

REVIEW – WEEK OF JUNE 1ST, 2026

Last week, our attention was focused on employment data in Canada and the United States, as well as evolving geopolitical developments in the Middle East.

In Canada, employment rose by 87.8k in May, significantly exceeding consensus expectations for a 10k increase and marking the strongest monthly gain in 17 months. The improvement was driven entirely by full-time positions, which increased by 154k, while part-time employment declined by 66.2k. As a result, the unemployment rate fell from 6.9% to 6.6%, well below expectations, while the employment rate edged higher to 60.7%. Job gains were broad-based across industries, with notable strength in construction, manufacturing, transportation and warehousing, helping to alleviate concerns that ongoing trade tensions with the United States were beginning to materially impact the labour market. Wage growth also moderated, with average hourly wages rising 3.2% year over year (YoY), down from 4.8% previously. Overall, the data suggests that while economic uncertainty remains elevated, particularly as trade negotiations continue, the Canadian labour market has shown greater resilience than anticipated and may reduce pressure on the Bank of Canada (BoC) to raise rates in response to recent inflation concerns.

In the United States, nonfarm payrolls rose by 172k in May, significantly exceeding consensus expectations of 88k and marking the third consecutive month of stronger-than-expected job creation. Adding to the positive surprise, payroll gains from previous months were revised higher by a cumulative 93k, lifting the three-month average to 188k. Job growth was led by construction, manufacturing, leisure and hospitality, and healthcare, while employment in temporary help services increased for a fifth consecutive month, a potentially encouraging signal for future hiring activity. The household survey also painted a constructive picture, with employment rising by 149k and the unemployment rate holding steady at 4.3% as labour force participation remained unchanged. Meanwhile, wage growth continued to moderate, with average hourly earnings rising 3.4% YoY, down from 3.6% previously. Overall, the report suggests that the US labour market remains on solid footing despite ongoing geopolitical uncertainty. This continued strength is likely to support the Federal Reserve's (Fed) cautious approach, particularly as policymakers monitor inflation risks tied to higher energy prices and broader geopolitical developments.

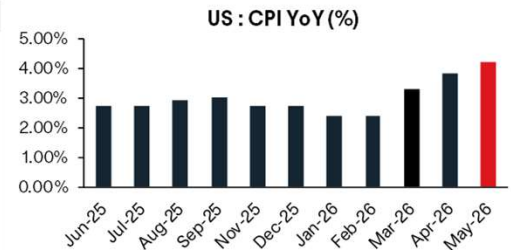
In other news, developments in the Middle East remained in focus as markets continued to assess the likelihood of a ceasefire between the United States, Israel and Iran. While reports suggested progress toward a potential agreement, continued missile exchanges throughout the week highlighted the uncertainty surrounding the situation and left investors with little clarity on when a lasting resolution might be reached. Meanwhile, the stronger-than-expected US employment data pushed Treasury yields higher and reinforced expectations that the Fed may keep rates elevated for longer. Equity markets came under pressure on Friday, with the S&P 500 falling 2.6% and the Nasdaq 100 declining nearly 5%, as rising yields, geopolitical uncertainty and concerns over stretched valuations triggered a broad pullback in artificial intelligence and technology shares following months of exceptional gains.

Looking ahead, attention will shift to the Bank of Canada's interest rate decision, as well as data in the United States.

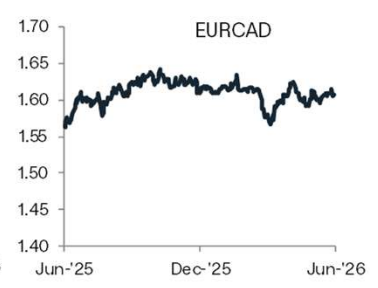
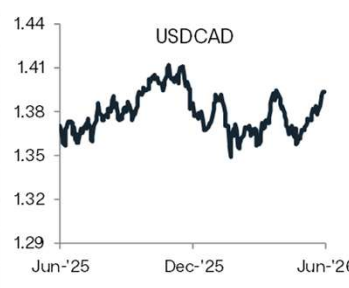
Have a great week!

