Financial Monitor

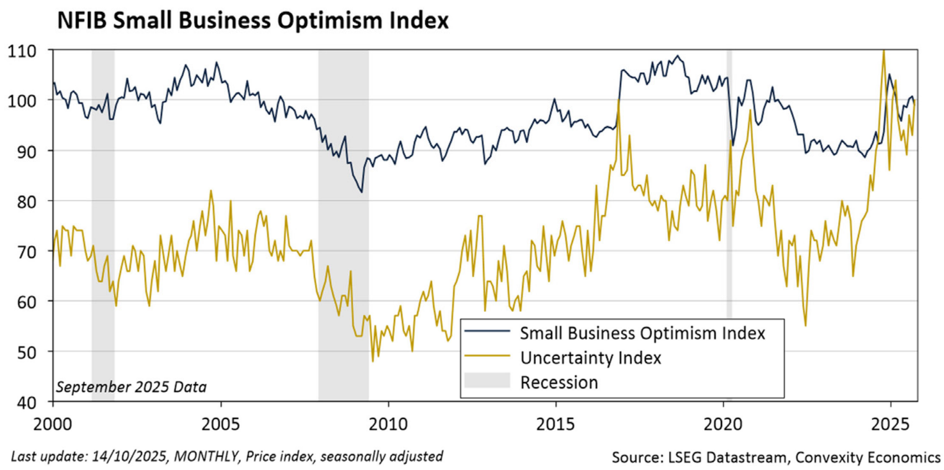
For the week ending October 17th, 2025

Chart of the Week: US Small Business Optimism

The NFIB Small Business Optimism Index recorded it's first decline in three months, dropping 2 points to 98.8 in September. The Uncertainty Index rose 7 points to the fourth-highest reading in 50 years.

The labour market was a theme throughout the report, with many businesses struggling to hire qualified candidates.

Continued on page 4.



Headlines

- All three major US indices ended the week in positive territory due to the Monday rally.
- The S&P/TSX Composite Index finished the shortened trading week up 0.86% despite the sell off on Friday.
- Gold surpassed $4,200 USD/Troy ounce for the first time.
- Canadian housing starts increased 14% in September to an annualized 279,235 units. Urban housing increased 16% and rural housing declined 1% in September.
- Canadian wholesale trade declined 1.2% to $85.4 billion in August, despite an increase in four of seven sectors.
- The CFIB Small Business Confidence Index dropped 3.9 points to 46.3 in October, falling below the mid-point.

Equity Indexes	**Last**	**1W%**	**YTD %**
S&P 500	6,664.01	+ 1.70	+ 13.30
S&P/TSX Composite	30,108.48	+ 0.86	**+ 21.76**
Dow Jones	46,190.61	+ 1.56	+ 8.57
NASDAQ	22,679.13	+ 2.14	+ 17.44
FTSE 1000 (UK)	9,354.57	- 0.77	+ 14.46
CSI 300 (China)	4,514.23	- 2.22	+ 14.72
Sensex Index (India)	83,952.19	+ 1.76	+ 7.44
Bonds Yields	**Last**	**1W**	**YTD**
Canada 10 Year Bond	3.085%	- 0.084	- 0.150
Canada 30 Year Bond	3.586%	- 0.089	+ 0.247
US 10 Year Bond	3.976%	- 0.079	- 0.597
US 30 Year Bond	4.583%	- 0.052	- 0.203

Currency	**Last**	**1W**	**YTD**
US Dollar Index	98.41	-0.57%	**-9.28%**
Currencies to the Loonie			
US Dollar	$0.714	- $0.000	+ $0.018
Euro	$0.611	-$0.003	- $0.060
British Pound	$0.531	- $0.003	- $0.024
Chinese Yuan	$5.085	- $0.007	+ $0.011
Bitcoin	$149,180	**- 6.80%**	+ 10.73%
Commodities	**Last**	**1W %**	**YTD%**
Gold *(USD/Troy Ounce)*	$4,231.31	+ 5.33	+ 61.27
ICE Brent Crude*(USD/bbl)*	$61.27	- 1.32	- 18.12
WTI Light *(USD/bbl)*	$57.51	- 1.25	- 19.98

