Financial HARTbeat

BlackRock hits $12.53T!
July 15th 2025

Good Morning,

BlackRock hits $12.53 Trillion…in case you are wondering who drives market approvals, direction, strategy…these guys are wagging the dog…

Trump and Putin might actually come to an impasse at some point…seems Russia now on the global stage again after many years at war…

Formal process to replace Powell is underway…it now appears likely he will step down or be forced to step down prior to end of his term…US likely to float out some replacement names and see how the market reacts prior to picking the final candidate…but be sure whomever it is they will look to lower rates and flatten yield curve…just unsure of the timing..

Catch the playback of our Weekly Roundup ***Click here***

Chart of the Day: Valuations getting stretched again!

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Top News

In Canada, annual inflation rate rose to 1.9% in June versus 1.7% in the prior month, as increases in the price of automobiles and clothing and footwear pushed the index higher. Shelter prices, which account for up to 30% of the CPI basket weight and comprises mortgage and rent, rose by 2.9%, its first drop below 3% in more than four years. On a monthly basis the CPI increased 0.1%, matching analysts' forecasts. It is the third month in a row that the CPI has been under 2%, or the mid-point of Bank of Canada's inflation target range and this was the last major economic indicator to be released before the Bank of Canada's rates decision on July 30.

Economists are predicting that the slight rise in prices across many segments, along with a strong employment number last week, is likely to take away any incentive to cut interest rates. Money markets were betting the odds for a rate cut at just over 15% after the data was released.

In the U.S., consumer prices picked up in June, likely marking the start of a long-anticipated tariff-induced increase in inflation that has kept the Federal Reserve cautious about resuming its interest rate cuts. The Consumer Price Index (CPI) increased 0.3% last month after edging up 0.1% in May. That was the largest gain since January. In the 12 months through June, the CPI advanced 2.7% after rising 2.4% in May. Inflation readings came in on the low side in February through May, as inflation has been slow to respond to the sweeping import duties Trump announced in April because businesses were still selling stock accumulated before the tariffs came into effect. Economists expect higher goods prices to prevail through the summer. Excluding the volatile food and energy components, the CPI rose 0.2% in June after edging up 0.1% in the prior month. In the 12 months through June, core CPI inflation increased 2.9% after rising 2.8% for three straight months.

The U.S. central bank is expected to leave its benchmark overnight interest rate in the 4.25%-4.50% range at a policy meeting later this month. U.S. and Canadian stock index futures extended gains this morning on strong bank earnings and a fresh jump from chip giant Nvidia.

Elsewhere, China’s economy slowed less than expected in the second quarter in a show of resilience against U.S. tariffs, though analysts warn that weak demand at home and rising global trade risks will

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ramp up pressure on Beijing to roll out more stimulus. The world's No. 2 economy has so far avoided a sharp slowdown in part due to policy support and as factories took advantage of a U.S.-China trade truce to front-load shipments, but investors are bracing for a weaker second half as exports lose momentum, prices continue to fall, and consumer confidence remains low. Data showed China's gross domestic product grew 5.2% in the April-June quarter from a year earlier, slowing from 5.4% in the first quarter, but just ahead of analysts' expectations in a Reuters poll for a rise of 5.1%.

Is the Dollar at Risk? (Argus)

The dollar, the world's dominant currency, has been in hot demand since the start of the pandemic. On a worldwide trade weighted basis, the greenback is up 7% since January 2020; compared to a basket of emerging market currencies, it has risen 9%. That's because an increase in global uncertainty leads investors to seek a safe haven for their assets. Yet this trend has started to unwind a bit in 2025. Year to date, the dollar has given back 5% on a global, trade-weighted basis, and 7% compared to an index of advanced economy currencies. Some of the slide can be linked to the economic uncertainty caused by President Trump's trade and tariff policies, though reasons also include the swelling U.S. federal debt load, which is not a new trend. Countries and their sovereign wealth funds are thus rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet is further strained. But we would hesitate to term the dollar at risk of losing its global "currency of choice" status. Even with the pullback this year, the dollar is 15% above its 20-year average value.

The greenback is supported by the depth of a $27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism. The alternatives -- the euro, yen, or yuan -- have issues as well.

Looking ahead, we anticipate a relatively stable trading range in the dollar for the balance of the year: the dollar typically tracks U.S. GDP growth trends, and we think the U.S. economic expansion will continue. We would be concerned that the dollar is at risk of losing its global status if it were to fall 10%-20% below the historical average in a short period of time. The last time that occurred was when U.S. debt was downgraded by S&P back in 2011.

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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	3.06%	0.8
CDA Prime	4.95%	0.0	CDA 10 year	3.52%	0.1
CDA 3 month T-Bill	2.67%	0.0	CDA 20 year	3.78%	0.1
CDA 6 month T-Bill	2.71%	1.5	CDA 30 year	3.84%	0.1
CDA 1 Year	2.72%	1.0			
CDA 2 year	2.78%	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	4.00%	1.6
US Prime	7.50%	0.0	US 10 year	4.43%	0.2
US 3 month T-Bill	4.26%	2.1	US 30 year	4.96%	-1.1
US 6 month T-Bill	4.29%	1.0	5YR Sovereign CDS	38.96	
US 1 Year	4.10%	1.9	10YR Sovereign CDS	43.94	
US 2 year	3.93%	2.7			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	668.14	0.01%	5.15%
BMO Laddered Preferred Shares (ETF)	11.73	0.09%	7.12%

Source: LSEG

Things are looking up! Have a great day!

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