

Financial HARTbeat

Tariffs are back
Sept 26th 2025



Good Morning,

As per my weekly call yesterday....with markets pushing to new levels US Gov't feeling it is time to press again...

Visa tax, tariffs now on US drugs, trucks and furniture...

Clean energy continues in cross hairs but might consolidate the business which is needed for them to continue to thrive

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

Chart of the Day: Technicians loving Silver breakout....



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Top News

U.S. stock index futures jump as investors digested key inflation data, while also weighing the impact of fresh tariffs on a broad range of imported goods. President Donald Trump announced 100% duties on branded pharmaceutical products, 25% levies on heavy-duty trucks, 50% tariff on imported kitchen cabinets and bathroom vanities and a 30% tariff on upholstered furniture, among others. The move could reignite fears of a renewed trade war, particularly with key partners in Asia and Europe, and complicate the inflation outlook. Data this morning showed U.S. consumer spending, rose 0.6% last month after an unrevised 0.5% advance in July.

Economists had forecast consumer spending increasing 0.5% in August. Excluding the volatile food and energy components, the PCE Price Index rose 0.2% last month after increasing 0.2% in July. In the 12 months through August, the so-called core inflation increased 2.9% after rising 2.9% in July. Investors will also tune in to remarks from Federal Reserve Bank of Richmond President Thomas Barkin and Fed Vice Chair for Supervision Michelle Bowman, both scheduled to speak later in the day. President Donald Trump signed an executive order declaring that his plan to sell Chinese-owned TikTok's U.S. operations to U.S. and global investors will address the national security requirements in a 2024 law. The new U.S. company will be valued at around \$14 billion, Vice President JD Vance said, putting a price tag on the popular short video app far below some analyst estimates.

Futures tied to Canada's main stock index edged lower this morning following domestic GDP and U.S. inflation data. Canada's monthly gross domestic product rebounded from three months of contraction to grow by 0.2% in July as mining, manufacturing and wholesale trade boosted growth, data showed this morning. A preliminary estimate showed August would most likely see no growth but avoid a contraction (see chart).

In commodities, gold is steady while oil prices edged up on Russia curbing fuel exports. European shares bounced back from three-week lows this morning with a boost from financial and industrial stocks, while the healthcare sector recouped early losses following U.S. President Donald Trump's latest tariff salvo on pharmaceutical firms.



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Steel stocks across Europe also gained after German business daily Handelsblatt reported that the European Commission plans to impose tariffs of 25% to 50% on Chinese steel and related products. China stocks fell today, but ended the week near their highest level in 3-1/2-years as investor sentiment remained upbeat on growing confidence in the country's artificial intelligence potential.

Japan's broad Topix index closed at an alltime high, despite pressure from pharmaceutical shares following new tariffs on the sector from the White House. The tech-heavy Nikkei index, however, retreated sharply from the record-high close seen on Thursday, as chip-sector shares echoed a downbeat overnight performance among U.S. peers.

What Recession? GDP up 3.8% (Argus)

Real GDP grew at a revised 3.8% in the second quarter according to the third estimate from the Bureau of Economic Analysis (BEA). Consumer spending and business investment strengthened from last month's second estimate, when the BEA indicated that 2Q GDP grew at an annualized 3.3% pace. Growth in real final sales to private domestic purchasers grew a sturdy 2.9% in 2Q, up from 1.9% in 1Q when GDP declined 0.6%. This measure excludes the recently noisy trade balance, inventories, and government categories, and focuses on core categories of consumer spending and gross private fixed investment. Consumers look much stronger at the end of 2Q than they did at the end of 1Q. Personal consumption expenditures were up 2.5% in 2Q compared with 0.6% in 1Q. The best indicator for future growth may be that the big services component of PCE (47% of GDP) posted 2.6% growth in 2Q, up from an anemic 0.8% in 1Q. The important story in the investment category is artificial intelligence (AI). Intellectual property grew 15% and the equipment category grew 8.5%. Information processing equipment added 22 basis points to GDP; intellectual property products added 78 basis points.

AI more than picked up the slack for a 7.5% decline in construction of structures and a 5.1% decline in residential fixed investment (housing), which were a combined 65-basis-point drag on GDP. Transportation equipment added 27 basis points to growth. Outside of core categories, a big decline in goods imports boosted 2Q GDP by about five points, while a decline in inventories, some of which were accumulated before tariffs were implemented, reduced GDP by 3.4 points.



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Also notable is that nondefense spending by the federal government was down 13%, trimming 38 basis points from 2Q GDP. Looking ahead, the Atlanta Fed's GDPNow report is calling for 3Q25 growth of 3.3% based on the September 17 update. PCE is projected to rise 2.7%. Equipment and intellectual property products should continue to deliver robust growth.

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	2.77%	-0.8
CDA Prime	4.70%	0.0	CDA 10 year	3.21%	-1.8
CDA 3 month T-Bill	2.45%	0.0	CDA 20 year	3.56%	-1.0
CDA 6 month T-Bill	2.43%	0.0	CDA 30 year	3.66%	-1.1
CDA 1 Year	2.44%	-0.5			
CDA 2 year	2.49%	-1.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4-4.25%	0.0	US 5 year	3.75%	-1.8
US Prime	7.25%	0.0	US 10 year	4.16%	-1.4
US 3 month T-Bill	3.89%	-0.4	US 30 year	4.74%	-1.2
US 6 month T-Bill	3.87%	-0.9	5YR Sovereign CDS	41.49	
US 1 Year	3.67%	-1.1	10YR Sovereign CDS	47.92	
US 2 year	3.65%	-1.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			677.08	0.00%	6.56%
BMO Laddered Preferred Shares (ETF)			11.9	0.00%	8.68%

Source: LSEG

Things are looking up! Have a great day!

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