

Monthly Market Snapshot

October 2026

Monthly Overview

September was a volatile month for investors. In the U.S., markets were influenced by rising bond yields, persistent inflation concerns and geopolitical tensions, which increased uncertainty. Despite these headwinds, the technology-heavy Nasdaq Composite outperformed, driven by ongoing enthusiasm for artificial intelligence and large-cap technology companies. At times, government bond yields climbed above 5% on the 10-year U.S. Treasury, fueling concerns that interest rates could remain higher for longer and putting pressure on many sectors. In Canada, equities declined after five straight months of gains, largely owing to renewed trade tensions with the U.S. However, despite the pullback, Canadian equities remained on track to post a ninth consecutive quarterly gain, marking their longest streak of quarterly advances on record.

The S&P/TSX Composite Index was down 2.9% in September but rose 1.1% in the third quarter. Three of the benchmark's underlying sectors were positive over the quarter. Leading the way was the information technology sector, which posted a gain of 17.9%. Small-cap stocks, as measured by the S&P/TSX Small Cap Index, rose 2.0% for the quarter.

The U.S. dollar rose against the loonie in the third quarter, eking out 0.3% and boosting the returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in Canadian-dollar terms. U.S.-based stocks, as measured by the S&P 500 Index, gained 2.1% in September and also finished the quarter higher by 2.1%. Energy led the gains, with a return of 16.5% in the third quarter. International stocks, as measured by the FTSE Developed ex-U.S. Index, fell 0.6% during the quarter, while emerging markets gained 0.8%.

Canadian investment-grade bonds, as measured by the FTSE Canada Universe Bond Index, were down 3.0% during the quarter. The key global investment-grade bond benchmark we follow fell 2.4% in the third quarter, while global high-yield issues were down 1.9% over the same period.

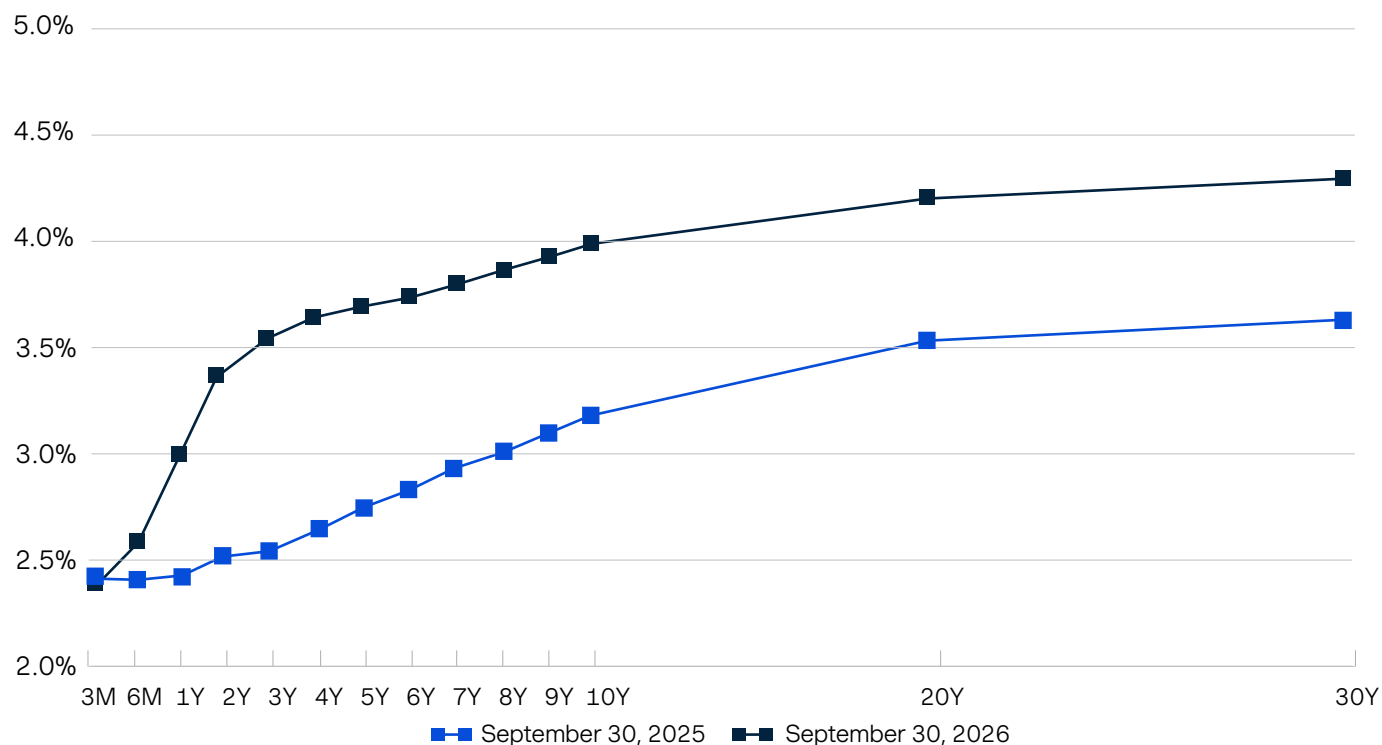
Turning to commodities, natural gas prices rose 3.1% in September but fell 7.6% in the third quarter. The price of a barrel of crude oil rose 5.4% in September and jumped 30.1% over the past three months. Gold and silver prices declined in September, losing 6.5% and 8.5%, respectively, while copper gained 0.4%. All three precious metals rose in the third quarter, gaining 2.9%, 1.8% and 6.9%, respectively.

