Beidou Financial | Capital Markets Weekly

Week ended August 21, 2026

Executive Summary

Facts: Global risk assets ended a difficult week as long-dated sovereign yields rose and oil prices advanced. The S&P; 500 and Nasdaq broke three-week winning streaks; the Dow posted a second weekly decline. U.S. 10-year Treasury yields were around 4.73% Friday and the 30-year yield reached its highest level since 2007 during the week. Brent crude gained 6.39% for the week; gold reached a near three-month high. The U.S. dollar index fell about 0.9% on the week.

Interpretation: The dominant cross-asset issue is the interaction between energy-driven inflation risk, fiscal concerns and higher discount rates. Earnings remain supportive, but elevated yields are increasing the hurdle rate for richly valued growth assets and capital-intensive AI investment.

Equities

Market	Friday / latest	Weekly signal
S&P 500	7,674.10	Lower; 3-week winning streak ended
Nasdaq Composite	26,179.37	Lower; rate-sensitive tech pressured
Dow Jones	53,280.14	Lower; second consecutive weekly loss
S&P/TSX Composite	36,601.49*	~0.3% lower through Friday morning
STOXX Europe 600	-	~1% lower
Nikkei 225	-	~4% lower

Facts: Friday's U.S. rebound did not erase weekly losses. Semiconductors were among the weakest areas during the week as higher yields challenged long-duration valuations. Materials led Friday as gold strengthened. The TSX was supported Friday by miners but remained slightly lower on the week.

Interpretation: Market leadership is broadening intermittently away from the most duration-sensitive technology exposures toward materials, energy and selected defensives. The durability of that rotation depends heavily on yields and energy prices.

Rates & Bonds

Facts: U.S. 10-year yields were about 4.73% Friday; 2-year yields were about 4.24% and up roughly 9 bps on the week. The 30-year yield traded around 5.3% during the week, its highest since 2007. Treasury increased planned long-dated buybacks, but the relief in yields was brief.

Interpretation: The long end is signaling concern about inflation, fiscal supply and term premium rather than simply near-term Fed policy. This remains the week's most important valuation constraint across equities and credit.

FX

Facts: The dollar index was around 98.74 Friday, down about 0.9% on the week. EUR/USD was near 1.169. USD/CAD was around 1.37-1.38; using indicative market levels, CAD/CNY remained around the high-4.8 area. The Canadian dollar was supported by firmer domestic data but remained sensitive to energy prices and global risk appetite.

Interpretation: Dollar weakness alongside rising Treasury yields suggests that fiscal and currency-debasement concerns are competing with the traditional yield-support channel for the USD.

Commodities

Facts: Brent crude gained 6.39% for the week and WTI 5.66%, as U.S.-Iran tensions and sanctions risk kept supply concerns elevated. Gold traded near $4,583/oz Friday and reached its highest level in almost three months.

Interpretation: Energy is acting as both a geopolitical risk premium and an inflation transmission channel. Gold's strength alongside a softer dollar is consistent with demand for scarce and defensive assets amid fiscal and policy uncertainty.

Macro & Central Banks

United States - Facts: August flash services PMI rose to 56.8, the strongest since December 2024; composite PMI reached 56.0, while manufacturing eased to 53.2. The data point to resilient activity despite supply disruptions. Markets also continued to assess a relatively hawkish Federal Reserve policy debate.

Canada - Facts: July CPI accelerated to 3.0% y/y, at the top of the Bank of Canada's target range, largely due to gasoline. CPI-trim was 1.9% and CPI-median 2.0%. June retail sales rose 0.6%, beating the 0.4% consensus.

China - Facts: July industrial output grew 4.5% y/y, below expectations, while retail sales rose only 0.6%. Fixed-asset investment contracted 6.7% in the first seven months of 2026, pointing to softer domestic momentum.

Interpretation: U.S. growth data are not weak enough to neutralize the inflation impulse from energy. Canada shows a split between elevated headline inflation and contained core measures, while China's softer activity remains a counterweight to global demand pressures.

Key Market Themes

1. Bond-market discipline: Long-end yields are increasingly setting the tone for equity multiples and financing conditions. **2. AI capex versus cost of capital:** Semiconductor weakness highlights sensitivity to financing costs even as underlying AI demand remains strong. **3. Energy inflation:** Oil and refined-product constraints are re-entering inflation expectations. **4. Canada:** Headline inflation is elevated, but contained core inflation argues against an automatic tightening response.

Coming Week: What Matters

Facts / calendar: Nvidia reports quarterly results next week. The Federal Reserve's Jackson Hole symposium runs Aug. 27-29, with Chair Kevin Warsh's communication likely to be closely watched. U.S. July PCE inflation is also due.

Beidou Financial interpretation: The near-term balance of risks remains two-sided. Strong earnings and resilient growth support equities, but the combination of high long yields and rising energy costs limits valuation expansion. Volatility may remain elevated around Nvidia, PCE and Jackson Hole, with rates likely to remain the primary cross-asset transmission mechanism.

*TSX level reflects Friday morning Reuters timestamp. Sources: Reuters market coverage, Aug. 17-21, 2026; Statistics Canada and S&P; Global data as reported by Reuters. Market levels are indicative and may vary by timestamp. This report is for general information only and is not investment advice.