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“Many ideas grow better when transplanted into another mind than in the one where they sprang up.”

- Oliver Wendell Holmes Sr. -
American physician, poet and polymath



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The U.S. is experiencing lofty valuations in parts of the stock market and fluctuating and surprising employment and inflation data, combined with a highly unpredictable political backdrop. Despite this, the U.S. economy has defied recession predictions in 2025 and continues to grow above expectations, as productivity surges—especially compared to countries like Canada. Is this a mirage or an unsustainable short-term burst? Jared Franz, economist with **Capital Group**, argues that despite the buffeting from tariff policies, we may have underestimated just how powerful the artificial intelligence megatrend is—and how it may more than offset the normal economic downdrafts from higher unemployment or reduced consumer spending. To illustrate this, he draws upon four charts that may explain why the U.S. economy is shrugging off negative factors and remaining resilient.

The first data point is the immense amount of capital investment going into AI, especially electronic data centres. Currently, the percentage of the economy dedicated to AI spending in technology and R&D surpasses rates seen during the dot-com era. Franz acknowledges that drawdowns may occur with such enthusiasm; however, the companies involved today are vastly different from the late 1990s leaders. Many of

today's tech giants have strong earnings and huge cash reserves—unlike many of the bubble stocks of yesteryear. These companies are essential parts of day-to-day life rather than mere promises of the future. He also observes that eventual AI market winners may not be the pioneers of AI today, but rather companies yet to be born or noticed.

Productivity is a term frequently used in political and economic circles, and most developed countries aim to improve it. The U.S. has seen a marked upswing in labour productivity in recent years and continues to widen the gap against its G20 peers. Franz foresees a potential doubling of productivity gains over the next five years, which would give the U.S. a significant competitive advantage. As the labour market recalibrates for the impact of AI, he likens this shift to the personal computer revolution. While it hollowed out some occupations, it created far more high-value jobs than were lost. As the employment ecosystem adjusts, Franz predicts a slowdown in the U.S. economy as inflation picks up and GDP weakens. However, he believes the economy—midway through an economic cycle—will remain resilient and avoid recession. It's important to note that stock markets are not the economy, although it impacts them. Franz points out that current valuations may leave stocks more exposed to disappointment, even if the economy soldiers onward.

Economists fixate on productivity because it's a key driver of economic growth. For countries to afford robust infrastructure and social support networks, funding becomes a critical issue. In the face of Canada's upcoming budget and expected large deficit, the **Financial Post's** Jack Mintz discusses the viability of paying for these social programs both at home and in other developed countries. He argues that voters may have been overpromised on spending commitments by elected officials. Aging populations, rising debt, and sluggish growth are troubling companions. Countries like Germany are beginning to dial back government social support programs. Mintz is quite opinionated about the "welfare state," arguing that it was never affordable overall. The electorate typically pushes back against reductions in pensions and other benefits, and rancor is already showing in France and Spain. The author suggests that when faced with cutting public spending programs, raising taxes, or adding to the public debt load, politicians may struggle to persuade voters to accept austerity. With personal tax rates already high among peer countries, it's likely the government will choose the borrowing option—and hope they're not in office when the bill comes due.

While we have limited power over political policy beyond the voting booth, we have more agency over our personal choices. Aging is inevitable, but there's considerable latitude in how we deal with it. **BBC Science Focus** shares insights this month from a leading researcher at the University of Copenhagen. The author, a youthful-

looking 45-year-old scientist, has implemented several personal habits based on his research, experimenting on himself. His first habit—taking nicotinamide riboside (NR)—is the most controversial. Due to the lack of long-term studies, he cautions against it as a blanket recommendation. Nonetheless, its popularity among anti-aging researchers suggests it's something to watch. Other suggestions are well-known and supported by current studies. Most are diet-related, such as intermittent fasting, consuming five cups of coffee a day, eating dark chocolate, and avoiding foods that elevate blood sugar. Maintaining a vibrant social life also appears key, though researchers have yet to fully explain why connectivity is so essential to our biology at any age. In terms of effectiveness, he shares data on which measures have the most measurable impact on delaying biological aging. Fasting was the clear winner, followed by exercise—a habit the author didn't specifically mention but one could infer is part of his anti-aging cocktail. Incredibly, the fasting group in his studies reduced markers of aging by over 10 years, and the exercisers dialed back the clock by four years after just three months.

Capital Group: 4 charts on why the U.S. economy could stay resilient



The United States economy is at a crossroads. Cracks are forming and growth is slowing as tariff policies weigh on hiring and curb consumer spending. On the other hand, generative artificial intelligence (AI) is driving a surge in productivity. The question is: Can AI fill the cracks in the U.S. economy?

My view is that headwinds from trade restrictions are real, but tailwinds from AI could be even more powerful. I expect GDP growth to slow to 1% or lower in the second half of 2025, but I don't foresee a recession. In fact, the AI megatrend could become a structural tailwind and accelerate growth in 2026 and 2027.

Here are four charts to help explain why the U.S. economy may continue to show resilience.

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Financial Post: Is the welfare state still affordable? It never was

Governments are beginning to understand they can't afford everything they've promised. Will they be able to get their electorates to agree?

Last week German Chancellor Friedrich Merz said what the public needs to hear: "The welfare state that we have today can no longer be financed with what we produce in the economy."

In fact, the welfare state was never affordable. But better late than never! In the OECD taxes have risen as a share of GDP from 25 per cent in 1965 to 35 per cent and that has been accompanied by a half-century growth slowdown.

Merz was mainly referring to Germany's current fiscal plight: sluggish growth, major new military commitments and rising public debt. Population aging is stressing the public finances, with 19.5 million Germans leaving the workforce by 2036 and only 12.5 million entering — which raises the question: where will the new soldiers come from



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BBC Science Focus: I've spent my career studying ageing. Here are the 7 ways I slow my biological clock



Meet the scientist who's testing cutting-edge ageing research on his own body

People tell me I look younger than I am. But as flattering as that is, my appearance isn't that important to me. Well, not compared to my biological age, anyway. Representing how well your body functions, your biological age gives a more accurate picture of your overall health and longevity potential – reflecting factors like genetics, lifestyle, and environment rather than just the years you've lived.

Fundamentally, your biological age represents how long you can live a healthier, happier life. You can measure it in a lab (by looking at how much your DNA has been altered by a chemical reaction called methylation) or at home (for example, by testing your hearing range or how long you can stand on one leg.

And, crucially, you can change it.

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