

Weekly Bottom Line

April 24, 2026

Highlights

Canada

- March CPI came in a touch softer than expected, with headline inflation jumping to 2.4% on higher gasoline prices but shorter-term core measures are still, on average, running below 2%.
- The first quarter BoC Business Outlook Survey signaled improving pre-war sentiment, but noted rising input costs and some upward drift in inflation expectations since the onset of the conflict.
- With war-related uncertainty elevated and inflation expectations a key area of focus, the BoC is likely to remain on hold next week while reiterating its commitment to keeping expectations well anchored.

U.S.

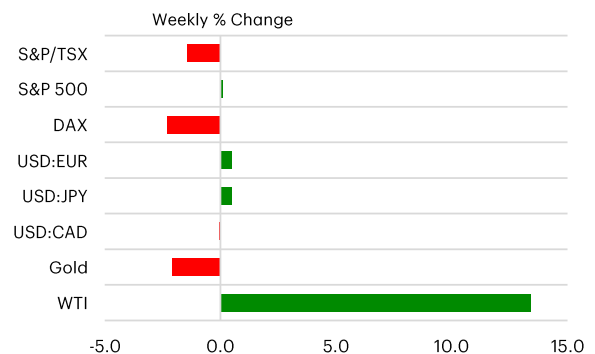
- Iran signaled a reopening of the Strait of Hormuz amid a fragile ceasefire, easing oil prices and lifting markets, though evidence of a full normalization in shipping remained limited.
- Retail sales rose sharply in March, boosted by higher gasoline prices but also supported by solid underlying volumes, pointing to continued consumer resilience.
- Business surveys showed activity stabilizing even as war-related supply disruptions pushed price pressures higher, complicating the policy outlook.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	7135	7126	7138	5485
S&P/TSX Comp.	33855	34346	34541	24711
DAX	24134	24702	25421	22065
FTSE 100	10406	10668	10911	8407
Nikkei	59716	58476	59716	35039
Fixed Income Yields				
U.S. 10-yr Treasury	4.30	4.25	4.60	3.94
Canada 10-yr Bond	3.47	3.45	3.60	3.04
Germany 10-yr Bund	3.00	2.96	3.09	2.44
UK 10-yr Gilt	4.93	4.76	4.99	4.23
Japan 10-yr Bond	2.44	2.42	2.47	1.26
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.73	0.73	0.74	0.71
Euro (USD per EUR)	1.17	1.18	1.20	1.11
Pound (USD per GBP)	1.35	1.35	1.38	1.30
Yen (JPY per USD)	159.5	158.6	160.3	142.0
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	95.1	83.9	113.0	55.3
Natural Gas (\$US/MMBtu)	2.65	2.71	30.72	2.64
Copper (\$US/met. tonne)	13300.7	13281.9	13524.2	9118.2
Gold (\$US/troy oz.)	4729.0	4830.3	5417.2	3177.3

*As of 10:48 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Equities Lose Momentum As Oil Prices Rebound



Note: Data as of 10:48 AM ET, Friday, April 24, 2026.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets

Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	3.50 - 3.75%
Bank of Canada (Overnight Rate)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	3.75%
Bank of Japan (Overnight Rate)	0.75%

Source: Bloomberg.

Canada – Well Behaved Core Inflation Strengthens BoC Hold Case

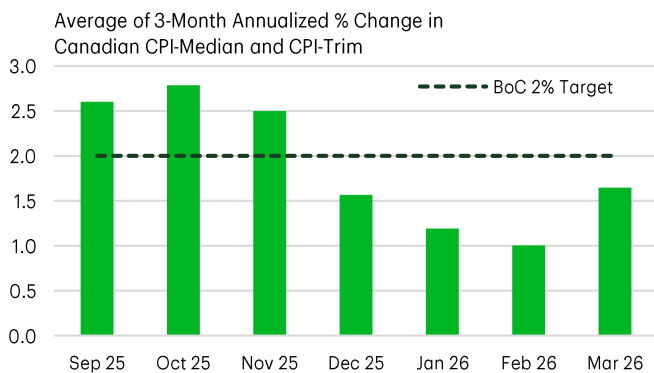
Rishi Sondhi, Economist
416-983-8806

The fluid Middle East situation continued to drive Canadian financial markets. Oil prices remain volatile, with WTI up this week amid limited progress on diplomatic efforts between Iran and the U.S. Canadian bond yields also edged higher (as of writing), with Middle East tensions keeping inflation risks in focus. Since the onset of the war, the 10-year bond yield is up about 35 bps.

