

Global market sentiment still positive, but pay close attention to market developments

22 September 2025

There is still quite a bit of optimism out there. The GMPI short-term index is still elevated with vast majority of markets still above their 50-dma. Also, most markets are still above their 200-dma, and most also have their 50-dma above the 200-dma. This is not a bullish signal, per se, but it does show broad, positive, market sentiment on a global basis. That said, that the share of markets above their 50-dma has fallen recently. This suggests that momentum might be slowing, which is — potentially — a precursor of market reversals. This is not a signal to get bearish, but it does suggest that one should pay close attention to market developments as things can change quickly. Don't get caught flat-footed.

US market developments

In the US, while the market outlook featured quite a bit of tariff-inspired angst earlier this year, sentiment has improved after the Fed has cut its policy rate and suggested that further cuts are likely before year end. The change in sentiment on US markets is reflected in analysts releasing revisions (upward) to their outlooks. Not only are all US markets above their 50-dma and look to be in solid upswings. Certainly, US markets are widely considered to be “expensive” relative to forward earnings, but that does not seem to be acting as a restraint. High valuations do not necessarily signal a reversal looms. Don't ignore the fact that valuations are expensive, but also don't get paralyzed by those high valuations. Instead, just pay attention to market developments as things can change quickly.

Canada: Materials versus Industrials

The US markets though still can't hold a candle to the S&P/TSX which seems to be going from win to win. There was a significant dip in early August, but it was just a temporary blip. Looking into the details of the S&P/TSX it becomes clear that the surge is not broad based. The Materials sector leads the way with its impressive run largely reflecting the strength in gold prices. Financials and IT have also been on upward trajectories. Energy has made some gains, but momentum has been much less persistent. Most of the rest of the sectors are struggling to make any gains.

Of particular note, Industrials are tracking sideways (below their 50-dma). This is a bit of a

surprise, if only because the Federal Government is focused on a major transformation of the Canadian economy and streamlining the project approval process. Presumably, all that money heading into infrastructure should boost Canada's factory and construction industries. There is a solid chance they will, but any potential lift might be running into stiff headwinds from US tariff turbulence. It might be hard to look through the short-term uncertainty to focus on longer-term themes. As well, given past false-starts for major projects in Canada, it might make sense to be enthusiastic with your words, while being reticent to put money where your mouth is.

Other markets

Across Europe, market performance is mixed, with more markets close to or below their 50-dma. Netherlands is one of the few standouts, but momentum in many other markets has slowed. In the UK, Germany, France, Italy, Belgium, Switzerland, Ireland, Norway, Finland (there are others whose charts are not produced).

