

Financial HARTbeat

March 25th 2025



Good Morning,

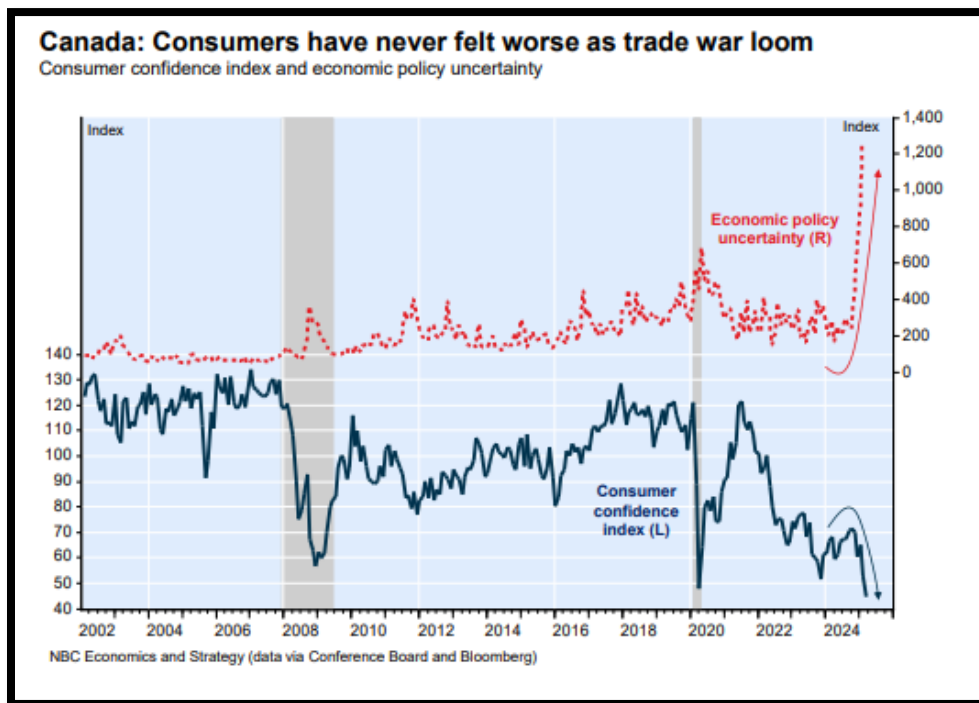
Greenland is officially getting a visit from a US delegate later this week...this is not going away..

It appears we are moving through a major shift...rare earths, metals, minerals, water all getting a lot of attention these days...could this be Canada's time to shine?

Consumer and Business confidence in Canada taking a pounding this last few months...

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

Chart of the Day: Here's a visual for how Canadian are feeling...



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Top News

U.S. stock index futures struggled for direction this morning, as investors weighed the scope of upcoming reciprocal tariffs, a day after the Trump administration hinted that there might be a softer approach to the policies and that some countries may get breaks. The benchmark S&P 500 index and the tech-heavy Nasdaq closed at their highest level in over two weeks yesterday, propelled by a rally in mega-cap stocks including Nvidia and Tesla. However, uncertainty over the scope of Trump's tariffs continues to weigh on investors' sentiment and weakness in the equity market can still be seen.

In premarket trading, Tesla rose more than 1%, adding on a near 12% surge a day earlier, but operationally, the carmaker's market share in Europe continued to shrink year-on-year in February, data showed, as sales of the all-electric car maker dropped for a second month despite rising EV registrations overall on the continent. Also limiting gains in the stock market, yields on Treasury notes ticked up, with that on the 10-year benchmark touching a one-month high. On the radar today, speeches from Federal Reserve Board Governor Adriana Kugler and Federal Reserve Bank of New York President John Williams are due later in the day.

In Canada, futures tied to the main stock index rose slightly today, as geopolitical tensions and tariff uncertainties lifted the prices of oil, gold and copper. Oil prices rose for the fifth consecutive day on concerns about global supply tightening after the U.S. imposed tariffs on countries purchasing Venezuelan crude.

On the international front, Russia announced today it was willing to strike a new agreement on the safety of shipping in the Black Sea, a possible steppingstone towards a ceasefire with Ukraine, but only if the United States ordered President Zelensky to respect it. Foreign Minister Sergei Lavrov said only such an order would provide the assurances that Russia needed. Each side criticized the other over the collapse in 2023 of an earlier agreement intended to ensure the safety of merchant shipping in the Black Sea after Russia sent tens of thousands of troops into Ukraine in February 2022.

When Trump and Putin spoke last week, the Russian leader declined a proposal by the U.S. president for a full 30-day ceasefire in Ukraine but agreed to a moratorium on attacking Ukrainian energy infrastructure. Ukraine says it is ready to join a limited energy ceasefire if it is properly documented.



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A survey showed that German business morale rose in March, as companies expect a recovery after two years of contraction in Europe's largest economy. The Ifo institute said its business climate index stood at 86.7 in March from 85.3 in February, in line with the forecasts of analysts polled by Reuters.

Home Buyer Traffic Slips in March (Argus)

Home builders saw less traffic from prospective buyers in March, which could weigh on the spring selling season. Home shoppers seem concerned that mortgage rates are stuck near 7%. They also appear to be slightly less optimistic about their finances. The headline NAHB/Wells Fargo Housing Market Index declined by three points in March to 39, the lowest level in seven months. The buyer traffic component of the index dropped by five points to 24. A separate index of Home Purchase Sentiment from Fannie Mae saw its first year-over-year decline in almost two years. Mark Palim, Fannie Mae's Chief Economist said the following. "This growing pessimism makes sense, as mortgage rates had remained near the 7% threshold for a few months, including when we fielded this survey." The current rate is 6.67%. The February survey release also cited a "notable decline" in consumers' optimism toward their personal financial situation, including household income and concern they could lose their job. This morning, the Census Bureau and Department of Housing and Urban Development will report New Home Sales for February. We expect a 5% year-over-year increase to a seasonally adjusted annual rate of 700,000. That is better than the 15-year average of 550,000, but well below the 2005 peak of over 1.3 million. The consensus is 680,000. Also this morning, we expect the S&P/Case-Shiller National Home Price Index to show 3.5% growth in January, on a year-over-year basis. The index rose 3.9% in December. The Zillow Home Value Index rose by an annual 2.6% in February with a 2.7% increase in January.

We remain cautiously upbeat on large national home builders because demographics point to strong demand amid a decades-long shortage of affordable homes. Big builders are focused on financial strength and cash generation. They are pragmatically offering incentives to drive sales.



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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	2.71%	5.9
CDA Prime	4.95%	0.0	CDA 10 year	3.06%	5.7
CDA 3 month T-Bill	2.66%	1.5	CDA 20 year	3.22%	6.0
CDA 6 month T-Bill	2.66%	1.7	CDA 30 year	3.30%	5.7
CDA 1 Year	2.61%	3.5			
CDA 2 year	2.55%	3.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.11%	1.8
US Prime	7.50%	0.0	US 10 year	4.35%	1.9
US 3 month T-Bill	4.20%	1.0	US 30 year	4.68%	2.6
US 6 month T-Bill	4.26%	2.6	5YR Sovereign CDS	40.49	
US 1 Year	4.14%	3.2	10YR Sovereign CDS	42.97	
US 2 year	4.05%	1.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			640.55	0.07%	0.81%
BMO Laddered Preferred Shares (ETF)			11.02	0.14%	0.64%

Source: LSEG

Things are looking up! Have a great day!

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