# TD Economics

# Weekly Bottom Line

April 17, 2026

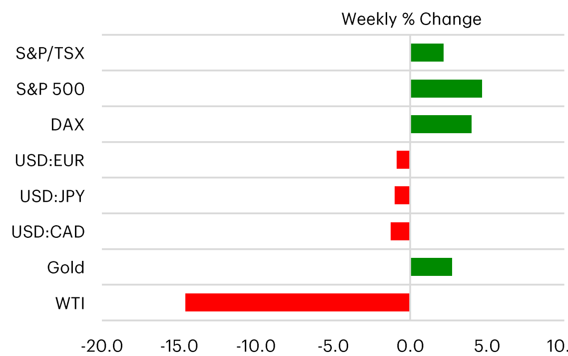
## Highlights

- Oil prices plummeted Friday morning as Iran declared the Strait of Hormuz fully open to commercial traffic during the 10-day cease fire between Israel and Lebanon.
- The producer price index rose to a three year high of 4% year-on-year in March, as energy prices rose sharply during the month.
- Federal Reserve officials generally voiced caution in public comments this week, as uncertainty related to the duration of the conflict complicates monetary policy deliberations.

| This Week in the Markets | | | | |
|---|---|---|---|---|
| | Current* | Week Ago | 52-Week High | 52-Week Low |
| **Stock Market Indexes** | | | | |
| S&P 500 | 7136 | 6817 | 7136 | 5158 |
| S&P/TSX Comp. | 34431 | 33696 | 34541 | 24009 |
| DAX | 24758 | 23804 | 25421 | 21206 |
| FTSE 100 | 10654 | 10601 | 10911 | 8276 |
| Nikkei | 58476 | 56924 | 59518 | 34221 |
| **Fixed Income Yields** | | | | |
| U.S. 10-yr Treasury | 4.23 | 4.32 | 4.60 | 3.94 |
| Canada 10-yr Bond | 3.43 | 3.47 | 3.60 | 3.04 |
| Germany 10-yr Bund | 2.95 | 3.06 | 3.09 | 2.44 |
| UK 10-yr Gilt | 4.73 | 4.84 | 4.99 | 4.23 |
| Japan 10-yr Bond | 2.42 | 2.44 | 2.47 | 1.26 |
| **Foreign Exchange Cross Rates** | | | | |
| C$ (USD per CAD) | 0.73 | 0.72 | 0.74 | 0.71 |
| Euro (USD per EUR) | 1.18 | 1.17 | 1.20 | 1.11 |
| Pound (USD per GBP) | 1.36 | 1.35 | 1.38 | 1.30 |
| Yen (JPY per USD) | 157.7 | 159.3 | 160.3 | 140.9 |
| **Commodity Spot Prices**** | | | | |
| Crude Oil ($US/bbl) | 82.1 | 96.6 | 113.0 | 55.3 |
| Natural Gas ($US/MMBtu) | 2.79 | 2.64 | 30.72 | 2.64 |
| Copper ($US/met. tonne) | 13206.2 | 12819.4 | 13524.2 | 9118.2 |
| Gold ($US/troy oz.) | 4879.5 | 4749.8 | 5417.2 | 3177.3 |

*As of 10:50 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 Plunges And Markets Rally As Strait of Hormuz Reopens




Note: Data as of 10:49 AM ET, Friday, April 17, 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 | 2025 | | | | 2026 | | | | 2027 | | | |
| | 4-17-26 | 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 | 3.75 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 |
| 2-yr Govt. Bond Yield | 3.69 | 3.89 | 3.72 | 3.60 | 3.47 | 3.79 | 3.70 | 3.40 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 |
| 10-yr Govt. Bond Yield | 4.23 | 4.23 | 4.24 | 4.16 | 4.18 | 4.30 | 4.30 | 4.15 | 4.10 | 4.10 | 4.10 | 4.10 | 4.10 |
| 30-yr Govt. Bond Yield | 4.87 | 4.59 | 4.78 | 4.73 | 4.84 | 4.88 | 4.90 | 4.70 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 |

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

## Temporary Reopening of Strait of Hormuz Boosts Financial Markets

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As the seventh week of the conflict in the Middle East comes to a close, the attention of financial markets remains squarely focused on the comments of officials in relation to a sustained resolution. Iran's foreign minister announced Friday morning that the Strait of Hormuz would be open to commercial traffic during the recently negotiated 10-day ceasefire between Israel and Lebanon. This was met by a positive reaction in financial markets, but geopolitical risks are likely to remain elevated until a permanent resolution is achieved. The S&P 500 rose 4.4% this week to a new all-time high (Chart 1), while WTI oil fell 16% to $81/barrel as of the time of writing.

