

SUMMARY

- Despite elevated policy uncertainty and geopolitical risks, growth momentum appears to be improving across sectors and regions, underpinned by still solid consumer spending and increasing business investment, with a helping hand from governments.
- That solid demand is posing near-term upside risks to inflation that are being compounded by supply-side pressures related to the ongoing war in Iran and its impact on energy markets, and broader supply chain pressures tied to shortages of key technology hardware.
- To the extent that a sustained resolution to the situation the Middle East can be attained while technology investments start generating productivity gains, these price pressures would likely subside and ease the burden on central bank policymakers to act to keep inflation contained.
- Such an environment would be constructive for a sustained broadening of earnings momentum which in turn would support financial markets that have experienced valuation adjustments that provide for better forward-looking prospects.
- Of course, there remain ample reasons for investors to be cautious. The policy uncertainty and geopolitical risks are likely to persist — and as recent years have shown, new threats and concerns, prior hereto unthought of, are likely to emerge which could render these generally positive thoughts on the outlook moot and roil markets.
- As such, the potential for disruptions to economic momentum will likely keep markets vulnerable to bouts of volatility. The best educated guesses, given the available information at the moment, however, would suggest that the most likely scenario appears to be one in which risk assets continue to climb the wall of worry.

Ceteris paribus

New York Yankee legend Yogi Berra famously commented that “*it’s tough to make predictions, especially about the future.*” The future is inherently unknown and unknowable, given all of the different interacting variables at play.

If, however, it is assumed that things will remain on a similar path in the absence of a shock that will cause a change in direction — economists have long added “*ceteris paribus*” to their forecasts, which is Latin for “all else the same” — educated guesses about how things are likely to progress can be made to help guide decision-making by businesses, consumers and investors.

The usefulness of those educated guesses is highly dependent on that caveat about the absence of a disruption — the multitude of crisis events (both real and potential), and their frequency, in recent years have regularly rendered these exercises moot or drastically shortened their shelf-life.

And so, it is with this in mind that readers are cautioned to continue to be aware of the caveats that are appended to the comments that follow.

There continue to be many significant risks that linger over the outlook that have the potential to make the baseline expectations — of generally solid and broadening growth momentum against moderate underlying inflation pressures that permit central banks to remain sidelined — prove to be off base.

Discretionary consumers

It remains the case that despite significant policy uncertainty and elevated geopolitical risks, the global economy remains on decent footing that continues to support its ongoing resiliency. In turn, this continues to support a constructive backdrop for corporate earnings and financial markets.

Starting with the consumer, the largest cog in the global economic machine.

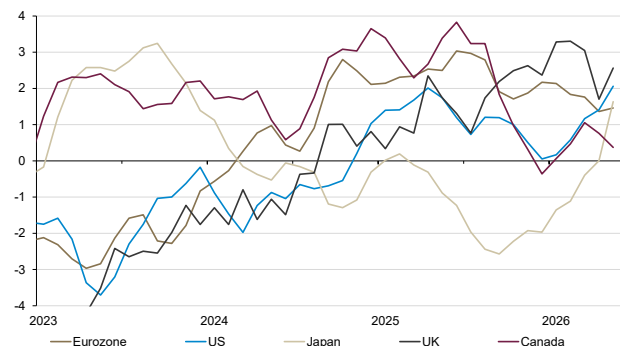
Despite rising cost pressures — most acutely for gasoline of late — households worldwide continue to spend, with momentum in inflation-adjusted retail

sales actually perking up across most major Developed Markets (DM) so far this year.

CHART 1: SALES STILL SAILING

Retail sales volumes

(year-over-year percent change of three-month moving average)



Source: Guardian Capital LP, using data from Bloomberg and the Organisation for Economic Cooperation and Development to May 2026

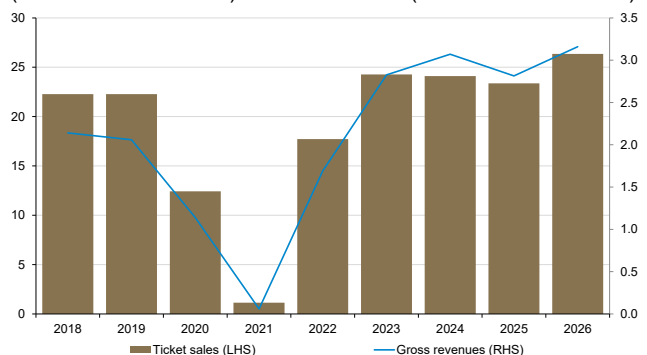
Further, it is not simply a case of consumers spending more on essentials. Event industry data¹ showed ticket sales for the top 100 concert tours set new all-time highs over the first half of 2026 and, in turn, pushed total gross revenues worldwide (and these figures exclude merchandise sales).

CHART 2: SING IT OUT LOUD

Top 100 global tour ticket sales & revenues, year-to-June

(millions of tickets sold)

(billions of U.S. dollars)

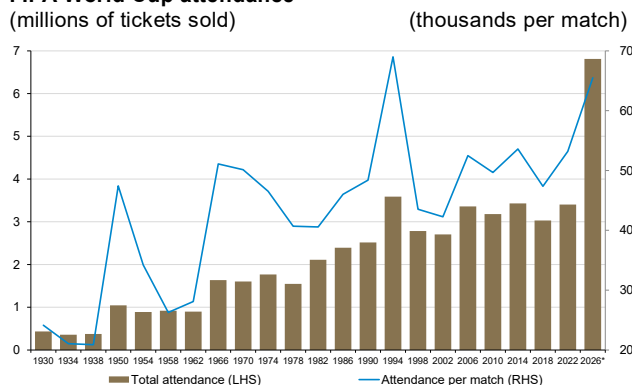


Source: Guardian Capital LP, using data from Pollstar to June 2026

Echoing this, the FIFA World Cup this summer shattered overall attendance records² — and while that reflects the expanded number of teams and games, and the large venues, the crowds of fans of the beautiful game still were willing to pay the high costs of admission in addition to the costs of travel and related expenses for visiting the 16 host cities across the U.S., Mexico and Canada (these areas experienced spikes in spending during the tournament³).

CHART 3: GOAL!

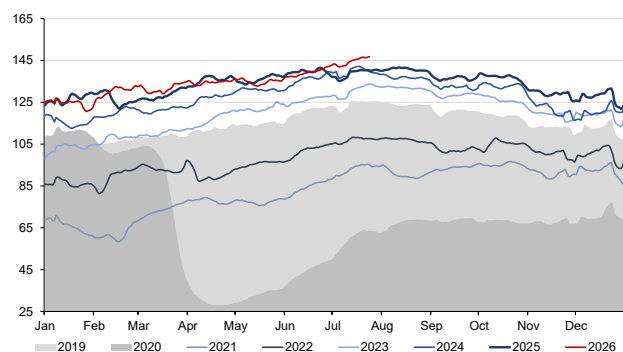
FIFA World Cup attendance
(millions of tickets sold)



On the topic of travel — another extremely discretionary spending area — tracking data⁴ show that there have been more commercial flights this summer so far than any other time on record despite the high costs and fuel surcharges.

CHART 4: FLYING SKY HIGH

Commercial flights* per day, World
(seven-day moving average in thousands)



No doubt pilgrimages to the World Cup have boosted these numbers, but that also really emphasizes the willingness and ability of consumers globally to engage in this type of highly discretionary spending, and that flight volumes have continued to set records even after the final was played, suggesting it is not strictly a World Cup story.

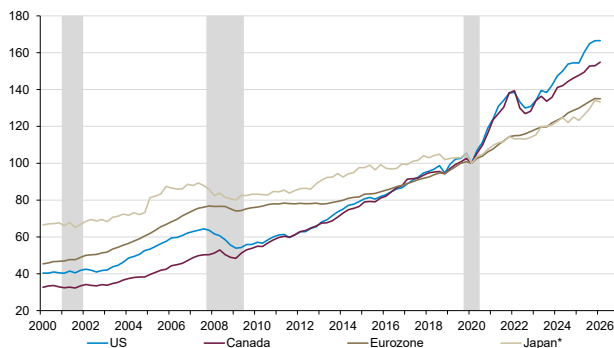
The capacity to spend stems from the strength of household balance sheets across the world.

