



Hi ,

2026 is certainly off to a tumultuous start.

After taking a couple of weeks to rest and recharge over the holidays, *The National Interest* is back, with weekly emails to make sense of sovereignty and the digital economy.

If you are new here, welcome. This newsletter is for people who want to engage deeply in the conversation about Canada's sovereignty and economic resilience in the face of growing geopolitical turmoil.

On that note, this week SHIELD contributed to The Globe and Mail's annual charts to watch series. Check that out [here](#). But in truth, you can't track the economy with any one graph. So let's dig into the nuance.

Economic sovereignty is no longer an abstract ideal for Canadians. It's a practical question about whether Canada can earn, invest and govern in ways that reduce vulnerability to external shocks and keep decision-making at home. And economic sovereignty is about whether Canada can translate growth into security and prosperity in people's lives.

That's why I asked SHIELD Chief Economist Kaylie Tiessen to pull together a constellation of charts to frame up our thinking in 2026.

Here's Kaylie's take on what we should be watching in the year ahead.

**Vass Bednar**  
Managing Director  
The Canadian SHIELD Institute

In 2026, the most useful economic indicators won't just tell us whether the economy is "up" or "down" — the really important indicators will tell us who we are dependent on, where the levers of power are, and who is actually benefitting from policy decisions.

At SHIELD, we're keeping our eyes on two broad sets of indicators:

- First, Canada's international interactions including trade patterns, capital flows and ownership structures that will reveal whether Canada is diversifying away from U.S. dependence even as it courts foreign capital.
- Second, whether the economy is delivering for people including through jobs, wages, savings and opportunity. If economic sovereignty doesn't also mean that Canadians are better off, sovereignty is a hollow win.

What follows are the charts we'll be watching in 2026 to understand whether Canada is building true economic sovereignty — or just talking about it.

## International Interactions

### 1. Exports to the U.S. and the Rest of the World

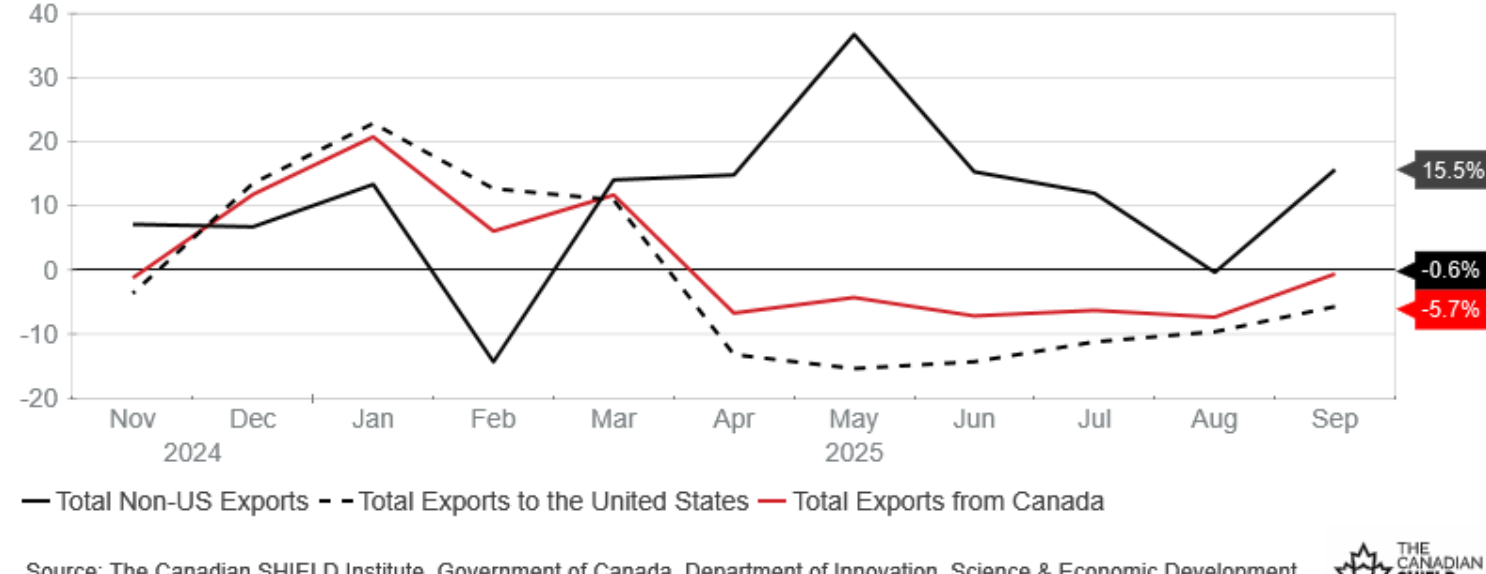
Prime Minister Mark Carney [promised](#) to double non-U.S. exports as a central tool for fighting the trade war — not to directly harm the United States, but rather a tool intended to increase Canadian economic resilience regardless of U.S. actions.