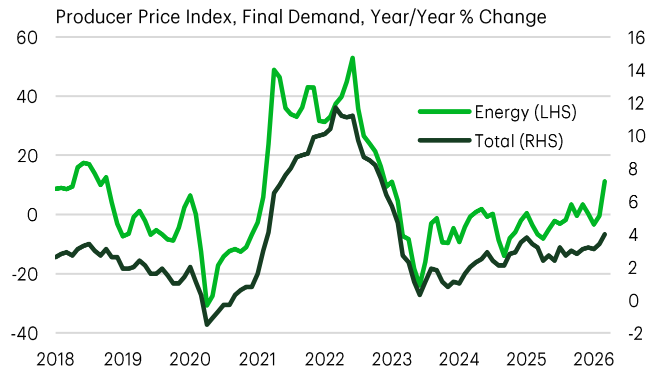
Economic data releases were sparse this week, but we did get an update on the housing market, which showed a 3.6% decline in existing home sales in March. The conflict in the Middle East and concerns regarding its impact on inflation has led to upward pressure on U.S. Treasury yields and subsequently mortgage rates. With mortgage rates continuing to fluctuate near a 6-month high of 6.4%, housing demand is likely to remain soft to start the spring buying season.

On the inflation front, the producer price index showed a sharp uptick in March, with energy prices driving the annual percentage change in the final demand index to 4% - the highest level since early 2023 (Chart 2). Similar to the March consumer price index report, spillover of higher energy prices into core inflation was largely absent, but this will be a key risk the Federal Reserve will be monitoring moving forward. If the current downward trend in oil prices is substantiated by a concrete resolution to the current supply disruptions in the Middle East, then this inflation shock is likely to prove transitory. However, risks remain skewed to the contrary the longer it takes for a permanent resolution to be achieved, with material impacts on households and businesses already occurring.

**Chart 1: Equity Markets Gaining Momentum on Easing Geopolitcal Tensions**


Source: Standard & Poor's, TD Economics.

**Chart 2: Producer Price Growth Notches 3-Year High on Rising Energy Costs**




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

In the Federal Reserve Beige Book for April 2026, the conflict was cited as a major source of uncertainty that complicated decisions around hiring, pricing, and capital investments. In addition to higher energy costs, which were reported across all regions, businesses also reported facing input cost pressures from tariffs on metal products – which were expanded at the start of April – in addition to higher technology costs. Cumulatively, businesses noted these pressures were leading to margin compression, which could weigh on economic growth moving forward when combined with elevated uncertainty.

Comments from Federal Reserve officials this week were cautious overall. New York Fed President Williams stated on Thursday that stagflation risks were a concern, but also that the current stance of monetary policy was well-positioned to deal with the impacts of the conflict. Chicago Fed President Goolsbee also noted this week that the longer the conflict persists, the less likely rate cuts are for this year. In the wake of lower oil prices Friday morning, markets have increased bets to better than 50-50 that the Fed will cut rates a quarter point by the end of the year.