The latest available data on household finances in aggregate show that net worth (total assets less liabilities) sits at or near record highs and that is the

case not just for the U.S. but also for the likes of the Eurozone, Canada, and Japan — and even on an inflation-adjusted basis.

CHART 5: FOR WHAT IT'S WORTH

Household net worth
(index, Q1 2020 = 100; local currency basis)



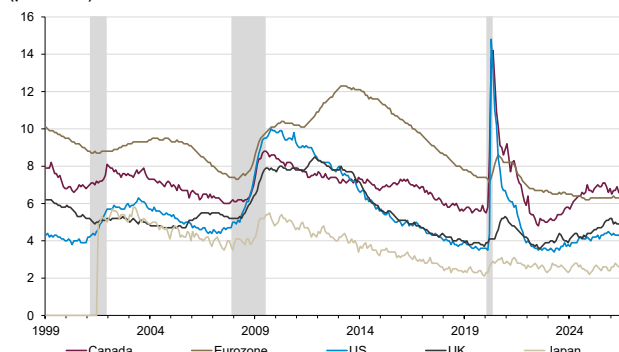
This solid financial foundation is complemented by the continued firmness of job markets supporting incomes.

Hiring rates worldwide may have slowed from their blistering pace earlier in the cycle, but there are limited, if any, indications of broad layoffs.

Instead, firms are continuing to add to headcounts at a time when the supply-side of the labour market is facing growing pressures from aging demographics and tighter immigration policies. Unemployment rates, which had been drifting higher, have actually been grinding lower in recent months.

CHART 6: JOB MARKET STABILITY

Unemployment rates
(percent)



Improving net worth — and strong relative gains have been recorded across the wealth spectrum, not just among the upper echelons — creates less impetus to save out of current incomes that are being sustained by general job market stability.

The combination evidently supports the ability of many households to absorb the rising costs of living without having to forego certain luxuries.

As such, households appear well positioned to continue to play a key role in supporting positive underlying global economic momentum.

Ground-breaking businesses

While consumers remain an important growth driver, in stark contrast to the bulk of the post-pandemic era, they are now no longer acting alone.

After arguably underinvesting for much of the last two decades, businesses globally have increasingly been expanding their capital spending plans.

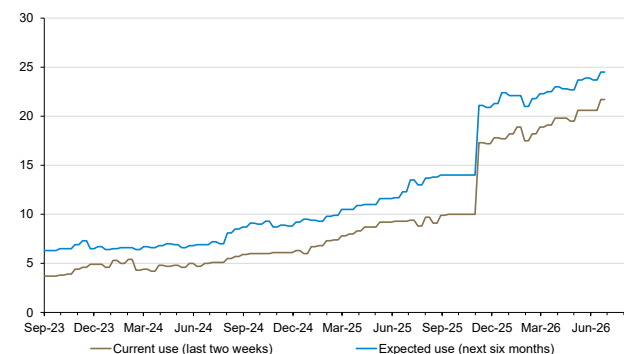
Despite the ongoing uncertainty clouding the outlook, businesses are increasingly focused on structural economic shifts rather than cyclical ones.

In particular, there is a growing need for firms to build up infrastructure to remain competitive in an increasingly technology-driven economy.

As it stands, just over 20% of American businesses are currently integrating artificial intelligence (AI) into their processes, and 25% anticipate doing so over the next six months — these shares will likely grow.

CHART 7: EARLY ADOPTERS

AI adoption rate⁵, U.S.
(percent of businesses)

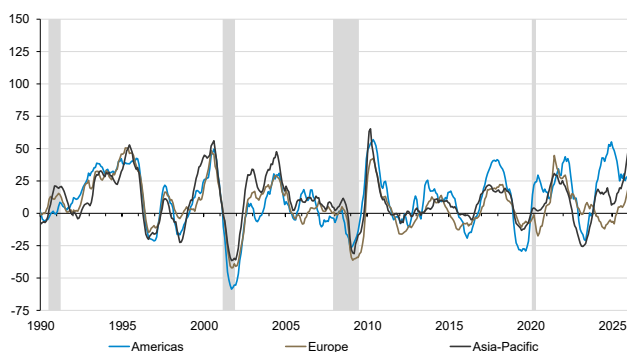


Source: Guardian Capital LP, using data from the U.S. Census Bureau's Business Trends and Outlook Survey⁶ to July 19, 2026

Sales of semiconductors, which are integral to the hardware that run AI models, have skyrocketed across the world as demand for technology-related equipment has surged.

CHART 8: SURGING SEMICONDUCTORS

Semiconductor sales
(year-over-year percent change in three-month moving average)



Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from World Semiconductor Trade Statistics and Bloomberg to May 2026

As well, investment in the data centers needed to store, process and share digital information that underpins AI models has jumped significantly.

Construction spending on data centers stateside has increased nearly fourfold since 2023, while it accelerated abroad as other economies look to narrow the data infrastructure gap.

CHART 9: ADDING CAPACITY

Data center construction spending
(billions of U.S. dollars)



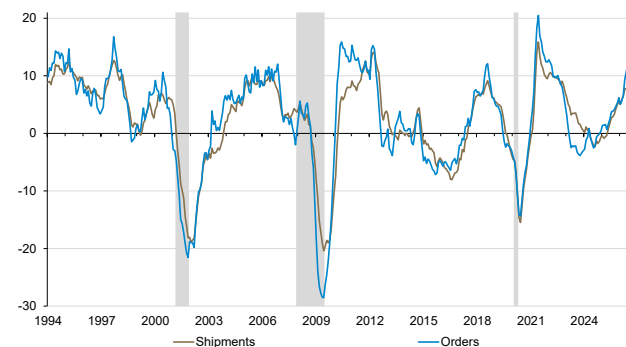
Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from the U.S. Census Bureau to June 2026

More broadly, the AI investment has set off a renewed boom in capital expenditure — information processing equipment and software the biggest beneficiaries — that has spurred a surge in activity in the manufacturing sector.

CHART 10: CAPITAL IDEAS

Nondefense capital goods excluding aircraft orders and shipments, U.S.

(year-over-year percent change in three-month moving average)



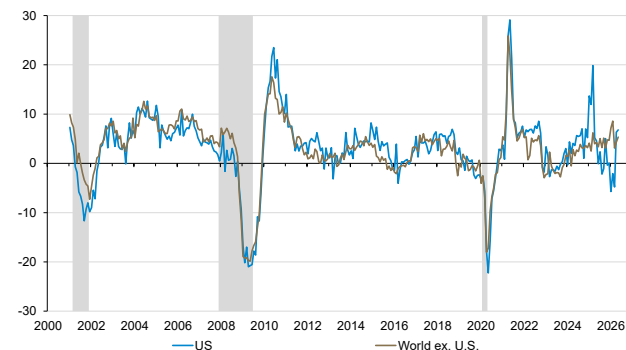
Shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to May 2026

This, in turn, has provided material support to international trade flows despite the U.S.-made headwinds, as a relative dearth of domestic productive capacity has forced countries to rely on foreign-sourced goods and materials — and while the U.S. was looking inward, it has more recently seen a sharp increase in demand for foreign goods.

CHART 11: TRADING PLACES

International trade volumes index⁷, World

(year-over-year percent change in three-month moving average)



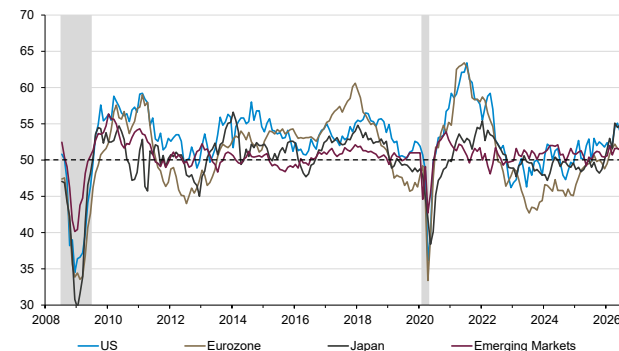
Shaded regions represent periods of US recession; source: Guardian Capital LP, using data from CPB Netherlands Bureau for Economic Policy Analysis to May 2026

The AI investment-driven strength in industrial production looks like it will be maintained in the months to come. The forward-looking manufacturing purchasing managers' indexes are pointing to sustained growth momentum for the factory sectors across the globe.

