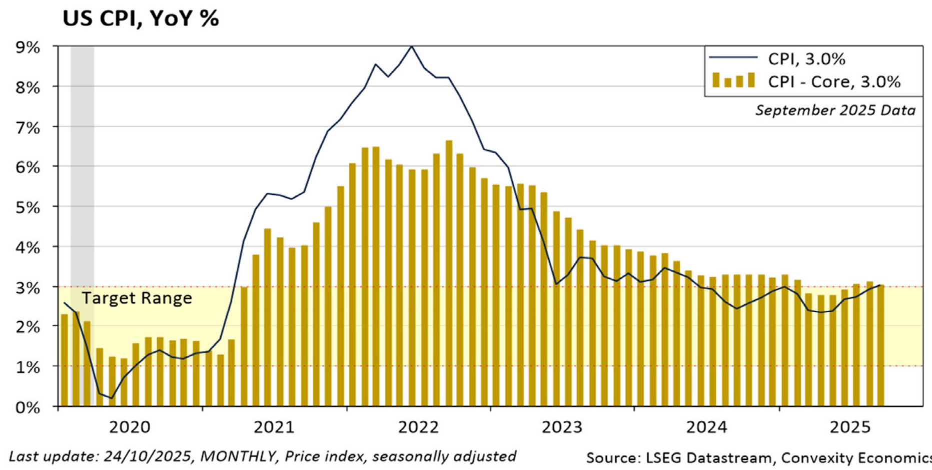
Financial Monitor

For the week ending October 24th, 2025

Chart of the Week: US Consumer Price Index (CPI)

Amid the government shutdown, the Bureau of Labor Statistics was back to work to release the Consumer Price Index Report. Headline inflation has risen steadily since April 2025 and continued this trend in September, accelerating to 3.0% year-over-year from 2.9% in August. Core inflation saw its first decline since May 2025, decelerating to 3.0% year-over-year from 3.1% in August. *Continued on page 5...*



Headlines

- North American equity markets all finished the week well into positive territory.
- Gold posted its first weekly decline since August 2025.
- The University of Michigan Consumer Sentiment Survey declined 1.5 points in October to 53.6
- The Canadian Consumer Price Index, seasonally adjusted, accelerated in September increasing 2.3% year-over-year, compared to 1.9% in August. Core CPI rose 2.8% year-over-year, compared to 2.6% in August.

Equity Indexes	**Last**	**1W%**	**YTD %**
S&P 500	6,791.75	+ 1.92	+ 15.47
S&P/TSX Composite	30,353.07	+ 0.81	**+ 22.75**
Dow Jones	47,207.12	+ 2.20	+ 10.96
NASDAQ	23,239.94	+ 2.47	+ 20.35
FTSE 1000 (UK)	9,645.62	+ 3.11	+ 18.02
CSI 300 (China)	4,660.68	+ 3.24	+ 18.44
Sensex Index (India)	84,211.88	+ 0.31	+ 7.77
Bonds Yields	**Last**	**1W**	**YTD**
Canada 10 Year Bond	3.103%	+ 0.002	- 0.132
Canada 30 Year Bond	3.583%	- 0.013	+ 0.244
US 10 Year Bond	3.989%	- 0.012	- 0.584
US 30 Year Bond	4.571%	- 0.027	- 0.215

Currency	**Last**	**1W**	**YTD**
US Dollar Index	98.93	0.50%	**-8.81%**
Currencies to the Loonie			
US Dollar	$0.714	+ $0.001	+ $0.019
Euro	$0.614	$0.002	- $0.057
British Pound	$0.537	+ $0.005	- $0.019
Chinese Yuan	$5.087	+ $0.004	+ $0.012
Bitcoin	$154,696	+ 3.07%	+ 14.82%
Commodities	**Last**	**1W %**	**YTD%**
Gold *(USD/Troy Ounce)*	$4,103.08	- 3.43	+ 56.38
ICE Brent Crude*(USD/bbl)*	$65.92	+ 7.47	- 11.91
WTI Light *(USD/bbl)*	$61.52	+ 6.73	- 14.40

