RIVERSIDE ANALYTICS INC

DATE: September 21, 2026

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

Economic Outlook

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- Riverside is about helping active and affluent investors learn how to make better decisions in financial markets.
- All charts shown in this presentation have been referenced from Amibroker unless otherwise noted.

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

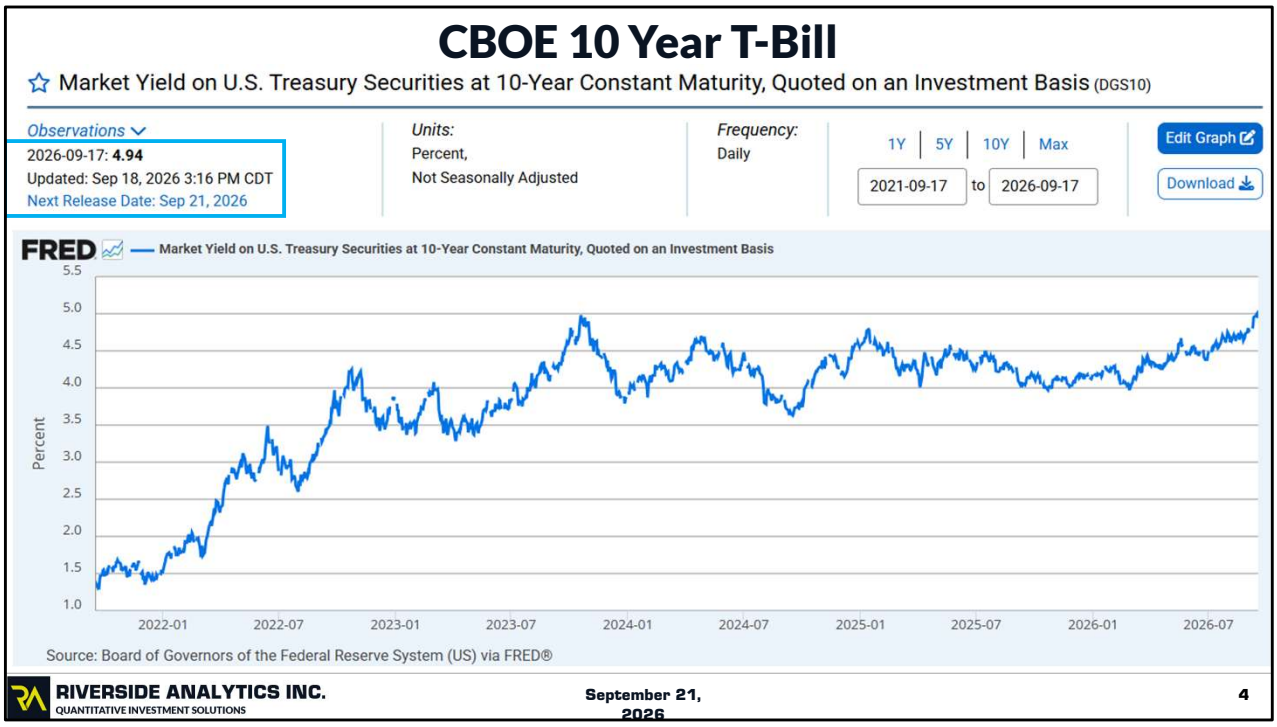
John P. Hussman, Ph.D
President, Hussman Strategic Advisors

ECONOMIC DATA

Indicator review

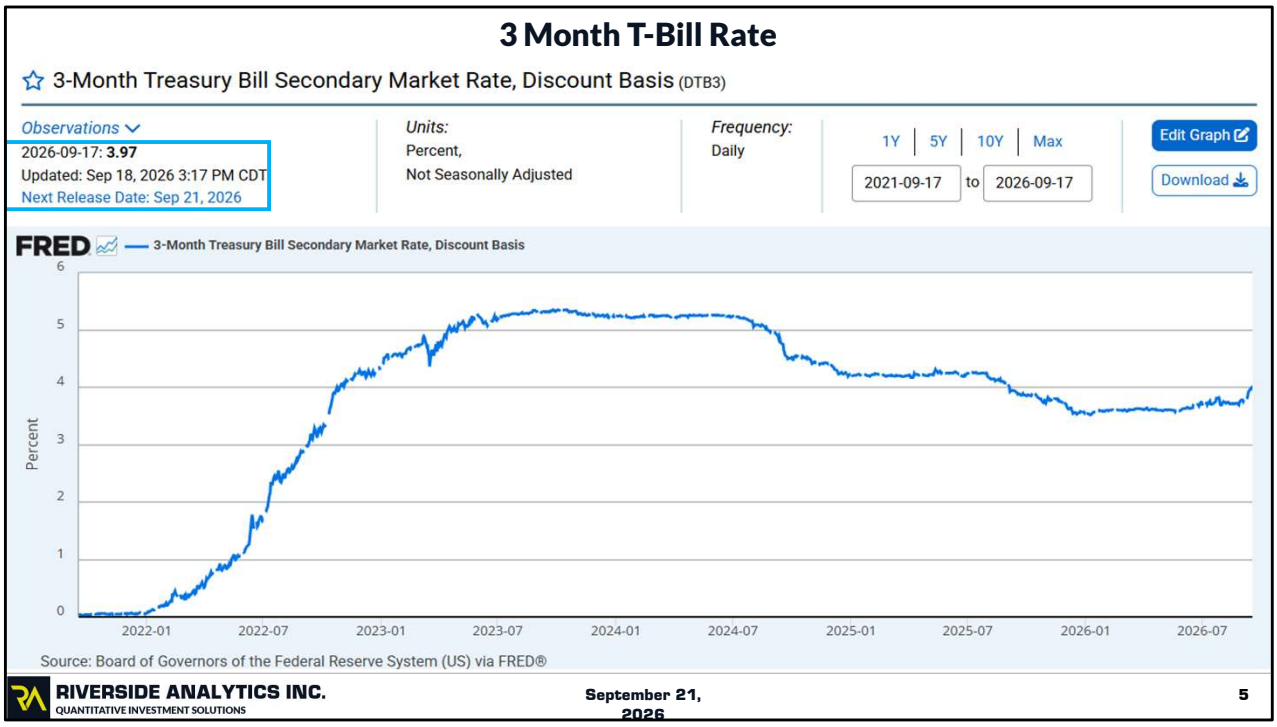
Canadian technical recession is over !
US and Canada doing ok, except for the tempest in the tea pot in the White House.
Some Canadian Mortgage rates up 10-30 points
Canadian Housing sales are steady, GTA – Not so much - like last month
Canadian unemployment stable
Canadian energy inflation still causing trouble
Canadian GDP bounced back nicely in Q2
US UoM Consumer Sentiment index remains low, but off its lowest number
US and CAD gasoline prices are volatile – Diesel is nuts !
Canada Post just increased delivery surcharges, others likely follow suit.
US 2 Year Tbill Up 43 points,
US 10 Year Treasuries flirting with 5%.
US inflation and Producer price indices are running hot, Import prices very hot!
US home prices following normal yearly pattern
US Un-employment rate is slowly declining
Fedwatch tool – Decent chance of 25 point increase in December and again by March 2027
Ignore the noise, and pay attention to what is really important, mitigate as necessary.

CBOE 10 Year T-Bill



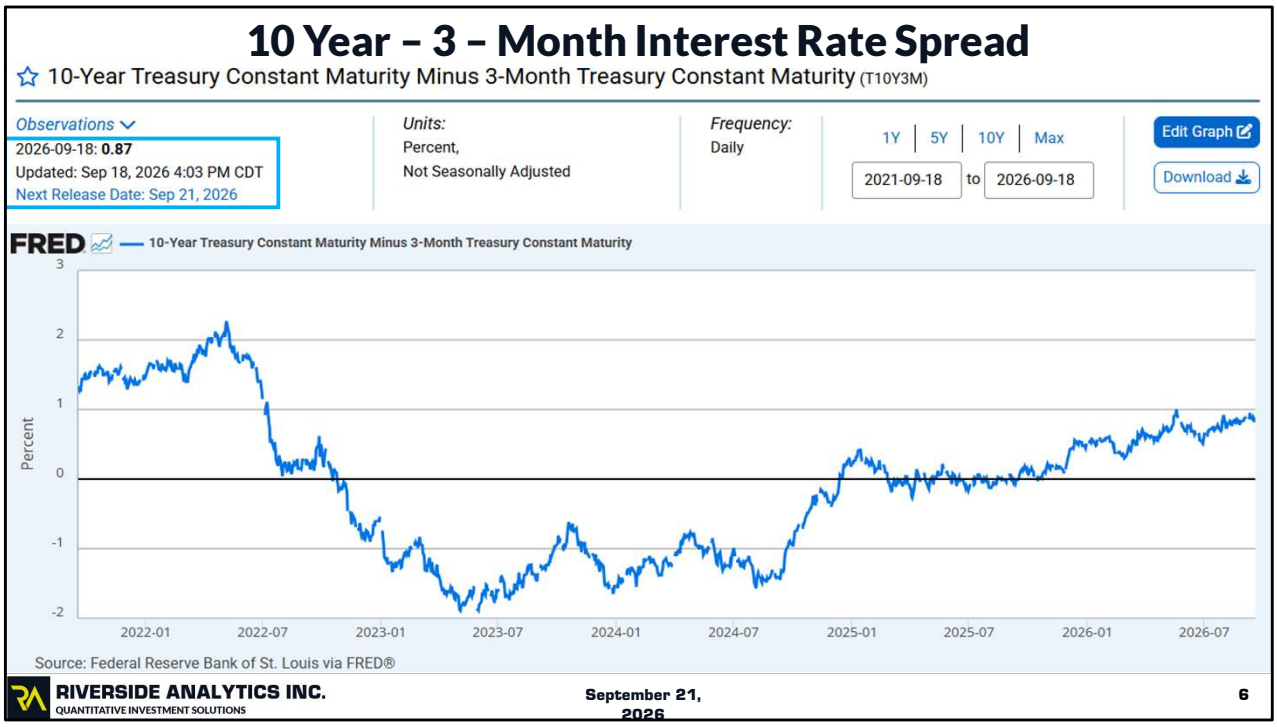
September – Last month was 4.70 – up 24 points – This is the one that drives the bus for mortgage and consumer loan rates.

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



September – Last month was 3.72

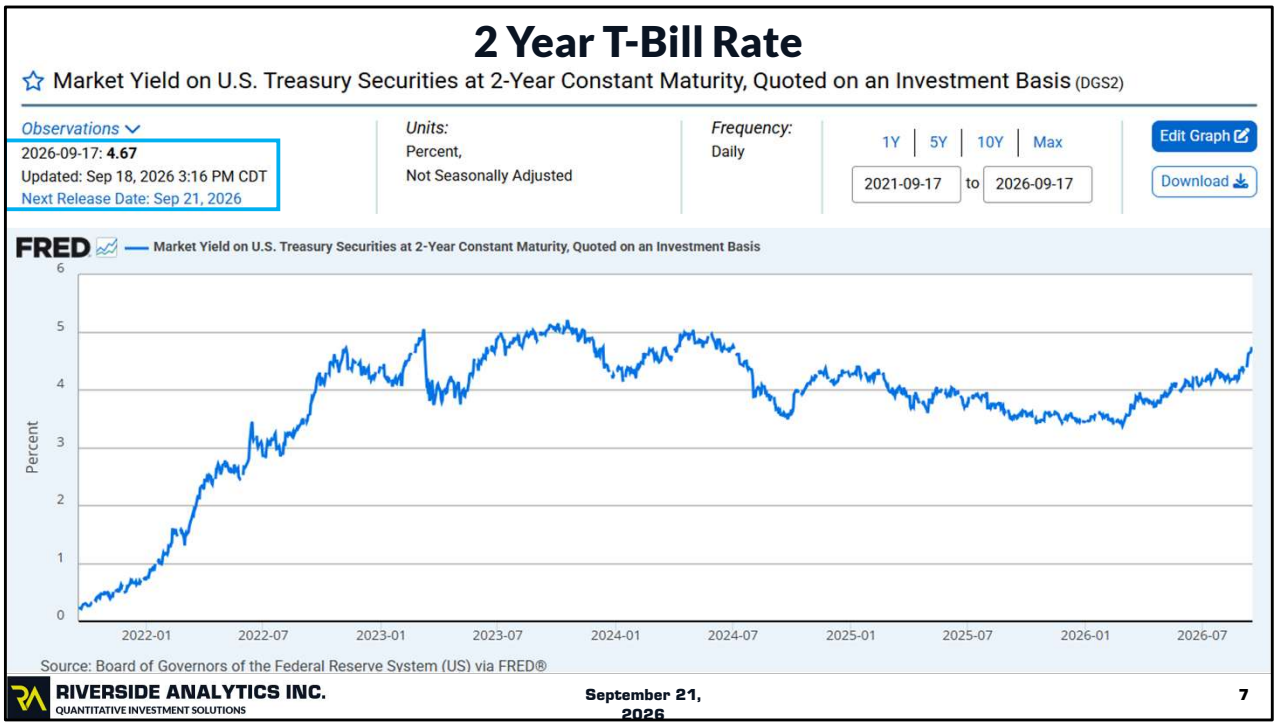
Source : Board of Governors of the Federal Reserve System (US) via FRED – https://fred.stlouisfed.org/series/DTB3



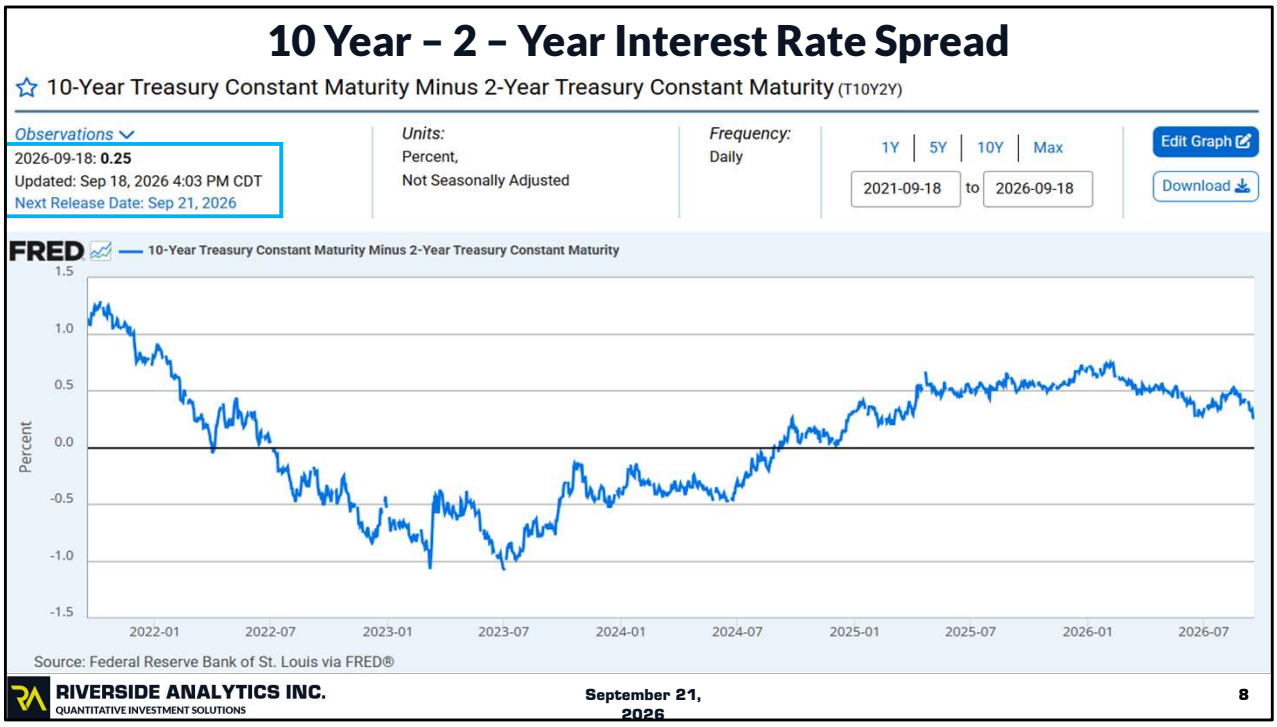
September - Last month was 0.78

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

2 Year T-Bill Rate



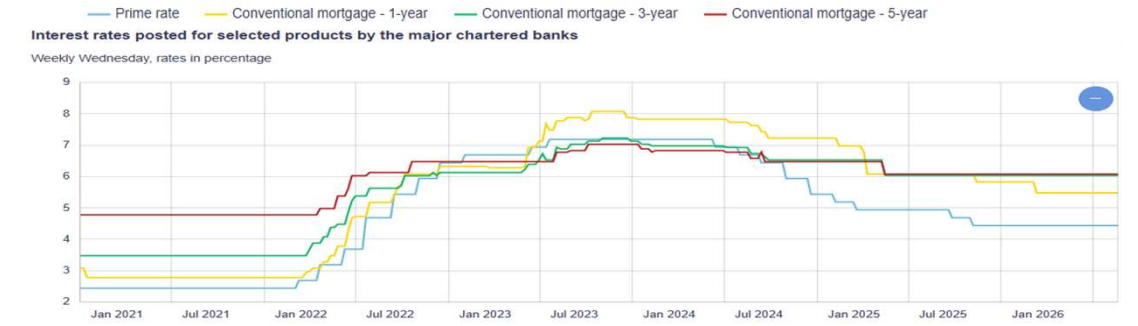
September – Last month was 4.24 – Up 43 points
Source : https://fred.stlouisfed.org/series/DGS2



September – last month was 0.47 – With the 10 year up 24, and the 2 year up 43, range compression is happening. The 10 year is being compressed by the Treasury, which suggests, there is room for it rise eventually. There is speculation another 25 points could be added to the fed rate before the end of the year. We will see what the fed watch tool has to say later in the presentation.

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

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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August – Same as last month … Nothing changed.

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

Source : Bank of Canada

BoC Interest Rates
September 18



Weekly Wednesday, rates in percentage	CANSIM	2026-08-19	2026-08-26	2026-09-02	2026-09-09	2026-09-16
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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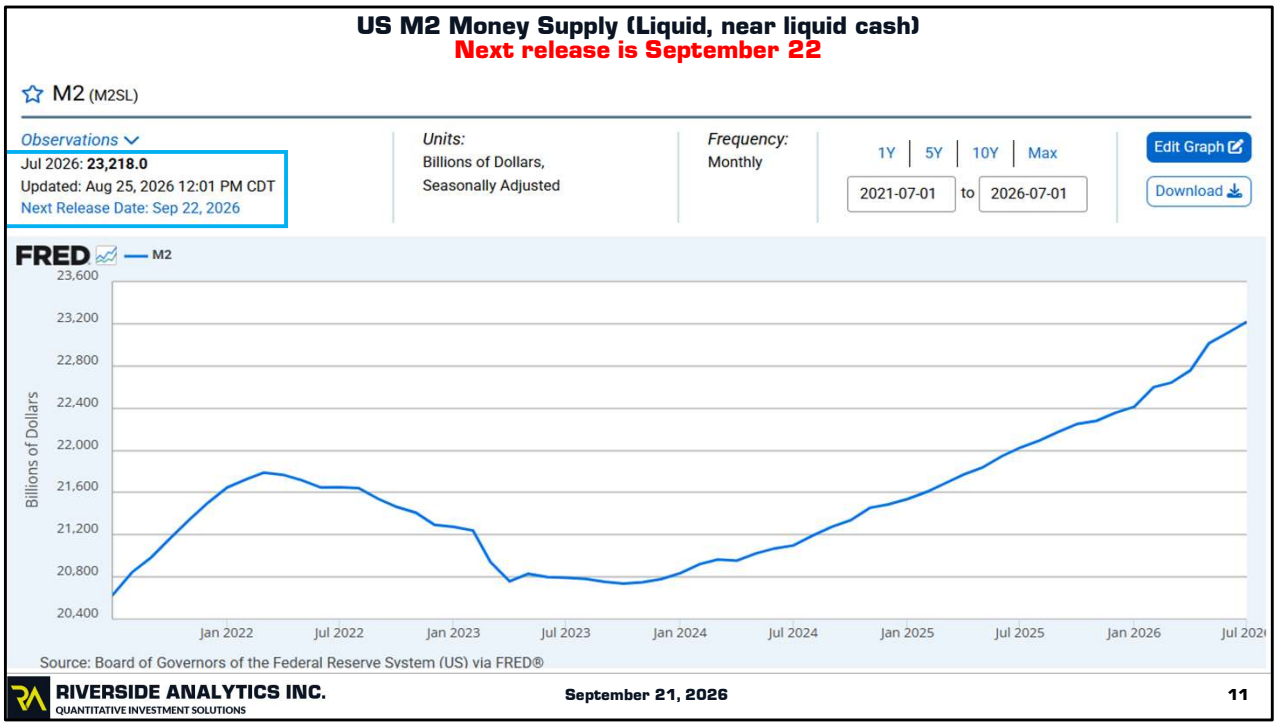
September – Some movement here – **Some banks are raising rates !**

CIBC has 5 year fixed – 4.94 – **No Change**, Royal – 5.04 – **UP 15 points**, TD – 5.14 – **UP 30 points**, and BMO - 4.84 – **UP 10 points**,
BNS 4.90 – **No Change** !

