

Monthly newsletter

September 2025 comment

Separating noise from news – The perfect divorce

We know, we know, kicking off a commentary with DIVORCE in the title is nothing anybody looks forward to reading but we are seeing and hearing of the market divorcing itself from the NOISE that has been loud (est) the last couple of quarters. Now it's easy for us to say just look at the pure news and make decisions but a lot of what we see and hear is sensationalized and gamified to the point that there is no escaping the noise if you are at all tuned into the daily channels, we have come to be comfortable with. Even if you get in an elevator (aka the quietest place on earth) there is some sort of news channel telling you what they think of the current events today. So how do we do it? Well for us it is simple like all information we see or like many years ago we called it "paralysis by analysis". Today to a certain extent the analysis has been algorized and or IA analyzed. Paralysis should not exist, but it does. This is where divorcing oneself from "the noise" is paramount.

Noise and news are easy to confuse and sometimes it is the same thing. It may seem like we are running around with words here and to a degree we are but consider the following:

Palantir just erased \$73 billion

Palantir Stock Is Rising Again-- What's Going On?

Palantir closes lower for 6th day

Forget about Palantir's \$10 billion army contract. This news is much bigger

We picked this name because it has lots of different headlines that allowed us to ask ourselves is this news or noise. If one were to drill down, we could argue it is both, some perhaps relevant some maybe not? The market on any given day could assess the news/noise machine from a variety of angles and position accordingly as a buyer or seller. This perhaps is where the divorce comes in. In looking at a company we ask ourselves does this have a longer timeline of productivity beyond the headlines today? Or has something changed? The answers are varied on any given day for any number of different companies and or market environments. Therein remains the challenge of looking at news noise and or emotion.

Bottom line is we are trying to divorce ourselves from the noise and focus on what companies are actually accomplishing within a very noisy environment.

Case study

We hold a company that has been one of our dividend growers for the past several years. We will keep the name omitted to protect the innocent but consider the recent highlights from their earnings release:

Q2 2025 earnings, which showed strong performance and raised 2025 guidance

Acquired a new company to expand their business

Company is buying back stock

Commercial ramp up to support the semiconductor industry

This by all measures is good news for a company. The market also thinks so but much of this was or has been somewhat articulated in the past. However, when you put it all together in a quarterly release it makes the stock move. Perhaps this is what is called marketing. Reading through the tea leaves above and looking at history one could GUESS that the next quarter or two may hold a dividend increase all things being equal. Once again, a guess but the news is speaking.

What this news does not address is the macro systemic noise. If the noise gets louder for some random event like a tariff ☺ (ok maybe not so random) perhaps this puts pressure on the entire market and prices go lower. Or maybe any new chesterfield tariff announcement is just another ho hum day for the market.

Bottom line on the Noise news factors is that we like the daily grind of trying to figure out what is relevant and information that really might not matter today.

This past month we saw this headline on the noise side that got us thinking about Black Swan events:

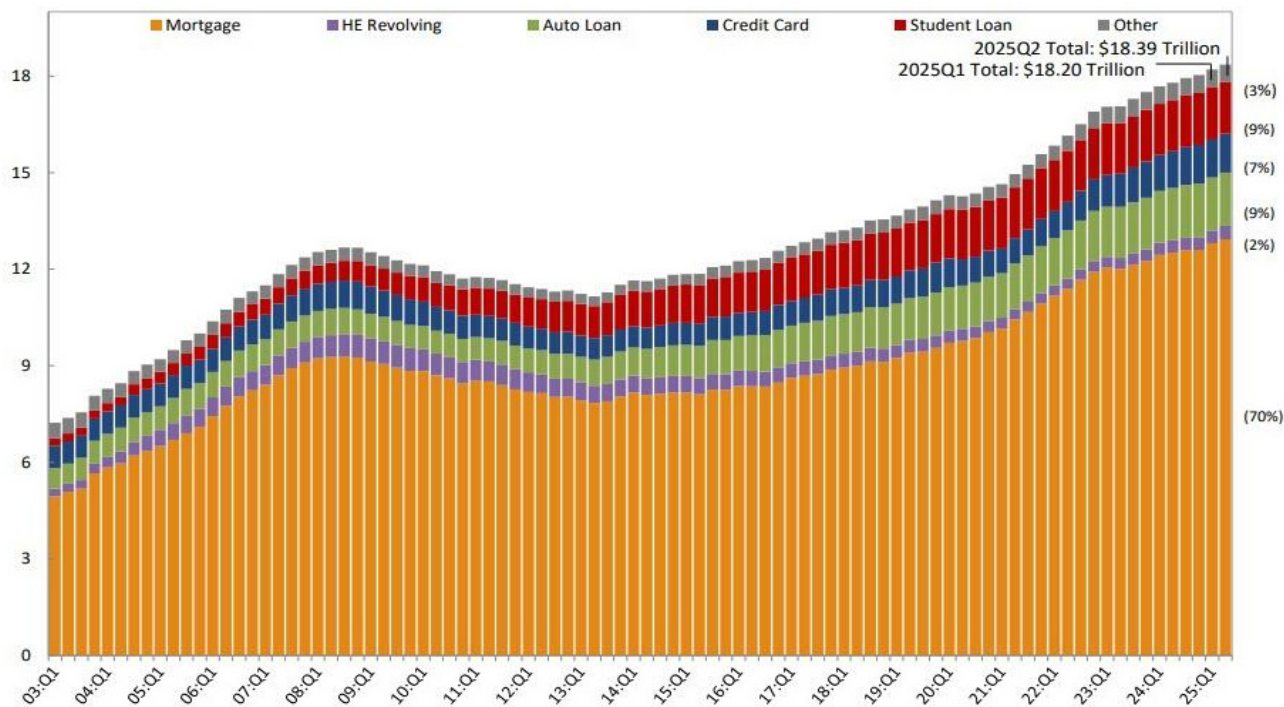
Record explosion in student loan delinquencies marks the start of next debt crisis

