Weekly Market Pulse

Week ending September 5, 2025

Market developments

Equities: Global shares showed a mixed performance this week. US shares rose to new record highs as soft jobs data increased expectations for Federal Reserve rate cuts. The S&P 500 hit a new record and the Nasdaq and Dow also increased. However, Eurozone shares edged lower due to worries about public debt and Chinese shares also fell after a surge in August.

Fixed Income: Treasury yields were lower ahead of the U.S. employment report and a weak U.S. job openings data drove 2- and 10-year Treasury yields lower. Markets are now fully pricing in a Fed rate cut in mid-September, while additional rate cuts are also being priced in for Canada as weaker labour may signal the need for further easing.

Commodities: Gold and silver both rose after breaking higher on technical momentum, supported by rate-cut expectations and concerns over Fed independence. Oil prices declined ~3% for the week amid concerns over OPEC+ supply and an unexpected build in U.S. crude stockpiles.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	29,050.63	1.70%	5.37%	10.28%	17.48%
S&P 500	6,481.50	0.33%	2.89%	9.13%	10.20%
NASDAQ	21,700.39	1.14%	3.75%	12.45%	12.37%
DAX	23,596.98	-1.28%	-1.04%	-2.99%	18.52%
NIKKEI 225	43,018.75	0.70%	6.09%	14.55%	7.83%
Shanghai Composite	3,812.51	-1.18%	5.39%	12.66%	13.75%
Fixed Income (Performance in %)					
Canada Aggregate Bond	237.92	0.31%	0.22%	0.05%	1.08%
US Aggregate Bond	2308.63	0.45%	0.68%	2.82%	5.46%
Europe Aggregate Bond	246.09	0.31%	-0.26%	0.39%	0.95%
US High Yield Bond	28.56	0.10%	1.16%	3.35%	6.46%
Commodities ($USD)					
Oil	62.04	-3.08%	-4.79%	-2.10%	-13.50%
Gold	3589.69	4.11%	6.18%	7.07%	36.78%
Copper	447.20	-1.03%	1.96%	-9.35%	11.06%
Currencies ($USD)					
US Dollar Index	97.78	0.01%	-1.02%	-0.98%	-9.87%
Loonie	1.3842	-0.73%	-0.50%	-1.21%	3.92%
Euro	0.8533	0.29%	1.24%	2.40%	13.20%
Yen	147.46	-0.28%	0.11%	-2.67%	6.61%

Source: Bloomberg, as of September 5, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.38%
U.S. Federal Reserve	4.50%	3.65%
European Central Bank	2.00%	1.83%
Bank of England	4.00%	3.85%
Bank of Japan	0.50%	0.60%

Source: Bloomberg, as of September 5, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Manufacturing PMI Decline, Rising Unemployment in Canada

The S&P Global Canada Manufacturing PMI increased to 48.3 in August, indicating ongoing contraction in manufacturing activity. This marked the seventh month of decline, largely due to U.S. tariffs on Canadian goods. Although job losses continued, the rate slowed and input inflation reached a three-month high, causing cost pressures. Firms expressed uncertainty about the future but reported improved confidence.

Canada's unemployment rate climbed to 7.1% in August, the highest in four years and above expectations. An increase in the number of unemployed people coincided with a drop in net employment and a slight decline in the participation rate. Youth unemployment remained high at 14.5%, primarily attributed to slow seasonal job hiring.

U.S. – Manufacturing PMI Shows Contraction, Cooling U.S. Labour Market, Unemployment Rate Increases

The ISM U.S. Manufacturing PMI rose to 48.7 in August but remained below market expectations, indicating a sixth consecutive month of contraction. Production saw a significant drop, countered only slightly by a rebound in new orders. Continued declines in employment and inventory levels highlighted weaker demand, with tariffs cited as a significant hindrance.

U.S. nonfarm payrolls increased by 22,000 in August, falling short of expectations and indicating a cooling labour market. Gains in healthcare and social assistance jobs were offset by losses in government and mining sectors. Revisions showed a lower combined employment figure for June and July, indicating a weaker job market.

The U.S. unemployment rate rose to 4.3% in August, reflecting the highest level since October 2021. The number of unemployed increased significantly, while the labour force also grew. The U-6 unemployment rate, which includes discouraged workers, rose to 8.1%, indicating broader joblessness.

International – Eurozone Unemployment Trends, Eurozone Inflation Insights, Eurozone Retail Sales Decline, Industrial Producer Prices in Eurozone, Eurozone Economic Growth Slows

The Euro Area's unemployment rate fell to 6.2% in July, matching its record low and reflecting a robust labour market. The decline in the number of unemployed individuals was notable and youth unemployment improved significantly across major economies, with Germany and the Netherlands reporting the lowest rates.

Eurozone consumer price inflation rose to 2.1% in August, exceeding market expectations. Unprocessed food prices increased, while energy costs fell slightly. Core inflation held steady at 2.3%, indicating persistent price pressures in certain sectors.

Retail sales in the Eurozone fell by 0.5% in July, marking the sharpest drop in nearly two years. This decline was driven by significant decreases in food and automotive fuel sales, although non-food product sales rose slightly. Major economies like Germany and Spain experienced retail trade declines.

Eurozone industrial producer prices increased by 0.4% in July, surpassing expectations due to a rise in energy costs. Durable consumer goods also contributed to inflation, while prices for non-durable goods remained stable. Year-over-year, producer price inflation eased slightly but remained above consensus estimates.

The Eurozone economy grew by just 0.1% in Q2 2025, its weakest performance since Q4 2023. This slowdown followed strong growth in Q1 and was affected by uncertainty over U.S. trade policies. While household expenditure and exports contracted, public spending increased, with mixed growth noted among major economies. Year-on-year, GDP rose by 1.5%, reflecting an upward revision.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
09-Sep-25	China	PPI YoY	Aug	(2.9)	(3.6)
09-Sep-25	China	CPI YoY	Aug	(0.2)	
10-Sep-25	United States	PPI Final Demand MoM	Aug	0.3	0.9
10-Sep-25	United States	PPI Ex Food and Energy MoM	Aug	0.3	0.9
10-Sep-25	United States	PPI Final Demand YoY	Aug	3.3	3.3
10-Sep-25	United States	PPI Ex Food and Energy YoY	Aug		3.7
10-Sep-25	Japan	PPI YoY	Aug	2.7	2.6
10-Sep-25	Japan	PPI MoM	Aug	(0.1)	0.2
11-Sep-25	Eurozone Aggregate	ECB Deposit Facility Rate		2.0	2.0
11-Sep-25	Eurozone Aggregate	ECB Main Refinancing Rate		2.2	2.2
11-Sep-25	Eurozone Aggregate	ECB Marginal Lending Facility		2.4	2.4
11-Sep-25	United States	CPI MoM	Aug	0.3	0.2
11-Sep-25	United States	CPI Ex Food and Energy MoM	Aug	0.3	0.3
11-Sep-25	United States	CPI YoY	Aug	2.9	2.7
11-Sep-25	United States	CPI Ex Food and Energy YoY	Aug	3.1	3.1
11-Sep-25	United States	CPI Index NSA	Aug	323.9	323.0
11-Sep-25	United States	CPI Core Index SA	Aug		328.7

The Asset Allocation Team at NEI Investments

Judith Chan, CFA – Vice President, Head of Asset Allocation

Mateo Marks, CFA – Director, Asset Allocation

Adam Ludwick, CFA – Director, Asset Allocation

Anthony Rago, B.A.Sc. – Senior Asset Allocation Analyst