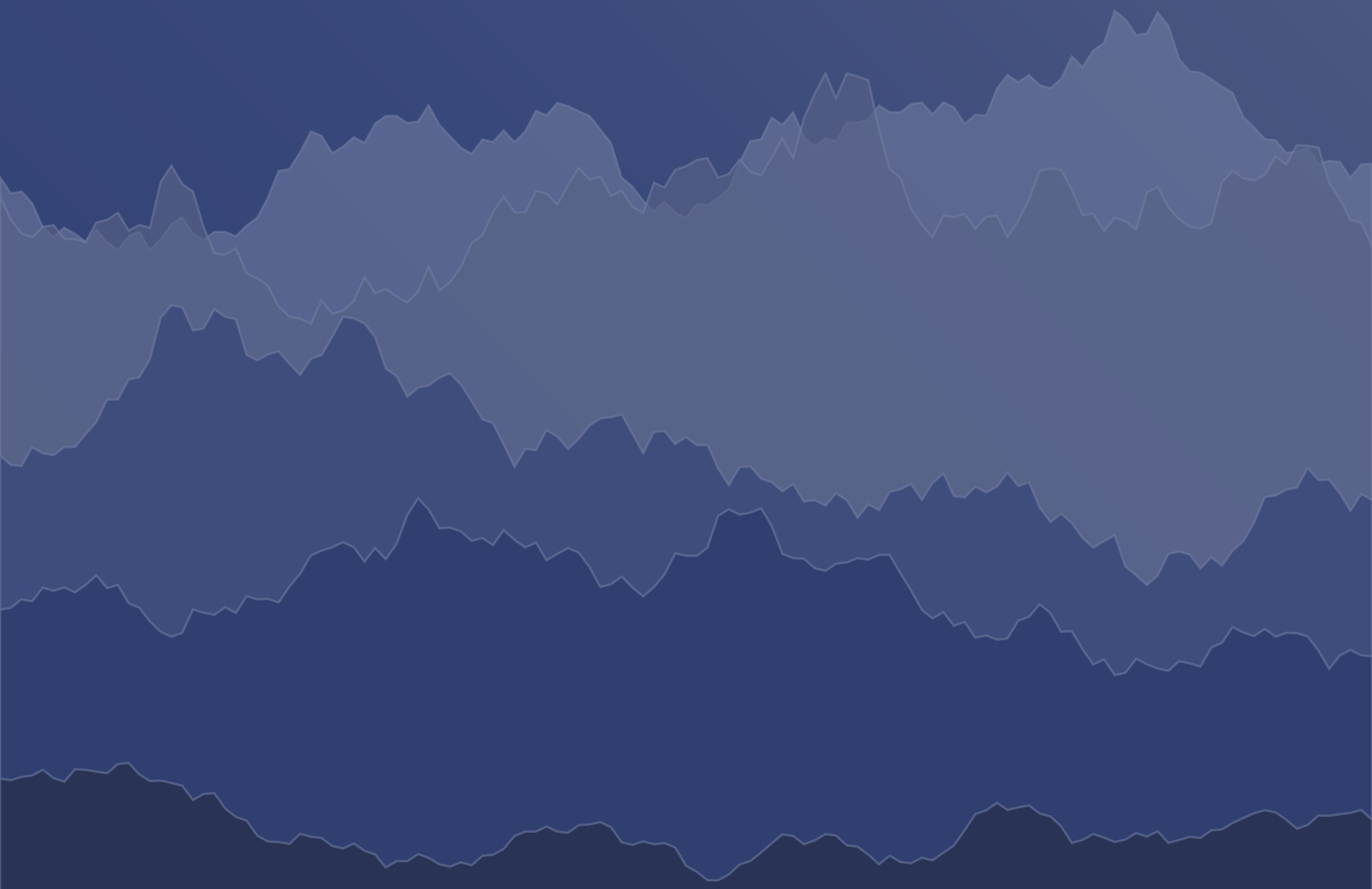
DONWOODS CAPITAL

November 6, 2026 | October 2026 | United States and Canada

Macro monthly



Not investment advice | Educational purposes only | Student-run research

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Scorecard, Oct 30, 2026

	LEVEL	1M CHG
S&P 500	7,580	(0.9%)
Nasdaq Composite	25,437	(5.3%)
S&P/TSX	35,620	1.1%
US 10y yield	4.93%	(36 bp)
Canada 10y yield	3.80%	(20 bp)
Fed funds (upper)	4.00%	0 bp
BoC overnight	2.50%	+25 bp
USD/CAD	1.3974	(1.8%)
WTI (US$/bbl)	104.12	15.2%
Gold (US$/oz)	3,875	(6.8%)
VIX	19.4	+3.1

