



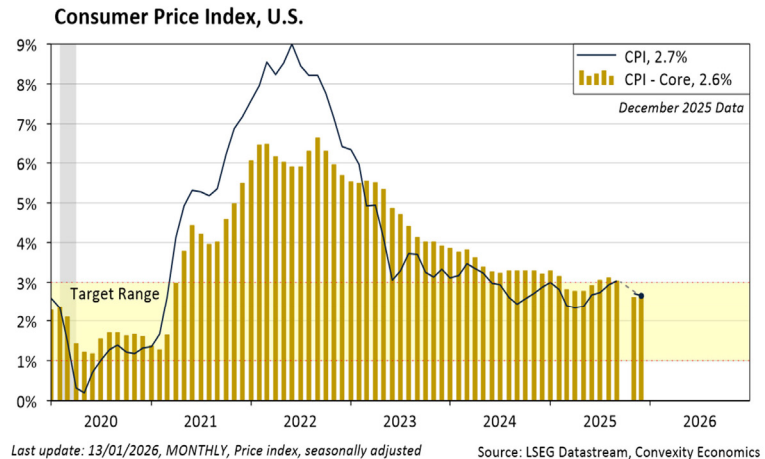
Financial Monitor

For the week ending January 16th, 2026

Chart of the Week: U.S. Consumer Price Index

The U.S. Consumer Price Index (CPI) increased 0.3% month-over-month, with the headline CPI rate remaining at 2.7% year-over-year.

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Headlines

- The Department of Justice issued the Federal Reserve with grand jury subpoenas threatening criminal indictments.
- U.S. equity markets took news of this “unprecedented” action relatively in stride on the week.
- U.S. bond markets had a muted reaction this week to pressure on the Federal Reserve Chairman.
- U.S. existing home sales increased 5.1% in December to an annualized rate of 4.35 million homes.
- The Producer Price Index (PPI) for the U.S came in above expectations in November
- Canadian housing starts rose 21.4% year-over-year in December to a seasonally adjusted annual rate of 282,439.

Equity Indexes	Last	1W%	YTD %
S&P 500	6,940.01	- 0.38	+ 1.38
S&P/TSX Composite	33,040.95	+ 1.31	+ 4.19
Dow Jones	49,359.33	- 0.29	+ 2.70
NASDAQ	23,536.18	- 0.57	+ 1.27
FTSE 1000 (UK)	10,235.29	+ 1.09	+ 3.06
CSI 300 (China)	4,731.87	- 0.57	+ 2.20
Sensex Index (India)	83,570.35	- 0.01	- 1.94
Bonds Yields	Last	1W	YTD
Canada 10 Year Bond	3.354%	- 0.039	- 0.082
Canada 30 Year Bond	3.793%	- 0.031	- 0.070
US 10 Year Bond	4.160%	- 0.007	- 0.003
US 30 Year Bond	4.786%	- 0.031	- 0.055

Currency	Last	1W	YTD
US Dollar Index	99.36	0.23%	1.06%
Currencies to the Loonie			
US Dollar	\$0.719	- \$0.000	- \$0.010
Euro	\$0.619	\$0.002	- \$0.001
British Pound	\$0.537	+ \$0.001	- \$0.004
Chinese Yuan	\$5.007	- \$0.008	- \$0.088
Bitcoin	\$95,519	+ 5.65%	+ 8.93%
Commodities	Last	1W %	YTD%
Gold (USD/Troy Ounce)	\$4,582.18	+ 1.61	+ 6.21
ICE Brent Crude(USD/bbl)	\$64.20	+ 1.87	+ 5.40
WTI Light (USD/bbl)	\$59.50	+ 1.22	+ 3.64

