

Weekly Market Pulse



Week ending October 24, 2025

Market developments

Equities: U.S. and European stocks remained steady near recent highs, indicating continued confidence in earnings and the economy. The S&P 500 closed at record levels, while the FTSE 100 edged higher, boosted by gains in energy and financials. Market sentiment leaned cautiously optimistic, with traders closely monitoring late-month data and early earnings reports.

Fixed Income: Fixed-income markets experienced a period of consolidation, characterized by stable rates and flows primarily driven by technical adjustments. Developed markets saw a steepening yield curve due to increased fiscal pressures, while emerging markets maintained stability supported by solid fundamentals.

Commodities: The commodities market showed mixed performance. Gold experienced a pullback, declining over 6% from recent highs but still trading above \$4,000/oz. Oil prices gained more than 2%, supported by steady demand and a tight supply outlook. Silver experienced significant volatility, declining nearly 8% midweek before recovering as traders adjusted positions.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	30,353.07	0.81%	2.00%	10.89%	22.75%
S&P 500	6,791.69	1.92%	2.32%	6.73%	15.47%
NASDAQ	23,204.87	2.31%	3.14%	10.20%	20.17%
DAX	24,239.89	1.72%	2.42%	-0.23%	21.75%
NIKKEI 225	49,299.65	3.61%	8.04%	17.87%	23.57%
Shanghai Composite	3,950.31	2.88%	2.51%	9.56%	17.86%
Fixed Income (Performance in %)					
Canada Aggregate Bond	243.28	0.01%	0.94%	3.77%	3.36%
US Aggregate Bond	2349.11	0.08%	1.18%	3.79%	7.31%
Europe Aggregate Bond	247.92	-0.23%	0.94%	1.01%	1.70%
US High Yield Bond	28.78	0.20%	-0.06%	2.08%	7.27%
Commodities (\$USD)					
Oil	61.45	6.80%	-5.45%	-6.94%	-14.32%
Gold	4100.27	-3.56%	9.75%	21.72%	56.23%
Copper	511.60	2.95%	7.65%	-11.44%	27.06%
Currencies (\$USD)					
US Dollar Index	98.90	0.47%	1.05%	1.56%	-8.84%
Loonie	1.3996	0.17%	-0.71%	-2.56%	2.77%
Euro	0.8594	-0.16%	-0.87%	-0.97%	12.39%
Yen	152.76	-1.41%	-2.53%	-3.76%	2.91%

Source: Bloomberg, as of October 24, 2025

Central Bank Interest Rates

Central Bank	Current Rate	March 2026 Expected Rate*
Bank of Canada	2.50%	2.14%
U.S. Federal Reserve	4.25%	3.34%
European Central Bank	2.00%	1.85%
Bank of England	4.00%	3.60%
Bank of Japan	0.50%	0.73%

Source: Bloomberg, as of October 24, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Surge, Retail Sales Decline

In September, Canada's annual inflation rate increased to 2.4%, surpassing expectations and marking the highest rate since February. Despite the continued decline in gasoline prices, overall transportation costs increased. Food inflation picked up, driven by higher grocery prices, while household operations and recreation also saw increased inflation. The core inflation rate remained steady at 3.2%.

Retail sales in Canada are projected to have dropped by 0.7% in September, marking the third-largest decline this year. This follows a significant 1% increase in August, primarily driven by motor vehicle sales. In contrast, fuel sales fell for the second consecutive month, while core retail sales rebounded in August.

U.S. – Inflation Rises, Composite PMI and Economic Trends

The U.S. annual inflation rate rose to 3% in September, exceeding expectations and reaching its highest level since January. Energy prices saw a notable increase, while food and transportation services experienced slower growth. Core inflation also decreased to 3%, contrasting with market predictions. Monthly CPI growth was below expectations, driven largely by gasoline price increases.

The S&P Global U.S. Composite PMI rose to 54.8 in October 2025, the highest since July, indicating growth above the Q3 average with expansion in both manufacturing and services. October marked the strongest increase in new business for 2025, although exports continued to decline, leading to a substantial buildup of unsold inventories in manufacturing. Employment growth improved slightly but remained subdued, particularly in manufacturing, as firms faced policy uncertainties and tariff concerns, despite sentiment being bolstered by lower interest rates. Output prices increased at the slowest pace since April, highlighting ongoing cost challenges from rising input costs due to tariffs and wage pressures.

