Top News
Research Services

NATIONAL BANK OF CANADA FINANCIAL MARKETS

Internal use only

September 16, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG
Dow Jones MINI futures	45,859.00	-62.00	-0.14%
S&P500 MINI futures	6,627.00	5.50	0.08%
NASDAQ MINI futures	24,356.50	47.25	0.19%
CANADA EQUITY MARKET	**LAST**	**CHANGE**	**%CHG**
S&P/TSX 60 futures	1,737.50	-1.40	-0.08%
OVERSEAS MARKETS	**LAST**	**CHANGE**	**%CHG**
STOXX EUROPE 600 INDEX	555.26	-1.90	-0.34%
FTSE 100 INDEX	9,242.54	-34.49	-0.37%
DAX GERMANY	23,579.48	-169.38	-0.71%
CAC 40 Index	7,883.20	-13.73	-0.17%
NIKKEI 225 INDEX	44,902.27	134.15	0.30%
HANG SENG INDEX	26,438.51	-8.05	-0.03%
SHANGHAI COMPOSITE INDEX	3,861.87	1.36	0.04%

COMMODITIES/ FX		LAST	CHANGE
CRUDE OIL WTI		$64.13	$0.83
NATURAL GAS		$3.05	$0.01
GOLD		$3,686.33	$7.55
COPPER		$4.63	-$0.02
CAD / USD		$0.7268	$0.0011
CAD / EUR		€ 0.6155	-€ 0.0015
USD / EUR		€ 0.8467	-€ 0.0035
USD / JPY		¥147.01	-¥0.39
GOVERNMENT BONDS	**2YR**	**5YR**	**10YR**
CANADA (YLD%)	2.48%	2.73%	3.17%
U.S. (YLD%)	3.53%	3.60%	4.05%

Source: LSEG

Morning News

Canada's annual inflation rate rose 1.9% in August, which was less than expected as petrol prices on a yearly basis fell and food prices were up only slightly. On a monthly basis, the consumer price index was down 0.1% in August. The annual inflation rate has been largely distorted by the cancellation of the carbon levy on petrol sale which has helped bring down the cost of the fuel on a yearly basis, and economists have focused on core inflation measures to gauge the trend of prices. Excluding gasoline, the CPI rose 2.4% in August, after increasing 2.5% in each of the previous three months. One of the core measures of inflation, the CPI-median, or the centermost component of the CPI basket, mirrored the prior month's 3.1% rise in August. The other core measure CPI-trim, which excludes the most extreme price changes, fell to 3% from 3.1% in July. Prices for shelter, which accounts for almost 30% of the CPI basket, rose by 2.6% in August from 3% in July as costs for both mortgage costs and rents eased. The lower than expected rise in inflation is likely to bolster chances of a rate cut tomorrow by the Bank of Canada, even though there are still concerns that underlying inflation was still high. Money markets are expecting almost 87% chances of a 25-basis point rate cut. In the U.S., retail sales increased more than expected in August, but according to economists momentum may ease amid labor market weakness and rising goods prices. Retail sales rose 0.6% last month after an upwardly revised 0.6% advance in July. Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, rising 0.2% following a previously reported 0.5% gain in June. Some of the rise in retail sales last month was probably due to tariff-driven price increases rather than volumes. The government reported last week that consumer prices increased by the most in seven months in August, with strong rises in the costs of food and apparel among other products. The Federal Reserve is also expected to deliver a quarter-percentage-point interest rate cut tomorrow to support the labor market. The U.S. central bank paused its easing cycle in January because of uncertainty over the inflationary impact of import duties. Retail sales excluding automobiles, gasoline, building materials and food services increased 0.7% last month after an unrevised 0.5% advance in July. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product. A Reuters survey of property experts showed that the United States' sluggish housing market will remain weak through next year as high mortgage rates stifle demand with only a modest rebound expected in 2027. Persistent supply shortages and stretched affordability have kept most first-time buyers on the sidelines. Although that inventory crunch has eased, with active listings climbing to their highest this decade, mortgage rates hovering around 6.5% continue to sap demand. That has pushed home prices, measured by the S&P CoreLogic Case-Shiller composite index of 20 metropolitan areas, into four straight months of decline - the first such streak since February 2023.

U.S Economic Calendar

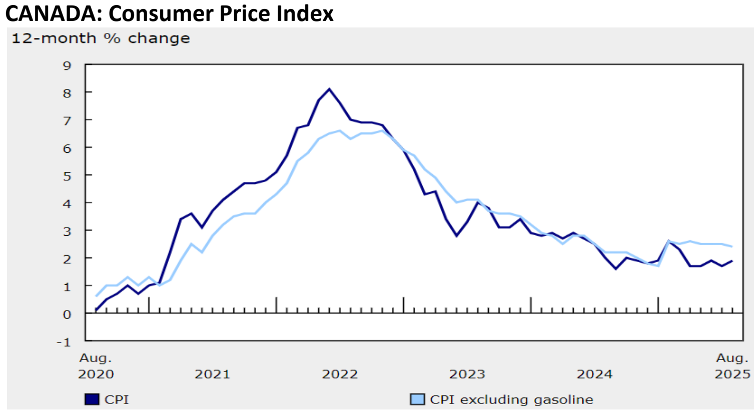
Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:30	Import Prices MM	Aug	-0.1%	0.3%	0.4%	0.2%
08:30	Export Prices MM	Aug	0.0%	0.3%	0.1%	0.3%
08:30	Import Prices YY	Aug			-0.2%	
08:30	Retail Sales MM	Aug	0.2%	0.6%	0.5%	0.6%
08:30	Retail Sales Ex-Autos MM	Aug	0.4%	0.7%	0.3%	0.4%
09:15	Industrial Production MM	Aug	-0.1%		-0.1%	
09:15	Capacity Utilization SA	Aug	77.4%		77.5%	
09:15	Manuf Output MM	Aug	-0.2%		0.0%	
09:15	Industrial Production YoY	Aug			1.43%	
10:00	Business Inventories MM	Jul	0.2%		0.2%	
10:00	NAHB Housing Market Indx	Sep	33		32	

Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:15	House Starts, Annualized	Aug	277.5k	245.8k	294.1k	293.5k
08:30	CPI Inflation MM	Aug	0.1%	-0.1%	0.3%	
08:30	CPI Inflation YY	Aug	2.0%	1.9%	1.7%	
08:30	CPI BoC Core YY	Aug	2.7%	2.6%	2.6%	
08:30	CPI BoC Core MM	Aug		0.0%	0.1%	
08:30	CPI Median	Aug	3.1%	3.1%	3.1%	
08:30	CPI Trim	Aug	3.0%	3.0%	3.0%	3.1%
08:30	CPI Common	Aug		2.5%	2.6%	

