

Weekly Bottom Line

June 19, 2026

Highlights

Canada

- Falling oil prices look set to bring some inflation relief in the coming months.
- Housing data point to tentative stabilization in the market, with starts holding above Q1 levels and home sales rebounding in May.
- Upcoming inflation data should show a firm headline print, but the key question for the Bank of Canada's policy outlook is whether price pressures are broadening beyond energy.

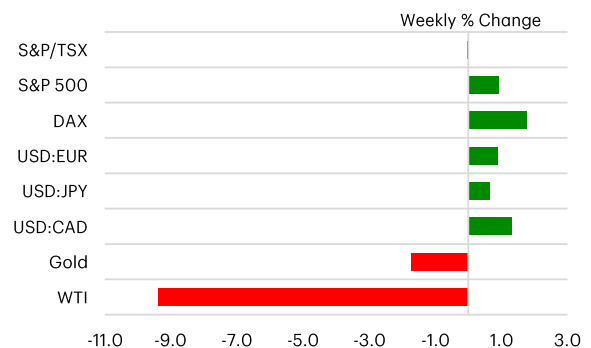
U.S.

- The U.S.-Iran deal to end the fighting and reopen the Strait of Hormuz eased energy-market pressure this week, but progress is likely to be gradual and geopolitical risks remain.
- Retail sales showed that consumers are still spending despite higher gasoline prices, while elevated mortgage rates continue to weigh on housing construction.
- Warsh's FOMC debut featured notable changes in communication style, and a hawkish shift by the committee as a whole. This increased market's expectations for a rate hike this year.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	7501	7431	7610	5968
S&P/TSX Comp.	34905	34938	35390	26498
DAX	25069	24635	25421	22301
FTSE 100	10370	10472	10911	8719
Nikkei	71250	66020	71250	38354
Fixed Income Yields				
U.S. 10-yr Treasury	4.45	4.48	4.67	3.94
Canada 10-yr Bond	3.39	3.40	3.70	3.04
Germany 10-yr Bund	2.99	3.00	3.19	2.51
UK 10-yr Gilt	4.84	4.84	5.17	4.23
Japan 10-yr Bond	2.66	2.63	2.79	1.39
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.71	0.71	0.74	0.71
Euro (USD per EUR)	1.15	1.16	1.20	1.14
Pound (USD per GBP)	1.32	1.34	1.38	1.30
Yen (JPY per USD)	161.3	160.2	161.4	143.4
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	76.75	84.88	113.0	55.3
Natural Gas (\$US/MMBtu)	3.08	3.06	30.72	2.54
Copper (\$US/met. tonne)	13624.2	13645.3	14109.5	9556.9
Gold (\$US/troy oz.)	4147.1	4219.3	5417.2	3274.3

Oil Prices Retreat on U.S.-Iran Peace Efforts



Note: Data as of 10:49 AM ET, Friday, June 19, 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)	2.40%
Bank of England (Repo Rate)	3.75%
Bank of Japan (Overnight Rate)	1.00%

Source: Bloomberg.

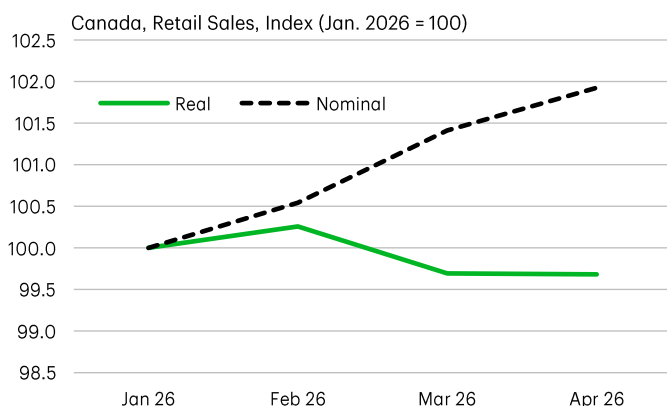
Canada – Tumbling Energy Prices and Economic Stabilization

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Reports that a memorandum of understanding between the U.S. and Iran has been signed pushed have helped push oil prices lower, easing inflation pressures and supporting market sentiment. However, the downside for oil prices is likely limited, with [global supply conditions still tight](#), suggesting some scope for energy prices to rise from today's level as markets adjust to the evolving supply-demand balance in the coming months. For Canada, near-term relief to inflation and household budgets is likely on the way, and we expect that beyond the tough start to the year, [a gradual economic recovery is in the making](#).

