iA Global Asset Management

Keys to the market

What happened this week

February 6, 2026

In Canada, economic data reflected a mixed backdrop. The S&P Global Canada Manufacturing PMI inched back into expansion at 50.5, but the Ivey PMI eased to 50.9 in January from 51.9. Meanwhile, the labour market weakened more noticeably. The Canadian economy shed 24,800 jobs in January, as a sharp 69,700 decline in part-time employment more than offset a 44,900 gain in full-time positions. Despite the drop in headline employment, the unemployment rate unexpectedly fell to 6.5%, helped by a lower participation rate, which slipped from 65.4% to 65.0%.

In the United States, this week's data continued to highlight economic resilience, albeit with signs of moderation. The ISM Manufacturing PMI rose sharply in January from 47.9 to 52.6, marking a return to expansion with one of the strongest readings of the past year. The rebound was driven primarily by improvements in new orders and production. The services sector also remained firm, with the ISM Services PMI holding at 53.8, consistent with steady consumer-driven demand. Labour-market indicators pointed to gradual cooling: Job openings fell to 6.54 million, their lowest in several years, while initial jobless claims rose to 231,000, suggesting that while hiring remains solid, labour demand continues to normalize.

Bond market

U.S. bond yields declined on the week, with 10-year Treasuries hovering at the bottom of their recent 4.2-4.3% range as weaker-than-expected labour data caused a 10-basis-point plunge on Thursday, while futures started to price in more convincingly three 25-basis-point cuts by the Fed in 2026. Adding to the idea of a more active Fed this year was further reflection on the ideological predilections of Fed Chair nominee Kevin Warsh and his belief that AI's productivity-enhancing capabilities will allow the economy to run hotter, as well as a Fed balance sheet reduction that will need lower rates to offset the impact. Next week, the United States will get more labour data as well as inflation numbers, both of which could further affect yields. In spread markets, U.S. IG had a muted response to the recent selloff in risk assets, staying well below 80 basis points, while U.S. HY rose 15 basis points to 275. Even though the corporate bond market is expected to fund at least a portion of the massive increase in AI-related spending, especially by the hyperscalers, the credit markets seemed to take things in stride.

Highlights

- In Canada, mixed PMI readings and a lower participation rate pulled the unemployment rate down.
- In the U.S., firm manufacturing and steady services contrasted with a gradually cooling labour market.

On our radar

- Canada: Building permits for December
- United States: Core inflation, nonfarm payrolls, unemployment rate, existing home sales for January, and retail sales for December

Stock market

This week saw heightened volatility, with global markets ending mixed amid a cooling U.S. job market and concerns about the impact of new AI tools and the capex build-out. After last week's historic rout, gold and silver staged an early rebound before quickly reversing, while Bitcoin posted one of its weakest performances since mid-2025.

Software and financial services companies were hit the hardest after Anthropic released a tool that automates legal tasks, such as contract review and legal briefings, along with an update to its core model. The new model can synthesize data and analysis, manage teams of coding assistants, and perform product management functions. These developments heightened concerns that the competitive advantage of SaaS companies could be eroding, suggesting sector valuations may need to adjust downward. In contrast, major technology companies continue to increase AI-related capital expenditures.

Four of the largest U.S. tech firms reported this week and projected capital spending of $650 billion in 2026 for new data centres and equipment, representing a 60% year-over-year increase. These estimates raise concerns about potential bottlenecks in power, labour, and resource supply, and even the companies' ability to achieve their buildout ambitions. The silver lining, however, is that concerns about the semiconductor industry's boom-and-bust cycle should dissipate, at least in the near term.

Markets

(Total returns, in CAD)

As of February 5, 2026	WTD %	MTD %	YTD %	1Y %	3Y %	5Y %
Equities						
S&P 500	-0.98	-0.98	-0.76	8.82	20.64	15.06
S&P/TSX	0.22	0.22	1.07	28.42	19.00	15.36
NASDAQ	-2.91	-2.91	-2.92	8.59	25.97	14.10
MSCI ACWI	-0.61	-0.61	0.38	12.29	19.07	13.12
MSCI EAFE	0.61	0.61	4.58	24.96	16.57	11.10
MSCI EM	-0.28	-0.28	7.24	35.49	17.44	5.97
Commodities (USD)						
Gold	-2.35	-2.35	10.64	66.68	36.84	21.38
CRB	-1.23	-1.23	0.04	-0.79	-0.86	3.20
WTI	-2.94	-2.94	10.22	-10.90	-4.82	2.17
Fixed income						
FTSE TMX Canada Universe	0.18	0.18	0.76	1.26	3.70	0.17
FTSE TMX Canada Long	0.33	0.33	1.13	-2.84	1.83	-2.66
FTSE TMX Canada Corporate Overall	0.20	0.20	1.00	3.77	5.81	1.89
Currencies (USD)						
DXY	0.86	0.86	-0.51	-9.07	-1.68	1.45
USDCAD	0.73	0.73	-0.09	-4.18	0.78	1.46
USDEUR	0.63	0.63	-0.27	-11.67	-2.86	0.46
USDJPY	1.46	1.46	0.21	2.90	6.18	8.30
USDGBP	1.14	1.14	-0.42	-7.58	-3.78	0.30

Source: iA Global Asset Management, Bloomberg

	CA	U.S.
Bond yields		
2Y	2.55	3.45
5Y	2.91	3.72
10Y	3.39	4.18
30Y	3.85	4.84

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