HILBERRY GROUP
WEALTH MANAGEMENT

September 4, 2026


# Will September be the cruelest month?

## September Effect: Understanding Stock Market Trends & Anomalies – Investopedia Sept 1, 2026

*"Definition*

*The September effect is the historical tendency for stock markets to perform relatively poorly during September, though it is not a reliable predictor of any given year*."

https://www.investopedia.com/terms/s/september-effect.asp

## Sell-in-May revisited.

*"Sell in May, go away. Don't remember 'till November"*

This largely forgotten market nugget derives from the tendency for humans with a summer of easy living ahead to feel more optimistic about everything in spring. Experience tells us investor appetite for risk is greater in the spring than in the fall. Volatility tends to be lower over the summer months. Prices tend to be higher. We use this as a reminder when interpreting volatility and valuation of the summer. How would that notion have faired over the past 20 years? To clarify: We do not sell everything in May.

Scenario: $1,000 into the S&P500 Total Return Index, Nov 30, 2006. End Aug 31, 2026. Spanning the Great Financial Crisis of 2008-09 and COVID-19 – recession of 2020.

- "Sell-May" Buys Nov 30, sells all holdings the following May 31.
    - Hold resulting cash (at zero interest) to following Nov 30. Repeat.
- "Buy-Hold" holds the S&P500 total return index for the entire period.

Our study assumes all proceeds reinvested, zero costs or fees, ignores taxes. Results are synthetic and do not reflect an actual result. **Data source: LSEG, NBF, Hilberry**

**Sell-May:**

Periods with Negative returns:

- Nov/07-May/08: -4.47%
- Nov/19-May/20: -2.10%
- Nov/21-May/22: -14.50%
- Nov/24-May/25: -1.35%

**Buy-Hold:**

Periods with Negative returns:

- Nov/07-May/08: -4.47%
- May/08-Nov/08: -35.20% (cumulative peak to trough -57% ouch!)
- May/11-Nov/11: -6.25%
- May/15-Nov/15: -0.21%
- Nov/19-May/20: -2.10%
- Nov/21-May/22: -14.50%
- Nov/24-May/25: -1.35%

**Risk Reduced:** Sell-in-May avoided major market declines. The 2008-09 Great Recession saw markets plummet from their peak in October 2007 bottoming in March/09. Peak to trough was -57%. Sell-in-May avoided these losses. That looks appealing. But…the lower risk wasn't 'free'.

**$1,000 total returns Nov 30, 2006 to Aug 31, 2026:**

- Sell-in-May: $2,284.50 – Annual avg return 4.27%
- Buy-& Hold: $7,987.40 – Annual avg return 11.09%

By avoiding the 2007-09 market crash, Sell-May was close to or ahead of Buy-Hold as late as May/2014. Buy-Hold surged ahead during the past 12 years as investors have cheered tech stock earnings. Be willing to put up with it all, paid off… eventually.

**CONCLUSION:** Investors are paid to worry. Reducing risk in May and adding risk in November MIGHT reduce overall portfolio risk while probably also reducing overall returns. The sayings' value is to frame human emotions and not get swept up in seasonal extremes. Summer's ending. Winter is coming. Increased anxiety is likely. We might get have a chance to buy. Speaking of anxiety…

## Financial Market Overview: Middle East Crisis NBC Economics and Strategy Aug 31, 2026

Financial Market Overview : Middle East Crisis - August 31, 2026

And….

