

Financial HARTbeat

Happy Halloween
Oct 31st 2025



Good Morning,

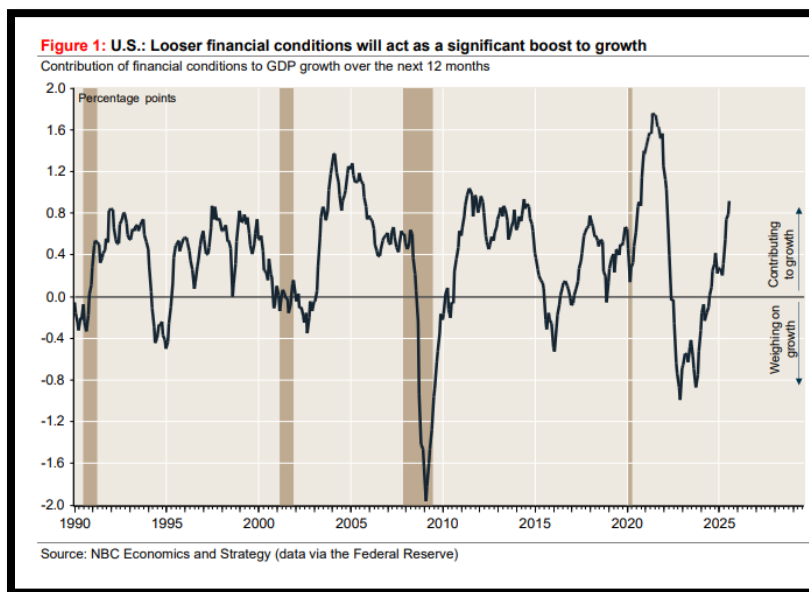
The market appears scared of its shadow as we enter the final trading day of the month...Futures were way up and back down...

Amazon...blockbuster numbers and stock up 10% today...

Lots of chop as we wait for the US Government shutdown to pass....financial conditions tightening the longer this goes on...

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

Chart of the Day: This is a trending chart....how much is already priced in is the question I ask myself at this point...



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Top News

S&P 500 and Nasdaq futures gained this morning, after upbeat forecasts from Apple and Amazon helped soothe nerves a day after the indexes logged their steepest drop in more than three weeks. With all but Nvidia among the so-called "Magnificent Seven", which makes up roughly 35% of the S&P 500's weight, having reported quarterly results, investors had a fresh look at how aggressively Big Tech was spending on artificial intelligence. The spending spree, however, has spooked markets yesterday. Still, the tech-heavy Nasdaq is on track for its seventh consecutive monthly advance, its longest streak since May 2017.

The S&P 500 and blue-chip Dow are heading for their sixth. Futures linked to Canada's main stock index are flat, as positive sentiment from U.S. big tech earnings was offset by declines in commodity prices. Gold and copper see pressure amid U.S. dollar strength, while oil prices eased following weak China data and rising global production that overshadowed the impact of Western sanctions on Russian exports.

Meanwhile, Canadian Prime Minister Mark Carney met with Chinese President Xi Jinping to restart a broad engagement with Beijing after years of strained relations. Embroiled in a bitter trade dispute with the U.S., Canada's biggest trading partner, Carney told a gathering of executives running parallel to the main summit on Friday that Ottawa aimed to double its non-U.S. exports over the next decade. The economy shrank by 0.3% in August following an upwardly revised growth of 0.3% in the prior month, Statistics Canada said earlier, which effectively nullifies any growth so far in the current quarter. An advance indicator suggested that the monthly GDP would likely expand by 0.1% in September (see chart), taking the total annualized growth of the third quarter to 0.4%, missing Bank of Canada's forecast.

