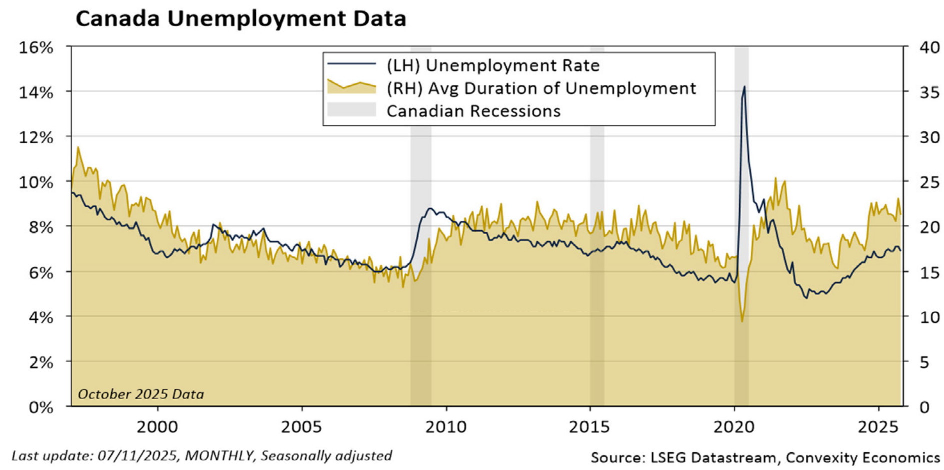
Financial Monitor

For the week ending November 7th, 2025

Chart of the Week: Canadian Unemployment Data

Canadian employment data was released this week and came in better than expected. The unemployment rate fell to 6.9% in October (from 7.1% in September), compared to an expected unemployment rate of 7.1%.

Continued on page 4...



Headlines

- The S&P/TSX Composite index suffered the least this week amongst North American equity indices, declining by 1.15%, followed by declines of 1.2%, 1.6%, and 3.3%, respectively, for the Dow Jones Industrial Average, S&P 500, and the tech heavy NASDAQ Composite index.
- S&P Purchasing Managers Index (PMI) for Canada increased 4.1 points to 54.6 for October.
- The S&P PMI for the US continues to show improving conditions with the composite index increasing to 52.5.
- The ADP Employment Report published a net increase of 42,000 jobs in October, the first increase since July.

Equity Indexes	**Last**	**1W%**	**YTD %**
S&P 500	6,728.80	- 1.63	+ 14.40
S&P/TSX Composite	29,912.19	- 1.15	+ 20.97
Dow Jones	46,987.10	- 1.21	+ 10.44
NASDAQ	22,947.29	- 3.28	+ 18.83
FTSE 1000 (UK)	9,682.57	- 0.36	+ 18.47
CSI 300 (China)	4,678.79	+ 0.82	+ 18.90
Sensex Index (India)	83,216.28	- 0.86	+ 6.50
Bonds Yields	**Last**	**1W**	**YTD**
Canada 10 Year Bond	3.106%	- 0.015	- 0.129
Canada 30 Year Bond	3.564%	- 0.018	+ 0.225
US 10 Year Bond	4.093%	- 0.002	- 0.480
US 30 Year Bond	4.687%	+ 0.021	- 0.099

Currency	**Last**	**1W**	**YTD**
US Dollar Index	99.55	-0.25%	**-8.24%**
Currencies to the Loonie			
US Dollar	$0.713	- $0.001	+ $0.017
Euro	$0.616	-$0.003	- $0.055
British Pound	$0.541	- $0.001	- $0.014
Chinese Yuan	$5.075	- $0.005	+ $0.000
Bitcoin	$103,389	- 5.53%	+ 10.36%
Commodities	**Last**	**1W %**	**YTD%**
Gold *(USD/Troy Ounce)*	$4,004.49	+ 0.07	+ 52.62
ICE Brent Crude*(USD/bbl)*	$63.69	- 2.12	- 14.89
WTI Light *(USD/bbl)*	$59.82	- 1.74	- 16.77

