WEEKLY ECONOMIC REVIEW AUGUST 28, 2026

Breaking Point

Sébastien Mc Mahon, CFA
Chief Economist, iA Financial Group

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	0.43%		0.55%	
	FTSE TMX Long	0.75%		-1.16%	
	Corps	0.32%		0.96%	
Equities	S&P/TSX	0.60%		17.77%	
	S&P 500	0.75%	1.44%	13.79%	14.87%
	NASDAQ	1.38%	2.08%	14.63%	15.72%
	MSCI EAFE	0.00%	0.48%	14.13%	14.99%
	MSCI Emerging	-0.15%	0.77%	23.94%	25.51%
		Current price	Return WTD	Return YTD	
Other	Oil (WTI)	83.53 $	-4.05%	45.47%	
	USD/CAD	0.7218 $	-0.69%	-0.95%	
	EUR/USD	1.1653 $	-0.22%	-0.79%	
	Gold	4 599.15 $	-0.09%	6.48%	

Source: iA Global Asset Management, data via Bloomberg, weekly returns since the close of August 21, 2026

Initial optimism followed by a return to 2025

What we know about how the Canada-U.S. trade talks fell apart

Prime Minister Mark Carney said one of the main reasons he walked away from a deal with the Trump administration is because Washington demanded terms that would "destroy" big Canadian industries including the auto, steel and aluminum sectors.

He made the comment while facing calls from the Conservatives to reveal the details of the proposed deal that fell apart late Friday night.

"We did make some progress in recent weeks," Carney said on Monday in Lévis, Que. "In the end, that momentum reversed and we could not accept what the U.S. had offered, nor could we give what they asked."

Carney says he's suspending trade talks and matching new U.S. tariffs

Over **700 American products are set to be tariffed** by Canada as the **trade war** between the two nations continues to escalate.

Effective 12:01 a.m. on Tuesday, Sept. 8, Canada will impose 15, 25 and 50 per cent counter-**tariffs** on products drawn from those targeted by the U.S.'s Section 338 and Section 232 tariffs, equaling $27.6 billion in imports from the U.S.

Sectors such as steel, dairy, appliances, agricultural equipment, pulp and paper, and electronics, which are most impacted by U.S. tariffs, will be targeted.

Donald J. Trump
@realDonaldTrump

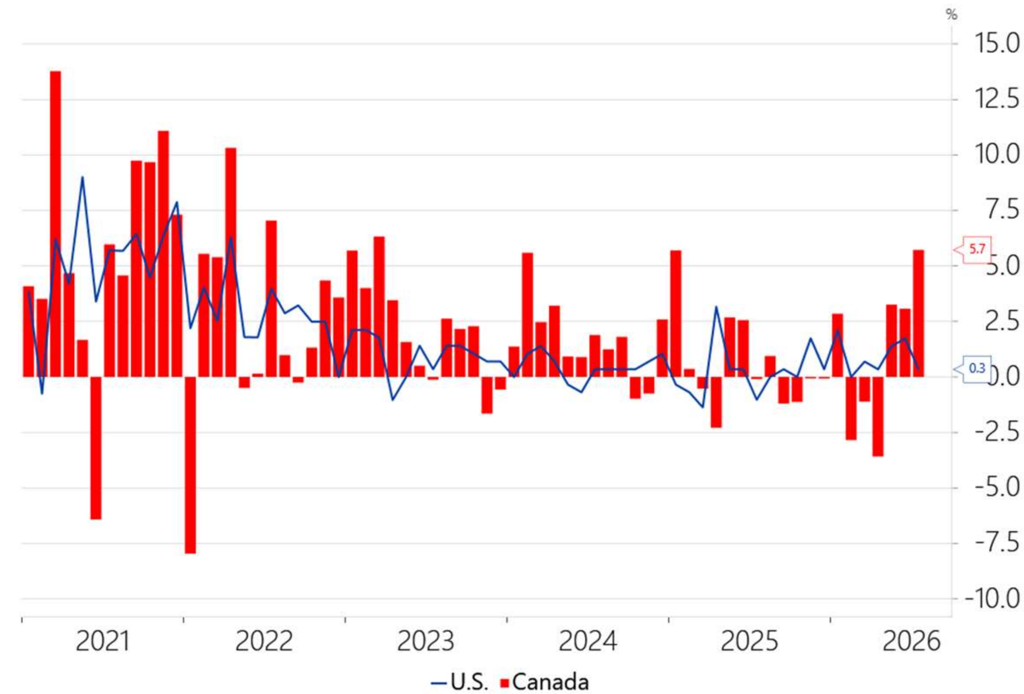
Canada wants the benefits of being a State, without being one!!! They have also charged our great farmers, for many years, massive amounts of Tariffs. No more!!! President DJT