In 2025, his government took action. Carney [engaged](#) in new economic cooperation agreements designed to enhance trade between specific partner countries, he [announced](#) additional free trade negotiations and Canada joined the EU's [Security Action for Europe](#) initiative giving the country access to participate in large defence procurements. All in the service of growing Canada's exports to non-U.S. countries.

Carney's goal will not be reached overnight, but the chart below, which measures growth in exports of physical merchandise, will help measure progress. So far, we've already moved a little bit in the right direction, though much of the increase is in one commodity — gold. Data on trade in services by country is not yet available for 2025 but overall, services exports are up 2.3% even as trade in physical merchandise held steady. On a year-over-year basis non-U.S. exports of physical merchandise grew by 15.5% in September 2025. Exports to the U.S. fell by more than 5%.

Whether the shift is sustainable or a one time lift from trade in precious metals remains to be seen, but we will be watching.

#### Canada's Merchandise Exports to the US and the Rest of the World



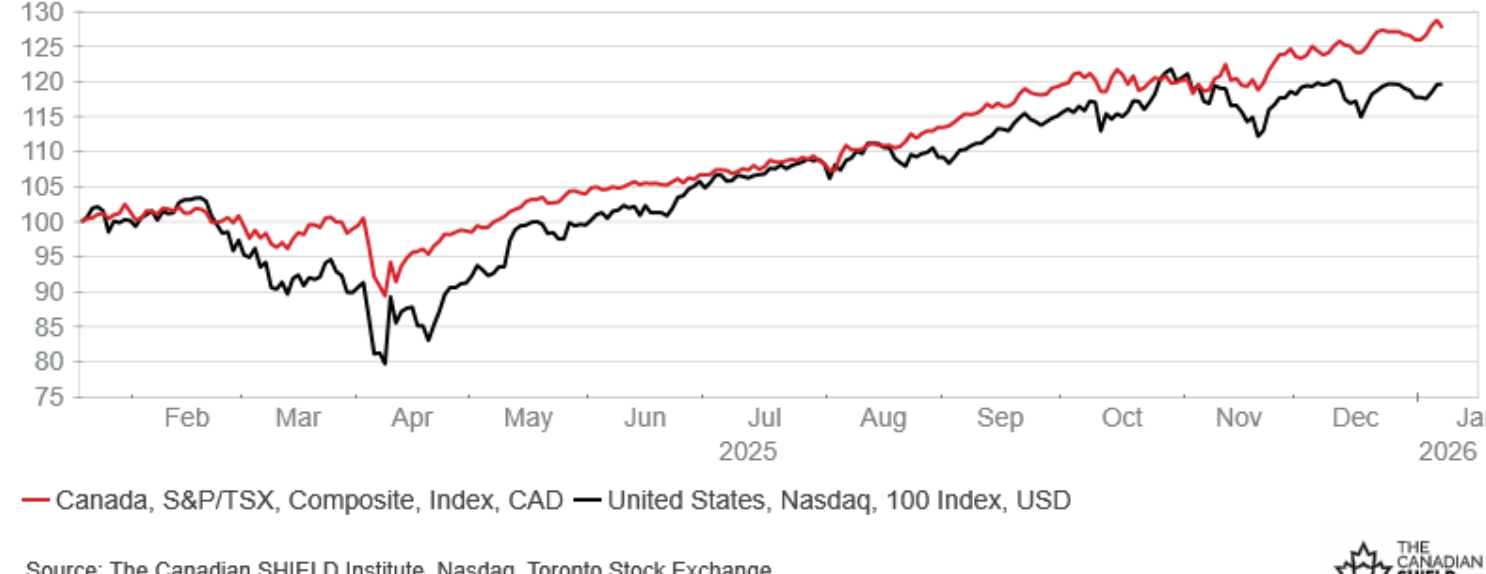
### 2. Canada vs. U.S. Stock Market Performance