## The US mid-term elections cometh:

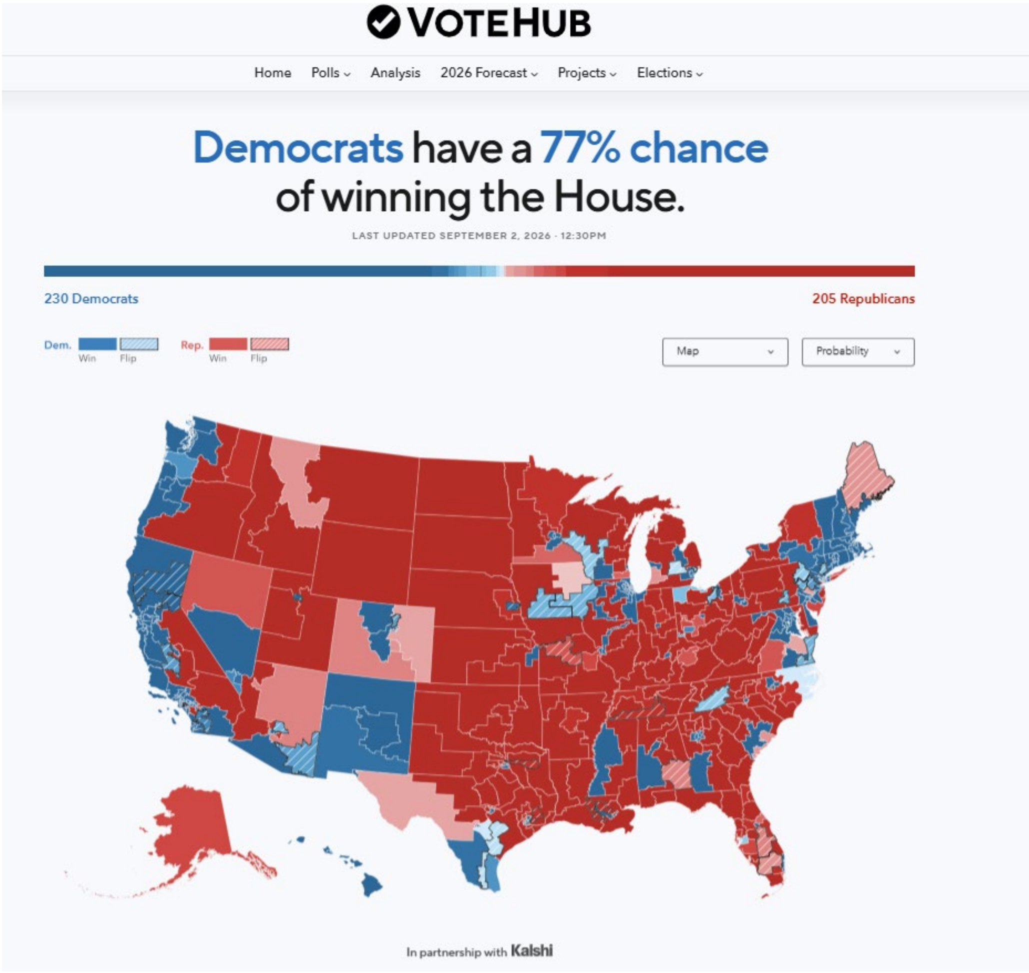
US Federal elections are on a 4-year cycle. (Elections in the United States - Wikipedia)

Elected members of the US House of Representatives must fight for their jobs every two years. House Representative voting districts are based on population – currently 435. Redistricting House seats is subject to State Governor decisions, resulting in politically motivated redrawing of voting district borders - 'gerrymandering'. The GOP worked harder and earlier at this strategy. The Dems are catching on. The idea of either party gaining power by bringing policies that the majority can vote for appears to be out of fashion.

There are two US Senate seats for each state - 100 in all. US Senators are on a 6-year cycle with 1/3rd up for election every two years. Majorities in either house change policy execution for the US President.

The Republicans (Grand Old Party or GOP) control both houses of Congress enabling President Trump's policy agenda. This year's mid-terms will be held Tuesday Nov 3. Polls show the Democratic party (Dems) as very likely to control the House. The Senate looks like a toss-up. Should the Democrats retake the House, Mr. Trump will face a hostile chamber, likely to resist many of his past and planned policies. Ost November, Mr. Trump will likely be a 'lame duck' President' stymied by the House. The House Dem's could hold hearings making life difficult for the President and members of his Administration. We think impeachment of the US President or members of his cabinet is unlikely. The US Constitution provides that a simple majority in the House can bring 'articles of impeachment' resulting in the US President being officially charged with a crime. The Senate holds the trial, acting as Judge. The Constitution requires a 2/3rds majority in the Senate to pass judgment of conviction on articles of impeachment for the President or Cabinet members. Pollsters predict the Democrats are unlike to achieve 2/3rd 'super-majority' control of the Senate, meaning impeachment proceedings are likely to fail. Pundits predict the Democrats will choose to spend their capital pursuing investigations. They believe there's plenty of fodder. Prices, inflation and the Iran War are seen as major voting issues.

