

# Financial HARTbeat

Central Bank Interference?  
Aug 26<sup>th</sup> 2025



Good Morning,




Can the president first a Fed official...we are going to find out...he is working to get Governor Lisa Cook fired..

AT&T to buy wireless spectrum from EchoStar Corp...stock up 70% in pre market...

Canadian Banks reporting this week....as I said last quarter...if they don't need their loan loss provisions the market should like that...and it did better than expected ...now to dig into what's ahead...

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

**Chart of the Day: Hmm...market creeping back to a pause...seems a misunderstanding of the environment**

	 <b>Bank of Canada</b>	 <b>Federal Reserve</b>	 <b>European Central Bank</b>
<b>Rates</b>			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.76%	4.50%	2.00%
<b>Next meeting</b>			
Next meeting date	September 17, 2025	September 17, 2025	September 11, 2025
Market-implied policy rate*	2.67%	4.30%	1.99%
Spread vs. current rate	-9 bp	-20 bp	-1 bp
Probability of...			
... hike	0%	0%	0%
... hold	65%	20%	97%
... cut	35%	80%	3%
<b>Rate cuts</b>			
25bps cuts priced in over...			
... next 3 months	0.7	1.4	0.1
... next 6 months	-	2.8	0.5
... next 12 months	-	4.6	-

\*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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## Top News

Global investors were shell-shocked on Tuesday after U.S. President Donald Trump struck another blow at the Federal Reserve's independence. In an unprecedented move, Trump announced on Truth Social that he was firing Fed Governor Lisa Cook "effective immediately" over alleged improprieties in obtaining market loans, prompting investor unease about what it could also mean for the outlook on monetary policy just weeks ahead of the Fed's next policy meeting.

Gold prices rose to hit a more than two-week high and the U.S. dollar declined against major currency pairs as investors went into risk-off mode. However, the dollar pared much of its losses after Cook responded, saying Trump has no authority to fire her from the central bank, and she will not resign. Cook said through her lawyers that Trump's "demands lack any proper process, basis or legal authority". For months, Trump has demanded that the central bank lower rates, berating and threatening to dismiss Fed Chair Jerome Powell for not moving sooner to cut them.

Trump's attempt to fire Cook could give him more sway at the Fed. And while his action is likely to face legal challenges but, if successful, it would let him nominate a new member to the central bank's board to potentially outvote Powell and move interest rates in his preferred direction. Investors also digested several headlines on the trade front. Trump announced via Truth Social that he will impose "substantial additional tariffs" on countries that "attack" U.S. technology companies with digital taxes and regulations unless those taxes and regulations are removed.

On Monday Trump said that the U.S. has leverage over China in trade, citing airplane parts as a counter to the nation's rare earth restrictions. He also floated a potential tariff of up to 200% if Beijing doesn't supply magnets, just as China sends a key trade negotiator to the U.S. this week to resume trade talks. Bloomberg also reported that President Trump will not change the terms of the trade deal with South Korea after President Lee Jae-myung's visit to the White House yesterday. Meanwhile, India is set to face higher duties on Wednesday.



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Asian equity markets fell, with Japan's Nikkei closing down 0.97% and China's Shanghai Composite down 0.4%. British equities retreated, and Europe's broad STOXX 600 index was on track for its biggest daily fall since August 1st. European stocks were also pressured by political uncertainty in France, as its minority government looked increasingly likely to be ousted next month.

U.S. stock futures fell on Tuesday, pressured by a rise in longer-dated Treasury bonds as concerns over the U.S. Federal Reserve's independence sparked risk aversion. Today's economic data includes Durable Orders, the FHFA Housing Price Index and S&P Case-Shiller Home Price Index, and Consumer Confidence. The market still largely awaits the PCE Price Index on Friday, which is an important piece of inflationary data.

Futures tracking Canada's TSX Composite index fell on Tuesday, tracking global sentiment. A drop in crude prices, which pulled back after surging nearly 2% in the previous session, added to the pressure on Canadian futures. Investors also assessed earnings releases from top domestic banks. Bank of Montreal and Bank of Nova Scotia both reported a rise in quarterly profit on the back of lower credit-loss provisions.

## Opportunities in Clean Energy (Argus)

The demand for clean energy in America is increasing as consumers and businesses prioritize sustainability and seek to reduce their carbon footprints. Government policies and incentives, along with growing environmental awareness, are driving substantial investments in renewable energy sources and technologies. United in concern over greenhouse gas emissions stemming from fossil fuel power plants and car and truck tailpipes, 194 member states of the United Nations signed the Paris Agreement in 2015. This legally binding international treaty on climate change seeks to limit global warming. In the U.S., the Inflation Reduction Act (IRA) of 2022, enacted by the 117th Congress, called for the investment of \$391 billion in programs and incentives relating to energy security and climate change, including over \$120 billion for renewable energy and grid energy storage, tax credits for wind power, solar power, clean energy manufacturing, electric vehicle incentives, and other energy efficiency measures.



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Though the recently passed One Big Beautiful Bill Act changed some provisions previously available under the IRA, we expect economic factors to kick clean energy into a higher gear. Consider the fate of coal. As recently as 2001, coal was used to generate more than 50% of the country's electricity. That is now only 19%, due to coal's relative lower efficiency. Meanwhile, wind power as a percentage of U.S. electricity generation has grown from less than 1% in 1990 to 10% by 2022, according to the U.S. Energy Information Administration. The global solar power market is also large and quickly growing. It generated \$235 billion in 2022 revenues and is projected to rise at a compound annual growth rate of 7%, to \$293 billion in 2029.

**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	2.97%	-1.5
CDA Prime	4.95%	0.0	CDA 10 year	3.47%	-0.4
CDA 3 month T-Bill	2.67%	0.0	CDA 20 year	3.80%	0.2
CDA 6 month T-Bill	2.67%	0.0	CDA 30 year	3.88%	0.3
CDA 1 Year	2.67%	-1.0			
CDA 2 year	2.71%	-1.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.77%	-1.8
US Prime	7.50%	0.0	US 10 year	4.28%	0.4
US 3 month T-Bill	4.10%	0.3	US 30 year	4.92%	2.9
US 6 month T-Bill	4.05%	0.3	5YR Sovereign CDS	39.46	
US 1 Year	3.87%	-2.7	10YR Sovereign CDS	47.42	
US 2 year	3.70%	-3.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			678.99	0.06%	6.86%
BMO Laddered Preferred Shares (ETF)			11.91	0.46%	8.77%

Source: LSEG

Things are looking up! Have a great day!

Ben



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