Weekly Market Pulse

Week ending July 17, 2026

Market developments

Equities: Global equity markets were dominated by a sharp AI-driven selloff, with semiconductor stocks at the epicenter. The catalyst was the release of Kimi K3 by Chinese startup Moonshot AI, a 2.8-trillion-parameter open-weight model that rattled confidence in the AI hardware spending thesis, sending chipmakers toward bear market territory with the sector's worst weekly decline since the April 2025 tariff shock. In Europe, the Stoxx 600 ended roughly flat on the week as the AI rotation cooled a record-setting rally, with geopolitical flare-ups and higher oil prices adding to headwinds.

Fixed Income: Treasuries posted a weekly advance as softer-than-expected US consumer and producer price data prevailed over oil-driven inflation concerns, leading traders to largely abandon bets on a July Fed rate hike. Hyperscaler bonds, issued by Big Tech firms to fund AI buildouts, underperformed across global markets, dragging down bond indices from London to Tokyo.

Commodities: Oil was the standout performer of the week, with front-month ICE Brent crude surging over 15%, its largest one-week gain since late April 2026, driven by escalating US-Iran hostilities now in their fifth month, with the two sides clashing for a sixth consecutive day and raising fears of disruptions to flows through the Strait of Hormuz.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	35,263.85	-0.12%	0.39%	2.67%	11.20%
S&P 500	7,457.69	-1.55%	0.51%	4.65%	8.94%
NASDAQ	25,520.24	-2.90%	-1.93%	4.30%	9.80%
DAX	24,830.98	-0.94%	-0.42%	0.52%	1.39%
NIKKEI 225	64,141.12	-6.44%	-8.24%	9.69%	27.42%
Shanghai Composite	3,764.16	-5.81%	-8.37%	-7.09%	-5.16%
Fixed Income					
Canada Aggregate Bond	243.92	-0.07%	-0.44%	0.42%	1.24%
US Aggregate Bond	2351.55	0.08%	-0.14%	-0.72%	0.11%
Europe Aggregate Bond	246.85	-0.37%	-0.91%	-0.32%	0.02%
US High Yield Bond	29.77	0.08%	0.38%	0.68%	2.15%
Commodities					
Oil	82.30	15.25%	7.18%	-1.85%	43.33%
Gold	4012.14	-2.62%	-5.75%	-16.94%	-7.11%
Copper	622.00	-0.22%	-4.21%	1.73%	9.47%
Currencies					
US Dollar Index	100.72	-0.23%	0.63%	2.67%	2.44%
Bitcoin (CAD)	89,756.06	-1.28%	-1.24%	-15.11%	-25.19%
Loonie	1.4013	1.01%	0.62%	-2.30%	-2.06%
Euro	0.8742	0.21%	-0.54%	-2.77%	-2.61%
Yen	162.41	-0.45%	-1.08%	-2.32%	-3.51%

Source: Bloomberg, as of July 17, 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%	3.94%
European Central Bank	2.25%	2.64%
Bank of England	3.75%	4.15%
Bank of Japan	1.00%	1.21%

Source: Bloomberg, as of July 17, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – BoC Holds Steady at 2.25% as Growth Resumes but Iran-Driven Inflation Risks Linger

The Bank of Canada left its overnight rate unchanged at 2.25% on July 15, a sixth consecutive hold that matched the unanimous call from the 36 economists surveyed by Reuters. Governor Tiff Macklem said growth "looks to have resumed" after stalling over the past year, with Q2 GDP now tracked at 2.5% on firmer consumer and government spending, recovering exports and stabilising housing. Macklem struck a hawkish tone in the press conference, warning rates may need to rise if elevated oil prices from the Iran war begin to spill beyond gasoline into broader consumer prices.

U.S. – Inflation Cools Sharply on Energy Reversal While Consumer Spending Loses Momentum at the Margin

June CPI delivered the biggest downside surprise of the year, falling 0.4% month-over-month and easing headline year-over-year inflation to 3.5% from 4.2%, well below the 3.8% consensus. Core CPI was essentially flat on the month and decelerated to 2.6% year-over-year from 2.9%, with shelter rising just 0.1% and services ex-energy unchanged. The move was almost entirely an energy story, driven by a 5.7% drop in the energy index and a 9.7% fall in gasoline after the mid-June U.S.-Iran ceasefire pulled WTI back from a June 3 peak of $99.76 to under $70.