This week’s data offered a largely pre-war read on momentum and an early look at inflation spillovers. Retail sales rose in February and Statistics Canada’s flash estimate points to another gain in March. For the Bank of Canada, though, March CPI was the focal point. Headline inflation rose 0.6 ppts to 2.4%, driven by the recent jump in gasoline prices, but the details were modestly softer than expected. For instance, shorter-term core metrics firmed on the month, but remained below 2%, on average (Chart 1). Gasoline prices have been more contained through April, while the federal government has temporarily removed the excise tax on fuels. Still, year-over-year inflation should get a mechanical lift from base effects tied to the April 2025 carbon-tax cut.

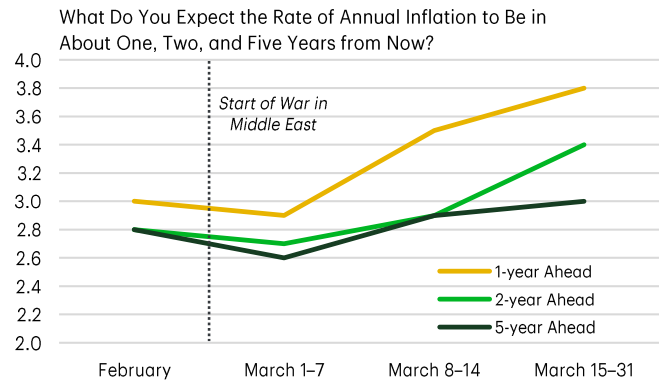
The Bank of Canada’s Q1 Business Outlook Survey (BoS) was conducted largely before the war, with only a smaller share of responses collected afterward. Pre-war results showed sentiment improving as firms are adjusting to U.S.–Canada trade frictions. In the background, the CUSMA review is now underway. U.S. and Canadian officials flagged several irritants this week - including U.S. tariffs on Canadian aluminum/steel/au-

Chart 1: Well Behaved Core Inflation Gives BoC Breathing Room



Source: Statistics Canada, TD Economics

Chart 2: Canadian Inflation Expectations Pushing Higher Amid War



Source: Bank of Canada Business' Leaders Pulse Survey, TD Economics

tos/lumber and provincial restrictions on U.S. alcohol sales - that will shape negotiations. Multiple parties also suggested the original July 1 deadline is unlikely to be met.

Firms surveyed post-war in the BoS reported only modest impacts on activity measures so far, but flagged rising input costs. The ability of firms to pass through higher costs was mixed, constrained by lackluster demand and increased competition.

Next week brings the release of the federal government’s Spring Economic Update. Last November’s budget pegged the FY 2026/27 deficit at a lofty 2.0% of GDP. This shortfall would also be at the higher end compared to [provincial expectations this budget season](#). However, this year’s outlook for nominal GDP (which drives government revenues) will likely be revised up relative to last November. The update may also be light on substantial net new measures, as several had already been announced, like the grocery rebate top-up.

Attention turns to the Bank of Canada’s rate decision next week. The Bank is widely expected to stay on hold - our call as well. With the economic fallout from the war still highly uncertain, it would be premature to pivot from a hold, particularly with core inflation still well behaved. That said, the BoS points to some upward drift in shorter-term inflation expectations, though long-term measures remain well anchored (Chart 2). Expect the Bank to stress its willingness to act as needed to keep expectations anchored.

U.S. – Markets Jitter, Prices Bite

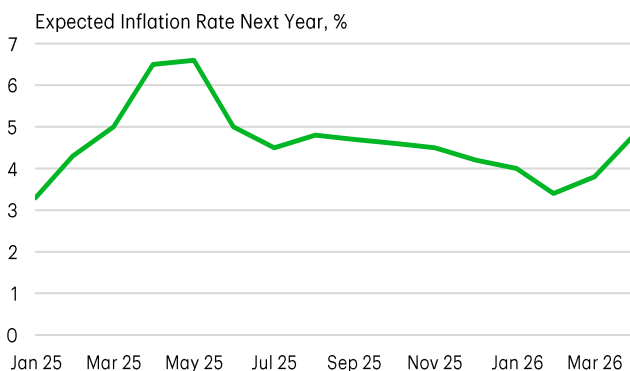
Vikram Rai, Senior Economist
416-923-1692