Data as of: January 16, 2026 1:00 PM PT

Source: LSEG Datastream, Convexity Economics

North American Equity Markets

Equity Indexes	Daily Changes					1 Week %	YTD%
	Monday	Tuesday	Wednesday	Thursday	Friday		
S&P 500	-0.19%	-0.53%	0.26%	-0.06%		▼ 0.38%	▲ 1.38%
S&P/TSX Composite	-0.01%	0.14%	0.34%	0.04%	0.00%	▲ 1.31%	▲ 4.19%
Dow Jones	-0.80%	-0.09%	0.60%	-0.17%		▼ 0.29%	▲ 2.70%
NASDAQ	-0.10%	-1.00%	0.25%	-0.06%	0.09%	▼ 0.57%	▲ 1.27%
Russell 3000	-0.18%	-0.44%	0.31%	-0.06%	0.05%	▼ 0.17%	▲ 1.90%
S&P 600 Small Cap Index	-0.07%	0.55%	1.44%	-0.33%	0.00%	▲ 1.69%	▲ 6.94%

Data as of: January 16, 2026 1:00 PM PT

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The week began on Sunday with markets closed as the Federal Reserve posted a video statement (must-see TV for us) to their website announcing the Department of Justice issued the Federal Reserve with grand jury subpoenas threatening criminal indictments related to Chairman Powell's testimony last June to the Senate Banking Committee about spending related to renovations of Federal Reserve office buildings. ([Link to Statement from Federal Reserve Chair Jerome H. Powell](#))

U.S. equity markets took news of this “unprecedented” action relatively in stride on the week with only small declines in major equity indices and little change in bond yields, while Canadian equities continued to outperform, rising 1.3% on the week (see table herewith).

Looking at the week for a sectoral perspective, we observe a continuation of the pattern of rotation from the technology sector into other sectors of the market, causing this sector to lag the broad market. We expect this will continue for a time, though we are noticing parts of the sector where valuations suggest attractive opportunities amongst several parts that remain highly valued in our view, so continued caution is warranted. We remain positive for the medium-to-long-term prospect of this sector, however.

On a broad level, the Department of Justice subpoena and threat of criminal charges based on spurious claims of renovation mismanagement are deeply concerning to us, and we believe could become so to financial markets before long.

As Chairman Powell notes in his statement, “**the threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the President**” (emphasis added).

Indeed, President Trump has made clear that he wishes to see lower interest rates to stimulate the economy and has bullied, harassed, and slandered Chairman Powell, amongst other actions, in an effort achieve this outcome.

As Chairman Powell highlights “**this is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions – or whether instead monetary policy will be directed by political pressure or intimidation**”. (emphasis added).








Should the pendulum swing toward the latter, we are apt to see the U.S. economy run hot, allowing inflation to operate near the top of the target range or potentially pushing above these levels and having destabilizing effects on bond yields, the currency, and equity markets. (As a reminder, we must now also view U.S. inflation data with a grain of salt due to earlier political pressure in August 2025).

Central bank independence and inflation targeting was a key economic achievement, that in Canada, was formalized in 1991 after a decade of high interest rates in the 1980s finally brought high inflation of the 1970s and early 1980s to heel at the cost of a deep recession.

Since this time, absent a brief spike during COVID, inflation has been remarkably well behaved in Canada and the U.S. which still uses a similar monetary policy framework (for now). Modest and predictable inflation is critical to well functioning economies and financial markets, so accordingly, a departure away from this framework is deeply concerning to us and we will be monitoring this risk closely.

We are also beginning to wonder if financial markets will react negatively to this continued pressure as a signal to the Trump administration that eroding central bank independence would be very costly – this has now become a wildcard risk in the outlook, though we suspect and hope that it would be a short-term one and provide a good entry point should it occur.

Central Bank Rates

Current Key Interest Rates			Next Meeting	Last Decision	Last Meeting
Canada		2.25%	Jan 28, 2026	—	Dec 10, 2025
United States*		3.75%	Jan 28, 2026	▼ 0.25	Dec 10, 2025
Mexico		7.00%	Feb 5, 2026	▼ 0.25	Dec 18, 2025
European Union		2.15%	Feb 5, 2026	—	Dec 18, 2025
India		5.25%	Feb 5, 2026	▼ 0.25	Dec 5, 2025
China		3.00%	Jan 19, 2026	—	Dec 21, 2025
Japan		0.75%	Jan 22, 2026	▲ 0.50	Dec 18, 2025