Data as of: November 07, 2025 1:05 PM PT

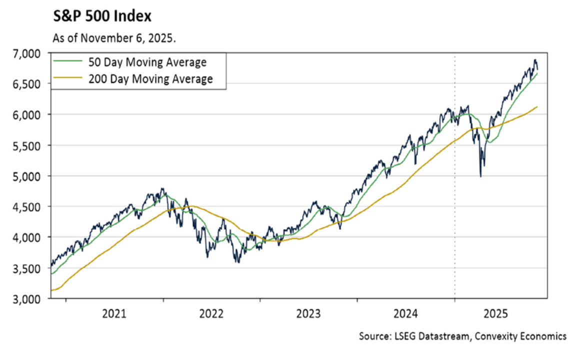
Source: LSEG Datastream, Convexity Economics

North American Equity Markets

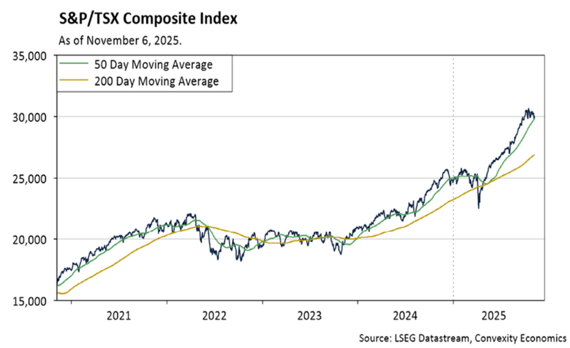
Equity Indexes	Daily Changes: Monday	Tuesday	Wednesday	Thursday	Friday	1 Week %	YTD%
S&P 500	0.17%	-1.17%	0.37%	-1.12%	0.13%	▼ 1.63%	▲ 14.40%
S&P/TSX Composite	0.05%	-1.64%	1.09%	-0.78%	0.15%	▼ 1.15%	▲ 20.97%
Dow Jones	-0.48%	-0.53%	0.48%	-0.84%	0.16%	▼ 1.21%	▲ 10.44%
NASDAQ	0.46%	-2.04%	0.65%	-1.90%	-0.46%	▼ 3.28%	▲ 18.83%
Russell 3000	0.10%	-1.23%	0.44%	-1.15%	-0.04%	▼ 1.89%	▲ 13.46%
S&P 600 Small Cap Index	0.21%	-1.24%	1.79%	-1.43%	0.88%	▲ 0.16%	▲ 2.11%

Data as of: November 07, 2025 1:05 PM PT *Source: LSEG Datastream, Convexity Economics*

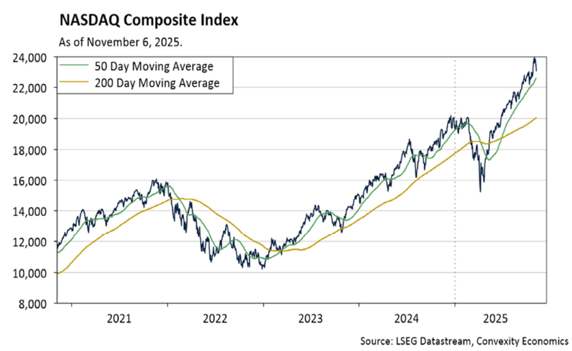
This week was marked by risk-off sentiment that took hold amidst mixed corporate earnings releases, continued economic uncertainty, and lofty asset valuations. Accordingly, North American and most other global equity indices declined on the week, although a modest rally took hold late on Friday, suggesting there are at least some investors who feel this week's sharp drawdown is overdone.



The S&P/TSX Composite index suffered the least this week amongst North American equity indices, declining by 1.15%, followed by declines of 1.2%, 1.6%, and 3.3%, respectively, for the Dow Jones Industrial Average, S&P 500, and the tech heavy NASDAQ Composite index. Indeed, there has been much debate and concern about excessive valuations (bubbles?) in the technology sector, largely, but not exclusively, focussed on artificial intelligence companies.



Counterintuitively, a drawdown like we witnessed this week, focussed on many of the most highly valued names in the sector, is a sign of functioning markets where participants are concerned about valuation and the validity of the investment theses, and not simply willing to pay any price for a security, completely overlooking potential downside risks. Indeed, had equity markets marched higher on mixed corporate earnings data, it would have increased our concerns about overvaluation and irrationality in the sector.



