

Economic Commentary

US & Global Markets

February 2025

United States

Headline Consumer price index (CPI) and Personal consumption expenditures (PCE) printed 3.0% and 2.5% year-over-year (YoY) in January.

Growth expectations revised downwards with heightened trade tensions, and the Federal Reserve has hit the brakes on its rate cutting cycle due to elevated inflation.

Nonfarm payrolls printed 125,000 while the unemployment rate printed 4.0%. Other indicators such as the quits rate and vacancy-unemployed ratio are showing signs of labor market cooling.

Japan

Monetary policy normalization broadly intact with the Bank of Japan (BoJ) raising its overnight rate to 0.50%.

As was forecasted by market participants and the central bank, inflation went up and printed 4.0% in January, up from 3.7% in December.

Real interest rates remain negative, and the market expects further rate hikes from the BoJ.

Canada

The US government is expected to impose tariffs on Canada beginning March 4, 2025.

CPI rose 1.9% on a YoY basis in January, up from a 1.8% gain in December.

Employment rose by 76,000 in January and the unemployment rate fell to 6.6%.

With economic activity subdued, trade tensions looming and interest rates above neutral, the Bank of Canada is expected to deliver another 25 bps cut in March.

China

Another fiscal stimulus package is on its way, that is expected to hit the 5% growth target in 2025 despite the US tariffs on Chinese exports.

The package is expected to stimulate consumption in the economy, which has experienced deflationary pressures and is in excess supply for the past few quarters.

Eurozone

The European Central Bank (ECB) held its rate steady at 2.9% in February.

Inflation printed 2.5%, up from 2.2% in December 2024, while the unemployment rate came down to 6.2%.

Germany is expected to deliver a fiscal spending package which could potentially revise up growth expectations in the region.

India

Headline and core inflation continued its downward trend (4.3% in January), with the economy in excess supply.

As was expected, the Reserve Bank of India (RBI) cut policy rate to 6.25%.

	CPI	Unemployment Rate	Policy Rate	Real Policy Rate	Real GDP (Q4)
United States	3.0%	4.0%	4.50%	1.5%	2.3%
Canada	1.9%	6.6%	3.0%	1.1%	2.2%
Eurozone	2.5%	6.2%	2.9%	0.4%	0.6%
Japan	4.0%	2.5%	0.5%	-3.5%	2.2%
India	4.3%	8.0%	6.25%	1.9%	6.2%
China	0.5%	5.1%	3.6%	3.1%	5.4%

*Annualized