The headline was accompanied by this chart/image:

Source New York credit slide show

Total Debt Balance and its Composition

Trillions of Dollars

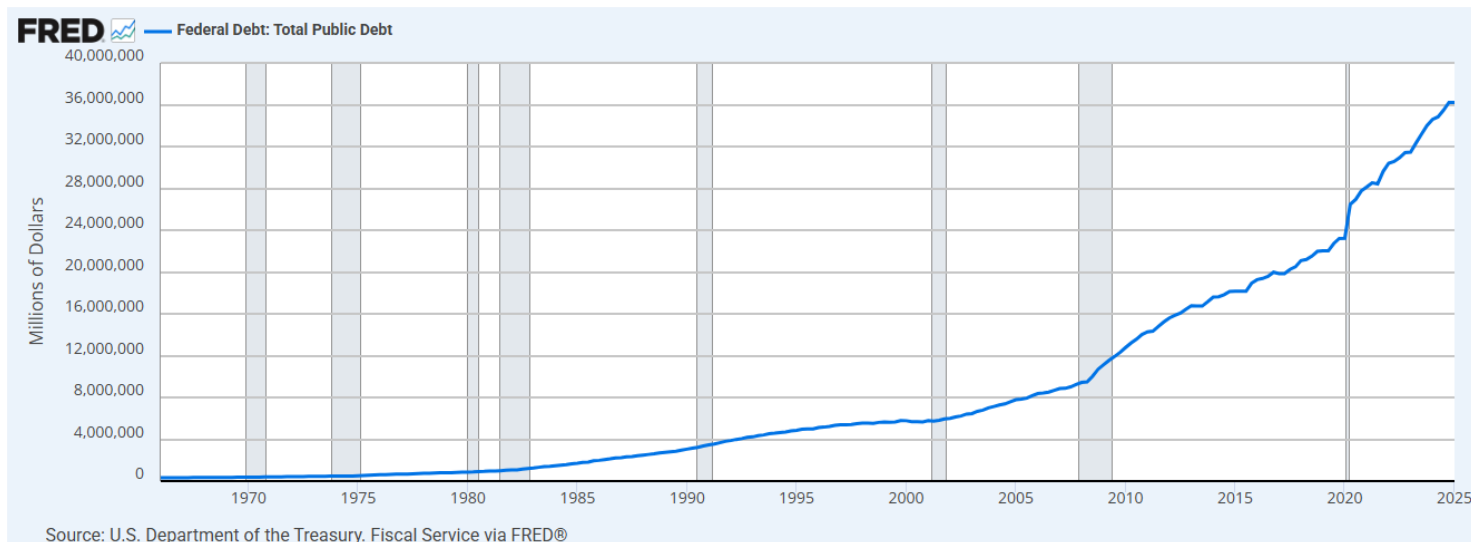


Source: New York Fed Consumer Credit Panel/Equifax

Is this noise or news or both? The headline is noise if you are looking for confirmation that the world is getting to the point of no return. The data in the graphic is real and news for many. The reality is that the noise in this case may have more weight than the data or analysis of the data.

Does it ever end badly? – Really badly.... Final thoughts

When we look back over the history we have been through, a couple of key market events stand out; 2008 and the great housing crisis, 2020 pandemic, going back further to 1987 Black Monday, Dot Com bubble one thing was clear in the end valuations mattered to a degree. Today we are getting in some places a bit bubbly but in others not so much. Will the mounting levels of global sovereign debt be enough to crater a market event or will the financial master minds create a new support package or stimulus to solve for world excess? The graph below is of the total public debt in the US the number in real time is now about \$37 trillion.



Source St Louis FED

One thing is for sure and for certain with the “Big Beautiful Bill” we know this number is going higher in next few years. Add another couple of trillions and we will shortly be at \$40 trillion. Some believe that this will have to be rationalized at some point. However, the reality is that every successive government in our lifetime has added more and more debt. – we don’t see this changing any time soon....

Noise or news.....???



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Jason Wong, CIM®
Wealth Advisor & Portfolio Manager
416-869-7142 | jason.wong@nbc.ca

130 King Street West, Suite 3100
Toronto, ON M5X 1J9



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