# Global Macro Strategy

## Rising Yields Challenge Market Resilience

August 2026


York University – Finance Student Association (FSA)

- Head of Research: Liana Bishai
- Professor: Nadeem Kassam, CFA, MBA


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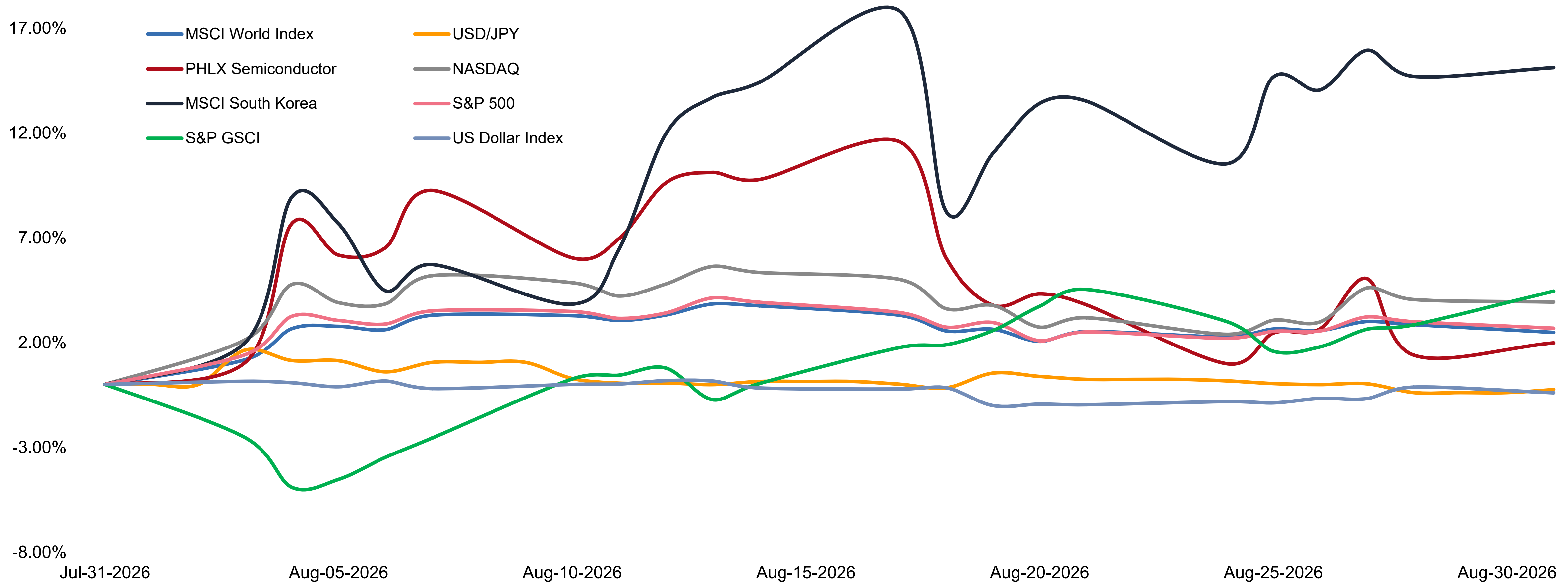
# Executive Summary

- **Economics—Global Macro Pressures Persist:** Global growth remained resilient but increasingly uneven, as U.S. labour conditions weakened while inflation diverged across major economies. Persistent price pressures kept central banks cautious and limited the scope of near-term easing.
- **Equities—The Rally Broadens Beyond Tech:** August delivered a broad but uneven global rally, with emerging markets leading and gains extending across several U.S. sectors; growth and high-beta styles outperformed as volatility eased, though smaller companies continued to lag.
- **Fixed Income—Supply Reprices Duration, Credit Holds the Line:** Long-end yields moved higher as heavy Treasury supply and fiscal concerns pressured duration, while credit remained relatively firm despite growing stress in lower-quality borrowers.
- **Commodities—A Futile Buyback, the Fed Responds:** A weaker dollar and supply disruptions lifted energy, metals, and agriculture, with oil and precious metals leading gains through the month.
- **FX—Dollar Slips on Policy Split:** The dollar weakened as fiscal concerns and policy divergence outweighed a still-hawkish Fed, while intervention supported the yen and relative rates favoured the euro and won.
- **Alternatives—Financed, Not Valued:** Financing activity strengthened across private markets, but weaker exits, rising defaults, and selective investor demand kept valuations under pressure.

# August Cross-Asset Divergence Widens




Source: S&P Capital IQ | As of: 08/31/2026

# Economics

## Global Macro Pressures Persist

Abishek Daryanani & Linda Abd-Alqader

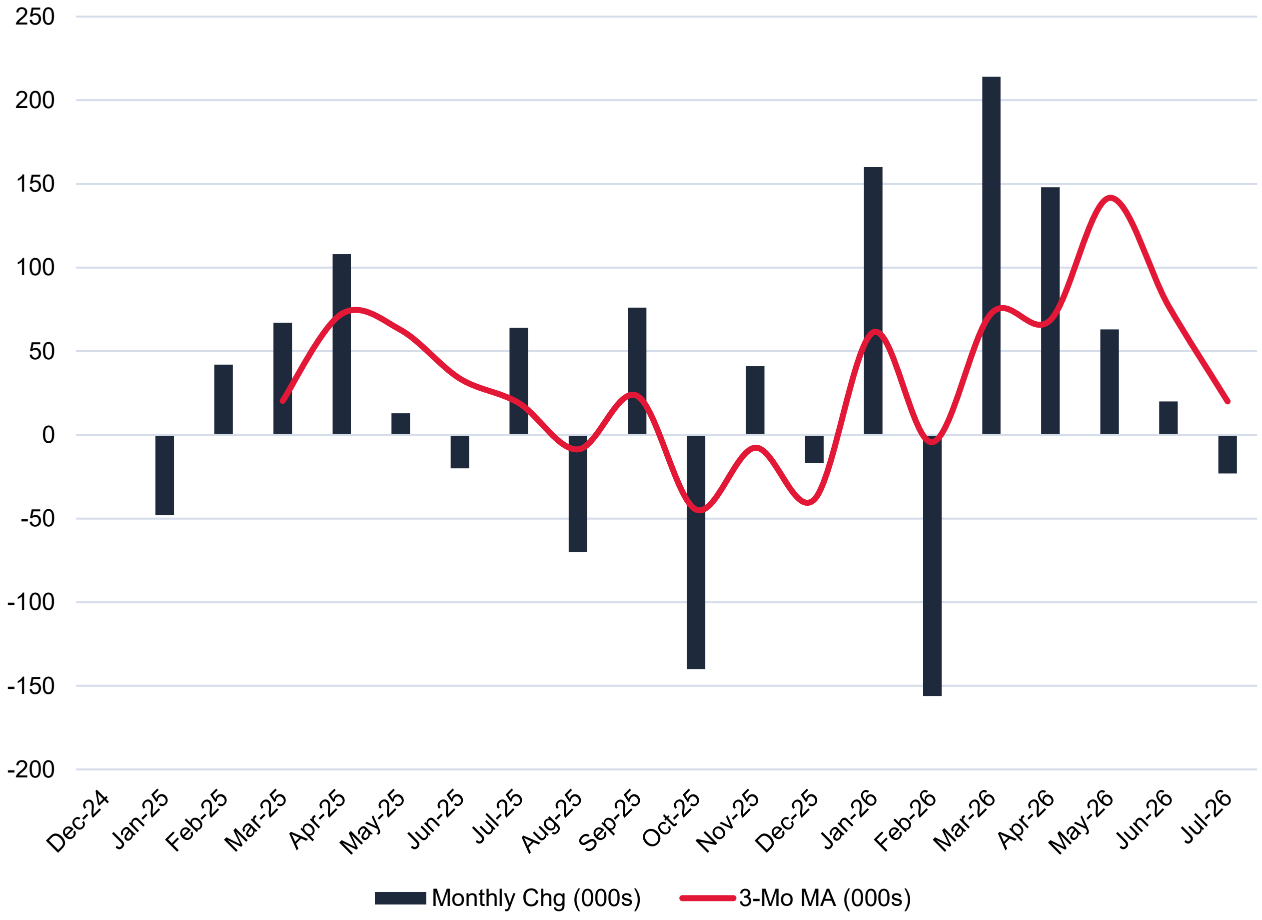
# Global Macro Pressures Persist

- **A Mixed Global Growth Picture Holds Together:** US real GDP grew 1.5% annualized in the second Q2 estimate, matching the advance print while slowing from 2.1% in Q1. Eurozone growth held at 1.0% YoY, confirmed in Eurostat's August 14 release without revision. Japan expanded 1.1% annualized in Q2, though quarterly growth moderated to 0.3% from 0.5% on contracting private consumption. Canada accelerated 0.8% QoQ (3.3% annualized) in Q2, building on Q1's upwardly revised 0.1% print.
- **Global Job Markets Diverge Sharply:** Japan's unemployment held near a structural low of 2.5% in June, while Canada added 75,000 jobs in July, pushing unemployment down to a two-year low of 6.4%. India's rate fell to 5.1% in July on stronger rural participation, and the US moved the opposite way, shedding 23,000 jobs as unemployment ticked down to 4.1% only because labour force participation fell to a five-year low of 61.4%.
- **Inflation Diverges Across Major Economies:** U.S. headline CPI eased slightly to 3.4% YoY in July from 3.5% in June, while core CPI declined to 2.5% from 2.6%, pointing to a gradual moderation in underlying price pressures. Canada moved in the opposite direction, with headline inflation rising to 3.0% from 2.8%, partly reflecting stronger energy prices, while gasoline prices were 25.7% higher YoY. Inflation also remained elevated in the U.K. at 2.9%, while Japan recorded headline CPI of 1.9% and core CPI of 1.8%, highlighting continued differences in inflation pressures across major economies.
- **Central Banks Hold as Rate Pressures Build:** Major central banks kept rates elevated as inflation remained above target in several economies. The Federal Reserve maintained it’s target range at 3.50%–3.75%, while three policymakers supported a 25-basis-point increase. The Bank of England also held at 3.75%, with three members voting for 4.00%, while the Bank of Canada maintained its policy rate at 2.25%. Overall, persistent inflation has limited further easing and kept the policy outlook data dependent.

