

Financial HARTbeat

Canada

Nov 21st 2025



Good Morning,

Canada Retail sales down in September and October appears in line with that as well...

Canadian dollar strengthens...

UAE to invest up to \$50B in Canada with a focus on AI, energy and mining of critical minerals...

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

Chart of the Day: Key metrics to follow and monitor....

| Quarterly pattern Canada | | | | | | | | |
|--------------------------------------|---------|---------|---------|----------|----------|----------|----------|----------|
| | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 |
| | actual | actual | actual | forecast | forecast | forecast | forecast | forecast |
| Real GDP growth (q/q % chg. saar) | 2.4 | 2.1 | 2.0 | (1.8) | 0.5 | 0.8 | 1.4 | 1.8 |
| CPI (y/y % chg.) | 2.0 | 1.9 | 2.3 | 1.8 | 2.0 | 2.2 | 1.9 | 2.4 |
| CPI ex. food and energy (y/y % chg.) | 2.5 | 2.1 | 2.5 | 2.8 | 2.5 | 2.5 | 2.3 | 2.1 |
| Unemployment rate (%) | 6.6 | 6.7 | 6.6 | 6.9 | 7.1 | 7.3 | 7.3 | 7.2 |
| National Bank of Canada | | | | | | | | |



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Top News

Futures for the Nasdaq and the S&P 500 are higher this morning, with tech heavyweights recovering from the prior session's rout as worries over skyhigh valuations and uncertainty over U.S. rate cuts dented sentiment. Nvidia is trading higher in premarket trading after a volatile session yesterday when the shares swung as much as 5% higher before closing 3.2% down. All three main indexes are on track for their worst weekly drop since March. The Bureau of Labor Statistics plans to skip its October update and instead combine October and November nonfarm payroll data in a single report due mid-December. Earlier this morning, Traders saw nearly a 37% chance of a December rate cut, according to the CME FedWatch Tool. Investors will tune in to the public remarks from at least five Fed officials throughout the day, while attention also turns to November business activity and consumer sentiment data, due shortly after the markets open.

Futures for Canada's main stock index pared earlier losses, as investors offloaded risk assets yesterday as the U.S. jobs report offered little clarity on interest rate decisions. The index is on course for its weakest weekly performance since early October. Weighing sentiment this morning, gold prices fell as hopes of a U.S rate cut diminished.

Oil prices fell close to 1% extending declines as a peace deal for Russia-Ukraine war was touted that could boost global supply. Prime Minister Mark Carney says Ottawa is working on a \$1 billion project aimed at expanding critical minerals processing capacity in Canada, while securing the equivalent of \$70 billion in investment from the United Arab Emirates. Economic data showed Canadian retail sales fell by 0.7% in September from August, on lower sales at motor vehicle and parts dealers. Sales were likely unchanged in October, the Statcan said in a flash estimate (see chart).

European shares slide and are heading for weekly losses as concerns over stretched tech valuations and a more hawkish Federal Reserve kept investors risk-averse, while defence stocks weakened amid signs of possible progress toward ending Russia's war in Ukraine.

The pan-European STOXX 600 fell to its lowest since early October. Tech names dropped more than 2.6%, and AI beneficiaries Schneider Electric and Siemens Energy slid about 2.6% and 9%, respectively.



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Meanwhile investors are also monitoring developments around a new U.S. drafted plan to end the Russian war in Ukraine that would involve downsizing Kyiv's military and major territorial concessions.

China stocks tumbled today and posted their biggest weekly decline since late December, joining a global market selloff with tech shares leading declines. The Shanghai Composite Index dipped 2.5% at market close, the biggest single-day decline since April 7. That brought the week's loss to 3.9%, the worst since December 30, 2024. In Hong Kong, the benchmark Hang Seng Index slid 2.4% to a five-week low. It's down 5% for the week. The Hang Seng tech index declined 3.2%, the sixth straight losing session to its lowest since August.

Japan's Nikkei share average ended sharply lower, dragged down by technology-related stocks, as fresh valuation concerns drove U.S. stocks lower overnight. The Nikkei 225 Index sank 2.4%, finishing the week down 3.5%. The yen traded near a 10-month low, and long-term Japanese government bond yields were close to record highs as the nation's cabinet approved a massive economic stimulus plan.

GDP is Growing Without Housing (Argus)

Homebuilding is traditionally an engine of U.S. economic growth, but we will probably see that it missed the party when the Bureau of Economic Advisors provides a delayed report on 3Q GDP. Residential fixed investment, the category that includes homebuilding in the GDP report, is poised for an annualized decline of 2.7% in 3Q, this according to the Federal Reserve Bank of Atlanta's GDPNow indicator. Residential investment may trim about a tenth of a point from GDP, which the Atlanta Fed expects to grow at an annualized 4.2%. Our estimate is for an increase of 2.6% in 3Q GDP.

The economy is growing without help from housing because consumer spending is solid and investments in artificial intelligence are more than picking up the slack. As a result, residential fixed investment is likely to represent less than 4% of GDP in the third quarter, well below the average of 4.6% since the beginning of 1947. Economists surveyed by the Federal Reserve Bank of Philadelphia expect residential investment to decline by 0.1% next year, with GDP up 1.8%. The forecasters expect housing starts to be 1.35 million in 2026, about the same as in 2025. Remodeling activity, which also contributes to residential



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investment, is poised to rise 1.9% in 4Q25, 2.4% in 1Q26, 2.1% in 2Q26, and 1.9% in 3Q26, according to the Leading Indicator of Remodeling Activity (LIRA) from the Harvard University Joint Center for Housing Studies. The National Association of Home Builders recently reported a small increase in builder confidence in November. Indices for current single-family sales and traffic of potential buyers were slightly higher, while conditions over the next six months declined.

On November 25, we expect the S&P Cotality Case-Shiller National Home Price Index will post an annual increase of 1.5%, a continuing deceleration from the index's 2.8% increase in April. The Zillow Home Value Index rose by an annual 0.1% in October.

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 | 2.79% | -0.8 |
| CDA Prime | 4.45% | 0.0 | CDA 10 year | 3.22% | -1.3 |
| CDA 3 month T-Bill | 2.20% | 0.0 | CDA 20 year | 3.57% | -0.5 |
| CDA 6 month T-Bill | 2.25% | 0.0 | CDA 30 year | 3.67% | -0.5 |
| CDA 1 Year | 2.33% | -0.5 | | | |
| CDA 2 year | 2.46% | -1.3 | | | |
| US Key Rate | Last | Change bps | US Key Rate | Last | Change bps |
| US FED Funds | 3.75-4% | 0.0 | US 5 year | 3.62% | -5.4 |
| US Prime | 7.00% | 0.0 | US 10 year | 4.06% | -4.1 |
| US 3 month T-Bill | 3.75% | -3.2 | US 30 year | 4.71% | -2.0 |
| US 6 month T-Bill | 3.76% | -5.3 | 5YR Sovereign CDS | 37.23 | |
| US 1 Year | 3.62% | -3.8 | 10YR Sovereign CDS | 44.90 | |
| US 2 year | 3.51% | -4.8 | | | |
| Preferred Shares Indicators | | | Last | Daily % | YTD |
| S&P Preferred Share Index | | | 676.09 | -0.09% | 6.40% |
| BMO Laddered Preferred Shares (ETF) | | | 11.86 | -0.79% | 8.31% |

Source: LSEG

Things are looking up! Have a great day!

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