

Weekly Market Pulse



Week ending July 04, 2025

Market developments

Equities: U.S. equity markets finished the holiday-shortened week at record levels, with the S&P 500 gaining 1.7% and the S&P/TSX advancing 1.3%. The rally was driven by a stronger-than-expected June jobs report that showed continued economic momentum. Non-farm payrolls rose 147,000 versus the Bloomberg consensus estimate of 106,000, while unemployment dropped to 4.1% from the expected 4.3%.

Fixed Income: Strong U.S. jobs data surprised markets this week, causing bond prices to fall and yields to rise. The 10-year Treasury yield jumped from 4.27% to 4.34%, while Canada's rose from 3.30% to 3.35%. Investors now expect the Federal Reserve to skip rate cuts in July, pushing back easing expectations to September.

Commodities: Commodity markets faced significant volatility this week, particularly gold that gained 1.9% during the week.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	27,036.16	1.29%	2.69%	16.57%	9.33%
S&P 500	6,279.35	1.72%	5.17%	23.75%	6.76%
NASDAQ	20,601.10	1.62%	5.86%	32.16%	6.68%
DAX	23,787.45	-1.02%	-2.01%	15.24%	19.48%
NIKKEI 225	39,810.88	-0.85%	5.47%	17.85%	-0.21%
Shanghai Composite	3,472.32	1.40%	2.85%	3.90%	3.60%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.73	-0.33%	-0.49%	-1.60%	0.58%
US Aggregate Bond	2266.97	-0.09%	0.77%	-0.12%	3.56%
Europe Aggregate Bond	246.39	0.30%	0.18%	1.32%	1.08%
US High Yield Bond	28.12	0.46%	1.74%	5.55%	4.78%
Commodities (\$USD)					
Oil	66.50	1.50%	5.81%	7.28%	-7.28%
Gold	3337.15	1.92%	-1.05%	9.84%	27.15%
Copper	501.85	-0.99%	2.70%	14.00%	24.64%
Currencies (\$USD)					
US Dollar Index	97.00	-0.42%	-1.81%	-5.85%	-10.59%
Loonie	1.3605	0.62%	0.54%	4.51%	5.73%
Euro	0.8489	0.53%	3.18%	7.53%	13.78%
Yen	144.54	0.08%	-1.22%	1.65%	8.76%

Source: Bloomberg, as of July 04, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.44%
U.S. Federal Reserve	4.50%	3.77%
European Central Bank	2.00%	1.65%
Bank of England	4.25%	3.67%
Bank of Japan	0.50%	0.60%

Source: Bloomberg, as of July 04, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada –Manufacturing and Services Deteriorate Further

Canada's private sector continued to struggle in June, with both manufacturing and services activity weakening further. The Manufacturing PMI declined to 45.6 from 46.1, marking the steepest drop in output in over five years. This reflects ongoing weakness in new orders, particularly from abroad, as trade tensions with the U.S. persisted. The Services PMI also slipped, falling to 44.3 from 45.6, as business activity and new work contracted at a faster pace amid market uncertainty. While service sector employment edged up, cost pressures intensified, leading to higher prices and a further dip in business confidence.

U.S. – Mixed Manufacturing Signals, Services Rebound, Labor Market Remains Resilient

The ISM Manufacturing PMI edged up to 49.0 in June from 48.5 in May, above forecasts of 48.8. Production rebounded to 50.3 from 45.4, while new orders, employment and order backlogs contracted at a faster pace. Tariff-induced price pressures accelerated further.

The ISM Services PMI rose to 50.8 in June from 49.9 in May, above forecasts of 50.5 and returning to expansion after one month of contraction. Business activity, new orders and inventories all rebounded. However, firms continued expressing concerns about tariff impacts, with price pressures remaining elevated despite slight easing.

U.S. job growth remained steady in June, with nonfarm payrolls increasing by 147,000, slightly above the 12-month average and comfortably beating expectations. Hiring was driven by gains in government and healthcare, particularly in state education and hospitals, while federal employment continued to shrink. The unemployment rate edged down to 4.1%, signaling continued labor market resilience, though a slight dip in participation suggests some softening beneath the surface.

International – Eurozone Inflation Rises to Target, China Shows Mixed Manufacturing Recovery

Inflation in the Eurozone ticked up to 2.0% in June, aligning with the European Central Bank's target and slightly above the 1.9% recorded in May. The increase was driven in part by a pickup in services inflation, which edged higher to 3.3%, while the drop in energy prices moderated to 2.7%. Core inflation, which strips out energy and food, held steady at 2.3%, its lowest reading since early 2022.

In China, manufacturing activity regained momentum in June, with the Caixin Manufacturing PMI climbing to 50.4 from 48.3, signaling a return to expansion. The improvement was fueled by a rise in output (the strongest since last November) supported by better trade conditions.

Meanwhile, the services sector showed signs of slowing. The Caixin Services PMI slipped to 50.6 in June from 51.1, missing expectations and marking its weakest pace of growth since September 2024. Demand softened, particularly from overseas markets, which posted the sharpest drop in foreign sales since late 2022.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
07-Jul-25	Eurozone Aggregate	Retail Sales YoY	May	1.4	2.3
08-Jul-25	China	CPI YoY	Jun	(0.1)	(0.1)
09-Jul-25	Japan	PPI YoY	Jun	2.9	3.2
11-Jul-25	United Kingdom	Monthly GDP (MoM)	May	0.1	(0.3)
11-Jul-25	Canada	Net Change in Employment	Jun		8.8
11-Jul-25	Canada	Unemployment Rate	Jun	7.1	7.0

P = Preliminary

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