Chart of the day

CANADA: Consumer Price Index



Source: Statistics Canada

Morning News

Allied Properties REIT: Allied Properties REIT today provided an update with respect to non-core property sales. In 2024, Allied sold seven non-core properties (four in Montréal, one in Ottawa, one in Toronto and one in Calgary) for aggregate proceeds of $252 million. To date in 2025, Allied has completed the sale of two non-core properties (one in Edmonton and one in Vancouver) and has 10 non-core properties (six in Montréal, two in Toronto, one in Vancouver and one in Calgary) under sale contract or negotiation for aggregate proceeds of approximately $231 million. Allied now holds nine additional non-core properties for sale in Toronto and anticipates aggregate proceeds of approximately $257 million. Management has no intention of selling property in Kitchener. Allied is making progress in its efforts to monetize its loan receivable secured by 150 West Georgia in Vancouver and will provide updates over the remainder of the year as appropriate. Allied expects to complete its sale of non-core properties in early 2026 while solidly meeting its target of at least $300 million in aggregate proceeds for 2025.

Enerflex Ltd: Enerflex appointed Paul Mahoney as chief executive officer, effective immediately. Mahoney joins the company after an extensive global search process examining both internal and external candidates. He brings over 30 years of experience across the industrial and energy sector, Enerflex said, most recently as the group president of production and automation technologies at ChampionX, an oil and gas production technologies company. Prior to that, he held the role of president of artificial lift at Dover Corporation. Preet Dhindsa, who has been service as CEO in the interim, will return to the role of chief financial officer, and interim CFO Joe Ladouceur will remain as vice president of treasure, tax, and insurance.

Teck Resources Ltd: Canadian Prime Minister Mark Carney told Anglo American to move its headquarters to Canada or its proposed acquisition of Teck Resources would not be allowed to proceed, the Globe and Mail reported on Monday, citing two sources familiar with the matter. An Anglo American spokesperson declined to comment on the report, but pointed to CEO Duncan Wanblad's statement last week that Vancouver is the natural location for the merged company, given its operations and projects are largely based in the Americas. "Anglo American has also had its Americas exploration team based out of Vancouver for a long time, so we are very familiar with the setup," the spokesperson told Reuters in an emailed statement. Reuters could not immediately verify the report. PM Carney's office did not immediately respond to a Reuters request for comment, while Teck declined to comment on the report. Additionally, Canada's antitrust regulator will review the proposed merger of Anglo American and Teck Resources, the regulator said on Monday.

NBF Research

COMMENTS

Weekly Canadian Financial Services
Weekly E&P Talking Points: WTI, NYMEX, CVE, SCR, HWX
Weekly Property Tour
Weekly Sustainable Infrastructure and Clean Tech

RESEARCH FLASHES

Alamos Gold Inc. - NAV Accretion and Balance Sheet Bolstered on Non-Core Disposition
Artemis Gold Inc. - Blackwater Plant Getting Bigger: Phase 1A Unveiled, Phase 2 Pending
Aya Gold & Silver Inc. - Asirem Discovery Hints Boumadine Upside Getting Traction
B2Gold Corp. - Consolidated Guidance Reiterated as Otjikoto/Masbate Higher; Goose Trimmed
Cameco Corporation - Cameco Signs Long-Term UF6 Supply Agreement with Slovenské elektrárne
Discovery Silver Corp. - US$250 mln Credit Facility to Support Transformational Growth Plans
Equinox Gold Corp. - Equinox Delivers First Gold at Valentine in Q3/25 as Expected With the Mill Ramping Up Well
IAMGOLD Corporation - 2025 Drill Program Extends Mineralization at Nelligan and Monster Lake

Lundin Mining Corporation - [Ron Hochstein Announced as CEO for Vicuña JV Project]
Newmont Corporation - [Newmont Announces Sale of the Coffee Project for up to US$150 mln]
Transcontinental Inc. - [Postal Workers Stop Delivering Flyers Amid Ongoing Labour Dispute With Canada Post]

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CANADIAN HIGHLIGHTS

Surface Transportation

The Rail Review: Mr. Vena Goes to Washington

- Total Class I rail volumes dipped by 2.3% year-over-year in week 37 of 2025, with BNSF's lagging 7% decrease playing a significant role. Canadian National (CNI) stood out with a 2.4% increase in carloads and a 1.1% rise in RTMs.
- **Intermodal Gateway Expansion:** UNP and NSC are teaming up to launch a new intermodal gateway that promises to enhance market access with competitive truck times and broadened reach between Louisville and major South and West markets.
- **Leadership and Regulatory Moves:** Jim Vena's meeting with President Trump is a key event to watch as it potentially influences the UNP-NSC merger approval process. Additionally, President Trump nominated Richard Kloster to the STB, possibly impacting future regulatory landscapes.
- **Additional Key takes:**
    - **Volume Shifts by Carload Type:** Chemicals & Petroleum saw a notable 5.7% growth, while Coal and Food & Grain volumes declined by over 5%.
    - **CNI and CSX Partnership:** The two are collaborating on a new intermodal route into Nashville, aiming to boost speed and sustainability while decreasing highway traffic.
    - **UNP's Track Outage:** A derailment on the Mojave Subdivision was highlighted by BNSF, potentially affecting UNP's volume performance this week.
- Overall, the rail sector is navigating mixed signals with certain segments like Chemicals & Petroleum showing promise, while others face challenges. Keep an eye on regulatory developments and strategic partnerships as they may shape future dynamics.

Canadian stocks ratings and target changes across the street

AGF Management Ltd AGFb.TO: BMO raises target price to C$51 from C$48
Alamos Gold Inc ARTG.V: BMO raises target price to C$51 from C$48
Artemis Gold Inc ARTG.V: BMO raises target price to C$37 from C$31
Artis REIT AX_u.TO: Scotiabank cuts target price to sector underperform from sector perform
Aya Gold and Silver Inc AYA.TO: Cormark Securities raises target price to C$17.50 from C$12.50
Centerra Gold Inc CGAU.N: Scotiabank cuts target price to US$9.50 from US$12
Colliers International Group Inc CIGI.O: Scotiabank raises target price to US$185 from US$170
IAMGOLD Corp IMG.TO: Cormark Securities raises target price to C$20 from C$16.50

S&P/TSX Composite Index Earnings Calendar

No major S&P/TSX Composite companies are scheduled to report for the day. (Source: LSEG)

Morning News

Chord Energy Corp & Exxon Mobil Corp: U.S energy firm Chord Energy said on Monday it would buy assets in the Williston Basin from Exxon Mobil's unit XTO Energy for $550 million. The company said it would acquire 48,000 net acres in the Williston core and expects near-term production to be around 9 million barrels of oil equivalent per day, mostly oil, with a low decline rate and strong potential to improve margins on existing wells. Chord Energy added that the deal is expected to be accretive to cash flow, free cash flow and net asset value, and will be funded through a combination of cash and borrowings. The transaction is expected to close by year-end.