We've been paying an unhealthy amount of attention to US election predictions. Here is Vote Hub's assessment. If you'd like more resources, let us know. We've got lots!




*Source: VoteHub*

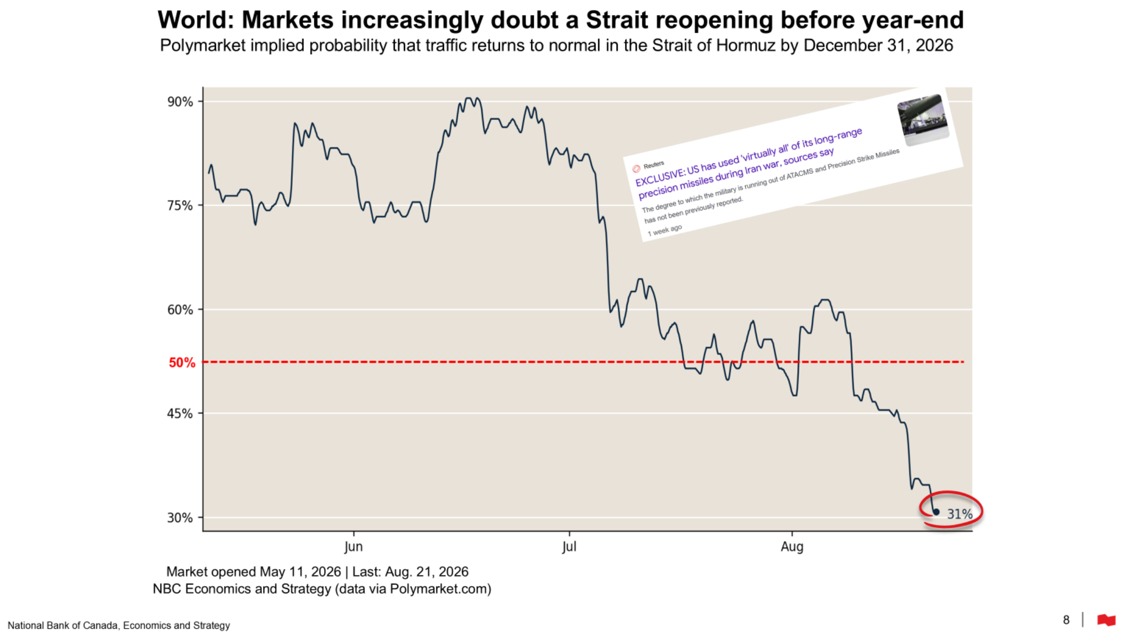
**Blue Dems** / **Red GOP**. Recall House Seats are based on population. There's a lot of Red on that map in Mid-Western and Southern states with lower populations. These areas could be disappointed with a Democrat sweep of the House.

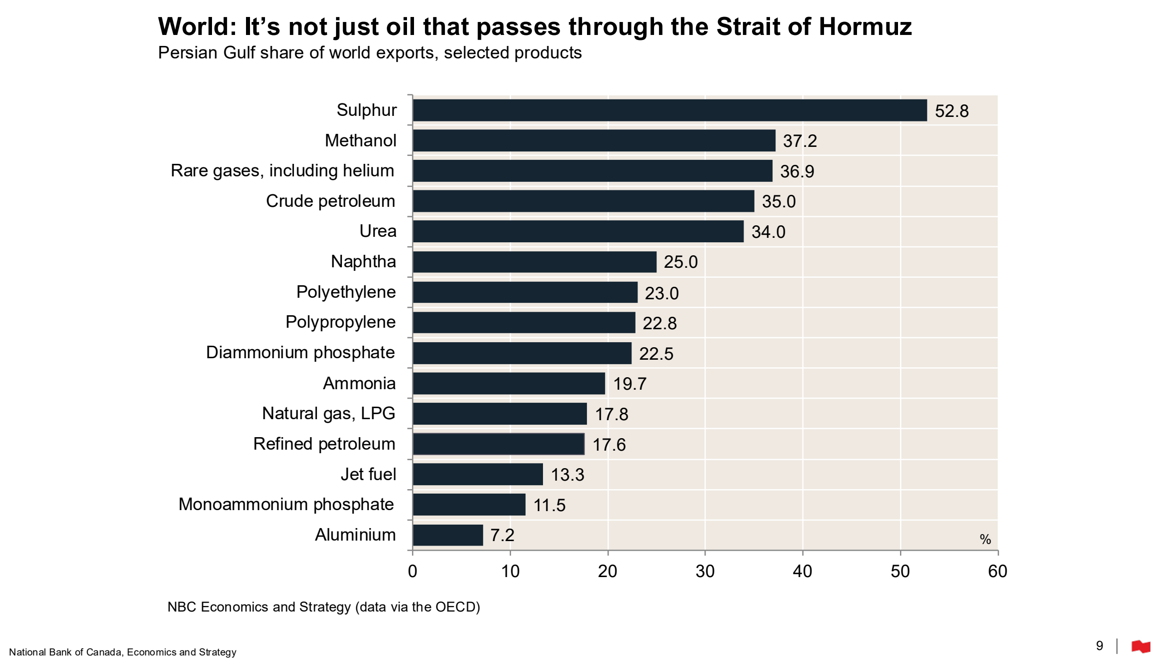
Vote Hub has the Dems as 52% chance to control the Senate. That's a statistical toss-up. See Vote Hub's map projections for House, Senate and State Governor races here.

