

Weekly Market Pulse



Week ending September 19, 2025

Market developments

Equities: Global shares mostly rose, driven by the Federal Reserve's resumption of interest rate cuts. European markets followed suit with gains, buoyed by easing inflation concerns and economic recovery signals, while Japanese shares benefited from a weaker yen and increased exports. Conversely, Chinese equities experienced a slight decline amid ongoing regulatory uncertainty and economic challenges.

Fixed Income: The fixed income market displayed mixed movements, reflecting investor reactions to the Federal Reserve's recent policy decisions. Treasury yields saw a slight rise, particularly in the 10-year bond segment, as the market digested the implications of a newly lowered federal funds rate, now set in the target range of 4%-4.25%. This rate cut was widely anticipated, with many investors already pricing in expectations for additional cuts later in the year.

Commodities: Gold saw continued gains as it closed above \$3,680, while silver surged at the end of the week to cycle highs due to dollar weakness and ETF interest. A potential new commodities super cycle is emerging, driven by geopolitical supply constraints, the green energy transition and soaring AI-related demand.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	29,768.36	1.65%	6.99%	12.31%	20.38%
S&P 500	6,664.36	1.22%	3.95%	11.43%	13.31%
NASDAQ	22,631.48	2.21%	6.18%	15.78%	17.20%
DAX	23,639.41	-0.25%	-3.21%	2.52%	18.74%
NIKKEI 225	45,045.81	0.62%	3.44%	17.04%	12.91%
Shanghai Composite	3,820.09	-1.30%	2.49%	13.62%	13.97%
Fixed Income (Performance in %)					
Canada Aggregate Bond	241.28	0.07%	2.17%	2.01%	2.51%
US Aggregate Bond	2324.58	-0.19%	1.63%	3.20%	6.19%
Europe Aggregate Bond	245.65	-0.11%	0.13%	-0.11%	0.77%
US High Yield Bond	28.79	0.30%	1.61%	3.86%	7.30%
Commodities (\$USD)					
Oil	62.71	0.03%	0.58%	-16.54%	-12.56%
Gold	3681.54	1.05%	11.03%	9.22%	40.28%
Copper	457.20	-0.36%	3.38%	-5.79%	13.55%
Currencies (\$USD)					
US Dollar Index	97.66	0.11%	-0.62%	-1.26%	-9.98%
Loonie	1.3786	0.42%	0.59%	-0.62%	4.34%
Euro	0.8516	0.07%	0.82%	2.15%	13.42%
Yen	147.99	-0.21%	-0.22%	-1.72%	6.22%

Source: Bloomberg, as of September 19, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.50%	2.32%
U.S. Federal Reserve	4.25%	3.63%
European Central Bank	2.00%	1.89%
Bank of England	4.00%	3.89%
Bank of Japan	0.50%	0.64%

Source: Bloomberg, as of September 19, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Canadian Inflation Trends, Retail Sales Recovery, Bank of Canada Rate Cut

In August 2025, Canada's annual inflation rate rose to 1.9%, up from 1.7% in July but below the expected 2%. A smaller decline in gasoline prices contributed to this increase, while core inflation, excluding gasoline, stood at 2.4%. Food inflation also rose slightly, driven by higher meat prices. Shelter costs moderated and the trimmed-mean core CPI decreased to 3%.

Retail sales in Canada are projected to increase by 1% in August, reversing a 0.8% decline in July. This rise reflects the second largest turnover increase of the year, amid ongoing tariff-related uncertainties. Year-over-year retail sales rose by 4%, the smallest gain since the start of the year.

The Bank of Canada reduced its benchmark interest rate by 25 basis points to 2.5% in September, following signs of economic fragility due to U.S. tariffs. Despite robust consumption and housing activity, GDP contracted by 1.6% in Q2. The Bank expects trade barriers to impact private spending and the labour market, while inflation remained below the 2% target.