June PPI reinforced the disinflation signal, with final demand falling 0.3% versus expectations for a flat print, while May was revised sharply lower to +0.6% from +1.1%. Goods PPI dropped 1.4%, the steepest decline since July 2022, led by a 6.4% collapse in energy and a 12% plunge in gasoline, while services rose 0.2% on firmer trade margins. Core PPI ex food and energy rose 0.2%, though the ex food, energy and trade services measure is still running at 5.1% year-over-year, a reminder that spring oil-shock pressures have not fully washed through.

June retail sales rose 0.2%, the weakest pace in five months but in line with expectations, while May was revised up to +1.0% from +0.9%. The headline was dragged by a 5.3% drop at gasoline stations on lower pump prices, but underlying momentum was firmer, with retail sales ex auto and gas up 0.4% and the "control" group jumping 0.5%, running at a 9.1% annualised pace in Q2. Motor vehicles gained 1.9% and non-store retailers surged another 1.9%, prompting economists to lift Q2 GDP tracking estimates to as high as 2.4% annualised.

International – China's Q2 Growth Slows to Three-Year Low as Investment Slump Deepens Despite Consumption Rebound

China's economy expanded 4.3% year-over-year in Q2, missing the 4.5% consensus and slowing from 5.0% in Q1, the weakest quarterly pace since Q4 2022. Quarter-over-quarter GDP grew just 0.9%, with weakness concentrated in domestic demand as urban fixed-asset investment collapsed 5.7% in the first half, dragged by an 18% plunge in real estate investment. The consumer side offered a modest upside surprise, with June retail sales rebounding to +1.0% year-over-year from -0.6% in May and beating the -0.1% consensus, led by communication equipment, cosmetics and food, though autos fell 16.1%. Economists at EIU and Moody's Analytics expect Beijing to lean harder on stimulus in Q3, likely including a policy rate cut and a renewed infrastructure push.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
19-Jul-26	China	1-Year Loan Prime Rate		3.00	3.0
19-Jul-26	China	5-Year Loan Prime Rate		3.50	3.5
20-Jul-26	Canada	CPI NSA MoM	Jun	-0.20	1.0
20-Jul-26	Canada	CPI YoY	Jun	3.00	3.2
21-Jul-26	United Kingdom	ILO Unemployment Rate 3Mths	May	4.90	4.9
22-Jul-26	United Kingdom	CPI MoM	Jun	0.10	0.2
22-Jul-26	United Kingdom	CPI YoY	Jun	2.70	2.8
22-Jul-26	United Kingdom	CPI Core YoY	Jun	2.50	2.6
23-Jul-26	Eurozone Aggregate	ECB Deposit Facility Rate		2.25	2.3
23-Jul-26	Eurozone Aggregate	ECB Main Refinancing Rate		2.40	2.4
23-Jul-26	Eurozone Aggregate	ECB Marginal Lending Facility		2.65	2.7
23-Jul-26	Canada	Retail Sales MoM	May	1.00	0.5
23-Jul-26	Canada	Retail Sales Ex Auto MoM	May		0.1
23-Jul-26	Japan	Natl CPI YoY	Jun	1.70	1.5
23-Jul-26	Japan	Natl CPI Ex Fresh Food YoY	Jun	1.60	1.4
23-Jul-26	Japan	S&P Global Japan PMI Composite	Jul P		52.8
23-Jul-26	Japan	S&P Global Japan PMI Mfg	Jul P		54.8
23-Jul-26	Japan	S&P Global Japan PMI Services	Jul P		52.2
24-Jul-26	Eurozone Aggregate	S&P Global Eurozone Manufacturing PMI	Jul P	51.50	51.4
24-Jul-26	Eurozone Aggregate	S&P Global Eurozone Services PMI	Jul P	49.90	49.4
24-Jul-26	Eurozone Aggregate	S&P Global Eurozone Composite PMI	Jul P	50.25	50.0
24-Jul-26	United States	S&P Global US Manufacturing PMI	Jul P	54.40	53.9
24-Jul-26	United States	S&P Global US Services PMI	Jul P		51.2
24-Jul-26	United States	S&P Global US Composite PMI	Jul P		51.9

P = Preliminary

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