

Weekly Market Pulse



Week ending May 15, 2026

Market developments

Equities: Global equity markets closed the week on a sour note after a strong mid-week rally, driven largely by AI and semiconductor stocks, ending with rising bond yields and geopolitical disappointment. The FTSE 100 was among the hardest hit, plunging over 1.5% on Friday alone. This marks its worst single-day drop since the early weeks of the Iran war, as U.K. political uncertainty surrounding Andy Burnham's leadership push compounded the global risk-off mood. A key catalyst for the late-week selloff was President Trump returning from China without a breakthrough on reopening the Strait of Hormuz, dashing hopes that had partly underpinned the earlier rally.

Fixed Income: Government bond markets experienced a significant global selloff, with yields surging to multi-decade highs across major economies. The U.S. 30-year Treasury yield topped 5.1%, its highest level since May 2025, while the 10-year yield broke above 4.59%, the highest intraday print since May 2025. The selloff was attributed to a combination of hotter-than-expected US inflation data, persistently elevated oil prices stoking rate-hike fears and broader fiscal concerns.

Commodities: Oil dominated the commodity narrative this week, with Brent crude climbing to \$109 per barrel as the ongoing disruption to Middle East supplies from the Iran conflict intensified. The IEA warned that global oil inventories are falling at a record pace and will continue to drop for months.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	33,833.35	-0.72%	-0.94%	2.30%	6.69%
S&P 500	7,408.50	0.13%	5.49%	8.37%	8.22%
NASDAQ	26,225.14	-0.08%	9.20%	16.31%	12.84%
DAX	23,950.57	-1.59%	-0.48%	-3.87%	-2.20%
NIKKEI 225	61,409.29	-2.08%	5.63%	7.85%	21.99%
Shanghai Composite	4,135.39	-1.07%	2.69%	1.31%	4.20%
Fixed Income					
Canada Aggregate Bond	242.10	-0.46%	-0.03%	-1.07%	0.49%
US Aggregate Bond	2346.88	-0.52%	-0.68%	-1.35%	-0.08%
Europe Aggregate Bond	245.31	-0.83%	-0.38%	-1.89%	-0.60%
US High Yield Bond	29.50	-0.14%	0.00%	0.50%	1.23%
Commodities					
Oil	105.78	10.86%	15.87%	68.20%	84.22%
Gold	4537.28	-3.77%	-5.30%	-10.01%	5.04%
Copper	624.25	-0.10%	2.59%	7.57%	9.86%
Currencies					
US Dollar Index	99.31	1.44%	1.28%	2.47%	1.00%
Bitcoin (CAD)	108,880.91	-0.66%	5.75%	16.03%	-9.25%
Loonie	1.3757	-0.58%	-0.12%	-1.02%	-0.24%

Euro	0.8604	-1.39%	-1.50%	-2.07%	-1.05%
Yen	158.77	-1.32%	0.14%	-3.82%	-1.30%

Source: Bloomberg, as of May 15, 2026

Central Bank Interest Rates

Central Bank	Current Rate	June 2026 Expected Rate*
Bank of Canada	2.25%	2.29%
U.S. Federal Reserve	3.75%	3.63%
European Central Bank	2.00%	2.16%
Bank of England	3.75%	3.82%
Bank of Japan	0.75%	0.93%

Source: Bloomberg, as of May 15, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – No Notable Releases

No notable releases this week.

U.S. – Inflation Pressures Intensify, Producer Prices Surge on Energy Shock

Inflation in the U.S. rose to 3.8% in April 2026, exceeding expectations as energy costs surged due to the Iran conflict. Gasoline and fuel oil drove much of the increase, while shelter and food prices also edged higher. Monthly inflation slowed to 0.6%, though core inflation climbed to 2.8%, with underlying price pressures continuing to build.

Producer prices in the U.S. jumped 1.4% month-over-month in April, the largest increase in over four years, fuelled by a sharp rise in energy costs. Goods prices surged, particularly gasoline, while services also saw strong gains across several sectors. On a yearly basis, producer inflation reached 6%, signalling broad and intensifying cost pressures.

International – Eurozone Growth Stalls Amid Energy Constraints, Japan Producer Inflation Accelerates Sharply, China Inflation Edges Higher with Mixed Drivers

Economic growth in the Eurozone slowed to 0.1% in Q1 2026, the weakest pace in nearly a year, as energy supply disruptions weighed on activity. Major economies showed mixed performance, with France stalling while Spain led growth. Annual growth also decelerated and rising inflation risks are prompting consideration of further rate hikes by policymakers.

Japan's producer prices rose 4.9% year-over-year in April, driven by strong energy-related cost pressures linked to global supply disruptions. Price increases were widespread across industries, particularly chemicals and petroleum products. Monthly producer inflation reached its highest level in over a decade, highlighting accelerating input cost pressures.

China's inflation rose to 1.2% in April 2026, supported by higher transport and non-food prices amid rising energy costs. However, food prices declined, led by weaker pork and fresh produce costs, offsetting some inflationary pressure. Core inflation increased modestly, while monthly CPI rebounded, indicating a gradual pickup in price momentum.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
17-May-26	China	Retail Sales YoY	Apr	2.00	1.7
17-May-26	China	Retail Sales YTD YoY	Apr		2.4
18-May-26	Japan	GDP Annualized SA QoQ	1Q P	1.67	1.3
18-May-26	Japan	GDP SA QoQ	1Q P	0.40	0.3
18-May-26	Japan	GDP Nominal SA QoQ	1Q P	0.80	0.9
18-May-26	Japan	GDP Deflator YoY	1Q P	3.10	3.4
19-May-26	United Kingdom	ILO Unemployment Rate 3Mths	Mar	4.80	4.9
19-May-26	Canada	CPI NSA MoM	Apr	0.60	0.9
19-May-26	Canada	CPI YoY	Apr	3.10	2.4
19-May-26	China	1-Year Loan Prime Rate		3.00	3.0
19-May-26	China	5-Year Loan Prime Rate		3.50	3.5
20-May-26	United Kingdom	CPI MoM	Apr	0.90	0.7
20-May-26	United Kingdom	CPI YoY	Apr	3.00	3.3
20-May-26	United Kingdom	CPI Core YoY	Apr	2.65	3.1
20-May-26	Japan	S&P Global Japan PMI Composite	May P		52.2
20-May-26	Japan	S&P Global Japan PMI Mfg	May P		55.1
20-May-26	Japan	S&P Global Japan PMI Services	May P		51.0
21-May-26	Eurozone Aggregate	S&P Global Eurozone Manufacturing PMI	May P	51.80	52.2
21-May-26	Eurozone Aggregate	S&P Global Eurozone Services PMI	May P	47.70	47.6
21-May-26	Eurozone Aggregate	S&P Global Eurozone Composite PMI	May P	48.70	48.8
21-May-26	United Kingdom	S&P Global UK Manufacturing PMI	May P	53.00	53.7
21-May-26	United Kingdom	S&P Global UK Services PMI	May P	51.70	52.7
21-May-26	United Kingdom	S&P Global UK Composite PMI	May P	51.60	52.6
21-May-26	United States	S&P Global US Manufacturing PMI	May P	53.60	54.5
21-May-26	United States	S&P Global US Services PMI	May P	51.25	51.0
21-May-26	United States	S&P Global US Composite PMI	May P		51.7
22-May-26	Canada	Retail Sales MoM	Mar	0.60	0.7
22-May-26	Canada	Retail Sales Ex Auto MoM	Mar	0.85	0.5

P = Preliminary

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