Source: S&P Capital IQ, BLS, Statistics Canada, Atlanta Fed, Cleveland Fed, Federal Reserve, ECB, BoJ, BoC | As of: 08/31/2026

# Payrolls Roll Over, Testing the Fed

## US NFP: Monthly Change vs. 3-Month MA

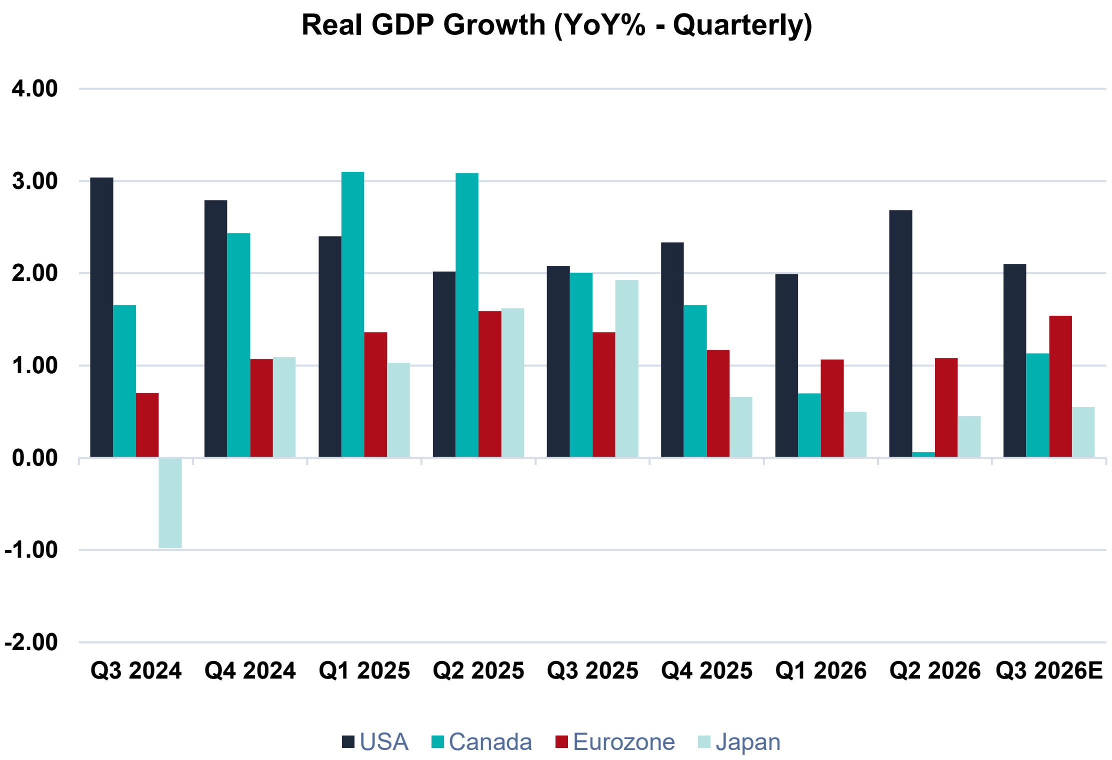



- **Job Growth Slows for a Third Straight Month:** U.S. nonfarm payrolls fell 23,000 in July, following gains of just 20,000 in June and 63,000 in May after downward revisions. The pattern points to a sustained loss of labour-market momentum rather than a single month of volatility.
- **Cooling Labour Market Meets a Fed Still Weighing Inflation:** The deterioration comes even as core CPI ticked higher in July after a weak June, leaving policymakers without a clean signal. Markets flipped after Jackson Hole to price a September hike as more likely than not, from 30% odds before.
- **Jackson Hole Puts a New Fed Chair on Record:** Warsh used his keynote to say the summer's softer inflation readings do not show underlying trends have meaningfully improved, while declining to signal the September FOMC decision. Bond markets read the remarks as hawkish and moved to price in a hike.

Source: S&P Capital IQ, FRED, Cleveland Fed | As of: 08/31/2026

| Macro Scorecard (%) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | Last | YoY Chg. | 1 Week Prior | 1 Month Prior | 6 Months Prior | 1 Year Prior |
| US CPI (YoY) | 3.36 | 0.44 | 3.36 | 3.50 | 2.41 | 2.92 |
| US Unemployment Rate | 4.10 | -0.20 | 4.10 | 4.20 | 4.40 | 4.30 |
| Canada CPI YoY | 3.03 | 1.53 | 3.03 | 2.80 | 1.78 | 1.85 |
| Canada Unemployment Rate (%) | 6.80 | -0.30 | 6.80 | 6.50 | 6.80 | 7.10 |
| Eurozone CPI | 3.26 | 1.22 | 2.94 | 2.90 | 1.89 | 2.04 |
| Eurozone Unemployment Rate (%) | 6.20 | -0.20 | 6.20 | 6.30 | 6.20 | 6.40 |
| China CPI YoY | 0.80 | 1.20 | 0.80 | 1.00 | 0.80 | -0.40 |
| Japan CPI Nationwide YoY | 1.90 | -0.97 | 1.90 | 1.70 | 1.31 | 2.87 |
| UK CPI (YoY) | 2.86 | -0.86 | 2.86 | 2.60 | 3.01 | 3.72 |

| Major Interest Rates (%) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Rate | Last | YoY % Chg. | 1 Week Prior | 1 Month Prior | 6 Months Prior | 1 Year Prior |
| Canada Prime Rate | 4.45 | -0.5 | 4.45 | 4.45 | 4.45 | 4.95 |
| US Prime Rate | 6.75 | -0.75 | 6.75 | 6.75 | 7.00 | 7.50 |
| Fed Funds Target Rate | 3.75 | -0.75 | 3.75 | 3.75 | 3.75 | 4.50 |
| UK Prime Rate | 3.75 | -0.25 | 3.75 | 3.75 | 3.75 | 4.00 |
| ECB Benchmark Rate | 2.50 | 0.50 | 2.50 | 2.25 | 2.00 | 2.00 |
| Japan Prime Rate | 2.375 | 0.495 | 2.375 | 2.13 | 1.88 | 1.88 |




| Key Upcoming Events – August 2026 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Country | Date | Time | Report Name | Period | Previous | Unit |
| Canada | Friday, September 4, 2026 | 8:30:00 AM | Employment Change | Aug | 75.0 | K |
| United States of America | Friday, September 4, 2026 | 8:30:00 AM | Non-farm Payrolls | Aug | -23.0 | K |
| Eurozone | Thursday, September 10, 2026 | 9:30:00 PM | ECB Interest Rate Decision | Aug | 2.50 | % |
| United States of America | Wednesday, September 16, 2026 | 2:00:00 PM | Federal Reserve Rate Decision | Aug | 3.75 | % |
| Canada | Monday, September 14, 2026 | 8:30:00 AM | CPI | Aug | 3.0 | % |
| United Kingdom | Wednesday, September 16, 2026 | 2:00:00 AM | CPI | Aug | 2.9 | % |
| Japan | Friday, September 18, 2026 | 7:30:00 PM | BoJ Interest Rate Decision | Aug | 0.75 | % |
| United States of America | Friday, September 11, 2026 | 8:30:00 AM | CPI | Aug | 3.4 | % |

Source: S&P Capital IQ, BLS, BEA, Statistics Canada, Eurostat, ONS, ECB, BoE, BoC, BoJ, NBS | As of: 08/31/2026

