

INTERNAL USE ONLY

April 17, 2025

| U.S. EQUITY FUTURES | | | | COMMODITIES/ FX | | | |
|--------------------------|-----------|---------|--------|------------------|------------|-----------|-----------|
| | LAST | CHANGE | %CHG | | LAST | CHANGE | |
| Dow Jones MINI futures | 39,273.00 | -580.00 | -1.46% | CRUDE OIL WTI | \$63.27 | \$0.80 | |
| S&P500 MINI futures | 5,326.50 | 20.75 | 0.39% | NATURAL GAS | \$3.22 | -\$0.03 | |
| NASDAQ MINI futures | 18,508.50 | 123.25 | 0.67% | GOLD | \$3,323.64 | -\$19.59 | |
| CANADA EQUITY MARKET | | | | GOVERNMENT BONDS | | | |
| | LAST | CHANGE | %CHG | | 2YR | 5YR | 10YR |
| S&P/TSX 60 futures | 1,444.40 | 1.20 | 0.08% | COPPER | \$4.60 | -\$0.07 | |
| OVERSEAS MARKETS | | | | CAD / USD | | | |
| | LAST | CHANGE | %CHG | | CAD / EUR | USD / EUR | USD / JPY |
| STOXX EUROPE 600 INDEX | 504.11 | -2.98 | -0.59% | | € 0.6330 | € 0.0001 | ¥142.52 |
| FTSE 100 INDEX | 8,211.00 | -64.60 | -0.78% | | € 0.8804 | € 0.0031 | ¥0.70 |
| DAX GERMANY | 21,155.01 | -156.01 | -0.73% | | | | |
| CAC 40 Index | 7,259.93 | -70.04 | -0.96% | | | | |
| NIKKEI 225 INDEX | 34,377.60 | 457.20 | 1.35% | | | | |
| HANG SENG INDEX | 21,395.14 | 338.16 | 1.61% | | | | |
| SHANGHAI COMPOSITE INDEX | 3,280.34 | 4.34 | 0.13% | | | | |

Source: LSEG

Morning News

Futures tied to the S&P 500 and the Nasdaq regained some ground this morning, on the final trading day of the week, with focus on U.S.-Japan tariff talks, while UnitedHealth's shares fell sharply following a forecast cut by the insurer. U.S. President Donald Trump said the country had made "big progress" in talks with Japan, one of the first rounds of face-to-face negotiations since his sweeping imposition of duties on global imports roiled markets and stoked recession fears. Meanwhile, UnitedHealth plummeted 19% after lowering its annual profit forecast on expectations of high medical costs for the remainder of the year. The stock weighed heavily on futures tied to the blue-chip Dow. U.S. President Donald Trump said that Federal Reserve Chair Jerome Powell's termination "cannot come fast enough", while calling for the U.S. central bank to cut interest rates. In economic data, initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 215,000 for the week ended April 12, the Labor Department said. Economists had forecast 225,000 claims for the latest week. Housing starts in the US unexpectedly plunged 11.4% month-over-month to a seasonally adjusted annualized rate of 1.324 million in March 2025, the lowest in four months, and well below forecasts of 1.42 million. Comments from Fed board Governor Michael Barr expected later in the day.

Futures for Canada's main stock index climbed after President Donald Trump hailed "big progress" in the U.S.-Japan trade negotiations, although sentiment remained fragile amid tariff uncertainties. In commodities, oil prices rose and traded near their highest in two weeks on supply concerns after the U.S. imposed new sanctions to curb Iranian oil exports. Copper prices also edged higher, while gold prices pulled back from a record high as investors booked profits. Both U.S. and Canadian stock markets will be closed tomorrow for the Good Friday holiday.

European shares fell this morning as investors parsed corporate earnings to gauge the fallout of U.S. President Donald Trump's erratic trade plans. The European Central Bank cut interest rates for the seventh time in a year (see chart), looking to prop up an already struggling euro zone economy that will take a large hit from U.S. tariffs. Investors will sift through ECB President Christine Lagarde's comments at a press conference for hints on futures rate cuts. Investors also shied away from making big bets ahead of a four-day-long weekend on account of Good Friday and Easter Monday.

Hong Kong shares closed higher today, led by property and tech stocks, while investors awaited more cues from ongoing trade tensions between the U.S. and China. Chinese equities were broadly steady. Property shares trading onshore and offshore surged as much as 4% each, after China's premier urged unlocking real estate market potential and new home prices stabilised in March. China will pay no attention if the U.S. continues to play the "tariff numbers game", China's foreign ministry said, after the White House outlined how the Asian country faces tariffs of up to 245% due to its retaliatory actions.

