

Weekly Market Pulse



Week ending July 3, 2026

Market developments

Equities: Global equities posted broad gains on the week, with risk appetite supported by cooling AI-sector jitters, softer-than-expected US labour data and easing geopolitical tensions in the Middle East. The Stoxx Europe 600 was the standout performer, rising over 2.5% for its best week since May and breaking out to a fresh all-time high, led by utilities and technology. Emerging markets broadly benefited from the pullback in Fed rate-hike expectations, with the MSCI EM gauge jumping over 2% on Friday to snap a two-day tech-led decline.

Fixed Income: The week's dominant theme in fixed income was the interplay between Fed rate-hike expectations and incoming economic data. Fed Chair Kevin Warsh, acknowledged at the ECB's Sintra forum that inflation risks remain but struck a measured tone, contributing to the pullback in rate-hike bets.

Commodities: Oil prices remained under pressure throughout the week as the normalization of Persian Gulf flows following the US-Iran interim peace accord flooded the market with supply. OPEC crude production surged by 2.34 million barrels per day in June to 18.75 million b/d, with Saudi Arabia's exports reaching approximately 90% of pre-war levels, while some 14 million barrels of previously stranded Iraqi crude also made its way to market.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	35,274.84	0.84%	1.36%	6.54%	11.24%
S&P 500	7,483.24	1.76%	-0.93%	13.68%	9.32%
NASDAQ	25,832.67	2.12%	-3.80%	18.07%	11.15%
DAX	25,779.31	4.49%	3.97%	11.27%	5.26%
NIKKEI 225	69,744.07	0.55%	1.96%	31.29%	38.55%
Shanghai Composite	4,043.64	0.41%	-0.99%	4.21%	1.88%
Fixed Income					
Canada Aggregate Bond	245.01	-0.29%	0.09%	1.56%	1.69%
US Aggregate Bond	2360.16	-0.50%	0.34%	0.52%	0.48%
Europe Aggregate Bond	249.22	-0.38%	0.73%	1.37%	0.98%
US High Yield Bond	29.74	0.29%	0.54%	2.14%	2.05%
Commodities					
Oil	68.78	-0.65%	-28.37%	-38.34%	19.78%
Gold	4176.94	2.16%	-5.81%	-10.69%	-3.30%
Copper	617.15	0.45%	-5.16%	10.53%	8.61%
Currencies					
US Dollar Index	100.87	-0.48%	1.35%	0.84%	2.59%
Bitcoin (CAD)	88,691.01	4.66%	-0.35%	-5.09%	-26.07%
Loonie	1.4204	-0.06%	-2.16%	-1.82%	-3.38%
Euro	0.8744	0.46%	-1.38%	-0.71%	-2.63%

Yen	161.37	0.23%	-0.81%	-1.05%	-2.89%
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Source: Bloomberg, as of July 3, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.42%
U.S. Federal Reserve	3.75%	3.91%
European Central Bank	2.25%	2.39%
Bank of England	3.75%	3.90%
Bank of Japan	1.00%	1.20%

Source: Bloomberg, as of July 3, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Growth Surprises to the Upside as Factory Sector Extends Expansion

Canadian real GDP rose 0.5% month-over-month in April, above the 0.4% consensus, with growth broad-based across 14 of 20 industries. Goods-producing industries rebounded 1.2% led by oil and gas extraction (+3.7%), while services expanded 0.3% for a third straight month. The advance estimate points to a softer 0.1% gain in May, but the April print pushes Q2 tracking above 2% annualised and takes some air out of the recent "technical recession" narrative.

The S&P Global Canada Manufacturing PMI edged up to 53.0 in June from 52.9, a third consecutive month of solid expansion driven by rising output, new orders and the fastest hiring pace since October 2024. However, export orders fell for the first time in three months on U.S. tariff headwinds and supplier delivery times lengthened at the sharpest rate since September 2022 owing to Middle East shipping disruptions. Input cost inflation accelerated to its highest since July 2022, pushing business confidence to a three-month low.

U.S. – Labour Market Cools Sharply While Manufacturing Holds Up and Price Pressures Ease

June nonfarm payrolls rose just 57,000 versus the 115,000 consensus, with April and May revised down by a combined 74,000. The unemployment rate paradoxically fell to 4.2%, but the move reflected a 0.3 percentage point drop in labour force participation to 61.5%, the lowest since March 2021, alongside a 507,000 plunge in household employment. Leisure and hospitality shed 61,000 on weak seasonal hiring, while average hourly earnings rose 0.3% month-over-month and 3.5% year-over-year, keeping wages firm even as hiring momentum fades.

The ISM Manufacturing PMI slipped to 53.3 in June from 54.0, still marking a sixth consecutive month of expansion with new orders (56.0) and production (52.2) holding firm. The standout was the Prices Paid index, which tumbled 9.1 points to 73.0, the largest single-month drop since July 2022, as the Iran ceasefire pulled crude and fuel costs lower. This offers a welcome signal that the recent oil-driven inflation impulse may be fading.

International – Eurozone Inflation Cools Faster Than Expected While Japan's Consumer Rebound Surges

Eurozone headline HICP inflation fell to 2.8% year-over-year in June from 3.2%, undershooting the 3.0% consensus, while core eased to 2.4% from 2.6%. The deceleration was led by energy (8.7% versus 10.8%)

and services (3.2% versus 3.5%), with prices falling 0.1% on the month. The softer print reduces pressure on the ECB to extend hikes, though Bundesbank President Nagel flagged that inflation is likely to remain above target into 2027.

Eurozone unemployment slipped to 6.2% in May from a revised 6.3%, better than consensus and the lowest reading on record for the bloc. Some 55,000 fewer people were unemployed versus April and 158,000 fewer than a year earlier. The resilient labour market alongside cooling inflation strengthens the ECB's soft-landing narrative even as growth momentum remains subdued.

Japanese retail sales surged 5.3% year-over-year in May, blowing past the 3.2% consensus and marking the strongest annual gain since November 2023. The breadth of gains was notable, autos (+23.7%) and machinery and equipment (+14.5%) led, pointing to genuine durable-goods demand rather than just subsidy-inflated staples. Strong wage growth and government cost-of-living measures give the BoJ additional cover to continue normalising policy and reduce the yen-negative divergence trade.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
06-Jul-26	Eurozone Aggregate	PPI MoM	May	0.20	0.6
06-Jul-26	Eurozone Aggregate	PPI YoY	May	5.80	4.9
06-Jul-26	Eurozone Aggregate	Retail Sales MoM	May	0.30	-0.4
06-Jul-26	Eurozone Aggregate	Retail Sales YoY	May	1.55	1.0
06-Jul-26	United States	ISM Services Index	Jun	54.00	54.5
08-Jul-26	China	PPI YoY	Jun	4.15	3.9
08-Jul-26	China	CPI YoY	Jun	1.10	1.2
09-Jul-26	Japan	PPI MoM	Jun	0.40	0.9
09-Jul-26	Japan	PPI YoY	Jun	6.80	6.3
10-Jul-26	Canada	Net Change in Employment	Jun	10.00	87.8
10-Jul-26	Canada	Unemployment Rate	Jun	6.60	6.6

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