

Weekly Market Pulse



Week ending May 9, 2025

Market developments

Equities: Global equities experienced a volatile week, with gains driven by optimism over a U.S.-UK trade deal and strong U.S. economic data, including a robust jobs report. Markets faced choppy trading after the Federal Reserve maintained unchanged interest rates while warning of inflation risks. European and Asian indices rose, supported by prospects of U.S.-China trade talks, but investor caution persisted due to ongoing tariff uncertainties.

Fixed Income: Treasury yields climbed, with the U.S. 10-year yield reaching over 4.35%, reflecting market reactions to trade optimism and the Fed's steady rate policy. Emerging market currencies rallied against the dollar, but higher yields pressured longer-duration fixed income assets. Municipal bonds saw renewed interest due to attractive yields, with expectations of strong demand in the coming months.

Commodities: Gold prices rose 3% to a two-week high, driven by post-holiday buying in China and concerns over potential U.S. tariffs on pharmaceuticals, though prices later eased with reduced trade tensions. Oil prices also rallied this week, jumping over 4.5%.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	25,357.74	1.30%	6.87%	-0.33%	2.55%
S&P 500	5,659.91	-0.47%	3.72%	-6.08%	-3.77%
NASDAQ	17,928.92	-0.27%	4.69%	-8.17%	-7.16%
DAX	23,499.32	1.79%	19.46%	7.86%	18.03%
NIKKEI 225	37,503.33	1.83%	18.25%	-3.31%	-5.99%
Shanghai Composite	3,342.00	1.92%	4.87%	1.16%	-0.29%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.96	0.04%	0.26%	-0.41%	0.68%
US Aggregate Bond	2235.54	-0.24%	0.27%	1.19%	2.12%
Europe Aggregate Bond	244.70	-0.04%	0.82%	-0.15%	0.38%
US High Yield Bond	27.24	0.13%	3.02%	0.14%	1.51%
Commodities (\$USD)					
Oil	60.95	4.56%	-2.25%	-14.15%	-15.02%
Gold	3328.92	2.73%	7.99%	16.35%	26.84%
Copper	460.45	-0.50%	9.83%	0.34%	14.35%
Currencies (\$USD)					
US Dollar Index	100.37	0.34%	-2.46%	-7.10%	-7.48%
Loonie	1.3933	-0.87%	1.07%	2.58%	3.24%
Euro	0.8887	-0.39%	2.77%	8.95%	8.69%
Yen	145.32	-0.25%	1.68%	4.19%	8.18%

Source: Bloomberg, as of May 9, 2025

Central Bank Interest Rates

Central Bank	Current Rate	June 2025 Expected Rate*	December 2025 Expected Rate*
Bank of Canada	2.75%	2.58%	2.27%
U.S. Federal Reserve	4.50%	4.28%	3.66%
European Central Bank	2.25%	1.94%	1.55%
Bank of England	4.25%	4.16%	3.64%
Bank of Japan	0.50%	0.48%	0.61%

Source: Bloomberg, as of May 9, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Canadian Unemployment Increases

Canada's unemployment rate rose to 6.9% in April, the highest in over three years, surpassing expectations due to a significant increase in jobless individuals. Despite a modest net employment gain, the manufacturing sector suffered substantial job losses from U.S. tariffs, though labour force participation slightly increased.

U.S. – U.S. Services Sector Rebound, Federal Reserve's Cautious Stance

The ISM Services PMI rose to 51.6 in April 2025, exceeding forecasts, driven by faster growth in new orders and inventories. Employment continued to contract but at a slower rate, while price pressures intensified and tariffs raised pricing concerns among respondents.

The Federal Reserve maintained the funds rate at 4.25%–4.50% in May, adopting a wait-and-see approach amid tariff-driven inflation and unemployment risks. Fed Chair Powell emphasized patience, noting solid economic expansion despite trade-related data fluctuations.

International – Bank of England's Divided Rate Cut, Eurozone Retail Trade Slump, China's Services Sector Slowdown

The Bank of England cut its Bank Rate by 25bps to 4.25% in May, with a split vote reflecting varied views on policy easing. Slowing UK growth, loosening labour markets and U.S. tariffs increased global uncertainty, but the bank remains focused on sustainable 2% inflation.

Eurozone retail trade fell by 0.1% in March, missing expectations for flat growth, with declines in non-food and food sales. Annual retail growth slowed to 1.5%, the weakest since July 2024, though fuel sales continued to rise.

China's Caixin Services PMI fell to 50.7 in April, signaling the slowest service sector growth since September, driven by weaker new orders due to U.S. tariffs. Employment declined, input costs rose, and business sentiment hit a near-record low amid trade policy concerns.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
13-May-25	United Kingdom	ILO Unemployment Rate 3Mths	Mar	4.5	4.4
13-May-25	United States	CPI YoY	Apr	2.4	2.4
13-May-25	United States	CPI Ex Food and Energy YoY	Apr	2.8	2.8
15-May-25	United Kingdom	GDP QoQ	1Q P	0.6	0.1
15-May-25	United Kingdom	GDP YoY	1Q P	1.2	1.5
15-May-25	Eurozone Aggregate	GDP SA QoQ	1Q S	0.4	0.4
15-May-25	Eurozone Aggregate	GDP SA YoY	1Q S	1.2	1.2
15-May-25	United States	Retail Sales Advance MoM	Apr		1.4
15-May-25	United States	Retail Sales Ex Auto MoM	Apr	0.3	0.5
15-May-25	Japan	GDP SA QoQ	1Q P	(0.1)	0.6
15-May-25	Japan	GDP Annualized SA QoQ	1Q P	(0.3)	2.2

P = Preliminary

S = Second

The Asset Allocation Team at NEI Investments

Judith Chan, CFA – Vice President, Head of Multi-Asset Portfolios

Mateo Marks, CFA – Senior Multi Asset Portfolio Analyst

Adam Ludwick, CFA – Senior Multi Asset Portfolio Analyst

Anthony Rago, B.A.Sc. – Senior Multi Asset Portfolio Analyst

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