

Weekly Market Pulse



Week ending January 17, 2025

Market developments

Equities: U.S. equities experienced a notable rise this week, reflecting growing investor optimism regarding interest rates and the upcoming inauguration of Donald Trump. Strong fourth quarter earnings from major US banks have further bolstered confidence in the market. This positive trend was highlighted by significant gains in financial sector stocks.

Fixed Income: The year began with volatility as concerns about persistent inflation led to fears that the Federal Reserve would hesitate to lower interest rates. However, market sentiment has improved with recent data showing cooler than expected inflation and supportive comments from Fed officials. Bond prices closed higher this week as the macro data drove yields down.

Commodities: Oil traded slightly lower on Friday, yet it experienced a fourth consecutive week of gains due to the impact of broader sanctions against Russia's energy sector which have tightened global supply. There remains uncertainty surrounding President-elect Donald Trump's energy policy as he prepares for his inauguration on Monday. Market participants are closely watching how his administration will approach energy regulations and international relations.

Performance (price return)

| SECURITY | PRICE | WEEK | 1 MONTH | 3 MONTH | YTD |
|--|-----------|--------|---------|---------|--------|
| Equities (\$Local) | | | | | |
| S&P/TSX Composite | 25,067.92 | 1.21% | -0.21% | 1.53% | 1.37% |
| S&P 500 | 5,996.66 | 2.91% | -0.89% | 2.66% | 1.96% |
| NASDAQ | 19,630.20 | 2.45% | -2.38% | 6.84% | 1.65% |
| DAX | 20,903.39 | 3.41% | 3.25% | 6.74% | 4.99% |
| NIKKEI 225 | 38,451.46 | -1.89% | -2.32% | -1.18% | -3.62% |
| Shanghai Composite | 3,241.82 | 2.31% | -3.56% | 2.29% | -3.28% |
| Fixed Income (Performance in %) | | | | | |
| Canada Aggregate Bond | 233.52 | 0.74% | -1.14% | 0.28% | -0.79% |
| US Aggregate Bond | 2189.05 | 1.01% | -0.79% | -1.63% | 0.00% |
| Europe Aggregate Bond | 242.09 | 0.59% | -1.30% | -0.57% | -0.69% |
| US High Yield Bond | 27.01 | 0.62% | 0.19% | 1.01% | 0.66% |
| Commodities (\$USD) | | | | | |
| Oil | 77.99 | 1.85% | 11.29% | 10.36% | 8.74% |
| Gold | 2700.27 | 0.39% | 2.02% | 0.28% | 2.89% |
| Copper | 435.25 | 1.13% | 6.38% | 0.64% | 8.10% |
| Currencies (\$USD) | | | | | |
| US Dollar Index | 109.40 | -0.22% | 2.29% | 5.37% | 0.85% |
| Loonie | 1.4476 | -0.37% | -1.15% | -4.70% | -0.64% |
| Euro | 0.9737 | 0.25% | -2.11% | -5.18% | -0.80% |
| Yen | 156.24 | 0.95% | -1.78% | -3.86% | 0.61% |

Source: Bloomberg, as of January 17, 2025

Macro developments

Canada – No Notable Releases

No notable releases this week.

U.S. – Moderate Rise in Producer Prices, Inflation Increases for Third Month, Retail Sales Growth Slows

U.S. factory gate prices rose 0.2% in December, slowing from November's 0.4% increase and below expectations of 0.3%. Goods prices climbed, led by a 9.7% spike in gasoline, while services prices remained unchanged. Annual producer price inflation accelerated to 3.3%, the highest since February 2023 but slightly below forecasts. Core PPI held steady month-on-month, with annual core inflation rising to 3.5%.

Annual inflation rose to 2.9% in December driven by smaller declines in energy prices and higher costs for food and transportation, matching market expectations. Shelter inflation eased, while used car prices continued to drop. Monthly CPI increased 0.4%, led by energy prices, particularly gasoline.

Retail sales grew by 0.4% in December, the slowest pace in four months and below forecasts of 0.6%. Sales rose across categories like miscellaneous stores and sporting goods but declined in building materials and dining. Core retail sales which are crucial for GDP calculations increased by 0.7%, the strongest in three months.

International – U.K. Inflation Unexpectedly Eases, U.K. Retail Sales Slip in December, China's Economy Accelerates in Q4

The U.K.'s annual inflation rate fell to 2.5% in December, below forecasts, driven by lower costs in hotels, recreation, and services. Transport prices fell less sharply, while housing and utilities prices rose slightly. Monthly CPI increased 0.3%, below expectations, and core inflation dropped to 3.2%.

Retail sales in the U.K. declined by 0.3% month-over-month in December, surprising analysts expecting growth. Food store sales fell, but non-food stores, especially clothing retailers, saw gains. Yearly retail sales grew 3.6%, though Q4 sales dropped 0.8% from Q3. Full-year retail volumes rose modestly by 0.7%, recovering from declines in previous years.

China's economy grew by 5.4% year-on-year in Q4 2024, the fastest pace in 18 months, boosted by stimulus measures. Industrial output and exports surged, though unemployment rose. For 2024, GDP growth matched Beijing's 5.0% target, but lagged 2023's 5.2%. Fixed investment growth accelerated slightly, reflecting sustained recovery efforts.

Quick look ahead

| DATE | COUNTRY / REGION | EVENT | | SURVEY | PRIOR |
|-----------|--------------------|-----------------------------------|-------|--------|-------|
| 20-Jan-25 | Canada | BoC Business Outlook Future Sales | 4Q | | 13.0 |
| 21-Jan-25 | United Kingdom | ILO Unemployment Rate 3Mths | Nov | 4.4 | 4.3 |
| 21-Jan-25 | Canada | CPI NSA MoM | Dec | (0.7) | |
| 21-Jan-25 | Canada | CPI YoY | Dec | 1.8 | 1.9 |
| 23-Jan-25 | Canada | Retail Sales MoM | Nov | 0.1 | 0.6 |
| 23-Jan-25 | Canada | Retail Sales Ex Auto MoM | Nov | | 0.1 |
| 23-Jan-25 | Japan | Natl CPI YoY | Dec | 3.4 | 2.9 |
| 23-Jan-25 | Japan | Natl CPI Ex Fresh Food YoY | Dec | 3.0 | 2.7 |
| 23-Jan-25 | Japan | Jibun Bank Japan PMI Mfg | Jan P | | 49.6 |
| 23-Jan-25 | Japan | Jibun Bank Japan PMI Services | Jan P | | 50.9 |
| 24-Jan-25 | Eurozone Aggregate | HCOB Eurozone Manufacturing PMI | Jan P | 45.5 | 45.1 |
| 24-Jan-25 | Eurozone Aggregate | HCOB Eurozone Services PMI | Jan P | 51.5 | 51.6 |
| 24-Jan-25 | Japan | BOJ Target Rate | | 0.5 | 0.3 |
| 24-Jan-25 | United Kingdom | S&P Global UK Manufacturing PMI | Jan P | 47.0 | 47.0 |
| 24-Jan-25 | United Kingdom | S&P Global UK Services PMI | Jan P | 50.8 | 51.1 |
| 24-Jan-25 | United States | S&P Global US Manufacturing PMI | Jan P | | 49.4 |
| 24-Jan-25 | United States | S&P Global US Services PMI | Jan P | | 56.8 |

P = Preliminary

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