October 2026 Financial Planning Email Update

Recently Amanda and I attended the annual Investia conference. One of the keynote speakers was Sébastien Mc Mahon the Chief Economist at iA Financial Group who gave a very detailed look at the current economic and investment markets.

Sébastien began his presentation by summarizing that as the tide is turning from economic growth to contraction that our portfolio managers are making the necessary adjustments to ensure retention of capital as well as taking advantage of any investment opportunities which will inevitably present themselves. The clearest message from Sébastien Mc Mahon right now is that interest rates and bond markets have become increasingly important drivers of the investment outlook, while geopolitical and trade risks remain significant. His macro economic signals remain positive, but he feels have peaked and suggests economic headwinds may appear in 2027. This following four very positive years in the investment markets. Mr. Mc Mahon also wanted to express that “there will be a world after Trump”. The following are the key points Sébastien stated:

- **Bond markets are increasingly important** and are back in the driver’s seat. The 30-year bond rate is the highest since 2001.The uncertainty lies in the potential for interest rates to increase. The differential in interest rates between Canada and the U.S. is also the greatest since 2001 as the U.S. rates are currently higher. There is also uncertainty in how long we will have higher oil prices which is contributing to higher inflation. Also related to the bond market is the rising AI related borrowing demand and whether the bond market can absorb it. Sébastien questions if the current government reassurances will be believed by the investment markets. Real interest rate increases affect housing, small business, commercial real estate and consumer spending as all are interest rate sensitive.

- **The investment markets face economic headwinds,** but investor risk appetite remains strong. Strong GDP in the U.S. is a driver of corporate earnings. Equity valuations may contract if interest rates rise. The question is of expectations of earnings growth moving forward with the thought that earnings have peaked and may slow down in 2027.

- **U.S. government debt remains a focus** as markets are worried about the U.S. fiscal spending situation. The percentage of federal interest costs as a percentage of total U.S. government revenue is 27% in the U.S. and 11% in Canada. In the U.S. interest payment costs are now greater than the U.S. defence budget which was recently surpassed in the past year at 1.28 trillion dollars.

- **Canada’s economy remains surprisingly resilient and is cautiously optimistic about the Canadian economy**. U.S. tariffs have only affected 5% of Canada’s GDP. Exports to the U.S. have decreased but remain twice that of exports to the rest of the world. As Sébastien stated “the rumours of the death of the Canadian economy are greatly exaggerated” Canada still has a trade surplus. Canada has shipped oil to Japan for the first time. Canada’s aluminum has turned from going to the U.S. to Europe. Canada is boosting its energy trade to India. Sébastien summarizes that Canada’s prosperity will run increasingly on its natural resources.

The economic backdrop still provides investment opportunities, but 2026 is increasingly a market where interest rates, government finances and policy decisions can drive asset prices. Diversification remains particularly important because equity, bond, currency and geopolitical risks can shift quickly.

In September I attended a presentation by Anthony Quinn, the President of The Canadian Association of Retired Persons (CARP). Anthony detailed the results of a poll of 7,883 members conducted April 14-24, 2026. The following were key findings:

1. Retirement income and OAS adequacy

The poll indicates considerable concern about the adequacy of **Old Age Security (OAS)** payments:

- **2.84%** considered current OAS payments “fully adequate.”
- **25.38%** said “somewhat adequate.”
- **34.26%** said “not very adequate.”
- **33.06%** said “not adequate at all.” [prod-static.carp.ca]

Taken together, **67.32%** selected either “not very adequate” or “not adequate at all.”

CARP uses these results to support its recommendation that the federal government protect the integrity of OAS and extend the **10% OAS increase to seniors aged 65-74**, rather than restricting the increase to people 75 and older.

2. Financial institutions and investment advice

The poll also provides some particularly relevant findings for financial planning:

- **62.39%** of respondents said they use one of Canada's **Big Five banks**.
- **82.42%** said they had stayed with their current financial institution for **20-40+ years**.
- CARP connects these findings with concerns about investment choice and financial advice at bank branches. Its 2026 federal recommendations include stronger competition and investment choice, regulatory accountability and a fiduciary standard requiring financial advisors and banks to act in clients' best interests.

3. Fraud and financial security

Fraud emerges as another major issue:

- **More than 82%** reported that someone had attempted to scam them by phone, in person, online or through another channel.
- Among respondents who had been targeted, **88.51%** reported telephone scams.
- **68.51%** reported email scams.
- **49.93%** reported online scams through websites or advertisements.
- **48.89%** reported text-message scams. [prod-static.carp.ca]

There was also strong support for greater intervention:

- **88.66%** said government should do more to protect Canadians from fraud.
- **More than 90%** said government should require telecommunications providers to do more to protect customers from robocalls, caller-ID spoofing and fraudulent text messages. CARP consequently recommends stronger criminal penalties, greater accountability from financial institutions for suspicious transactions, and increased resources for fraud investigation and recovery.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning. I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning.

As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling the office at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

Gary

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