Investors are shaken but not tariff-ied.

The economy

- Major U.S. equity market indexes finished in negative territory amid periods of volatility during the week ending February 7, due to concerns regarding disappointing corporate results from several mega-cap tech companies, and, at the end of the period, mixed employment data. This offset a market rally earlier in the week as investors expressed relief in response to the delay in the Trump administration's tariffs on imports from Canada and Mexico.
- On Monday, the Trump administration reached agreements with Canada and Mexico to delay a 25% across-the-board tariff on Mexico and a 25% tariff on Canada (with an exception for energy, which faces a 10% duty) for 30 days. In exchange, Mexico agreed to send 10,000 troops to the border to combat the flow of fentanyl into the U.S., and Canada pledged to appoint a fentanyl czar, list cartels as terrorists, and launch a joint strike force with the U.S. to combat organized crime, fentanyl trafficking, and money laundering.
- There was notable news this week regarding the U.S. labor market. The Department of Labor reported that U.S. payrolls expanded by a lower-than-expected total of 143,000 jobs in January—a substantial decrease from the 307,000 positions added in December, which represented an upward adjustment of 51,000 from the government's initial tally last month. The unemployment rate dipped 0.1 percentage point to 4.0%. The health care sector added 44,000 positions during the month, followed by retail trade and social assistance, which gained 34,000 and 22,000 jobs, respectively. In contrast, employment in the mining, quarrying, and oil and gas extraction industry declined by 8,000. Average hourly earnings rose 0.5% and 4.1% in January and year-over-year, respectively.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), another gauge of the status of the U.S. labor market, job openings in the U.S. fell by 556,000 (8.1%) to 7,600,000 in December (the most recent reporting period) and were down significantly from the 8,889,000 openings a year earlier. There were notable month-over-month declines in open positions in professional and business services, health care and social assistance, and finance and insurance. Conversely, there was an upturn in job openings in arts, entertainment, and recreation.
- While more homeowners are refinancing their mortgages, homebuyers appear to be sitting on the sidelines. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. rose 2.2% during the week ending January 31, compared to the previous seven-day period. The MBA's Refinance Index advanced 12.0% and 17.0% for the week and the previous 12-month period, respectively. However, the Purchase Index fell 4.0% for the week and rose just 0.2% year-over-year. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage declined 6 basis points (0.06%) to a six-week low of 6.89% during the week ending February 6. The rate exceeded the two-year low of 6.08% recorded on September 26, 2024, but was 90 basis points below the 24-year high of 7.79% reached on October 26, 2023.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) ended January at 50.9%—1.7 percentage points higher than the 49.2% reading in December—indicating modest expansion in the U.S. manufacturing sector. (A PMI reading above 50% indicates an increase in manufacturing activity.) The ISM's Employment Index climbed 4.9 percentage points to 50.3% in January, while the New Orders Index rose three percentage points to 55.1%—expanding for the third consecutive month.

Stocks

- Global equities saw mixed performance over the week. Emerging markets modestly outperformed developed markets.
- U.S. equities lost ground during the week. Consumer staples and real estate were the top-performing sectors, while consumer discretionary and communication services were the primary market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.49% over the week.
- Global bond markets posted gains for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

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The Numbers as of February 7, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.7%	4.0%	17.5%	875.3
MSCI EAFE ($)	0.7%	6.0%	7.9%	2397.5
MSCI Emerging Mkts ($)	0.8%	2.5%	10.5%	1102.2
US & Canadian Equities				
Dow Jones Industrials ($)	-0.5%	4.1%	14.4%	44303.4
S&P 500 ($)	-0.2%	2.5%	20.6%	6026.0
NASDAQ ($)	-0.5%	1.1%	23.6%	19523.4
S&P/ TSX Composite (C$)	-0.4%	2.9%	21.6%	25442.9
UK & European Equities				
FTSE All-Share (£)	0.2%	5.6%	13.8%	4719.0
MSCI Europe ex UK (€)	1.0%	8.1%	10.8%	1908.1
Asian Equities				
Topix (¥)	-1.8%	-1.7%	6.8%	2737.2
Hong Kong Hang Seng ($)	4.5%	5.4%	33.1%	21133.5
MSCI Asia Pac. Ex-Japan ($)	0.6%	1.9%	13.2%	580.0
Latin American Equities				
MSCI EMF Latin America ($)	2.2%	11.7%	-18.4%	2069.7
Mexican Bolsa (peso)	3.2%	6.7%	-8.5%	52834.0
Brazilian Bovespa (real)	-1.2%	3.6%	-2.8%	124617.6
Commodities ($)				
West Texas Intermediate Spot	-2.6%	-1.5%	-7.4%	70.6
Gold Spot Price	1.8%	9.0%	40.8%	2860.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.7%	1.3%	2.4%	469.4
JPMorgan Emerging Mkt Bond	0.7%	2.0%	9.2%	914.8
10-Year Yield Change (basis points*)				
US Treasury	-5	-8	34	4.49%
UK Gilt	-6	-9	43	4.48%
German Bund	-9	1	2	2.37%
Japan Govt Bond	6	20	60	1.30%
Canada Govt Bond	1	-15	-47	3.08%
Currency Returns**				
US$ per euro	-0.3%	-0.2%	-4.2%	1.033
Yen per US$	-2.5%	-3.7%	1.4%	151.35
US$ per £	0.1%	-0.8%	-1.6%	1.241
C$ per US$	-1.8%	-0.7%	6.1%	1.429

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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