

Weekly Bottom Line

February 6, 2026

Highlights

- Congress passed legislation to fund most of the government through September, with a 2-week continuing resolution used for the Department of Homeland Security.
- The ISM Purchasing Managers Index reports showed solid growth in manufacturing and services activity in January, suggesting the economy entered 2026 on a solid footing.
- January data releases for employment and inflation next week will be closely monitored for potential risks related to the Fed's dual mandate.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6896	6939	6979	4983
S&P/TSX Comp.	32355	31924	33176	22507
DAX	24706	24539	25421	19671
FTSE 100	10373	10224	10402	7679
Nikkei	54254	53323	54721	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.22	4.24	4.62	3.95
Canada 10-yr Bond	3.42	3.42	3.60	2.83
Germany 10-yr Bund	2.85	2.84	2.91	2.36
UK 10-yr Gilt	4.52	4.52	4.80	4.34
Japan 10-yr Bond	2.23	2.25	2.36	1.12
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.73	0.73	0.74	0.69
Euro (USD per EUR)	1.18	1.19	1.20	1.03
Pound (USD per GBP)	1.36	1.37	1.38	1.24
Yen (JPY per USD)	157.0	154.8	159.1	140.9
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	64.0	65.2	75.1	55.3
Natural Gas (\$US/MMBtu)	5.20	7.24	30.72	2.65
Copper (\$US/met. tonne)	12825.4	13067.6	13524.2	8571.4
Gold (\$US/troy oz.)	4938.3	4894.2	5417.2	2856.3

*As of 11:15 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Oil Prices Retreat on Easing Middle East Tensions



Note: Data as of 11:36 AM ET, Friday, February 6, 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.

TD Economics Key Financial Forecasts												
	Current Rate 2/6/26	2025				2026				2027		
		Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F
Fed Funds Target Rate	3.75	4.50	4.50	4.25	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.50	3.89	3.72	3.60	3.47	3.50	3.35	3.35	3.35	3.35	3.35	3.35
10-yr Govt. Bond Yield	4.22	4.23	4.24	4.16	4.17	4.05	4.00	4.00	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.87	4.59	4.78	4.73	4.84	4.60	4.50	4.50	4.50	4.50	4.50	4.50

Forecast by TD Economics as of December 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

Shutdown Ended, Labor Market Concerns Linger

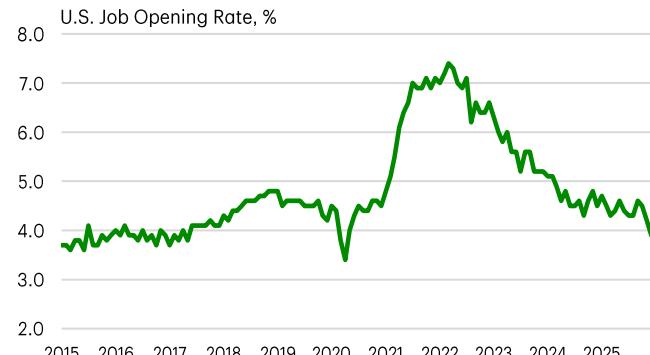
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The first week of February was eventful on several fronts. The partial government shutdown, which began over the weekend, ended on Tuesday as the House managed to pass the requisite spending bills. Funding for the Department of Homeland Security was provided by a 2-week continuing resolution - which expires on February 13th - as both parties continue to negotiate the details of the department's funding. Despite the positive news, financial markets had a tough week, with the S&P 500 down 0.7% as of the time of writing, owing in part to investor concerns regarding the impact of AI on existing business models.

On the economic data front, the ISM Purchasing Manager Index (PMI) reports showed a substantial uptick in manufacturing activity in January (Chart 1). However, survey respondents noted that this was at least partly owing to post-holiday inventory replenishment and front-loading activity ahead of potential new tariffs on Europe and other nations. The services PMI also pointed to growth in activity in January, although the acceleration recorded in recent months eased. On aggregate, these reports suggest economic activity remained on a solid footing to start the new year.

Our ability to see if this translated to the labor market in January was delayed by a week owing to the shutdown, with the Bureau of Labor Statistics pushing the release of the employment report to next Wednesday (originally scheduled for February 6th). However, we did receive the Job Opening & Labor Turnover report on

Chart 2: Job Opening Rate Broached Pandemic Levels in January



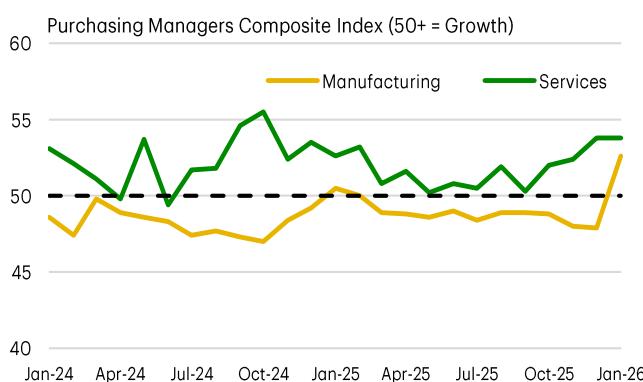
Source: U.S. Bureau of Labor Statistics, TD Economics. Last observation: December 2025.

Thursday, which showed a sharp drop in the job opening rate in December (Chart 2), particularly among white-collar sectors. The slowdown in the labor market has been a key concern for the Federal Reserve and provided the main rationale for the three "risk management" rate cuts implemented by the FOMC last year. Next week's employment report will be watched closely, with a healthy addition of 70k jobs currently expected by consensus forecasters.

