

Weekly Market Pulse



Week ending June 27, 2025

Market developments

Equities: Global equity markets experienced a volatile week, influenced by geopolitical tensions in the Middle East, specifically involving Iran and fluctuating sentiments regarding U.S.-China trade relations. Early-week gains faded as threats of escalation and weaker-than-expected U.S. retail sales weighed on investor confidence. However, positive news emerged later in the week with reports of progress in U.S.-China trade negotiations, including pledges from Beijing regarding rare earth materials and hints of broader trade deals, which helped lift stock index futures.

Fixed Income: The fixed income market saw modest declines in Treasury yields following the Federal Reserve's decision to hold rates steady and signal potential future cuts. Investment-grade corporates gained, benefiting from lower rates, while high-yield corporates also advanced. Overall, fixed income yields presented attractive income opportunities, although downside economic risks remained material.

Commodities: Commodity markets faced significant volatility this week, particularly in the oil sector, which experienced a sharp decline of approximately 13%. Gold prices retreated as risk appetite improved, leading investors to shift towards equities

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	26,692.32	0.73%	1.61%	6.09%	7.94%
S&P 500	6,173.07	3.44%	4.25%	8.43%	4.96%
NASDAQ	20,273.46	4.25%	5.60%	13.87%	4.99%
DAX	24,033.22	2.92%	-0.80%	5.97%	20.71%
NIKKEI 225	40,150.79	4.55%	6.43%	6.22%	0.64%
Shanghai Composite	3,424.23	1.91%	2.50%	1.50%	2.16%
Fixed Income (Performance in %)					
Canada Aggregate Bond	237.25	0.10%	0.05%	-0.26%	0.80%
US Aggregate Bond	2274.02	0.91%	1.77%	1.87%	3.88%
Europe Aggregate Bond	245.64	-0.12%	0.04%	1.87%	0.77%
US High Yield Bond	27.97	0.74%	1.73%	2.87%	4.23%
Commodities (\$USD)					
Oil	65.13	-13.08%	6.96%	-6.85%	-9.19%
Gold	3275.35	-2.76%	-0.77%	7.13%	24.80%
Copper	505.85	4.66%	7.40%	-0.77%	25.63%
Currencies (\$USD)					
US Dollar Index	97.34	-1.39%	-2.20%	-6.71%	-10.28%
Loonie	1.3701	0.25%	0.80%	4.41%	4.99%
Euro	0.8536	1.68%	3.41%	8.46%	13.16%
Yen	144.66	0.99%	-0.23%	4.42%	8.67%

Source: Bloomberg, as of June 27, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.40%
U.S. Federal Reserve	4.50%	3.68%
European Central Bank	2.00%	1.69%
Bank of England	4.25%	3.68%
Bank of Japan	0.50%	0.62%

Source: Bloomberg, as of June 27, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Canada's Steady Inflation, GDP Contraction

In May, Canada's inflation rate remained at 1.7%, consistent with market expectations and below the Bank of Canada's 2% target for the second month. Price growth slowed in shelter, food and core rates, while the Consumer Price Index (CPI) rose by 0.6%, recovering from a previous decline.

Canada experienced a disappointing 0.1% contraction in GDP for April and May, suggesting stagnant growth. Manufacturing fell significantly due to tariff uncertainties, while the services sector saw gains, particularly in arts and entertainment, linked to increased NHL playoff attendance.

U.S. – Private Sector Growth Eases, PCE Inflation Steady

The S&P Global U.S. Composite PMI dipped to 52.8 in June, indicating slight growth cooling. Service output eased and exports fell due to rising tariffs, while job creation continued. Price pressures increased, although input costs rose more slowly due to competitive pressures.

In May, the U.S. Personal Consumption Expenditures (PCE) price index rose by 0.1%, aligning with expectations. Core PCE inflation increased to 2.7%, while food prices rose and energy costs fell. Headline inflation matched forecasts at 2.3%.

International – Eurozone Growth Stagnates, Japan's Composite PMI Rises, Japan's Stable Unemployment Rate

The HCOB Eurozone Composite PMI held at 50.2 in June, slightly below expectations, indicating muted growth. Service sector activity stagnated, while manufacturing remained unchanged. New orders fell and input cost inflation decreased, though business confidence improved.

Japan's Composite PMI rose to 51.4 in June, marking growth in both manufacturing and services. Despite this, demand remained weak, affected by export challenges and tariff uncertainties. Input price inflation eased, but business confidence stayed cautious.

Japan's unemployment rate remained at 2.5% in May 2025, with a slight drop in unemployed individuals. Employment reached a record high and the labour force participation rate increased. However, the jobs-to-applicants ratio fell below market expectations, indicating a tighter job market.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
30-Jun-25	China	Caixin China PMI Mfg	Jun	49.3	48.3
01-Jul-25	Eurozone Aggregate	CPI Estimate YoY	Jun P	2.0	
01-Jul-25	Eurozone Aggregate	CPI MoM	Jun P	0.3	
01-Jul-25	Eurozone Aggregate	CPI Core YoY	Jun P	2.3	2.3
01-Jul-25	United States	ISM Manufacturing	Jun	48.8	48.5
02-Jul-25	Canada	S&P Global Canada Manufacturing PMI	Jun		46.1
02-Jul-25	Japan	Japan Buying Foreign Bonds			615.5
02-Jul-25	Japan	Japan Buying Foreign Stocks			(88.2)
02-Jul-25	Japan	Foreign Buying Japan Bonds			(368.8)
02-Jul-25	Japan	Foreign Buying Japan Stocks			(524.3)
02-Jul-25	China	Caixin China PMI Composite	Jun		49.6
02-Jul-25	China	Caixin China PMI Services	Jun	51.0	51.1
03-Jul-25	United States	Change in Nonfarm Payrolls	Jun	120.0	139.0
03-Jul-25	United States	Unemployment Rate	Jun	4.3	4.2
04-Jul-25	Eurozone Aggregate	PPI MoM	May	(0.7)	(2.2)
04-Jul-25	Eurozone Aggregate	PPI YoY	May	0.3	0.7

P = Preliminary

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