

Financial HARTbeat

USD?

June 17th 2025



Good Morning,

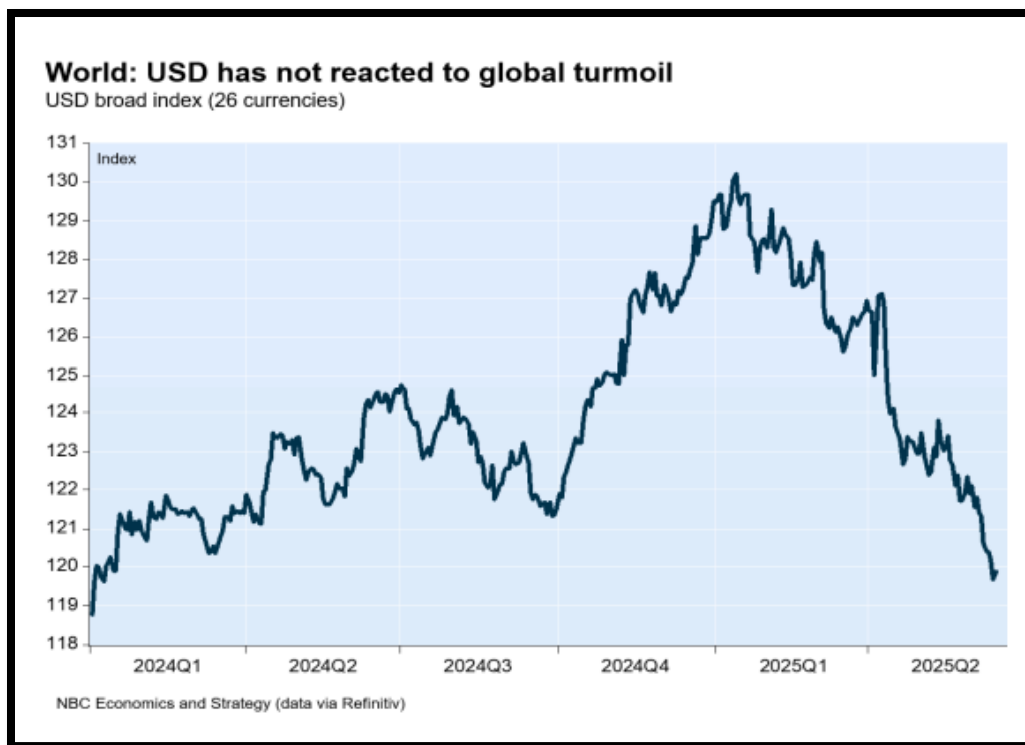
Where does the USD go from here....I guess if you are trying to build a manufacturing mecca you want a weak currency...However, this will be an interesting test using the world reserve currency to try this...

Global Combat continues...hasn't had a negative economic impact yet...

How is the US market staying elevated with this much unrest?

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

Chart of the Day: Does USD bounce from these levels?



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

Canadian stock index futures fell today as the Iran-Israel conflict entered its fifth day, with investors fleeing to safe-haven assets on fears that the tensions could spiral into broader regional unrest. U.S. President Donald Trump said he wanted a "real end" to the nuclear problem with Iran after departing early from the Group of Seven summit in Canada but clarified that it had "nothing to do" with working on a ceasefire. The G7 has struggled to find unity over conflicts in Ukraine and the Middle East as Trump overtly expressed support for Russian President Vladimir Putin.

In a surprise move on Monday, Canadian Prime Minister Mark Carney said he had agreed with Trump that their two nations should try to wrap up a new economic and security deal within 30 days. In the U.S., retail sales dropped more than expected in May, weighed down by a decline in motor vehicle purchases as a rush to beat potential tariffs-related price hikes ebbed, but consumer spending remained supported by solid wage growth. Retail sales fell 0.9% last month after a downwardly revised 0.1% dip in April. A 25% duty on imported motor vehicles and trucks came into effect in April. Retail sales excluding automobiles, gasoline, building materials and food services increased 0.4% in May after an upwardly revised 0.1% fall in April. These so-called core retail sales, which correspond most closely with the consumer spending component of gross domestic products, were previously reported to have dropped 0.2% in April.

