

Financial HARTbeat

April Finally Ends!
April 30th 2025



Good Morning,

Some months fly by without even noticing...However, not this April...the swings, and violence in the market this month was huge...looks like it wants to go out with a bang as well...will be get May flowers?

US GDP contracts....can I ask is anyone surprised by this??? Economists surveyed still thought they were going to grow with all the negative sentiment?

Also, employment numbers slowed...

All this points to giving FOMC plenty of cover to cut rates starting in June...

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

Chart of the Day: Very interesting visual...have we become a 2 party nation?

Visual supplement to NBC's Canadian election report ([link](#))

By Warren Lovely & Ethan Currie

Table: Summary results for Canada's 45th general election held April 28, 2025

Canada general election results (seats won & vote share) by major party, including comparisons to prior election (2021) & average pre-election projection

Party	LIB	CON	BQ	NDP	GRN	PPC	IND/OTH
	Liberal	Conservative	Bloc Québécois	New Democratic	Green	People's Party of Canada	Independent/ Other
Leader	Carney	Poilievre	Blanchet	Singh	May/Pedneault	Bernier	N/A
Won own riding	Yes	No	Yes	No (resigning)	Yes/No	No	N/A
Seats (of 343)	169	144	22	7	1	0	0
vs. Avg. projection	-19	20	-1	0	0	0	0
vs. Dissolution*	17	24	-11	-17	-1	0	-6
vs. 2021 election*	9	25	-10	-18	-1	0	0
Pop vote (%)	43.7	41.3	6.3	6.3	1.2	0.7	0.5
vs. Avg. projection	0.8	2.2	0.3	-1.8	-0.7	-0.5	-0.4
vs. 2021 election	11.1	7.6	-1.3	-11.5	-1.1	-4.2	-0.4

Source: NBC, Source: NBF, CBC, 338Canada, Elections Canada | Note: Preliminary results from Elections Canada as at 30-Apr; average projection is based on CBC Poll Tracker & 338Canada as at 28-Apr; parliamentary seats in 2021 election (and at dissolution) totaled 338; total number of seats increased to 343 with 2025 general election



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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Top News

U.S. stock index futures declined today as investors braced for a spate of economic data and corporate results to close a turbulent month for financial markets. Reports already released this morning revealed that U.S. private payrolls growth slowed more than expected in April. The ADP National Employment Report data showed that private payrolls increased by only 62,000 jobs this month after a downwardly revised 147,000 gain in March. Economists polled by Reuters forecasted private employment would advance by 115,000 following a previously reported gain of 155,000 in March.

This latest report confirmed that the labor market continues to slow in an orderly fashion, though economists warn that President Donald Trump's tariffs could force companies to lay off workers. Government data yesterday showed job openings dropped to a six-month low in March, which translated into 1.02 job openings for every unemployed person, slightly down from 1.06 in February. Another report showed that the U.S. economy contracted in the first quarter, weighed down by a deluge of goods imported by businesses eager to avoid higher costs, underscoring the disruptive nature of President Donald Trump's often chaotic tariff policy.

Gross domestic product decreased at a 0.3% annualized rate last quarter. Economists polled by Reuters had forecast that GDP increased at a 0.3% pace in the January March period. The survey was, however, concluded before data on Tuesday showed the goods trade deficit surged to an all-time high in March amid record imports, which prompted most economists to sharply downgrade their GDP estimates. Some economists warned against placing too much weight on the GDP number, given that an unusually large amount of non-monetary gold had accounted for some of the jump in imports. Others argued that the data did not change the narrative of an economy declining because of all the uncertainties.

Coinciding with Trump's first 100 days in office, it nonetheless reinforced Americans' growing disapproval of his handling of the economy so far. Traders pulled back slightly from bets the Federal Reserve will cut interest rates by a full percentage point this year after the release of those reports.

Still, futures contracts that settle to the Fed's policy rate continued to point to a start to Fed rate cuts in June, with a total of four quarter point reductions likely, bringing the rate to the 3.25%-3.5% range by year-end. In Canada, gross domestic product contracted by 0.2% in February on a monthly basis for the



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Senior Wealth Advisor & Portfolio Manager

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first time since November as activities across mining, oil and gas and construction sectors shrunk as inventories built up tariff fears sucked out demand and hampered investments.

The biggest dent to the GDP came from the goods producing industries which together contracted by 0.6%. A part of the decline in February was also due to bad weather and snow storms across provinces in Canada. According to Statscan, the economy is likely to expand by 0.1% in March and on an annualized basis the GDP is expected to grow by 1.5% in the first quarter.

GDP Falls 0.3% (Argus)

According to the advance estimate released today by the Bureau of Economic Analysis, U.S. Gross Domestic Product (GDP) fell in the first quarter at an annualized rate of 0.3%. That's below the consensus forecast for growth of 0.4% and 2.4% growth in the fourth quarter. Our estimate was for an increase of 1.4%. Imports increased a whopping 41.3% as companies made purchases of goods (up 50.9%) in advance of the expected imposition of tariffs. Net exports of goods and services, which we often call the trade balance, reduced 1Q GDP by 4.83 percentage points. Companies certainly appear to have stockpiled goods. Inventories contributed 2.25 points to GDP. Private investment surged 21.9%, led by information processing equipment. Spending by consumers rose 1.8%, but that was a significant deceleration from the 4.0% increase in 4Q. Consumer spending on goods rose 0.5%. Within goods, durables were down 3.4%, after a 12.4% jump in 4Q. Nondurables were up 2.7%. The huge services category was up 2.4% after a 3.0% increase in 4Q. This "steady Eddie" category added 1.1 points of growth and may be an important line of defense against further GDP contraction as imports should moderate. Government consumption and investment declined 1.4%.

The federal government was down 5.1% with national defense lower by 8.0%. Nondefense was down 1.0%, State and local government was up 0.8% after 2.5% growth in 4Q. The report also contains data on inflation, which unfortunately accelerated in 1Q. The PCE Price Index increased 3.6% in the first quarter, compared with an increase of 2.4% in the fourth quarter. Excluding food and energy, the index increased 3.5%, compared with an increase of 2.6% in the previous quarter. After the report, futures on the S&P 500 pulled back 1.9%. The yield on the 10-year Treasury note was up to 4.18%. Based on futures trading, the probability that the funds target will remain unchanged at next week's meeting remained at 92%. Expectations for a June cut were little changed, at 65%.



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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	2.73%	-1.1
CDA Prime	4.95%	0.0	CDA 10 year	3.12%	-1.9
CDA 3 month T-Bill	2.67%	-0.5	CDA 20 year	3.38%	-2.3
CDA 6 month T-Bill	2.63%	0.0	CDA 30 year	3.45%	-2.3
CDA 1 Year	2.56%	0.0			
CDA 2 year	2.54%	-0.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.76%	-1.6
US Prime	7.50%	0.0	US 10 year	4.15%	-2.2
US 3 month T-Bill	4.20%	0.2	US 30 year	4.62%	-2.7
US 6 month T-Bill	4.19%	0.5	5YR Sovereign CDS	57.00	
US 1 Year	3.91%	0.5	10YR Sovereign CDS	59.95	
US 2 year	3.65%	-1.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			617.48	-0.08%	-2.82%
BMO Laddered Preferred Shares (ETF)			10.58	-0.75%	-3.38%

Source: LSEG

Things are looking up! Have a great day!

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