Data as of: October 24, 2025 1:00 PM PT

Source: LSEG Datastream, Convexity Economics

North American Equity Markets

Equity Indexes	Monday	Tuesday	Wednesday	Thursday	Friday	1 Week %	YTD%
	Daily Changes						
S&P 500	1.07%	0.00%	-0.53%	0.58%	0.79%	▲ 1.92%	▲ 15.47%
S&P/TSX Composite	1.02%	-1.73%	0.32%	0.68%	0.55%	▲ 0.81%	▲ 22.75%
Dow Jones	1.12%	0.47%	-0.71%	0.31%	1.01%	▲ 2.20%	▲ 10.96%
NASDAQ	1.37%	-0.16%	-0.93%	0.89%	1.30%	▲ 2.47%	▲ 20.35%
Russell 3000	1.13%	0.01%	-0.64%	0.67%	0.91%	▲ 2.07%	▲ 15.23%
S&P 600 Small Cap Index	1.59%	0.27%	-0.77%	1.08%	0.83%	▲ 3.02%	▲ 4.93%

Data as of: October 24, 2025 1:00 PM PT

Source: LSEG Datastream, Convexity Economics

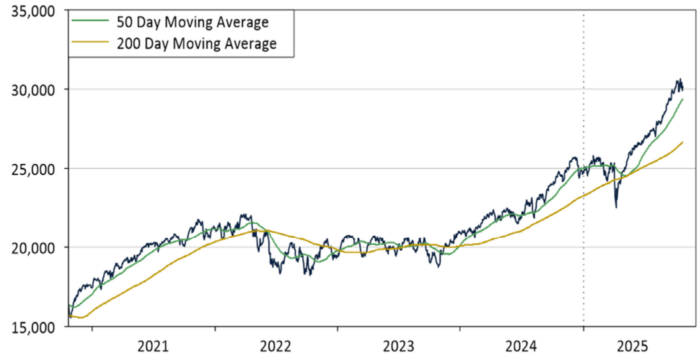
North American equity markets all finished the week well into positive territory. The NASDAQ Composite Index led the way, up 2.47% on the back of a strong week for technology stocks. Dow Jones Industrial Average posted a strong performance, up 2.20% for the week but still lagging the other indices year-to-date. The S&P 500 Composite Index finished up 1.92%.

North of the border, the S&P/TSX Composite Index lagged the US indices but finished up 0.81% for the week and still outperforming the US indices year-to-date.

Tesla announced Q3 earnings this week, posting quarterly earnings per share of $0.50, (missing analyst estimates $0.55) and revenue of $28.10 billion (beating analyst estimates of $26.29 billion). Tesla's earnings call marks the beginning in a series of earnings announcements from major technology companies such as Alphabet, Microsoft, Apple, and Amazon, all set to announce earnings next week. The market will be paying close attention to these earnings announcements.

S&P/TSX Composite Index

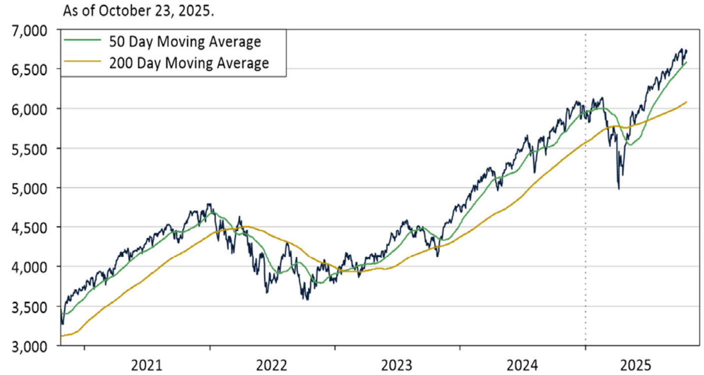
As of October 23, 2025.



