. This means their pension systems are not working as well as they should be ! It is also a warning for politicians, and corporations - as you increase inflation, and their property taxes, it is making life more difficult for fixed income earners ! This has knock on negative affects on social program costs. I do not have comparable numbers for Canada. AI suggests Canadians are doing better, but I have little trust in that source when it comes to numbers. StatsCan does a horrible job in making these numbers easily accessible. The Loans Canada website suggest Canadians are doing better than the Americans, but its not a directly

comparable dataset.  Sunlife agrees with Loans Canada.

## US Credit Card Outstanding Balances – Q2 Release




**Q2 – 1.263, down from 1.277 2025 Q4**

**About 45% of CC holders carry a balance of $7,756 down marginally for $7,886. Works out to $138 / m in interest charges per card.**

**Average Interest rate : 20.94 - .06%**
**Cards Accruing interest : 22.15%**
**New CC Offer Rates : 23.80% + .03%**



**August** – Q2 release – "Overall, the national average card debt among Americans with any type of debt in Q1 2026 was $7,756, up 1.9% from $7,615 in Q1 2025. That includes debt from bank cards and retail credit cards."

https://www.lendingtree.com/credit-cards/study/credit-card-debt-statistics/

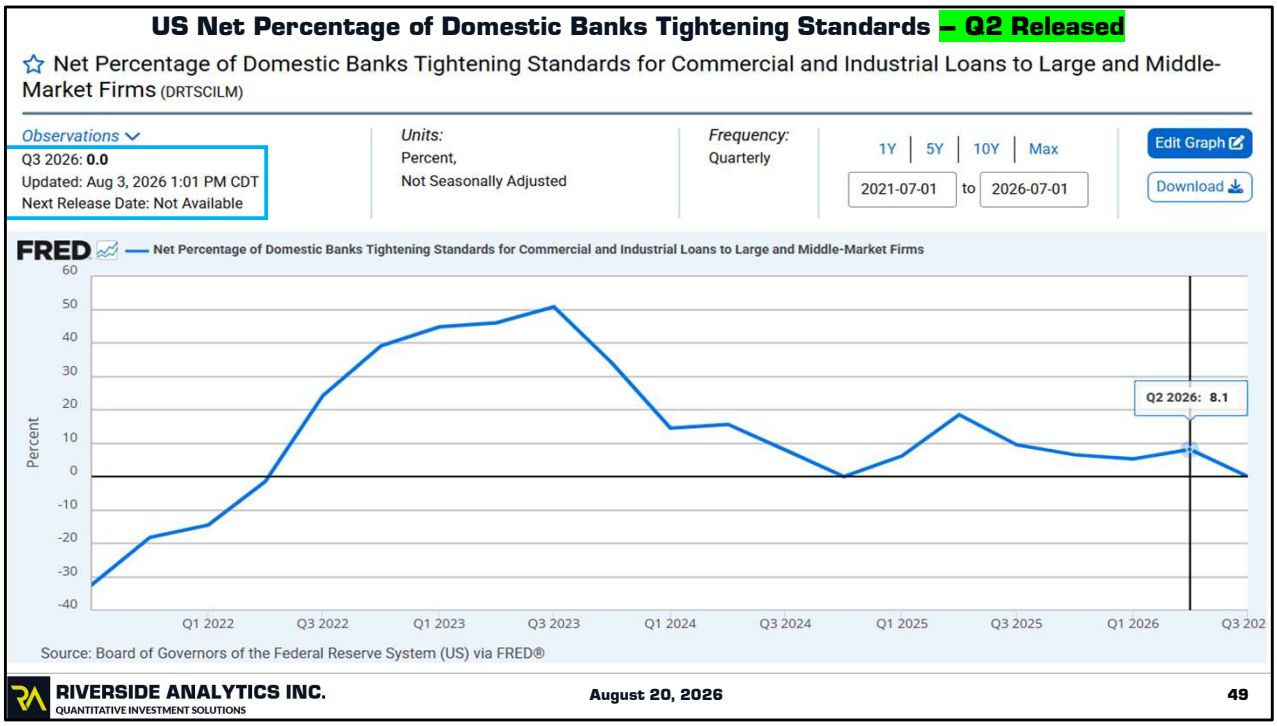
**"Job No. 1 for anyone with a credit card is to pay off that balance in full at the end of each month. But we all know that life happens, and that means that it's not always possible to pay off your credit cards each month."**

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



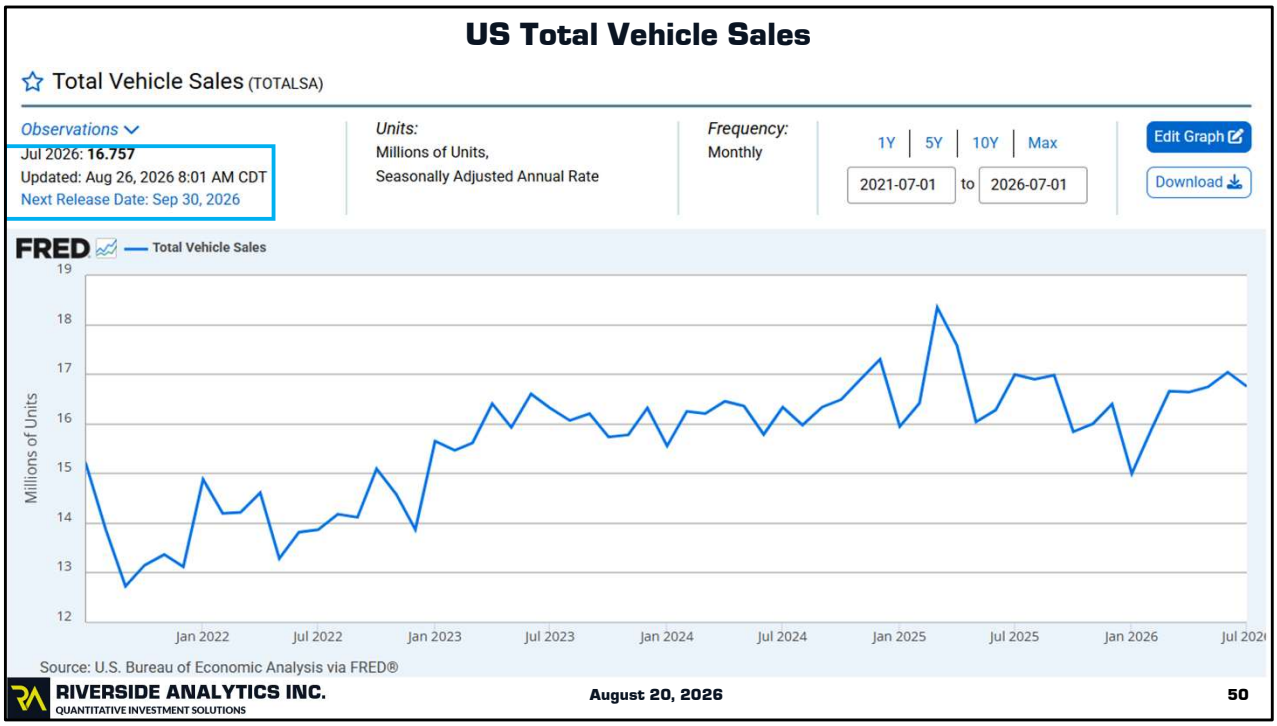

August – **Q2 Released** – Q1 was 1.73, Q4 2025 was 1.66

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




August – **Preliminary Q3 released**

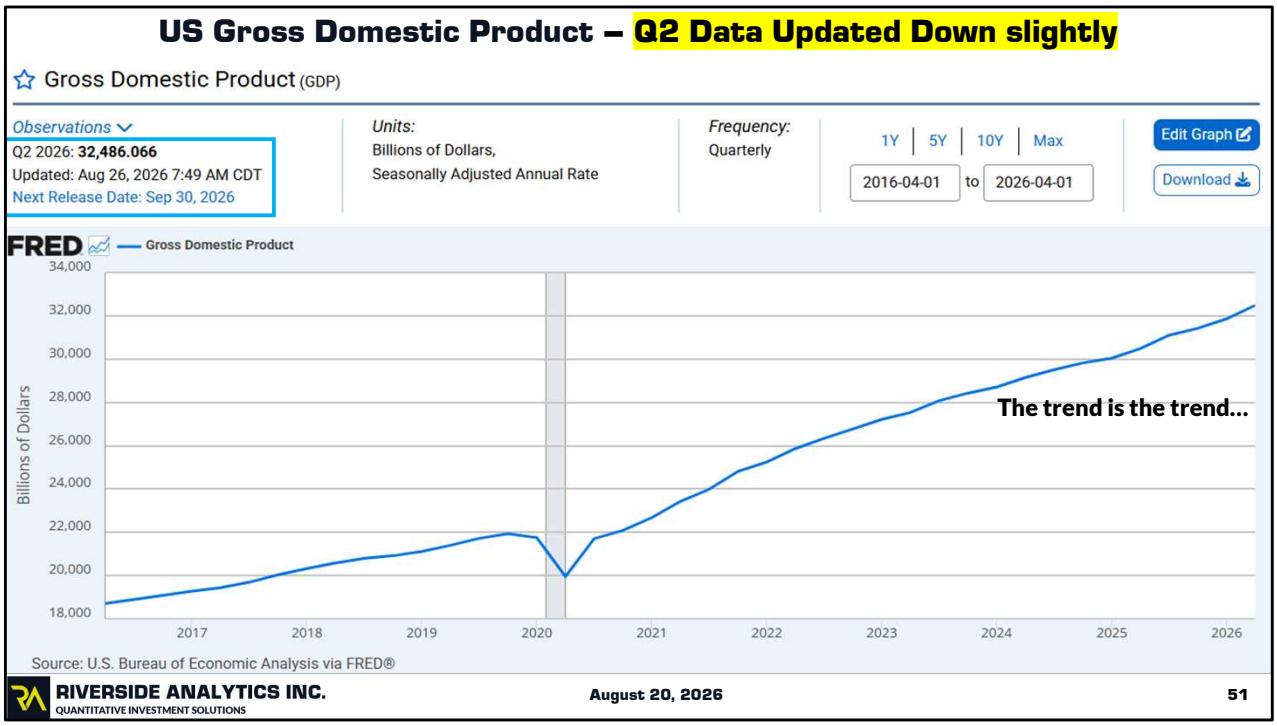
Source : https://fred.stlouisfed.org/series/DRTSCILM




