

# WEEK IN REVIEW

April 25, 2025

## In focus

Healthy corporate earnings and signs of easing trade tensions lifted investor sentiment, and global equities ended the week with strong gains. Investors were encouraged by the de-escalation of U.S.-China trade tensions after China exempted some import goods from the 125% tariffs, as reported by Caijing. Sentiment was further boosted by U.S. President Donald Trump's claim that trade talks had taken place, despite China's denial.

Among sectors of the MSCI AC World Index, all sectors except consumer staples delivered positive returns for the week. The information technology and consumer discretionary sectors were the best performers, on higher earnings expectations, as well as some positive quarterly earnings results delivered by key constituents of the sectors. Cyclical sectors such industrials, materials and financials also delivered gains in view of signs of easing trade tensions.

In fixed income, the yield on U.S. ten-year Treasury bonds declined for the week, supporting gains in bond prices; however, the yield on Canadian ten-year treasury bonds rose. In commodity markets, oil, natural gas and gold prices declined for the week. According to some analysts, profit-taking activity contributed to the decline in gold prices.

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	24,710.51	2.14%	-0.83%	-0.07%
S&P500	5,525.21	4.59%	-1.54%	-6.06%
NASDAQ	17,382.94	6.73%	0.48%	-9.98%
DJIA	40,113.50	2.48%	-4.50%	-5.71%
Russell 2000	1,957.62	4.09%	-2.70%	-12.22%
FTSE 100	8,415.25	1.69%	-1.95%	2.96%
Euro Stoxx 50	5,154.12	4.43%	-1.80%	5.27%
Nikkei 225	35,705.74	2.81%	0.25%	-10.50%
Hang Seng	21,980.74	2.74%	-4.93%	9.58%
Shanghai Comp.	3,295.06	0.56%	-1.22%	-1.69%
MSCI ACWI	824.74	3.95%	-0.29%	-1.97%
MSCI EM	1,097.10	2.67%	-0.39%	2.01%
MSCI ACWI ESG Leaders	2,132.47	3.84%	0.11%	-3.43%

Fixed income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,176.16	-0.20%	-1.37%	0.62%
BBG Global Agg.	387.25	0.42%	3.09%	6.55%
TSX Pref	2,076.49	0.61%	-3.98%	-1.49%

Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	3.17%	3.7	20.5	-6.1
10 yr U.S. Govt.	4.26%	-7.3	4.9	-31.3
30 yr Canada Govt.	3.50%	4.2	27.6	16.5
30 yr U.S. Govt.	4.73%	-8.4	14.3	-6.1

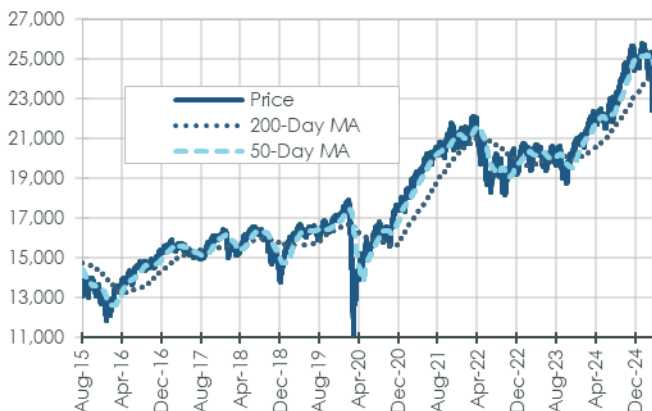
Commodities	Close	Weekly	MTD	YTD
Oil	62.79	-2.92%	-12.16%	-12.45%
Natural gas	2.93	-9.71%	-28.87%	-19.35%
Gold	3,289.00	-1.29%	5.62%	25.82%
Silver	33.58	2.97%	-1.50%	16.21%
Copper	4.85	2.50%	-3.39%	21.68%

Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.72	-0.06%	3.83%	3.80%
USD/EUR	0.88	0.24%	-4.82%	-8.90%
CAD/EUR	0.64	0.19%	-1.17%	-5.44%
USD/JPY	143.65	1.03%	-4.15%	-8.71%
USD/CNY	7.29	-0.24%	0.29%	-0.75%
USD/MXN	19.52	-2.20%	-4.58%	-6.52%
GBP/CAD	1.85	0.20%	-0.73%	2.52%
GBP/USD	1.33	0.14%	3.07%	6.41%

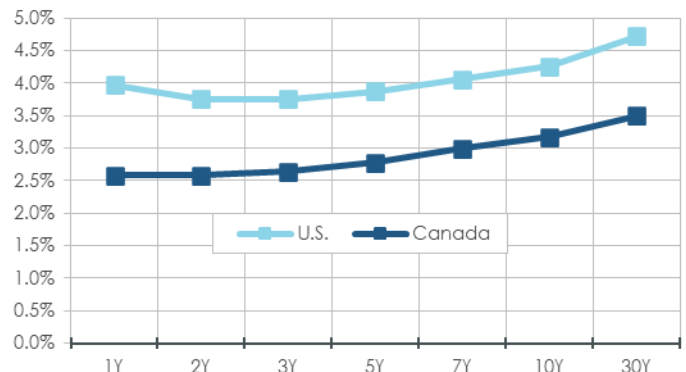
\*Please refer to the Appendix for the above table in Canadian dollar terms. Natural gas prices subject to change post-settlement.

