

Financial HARTbeat

TikTok
Sept 19th 2025



Good Morning,

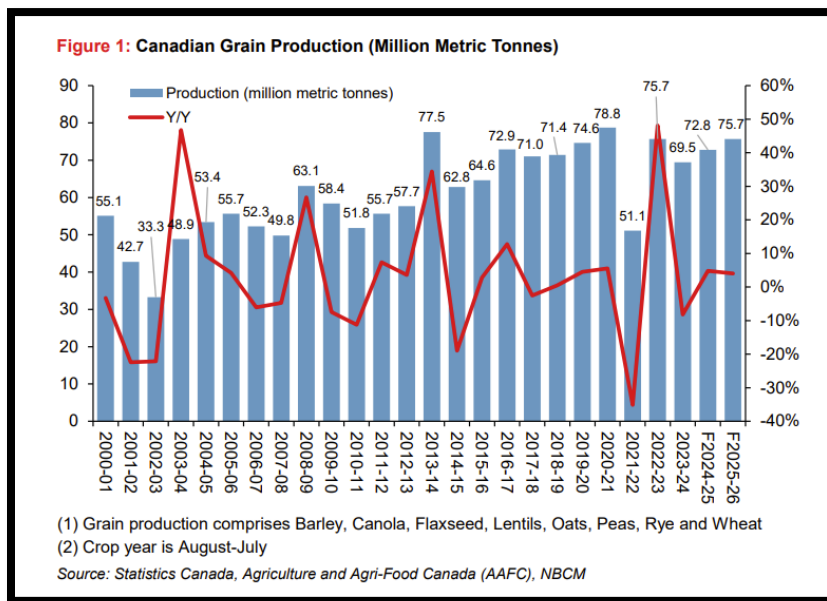
Funny the world we live in as top news and issues US and China are facing is whether TikTok social media platform is the reason for a top-secret call...

ICE arrest continues...while not grabbing as many headlines civil unrest is building...

Canada and Mexico vow for closer ties...hopefully some progress was made for Canada in Carney's visit.

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

Chart of the Day: Grain production on the rise...could be good news for price pressure on consumers and companies...



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Top News

Wall Street's main indexes look set for a subdued open after they rallied to record highs in the previous session, while FedEx rose as the parcel delivery firm posted upbeat quarterly results. The three indexes are set for weekly gains, wrapping up the week with the Fed's first rate cut of 2025 and reviving optimism around AI-linked stock trading. Markets will focus on a scheduled call between U.S. President Donald Trump and Chinese counterpart Xi Jinping to discuss TikTok. Comments from San Francisco Fed President Mary Daly will be parsed in the first media interaction after the Fed's Wednesday meeting.

Futures tied to Canada's main stock index ticked down this morning following a record rally and a quarter point interest rate cut by the Bank of Canada this week. The TSX has been on a recordsetting run this year and has gained over 19% year-to-date, outpacing the U.S. S&P 500 index's almost 13% rise. The benchmark stock index's 12-month forward price-earning ratio, a closely watched stock valuation metric, has climbed to 16.45, its highest level since May 2021.

In commodities, gold edged higher with investors focused on U.S. policy path after the Fed action while copper rebounded on improving demand in Canada. Oil prices dropped. In economic data, Canadian retail sales fell by 0.8% in July from June. Sales likely increased 1.0% in August, Statistics Canada said in a flash estimate (see chart). European shares drifted higher this morning and looked set to register small gains for an eventful week marked by crucial central bank decisions including the U.S. Federal Reserve's widely expected interest rate cut.

Rate-sensitive banks are up more than 1%. Automobiles and parts also rose about 1.2% and lead gains among sectors. The next catalyst could potentially be a boost from the much waited fiscal spending by regional governments. On Thursday, Germany approved the nation's first annual budget since loosening fiscal rules. Following the Fed, Norway's central bank also lowered rates by 25 bps.

The Shanghai Composite index lost 0.3% at market close, pulling back from a 10-year high. The benchmark index declined 1.3% this week, its worst performance since early April. The banking sector and insurance sector led the losses for the week, down 4.2% and 4.4% respectively. Sentiment was cautious ahead of the scheduled high-level call between Xi and Trump later in the day. The semiconductor



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index registered a 6.5% weekly gain as fresh optimism over China's artificial intelligence developments continued to lift the sector.

Hong Kong's benchmark Hang Seng Index strengthened 0.6% for the week, the third straight week of gains.

Japan's Nikkei share average flipped to a loss, while bond yields jumped to 17-year peaks after the Bank of Japan (BOJ) kept interest rates steady as expected, but in a split decision with two of the nine board members voting for a hike. The central bank also announced it will begin selling its holdings of exchange-traded funds (ETFs) and Japanese real-estate investment trusts (J-REITS).

What's Up with the Dollar? (Argus)

The dollar, the world's dominant currency, has been in hot demand since the pandemic. On a worldwide trade-weighted basis, the greenback is up 7% since January 2020; compared to a basket of emerging market currencies, it has risen 9%. Investors seek a safe haven for their assets when global uncertainty increases, but that has started to unwind a bit in 2025. Year to date, the dollar has given back 5% on a global, trade-weighted basis; and 7% compared to an index of advanced economy currencies. Versus the euro alone, the dollar is down 14%. Some of the slide can be linked to the uncertainty caused by President Trump's trade and tariff policies, though reasons also include the swelling U.S. federal debt, which is not a new trend. Countries and their sovereign wealth funds are thus rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet groans. Even so, we would hesitate to term the dollar at risk of losing its global currency of choice status.

Despite the pullback this year, the dollar is still 15% above its 20-year average value, supported by the depth of a \$27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism. The alternatives (the euro, yen or yuan) have issues as well. We view the dollar as one of the main checks and balances to the status of the U.S. as the leader of the global economy. We would be concerned that the country could be at risk of losing that status if the dollar were to plunge another 20% in a short time. The last time that occurred was when S&P



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downgraded U.S. debt back in 2011. The greenback returning to 2011 levels would almost certainly mean higher interest rates, a potential drag on the economy, and intense pressure on stocks.

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	2.76%	1.6
CDA Prime	4.70%	0.0	CDA 10 year	3.21%	2.1
CDA 3 month T-Bill	2.44%	0.5	CDA 20 year	3.53%	1.3
CDA 6 month T-Bill	2.45%	0.0	CDA 30 year	3.64%	1.3
CDA 1 Year	2.46%	1.0			
CDA 2 year	2.49%	0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.69%	2.6
US Prime	7.25%	0.0	US 10 year	4.13%	2.9
US 3 month T-Bill	3.89%	-0.4	US 30 year	4.74%	2.3
US 6 month T-Bill	3.84%	0.1	5YR Sovereign CDS	38.98	
US 1 Year	3.62%	-0.1	10YR Sovereign CDS	47.43	
US 2 year	3.58%	1.4			
Preferred Shares Indicators			Last	Daily %	YTD
&P Preferred Share Index			678.25	0.04%	6.74%
BMO Laddered Preferred Shares (ETF)			11.93	0.34%	8.95%

Source: LSEG

Things are looking up! Have a great day!

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