August – No material change – June was adjusted slightly higher from 16.949 to 17.043

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

## US Gross Domestic Product – Q2 Data Updated Down slightly

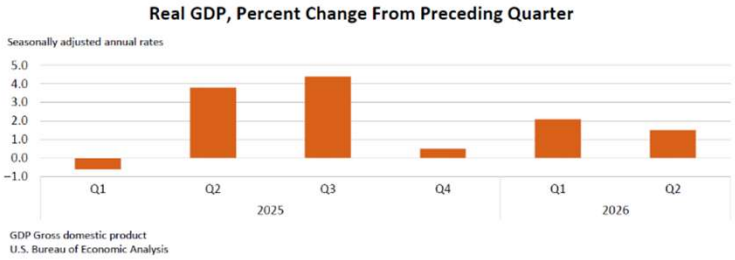



**August – Last month was 32,475.210 –**

## US GDP – Percent Change – Q2 New Release August 26

### GDP (Second Estimate) and Corporate Profits, 2nd Quarter 2026

**Real gross domestic product (GDP)** increased at an annual rate of 1.5 percent in the second quarter of 2026 (April, May, and June), according to the second estimate released today by the U.S. Bureau of Economic Analysis (BEA). In the first quarter, real GDP increased 2.1 percent.





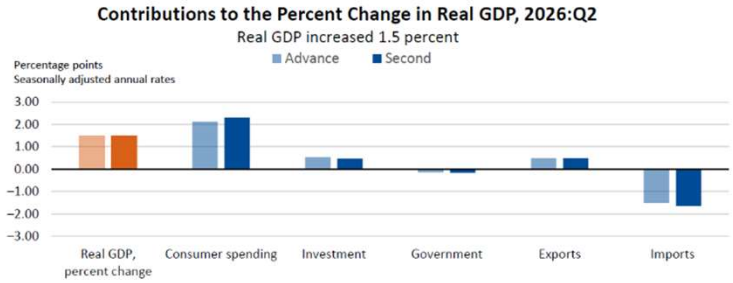

August –

Source : https://www.bea.gov/news/2026/gdp-second-estimate-and-corporate-profits-2nd-quarter-2026

## US GDP – Percent Change – Q2 New Release August 26

The contributors to the increase in **real GDP** in the second quarter were increases in consumer spending, exports, and investment that were partly offset by a decrease in government spending. Imports, which are a subtraction in the calculation of GDP, increased.

**Real GDP** increased at the same rate as in the advance estimate. An upward revision to consumer spending was partly offset by an upward revision to imports. For more information, refer to the "Technical Notes" below.



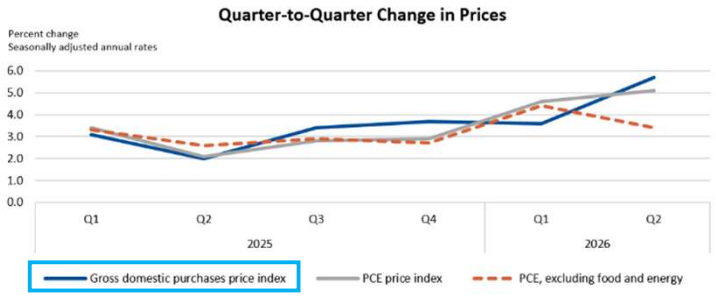

GDP Gross domestic product
Note. Imports are a subtraction in the calculation of GDP. An increase in imports results in a negative contribution to GDP, and a decrease in imports results in a positive contribution to GDP.
U.S. Bureau of Economic Analysis



August – the imports are masking government spend as they are deducted from the calculation !

Source : https://www.bea.gov/news/2026/gdp-second-estimate-and-corporate-profits-2nd-quarter-2026

## US Gross Domestic Purchase Price Index – Q2 Released




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

**The big picture is running hotter than CPI indicates !**

**Note : Lower charts compare Q1 to Q2.**

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 |

Real GDP and Related Measures
[Percent change (SAAR) from 2026:Q1 to 2026:Q2]

| | Advance Estimate |
|---|---|
| Real GDP | 1.5 |
| Current-dollar GDP | 7.9 |
| Real final sales to private domestic purchasers | 3.9 |
| Gross domestic purchases price index | 5.7 |
| PCE price index | 5.1 |
| PCE price index, excluding food and energy | 3.4 |

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August – Q2 released

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 |



August – September of year 2 of a Republican administration tends to be rather poor !

The best plan is follow your plan !

## CME FedWatch Tool

### TARGET RATE PROBABILITIES as of 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

### TARGET RATE PROBABILITIES – Aggregated as of 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 !**

## CME FedWatch Tool – Probabilities

**TARGET RATE PROBABILITIES AS OF – Wednesday August 26**

| FED FUND FUTURES | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ZQQ6 | ZQU6 | ZQV6 | ZQX6 | ZQZ6 | ZQF7 | ZQG7 | ZQH7 | ZQJ7 | ZQK7 | ZQM7 | ZQN7 | ZQQ7 |
| 96.3688 | 96.3225 | 96.2625 | 96.2075 | 96.1275 | 96.0975 | 96.0525 | 96.0225 | 95.9875 | 95.9625 | 95.9500 | 95.9375 | 95.9375 |

| | CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES | | | | | | |
|---|---|---|---|---|---|---|---|
| MEETING DATE | 325-350 | 350-375 | 375-400 | 400-425 | 425-450 | 450-475 | 475-500 |
| 9/16/2026 | 0.0% | 59.9% | 40.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| 10/28/2026 | 0.0% | 45.3% | 44.9% | 9.8% | 0.0% | 0.0% | 0.0% |
| 12/9/2026 | 0.0% | 26.6% | 45.1% | 24.3% | 4.0% | 0.0% | 0.0% |
| 1/27/2027 | 0.0% | 21.1% | 41.3% | 28.6% | 8.2% | 0.8% | 0.0% |
| 3/17/2027 | 0.0% | 15.7% | 36.2% | 31.8% | 13.4% | 2.7% | 0.2% |
| 4/28/2027 | 0.0% | 14.1% | 34.0% | 32.3% | 15.4% | 3.8% | 0.5% |
| 6/9/2027 | 0.0% | 12.7% | 32.0% | 32.4% | 17.0% | 5.0% | 0.8% |
| 7/28/2027 | 0.0% | 12.7% | 32.0% | 32.4% | 17.0% | 5.0% | 0.8% |
| 9/15/2027 | 0.2% | 12.9% | 32.0% | 32.2% | 16.9% | 4.9% | 0.8% |
| 10/27/2027 | 0.8% | 13.8% | 32.0% | 31.5% | 16.3% | 4.8% | 0.8% |
| 12/8/2027 | 1.8% | 15.3% | 32.0% | 30.3% | 15.4% | 4.4% | 0.7% |

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August – last month the jump to 400-425 category was in January 2027, this month it is delayed 6 months. Decent chance there will be a 25 point increase in December.

The aggregates might have something to say about this !

## CME FedWatch Tool - Aggregated

**TARGET RATE PROBABILITIES AS OF – Wednesday August 26**

| FED FUND FUTURES | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ZQQ6 | ZQU6 | ZQV6 | ZQX6 | ZQZ6 | ZQF7 | ZQG7 | ZQH7 | ZQJ7 | ZQK7 | ZQM7 | ZQN7 | ZQQ7 |
| 96.3688 | 96.3225 | 96.2625 | 96.2075 | 96.1275 | 96.0975 | 96.0525 | 96.0225 | 95.9875 | 95.9625 | 95.9500 | 95.9375 | 95.9375 |

| | CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES | | |
|---|---|---|---|
| MEETING DATE | 350-375 | 375-400 | 400-425 |
| 9/16/2026 | 59.86 % | 40.14 % | 0.00 % |
| 10/28/2026 | 35.50 % | 64.50 % | 0.00 % |
| 12/9/2026 | 0.00 % | 94.17 % | 5.83 % |
| 1/27/2027 | 0.00 % | 73.50 % | 26.50 % |
| 3/17/2027 | 0.00 % | 48.21 % | 51.79 % |
| 4/28/2027 | 0.00 % | 37.50 % | 62.50 % |
| 6/9/2027 | 0.00 % | 27.50 % | 72.50 % |
| 7/28/2027 | 0.00 % | 27.50 % | 72.50 % |
| 9/15/2027 | 0.00 % | 28.91 % | 71.09 % |
| 10/27/2027 | 0.00 % | 33.50 % | 66.50 % |
| 12/8/2027 | 0.00 % | 41.59 % | 58.41 % |

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



August – December is very likely to have a interest rate increase if October does not get one. Push it out past the midterms, and that stops a bunch of Fed bashing rhetoric !