ECONOMIC RELEASES

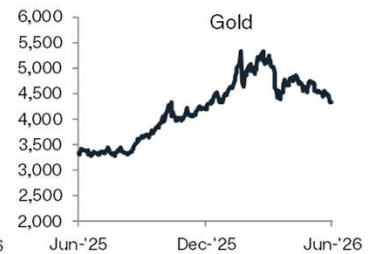
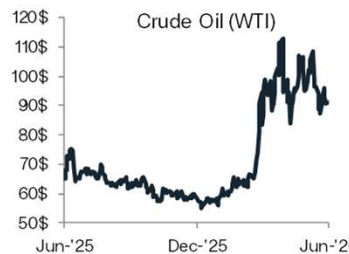
			Expected	Prior
US	6/9	Trade Balance	-\$56.5B	-\$60.3B
US	6/10	CPI MoM	0.50%	0.60%
US	6/10	CPI YoY	4.2%	3.8%
CA	6/10	Bank of Canada Rate Decision	2.25%	2.25%
US	6/11	Initial Jobless Claims	219k	225k
US	6/11	PPI Final Demand MoM	0.7%	1.4%



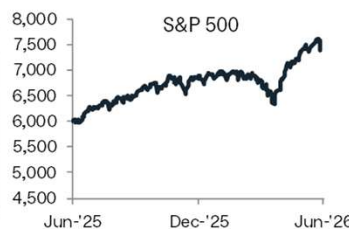
		Current	Wkly Chg	% Chg
FX	USDCAD	1.3934	+0.0095 ↑	0.7%
	EURCAD	1.6077	-0.0019 ↓	-0.1%
	EURUSD	1.1539	-0.0092 ↓	-0.8%
	GBPCAD	1.8616	-0.00 ↓	-0.1%
	CADJPY	114.809	-0.7440 ↓	-0.6%
	CADCNY	4.8682	-0.0217 ↓	-0.4%
	AUDCAD	0.9856	-0.0081 ↓	-0.8%
	CADCHF	0.5715	+0.0024 ↑	0.4%



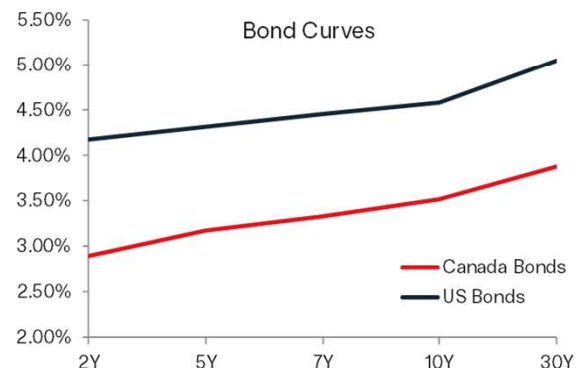
		Current (USD)	Wkly Chg	% Chg
COMMODITIES	Crude Oil- WTI (bbl.)	91.42	-2.34 ↓	-2.5%
	Diesel - HO (gal.)	363.81	-6.06 ↓	-1.6%
	Nat.Gas - NYMEX (MMbtu.)	3.12	-0 ↓	-1.4%
	Gold (t oz.)	4,325.80	-163 ↓	-3.6%
	Corn (bu.)	4.16	-25 ↓	-5.6%
	Soybean (bu.)	11.18	-48 ↓	-4.1%
	Wheat (bu.)	5.81	-22 ↓	-3.7%



		Current	Wkly Chg	% Chg
EQUITIES	S&P TSX	34,413	-756 ↓	-2.1%
	S&P 500	7,384	-226 ↓	-3.0%
	Dow Jones	50,867	-441 ↓	-0.9%
	Euro Stoxx	6,059	-49 ↓	-0.8%
	VIX	18.9	+3 ↑	19.8%



		Canada Bonds		US Bonds	
		CA	Wkly Chg	US	Wkly Chg
INTEREST RATES	O/N	2.25%	+0.0 bps	3.75%	+0.0 bps
	Prime	4.45%	+0.0 bps	6.75%	+0.0 bps
	2Y	2.89%	+5.7 bps	4.18%	+10.6 bps
	5Y	3.18%	+6.7 bps	4.31%	+10.4 bps
	7Y	3.33%	+6.3 bps	4.45%	+10.1 bps
	10Y	3.52%	+6.1 bps	4.59%	+9.5 bps
	30Y	3.89%	+4.9 bps	5.06%	+5.1 bps



Daily CORRA	2.26000
1M Term SOFR	3.61356
3M Term SOFR	3.65209

Disclaimer: Unless otherwise agreed in writing, National Bank of Canada and its affiliates act solely in the capacity of an arm's length contractual counterpart and not as an adviser or fiduciary. National Bank of Canada and its affiliates are not qualified to provide legal, tax or accounting advice. Accordingly, you should not regard transaction proposals or other written or oral communications from us as a recommendation or advice that a transaction is appropriate for you or meets your financial objectives. Any financial transaction involves a variety of potentially significant risks and issues. Before entering into any financial transaction, you should ensure that you fully understand the terms, have evaluated the risks and have determined that the transaction is appropriate for you in all respects. If you believe that you need assistance, you should consult appropriate advisers before entering into the transaction. The attached material does not constitute an offer to enter into any transaction. Such material is believed by us to be reliable, but we make no representation as to its accuracy or completeness. This brief statement does not purport to describe all of the risks associated with financial transactions and should not be construed as advice to you.

