WEEKLY ECONOMIC REVIEW JULY 31, 2026

Loss of credibility

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A look at markets this week

Total returns, at the close on Thursday

		WEEK TO DATE		YEAR TO DATE	
		Return in local currency	Return in CAD	Return in local currency	Return in CAD
Canadian bonds	FTSE TMX Universe	0.11%		1.04%	
	FTSE TMX Long	-0.09%		0.24%	
	Corps	0.14%		1.29%	
Equities	S&P/TSX	0.46%		13.40%	
	S&P 500	0.35%	-0.25%	9.36%	11.66%
	NASDAQ	0.59%	-0.01%	8.44%	10.71%
	MSCI EAFE	0.32%	1.04%	12.41%	13.50%
	MSCI Emerging	-4.50%	-4.54%	14.17%	14.99%

		Current price	Return WTD	Return YTD
Other	Oil (WTI)	83.59 $	-6.40%	45.58%
	USD/CAD	0.7137 $	0.60%	-2.06%
	EUR/USD	1.1528 $	1.39%	-1.86%
	Gold	4 103.41 $	1.25%	-5.00%

Source: iA Global Asset Management, data via Bloomberg, weekly returns since the close of July 24, 2026

New Fed Chair's learning curve

Divided Fed holds interest rates steady, but three members voted to hike

KEY POINTS

- The Federal Reserve voted 9-3 to hold its key interest rate steady in a range between 3.5% and 3.75%.
- Three regional presidents - Beth Hammack of Cleveland, Neel Kashkari of Minneapolis and Lorie Logan of Dallas – dissented as inflation has remained above the Fed's 2% target for more than five years.
- Chairman Kevin Warsh has argued for giving the markets fewer signals about the central bank's next move.

Analysis: Fed Chairman Warsh's credibility in question after leaving interest rates unchanged

Fed Chairman Kevin Warsh fails first test as 'Bond Vigilantes' drive yields higher, says Ed Yardeni

Jeffrey Gundlach says the bond market is telling Warsh the Fed has to start acting on inflation

Gold rises 2% as Fed holds rates steady, markets parse Warsh's comments

Source: CNBC

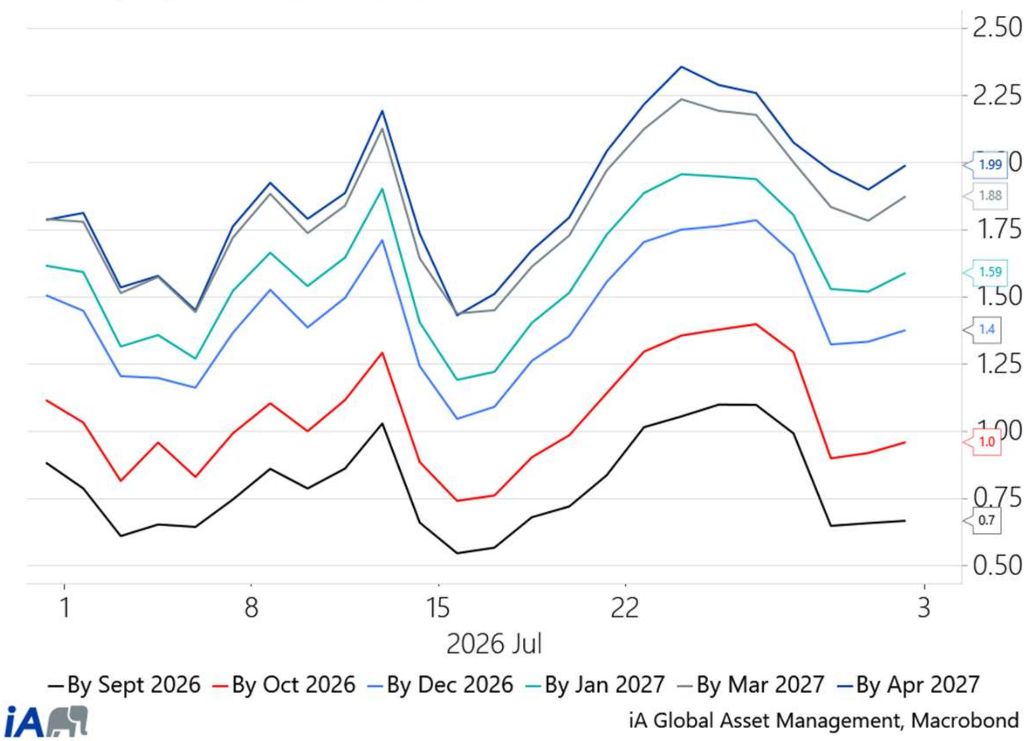
The market's message: less likely hike in September, and falling behind the curve on inflation

