

Financial HARTbeat

Last trading day of week!
April 17th 2025



Good Morning,

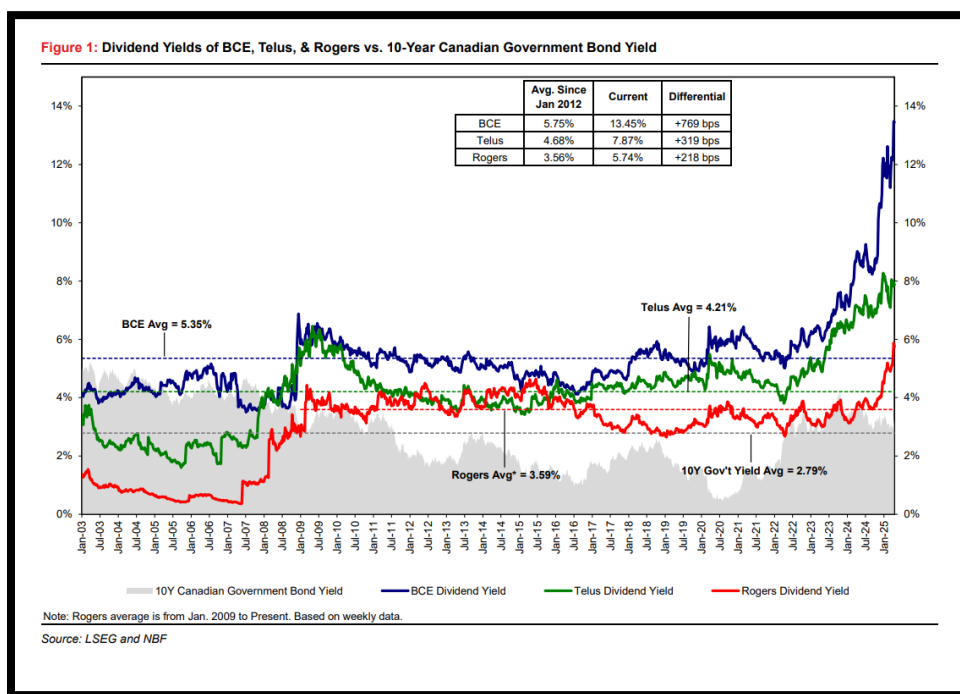
ECB (European Central Bank)...cut by 25 bps..heading says as “disinflationary pressures mount” ...wait did I say this would happen?

United Health miss on earnings is the talk of the Dow this morning...stock down 20%...

Can Trump fire Powell is gaining traction and attention these days....yes of course he can..However, does he want to I think is more of the question...presently this gives him cover and a scapegoat..so unlikely for the time being..

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

Chart of the Day: Telco...dividend yields in question...can they maintain these payouts?



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Top News

Futures tied to the S&P 500 and the Nasdaq regained some ground this morning, on the final trading day of the week, with focus on U.S.-Japan tariff talks, while UnitedHealth's shares fell sharply following a forecast cut by the insurer. U.S. President Donald Trump said the country had made "big progress" in talks with Japan, one of the first rounds of face-to-face negotiations since his sweeping imposition of duties on global imports roiled markets and stoked recession fears.

Meanwhile, UnitedHealth plummeted 19% after lowering its annual profit forecast on expectations of high medical costs for the remainder of the year. The stock weighed heavily on futures tied to the blue-chip Dow.

U.S. President Donald Trump said that Federal Reserve Chair Jerome Powell's termination "cannot come fast enough", while calling for the U.S. central bank to cut interest rates. In economic data, initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 215,000 for the week ended April 12, the Labor Department said. Economists had forecast 225,000 claims for the latest week.

Housing starts in the US unexpectedly plunged 11.4% month-over-month to a seasonally adjusted annualized rate of 1.324 million in March 2025, the lowest in four months, and well below forecasts of 1.42 million. Comments from Fed board Governor Michael Barr expected later in the day. Futures for Canada's main stock index climbed after President Donald Trump hailed "big progress" in the U.S.-Japan trade negotiations, although sentiment remained fragile amid tariff uncertainties.

