



Monthly Market Snapshot

Monthly Overview

August 2025

July saw stocks continue their upward trend, with Canada's main stock index and the S&P 500 rising for the third straight month, and the Nasdaq for the fourth. This rally pushed the TSX, S&P 500, and Nasdaq to new record highs, bouncing back from the post-Liberation Day selloff. The market was lifted by easing tariffs and trade tensions, a strong start to the earnings season, and a resilient macroeconomic backdrop. Positive developments in the AI sector, increased deal activity, and the passage of the Big Beautiful Bill also helped boost market sentiment. Despite some worries about rising interest rates, the market stayed optimistic, supported by strong economic data.

Canada's benchmark index was 1.5% higher in July, as nine underlying sectors were positive during the month. The gain was led by telecommunication services and information technology, rising 5.0% and 4.5%, respectively. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, rose 1.4% for the month.

The U.S. dollar appreciated 1.8% versus the loonie in July, boosting the 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, gained 3.8% in July. Nine of the benchmark's underlying sectors were in the green during the month, with information technology leading the gain with a 6.9% return. International stocks, as measured by the FTSE Developed ex-US Index, were up 0.3% during the month, while emerging markets rose 3.0%.

The investment grade fixed income indices we follow were mixed in July. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, fell 0.7% during the month, while the key global investment grade bond benchmark lost 0.2%. Global high-yield issues gained 1.7%.

Turning to commodities, natural gas prices fell 10.1% during the month, while the price of a barrel of crude oil gained 6.4%. Copper and gold had a negative month, dropping 13.4% and 0.4%, respectively, while silver gained 2.4%.

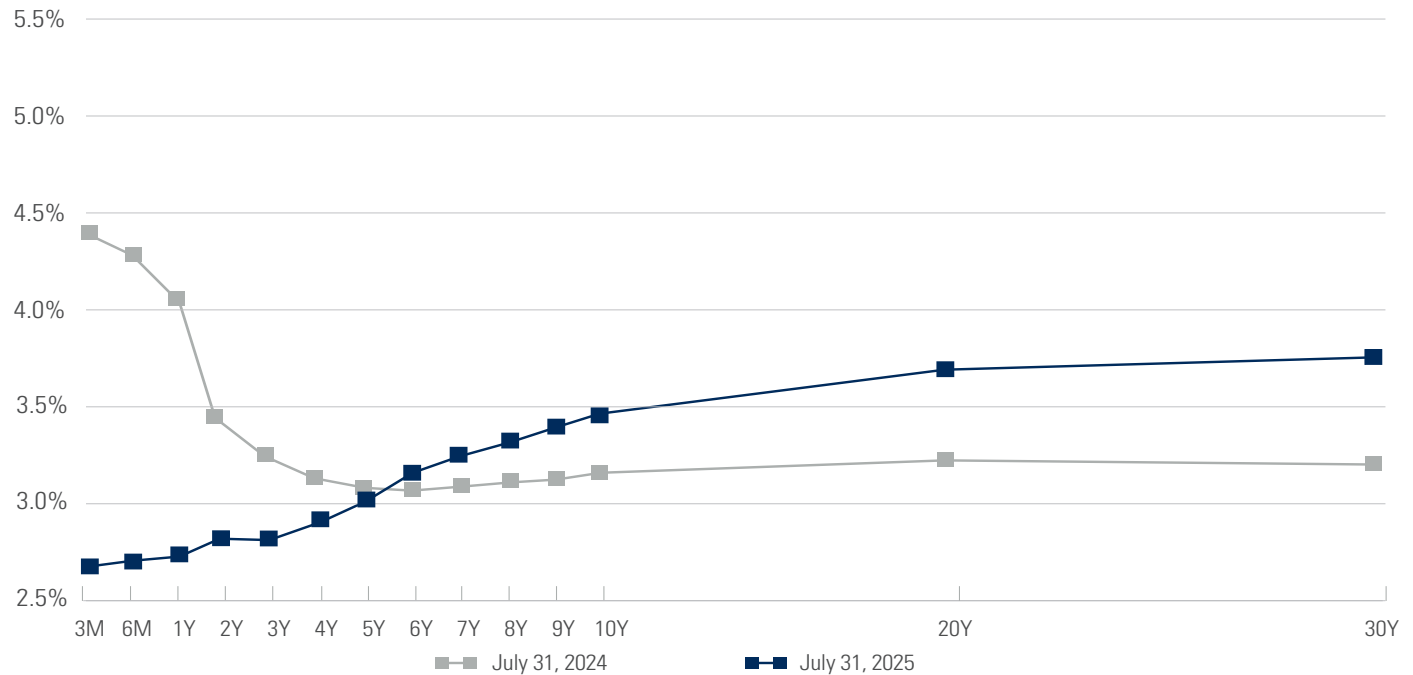
Inflation in Canada came in at 1.9% year-over-year in June, up from the 1.7% print in May. The uptick was due to gasoline prices falling to a lesser extent in June and faster price growth for passenger vehicles and furniture. The Canadian economy added 83,000 jobs in June, as the nation's unemployment rate improved to 6.9%. The Bank of Canada held its overnight interest rate steady at 2.75% for the third consecutive meeting thanks to a recent rise in inflation and a fall in unemployment.

