



Monthly Market Snapshot

Monthly Overview

February 2025

Stocks started the year off strongly, after mostly declining last month. Canada's main stock index rose to a record high in January, after safe-haven demand fostered by the threat of U.S. trade tariffs lifted the price of gold. The S&P 500 also reached new record highs during the month, as investors digested a stack of key earnings reports, including some from high-flying technology companies.

Canada's benchmark index was 3.3% higher in January, as eight of its underlying sectors were positive during the month. The gain was led by materials and information technology, rising 10.2% and 10.0%, respectively. Health care was the worst-performing sector, with a 2.7% loss. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, eked out 0.5% for the month.

The U.S. dollar appreciated 1.1% versus the loonie in January, increasing returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, rose 2.8% in January. Ten of the benchmark's underlying sectors were in the green during the month with telecommunication services rising 9.1%. International stocks, as measured by the FTSE Developed ex-US Index, rose 4.9% during the month, while emerging markets were up 0.8%.

The investment grade fixed income indices we follow were positive in January. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, rose 1.2% during the month, while the key global investment grade bond benchmark gained 1.3%. Global high-yield issues gained 2.1%.

Turning to commodities, natural gas prices plummeted 16.2% during the month, while the price of a barrel of crude oil rose 1.1%. Gold, silver, and copper had a positive month, gaining 6.5%, 10.3%, and 6.3%, respectively.

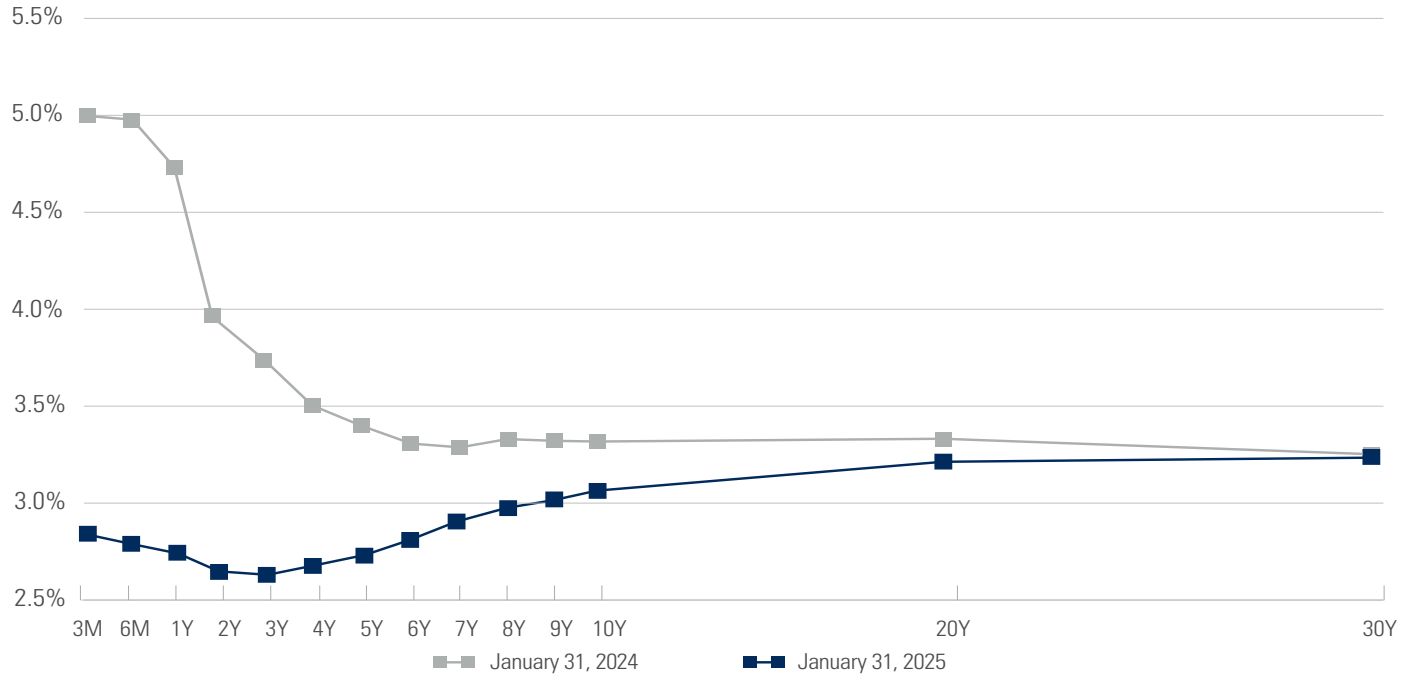
Inflation in Canada cooled to 1.8% year-over-year in December, pushed lower by the temporary GST/HST break that went into effect mid-month. The Canadian economy added 91,000 jobs in December, as the nation's unemployment improved to 6.7%. The Bank of Canada cut its lending rate by 25 basis points in January, bringing it down to 3%. This first rate announcement of 2025 signals that the central bank is still in its cutting phase, continuing its series of cuts that began in June 2024.

