

Weekly Bottom Line

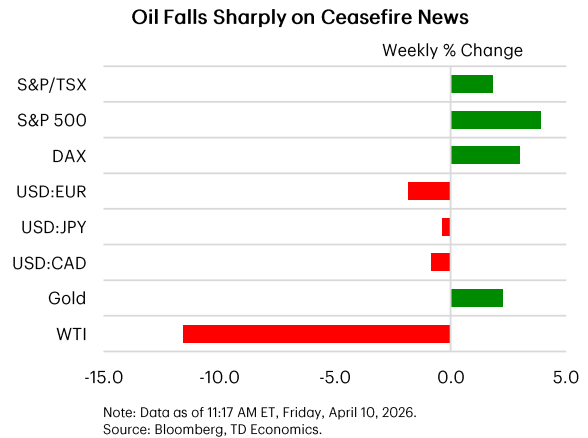
April 10, 2026

Highlights

- The U.S. and Iran agreed to a two-week ceasefire, leading to a sharp drop in oil prices and rally in U.S. equities.
- Headline CPI inflation rose to a nearly two-year high in March, reflecting a surge in gasoline prices.
- Consumer spending remained soft in February, though weather related effects likely had some impact.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6841	6583	6979	5158
S&P/TSX Comp.	33711	33108	34541	23015
DAX	23863	23168	25421	20374
FTSE 100	10599	10436	10911	7913
Nikkei	56924	53123	58850	33586
Fixed Income Yields				
U.S. 10-yr Treasury	4.30	4.34	4.60	3.94
Canada 10-yr Bond	3.45	3.48	3.60	3.04
Germany 10-yr Bund	3.05	2.99	3.09	2.44
UK 10-yr Gilt	4.81	4.83	4.99	4.23
Japan 10-yr Bond	2.44	2.39	2.44	1.26
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.72	0.72	0.74	0.71
Euro (USD per EUR)	1.17	1.15	1.20	1.11
Pound (USD per GBP)	1.35	1.32	1.38	1.30
Yen (JPY per USD)	159.1	159.7	160.3	140.9
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	98.6	111.5	113.0	55.3
Natural Gas (\$US/MMBtu)	2.78	2.85	30.72	2.65
Copper (\$US/met. tonne)	12585.9	12287.9	13524.2	9003.5
Gold (\$US/troy oz.)	4782.9	4676.8	5417.2	3176.2

*As of 11:17 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.



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 4-10-26	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	3.78	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	4.91	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.

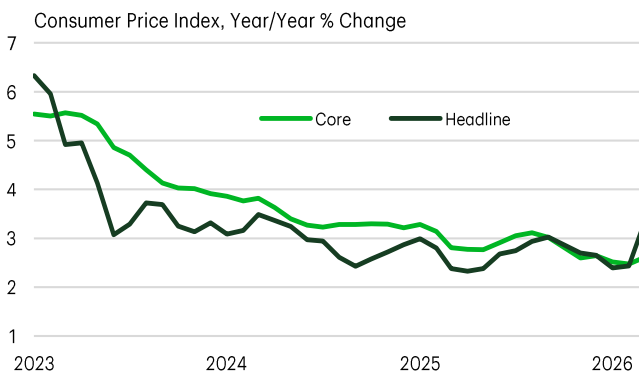
Tenuous Ceasefire Brings Relief Rally

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The ongoing conflict in the Middle East remained the focal point for investors this week, despite a heavy economic data calendar, which included more early reads of March data and minutes from the Fed's last meeting. Financial markets exhaled a major sigh of relief following the U.S. and Iran agreeing to a two-week ceasefire. Oil prices fell by more than \$18 per barrel on the news – its sharpest one-day decline in six-years – with WTI and Brent both sitting just below \$100 per barrel. Meanwhile, U.S. equities rallied on Wednesday and have held the gains through Friday, with the S&P 500 looking to end the week up 3.8% – its best weekly showing since May 2025. That said, the situation remains incredibly tenuous, as major issues regarding Iran's nuclear program and their control over the Strait of Hormuz remain unresolved.

