

April 28th, 2025

REVIEW - WEEK OF APRIL 21, 2025

Last week, our focus was on Canadian retail sales figures, S&P Global US PMI Composite Output Index data, US-China trade war developments, as well as the International Monetary Fund's Spring meeting.

In Canada, retail sales fell by 0.4% in February, matching economists' expectations. This drop can be attributed to frontloaded spending in previous months to take advantage of the GST/HST holiday, which ended midway through February. Housing-related expenses also weakened, declining at their fastest rate in over a year, and marking the second-largest drop since 2021. Despite a rise in home sales at the end of 2024, recent data has worsened, potentially impacting housing-related retail spending in the coming months.

South of the border, business activity expanded at the slowest pace since 2023, with the S&P Global US PMI Composite Output Index falling in March. Note that this index is a key indicator for tracking sentiment among purchasing managers in manufacturing, construction, and service firms. The decline indicated a slowdown in activity growth, particularly in the service sector. Also, business sentiment regarding future output fell to its lowest level since July 2022, with concerns over rising costs, supply constraints, and weaker economic growth.

Elsewhere in the world, China's government is contemplating suspending its 125% tariff on certain US imports, such as medical equipment and industrial chemicals like ethane. Additionally, authorities are considering waiving the tariff on plane leases, which would benefit Chinese carriers that pay leasing fees to third-party companies for jet usage. These potential exemptions align with recent US actions, where electronics were excluded from its 145% tariff on Chinese imports earlier this month. In fact, the pullbacks highlight the deep interconnection between the world's two largest economies, with some key industries experiencing significant disruptions due to the escalating trade war.

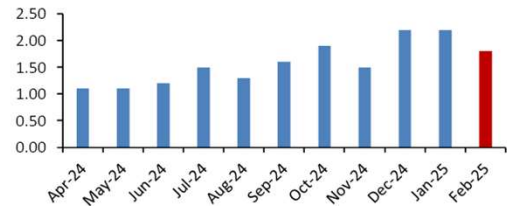
Following intense meetings at the International Monetary Fund last week, most policymakers left Washington feeling disillusioned. They expect Trump's unpredictable behavior to continue fueling uncertainty, dampening spending, investment, and inflation for some time. European Central Bank (ECB) officials indicated they are preparing to lower interest rates further due to anticipated lasting economic damage from US tariffs, even if the Trump administration softens its stance in the coming weeks. Additionally, the euro's appreciation, tighter financing conditions from increased fiscal expenditures, and a drop in energy prices are expected to weigh on prices, bolstering the ECB's case for an eighth quarter-point rate cut in June. Indeed, future actions will largely depend on updated inflation forecasts for the next year and beyond.

Next week, our attention will turn to employment data in the US as well as Canadian Gross Domestic Product.

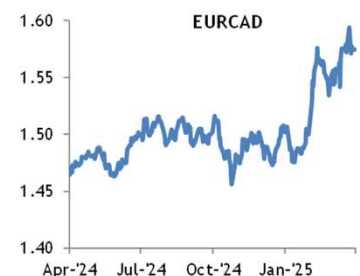
Have a great week!

ECONOMIC RELEASES

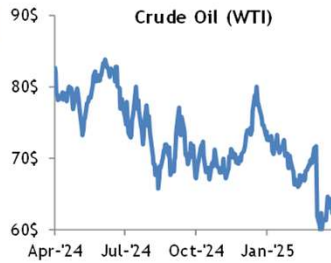
			Expected	Prior
CA	04/30	GDP MoM	0.0%	0.4%
CA	04/30	GDP YoY	1.8%	2.2%
US	04/30	Personal Income	0.4%	0.8%
US	04/30	Personal Spending	0.6%	0.4%
US	04/30	GDP Annualized QoQ	0.4%	2.4%
US	05/02	Change in Nonfarm Payrolls	130k	228k
US	05/02	Unemployment Rate	4.2%	4.2%

CA: GDP YoY (%)


FX		Current	Wkly Chg	% Chg
	USDCAD	1.3861	+0.0046 ↑	0.3%
	EURCAD	1.5744	-0.0032 ↓	-0.2%
	EURUSD	1.1359	-0.0062 ↓	-0.5%
	GBPCAD	1.8495	+0.01 ↑	0.4%
	CADJPY	103.393	+0.8960 ↑	0.9%
	CADCNV	5.2656	-0.0241 ↓	-0.5%
	AUDCAD	0.8869	+0.0077 ↑	0.9%
	CADCHF	0.5981	+0.0052 ↑	0.9%



COMMODITIES		Current (USD)	Wkly Chg	% Chg
	Crude Oil- WTI (bbl.)	62.88	-1.43 ↓	-2.2%
	Diesel - HO (gal.)	216.73	+1.87 ↑	0.9%
	Nat.Gas - NYMEX (MMbtu.)	2.88	-0 ↓	-4.2%
	Gold (t oz.)	3,284.50	-116 ↓	-3.4%
	Corn (bu.)	4.72	-4 ↓	-0.7%
	Soybean (bu.)	10.44	+9 ↑	0.9%
	Wheat (bu.)	5.18	-18 ↓	-3.3%

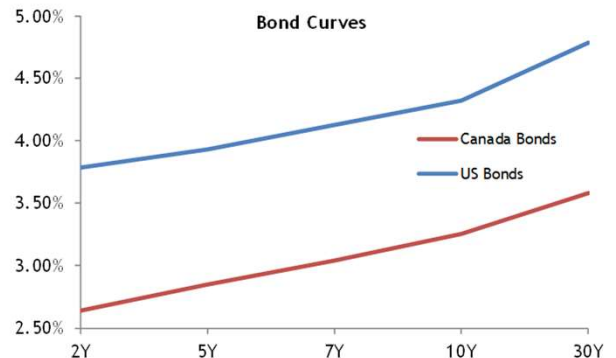


EQUITIES		Current	Wkly Chg	% Chg
	S&P TSX	24,711	+405 ↑	1.7%
	S&P 500	5,525	+237 ↑	4.5%
	Dow Jones	40,114	+927 ↑	2.4%
	Euro Stoxx	5,188	+226 ↑	4.6%
	VIX	25.4	-5 ↓	-16.8%



		Canada Bonds		US Bonds	
		CA	Wkly Chg	US	Wkly Chg
INTEREST RATES	O/N	2.75%	+0.0 bps	4.50%	+0.0 bps
	Prime	4.95%	+0.0 bps	7.50%	+0.0 bps
	2Y	2.64%	+6.4 bps	3.78%	-6.5 bps
	5Y	2.85%	+3.4 bps	3.93%	-10.4 bps
	7Y	3.04%	+1.9 bps	4.13%	-11.8 bps
	10Y	3.25%	+0.8 bps	4.32%	-13.1 bps
	30Y	3.58%	-0.9 bps	4.78%	-14.6 bps

Daily CORRA	2.76000
1M Term SOFR	4.32661
3M Term SOFR	4.28177



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