

Week ending June 20, 2025

Market developments

Equities: Global equity markets finished the week nearly flat despite ongoing geopolitical tensions in the Middle East. The S&P 500 and S&P/TSX both ended close to unchanged as investors weighed concerns about the Middle East tensions against relatively stable economic conditions.

Fixed Income: The Federal Reserve left the federal funds rate unchanged at 4.25% - 4.50% for a fourth consecutive meeting. Bond markets posted modest gains, with the Canada Aggregate returning 0.3% and the U.S. Aggregate gaining 0.2% for the week.

Commodities: Oil prices experienced volatility throughout the week but closed at US\$74.9, driven primarily by geopolitical developments in the Middle East.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	26,497.57	-0.03%	1.70%	5.74%	7.16%
S&P 500	5,967.84	-0.15%	0.46%	5.39%	1.47%
NASDAQ	19,447.41	0.21%	1.59%	9.92%	0.71%
DAX	23,350.55	-0.70%	-2.85%	1.53%	17.29%
NIKKEI 225	38,403.23	1.50%	2.33%	1.73%	-3.74%
Shanghai Composite	3,359.90	-0.51%	-0.61%	-1.44%	0.24%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.53	0.32%	0.15%	-1.12%	0.49%
US Aggregate Bond	2252.41	0.20%	1.03%	0.18%	2.90%
Europe Aggregate Bond	245.94	0.06%	0.59%	2.14%	0.89%
US High Yield Bond	27.72	0.14%	0.85%	1.69%	3.31%
Commodities (\$USD)					
Oil	74.93	2.67%	19.77%	9.77%	4.48%
Gold	3365.45	-1.95%	2.29%	10.53%	28.23%
Copper	483.55	0.44%	4.68%	-4.91%	20.09%
Currencies (\$USD)					
US Dollar Index	98.80	0.63%	-1.32%	-4.86%	-8.93%
Loonie	1.3744	-1.14%	1.25%	4.23%	4.66%
Euro	0.8682	-0.26%	2.08%	6.14%	11.25%
Yen	146.18	-1.44%	-1.14%	1.78%	7.54%

Source: Bloomberg, as of June 20, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.44%
U.S. Federal Reserve	4.50%	3.82%
European Central Bank	2.00%	1.70%
Bank of England	4.25%	3.73%
Bank of Japan	0.50%	0.61%

Source: Bloomberg, as of June 20, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Retail Sales Rise Despite Trade Tensions, May Decline Expected

Retail sales in Canada increased 0.3% to \$70.1 billion in April, with gains in six of nine subsectors led by motor vehicle and parts dealers (+1.9%). Core retail sales, excluding gasoline and auto dealers, rose 0.1% for the third consecutive month. In volume terms, sales increased 0.5%.

Despite the growth, 36% of retail businesses reported impacts from Canada-US trade tensions in April, including price increases and supply chain disruptions. All nine subsectors experienced negative effects on sales according to supplementary survey responses.

An advance estimate suggests retail sales decreased 1.1% in May, which would mark a significant reversal from April's gains and reflect mounting pressures from ongoing trade uncertainties.

U.S. – Consumer Spending Weakens Ahead of Tariffs, Fed Holds Rates

US retail sales declined 0.9% month-over-month in May, following a downwardly revised 0.1% drop in April and worse than forecasts of 0.6%. The decline marked the biggest decrease in four months as consumers pulled back ahead of expected tariffs.

The Federal Reserve held the federal funds rate unchanged at 4.25%–4.50% for the fourth consecutive meeting in June. Policymakers maintained a cautious stance to evaluate the economic impact of tariffs, immigration and tax policies. The Fed downgraded GDP growth forecasts to 1.4% for 2025 and raised inflation projections to 3.0%.

International – China Retail Growth Accelerates, Japan Maintains Policy Stance

China's retail sales increased 6.4% year-over-year in May, accelerating from 5.1% in April and beating expectations of 4.9%. The growth marked the strongest pace since December 2023, boosted by holiday spending and government subsidies on electronics to cushion US tariff impacts.

China's unemployment rate edged down to 5.0% in May from 5.1% in April, reaching the lowest level since November 2024. The jobless rate across 31 major cities also fell to 5.0%, down 0.1 percentage points from the prior month.

The Bank of Japan kept its key interest rate unchanged at 0.5% in June, maintaining the highest level since 2008. The decision reflected caution amid geopolitical risks and US tariff policy uncertainty.

Japan's annual inflation rate edged down to 3.5% in May from 3.6% in April, marking the lowest level since November. Core inflation accelerated to 3.7% from 3.5%, reaching its highest level in over two years ahead of summer elections.

Quick look ahead

DATE	COUNTRY / REGION	EVENT	SURVEY	PRIOR
22-Jun-25	Japan	Jibun Bank Japan PMI Mfg	Jun P	49.4
22-Jun-25	Japan	Jibun Bank Japan PMI Services	Jun P	51.0
23-Jun-25	Eurozone Aggregate	HCOB Eurozone Manufacturing PMI	Jun P	49.8
23-Jun-25	Eurozone Aggregate	HCOB Eurozone Services PMI	Jun P	49.7
23-Jun-25	United Kingdom	S&P Global UK Manufacturing PMI	Jun P	46.9
23-Jun-25	United Kingdom	S&P Global UK Services PMI	Jun P	51.3
23-Jun-25	United States	S&P Global US Manufacturing PMI	Jun P	51.0
23-Jun-25	United States	S&P Global US Services PMI	Jun P	52.7
24-Jun-25	Canada	CPI NSA MoM	May	0.5
24-Jun-25	Canada	CPI YoY	May	1.7
26-Jun-25	Japan	Jobless Rate	May	2.5
26-Jun-25	Japan	Retail Sales YoY	May	2.5
27-Jun-25	United States	PCE Price Index YoY	May	2.3
27-Jun-25	United States	Core PCE Price Index YoY	May	2.6
27-Jun-25	Canada	GDP MoM	Apr	0.1
27-Jun-25	Canada	GDP YoY	Apr	1.3

F = Final

P = Preliminary

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