U.S. 2-Year Rates

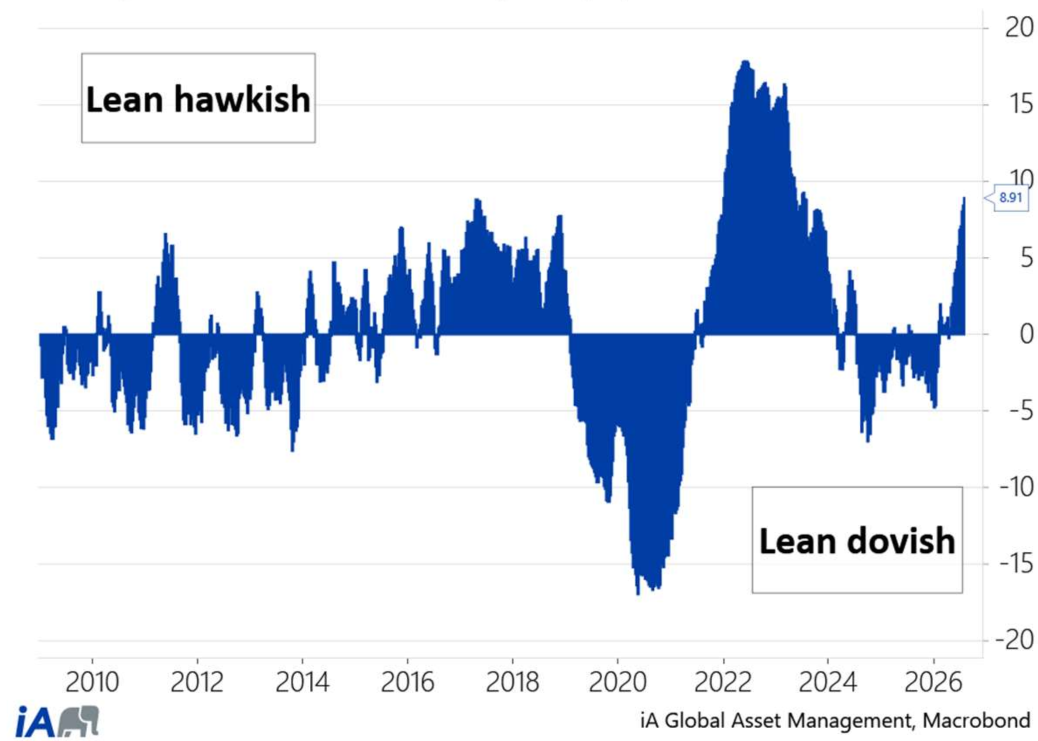
U.S. 30-Year Rates

The outcome: A confused market