CHART 12: MANUFACTURING MOMENTUM

Manufacturing Purchasing Managers' Index⁸

(diffusion index; >50 denotes expansion)



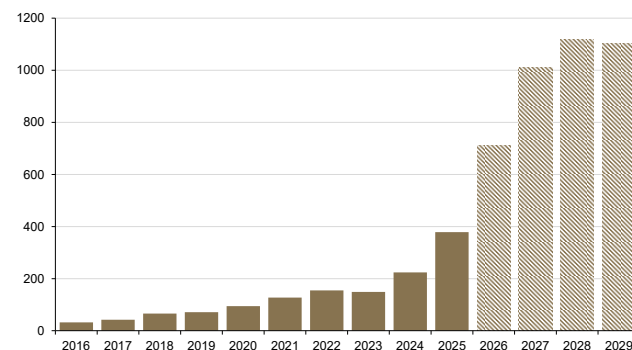
Shaded regions represent periods of US recession; source: Guardian Capital LP, using data from Bloomberg to June 2026

Supporting that view, “hyperscalers” — huge cloud computing and data storage companies — are set to make more than US\$1 trillion in capital expenditures over the next year, with that tally expected to rise further through 2028.

CHART 13: SCALING UP EVEN MORE

Hyperscaler* capital expenditure

(billions of U.S. dollars)

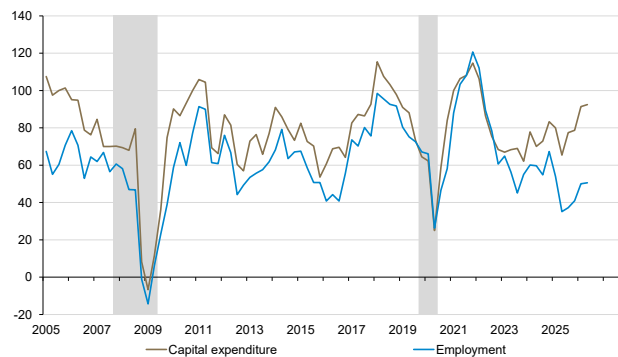


*Hyperscalers=Alphabet, Amazon, Meta, Microsoft and Oracle; 2027 and 2028 are Bloomberg consensus forecasts; source: Guardian Capital LP, using data from Bloomberg

Perhaps more positively from a cycle-durability perspective, though, is that recent surveys of businesses' spending plans show a greater share of firms are anticipating ramping up their investment over the second half of this year — while also planning to add to headcounts.

CHART 14: RAISING EXPECTATIONS

CEO Economic Outlook⁹ hiring & capex plans, U.S.
(index)



Shaded regions represent periods of US recession; source: Guardian Capital LP, using data from Business Roundtable and Bloomberg to Q2 2026

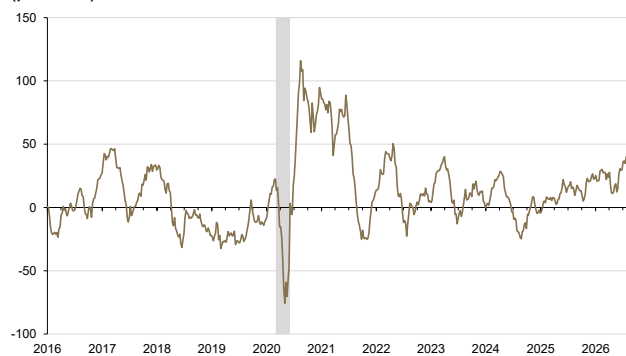
But...

The strength among households and businesses globally, despite the persistent onslaught of headwinds over the last year, has resulted in continued outperformance versus expectations.

Economic surprises in the dataflow have consistently been on the positive side, which has resulted in forecasts being revised higher.

CHART 15: SAILING OVER THE BAR

Economic Surprise Index¹⁰, World
(percent)

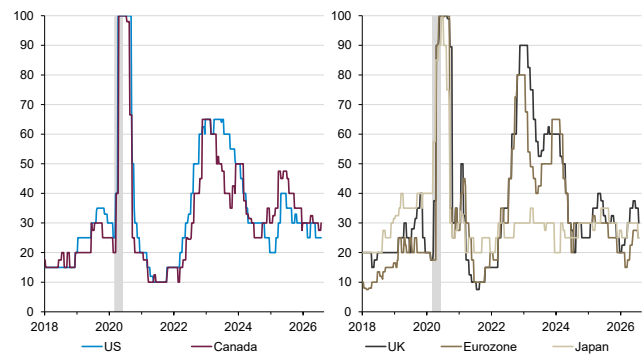


Shaded region represents period of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

Consequently, the assumed likelihood of a near-term economic downturn — and its negative implications for markets — has been ratcheted lower. Forecasters have nearly halved their assessed probability of a recession over the next 12 months relative to where they stood a year ago.

CHART 16: THE LOWDOWN ON A DOWNTURN

Consensus 1-year expected probability of a recession
(percent)



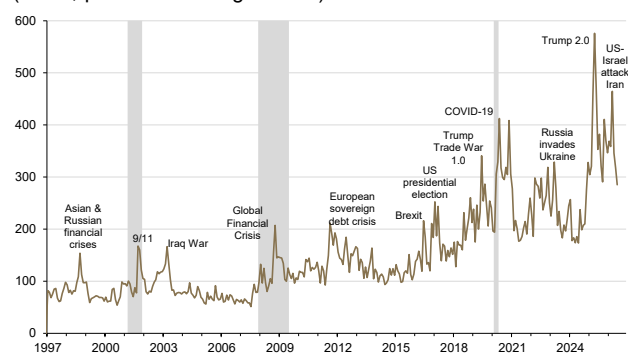
Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

Of course, that assumes everything remains on the current trajectory. There obviously are caveats.

Firstly, uncertainty remains historically elevated, largely thanks to the unpredictability of the White House's approach to policy-setting and managing foreign relations. Hopes of a move toward more stability on this front have consistently proven misplaced. Such a shift seems unlikely, even with an election looming large.

CHART 17: HIGHLY UNPREDICTABLE

Policy Uncertainty Index¹¹, World
(index; pre-2015 average = 100)



Shaded regions represent periods of US recession; source: Guardian Capital LP, using data from PolicyUncertainty.com to June 2026

Relatedly, geopolitical risks and their potential to destabilize economic momentum remain high — and even positive developments, like the agreement reached in June between the U.S. and Iran to ease tensions, proved unstable and short-lived.

CHART 18: EBB AND FLOW OF RISK

Geopolitical Risk Index¹², World (index; pre-2019 average = 100)

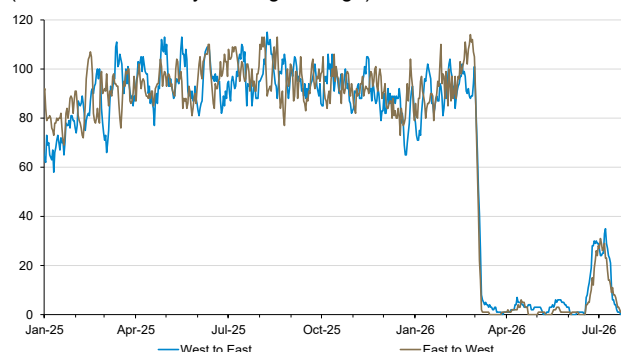


Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from PolicyUncertainty.com to July 24, 2026

The hopes of a full resumption of traffic through the Strait of Hormuz, a key chokepoint for the global energy trade, were quashed pretty quickly — and negotiations to reopen the Strait have made negligible progress since.

CHART 19: WAITING FOR AN OPENING

Crude oil tankers crossing the Strait of Hormuz (number, seven-day moving average)



Source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

The continued inability to ship goods, as well as the persistence of military threats across the Middle East amid heightened tension, have led to a drastic reduction in energy production.

Crude oil output from the Organization of Petroleum Exporting Countries (OPEC) is down almost 40% from its pre-March levels — and the prolonged shutdown of the key shipping channel does not bode well for production returning to normal soon.