Since Trump's 2025 inauguration, the S&P/TSX composite index has outperformed the NASDAQ and a wide divergence has emerged since early November.

Uncertainty dominated the first half of the year as markets assessed Trump's policy tactics and awaited the emergence of their implications. The uncertainty weighed more heavily on the NASDAQ which dropped by 20% between inauguration and Liberation Day (the day Trump imposed sweeping tariffs on global trade partners) while the S&P/TSX dropped by only around 10%. Overall, the TSX rose by 29% since Trump was sworn-in, while the NASDAQ increased by only 20%.

Both of these stats — that the stock market grew substantially and that Canada's market outperformed the U.S. — are unexpected surprises. As the [fear of an AI bubble](#) gains traction and the long-term implications of Trump's international and trade policies begin to sink in, investors are hedging their bets. Whether the shift leads to continued outperformance from the TSX is something to watch in 2026.

#### Canada's stock market has outperformed the NASDAQ Since inauguration



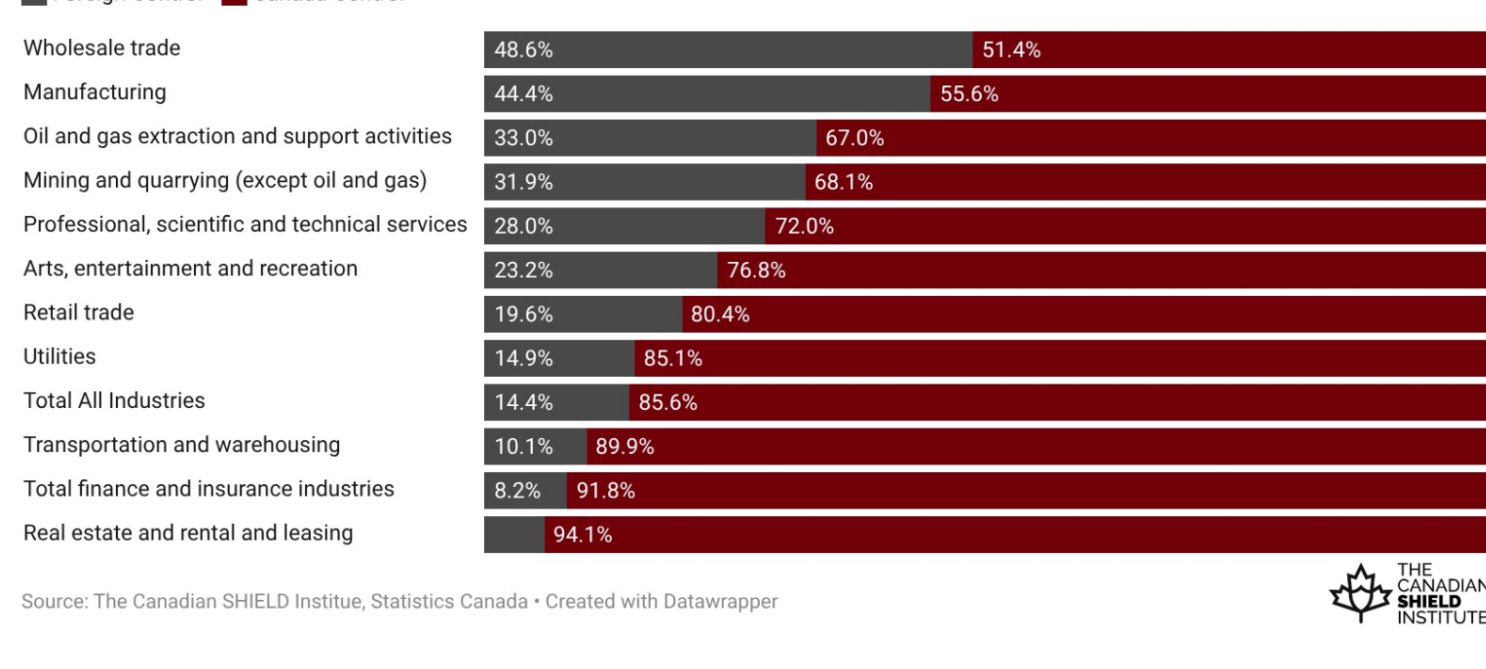
### 3. Foreign Controlled Assets by Sector