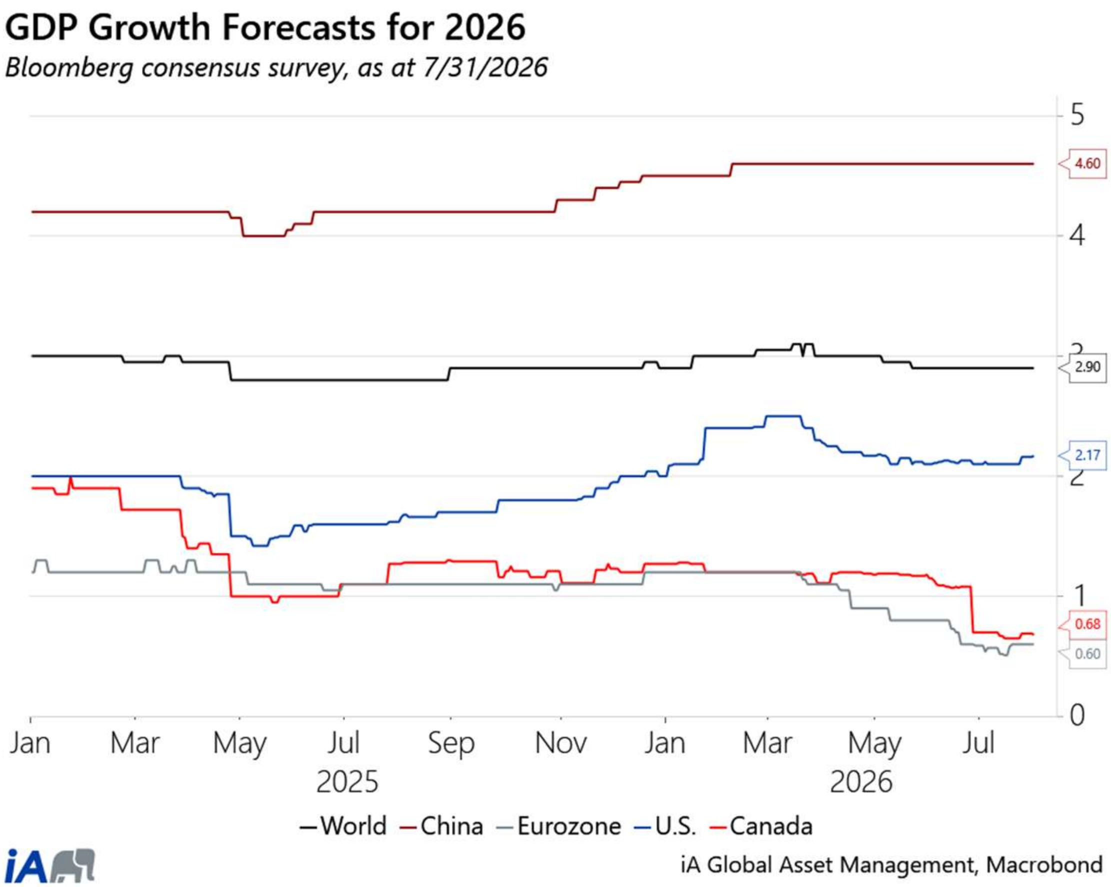
Federal Reserve: Number of Hikes/Cuts Expected By Month
Market Implied, OIS Model, as at 7/31/2026

