NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

WIMAN WONG WEALTH MANAGEMENT GROUP

Monthly newsletter

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Bubble? Or Tailwind? 2.0

“If everything you try works, you aren’t trying hard enough.” — Gordon Moore

Last month we chatted about the contributors to a market tailwind versus the chatter around a Bubble. Today if anything, some of the additional factors have come to light. As we write we are looking down the road and seeing the FED ready to cut rates in the US. This will likely be recent history by the time this hits the press but suffice it to say both central banks in Canada and the US and A are likely to have already lowered the lending rate.

One other factor that is likely to be augmented are changes in Quantitative Tightening (QT). Quantitative tightening is a monetary policy tool applied by central banks to decrease the amount of liquidity or money supply in the economy. Some would suggest or argue that this is somewhat manipulative or managed but ultimately the end of QT is another positive contributor to the tailwind currently blowing.

Now let’s be rational and know for sure and for certain that no one can consistently predict the outcomes in the broader economies and markets. Things change and change often in this fluid world. So, we continue to tread lightly in the face of what feels like some excess in certain areas.

Divergent

We don’t want to call this the trade of the month or anything to that nature, but we recently reduced our holdings in energy. The overriding explanation could be boiled down to two key factors, one is what seemed like a random walk by energy companies away from the price of the underlying commodity. *See the chart below:*

Source LSEG, Wiman Wong Wealth

Simply put the energy stocks moved higher in August and oil headed lower. Normally the two are more closely related in terms of price movement.

The second factor is Contango! Contango is where the future price of oil is lower than the current price of oil. Right now, the market is in Contango. This suggests that oil in 2026 will be lower than the price today. The Contango pricing is not material at this point, but it is suggestive of lower prices as we get into 2026.

Sorry we digress the title was divergent, and we can note that back to our graph above the price of stocks has clearly diverged from the underlying commodity.

Bubbles are NOT Everything Bubbles

We do see some bubbles, and we also see some different kinds of bubbles. Some bubbles are popping as we write, and some are inflating. There is or seems to be a side of the market today that sees constant inflation and deflation of bubbles. Let's walk through an example that we see in hindsight. Rare earths (or Raw Earths depending on who you listen to ☺) are an area that has been headline chatter in political circles (hint, hint, Clown Car arriving ☺). Here is a brief list of rare earths companies that have been subject of headlines over the past 30 days. We intentionally left the names out because we don't want to be seen as promoting these names or highlighting any one name over the other, BUT here is the price action on a handful of monitored stocks:

Rare Earths Stocks

Today %	5 days	20 days	30 days
-4.60	-31.62	23.15	57.21
5.06	-24.72	10.26	33.64
-13.16	-28.74	4.65	29.85
7.59	-15.41	15.62	38.21
-0.95	-20.90	-3.83	-0.56
-3.51	-18.99	134.27	134.27
-4.08	-13.90	4.70	87.81

Source: LESG, Wiman Wong Wealth

Some might say there is a bit of air coming out of the bubble. Note this pricing data was referenced/observed October 28th 2025. This is not an everything bubble, but rather a specific sector that got really bubbly, pretty fast. I guess we could say there is always some sort of bubble out there.

Tailwind 2.0 Final Thoughts

We have two months left in the year and by all measures most of the noise seems more muted these days. Have some things changed? You bet they have! As we write the US Government is currently shutdown, and it appears the market really does not care, as since the shutdown started October 1st of this year the market has gone up (reference and observed S&P 500 up 3% at October 28th 2025 MTD, Source LESG). Go figure? Can and will things change? Absolutely. For now, the tailwind is blowing and baring something we are not currently seeing we like the feel of the tailwind.

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