CIBC PRIVATE WEALTH

INVESTMENT STRATEGY COMMITTEE

Market Review: Q2/2026

August 2026

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Unless otherwise noted, all prices quoted in this report are as of the close of markets on June 30, 2026.

Market Review: Q2/2026

North American equity markets rallied during the second quarter of 2026. This followed a steep sell-off in March following the outbreak of the Middle East conflict that saw crude prices and geopolitical premiums spike. The rally was driven by the de-escalation of geopolitical concerns after the U.S. and Iran signed a Memorandum of Understanding, renewed enthusiasm around artificial intelligence (AI) and strong corporate earnings growth. The S&P/TSX Composite Index (TSX) delivered a gain for the 8th consecutive quarter, lifted by strong gains from the financials sector after credit and macro concerns eased. The S&P 500 Index (S&P) surged higher, driven by the technology sector, which rallied strongly as renewed optimism around AI fueled strong demand for semiconductors, cloud infrastructure and software.

Energy prices declined, as WTI and Brent crude prices fell by 30.9% and 38.4% respectively, following the easing of geopolitical tensions in the Middle East. These declines were also reinforced by OPEC+ accelerating production increases, raising concerns about stronger global supply and a more balanced market. Gold and silver fell by 13.9% and 21.2% respectively, as easing geopolitical tensions reduced safe-haven demand and investors rotated back into risk assets. The U.S. dollar remained resilient during the quarter, as investors priced in a more hawkish Federal Reserve under new Chairman Kevin Warsh, raising expectations for future rate hikes. In contrast, copper rose on expectations of stronger industrial demand, supported by continued AI-driven data-centre investment, growing electrification trends and improving global growth sentiment.

In Canada, the TSX delivered a price return of 6.4% for the quarter. Financials, Healthcare, Consumer Discretionary, and Real Estate were the top performing sectors, posting price returns of 24.7%, 13.3%, 8.5%, and 7.4%, respectively. In contrast, Materials, Communication Services, and Energy lagged, with respective price returns of -11.9%, -11.4%, and -5.7%. On the CUSMA front, the three countries began the formal Joint Review process; however, no major breakthrough or comprehensive renegotiation was formally reached.

In the United States, the S&P 500 posted a price return of 14.9% for the quarter. Leading sectors included Information Technology, Industrials, and Consumer Discretionary, with respective price returns of 31.6%, 14.5%, and 9.1%. Conversely, Energy, Utilities and Consumer Staples lagged, with price returns of -14.0%, -1.2%, and -0.3%, respectively. The tech-heavy Nasdaq Composite Index posted a price return of 21.4%.

International equities also rallied during the quarter. In Europe, Germany’s DAX gained 10.2%, while France’s CAC 40 advanced 7.5%. The U.K.’s FTSE 100 posted more modest gains, adding 3.2%. Elsewhere, Japan’s Nikkei 225 rallied 37.2% on the back of technology and semiconductor stocks rebounding and a weaker Yen. Australia’s ASX 200 posted a modest gain of 3.5% while India’s Sensex 30 rose 6.3%. Lastly, Hong Kong’s Hang Seng Index extended is Q1 losses and declined 7.7%.

The Bank of Canada (BoC) held its benchmark interest rate at 2.25% in both its April and June meetings. The last time the BoC changed its policy rate was in October 2025 when the Bank cut rates by 25 basis points. Canada’s annual inflation rate accelerated to 3.2% in May (following prints of 2.8% in April, 2.4% in March and 1.8% in February). The Canadian unemployment rate was 6.6% in May, down from 6.9% in the prior month.

In the U.S., the Federal Reserve maintained the federal funds rate at 3.5% - 3.75% in its two scheduled meetings during April and June. Mr. Kevin Warsh became Chair of the Federal Reserve on May 22, 2026, after being confirmed by the U.S. Senate. Chairman Warsh's remarks were generally perceived as hawkish, emphasizing the need to keep inflation under control before considering rate cuts. The annual headline inflation rate accelerated to 4.2% in May, with energy as the largest contributor. With crude oil prices retreating following the easing of geopolitical tensions, inflationary pressures are broadly expected to moderate as energy-related cost pressures fade. Nonfarm payrolls have remained in positive territory in the last four months, with 57,000 jobs added in June and the unemployment rate fell to 4.2% from 4.3% in the prior month.