Inflation in Canada rose to 3.0% year-over-year in August, in line with market expectations. Prices at the pump provided some downward force on headline inflation. The Canadian economy lost 42,000 jobs in August, as the nation's unemployment rate remained at 6.4%. The Bank of Canada maintained its target for the overnight interest rate at 2.25%, marking the seventh consecutive hold at this level.

U.S. nonfarm payrolls rose by 162,000 in August, and the unemployment rate held steady at 4.1%. The U.S. consumer price index remained at 3.4% year-over-year in August. At the FOMC meeting held on September 15–16, the U.S. Federal Reserve voted unanimously to raise the benchmark federal funds rate by 25 basis points, to a target range of 3.75% to 4.00%. The updated Summary of Economic Projections (dot plot) signaled the possibility of at least one more interest-rate increase of 25 basis points later in 2026.

Content sourced from Bloomberg

Canadian Sovereign Yield Curve



Monthly Market Statistics

Data to September 30, 2026, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	-2.9	1.1	7.5	11.1	17.4	21.7	11.9	11.9
S&P/TSX 60	-2.7	1.0	8.7	11.4	17.0	20.9	11.5	11.4
S&P/TSX Small Cap	-2.0	2.0	7.6	19.4	30.9	28.9	13.6	17.8
S&P 500	2.1	2.1	19.6	15.8	16.8	23.3	14.8	14.3
FTSE Developed ex US	-0.7	-0.6	14.8	16.6	21.9	19.8	10.1	13.7
FTSE Developed	1.3	1.4	18.6	16.1	18.1	22.3	13.0	13.2
FTSE Developed Small Cap	-1.8	-4.0	10.0	12.8	13.2	16.8	7.3	16.0
FTSE Developed Europe	-2.2	-1.7	9.6	7.5	12.4	16.8	9.1	14.7
FTSE Emerging	0.3	0.8	13.8	12.5	12.4	17.7	6.5	13.7
FTSE All World Asia Pacific	1.7	0.9	22.8	24.1	26.2	21.8	9.3	14.8

Source: Bloomberg.

Table 2: Fixed-Income Returns (%)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE Canada Universe Bond	-1.2	-3.0	-1.0	-0.8	-1.1	4.8	0.3	5.0
Barclays Global Agg	0.0	-2.4	0.1	0.8	-0.4	5.5	0.4	5.4
Barclays High Yield Very Liquid Index	-0.3	-1.9	2.2	3.6	3.5	9.7	5.7	5.5

Source: Bloomberg.

Table 3: Commodity Prices (Prices and Returns in USD)

Commodity	Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	90.42	5.4	45.0	30.1
Natural Gas/mmBTU	3.03	3.1	-8.4	-7.6
Copper/pound	6.62	0.4	36.3	6.9
Silver/oz	60.57	-8.5	29.9	1.8
Gold/oz	4155.60	-6.5	8.2	2.9

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	-2.3	-3.5
Consumer Staples	-1.9	-1.1
Energy	-4.2	-0.3
Financials	-1.3	-4.9
Health Care	-0.8	1.5
Industrials	-1.4	-2.0
Info Tech	3.4	7.1
Materials	-7.6	-4.5
Real Estate	-3.6	-4.3
Telecom Services	-10.8	6.9
Utilities	-2.8	-3.7

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP - Q2 (q/q ann. % change)	3.3
Consumer Prices, 08/2026 (y/y % change)	3.0
Unemployment Rate, 08/2026	6.4
United States	
Real GDP - Q2 (q/q ann. % change)	2.2
Consumer Prices, 08/2026 (y/y % change)	3.4
Unemployment Rate, 08/2026	4.1

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	09/30/2026	6 Mos Ago	1 Yr Ago
USD/CAD	1.42	1.42	1.39
EUR/CAD	1.61	1.61	1.63
GBP/CAD	1.89	1.84	1.87
CAD/JPY	110.62	114.07	106.25

Source: Bloomberg.

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