Prime Minister Mark Carney has made no bones about it: he is courting foreign capital to catalyze investment in Canada's economy — including in nation building projects. Will that capital lead to increased foreign control of our economy?

There are many measures for foreign control of the Canadian economy, including foreign direct investment, foreign controlled assets, revenue, profit and investment flows to name a few. One chart to watch is the share of assets in Canada's economy that are controlled internationally and what industries are recording the biggest changes.

Currently, the most trade-exposed industries — including manufacturing, oil & gas and mining — seem to have the highest share of foreign controlled assets. Another sector that is on my radar is transportation and warehousing. With the promise of investment in ports and other trade infrastructure, it is likely that foreign ownership will expand. Foreign investment is one thing — control is another. Will the government impose foreign ownership limits or other controls to ensure Canada retains sovereign governance over key assets, or will we give it away?

#### Canada vs. Foreign Control of Business Assets by Industry



## Who is the Economy Working for?

### 4. Labour Market Quality

The trade war and accompanying uncertainty pushed job growth almost to a standstill for a large portion of 2025. The number of jobs in the economy, including self-employment, fell through the summer months and grew by little more than half a percent since Donald Trump was sworn-in as president.

CUSMA renegotiations and threats of new tariffs continue to cloud the economic outlook. Some key questions for the labour market in 2026 include:

- Will businesses become comfortable enough with the uncertainty to begin hiring again?
- Will that willingness translate into a lower unemployment rate or will new technologies, like artificial intelligence, replace humans in the marketplace?
- Will the jobs created be permanent, full-time jobs with pay, hours and benefits that sustain a middle-class life?

