TD Economics

Weekly Bottom Line

November 27, 2026

Highlights

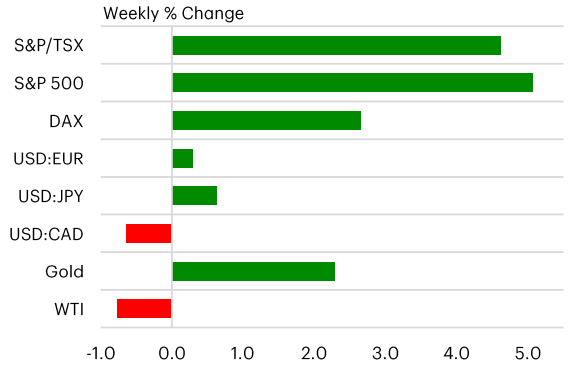
- AI valuation concerns and renewed tariff uncertainty kept markets volatile, even as the S&P 500 and Nasdaq ended the holiday-shortened week higher.
- The proposed tariffs would largely replace or top up existing rates, modestly raising the effective U.S. tariff rate and limiting the incremental growth and inflation impacts.
- Resilient demand and elevated inflation keep further Fed tightening in focus, with next week's employment report a key test of labor-market strength.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	7270	6910	7819	6344
S&P/TSX Comp.	34754	33190	36958	31049
DAX	25442	24803	26772	22301
FTSE 100	10703	10346	10911	9642
Nikkei	58711	56437	72366	49002
Fixed Income Yields				
U.S. 10-yr Treasury	4.91	4.94	5.30	3.94
Canada 10-yr Bond	3.68	3.71	4.00	3.12
Germany 10-yr Bund	3.26	3.30	3.64	2.64
UK 10-yr Gilt	5.18	5.24	5.48	4.23
Japan 10-yr Bond	2.64	2.80	3.13	1.80
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.70	0.70	0.74	0.70
Euro (USD per EUR)	1.09	1.10	1.20	1.09
Pound (USD per GBP)	1.31	1.31	1.38	1.30
Yen (JPY per USD)	159.6	158.6	163.9	152.2
Commodity Spot Prices**				
Crude Oil ($US/bbl)	83.55	83.98	113.0	55.3
Natural Gas ($US/MMBtu)	3.26	3.49	33.80	2.37
Copper ($US/met. tonne)	11863.1	12150.0	14821.0	10956.1
Gold ($US/troy oz.)	3622.3	3538.5	5417.2	3538.5

*As of 11:05 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 Equities Rally Back on AI-Trade Bounce



Note: Data as of 11:18 AM ET, Friday, November 27, 2026.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets

Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	3.75 - 4.00%
Bank of Canada (Overnight Rate)	2.50%
European Central Bank (Refi Rate)	2.65%
Bank of England (Repo Rate)	4.00%
Bank of Japan (Overnight Rate)	1.25%

Source: Bloomberg.

TD Economics Key Financial Forecasts

	Current Rate	2025				2026				2027			
	11-27-26	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	4.00	4.50	4.50	4.25	3.75	3.75	3.75	4.00	4.25	4.50	4.50	4.50	4.50
2-yr Govt. Bond Yield	4.68	3.89	3.72	3.60	3.47	3.79	4.14	4.88	4.85	4.80	4.55	4.25	3.85
10-yr Govt. Bond Yield	4.91	4.23	4.24	4.16	4.18	4.30	4.44	5.29	5.15	5.15	5.00	4.85	4.65
30-yr Govt. Bond Yield	5.31	4.59	4.78	4.73	4.84	4.88	4.91	5.64	5.55	5.55	5.40	5.25	5.05

