

Weekly Market Pulse



Week ending February 20, 2026

Market developments

Equities: Global equity markets experienced a volatile week dominated by the U.S. Supreme Court decision on Friday to strike down President Trump's sweeping global tariffs. European stocks rallied to an all-time high, with the Stoxx 600 climbing higher, led by luxury goods makers including LVMH and Hermes. U.S. markets also advanced, though Trump pledged to impose a 10% global levy, creating continued uncertainty.

Fixed Income: Treasury yields moved higher through most of the week before experiencing volatility following Friday's tariff ruling. Federal Reserve minutes released Wednesday showed policymakers signaling renewed caution about cutting rates, with "several" officials suggesting the central bank may need to raise rates if inflation remains elevated.

Commodities: Oil prices surged on escalating Middle East tensions, with Brent crude rising to close out the week after adding 4.3% on Wednesday, its biggest daily gain since October. The rally followed reports that a major U.S. military operation targeting Iran could begin soon. Gold remained near \$5,000 per ounce throughout the week as major gold miners reported surging profits.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	33,817.51	2.25%	3.26%	13.08%	6.64%
S&P 500	6,909.51	1.07%	1.66%	5.67%	0.94%
NASDAQ	22,886.07	1.51%	-0.30%	3.66%	-1.53%
DAX	25,260.69	1.39%	2.26%	8.51%	3.15%
NIKKEI 225	56,825.70	-0.20%	7.24%	14.05%	12.88%
Shanghai Composite	4,082.07	0.00%	-0.77%	3.84%	2.85%
Fixed Income (Performance in %)					
Canada Aggregate Bond	244.95	0.09%	1.46%	1.10%	1.67%
US Aggregate Bond	2377.06	-0.08%	1.51%	1.63%	1.20%
Europe Aggregate Bond	250.41	0.15%	1.07%	1.25%	1.46%
US High Yield Bond	29.40	0.16%	0.52%	2.33%	0.89%
Commodities (\$USD)					
Oil	66.39	5.57%	10.03%	12.26%	15.62%
Gold	5093.13	1.01%	6.92%	24.92%	17.91%
Copper	587.20	1.19%	1.02%	18.18%	3.34%
Currencies (\$USD)					
US Dollar Index	97.71	0.82%	-0.94%	-2.44%	-0.62%
Loonie	1.3675	-0.42%	1.18%	3.08%	0.36%
Euro	0.8481	-0.65%	0.57%	2.29%	0.39%
Yen	154.97	-1.46%	2.05%	1.61%	1.12%

Source: Bloomberg, as of February 20, 2026

Central Bank Interest Rates

Central Bank	Current Rate	March 2026 Expected Rate*
Bank of Canada	2.25%	2.25%
U.S. Federal Reserve	3.75%	3.63%
European Central Bank	2.00%	1.93%
Bank of England	3.75%	3.53%
Bank of Japan	0.75%	0.76%

Source: Bloomberg, as of February 20, 2026

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Softens Slightly, Retail Sales Rebound

Canada's inflation eased to 2.3% in January 2026, slightly below expectations, helped by a steep drop in gasoline prices. Shelter and household costs slowed while food inflation accelerated due to tax base effects, especially in restaurant prices. Core trimmed-mean inflation fell to 2.4%, the lowest since 2021.

Canadian retail sales are estimated to have grown 1.5% in January 2026 after a decline in December. December sales fell 0.4% as motor vehicle dealers dragged results while gasoline stations and sporting goods retailers saw gains. Most provinces posted declines except Quebec. Year over year, retail sales were little changed in December.

U.S. – Softening Momentum in U.S. Business Activity

The U.S. Composite PMI slipped to 52.3 in February 2026, marking the slowest expansion since April 2025 as both manufacturing and services weakened. New orders eased and exports fell sharply while employment grew only slightly for a third month. Input costs rose due to tariffs and labour pressures, and output prices increased at the fastest rate since August. Despite the softer activity, business confidence improved with expectations reaching a 13-month high.

International – Eurozone Activity Strengthens, Eurozone Activity Strengthens in Japan, Japan Eurozone Activity Strengthens

The Eurozone Composite PMI rose to 51.9 in February 2026, signalling the strongest expansion since November. Manufacturing output accelerated and services grew faster, though new orders increased only slightly and foreign demand weakened. Employment dipped again and backlogs fell. Input cost inflation picked up while output prices rose more slowly. Business confidence slipped but stayed near a two-year high.

Japan's GDP edged up 0.1% in Q4 2025 after a drop in Q3 but missed expectations. Business investment improved and consumption barely rose due to high food costs. Government spending stayed flat and trade added nothing as both exports and imports fell. Persistent U.S. tariffs and tensions with China continued to weigh on growth, though Tokyo plans more targeted public investment after its election win.

Quick look ahead

DATE	COUNTRY/REGION	EVENT		SURVEY	PRIOR
23-Feb-26	China	5-Year Loan Prime Rate		3.50	3.5
23-Feb-26	China	1-Year Loan Prime Rate		3.00	3
26-Feb-26	Japan	Tokyo CPI YoY	Feb	1.40	1.5
26-Feb-26	Japan	Tokyo CPI Ex-Fresh Food YoY	Feb	1.70	2
26-Feb-26	Japan	Retail Sales MoM	Jan	1.50	-2
26-Feb-26	Japan	Retail Sales YoY	Jan	0.10	-0.9
27-Feb-26	United States	PPI Final Demand MoM	Jan	0.30	0.5
27-Feb-26	United States	PPI Ex Food and Energy MoM	Jan	0.30	0.7
27-Feb-26	United States	PPI Final Demand YoY	Jan		3
27-Feb-26	United States	PPI Ex Food and Energy YoY	Jan		3.3
27-Feb-26	Canada	Quarterly GDP Annualized	4Q	-0.35	2.6
27-Feb-26	Canada	GDP MoM	Dec	0.10	
27-Feb-26	Canada	GDP YoY	Dec		0.6

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