



CHARTBOOK Market Comment

Prepared by OceanFront Investment Counsel Inc.

October 2026

oceanfrontwealth.com



TABLE OF CONTENTS

Chartbook Market Comment: October 2026

1. Market Commentary
2. Inflation
3. GDP Growth - USA
4. Expected Central Bank Rates
5. US 10-Year Treasury Yield
6. US Mid-Term Election Odds
7. S&P 500 Margin Expansion
8. Market Returns & US Election Cycles
9. Disclaimer

Market Comment

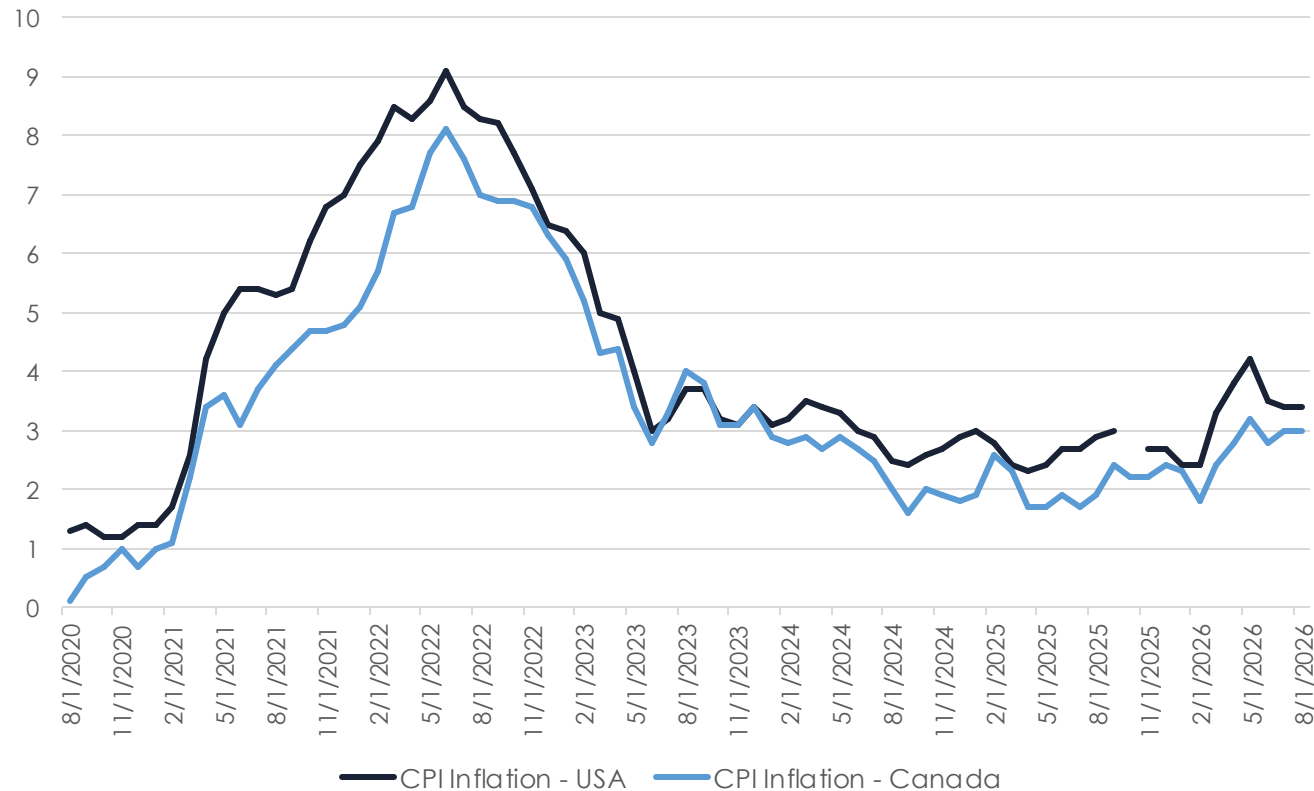
As October begins, markets are navigating an unusually strong nominal growth backdrop. In the United States, the Federal Reserve raised the target range for the federal funds rate to 3.75%–4.00% in September, noting that economic activity is expanding at a solid pace, domestic spending remains resilient, capital investment is robust and inflation remains elevated. That mix is supportive for earnings, but it has also pushed expected policy rates and longer-term bond yields higher.

