

# Financial HARTbeat

Inflation cools  
Aug 19<sup>th</sup> 2025



Good Morning,

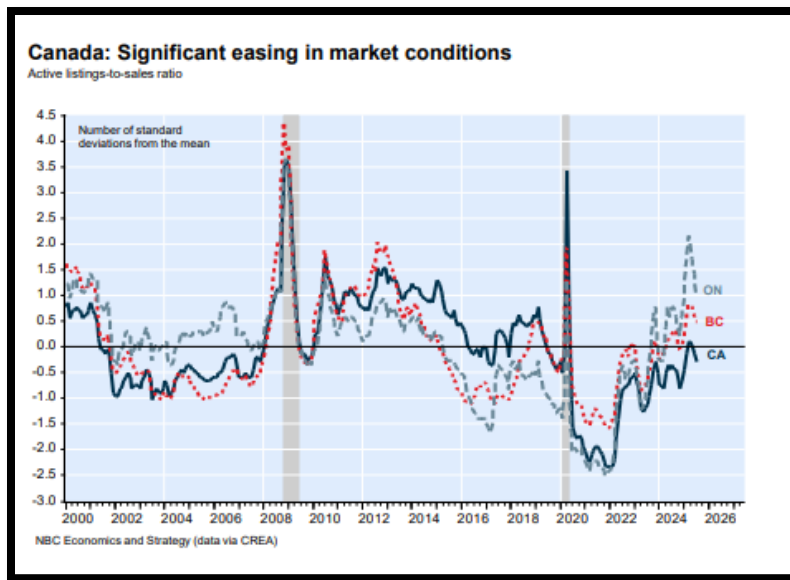
Well if you were hoping for a rate cut in September in Canada your odds just increased after CPI number out of Canada...lighter than expected...

Home prices down for sixth consecutive month in Canada...(Ottawa slight uptick)

Palo Alto Networks...good earnings and positive outlook...stock up on the news..

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

**Chart of the Day: Housing visual...Ontario and BC falling...**



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## Top News

U.S. stock index futures were set for a mixed open on Tuesday as markets assessed the outcome of a summit between leaders from the U.S., Europe and Ukraine, while awaiting policy cues from an annual Federal Reserve symposium later this week. On Monday U.S. President Donald Trump told Ukrainian President Volodymyr Zelenskiy that Washington would help guarantee Ukraine's security in any peace deal to end Russia's war, though the extent of any assistance was not immediately clear. Zelenskiy hailed the promise as "a major step forward," adding that the guarantees would be "formalized on paper within the next week to 10 days" and saying Ukraine offered to buy about US\$90 billion worth of U.S. weapons. In a social media post late on Monday, Trump said he had called the Russian leader and begun arranging a meeting between Putin and Zelenskiy, to be followed by a trilateral summit among the three presidents. Trump told European leaders that Putin suggested that sequence, according to a source in the European delegation.

Investors looked ahead to Federal Reserve Chairman Jerome Powell's speech at the Jackson Hole symposium later this week. Powell's comments will be scrutinized for any clues on the central bank's outlook on the economy and monetary policy. Futures markets imply at least two 25 basis point rate cuts this year, reflecting a view that the Fed will prioritise economic growth. Meanwhile, remarks from Fed Vice Chair for Supervision Michelle Bowman are due later in the day. Bowman, who is under consideration for the central bank's top job when Chair Jerome Powell's term ends next year, has voiced support for at least three interest rate cuts this year to support the labor market, in line with President Trump's calls for lower borrowing costs.

On the data front, U.S. housing starts unexpectedly rose to 1.238 million in July, from an upwardly revised 1.358 million in June. Starts were 12.9% higher on an annual basis. Meanwhile residential permits slipped to 1.354 million, from a downwardly revised 1.393 million in June. The rise in housing starts comes despite builders' sentiment worsening a little as mortgage rates remain high, the National Association of Home Builders said Monday.



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In corporate news, Home Depot's quarterly results missed estimates as homeowners reduced spending on big renovations and instead focused on smaller DIY projects. Its shares slipped in choppy premarket trading, with investors watching out for any tariff comments from the company's earnings call later in the day.

Intel jumped in premarket trading after the chipmaker got a US\$2 billion capital injection from Japan's SoftBank Group. Palo Alto climbed after the cybersecurity company posted better-than-expected quarterly results and gave upbeat annual sales and earnings guidance.

Futures tied to Canada's main stock index edged higher on Tuesday and the Canadian dollar weakened after domestic data showed Canada's annual inflation rate eased to 1.7% in July from 1.9% in June, on lower year-on-year gas prices, but core measures of inflation stayed sticky. The average of the Bank of Canada's preferred trimmed mean and weighted median measures for underlying inflation picked up modestly to 3.05% on-year from 3.0% the month before.

## Yellow Metal in Demand (Argus)

When global economic conditions become uncertain or unpredictable, investors tend to flock to gold. According to Comex, the yellow metal currently is trading at around \$3,380 per ounce, up about 30% for the year and near the high end of its five-year range of \$1,660-\$3,410. Essentially, gold has been on an upward arc since the start of the pandemic. Back in 2019, gold was fetching about \$1,200 per ounce. That changed quickly during the first phase of the unanticipated global health crisis: the spot price for an ounce of gold jumped 33% in six months and broke through the \$2,000 level. Gold prices next spiked in 2022 due to the war in Ukraine and, over the past year, gold has jumped another 40%, driven by geopolitical developments as well as global uncertainty over tariffs and trade wars.

The current price of gold reflects the perceived safety of hard assets amid global conflicts, as well as expectations for lower U.S. interest rates, which tend to weaken the dollar (the currency in which gold is priced). The outlook for Federal Reserve interest-rate cuts also helps gold, as lower rates reduce the risk for a global economic recession and thus a potential decline in gold purchased for jewelry.



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Our forecast trading range for gold in 2025 is \$2,500-\$3,500 and our average price forecast for the year is now \$3,200. This compares to average gold prices of \$2,450 in 2024; \$1,960 in 2023; \$1,873 in 2022; \$1,806 in 2021; \$1,781 in 2020; \$1,400 in 2019; \$1,265 in 2018; \$1,277 in 2017; \$1,258 in 2016; and \$1,155 in 2015. As long as geopolitics are flaring and the global economy is wobbling, the price of gold seems likely to remain at elevated levels.

**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	2.98%	-3.5
CDA Prime	4.95%	0.0	CDA 10 year	3.46%	-3.4
CDA 3 month T-Bill	2.67%	0.0	CDA 20 year	3.79%	-3.2
CDA 6 month T-Bill	2.67%	-1.5	CDA 30 year	3.86%	-3.2
CDA 1 Year	2.68%	-2.0			
CDA 2 year	2.71%	-3.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.83%	-2.4
US Prime	7.50%	0.0	US 10 year	4.32%	-2.3
US 3 month T-Bill	4.13%	0.0	US 30 year	4.91%	-2.8
US 6 month T-Bill	4.08%	-0.6	5YR Sovereign CDS	39.95	
US 1 Year	3.93%	-1.1	10YR Sovereign CDS	47.87	
US 2 year	3.75%	-2.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			677.15	-0.02%	6.57%
BMO Laddered Preferred Shares (ETF)			11.81	-0.13%	7.85%

Source: LSEG

Things are looking up! Have a great day!

Ben



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