

RJL PCS: INSIGHTS & STRATEGIES

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August 2025 Insights & Strategies: Tariffs Continue to Dominate the Discussion While Markets Forge Ahead

Macro Highlights for July

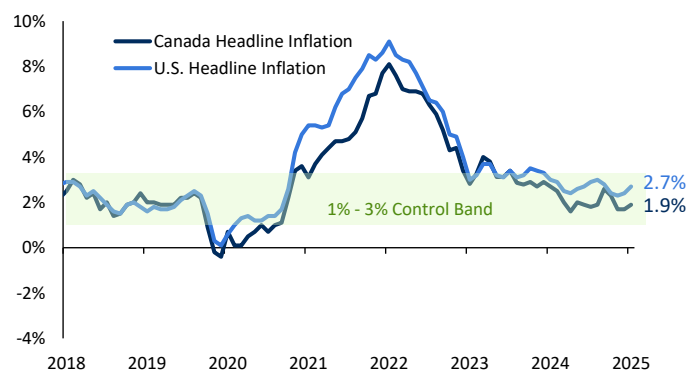
- Inflation in Canada rose slightly in June to 1.9%, as generally anticipated, although core measures remained around 3%. When combined with surprisingly good employment data, with 83k jobs added in June, dropping the unemployment rate from 7.0% to 6.9%, there was little incentive for the Bank of Canada (BoC) to reduce interest rates, which were maintained at 2.75% at the July 30 meeting. However, 40.8k job losses in July likely supports our expectation of softening that will prompt a rate cut in September.
- The Canadian economy is softening, but not weakening dramatically. After strong 2.2% (annualized) growth in 1Q25, which was partly attributed to a rush of exports to the U.S. in advance of tariffs being implemented, estimates are for a 1.5% contraction in 2Q25, followed by 1.0% growth in 2H25. The concerns are weighted towards slowing growth rather than of any uptick in inflation, which reinforces our forecast of two BoC rate cuts before the end of the year.
- U.S. employment data revisions indicated that the labour market has been weaker than previously thought for the last few months, creating an average of only 35k jobs per month over the last three months. This follows our thoughts about a weakening U.S. economy, but also raises the possibility of the U.S. Fed lowering its policy interest rate in September.

Financial Markets in July

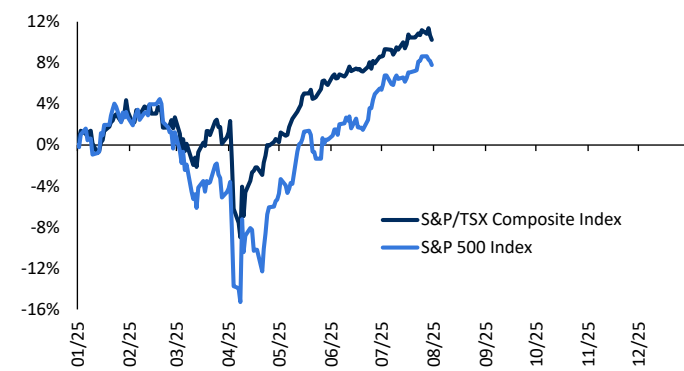
- The TSX delivered a 1.5% price return and a 1.7% total return in July, boosting the year-to-date price return to 10.2% and 12.0%, respectively. Meanwhile, the S&P 500 posted a 2.2% return for both price and total returns during the month, with year-to-date price return of 7.8%, and total return of 8.6%, all in local currency.
- In the U.S., 2Q25 corporate earnings are coming in strong, with ~80% of S&P500 companies beating expectations so far, with y/y earnings growth of ~10%, versus last year. The Mag 7 and Tech remain key drivers in the quarter as AI enthusiasm and capex spending persists. Our U.S. team has a year-end target on the S&P 500 of 5,875, based on 2025 earnings of US\$255, which is below consensus of US\$263.
- In Canada, we are increasing our year-end target on the TSX Composite index to 28,600, from 26,300, as we gain more confidence in a positive outcome from Canada-U.S. trade and security talks and as the USMCA continues to shield the majority of Canada's exports to the U.S. from the effect of tariffs, despite continued pain in certain sectors. We do expect more volatility in 2H25, as the pressure of trade tensions continue to build and impact the economy and corporate profitability, but that investors will increasingly be looking through to a more stable 2026.

Upcoming

- Overall tariff frameworks are becoming clearer for more countries, but we are still waiting for details on any trade and security deal between Canada and the U.S. Multiple deadlines have past, and even once we see whatever framework is established in this round of discussions, focus will quickly shift to the USMCA renegotiation in 2026, since that agreement has effectively shielded many Canadian products and industries from the broader tariff threats and announcements.
- Policy rate announcements from both the U.S. Fed and BoC are expected on September 17. With relatively contained inflation data and economic weakness showing, we are watching for easing from both countries.
- We remain constructive on equity markets through the end of the year and into 2026, but do expect noise and volatility through 2H25, specifically as companies adjust to tariffs coming into effect and make more permanent adjustments to pricing and costs structures.

Chart 1 - Canada and U.S. Headline Inflation

Source: FactSet, Raymond James Ltd.; Data as of June 30, 2025. Not seasonally adjusted.

Chart 2 - S&P/TSX Composite and S&P 500 2025 Performance

Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025. Price return in local currency.

Executive Summary

Tariffs continued to dominate headlines in July as we moved towards the August 1 deadline when reciprocal tariffs rates, revised from the April 2 Liberation Day announcement, were set to be re-established, and then implemented on August 7. Although far from the 90 deals in 90 days that were promised, we have had a handful of countries strike deal frameworks with the U.S. that typically involve more permanent tariff rate structures, with countries making promises of hundreds of billion of dollars worth of U.S. investments and purchases of U.S. energy and Boeing aircraft.

Canada has so far missed two deadlines for a trade and security deal with the U.S., and Trump has increased the country-specific rate from 25% to 35%. In June, 92% of Canadian exports to the U.S. crossed the border duty-free, which left the average effective tax rate on Canadian goods closer to 5%, primarily driven by sector tariffs on products like steel, aluminum, and autos. This high rate of duty-free shipments can also be partially attributed to less trade in highly-tariffed goods, with exports from Canada to the U.S. down 12.5% from a year ago, although the flow seems to have stabilized from the 8.6% plunge in April. According to the BoC's assumptions, 100% of Canadian energy and 95% of all other exports are expected to be USMCA-compliant and therefore duty-free. For now, we await an updated trade and security deal between Canada and the U.S. to address this 35% tariff rate, which seems likely to be pushed into at least September, although a much more significant concern would be the USMCA renegotiation in 2026.

The biggest shocker on the data front since last month was probably U.S. employment data released August 1. Preliminary data showed that only 73k jobs were created in July, which was below the 109k consensus expectation. The more dramatic story was in the revisions that showed that 258k fewer jobs were created in May and June, combined. This means that there were only 14k jobs created in June and 19k in May, revised down from 147k and 144k, respectively. The three-month average now stands at 35k jobs being created each month, the weakest pace since 2020. The U.S. unemployment rate ticked up only slightly to a still solid 4.2%. We see this data as further evidence of the slowing U.S. economy, although this weakness in employment data likely increases the probability of a Fed rate cut in September, which should support U.S. equities.

In the U.S., the finalization of the One Big Beautiful Bill Act (OBBBA) took some uncertainty off the table. The headline number is that the OBBBA will add over US\$4 trillion to the deficit over the next 10 years, and raises the deficit to over 7% of GDP. Tariff collections however could ease that to 6.2-6.5% of GDP over the next few years.

Equity markets in the U.S. and Canada continue to push higher, supported by positive earnings surprises in 2Q25 results. While tariff announcements are expected to push the average effective tariff rate on U.S. imports into the 15-20% range (currently 18.6% according to the Yale Budget Lab), the actual tariff rate in June was only 10% as many tariffs had not yet kicked in (Chart 3). Many companies had also been somewhat insulated from the escalating rates from pre-tariff inventory builds, but as we move into the second half of the year, we expect to see more impact on input costs, cost mitigation efforts such as layoffs, and price increases for corporate customers and retail consumers. We could therefore still see heightened volatility and negative surprises through the next few quarters as the effect of tariffs impact earnings, economic growth, and inflation. However, we also expect the equity markets to shift focus to the 2026 outlook and toward more normalization and stability, albeit with higher costs, shifting supply chains, and cost pressures from the higher overall tariff rates in the U.S. In Canada, we continue to expect a generally favourable resolution to trade and security discussions, but with still lingering concerns about the USMCA renegotiation in 2026, although still allowing the Canadian equity market to advance, with the benefit of stimulative government spending.

The TSX delivered a 1.5% price return and a 1.7% total return in July, boosting the year-to-date price return to 10.2% and 12.0%, respectively. Meanwhile, the S&P 500 posted a 2.2% return for both price and total returns during the month, bringing the year-to-date price return 7.8%, and total return to 8.6%, all in local currency.

Tariffs

Tariffs remain an overriding concern for investors, but the erratic roll-out has lost much of its shock value. As tariffs are threatened, imposed, delayed, re-imposed, and scaled back, markets have been on a roller-coaster ride over the last few months. Tariffs are certainly here to stay. The U.S. government collected US\$26.6B in June alone, representing ~10% on the US\$265B of the country's imports. Ultimately as more country and sector-specific threats are implemented, expectations are for an effective tariff rate of 15-20% (currently 18.6% according to the Yale Budget Lab). Canada is faring relatively better than most countries, with an expected rate of ~5% based on the vast majority of goods continuing to cross the border tariff-free due to exemptions under the USMCA. This puts increasing importance on the renegotiation of this deal in 2026. Below, we include brief updates on key tariff-related items.

Are IEEPA-based tariffs legal?

On the evening of May 28, the U.S. Court of International Trade (CIT) ruled unanimously (3-0) against President Trump's use of the International Emergency Economic Powers Act (IEEPA) to impose unlimited global tariffs. This has been the Trump Administration's favoured tool to quickly implement massive tariff rates against various countries — including the 'fentanyl' tariffs against Canada, Mexico, and China, that were first announced in early February, and are still being used against non-USMCA-compliant products, as well as all the 'reciprocal' tariffs that were announced on April 2.