Data as of: October 17, 2025 1:08 PM PT

Source: LSEG Datastream, Convexity Economics

North American Equity Markets

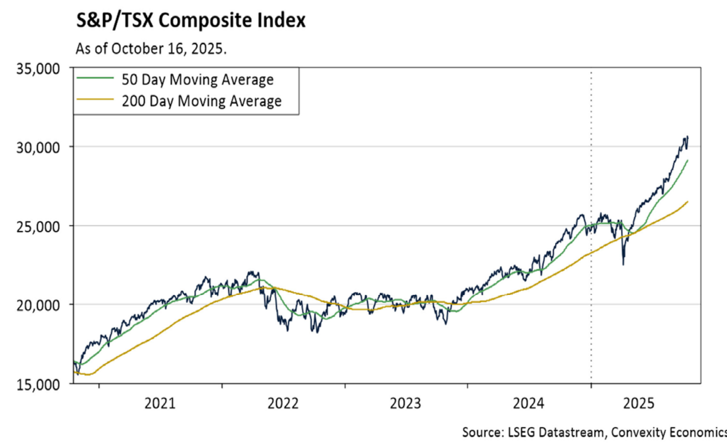
	Daily Changes						
Equity Indexes	**Monday**	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**1 Week %**	**YTD%**
S&P 500	1.56%	-0.16%	0.40%	-0.63%	0.53%	▲ 1.70%	▲ 13.30%
S&P/TSX Composite		1.68%	0.93%	-0.58%	-1.15%	▲ 0.86%	▲ 21.76%
Dow Jones	1.29%	0.44%	-0.04%	-0.65%	0.52%	▲ 1.56%	▲ 8.57%
NASDAQ	2.21%	-0.76%	0.66%	-0.47%	0.52%	▲ 2.14%	▲ 17.44%
Russell 3000	1.63%	-0.02%	0.42%	-0.75%	0.44%	▲ 1.71%	▲ 12.88%
S&P 600 Small Cap Index	2.06%	1.49%	0.82%	-1.26%	-0.12%	▲ 2.98%	▲ 1.85%

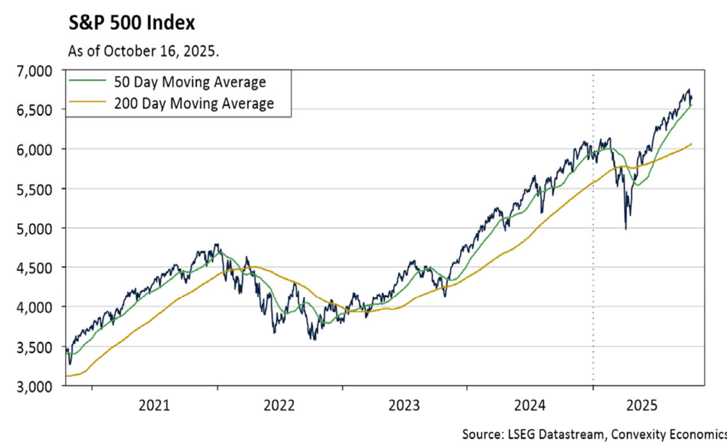
Data as of: October 17, 2025 1:08 PM PT *Source: LSEG Datastream, Convexity Economics*

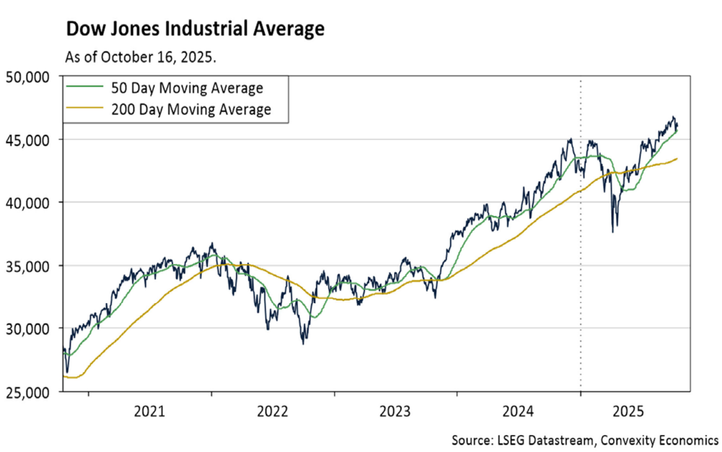
The S&P/TSX Composite Index finished the shortened trading week up 0.86% despite the sell off on Friday.