# Equities

## The Rally Broadens Beyond Tech

Davidson Ajay & Hayder Al-Shammari

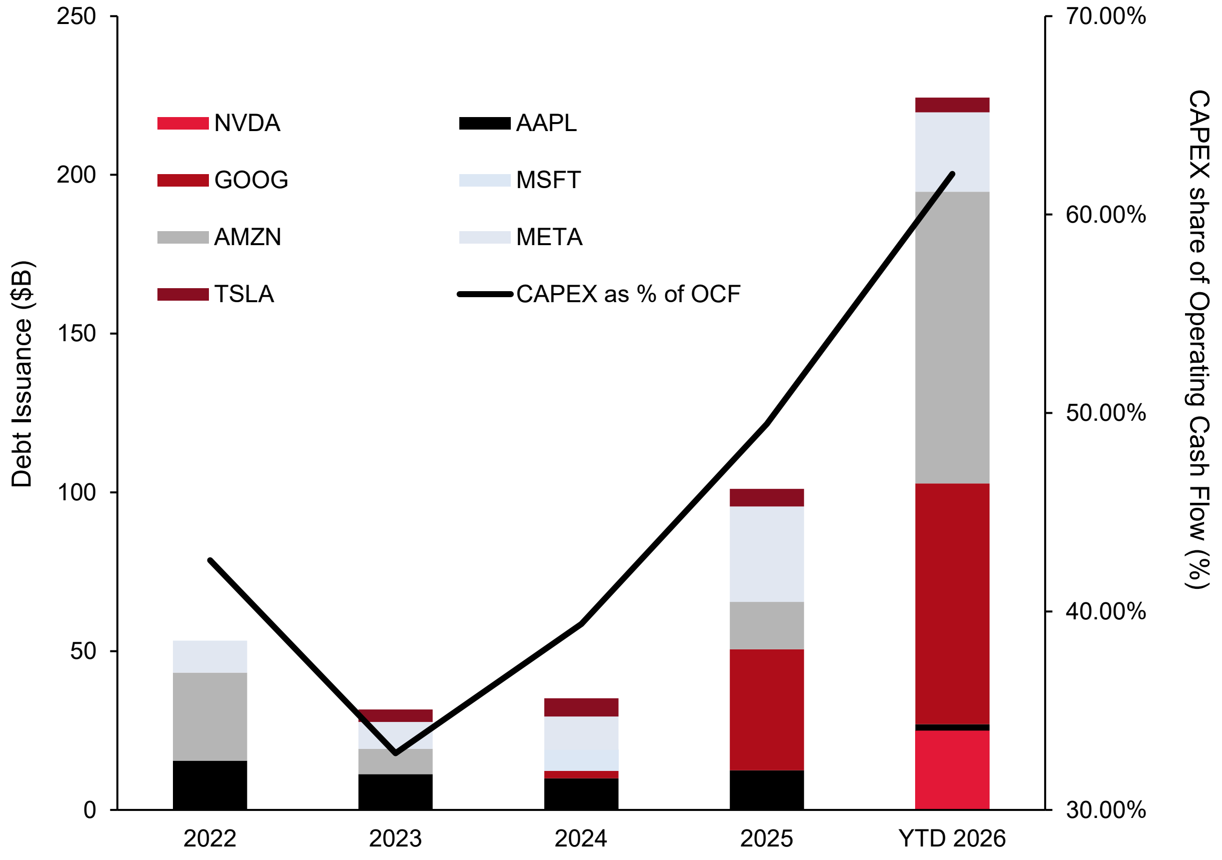
# The Rally Broadens Beyond Tech

- **Global Markets — August Delivered a Broad Advance:** MSCI ACWI gained 2.70% MTD and MSCI World rose 2.60%, with strength extending across most major regions. Emerging Markets led with a 3.39% gain, while the TSX (+3.10%), Nikkei 225 (+3.63%), DAX (+2.45%), STOXX Europe 600 (+0.52%) and FTSE 100 (+0.21%) also advanced. The Hang Seng was the notable exception, falling 1.00%, leaving August as a broadly based, though uneven, global equity rally.
- **U.S. Market — Tech Remained the Main Driver, but the Rally Broadened:** The S&P 500 gained 2.72% in August, with Info Tech rising 6.25% and remaining the primary driver of the index's advance given its large index weight. However, tech was not the only source of strength, as Energy gained 7.02%, Materials rose 5.97% and Healthcare advanced 4.89%. Breadth by company size remained weaker: the S&P 100 gained 3.07%, versus only 0.15% for mid caps and -0.60% for small caps. August therefore broadened across sectors more than it broadened across market capitalization.
- **Emerging Markets — EM Led the Month:** MSCI Emerging Markets gained 3.39% MTD, ahead of MSCI World's 2.60%, and widened its YTD lead to 24.24% versus 13.42% for developed markets. The composition of that strength also changed. The KOSPI gained 3.50% MTD and remained down 22.28% QTD despite still being +63.06% YTD, while the Hang Seng fell -1.00%. EM leadership therefore persisted even as Korea's earlier momentum cooled, making August's advance less dependent on the year's strongest market.
- **Breadth and Style — Growth and High Beta Led as Volatility Eased:** For the month, Growth gained 3.27% and High Beta rose 4.62%, outperforming the S&P 500's 2.72%, while Equal Weight advanced 2.06%. The latest WTD reading also showed strength concentrated in growth-oriented areas, with Info Tech up 3.75%, Growth gaining 1.29% and Momentum rising 0.63%. In contrast, Value fell 0.53%, Pure Value declined 1.39% and Equal Weight dropped 1.16%. The VIX fell 5.87% WTD and 6.69% MTD, pointing to easing volatility as investors continued to favor growth and higher-beta parts of the market.

Source: Bloomberg | As of: 08/31/2026

# The AI Buildout Turns Into Debt

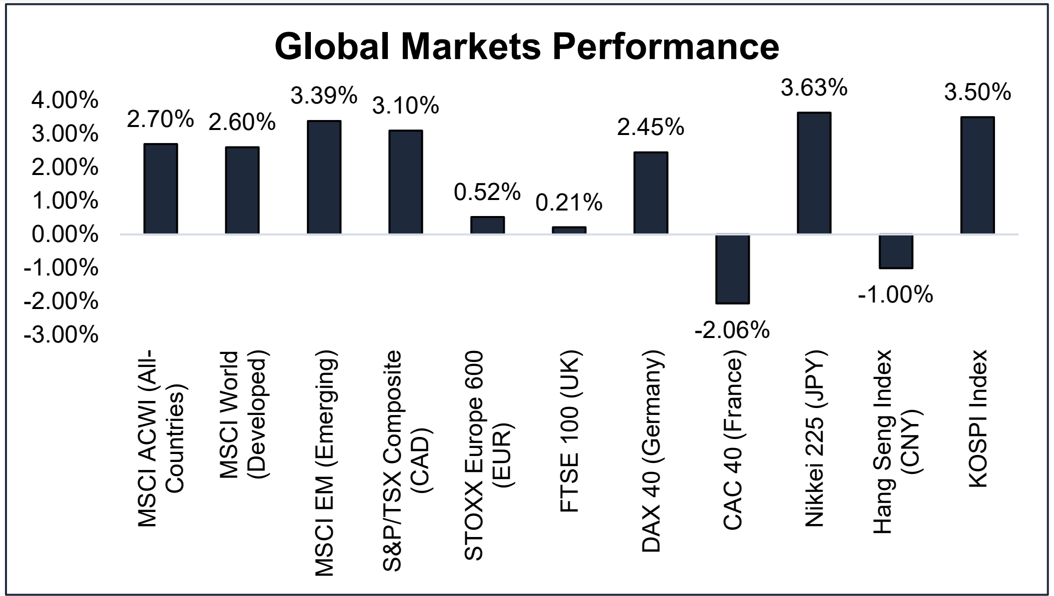
## US Hyperscaler Net Debt Issuance Soars

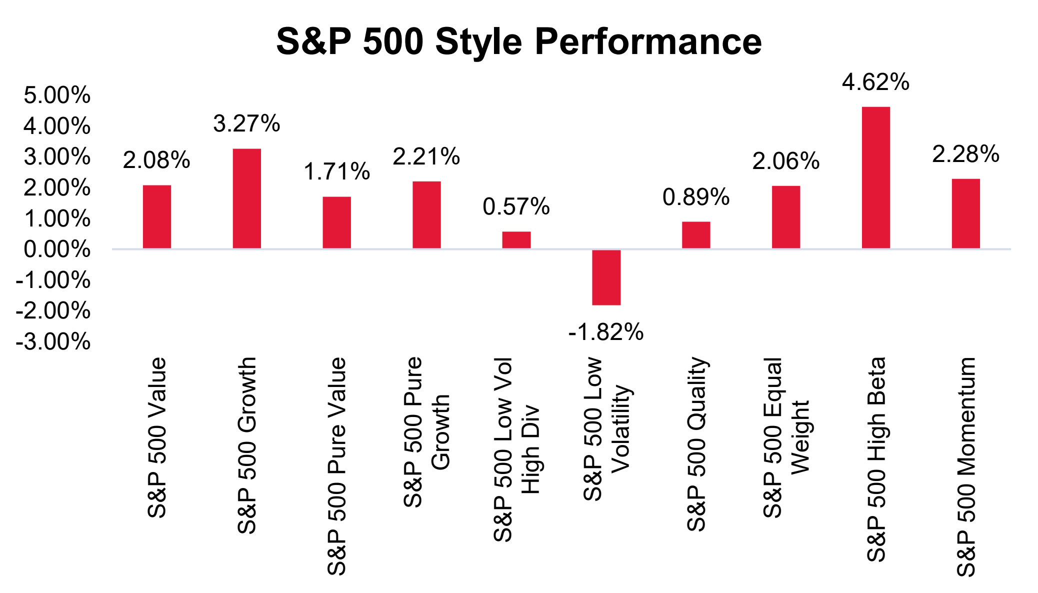



- **Debt-Funded AI Spending Accelerates:** MAG7 debt issuance has climbed from US$53.3 billion in 2022 to US$224.4 billion through Q2 2026, more than quadrupling in just four years. Over the same period, capital expenditures rose from 43.0 % of operating cash flow to 62.1%, indicating that the AI infrastructure buildout is consuming an increasing share of internally generated cash. As investment requirements continue to rise, debt markets are playing a larger role in funding growth.
- **Amazon and Google Are Driving the Borrowing Boom:** Amazon and Google issued US$91.9 billion and US$75.8 billion, respectively, through Q2 2026, accounting for US$167.7 billion, or roughly 75%, of total MAG7 issuance. The increase in borrowing is therefore highly concentrated, suggesting that a small number of hyperscalers are bearing much of the financing burden for the ongoing AI infrastructure expansion.

Source: Bloomberg | As of: 08/24/2026 and sec.gov data

| S&P 500 Sectors | WTD | MTD | QTD | YTD | 2025 | 2024 |
|---|---|---|---|---|---|---|
| Info Tech | 3.75% | 6.25% | -3.16% | 22.88% | 24.04% | 36.61% |
| Financial | -0.88% | 1.34% | 12.58% | 6.17% | 14.97% | 30.50% |
| Healthcare | -2.38% | 4.89% | 15.88% | 11.14% | 14.60% | 2.58% |
| Consumer Staples | -2.53% | -0.68% | 3.24% | 9.55% | 3.90% | 14.87% |
| Consumer Discretionary | -0.95% | -0.04% | -1.38% | 0.00% | 6.04% | 30.14% |
| Industrials | -2.16% | -2.56% | 1.83% | 13.56% | 19.27% | 17.30% |
| Communication Services | -1.08% | -1.23% | -6.90% | 0.14% | 33.56% | 40.23% |
| Material | -1.50% | 5.97% | 4.82% | 16.69% | 10.54% | -0.04% |
| Energy | 0.87% | 7.02% | 12.32% | 44.20% | 8.68% | 5.72% |
| Real Estate | -2.59% | -1.87% | 3.24% | 12.20% | 3.15% | 5.23% |
| **Market Cap** | **WTD** | **MTD** | **QTD** | **YTD** | **2025** | **2024** |
| S&P 500 | 0.45% | 2.72% | 1.41% | 13.12% | 17.86% | 25.00% |
| S&P 100 (Mega Cap) | 0.85% | 3.07% | 0.73% | 11.51% | 20.14% | 30.95% |
| S&P 400 (Mid Cap) | -1.06% | 0.15% | 1.33% | 14.71% | 7.48% | 13.89% |
| S&P 600 (Small Cap) | -1.45% | -0.60% | 4.78% | 20.89% | 5.99% | 8.64% |
| **Style** | **WTD** | **MTD** | **QTD** | **YTD** | **2025** | **2024** |
| S&P 500 Value | -0.53% | 2.08% | 4.75% | 12.48% | 13.19% | 12.27% |
| S&P 500 Growth | 1.29% | 3.27% | -1.25% | 13.62% | 22.14% | 36.04% |
| S&P 500 Pure Value | -1.39% | 1.71% | 6.98% | 18.72% | 17.73% | 12.78% |
| S&P 500 Pure Growth | -0.17% | 2.21% | -5.63% | 22.88% | 13.68% | 28.80% |
| S&P 500 Low Vol High Div | -1.98% | 0.57% | 8.10% | 13.12% | 3.66% | 18.34% |
| S&P 500 Low Volatility | -1.74% | -1.82% | 5.36% | 6.25% | 4.34% | 14.22% |
| S&P 500 Quality | -0.52% | 0.89% | 0.74% | 14.55% | 13.39% | 25.70% |
| S&P 500 Equal Weight | -1.16% | 2.06% | 5.28% | 15.57% | 11.40% | 12.98% |
| S&P 500 High Beta | 0.41% | 4.62% | -2.59% | 25.71% | 33.20% | 8.74% |
| S&P 500 Momentum | 0.63% | 2.28% | -3.30% | 23.86% | 26.83% | 45.96% |
| CBOE Volatility Index (^VIX) | -5.87% | -6.69% | -7.04% | -0.20% | -13.83% | 39.36% |
| MOVE Index | 1.81% | -9.27% | 2.71% | 17.76% | -35.26% | -13.80% |
| **Global Market** | **WTD** | **MTD** | **QTD** | **YTD** | **2025** | **2024** |
| MSCI ACWI (All-Countries) | 0.37% | 2.70% | 1.92% | 14.61% | 22.90% | 18.03% |
| MSCI World (Developed) | 0.22% | 2.60% | 2.51% | 13.42% | 21.63% | 19.23% |
| MSCI EM (Emerging) | 1.48% | 3.39% | -2.29% | 24.24% | 34.33% | 7.91% |
| S&P/TSX Composite (CAD) | -1.17% | 3.10% | 4.97% | 16.04% | 31.71% | 21.66% |
| STOXX Europe 600 (EUR) | -0.46% | 0.52% | 5.31% | 12.94% | 20.65% | 9.62% |
| FTSE 100 (UK) | -0.27% | 0.21% | 5.56% | 11.71% | 25.74% | 9.59% |
| DAX 40 (Germany) | 0.58% | 2.45% | 5.02% | 7.22% | 23.01% | 18.85% |
| CAC 40 (France) | -1.40% | -2.06% | 2.62% | 4.93% | 14.28% | 0.92% |
| Nikkei 225 (JPY) | 2.01% | 3.63% | 5.41% | 23.24% | 25.10% | 21.20% |
| Hang Seng Index (CNY) | 0.34% | -1.00% | 1.90% | 1.96% | 32.50% | 22.90% |
| KOSPI Index | 1.87% | 3.50% | -22.28% | 63.06% | 79.19% | -8.00% |




