

Weekly Market Pulse



Week ending October 23, 2026

Market developments

Equities: Global equities retreated as rising oil prices, Middle East tensions and doubts over the payoff from heavy artificial intelligence spending weighed on risk appetite. The S&P 500 fell 0.47% and the Nasdaq lost 0.71%, with both indices touching five-week lows on Friday. Canada's S&P/TSX Composite declined 1.07%, while the DAX dropped 1.72% amid softer European economic data and fiscal concerns in France.

Fixed Income: Government bonds benefited from safe-haven demand as equities wobbled, although higher energy prices limited the rally. The U.S. 10-year Treasury yield slipped below 5% midweek before rebounding on Friday. The U.S. Aggregate Bond index returned 0.73% and the Canada Aggregate Bond index gained 0.33%.

Commodities: Oil was the standout gainer as Middle East tensions renewed concerns over supply. WTI rose 2.18% to \$103.62 a barrel, while Brent reached its highest close since April. Gold posted its weakest week since June, falling 4.07% to \$3,996.10 and dipping below \$4,000 for the first time since mid-July.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	35,788.18	-1.07%	0.10%	1.69%	12.86%
S&P 500	7,623.68	-0.47%	-1.07%	2.91%	11.37%
NASDAQ	25,955.34	-0.71%	-3.64%	3.25%	11.67%
DAX	25,181.65	-1.72%	-0.90%	1.69%	2.82%
NIKKEI 225	62,693.16	-4.03%	-3.58%	-5.61%	24.54%
Shanghai Composite	3,690.48	-0.69%	-6.25%	-4.81%	-7.01%
Fixed Income					
Canada Aggregate Bond	242.39	0.33%	1.28%	0.09%	0.61%
US Aggregate Bond	2327.49	0.73%	1.10%	-0.23%	-0.91%
Europe Aggregate Bond	242.00	-0.28%	0.15%	-1.48%	-1.95%
US High Yield Bond	29.14	-0.04%	-1.31%	-1.55%	-0.03%
Commodities					
Oil	103.62	2.18%	12.43%	12.40%	80.46%
Gold	3996.1	-4.07%	-6.80%	-1.32%	-7.48%
Copper	649.55	-1.19%	-2.73%	3.02%	14.32%
Currencies					
US Dollar Index	101.80	-0.04%	0.70%	0.35%	3.54%
Bitcoin (CAD)	113,723.91	-1.54%	-4.26%	23.88%	-5.21%
Loonie	1.4005	0.97%	0.69%	0.57%	-2.01%
Euro	0.8933	-0.39%	-1.66%	-1.60%	-4.69%
Yen	156.85	0.75%	0.94%	4.47%	-0.09%

Source: Bloomberg, as of October 23, 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%	4.09%
European Central Bank	2.50%	2.64%
Bank of England	3.75%	4.09%
Bank of Japan	1.25%	1.42%

Source: Bloomberg, as of October 23, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Energy Lifts Headline Inflation as Core Cools and Retail Spending Rebounds

Headline CPI rose to 3.1% year over year in September as gasoline prices jumped 27.8% on higher crude oil. Underlying pressures moved the other way, with CPI-trim at 1.8% and CPI-median at 1.9%. Grocery inflation also slowed to 1.7%, its smallest annual gain since May 2024. The release split clearly between energy-driven headline inflation and subdued core measures.

Retail sales rose 1.2% in August, with gains in all nine subsectors led by motor vehicle and parts dealers. Sales excluding autos also rose 1.2%. Core retail sales, which exclude gasoline as well, increased 1.1% on the first rise at food and beverage retailers in three months.

U.S. – Factory Strength Hits a 53-Month High While Price Pressures Intensify

The flash manufacturing PMI edged up to 56.0 in October, its strongest reading in 53 months. Services slipped to 57.9 and the composite eased to 57.6. Demand stayed firm, with new orders at their highest in more than four and a half years and export sales gaining traction. Pricing stood out most, as selling-price inflation hit its fastest pace since August 2022 on higher oil, freight and metals costs.

International – Inflation Firms in the U.K. and Japan as Eurozone Momentum Fades

China: GDP grew 4.5% year over year and 1.2% quarter over quarter in the third quarter, putting growth at the bottom of Beijing's 4.5% to 5% target range. The mix was uneven, with exports and high-tech manufacturing leading while September retail sales rose only 1.1%. Weak household demand remains the main gap in the recovery.

U.K.: Unemployment fell to 4.7% in the three months to August, but vacancies fell to 691,000 and payrolls were down on the year. CPI inflation rose to 3.5% in September, driven by motor fuels, and core CPI climbed to 2.8% as goods and services inflation both picked up. Retail sales volumes fell 0.4% on the month as an unusually warm September hurt autumn clothing sales, leaving annual growth at 0.8%. In contrast, the October flash PMIs showed services at 53.1 and manufacturing at 52.8, with new work rising at the fastest pace in 25 months and firms adding staff for the first time since September 2024.

Japan: Headline CPI and CPI excluding fresh food both rose 2.1% in September, putting the core measure back above the BoJ's 2% target for the first time in nine months. Inflation excluding fresh food and energy rose to 2.4% even as subsidies held down energy prices, a sign that price pressures are spreading. The October flash PMIs showed manufacturing easing to 53.3 on its weakest output growth since March, while services improved to 52.0 and the composite held at 52.3.

Eurozone: The October flash composite PMI fell to a four-month low of 51.9, with services at 51.7 and manufacturing at 52.4. France slipped back into contraction amid political and fiscal strain, while Germany

kept growing at a slower pace. Input costs rose faster on energy and transport, but firms raised selling prices more slowly, which suggests margins are being squeezed rather than costs being passed on.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
28-Oct-26	Canada	Bank of Canada Rate Decision		2.25	2.25
28-Oct-26	United States	FOMC Rate Decision (Upper Bound)		4.00	4.00
29-Oct-26	United States	PCE Price Index YoY	Sep	3.60	3.40
29-Oct-26	United States	Core PCE Price Index YoY	Sep	3.10	3.00
29-Oct-26	United States	GDP Annualized QoQ	3Q A	3.20	2.20
29-Oct-26	Eurozone Aggregate	ECB Deposit Facility Rate		2.50	2.50
29-Oct-26	Japan	Jobless Rate	Sep	2.50	2.50
29-Oct-26	Japan	Retail Sales YoY	Sep	3.30	2.70
30-Oct-26	Japan	BOJ Target Rate		1.25	1.25
30-Oct-26	Eurozone Aggregate	GDP SA QoQ	3Q A	0.20	0.60
30-Oct-26	Eurozone Aggregate	GDP SA YoY	3Q A	1.00	1.20
30-Oct-26	Eurozone Aggregate	Unemployment Rate	Sep	6.40	6.40
30-Oct-26	Canada	GDP MoM	Aug	0.20	
30-Oct-26	Canada	GDP YoY	Aug		1.40

A = Advance

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