Source: LSEG Datastream, Convexity Economics

S&P 500 Index

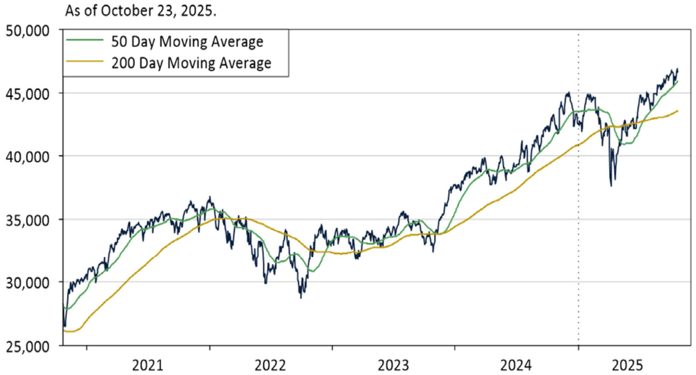
As of October 23, 2025.



Source: LSEG Datastream, Convexity Economics

Dow Jones Industrial Average

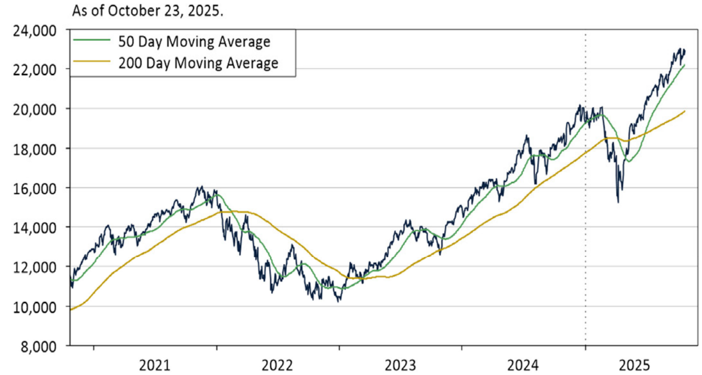
As of October 23, 2025.



Source: LSEG Datastream, Convexity Economics

NASDAQ Composite Index

As of October 23, 2025.



Source: LSEG Datastream, Convexity Economics

Central Bank Rates

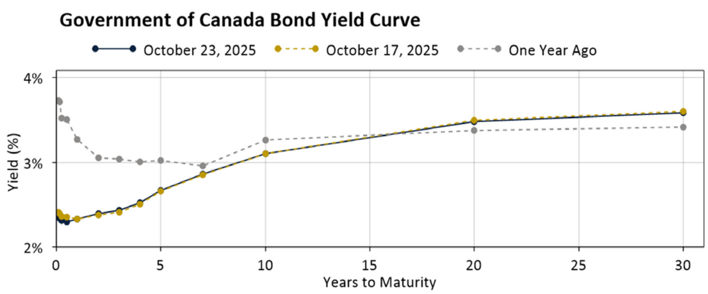
Current Key Interest Rates			*Next Meeting*	*Last Decision*	*Last Meeting*
Canada		2.75%	**Oct 29, 2025**	▼ 0.25	Sep 18, 2025
United States*		4.50%	**Oct 29, 2025**	▼ 0.25	Sep 17, 2025
Mexico		7.50%	Nov 6, 2025	▼ 0.25	Sep 25, 2025
European Union		2.15%	**Oct 30, 2025**	—	Jul 24, 2025
India		5.50%	Dec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

**Upper Limit*

Data as of: October 24, 2025

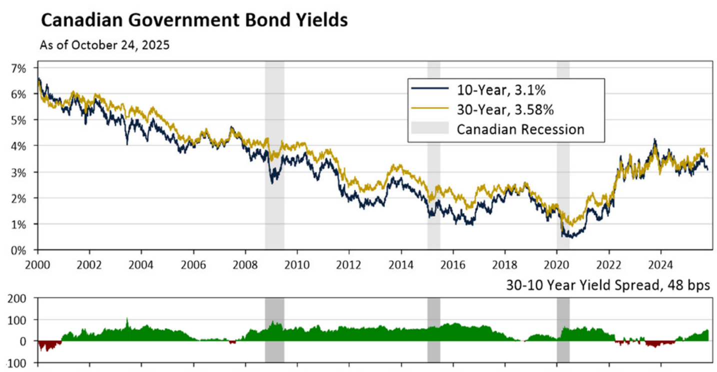
Source: LSEG Datastream, Convexity Economics

