

# Weekly Market Pulse



Week ending September 12, 2025

## Market developments

**Equities:** Global equities generally pushed higher, driven by optimism surrounding potential central bank policy easing and strong performance in the technology sector. Asian markets, particularly Japan, led the rally with the Nikkei hitting all-time highs, fueled by enthusiasm for AI and chip demand.

**Fixed Income:** Bond markets rallied as weaker U.S. hiring data reinforced expectations of interest rate cuts. The 10-year Treasury yield dropped to around 4.1%, with futures markets pricing easing beginning in September. European yields also retreated and Japanese bonds rallied amid political uncertainty.

**Commodities:** Precious metals led the commodity sector, with gold reaching record highs, supported by lower yields, a weaker dollar and central bank demand. Oil prices experienced volatility, swinging between losses due to OPEC+ supply speculation and rebounds amid concerns over Russian supply disruptions.

## Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
<b>Equities (\$Local)</b>					
S&P/TSX Composite	29,283.82	0.80%	4.88%	10.02%	18.42%
S&P 500	6,584.29	1.59%	2.15%	8.92%	11.95%
NASDAQ	22,141.10	2.03%	2.12%	12.61%	14.66%
DAX	23,698.15	0.43%	-1.36%	-0.31%	19.03%
NIKKEI 225	44,768.12	4.07%	4.80%	17.28%	12.22%
Shanghai Composite	3,870.60	1.52%	5.58%	13.75%	15.48%
<b>Fixed Income (Performance in %)</b>					
Canada Aggregate Bond	241.27	0.89%	2.06%	2.02%	2.51%
US Aggregate Bond	2332.29	0.55%	2.01%	3.37%	6.54%
Europe Aggregate Bond	245.93	-0.07%	0.25%	-0.30%	0.89%
US High Yield Bond	28.71	0.30%	1.51%	3.61%	7.02%
<b>Commodities (\$USD)</b>					
Oil	62.58	1.15%	-0.93%	-8.02%	-12.74%
Gold	3642.28	1.55%	8.78%	7.57%	38.78%
Copper	458.55	2.30%	1.33%	-5.17%	13.88%
<b>Currencies (\$USD)</b>					
US Dollar Index	97.61	-0.16%	-0.49%	-0.32%	-10.02%
Loonie	1.3848	-0.13%	-0.55%	-1.76%	3.87%
Euro	0.8525	0.11%	0.47%	1.27%	13.30%
Yen	147.68	-0.17%	0.11%	-2.84%	6.45%

Source: Bloomberg, as of September 12, 2025

## Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.37%
U.S. Federal Reserve	4.50%	3.63%
European Central Bank	2.00%	1.88%
Bank of England	4.00%	3.88%
Bank of Japan	0.50%	0.63%

Source: Bloomberg, as of September 12, 2025

\*Expected rates are based on bond futures pricing

## Macro developments

### Canada – No Notable Releases

### U.S. – Producer Prices Decline, Inflation Rate Rises

Producer prices in the U.S. fell 0.1% month-over-month in August, marking the first decrease in four months. This followed a revised 0.7% rise in July and was below expectations of a 0.3% increase. Costs for services dropped 0.2%, with significant declines in machinery and vehicle wholesaling. Year-on-year, producer prices rose 2.6%, below both the previous month's revised rate and forecasts.

The U.S. annual inflation rate reached 2.9% in August, the highest since January. Key contributors to this increase included food and vehicle prices, while energy costs rose for the first time in seven months. Monthly, the Consumer Price Index (CPI) increased by 0.4%, surpassing expectations. Core inflation remained steady at 3.1%, indicating stability in underlying price pressures.

### International – European Central Bank Maintains Rates, Japan's Producer Prices Increase, China Faces Consumer Price Drop

The European Central Bank held its three key interest rates steady, reflecting stable inflation near the 2% target. New projections forecast headline inflation averaging 2.1% in 2025, with slight declines in the following years. The Governing Council remains committed to a cautious approach to monetary policy, emphasizing data-driven decisions.

Japan's producer prices rose 2.7% year-on-year in August 2025, reflecting stronger cost pressures across various sectors. Notable increases were seen in transport equipment and food prices, while certain areas like electrical machinery experienced slower growth. Monthly, prices declined by 0.2%, exceeding forecasts for a smaller decrease.

China's consumer prices fell 0.4% year-on-year in August 2025, the sharpest decline since February. Food prices, particularly pork, saw significant drops due to high supply and weak demand. However, non-food inflation increased, driven by government subsidies in sectors like housing and healthcare. Core inflation rose to its highest level in 18 months, while monthly CPI remained flat.

## Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
14-Sep-25	China	Retail Sales YoY	Aug	3.8	3.7
14-Sep-25	China	Retail Sales YTD YoY	Aug	4.7	4.8
16-Sep-25	United Kingdom	ILO Unemployment Rate 3Mths	Jul	4.7	4.7
16-Sep-25	United States	Retail Sales Advance MoM	Aug	0.2	0.5
16-Sep-25	United States	Retail Sales Ex Auto MoM	Aug	0.4	0.3
16-Sep-25	United States	Retail Sales Ex Auto and Gas	Aug	0.5	0.2
16-Sep-25	Canada	CPI NSA MoM	Aug	0.1	0.3
16-Sep-25	Canada	CPI YoY	Aug	2.0	1.7
17-Sep-25	United Kingdom	CPI MoM	Aug	0.3	0.1
17-Sep-25	United Kingdom	CPI YoY	Aug	3.8	3.8
17-Sep-25	United Kingdom	CPI Core YoY	Aug	3.6	3.8
17-Sep-25	Eurozone Aggregate	CPI YoY	Aug F	2.1	2.1
17-Sep-25	Eurozone Aggregate	CPI MoM	Aug F	0.2	0.2
17-Sep-25	Eurozone Aggregate	CPI Core YoY	Aug F	2.3	2.3
17-Sep-25	Canada	Bank of Canada Rate Decision		2.5	2.8
17-Sep-25	United States	FOMC Rate Decision (Upper Bound)		4.3	4.5
17-Sep-25	United States	FOMC Rate Decision (Lower Bound)		4.0	4.3
18-Sep-25	United Kingdom	Bank of England Bank Rate		4.0	4.0
18-Sep-25	Japan	Natl CPI YoY	Aug	2.8	3.1
18-Sep-25	Japan	Natl CPI Ex Fresh Food YoY	Aug	2.7	3.1
19-Sep-25	Japan	BOJ Target Rate		0.5	0.5
19-Sep-25	United Kingdom	Retail Sales Inc Auto Fuel MoM	Aug	0.4	0.6
19-Sep-25	United Kingdom	Retail Sales Inc Auto Fuel YoY	Aug	0.6	1.1
19-Sep-25	United Kingdom	Retail Sales Ex Auto Fuel MoM	Aug	0.7	0.5
19-Sep-25	United Kingdom	Retail Sales Ex Auto Fuel YoY	Aug	0.8	1.3
19-Sep-25	Canada	Retail Sales MoM	Jul		1.5
19-Sep-25	Canada	Retail Sales Ex Auto MoM	Jul		1.9

F = Final

### The Asset Allocation Team at NEI Investments

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