Weekly Market Pulse

Week ending July 31, 2026

Market developments

Equities: Global equities rebounded firmly as a powerful recovery in technology and semiconductor names reversed a stretch of AI-trade derating. The S&P 500 rose 1.05% and the Nasdaq 1.59%, with chipmakers posting their biggest single-day advance since April 2025 as Microsoft jumped roughly 16% and Amazon about 12% on earnings. Europe was the standout, with the DAX surging 2.11% and the Stoxx 600 hitting a record high on Friday.

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 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 part of the geopolitical risk premium eased, although oil rebounded 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	35,226.14	-0.40%	1.06%	3.94%	11.08%
S&P 500	7,489.77	1.05%	0.09%	3.59%	9.41%
NASDAQ	25,373.85	1.59%	-2.56%	1.03%	9.17%
DAX	25,629.24	2.11%	2.35%	5.50%	4.65%
NIKKEI 225	64,362.02	-0.39%	-8.67%	8.15%	27.86%
Shanghai Composite	3,832.26	0.47%	-6.81%	-6.81%	-3.44%
Fixed Income					
Canada Aggregate Bond	243.18	0.11%	-1.17%	0.43%	0.93%
US Aggregate Bond	2339.24	0.16%	-0.83%	-0.58%	-0.41%
Europe Aggregate Bond	246.33	0.03%	-1.39%	-0.01%	-0.19%
US High Yield Bond	29.64	0.18%	-0.25%	0.38%	1.71%
Commodities					
Oil	84.76	-5.09%	23.59%	-16.85%	47.61%
Gold	4049.21	-0.09%	0.46%	-12.24%	-6.25%
Copper	653.85	3.46%	6.78%	10.22%	15.07%
Currencies					
US Dollar Index	99.90	-1.55%	-1.47%	1.77%	1.60%
Bitcoin (CAD)	88,264.06	-2.47%	3.47%	-16.58%	-26.43%
Loonie	1.4018	0.56%	1.41%	-3.06%	-2.10%
Euro	0.8673	1.41%	1.34%	-1.63%	-1.83%
Yen	159.16	2.93%	2.15%	-1.35%	-1.54%

Source: Bloomberg, as of July 31, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.48%
U.S. Federal Reserve	3.75%	3.98%
European Central Bank	2.25%	2.61%
Bank of England	3.75%	4.06%
Bank of Japan	1.00%	1.27%

Source: Bloomberg, as of July 31, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Growth Regains Momentum as May GDP Tops Estimates and Q2 Rebound Takes Shape

Real GDP rose 0.3 percent month over month in May, surpassing Statistics Canada's advance flash estimate of 0.1 percent and the second straight monthly gain, with 13 of 20 industrial sectors expanding. Growth was broad based, led by a 1.0 percent rise in mining, quarrying and oil and gas extraction and a 5.1 percent jump in real estate agent and broker activity as the spring housing market warmed. With April revised up to 0.6 percent and June tracking a further 0.2 percent gain, StatCan's advance estimate puts Q2 growth at 3.4 percent annualized.

U.S. – Fed Holds Amid Rare Hawkish Dissent as Growth Cools and Inflation Briefly Retreats

The FOMC held the federal funds target range at 3.50 to 3.75 percent for a fifth straight meeting on a 9 to 3 vote, with Beth Hammack, Neel Kashkari and Lorie Logan all dissenting in favour of a 25 basis point hike. This marked the first time since September 2016 that three policymakers dissented in the same direction, an early challenge for Chair Kevin Warsh, who cited energy-driven supply shocks keeping inflation above the 2 percent goal and stressed the committee would not hesitate to act.

The Fed's preferred inflation gauge cooled in June, with the headline PCE price index falling 0.1 percent on the month and easing to 3.7 percent year over year from 4.1 percent. The pullback was largely energy led, with analysts linking part of the decline to a brief mid-June U.S.-Iran ceasefire that pulled fuel prices lower, a reprieve that has since reversed and may prove temporary.

Second-quarter GDP grew at just 1.5 percent annualized in the advance estimate, decelerating from 2.1 percent in Q1. The headline was dragged down by a downturn in government spending and a wider trade drag from stronger imports, but the underlying picture was firmer as real final sales to private domestic purchasers accelerated to 3.9 percent, powered by resilient consumer spending and an AI-led surge in equipment and intellectual property investment.

International – Central Banks Hold Firm as Europe Surprises to the Upside, Japan Turns Hawkish and China Slips Back into Contraction

In the eurozone, GDP rose 0.4 percent quarter over quarter in the Q2 flash estimate, doubling the 0.2 percent consensus and rebounding from a flat first quarter, with annual growth accelerating to 1.0 percent. Ireland led at 3.9 percent while Germany, France and Italy each grew 0.2 percent, an unexpectedly resilient result given the energy shock. The bloc's labour market held firm, with the June unemployment rate steady at 6.3 percent for a fourth consecutive month, just above the record low of 6.2 percent markets had expected.

Eurozone inflation ticked up to 2.9 percent in the July flash from 2.8 percent in June, in line with expectations, with core inflation edging higher to 2.5 percent. Energy was the main driver, jumping to a 10.0 percent annual rate from 8.5 percent as the renewed Middle East conflict lifted costs, and the acceleration reinforces expectations the European Central Bank may deliver one more hike before pausing.

The Bank of England held Bank Rate at 3.75 percent for a fifth straight meeting on a 6 to 3 vote, with Megan Greene, Huw Pill and Catherine Mann dissenting in favour of a quarter-point hike to 4 percent.

The Bank of Japan kept its policy rate at 1 percent in an 8 to 1 vote, with Hajime Takata again dissenting for a hike to 1.25 percent. The Bank adopted a notably hawkish tone, warning that core inflation could move clearly above 2% in the second half of fiscal 2026 and reiterating that it would continue raising interest rates if its economic and inflation outlook materialized.

China's official manufacturing PMI unexpectedly fell to 49.2 in July from 50.3, slipping into contraction for the first time since February and missing the 50.0 consensus as new orders sank to a 38-month low. The non-manufacturing PMI also dropped into contraction at 49.0 from 50.2, dragged by a record-low construction reading.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
03-Aug-26	United States	ISM Manufacturing	Jul	53.90	53.3
04-Aug-26	Canada	S&P Global Canada Manufacturing PMI	Jul		53.0
05-Aug-26	Eurozone Aggregate	PPI MoM	Jun	-0.25	0.2
05-Aug-26	Eurozone Aggregate	PPI YoY	Jun	4.70	5.9
05-Aug-26	United States	ISM Services Index	Jul	54.50	54.0
06-Aug-26	Eurozone Aggregate	Retail Sales MoM	Jun	0.10	0.2
06-Aug-26	Eurozone Aggregate	Retail Sales YoY	Jun	1.00	1.6
07-Aug-26	United States	Change in Nonfarm Payrolls	Jul	85.00	57.0
07-Aug-26	United States	Unemployment Rate	Jul	4.20	4.2
07-Aug-26	Canada	Net Change in Employment	Jul	10.00	18.2
07-Aug-26	Canada	Unemployment Rate	Jul	6.50	6.5
08-Aug-26	China	PPI YoY	Jul	3.80	4.1
08-Aug-26	China	CPI YoY	Jul	0.80	1.0

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