

Financial HARTbeat

Quiet December?
Dec 5th 2025



Good Morning,

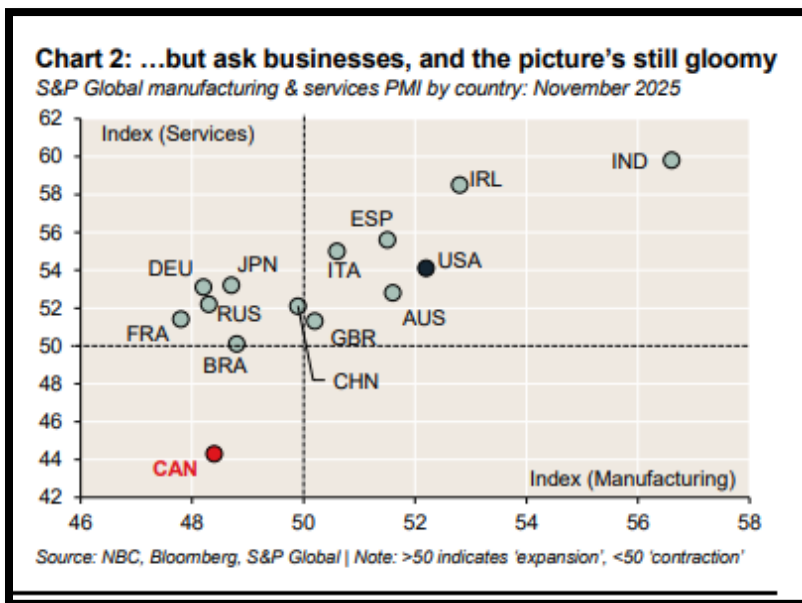
Netflix to buy Warner Bros....will this one make it across the line...antitrust issues will certainly come into play in this one...

US sets 2027 deadline for Europe to take over NATO...wow...the US seems intent on going it alone...

Canada unemployment falls unexpectedly...Canada employment data historically has been choppy so will be important to watch next revisions.

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

Chart of the Day: bit of a disconnect as businesses still not optimistic in Canada...



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Top News

U.S. stock index futures point to a slightly higher open on Friday as investors waited for a delayed inflation report to see whether persistent price pressures would affect the Federal Reserve's policy path. The Commerce Department will release delayed September data on consumer spending and income as well as the personal consumption expenditures price index, the Fed's primary inflation gauge.

The PCE release was delayed due to the record-setting U.S. government shutdown and will give the Fed its final inflation view before Wednesday's interest rate vote. Economists expect the index to rise 2.8% on an annual basis, up from a 2.7% increase in August, while on a monthly basis it is expected to hold at 0.3%.

Also, the University of Michigan will also release its consumer survey for December on Friday, a report that provides a glimpse at sentiment as well as the view on inflation over the near and longer term. Netflix shares fell more than 2% in the premarket following the streaming giant's announcement that it's struck a deal with Warner Bros. Discovery to buy its film and streaming assets for \$72 billion.

Canada's unemployment rate once again defied expectations and fell to a 16-month low in November as a solid gain in part-time jobs boosted the number of people employed for the third time in a row, data showed on Friday. The unemployment rate fell 0.4 percentage points in November to 6.5%, the lowest since July 2024, Statistics Canada said, adding it was led by 53,600 net job gains in November mainly among youth. The job gains were driven by a 63,000 net additions in part-time workforce linked to healthcare and social assistance sector, StatsCan said.

European shares steadied on Friday after three sessions of gains put them on track for a weekly rise, while investors awaited a key U.S. inflation reading. German industrial orders rose more than expected in October, data showed on Friday, though the increase was driven by largescale orders and economists said there were no signs of a broader upturn. Orders rose by 1.5% on the previous month on a seasonally and calendar adjusted basis, the federal statistics office said. A Reuters poll of analysts had pointed to a rise of 0.4%.



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Japan's Nikkei share average lost ground on Friday, pausing after a recent rally, as expectations of rising domestic interest rates weighed on sentiment. Japanese household spending unexpectedly slumped at the fastest pace in nearly two years in October, government data showed Friday, raising concerns about the economic outlook as the Bank of Japan gears up for a rate hike as early as this month. Consumer spending fell 3.0% in October from a year earlier, internal affairs ministry data showed, the first decrease in six months and falling at the steepest pace since January 2024.

China stocks edged higher on Friday, snapping a threeday losing streak and reversing earlier losses in the week, as renewed optimism on domestic chipmakers boosted sentiment.

Mid-Term Election Year (Argus)

Challenges Stocks Of the four years in a presidential term, the second year -- the mid-term election year -- has been the worst for investors. Consider that since 1980, returns in the second year of a presidential term have averaged 3.3%, compared to average returns of 15.6% and 16.5%, respectively, in the first and third years. Even the fourth year, with all the drama of the election itself, outperforms the second year, with an average gain of 7.2%. What is more, the "batting average" of positive second years for the S&P 500 is only 55%, compared with 80%- plus averages for the other three years. Why is this? The reason is uncertainty, and the likelihood of change.

Investors favor predictability and continuity, and a mid-term election year offers a real opportunity for a significant shift in direction -- whether it is in fiscal policy, antitrust philosophy, or a certain regulatory focus. We note that incumbent parties typically lose seats in mid-term elections, and even the loss of a few Republican seats in the House could tip the chamber Democratic and then lead to gridlock in Washington D.C.



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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	2.84%	2.6
CDA Prime	4.45%	0.0	CDA 10 year	3.29%	2.7
CDA 3 month T-Bill	2.17%	0.0	CDA 20 year	3.66%	2.6
CDA 6 month T-Bill	2.23%	4.6	CDA 30 year	3.77%	2.6
CDA 1 Year	2.34%	1.5			
CDA 2 year	2.49%	2.1			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.69%	0.6
US Prime	7.00%	0.0	US 10 year	4.12%	0.8
US 3 month T-Bill	3.62%	-0.6	US 30 year	4.77%	1.1
US 6 month T-Bill	3.69%	-0.6	5YR Sovereign CDS	32.24	
US 1 Year	3.59%	-0.1	10YR Sovereign CDS	42.22	
US 2 year	3.54%	0.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			692.20	-0.01%	8.94%
BMO Laddered Preferred Shares (ETF)			12.21	-0.08%	11.51%

Source: LSEG

Things are looking up! Have a great day!

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