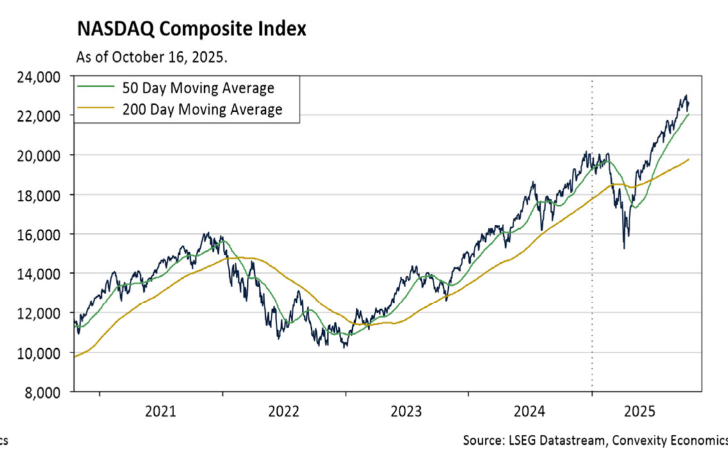
The Canadian materials sector saw its largest daily decline (-6.03%) since April 4th, 2025, following the 'Liberation Day' tariff announcements. This could be an indirect consequence of the US-China trade war and the focus both nations have placed on securing domestic production of critical minerals, decreasing future demand for Canadian critical minerals. Earlier in the week JP Morgan announced a $15 trillion investment initiative over ten years to help bolster American production of critical minerals, as well as other strategic industries.

The US markets rallied on Monday following a de-escalation of trade tensions between the US and China, with the two leaders set to meet in two weeks. All three major indices ended the week in positive territory due to the Monday rally, the NASDAQ Composite Index finished up 2.14%, The S&P 500 Index up 1.70% and he Dow Jones Industrial Average up 1.56%.









Central Bank Rates

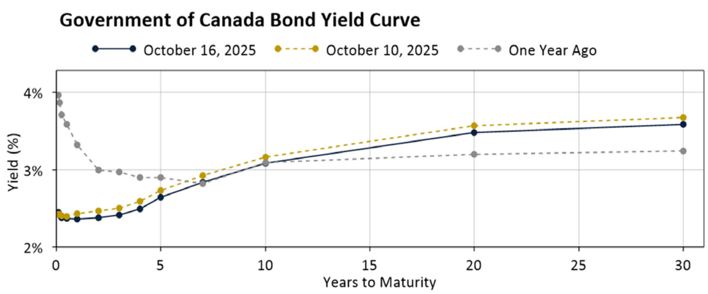
Current Key Interest Rates			***Next Meeting***	***Last Decision***	***Last Meeting***
Canada		2.75%	Oct 30, 2025	▼ 0.25	Sep 18, 2025
United States*		4.50%	Oct 29, 2025	▼ 0.25	Sep 17, 2025
Mexico		7.50%	Nov 6, 2025	▼ 0.25	Sep 25, 2025
European Union		2.15%	Oct 30, 2025	—	Jul 24, 2025
India		5.50%	Dec 5, 2025	—	Sep 30, 2025
China		3.00%	**Oct 19, 2025**	—	Sep 21, 2025
Japan		0.50%	Oct 30, 2025	—	Sep 18, 2025

**Upper Limit*

Data as of: October 17, 2025

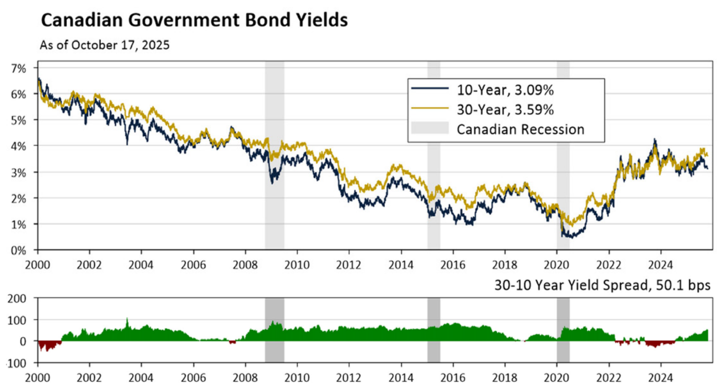
Source: LSEG Datastream, Convexity Economics

