

Weekly Market Pulse



Week ending February 14, 2025

Market developments

Equities: Despite economic uncertainty, the S&P 500 remained near record highs, with notable stock movements including a 20-session winning streak for Meta and a surge in Dell shares on news of a \$5 billion server deal. Meanwhile, Intel dipped but is still having its best week in over two decades. Overall, the U.S. and Europe saw strong gains, while Canada ended the week slightly positive.

Fixed Income: The bond market saw increased volatility this week, driven by higher-than-expected inflation in the U.S., causing yields to rise. Meanwhile, weak US retail sales data reignited hopes for Federal Reserve interest rate cuts and seeing rates reverse. Overall, the bond market ended the week relatively flat.

Commodities: Oil fell slightly this week due to a market gauge, signaling ample supplies and traders doubting US threats to Iran's crude exports. Despite bullish factors, oil markets experienced a decrease in geopolitical risks. Reports from the International Energy Agency and the US Energy Information Administration predict a small surplus this year, driving prices lower over the last month.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	25,481.59	0.15%	3.63%	1.72%	3.05%
S&P 500	6,114.63	1.47%	4.65%	2.78%	3.96%
NASDAQ	20,026.77	2.58%	5.16%	4.81%	3.71%
DAX	22,513.42	3.33%	11.06%	16.87%	13.08%
NIKKEI 225	39,149.43	0.93%	1.75%	1.59%	-1.87%
Shanghai Composite	3,346.72	1.30%	3.26%	-0.98%	-0.15%
Fixed Income (Performance in %)					
Canada Aggregate Bond	237.41	-0.22%	3.05%	1.90%	0.87%
US Aggregate Bond	2206.56	-0.12%	1.89%	0.69%	0.80%
Europe Aggregate Bond	244.60	-0.19%	1.96%	0.64%	0.34%
US High Yield Bond	27.21	0.05%	1.44%	1.49%	1.41%
Commodities (\$USD)					
Oil	70.65	-0.49%	-8.84%	2.84%	-1.49%
Gold	2882.81	0.76%	7.67%	12.40%	9.84%
Copper	464.45	1.21%	6.95%	13.63%	15.35%
Currencies (\$USD)					
US Dollar Index	106.78	-1.17%	-2.28%	0.10%	-1.57%
Loonie	1.4169	0.88%	1.27%	-0.77%	1.52%
Euro	0.9529	1.61%	1.81%	-0.34%	1.36%
Yen	152.26	-0.56%	3.74%	2.63%	3.24%

Source: Bloomberg, as of February 14, 2025

Central Bank Interest Rates

CENTRAL BANK	CURRENT RATE	JUNE 2025 EXPECTED RATE*	DECEMBER 2025 EXPECTED RATE*
Bank of Canada	3.00%	2.69%	2.54%
U.S. Federal Reserve	4.50%	4.18%	3.94%
European Central Bank	2.75%	2.09%	1.91%
Bank of England	4.50%	4.15%	3.88%
Bank of Japan	0.50%	0.61%	0.83%

* Expected rates are based on bond futures pricing

Macro developments

Canada – No Notable Releases

No notable releases this week.

U.S. – U.S. Inflation Rises Slightly, Retail Sales Decline Sharply

The U.S. annual inflation rate increased to 3% in January, surpassing expectations. Energy costs rose for the first time in six months, with gasoline and fuel oil declining less than before. Used car prices rebounded, while transportation costs accelerated. Monthly, inflation rose 0.5%, driven largely by shelter costs. Core inflation unexpectedly increased to 3.3%.

Factory gate prices increased by 0.4% in January, slightly below 's increase but above forecasts. Goods prices rose for the fourth consecutive month, driven by diesel fuel, eggs, and beef, while service prices also increased. The annual producer inflation rate remained at 3.5%, exceeding expectations, with figures from previous months revised upward.

Retail sales fell 0.9% in January, the largest drop since March 2023, mainly due to severe weather and LA fires. Sales plummeted across multiple sectors, including sporting goods, motor vehicles, and clothing, while gasoline stations and food services saw slight gains. Core retail sales, used for GDP calculations, also declined 0.8%.

International – U.K. Economy Shows Modest Growth, Eurozone Economy Barely Expands, China's Producer Prices Keep Falling, China's Inflation Hits Five-Month High

The U.K. economy grew by 0.1% in Q4 2024 after stagnation in Q3, beating recession forecasts. Growth came from services and construction, while production declined for the fifth straight quarter. Exports fell, imports increased, and government spending rose, though household spending remained flat.

The Eurozone economy grew by 0.1% in Q4 2024, avoiding stagnation but marking the weakest growth of the year. Germany and France contracted, while Spain and Portugal showed stronger gains. Overall, the economy expanded 0.7% in 2024, slightly improving from 2023.

China's producer prices fell 2.3% year-on-year in January 2025, marking the 28th consecutive month of decline. Mining, raw materials, and consumer goods costs continued to drop despite government efforts to boost demand. The Lunar New Year contributed to seasonal price fluctuations.

China's annual inflation rose to 0.5% in January 2025, the highest since August 2024, driven by the Lunar New Year and government stimulus. Food prices rebounded, with pork and vegetable costs rising, while non-food prices also accelerated. Monthly inflation increased by 0.7%, reaching an 11-month high.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
16-Feb-25	Japan	GDP Annualized SA QoQ	4Q P	1.1	1.2
16-Feb-25	Japan	GDP SA QoQ	4Q P	0.3	0.3
18-Feb-25	United Kingdom	Average Weekly Earnings 3M/YoY	Dec	5.9	5.6
18-Feb-25	United Kingdom	ILO Unemployment Rate 3Mths	Dec	4.5	4.4
18-Feb-25	Canada	CPI YoY	Jan	1.8	1.8
19-Feb-25	United Kingdom	CPI YoY	Jan	2.8	2.5
19-Feb-25	United Kingdom	CPI Core YoY	Jan	3.7	3.2
20-Feb-25	Japan	Natl CPI YoY	Jan	4.0	3.6
20-Feb-25	Japan	Natl CPI Ex Fresh Food YoY	Jan	3.1	3.0
20-Feb-25	Japan	Jibun Bank Japan PMI Mfg	Feb P		48.7
20-Feb-25	Japan	Jibun Bank Japan PMI Services	Feb P		53.0
21-Feb-25	United Kingdom	Retail Sales Ex Auto Fuel YoY	Jan	0.7	2.9
21-Feb-25	Eurozone Aggregate	HCOB Eurozone Manufacturing PMI	Feb P	47.0	46.6
21-Feb-25	Eurozone Aggregate	HCOB Eurozone Services PMI	Feb P	51.6	51.3
21-Feb-25	United Kingdom	S&P Global UK Manufacturing PMI	Feb P	48.5	48.3
21-Feb-25	United Kingdom	S&P Global UK Services PMI	Feb P	50.8	50.8
21-Feb-25	Canada	Retail Sales MoM	Dec	1.6	
21-Feb-25	Canada	Retail Sales Ex Auto MoM	Dec	2.0	(0.7)
21-Feb-25	United States	S&P Global US Manufacturing PMI	Feb P	51.1	51.2
21-Feb-25	United States	S&P Global US Services PMI	Feb P	53.0	52.9

P = Preliminary

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