This is showing a delay of 4 months relative to last months aggregate probabilities. That said, the 30 bonds have been trending higher, and attracted a intervention Wednesday August 19th. The bond market was surprised by the move, and by Friday had erased the change. This is a somewhat unusual move for the Treasury unless there is actual trouble in the bond market. The Treasury does do scheduled buying on a quarterly basis to clear thinly traded, longer-term "off-the-run" notes and bonds. Usually it is the Fed that intervenes in times significant market issues.

# 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**

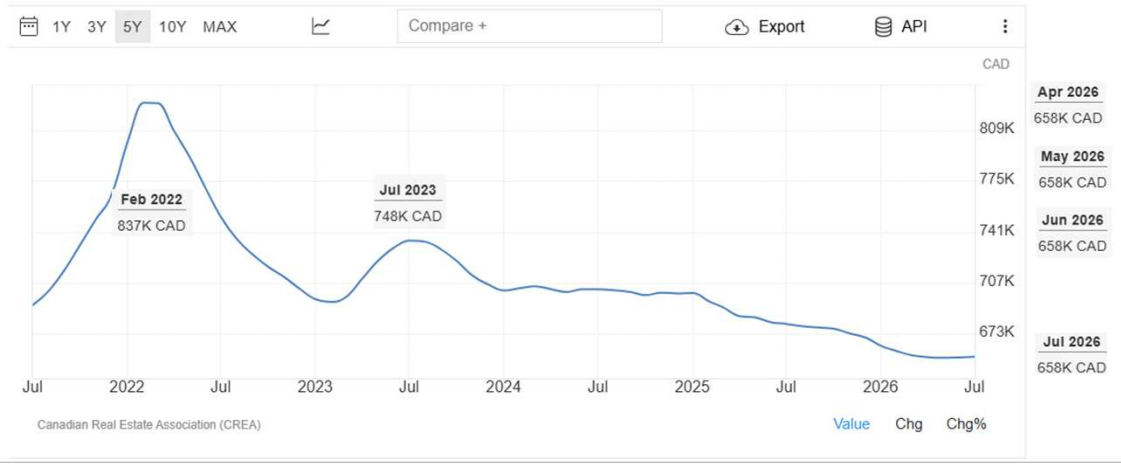


ST Louis Fed tracks a number of Canadian Metrics.

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

## Average House Prices for Canada

Average House Prices in Canada increased to 658000 CAD in July from 657600 CAD in June of 2026. Average House Prices in Canada averaged 471739.38 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)



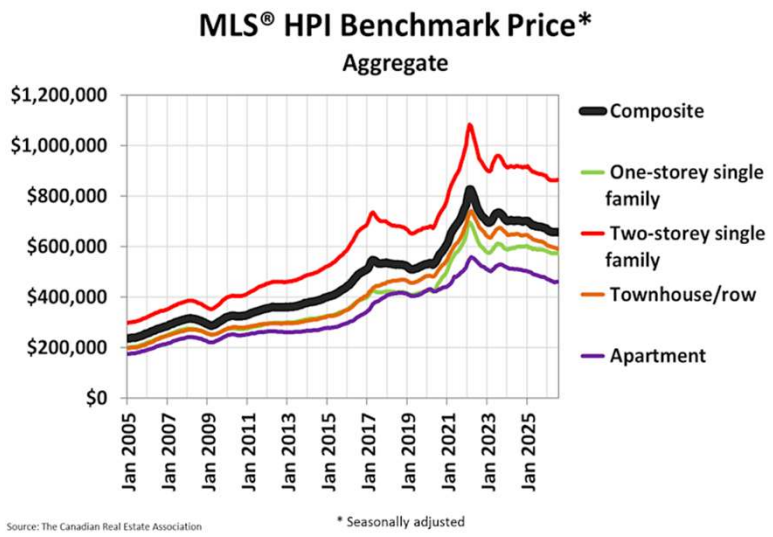



August – 4 months in a row… no change – Average price is holding at 658k – little wiggles in the decimal point do not count !

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

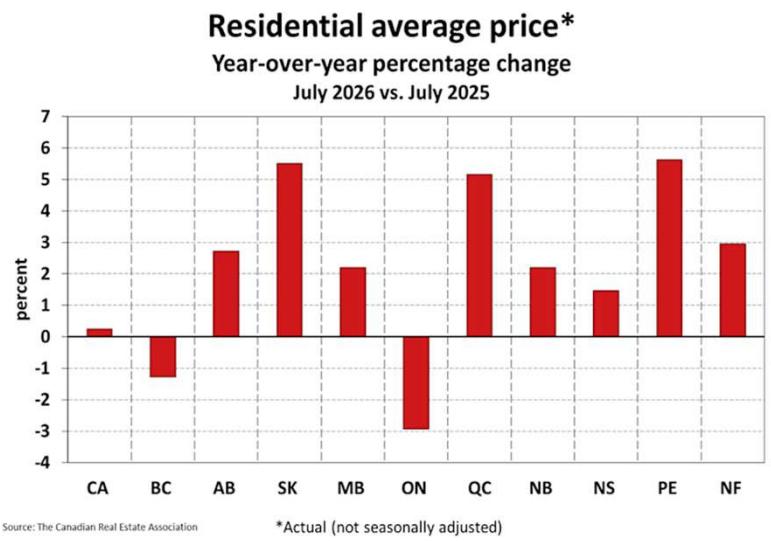





August – "At the national level, July's housing data was a carbon copy of the June numbers, with home sales edging up a little further, listings down, and prices remaining stable," said Shaun Cathcart, CREA's Senior Economist. "The more interesting story over the last few months has been below the surface of the headline national numbers, where markets across the country are generally moving back towards balance. That's true on the Prairies, in Quebec, and on the East Coast, where a majority of sellers' markets have been steadily cooling off over the past year. More recently, it's also been true of the markets in B.C.'s Lower Mainland and Ontario's Greater Golden Horseshoe, where formerly buyers' or borderline buyers' markets have largely shifted back into balanced market territory."

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

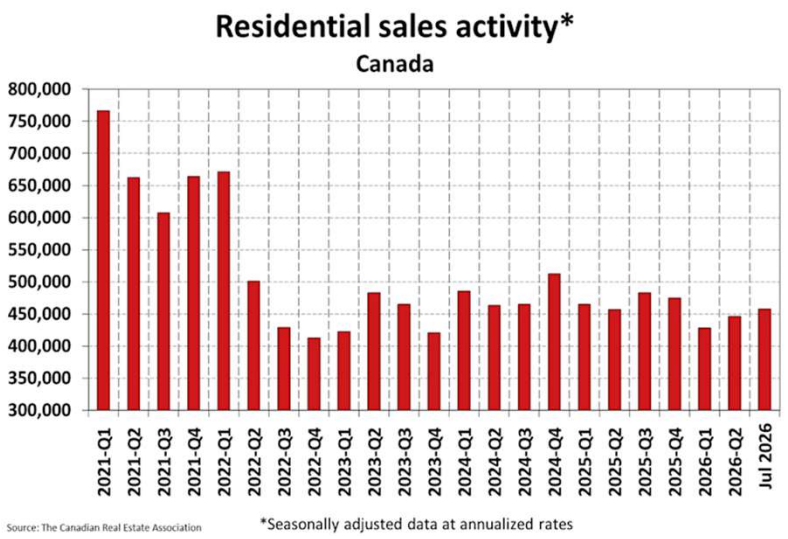
## Average House Prices for Canada – cont.
## By Province






August – Another month of Ontario and BC in the basement, continuing to unwind their excesses of the past. Quebec and PEI remain strong with price increases over 5%.

## Home Sales Activity for Canada



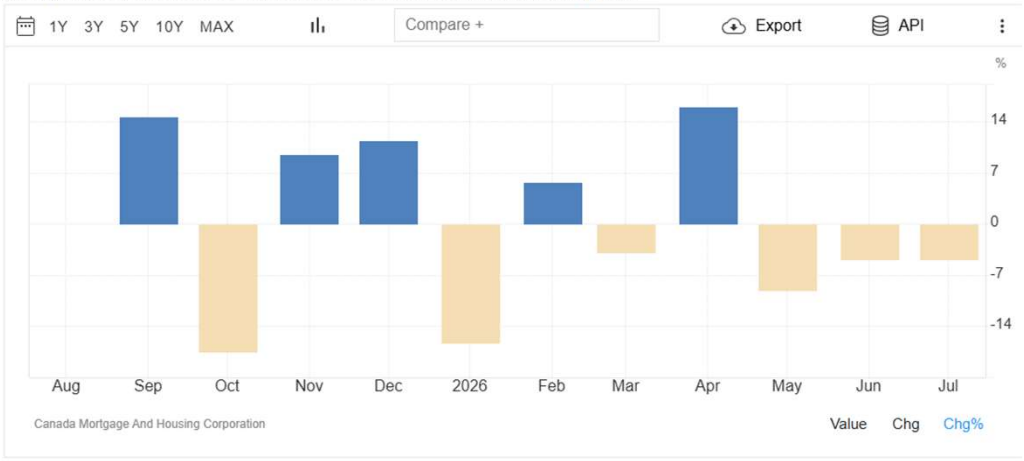



August – Overall the market is within its normal range for the past 3 years.