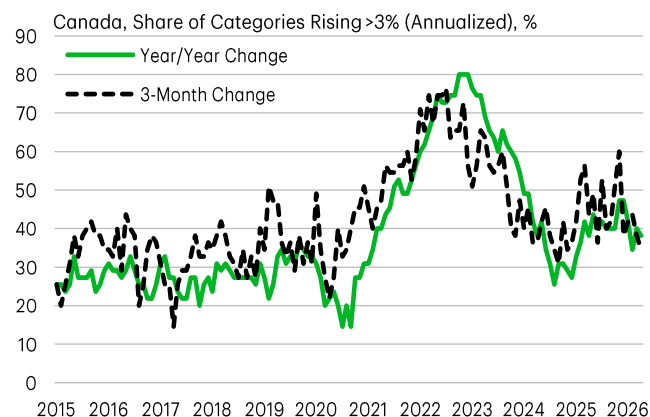
After a tough first quarter, the housing market is showing tentative signs of stabilizing. Housing starts pulled back 6% month-on-month (m/m) in May, but continue to track above Q1 levels, limiting the downside to residential investment in the second quarter. Meanwhile, existing home sales rose 5.5% m/m in May, with gains across most provinces. At the same time, new listings declined, tightening the sales-to-new listings ratio to 49.2%. While still below historical averages, this suggests improving balance. Prices remain mixed, reflecting ongoing weakness in segments such as condos. Overall, improving alignment between buyers and sellers appears to be supporting a partial rebound in activity, leaving sales on track for a firm Q2 gain. For the housing sector overall, headwinds from elevated inventories and slower population growth remain, but the near-term signal is one of stabilization rather than deterioration (see our [Provincial Forecast](#) for more details).

Chart 1: Inflation Eats into Purchase Volumes



Source: Statistics Canada, TD Economics.

Chart 2: Inflation Breadth in Focus on Monday



Source: Statistics Canada, TD Economics. Last Observation: April 2026

Emerging stability in the housing market is a positive sign, but consumer spending remains soft in the face of rising inflation. Retail sales rose 0.5% m/m in April, but volumes were unchanged, indicating that higher prices are driving gains (Chart 1). Strength in autos and gasoline masked underlying weakness, with core retail sales falling for a second consecutive month (-0.7% m/m). The dynamic suggests that households are becoming more selective as higher energy costs weigh on budgets. As a result, consumer spending is likely to grow modestly in Q2. The recent decline in energy prices should offer some relief heading into the second half of the year.

Attention now turns to next week's inflation report for May. We expect a firm print, with gasoline prices rising about 3% in the month. However, the key focus will be on inflation breadth (Chart 2) and core measures. In April, headline inflation rose to 2.8% y/y on higher energy prices, while the average of the Bank of Canada's (BoC) core measures cooled to 2.1%. The critical question for the BoC will be whether price pressures are broadening beyond energy prices and, given that the upside to oil prices appears limited for the time being, how persistent any pass-through becomes.

Overall, while the upcoming inflation report will be important for assessing underlying pressures, the broader backdrop remains one of excess supply, subdued domestic demand and likely moderating energy prices. This should limit the pass-through to core inflation and keep the Bank of Canada on the sidelines through the remainder of the year.

U.S. – FOMC Under Warsh: Five Task Forces, Zero Guidance

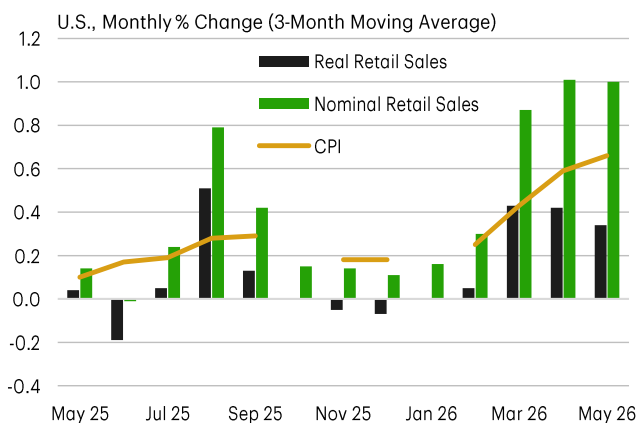
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This week delivered a potent mix of geopolitical relief, consumer and housing updates, and the Fed’s first rate decision under Chair Kevin Warsh. The U.S.–Iran memorandum of understanding eased pressure on energy markets. WTI fell to as low as \$74/barrel on Thursday – down from \$80/barrel last week – before climbing back to \$77/barrel at time of writing on renewed fighting in Lebanon. As we note in our recent [commentary](#), full normalization of oil markets is likely months away, and peace remains fragile. Intensified fighting between Israel and Hezbollah on Thursday led to the cancellation of planned U.S.–Iran talks in Switzerland today.

