Financial HARTbeat

AI

Nov 25th 2025

Good Morning,

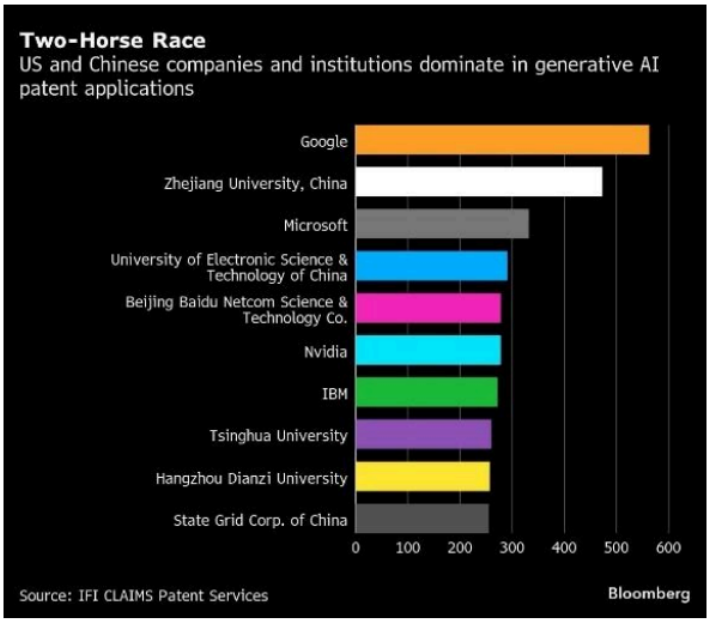
Could Nivida have peaked, and then next phase of AI starts to take shape?

Could Oracle have peaked, and the next phase of AI starts to take shape?

Still Chat GPT is the fastest growing application of all time…who is the benefactor? Microsoft?

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

Chart of the Day: Leaders of generative AI…



"The AI showdown: How the US and China stack up," Bloomberg, November 8, 2025

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Top News

Stock futures were relatively muted on Tuesday following a winning day on Wall Street thanks to gains in artificial intelligence-linked names and renewed hopes of a Federal Reserve interest rate cut. U.S. retail sales increased less than expected in September, taking a breather following a recent stretch of strong gains. Retail sales rose 0.2% after an unrevised 0.6% gain in August, the Commerce Department's Census Bureau said on Tuesday.

Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, rising 0.4% following a previously reported 0.6% increase in August. The U.S. labor market is showing further signs of weakening as the pace of layoffs has picked up over the past four weeks, payrolls processing firm ADP reported Tuesday. Private companies lost an average of 13,500 jobs a week over the past four weeks, ADP said as part of a running update it has been providing. Separately, traders continue to watch for any news that can affect the Federal Reserve's upcoming monetary policy decision. Markets are pricing in a more than 80% chance of a quarter percentage point cut from the Fed in December, per the CME FedWatch Tool.

European shares were subdued on Tuesday as investors turned cautious ahead of the release of U.S. economic data, even as expectations of interest rate cuts in the world's largest economy rose. The broader European defence sector was up after it dropped over 5% in the last two sessions, on expectations that a Russia-Ukraine peace deal was close. New car sales in Europe rose 4.9% in October as electric cars outpaced petrol and diesel registrations, European Automobile Manufacturers' Association data showed on Tuesday.

UK stocks edged higher in choppy trading on Tuesday as investors awaited a highly anticipated budget this week which is expected to include significant tax measures. British retailers have reported the sharpest drop in confidence in 17 years and their sales fell again ahead of Wednesday's budget which is likely to include tax increases, according to a survey published on Tuesday.

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Japan's Nikkei stock gauge erased most of its early gains to end nearly flat on Tuesday as SoftBank Group tanked almost 10% on concerns about competition between OpenAI's ChatGPT and Google's Gemini.

China stocks ended higher, rebounding from a two-month low on Tuesday, as tech shares led gains on signs of easing geopolitical tensions and as global markets shrugged off worries that the AI sector is overheating. President Donald Trump touted relations with China as "extremely strong" on Monday following a call with Chinese leader Xi Jinping, who told Trump that Taiwan's "return to China" is a key part of Beijing's vision for the world order.

Profit Margins Widening (Argus)

Third-quarter earnings season is winding down. The overall growth rate is set to land in the mid-teens range, above our forecast for 10%- 12% growth. Yes, earnings typically beat expectations. But let's take a closer look. A solid 83% of companies have beaten the EPS consensus, well ahead of the average 67%. Notable contributions came from Information Technology (rising 29%), Financials (25%), and Industrials (23%). The only negative sector was Energy, with a 1.5% decline. There are three drivers to EPS growth: higher sales, a wider operating margin, and a reduced share count. A decline in shares outstanding, the result of corporate share buybacks, is the lowest-quality driver. Higher sales, as customers demand and pay for more products, is the highest quality, especially when sales are driven by an increase in volume. (Recent revenue growth has been about 8%, or about 600 basis points above long-term U.S. GDP growth, which is healthy.) Margin management is in the middle. Consistently wider margins can be a sign of a good management team that is able to grow revenues faster than costs. That's a tall order in periods of high inflation, which raises the prices of Cost of Goods Sold, and of high interest rates, which result in higher financing costs.

What's more, there's a cap to margins, as they don't rise indefinitely. (This is one of those statistics for which the concept "reversion to the mean" is relevant.) The S&P 500 operating margin has widened by approximately 50 basis points year over year to 12.4%, which means there's still room for expansion to all-time highs of 14% (and those highs may be rising in the quarters ahead as the profitable IT sector increasingly dominates the market and earnings). This trend fits into our outlook for a modest widening in the S&P 500 operating margin in 2026, and for EPS growth in the 10%-12% range for the year.

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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	2.74%	-0.6
CDA Prime	4.45%	0.0	CDA 10 year	3.16%	-1.4
CDA 3 month T-Bill	2.19%	0.0	CDA 20 year	3.51%	-1.2
CDA 6 month T-Bill	2.24%	0.0	CDA 30 year	3.62%	-1.3
CDA 1 Year	2.30%	-0.5			
CDA 2 year	2.42%	-0.8			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4%	0.0	US 5 year	3.58%	-2.2
US Prime	7.00%	0.0	US 10 year	4.01%	-2.5
US 3 month T-Bill	3.75%	1.0	US 30 year	4.66%	-2.1
US 6 month T-Bill	3.78%	0.3	5YR Sovereign CDS	36.99	
US 1 Year	3.63%	1.3	10YR Sovereign CDS	43.89	
US 2 year	3.47%	-1.6			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	683.28	0.09%	7.53%
BMO Laddered Preferred Shares (ETF)	12	0.76%	9.59%

Source: LSEG

Things are looking up! Have a great day!
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