

Financial HARTbeat

US News

Aug 20th 2025



Good Morning,

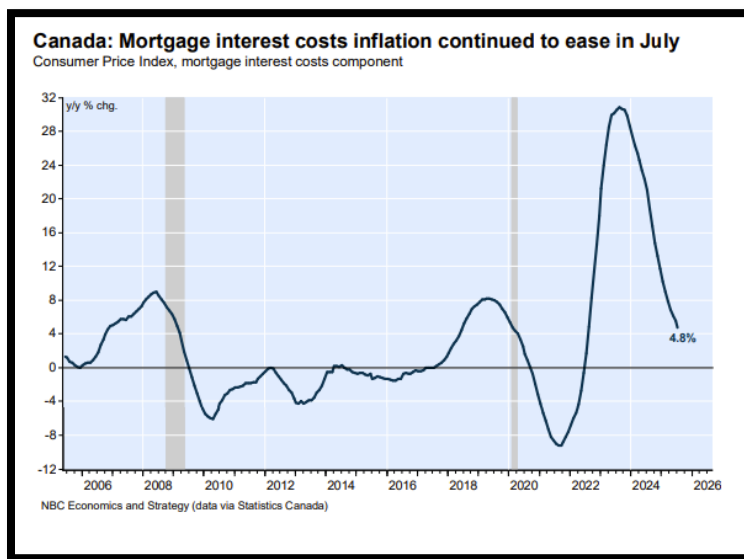
Trump deploying National Guard...seems legally able to in times of crisis...this crisis is crime in Washington...

US said they might provide Air support in a Ukraine Russian ceasefire....this is unique and will be interesting to see how this is handled tactically...

US retail stocks have been beat up...some names here in the dumpster worth reviewing...particularly if we get 2-3 US rate cuts and jobs stay in tact...

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

Chart of the Day: This is why BOC starting cutting last year.....



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Top News

U.S. stock index futures retreated Wednesday, pointing to further losses following a tech-led selloff in the previous session. The tech sector was behind much of the market recovery from the April sell-off, but investors have started to take stock of the elevated valuations, sending the S&P 500 and the Nasdaq to their worst day in more than two weeks on Tuesday. Deepening concerns of government interference with companies, sources said the Trump administration was looking into taking equity stakes in Intel as well as other chip companies in exchange for grants under the CHIPS Act - just weeks after signing unprecedented revenue-sharing deals with Nvidia and Advanced Micro Devices. The spotlight was focused on earnings from bigbox retailers, which could provide clarity on the health of the consumer.

Lowe's Cos said on Wednesday it has agreed to buy interior building products distributor Foundation Building Materials for nearly US\$8.8 billion, stepping up its expansion into the business that serves contractors and builders. Lowe's shares rose in premarket trading after it raised its annual sales forecast and beat second-quarter profits. TJX Cos rose in premarket trading after it recorded a top and bottom line beat for the second quarter and raised its annual profit forecast. Target shares tumbled in premarket trading after posting its 11th consecutive quarter of flat or falling sales.

Target also announced that it promoted insider Michael Fiddelke as its new CEO, to turn around the struggling retailer. Estee Lauder shares fell after it forecast annual profit below Wall Street estimates and warned of a US\$100 million tariff-hit in fiscal 2025. Chipmaker Analog Devices rose after reporting a third-quarter earnings beat and upbeat outlook.

Investors also are looking ahead to the Federal Reserve's Jackson Hole symposium later this week, which could potentially sway market expectations for future interest rate cuts. Chair Jerome Powell is expected to speak on Friday, and his remarks will be closely parsed for any clues on the central bank's monetary policy path.

In the meantime, remarks from Governor Christopher Waller and Atlanta Fed President Raphael Bostic are expected later in the day, as well as minutes from the Federal Reserve's latest meeting, which are



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anticipated to offer further insights into the central bank's economic outlook. Recall that in the July meeting two officials dissented from the majority "hold" verdict - the first such split since 1993. According to the CME Group's FedWatch tool, traders are pricing in at least two rate cuts by the end of 2025. Canada's TSX Composite index futures were flat on Wednesday, as investors were on the sidelines ahead of remarks from Fed Chair Jerome Powell on Friday. The only noteworthy data today was the Statistics Canada's newhome price index, which showed home prices edged for the fourth straight month in July, down 0.1%, after dipping 0.2% in June.

In corporate news, Air Canada said that flights within North America are expected to ramp up this morning as the airline continues its operational restart following a three-day flight attendants' strike. The airline has cautioned that a return to full, regular service would take seven to 10 days as aircraft and crew are out of position, and that some flights will continue to be cancelled until the schedule is stabilized.

Checking Our List for Holiday Sales (Argus)

We expect holiday retail sales to rise about 3.75% this year, topping \$1 trillion for the first time. Christmas is more than four months away, but our experience is that employed U.S. consumers go out of their way make the season special. We believe low unemployment at 4.2% and the potential for the Fed to cut rates twice before the end of the year are catalysts for a happy holiday. The average holiday sales gain since 2002 has been 4%, with a 4.2% increase last year and a high of 12% in the pandemic-recovery year of 2021. The only decline, of 4.7%, came with the economy in a recession in 2008. We calculate holiday sales in the same manner as the National Retail Federation (NRF) does, based on the year-over-year change in the Commerce Department's retail sales data for the combined months of November and December. Like the NRF, we exclude sales at gas stations, car dealers, and restaurants, focusing on core retail. There are three categories that represent more than two-thirds of holiday-season sales and drive our forecast: grocery stores, general merchandise stores, and e-commerce. Our forecasts for those categories are up 2.5%, up 2.5%, and up 6.5%, respectively. The retail sales figures are reported on a nominal basis. If inflation is running warm, sales could exceed these estimates if shoppers stick to their lists and pay higher prices. We do not see excessive holiday inflation.



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We believe many retailers bought key items early to avoid tariffs. And the holidays are always competitive and promotional. Shoppers may adjust by pulling back on self-gifting and we could see a spending hangover in January as shoppers pay credit card balances. Within our sales forecast, e-commerce is the biggest category, representing more than 30% of holiday sales. Last year, it grew 8.6% -- aided by a 50-basis-point rate cut and some post-election optimism. The category has averaged 7% year-over-year growth over the last three months. We believe 6.5% is a reasonable against a tough comparison and the chance that some shoppers are starting early.

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	2.99%	1.2
CDA Prime	4.95%	0.0	CDA 10 year	3.46%	0.2
CDA 3 month T-Bill	2.66%	-1.0	CDA 20 year	3.78%	0.3
CDA 6 month T-Bill	2.66%	-0.9	CDA 30 year	3.87%	0.5
CDA 1 Year	2.68%	0.5			
CDA 2 year	2.71%	0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.81%	-1.0
US Prime	7.50%	0.0	US 10 year	4.30%	-0.4
US 3 month T-Bill	4.12%	0.0	US 30 year	4.90%	0.0
US 6 month T-Bill	4.07%	-0.6	5YR Sovereign CDS	39.95	
US 1 Year	3.91%	-0.8	10YR Sovereign CDS	47.87	
US 2 year	3.74%	-1.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			676.59	0.01%	6.48%
BMO Laddered Preferred Shares (ETF)			11.81	0.04%	7.85%

Source: LSEG

Things are looking up! Have a great day!

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