

## Weekly Bottom Line

April 2, 2026

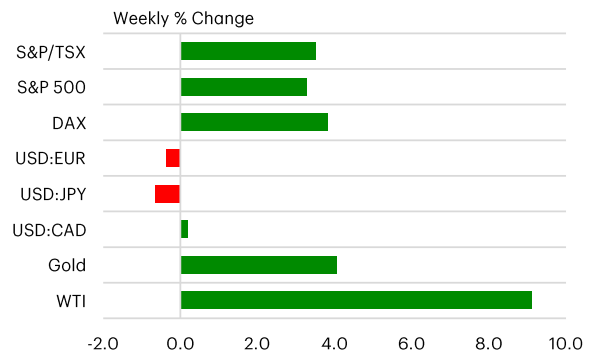
### Highlights

- President Trump's speech on Wednesday dashed hopes of a swift resolution to the conflict in Iran, sending crude oil prices higher.
- Retail sales rebounded in February after two months of stagnation. Meanwhile, JOLTS data indicated that the labor market remained in a low-hire, low-fire mode during February.
- Unless March payroll figures surprise meaningfully on the downside tomorrow, this week's data supports the Federal Reserve's current cautious, wait-and-see stance.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
<b>Stock Market Indexes</b>				
S&P 500	6577	6477	6979	4983
S&P/TSX Comp.	33083	31888	34541	22507
DAX	23152	22613	25421	19671
FTSE 100	10460	9972	10911	7679
Nikkei	52463	53604	58850	31137
<b>Fixed Income Yields</b>				
U.S. 10-yr Treasury	4.30	4.41	4.60	3.94
Canada 10-yr Bond	3.45	3.56	3.60	2.88
Germany 10-yr Bund	2.99	3.07	3.09	2.44
UK 10-yr Gilt	4.83	4.97	4.99	4.23
Japan 10-yr Bond	2.39	2.28	2.39	1.12
<b>Foreign Exchange Cross Rates</b>				
C\$ (USD per CAD)	0.72	0.72	0.74	0.70
Euro (USD per EUR)	1.16	1.15	1.20	1.09
Pound (USD per GBP)	1.32	1.33	1.38	1.27
Yen (JPY per USD)	159.3	159.8	160.3	140.9
<b>Commodity Spot Prices**</b>				
Crude Oil (\$US/bbl)	108.9	94.5	108.9	55.3
Natural Gas (\$US/MMBtu)	2.98	2.91	30.72	2.65
Copper (\$US/met. tonne)	12349.1	12076.8	13524.2	8571.4
Gold (\$US/troy oz.)	4676.1	4376.1	5417.2	2983.3

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

### Oil Prices Continue Rally Amid Ongoing U.S.-Iran Conflict



Note: Data as of 11:11 AM ET, Thursday, April 2, 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 4-2-26	2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	3.75	4.50	4.50	4.25	3.75	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.79	3.89	3.72	3.60	3.47	3.70	3.45	3.35	3.35	3.35	3.35	3.35	3.35
10-yr Govt. Bond Yield	4.30	4.23	4.24	4.16	4.18	4.25	4.20	4.15	4.10	4.10	4.10	4.10	4.10
30-yr Govt. Bond Yield	4.88	4.59	4.78	4.73	4.84	4.90	4.75	4.65	4.60	4.60	4.60	4.60	4.60

Forecast by TD Economics as of March 2026; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

## Oil Prices: To the Moon and... (May Be) Back

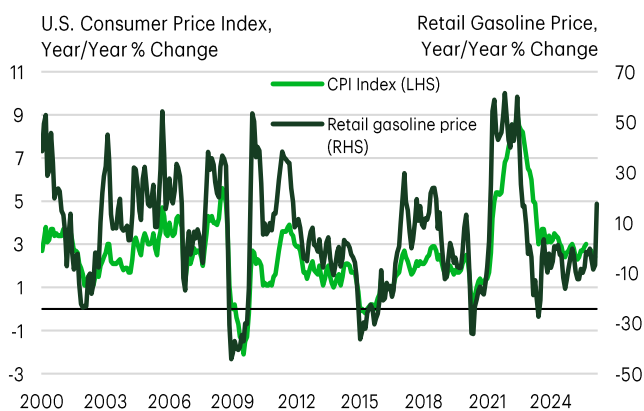
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Financial markets were volatile this week amid uncertainty on the duration of the Middle East conflict. The S&P 500 traded lower initially but rebounded mid-week on signs of de-escalation in the U.S.–Iran conflict. Treasury yields and crude prices also eased on the news, though the reprieve was brief. Like Artemis II, Trump’s speech on Wednesday night sent oil prices to the moon again on Thursday morning. While Trump reaffirmed a 2–3 week timeline for ending U.S. military involvement, he dashed hopes for a peace deal, promising to hit Iran “extremely hard”, and said that re-opening the Strait of Hormuz was not a U.S. goal.

