

Weekly Market Pulse



Week ending June 26, 2026

Market developments

Equities: Global equity markets were dominated by a bruising AI and semiconductor selloff that rippled from Seoul to New York. South Korea's Kospi was at the epicenter, surging to a record above 9,000 on Monday before plunging roughly 10% on Tuesday, triggering a trading halt, as Samsung Electronics and SK Hynix tumbled on concerns over chip demand sustainability. The index suffered a second halt on Friday, leaving it down sharply for the week. European stocks similarly fell from record levels, with the Stoxx Europe 600 technology subsector dropping 3.9% on the week, its steepest decline since March.

Fixed Income: Treasuries rallied through much of the week, with the move anchored by a cooler-than-expected PCE inflation print on Thursday and the Fed's preferred gauge, which dampened expectations for further rate hikes and pushed 2-year yields down roughly 4 basis points to around 4.10%. In credit, the week's primary market was headlined by SpaceX's \$25 billion investment-grade bond deal, one of the largest on record, though the bonds subsequently traded 7 to 28 basis points wider in secondary markets, with the longest tranches the weakest performers.

Commodities: Oil prices continued to retreat toward pre-war levels, with Brent approaching \$70 a barrel and WTI briefly dipping below \$68, as the US-Iran peace deal accelerated the reopening of the Strait of Hormuz and flooded key markets with supply. Gold demand remained a point of interest, with China's May imports reported at their highest level in more than two years.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	34,980.00	0.35%	0.94%	9.70%	10.31%
S&P 500	7,354.02	-1.95%	-2.20%	13.54%	7.43%
NASDAQ	25,297.62	-4.60%	-5.10%	18.17%	8.84%
DAX	24,671.22	-1.26%	-2.04%	9.10%	0.74%
NIKKEI 225	69,360.88	-2.65%	6.72%	29.40%	37.79%
Shanghai Composite	4,027.27	-1.55%	-2.85%	3.55%	1.47%
Fixed Income					
Canada Aggregate Bond	245.81	0.22%	0.80%	2.45%	2.02%
US Aggregate Bond	2369.86	0.40%	0.88%	1.67%	0.89%
Europe Aggregate Bond	250.16	0.75%	0.85%	2.32%	1.36%
US High Yield Bond	29.67	-0.01%	0.38%	2.62%	1.80%
Commodities					
Oil	69.42	-9.37%	-26.06%	-26.52%	20.90%
Gold	4066.61	-2.14%	-9.79%	-7.07%	-5.85%
Copper	612.45	-4.09%	-3.72%	12.45%	7.79%
Currencies					
US Dollar Index	101.34	0.49%	2.19%	1.44%	3.07%
Bitcoin (CAD)	84,634.56	-5.97%	-19.20%	-11.28%	-29.46%

Loonie	1.4183	-0.21%	-2.62%	-2.27%	-3.24%
Euro	0.8781	-0.72%	-2.08%	-1.21%	-3.04%
Yen	161.75	-0.28%	-1.51%	-1.20%	-3.12%

Source: Bloomberg, as of June 26, 2026

Central Bank Interest Rates

Central Bank	Current Rate	December 2026 Expected rate*
Bank of Canada	2.25%	2.44%
U.S. Federal Reserve	3.75%	3.93%
European Central Bank	2.25%	2.42%
Bank of England	3.75%	3.96%
Bank of Japan	1.00%	1.20%

Source: Bloomberg, as of June 26, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Headline Inflation Reaccelerates as Gasoline and Fresh Food Drive May CPI Higher

Canadian inflation came in hotter than expected in May, with headline CPI rising 1.0% month over month and accelerating to 3.2% year over year from 2.8% in April, the highest annual reading since late 2023. Gasoline was again the dominant driver, climbing 33.2% year over year as Strait of Hormuz supply uncertainty tied to the Iran war kept pressure on pump prices. Breadth was notable too, with CPI ex-gasoline firming to 2.2% and fresh vegetables up 9.0% (tomatoes alone jumped 45.2% on Mexican supply issues). Core measures moved up only modestly, with CPI-trim at 2.0% and CPI-median at 2.1%, leaving the BoC room to look through the energy shock if pump prices ease as expected.

