Global Asset Management

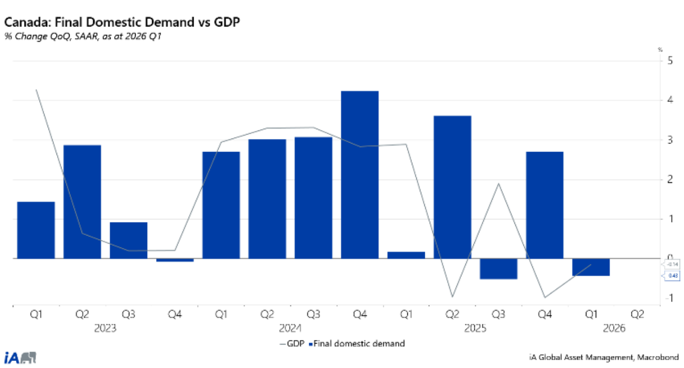
Keys to the market

What happened this week

May 29, 2026

In Canada, this week's data presented a mixed but generally constructive view of domestic activity, with strength in goods-producing sectors offsetting ongoing external headwinds. First-quarter GDP surprised to the downside, contracting at an annualized pace of -0.1%, contrary to expectations of +1.5%. With growth flat on a quarterly basis, this marked a second consecutive decline and a technical recession. April manufacturing sales surprised to the upside, rising 4.6% month over month, above an expected 1.4%, led by petroleum and coal products. Wholesale trade edged up a modest 0.1% following a strong gain in the previous month. Meanwhile, the current account deficit widened sharply to $7.2 billion in the first quarter, reflecting a larger goods trade deficit despite supportive energy prices. Overall, solid domestic production contrasted with a still-fragile external backdrop.

In the United States, data pointed to moderating but still resilient growth alongside persistently sticky inflation. First-quarter GDP was revised down to 1.6%, from an expected 2.0%, reflecting softer consumer spending and investment while raising concerns about underlying demand. However, activity in the goods sector remained firm, with durable goods orders surging 7.9% month over month, driven largely by transportation equipment. On the inflation front, core PCE rose a softer-than-expected 0.2% month over month, though the year-over-year pace edged up to 3.3%, underscoring continued price stickiness. Overall, slowing growth momentum and firm inflation suggested the Fed is likely to remain cautious, with limited scope for near-term easing.



Bond market

As the waiting game continues for an agreement between the United States and Iran, bond yields continued their slow descent, suggesting markets may be starting to believe that the inflationary impacts of the Middle East tumult will subside. U.S. 10-year Treasuries dropped another 5 basis points, breaking below 4.5% and bringing the decline to more than 20 basis points since levels peaked around 4.7% in the middle of May. Moving in lockstep with oil prices, bond yields in North America are expected to decrease further in the coming months, especially as expectations for policy rate hikes fade into a growing belief for more cuts. Already, futures are no longer fully pricing in a 25-basis-point hike by the Fed as its next move. What's more, with Canada slipping into a technical recession on the back of GDP data reported during the week, even a hike by the BoC is no longer fully priced in. In spreads, like with all other risk assets, the Middle East turmoil was long ago seen to be done, as U.S. IG is now looking to break through 70 basis points and U.S. HY is settling around 260.

Highlights

- In Canada, GDP contraction signalled a technical recession, but domestic activity remained resilient.
- In the U.S., growth softened as inflation remained sticky, limiting the Fed's scope for near-term easing.

On our radar

- Canada: Unemployment rate, Ivey PMI, and S&P Global Manufacturing PMI for May
- United States: Nonfarm payrolls, unemployment rate, ISM services and manufacturing PMIs for May, and job openings for April

Stock market

Markets reached new highs this week, while oil prices were set for their largest monthly decline since 2020. Optimism about a potential U.S.-Iran deal raised expectations for the reopening of the Strait of Hormuz.

Dell reported the most notable earnings this week, with shares rising more than 30% after the company projected annual sales well above analysts' expectations. Strong demand for AI servers is driving this growth, attracting clients such as CoreWeave and other corporate customers, as well as major AI providers. Dell secured $24.4 billion in AI orders and generated $16.1 billion in AI server sales for the quarter. Management noted that demand remains strong, as the quarter ended with a $51.3 billion backlog in AI server orders.

More broadly, semiconductor stocks are off to their strongest start to a year since the dot-com era. The SOXX index has risen nearly 75% year-to-date, driven by Big Tech's planned $725 billion investments in data centres and AI equipment this year alone. It's worth noting that although Nvidia remains the largest by market cap, its rivals, AMD, ARM, and Intel, have risen significantly more this year.

Markets

(Total returns, in CAD)

As of May 28, 2026	WTD %	MTD %	YTD %	1Y %	3Y %	5Y %
Equities						
S&P 500	1.20	6.62	11.91	30.06	23.80	17.21
S&P/TSX	0.15	1.73	9.76	34.52	23.62	14.98
NASDAQ	2.51	11.77	20.67	41.84	28.89	20.36
MSCI ACWI	0.94	5.72	10.93	27.64	21.86	14.90
MSCI EAFE	0.27	3.82	9.39	22.76	17.62	11.50
MSCI EM	2.32	9.62	24.75	51.96	25.04	10.88
Commodities (USD)						
Gold	-0.31	-2.65	4.07	36.74	32.18	18.75
CRB	0.00	0.00	4.71	1.30	1.51	0.60
WTI	-7.97	-15.39	54.82	43.76	6.95	6.04
Fixed income						
FTSE Canada Universe	0.78	1.18	1.54	3.22	4.56	0.88
FTSE Canada Long	1.65	2.36	2.78	3.07	3.54	-1.18
FTSE Canada Corporate	0.66	1.08	1.63	4.47	6.52	2.48
FTSE Canada Short Term	0.29	0.56	0.89	2.97	4.82	2.10
Bloomberg Global-Aggregate (CAD-Hedged)	0.59	0.34	-0.07	2.16	3.31	-0.03
Bloomberg US Aggregate (CAD-Hedged)	0.71	0.08	-0.40	3.76	2.94	-0.80
Currencies (USD)						
DXY	-0.22	0.98	0.71	-0.86	-1.69	1.92
USDCAD	-0.25	1.49	0.44	-0.38	0.41	2.68
USDEUR	-0.41	0.69	0.81	-3.08	-2.73	0.91
USDJPY	0.04	1.69	1.61	9.94	4.24	7.71
USDGBP	-0.08	1.18	0.23	0.19	-2.81	1.09

Source: iA Global Asset Management, Bloomberg

	CA	U.S.
Bond yields		
2Y	2.84	4.02
5Y	3.11	4.15
10Y	3.44	4.45
30Y	3.80	4.97

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