

Financial HARTbeat

Rate Cuts

Oct 29th 2025



Good Morning,

Bank of Canada cuts rate this morning and overnight sitting at 2.25%..

FOMC meeting at 2pm and 100% lock on a rate cut but press conference will give indications of what more to come..

Are interest rate cuts good or bad? Depends on your prospective...typically central banks hope to cut in or increase in advance of the actual reason needed....

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

Chart of the Day: GDP worth noting...going to be a close one..

How are the BoC's latest forecasts shaping up?						
BoC and NBC forecasts for real GDP growth and CPI inflation						
	Projection	Q1:25	Q2:25	Q3:25	2025	2026
GDP	April MPR*	1.8	-1.3 0.0	-	0.8 1.6	-0.2 1.4
	July MPR*	2.2	-1.5	1.0	1.3	1.1
	October MPR	2.0	-1.6	0.5	1.2	1.1
	NBC / Actual	2.0	-1.6	0.5	1.2	1.2
CPI	April MPR*	2.4	1.5 1.5	-	2.0 1.8	2.7 2.0
	July MPR*	2.3	1.7	1.8	1.9	2.0
	October MPR	2.3	1.7	2.0	2.0	2.1
	NBC / Actual	2.3	1.8	2.0	2.0	2.1

Source: NBC, BoC | Note: Figures are Y/Y except for quarterly GDP which is Q/Q SAAR. *April's MPR contained two scenarios with large and small trade disruptions. July MPR projections are from 'current tariff scenario'



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Top News

The Bank of Canada is almost certain to reduce its key policy rate to 2.25% today, with President Donald Trump's latest threats of higher tariffs reinforcing expectations that a rate cut would be needed to help spur demand and support growth.

Money markets show a more than 90% chance of a 25-basis point rate cut, up from an 80% chance last week, after Trump cut off trade talks and said he would impose more tariffs on Canada out of anger over an anti-tariff TV advertisement by Ontario province. No details have yet been announced about how the additional tariffs would be implemented or on what products. Even before the latest threat, however, economists and analysts had been expecting a lowering of borrowing costs as recent economic data and surveys showed that growth was not enough to shrink historically high unemployment levels.

The Bank of Canada will announce its monetary policy decision at 9:45 a.m. ET. It will also release the quarterly Monetary Policy Report, including forecasts for the economy and inflation. In the U.S., the Federal Reserve, which will also announce its monetary policy decision today, is widely expected to implement a similar 25-basis-point rate reduction, guiding the U.S. economy with limited economic data following nearly a month of government shutdown. The expected rate cut will be announced later at 2:00 p.m. ET and will bring the Fed rate range to 3.75-4.00%, as softer employment outweigh inflation fears.

In markets, Canadian stock futures were muted this morning, despite gold rallying nearly 2% as investors found the metal attractive after prices fell to a three-week low in the previous session.

Meanwhile, copper prices reached a record high, driven by growing supply shortages after major miners reported significant production declines. Oil prices, also climbed, supported by decreasing U.S. crude inventories and optimism surrounding upcoming talks between U.S. and Chinese leaders.

In the U.S., Wall Street is poised for a higher open today as Nvidia inched closer to a \$5 trillion valuation, while investors awaited an expected Federal Reserve rate cut and a wave of Big Tech results. Shares of



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Nvidia rose more than 3% in premarket trading after CEO Jensen Huang announced \$500 billion in AI chip orders and plans to build seven supercomputers for the U.S. government.

Apple briefly topped \$4 trillion in market cap yesterday. Meanwhile, Boeing fell nearly 1% after the planemaker reported a charge of nearly \$5 billion related to delays in its 777X jet program. So far, with results in from 180 of the S&P 500 companies, third-quarter earnings are estimated to have increased 10.5% from the year-ago period, above earlier estimates for the quarter.

Bull Market Celebrates Birthday (Argus)

The current bull market, which begins the day with the S&P 500 just below the 6,900 level, started in October 12, 2022, and is now more than three years old. During that time, the S&P 500 has risen more than 90%, having endured high inflation, economic uncertainty, a credit rating downgrade of the U.S. Treasury, a hard-fought political election, the onset of tariffs and trade wars, and now a government shutdown. It has weathered these crises with support from an economy that continues to grow, inflation and interest rates that have been heading lower, and robust profitability from S&P 500 companies. How much farther can this bull market go? We studied the 13 bull markets that have occurred since the end of World War II.

On average, the S&P 500 gained 164% during these 13 periods, which averaged 57 months in duration, or just about five years. We note that the recent bull markets have generated higher returns over longer periods of time. On average, the five bull markets since 1980 have seen stocks advance about 240% over a period of almost six years. And the bull market prior to the pandemic carried on for 11 years, during which stocks rose 500%. Still, it is worth pointing out that the 2009-2020 bull market began with stocks deeply depressed on valuation, whereas stocks are already near fair value in the current market environment.

Even so, if rates continue to head lower on mild inflation news, if earnings growth accelerates, and if the economy can continue to avoid a recession, then the current bull market, led by the performance of disruptive technology companies, might still have room to run.



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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	2.50%	0.0	CDA 5 year	2.65%	2.3
CDA Prime	4.70%	0.0	CDA 10 year	3.07%	2.8
CDA 3 month T-Bill	2.24%	0.0	CDA 20 year	3.45%	2.9
CDA 6 month T-Bill	2.26%	0.0	CDA 30 year	3.54%	2.8
CDA 1 Year	2.31%	0.5			
CDA 2 year	2.38%	2.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.63%	1.4
US Prime	7.25%	0.0	US 10 year	4.00%	1.4
US 3 month T-Bill	3.72%	-0.3	US 30 year	4.56%	1.2
US 6 month T-Bill	3.75%	0.3	5YR Sovereign CDS	39.72	
US 1 Year	3.60%	-50.2	10YR Sovereign CDS	48.86	
US 2 year	3.51%	1.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			687.70	0.01%	8.23%
BMO Laddered Preferred Shares (ETF)			12.07	0.08%	10.23%

Source: LSEG

Things are looking up! Have a great day!

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