As the Iran conflict approaches the two month mark, financial markets remained highly sensitive to signals around energy supply risks. Early in the week, Iran announced that the Strait of Hormuz would be reopened to commercial shipping vessels during a newly brokered ceasefire, triggering a sharp pullback in oil prices and a relief rally in risk assets. WTI crude fell into the low \$80s per barrel range, while U.S. equities moved to new highs as immediate worst case supply scenarios were priced out (Chart 1). That said, reporting around actual shipping flows suggested that conditions on the ground were uneven. As a result, while near term fears eased, geopolitical risks remain elevated and sentiment fragile, leaving markets vulnerable to renewed volatility should tensions re escalate.

U.S. economic data this week offered a reminder that domestic momentum has not yet broken down. Retail and food services sales rose 1.7% in March, driven largely by a surge in gasoline prices, but importantly, real (inflation adjusted) spending also increased a solid 0.8%. Core retail sales excluding gasoline, autos, and building materials posted broad-based gains, suggesting that households have not yet pulled back meaningfully on goods consumption. One area of softness was spending at restaurants, which was little changed on the month, highlighting some emerging price sensitivity among consumers.

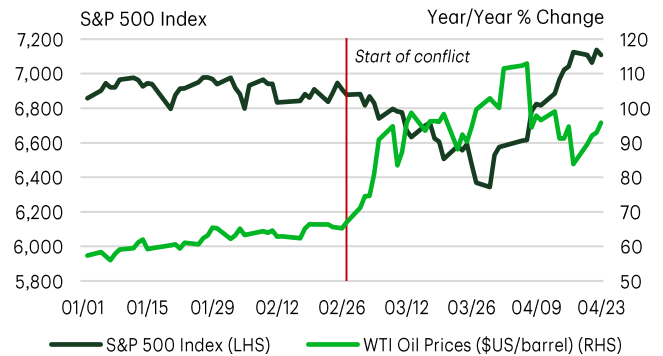
Forward-looking indicators painted a more mixed picture. The latest U.S. PMI readings showed business

Chart 1: Inflation Expectations Increased In April After The Start Of The Iran Conflict



Source: University of Michigan, TD Economics.

Chart 2: Oil Price Moves Have Been Whipsawing Equity Markets Since The Start Of The Conflict



Source: FT, EIA, TD Economics.

activity recovering modestly in April after stalling in March, with manufacturing rebounding more strongly than services. However, the rebound was accompanied by worsening delivery times and a sharp increase in input and output prices, reflecting ongoing supply disruptions tied to the conflict. Firms reported precautionary stock building and rising costs, reinforcing concerns that inflation pressures could re-intensify. The University of Michigan survey released today showed inflation expectations over the next year rising sharply, a key indicator energy-driven price worries are becoming more entrenched (Chart 2).

Markets are also increasingly focused on the Federal Reserve policy backdrop. Kevin Warsh's confirmation hearing this week underscored uncertainty around the future policy framework, with investors parsing how shifts in leadership could influence the Fed's reaction function at a time when inflation and growth risks are pulling in opposite directions. While Warsh's confirmation by the Senate Banking Committee was uncertain amid the ongoing DOJ investigation of Chair Powell, headlines on Friday morning suggested the charges had been dropped. This clears a path for Warsh's confirmation, which means next week's interest rate announcement will likely be Jerome Powell's last as chair. Looking ahead, next week's data calendar is heavy, with personal income and PCE inflation, first quarter GDP, and ISM surveys all due. Together, these releases will help determine whether the economy is slowing enough to offset renewed price pressures.

