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Weekly Market Snapshot

For the week ending April 24, 2026

Equities

Local currency, price only, % change

	2026-04-24	Week	3M	YTD	1Y
S&P/TSX Composite	33,904	-1.3%	2.3%	6.9%	37.1%
S&P/TSX Small Cap	1,407	0.5%	2.0%	17.6%	75.0%
S&P 500	7,165	0.5%	3.6%	4.7%	30.6%
NASDAQ	24,837	1.5%	5.7%	6.9%	44.7%
Russell 2000	2,787	0.4%	4.4%	12.3%	42.4%
UK FTSE 100	10,379	-2.7%	2.3%	4.5%	23.5%
Euro Stoxx 50	5,883	-2.9%	-1.1%	1.6%	15.0%
Nikkei 225	59,716	2.1%	10.9%	18.6%	70.4%
MSCI China (USD)	79	-1.8%	-7.8%	-4.3%	12.8%
MSCI EM (USD)	1,610	0.8%	7.3%	14.6%	47.3%

Fixed income

Total return, % change

	2026-04-24	Week	3M	YTD	1Y
FTSE Canada Universe Bond	1,210	0.0%	0.4%	0.9%	3.0%
FTSE Canada All Corporate Bond	1,519	0.1%	0.3%	1.0%	4.9%
Bloomberg Canada High Yield	209	0.1%	1.3%	1.8%	8.3%

Chart of the week: On hold, but not at ease

	Current rate	First full move priced	Implied rate, YE 2026
FOMC	3.75	No full cut priced; 38% odds of one by Dec.	3.55 (-20bp)
BoC	2.25	First hike Dec. 2026	2.64 (+39bp)
ECB	2.00	First hike in Jul. 2026	2.50 (+50bp)
BoE	3.75	First hike Jul. 2026; second Dec. 2026	4.30 (+55bp)
BoJ	0.75	First hike Sep. 2026; second Dec. 2026	1.27 (+52bp)

Interest rates - Canada

Change in bps

	2026-04-24	Week	3M	YTD	1Y
3-month T-bill	2.27	2	9	12	-38
GoC bonds 2 yr	2.82	5	22	23	23
GoC bonds 10 yr	3.46	1	5	3	27
GoC bonds 30 yr	3.88	-1	4	2	36

Currencies and Commodities

In USD, % change

	2026-04-24	Week	3M	YTD	1Y
CADUSD	0.732	0.2%	0.2%	0.4%	1.3%
US Dollar Index	98.53	0.4%	1.0%	0.2%	-0.8%
Oil (West Texas)	98.47	17.4%	60.8%	71.5%	54.9%
Natural Gas	2.52	-5.6%	-28.6%	-21.9%	-30.7%
Gold	4,710	-2.5%	-5.6%	9.0%	40.6%
Copper	6.09	-1.4%	0.4%	5.1%	19.5%

Canadian sector performance

Price return, % change

	Week	YTD
Energy	2.8%	24.0%
Materials	-6.7%	11.0%
Industrials	1.7%	5.3%
Cons. Disc.	-0.1%	0.3%
Info Tech	-3.6%	-16.2%
Health Care	1.3%	4.0%
Financials	-0.9%	6.2%
Cons. Staples	0.0%	0.1%
Comm. Services	0.9%	-2.7%
Utilities	-0.1%	10.5%
Real Estate	-1.3%	8.0%

April's cross-asset action has exposed a familiar split. Government bonds have not delivered the kind of decisive safe-haven rally investors might normally expect during a geopolitical shock. That's because markets have treated the Iran war primarily as an inflationary energy shock rather than a growth scare. That interpretation was reinforced again this week as energy prices rebounded sharply after US-Iran talks stalled once more. Equities and credit have largely looked through the conflict, but bond investors are still grappling with the possibility that repeated oil rebounds keep central banks on hold for longer.

That is what makes this week's policy calendar so important. The Fed, Bank of Canada, ECB, Bank of England, and Bank of Japan are all set to meet. Our expectation is that all five remain on hold and stay there until at least June. The risk for bonds is not an outright tightening cycle beginning now. **It is a run of hawkish holds.** Central banks can acknowledge that higher oil prices are a tax on growth while still insisting they need more time before endorsing easier policy.

The Fed faces the clearest version of that problem. Retail sales (+1.7% m/m) surged in March, coming in above expectations and on top of an upwardly revised 0.7% gain in February. Gas station receipts jumped about 16% as fuel costs rose, but the rest of the report was firm as well, with sales excluding gas up 0.6%. The labour backdrop has also held up better than many feared. Total nonfarm payrolls rebounded 178k in March, and ADP's weekly pulse has shown five straight weeks of improving private hiring. In short, demand and hiring have softened less than the bond market would need to justify an urgent dovish pivot. The risk for bonds is not that Powell threatens hikes. **It is that he offers no comfort that cuts are close. With growth still resilient and oil muddying the inflation picture, that may be enough to keep yields firm.**

The Bank of Canada faces a similar challenge, though from a weaker domestic growth starting point. Oil has made the inflation profile look less benign, but Canada remains a highly rate-sensitive economy with softer labour market momentum, ongoing housing weakness, CUSMA renegotiation uncertainty, and stagnant population growth weighing on the outlook. **That still argues for eventual easing, but not yet.** Conversely, the ECB and BoE are more exposed than the US to imported energy costs, which makes any move toward cuts harder to justify. In fact, markets are expecting two 25 bps hikes from both by the end

of year. The BoJ is also likely to stay on hold for now, though the Middle East shock strengthens the case for eventual normalization if higher energy costs continue feeding through to domestic prices.