Delta Air Lines Inc: The Trump administration said late on Monday it was ordering Delta Air Lines and Aeromexico to unwind a joint venture by January 1 that let the carriers coordinate scheduling, pricing and capacity decisions for U.S.-Mexico flights. The U.S. government said it was not requiring Delta to sell its 20% equity stake in Aeromexico. It added the carriers had considerable flexibility to compete in the market and to work together and could reapply for approval if conditions change. Delta said it was disappointed the Transportation Department was terminating approval for the venture, saying it "will cause significant harm to U.S. jobs, communities and consumers traveling between the U.S. and Mexico. We are reviewing the Department’s order and considering next steps." Aeromexico said it regretted this decision, which it said overlooked the benefits the alliance had brought tourism and connectivity, and would work with Delta to determine the next steps.

Ford Motor Co: The company will cut up to 1,000 jobs in electric car production in the German city of Cologne due to weak demand, the U.S. carmaker said in a statement. "In Europe, demand for electric cars remains well below industry forecasts," the statement said. "Ford will therefore switch production at the Cologne plant to single-shift operation from January 2026," resulting in the job losses, it added. Ford said it would offer voluntary redundancy packages to those affected at its Cologne electric vehicle centre.

Nvidia Corp: The company's RTX6000D, its newest artificial intelligence chip tailored for the Chinese market, has seen only lukewarm demand with some major tech firms opting not to place orders, two people with knowledge of procurement discussions said. The RTX6000D, designed mainly for AI inference tasks, is seen as expensive for what it does, the two people said. They added that testing of samples showed its performance lags the RTX5090 - a chip banned by the U.S. for use in China but which is still readily available through grey market channels at less than half the RTX6000D's price of around $7,000. Nvidia began shipping the RTX6000D this week, according to one of the people. The sources were not authorised to speak to media and declined to be identified. An Nvidia spokesperson said in a statement that the "market is competitive - we offer the best products we can."

Oracle Corp: Oracle is among a consortium of firms that would enable TikTok to continue operations in the United States if a framework deal between the U.S. and China is finalized, CBS News reported on Monday. Reuters could not immediately confirm the report. The precise structure of the deal was not clear, the report said, adding that the deal will include multiple companies. The White House, Oracle, TikTok, and the Chinese Embassy in Washington did not immediately respond to Reuters' requests for comments outside regular business hours.

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FOCUS RESEARCH

Wayfair Inc (W) (Outperform, TP: US$100.00).

Deep Dive: Growth AND Margin Expansion

Wayfair is making strides in both growth and margin expansion, a dual achievement that was previously elusive for them. The company is enhancing its market share in a challenging Home Decor sector and is eyeing significant expansion through physical retail. The recent meeting with Niraj and Kate highlighted their strategic focus on logistics, tech, and disciplined pricing, all contributing to a promising path towards double-digit adjusted EBITDA margins. Expansion and Margins: Wayfair is effectively expanding its sales and margins simultaneously, a shift from its previous 'either/or' scenario. Logistics and tech investments are yielding results, supporting their strategy to gain market share even in a flat home cycle. Revenue Drivers: Wayfair's revenue growth is being fueled by initiatives like Rewards, App engagement, Wayfair Verified, and selective physical retail. These are expected to drive company-specific execution against a soft home category backdrop.

Additional Key takes:

- Contribution Margin: Maintaining a contribution margin of 15%+ is central to Wayfair's strategy, enabling them to cover fixed costs and drive EBITDA and free cash flow over multiple quarters.
- Logistics Network: The CastleGate logistics network is a differentiator, enhancing delivery speed and reducing costs, thus strengthening Wayfair's competitive advantage.
- Customer Engagement: Active customer numbers are down 4.5% year-over-year, posing a challenge that needs addressing through loyalty and frequency initiatives.
- Tariff Sensitivity: Potential tariff impacts could pose risks to pricing and margin stability, potentially affecting order growth if SKU pricing rises significantly.

Overall, Wayfair's strategic focus on disciplined pricing, logistics efficiency, and a measured push into physical retail is setting a solid foundation for sustained growth and margin expansion

TARGET PRICE CHANGE

Alaska Air Group, Inc. (ALK) (Outperform, TP: US$65)

Adjusting Estimates

Alaska's latest guidance points to a more challenging Q3, with earnings expected at the lower end of the previous range, due to increased unit costs, despite strong revenue performance. Corporate demand and premium services remain robust, providing some cushion, but cost pressures are evident. Cost Dynamics: Higher fuel and non-fuel costs are impacting Q3 EPS, with fuel prices not normalizing as anticipated. This has led to a downward revision in earnings expectations. Revenue Trends: Corporate revenue has consistently grown in the high-single digits, bolstered by a rebound in travel volumes from a major client and strong bookings in Hawaii.

Additional Key takes:

- IT Outage Impact: An IT outage in July had a more significant cost impact than initially expected, affecting Q3 guidance.

- Loyalty Program: Premium card sign-ups have exceeded annual targets rapidly, indicating potential loyalty-driven revenue growth in 2026.

- Cost Synergies: Expectations for improved cost synergies in Q4 2025 suggest better alignment in cost forecasting processes.

In summary, while Alaska is navigating cost headwinds, the strength in corporate demand and loyalty programs provides optimism for future quarters.

COMPANY UPDATE

VF Corp. (VFC) (In Line; TP:$15.0)

Sale of Dickies Buys More Time for RemainCo Turnaround

VFC's decision to sell the Dickies brand for $600m is a strategic move that might offer some breathing room for the company's portfolio management. The sale appears to be based on a compelling unsolicited offer, suggesting a favorable valuation for Dickies despite its projected revenue decline. Sale Analysis: VFC managed to sell Dickies at a double-digit EV/EBITDA multiple, which is quite impressive considering the brand's expected revenue decline and stable margins. Portfolio Implications: While the sale provides clarity on addressing the upcoming $500m debt maturity, it doesn't significantly alter the overall balance sheet concerns due to high leverage ratios.