Government of Canada Bond Yields



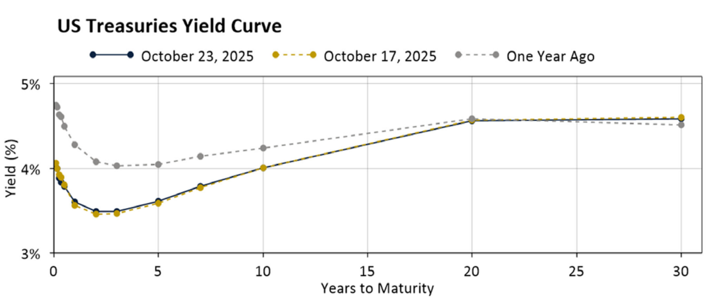
	1 M	2 M	3 M	6 M	1 Y	2 Y	3 Y	4 Y	5 Y	7 Y	10 Y	20 Y	30 Y
Last Week	2.41	2.40	2.36	2.35	2.33	2.38	2.41	2.52	2.66	2.85	3.10	3.49	3.60
Current	2.36	2.34	2.31	2.30	2.33	2.40	2.43	2.52	2.67	2.86	3.10	3.48	3.58

Source: LSEG Datastream, Convexity Economics



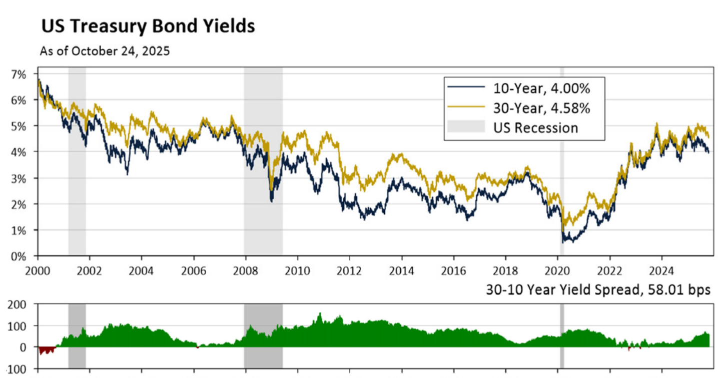
Source: LSEG Datastream, Convexity Economics

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	4.06	4.00	3.93	3.81	3.57	3.46	3.46	2.75	3.59	3.77	4.00	4.57	4.60
Current	4.01	3.99	3.89	3.79	3.60	3.49	3.49	2.75	3.61	3.79	4.00	4.56	4.58

Source: LSEG Datastream, Convexity Economics



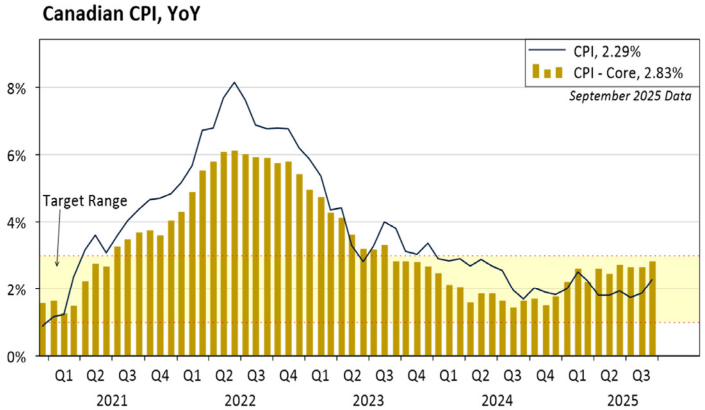
Source: LSEG Datastream, Convexity Economics

Canadian Consumer Price Index (CPI)

The Canadian Consumer Price Index, seasonally adjusted, accelerated in September increasing 2.3% year-over-year, compared to 1.9% in August. Core CPI rose 2.8% year-over-year, compared to 2.6% in August.

