

Financial HARTbeat

Happy Fourth of July....
July 4th 2025



Good Morning,

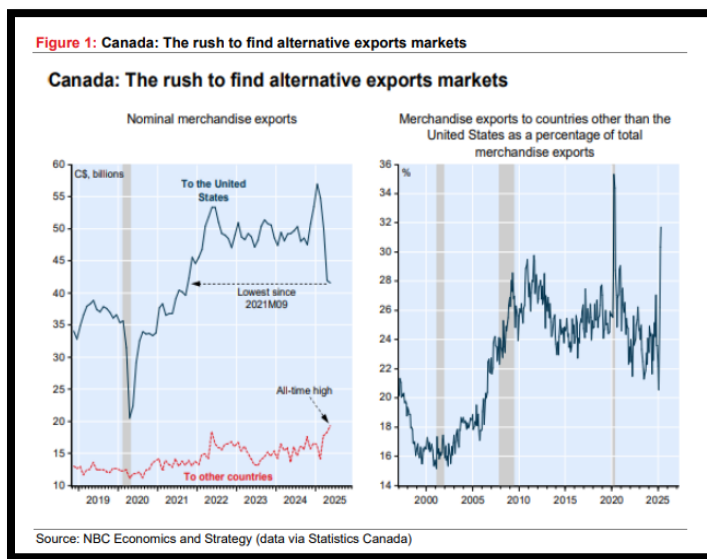
Trump tax bill moves forward....no matter what they do, they will be deficit spending to the cows come home...

More tariff talk...looks like US Government may be moving to a “flat tax” essentially no loopholes, only one tariff tax for imports...

Could some of the Chinese electric car makers usurp their US rivals? Appears they are agile and moving fast...

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

Chart of the Day: As I mentioned on the weekly...we (Canada) are rushing to find new markets...



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Top News

Canadian futures point to lower open, as concerns over U.S. trade deals ahead of the looming July 9 tariff deadline weighed on sentiment while US markets closed for the 4th of July holiday. U.S. President Donald Trump said on Thursday that Washington will start sending letters to countries on Friday specifying what tariff rates they will face on imports to the United States. Data on Friday showed Greater Toronto Area home sales rose for a third straight month in June and prices extended their recent decline. Oil futures fell slightly on Friday after Iran reaffirmed its commitment to nuclear non-proliferation, while major producers from the OPEC+ group are set to agree to raise their output this weekend.

European shares fell nearly 1% on Friday, as investors weighed uncertainty over U.S. trade deals ahead of the July 9 deadline. China's Commerce Ministry issued its final ruling on an investigation into brandy imports from the EU, most of which is cognac from France.

German industrial orders fell much more than expected in May, ending a recent pickup and hit by a slump in demand from within the euro zone, data showed on Friday. Orders declined by 1.4% on the previous month on a seasonally and calendar adjusted basis, the German statistics office said. A Reuters poll of analysts had pointed to a fall of 0.1%.

Air France-KLM plans to increase its stake in Scandinavian airline SAS to 60.5%, the latest step towards consolidating Europe's fragmented airline sector as carriers seek to strengthen their position against rivals. The Franco-Dutch airline group said on Friday it intended to increase its stake from 19.9% currently by acquiring the stakes held by top shareholders Castle lake and Lind Invest. London's main stock indexes fell on Friday, weighed down by domestic fiscal worries and weaker global sentiment ahead of a looming tariff deadline. Sterling was poised for a weekly loss on Friday, marking a lackluster end to a week that saw fiscal and political uncertainties rattle investor appetite for UK assets.

Japan's Nikkei ended slightly higher on Friday, as chip-related stocks tracked Wall Street's strong overnight performance, but the index snapped a three-week winning streak on caution ahead of the U.S. trade deal deadline. Japanese household spending surged at the fastest pace in nearly three years in



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May, offering some hopes that tepid consumption might be turning a corner even as risks from U.S. tariffs remain a drag on confidence and economic growth. Consumer spending in the world's fourth-largest economy in May rose 4.7% from a year earlier, internal affairs ministry data showed on Friday, better than the median market forecast for a 1.2% gain and rising at the fastest pace since the 5.1% increase in August 2022.

Mainland China stocks edged higher on Friday, led by gains in banking and steel sectors, as market sentiment was lifted by fresh signs of de-escalation in Sino-U.S. trade tensions, while shares in Hong Kong slipped.

A solid report, but the details raise some 'red' flags (ISI Evercore)

Job growth was +147K in June and the unemployment rate fell to 4.1%. State and local government accounted for 50% of the job gain due in part to an early survey week. The job revisions were slightly positive for April and May. This release was much better than 'whisper' fears. This release should push rates and the dollar moderately higher. July's employment tally starts in a deep hole.

KEY POINTS:

1. Payroll employment rose more-than-expected +147 K in June, and the prior two months were revised up modestly. Private service job gains were only +68K and private goods producing jobs advanced +6K. The leading components of the release were mixed. Temp employment slipped. State and local government employment accounted for 50% of the overall gain as the survey week was quite early when many schools were still in session.
2. Average hourly earnings rose +0.22% m/m. This gain puts the y/y gain at +3.7%. The workweek fell to 34.2 hours, though the mfg. workweek was unchanged. (see data table)
3. Unemployment rate edged down to 4.1% with the participation rate slipping lower. Household employment rose +93K and the labor force dropped +130K.



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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	2.91%	-3.8
CDA Prime	4.95%	0.0	CDA 10 year	3.35%	-4.6
CDA 3 month T-Bill	2.66%	-0.5	CDA 20 year	3.58%	-3.7
CDA 6 month T-Bill	2.65%	-1.0	CDA 30 year	3.64%	-3.7
CDA 1 Year	2.64%	-1.0			
CDA 2 year	2.66%	-3.6			
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%	0.0
US Prime	7.50%	0.0	US 10 year	4.35%	0.0
US 3 month T-Bill	4.26%	0.0	US 30 year	4.86%	0.0
US 6 month T-Bill	4.31%	0.0	5YR Sovereign CDS	39.98	
US 1 Year	4.09%	0.0	10YR Sovereign CDS	42.95	
US 2 year	3.89%	0.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			664.12	0.03%	4.52%
BMO Laddered Preferred Shares (ETF)			11.6	0.22%	5.94%

Source: LSEG

Things are looking up! Have a great day!

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