Government of Canada Bond Yields



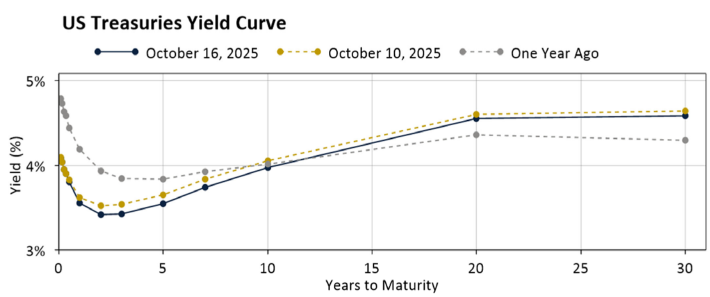
	1 M	2 M	3 M	6 M	1 Y	2 Y	3 Y	4 Y	5 Y	7 Y	10 Y	20 Y	30 Y
Last Week	2.42	2.42	2.41	2.40	2.43	2.47	2.50	2.49	2.74	2.93	3.17	3.57	3.68
Current	2.45	2.42	2.38	2.38	2.37	2.38	2.41	2.49	2.65	2.84	3.09	3.49	3.59

Source: LSEG Datastream, Convexity Economics



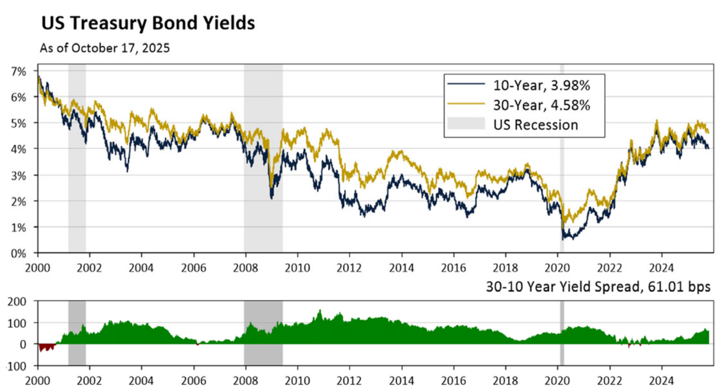
Source: LSEG Datastream, Convexity Economics

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	4.09	4.04	3.95	3.83	3.62	3.52	3.54	2.75	3.65	3.84	4.06	4.60	4.64
Current	4.09	4.04	3.95	3.80	3.55	3.42	3.42	2.75	3.55	3.74	3.98	4.55	4.59

Source: LSEG Datastream, Convexity Economics



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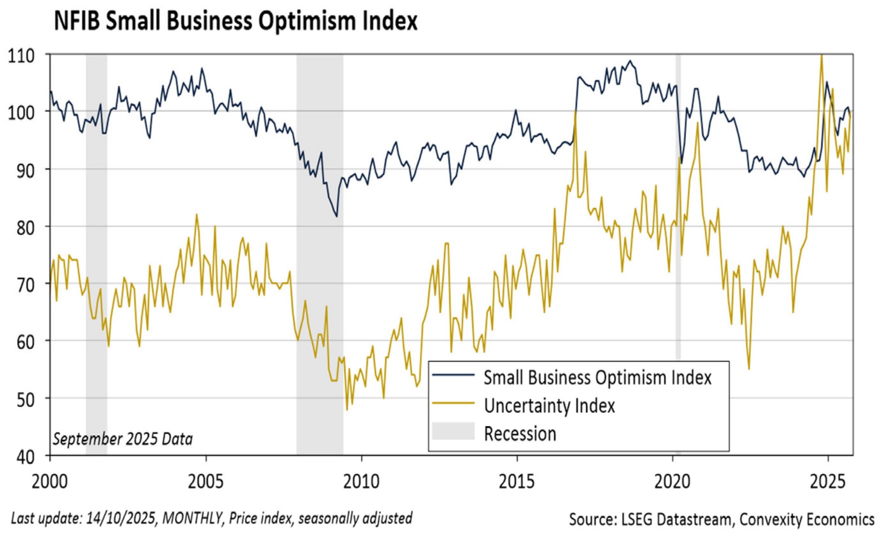
NFIB US Small Business Optimism



