Weekly Market Pulse

Week ending September 4, 2026

Market developments

Equities: Global equities posted a broadly positive but uneven week, with developed market indices in the U.S. and UK outperforming while Europe and Asia lagged. The primary driver of sentiment was the interplay between geopolitical risk and Federal Reserve rate expectations: U.S.-Iran military exchanges early in the week rattled markets and pushed oil prices sharply higher, stoking inflation concerns.

Fixed Income: Government bond markets endured a volatile week dominated by elevated yields and shifting Fed rate expectations. The U.S. 10-year Treasury yield opened the week at 4.75%, its highest since January 2025, driven by rising oil prices and a hawkish tone from Fed Chair Kevin Warsh, before settling at 4.78% by Friday. The 2-year yield, more sensitive to near-term policy, also rose, spiking as much as 8 basis points intraday on Friday following the payrolls print before partially retracing as attention shifted to next week's CPI and PPI data.

Commodities: Energy markets surged to lead commodity performance for the week, while precious metals ended roughly flat. WTI crude oil jumped over 6.5% to and Brent crude rose ~6.4%, marking the largest weekly gain for crude since July, driven by the U.S.-Iran military exchange and Goldman Sachs warnings of tightening global refining capacity due to strikes on refineries in the Middle East and Russia.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	36,513.80	-0.11%	1.99%	3.68%	15.14%
S&P 500	7,718.60	0.09%	-0.23%	1.77%	12.75%
NASDAQ	26,506.99	0.40%	-0.29%	-1.21%	14.05%
DAX	26,046.40	-1.97%	-0.60%	4.42%	6.35%
NIKKEI 225	65,020.94	-2.09%	1.66%	-3.63%	29.16%
Shanghai Composite	3,930.12	-0.56%	2.82%	-3.15%	-0.98%
Fixed Income					
Canada Aggregate Bond	240.94	-0.29%	-1.19%	-1.60%	0.00%
US Aggregate Bond	2340.16	-0.16%	-0.33%	-0.63%	-0.37%
Europe Aggregate Bond	244.97	-0.30%	-1.06%	-1.04%	-0.74%
US High Yield Bond	29.91	-0.10%	0.30%	1.03%	2.62%
Commodities					
Oil	91.45	9.65%	20.69%	-1.71%	59.27%
Gold	4430.46	-0.55%	8.64%	-0.99%	2.57%
Copper	658.05	0.28%	-0.95%	0.70%	15.81%
Currencies					
US Dollar Index	99.16	-0.54%	-0.70%	-0.26%	0.85%
Bitcoin (CAD)	110,460.47	2.04%	22.08%	24.43%	-7.93%
Loonie	1.3835	0.51%	1.64%	0.53%	-0.80%
Euro	0.8611	0.24%	0.71%	0.02%	-1.13%
Yen	156.26	2.45%	0.95%	2.41%	0.29%

Source: Bloomberg, as of September 4, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.49%
U.S. Federal Reserve	3.75%	3.97%
European Central Bank	2.25%	2.65%
Bank of England	3.75%	4.02%
Bank of Japan	1.00%	1.43%

Source: Bloomberg, as of September 4, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – BoC Holds Steady as Growth Recovers While Labour Market Remains Soft

The S&P Global Canada Manufacturing PMI rose to 54.6 in August, signalling a further expansion in factory activity and extending the sector's recent recovery. Higher output and new orders pointed to improving domestic demand, although firms continued to cite trade uncertainty and cost pressures as key risks.

The Bank of Canada left its policy rate unchanged at 2.25%, highlighting stronger second quarter growth, improving employment conditions and inflation near 3%. Policymakers noted that elevated energy prices and new trade tensions with the U.S. have increased upside inflation risks, while uncertainty around growth remains high.

Canada's labour market remained subdued in August, with employment growth modest and the unemployment rate holding at 6.4%. While hiring has improved from earlier in the year, the Bank of Canada continues to view overall labour demand as soft and indicative of lingering excess capacity in the economy.

U.S. – Solid Labour Market Rebound Offsets Moderating Manufacturing Activity

The ISM Manufacturing Index eased to 54.6 in August from 55.6 but remained firmly in expansion territory for an eighth consecutive month. Manufacturing activity continued to benefit from strong production and new orders, while the prices paid component remained elevated at 71.1, signalling persistent input cost pressures.

The ISM Services Index rose to 54.3 in August, indicating continued growth across the larger services sector. The report pointed to resilient business activity and demand, reinforcing the view that the broader U.S. economy remains on a stable expansion path despite pockets of weakness in hiring.

The August employment report surprised to the upside, with nonfarm payrolls increasing by 162,000 and the unemployment rate holding at 4.1%. Private payrolls rose 127,000, manufacturing employment increased by 16,000 and average hourly earnings grew 0.3% month-over-month and 3.1% year-over-year, suggesting labour market conditions remain healthy and potentially complicating the Federal Reserve's efforts to contain inflation.

International – Eurozone Inflation Accelerates While Consumer Demand Improves

Eurozone inflation accelerated in August, with headline CPI rising 3.3% year-over-year and 0.5% month-over-month, while core inflation remained at 2.5%. The divergence suggests higher energy-related costs are driving the increase in headline prices even as underlying inflation pressures remain relatively contained.

The Eurozone unemployment rate edged up to 6.4% in July, pointing to a slight softening in labour market conditions. While employment remains relatively resilient, the uptick suggests slowing momentum as the region navigates higher inflation and tighter financial conditions.

Producer prices continued to rise on an annual basis in July, reflecting ongoing upstream cost pressures, though monthly price dynamics remained subdued. At the same time, retail sales increased 0.3% month-over-month and 1.1% year-over-year, indicating consumer spending is holding up despite the inflation backdrop.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
07-Sep-26	Eurozone Aggregate	GDP SA QoQ	2Q T	0.40	0.4
07-Sep-26	Eurozone Aggregate	GDP SA YoY	2Q T	1.00	1.0
08-Sep-26	China	PPI YoY	Aug	3.60	3.5
08-Sep-26	China	CPI YoY	Aug	0.85	0.5
10-Sep-26	Eurozone Aggregate	ECB Deposit Facility Rate		2.50	2.3
10-Sep-26	Eurozone Aggregate	ECB Main Refinancing Rate		2.65	2.4
10-Sep-26	Eurozone Aggregate	ECB Marginal Lending Facility		2.90	2.7
10-Sep-26	United States	PPI Final Demand MoM	Aug	0.40	
10-Sep-26	United States	PPI Ex Food and Energy MoM	Aug	0.30	0.2
10-Sep-26	United States	PPI Final Demand YoY	Aug	5.20	4.7
10-Sep-26	United States	PPI Ex Food and Energy YoY	Aug	4.60	4.2
10-Sep-26	Japan	PPI MoM	Aug		0.1
10-Sep-26	Japan	PPI YoY	Aug	7.40	7.2
11-Sep-26	United States	CPI MoM	Aug	0.40	0.1
11-Sep-26	United States	Core CPI MoM	Aug	0.20	0.2
11-Sep-26	United States	CPI YoY	Aug	3.40	3.4
11-Sep-26	United States	Core CPI YoY	Aug	2.40	2.5
11-Sep-26	United States	CPI Index NSA	Aug	334.96	333.9
11-Sep-26	United States	Core CPI Index SA	Aug	337.67	336.8

T = Third

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