Source: Bloomberg | As of: 08/31/2026

# Fixed Income

## Supply Reprices Duration, Credit Holds The Line

Nadeesha Abeyratne

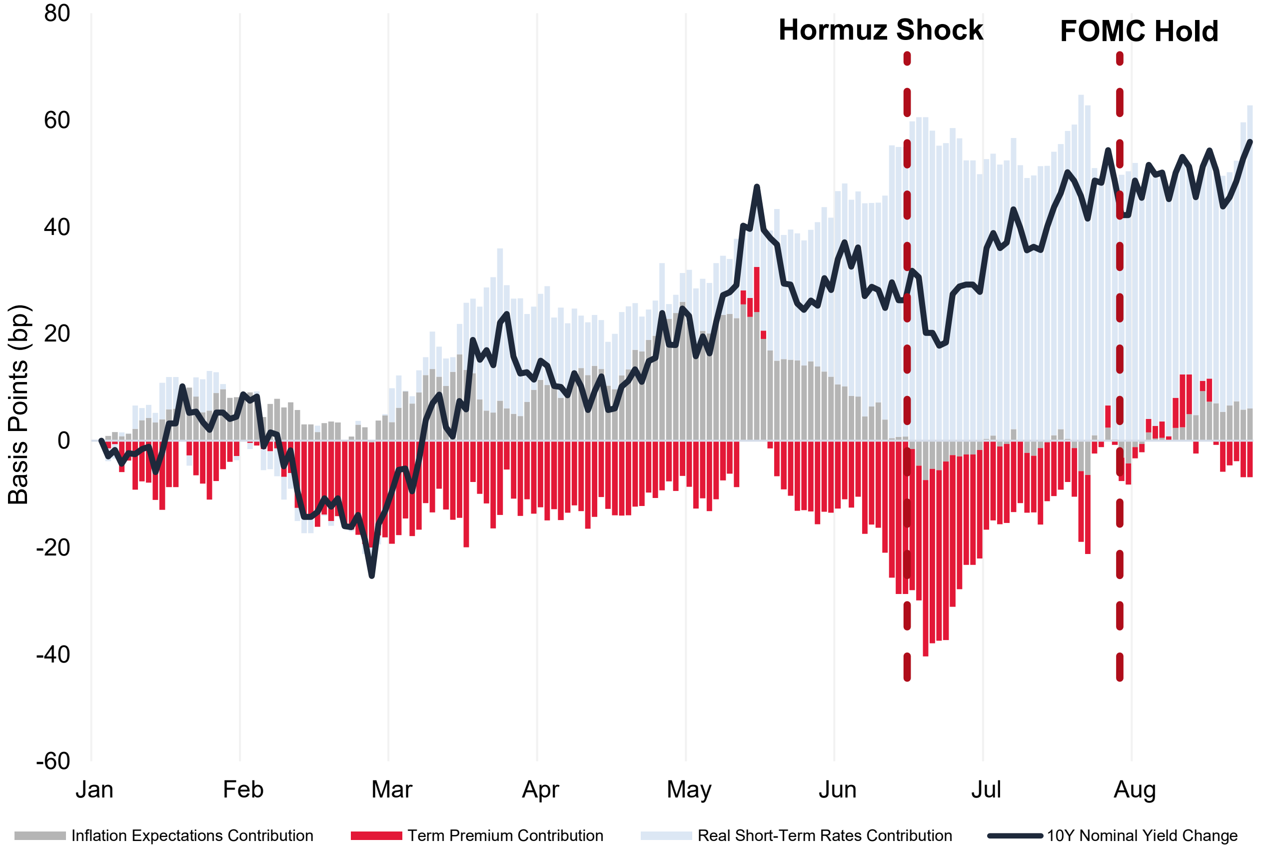
# Buybacks Ease Liquidity, Not Yields

- **Long End Drives Bear Steepening:** The 2-year Treasury yield fell 10.1 bps to 4.23%, while the 10-year rose 1.5 bps to 4.75%, reinforcing a steeper curve as front-end yields declined. The 30-year climbed 11.3 bps to 5.27%, confirming that pressure remained concentrated further out the curve. Long treasuries returned -0.68% over the month versus +0.34% for short treasuries, favouring shorter duration over the long end.
- **Fiscal Supply Reprices Duration:** Federal debt crossed $40T as record August IG issuance, partly tied to AI capex, intensified competition for long-duration capital. The 10-year breakeven ended near 2.33%, suggesting inflation expectations remained firm even as long-term yields moved higher.
- **The "Bessent Cap" Fades Quickly:** Treasury doubled planned 10–30-year buybacks from $2B to at least $4B per operation, initially pushing long yields lower before the 10- and 30-year retraced. U.S.–Japan intervention targeted yen weakness, while Fed FIMA access reduced Japan's need to liquidate treasuries for intervention dollars. With the U.S. 10-year ending higher and Japan's 10-year up 13.6 bps, policy action delivered liquidity relief, not a durable ceiling on global yields.
- **Cash Cheapens, CDS Holds:** U.S. IG Corporate OAS ended August at 79.5 bps, while U.S. Liquid High Yield finished at 282.5bps. Monthly returns remained positive at 0.15% and 0.86%, respectively, suggesting credit remained resilient despite heavy issuance and elevated rate volatility.
- **Tail Stress Hides Beneath Stable Beta:** Caa OAS ended August at 843.8 bps, while Ca-D reached 3,649.2 bps. Caa returned 0.43% for the month, while Ca-D fell 0.50%, reinforcing a quality bias within lower-rated credit.

Source: Bloomberg | As of: 08/31/2026

# Real Yields Drive, Term Premium Offsets

## Real Yields Drive US 10-Year Nominal Yields Higher

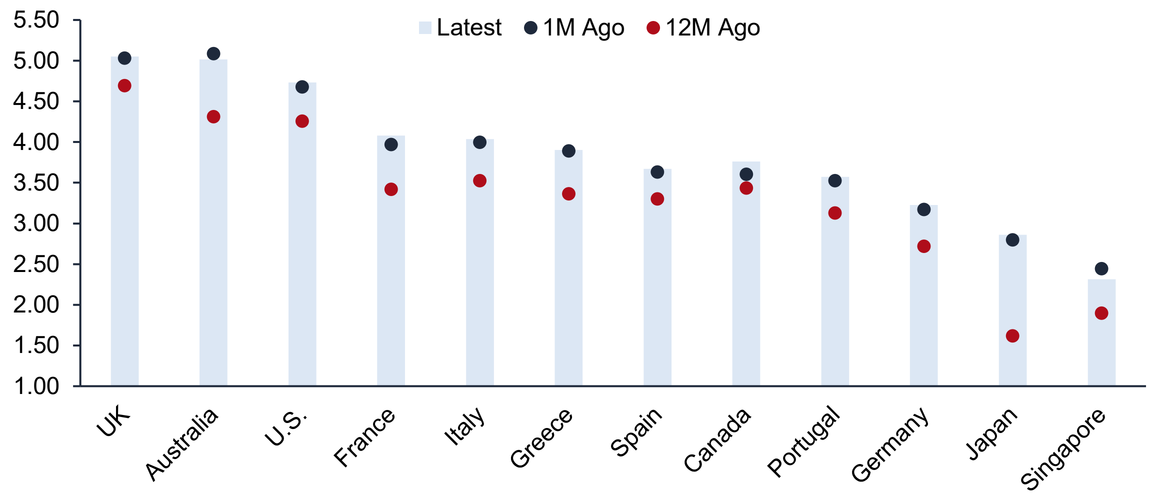



- **Breakevens Drive the Net Yield Increase:** The 10-year Treasury yield rose 1.5 bps to 4.75% in August. Breakevens increased 3.6 bps to 2.32%, while the TIPS real yield fell 1.9 bps to 2.43%, making inflation compensation the primary driver of the month's net increase in yields.
- **Falling Term Premium Offsets Hawkish Rate Expectations:** Expected real short-term rates contributed roughly +8.9 bps, reflecting uncertainty around the Fed's policy path. However, term premium declined by approximately 11 bps through August 28, more than offsetting that pressure and leaving it lower on the month despite periodic spikes.
- **Supply Risks Persist Despite Lower Term Premium:** Federal debt reached $40.1 trillion and investment-grade issuance totaled $145.2 billion through August 24. Even so, term premium declined, while Hormuz-related energy risks supported breakevens without triggering a broader inflation repricing.

