Economics

THE WEEK AHEAD

August 10 - 14, 2026

What to make of Canada's export rebound

by **Avery Shenfeld** avery.shenfeld@cibc.com

Don't look now, but Canada's export sector, supposedly withering under the glare of US tariffs, has sprung back to life. Net trade is set to be a key driver in what was a healthy second quarter for real GDP growth. And it's not just a one quarter bounce-back. Real (chain fisher) export volumes set a new high in Q2, after dropping 1.7% in 2025.

It's in part about trade diversification, where in nominal terms, sales to China have been climbing. But the total gain in non-US exports looks less impressive if you strip out shipments to the UK, where it's mostly about moving gold stockpiles across the Atlantic. Overall, exports to the US are still a big part of the recent recovery.

But it's too soon to conclude that we're through the tariff shock, as further gains could still be hampered by those tariff barriers, particularly in manufacturing. It therefore matters how the federal government fares in last ditch talks to avoid an additional 50% tariff on selected Canadian exports that Trump announced a few weeks ago, and to potentially ease some of the existing duties.

The clearest winners are in a sector that has been exempted from US tariffs: energy products. Of course, dollar values surged on war-driven oil price gains, but even in volume terms, Q2 energy exports were up 8% from a year ago. The war in Iran has boosted demand for non-Middle East oil, and both oil and gas export activity will be benefiting ahead from new and proposed pipelines. The lack of US energy tariffs, and the ability to access markets overseas with additional oil pipelines and LNG projects, is one reason why Ottawa has pledged to promote that sector. Aluminum exports to the US also rebounded, helped by the lack of US capacity and war disruptions to other suppliers.

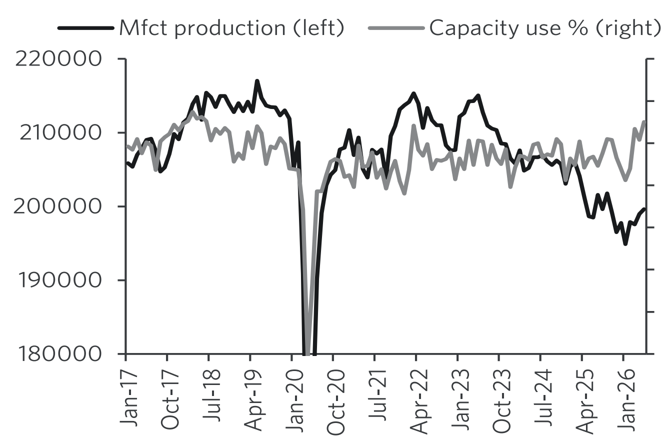
But other manufacturers that bore the brunt of the tariff wrath still look to be under a cloud. Exports of iron and steel products that were hit by tariffs have not fully recovered, nor have lumber volumes. Motor vehicle and parts exports did see a nice rebound in Q2, but that was after a sharp drop in Q1, and volumes are still below 2023 Q2 levels.

More broadly, in manufacturing, there's a ceiling on export growth that could be an important barrier ahead: the country's available capacity. Plant shutdowns, and the lack of new investment, have meant that despite manufacturing production being far from historical highs, capacity use in Q2 already has reached typical operational limits (Chart). We could still see further growth in resource exports, and in some shipments to overseas markets, but we don't expect exports to add as much lift to Canadian GDP in the next few quarters.

While there are many factors behind a long run of weak investment in new factory capacity, including competition from China and Mexico, tariff uncertainties are a fresh reason why businesses have been hesitant to add to manufacturing capacity on this side of the border. If Canada comes up empty handed in this month's talks, there will be major challenges for the 5% of Canada's exports that will be hit by a new 50% US tariff.

Moreover, that tariff applied to goods that met the Canada-US-Mexico trade pact criteria, furthering weakening confidence in sectors that are relying on CUMSA for their tariff exemptions. Carney aims to have a deal in place to avoid those new tariffs by August 19th, but given the hurdles in reaching any sort of lasting agreement with this US administration, we'll be watching for news on that front in the coming week or two.

