Weekly Market Pulse

Week ending July 24, 2026

Market developments

Equities: Global equity markets endured a turbulent week, with escalating Middle East conflict, surging oil prices and growing skepticism around AI investment returns as dominant themes. Tesla was among the week's most notable casualties, tumbling roughly 19% after its Q2 earnings missed estimates and free cash flow turned negative for the first time in two years. European equities fared somewhat better: the Stoxx 600 eked out a 0.5% gain, outperforming other global benchmarks, supported by energy and commodity-linked names, while the FTSE 100 rose just under 1%.

Fixed Income: Global bond markets were broadly pummeled this week as surging energy prices rekindled inflation fears and raised the prospect of further central bank tightening. U.K. gilt yields held above 5% for their longest consecutive stretch since July 2008, caught between fiscal uncertainty under new Prime Minister Andy Burnham and the oil-driven inflation shock.

Commodities: Oil was the defining commodity story of the week. Brent crude surged towards and briefly breached $100/barrel as the US-Iran conflict intensified and traffic through the Strait of Hormuz came to a near standstill following Iranian attacks on tankers, including a supertanker managed by Greece's Dynacom.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	35,369.10	0.30%	1.82%	4.32%	11.53%
S&P 500	7,411.98	-0.61%	0.73%	3.45%	8.28%
NASDAQ	24,975.82	-2.13%	-1.97%	0.56%	7.46%
DAX	25,099.00	1.08%	1.45%	4.02%	2.49%
NIKKEI 225	64,611.15	0.73%	-6.60%	8.20%	28.35%
Shanghai Composite	3,814.20	1.33%	-7.22%	-6.51%	-3.90%
Fixed Income					
Canada Aggregate Bond	242.19	-0.53%	-1.65%	-0.32%	0.52%
US Aggregate Bond	2332.80	-0.85%	-1.51%	-1.25%	-0.68%
Europe Aggregate Bond	246.24	-0.25%	-1.49%	-0.21%	-0.23%
US High Yield Bond	29.59	-0.55%	-0.22%	0.26%	1.54%
Commodities					
Oil	89.96	9.06%	27.89%	-4.70%	56.67%
Gold	4052.51	0.87%	1.33%	-13.95%	-6.18%
Copper	630.40	1.35%	5.98%	4.60%	10.95%
Currencies					
US Dollar Index	101.47	0.70%	-0.13%	2.98%	3.21%
Bitcoin (CAD)	90,565.17	0.89%	4.25%	-14.44%	-24.51%
Loonie	1.4102	-0.57%	0.94%	-3.08%	-2.68%
Euro	0.8796	-0.61%	0.09%	-3.01%	-3.21%
Yen	163.85	-0.88%	-1.26%	-2.73%	-4.36%

Source: Bloomberg, as of July 24, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.49%
U.S. Federal Reserve	3.75%	4.07%
European Central Bank	2.25%	2.63%
Bank of England	3.75%	4.16%
Bank of Japan	1.00%	1.31%

Source: Bloomberg, as of July 24, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Cools While Retail Spending Shows Resilience

Canada's CPI eased to 2.8% year over year in June, with prices down 0.4% month over month as gasoline fell sharply and core measures moved below the Bank of Canada's 2% target area. The softer inflation print reduces near-term pressure on the Bank of Canada and suggests the earlier energy-driven spike is fading.

Canadian retail sales rose 1.0% month over month in May to $73.7 billion, supported by broad-based gains across all nine subsectors. Gasoline stations led the increase in nominal terms, but volumes rose only 0.3%, suggesting some of the strength reflected higher prices rather than a decisive acceleration in real consumption.

U.S. – Services Lead Stronger Growth, but Price and Supply Pressures Rebuild

The S&P Global U.S. Composite PMI rose to 53.6 in July from 51.9 in June, the strongest reading since November and a clear improvement from the near stagnation seen earlier in the year. The acceleration was led by services, where activity reached an eight-month high on stronger new orders, while manufacturing output continued to expand but at a slower pace. The stronger demand backdrop supported the first increase in hiring in three months and lifted business confidence, although the report also showed renewed pressure from supply chains and inflation, with input costs rising at the fastest pace in 14 months and selling price inflation approaching a four-year high.

International – Policy Pauses, Softer U.K. Inflation and Mixed Global Growth Signals

China left its 1-year loan prime rate at 3.00% and 5-year loan prime rate at 3.50% in July, keeping benchmark lending rates at record lows. The hold reflects a cautious policy stance as authorities balance weak property-sector conditions against external risks and lingering price pressures tied to energy and supply chains.

U.K. CPI slowed to 2.6% year over year in June and rose only 0.1% month over month, with transport and food making the largest downward contributions. Core CPI held at 2.6%, so the headline improvement is helpful but not enough to fully remove services and underlying inflation concerns.

The ECB held rates steady in July, keeping the deposit facility at 2.25%, the main refinancing rate at 2.40% and the marginal lending facility at 2.65%. The decision looks like a data-dependent pause rather than a dovish pivot, with policymakers still monitoring whether higher energy prices from Middle East tensions feed into broader inflation.

Japan's flash composite PMI rose to 53.1 in July, the strongest reading since February, as manufacturing remained solid at 54.7 and services eased to 51.9. The divergence matters because factory output and new orders were strong, but services momentum softened and firms cited Middle East-related energy and supply-chain uncertainty.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
29-Jul-26	United States	FOMC Rate Decision (Upper Bound)		3.75	3.8
29-Jul-26	United States	FOMC Rate Decision (Lower Bound)		3.50	3.5
30-Jul-26	Eurozone Aggregate	GDP SA QoQ	2Q A	0.20	-0.2
30-Jul-26	Eurozone Aggregate	GDP SA YoY	2Q A	0.50	0.3
30-Jul-26	Eurozone Aggregate	Unemployment Rate	Jun	6.20	6.2
30-Jul-26	United Kingdom	Bank of England Bank Rate		3.75	3.8
30-Jul-26	United States	PCE Price Index MoM	Jun	-0.10	0.4
30-Jul-26	United States	PCE Price Index YoY	Jun	3.60	4.1
30-Jul-26	United States	Core PCE Price Index MoM	Jun	0.13	0.3
30-Jul-26	United States	Core PCE Price Index YoY	Jun	3.30	3.4
30-Jul-26	United States	GDP Annualized QoQ	2Q A	2.30	2.1
30-Jul-26	Japan	Retail Sales YoY	Jun	2.90	5.3
30-Jul-26	Japan	Retail Sales MoM	Jun	-1.70	1.9
30-Jul-26	China	Manufacturing PMI	Jul	49.95	50.3
30-Jul-26	China	Non-manufacturing PMI	Jul	50.00	50.2
31-Jul-26	Japan	BOJ Target Rate		1.00	1.0
31-Jul-26	Eurozone Aggregate	CPI Estimate YoY	Jul P	2.90	2.8
31-Jul-26	Eurozone Aggregate	CPI YoY	Jul P	2.90	2.8
31-Jul-26	Eurozone Aggregate	CPI MoM	Jul P	0.17	-0.1
31-Jul-26	Eurozone Aggregate	CPI Core YoY	Jul P	2.40	2.4
31-Jul-26	Canada	GDP MoM	May	0.10	0.5
31-Jul-26	Canada	GDP YoY	May	1.40	1.1

A = Advance
P = Preliminary

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