IEEPA was by no means the only tariff mechanism in President Trump's toolbox, and the other sector-specific tariffs, such as against the automotive industry, steel, and aluminum, that were implemented using Section 232, are unaffected by this ruling. We do not think this CIT ruling was a surprise to the Administration, and within hours, an appeals court ruled that the tariffs could continue to be collected while the ruling was being appealed, and ahead of it potentially being escalated to the Supreme Court. Even if the CIT ruling is upheld, we will likely just see a shift in how the tariff agenda is imposed.

While a ruling against the use of IEEPA could require the reimbursement of tens of billions of dollars already collected, we expect that the Trump Administration was already prepared for the possibility, and aside from challenging it, will also potentially use Section 122 authority, which allows the President to impose tariffs of up to 15% for up to 150 days to address "large and serious" trade deficits. An existing Section 301 authorization against China could also be used to continue the pressure, and new investigations using Section 301 and 232 are likely to be used against various countries as the Section 122 tariffs expire. Section 232 investigations on pharmaceuticals, semiconductors, copper, and lumber are already underway (Table 1). Overall, although the mechanisms might change, we see this Administration continuing along the same tariff path regardless of this ruling.

April 2 — Liberation Day tariffs

April 2 now seems like a distant memory after multiple delays, revisions, and new deals. The rates that President Trump announced on "Liberation Day" shocked the world. While termed "reciprocal" tariffs based on each country's tariff and non-tariff trade barriers to U.S. products, the rates displayed were instead based on U.S. trade deficits with each country in 2024, divided by the value of U.S. imports from that country. This rate was then halved to derive the tariff rate that the U.S. would apply against each country, subject to a minimum rate of 10%, but escalating to as high as 50%. These rates stacked on existing rates however, such that the 34% "reciprocal" rate on China was stacked onto the 20% rate that was previously announced under the 'fentanyl' tariffs, for a combined rate of 54%. These rates have generally been revised and are summarized in Table 2.

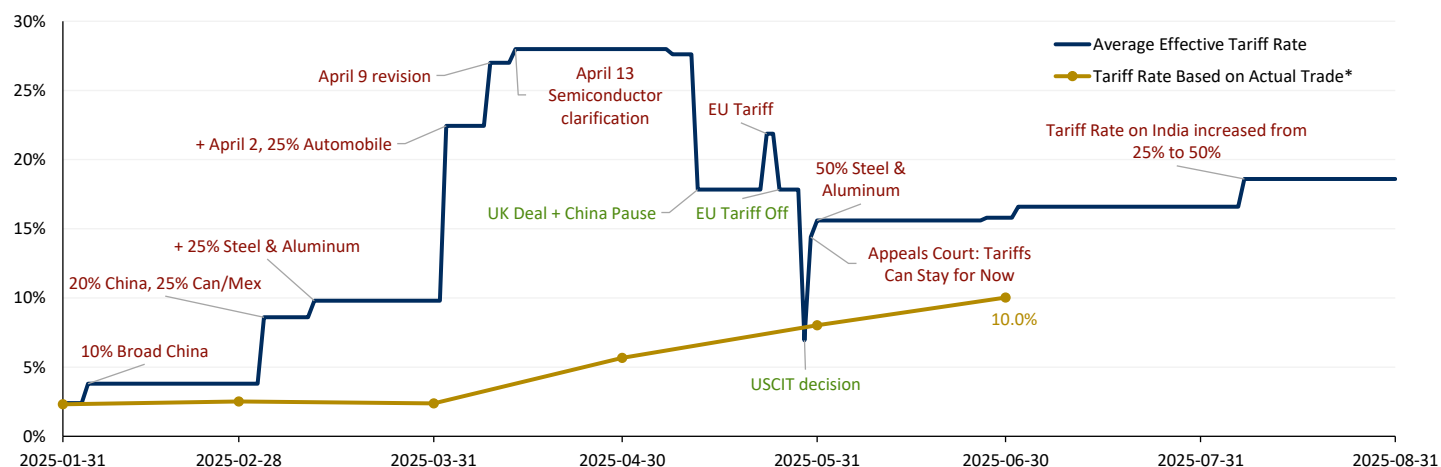
De minimis exemption

Wrapped up in the tariff discussion was the 'de minimis' exemption. A major tax-loophole for American consumers, it had a dramatic overhaul last month. Previously, shipments by mail that were valued under US\$800 were exempt from duties. Now, Americans using e-commerce sites, many of which were primarily sourcing from China, such as Temu and Shein, are going to have to cover taxes, which as in the case of shipments from China, is currently 34%. Packages received from all other countries will be taxed at the country-specific IEEPA rate starting August 29. In 2022, 80% of all U.S. bound e-commerce shipments were covered by the 'de minimis' exemption, with the vast majoring coming from China, and last year, U.S. Customs and Border Protection (CBP) processed 1.36 billion 'de minimis' exempt packages.

Table 1 - Section 232 Tariffs Summary, as of August 6, 2025

Sector	Status	Tariff Rate
Automobiles and auto parts	Effective May 3	25%
Steel and aluminum	Effective June 4	50%
Copper	Effective August 1	50%
Timber and lumber	Investigation initiated March 10	-
Pharmaceuticals and pharmaceutical ingredients	Investigation initiated April 1	Threatened 200%
Semiconductors and chip making equipment	Investigation initiated April 1	-
Heavy trucks	Investigation initiated April 22	-
Processed critical minerals and derivative products	Investigation initiated April 22	-
Commercial aircraft and jet engines	Investigation initiated May 1	-
Polysilicon and its Derivatives	Investigation initiated July 1	-
Unmanned Aircraft Systems (incl. parts/components)	Investigation initiated July 1	-

Source: Bloomberg, U.S. Department of Commerce, Raymond James Ltd.

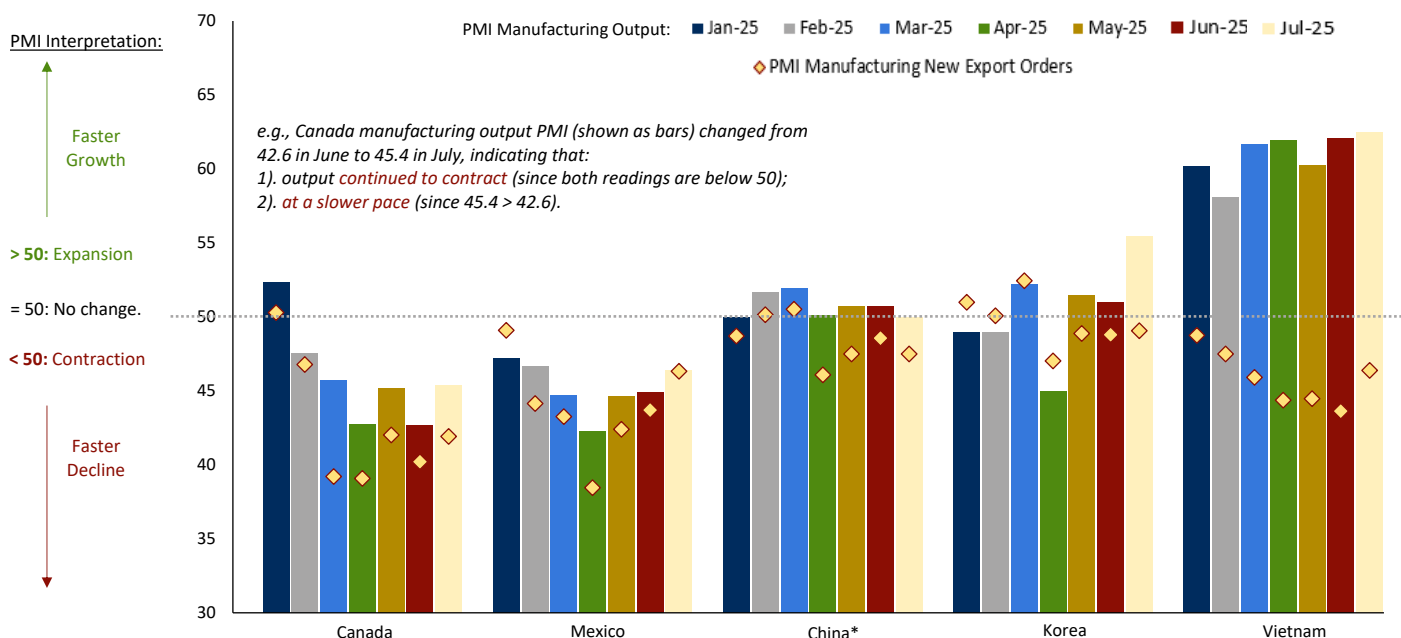
Chart 3 - U.S. Effective and Actual Tariff Rate

Source: The Budget Lab at Yale; Data as of August 8, 2025. *Actual Trade Rate represents the customs duty revenue as a % of total value of U.S. imports.

Table 2 - Recent Tariff Developments for the U.S.'s Top 15 Import Trading Partners, as of August 7, 2025

Country	% of U.S. Imports (2024)	Negotiation Status	Latest Developments	Previous Tariff Rates (2024)	Apr 2 Reciprocal Tariff Rates	New Tariff Rates	Next Important Date
Mexico	15.5%	Negotiation ongoing	Mexico aims to reduce steel tariffs while facing U.S. pressure to scale back its ties with China	< 0.5%	-	25%	-
China	13.4%	Geneva framework deal confirmed	China allows rare earth exports; U.S. loosens tech curbs. Further negotiations ongoing	10.9%	104%	→ 34%	August 12
Canada	12.6%	Negotiation ongoing	Canada drops digital services tax to help restart trade talks with the U.S. The U.S. increased tariffs on non-USMCA compliant goods from 25% to 35%, while energy products remain subject to a 10% tariff	< 0.5%	-	35%	-
Germany	4.9%	Agreed on a deal	U.S. and EU agreed on a trade deal with a 15% import tariff on most EU goods entering the U.S.*	1.5%	10%	→ 15%	-
Japan	4.5%	Agreed on a deal	Japan to invest \$550 billion, including \$8 billion in farm products and 100 Boeing aircrafts	1.5%	24%	→ 15%	-
Vietnam	4.2%	Agreed on a deal	Vietnam gives the U.S. tariff-free access to its markets while facing U.S. pressure to scale back its ties with China	3.8%	46%	→ 20% (40% on transshipments)	-
South Korea	4.0%	Agreed on a deal	South Korea to invest \$350 billion in the U.S., including \$150 billion in shipbuilding, and \$100 billion in LNG	0.2%	25%	→ 15%	-
Taiwan	3.6%	Negotiation ongoing	Taiwan is open to easing tariff and non-tariff barriers on U.S. companies, while expanding bilateral investment.	0.9%	32%	→ 20%	-
Ireland	3.2%	Agreed on a deal	U.S. and EU agreed on a trade deal with a 15% import tariff on most EU goods entering the U.S.*	1.5%	10%	→ 15%	-
India	2.7%	Negotiation ongoing	India is willing to lower tariffs on autos/energy products, but reluctant to do so for agricultural products. U.S. imposed additional 25% tariffs over Russian oil	2.4%	26%	→ 50%	August 28
Italy	2.3%	Agreed on a deal	U.S. and EU agreed on a trade deal with a 15% import tariff on most EU goods entering the U.S.*	1.5%	10%	→ 15%	-
U.K	2.1%	Agreed on a deal	U.K agreed to allow greater market access for American agricultural imports, in return of lowering tariffs on U.K auto and aerospace sectors. Negotiation around steel tariffs continue	1%	10%	→ 10%	-
Thailand	1.9%	Agreed on a deal	Thailand agreed to reduce import duties on over 90% of U.S. imports.	1.6%	36%	→ 19% (40% on transshipments)	-
Switzerland	1.9%	Negotiation ongoing	Switzerland had agreed a draft statement that was reported to include a 10% tariff earlier in July, but the U.S. later reversed course	0.6%	31%	→ 39%	-
France	1.8%	Agreed on a deal	U.S. and EU agreed on a trade deal with a 15% import tariff on most EU goods entering the U.S.*	1.5%	10%	→ 15%	-

