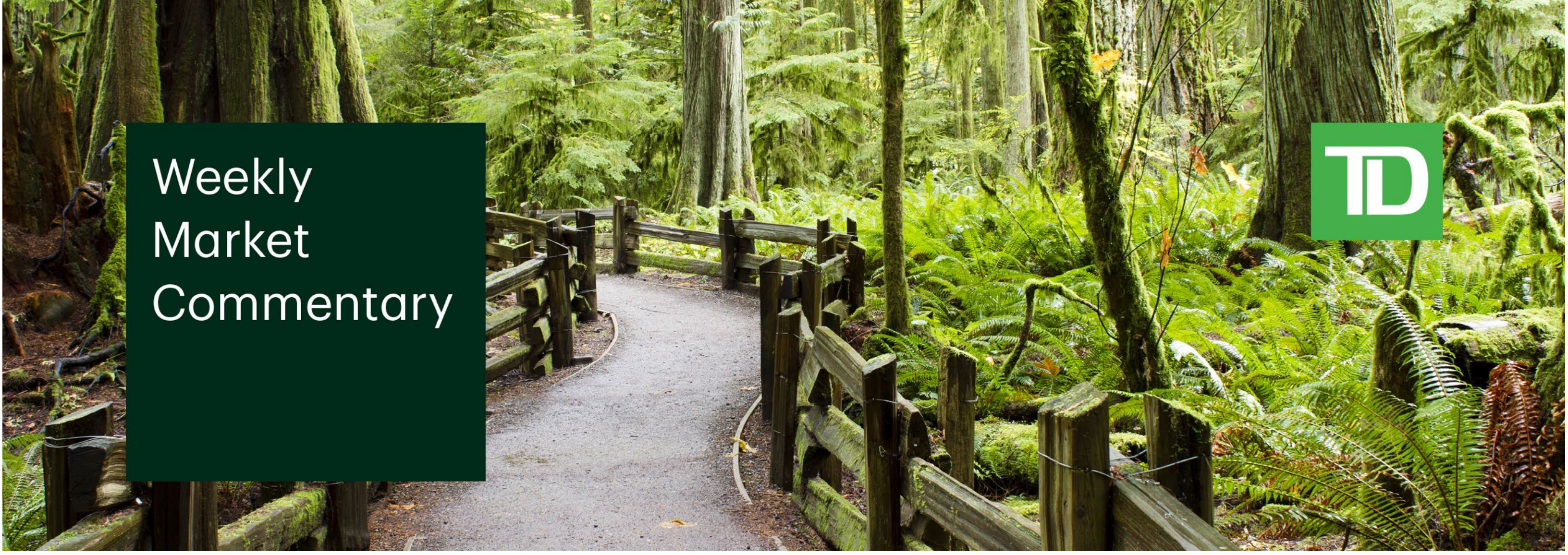

Weekly Market Commentary

Friday, April 24, 2026

"What wisdom can you find that is greater than kindness?"
Jean-Jacques Rousseau

Next week's earnings releases of note:
Verizon Communications (VZ); Visa Inc. (V); Corning Incorporated (GLW); Booking Holdings (BKNG); Alphabet Inc. (GOOGL); Microsoft Corporation (MSFT); Amazon.com Inc. (AMZN); Meta Platforms Inc. (META); Apple Inc. (AAPL); Eli Lilly & Company (LLY); Mastercard Incorporated (MA); Caterpillar Inc. (CAT); Merck & Company (MRK); Berkshire Hathaway Inc. (BRK.B); Exxon Mobil Corporation (XOM).

Ideas List:
Brookfield Infrastructure Corporation (BIPC)
Magna (MG)
Nutrien (NTR)
Procter & Gamble (PG)
Brookfield Asset Management (BAM)

Procter & Gamble (PG) reported a beat on the company's Q3, 2025 topline (revenue/sales) and bottom line (earnings) Friday morning. It was the first time in a year that overall volumes increased. The company also projects a US$150MM hit from increased transportation costs attributable to higher fuel costs associated with the war with Iran (Source: CNBC.com, "Procter & Gamble earnings beat estimates as sales grow 7%", Amelia Lucas, April 24, 2026).

