

Weekly Market Pulse



Week ending June 12, 2026

Market developments

Equities: Global equity markets had a volatile but ultimately positive week, with the dominant theme being the evolving US-Iran conflict and its implications for risk sentiment. The tide turned decisively on Thursday and Friday as President Trump signaled the US was nearing an interim peace deal with Iran to reopen the Strait of Hormuz. This triggered a broad rally, aided by SpaceX's record-breaking Nasdaq debut. European equities outperformed, with the Stoxx Europe 600 advancing 1.7% on the week and closing near its pre-war February record high.

Fixed Income: The rates backdrop remained challenging, with US Treasury yields staying elevated near 5% on the long end as asset allocation continued to favour growth over duration. Stagflation fears weighed on the weakest credit, with the spread premium on CCC-rated global junk bonds over higher-quality high-yield reaching its widest level in 14 months.

Commodities: Oil was the week's most volatile commodity, swinging sharply with each twist in the US-Iran narrative. Crude topped \$90 mid-week as Trump threatened further strikes on Iran and the Strait of Hormuz remained partially blocked, before falling sharply on Friday. Gold came under pressure throughout the week, with ETFs recording several consecutive days of net selling.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	34,937.85	1.52%	1.89%	6.39%	10.17%
S&P 500	7,431.46	0.65%	0.41%	11.37%	8.56%
NASDAQ	25,888.84	0.70%	-0.76%	16.03%	11.39%
DAX	24,635.30	-0.50%	2.84%	4.43%	0.59%
NIKKEI 225	66,020.04	-0.85%	5.22%	21.24%	31.15%
Shanghai Composite	4,031.51	0.09%	-4.34%	-2.36%	1.58%
Fixed Income					
Canada Aggregate Bond	245.00	0.37%	1.45%	1.93%	1.69%
US Aggregate Bond	2359.88	0.64%	0.54%	0.50%	0.47%
Europe Aggregate Bond	247.96	0.27%	0.83%	0.57%	0.47%
US High Yield Bond	29.60	0.31%	0.47%	1.71%	1.58%
Commodities					
Oil	84.42	-6.76%	-17.38%	-11.81%	47.02%
Gold	4212.71	-2.67%	-10.66%	-17.06%	-2.47%
Copper	648.80	3.24%	0.05%	11.39%	14.19%
Currencies					
US Dollar Index	99.78	-0.29%	1.51%	0.04%	1.48%
Bitcoin (CAD)	88,941.51	4.66%	-19.51%	-7.15%	-25.87%
Loonie	1.3983	-0.33%	-2.05%	-2.45%	-1.85%
Euro	0.8644	0.40%	-1.45%	0.50%	-1.50%

Yen	160.22	0.04%	-1.62%	-0.54%	-2.19%
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Source: Bloomberg, as of June 5, 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%	3.82%
European Central Bank	2.25%	2.52%
Bank of England	3.75%	4.06%
Bank of Japan	0.75%	1.19%

Source: Bloomberg, as of June 5, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – BoC Holds Steady as Growth Stalls and Energy Prices Climb

The Bank of Canada held its overnight rate at 2.25%, citing elevated energy prices from the Middle East conflict and persistent U.S. trade policy uncertainty. Q1 GDP edged down 0.1%, though preliminary data suggests growth resumed in Q2 and the labour market showed resilience with May employment up 87,800. Headline CPI rose to 2.8% in April driven by higher oil prices, though core measures have eased to around 2%. Governor Macklem described the economy as "weak but not clearly in recession" and signalled the bank will not let higher energy prices become entrenched inflation.

U.S. – Headline CPI Breaks Above 4% on Energy Surge but Core Pressures Ease, Producer Prices Hit Hottest Level Since Late 2022

Consumer prices rose 0.5% in May, pushing the annual rate to 4.2%, the highest since April 2023 and the first reading above 4% in three years. Energy was the dominant driver with gasoline up 40.5% year-over-year, accounting for over 60% of the monthly increase. Core CPI gained just 0.2% on the month, below consensus and half of April's pace, suggesting underlying pressures are not spiralling.

