

# 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 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	0.6
10-Feb-26	United States	Retail Sales Ex Auto MoM	Dec	0.40	0.5
10-Feb-26	United States	Retail Sales Ex Auto and Gas	Dec	0.44	0.4
10-Feb-26	China	PPI YoY	Jan	-1.50	-1.9
10-Feb-26	China	CPI YoY	Jan	0.40	0.8
11-Feb-26	United States	Change in Nonfarm Payrolls	Jan	70.00	50
11-Feb-26	United States	Change in Private Payrolls	Jan	74.50	37
11-Feb-26	United States	Change in Manufact. Payrolls	Jan	-6.63	-8
11-Feb-26	United States	Average Hourly Earnings MoM	Jan	0.30	0.3
11-Feb-26	United States	Average Hourly Earnings YoY	Jan	3.70	3.8
11-Feb-26	United States	Unemployment Rate	Jan	4.40	4.4
12-Feb-26	United Kingdom	GDP QoQ	4Q P	0.20	0.1
12-Feb-26	United Kingdom	GDP YoY	4Q P	1.20	1.3
13-Feb-26	Eurozone Aggregate	GDP SA QoQ	4Q S	0.30	0.3
13-Feb-26	Eurozone Aggregate	GDP SA YoY	4Q S	1.30	1.3
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	0.3
13-Feb-26	United States	Core CPI MoM	Jan	0.30	0.2
13-Feb-26	United States	CPI YoY	Jan	2.50	2.7
13-Feb-26	United States	Core CPI YoY	Jan	2.50	2.6
13-Feb-26	United States	CPI Index NSA	Jan	325.58	324.054
13-Feb-26	United States	Core CPI Index SA	Jan		331.86

P = Preliminary

S = Second

### The Asset Allocation Team at NEI Investments

Judith Chan, CFA – Vice President, Head of Asset Allocation

Mateo Marks, CFA – Director, Asset Allocation

Adam Ludwick, CFA – Director, Asset Allocation

Anthony Rago, B.A.Sc. – Senior Asset Allocation Analyst

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