We are always mindful of value and concerned about "valuations" when investing, though we understand that price fluctuations (volatility), both up and down, are a natural part of the process.

Armed with this knowledge and perspective, we view volatility as an opportunity to sell assets when their market values are more than our estimate of their value, or to acquire them when their market price falls too far below our assessment of their value. It is the continued successful execution of this process over time that allows us to deliver a pleasing risk-adjusted investment experience for our clients.

We close this week with a quote from Howard Marks who does a great job illustrating this concept:

"The mood swings of the securities markets resemble the movement of a pendulum. Although the midpoint of its arc best describes the location of the pendulum 'on average', it actually spends very little of its time there. Instead, it is almost always swinging toward or away from the extremes of its arc… In fact, it is the movement toward an extreme itself that supplies the energy for the swing back. Investment markets make the same pendulum-like swing: between euphoria and depression, between celebrating positive developments and obsessing over negative, and thus, between being overpriced and underpriced."

- Howard Marks, Mastering the Market Cycle: Getting the Odds on Your Side, 2018, p16-17

Central Bank Rates

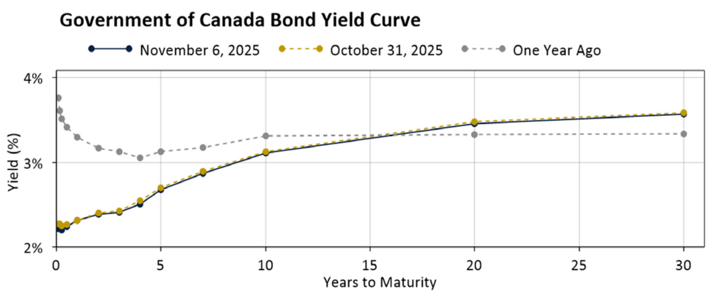
Current Key Interest Rates			Next Meeting	Last Decision	Last Meeting
Canada		2.25%	Dec 10, 2025	▼ 0.25	Oct 29, 2025
United States*		4.00%	Dec 10, 2025	▼ 0.25	Oct 29, 2025
Mexico		7.25%	Dec 18, 2025	▼ 0.25	Nov 6, 2025
European Union		2.15%	Dec 18, 2025	—	Oct 30, 2025
India		5.50%	Dec 5, 2025	—	Sep 30, 2025
China		3.00%	Nov 19, 2025	—	Oct 19, 2025
Japan		0.50%	Dec 18, 2025	—	Oct 30, 2025

**Upper Limit*

Data as of: November 7, 2025

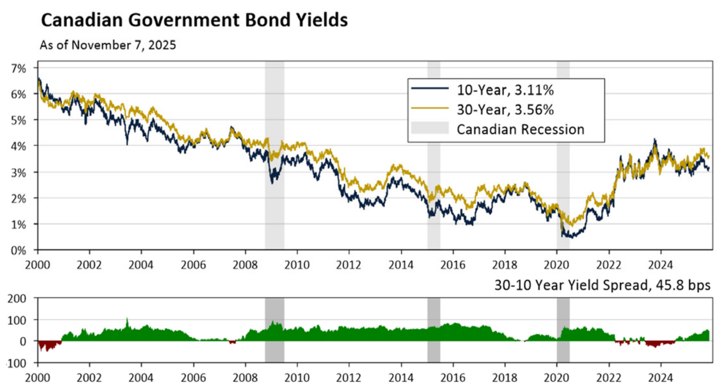
Source: LSEG Datastream, Convexity Economics

Government of Canada Bond Yields



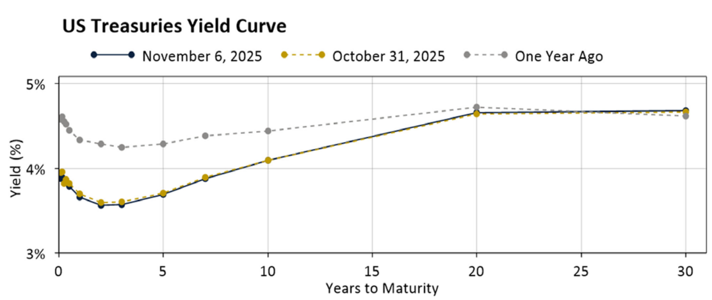
	1 M	2 M	3 M	6 M	1 Y	2 Y	3 Y	4 Y	5 Y	7 Y	10 Y	20 Y	30 Y
Last Week	2.27	2.27	2.25	2.27	2.32	2.40	2.42	2.51	2.70	2.89	3.12	3.48	3.58
Current	2.22	2.23	2.20	2.24	2.31	2.39	2.41	2.51	2.68	2.87	3.11	3.45	3.56

