

Financial HARTbeat

AWS issues
Oct 20th 2025



Good Morning,

AWS (Amazon Web Services) issues being reported overnight....seems everything on the cloud brings a worry again...

Microsoft Azure...does this give them a small boost on this...

Google cloud are they able to capitalize on this....

Maybe I have read to many spy novels...things like this make me wonder how safe the data is...

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

Chart of the Day: Leaning towards a cut Canada..CPI tomorrow very important

	 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	2.50%	4.25%	2.00%
Next meeting			
Next meeting date	October 29, 2025	October 29, 2025	October 30, 2025
Market-implied policy rate*	2.31%	4.02%	2.00%
Spread vs. current rate	-19 bp	-23 bp	0 bp
Probability of...			
... hike	0%	0%	0%
... hold	26%	7%	100%
... cut	74%	93%	0%
Rate cuts			
25bps cuts priced in over...			
... next 3 months	1.1	2.1	0.2
... next 6 months	-	3.1	0.5
... next 12 months	-	4.6	-

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



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



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Top News

Markets point to higher open to start the week, as investors awaited earnings from corporate heavyweights and a delayed inflation report that could trigger fresh market moves later this week. Helping sentiment to start the week was a report from The Wall Street Journal that said President Donald Trump in recent weeks has exempted dozens of products from reciprocal tariffs.

The report added the administration was considering exempting hundreds more goods, reflecting an increasingly shared sentiment among administration officials that the U.S. should lower duties from some goods that are not domestically produced. Treasury Secretary Scott Bessent also said Friday that he thinks “things have de-escalated” with China and that he will likely be meeting with counterpart Chinese Vice Premier He Lifeng in the coming week. These comments suggested to traders that Trump’s threat of an additional 100% tariff on Chinese imports beginning Nov. 1 may not happen.

The U.S. government shutdown has stalled key economic data releases since October 1, but attention now turns to the consumer price report, a closely watched inflation gauge that is due on Friday, just ahead of the Federal Reserve’s policy meeting on October 28-29.

European shares climbed on Monday, as initial concerns over the stability of the U.S. banking sector eased, while fresh comments from U.S. President Donald Trump helped calm trade tensions, encouraging investors to move toward riskier assets. Euro zone benchmark Bund yields rose on Monday as jitters over U.S.-China trade tensions and the health of U.S. regional banks receded, slowing the recent flight into safe-haven assets, while Friday’s surprise credit downgrade for France barely moved the dial.

UK’s blue-chip FTSE 100 index rose on Monday, led by gains in industrials and mining stocks as cooling trade tensions lifted risk appetite, while homebuilders slid following a survey indicating stagnant housing prices. Hong Kong stocks rose the most in two months on

Monday, while China shares rebounded following last week’s heavy selloff, as signs of easing trade tensions strengthened bets that U.S. President Donald Trump will once again back down from his tariff



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threats. China's economy grew 4.8% in the third quarter from a year earlier, official data showed on Monday, in line with analysts' expectations and maintaining pressure for fresh stimulus as a trade war with the U.S. saps confidence. Analysts polled had forecasted July-September gross domestic product (GDP) would expand 4.8% from a year earlier, slowing from the second-quarter's 5.2% pace.

Japan's Nikkei share gauge surged to a record high on Monday as fiscal expansionist Sanae Takaichi was set to become the country's next prime minister with a new political coalition in place. The Nikkei 225 Index jumped 3.4% to close at a record 49,185.50. The broader Topix rose 2.5%. Benchmark Japanese government bonds slid, sending yields higher. The Nikkei hit record levels earlier this month after Takaichi won a run-off to lead the ruling Liberal Democratic Party. But, following a rift with a long-time coalition party, Takaichi and the LDP last week sought a new partner in the right-leaning Japan Innovation Party, known as Ishin.

Debt a High Level of GDP (Argus)

Looming over the U.S. government shutdown, which approaches its fourth week, is the high level of U.S. debt. According to the Department of the Treasury, federal debt at the end of 2Q totaled \$36.2 trillion, up 4% over the past year (during an economic expansion) and higher by a whopping 55% since January 2020. Total U.S. debt is now about 120% of GDP, according to the Office of Management & Budget, the highest level since World War II. In the 1970s and 1980s, the debt/GDP ratio was in the 30%-40% range, and moved up toward 60% by 2000. The level soared around 2010 as the government spent aggressively to brake the Great Recession and rekindle growth. But despite more than 10 years of economic growth prior to the pandemic, debt only increased as a percentage of GDP. Since 2020, spurred by the fiscal spending allocated to fight the impact of COVID-19, debt levels surged further. This is not a problem that has to be fixed today; Japan's current debt/GDP ratio is around 250%. But the interest expense now accounts for 3.8% of U.S. GDP, up from 2.3% in 2020 and compared to the historical average of 3.0% and a high of 5.0% in 1991.

That's going to crowd out other government spending initiatives that could promote GDP growth. Ideally, politicians should start to establish a plan to address the issue in the next 10-15 years; perhaps that is what will come out of the current stalemate. If the upward debt/GDP trend is not reversed, global



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investors ultimately may judge U.S. Treasuries as riskier, potentially igniting a sovereign debt sell-off and a plunge in the dollar. That could send interest rates sharply higher, cutting into economic growth and equity valuations.

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!

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