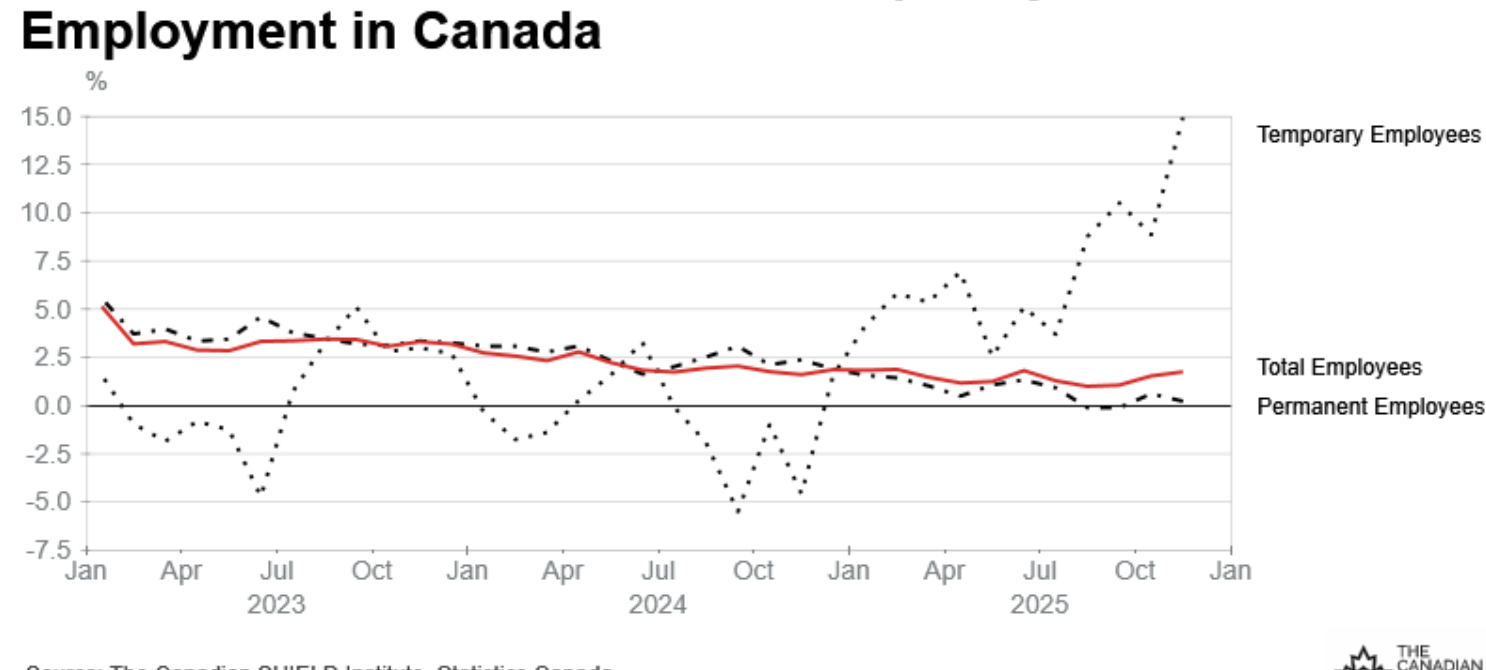
Measuring the quality of the labour market requires more than one chart, but one is what you are getting today.

The chart below shows that total employment (not including self-employed individuals) grew by 1.75% between November 2024 and November 2025 but temporary employment sky-rocketed while permanent employment increased by just 0.2%.

Employers may be hiring, but those new jobs are precarious because they are not permanent. Prime Minister Carney's plan to counteract the trade war by catalyzing private sector investment will not on its own be enough to stabilize the economy for workers across the country.

Carney's strategy must include a plan to ensure the benefits of that economic activity are spread broadly and deliver security for Canada's people, otherwise the effort will be wasted energy.

