Weekly Market Pulse

Week ending August 07, 2026

Market developments

Equities: Global equities rallied as a weaker July payrolls report cooled Fed hike expectations and reignited risk appetite, overriding a mid-week AI capex scare and memory-chip rout. The Nasdaq led with a 5.2% jump, while the S&P 500 climbed 3.6% to a record high driven by strength in technology mega-caps. Canada kept pace as the S&P/TSX Composite added 3.3%, while the DAX rose 2.7% and Japan's Nikkei 225 gained 1.9% on U.S.-Japan efforts to steady the yen. Emerging markets lagged, though Shanghai still advanced 2.8%.

Fixed Income: U.S. Treasuries sold off at the long end as renewed inflation concerns and questions about the Fed’s policy response drove a bear-steepening of the curve. The U.S. 30-year yield went from about 5.14% to 5.25%, near 2007 highs, while the 10-year rose to 4.71%. The 2-year edged down to 4.27%, steepening the curve. The Fed held at 3.50% to 3.75% in a hawkish 9-3 vote.

Commodities: Energy prices declined over the week as some of the geopolitical risk premium eased, although oil rebounded on Friday as tensions around the Strait of Hormuz intensified. WTI fell approximately 5.1% over the week to around $84.70 per barrel, while U.S. natural gas declined about 3.7%.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	36,381.23	3.28%	3.14%	7.46%	14.73%
S&P 500	7,757.64	3.58%	3.38%	5.73%	13.32%
NASDAQ	26,690.62	5.19%	3.38%	3.43%	14.84%
DAX	26,319.45	2.69%	3.35%	6.71%	7.47%
NIKKEI 225	65,606.71	1.93%	-3.88%	4.41%	30.33%
Shanghai Composite	3,940.04	2.81%	-1.26%	-5.74%	-0.73%
Fixed Income					
Canada Aggregate Bond	242.92	0.32%	-0.68%	0.32%	0.82%
US Aggregate Bond	2342.22	0.41%	-0.44%	-0.51%	-0.28%
Europe Aggregate Bond	247.53	0.49%	-0.42%	0.01%	0.30%
US High Yield Bond	29.81	0.58%	0.13%	0.93%	2.29%
Commodities					
Oil	77.06	-8.99%	9.40%	-18.72%	34.20%
Gold	4339.2	7.24%	5.67%	-7.40%	0.46%
Copper	658.20	1.80%	6.65%	7.42%	15.84%
Currencies					
US Dollar Index	99.60	-0.31%	-1.41%	1.56%	1.30%
Bitcoin (CAD)	90,640.51	2.72%	0.73%	-17.15%	-24.45%
Loonie	1.3946	0.54%	1.83%	-2.01%	-1.59%
Euro	0.8653	0.25%	1.27%	-1.44%	-1.61%
Yen	157.73	-0.21%	2.77%	-0.51%	-0.65%

Source: Bloomberg, as of August 08, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.45%
U.S. Federal Reserve	3.75%	3.91%
European Central Bank	2.25%	2.55%
Bank of England	3.75%	3.98%
Bank of Japan	1.00%	1.33%

Source: Bloomberg, as of August 07, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Factory Activity Hits a Four-Year High as the Labour Market Strengthens

The S&P Global Canada Manufacturing PMI edged up to 53.5 in July from 53.0 in June, the strongest reading since June 2022 and a fourth straight month of expansion. Domestic demand more than offset a second consecutive monthly fall in export orders tied to tariffs and the Middle East conflict, while input cost inflation accelerated to a four-year high on supply shortages and delivery delays.

The labour market delivered a clear upside surprise, with employment rising 75,000 in July and the unemployment rate declining to 6.4 per cent, its lowest since July 2024. Gains were broad-based across wholesale and retail trade, finance, professional services and construction, and were concentrated among private-sector and core-aged workers. This marks a third consecutive month of improvement and pushes total employment up 181,000 since April, pointing to firming rather than merely stabilising momentum.

U.S. – Factories and Services Keep Expanding but Payrolls Unexpectedly Contract

The ISM Manufacturing PMI jumped to 55.6 in July from 53.3, the highest since May 2022 and a seventh straight month of expansion, with production and new orders both accelerating. Employment returned to expansion at 52.8 for the first time in 33 months, though the Prices Index stayed elevated at 71.1, underlining that tariff-related cost pressures remain the sector's key challenge.

The ISM Services Index held nearly flat at 54.1, a 25th consecutive month of expansion, as a strong Business Activity reading of 59.1 offset a slide in employment back into contraction at 47.4. The Prices Index climbed to 70.3, its fourth reading above 70 in five months, keeping services inflation a live concern for the Fed.

The July payrolls report was the week's biggest shock, with nonfarm payrolls falling 23,000 against expectations of roughly a 80,000 gain, while May and June report were revised down by a combined 103,000. The unemployment rate edged down to 4.1 per cent, but the decline reflected weaker labour-force participation rather than stronger household employment.

International – Euro Area Prices and Spending Both Soften

Euro area producer prices fell 0.3 percent month on month in June, the first decline in four months, bringing the annual rate down to 4.6 percent from 5.9 percent. The decline was driven by a 1.5 percent fall in energy costs, while prices excluding energy rose 0.2 percent on the month and 3.0 percent from a year earlier, indicating that non-energy pipeline pressures remained positive but considerably milder than the headline rate.

Euro area retail sales unexpectedly contracted 0.3 percent in June, almost fully reversing May's upwardly revised 0.4 percent gain and defying expectations for a modest rise. The annual pace slowed to just 0.7

percent, the weakest since July 2024, with declines in Germany and France outweighing gains in Italy, Spain and the Netherlands and pointing to fragile consumer momentum.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
08-Aug-26	China	PPI YoY	Jul	3.90	4.1
08-Aug-26	China	CPI YoY	Jul	0.80	1.0
12-Aug-26	United States	CPI YoY	Jul	3.40	3.5
12-Aug-26	United States	Core CPI YoY	Jul	2.50	2.6
12-Aug-26	Japan	PPI YoY	Jul	7.40	7.1
13-Aug-26	United Kingdom	GDP QoQ	2Q P	0.40	0.6
13-Aug-26	United Kingdom	GDP YoY	2Q P	1.10	0.9
13-Aug-26	United States	PPI Final Demand YoY	Jul	4.90	5.5
13-Aug-26	United States	PPI Ex Food and Energy YoY	Jul	4.10	4.7
14-Aug-26	United States	Retail Sales Advance MoM	Jul	0.10	0.2
14-Aug-26	United States	Retail Sales Ex Auto MoM	Jul	0.20	-0.2

P = Preliminary

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