Source: The Canadian Real Estate Association.

## Housing Starts - % Change – Canada

Canada's housing starts fell 5% in July to a seasonally adjusted annual rate of 229,074 units, down from 240,773 in June and below market expectations of 248,000 units. The rural starts estimate stood at 11,274 units. Actual monthly housing starts declined 19% year-on-year in centres with a population of 10,000 or more, with 18,834 units recorded in July 2026. Vancouver starts fell 42%, driven by lower multi-unit and single-detached starts, while Toronto starts declined 10% on weaker multi-unit construction. Montréal posted a 3% increase, supported by higher multi-unit starts. Year-to-date housing starts totaled 131,851 units, down 4% from the same period in 2025. The six-month trend was virtually unchanged in July, falling 0.5% to 247,377 units. source: Canada Mortgage And Housing Corporation



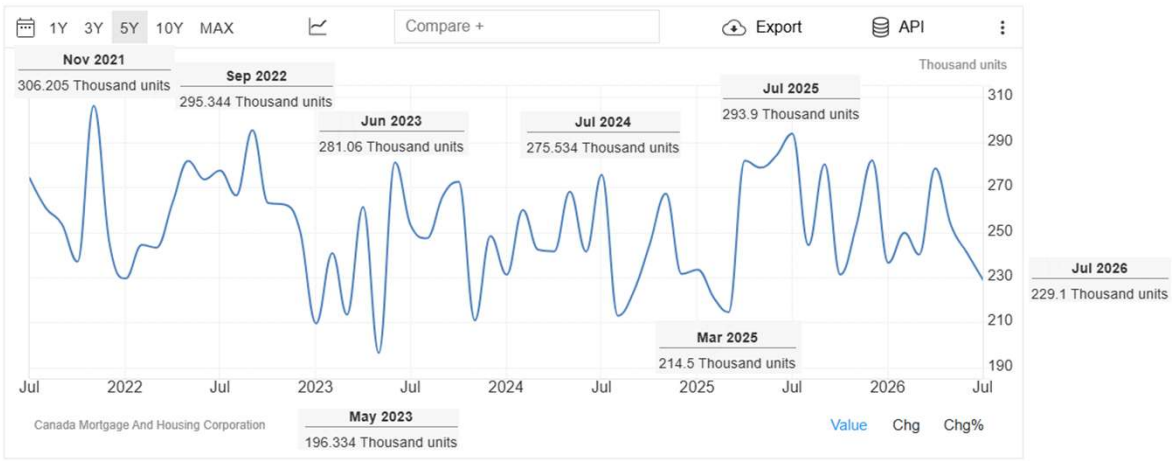



August – this is softer than the last two years. Home builders are being conservative in their builds this summer season. Multi-unit starts are soft in key markets.

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






August – Last month was 239 thousand. The July data for the last three years have been near peaks for the year, so this represents a soft spot relative to previous years norms.

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

## Housing Sales Activity for GTA

### Greater Toronto Area (GTA) Housing Market Overview

DATA FOR JULY 2026

| ALL PROPERTY TYPES | DETACHED | SEMI-DETACHED | FREEHOLD TOWNHOUSE | CONDO APARTMENT |
|---|---|---|---|---|
| $1,003,956<br>**Avg. Sold Price**<br>↓ 5.2% decrease (1-month change)<br>↓ 4.5% decrease (12-month change) | $1,291,690<br>Avg. Sold Price<br>↓ 5.3% decrease (1-month change)<br>↓ 5.1% decrease (12-month change) | $964,922<br>Avg. Sold Price<br>↓ 7.1% decrease (1-month change)<br>↓ 7.3% decrease (12-month change) | $903,986<br>Avg. Sold Price<br>↓ 0.9% decrease (1-month change)<br>↓ 2.7% decrease (12-month change) | $636,323<br>Avg. Sold Price<br>↑ 0.9% increase (1-month change)<br>↓ 2.3% decrease (12-month change) |
| 5,995<br>**Transactions (Buy/Sell)**<br>↓ 11.4% decrease (1-month change)<br>↓ 1.7% decrease (12-month change) | 2,789<br>Transactions (Buy/Sell)<br>↓ 14.3% decrease (1-month change)<br>↓ 0.2% decrease (12-month change) | 557<br>Transactions (Buy/Sell)<br>↓ 9.7% decrease (1-month change)<br>↓ 6.5% decrease (12-month change) | 567<br>Transactions (Buy/Sell)<br>↓ 8.4% decrease (1-month change)<br>↓ 4.9% decrease (12-month change) | 1,564<br>Transactions (Buy/Sell)<br>↓ 8.8% decrease (1-month change)<br>↓ 0.8% decrease (12-month change) |

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



August – Lots of red on this one ! Do note, month to month data can be volatile, but as noted in the previous slide, this is unusual for a summer month report.

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

## Housing Sales Activity for GTA

### Single-Family Detached Home Prices in the GTA



Statistics for July 2026

| | | |
|---|---|---|
| Average Price: | $1,291,690 | ↓-5.1% from Jul. 2025 |
| Units Sold: | 2,789 | ↓-0.2% from Jul. 2025 |
| New Listings: | 6,858 | ↓-15.4% from Jul. 2025 |

### Semi-Detached Home Prices in the GTA



Statistics for July 2026

| | | |
|---|---|---|
| Average Price: | $964,922 | ↓-7.3% from Jul. 2025 |
| Units Sold: | 557 | ↓-6.5% from Jul. 2025 |
| New Listings: | 952 | ↓-27% from Jul. 2025 |

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



August – Same comment as last month - Units sold remain about 1/3 to ½ of what came on the market. Lots of supply in the GTA !

**NOTE: the new listings number is down significantly on a month over month basis.**

## Housing Sales Activity for GTA

### Townhouse Prices in the GTA



Statistics for July 2026

| | | |
|---|---|---|
| Average Price: | $903,986 | ↓-2.7% from Jul. 2025 |
| Units Sold: | 567 | ↓-4.9% from Jul. 2025 |
| New Listings: | 1,249 | ↓-19.4% from Jul. 2025 |

### Apartment Prices in the GTA



Statistics for July 2026

| | | |
|---|---|---|
| Average Price: | $636,323 | ↓-2.3% from Jul. 2025 |
| Units Sold: | 1,564 | ↓-0.8% from Jul. 2025 |
| New Listings: | 4,190 | ↓-18.0% from Jul. 2025 |

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



August – Another month of New listings vastly outnumbering sales month.

## WOWA - Housing Activity for GTA

### Median Prices by Region

| | City | Median Sold Price | 1-Year Change | Total Transactions |
|---|---|---|---|---|
| #1 | City of Toronto | $800,000 | ↓-5.9% | 2,242 |
| #2 | York Region | $1,060,000 | ↓-4.5% | 1,063 |
| #3 | Peel Region | $851,000 | ↓-5.4% | 1,053 |
| #4 | Durham Region | $795,000 | ↓-3.0% | 725 |
| #5 | Halton Region | $970,000 | ↓-7.6% | 682 |
| #6 | Simcoe County | $780,750 | ↓-10.5% | 194 |
| #7 | Dufferin County | $712,500 | ↓-6.9% | 36 |
| | **GTA** | **$860,000** | **↓-5.5%** | **5,995** |

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August – 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

## WOWA - Housing Activity for GTA

### Median Prices by City

| | City | Median Sold Price | 1-Year Change | Total Transactions |
|---|---|---|---|---|
| #1 | City of Toronto | $800,000 | ↓-5.9% | 2,242 |
| #2 | Mississauga | $860,000 | ↓-6.0% | 500 |
| #3 | Brampton | $840,000 | ↓-2.9% | 498 |
| #4 | Markham | $1,062,500 | ↓-8.0% | 288 |
| #5 | Vaughan | $1,065,000 | ↓-8.2% | 272 |
| #6 | Oakville | $1,182,500 | ↓-3.5% | 248 |
| #7 | Burlington | $940,000 | ↓-3.9% | 221 |
| #8 | Richmond Hill | $1,150,000 | ↓-6.3% | 182 |
| #9 | Oshawa | $663,000 | ↓-5.3% | 177 |
| #10 | Milton | $890,000 | ↓-8.7% | 147 |
| | **GTA** | **$860,000** | **↓-5.5%** | **5,995** |

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

August 20, 2026

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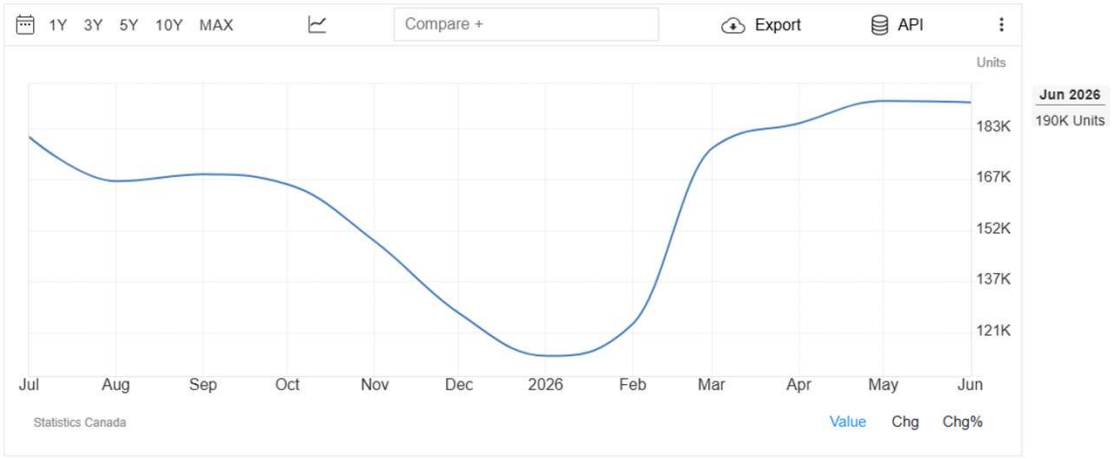
August – Down across the board on this report. Note, this is the MEDIAN not the AVERAGE !