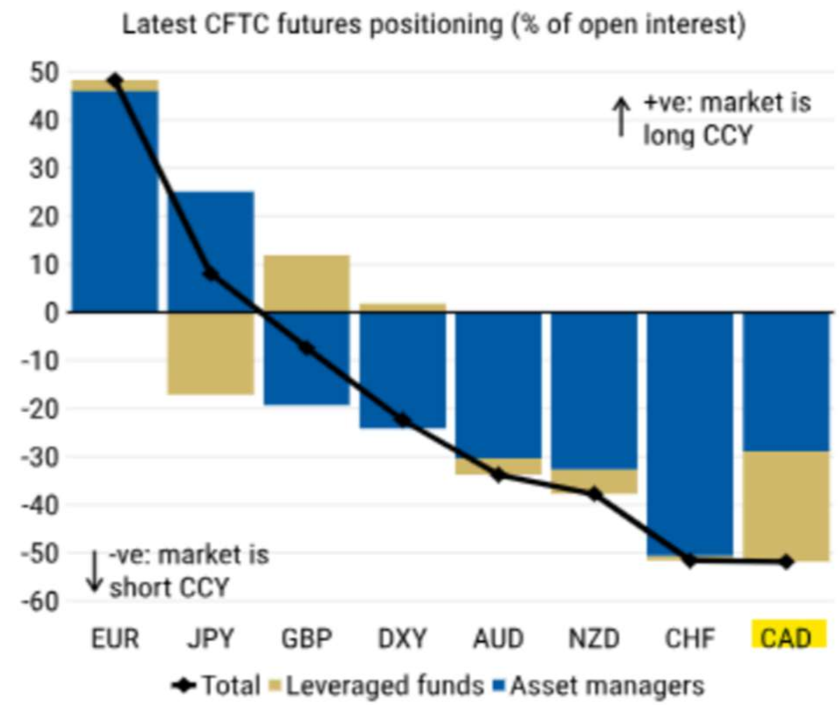


Fed: FOMC Sentiment Indicator
Bloomberg Economics Sentiment NLP Model, as at 7/31/2026



Peak pessimism on Canada?