1.7k ReTruths **6.68k** Likes Aug 23, 2026, 1:06 AM

Source: CBC, FP, Global News, Truth Social

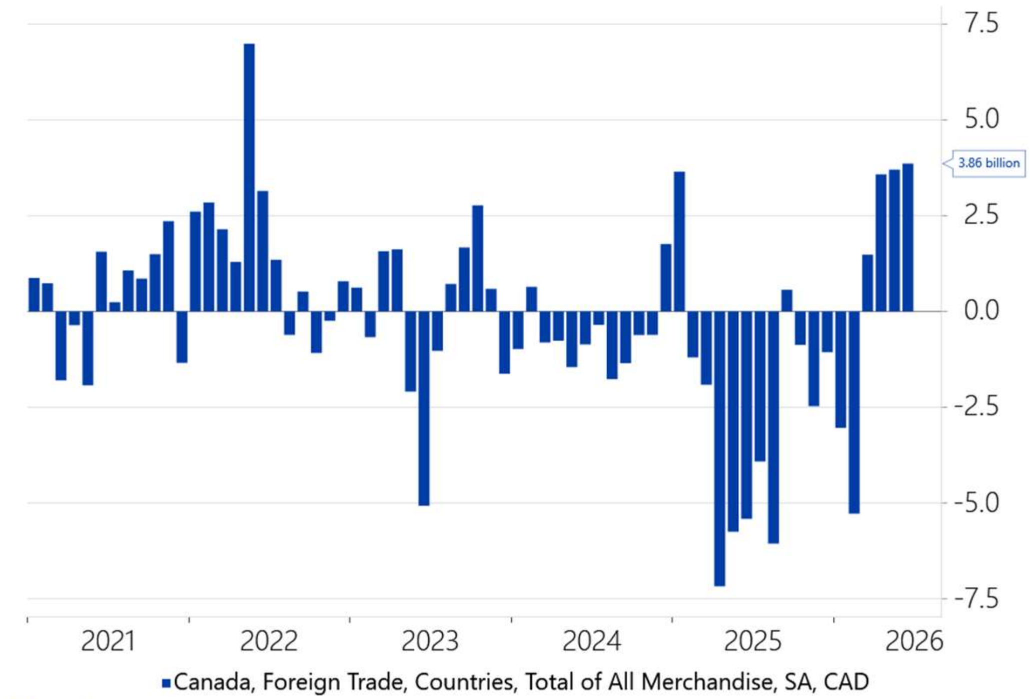
The Canadian economy was recently showing positive momentum