The FTSE Canada Bond Universe Index gained 2.0% for the quarter. Yields on U.S. Treasury securities rose by 35 basis points for the 2-year and 14 basis points for the 10-year. The spread between 10-year and 2-year Treasury yields finished at 30 basis points. Canadian Treasury yields moved lower: the 2-year yield fell 12 basis points, and the 10-year yield fell by 8 basis points. The spread between Canadian 10-year and 2-year yields ended the quarter at 64 basis points. At quarter-end, the yield on the Canadian 10-year bond was 3.38%, compared to 4.44% for the U.S. 10-year bond.

Market return data

All data is sourced from Bloomberg unless otherwise noted. Data as of June 30, 2026.

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	34,849	0.2%	6.4%	9.9%	9.9%
S&P/TSX Composite – Total Return	149,417	0.3%	6.8%	11.0%	11.0%
S&P 500 Index	7,499	-1.1%	14.9%	9.5%	9.5%
S&P 500 Index – Total Return	16,641	-1.7%	14.3%	9.3%	9.3%
Dow Jones Industrial Average	52,319	2.5%	12.9%	8.9%	8.9%
Dow Jones Industrial Average – Total Return	134,350	2.7%	13.4%	9.8%	9.8%
Nasdaq Composite Index	26,214	-2.8%	21.4%	12.8%	12.8%

North American indices – Price performance (% Change - Annualized)

North America indices	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
S&P/TSX Composite	29.8%	26.2%	20.0%	11.6%	9.5%	6.6%	5.6%
S&P/TSX Composite – Total Return	32.7%	29.5%	23.4%	14.8%	12.8%	9.8%	8.8%
S&P 500 Index	20.9%	17.2%	19.0%	11.8%	13.6%	12.3%	9.3%
S&P 500 Index – Total Return	21.4%	18.2%	20.3%	13.2%	15.4%	14.3%	11.3%
Dow Jones Industrial Average	18.7%	15.6%	15.0%	8.7%	11.3%	10.1%	8.0%
Dow Jones Industrial Average – Total Return	20.6%	17.6%	17.1%	10.8%	13.7%	12.6%	10.6%
Nasdaq Composite Index	28.7%	21.6%	23.9%	12.6%	18.4%	16.2%	13.3%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	1,604	2.7%	10.3%	8.6%	8.6%
FTSE Eurotop 100	4,980	3.7%	11.2%	9.3%	9.3%
FTSE 100 (England)	10,497	0.8%	3.2%	5.7%	5.7%
Dax (Germany)	24,996	-0.4%	10.2%	2.1%	2.1%
CAC 40 (France)	8,404	2.7%	7.5%	3.1%	3.1%
MSCI World	4,790	-1.5%	12.5%	8.1%	8.1%
MSCI Emerging Markets	1,707	-2.6%	22.2%	21.5%	21.5%
MSCI Emerging Markets – Total Return	4,709	-2.3%	23.0%	22.8%	22.8%
MSCI EAFE	3,095	-0.7%	9.0%	7.0%	7.0%
MSCI EAFE – Total Return	16,049	-0.6%	10.3%	9.1%	9.1%
Nikkei 225 (Japan)	70,062	5.6%	37.2%	39.2%	39.2%
Hang Seng (Hong Kong)	22,881	-9.1%	-7.7%	-10.7%	-10.7%
ASX 200 (Australia)	8,779	0.5%	3.5%	0.7%	0.7%
Taiwan Weighted	46,126	3.1%	45.4%	59.3%	59.3%
Sensex 30 (India)	76,479	2.3%	6.3%	-10.3%	-10.3%

International indices – Price performance (% Change - Annualized)