Source: Bloomberg, U.S. Census Bureau, Raymond James Ltd.; *The EU also committed to significant increases in energy purchases and investments in the U.S.

Chart 4 - PMI Manufacturing New Orders and Output

Source: Capital Economics, Raymond James Ltd.; Data as of July 31, 2025. *China's PMI represents the average of NBS and Caixin PMI surveys.

Economics

Canada — Monthly GDP Contracts Again in May, Pointing to a Contraction in 2Q25

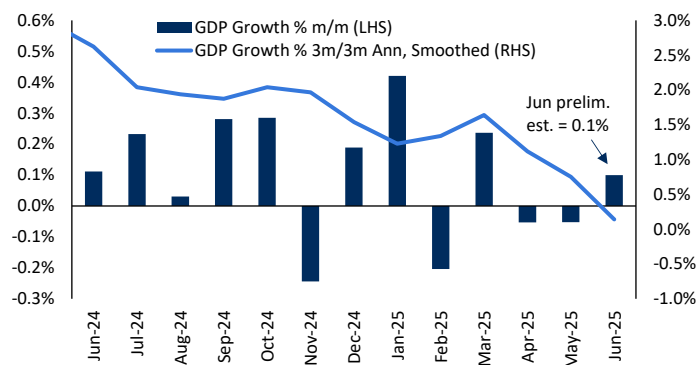
Canada's real GDP contracted by 0.1% m/m in May, marking the second straight monthly decline (Chart 5). The downturn was largely attributed to sector-specific and transitory factors. The mining, quarrying, and oil and gas extraction sector was the primary contributor to the decline, with StatCan citing widespread refinery maintenance and retooling as the main reasons for weaker activity in the sector. Retail trade GDP also fell sharply, down 1.2% in May, reflecting a partial reversal of front-loaded consumer spending in anticipation of counter-tariffs, an effect also evident in the retail sales data. On a more positive note, manufacturing GDP rebounded by 0.7% in May, though it remains 1.1% below its pre-tariff level recorded in March. While goods-producing sectors weighed on GDP growth in May, the services sector remained almost unchanged.

Preliminary estimates suggest GDP rose by 0.1% m/m in June, offering a modest offset to the declines in April and May. This improvement supports the view that the earlier weakness was partly a correction following Q1's export-led strength. Nonetheless, GDP is still expected to have contracted in 2Q25, with the BoC estimating a 1.5% contraction, pressured by a 25% drop in U.S.-bound exports.

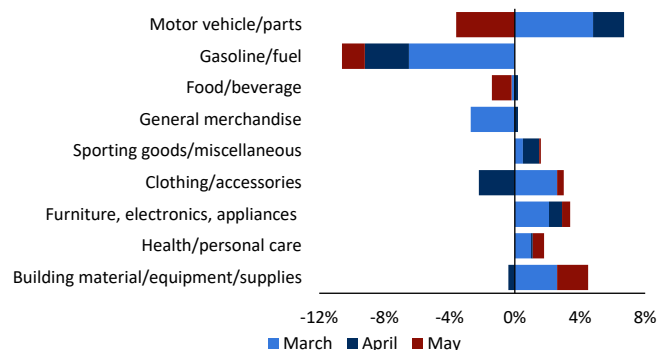
Retail Sales Dip in May as Tariff Front-Running Fades

Retail sales in Canada fell by 1.1% m/m in May, marking the first decline in three months. The drop was led by a 3.6% decline in auto sales, which had previously surged as consumers advanced purchases ahead of anticipated tariff-related price increases (Chart 6). Core retail sales, which exclude motor vehicles/parts and gasoline sales, were flat in May. This suggests that the weakness in May's headline figure partially reflects a normalization in demand as well, following the front-loading in April.

Looking forward, the advance estimate of StatCan shows a 1.6% m/m increase in June retail sales, reinforcing the view that May's decline likely reflected a return to more typical spending patterns following the earlier surge tied to tariff front-running. However, in the near term, we continue to expect retail activity to remain relatively weak as the ongoing trade tensions weigh on business conditions. According to the survey conducted by StatCan in May, 32% of retailers reported being affected by the trade tensions, citing price increases, demand shifts, and increased costs of production as the major concerns.

Chart 5 - GDP Contracts Again in May with a Positive Outlook for June

Source: Statistics Canada, Raymond James Ltd.; Data as of May 31, 2025.

Chart 6 - Retail Sales Pull Back as Front-Running Fades in May

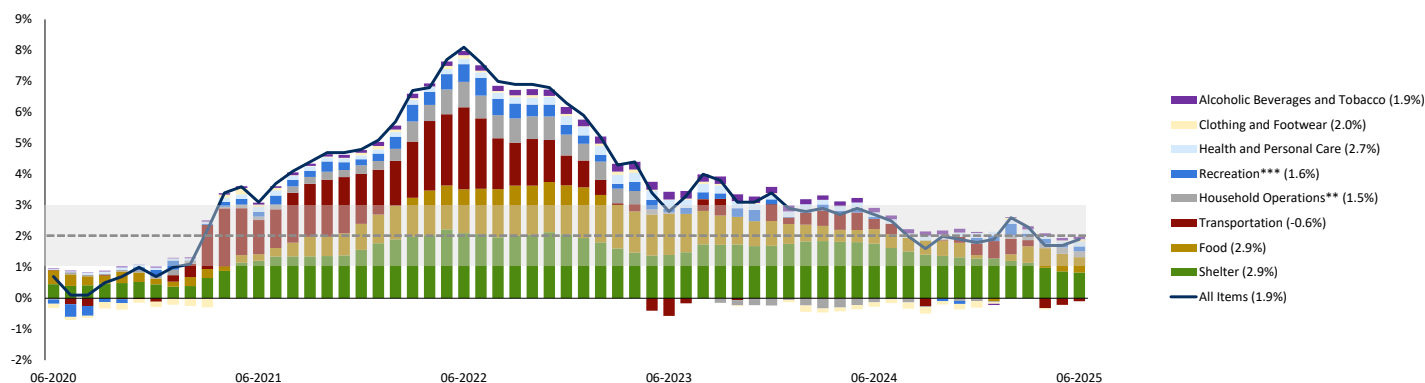
Source: Statistics Canada, Raymond James Ltd.; Data as of May 31, 2025.

Core Inflation Pressures Persist

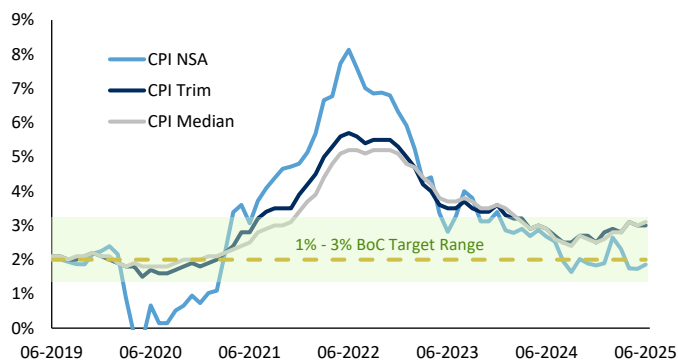
Headline Consumer Price Index (CPI) inflation edged higher to 1.9% in June, from 1.7% in May, though it remains below the BoC's 2% target for a third consecutive month (Chart 7). The uptick was driven by broad-based price increases, including a rebound in durable goods and shelter costs, while the effects of April's carbon tax removal continued to dampen the headline figure. Excluding energy, inflation held steady at 2.7%. Core inflation remains elevated, as reflected in the Bank of Canada's preferred measures, CPI-trim and CPI-median (Chart 8). In June, both rose by an average of 0.3% month-over-month, lifting the three-month annualized rate to 3.5%.

Price increases have become more noticeable in categories affected by retaliatory tariffs. In June, clothing and footwear prices rose 0.7% m/m, while furniture prices increased by 1.4% m/m. On a year-over-year basis, new passenger vehicle prices were up +5.2% in June, from +4.9% in May. Notably, used vehicle prices recorded their first year-over-year increase (+1.7%) in 18 months, amid tighter inventories.

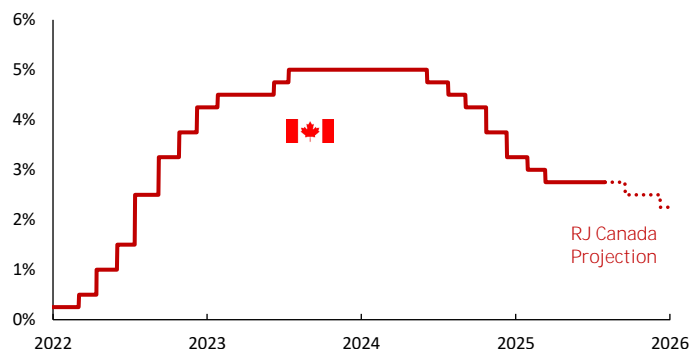
Looking ahead, while certain categories may continue to experience upward price pressure from retaliatory tariffs, we still expect overall inflation to remain contained, as relatively weaker consumer sentiment and wage expectations dampen demand, reduced U.S. sales redirect more supply to the Canadian domestic market, and a more cautious pace of rate cuts helps stabilize inflation.

