# Weekly Market Pulse

aviso wealth

Week ending December 12, 2025

## Market developments

**Equities:** U.S. equities retreated after recent record highs as a sharp selloff in AI-related stocks, triggered by Broadcom's weak sales outlook and Oracle's spending-heavy forecast, sparked profit-taking. Concerns about stretched valuations and delays in AI infrastructure projects added pressure, while investors weighed mixed signals from Fed officials following a third consecutive rate cut. Strategists emphasized diversification beyond tech, highlighting opportunities in Asia and emerging markets.

**Fixed Income:** U.S. 10-year treasury yields trended higher and climbed to ~4.2%. This reluctance is attributed to a divide within the Federal Reserve committee, with some signaling for multiple rate cuts in 2026 while others prefer holding the Fed Funds rate steady. Investors are reducing duration risk as the year-end approaches.

**Commodities:** A divergence occurred, with metals surging while energy slumped. Energy markets were weak due to concerns about a developing surplus, while silver and copper reached fresh highs and gold showed renewed strength.

## Performance (price return)

| SECURITY | PRICE | WEEK | 1 MONTH | 3 MONTH | YTD |
|---|---|---|---|---|---|
| **Equities ($Local)** | | | | | |
| S&P/TSX Composite | 31,527.39 | 0.69% | 2.27% | 7.66% | 27.50% |
| S&P 500 | 6,827.41 | -0.63% | -0.34% | 3.69% | 16.08% |
| NASDAQ | 23,195.17 | -1.62% | -0.90% | 4.76% | 20.12% |
| DAX | 24,186.49 | 0.66% | -0.80% | 2.06% | 21.48% |
| NIKKEI 225 | 50,836.55 | 0.68% | -0.44% | 13.56% | 27.43% |
| Shanghai Composite | 3,889.35 | -0.34% | -2.77% | 0.48% | 16.04% |
| **Fixed Income (Performance in %)** | | | | | |
| Canada Aggregate Bond | 240.09 | 0.17% | -1.43% | -0.42% | 2.01% |
| US Aggregate Bond | 2343.05 | 0.09% | 0.00% | 0.60% | 7.04% |
| Europe Aggregate Bond | 246.07 | -0.33% | -0.91% | 0.06% | 0.95% |
| US High Yield Bond | 29.01 | -0.03% | 0.58% | 1.05% | 8.10% |
| **Commodities ($USD)** | | | | | |
| Oil | 57.48 | -4.33% | -1.73% | -8.31% | -19.85% |
| Gold | 4299.45 | 2.42% | 2.48% | 18.01% | 63.82% |
| Copper | 528.35 | -1.83% | 3.49% | 15.15% | 31.22% |
| **Currencies ($USD)** | | | | | |
| US Dollar Index | 98.37 | -0.63% | -1.13% | 0.84% | -9.33% |
| Loonie | 1.3765 | 0.38% | 1.75% | 0.57% | 4.50% |
| Euro | 0.8516 | 0.86% | 1.29% | 0.07% | 13.42% |
| Yen | 155.82 | -0.31% | -0.66% | -5.22% | 0.89% |

Source: Bloomberg, as of December 12, 2025

## Central Bank Interest Rates

| Central Bank | Current Rate | March 2026 Expected Rate* |
|---|---|---|
| Bank of Canada | 2.25% | 2.26% |
| U.S. Federal Reserve | 3.75% | 3.50% |
| European Central Bank | 2.00% | 1.93% |
| Bank of England | 4.00% | 3.59% |
| Bank of Japan | 0.50% | 0.74% |

Source: Bloomberg, as of December 12, 2025

*Expected rates are based on bond futures pricing

## Macro developments

**Canada – Bank of Canada Maintains Rates as Growth Surprises**

The Bank of Canada kept its overnight rate at 2.25% in December 2025. GDP grew 2.6% in Q3 and unemployment fell to 6.5%. CPI inflation slowed to 2.2%, with core measures around 2.5%. Policymakers cited global uncertainty and tariff pressures but see the current rate as appropriate unless conditions change.

