

Financial HARTbeat

Peace?

Nov 24th 2025



Good Morning,




US peace plan for Ukraine/Russia....will this come to fruition?

Geneva hosting an event this week where all attention towards reviewing the potential agreement..

What does this all mean?plenty to many assets and should be reviewed accordingly...

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

Chart of the Day: this is the wildest year I can remember from the swings in likelihood of rates cuts moving...so much on daily data...most recent below..

	 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*	2.24%	3.84%	2.00%
Spread vs. current rate	-1 bp	-17 bp	0 bp
Next meeting			
Probability of...			
... hike	0%	0%	0%
... hold	95%	34%	100%
... cut	5%	66%	0%
Rate cuts			
25bps cuts priced in over...			
... next 3 months	0.2	1.0	0.0
... next 6 months	-	1.8	0.2
... next 12 months	-	3.5	-

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



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Top News

Canadian stock index futures were steady this morning as investors weighed growing odds of a U.S. Federal Reserve rate cut in December, while declining oil prices put pressure on the commodity market. The S&P/TSX composite index gained 0.9% on Friday, nearly erasing most of its weekly losses following a volatile period marked by a global selloff in AI and technology stocks amid concerns over stretched valuations and ambitious spending.

The gains followed comments from Fed policymaker John Williams, who stated on Friday that interest rates could fall "in the near term," boosting expectations for a rate cut at the Fed's December meeting. Markets now await potential catalysts, including U.S. retail sales and producer prices data due later this week.

Domestic investors will also be monitoring Canadian GDP data for the third quarter, due on Friday. Putting downward pressure on futures, oil prices continued their decline from the previous week as prospects of a Ukraine peace deal could lead to an easing of sanctions on major producer Russia. Among other developments, the Indian government said it has agreed with Canada to restart stalled talks for a new trade deal after a break of two years following a diplomatic tussle. On the economic front, Statistics Canada said in a flash estimate that Canadian factory sales most likely fell 1.1% in October from September, largely driven by lower sales in the chemical and wood product subsectors.

In the U.S., stock futures were also trading higher in what looks to be another choppy session today, as investors weighed the odds of an imminent Federal Reserve rate cut in December. Investors are pricing in a 75% chance the central bank will deliver a 25-basis-point interest rate cut next month, compared with 42% a week earlier, according to CME Group's FedWatch Tool.

As the holiday shopping season starts with the Thanksgiving holiday on Thursday, extending into Black Friday and Cyber Monday. Consumption patterns, the backbone of the American economy, will be particularly scrutinized by investors at a time when multiple companies announced layoffs, delayed official data pointed to rising unemployment and U.S. tariffs weighed on sentiment. The National Retail Federation said it expected U.S. holiday sales to surpass \$1 trillion for the first time.



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Meanwhile, Deutsche Bank lifted some of the gloom, projecting the S&P 500 Index would surge to 8,000 by the end of 2026, citing resilient corporate earnings and AI-driven gains, the most bullish call among major global brokerages. Economists polled by the National Association for Business Economics said in the group's year-end forecast survey that U.S. economic growth will increase slightly next year but employment gains will remain sluggish, and the Federal Reserve will slow any further rate cuts. The survey of 42 professional forecasters, conducted from November 3 to 11, found the median outlook was for growth of 2%, up from 1.8% in a prior October survey and in contrast to a growth rate of only 1.3% projected in June.

Our (Very) Long Term Forecasts for 2036 (Argus)

Even with a short supply of economic data from the government, we can still make long-term estimates. Ten years out, in 2036, real GDP might be growing at 1.7%; the unemployment rate might be 4.2%; the CPI might be running at 2.3%; PCE inflation might be 2%; the fed funds rate might be 3.0%; the 10-year Treasury yield might be 4.3%; the 30-year mortgage rate might be 6%; and the S&P 500 might trade at 23-times earnings. So what could go wrong? Perhaps wars, pandemics, natural disasters, new technology, trade tensions, supply-chain problems, and changes in tax and immigration laws. Indeed, it is impossible to predict definitively what will happen in a decade. But anyone who wants to build a business, invest, or commit to mortgage payments needs some baseline estimates.

The following forecasts are based on our analysis of estimates published by the Congressional Budget Office, the Federal Reserve Board members and regional bank presidents, and more than 50 economists in the Philadelphia Fed's quarterly Survey of Professional Forecasters. The estimate of GDP is based on the CBO's economic projections, including GDP building blocks of 0.3% growth in the labor force and 1.4% labor force productivity growth. The Fed's Summary of Economic Projections in September includes "longer-run" forecasts for real GDP growth (1.8%), the unemployment rate (4.2%), PCE inflation (2.0%), and the fed funds rate (3.0%).

We based our 4.3% estimate of the 10-year yield on the 200-bps average spread between the Treasury yield and the CPI since 1962. Of note, CPI typically runs higher than PCE because of the manner in which



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it is constructed. We are using the CBO's estimate of 2.3% for the CPI, which is 30 bps above its PCE estimate.

The 30-year mortgage rate has averaged 175 bps more than the 10-year Treasury since 1971. Our P/E estimate of 23.3 is based on the Fed model and a 4.3% earnings yield. The CBO estimates put the T-note at 3.7% in 2036, which puts the mortgage rate at 5.45%, and the 2036 P/E at 27-times.

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%	-0.4
CDA Prime	4.45%	0.0	CDA 10 year	3.22%	-0.7
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.57%	0.1
CDA 6 month T-Bill	2.25%	-0.5	CDA 30 year	3.68%	0.4
CDA 1 Year	2.32%	-1.0			
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	3.64%	-3.6
US Prime	7.00%	0.0	US 10 year	4.08%	-2.7
US 3 month T-Bill	3.75%	-3.0	US 30 year	4.72%	-0.7
US 6 month T-Bill	3.78%	-3.5	5YR Sovereign CDS	37.73	
US 1 Year	3.63%	-2.7	10YR Sovereign CDS	44.88	
US 2 year	3.53%	-2.9			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	676.23	-0.09%	6.42%		
BMO Laddered Preferred Shares (ETF)	11.88	-0.79%	8.49%		

Source: LSEG

Things are looking up! Have a great day!

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