Source : Bank of Canada, and respective bank websites.



August – last month was 23,155.2 –

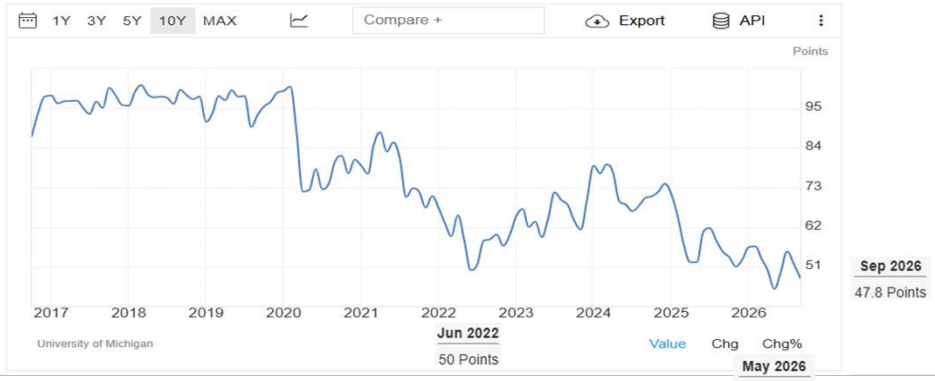
As of noon, September 22, data has not been released ! Not going to worry about this one too much.

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

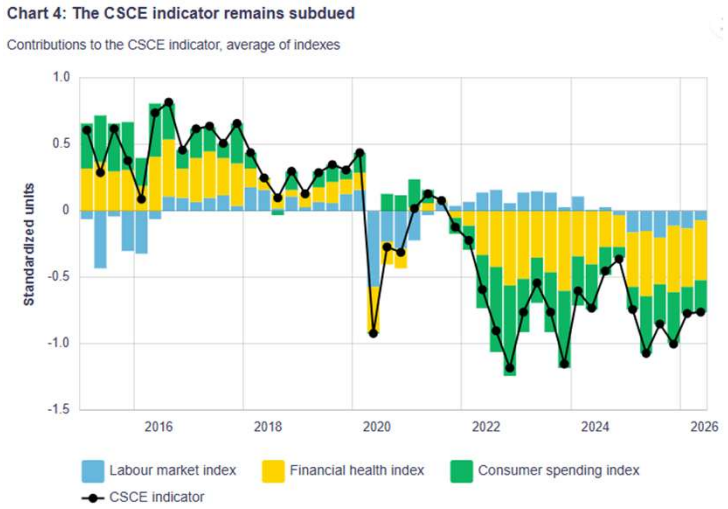
The University of Michigan's consumer sentiment index fell to 47.8 in early September 2026, down for a second consecutive month and well below market expectations of 51.0, according to the preliminary estimate. It was the weakest reading since May's record low. Year-ahead expectations for personal finances and business conditions also deteriorated, as consumers anticipate greater pressure on household budgets amid rising fuel prices and trade tensions. Five-year business expectations were broadly stable but remained well below their historical average, suggesting consumers do not expect current risks to significantly worsen the longer-term outlook. Overall sentiment is now 16% below February levels, before the start of the Iran conflict, and 13% below a year ago. Year-ahead inflation expectations jumped to 4.6%, the highest since June, while five-year expectations edged up to 3.4% after holding at 3.3% for three consecutive months. source: University of Michigan



September – last month was 51 It is interesting that overall, the US economy is doing well. Low income, middle income households are feeling the pinch. This is roughly 60 percent of consumers, so that weighs heavily on the sentiment index ! JD Power reports that nearly 77% of consumers are constraining spending habits in the face of rising costs ! Consumers are dining out less, delaying apparel purchases, and staycationing more often. They might not be happy about it, but they are adapting.

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/

September – No updates

Households continue to view the economic environment as challenging

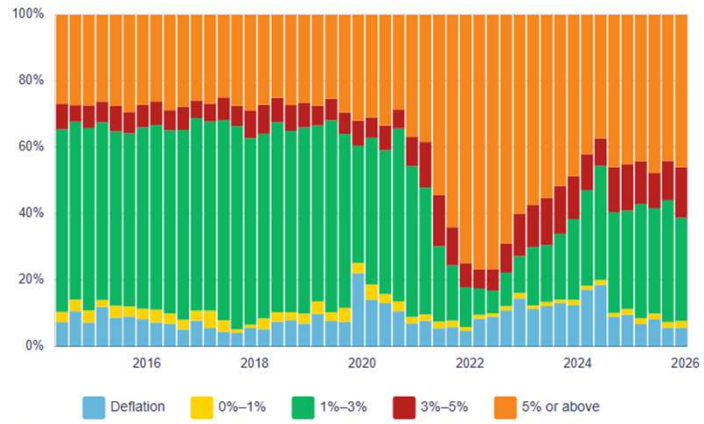
The CSCE indicator remains low as households continue to report affordability concerns linked to the high cost of living (Chart 4).1 This sentiment is reinforced by US tariffs and trade uncertainty as well as the war in the Middle East. At the time of the survey, most households expected the war to end 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

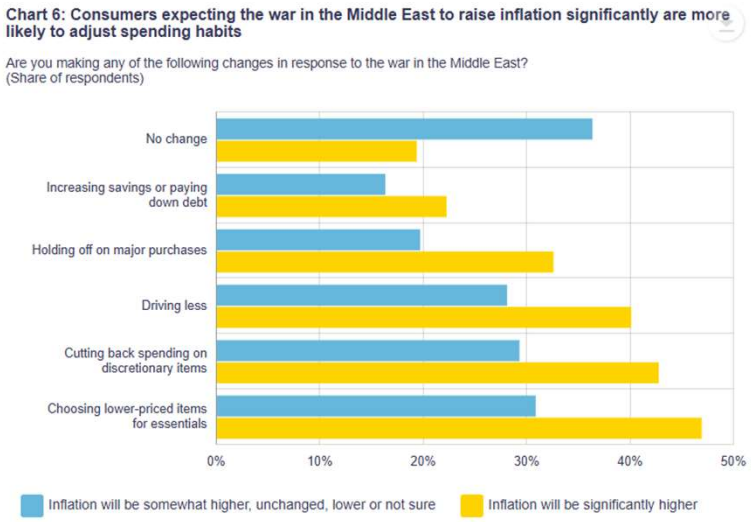
What do you expect the rate of inflation (deflation) to be over the next 12 months?
(Share of respondents)



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*.

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

BoC Expectations Spending Plans – cont. – Q2 No Updates



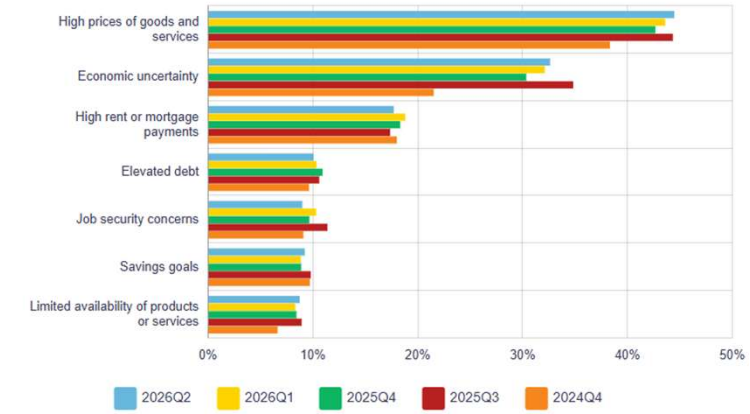
September – No Updates

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

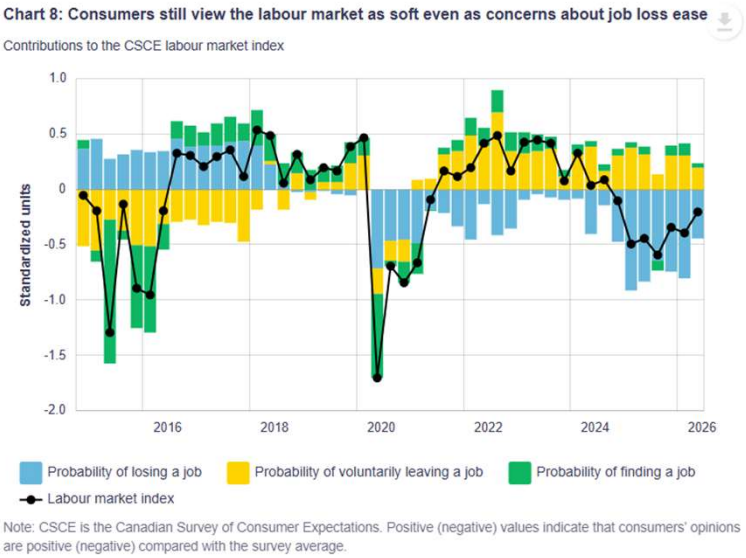
Consider the total spending of all members of your household (including you) over the next 12 months. Do you expect your spending to be negatively, positively or not affected by economic factors or personal circumstances? If negatively affected: Which of the following economic factors or personal circumstances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

September – No updates

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

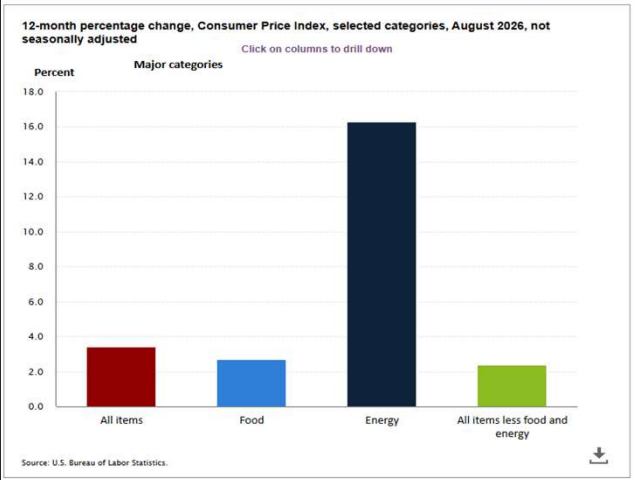


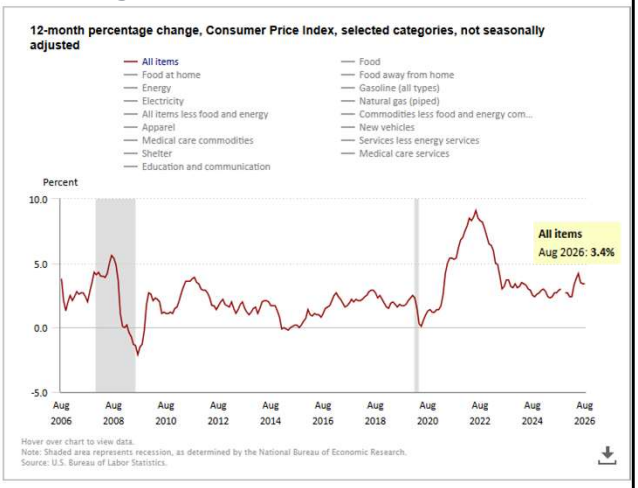
September – No Updates

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% : No Change
Food : 2.7 : - 0.3
Energy : 16.3 : 1.6
All items less food and energy : 2.4 % : - 0.1
All items including food and energy : 3.4 % - No Change

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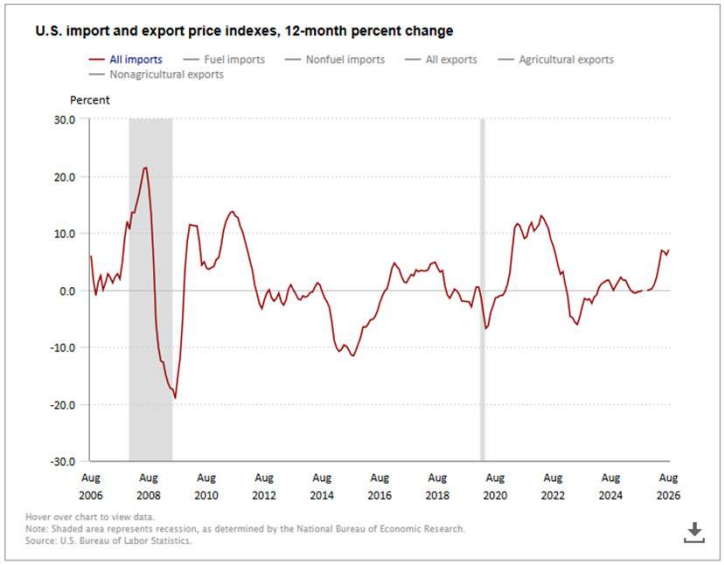
September – Energy inflation continues to hurt consumers.

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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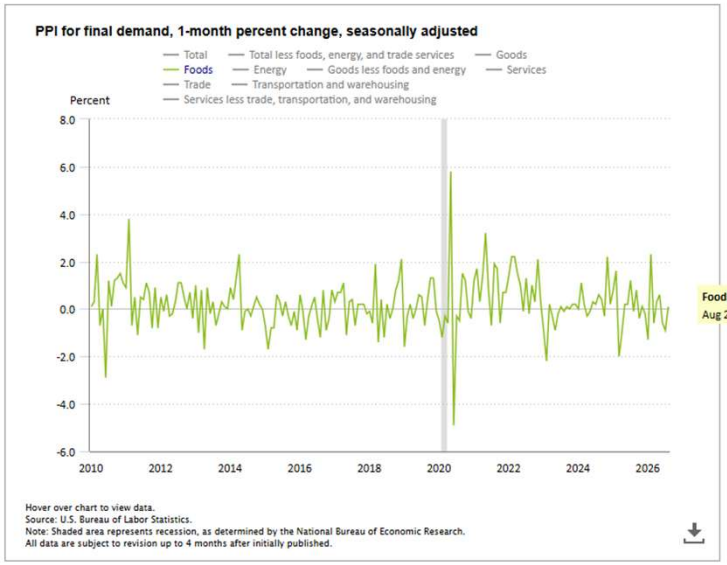
September – Last month was 5.9, – Back to the June levels - Cost recovery coming sooner or later !

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



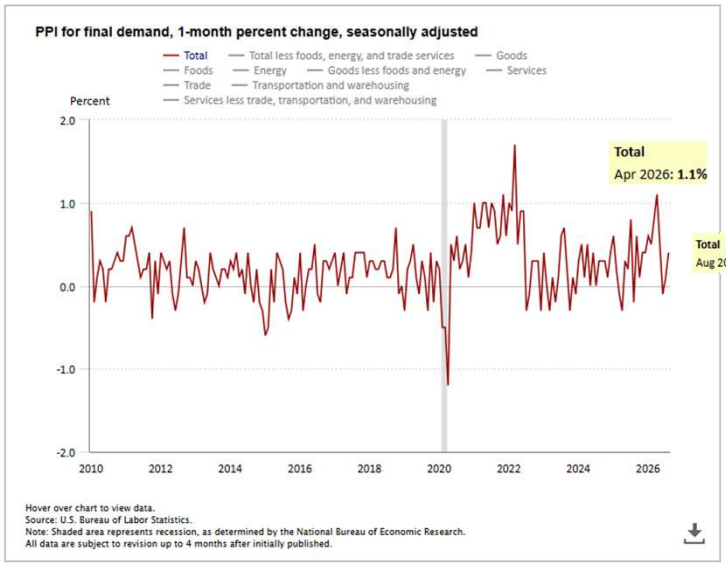
September – Last month was : - 0.9 %

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



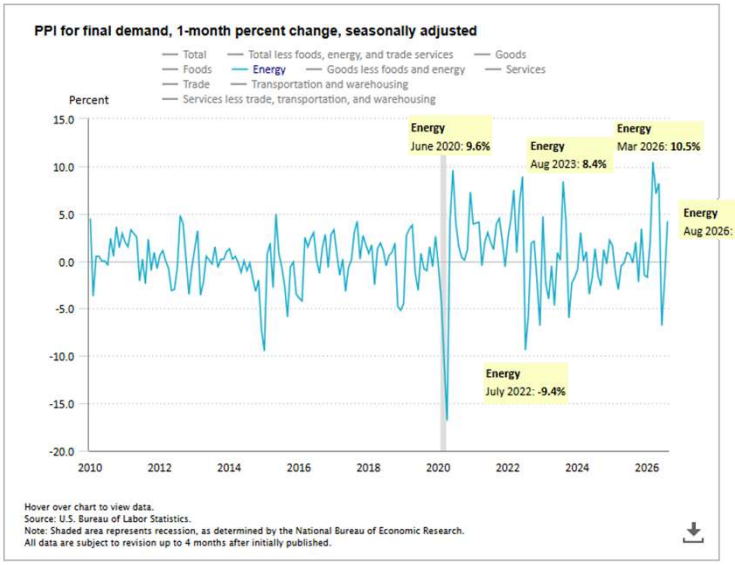
September – Last month was 0.0%.

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



September – Last month was -3.1% -

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.

Feb 28 2026 - Iran war started.