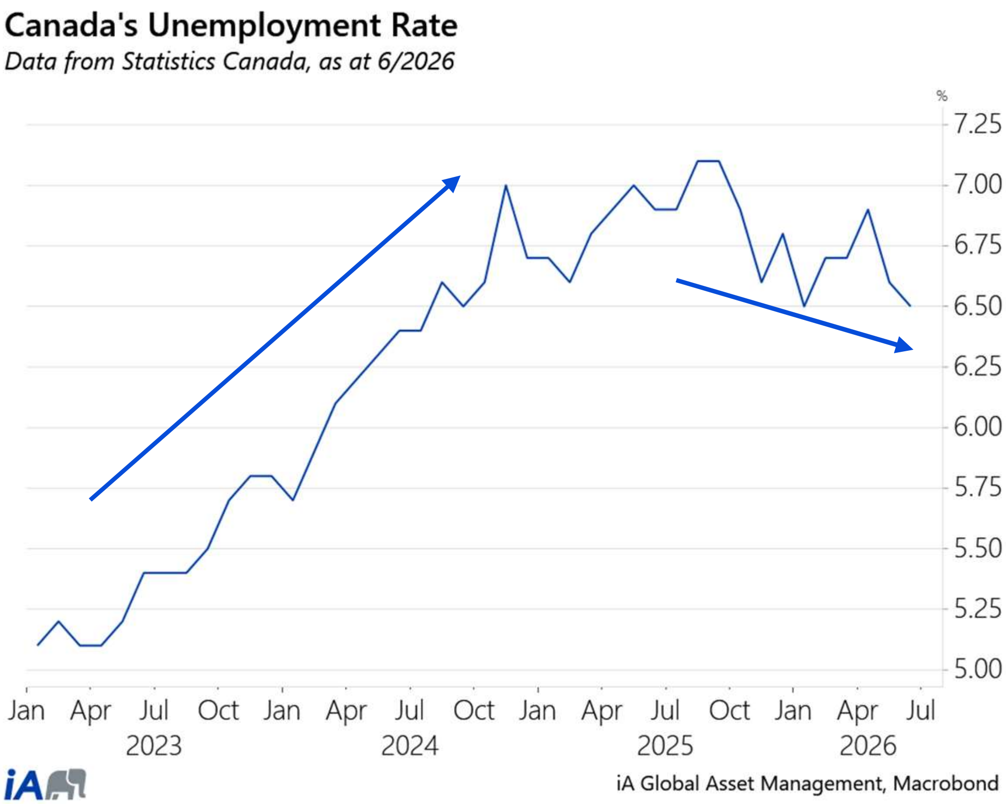




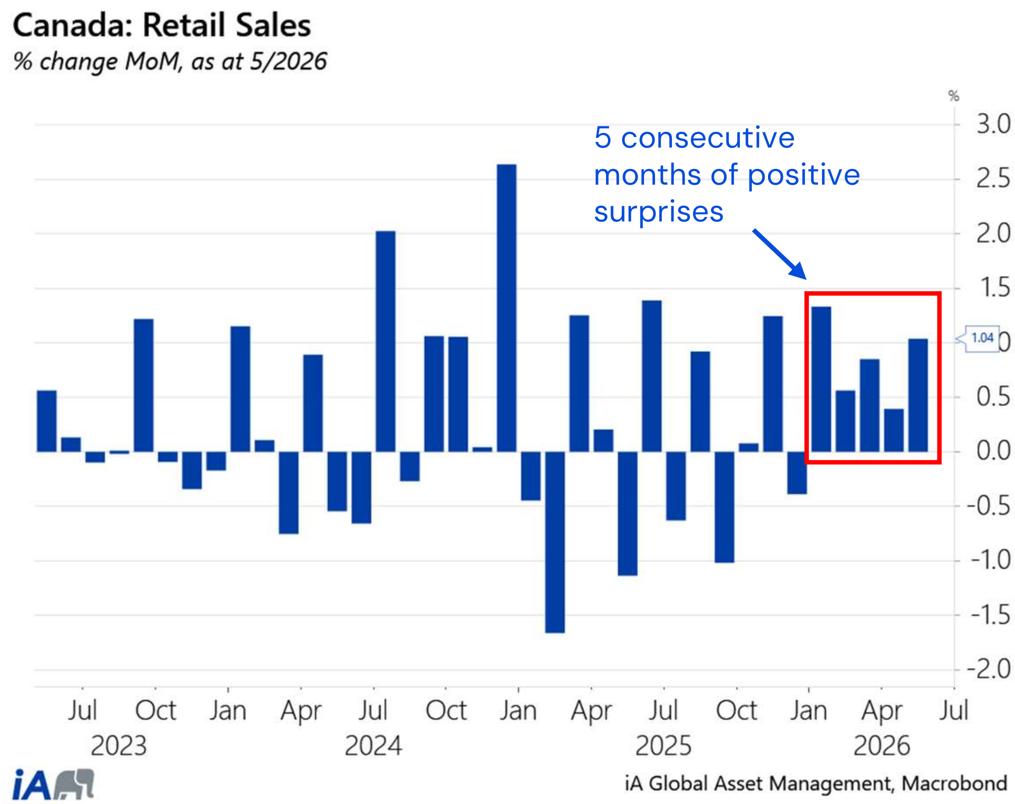
Source: Morgan Stanley Research; Data as of Tuesday, September 23. For methodology, see Assessing FX Positioning with Currency Options.