CHART 20: LOW ENERGY

Crude oil production, OPEC¹³ (millions of barrels per day)

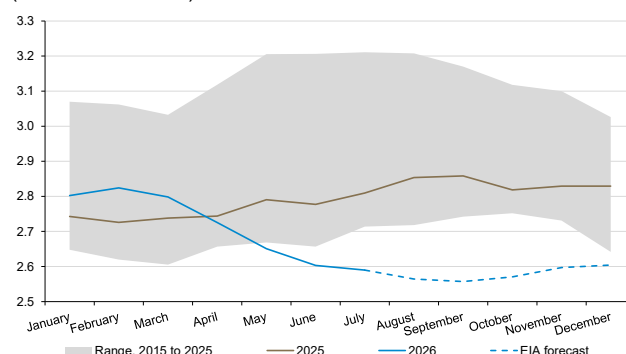


Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to June 2026

To this point, countries that comprise the Organisation for Economic Co-operation and Development¹⁴ (OECD) have been able to depend on inventories on hand to blunt the impact of constrained supplies, but stocks are getting run down and are projected to be further depleted in the months ahead.

CHART 21: RUNNING LOW

Commercial crude oil and other liquids inventories, OECD (millions of barrels)

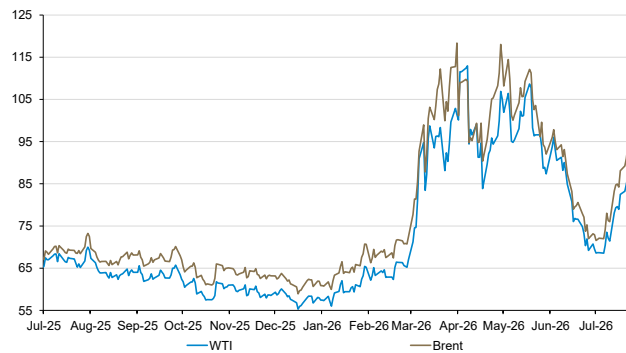


Shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 2026; dashed line represents forecasts from the U.S. Energy Information Administration's "Short-Term Energy Outlook"¹⁵ published July 6, 2026

An environment of solid economic growth, particularly with a resurgence in demand for goods producers, and increasingly constrained supplies has put significant upward pressure on energy prices — while crude oil prices plunged 40% on news of an agreement and ceasefire mid-June, the soured relationship since has seen prices recoup the bulk of those declines.

CHART 22: ENERGY FLUCTUATIONS

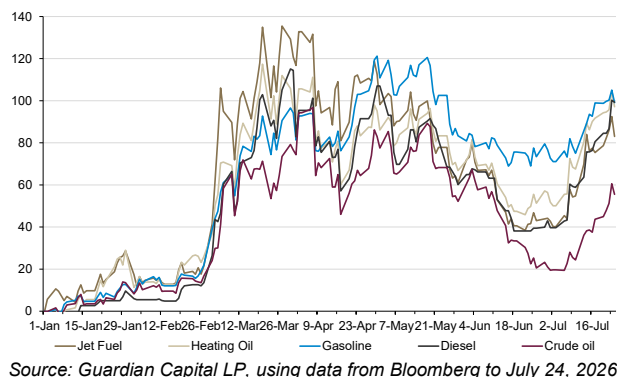
Crude oil spot price
(U.S. dollars per barrel)



Prices for refined products such as gasoline, diesel, heating oil and jet fuel have registered comparatively larger increases due to supply shortages combining with reduced refining capacity due not only to the war in the Middle East but also the ongoing war in Ukraine impacting Russian capabilities.

CHART 23: HIGHLY REFINED

Energy product prices
(2026 year-to-date percent change; U.S. dollar basis)



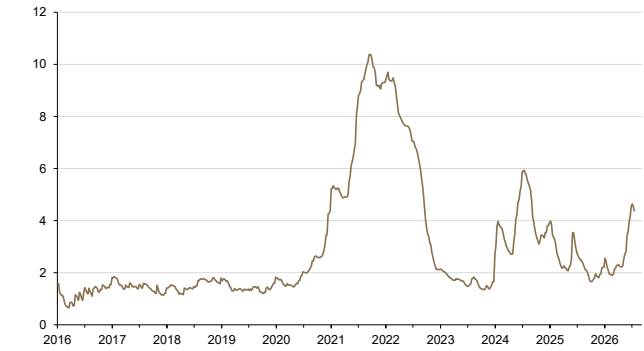
It is worth noting that refined products have a more direct impact on consumers and businesses than raw commodities. For example, higher fuel prices are a notable factor in the jump in shipping costs that filter broadly into prices for goods and services.

Benchmark rates for shipping a standard 40-foot container across oceans have more than doubled since the end of February.

CHART 24: A GROWING LOGISTICAL NIGHTMARE

World Container Index¹⁶

(thousands of U.S. dollars per 40-foot shipping container)



The energy sector is not the only area seeing material supply-side cost pressures.

The substantial upswing in demand for computing power has created shortages throughout the supply chain and driven surges in component prices.

Prices for dynamic random-access memory (DRAM; a common type of computer memory), for example, have increased by 800% over the last year and have factored into companies raising prices for technology products and services.

CHART 25: A PRICEY DRAM

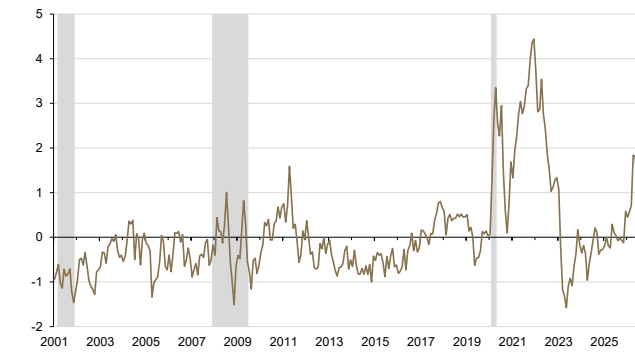
Dynamic random-access memory (DRAM) spot price
(U.S. dollars per 16GB DDR5)



Global supply chains more broadly are experiencing increasing pressures that typically portend a more general (albeit temporary) upswing in prices for goods and services.

CHART 26: SUPPLY CHAIN SNAGS

Supply Chain Pressure Index¹⁷, World
(standard deviations from average)



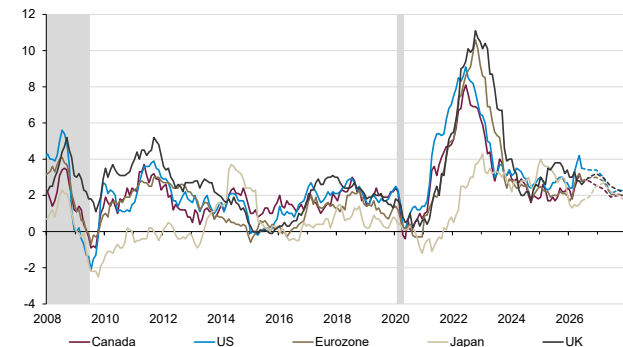
Shaded regions represent periods of US recession; source: Guardian Capital LP, using data from the Federal Reserve Bank of New York to June 2026

Near-term risks to headline inflation appear to be skewed to the upside even as underlying “core” price measures remain well-behaved so far.

Inflation forecasts have been revised higher globally through the end of the year — before the impact of the combination of a resolution in the Middle East and productivity gains from AI investments begin to exert disinflationary pressures thereafter.

CHART 27: NEAR-TERM INFLATION UPSIDE RISK

Consumer Price Index¹⁸
(year-over-year percent change)



Dashed lines represent Bloomberg consensus forecasts as at July 24, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to June 2026

Borrowers beware

Concerns about rising inflationary pressures and how sustainable they will prove to be, combined with less concern about growth momentum and job markets, have led central banks to adjust their leanings.

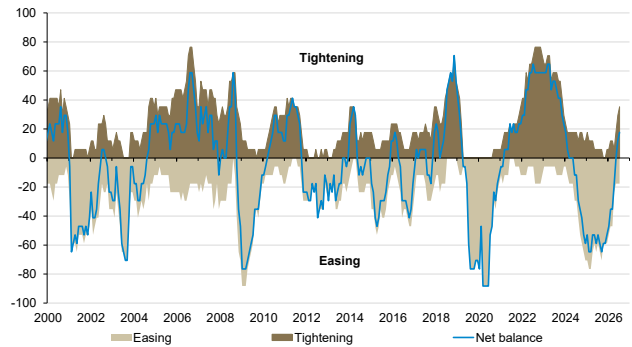
Gone are the dovish expectations from the outset of the year and the anticipation of lower policy rates.

