

# Financial HARTbeat

March 21st 2025



Good Morning,

Li Ka-shing sell his 43 ports to BlackRock consortium...instead of to a Chinese company...this is an interest development and small win for US and loss for China..

Bank of England keeps rate held at 4.5% on concerns of inflation risk, with trade and tariffs..

Single Family home sales picked up in the US and condo sales fell...will be worth watching US housing as a major driver of Economic activity..

**Catch the playback of our Special edition of the Weekly Roundup "Navigating Tax Season" with Peter Bowen [click here](#)..**

**Chart of the Day: This is a risk tool to watch..spread/yields blowout and worth watching..Appears to be falling now. Good news**



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## Top News

U.S. stock index futures reversed early gains, as worries about the fallout of U.S. tariff policies crept back into markets a day after the Federal Reserve stuck to its monetary easing plans for the year but warned of an uncertain economic backdrop. The Fed maintained current interest rates yesterday as expected and reaffirmed its forecast for two 25 basis point reductions by the year-end.

However, adding to markets' unease, the central bank also projected slightly reduced growth and increased inflation for the year, alongside a modest uptick in the unemployment rate by 2025. Market participants are currently factoring in 63 basis points of easing from the Fed this year, placing odds of 25 bps rate cut in June at 60%, according to CME Group's Fedwatch tool.

A key focus for the markets will be the upcoming implementation of new reciprocal and sectoral tariffs, slated to take effect on April 2. On the data front, initial claims for state unemployment benefits rose 2,000 to a seasonally adjusted 223,000 for the week ended March 15. Economists had forecast 224,000 claims for the latest week. Futures tied to Canada's main stock index fell this morning, taking cues from Wall Street, as investors gauged the U.S. Federal Reserve's growth projections amid uncertainties due to a global trade war.

Political developments in Canada also took center stage after the Globe and Mail reported that the newly-appointed Prime Minister, Mark Carney, is expected to call a snap election for April 28. In commodities, oil prices rose, boosted by a weaker U.S. dollar and a strong outlook for demand in the United States after fuel inventories fell more than expected.

Gold prices were steady after touching another record high earlier in the session, while copper prices were hovering near their highest levels in more than five months. Data showed producer prices in Canada rose by 0.4% in February from January. This followed a downwardly revised 1.4% increase in January. Raw materials prices were up 0.3% in February, and were up 9.3% on the year. European shares reversed early gains, hurt by losses in banks, while investors turned to a series of interest rate decisions by major central banks across the continent.



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The Bank of England held interest rates at 4.5% and warned against assumptions that they would be cut over its next few meetings as it grappled with deep uncertainty hanging over the British and world economies. Noting the escalation of global trade tensions kicked off by the United States, the Monetary Policy Committee voted 8-1 to keep rates on hold with only external member Swati Dhingra voting for a quarter-point cut.

Sweden's central bank kept its policy rate unchanged at 2.25% as expected today, while the Swiss National Bank cut its policy interest rate by 25 basis points to 0.25% from 0.5%. The index of European banks dropped about 2% from its record high levels. Commerzbank fell 6.2% to be on track for its worst day since September 2023. CEO Bettina Orlopp said the lender hasn't had talks with UniCredit since it got approval last week from the European Central Bank for taking a stake of just under 30%.

China stocks fell and Hong Kong stocks closed more than 2% lower as investors turned wary of short-term volatility following a surge in tech stocks and the Hang Seng Index hitting a three-year high. China held benchmark lending rates steady for the fifth straight month in March, matching market expectations.

## Growth Forecast for Clean Energy (Argus)

The emergence of Artificial Intelligence and the growth of the data centers that support the process point toward robust prospects for the power generation industry, even with the threat of foreign competition. Meantime, de-carbonization is a secular global movement, spurred on by the goal in the Paris Agreement of net zero emissions by 2050. These trends support a bullish outlook for clean sources of power, including solar, wind, hydrogen -- and nuclear. Industry projections call for electricity demand to nearly double from 4.3 trillion terawatt hours in 2020 to 8.1 trillion terawatt hours in 2050 in order to meet the Paris goals. That's growth of about 2.5% per year, up from the historical trend of 1.5% growth. It is our view that the electricity fuel mix will change over time as the power base grows. Currently, the mix is 20% coal, 35% natural gas, 20% nuclear, and 25% renewables.

By 2050, we think the mix will be closer to 5% coal, 20% natural gas, 50% renewables, and 25% nuclear. That gives nuclear energy a growth rate of around 3%-4% per year. We note that over the next five to 10 years, natural gas likely will grow as a source as it is a structurally easier conversion option for coal plants. But over the long term, nuclear generation likely will provide cost savings of as much as 20%-30% over other forms of power generation. Current utility companies in Argus coverage that are leaders in nuclear



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power generation include NextEra Energy (NEE), Dominion Resources (D), Duke Power (DUK), and Southern Co. (SO), which has the newest facility.

## Bond Yields

**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	2.66%	-1.3
CDA Prime	4.95%	0.0	CDA 10 year	2.97%	-3.5
CDA 3 month T-Bill	2.65%	0.0	CDA 20 year	3.13%	-3.3
CDA 6 month T-Bill	2.66%	0.0	CDA 30 year	3.21%	-2.7
CDA 1 Year	2.60%	0.0			
CDA 2 year	2.49%	-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	3.99%	-4.0
US Prime	7.50%	0.0	US 10 year	4.20%	-5.1
US 3 month T-Bill	4.19%	-0.9	US 30 year	4.51%	-5.3
US 6 month T-Bill	4.23%	-1.7	5YR Sovereign CDS	40.99	
US 1 Year	4.06%	-3.3	10YR Sovereign CDS	44.44	
US 2 year	3.95%	-3.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			639.99	0.17%	0.72%
BMO Laddered Preferred Shares (ETF)			11.01	0.09%	0.55%

Source: LSEG

Things are looking up! Have a great day!

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