

Weekly Bottom Line

April 25, 2025

Highlights

U.S.

- Trade tensions between the world's two largest economies simmered this week, with the U.S. administration hinting that the tariffs on China would likely be lowered in the very near future.
- But President Trump appeared frustrated with the lack of progress among other countries, and threatened to reimpose the reciprocal tariffs in the coming weeks if trade deals weren't signed.
- Amidst all the uncertainty, the housing recovery appears to be on hold. Existing home sales declined to a six-month low in March.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	5489	5283	6144	4983
S&P/TSX Comp.	24649	24193	25808	21517
DAX	22243	21206	23419	17339
FTSE 100	8407	8276	8871	7679
Nikkei	35706	34730	42224	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.28	4.32	4.79	3.62
Canada 10-yr Bond	3.18	3.14	3.87	2.83
Germany 10-yr Bund	2.47	2.47	2.90	2.03
UK 10-yr Gilt	4.50	4.57	4.89	3.76
Japan 10-yr Bond	1.34	1.29	1.59	0.79
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.72	0.72	0.74	0.69
Euro (USD per EUR)	1.14	1.14	1.15	1.02
Pound (USD per GBP)	1.33	1.33	1.34	1.22
Yen (JPY per USD)	144.0	142.2	161.7	140.6
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	62.4	64.7	83.9	59.6
Natural Gas (\$US/MMBtu)	2.87	2.93	9.33	1.22
Copper (\$US/met. tonne)	9398.9	9161.0	10800.8	8571.4
Gold (\$US/troy oz.)	3273.8	3326.9	3424.0	2286.3

*As of 11:10 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Signs of Cooling Trade Tensions Soothe Markets



Note: Data as of 11:42 AM ET, Friday, April 25, 2025.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets

Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	4.25 - 4.50%
Bank of Canada (Overnight Rate)	2.75%
European Central Bank (Refi Rate)	2.40%
Bank of England (Repo Rate)	4.50%
Bank of Japan (Overnight Rate)	0.50%

Source: Bloomberg.

TD Economics Key Financial Forecasts

	Current Rate 4/25/25	2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	4.50	5.50	5.50	5.00	4.50	4.50	4.25	4.00	4.00	3.50	3.00	3.00	3.00
2-yr Govt. Bond Yield	3.78	4.59	4.71	3.66	4.25	4.00	3.75	3.50	3.25	3.00	3.00	3.00	3.00
10-yr Govt. Bond Yield	4.28	4.20	4.36	3.81	4.58	4.30	4.20	4.00	3.85	3.75	3.75	3.75	3.75
30-yr Govt. Bond Yield	4.73	4.34	4.51	4.14	4.78	4.55	4.50	4.30	4.15	4.05	4.05	4.05	4.05

Forecast by TD Economics as of March 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

Searching for the Signal Amidst A Lot Of Noise

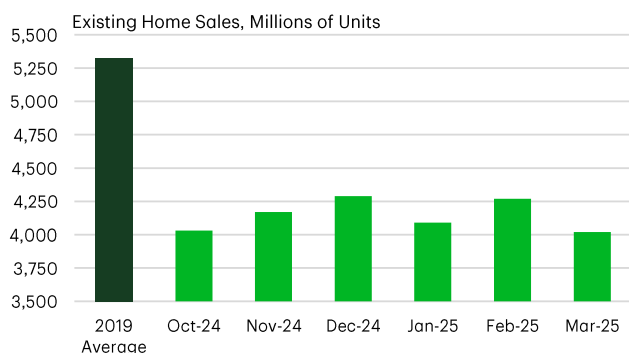
Thomas Feltmate, Director & Senior Economist
416-944-5730

Disentangling the signal from the noise on U.S. trade matters is becoming an increasingly difficult task. This week, President Trump and U.S. Treasury Secretary Scott Bessent both called out the tariffs on China as being “too high”. At 145%, Bessent said trade with China becomes “unsustainable” and that he expects the current situation to de-escalate in the “very near future”. China appears open to negotiations and even went as far as exempting some U.S. goods from its retaliatory tariffs. The abrupt U-turn in the administration’s tone alongside President Trump’s assurance that he will not remove Fed Chair Powell, helped to fuel a mid-week rally in U.S. equities, with the S&P 500 ending the week up 3.5%. But investors remained skeptical of whether the move to de-escalate was the beginning of a broader pivot or simply backpedaling on the overly punitive levies imposed on China given the significant economic repercussions.