Even if the U.S. reduces its military attacks soon, oil prices could stay high: ramping up production and repairing infrastructure takes time, and supply risks persist if the Strait of Hormuz remains closed or below capacity. Inflationary risks are tilted upward even as our latest [report](#) notes the latest oil shock is unlike the one in 2022 in some ways. This shock is more concentrated in oil, with natural gas and agricultural commodity prices contained.

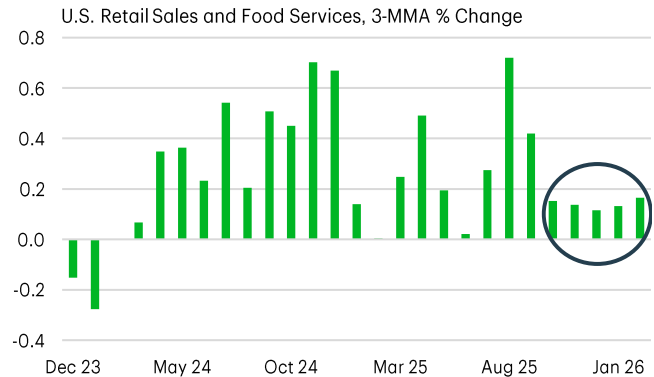
The economic backdrop is also different. Supply chains weren’t strained before the latest price shock, the labor market has cooled, and the economy isn’t firing on all cylinders. Still, with gas prices rising to \$4/gallon this week, and signs that the conflict is adding pressure to other commodities, higher inflation is in the cards (Chart 1). This week’s data showed households’ inflation expectations jumped in March.

Chart 1: Surging Gas Prices Will Push Inflation Higher



Source: U.S. Bureau of Labor Statistics, EIA, TD Economics.

Chart 2: Gains in Retail Sales Remain Modest



Source: Census Bureau, TD Economics.

This is the fourth price shock to hit households in five years, arriving amid a slowing labor market. JOLTS data showed hiring declined in February, while job openings and layoffs were steady but low, suggesting the labor market remains in a low-hire, low-fire mode. Markets expect payrolls to rise by 65k in March, similar to the ADP print, and a partial rebound after an unexpected loss of 92k jobs in February. While not yet signaling a sharp deterioration, a cooling labor market leaves households more exposed to negative shocks.

Consumer spending has stayed relatively resilient, but households are inflation-weary and showed caution even before the latest surge at the pump. [Retail sales](#) rose 0.6% m/m in February after two months of stagnation (Chart 2). Adjusted for inflation, sales volumes are up only 1% from a year ago. Larger tax refunds may help mitigate higher gas prices, but slower hiring and equities selloff could still weigh on consumption.

With stagflation fears surfacing, the Fed faces a tough balancing act. So far, it seems content to stay on hold. Earlier this week, Fed Chair Powell said oil shocks are typically short-lived and the Fed can remain patient; however, he noted the Fed would act if inflation expectations shift. NY Fed President Williams said, “the current stance of monetary policy is well positioned to balance risks to our maximum employment and price stability goals.” However, if you chase two rabbits, you likely won’t catch either. Let’s hope the Fed doesn’t find itself in that spot.

