

# Weekly Market Pulse



Week ending December 13, 2024

## Market developments

**Equities:** Despite this positive trend, the overall stock market is beginning to show signs of fatigue as the S&P 500 faced its first weekly loss in four weeks. In addition to US market movements, there was notable investment activity in Chinese stocks, with approximately \$5.6 billion flowing into equity funds as China's leaders pledged further stimulus measures to boost economic growth.

**Fixed Income:** Inflation data released earlier this week, along with an uptick in unemployment insurance claims, did not significantly impact expectations for a rate cut at the upcoming Fed meeting. Analysts maintain strong confidence in a 25 basis point. The Bank of Canada cut its key interest rate by 50bps in December, marking a total of 175 basis points in reductions this cycle. Overall, yields closed higher this week, driving North American bond prices lower.

**Commodities:** Oil prices increased as geopolitical tensions, particularly involving Russia and Iran, countered forecasts of a supply surplus for the coming year. Additionally, the United Arab Emirates has reduced oil shipment allocations to some Asian customers, suggesting stronger compliance with OPEC+ quotas.

## Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
<b>Equities (\$Local)</b>					
S&P/TSX Composite	25,273.85	-1.63%	1.14%	7.24%	20.59%
S&P 500	6,051.09	-0.64%	1.10%	7.56%	26.86%
NASDAQ	19,926.72	0.34%	3.62%	12.68%	32.74%
DAX	20,405.92	0.10%	7.38%	9.13%	21.81%
NIKKEI 225	39,470.44	0.97%	1.93%	7.90%	17.95%
Shanghai Composite	3,391.88	-0.36%	-1.38%	25.44%	14.02%
<b>Fixed Income (Performance in %)</b>					
Canada Aggregate Bond	236.06	-0.90%	1.50%	0.32%	4.34%
US Aggregate Bond	2213.07	-1.00%	0.95%	-2.45%	2.36%
Europe Aggregate Bond	245.13	-0.71%	1.13%	1.02%	3.21%
US High Yield Bond	27.05	-0.04%	0.85%	1.96%	9.07%
<b>Commodities (\$USD)</b>					
Oil	71.20	5.95%	4.05%	3.71%	-0.63%
Gold	2649.2	0.60%	2.96%	2.77%	28.42%
Copper	414.45	0.14%	1.51%	-0.73%	6.53%
<b>Currencies (\$USD)</b>					
US Dollar Index	106.98	0.87%	0.47%	5.80%	5.57%
Loonie	1.4234	-0.54%	-1.67%	-4.56%	-6.96%
Euro	0.9526	-0.66%	-0.63%	-5.22%	-4.90%
Yen	153.66	-2.38%	1.17%	-8.34%	-8.21%

Source: Bloomberg, as of December 13, 2024

## Macro developments

### Canada – Bank of Canada: No More Aggressive Rate Cuts

The Bank of Canada cut its key interest rate by 50bps in December, bringing the total reductions this cycle to 175 basis points. Despite weaker-than-expected GDP growth, the central bank signaled it would pause further aggressive cuts, as inflation is projected to remain near 2%. Consumer spending exceeded expectations, but uncertainty from potential US tariffs adds risk to price stability.

### U.S. – Inflation Picks Up Amid Mixed Price Trends, Producer Prices See Strongest Rise in Five Months

Annual inflation rate rose to 2.7% in November 2024, driven by smaller declines in energy prices and higher food costs. However, inflation eased for shelter and transportation, while used car prices continued to fall. Monthly CPI increased by 0.3%, with shelter accounting for nearly 40% of the rise. Core inflation remained steady at 3.3% annually.

Factory gate prices rose 0.4% in November, the largest increase in five months, fueled by a sharp jump in food costs, particularly eggs. Annual producer price inflation accelerated to 3%, while core PPI remained stable at 3.4%. Service prices also edged up, but core monthly growth slowed to 0.2%.

### International – ECB Cuts Rates Again Amid Favourable Inflation Outlook, Japan's Economy Outperforms Amid Resilient Consumption, China's Inflation Slows

The ECB lowered rates by 25bps for the fourth time this year, reflecting improved inflation expectations. Projections indicate inflation will fall to 1.9% by 2026, while core inflation is expected to meet the 2% target in the medium term. Economic recovery remains slow, with tight borrowing conditions, and the ECB plans to adjust policies as needed.

Japan's GDP grew by 0.3% in Q3 2024, exceeding forecasts. Business investment and net trade performed better than expected, while private consumption remained robust due to rising wages. However, government spending was weaker than anticipated, suggesting limited fiscal stimulus.

China's annual inflation rate eased to 0.2% in November, the lowest since June, signaling deflation risks despite recent stimulus measures. Food prices rose modestly, while non-food prices stagnated. Core inflation increased slightly to 0.3%, but monthly CPI fell sharply by 0.6%, marking the largest drop since March.

## Quick look ahead

DATE	COUNTRY / REGION	EVENT	SURVEY	PRIOR	
15-Dec-24	Japan	Jibun Bank Japan PMI Mfg	Dec P	49.0	
15-Dec-24	Japan	Jibun Bank Japan PMI Services	Dec P	50.5	
15-Dec-24	China	Retail Sales YoY	Nov	5.0	4.8
16-Dec-24	Eurozone Aggregate	HCOB Eurozone Manufacturing PMI	Dec P	45.3	45.2
16-Dec-24	Eurozone Aggregate	HCOB Eurozone Services PMI	Dec P	49.5	49.5
16-Dec-24	United Kingdom	S&P Global UK Manufacturing PMI	Dec P	48.4	48.0
16-Dec-24	United Kingdom	S&P Global UK Services PMI	Dec P	51.0	50.8
16-Dec-24	United States	S&P Global US Manufacturing PMI	Dec P		49.7
16-Dec-24	United States	S&P Global US Services PMI	Dec P		56.1
17-Dec-24	United States	Retail Sales Advance MoM	Nov	0.6	0.4
17-Dec-24	United States	Retail Sales Ex Auto MoM	Nov	0.5	0.1
17-Dec-24	Canada	CPI YoY	Nov	2.0	2.0
18-Dec-24	United Kingdom	CPI YoY	Nov	2.6	2.3
18-Dec-24	United Kingdom	CPI Core YoY	Nov	3.6	3.3
18-Dec-24	United States	FOMC Rate Decision (Upper Bound)		4.5	4.8
19-Dec-24	Japan	BOJ Target Rate		0.3	0.3
19-Dec-24	United Kingdom	Bank of England Bank Rate		4.8	4.8
19-Dec-24	Japan	Natl CPI YoY	Nov	2.9	2.3
19-Dec-24	Japan	Natl CPI Ex Fresh Food YoY	Nov	2.6	2.3
20-Dec-24	United Kingdom	Retail Sales Ex Auto Fuel YoY	Nov	0.8	2.0
20-Dec-24	United Kingdom	Retail Sales Inc Auto Fuel YoY	Nov	1.0	2.4
20-Dec-24	United States	PCE Price Index YoY	Nov	2.5	2.3
20-Dec-24	United States	Core PCE Price Index YoY	Nov	2.9	2.8
20-Dec-24	Canada	Retail Sales MoM	Oct	0.7	0.4
20-Dec-24	Canada	Retail Sales Ex Auto MoM	Oct	0.5	0.9

P = Preliminary Data

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