

Financial HARTbeat

No rate changes in USA
May 8th 2025



Good Morning,

Buffett stepping down from Berkshire Hathaway with Greg Abel taking the helm...they are sitting on their largest cash pile ever...they continue to be positive on the future for Japanese companies...

Markets are up and energy moving slighter higher as well..

Trump says USA and UK come to an agreement for the trade and tariff discussions...

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

Chart of the Day: April flows...interesting...positive in a volatile market environment....

Table 1 - ETF Flows by Category - YTD April 2025						
	AUM (\$M)	Mkt Shr (%)	April 2025		YTD April 2025	
			Flow \$M	Flow/AUM	Flow \$M	Flow/AUM
Equity	\$335,051		\$5,095	1.5%	\$19,174	5.2%
Canada	\$105,023	19%	\$577	0.6%	\$1,817	1.6%
United States	\$122,646	23%	\$1,481	1.2%	\$6,574	4.5%
International	\$107,383	20%	\$3,037	2.9%	\$10,784	10.0%
Fixed Income	\$159,856	29%	\$922	0.6%	\$14,139	8.9%
Commodities	\$4,282	1%	\$219	5.5%	\$559	18.1%
Multi-Asset	\$31,282	6%	\$561	1.8%	\$3,378	11.9%
Inverse / Levered	\$7,185	1%	\$417	6.1%	\$1,556	24.8%
Crypto-Asset	\$7,351	1%	\$106	1.6%	\$228	2.7%
Total	\$545,006	100%	\$7,320	1.3%	\$39,035	6.8%

**Equity Flows include option strategies;
Source: National Bank of Canada, Bloomberg*



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



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.



Top News

U.S. stock index futures gained this morning on news that the Trump administration was on the cusp of a trade agreement with Britain, while chip stocks advanced on the prospect of fewer export curbs on AI semiconductors. President Donald Trump said the U.S. and Britain would announce a trade deal at 10 a.m. ET to lower tariffs on some goods. Officials said earlier in the week that representatives from the U.S. and China would meet over the weekend in Switzerland for "ice-breaker" trade discussions after weeks of tit-for-tat tariffs that have sparked worries about global economic growth.

The U.S. central bank held interest rates steady yesterday (see chart) and flagged heightened risks of inflation and unemployment, further clouding the economic outlook for the world's biggest economy. Traders now see a rate cut only by September and are pricing in a total of 75 basis points of lowering by 2025-end, according to data compiled by LSEG.

Chip stocks buoyed Wall Street to a higher close yesterday after a spokesperson said the Trump administration was planning to rescind and modify a rule that curbed the export of sophisticated artificial-intelligence chips.

On the economic front, initial claims for state unemployment benefits dropped 13,000 to a seasonally adjusted 228,000 for the week ended May 3, the Labor Department said. Economists had forecast 230,000 claims for the latest week. The decline unwound some of the boost from school spring breaks in New York state, which had lifted claims to a two-month high.

Futures tied to Canada's main stock index rose this morning, tracking a global market rally, spurred by U.S. President Donald Trump's promise of the first trade deal in his global tariff war. In commodities, gold prices fell, reversing earlier gains.

Metal prices in London were mixed ahead of the U.S.-China trade talks this weekend. Oil prices rose more than 1%. In corporate news, BCE Inc. said it will now pay a quarterly dividend of 43.75 cents per share, down from 99.75 cents per share.

European shares climbed this morning after U.S. President Donald Trump signalled progress toward a first trade deal in his global tariff dispute, boosting market sentiment. A British government spokesperson



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





said that Prime Minister Keir Starmer would give an update on U.S.-UK trade talks later in the day. The Bank of England cut its main interest rate by 0.25 percentage points to 4.25% this morning, despite an unexpected three-way split among policymakers as U.S. President Donald Trump's tariffs weigh on global economic growth.

China and Hong Kong stocks finished Thursday at one-month closing highs, recovering ground lost since U.S. President Donald Trump announced steep tariffs in early April, as Beijing's rate cuts and stimulus measures helped calm trade concerns. China cut its policy rate by 10 basis points today, part of a package of measures aimed at buttressing an economy bruised by the crushing Sino-U.S. trade war. Other policies announced on Wednesday include reducing the amount of cash that banks must hold as reserves, and efforts to stabilize financial and property markets.

Japan's Nikkei share average rose as chip-related shares tracked a rally in U.S. semiconductor stocks, while NTT Data surged following a takeover report. After the market closed, NTT announced it would launch a tender offer for NTT Data at 4,000 yen per share, representing a 34% premium from Wednesday's closing price.

Fed Still on Pause (Argus)

The Federal Reserve wrapped up its latest Open Market Committee meeting yesterday and, as expected, maintained its fed funds target rate at the 4.25-4.50% level. This was the third consecutive meeting at which the central bank held policy steady after cutting rates three times in late 2024. The non-decision indicates that the Fed still has concerns over lingering inflation and is keeping an eye on the overall economy. Further, the central bankers, like the rest of the country, are uncertain about the potential impact on GDP and prices from the recent tariff initiatives. CPI inflation has indeed fallen from readings above 9.0% in 2022 to readings below 3.0% -- but lately has struggled to extend its downward trend toward the central bank's goal of 2.0%.

Meanwhile, though, the unemployment rate is still historically low, even as GDP growth dipped into negative territory last quarter due to a quirky import number. Based on the healthy employment environment, the economy is not in dire need of lower rates. Yet. Yesterday's meeting did not include any projection materials. At the Fed's meeting in March, the central bankers updated their economic and interest-rate forecasts. These call for economic growth in the 1.8%-2.0% range through 2027, and an



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



Financial HARTbeat



inflation rate down to 2.0% by 2027. At that point, the Fed anticipates its federal funds target rate to be 3.0%- 3.25%, implying a real yield of about 1.25%. That's a forecast for five rate cuts over the next 30 months.

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	2.75%	4.3
CDA Prime	4.95%	0.0	CDA 10 year	3.15%	4.6
CDA 3 month T-Bill	2.63%	0.0	CDA 20 year	3.40%	3.5
CDA 6 month T-Bill	2.62%	1.0	CDA 30 year	3.46%	3.4
CDA 1 Year	2.58%	2.0			
CDA 2 year	2.55%	4.7			
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%	3.3
US Prime	7.50%	0.0	US 10 year	4.30%	2.5
US 3 month T-Bill	4.22%	-0.3	US 30 year	4.79%	1.9
US 6 month T-Bill	4.23%	0.0	5YR Sovereign CDS	57.00	
US 1 Year	4.03%	0.8	10YR Sovereign CDS	59.95	
US 2 year	3.82%	3.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			630.66	0.08%	-0.75%
BMO Laddered Preferred Shares (ETF)			10.87	0.79%	-0.73%

Source: LSEG

Things are looking up! Have a great day!

Ben



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



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.