OPTIMUM®
Global Asset Management

40 years of building sustainable assets

Economic update – September 2025

Central banks ease policy to support growth

This week, the Bank of Canada lowered its key interest rate by 25 basis points to 2.50%, while the U.S. Federal Reserve cut its target rate for the first time this year, bringing it to 4.00%. These decisions are intended to support the economy in the face of a significant slowdown in activity and a now more stable inflation outlook, paving the way for additional cuts before year-end.

In Canada, recent data point to a contraction in GDP during the second quarter, along with a decline in exports and business investment. In the United States, job growth is slowing and consumers are showing greater caution. These signs of economic softening provide central banks with the flexibility to adopt a more accommodative monetary stance.

Impact on financial markets

Equity markets, including the TSX, reacted cautiously. The rate cuts were widely expected and already priced into asset valuations. The relative stability of the CAD–USD exchange rate also reflects the parallel monetary policies in both countries. Bond yields edged lower, supporting the valuations of fixed-income securities.

What this means for your portfolio

Lower interest rates generally support economic activity and, over the medium term, financial markets. However, the environment remains marked by uncertainties related to global trade, employment and pricing trends. In this context, it is essential to maintain a disciplined, diversified approach aligned with your long-term goals.

Our wealth management team is closely monitoring market and monetary policy developments in order to adjust portfolios when necessary. We aim to capture the opportunities created by this new environment while protecting your capital.

Please do not hesitate to contact us to discuss how these changes may affect your financial situation and investment objectives.

Sincerely,

The Optimum Asset Management Team

* Optimum Asset Management Inc. was founded in 1985.