

Financial HARTbeat

Energy

Dec 11th 2025



Good Morning,

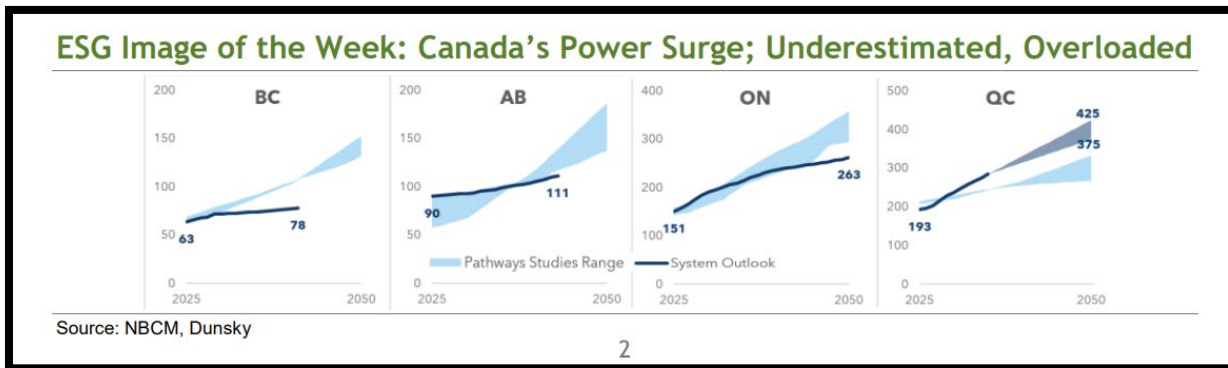
Cenovus forecast higher 2026 output with MEG takeover...

Suncor forecasts higher production in 2026

Small trade surplus in Canada...looks like energy exports increasing Ex-USA

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

Chart of the Day: demand may outstrip supply short term...something to pay attention to.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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Top News

U.S. stock index futures tumbled this morning after Oracle's forecasts raised fresh concerns about hefty AI spending and outweighed optimism over a less hawkish tone from the Federal Reserve. Oracle slumped more than 11% in premarket trading after its quarterly forecasts fell short of analyst estimates and the company said annual spending would rise by \$15 billion compared with its earlier expectations. Investors worry that heavy reliance on debt financing could fuel an AI bubble similar to the dotcom bust of the early 2000s.

Meanwhile, the Federal Reserve lowered borrowing costs by 25 basis points as expected yesterday. Although, Chair Jerome Powell signaled a pause on further easing, investors were relieved that rate hikes were not on the horizon. Traders see at least 50 bps of monetary easing next year on expectations that U.S. President Donald Trump's appointee to the Fed Chair will likely be a policy dove. White House economic advisor Kevin Hassett is the front-runner for the job.

Economic data this morning showed initial claims for state unemployment benefits jumped 44,000 to a seasonally adjusted 236,000 for the week ended December 6. Economists had forecast 220,000 claims for the latest week. The official non-farm payrolls report is expected early next week. Another report showed the US recorded a trade deficit of \$52.8 billion in September 2025, the lowest since June 2020, compared to a \$59.3 billion gap in August and forecasts of a \$63.3 billion.

Futures for Canada's main stock index tick lower this morning, as renewed fears about lofty technology stock valuations following Oracle's disappointing results outweighed a widely expected rate cut from the U.S. Federal Reserve. Toronto's benchmark index notched a fresh record high yesterday, led by financial and technology shares, after the BoC held rates at 2.25% and the Fed lowered its benchmark funds rate by 25 basis points. Among commodities, gold eased this morning while silver climbed to a new record. Copper prices rose on supply worries.

Oil prices slipped with investors shifting focus back to Russia-Ukraine peace talks. Canada posted a small monthly international trade surplus in September, reversing a trend of seven consecutive months of deficits (see chart). European shares are subdued this morning as renewed worries over tech valuations



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after Oracle's weak forecast offset investor relief from the U.S. Federal Reserve's less-hawkish-than-anticipated commentary.

Technology stocks shed about 0.3%, with German software giant SAP dropping about 2.6%. Industrials and banks, which have been the biggest boosts to the index of late, are leading gains again today. Mainland China stocks ended lower, reversing earlier intraday gains, as investors digested U.S.

Federal Reserve signals on its policy path that failed to offer sustained support, while Hong Kong shares were largely flat. Meanwhile, much of the domestic market's attention has shifted to the upcoming Central Economic Work Conference for possible hints on next year's policy agenda.

World Bank said China's economy held firm in the third quarter of 2025, bringing year-to-date GDP growth to 5.2% year-on-year.

Japan's Nikkei share average fell, with SoftBank Group leading declines as it tracked a sharp fall in Oracle.

Cleaning Up Shop (Argus)

The Federal Reserve wrapped up its Federal Open Market Committee (FOMC) meeting yesterday and, as expected, lowered its fed funds target rate 25 basis points to the 3.50 to 3.75% level. This was the third cut in 2025, and is likely to be the final reduction before Jerome Powell's term as Fed chair is up in May. The FOMC also announced that the Fed's reserve balances have declined to a satisfactory level and the central bank will now go back into the market to purchase shorter-term Treasuries. In the financial markets, interest rates declined after the modest QE program was announced. The decisions reinforce the notion that the Fed is less concerned about the impact of tariffs on inflation and more concerned about the employment sector of the economy. The decisions also leave the incoming chairman of the Fed -- to be appointed by Donald Trump -- with a solid and flexible balance sheet, and room to maneuver on rates should the need arise.

The Trump administration has been extraordinarily vocal in its opinions on interest rates, blurring a clear line of independence that has long existed between the White House and the Fed. The White House



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wants lower rates and the central bank has headed in that direction. That said, in the Summary of Economic Projections published along with the Fed meeting, the central bankers are on record favoring only one cut in 2026 and one in 2027. That would lower the target rate to 3.0% to 3.25%, likely representing a 100-basis-point cushion above the prevailing rate of inflation. That sounds good, but the "Road to the Neutral Rate" may turn out to have some twists and turns.

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	3.01%	-0.8
CDA Prime	4.45%	0.0	CDA 10 year	3.42%	-0.7
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.73%	-0.2
CDA 6 month T-Bill	2.26%	-0.5	CDA 30 year	3.84%	-0.2
CDA 1 Year	2.39%	-1.0			
CDA 2 year	2.63%	-0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	-25.0	US 5 year	3.72%	-4.0
US Prime	6.75%	-25.0	US 10 year	4.14%	-2.7
US 3 month T-Bill	3.59%	-1.9	US 30 year	4.78%	-1.3
US 6 month T-Bill	3.64%	-2.7	5YR Sovereign CDS	30.99	
US 1 Year	3.56%	-4.0	10YR Sovereign CDS	40.46	
US 2 year	3.53%	-3.3			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			690.18	0.06%	8.62%
BMO Laddered Preferred Shares (ETF)			12.21	0.49%	11.51%

Source: LSEG

Things are looking up! Have a great day!

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