

Week ending April 17, 2025

## Market developments

**Equities:** Global stock markets experienced volatility this week, driven by U.S.-China trade tensions and Federal Reserve Chair Jerome Powell's comments on tariffs and economic growth. U.S. indices like the Dow, S&P 500 and Nasdaq dipped slightly on Tuesday but faced sharper declines Wednesday after Powell signaled no immediate interest rate cuts. Tech stocks like Nvidia and AMD were hit hard by U.S. chip export restrictions to China. Bank of America and Citigroup shares rose after reporting better-than-expected Q1 earnings, boosted by strong trading revenues. However, the S&P 500 remains down about 10% year-to-date, reflecting ongoing tariff-related uncertainty.

**Fixed Income:** U.S. Treasury bonds rebounded slightly after a turbulent week, as markets adjusted to tariff relief hopes and Powell's remarks suggesting the Fed is in a wait-and-see mode. A sell-off in U.S. Treasuries earlier raised concerns about waning long-term confidence in the U.S. economy, with investors demanding higher yields to compensate for perceived risks.

**Commodities:** Crude oil futures rose after U.S. sanctions on Chinese importers of Iranian oil sparked global supply concerns, lifting oil and gas stocks. Gold futures climbed, reflecting its safe-haven appeal amid geopolitical and financial uncertainties, though buying momentum showed signs of easing.

## Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
<b>Equities (\$Local)</b>					
S&P/TSX Composite	24,192.81	2.56%	-2.39%	-3.49%	-2.16%
S&P 500	5,282.70	-1.50%	-6.91%	-11.91%	-10.18%
NASDAQ	16,286.45	-2.62%	-8.55%	-17.03%	-15.66%
DAX	21,205.86	4.08%	-8.42%	1.45%	6.51%
NIKKEI 225	34,377.60	2.36%	-8.07%	-10.59%	-13.83%
Shanghai Composite	3,280.34	1.30%	-4.26%	1.19%	-2.13%
<b>Fixed Income (Performance in %)</b>					
Canada Aggregate Bond	237.23	1.12%	-0.64%	1.31%	0.79%
US Aggregate Bond	2232.29	0.91%	-0.22%	2.00%	1.98%
Europe Aggregate Bond	244.99	0.65%	1.82%	1.20%	0.50%
US High Yield Bond	26.78	1.26%	-1.41%	-1.01%	-0.18%
<b>Commodities (\$USD)</b>					
Oil	64.34	4.62%	-4.79%	-17.39%	-10.29%
Gold	3321.67	2.60%	10.70%	22.88%	26.56%
Copper	470.35	3.99%	-4.66%	7.67%	16.81%
<b>Currencies (\$USD)</b>					
US Dollar Index	99.39	-0.71%	-3.85%	-9.11%	-8.39%
Loonie	1.3838	0.27%	3.25%	4.62%	3.95%
Euro	0.8791	0.17%	4.14%	10.73%	9.87%
Yen	142.39	0.81%	4.79%	9.77%	10.40%

Source: Bloomberg, as of April 17, 2025

## Central Bank Interest Rates

Central Bank	Current Rate	June 2025 Expected Rate*	December 2025 Expected Rate*
Bank of Canada	2.75%	2.60%	2.26%
U.S. Federal Reserve	4.50%	4.15%	3.55%
European Central Bank	2.25%	1.94%	1.51%
Bank of England	4.50%	4.09%	3.60%
Bank of Japan	0.50%	0.51%	0.61%

Source: Bloomberg, as of April 17, 2025

\*Expected rates are based on bond futures pricing

## Macro developments

### Canada – Canada’s Inflation Decline

Canada’s inflation rate dropped to 2.3% in March from 2.6%, below market and Bank of Canada expectations. The end of GST/HST tax breaks increased food prices, particularly at restaurants, while falling gasoline and cellular costs slowed transportation inflation. Monthly prices rose by 0.3%.

### U.S. – Retail Sales Surge

U.S. retail sales rose 1.4% in March, the largest increase since January 2023, driven by a 5.3% jump in motor vehicle sales. Most sectors, including building materials and food services, saw gains, though gasoline and furniture sales declined. Core retail sales, excluding key categories, grew 0.4%.

