

Financial HARTbeat

China right back at you?
April 4th 2025



Good Morning,

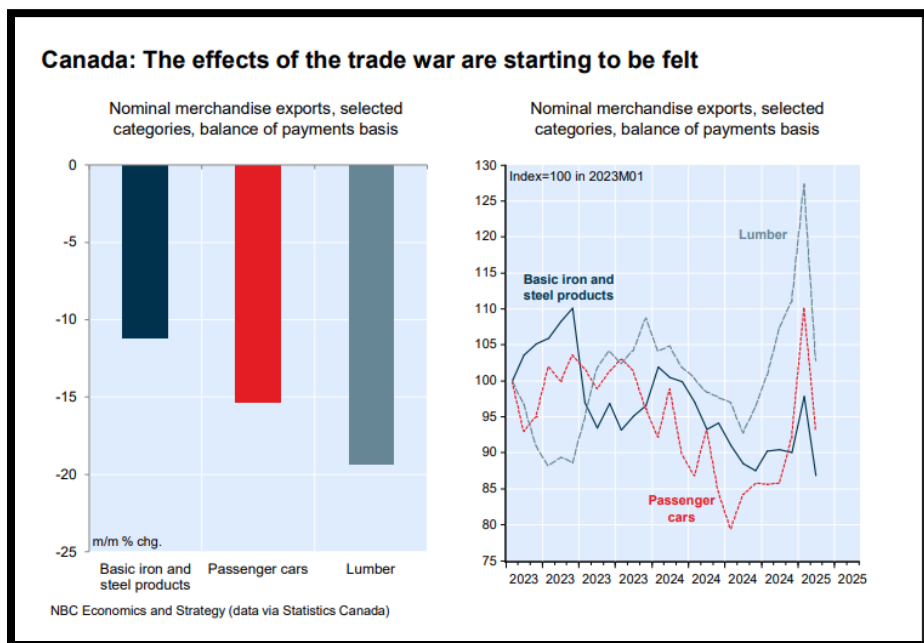
Volatile session yesterday....do we reach peak negative sentiment in today's session? Fear and Greed Index flashing 6...not sure I remember a time it has been this low...

Consumer feeling pressured and as are businesses right now...

Lots to uncover over the weekend...lots to sift through, what are the company impacts, country impacts, currency impacts, commodity impacts...

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

Chart of the Day: Do you think this will have an impact on US housing? Where will they get their lumber?



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Top News

U.S. stock futures fell sharply this morning signaling more losses on Wall Street, after China retaliated with fresh tariffs a day after the Trump administration's sweeping levies knocked off \$2.4 trillion from U.S. equities. China's finance ministry said it will impose additional tariffs of 34% on all U.S. goods from April 10 as a countermeasure to the tariffs imposed by U.S. President Donald Trump.

The benchmark S&P 500 dropped 4.8% yesterday, its largest one-day percentage decline since June 2020, after Trump imposed a 10% tariff on most imports into the United States and much higher levies on dozens of other countries. The tariffs have fed expectations for a global economic downturn and sharp price hikes across sectors in the world's biggest consumer market.

The tech-heavy Nasdaq tumbled about 6% yesterday, its biggest one-day drop since the height of the pandemic fueled selloff in March 2020. The blue-chip Dow dropped 2.5% in the prior session and the index looked on course to confirm a correction, or a 10% drop from alltime highs.

Nonfarm payrolls increased by 228,000 jobs last month after a downwardly revised 117,000 rise in February, the Labor Department said this morning.

Economists had forecast payrolls advancing by 135,000 jobs after a previously reported 151,000 rise in February. The unemployment rate rose to 4.2% from 4.1% in February. Focus will also be on Fed Chair Jerome Powell's speech at 11:25 a.m. ET for clues on the path of interest rates. Traders continued to anticipate a more accommodative policy from the U.S. central bank, with money market futures pricing in cumulative rate cuts of 100 basis points by the end of this year, compared with about 75 bps a week earlier. Canadian stock index futures also fell this morning, as a global selloff triggered by U.S. President Donald Trump's sweeping tariffs deepened after China announced counter measures. In commodities, oil prices are headed towards their lowest close since the midst of the coronavirus pandemic in 2021. Gold prices slid after hitting yet another record high in the previous session.

Copper prices fell and logged weekly losses amid concerns that the tariffs would dampen global demand for metals. Canada's main index tumbled to a three-week low yesterday.



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Canada's employment number dropped by a net of 32,600 people, Statistics Canada said this morning. The decline in March followed a largely flat growth in jobs in February and robust expansion of 211,000 new jobs from November to January (see chart). Analysts had forecast a net job addition of 10,000 people and had estimated the unemployment rate to rise to 6.7%.

