

Weekly Market Pulse



Week ending October 2, 2026

Market developments

Equities: Global equity markets navigated a turbulent week dominated by surging bond yields, elevated oil prices and geopolitical uncertainty stemming from the U.S.-Iran standoff over the Strait of Hormuz. The S&P 500 ended the week slightly down while the Nasdaq outperformed with a ~0.45% gain as technology shares, including chipmakers buoyed by an upbeat Micron forecast, proved resilient against the bond market volatility. The standout performer, however, was the Nikkei 225, up ~3% on the week.

Fixed Income: Bond markets were the week's defining story, with a global debt selloff driving yields to multi-decade highs before a partial Friday recovery. The U.S. 30-year Treasury yield hit its highest level since 2002, briefly surpassing 5.63%, while the 10-year yield rose on the week. Credit markets also came under pressure: U.S. high yield spreads widened to approximately 340 bps by Thursday, the most widening since March, as a surge in high yield bond supply overwhelmed investors, according to Goldman Sachs

Commodities: Oil was the week's central commodity theme, with Middle East tensions keeping prices elevated before a late-week pullback. On Friday, the G7 and IEA partners announced a coordinated release of up to 100 million barrels of emergency oil and diesel stocks over the next four months, capping a week of mounting pressure to bring down fuel prices. Gold had a volatile week, selling off sharply early on as surging bond yields weighed on the non-interest-bearing metal, with bullion suffering a weekly decline.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	35,502.65	-0.83%	-1.63%	1.53%	11.96%
S&P 500	7,722.93	-0.26%	0.73%	3.20%	12.82%
NASDAQ	27,190.86	0.45%	3.71%	5.26%	16.99%
DAX	25,231.20	-0.70%	-2.35%	-1.37%	3.02%
NIKKEI 225	68,309.46	2.93%	6.19%	-0.62%	35.70%
Shanghai Composite	3,842.20	-1.19%	-2.52%	-4.63%	-3.19%
Fixed Income					
Canada Aggregate Bond	239.53	-0.20%	-0.59%	-2.24%	-0.58%
US Aggregate Bond	2286.40	-0.39%	-2.17%	-3.13%	-2.66%
Europe Aggregate Bond	241.23	0.22%	-1.23%	-3.36%	-2.26%
US High Yield Bond	29.13	-0.86%	-2.54%	-2.07%	-0.07%
Commodities					
Oil	91.53	-0.95%	0.57%	33.25%	59.40%
Gold	4146.08	-3.24%	-5.38%	0.58%	-4.01%
Copper	658.45	-1.66%	1.28%	7.69%	15.88%
Currencies					
US Dollar Index	101.90	0.92%	2.31%	1.03%	3.64%
Bitcoin (CAD)	120,208.31	1.27%	12.21%	37.63%	0.20%
Loonie	1.4251	-0.76%	-2.87%	-0.48%	-3.70%

Euro	0.8882	-1.16%	-2.85%	-1.51%	-4.14%
Yen	157.83	-0.35%	0.56%	2.08%	-0.71%

Source: Bloomberg, as of October 2, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.60%
U.S. Federal Reserve	4.00%	4.23%
European Central Bank	2.50%	2.78%
Bank of England	3.75%	4.08%
Bank of Japan	1.25%	1.45%

Source: Bloomberg, as of October 2, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Growth Stalls While Manufacturing Activity Continues to Expand

Canadian GDP was unchanged in July on a monthly basis, indicating that economic activity lost momentum after several months of growth. Weakness in manufacturing, mining and retail trade offset gains in construction, utilities and some service sectors, while Statistics Canada's advance estimate pointed to a modest rebound in August.

Canada's manufacturing sector remained in expansion territory in September, with activity continuing to benefit from improving demand conditions and a firmer industrial backdrop. The survey suggests manufacturing is holding up better than broader growth indicators, highlighting a divergence between factory activity and overall economic momentum.

U.S. – Inflation Remains Sticky as Labour Market Softens but Manufacturing Holds Firm

August PCE inflation rose 0.3% m/m while core PCE increased 0.2% m/m. On a year-over-year basis, headline and core inflation were 3.4% and 3.0%, respectively, indicating price pressures remain elevated enough to keep Federal Reserve policy focused on inflation despite revisions that lowered some earlier readings.

U.S. manufacturing remained in expansion territory in September with the ISM Manufacturing Index at 54.5, supported by stronger new orders and rising employment. However, the prices paid component jumped sharply to 77.9, underscoring persistent cost pressures and suggesting inflation risks remain concentrated within the goods sector.

The labour market softened further in September as nonfarm payrolls increased by just 29,000 while the unemployment rate edged up to 4.2%. Hiring was broadly flat across major industries, suggesting labour demand is cooling gradually rather than deteriorating abruptly.

International – Mixed Growth Signals as Inflation Pressures Re-emerge

In the eurozone, the unemployment rate remained stable, highlighting continued resilience in labour markets even as growth slows. At the same time, September inflation accelerated, reinforcing concerns that higher energy costs are feeding back into consumer prices and complicating the European Central Bank's policy outlook.

In China, business activity improved in September as the official composite PMI rose to 50.7 and returned to expansion territory. The improvement reflected stronger manufacturing output and a recovery in services activity, although weak domestic demand remains a key headwind.

In Japan, retail sales growth slowed to 2.7% y/y in August and fell 1.2% m/m, pointing to softer consumer spending momentum. By contrast, Tokyo inflation accelerated to 2.7% y/y and core inflation rose to 2.4%, while the unemployment rate remained low and stable, supporting the case for the Bank of Japan to maintain its gradual normalization path.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
05-Oct-26	Eurozone Aggregate	PPI MoM	Aug	1.85	1.6
05-Oct-26	Eurozone Aggregate	PPI YoY	Aug	7.30	5.8
06-Oct-26	Eurozone Aggregate	Retail Sales MoM	Aug	0.30	-0.6
06-Oct-26	Eurozone Aggregate	Retail Sales YoY	Aug	1.10	0.6
08-Oct-26	United States	Initial Jobless Claims			197.0
08-Oct-26	United States	Continuing Claims			1701.0
09-Oct-26	Canada	Net Change in Employment	Sep	9.15	-41.7
09-Oct-26	Canada	Unemployment Rate	Sep	6.50	6.4
09-Oct-26	Canada	Full Time Employment Change	Sep		-35.9

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