

# Financial HARTbeat

Europe closed today!  
April 21st 2025



Good Morning,




Looks to be a quiet market today....not tremendous amount of news over the weekend...things seemed to settle down about Trump firing Powell...time will tell on this one..

US housing continues to be a key metric to watch at the present time...their mortgage rates are based off of the 30 US Government Bond...this has been rising and a serious detriment to their housing market presently...

Gold...we continue to watch closely and its interaction with the USD...USD worst start since 1995..for those who remember 1995/1996...these were excellent years for stocks...re-do or something else all together?

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

**Chart of the Day: Probabilities....still LOTS of ground to cover...**

	 <b>Bank of Canada</b>	 <b>Federal Reserve</b>	 <b>European Central Bank</b>
<b>Rates</b>			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.75%	4.50%	2.25%
<b>Next meeting</b>			
Next meeting date	June 4, 2025	May 7, 2025	June 5, 2025
Market-implied policy rate*	2.61%	4.47%	1.78%
Spread vs. current rate	-14 bp	-3 bp	-47 bp
Probability of...			
... hike	0%	0%	0%
... hold	44%	88%	0%
... cut	56%	12%	100%
<b>Rate cuts</b>			
25bps cuts priced in over...			
... next 3 months	1.1	0.7	2.6
... next 6 months	-	2.3	3.4
... next 12 months	-	4.2	-

\*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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## Top News

U.S. futures fall on Monday, as President Donald Trump's attacks on Federal Reserve Chair Jerome Powell sparked worries about the central bank's independence, rattling investors already grappling with an escalating trade war. On Friday, White House economic adviser Kevin Hassett said that Trump and his team would study whether firing the Fed Chair was an option. That followed Trump's comments on Thursday that Powell's "termination cannot come fast enough," as the President renewed his calls for more interest-rate cuts. Investors' concern has been heightened surrounding President Donald Trump's tariffs have weighed on Wall Street recently.

The major averages are down around 7% since April 2, when Trump announced a raft of levies on imports from other countries. Over the weekend, Chicago Federal Reserve President Austan Goolsbee said in a CBS interview that the tariffs could lead U.S. economic activity to "fall off" by the summer. That follows Fed Chair Jerome Powell expressing concern Wednesday that the president's levies could present difficulty for the central bank in controlling inflation and spurring economic growth. Investors are looking ahead to a key earnings week, as more than 100 S&P 500 companies are due to report over the coming days.

That includes "Magnificent Seven" names Alphabet and Tesla, and others like aerospace giant Boeing. TSX Futures slipped on Monday as China's warning of "countermeasures" against countries striking deals with the U.S. at its expense increased investor worries about the economic fallout from the trade war. Oil prices fell more than 2% on Monday on signs of progress in talks between the U.S. and Iran while investors remained concerned about economic headwinds from tariffs which could curb demand for fuel. China stocks rose to two-week highs on Monday after Premier Li Qiang urged government officials to strengthen efforts to stabilize share prices, further mitigating trade war fears.

China kept benchmark lending rates steady for the sixth successive month on Monday, matching market expectations, though analysts expect fresh government stimulus in the second quarter to counter trade war woes. Hong Kong market is closed for a local holiday. On Friday, Chinese Premier Li Qiang told government officials to step up efforts to stabilize the stock market, part of efforts to mitigate the impact from heightened trade tensions with the United States.



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Japan's Nikkei share average dropped more than 1% on Monday, weighed down by a stronger yen that pressured exporters, while investors looked ahead to currency talks between Japanese and U.S. finance chiefs later this week. Japan's Nikkei share average dropped more than 1% on Monday, weighed down by a stronger yen that pressured exporters, while investors looked ahead to currency talks between Japanese and U.S. finance chiefs later this week. The yen rose to a seven-month high against the dollar as shaky confidence in U.S. assets was exacerbated by U.S. President Donald Trump's attacks on the Federal Reserve.

## Sector Leaders and Laggards (Argus)

In a reversal of the dominant trend in most of 2023 and 2024, the traditional growth sectors (Communication Services, Information Technology, Consumer Discretionary) are down sharply year to date in 2025. After holding gains through January and February, Communication Services is down 12% as of mid-April. Information Technology declined in every month of the first quarter and is down 18% year to date. Selling has broadened from the AI category to nearly every technology niche, including software, computing, and semiconductors. Consumer Discretionary is down about 20% year to date as consumer confidence has tanked and auto sales -- including Teslas -- stall. Consumer Staples is leading the market, with a 6% gain year to date, while the Utility group is up 3%.

Those two traditionally defensive sectors are the only ones in positive territory for 2025 at this point. Other sectors outperforming the S&P 500, which is down 10% for the year, include Energy, Financials, Healthcare, Industrials, Materials, and Real Estate. The takeaway from the year-to-date 2025 sector performance table is impressive breadth, which we believe bodes well in a challenging market for traditional leaders. Sector rotation also carries risks, however, particularly if it gets too intense.

If 2025 features deeply negative performances from the three growth sectors -- which collectively represent about 50% of total market weight -- the overall stock market may struggle to generate a positive return for the year.



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**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	2.77%	3.1
CDA Prime	4.95%	0.0	CDA 10 year	3.19%	5.1
CDA 3 month T-Bill	2.67%	1.5	CDA 20 year	3.46%	5.9
CDA 6 month T-Bill	2.64%	-0.5	CDA 30 year	3.53%	6.3
CDA 1 Year	2.56%	0.0			
CDA 2 year	2.53%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.97%	3.5
US Prime	7.50%	0.0	US 10 year	4.40%	7.6
US 3 month T-Bill	4.22%	-0.3	US 30 year	4.89%	8.1
US 6 month T-Bill	4.19%	-2.1	5YR Sovereign CDS	56.02	
US 1 Year	3.97%	-2.5	10YR Sovereign CDS	59.98	
US 2 year	3.79%	-0.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			611.65	-0.04%	-3.74%
BMO Laddered Preferred Shares (ETF)			10.48	-0.33%	-4.29%

Source: LSEG

Things are looking up! Have a great day!

Ben



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