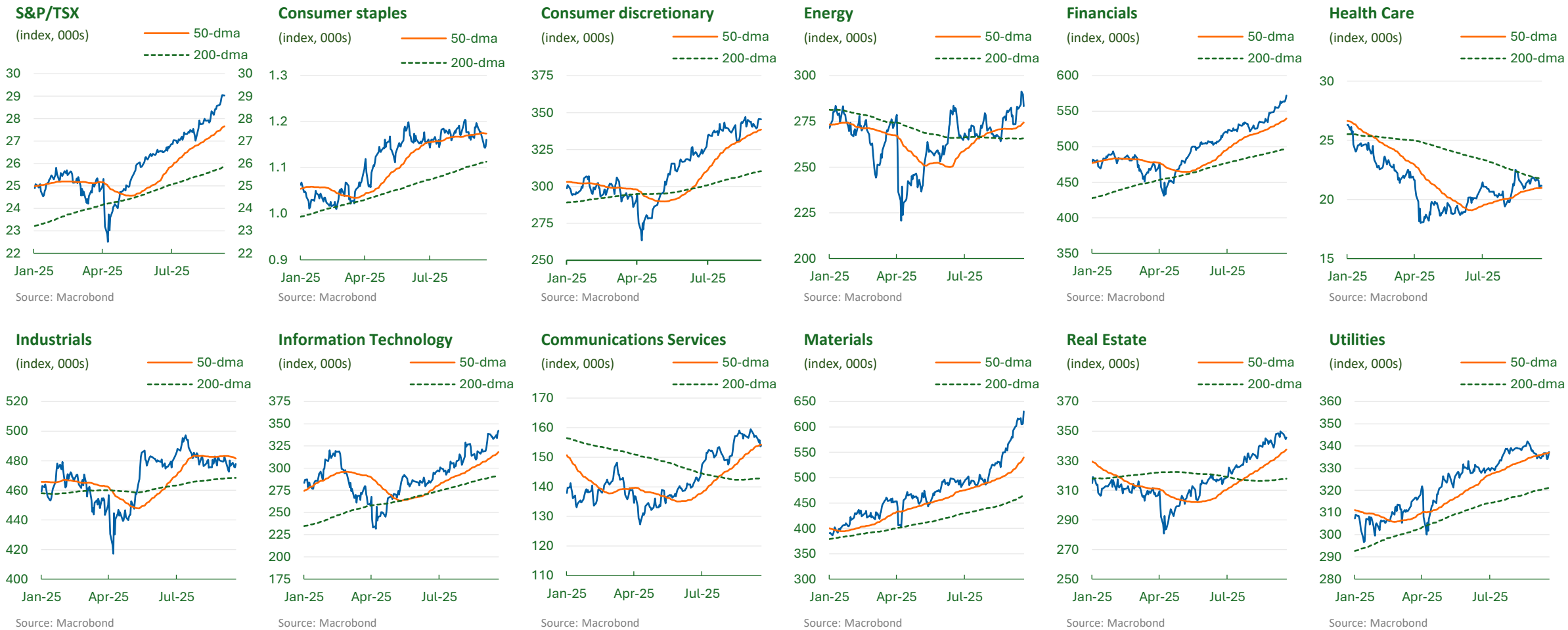
There had been quite a bit of attention on European markets amid elevated uncertainty about the outlook for the US economy — particularly as US markets were overvalued. However, the momentum in European markets could not be sustained. There are still many positive stories regarding European stocks, but much of that news has been priced in, and there needs to be a new catalyst.

European Frontier markets were star performers earlier this year, but they have also lost momentum. Estonia grabs immediate attention as it has been heading lower. More recently, Poland has fallen below its 50-dma. Some of these markets had rallied amid talk about a cease fire in the Russia-Ukraine war. Well, such a development seems unlikely anytime soon.

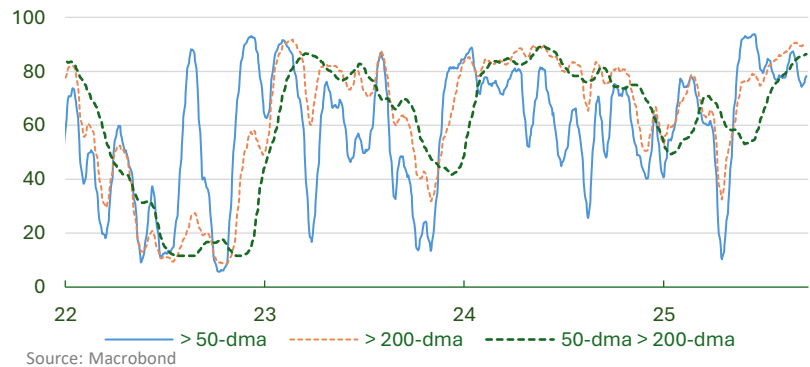
Latin America and Asia are showing some market vigour. Brazil, Mexico and Chile in LATAM; Japan, South Korea and Taiwan in Asia. In LATAM, though there is some very good news, there is also Argentina, a market that has lost a lot of momentum during the latter part of summer. Markets have seemingly fallen out of love with Milei.

