

# Financial HARTbeat

Do we bounce?  
March 11 2025



Good Morning,

Do the markets bounce today or head fake before something else?

Credit spreads will be important to watch here....do they widen further...if so that shows signs of further stress in the system..

Private Equity another important asset class to watch how we progress...

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

Chart of the Day: Fund Flows....was a lagging indicator...appears to be driving returns more these days..

| Table 4 - Top Single Long ETF Inflows - Feb 2025 |   |            |          |
|--|---|------------|----------|
| Ticker   | Name  | Flow (\$M) | Flow/AUM |
| 1  | <b>BGEQ</b> BMO Global Equity Fund                                | \$1,060    | 47612%   |
| 2  | <b>ZEB</b> BMO Equal Weight Banks Index ETF                       | \$640      | 22%      |
| 3  | <b>VFV</b> Vanguard S&P 500 Index ETF                             | \$394      | 2%       |
| 4  | <b>CASH</b> Global X High Interest Savings ETF                    | \$355      | 6%       |
| 5  | <b>ZMMK</b> BMO Money Market Fund ETF Series                      | \$335      | 10%      |
| 6  | <b>SITB</b> Scotia Canadian Bond Index Tracker ETF                | \$307      | 69%      |
| 7  | <b>XEQT</b> iShares Core Equity ETF Portfolio                     | \$273      | 4%       |
| 8  | <b>ZST</b> BMO Ultra Short-Term Bond ETF                          | \$254      | 7%       |
| 9  | <b>FBAL</b> Fidelity All-in-One Balanced ETF                      | \$247      | 10%      |
| 10   | <b>ZAG</b> BMO Aggregate Bond Index ETF                           | \$219      | 2%       |
| 11   | <b>ZCN</b> BMO S&P/TSX Capped Composite Index ETF                 | \$185      | 2%       |
| 12   | <b>VEQT</b> Vanguard All-Equity ETF Portfolio                     | \$162      | 3%       |
| 13   | <b>QQCE</b> Invesco Esg Nasdaq 100 Index ETF                      | \$155      | 55%      |
| 14   | <b>XEG</b> iShares S&P/TSX Capped Energy Index ETF                | \$152      | 11%      |
| 15   | <b>TCLB</b> TD Canadian Long Term Federal Bond ETF                | \$140      | 17%      |
| 16   | <b>XIGS</b> iShares 1-5 Year US IG Corporate Bond Index ETF Cad-H | \$139      | 146%     |
| 17   | <b>ZCPB</b> BMO Core Plus Bond Fund ETF                           | \$124      | 8%       |
| 18   | <b>FGRO</b> Fidelity All-in-One Growth ETF                        | \$123      | 10%      |
| 19   | <b>IICE</b> Invesco S&P International Developed ESG Index ETF     | \$123      | 1027%    |
| 20   | <b>PSU/U</b> Purpose US Cash Fund                                 | \$122      | 13%      |

Source: National Bank of Canada, Bloomberg;



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## Top News

U.S. stock index futures inched up this morning following this year's biggest one day drop for Wall Street's main indexes in the previous session, ahead of jobs data later in the day. Monday's stock market selloff reflected what bonds and currencies have been pointing at for weeks, that U.S. growth is going to slow down. The selloff wiped out \$4 trillion from the S&P 500's peak last month. President Donald Trump's tariff policies against major U.S. trading partners have whipsawed global markets recently and damaged consumer and business sentiment.

The CBOE market volatility index (VIX) closed at its highest level since August. Focus will be on the Labor Department's Job Openings and Labor Turnover Survey, which is due later in the day. A closely watched inflation report is expected tomorrow. Earlier today the National Federation of Independent Business (NFIB) said its Small Business Optimism Index fell 2.1 points to 100.7 last month (see chart). Interest rate futures point to the U.S. Federal Reserve leaving borrowing costs unchanged at its meeting next week, but they also have penciled in that the central bank could lower borrowing costs by at least 75 basis points by December on expectations of slowing growth. Also on the radar will be voting on a funding bill at Capitol Hill to avert a partial federal government shutdown.

Futures tied to Canada's main stock index rose this morning, as investors took a pause after worries around a trade war with the U.S. sent the TSX to a four-month low in the previous session. Canada's benchmark index was dragged by declines for technology and metal mining shares on Monday, as it joined a global market selloff led by a 4% slump in Wall Street's tech-heavy Nasdaq.

U.S. President Donald Trump's ever-evolving levies on key trade partners such as Canada and Mexico have triggered risks of recession for all three North American countries. In commodities, oil prices pared earlier losses to rise during trade, helped by weakness in the U.S. dollar. But gains were capped as concerns mounted over a potential U.S. recession and the impact of tariffs on global economic growth. Gold prices rose, supported by safe-haven flows, while attention is on U.S. inflation data tomorrow.