Source: Bloomberg (terminal pull, Nov 6, 2026). WTI and gold: front month and spot.

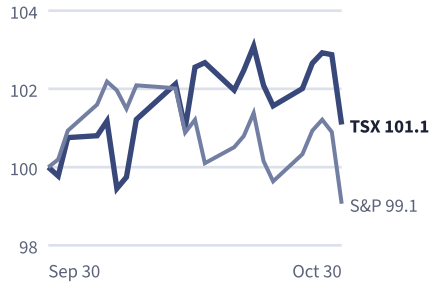
Next month's calendar

US CPI Nov 10 · Canada CPI Nov 16 · Canada Q3 GDP Nov 30 · Canada LFS Dec 4 · FOMC Dec 8 to 9 · BoC Dec 9 · US CPI Dec 10

October in one chart

The TSX beat the S&P 500 as tech sold off

Price index, Sep 30, 2026 = 100, daily



Source: Bloomberg.

Macro monthly | October 2026

Oil and the AI trade split October

Oil jumped on new supply risk in the Gulf and doubts about the return on AI spending hit the largest technology names. The S&P 500 slipped 0.9% and the Nasdaq fell 5.3%, while the S&P/TSX gained 1.1% on energy and banks. Bonds rallied on both sides of the border, the Bank of Canada hiked and the Fed held.

United States. Q3 GDP grew 3.4% annualized. September CPI rose to 3.7% y/y from 3.4%, with core at 2.6%. Payrolls added 165k in October after 60k and unemployment eased to 4.1%. The Fed held at 3.75% to 4.00% in a 10 to 2 vote; both dissenters wanted a hike.

Canada. September CPI was 3.1% y/y, but CPI-trim eased to 1.8%. The economy lost 4.7k jobs in October after 68.3k in September, unemployment rose to 6.7%, and GDP was flat in August. The Bank of Canada still raised its rate 25 bp to 2.50%, its first hike since 2023.

Equities. S&P 500 energy rose 14.0% while communication services fell 15.2% and technology 6.8% after Meta raised its spending guide and Intel and Amazon disappointed. On the TSX, energy gained 8.7% and materials fell 13.1% with gold.

Fixed income. The US 10 year fell 36 bp to 4.93% and the 2 year 30 bp to 4.59%. Canada's 10 year fell 20 bp to 3.80%. Credit did not follow: US high yield spreads widened 29 bp to 340 bp.

Currency and commodities. Brent rose 13.6% to US$117.64 on Strait of Hormuz and Saudi supply risk. The loonie gained 1.8% to 1.3974 per US dollar. Gold fell 6.8% to US$3,875.

What we watch next month. Whether October CPI on November 10 and 16 shows oil feeding into prices, and whether both central banks hike on December 9. CME FedWatch put a December Fed hike at 73% on October 26.

Donwoods Capital is an independent student organization. This report is for educational purposes only and is not investment advice, an offer, or a solicitation to buy or sell any security. Analysts may hold positions in companies they cover; any such holding is disclosed here. Analyst holdings: the analyst holds a position in Apple Inc. (AAPL).