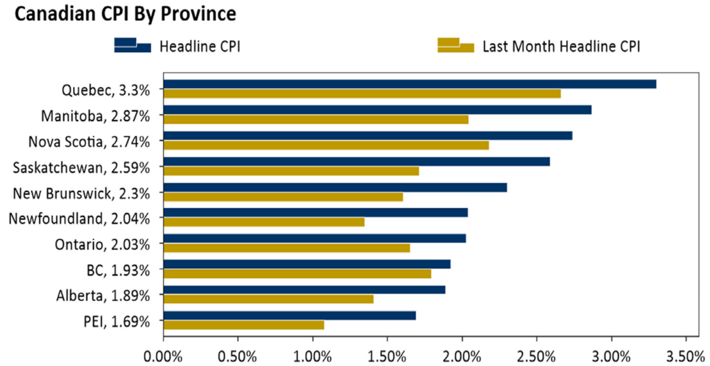
The Bank of Canada is still expected to lower interest rates another 25 basis points on October 29th. LSEG data puts the probability of a 25-basis point reduction at 82% based on money market data. Lowering interest rates could lead to increasing consumer demand and apply upward pressure on prices.

Canadian CPI, YoY



Last update: 23/10/2025, MONTHLY, Price index, seasonally adjusted Source: LSEG Datastream, Convexity Economics

Canadian CPI By Province



September 2025 Data

Last update: 21/10/2025, MONTHLY, Price index, not seasonally adjusted Source: LSEG Datastream, Convexity Economics

Canadian Consumer Price Index

September 2025

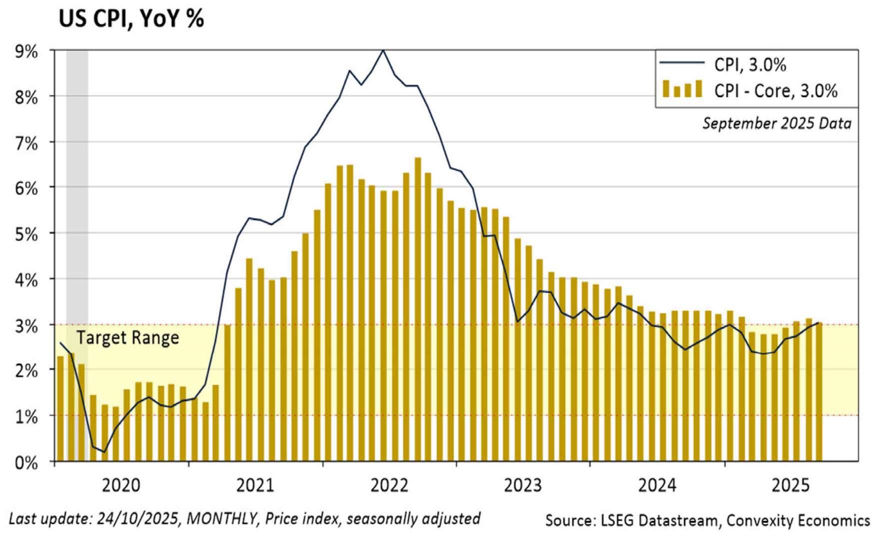
YoY% Change	Category	MoM% Change
+2.3	CPI	+0.4
+2.8	Core CPI	+0.3
-2.6	Energy*	+1.1
+3.9	Food	+0.5
+2.6	Shelter	+0.1
-4.1	Gasoline stations*	+2.0
+1.6	Goods	+0.3
+3.0	Services*	-0.1
+1.5	Alcoholic Beverages and tobacco	+0.4
+1.3	Clothing and footwear	-0.6
+2.2	Health and Personal Care	+0.3
+2.6	Household Operations, Furnishings and Equipment	+0.3
+1.6	Education and Recreations	+0.6
+1.4	Transportation	+0.9

Updated: October 23, 2025

**Not Seasonally Adjusted*

Source: LSEG Datastream, Convexity Economics

US Consumer Price Index (CPI)