Source: LSEG Datastream, Convexity Economics



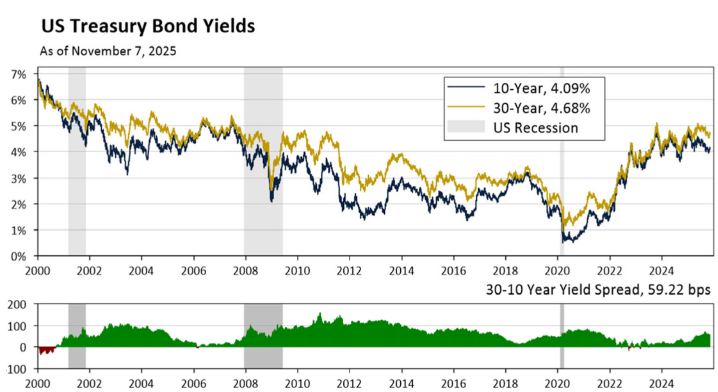
Source: LSEG Datastream, Convexity Economics

US Treasury Yields



	1 M	2 M	3 M	6 M	1 Y	2 Y	3 Y	4 Y	5 Y	7 Y	10 Y	20 Y	30 Y
Last Week	3.95	3.95	3.82	3.82	3.70	3.60	3.60	2.75	3.71	3.89	4.10	4.64	4.67
Current	3.88	3.89	3.86	3.79	3.66	3.56	3.57	2.75	3.69	3.88	4.09	4.66	4.68

Source: LSEG Datastream, Convexity Economics



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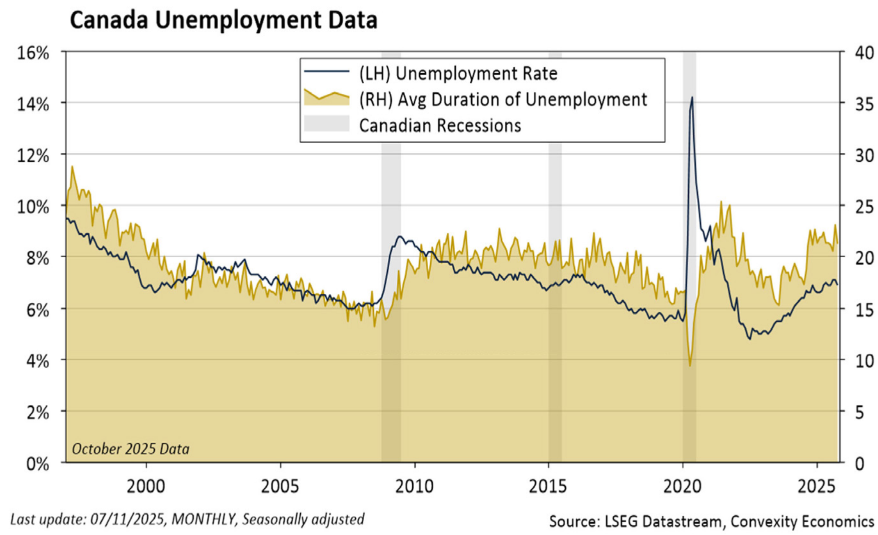
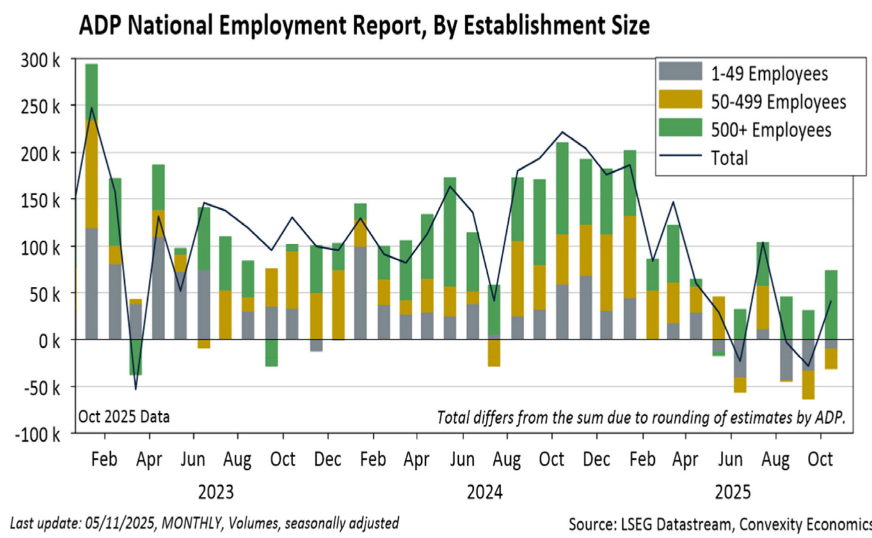
Canadian Unemplyoment