U.S. – Manufacturing Surges on Stockpiling, PCE Tops 4% and Q1 GDP Revised Sharply Higher

The June S&P Global flash PMIs showed a two-speed economy, with Manufacturing jumping to 55.7 (a 49-month high), Services edging up to 51.3 and the Composite rising to 52.2. Factory strength was driven by the sharpest rise in new orders in over four years as firms stockpiled inputs ahead of feared Middle East disruptions, though manufacturing employment fell to its weakest since May 2020 and S&P Global cautioned underlying growth is still tracking close to a 1% annualized pace in Q2.

The Fed's preferred inflation gauge accelerated in May, with headline PCE rising 0.4% month over month and 4.1% year over year, the first print above 4% and the highest since April 2023, as energy goods jumped 6.5%. Core PCE firmed to 0.3% month over month and 3.4% year over year, slightly above consensus, with services prices up 0.5% on transportation and financial services. The mix keeps a Fed hike on the table for later this year, though oil's subsequent retreat to pre-war levels likely means May marks the inflation peak.

The Q1 GDP third estimate surprised to the upside at 2.1% annualized, revised up half a point from the 1.6% second estimate and well above the 1.65% consensus. The revision was driven primarily by lower imports, partly offset by softer consumer spending, with real final sales to private domestic purchasers revised 0.7ppt lower to 1.7%. Business investment was the bright spot, rebounding 10.6% on AI-related equipment and IP spending, while residential investment contracted for a fifth straight quarter.

International – China Holds for 13th Month, Japan Accelerates on Stockpiling and Eurozone Contraction Eases

China's PBOC held the 1-year LPR at 3.00% and the 5-year LPR at 3.50% for the 13th consecutive month, as widely expected. The hold reflected caution over Middle East fallout, record-low bank net interest margins of 1.40% and a two-speed economy where resilient exports offset weak retail sales, property prices and credit demand. Markets are still pricing 10 to 20 bps of cuts in H2 once cooling energy prices and a potential Fed pivot give Beijing cover.

Japan's June flash PMIs surprised to the upside, with the Composite jumping to 52.5 from 51.1, Manufacturing rising to 54.9 and Services rebounding to 51.8 from a stagnant 50.0 in May. Factory new orders surged at their fastest pace in over four years, but the gain was largely driven by client stock-building ahead of feared Iran-war supply disruptions, a boost S&P Global cautioned will likely fade. Input cost inflation hit a near four-year high on energy and raw materials, even as manufacturing hiring rose at the steepest pace in more than eight years.

The Eurozone flash Composite PMI climbed to 49.5 from 48.5, a three-month high and ahead of the 49.1 consensus, but stayed in contraction for a third straight month. Manufacturing eased to a four-month low of 51.3 while Services pulled back toward breakeven at 48.9, helped by a modest rebound in tourism and leisure. Country detail was uneven, with Germany's downturn deepening to an 18-month low while France's contraction eased, but input cost inflation slowed to its softest pace since the war began, giving the ECB room to refocus on weak domestic growth.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
28-Jun-26	Japan	Retail Sales YoY	May	3.00	2.1
28-Jun-26	Japan	Retail Sales MoM	May	-0.50	1.3
30-Jun-26	Canada	GDP MoM	Apr	0.40	-0.1
30-Jun-26	Canada	GDP YoY	Apr	0.80	0.4
01-Jul-26	Eurozone Aggregate	CPI Estimate YoY	Jun P	3.00	3.2
01-Jul-26	Eurozone Aggregate	CPI YoY	Jun P	3.00	3.2
01-Jul-26	Eurozone Aggregate	CPI MoM	Jun P	0.10	0.1
01-Jul-26	Eurozone Aggregate	CPI Core YoY	Jun P	2.56	2.6
01-Jul-26	United States	ISM Manufacturing	Jun	53.80	54.0
01-Jul-26	United States	ISM Prices Paid	Jun	79.00	82.1
02-Jul-26	Eurozone Aggregate	Unemployment Rate	May	6.30	6.3
02-Jul-26	United States	Change in Nonfarm Payrolls	Jun	115.00	172.0
02-Jul-26	United States	Change in Private Payrolls	Jun	125.00	120.0
02-Jul-26	United States	Change in Manufact. Payrolls	Jun	4.00	7.0
02-Jul-26	United States	Average Hourly Earnings MoM	Jun	0.30	0.3
02-Jul-26	United States	Average Hourly Earnings YoY	Jun	3.50	3.4
02-Jul-26	United States	Unemployment Rate	Jun	4.30	4.3
02-Jul-26	Canada	S&P Global Canada Manufacturing PMI	Jun		52.9

P = Preliminary

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