

Financial HARTbeat

Rose Garden 4pm
April 2nd 2025



Good Morning,

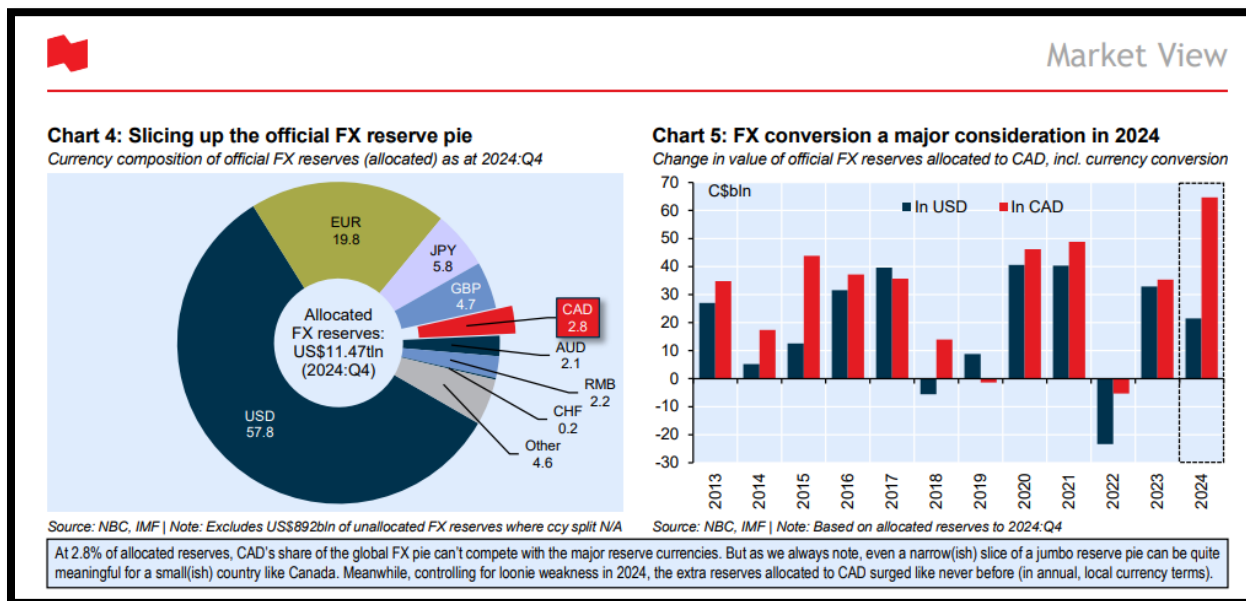
Well today is the day...President Trump in the rose garden with the lead pipe...just kidding we will see what if any new announcements he unveils at 4pm..

Global economic data continues to be mixed...European CPI a little higher then expected...HCOB (Germany) PMI came in lighter then expected and US PMI came in lighter then expected as well..

US private payrolls a little better than expected...However, employment market still slowing and as a reminder this is always lagging data..

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

Chart of the Day: This is some interesting stuff and likely a major reason why CAD has been so resilient, given our weak economic outlook..(IMF allocation to CAD)



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Top News

U.S. stock index futures declined this morning as investors awaited details of U.S. President Donald Trump's tariff plans to assess their impact on the global economy, corporate earnings and financial markets. Details of Trump's "Liberation Day" tariff plans were still being formulated and closely held ahead of a White House Rose Garden announcement ceremony scheduled for 4 p.m. ET. Trump mentioned that his reciprocal tariff plans aim to equalize the comparatively lower U.S. tariff rates with those imposed by other nations. However, the structure of these duties remains ambiguous amidst reports suggesting Trump might be contemplating a universal tariff of 20%. Economists will closely watch today's announcement to assess if the announced new tariffs will have the potential to tip the scales towards a global recession. Economists are already seeing higher odds of a recession over the next 12 months than they did in February.

