

Weekly Market Pulse



Week ending October 3, 2025

Market developments

Equities: Global equity markets moved higher, influenced by central bank commentary, labour market data and international headlines. The S&P 500 remained near record highs, although gains were not evenly distributed, with European markets like the FTSE 100 showing stronger momentum. Concerns about the government shutdown were present but appeared to be largely discounted by the markets.

Fixed Income: Throughout the week, fixed income markets saw volatility as investors reacted to mixed economic data and shifting sentiment around monetary policy. Overall, fixed income yields offered a mix of opportunities, with high-yield bonds attracting interest as spreads tightened slightly, while municipal bonds remained in demand amid a favorable issuance environment.

Commodities: In commodities, gold prices reached lifetime highs, mirroring gains in global markets amid expectations of U.S. Federal Reserve rate cuts and a softer dollar. Crude oil prices, however, fell due to participants reducing positions amid weak demand in the spot market. Concerns about oversupply in the market ahead of an OPEC+ meeting caused the oil market to trend lower towards the end of the week.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	30,471.68	2.39%	5.98%	12.72%	23.23%
S&P 500	6,715.79	1.09%	4.15%	6.95%	14.18%
NASDAQ	22,780.51	1.32%	5.97%	10.58%	17.97%
DAX	24,378.80	2.69%	3.32%	1.86%	22.45%
NIKKEI 225	45,769.50	0.91%	9.13%	15.04%	14.73%
Shanghai Composite	3,882.78	1.43%	1.82%	12.18%	15.84%
Fixed Income (Performance in %)					
Canada Aggregate Bond	241.61	0.34%	1.84%	2.06%	2.65%
US Aggregate Bond	2332.12	0.60%	1.37%	2.87%	6.54%
Europe Aggregate Bond	246.51	0.35%	0.67%	0.13%	1.13%
US High Yield Bond	28.80	0.23%	1.03%	2.44%	7.34%
Commodities (\$USD)					
Oil	60.65	-7.71%	-5.19%	-9.48%	-15.44%
Gold	3884.87	3.32%	9.14%	16.80%	48.02%
Copper	509.05	7.95%	11.67%	-0.13%	26.42%
Currencies (\$USD)					
US Dollar Index	97.69	-0.47%	-0.46%	0.52%	-9.95%
Loonie	1.3952	-0.13%	-1.13%	-2.64%	3.10%
Euro	0.8517	0.33%	0.68%	-0.14%	13.41%
Yen	147.44	1.39%	0.45%	-1.70%	6.62%

Source: Bloomberg, as of October 3, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.50%	2.30%
U.S. Federal Reserve	4.25%	3.64%
European Central Bank	2.00%	1.91%
Bank of England	4.00%	3.91%
Bank of Japan	0.50%	0.65%

Source: Bloomberg, as of October 3, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Decline in Canadian Manufacturing

The S&P Global Canada Manufacturing PMI dropped to 47.7 in September, indicating ongoing contraction in the manufacturing sector for the eighth month in a row. This decline is attributed to tariffs imposed by the U.S. and retaliatory measures from Canada. New orders and output fell significantly, leading to reduced staffing levels, although job loss rates eased slightly. Input inflation rose but at a slower pace, while selling price inflation decreased. Firms remain cautious about the future due to uncertain policies and tariffs, resulting in decreased confidence.

U.S. – Manufacturing Shows Slight Improvement, ISM Services Sector Stalls

The ISM U.S. Manufacturing PMI increased to 49.1 in September, marking the seventh month of contraction but the strongest reading during this downturn. Production rebounded while new orders declined and employment fell at a slower rate. The input prices gauge eased but remained high, indicating ongoing cost pressures. Respondents cited tariffs and weak demand as major challenges, leading to delays in orders and cutbacks on capital projects.

The ISM Services PMI fell to 50 in September from 52 in August, missing the forecast of 51.7 and indicating a stall in sector activity. The report highlights a slowdown in business activity and ongoing employment challenges, although there was a slight recovery in the Backlog of Orders Index and growth in the New Orders index. Steve Miller, Chair of the ISM Services Business Survey Committee, pointed out that employment remains in contraction due to delayed hiring and difficulties in finding qualified staff, with overall growth described as moderate or weak amid some supplier delivery challenges.

International – Euro Area Inflation Surpasses Target, Unemployment Rate in Euro Area Edges Up, Japan's Retail Sales Decline, Increase in Japan's Unemployment Rate, Mixed Signals in China's PMI Index

Euro Area consumer price inflation rose to 2.2% in September, slightly above the European Central Bank's target, due to a smaller drop in energy costs. Services inflation and food prices showed minor adjustments, while core inflation held steady at 2.3%, its lowest level since January 2022.

The Euro Area unemployment rate rose to 6.3% in August, contrary to expectations for stability. The number of unemployed increased slightly, while youth unemployment matched a recent low. Among major economies, Spain had the highest jobless rate, whereas Germany and the Netherlands had the lowest. The overall jobless rate in the broader European Union stood at 5.9%.

Japan's retail sales unexpectedly dropped by 1.1% year-on-year in August, marking the first annual decline since February 2022. This decline reflects sluggish wage growth and unseasonal weather, impacting consumer spending. While some categories saw sales increases, several key sectors experienced significant drops. Monthly retail sales also fell by 1.1%, following a prior sharp decrease.

Japan's unemployment rate rose to 2.6% in August, surpassing market expectations and reaching its highest level since July 2024. The number of unemployed increased, while employment fell to a four-month low. The labour force participation rate improved slightly year-over-year, although the jobs-to-applicants ratio declined to its lowest since January 2022.

China's NBS Composite PMI Output Index inched up to 50.6 in September, indicating a slower contraction in factory activity. However, the service sector faced stagnation due to weak consumer demand and cautious business sentiment. Export-oriented manufacturers continued to struggle with global trade tensions, though there were signs of stabilizing sentiment in new orders and employment.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
06-Oct-25	Eurozone Aggregate	Retail Sales MoM	Aug	0.1	(0.5)
06-Oct-25	Eurozone Aggregate	Retail Sales YoY	Aug	1.3	2.2
09-Oct-25	United States	Initial Jobless Claims		232.5	
09-Oct-25	United States	Continuing Claims			
09-Oct-25	Japan	PPI YoY	Sep	2.5	2.7
09-Oct-25	Japan	PPI MoM	Sep	0.1	(0.2)
10-Oct-25	Canada	Net Change in Employment	Sep	(10.0)	(65.5)
10-Oct-25	Canada	Unemployment Rate	Sep	7.2	7.1

The Asset Allocation Team at NEI Investments

Judith Chan, CFA – Vice President, Head of Asset Allocation

Mateo Marks, CFA – Director, Asset Allocation

Adam Ludwick, CFA – Director, Asset Allocation

Anthony Rago, B.A.Sc. – Senior Asset Allocation Analyst

Aviso Wealth Inc. ("Aviso") is the parent company of Aviso Financial Inc. ("AFI") and Northwest & Ethical Investments L.P. ("NEI"). Aviso and Aviso Wealth are registered trademarks owned by Aviso Wealth Inc.

NEI Investments is a registered trademark of NEI. Any use by AFI or NEI of an Aviso trade name or trademark is made with the consent and/or license of Aviso Wealth Inc. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. Mutual funds and other securities are offered by Aviso Wealth, a division of Aviso Financial Inc.

This material is for informational and educational purposes and it is not intended to provide specific advice including, without limitation, investment, financial, tax or similar matters. This document is published by AFI and unless indicated otherwise, all views expressed in this document are those of AFI. The views expressed herein are subject to change without notice as markets change over time.