Market Wrap

JOBS • HOUSING • PRICES • MARKETS

WEEK ENDING OCTOBER 31, 2025

Market Recap

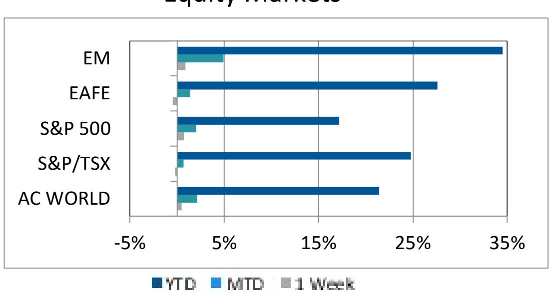
- Global equity markets generated mixed results last week, with some hawkish-leaning rhetoric from central banks coming up against a healthy slate of earnings reports in the United States mega-cap tech space that underpinned riskon sentiment. Out of the 304 S&P 500 companies that have reported so far this earnings season, 83% have managed to beat analyst forecasts. Notably, the Magnificent Seven group of stocks (+3.3% last week) remained unflappable and artificial intelligence-related buying showed no signs of stopping. A further move to de-escalate trade tensions between the United States and China also helped to buoy stock markets last week. The MSCI All Country World rose 0.5%. Regionally, the S&P 500 gained 0.7%, while the S&P/TSX shed -0.3% as trade negotiations between the United States and Canada came to a standstill. Looking abroad, the MSCI EAFE declined -0.5% - while the MSCI gauge of emerging market stocks advanced 0.9% on the back of strong earnings and a global rally in AI-related shares.

- Fixed income markets generated negative results. While both the Federal Reserve and Bank of Canada each delivered a 25 basis-point rate cut, the accompanying communication had a somewhat hawkish-leaning bias – which brought into question expectations for the trajectory for rates from here. Markets were surprised by the tone of the subsequent comments from both Federal Reserve Chair Powell and Bank of Canada Governor Macklem that set the bar for further rate cuts much higher than expected. Specifically in the United States, Chair Powell pushed back against the prospect of a December rate cut, saying that it is far from a foregone conclusion ("in fact, far from it"). Odds of a December cut had been sitting at around 90% ahead of the FOMC gathering but fell back below 70% following Powell's comments. In Canada, Governor Macklem stated that rates are now at "about the right level." Consequently, markets now have the Bank of Canada on hold at both the December 10th and January 28th gatherings. For the week, the Bloomberg US Aggregate Bond Index declined by -0.6%, while the FTSE Canada Bond Universe ended the week unchanged.

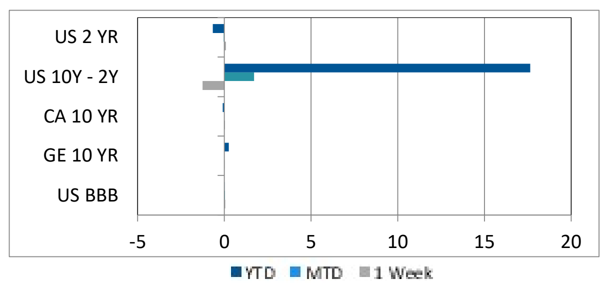
- Crude oil retreated amid concerns about a global supply glut, with OPEC and its allies widely expected to back another supply hike. However, prices advanced over the weekend after OPEC+ said it plans to pause output increases during the first quarter after making another modest hike for next month. Specifically, officials said they would raise crude production by about 137k barrels a day in December – then take a January-to-March hiatus. Gold also declined as traders weighed a US-China trade truce that dented appeal for the safe haven precious metal. Investors also reined-in hopes for a December rate cut from the Federal Reserve. That saw treasury yields rise and reduce the appeal of non-interest-bearing bullion.

- In currency markets, the US dollar (DXY) strengthened after Federal Reserve Chair Powell poured cold water on the likelihood of a December rate cut at the October 29th gathering. Prior to the meeting, the market was pricing a greater than 90% chance of a 25 basis-point rate cut in December – though that fell below 70% following Powell's hawkish-leaning comments in the press conference – and particularly after he said that a December rate cut "is not a foregone conclusion." The greenback was stronger versus all its Group-of-10 peers. The Canadian dollar retreated as Powell's hawkish comments saw treasury yields push higher and widened the differential in yields between the US and Canada.

