

Financial HARTbeat

Earnings
July 17th, 2025



Good Morning,

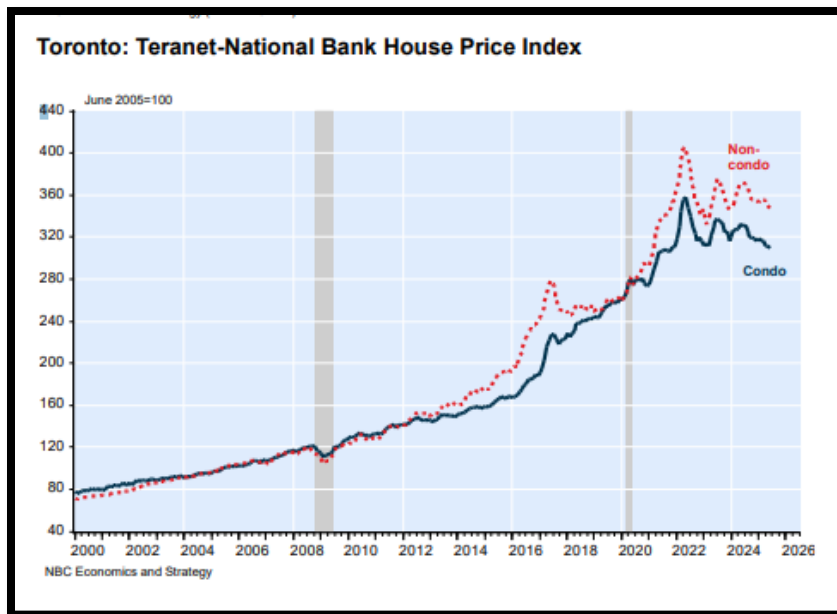
Chevron closes Hess acquisition after winning legal battle with Exxon...

Netflix has impressive quarter...they have started to use adaptive AI into some of their new shows and is scaring traditional Hollywood...

US says it does not support Israel's strikes on Syria...world still very fragile...

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Chart of the Day: Condo market rolling over...do banks, developers and Canadians need to worry?



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Top News

U.S. stock index futures are muted this morning, taking a breather after the S&P 500 and the Nasdaq closed the previous session at record highs on upbeat earnings and economic data, while Netflix's standout profit failed to ignite enthusiasm. All eyes remain on whether President Donald Trump's tariff measures are starting to ripple through the economy.

The Fed has signaled it will stay the course on interest rates until it sees clearer signs of how higher import taxes are shaping inflation. Traders now put the odds of a rate cut in September at about 56.3%, with a July move nearly off the table. Meanwhile, investors are also eyeing the preliminary reading for July consumer sentiment data later in the day. Federal Reserve Governor Christopher Waller signaled that mounting economic risks and tame inflation have him backing an interest rate cut by this month's end, downplaying concerns that tariffs will fuel lasting price hikes.

In economic data this morning, U.S. single-family homebuilding and permits for future construction fell sharply in June as high mortgage rates and economic uncertainty hampered home purchases.

Futures linked to Toronto's main stock index edged higher this morning, with investor sentiment buoyed by domestic trade updates and U.S. data signaling economic resilience. Canada's International Trade Minister pointed to interest in advancing trade talks with the South American bloc Mercosur, comprising Brazil, Argentina, Paraguay, and Uruguay, as Ottawa seeks to diversify its trade relations beyond the U.S. In other trade-related news, Canada and New Zealand reached a "mutually satisfactory" resolution to a long-term dispute over dairy product access.

Gold prices edged higher, while platinum rose to a near 11- year high and copper climbed to an over one-week high. Oil rose after EU's new sanctions on Russia.

European shares rose this morning, boosted by gains in Vestas and Saab, while investors focused on corporate earnings for clues on the impact of U.S. tariff policies on businesses. Investors awaited clarity from the U.S.-EU trade talks, with the bloc preparing retaliatory measures in case negotiations with



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Washington failed. Britain and Germany signed a wide-ranging friendship treaty that aims to deepen ties in areas such as defence and transport, as the UK attempts to reset ties with the EU. The oil and gas sector led the broad-based gains in Europe, tracking higher oil prices after the European Union agreed to new sanctions against Russia.

Industrials stocks touched a record high, led by gains in Saab. The Swedish defence material maker jumped more than 10%, taking year-to-date gains above 130%, after it posted higher-than-expected second-quarter earnings and raised its sales outlook.

China and Hong Kong stocks rose and closed the week higher, as Beijing's campaign against cut-throat price competition lifted investor sentiment.

Japan's Nikkei share average slipped from a more than two week high to end lower as investors weighed the outcome of the nation's upper house election on the weekend. Prime Minister Shigeru Ishiba's Liberal Democratic Party (LDP) and its partner Komeito are expected to lose their majority in the upper house on Sunday. Strategists now focus on whether Ishiba will remain in his position or step down after the election. Japan's core inflation slowed in June but stayed above the central bank's 2% target for well over three years. The core consumer price index (CPI), which excludes volatile fresh food costs, rose 3.3% in June from a year earlier, data showed today, matching a median market forecast. The rise was smaller than the 3.7% increase in May.

Home Building May Drag on 2Q GDP (Argus)

Residential fixed investment, the category that includes home building in the Gross Domestic Product report, is poised to decline in 2Q after a "subdued" spring selling season. "While longer term, the outlook for the housing market remains favorable, driven by demographics and an undersupply of homes, consumers are continuing to demonstrate a lack of confidence about the short term, which has impacted their home purchase decisions" said KB Home CEO Jeffrey Mezger in the company's 2Q earnings call. "Affordability challenges have persisted, compounded by the variability in mortgage interest rates, which remain elevated, as well as macroeconomic and geopolitical uncertainty. These factors resulted in a more subdued demand during the spring selling season," Mr. Mezger added. The category is poised for an



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annualized decline of 6.4% according to the Federal Reserve Bank of Atlanta's GDPNow indicator for the second quarter. Residential investment may trim about a quarter point from 2Q GDP, which the Atlanta Fed expects to grow at an annualized 2.4%. Our estimate is for a 1.8% increase in 2Q GDP. This morning, we expect June housing starts to rise 1.7% year over year to a seasonally adjusted annual rate (SAAR) of 1.35 million.

Next Wednesday, we expect the National Association of Realtors to report that Existing Home Sales for June rose 4.3% to 4.1 million SAAR. Next Thursday, we expect June New Home Sales to decline about 1.6% from a year earlier, to 660,000 SAAR. On July 29, we expect the S&P CoreLogic Case-Shiller National Home Price Index will post an annual increase of 2.25% in May, a continuing deceleration from the index's 2.7% increase in April. The Zillow Home Value Index rose by an annual 0.8% in May, down from a 1.4% increase in April.

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%	1.9
CDA Prime	4.95%	0.0	CDA 10 year	3.60%	0.8
CDA 3 month T-Bill	2.69%	0.0	CDA 20 year	3.84%	1.5
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%	3.4
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%	1.4
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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