International indices	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Euro 500	18.9%	12.1%	11.7%	7.4%	6.9%	5.9%	3.5%
FTSE Eurotop 100	19.9%	10.7%	10.9%	8.7%	6.8%	5.3%	2.9%
FTSE 100 (England)	19.8%	13.4%	11.7%	8.3%	4.9%	3.9%	3.0%
Dax (Germany)	4.5%	17.1%	15.7%	10.0%	10.0%	8.5%	7.7%
CAC 40 (France)	9.6%	6.0%	4.3%	5.2%	7.1%	5.1%	2.7%
MSCI World	19.0%	16.8%	17.3%	9.7%	11.2%	8.9%	6.7%
MSCI Emerging Markets	39.6%	25.4%	19.9%	4.4%	7.4%	2.7%	4.2%
MSCI Emerging Markets – Total Return	42.8%	28.7%	23.2%	7.5%	10.4%	5.6%	7.1%
MSCI EAFE	16.6%	15.6%	13.2%	6.1%	6.8%	4.0%	2.7%
MSCI EAFE – Total Return	19.9%	19.1%	16.7%	9.4%	10.1%	7.4%	6.0%
Nikkei 225 (Japan)	73.0%	33.0%	28.3%	19.5%	16.2%	14.0%	7.8%
Hang Seng (Hong Kong)	-4.9%	13.6%	6.5%	-4.5%	1.0%	0.1%	1.7%
ASX 200 (Australia)	2.8%	6.3%	6.8%	3.7%	5.3%	4.4%	2.8%
Taiwan Weighted	107.3%	41.5%	39.7%	21.0%	18.2%	11.8%	10.1%
Sensex 30 (India)	-8.5%	-1.6%	5.7%	7.8%	11.0%	9.8%	10.4%

Index returns in Canadian dollars – Price performance (% Change)

Index returns in Canadian dollars	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	34,848	0.2%	6.3%	9.9%	9.9%
S&P/TSX Composite - Total Return	149,417	0.3%	6.8%	11.0%	11.0%
S&P 500 Index	10,654	1.9%	17.1%	13.4%	13.4%
S&P 500 Index - Total Return	23,633	1.1%	16.5%	13.2%	13.2%
Dow Jones Industrial Average	74,335	5.6%	15.1%	12.7%	12.7%
Dow Jones Industrial Average - Total Return	190,884	5.8%	15.6%	13.7%	13.7%
Russell 2000	4,297	6.7%	23.5%	26.2%	26.2%
Nasdaq Composite Index	37,244	0.1%	23.8%	16.8%	16.8%
Bloomberg Euro 500	2,601	3.4%	11.3%	9.3%	9.3%
EURO STOXX 50	10,262	5.3%	14.6%	10.0%	10.0%
EURO STOXX 50 -Total Return	25,455	5.4%	16.2%	11.9%	11.9%
MSCI World	6,803	1.4%	14.7%	11.9%	11.9%
MSCI Emerging Markets	2,424	0.3%	24.5%	25.8%	25.8%
MSCI Emerging Markets -Total Return	6,688	0.5%	25.3%	27.1%	27.1%
MSCI EAFE	4,395	2.2%	11.1%	10.7%	10.7%
MSCI EAFE - Total Return	22,793	2.3%	12.4%	12.9%	12.9%
MSCI Far East	7,794	2.1%	14.1%	16.8%	16.8%

Index returns in Canadian dollars – Price performance (% Change - Annualized)