[Democrats have a 77% chance of winning the House | VoteHub]

Rage politics appears likely to continue. Again, pursuing prudent policies in the best interests of the nation to gain power is out of style. Where are the adults?

In a recent presentation, NBF's Chief Economist Stefane Marion shows why global inflation is likely to remain sticky. We think his slides confirm Canada's calm confidence in the US Trade War. The Hilberry Team assumes a trade deal will be done prior the US Elections. The permanence of any agreement is another matter.

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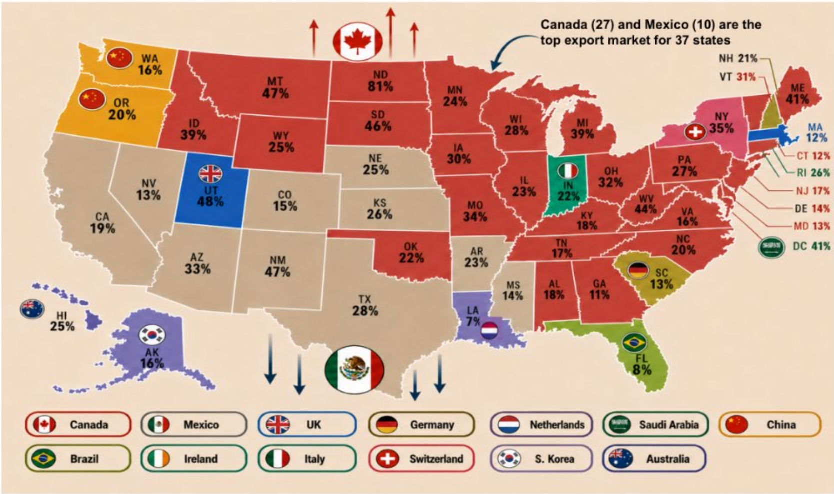
**U.S.: Canada is the leading export market for 27 states**

Leading goods export destination by state and its share of total state exports in 2025




NBC Economics and Strategy (data via Census Bureau)

National Bank of Canada, Economics and Strategy

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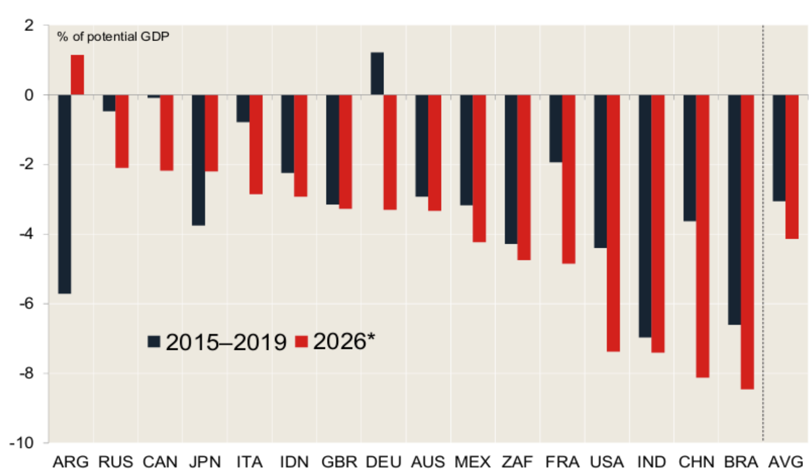
As we've noted over the summer, tariffs, hot-wars, trade wars, deficits, protectionism and military adventures tend to be inflationary. The bond market is paying attention.

