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Monthly Market Snapshot

Monthly Overview

October 2025

Canada's primary stock index reached a record high, closing the quarter with impressive gains fueled by robust corporate earnings and elevated commodity prices. Similarly, U.S. equity indices saw increases throughout September and the third quarter. Notably, the S&P 500 and Nasdaq 100 achieved their fifth and sixth consecutive monthly gains, respectively. For the S&P 500, September was especially noteworthy, marking its second-best performance in 27 years.

The S&P/TSX Composite Index was up 5.1% in September and rose 11.8% in Q3. Ten of the benchmark's underlying sectors were positive in Q3. Materials and information technology led the way, posting gains of 37.4% and 13.2%, respectively. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, gained 20.3% for the quarter.

The U.S. dollar appreciated against the loonie in Q3, rising 2.3% and boosting the returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, rose 5.0% in September and finished the quarter higher by 10.1%. Information technology and telecommunication services led the gains, with respective returns of 15.5% and 14.2%. International stocks, as measured by the FTSE Developed ex-U.S. Index, rose 7.1% during the quarter, while emerging markets gained 12.0%.

Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, were up 1.5% during the quarter. The key global investment grade bond benchmark we follow gained 2.6% in Q3 and global high-yield issues were up 4.5% in the same period.

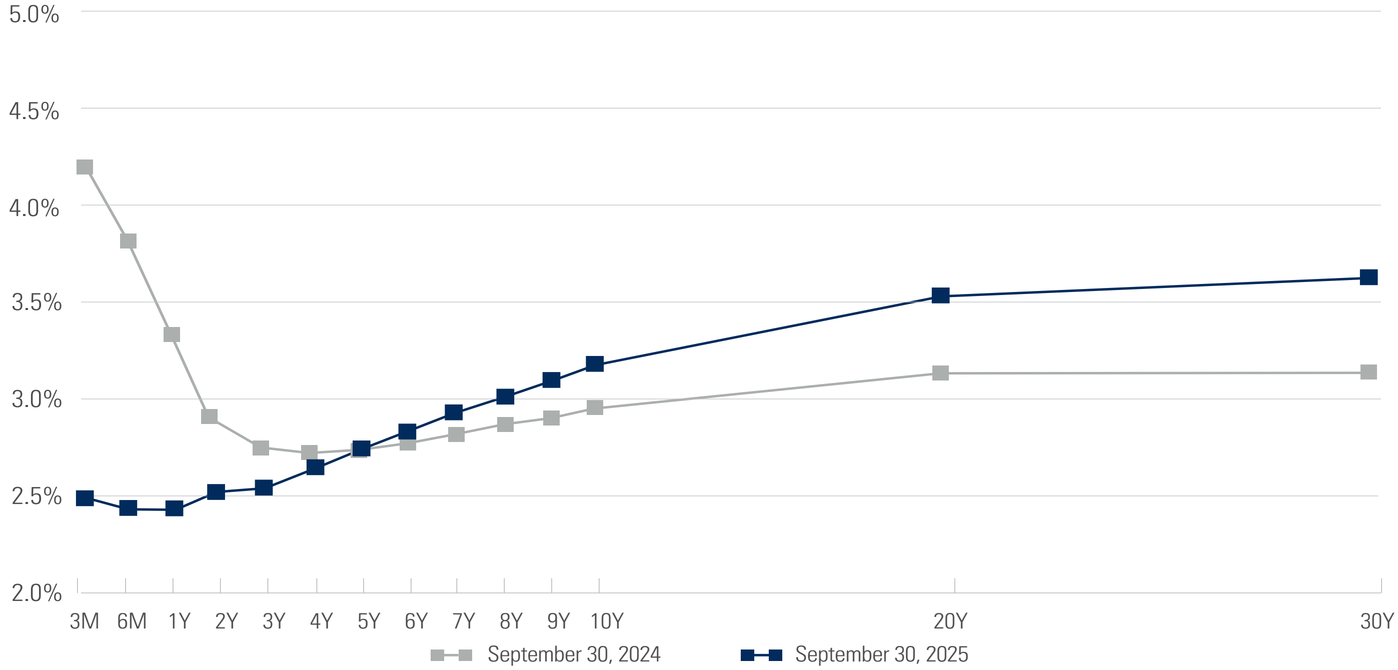
Turning to commodities, natural gas prices gained 10.2% in September but lost 4.4% in Q3. The price of a barrel of crude oil fell 2.6% in September and lost 4.2% in Q3. Gold, silver, and copper all rose in September, gaining 10.1%, 16.0%, and 7.5%, respectively. Gold and silver also rose in Q3, gaining 16.1% and 30.1%, respectively, but copper fell 3.4% in the same period.