Producer prices for final demand surged 1.1% in May, well above the 0.7% consensus, lifting the annual rate to 6.5%, the hottest since November 2022. Nearly 80% of the monthly acceleration came from goods prices, with wholesale gasoline soaring 23.4% in a single month. Core PPI rose a more modest 0.4%, though core PPI excluding trade services climbed 0.8%—the biggest monthly gain since March 2022, indicating some broadening of pipeline pressures beyond energy.

International – Japan Factory Prices Hit Record High, China's Wholesale Inflation Surges While Consumer Demand Stays Tepid, ECB Pivots Back to Tightening

Japan's producer prices rose 6.3% year-over-year in May, the fastest since March 2023, driven by surging petroleum, coal and chemical costs tied to the Iran conflict and Strait of Hormuz disruptions. On a monthly basis prices gained 0.9%, easing from a revised 2.8% in April. The PPI index hit a record high of 134.50 points, underscoring persistent cost pressure on Japanese manufacturers.

China's producer prices jumped 3.9% year-over-year in May, the highest since July 2022, fuelled by a 10% surge in fuel and power costs and a 22% rise in non-ferrous metals amid strong AI computing demand. Consumer prices rose just 1.2%, unchanged from April, with core CPI edging down to 1.1% and food prices

still deflating at -1.7%. The divergence highlights the squeeze on manufacturers absorbing higher input costs without passing them through to consumers.

The ECB raised all three key rates by 25 basis points, the first hike since September 2023, as Eurozone inflation accelerated to 3.2% in May with energy prices surging 10.9%. Core inflation also climbed to 2.5% from 2.2%, undermining arguments that price pressures were confined to energy alone. The bank raised its 2026 inflation forecast to 3.0% and trimmed growth to 0.8%, reflecting the stagflationary dilemma facing policymakers as the eurozone economy contracted 0.2% in Q1.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
15-Jun-26	China	Retail Sales YoY	May	-0.20	0.2
15-Jun-26	China	Retail Sales YTD YoY	May		1.9
17-Jun-26	United Kingdom	CPI MoM	May	0.40	0.7
17-Jun-26	United Kingdom	CPI YoY	May	3.00	2.8
17-Jun-26	United Kingdom	CPI Core YoY	May	2.70	2.5
17-Jun-26	United States	Retail Sales Advance MoM	May	0.45	0.5
17-Jun-26	United States	Retail Sales Ex Auto MoM	May	0.40	0.7
17-Jun-26	United States	Retail Sales Ex Auto and Gas	May	0.30	0.5
17-Jun-26	United States	FOMC Rate Decision (Upper Bound)		3.75	3.8
17-Jun-26	United States	FOMC Rate Decision (Lower Bound)		3.50	3.5
18-Jun-26	United Kingdom	ILO Unemployment Rate 3Mths	Apr	5.00	5.0
18-Jun-26	United Kingdom	Bank of England Bank Rate		3.75	3.8
18-Jun-26	Japan	Natl CPI YoY	May	1.50	1.4
18-Jun-26	Japan	Natl CPI Ex Fresh Food YoY	May	1.40	1.4
19-Jun-26	United Kingdom	Retail Sales Inc Auto Fuel MoM	May	0.50	-1.3
19-Jun-26	United Kingdom	Retail Sales Inc Auto Fuel YoY	May	1.90	
19-Jun-26	United Kingdom	Retail Sales Ex Auto Fuel MoM	May	0.40	-0.4
19-Jun-26	United Kingdom	Retail Sales Ex Auto Fuel YoY	May	3.20	1.1
19-Jun-26	Canada	Retail Sales MoM	Apr	0.60	0.9
19-Jun-26	Canada	Retail Sales Ex Auto MoM	Apr	0.65	1.4

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