MACKENZIE Investments

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Weekly Market Snapshot

For the week ending April 25, 2025

Equities

Local currency, price only, % change

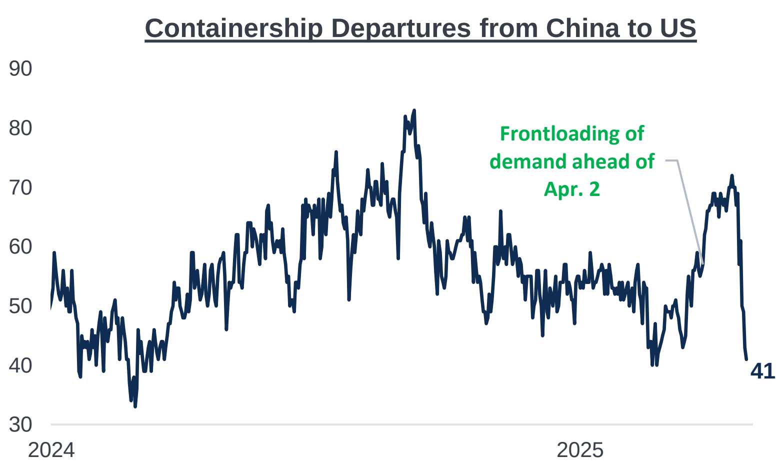
	2025-04-25	Week	QTD	YTD	1Y
S&P/TSX Composite	24,711	2.1%	-0.8%	-0.1%	12.9%
S&P/TSX Small Cap	801	0.9%	-1.9%	-1.6%	6.0%
S&P 500	5,525	4.6%	-1.5%	-6.1%	9.4%
NASDAQ	17,383	6.7%	0.5%	-10.0%	11.3%
Russell 2000	1,958	4.1%	-2.7%	-12.2%	-1.2%
UK FTSE 100	8,415	1.7%	-2.0%	3.0%	4.2%
Euro Stoxx 50	5,154	4.4%	-1.8%	5.3%	4.4%
Nikkei 225	35,706	2.8%	0.2%	-10.5%	-5.1%
MSCI China (USD)	70	3.4%	-4.8%	9.2%	24.6%
MSCI EM (USD)	1,097	2.7%	-0.4%	2.0%	6.7%

Fixed income

Total return, % change

	2025-04-25	Week	QTD	YTD	1Y
FTSE Canada Universe Bond	1,176	-0.2%	-1.4%	0.6%	8.7%
FTSE Canada All Corporate Bond	1,450	0.1%	-1.1%	0.7%	9.3%
Bloomberg Canada High Yield	193	0.4%	-0.7%	0.4%	6.3%

Chart of the week: From forecast to reality



Interest rates - Canada

Change in bps

	2025-04-25	Week	QTD	YTD	1Y
3-month T-bill	2.65	0	3	-51	-227
GoC bonds 2 yr	2.59	7	13	-34	-176
GoC bonds 10 yr	3.17	4	21	-5	-70
GoC bonds 30 yr	3.50	4	28	17	-24

Currencies and Commodities

In USD, % change

	2025-04-25	Week	QTD	YTD	1Y
CADUSD	0.721	-0.1%	3.8%	3.8%	-1.5%
US Dollar Index	99.47	0.2%	-4.5%	-8.3%	-5.8%
Oil (West Texas)	63.95	-1.1%	-10.5%	-10.8%	-24.9%
Natural Gas	2.94	-9.5%	-28.7%	-7.0%	-6.0%
Gold	3,320	-0.2%	6.3%	26.5%	42.3%
Copper	4.90	2.2%	-3.7%	19.6%	6.8%

Canadian sector performance

Price return, % change

	Week	YTD
Energy	1.7%	-4.0%
Materials	-0.7%	22.0%
Industrials	-0.8%	-3.6%
Cons. Disc.	2.4%	-0.2%
Info Tech	9.4%	-5.8%
Health Care	5.0%	-15.9%
Financials	3.2%	-2.7%
Cons. Staples	1.3%	3.0%
Comm. Services	-0.9%	-4.7%
Utilities	1.7%	4.6%
Real Estate	0.9%	-1.3%

The global trade slowdown is no longer just a forecast—it is now evident in the hard data. Previously, the effects of Trump's April 2 "Liberation Day" tariffs were largely confined to soft indicators. Now, a collapse in US-China shipping activity offers one of the clearest signs yet that the other shoe to drop will be found in the real economy. ***According to the latest port data, inbound container bookings from China to the US have fallen as much as 60% since tariffs were raised to 145% in early April.***

Several factors are behind the plunge. Massive tariffs on Chinese goods, including apparel, footwear, and toys, have effectively frozen trade. Retailers like Target have cancelled orders, leaving goods stranded, while small businesses are facing crippling tariff bills. After importers rushed shipments ahead of the April 2 deadline—boosting March volumes—activity has collapsed. The Port of Los Angeles alone reports over 80 cancelled sailings, while the Los Angeles Board of Harbour Commissioners expect imports to fall by ~35% in early May.

The collapse risks a supply shock, threatening global and US growth. As the world's largest economies, the US and China anchor global supply chains. Trade disruptions could lead to shortages of apparel (37% of US imports), footwear (58%), toys, electronics, and perishables like fish by summer 2025.

