

Weekly Market Pulse



Week ending October 16, 2026

Market developments

Equities: Global equities were defined by a sharp rotation away from the artificial intelligence trade this week. Chip stocks extended one of their longest losing streaks in years as investors questioned whether heavy AI infrastructure spending will earn adequate returns, while a firmer than expected U.S. inflation report added to the pressure.

Fixed Income: Bonds rallied as the retreat from technology shares revived demand for safe haven assets, giving 10-year Treasuries their best week since mid-February. The 10-year yield finished near 5.1%, still elevated by historical standards.

Commodities: Oil was the standout, with WTI crude rising 10.5% to settle above \$101 per barrel and Brent touching \$110 for the first time since May. Gold eased 0.66% despite a softer U.S. dollar and lower Treasury yields, while copper declined 1.82% alongside the broader pullback in risk assets.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	36,176.55	1.44%	1.93%	2.37%	14.08%
S&P 500	7,659.47	-1.95%	1.43%	1.67%	11.89%
NASDAQ	26,140.03	-4.48%	0.62%	1.00%	12.47%
DAX	25,622.61	2.13%	0.33%	2.84%	4.62%
NIKKEI 225	65,324.29	-5.37%	2.19%	-2.26%	29.77%
Shanghai Composite	3,716.28	-2.56%	-4.51%	-4.28%	-6.36%
Fixed Income					
Canada Aggregate Bond	241.51	0.35%	0.99%	-0.99%	0.24%
US Aggregate Bond	2310.06	0.85%	-0.09%	-1.76%	-1.65%
Europe Aggregate Bond	242.68	0.54%	0.09%	-1.62%	-1.67%
US High Yield Bond	29.22	-0.07%	-1.43%	-1.85%	0.27%
Commodities					
Oil	101.52	10.53%	-0.89%	28.59%	76.80%
Gold	4166.68	-0.66%	-2.27%	4.78%	-3.54%
Copper	657.05	-1.82%	2.16%	4.36%	15.64%
Currencies					
US Dollar Index	101.81	-0.40%	1.55%	1.04%	3.55%
Bitcoin (CAD)	115,278.97	-1.99%	8.26%	27.95%	-3.91%
Loonie	1.414	0.83%	-1.07%	-0.69%	-2.94%
Euro	0.8926	-0.46%	-3.70%	-1.98%	-4.62%
Yen	158.25	-0.25%	-2.96%	2.61%	-0.97%

Source: Bloomberg, as of October 16, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.51%
U.S. Federal Reserve	4.00%	4.13%
European Central Bank	2.50%	2.70%
Bank of England	3.75%	4.10%
Bank of Japan	1.25%	1.43%

Source: Bloomberg, as of October 16, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – No Canadian Events on This Week's Calendar

This week's calendar had no relevant Canadian data releases.

U.S. – Inflation Broadens Beyond Energy While Underlying Spending Cools

Headline CPI rose 0.6% in September, lifting annual inflation to 3.7%. Core CPI rose 0.3% on the month and 2.6% year over year. Gasoline jumped 9.1% and accounted for more than half of the monthly gain, but shelter, used vehicles, airfares, medical care and apparel also rose. That breadth, plus a second straight 0.3% monthly core gain, shows inflation is no longer limited to energy.

Retail sales rose 0.8% in September and sales excluding autos rose 0.9%. Excluding both autos and gas, sales rose just 0.2%, as a jump at gas stations driven by higher prices did most of the work. The control group, which feeds into GDP, rose only 0.1% after a 1.2% gain in August, and building materials and sporting goods both declined. The strong headline hides a much softer pace of underlying demand.

Final demand PPI rose 1.3% in the month, the largest gain since March 2022. That lifted the annual rate to 6.3%, while PPI excluding food and energy reached 5.0%. Goods prices rose a record 2.6%, mostly on a 10.8% jump in energy, but services also rose 0.8% and transportation and warehousing jumped 3.4%. Diesel accounted for nearly half the increase in processed goods for intermediate demand, showing that fuel costs are moving through the production pipeline.