Additional Key takes:

- Debt Management: The transaction slightly improves VFC's debt situation, reducing net debt/EBITDA to around 5.4x from 5.8x, but macroeconomic vulnerabilities remain a concern.

• Brand Performance: Timberland is showing strong performance heading into winter, though TNF results are mixed but generally solid. Vans, however, continues to struggle, posing a challenge for VFC's future debt management strategies.

The bottom line is that while the Dickies sale is a positive headline, it doesn't fundamentally change VFC's financial landscape. The company's journey to manage its debt obligations continues, and further portfolio adjustments might still be on the horizon.

OTHER COMMENTS

TransMedics Group, Inc. (TMDX) Initiating Outperform, $155 PT; Beyond the Sticker Shock: Better Patient Outcomes and Comparable on Costs
Rambus Inc (RMBS) Positive Memory Signals and IP for AI Inferencing
Doximity, Inc. (DOCS) REPLAY - CY'25 Mid-Year Budgets: Deciphering Demand for Digital Marketing to Doctors/HCPs
Affirm Holdings, Inc (AFRM) Apple Pay partnership re-'Affirms' the growth thesis
WEBTOON Entertainment Inc. (WBTN) Major TAM and Share Expander Move

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
No companies report			

Source: LSEG

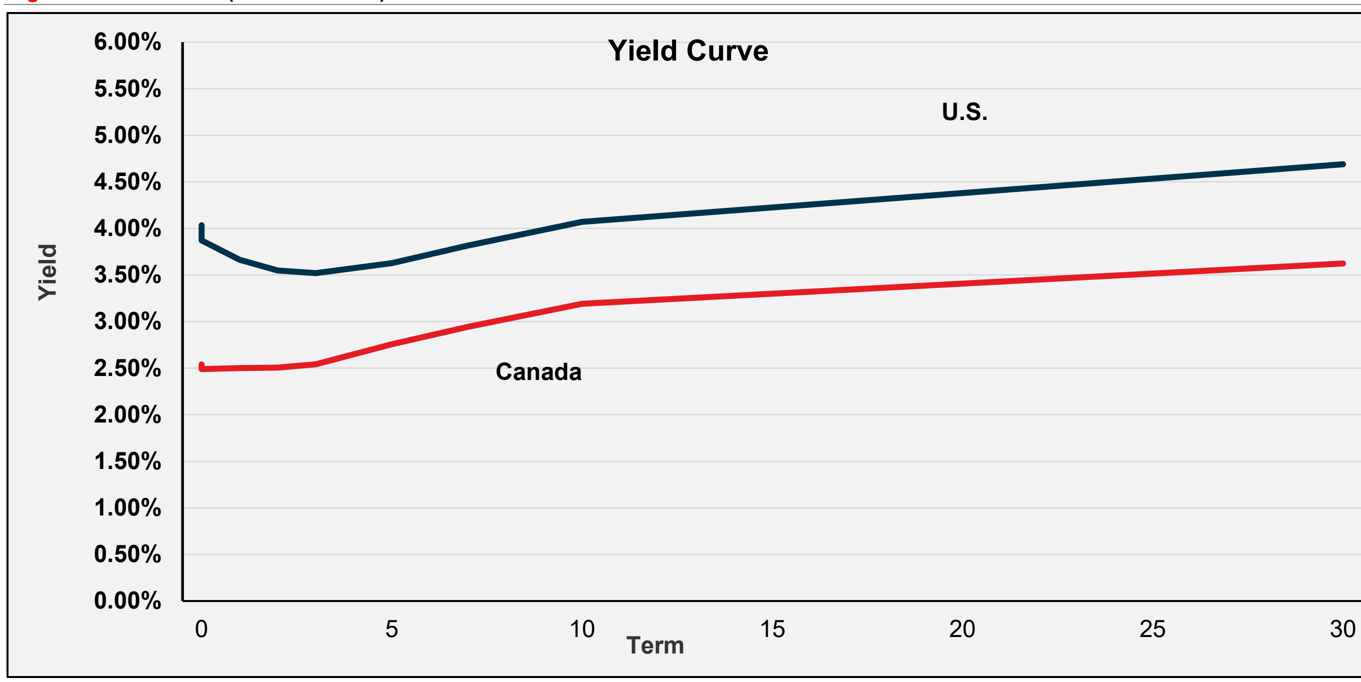
Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	2.74%	0.5
CDA Prime	4.95%	0.0	CDA 10 year	3.18%	0.4
CDA 3 month T-Bill	2.48%	0.0	CDA 20 year	3.51%	1.1
CDA 6 month T-Bill	2.47%	0.0	CDA 30 year	3.61%	1.1
CDA 1 Year	2.49%	0.5			
CDA 2 year	2.50%	-0.1			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	4.25-4.50%	0.0	US 5 year	3.60%	0.4
US Prime	7.50%	0.0	US 10 year	4.04%	0.5
US 3 month T-Bill	3.91%	0.0	US 30 year	4.66%	0.3
US 6 month T-Bill	3.84%	-1.0	5YR Sovereign CDS	39.98	
US 1 Year	3.64%	-0.6	10YR Sovereign CDS	44.45	
US 2 year	3.53%	-0.7			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	680.25	-0.02%	7.06%
BMO Laddered Preferred Shares (ETF)	11.9	-0.17%	8.68%

Source: LSEG

Figure 2: Yield Curve (Canada & U.S.)



Source: LSEG

Bank of Canada Preview: Re-evaluating resilience

- After holding steady for the last three meetings, the Bank of Canada's Governing Council (GC) is set to lower the overnight target by 25 bps to 2.5%. OIS markets judge a cut to be likely with ~90% implied easing odds. An inflation report just over 24 hours before the decision is a source of uncertainty, but we don't expect it to derail a cut.
- Policymakers can cite an accumulation of weak data (most prominently jobs data but also GDP) in justifying a cut. There may be an acknowledgement that resilience looks to be fading. At the same time, GC is likely to reiterate that there are still some ongoing pressures on underlying inflation which is "assessed to be running around 2½%".
- Assuming the Bank cuts, a follow-on move in October should be viewed as more likely than not. As far as guidance is concerned, the rate statement may contain a copy-paste from July by reiterating that "there may be a need for a reduction in the policy interest rate". However, the BoC will seek to retain optionality by stating that they'll be weighing upside inflation pressures from tariffs/the reconfiguration of trade against downside inflation pressures from a weaker economy. We currently expect the Bank to cut again in October.
- The Bank won't publish a new MPR, so we'll have to wait until October for new projections. At this point, we see growth marginally weaker than the BoC expected in July, while headline inflation is tracking a bit firmer.
- Despite CORRA setting ~5 bps above target for the last two weeks, we don't expect an additional cut in the deposit rate. The last 5 bp deposit rate cut came after months of CORRA pressure. The lack of overnight repo operations recently suggests there's little concern, at least for now. As for balance sheet policy, we are looking for an announcement that T-bill purchases will start soon, in line with earlier guidance.