Index returns in Canadian dollars	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
S&P/TSX Composite	29.8%	26.2%	20.0%	11.6%	9.5%	6.6%	5.6%
S&P/TSX Composite - Total Return	32.7%	29.5%	23.4%	14.8%	12.8%	9.8%	8.8%
S&P 500 Index	26.0%	19.4%	21.9%	14.8%	14.6%	15.2%	10.6%
S&P 500 Index - Total Return	26.5%	20.5%	23.2%	16.3%	16.5%	17.3%	12.7%
Dow Jones Industrial Average	23.7%	17.9%	17.8%	11.7%	12.3%	12.9%	9.4%
Dow Jones Industrial Average - Total Return	25.8%	19.9%	19.9%	13.8%	14.7%	15.5%	12.0%
Russell 2000	45.0%	23.9%	19.8%	8.4%	11.1%	11.9%	8.7%
Nasdaq Composite Index	34.2%	23.9%	26.9%	15.7%	19.5%	19.2%	14.6%
Bloomberg Euro 500	20.3%	17.9%	16.1%	9.6%	8.2%	6.9%	4.2%
EURO STOXX 50	20.7%	19.6%	17.3%	11.4%	9.6%	6.5%	3.5%
EURO STOXX 50 -Total Return	23.4%	22.4%	20.1%	14.2%	12.2%	9.3%	6.4%
MSCI World	24.0%	19.0%	20.1%	12.7%	12.2%	11.8%	8.0%
MSCI Emerging Markets	45.5%	27.7%	22.8%	7.3%	8.4%	5.4%	5.5%
MSCI Emerging Markets -Total Return	48.8%	31.1%	26.2%	10.4%	11.4%	8.3%	8.4%
MSCI EAFE	21.5%	17.8%	15.9%	9.0%	7.7%	6.8%	3.9%
MSCI EAFE - Total Return	25.0%	21.4%	19.5%	12.4%	11.1%	10.2%	7.3%
MSCI Far East	29.7%	21.5%	18.1%	9.1%	7.9%	7.9%	4.1%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	4,020.51	-11.4%	-13.9%	-6.9%	21.7%	-6.9%
Silver (US$/oz)	59.25	-21.3%	-21.2%	-17.3%	64.1%	-17.3%
Brent Crude Oil	72.92	-20.8%	-38.4%	19.8%	7.9%	19.8%
West Texas Intermediate Oil	70.09	-19.8%	-30.9%	22.1%	7.6%	22.1%
NYMEX Natural Gas	3.25	-1.1%	12.8%	-11.7%	-5.8%	-11.7%
Spot Nat. Gas (AECO Hub - USD)	1.05	-28.1%	-0.9%	-45.6%	36.4%	-45.6%
Copper 3-month	6.02	-2.6%	7.6%	6.9%	34.5%	6.9%
Nickel 3-month	7.40	-14.4%	-4.7%	-2.0%	7.2%	-2.0%
Aluminum 3-month	1.40	-15.8%	-10.9%	3.1%	18.9%	3.1%
Zinc 3-month	1.58	-1.9%	7.7%	11.5%	26.3%	11.5%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7048	-2.8%	-1.9%	-3.3%	-4.1%	-3.3%
EURO/CAD	1.6207	0.8%	0.8%	0.6%	1.0%	0.6%
EURO/USD	1.1424	-2.0%	-1.1%	-2.7%	-3.1%	-2.7%
USD/YEN	162.5800	2.1%	2.4%	3.7%	12.9%	3.7%
U.S. Dollar Index	101.1250	2.2%	1.2%	2.9%	4.4%	2.9%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	0.5%	2.0%	2.3%	3.5%	2.3%
FTSE Canada Long Term Bond Index	0.5%	3.4%	3.4%	3.2%	3.4%
FTSE Canada Mid Term Bond Index	0.8%	1.9%	2.3%	4.1%	2.3%
FTSE Canada Short Term Bond Index	0.4%	1.2%	1.5%	3.1%	1.5%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	2.26%	2.29%	2.31%	2.15%	2.65%
Canada 5yr Notes	3.01%	3.05%	3.10%	2.97%	2.83%
Canada 10yr Notes	3.38%	3.41%	3.47%	3.43%	3.27%
Canada 30yr Bonds	3.78%	3.79%	3.90%	3.86%	3.56%
U.S. 3-month T-Bills	3.81%	3.67%	3.67%	3.63%	4.29%
U.S. 5yr Notes	4.21%	4.14%	3.94%	3.73%	3.80%
U.S. 10yr Notes	4.45%	4.44%	4.32%	4.17%	4.23%
U.S. 30yr Bonds	4.94%	4.97%	4.91%	4.84%	4.77%

S&P/TSX GICS sectors – Price performance (% Change)

