

Financial HARTbeat

Trade Deals!
July 23rd, 2025



Good Morning,

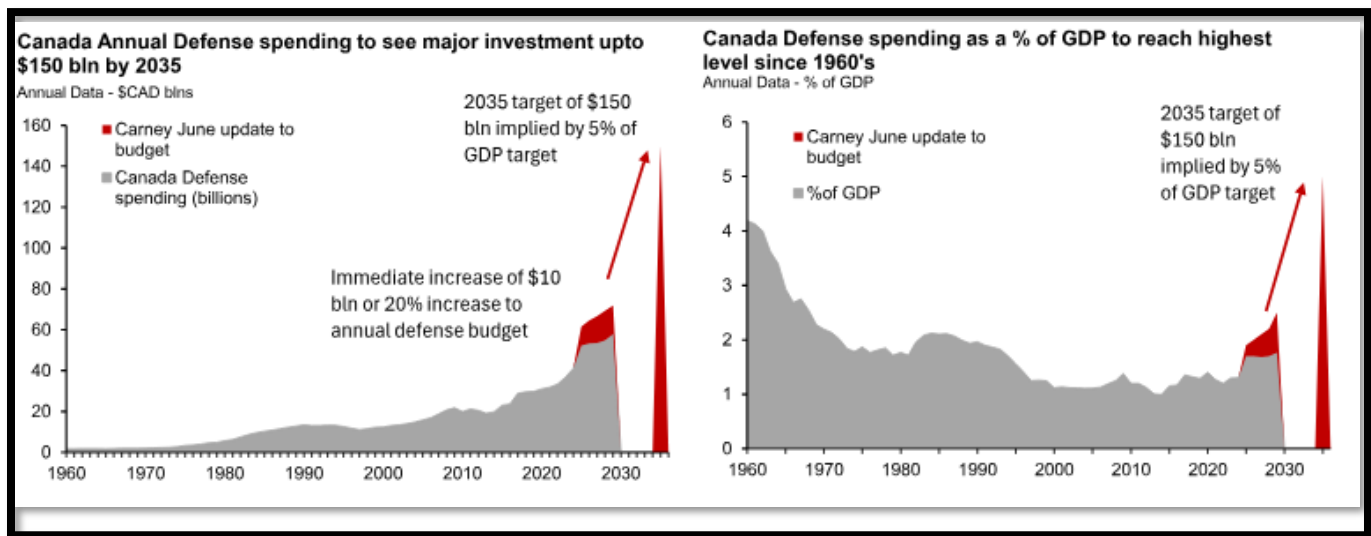
Another day another “deal”...do any of these deals ever get ratified?

Mag 7 start to report today with Google and Tesla....good news, bad news or no news...these usually start the direction for tech for the next few weeks...

YCC or Yield Curve Control...while not front-page news one I think we should watch and be conscious of, how long can a consumer-based economy handle higher rates the usual? (Flatten the curve)

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

Chart of the Day: Defense...equal future potential economic offense



Source: NBF, World Bank, NATO



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. stock index futures rose today after President Donald Trump signed a trade deal with Japan, fueling hopes for a wave of new agreements ahead of the fast-approaching August 1 deadline. Trump announced that the deal would include \$550 billion of Japanese investments in the United States, improved market access into Japan for American goods including automobiles, rice and other agricultural products. Japanese autos, which account for more than a quarter of all the country's exports to the U.S., will be subject to a 15% tariff, down from a punishing 27.5%. The pact will also slash duties on other goods to 15% from the current 25%. Japan's top trade negotiator Ryosei Akazawa said steel and aluminum were not included in the deal and remained subject to a separate 50% tariff. The tariff agreement comes three days after Ishiba's administration lost its upper house majority in an election, triggering calls for his resignation including from within his own ruling Liberal Democratic Party, according to local media reports.

Trump also announced this morning that EU representatives are headed to the negotiating table today, igniting hopes for a breakthrough deal with Europe. While the EU emphasized its commitment to a negotiated solution, it is also preparing countermeasures in case of a deadlock. The diminishing trade policy uncertainty, a resilient U.S. economy and upbeat second-quarter earnings is supporting risk assets, the S&P 500 notched its eighth record close in a month yesterday.

Investors will now be focusing on earnings from the "Magnificent Seven", Tesla and Alphabet are set to report after the bell today. Expectations for these tech giants are sky-high, leaving little margin for disappointment. In premarket trading, both the stocks held steady. Elsewhere, Texas Instruments tumbled more than 10% after its quarterly profit forecast failed to impress investors, as it pointed to weaker-than-expected demand for its analog chips from some customers and underscored tariff-related uncertainty. In economic data, existing home sales numbers for June is due on the day.

Thursday's weekly jobless claims numbers and the S&P Global's flash PMI data will be closely assessed to gauge economic health in the wake of tariff uncertainties. Following a mixed set of economic data last week, traders have ruled out an interest rate cut by the Federal Reserve next week, while odds for a September reduction stand at 56%.



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In Canada, futures tied to the main benchmark index also rose this morning. In commodities, gold prices fell and oil prices remained steady, while Copper prices reached their highest in over two weeks. In corporate news, Rogers Communications raised its annual service revenue forecast, banking on a boost from its stake acquisition in Maple Leaf Sports as it bets on live sports. The Canadian wireless giant said on Wednesday it expects full-year total service revenue to grow in the range of 3% to 5%, compared with its prior forecast of a 0% to 3% growth.

Yield Curve May Flatten (Argus)

The yield curve is no longer inverted, which is a positive signal for economic growth. But according to our projections, the curve may flatten in the quarters ahead as the U.S. economy cools amid tariff and trade-war bluster and negotiations. There is little doubt that the U.S. economy has been running at an impressive speed in recent quarters, with an average growth rate of 2.9% since late 2022. That's safely above the long-term growth expectation for U.S. GDP of 1.8%-2.0%. Given a low unemployment rate and two recent strong years in the stock market, the yield curve should be upward sloping. But the impact of Donald Trump's trade wars is expected to slow the growth rate going forward, as companies face rising costs for raw materials as well as the difficult decision on whether to raise prices or endure lower margins. Over time, we anticipate that the innovative U.S. economy can adjust to the new cost realities and achieve productivity gains that will keep growth intact.

We expect that the fallout from trade wars and slowing economy will have an impact across the yield curve. At the long end, global trading partners facing higher export costs may pull assets out of the Treasury market, keeping rates in the 4.5%-5.0% range. At the short end, the Federal Reserve's may have its hands tied for a time while the central bank waits to see whether higher costs are here to stay. The result, in our view, will be a flatter yield curve pointing toward slower economic growth over the intermediate term.



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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	3.07%	2.1
CDA Prime	4.95%	0.0	CDA 10 year	3.53%	2.7
CDA 3 month T-Bill	2.69%	0.6	CDA 20 year	3.78%	2.7
CDA 6 month T-Bill	2.72%	-0.5	CDA 30 year	3.84%	2.7
CDA 1 Year	2.74%	0.0			
CDA 2 year	2.79%	0.5			
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%	3.9
US Prime	7.50%	0.0	US 10 year	4.38%	4.4
US 3 month T-Bill	4.24%	0.3	US 30 year	4.95%	4.7
US 6 month T-Bill	4.27%	0.8	5YR Sovereign CDS	39.45	
US 1 Year	4.07%	0.7	10YR Sovereign CDS	47.38	
US 2 year	3.86%	2.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			673.35	0.01%	5.97%
BMO Laddered Preferred Shares (ETF)			11.81	0.08%	7.85%

Source: LSEG

Things are looking up! Have a great day!

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