

Financial HARTbeat

Market Lull
July 21st, 2025



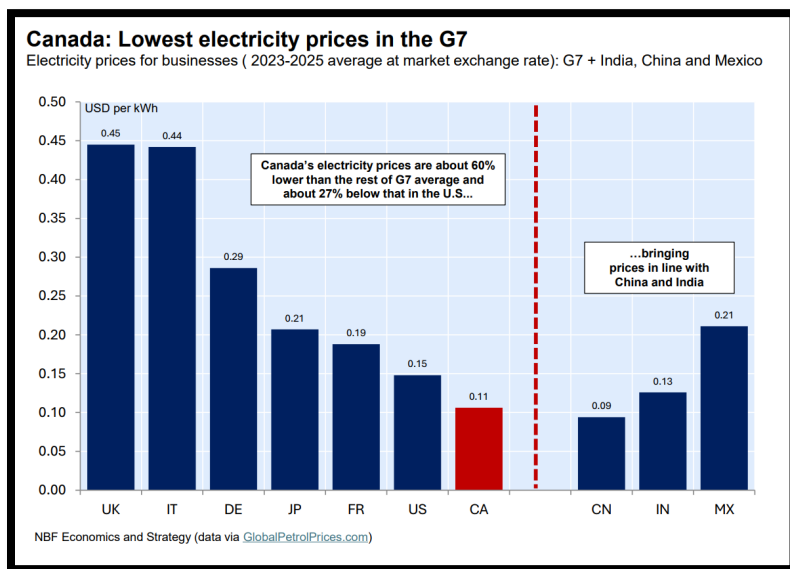
Good Morning,

As you get increasingly comfortable in any situation..its easy to get lulled into a sense of comfort and calm. This is what markets do and have been doing since mid April bottom...we are reaching a point where it is important to pay attention...valuations stretched, volatility is down and nothing has changed in the world for the better...

Lots of study over the weekend of positioning, holdings and we are seeing a squeeze in some individual companies, stocks and even sector...summer lulls as well...as I said in the weekly roundup last week...plenty of things that look like good sells...very small amount look like good buys...pay attention to the signals..

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

Chart of the Day: Good news story for Canadians...



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

Wall Street futures inched up this morning, buoyed by hopes of breakthrough trade deals and ahead of earnings from industrial and tech giants that could set the tone for markets this week. With President Donald Trump's August 1 tariff deadline looming, investors are hopeful that there will soon be signs of fresh trade deals. Markets delivered a mixed reaction to the earnings season that kicked off last week, showing that even a blockbuster report was not enough to impress investors.

Netflix, for instance, posted its steepest intraday tumble in over three months on Friday despite beating earnings' estimates. Now, all eyes are on marquee names such as Alphabet and Tesla, whose results this week will kick off the "Magnificent Seven" earnings parade, and could set the tone for Wall Street. The week is light on the economic data front, with only notable indicators being weekly jobless claims figures and the July business activity report expected on Thursday.

Investors will closely analyze Federal Reserve Chair Jerome Powell's remarks on Tuesday for any clues on the central bank's next move, especially after last week's mixed inflation signals. Traders have largely ruled out a July rate cut, and are now pegging the odds at about 60% for a September reduction, according to CME Group's FedWatch tool.

Futures tracking Canada's benchmark index also edged higher this morning, rebounding from the previous session's losses, as investors were optimistic about the potential for trade deals between the U.S. and its key trading partners. Tariffs and trade are top of the agenda as the country's premiers arrive in Ontario's cottage country for a three-day meeting that comes at a pivotal time for both Canada-U.S. and domestic relations. Investors will assess the Bank of Canada's Business Outlook Survey, due later in the day, for business expectations amid tariff-related uncertainty. Among commodities, gold prices firmed and copper prices rose, while oil prices dipped slightly.