Chart 7 - Major Components' Contributions to Canada CPI (Stacked Bars) and Latest Monthly CPI (Bracket Beside the Legend)

Source: Statistics Canada, Raymond James Ltd.; Data as of June 30, 2025. *Assumptions for both scenarios are in "Possible GDP impacts of tariffs in Canada" section; **Household operations, furnishing and equipment; ***Recreation, education and reading.

Chart 8 - Core Inflation Remains Elevated

Source: Statistics Canada, Raymond James Ltd.; Data as of June 30, 2025.

Chart 9 - BoC Continues to Maintain the Policy Rate at 2.75%

Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025.

BoC Maintains a Cautious Stance

The Bank of Canada held its policy rate steady at 2.75% for a third consecutive meeting in July, maintaining a cautious stance as it awaits greater clarity on Canada's evolving trade relationship with the U.S. According to the Bank's statement, the decision was shaped by three key considerations. First, uncertainty surrounding U.S. tariffs on Canadian goods remained elevated, with negotiations ongoing and U.S. policy direction still unpredictable. Second, while trade disruptions were evident, the Canadian economy had shown a degree of resilience. Third, although inflation is hovering near the 2% target, there were still signs of persistent underlying price pressures.

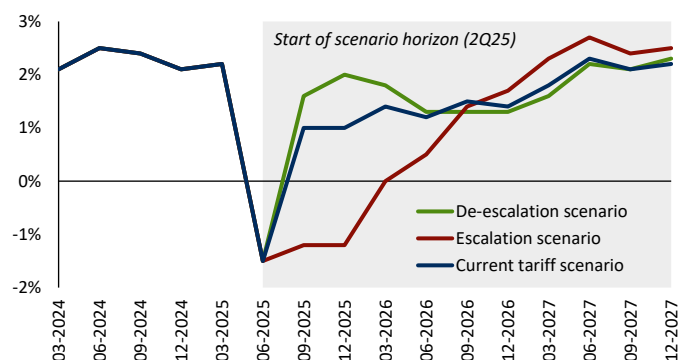
The Bank's Monetary Policy Report (MPR) introduced three trade-related scenarios: escalation, de-escalation, and current scenario (Table 3). The "current" scenario referred to the tariff rates as of July 27 (25% tariff on non-USMCA-compliant goods and sector-specific levies). Although the tariff rate increased to 35% as of August 1, the "current" scenario remains the closest to present conditions among the three described in the MPR. The Bank estimates that Canadian GDP contracted by 1.5% (annualized) in 2Q25, representing the lowest level before a projected rebound in subsequent quarters across all scenarios (Chart 10). Inflation is expected to remain near the 2% target, except under the escalation scenario, where it peaks in the latter half of 2026 (Chart 11).

Looking ahead, we maintain our projection that the BoC will continue to lower the policy rate throughout the remainder of the year as economic weakness becomes more evident, while inflation remains relatively contained, ending 2025 at 2.25%. While the pace of cuts may slow, the direction remains clear given growing signs of economic softness.

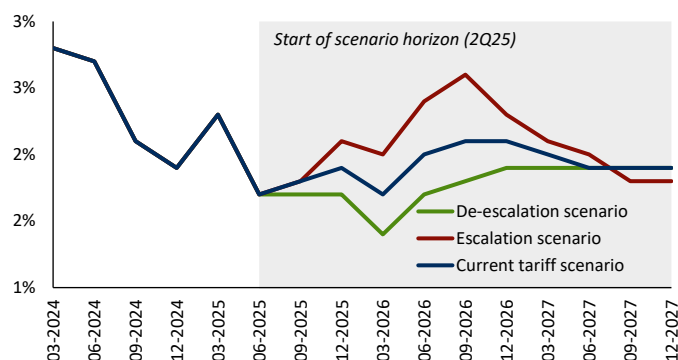
Table 3 - BoC Scenario Assumptions

Variation	United States	Canada and Other Countries
Current Tariff Scenario	U.S. tariffs and trade agreements in place or agreed on as of July 27, 2025, are assumed to be permanent The U.S. weighted average tariff rate on the world is 13% Uncertainty remains elevated into 2026	Retaliatory tariffs by Canada and China on the U.S. in place as of July 27, 2025, are assumed to be permanent Other countries are assumed to not retaliate Uncertainty remains elevated into 2026
De-escalation Scenario	The U.S. lowers its tariffs on most countries The U.S. weighted average tariff rate on all countries is 10% U.S. tariffs on Canada are cut in half Uncertainty is lower than in the current tariff scenario	Canada and most other countries remove their retaliatory tariffs China keeps a very small amount of retaliation in place Uncertainty is lower than in the current tariff scenario
Escalation Scenario	The U.S. substantially increases its tariff rates on most of the countries The U.S. weighted average tariff rate on all countries is 28% Uncertainty remains the same as in the current tariff scenario	Canada and China roughly double the value of U.S. goods subject to retaliatory tariffs Other countries substantially increase their tariff rates on the U.S. Uncertainty remains the same as in the current tariff scenario

Source: Monetary Policy Report - July 2025, Bank of Canada.

Chart 10 - QoQ % Change in Real GDP (Annualized)

Source: Monetary Policy Report - July 2025, Bank of Canada, Raymond James Ltd.

Chart 11 - YoY % Change in Inflation (Quarterly)

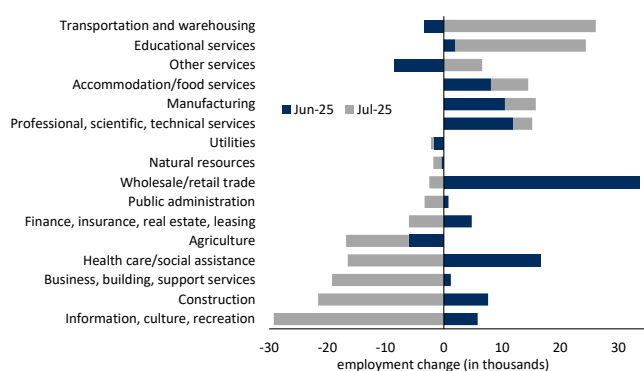
Source: Monetary Policy Report - July 2025, Bank of Canada, Raymond James Ltd.

Labour Market Softens in July After June's Improvement

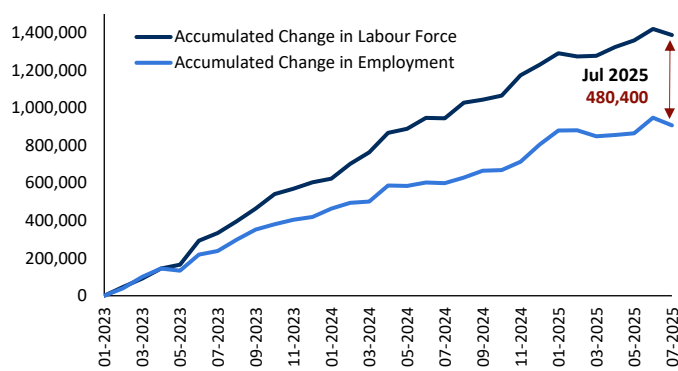
Following a rebound in June, when employment rose by 83k, July's data pointed to renewed softness in the labour market. Employment declined by 41k, offset by a 0.2% drop in labour force participation. The labour force contracted by 33k despite population growth of 37k, leaving the unemployment rate unchanged at 6.9%.

The decline in employment was concentrated in the private sector and driven entirely by full-time positions, with broad-based losses across industries (Chart 12). Information, culture and recreation shed 34k jobs, construction lost 22k, and business, building and other support services fell by 19k. Gains in educational services (+22k) and transportation & warehousing (+26k) provided some offset. The decline was also concentrated among youth aged 15–24, while employment among other age groups was little changed.

On a positive note, June's gains had narrowed the gap between cumulative labour force and employment growth (Chart 13), and the layoff rate remained low at 0.5% in both months, consistent with historical norms outside of recessions. This suggests that while hiring has been slow, employers are not broadly shedding workers. However, long-term unemployment remains elevated, with 21.8% of unemployed individuals searching for work for 27 weeks or more in June, up from 17.7% a year earlier. With the unemployment rate still ~1% above pre-COVID averages and trade-related uncertainty lingering, we continue to expect subdued hiring activity as businesses remain cautious.

Chart 12 - June/July Employment Breakdown

Source: Statistics Canada, Raymond James Ltd.; Data as of July 31, 2025.

Chart 13 - Employment and Labour Force Both Decline in July

Source: Statistics Canada, Raymond James Ltd.; Data as of July 31, 2025.

Housing Market Shows Signs of Improvement, but it's Still Expensive

The housing market continued to show signs of improvement in June. National home sales rose by 2.8% m/m, building on May's rebound. Actual (not seasonally adjusted) activity came in 3.5% above June 2024 levels. This sustained pickup in sales helped ease downward pressure on prices, with the MLS Home Price Index (HPI) remaining nearly unchanged (-0.2% m/m), though it was down 3.7% on a year-over-year basis.

On the supply side, new listings declined by 2.9% m/m in June. With sales rising and new supply falling, the national sales-to-new listings ratio

increased to 50.1%, up from 47.3% in May. The actual (not seasonally adjusted) national average sale price was down 1.3% compared to a year ago.

A new BoC report calculates that approximately 60% of Canadian mortgage holders will face higher monthly payments as renewals occur in 2025 and 2026. Although mortgage rates have been on the decline over the last couple of years, many mortgage holders (~40%) opt for 5-year terms and would have expiring rates that were set at very low levels just after the start of COVID. The average monthly payment is projected to increase 10% for those renewing in 2025 and by 6% in 2026. Mortgage holders can potentially adjust amortization, term, and fixed/variable parameters to best manage their payments and potentially avoid unmanageable payment changes.

