Weekly Market Pulse

Week ending September 18, 2026

Market developments

Equities: Global equity markets faced headwinds across the board this week, pressured by a hawkish Federal Reserve, surging bond yields and persistent Middle East tensions keeping energy prices elevated. The S&P 500 and Stoxx Europe 600 Index ended the week lower as investors wrestled with doubts over the durability of the AI capex boom and the energy shock. On a brighter note, software stocks found renewed life after strong earnings reassured investors that AI disruption fears had been overstated, particularly after leading AI developers called for a pause in frontier model development.

Fixed Income: It was a turbulent week for global bond markets, defined by a broad selloff that pushed the average yield on global government bonds to a 19-year high. The Federal Reserve raised its policy rate by 25 basis points, the first hike since 2023,signaling further tightening ahead. This sent the U.S. 2-year yield to 4.74%, its highest since mid-2024, while the 10-year yield breached 5% for the first time in nearly three years.

Commodities: Energy markets remained a central theme, with oil prices staying elevated after Saudi Arabia's East-West pipeline was shut following drone attacks. This prompted Saudi Aramco to reroute crude flows through the Strait of Hormuz and reportedly allocate no crude to at least two European customers next month under long-term agreements.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	35,806.65	0.31%	-1.54%	2.39%	12.91%
S&P 500	7,650.50	-0.08%	-0.54%	2.00%	11.76%
NASDAQ	26,522.54	0.72%	0.89%	0.02%	14.11%
DAX	25,304.06	-1.03%	-3.15%	1.11%	3.32%
NIKKEI 225	65,018.95	1.57%	-3.62%	-8.49%	29.16%
Shanghai Composite	3,911.87	0.61%	-1.97%	-4.37%	-1.44%
Fixed Income					
Canada Aggregate Bond	240.87	0.88%	-0.36%	-1.88%	-0.02%
US Aggregate Bond	2323.64	0.36%	-0.74%	-1.56%	-1.07%
Europe Aggregate Bond	241.73	-0.21%	-1.64%	-3.01%	-2.06%
US High Yield Bond	29.71	-0.09%	-0.44%	0.12%	1.93%
Commodities					
Oil	99.45	-0.60%	17.08%	29.83%	73.20%
Gold	4380.56	0.72%	1.06%	4.05%	1.42%
Copper	662.15	2.35%	1.99%	3.70%	16.53%
Currencies					
US Dollar Index	100.20	1.08%	0.54%	-0.65%	1.90%
Bitcoin (CAD)	113,362.16	5.76%	26.38%	27.40%	-5.51%
Loonie	1.399	-0.85%	-0.66%	1.04%	-1.90%
Euro	0.8705	-0.96%	-0.76%	0.25%	-2.19%

Yen	156.76	-2.01%	1.82%	2.95%	-0.03%

Source: Bloomberg, as of September 18, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.62%
U.S. Federal Reserve	4.00%	4.22%
European Central Bank	2.50%	2.82%
Bank of England	3.75%	4.13%
Bank of Japan	1.25%	1.45%

Source: Bloomberg, as of September 18, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Holds at 3% as Underlying Price Pressures Remain Firm

Canadian CPI rose 3.0% year over year in August, unchanged from July. While slower gasoline inflation helped contain the headline figure, stronger travel-related costs and rents offset much of that relief, with CPI excluding gasoline accelerating to 2.4%. The data suggest underlying inflation pressures remain persistent even as some consumer categories, including groceries, show signs of easing.

U.S. – Consumer Spending Rebounds While the Fed Resumes Tightening

U.S. retail sales rebounded sharply in August, with headline sales rising 0.9% and gains broadening across core measures excluding autos and gasoline. The improvement points to resilient household demand despite elevated borrowing costs and ongoing geopolitical uncertainty.

The Federal Reserve raised its policy rate by 25 basis points to a target range of 3.75% to 4.00%, citing elevated inflation and solid economic activity. Policymakers signalled that inflation remains above target and suggested further tightening could be warranted if price pressures do not moderate more decisively.

International – Diverging Growth and Policy Paths Across Major Economies

In China, retail sales rose just 0.4% year over year in August, slowing from July and missing expectations. Weak consumer spending continues to contrast with firmer industrial production, highlighting Beijing's ongoing challenge of rebalancing growth toward domestic demand.

In the U.K., the unemployment rate edged up to 5.0% in the three months to July, while August inflation accelerated to 3.1% year over year. The combination of softer labour market conditions and firmer price pressures points to a difficult trade-off for the Bank of England as it balances growth concerns against still-elevated inflation.

Also in the U.K., retail sales showed a mixed picture in August. Annual sales growth remained positive, but monthly figures were slightly negative, suggesting consumers continue to spend cautiously despite easing inflation and improving real income trends.

In Japan, headline CPI rose 2.0% year over year in August while core inflation remained around 1.8%, indicating relatively contained price pressures compared with other developed economies. Against that backdrop, the Bank of Japan raised its policy rate to 1.25%, continuing its gradual normalisation of monetary policy amid improving wage growth and a more durable inflation backdrop.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
20-Sep-26	China	1-Year Loan Prime Rate		3.00	3.0
20-Sep-26	China	5-Year Loan Prime Rate		3.50	3.5
23-Sep-26	Eurozone Aggregate	S&P Global Eurozone Manufacturing PMI	Sep P	52.55	52.7
23-Sep-26	Eurozone Aggregate	S&P Global Eurozone Services PMI	Sep P	51.35	51.6
23-Sep-26	Eurozone Aggregate	S&P Global Eurozone Composite PMI	Sep P	51.55	52.0
23-Sep-26	United Kingdom	S&P Global UK Manufacturing PMI	Sep P	51.20	51.7
23-Sep-26	United Kingdom	S&P Global UK Services PMI	Sep P	52.00	52.5
23-Sep-26	United Kingdom	S&P Global UK Composite PMI	Sep P	52.00	52.5
23-Sep-26	United States	S&P Global US Manufacturing PMI	Sep P	53.60	53.9
23-Sep-26	United States	S&P Global US Services PMI	Sep P	56.00	56.5
23-Sep-26	United States	S&P Global US Composite PMI	Sep P		56.0
23-Sep-26	Japan	S&P Global Japan PMI Composite	Sep P		53.5
23-Sep-26	Japan	S&P Global Japan PMI Mfg	Sep P		54.9
23-Sep-26	Japan	S&P Global Japan PMI Services	Sep P		52.5
24-Sep-26	Canada	Retail Sales MoM	Jul	-0.80	0.6
24-Sep-26	Canada	Retail Sales Ex Auto MoM	Jul	-0.50	0.5

P = Preliminary

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