Figure 1: How are the BoC's latest forecasts shaping up?
BoC and NBC forecasts for real GDP growth and CPI inflation

	Projection	Q1:25	Q2:25	Q3:25	2025	2026
GDP	April MPR*	1.8	-1.3 | 0.0	-	0.8 | 1.6	-0.2 | 1.4
	July MPR*	2.2	-1.5	1.0	1.3	1.1
	NBC/Actual	2.0	-1.6	0.5	1.2	1.2
CPI	April MPR*	2.4	1.5 | 1.5	-	2.0 | 1.8	2.7 | 2.0
	July MPR*	2.3	1.7	1.8	1.9	2.0
	NBC/Actual	2.3	1.8	2.0	2.1	2.1

Source: NBC, BoC | Note: Figures are Y/Y except for quarterly GDP which is Q/Q SAAR. *April's MR contained two scenarios with large and small trade disruptions. July MPR projections are from 'current tariff scenario'

[Click here for full comments]

Forex - September 2025

Highlights

- The USD remains under pressure amid global risk-on sentiment and labour softness. While inflation risks could prompt a brief rebound, any strength is likely short-lived given the trade-weighted dollar—despite recent declines—still sits over 10% above its inflation-adjusted historical average.
- The Loonie's resilience against the USD is fading as weakening cyclical conditions and soft economic data take their toll; the upcoming federal budget—potentially the most consequential in a generation—could deliver long-awaited productivity reforms, offering CAD support if realized.

- The euro has held firm in Q3, but political uncertainty—especially following the disbanding of the French government—poses risks to its outlook; while strength is expected into 2026, sustained gains will depend on fiscal coordination and EU-level cohesion.

Figure 2: NBF Currency Outlook

Currency		Current September 10, 2025	Forward Estimates Q3 2025	Q4 2025	Q1 2026	Q2 2026
Canadian Dollar (new forecast)	***(USD / CAD)***	**1.38**	**1.39**	**1.38**	**1.36**	**1.33**
United States Dollar	*(CAD / USD)*	*0.72*	*0.72*	*0.72*	*0.74*	*0.75*
Euro	*(EUR / USD)*	1.17	1.17	1.18	1.19	1.20
Japanese Yen	*(USD / JPY)*	147	148	146	143	139
Australian Dollar	*(AUD / USD)*	0.66	0.65	0.66	0.67	0.68
Pound Sterling	*(GBP / USD)*	1.36	1.34	1.35	1.36	1.36
Chinese Yuan	*(USD / CNY)*	7.12	7.15	7.14	7.10	7.05
Mexican Peso	*(USD / MXN)*	18.6	18.9	18.7	18.5	18.2
Broad United States Dollar (1)		**119.3**	**120.0**	**119.1**	**117.9**	**116.4**

1) Federal Reserve Broad Index (26 currencies)

Source: NBC Economics & Strategy

Figure 3: Canadian Dollar Cross Currencies

Currency		Current September 10, 2025	Forward Estimates Q3 2025	Q4 2025	Q1 2026	Q2 2026
Euro	*(EUR / CAD)*	1.62	1.63	1.63	1.62	1.60
Japanese Yen	*(CAD / JPY)*	107	106	106	105	105
Australian Dollar	*(AUD / CAD)*	0.92	0.90	0.91	0.91	0.90
Pound Sterling	*(GBP / CAD)*	1.88	1.86	1.86	1.85	1.81
Chinese Yuan	*(CAD / CNY)*	5.15	5.14	5.17	5.22	5.30
Mexican Peso	*(CAD / MXN)*	13.4	13.6	13.6	13.6	13.7

Source: NBC Economics and Strategy

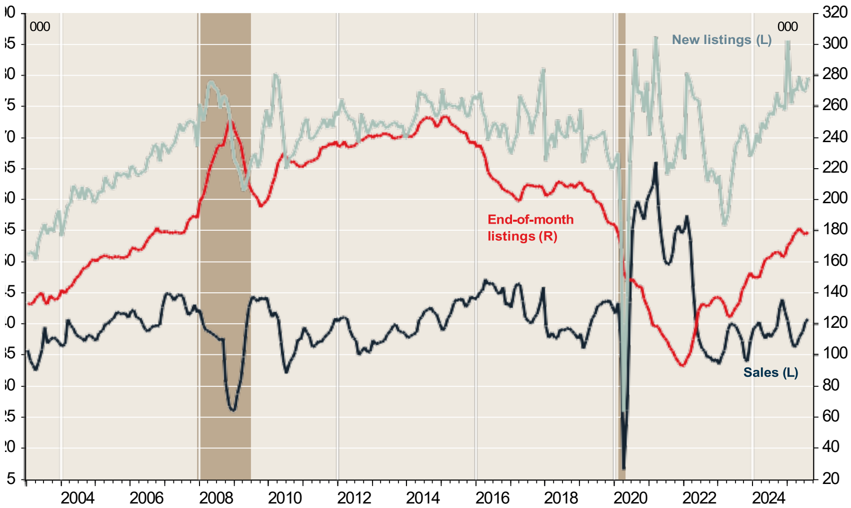
Click here for full comments

Canada: August marks 5th consecutive residential market improvement

Home sales increased by 1.1% from July to August at the national level, the fifth consecutive advance following four monthly contractions (chart 1). Despite this improvement, sales remain 7.4% below their recent peak in November 2024. Transactions increased in six of the country's 10 provinces in August: Newfoundland (+10.6%), Nova Scotia (+4.7%), Quebec (+3.1%), B.C. (+2.4%), Alberta (+2.2%), and Ontario (+0.1%, chart 2). On the other hand, sales declined in Manitoba (-0.2%), Saskatchewan (-3.0%), P.E.I. (-5.6%), and New Brunswick (-13.8%). This upturn in activity comes at a time when consumer confidence has recovered somewhat despite continued uncertainty about tariffs and economic weakness. Price declines in certain markets may have also prompted some buyers to take action. Sales remain slightly below their average level over the past 20 years.