Canada is facing a similar tension. The Bank of Canada held its policy rate at 2.25% in September, but highlighted higher energy prices, tariffs and a stronger economic rebound as reasons inflation risk has shifted higher. Canadian GDP rebounded in the second quarter, while CPI has hovered around 3%, leaving the Bank focused on whether energy and tariff costs leak into broader prices.

The upcoming U.S. mid-term election adds another layer of uncertainty, with markets watching potential changes to trade, taxes, spending and regulation. Election headlines can create volatility, but the broader cycle—growth, inflation, interest rates and earnings—has historically mattered more for long-term returns.

Despite these concerns, equity markets have continued to perform well. AI-related capital spending, stronger earnings expectations and projected S&P 500 margin expansion have helped offset the drag from higher interest rates.

Inflation



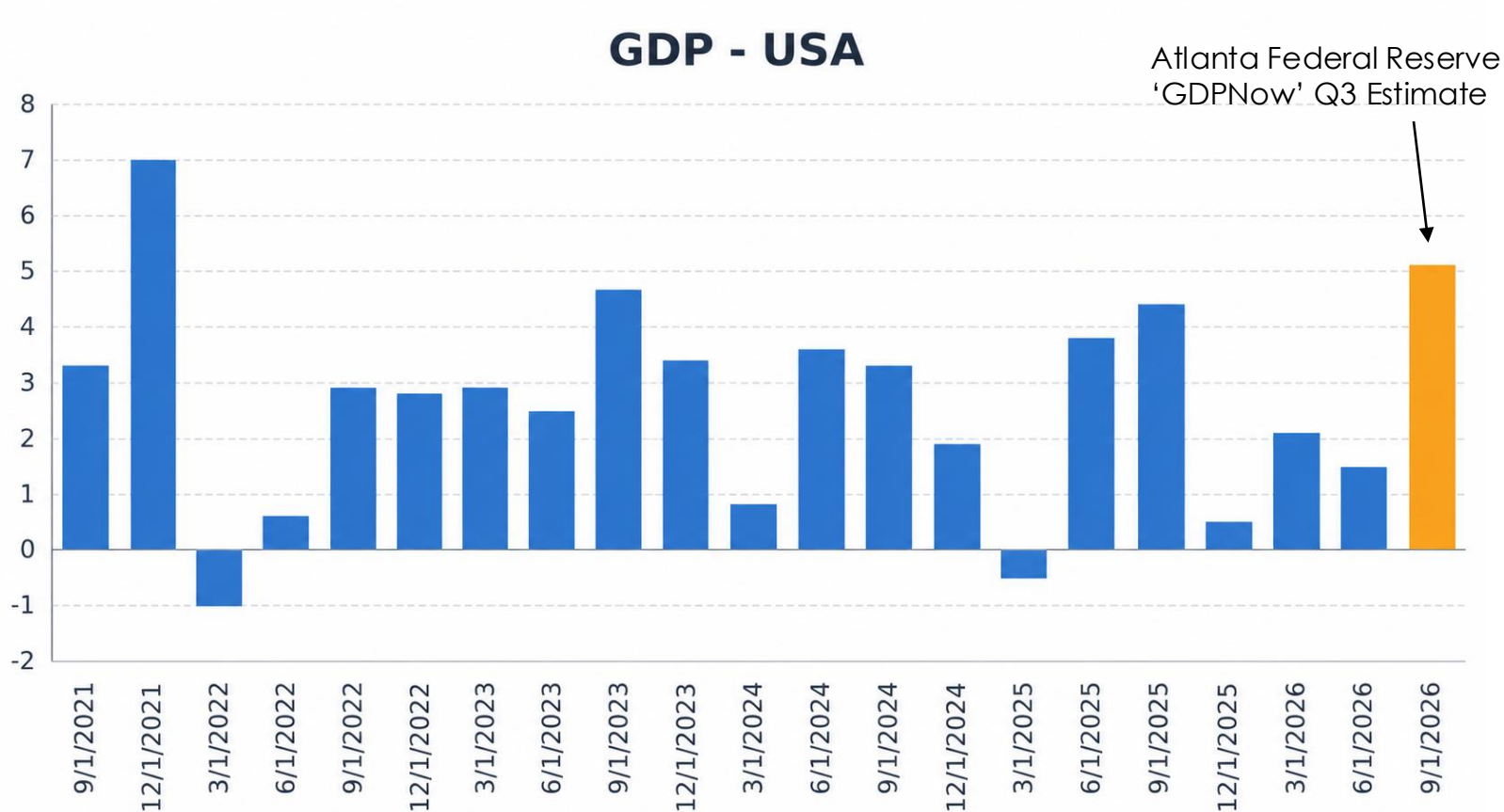
Inflation is sticky again

Inflation has moved off its lows in both Canada and the United States. Energy prices, tariffs and resilient demand are keeping the path back to 2% difficult.

The key risk is no longer only the level of inflation, but whether higher input costs broaden into more persistent price pressure as firms face higher costs.

Note: the chart shows respective non-core measures of inflation which include energy products.

