Financial HARTbeat

Merry Christmas
Dec 24th 2025

Good Morning,

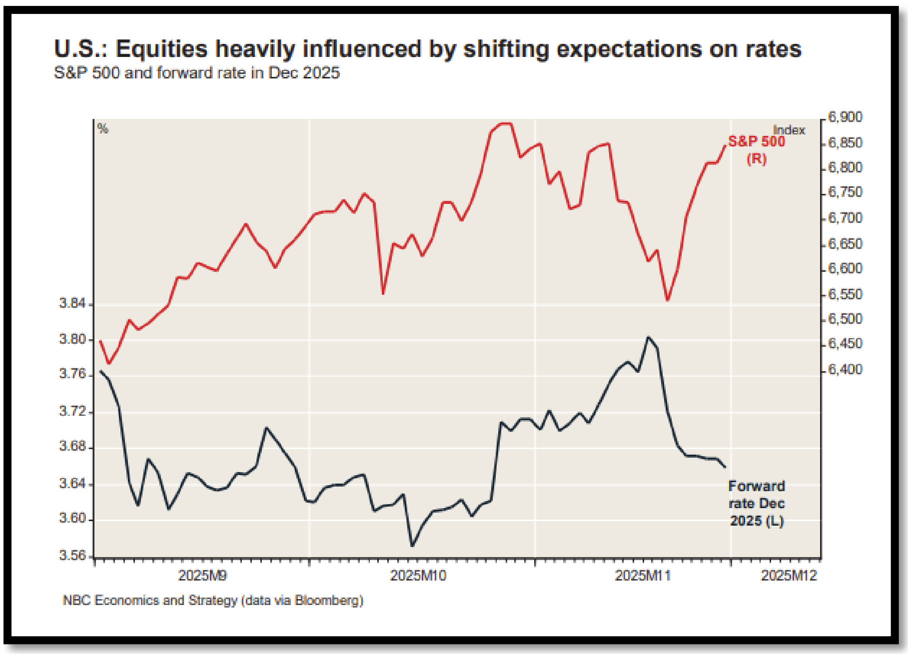
The Santa Claus rally that never happened…

Very little data as we head into holidays..

Markets close at 1pm today…Merry Christmas and Happy Holidays to all

Catch the playback of our Weekly Roundup [Click here]

Chart of the Day: Does this fissile or continue…



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Top News

U.S. stock index futures are marginally lower in shortened Christmas Eve trading, as traders wait to see whether stocks can extend record gains in a seasonally strong stretch for markets. The benchmark S&P 500 hit a closing record high yesterday, lifted by Mega-cap technology stocks, while a run of data painted a mixed picture of the U.S. economy and kept expectations for monetary easing next year largely intact. The U.S. economy grew at its fastest pace in two years in the third quarter, according to government data on Tuesday after a 43-day federal government shutdown delayed the report. However, worsening consumer confidence in December and a flat reading on November factory production tempered the outlook.

Traders are still pricing in two 25-basis points interest rate cuts by the end of 2026, as per LSEG data, although they pared back odds of such a move in January to 13% from 18% before the data. In economic data, initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 214,000 for the week ended December 20, the Labor Department said this morning. Economists had forecast 224,000 claims for the latest week. The report was published a day early because of the Christmas Day holiday.

Futures linked to Canada's main stock index edged lower this morning ahead of a holiday shortened session that is expected to have low trading volumes, following the index's climb to a record high in the previous session. The S&P/TSX composite index on Tuesday eclipsed Monday's record closing high as investor sentiment was buoyed by gains in oil and mining shares despite data showing the Canadian economy shrinking more than expected. Toronto markets will close early at 01:00 p.m. ET today for Christmas Eve and trading volumes are likely to be light throughout the day. Oil prices rise for a sixth day on U.S. economic growth and the risk of supply disruptions.

Gold surged past $4,500 an ounce for the first time this morning while copper extended gains to hit all-time highs.

