Financial HARTbeat

Politics
Oct 6th 2025

Good Morning,

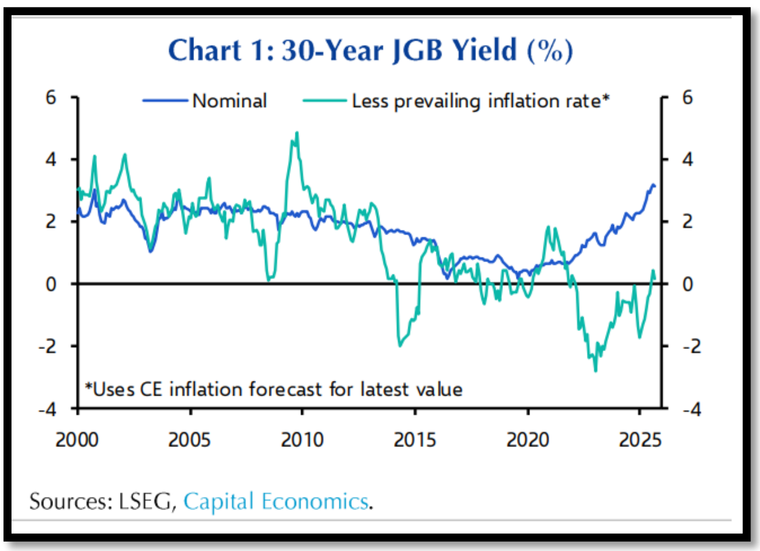
France…oh my gosh…they are in a mess…do they have a government or do they not…seem to not be able to put when in place and or survive for more than a day…

US Presidents health now starting to be called into question….this is an urgent area which needs to be watched and or tracked closely…what happens to Maga…if he is unfit to stay in office..

Carney…quietly going about a lot of cuts behind the scenes…more cuts in the Canada then in the US since he has taken office..

Catch the playback of our Weekly Roundup [Click here]

Chart of the Day: Has it always been about Japan….inflation low and new leadership coming in…what is the impact on JGBs and Yen…an important asset class for the future of markets…



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Top News

U.S. stock index futures rose today, building on gains from last week as a flurry of AI-related dealmaking and softer labor market trends bolstered expectations for an interest-rate cut. The resilience in equities came despite a federal government shutdown stretching into its sixth straight day, underscoring persistent appetite for tech stocks and an increased focus on the upcoming earnings season for cues on the trajectory of the economy. While the shutdown has delayed the release of the closely watched nonfarm payrolls report, a slew of alternative indicators last week pointed to tepid hiring, reinforcing expectations that the Federal Reserve will cut rates by 25 bps at its next meeting. Goldman Sachs expects the military pay date on October 15 to pressure lawmakers into ending their deadlock. If the shutdown stretches beyond that date, roughly 1.3 million military personnel would go unpaid.

In Canada, futures tied to the main stock index also rose today, supported by positive sentiment on Wall Street and rising commodity prices. The metals mining and energy sectors are poised to capture investors' attention as gold prices reached an all-time high on safe-haven demand. Meanwhile, oil prices surged more than 1% after OPEC+ announced a lesser-than-expected production increase for November. This week's economic calendar features Canadian employment data that will provide crucial insights into the country's economic health and potentially influence the Bank of Canada's monetary policy direction at its upcoming meeting.

Also, on the agenda this week, Canadian Prime Minister Mark Carney plans to meet with U.S President Donald Trump tomorrow in Washington to discuss economic and security issues. Canada has been holding talks for months with the U.S. on a new economic and security relationship, with the aim of removing all U.S. tariffs on Canadian goods, but those talks had stalled. Carney said last month on the sidelines of the U.N. General Assembly that trade negotiations with the U.S. were ongoing, and that many remaining issues would move to a forthcoming review of the United States-Mexico-Canada trade agreement (USMCA).

Elsewhere, France's new Prime Minister Sebastien Lecornu and his government resigned on Monday, hours after Lecornu announced his cabinet line-up, making it the shortest-lived administration in modern French history and deepening the country's political crisis. The unexpected resignation came after allies

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and foes alike threatened to topple the new government. The announcement drove stocks and the euro sharply lower.

Japan's ruling party picked hardline conservative Sanae Takaichi as its head this weekend, putting her on course to become the country's first female prime minister in a move set to jolt investors and neighbours.

In corporate news, AMD announced it will supply artificial intelligence chips to OpenAI in a multi-year deal that would bring in tens of billions of dollars in annual revenue and give the ChatGPT creator the option to buy up to roughly 10% of the chipmaker.

Global Stocks Performing Well (Argus)

We have three strategic asset-allocation models, based on risk: Conservative, Growth, and Aggressive. We make tactical adjustments to the models, based on our outlooks for the segments of the capital markets. In terms of performance, stocks and bonds started the year close, but stocks have pulled ahead through September. From an asset-allocation standpoint, our Stock-Bond Barometer still slightly favors bonds over stocks for long-term portfolio positioning. We are over-weight on large-cap stocks atthis stage of the market cycle, favoring them for growth exposure, financial strength, and 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 has meant a lack of exciting new companies in the marketplace.

While top-tier stocks (i.e., 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 expect the long-term trend favoring U.S. stocks to ultimately re-emerge, given volatile global economic, political, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations, and we target 15%-20% of equity exposure to the group. In terms of growth and value, value got off to a good start in 2025 and looks likely to outperform if the market returns to a risk-off environment.
Over the long 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. this stage of the market cycle, favoring them for growth exposure, financial strength, and exposure to the IT sector. Our

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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.)**

	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.50%	0.0	CDA 5 year	2.75%	1.2
CDA Prime	4.70%	0.0	CDA 10 year	3.21%	2.5
CDA 3 month T-Bill	2.42%	-1.5	CDA 20 year	3.60%	3.1
CDA 6 month T-Bill	2.41%	0.0	CDA 30 year	3.71%	3.5
CDA 1 Year	2.41%	0.5			
CDA 2 year	2.46%	1.1			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	4-4.25%	0.0	US 5 year	3.74%	2.8
US Prime	7.25%	0.0	US 10 year	4.15%	3.5
US 3 month T-Bill	3.88%	1.5	US 30 year	4.75%	3.8
US 6 month T-Bill	3.84%	1.2	5YR Sovereign CDS	41.22	
US 1 Year	3.64%	0.5	10YR Sovereign CDS	49.87	
US 2 year	3.59%	1.6			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			680.43	0.02%	7.08%
BMO Laddered Preferred Shares (ETF)			11.93	0.17%	8.95%

Source: LSEG

Things are looking up! Have a great day!

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