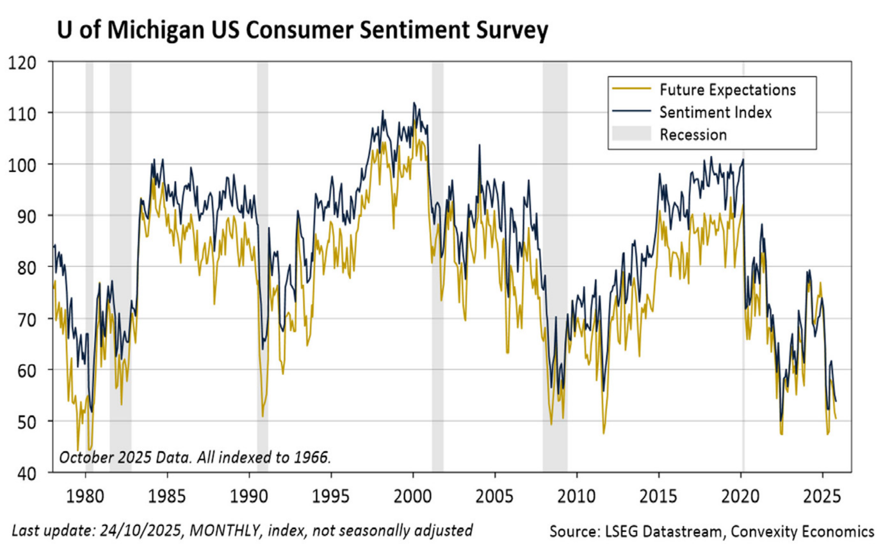


Amid the government shutdown, the Bureau of Labor Statistics was back to work to release the Consumer Price Index Report. Headline inflation has risen steadily since April 2025 and continued this trend in September, accelerating to 3.0% year-over-year from 2.9% in August. Core inflation saw its first decline since May 2025, decelerating to 3.0% year-over-year from 3.1% in August.

It is unlikely we have seen the full passthrough effect of tariffs on consumer prices. Many companies were able to stockpile inventory prior to the tariffs, allowing business to control input costs for much of the year. Businesses are now seeing their inventories drawn down and having to replace their stock at post-tariff prices. Most notably, Walmart has said they are seeing input costs rise due to the tariffs and expect these increases to continue the rest of the year. Now that businesses are replenishing their stock at higher costs, price increases will likely be passed onto consumers.

Inflation is at the high end of the Federal Reserve's target range which could give pause to another rate reduction. In the absence of employment data, it will be hard for the Federal Reserve to balance their dual mandate accordingly. Given the low unemployment (most recent release was for August, 4.3%) and rising inflation, it would seem there is no immediate reason to lower interest rates at their next meeting, other than to hedge against a potentially poor September jobs report (which has not been released due to the shutdown). It is likely that for this reason, Fed Watch places a 97% probability of a 25-basis point rate cut on October 29th.

U of Michigan Consumer Sentiment



The University of Michigan Consumer Sentiment Survey declined 1.5 points in October to 53.6. The Future Expectations Index declined 1.4 points to 50.3 for October. Except for a brief uptick from May to July of this year, both Consumer Sentiment and Future Expectations indices remain at recessionary levels. Meanwhile, long-term inflation expectations increased with five-year expectations rising from 3.7% to 3.9%

The survey noted that respondents placed little connection between the outlook for the economy and the government shutdown. Only 2% spontaneously referenced the shutdown, compared to 10% during the 35-day shutdown in January 2019.