International – U.K. Inflation Stability, U.K. Retail Sales Growth, U.K. Composite PMI Recovery, Eurozone PMI Expansion, Japan's Inflation Increase, Japan's PMI Decline, China's GDP Growth, China's Retail Sales Slowdown

In September, the U.K. annual inflation rate remained steady at 3.8%, below forecasts. Transportation costs rose significantly, influenced by higher fuel prices, while inflation in food and non-alcoholic beverages slowed. The CPI showed no month-on-month change and core inflation unexpectedly decreased.

U.K. retail sales volumes increased by 0.5% in September, defying predictions of a decline. This marked the fourth consecutive monthly rise, largely supported by growth in non-food stores. Overall, online sales continued to rise significantly, aided by favourable weather conditions.

The S&P Global U.K. Composite PMI rose to 51.1 in October, indicating expansion in the services sector and a softer decline in manufacturing. New orders returned to growth and job losses eased, although higher taxes contributed to lower employment levels. Input cost inflation slowed, and business activity expectations improved.

The HCOB Eurozone Composite PMI increased to 52.2 in October, reflecting strong expansion driven by the services sector. New orders accelerated, though export business faced challenges. Staffing levels rose and input cost inflation eased, but business confidence declined.

Japan's annual inflation rate rose to 2.9% in September, driven by higher electricity and gas prices. Price growth was observed across various sectors, while food prices showed a slight easing. Core inflation matched consensus expectations.

The S&P Global Japan Composite PMI fell to 50.9 in October, signaling slower growth for the second consecutive month. Service activity expanded at a weaker pace and manufacturing output shrank more distinctly. Input costs rose sharply, contributing to increased output charges.

China's GDP grew by 1.1% in Q3 2025, exceeding market expectations due to government support measures. However, trade tensions with the U.S. pose risks to the export-driven economy. Challenges remain from weak domestic demand and operational strains on firms.

China's retail sales increased by 3.0% year-on-year in September, reflecting a slowdown from the previous month. Various sectors experienced weaker sales, particularly household appliances and jewelry. However, there was stronger growth in food and clothing sales. Monthly retail trade fell slightly, but overall activity expanded in the first nine months of 2025.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
29-Oct-25	Canada	Bank of Canada Rate Decision		2.3	2.5
29-Oct-25	United States	FOMC Rate Decision (Upper Bound)		4.0	4.3
29-Oct-25	United States	FOMC Rate Decision (Lower Bound)		3.8	2.9
30-Oct-25	Japan	BOJ Target Rate		0.5	48.3
30-Oct-25	Eurozone Aggregate	GDP SA QoQ	3Q A	0.1	0.1
30-Oct-25	Eurozone Aggregate	GDP SA YoY	3Q A	1.2	1.5
30-Oct-25	Eurozone Aggregate	Unemployment Rate	Sep	6.3	6.3
30-Oct-25	United States	GDP Annualized QoQ	3Q A	3.0	3.8
30-Oct-25	Eurozone Aggregate	ECB Deposit Facility Rate		2.0	2.0
30-Oct-25	Eurozone Aggregate	ECB Main Refinancing Rate		2.2	2.2
30-Oct-25	Eurozone Aggregate	ECB Marginal Lending Facility		2.4	2.4
30-Oct-25	Japan	Jobless Rate	Sep	2.5	2.6
30-Oct-25	Japan	Tokyo CPI YoY	Oct	2.5	2.5
30-Oct-25	Japan	Tokyo CPI Ex-Fresh Food YoY	Oct	2.6	2.5
30-Oct-25	Japan	Retail Sales MoM	Sep	0.8	(1.1)
30-Oct-25	Japan	Retail Sales YoY	Sep	0.7	(1.1)
30-Oct-25	China	Manufacturing PMI	Oct	49.6	49.8
30-Oct-25	China	Non-manufacturing PMI	Oct	50.2	50.0
30-Oct-25	China	Composite PMI	Oct		50.6
31-Oct-25	Eurozone Aggregate	CPI Estimate YoY	Oct P	2.1	2.2
31-Oct-25	Eurozone Aggregate	CPI MoM	Oct P	0.2	0.1
31-Oct-25	Eurozone Aggregate	CPI Core YoY	Oct P	2.3	2.4
31-Oct-25	United States	PCE Price Index MoM	Sep		0.3
31-Oct-25	United States	PCE Price Index YoY	Sep		2.7

31-Oct-25	United States	Core PCE Price Index MoM	Sep	0.2	0.2
31-Oct-25	United States	Core PCE Price Index YoY	Sep		2.9
31-Oct-25	Canada	GDP MoM	Aug		0.2
31-Oct-25	Canada	GDP YoY	Aug	0.9	0.9

A = Advance

P = Preliminary

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