

# MONTHLY NEWSLETTER

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SEPTEMBER 2025



## Market Watch

### TOPICS

Market Watch

On the Blog

Financial Tip

Joke of the Month

Recipe of the Month

In the past month, financial markets have shown a mixed performance across major indices and asset classes. New U.S. tariffs and trade agreements are affecting global sentiment. With American tariffs up to 50% on some imports, global trade flows have been disrupted. Asia-Pacific and Latin American countries are reshaping and diversifying their strategies, including redirecting exports to Europe and Canada to avoid U.S. tariffs. Canadian exports have also been impacted, but CUSMA compliance is helping mitigate the damage.

The U.S. Dollar Index (DXY) was volatile in August, initially strong from hawkish Fed signals but later weakened by disappointing Non-Farm Payrolls data. Inflationary pressures persist in the U.S. (2.7% compared to Canada's 1.7%) due largely to tariffs, raising the likelihood of a Fed rate cut in September.

The Bank of Canada held off on changing the overnight rate on July 30th but may cut rates in September, especially if domestic data remains soft. The current overnight rate is 2.75%, and analysts expect it to fall toward 2.25% by year-end.

# Politics, Trade & Your Portfolio

Politics has always been a source of headlines, and with social media, headlines are hard to escape. The current political climate complicates this issue and has raised concerns for many investors. How do they separate the noise from factors that could impact their financial plans? How can political factors affect investments?

### **Government Spending**

Where governments spend their money affects companies. Some spending decisions require outside help in the form of government contracts, a significant business. Companies that secure these contracts can become more attractive to investors, much like any company that secures a large contract.

A government can also stimulate its country's economy by issuing stimulus cheques to citizens. This is typically done when there are concerns about the country's economy stagnating. The idea being that if you give people money, they will keep businesses going by spending more. However, too much can contribute to future inflation as prices can rise due to increased demand and customers' increased cashflow.

### **Policy Changes**

Policy Changes can affect how Canadians spend and save, changing investor strategies and tools. Examples include capital gains tax inclusion changes, changes to income tax brackets, the creation of new investment accounts such as the FHSA, and tax incentives or breaks.

## Trade Deals & Tariffs

Many governments around the world have been working to secure new trade deals recently. Trade agreements promote commerce between countries, thereby supporting businesses and their stock values. That is why they are highly sought after and attract attention.

Tariffs are a type of tax implemented by a government on its domestic companies when they import specific items from another country. Governments implement tariffs to either protect domestic industries from foreign competition or to act as a tactic in trade negotiations. Tariffs stifle trade by increasing the cost to bring a product to store shelves. Either the companies or the end buyer ends up eating the cost increase this creates, which impacts profit margins. When profits change, investor perception shifts.

(For more information on: How Canada's imports and exports have changed since Trump | CBC News).

## Investor Confidence

Confidence is often based on feeling rather than fact and is, therefore, difficult to track and nearly impossible to predict. Investor confidence significantly affects stock valuations. Investors tend to stay or buy when they're happy and sell when they're fearful. However, it's challenging to pinpoint when these feelings lead to action.

Political turbulence is one factor that affects investor confidence. When negative political rhetoric and trade war talk dominated headlines earlier this year, the markets dropped. However, as time passed, investors grew more resilient, leading to a market rebound. It attests to the fact that people change their minds and sometimes quite quickly.

Government actions can affect your financial plans. However, it's best to focus on long-term goals over short-term headlines. If concerned, discuss current events and your financial plan with your advisor.

For more insight into your financial plan, contact us at KLT Wealth Management.

Courtney Beach, QAFP



## FINANCIAL TIP

Will your child  
benefit from the  
government's  
20% Grant?

Let's talk

# RESP



**LISTEN TO OUR PODCAST**  
BUILDING WEALTH ON THE GO

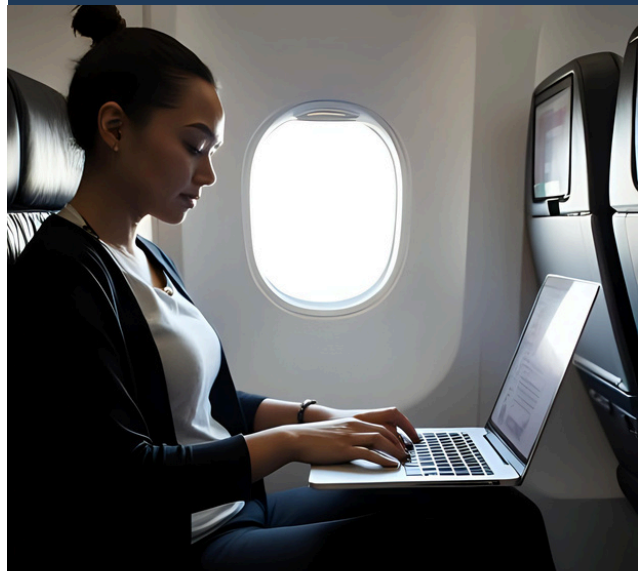
## BACK TO SCHOOL



## JOKE OF THE MONTH

Why did the student  
take online classes  
on an airplane?

To get a higher  
education





# RECIPE OF THE MONTH

## STOVETOP MAC AND CHEESE

### INGREDIENTS

- 1 pound elbow macaroni
- 1/2 cup salted butter
- 1/2 cup all-purpose flour
- 1 1/2 teaspoons onion powder
- 1 1/2 teaspoons ground mustard
- 1 teaspoon salt
- 1/2 teaspoon white pepper
- 3 cups milk (whole, 2%, or 1%)
- 8 ounces shredded sharp cheddar cheese



### DIRECTIONS

1. Fill a large 4 to 6-quart saucepan or pot with water and bring to a boil. Add in the elbow macaroni and cook to al dente, according to the package directions. Drain well.
2. Meanwhile, in another large 4 to 6-quart saucepan or pot, melt the salted butter over medium heat. Once the butter is completely melted, whisk in the all-purpose flour, onion powder, ground mustard, salt, and white pepper. Cook for 2 minutes.
3. Slowly pour in the milk and whisk until smooth. Cook over medium-high heat, stirring constantly, for 3 to 5 minutes until the sauce starts to thicken.
4. Turn off the heat and whisk in the cheese until melted.
5. Pour cooked, drained pasta into the cheese sauce and stir well to combine. Serve hot.

### NOTES

Any blend of cheeses can be used in place of the sharp cheddar. Gouda, brie, provolone, goat cheese, mozzarella, gruyere, Monterey jack, fontina, and asiago are all great options for mac and cheese. Use any combination of them!

Freshly shredded melts better and gives you a smoother sauce.

*Enjoy!*

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