Housekeeping items:
I am anticipating that we will be able to offer First Home Savings Accounts (FHSA) to clients directly on the TD Wealth Private Investment Advice (PIA) platform beginning April 30. While the accounts are not yet enabled on our end, we should be able to help you move them to our platform should you so desire.

General:

In January this year, the Office of the Superintendent of Financial Institutions (OSFI) reported that it expects that 3.1 million (52%) outstanding mortgages in Canada will be renewed by the end of 2027. Of that, 22% are fixed rate in nature, originated during the 2021/2022 period when rates were also historically low. This historic level of mortgage refinancings has been weighing on the banking community for some time. I have written that the likelihood of serious pressure due to mortgage defaults within the banking system would be low and that appears to be playing out as I had hoped. I have consistently noted that Canada's financial services regulatory oversight along with strong internal risk management within the banks are two strong reasons to be less fearful of systemic risks, specifically from mortgage defaults. The current percentage of net write offs for the Big-5 banks stands at around 1% of their total global residential mortgages. As of December 2025, only 0.24% of mortgages held by the banks were in arrears. That compares to 2.01% in mortgage investment corporations (MICs). Regular readers of the weekly market commentary will recall my zealous appeal to investors to maintain liquidity in their investments. The history of gating redemptions and distribution cuts at many of the major Canadian MICs is well documented. One aspect that has been made clear to me over my 30-year tenure in the investment business is how reliable the cash flow and dividend policies have been within the Big-5 Canadian banks. I attribute that to that same strong regulatory oversight and internal financial risk management noted above. The banking community still has a significant amount of mortgage renewals to work through over the next 18 months. If it can maintain the current quality within its loan books, I continue to believe the banks will come through the other side of this historic renewal period reasonably intact.
(Sources: OSFI, "Annual Risk Outlook", April 14, 2026; Globe & Mail, "How Canada's big banks turned mortgage into a nearly risk-free cash machine", Hanif Bayat, April 22, 2026)

The Bank of Canada (BoC) and Federal Open Market Committee's (FOMC or the Fed) next interest rate announcements will be Wednesday, April 29 at 10:00AM and 2:00PM, respectively. Both are expected to hold their current policy rates at 2.25% and 3.5%-3.75%, respectively. Fed Chair, Jerome Powell's term as Fed Chair ends on May 15, 2026. His appointment to the Fed Board of Governors ends January 31, 2028. Whether he stays on after his term as Chair ends is unknown at this time. Powell's potential successor, Fed Chair nominee, Kevin Warsh, is in the process of being confirmed.

With inflationary pressures building due to global commodity price increases resulting from the conflict with Iran, expectations for an interest rate cut from the Fed have fallen from 3 to virtually zero for 2026. Goldman Sachs (GS) estimates that most of the lost oil production from the Gulf States could be recovered within 6 months once a safe and sustained reopening of the Strait can happen. If they are correct, then it is likely that the inflationary impact of higher gasoline and fertilizer prices will weigh on the global economy until October. If that is the case, the potential for disruption in stock markets is still to come. I will also note that the rally in the CBOE put/call ratio over the past few weeks has all the hallmarks of a significant short squeeze. Short squeezes occur when those betting on downside outcomes are forced to cover those bets as markets/stocks move higher. Markets/stocks can experience strong rallies as buy volumes increase when those who

are short add to the buying of those who are long. Investing is as much about managing one's emotions as it is in analyzing the fundamentals. Resist the temptation to chase here. We may get a Fear Of Missing Out (FOMO) rally, but the set up for stocks is starting to look a bit more hazy than clear into the summer months.
(Source: Reuters.com, "Gulf oil output likely to rebound within months after Hormuz reopening, Goldman says", Reuters, April 23, 2026).