Source: Bloomberg | As of: 08/31/2026

| Index Name | YTM (%) | OAS (bps) | Duration (yrs.) | 1-Mo. (%) | YTD (%) | 1Y (%) |
|---|---|---|---|---|---|---|
| **U.S.** | | | | | | |
| U.S. Aggregate | 4.96 | 28.01 | 5.93 | 0.23 | -0.14 | 2.10 |
| U.S. Treasury | 4.55 | -0.12 | 5.78 | 0.19 | -0.36 | 1.50 |
| U.S. Long Treasury | 5.26 | -0.09 | 14.07 | -0.68 | -2.70 | -0.39 |
| U.S. Short Treasury | 3.86 | -1.64 | 0.41 | 0.34 | 2.28 | 3.82 |
| US Treasury Floating Rate | 3.78 | 17.70 | 0.01 | 0.31 | 2.52 | 4.04 |
| U.S. MBS | 5.25 | 26.81 | 5.67 | 0.35 | 0.38 | 3.47 |
| U.S. CMBS | 7.17 | 276.60 | 2.93 | 0.57 | 2.74 | 5.23 |
| U.S. TIPS | 4.63 | 2.10 | 6.53 | 0.43 | 0.91 | 1.71 |
| U.S. Municipal Bond | 3.90 | - | 6.44 | 0.35 | 0.60 | 4.79 |
| **U.S. IG CREDIT (BY RATING)** | | | | | | |
| U.S. IG Corporate | 5.48 | 79.53 | 6.73 | 0.15 | -0.38 | 1.71 |
| U.S. Liquid IG | 6.01 | 98.75 | 7.59 | 0.06 | -1.22 | 0.81 |
| Aaa | 5.36 | 41.04 | 10.40 | 0.14 | -2.40 | -0.82 |
| Aa | 5.39 | 62.06 | 7.79 | -0.02 | -1.79 | -0.15 |
| A | 5.34 | 67.82 | 6.69 | 0.12 | -0.41 | 1.77 |
| Baa | 5.66 | 97.89 | 6.59 | 0.24 | -0.01 | 2.21 |
| **U.S. HIGH YIELD & LOANS** | | | | | | |
| U.S. Liquid High Yield | 7.39 | 282.48 | 2.94 | 0.86 | 2.29 | 4.75 |
| Ba | 6.36 | 152.60 | 3.45 | 0.89 | 2.39 | 4.98 |
| B | 7.73 | 267.19 | 2.91 | 1.07 | 3.01 | 5.80 |
| Caa | 13.33 | 843.83 | 2.82 | 0.43 | 1.44 | 3.51 |
| Ca-D | 35.93 | 3649.19 | 2.75 | -0.50 | -11.81 | -18.95 |
| U.S. Leveraged Loans | 8.79 | 470.59 | 0.25 | 0.73 | 2.75 | 4.42 |
| **EUROPE** | | | | | | |
| Euro Aggregate | 3.51 | 44.85 | 6.14 | -0.18 | -0.15 | 0.36 |
| Euro Treasury | 3.46 | 35.22 | 6.92 | -0.34 | -0.49 | 0.02 |
| Euro High Yield | 5.92 | 262.15 | 3.05 | 0.42 | 1.92 | 3.00 |
| Euro Leveraged Loans | 7.93 | 493.34 | 0.25 | 0.37 | 2.46 | 3.76 |
| Sterling Aggregate | 5.10 | 16.90 | 7.27 | 0.21 | -0.77 | 2.42 |
| **ASIA & EMERGING MARKETS** | | | | | | |
| Asian-Pacific Aggregate | 2.40 | 5.79 | 6.77 | -0.71 | 2.97 | 6.98 |
| Japan Govt Bond (JGB) | 2.55 | -0.76 | 7.91 | -0.34 | -3.92 | -5.92 |
| Asian-Pacific Japan 10+ | 3.61 | 0.50 | 15.73 | -0.64 | -9.26 | -12.69 |
| China Aggregate | 1.58 | 10.93 | 5.77 | 0.44 | 2.63 | 2.83 |
| EM Investment Grade | 5.48 | 85.53 | 6.28 | 0.37 | -0.28 | 2.29 |
| EM High Yield | 7.64 | 301.76 | 5.26 | 0.81 | 4.13 | 9.82 |

## Global Developed Markets 10Y Yield




| Index Name | YTM (%) | OAS (bps) | Duration (yrs.) | 1-Mo. (%) | YTD (%) | 1Y (%) |
|---|---|---|---|---|---|---|
| **GLOBAL** | | | | | | |
| Global Aggregate | 4.02 | 28.53 | 6.22 | 1.35 | 0.09 | 1.15 |
| Global Treasuries | 3.68 | 8.03 | 6.72 | 1.54 | -0.43 | -0.27 |
| Global Credit | 4.83 | 71.76 | 5.87 | 1.10 | -0.06 | 1.81 |
| Global Corporate | 4.98 | 80.45 | 5.84 | 1.00 | -0.08 | 1.81 |
| Global High Yield | 7.32 | 279.47 | 3.80 | 1.30 | 2.78 | 6.08 |
| Global Leveraged Loans | 8.59 | 476.85 | 0.25 | 1.22 | 2.52 | 4.23 |
| Global Securitized | 4.84 | 30.64 | 5.29 | 0.75 | 0.23 | 2.97 |
| **CANADA** | | | | | | |
| Canada Aggregate | 3.91 | 37.42 | 7.02 | -0.80 | 0.39 | 2.17 |
| Canada Treasury | 3.47 | 0.31 | 6.51 | -0.73 | 0.25 | 1.43 |
| Canada Long Treasury | 4.09 | 0.11 | 16.27 | -2.61 | -1.69 | -0.71 |
| Canada Corporate | 4.32 | 88.02 | 5.44 | -0.47 | 0.80 | 2.89 |
| Canada Provincial | 4.23 | 50.05 | 9.44 | -1.26 | 0.10 | 2.36 |
| Canada Municipal | 4.39 | 64.22 | 9.25 | -1.12 | 0.38 | 2.76 |
| Canada Aaa | 3.48 | 4.06 | 6.06 | -0.64 | 0.39 | 1.69 |
| Canada Baa | 4.44 | 100.78 | 5.24 | -0.43 | 1.08 | 3.39 |

Source: Bloomberg | As of: 08/31/2026

# Commodities

## Dollar Weakness Fuels Commodity Rally

Daksh Singh

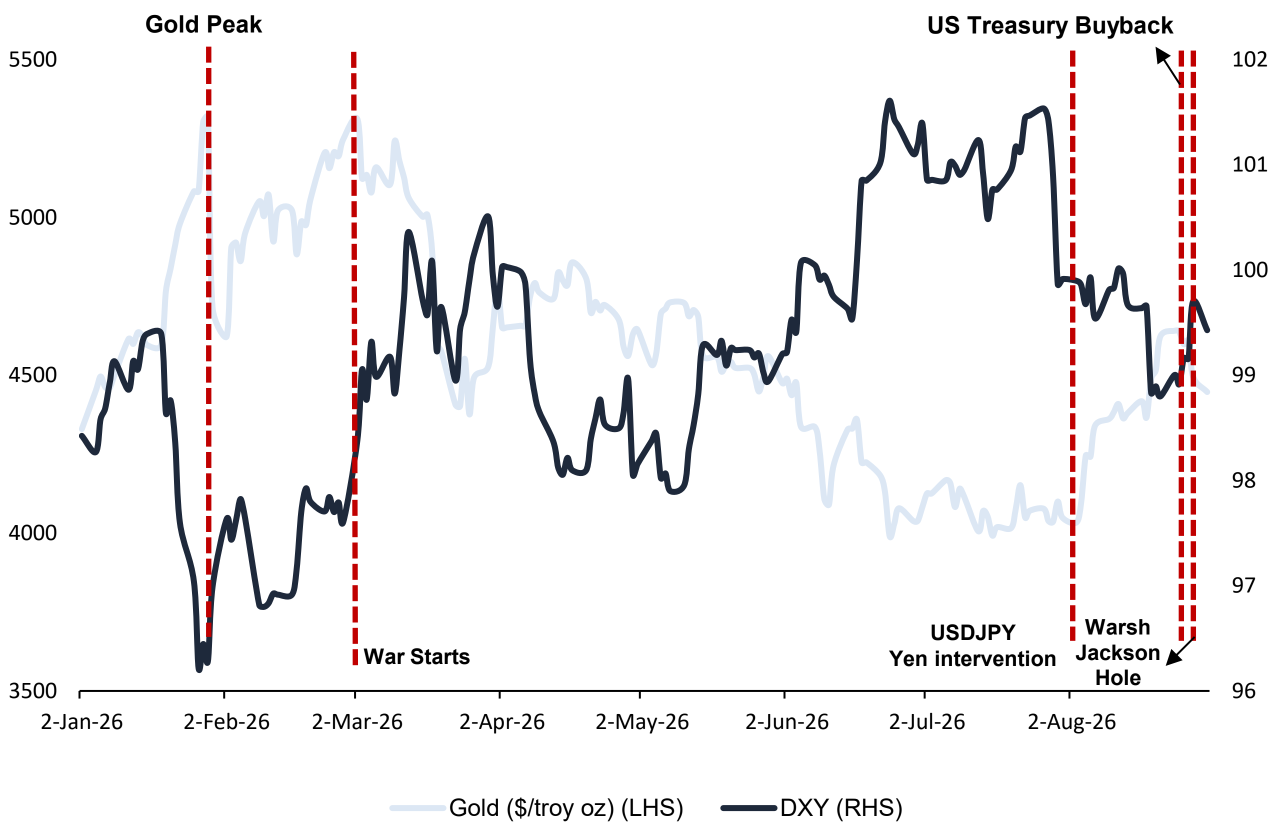
# Dollar Weakness Fuels Commodity Rally

- **Broad Advance as the Dollar Absorbs the Buyback Failure:** The S&P GSCI rose 5.30% MTD to 716.70, with four of five sectors higher. Supply shocks in energy and grains drove the sector moves, while a weaker dollar lifted the complex broadly: the Treasury's Aug. 19 decision to double long-dated buybacks to $4 billion per operation held yields down for one session before reversing, and the dollar absorbed the shift instead, with DXY down 0.83% that day and at 98.80 by Aug. 21 before recovering to 99.43 at month-end.
- **Hormuz Access Halves as Transit Talks Stall:** WTI fell to $75.22/bbl. on Aug. 5 as a US-Iran transit deal looked close, then rallied 16.8% to $87.83 by Aug. 20 after talks broke down, settling at $85.76 (+6.75% MTD). Brent rose 8.02% to $90.49/bbl., narrowing the Brent-WTI spread to $4.73. Gasoil gained 11.73% MTD and Henry Hub added 5.54%.
- **Tariff Uncertainty and Tight Supply Keep Copper Bid:** Copper closed at $14,294/mt., up 3.06% MTD, after touching a 2026 high of $14,350 on Aug. 25. The overdue Section 232 refined copper ruling continued to draw metal into COMEX, while mine supply stayed tight and US-China competition for available metal intensified. Aluminium added 0.64% to $3,242/mt. and nickel eased 1.17%.
- **Dollar Weakness Keeps Precious Metals Bid:** Gold rose 10.24% MTD to $4,446.80/oz. and silver 14.46% to $66.22/oz., a ratio of 67.2. Ten-year TIPS ended August near 2.43%, slightly lower over the month, while dollar weakness remained a key support for precious metals.
- **Supply Disruptions Lift Grain Prices:** Wheat led agriculture at +16.21% MTD to 756.50¢/bu. after drone strikes closed Novorossiysk, with corn +14.64% to 515.00¢/bu. USDA's Aug. 12 report cut the 2026 corn yield to 180.7 bpa from 183, below the 182.4 trade estimate. Soybeans added 9.11% and cocoa 11.97%.

