Global Asset Management

Keys to the market

What happened this week

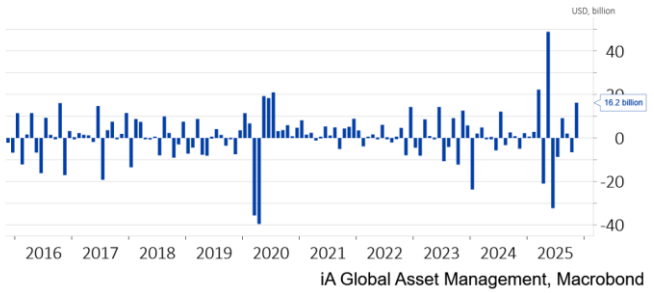
January 30, 2026

In Canada, markets were anchored by a steady Bank of Canada, which held the overnight rate at 2.25% as expected, keeping policy at levels last seen during the post-pandemic normalization phase. The BoC reiterated that the current settings remained appropriate, with GDP growth projected just above 1% this year and inflation near the 2% target, although renewed U.S. tariff threats have added notable uncertainty. Meanwhile, trade data weakened materially: The goods deficit widened sharply to $2.2 billion in November, one of the largest shortfalls in recent months, as exports fell 2.8%. A sharp reversal in gold shipments and weaker auto exports outweighed a solid rebound in energy volumes, while imports were broadly flat.

In the United States, the Federal Reserve also held rates steady at 3.5–3.75%, maintaining borrowing costs at their lowest level since 2022 after last year's cuts, even as two officials dissented in favour of further easing. Economic data was mixed but firm: Durable goods orders surged 5.3% in November, a strong rebound driven by a near doubling in civilian aircraft orders, lifting headline manufacturing activity toward the upper end of its recent range. At the same time, producer price inflation surprised to the upside, with core PPI rising 0.7% month over month—the fastest pace since mid-2025—keeping annual producer inflation elevated at about 3% and reinforcing the Fed's cautious stance.

United States, New Orders, Durable Goods, Total

As of 11/2025, MoM



iA Global Asset Management, Macrobond

Bond market

Bond investors did their best impression of a moody teenager this week, with U.S. 10-year Treasuries not really caring about much and staying anchored in the 4.2-4.25% range they have been locked in since the U.S. Greenland fiasco at Davos last week. Not even the plummeting of the U.S. dollar on debasement trade talk, or the Fed's decision to hold rates steady, or the nomination of Kevin Warsh as the next Fed Chair, or the hotter-than-expected inflation data noticeably affected 10s. Even so, the 2s-30s curve steepened by almost 15 basis points as two-year Treasuries rallied on the aforementioned news, while 30-year Treasuries sold off. Investors responded to the likelihood of more Fed rate cuts in the short end, and the longer-term implications of selling of U.S. debt and inflation further out on the curve. Meanwhile, futures priced in expectations for two 25-basis-point cuts this year on the nomination of Kevin Warsh, with talk of three such moves entering the conversation. Next week we will see some U.S. labour and sentiment data, which may guide the discussion of policy rate moves in 2026. In Canada, the BoC also decided to stay the course with its current rate, as had been widely expected. And in credit there was not much change, with little impact from earnings season or macro events, although U.S. HY did back up about 15 basis points to just above 260 but still at the low end of the range.

Highlights

- In Canada, the BoC held rates steady as growth stayed modest and trade deficits widened sharply.
- In the U.S., strong durable goods orders and rising producer inflation supported the Fed's rate hold.

On our radar

- Canada: S&P global indexes, unemployment rate, and Ivey PMI for January
- United States: Job openings for December, ISM manufacturing PMI, ISM services PMI, nonfarm payrolls for January and Michigan consumer sentiment for February

Stock market

It was a busy mega-earnings week. Microsoft reported strong earnings for the second quarter of fiscal 2026, with revenues up 17% year over year and earnings per share growing by 24% year over year. Even though demand for cloud and AI services remained solid, slowing incremental demand growth along with rising AI-related spending is putting a damper on rising expectations. In contrast, Meta not only blew past the Street's forecasts for the most recent quarter but also issued stronger-than-expected guidance for the next quarter. This step-up in revenues reflects the company's confidence in returns on capital invested in AI. Therefore, even as Meta announced 2026 materially higher capex, the market rewarded it because returns are already flowing through. Apple reported a record-breaking quarter, with the iPhone 17 being touted as by far the most popular iPhone sold. Revenues rose 16% year over year on strong demand for iPhones globally, particularly in China, where sales grew by 38%. Over all, it's becoming increasingly clear who the winners and losers of the AI trade will be, as the cycle moves from investment to quantifiable profits.

Markets

(Total returns, in CAD)

As of January 29, 2026	WTD %	MTD %	YTD %	1Y %	3Y %	5Y %
Equities						
S&P 500	-0.55	0.75	0.75	9.69	22.03	16.46
S&P/TSX	-0.34	4.25	4.25	33.04	20.33	17.13
NASDAQ	-0.24	1.39	1.39	13.47	29.34	16.27
MSCI ACWI	-0.41	1.52	1.52	12.94	20.13	14.31
MSCI EAFE	0.07	3.88	3.88	23.77	16.60	11.55
MSCI EM	2.22	9.53	9.53	37.33	17.92	7.45
Commodities (USD)						
Gold	7.77	24.45	24.45	94.80	40.74	23.81
CRB	0.39	1.85	1.85	1.16	-0.61	3.70
WTI	7.12	13.93	13.93	-9.91	-6.36	4.62
Fixed income						
FTSE TMX Canada Universe	0.10	0.60	0.60	2.79	3.59	-0.01
FTSE TMX Canada Long	0.03	0.92	0.92	0.12	1.64	-3.05
FTSE TMX Canada Corporate Overall	0.16	0.79	0.79	4.81	5.83	1.76
Currencies (USD)						
DXY	-1.35	-2.07	-2.07	-10.85	-1.88	1.23
USDCAD	-1.53	-1.71	-1.71	-6.44	0.45	1.09
USDEUR	-1.19	-1.88	-1.88	-12.94	-3.17	0.28
USDJPY	-1.66	-2.30	-2.30	-1.36	5.64	7.90
USDGBP	-1.20	-2.41	-2.41	-9.82	-3.57	-0.15

	CA	U.S.
Bond yields		
2Y	2.57	3.56
5Y	2.94	3.82
10Y	3.42	4.23
30Y	3.86	4.85

Source: iA Global Asset Management, Bloomberg

Get ahead

iagam.ca

A magnet for top investment talent, iA Global Asset Management is one of Canada's largest asset managers, with over $100 billion under management across institutional and retail mandates. We help investors achieve their long-term wealth creation goals through innovative investment solutions designed for today's complex markets. We are building upon our historic success, supporting the growth of our core strengths, and exploring innovative ways to meet investor needs. We are rooted in history and innovating for the future. Our experienced portfolio managers use a proprietary investment methodology, rooted in iAGAM's unifying commitment to strong risk management, analytical rigour, and a disciplined, process-driven approach to asset allocation and security selection.

iA Global Asset Management