Instead, monetary policymakers have begun to set the stage for potentially higher rates.

The Bank of Japan, Bank of Korea, Reserve Bank of Australia and European Central Bank, among others, have increased their policy rates in recent months.

CHART 28: CENTRAL BANK TIDE IS TURNING

Central banks tightening v. easing monetary policy, G20
(percent of total)

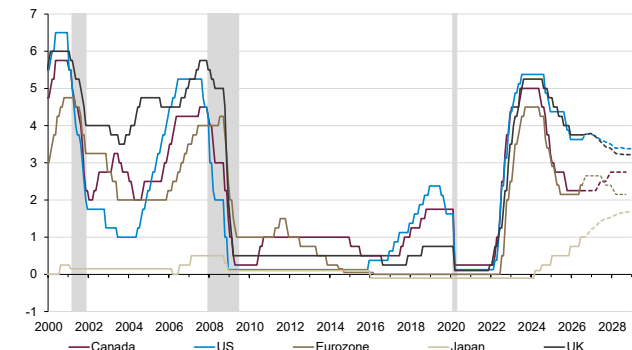


Source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

Looking forward, markets are increasingly anticipating that more rate hikes are in the offing, with increases fully priced by year-end for the likes of the Bank of Canada and U.S. Federal Reserve, in addition to added moves in Japan and Europe.

CHART 29: MORE TO COME SOON?

Central bank policy rates
(percent)



Dashed lines represent consensus forecasts as at July 24, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

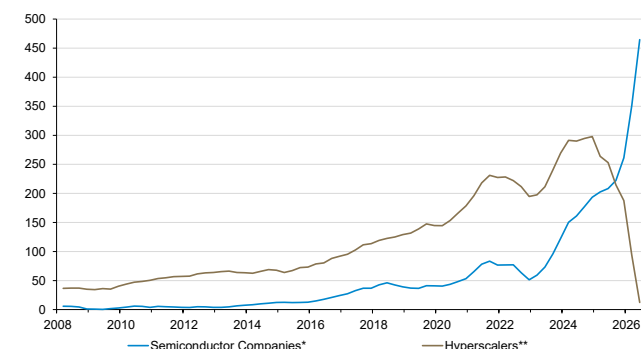
Whether policymakers are compelled to act depends on how inflationary pressures evolve; however, the upward move in market rates this year and, at minimum, the reduced likelihood of a near-term move lower, creates some downside risks to growth.

The significant increases in capital budgets of the

hyperscalers have meant that these massive and massively profitable companies are becoming cash flow negative — and the major producers of key technology hardware are reaping the benefits of this spending and seeing free cash flows balloon.

CHART 30: LARGE-SCALE CASH TRANSFERS

Last 12-month free cash flows
(billions of U.S. dollars)

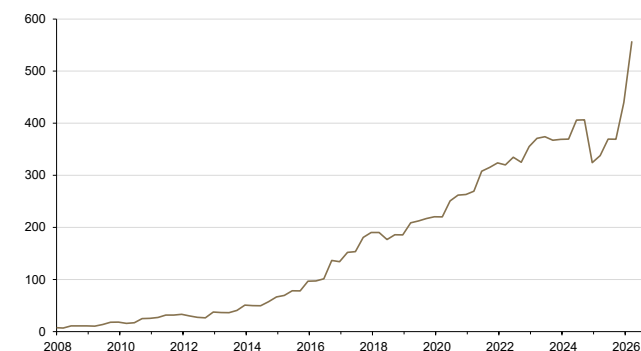


*Semiconductor companies=Advanced Micro Devices, Applied Materials, Broadcom, Micron, Nvidia; **Hyperscalers=Alphabet, Amazon, Meta, Microsoft and Oracle; source: Guardian Capital LP, using data from Bloomberg to Q1 2026

The result is that the hyperscalers are tapping credit markets to a much larger degree — and at higher costs — with significant issuance in the pipeline.

CHART 31: BUILDING CREDIT

Hyperscalers* long-term debt outstanding
(billions of U.S. dollars)



*Hyperscalers=Alphabet, Amazon, Meta, Microsoft and Oracle; source: Guardian Capital LP, using data from Bloomberg to Q1 2026

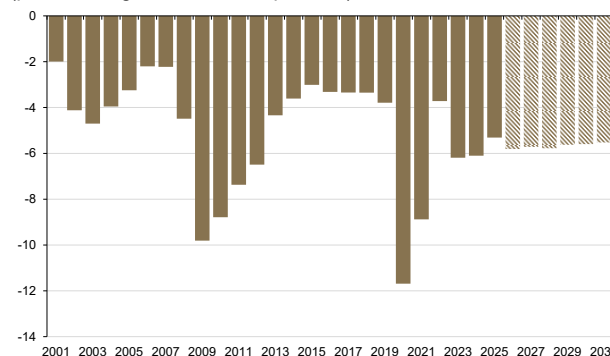
The added supply of corporate credit adds to the competition for lenders' funds from the public sector.

Governments worldwide — notably including the U.S., Germany, Japan and Canada — have announced large-scale infrastructure and national defence investment plans in response to the shifts in international relations over the last year.

The general lack of revenue offsets for these projects, however, means that governments are expected to continue to run significant fiscal shortfalls for the foreseeable future.

CHART 32: DEEPER FISCAL HOLES

General government primary fiscal balance, G7
(percent of gross domestic product)

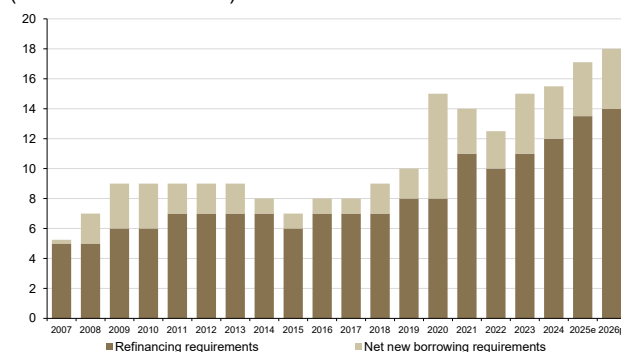


Forecasts are from the International Monetary Fund's July 2026 World Economic Outlook¹⁹; source: Guardian Capital LP, using data from the IMF

The need for deficit financing means bigger sovereign debt burdens. Governments across the OECD are expected to issue an additional US\$4 trillion in net new debt this year on top of the US\$14 trillion needed to refinance existing maturing liabilities.

CHART 33: GIVE THEM SOME CREDIT

Net sovereign borrowing requirements, OECD
(trillions of U.S. dollars)

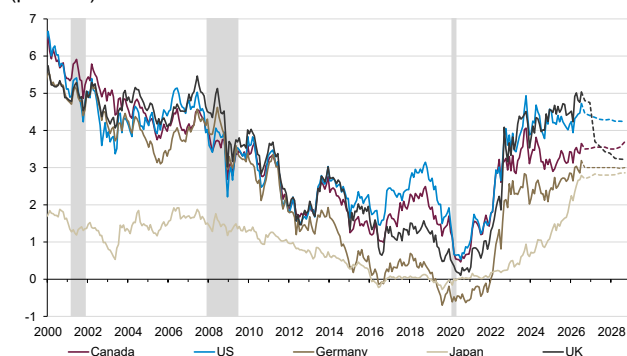


e="estimate"; p="projection"; source Guardian Capital LP, using data from the OECD's Global Debt Report 2026²⁰

The aggregate deluge of debt, combined with inflation concerns and related policy responses, is likely to keep upward pressure on longer-term market rates. Expectations are for 10-year yields to largely hold around their current elevated levels.

CHART 34: TRENDING SIDeways, BUT HIGHER

10-year sovereign bond yields (percent)



Dashed lines represent consensus forecasts as at July 24, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

Added leverage creates added vulnerabilities, and the prospect of rates staying higher for longer could tighten broader financial conditions and generate some headwinds for the private sector — higher costs of capital could rein in capital spending plans, which would carry knock-on effects across economies and markets.

