

Weekly Market Pulse



Week ending February 7, 2025

Market developments

Equities: The market was whipsawed this week as news about potential tariffs flowed through the news cycle. Mag 7 earnings were also mixed this week, where lackluster results from Alphabet and disappointing guidance from Amazon caused them to end the week down around -9% and -3.5% respectively. The market experienced some additional volatility on Friday as President Trump may introduce reciprocal tariffs, exacerbating inflation fears.

Fixed Income: Wall Street traders remain on edge as economic data revealed moderating job growth and rising wages, raising concerns about inflation and the Federal Reserve's response. Despite expectations of future rate cuts, the latest figures suggest the Fed is in no rush to ease monetary policy further.

Commodities: Copper prices and mining stocks had a strong week with the metal up over 7%. Demand in China is rising, and analysts see potential tariffs as disruptive but not destructive long-term for demand.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	25,442.91	-0.35%	2.06%	2.40%	2.89%
S&P 500	6,025.99	-0.24%	1.98%	0.89%	2.45%
NASDAQ	19,523.40	-0.53%	0.17%	1.32%	1.10%
DAX	21,787.00	0.25%	7.11%	12.52%	9.43%
NIKKEI 225	38,787.02	-1.98%	-3.23%	-1.51%	-2.78%
Shanghai Composite	3,303.67	1.63%	2.29%	-4.81%	-1.43%
Fixed Income (Performance in %)					
Canada Aggregate Bond	239.81	0.78%	2.44%	2.52%	1.89%
US Aggregate Bond	2215.72	0.69%	1.77%	0.47%	1.22%
Europe Aggregate Bond	245.06	0.56%	1.26%	1.56%	0.53%
US High Yield Bond	27.25	0.18%	1.15%	1.73%	1.54%
Commodities (\$USD)					
Oil	70.97	-2.15%	-4.42%	-1.92%	-1.05%
Gold	2862.85	2.30%	8.09%	5.77%	9.08%
Copper	459.40	7.36%	9.50%	3.67%	14.09%
Currencies (\$USD)					
US Dollar Index	108.06	-0.29%	-0.45%	3.40%	-0.40%
Loonie	1.4287	1.78%	0.58%	-2.98%	0.68%
Euro	0.968	-0.31%	-0.09%	-4.39%	-0.22%
Yen	151.31	2.56%	4.45%	1.08%	3.89%

Source: Bloomberg, as of February 7, 2025

Macro developments

Canada – Slower Growth in Canadian Manufacturing, Job Market Beats Expectations

The S&P Global Canada Manufacturing PMI fell to 51.6 in January from 52.2 in December, indicating slower expansion. Despite five consecutive months of growth, production and new orders weakened. Export sales rose due to U.S. clients ordering ahead of tariffs under President Trump. Market uncertainty and shipping issues contributed to slower inventory accumulation. Inflationary pressures increased due to a stronger U.S. dollar, while business confidence hit its lowest since July.

Canada's unemployment rate fell to 6.6% in January, defying expectations of an increase. The labour market showed resilience, adding 76,000 net jobs, far surpassing forecasts of 25,000. The number of unemployed remained steady at 1.5 million, alleviating concerns of a weakening job market flagged by the Bank of Canada.

U.S. – Manufacturing Rebounds After 26-Month Slump, Services Sector Slows Amid Weather and Trade Concerns, Job Growth Slows Sharply in January, Unemployment Rate Drops to 4.0%

The ISM Manufacturing PMI for the U.S. climbed to 50.9 in January, marking the first expansion after over two years of contraction. New orders, production, and employment all improved, while price pressures intensified due to rising costs in steel, aluminum, and natural gas.

The ISM Services PMI fell to 52.8 in January, reflecting a slower expansion. Business activity and new orders grew at a weaker pace, while inventories remained in contraction. Employment and export orders improved, but respondents cited poor weather and tariff concerns as factors affecting business conditions.

The economy added 143K jobs in January 2025, significantly below December's revised 307K gain and forecasts of 170K. Job gains were led by healthcare, retail, and social assistance, while wildfires and winter storms had no apparent impact. Annual benchmark revisions for 2024 showed higher job growth than initially reported.

The U.S. unemployment rate fell to 4.0% in January 2025, slightly below expectations. The number of unemployed individuals declined by 37,000, while the labour force participation rate and employment-population ratio both increased. The broader U-6 unemployment rate remained steady at 7.5%.

International – Bank of England Cuts Interest Rates Again, Eurozone Inflation Rises Slightly in January, Eurozone Retail Sales Decline in December, China's Services Sector Growth Slows

The Bank of England reduced its benchmark interest rate by 25 basis points to 4.5% in February 2025, marking its third rate cut since August 2024. The decision was unanimous, with some policymakers favouring a steeper cut. Economic growth concerns outweighed inflation risks, leading to a more dovish outlook.

Euro Area inflation increased to 2.5% in January 2025 from 2.4% in December, slightly above expectations. Rising energy costs drove the increase, while inflation in services and food slowed. Core inflation held steady at 2.7% for the fifth consecutive month.

Retail sales in the Euro Area fell by 0.2% in December 2024 compared to the previous month. The decline continued the sector's struggle, with long-term trends showing weak consumer demand.

The Caixin China General Services PMI dropped to 51.0 in January 2025 from 52.2 in December, signaling the weakest expansion in four months. New business growth slowed, employment declined, and price inflation increased due to rising labour and material costs. Market sentiment remained cautious amid competition and trade uncertainties.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
08-Feb-25	China	PPI YoY	Jan	(2.2)	(2.3)
08-Feb-25	China	CPI YoY	Jan	0.4	0.1
12-Feb-25	United States	CPI YoY	Jan	2.9	2.9
12-Feb-25	United States	CPI Ex Food and Energy YoY	Jan	3.2	3.2
12-Feb-25	Japan	PPI YoY	Jan	4.0	3.8
13-Feb-25	United Kingdom	GDP QoQ	4Q P	(0.1)	
13-Feb-25	United Kingdom	GDP YoY	4Q P	1.1	0.9
13-Feb-25	United States	PPI Final Demand YoY	Jan	3.2	3.3
13-Feb-25	United States	PPI Ex Food and Energy YoY	Jan	3.3	3.5
14-Feb-25	Eurozone Aggregate	GDP SA YoY	4Q P	0.9	0.9
14-Feb-25	Eurozone Aggregate	GDP SA QoQ	4Q P		
14-Feb-25	United States	Retail Sales Advance MoM	Jan		0.4
14-Feb-25	United States	Retail Sales Ex Auto MoM	Jan	0.3	0.4

P = Preliminary

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