Source: Bloomberg, Capital IQ | As of: 08/31/2026

# Gold Trades Policy Credibility

## Gold vs. US dollar Index

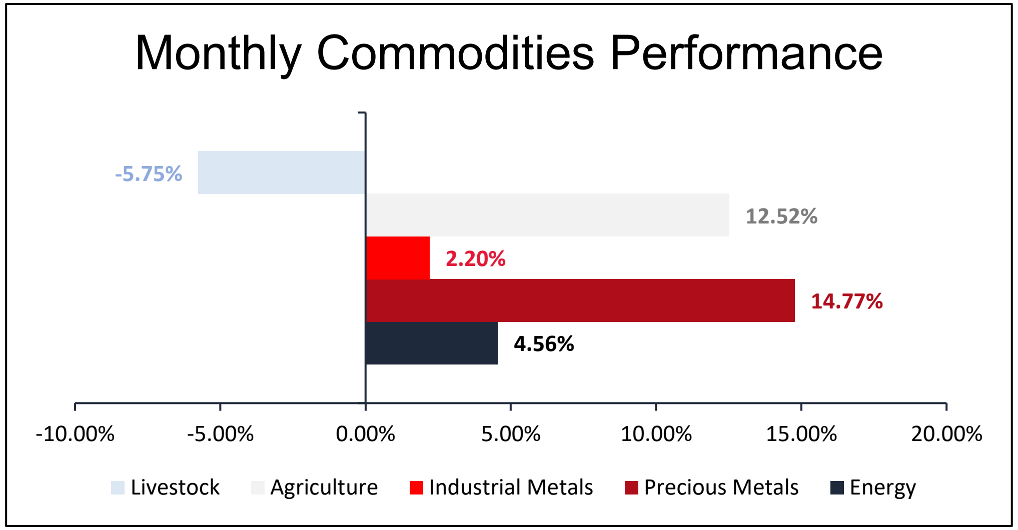



- **Buyback Moves the Dollar, Not the Curve:** With the 30-year above 5.3%, a 19-year high, the Aug. 19 buyback pulled it to 5.19% for one session before yields reversed. DXY fell 0.83% to 98.83 on bill funding concerns, and gold gained 5.91% through Aug. 21 with real yields flat.
- **Warsh Answers the Open Question:** The debasement trade needed the Fed to accommodate Treasury. Jackson Hole answered no. Warsh called 2% a firm target and said summer's better prints showed no meaningful improvement. DXY closed back through its pre-buyback level; gold fell 2.49%.
- **Credibility Becomes the New Driver:** Gold closed August up 10.24% despite the Jackson Hole selloff. September decides the rest: a hike caps the debasement bid; Fed accommodation revives it.

Source: Bloomberg, Capital IQ | As of: 08/31/2026

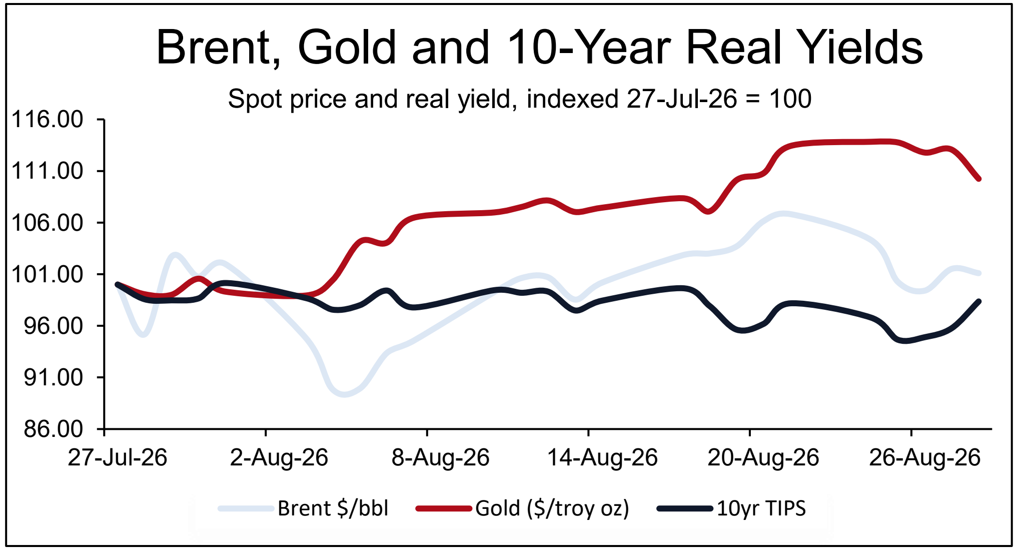
| INDEX | Price | Daily | Daily % | MTD% | YTD% |
|---|---|---|---|---|---|
| **Headline Indices** | | | | | |
| S&P GSCI | 716.70 | 7.17% | 30.79% | 5.30% | 28.50% |
| Dow Jones Cmdty Index | 367.04 | 5.05% | 34.84% | 2.96% | 32.15% |
| MSCI Global Energy Index | 699.59 | 8.45% | 35.42% | 7.47% | 34.21% |
| **Commodity Sectors** | | | | | |
| Energy | 318.53 | 8.24% | 56.34% | 4.56% | 51.04% |
| Precious Metals | 5950.47 | 10.20% | 2.43% | 14.77% | 6.69% |
| Industrial Metals | 618.61 | 2.31% | 11.47% | 2.20% | 11.35% |
| Agriculture | 443.30 | 14.00% | 26.24% | 12.52% | 24.61% |
| Livestock | 468.90 | -4.96% | -7.69% | -5.75% | -8.46% |

| Energy | Price | MTD% | YTD% | 2026E | 2027E |
|---|---|---|---|---|---|
| NYM WTI Crude ($/bbl) | 85.76 | 6.75% | 49.62% | 84.17 | 73.33 |
| ICE Brent ($/bbl) | 90.49 | 8.02% | 48.95% | 89.42 | 78.4 |
| NYMEX Henry Hub Natural Gas ($/MMBtu) | 2.94 | 5.54% | -18.88% | 3.41 | 3.35 |
| ICE Gasoil ($/mt) | 1,347.75 | 11.73% | 120.49% | 1144.56 | 971.83 |




| Metals | | | | | |
|---|---|---|---|---|---|
| **Precious** | | | | | |
| Gold ($/troy oz) | 4446.80 | 10.24% | 2.71% | 4532.67 | 4601.82 |
| Silver ($/troy oz) | 66.22 | 14.46% | -6.75% | 72.13 | 68.78 |
| Palladium ($/troy oz) | 1362.90 | 8.46% | -19.43% | 1897.02 | 1842.44 |
| Platinum ($/troy oz) | 1794.20 | 10.32% | -15.59% | 1437.36 | 1418.39 |
| **Industrial** | | | | | |
| Copper ($/mt) | 14294.00 | 3.06% | 14.63% | 13745.16 | 14235.08 |
| Aluminium ($/mt) | 3242.00 | 0.64% | 7.51% | 3316.73 | 3202.66 |
| Nickel ($/mt) | 16861.00 | -1.17% | 0.24% | 17168.19 | 17349.04 |

| Agriculture | | | | | |
|---|---|---|---|---|---|
| Corn (¢/bu) | 515.00 | 14.64% | 17.71% | 486.14 | 544.27 |
| Soybeans (¢/bu) | 1,275.25 | 9.11% | 23.87% | 1224.13 | 1289.32 |
| Wheat (¢/bu) | 756.50 | 16.21% | 49.36% | 696.2 | 789.77 |
| Cocoa ($/mt) | 6,650.00 | 11.97% | 13.27% | 5391.22 | 6864.17 |
| Live Cattle (¢/lb) | 220.75 | -4.48% | -6.46% | 234.62 | 212.77 |