So far, consumers have remained relatively resilient to the gasoline price shock, partly shielded by higher tax refunds. May retail sales rose a stronger-than-expected 0.9% month-on-month. Higher prices again boosted the nominal headline, but this was not simply an inflation story ([commentary](#)). Real sales also moved higher (Chart 1). Still, with real disposable income down 1% from a year ago and credit card balance growth accelerating in March and April, some consumers are feeling stretched. Food store sales were flat and spending at bars and restaurants softened, with real food services and accommodation spending down from a year ago.

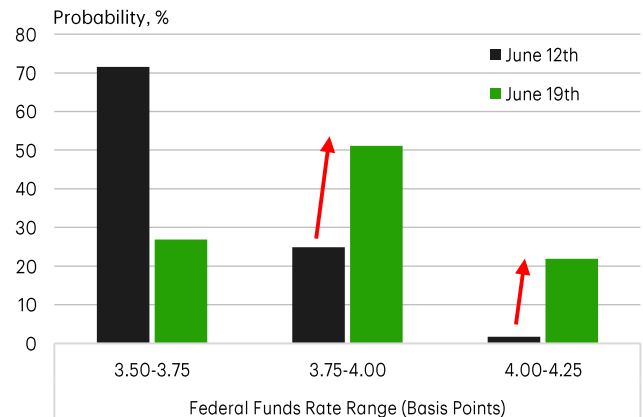
Looking ahead, consumers will welcome lower prices at the pump. The labor market also appears to be strengthening ([commentary](#)), while household wealth is supported by rising equity valuations. As we note in our latest [forecast](#), this should help sustain consumer spending at a moderate 2% pace through year-end,

Chart 1: Consumers Still Spending As Inflation Heats Up



Source: Bureau of Labor Statistics, Census Bureau, TD Economics.

Chart 2: Rate Hike Odds Rise on Hawkish FOMC Dot Plot



Source: CME Group, TD Economics.

roughly half a point below our pre-conflict expectation. May personal spending and income data due next Thursday will offer more detail on momentum.

Housing remains the economy’s sore spot. Starts tumbled 15.4% in May to the lowest since May 2020 ([commentary](#)). The drop was exaggerated by volatile multifamily construction, but single-family starts also slipped and permits offered little encouragement. Even if some weakness reverses, mortgage rates near 6.5% leave builders and buyers cautious.

Judging by this week’s [FOMC statement](#), the rate environment is unlikely to ease soon. At Warsh’s first meeting as Chair, the FOMC held rates at 3.50%–3.75%, but communications leaned hawkish. In the economic projections, inflation was revised higher and growth lower this year, while the median “dot” now points to a possible hike later this year. Warsh also said the FOMC was “unambiguously and unanimously” resolved to fight inflation, reinforcing that price stability remains the priority. In a marked shift from the Powell-led FOMC, the statement was shortened substantially and forward guidance was dropped. The new Chair also announced five new task forces to review Fed communications, the balance sheet, data sources, productivity and labor markets, and inflation frameworks. The lack of forward guidance left investors with less information about the Fed’s reaction function. Without it, markets appear to have keyed in on the statement’s conclusion that “the Committee will deliver price stability”: the probability of a rate increase by September jumped to 73% after the decision, up from about 27% (Chart 2).

