

Weekly Market Pulse



Week ending Augst 01, 2025

Market developments

Equities: Global equities retreated for the first time in seven weeks, with MSCI's All-Country World Index declining roughly 1.7% over the period. The bulk of that loss was recorded in a single session on Friday, when a weaker-than-expected U.S. July payrolls report prompted a broad, risk-off re-pricing.

Fixed Income: Sovereign bonds provided the week's principal haven. Canadian and U.S. government bonds rallied sharply after the payroll miss, compressing the U.S. 10-year yield to 4.2%, reflecting a swift shift toward two Federal Reserve rate cuts before year-end.

Commodities: Price action was mixed. Brent crude advanced roughly 3.2% for the week, supported by lingering supply concerns even as broader risk sentiment deteriorated, whereas gold ended only modestly higher.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	27,020.43	-1.72%	0.61%	8.97%	9.27%
S&P 500	6,238.01	-2.36%	0.65%	11.31%	6.06%
NASDAQ	20,650.13	-2.17%	2.21%	16.60%	6.94%
DAX	23,425.97	-3.27%	-1.04%	4.13%	17.66%
NIKKEI 225	40,799.60	-1.58%	2.03%	11.93%	2.27%
Shanghai Composite	3,559.95	-0.94%	2.96%	8.57%	6.21%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.41	0.62%	-0.70%	-0.59%	0.44%
US Aggregate Bond	2271.05	0.14%	-0.22%	0.88%	3.75%
Europe Aggregate Bond	245.86	0.29%	-0.15%	0.10%	0.86%
US High Yield Bond	28.18	-0.03%	0.37%	3.81%	5.04%
Commodities (\$USD)					
Oil	67.27	3.24%	2.78%	13.56%	-6.20%
Gold	3360.46	0.69%	0.65%	3.74%	28.04%
Copper	444.65	-22.85%	-11.92%	-2.94%	10.43%
Currencies (\$USD)					
US Dollar Index	98.75	1.13%	1.99%	-1.50%	-8.98%
Loonie	1.3785	-0.59%	-1.01%	0.50%	4.35%
Euro	0.8634	-1.36%	-1.90%	2.58%	11.87%
Yen	147.34	0.24%	-2.66%	-1.32%	6.69%

Source: Bloomberg, as of August 01, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.54%
U.S. Federal Reserve	4.50%	3.70%
European Central Bank	2.00%	1.77%
Bank of England	4.25%	3.68%
Bank of Japan	0.50%	0.63%

Source: Bloomberg, as of August 01, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Bank of Canada Holds Policy Rate, Flash Estimate Signals Flat Canadian GDP, Canada Manufacturing PMI Inches Up to 46.1

The BoC Governing Council left the overnight lending rate unchanged for a third consecutive meeting after 225 bp of cumulative easing. Officials cited tariff-related uncertainty as a key reason for withholding forward guidance, noting that sector-specific U.S. levies continue to unsettle global trade flows.

Advance data point to a 0.1% GDP uptick in June, breaking a two-month slide but implying virtually zero growth for the quarter. May output slipped 0.1% as a 1.0% drop in mining, quarrying, and oil & gas outweighed gains in manufacturing.

The July S&P Global PMI improved slightly from 45.6, marking a sixth straight sub-50 reading. New orders and output continued to shrink while firms accelerated workforce reductions. Input-cost inflation eased to an eight-month low and output prices rose only marginally, yet business sentiment stayed muted amid policy uncertainty.

U.S. – GDP Grows 3.0% Q2 2025, FOMC Keeps Target Range Unchanged, Nonfarm Payrolls Increase by 73k

Real GDP rebounded after a Q1 dip, driven chiefly by a 30% collapse in imports that more than offset weaker fixed investment and a drawdown in inventories. Consumer spending accelerated modestly, government spending turned positive, and exports fell 1.8%, leaving net trade the primary contributor to headline growth.

The Fed left rates unchanged for a fifth meeting. Minutes flagged slower first-half activity, still-elevated inflation, and heightened uncertainty from trade policy. Officials reiterated data dependence; the dual dissent underscored rising internal concern about downside risks.

Job creation undershot expectations and earlier figures for May-June were revised down by a combined 258k, pointing to faster labour-market cooling. Health care and social assistance continued to hire, while most other sectors were flat.

International – Eurozone GDP Growth Slows to 0.1%, Bank of Japan Maintains 0.5% Policy Rate, China Manufacturing PMI Contracts

In Europe, quarterly output nearly stalled at 0.1 percent, well below the 0.6 percent gain in Q1 but marginally better than the flat reading analysts expected. Softer activity reflects cautious spending and investment amid tariff uncertainty. Spain and France outperformed, the Netherlands was flat, and both Germany and Italy slipped into mild contraction.

The Bank of Japan Board unanimously left the short-term rate unchanged, the highest setting since 2008. New projections put fiscal-year 2025 core CPI at 2.7% versus 2.2 percent previously, with inflation seen moderating in 2026 before returning to the 2% goal in 2027. The GDP growth estimate for 2025 inched up to 0.6%, while 2026 was left at 0.7%.

In China, factory conditions slipped back into contraction after one month of expansion, driven by weaker export orders and a second decline in output since late 2023. Employment fell and supplier delays persisted, while purchasing activity picked up. Input costs rose for the first time in five months, yet intense competition forced another cut in selling prices. Managers remained cautiously optimistic about future sales.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
04-Aug-25	China	S&P Global China PMI Composite	Jul		51.3
04-Aug-25	China	S&P Global China PMI Services	Jul	50.3	50.6
05-Aug-25	Eurozone Aggregate	PPI YoY	Jun	0.6	0.3
05-Aug-25	United States	ISM Services Index	Jul	51.5	50.8
06-Aug-25	Eurozone Aggregate	Retail Sales YoY	Jun	2.6	1.8
07-Aug-25	United Kingdom	Bank of England Bank Rate		4.0	4.3
08-Aug-25	Canada	Net Change in Employment	Jul	10.0	83.1
08-Aug-25	Canada	Unemployment Rate	Jul	7.0	6.9
08-Aug-25	China	PPI YoY	Jul	(3.2)	(3.6)
08-Aug-25	China	CPI YoY	Jul	(0.1)	0.1

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