Figure 4: Canada: Home sales and listings

Seasonally adjusted. Last observation: August 2025



Source: NBC Economics and Strategy (data via CREA)

[Click here for full comments]

Snapshot - Canada Manufacturing Sales, July 2025

Manufacturing sales rose 2.5% to $70.3 billion in July, well above the consensus expectation, which was calling for a 1.8% advance. This follows a modest increase of 0.3% in June (which required no revision from StatCan) and marks the second consecutive monthly increase after declines were recorded in February-May. Despite the increase in July, total sales were down 1.7% year-over-year, and down over 3.0% on a year-to-date basis (seasonally adjusted).

The strong rebound in July was driven by higher sales in the transportation equipment (+8.6%), petroleum and coal product (+6.2%), and primary metal (+3.5%) subsectors. On the transportation equipment subsector (which was trending lower the past four months in a row), the increase was led by higher sales of motor vehicles and parts. StatCan notes that the impact of seasonal closures in Ontario was less pronounced this July, largely in part to the continued production slowdown influenced by U.S. tariffs. The largest sales decline was realized in the chemicals subsector (-2.5%). In real terms, total sales were up 1.6% month over month, while the Industrial Product Price Index rose 0.7%.

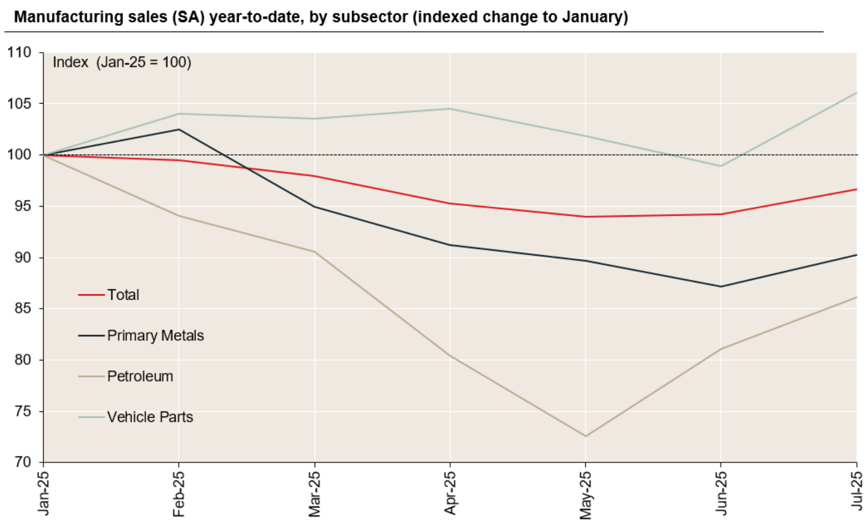
Regionally, Ontario benefitted the most from the rebound in transportation sales, while Quebec's rebound was largely a function of higher primary metal sales. Total manufacturing inventories saw a slight increase in July, bolstered by goods in process and raw materials. The inventory-to-sales ratio dipped slightly from 1.75 to 1.72 in the month, while the capacity utilization rate decreased from 78.9% to 78.3%, led by the chemical and transportation equipment subsectors.

Bottom Line

Canadian manufacturing sales rebounded strongly in July, after sub-par performance in the last several months. Sales in some of the hardest-hit subsectors year-to-date led the charge, allowing Ontario and Quebec, the provinces facing the highest effective tariff rates, to get some (perhaps temporary) relief. Given the manufacturing sector's outsized exposure to tariffs (where many sectoral tariffs not subject to USMCA exemption are targeted), we'll continue to closely monitor these data going forward.

One stronger-than-expected sales report isn't enough to change the narrative on Canada's economy at this juncture. Year-to-date, the manufacturing sector remains subdued – sales are down in nominal terms and employment has been hit hard as well. Representing not quite a tenth of GDP, the manufacturing sector is likely to remain a drag on growth if tariffs persist. The U.S.-imposed average effective tariff rate remains a sector-specific story in Canada – with levy rates in primary metals nearing 30% in July, despite an all-industry average tariff rate below 5%. We'd caution an early celebration from this report, and instead suggest that the outlook for manufacturing activity in Canada remains gloomy. Ultimately, medium-term trends in the sector call for additional rate relief from the Bank of Canada – which is expected to deliver a 25bp cut at this week's meeting, a decision likely to be driven by deteriorating growth and employment prospects.

Figure 5: Canada: Many manufacturing subsectors remain subdued in 2025
July's rebound is positive, but tariff/trade risks remain



Source: NBC Economics and Strategy (data via Statistics Canada)

Evercore ISI – Economics & Fixed Income Strategy

Capital Markets Chronicle

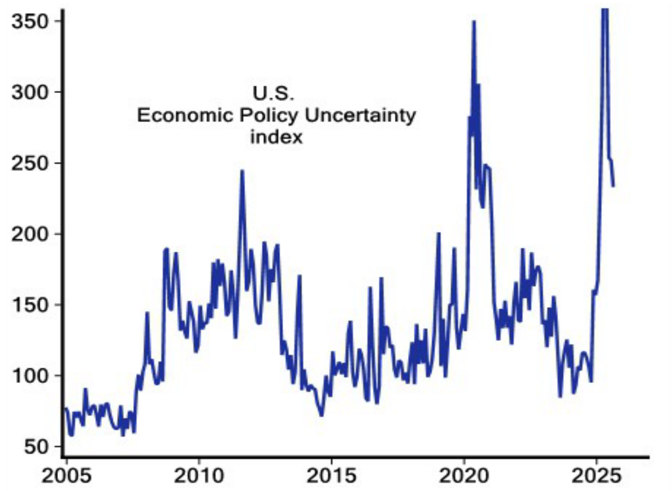
Morning Thought

Today's economic calendar is jammed with releases that are somewhat to significantly market moving. Retail sales will firm up estimates for 3Q real consumer spending, which is trending around a 1.4% clip. The economic debate is whether acceptable retail sales and housing starts will pull employment growth higher or whether slower employment / personal income growth will weigh down retail sales and housing. A firm answer will not be clear until the tariffs hit the economy. The manufacturing sector seems stuck in neutral. We estimate industrial production is unchanged in Aug. Finally, the NAHB index should edge up. Of course, the FOMC meeting starts today, and they will likely cut its policy rate on Wednesday.