Risk Management Solutions Group

MONTREAL FX

514-394-8282 and 514-394-6910

Alexandre Lemieux
Managing Director and Head
alexandre.lemieux@nbc.ca

Salim Laaroussi
Managing Director
salim.laaroussi@nbc.ca

Nicholas Laflamme
Associate
nicholas.laflamme@nbc.ca

Emmanuel Tessier-Fleury
Managing Director
emmanuel.tessier@nbc.ca

Alexandre Lavallée
Associate Director
alexandre.lavallee@nbc.ca

William Boulanger-Elie
Associate
william.boulangerelie@nbc.ca

Olivier Cosialls
Director
olivier.cosialls@nbc.ca

James Maddalena
Director
james.maddalena@nbc.ca

Andrei Busuioceanu
Associate
andrei.busuioceanu@nbc.ca

Julien Duquette
Director
julien.duquette@nbc.ca

Romain Bazeler
Associate Director
romain.bazeler@nbc.ca

Silviu Nitii
Analyst
Silviu.nitii@nbc.ca

Yusuf Kocagozli
Director
yusuf.kocagozli@nbc.ca

Michel Medawar
Associate Director
michel.medawar@nbc.ca

MONTREAL INTEREST RATES

514-394-6885

Rana Karim
Managing Director
rana.karim@nbc.ca

Mariane Lafleur
Associate Director
mariane.lafleur@nbc.ca

Philippe-Antoine Larue
Associate Director
philippe-antoine.larue@nbc.ca

Christina Aladas
Associate Director
christina.aladas@nbc.ca

Thomas Leblanc
Associate Director
Thomas.leblanc@nbc.ca

TORONTO & OWC FX AND INTEREST RATES

416-869-8900 / 416-869-6689

Christina Yang
Managing Director - FX
christina.yang@nbc.ca

Nick Patience
Director – Interest Rates
nick.patience@nbc.ca

Hector Demarco
Associate Director - FX
hector.demarco@nbc.ca

Azhar Rahman
Analyst – Interest Rates
azhar.rahman@nbc.ca

Fatna Bellaoui
Associate - FX
fatna.bellaoui@nbc.ca

MONTREAL COMMODITIES

514-394-4556

Sarah Gauthier
Director
sarah.gauthier@nbc.ca

Jean-Sebastien Genest
Associate
jeansebastien.genest@nbc.ca

Ben-Isaac Meiga
Analyst
benisaac.meiga@nbc.ca

Calgary line: 403-695-3988

Vancouver line: 604-623-6793

DISCLAIMER

- This document is provided for information purposes only and is intended for use by Accredited Counterparties under the Derivatives Act (Québec) and Qualified Parties as defined under ASC, BCSC, SFSC, MSC and NBSC orders.
- National Bank of Canada and its subsidiaries (the “Bank”) act solely as an arm’s length contractual counterparty and not as an advisor or trustee, and are not bound by any legal obligation to advise on the validity or opportunity to transact an instrument or a financial product. Accordingly, the client should not regard transaction proposals or other written or oral communications from the Bank as a recommendation to transact or as advice that a transaction is appropriate or meets his specific financial objectives.
- Financial transactions involve a variety of potentially significant risks and issues. Before entering into any financial transaction, it is important to fully understand its terms, to have evaluated the risks, and to have determined that the transaction is suitable for the client’s specific needs and objectives, level of experience, financial and operational resources, and any other relevant factors. This document does not purport to describe all of the risks associated with financial transactions and should not be construed as advice in this respect. The Bank strongly recommends independent consultation with tax, legal, accounting and financial advisors before entering into the transaction in order to obtain an assessment of the benefits and risks of the transaction with respect to the transaction-specific circumstances.
- The contents of this document do not constitute an offer to enter into any transaction. We believe the information to be reliable, but make no representation as to its accuracy or completeness. This document may refer to some terms included only for discussion purposes and does not constitute a guarantee that a transaction will be concluded based on those financial terms or otherwise. The strategies, scenarios and risks described and/or presented in this document are based on hypothetical examples, and the true and final strategies, scenarios and risks may vary depending on the circumstances.
- You are not authorized to and you may not deliver or provide any part of this document to any person without the Bank’s prior written consent.