

Financial HARTbeat

Blue Collar is cool again?
July 17th, 2025



Good Morning,

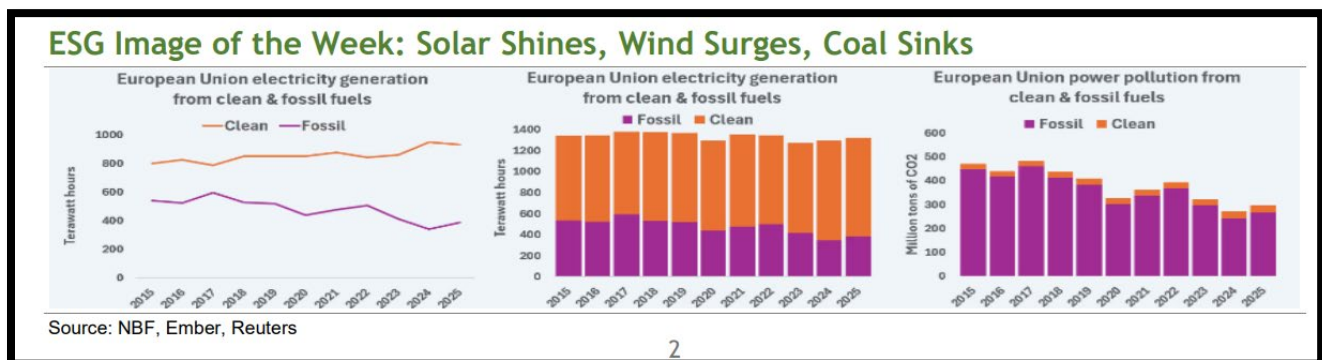
What does the AI revolution mean for the future of jobs...well...labour might in fact be worth something again...trade schools, electricians, plumbers, manufacturers, pipe fitters, HVAC...

Some interesting private companies in the world...making huge cooling systems, trying to find a way to run and keep all the worlds data centers cool and connected...

Semiconductors that use less energy, batteries that last longer and use less energy...the speed at which change is occurring is unbelievable...will quantum cure it all and tell us what to do?

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

Chart of the Day: While the US is going in one direction the EU going in the exact opposite direction



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Top News

U.S. stock index futures barely budged this morning, as results from Taiwan's TSMC failed to shake investors from their cautious mood following a rollercoaster session marked by concerns about the Federal Reserve's independence. U.S. chipmakers edged up in premarket trading after TSMC, the world's main producer of advanced AI chips, posted a record quarterly profit, saying demand for artificial intelligence was getting stronger. Wall Street ended the previous session with modest gains, with the Nasdaq soaring to yet another record high.

Markets briefly tumbled in the previous session - dropping as much as 1% - after reports surfaced that President Donald Trump was considering firing Federal Reserve Chair Jerome Powell. The media reports on Wednesday sent odds of a September rate cut soaring to 66%, up from 54% earlier in the day. Currently, traders see a 54.3% chance of cutting in September, while a July move is almost completely off the table, according to CME's FedWatch tool.

Meanwhile, attention also remained on looming tariffs, with an August 1 deadline threatening higher levies for many U.S. trading partners. Trump told Real America's Voice on Wednesday that the U.S. is closing in on a deal with India and may soon reach an agreement with Europe as well. Economic data this morning showed initial claims for state unemployment benefits dropped 7,000 to a seasonally adjusted 221,000 for the week ended July 12.

Economists had forecast 235,000 claims for the latest week. Retail sales increased 0.6% last month after an unrevised 0.9% drop in May. Economists had forecast retail sales, which are mostly goods and are not adjusted for inflation, edging up 0.1% (see chart).

