

## Weekly Bottom Line

May 8, 2026

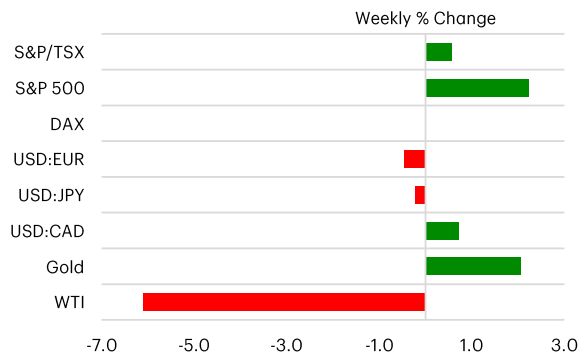
### Highlights

- U.S. payroll growth was solid in April, defying market expectations, while the unemployment rate held steady at 4.3%.
- Historically lean jobless claims reaffirmed a muted environment for layoffs, while the ISM Services Index signaled continued expansion in the services side of the economy.
- Volatility in oil prices continued this week as WTI crude oil retreated from \$105 per barrel to the mid-\$90s later in the week on hopes of a breakthrough in U.S.-Iran negotiations.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
<b>Stock Market Indexes</b>				
S&P 500	7385	7230	7385	5660
S&P/TSX Comp.	34069	33891	34541	25254
DAX	24321	24292	25421	22301
FTSE 100	10234	10364	10911	8532
Nikkei	62714	59513	62834	36929
<b>Fixed Income Yields</b>				
U.S. 10-yr Treasury	4.36	4.37	4.60	3.94
Canada 10-yr Bond	3.48	3.53	3.61	3.04
Germany 10-yr Bund	3.01	3.04	3.11	2.48
UK 10-yr Gilt	4.91	4.96	5.07	4.23
Japan 10-yr Bond	2.48	2.52	2.53	1.34
<b>Foreign Exchange Cross Rates</b>				
C\$ (USD per CAD)	0.73	0.74	0.74	0.71
Euro (USD per EUR)	1.18	1.17	1.20	1.11
Pound (USD per GBP)	1.36	1.36	1.38	1.30
Yen (JPY per USD)	156.6	157.0	160.4	142.6
<b>Commodity Spot Prices**</b>				
Crude Oil (\$US/bbl)	95.3	101.9	113.0	55.3
Natural Gas (\$US/MMBtu)	2.70	2.63	30.72	2.54
Copper (\$US/met. tonne)	13331.3	12916.4	13524.2	9477.3
Gold (\$US/troy oz.)	4707.9	4614.2	5417.2	3177.3

\*As of 11:19 AM on Friday. \*\*Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

### Equities Rise As Oil Prices Fall on U.S.-Iran Deal Optimism



Note: Data as of 11:42 AM ET, Friday, May 8, 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 5-8-26	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	3.25	3.25	3.25	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.89	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	4.36	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	4.94	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.

## Labor Market Resilient Despite Energy Shock

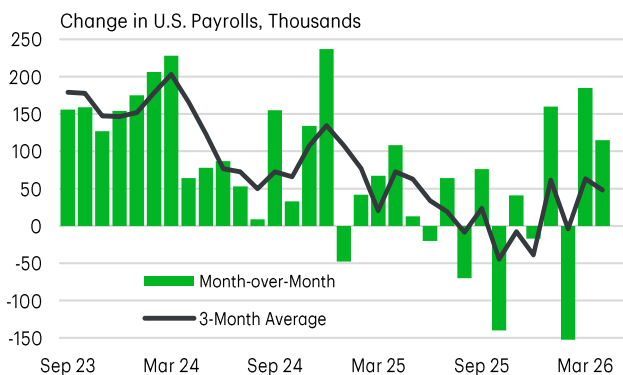
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U.S. financial markets remained firm this week. The S&P 500 advanced roughly 2% to new record highs, supported by a pullback in oil prices and a better-than-expected jobs report. Long-term Treasury yields eased later in the week, with the 10-year note hovering near 4.35% – a hair below last week’s close. Market pricing continues to reflect limited expectations for near-term rate cuts amid ongoing energy market uncertainty and a relatively resilient economy.

