

Weekly Market Pulse



Week ending May 22, 2026

Market developments

Equities: Global equity markets posted broad gains this week, with the S&P 500 on track for its eighth consecutive weekly advance. The rally was driven by two dominant themes: sustained enthusiasm for AI-linked stocks and growing optimism around a potential US-Iran peace deal. European equities also had a strong week, with the Stoxx 600 rising 3% over five straight sessions of gains, led by tech and banking stocks.

Fixed Income: Government bond markets came under significant pressure this week, with yields rising sharply before partially retreating. The 30-year US Treasury yield hit 5.20% on May 19, its highest level since mid-2007. The trend was global, with yields on UK gilts, German Bunds and Japanese government bonds all rising in tandem.

Commodities: Oil remained elevated and a central market theme throughout the week, with Brent crude trading above \$100 per barrel and WTI around \$95/bbl by Friday afternoon. However, Brent slipped roughly 5% on the week as Middle East ceasefire hopes eased some of the geopolitical risk premium. Gold remained in a downtrend, pressured by elevated oil prices and rising yields.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	34,471.36	1.89%	1.52%	1.93%	8.70%
S&P 500	7,473.47	0.88%	4.70%	8.16%	9.17%
NASDAQ	26,343.97	0.45%	6.84%	15.11%	13.35%
DAX	24,888.56	3.92%	2.87%	-1.47%	1.63%
NIKKEI 225	63,339.07	3.14%	6.30%	11.46%	25.82%
Shanghai Composite	4,112.90	-0.54%	0.16%	0.76%	3.63%
Fixed Income					
Canada Aggregate Bond	242.43	0.98%	0.00%	-1.10%	0.62%
US Aggregate Bond	2338.25	0.26%	-1.02%	-1.63%	-0.45%
Europe Aggregate Bond	247.07	0.72%	0.06%	-1.33%	0.11%
US High Yield Bond	29.47	0.25%	-0.21%	0.21%	1.13%
Commodities					
Oil	96.42	-8.54%	3.72%	45.23%	67.92%
Gold	4508.02	-0.71%	-4.89%	-11.74%	4.37%
Copper	634.35	1.47%	3.51%	8.64%	11.64%
Currencies					
US Dollar Index	99.30	0.01%	0.72%	1.53%	0.99%
Bitcoin (CAD)	104,813.61	-3.67%	-2.35%	13.22%	-12.64%
Loonie	1.3814	-0.46%	-1.03%	-0.96%	-0.65%
Euro	0.8617	-0.17%	-0.86%	-1.52%	-1.20%
Yen	159.17	-0.27%	0.19%	-2.59%	-1.55%

Source: Bloomberg, as of May 22, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.65%
U.S. Federal Reserve	3.75%	3.87%
European Central Bank	2.00%	2.58%
Bank of England	3.75%	4.21%
Bank of Japan	0.75%	1.21%

Source: Bloomberg, as of May 22, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Driven by Energy Shock, Retail Sales Extend Growth Streak

Canada's headline inflation rose to 2.8% in April 2026, the highest in two years but below expectations. The increase was largely driven by a surge in energy prices tied to Middle East supply disruptions. Core inflation remained subdued, suggesting limited spillover into broader price pressures, while food inflation eased and shelter costs edged slightly higher.

Canadian retail sales rose 0.6% in April, marking a potential fourth straight monthly increase. March data was stronger than first reported, boosted by higher gasoline sales linked to rising fuel prices. Gains in auto-related retail were partly offset by weaker sales at motor vehicle dealers, especially used cars.

U.S. – PMI Shows Resilient but Uneven Activity,

The U.S. Composite PMI held steady at 51.7 in May, indicating continued but moderated expansion. Manufacturing strengthened while services weakened slightly, with both sectors facing soft demand due to global conflict. Rising input costs, driven by energy and supply constraints, pressured margins, employment and selling prices.

International – U.K. Inflation Cools on Energy Cap Impact, Eurozone Activity Contracts Further, Japan Growth Boosted by Consumption and Trade

Inflation in the U.K. slowed to 2.8% in April, helped by a sharp drop in housing-related costs following a new energy price cap. Slower increase in transport, food and other categories also contributed, though fuel prices surged. Some categories like clothing and household goods saw modest price rebounds.

Eurozone PMI fell to 47.5 in May, signalling a sharper contraction in private sector activity. Services led the decline while manufacturing remained in expansion territory despite slowing. Rising costs, declining demand and weak sentiment led firms to cut staff and reduce workloads.

Japan's GDP grew 0.5% in Q1 2026, exceeding expectations and marking the strongest pace in over a year. Growth was supported by improved consumption, stronger exports and increased public investment. However, business investment slowed and outlook remains cautious due to ongoing global uncertainty.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
28-May-26	United States	PCE Price Index MoM	Apr	0.50	0.7
28-May-26	United States	PCE Price Index YoY	Apr	3.90	3.5
28-May-26	United States	Core PCE Price Index MoM	Apr	0.30	0.3
28-May-26	United States	Core PCE Price Index YoY	Apr	3.30	3.2
28-May-26	Japan	Tokyo CPI YoY	May	1.60	1.5
28-May-26	Japan	Tokyo CPI Ex-Fresh Food YoY	May	1.50	1.5
28-May-26	Japan	Jobless Rate	Apr	2.70	2.7
28-May-26	Japan	Job-To-Applicant Ratio	Apr	1.18	1.2
28-May-26	Japan	Retail Sales YoY	Apr	1.30	1.7
28-May-26	Japan	Retail Sales MoM	Apr	0.40	1.3
29-May-26	Canada	Quarterly GDP Annualized	1Q	1.40	-0.6
29-May-26	Canada	GDP MoM	Mar	0.10	0.2
29-May-26	Canada	GDP YoY	Mar	0.85	1.0

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