

# Financial HARTbeat

US and EU on hold  
May 26<sup>TH</sup> 2025



Good Morning,

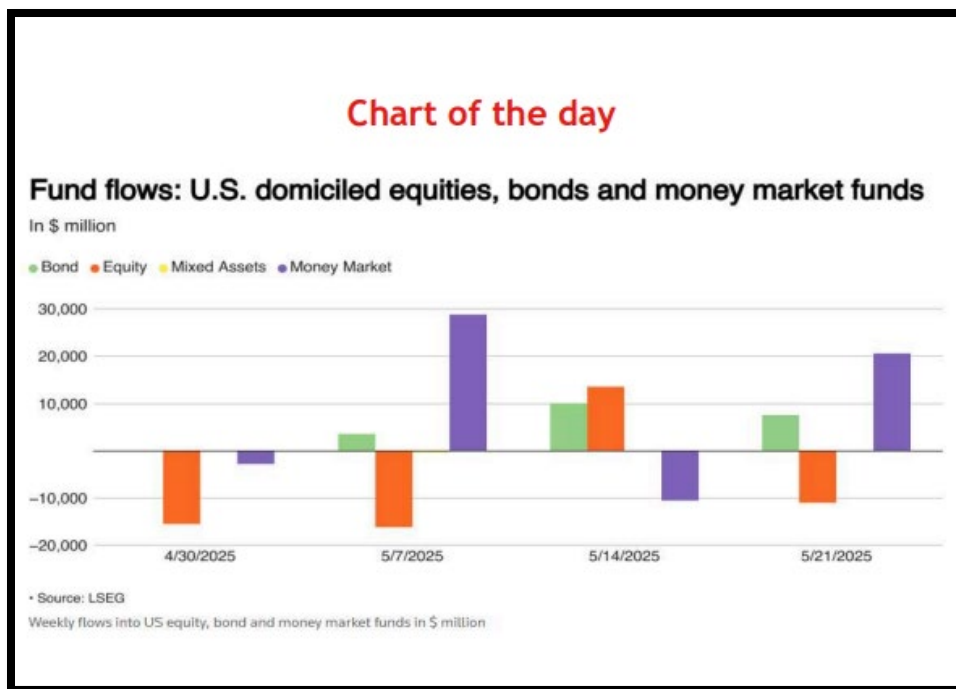
Is anyone shocked by the US and EU on hold again as they try to further negotiate an agreement?

Memorial Day Monday in the US so markets closed there today and therefore Canada likely quiet as a result...

USD continues to weaken and Gold strong...this trend will be an important one to watch..

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

**Chart of the Day: Love to watch fund flows...maybe more upside still?**



**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. futures jumped this morning after U.S. President Donald Trump said he would delay a threatened 50% tariff on goods from the European Union to July 9 from June 1. U.S. markets are closed today for a holiday. According to LSEG Lipper data, investors withdrew a net \$11 billion from U.S. equity funds, reversing \$13.6 billion in inflows the previous week (see chart).

Futures for Canada's main stock index rose this morning after U.S. President Donald Trump extended the deadline for trade talks with the European Union, giving a temporary respite to investor concerns over his erratic trade policies. The sweeping tariffs imposed by Trump since April 2 and the subsequent pauses on some of them have generated uncertainty among investors and companies globally. On the data front is Statistics Canada's first-quarter GDP data on May 30, ahead of the central bank's interest rate decision next week.

In commodities, gold prices fell following Trump's delay on EU tariffs, while oil prices and prices of metals in London rose. Canada's main stock index edged higher on Friday as gold mining shares rallied, but the move was limited as trade tensions resurfaced and investors worried about the recent upward move in long-term borrowing costs.

European shares rose sharply this morning, poised to recoup the previous session's losses on relief after U.S. President Donald Trump delayed his threat to impose a 50% tariff on the region. The benchmark lost 0.9% on Friday after Trump unexpectedly called for sharp tariffs on goods from the European Union, saying that negotiations with the region were not moving fast enough.

On Sunday, Trump extended the deadline for tariffs to July 9 from June 1, after European Commission President Ursula von der Leyen said the 27-nation bloc needed more time to produce a deal. The automobiles and parts index, sensitive to tariff related pressures, rebounded by 1.1%. Stellantis gained 2.5%, Mercedes rose almost 2% and Valeo jumped about 5%. Trading volumes are lighter than usual due to public holidays in the U.S. and the UK markets. Meanwhile, remarks from ECB President Christine Lagarde will be closely monitored later in the day, apart from key data from the region this week.

China and Hong Kong stocks retreated today as automobile shares slid on price war concerns and Apple suppliers dropped on potential U.S. tariffs. Car-makers slipped, weighing on both onshore and offshore



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markets, after BYD slashed prices on some of the models to spur sales as competition heats up. Its Hong Kong-listed shares dipped 5.9%, while rival Geely Auto tumbled 9.5%. Apple supplier stocks also lost some ground after U.S. President Donald Trump threatened tariffs on imported iPhones. However, China's yuan has strengthened past the 7.17 level after the central bank tightened the midpoint fixing, and analysts say the firming trend of the currency should lend support to the nation's stocks. Sectors such as consumer discretionary, property, and brokers typically outperform when the yuan appreciates.

Japan's Nikkei share average extends gains to a second consecutive session as easing trade tensions between the United States and the European Union supported risk appetite. Nippon Steel jumped as much as 7.4% after U.S. President Donald Trump appeared to give his blessing to the company's protracted takeover of U.S. Steel, and closed 2.1% higher. Demand for equities also rose broadly after Trump on Sunday extended a tariff deadline on EU imports to July 9, just two days after he pushed for a 50% levy on the bloc.



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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	2.95%	-0.5
CDA Prime	4.95%	0.0	CDA 10 year	3.34%	-0.7
CDA 3 month T-Bill	2.63%	-1.5	CDA 20 year	3.57%	-0.6
CDA 6 month T-Bill	2.64%	0.5	CDA 30 year	3.64%	-0.7
CDA 1 Year	2.64%	1.0			
CDA 2 year	2.70%	0.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.08%	0.0
US Prime	7.50%	0.0	US 10 year	4.51%	0.0
US 3 month T-Bill	4.24%	0.0	US 30 year	5.03%	0.0
US 6 month T-Bill	4.31%	0.0	5YR Sovereign CDS	52.96	
US 1 Year	4.15%	0.0	10YR Sovereign CDS	55.88	
US 2 year	3.99%	0.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			640.02	0.01%	0.72%
BMO Laddered Preferred Shares (ETF)			11.1	0.09%	1.37%

Source: LSEG

Things are looking up! Have a great day!

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