Financial HARTbeat

Deal or No deal?
Nov 10th 2025

Good Morning,

Kicking the can down the road seems the story of the decade…

A vote on the affordable care act prior to year end and federal jobs seem to be the key negotiation points at this juncture…

President Trump seems to think a deal is close…but also a band aid until January..

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

Chart of the Day: This continues to bounce around with every new GDP, Employment and Inflation print..

		Bank of Canada	Federal Reserve	European Central Bank
Rates	President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
	Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
	Current policy rate	2.25%	4.00%	2.00%
Next meeting	Next meeting date	December 10, 2025	December 10, 2025	December 18, 2025
	Market-implied policy rate*	2.23%	3.86%	2.00%
	Spread vs. current rate	-2 bp	-14 bp	0 bp
	Probability of…			
	… hike	0%	0%	0%
	… hold	92%	43%	100%
	… cut	8%	57%	0%
Rate cuts	25bps cuts priced in over...			
	... next 3 months	0.2	1.0	0.1
	... next 6 months	-	1.7	0.3
	... next 12 months	-	3.1	-

Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).

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Top News

Global equity markets rose today, lifted by optimism that an end to a historic U.S. government shutdown was in sight, while government bond yields rose and the dollar steadied. The U.S. Senate moved forward over the weekend on a measure to reopen the federal government and end a now 40-day shutdown that has sidelined federal workers, delayed food aid and snarled air travel. In a procedural vote, senators advanced a House-passed bill that will be amended to fund the government until January 30 and include a package of three full-year appropriations bills. If the Senate eventually passes the amended measure, it still must be approved by the House of Representatives and sent to President Donald Trump for his signature, a process that could take several days. Under a deal struck with a handful of Democrats who rebuffed their party's leadership, Republicans agreed to a vote in December on extending subsidies under the Affordable Care Act. The subsidies, which help lower-income

Americans pay for private health insurance and are due to expire at the end of the year, have been a Democratic priority during the funding battle. The bill would prohibit federal agencies from firing employees until January 30, a win for federal worker unions and their allies. It would also provide back pay for all federal employees. The shutdown has taken a toll on the U.S. economy, with federal workers from airports to law enforcement and the military going unpaid while the central bank flies blind with limited government reporting of economic data.

White House economic adviser Kevin Hassett warned that if the government remained closed for much longer, economic growth could turn negative in the fourth quarter, especially if air travel does not return to normal levels by Thanksgiving.

Data on Friday showed that U.S. consumer sentiment slumped to near a 3-1/2-year low in early November as households worried about the economic fallout. Still, overall risk sentiment in markets remained high on Monday as gold rose around 2.5% to its highest level in two weeks due to a combination of weak U.S. economic data, Federal Reserve rate cut expectations and a softer dollar.

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Meanwhile, the earnings reporting period for the third quarter is approaching its conclusion. Of the 446 S&P 500 companies that have reported, 83% have delivered better-than-expected earnings, according to data compiled by LSEG.

Also moving higher this morning, Copper gained 1%, buoyed by hopes that the U.S. government shutdown may end soon and data showing China's producer price deflation eased in October and consumer prices returned to positive territory, as the government steps up efforts to curb over-capacity and cut-throat competition among firms. China is the world's largest consumer of copper. While recent data stoked worries about a weakening U.S. labour market, a slew of Fed officials last week reiterated their preference for going slow on further rate cuts. Markets are currently pricing in a 63% chance of a December Fed rate cut.

Value Sectors (Argus)

Each month, we examine at an aspect of sector investing. This month, we are looking at growth and valuation. Investors hunting for stocks that reasonably balance long-term growth prospects and current value characteristics might want to look at companies in the Healthcare, Financial, and Communication Services sectors. These are among the industry groups that are selling for (price/earnings)/(growth+yield) ratios at or below the S&P 500's ratio of 2.1. To generate the PEGY ratios, we use the P/E ratio for each sector based on forward earnings for the numerator. For the denominator, we average the growth rates for the past five years along with two years of forward estimates, this in order to achieve a less-volatile earnings-growth rate trend.

We then add the current yield to approximate total return. As an example, the current S&P 500 P/E ratio is 21, the current yield is 1.1%, and the historical growth rate is 9%. The formula is 21/(1.2+9.0) = 2.1. Sectors with favorable growth and valuation characteristics, in addition to the three listed above, also include Energy and Materials. Premium-valued sectors with low growth rates include the Consumer groups.

Based on our analysis of growth rates and valuations, along with other factors, we have established our over-weight sectors as Information Technology, Financial, Utilities, and Communication Services. Our

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under-weight sector is Consumer Discretionary. Our Market-Weight sectors include Energy, Consumer Staples, Healthcare, Materials, Real Estate, and Industrial.

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	2.77%	1.8
CDA Prime	4.45%	0.0	CDA 10 year	3.20%	1.0
CDA 3 month T-Bill	2.21%	1.0	CDA 20 year	3.53%	1.7
CDA 6 month T-Bill	2.27%	2.0	CDA 30 year	3.64%	1.7
CDA 1 Year	2.34%	1.5			
CDA 2 year	2.47%	1.5			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4%	0.0	US 5 year	3.72%	4.2
US Prime	7.00%	0.0	US 10 year	4.13%	3.7
US 3 month T-Bill	3.79%	2.3	US 30 year	4.73%	2.7
US 6 month T-Bill	3.80%	1.0	5YR Sovereign CDS	39.48	
US 1 Year	3.66%	2.3	10YR Sovereign CDS	47.89	
US 2 year	3.60%	4.0			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	691.49	0.02%	8.82%
BMO Laddered Preferred Shares (ETF)	12.14	0.17%	10.87%

Source: LSEG

Things are looking up! Have a great day!

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