Inflation in Canada rose to 1.9% year-over-year in August, ticking up from July but falling short of expectations. The acceleration was mainly driven by gasoline prices that declined to a smaller extent last month than in July. The Canadian economy lost 66,000 jobs in August, as the nation's unemployment rate rose to 7.1%. The Bank of Canada lowered its key interest rate from 2.75% to 2.5% at its September meeting – the first rate cut since March. The bank noted a "weaker economy" amid the current trade war, and that the latest GDP reports as well as the unemployment rate rising above 7% last month meant "a reduction in the policy rate was appropriate."

U.S. nonfarm payrolls increased by 22,000 in August, as the unemployment rate rose to 4.3%. The consumer price index rose to 2.9% year-over-year in August. Energy costs turned higher last month, while food prices also firmed due to higher grocery costs. In line with market expectations, the Fed cut interest rates by 25 basis points at its September meeting, bringing the federal funds rate to 4.0–4.25%. This was the first rate cut in nine months. The Fed signaled that two more are on the way before the end of the year as concerns intensified over the U.S. labour market even as inflation is still in the air.

Content sourced from Bloomberg.

Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to September 30, 2025, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	5.1	11.8	20.5	21.4	25.1	17.6	13.2	12.6
S&P/TSX 60	4.4	10.8	18.3	19.4	23.1	16.6	12.9	12.5
S&P/TSX Small Cap	8.7	20.3	33.6	34.0	34.1	19.6	15.4	17.1
S&P 500	5.0	10.1	15.4	10.0	19.6	23.5	15.8	15.8
FTSE Developed ex US	3.4	7.1	13.6	19.4	16.8	18.8	9.5	14.8
FTSE Developed	4.6	9.3	15.2	13.0	19.4	22.3	13.5	14.6
FTSE Developed Small Cap	2.8	9.5	15.0	9.8	14.2	16.0	10.5	17.9
FTSE Developed Europe	3.3	5.6	10.0	20.5	16.0	20.5	10.4	16.3
FTSE Emerging	7.7	12.0	15.4	17.3	16.7	15.3	6.1	14.5
FTSE All World Asia Pacific	5.5	10.9	17.2	17.3	16.0	16.9	6.7	14.8

Source: Bloomberg.

Table 2: Fixed-Income Returns (%)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE TMX Canada Universe Bond	0.4	-0.3	-1.2	1.1	3.0	3.8	-0.5	5.8
Barclays Global Agg	2.0	2.6	1.6	4.4	5.5	5.9	-0.8	6.6
Barclays High Yield Very Liquid Index	2.1	4.5	2.8	3.7	10.4	11.5	5.9	6.5

Source: Bloomberg.

Table 3: Commodity Prices (Prices and Returns in USD)

Commodity	Price ($)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	62.37	-2.6	-8.5	-4.2
Natural Gas/mmBTU	3.30	10.2	13.0	-4.4
Copper/pound	4.86	7.5	6.7	-3.4
Silver/oz	46.64	16.0	48.3	30.1
Gold/oz	3840.80	10.1	45.7	16.1

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	0.6	4.5
Consumer Staples	0.0	-0.5
Energy	4.8	0.9
Financials	4.4	1.4
Health Care	2.8	3.0
Industrials	-1.0	3.1
Info Tech	2.0	8.7
Materials	18.7	-1.0
Real Estate	-1.3	1.2
Telecom Services	-3.1	7.0
Utilites	3.6	5.4

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q2 (q/q ann. % change)	-1.6
Consumer Prices, 08/2025 (y/y % change)	1.9
Unemployment Rate, 08/2025	7.1
United States	
Real GDP- Q2 (q/q ann. % change)	3.8
Consumer Prices, 08/2025 (y/y % change)	2.9
Unemployment Rate, 08/2025	4.3

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	09/30/2025	6 Mos Ago	1 Yr Ago
USD/CAD	1.39	1.36	1.35
EUR/CAD	1.63	1.56	1.51
GBP/CAD	1.87	1.86	1.81
CAD/JPY	106.25	104.23	106.20

Source: Bloomberg.

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