

# Financial HARTbeat

Mexico and Europe join the party!  
July 14<sup>th</sup> 2025



Good Morning,

Mexico and Europe added to the 35% tariffs list...news going against you try to change the narrative...he is the ultimate salesman, and we are seeing it real-time...

The US sending Patriot missiles to Ukraine...as Putin talks about peace his army continues to bomb relentlessly

US Banking to start to consolidate under current Administration? Will be worth watching the regional banks...

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

**Chart of the Day: A visual of how Tariffs work and why the current administration keeps spouting on about domestic industry...so far the world seems willing to work ever so slowly with him in an effort to outwait him..**

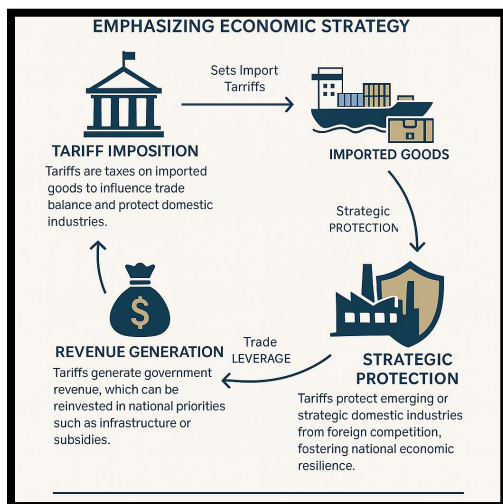


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**Ben Hart**

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. futures point to lower open on Monday after President Donald Trump threatened high tariffs on more countries over the weekend, however investors believe those duties will eventually be negotiated down. Investors are looking ahead to second-quarter earnings season, which ramps up this week. Second-quarter earnings season by major banks is expected this week with JPMorgan Chase, Wells Fargo and Citigroup reporting on Tuesday.

Trump's announcement comes ahead of inflation readings this week, which will give investors a better sense of how the Trump tariffs already in effect are being felt throughout the economy. Traders are also monitoring another potential factor National Economic Council Director Kevin Hassett on Sunday telling ABC News that President Trump can fire Fed Chair Jerome Powell "if there's cause." European shares fell on Monday, led by automobiles, as U.S. President Donald Trump's latest threat to impose steep tariffs on the European Union and Mexico kept investors on edge.

On Saturday, President Trump threatened to impose a 30% tariff on imports from the European Union and Mexico, effective August 1, after weeks of negotiations with major U.S. trading partners failed to yield comprehensive trade agreements. The UK's blue-chip index held just below its all-time high hit last week as investors assessed the trajectory of U.S. tariffs as well as domestic interest rates, while AstraZeneca gained on successful drug trial results. Meanwhile, Britain's labor market cooled sharply in June and the number of people available for work jumped at the fastest pace since the COVID-19 pandemic, according to data also watched by the Bank of England.

Japan's Nikkei share gauge slid for a third-straight session on Monday as concerns about an upcoming domestic election and unresolved trade talks with the United States weighed on investor sentiment. Japanese Prime Minister Shigeru Ishiba has said Japan would continue tariff negotiations with the U.S. after U.S. President Donald Trump last week raised tariffs on Japanese imports to 25% starting August 1. Japanese households' inflation expectations held steady in the three months to June, a Bank of Japan survey showed on Monday, a sign the country was making progress in durably achieving the central bank's 2% inflation target.



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China and Hong Kong stocks inched higher on Monday, as markets reacted cautiously to positive trade data and awaited GDP figures amid lingering tariff concerns. Fresh data released on Monday showed China's trade activities rebounded as exporters capitalized on a fragile tariff truce between Beijing and Washington ahead of a looming August deadline.

## State of Global Demand for U.S. Debt (Argus)

For years, demand from all corners of the globe for the safety and security of U.S. Treasury debt has helped keep a cap on long-term interest rates, even when inflation was stubbornly high. Total public debt owed by the U.S. federal government was \$36 trillion at the end of 1Q25, according to the U.S. Department of the Treasury. Outside of U.S. investors, the two largest holders were Japan, which owns 3.1% of the debt, and the UK, which owns 2.2%. The other nations among the top 10 holders have 9% of the debt. As such, the top 10 holders collectively own about 15%. The grand total of U.S. debt owned by foreign holders is \$9.0 trillion, or about 25% of the total. Over the past year, this has ranged from \$8.0 trillion to \$9.0 trillion. These lofty levels may be at risk in the months ahead, due not to inflation but rather to the uncertainty surrounding President Trump's tariff program and its potential impact on global trade. Yes, the U.S. runs a trade deficit -- but its trading partners take part of their proceeds and reinvest in the U.S. economy.

As the U.S. appetite for imports wanes, the Treasury bond market may well see funds repatriated out of the U.S. by trader nations and moved back to local investment opportunities. In theory, if demand for Treasuries evaporates, the price for Treasuries will decline, and interest rates will go up. This has started to play out to a degree, as the benchmark 10-year bond yield has climbed almost 40 basis points during the past three months (months that featured trade-related market volatility). As we have said before, the only real certainty with trade wars is that there will be unintended consequences.



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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	3.04%	1.3
CDA Prime	4.95%	0.0	CDA 10 year	3.52%	1.8
CDA 3 month T-Bill	2.67%	0.5	CDA 20 year	3.77%	2.4
CDA 6 month T-Bill	2.69%	0.5	CDA 30 year	3.83%	2.4
CDA 1 Year	2.70%	0.5			
CDA 2 year	2.75%	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	3.99%	-0.7
US Prime	7.50%	0.0	US 10 year	4.43%	1.0
US 3 month T-Bill	4.25%	0.0	US 30 year	4.99%	2.8
US 6 month T-Bill	4.27%	-0.3	5YR Sovereign CDS	38.98	
US 1 Year	4.08%	-0.9	10YR Sovereign CDS	43.97	
US 2 year	3.90%	-1.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			667.15	0.00%	4.99%
BMO Laddered Preferred Shares (ETF)			11.72	0.00%	7.03%

Source: LSEG

Things are looking up! Have a great day!

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