Chart: Factory capacity use high despite modest production level



Source: Statistics Canada

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, August 10	-	-	-	-	-	-	-
Tuesday, August 11	-	AUCTION: 3-M BILLS $16.4B, 6-M BILLS $5.8B, 1-YR BILLS $5.8B	-	-	-	-	-
Wednesday, August 12	-	AUCTION: 5-YR CANADAS $5B	-	-	-	-	-
Wednesday, August 12	8:30 AM	BUILDING PERMITS M/M	(Jun)	(M)	-	-	-1.7%
Thursday, August 13	-	-	-	-	-	-	-
Friday, August 14	8:30 AM	MANUFACTURING SHIPMENTS M/M	(Jun)	(M)	0.0%	-0.1%	1.3%
Friday, August 14	8:30 AM	WHOLESALE SALES EX-PETROLEUM M/M	(Jun)	(M)	2.5%	2.7%	0.0%

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, August 10	-	-	-	-	-	-	-
Tuesday, August 11	-	AUCTION: 3-YR TREASURIES $58B	-	-	-	-	-
Tuesday, August 11	8:30 AM	EXISTING HOME SALES SAAR	(Jul)	(M)	-	4.1M	4.1M
Tuesday, August 11	8:30 AM	EXISTING HOME SALES M/M	(Jul)	(M)	-	-1.0%	-2.4%
Tuesday, August 11	11:00 AM	Release: New York Fed Credit Report	-	-	-	-	-
Wednesday, August 12	-	AUCTION: 10-YR TREASURIES $42B	-	-	-	-	-
Wednesday, August 12	7:00 AM	MBA-APPLICATIONS	(Aug 7)	(L)	-	-	-2.9%
Wednesday, August 12	8:30 AM	CPI M/M	(Jul)	(H)	0.1%	0.1%	-0.4%
Wednesday, August 12	8:30 AM	CPI M/M (core)	(Jul)	(H)	0.2%	0.2%	0.0%
Wednesday, August 12	8:30 AM	CPI Y/Y	(Jul)	(H)	3.4%	3.4%	3.5%
Wednesday, August 12	8:30 AM	CPI Y/Y (core)	(Jul)	(H)	2.5%	2.5%	2.6%
Wednesday, August 12	2:00 PM	FEDERAL BUDGET BALANCE	(Jul)	(L)	-	-	-$291.1B
Thursday, August 13	-	AUCTION: 30-YR TREASURIES $25B	-	-	-	-	-
Thursday, August 13	8:30 AM	INITIAL CLAIMS	(Aug 8)	(M)	-	203K	199K
Thursday, August 13	8:30 AM	CONTINUING CLAIMS	(Aug 1)	(L)	-	-	1801K
Thursday, August 13	8:30 AM	PPI M/M	(Jul)	(M)	0.2%	0.2%	-0.3%
Thursday, August 13	8:30 AM	PPI M/M (core)	(Jul)	(M)	0.3%	0.3%	0.2%
Thursday, August 13	8:30 AM	PPI Y/Y	(Jul)	(M)	-	4.8%	5.5%
Thursday, August 13	8:30 AM	PPI Y/Y (core)	(Jul)	(M)	-	4.2%	4.7%
Thursday, August 13	8:15 AM	Speaker: Beth M. Hammack (Cleveland) (Voter)	-	-	-	-	-
Thursday, August 13	8:40 AM	Speaker: Thomas I. Barkin (Richmond) (Non-Voter)	-	-	-	-	-
Friday, August 14	8:30 AM	RETAIL SALES M/M	(Jul)	(H)	0.0%	0.2%	0.2%
Friday, August 14	8:30 AM	RETAIL SALES (X-AUTOS) M/M	(Jul)	(H)	0.1%	0.2%	-0.2%
Friday, August 14	8:30 AM	RETAIL SALES CONTROL GROUP M/M	(Jul)	(H)	0.4%	0.3%	0.5%
Friday, August 14	10:00 AM	MICHIGAN CONSUMER SENTIMENT	(Aug P)	(H)	-	54.1	55.2
Friday, August 14	10:00 AM	BUSINESS INVENTORIES M/M	(Jun)	(L)	-	-	0.3%