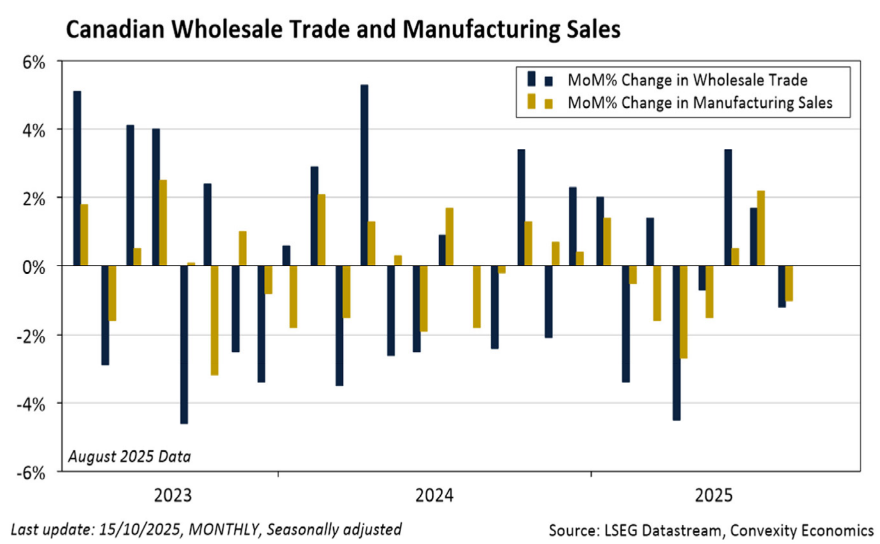
The NFIB Small Business Optimism Index recorded it's first decline in three months, dropping 2 points to 98.8 in September, remaining above the long-term average of 98. An increase in reports of excess inventory contributed to the drop in the index.

The Uncertainty Index rose 7 points to the fourth-highest reading in 50 years, with the primary driver being the outlook for expansion among small business owners. 64% of business reported supply chain disruptions that were impacting their business, but only 5% reported significant impacts. As one respondent so aptly put it, *"With the government being all over the place, and businesses closing as fast as some open, nothing is certain, [and] construction has almost come to a halt." - Construction (painting), FL*

Labour shortage was another theme throughout the report as 18% of businesses listed labour quality as their most important issue, tied with taxes as the most common response. Another 11% listed labour costs as their most important issue. 28% of businesses had job openings for skilled-workers and 88% of those businesses reported few or no-qualified candidates. Overall, almost one-third of all owners reported job openings they could not fill in September, unchanged from August.

14% of businesses reported inflation (higher input costs) as their most important issue and 31% of businesses are planning price increases due to rising input costs. This will continue to put pressure on the US consumer and reinforces our view that the US consumption will struggle.

Canadian Wholesale Trade



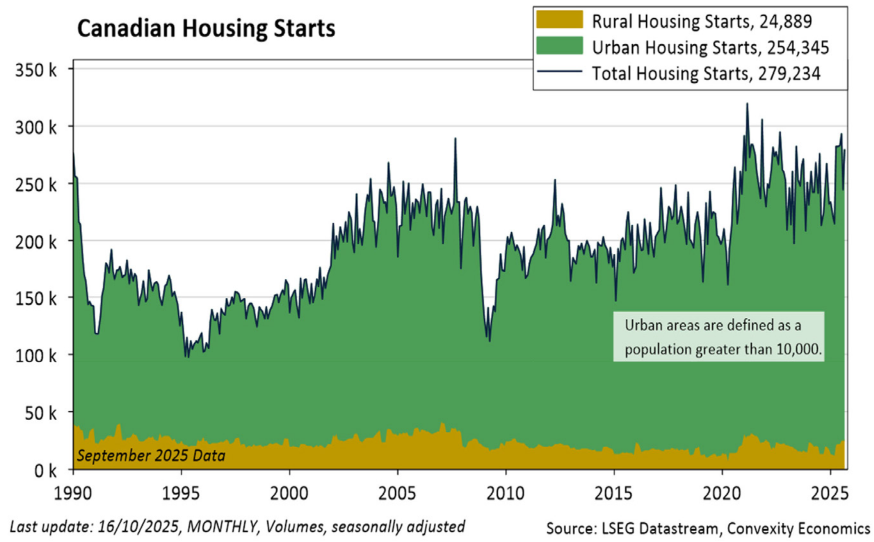
Wholesale trade declined 1.2% to $85.4 billion in August, despite an increase in four of seven sectors. Motor vehicle & motor vehicle parts decrease 8.8% while food, beverage & tobacco declined 3.3%.

Due to their connection to motor vehicle sector, Ontario registered the largest decrease of any province. Meanwhile, Saskatchewan registered the largest increase due to the connection with agriculture.

Wholesale inventories increased 0.7% in August to $134.7 billion. Inventory to sales measures the number of months it would take to sell off the inventory; this increased from 1.55 to 1.58 in August.