Canada: S&P/TSX and sectors

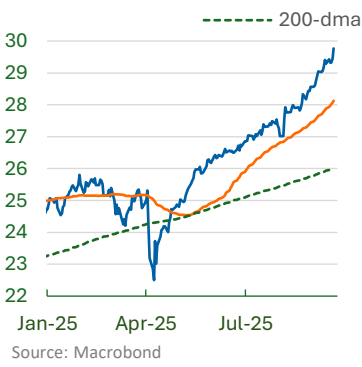
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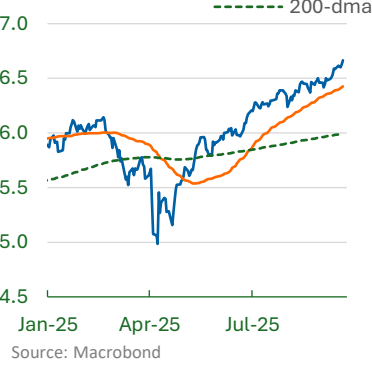
Global Market Performance Indicator
(% of 60 global indices, 10-d ma)



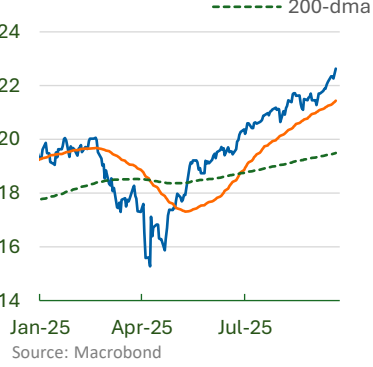
Canada:S&P/TSX
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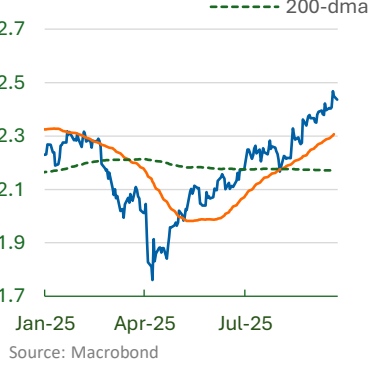
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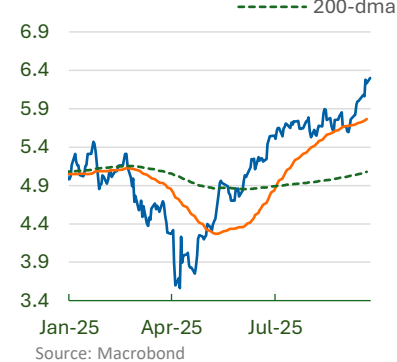