U.S. nonfarm payrolls grew by 256,000 in December, improving the unemployment rate to 4.1%. The consumer price index rose 0.4% in December, putting the 12-month inflation rate at 2.9%. Over 40% of the headline inflation increase was due to a 2.6% m/m increase in energy prices. The Federal Open Market Committee maintained the federal funds rate at its current range of 4.25% to 4.5%. The decision came after the central bank trimmed rates three times starting in September 2024.

Content sourced from Bloomberg; data as at January 31, 2025.



Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to January 31, 2025, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	3.3	5.7	10.5	3.3	21.5	6.6	8.1	13.5
S&P/TSX 60	3.9	6.6	11.6	3.9	21.5	6.3	8.3	13.4
S&P/TSX Small Cap	0.5	-0.6	2.7	0.5	17.2	2.3	7.2	18.4
S&P 500	2.8	9.5	14.1	2.8	34.0	14.9	15.3	17.0
FTSE Developed ex US	4.9	5.2	4.0	4.9	13.8	6.2	5.5	16.0
FTSE Developed	3.6	8.6	11.5	3.6	28.0	12.1	12.0	15.9
FTSE Developed Small Cap	3.9	7.4	7.8	3.9	23.1	7.9	8.6	19.3
FTSE Developed Europe	6.9	6.0	4.7	6.9	14.8	6.8	6.2	18.1
FTSE Emerging	0.8	1.6	7.3	0.8	23.1	2.1	3.2	15.3
FTSE All World Asia Pacific	1.2	2.0	4.0	1.2	18.0	4.4	4.3	15.6

Source: Bloomberg.

Table 2: Fixed-Income Returns (%)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE TMX Canada Universe Bond	1.2	2.2	3.4	1.2	6.9	1.0	0.5	7.1
Barclays Global Agg	1.3	2.6	4.2	1.3	8.7	0.6	-0.3	6.6
Barclays High Yield Very Liquid Index	2.1	6.0	9.6	2.1	18.5	8.6	5.8	6.5

Source: Bloomberg.



Table 3: Commodity Prices (Prices and Returns in USD)

Commodity	Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	72.53	1.1	-4.4	4.7
Natural Gas/mmBTU	3.04	-16.2	45.0	12.4
Copper/pound	4.28	6.3	9.5	-1.4
Silver/oz	32.27	10.3	39.3	-1.6
Gold/oz	2812.50	6.5	37.3	2.3

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	0.1	4.5
Consumer Staples	-2.7	2.0
Energy	0.2	2.1
Financials	2.1	6.5
Health Care	-2.9	6.7
Industrials	3.4	5.1
Info Tech	10.0	-2.9
Materials	10.2	5.6
Real Estate	0.1	1.8
Telecom Services	2.2	9.1
Utilites	-0.5	2.9

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q4 (q/q ann. % change)	1.0
Consumer Prices, 12/2024 (y/y % change)	1.8
Unemployment Rate, 12/2024	6.7
United States	
Real GDP- Q4 (q/q ann. % change)	2.3
Consumer Prices, 12/2024 (y/y % change)	2.9
Unemployment Rate, 12/2024	4.1

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	01/31/2025	6 Mos Ago	1 Yr Ago
USD/CAD	1.45	1.39	1.34
EUR/CAD	1.51	1.49	1.45
GBP/CAD	1.80	1.78	1.70
CAD/JPY	106.78	108.62	109.36

Source: Bloomberg.

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