#### Growth Rate of Permanent vs. Temporary Employment in Canada



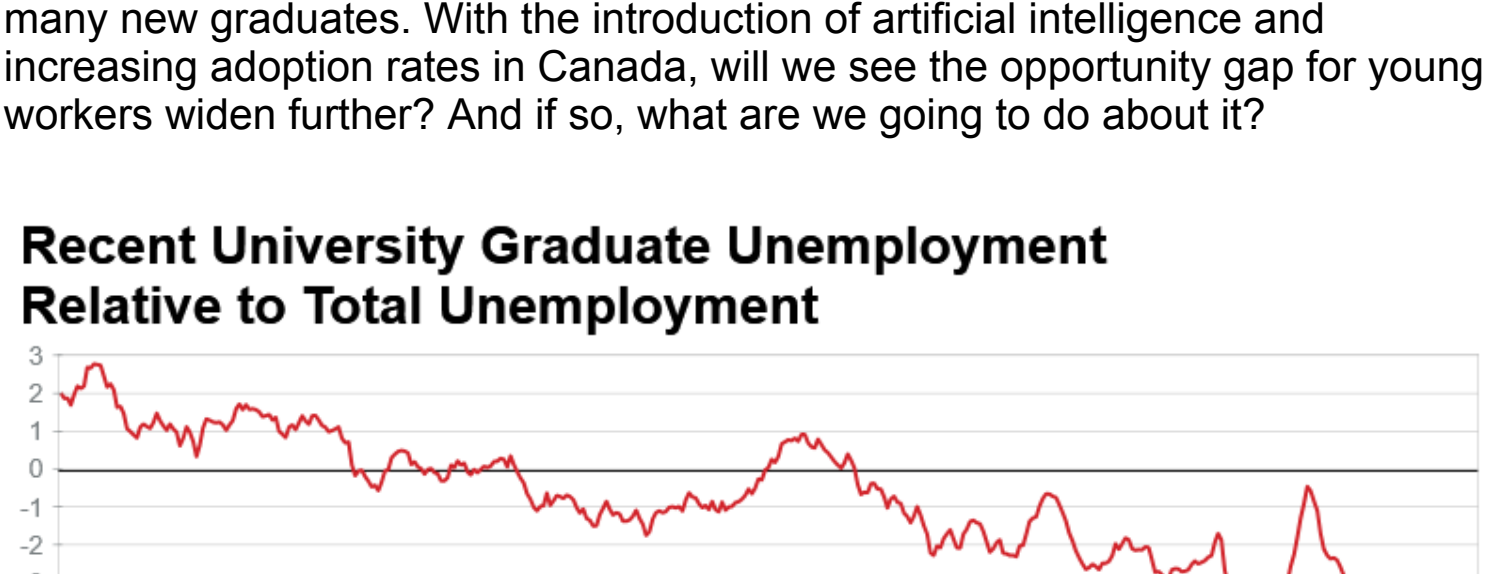
### 5. The Recent Graduate Employment Gap

The trade war put private sector growth on pause and froze many business decisions for most of 2025. New grads and other job seekers took the brunt of the investment freeze. This year [my research found](#) that the gap in employment between young workers and the rest of the working population widened. Young workers were less likely to find work, and they were also working fewer hours and making less per hour than they were in 2024 — if they were lucky enough to have a job at all.

The chart below shows that the grad gap has grown — that is, the gap between the unemployment rate for university grads aged 15-24 and the unemployment rate for the overall economy. In 2025, the unemployment rate for new graduates was 4 percentage points higher than the overall population.

The economy performed better than expected in 2025, but it did not deliver for many new graduates. With the introduction of artificial intelligence and increasing adoption rates in Canada, will we see the opportunity gap for young workers widen further? And if so, what are we going to do about it?