U.S. – U.S. Retail Sales Growth, Federal Reserve Interest Rate Decision,

In August 2025, U.S. retail sales increased by 0.6%, matching a revised rise from July and surpassing expectations. Significant growth occurred in non-store retailing and clothing stores, while some categories saw declines. Excluding certain sectors, sales rose by 0.7%, indicating strong consumer spending.

The Federal Reserve cut the federal funds rate by 25 basis points to a range of 4.00%–4.25% in September 2025, marking its first rate reduction since December. The Fed's new projections suggest further rate cuts by the end of the year and increased GDP growth forecasts for 2025 and 2026. Unemployment remains anticipated at 4.5% for 2025.

International – U.K. Unemployment Insights, U.K. Inflation Stability, Bank of England's Monetary Policy, U.K. Retail Sales Performance, Japan's Inflation Decline

The U.K. unemployment rate remained stable at 4.7% in the three months to July, reflecting ongoing challenges in the job market. However, employment rose to a record 34.2 million, largely due to full-time positions. The economic inactivity rate also increased slightly, indicating a need for additional income sources among workers.

The U.K.'s annual inflation rate held steady at 3.8% in August, consistent with July figures. While transport costs decreased, inflation for food and motor fuels rose. Monthly CPI increased by 0.3%, with annual core inflation easing to 3.6%.

The Bank of England maintained its interest rate at 4%, with some members advocating for a cut. Policymakers acknowledged progress in disinflation but noted persistent inflation pressures. The committee emphasized a flexible approach to policy adjustments in response to economic conditions.

Retail sales volumes in the U.K. rose by 0.5% in August, matching July's growth and exceeding expectations. Clothing and specialist food shops drove this increase, although fuel sales fell due to rising prices. Year-on-year sales saw a modest increase, but overall activity remained below pre-pandemic levels.

Japan's annual inflation rate decreased to 2.7% in August, the lowest since October 2024. Significant price drops in electricity and gas contributed to this decline. Core inflation matched market expectations at 2.7%, while food prices rose 7.2%, reflecting efforts to control staple food costs.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
21-Sep-25	China	1-Year Loan Prime Rate		3.0	3.0
21-Sep-25	China	5-Year Loan Prime Rate		3.5	3.5
23-Sep-25	Eurozone Aggregate	HCOB Eurozone Manufacturing PMI	Sep P	50.8	50.7
23-Sep-25	Eurozone Aggregate	HCOB Eurozone Services PMI	Sep P	50.5	50.5
23-Sep-25	Eurozone Aggregate	HCOB Eurozone Composite PMI	Sep P	51.1	51.0
23-Sep-25	United Kingdom	S&P Global UK Manufacturing PMI	Sep P	47.0	47.0
23-Sep-25	United Kingdom	S&P Global UK Services PMI	Sep P	53.5	54.2
23-Sep-25	United Kingdom	S&P Global UK Composite PMI	Sep P	53.0	53.5
23-Sep-25	United States	S&P Global US Manufacturing PMI	Sep P	51.5	53.0
23-Sep-25	United States	S&P Global US Services PMI	Sep P		54.5
23-Sep-25	United States	S&P Global US Composite PMI	Sep P		54.6
23-Sep-25	Japan	S&P Global Japan PMI Composite	Sep P		52.0
23-Sep-25	Japan	S&P Global Japan PMI Mfg	Sep P		49.7
23-Sep-25	Japan	S&P Global Japan PMI Services	Sep P		53.1
25-Sep-25	Japan	Tokyo CPI YoY	Sep	2.8	2.6
25-Sep-25	Japan	Tokyo CPI Ex-Fresh Food YoY	Sep	2.8	2.5
26-Sep-25	United States	PCE Price Index MoM	Aug	0.3	0.2
26-Sep-25	United States	PCE Price Index YoY	Aug	2.7	2.6
26-Sep-25	United States	Core PCE Price Index MoM	Aug	0.2	0.3
26-Sep-25	United States	Core PCE Price Index YoY	Aug	2.9	2.9
26-Sep-25	Canada	GDP MoM	Jul	0.1	(0.1)
26-Sep-25	Canada	GDP YoY	Jul	0.7	0.9

P = Preliminary

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