Despite claims of over 90 countries having offered to negotiate trade terms, President Trump appears to be growing frustrated with the lack of progress made on reaching deals. He even went as far threatening to re-impose the “reciprocal” tariffs on some countries over the coming weeks if trade deals weren’t signed.

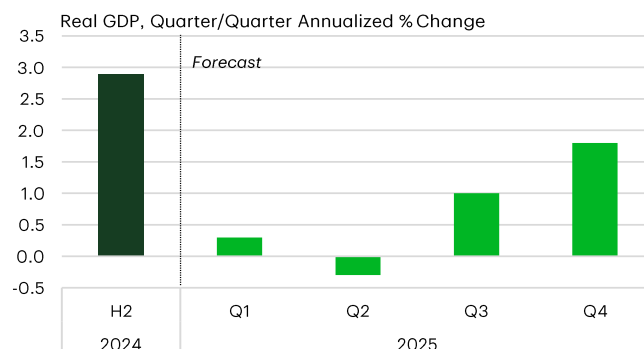
But even if there’s a big push on trade negotiations over the coming weeks, at least some economic damage has already been done. In the April release of the Federal Reserve’s Beige Book, several districts noted a considerable worsening in the economic outlook amid heightened uncertainty stemming from tariffs. Spending on both business and leisure travel were down, with some districts seeing an outright decline

Chart 1: U.S. Home Sales Remain Well Below 2019 Levels



Source: National Association of Realtors, TD Economics.

Chart 2: U.S. Economy Expected to Stall in H1-2025



Source: Bureau of Economic Analysis, TD Economics.

in international visitors. On inflation, many businesses noted that they’re already seeing input costs rise and that they expect to pass-on at least some of the additional costs to consumers. But this may not be possible for some consumer-facing sectors, who are already reporting more tepid demand.

Estimates done by Reuters suggest that of the S&P 500 companies who have already reported quarterly earnings, over 90% have mentioned tariff risks in their earnings transcripts. This is more than double what was mentioned the prior quarter and underscores how today’s uncertainty is touching nearly all industries. This does not bode well for capital spending.

The housing recovery is also looking to be on hold. Existing home sales declined 5.9% m/m in March, falling to a six-month low of 4.0 million units (Chart 1). With mortgage rates again within spitting distance of 7%, and households increasingly worried about employment prospects, we’re likely to see a further pullback in sales activity over the coming months. Construction activity was also sharply lower in March, amid elevated trade uncertainty and higher input costs. Homebuilder confidence for April remained soft, suggesting little rebound in near future.

Our current tracking for first quarter real GDP (released April 30th) suggests economic growth grew by just 0.3% annualized after expanding by an above trend pace of 2.9% through the second half of 2024 (Chart 2). But the GDP release will play second fiddle to next week’s more timely April jobs report. Expectations are that the economy added 130k jobs in April, a meaningful stepdown from March’s 228k pace.

Exhibits

Recent Key Economic Indicators: Apr 21 - 25, 2025					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Apr 23	S&P Global US Composite PMI	Apr	Index	51.2	53.5
Apr 23	S&P Global US Manufacturing PMI	Apr	Index	50.7	50.2
Apr 23	S&P Global US Services PMI	Apr	Index	51.4	54.4
Apr 23	Building Permits	Mar	Thsd	1467.0	1482.0
Apr 24	Cap Goods Orders Nondef Ex Air	Mar	M/M % Chg.	0.1	-0.3
Apr 24	Durable Goods Orders	Mar	M/M % Chg.	9.2	0.9
Apr 24	Initial Jobless Claims	Apr-25	Thsd	222.0	216.0
Apr 24	Existing Home Sales	Mar	Mlns	4.02	4.27
Canada					
Apr 22	Industrial Product Price	Mar	M/M % Chg.	0.5	0.6
Apr 24	Payroll Employment Change (SEPH)	Feb	Thsd	-49.0	14.4
Apr 25	Retail Sales	Feb	M/M % Chg.	-0.4	-0.6
Apr 25	Retail Sales Ex Auto	Feb	M/M % Chg.	0.5	0.1
International					
Apr 22	JN Jibun Bank Japan PMI Mfg	Apr	Index	48.5	48.4
Apr 22	JN Jibun Bank Japan PMI Services	Apr	Index	52.2	50.0
Apr 24	JN Tokyo Consumer Price Index	Apr	Y/Y % Chg.	3.5	2.9
Apr 25	UK Retail Sales Ex Auto Fuel	Mar	Y/Y % Chg.	3.3	1.8