The key question this week is not the rate decision itself, but whether policymakers leave June meaningfully in play. Our bias is that they will not. If central banks treat the oil shock as temporary and emphasize medium-term disinflation, bonds could find firmer support. If they instead stress inflation uncertainty and patience, April's pattern likely persists: resilient risk assets, firm commodity prices, and elevated bond yields with upside risk.

Big Tech Faces Yet Another Burden of Proof

Last week, we argued that the equity rebound had become increasingly narrow. The S&P 500 has surged back to fresh all-time highs, but the recovery has been driven less by broad participation and more by a familiar group of mega cap growth stocks. That pattern remained intact this week. The S&P 500 advanced 0.5%, while the equal-weight index fell 0.5%. Beneath the surface, however, growth leadership was much stronger: the Nasdaq 100 rose 2.4%, and semiconductors surged 10%, taking their YTD gain to nearly 50%.

That makes this week's Big Tech earnings a critical test for the rally. Alphabet, Microsoft, Amazon, Meta and Apple are all set to report, and together they represent roughly a quarter of the S&P 500's market capitalization. After a sharp rebound from the March lows, the market needs more than another expression of enthusiasm around artificial intelligence. It needs evidence that AI spending is translating into revenue growth, cloud demand, margin resilience and acceptable returns on capital.

The encouraging signal is that the AI hardware cycle is still being validated by the real economy. Taiwan export orders surged 66% y/y in March, benefitting from the ongoing AI boom. Japan's export data also pointed to firmer chip-related demand, including semiconductor machinery, chips and integrated circuits tied to shipments into China and Taiwan. **This helps explain why semiconductors have led so decisively this year.** The rally has not been just a positioning rebound. It has been supported by evidence that AI-related demand is still flowing through orders, exports and capital equipment. That has also helped drive upward earnings revisions, particularly in the IT sector, which is now expected to deliver 43% earnings growth in 2026, up from 33% just before the Iran war began.

But the harder test now sits higher up the value chain. Investors already know the hyperscalers are spending aggressively. The question is whether that spending is creating durable earnings power or simply absorbing more cash flow. Microsoft, Amazon and Alphabet will be judged closely on cloud growth and AI-driven demand, while Meta and Apple will need to show that higher investment is not undermining profitability, cash generation or strategic flexibility. **The market has become more comfortable with elevated AI capital spending, but only where it can see a credible path to monetization.**

This is where the narrowness of the rebound matters. Narrow leadership is not automatically bearish. If the companies leading the market are also delivering superior earnings growth, strong balance sheets and durable free cash flow, concentration can persist longer than investors expect. But narrow leadership does raise the hurdle. **A market that depends heavily on a small group of winners needs those winners to keep validating the premium.**

For investors, the key distinction is between AI as a narrative and AI as a capital cycle. The export and semiconductor data suggest the hardware cycle is still intact. This week's earnings will show whether the economic value of that cycle is accruing to the platforms funding it. Strong results would reinforce the case that mega-cap tech remains a scarce source of secular growth in a more inflation-sensitive macro environment. **Disappointing guidance, weaker cloud demand or capex rising faster than confidence in future returns would make last week's warning more relevant: the rally may look resilient at the index level, but it remains more dependent on narrow leadership than the headline move suggests.**

The week in review

- US President Trump announces an indefinite US-Iran ceasefire until negotiations conclude, while Lebanon and Israel agree to extend ceasefire for another three weeks.
- Canada Prime Minister Carney announces new Canada-US advisory council ahead of CUSMA review.
- US Department of Justice drops criminal investigation into Fed Chair Powell.
- US retail sales (Mar.) surges 1.7% m/m (versus 1.4% expected), after the prior month's upwardly revised 0.7% gain. The increase was driven by a boost in gas station receipts (+16%) amid higher energy prices due to the Iran war. However, the rest of details were strong, with the control measure, which excludes gas stations, climbed 0.7%.
- Canada retail sales (Feb.) rose 0.7% m/m (versus 0.9% expected), after the prior month's upwardly revised 1.2% gain.
- Canada headline CPI inflation (Mar.) jumped 0.9% m/m (versus 1.1% expected), raising the annual pace to 2.4% y/y from 1.8% in the prior month. Core CPI was largely unchanged, with the Bank of Canada's two preferred measures averaging 2.25% y/y.
- Japan headline CPI (Mar.) accelerated to 1.5% y/y (versus 1.4% expected), up from 1.3% in the prior month. Core inflation rose to 1.8% y/y (prev. 1.6%).
- Japan's trade balance (Mar.) widens to ¥667.0 billion (versus ¥1.06 trillion expected), from a ¥44.3 billion surplus in the prior month. Exports surged 11.7% y/y (prev. 4%) amid a boost in exports to China, led by chips.
- UK headline CPI (Mar.) rose 0.7% m/m (versus 0.6% expected), raising the annual pace to 3.3% y/y (prev. 3.0%). Core CPI eased to 3.1% y/y (prev. 3.2%).
- UK payrolls (Mar.) fell -11k (versus 0k expected), after the prior month's downwardly revised -6k decline. However, the three-month unemployment rate fell to 4.9% (prev. 5.2%), predominantly driven by a drop in the participation rate to 63.8 (prev. 64.0%).
- UK retail sales (Mar.) rose 0.7% m/m (versus 0.0% expected), after the prior month's downwardly revised -0.6% decline. However, excluding gas, sales was up a weaker 0.2% m/m.

The week ahead

- US big tech earnings
- FOMC, BoC, ECB, BoE and BoJ monetary policy announcements
- Canadian GDP data
- US GDP, ISM Manufacturing PMI, ECI, personal spending and income, durable goods orders, and housing data
- Japan employment, retail sales, and industrial production data
- Eurozone GDP, CPI, and employment data
- Global PMIs

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