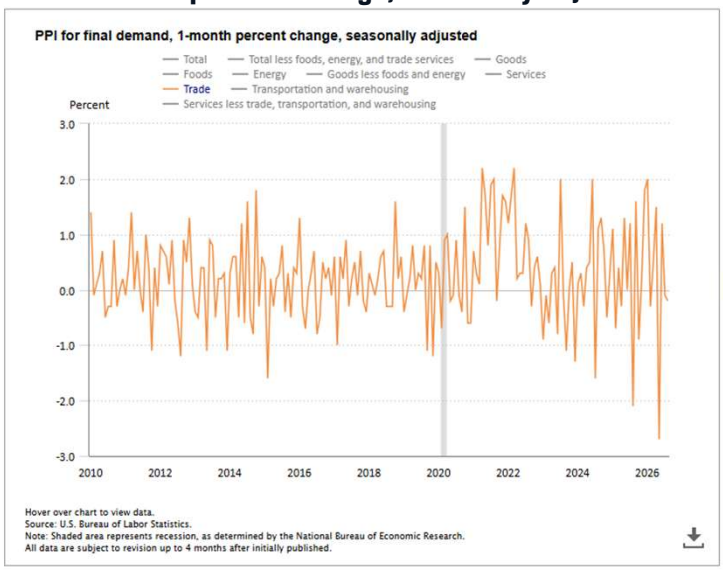
June 2022 was the Russian invasion of Ukraine

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

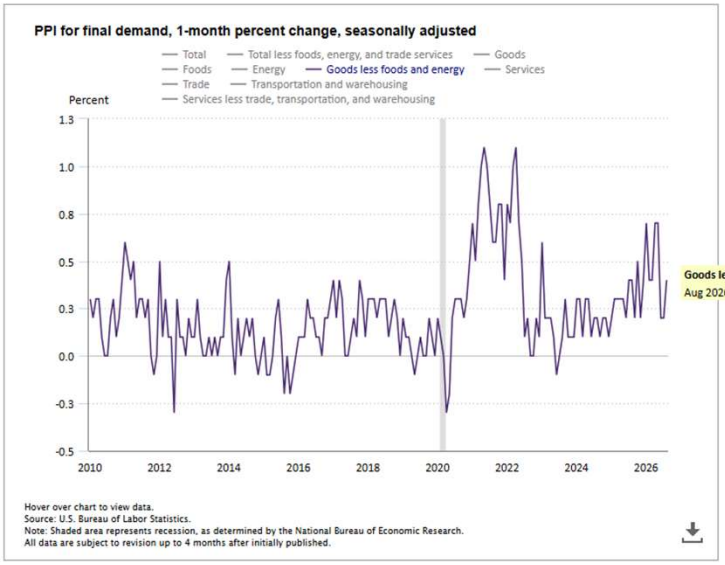


September – last month was revised up to : 1.2 from -0.1

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

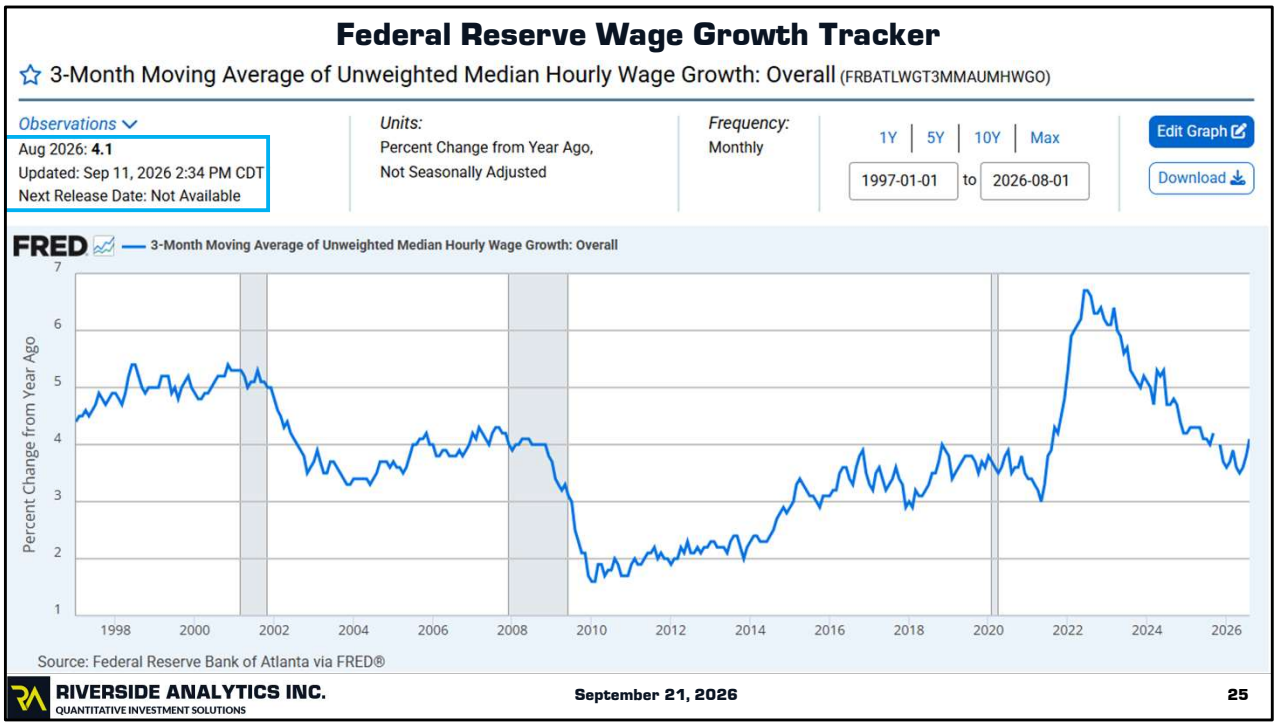
Producer Price Index – Goods less foods and energy

1-month percent change, seasonally adjusted



September – last month was 0.1

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

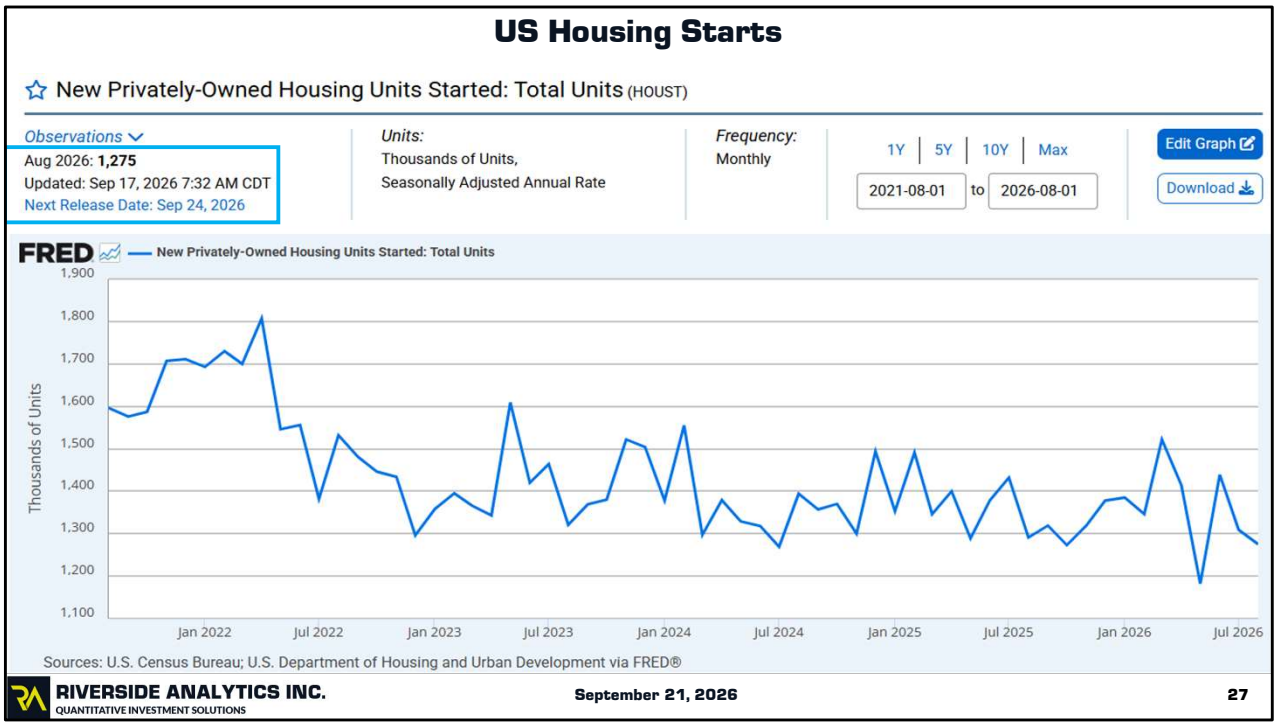


September – Last month was 3.8

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

Leading Indicators

Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked

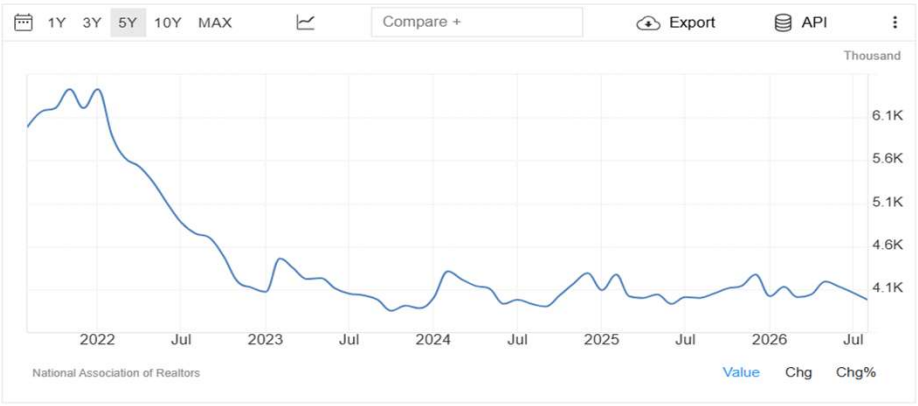


September – July was revised up from 1,239 to 1,309. With long term bond yields rising, Interest rates on mortgages rising, housing starts likely stay muted.

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

US Existing Home Sales

Existing home sales in the United States fell by 2.0% from the previous month to a seasonally adjusted annualized rate of 3.98 million units in August of 2026, aligned with market expectations. It follows a 1.7% decline in the previous months. Existing home sales declined in the Northeast (-4.0%), Midwest (-3.1%), and South (-1.6%) regions while sales were relatively unchanged in the West. Total housing inventory increased 3.2% to 1.62 million units and the median price was $429,100 for all housing types, a 1.6% increase from last year. "Mortgage rates and home sales move in opposite directions, so it's not surprising to see a mild dip in home buying activity due to high mortgage rates," said NAR Chief Economist Lawrence Yun. Mortgage rates measured by leading mortgage providing institutions continued to rise through the period as soaring energy costs and ample corporate debt supply lifted longer-maturity yields. source: National Association of Realtors



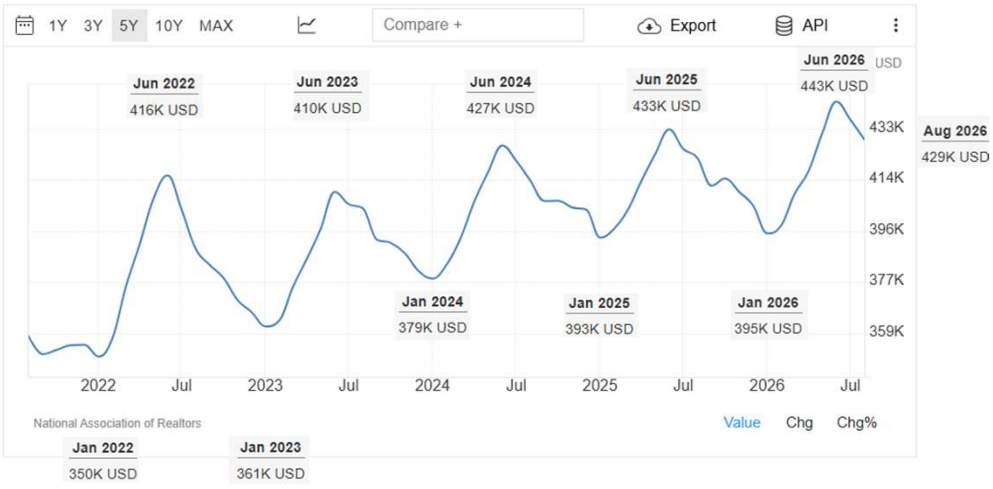
September – last month was 4.06 M annual rate – Like last month, continuing to chug along in its sales channel of the past 3 years.

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



September – Last month was 434k, since revised upward to 436k

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

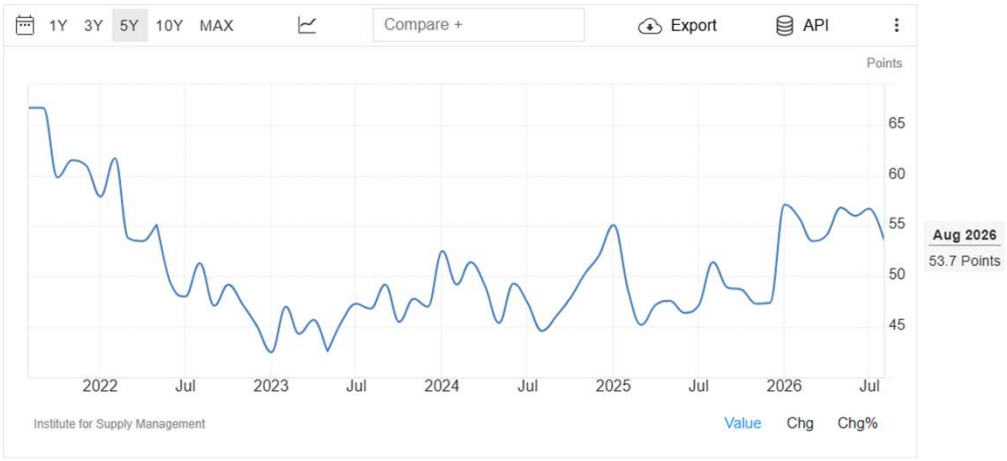


September – Last month was 656,547 revised up to 657,790 – **Defense and AI holding this one up.** Other sectors are just plodding along. Nothing concerning, just be aware of where the strength is.

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

ISM Manufacturing New Orders Index

ISM Manufacturing New Orders in the United States decreased to 53.70 points in August from 56.70 points in July 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



September – Last month was 56.7. Anything above 50 is expansionary !

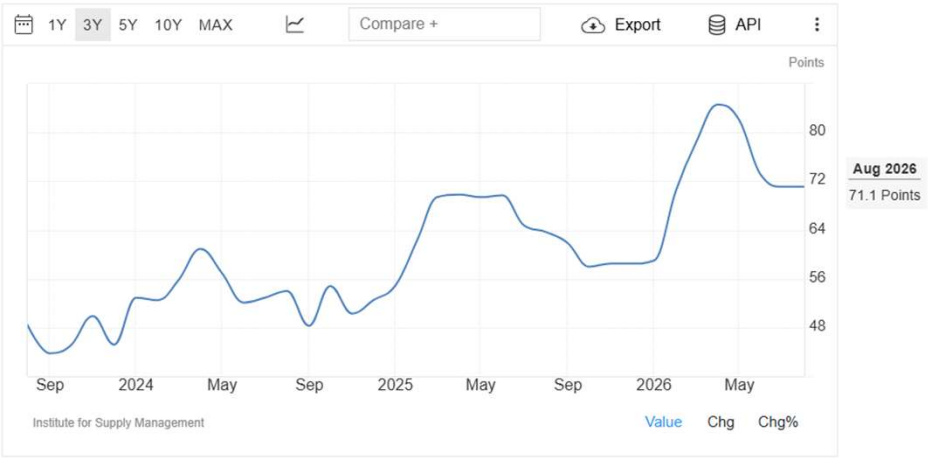
“By monitoring the ISM manufacturing index, investors can better understand national economic trends and conditions. When the index is rising, investors anticipate a bullish stock market in reaction to higher corporate profits. The opposite is the case in the bond markets, which may fall as the ISM manufacturing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

ISM Manufacturing Prices Paid

The US ISM Prices Index registered 71.1 points in August 2026, the same as in July, indicating raw materials prices increased for the 23rd straight month. Of the six largest manufacturing industries, five reported price increases. source: Institute for Supply Management



September – **New this month -** What this says is that tariffs are hurting inputs ! Companies are running out of pre-tariff stock, and forced to buy high to keep production running. That means future price increases, likely next quarter. Spot price purchases are hurting!

There is some locked in price increases coming!

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

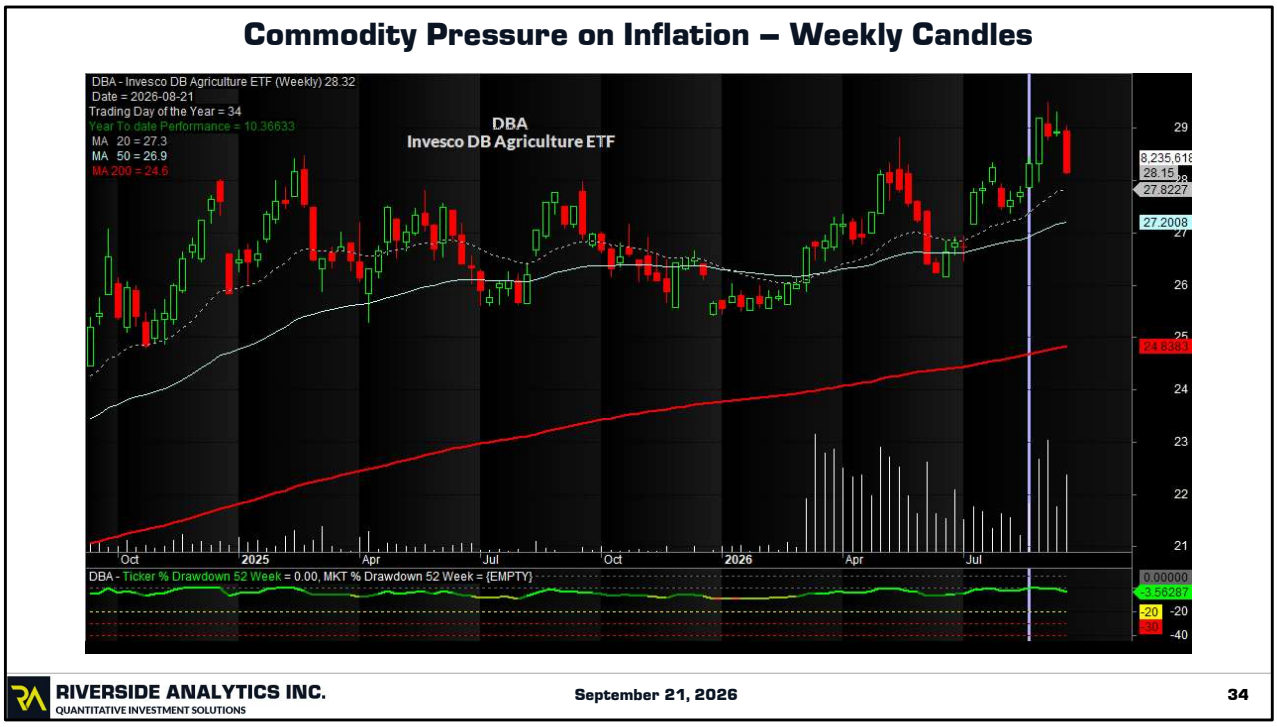
Commodity Pressure on Inflation – Weekly Candles



September – Energy continuing to play havoc with price. Increased fuel surcharges are showing up in deliveries.

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



September – rose and fell to about where it ended last month. The vertical line is August 21.