Portfolio planning

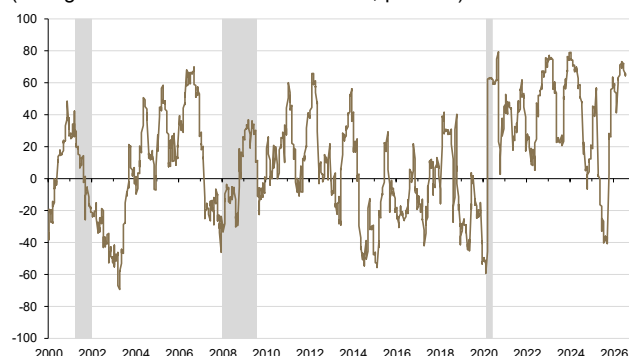
The prevalence and persistence of material risks to an otherwise sanguine outlook speak to the prudence of investors managing risk exposures in portfolios.

Traditionally, that means diversifying asset mix across asset classes; however, recent years have seen diminished benefits of this approach.

For example, the performance of stocks and bonds has been highly correlated for much of the post-pandemic era. The movement in tandem was most evident during the periods of stock market weakness driven by concerns about central bank responses to upside inflation risks seen through 2022 and earlier this year, where both equities and fixed income experienced declines.

CHART 35: LIMITED DIVERSIFICATION BENEFITS

Stock* and bond** correlation, World (rolling 26-week correlation of returns, percent)



*Stocks=MSCI World Index²¹; **bonds=Bloomberg Global Aggregate Index²²; shaded regions represent periods of US recession; source: Guardian Capital LP, based on data from Bloomberg to July 24, 2026

The inability of bonds to play the part of portfolio insurance amid choppier markets is clearly less than ideal — positive correlation when markets are rising is fine, but much less so when they are falling.

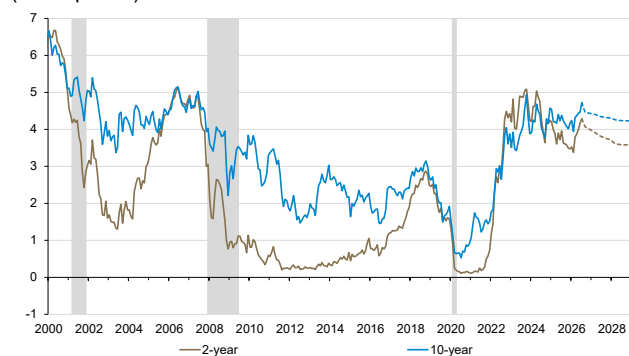
Further, given the upside risks to inflation and rates, there is a clear potential for bonds to again compound any equity market weakness.

That said, there are opportunities in fixed income that offer reasons to not eschew the asset class.

One of the most important considerations is that the recent increase in yields provides added return prospects while also creating an additional buffer against rising rates — especially among less interest-rate-sensitive shorter-maturity bonds as the yield curve has flattened (shorter-term rates have increased more than longer-term ones).

CHART 36: GRADING ON A CURVE

10-year U.S. Treasury note yield less 2-year yield (basis points)

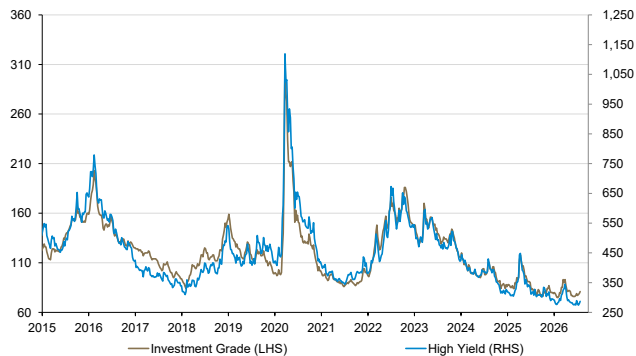


Dashed lines represent consensus forecasts as at July 24, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

There are higher yields on offer in corporate credit, which also tends to be less sensitive to rates, though the compensation for the embedded credit risk is historically low, especially among lower-quality bond issues.

CHART 37: CREDIT CHECK

Global Corporate Bond Index* option-adjusted spreads (basis points)



*Investment Grade=Bloomberg Global Aggregate Corporate Bond Index; High Yield=Bloomberg Global Aggregate High Yield Bond Index²³; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

The rerating of the path for policy rates this year means that if economic growth momentum gets knocked off course — and equity markets with it — the adjustment for market yields would be to the downside as the likelihood of rate hikes diminishes (and odds of rate cuts to offset the shock rise). Bonds could therefore serve as portfolio insurance as intended.

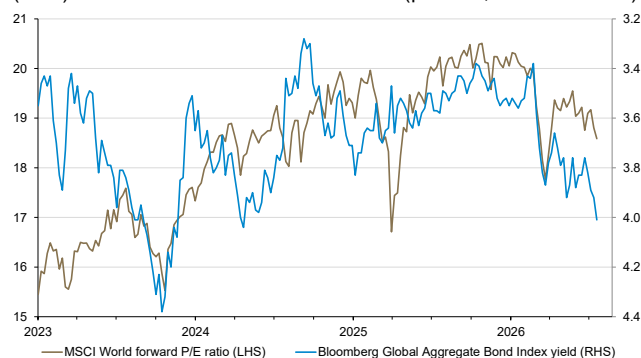
Taking stock

One of the other somewhat constructive forward-looking developments associated with the move in yields in recent months has been that it has helped remove some froth from riskier assets.

As rates have increased, equity valuations such as the price-to-earnings²⁴ ratios have compressed from relatively extreme levels.

CHART 38: RATE REACTION

Stock* forward P/E ratio and bond yields, World (ratio) (percent; inverted scale)**



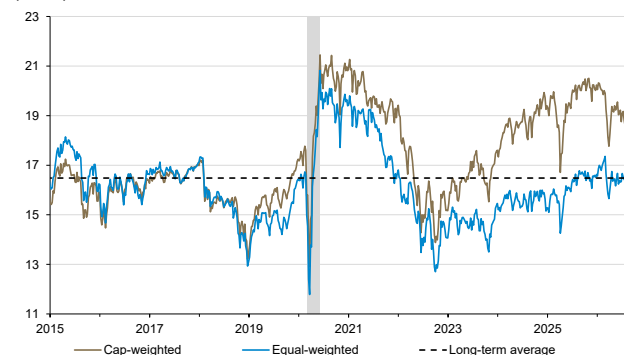
*Stocks=MSCI World Index; **bonds=Bloomberg Global Aggregate Index; source: Guardian Capital LP, based on data from Bloomberg to July 24, 2026

The bulk of this valuation adjustment has been seen among the more expensive and more rate-sensitive growth segments of the market that dominate the capitalization-weighted benchmarks.

Looking at equal-weighted market indexes — which provide a view of the average stock — valuations have largely trended sideways at levels consistent with longer-term norms.

CHART 39: MIND THE GAP

Forward price-to-earnings ratio, MSCI World Index (ratio)



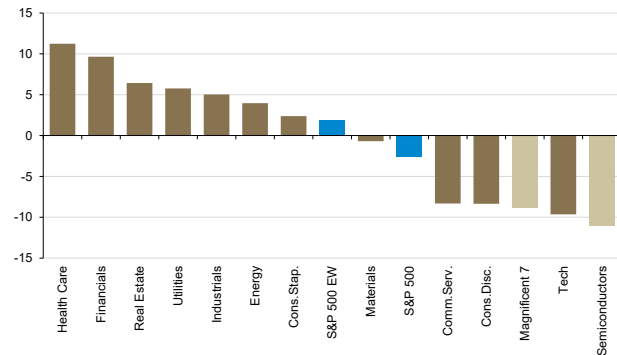
Shaded region represents period of U.S. recession; source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

These dynamics reflect the rotation in the market away from the heavily weighted, higher-valuation areas that have outperformed in recent years toward other areas.

While overall market indexes have largely been trading water since early June, there has actually been a notable and healthy broadening out of underlying performance.

CHART 40: A LOSS OF CONCENTRATION

S&P 500 Index²⁵ performance since June 2, 2026
(percent; U.S. dollar basis)



*Magnificent 7 = Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla; source: Guardian Capital LP, based on the author's calculations using data from Bloomberg from June 2 to July 24, 2026

A key support for this is that the broader economic momentum is translating into better earnings performance and expectations across sectors and regions, which is drawing attention.

As such, investors are increasingly looking to these comparatively cheaper areas of the marketplace that stand to benefit from the growing indications of broadening cyclical upswing.

