

# Weekly Market Pulse

Week ending February 6, 2026

## Market developments

**Equities:** Global equity markets posted a weekly decline, driven by concerns over artificial intelligence spending and risk-off sentiment. Emerging-market stocks suffered their steepest weekly drop since mid-December, with the MSCI EM benchmark falling after hitting record highs the previous week. The S&P 500 rebounded on Friday, with its largest one-day gain in the new year, as dip buyers returned following the tech selloff. Earnings releases contributed to the volatility, like Amazon losing nearly \$240 billion in market value after outlining \$200 billion in AI spending.

**Fixed Income:** The U.S. Treasury yield curve approached its steepest level in over four years, with the 10-year to 2-year spread expanding, reflecting rate cuts and concerns over inflation and the fiscal deficit. The 10-year Treasury yield fell, supported by labour market weakness. In Europe, German 30-year Bund yields hit their highest since 2011 as Germany planned over €500 billion of issuance.

**Commodities:** Commodities experienced volatility during the week, with precious metals rebounding after an early slump. Copper faced choppy trading, correcting from a record rally before edging higher on Friday as the dollar weakened. Oil prices rose on Friday but posted a weekly loss, as investors monitored US-Iran nuclear talks.

## Performance (price return)

| SECURITY                               | PRICE     | WEEK   | 1 MONTH | 3 MONTH | YTD    |
|--|-----------|--------|---------|---------|--------|
| <b>Equities (\$Local)</b>              |           |        |         |         |        |
| S&P/TSX Composite                      | 32,470.98 | 1.71%  | 0.20%   | 8.71%   | 2.40%  |
| S&P 500                                | 6,932.30  | -0.10% | -0.18%  | 3.15%   | 1.27%  |
| NASDAQ                                 | 23,031.21 | -1.84% | -2.19%  | -0.10%  | -0.91% |
| DAX                                    | 24,721.46 | 0.74%  | -0.69%  | 4.16%   | 0.94%  |
| NIKKEI 225                             | 54,253.68 | 1.75%  | 3.30%   | 6.62%   | 7.78%  |
| Shanghai Composite                     | 4,065.58  | -1.27% | -0.44%  | 1.44%   | 2.44%  |
| <b>Fixed Income (Performance in %)</b> |           |        |         |         |        |
| Canada Aggregate Bond                  | 242.64    | 0.17%  | 0.79%   | -0.54%  | 0.71%  |
| US Aggregate Bond                      | 2358.24   | 0.29%  | 0.41%   | 0.82%   | 0.40%  |
| Europe Aggregate Bond                  | 248.61    | 0.00%  | 0.63%   | 0.29%   | 0.74%  |
| US High Yield Bond                     | 29.28     | -0.05% | 0.20%   | 1.85%   | 0.46%  |
| <b>Commodities (\$USD)</b>             |           |        |         |         |        |
| Oil                                    | 63.49     | -2.64% | 11.13%  | 6.83%   | 10.57% |
| Gold                                   | 4948.17   | 1.10%  | 10.09%  | 24.41%  | 14.56% |
| Copper                                 | 588.30    | -0.69% | -2.96%  | 18.43%  | 3.54%  |
| <b>Currencies (\$USD)</b>              |           |        |         |         |        |
| US Dollar Index                        | 97.61     | 0.64%  | -0.99%  | -2.13%  | -0.73% |
| Loonie                                 | 1.3653    | -0.29% | 1.19%   | 3.40%   | 0.52%  |
| Euro                                   | 0.8459    | -0.25% | 1.13%   | 2.38%   | 0.65%  |
| Yen                                    | 157.14    | -1.50% | -0.31%  | -2.60%  | -0.27% |

Source: Bloomberg, as of February 6, 2026

## Central Bank Interest Rates

| Central Bank          | Current Rate | March 2026<br>Expected Rate* |
|-----------------------|--------------|------------------------------|
| Bank of Canada        | 2.25%        | 2.26%                        |
| U.S. Federal Reserve  | 3.75%        | 3.59%                        |
| European Central Bank | 2.00%        | 1.93%                        |
| Bank of England       | 3.75%        | 3.55%                        |
| Bank of Japan         | 0.75%        | 0.80%                        |

Source: Bloomberg, as of February 6, 2026

\*Expected rates are based on bond futures pricing

## Macro developments

### Canada – Manufacturing Shows Early Signs of Recovery, Lower Joblessness Driven by Labour Force Exit

Canada's manufacturing PMI rose above the 50 threshold in January, ending an eleven-month contraction and reaching a one-year high. Output stabilised and new orders declined at their slowest pace in a year, though uncertainty and U.S. tariffs continued to weigh on trade. Firms added staff marginally for the first time in 12 months, while rising input costs pushed output prices higher. Confidence in future output improved modestly.