European shares are little changed this morning as investors paused after the broader index closed at a record high and holiday-shortened trading curbed activity. Yesterday, the European benchmark notched

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a fresh all-time-high, primarily driven by robust healthcare stocks after pharmaceutical giant Novo Nordisk secured crucial U.S. approval for its weight-loss pill.

Sentiment was also lifted by data showing the U.S. economy grew faster than expected in the third quarter, prompting investors to trim some bets on Federal Reserve rate cuts despite the release being delayed by the government shutdown.

Mainland China and Hong Kong stocks ended higher, with the Shanghai benchmark notching its sixth straight winning session, supported by regional market strength in holiday-thinned trading. President Trump's administration said it will slap tariffs on Chinese semiconductor imports over Beijing's "unreasonable" pursuit of chip industry dominance, but would delay the action until June 2027.

Japan's Nikkei share average rose, led higher by chip-sector stocks, tracking an advance among U.S. peers on Wall Street overnight. The biggest boosts to the index came from heavily weighted semiconductor equipment makers Advantest and Tokyo Electron, which added a combined 119 points to the Nikkei. The biggest percentage gainer was Tokyo Electron's smaller rival Screen Holdings, which surged 9.3%. Japanese markets are open Thursday and Friday as usual.

Three Signals from Dividend Growth (Argus)

Since 1988, the dividends of companies in the S&P 500 index have grown on average 6% per year, faster than long-term GDP growth and testament to the fundamental soundness of corporate America. But rates have varied sharply over the years, and from year to year. At times, the dividend growth rate has been zero or negative (during the "dot-com" implosion in the early 2000s; the bear market of 2008-09; and the COVID-19 pandemic). At the other end of the spectrum, the average dividend growth rate has been 10% or above in 12 of the past 36 years. More recently, dividend growth accelerated to 9% in 2018-19, which was a good period for stocks as trade wars settled and the Federal Reserve took a dovish stance on interest rates. But dividend growth slowed sharply in 2020, due to the pandemic, and growth has been in the 5%-6% range in the past two years.

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At this stage of the economic and market cycles, we recommend that investors focus on dividend growth instead of dividend yield. Specifically, we are bullish on companies that have boosted their dividend at high growth rates for many years consecutively. Even during the pandemic and the ensuing periods of supply-chain snags and high inflation, our analysts noted that a number of high-quality, well-managed companies continued to raise their dividends at double-digit rates as part of their value proposition to investors. We think this type of consistent -- and accelerated -- dividend growth gives three important signals: a company's balance sheet is strong enough to pay a dividend; management is mindful of shareholder returns, which include dividends; and management is telling investors that the near-term outlook for the company is promising. been 10% or above in 12 of the past 36 years. More recently, dividend growth accelerated to 9% in 2018-19, which was a good period for stocks as trade wars settled and the Federal Reserve took a dovish stance on interest rates. But dividend growth slowed sharply in 2020, due to the pandemic, and growth has been in the 5%-6% range in the past two years. At this stage of the economic and market cycles, we recommend that investors focus on dividend growth instead of dividend yield.

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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	2.95%	0.7
CDA Prime	4.45%	0.0	CDA 10 year	3.42%	0.1
CDA 3 month T-Bill	2.20%	0.5	CDA 20 year	3.72%	0.1
CDA 6 month T-Bill	2.24%	0.5	CDA 30 year	3.83%	0.1
CDA 1 Year	2.39%	0.5			
CDA 2 year	2.58%	1.0			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.74%	0.0
US Prime	6.75%	0.0	US 10 year	4.17%	-0.2
US 3 month T-Bill	3.56%	0.3	US 30 year	4.83%	-0.3
US 6 month T-Bill	3.60%	0.5	5YR Sovereign CDS	30.24	
US 1 Year	3.53%	0.0	10YR Sovereign CDS	39.70	
US 2 year	3.54%	1.0			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			694.31	0.03%	9.27%
BMO Laddered Preferred Shares (ETF)			12.33	0.24%	12.60%

Source: LSEG

Things are looking up! Have a great day!

Last one of the year. Thanks for reading! All the best in 2026!

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