Source: Bloomberg, Capital IQ | As of: 08/31/2026

# FX

## Dollar Slips on Policy Split

Hojin Choi

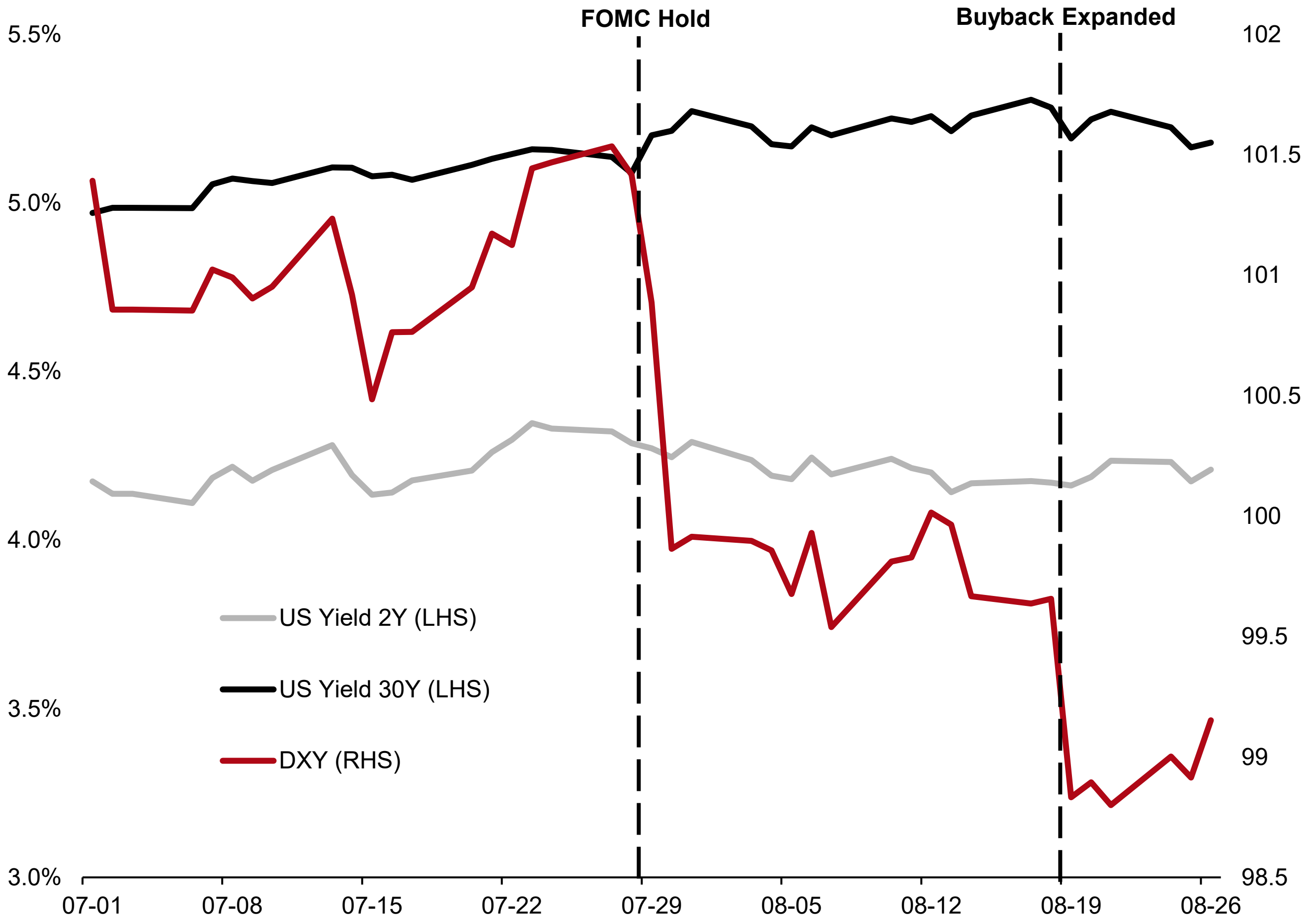
# Dollar Slips on Policy Split

- **Dollar Weakness Extends Beyond Fed Policy:** Despite July FOMC minutes showing several officials open to another hike if inflation stayed elevated, DXY remained near 99 in August. Fiscal borrowing concerns, Treasury market dynamics, and uncertainty around long-end support measures may be adding pressure beyond Fed policy alone.
- **USDJPY (159.24)—Intervention Buys Time:** USDJPY ended July near 163.99 before joint U.S.—Japan intervention drove the pair sharply lower. The yen later weakened back toward 160, showing intervention slowed depreciation but did not resolve the underlying U.S.—Japan rate gap.
- **USDCAD (1.38)—Trade Overtakes Oil:** U.S.—Canada trade tensions became the key CAD driver after negotiations broke down and the U.S. imposed 50% tariffs on roughly $20 billion of Canadian goods, followed by Canadian retaliation. CAD weakened on concerns around growth, trade, and future BoC policy, reducing oil's near-term influence.
- **EURUSD (0.86)—ECB Repricing Supports the Euro:** EUR benefited from both a softer USD and rising expectations for another ECB rate increase. With the deposit rate at 2.25% and markets increasingly focused on a move to 2.50%, relative to policy expectations became more supportive for the euro.
- **USDKRW (1,382.72)—Won Strengthens:** The won moved toward an 11-month high as broad USD weakness combined with exporter dollar selling and improving domestic fundamentals. The BOK continues to balance stronger growth and above-target inflation against currency and financial-stability risks.

Source: Bloomberg, Capital IQ | As of: 08/31/2026

# The Dollar's Repricing Story

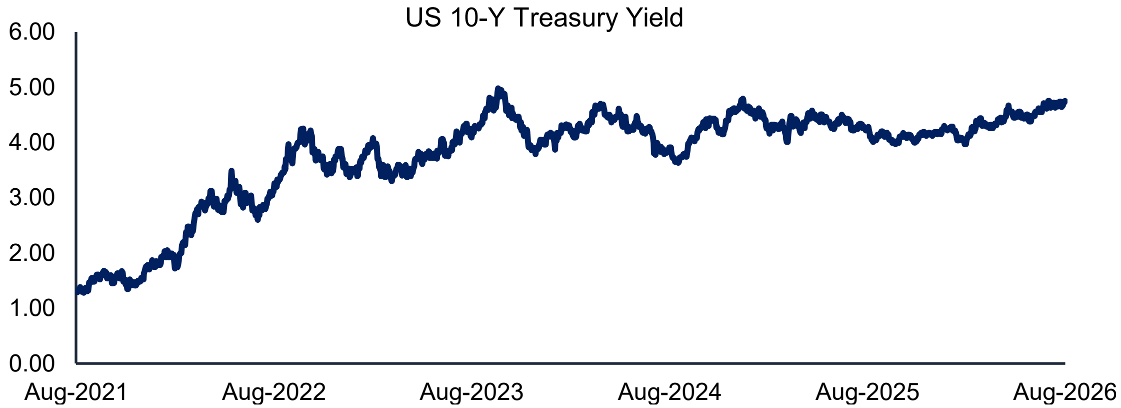
## US 2Y/30Y Treasury Yields vs. DXY




- **Decoupling:** The 30-year Treasury yield closed at 5.31% on August 17, its highest level since 2007, while DXY traded near 99.6. Weak U.S. data reduced September hike odds from roughly 55% to 35%, suggesting the long end was being influenced by factors beyond near-term Fed expectations.
- **The Driver Shift:** The 2-year yield remained tied to Fed policy expectations, while the 30-year increasingly reflected fiscal deficits, Treasury supply and term-premium concerns. Yields driven by growth typically support the dollar, but yields driven by fiscal concerns can instead become a credibility premium.
- **The Policy Signal:** Treasury doubled long-end buybacks from $2 billion to $4 billion per operation, briefly pushing the 30-year yield nearly 10 bps lower to 5.19%. While the move eased liquidity pressures, it did little to address the broader deficit, issuance burden and long-run fiscal concerns weighing on duration.

Source: Bloomberg | As of: 08/31/2026

| | Market Pricing | | | | | |
|---|---|---|---|---|---|---|
| | 1-Month | 3-Months | 12-Months | MTD | QTD | YTD |
| USDCAD | -1.02 | -2.22 | 1.27 | -1.02 | -2.22 | 1.27 |
| EURUSD | 1.28 | 1.98 | -0.77 | 1.28 | 1.98 | -0.77 |
| JPYUSD | 0.01 | -1.95 | 1.65 | 0.01 | -1.95 | 1.65 |
| USDCNY | 0.47 | 1.03 | 4.03 | 0.47 | 1.03 | 4.03 |
| USDCHF | -0.44 | -0.30 | 1.60 | -0.44 | -0.30 | 1.60 |
| AUDUSD | 2.10 | 3.60 | 7.45 | 2.10 | 3.60 | 7.45 |
| NZDUSD | -1.09 | -4.36 | -3.09 | -1.09 | -4.36 | -3.09 |
| GBPUSD | 0.96 | 2.44 | 0.98 | 0.96 | 2.44 | 0.98 |




| | World FX (Historical) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Currency Pair | Aug-26 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Aug-26 |
| USDCAD | 1.38 | 1.38 | 1.40 | 1.40 | 1.40 | 1.37 | 1.36 | 1.36 | 1.39 | 1.36 | 1.38 | 1.42 | 1.40 |
| EURUSD | 1.15 | 1.17 | 1.17 | 1.15 | 1.16 | 1.17 | 1.19 | 1.18 | 1.16 | 1.18 | 1.16 | 1.14 | 1.15 |
| JPYUSD | 148.14 | 147.27 | 147.17 | 154.13 | 155.28 | 156.73 | 154.33 | 156.07 | 158.63 | 156.73 | 159.66 | 162.41 | 159.36 |
| USDCNY | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| USDCHF | 0.81 | 0.80 | 0.80 | 0.80 | 0.80 | 0.79 | 0.77 | 0.77 | 0.79 | 0.78 | 0.79 | 0.81 | 0.81 |
| AUDUSD | 0.65 | 0.66 | 0.66 | 0.65 | 0.66 | 0.67 | 0.70 | 0.71 | 0.69 | 0.72 | 0.71 | 0.69 | 0.70 |
| NZDUSD | 1.69 | 1.69 | 1.72 | 1.75 | 1.74 | 1.74 | 1.65 | 1.67 | 1.73 | 1.69 | 1.69 | 1.76 | 1.70 |
| GBPUSD | 1.32 | 1.35 | 1.35 | 1.31 | 1.32 | 1.35 | 1.37 | 1.35 | 1.33 | 1.36 | 1.34 | 1.33 | 1.35 |

| | World FX (Estimates) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sep-26 | Oct-26 | Nov-26 | Dec-26 | Jan-27 | Feb-27 | Mar-27 | Apr-27 | May-27 | Jun-27 | Jul-27 | Aug-27 |
| USDCAD | 1.41 | 1.40 | 1.40 | 1.39 | 1.39 | 1.38 | 1.37 | 1.37 | 1.37 | 1.36 | 1.35 | 1.34 |
| EURUSD | 107.94 | 107.96 | 107.82 | 107.65 | 107.48 | 107.33 | 107.19 | 107.07 | 106.97 | 106.87 | 106.78 | 106.69 |
| JPYUSD | 158.60 | 158.13 | 157.34 | 156.93 | 156.97 | 156.34 | 155.79 | 155.42 | 154.95 | 154.49 | 154.03 | 153.59 |
| USDCNY | 6.74 | 6.74 | 6.73 | 6.72 | 6.72 | 6.71 | 6.71 | 6.70 | 6.70 | 6.69 | 6.69 | 6.68 |
| USDCHF | 0.82 | 0.82 | 0.82 | 0.82 | 0.82 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 |
| AUDUSD | 1.40 | 1.39 | 1.38 | 1.38 | 1.37 | 1.35 | 1.34 | 1.33 | 1.33 | 1.32 | 1.32 | 1.31 |
| NZDUSD | 1.69 | 1.69 | 1.68 | 1.67 | 1.66 | 1.65 | 1.64 | 1.63 | 1.63 | 1.62 | 1.61 | 1.60 |
| GBPUSD | 0.74 | 0.74 | 0.74 | 0.75 | 0.74 | 0.74 | 0.74 | 0.74 | 0.74 | 0.74 | 0.74 | 0.74 |