The pan-European STOXX 600 share index fell more than 5% this morning, leaving it more than 10% below its record closing high from March 3 and on course to confirm the benchmark is in a correction. German industrial orders stagnated in February and January's drop was revised to be less steep, showing that Germany's industrial sector slump could have bottomed out, but the recovery may be slow as the impact of U.S. tariffs takes hold.

Japanese stocks sank to their lowest since last August, marking their sharpest weekly drop in five years, as fears of a global recession in the wake of U.S. President Donald Trump's sweeping tariffs gripped markets. The Nikkei average closed down 2.75%, registering a 9% drop for the week, its steepest weekly decline since March 2020. The index is down 20% from its peak in July, meaning it is in bear market territory per some market definitions. Chinese markets were closed.

Payrolls Rise and Surprise (Argus)

The job market remained healthy in March amid concerns it is poised to slow. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated 228,000 nonfarm jobs in March, well above our forecast of 125,000 and the consensus of 135,000. February's payrolls were revised lower by 34,000 and January by 14,000. The March result and the overall revisions to past results reduced the three-month average to 152,000 from 200,000. This morning's numbers follow private reports earlier in the week. Outplacement specialist Challenger, Gray & Christmas reported that March 2025 job-cut announcements tripled to 275,240 from March 2024 and jumped 60% from February 2025. Government cuts represented 80% of the March total. Payroll processor ADP reported faster-than-expected hiring, with 155,000 jobs added by the private sector. The March unemployment rate ticked up to 4.2%, which matched our estimate.

Average hourly earnings increased nine cents month to month and are 3.8% higher year over year, below our estimate of 4.0% and the reading of 4.0% in February. The average workweek remained at 34.2 hours, a tick above our estimate. Employment increased in healthcare; social assistance; transportation



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and warehousing; and retail trade. Employment showed little change in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; information; financial activities; professional and business services; leisure and hospitality; and other services. The manufacturing sector added 1,000 jobs. Healthcare added 77,800, while federal government employment fell by 4,000. After the report, stock futures improved slightly but are still deeply in the red on tariff worries.

The yield on the 10-year Treasury rose by four basis points to 3.94%. Futures contracts suggested a 57% probability that the Fed will maintain the 4.25%-4.5% funds target on May 7, little changed from before the report. Both before and after the report, traders saw a 100% probability that the Fed will cut the policy target in June. Outplacement specialist Challenger, Gray & Christmas reported that March 2025 job-cut announcements tripled to 275,240 from March 2024 and jumped 60% from February 2025. Government cuts represented 80% of the March total. Payroll processor ADP reported faster-than-expected hiring, with 155,000 jobs added by the private sector. The March unemployment rate ticked up to 4.2%, which matched our estimate. Average hourly earnings increased nine cents month to month and are 3.8% higher year over year, below our estimate of 4.0% and the reading of 4.0% in February. The average workweek remained at 34.2 hours, a tick above our estimate. Employment increased in healthcare; social assistance; transportation and warehousing; and retail trade. Employment showed little change in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; information; financial activities; professional and business services; leisure and hospitality; and other services. The manufacturing sector added 1,000 jobs. Healthcare added 77,800, while federal government employment fell by 4,000. After the report, stock futures improved slightly but are still deeply in the red on tariff worries. The yield on the 10-year Treasury rose by four basis points to 3.94%.

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Bond Yields (big moves yesterday...10 bps on Canada 5 year)

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	2.45%	-10.4
CDA Prime	4.95%	0.0	CDA 10 year	2.94%	1.1
CDA 3 month T-Bill	2.58%	-3.0	CDA 20 year	3.19%	4.3
CDA 6 month T-Bill	2.53%	-7.0	CDA 30 year	3.16%	-7.7
CDA 1 Year	2.37%	-9.5			
CDA 2 year	2.31%	-9.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.60%	-16.0
US Prime	7.50%	0.0	US 10 year	3.91%	-14.8
US 3 month T-Bill	4.16%	-3.7	US 30 year	4.36%	-12.6
US 6 month T-Bill	4.10%	-9.4	5YR Sovereign CDS	41.47	
US 1 Year	3.80%	-12.7	10YR Sovereign CDS	44.42	
US 2 year	3.56%	-16.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			642.09	-0.34%	1.05%
BMO Laddered Preferred Shares (ETF)			11.01	-0.72%	0.55%

Source: LSEG

Things are looking up! Have a great day!

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