Resiliency was on display in the April jobs report, where nonfarm payrolls rose 115,000 – almost double the market consensus forecast. The unemployment rate held steady at 4.3% amid modest declines in both household employment and the labour force. Payrolls were volatile through the first quarter, due in part to factors like inclement weather and a healthcare strike in California. Looking through the volatility, it appears that job growth has picked up from its anemic trend at the end of last year and is now running at a decent pace that’s allowing it to hold the unemployment rate steady (Chart 1). High-frequency indicators reinforced this resilient labour market picture: initial jobless claims remained very low by historical standards, while continuing claims fell to 1.77 million – a new two-year low.

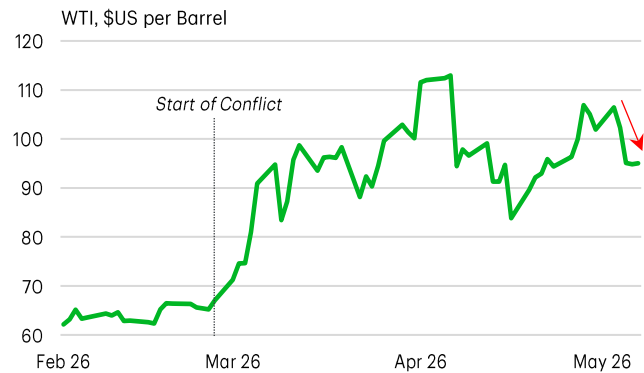
Other economic data lent further support to the resilience theme. The ISM Services Index eased modestly in April but remained comfortably above the 50-point expansion threshold. The details of the report, however, had a few blemishes. New orders recorded a notable

**Chart 1: Payrolls Gains Ease in April, But Remain Above Recent Trend**



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

**Chart 2: Oil Prices Drop On the Week On Improved Hopes of US-Iran Deal**



Source: TD Economics. Daily frequency. Last data point is May 8th as of 10:00 AM.

pullback, while the prices-paid component remained elevated at 70.7 – the highest level since late 2022 and up notably from earlier this year – pointing to persistent cost pressures in the services sector.

With respect to prices, the good news is that the price of WTI crude oil, which had surged above \$105/barrel late last week, fell back to the mid-\$90s over the course of this week (Chart 2). This followed reports of U.S.–Iran negotiations and tentative de-escalation signals around the Strait of Hormuz. While constructive for inflation expectations, sustained disinflation will depend on a more durable resolution to the tensions.

These developments are likely front-of-mind for Fed Chair-nominee Kevin Warsh as he prepares to take the helm. Communication from the Fed this week maintained a cautious stance, with New York Fed President John Williams emphasizing that policy is “well positioned” to balance the risks to the dual mandate. Under the current backdrop, market odds remain strongly in favor of no Fed action over the near term, with the probability that rates are held steady this year still sitting at over 70%. Ultimately, this morning’s better-than-expected jobs report, alongside other high-frequency indicators, helps ease concerns that the U.S. labour market has continued to deteriorate. This should give policymakers more breathing room to assess the extent to which higher energy prices filter into core inflation over the coming months.

## Exhibits

Recent Key Economic Indicators: May 04 - 08					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
<b>United States</b>					
May 04	Factory Orders	Mar	M/M % Chg.	1.5	0.3
May 04	Factory Orders Ex Trans	Mar	M/M % Chg.	1.6	1.6
May 04	Durable Goods Orders	Mar	M/M % Chg.	0.8	0.8
May 04	Cap Goods Orders Nondef Ex Air	Mar	M/M % Chg.	3.4	3.3
May 05	Trade Balance	Mar	Blns	-60.30	-57.80
May 05	S&P Global US Services PMI	Apr	Index	51.0	51.3
May 05	S&P Global US Composite PMI	Apr	Index	51.7	52.0
May 05	ISM Services Index	Apr	Index	53.6	54.0
May 05	New Home Sales	Feb & Mar	Thsd	635.0	583.0
May 06	ADP Employment Change	Apr	Thsd	109.0	61.0
May 07	Unit Labor Costs	1Q	Q/Q % Chg.	2.3	4.6
May 07	Initial Jobless Claims	May 02	Thsd	200.0	190.0
May 08	Change in Nonfarm Payrolls	Apr	Thsd	115.0	185.0
May 08	Average Hourly Earnings	Apr	M/M % Chg.	0.2	0.2
May 08	Unemployment Rate	Apr	%	4.3	4.3
May 08	Wholesale Trade Sales	Mar	M/M % Chg.	2.8	2.6
<b>Canada</b>					
May 05	Int'l Merchandise Trade	Mar	Blns	1.78	-5.11
May 08	Net Change in Employment	Apr	Thsd	-17.7	14.1
May 08	Unemployment Rate	Apr	%	6.9	6.7
<b>International</b>					
May 07	EZ Retail Sales	Mar	Y/Y % Chg.	1.2	1.3