European shares are flat as investors assessed a mixed bag of corporate earnings while awaiting a potential trade deal between the United States and the European Union. U.S. Commerce Secretary Howard Lutnick said on Sunday he was confident that Washington can secure a trade deal with the EU,



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but August 1 is a hard deadline for tariffs to kick in. Investors awaited clarity on U.S.-EU trade talks, as the bloc readied retaliatory measures if negotiations with Washington failed. Investors will also take cues from the ECB's meet later this week, at which it is expected to keep rates steady at 2.0% following a series of cuts.

China stocks closed near 3-1/2-year high today, led by rare earth and construction sectors, while Hong Kong stocks rose as internet heavyweights rallied following a government rebuke on price wars. Leading the gains onshore, the CSI Construction & Engineering Index rallied 4.3% to a seven-month high after China began construction of a \$170 billion hydropower dam in Tibet. The project is macro relevant and could provide some demand support, likely easing concerns on growth and the labor market marginally. In Hong Kong, the benchmark Hang Seng Index grew 0.7% after briefly topping the 25,000 level for the first time since February 2022. Looking ahead, Chinese policymakers are expected to hold the July Politburo meeting in the coming days to discuss economic policies for the second half of this year.

In Japan, the ruling coalition lost control of the upper house in an election on Sunday, further weakening Prime Minister Shigeru Ishiba's grip on power as a tariff deadline looms. While the Nikkei was shut, futures traded at 39,885 and up on the cash close of 39,819.

Bitcoin ETFs: Is it time to invest? (Argus)BH this is Argus prospective...

Bitcoin is up more than 25% this year. Several factors led to the rally. For one, investing in Bitcoin has come a long way thanks to the January 2024 debut of spot Bitcoin ETFs. This relatively new type of security gives investors exposure to Bitcoin without the need to buy, store, or manage it on their own. And convenience isn't the only reason. Bitcoin ETFs operate in regulated financial markets that provide a degree of security and transparency to investors and mitigate risks like theft and mistakes. They are offered by 11 reputable asset managers, many of them household names, and the funds offer better liquidity than the underlying security. In addition, the crypto rally has coincided with the Trump administration taking over in Washington. New regulators in important securities market positions have crypto backgrounds. President Trump and many in his family are invested. The Senate recently passed the Genius Act, designed to promote "stablecoins." With the value of Bitcoin well back above \$100,000, the leading Bitcoin ETFs have outperformed the S&P 500 this year. Despite the results, investors should



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be cautious. Like its underlying asset, Bitcoin ETFs come with high volatility. The same funds that have outperformed the S&P 500 on a year-to-date basis dropped almost 30% during the weak February-April period. Should you invest in Bitcoin ETFs?

While we expect the volatility of the underlying security to decline over time as the market matures, it remains speculative. The recent results demonstrate that Bitcoin ETFs may offer attractive returns for investors with a long-term investment horizon and high tolerance for risk. In the near-term, Argus believes there may be a place for Bitcoin ETFs with limited exposure in an aggressive diversified portfolio

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%	-4.1
CDA Prime	4.95%	0.0	CDA 10 year	3.52%	-5.9
CDA 3 month T-Bill	2.69%	0.0	CDA 20 year	3.77%	-6.2
CDA 6 month T-Bill	2.72%	-0.5	CDA 30 year	3.83%	-6.2
CDA 1 Year	2.73%	-2.0			
CDA 2 year	2.80%	-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	3.91%	-5.1
US Prime	7.50%	0.0	US 10 year	4.37%	-6.1
US 3 month T-Bill	4.24%	0.2	US 30 year	4.93%	-6.6
US 6 month T-Bill	4.26%	0.0	5YR Sovereign CDS	39.46	
US 1 Year	4.07%	-0.9	10YR Sovereign CDS	46.91	
US 2 year	3.85%	-2.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			672.69	0.06%	5.87%
BMO Laddered Preferred Shares (ETF)			11.82	0.47%	7.95%

Source: LSEG

Things are looking up! Have a great day!

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