

Financial HARTbeat

Natural Gas?
Aug 21st 2025



Good Morning,

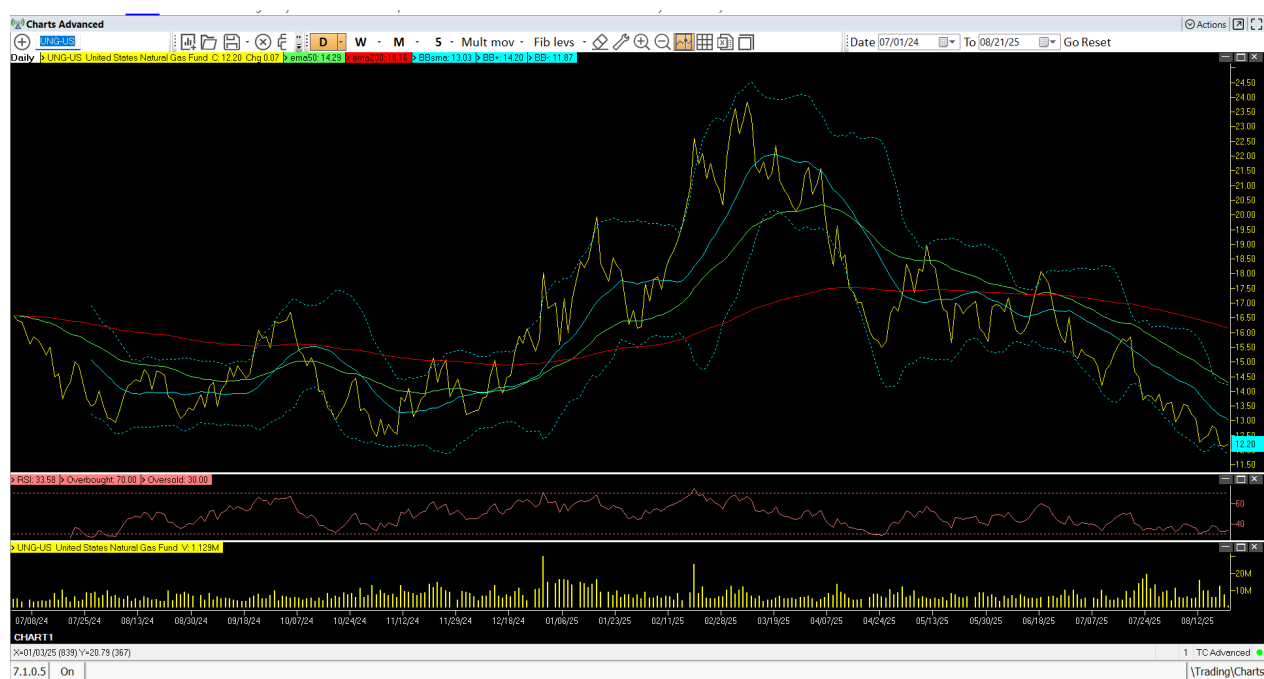
Many consumer discretionary names have been under pressure for the last year...is it possible with the low bar they have set and financial conditions easing could they have upside ahead?

US still pulling in the flows...is this being mistaken for confidence?

All eyes on Jackson Hole...

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

Chart of the Day: Natural Gas chart....bottoming again?



Source: Thomson One



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Top News

U.S. stock index futures fell on Thursday as investors assessed big-box retailer Walmart's quarterly results and awaited policy signals from Jerome Powell at his eighth and final speech as Federal Reserve Chairman at the Jackson Hole symposium on Friday. Questions over the Fed's independence also in focus as U.S. President Donald Trump's intensified his effort to influence the Fed on Wednesday, demanding for Fed Governor Lisa Cook to resign based on mortgage fraud allegations raised by one of his political allies. Lisa Cook insists that she will contest and said she had "no intention of being bullied to step down" from her position at the central bank. Minutes from the Fed's last meeting, released Wednesday afternoon, showed two policymakers - Christopher Waller and Michelle Bowman - were alone in voting for a rate cut and showed that "almost all" favoured holding the policy rate steady last month.

Policymakers struck a cautious tone and expect the current interest rate to be not far above the neutral level - where economic activity is neither stimulated nor constrained. Following the minutes Fed futures pricing for September's meeting slipped back to show a 25-basis-point interest rate cut in September to 79% from 99.9% last week, according to data compiled by LSEG.

