iA Global Asset Management

Keys to the market

What happened this week

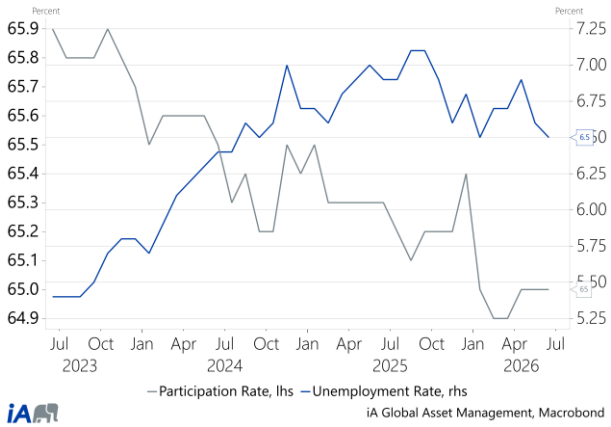
July 10, 2026

In Canada, the week's data pointed to resilient external demand despite signs of slower business activity. The Ivey PMI fell to 56.2 in June from 58.2 in May, missing expectations and ending a three-month streak of gains, though it remained firmly in expansion territory. Meanwhile, Canada's trade surplus widened to C$4.24 billion in May, well above consensus and the largest in four years, supported by record exports and strong demand for metals, minerals, and energy products. Imports edged lower during the month. The labour market also showed modest improvement, with the unemployment rate edging down to 6.5% in June from 6.6%, slightly beating expectations. Employment increased by 18,000 during the month, higher than the expected 10,000 gain. Overall, the data suggest that economic activity remains supported by external demand, even as domestic business momentum shows some signs of cooling.

In the United States, data pointed to a resilient but moderating economy. The ISM Services PMI edged down to 54.0 in June from 54.5 in May, in line with expectations and firmly in expansion territory. Meanwhile, existing home sales fell to an annualized pace of 4.09 million, below consensus, reflecting continued softness in housing demand. The trade deficit widened sharply to $77.6 billion in May as imports increased and exports declined, suggesting net exports may weigh on second-quarter growth. Meanwhile, FOMC minutes showed policymakers remained concerned about elevated inflation risk, though most still expect rates to end the year at or below current levels.

Canada: Unemployment Rate and Participation Rate

Statistics Canada, as of 6/2026



Bond market

Bond yields, like WTI prices, were adversely impacted by renewed hostilities between the U.S. and Iran. Tension caused U.S. 10-year Treasuries to initially pop higher by roughly 15 basis points, eventually settling back towards 4.5%, albeit still 10 basis points above the previous week's finish. Bond and energy markets were eventually soothed by the limited nature of the skirmishes and the commitment to remain at the bargaining table, despite bombastic rhetoric. Futures pricing stayed steady throughout, sticking to only one fully priced 25 basis point hike, with that expected move pushed back to December after briefly being brought forward to October. Upcoming inflation data for the U.S. could push yields in either direction on any surprise. We can expect a choppy path forward this summer, although overall levels will likely head lower. Like equities, spread product took the escalation in Middle East turmoil in stride. U.S. IG stuck around 75 basis points, while U.S. HY dropped by 20 basis points to hover just above 260.

Highlights

- In Canada, strong trade and improving labour markets offset softer business activity and cooling momentum.
- In the U.S., resilient services activity offset weaker housing and trade data, while Fed minutes highlighted persistent inflation risks and a cautious policy outlook.

On our radar

- Canada: BoC interest rate decision and housing starts for June
- United States: CPI, PPI, retail sales, and housing starts for June

Stock market

Geopolitical tensions rose earlier in the week after President Trump declared the U.S.-Iran ceasefire "over" following attacks on commercial vessels in the Strait of Hormuz. The collapse of the June memorandum of understanding led to retaliatory military strikes, oil price volatility, and a brief risk-off market reaction. However, markets stabilized as oil prices fell on news that technical talks between the U.S. and Iran were ongoing.

The S&P 500 rebounded midweek as investors shifted from defensive sectors to growth and cyclical stocks. The recovery was driven by a semiconductor rally, with SK Hynix raising $26.5 billion in a record Nasdaq ADR debut. Micron Technology also advanced after announcing plans to increase its investment in new U.S. plants to $250 billion by 2035.

While the broader market remained resilient, the consumer staples sector faced challenges from weak earnings, cautious guidance, and a shift away from defensive assets. PepsiCo issued a soft outlook for its core North American market, despite efforts to address weakness in the snack category through innovation and brand relaunches. Ongoing pressures, including health and wellness trends, GLP-1 impacts, and elevated post-COVID pricing, continue to affect its North American division.

Markets

(Total returns, in CAD)

As of July 9, 2026	WTD %	MTD %	YTD %	1Y %	3Y %	5Y %
Equities						
S&P 500	0.76	0.51	14.64	26.14	23.92	16.08
S&P/TSX	-0.18	1.02	12.30	33.60	24.52	14.96
NASDAQ	1.29	-1.92	21.73	34.54	28.20	17.89
MSCI ACWI	0.02	0.45	14.04	25.31	22.60	14.20
MSCI EAFE	-1.77	-0.03	13.24	24.10	19.79	11.79
MSCI EM	-2.78	-2.68	24.93	44.47	25.43	10.77
Commodities (USD)						
Gold	-1.28	2.88	-4.53	24.44	28.91	17.92
BCOM	3.56	3.49	18.35	28.74	12.77	10.37
WTI	4.94	3.71	25.53	5.41	-0.81	-0.67
Fixed income						
FTSE Canada Universe	-0.44	-0.85	1.38	3.12	4.77	0.57
FTSE Canada Long	-1.08	-2.11	1.22	2.41	3.16	-2.20
FTSE Canada Corporate	-0.33	-0.62	1.59	4.06	6.61	2.23
FTSE Canada Short Term	-0.11	-0.17	1.27	3.04	5.16	2.21
Bloomberg Global-Aggregate (CAD-Hedged)	-0.42	-0.63	-0.31	1.09	3.25	-0.27
Bloomberg US Aggregate (CAD-Hedged)	-0.38	-0.53	-0.73	1.94	3.01	-1.09
Currencies (USD)						
DXY	0.05	-0.28	2.63	3.43	-0.45	1.84
USDCAD	-0.23	-0.20	3.24	3.53	2.20	2.62
USDEUR	0.06	-0.07	2.76	2.54	-1.37	0.77
USDJPY	0.64	-0.10	3.62	10.97	4.52	8.07
USDGBP	-0.44	-1.10	0.50	1.33	-1.44	0.73

	CA	U.S.
Bond yields		
2Y	2.81	4.18
5Y	3.13	4.28
10Y	3.52	4.55
30Y	3.94	5.06

Source: iA Global Asset Management, Bloomberg

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