*Upper Limit

Data as of: January 17, 2026

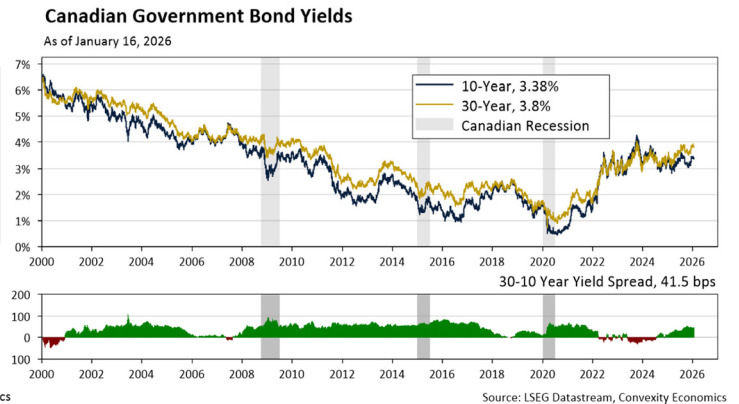
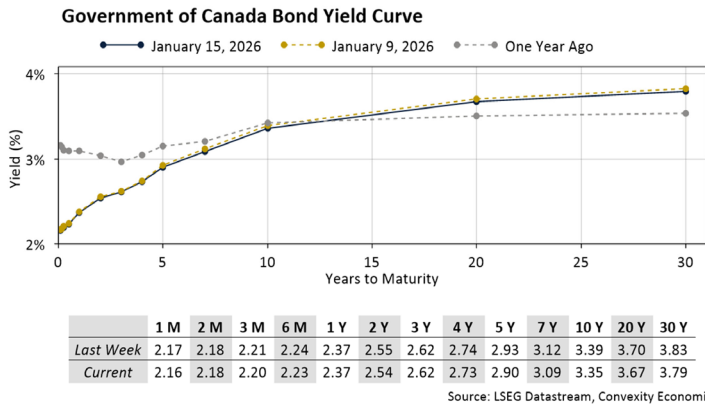
Source: LSEG Datastream, Convexity Economics

Bond Yields

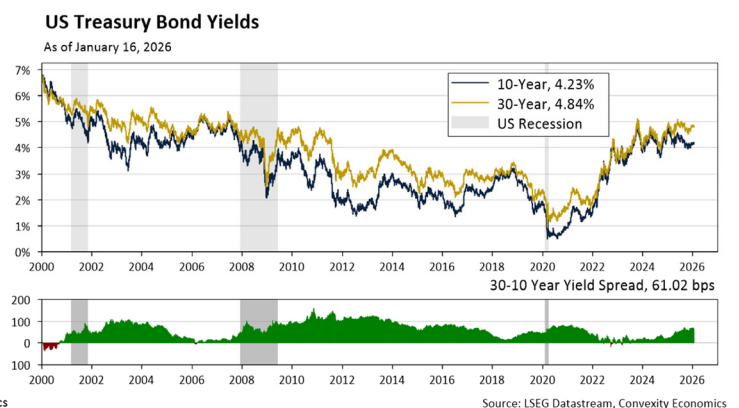
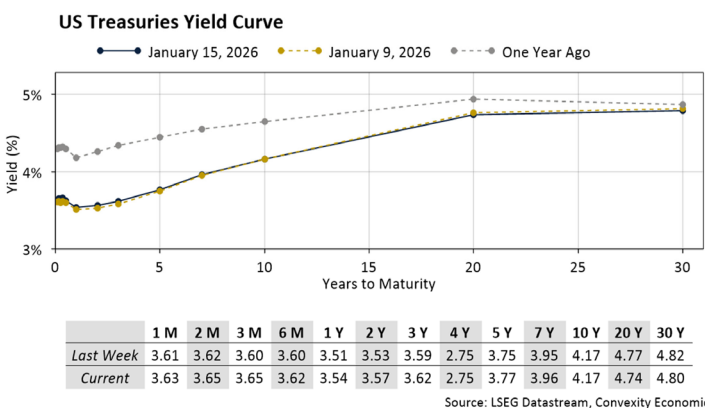
Like equity markets, U.S. bond markets had a muted reaction this week to pressure on the Federal Reserve Chairman. We suspect this was due to the support the Chairman received for his statement from key political and financial figures and back tracking from the White House.

