

Financial HARTbeat

Happy April Fools!
April 1st 2025



Good Morning,

South China sea heating up again...China launches military drill around Taiwan...

France far right political party facing some severe punishment...they were found guilty of embezzling European Union fund and have been banned from running for public office for five years...

Finland re engaging and protection mode...hikes defence spending and exits a landmine treaty with a view of protecting their borders...

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

Chart of the Day: Is it possible the fear trade subsides in 2025..what of these assets most at risk if it does? Gold?

			Change (%)			
		Level	Last week	MTD	YTD	1-YR
Energy	Nat. Gas \$/MMBtu	\$ 4.1	2.1%	6.0%	11.9%	130.6%
	Brent oil \$/bbl	\$ 73.5	1.9%	0.0%	-1.6%	-15.9%
	WTI oil \$/bbl	\$ 69.4	1.6%	-0.6%	-3.3%	-16.6%
Metals	Silver \$/oz	\$ 34	3.9%	10.0%	15.2%	37.8%
	Gold \$/oz	\$ 3,084	2.3%	8.2%	17.5%	39.3%
	Copper (LME) \$/mt	\$ 9,795	-0.6%	4.7%	11.7%	10.5%
Indices	S&P GSCI	3782	0.5%	1.5%	3.5%	2.4%
	Precious Metals	3419	2.4%	8.8%	17.0%	37.8%
	Energy	650	1.5%	0.6%	2.1%	-3.0%
	Livestock	2032	0.1%	5.7%	6.3%	15.3%
	Industrial Metals	1747	-1.3%	2.2%	6.1%	8.9%
	Agriculture	507	-2.0%	-1.9%	-1.5%	-2.0%

CIO Office (data via Refinitiv)



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Top News

U.S. stock index futures declined today, signaling a cautious start to the new quarter, as investors braced for the sweeping tariff announcements the Trump administration is set to make on Wednesday. The Washington Post reported that White House aides have drafted a proposal to impose tariffs of around 20% on most imports to the United States. The specter of economic disruption from U.S. tariffs coupled with aggressive AI investments by tech firms left Wall Street reeling in the first quarter. The benchmark S&P 500 index closed the quarter 4.6% lower, marking its most dismal three-month stretch since July 2022. Meanwhile today, investors will focus on the manufacturing activity surveys for March and the JOLTS job openings report, both could provide critical insights into the ripple effects from the tariffs on the U.S. economy and the Federal Reserve's trajectory on monetary policy.

An upside surprise is most likely to be ignored as investors try to take and hold on to defensive positions before tomorrow's announcement. Investors have sought refuge in U.S. government bonds and gold while dumping domestic equities, especially the high-flying tech stocks.

New York Fed President John Williams acknowledged yesterday there are risks inflation could once again heat up, while Richmond Fed President Thomas Barkin said he is nervous the Trump administration's tariffs will push up prices and hurt the job market.

On the corporate front, Johnson & Johnson fell more than 3% in premarket trading after a U.S. bankruptcy judge rejected the company's \$10 billion proposal to end tens of thousands of lawsuits alleging its baby powder and other talc products cause ovarian cancer. Tesla's shares rose almost 3% ahead of its first-quarter vehicle deliveries report on Wednesday. Its shares were down about 36% in the three months to March 31. Data showed, the electric carmaker posted its lowest first-quarterly sales figures in France and Sweden since 2021.

In Canada, futures tied to S&P/TSX Composite stock index were relatively unchanged this morning as shares of Canadian gold miners continue to receive support as the bullion's record run extends to another all-time high. Oil prices steadied near five-week highs as Trump's threats to impose secondary tariffs on Russian crude and to attack Iran countered the impact of trade war worries on global growth.



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Copper prices recovered after four sessions of losses, buoyed by continued positive data from top metals consumer China. A private sector survey showed today that China's factory activity expanded at its fastest pace in four months in March, buoyed by stronger demand and robust export orders. The Caixin/S&P Global manufacturing PMI climbed to 51.2 in March from 50.8 in the previous month, surpassing analyst expectations of 51.1. The 50-mark separates growth from contraction. The rebound broadly aligned with an official PMI released on Monday that showed manufacturing activity growing at its quickest rate in a year. Even though, factory activity from Japan to Britain dropped in March, the euro zone's long-suffering manufacturing industry showed initial signs of a meaningful recovery last month as output rose for the first time in two years.

Not a Good Start to 2025 (Argus)

The first quarter is in the books. The S&P 500, which was higher in January, slumped in February and March and is down about 4.9% for the year to date. The first quarter typically is positive for stocks, as the average gain for the period since 1980 has been 2.1%. Historically, stock have risen 65% of the time in 1Q. While the first quarter was forgettable, that doesn't mean the full year will be a wipe out. Over the period back to 1980, there have been 15 negative first quarters and stocks have declined an average 6.3%. But in more than half of those years, stocks finished with positive annual returns. In fact, the average gain for those eight recovery years was 14.4%. April historically is the second-best month of the year for stocks. The average gain for the S&P 500 in April since 1980 is 1.6%. We note that market returns in April have exceeded 5% on eight occasions since 1980, including a 9.4% gain in 2009 as the market was beginning to recover from the financial crisis of 2007- 2009; a 12.7% surge in 2020 as the market started to recover from the onset of the COVID-19 pandemic; and a 5.1% gain in 2021 as COVID-19 vaccines were rolled out. There have been some clunkers, including 2002 (-6.1%), 2000 (-3.1%) and 1981 (- 2.3%). Last year, stocks slumped 4.2% in April, the worst month of the year. April is a busy month, as companies report first quarter results.

This year, 1Q earnings are expected to grow at a high-single-digit rate. Investors will be focused on income statements of Information Technology companies, which led the rally in 2024 but gave back some profits in 1Q25. Interest rates will be an important topic as well, as investors review the latest readings for inflation and prepare for the Fed's meeting in May. The wild card will be trade wars, about which investors have signaled displeasure via the 1Q stock-market performance.



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Bond Yields

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	2.56%	-6.2
CDA Prime	4.95%	0.0	CDA 10 year	2.90%	-6.7
CDA 3 month T-Bill	2.63%	-1.0	CDA 20 year	3.12%	-6.6
CDA 6 month T-Bill	2.61%	-1.5	CDA 30 year	3.17%	-6.2
CDA 1 Year	2.52%	-2.0			
CDA 2 year	2.42%	-5.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.89%	-8.7
US Prime	7.50%	0.0	US 10 year	4.15%	-9.5
US 3 month T-Bill	4.20%	0.3	US 30 year	4.52%	-9.2
US 6 month T-Bill	4.23%	-0.5	5YR Sovereign CDS	40.99	
US 1 Year	4.02%	-2.2	10YR Sovereign CDS	43.97	
US 2 year	3.85%	-6.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			642.58	0.44%	1.13%
BMO Laddered Preferred Shares (ETF)			11.04	0.27%	0.82%

Source: LSEG

Things are looking up! Have a great day!

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