

# Financial HARTbeat

Autos in picture  
March 27th 2025



Good Morning,

Tariffs again on autos....as I read these potential revenue grabs for the US...its hard to believe that they think this will increase revenue for the US...this will slow the economy and increase costs which is stagflation...

Stocks of the car companies seem to believe this will happen and sales will grind to a halt..

Each day I start with the news cycle....top 10 headlines always negative...I used to be able to find some positives in the news...not much these days...Only bright light if you look below the surface is financial conditions continue to ease...so a combination of easier financial conditions and then eventually when sentiment shifts...this is typically very positive market signal..

Join us at 1pm today for the weekly roundup to hear more...

[Link here](#)

**Chart of the Day: Often get the question of what should I watch...these are all very important right now..**

COMMODITIES/ FX	LAST	CHANGE	%CHG	YTD
CRUDE OIL WTI	\$69.77	\$0.77	1.12%	-2.72%
NATURAL GAS	\$3.85	\$0.01	0.18%	5.98%
GOLD	\$3,019.50	-\$4.20	-0.14%	14.84%
COPPER	\$5.22	\$0.04	0.72%	30.97%
CAD / USD	\$0.7002	\$0.0000	0.00%	0.72%
CAD / EUR	€0.6511	€0.0023	0.35%	-3.02%
USD / EUR	€0.9298	€0.0032	0.35%	-3.73%
USD / JPY	¥150.53	¥0.63	0.42%	-4.29%

Source: LSEG



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## Top News

Futures tracking Wall Street's main indexes were subdued this morning, with auto stocks taking a hit after President Donald Trump's latest tariff salvo. In a late-night announcement on Wednesday, Trump unveiled his plan to implement 25% tariffs on imported cars and light trucks effective next week, while those on auto parts are expected to begin from May 3. Automakers who have vast supply chains across North America declined in premarket trading. General Motors slid more than 6% and Ford fell close to 3%, while car-parts makers Aptiv and Borgwarner dropped about 1.2% each.

Tesla was flat in volatile trading after a 5.6% drop in the previous session. Trump's wavering trade policies have spewed uncertainty among investors on worries that they could not only upend supply chains and stifle investment, but in the process also fan inflation pressures and hurt global growth. The president has also vowed to impose reciprocal tariffs on trade partners in early April, although he has hinted that the policies could be flexible.

In economic data, the US economy expanded an annualized 2.4% in Q4 2024, slightly higher than 2.3% in the previous estimates, primarily reflecting a downward revision to imports. Also, initial claims for state unemployment benefits fell 1,000 to a seasonally adjusted 224,000 for the week ended March 22. Economists had forecast 225,000 claims for the latest week. The centerpiece of the week's economic indicators will be the personal consumption expenditures price index, the Federal Reserve's preferred measure of inflation, scheduled for release tomorrow.

Fed policymakers including Susan Collins and Thomas Barkin are expected to share their perspectives on the economy later in the day and are likely to reiterate the central bank's cautious stance on monetary policy. Futures tied to Canada's main stock index edged higher on Thursday, after the index declined in the previous session as U.S. President Donald Trump imposed auto tariffs.

Precious metal miners are in focus, as prices of both gold and silver ticked up amid the tariff uncertainty. Materials and mining stocks account for more than 12% of the TSX.

European shares fell to a two-week low this morning, led by auto stocks after U.S. President Donald Trump's plans for 25% import tariffs on all vehicles and foreignmade auto parts fuelled fears that a trade



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war could slow global growth. Germany's economy minister and its auto association slammed the newly announced U.S. tariffs, warning that they would harm both European and U.S. economies, and called for urgent negotiations to avert a spiralling trade war.

China and Hong Kong stocks rose today with tech and auto shares leading gains, shrugging off threats of new car tariffs from U.S. China's Industrial profits fell 0.3% in the January-February period from the same period last year, according to data released by the National Bureau of Statistics (NBS). This compared with an 11% increase in earnings in December.

Japan's Topix index recouped its losses to close higher, despite sharp declines in automakers, as investor sentiment was lifted by demand for the index's futures. Today was the last day to secure dividend payouts for companies with a fiscal year ending in March. The majority of stocks will go exdividend on Friday, causing a reduction in index points. The Nikkei trimmed its losses to end 0.6% lower.

## Final 4Q GDP Report Before the Bell (Argus)

This morning's release from the Bureau of Economic Analysis (BEA) will be the third, and final, update of 4Q GDP. The update last month indicated 4Q real GDP rose at an annualized 2.3% pace, a slight deceleration from 3.1% growth in 3Q. The allimportant consumer economy remained very strong through the holidays, which provides a tough comparison for 1Q. Consumer spending, designated as Personal Consumption Expenditures (PCE) in the GDP report, rose 4.2% and contributed 2.79 percentage points of the 2.3% growth in 4Q GDP. Private domestic investment subtracted 1.05 points, contracting 5.7%, with equipment down 9.0% against 10.8% growth in 3Q. We don't expect a major revision to 4Q GDP this morning. Between 1999 and 2023, the average absolute revision to the quarterly percentage change in real GDP was just 30 basis points, according to the BEA. PCE was boosted by the huge services component, which was up a solid 3.3% on top of 2.8% growth in 3Q24. Consumer spending on goods rose 6.1%. Within goods, durables were up 12.1%, which shows no hint of recession, and nondurables were up 3.0%. Residential fixed investment rose 5.4% in 4Q. We expect approximately 1.1% growth in 1Q25. Government consumption and expenditures were up 2.9%, with the federal government up 4.0%, and state and local government up 2.2%. National Defense posted 4.7% growth, extending a 13.9% gain in 3Q. On April 30, the BEA will release its advance estimate for 1Q25 GDP. We expect 1Q24 growth of 1.6%.



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The consumer services category (which represents 47% of GDP) is an important component of our forecast for 1Q and for 2% growth in 2025. It is normally a stable category amid elevated uncertainty on tariffs and falling consumer confidence. It includes hard-to-avoid expenses such as rent, utilities, healthcare, and insurance. The ISM Services Index showed expansion for an eighth consecutive month in February and has indicated expansion in 54 of the last 57 months.

## 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	2.78%	-0.1
CDA Prime	4.95%	0.0	CDA 10 year	3.15%	1.4
CDA 3 month T-Bill	2.66%	-0.5	CDA 20 year	3.36%	1.9
CDA 6 month T-Bill	2.65%	-1.0	CDA 30 year	3.39%	2.4
CDA 1 Year	2.62%	-0.5			
CDA 2 year	2.61%	-0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.12%	3.3
US Prime	7.50%	0.0	US 10 year	4.39%	4.9
US 3 month T-Bill	4.20%	-0.1	US 30 year	4.74%	6.0
US 6 month T-Bill	4.24%	1.0	5YR Sovereign CDS	40.47	
US 1 Year	4.11%	1.1	10YR Sovereign CDS	42.93	
US 2 year	4.02%	1.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			640.13	-0.08%	0.74%
BMO Laddered Preferred Shares (ETF)			11.04	0.18%	0.82%

Source: LSEG

Things are looking up! Have a great day!

Ben



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