

Financial HARTbeat

Rate day
Dec 10th 2025



Good Morning,

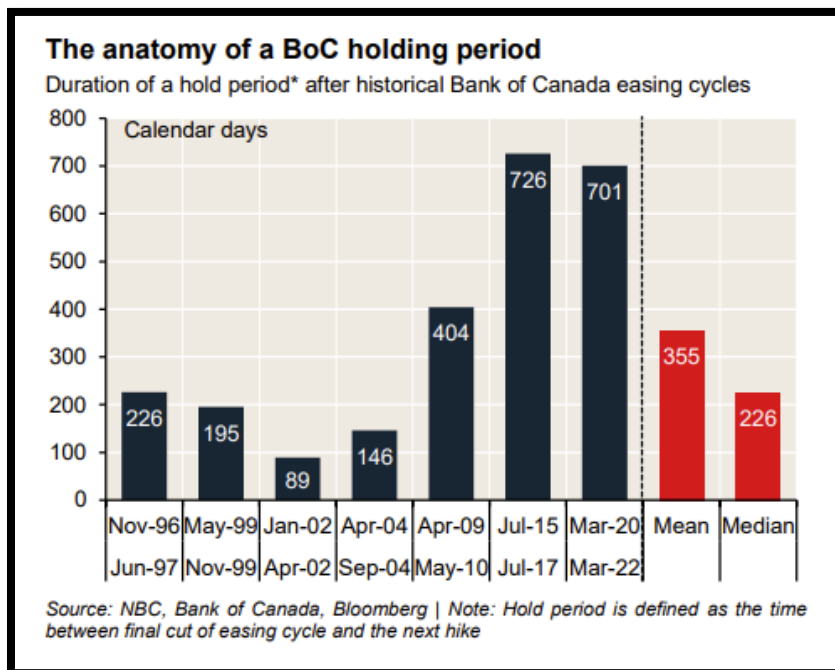
Bank of Canada holds.....they said they still see concerns for GDP and employment...

Market sideways waiting for the FOMC

Australia bans social media for kids under 16...

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

Chart of the Day: Another cut or are we entering the hold period?



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Top News

Canadian stock index futures traded slightly lower this morning as investors awaited highly anticipated interest rate decisions by the Bank of Canada and the U.S. Federal Reserve later in the day. Gold prices remained range bound, while silver extended its historic rally above \$60 an ounce.

The TSX index is on track for its best year since 2009, underpinned by the strong prices of metals, with the gold index doubling in value and the broader metal-mining index almost making a similar jump.

The Bank of Canada is almost certain to hold its interest rate at 2.25% later today after signaling in October that its key policy rate was at the right level and following a slew of upbeat data on economic growth, inflation and the job market. Despite grueling U.S. tariffs on some critical sectors such as steel, cars and lumber, Canada's economy has shown surprising resilience, and prices on average have not spiked as previously expected. In the third quarter, Canada not only managed to avoid a recession but its economy grew by 2.6%, two percentage points more than the Bank of Canada's projection in October. Inflation as measured by the consumer price index, while showing some underlying pressure from food and shelter, eased to 2.2% in October. The biggest surprise, however, sprang out of the job market where data showed the unemployment rate in November fell to a 16-month low of 6.5%, with the economy adding 181,000 jobs in the three months from September to November.

In the U.S., the Federal Reserve is expected to cut interest rates today as policymakers grapple with gaps in economic data caused by the recent government shutdown and work through competing views about the risks facing the economy. The anticipated quarter-percentage-point cut may well come with a non-committal or even hawkish approach to next year's rate path given the division among policymakers between those skeptical about the need for more rate reductions in the face of still-elevated inflation and those who feel the economy and job market may weaken if the U.S. central bank doesn't bring down borrowing costs.

New quarterly economic projections to be released alongside the latest rate decision will show how Fed officials expect the economy to evolve in 2026 along with what they see as the appropriate path of rates.



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Those year-ahead forecasts, however, often become outdated quickly due to incoming data and say little about the pace of expected policy actions. The projections released this week may have a particularly short shelf life.

Within days of the Fed's meeting, U.S. statistical agencies will release a large tranche of data delayed by the 43-day shutdown, including job and inflation reports for November that could help resolve the core debate among central bankers, another reason for the rate-setting Federal Open Market Committee to be circumspect even as it moves to lower its policy rate to the 3.50%-3.75% range.

Elsewhere, China's annual consumer inflation accelerated to a 21-month peak in November, mainly driven by food prices.

Previewing Next Week's Jobs Report (Argus)

The unemployment rate is one of the best indicators of how the economy is doing. The 4.4% rate for September is both low and encouraging for the \$1 trillion holiday shopping season. While the level of unemployment is reassuring, the rise from 4.0% at the beginning of the year is a concern. The December 16 report from the Bureau of Labor Statistics (BLS) will provide important data. Is this a relatively benign "low hire, low fire" environment or something more pernicious? Due to the record-long government shutdown from September 30 to November 12 and the challenges of doing retroactive surveys, the BLS will not publish an Employment Situation Report for October. Next week's November report will include data from the Establishment survey, such as payrolls, hours worked, and earnings for October. Data from the Household survey, which is used to calculate the unemployment rate, will be provided for November, but was not (and will not be) collected for October. We expect a monthly increase of 20,000 nonfarm jobs in November. The consensus is 33,000.

The Street seems to believe that job growth is pretty close to zero. October payrolls may be noisy because of federal government workforce reductions, but a gain or loss of more than 100,000 jobs for November would get the attention of traders. We expect the November unemployment rate will tick up to 4.5%. We believe that a monthly increase of 50,000 jobs is needed to keep the unemployment rate steady. Based on the Chicago Fed Labor Market Indicators published on December 4, there is about a 54% probability



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that the unemployment rate is between 4.3% and 4.6%. The consensus is 4.4%. The Labor Department's weekly reports on initial jobless claims provides evidence that the "low hire, low fire" environment is continuing. The four-week moving average of 214,750 is stable and well below the 300k that would raise a recession warning. Continuing claims at 1.9 million confirm the theory that jobs are relatively hard to get.

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	3.09%	1.0
CDA Prime	4.45%	0.0	CDA 10 year	3.48%	0.3
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.77%	0.7
CDA 6 month T-Bill	2.28%	-0.5	CDA 30 year	3.88%	0.3
CDA 1 Year	2.45%	0.5			
CDA 2 year	2.70%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.80%	1.9
US Prime	7.00%	0.0	US 10 year	4.20%	1.4
US 3 month T-Bill	3.64%	-0.2	US 30 year	4.82%	0.7
US 6 month T-Bill	3.70%	0.0	5YR Sovereign CDS	30.99	
US 1 Year	3.63%	0.3	10YR Sovereign CDS	40.46	
US 2 year	3.62%	0.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			690.08	0.00%	8.60%
BMO Laddered Preferred Shares (ETF)			12.15	-0.04%	10.96%

Source: LSEG

Things are looking up! Have a great day!

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