## World: Market attention is shifting to the bond market

*However, in our view, the most significant factor driving the rise in interest rates is the fiscal slippage observed globally since the COVID 19 pandemic, which has significantly increased the supply of sovereign bonds and, as a result, driven down the prices of these assets. After widening due to measures implemented to counter the effects of the virus, the budget deficits of G20 countries have never returned to the levels seen in the previous cycle, despite growth that has remained broadly solid. This phenomenon has been particularly pronounced in advanced economies, where public debt is now on track to reach a new all-time high, according to the IMF.*

**G20: Budgetary slippage**

General government structural balance




*IMF forecasts

BNC Economics and Strategy (IMF data)

[Monthly Economic Monitor - World (September 2026): Market attention is shifting to the bond market]

Canada (third from the left) is among the least-worst. While the US has work to do. Unlike many other G20 nations, the US tax rate is below historical averages, meaning a careful combination of increased taxes and spending cuts could bring a meaningful improvement in the budget. The Presidency of Bill Clinton is an often-cited example. This study clarifies the careful handling required.

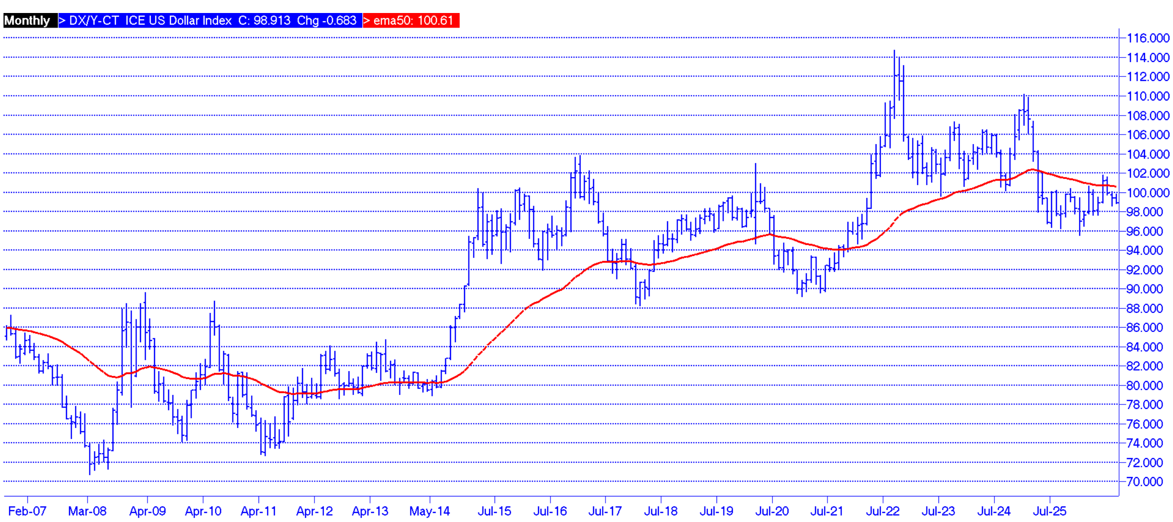
[How Did The Budget Get Balanced In The Late 1990s? | Tax Policy Center]

**Our conclusion:** Unless US politicians change from their spendy-pants, we don't see US budget deficits materially improving. Add in this November's political theatre, unlikely changes to US tax policy for a least 2 years, a messy Middle East, stubbornly high energy costs, little political will for austerity, and extended deficts, we see inflation and interest rates as remaining higher for longer. Why we're not panicking.

## The US Dollar isn't 'crashing'.

'Crash' has been used to describe the US dollar recent slide vs it's major trading partners. Pundit have wondered if the Trump Administration is pursing a 'beggar the lenders' soft dollar approach. The dollar is certainly down from it's 20-year highs in the summer of 2022 around 114 (Biden Administration). The lows on the chart around 72 were during the Great Financial Crises of 2008. The US Dollar but is hardly in 'crash' territory.

