

Financial HARTbeat

Anxiety
Oct 7th 2025



Good Morning,

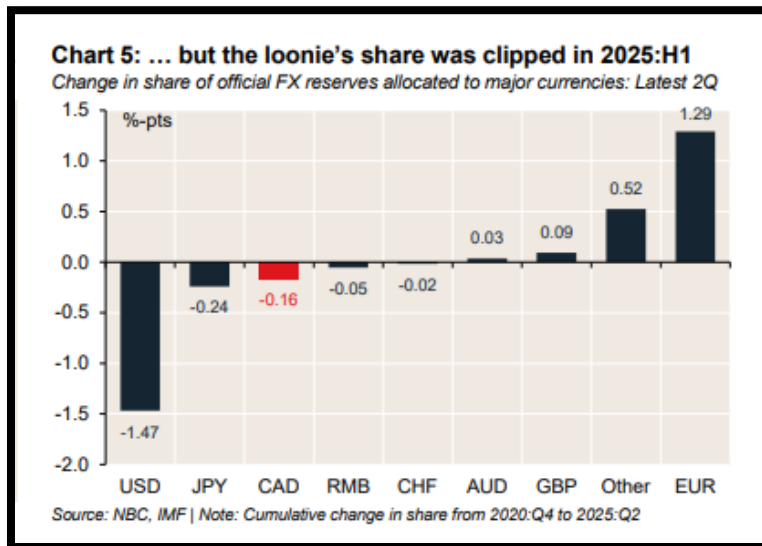
I feel a level of client anxiety that I don't recall in my career....as we climb the wall of worry together, I feel your stress and strain...as always I aim to adjust as the wind does and continuing fine tuning the direction of portfolios..

Stock market indicators are still pointing uncertainty and this has been what has been driving market higher...

Gold greed is off the charts...as per every over the top market rally in precious metals we reach blow off levels and it appears we are steaming ever so more closely to this...

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

Chart of the Day: Losing the marginal buyer for CAD (via bond purchases)...is not great for the outlook for CAD....slowing economy has moved buyers away and a risk/opportunity to position for...



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Top News

Canada's Prime Minister Mark Carney is making his second visit to the White House in five months today under increasing pressure to address U.S. tariffs on steel, autos and other goods that are hurting Canada's economy. Several analysts played down the chances of an imminent trade deal with U.S. President Donald Trump and said the mere fact that discussions are continuing should be considered a success for Carney. Since his last visit, the prime minister has made numerous concessions to Canada's biggest trading partner, including dropping some counter-tariffs and scrapping a digital services tax aimed at U.S. tech companies.

While the majority of Canada's exports are entering the United States tariff-free under the U.S.-Canada-Mexico free trade agreement, tariffs have pummeled Canada's steel, aluminum and auto sectors and a number of small businesses. On the economic front, Canada's merchandise trade deficit widened in August to C\$6.32 billion as exports fell faster in both value and volume than the rise in imports. The drop in exports was driven not only to its top trading partner the U.S. but also because its shipments to the rest of the world shrank in the month.

Canada's international trade numbers took a beating early this year as U.S. President Donald Trump imposed sectoral tariffs on the country, forcing businesses to reorient supply chain from its biggest trading partner. But the shift has been volatile and erratic. StatsCan said that exports to the U.S. in August were at C\$44.18 billion, down 3.4% from July, adding it was primarily led by unwrought gold exports. Canada's share of exports to the U.S. has been volatile but gradually shrinking. It had fallen below 70% a few months ago before recovering to 73% in August as compared with 75% during the same period last year. Imports from the U.S. were down 1.4% in August on a monthly basis, shrinking the total trade surplus with its southern neighbor to C\$6.43 billion from C\$7.42 billion in July.

In markets, the Toronto Stock Exchange's S&P/TSX composite index closed at an all-time high yesterday, extending its winning streak to seven consecutive sessions, propelled by positive momentum from Wall Street and strong performances in the mining and technology sectors. The commodity-heavy Canadian stock index had been riding the wave of surging gold prices, which reached yet another historic peak early today, hitting \$4000/oz for the first time.



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In corporate news, the White House announced a strategic \$35.6 million investment in Canadian miner Trilogy Metals, giving the U.S. government a 10% ownership stake with warrants to acquire an additional 7.5% interest. The company's U.S.-listed shares surged 178% in premarket trading. With the U.S. government shutdown continuing and no fresh economic data available, investors will focus on Federal Reserve commentary from officials, including Vice Chair Michelle Bowman and several regional Fed presidents..

Sector Leaders and Laggards (Argus)

Even with some late-September profit taking, growth sectors clearly won the third quarter. But other parts of the market also participated in the uncommonly strong summer stock-market rally. The best sector in 3Q25 was Information Technology, up 11.7%. Consumer Discretionary bounced back in 3Q25, rising just under 9% in the quarter; given early-year weakness, Discretionary is up about 5% year to date. Communication Service rose 7.8% in 3Q25.

Every sector but one (Consumer Staples) was positive in 3Q25. Still, only the three growth-sector leaders did better than the S&P 500, which was up 6.4% for the 2025 third quarter. Energy rose in low-double-digits in 3Q25, despite delivering the worst performance of any sector in calendar 2Q25 earnings season. Other sectors lagging the broad market but outperforming peers included Materials and Financial, both up about 4% in the quarter. They are trailed by (in descending order) Utilities, Healthcare, Industrial, and Real Estate.

On a granular basis, the AI trade continues to drive overall stock-market returns. The 13% gain in the S&P 500 year to date is somewhat misleading or at least imbalanced, as the top 10 stocks, which make up approximately 35% of the index, are up about 40% year to date, while the equal-weighted S&P 500 is up about 6%. AI enthusiasm, along with broad-market bargain hunting, creates a positive set-up that could enable the market to build on existing gains into year-end. Argus believes investors may look beyond traditional sector leadership for the remainder of 2025.



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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	2.77%	1.1
CDA Prime	4.70%	0.0	CDA 10 year	3.23%	1.9
CDA 3 month T-Bill	2.41%	-2.0	CDA 20 year	3.63%	2.1
CDA 6 month T-Bill	2.41%	0.0	CDA 30 year	3.74%	2.3
CDA 1 Year	2.42%	0.0			
CDA 2 year	2.47%	0.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.76%	1.0
US Prime	7.25%	0.0	US 10 year	4.17%	0.9
US 3 month T-Bill	3.86%	-0.3	US 30 year	4.76%	0.6
US 6 month T-Bill	3.83%	1.3	5YR Sovereign CDS	41.23	
US 1 Year	3.67%	0.7	10YR Sovereign CDS	49.90	
US 2 year	3.60%	0.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			680.54	0.04%	7.10%
BMO Laddered Preferred Shares (ETF)			11.97	0.34%	9.32%

Source: LSEG

Things are looking up! Have a great day!

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