Canada vs U.S.: Total Hours Worked
3-Month Change, %, Annualized, as at 7/2026



iA Global Asset Management, Macrobond

Canada: Trade Surplus, $
Statistics Canada, % YoY and trade surplus, $, 6/2026

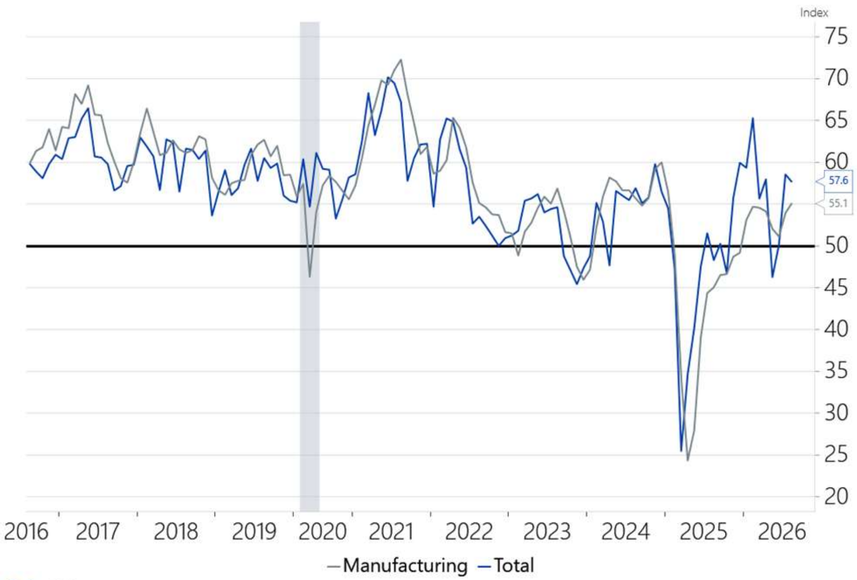


iA Global Asset Management, Macrobond

Business confidence is key, now more than ever

Canada: CFIB Business Barometer Index

Canadian Federation of Independent Business (CFIB), as at 8/2026



iA Global Asset Management, Macrobond

Business Barometer®: Small business confidence index, provinces

Survey question: How do you expect your firm to be performing in 12 months compared to now?

Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next 3 or 4 months?

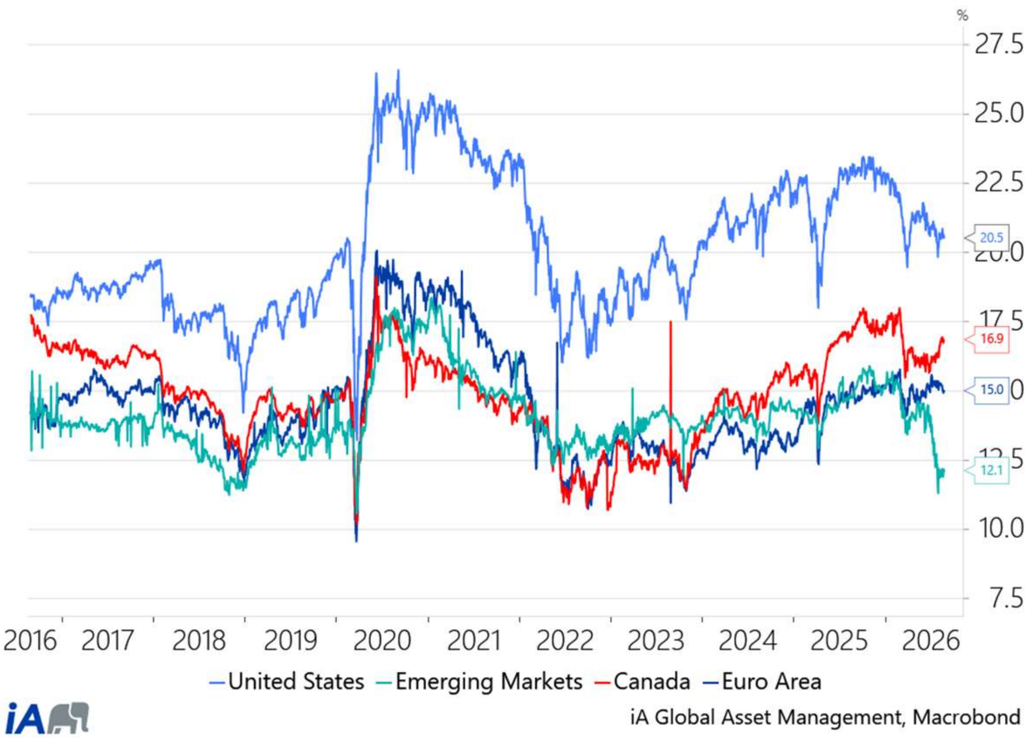
Source: CFIB, Your business outlook survey, February 2009 - August 2026. 278 responses received from August 4-12.