## S&P/TSX Composite Index



Source: LSEG DataStream. Index returns are in local currency. All equity indexes are price returns and do not include dividends.

## Treasury yield curves



Economic indicators	Period	Survey	Actual	Prior period
Canada business barometer	Apr	-	34.81	24.98
Canada retail sales, MoM	Feb	-0.4%	-0.4%	-0.6%
U.S. existing home sales	Mar	4.13m	4.02m	4.26m
U.S. University of Michigan sentiment	Apr	50.8	52.2	50.8
U.S. durable goods	Mar	2.0%	9.2%	1.0%
U.S. initial jobless claims	19 Apr, w/e	222k	222k	216k

## Canada

Canadian equities advanced for the week, with shares in certain companies in the information technology sector, such as Shopify and Constellation Software, rising in anticipation of attractive earnings growth. Shares in the health care, financials and consumer discretionary sectors also rose against the backdrop of easing trade tensions with the U.S. and some optimism about Canada's growth outlook. In contrast, the communication services and industrials sectors ended the week with some losses due to stock-specific factors. A fall in gold prices weighed on some gold mining companies in the materials sector as well.

## U.S.

U.S. equities surged for the week; better-than-expected corporate earnings results reinforced confidence in the resilience of the economy, aided by optimism that the U.S. government will successfully negotiate trade deals and de-escalate the trade war with China. President Trump also stated that he had no plans to dismiss U.S. Federal Reserve (Fed) Chair Jerome Powell. Later in the week, hopes for a Fed rate cut also boosted sentiment after Cleveland Fed President Beth Hammack stated that a move could occur in June, if supported by data.

From a sector perspective, technology stocks were boosted by solid corporate results. Cloud-based enterprise software firm ServiceNow surged due to robust first-quarter earnings and optimistic forecasts. Semiconductor manufacturer Microchip Technology gained after launching a new product. The consumer discretionary and communication services sectors also surged. Toymaker Hasbro soared as its gaming segment propelled results beyond expectations. Alphabet reported strong earnings, announced a dividend increase and unveiled a stock buyback plan, contributing to the communication services sector's performance. Tesla's shares climbed following the unveiling of new self-driving car rules. Charter Communications advanced after the broadband and cable company exceeded revenue estimates and added more subscribers than anticipated.

On the economic data front, initial jobless claims edged higher last week, as anticipated, despite remaining near the two-month low of the previous period. Meanwhile, new orders for manufactured durable goods surged in March, marking the third consecutive monthly increase and significantly exceeding market expectations. The University of Michigan consumer sentiment index for the U.S. was revised higher in April. Despite the upward revision, consumer sentiment dropped for the fourth consecutive month, reaching its lowest level since July 2022, while year-ahead inflation expectations rose.

## Rest of the world

European equities posted gains, buoyed by hopes of easing trade tensions between the U.S. and China that boosted market sentiment. Investors also considered a mixed range of corporate earnings and continued to evaluate the European corporate outlook amid potential U.S. trade restrictions. In corporate news, Safran jumped after the French jet engine maker reported upbeat first-quarter revenue and expressed confidence in achieving its full-year targets. Among economic data releases, the HCOB eurozone composite PMI fell in April slightly more than anticipated, to 50.1. Meanwhile, the Ifo business climate indicator for Germany rose to a nine-month high in April, surpassing market expectations. The improvement was supported by aggressive public spending on infrastructure, defence and business growth initiatives amid tariff threats from the U.S.

In Asia, mainland China showed mixed performance, with the Shanghai composite index sliding and the CSI 300 Index firming slightly. Investors increasingly favoured beauty stocks, which were viewed as less exposed to U.S. tariffs and positioned to benefit from domestic stimulus. In Japan, investor sentiment improved as technology shares attracted strong buying interest. Meanwhile, fresh data showed Tokyo's core inflation accelerated to a two-year high in April, complicating the Bank of Japan's efforts to manage rising prices while facing mounting external pressures from U.S. tariffs.