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

AI-nxiety Meets a Resilient Economy

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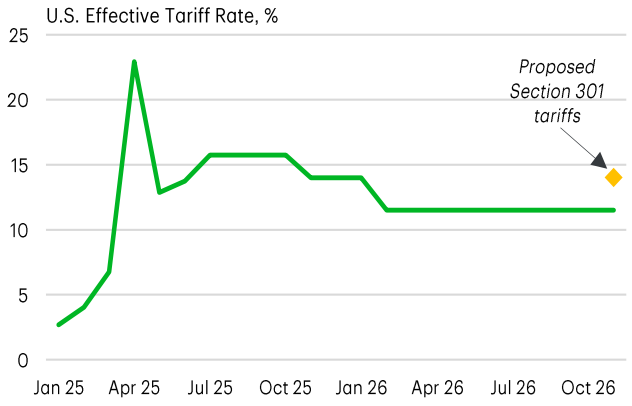
Call it a Huangover, Anthro-panic or simply AI-nxiety, financial markets have been on a bit of a roller coaster this week. After Monday's euphoric rebound gave way to another bout of tech-led selling, investors came back from Thanksgiving in buying mode, with beaten down semiconductor and AI stocks leading the way. But the rebound doesn't yet warrant the "all-clear", as lingering questions regarding the sustainability of AI-valuations, the cost of the investment boom and how much higher rates will need to go, haven't gone away. And, as if markets didn't have enough on their plate, another helping of tariff uncertainty was served up this week. The S&P 500 and Nasdaq were on track to end the week in the black, but remain below their October highs.

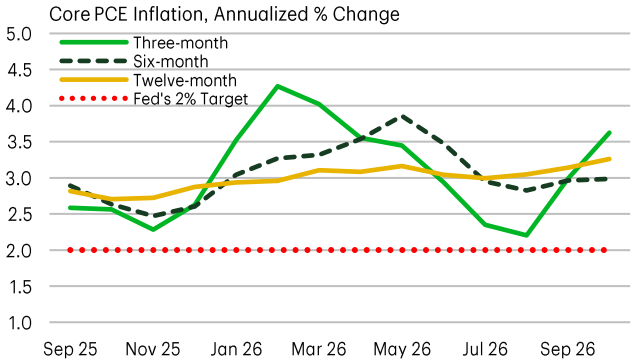
This week's tariff proposal came as little surprise after the U.S. Trade Representative's March announcement of a Section 301 investigation into "structural excess capacity" across 16 economies. Wednesday's announcement advances efforts to rebuild the IEEPA tariff regime struck down by the Supreme Court last February. The proposal targets 14 economies with tariffs generally ranging from 15% to 20%, and higher rates for Singapore, India and Vietnam—the only three without reciprocal trade deals with the U.S. Tariffs would take effect sometime after the January 25, 2027 public hearing. Crucially, most would top up existing rates rather than stack on top. China is the exception: its 20% Section 301 tariff would generally add to its existing 25% rate, bringing the total close to 45%. The incremental increase is modest despite headline rates, as most tariffs replace, formalize or top up existing arrangements. If implemented, the overall U.S. effective tariff rate would rise by 2.5 percentage points to 14% (Chart 1), limiting the growth and inflation impacts.

Chart 1: Effective Tariff Rate to Edge Higher Under New Section 301 Proposal



Source: Yale Budget Lab, TD Economics.

Chart 2: Core Inflation Drifts Further From Target in October



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

Even still, the optics of imposing further tariffs at a time when measures of inflation are drifting further from the Fed's 2% target (Chart 2) aren't great – especially when underlying demand remains robust. The second revision to third quarter GDP showed that the economy expanded at its fastest pace in three years, with most of the strength coming from household spending and business investment. While spending softened in October, the broader backdrop heading into the holiday shopping season remains encouraging (see report). Solid income growth and a sharp rebound in consumer sentiment in November suggest households retain both the capacity and willingness to spend, supporting a reasonably healthy holiday shopping season.

For the Federal Reserve, the combination of resilient demand and still elevated price pressures supports the case for tighter monetary policy. Exactly how much will depend on both the flow of economic data and broader financial conditions. While the recent equity selloff has resulted in a modest tightening in financial conditions, they remain far from stressful levels. Even so, financial conditions will remain a key watchpoint, alongside next week's employment report. Another month of firm hiring and wage growth would reinforce the message that labor demand remains resilient and could push markets to price in a greater risk of additional Fed tightening.