Japan's Nikkei share average bounced back from the previous session's declines, helped by a weaker yen after the first round of closely watched trade negotiations between Tokyo and Washington were lauded by President Donald Trump. Japan's total exports rose 3.9% year-on-year in March, less than a median market forecast for a 4.5% increase and slowing from an 11.4% rise in February.

For NBF Disclosures, please visit URL: <https://nbf.bluematrix.com/sellside/Disclosures.action>

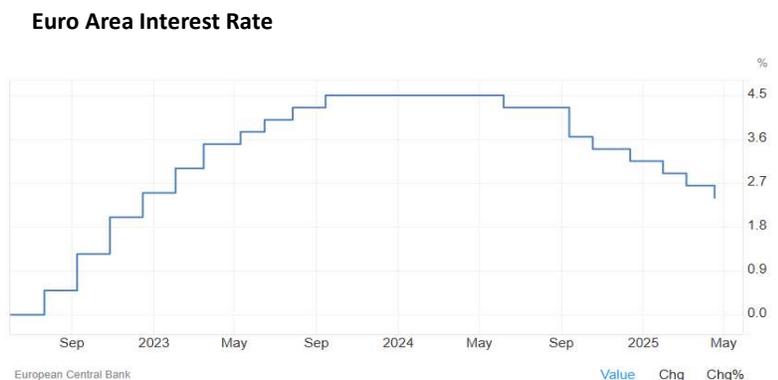
U.S Economic Calendar

| Local | Time | Indicator Name | Period | Reuters | | | |
|-------|-------|--------------------------|-------------|---------|---------|---------|---------|
| | | | | Poll | Actual | Prior | Revised |
| | 08:30 | Building Permits: Number | Mar | 1.446M | 1.482M | 1.459M | |
| | 08:30 | Build Permits: Change MM | Mar | | 1.6% | -1.0% | |
| | 08:30 | Housing Starts Number | Mar | 1.420M | 1.324M | 1.501M | 1.494M |
| | 08:30 | House Starts MM: Change | Mar | | -11.4% | 11.2% | 9.8% |
| | 08:30 | Initial Jobless Clm | 12 Apr, w/e | 225k | 215k | 223k | 224k |
| | 08:30 | Jobless Clm 4Wk Avg | 12 Apr, w/e | | 220.75k | 223.00k | 223.25k |
| | 08:30 | Cont Jobless Clm | 5 Apr, w/e | 1.872M | 1.885M | 1.850M | 1.844M |
| | 08:30 | Philly Fed Business Indx | Apr | 2.0 | -26.4 | 12.5 | |
| | 10:30 | EIA-Nat Gas Chg Bcf | 11 Apr, w/e | 22B | | 57B | |

Canadian Economic Calendar

No major data expected

Chart of the day



NBF Research

RATING AND TARGET PRICE CHANGES

Bombardier Inc. - [Despite macro uncertainty, biz jet market still looks relatively healthy; Target: C\\$107 \(Was C\\$103\)](#)

Metro Inc. - [Q2 F2025 Results: Good sales performance; Reaffirming defensive credibility; Target: C\\$107 \(Was C\\$102\)](#)

DAILY BULLETIN HIGHLIGHTS

BOMBARDIER INC. - Despite macro uncertainty, biz jet market still looks relatively healthy

**BBD.B / BBD.A (TSX; TSX): C\$84.64;
C\$84.72**

Target: C\$107.00
(Was C\$103.00)

Stock Rating: Outperform
(Unchanged)

Est. Total Return: 26.4%

Event: We preview Bombardier's upcoming Q1/25 results.

Key Takeaways: We maintain our Outperform rating on Bombardier shares ahead of Q1/25 results that are scheduled for release on May 1st. Bombardier shares have been hard hit so far in 2025 due to the threat of tariffs, and while the tariff situation remains fluid, as it stands today, Bombardier aircraft do not face any U.S. import tariffs (all aircraft compliant with USMCA), which should offer some relief for investors. However, market concern has now shifted to risks around broader macroeconomic growth and the risk of a slowdown in new business jet demand. If demand for new business jets does slow, we see Bombardier as well positioned.