Equity Indexes	Last	1W%	YTD %
S&P 500	6,791.75	+ 1.92	+ 15.47
S&P/TSX Composite	30,353.07	+ 0.81	+ 22.75
Dow Jones	47,207.12	+ 2.20	+ 10.96
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Sensex Index (India)	84,211.88	+ 0.31	+ 7.77
Bovespa Index (Brazil)	146,113	+ 1.89	+ 21.47
Merval Index (Argentina)	2,069,564	+ 4.02	- 18.32
Russell 3000	3,868.07	+ 2.07	+ 15.23
S&P 600 Small Cap Index	1,477.54	+ 3.02	+ 4.93
VIX Volatility Index	16.41	- 21.03	- 5.42
Bonds Yields	**Last**	**1W**	**YTD**
Govt of Canada 5 Year	2.666%	+ 0.009	- 0.302
Govt of Canada 10 Year	3.103%	+ 0.002	- 0.132
Govt of Canada 30 Year	3.583%	- 0.013	+ 0.244
US Treasury 5 Year	3.597%	+ 0.011	- 0.781
US Treasury 10 Year	3.989%	- 0.012	- 0.584
US Treasury 30 Year	4.571%	- 0.027	- 0.215
Currency	**Last**	**1W**	**YTD**
US Dolar Index	98.93	+ 0.50%	-8.81%
Bitcoin (USD)	$154,696	+ 44.46%	+ 65.12%
Currencies to the Loonie			
US Dollar	$0.714	+ 0.001	+ 0.019
Euro	$0.614	+ 0.002	- 0.057
British Pound	$0.537	+ 0.005	- 0.019
Japanese Yen	$109.080	+ 2.470	- 0.530
Chinese Yuan	$5.087	+ 4.890	+ 4.890
Aussie Dollar	$1.097	+ 0.186	+ 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	+ 3.76	+ 0.19	*Sep*
Euro Zone**	+ 2.26	+ 0.18	*Sep*
China**	- 0.70	+ 0.30	*Sep*
Japan**	+ 2.85	+ 0.10	*Sep*
India	+ 1.55	- 0.53	*Sep*

Canadian Sectors	Last	1W%	YTD %
Energy	284.89	+ 3.52	+ 6.65
Industrials	482.59	+ 0.90	+ 5.27
Consumer Staples	1,178.38	- 1.14	+ 10.92
Financials	578.27	+ 1.96	+ 20.52
Communication Services	160.38	+ 1.19	+ 16.52
Real Estate	336.41	+ 0.46	+ 6.94
Materials	645.45	- 4.94	+ 70.65
Consumer Discretionary	359.61	+ 1.33	+ 20.49
Health Care	22.37	+ 2.43	- 13.06
Information Tech	355.64	+ 3.96	+ 26.19
Utilities	367.48	+ 0.15	+ 19.83
S&P/TSX Composite	30,353.07	+ 0.81	+ 22.75
US Sectors	**Last**	**1W%**	**YTD %**
Energy	674.76	+ 2.37	+ 3.04
Industrials	1,310.66	+ 2.08	+ 17.48
Consumer Staples	880.99	- 0.59	+ 3.20
Financials	883.55	+ 1.79	+ 9.83
Communication Services	427.53	+ 1.01	+ 25.13
Real Estate	268.08	+ 1.44	+ 4.75
Materials	562.50	+ 0.58	+ 6.18
Consumer Discretionary	1,910.16	+ 1.94	+ 4.31
Health Care	1,701.05	+ 1.91	+ 6.00
Information Tech	5,787.71	+ 2.75	+ 25.56
Utilities	464.01	- 0.19	+ 20.54
S&P 500	6,791.75	+ 1.92	+ 15.47
Commodities	**Last**	**1W %**	**YTD %**
Baltic Dry index	2,057.00	- 0.58	+ 106.32
Bloomberg Industrial Metals Index	153.81	+ 2.85	+ 9.61
Gold	$4,103.08	- 3.43	+ 56.38
Silver	$48.49	- 6.47	+ 67.95
Copper	$5.12	+ 3.69	+ 27.18
Oil (ICE Brent Crude)	$65.92	+ 7.47	- 11.91
Oil (WTI Light)	$61.52	+ 7.91	- 14.38
Natural Gas	$3.36	+ 11.97	- 7.44
Corn	$424.00	+ 0.30	- 7.47
Wheat	$513.00	+ 1.79	- 6.85
Cocoa	$6,407.00	+ 7.10	- 40.96
Coffee	$379.95	+ 1.47	+ 20.28

Data as of: October 24, 2025 1:00 PM PT

Source: LSEG Datastream, Convexity Economics

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