Global Asset Management

Keys to the market

What happened this week

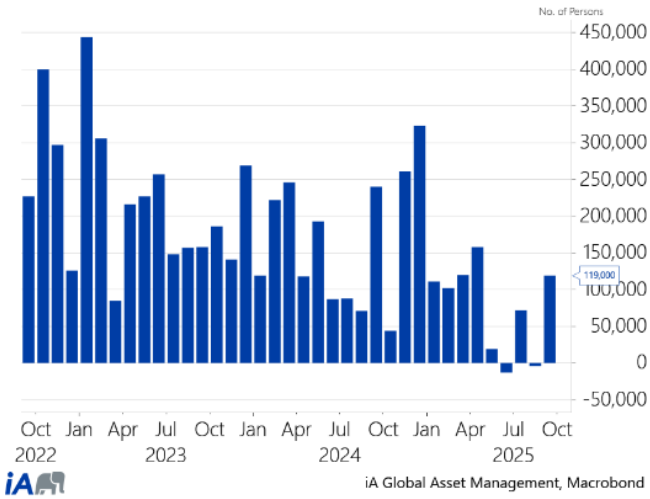
November 21, 2025

In Canada, inflation slowed to 2.2% in October from 2.4%, moving closer to the Bank of Canada's 2% target. This decrease was driven by gasoline prices plunging nearly 9% year-over-year, while food and shelter costs eased modestly. Core inflation dipped to 3%, reinforcing a gradual disinflation trend. Housing starts fell 17% to 232,765 units, marking a seven-month low as Toronto and Vancouver posted sharp declines. Retail sales excluding autos rose 0.2% in September, a softer pace than August, but better than expected. Meanwhile, a major policy development was the signing of the **Canadian Mutual Recognition Agreement**, set to take effect in December. The deal seeks to reduce interprovincial trade barriers by recognizing equivalent standards for goods and services—except food—across all provinces and territories. Ottawa estimates this could unlock $200 billion in economic benefits, improving efficiency for sectors like construction and manufacturing and fostering a more integrated domestic market.

In the United States, September's jobs report showed a rebound in hiring, with payrolls up 119K, the strongest gain in five months, led by health care and food services. However, the unemployment rate rose to 4.4%, its highest since 2021, as the labour force expanded and government employment continued to shrink. Since October's report was cancelled due to the historic federal shutdown, these figures will be the last labour input before the Federal Reserve's December meeting. Existing home sales climbed 1.2% in October to an eight-month high of 4.10 million units, supported by easing mortgage rates and tighter inventories. The median price held at $415,200, while supply fell to 4.4 months. Analysts expect slowing rents and improving affordability to reinforce expectations for further Fed rate cuts, potentially sustaining momentum in the housing market.

U.S.: Net Change in Nonfarm Payrolls

U.S. Bureau of Labor Statistics (BLS), MoM, as at 9/2025



Highlights

- In Canada, inflation eased to 2.2% amid slowing housing starts and a deal aiming to reduce interprovincial trade barriers.
- In the U.S., hiring rebounded with 119K jobs, unemployment rose, and home sales hit an eight-month high.

On our radar

- Canada: GDP, manufacturing and wholesale sales for October
- United States: PPI and retail sales for September, durable goods orders, new home sales, and PCE price index for October

Bond market

Bond yields moved around a touch this week. Early on, bonds saw a bid stemming from initial concerns about softening labour market conditions. By midweek, pressure emerged related to news that the Fed will not have fresh labour data by its next meeting, causing futures to nearly price out any chance of a December cut. Eventually, a building risk-off tone in the market and associated flight to quality encouraged a bid in bonds, along with conjecture by some Fed members that a December cut was still in the cards. By week's end, U.S. 10s were down around 8 basis points to just above 4.5%, while futures were pricing more than a 50% chance of a December rate cut. In Canada, inflation data fell short of expectations, but any news up north was overshadowed by the goings-on in the U.S. and debate over potential policy action at the Fed's next meeting. And even though they did not make headlines, credit markets felt the pinch from a pervasive risk-off tone, with U.S. IG choppily adding 4 basis points since the start of the month to sit around 85 basis points, while U.S. HY recently broke above 300 basis points. Nonetheless, both levels are still at the low end of the range.

Stock market

The final major earnings week featured positive surprises. Nvidia reported exceptional results, with revenues increasing 62% year-over-year and achieving a record sequential revenue growth of $10 billion. However, this was not enough to move the broader market meaningfully, reflecting increasing market concerns about an AI bubble. Meanwhile, Walmart also posted a strong quarter, citing gains across all income cohorts. While the company cautioned about potential price increases in the coming months, we note that its adjustments have been less than half of the CPI increase, suggesting that future hikes are likely to be moderate. Walmart expressed optimism about the holiday season, reiterating confidence in overall consumer health, though performance among lower-income segments remains weaker, as anticipated. Other retailers, including Gap, TJX, Lowe's and Ross Stores, reported positive results and highlighted a strong start to the current quarter.

Markets
(Total returns, in CAD)

As of November 20, 2025	WTD %	MTD %	YTD %	1Y %	3Y %	5Y %
Equities						
S&P 500	-2.62	-3.96	9.96	12.41	21.86	16.32
S&P/TSX	-1.37	-1.10	23.76	22.72	17.92	15.30
NASDAQ	-3.57	-6.63	11.94	16.87	29.34	16.81
MSCI ACWI	-2.65	-3.51	12.60	14.98	20.32	14.00
MSCI EAFE	-2.72	-1.74	21.21	24.42	17.41	10.49
MSCI EM	-0.75	-1.71	27.93	29.43	18.59	7.10
Commodities (USD)						
Gold	-0.17	1.86	55.35	53.82	32.55	16.86
CRB	-1.10	-1.87	-1.17	-0.81	-1.86	4.44
WTI	-1.58	-3.02	-17.54	-14.13	-9.61	7.01
Fixed income						
FTSE TMX Canada Universe	-0.03	-0.45	3.22	5.04	4.72	-0.12
FTSE TMX Canada Long	-0.21	-1.00	0.89	3.20	3.82	-3.35
FTSE TMX Canada Corporate Overall	-0.05	-0.31	4.54	6.48	6.90	1.73
Currencies (USD)						
DXY	0.87	0.35	-7.68	-6.11	-2.16	1.63
USDCAD	0.52	0.61	-2.00	0.87	1.77	1.48
USDEUR	0.81	0.08	-10.19	-8.53	-3.60	0.56
USDJPY	1.89	2.26	0.17	1.31	3.91	8.68
USDGBP	0.75	0.61	-4.27	-3.23	-3.11	0.32

	CA	U.S.
Bond yields		
2Y	2.47	3.53
5Y	2.80	3.65
10Y	3.22	4.08
30Y	3.67	4.72

Source: iA Global Asset Management, Bloomberg

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