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



September – Still in the trading channel

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

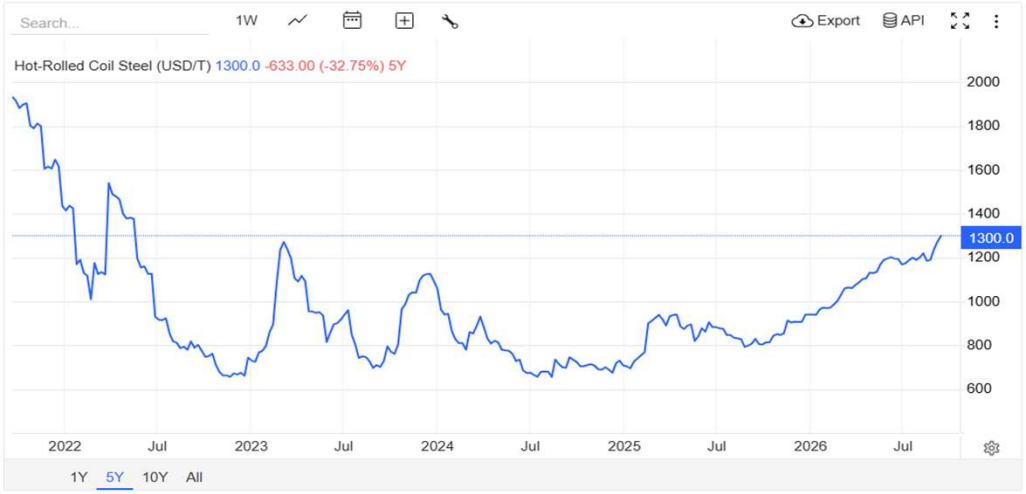
Top 10 holdings : DEERE, CORTEVA INC, ARCHER DANIELS MIDLAND, AGCO CORP, BUNGE GLOBAL, TYSON FOODS INC CLASS A, MOSAIC, INGREDION INC, FRESH DEL MONTE PRODUCE INC, and ANDERSONS INC – This is a mix of industrial (farm equipment, farm inputs (seed, fertilizer, fuel etc), logistics, and food companies

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 1,300 USD/T on September 18, 2026, up 0.93% from the previous day. Over the past month, HRC Steel's price has risen 6.12%, and is up 56.63% compared to the same time last year, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



September – Last month was 1185.1 – Last month I said.. “This is a sideways market until it breaks one way or the other.” Now we know!

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

Hot Rolled Steel – Weekly Candles



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September – 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.

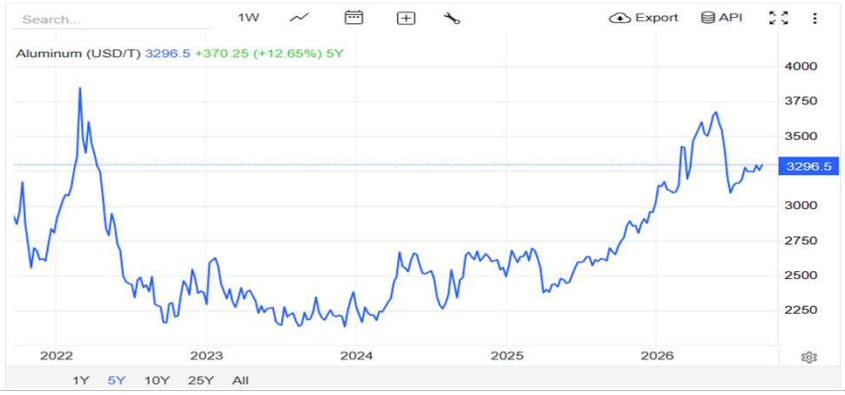
Automotive companies use long term fixed price steel contracts.

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 rose past $3,300 per ton, extending rebound from a two-week low, underpinned by tight supply conditions. The Middle East war has disrupted supply from the region, with GCC production falling 44% year-on-year in July. The region accounted for around 10% of global aluminum production before the conflict. LME inventories remained close to a 36-year low, while SHFE stockpiles continued to fall, pointing to limited availability in the physical market. However, the supply outlook could improve as several smelters restart and ramp up previously curtailed capacity, while others pursue expansion projects. Increased Chinese exports could also help ease supply shortages from the Gulf, with aluminum exports climbing 17.2% year-on-year in August. Traders appeared to shrug off a hawkish rate hike by the Federal Reserve, which sent the US dollar higher. A strong US dollar typically weighs on dollar-denominated commodities by making them more expensive for global buyers.

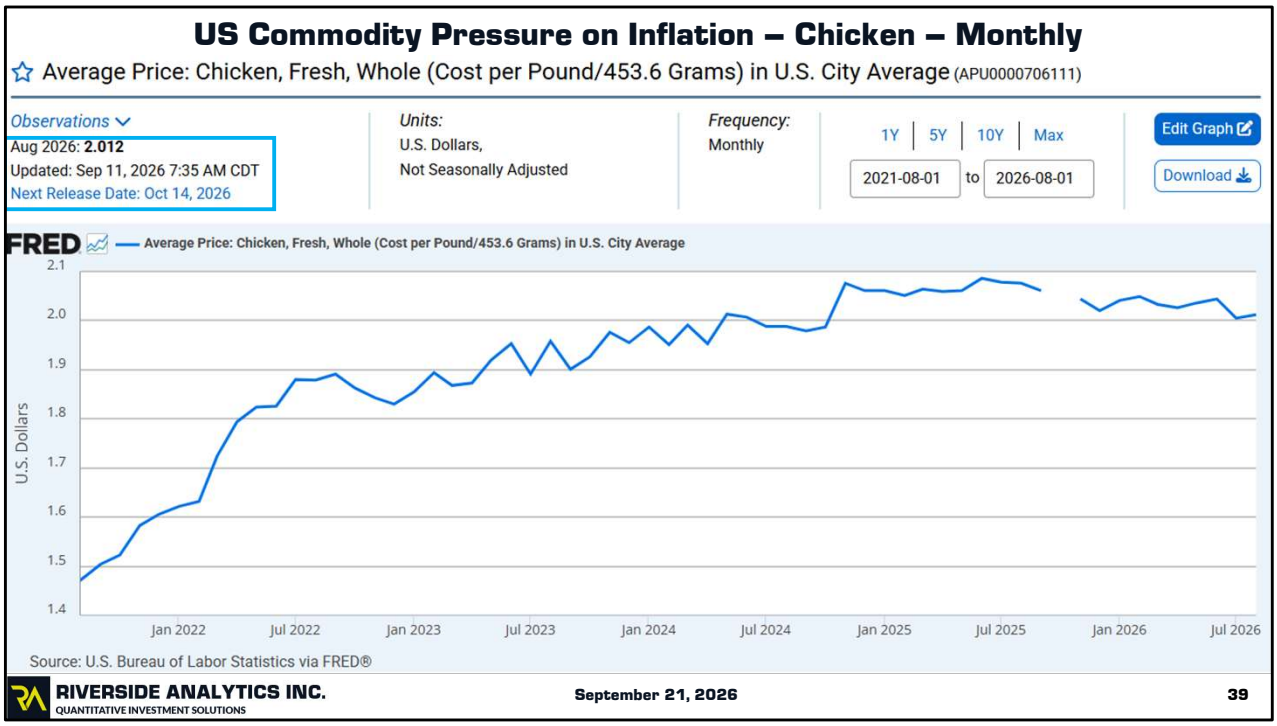


September – last month was 3231.9. The price spike from the Iranian war seems to have resided, but the runup due to tariffs, is going nowhere. US window manufactures are hurting ! EVs, aircraft, and gutters, siding, and foil producers join the hurt group. **Rain gutter prices are up 15 to 25% Y/Y !**

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 !

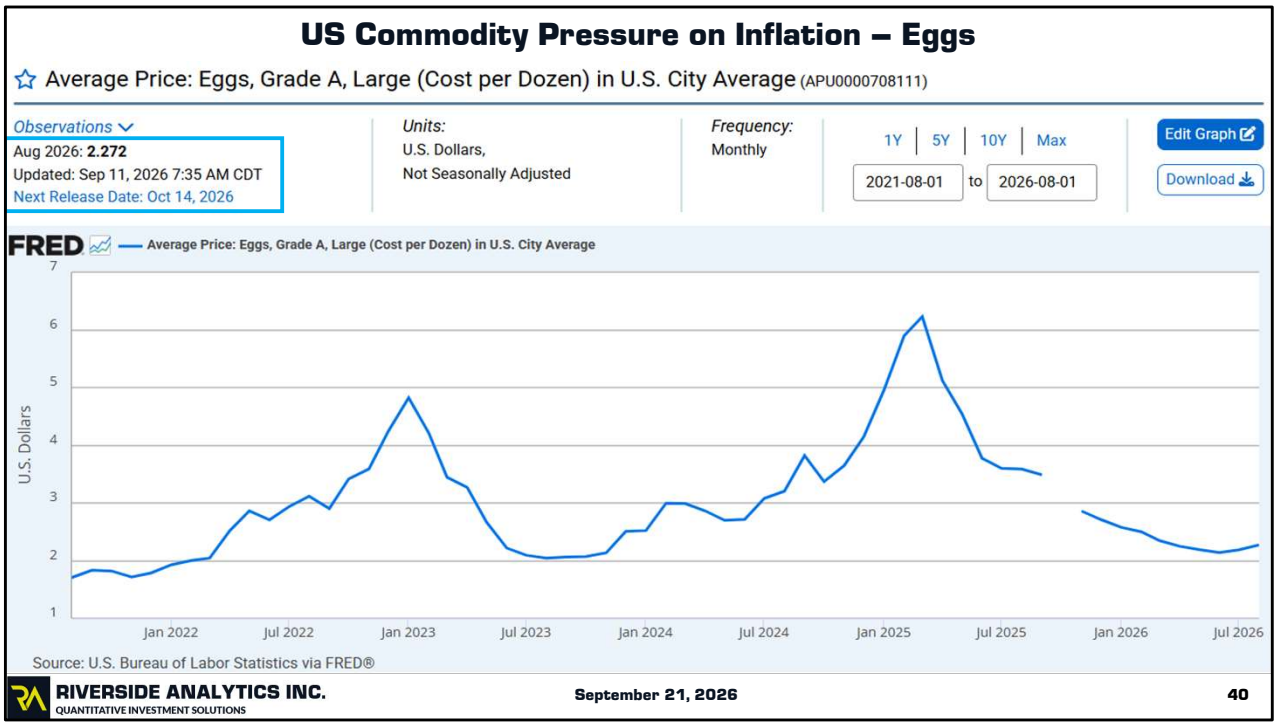
“Some of the many uses for aluminum are in transportation (automobiles, airplanes, trucks, railcars, marine vessels, etc.), packaging (cans, foil, etc.), construction (windows, doors, siding, etc), consumer durables (appliances, cooking utensils, etc.), electrical transmission lines, machinery, and many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

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



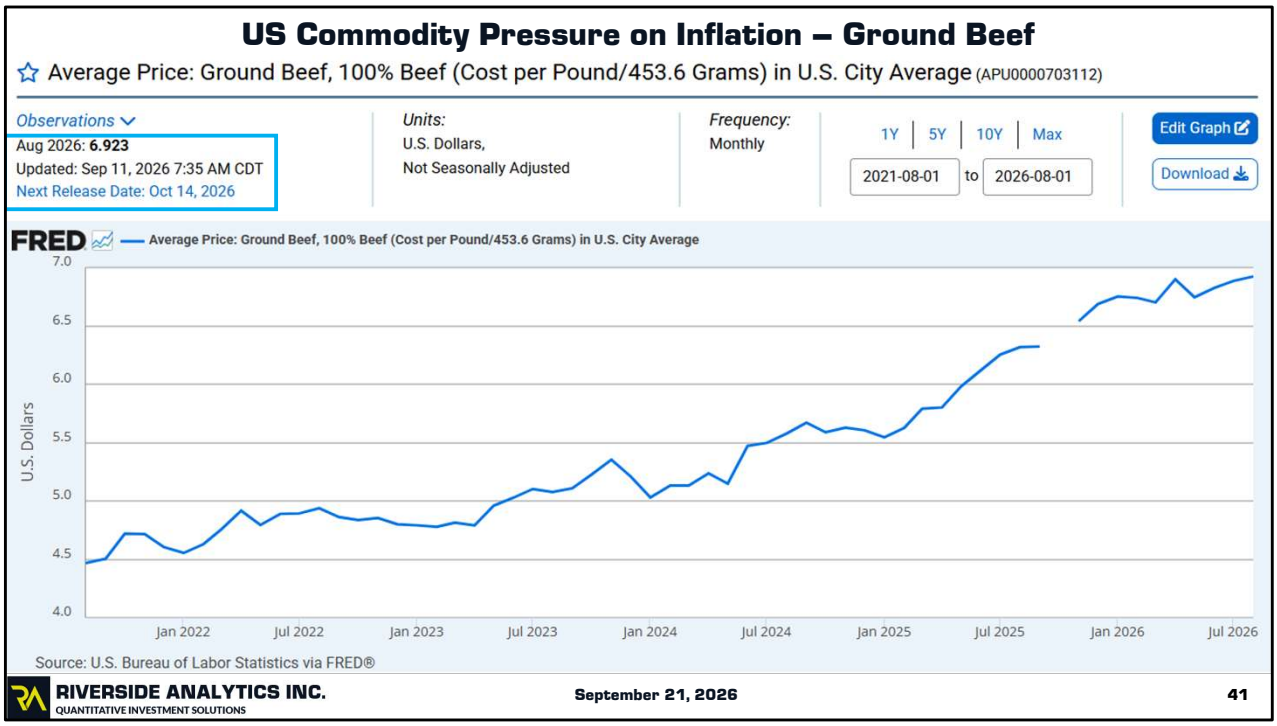
September – last month was 2.005 – another month of - nothing going on here.

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



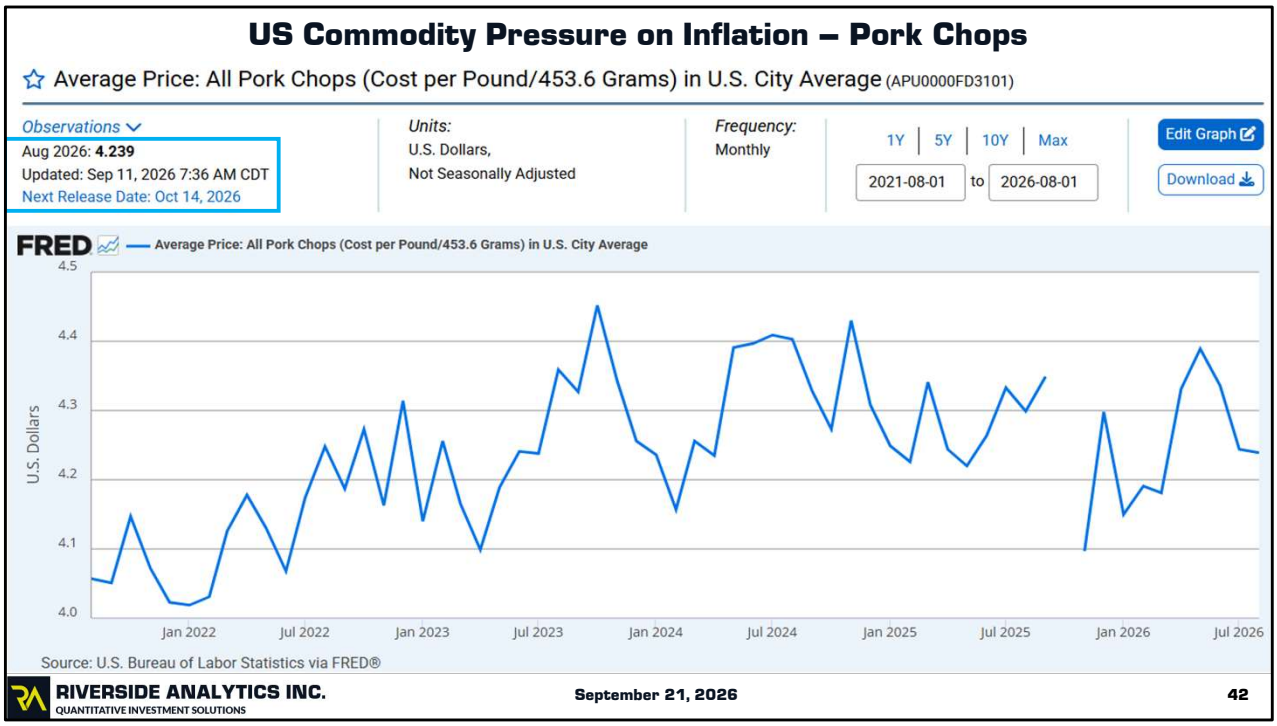
September – last month was 2.189

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



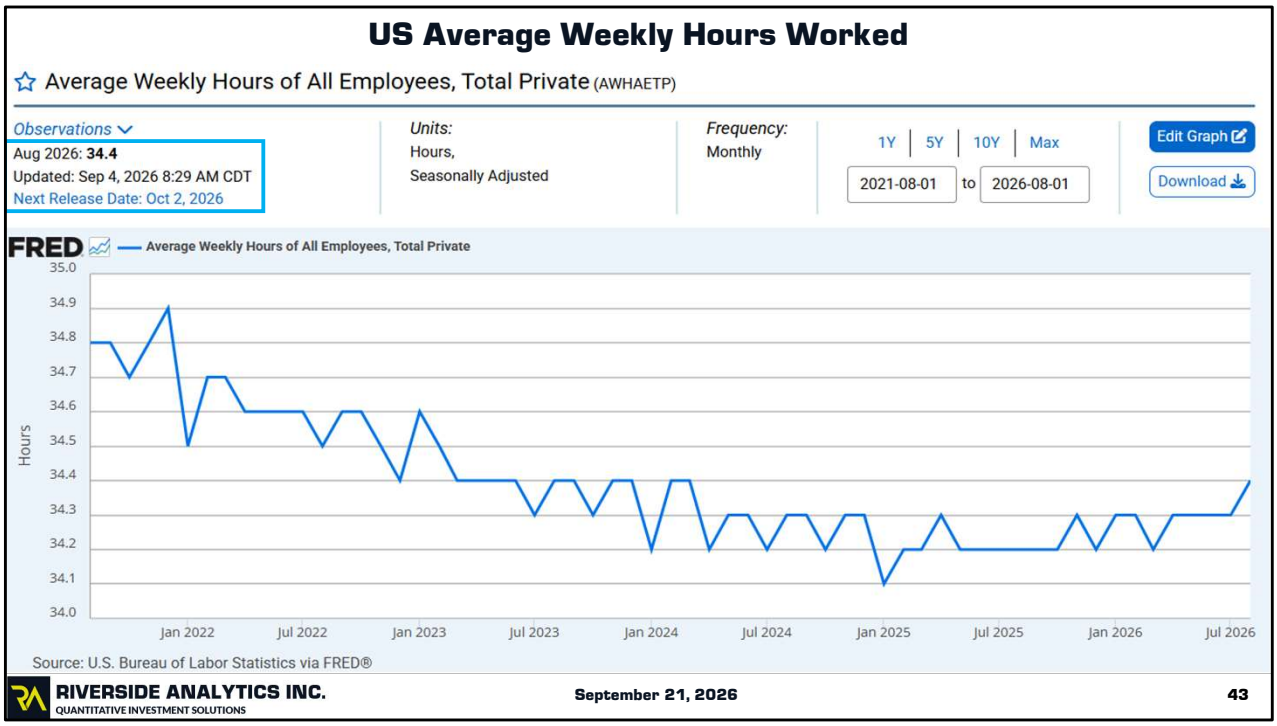
September – Last month was 6.885. No body buying steaks so the price of hamburg continues to rise !