All eyes are on the Bank of Canada's monetary policy decision tomorrow, with traders expecting the central bank to provide additional support to the Canadian economy by cutting interest rates by 25 basis



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points. European shares were largely flat on Tuesday as investors took a breather following a global stock market rout triggered by concerns that U.S. trade policies could dent economic growth and lead to recession.

U.S. President Donald Trump's unpredictable policy moves have stoked high volatility in global markets, especially his back-and-forth tariff moves against major trading partners such as Canada, Mexico and China. Although Trump had floated a 25% tariff on European cars and other goods, he is yet to following through with the plans.

China stocks ended higher today and Hong Kong shares recovered losses, defying a regional gloom after Wall Street's sharp declines, in a sign of growing confidence in China's economy following the rise of DeepSeek.

Japan's Nikkei fell to a six-month low today, tracking Wall Street's sharp losses overnight, but it trimmed most of the losses by the close as U.S. stock futures rose. Banks, a symbol of value shares that had been rising amid expectations of aggressive Bank of Japan rate hikes, slipped on Tuesday.

## India Anticipated Growth Leader in 2025 (Argus)

The global economy is expected to grow at a consistent but below-trend rate for the next several quarters, according to the latest World Economic Outlook from the International Monetary Fund. By the numbers, the World Economy is expected to expand 3.3% in 2025 and in 2026, up from 3.2% in 2024. Though solid, these rates are below the long-term historical global growth rate of 3.8%, due to the impact of inflation and higher interest rates. For Industrialized economies (the U.S., Europe, Japan, etc.), growth is forecast at 1.9% in 2025, followed by 1.8% in 2026. Among the Industrialized regions, the U.S. economy is expected to grow the fastest this year, at a 2.7% rate, while Japan's forecast is for 1.1%, and Europe is estimated at 1.0%. For Emerging Economies (China, India, Russia, Brazil, Saudi Arabia, etc.) growth forecasts call for 4.2% in 2025 and 4.3% in 2026. The clear leaders are expected to be India and China, with average growth for the two years of 6.5% and 4.5%, respectively. These growth nations have different drivers: population growth in India, which points toward commodity and industrial-based infrastructure products; and productivity growth in China, which suggests spending on healthcare, technology, and financial services.



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Mexico and Canada are likely to be wild cards in the global economic landscape in coming years, as they have been targeted for tariffs by President Trump. Despite the uncertainty, global stocks are off to a strong start in 2025, with the EFA index (ETF = EFA) of developed companies up 11% year to date and the emerging markets ETF EEM up 5%.

## Bond Yields

**Figure 1: Key Interest Rates (Canada & U.S.)**

| Canadian Key Rate                   |            |            | Canadian Key Rate  |         |            |
|-------------------------------------|------------|------------|--------------------|---------|------------|
|                                     | Last       | Change bps |                    | Last    | Change bps |
| CDA o/n                             | 3.00%      | 0.0        | CDA 5 year         | 2.65%   | 2.3        |
| CDA Prime                           | 5.20%      | 0.0        | CDA 10 year        | 3.01%   | 2.2        |
| CDA 3 month T-Bill                  | 2.71%      | 0.0        | CDA 20 year        | 3.17%   | 2.1        |
| CDA 6 month T-Bill                  | 2.71%      | 1.0        | CDA 30 year        | 3.26%   | 2.4        |
| CDA 1 Year                          | 2.64%      | 1.5        |                    |         |            |
| CDA 2 year                          | 2.55%      | 1.7        |                    |         |            |
| US Key Rate                         |            |            | US Key Rate        |         |            |
|                                     | Last       | Change bps |                    | Last    | Change bps |
| US FED Funds                        | 4.25-4.50% | 0.0        | US 5 year          | 3.99%   | 1.9        |
| US Prime                            | 7.50%      | 0.0        | US 10 year         | 4.23%   | 1.9        |
| US 3 month T-Bill                   | 4.20%      | 0.5        | US 30 year         | 4.55%   | 1.1        |
| US 6 month T-Bill                   | 4.22%      | 0.3        | 5YR Sovereign CDS  | 39.49   |            |
| US 1 Year                           | 4.00%      | 1.0        | 10YR Sovereign CDS | 42.47   |            |
| US 2 year                           | 3.91%      | 1.4        |                    |         |            |
| Preferred Shares Indicators         |            |            | Last               | Daily % | YTD        |
| S&P Preferred Share Index           |            |            | 640.69             | -0.29%  | 0.83%      |
| BMO Laddered Preferred Shares (ETF) |            |            | 10.98              | -0.63%  | 0.27%      |

Source: LSEG

Things are looking up! Have a great day!

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