

The Bridge

From the Office of the CIO

Weekly Market Tides

Weekly Market Tides: Trends to Watch

July 28, 2026

By Abie Quayson, CFA®, Portfolio Manager

A choppy week for U.S. markets, new tariffs on Canada, and questions about AI spending

1. A choppy week for global markets

The global semiconductor selloff intensified this week, with U.S. chip stocks falling further on Monday and Asian names selling off sharply overnight, including double-digit drops for SK Hynix and Samsung in Seoul. The moves extended a difficult stretch that pressured markets last week. In the U.S., all three major indexes ended lower for the week, with the Nasdaq falling around 2%, the S&P 500 down 0.6%, and the Dow slipping 0.4% for its third consecutive weekly loss. AI-related capital spending concerns were amplified by Alphabet's and Tesla's earnings reports, both of which disclosed larger investments in artificial intelligence than markets had expected. The S&P/TSX Composite closed slightly higher on the week, with broad-based gains on Friday across technology, financials, and consumer sectors leading the recovery. Separately, oil prices fell sharply on Monday after the U.S. paused its strikes on Iran, though Tehran has denied that any formal ceasefire is in place. On the economic front, Canadian inflation eased to 2.8% year-over-year in June, down from 3.2% in May, largely reflecting a smaller rise in gasoline prices. That reading brings inflation back within the Bank of Canada's target range and reinforces the message from its July 15 decision, which held the policy rate at 2.25% for a sixth consecutive time. Similar to the past few weeks, this week's calendar is heavy: Meta and Microsoft report Wednesday, Apple and Amazon report Thursday, and the U.S. Federal Reserve delivers its rate decision on Wednesday, with markets expecting a hold.

2. New U.S. tariffs on Canada under a rarely-used law

Last week, the Trump administration announced 50% tariffs on a set of Canadian imports under Section 338 of the Tariff Act of 1930, marking the first time in the statute's history that a president has invoked this authority. Three proclamations cover Canadian dairy, alcoholic beverages, and motor vehicles, together with a broader list of items including wine, hockey sticks, and cement. The new duties take effect on August 19 and cover approximately \$20 billion of Canadian exports, or roughly 5% of the total that Canada sends south. The U.S. administration cited what it described as discriminatory treatment of American products by Canada, pointing to tariff-rate quotas on U.S. cheese that are more restrictive than Canada's arrangements with the European Union, provincial-level boycotts of American alcohol, and Canadian retaliatory tariffs applied specifically to U.S.-made vehicles. Practically, the broader picture remains that nearly 90% of Canadian exports continue to move under CUSMA rules without new tariffs, but the affected sectors face an additional and meaningful cost of doing business with their largest customer. The announcement also adds pressure ahead of the ongoing CUSMA review negotiations, which most trade observers now expect to extend into 2027.

3. Big Tech earnings put a spotlight on AI spending

The most closely watched theme in U.S. equities right now is not revenue growth but capital spending. Alphabet and Tesla both reported strong top-line results last week, but both also disclosed that they are increasing their investment in artificial intelligence infrastructure well beyond what markets had anticipated. Investors reacted by pulling back from the largest technology names, with concerns that even record cash flows may not fully absorb the pace of AI-related spending. This week's earnings from Meta, Microsoft, Apple, and Amazon will give markets a much fuller read. The underlying question is essentially this: enthusiasm for AI has propelled U.S. equity returns for two years, with a small group of technology names doing much of the heavy lifting. If the capital spending required to sustain that leadership is materially higher than previously understood, the timeline for a payoff matters more than ever. At the same time, the companies driving the spending are also generating record revenues from AI-related demand, which suggests the underlying business case has not weakened. The reports over the next few days will help clarify how these tensions are being balanced.

Bottom line for investors

The past week captured much of what has made 2026 a difficult year to interpret. Markets are wrestling with high expectations for AI-related growth against real questions about the sustainability of the spending required to deliver it. Trade policy is generating fresh headlines, with

new U.S. tariffs on select Canadian imports adding to the pressure ahead of upcoming CUSMA negotiations.

The message for portfolios remains consistent. Diversification across sectors, regions, and asset classes helps to maintain resiliency when several major storylines are unfolding at once. The current environment is a useful reminder that market leadership can shift, and that portfolios positioned for a range of outcomes tend to weather periods of volatility better than those concentrated in any single theme.

Disclaimer

I, Abie Quayson, have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone and may not reflect the views of Harbourfront Wealth Management Inc. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this should be viewed as a reflection of my informed opinions rather than analyses produced by Harbourfront Wealth Management Inc.