The year in charts

Exhibit 1: The TSX has beaten the S&P 500 over the year

Price index, Oct 31, 2025 = 100, weekly

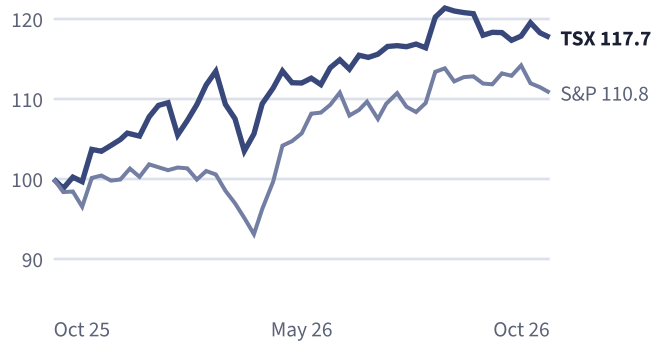


Exhibit 2: Yields peaked in early October, then fell

10 year government yields, %, weekly

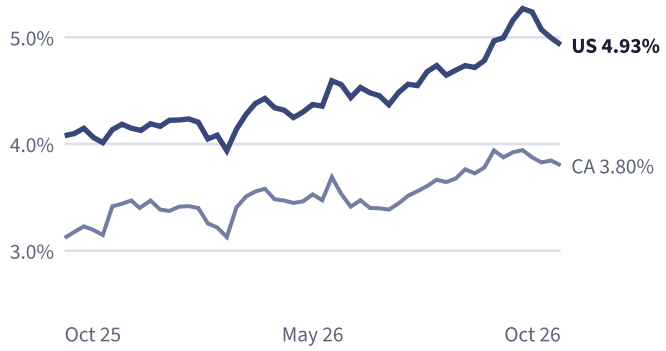


Exhibit 3: Oil is back above US$100

WTI spot, US$ per barrel, weekly average

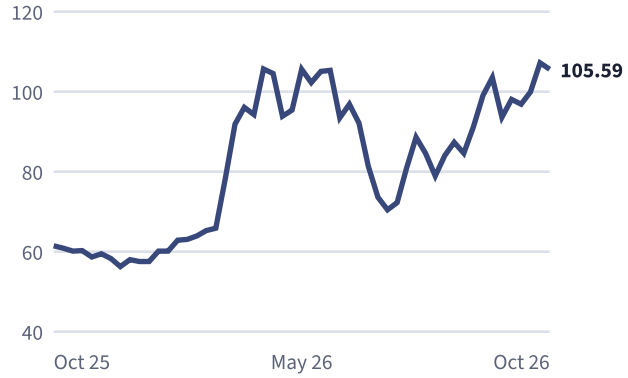
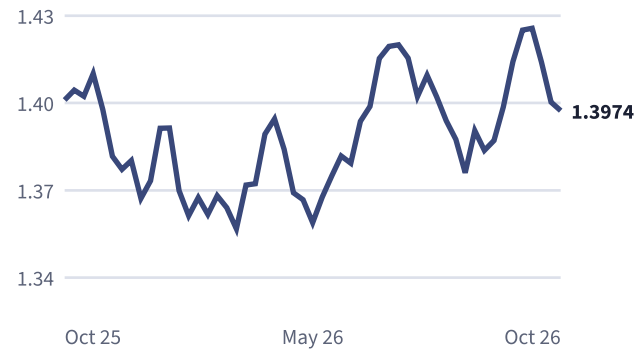


Exhibit 4: The loonie strengthened in October

USD/CAD, C$ per US$, weekly



Sources: Bloomberg (S&P 500, S&P/TSX, generic 10 year yields, USD/CAD; Friday closes); EIA via FRED (WTI spot, weekly average). Oct 31, 2025 to Oct 30, 2026.

What the year says

Canada has outperformed: the S&P/TSX is up 17.7% since October 31, 2025 against 10.8% for the S&P 500, because the Canadian index leans on energy, banks and miners and WTI rose about 72% over the same weeks. Oil jumped in March and again from September as the Middle East conflict hit supply. Yields climbed most of the year, with the US 10 year peaking at 5.27% in the week of October 2, then fell sharply in October. USD/CAD moved between 1.3568 and 1.4257 on Friday closes and ended near where it started.

Why the loonie follows the yield gap

When US bonds pay more than Canadian bonds, investors need US dollars to buy them, which pushes USD/CAD up. Over the past year the daily gap between US and Canadian 10 year yields and USD/CAD had a correlation of 0.76 (1.00 would mean they move in lockstep). In October the gap narrowed from 129 bp to 113 bp and the loonie gained 1.8%. Correlation is not cause: higher oil, which Canada exports, also lifted the loonie this month.