Should bond markets become convinced that Federal Reserve independence has eroded, we would not be surprised to see longer term bond yields begin to rise as there are additional fundamental factors suggesting to us that yields could rise in the near-term.

Government of Canada Bond Yields

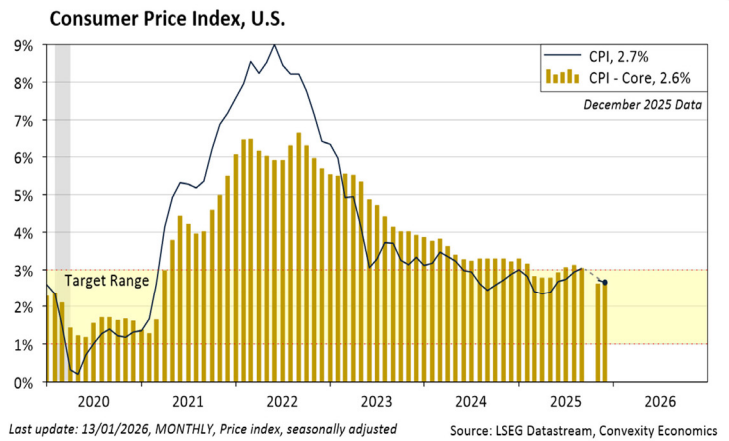


U.S. Treasury Yields



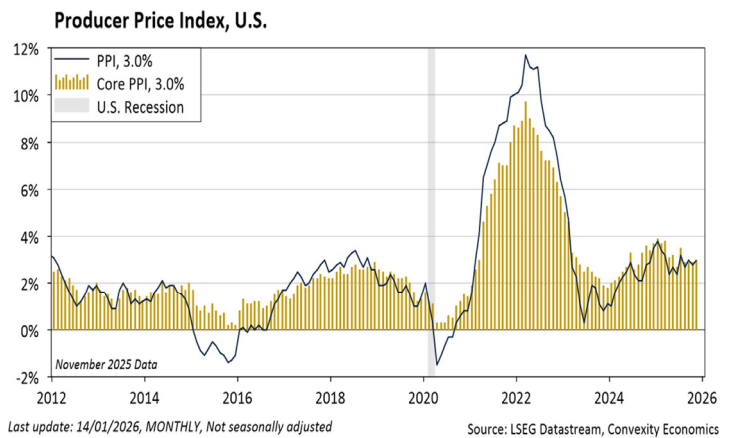
U.S. Consumer Price Index

The U.S. Consumer Price Index (CPI) increased 0.3% month-over-month, with the headline CPI rate remaining at 2.7% year-over-year. Core CPI (excludes food and energy) remained unchanged at 2.6% year-over-year in December. The accuracy of the data is still in question following a missed collection period in October due to the government shutdown, with Moody's Analytics estimating a true inflation rate closer to 3% if this data were collected.



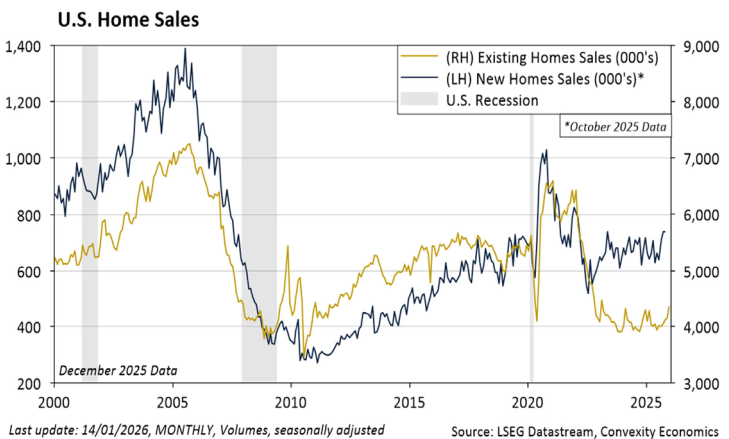
U.S. Producer Price Index

The Producer Price Index (PPI) for the U.S. came in above expectations in November, with the headline PPI rate increasing to 3.0% year-over-year while those polled by Reuters were expecting PPI to decline to 2.7%. PPI is trending higher once again, after coming off the record highs of 2022.



