

Week ending April 25, 2025

Market developments

Equities: Global equity markets experienced volatility this week, driven by U.S. economic policy concerns, particularly around trade tariffs and Federal Reserve independence. U.S. stocks rebounded mid-week after a sharp selloff on Monday, with the S&P 500 and Nasdaq gaining as technology shares led the recovery, though investor sentiment remained cautious due to tariff uncertainties. European equity funds saw significant inflows as investors shifted capital away from U.S. markets, while leveraged equity ETFs gained popularity as some bet on a market recovery.

Fixed Income: U.S. bond funds faced selling pressure amid fears of tariff-driven inflation, leading to a fifth consecutive week of outflows, with investors favouring short-term government bond funds for safety. Rising U.S. Treasury yields earlier in the week reflected market unease, though a pause in aggressive tariff rhetoric helped stabilize bond markets slightly. In Europe, bond markets held steady, supported by the European Central Bank's recent rate cuts, which bolstered fixed-income investor confidence.

Commodities: Oil prices remained relatively stable, with investors monitoring U.S. and China trade developments for potential demand impacts, though no significant disruptions were reported. Bitcoin also surged, reclaiming \$90,000, fueled by positive crypto market sentiment and new SEC leadership. Other commodities like industrial metals faced muted demand due to global growth concerns.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	24,710.51	2.14%	-2.48%	-2.98%	-0.07%
S&P 500	5,525.21	4.59%	-4.35%	-9.44%	-6.06%
NASDAQ	17,382.94	6.73%	-4.86%	-12.89%	-9.98%
DAX	22,242.45	4.89%	-3.75%	3.96%	11.72%
NIKKEI 225	35,705.74	2.81%	-5.49%	-10.58%	-10.50%
Shanghai Composite	3,295.06	0.56%	-2.22%	1.30%	-1.69%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.39	-0.36%	-0.84%	0.73%	0.43%
US Aggregate Bond	2240.01	0.35%	0.05%	2.24%	2.33%
Europe Aggregate Bond	245.44	0.18%	1.92%	1.53%	0.69%
US High Yield Bond	27.05	1.00%	-0.93%	-0.34%	0.82%
Commodities (\$USD)					
Oil	63.25	-2.21%	-8.33%	-15.28%	-11.81%
Gold	3308.39	-0.55%	9.55%	19.41%	26.06%
Copper	484.45	2.23%	-6.53%	12.12%	20.32%
Currencies (\$USD)					
US Dollar Index	99.60	0.37%	-4.40%	-7.30%	-8.19%
Loonie	1.3859	-0.09%	3.03%	3.48%	3.79%
Euro	0.8803	-0.30%	5.27%	8.22%	9.72%

Yen	143.69	-1.05%	4.33%	8.57%	9.40%
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Source: Bloomberg, as of April 25, 2025

Central Bank Interest Rates

Central Bank	Current Rate	June 2025 Expected Rate*	December 2025 Expected Rate*
Bank of Canada	2.75%	2.63%	2.28%
U.S. Federal Reserve	4.50%	4.16%	3.45%
European Central Bank	2.25%	1.92%	1.52%
Bank of England	4.50%	4.07%	3.56%
Bank of Japan	0.50%	0.52%	0.66%

Source: Bloomberg, as of April 25, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Canadian Retail Sales Rebound

Retail sales in Canada are estimated to have increased by 0.7% in March, recovering from a 0.4% drop in February. Declines were notable in motor vehicle and parts dealers, while food and beverage retailers saw significant gains. Core retail sales rose by 0.5%, with regional variations showing Manitoba leading growth and Nova Scotia and Quebec facing declines.

U.S. – U.S. Private Sector Growth Slows

The S&P Global Flash US Composite PMI dropped to 51.2 in April, indicating the slowest private sector growth in 16 months. Services activity weakened, manufacturing slightly improved and business expectations hit a post-pandemic low. Prices for goods and services rose sharply, driven by tariff-related increases in manufactured goods.

International – U.K. Economic Activity Contracts, Retail Sales Defy Expectations in the U.K., Eurozone Private Sector Stagnates, Japan's Business Activity Rebounds, China Maintains Steady Rates

U.K. retail sales grew by 0.4% in March, surpassing forecasts of a decline. This surge was driven by a 1.7% rise in non-food store sales, particularly in clothing and second-hand goods. Food store sales fell by 1.3%. Annual retail sales increased by 2.6%, with the first quarter showing the strongest growth since July 2021.

The HCOB Eurozone Composite PMI dipped to 50.1 in April, reflecting stable but weak private sector activity. Services activity contracted, manufacturing remained weak and new orders fell for the eleventh month. Employment stagnated, input costs eased and business confidence hit a two-year low amid global trade uncertainties.

The au Jibun Bank Japan Composite PMI rose to 51.1 in April, driven by a service sector recovery and a slight easing in manufacturing decline. New orders and employment grew, but foreign sales dropped. Input costs hit a two-year high, and business confidence fell to its lowest since August 2020 due to global and domestic challenges.

In April 2025, the People's Bank of China kept its one-year and five-year loan prime rates unchanged at 3.1% and 3.6%, respectively, as it monitors U.S. trade disputes. This follows strong Q1 GDP growth of 5.4%, supported by stimulus measures, including CNY 300 billion in treasury bonds for consumer goods programs.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
29-Apr-25	Japan	Retail Sales YoY	Mar	3.6	1.4
29-Apr-25	China	Manufacturing PMI	Apr	49.8	50.5
29-Apr-25	China	Non-manufacturing PMI	Apr	50.7	50.8
29-Apr-25	China	Caixin China PMI Mfg	Apr	49.8	51.2
30-Apr-25	Eurozone Aggregate	GDP SA YoY	1Q A	1.1	1.2
30-Apr-25	Eurozone Aggregate	GDP SA QoQ	1Q A	0.2	0.2
30-Apr-25	United States	GDP Annualized QoQ	1Q A	0.3	2.4
30-Apr-25	Canada	GDP MoM	Feb		0.4
30-Apr-25	Canada	GDP YoY	Feb		2.2
30-Apr-25	United States	PCE Price Index YoY	Mar	2.2	2.5
30-Apr-25	United States	Core PCE Price Index YoY	Mar	2.6	2.8
01-May-25	Japan	BOJ Target Rate		0.5	0.5
01-May-25	Canada	S&P Canada Manufacturing PMI	Apr		46.3
01-May-25	United States	ISM Manufacturing	Apr	48.0	49.0
01-May-25	Japan	Jobless Rate	Mar	2.4	2.4
02-May-25	Eurozone Aggregate	CPI Estimate YoY	Apr P	2.1	2.2
02-May-25	Eurozone Aggregate	CPI Core YoY	Apr P	2.5	2.4
02-May-25	Eurozone Aggregate	Unemployment Rate	Mar	6.1	6.1
02-May-25	United States	Change in Nonfarm Payrolls	Apr	125.0	228.0
02-May-25	United States	Unemployment Rate	Apr	4.2	4.2

A = Advance

P = Preliminary

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