Another driver of the broad valuation adjustments is robust corporate profitability and increasingly upbeat earnings expectations — the “E” has notably outpaced the “P” so far this year.

CHART 41: THE “E” OUTPACING THE “P”

MSCI World Index price and forward earnings
(Index; January 1, 2021 = 100)



Source: Guardian Capital LP, using data from Bloomberg to July 24, 2026

The baseline forecast would suggest there is scope for these broadening performance trends to continue as investors evaluate the baseline outlook even with the ongoing potential for near-term volatility.

Caveat lector

Despite elevated policy uncertainty and geopolitical risks, growth momentum appears to be improving across sectors and regions, underpinned by still solid consumer spending and increasing business investment, with a helping hand from governments.

That solid demand is posing near-term upside risks to inflation, which are being compounded by supply-side pressures related to the ongoing war in Iran and its impact on energy markets, and broader supply chain pressures tied to shortages of key technology hardware.

To the extent that a sustained resolution to the situation in the Middle East can be attained while technology investments start generating productivity gains, these price pressures are likely to subside and ease the burden on central bank policymakers to act to keep inflation contained.

Such an environment would be constructive for sustained broadening of earnings momentum which in turn would support financial markets that have experienced valuation adjustments that provide for better forward-looking prospects.

Of course, there remain ample reasons for readers to beware. The policy uncertainty and geopolitical risks are likely to persist — and as recent years have shown, new threats and concerns, prior hereto unthought of, are likely to emerge which could render these thoughts on the outlook moot and roil markets.

As such, the potential for disruptions to economic momentum will likely keep markets vulnerable to bouts of volatility. The best educated guess given the available information at the moment, however, would suggest that the most likely scenario appears to be one in which risk assets continue to climb the wall of worry, *ceteris paribus*.

David Onyett-Jeffries

David Onyett-Jeffries is Vice President, Economics & Multi-Asset Solutions, at Guardian Capital LP (GCLP). He provides macroeconomic guidance to GCLP and its affiliates. Additionally, he is a portfolio manager of GCLP's multi-asset portfolios and funds and works closely with GCLP's Directed Outcomes team.

Market Returns as of June 30, 2026

All returns in CAD

CANADIAN EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
S&P/TSX Composite	0.5	7.0	11.2	32.9	14.9	12.8
S&P/TSX 60	1.6	8.2	11.6	31.5	14.6	13.1
S&P/TSX Completion	-3.9	2.0	9.6	38.0	15.9	12.0
S&P/TSX SmallCap	-4.0	5.9	18.0	57.2	15.0	11.1
S&P/TSX Composite High Dividend	1.8	7.8	23.0	43.4	16.0	12.7
S&P/TSX Composite Dividend	1.0	7.1	13.7	32.4	15.9	12.8

S&P/TSX SECTOR RETURNS (%)

SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
Communication Services	2.3	8.9	4.6	20.3	10.0	11.3
Consumer Discretionary	8.0	5.7	9.0	18.1	15.3	11.7
Consumer Staples	-4.1	-5.0	23.6	41.7	22.4	11.2
Energy	8.8	25.6	23.2	50.5	19.9	16.4
Financials	6.0	14.0	8.9	16.4	-18.7	-12.6
Health Care	3.1	10.6	10.3	7.2	9.1	12.7
Industrials	-1.6	6.4	-17.6	-4.0	2.0	19.4
Information Technology	-12.1	-11.5	-2.1	51.0	20.1	13.0
Materials	3.1	8.4	3.8	4.7	1.6	5.1
Real Estate	2.1	5.9	17.8	28.2	8.9	9.9
Utilities	2.3	8.9	4.6	20.3	10.0	11.3

INTERNATIONAL EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
MSCI World Index (Net, C\$)	3.1	12.7	13.3	25.0	12.1	10.6
MSCI EAFE Index (Net, C\$)	2.2	16.8	15.1	28.6	14.0	13.8
MSCI ACWI (Net, C\$)	4.0	10.5	6.4	14.0	9.6	10.7
MSCI France (C\$)	-0.3	9.9	2.4	4.3	9.4	9.3
MSCI Germany (C\$)	2.7	16.1	19.8	34.2	12.5	10.8
MSCI Japan (C\$)	2.2	5.8	9.9	25.1	15.1	9.8
MSCI U.K. (C\$)	0.0	0.0	0.0	0.0	5.7	0.0
S&P/IFC Investable (Emerging Markets)	3.8	16.6	13.2	18.5	8.1	9.9
MSCI EAFE Growth (Gross, C\$)	2.3	9.6	14.0	32.8	17.1	12.1

CANADIAN FIXED INCOME

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE Canada Short Term Overall Bond	0.4	1.2	1.4	3.1	2.3	2.1
FTSE Canada Mid Term Overall Bond	0.7	1.9	2.3	4.1	1.2	1.9
FTSE Canada Long Term Overall Bond	0.5	3.4	3.4	3.2	-1.7	0.9
FTSE Canada Universe Bond	0.5	2.0	2.2	3.5	0.8	1.7
FTSE Canada High Yield Overall Bond	0.6	2.5	3.1	7.5	5.4	6.9

US EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
S&P 500	2.0	17.1	14.1	27.2	16.5	16.5
Dow Jones Industrial Average	5.8	15.3	13.6	25.4	13.8	14.7
NASDAQ	0.1	23.4	16.7	33.8	15.7	19.4
Russell 1000	2.5	17.1	14.2	26.9	15.8	16.3
Russell 2000	6.8	23.5	26.9	46.4	9.9	12.6
Russell 3000	2.7	17.4	14.8	27.7	15.4	16.1
Russell 1000 Growth	0.2	18.7	9.0	22.4	16.9	19.6
Russell 1000 Value	5.3	15.8	20.3	32.2	14.2	12.5

S&P 500 SECTOR RETURNS (%)

SECTOR RETURNS (%)	1M	3M	YTD*	1Y*	5Y*	10Y*
Consumer Discretionary	-1.8	11.1	2.7	13.8	9.7	14.0
Consumer Staples	3.5	2.0	11.8	9.7	10.8	8.9
Energy	-2.2	-12.0	23.9	34.2	22.3	9.6
Financials	7.5	10.8	2.3	8.2	12.9	14.4
Health Care	9.8	10.6	7.1	24.7	9.5	11.2
Industrials	10.5	16.8	24.4	32.4	17.5	15.4
Information Technology	-0.4	34.0	24.0	43.0	25.5	27.7
Materials	3.0	3.7	15.9	21.4	9.2	11.3
Real Estate	3.9	10.3	15.4	15.6	6.4	0.0
Utilities	5.8	1.1	11.5	18.8	13.9	10.1
Consumer Discretionary	-1.8	11.1	2.7	13.8	9.7	14.0

INTERNATIONAL EQUITIES

MSCI EAFE SECTOR RETURNS (%)	1M	3M	YTD*	1Y*	5Y*	10Y*
Consumer Discretionary	0.8	21.0	-4.4	3.6	2.6	7.5
Consumer Staples	5.4	17.8	5.8	9.1	3.6	4.3
Energy	-6.6	-7.3	20.0	34.8	18.5	9.3
Financials	5.0	27.5	13.7	33.2	22.1	14.8
Health Care	4.5	14.8	3.0	14.4	5.7	6.8
Industrials	0.8	21.8	12.4	23.0	14.5	12.9
Information Technology	68.9	157.4	134.5	152.6	27.4	23.4
Materials	-75.8	-69.7	-70.0	-65.9	-17.2	-2.2
Real Estate	-0.5	-3.3	2.5	8.2	2.4	0.0
Utilities	21.3	31.7	35.1	51.4	17.4	12.0

CANADIAN FIXED INCOME

SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE Canada Federal Bond	0.6	1.5	1.9	2.6	0.6	1.0
FTSE Canada Provincial Bond	0.5	2.7	2.8	3.8	0.0	1.5
FTSE Canada All Corporate Bond	0.4	2.1	2.2	4.4	2.4	3.0

GLOBAL FIXED INCOME

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE World Government Bond	2.2	2.4	3.1	3.9	0.0	0.3

Sources: Bloomberg Finance L.P., FTSE Bond Analytics, TD Securities, Thomson Financial