The core PCE deflator likely rose by just 0.05% month-on-month in March, suggesting annual core PCE inflation dropped to 2.6%. Despite softer-than-expected CPI and PPI data, with producer prices falling 0.4% and core PPI up only 0.1%, tariff pressures in PPI raise concerns. A sharp 8.2% drop in international airfares and a 0.3% decline in hospital prices helped temper inflation, but the Fed remains wary.

### International – Steady U.K. Unemployment, U.K. Inflation Eases, China’s Robust GDP Growth, China’s Retail Sales Boom

The U.K. unemployment rate remained at 4.4% from December to February 2025, the highest since May 2024. Employment rose by 206,000 to a record 34 million, driven by full-time jobs, while economic inactivity slightly decreased to 21.4%.

U.K. inflation slowed to 2.6% in March 2025 from 2.8%, below forecasts. Declines in recreation, transport and hospitality prices, particularly motor fuel, drove the slowdown, while clothing prices rose. Core inflation eased to 3.4%, with monthly CPI up 0.3%.

China’s economy grew 5.4% in Q1 2025, exceeding expectations and matching the prior quarter’s pace. Strong industrial output, retail sales, and exports, alongside Beijing’s stimulus, supported growth, though trade tensions with the US threaten the outlook.

China’s retail sales grew 5.9% in March 2025, the strongest since December 2023, surpassing forecasts. Most categories, including food, appliances and automobiles, saw significant gains, though petroleum products declined. First-quarter retail sales rose 4.6%.

## Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
20-Apr-25	China	1-Year Loan Prime Rate		3.1	3.1
20-Apr-25	China	5-Year Loan Prime Rate		3.6	3.6
22-Apr-25	Japan	Jibun Bank Japan PMI Mfg	Apr P		48.4
22-Apr-25	Japan	Jibun Bank Japan PMI Services	Apr P		50.00
23-Apr-25	Eurozone Aggregate	HCOB Eurozone Manufacturing PMI	Apr P	47.5	48.6
23-Apr-25	Eurozone Aggregate	HCOB Eurozone Services PMI	Apr P	50.5	51.0
23-Apr-25	United Kingdom	S&P Global UK Manufacturing PMI	Apr P	44.0	44.9
23-Apr-25	United Kingdom	S&P Global UK Services PMI	Apr P	51.5	52.5
23-Apr-25	United States	S&P Global US Manufacturing PMI	Apr P	49.3	50.2
23-Apr-25	United States	S&P Global US Services PMI	Apr P	53.0	54.4
25-Apr-25	United Kingdom	Retail Sales Ex Auto Fuel YoY	Mar	2.0	2.2
25-Apr-25	Canada	Retail Sales Ex Auto MoM	Feb	(0.1)	0.2

P = Preliminary

### The Asset Allocation Team at NEI Investments

Judith Chan, CFA – Vice President, Head of Multi-Asset Portfolios

Mateo Marks, CFA – Senior Multi Asset Portfolio Analyst

Adam Ludwick, CFA – Senior Multi Asset Portfolio Analyst

Anthony Rago, B.A.Sc. – Senior Multi Asset Portfolio Analyst

*Aviso Wealth Inc. ("Aviso") is the parent company of Aviso Financial Inc. ("AFI") and Northwest & Ethical Investments L.P. ("NEI"). Aviso and Aviso Wealth are registered trademarks owned by Aviso Wealth Inc.*

*NEI Investments is a registered trademark of NEI. Any use by AFI or NEI of an Aviso trade name or trademark is made with the consent and/or license of Aviso Wealth Inc. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. Mutual funds and other securities are offered by Aviso Wealth, a division of Aviso Financial Inc.*

*This material is for informational and educational purposes and it is not intended to provide specific advice including, without limitation, investment, financial, tax or similar matters. This document is published by AFI and unless indicated otherwise, all views expressed in this document are those of AFI. The views expressed herein are subject to change without notice as markets change over time.*