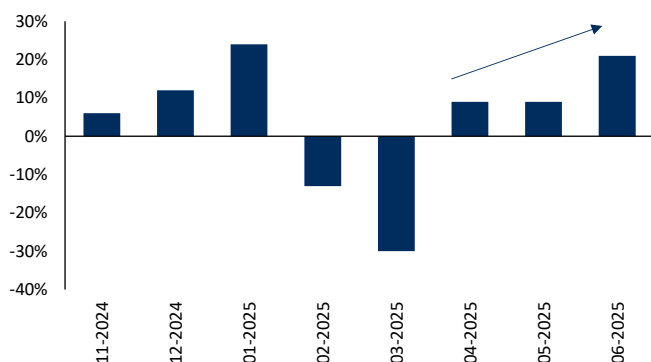
Business Outlook and Consumer Expectations (2Q25)

The BoC's 2Q25 Business Outlook Survey reflected a modest improvement in overall business sentiment compared to Q1, though caution around the impact of tariffs remains prevalent. However, as most responses were collected by the end of May, the survey does not fully reflect the potential improvement in optimism following the promise of a new US-Canada trade deal, which was earlier set to be concluded by July 21, and then delayed to August 1, before now being pushed out likely into September.

The results showed that sales expectations improved, particularly among exporters (Chart 14), as compared to 1Q25, but the overall sentiment remains subdued. Investment and hiring plans were largely unchanged, reflecting persistent concerns over weak demand and heightened uncertainty, which puts businesses in a wait-and-see mode. Notably, the proportion of firms citing labour shortages declined to 16%, the third-lowest level on record, reinforcing the view of subdued hiring activity in the near term. Despite a rise in input cost expectations, driven by tariff-related pressures affecting nearly half of surveyed firms, selling price expectations declined. This divergence implies that many businesses might be opting to absorb higher costs rather than pass them on to consumers (Chart 15).

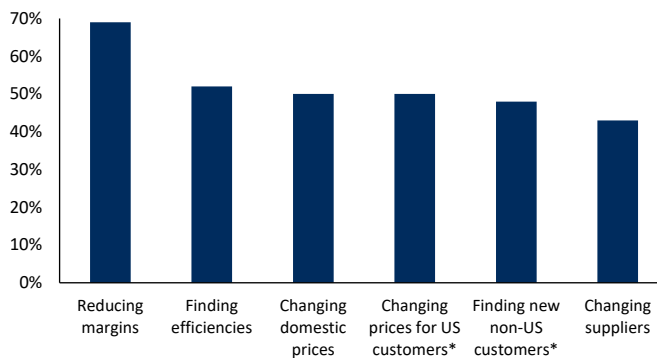
On the consumer front, the Canadian Survey of Consumer Expectations reveals continued caution. Households remain concerned about potential job losses, and elevated inflation expectations are weighing on discretionary spending plans. However, more recent consumer sentiment indicators suggest a modest rebound since the April low, indicating that consumer spending may be relatively more resilient than what the survey captured. Overall, while the business and consumer sentiment improved from where it was at the peak uncertainty, it still remains fragile because of the lack of clarity surrounding tariffs.

Chart 14 - Exporters' Sales Growth Expectations (Balance of Opinion)



Source: 2Q25 Business Outlook Survey, Bank of Canada, Raymond James Ltd.

Chart 15 - Business Reaction to Cost Increases Due to Trade Tensions (% of Firms)



Source: 2Q25 Business Outlook Survey, Bank of Canada, Raymond James Ltd. *Share is calculated using only the firms that export.

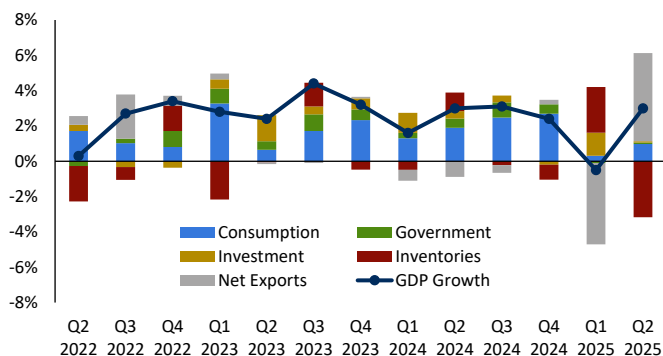
The U.S. — GDP Rebounds in 2Q25, But Signs of Underlying Weakness Emerge

U.S. real GDP grew at an annualized rate of 3.0% in the second quarter, a sharp rebound from the -0.5% contraction in 1Q25. The gain was largely driven by a drop in imports following the unwinding of pre-tariff stockpiling, as the net exports' contribution to GDP growth swung from a -4.6% drag in Q1 to a 5.0% boost in Q2. As a result of this front-loading, slower inventory accumulation in Q2 subtracted 3.2% from GDP growth (Chart 16). Government spending had a minimal impact on overall GDP growth. A sharp 11.2% annualized decline in non-defense federal spending (partly reflecting the DOGE savings) was offset by increases in national defense outlays and state/local government expenditures, resulting in only a slight net change in overall government spending. Business investment posted a modest gain, supported by strength in equipment and intellectual property, but was weighed down by a sharp decline in structures investment. Residential investment also fell, leaving total investment broadly flat.

To assess the economy's underlying strength, we examine private domestic demand (real GDP excluding trade, inventories, govt. spending), which

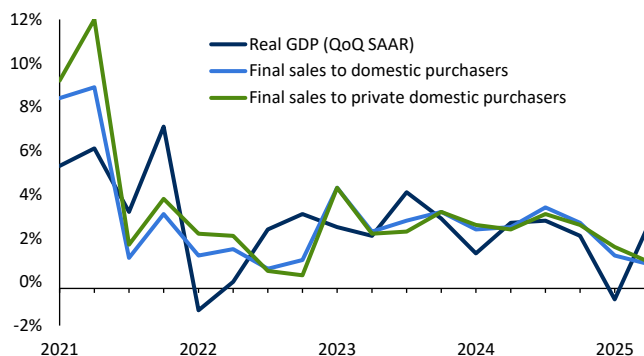
showed signs of softening. Growth in sales to private domestic purchasers slowed to 1.2%, its weakest pace since late 2022 (Chart 17). While the headline GDP figure appears strong, the underlying details point to a more moderate pace of expansion. With private domestic sales slowing and external demand for exports remaining subdued (as shown by the ISM Manufacturing New Export Orders PMI), there are visible signs of softening economic momentum.

Chart 16 - U.S. GDP Rebounds in 2Q25



Source: Bureau of Economic Analysis, Raymond James Ltd.; Data as of June 30, 2025.

Chart 17 - Slowing Growth in Private Domestic Demand



Source: Bureau of Economic Analysis, Raymond James Ltd.; Data as of June 30, 2025.

Imports Pullback Drives June Trade Deficit Lower

Following May's widening, the U.S. trade deficit narrowed sharply in June, falling to US\$60.2 billion from US\$71.5 billion in May (Chart 18). The improvement was driven by a US\$12.6 billion drop in imports, which outweighed a more modest US\$1.2 billion decline in exports. The decline in imports was mainly led by a drop in consumer goods, particularly pharmaceutical products, which fell by US\$9.6 billion. Imports of autos, parts, and engines also declined by US\$1.3 billion, suggesting that tariffs are beginning to weigh on demand for auto imports.

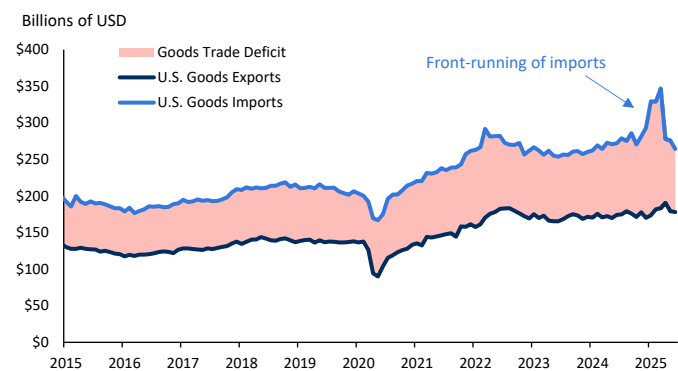
As noted earlier, with the front-loading of imports now behind us, we expect import levels to remain modest, helping to ease pressure on the trade deficit. However, data from both May and June indicates that exports have also remained subdued. The ISM manufacturing survey shows that new export orders have been in contraction territory for four consecutive months (Chart 19), reinforcing the view that both imports and exports may continue to remain under pressure in the near term.

Tariff Impact on Inflation Gradually Building

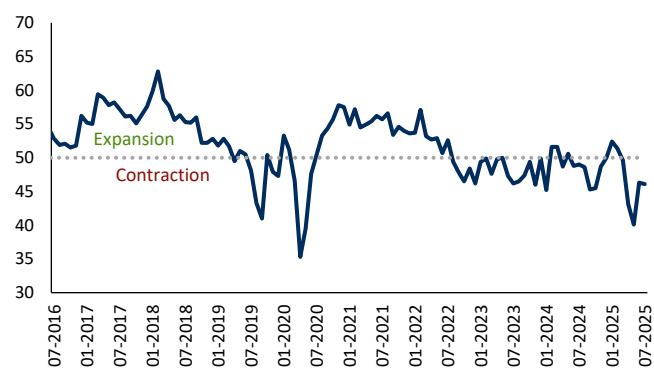
The headline U.S. Consumer Price Index (CPI) rose 2.7% y/y in June, up from 2.4% in May. Core CPI (excluding food and energy) rose by a softer-than-expected 0.2% m/m, though the year-over-year change went up to 2.9%, from 2.8% in May. The monthly rise in headline inflation was significantly driven by energy prices, which jumped 0.9%, led by higher gasoline and fuel oil costs amid ongoing geopolitical tensions in the Middle East. Food prices also rose by 0.3%, with both grocery and restaurant categories contributing. Meanwhile, shelter inflation remained subdued, rising just 0.2% m/m, the slowest pace in several years.

Following the trend from May, the prices for new and used vehicles continued to decline (-0.3% and -0.7%, respectively). Anecdotal evidence suggests that some foreign automakers are absorbing tariff costs by reducing margins as they await further clarity on trade deals, although this strategy may not be sustainable if trade tensions persist. Excluding vehicles, core goods' prices rose 0.5% m/m, the largest monthly gain since February 2022. The Fed's preferred inflation measure, core PCE (which excludes food and energy), rose by 0.26% m/m in June. Upward revisions to April and May's figures brought the annual rate to 2.8%.