Note: ● Historical averages. Data presented by 3-month moving average. *Data presented by 12-month moving average.
Index > 50 = more businesses expecting stronger performance than weaker performance

An update on markets

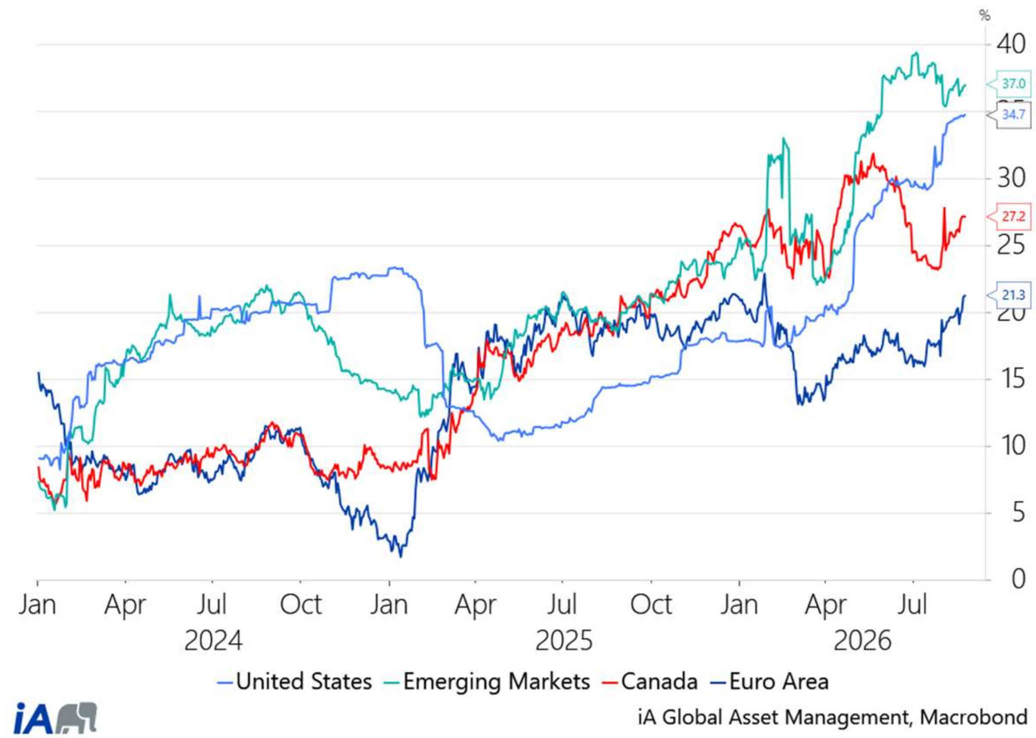
Global Equities: Fwd P/E ratios

FactSet, Fwd P/E ratios, broad indices, as at 8/25/2026



Global Equities: Earnings Growth Expectations

FactSet, NTM EPS growth, broad indices, as at 8/25/2026



What we'll be watching next week

Canada	▪ Bank of Canada Rate Decision ▪ S&P Global PMIs ▪ Jobs Report
United States	▪ ISM Manufacturing Index ▪ ISM Services Index ▪ Jobs Report

MACRO PLAYLIST

https://mcmahon.ia.ca/en

@SebMcMahon_IA

Sebastien Mc Mahon

Disclaimer

General Disclosures The information and opinions contained in this report were prepared by iA Global Asset Management ("iAGAM"). The opinions, estimates and projections contained in this report are those of iAGAM as of the date of this report and are subject to change without notice. iAGAM endeavours to ensure that the contents have been compiled or derived from sources that we believe to be reliable and contain information and opinions that are accurate and complete. However, iAGAM makes no representations or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. There is no representation, warranty, or other assurance that any projections contained in this report will be realized. There is no representation, warranty, or other assurance that any projections contained in this report will be realized. The pro forma and estimated financial information contained in this report, if any, is based on certain assumptions and analysis of information available at the time that this information was prepared, which assumptions and analysis may or may not be correct. This report is not to be construed as an offer or solicitation to buy or sell any security. The reader should not rely solely on this report in evaluating whether or not to buy or sell securities of the subject company. The reader should consider whether it is suitable for your particular circumstances and talk to your financial advisor. iA Global Asset Management, iAGAM and the iA Global Asset Management logo are trademarks of Industrial Alliance Insurance and Financial Services Inc. and are used under license. iA Global Asset Management and iAGAM are tradenames under which Industrial Alliance Investment Management Inc. and its subsidiary iA Global Asset Management Inc. operate.