

The Bridge

From the Office of the CIO

Weekly Market Tides

Weekly Market Tides: Trends to Watch

September 29, 2026

By Abie Quayson, CFA®, Portfolio Manager

Bond yields hit 2007 highs, Trump rebuffs Iran, and a narrow U.S.-China tariff deal

1. Markets pulled back Monday as yields surged and Trump rebuffed Iran

Global equity markets are trading mixed this morning as oil has retreated on news of indirect U.S.-Iran talks, though Treasury yields remain elevated. That is giving back some of Monday's sharp pullback, when all three major U.S. indices closed lower. The Nasdaq fell nearly 1%, the S&P 500 lost around 0.8%, and the Dow shed roughly 0.7%. Rising Treasury yields and news that OpenAI had paused training on its latest AI models weighed most heavily on the tech and semiconductor complex, with Arm, Qualcomm, Intel, and AMD each falling sharply. Separately, President Trump's rejection of Iran's weekend peace proposal shifted the focus of any deal toward Iran's nuclear program rather than the Strait of Hormuz reopening, sending oil sharply higher. Nvidia bucked the chip-stock trend with a modest gain on the largest single share buyback authorization on record, at \$150 billion, and the launch of its new AI safety platform. Monday's pullback erased part of a stronger prior week, when the Nasdaq gained more than 2% and the S&P 500 rose about 1.2% on continued AI momentum following Meta Connect on Thursday. The week ahead is data-heavy. In the U.S., August personal consumption expenditures (PCE) land Wednesday and September nonfarm payrolls Friday. In Canada, September jobs come October 9, September CPI on October 19, and August retail sales on October 23, all before the Bank of Canada's October 28 decision. Markets view that decision as close to a coin flip between another hold and a first rate hike in years.

2. The 10-year Treasury yield hits its highest level since 2007

A consequential move this past week has taken place in the U.S. bond market. The 10-year Treasury yield touched approximately 5.2% on Monday, its highest level since 2007. The 30-year reached about 5.6%, its highest since 2002. Several factors have pushed in the same direction. Inflation remains sticky, with the Cleveland Fed's nowcasting tool pointing to August personal consumption expenditures near 3.8% year over year, well above the Fed's 2% target. Oil remains elevated on Iran-related supply concerns. And U.S. Treasury issuance keeps growing, with markets absorbing a larger supply of long-dated bonds. Higher yields typically weigh on equities in two ways. They raise the discount rate applied to future earnings, and they make bonds a more competitive alternative for income-oriented capital. That said, the equity impact this cycle has been uneven, given the strength of the AI trade. For Canadian investors, the read-through matters. Canadian and U.S. long-end yields are tightly correlated, because the two markets respond to many of the same global drivers. When U.S. long rates climb, Canadian long rates tend to follow. That flows through to mortgage costs and pressures rate-sensitive parts of the TSX, including real estate, utilities, and telecoms. The bond market's message is that inflation is not yet under control and the Fed's fight is not yet over.

3. The Trump-Xi tariff deal is narrow in scope with major exclusions

President Trump and President Xi met in Washington last Thursday and Friday for a state visit and summit that produced an agreement to reduce tariffs on approximately \$30 billion of goods flowing in each direction, roughly \$60 billion of bilateral trade in total. The U.S. list covers 77 categories of Chinese imports, including small appliances, toys, holiday decorations, and tableware. The Chinese list covers 1,619 U.S. export items, including agricultural commodities, timber, medical equipment, personal care products, and coal. The two sides also established the U.S.-China Board of Trade as a new negotiating channel. Notable exclusions include semiconductors, electric vehicles, and batteries, which remain outside the agreement. What the deal does not do is roll back the broader tariff architecture, which has been in place since Trump's tariffs on China peaked at 145% earlier in 2025. Trade specialist Deborah Elms noted that the products in the deal may lower some consumer prices, but none are large enough categories to make a meaningful difference in inflation figures. The narrow scope is telling. Both sides wanted to project some working progress without committing to structural change on the harder issues, including technology transfer, Taiwan, and Iran. For a Canadian audience, the summit invites a natural comparison. The U.S. was willing to negotiate publicly with China, even as U.S. Section 338 duties of 50% on Canadian dairy, alcoholic beverages, and motor vehicles remain in place. USMCA renegotiations are still pending, and Canadian exporters are watching Washington closely to see what a similar path might eventually look like for them.

Bottom line for investors

Global markets were shaped by several converging themes over the past week. Rising Treasury yields pushed the 10-year to a 19-year high, driven by a hawkish Fed, sticky inflation, elevated oil, and heavy

Treasury issuance. Monday's rejection of the Iranian peace proposal sent oil sharply higher and stocks lower. The Trump-Xi summit produced a narrow tariff-cut package covering roughly \$30 billion of trade in each direction and established a new U.S.-China Board of Trade, but left the broader tariff architecture largely intact.

For portfolios, diversification across sectors, regions, and asset classes remain the best defense when yields, inflation, and geopolitics can each move markets in a single headline. Portfolios built for a range of outcomes tend to hold up better than those tilted heavily to any single view.

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.