GDP Growth - USA

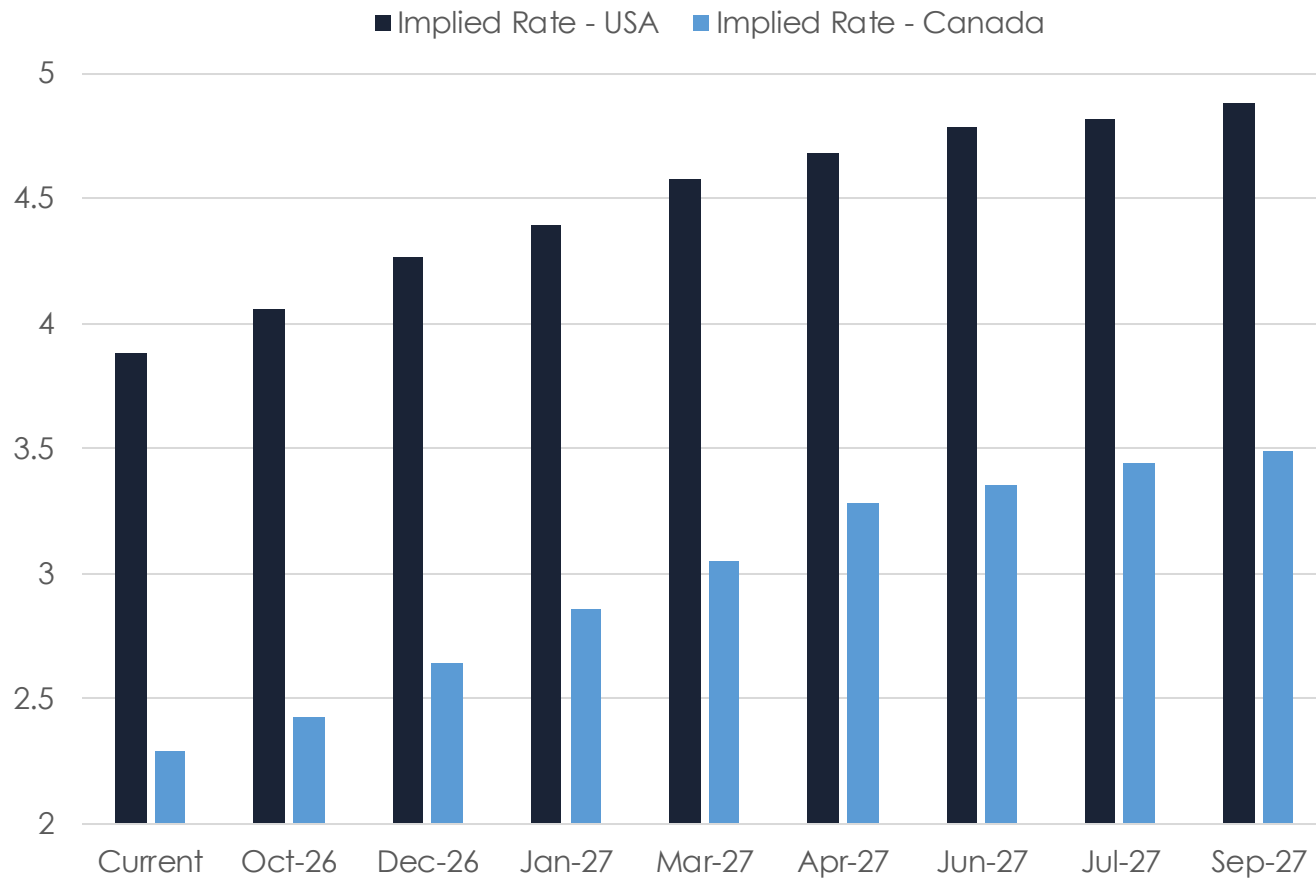


Growth remains hot

The Atlanta Fed GDPNow estimate points to a strong Q3 growth rate in the U.S.

A hot growth backdrop can support revenue and earnings, but it also reduces the urgency for rate cuts and can keep bond yields elevated.

Expected Central Bank Rates



Data as of Sept. 24, 2026

Rate expectations reset higher

Markets are pricing a higher path for policy rates in both the U.S. and Canada.