Canadian employment data was released this week and came in better than expected. The unemployment rate fell to 6.9% in October (from 7.1% in September), compared to an expected unemployment rate of 7.1%. There was a net increase of 66.6 thousand jobs in October due to an 85.1 thousand increase in part-time jobs. Full-time jobs declined by 18.5 thousand in October. Average duration of unemployment also declined to 21.3 weeks in October, compared to 23.1 in September. Average unemployment duration is still well above the long-term average of 19.2 weeks.

The report has confirmed the widespread expectation that the Bank of Canada will leave the policy rate unchanged at their December meeting. It remains to be seen how broad based the employment recovery is based on the October data, but barring any material changes to the current economic climate the Bank of Canada is expected to leave rates at 2.25%.

ADP National Employment Report



The US Government shut down continues, becoming the longest government shutdown in history at 37 days and counting. The Bureau of Labor Statistics (BLS) released the inflation data ahead of the Federal Open Market Committee (FOMC) meeting, but we are now missing two months of jobs data with the October data release originally scheduled for Friday (November 7th).

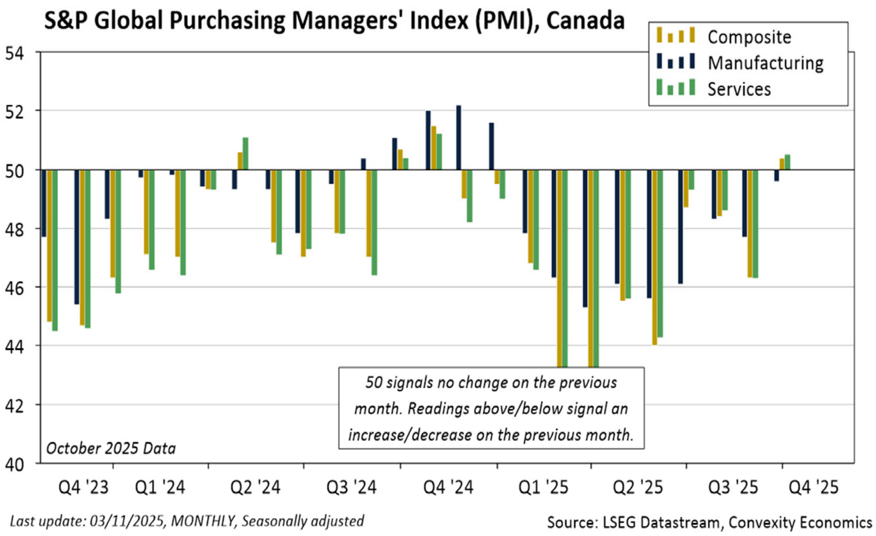
We continue to rely on the private sector data available such as the ADP National Employment Report and Challenger, Gray & Christmas' October Report (Challenger Report).

The Challenger Report measures job cuts from US employers, reporting 153,074 job cuts in October 2025, a 175% year-over-year increase, and 183% from month prior. Typically, companies have avoided job cuts in the fourth quarter to avoid poor optics prior to the holiday season. October 2025 marked the largest job cuts (compared to Challenger data) in a single fourth quarter month since 2008. Year-to-date total job cuts reached over 1 million and year to date "planned hires" are down 35% compared to October last year, reaching a 14-year low.

