

WEEKLY ECONOMIC REVIEW OCT. 23, 2026

Let's go hiking

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A look at markets this week

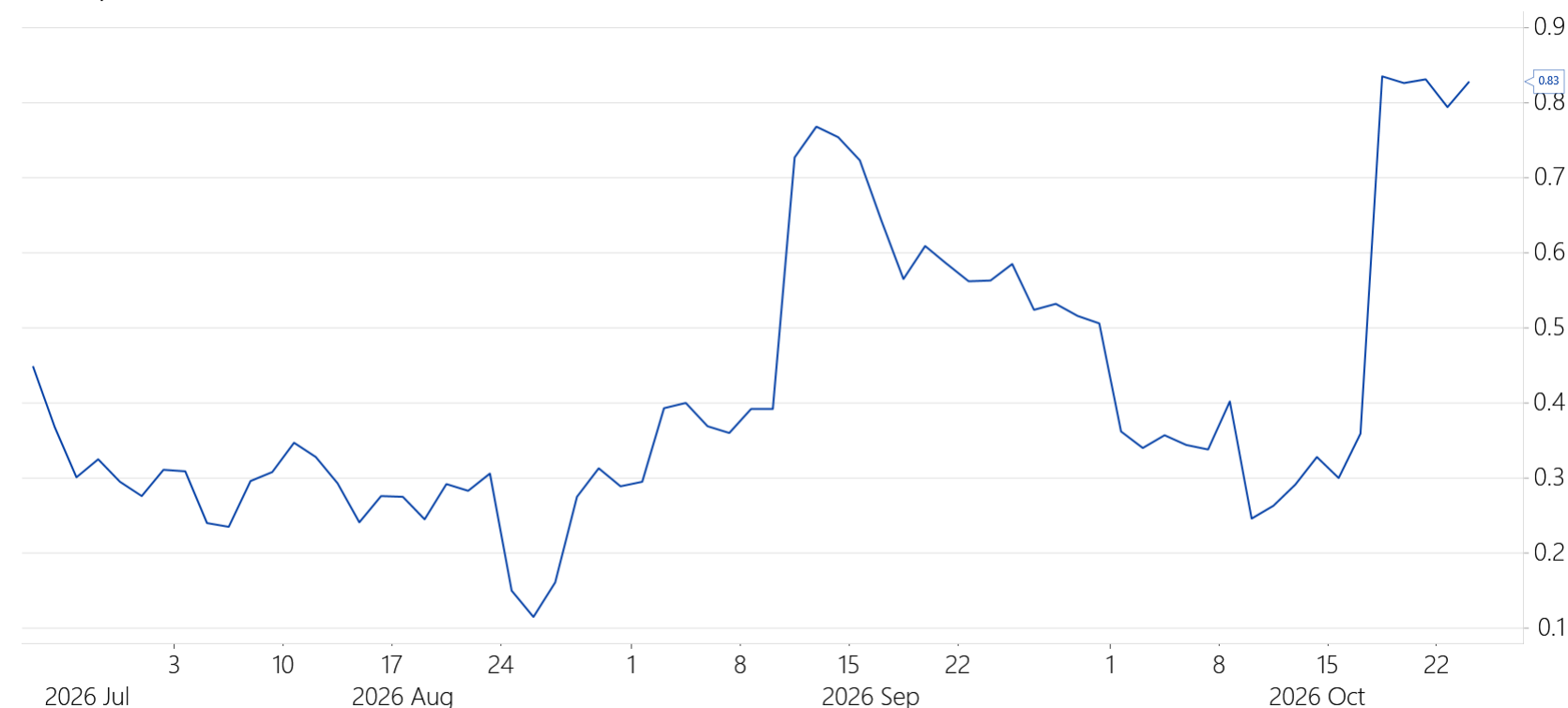
Total returns, at the close on Thursday

		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	0.33%		0.71%	
	FTSE TMX Long	0.96%		-0.15%	
	Corps	0.14%		1.14%	
Equities	S&P/TSX	-0.56%		15.41%	
	S&P 500	0.06%		12.98%	
	NASDAQ	-0.50%		12.42%	
	MSCI EAFE	-1.26%		11.13%	
	MSCI Emerging	-2.70%		13.99%	
		Current price	Return WTD	Return YTD	
Other	Oil (WTI)	99.47 \$	-1.91%	73.23%	
	USD/CAD	0.7138 \$	0.94%	-2.04%	
	EUR/USD	1.1216 \$	-0.20%	-4.51%	
	Gold	4 024.85 \$	-3.38%	-6.82%	

Bank of Canada signals a hike next week

Bank of Canada: Probability of a Rate Hike at the October Meeting

Market Implied, OIS Model as at 10/23/2026



The message is clear

Macklem sees higher oil prices boosting growth, inflation

There's no resolution in sight for the conflict in the Middle East," Macklem said, adding that he expects the outlook for inflation to be higher when the central bank offers its new forecast in the monetary policy report later this month.

"The question we're going to be asking ourselves is, is inflation likely to come back down towards our target on its own, or are we going to have to raise interest rates to influence the path?"

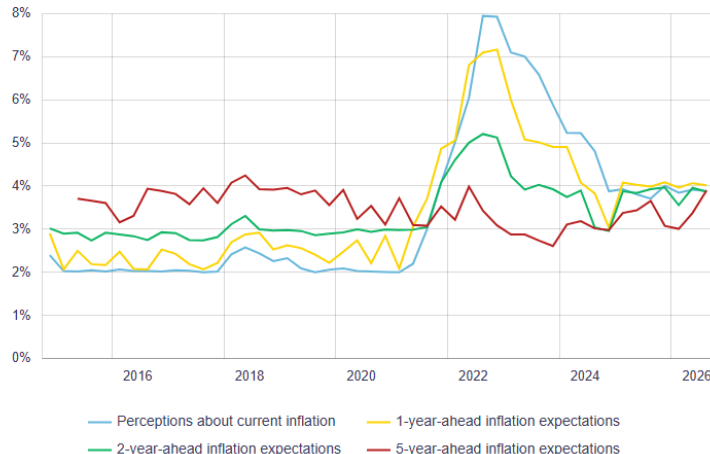
– Financial Post, Oct 19, 2026

Inflation expectations remain elevated amid concerns about trade tensions and energy prices

Consumers' perceptions of current inflation and expectations for inflation over the next 12 months and 24 months were little changed ([Chart 1](#)). Near-term expectations remain above both their historical average and levels seen before trade tensions began. At the same time, long-term inflation expectations moved higher this quarter, bringing them in line with already elevated short-term expectations.

Chart 1: Long-term inflation expectations are in line with elevated short-term expectations

Inflation expectations for each horizon: What do you expect the rate of inflation (deflation) to be?
Perceptions about current inflation: What do you think the rate of inflation (deflation) was over the past 12 months? (Interpolated median)



Source: Canadian Survey of Consumer Expectations—Third Quarter of 2026

Markets have already integrated a hiking path

Canada: 2Y Rate
As at 10/21/2026



Exchange Rate: CAD/USD
Macrobond Financial AB, as at 10/22/2026



What we'll be watching next week

Canada

- Bank of Canada Rate Decision
- August GDP

United States

- Conference Board Consumer Confidence Index
- Fed Rate Decision
- PCE Inflation

MACRO PLAYLIST

<https://mcmahon.ia.ca/en>



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