## Exhibits

Recent Key Economic Indicators: March 30 - Apr 2					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
<b>United States</b>					
Mar 31	Conf. Board Consumer Confidence	Mar	Index	91.8	91.0
Apr 01	ADP Employment Change	Mar	Thsd	62.0	66.0
Apr 01	Retail Sales Advance	Feb	M/M % Chg.	0.6	-0.1
Apr 01	Retail Sales Ex Auto and Gas	Feb	M/M % Chg.	0.4	0.2
Apr 01	S&P Global US Manufacturing PMI	Mar	Index	52.3	52.4
Apr 01	ISM Manufacturing	Mar	Index	52.7	52.4
Apr 01	Business Inventories	Jan	M/M % Chg.	-0.1	0.0
Apr 01	Wards Total Vehicle Sales	Mar	Mlns	16.3	15.8
Apr 02	Trade Balance	Feb	Blns	-57.3	-54.7
Apr 02	Initial Jobless Claims	Mar 28	Thsd	202.0	211.0
<b>Canada</b>					
Mar 31	Gross Domestic Product	Jan	M/M % Chg.	0.1	0.2
Apr 01	S&P Global Canada Manufacturing PMI	Mar	Index	50.0	51.0
Apr 02	Int'l Merchandise Trade	Feb	Blns	-5.7	-4.2
<b>International</b>					
Mar 30	JN Tokyo Consumer Price Index	Mar	Y/Y % Chg.	1.4	1.5
Mar 30	JN Jobless Rate	Feb	%	2.6	2.7
Mar 30	JN Retail Sales	Feb	Y/Y % Chg.	-0.2	1.8
Mar 30	CH Manufacturing PMI	Mar	Index	50.4	49.0
Mar 31	UK Gross Domestic Product	4Q	Y/Y % Chg.	1.0	1.0
Mar 31	EZ Consumer Price Index	Mar	Y/Y % Chg.	2.5	1.9
Apr 01	EZ Unemployment Rate	Feb	%	6.2	6.1

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

Upcoming Economic Releases and Events: Apr 3 - 10						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
<b>United States</b>						
Apr 03	8:30	Change in Nonfarm Payrolls	Mar	Thsd	50.0	-92.0
Apr 03	8:30	Average Hourly Earnings	Mar	M/M % Chg.	0.3	0.4
Apr 03	8:30	Unemployment Rate	Mar	%	4.4	4.4
Apr 03	9:45	S&P Global US Services PMI	Mar	Index	-	51.1
Apr 03	9:45	S&P Global US Composite PMI	Mar	Index	-	51.4
Apr 06	10:00	ISM Services Index	Mar	Index	54.9	56.1
Apr 07	8:30	Durable Goods Orders	Feb	M/M % Chg.	-	0.0
Apr 07	8:30	Cap Goods Orders Nondef Ex Air	Feb	M/M % Chg.	-	-
Apr 08	14:00	FOMC Meeting Minutes	Mar 18			
Apr 09	8:30	Initial Jobless Claims	Apr 04	Thsd	-	202.0
Apr 09	8:30	Personal Income	Feb	M/M % Chg.	-	0.4
Apr 09	8:30	Real Personal Spending	Feb	M/M % Chg.	-	0.1
Apr 09	8:30	Gross Domestic Product Annualized	4Q	Q/Q % Chg.	-	0.7
Apr 09	8:30	Personal Consumption	4Q	Q/Q % Chg.	-	2.0
Apr 09	10:00	Wholesale Trade Sales	Feb	M/M % Chg.	-	0.5
Apr 10	8:30	Consumer Price Index	Mar	Y/Y % Chg.	-	0.3
Apr 10	8:30	Consumer Price Index	Mar	Y/Y % Chg.	-	2.4
Apr 10	10:00	Factory Orders	Feb	M/M % Chg.	-	0.1
Apr 10	10:00	Factory Orders Ex Trans	Feb	M/M % Chg.	-	0.4
Apr 10	10:00	Durable Goods Orders	Feb	M/M % Chg.	-	0.0
Apr 10	10:00	Cap Goods Orders Nondef Ex Air	Feb	M/M % Chg.	-	0.1
<b>Canada</b>						
Apr 10	8:30	Net Change in Employment	Mar	Thsd	15.0	-83.9
Apr 10	8:30	Unemployment Rate	Mar	%	6.8	6.7
<b>International</b>						
Apr 08	5:00	EZ Retail Sales	Feb	Y/Y % Chg.	1.8	2.0
Apr 09	21:30	CH Consumer Price Index	Mar	Y/Y % Chg.	1.2	1.3

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