Financial HARTbeat

New York?
Nov 6th 2025

Good Morning,

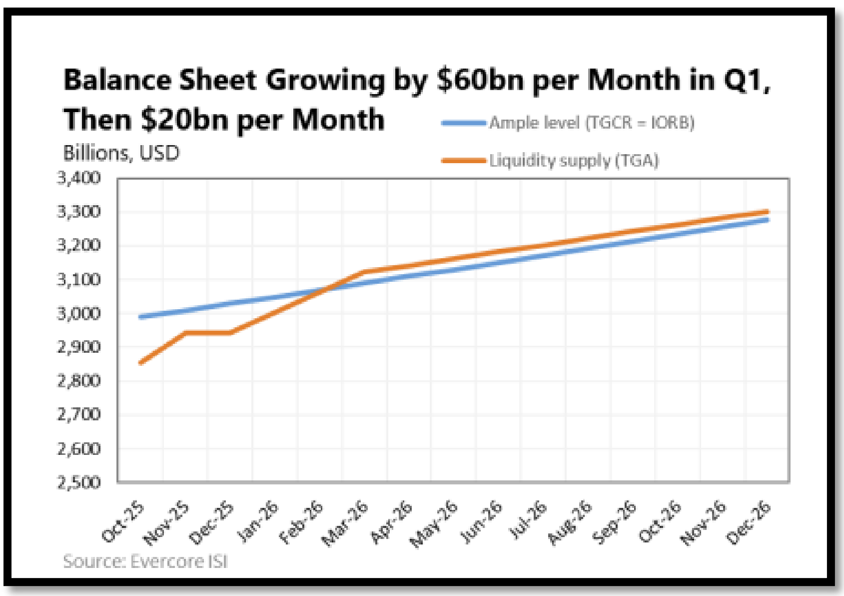
For those following along…New York City will have a young, new democratic mayor take office….Zohran Mamdani…

Free buses, childcare, rent freezes….

This could really split this city and with be important to watch how this plays out prior to midterms…to Democratic leadership gain more traction?

Catch the playback of our Weekly Roundup ***Click here***

Chart of the Day: Fed balance sheet expansion ahead…will this be enough to drive liquidity?



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Top News

U.S. stock index futures are muted this morning, as a drop in Qualcomm's shares added to concerns about stretched valuations in technology stocks, while mixed economic data fueled uncertainty about the U.S. economy. Qualcomm dipped almost 3% after the chip designer warned of a possible loss of business next year from its key customer, Samsung. U.S. stocks sold off sharply on Tuesday after warnings of a market pullback from Wall Street executives sparked a plunge in AI-linked stocks that have powered equities to record highs this year. Some positive earnings reports and better-than-expected economic data, however, steadied markets on Wednesday.

The longest U.S. government shutdown in history has led to investors and the Federal Reserve flying blind ahead of the next rate decision and to rely on private sector indicators. In contrast to yesterday's ADP report that showed a rebound in private U.S. jobs last month, global outplacement company Challenger, Gray & Christmas said this morning U.S.-based employers cut more than 150,000 jobs in October, marking the biggest reduction for the month in more than 20 years (see chart). Traders are now pricing in a 67% chance of a 25-basis-point rate cut in December, lower than 72% a week earlier.

Futures linked to Canada's main stock index are little changed, as higher commodity prices help offset broader market caution following the benchmark's strongest session in three weeks. Gold soared above the $4,000-per-ounce level due to concerns over a prolonged U.S. government shutdown and a weaker U.S. dollar. Oil prices edged higher, and copper rose as well, snapping a four-day decline.

European stocks slipped this morning, in what has been a shaky week for most markets globally, while disappointing results from France's Legrand stoked recent worries around elevated valuations in tech-related companies. Legrand, which makes equipment for data centres, slumped 11% and triggered a trading halt after reporting sales growth of 11.9% in the first nine months of the year, slightly below expectations, hit by U.S. tariffs. However, it was a good day for Novo Nordisk, which gained 3.6% after rival Pfizer lost a legal bid to block the Danish drugmaker's offer for Metsera.

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On the macro front, Norway's central bank left interest rates on hold while the Bank of England kept borrowing costs on hold, but a narrow vote and signs that Governor Andrew Bailey might soon join those seeking a rate cut keeps the door open for a move following the government's budget later this month. Shanghai's benchmark stock index reclaimed the psychologically important 4,000 level today, as optimism over tech selfsufficiency boosted semiconductor and artificial intelligence-related shares.

The CSI Semiconductor Industry Index rallied 4.6% in its biggest singleday gain in nearly two weeks. The Chinese government has issued guidance requiring new data centre projects that have received any state funds to only use domestically-made AI chips. This could be one of China's most aggressive steps yet to eliminate foreign technology from its critical infrastructure and achieve its quest for AI chip self-sufficiency.

Japan's Nikkei share average climbed as much as 2%, rebounding from steep losses in the previous session, as a strong overnight finish on Wall Street revived risk appetite and boosted investor sentiment.

Global Stocks Performing Well (Argus)

We have three strategic asset-allocation models, based on risk-tolerance levels: Conservative, Growth, and Aggressive. We make tactical adjustments to the models, based on our outlooks for the various segments of the capital markets. In terms of performance year to date, stocks and bonds started the year near each other, but stocks have pulled into the lead through October. From an assetallocation standpoint, our Stock-Bond Barometer model still slightly favors bonds over stocks for long-term portfolio positioning. We are over-weight on large-cap stocks at this stage of the market cycle. We favor large-caps for growth exposure and financial strength, as well as exposure to the IT sector. Our recommended exposure to small- and mid-caps is 5%-10% of equity allocation, below the benchmark weighting.

The dearth of IPOs in recent years has meant a lack of exciting new companies in the small-cap marketplace. While the top tier of stocks (the Mag 7) have soared on enthusiasm for AI, the legacy small companies haven't been able to innovate to the same degree. One of the market surprises this year has been the performance of global stocks, which have taken an impressive performance lead in 2025. We

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expect the long-term trend favoring U.S. stocks to re-emerge ultimately, given volatile global, economic, political, geopolitical, and currency conditions.

That said, international stocks offer favorable near-term valuations, and we target an increased 15%-20% of equity exposure to the group. In terms of growth and value over the longer term, we anticipate that growth, led by the IT sector, will top returns from value, led by Energy, Real Estate, and Materials, due to favorable secular and demographic trends.

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	2.72%	-1.4
CDA Prime	4.45%	0.0	CDA 10 year	3.16%	-1.0
CDA 3 month T-Bill	2.22%	0.0	CDA 20 year	3.50%	-0.7
CDA 6 month T-Bill	2.24%	-0.7	CDA 30 year	3.61%	-0.7
CDA 1 Year	2.31%	-0.9			
CDA 2 year	2.42%	-1.0			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4%	0.0	US 5 year	3.74%	-2.9
US Prime	7.00%	0.0	US 10 year	4.14%	-2.1
US 3 month T-Bill	3.79%	-1.1	US 30 year	4.73%	-1.0
US 6 month T-Bill	3.81%	-1.4	5YR Sovereign CDS	39.23	
US 1 Year	3.69%	-1.9	10YR Sovereign CDS	47.88	
US 2 year	3.61%	-2.5			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			692.66	0.04%	9.01%
BMO Laddered Preferred Shares (ETF)			12.14	0.33%	10.87%

Source: LSEG

Things are looking up! Have a great day!
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