The rumors of the Canadian economy's death are greatly exaggerated

Labour market is getting better

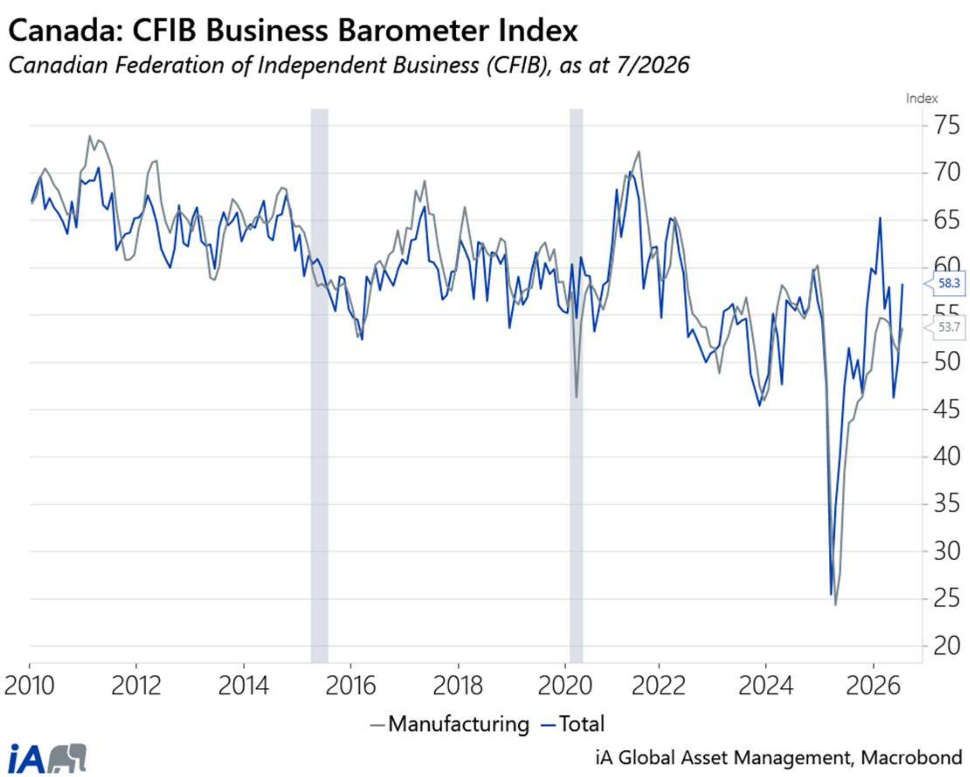


Consumers are spending

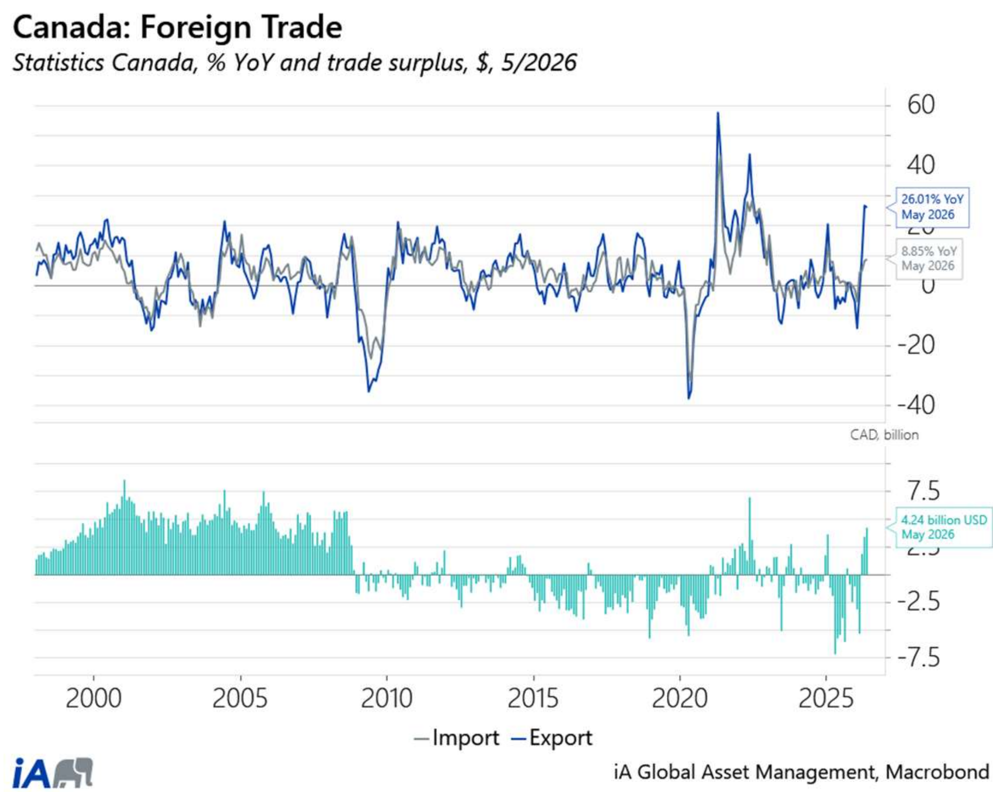


The rumors of the Canadian economy's death are greatly exaggerated

Business confidence is on the rise



Trade is back to a surplus



What we'll be watching next week

Canada	▪ S&P Global Manufacturing PMIs ▪ Jobs Report
United States	▪ ISM Manufacturing & Services ▪ JOLTS Survey ▪ Nonfarm Payrolls

MACRO PLAYLIST

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