## US Dollar Index (DXY-98.915) monthly ranges 20 years




*Source: LSEG, NBF, Hilberry*

## US Fed Govt 10-year Bond Yield (4.79%) 1986-2026


*Source: LSEG, NBF, Hilberry*

Yes, US Fed Government 10-year term borrowing costs are up from the insane lows around 0.5% in 2020. From Nov/2008 through to Aug of 2022 the 10-year yield was below 3%, hovering at or below inflation (IE negative risk premium). Factoring in the inflation erosion, the market was saying, “take our money for free”. This altered investors risk assumptions, politician’s attitude towards debt and consumers willingness to borrow long term. We think this could change. Many of today’s investors came of age during this period. Few remember an 8% mortgage rate, let alone a mid-teens cost. Yours Truly hasn’t forgotten the 1980’s. At 4.79%, 10-year yields are simply back to a ‘real’ rate of return. Hardly a disaster.

## Pay attention to the Canada Investment Summit:

The Canada Investment Summit 2026 to be held Sept 14-16, 2026. We share the Globe & Mail’s enthusiasm.

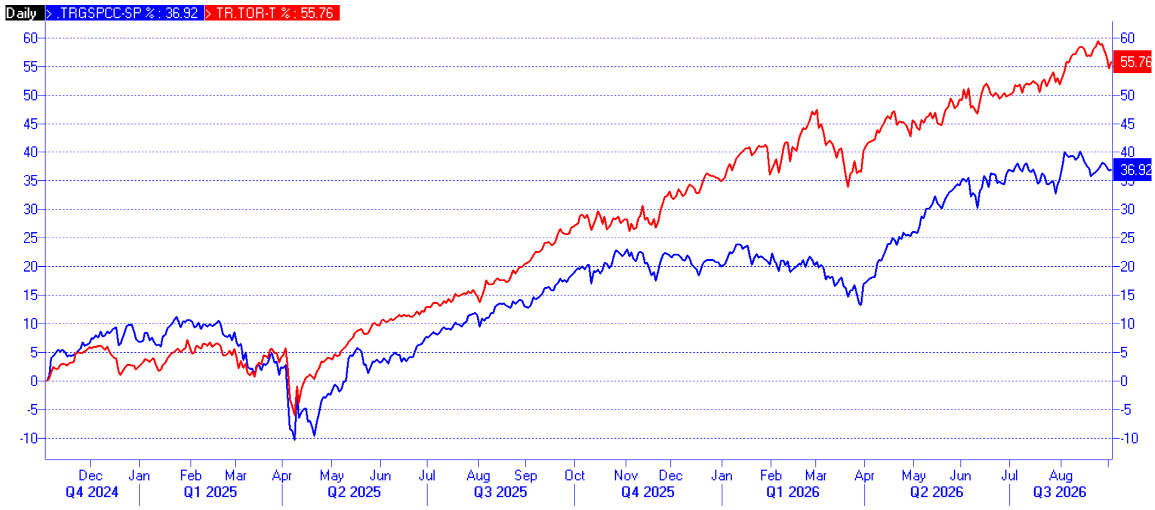
Carney’s summit to push Canadian resources, defence and tech to global investors - The Globe and Mail.

Imagine. Canada’s to leaders, encouraging investment into the country. What a concept! Meanwhile Canada continues to outperform. We’ve updated the next chart many times over the summer.

Meanwhile Canada continues to outperform.

## % change since the Nov, 2024 election of Donald Trump - to date.

**S&P/TSX Composite Total Return (55.7%) vs S&P 500 Total Return $CDN (36.92%)**




*Source: LSEG, NBF, Hilberry*

**CONCLUSION:** While we're starting to see better (lower) prices on some of the US names we follow, we're sticking with our tilt towards Canada. We think Canada is just beginning to get it's moxy back. We like the Economist's take… from Sept 25, 2003! **Better late than never!**


*Source: The Economist: Sept 25, 2003 edition cover*

September 4, 2026

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# Have a Great Labour Day Long Weekend

## Steve & Anna Hilberry

September 4, 2026

**FOR THE RECORD Sept 3, 2026 close**

| | |
|---|---|
| DOW INDUSTRIALS: | 53,686 |
| S&P 500: | 7,747 |
| S&P/TSX COMP: | 36,633 |
| WTI: | $91.70 |
| LOONIE IN $USD: | $0.7254 $US |



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