Market Returns as of June 30, 2026

All returns in CAD

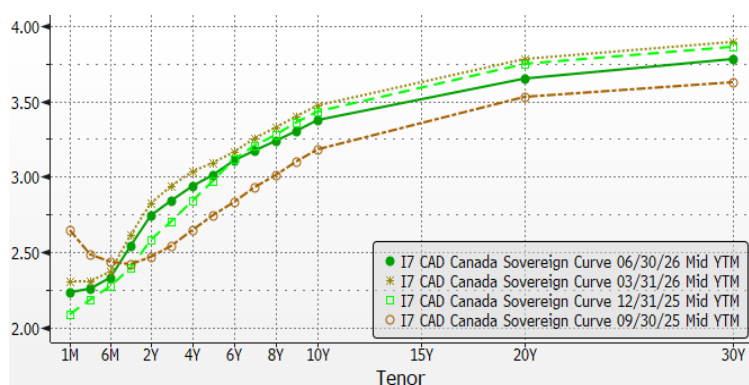
COMMODITIES

INDEX RETURNS (%)	1M	3M	YTD*	1Y*	5Y*	10Y*
Bloomberg WTI Cushing Crude Oil Spot Price	-18.1	-30.3	25.3	11.0	1.6	4.6
Bloomberg European Dated Brent BFOE Price	-21.1	-42.7	18.5	9.4	1.8	4.9
Edmonton Crude Oil Syncrude Sweet Blend FOB Spot	0.7	-4.7	61.6	39.8	6.8	6.7
S&P GSCI Nat Gas Index Spot	2.5	15.4	-8.0	-1.5	0.6	2.0
S&P GSCI Copper Index Spot	1.1	10.5	11.2	40.4	10.3	11.6
S&P GSCI Gold Index Spot	-9.4	-12.2	-3.7	26.9	21.2	12.8

CURRENCY

% CHANGE	1M	3M	YTD	1Y	5Y	10Y
CAD/USD	3.0	1.7	3.5	4.0	2.8	0.9
CAD/Yen	0.9	-0.5	-0.2	-7.6	-4.8	-3.7
CAD/GBP	1.4	2.3	2.1	0.7	1.9	0.9
CAD/Euro	0.9	0.9	0.8	1.3	2.0	1.2

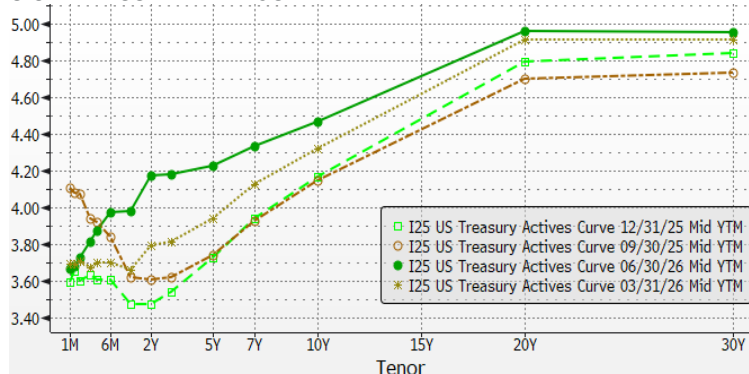
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Sources: Bloomberg Finance L.P., FTSE Bond Analytics, TD Securities, Thomson Financial

- ¹ [Mid-Year Business Analysis: What Blue Dot Fever? Record-Setting Grosses & Tix, Bad Bunny Has Top Tour - Pollstar News](https://news.pollstar.com/2026/06/22/mid-year-business-analysis-top-100-tours-set-records-per-show-averages-drop/) (<https://news.pollstar.com/2026/06/22/mid-year-business-analysis-top-100-tours-set-records-per-show-averages-drop/>)
- ² [FIFA World Cup 2026™ by the numbers](#)
- ³ Bank of America covered this extensively using proprietary card data; see: <https://institute1.bofa.com/C/?q=daTz2gD8n1U> and <https://institute1.bofa.com/C/?q=bevqm1p8090> as examples.
- ⁴ [FlightRadar24](https://www.flightradar24.com/data/statistics) <https://www.flightradar24.com/data/statistics>
- ⁵ Respondents were asked about business use of AI in “producing goods or services” or “any of its business functions” within the past 2 weeks.
- ⁶ The Census Bureau’s [Business Trends and Outlook Survey](#) (BTOS) is a continuously fielded survey that provides high-frequency, nationally representative data on U.S. employer businesses every 2 weeks. The survey provides local, state, and federal officials near real-time data for policy and decision-making, including after natural disasters or during economic crises. The BTOS also provides insights into recovery after these events.
- ⁷ Aggregate volume of merchandise trade leaving a country (exports) and entering a country (imports) on a volume basis for 81 countries worldwide covering approximately 99% of world trade.
- ⁸ The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing sectors; based on a monthly survey of companies to determine whether business conditions are improving, unchanged, or deteriorating compared to the previous survey, seasonally adjusted.
- ⁹ The [Business Roundtable CEO Economic Outlook Index](#) is based on a survey — conducted quarterly since the fourth quarter of 2002 — of our member CEOs’ plans for hiring and capital spending, and their expectations for sales, over the next six months. Taking these factors together, the survey signals the direction of the U.S. economy.
- ¹⁰ The Citi Economic Surprise Index measures the pace at which economic indicators are coming in ahead of or below consensus forecasts. When the index is negative, it means that the majority of reports are coming in below expectations, while a positive reading indicates that most data is coming in ahead of expectations.
- ¹¹ [The Global Economic Policy Uncertainty Index](#) is an economic indicator that quantifies the degree of policy uncertainty across the globe. It is a GDP-weighted average of national indices for 18 countries: Australia, Brazil, Canada, Chile, China, France, Germany, Greece, India, Ireland, Italy, Japan, Russia, South Korea, Spain, Sweden, the United Kingdom, and the United States.
- ¹² [The Geopolitical Risk Index](#), created by Dario Caldara and Matteo Iacoviello, is a measure of adverse geopolitical events and associated risks based on a tally of newspaper articles covering geopolitical tensions. The index reflects automated text-search results of the electronic archives of 10 newspapers related to adverse geopolitical events in each newspaper for each month (as a share of the total number of news articles).
- ¹³ The Organization of Petroleum Exporting Countries (OPEC) is an intergovernmental organization created to coordinate and unify petroleum policies among its member nations, which include Iran, Iraq, Kuwait, Saudi Arabia and United Arab Emirates, among others.
- ¹⁴ The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental group of 38 highly developed economies that combined to account for about 60% of global economic output.
- ¹⁵ [Short-Term Energy Outlook - U.S. Energy Information Administration \(EIA\)](#)
- ¹⁶ The World Container Index assessed by Drewry reports actual spot container freight rates for major East-West trade routes, consisting of 8 route-specific indices representing individual shipping routes and a composite index. All indices are reported in USD per Forty Foot Container. The composite represents a weighted average of the 8 shipping routes by volume. Shipping routes include Shanghai - Rotterdam, Rotterdam - Shanghai, Shanghai - Genoa, Shanghai - Los Angeles, Los Angeles - Shanghai, Shanghai - New York, New York - Rotterdam, Rotterdam - New York.
- ¹⁷ [The Global Supply Chain Pressure Index](#) tracks the state of global supply chains using data from the transportation and manufacturing sectors. The index integrates a number of commonly used metrics with the aim of providing a comprehensive summary of potential supply chain disruptions.
- ¹⁸ Inflation measured by consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of
- ¹⁹ [World Economic Outlook Update, July 2026: Global Economy in Crosscurrents of War and Technology](#)
- ²⁰ Organisation for Economic Co-operation and Development, Global Debt Report 2025: Sustaining Debt Market Resilience Under Growing Pressure; March 4, 2026, [Global Debt Report 2026 | OECD](#)
- ²¹ The MSCI World Index captures mid- and large-cap representation across 23 developed market countries.
- ²² The Bloomberg Barclays Global Aggregate Bond Index is a flagship measure of global investment-grade debt from twenty-four local currency markets.
- ²³ The Bloomberg Global High Yield Index is a multi-currency flagship measure of the global high-yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices.
- ²⁴ The price-to-earnings (P/E) ratio compares a company’s share price with its earnings per share (EPS).
- ²⁵ The S&P 500 Index captures 500 leading U.S. companies and captures approximately 80% coverage of available market capitalization.

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