Central banks are concerned about persistent inflation and appear poised to pivot to rate hikes to attempt to contain it. Markets are expecting about 100 basis points of hikes from the Bank of Canada and Federal Reserve over the next 12 months.

US 10-Year Treasury Yield

Yield on US 10-Year Treasury



Bond yields are a headwind

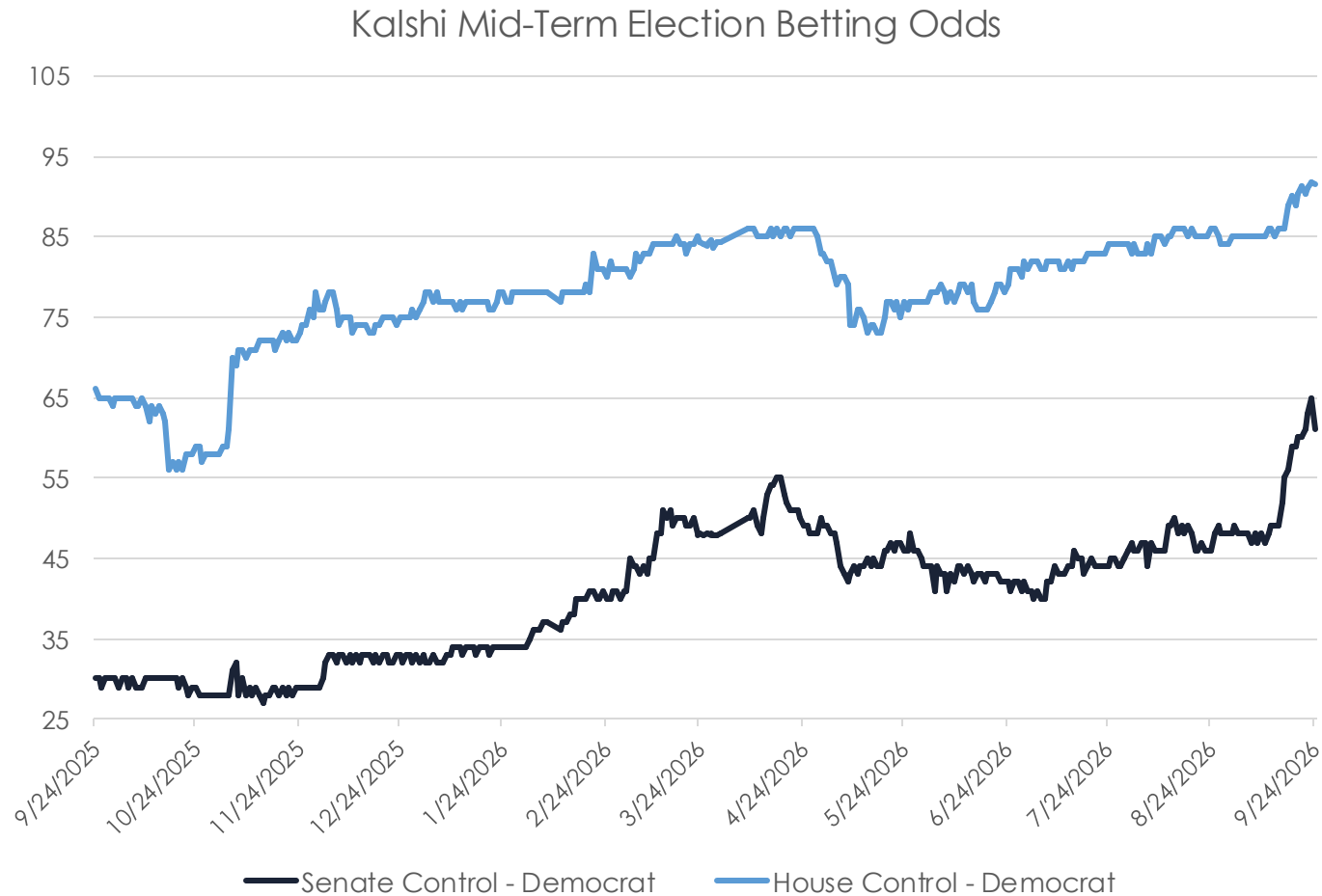
The U.S. 10-year Treasury yield has moved back toward multi-decade highs.

