

June 16<sup>th</sup>, 2025

### REVIEW - WEEK OF JUNE 9, 2025

Last week, our focus was on Canadian manufacturing and wholesale sales, U.S inflation data, recent developments in the ongoing trade war, and the geopolitical conflict between Iran and Israel.

In Canada, the goods-producing sector showed renewed signs of strain in April, with both manufacturing and wholesale sales falling more than anticipated. Manufacturing sales dropped 2.8%, the sharpest monthly decline since October 2023, bringing the total value of shipments to a two-year low. The downturn was broad-based, but particularly acute in petroleum and coal products (-10.9%), motor vehicles (-8.3%), and primary metals (-4.4%), all hit by weakening global demand and persistent supply chain disruptions. Wholesale sales also fell 2.3%, driven largely by a steep pullback in the motor vehicle and parts subsector. Together, these figures point to a loss of momentum in Canada's industrial economy and raise fresh concerns about the strength of the economy's growth in Q2.

In the U.S, the inflation data released this week came in cooler than expected on both consumer and producer fronts, strengthening the market's confidence in potential Federal Reserve (Fed) rate cuts later this year. Consumer prices rose 0.1% month-over-month and 2.4% year-over-year, with core CPI also up just 0.1% month-over-month (MoM) and 2.8% year-over-year (YoY). Also, producer prices surprised to the downside, with both the yearly and monthly figures below economists' expectations. The numbers suggest that inflationary pressures, while still elevated relative to the Fed's 2% target, are moderating consistently across sectors.

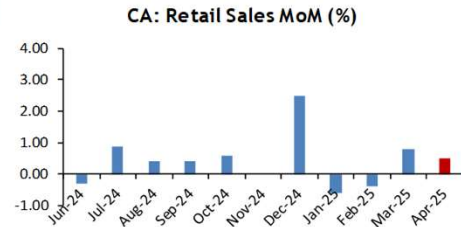
With regards to tariff developments, a high-level meeting between the U.S. and China led to a tentative trade agreement framework, easing tensions ahead of broader global talks. Quiet diplomatic engagement continues with allies including Japan, the UK, and Canada, with the attention now turning to the G7 summit in Alberta where global trade, energy security, and digital infrastructure will be key topics.

In other news, geopolitical risk surged on June 13th following Israeli airstrikes on Iranian nuclear facilities, raising fears of a broader conflict in the region. Iran responded with a coordinated drone and missile attack, primarily targeting Israeli defense outposts and oil infrastructure. This led to a sharp rally in all-oil related products, which initially surged by 6 - 10% as markets feared supply risks. The S&P 500 and Nasdaq ended the day lower, and investors shifted into gold while treasury yields traded higher. The Canadian and American dollar both climbed on Friday, supported by rising crude oil prices. USDCAD fell to 1.3590, its lowest level since October 2024, signaling renewed strength in the loonie.

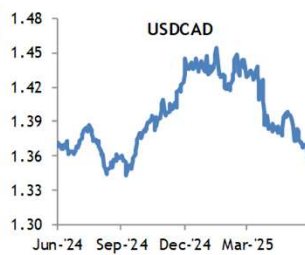
Next week, our attention will turn to retail sales data from Canada and the U.S, the Federal Reserve's interest rate decision, and the G7 summit.

Have a great week!

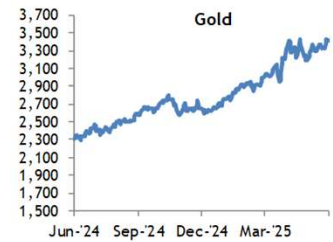
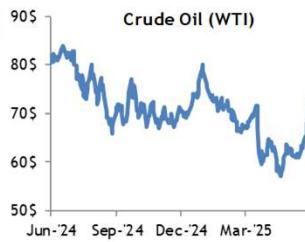
ECONOMIC RELEASES				Expected	Prior
US	06/17	Retail Sales MoM		-0.60%	0.10%
US	06/18	FOMC Rate Decision (Upper Bound)		4.50%	4.50%
US	06/18	Housing Starts		1359k	1361k
CA	06/20	Retail Sales MoM		0.50%	0.80%
CA	06/20	Retail Sales Ex Auto MoM		-0.20%	0.70%



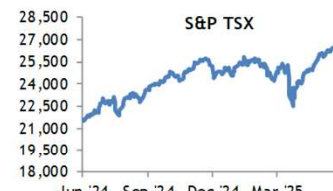
FX		Current	Wkly Chg	% Chg
	USDCAD	1.3574	-0.0126 ↓	-0.9%
	EURCAD	1.5712	+0.0067 ↑	0.4%
	EURUSD	1.1576	+0.0154 ↑	1.3%
	GBPCAD	1.8437	-0.01 ↓	-0.7%
	CADJPY	106.170	+0.6310 ↑	0.6%
	CADCNY	5.2901	+0.0403 ↑	0.8%
	AUDCAD	0.8846	-0.0081 ↓	-0.9%
	CADCHF	0.5974	-0.0025 ↓	-0.4%



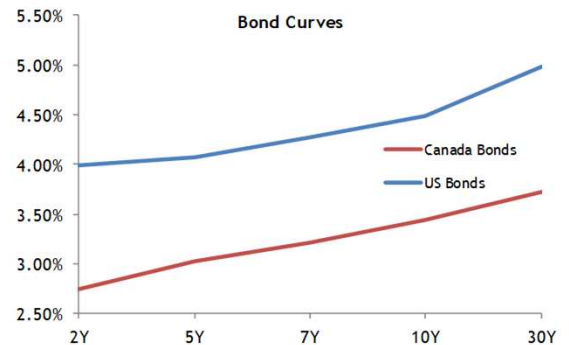
COMMODITIES		Current (USD)	Wkly Chg	% Chg
	Crude Oil- WTI (bbl.)	72.19	+6.90 ↑	10.6%
	Diesel - HO (gal.)	238.00	+23.36 ↑	10.9%
	Nat. Gas - NYMEX (MMbtu.)	3.71	+0 ↑	2.1%
	Gold (t oz.)	3,416.60	+85 ↑	2.5%
	Corn (bu.)	4.39	+6 ↑	1.3%
	Soybean (bu.)	10.71	+15 ↑	1.4%
	Wheat (bu.)	5.37	-5 ↓	-1.0%



EQUITIES		Current	Wkly Chg	% Chg
	S&P TSX	26,504	+129 ↑	0.5%
	S&P 500	5,977	-29 ↓	-0.5%
	Dow Jones	42,198	-564 ↓	-1.3%
	Euro Stoxx	5,315	-107 ↓	-2.0%
	VIX	20.1	+3 ↑	17.3%



INTEREST RATES	Canada Bonds			US Bonds		
		CA	Wkly Chg	US	Wkly Chg	
	O/N	2.75%	+0.0 bps	4.50%	+0.0 bps	
	Prime	4.95%	+0.0 bps	7.50%	+0.0 bps	
	2Y	2.75%	+2.9 bps	3.99%	-3.9 bps	
	5Y	3.02%	+2.2 bps	4.07%	-5.3 bps	
	7Y	3.21%	+3.2 bps	4.27%	-5.5 bps	
	10Y	3.44%	+3.4 bps	4.48%	-4.0 bps	
	30Y	3.72%	+5.3 bps	4.98%	-1.0 bps	



	Daily CORRA	2.75000
	1M Term SOFR	4.31176
	3M Term SOFR	4.31847

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