

Weekly Bottom Line

September 11, 2026

Highlights

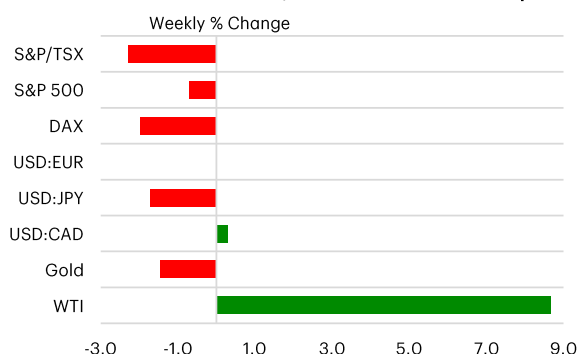
- U.S. Treasury yields approached their post-pandemic high as oil prices briefly surpassed \$100/barrel.
- August producer and consumer inflation picked up on the back of higher energy prices, while core inflation pressures also firmed.
- Markets raised the implied probability of a rate hike to roughly 90% ahead of next week's Federal Reserve meeting.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	7663	7719	7799	6344
S&P/TSX Comp.	35657	36514	36958	29284
DAX	25525	26046	26570	22301
FTSE 100	10646	10831	10911	9196
Nikkei	64011	65021	72366	44373
Fixed Income Yields				
U.S. 10-yr Treasury	4.94	4.78	4.96	3.94
Canada 10-yr Bond	3.92	3.78	3.95	3.04
Germany 10-yr Bund	3.52	3.34	3.52	2.55
UK 10-yr Gilt	5.35	5.13	5.37	4.23
Japan 10-yr Bond	2.99	2.92	3.03	1.58
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.72	0.72	0.74	0.70
Euro (USD per EUR)	1.16	1.16	1.20	1.14
Pound (USD per GBP)	1.35	1.35	1.38	1.30
Yen (JPY per USD)	153.6	156.3	163.9	146.5
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	99.62	91.48	113.0	55.3
Natural Gas (\$US/MMBtu)	2.74	2.92	33.80	0.26
Copper (\$US/met. tonne)	14222.9	14490.2	14809.0	9868.9
Gold (\$US/troy oz.)	4363.1	4430.0	5417.2	3634.1

*As of 11:09 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Stocks Retreat as Oil Rises, Global Bond Selloff Deepens



Note: Data as of 11:07 AM ET, Friday, September 11, 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)	2.65%
Bank of England (Repo Rate)	3.75%
Bank of Japan (Overnight Rate)	1.00%

Source: Bloomberg.

TD Economics Key Financial Forecasts

	Current Rate	2025				2026				2027			
	9-11-26	Q1	Q2	Q3	Q4	Q1	Q2	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	3.75	3.75	3.75	3.50	3.25
2-yr Govt. Bond Yield	4.61	3.89	3.72	3.60	3.47	3.79	4.14	4.10	3.90	3.65	3.45	3.40	3.35
10-yr Govt. Bond Yield	4.94	4.23	4.24	4.16	4.18	4.30	4.44	4.60	4.50	4.45	4.30	4.25	4.20
30-yr Govt. Bond Yield	5.33	4.59	4.78	4.73	4.84	4.88	4.91	5.15	5.00	4.95	4.80	4.75	4.70

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

All Eyes Turn to the Fed After Inflation Pressures Firmed in August

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The holiday-shortened week proved to be eventful, with U.S. Treasury yields flirting with their post-pandemic peak (Chart 1) and oil prices briefly breaching \$100/barrel for the first time in four months. The two developments are partially related, as rising energy costs have bolstered expectations for tighter monetary policy. However, a higher term premium has also played a role, reflecting increased compensation demanded by investors to hold longer-dated U.S. government debt (see [here](#)). Against this backdrop, equities struggled, with the S&P 500 down 0.7% on the week as of the time of writing.

Energy prices marched higher throughout the week as tensions between the U.S. and Iran flared up periodically but paused on Friday amid signs of diplomatic efforts between Iran and several Gulf states to reopen the Strait of Hormuz. Many of the factors that helped to contain energy prices through the summer, both domestically and internationally, are no longer providing the same degree of support. As the recent rise in oil prices illustrates, this could leave energy prices more vulnerable to any further escalation in geopolitical tensions.