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: May 11 - 15, 2026						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
<b>United States</b>						
May 11	10:00	Existing Home Sales	Apr	Mlns	4.05	3.98
May 12	6:00	NFIB Small Business Optimism	Apr	Index	96.0	95.8
May 12	8:30	Consumer Price Index	Apr	Y/Y % Chg.	3.7	3.3
May 12	8:30	Consumer Price Index	Apr	M/M % Chg.	0.6	0.9
May 12	8:30	Core Consumer Price Index	Apr	Y/Y % Chg.	2.7	2.6
May 12	8:30	Core Consumer Price Index	Apr	M/M % Chg.	0.3	0.2
May 12	11:00	<i>NY Fed Quarterly Report on Household Debt and Credit</i>				
May 12	13:00	<i>Fed's Goolsbee Speaks at Greater Rockford Chamber of Commerce</i>				
May 13	8:30	PPI Ex Food and Energy	Apr	M/M % Chg.	0.3	0.1
May 13	8:30	PPI Final Demand	Apr	M/M % Chg.	0.5	0.5
May 13	11:30	<i>Fed's Collins Speaks on US Economy</i>				
May 13	13:15	<i>Fed's Kashkari in Moderated Discussion</i>				
May 14	8:30	Initial Jobless Claims	May 9	Thsd	206.0	200.0
May 14	8:30	Retail Sales Advance	Apr	M/M % Chg.	0.5	1.7
May 14	8:30	Retail Sales Ex Auto and Gas	Apr	M/M % Chg.	0.4	0.6
May 14	10:00	Business Inventories	Mar	M/M % Chg.	0.3	0.4
May 14	13:00	<i>Fed's Hammack Gives Opening Remarks</i>				
May 14	17:30	<i>Fed's Barr Speaks at Money Marketeters</i>				
May 15	8:30	Empire Manufacturing	May	Index	8.0	11.0
May 15	9:15	Capacity Utilization	Apr	%	75.8	75.7
May 15	9:15	Industrial Production	Apr	M/M % Chg.	0.2	-0.5
May 15	9:15	Manufacturing (SIC) Production	Apr	M/M % Chg.	0.1	-0.1
<b>Canada</b>						
May 11	10:30	<i>Bank of Canada Releases Market Participants Survey</i>				
May 13	13:30	<i>Bank of Canada Releases Summary of Deliberations</i>				
May 13	TBD	<i>External Deputy Governor Alexopoulos Speaks at Ottawa Economics Association</i>				
May 14	5:00	Existing Home Sales	Apr	M/M % Chg.	-	-0.1
May 14	8:30	Wholesale Sales ex Petroleum	Mar	M/M % Chg.	1.4	2.0
May 15	8:15	Housing Starts	Apr	Thsd	242.5	235.9
May 15	8:30	Manufacturing Sales	Mar	M/M % Chg.	3.5	3.6
<b>International</b>						
May 13	5:00	EZ Employment	Q1	Y/Y % Chg.	-	0.7
May 13	5:00	EZ Gross Domestic Product SA	Q1	Y/Y % Chg.	0.8	0.8
May 14	2:00	UK Gross Domestic Product	Q1	Y/Y % Chg.	0.8	1.0

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

## Disclaimer

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