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



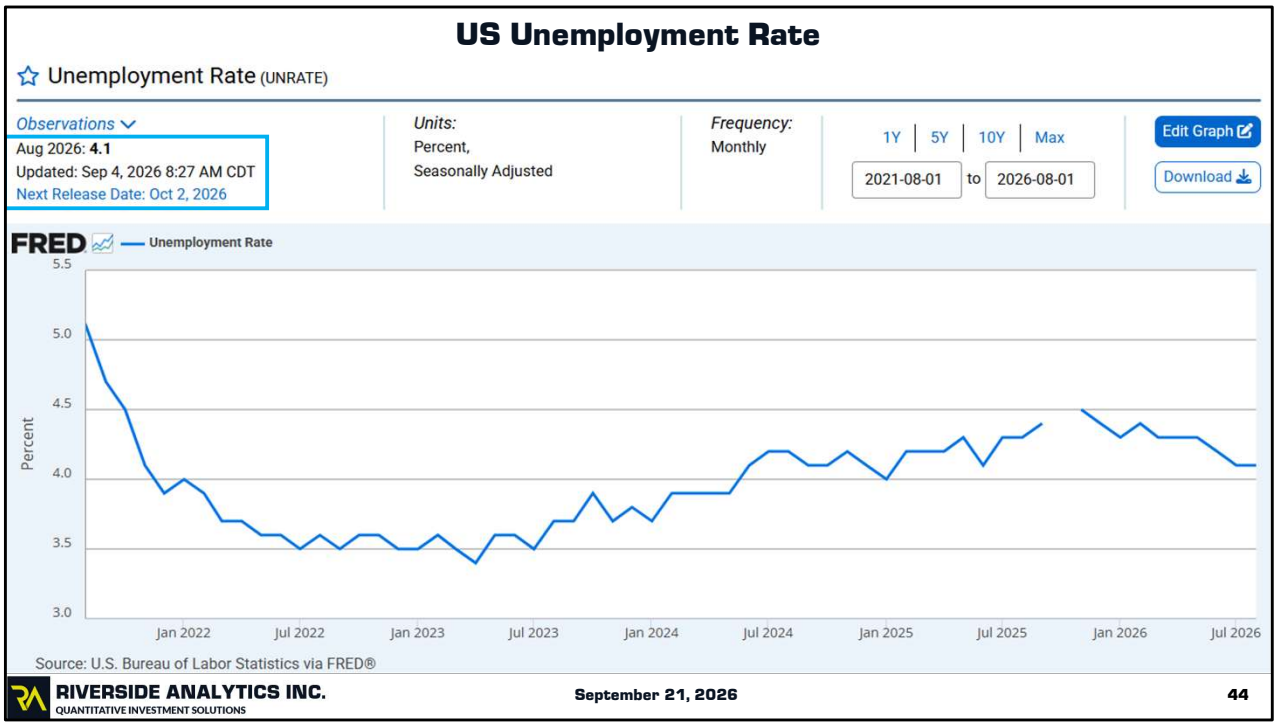
September – last month was 4.244

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



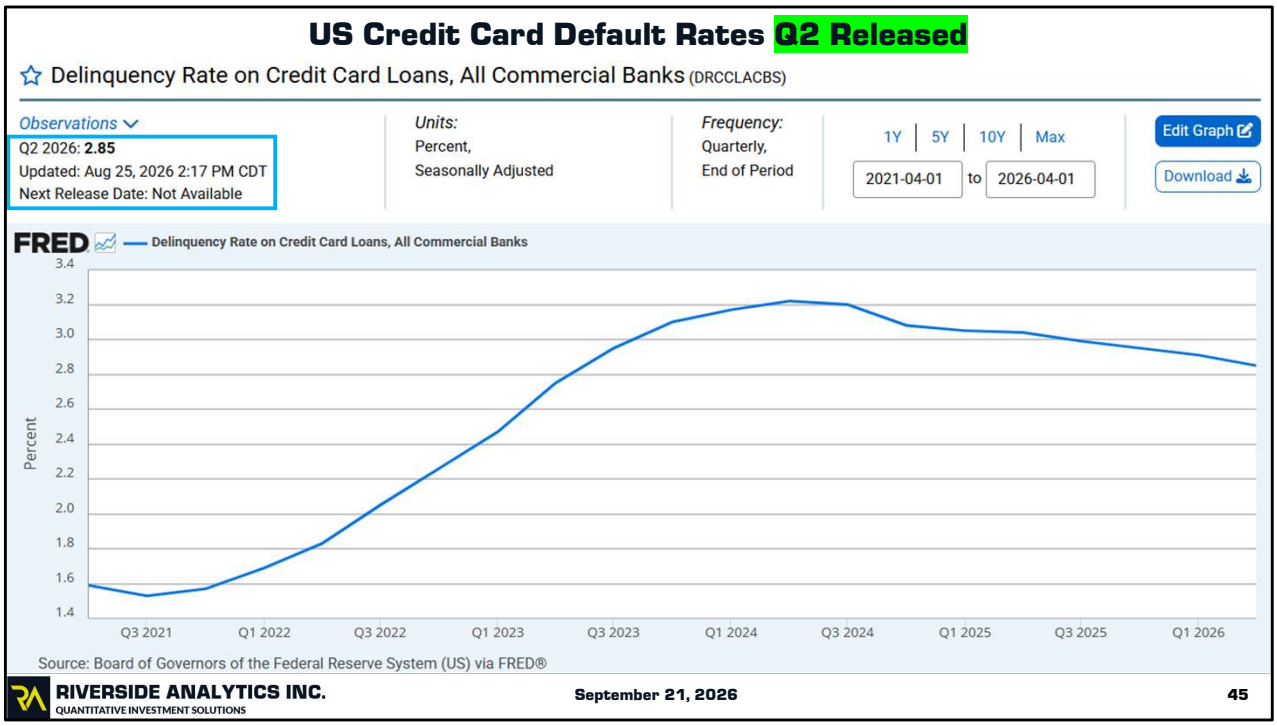
September – Last month was 34.3

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



September – Last months was 4.1, no change !

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

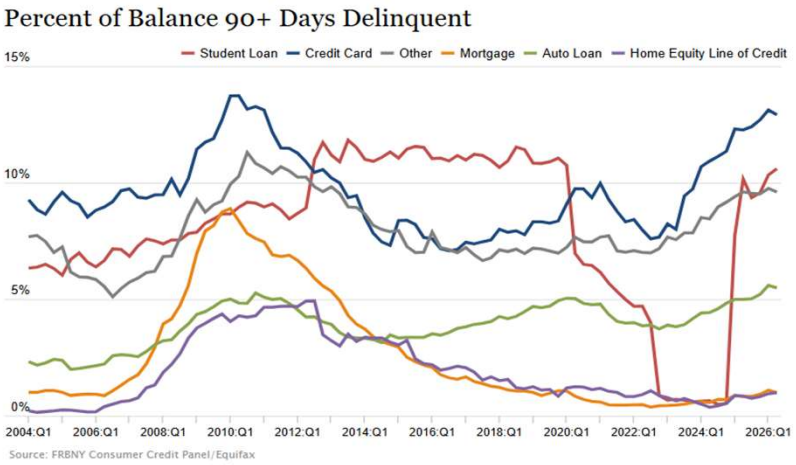


September – Q2 Released – Q1 was 2.92 – This is good to see. Consumers are actively managing their debt.

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 – No Updates



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.

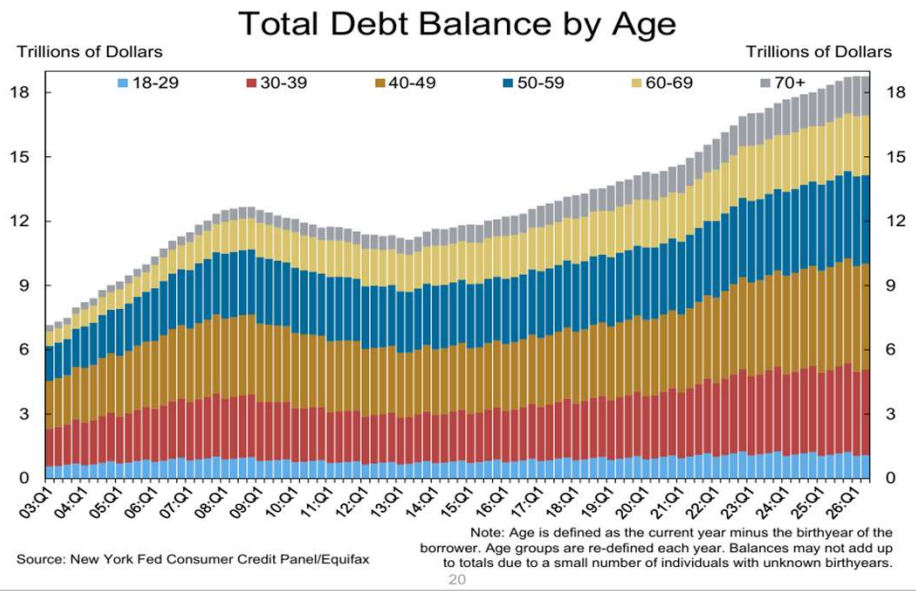
September – No Updates. Auto Loans and Credit Card defaults are at or higher than the 2010 peak. Home Equity and Mortgages are doing fine. Student loans has some polluted data, making that read a bit of a challenge. Suffice to say, they are not doing well either.

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 – No Updates



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September – No Updates - A selected slide from a much larger report. As US seniors age, on the whole, they are taking on more debt !

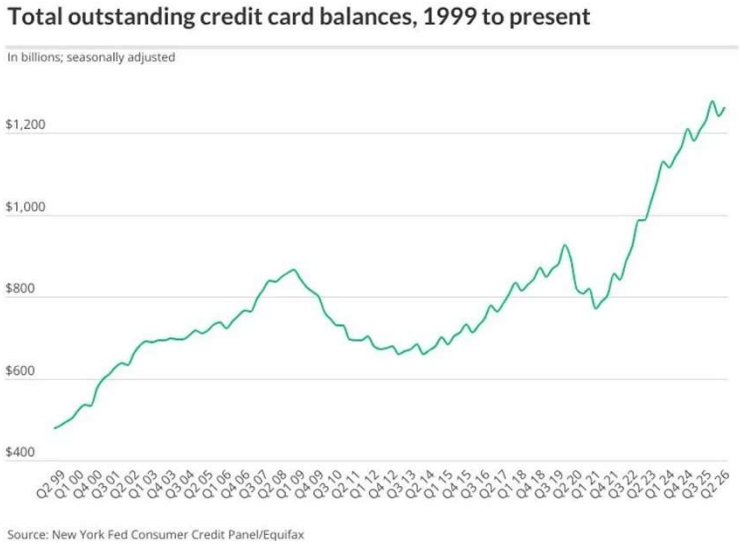
This is slide 20 from this report.
Of you really want to get into the weeds with details >>
https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2026Q2

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 - No Updates



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.

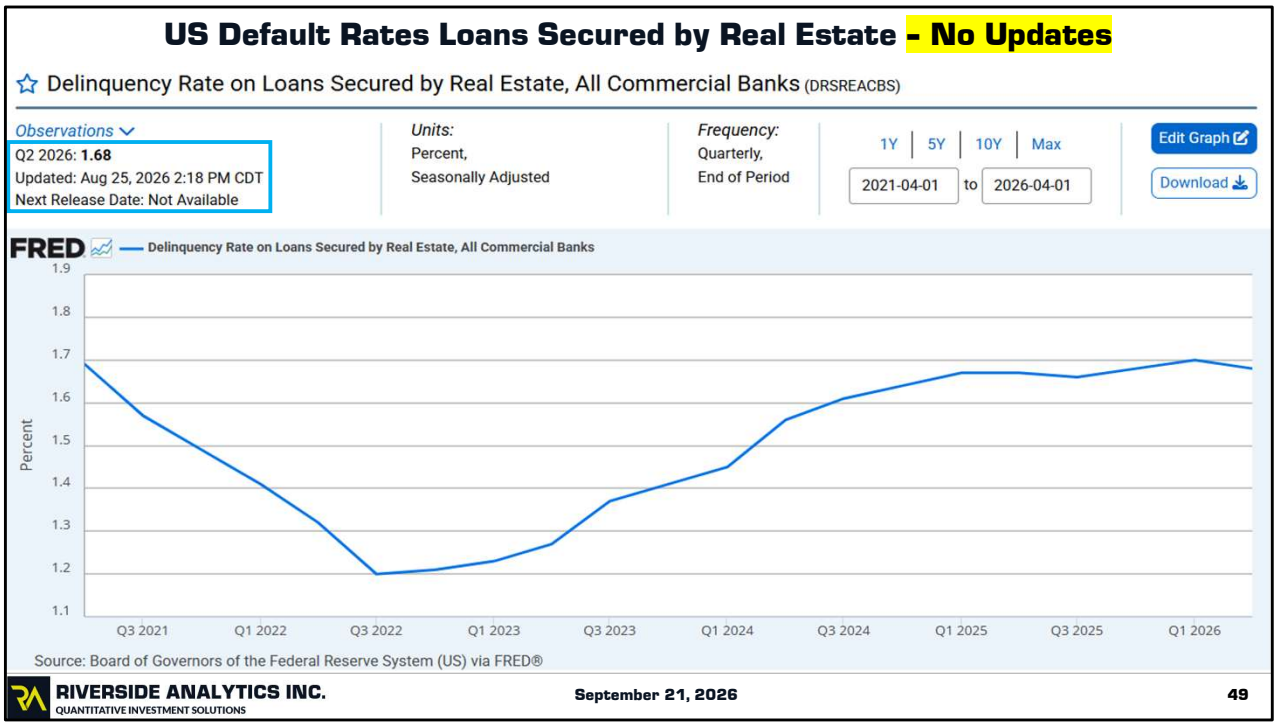
Average Interest rate : 20.94 - .06%
Cards Accruing interest : 22.15%
New CC Offer Rates : 23.80% + .03%

September – No Updates – "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.



September – No Updates – 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

US Net Percentage of Domestic Banks Tightening Standards - No Updates

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

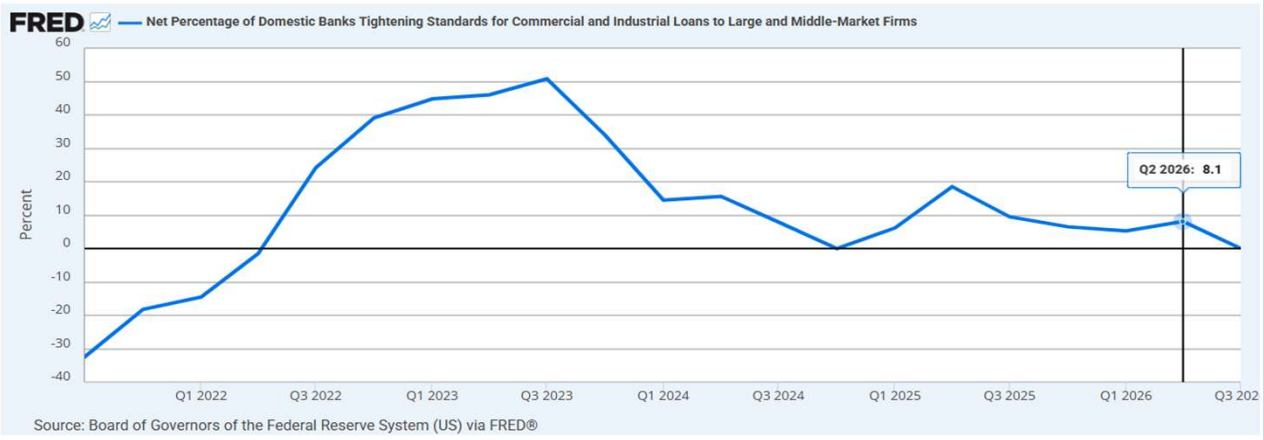
Observations
Q3 2026: **0.0**
Updated: Aug 3, 2026 1:01 PM CDT
Next Release Date: Not Available

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Quarterly

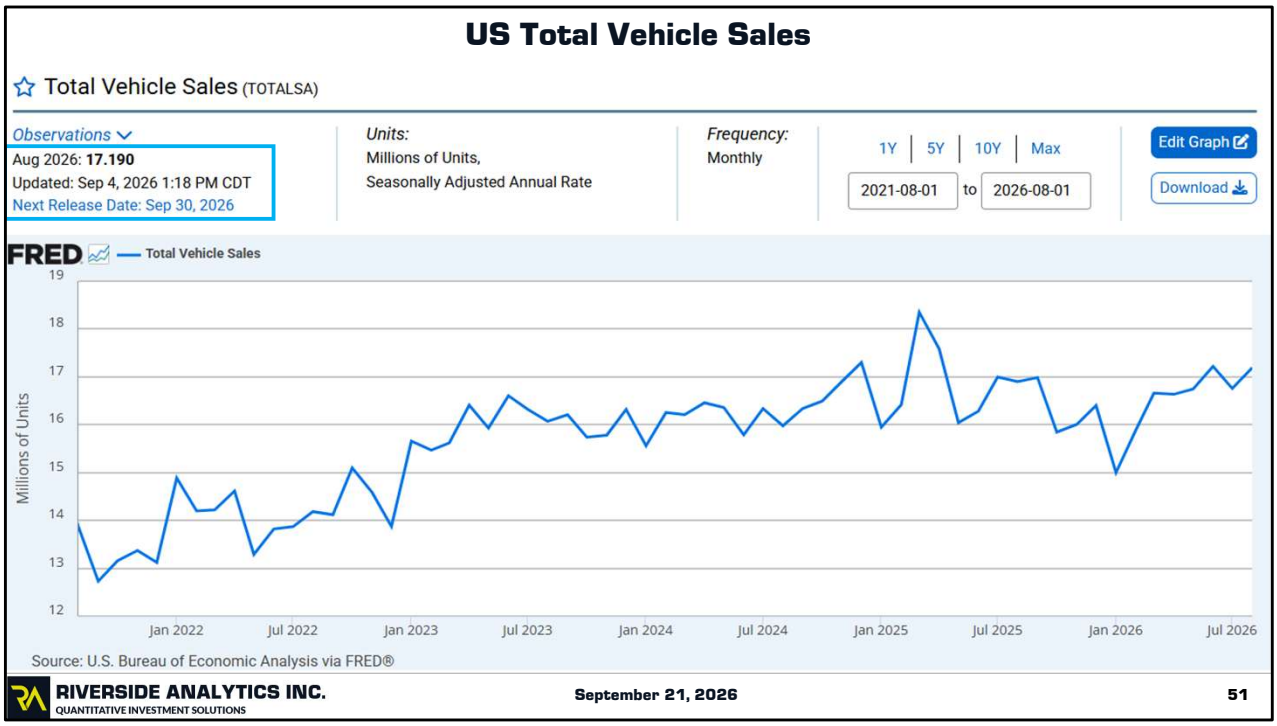
1Y | 5Y | 10Y | Max
2021-07-01 to 2026-07-01

Edit Graph
Download



September – Preliminary Q3 released in August, No updates this month

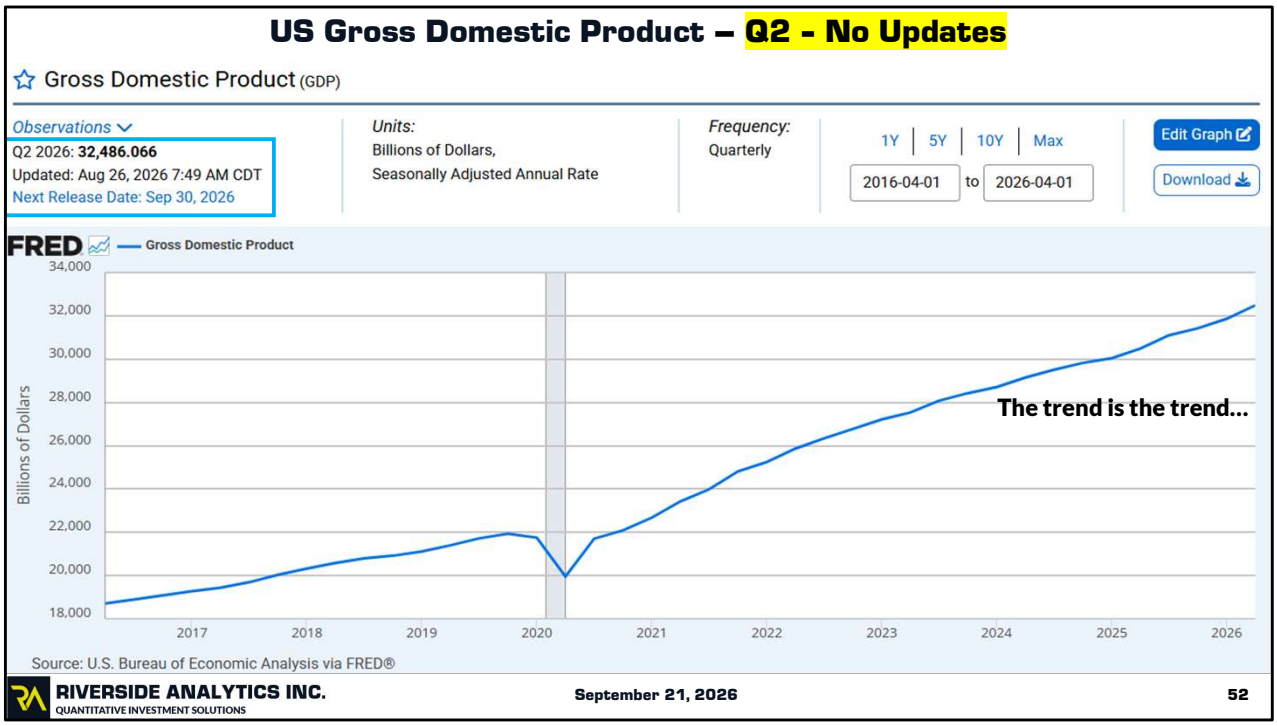
Source : https://fred.stlouisfed.org/series/DRTSCILM



September – Another No material change month

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 - No Updates

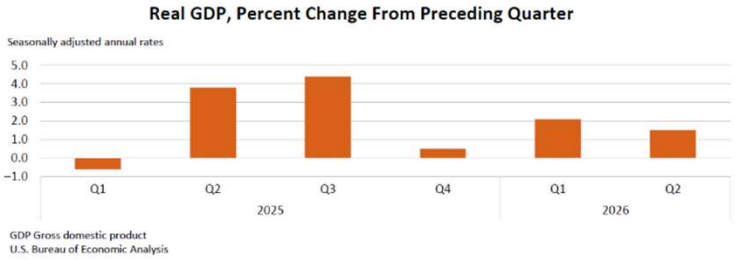


September – No Updates

US GDP – Percent Change – No Updates

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.



