

# Financial HARTbeat

Ukraine  
Sept 24<sup>th</sup> 2025



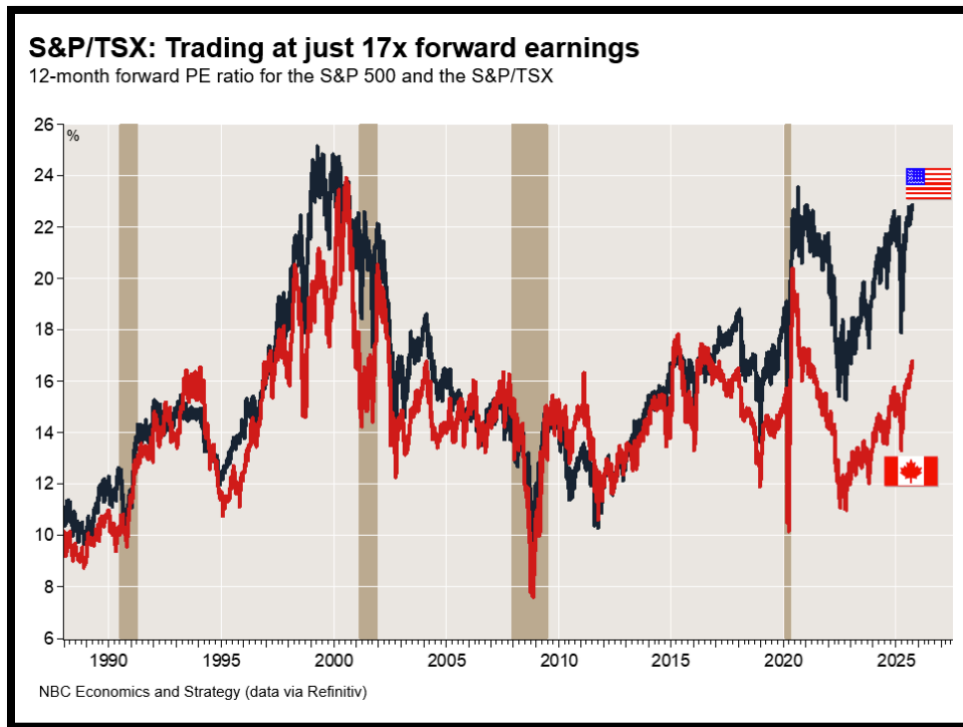
Good Morning,

Ukraine back to the front page...Trump backing Kyiv's comments to take back all of its territory...

Big picture some say they will continue to provide military support to Europe who in turn will send the equipment and maybe soldiers..

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

**Chart of the Day: While this pulls at my value based heartstrings....economic cycle and money supply have been bigger drivers of returns for the last couple of decades...**



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## Top News

U.S. stock index futures held in positive territory, suggesting a modest rise at the open later, as investors assessed measured comments from U.S. Federal Reserve Chair Jerome Powell and looked ahead to key economic data due later in the week. While the recent numbers point to a resilient economy, commentary from Fed officials has injected some wariness, especially about the labor market. Powell added to the cautious tone yesterday, noting that asset prices appeared fairly highly valued. He did, however, stop short of aligning with either camp in the ongoing debate among Fed policymakers, with some pushing for more aggressive cuts to support the jobs market while others urge restraint to avoid reigniting inflation.

Instead, the Fed chair emphasized the delicate balancing act the central bank faces in navigating inflation risks while addressing signs of a softening labor market. Given that traders have almost fully priced in a rate cut in October, Powell offered little new direction for markets, which are seeing investors' sentiment heavily skewed towards ultra dovishness.

Some economists believe that any shortcomings in commentary from policymakers can cause a wobble in sentiment given the inflated stock valuations in some sectors. According to data from Charles Schwab, only 17% of stocks in the benchmark S&P 500 outperformed the index in the last three months, underscoring the narrow breadth powering the momentum. Investors will watch for the core personal consumption expenditures data, the Fed's preferred inflation gauge, which is due to be released later this week. A hotter-than-expected reading could strengthen the case for a more cautious pace of easing, while a softer print might reinforce bets on additional cuts.

Meanwhile, housing market data due today could offer insight into consumer demand and builder sentiment, especially since elevated borrowing costs still weigh on affordability. The sector has been pressured for much of the year and any signs of stabilization could influence broader sentiment. In a speech to the U.N. General Assembly yesterday, Trump rejected moves by allies to recognize a Palestinian state, U.S. President Donald Trump chastised Western nations for their approach to climate change and immigration, telling leaders "Your countries are going to hell".



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However, in Europe, defense stocks, one of the best performing sectors this year jumped after he also said that he believed Ukraine could retake all its land occupied by Russia, marking a sudden shift in rhetoric in Kyiv's favour. "After seeing the Economic trouble (the war) is causing Russia, I think Ukraine, with the support of the European Union, is in a position to fight and WIN all of Ukraine back in its original form".

In corporate news, Lithium Americas U.S.-listed shares surged more than 60% in premarket trading after Reuters reported that President Donald Trump's administration was seeking an up to 10% equity stake in the company.

## Benefits of Small- and Mid-Caps (Argus)

Despite bursts of outperformance, small- and mid-cap stocks (SMID) have underperformed large-caps year to date -- as they have over the past five years. But they may be in a better position to generate market-beating returns going forward. For one thing, SMID companies tend to focus on domestic markets, so their businesses could be less disrupted by the trade and tariff debate or other geopolitical developments. For another, lower interest rates (as the Federal Reserve eases policy) could also reduce the cost of funding for capital-hungry smaller companies. As well, the prices of SMID stocks generally are lower than the prices of large-caps, with the P/E ratio on the Russell 2000 SmallCap Index at 20, compared to a trailing P/E above 26 for the S&P 500. Finally, there are long stretches in the record books when SMID stocks have outperformed large-caps. For example, from 2003-2021, the Russell 2000 climbed 450%, compared to an advance of 330% for the S&P 500. That said, SMID stocks can be risky.

The standard deviation for monthly returns was 5.7% for SMID stocks over our 2003-2021 test period, versus 4.3% for large-caps. SMID stocks fell further in negative years during our test period, with an average 15% drop versus a 12% pullback for large-caps. Still, despite the risks, diversified investors look to have exposure to small- and mid-caps based on the long-term performance record. We estimate that 15% of the U.S. stock market's capitalization is comprised of SMID stocks.



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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	2.75%	1.2
CDA Prime	4.70%	0.0	CDA 10 year	3.21%	2.4
CDA 3 month T-Bill	2.45%	0.0	CDA 20 year	3.58%	2.5
CDA 6 month T-Bill	2.43%	0.0	CDA 30 year	3.68%	2.5
CDA 1 Year	2.44%	0.0			
CDA 2 year	2.46%	1.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.68%	0.3
US Prime	7.25%	0.0	US 10 year	4.13%	0.7
US 3 month T-Bill	3.86%	0.0	US 30 year	4.75%	0.9
US 6 month T-Bill	3.83%	0.0	5YR Sovereign CDS	41.24	
US 1 Year	3.63%	0.7	10YR Sovereign CDS	47.91	
US 2 year	3.57%	0.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			677.12	-0.02%	6.56%
BMO Laddered Preferred Shares (ETF)			11.88	-0.17%	8.49%

Source: LSEG

Things are looking up! Have a great day!

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