Source: Capital IQ, Bloomberg | As of: 08/31/2026

# Alternatives

## Financed, Not Valued

Bhuvanjot Arneja

# Financed, Not Valued

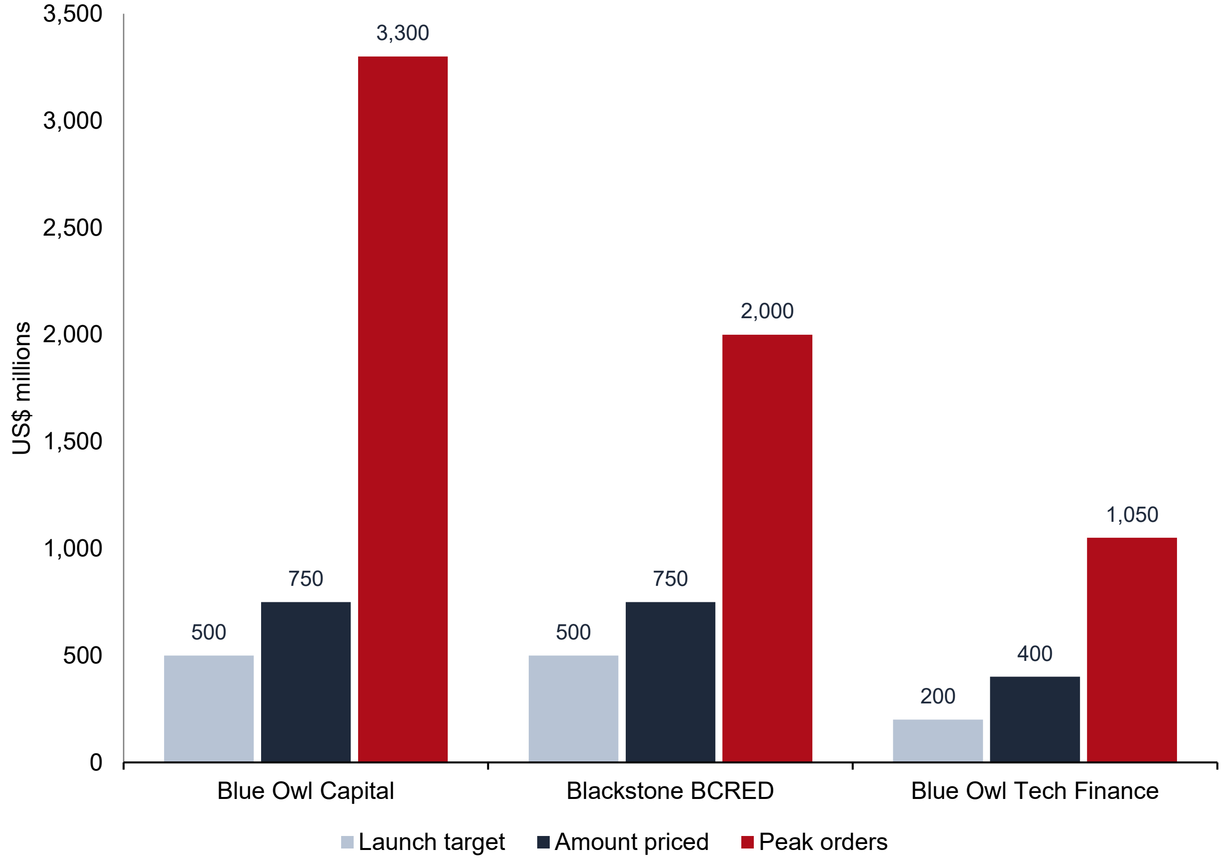
- **Capital Reopened, Conviction Did Not:** August reopened financing without resolving pricing. The largest LBO on record and the 4th largest infrastructure fund ever raised both closed, while six major alternative managers agreed to mobilise more than $500B for AI compute. But the market remained selective: a sponsor IPO cut price and size, a $1.5B dental platform went to lenders, and hedge funds rebuilt exposure without adding leverage.
- **Private Equity & VC — Records at the Top, Discounts at the Exit:** Electronic Arts' $55B take-private by PIF, Silver Lake and Affinity closed August 4 at $210 per share, the largest LBO on record. Databricks raised $5B at a $190B valuation after targeting $1B and drawing roughly $15B of interest. At exit, Lyntris priced at $17.50 below its $19–22 range, cut 7M shares and fell 11.4% on debut.
- **Private Credit — Borrowers Start Leaving:** Affordable Care transferred to Blackstone, Antares, Apollo, Crescent and New Mountain, shedding ~65% of debt for $75M of new money. Fidelis refinanced a $2B private loan into a $2.04B syndicated term loan at SOFR+275, allowing five private lenders to exit. Fitch reported a record 6.0% default rate, even as Comvest raised $5.4B and Bridgepoint €5.1B.
- **Real Assets — Financing Became the Product:** NVIDIA signed MOUs with Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs and KKR to mobilise $500B+ for compute financing. KKR closed a $19.2B infrastructure fund; Prologis agreed to buy SEGRO for $18.8B; and EQT bought a $1.2B Rexford portfolio at a 5.5% 2027 cash NOI yield. Data-centre vacancy held at 1%, with 66+ GW under construction.
- **Hedge Funds — Exposure Returned, Leverage Did Not:** Goldman's VIP basket posted its worst one-month relative performance in 20+ years during July as funds de-grossed sharply. HFRI fell 1.1%, Technology dropped 7.0%—its worst month since January 2008—and only ~45% of funds finished positive. Fundamental Growth lost 4.2% while Fundamental Value gained 0.5%. Long/short remained +10% YTD by mid-August, but leverage stayed below Q2 peaks.

Source: PitchBook; Octus; Axios; HFR; Hedgeweek; JLL; company filings | As of: 08/31/2026

# One Asset, Two Prices

## US Private Credit Investment-Grade Bond Issuance

Deal size vs. peak order book, US$ millions, priced 11–17 August 2026

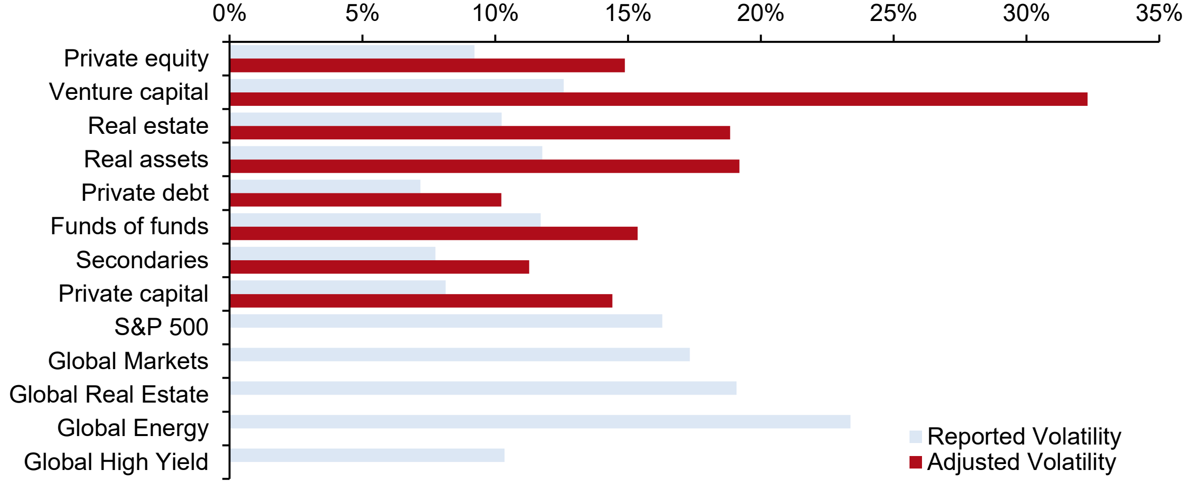



- **Books Ran Three Times the Paper:** Three vehicles asked the investment-grade market for $1.2B between August 11 and 17 and priced $1.9B against $6.35B of peak orders. Blue Owl Capital alone drew $3.3B, and Blue Owl Technology Finance drew ~$1.05B on a deal it doubled from a $200M minimum.
- **Spreads Tightened into the Bid:** BCRED priced at 205bps over Treasuries, some 25bps inside its opening talk, and Blue Owl Technology Finance printed at 250bps—tighter than the 265bps on its own existing 2029 notes. Both were the first real tests of appetite for BDC debt since the start of the third quarter, and both cleared inside guidance.
- **The Equity Market Disagrees:** The same balance sheets closed August 20 at a 0.80x mean and 0.75x median price-to-NAV, with only eight of the 45 BDCs Raymond James tracks at or above net asset value. Lenders were paid 205-250bps to hold portfolios that shareholders will own only at a 25% discount.

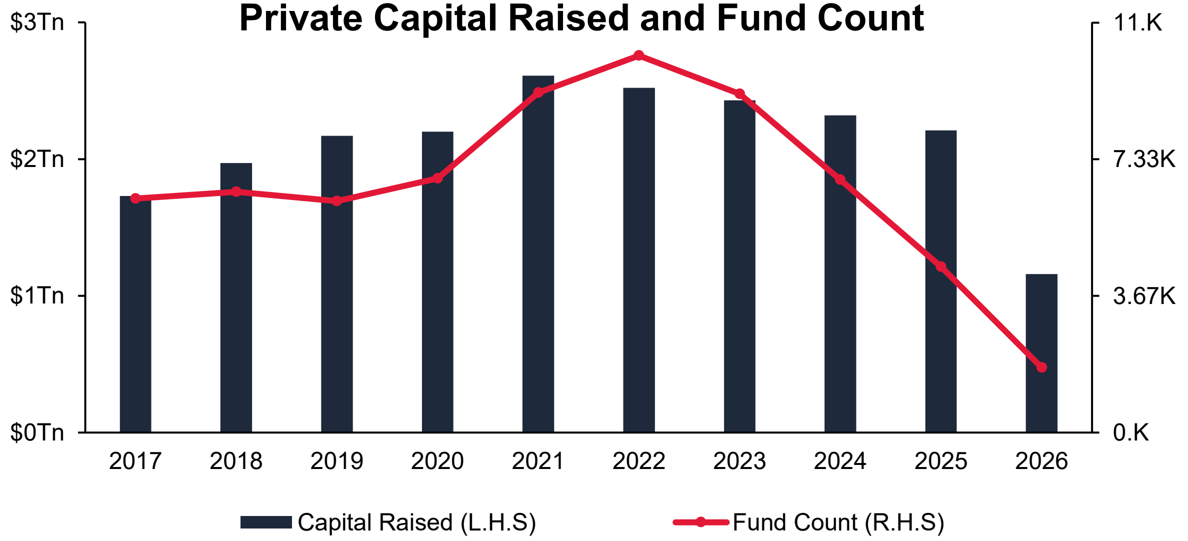
Source: Private Equity Wire; Bloomberg; Raymond James BDC Weekly | As of: 08/31/2026

| Private Capital Indexes: Quarterly Returns | | | | |
|---|---|---|---|---|
| Index | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 |
| **Private Equity** | 0.98% | 2.01% | 0.70% | -0.61% |
| Buyout | 0.95% | 1.65% | 0.48% | -0.48% |
| Growth/Expansion | 0.94% | 4.54% | 2.01% | -2.34% |
| **Venture Capital** | 2.41% | 6.37% | 5.07% | 2.10% |
| Early-Stage VC | 1.82% | 10.77% | 7.96% | 1.24% |
| Multi- & later-stage VC | 2.67% | 4.87% | 3.90% | 2.35% |
| **Real Estate** | 1.91% | -0.66% | -0.16% | -1.09% |
| Opportunistic | 2.23% | -1.36% | -0.84% | -1.39% |
| Value-Add | 1.28% | -0.21% | 0.12% | 0.73% |
| **Real Assets** | 1.31% | 2.16% | -1.23% | 0.21% |
| Infrastructure | 1.55% | 1.95% | -1.42% | -0.96% |
| Natural Resources | 0.18% | 3.24% | -0.13% | 9.66% |
| **Private Debt** | 0.91% | 1.22% | 0.49% | -0.59% |
| Direct Lending | 0.75% | -0.69% | 1.25% | -4.06% |
| Distressed | 1.42% | 1.56% | 0.78% | -1.85% |
| Mezzanine | 1.82% | 3.80% | -3.70% | 8.70% |
| **Funds of Funds** | 3.08% | 0.92% | 2.75% | 1.95% |
| PE FoFs | 3.91% | 4.27% | 4.84% | 6.56% |
| VC FoFs | 2.92% | -0.76% | 1.87% | 0.23% |
| **Secondaries** | 0.78% | 1.73% | -0.63% | 2.06% |
| **Private Capital** | 1.23% | 1.89% | 0.61% | -0.23% |

## Reported vs. Adjusted Vol. Across Private and Public Markets




## Private Capital Raised and Fund Count




Source: PitchBook, Morningstar | As of: 08/31/2026

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