European equities edged lower this morning as investors absorbed mixed quarterly results and a benign euro zone inflation report that reinforced the European Central Bank's view that price pressures remain contained. Euro zone inflation slowed a touch in October and continued to hover near the European Central Bank's 2% target, confirming the bank's message that the economy remains on the relatively benign path it projected earlier. Inflation in the 20 nations sharing the euro currency slowed to 2.1% from 2.2% in September, in line with economists' forecasts.



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China stocks ended the week lower, paring earlier gains, after touching a decade-high this week, as investors booked profits following a U.S.-China trade truce and shifted their focus to domestic corporate earnings and economic fundamentals. Meanwhile, China's official purchasing managers' index (PMI) fell to 49.0 in October from 49.8 in September, a six-month low, remaining below the 50-mark separating growth from contraction and missing a forecast of 49.6 in a Reuters poll.

Hong Kong's economy expanded in the third quarter by a faster-than-expected 3.8% year-on-year, growing for an 11th consecutive quarter. That was a faster rate than the mean forecast of 3.1% year-on-year growth.

Japan's Nikkei share average climbed to an all-time high today, posting its biggest monthly gain in three decades, as tech stocks rallied following strong sales forecasts from Amazon and Apple. A weaker yen also boosted heavyweight exporters.

GDP is Strong (Argus)

In the absence of a report from the Bureau of Economic Analysis (BEA) because of the month-long closure of the U.S. government, we will provide our own assessment of Gross Domestic Product (GDP) for the third quarter. In the movie Jurassic Park, Dr. Ian Malcolm, the mathematician played by Jeff Goldblum, famously says "Life finds a way." In 3Q, the \$30 trillion U.S. economy found a way to grow as enterprising businesses and consumers invested in the technologies that are likely to drive future productivity and growth. By our reckoning, U.S. output grew about 2.6% -- and our estimate may be conservative. Consensus is for the BEA to report 3% growth, with estimates ranging from 1.7% to 3.8%. The old economy drivers of the business cycle (housing and manufacturing) were stuck in the mud, but business investments in intellectual property and equipment may have added seven-tenths of a point to 3Q growth, this as companies raced to build their Artificial Intelligence capabilities.

Consumer spending may have risen 2% despite the possibility that the big services sector ran slower than overall GDP. Walmart CEO Doug McMillon, whose company serves about 150 million U.S. shoppers every week, offered the following at the end of 3Q. "If you look at the middle to upper income levels, we are seeing strong demand. And if you look at middle to lower, there's been a little bit of stress, and we've



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seen behavioral change on items that have gone up in cost because of tariffs, where they're switching from one item to the other."

The wealthiest 20% of households, which may account for over half of spending, are snug in homes that have risen in value. They have low mortgage rates (if they have a mortgage at all) and the rising stock market is adding to their wealth and giving them the ability to spend. This month, the CEO of American Express, who serves a very wealthy clientele, said, "The health of our consumer is really, really good, and they're spending." The company's CFO added that their consumers' retail spending is up 12%, with restaurant spending up 9%.

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	2.25%	0.0	CDA 5 year	2.72%	0.4
CDA Prime	4.45%	0.0	CDA 10 year	3.15%	1.5
CDA 3 month T-Bill	2.24%	0.0	CDA 20 year	3.50%	1.5
CDA 6 month T-Bill	2.28%	4.2	CDA 30 year	3.60%	1.5
CDA 1 Year	2.33%	0.0			
CDA 2 year	2.43%	-0.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.73%	0.7
US Prime	7.00%	0.0	US 10 year	4.10%	1.2
US 3 month T-Bill	3.76%	-1.1	US 30 year	4.66%	1.5
US 6 month T-Bill	3.82%	0.1	5YR Sovereign CDS	39.98	
US 1 Year	3.71%	1.0	10YR Sovereign CDS	48.39	
US 2 year	3.62%	0.3			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	688.34	-0.02%	8.33%		
BMO Laddered Preferred Shares (ETF)	12.06	-0.17%	10.14%		

Source: LSEG

Things are looking up! Have a great day!

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