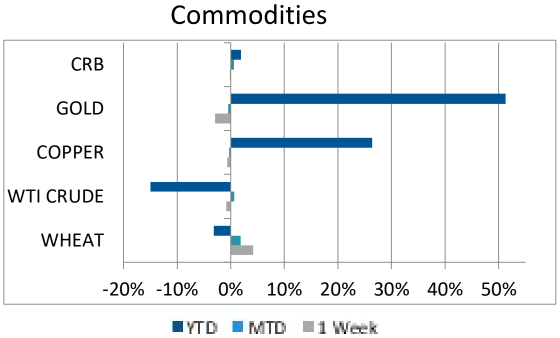
Equity Markets



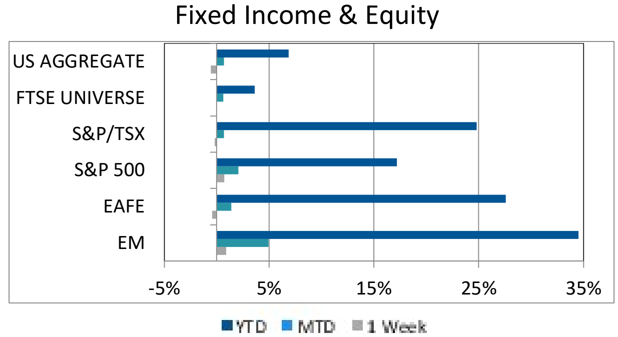
Bond Markets



Commodities



Fixed Income & Equity



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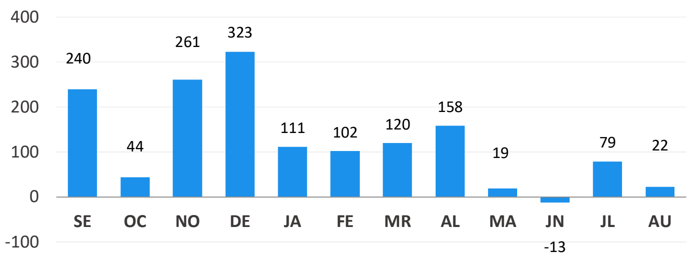
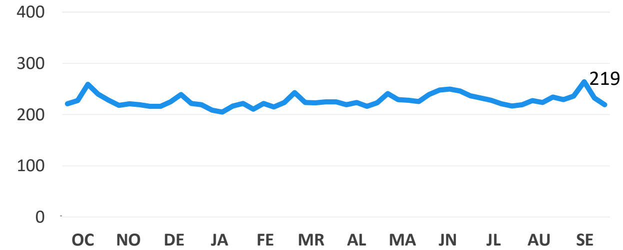
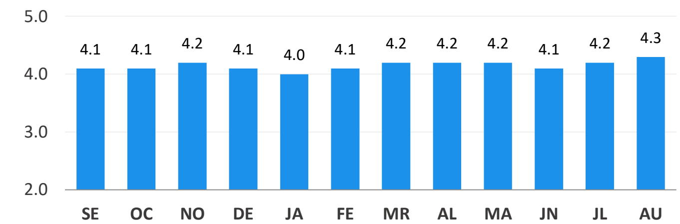
Job Creation (in thousands)*



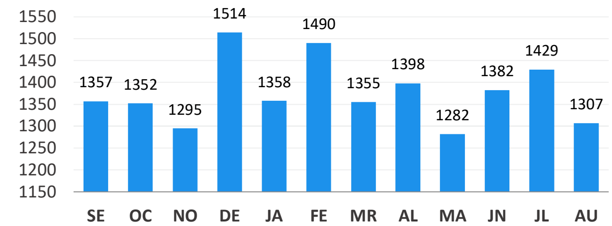
Initial Jobless Claims (in thousands)*



U.S. Unemployment Rate (%)



Housing Starts (in thousands)*



* U.S. Data

10-Year Government Bonds

	January 1, 2025	October 24, 2025	October 31, 2025
Canada	3.22%	3.09%	3.12%
United States	4.56%	4.00%	4.08%
Germany	2.38%	2.63%	2.63%
Japan	1.10%	1.66%	1.67%
United Kingdom	4.60%	4.43%	4.41%
France	3.24%	3.43%	3.42%
Australia	4.43%	4.14%	4.30%
Italy	3.54%	3.42%	3.38%

Commodities, Exchange Rates and Indicators

	January 1, 2025	October 24, 2025	October 31, 2025
Oil	73.13 $	61.50 $	60.98 $
Gold	2 657.90 $	4 113.05 $	4 002.92 $
CAD	0.6943 $	0.7145 $	0.7138 $
EURO	1.0265 $	1.1627 $	1.1537 $
		August	**September**
Inflation* Canada		2.60%	2.80%
Inflation* USA		3.10%	3.00%

* CORE-CPI YOY

Indices as of October 31, 2025

Index (%)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite	0.97	11.70	23.40	28.77	19.56	17.70	11.74
S&P/TSX Small Cap	2.30	21.87	40.81	38.70	22.45	19.07	11.01
S&P 500 (USD)	2.34	8.22	23.59	21.42	22.65	17.62	14.62
S&P 500 (CAD)	3.06	9.68	25.38	22.08	23.78	18.81	15.43
Stoxx Europe 600 (CAD)	1.45	7.42	13.17	24.17	21.69	14.57	8.27
MSCI EAFE (CAD)	1.89	8.96	14.92	23.67	21.14	13.45	8.22
MSCI Emerging Markets (CAD)	4.91	14.58	29.24	28.58	22.19	8.53	8.43
MSCI World (CAD)	2.72	9.48	22.63	22.65	22.78	16.74	12.56

Sources: Bloomberg, Fiera Capital Corporation