On our coverage

Apple (AAPL) rose 3.5% in October to US$344.63, the only one of the seven largest US technology stocks to rise during the October 22 selloff. It trades at 36.2x forward earnings (Bloomberg). Our initiation is in progress; no rating yet.

Markets

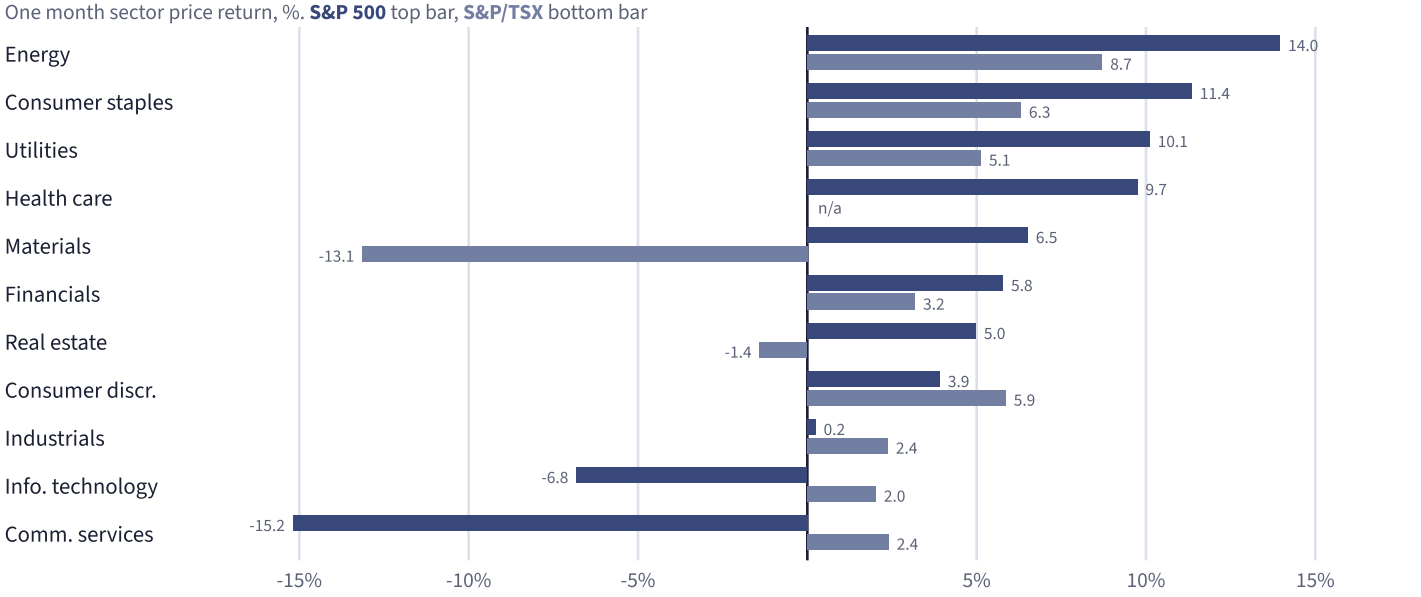
Exhibit 5: The TSX beat the S&P 500 as the Nasdaq fell

PRICE RETURN	1M	3M	YTD	1Y	FWD P/E
S&P 500	(0.9%)	1.9%	10.7%	11.1%	20.9x
Nasdaq Composite	(5.3%)	1.3%	9.4%	7.9%	n/a
Dow Jones Industrial Average	1.7%	(0.8%)	7.7%	8.9%	n/a
Russell 2000	0.5%	(4.6%)	13.3%	14.0%	n/a
S&P/TSX Composite (C$)	1.1%	0.3%	12.3%	18.0%	17.2x

Sources: Bloomberg (levels Oct 30, 2026; S&P 500 and S&P/TSX bases; forward P/E, BEST_PE_RATIO); FRED (Nasdaq and Dow 3M and 1Y bases); Yahoo Finance (Russell 2000 3M and 1Y bases). 10 year average forward P/E: S&P 500 20.8x, S&P/TSX 16.6x.