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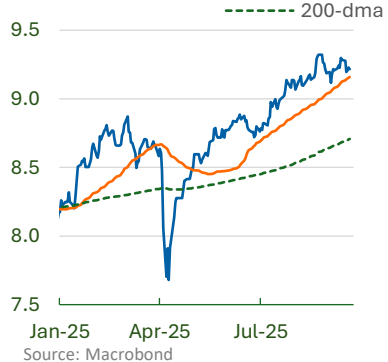
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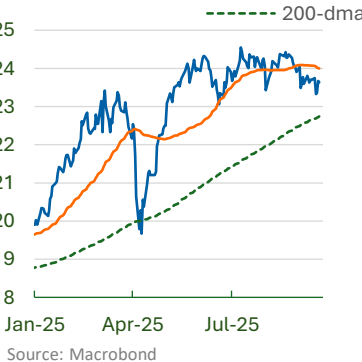
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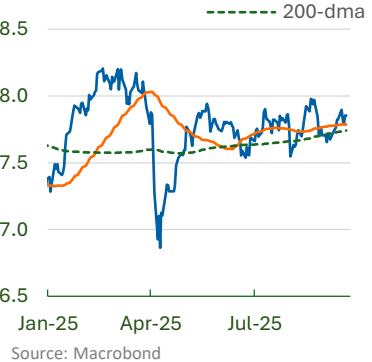
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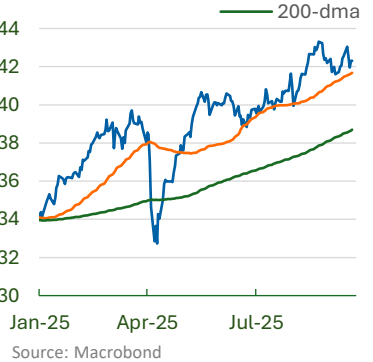
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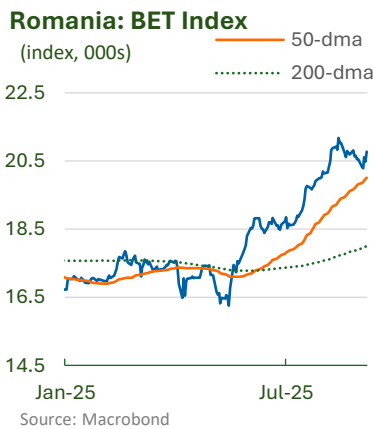