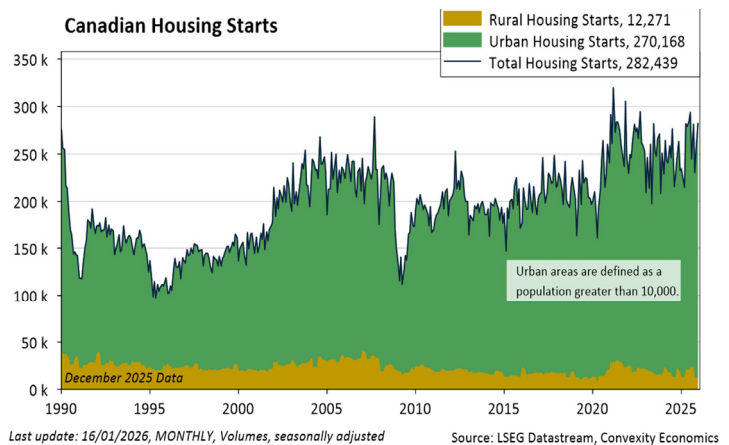
U.S. Home Sales

U.S. existing home sales increased 5.1% in December to an annualized rate of 4.35 million homes. This marked the strongest month for existing home sales since February 2023, while still well below the pre-pandemic levels. Despite the stronger unit sales, the median house price in the U.S. ended 2025 at \$405,400, only 0.4% higher than December 2024.



Canadian Housing Starts

Canadian housing starts rose 21.4% year-over-year in December to a seasonally adjusted annual rate of 282,439. Housing starts in urban areas (populations greater than 10,000) were up 6.0%, while housing starts the six largest Census Metropolitan Areas (CMAs) increased 3.9%. Montreal saw an impressive 58% year-over-year increase in housing starts. Calgary, Edmonton, and Ottawa-Gatineau all saw strong annual increases as well, which helped offset declines in Toronto and Vancouver of -31% and -3% respectively.



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S&P 500	6,940.01	- 0.38	+ 1.38
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CSI 300 (China)	4,731.87	- 0.57	+ 2.20
Sensex Index (India)	83,570.35	- 0.01	- 1.94
Bovespa Index (Brazil)	164,537	+ 0.71	+ 2.12
Merval Index (Argentina)	2,933,230	- 5.06	- 3.88
Russell 3000	3,956.52	- 0.17	+ 1.90
S&P 600 Small Cap Index	1,569.62	+ 1.69	+ 6.94
VIX Volatility Index	15.88	+ 9.59	+ 6.22
Bonds Yields	Last	1W	YTD
Govt of Canada 5 Year	2.898%	- 0.027	- 0.078
Govt of Canada 10 Year	3.354%	- 0.039	- 0.082
Govt of Canada 30 Year	3.793%	- 0.031	- 0.070
US Treasury 5 Year	3.762%	+ 0.012	+ 0.040
US Treasury 10 Year	4.160%	- 0.007	- 0.003
US Treasury 30 Year	4.786%	- 0.031	- 0.055
Currency	Last	1W	YTD
US Dollar Index	99.36	+ 0.23%	1.06%
Bitcoin (USD)	\$95,519	+ 5.65%	+ 8.93%
<i>Currencies to the Loonie</i>			
US Dollar	\$0.719	- 0.000	- 0.010
Euro	\$0.619	+ 0.002	- 0.001
British Pound	\$0.537	+ 0.001	- 0.004
Japanese Yen	\$113.930	+ 0.570	- 0.010
Chinese Yuan	\$5.007	+ 4.808	+ 4.811
Aussie Dollar	\$1.075	+ 0.145	+ 0.159
GDP	YoY %	Change	Quarter
Canada	+ 2.60	+ 4.40	Q3
United States	+ 2.33	+ 0.25	Q3
Mexico	- 0.19	- 1.20	Q3
Euro Zone	+ 1.31	- 0.02	Q3
China	+ 4.83	- 0.41	Q3
Japan	+ 0.66	- 1.26	Q3
India	+ 8.23	+ 0.42	Q3
Inflation	YoY %	Change	Month
Canada	+ 2.22	+ 0.06	Nov
United States	+ 2.65	- 0.06	Dec
Mexico	+ 3.69	- 0.11	Dec
Euro Zone	+ 1.96	- 0.18	Dec
China	+ 0.70	+ 0.20	Dec
Japan	+ 2.91	- 0.10	Nov
India	+ 1.33	+ 0.62	Dec

