

Financial HARTbeat

Jobs miss CAN/USA
Sept 5th 2025



Good Morning,

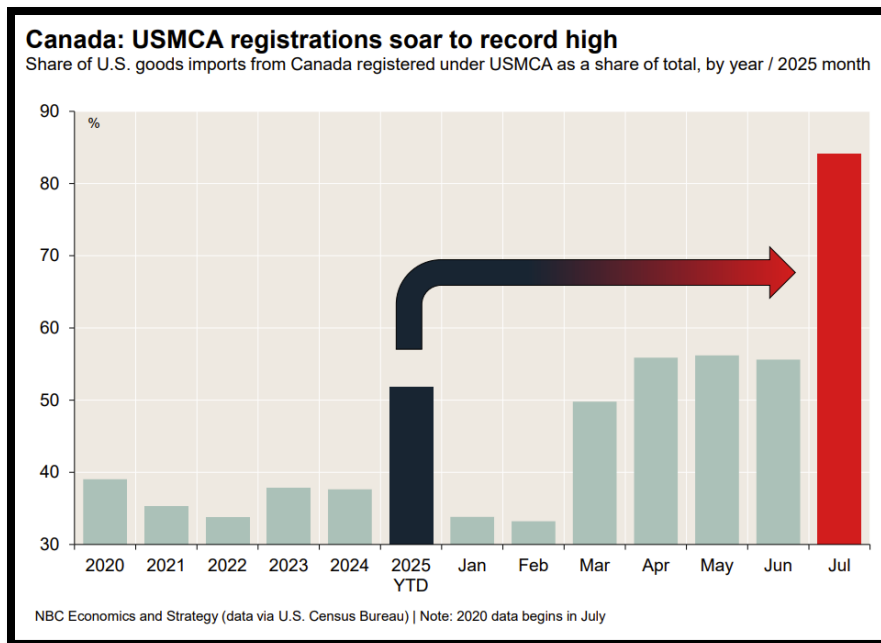
As I mentioned in the weekly video yesterday....jobs would be a key data point as we proceed...moved the likelihood of a cut in October now from 50% to 74% (September already at 97%)...

Underemployment numbers also rising...this is causing a lot of concern in Washington...

Canada's jobs numbers were worse than expected as well....unemployment at a 9 year high (excluding covid)

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

Chart of the Day: Not sure if this is good/bad/indifferent but interesting data point to watch..



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Top News

S&P 500 and Nasdaq futures extended gains after a weaker-than-expected nonfarm payrolls reading raised investor bets on interest-rate cuts. A Labor Department report showed nonfarm payrolls increased 22,000 in August, compared with an estimate of a 75,000 rise, according to economists. The unemployment rate stood at 4.3%, in line with expectations. Broadcom jumped more than 10% before the bell after the chip designer forecast fourth-quarter revenue above estimates and expected AI revenue growth to "improve significantly" in fiscal-year 2026.

In other moves, Tesla added to gains and was last up 1.9% after the EV-maker proposed an about \$1-trillion compensation package for top boss Elon Musk, subject to lofty targets being met. U.S. Commerce Secretary Howard Lutnick said that a newly implemented U.S.-Japan tariff deal gives President Donald Trump "complete discretion" over where \$550 billion in new Japanese-funded investments in the United States will go.

Futures tied to Canada's main stock inched down this morning after employment data. Canada had almost 1.6 million people unemployed in August as the economy lost thousands of jobs and its unemployment rate scaled over a nine-year peak barring the pandemic years, data showed this morning. Its unemployment rate rose 0.2 percentage points in August to 7.1%, a level last seen in May 2016 if the COVID-19 years of 2020 and 2021 were excluded, StatsCan said. The economy shed 65,500 jobs in August, largely in part-time work, it said, and added that this was fueled not only by lower hiring but also some layoffs with the layoff rate rising to 1% in August, compared with 0.9% observed 12 months earlier. The number of job losses in August was the worst level since January 2022. Analysts had forecast net job gains of 10,000 and the unemployment rate to edge up to 7% in August from 6.9% in the previous month.

