

Weekly Market Pulse



Week ending October 25, 2024

Market developments

Equities: Global markets ended the week mostly lower, with the S&P 500 falling 0.96% in its first weekly decline since early September, while the NASDAQ managed to stay marginally positive with a 0.16% gain. The TSX dropped 1.45%, weighed down by broader market sentiment. The Magnificent Seven tech stocks showed resilience, with their index rising 1.3%, as investors await next week's crucial earnings reports from five of these market leaders.

Fixed Income: Treasury yields climbed on Friday, with the 10-year yield rising to 4.24%, while the 2-year yield topped 4.10% for the first time since mid-August. Bond markets faced broad pressure across regions, with the US Aggregate Bond Index declining 0.74% for the week, while Canadian and European bonds fell 0.56% and 0.50%, respectively. Market volatility remained elevated, with the ICE BofA Move Index reaching its highest level this year.

Commodities: Oil markets rebounded after a two-day decline, posting a 3.51% weekly gain as WTI crude traded above \$71 per barrel. Gold continued its upward trend with a 0.79% weekly gain, while copper slipped 0.46%.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	24,463.67	-1.45%	2.33%	8.21%	16.72%
S&P 500	5,808.12	-0.96%	1.50%	7.57%	21.77%
NASDAQ	18,518.61	0.16%	2.41%	7.78%	23.36%
DAX	19,463.59	-0.99%	2.88%	6.37%	16.19%
NIKKEI 225	37,913.92	-2.74%	0.12%	0.12%	13.30%
Shanghai Composite	3,299.70	1.17%	13.93%	14.31%	10.92%
Fixed Income (Performance in %)					
Canada Aggregate Bond	231.95	-0.56%	-0.98%	2.18%	2.52%
US Aggregate Bond	2210.01	-0.74%	-2.13%	1.82%	2.22%
Europe Aggregate Bond	242.85	-0.50%	0.15%	2.15%	2.25%
US High Yield Bond	26.64	-0.40%	-0.32%	3.12%	7.43%
Commodities (\$USD)					
Oil	71.65	3.51%	2.81%	-8.47%	0.00%
Gold	2743.03	0.79%	3.24%	16.01%	32.96%
Copper	436.45	-0.46%	-1.43%	6.13%	12.18%
Currencies (\$USD)					
US Dollar Index	104.32	0.80%	3.38%	-0.03%	2.95%
Loonie	1.3894	-0.68%	-2.94%	-0.50%	-4.69%
Euro	0.9262	-0.65%	-3.02%	-0.45%	-2.19%
Yen	152.22	-1.77%	-4.91%	1.13%	-7.34%

Source: Bloomberg, as of October 25, 2024

Macro developments

Canada –BoC Cuts Rate as Retail Sales Climb

The Bank of Canada delivered its largest reduction of the year with a 50 basis point interest rate cut to 3.75% this week, as unemployment exceeded 6.5% and inflation remained below target at 1.6%. In separate economic data, retail sales showed continued momentum with a projected 0.4% increase in September, marking the third straight monthly gain, driven primarily by strong auto and clothing sales despite weakness in fuel and food segments.

U.S. – Job Market Strengthens as Services Sector Expands

U.S. weekly jobless claims dropped to 227,000, marking the lowest level since early October and beating market expectations of 242,000. Meanwhile, economic indicators showed divergent trends across sectors, with the Services PMI holding strong at 55.3 in October, driven by the sharpest rise in new orders since April 2022. However, manufacturing continued to contract with a PMI of 47.8, though improving slightly from September's 15-month low, as supply chain disruptions and reduced orders persisted.

International – China Eases Policy, UK Sales Rise, While Japan and Europe Face Slowdown

The People's Bank of China cut its key lending rates by 25 basis points in October, bringing the one-year rate to 3.1% and the five-year rate to 3.6%. This move, along with potential further reductions in bank reserve requirements, represents the most aggressive stimulus measures since the pandemic as authorities try to boost consumption and support the struggling property sector.

British retail sales unexpectedly rose 0.3% in September, beating forecasts of a 0.3% decline, driven by a 2.5% jump in non-food stores despite poor performance in supermarkets. However, the services sector saw its slowest expansion since June, with the PMI falling to 51.8 in October, while manufacturing growth nearly stalled at 50.3.

Japan's economy showed signs of weakness as both sectors declined in October, with the Services PMI falling into contraction territory at 49.3 from 53.1, while Manufacturing PMI dropped to 49.0. The deterioration was marked by reduced new business, weaker domestic demand, and declining business confidence.

The Eurozone's economic picture remained mixed in October, with Services PMI easing to 51.2 while Manufacturing PMI, despite improving to 45.9, marked its 19th consecutive month of contraction. The data strengthened the case for the ECB to continue its monetary easing path as both sectors faced persistent demand challenges.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
28-Oct-24	Japan	Jobless Rate	Sep	2.5	2.5
28-Oct-24	Japan	Job-To-Applclicant Ratio	Sep	1.2	1.2
29-Oct-24	United States	JOLTS Job Openings	Sep	7,935.0	8,040.0
30-Oct-24	Eurozone Aggregate	GDP SA QoQ	3Q A	0.2	0.2
30-Oct-24	Eurozone Aggregate	GDP SA YoY	3Q A	0.8	0.6
30-Oct-24	United States	GDP Annualized QoQ	3Q A	3.0	3.0
30-Oct-24	Japan	Retail Sales YoY	Sep	2.2	2.8
30-Oct-24	China	Manufacturing PMI	Oct	50.0	49.8
30-Oct-24	China	Non-manufacturing PMI	Oct	50.5	50.0
31-Oct-24	Japan	BOJ Target Rate		0.3	0.3

31-Oct-24	Eurozone Aggregate	CPI Estimate YoY	Oct	1.9	1.7
31-Oct-24	Eurozone Aggregate	CPI Core YoY	Oct P	2.6	2.7
31-Oct-24	Eurozone Aggregate	Unemployment Rate	Sep	6.4	6.4
31-Oct-24	United States	PCE Price Index YoY	Sep	2.1	2.2
31-Oct-24	United States	Core PCE Price Index YoY	Sep	2.6	2.7
31-Oct-24	Canada	GDP YoY	Aug	0.0	1.5
01-Nov-24	United States	Change in Nonfarm Payrolls	Oct	107.5	254.0
01-Nov-24	United States	Unemployment Rate	Oct	4.1	4.1
01-Nov-24	Canada	S&P Global Canada Manufacturing PMI	Oct	0.0	50.4
01-Nov-24	United States	ISM Manufacturing	Oct	47.6	47.2

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