International – Asian Producer Prices Diverge as Europe Reaccelerates and U.K. Output Surprises

Japan producer prices rose 6.8% year over year in September, down from 7.6%, and fell 0.3% on the month for a second straight month. Falling rice and pork prices made agricultural products the largest drag, while petroleum and coal products subtracted less. Elsewhere, chemicals rose 13.3% and non-ferrous metals rose 40.2% year over year. The slowdown reflects food prices rather than a broad easing of upstream pressure.

China's PPI accelerated to 5.0% year over year, its fastest since June 2022, on higher crude oil, non-ferrous metal and coal prices. CPI edged up to 0.9% and core CPI was 1.0%. Gasoline added roughly 0.47 percentage points to CPI, but a 1.7% fall in food prices offset much of that. Purchase prices rose 6.9%, faster than the 5.0% rise in factory-gate prices, which suggests cost pressure on manufacturers while household demand stays subdued.

U.K. GDP rose 0.1% in August, and annual growth reached 2.1%, the highest since August 2022. Production drove the gain with a 0.8% rise, as manufacturing grew 1.2% on a 5.1% jump in pharmaceuticals. Construction fell 0.2% and services were flat overall: a 3.8% rebound in wholesale trade offset a 0.3% decline in consumer-facing services, a sign of soft household demand.

Eurozone headline inflation was confirmed at 3.8% year over year in September, up from 3.2%, with prices up 0.6% on the month. Energy inflation reached 18.9% and contributed 1.71 percentage points. Services added 1.52 percentage points as services inflation rose to 3.2%, lifting core inflation to 2.5%. Annual inflation rose in 17 of 21 eurozone members, led by Estonia, Greece, Luxembourg and Italy.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
18-Oct-26	China	GDP YoY	3Q	4.40	4.3
18-Oct-26	China	GDP SA QoQ	3Q	0.90	0.9
18-Oct-26	China	Retail Sales YoY	Sep	0.50	0.4
19-Oct-26	Canada	CPI YoY	Sep	3.20	3.0
20-Oct-26	United Kingdom	ILO Unemployment Rate 3Mths	Aug	4.90	4.9
21-Oct-26	United Kingdom	CPI YoY	Sep	3.40	3.1
21-Oct-26	United Kingdom	CPI Core YoY	Sep	2.80	2.6
22-Oct-26	Japan	Natl CPI YoY	Sep	2.10	1.9
22-Oct-26	Japan	Natl CPI Ex Fresh Food YoY	Sep	2.10	1.7
22-Oct-26	Japan	S&P Global Japan PMI Mfg	Oct P		54.1
22-Oct-26	Japan	S&P Global Japan PMI Services	Oct P		51.3
23-Oct-26	United Kingdom	Retail Sales Inc Auto Fuel YoY	Sep	1.00	2.4
23-Oct-26	United Kingdom	Retail Sales Ex Auto Fuel YoY	Sep	1.40	2.7
23-Oct-26	Eurozone Aggregate	S&P Global Eurozone Manufacturing PMI	Oct P	52.70	52.9
23-Oct-26	Eurozone Aggregate	S&P Global Eurozone Services PMI	Oct P	52.50	53.0
23-Oct-26	United Kingdom	S&P Global UK Manufacturing PMI	Oct P	51.75	51.9
23-Oct-26	United Kingdom	S&P Global UK Services PMI	Oct P	51.80	52.1
23-Oct-26	Canada	Retail Sales MoM	Aug	1.20	-0.7
23-Oct-26	Canada	Retail Sales Ex Auto MoM	Aug	1.20	-0.7
23-Oct-26	United States	S&P Global US Manufacturing PMI	Oct P	55.50	55.9
23-Oct-26	United States	S&P Global US Services PMI	Oct P	57.90	58.8

P = Preliminary

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