

# Financial HARTbeat

Inflation in the past?  
Sept 9<sup>th</sup> 2025



Good Morning,

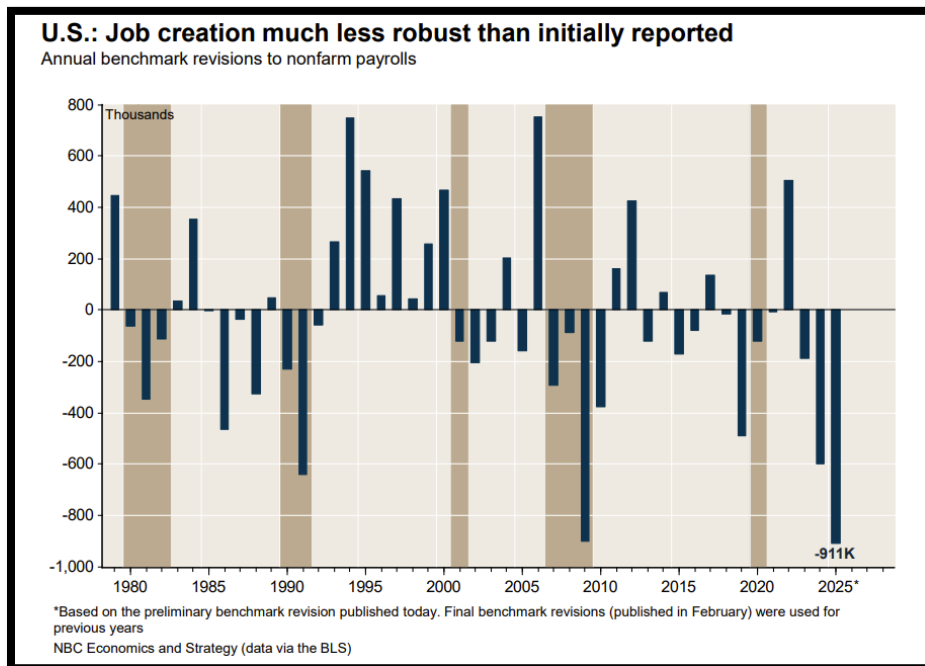
Tesla....maybe the business is a little less focused on cars and more on robots..

Fed rate cut now signals 3% is their target..

Energy stocks gain in early trading...

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

**Chart of the Day: Jobs....rate cuts comith...**



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## Top News

Anglo American and Canada's Teck Resources announced that both companies are planning to merge. If successful, it will be the sector's second biggest M&A deal ever and it will create a new global copper-focused heavyweight with a combined market capitalization exceeding \$53 billion. Under the proposed deal, which still needs regulatory approval, Anglo American shareholders would own 62.4% of the newly combined company, Anglo Teck, while shareholders in Teck will hold 37.6%. Anglo Teck will be headquartered in Canada but have a primary stock listing in London. The deal, which makes the new entity the world's fifth-largest copper company, also is a big bet by Anglo on copper.

A race by miners to dominate the copper space has fuelled a rush to develop new projects as well as a flurry of takeover bids, though no major acquisition has so far succeeded. Despite Anglo's shareholders receiving a \$4.5 billion special dividend, the transaction is an all-share structure with zero-premium and already opens the door to rival bids. Anglo's London shares were up over 9% in London trading, on track for their biggest daily gain in more than a year, while U.S.-listed Teck shares were up more than 10% in pre-market trading.

In the U.S., stock index futures were relatively unchanged this morning, a day after major U.S. indexes closed near record highs, as investors adopted a cautious stance ahead of an impending employment rate revision. The Bureau of Labor Statistics is set to release a preliminary estimate of the nonfarm payrolls benchmark at 10 a.m. ET, with economists predicting that the level of U.S. employment for the 12 months through March could be slashed by as much as a million jobs.

Recent labor market indicators have already cast shadows of concern across the minds of investors and Federal Reserve officials alike, with nonfarm payroll data for July and August confirming weakening labor market conditions. The latest report has led traders to fully price in a 25-basis-point reduction in interest rates next week, while bets also surfaced for a larger 50-bps cut, which stand at 11.8%, according to CME's FedWatch tool. On the economic front, U.S. small-business sentiment improved further in August amid expectations for higher sales, but worries about the quality of available labor lingered. The National



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Federation of Independent Business said on Tuesday its Small Business Optimism Index increased 0.5 point to 100.8 last month.

The share of business owners expecting higher sales rose six points to 12%. The survey's uncertainty index dropped four points to 93, but stayed well above the historical average. The NFIB said 32% of owners reported job openings they could not fill in August, noting that the last time unfilled job openings fell below 32% was in July 2020. Worker shortages were acute in the construction sector, with nearly half of businesses reporting vacancies they could not fill.

Elsewhere, French President Emmanuel Macron is seeking his fifth prime minister in less than two years after opposition parties united to oust centre-right Prime Minister Francois Bayrou over his unpopular plans for budget tightening.

## Good Year for Global Stocks (Argus)

We have three strategic asset-allocation models based on risk-tolerance: Conservative, Growth, and Aggressive. We make tactical adjustments to the models, based on our outlooks for the various segments of the capital markets. In terms of performance year to date, stocks and bonds are close, with stocks pulling a few hundred basis points ahead through August. From an asset-allocation standpoint, our model still slightly favors bonds over stocks for long-term portfolio positioning. We are over-weight on large-caps at this stage of the market cycle. We favor them for growth exposure and financial strength, as well as exposure to the IT sector. Our recommended exposure to small- and mid-caps is 5%-10% of equity allocation, below the benchmark weighting. The dearth of IPOs has meant a lack of exciting new companies in the marketplace. While the top tier of stocks (the Mag 7) soared on enthusiasm for AI, legacy small companies haven't been able to innovate to the same degree. One of the surprises this year has been the performance of global stocks, with an impressive performance lead in 2025.

We expect the long-term trend favoring U.S. stocks to re-emerge, given volatile global economic, political, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations and we target 15%- 20% of equity exposure to the group. In terms of growth and value, growth rebounded in 2023-2024 and outperformed value as interest rates stabilized and started lower, though



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value was off to a good start in 2025. Key value sectors that may be less exposed to global trade wars include Consumer Staples, Healthcare, Utilities, and Financial (via regional banks).

**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	2.79%	1.6
CDA Prime	4.95%	0.0	CDA 10 year	3.23%	2.5
CDA 3 month T-Bill	2.56%	0.0	CDA 20 year	3.54%	0.0
CDA 6 month T-Bill	2.54%	-1.2	CDA 30 year	3.69%	2.7
CDA 1 Year	2.52%	1.0			
CDA 2 year	2.52%	1.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.59%	2.4
US Prime	7.50%	0.0	US 10 year	4.07%	2.6
US 3 month T-Bill	3.95%	1.8	US 30 year	4.72%	3.3
US 6 month T-Bill	3.88%	1.8	5YR Sovereign CDS	40.48	
US 1 Year	3.67%	3.5	10YR Sovereign CDS	45.19	
US 2 year	3.52%	2.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			678.49	-0.03%	6.78%
BMO Laddered Preferred Shares (ETF)			11.83	-0.25%	8.04%

Source: LSEG

Things are looking up! Have a great day!

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