Canadian Housing Starts

Canadian housing starts increased 14% in September to an annualized 279,235 units. Urban housing increased 16% and rural housing declined 1% in September.



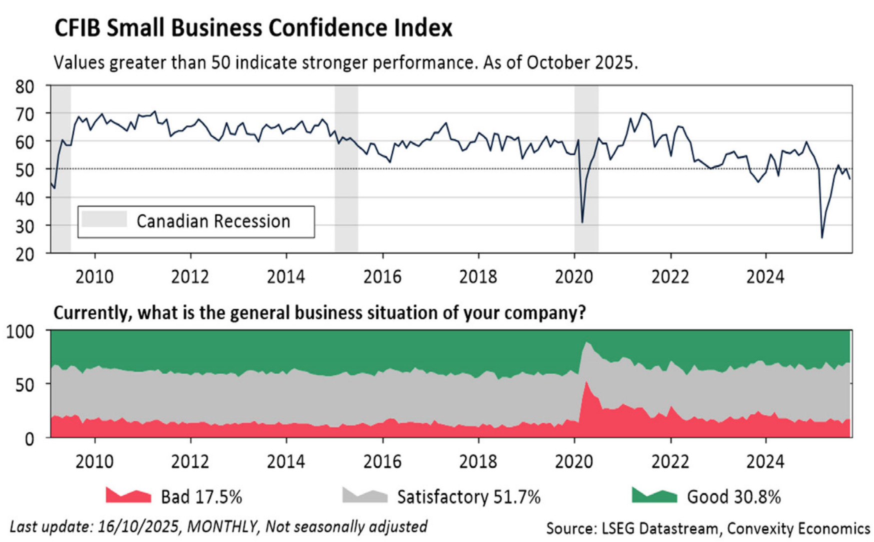
Housing starts declined 16% in BC year-over-year, whereas Ontario (+39%), Quebec (+22%) and the Prairies (+30%) all reported an increase and he Atlantic provinces were unchanged. Montreal (+137%) and Toronto (+113%) drove the increase of housing starts in their respective provinces. Despite a large increase in Chilliwack (+484%), most BC cities saw a decline, with Kamloops and Kelowna down 89% and 79% year-over-year respectively. BC's urban centers registered declines as well, with Vancouver falling 1% and Victoria falling 37% from a year ago.

Absorption of completed properties (the percentage of completed properties that have a binding agreement to buy the property) has fallen from 75% to 68% for single-detached homes and risen from 74% to 82% for all other dwellings.

This suggests that housing supply is catching up to demand for single-detached homes, while demand for other dwellings (townhouses, apartments, etc.) is growing faster relative to supply. This could be due to urban centers increasing density at the expense of singe-detached homes, limiting supply, and pricing potential buyers out of the market. Apartments, townhouse, and other dwellings then fill that void, allowing those priced out of single-detached homes to stay in urban centers.

CFIB Business Barometer

The CFIB Small Business Confidence Index dropped 3.9 points to 46.3 in October, falling below the mid-point. 72% of respondents said that trade tensions between Canada and the US have negatively impacted them, with 19% registering a strong negative impact and 53% slight negative impact.



In an already slack labour market, 19% of businesses are looking to reduce staff, compared to only 12% looking to increase staff. Similar to the US, 46% of businesses listed a shortage of skilled labour as the primary factor limiting growth.

The average forward 12-month price increase was 2.7% among those surveyed, with 52% of business already listing limited demand having a negative impact on growth. As prices rise, the Canadian consumer will continue to struggle to meet this demand, limiting overall growth.