Futures for Canada's benchmark index are subdued this morning with investors looking for trade updates and assessing corporate news. Prime Minister Mark Carney said yesterday that steel tariff quotas will be introduced for countries with which Canada has free trade agreements, excluding the U.S., in a bid to protect the domestic steel industry. The move follows U.S. President Donald Trump increasing import duties on steel and aluminum to 50% from 25% earlier this month. But existing arrangements with the



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United States-Mexico-Canada Agreement will be upheld. Investors are monitoring tariff updates with the August 1 deadline quickly approaching.

Gold prices edged down on a firmer U.S. dollar while copper prices slid with tariffs in focus. Oil prices inched up. European shares rose this morning after four consecutive sessions of losses, supported by strong quarterly results from Switzerland's ABB and optimism over a potential U.S. trade deal.

European chipmakers recouped some losses from the previous session as TSMC posted a record profit in the second quarter. ASML rose 1.5%, following an 11% drop yesterday. Meanwhile, investors await clarity on U.S.-EU trade talks as the bloc readied retaliatory measures if ongoing negotiations with Washington fail. Chinese shares edged up today, buoyed by regulatory support for the auto sector and renewed optimism in AI-related stocks.

In Hong Kong, the benchmark Hang Seng Index closed flat but held near a four-month high.

Japan's Nikkei share average recovered from early losses to end with solid gains as a weakening yen bolstered sentiment, while chip shares pared declines after Taiwanese chipmaker TSMC posted record earnings. Exports from the world's fourth-largest economy dropped 0.5% in June year-on-year in value terms, compared with a median market forecast for a 0.5% increase and a 1.7% decrease in May, the first decline in eight months. Total imports grew 0.2% in June from a year earlier, compared with market forecasts for a 1.6% drop.

Understanding AI Growth Opportunities (Argus)

We expect S&P earnings to grow 9% this year and we like companies that increase their dividends at a 10%-plus rate. How does the AI marketplace stack up against those metrics? Pretty well. Argus has derived a model of the size and scope of the global AI industry, based on our coverage of major publicly traded players and most of the mid-tier players, as well as our industry knowledge of private players. We estimate the global AI industry annual revenue amounted to \$250 billion in 2024, and expect that to grow at a 40% CAGR through 2030, when total revenue is forecast to reach \$1.8 trillion. The emergence



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of China's DeepSeek caused a broad selloff in AI stocks earlier this year, a reminder that this space is dynamic. DeepSeek reportedly is inexpensive and powerful.

While pricing is important, companies in the AI space prioritize relationships, continuity, security, and reliability. The top priority for companies using AI delivered as-a-service across cloud is to ensure that delivery is secure, low latency (fast), and reliable. Adding new vendors always entails risk that these requirements will not be met. U.S. government policy will likely prevent wide dissemination of Chinese Large Language Models (LLMs) in enterprise technology implementations in the U.S., given risks of "back doors" to Chinese military and intelligence. Non-U.S. nations are largely following similar policies. Finally, AI hardware leaders offer GPU software libraries, model training, and inference services tailored to specific enterprise AI applications. The AI market is large and growing, and new entrants are expected to disrupt the market.



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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	3.13%	1.7
CDA Prime	4.95%	0.0	CDA 10 year	3.60%	0.7
CDA 3 month T-Bill	2.69%	0.0	CDA 20 year	3.84%	1.4
CDA 6 month T-Bill	2.73%	-0.6	CDA 30 year	3.91%	1.5
CDA 1 Year	2.75%	0.5			
CDA 2 year	2.83%	2.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.02%	3.2
US Prime	7.50%	0.0	US 10 year	4.48%	2.2
US 3 month T-Bill	4.24%	-0.3	US 30 year	5.03%	1.3
US 6 month T-Bill	4.28%	1.0	5YR Sovereign CDS	38.95	
US 1 Year	4.10%	3.0	10YR Sovereign CDS	43.92	
US 2 year	3.92%	3.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			669.04	0.00%	5.29%
BMO Laddered Preferred Shares (ETF)			11.75	0.00%	7.31%

Source: LSEG

Things are looking up! Have a great day!

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