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Apr 28 - May 2, 2025						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Apr 29	8:30	Advance Goods Trade Balance	Mar	Blns	-146.0	-147.8
Apr 29	9:00	S&P CoreLogic CS 20-City NSA	Feb	Y/Y % Chg.	-	4.7
Apr 29	9:00	S&P CoreLogic CS US HPI NSA	Feb	Y/Y % Chg.	-	4.1
Apr 29	10:00	Job Openings	Mar	Thsd	-	7568.0
Apr 29	10:00	Conf. Board Consumer Confidence	Apr	Index	87.0	92.9
Apr 30	8:15	ADP Employment Change	Apr	Thsd	128.0	155.0
Apr 30	8:30	Gross Domestic Product (Annualized)	1Q	Q/Q % Chg.	0.2	2.4
Apr 30	8:30	Personal Consumption	1Q	Q/Q % Chg.	-	4.0
Apr 30	10:00	Personal Income	Mar	M/M % Chg.	0.4	0.8
Apr 30	10:00	Real Personal Spending	Mar	M/M % Chg.	-	0.1
Apr 30	10:00	Pending Home Sales	Mar	M/M % Chg.	-	2.0
May 1	8:30	Initial Jobless Claims	Apr-25	Thsd	-	222.0
May 1	9:45	S&P Global US Manufacturing PMI	Apr	Index	-	50.7
May 1	10:00	ISM Manufacturing	Apr	Index	48.1	49.0
May 1	0:00	Wards Total Vehicle Sales	Apr	Mlns	16.8	17.8
May 2	8:30	Change in Nonfarm Payrolls	Apr	Thsd	130.0	228.0
May 2	8:30	Unemployment Rate	Apr	%	4.2	4.2
May 2	8:30	Average Hourly Earnings	Apr	M/M % Chg.	0.3	0.3
May 2	10:00	Factory Orders	Mar	M/M % Chg.	4.5	0.6
May 2	10:00	Factory Orders Ex Trans	Mar	M/M % Chg.	-	0.4
May 2	10:00	Durable Goods Orders	Mar	M/M % Chg.	-	9.2
May 2	10:00	Cap Goods Orders Nondef Ex Air	Mar	M/M % Chg.	-	0.1
Apr 26 - May 5		Fed's External Communications Blackout				
Canada						
Apr 30	8:30	Gross Domestic Product	Feb	M/M % Chg.	-	0.4
Apr 28	10:30	Release: Market Participants Survey				
Apr 30	13:30	Publication: Summary of Deliberations				
International						
Apr 29	19:50	JN Retail Sales	Mar	Y/Y % Chg.	3.6	1.3
Apr 29	21:30	CH Manufacturing PMI	Apr	Index	-	50.5
Apr 29	21:45	CH Caixin China PMI Mfg	Apr	Index	-	51.2
Apr 30	8:00	MX Gross Domestic Product NSA	1Q	Y/Y % Chg.	-	0.5
Apr 30	5:00	EZ Gross Domestic Product SA	1Q	Q/Q % Chg.	0.2	0.2
Apr 30	5:00	EZ Gross Domestic Product SA	1Q	Y/Y % Chg.	1.1	1.2
Apr 30	20:30	JN Jibun Bank Japan PMI Mfg	Apr	Index	-	48.5
May 1	19:30	JN Jobless Rate	Mar	%	2.4	2.4
May 2	5:00	EZ Consumer Price Index Estimate	Apr	Y/Y % Chg.	2.1	2.2
May 2	5:00	EZ Unemployment Rate	Mar	%	6.1	6.1
*Eastern Standard Time. Source: Bloomberg, TD Economics.						

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