Canada's unemployment rate fell to an 18-month low in January, beating expectations as fewer people looked for work. The drop reflected a sharp contraction in the labour force rather than strong job creation, with total employment declining slightly. Losses were concentrated in part-time roles, while full-time employment increased. Participation fell to its lowest level in several months.

### U.S. – Manufacturing Rebounds but Momentum Questioned

The U.S. ISM Manufacturing PMI surged into expansion territory in January, far exceeding forecasts and marking the strongest reading since 2022. New orders, production and supplier deliveries improved notably, though employment and inventories remained in contraction. Price pressures were largely unchanged. Survey commentary cautioned that some strength likely reflected post-holiday restocking and tariff-related front-loading.

### International – Bank of England Signals Cautious Shift Toward Easing, Eurozone Inflation Eases as Currency Strength Weighs, ECB Holds Steady Amid Elevated Uncertainty

The Bank of England held rates steady in February following a narrow and divided vote. Policymakers acknowledged easing inflation pressures and a softening labour market but remained cautious given inflation still above target. Previous rate cuts have reduced policy restrictiveness and further easing is likely. Future decisions will depend closely on incoming inflation data.

Eurozone inflation slowed to its lowest level since late 2024, helped by falling energy prices and a stronger euro. Services inflation cooled, while core inflation declined to its lowest reading since 2021. Food-related inflation picked up modestly and non-energy goods prices edged higher. Inflation trends diverged across major eurozone economies, with Germany seeing a slight increase.

The ECB kept interest rates unchanged at its first meeting of 2026, maintaining confidence that inflation will return to its 2% target over the medium term. Officials described the euro area economy as resilient but highlighted risks from global trade policy and geopolitical tensions. President Lagarde stressed that inflation may be volatile month to month. Policy decisions will remain data-dependent and not driven by any single release.

## Quick look ahead

| DATE      | COUNTRY / REGION   | EVENT                        | SURVEY | PRIOR  |
|-----------|--------------------|------------------------------|--------|--------|
| 10-Feb-26 | United States      | Retail Sales Advance MoM     | Dec    | 0.40   |
| 10-Feb-26 | United States      | Retail Sales Ex Auto MoM     | Dec    | 0.40   |
| 10-Feb-26 | United States      | Retail Sales Ex Auto and Gas | Dec    | 0.44   |
| 10-Feb-26 | China              | PPI YoY                      | Jan    | -1.50  |
| 10-Feb-26 | China              | CPI YoY                      | Jan    | 0.40   |
| 11-Feb-26 | United States      | Change in Nonfarm Payrolls   | Jan    | 70.00  |
| 11-Feb-26 | United States      | Change in Private Payrolls   | Jan    | 74.50  |
| 11-Feb-26 | United States      | Change in Manufact. Payrolls | Jan    | -6.63  |
| 11-Feb-26 | United States      | Average Hourly Earnings MoM  | Jan    | 0.30   |
| 11-Feb-26 | United States      | Average Hourly Earnings YoY  | Jan    | 3.70   |
| 11-Feb-26 | United States      | Unemployment Rate            | Jan    | 4.40   |
| 12-Feb-26 | United Kingdom     | GDP QoQ                      | 4Q P   | 0.20   |
| 12-Feb-26 | United Kingdom     | GDP YoY                      | 4Q P   | 1.20   |
| 13-Feb-26 | Eurozone Aggregate | GDP SA QoQ                   | 4Q S   | 0.30   |
| 13-Feb-26 | Eurozone Aggregate | GDP SA YoY                   | 4Q S   | 1.30   |
| 13-Feb-26 | Eurozone Aggregate | Employment QoQ               | 4Q P   | 0.2    |
| 13-Feb-26 | Eurozone Aggregate | Employment YoY               | 4Q P   | 0.6    |
| 13-Feb-26 | United States      | CPI MoM                      | Jan    | 0.29   |
| 13-Feb-26 | United States      | Core CPI MoM                 | Jan    | 0.30   |
| 13-Feb-26 | United States      | CPI YoY                      | Jan    | 2.50   |
| 13-Feb-26 | United States      | Core CPI YoY                 | Jan    | 2.50   |
| 13-Feb-26 | United States      | CPI Index NSA                | Jan    | 325.58 |
| 13-Feb-26 | United States      | Core CPI Index SA            | Jan    | 331.86 |

P = Preliminary

S = Second

### The Asset Allocation Team at NEI Investments

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