Consumer spending, which accounts for more than two-thirds of the economy, slowed sharply in the first quarter and could remain moderate in the April-June quarter. Downside risks to consumer spending are rising as the labor market is slowing, student loan repayments have resumed for millions of Americans and household wealth has been eroded amid tariff-induced stock market volatility. The Atlanta Fed is currently forecasting GDP rebounding at a 3.8% annualized rate in the second quarter. The anticipated surge will largely reflect a reversal in imports, which have fallen sharply as the frontloading of goods fizzled. The economy contracted at a 0.2% pace in the January-March quarter. Investors are now awaiting Wednesday's Federal Reserve interest rate decision. Markets widely expect the U.S. central bank to leave rates unchanged but will focus on hints about potential rate cuts in coming months.

On the political front, U.S. Senate Republicans unveiled proposed changes to President Donald Trump's sweeping tax-cut and spending bill that would make some business-related tax breaks permanent while



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making more limited the deduction for state and local income taxes, angering some colleagues in the House of Representatives.

The different versions of the bill in the two narrowly Republican-controlled chambers of Congress could complicate party leaders' goal of passing the bill, which is the centerpiece of Trump's domestic agenda, before a self-imposed July 4 deadline.

Canadian Response to U.S. Tariffs (Argus)

Canada is not sitting idly by while the U.S. talks tariffs on goods imported from north of the border. On June 5, 2025, in a response to U.S. tariffs, the Canadian government introduced new legislation, dubbed "One Canadian Economy." It is designed to build a more-productive, competitive, and resilient Canadian economy. The initiative aims to remove federal barriers to internal trade and labor mobility, accelerate nation-building projects across the country, and build one economy out of 13. The government said major national projects will be advanced in order to create jobs, build investor confidence, deepen trade relations, and boost the economy. To strengthen internal trade, new legislation will establish a unified framework for businesses buying and selling the same goods or services, while guiding federal, provincial, and territorial governments in reducing regulatory barriers to trade. It will also help businesses across Canada operate more efficiently by eliminating regulatory duplication and cutting federal red tape, reducing costs and delays for businesses already complying with similar provincial and territorial rules. We believe Canada's tariff response is impressive, with the country noting an urgent approach is needed to address "longstanding barriers that have fragmented our economy and limited opportunities for Canadians."

Expansion/diversification could also work to reduce Canada's reliance on the Financial and Energy sectors, which account for 40% and 20%, respectively, of the country's equity markets. We continue to favor select companies in the Canadian market, including in the Information Technology sector, for country diversification and growth opportunities. said major national projects will be advanced in order to create jobs, build investor confidence, deepen trade relations, and boost the economy. To strengthen internal trade, new legislation will establish a unified framework for businesses buying and selling the same goods or services, while guiding federal, provincial, and territorial governments in reducing regulatory barriers to trade. It will also help businesses across Canada operate more efficiently by



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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	2.96%	-3.2
CDA Prime	4.95%	0.0	CDA 10 year	3.37%	-3.4
CDA 3 month T-Bill	2.69%	0.3	CDA 20 year	3.60%	-3.2
CDA 6 month T-Bill	2.69%	0.0	CDA 30 year	3.66%	-3.1
CDA 1 Year	2.69%	0.0			
CDA 2 year	2.71%	-1.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.99%	-4.2
US Prime	7.50%	0.0	US 10 year	4.41%	-4.3
US 3 month T-Bill	4.23%	-2.6	US 30 year	4.92%	-3.1
US 6 month T-Bill	4.30%	-0.3	5YR Sovereign CDS	46.49	
US 1 Year	4.09%	-2.1	10YR Sovereign CDS	49.97	
US 2 year	3.94%	-3.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			652.28	0.04%	2.65%
BMO Laddered Preferred Shares (ETF)			11.39	0.35%	4.02%

Source: LSEG

Things are looking up! Have a great day!

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