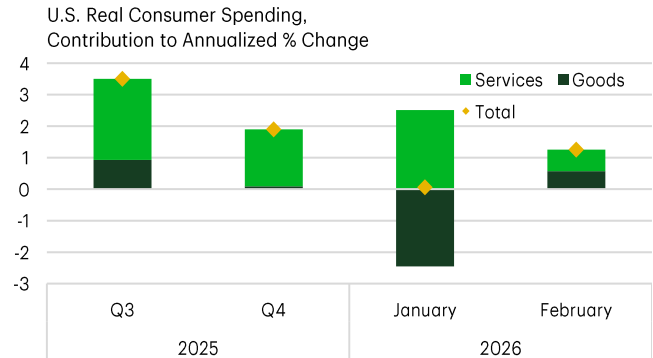
The March CPI inflation report provided the first glimpse of the effects that the energy shock is having on American households. Headline inflation grew at its fastest monthly rate since June 2022, pushing the year-ago measure to a near two-year high of 3.3% (Chart 1). Unsurprisingly, most of the upward pressure came from a spike in gasoline prices, which rose 21% month/month. But after removing the effects of food and energy, there was little evidence to suggest that higher energy prices are bleeding into the core measure. That isn't surprising, as it'll likely take a few months for these effects to show up. What is working to keep core inflation elevated is continued passthrough from last year's tariff increases as well

Chart 1: U.S. Headline Inflation Jumps to Near Two-Year High in March



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

Chart 2: Spending Has Continued to Soften Through Early-2026



Source: U.S. Bureau of Economic Analysis, TD Economics.

as sticky services prices. The secondary effects from the energy shock will only compound these lingering price pressures in the months ahead, likely leading to some upward drift on core measures of inflation.

This is already causing hesitation among some Fed officials on whether they should maintain a cutting bias. The minutes from the Federal Reserve's March 17-18 meeting showed that a growing group of policymakers felt that interest rate hikes might be needed to counter inflation, particularly if the conflict were to drag on. The key word here being "might". On balance, "many participants" still have rate cuts in their baseline forecast. The growing divergence suggests that any further move to lower rates isn't likely to happen until there's clear evidence that inflation is on a more sustainable path back to the Fed's 2% target. This is unlikely to happen before September.

For the time being, the focus will remain squarely on the economic data. While backward looking, the February income and spending figures showed some softening in consumer spending to start the year (Chart 2). However, weather related effects were at least partially to blame for the slowdown. Importantly, March data have shown a rebound in activity, with [non-farm payrolls](#) more than reversing February's pullback and vehicle sales reaching a six-month high. At the same time, roughly half of households have now filed their taxes, with the average refund totaling \$3,521 – up \$350 from last year. This should provide some near-term cushion to help offset the impact of higher energy costs.