## Looking ahead

Economic indicators	Period	Survey	Prior period
Canada GDP, MoM	Feb	0.0%	0.4%
U.S. GDP advance	Q1'25	0.4%	2.4%
U.S. ISM manufacturing PMI	Apr	48.0	49.0
U.S. factory orders, MoM	Mar	4.5%	0.6%
Eurozone GDP flash preliminary, QoQ	Q1'25	0.2%	0.2%
China manufacturing PMI final	Apr	50.2	51.2

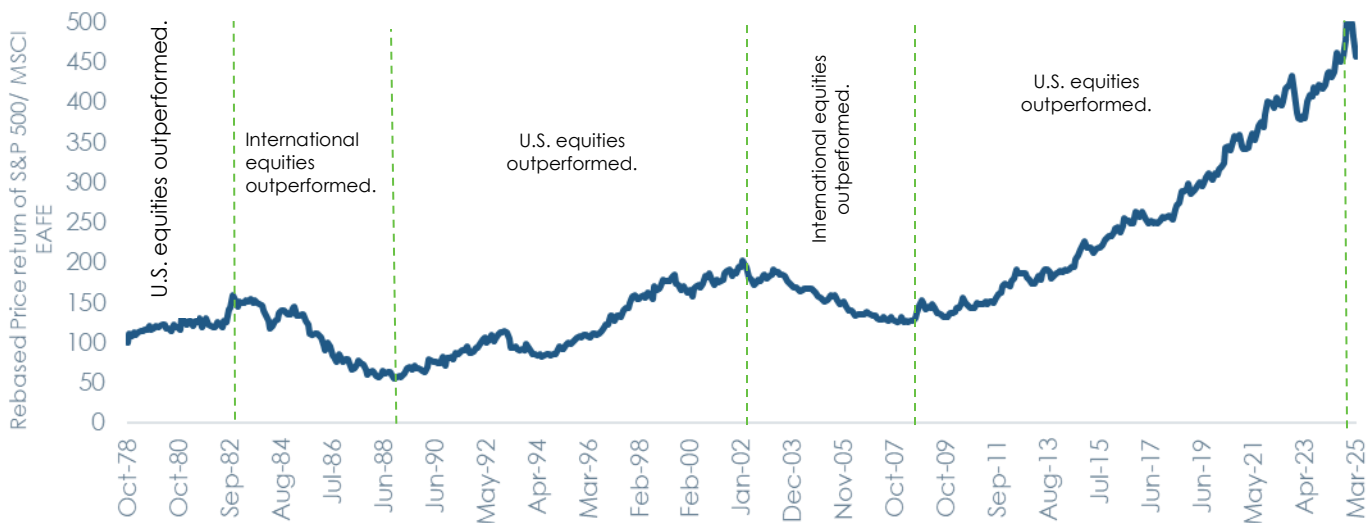
Central bank meetings						
Central banks	Date	Current rate	Expected change by	Probability (%)	Expected change by	Probability (%)
Bank of Canada	04-Jun	2.75%	-	63.0	-0.25	37.0
Federal Open Market Committee	07-May	4.50%	-	91.0	-0.25	9.0
European Central Bank	05-Jun	2.40%	-0.25	77.8	-	22.2
Bank of England	08-May	4.50%	-0.25	96.5	-0.50	3.5
Bank of Japan	01-May	0.50%	-	96.9	+0.25	3.1

Source: LSEG DataStream. LSEG provides centrally calculated probabilities and expected changes for several central bank target interest rates, implied by the market prices of interest rate derivatives. This app displays the probabilities for the two assumed possible rate decisions by each central bank at its next meeting. Possible rate changes are modelled in either 25-basis-point (bp), 10 bp or 20 bp increments based on observation of recent actions. The probabilities are estimated using market prices of Fed fund futures for the Federal Reserve or Overnight Indexed Swaps (OIS) for other central banks. As at April 28, 2025.

## Spotlight

### Global equity exposure supports diversification.

The chart below shows that international and U.S. equities have outperformed over different periods of time. Given the stellar performance of U.S. equities over a decade and a half, it can be difficult to imagine an era when U.S. equities may lag their international peers. However, as past data show, owning international stocks not only provides exposure to unique investment opportunities offered by global businesses but also helps to potentially diversify the political and economic risks associated with overreliance on one market.



Source: LSEG DataStream, as at April 25, 2025.

## Appendix

Global markets (Returns in Canadian dollar terms)				
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Hang Seng	21,980.74	2.74%	-8.14%	5.78%
Shanghai Comp.	3,295.06	0.65%	-5.27%	-5.04%
MSCI ACWI	824.74	3.85%	-3.96%	-5.50%
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Oil	87.01	-2.87%	-15.40%	-15.65%
Natural gas	4.06	-9.65%	-31.49%	-22.30%
Gold	4,559.77	-1.38%	1.74%	21.29%
Silver	46.56	2.87%	-5.12%	12.02%
Copper	6.72	2.56%	-6.95%	17.23%
Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.7217	-0.06%	3.83%	3.80%
USD/EUR	0.8799	0.24%	-4.82%	-8.90%
CAD/EUR	0.6350	0.19%	-1.17%	-5.44%
USD/JPY	143.6475	1.03%	-4.15%	-8.71%
USD/CNY	7.2868	-0.24%	0.29%	-0.75%
USD/MXN	19.5223	-2.20%	-4.58%	-6.52%
GBP/CAD	1.8451	0.20%	-0.73%	2.52%
GBP/USD	1.3316	0.14%	3.07%	6.41%

Source: LSEG DataStream. All equity indexes returns are price returns and do not include dividends.

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