

Financial HARTbeat

Credit Cracks
Oct 17th 2025



Good Morning,

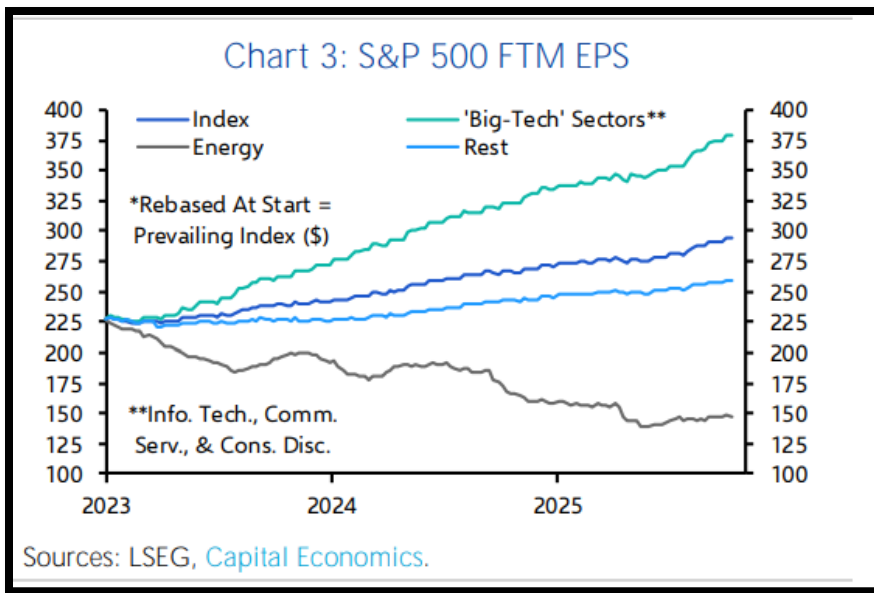
US Regional Banks were under pressure yesterday.....cracks starting to form in the loan books...

Private Credit Companies gating some of their credit products (meaning client can sell/withdraw funds)

Non performing loans rising (meaning interest payments being missed).....these cracks are starting to appear...maybe not imminent but certainly something to keep on the radar screen..

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

Chart of the Day: Big tech FTM (Forward Twelve Month) earnings...



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.



Top News

U.S. stock index futures pared earlier steep losses this morning as mounting concerns over risks and deteriorating credit quality triggered a selloff in regional banks yesterday, further weakening investor confidence strained by U.S.-China trade tensions and a government shutdown. This morning, U.S. President Donald Trump confirmed that his meeting with Chinese President Xi Jinping was still on, easing investor concerns over worsening trade tensions between the two largest economies.

The SPDR S&P regional banking ETF was up about 1.2% in premarket trading, after registering its steepest one-day drop in more than six months in the previous session. The decline was triggered by Zions Bancorporation disclosing a \$50 million loss tied to two commercial and industrial loans, while Western Alliance said it had initiated a lawsuit alleging fraud by Cantor Group V, LLC. Wall Street's fear gauge (VIX), rose to its highest in more than five months at 26.31 points.

Futures linked to Canada's main stock index fell this morning, after the index declined yesterday over concerns about credit stress at U.S. regional lenders. Still, the TSX appears positioned to register modest weekly gains, buoyed by its commodity-heavy composition and a record rally in gold prices. The materials sector has led the charge with an 8.6% increase so far this week. The yellow metal notched a new high above \$4,300 an ounce this morning and is poised for its best week in over 17 years.

Oil prices fell due to uncertainty over global energy supplies after U.S. President Donald Trump and Russian President Vladimir Putin agreed to meet in Hungary to discuss ending the war in Ukraine. Copper prices in Shanghai also retreated as investors remained cautious about ongoing U.S.-China trade tensions.

European shares tumbled, on course for their biggest drop in more than two months, as fresh worries about the health of U.S. regional banks hurt shares of lenders globally. European banks slid 3%. Europe's high-flying defence stocks came under pressure after U.S. President Donald Trump and Russian President Vladimir Putin agreed to another summit on the war in Ukraine. The STOXX aerospace & defence index dropped more than 3.5% to a one-month low.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.



Stocks in China and Hong Kong fell today, capping their steepest weekly drop since early April, as investor caution over trade uncertainties and profit-taking from artificial intelligence shares dampened sentiment ahead of a leadership conclave in Beijing next week. The CSI300 index shed more than 2% this week, while the Hang Seng Index lost 4%. Investors are turning their attention to next week's closed-door meeting of the Communist Party's elite Central Committee, which will run from Monday to Thursday. Japanese shares also fell, as bank shares declined on signs of credit stress at U.S. regional banks, and as a stronger yen hurt sentiment. The index lost 1% for the week.

Signals from the Dollar (Argus)

The dollar, the world's dominant currency, offers nuanced clues about the confidence investors have in the U.S. economy and financial system. Year to date, the dollar has given back 5% on a global, trade-weighted basis and 7% compared to an index of advanced economy currencies. Some of the slide can be linked to the uncertainty caused by President Trump's trade policies, but reasons also include the swelling U.S. federal debt and the pressure that the president is putting on the Fed to lower rates. Those events pose a risk that the value of sovereign debt will erode over time (and is being referred to as the "debasement trade"). In short, investors around the world are rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet groans. But we would hesitate to term the dollar at risk of losing its status as the global currency of choice.

The dollar is still 15% above its 20- year average value and has more than held up as the U.S. government has temporarily shut down. The greenback is supported by a \$27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism. And the alternatives (the euro, yen, or yuan) have their flaws as well. We view the dollar as one of the main checks and balances to the U.S.'s status as the leader of the global economy. We would be concerned that the country could be at risk of losing that status if the dollar were to plunge 20% in a short period of time (such as when S&P downgraded U.S. debt back in 2011). A greenback at 2011 levels would almost certainly mean higher interest rates, a potential drag on the economy, and intense pressure on the major market indices.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

Financial HARTbeat



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	2.50%	0.0	CDA 5 year	2.67%	2.3
CDA Prime	4.70%	0.0	CDA 10 year	3.10%	1.4
CDA 3 month T-Bill	2.38%	-0.5	CDA 20 year	3.50%	1.2
CDA 6 month T-Bill	2.37%	-1.0	CDA 30 year	3.60%	1.2
CDA 1 Year	2.37%	0.5			
CDA 2 year	2.41%	2.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.57%	2.3
US Prime	7.25%	0.0	US 10 year	4.00%	1.9
US 3 month T-Bill	3.85%	-1.6	US 30 year	4.60%	1.7
US 6 month T-Bill	3.80%	-0.7	5YR Sovereign CDS	40.72	
US 1 Year	3.55%	0.5	10YR Sovereign CDS	49.33	
US 2 year	3.44%	1.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			680.26	-0.02%	7.06%
BMO Laddered Preferred Shares (ETF)			11.97	-0.17%	9.32%

Source: LSEG

Things are looking up! Have a great day!

Ben



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.