Canadian Sectors	Last	1W%	YTD %
Energy	316.65	+ 5.81	+ 5.40
Industrials	485.72	+ 2.26	+ 4.01
Consumer Staples	1,232.41	- 0.31	- 0.47
Financials	636.07	- 0.17	+ 1.37
Communication Services	156.88	- 0.18	+ 0.01
Real Estate	333.54	+ 1.49	+ 5.42
Materials	851.27	+ 4.31	+ 13.55
Consumer Discretionary	388.55	- 1.08	+ 1.56
Health Care	23.07	+ 1.63	+ 5.34
Information Tech	318.08	- 5.12	- 2.61
Utilities	356.54	+ 1.23	+ 1.20
S&P/TSX Composite	33,040.95	+ 1.31	+ 4.19
US Sectors	Last	1W%	YTD %
Energy	733.95	+ 2.42	+ 6.78
Industrials	1,412.74	+ 3.02	+ 7.58
Consumer Staples	914.28	+ 3.69	+ 5.71
Financials	904.49	- 2.33	- 0.78
Communication Services	454.28	- 1.54	+ 0.42
Real Estate	266.51	+ 4.07	+ 4.50
Materials	615.85	+ 0.74	+ 7.21
Consumer Discretionary	1,976.41	- 1.99	+ 2.49
Health Care	1,815.12	- 1.06	+ 0.51
Information Tech	5,651.40	- 0.65	- 0.57
Utilities	440.96	+ 2.10	+ 1.65
S&P 500	6,940.01	- 0.38	+ 1.38
Commodities	Last	1W %	YTD %
Baltic Dry index	1,532.00	- 9.24	- 18.38
Bloomberg Industrial Metals Index	169.09	- 0.39	+ 3.50
Gold	\$4,582.18	+ 1.61	+ 6.21
Silver	\$89.33	+ 11.73	+ 25.36
Copper	\$5.84	- 0.85	+ 3.15
Oil (ICE Brent Crude)	\$64.20	+ 1.92	+ 5.42
Oil (WTI Light)	\$59.50	+ 1.28	+ 3.68
Natural Gas	\$3.12	- 0.48	- 15.56
Corn	\$425.00	- 4.55	- 3.57
Wheat	\$518.00	+ 0.05	+ 2.32
Cocoa	\$5,165.00	- 4.19	- 15.06
Coffee	\$336.90	- 0.37	+ 1.11

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Source: LSEG Datastream, Convexity Economics

Disclaimers

This information has been prepared by Stephen Gaskin who is a Senior Wealth Advisor for iA Private Wealth Inc., Sebastien Pare who is a Wealth Advisor for iA Private Wealth Inc., and Nathan Postle who is a Wealth Advisor for iA Private Wealth Inc. and does not necessarily reflect the opinion of iA Private Wealth. The information contained in this newsletter, text, comes from sources we believe reliable, but we cannot guarantee its accuracy or reliability. The opinions expressed are based on an analysis and interpretation dating from the date of publication and are subject to change without notice. Furthermore, they do not constitute an offer or solicitation to buy or sell any of the securities mentioned. The information contained herein may not apply to all types of investors.

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