Weekly Market Pulse

Week ending August 14, 2026

Market developments

Equities: Global equities posted a broadly positive week, with the MSCI All Country World Index hitting a record high on Thursday, driven largely by renewed enthusiasm for the artificial intelligence trade and cooling US inflation data that reduced the probability of a near-term Federal Reserve rate hike. Asian markets were a standout, with South Korea's Kospi entering a technical bull market on the back of strong AI-related semiconductor names including Samsung Electronics and SK Hynix.

Fixed Income: Government bond markets were shaped by two competing forces this week: a mid-week rally driven by benign US inflation data, followed by a Friday selloff as long-end yields reasserted themselves globally. The U.S. also sold $25 billion of 30-year bonds at the highest yield since 2001, reflecting investor demand for term premium even as the front end rallied.

Commodities: Energy markets remained volatile, dominated by the ongoing Iran conflict and disruptions to Strait of Hormuz flows. The IEA warned mid-week of a supply shortfall of 1.8 million barrels per day this quarter, more than double earlier projections, as renewed hostilities and maritime disruptions derailed a Middle East production recovery.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	36,730.27	0.96%	3.99%	7.18%	15.83%
S&P 500	7,785.76	0.36%	3.21%	3.79%	13.74%
NASDAQ	26,729.16	0.14%	2.38%	0.35%	15.00%
DAX	26,440.31	0.46%	5.14%	8.11%	7.96%
NIKKEI 225	68,713.80	4.74%	1.43%	9.67%	36.50%
Shanghai Composite	3,927.18	-0.33%	-1.01%	-6.00%	-1.05%
Fixed Income					
Canada Aggregate Bond	242.89	0.15%	-0.17%	0.33%	0.81%
US Aggregate Bond	2349.73	0.13%	0.09%	0.12%	0.04%
Europe Aggregate Bond	246.65	-0.36%	-0.27%	-0.02%	-0.06%
US High Yield Bond	29.91	0.19%	0.62%	1.39%	2.64%
Commodities					
Oil	82.43	5.44%	3.89%	-18.52%	43.56%
Gold	4373.46	0.73%	7.91%	-5.99%	1.25%
Copper	660.40	0.20%	4.33%	0.56%	16.23%
Currencies					
US Dollar Index	99.65	0.11%	-1.26%	0.84%	1.35%
Bitcoin (CAD)	87,315.85	-3.52%	-3.84%	-21.81%	-27.22%
Loonie	1.3875	0.46%	1.33%	-1.12%	-1.09%
Euro	0.8644	0.08%	1.31%	-0.86%	-1.50%
Yen	159.35	-1.00%	1.82%	-0.61%	-1.66%

Source: Bloomberg, as of August 14, 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%	3.86%
European Central Bank	2.25%	2.59%
Bank of England	3.75%	4.00%
Bank of Japan	1.00%	1.38%

Source: Bloomberg, as of August 14, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – No Notable Releases

No notable releases this week.

U.S. – Inflation Pressures Ease While Consumer Spending Remains Resilient

U.S. inflation continued to moderate in July, with headline CPI slowing to 3.4% year-over-year from 3.5% and core CPI easing to 2.5% from 2.6%. While shelter remained the primary contributor to monthly price gains, falling energy prices helped cool overall inflation, reinforcing the view that underlying price pressures are gradually moving closer to the Federal Reserve's target.

Producer price data also pointed to easing pipeline inflation. Headline PPI slowed to 4.9% year-over-year from 5.5%, while core PPI excluding food and energy decelerated to 4.1% from 4.7%, suggesting that earlier energy and commodity cost pressures are beginning to fade and may lessen future pass-through to consumer prices.

Retail sales rose 0.1% in July while sales excluding autos increased 0.2%, indicating that consumer spending remains positive despite elevated borrowing costs and softer inflation. The data suggest households continue to support economic growth, although spending momentum has moderated compared with earlier in the year.