Although the next Fed meeting is still six weeks away, the Fed officials we heard from this week - including Atlanta Fed President Bostic, Richmond Fed President Barkin, and Fed Governor Lisa Cook - were broadly consistent in their view of the balance of risks between the Fed's dual mandate. Most believed that risks to the labor market have eased, and that the persistent deviation of inflation from the 2% target is currently the greater risk. All speakers this week stated that patience was warranted to ensure that recent disinflation progress was sustained, but Governor Cook also noted that the FOMC was cognizant of the lingering risks to the labor market and would respond accordingly to the evolving risk environment.

Core CPI inflation sat at 2.6% in December, but price growth momentum dropped materially in the aftermath of the October government shutdown disruption. Further information will be available with next week's CPI report for January, which is expected to show a modest drop in core CPI to 2.5%.

Chart 1: U.S. Manufacturing Activity Jumped in January, Services Growth Stable



Source: Institute for Supply Management, TD Economics.

Exhibits

Recent Key Economic Indicators: February 2 - 6, 2026						
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior	
United States						
Feb 2	S&P Global US Manufacturing PMI	Jan	Index	52.4	51.9	
Feb 2	ISM Manufacturing	Jan	Index	52.6	47.9	
Feb 3	Wards Total Vehicle Sales	Jan	Mlns	14.9	16.0	
Feb 4	ADP Employment Change	Jan	Thsd	22.0	37.0	
Feb 4	S&P Global US Services PMI	Jan	Index	52.7	52.5	
Feb 4	S&P Global US Composite PMI	Jan	Index	53.0	52.8	
Feb 4	ISM Services Index	Jan	Index	53.8	53.8	
Feb 5	Initial Jobless Claims	Jan 31	Thsd	231.0	209.0	
Canada						
Feb 2	S&P Global Canada Manufacturing PMI	Jan	Index	50.4	48.6	
Feb 6	Net Change in Employment	Jan	Thsd	-24.8	10.1	
Feb 6	Unemployment Rate	Jan	%	6.5	6.8	
International						
Feb 04	EZ Consumer Price Index Estimate	Jan	Y/Y % Chg.	1.7	2.0	
Feb 05	EZ Retail Sales	Dec	Y/Y % Chg.	1.3	2.4	
Feb 05	UK Bank of England Bank Rate	Feb 5	%	3.75	3.75	
Feb 05	EZ ECB Main Refinancing Rate	Feb 5	%	2.15	2.15	

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: February 9 - 13, 2026						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Feb 9	11:00	NY Fed 1-Yr Inflation Expectations	Jan	%	-	3.4
Feb 9	13:30	<i>Fed's Waller Speaks on Digital Assets</i>				
Feb 9	14:30	<i>Fed's Miran in Moderated Conversation</i>				
Feb 9	15:15	<i>Fed's Bostic Speaks in Moderated Conversation</i>				
Feb 9	17:00	<i>Fed's Miran in Podcast Interview</i>				
Feb 10	6:00	NFIB Small Business Optimism	Jan	Index	99.8	99.5
Feb 10	8:30	Retail Sales Advance	Dec	M/M % Chg.	0.4	0.6
Feb 10	8:30	Retail Sales Ex Auto and Gas	Dec	M/M % Chg.	0.4	0.4
Feb 10	10:00	Business Inventories	Nov	M/M % Chg.	0.2	0.3
Feb 10	12:00	<i>Fed's Hammack Speaks on Banking and Economic Outlook</i>				
Feb 10	13:00	<i>Fed's Logan Speaks at Asset Management Derivatives Forum</i>				
Feb 11	8:30	Change in Nonfarm Payrolls	Jan	Thsd	70	50
Feb 11	8:30	Average Hourly Earnings	Jan	M/M % Chg.	0.3	0.3
Feb 11	8:30	Unemployment Rate	Jan	%	4.4	4.4
Feb 11	10:15	<i>Fed's Bowman in Moderated Conversation</i>				
Feb 12	8:30	Initial Jobless Claims	Feb 7	Thsd	-	231
Feb 12	10:00	Existing Home Sales	Jan	Mlns	4.21	4.35
Feb 12	19:00	<i>Fed's Logan Gives Opening Remarks</i>				
Feb 12	19:05	<i>Fed's Miran Speaks in Moderated Discussion</i>				
Feb 13	8:30	Consumer Price Index	Jan	M/M % Chg.	0.3	0.3
Feb 13	8:30	Consumer Price Index	Jan	Y/Y % Chg.	2.5	2.7
Canada						
Feb 9	10:30	Market Participants Survey				
Feb 11	13:30	Summary of Deliberations				
Feb 12	8:30	<i>Fireside Chat: Carolyn Rogers, Senior Deputy Governor</i>				
International						
Feb 10	20:30 CH	Consumer Price Index	Jan	Y/Y % Chg.	0.4	0.8
Feb 12	2:00 UK	Gross Domestic Product	4Q	Y/Y % Chg.	1.2	1.3
Feb 13	5:00 EZ	Gross Domestic Product SA	4Q	Q/Q % Chg.	0.3	0.3
Feb 13	5:00 EZ	Gross Domestic Product SA	4Q	Y/Y % Chg.	1.3	1.3
Feb 13	5:00 EZ	Employment	4Q	Y/Y % Chg.	-	0.6

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

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