**Note these are year over year changes**

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

## New Vehicle Sales Activity for Canada

Car Registrations in Canada decreased to 190200 Units in June from 190600 Units in May of 2026. Car Registrations in Canada averaged 100739.66 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

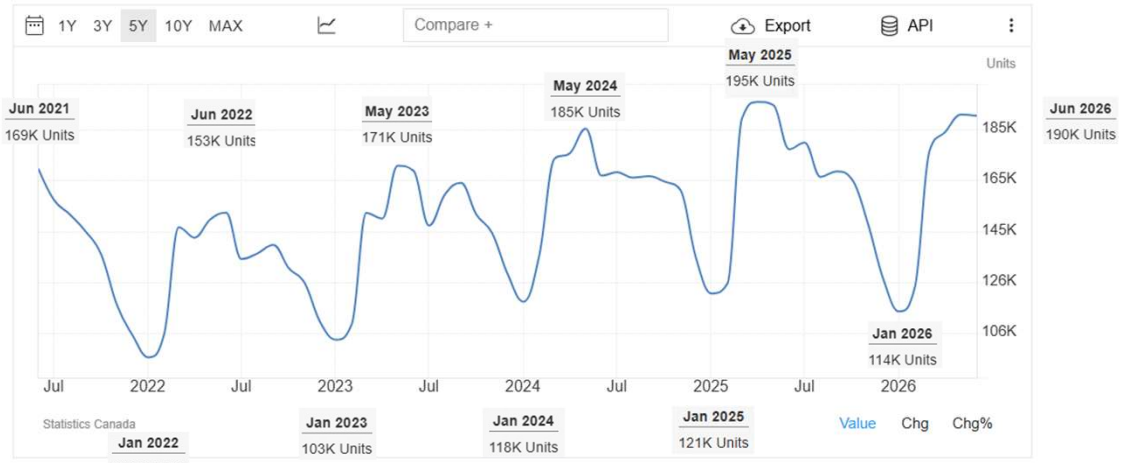





August – Steady sales, but is the peak above or below last years number? Next slide reveals that one.

Source : Trading Economics

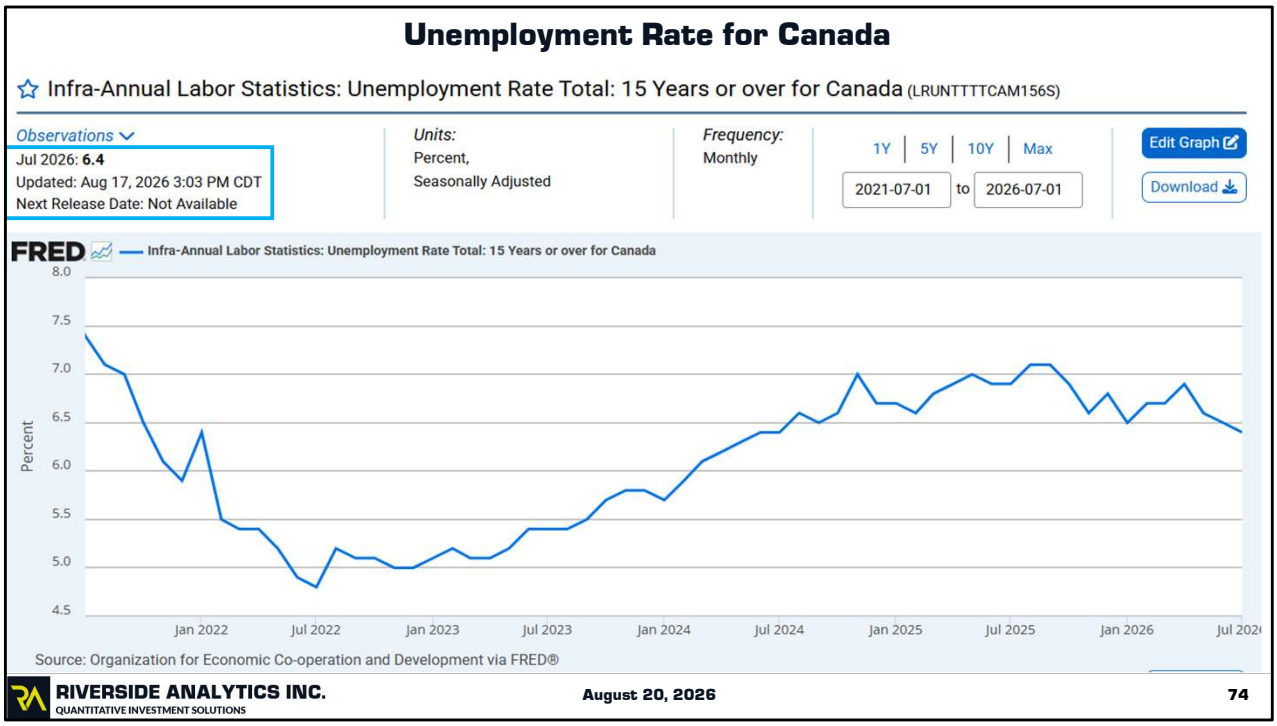
## New Vehicle Sales Activity for Canada – 5 Year Chart




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



August - Trading Economics – If the trend was continuing, the June number should have been near 200k ! This has produced a lower low and a lower high in the past 12 months. **Market is still fine, but has sent a softening message.**

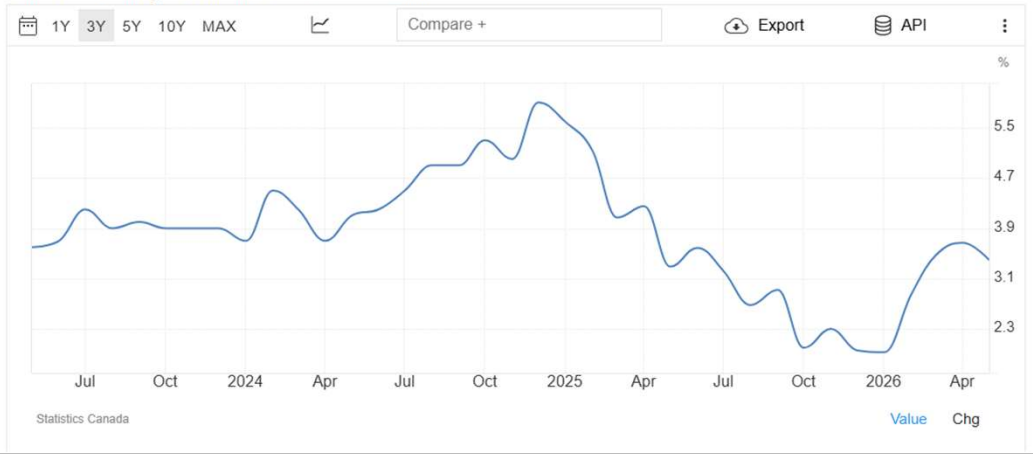



August – Last month was 6.5. That is nice to see that number continue to drop.