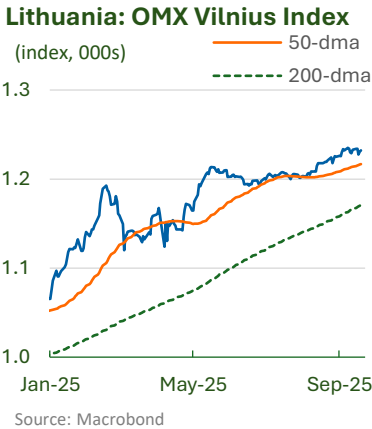
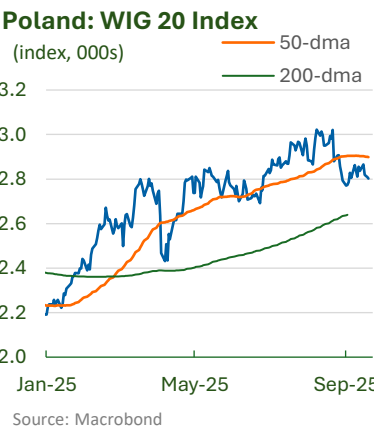
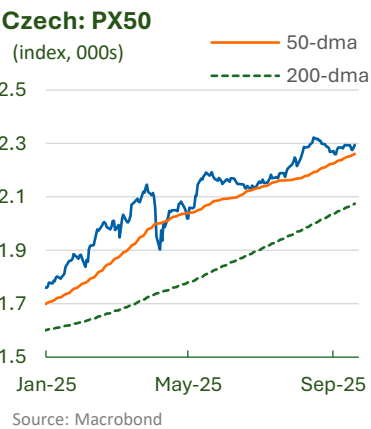
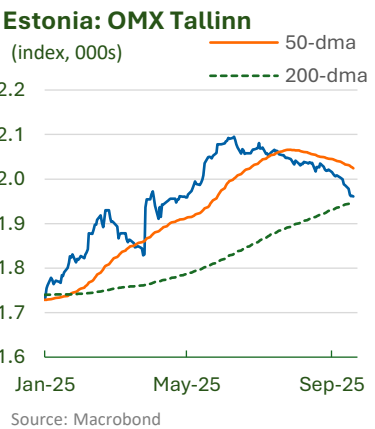
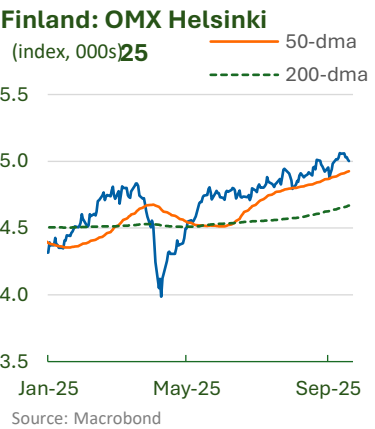
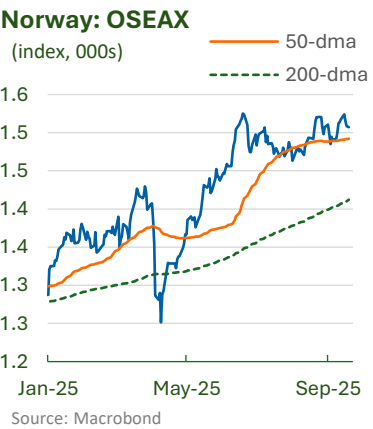
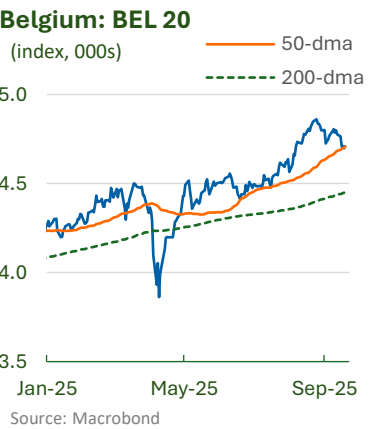
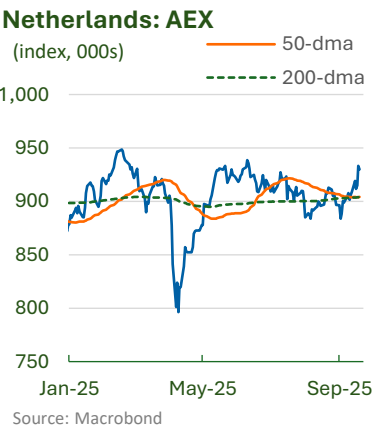
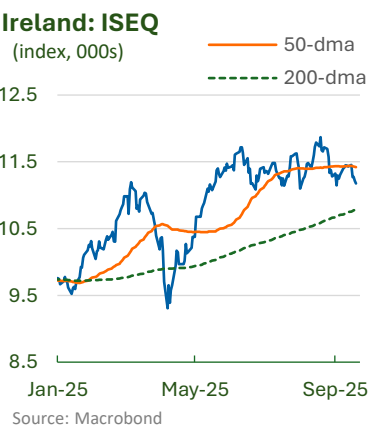
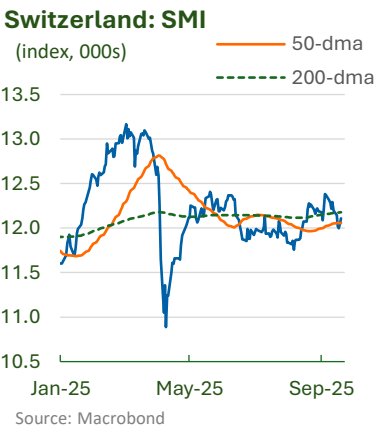