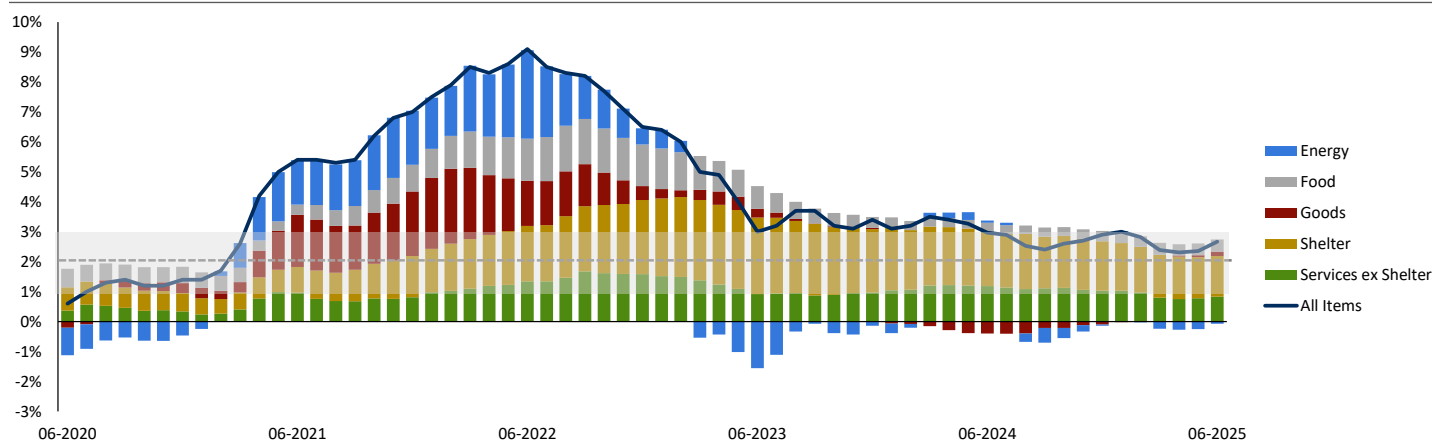
Looking ahead, the pass-through from tariffs to consumer prices has so far been limited, but we anticipate the impact will gradually intensify over the second half of the year. Many retailers appear to have initially absorbed the cost pressures by compressing margins, likely as a temporary measure while awaiting greater clarity on the final tariff structure.

Chart 18 - Advanced Data Points to Narrowing in U.S. Trade Deficit

Source: Bureau of Economic Analysis, United States Census Bureau, Raymond James Ltd.; Data as of June 30, 2025.

Chart 19 - U.S. ISM Manufacturing PMI — New Export Orders

Source: Institute for Supply Management (ISM); Data as of July 31, 2025.

Chart 20 - Major Components' Contributions to U.S. CPI

Source: U.S. Bureau of Economic Analysis, Raymond James Ltd.; Data as of June 30, 2025.

Fed Remains in Wait-and-See Mode

At its July meeting, the Fed kept the federal funds target range unchanged at 4.25–4.50%, continuing its cautious stance amid ongoing tariff-related uncertainty. While the Fed acknowledged that the "growth of economic activity moderated in the first half of the year", it reiterated that the unemployment rate remains low and labour market conditions solid, while inflation remains somewhat elevated. Notably, Governors Christopher Waller and Michelle Bowman dissented from the July decision, voting in favour of a rate cut — the first time since 1993 that two members of the Board of Governors opposed the Chair's stance.

Overall, the Fed appears inclined to wait for more definitive signs of weakness in the labour market or inflation before adjusting its policy stance. However, the July employment report, which showed clear signs of labour market softening, may begin to shift that conversation. If the August report and any revisions to July continue to point to further deterioration, the Fed may be compelled to lower rates at its September meeting.

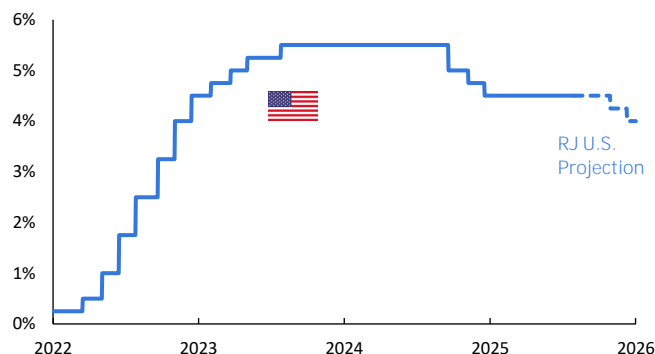
U.S. Labour Market Revisions Show the Weakening that We Had Been Expecting

The Bureau of Labor Statistics announced that only 73k jobs were created in July, which was below the 109k consensus expectation, but the more shocking revelation was that May and June numbers were revised down considerably. The 'resilient' 147k jobs created in June was revised down to just 14k, while May's figure of 144k was revised down to only 19k (Chart 22). The 258k negative revision for the previous two months, and weaker than expected July data, puts the 3-month average job creation number to just 35k, the weakest since 2020. The U.S. unemployment rate also ticked up slightly, from 4.1% in June to 4.2% (4.248% unrounded) in July, which is still quite low and suggests full employment. Restrictions on U.S. immigration may end up constraining labour force growth and therefore keeping the unemployment rate contained even if job creation remains low.

Revisions to employment data are not unusual, and vary significantly due to low response rates in initial surveys. As more data rolls in, subsequent

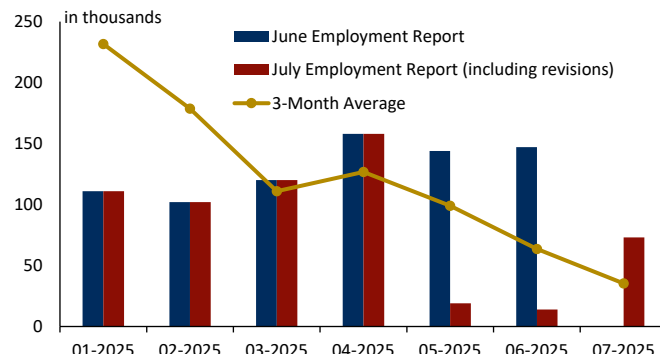
revisions mean that this July number will undergo a first revision in September, and then another revision in October. President Trump's displeasure with the negative revisions this month however led to the immediate firing of the U.S. Bureau of Labor Statistics Commissioner.

Chart 21 - Fed Maintains a Cautious Stance



Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025.

Chart 22 - Non-Farm Employment Growth (m/m)



Source: U.S. Bureau of Labor Statistics, Raymond James Ltd.; Data as of July 31, 2025.

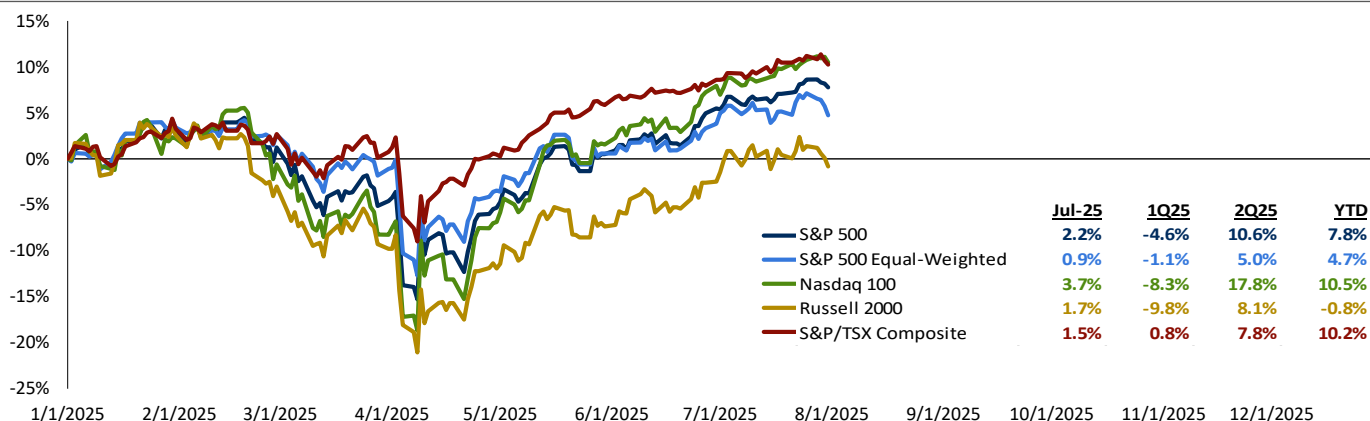
Financial Markets

In July, both the TSX Composite, Canada's main stock market index, and the S&P 500, the leading U.S. large-cap benchmark, continued to make new highs. The TSX delivered a 1.5% price return and a 1.7% total return, boosting the year-to-date price return to 10.2% and 12.0%, respectively. Meanwhile, the S&P 500 posted a 2.2% return for both price and total returns (due to rounding) during the month, bringing its year-to-date price return to 7.8%, and total return to 8.6%, all in local currency.

Within the TSX Composite, communication services, real estate, and information technology led the gains. Communication services and real estate are trading at attractive valuations and appear to be playing catch-up, as both remain well below their respective all-time highs reached in 2024 and 2021. In contrast, most other sectors have already surpassed previous highs following "Liberation Day." Information technology continued to benefit from sustained enthusiasm around artificial intelligence, which helped propel sector performance. Meanwhile, industrials, materials, and financials lagged. In the S&P 500, information technology, utilities, and industrials outperformed, while health care, consumer staples, and materials underperformed.

In July, the tech-heavy Nasdaq 100 led the major equity indices, and the cap-weighted S&P 500 continued to outperform its equal-weighted counterpart. The Russell 2000, which tracks U.S. small-cap stocks, rallied through most of the month but lost momentum as the August 1 tariff deadline approached. U.S. equities kicked-off August with heightened volatility, as the VIX surged past 20 in what is typically a quieter month. The S&P 500 fell 2.4%, while the Russell 2000 dropped 4.2%, pressured by weak macroeconomic data and the August 1 tariff deadline.

Chart 23 - Selected Indices Price Returns



Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025. Price return in local currency.

