

Weekly Market Pulse



Week ending August 22, 2025

Market developments

Equities: Wall Street experienced a mixed week with initial flatness giving way to some slippage, particularly in tech stocks, as investors awaited the Jackson Hole comments from Jerome Powell. The dovish comments on Friday helped erase the losses from the week and drove the S&P 500 Index into positive territory for the week.

Fixed Income: The shape of the U.S. Treasury yield curve remained a key point of discussion, with its U-shape suggesting that current Federal Reserve rates might be high relative to expectations for the next 2-3 years. Longer-end rates implied that investors were still demanding a premium due to rising fiscal deficits and long-term inflation. After Fed Chair Powell's comments around a potential rate cut on Friday morning, we saw yields shift down across the curve, with 2-year Treasury Yields dropping over 10bps.

Commodities: This week saw notable volatility in commodity prices, with energy markets experiencing mixed outcomes. Crude oil prices rebounded slightly, while gold saw slight gains as investors sought safe havens amid fluctuating equity markets.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	28,333.13	1.53%	3.54%	9.59%	14.58%
S&P 500	6,466.91	0.27%	2.49%	10.70%	9.95%
NASDAQ	21,496.54	-0.58%	2.89%	13.58%	11.32%
DAX	24,363.09	0.02%	1.34%	1.52%	22.37%
NIKKEI 225	42,633.29	-1.72%	7.19%	15.27%	6.86%
Shanghai Composite	3,825.76	3.49%	6.81%	13.18%	14.14%
Fixed Income (Performance in %)					
Canada Aggregate Bond	235.70	-0.11%	0.20%	0.21%	0.14%
US Aggregate Bond	2284.19	-0.03%	0.60%	2.86%	4.35%
Europe Aggregate Bond	245.63	0.27%	-0.48%	0.71%	0.77%
US High Yield Bond	28.30	-0.11%	0.43%	3.35%	5.48%
Commodities (\$USD)					
Oil	63.81	1.61%	-3.62%	4.26%	-11.03%
Gold	3371.41	1.06%	-1.75%	2.33%	28.46%
Copper	446.30	-0.66%	-21.66%	-3.99%	10.84%
Currencies (\$USD)					
US Dollar Index	97.73	-0.12%	0.35%	-2.23%	-9.91%
Loonie	1.3825	-0.04%	-1.59%	0.23%	4.04%
Euro	0.8532	0.15%	-0.29%	3.90%	13.21%
Yen	146.94	0.17%	-0.21%	-1.99%	6.98%

Source: Bloomberg, as of August 22, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.51%
U.S. Federal Reserve	4.50%	3.78%
European Central Bank	2.00%	1.83%
Bank of England	4.00%	3.86%
Bank of Japan	0.50%	0.66%

Source: Bloomberg, as of August 22, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Inflation Eases, Retail Sales Expected to Drop

The annual inflation rate in Canada fell to 1.7% in July, down from 1.9% in June and below forecasts of 1.8%. This marks the fourth month below the BoC's 2% target. Gasoline prices significantly dropped, contributing to a 2.5% rise in other prices. Grocery and shelter costs increased, with core inflation steady at 3%. The CPI rose by 0.3% in July.

Retail sales in Canada are projected to fall by 0.8% in July, reflecting the impact of uncertain U.S. trade policies. Despite a sharp increase of 1.5% in June, core retail sales rose significantly, driven by beverage, supermarket and clothing sales, alongside higher gasoline turnover despite lower prices.

U.S. – Composite PMI Shows Strength

The S&P Global U.S. Composite PMI rose to 55.4 in August, marking strong growth for the 31st month. Services maintained solid expansion, while manufacturing rebounded significantly. Input costs surged, leading to the highest increase in selling prices in three years, though business sentiment remained cautious.

International – U.K. Inflation Surges, Eurozone Inflation Stable, Eurozone Composite PMI Improves, Japan's Private Sector Growth, Japan's Inflation Declines

The annual inflation rate in the U.K. rose to 3.8% in July, the highest since January 2024, exceeding expectations. Transport costs were the main factor, driven by a surge in airfares. Additional increases occurred in restaurant and food prices, while housing inflation eased. The CPI rose by 0.1% monthly, contrasting with forecasts for a decline.

In the Eurozone, the annual inflation rate remained steady at 2% in July, matching flash estimates. Price growth for services slowed, but non-energy goods and food prices increased. Core inflation held at 2.3%, the lowest since January 2022, indicating stability in the economy.

Japan's S&P Global Composite PMI rose to 51.9 in August, indicating continued growth in the private sector. This expansion was supported by factory output and services activity. However, export orders declined and input price pressures intensified, though output price inflation eased.

Japan's annual inflation rate eased to 3.1% in July, the lowest since November 2024. Prices for electricity and education fell, while food prices surged, particularly for rice. Core inflation matched the headline rate at 3.1%, with a steady monthly CPI increase.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
28-Aug-25	United States	GDP Annualized QoQ	2Q S	3.1	3.0
28-Aug-25	United States	Personal Consumption	2Q S	1.6	1.4
28-Aug-25	United States	GDP Price Index	2Q S	2.0	2.0
28-Aug-25	United States	Core PCE Price Index QoQ	2Q S	2.6	2.5
28-Aug-25	Japan	Retail Sales YoY	Jul	1.6	2.0
28-Aug-25	Japan	Retail Sales MoM	Jul	(0.1)	1.0
29-Aug-25	United States	PCE Price Index MoM	Jul	0.2	0.3
29-Aug-25	United States	PCE Price Index YoY	Jul	2.6	2.6
29-Aug-25	United States	Core PCE Price Index MoM	Jul	0.3	0.3
29-Aug-25	United States	Core PCE Price Index YoY	Jul	2.9	2.8
29-Aug-25	Canada	Quarterly GDP Annualized	2Q	(0.3)	2.2
29-Aug-25	Canada	GDP MoM	Jun	0.2	(0.1)
29-Aug-25	Canada	GDP YoY	Jun	1.3	1.2

S = Second

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