The ADP National Employment Report published a net increase of 42,000 jobs in October, the first increase since July. The increase in jobs came from large companies (500+ employees) adding 74,000 jobs, while small and medium businesses (0-499 employees) lost a combined 32,000 jobs. The job losses were primarily in the information (-17,000) and professional services (-15,000) industries. Increases were seen in trade, transportation, & utilities (+47,000) and education & health services (+25,000).

S&P Purchasing Managers' Index, Canada

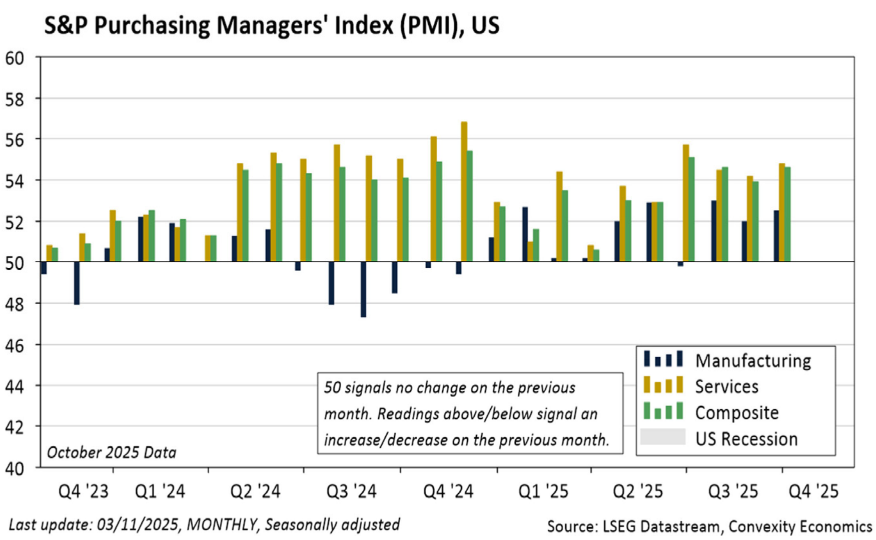
S&P Purchasing Managers Index (PMI) for Canada saw an improvement in both manufacturing, increasing 1.9 points to 49.6, and services, increasing 4.2 points to 50.5, in October. The composite PMI increased 4.1 points to 50.4 for October, the first reading above 50 (indicative of improving conditions) since November 2024. Sentiment among purchasing managers increased to a nine-month high with general optimism that global market conditions will stabilize.



Despite the uptick in sentiment, firms remained cautious and continued to report challenging conditions for international trade. The uncertainty stemming from US trade policy, coupled with excess capacity reported in October, led firms to avoid increasing staff and instead focus on utilising existing resources and inventory.

S&P Purchasing Managers' Index, US

The S&P PMI for the US continues to show improving conditions with the composite index increasing to 54.6. Both manufacturing and services indexes increased as well with services increasing to 54.8 and manufacturing increasing to 52.5.



Domestic demand growth helped offset losses in export demand and October registered the fastest increase in demand growth for new orders in 20 months. Despite the strong demand growth, purchasing managers have seen a steep increase in prices paid on inputs, continuing to put upward pressure on consumer prices.

"Tariffs continue to be a large impact to our business. The products we import are not readily manufactured in the U.S., so attempts to reshore have been unsuccessful. Overall, prices on all products have gone up, some significantly. **We are trying to keep up with the wild fluctuations and pass along what costs we can to our customers.**" - *Anonymous Respondent (Machinery)*

