

Financial HARTbeat

Prime Day!
July 8th 2025



Good Morning,

Jeff Bezos has come a long way from selling books out of his garage...now spending \$50M or so on a wedding in Venice...to now Prime Day part of the zeitgeist of the world or at least the Americas...

Tariffs...this will be a new course for any Finance majors over the next many years as the world learns to deal with the major implications and knock on effects of this tactical strategy the world reserve currency is taking...

Major endowments of the world...with Yale being one of the leaders in Private Equity...now signaling a move away and back to the liquidity that public markets offer....should we be worried as retail investors...I think worry for sure...as the Endowments of the world look to unload their private assets to other investors..

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

Chart of the Day: The bond market does not know what to do...front end down long end up...typically a signal worth paying attention too..

		Change (basis points)				
	Level	Last week	MTD	YTD	1-YR	
Canada	3-Month	2.66%	-1 bp	-2 bp	-49 bp	-198 bp
	2-Year	2.67%	7 bp	7 bp	-27 bp	-139 bp
	10-Year	3.36%	6 bp	9 bp	13 bp	-25 bp
	30-Year	3.65%	6 bp	9 bp	31 bp	14 bp
U.S.	3-Month	4.36%	6 bp	7 bp	3 bp	-102 bp
	2-Year	3.88%	14 bp	17 bp	-36 bp	-81 bp
	10-Year	4.34%	5 bp	11 bp	-23 bp	-1 bp
	30-Year	4.86%	1 bp	7 bp	7 bp	34 bp
World	German 10-Year	2.57%	-3 bp	-3 bp	21 bp	-2 bp
	U.K. 10-Year	4.56%	5 bp	7 bp	-1 bp	36 bp
	Japanese 10-Year	1.43%	-1 bp	1 bp	35 bp	35 bp

CIO Office (data via Refinitiv).



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Top News

Futures point to a higher open from a steep Monday sell-off as President Donald Trump pushed the tariff deadline once again and signaled flexibility on that timing as well with countries willing to negotiate. Trump late Monday said the new Aug. 1 tariff deadline is “not 100% firm,” adding that “If they call up and they say something a different way, we’re going to be open to that.” The U.S. has so far reached trade agreements with only Britain and Vietnam.

In June, Washington and Beijing agreed on a framework covering tariff rates, restoring a fragile truce in their trade war. Minutes of the Fed's June rate-setting meeting are scheduled for release on Wednesday, which will offer investors more clarity on when the central bank might resume its policy easing cycle. Traders have now all but ruled out a July rate cut from the Federal Reserve, putting the odds of a September cut at around 60%, according to the CME FedWatch tool.

European shares were mixed on Tuesday as investors assessed the latest phase of U.S. President Donald Trump's tariff rollout, which included new proposals for several countries and a new deadline for trade deals. German exports fell more than expected in May, data showed on Tuesday, as demand from the United States dropped for the second consecutive month due to the impact of tariffs. Exports from Europe's biggest economy fell by 1.4% in May compared with the previous month, data from the federal statistics office showed. That is compared with a Reuters poll forecast for a 0.2% decrease. London's main indexes were little changed on Tuesday, with investors focusing on the latest tariff updates and a mixed bag of corporate news.

Japan's Nikkei share average rose on Tuesday, buoyed by a weakening yen and as U.S. President Donald Trump gave an additional three-week grace period for tariff negotiations. Prime Minister Shigeru Ishiba said his administration would continue negotiations with the White House to seek a mutually beneficial bilateral deal. Initially touted by Trump's team as a likely early success, talks with Tokyo remain stalled for weeks, largely over a 25% tariff on Japanese auto imports. Japan's best outcome would be a lowering of the universal 25% rate to the baseline 10% the U.S. is levying on all trading partners, he said.



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Taiwan's exports surged by a third - far more than expected - to a record level in June on robust demand for artificial intelligence-related products. Exports jumped 33.7% from the same month a year ago to \$53.3 billion, the finance ministry said on Tuesday, compared with a forecast of a 26% increase in a Reuters poll.

China and Hong Kong stocks ended higher on Tuesday, tracking broader gains in Asia, as investors looked past the latest shift in U.S. President Donald Trump's tariff plans and welcomed Beijing's new measures to curb price wars.

An Important Earnings Season (Argus)

The 2Q25 EPS season gets under way next week, launched, as usual, by earnings reports from big banks. In the following weeks, the floodgates will open with various Consumer, Healthcare, and Industrial companies all releasing their quarterly results. Information Technology and Energy companies generally report later in the EPS period, and the retailers within Consumer wrap things up by mid-August. Then the Street should be quiet for a few weeks. Consensus EPS estimates for 2Q25 growth range from low-single-digits to high-single-digits. This follows 14% growth in 1Q EPS, according to LSEG I/B/E/S. Leading sectors for 2Q25 are expected to be Communication Services (32% EPS growth year over year) and Information Technology (18%). Growth from the semiconductors industry is expected to outpace overall growth, as the group's earnings are forecast to grow 35%. On the downside, earnings from the Energy sector are expected to decline by 25% and Consumer Discretionary by 4%.

Drilling down, revenue is expected to increase by 4%, led by IT. The balance of earnings growth will come from margin improvement and share buybacks. For 2025, our full-year earnings estimate is \$270, implying high-single-digit growth from the 2Q24 level. Remember, companies generally exceed earnings expectations.

Last quarter, 75% of companies exceeded consensus expectations, compared to the historical average of 67%. Some will complain that the U.S. SEC, by forcing companies to report quarterly profits, places too much emphasis on short-term results. But you can't argue that the system generates the most-



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transparent market in the world, as companies not only report results, but management teams speak to investors to discuss those results and the outlook. That's important today, when there is so much uncertainty over the direction of the global economy.

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	2.96%	1.8
CDA Prime	4.95%	0.0	CDA 10 year	3.42%	2.0
CDA 3 month T-Bill	2.67%	0.8	CDA 20 year	3.66%	1.8
CDA 6 month T-Bill	2.67%	1.2	CDA 30 year	3.72%	2.3
CDA 1 Year	2.67%	2.3			
CDA 2 year	2.70%	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%	0.7
US Prime	7.50%	0.0	US 10 year	4.41%	1.4
US 3 month T-Bill	4.26%	0.8	US 30 year	4.95%	2.1
US 6 month T-Bill	4.30%	0.3	5YR Sovereign CDS	38.98	
US 1 Year	4.10%	-0.5	10YR Sovereign CDS	42.48	
US 2 year	3.90%	-0.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			665.12	0.01%	4.67%
BMO Laddered Preferred Shares (ETF)			11.6	0.09%	5.94%

Source: LSEG

Things are looking up! Have a great day!

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