

Financial HARTbeat

Canada a wild card
Aug 13th 2025



Good Morning,

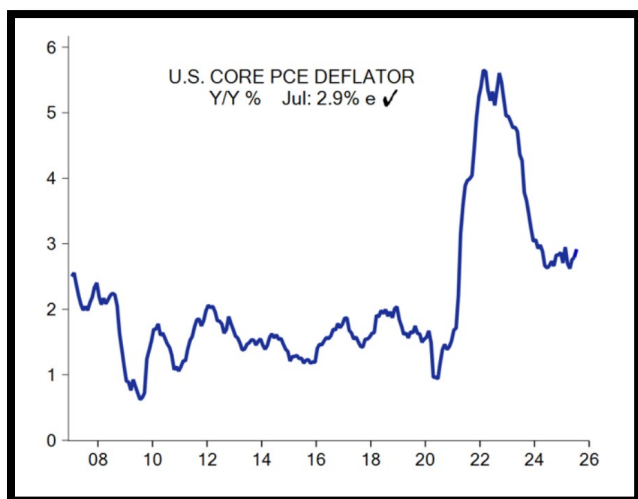
Argus suggesting Canada is a wild card from an economic point of view...with our neighbours to the south playing hardball...

Our leadership appears to have a real opportunity to bring leaders together to see how Canada repositions for a new future...

Canada dollar has been quite resilient throughout the trade war...will be interesting to watch..

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

Chart of the Day: With this data point yesterday...September cut all but assured..



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Ben Hart
Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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Top News

U.S. futures point to a higher open buoyed by increasing confidence that the Federal Reserve could restart its monetary policy easing cycle next month. Signs that U.S. tariffs have not fully filtered into headline consumer prices sparked a relief rally on Wall Street yesterday. Traders are now pricing in a nearly 94% chance of a rate cut at the Federal Reserve's September meeting.

Investors will be looking ahead at Thursday's producer price index report on wholesale inflation will add another piece of the economic picture. The report comes ahead of the Fed's Jackson Hole meeting on Aug. 21-23, which could also help shape expectations for the central bank's next policy move.

Oil prices edged lower on Wednesday after the IEA noted supply overtaking demand this year, while investors awaited Friday's meeting between U.S. President Donald Trump and Russian President Vladimir Putin.

Gold rose on Wednesday on expectations of interest rate cut in September, while a weaker dollar bolstered demand. European shares hit a near two-week high on Wednesday, with technology and defense stocks recovering from recent losses, after tame U.S. inflation data cemented expectations of interest rate cuts by the Federal Reserve next month.

German inflation eased to 1.8% in July, the federal statistics office said on Wednesday, confirming preliminary data. German consumer prices, harmonized to compare with other European Union countries, had risen by 2.0% year-on-year in June. German 30-year bond yields fell on Wednesday, retreating from a 14-year high hit the previous day, after partially catching up with short-dated yields and re-steepening the curve.

London shares rallied on Wednesday, with the blue-chip FTSE 100 index reaching a one-week intraday peak.

Japan's Nikkei share average breached the 43,000-mark for the first time on Wednesday, with the broader Topix index also scaling a fresh all-time peak, tracking Wall Street's overnight gains and extending



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the rally to a sixth straight session. Japan's annual wholesale inflation slowed for the fourth straight month in July, data showed on Wednesday, underscoring the central bank's view that upward price pressure from raw material costs will dissipate. The corporate goods price index (CGPI), which measures the price companies charge each other for their goods and services, rose 2.6% in July from a year earlier, data showed, slowing from the previous month's 2.9% increase. It compared with a median market forecast for a 2.5% rise.

Mainland China and Hong Kong stocks rose for the third straight session on Wednesday, with the Shanghai benchmark posting its highest close in nearly four years, as prospects of a Federal Reserve interest rate cut next month lifted investor sentiment

India, China Growth Leaders (Argus)

The outlook for the global economy into 2026 has improved, according to the latest World Economic Outlook from the International Monetary Fund. By the numbers, the world economy is now expected to expand at a 3.0% rate in 2025 (up from the prior forecast of 2.8%) and at a 3%.1 rate in 2026 (versus the prior 3.0%). Though solid, these rates are below the 2024 growth rate of 3.4% and the long-term historical global growth rate of 3.8%, due to the impact of tariff uncertainty, inflation, and higher interest rates. For advanced economies, growth is forecast at 1.5% in 2025, followed by 1.6% in 2026. These forecasts have been lowered in recent months due to trade wars. Among the advanced regions, the U.S. economy is expected to grow the fastest this year, at a 1.9% rate, while Japan's forecast is for 0.7% and Europe is estimated at 1.0% (up from the prior forecast of 0.8%).

For emerging economies, growth forecasts call for 4.1% in 2025 and 4.0% in 2026. The clear leaders are expected to be India and China, with average growth for the two years of 6.4% and 4.5%, respectively. These growth nations have different drivers: population growth in India, which points toward commodity and industrial-based infrastructure products; and productivity growth in China, which suggests spending on healthcare, technology, and financial services, as GDP/capita grows.

Mexico and Canada are likely to be wild cards in the global economic landscape in coming years, as they have been targeted for high tariffs by President Trump. Despite the uncertainty, global stocks are off to a



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strong start in 2025, with the EFA index (ETF = EFA) of developed companies up 17% year to date and the emerging markets ETF (EEM) up 16%

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	2.94%	-2.5
CDA Prime	4.95%	0.0	CDA 10 year	3.40%	-3.1
CDA 3 month T-Bill	2.68%	0.0	CDA 20 year	3.70%	-3.3
CDA 6 month T-Bill	2.67%	0.2	CDA 30 year	3.78%	-3.3
CDA 1 Year	2.68%	0.0			
CDA 2 year	2.69%	-2.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.78%	-3.8
US Prime	7.50%	0.0	US 10 year	4.25%	-3.9
US 3 month T-Bill	4.13%	-1.0	US 30 year	4.85%	-4.0
US 6 month T-Bill	4.07%	-1.6	5YR Sovereign CDS	39.96	
US 1 Year	3.87%	-2.4	10YR Sovereign CDS	48.41	
US 2 year	3.70%	-3.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			679.44	0.00%	6.93%
BMO Laddered Preferred Shares (ETF)			11.86	0.00%	8.31%

Source: LSEG

Things are looking up! Have a great day!

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