**U.S. – Inflation Holds Steady Despite Energy Surge, Federal Reserve Cuts Rates Again Amid Divisions**

The U.S. PCE price index rose 0.3% in September, matching August and expectations. Goods prices jumped while services slowed. Core PCE increased 0.2%, unchanged from August. Annual headline inflation accelerated to 2.8%, the highest since April 2024, while core inflation eased slightly. The report was delayed due to a government shutdown.

The Federal Reserve lowered the federal funds rate by 25 bps to 3.5%–3.75%, its third cut in 2025. Some members opposed the move, while one pushed for a deeper cut. Growth forecasts for 2025 and 2026 were revised higher and inflation projections slightly lower. Unemployment forecasts remain unchanged.

**International – U.K. Economy Contracts for Fourth Straight Month, Japan's Economy Contracts Amid Tariff Pressure**

The British economy shrank 0.1% in October, following a similar decline in September and missing expectations for growth. Services and construction fell sharply, while production rebounded on gains in manufacturing and mining. GDP also contracted 0.1% in the three months to October.

Japan's GDP fell 0.6% QoQ in Q3 2025, worse than the flash estimate and forecasts. Business spending declined for the first time in three quarters, while private consumption and government spending remained weak. Net trade dragged growth as exports plunged after Washington imposed a 15% tariff on most Japanese goods.

## Quick look ahead

| DATE | COUNTRY / REGION | EVENT | | SURVEY | PRIOR |
|---|---|---|---|---|---|
| 14-Dec-25 | China | Retail Sales YoY | Nov | 2.90 | 2.9 |
| 14-Dec-25 | China | Retail Sales YTD YoY | Nov | 4.25 | 4.3 |
| 15-Dec-25 | Canada | CPI NSA MoM | Nov | 0.10 | 0.2 |
| 15-Dec-25 | Canada | CPI YoY | Nov | 2.30 | 2.2 |
| 15-Dec-25 | Japan | S&P Global Japan PMI Composite | Dec P | | 52 |
| 16-Dec-25 | Eurozone Aggregate | HCOB Eurozone Composite PMI | Dec P | 52.65 | 52.8 |
| 16-Dec-25 | United States | Change in Nonfarm Payrolls | Nov | 50.00 | |
| 16-Dec-25 | United States | Change in Private Payrolls | Nov | 60.00 | |
| 16-Dec-25 | United States | Change in Manufact. Payrolls | Nov | -5.00 | |
| 16-Dec-25 | United States | Unemployment Rate | Nov | 4.40 | |
| 16-Dec-25 | United States | Retail Sales Advance MoM | Oct | 0.20 | 0.2 |
| 16-Dec-25 | United States | Retail Sales Ex Auto MoM | Oct | 0.27 | 0.3 |
| 16-Dec-25 | United States | Retail Sales Ex Auto and Gas | Oct | 0.37 | 0.1 |
| 16-Dec-25 | United States | S&P Global US Manufacturing PMI | Dec P | | 52.2 |
| 16-Dec-25 | United States | S&P Global US Services PMI | Dec P | | 54.1 |
| 16-Dec-25 | United States | S&P Global US Composite PMI | Dec P | | 54.2 |
| 18-Dec-25 | United Kingdom | Bank of England Bank Rate | | 3.75 | 4 |
| 18-Dec-25 | Eurozone Aggregate | ECB Deposit Facility Rate | | 2.00 | 2 |
| 18-Dec-25 | Eurozone Aggregate | ECB Main Refinancing Rate | | 2.15 | 2.15 |
| 18-Dec-25 | Eurozone Aggregate | ECB Marginal Lending Facility | | 2.40 | 2.4 |
| 18-Dec-25 | United States | CPI YoY | Nov | 3.07 | |
| 18-Dec-25 | United States | Core CPI YoY | Nov | 3.00 | |
| 18-Dec-25 | United States | CPI Index NSA | Nov | | |
| 18-Dec-25 | United States | Core CPI Index SA | Nov | | |
| 19-Dec-25 | Canada | Retail Sales MoM | Oct | | -0.7 |
| 19-Dec-25 | Canada | Retail Sales Ex Auto MoM | Oct | | 0.2 |

P = Preliminary

### The Asset Allocation Team at NEI Investments


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