

Financial HARTbeat

May 15th 2025



Good Morning,

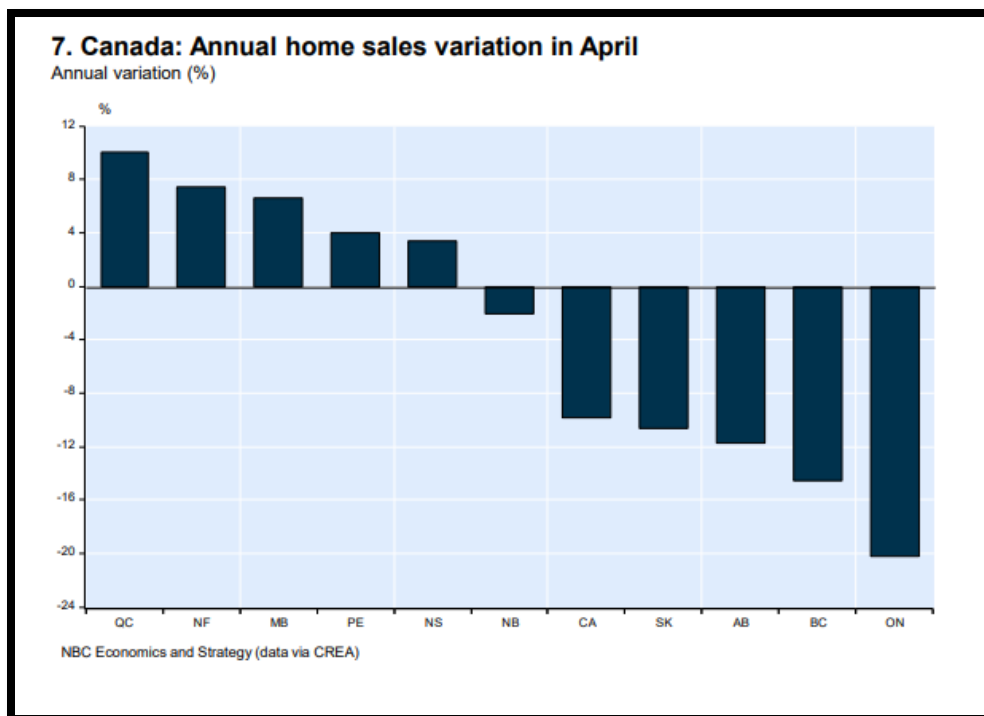
Qatar pledges to invest \$10B in the largest US Military Base in the middle east just outside of Doha..

Is this actually possible...Trump says Iran and US close to a nuclear deal..

Putin no show in Turkey for a meeting with Zelensky...seems like US may have had a hand in this decision.

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

Chart of the Day: Uncertainty certainly had an impact on Housing in April...



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Top News

U.S. stock index futures slipped this morning as euphoria from the U.S.-China tariff truce tapered off, while UnitedHealth was pressured after a report of a DOJ investigation into the health insurer. Markets are also keenly awaiting commentary from Federal Reserve Chair Jerome Powell, who is scheduled to speak later in the day.

Meanwhile, retail behemoth Walmart's shares rose about 2% in premarket trading after it beat estimates for first-quarter U.S. comparable sales. A spate of economic data, including April's producer prices and retail sales figures as well as weekly jobless claim numbers was released at 8:30 a.m. and more coming later in the day. Retail sales excluding automobiles, gasoline, building materials and food services fell 0.2% in April after an upwardly revised 0.5% gain in March. These so called core retail sales correspond most closely with the consumer spending component of gross domestic product (see chart).

Futures for Canada's main stock index remain subdued this morning following a recent rally, amid uncertainty over future trade agreements, with investors also focusing on the U.S. Federal Reserve Chair's speech later in the day. Canada's main stock index climbed to a threemonth high yesterday, but the gains were modest as momentum from recent cooling of trade tensions faded, leaving investors wary amid continued economic uncertainty. U.S. President Donald Trump said the U.S. was getting very close to securing a nuclear deal with Iran, and Tehran had "sort of" agreed to the terms.