Capital Markets

The yield curve was little changed overnight. The 10-year Treasury yield is at 4.041% and the 2-year is at 3.532%. Other developed global sovereign yields are modestly higher. Oil and the dollar are lower, while bitcoin and gold are modestly higher. Global stagflation concerns are climbing higher. France sovereign debt rate rating was trimmed to A+ from AA- last week. German ZEW expectation was much higher than expected in Sep. Duration and the prospective steepness of the Treasury yield curve is a widely debated. Despite weakening global growth weighing down global demand for oil, IEA notes that global oil and gas field recovery rates are falling too. CEA economic advisor, Miran, received Senate confirmation for Fed governor. U.S. banks borrowed +$1.5 billion and is a sign of some funding pressures. Putin said measures to reduce inflation are working, but growth needs to be acceptable too. BIS warns of the disconnect between global stock and bond markets.

Figure 6: Economic policy uncertainty has moved lower from the April peak. But it remains quite elevated



Source: Evercore ISI Research

September Empire Mfg Index Is Soft.

Key Points:

1. Empire manufacturing index fell to -8.7 in September from +11.9 in August. This is a much weaker reading than expected.
2. The pricing components were little changed in September from August. Prices paid dropped to a still elevated 46.1, while prices received edged down to 21.6 in September.
3. New orders, shipments, and delivery time all fell sharply. Unfilled orders components just edged lower. The employment metrics also deteriorated.
4. On the positive side, though the 6-month outlook stayed elevated, though down modestly in September.

We tentatively estimate September's employment rose +75 K and the employment rate should stay at 4.3%. The "flash" S&P/ Markit mfg PMI should drop to 52.0 in September with the risk to the downside. A better estimate will be found after the Phil Fed survey reports on Thursday. Today's report should be a modest weight upon the 10-year Treasury yield and trade weighted dollar.

China Research: Actions Needed as "Anti-involution" Costs Mount

Major economic indicators for August came in weaker than July.

The numbers were terrible for manufacturing and mining output as well as investments of all kinds.

On timing, the weakness coincided with Beijing's "anti-involution" push starting Jun to rein in ruinous competition and reflate the economy.

Numbers since then have been showing **that "anti-involution" is not cost-free, and the more it is focused on the supply side, the bigger the cost to the economy**, in terms of output drop, chilling effect to investment, and job loss, which also weigh on consumption.

On quarterly basis, the downward trend of growth has been obvious year-to-date. 4Q25 will be extremely challenging for Beijing to reach its "around 5%" real GDP target because 4Q24 was a high base directly benefitting from the stimulus blitz announced in late Sep 2024. A steeper slowdown in a downward trend to end 2025 would be bad optics.

A press conference in Beijing has been scheduled at 3pm local time on Sep 17 to introduce policy measures to **expand service consumption**. But the time, gov't agencies represented, and levels of attending officials indicate its significance is not even close to 9.24 surprise last year.

Moreover, what urgently needed is to expand coverage of goods consumption subsidies, which helps to mitigate export slowdown and shore up manufacturing sector, addressing the negative aspect of "antiinvolution" push. We think Beijing will not disappoint us, unless it is confident to soon cut a deal with Trump with very favorable terms to China regarding tariffs.

Also, **we expect a PBoC policy rate cut following the expected cut by the Fed this week**. Albeit not directly addressing economic pressure, it has "emotional value" with signaling effect to the market.

Evercore ISI – Global Policy & Politics| Political Analysis

President Trump Considers Shifting Company Reporting from Quarterly to Semi-Annual – What Happens Next?

President Trump called Monday for the SEC to shift public company reporting from a quarterly to a semi-annual timeline, reprising a call he made in his first term in 2018. Here Trump is weighing back in to a long-running policy debate about "short-termism" in public markets. Per his latest post, "China has a 50 to 100 year view on management of a company, whereas we run our companies on a quarterly basis…. Not good!!!"

Switching from quarterly to semi-annual reporting would not require Congress and could be done through a vote of the SEC, where Republicans currently hold a 3-1 majority (one vacancy). It would typically take 6-12 months to go through the procedural steps (proposal, public comment, etc.) to implement this sort of change.

Administrations have to varying degrees given policy steers to the SEC, and with Trump's directive this is now something that has to be taken seriously as a possibility. However, the SEC has also historically been able to operate with some measure of independence.

When Trump asked the SEC to study this idea in 2018, no changes were ultimately made. Public comments generally supported maintaining the current system, but some called for incremental changes like shifting to a longer reporting cycle for small/mid-sized firms, or streamlining the information required in a 10-Q. Just one current Commissioner was on the SEC at that time.

In a normal SEC process, pros and cons of alternative policy options would be considered (such as a bifurcated system based on company size) and each of the Commissioners would have an independent vote on the final policy. One of the current Republican commissioners is a Biden appointee, to keep the requirement that no more than 3 Commissioners belong to the same political party.

Key questions to watch now are, first, will Chair Atkins fast-track this (i.e., make this his top priority and push for relatively rapid implementation) or will the SEC proceed in its normal methodical way? And will Trump give the SEC space to operate or push this aggressively as a top White House priority?

Examining the Gap Between the Implied and Realized Effective Tariff Rate – and Why We Expect Some of It to Close

The overall U.S. effective tariff rate (ETR) was 10% in July, according to Census Bureau data. This is substantially below the 16% rate implied by the Trump 2.0 tariffs in force that month, assuming constant 2024 import shares. In this note, we examine why this gap has arisen and to what extent it can be sustained.

While we believe some of the factors that led to the 16% implied rate ending up as a 10% realized rate can continue, not all will persist indefinitely. This is in addition to the fact that the set tariff rates are still shifting since July, with higher reciprocal rates taking effect for many countries August 7th and more sectoral 232s still to come.