International – Mixed Global Growth Signals as Inflation Trends Diverge Across Regions

China inflation remained subdued in July, with CPI rising just 0.5% year-over-year while producer price inflation slowed to 3.5% from 4.1%. Softer gasoline prices and lingering weakness in food prices weighed on consumer inflation, while producer prices were pressured by lower energy and commodity costs despite continued strength in AI-related manufacturing sectors.

Japan producer price inflation eased slightly to 7.2% year-over-year in July, down from 7.3% and below expectations. Wholesale price pressures remain elevated due to strong demand for metals and AI-related inputs, but slowing momentum suggests cost inflation may be nearing a peak, although the data continue to support expectations for further Bank of Japan policy tightening.

United Kingdom GDP grew 0.4% quarter-over-quarter in the second quarter, slowing from 0.6% in the prior quarter, while annual growth accelerated to 1.2%. Services activity remained the primary driver of expansion and stronger business investment provided a positive surprise, although stagnant industrial output highlights an uneven growth backdrop.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
16-Aug-26	Japan	GDP Annualized SA QoQ	2Q P	2.00	1.8
16-Aug-26	Japan	GDP SA QoQ	2Q P	0.50	0.5
16-Aug-26	Japan	GDP Nominal SA QoQ	2Q P	1.20	0.6
16-Aug-26	Japan	GDP Deflator YoY	2Q P	2.30	3.2
16-Aug-26	China	Retail Sales YoY	Jul	1.50	1.0
16-Aug-26	China	Retail Sales YTD YoY	Jul	1.40	1.3
17-Aug-26	Canada	CPI NSA MoM	Jul	0.40	-0.4
17-Aug-26	Canada	CPI YoY	Jul	2.90	2.8
18-Aug-26	United Kingdom	ILO Unemployment Rate 3Mths	Jun	4.80	4.9
19-Aug-26	United Kingdom	CPI MoM	Jul	0.33	0.1
19-Aug-26	United Kingdom	CPI YoY	Jul	2.90	2.6
19-Aug-26	United Kingdom	CPI Core YoY	Jul	2.50	2.6
19-Aug-26	China	1-Year Loan Prime Rate		3.00	3.0
19-Aug-26	China	5-Year Loan Prime Rate		3.50	3.5
20-Aug-26	Japan	Natl CPI YoY	Jul	1.90	1.6
20-Aug-26	Japan	Natl CPI Ex Fresh Food YoY	Jul	1.80	1.6
20-Aug-26	Japan	S&P Global Japan PMI Composite	Aug P		52.7
20-Aug-26	Japan	S&P Global Japan PMI Mfg	Aug P		54.5
20-Aug-26	Japan	S&P Global Japan PMI Services	Aug P		51.2
21-Aug-26	Eurozone Aggregate	S&P Global Eurozone Manufacturing PMI	Aug P	51.90	51.9
21-Aug-26	Eurozone Aggregate	S&P Global Eurozone Services PMI	Aug P	51.55	51.7
21-Aug-26	Eurozone Aggregate	S&P Global Eurozone Composite PMI	Aug P	51.75	52.0
21-Aug-26	United Kingdom	S&P Global UK Manufacturing PMI	Aug P	51.50	51.9
21-Aug-26	United Kingdom	S&P Global UK Services PMI	Aug P	51.90	52.1
21-Aug-26	United Kingdom	S&P Global UK Composite PMI	Aug P	51.50	52.2
21-Aug-26	Canada	Retail Sales MoM	Jun	0.40	1.0
21-Aug-26	Canada	Retail Sales Ex Auto MoM	Jun		1.2
21-Aug-26	United States	S&P Global US Manufacturing PMI	Aug P	53.90	53.9
21-Aug-26	United States	S&P Global US Services PMI	Aug P	53.95	54.6
21-Aug-26	United States	S&P Global US Composite PMI	Aug P	53.70	54.5

P = Preliminary

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