Prices are spiking, with the National Retail Federation (NRF) warning of a 20% import drop in the second half of the year, due to a "holiday tax" on back-to-school and Christmas goods. Small businesses risk abandoning containers, clogging ports as during COVID, while consumer sentiment hits historic lows, with inflation fears at a 34-year high and a 40% risk of recession according to Bloomberg's consensus forecast. Large retailers like Walmart pledge low prices, but this would come at the cost of their profit margins, risking inflation or demand collapse if consumers balk…

*…**For markets, this marks a structural reset in US-China trade relations and the overall global trade system.** Disruptions could ripple across industrials, consumer discretionary, and transport sectors (e.g. lower port volumes could cut trucking demand). While President Trump hints at selective tariff relief under pressure from retailers, China has denied claims of negotiations, demanding full tariff revocation. **Although a US-Japan tariff deal could pave the way for agreements with other countries, an eight-week supply chain lag suggests summer disruptions are likely inevitable, even if US-China negotiations restart.** Investors should closely monitor retail earnings, consumer sentiment, and trade talks, while also watching for supply chain shifts—particularly China's pivot toward Southeast Asia and the US' increasing reliance on countries such as Mexico and India.*

Tariff sugar high

Global equities rallied sharply last week, with the S&P 500 breaking above the 5,500 level, following President Trump's denial of plans to fire Fed Chair Powell and signs of potential de-escalation on China tariffs alongside a US-Japan trade deal. US Treasury yields softened, with the 10-year dipping back to ~4.25%, while the US Dollar Index (DXY) stabilized just below 100—but remains far from its January high of 110. In commodities, WTI crude (-2.6%) fell to $63/bbl, gold was largely flat, and natural gas (-9.5%) plunged.

Recent US economic data has surprised to the upside, but a closer look suggests much of the resilience may be due to front-loading ahead of the April 2 "Liberation Day" tariffs. March indicators showed unexpected strength: durable goods orders surged 9% m/m, new home sales jumped 7.4%, and the flash April US manufacturing PMI remained in expansionary territory above 50. Retail sales also rose a solid 0.7% m/m. While these point to momentum, much reflects households and businesses rushing purchases before expected tariff-driven price hikes—mirroring the pre-tariff import surge seen in 2018–2019.

Sector trends support this view. Durable goods strength, particularly in transportation equipment and machinery, suggests stockpiling ahead of cost increases. New home sales rose despite higher mortgage rates, reflecting a rush to secure deals before material costs climb—existing home sales remain weak (-5.9% m/m in March). Even the PMI's stabilization likely stems from firms building inventories ahead of anticipated supply chain disruptions from a collapse in China-originating port traffic (see chart comments for more). Retail strength appears similarly defensive, with consumer sentiment at historic lows and inflation expectations at a 34-year high.

Meanwhile, the tariff landscape remains highly uncertain. Although President Trump announced a 90-day pause on reciprocal tariffs for most countries (excluding China), ongoing uncertainty historically weighs on hiring, investment, and capex plans. Even the threat of escalation can paralyze business decision-making and slow economic momentum. **Corporate earnings guidance is flashing warning signs.** During Q1 earnings calls, many CEOS are citing tariffs and supply chain disruptions as key risks. According to Bloomberg, full-year S&P 500 earnings growth forecasts have been cut in half, from low to mid-teens at the start of 2025 to just 7.6%.

Taken together, while headline economic prints may look strong for now, the underlying health of the economy is more fragile. History shows that tariff front-running often leads to an air pocket in demand once incentives fade, especially if higher prices and supply chain disruptions persist. With monetary policy still tight and little fiscal cushion, **the risks to growth are clearly skewed to the downside.** Investors should be cautious when interpreting recent data as a signal of sustainable reacceleration. Instead, the likely path ahead points toward gradual economic deceleration, higher volatility, and continued downward revisions to earnings expectations as the full impact of tariffs and trade uncertainty ripples through the system.

The week in review

- US President Trump says he has no intention of firing Fed Chair Powell.
- US President Trump announces US is very close to a Japan tariff deal.
- Canadian retail sales (Feb.) fell -0.4% m/m (in line with expectations), after the prior month's -0.6% decline. The flash estimate for March estimates a 0.7% gain ahead of the April 2 Liberation Day.
- US Beige Book signals that an economic slowdown is ahead.
- US durable goods orders (Mar.) surged 9.2% m/m (versus 2.0% expected), after the prior month's downwardly revised 0.9% increase.
- US existing home sales (Mar.) fell -5.9% m/m to 4.02 million units annualized (versus -3.1% expected), the largest drop since November 2022. Conversely, new home sales surged 7.4% from an upwardly revised 3.1% in the prior month.
- Germany slashes 2025 growth forecast to 0% amid US tariffs.
- ECB President Lagarde says that restoring price stability is "nearing completion."
- Eurozone trade surplus (Feb.) expanded to $21.0 billion (versus $15.0 billion expected), up from an upwardly revised $14.4 billion surplus in the prior month.
- Purchasing Managers Index (PMI) recap (Apr., change from prior reading in brackets): US S&P Manufacturing 50.7 (+0.5), S&P Services 51.4 (-3.0); Eurozone HCOB Manufacturing 48.7 (+0.1), S&P Services 49.7(-1.3); UK S&P Manufacturing 44.0 (-0.9), S&P Services 48.9 (-3.6); and Japan Jibun Bank Manufacturing 48.5 (+0.1), Jibun Bank Services 52.2 (+2.2).

The week ahead

- Canadian Federal Election
- Canadian GDP data
- BoJ monetary policy announcement
- BoC Summary of Deliberations for the April decision
- US GDP and employment data
- US personal spending and income, and ISM data
- Japanese retail sales, industrial production and employment data
- Eurozone GDP, CPI, and employment data
- Australian National Election
- 183 S&P 500 and 42 S&P/TSX companies report earnings