# Exhibits

| Recent Key Economic Indicators: Apr 13 - Apr 17 | | | | | | |
|---|---|---|---|---|---|---|
| Release Date | | Economic Indicator/Event | Data for Period | Units | Current | Prior |
| **United States** | | | | | | |
| Apr 13 | | Existing Home Sales | Mar | Mlns | 3.98 | 4.13 |
| Apr 14 | | NFIB Small Business Optimism | Mar | Index | 95.8 | 98.8 |
| Apr 14 | | PPI Final Demand | Mar | M/M % Chg. | 0.5 | 0.5 |
| Apr 14 | | PPI Ex Food and Energy | Mar | M/M % Chg. | 0.1 | 0.3 |
| Apr 15 | | Empire Manufacturing | Apr | Index | 11.0 | -0.2 |
| Apr 15 | | NAHB Housing Market Index | Apr | Index | 34.0 | 38.0 |
| Apr 16 | | Initial Jobless Claims | Apr 11 | Thsd | 207.0 | 218.0 |
| Apr 16 | | Industrial Production | Mar | M/M % Chg. | -0.5 | 0.7 |
| Apr 16 | | Manufacturing (SIC) Production | Mar | M/M % Chg. | -0.1 | 0.4 |
| Apr 16 | | Capacity Utilization | Mar | % | 75.7 | 76.1 |
| **Canada** | | | | | | |
| Apr 15 | | Manufacturing Sales | Feb | M/M % Chg. | 3.6 | -3.1 |
| Apr 16 | | Existing Home Sales | Mar | M/M % Chg. | -0.1 | -1.3 |
| Apr 16 | | CFIB Business Barometer | Apr | Index | 58.5 | 55.7 |
| Apr 17 | | Housing Starts | Mar | Thsd | 235.9 | 251.0 |
| **International** | | | | | | |
| Apr 15 | CH | Retail Sales | Mar | Y/Y % Chg. | 1.7 | - |
| Apr 15 | CH | Surveyed Jobless Rate | Mar | % | 5.4 | 5.3 |
| Apr 16 | UK | Gross Domestic Product | Feb | 3M/3M % Chg. | 0.5 | 0.1 |
| Apr 16 | EZ | Consumer Price Index | Mar | Y/Y % Chg. | 2.6 | 2.5 |

Source: Bloomberg, TD Economics.

| Upcoming Economic Releases and Events: Apr 20 - 24 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Release Date | Time* | | Economic Indicator/Event | Data for Period | Units | Consensus Forecast | Last Period |
| **United States** | | | | | | | |
| Apr 21 | 8:30 | | Retail Sales Advance | Mar | M/M % Chg. | 1.3 | 0.6 |
| Apr 21 | 8:30 | | Retail Sales Ex Auto and Gas | Mar | M/M % Chg. | 0.2 | 0.4 |
| Apr 21 | 10:00 | | Business Inventories | Feb | M/M % Chg. | 0.3 | -0.1 |
| Apr 23 | 8:30 | | Initial Jobless Claims | Apr 18 | Thsd | 210.0 | 207.0 |
| Apr 23 | 9:45 | | S&P Global US Manufacturing PMI | Apr | Index | 52.7 | 52.3 |
| Apr 23 | 9:45 | | S&P Global US Services PMI | Apr | Index | 50.3 | 49.8 |
| Apr 23 | 9:45 | | S&P Global US Composite PMI | Apr | Index | 50.5 | 50.3 |
| **Canada** | | | | | | | |
| Apr 20 | 8:30 | | Consumer Price Index NSA | Mar | M/M % Chg. | 1.1 | 0.5 |
| Apr 20 | 8:30 | | Consumer Price Index | Mar | Y/Y % Chg. | 2.6 | 1.8 |
| Apr 20 | 11:30 | | BoC Business Outlook Survey | 1Q | | | |
| Apr 20 | 11:30 | | BoC Canadian Survey of Consumer Expectations | 1Q | | | |
| Apr 23 | 8:30 | | Industrial Product Price | Mar | M/M % Chg. | - | 0.4 |
| Apr 24 | 8:30 | | Retail Sales | Feb | M/M % Chg. | 0.9 | 1.1 |
| Apr 24 | 8:30 | | Retail Sales Ex Auto | Feb | M/M % Chg. | 0.8 | 0.8 |
| **International** | | | | | | | |
| Apr 21 | 2:00 | UK | ILO Unemployment Rate | Feb | % | 5.2 | 5.2 |
| Apr 22 | 2:00 | UK | Consumer Price Index | Mar | Y/Y % Chg. | 3.3 | 3.0 |
| Apr 23 | 19:30 | JN | Natl Consumer Price Index | Mar | Y/Y % Chg. | 1.4 | 1.3 |
| Apr 24 | 2:00 | UK | Retail Sales Ex Auto Fuel | Mar | Y/Y % Chg. | 2.0 | 3.4 |

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