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 3.4% year-on-year to C$1,337.77 in May 2026, easing from a 3.8% increase in April and marking the slowest growth since February. The strongest wage gains were recorded in management of companies and enterprises (10%), utilities (9.2%), information and cultural industries (8.3%), retail trade (8.1%), and transportation and warehousing (7.1%). In contrast, earnings declined in real estate and rental and leasing (-1.8%) and construction (-0.1%). By province, Nunavut posted the largest increase (6.6%), followed by Nova Scotia (5.3%), Manitoba (4.8%), British Columbia (4.6%), and Prince Edward Island (4.5%), while Newfoundland and Labrador recorded a 1.3% decline. On a monthly basis, average weekly earnings fell 0.4%. Meanwhile, average weekly hours worked were unchanged at 33.4 hours. source: Statistics Canada





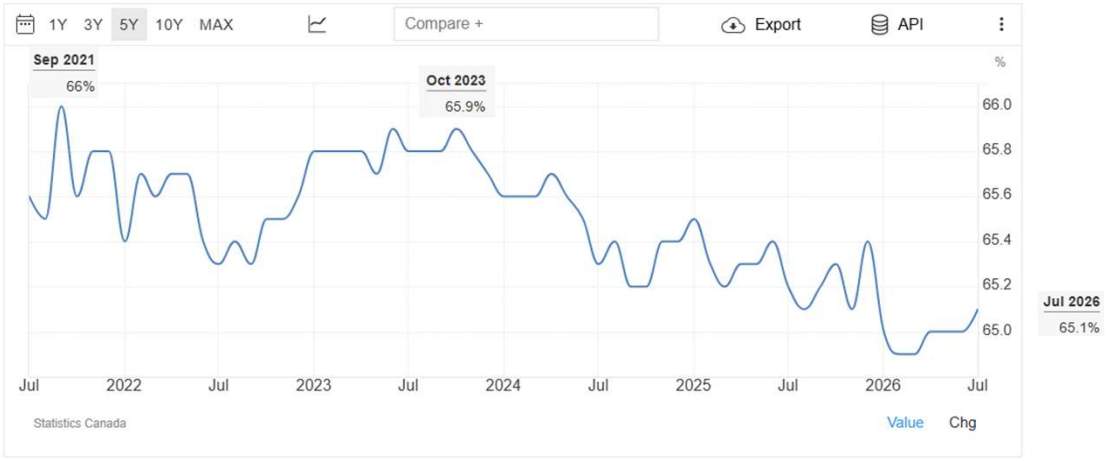

August – Last month was 3.8%. Decent wage increases are helping families cope with inflation.

Source is Trading Economics

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

## Participation Rate - Employed Persons for Canada

Labor Force Participation Rate in Canada increased to 65.10 percent in July from 65 percent in June of 2026. 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**



August – a tiny increase, but I will take it !

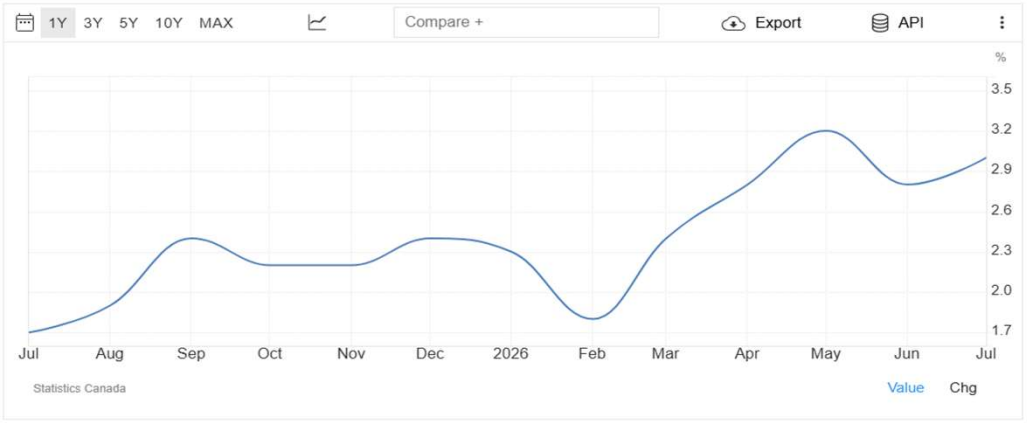
Essentially, this means that about 35 percent of the population that could be working, are not.

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 inched higher to 3% in July of 2026 from 2.8% in the previous month, slightly above market expectations of 2.9%, but remaining below the post-Iran-war peak of 3.2% from two months prior. Gasoline price inflation accelerated to 25.7% from 20.5% in the previous month, tracking wholesale oil and refined product markets globally as strikes between Iran and the US reignited in the period and triggered blockades on tankers in the key region. In turn, core inflation rates tracked by the Bank of Canada inched slightly higher, with the median core rate up at 2% and the trimmed-mean rate at 1.9%. Upward pressure was noted from travel tours (15.2% vs 6.8%) amid higher prices for flights and accommodation due to the FIFA World Cup taking place in North America. Still, prices eased for food (3.0% vs 3.5) and shelter (1.3% vs 1.5%). From the previous month, consumer prices rose by 0.5%, rebounding from the 0.4% drop in the earlier period. source: Statistics Canada

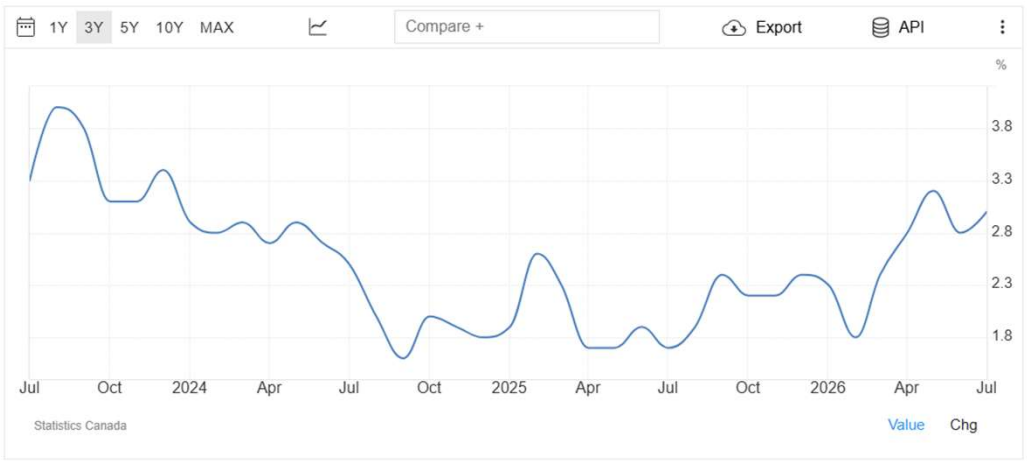





August – Last month was 2.8% - gasoline is taking a chunk out of household budgets ! This is causing Canadian EV sales to improve. The oil price spikes has encouraged EV sales, solar, wind and domestic grid building in multiple countries. The chaos may do some good in the medium and longer term encouraging a quicker conversion off carbon energy production.

Source : Trading Economics

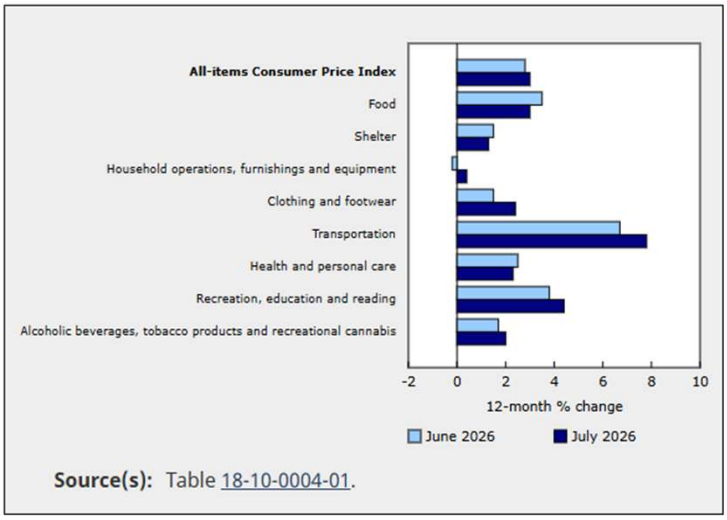
## Consumer Price Index: 3 Year View Canada






August - Inflation – long view – Same comment as last month - 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




| May 2026 | June 2026 | July 2026 |
|---|---|---|
| 3.2 | 2.8 | 3.0 |
| 3.8 | 3.5 | 3.0 |
| 1.7 | 1.5 | 1.3 |
| -0.2 | -0.2 | 0.4 |
| 1.9 | 1.5 | 2.4 |
| 9.0 | 6.7 | 7.8 |
| 2.7 | 2.5 | 2.3 |
| 2.8 | 3.8 | 4.4 |
| 1.3 | 1.7 | 2.0 |



August – gasoline still causing trouble in the inflation department compliments of the war in Iran. Food prices are moderating.

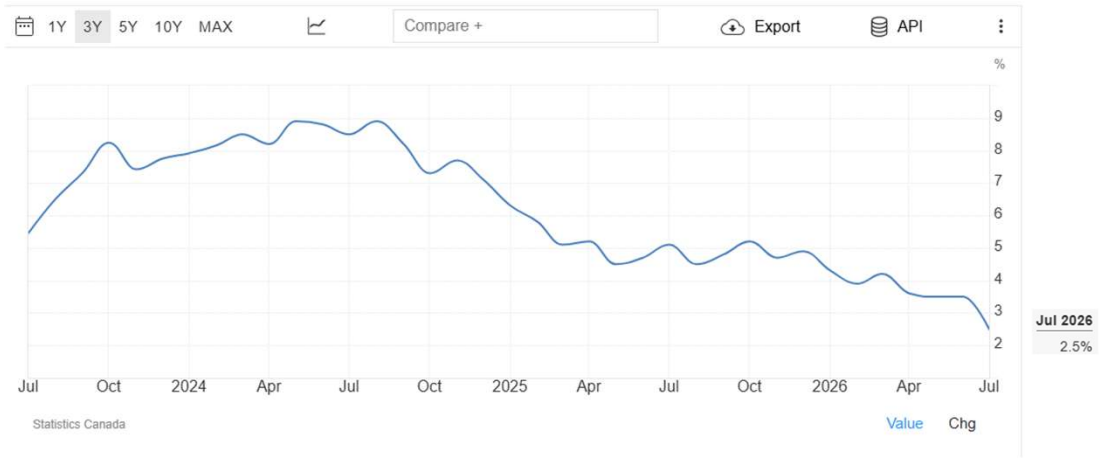
**More details are here**
Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/260817/cg-a002-eng.htm

