Weekly Market Pulse

Week ending August 29, 2025

Market developments

Equities: Global equity markets presented a mixed picture this week as Nvidia, a key player in the AI sector, reported its fiscal second-quarter earnings. The company revealed a 56% year-over-year increase in revenue to $46.7 billion, surpassing analyst expectations. However, the stock experienced some volatility, with an initial slip in after-hours trading, as investors had set extraordinarily high expectations. Canadian equities closed the week in positive territory as we saw a rally across key commodities.

Fixed Income: The U.S. Treasury yield curve experienced a shift down, with both shorter and longer yields decreasing. The 10-year benchmark Treasury yield closed near 4.20% and the 2-year yields fell 10bps to ~3.6% to close the week.

Commodities: Most commodities saw weekly gains, led by oil, copper and gold. Gold specifically ended the week up over 2% as investors continue to digest a potential September rate cut after Powell's comments at the end of last week.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities ($Local)					
S&P/TSX Composite	28,564.45	0.82%	3.72%	8.98%	15.51%
S&P 500	6,460.26	-0.10%	1.40%	9.27%	9.84%
NASDAQ	21,455.55	-0.19%	1.69%	11.89%	11.11%
DAX	23,902.21	-1.89%	-1.30%	-0.13%	20.06%
NIKKEI 225	42,718.47	0.20%	5.03%	11.15%	7.08%
Shanghai Composite	3,857.93	0.84%	6.88%	14.70%	15.10%
Fixed Income (Performance in %)					
Canada Aggregate Bond	236.52	0.06%	0.28%	-0.55%	0.49%
US Aggregate Bond	2301.03	0.28%	1.10%	2.82%	5.12%
Europe Aggregate Bond	245.33	-0.12%	-0.18%	-0.27%	0.64%
US High Yield Bond	28.54	0.45%	1.15%	3.59%	6.35%
Commodities ($USD)					
Oil	63.99	0.52%	-7.54%	5.00%	-10.78%
Gold	3446.94	2.23%	3.62%	3.89%	31.34%
Copper	450.90	1.12%	-19.53%	-3.56%	11.98%
Currencies ($USD)					
US Dollar Index	97.76	0.05%	-1.13%	-1.53%	-9.88%
Loonie	1.3737	0.65%	0.24%	0.52%	4.71%
Euro	0.8549	-0.18%	1.31%	2.88%	12.98%
Yen	146.99	-0.03%	1.00%	-1.89%	6.95%

Source: Bloomberg, as of August 29, 2025

Central Bank Interest Rates

Central Bank	Current Rate	December 2025 Expected Rate*
Bank of Canada	2.75%	2.47%
U.S. Federal Reserve	4.50%	3.77%
European Central Bank	2.00%	1.83%
Bank of England	4.00%	3.86%
Bank of Japan	0.50%	0.65%

Source: Bloomberg, as of August 29, 2025

*Expected rates are based on bond futures pricing

Macro developments

Canada – Decline in Canadian GDP

In the second quarter of 2025, Canada's GDP fell by 0.4%, reversing a previous gain of 0.5%. This decline was attributed to a 7.5% drop in exports and weaker business investment, though household spending increased. On an annualized basis, the GDP contracted by 1.6%, falling short of expectations.

U.S. – Economic Rebound, Core PCE Prices in Line

The U.S. economy experienced a 3.3% annual growth rate in Q2 2025, bouncing back from a 0.5% contraction in Q1. This figure was slightly revised upwards, driven by increased investment and consumer spending, despite a drop in government spending. Growth was primarily fueled by a significant decrease in imports and a rise in consumer spending, although declines in investment and exports partially offset these gains.

In July, core PCE prices rose by 0.27% month-over-month, keeping the annual rate at 2.9%. The three-month annualised rate improved to 3.0%, while the six-month rate slightly decreased to 3.0%. The increase in prices was driven by core services, with nominal consumer spending rising by 0.5% due to higher expenditures on motor vehicles. Real consumption growth is projected to reach an annualised 2.1% in Q3, supported by a 0.6% rise in employee compensation.

International – Japan's Retail Sales Slowdown

Japan's retail sales increased by 0.3% year-on-year in July 2025, a notable slowdown from the previous month's 1.9% gain. Although this marked the 41st consecutive annual rise, it was the slowest since February 2022, as inflation affected consumer purchasing power. Monthly retail sales fell by 1.6%, the steepest drop since August 2021.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
30-Aug-25	China	Composite PMI	Aug		50.2
01-Sep-25	Eurozone Aggregate	Unemployment Rate	Jul	6.2	6.2
02-Sep-25	Eurozone Aggregate	CPI Estimate YoY	Aug P	2.0	2.0
02-Sep-25	Eurozone Aggregate	CPI MoM	Aug P	0.1	
02-Sep-25	Eurozone Aggregate	CPI Core YoY	Aug P	2.2	2.3
02-Sep-25	Canada	S&P Global Canada Manufacturing PMI	Aug		46.1
02-Sep-25	United States	ISM Manufacturing	Aug	48.8	48.0
02-Sep-25	United States	ISM Prices Paid	Aug		64.8
03-Sep-25	Eurozone Aggregate	PPI MoM	Jul	0.1	0.8
03-Sep-25	Eurozone Aggregate	PPI YoY	Jul	(0.1)	0.6
04-Sep-25	Eurozone Aggregate	Retail Sales MoM	Jul	(0.2)	0.3
04-Sep-25	Eurozone Aggregate	Retail Sales YoY	Jul	2.4	3.1
05-Sep-25	United Kingdom	Retail Sales Ex Auto Fuel MoM	Jul	0.3	0.6
05-Sep-25	United Kingdom	Retail Sales Ex Auto Fuel YoY	Jul	1.2	1.8
05-Sep-25	United Kingdom	Retail Sales Inc Auto Fuel MoM	Jul	0.4	0.9
05-Sep-25	United Kingdom	Retail Sales Inc Auto Fuel YoY	Jul	1.3	1.7
05-Sep-25	Eurozone Aggregate	GDP SA QoQ	2Q T	0.1	0.1
05-Sep-25	Eurozone Aggregate	GDP SA YoY	2Q T	1.4	1.4
05-Sep-25	United States	Change in Nonfarm Payrolls	Aug	77.5	73.0
05-Sep-25	United States	Change in Private Payrolls	Aug	75.0	83.0
05-Sep-25	United States	Change in Manufact. Payrolls	Aug		(11.0)
05-Sep-25	United States	Average Hourly Earnings MoM	Aug	0.3	0.3
05-Sep-25	United States	Average Hourly Earnings YoY	Aug	3.8	3.9
05-Sep-25	United States	Unemployment Rate	Aug	4.3	4.2
05-Sep-25	Canada	Net Change in Employment	Aug		(40.8)
05-Sep-25	Canada	Unemployment Rate	Aug		6.9

P = Preliminary
T = Third

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