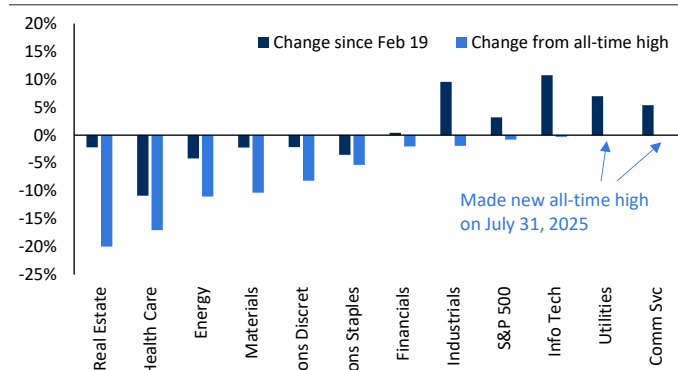
U.S. Equity Markets

U.S. equities extended their rally in July, with the S&P 500 climbing 2.2% and recording ten all-time highs. The gains were driven by a strong start to the 2Q25 earnings season, continued enthusiasm around AI, and resilient macroeconomic data. Large-cap stocks outperformed, led by mega-cap tech, which continued to dominate market leadership. U.S. small-cap equities (Russell 2000 index) rose for a third consecutive month, the longest streak since June 2021, but continued to lag large caps, underperforming them in seven of the past eight months.

The recovery in U.S. equities has been reasonably broad-based across sectors since the previous S&P 500 peak on February 19. While Info Tech and Industrials have clearly led the way, six of the eleven GICS sectors are now trading above their earlier highs (Chart 24). However, market breadth remains uneven when viewed through the lens of market capitalization. The gap between the market-cap weighted and equal-weighted S&P 500 indices has widened to its highest level since 2003, highlighting the increasingly narrow leadership driven by mega-cap stocks. This suggests that the market breadth is improving mainly by sector, and less so by market cap.

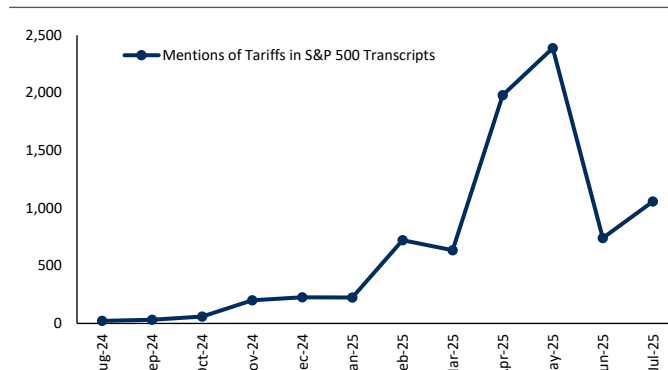
In terms of earnings, so far, 90% of companies, representing 77% of market capitalization in the S&P 500 have reported Q2 results, with 82% of the companies beating the expectations. This would be the highest proportion of beats since 3Q21. Year-over-year growth in EPS is also now at 10.3%, more than double of the pre-season expectation of 4.9% growth. A notable theme this earnings season has been the re-calibration of corporate guidance around tariffs. Several large multinationals, including major consumer goods and industrial firms, have revised their cost estimates downward, turning previously anticipated tariff headwinds into earnings tailwinds now, suggesting that the worst-case scenarios may not materialize. This shift has helped stabilize sentiment and contributed to lowering volatility. Mentions of “tariffs” in S&P 500 earnings call transcripts have also declined by 75% since peaking in April and May, suggesting that management teams are increasingly shifting focus away from trade-related concerns (Chart 25). Looking ahead, we remain cautiously optimistic on U.S. large caps, especially the mega-cap tech, believing the AI-driven rally still has room to run, while maintaining a selective stance across sectors.

Chart 24 - Six of Eleven GICS Sectors Are Above Their February 19, 2025* Levels



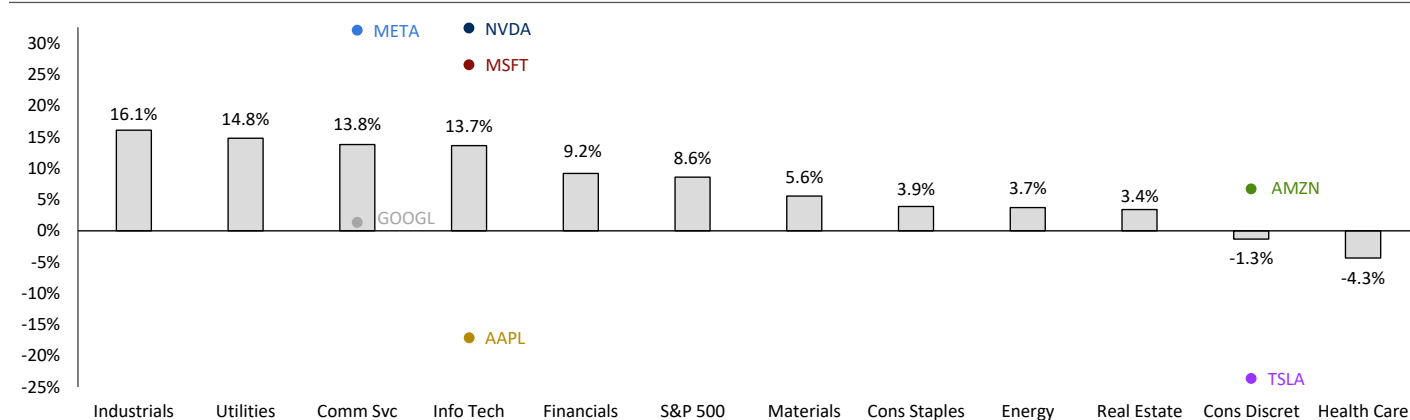
Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025. *S&P 500 previous peak.

Chart 25 - Management Teams Trying to Turn the Page on Tariffs



Source: Bloomberg, Raymond James Ltd.; Data as of July 31, 2025

Chart 26 - S&P 500 Sector and “Magnificent Seven” Year-to-Date Total Returns



Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025.

Canadian Equity Markets

The S&P/TSX Composite Index extended its upward trajectory in July, delivering a total return (including dividends) of 1.7% for the month and bringing the year-to-date return to 12.0%. Despite persistent uncertainty surrounding global trade, some cyclical sectors posted solid gains, reflecting the Canadian economy's continued resilience amid ongoing tariff pressures. Leading the performance were Communication Services, Real Estate, and Information Technology, buoyed by multiple tailwinds including stronger-than-expected economic resilience, renewed enthusiasm around A.I., and upward earnings revisions. Conversely, Financials underperformed relative to other sectors, although still managed to generate a positive return for the month. Materials and Industrials also lagged, weighed down by volatile commodity prices and subdued manufacturing activity, which raised concerns about growth prospects and profitability.

With trade negotiations between the U.S. and Canada still ongoing, uncertainty continues to weigh on Canadian equities. While Canada appears to have sidestepped a worst-case scenario of a deeper GDP contraction beginning in 2Q25, it still remains relatively early to fully assess the broader economic and corporate earnings impact of tariffs. The ripple effects from weaker manufacturing sales and exports are expected to take time to materialize, although the broader economy has shown resilience so far, excluding the directly impacted sectors such as manufacturing. In the near term, maintaining diversification across sectors continues to be vital. Over a longer investment horizon, however, we continue to favour industries tied to A.I. and those positioned to benefit from increased national defence and infrastructure spending.

So far, 70% of the TSX Composite has reported 2Q25 results, with 67% of the companies beating expectations. The consensus forecasts into the end of 2025 have generally been improving, with 11% growth into 2026 expected. We are increasing our year-end target on the TSX Composite index to 28,600, from 26,300 as we gain more confidence in a positive outcome from Canada-U.S. trade and security talks and as the USMCA continues to shield the majority of Canada's exports to the U.S. from the effect of tariffs, despite continued pain in certain sectors. We do expect more volatility in 2H25, as the pressure of trade tensions continue to build and impact the economy and corporate profitability, but that investors will increasingly be looking through to a more stable 2026.

Top 3 Sectors (July 2025):

- **Communication Services:** Despite structural challenges such as intensified competition and slower population growth, the sector posted strong gains in July, supported by attractive dividend yields and renewed focus on infrastructure and A.I.-related initiatives. The sector remains relatively insulated from tariff-related risks, which has helped sustain investor confidence amid broader market uncertainty. Major players have also announced substantial investments in data centres aimed at supporting sovereign A.I. capacity, while also expanding media and content distribution platforms to diversify revenue streams. While competitive pressures and demographic challenges continue to weigh on the sector, growing support for A.I. and infrastructure investment may help alleviate some of these structural headwinds.
- **Real Estate:** The sector performed well in July, extending its rebound since April amid a resilient Canadian economy and easing recession concerns. Despite demographic headwinds like low population growth, REITs continued to show upside potential, particularly in seniors housing, which benefits from stable occupancy and demographic tailwinds. Investor confidence seemed to improve as well, reflected in greater mergers and acquisitions activity in the sector.
- **Info Tech:** Building on its strong 2Q25 momentum, the sector benefited from continued optimism around A.I., which has become a key driver of investor sentiment and capital flows. The sector's substantial U.S. revenue exposure and cyclical nature positioned it well to capitalize on improving market sentiment, despite lingering trade uncertainties. While near-term volatility remains a possibility given the macroeconomic headwinds, the structural growth narrative, particularly around A.I., continues to support a constructive long-term outlook.

Bottom 3 Sectors (July 2025):

- **Financials:** The sector underperformed the S&P/TSX Composite in July but still delivered a modest positive return. While the banks maintained an overall stable performance, the sector was weighed down by weakness in the insurance subsector. Some major insurance companies reported earnings that exceeded expectations, but revised guidance pointing to slower growth in personal auto and international premiums slightly dampened the sentiment. On the banking side, while tariff-related uncertainty may temporarily slow loan growth, previous rate cuts by the Bank of Canada, along with expectations for further easing, have helped reduce funding costs, easing pressure on profitability. Additionally, although banks had proactively increased provisions for credit losses in anticipation of a potential downturn, the economy has remained resilient, and signs of financial system stress have not emerged so far, helping sustain market confidence.
- **Materials:** The sector was a relative laggard in July, delivering a flat return for the month, although it remains up nearly 30% year-to-date. Performance was weighed down by commodity price volatility, particularly in gold and copper. Gold marked its first monthly decline of

the year, ending a six-month winning streak, while copper prices fell sharply after refined copper was excluded from planned U.S. tariffs. Although early-month gains from copper supported performance initially, the subsequent price drop led to a pullback. This reversal impacted metal mining stocks, which make up a significant portion of the sector. Given the sector's heavy reliance on commodity pricing, near-term performance may remain sensitive to global trade developments and pricing dynamics.

