

Financial HARTbeat

USMCA

June 30, 2026



Good Morning,

Online portal not reflecting accurate values, front end system issue being rectified. Any questions please reach out

USMCA...looks official that President Trump will move it into limbo from now until the end of his presidency...official pack expires 2036 but needs to be ratified at the 6 year mark which is July 1st of this year...

USA and Mexico in talks and Canada and USA in talks both independently...

However, if President Trump has his way and can find a way to a third term then this might be permanently terminated. More likely limbo and a zillion negotiations for potentially a few pennies of savings/GDP growth for the USA..

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

Also, catch the playback of our Annual Outlook [Click here](#)

Chart of the Day: If USMCA disappears...not good for Canada...



**generated with Copilot*



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

Canadian stock index futures rose this morning, as higher commodity prices and easing geopolitical tensions put the main benchmark on track for a strong quarterly performance. In fact, the S&P/TSX Composite Index is on track for its eighth straight quarter of gains, the benchmark's longest winning streak since January 1995-October 1996.

Meanwhile, U.S. President Donald Trump's administration is expected to formally declare on Wednesday that it will not extend the U.S.-Mexico-Canada Agreement (USMCA) on trade, starting a decade-long clock to wind down the 32-year-old North American free trade zone as the three countries haggle over proposed changes. That declaration will kick off a six-year review session, part of a "sunset clause" negotiated by President Donald Trump's first administration. U.S. Trade Representative Jamieson Greer has already scheduled a third round of negotiations with Mexico for the week of July 20, signaling his intent to keep pushing for changes. Failure to reach agreement on revisions to USMCA would keep the trade pact in an indefinite limbo, with similar review sessions annually for the next 10 years, after which the North American trade pact would expire on July 1, 2036. The review and sunset process, which was considered controversial when it was enacted, is separate from a termination clause that U.S. President Donald Trump or his Mexican and Canadian counterparts could exercise, triggering a U.S. withdrawal from the pact within six months.

On the economic front, Canada's economy rebounded more than expected in April, following a slight contraction in the previous month, allaying concerns that a tariff-led slowdown was getting more entrenched. GDP in April grew by 0.5% on a monthly basis, which was the largest monthly expansion in nine months. StatsCan data showed that the goods-producing sector, which contributes up to a quarter of the economy, posted a growth of 1.2%.

Mining, quarrying, and oil and gas extraction sector rose 2.9% in April, its largest monthly growth rate in more than two years, while the construction sector registered a growth of 0.7%, its first growth in five months, while the manufacturing sector posted a growth of 0.6%. Data also showed that the services-producing industries, which accounts for three-quarters of the GDP, grew by 0.3% in April. An advance estimate for May showed that the economy is likely to grow by 0.1% on a monthly basis. In the



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U.S., stock index futures were trading down less than 0.1%, suggesting a modest decline at the opening bell later.

However, The S&P 500 and the Nasdaq Composite indexes remain on course for their best quarter in six years, while the bluechip Dow was set for its biggest quarterly gain since 2022.

Bond Spreads Narrow (Argus)

Treasury bond yields have backed up on fears of oil-price driven inflation in the months ahead, this as the war in Iran remains unresolved. Corporate bond yields have risen as well -- but at a slower rate as bondholders are now less concerned over the risks of recession, given positive trends in employment. As a consequence, spreads between corporate and Treasury bond yields have narrowed over the past quarter, and they remain below historical averages. For example, the spread between AAA-rated corporate bonds and 10- year government bonds in early June was 108 basis points (bps), down from 117 bps in March and below the historical average of 122. The gap between the government 10-year bond yield and a BAA-rated bond (still investment grade) in early June was 162 basis points, below the historical average spread of 227 bps and the spread of 168 basis points a quarter ago.

We watch these spreads closely for several reasons. From an asset-allocation standpoint, wider corporate bond spreads signal that corporate bond valuations may be improving and fixed-income securities could be suitable in our diversified asset-allocation models. As well, and from an economic outlook standpoint, the changes in the spreads offer clues to the bond market's view of corporate financial strength and potential recession risk, which at the current time is relatively low.



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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 | 3.00% | 0.1 |
| CDA Prime | 4.45% | 0.0 | CDA 10 year | 3.38% | 0.4 |
| CDA 3 month T-Bill | 2.27% | 0.0 | CDA 20 year | 3.65% | 0.3 |
| CDA 6 month T-Bill | 2.35% | 0.0 | CDA 30 year | 3.78% | 0.3 |
| CDA 1 Year | 2.54% | 0.0 | | | |
| CDA 2 year | 2.73% | 0.0 | | | |
| US Key Rate | Last | Change bps | US Key Rate | Last | Change bps |
| US FED Funds | 3.5-3.75% | 0.0 | US 5 year | 4.16% | 1.6 |
| US Prime | 6.75% | 0.0 | US 10 year | 4.39% | 1.8 |
| US 3 month T-Bill | 3.74% | -0.3 | US 30 year | 4.87% | 1.5 |
| US 6 month T-Bill | 3.97% | 0.8 | 5YR Sovereign CDS | 42.24 | |
| US 1 Year | 3.99% | 2.1 | 10YR Sovereign CDS | 51.70 | |
| US 2 year | 4.12% | 1.6 | | | |
| Preferred Shares Indicators | | | Last | Daily % | YTD |
| S&P Preferred Share Index | | | 708.26 | -0.04% | 1.73% |
| BMO Laddered Preferred Shares (ETF) | | | 12.81 | -0.31% | 3.89% |

Source: LSEG

Keep looking forward! Have a great day!
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