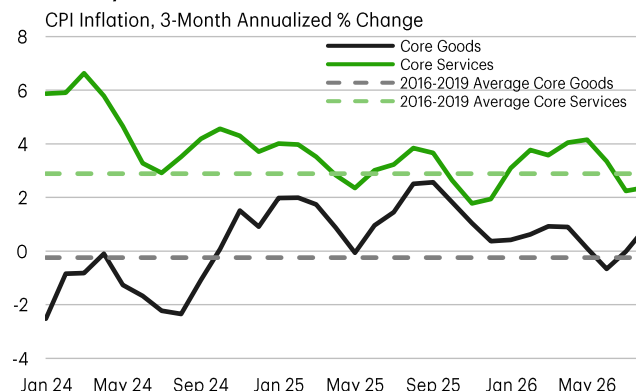
August's CPI inflation data released on Friday only captured a modest uptick in energy prices during the month, but it was still sufficient to generate an acceleration in headline inflation. The producer price index rose 0.4% in August, bringing the annual change to 5.4%, as higher energy costs filtered through supply chains. In the six months since the start of the conflict in the Middle East, producer prices have risen by 2.7%, com-

Chart 1: U.S. Treasury Yields Near Multi-Decade High



Source: Federal Reserve, TD Economics.

Chart 2: Recent Acceleration in U.S. Core Inflation Primarily Driven by Goods



Source: Bureau of Labor Statistics, TD Economics. Last Observation: August 2026.

pared with a 2.0% increase in consumer prices. If this gap reflects margin compression, the recent increase in energy prices could generate greater pass-through to consumer prices if sustained.

On the consumer side, headline and core inflation accelerated to 0.4% and 0.3% month-on-month respectively. The energy price driven uptick in headline inflation was expected, but the acceleration in core inflation, which included broad increases in prices for airfares, hotels, and communication services, was an unwelcome surprise. While the three-month annualized change in core prices sat at 2% in August, the acceleration recorded in both goods and services was more concerning (Chart 2).

Taken together, this week's data paints a complicated picture for next week's Fed interest rate decision. Inflation pressures have undoubtedly trended higher, which seems likely to continue into September with oil prices up roughly 16% since the end of last month. However, energy prices remain volatile and the near-term acceleration in core inflation is young. Combined with the sustained stability in inflation expectations, next week's decision is likely to be a close call. Markets appear slightly more confident, with odds for a hike next week jumping from roughly 70% to 90% following the CPI data release. Chair Warsh's post-meeting press conference and the updated summary of economic projections will be of particular interest, as markets assess the evolution of the Fed's reaction function in an environment of elevated uncertainty. We will be releasing updated economic and financial forecasts the following day.

Exhibits

Recent Key Economic Indicators: Sep 07 - Sep 11, 2026					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Sep 08	NFIB Small Business Optimism	Aug	Index	98.7	99.8
Sep 10	Initial Jobless Claims	Sep 05	Thsd	206.0	207.0
Sep 10	PPI Final Demand	Aug	M/M % Chg.	0.4	0.1
Sep 10	PPI Ex Food and Energy	Aug	M/M % Chg.	0.2	0.3
Sep 10	Existing Home Sales	Aug	Mlns	3.98	4.06
Sep 10	Wholesale Trade Sales	Jul	M/M % Chg.	0.8	-2.9
Sep 11	Core Consumer Price Index	Aug	M/M % Chg.	0.3	0.2
Sep 11	Core Consumer Price Index	Aug	Y/Y % Chg.	2.4	2.5
Sep 11	Consumer Price Index	Aug	M/M % Chg.	0.4	0.1
Sep 11	Consumer Price Index	Aug	Y/Y % Chg.	3.4	3.4
Canada					
Sep 11	National Balance Sheet Accounts	2Q	-	-	-
International					
Sep 07	EZ Gross Domestic Product SA	Q2	Y/Y % Chg.	1.2	1.0
Sep 07	EZ Employment	Q2	Y/Y % Chg.	0.5	0.5
Sep 07	JN Gross Domestic Product Annualized SA	Q2	Q/Q % Chg.	1.4	1.1
Sep 08	CH Consumer Price Index	Aug	Y/Y % Chg.	`	0.5
Sep 10	EZ ECB Main Refinancing Rate	Sep 10	%	2.65	2.40
Sep 11	UK Gross Domestic Product	Jul	3M/3M % Chg.	0.4	0.4
Source: Bloomberg, TD Economics.					