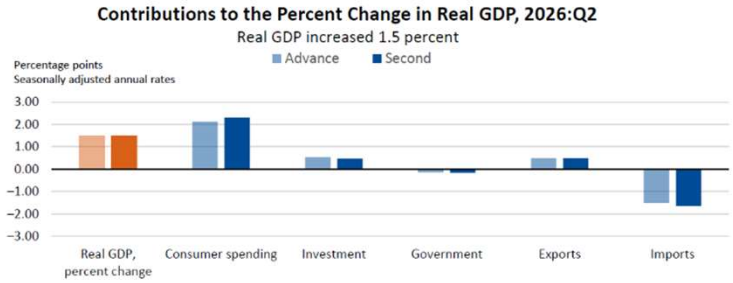
September – No Updates

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

US GDP – Percent Change – No Updates

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.

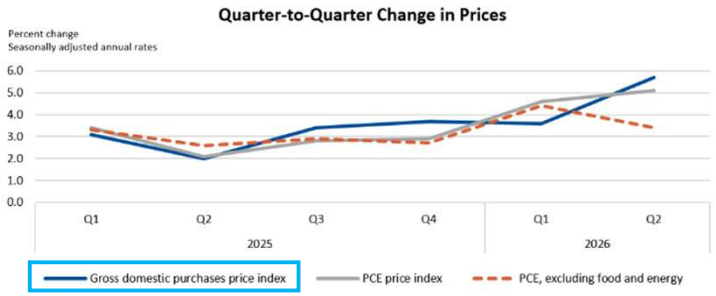


GDP Gross domestic product
Note. Imports are a subtraction in the calculation of GDP. An increase in imports results in a negative contribution to GDP, and a decrease in imports results in a positive contribution to GDP.
U.S. Bureau of Economic Analysis

September – No Updates – 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 – No Updates



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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September – No Updates

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/

S&P 500 YEARLY RETURNS

AVERAGE YEAR vs YEAR #2 OF THE US PRESIDENTIAL CYCLE

US Presidential Election Cycle - S&P 500 Performance Analysis

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

September – October of year 2 of a Republican administration tends to be very good !
Keep an eye on the breadth measures. There is some underlying weakness in the markets.
So far, none of the previous charts is showing any significant weakness.

The best plan is follow your plan !

CME FedWatch Tool

TARGET RATE PROBABILITIES as of 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%

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

TARGET RATE PROBABILITIES – Aggregated as of 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 year 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.

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF – Friday September 18

FED FUND FUTURES											
ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7	ZQN7	ZQQ7	ZQU7
96.2525	96.1050	95.9750	95.8350	95.7700	95.6800	95.6000	95.5100	95.4400	95.3850	95.3550	95.3350	95.3250

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575
10/28/2026	0.0%	42.4%	57.6%	0.0%	0.0%	0.0%	0.0%		
12/9/2026	0.0%	9.9%	46.0%	44.1%	0.0%	0.0%	0.0%	0.0%	0.0%
1/27/2027	0.0%	5.8%	31.1%	44.9%	18.2%	0.0%	0.0%	0.0%	0.0%
3/17/2027	0.0%	2.0%	14.4%	35.8%	35.8%	12.0%	0.0%	0.0%	0.0%
4/28/2027	0.0%	1.4%	10.7%	29.4%	35.8%	19.2%	3.6%	0.0%	0.0%
6/9/2027	0.0%	0.9%	7.6%	23.2%	33.7%	24.7%	8.8%	1.2%	0.0%
7/28/2027	0.0%	0.8%	7.0%	21.8%	32.7%	25.5%	10.2%	1.9%	0.1%
9/15/2027	0.0%	0.8%	6.6%	20.8%	32.0%	26.0%	11.2%	2.4%	0.2%
10/27/2027	0.0%	1.1%	7.2%	21.3%	31.7%	25.3%	10.8%	2.3%	0.2%
12/8/2027	0.1%	1.7%	8.8%	22.4%	31.0%	23.7%	9.9%	2.1%	0.2%

September – Moderate chance of another 25 point increase in December.

CME FedWatch Tool - Aggregated

TARGET RATE PROBABILITIES AS OF – Friday September 18

FED FUND FUTURES												
ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7	ZQJ7	ZQK7	ZQM7	ZQN7	ZQQ7	ZQU7
96.2525	96.1050	95.9750	95.8350	95.7700	95.6800	95.6000	95.5100	95.4400	95.3850	95.3550	95.3350	95.3250

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	375-400	400-425	425-450	450-475	475-500
10/28/2026	42.43 %	57.57 %	0.00 %	0.00 %	0.00 %
12/9/2026	0.00 %	65.76 %	34.24 %	0.00 %	0.00 %
1/27/2027	0.00 %	24.43 %	75.57 %	0.00 %	0.00 %
3/17/2027	0.00 %	0.00 %	58.43 %	41.57 %	0.00 %
4/28/2027	0.00 %	0.00 %	28.43 %	71.57 %	0.00 %
6/9/2027	0.00 %	0.00 %	0.00 %	95.29 %	4.71 %
7/28/2027	0.00 %	0.00 %	0.00 %	86.43 %	13.57 %
9/15/2027	0.00 %	0.00 %	0.00 %	79.84 %	20.16 %
10/27/2027	0.00 %	0.00 %	0.00 %	84.43 %	15.57 %
12/8/2027	0.00 %	0.00 %	0.00 %	95.21 %	4.79 %

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

September – Decent chance of another 25 points by year end, then again January, and still another by June of 2027. **Fed looks like it is getting serious in tapping down inflation**, especially with jobs and unemployment rate doing well. This is likely to hurt US auto and home sales as loan rates are forced higher. Tariffs and high energy costs are being passed through to the consumer. **More companies are ignoring the White House, as profits get squeezed.**

This means that Canadian rates likely increase to protect the Canadian dollar. There could be knock on affects to other currencies. Something to keep an eye on if you are thinking about taking on some debt.

Canadian Charts

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

Residential Property Prices

Unemployment rate

Consumer Price Index

Inverted Yield Curve

Gross Domestic Product

Cdn existing home sales

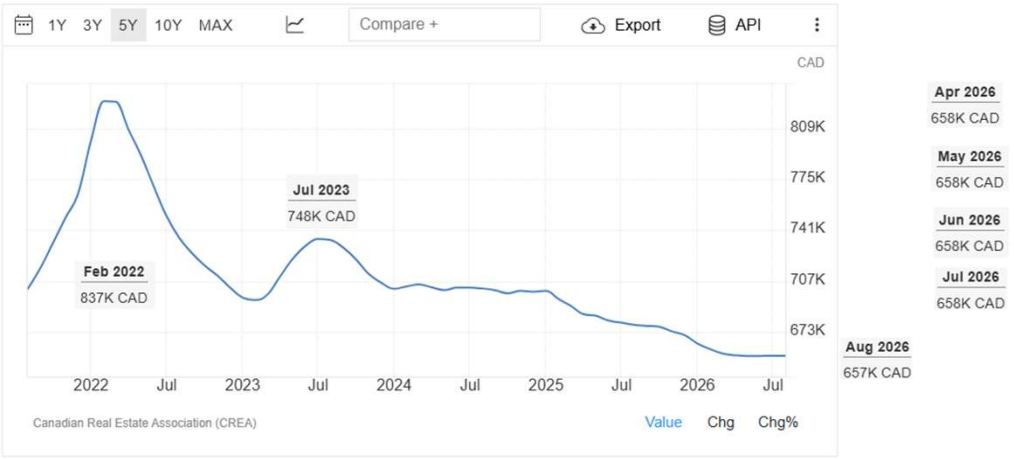
New Vehicle Sales

ST Louis Fed tracks a number of Canadian Metrics.

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

Average House Prices for Canada

Average House Prices in Canada decreased to 657400 CAD in August from 657500 CAD in July of 2026. Average House Prices in Canada averaged 472453.08 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)

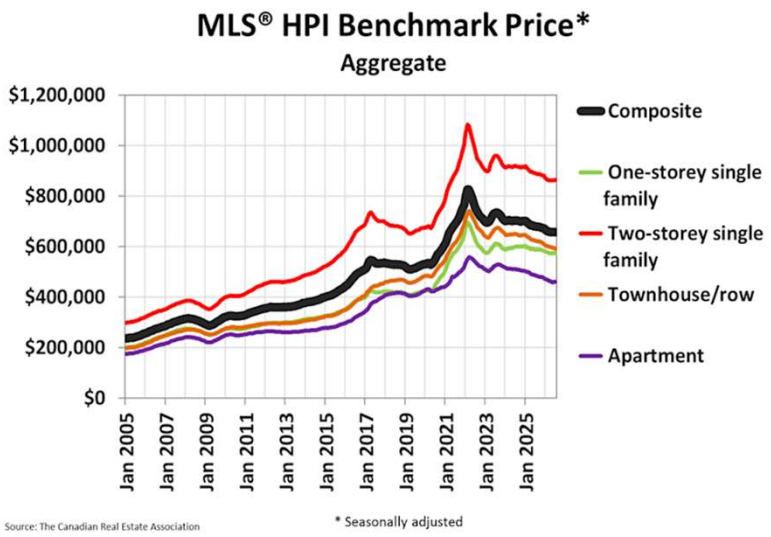


September – It dropped $100, - WHOOPEE ! - 5 months in a row… no change – Average price is holding at 658k – little wiggles in the decimal point do not count !

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

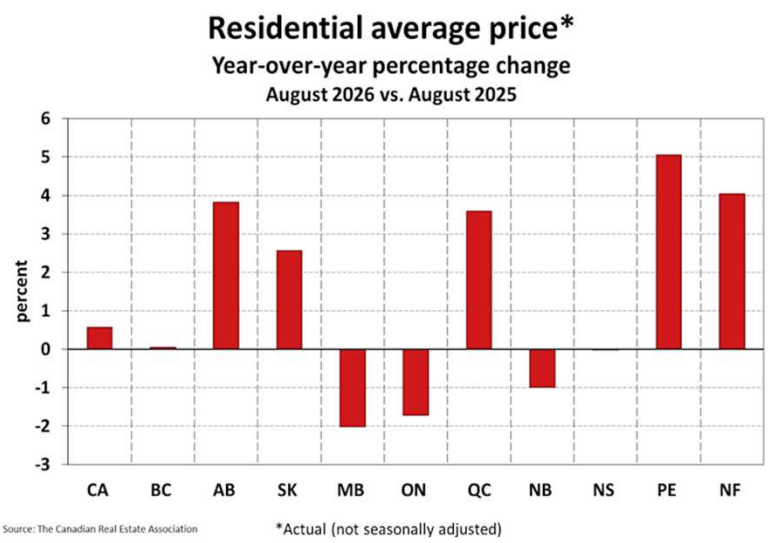
Canada Average House Price



September – “Sales activity and price trends were largely unchanged for a fourth consecutive month in August,” said Shaun Cathcart, CREA’s Senior Economist. “What has changed is the broader economic environment, with the Bank of Canada recently warning of rising inflation risks, along with doubts about the durability of recent economic growth. For borrowers, fixed mortgage rates have already increased on higher bond yields. Meanwhile, on the variable rate side, a rate hike is not only back on the table for this year but already priced in by markets. This fresh round of incoming headwinds is expected to dampen the prospects for further housing market momentum heading into 2027.”

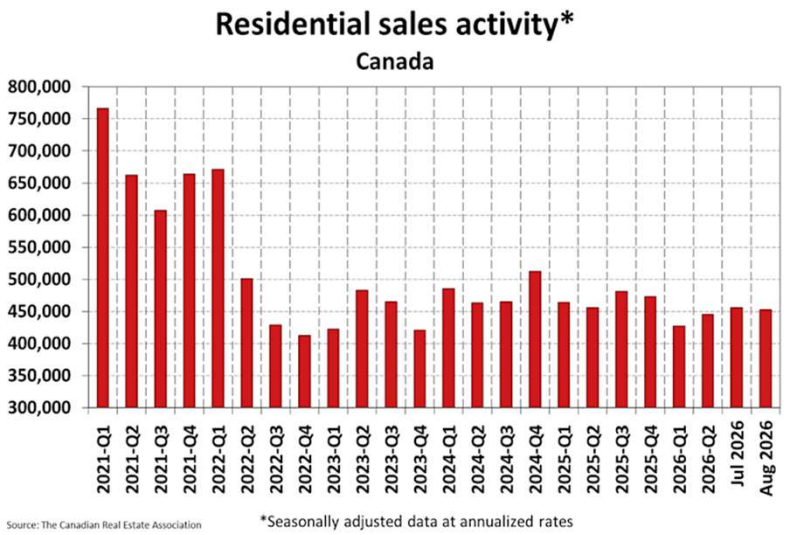
Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province



September – BC escaped the basement this month, Manitoba and New Brunswick joined Ontario in declining. PEI has another month healthy rising prices.

Home Sales Activity for Canada



September – No Change - Overall the market is within its normal range for the past 3 years.

Source: The Canadian Real Estate Association.

Housing Starts - % Change – Canada

Housing starts in Canada were largely flat month-over-month at a seasonally adjusted annual rate of 229 thousand units in August 2026, the lowest since March 2025 and below market forecasts of 240 thousand units. Rural starts were estimated at a seasonally adjusted annual rate of 11,224 units. Actual monthly housing starts were down 2% year-over-year in centres with populations of 10,000 or more, with a total of 17,691 units recorded in August 2026. Montréal's six-month trend rose 6% month-to-month, driven by higher starts across all housing types. Vancouver also recorded a 6% increase, supported by stronger multi-unit starts. In Toronto, the trend was unchanged, as both single-detached and multi-unit starts remained flat. source: Canada Mortgage And Housing Corporation

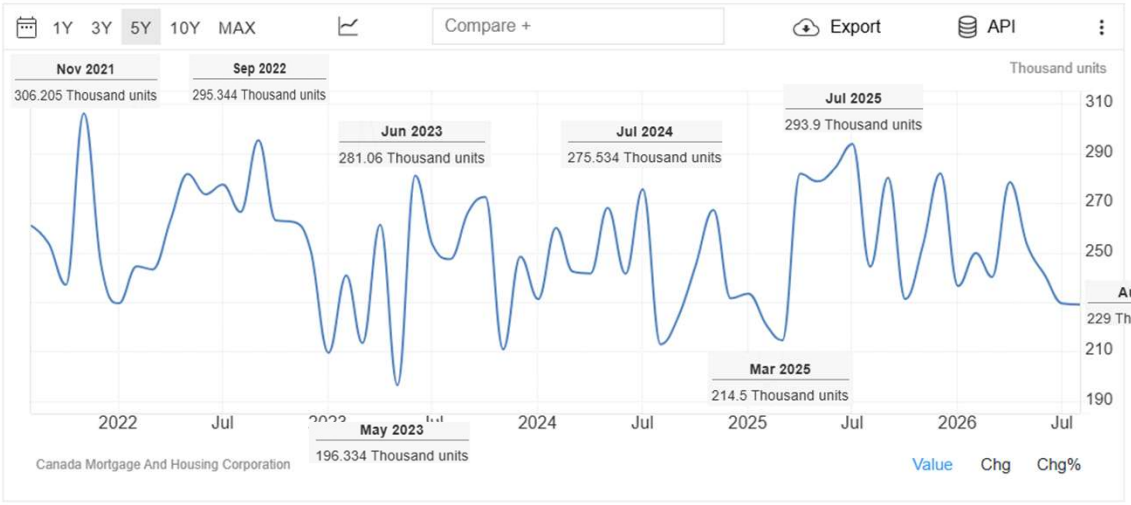


September – An improvement from the last three months.

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



September – No change from last month – 229K units each month.

