

# Financial HARTbeat

Jackson Hole  
Aug 22nd 2025



Good Morning,

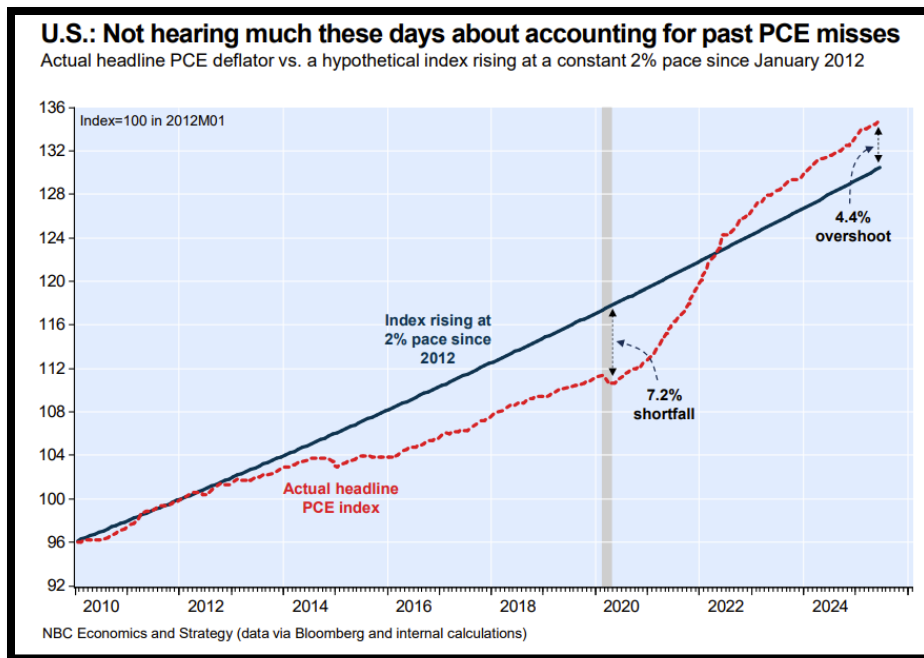
All eyes on Chair Powell at 10am today...discussing more flexibility on cutting rates even with sticky inflation..

Markets off to a good start to end the week...

AI still grabbing a lot of attention on conference calls, board meetings and everywhere in between...but who's making money from it?

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

**Chart of the Day: This is interesting and worth further thought of impact..**



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## Top News

U.S. stock index futures rose on Friday ahead of Federal Reserve Chair Jerome Powell's highly anticipated keynote speech at the Jackson Hole symposium later today, which investors hope will offer firm clues on whether the central bank plans to cut rates at its September 16-17 meeting. Investors are bracing for volatility as Fed Chair Jerome Powell balances the risk of a weakening labor market against concerns about higher inflation, with thin August trading poised to magnify any market moves.

Powell's speech is also expected to touch on changes to the central bank's average inflation targeting strategy as well as defending Fed independence - something in the spotlight again this week after President Trump intensified his effort to influence the Fed by demanding Fed Governor Lisa Cook to resign over alleged mortgage fraud. 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. As the minutes from the Fed's July meeting released earlier this week, and recent speeches from Fed policymakers are showing no consensus on an urgent shift of stance, Powell is unlikely to signal a resumption of monetary easing just yet. On Thursday from Fed officials including Cleveland Fed President Beth Hammack, Chicago Fed President Austan Goolsbee, Atlanta Fed President Raphael Bostic and Kansas City Jeffrey Schmid expressed doubts about the wisdom of a September rate cut, with inflation still well above target and business surveys showing pointing to strength in the U.S. economy.

Meanwhile, Boston Fed President Susan Collins signaled her openness to rate cut as soon as next month. The U.S. dollar hovered near a two-week high against the euro and sterling on Friday as investors trimmed rate cut wagers. According to CME Group's FedWatch tool, the odds for a September rate cut have slipped to 69.5% from 85.4% a week ago. The other main storyline this week has been the underperformance of U.S. mega-cap and tech stocks, which has resulted in five straight daily losses in the S&P500.

NVIDIA is in the news again this morning, after it announced it was halting the production of its H20 chips in China after the Chinese government's call for companies to buy domestic chips, citing security concerns. Elsewhere, earnings reports from big-box retailers also offered a mixed picture on the health of the consumer.



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Futures for Canada's main stock index were flat on Friday as investors remained on the sidelines ahead of Fed Chair Powell's speech at the Jackson Hole symposium. The TSX Composite Index closed at a record high on Thursday, and the benchmark is on trade for its third consecutive weekly advance. In corporate news, MEG Energy Corp agreed to be acquired by Cenovus Energy in a C\$7.9 billion cash-and-stock deal, including debt, to create one of the largest oil sands companies in Canada. Canadian retail sales rebounded in June, rising 1.5% from the May, in line with economist forecasts. The data was slightly softer than StatsCan's preliminary estimate for a 1.6% increase, following a 1.2% decline in May sales. Retail sales were up 6.6% on an annual basis. The preliminary estimate for July sales suggests a decrease of 0.8%

## The Message from the Dollar (Argus)

The dollar, the world's dominant currency, has been in hot demand since the start of the pandemic. On a worldwide tradeweighted basis, the greenback is up 7% since January 2020; compared to a basket of emerging market currencies, it has risen 9%. Indeed, when global uncertainty increases, investors seek a safe haven for assets. But this trend has started to unwind a bit in 2025. Year to date, the dollar has given back 5% on a global, trade-weighted basis, and 7% compared to an index of advanced economy currencies. Some of the slide can be linked to the economic uncertainty caused by President Trump's trade and tariff policies, though reasons also include the swelling U.S. federal debt load (which is not a new trend). Countries and their sovereign wealth funds are thus rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet groans. At this time, we would hesitate to term the dollar at risk of losing its global "currency of choice" status. Despite the pullback this year, the dollar is still 15% above its 20-year average value, supported by the depth of a \$27 trillion market, not to mention by the Federal Reserve, and by the country's time-tested political/economic system of democratic capitalism.

The alternatives -- the euro, yen, or yuan -- have their issues as well. That said, we view the dollar as one of the main checks and balances to the U.S.'s status as the leader of the global economy. We would be concerned that the country could be at risk of losing this status if the dollar were to plunge another 20% in a short period; that occurred after the S&P downgrade of U.S. debt in 2011. A greenback that returned



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to 2011 levels would almost certainly mean higher interest rates, a drag on the economy, and intense pressure on stock indices

**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%	-0.8
CDA Prime	4.95%	0.0	CDA 10 year	3.47%	-1.9
CDA 3 month T-Bill	2.67%	0.1	CDA 20 year	3.79%	-1.0
CDA 6 month T-Bill	2.68%	0.0	CDA 30 year	3.87%	-1.0
CDA 1 Year	2.69%	0.0			
CDA 2 year	2.73%	-0.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.85%	-0.6
US Prime	7.50%	0.0	US 10 year	4.32%	-1.4
US 3 month T-Bill	4.13%	-0.7	US 30 year	4.90%	-2.0
US 6 month T-Bill	4.11%	-0.1	5YR Sovereign CDS	39.47	
US 1 Year	3.96%	-0.1	10YR Sovereign CDS	47.44	
US 2 year	3.80%	0.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			676.09	-0.03%	6.40%
BMO Laddered Preferred Shares (ETF)			11.82	-0.21%	7.95%

Source: LSEG

Things are looking up! Have a great day!

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