Upcoming Economic Releases and Events: Sep 14 - 18, 2026

Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Sep 15	8:30	Empire Manufacturing	Sep	Index	14.1	20.6
Sep 16	8:30	Retail Sales Advance	Aug	M/M % Chg.	0.9	-0.6
Sep 16	8:30	Retail Sales Ex Auto and Gas	Aug	M/M % Chg.	0.4	-0.2
Sep 16	10:00	Business Inventories	Jul	M/M % Chg.	0.2	0.0
Sep 16	10:00	NAHB Housing Market Index	Sep	Index	34.0	35.0
Sep 16	14:00	FOMC Rate Decision (Upper Bound)	Sep 16	%	4.00	3.75
Sep 17	8:30	Building Permits	Aug	Thsd	1410.0	1433.0
Sep 17	8:30	Housing Starts	Aug	Thsd	1315.0	1239.0
Sep 17	8:30	Initial Jobless Claims	Sep 12	Thsd	-	206.0
Sep 18	9:15	Capacity Utilization	Aug	%	76.4	76.3
Sep 18	9:15	Industrial Production	Aug	M/M % Chg.	0.3	0.2
Canada						
Sep 14	8:30	Consumer Price Index	Aug	Y/Y % Chg.	3.0	3.0
Sep 14	8:30	Consumer Price Index NSA	Aug	M/M % Chg.	0.0	0.5
Sep 14	8:30	Consumer Price Index Ex. Food & Energy	Aug	Y/Y % Chg.	2.1	1.9
Sep 14	8:30	CPI-Median	Aug	Y/Y % Chg.	2.0	2.0
Sep 14	8:30	CPI-Trim	Aug	Y/Y % Chg.	1.9	1.9
Sep 14	8:30	Manufacturing Sales	Jul	M/M % Chg.	-0.2	0.1
Sep 15	5:00	Existing Home Sales	Aug	M/M % Chg.	-	0.5
Sep 15	8:30	Wholesale Sales ex Petroleum	Jul	M/M % Chg.	-0.5	2.8
Sep 16	8:15	Housing Starts	Aug	Thsd	235.0	229.1
Sep 16	13:30	<i>Bank of Canada Releases Summary of Deliberations</i>				
Sep 17	7:00	CFIB Business Barometer	Sep	Index	-	57.6
Sep 17	8:30	Industrial Product Price	Aug	M/M % Chg.	-	0.6
International						
Sep 14	22:00	CH Retail Sales	Aug	Y/Y % Chg.	0.8	0.6
Sep 14	22:00	CH Surveyed Jobless Rate	Aug	%	5.2	5.2
Sep 15	2:00	UK ILO Unemployment Rate (3 Mths.)	Jul	%	4.9	4.9
Sep 16	2:00	UK Consumer Price Index	Aug	Y/Y % Chg.	3.1	2.9
Sep 16	2:00	UK Core Consumer Price Index	Aug	Y/Y % Chg.	2.6	2.6
Sep 17	5:00	EZ Consumer Price Index	Aug	Y/Y % Chg.	3.3	3.3
Sep 17	5:00	EZ Core Consumer Price Index	Aug	Y/Y % Chg.	2.4	2.4
Sep 17	7:00	UK Bank of England Bank Rate	Sep 17	%	3.75	3.75
Sep 17	19:30	JN National Consumer Price Index	Aug	Y/Y % Chg.	2.0	1.9
Sep 18	2:00	UK Retail Sales Ex Auto Fuel	Aug	Y/Y % Chg.	1.9	2.3
Sep 18	-	JN BOJ Policy Rate	Sep 18	%	1.25	1.00

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

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