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

Housing Sales Activity for GTA

Greater Toronto Area (GTA) Housing Market Overview

DATA FOR AUGUST 2026

ALL PROPERTY TYPES	DETACHED	SEMI-DETACHED	FREEHOLD TOWNHOUSE	CONDO APARTMENT
$993,410 **Avg. Sold Price** ↓ 1.1% decrease (1-month change) ↓ 2.8% decrease (12-month change)	$1,288,669 Avg. Sold Price ↓ 0.2% decrease (1-month change) ↓ 1.8% decrease (12-month change)	$931,665 Avg. Sold Price ↓ 3.4% decrease (1-month change) ↓ 4.9% decrease (12-month change)	$882,060 Avg. Sold Price ↓ 2.4% decrease (1-month change) ↓ 6.8% decrease (12-month change)	$617,593 Avg. Sold Price ↓ 2.9% decrease (1-month change) ↓ 3.8% decrease (12-month change)
5,057 **Transactions (Buy/Sell)** ↓ 15.6% decrease (1-month change) ↓ 3.0% decrease (12-month change)	2,399 Transactions (Buy/Sell) ↓ 14.0% decrease (1-month change) ↓ 0.5% decrease (12-month change)	439 Transactions (Buy/Sell) ↓ 21% decrease (1-month change) ↓ 0.5% decrease (12-month change)	437 Transactions (Buy/Sell) ↓ 23% decrease (1-month change) ↓ 19% decrease (12-month change)	1,330 Transactions (Buy/Sell) ↓ 15.0% decrease (1-month change) ↓ 2.8% decrease (12-month change)

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

September – **Red across the board !**

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

Housing Sales Activity for GTA

Single-Family Detached Home Prices in the GTA



Statistics for August 2026

Average Price:	$1,288,669	↓-1.8% from Aug. 2025
Units Sold:	2,399	↓-0.5% from Aug. 2025
New Listings:	5,590	↓-12.9% from Aug. 2025

Semi-Detached Home Prices in the GTA



Statistics for August 2026

Average Price:	$931,665	↓-4.9% from Aug. 2025
Units Sold:	439	↓-0.5% from Aug. 2025
New Listings:	833	↓-11.9% from Aug. 2025

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

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

September 21, 2026

69

September – Same comment for the last few months - 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 August 2026

Average Price:	$882,060	↓-6.8% from Aug. 2025
Units Sold:	437	↓-19.2% from Aug. 2025
New Listings:	971	↓-21.7% from Aug. 2025

Apartment Prices in the GTA



Statistics for August 2026

Average Price:	$617,593	↓-3.8% from Aug. 2025
Units Sold:	1,330	↓-2.8% from Aug. 2025
New Listings:	3,579	↓-13.9% from Aug. 2025

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

September – 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	$770,000	↓-3.8%	1,767
#2	York Region	$1,041,800	↓-5.9%	971
#3	Peel Region	$850,500	↓-4.4%	940
#4	Durham Region	$766,000	↓-4.8%	602
#5	Halton Region	$957,000	↓-6.1%	571
#6	Simcoe County	$780,000	↓-6.0%	178
#7	Dufferin County	$755,378	↑3.5%	28
	GTA	**$850,000**	**↓-4.2%**	**5,057**

September – 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	$770,000	↓-3.8%	1,767
#2	Brampton	$826,500	↓-3.9%	440
#3	Mississauga	$842,000	↓-7.3%	435
#4	Markham	$1,095,000	↑0.1%	282
#5	Vaughan	$1,148,750	↓-2.6%	242
#6	Oakville	$1,200,000	↑2.6%	203
#7	Burlington	$897,000	↓-7.2%	193
#8	Richmond Hill	$1,068,888	↓-8.2%	161
#9	Oshawa	$645,000	↓-7.2%	143
#10	Whitby	$850,000	↓-4.4%	129
	GTA	**$850,000**	**↓-4.2%**	**5,057**

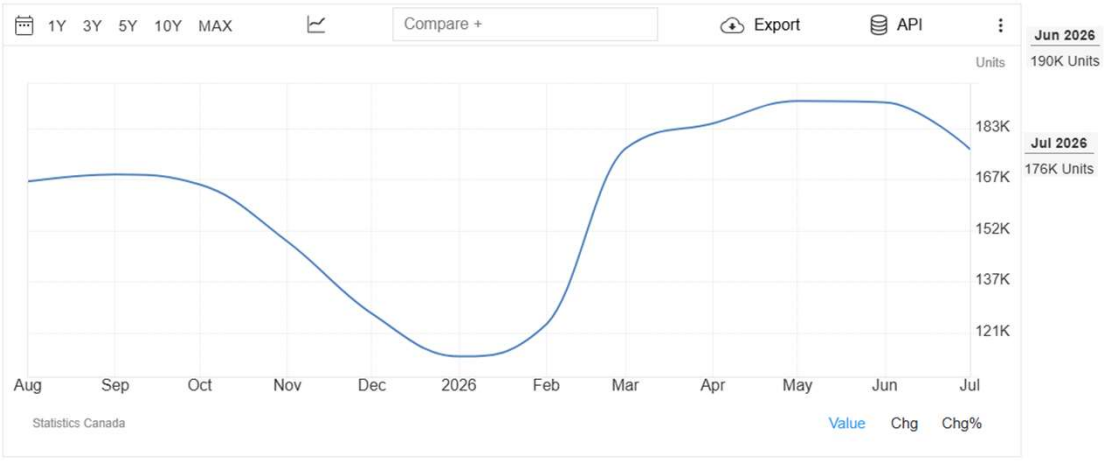
September – Note, this is the MEDIAN not the AVERAGE !

Note these are year over year changes

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

New Vehicle Sales Activity for Canada

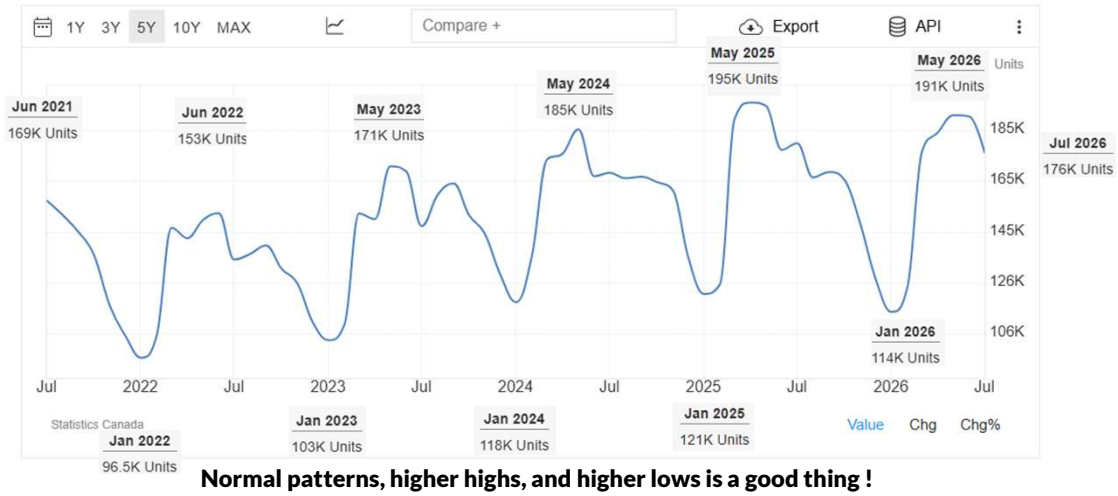
New motor vehicle sales in Canada fell by 2% to 176.2 thousand units in July 2026 from 179.8 thousand in the corresponding period a year earlier. The number of new passenger cars sold declined by 4.6%, while the number of new trucks sold declined 1.6%. source: Statistics Canada



September – A little softer for this period than previous years, but is the peak above or below last years number? Next slide reveals that one.

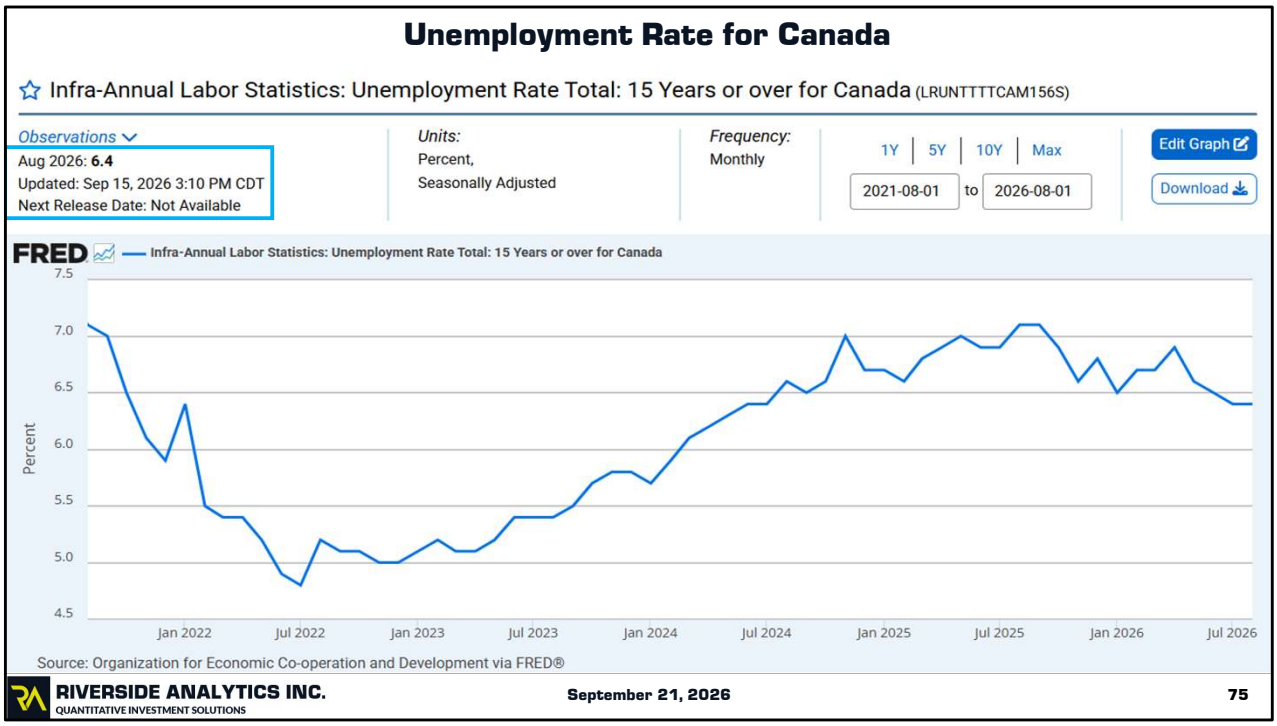
Source : Trading Economics

New Vehicle Sales Activity for Canada – 5 Year Chart



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

September - 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. Consumers are guarding their dollars in the face of uncertainty.**

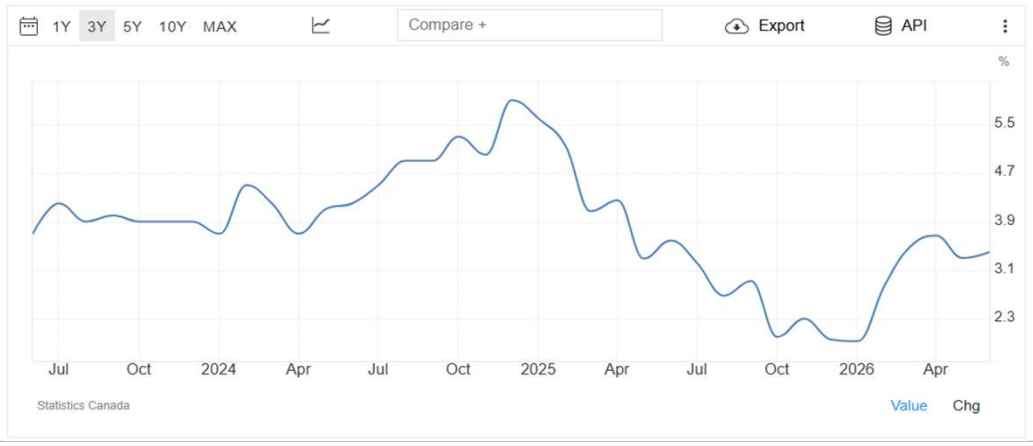


September – Last month's number was revised down 1/10 to 6.4. No change this month.

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

Canada Average Weekly Earnings YOY – 3 Year Chart

Canada's average weekly earnings for non-farm payroll employees rose 3.4% year-on-year to C$1,344 in June 2026, following a downwardly revised 3.3% increase in May. The strongest wage gains were recorded in utilities (12.6%), finance and insurance (12.5%), and management of companies and enterprises (11.9%). In contrast, earnings declined in real estate and rental and leasing (-5.3%). By province, Nova Scotia (6.8%) posted the largest increase, followed by Nunavut (6.1%), New Brunswick (4.4%), Ontario (3.9%) and British Columbia (3.7%). The Northwest Territories posted a 1.3% decline. Month-on-month, average weekly earnings rose 0.6% in June, while average weekly hours worked were little changed at 33.4 hours. source: Statistics Canada



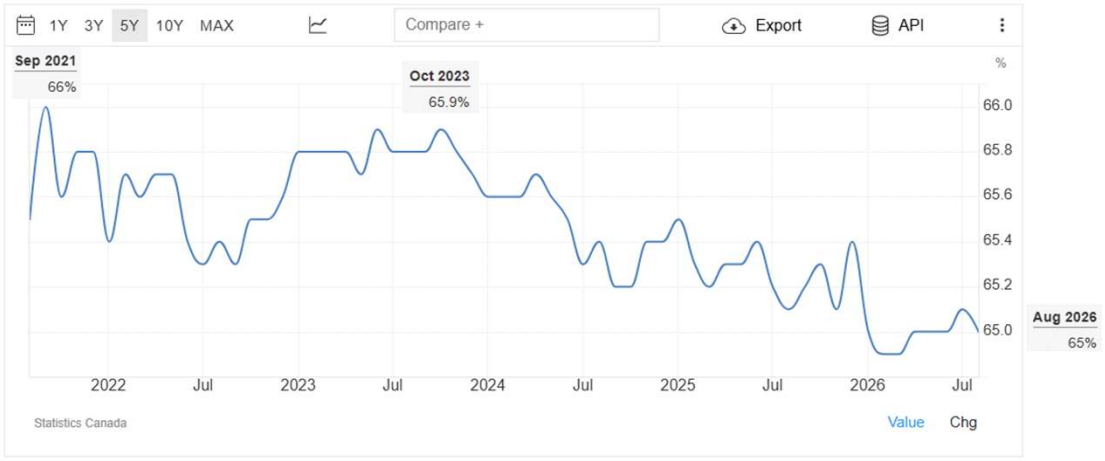
September – Last month was revised down 1/10th to 3.3%. Decent wage increases are helping families cope with inflation.

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

September – August giveth, and September taketh away !

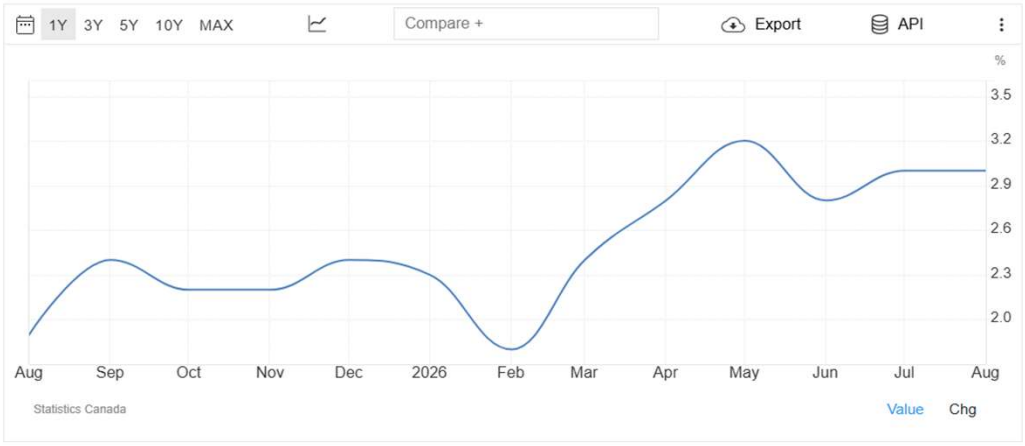
Essentially, this means that about 35 percent of the population that could be working, are not.

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

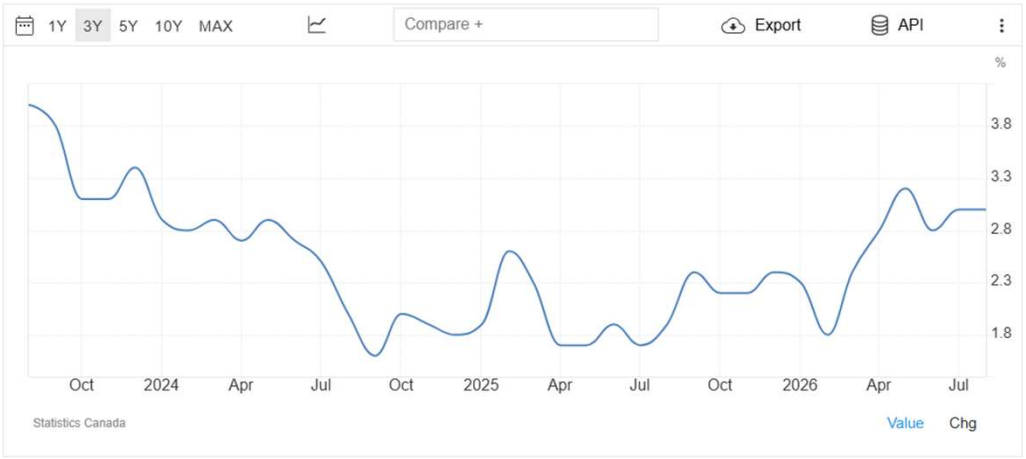
Consumer Price Index: Monthly Canada

The headline inflation rate in Canada was unchanged from the previous month at 3.0% in August of 2026, aligned with market expectations and remaining below the post-Iran-war peak of 3.2%. Price growth remained dominated by energy goods as the war in the Middle East halted a key source of global oil supply. Gasoline inflation stood at 22.8% in the month, slowing slightly from the 25.7% increase in the previous month. Conversely, groceries prices rose 2.8% from the 3.1% increase in July, falling below the headline inflation rate for the first time in over two years. Core inflation rates that are tracked by the Bank of Canada remained close to their target. The trimmed-mean core rate and the median core rate were both unchanged at 1.9% and 2%, respectively, aligned with expectations. From the previous month, the Canadian CPI inched down by 0.1%. source: Statistics Canada



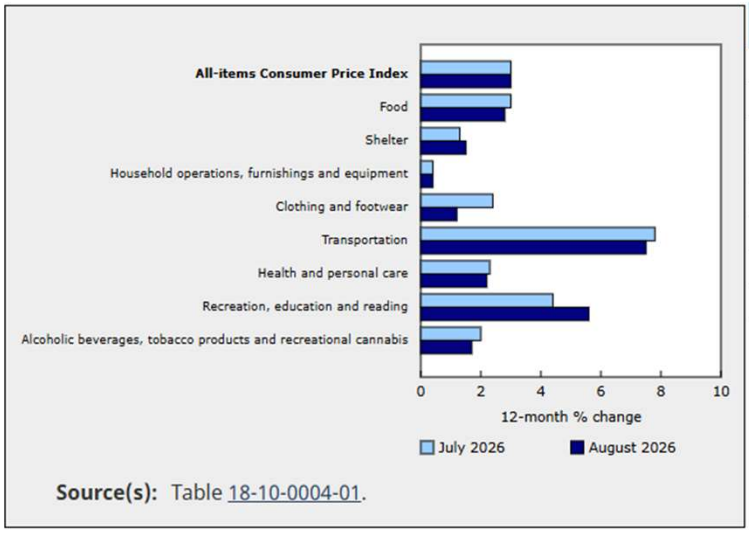
September – Last month was 3.0% - gasoline is taking a chunk out of household budgets !
Source : Trading Economics

Consumer Price Index: 3 Year View Canada



September - 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 ! The question now becomes, will Canada follow the US and raise rates to stem inflation ? Time will tell. Canadian inflation is not as bad as the US, but Canada will need to protect the dollar to keep import price inflation under control, and that could hurt in the debt cost department.