Week Ahead's market call

by Avery Shenfeld

In the **US**, the inflation data will get top billing in a busy week for US data, but we're in line with the consensus in expecting a report that will not be particularly decisive in either direction. Retail sales will feel the impact of softer gasoline prices on nominal sales levels, but might top consensus a bit in the control group. Two more Fed speakers (one a voter) have a chance to weigh in with their take.

In **Canada**, we'll be keeping a close eye on news coming out of trade talks with the US, with the economic data calendar quite thin for the coming week. Manufacturing shipments are coming off a big prior month gain and could be roughly flat in June readings while still representing a volume gain. Overall, however, Q2 was still an impressive economic rebound after two weak quarters, and if the July employment figures can be trusted, we might be retaining some of that momentum in Q3.

There are no major Canadian data releases next week.

Week Ahead's key US number: Consumer price index—July

(Wednesday, 8:30 am)

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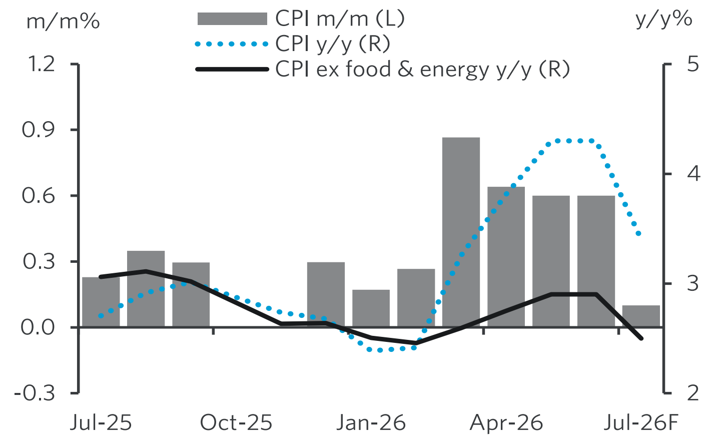
Variable (%)	CIBC	Mkt	Prior
Headline CPI (m/m)	0.1	0.1	-0.4
Headline CPI (y/y)	3.4	3.4	3.5
Core CPI (m/m)	0.2	0.2	0.0
Core CPI (y/y)	2.5	2.5	2.6

Chart: US consumer price index



Source: BLS, Haver Analytics, CIBC

Gasoline prices averaged lower in July, which will help contain headline price pressures to a tame 0.1% monthly increase. However, core prices could have accelerated to 0.2% m/m, as some volatile service categories are unlikely to repeat the drops seen in the prior month, including cell phone services. Moreover, the shortage of memory chips could have continued to boost prices for electronics.

Forecast implications — Gas prices have levelled off at the start of August, with oil prices off of their July peak levels. We'll need to see that continue in order for the Fed to remain on hold in September, as we currently expect, which would also be supported by the softer emerging trend in core prices relative to the start of the year, and the fading of tariff passthrough.

Market impact — We're in line with the consensus expectation which should contain any market reaction.

Other US Releases: Retail sales—July

(Friday, 8:30 am)

Unit auto sales dropped off in July, which, in combination with lower gasoline prices, is set to weigh on headline retail sales, which could have been flat in nominal terms. The more important control group of sales, which excludes restaurants, building materials, autos, and gasoline, and feeds more directly into goods consumption (ex. autos) in GDP, could have posted a healthier 0.4% gain, supported by spending of those who have experienced wealth gains this year.

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