Oil prices fell by about \$2 on expectations that a U.S.-Iran nuclear deal could result in sanctions easing, while a surprise build in U.S. crude oil inventories last week heightened investor concerns about oversupply. Gold prices fell to their lowest in more than a month.

In economic data, the seasonally-adjusted annualized rate of housing starts climbed to 278,606 units from a revised 214,205 units in March. Economists had expected starts to rise to 227,500. Canadian wholesale trade grew by 0.2% in March from February on higher sales in the motor vehicle. European shares slipped this morning, dragged by energy stocks, while investors awaited key economic data and remarks from U.S. Federal Reserve Chair Jerome Powell.

Major oil firms bore the brunt, with BP and Shell falling 3.7% and 2.5%, respectively. Basic resources also incurred heavy losses, down 1.5%, weighed down by lower metal prices. Investors were now awaiting



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the first-quarter euro zone flash GDP and employment data, due later in the day. Britain's economy grew more strongly than expected in early 2025, giving a boost to the government and finance minister Rachel Reeves, who nevertheless faces a stiffer test ahead due to her tax hike on businesses and Donald Trump's trade wars. Between January and March, the economy accelerated to show growth of 0.7%, up sharply from an increase of 0.1% in the last three months of 2024, official data showed.

China stocks ended lower today, snapping three days of gains, as investors digested the local lending data and sought direction amid easing U.S.-China trade tensions. Hong Kong shares also fell.

Chinese banks extended 280 billion yuan (US\$38.87 billion) in new yuan loans in April, below analysts' forecasts and plummeting from March's 3.64 trillion yuan. Analysts had expected April new yuan loans would reach 700 billion yuan, compared with 730 billion yuan a year earlier.

Japan's Nikkei share average dropped for a second day, extending its retreat from a nearly three-month peak, as a stronger yen sent automaker shares sliding.

Is the Dollar at Risk? (Argus)

The dollar, the world's dominant currency, has been in hot demand since the start of the pandemic. On a worldwide tradeweighted basis, the greenback is up 11% since January 2020; compared to a basket of emerging market currencies, it has surged 14%. Indeed, when global uncertainty increases, investor seek a safe haven for assets. That trend has started to unwind a bit in 2025.

Year-to-date, the dollar has given back 3% against the worldwide index and 5% compared to an index of advanced economy currencies. Some of the slide can be linked to the economic uncertainty caused by President Trump's trade and tariff policies, though reasons also include the swelling U.S. federal debt, which is not a new trend. Sovereign wealth funds are thus rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet strains. But we would hesitate to term the dollar at risk of losing its status as the global currency of choice. Even with the pullback this year, the dollar is 18% above its 20-year average value.

The greenback is supported by the depth of a \$27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism. The alternatives



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(the euro, yen or yuan) have their issues as well. For several reasons, we anticipate a relatively stable trading range for the dollar over the balance of the year.

For one, the dollar typically tracks GDP growth trends, and we think the U.S. economic expansion is poised to ease in coming quarters as jobs growth slows. For another, the still-elevated valuation of the greenback implies that other currencies -- and even gold or other commodities -- are possibly undervalued, and we would expect investors to bid up those values at a measured pace over time.

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	2.82%	-2.9
CDA Prime	4.95%	0.0	CDA 10 year	3.22%	-4.2
CDA 3 month T-Bill	2.62%	-0.5	CDA 20 year	3.46%	-3.8
CDA 6 month T-Bill	2.58%	-1.5	CDA 30 year	3.53%	-3.6
CDA 1 Year	2.55%	-1.5			
CDA 2 year	2.57%	-2.5			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.14%	-2.5
US Prime	7.50%	0.0	US 10 year	4.51%	-1.6
US 3 month T-Bill	4.29%	-0.5	US 30 year	4.96%	-1.0
US 6 month T-Bill	4.26%	-0.3	5YR Sovereign CDS	54.02	
US 1 Year	4.12%	-1.4	10YR Sovereign CDS	57.02	
US 2 year	4.02%	-2.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			640.66	0.03%	0.82%
BMO Laddered Preferred Shares (ETF)			11.07	0.27%	1.10%

Source: LSEG

Things are looking up! Have a great day!

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