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



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

May 2026	June 2026	July 2026	August 2026
3.2	2.8	3.0	3.0
3.8	3.5	3.0	2.8
1.7	1.5	1.3	1.5
-0.2	-0.2	0.4	0.4
1.9	1.5	2.4	1.2
9.0	6.7	7.8	7.5
2.7	2.5	2.3	2.2
2.8	3.8	4.4	5.6
1.3	1.7	2.0	1.7

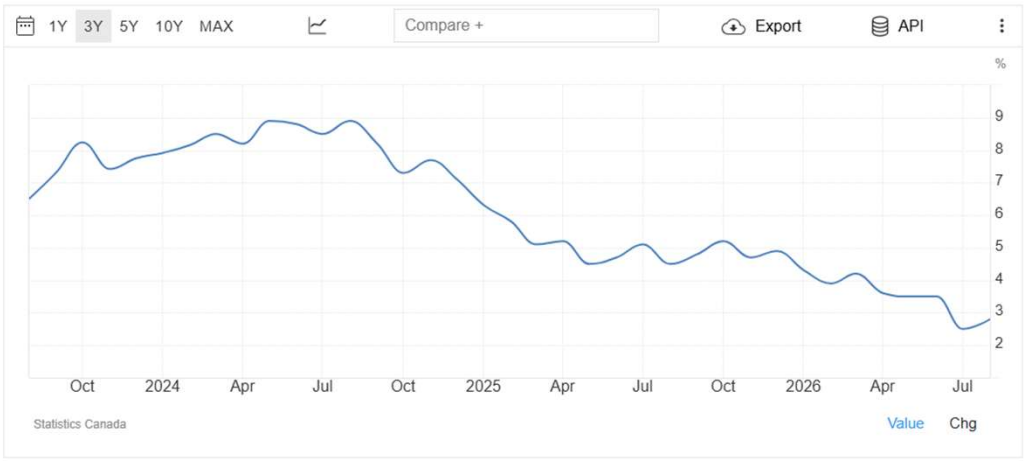
September – gasoline still causing trouble in the inflation department compliments of the war in Iran. Food prices continue to moderate. **Diesel prices have gone bonkers, so there is some coming months of rising transportation costs to hit the charts !**

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

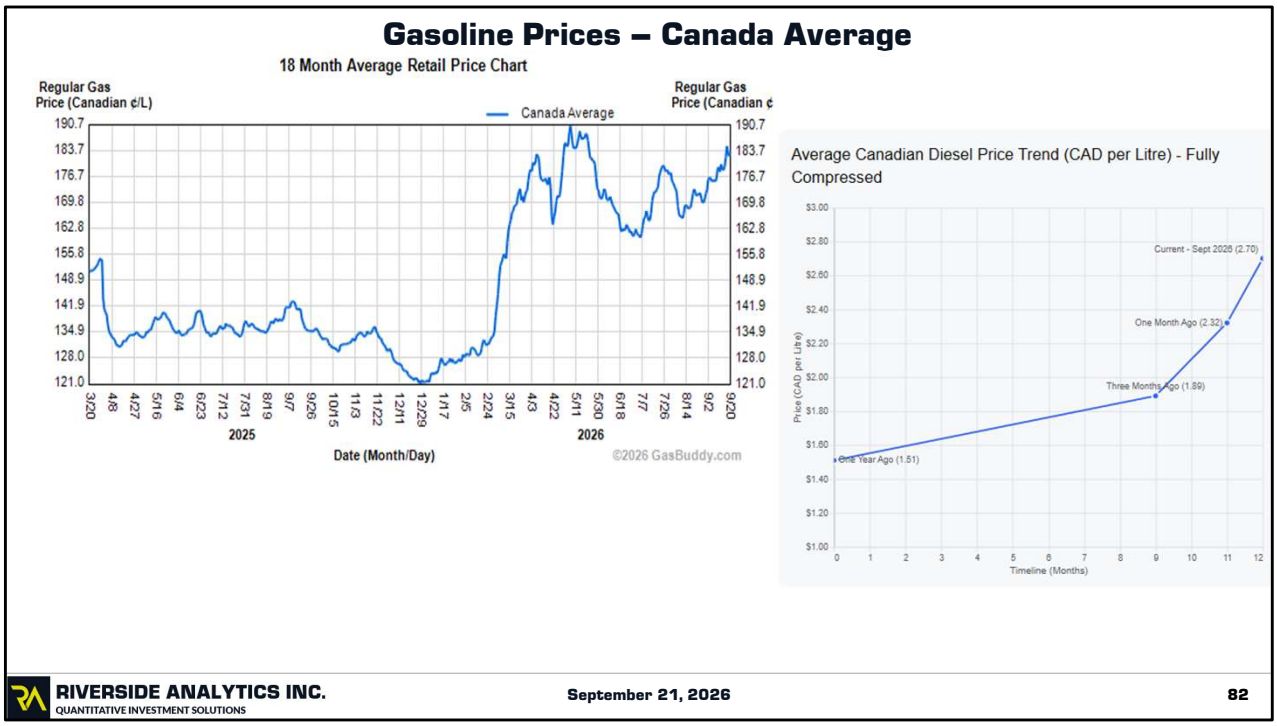
Consumer Price Index: Rent

Rent Inflation in Canada increased to 2.80 percent in August from 2.50 percent in July 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



September – last month was 2.5%

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

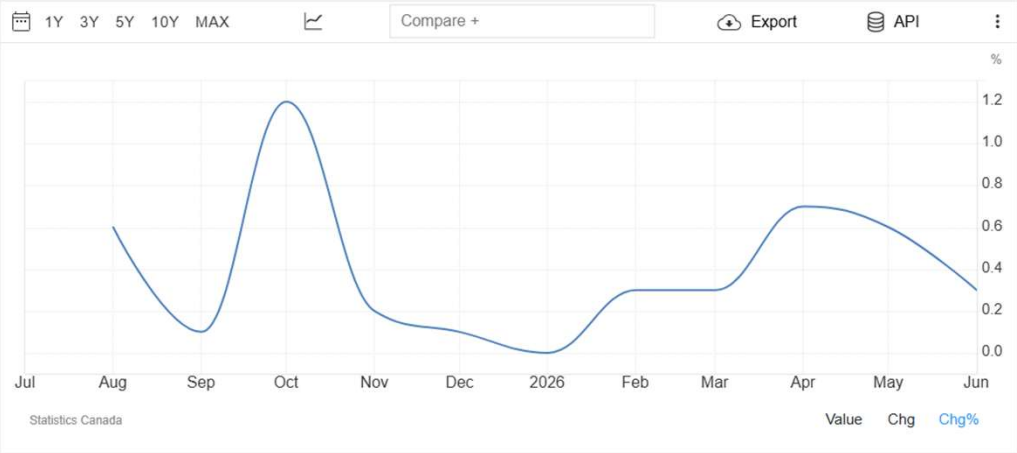


September – This war in Iran would be nice to get put behind us ! I looked for a diesel chart, but did not find it. This one is AI generated, and represents the data well. **Up 56% in a year !**

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

Canada - M2 Money Supply – No Updates - % Change M/M

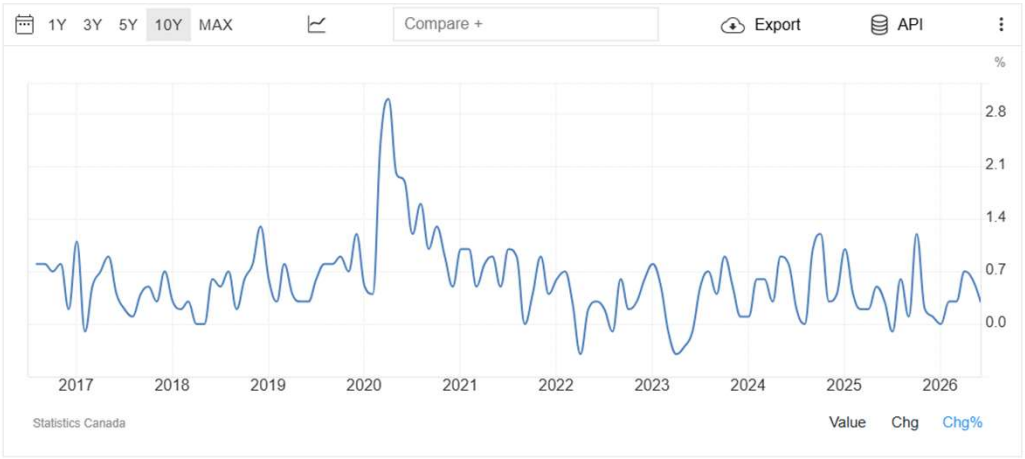
Money Supply M2 in Canada increased to 2840155 CAD Million in June from 2832736 CAD Million in May of 2026. Money Supply M2 in Canada averaged 684824.40 CAD Million from 1968 until 2026, reaching an all time high of 2840155.00 CAD Million in June of 2026 and a record low of 25523.00 CAD Million in January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



September – **No updates** - Each year in May and October there tends to be a pulse upwards – Not time yet !

Source : Trading Economics

Canada - M2 Money Supply – NO UPDATES - M/M Percent Change – Long View



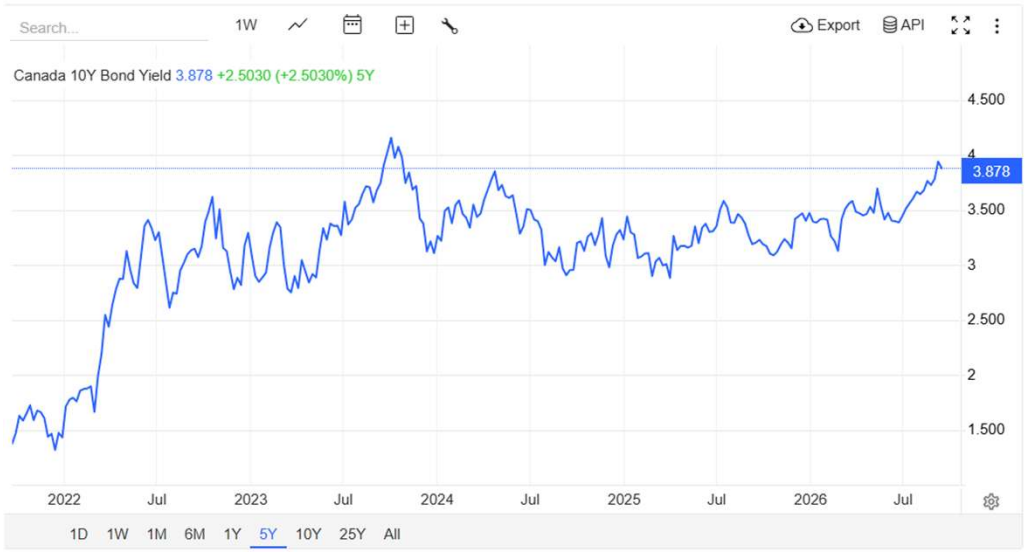
September – **NO UPDATES -** Multiply these numbers by 12 to get annual rate of change. Pumping money into the economy during covid, correlated with inflation. Do not confuse causation and correlation !

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

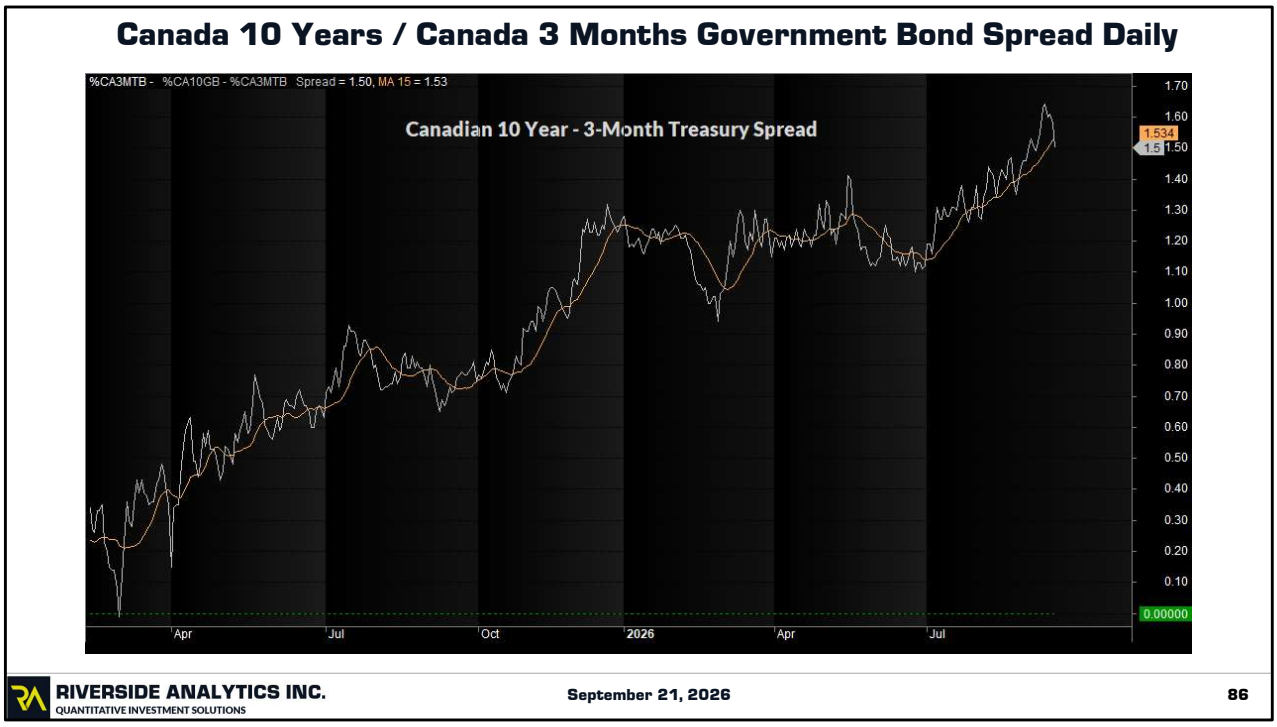
Interest Rates: Yields: 10-Year: Canada



September – Last month was 3.672

"Canada's 10-year government bond yield settled near 3.94% in mid-September after falling as low as 3.87% on lower oil prices. The yield then rose following the Federal Reserve's rate hike, as the Fed raised the target range for the federal funds rate by 25 bps to 3.75%-4%. Updated Fed projections showed that most policymakers expect another hike before the end of 2026. The Bank of Canada kept its key policy rate unchanged at 2.25% at its September meeting, as widely expected. However, it noted that inflation risks had increased, while new tariffs had made the growth outlook more uncertain. Governor Macklem said policymakers were prepared to raise rates if inflation remained elevated. Still, a halt in the oil rally following reports of a potential recovery of Saudi Arabia's key East-West pipeline helped to slow global yields."

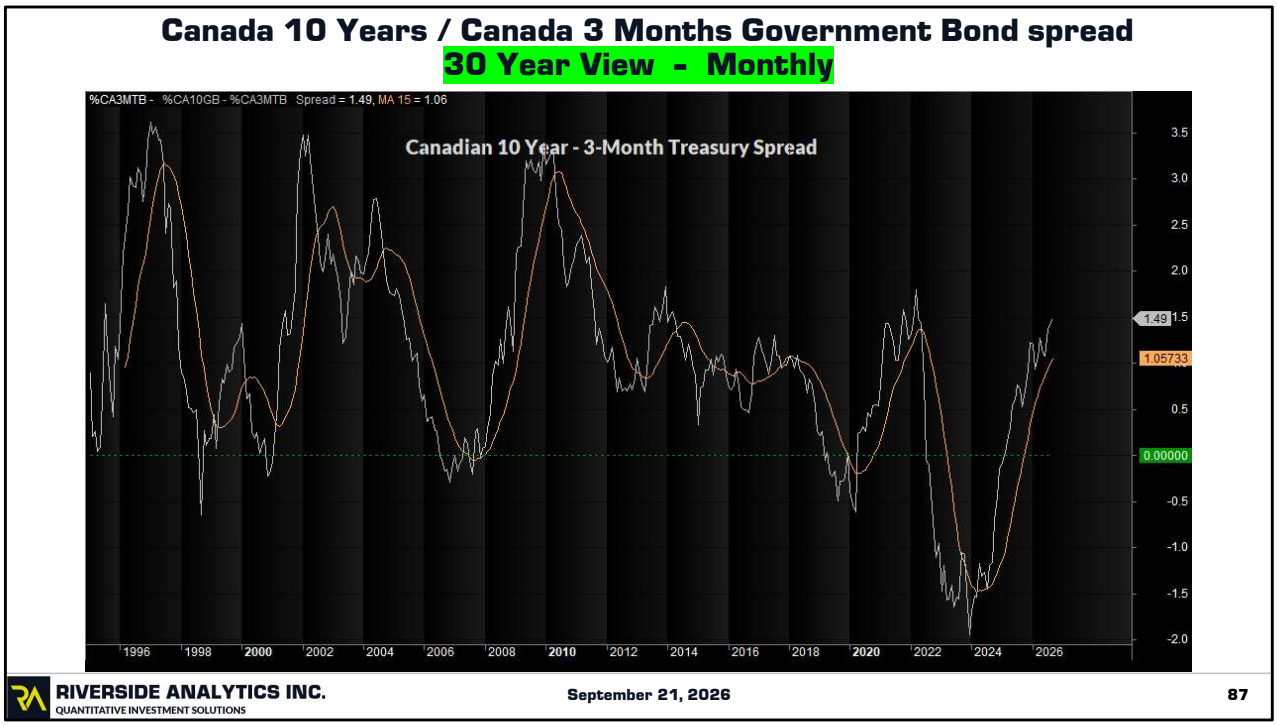
https://tradingeconomics.com/canada/government-bond-yield



September – last month was 1.35

Source: Amibroker.

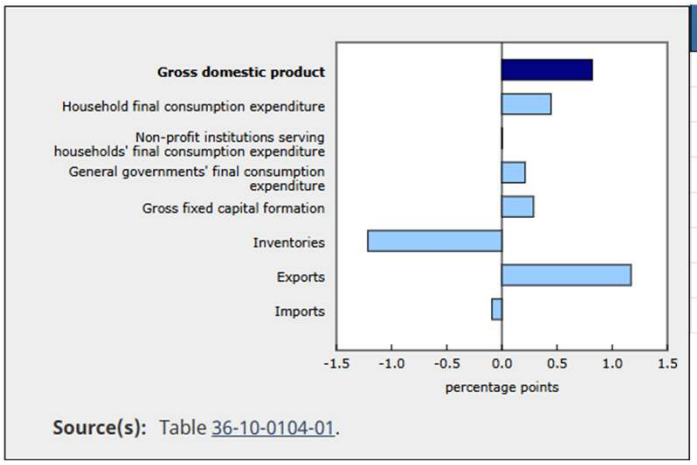
https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/



September – Not so quiet this month - 30 years of data.

Source: Amibroker.

Gross Domestic Product for Canada
Q2 Released



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

	Q1	Q2
	percentage points	percentage points
Gross domestic product	-0.036	0.820
Household final consumption expenditure	0.198	0.446
Non-profit institutions serving households' final consumption expenditure	-0.003	0.005
General governments' final consumption expenditure	-0.054	0.211
Gross fixed capital formation	-0.250	0.287
Inventories	1.068	-1.215
Exports	-0.042	1.170
Imports	-0.910	-0.090

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

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September 21, 2026

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September – Q2 Released – 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 ! **Q2 2026 bounced back very nicely.**

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 - 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 = 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.

September – **No Updates**

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 - 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 = 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

September – **No Updates** – **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 - No Updates

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

	Policy interest rate (%)			
	25th percentile of responses	Median of responses	75th percentile of responses	Number of responses
2026				
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

September – **No Updates** – 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 - No Updates

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

September – **No Updates**– **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



September – last month was 72.28

Summary

- Iranian war – key industrial inputs remain trapped behind the strait (oil, LNG, fertilizer, sulphur, helium (used in semiconductor mfg) - only about 15 percent of pre-war traffic is making it through
- Bunker oil – the fuel ships use to deliver the goods is hurting shippers.
- US gulf war, Mid-terms, inflation, and high gas prices do not mix well. The usually reliable GOP farm vote is in question. (Kansas, Nebraska, Iowa). Add in Texas, and Alaska, and this is going to be an interesting race. Throw in 14 swing states, and there is lots of turf in play !
- US inflation remains hotter than the fed would like. There are multiple contributing factors (tariffs, war). Fed is going to war on this one. Sentiment - remains very weak
- Fedwatch tool suggest rates are heading higher – September increase is in the books. December and March are now likely.
- Canadian interest rates likely climb to protect the dollar. When and how much is unknown.
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs and protecting Americans from price increases to some extent.
- Canadian Tepid growth likely continues with persistent tariff uncertainty.
- Canadian technical recession is over !
- 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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September 21, 2026
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John P. Hussman, Ph.D
President, Hussman Strategic Advisors