#### Recent University Graduate Unemployment Relative to Total Unemployment

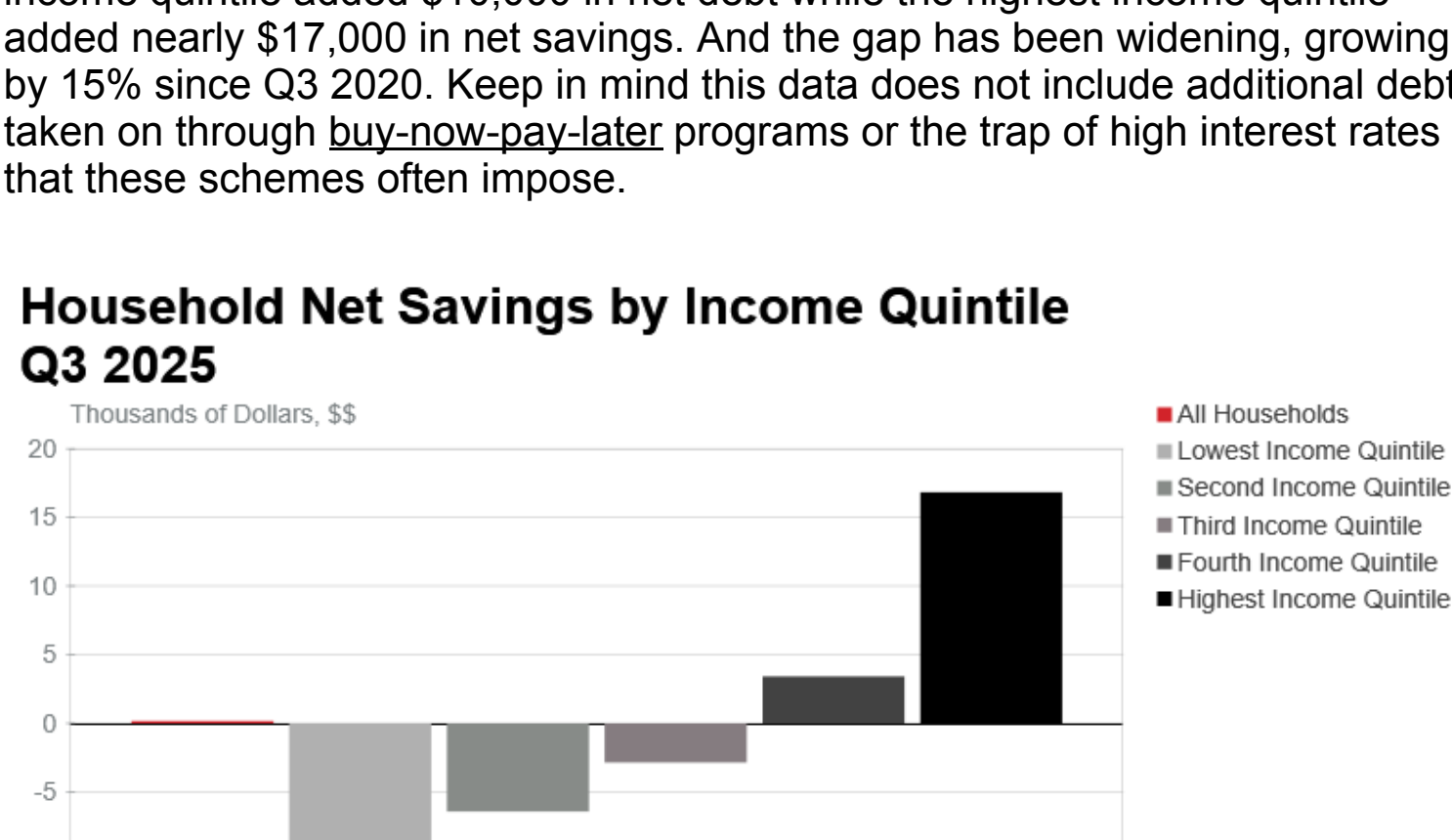


### 6. The Savings Gap

Canada's affordability crisis has continued to escalate with the [price of essentials](#) outpacing wage growth for at least the last 4 years. Canada's growing savings gap is another indicator that highlights how unevenly the benefits of the current economy are being shared across income groups. High-income households are able to save and invest, building financial security while lower income families are forced to borrow to cover the basics.

The chart below shows the average net debt or average net savings of each income quintile in Canada in the third quarter of 2025. Households in the lowest income quintile added nearly \$17,000 in net savings. And the gap has been widening, growing by 15% since Q3 2020. Keep in mind this data does not include additional debt taken on through [buy now-pay later](#) programs or the trap of high interest rates that these schemes often impose.

#### Household Net Savings by Income Quintile Q3 2025



### The year ahead:

Sovereignty and economic resilience are a contact sport and Canada has been on the sidelines for decades. At SHIELD we're looking for concrete signals to show that we are truly back in the game. Sovereignty is not vibes and it is not binary. It will be rebuilt with a thousand decisions made one at a time in office buildings and coffee shops across the country.