Equity Indexes	Last	1W%	YTD %
S&P 500	6,664.01	+ 1.70	+ 13.30
S&P/TSX Composite	30,108.48	+ 0.86	+ 21.76
Dow Jones	46,190.61	+ 1.56	+ 8.57
NASDAQ	22,679.13	+ 2.14	+ 17.44
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CSI 300 (China)	4,514.23	- 2.22	+ 14.72
Sensex Index (India)	83,952.19	+ 1.76	+ 7.44
Bovespa Index (Brazil)	143,212	+ 1.80	+ 19.06
Merval Index (Argentina)	1,987,327	+ 3.24	- 21.56
Russell 3000	3,789.34	+ 1.71	+ 12.88
S&P 600 Small Cap Index	1,434.27	+ 2.98	+ 1.85
VIX Volatility Index	20.83	- 3.83	+ 20.06
Bonds Yields	**Last**	**1W**	**YTD**
Govt of Canada 5 Year	2.645%	- 0.092	- 0.323
Govt of Canada 10 Year	3.085%	- 0.084	- 0.150
Govt of Canada 30 Year	3.586%	- 0.089	+ 0.247
US Treasury 5 Year	3.550%	- 0.103	- 0.828
US Treasury 10 Year	3.976%	- 0.079	- 0.597
US Treasury 30 Year	4.583%	- 0.052	- 0.203
Currency	**Last**	**1W**	**YTD**
US Dolar Index	98.41	- 0.57%	-9.28%
Bitcoin (USD)	$149,180	+ 30.41%	+ 59.23%
Currencies to the Loonie			
US Dollar	$0.714	- 0.000	+ 0.018
Euro	$0.611	- 0.003	- 0.060
British Pound	$0.531	- 0.003	- 0.024
Japanese Yen	$106.610	- 2.370	- 3.000
Chinese Yuan	$5.085	+ 4.889	+ 4.888
Aussie Dollar	$1.098	+ 0.192	+ 0.208
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**	+ 1.28	- 0.10	*Q2*
China**	+ 5.24	- 0.18	*Q2*
Japan	+ 1.70	+ 0.06	*Q2*
India	+ 7.81	+ 0.43	*Q2*
Inflation	**YoY %**	**Change**	**Month**
Canada	+ 1.86	+ 0.12	*Aug*
United States	+ 2.94	+ 0.21	*Aug*
Mexico	+ 3.76	+ 0.19	*Sep*
Euro Zone**	+ 2.26	+ 0.18	*Sep*
China**	- 0.70	+ 0.30	*Sep*
Japan**	+ 2.75	- 0.29	*Aug*
India	+ 1.55	- 0.53	*Sep*

Canadian Sectors	Last	1W%	YTD %
Energy	275.21	- 2.59	+ 3.02
Industrials	478.29	+ 0.86	+ 4.33
Consumer Staples	1,191.91	+ 3.08	+ 12.19
Financials	567.14	+ 0.31	+ 18.20
Communication Services	158.50	+ 0.68	+ 15.16
Real Estate	334.88	+ 1.10	+ 6.46
Materials	678.97	+ 2.00	+ 79.52
Consumer Discretionary	354.89	+ 2.78	+ 18.91
Health Care	21.84	+ 0.60	- 15.12
Information Tech	342.08	+ 3.24	+ 21.38
Utilities	366.93	+ 1.67	+ 19.65
S&P/TSX Composite	30,108.48	+ 0.86	+ 21.76
US Sectors	**Last**	**1W%**	**YTD %**
Energy	659.14	+ 0.94	+ 0.66
Industrials	1,283.98	+ 1.19	+ 15.09
Consumer Staples	886.21	+ 1.96	+ 3.81
Financials	867.99	+ 0.02	+ 7.90
Communication Services	423.26	+ 3.64	+ 23.88
Real Estate	264.27	+ 3.44	+ 3.26
Materials	559.24	+ 1.03	+ 5.56
Consumer Discretionary	1,873.86	+ 1.89	+ 2.33
Health Care	1,669.18	+ 0.73	+ 4.02
Information Tech	5,632.95	+ 2.09	+ 22.20
Utilities	464.90	+ 1.53	+ 20.77
S&P 500	6,664.01	+ 1.70	+ 13.30
Commodities	**Last**	**1W %**	**YTD %**
Baltic Dry index	2,046.00	+ 5.68	+ 105.22
Bloomberg Industrial Metals Index	149.55	+ 0.24	+ 6.58
Gold	$4,231.31	+ 5.33	+ 61.27
Silver	$51.73	+ 2.90	+ 79.15
Copper	$4.99	+ 3.61	+ 24.14
Oil (ICE Brent Crude)	$61.27	- 1.27	- 18.12
Oil (WTI Light)	$57.51	- 1.17	- 19.96
Natural Gas	$2.99	- 4.16	- 17.45
Corn	$423.00	+ 2.17	- 7.69
Wheat	$504.50	+ 1.10	- 8.40
Cocoa	$5,991.00	+ 1.89	- 44.79
Coffee	$374.75	+ 5.00	+ 18.63

Data as of: October 17, 2025 1:08 PM PT

Source: LSEG Datastream, Convexity Economics

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