Financial HARTbeat

Mish Mash..
Dec 4th 2025

Good Morning,

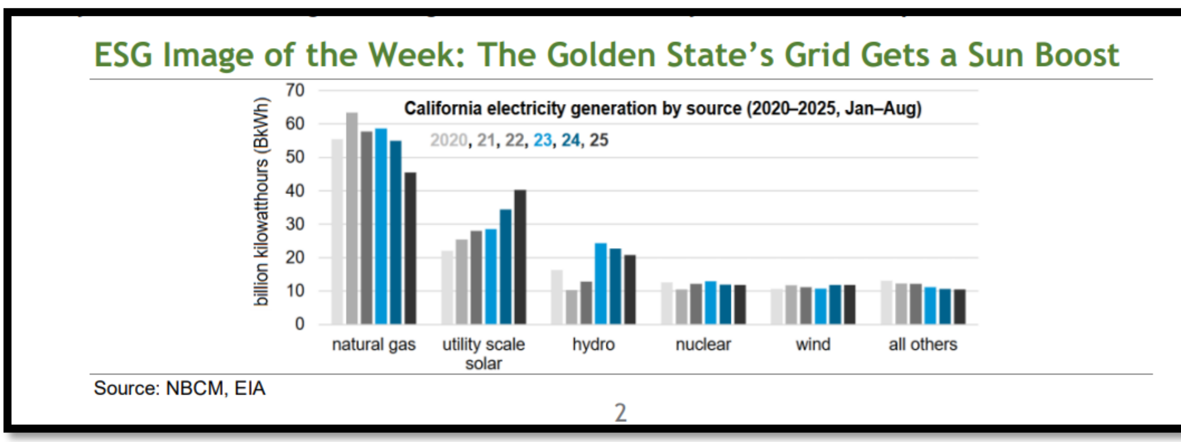
Anthropic enlisted a law firm to start the process of going public…this would be an enormous AI company to go public…will test the markets level of continued interest…

Jobs headlines can be misleading….below the surface…job cuts this year in the USA up 54% from the first 11 months of last year..

Banks had good earnings from Capital Markets…what does that even mean? Mostly that note issuance, bought deals/new issues and M&A had a large quarter…

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

Chart of the Day: some things take time to play out…Solar taking over…



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Top News

U.S. stock futures are little changed this morning, as investors took a breather after growing prospects of a Federal Reserve rate cut propelled Wall Street to fresh highs in the previous session and pulled back ahead of a new round of economic data. U.S. stocks notched their seventh gain in eight sessions on Wednesday, with the S&P 500 and Dow closing at more than three-week high as a soft ADP jobs print and an ISM survey pointing to cooling inflation reinforced bets on a Fed rate cut as soon as next week. Fed funds futures point to an 87% chance that the central bank will cut rates by 25 basis points this month, up from around 60% last month.

Investor attention is largely centered on Friday's September Personal Consumption Expenditures report, the Fed's preferred inflation gauge. It will be the first PCE report since the recent U.S. government shutdown left markets and policymakers with little insight into the U.S. economy. Data this morning showed initial claims for state unemployment benefits fell 27,000 to a seasonally adjusted 191,000 for the week ended November 29, the lowest level since September 2022. Economists had forecast 220,000 claims for the latest week. The data included last Thursday's Thanksgiving holiday. Claims tend to be volatile around holidays.

Canada stock futures inched up this morning, as more lenders reported a rise in quarterly profit, pointing to a healthy banking sector as well as a resilient economy. Toronto's main stock index rose 0.4% yesterday, snapping two days of losses as higher oil prices buoyed energy stocks while both Royal Bank of Canada and National Bank of Canada topped profit estimates.

This morning, CIBC reported a rise in fourth-quarter profit helped by strength in its capital markets division. Bank of Montreal and TD Bank also reported a rise in quarterly profits.

Gold fell as gains in equity markets weighed on safe-haven demand, while oil rose after Ukrainian attacks on Russia's oil infrastructure signaled potential supply constraints. In other news, U.S. President Donald Trump could decide next year to withdraw from the United States-Mexico-Canada trade agreement (USMCA), Politico reported, citing U.S. Trade Representative Jamieson Greer.

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European shares rose this morning after two sessions of muted trading, lifted by industrials and banks, while copper miners were mixed following a batch of corporate earnings. Industrial stocks were the biggest boost to the index. Germany's lower house of parliament approved a tax relief package worth nearly 5 billion euros a year, paving the way for permanent tax cuts for restaurants, commuters and political donors from early 2026. Swedish inflation eased more than expected in November, data from the statistics office showed, supporting expectations that the central bank will leave its policy rate unchanged later this month.

China stocks dropped for the third straight session, notching a one-week low, with investors awaiting policy guidance from a key meeting later this month. China is likely to stick to its current annual economic growth target of around 5% in 2026 as top leaders to meet soon to chart the economic course for next year, a goal that would require authorities to keep fiscal and monetary spigots open as they seek to snap a deflationary spell.

In Hong Kong, the benchmark Hang Seng Index added 0.7% and the tech index jumped 1.5%.

Japan's Nikkei share average closed at a three-week high, extending its rally for a third session, as robot makers led gains on bets that physical AI will fuel growth.

Global Stocks Lead in 2025 (Argus)

We have three strategic asset-allocation models, targeting risk-tolerance levels: Conservative, Growth and Aggressive. We make tactical adjustments to the models based on our outlooks for the segments of the capital markets. Performance matters and we monitor it closely. In 2025, stocks and bonds started the year close, but stocks have pulled into the lead through November. From an asset allocation standpoint, our Stock-Bond Barometer model still slightly favors bonds over stocks for long-term portfolio positioning. We are over-weight on large-cap stocks at this stage of the market cycle. We favor large-caps for growth exposure and financial strength, as well as exposure to the IT sector. Our recommended exposure to small- and mid-caps is 5%-10% of equity allocation, below the benchmark weighting. The dearth of IPOs in recent years has meant a lack of exciting new companies in the small-cap marketplace.

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While the top tier of stocks have soared on enthusiasm for AI, legacy small companies haven't been able to innovate to the same degree.

One of the market surprises this year has been the performance of global stocks, which have turned in impressive results. We expect the long-term trend favoring U.S. stocks to reemerge ultimately, given volatile global economic, political, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations, and we target an increased 15%-20% of equity exposure to the group. In terms of growth and value over the longer term, we anticipate that growth, led by the Information Technology sector, will top returns from value, led by Energy, Real Estate, and Materials, due to favorable secular and demographic trends.

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	2.80%	2.2
CDA Prime	4.45%	0.0	CDA 10 year	3.25%	1.8
CDA 3 month T-Bill	2.17%	0.0	CDA 20 year	3.61%	1.9
CDA 6 month T-Bill	2.23%	-0.5	CDA 30 year	3.72%	1.9
CDA 1 Year	2.32%	0.0			
CDA 2 year	2.45%	1.5			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4%	0.0	US 5 year	3.67%	4.2
US Prime	7.00%	0.0	US 10 year	4.09%	3.6
US 3 month T-Bill	3.62%	-2.1	US 30 year	4.75%	2.6
US 6 month T-Bill	3.69%	-0.5	5YR Sovereign CDS	32.49	
US 1 Year	3.58%	1.3	10YR Sovereign CDS	42.45	
US 2 year	3.52%	3.0			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			692.59	0.02%	9.00%
BMO Laddered Preferred Shares (ETF)			12.22	0.16%	11.60%

Source: LSEG

Things are looking up! Have a great day!

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