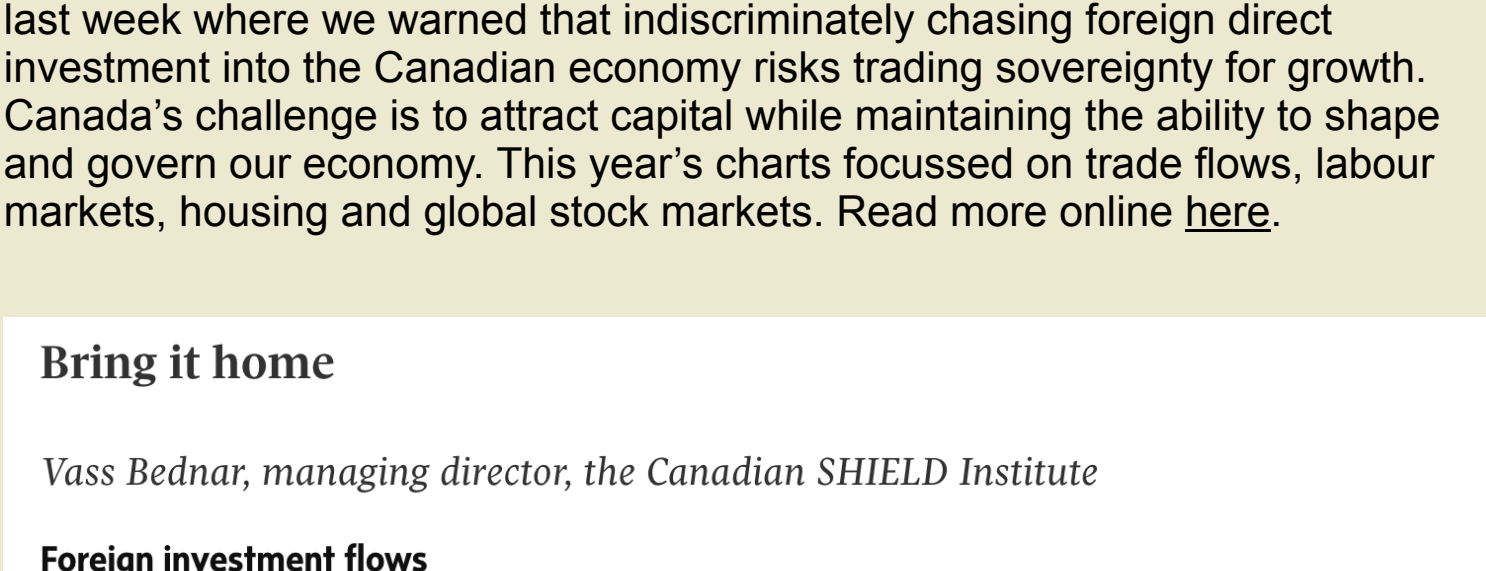
What's at stake is whether those decisions leave Canadians more secure, more prosperous and more in control of their own economic future.

Stay tuned,

Kaylie Tiessen  
Chief Economist

### Super Special Bonus Chart!

SHIELD was featured in The Globe and Mail's annual charts to watch series last week where we warned that indiscriminately chasing foreign direct investment into the Canadian economy risks trading sovereignty for growth. Canada's challenge is to attract capital while maintaining the ability to shape and govern our economy. This year's charts focussed on trade flows, labour markets, housing and global stock markets. Read more online [here](#).



### SHIELD In the News

- SHIELD policy researchers [Matthew da Mota](#) and [Emily Osborne](#) were in the Financial Post writing about the U.S. National Security Strategy, and how it will affect Canada: "[Sole-source' clause in new U.S. National Security Strategy runs roughshod over Canadian sovereignty](#)"
- In The Globe and Mail, Managing Director [Vass Bednar](#) wrote about algorithmic pricing, and the nightmare it creates for shoppers: "[Why shops are removing price tags, and why this is bad](#)"
- In The Monitor by CCPA, SHIELD Chief Economist [Kaylie Tiessen](#) takes a look at how Canada's trade agreements shape our national sovereignty in the digital realm: "[The trade war goes digital](#)"
- Following the U.S. military incursion into Venezuela, [Matthew](#) looked at what the [geopolitical turmoil means for Canada](#), and [Vass](#) looked at [online prediction markets](#).

**Song of the Week:** There is nothing nuanced about this song's call to move on from a partner that is not offering what it used to. Sound familiar?

[On to the Next One](#) by [The Free Label](#), a Toronto based funk band that knocked my socks off when I saw them live last summer. - *Kaylie*