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 2.50 percent in July from 3.50 percent in June 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

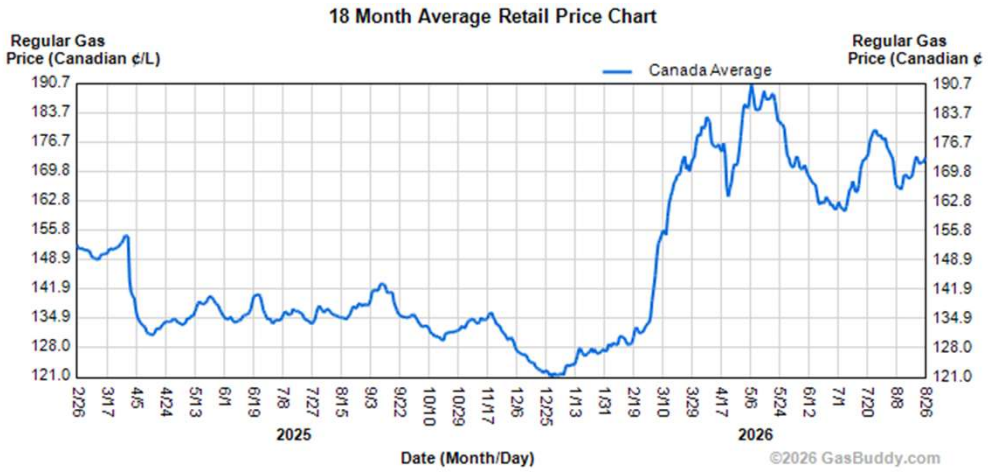





August – last month was 3.5%, so this is nice to see.

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

## Gasoline Prices – Canada Average



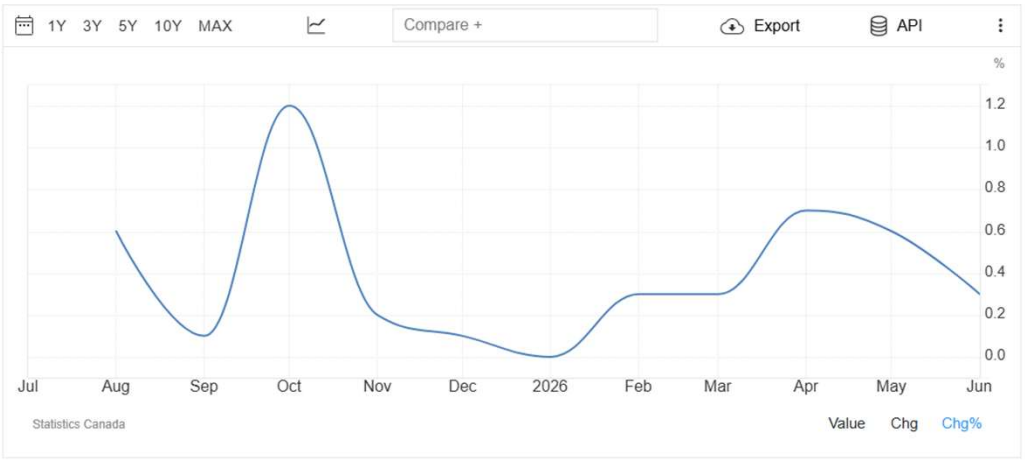



August – Just when you think you might be getting a break.. Ah no!

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 2840155 CAD Million in June from 2832736 CAD Million in May of 2026. Money Supply M2 in Canada averaged 684824.40 CAD Million from 1968 until 2026, reaching an all time high of 2840155.00 CAD Million in June of 2026 and a record low of 25523.00 CAD Million in January of 1968. source: Statistics Canada

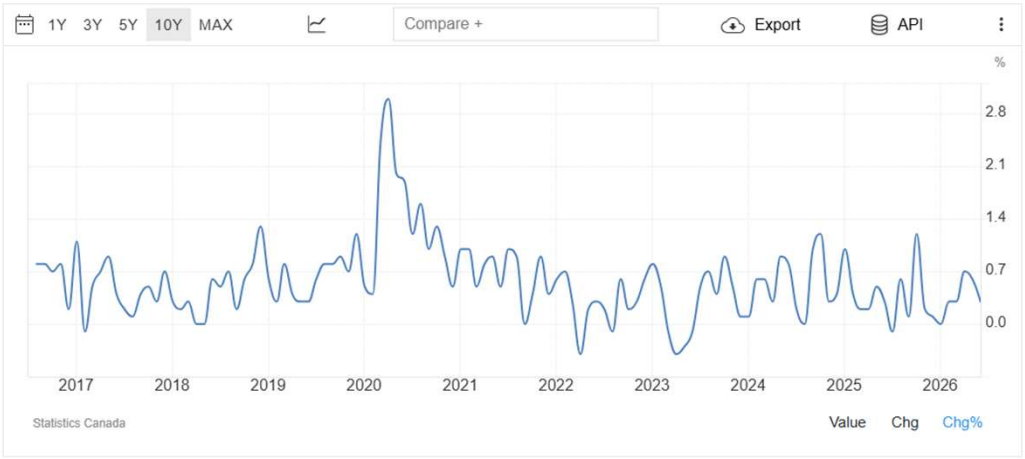





August – Each year in May and October there tends to be a pulse upwards – Not time yet !

Source : Trading Economics

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





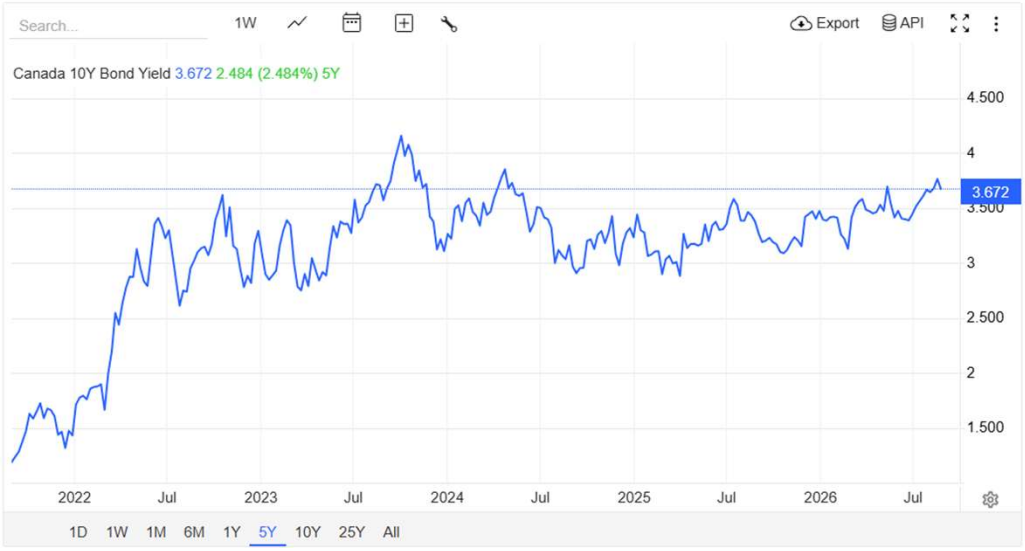

August - Multiply these numbers by 12 to get annual rate of change. Pumping money into the economy during covid, correlated with inflation. Do not confuse causation and correlation !

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

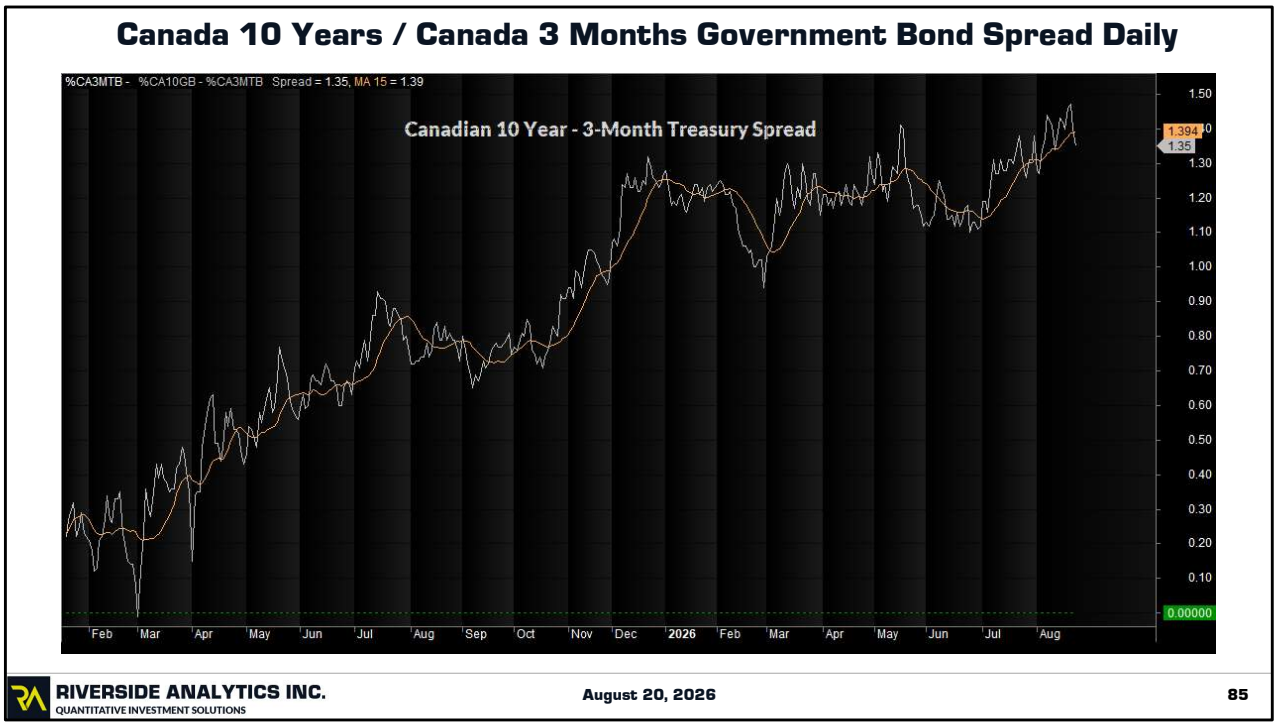
## Interest Rates: Yields: 10-Year: Canada






