Weekly Market Pulse

Week ending August 08, 2025

Market developments

Equities: Global equity markets generally extended gains, with some mixed performance across regions. The S&P 500 in the US hit new records, driven by strong earnings from major technology companies, while the S&P/TSX in Canada also saw gains. European equities rallied, supported by positive earnings reports and hopes for de-escalation in Ukraine, outweighing concerns about tariffs. Asian markets showed mixed signals, with Japan outperforming due to clarity on tariff issues.

Fixed Income: Fixed income markets experienced some volatility, with Treasury yields initially plunging due to increased expectations of rate cuts following weaker jobs data. However, yields edged higher later in the week. There was a mixed performance in Treasuries and a weak 30-year auction led to raised yields at the long end.

Commodities: Commodity markets were significantly impacted by a U.S. government clarification that import tariffs would apply to one-kilo gold bars, causing turmoil and pushing gold futures to record highs. The Food and Agriculture Organization of the United Nations reported a rise in world food prices, driven by meat and vegetable oils, despite declines in other categories

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	27,758.68	2.73%	3.18%	9.92%	12.26%
S&P 500	6,389.45	2.43%	2.63%	12.81%	8.63%
NASDAQ	21,450.02	3.87%	5.05%	19.64%	11.08%
DAX	24,162.86	3.15%	-0.18%	3.47%	21.37%
NIKKEI 225	41,820.48	2.50%	5.37%	13.25%	4.83%
Shanghai Composite	3,635.13	2.11%	3.94%	8.45%	8.45%
Fixed Income (Performance in %)					
Canada Aggregate Bond	237.17	0.04%	0.47%	0.09%	0.76%
US Aggregate Bond	2290.29	0.03%	1.37%	2.45%	4.63%
Europe Aggregate Bond	246.03	0.07%	0.29%	0.37%	0.93%
US High Yield Bond	28.26	0.41%	0.74%	3.76%	5.33%
Commodities ($USD)					
Oil	63.60	-5.54%	-6.92%	6.16%	-11.32%
Gold	3395.37	0.95%	2.83%	2.71%	29.37%
Copper	447.85	0.97%	-20.66%	-1.81%	11.23%
Currencies ($USD)					
US Dollar Index	98.26	-0.89%	0.77%	-2.36%	-9.43%
Loonie	1.3757	0.21%	-0.71%	1.21%	4.56%
Euro	0.8591	0.47%	-0.72%	3.68%	12.43%
Yen	147.78	-0.26%	-0.81%	-1.27%	6.37%

Source: Bloomberg, as of August 08, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.50%
U.S. Federal Reserve	4.50%	3.74%
European Central Bank	2.00%	1.79%
Bank of England	4.00%	3.80%
Bank of Japan	0.50%	0.62%

Source: Bloomberg, as of August 08, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Unemployment Rate Stagnation

Canada's unemployment rate held steady at 6.9% in July 2025, slightly below expectations but close to a near-four-year high. This aligns with concerns over a large labour supply and economic uncertainty due to tariffs. Unemployment numbers remained stable at 1.6 million, with a notable drop in net employment and a rise in youth unemployment, reflecting slow hiring for seasonal jobs.

U.S. – ISM Services PMI Decline

The ISM Services PMI unexpectedly dropped to 50.1 in July 2025, below the forecast of 51.5. This indicates near stagnation in the services sector, impacted by seasonal and weather factors. Business activity, new orders and inventories all showed declines, while price pressures reached the highest level since October 2022. Employment contracted further and both new exports and imports shifted from expansion to contraction, suggesting tariff tensions are affecting global trade.

International – Bank of England Interest Rate Cut, Eurozone Producer Price Inflation, Eurozone Retail Sales Rebound, S&P China PMI Decline

The Bank of England lowered interest rates by 25 basis points to 4%, the lowest since March 2023. This decision came after a split vote among the Monetary Policy Committee, reflecting divisions on handling inflation and economic softness. Governor Andrew Bailey emphasized that future cuts would be gradual. The BoE also noted potential adjustments to its bond sales program, with markets anticipating another rate cut this year.

In June 2025, Eurozone producer price inflation rose to 0.6% year-over-year, up from 0.3% in May and surpassing market expectations. Price growth for durable and non-durable consumer goods increased, while energy prices fell at a slower rate. Capital goods inflation remained steady, but intermediate goods saw their first price drop since November 2024. Monthly producer prices rose by 0.8% in June, ending a three-month decline.

Retail sales in the Eurozone increased by 0.3% in June 2025, bouncing back from a previous decline but falling short of expectations. There was a recovery in sales across food, non-food products and auto fuel. Among major economies, retail sales rose in Germany, Italy, Spain, the Netherlands, Belgium and Ireland, but fell in France.

The S&P China General Composite PMI fell to 50.8 in July 2025, down from 51.3 in June. Despite the slowdown, this marks two consecutive months of growth in the private sector, mainly driven by services, while manufacturing faced contraction. Although export sales decreased due to weaker external demand, new business saw a rebound. Service providers led employment gains and business confidence improved slightly. Input costs rose quickly, but firms reduced output prices, indicating margin pressure.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
12-Aug-25	United Kingdom	ILO Unemployment Rate 3Mths	Jun	4.7	4.7
12-Aug-25	United States	CPI MoM	Jul	0.2	0.3
12-Aug-25	United States	CPI Ex Food and Energy MoM	Jul	0.3	0.2
12-Aug-25	United States	CPI YoY	Jul	2.8	2.7
12-Aug-25	United States	CPI Ex Food and Energy YoY	Jul	3.0	2.9
12-Aug-25	United States	CPI Index NSA	Jul	323.3	322.6
12-Aug-25	United States	CPI Core Index SA	Jul		327.6
14-Aug-25	Eurozone Aggregate	GDP SA QoQ	2Q S	0.1	0.1
14-Aug-25	Eurozone Aggregate	GDP SA YoY	2Q S	1.4	1.4
14-Aug-25	United States	PPI Final Demand MoM	Jul	0.2	
14-Aug-25	United States	PPI Ex Food and Energy MoM	Jul	0.2	
14-Aug-25	United States	PPI Final Demand YoY	Jul	2.5	2.3
14-Aug-25	United States	PPI Ex Food and Energy YoY	Jul	3.0	2.6
14-Aug-25	Japan	GDP SA QoQ	2Q P	0.1	
14-Aug-25	Japan	GDP Annualized SA QoQ	2Q P	0.3	(0.2)
14-Aug-25	Japan	GDP Nominal SA QoQ	2Q P	1.4	0.9
14-Aug-25	China	Retail Sales YoY	Jul	4.6	4.8
14-Aug-25	China	Retail Sales YTD YoY	Jul		5.0
15-Aug-25	United States	Retail Sales Advance MoM	Jul	0.5	0.6
15-Aug-25	United States	Retail Sales Ex Auto MoM	Jul	0.3	0.5

S = Second
P = Preliminary

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