

# Financial HARTbeat

New Month  
Dec 1<sup>st</sup> 2025



Good Morning,




Central bank independence...as we proceed in this world globally...does this and should this matter anymore? Technically yes it should but has it not always been influenced anyways not just more overtly then usual...

Venezuela...I am really curious why this isn't front page news....effectively USA trying to take over the country for its Oil reserves...I hope Canada is paying attention..

Barrick exploring IPO of North American assets....might be good timing and or the top...

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

**Chart of the Day: USA moving highly likely to cut next week...Canada has moved towards not cutting..Employment data Friday the only thing that could change this narrative at this point..**

	 Bank of Canada	 Federal Reserve	 European Central Bank
<b>Rates</b>			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.25%	4.00%	2.00%
<b>Next meeting</b>			
Next meeting date	December 10, 2025	December 10, 2025	December 18, 2025
Market-implied policy rate*	2.24%	3.78%	2.00%
Spread vs. current rate	-1 bp	-22 bp	0 bp
Probability of...			
... hike	0%	0%	0%
... hold	98%	13%	100%
... cut	2%	87%	0%
<b>Rate cuts</b>			
25bps cuts priced in over...			
... next 3 months	0.1	1.1	0.0
... next 6 months	-	1.7	0.2
... next 12 months	-	3.4	-

IS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).

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



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## Top News

Canadian stock index futures slipped this morning as investors took a breather after solid gains in November. The benchmark S&P/TSX composite index capped its seventh straight month of gains last month, a streak not seen since August 2021. Investors are looking ahead to fresh catalysts to see if the upward momentum can continue.

In Canada, it will be the major Canadian banks that are set to post earnings over the next few days, setting the tone for markets. Analysts are expecting Canadian banks to report strong fourth quarter results this week, benefiting from business at their investment banking and wealth management segments while credit continues to stabilize, although lofty valuations will be tested. The big six Canadian banks have added an average of roughly 32% to their shares so far this year, surpassing the Toronto Stock Exchange's roughly 27% gain, largely shrugging off the impact of the trade war in the past two quarters. LSEG data shows that net income in the fourth quarter is expected to grow between 3.5% and 41.9% at the six banks. Heading into this week, they were trading at 12.9 times their forward earnings on average, a 23% premium to the 10-year average.

Scotiabank will release its quarterly results on Tuesday, RBC and National Bank will do so on Wednesday, and BMO, CIBC and TD will issue their reports on Thursday. Back to markets, helping ease pressure on Canadian futures today, gold climbed to its highest level in six weeks, while silver rose to a new all-time on high hopes of a rate cut.

In the U.S., U.S. stock index futures also declined today as investors moved to the sidelines, bracing for fresh economic data and a closely watched speech later in the day from Federal Reserve Chair Jerome Powell to gauge the central bank's policy decision later this month. Traders will scrutinize his remarks for any clarity about his position on any upcoming interest rate cuts. Despite most policymakers sounding a cautious tone, investors have latched onto dovish signals from a handful of key voting members and reports that White House economic adviser Kevin Hassett is a frontrunner to succeed Powell when his term expires next year.

Traders are pricing in an 87.6% chance for a 25-basis-point interest rate cut in December, roughly doubling the odds from late last month. The greater focus this week will be on a delayed September



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report on the Personal Consumption Expenditures Index, the Fed's preferred inflation gauge, due on Friday.

Adding to the caution on Monday were expectations that the Bank of Japan could hike interest rates in December to counter inflation and a weakening yen. Higher Japanese rates could strengthen the yen and consequently unwind carry trades that investors have extensively made, given the low yield.

Meanwhile, big-box retailers were in the spotlight as Cyber Monday sales kick off later in the day. According to Adobe Analytics Shoppers spent a record \$11.8 billion online on Black Friday, up 9.1% from 2024 on the year's biggest shopping day.

## Interest, and Assets, are Growing in ESG (Argus)

Entering the Home Stretch Since 1980, December has among the highest batting average -- or winning percentage of positive stock-market performances -- of any month. The S&P 500 has risen in December 71% of the time, compared to an average of 63% for all other months. The other top months for stocks are November (72%, despite the rare dip in 2025) and April (also 72%).

On average in December, stocks have advanced 1.2%. The best Decembers have been 1991 (+11.2%), 1987 (+7.3%), 2010 (+6.5%), 1999 (+5.8%), and 1998 (+5.6%). Last year was disappointing, with a 2.7% decline -- and there have been other clunkers: 1980 (-3.4%), 1981 (-3.0%), 1986 (-2.8%), and 2018 (-9.2%). The first few weeks of December are typically busy, with economic data reports interspersed among holiday shopping excursions.

The Federal Reserve will be meeting later in the month and we expect another rate cut, as the central bank adopts an anti-Scrooge stance. Many companies will hold fireside chats/investor conferences and provide initial outlooks for 2026. As the second half of the month approaches, volume will tail off and thinly traded market sectors could become more volatile. Sell-offs may present opportunities for generating tax losses or for buying quality stocks on sale for the long term.



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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	2.25%	0.0	CDA 5 year	2.76%	3.5
CDA Prime	4.45%	0.0	CDA 10 year	3.19%	3.5
CDA 3 month T-Bill	2.19%	-1.0	CDA 20 year	3.48%	2.0
CDA 6 month T-Bill	2.26%	-2.0	CDA 30 year	3.64%	4.2
CDA 1 Year	2.32%	-1.5			
CDA 2 year	2.44%	1.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.61%	0.9
US Prime	7.00%	0.0	US 10 year	4.04%	2.1
US 3 month T-Bill	3.72%	1.0	US 30 year	4.70%	3.1
US 6 month T-Bill	3.77%	0.2	5YR Sovereign CDS	32.74	
US 1 Year	3.59%	-1.1	10YR Sovereign CDS	42.46	
US 2 year	3.49%	-0.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			689.10	0.04%	8.45%
BMO Laddered Preferred Shares (ETF)			12.06	0.33%	10.14%

Source: LSEG

Things are looking up! Have a great day!

Ben



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