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FINANCIAL GROUP

# MONTHLY

## FINANCIAL LETTER

NOVEMBER 2025

November brought an end to the 43-day United States government shutdown and saw the Supreme Court hear arguments on the legality of the Trump administration's tariffs. However, it was the shift in investor sentiment toward technology stocks and artificial intelligence (AI) that grabbed investors' attention, despite strong quarterly earnings.

## WASHINGTON RESTARTS, BUT DOUBTS OVER IA CURB MARKET ENTHUSIASM

On November 5, the Supreme Court of the United States began hearing arguments on the legality of the tariffs imposed by the Trump administration; the proceedings lasted only one day. The Supreme Court could issue its ruling by the end of the year or in early 2026, but markets anticipate that the U.S. government overstepped its authority by invoking emergency legislation to impose these tariffs. Should these tariffs be overturned, the administration could resort to other tools that are more legally sound. These include tariffs targeting sectors such as steel, aluminum and automobiles.

The strong showing by Democrats in the recent U.S. elections indicates that voters are concerned about the cost of living. The White House's response has been to reduce tariffs on certain food products, with exemptions covering more than \$60 billion in imports. As a result, U.S. trade policy is now shifting toward lower tariffs and less protectionism.

The headlines were also marked by the reopening of the U.S. government on November 12, ending a record 43-day shutdown. It should be noted that three of the 12 bills funding government services were the subject of agreements

ensuring the operation of certain sectors until September 30, 2026. However, nine other sectors are reliant on deals that are only valid until January 30, 2026. As a result, the risk of another shutdown in early February is not insignificant.

Yet it was the change in attitude toward technology stocks and AI that caught investors' attention. Despite strong results in the last quarter, most of the "Magnificent Seven" saw a decline in their stock prices in November. Investors are beginning to question the financing of AI projects, their sustainability, and the return on investment. In addition, the introduction of Gemini 3 — Google's most advanced model trained entirely with internally developed chips — is creating uncertainty about demand for competitors' products, particularly Nvidia and AMD. Given the sharp rises in prices and high valuations of these tech stocks, avoiding profit-taking was becoming difficult.

### **U.S. stock markets post more modest returns**

Performance on U.S. stock markets was more subdued than in October. The benchmark S&P 500 index rose 0.2%,

while the NASDAQ technology index fell 1.5%. In Canada, the S&P TSX gained 3.9%, mainly thanks to gold mining companies but also to the materials sector. In Europe, stock markets were also stable, with the FTSE 100 (U.K.) and CAC 40 (France) indices remaining flat, while the DAX 30 (Germany) posted a slight decline of 0.5%.

As for fixed income securities, the FTSE Canada Universe Bond index rose 0.27%, while interest rates rose marginally.

### **While data resumes, some of it will remain unpublished**

The end of the U.S. government shutdown has made it possible for statistical agencies to resume publishing economic data. Although some of this information will be released with a delay, other figures will likely never see the light of day. Before the shutdown began, financial markets were especially concerned about a downturn in the U.S. labour market.

In this regard, the business survey revealed an increase of 119,000 jobs in September, accompanied by unemployment rising to 4.4%.

However, these numbers did not reassure the markets about a deterioration in employment, and investors began to anticipate a cut in the Federal Reserve's key interest rate at its next meeting.

In Canada, employment improved this fall after job losses in the summer. However, we remain cautious about recent gains, as businesses report labour shortages and weaker hiring intentions.

Finally, third-quarter economic growth was much stronger than anticipated by economists and the Bank of Canada, coming in at an annualized rate of 2.6%, compared with expectations of only 0.5%. However, lower imports accounted for all this growth, as domestic demand remained unchanged.



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### KEY TAKEAWAYS

- The U.S. Supreme Court is expected to rule on the legality of tariffs by the end of the year or early 2026, which could reshape the country's trade policy.
- The U.S. government shutdown has ended, but the threat of another standstill looms on the horizon; for 9 of the 12 bills passed, funding is only assured until the end of January 2026.
- Amid a shift in tone toward AI, the S&P 500 rose 0.2%, while the NASDAQ fell 1.5% and the S&P TSX climbed 3.9%.
- With 119,000 jobs added in the United States in September but unemployment rising to 4.4%, markets are once again anticipating a Fed rate cut. In Canada, third-quarter economic growth exceeded the Bank of Canada's expectations.

## ECONOMIC DATA AND CURRENCIES

STATISTICS AS OF NOVEMBER 30, 2025									
CANADA			UNITED STATES			CURRENCIES			
Unemployment (Oct.)	6.9%	↓	Unemployment (Sept.)	4.4%	↑	USD / CAD	0.72	↓	
IPC (Oct.)	2.2%	↓	IPC (Sept.)	3.0%	↑	USD / EUR	1.16	↓	
3-month T-Bills	2.19%	↓	3-month T-Bills	3.80%	↓	JPY / USD	156.18	↓	
5-year bonds	2.73%	↑	5-year bonds	3.60%	↓	The arrow indicates the trend since the publication of the last monthly data or end of the month.			
10-year bonds	3.15%	↑	10-year bonds	4.01%	↓				
S&P/TSX	31,383	↑	Dow Jones - Industrial	47,716	↑				
			S&P 500	6,849	↑				

SOURCE: Bloomberg.

## MARKET RETURNS

### TOTAL RETURNS IN CANADIAN DOLLARS AS OF NOVEMBER 30, 2025

	YTD	3 months	1 year	3 years	5 years
FTSE Canada 91 Day TBill Index	2.64%	0.71%	2.98%	4.20%	2.84%
<b>BONDS</b>					
FTSE Canada Universe Bond Index	3.97%	2.87%	3.25%	4.37%	-0.02%
FTSE Canada Short Term Overall Bond Index	4.14%	1.42%	4.53%	4.90%	1.95%
Eterna Adapted Private Wealth Index <sup>1</sup>	4.56%	1.88%	4.68%	4.82%	1.39%
FTSE Canada Mid Term Overall Bond Index	5.17%	2.58%	4.88%	4.65%	0.51%
FTSE Canada Long Term Overall Bond Index	2.44%	5.55%	-0.31%	3.09%	-3.14%
<b>NORTH AMERICAN STOCK MARKETS</b>					
Canada - S&P/TSX Composite	29.96%	10.53%	25.71%	18.89%	16.18%
United States - Standard & Poor's 500	14.41%	8.22%	14.80%	21.87%	17.00%
United States - Dow Jones Industrial Average	10.59%	7.01%	7.84%	14.64%	13.80%
<b>INTERNATIONAL STOCK MARKETS</b>					
United Kingdom - FTSE-100	26.34%	6.12%	26.14%	17.97%	14.77%
France - CAC-40	19.83%	6.39%	23.05%	11.87%	9.00%
Germany - DAX	30.08%	0.63%	33.12%	24.36%	13.39%
Japan - Nikkei-225	23.34%	12.59%	25.75%	18.30%	6.45%
Hong Kong - Hang Seng	24.90%	5.06%	32.81%	12.92%	1.03%
Australia - S&P/ASX 200	8.60%	-2.23%	2.39%	6.03%	4.85%
<b>CURRENCIES</b>					
USD versus CAD	-2.83%	1.72%	-0.21%	1.38%	1.46%

SOURCE: Bloomberg. NOTES: Returns over 3-year and 5-year periods are annualized.

<sup>1</sup>The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index.





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