Exhibits

Recent Key Economic Indicators: Apr 20 - Apr 24					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Apr 21	Retail Sales Advance	Mar	M/M % Chg.	1.7	0.7
Apr 21	Retail Sales Ex Auto and Gas	Mar	M/M % Chg.	0.6	0.6
Apr 21	Business Inventories	Feb	M/M % Chg.	0.4	0.0
Apr 23	Initial Jobless Claims	Apr 18	Thsd	214.0	208.0
Apr 23	S&P Global US Manufacturing PMI	Apr	Index	54.0	52.3
Apr 23	S&P Global US Services PMI	Apr	Index	51.3	49.8
Apr 23	S&P Global US Composite PMI	Apr	Index	52.0	50.3
Canada					
Apr 20	Consumer Price Index NSA	Mar	M/M % Chg.	0.9	0.5
Apr 20	Consumer Price Index	Mar	Y/Y % Chg.	2.4	1.8
Apr 23	Industrial Product Price	Mar	M/M % Chg.	2.4	0.6
Apr 24	Retail Sales	Feb	M/M % Chg.	0.7	1.2
Apr 24	Retail Sales Ex Auto	Feb	M/M % Chg.	0.5	1.0
International					
Apr 21	UK ILO Unemployment Rate	Feb	%	4.9	5.2
Apr 22	UK Consumer Price Index	Mar	Y/Y % Chg.	3.3	3.0
Apr 23	JN Natl Consumer Price Index	Mar	Y/Y % Chg.	1.5	1.3
Apr 24	UK Retail Sales Ex Auto Fuel	Mar	Y/Y % Chg.	0.7	-0.6
Source: Bloomberg, TD Economics.					

Upcoming Economic Releases and Events: Apr 27 - May 1						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Apr 28	10:00	Conf. Board Consumer Confidence	Apr	Index	89.3	91.8
Apr 29	8:30	Advance Goods Trade Balance	Mar	Blns	-86.0	-98.5
Apr 29	8:30	Housing Starts	Mar	Thsd	1400.0	1487.0
Apr 29	8:30	Durable Goods Orders	Mar	M/M % Chg.	0.5	-1.3
Apr 29	8:30	Building Permits	Mar	Thsd	1390.0	1386.0
Apr 29	8:30	Cap Goods Orders Nondef Ex Air	Mar	M/M % Chg.	0.5	0.7
Apr 29	14:00	FOMC Rate Decision (Upper Bound)	Apr 29	%	3.8	3.8
Apr 30	8:30	Personal Income	Mar	M/M % Chg.	0.3	-0.1
Apr 30	8:30	Real Personal Spending	Mar	M/M % Chg.	0.2	0.1
Apr 30	8:30	Initial Jobless Claims	Apr 25	Thsd	-	214.0
Apr 30	8:30	Employment Cost Index	1Q	Q/Q % Chg.	0.8	0.7
Apr 30	8:30	Gross Domestic Product Annualized	1Q	Q/Q % Chg.	2.1	0.5
Apr 30	8:30	Personal Consumption	1Q	Q/Q % Chg.	1.5	1.9
May 01	9:45	S&P Global US Manufacturing PMI	Apr	Index	-	54.0
May 01	10:00	ISM Manufacturing	Apr	Index	53.1	52.7
May 01	0:00	Wards Total Vehicle Sales	Apr	MIns	16.1	16.3
Canada						
Apr 29	9:45	Bank of Canada Rate Decision	Apr 29	%	2.3	2.3
Apr 30	8:30	Payroll Employment Change - SEPH	Feb	Thsd	-	45.6
Apr 30	8:30	Gross Domestic Product	Feb	M/M % Chg.	0.2	0.1
May 01	9:30	S&P Global Canada Manufacturing PMI	Apr	Index	-	50.0
International						
Apr 27	19:30	JN Jobless Rate	Mar	%	2.6	2.6
Apr 29	19:50	JN Retail Sales	Mar	Y/Y % Chg.	0.9	-0.1
Apr 29	21:30	CH Manufacturing PMI	Apr	Index	50.1	50.4
Apr 30	5:00	EZ Gross Domestic Product SA	1Q	Y/Y % Chg.	0.9	1.2
Apr 30	5:00	EZ Consumer Price Index	Apr	Y/Y % Chg.	3.0	2.6
Apr 30	5:00	EZ Unemployment Rate	Mar	%	6.2	6.2
Apr 30	7:00	UK Bank of England Bank Rate	Apr 30	%	3.8	3.8
Apr 30	8:15	EZ ECB Main Refinancing Rate	Apr 30	%	2.2	2.2
Apr 30	19:30	JN Tokyo Consumer Price Index	Apr	Y/Y % Chg.	1.7	1.4

*Eastern Standard Time. Source: Bloomberg, TD Economics.

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