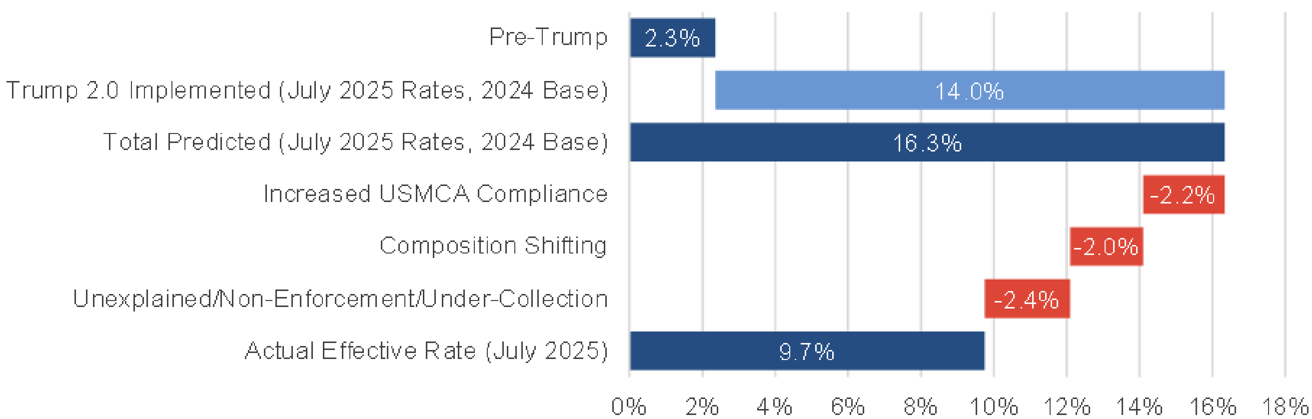
Of the roughly 6 p.p. gap between the July predicted and realized ETR, just over 2 p.p. (or roughly one-third) can be attributed to the sharp increase in USMCA compliance rates we highlighted last week. However, the Trump Administration will look to tighten the rules of origin as part of USMCA negotiations, eventually making it harder for some goods to qualify for this exemption.

Another 2 p.p. of the gap can be attributed to shifting composition of trade from high tariff to low tariff products/countries. Some of this shifting is likely a natural economic response to the tariffs. For example, relative to last year, U.S. imports in July were less weighted towards products now subject to 232s (autos, steel, aluminum) and more weighted towards those currently exempt pending ongoing 232s (namely, electronics). However, further 232s will come and some of these exemptions will not be maintained indefinitely.

Moreover, the July data shows a shifting of imports away from China and towards elsewhere in Asia, namely Vietnam, Taiwan, and Thailand. While some of this may be legitimate production shifting, it is plausible that at least some is due to transshipment, where the Administration is eventually intending to crack down with a 40% tariff rate.

A final ~2 p.p. of the gap does not have a clear explanation and may be largely due to non-enforcement/under-collection. We would expect this to at least be partly – though probably not fully – addressed over time.

Figure 7: U.S. Effective Tariff Rate Breakdown



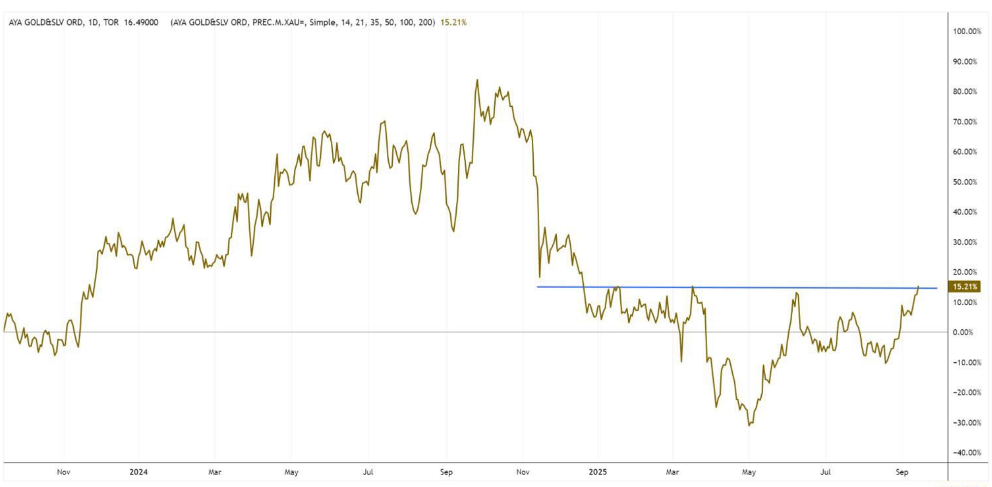
Source: ITC DataWeb, Evercore ISI analysis

Chart Highlights

AYA Gold & Silver Inc. (AYA:TSX) - $16.49

- Switch out of WDO into AYA.
- The AYA chart broke out of a 10-month base at $14.00 to start bullish trend.
- An upside gap with strong volume on the breakout is bullish.
- This laggard is poised for a catch-up trade.
- Weak relative performance to gold is improving.
- Target is $20.00 to $22.00.

AYA/Gold



- The AYA/Gold ratio is turning around from a weak trend to a bullish trend.
- A nine-month bottom head & shoulders formation is on the verge of breaking out.
- An upside breakout will signal an extended trend of AYA out-performing gold.

Wesdome Gold Mines Ltd. (WDO:TSX) – $19.51

- The WDO chart is notable in its recent lagging performance.
- Although a rising trend remains intact, weakening relative performance to gold calls into question further upside potential.
- While the stock may not give up a lot of ground a trend of weaker relative performance may be on the horizon.
- Key overhead resistance resides at $20.00.
- Switch out of WDO into AYA.

WDO/Gold

- The WDO/Gold chart remains locked in a range. This is in sharp contrast to the many gold stocks that are making new rally highs.

Parex Resources Inc. (PXT:TSX) - $18.19

- The PXT chart is one of the best charts among Canadian energy stocks.
- A recovery is underway as the stock broke out of a one-year base at $15.90.
- A rising trend has been established as the stock continues to track along its 50-day and 200-day moving averages.
- Relative performance to WTI is making one-year highs.
- Thin resistance to $23.00 suggest the stock can trade to $23.00 to $25.00.

Chart Source: LSEG Priced as of September 15, 2025

First Edition Calls

This Week on TEAMS:

MONDAY: Patrick Kenny, NBCM Pipelines, Utilities & Energy Infra. Analyst - 8:30 am English call / 9h00 appel français

TUESDAY: Daren King, NBCM Economist - 8:30 am English call / 9h00 appel français

WEDNESDAY: Dennis Mark, NBCM Technical Analyst - 8:30 am English call / 9h00 appel français

THURSDAY: Dan Payne, NBCM Oil & Gas Analyst - 8:30 am English call / 9h00 appel français

FRIDAY: Research Services – 8:30 am English call / 9h00 appel français

A replay is available in the Event Calendar of Research Services SharePoint

Research Services Publications (Links)

Research Services Reports

Better than Bonds U.S. - September 2025

Better than Bonds Canada - September 2025

Vision Monthly - July/August 2025

Selection List - July / August 2025

Preferred Shares

Preferred Shares - September 2025

Preferred Shares Printable Tables

Convertible Debentures

Convertible Debentures - July 2025

Convertible Debentures Printable Table

This report along with all the research from NBCFM Research Services can also be accessed on our SharePoint

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