

Financial HARTbeat

Falling populations?
Aug 11th 2025



Good Morning,




57 of 195 globally followed countries had a shrinking population last year....hard to believe but what are the trickle-down effects of this?

Nvidia and AMD to pay 15% of China chip sale revenue to the US...not sure how they plan to enforce this action...however, an interesting tactic...

Putin-Trump “summit” what if anything comes out of this...

Catch the playback of our Weekly Roundup [Click here](#)

Chart of the Day: We think Cdn market underpricing likelihood of a cut in September in Canada..

	 Bank of Canada	 Federal Reserve	 European Central Bank
Rates			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.76%	4.50%	2.00%
Next meeting			
Next meeting date	September 17, 2025	September 17, 2025	September 11, 2025
Market-implied policy rate*	2.65%	4.27%	1.98%
Spread vs. current rate	-11 bp	-23 bp	-2 bp
Probability of...			
... hike	0%	0%	0%
... hold	56%	7%	91%
... cut	44%	93%	9%
Rate cuts			
25bps cuts priced in over...			
... next 3 months	0.7	1.5	0.2
... next 6 months	-	2.8	0.6
... next 12 months	-	4.4	-

*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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Top News

Futures point to flat open to start the week as investors geared up for a busy week, while major chip companies fell on the eve of a key tariff deadline with China following the latest twist in U.S. trade policy. Gains were kept in check after a Financial Times report said Nvidia and AMD agreed to give part of their revenue from certain chips sold in China in exchange for export licenses to that country. Investors will be keeping a close eye on the inflation readings this week which is set to be released Tuesday, and the producer price index, due out Thursday, will be critical in shaping the outlook for the direction of interest rates, especially for the Federal Reserve's September meeting.

Oil prices edged higher on Monday, after falling more than 4% last week, as investors looked ahead to talks between the U.S. and Russia later this week on the war in Ukraine.

European shares were broadly flat on Monday, as investors refrained from making big bets ahead of a key U.S. inflation data, tariff negotiations and talks between the U.S. and Russia on the war in Ukraine. Ukrainian President Volodymyr Zelenskiy won diplomatic backing from Europe and the NATO alliance ahead of the Russia-U.S. summit this week in Alaska on Friday, where Kyiv fears Russian President Vladimir Putin and U.S. President Donald Trump may try to dictate terms for ending the 3-1/2-year war. Further weighing on European stocks was a 28% plunge in Orsted after the Danish wind farm developer unveiled a 60-billion-crown (\$9.4 billion) rights issue, citing adverse developments in the U.S. offshore wind market.

Britain's blue-chip index climbed on Monday, led by healthcare and consumer shares, but losses in defense stocks ahead of this week's renewed Russia-Ukraine peace negotiations capped gains. On Monday, data showed that hiring intentions by British businesses fell to their weakest since the COVID-19 pandemic, and recruiters said starting pay was rising at the slowest pace in more than four years, adding to signs of a weakening jobs market.

China and Hong Kong stocks rose on Monday as investors focused on U.S.- China trade truce developments, while shrugging off weekend data that highlighted persistent deflationary pressures in



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the world's second-largest economy. China's producer prices fell more than expected in July, while consumer prices were unchanged, underscoring the impact of sluggish domestic demand and persistent trade uncertainty on consumer and business sentiment. The producer price index (PPI) fell 3.6% year on year in July, National Bureau of Statistics (NBS) data showed on Saturday, missing economists' forecast of a 3.3% slide and matching the near 2-year low recorded in June.

Raising 2025 GDP Forecast (Argus)

We are raising our 2025 estimate for GDP growth to 1.4% from 1.0%. We expect GDP to be up 2.2% in 3Q, 0.8% in 4Q, and 1.7% in 2026. U.S. consumers have been the engine of economic growth -- and that should continue with unemployment low at 4.2%. But with demand for workers growing more slowly, earnings are rising at a softer pace. That may weigh on spending and GDP growth. Our near-consensus GDP estimates are below the Congressional Budget Office's 2.3% estimates for potential GDP, the rate of growth that is consistent with full utilization of resources and stable inflation. Growth in nonfarm payrolls has slowed to just 35,000 over the last three months from 168,000 in 2024. We would expect payroll growth to be near 100,000 at full employment of 4.3%. Hiring, as well as layoffs, have been on hold because of economic uncertainty, according to interviews the Fed conducted for its Beige Book survey of economic conditions. Real personal income excluding transfer payments grew 1.3% in June, down from 2.8% in June 2024. An additional reason for muted growth is that consumer spending on services, which represents 47% of GDP, rose just 0.6% in 1Q and 1.1% in 2Q after rising 2.9% in both 2023 and 2024. The important ISM Services Index has averaged a barely expansionary 50.3 in the three months through July, compared with a monthly average of 52.4 in 2024. The ISM said "tariff-related impacts" are the most common topic among survey panelists. We do not expect a recession despite near-term challenges.

If there is a downturn, it should be short and mild. The Fed has room to reduce interest rates. With modest wage growth and no stimulus checks, inflation should stay contained. Uncertainty from tariffs should be coming to an end and President Trump has pledged of business and investments from trading partners. Wealthy consumers are enjoying high home prices and a buoyant stock market. Retroactive tax breaks in the "BBB" could lead to big, beautiful, tax returns in 2026.



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Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	2.91%	-1.4
CDA Prime	4.95%	0.0	CDA 10 year	3.37%	-1.5
CDA 3 month T-Bill	2.66%	0.0	CDA 20 year	3.66%	-1.4
CDA 6 month T-Bill	2.67%	0.0	CDA 30 year	3.74%	-1.4
CDA 1 Year	2.68%	0.0			
CDA 2 year	2.66%	-0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.82%	-0.7
US Prime	7.50%	0.0	US 10 year	4.27%	-1.6
US 3 month T-Bill	4.15%	0.4	US 30 year	4.83%	-2.5
US 6 month T-Bill	4.13%	0.7	5YR Sovereign CDS	39.97	
US 1 Year	3.93%	0.0	10YR Sovereign CDS	47.93	
US 2 year	3.76%	0.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			678.65	-0.01%	6.80%
BMO Laddered Preferred Shares (ETF)			11.87	-0.08%	8.40%

Source: LSEG

Things are looking up! Have a great day!

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