I believe the ideal outcome on interest rates would be for the BoC and Fed to be able to maintain their current respective rates until mid-2027. At which point, conditions would warrant modest hikes, not cuts, into 2028. My reasoning is thus:

- Interest rate cuts would be used where the broader economy is weakening. That's not a favourable outcome for consumers or stock prices.
- Interest rate hikes would be used to manage the inflationary pressures in commodity prices due to the closure of the Strait of Hormuz. With the global economy potentially weakening due to the inflationary pressure of commodity prices, this could lead to a stag-flationary outcome. Also, not a good outcome for consumers and stock prices.

In my humble opinion, as I noted above, the ideal outcome is one where the BoC and Fed can navigate the next 12 months of conflicting inflationary and contractionary growth pressures without altering their current interest rate policies and come out the other side into a strengthening economic backdrop. If interest rates are rising moderately into an improving economy, investors and savers should fare well.

Economic Data – U.S.
Next week we will see the S&P Case-Shiller home price index, durable goods orders, housing starts & building permits, advanced U.S. trade balance in goods, retail & wholesale inventories, the next FOMC interest rate decision, initial jobless claims, Q1 GDP, personal income & spending, the PCE index, Chicago business barometer and leading indicators.

Inflation Indicators
None reported this week.

Productivity Indicators
Business inventories for February: Actual: 0.40%, Expected: 0.30%, Previous: 0.00%
S&P flash U.S. services PMI for April: Actual: 51.3, Expected: 51, Previous: 49.8
S&P flash U.S. manufacturing PMI for April: Actual: 54, Expected: 52.5, Previous: 52.3

Treasury/Trade Indicators
None reported this week.

Sentiment Indicators
U.S. retail sales for March: Actual: 1.70%, Expected: 1.50%, Previous: 0.70%
Retail sales minus autos for March: Actual: 1.90%, Expected: 1.40%, Previous: 0.70%
Pending home sales for March: Actual: 1.50%, Expected: 0.50%, Previous: 2.50%

Initial jobless claims for April 18, 2026: Actual: 214,000, Expected: 210,000, Previous: 208,000
Consumer sentiment (final) for April: Actual: 49.8, Expected: 48.6, Previous: 47.6

Markets

Markets have taken a pause from the rally off of the March 30 lows. Share prices of several of the advanced semiconductor companies continue to jump higher, but the broader market looks like it is taking a breather. There's still a lot of the Q1, 2026 earnings season to come and keep an eye on forward guidance. Investor sentiment is now fully back into "extreme greed" territory. At times like these it is often better to wait and see how the market reacts to earnings than try to be a hero on a guess.

Commodities and Currencies

The price of gold failed to break back above US$5000/oz this week and looks like it needs to consolidate closer to US$4500/oz before the next step higher.

The price of oil rebounded smartly over the past two weeks, regaining US$95/bbl on continued concerns about the state of the Strait of Hormuz.

The Loonie is hanging out at US$0.73.

The S&P/TSX Composite Index closed at 33904.11, down 442.18 points, or 1.29% over the past week.

The Dow Jones Industrial Average closed at 49230.71, down 217.21 points, or 0.44% over the past week.

The S&P 500 Index closed at 7165.08, up 39.01 points, or 0.55% over the past week.

The NASDAQ closed at 24836.60, up 368.12 points, or 1.50% over the past week.

The Russell 2000 Index closed at 276.64, up 0.83 points, or 0.30% over the past week.

The U.S. Corporate High-Yield spread closed at 624.72, up 0.26 points, or 0.04% over the past week. (Note: A decrease is a positive for this measure, vice versa)

The price of GOLD closed at U.S. $4732.60, down $144.20 or 2.96% over the past week.

The price of OIL closed at U.S. $99.86/barrel, up $9.16 or 10.10% over the past week.

Source: Marketwatch.com April 24, 2026 for Economic Data

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