In commodities, oil extended decline into a third session while gold prices edged higher and copper posted modest gains. European stocks edged up this morning ahead of a highly anticipated U.S. jobs report, while tech stocks got a lift from Hexagon after the Swedish firm said it will sell its design and engineering unit to U.S.-based Cadence Design. Technology stocks rose about 0.8% and were among the top sectoral performers.



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On the data front, German industrial orders sank 2.9% on the previous month on a seasonally and calendar-adjusted basis, but excluding large-scale items, new orders were up 0.7% from June. Analysts had pointed to an overall rise of 0.5%.

China's stocks regained almost all the ground lost in the previous session, but still posted their biggest weekly fall in five months as a stellar bull run peters out. The Shanghai Composite Index closed up 1.2%, some 12 points above the key psychological level of 3,800. For the week, it declined 1.2%. Tech shares, which bore the brunt of Thursday's losses, led the recovery on Friday. The AI sector was up 5% and semiconductor stocks climbed 3%. China's central bank said it would inject 1 trillion yuan (US\$140 billion) into the banking system via outright reverse repo operations to keep liquidity "reasonably ample", interpreted by some as a gesture aimed at calming investors.

In Hong Kong, the benchmark Hang Seng was up 1.4%, and the tech sector rebounded 2% to register its fifth straight week of gains.

Japan's Nikkei share average closed at a more-than two-week high on Friday as auto shares rose after U.S. President Donald Trump signed an order to lower tariffs on Japanese automobile shipments and other products.

August Payrolls Slump, Fed Cuts Likely (Argus)

The job market showed additional signs of weakness in August, as hiring slowed, unemployment ticked higher, and June payrolls were revised lower. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated just 22,000 nonfarm jobs in August, well below our forecast of 90,000 and the consensus was 75,000. June's payrolls were revised lower by 27,000, resulting in a loss of 13,000 jobs in that month, and July was revised higher by 6,000, to 79,000. The August result and the combined revisions reduced the three-month average to 29,000 from 35,000. The BLS Diffusion Index indicated 49.6% of 250 private industries are hiring, up from 48.0% in July.



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Manufacturing rose to 45.8% from 45.1%. The August unemployment rate increased to 4.3%. Average hourly earnings increased ten cents month to month and are 3.7% higher year over year. The average workweek was unchanged at 34.2 hours. Employment increased in healthcare and social assistance. Employment showed little change in construction, retail trade, transportation and warehousing, information, financial activities, professional and business services, leisure and hospitality, and other services. The manufacturing sector lost a disappointing 12,000 jobs. Healthcare added 31,000 jobs and social assistance added 16,000. Federal government employment fell by 15,000, and the decline of 97,000 since January is still below 292,000 federal layoffs announced this year, according to outplacement firm Challenger, Gray & Christmas. The BLS reiterated that employees on paid leave or receiving ongoing severance pay are counted as employed in the establishment survey. After the report, stock futures were initially little changed but then moved higher. Based on futures trading, the probability of a Fed cut at the September meeting remained near 100%. The probability that the fed funds target will be 3.75%-4.0% after the October meeting rose to 74% from 59%. revisions reduced the three-month average to 29,000 from 35,000. The BLS Diffusion Index indicated 49.6% of 250 private industries are hiring, up from 48.0% in July.



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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	2.75%	0.0	CDA 5 year	2.89%	-1.6
CDA Prime	4.95%	0.0	CDA 10 year	3.34%	-1.0
CDA 3 month T-Bill	2.64%	0.0	CDA 20 year	3.68%	-1.3
CDA 6 month T-Bill	2.62%	0.0	CDA 30 year	3.80%	-1.3
CDA 1 Year	2.61%	-1.0			
CDA 2 year	2.61%	-0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.64%	-1.8
US Prime	7.50%	0.0	US 10 year	4.15%	-2.3
US 3 month T-Bill	3.99%	-1.7	US 30 year	4.85%	-2.2
US 6 month T-Bill	3.97%	-0.1	5YR Sovereign CDS	40.48	
US 1 Year	3.76%	0.4	10YR Sovereign CDS	45.20	
US 2 year	3.58%	-0.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			678.38	-0.01%	6.76%
BMO Laddered Preferred Shares (ETF)			11.84	-0.04%	8.13%

Source: LSEG

Things are looking up! Have a great day!

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