Rising long-term yields tighten financial conditions and pressure long-duration assets, but they also reflect stronger nominal growth and inflation risk.

Rising yields have made for poor recent performance for fixed income assets, but on the flip side, these assets are becoming increasingly attractive at these yields.

Buyers of the US 10 Year Treasury can now earn a yield of over 5%, the highest level since the early 2000s. Actual future investment outcomes can vary.

US Mid-Term Election Odds



Data as of Sept. 24, 2026. Prediction markets and betting odds are not guarantees or forecasts.

Election uncertainty is rising

Prediction markets suggest a high likelihood that the Republicans will lose at least one of the houses of Congress, and a good chance that they lose both.

If this is the outcome of the mid-term elections in the US, President Trump will face a non-cooperative congress and have a difficult time implementing his agenda.

S&P500 Margin Expansion

Stocks Defy Margin Headwinds

Operating margin projections signal new record levels ahead despite rising costs



Source: Bloomberg Intelligence

Margins support equities

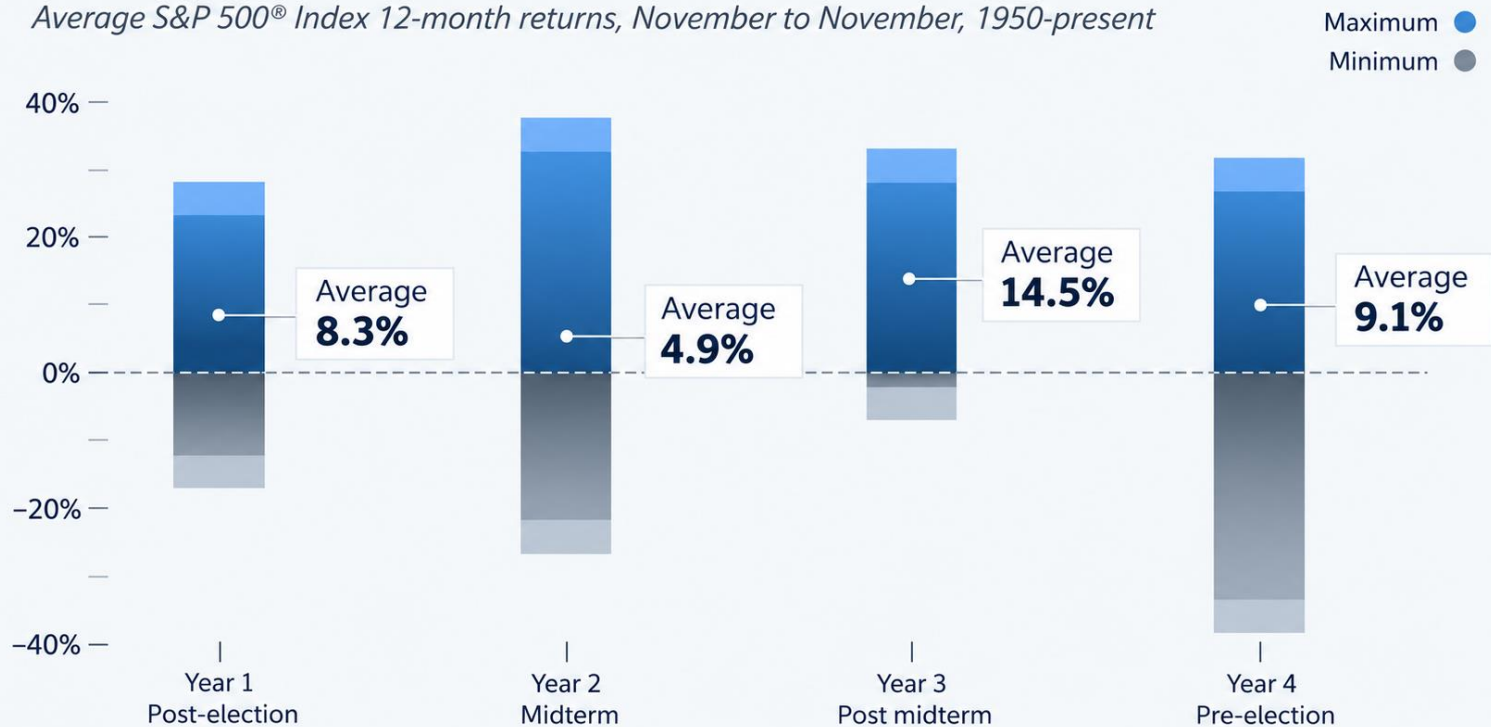
S&P 500 operating margins are projected to reach new highs despite higher labour, financing and input costs.

This helps explain why stocks have held up even as rates and inflation expectations have moved higher.

Market Returns & US Election Cycles

Stock market returns and the election cycle

Average S&P 500® Index 12-month returns, November to November, 1950-present



History favours perspective

Election-cycle averages show that markets have often delivered positive returns across different political environments.