U.S. nonfarm payrolls grew by 143,000 in June, and the unemployment rate improved to 4.1%. The consumer price index rose 0.3% in June, putting the 12-month inflation rate at 2.7%. Energy costs turned higher last month while food prices also came in on the hotter side. The Federal Reserve left its key interest rate unchanged, a widely expected move that comes despite enormous pressure from the Trump administration to lower it. The Fed, in a statement announcing the decision, said that economic growth had moderated in the first half of the year but that inflation remained "somewhat elevated."

Content sourced from Bloomberg.



Canadian Sovereign Yield Curve



Monthly Market Statistics

Data to July 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	1.5	9.7	6.8	10.2	18.0	11.4	11.0	13.0
S&P/TSX 60	1.4	8.4	5.2	9.3	17.3	10.9	10.8	12.9
S&P/TSX Small Cap	1.4	14.9	12.4	13.0	15.3	9.1	11.3	17.8
S&P 500	3.8	14.1	0.9	3.7	15.1	18.4	14.9	16.4
FTSE Developed ex US	0.3	6.4	6.5	11.8	10.7	13.1	8.3	15.2
FTSE Developed	2.9	11.9	2.7	6.4	14.5	17.0	12.6	15.2
FTSE Developed Small Cap	2.9	12.2	-0.7	3.2	7.0	10.9	9.4	18.5
FTSE Developed Europe	0.0	4.4	6.7	14.1	11.8	14.9	9.1	16.5
FTSE Emerging	3.0	10.0	7.0	7.8	14.8	10.9	4.2	14.6
FTSE All World Asia Pacific	2.6	9.9	7.2	8.5	11.5	11.4	5.6	15.0

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	-0.7	-0.7	-0.5	0.7	2.9	2.7	-0.8	6.0
Barclays Global Agg	-0.2	0.1	0.3	1.6	4.5	4.1	-1.4	6.6
Barclays High Yield Very Liquid Index	1.7	4.2	-1.1	0.9	8.4	10.4	5.2	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	69.26	6.4	-11.1	19.0
Natural Gas/mmBTU	3.11	-10.1	52.6	-6.6
Copper/pound	4.35	-13.4	4.3	-4.5
Silver/oz	36.71	2.4	26.9	12.9
Gold/oz	3293.20	-0.4	35.7	-0.8

Source: Bloomberg.

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

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	2.0	4.3
Consumer Staples	1.9	-0.9
Energy	2.6	4.5
Financials	0.9	1.5
Health Care	-6.5	-1.9
Industrials	-0.5	4.6
Info Tech	4.5	6.9
Materials	0.0	1.1
Real Estate	4.4	1.5
Telecom Services	5.0	4.0
Utilities	2.5	6.6

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q1 (q/q ann. % change)	2.2
Consumer Prices, 06/2025 (y/y % change)	1.9
Unemployment Rate, 06/2025	6.9
United States	
Real GDP- Q2 (q/q ann. % change)	3.0
Consumer Prices, 06/2025 (y/y % change)	2.7
Unemployment Rate, 06/2025	4.2

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	07/31/2025	6 Mos Ago	1 Yr Ago
USD/CAD	1.39	1.38	1.38
EUR/CAD	1.58	1.51	1.49
GBP/CAD	1.83	1.80	1.78
CAD/JPY	108.81	106.78	108.62

Source: Bloomberg.

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