Remarks from Atlanta Fed President Raphael Bostic, are also expected on Thursday. Walmart fell in premarket trading after missing fiscal second-quarter profit expectations, but the company raised its full-year sales and profit forecast, driven by strong demand from shoppers across all income levels, who have turned to the world's largest retailer as they worry about rising costs.

Among other pre-market movers, Coty tumbled after the beauty products maker forecast a drop in current-quarter sales on weak U.S. spending. Boeing shares rose after Bloomberg news reported on Thursday that it is in talks to sell up to 500 jets to China, citing people familiar with the matter. Johnson & Johnson said it committed to invest US\$2 billion in North Carolina on Thursday as it aims to expand its U.S. manufacturing presence amid looming drug import duties proposed by President Donald Trump's administration.



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On the economic front, the big economic releases around the world today were early August business surveys, which came in above forecast in Europe and Japan - propping the euro, sterling and yen even though stocks in all three areas fell back. U.S. equivalent surveys are due later this morning as well as the Philadelphia Fed's August survey, the closely watched weekly jobless claims report and existing home sales data for July.

Futures tracking Canada's main stock index edged lower on Thursday, mirroring the move on Wall Street's. In the commodities markets, gold prices slipped as traders awaited Powell's remarks. Copper prices also slipped alongside other base metals. Oil prices rose due to signs of strong demand in the U.S. and uncertainty over efforts to end the war in Ukraine. Meanwhile, domestic data from StatsCan showed producer prices rose 0.7% in July from June, on higher prices for energy and petroleum products as well as primary non-ferrous metal products. This followed an upwardly revised 0.5% increase in June. Raw materials prices were up 0.3% in July, and were up 0.8% on the year.

Value Versus Growth (Argus)

Investing Value stocks took an early lead over growth stocks this year. But for the past decade-plus, the performance record favored growth. Since 2015, the Russell 1000 Growth Index has climbed more than 400%, compared to an advance of almost 200% for the Russell 1000 Value Index. In 11 of the past 14 years, growth stocks have topped value. But growth has not always been the leader. In the 2000-2010 decade, including the Great Recession, value stocks were better performers. Value investors have an illustrious history, tracing their roots to the famous "Security Analysis" textbook written by Ben Graham, an economics professor at Columbia University. Warren Buffett was one of his students. "Security Analysis" was published in 1934, the same year that Argus Research was founded.

So why has the recent deviation in performance favored growth? For one thing, the make-up of the economy has changed. Decades ago, when the U.S. economy was manufacturing-based, tangible capital offered a key signal of value. But in a service economy, intangible assets are much more important. Another factor, in our view, has been interest rates. Analysts put a value on stocks using discounted cash flow models. If interest rates are low, discount rates will be low and future profits will be worth more,



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favoring growth stocks. The tide turned for a while back in 2022. The rollout of COVID-19 vaccines gave a lift to some cyclical companies that had lagged, and value stocks outpaced growth that year.

While growth stocks have retaken the lead in 2025, the Fed continues to keep interest rates high to fend-off inflation. This could cap multiple expansion for growth companies in coming quarters. In any event, the value sector is the place to achieve income. For our High-Yield model portfolio, we seek holdings that feature yields of at least 3.0%. That moves us deep into the value segment of the market.

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	2.96%	-0.2
CDA Prime	4.95%	0.0	CDA 10 year	3.45%	-0.9
CDA 3 month T-Bill	2.66%	-0.1	CDA 20 year	3.78%	0.2
CDA 6 month T-Bill	2.67%	0.5	CDA 30 year	3.86%	0.2
CDA 1 Year	2.68%	0.0			
CDA 2 year	2.70%	-0.6			
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%	0.3
US Prime	7.50%	0.0	US 10 year	4.30%	0.4
US 3 month T-Bill	4.13%	0.7	US 30 year	4.91%	0.2
US 6 month T-Bill	4.09%	1.6	5YR Sovereign CDS	39.95	
US 1 Year	3.92%	1.0	10YR Sovereign CDS	47.86	
US 2 year	3.75%	0.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			676.23	0.03%	6.42%
BMO Laddered Preferred Shares (ETF)			11.84	0.25%	8.13%

Source: LSEG

Things are looking up! Have a great day!

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