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S&P 500	6,728.80	- 1.63	+ 14.40
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Sensex Index (India)	83,216.28	- 0.86	+ 6.50
Bovespa Index (Brazil)	153,958	+ 2.95	+ 28.00
Merval Index (Argentina)	2,864,647	- 4.59	+ 13.06
Russell 3000	3,808.65	- 1.89	+ 13.46
S&P 600 Small Cap Index	1,437.82	+ 0.16	+ 2.11
VIX Volatility Index	19.13	+ 9.69	+ 10.26
Bonds Yields	**Last**	**1W**	**YTD**
Govt of Canada 5 Year	2.676%	- 0.024	- 0.292
Govt of Canada 10 Year	3.106%	- 0.015	- 0.129
Govt of Canada 30 Year	3.564%	- 0.018	+ 0.225
US Treasury 5 Year	3.689%	- 0.019	- 0.689
US Treasury 10 Year	4.093%	- 0.002	- 0.480
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Currency	**Last**	**1W**	**YTD**
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Currencies to the Loonie			
US Dollar	$0.713	- 0.001	+ 0.017
Euro	$0.616	- 0.003	- 0.055
British Pound	$0.541	- 0.001	- 0.014
Japanese Yen	$108.510	- 1.450	- 1.100
Chinese Yuan	$5.075	+ 4.878	+ 4.878
Aussie Dollar	$1.096	+ 0.180	+ 0.207
GDP	**YoY %**	**Change**	**Quarter**
Canada	+ 1.21	- 1.05	*Q2*
United States	+ 2.08	+ 0.06	*Q2*
Mexico	+ 1.18	+ 0.52	*Q2*
Euro Zone**	+ 1.32	- 0.08	*Q2*
China**	+ 4.83	- 0.41	*Q3*
Japan	+ 1.70	+ 0.06	*Q2*
India	+ 7.81	+ 0.43	*Q2*
Inflation	**YoY %**	**Change**	**Month**
Canada	+ 2.29	+ 0.43	*Sep*
United States	+ 3.02	+ 0.08	*Sep*
Mexico	+ 3.57	- 0.19	*Oct*
Euro Zone**	+ 2.11	- 0.14	*Oct*
China**	- 0.70	+ 0.30	*Sep*
Japan**	+ 2.85	+ 0.10	*Sep*
India	+ 1.55	- 0.53	*Sep*

Canadian Sectors	Last	1W%	YTD %
Energy	292.31	+ 2.05	+ 9.43
Industrials	460.05	- 2.55	+ 0.35
Consumer Staples	1,146.46	+ 0.19	+ 7.92
Financials	579.33	+ 0.04	+ 20.74
Communication Services	158.66	+ 0.70	+ 15.27
Real Estate	317.28	- 2.30	+ 0.86
Materials	644.26	+ 0.96	+ 70.34
Consumer Discretionary	358.54	+ 1.33	+ 20.13
Health Care	21.73	- 4.15	- 15.55
Information Tech	336.02	- 7.55	+ 19.23
Utilities	367.59	+ 1.24	+ 19.87
S&P/TSX Composite	29,912.19	- 1.15	+ 20.97
US Sectors	**Last**	**1W%**	**YTD %**
Energy	684.72	+ 1.48	+ 4.56
Industrials	1,296.99	- 1.12	+ 16.25
Consumer Staples	855.43	+ 0.79	+ 0.21
Financials	877.20	+ 0.78	+ 9.05
Communication Services	422.49	- 1.74	+ 23.66
Real Estate	260.14	+ 0.99	+ 1.65
Materials	543.78	+ 0.40	+ 2.64
Consumer Discretionary	1,932.73	- 1.55	+ 5.55
Health Care	1,701.64	+ 1.29	+ 6.04
Information Tech	5,707.65	- 4.24	+ 23.82
Utilities	455.13	+ 0.66	+ 18.23
S&P 500	6,728.80	- 1.63	+ 14.40
Commodities	**Last**	**1W %**	**YTD %**
Baltic Dry index	2,063.00	+ 4.93	+ 106.92
Bloomberg Industrial Metals Index	151.57	- 1.44	+ 8.02
Gold	$4,004.49	+ 0.07	+ 52.62
Silver	$48.40	- 0.51	+ 67.63
Copper	$4.98	- 1.41	+ 23.76
Oil (ICE Brent Crude)	$63.69	- 2.09	- 14.89
Oil (WTI Light)	$59.82	- 1.66	- 16.74
Natural Gas	$4.32	+ 6.07	+ 18.97
Corn	$426.75	- 0.93	- 6.87
Wheat	$527.00	- 1.17	- 4.31
Cocoa	$6,133.00	- 1.73	- 43.49
Coffee	$388.25	+ 4.19	+ 22.90

Data as of: November 07, 2025 1:05 PM PT

Source: LSEG Datastream, Convexity Economics

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