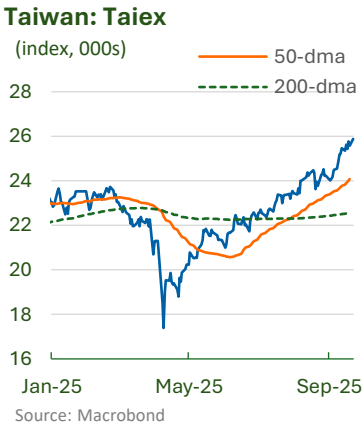
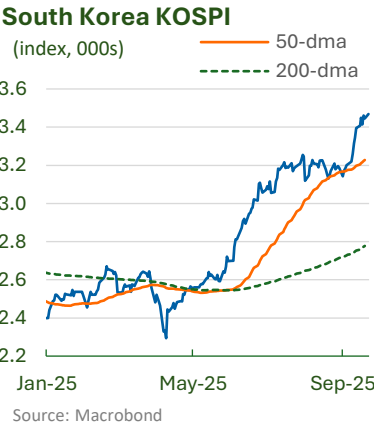
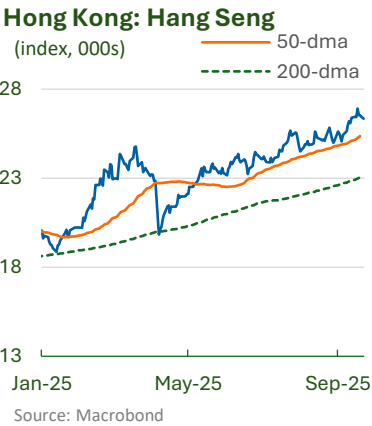
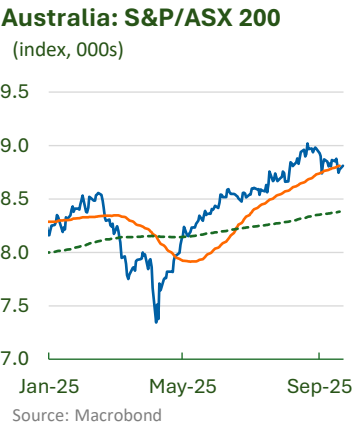
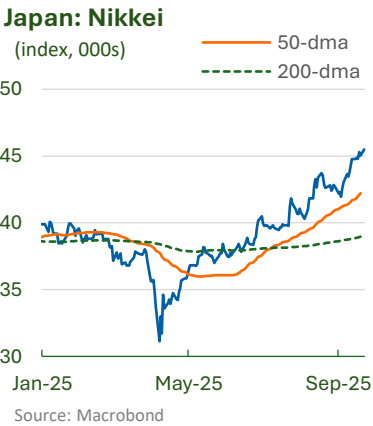
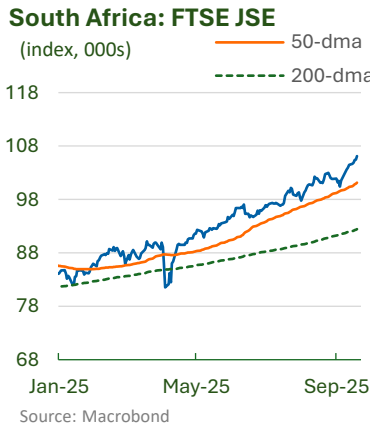
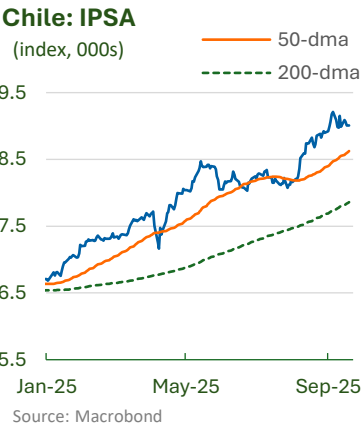
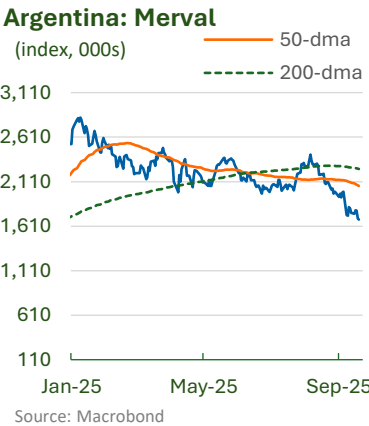
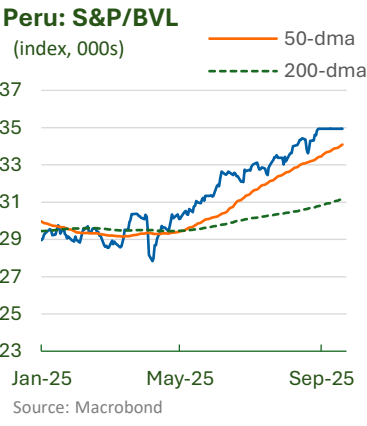
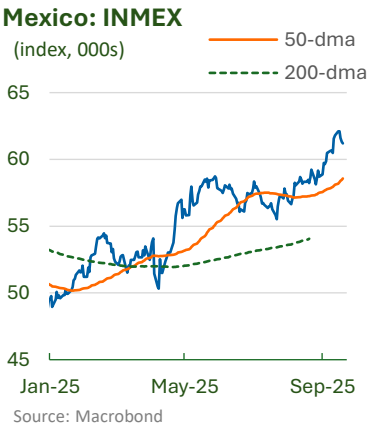
Italy: FTSE MIB
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Spain: IBEX
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