



September 2026 Market Update

What happened to summer?

It is already September and students are back in school. Halloween candy and Christmas stuff are already in stores. What happened to summer?

What happened to the investment markets? The equities markets had a continued positive start to summer with overall prices generally moving higher. August came and hit the pause button on the market strength. August brought slightly weaker stock prices, but levels remained very strong since the start of the year. The bond markets saw continued weakness with rising longer term bond yields.

The Bank of Canada and U.S. Federal Reserve can exercise some control over very short term interest rates, their ability to control longer term (5,10,20 year maturities) is limited or non-existent. These longer term interest rates are impacted by inflation rates, increasing debt, and confidence in your currency. In Canada, interest rates remain relatively low. Persistent inflation has pushed up long term bond yields higher, but still manageable.

Canada's debt to GDP is elevated, but remains lower than many countries. The U.S. on the other hand is experiencing lower taxes (government revenues) and sharply increasing spending (government expenses). With higher than desired inflation, a declining confidence in the U.S. dollar and increasing debt, bond yields are increasing to yields not seen in years/decades. How does this affect consumers?

Mortgage rates are increasing, credit card debt balance rates are increasing, the cost of many goods and services are increasing. The interest expense on government debt is increasing. According to CIBC Chief Economist Avery Shenfeld, the U.S. is currently spending about 19 cents of every dollar of revenue to pay the interest on the debt. This is like the consumer spending 19% of their paycheck just to pay the interest on their credit card. No payment towards debt itself. At the current pace the U.S. debt service costs, could hit 26 cents on the dollar in a decade.

Canada has more breathing room, but when we add in provincial debt, it starts to get more uncomfortable, though not as severe as the U.S. We will not waste time discussing the Canada – U.S. dispute (not just about trade) as it has gone past the silly and absurd. It is now akin to watching an old Monty Python Skit.

We will discuss the current state of the Canadian economy. We can be grateful that we do have some debt breathing room, as it will probably need to be used in support of Canada's transition to develop new trading partners. The recent 50% tariffs by the U.S. on selected Canadian goods does hit harder than some of the earlier tariffs. While the new tariff is only on about 5% of the goods exported to the U.S., it hits mostly small and midsize Canadian companies, and hits more labour-intensive sectors. The risk to businesses and employment is significant. As we have written previously, one of the market slogans of the Canadian government has been "Build stronger" It is extremely important that we "Build faster".

We need shovels in the ground now – not soon. Interprovincial trade barriers have seen some improvements but nowhere near enough. Bureaucracy remains intact and rampant. Canada cannot let

this crisis go to waste. Canada has an opportunity to attract global financial investment capital. The world wants/needs Canada to make more progress on these regulatory and bureaucratic issues. The 'elbows up' pride of Canadians willing to accept some hardship and pain in dealing with the U.S. gets much media time. It appears (here comes my rant) to be much talk, rather than action. Yes, many consumers are looking to buy Canada-made goods, but some increase in grocery bills is not the same as willing to accept job losses. Much of the willingness to accept some hardship is good as long as it is someone else losing their job, not me or my family. The number of labor disputes, strike, threats of strikes in Canada don't exactly reflect a country willing to accept hardship.

As investors, what should we be looking for? As investors we are not playing the markets. We are investing in businesses. We will always look for the businesses that will be successful and grow their revenue regardless of whether we are in a period of economic growth, or one of economic weakness. We assess the risks (what if I am wrong?). We will always focus in building a foundation that allows you to achieve your individual goals and objectives. Long term capital appreciation. Capital protection. Dividend income. Interest income. These all matter, and each investor measures these goals and objectives differently.

Changes in your portfolio occur when objectives change, your lifestyle changes, the investment changes, or when we need to re-balance our portfolios due to differences in performance of some investment sectors. The overall strong performance of the past year is not sustainable. We will also want to adjust our portfolio performance expectations down to more reasonable levels for the future.

Canada and the world, will not only survive, but will flourish in future years. There are several speedbumps and changes coming, but the future remains positive and strong. Rather than watching the news, look for an old Monty Python Skit. It will be more enjoyable.

Additional reminders and additional notes:

- **Cybersecurity tips for a carefree holiday by Sun Life**
Sun Life posted a recent article, where it shared that people are more relaxed during their holidays and therefore it is recommended to take simple precautions such as using cellular data, avoiding public USB chargers and shared computers for sensitive tasks. To also verify vacation rentals, enabling device-tracking and two-factor authentication, and monitoring accounts for suspicious activity. If you would like complete access to the article, please contact our team.
- **Recurring subscriptions**
Take a moment each month to review your recurring subscriptions and account charges, as these ongoing expenses can quietly add up if left unchecked.
- **Go paperless!**
Friendly reminder, you can switch your month-end statements to online delivery for added convenience and easier access. Please contact our team and we will walk you through the change.

As always, remain optimistic, yet cautious.

Best Regards,
CIBC Wood Gundy



Ron A. McQuarrie
Senior Wealth Advisor
250 361-2267
ron.mcquarrie@cibc.ca
linkedin.com/in/ron-mcquarrie



Valerie Charron, FMA
Financial Associate
250 361-2266
valerie.charron@cibc.ca
linkedin.com/in/valeriecharron



Zoe Pritchard Garcia
Client Associate
250 361-2268
zoe.pritchardgarcia@cibc.com

Ron A. McQuarrie is an Investment Advisor with CIBC Wood Gundy in Victoria, BC.. The views of Ron A. McQuarrie do not necessarily reflect those of CIBC World Markets Inc.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change.

CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same.

CIBC World Markets Inc. and its representatives may receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2026.

CIBC Private Wealth consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc.

The CIBC logo and "CIBC Private Wealth" are trademarks of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc. .

If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

This commentary is intended to provide general information and should not be construed as tax, legal, financial, or other advice. Individual circumstances and current events are critical to sound planning; anyone wishing to act on the information presented should consult with his or her tax, legal or financial advisor.

This commentary is for informational purposes only and is not being provided in the context of an offering of any security, sector, or financial instrument, and is not a recommendation, an endorsement, or solicitation to buy, hold or sell any security.