August – Last month was 3.397

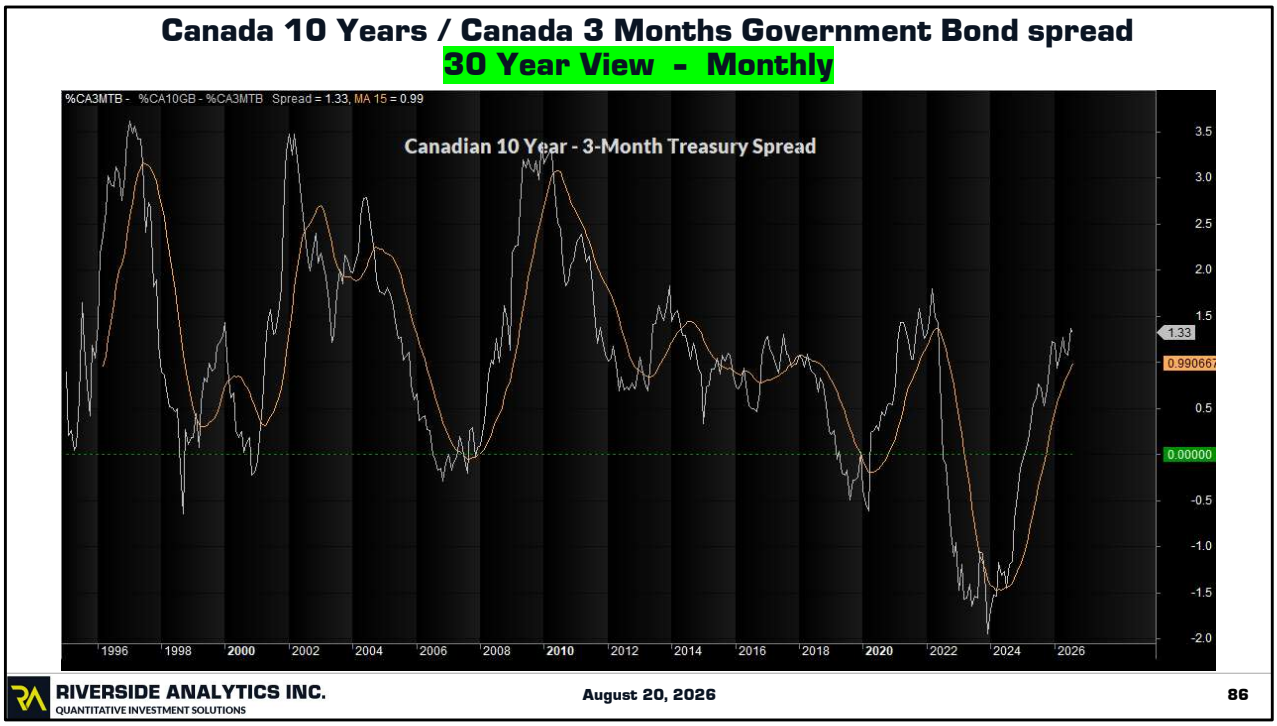
https://tradingeconomics.com/canada/government-bond-yield




August – last month was 1.31

Source: Amibroker.

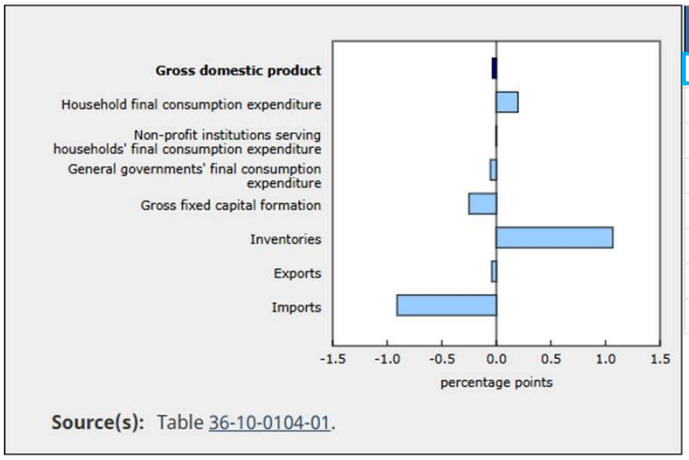
https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/




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

Source: 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 !**



August – **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 Q2 Released

### 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 = 24) |
| 25th percentile of responses | 1.1 | 1.6 |
| Median of responses | 1.3 | 1.9 |
| 75th percentile of responses | 1.4 | 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.

**EOY 2026 likely softer by 2 to 3 - 10ths from the last survey.**



August – **Q2 Survey released**
This is a quarterly report – **NOTE THIS IS A SURVEY, not an analysis of country GDP from StatsCan.**

https://www.bankofcanada.ca/2026/07/market-participants-survey-second-quarter-of-2026/

## Market Participants Survey for Canada - BoC Survey Results - 2026 Q2 Released

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

| | Probability of a recession in Canada (%) | | | |
|---|---|---|---|---|
| | In 0 to 6 months (n = 23) | In 6 to 12 months (n = 24) | In 12 to 18 months (n = 24) | In 18 to 24 months (n = 22) |
| 25th percentile of responses | 13 | 20 | 15 | 15 |
| Median of responses | 25 | 25 | 20 | 20 |
| 75th percentile of responses | 33 | 31 | 26 | 25 |

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

**No meaningful changes since Q1 survey**

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August – **No meaningful changes in these numbers.**

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

https://www.bankofcanada.ca/2026/07/market-participants-survey-second-quarter-of-2026/

## Market Participants Survey for Canada - BoC Survey Results - 2026 Q2 Released

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 | | | | |
| July | 2.25 | 2.25 | 2.25 | 26 |
| September | 2.25 | 2.25 | 2.25 | 26 |
| October | 2.25 | 2.25 | 2.25 | 26 |
| December | 2.25 | 2.25 | 2.25 | 26 |
| 2027 | | | | |
| January | 2.25 | 2.25 | 2.50 | 25 |
| March | 2.25 | 2.50 | 2.50 | 25 |
| April | 2.25 | 2.50 | 2.75 | 25 |
| June | 2.25 | 2.50 | 2.75 | 25 |
| Q3 | 2.25 | 2.75 | 2.75 | 24 |
| Q4 | 2.44 | 2.75 | 2.75 | 24 |
| 2028 | | | | |
| Q1 | 2.31 | 2.75 | 2.75 | 22 |
| Q2 | 2.31 | 2.75 | 2.75 | 22 |
| Q3 | 2.50 | 2.75 | 2.75 | 22 |



August – Q2 survey released – No changes are expected for 2026. 2027 might see a 25 point increase, but that is no different than last month's survey.

https://www.bankofcanada.ca/2026/07/market-participants-survey-second-quarter-of-2026/

## Market Participants Survey for Canada - BoC Survey Results - 2026 Q2 Released

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

| | Top downside risks |
|---|---|
| | Share of respondents (%)* (n = 26) |
| Increase in trade tensions | 96 |
| Tightening of global financial conditions | 65 |
| Increasing geopolitical risks | 42 |



August – **Q2 Survey released – The same concerns, but trade tensions jumped to the top**
! Geopolitical risks dropped from 82%, and global financial conditions dropped from 57%

The full report is here >>

https://www.bankofcanada.ca/2026/07/market-participants-survey-second-quarter-of-2026/

## CAD / USD Spot Rate – Weekly Candles




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August 20, 2026

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August – last month was 70.89

## Summary

- Iranian war – key industrial inputs remain trapped behind the strait (oil, LNG, fertilizer, sulphur, helium (used in semiconductor mfg)
- US gulf war, Mid-terms, inflation, and high gas prices do not mix well. The usually reliable GOP farm vote is in question.
- US inflation remain hotter than the fed would like. There are multiple contributing factors (tariffs, war)
  US vehicle sales are fine – consumers feel good enough to replace aging vehicles
- Sentiment - some improvement, but remains very weak
- Fedwatch tool suggest rates are heading higher – probably delayed until December
- 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
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- All charts shown in this broadcast have been referenced from stockcharts.com, Amibroker or eSignal unless otherwise noted.

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