Exhibits

Recent Key Economic Indicators: Jun 15 - 19, 2026					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Jun 15	Empire Manufacturing	Jun	Index	5.7	19.6
Jun 15	Industrial Production	May	M/M % Chg.	0.1	0.9
Jun 15	Capacity Utilization	May	%	76.2	76.1
Jun 15	NAHB Housing Market Index	Jun	Index	35.0	37.0
Jun 16	Housing Starts	May	Thsd	1177.0	1392.0
Jun 16	Building Permits	May	Thsd	1413.0	1423.0
Jun 17	Retail Sales Advance	May	M/M % Chg.	0.9	0.4
Jun 17	Retail Sales Ex Auto and Gas	May	M/M % Chg.	0.5	0.5
Jun 17	Business Inventories	Apr	M/M % Chg.	0.5	1.0
Jun 17	FOMC Rate Decision (Upper Bound)	Jun 17	%	3.75	3.75
Jun 18	Initial Jobless Claims	Jun 13	Thsd	226.0	230.0
Canada					
Jun 15	Housing Starts	May	Thsd	261.4	278.4
Jun 15	Manufacturing Sales	Apr	M/M % Chg.	4.2	3.4
Jun 16	Existing Home Sales	May	%	5.5	0.7
Jun 18	CFIB Business Barometer	Jun	Index	49.6	46.3
Jun 18	Industrial Product Price	May	M/M % Chg.	1.2	1.6
Jun 19	Retail Sales	Apr	M/M % Chg.	0.5	0.9
Jun 19	Retail Sales Ex Auto	Apr	M/M % Chg.	0.1	1.2
International					
Jun 15	CH Retail Sales	May	Y/Y % Chg.	-0.6	0.2
Jun 15	CH Surveyed Jobless Rate	May	%	5.1	5.2
Jun 17	UK Consumer Price Index	May	Y/Y % Chg.	2.8	2.8
Jun 17	EZ Consumer Price Index	May	Y/Y % Chg.	3.2	3.2
Jun 18	UK ILO Unemployment Rate	Apr	%	4.9	5.0
Jun 18	UK Bank of England Bank Rate	Jun 18	%	3.75	3.75
Jun 18	JN Natl Consumer Price Index	May	Y/Y % Chg.	1.5	1.4
Jun 19	UK Retail Sales Ex Auto Fuel	May	Y/Y % Chg.	4.6	1.1

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

Upcoming Economic Releases and Events: Jun 22 - 26, 2026

Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Jun 22	9:00	<i>Fed's Waller Delivers Opening Remarks</i>				
Jun 23	9:45	S&P Global US Composite PMI	Jun	Index	-	51.5
Jun 23	9:45	S&P Global US Manufacturing PMI	Jun	Index	54.6	55.1
Jun 23	9:45	S&P Global US Services PMI	Jun	Index	51.0	50.7
Jun 24		Building Permits	May	Thsd	-	1413.0
Jun 25	8:30	Cap Goods Orders Nondef Ex Air	May	M/M % Chg.	0.8	-1.0
Jun 25	8:30	Durable Goods Orders	May	M/M % Chg.	-4.7	8.0
Jun 25	8:30	Gross Domestic Product (Annualized)	Q1	Q/Q % Chg.	1.7	1.6
Jun 25	8:30	Personal Consumption	Q1	Q/Q % Chg.	1.4	1.4
Jun 25	8:30	Initial Jobless Claims	Jun 20	Thsd	225.0	226.0
Jun 25	8:30	PCE Price Index	May	Y/Y % Chg.	4.1	3.8
Jun 25	8:30	Core PCE Price Index	May	Y/Y % Chg.	3.4	3.3
Jun 25	8:30	Personal Income	May	M/M % Chg.	0.4	0.0
Jun 25	8:30	Real Personal Spending	May	M/M % Chg.	0.3	0.1
Jun 25	15:40	<i>Fed's Williams Gives Keynote Remarks</i>				
Jun 25	18:30	<i>Fed's Goolsbee in Moderated Discussion</i>				
Jun 26	8:30	Advance Goods Trade Balance	May	Blns	-85.10	-83.00
Jun 26	11:30	<i>Fed's Kashkari at Aspen Ideas Panel</i>				
Canada						
Jun 22	8:30	Consumer Price Index	May	Y/Y % Chg.	3.0	2.8
Jun 22	8:30	Consumer Price Index NSA	May	M/M % Chg.	0.7	0.4
Jun 22	8:30	CPI-Median	May	Y/Y % Chg.	2.1	2.1
Jun 22	8:30	CPI-Trim	May	Y/Y % Chg.	2.0	2.0
Jun 23	9:00	<i>BoC Governor Tiff Macklem Speaks in Paris, France</i>				
Jun 24	7:15	<i>BoC Senior Deputy Governor Rogers Speaks in Zurich</i>				
Jun 24	13:30	<i>BoC Releases Summary of Deliberations</i>				
Jun 25	8:30	Payroll Employment Change (SEPH)	Apr	Thsd	-	-31.8
International						
Jun 22	20:30	JN S&P Global Japan Composite PMI	Jun	Index	-	51.1
Jun 23	4:30	UK S&P Global UK Composite PMI	Jun	Index	50.5	49.7
Jun 25	19:30	JN Tokyo Consumer Price Index	Jun	Y/Y % Chg.	1.6	1.4

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

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