In commodities, oil prices rose and traded near their highest in two weeks on supply concerns after the U.S. imposed new sanctions to curb Iranian oil exports. Copper prices also edged higher, while gold prices pulled back from a record high as investors booked profits. Both U.S. and Canadian stock markets will be closed tomorrow for the Good Friday holiday. European shares fell this morning as investors parsed corporate earnings to gauge the fallout of U.S. President Donald Trump's erratic trade plans.

The European Central Bank cut interest rates for the seventh time in a year (see chart), looking to prop up an already struggling euro zone economy that will take a large hit from U.S. tariffs. Investors will sift through ECB President Christine Lagarde's comments at a press conference for hints on futures rate cuts.



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Investors also shied away from making big bets ahead of a four-day-long weekend on account of Good Friday and Easter Monday.

Hong Kong shares closed higher today, led by property and tech stocks, while investors awaited more cues from ongoing trade tensions between the U.S. and China. Chinese equities were broadly steady. Property shares trading onshore and offshore surged as much as 4% each, after China's premier urged unlocking real estate market potential and new home prices stabilised in March.

China will pay no attention if the U.S. continues to play the "tariff numbers game", China's foreign ministry said, after the White House outlined how the Asian country faces tariffs of up to 245% due to its retaliatory actions.

Japan's Nikkei share average bounced back from the previous session's declines, helped by a weaker yen after the first round of closely watched trade negotiations between Tokyo and Washington were lauded by President Donald Trump. Japan's total exports rose 3.9% year-on-year in March, less than a median market forecast for a 4.5% increase and slowing from an 11.4% rise in February.

Global Stocks Offer Value (Argus)

As worldwide markets are challenged by trade wars, higher interest rates, conflict in the Middle East, and the battle between Russia and Ukraine, one thing has not changed. U.S. stocks are more expensive than global stocks. And with the run-up in stock prices in 2023 and 2024, U.S. stocks became even more expensive. Consider P/E ratios. The trailing P/E ratio on the S&P 500 is 22.5, above the global average of 15 and well above the 10-14 average P/Es for emerging market stocks in China and Latin America. A review of yields tells a similar story. The current dividend yield for the S&P 500 is 1.3%, versus the global average of 2.8%, and European, Australian and Latin American yields of 3%-6%.

Taking a step back, investors generally are willing to pay a higher price for North American securities because of the transparency of the U.S. financial system as well as the liquidity of U.S. markets. What's more, global returns can be volatile across individual countries, given currency, security, political, and geopolitical risks. Indeed, U.S. stocks (ETF SPY) have outperformed EAFE shares (ETF EFA) over the past year as well as over the past five years. The tide is turning a bit in 2025, as global investors respond to the erratic economic declarations from the Trump administration.



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Year to date, global stocks are up 2% while U.S. stocks are down 10%. Given expectations for trade-related volatility in the months ahead, we think diversified investors should have 20%-25% of their equity allocations in international stocks to take advantage of the value, and we have been adding global stocks to our Universe of Coverage.

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	2.75%	0.0	CDA 5 year	2.73%	3.4
CDA Prime	4.95%	0.0	CDA 10 year	3.11%	3.2
CDA 3 month T-Bill	2.65%	0.0	CDA 20 year	3.37%	3.2
CDA 6 month T-Bill	2.65%	1.0	CDA 30 year	3.43%	3.2
CDA 1 Year	2.57%	0.0			
CDA 2 year	2.54%	2.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.94%	3.4
US Prime	7.50%	0.0	US 10 year	4.31%	3.0
US 3 month T-Bill	4.21%	-0.8	US 30 year	4.77%	2.6
US 6 month T-Bill	4.19%	0.4	5YR Sovereign CDS	54.00	
US 1 Year	3.97%	1.3	10YR Sovereign CDS	57.43	
US 2 year	3.81%	2.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			614.94	-0.23%	-3.22%
BMO Laddered Preferred Shares (ETF)			10.52	-0.52%	-3.93%

Source: LSEG

Things are looking up! Have a great day!

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