The range of outcomes is wide, so the data is best used as a reminder to avoid overreacting to election headlines. Historically, the third year of an election cycle has been the best for the S&P500.

DISCLAIMER

The particulars contained herein were obtained from sources believed to be reliable at the time of print, but we cannot guarantee their accuracy or completeness.

Current analysis and interpretation of such information is subject to change. This report is for general information only and does not constitute tailored advice offered to an individual. Individuals should consult with their professional advisors, including tax professionals, prior to making investment decisions. Certain statements may contain speculative information that carries known and unknown risks, uncertainties, and other factors. These factors can potentially lead to significant differences between the actual outcomes, performance, or accomplishments of OceanFront Investment Counsel Inc. or the overall industry outcomes, and any future outcomes, performance, or accomplishments indicated or suggested by such forward-looking statements.

It is important to note that these statements may not be suitable for everyone. Past performance is not indicative of future results.

OceanFront Investment Counsel Inc. is a subsidiary of OceanFront Wealth Inc. OceanFront Investment Counsel Inc. is registered as a Portfolio Manager in B.C., Alberta, Manitoba, and Ontario and as an Investment Fund Manager in B.C. and Alberta. Information contained herein, relating to OceanFront Investment Counsel Inc. is intended only for Canadians residing in the provinces where OceanFront Investment Counsel Inc. is registered.