Exhibit 6: Energy led both markets; communication services and TSX materials lagged

One month sector price return, %. **S&P 500** top bar, **S&P/TSX** bottom bar



Source: Bloomberg (S&P 500 and S&P/TSX capped sector indices). TSX health care shown n/a: the Bloomberg index pulled did not match the published S&P/TSX Capped Health Care level.

Fixed income

Exhibit 7: Both curves rallied and flattened

YIELD	US	1M BP	CANADA	1M BP
2 year	4.59%	(30)	3.31%	(6)
5 year	4.72%	(37)	3.52%	(17)
10 year	4.93%	(36)	3.80%	(20)
30 year	5.31%	(32)	4.12%	(18)
2s10s (bp)	**34**	**(6)**	**49**	**(13)**

Source: Bloomberg generic government yields, Oct 30, 2026.

Exhibit 8: Credit widened; a December Fed hike is priced

	LEVEL	1M CHG
US IG spread (bp)	90	+10
US HY spread (bp)	340	+29
Fed funds target	3.75% to 4.00%	0 bp
BoC overnight target	2.50%	+25 bp
Fed Dec hike odds (Oct 26)	73%	+31 pts

Sources: Bloomberg (option adjusted spreads, policy rates); CME FedWatch via Kiplinger, Oct 26, 2026. BoC pricing after the hike not available.

Yields fell even as US inflation rose and the Bank of Canada hiked. Falling Treasury yields alongside wider high yield spreads and a VIX up to 19.4 is the pattern of a flight to quality during the equity selloff. Canada's 2s10s flattened 13 bp against 6 bp in the US, consistent with a market that reads the hike as a drag on a weak economy (our read).

Economy

Exhibit 9: US hiring rebounded; Canada keeps shedding jobs

LATEST RELEASE	US	PRIOR	CANADA	PRIOR
Real GDP (US Q3 q/q ann.; Canada Aug m/m)	3.4%	2.2%	0.0%	0.0%
CPI, y/y (Sep)	3.7%	3.4%	3.1%	3.0%
Core CPI, y/y (US core; Canada trim)	2.6%	2.4%	1.8%	1.9%
Jobs added, Oct (000s)	165	60	(4.7)	(68.3)
Unemployment rate (Oct)	4.1%	4.2%	6.7%	6.5%
ISM manufacturing PMI (Oct)	55.5	54.5	n/a	n/a
Retail sales, m/m (US Sep; Canada Aug)	0.8%	1.3%	1.2%	(0.8%)
Housing starts, Sep (000s, SAAR)	1,221	1,288	249	242
Policy rate	**4.00%**	**4.00%**	**2.50%**	**2.25%**

Sources: Bloomberg (BEA, BLS, Census, ISM, Statistics Canada, CMHC series); Bank of Canada (CPI-trim); Statistics Canada (August GDP, released Oct 30). US policy rate is the upper bound.

United States

Output is strong and headline prices are rising: Q3 GDP grew 3.4% and CPI climbed to 3.7%, while core stayed at 2.6%. The gap is energy. Hiring picked up to 165k in October and the ISM manufacturing index rose to 55.5.

Fed. Held at 3.75% to 4.00% on October 28 after a September hike. Governors Cook and Hammack voted for another 25 bp.

Canada

Headline inflation of 3.1% sits well above underlying inflation, with CPI-trim at 1.8%. Canada has lost about 115k jobs over three months, and the September GDP flash is down 0.1%.

Bank of Canada. Raised its rate to 2.50% on October 28, expecting CPI near 3.5% by year end, and said it could raise again but will proceed carefully.

Exhibit 10: Oil lifted the loonie; gold fell

	MONTH END	1M	YTD	WHY IT MATTERS FOR CANADA
USD/CAD	1.3974	(1.8%)	1.8%	Stronger loonie trims exporters' C$ revenue
WTI (US$/bbl)	104.12	15.2%	81.3%	TSX energy, federal and Alberta revenue
Gold (US$/oz)	3,875	(6.8%)	(10.3%)	Gold miners, TSX materials
Copper (US$/lb)	6.48	(2.1%)	14.1%	Base metal miners

Source: Bloomberg (USD/CAD; WTI, copper front month; gold spot), Oct 30, 2026.

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