Exhibits

Recent Key Economic Indicators: Nov 23 - 27, 2026						
Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Nov 23		S&P Global US Manufacturing PMI	Nov	Index	54.5	54.9
Nov 23		S&P Global US Services PMI	Nov	Index	54.7	56.1
Nov 23		S&P Global US Composite PMI	Nov	Index	54.6	55.9
Nov 24		Conf. Board Consumer Confidence	Nov	Index	103.3	91.9
Nov 25		Personal Income	Oct	M/M % Chg.	0.7	0.3
Nov 25		Real Personal Spending	Oct	M/M % Chg.	0.0	0.1
Nov 25		Gross Domestic Product Annualized	3Q	Q/Q % Chg.	4.3	3.4
Nov 25		Personal Consumption	3Q	Q/Q % Chg.	4.2	3.8
Nov 25		Initial Jobless Claims	Nov 21	Thsd	189.0	202.0
Nov 25		Durable Goods Orders	Oct	M/M % Chg.	0.2	2.0
Nov 25		Cap Goods Orders Nondef Ex Air	Oct	M/M % Chg.	1.2	0.8
Nov 27		Advance Goods Trade Balance	Oct	Blns	-149.5	-135.1
Canada						
Nov 26		Payroll Employment Change (SEPH)	Sep	Thsd	9.7	-15.7
International						
Nov 26	JN	Tokyo Consumer Price Index	Nov	Y/Y % Chg.	2.8	2.7

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Nov 30 - Dec 04, 2026							
Release Date	Time*		Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States							
Dec 1	9:45		S&P Global US Manufacturing PMI	Nov	Index	-	54.5
Dec 1	10:00		ISM Manufacturing	Nov	Index	55.0	55.5
Dec 1	10:00		Job Openings	Oct	Mlns	7.45	7.52
Dec 2	8:15		ADP Employment Change	Nov	Thsd	80.0	86.0
Dec 3	8:30		Initial Jobless Claims	Nov 28	Thsd	193.0	189.0
Dec 3	9:45		S&P Global US Composite PMI	Nov	Index	-	54.6
Dec 3	9:45		S&P Global US Services PMI	Nov	Index	-	54.7
Dec 3	10:00		Cap Goods Orders Nondef Ex Air	Oct	M/M % Chg.	-	1.2
Dec 3	10:00		Durable Goods Orders	Oct	M/M % Chg.	-	0.2
Dec 3	10:00		Factory Orders	Oct	M/M % Chg.	0.4	1.8
Dec 3	10:00		Factory Orders Ex Trans	Oct	M/M % Chg.	-	1.3
Dec 3	10:00		ISM Services	Nov	Index	54.5	54.5
Dec 4	8:30		Average Hourly Earnings	Nov	M/M % Chg.	0.3	0.4
Dec 4	8:30		Change in Nonfarm Payrolls	Nov	Thsd	90.0	165.0
Dec 4	8:30		Unemployment Rate	Nov	%	4.1	4.1
Canada							
Nov 30	8:30		Gross Domestic Product	Sep	M/M % Chg.	-0.1	0.0
Nov 30	8:30		Gross Domestic Product (Annualized)	Q3	Q/Q % Chg.	1.5	3.3
Dec 4	8:30		Net Change in Employment	Nov	Thsd	20.0	-4.7
Dec 4	8:30		Unemployment Rate	Nov	%	6.6	6.7
International							
Nov 30	18:30	JN	Jobless Rate	Oct	%	2.4	2.4
Nov 30	20:45	CH	RatingDog China PMI Mfg	Nov	Index	51.5	52.0
Dec 1	5:00	EZ	Consumer Price Index	Nov	Y/Y % Chg.	3.8	4.0
Dec 2	5:00	EZ	Unemployment Rate	Oct	%	6.5	6.5
Dec 2	19:30	JN	S&P Global Japan Composite PMI	Nov	Index	-	53.7
Dec 3	4:30	UK	S&P Global UK Composite PMI	Nov	Index	52.3	52.3
Dec 4	5:00	EZ	Retail Sales	Oct	Y/Y % Chg.	0.4	0.4

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

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