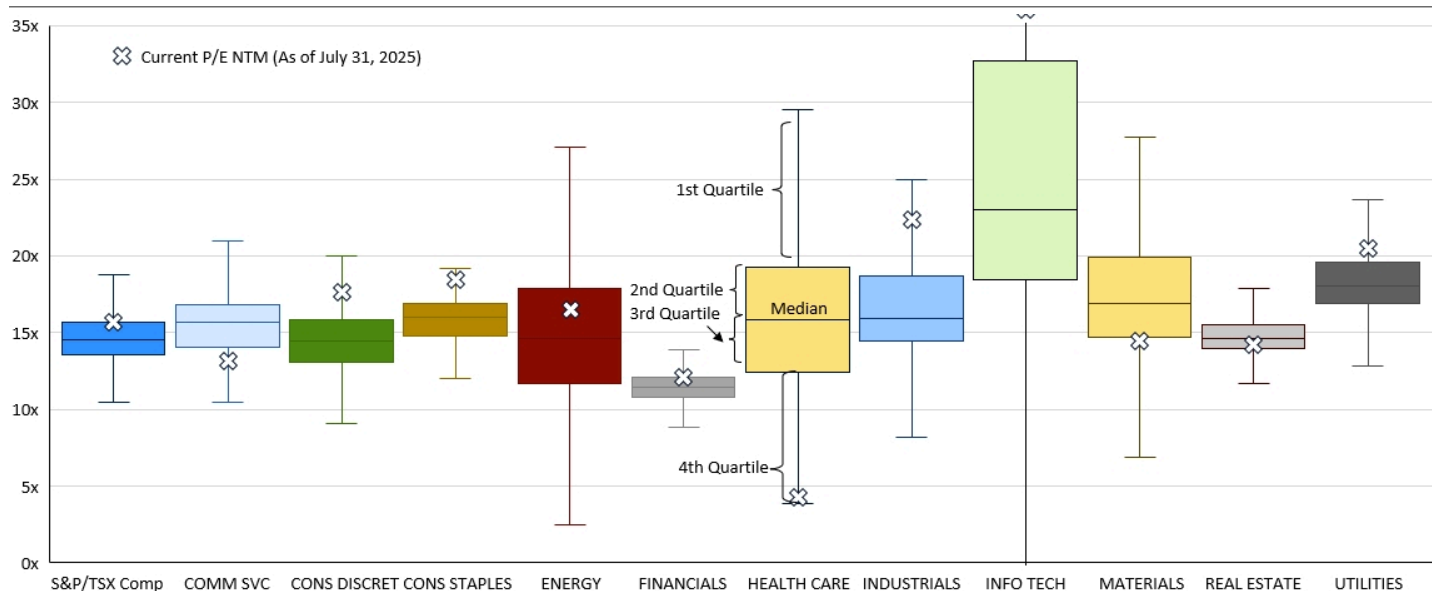
- Industrials:** The sector underperformed in July, with weakness in both ground and air transportation contributing significantly to its subdued performance. While trade tensions have been somewhat stable, evolving trade policies continue to pose risks to cross-border traffic and passenger airline demand. As a cyclical sector, Industrials remain particularly sensitive to the economic backdrop. Industries such as intermodal transport, equipment distribution, automotive, and manufacturing face elevated exposure to tariff-related disruptions. However, segments tied to waste collection and service-oriented operations may offer some support, helping to partially offset broader sector volatility.

Table 4 - S&P/TSX Composite Sector Performance and Valuations (Ranked by QTD Total Return)

Sector Name	Sector Weight	YTD Total Return	QTD Total Return	1M Total Return	Current P/E NTM	Historical P/E NTM
Communication Services	2.3%	10.1%	5.0%	5.0%	13.1	15.7
Real Estate	1.8%	8.1%	4.7%	4.7%	14.6	14.6
Information Technology	9.9%	10.4%	4.5%	4.5%	37.9	23.0
Energy	16.0%	6.7%	2.6%	2.6%	16.3	14.6
Utilities	3.8%	12.7%	2.5%	2.5%	20.7	18.0
Consumer Discretionary	3.4%	16.3%	2.1%	2.1%	17.8	14.4
Consumer Staples	3.7%	6.2%	2.1%	2.1%	18.4	16.0
S&P/TSX Composite	--	12.0%	1.7%	1.7%	16.0	14.5
Financials	32.7%	12.4%	1.5%	1.5%	12.4	11.4
Materials	13.4%	30.1%	0.0%	0.0%	14.9	16.9
Industrials	12.6%	5.4%	-0.5%	-0.5%	22.5	15.9
Health Care	0.2%	-12.0%	-6.2%	-6.2%	4.5	15.8

Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025. The S&P/TSX Healthcare sector has been excluded from the performance commentary due to its minimal representation in the S&P/TSX Composite Index.

Chart 27 - S&P/TSX Composite Sector Current vs. Historical P/E NTM



Source: FactSet, Raymond James Ltd.; Data as of July 31, 2025. Historical P/E: 1/1/2000 – 07/31/2025. Excluding outliers.

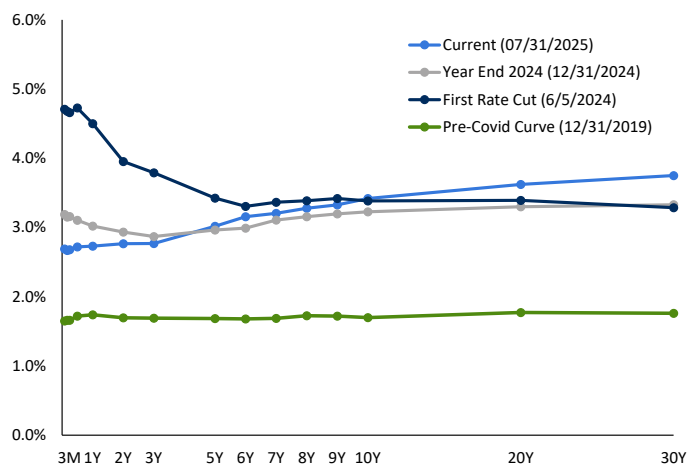
Fixed Income & Treasury Yields

The U.S. Treasury yield curve initially moved higher in July but reversed course on August 1. The front end and intermediate maturities are now even lower than they were at the end of June, reflecting July's significant payroll miss (in the U.S.), downward revisions to May and June figures, and a modest increase in the effective global tariff rate. Meanwhile, the term premium, which measures duration risk (the amount by which the yield on a long-term bond exceeds that of shorter-term bonds), continued to rise.

In Canada, short-term rates moved only slightly, while the yields at the intermediate and long ends of the curve continued to edge higher in July. This likely reflects concerns over sticky inflation and expansive fiscal policy, with high government spending plans contributing to expectations

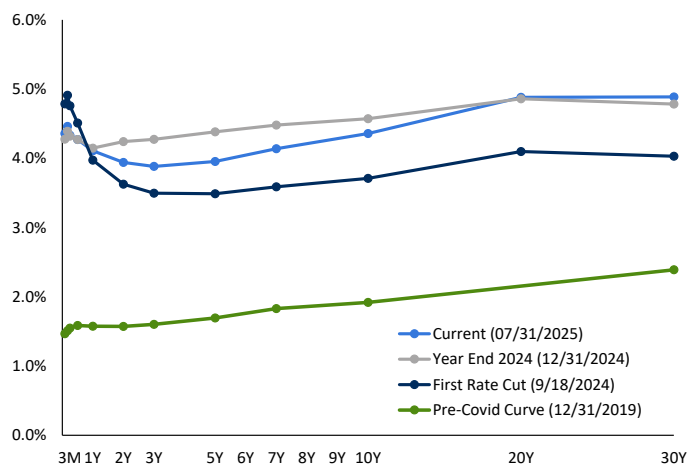
of elevated long-term borrowing needs. Meanwhile, the BoC has maintained a cautious and patient stance which has resulted in relative stability at the short end of the curve.

Chart 28 - Canada Government Yield Curves



Source: Factset, Raymond James Ltd.; Data as of July 31, 2025.

Chart 29 - U.S. Treasury Yield Curves



Source: Factset, Raymond James Ltd.; Data as of July 31, 2025.

Table 5 - Global Equities Performance

Select Global Equity Indices	Jul (in LCL)	Jul (in USD)	Jul (in CAD)	3 Mo (in LCL)	3 Mo (in USD)	3 Mo (in CAD)	YTD (in LCL)	YTD (in USD)	YTD (in CAD)	Current PE NTM	Historical PE Median	Premium (RED) / Discount (GREEN)
Major Aggregates												
World (Global)*	1.0	1.0	2.3	11.7	11.7	11.8	10.9	10.9	6.6	19.8	16.0	3.8
EAFE (DM ex U.S. & Canada)*	-2.5	-2.5	-1.2	4.5	4.5	4.6	17.4	17.4	12.8	14.9	13.6	1.3
EM (Emerging Markets)*	1.3	1.3	2.7	12.2	12.2	12.3	17.1	17.1	12.6	13.2	11.8	1.4
Selected Developed Markets												
Nikkei 225 (Japan)	1.4	-2.6	-1.3	14.1	8.2	8.3	4.1	8.7	4.5	18.4	16.8	1.6
Euro STOXX 50 (Europe)	0.5	-2.2	-0.9	4.7	3.8	3.9	11.6	20.1	15.5	15.5	13.2	2.2
FTSE 100 (U.K.)	4.3	0.7	2.0	8.4	6.5	6.6	14.2	18.1	13.5	12.9	12.4	0.6
CAC 40 (France)	1.5	-1.1	0.3	4.5	5.2	5.3	8.4	19.8	15.2	16.2	13.5	2.7
DAX (Germany)	0.7	-1.9	-0.6	7.0	7.7	7.8	20.9	33.3	28.1	15.6	12.7	2.9
Hang Seng (Hong Kong)	3.1	3.1	4.5	13.7	12.3	12.4	26.7	25.4	20.5	11.3	11.7	-0.4
Selected Emerging Markets												
CSI 300 (China)	3.3	3.8	2.8	2.4	3.7	-1.7	1.4	3.3	-2.2	14.6	13.7	0.9
Nifty 50 (India)	3.4	3.2	2.2	9.1	8.9	3.7	8.8	8.6	2.9	22.5	18.9	3.6

Source: FactSet, Raymond James Ltd; Total returns, data as of July 31, 2025. LCL: listed in local currency. Historical P/E Median: 1/1/2000 – 7/31/2025. *Indices are represented by their corresponding iShares ETFs, serving as proxies.

IMPORTANT INVESTOR DISCLOSURES

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