Exhibits

Recent Key Economic Indicators: Apr 3 - Apr 10					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Apr 03	Change in Nonfarm Payrolls	Mar	Thsd	178.0	-133.0
Apr 03	Average Hourly Earnings	Mar	M/M % Chg.	0.2	0.4
Apr 03	Unemployment Rate	Mar	%	4.3	4.4
Apr 03	S&P Global US Services PMI	Mar	Index	49.8	51.1
Apr 03	S&P Global US Composite PMI	Mar	Index	50.3	51.4
Apr 06	ISM Services Index	Mar	Index	54.0	56.1
Apr 07	Durable Goods Orders	Feb	M/M % Chg.	-1.4	-0.4
Apr 07	Cap Goods Orders Nondef Ex Air	Feb	M/M % Chg.	0.6	-0.3
Apr 09	Initial Jobless Claims	Apr 04	Thsd	219.0	203.0
Apr 09	Personal Income	Feb	M/M % Chg.	-0.1	0.4
Apr 09	Real Personal Spending	Feb	M/M % Chg.	0.1	0.0
Apr 09	Gross Domestic Product Annualized	4Q	Q/Q % Chg.	0.5	0.7
Apr 09	Personal Consumption	4Q	Q/Q % Chg.	1.9	2.0
Apr 09	Wholesale Trade Sales	Feb	M/M % Chg.	2.7	1.1
Apr 10	Consumer Price Index	Mar	M/M % Chg.	0.9	0.3
Apr 10	Consumer Price Index	Mar	Y/Y % Chg.	3.3	2.4
Apr 10	Factory Orders	Feb	M/M % Chg.	0.0	0.0
Apr 10	Factory Orders Ex Trans	Feb	M/M % Chg.	1.2	0.5
Apr 10	Durable Goods Orders	Feb	M/M % Chg.	-1.3	-1.4
Apr 10	Cap Goods Orders Nondef Ex Air	Feb	M/M % Chg.	0.7	0.6
Canada					
Apr 10	Net Change in Employment	Mar	Thsd	14.1	-83.9
Apr 10	Unemployment Rate	Mar	%	6.7	6.7
International					
Apr 08	EZ Retail Sales	Feb	Y/Y % Chg.	1.7	2.0
Apr 09	CH Consumer Price Index	Mar	Y/Y % Chg.	1.0	1.3

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Apr 13 - 17						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Apr 13	10:00	Existing Home Sales	Mar	Mlns	4.1	4.1
Apr 13	18:20	<i>Fed's Miran in Moderated Conversation</i>				
Apr 14	6:00	NFIB Small Business Optimism	Mar	Index	-	98.8
Apr 14	8:30	PPI Final Demand	Mar	M/M % Chg.	1.2	0.7
Apr 14	8:30	PPI Ex Food and Energy	Mar	M/M % Chg.	0.5	0.5
Apr 14	12:15	<i>Fed's Goolsbee Speaks at Semafor World Economy 2026</i>				
Apr 14	12:45	<i>Fed's Barr Speaks on Rural Economic Development</i>				
Apr 14	13:00	<i>Fed's Paulson, Collins, Barkin and Barr in Fireside Chat</i>				
Apr 15	8:30	Empire Manufacturing	Apr	Index	-	-0.2
Apr 15	8:30	<i>Fed's Barr in Moderated Discussion</i>				
Apr 15	10:00	NAHB Housing Market Index	Apr	Index	-	38.0
Apr 15	13:45	<i>Fed's Bowman Speaks at IIF Forum</i>				
Apr 15	14:00	<i>Fed Releases Beige Book</i>				
Apr 16	8:30	Initial Jobless Claims	Apr 11	Thsd	-	219.0
Apr 16	8:35	<i>Fed's Williams Gives Keynote Remarks</i>				
Apr 16	9:15	Industrial Production	Mar	M/M % Chg.	0.1	0.2
Apr 16	9:15	Manufacturing (SIC) Production	Mar	M/M % Chg.	-	0.2
Apr 16	9:15	Capacity Utilization	Mar	%	76.3	76.3
Apr 16	10:35	<i>Fed's Miran Speaks in Moderated Discussion</i>				
Apr 17	12:15	<i>Barkin Repeats Economic Outlook Speech</i>				
Apr 17	14:00	<i>Fed's Waller Speaks on Economic Outlook</i>				
Canada						
Apr 15	8:30	Manufacturing Sales	Feb	M/M % Chg.	3.8	-3.0
Apr 16	5:00	Existing Home Sales	Mar	M/M % Chg.	-	-1.3
Apr 16	7:00	CFIB Business Barometer	Apr	Index	-	55.8
Apr 17	8:15	Housing Starts	Mar	Thsd	250.0	250.9
International						
Apr 15	22:00	CH Retail Sales	Mar	Y/Y % Chg.	2.4	-
Apr 15	22:00	CH Surveyed Jobless Rate	Mar	%	5.2	5.3
Apr 16	2:00	UK Gross Domestic Product	Feb	3M/3M % Chg.	0.2	0.2
Apr 16	5:00	EZ Consumer Price Index	Mar	Y/Y % Chg.	2.5	2.5

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

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