In the meantime, with U.S. equities still relatively expensive, they remain highly vulnerable to any negative surprises. Futures even extended losses today after a Bloomberg reported that China has taken measures to limit its companies from making investments in the U.S. in an effort to gain more leverage in potential trade talks with the Trump administration. Tech stocks, which have been at the forefront of the selloff this week, slipped again in premarket trading. Nvidia, Microsoft, Amazon.com slipped about 1% each. On the economic front, the ADP National Employment Report showed that U.S. private payrolls growth accelerated in March. Private payrolls increased by 155,000 jobs last month after an upwardly revised 84,000 rise in February.

Economists polled by Reuters had forecast private employment advancing 115,000 following a previously reported 77,000 gain in February. The report confirmed that the labor market continues to steadily slow. The ADP report is always published ahead of Friday's more comprehensive and closely watched employment report for March from the Labor Department's Bureau of Labor Statistics. There is no correlation between the two employment report. Economists expect the nonfarm payrolls on Friday to show an increase of 135,000 jobs in March after advancing 151,000 in February, while the unemployment rate remains unchanged at 4.1%.

In Canada, futures for the main stock index also fell today after two straight days of gains for the index. In commodities, oil prices steadied on fears that a global trade war could dampen demand for crude.



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Gold prices held firm after jumping to an all-time high in the previous session, while Copper prices rose and tin prices extended a rally to its highest in nearly three years on supply fears.

In corporate news, Canada's Rogers Communications announced a new 12-year agreement worth C\$11 billion to secure media rights for the National Hockey League (NHL) games across all platforms in Canada. As the Canadian telecom company is reaching the end of its current deal, originally signed in 2013, the new agreement is set to kick in for the 2026 season. The telecom giant is doubling down on sports as a key growth strategy, aiming to strengthen its dominance in Canadian sports, amid intense competition in the country's wireless industry.

There's Time for a Turnaround (Argus)

The long-term trend in the U.S. stock market has been higher. In the more-than 40 years since Ronald Reagan became president in 1980, stocks have turned in profitable performances almost 80% of the time. The average annual gain has been 13%. The year 2024 was another winner, as stocks extended a bull market that started in October 2022. But 2025 is off to a dismal start, with a year-to-date decline of 6% and a peak-to-trough slump of 9.5% to current levels -- essentially a correction. What is more, the recent leading sectors of the stock market -- Information Technology stocks in particular, growth stocks in general and U.S. stocks versus international stocks -- have lagged. There is always new data emerging for investors to consider, and they can modify their outlooks and strategies as needed. The new data this go-round is primarily the trade policies of President Trump, and the related concerns among market participants that this economic approach could lead to a recession, inflation, or a decline in EPS. We started the year with a bullish outlook, expecting (normal) double-digit stock-market returns based on: economic growth; double-digit EPS growth; and lower interest rates.

The planks of our platform remain in place. Consequently, we are maintaining our call for a positive year for stocks, despite the weakness in 1Q. We note a change in the investment outlook, though, and will be focusing more on opportunities in value oriented sectors, such as Financial and Healthcare, and in international stocks



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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% | -2.1 |
| CDA Prime | 4.95% | 0.0 | CDA 10 year | 2.91% | -2.3 |
| CDA 3 month T-Bill | 2.62% | -1.0 | CDA 20 year | 3.13% | -1.7 |
| CDA 6 month T-Bill | 2.61% | -0.5 | CDA 30 year | 3.17% | -1.7 |
| CDA 1 Year | 2.50% | -1.0 | | | |
| CDA 2 year | 2.42% | -1.8 | | | |
| 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% | -1.6 |
| US Prime | 7.50% | 0.0 | US 10 year | 4.14% | -1.6 |
| US 3 month T-Bill | 4.20% | -0.5 | US 30 year | 4.51% | -1.0 |
| US 6 month T-Bill | 4.22% | 0.3 | 5YR Sovereign CDS | 40.99 | |
| US 1 Year | 4.01% | 0.0 | 10YR Sovereign CDS | 43.96 | |
| US 2 year | 3.86% | -0.7 | | | |
| Preferred Shares Indicators | | | Last | Daily % | YTD |
| S&P Preferred Share Index | | | 642.89 | 0.05% | 1.18% |
| BMO Laddered Preferred Shares (ETF) | | | 11.02 | -0.18% | 0.64% |

Source: LSEG

Things are looking up! Have a great day!

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