S&P/TSX GICS Sectors	1 Month	3 Months	6 Months	1 Year	YTD	Index Weight (%)
Consumer Discretionary	2.2%	8.5%	3.8%	18.2%	3.8%	3.1%
Consumer Staples	7.8%	5.4%	8.4%	16.5%	8.4%	3.3%
Energy	-4.6%	-5.7%	21.6%	36.4%	21.6%	16.4%
Energy - Integrated Oil & Gas	-9.3%	-13.3%	33.1%	58.5%	33.1%	3.2%
Energy - Oil & Gas Exploration & Production	-8.5%	-12.7%	17.5%	28.0%	17.5%	4.5%
Energy - Pipeline	2.0%	4.6%	21.2%	30.4%	21.2%	6.8%
Financials	8.6%	24.7%	21.3%	46.0%	21.3%	36.2%
Financials - Banks	10.5%	29.6%	29.6%	65.9%	29.6%	25.5%
Financials - Insurance	9.8%	26.1%	20.9%	37.9%	20.9%	4.9%
Real Estate	2.7%	7.4%	1.8%	0.9%	1.8%	1.4%
Health Care	5.8%	13.3%	7.6%	13.7%	7.6%	0.3%
Industrials	2.9%	10.2%	9.7%	6.0%	9.7%	10.6%
Information Technology	-1.4%	6.6%	-17.5%	-4.0%	-17.5%	7.2%
Materials	-12.3%	-11.9%	-2.7%	49.3%	-2.7%	16.2%
Materials - Gold	-13.6%	-16.5%	-7.1%	49.4%	-7.1%	11.3%
Materials - Base Metals	-10.9%	11.4%	10.6%	52.5%	10.6%	1.5%
Materials - Fertilizers	-5.4%	-15.0%	5.4%	12.6%	5.4%	0.9%
Communication Services	-11.2%	-11.4%	-7.6%	-5.0%	-7.6%	1.6%
Utilities	1.9%	5.0%	15.7%	23.5%	15.7%	3.6%

Strategic asset allocation[1] (in C$) - Performance (% Change - Before Fees)

Strategic Asset Allocation (in C$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	0.7%	4.5%	4.8%	9.6%	4.8%
Income	0.8%	6.1%	6.3%	13.0%	6.3%
Income & Growth	0.9%	8.4%	8.5%	18.2%	8.5%
Growth	1.1%	10.2%	10.4%	22.4%	10.4%
Growth Plus	1.2%	12.2%	12.4%	26.4%	12.4%

CIBC World Markets interest rate outlook

Interest rates (%) – End of Qtr	30-Jun-26	Sep-26	Dec-26
Canada 3-month T-Bill	2.25%	2.25%	2.25%
U.S. 3-month T-Bill	3.63%	3.63%	3.63%
Canada 10-year Gov't Bond Yield	3.36%	3.50%	3.55%
U.S. 10-year Gov't Bond Yield	4.40%	4.35%	4.30%
US$/C$	0.72	0.71	0.73

Source: CIBC World Markets Inc.

CIBC World Markets economic outlook

Economic outlook	2026F	2027F
Canada Real GDP Growth (% Chg)	0.70%	2.00%
U.S. Real GDP Growth (% Chg)	2.00%	1.90%
Canada Consumer Price Index (% Chg)	1.90%	2.00%
U.S. Consumer Price Index (% Chg)	2.70%	2.30%
Canada Unemployment Rate (%)	6.80%	6.20%
U.S. Unemployment Rate (%)	4.40%	4.30%

Source: CIBC World Markets Inc.

[1] Refer to the Strategic asset allocation in Appendix 1

Appendix 1: Strategic asset allocation

Capital Preservation: 5% Global Equity, 15% Canadian Equity, 55% Bonds, 25% Cash

Income: 10% Global Equity, 20% Canadian Equity, 55% Bonds, 15% Cash

Income & Growth: 25% Global Equity, 30% Canadian Equity, 35% Bonds, 10% Cash

Growth: 40% Global Equity, 30% Canadian Equity, 25% Bonds, 5% Cash

Aggressive Growth: 60% Global Equity, 30% Canadian Equity, 10% Bonds, 0% Cash

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