METRO INC. - Q2 F2025 Results: Good sales performance; Reaffirming defensive credibility

MRU (TSX): C\$101.13

Target: C\$107.00
(Was C\$102.00)

Stock Rating: Sector Perform
(Unchanged)

Est. Total Return: 7.3%

Event: Metro reported Q2/F25 EPS of \$1.02 versus NBF at \$1.05 and consensus at \$1.02; last year was \$0.91.

Key Takeaways: (1) We view results to be largely in line, with sales performance being noteworthy; SG&A was higher than modeled and a key delta versus our forecast. (2) MRU reiterated its medium/long-term annual EPS growth target of 8-10%; history has shown that MRU has navigated various macroeconomic backdrops successfully. (3) We made slight revisions to our EPS estimates: F2025 remains \$4.85 and F2026 goes to \$5.35 from \$5.36. (4) Maintain Sector Perform rating; price target is \$107 from \$102.

OTHER COMMENTS

Parkland Corporation - [President and CEO steps down; Preliminary Q1/25 indications disappoint](#)

Sustainability and Transition - [Fork in the Road; The Sustainability Stakes in Canada's Federal Election](#)

RESEARCH FLASHES

Elemental Altus Royalties Corp. - [Q4 Financials Broadly in Line; 2025 Outlook Unchanged](#)

ETF RESEARCH & STRATEGY

[ETF Industry News Update: 2025-04-16 - Solana ETF Launches, CLO ETF Filings, "Best of Canada" Rebates, 3x Leverage, and More](#)

Canadian stocks ratings and target changes across the street

Aecon Group Inc ARE.TO: CIBC raises target price to C\$31 from C\$30
AG Growth International Inc AFN.TO: CIBC raises target price to C\$52 from C\$48
Alamos Gold Inc(Pre-Merger) AGI.TO: CIBC raises target price to C\$48 from C\$46
Altus Group Ltd AIF.TO: CIBC cuts target price to C\$54 from C\$57
Aritzia Inc ATZ.TO: BMO cuts target price to C\$74 from C\$80
Aritzia Inc ATZ.TO: CIBC cuts target price to C\$57 from C\$75
Badger Infrastructure Solutions Ltd BDGI.TO: CIBC cuts PT to C\$52 from C\$59
Bombardier BBDb.TO: National Bank of Canada raises target price to C\$107 from C\$103
Cardinal Energy Ltd (Alberta) CJ.TO: RBC assumes coverage with PT C\$7.50 from C\$7
Cardinal Energy Ltd (Alberta) CJ.TO: RBC assumes coverage with outperform rating
Discovery Silver Corp DSV.TO: BMO raises target price to C\$4 from C\$2
Dundee Precious Metals Inc DPM.TO: CIBC raises target price to C\$21 from C\$18
Franco-Nevada Corp FNV.TO: CIBC raises target price to C\$280 from C\$260
IGM Financial Inc IGM.TO: BMO cuts target price to C\$47 from C\$48
Information Services Corp ISC.TO: CIBC cuts target price to C\$30 from C\$32
Information Services Corp ISC.TO: CIBC cuts to neutral from outperformer
Lundin Gold Inc LUG.TO: CIBC raises target price to C\$46 from C\$44
Metro Inc MRU.TO: CIBC raises target price to C\$106 from C\$91
Metro Inc MRU.TO: National Bank of Canada raises target price to C\$107 from C\$102
Obsidian Energy Ltd OBE.TO: RBC assumes coverage with PT C\$10 from C\$12
Obsidian Energy Ltd OBE.TO: RBC assumes coverage with sector perform rating
Orla Mining Ltd OLA.TO: CIBC raises target price to C\$18.5 from C\$16.25
Parkland Corp PKI.TO: Canaccord Genuity cuts target price to C\$42 from C\$45
Parkland Corp PKI.TO: CIBC cuts target price to C\$43 from C\$50
Sandstorm Gold Ltd SSL.TO: CIBC raises target price to C\$11.25 from C\$9.5
Spin Master Corp TOY.TO: Jefferies cuts target price to C\$32 from C\$37
Stantec Inc STN.TO: CIBC raises target price to C\$141 from C\$139
Toromont Industries Ltd TIH.TO: CIBC cuts PT to C\$130 from C\$131
Transalta Corp TA.TO: Scotiabank cuts target price to C\$17 from C\$21
Triple Flag Precious Metals Corp TFPM.TO: CIBC raises PT to C\$35 from C\$34
WSP Global Inc WSP.TO: CIBC raises target price to C\$296 from C\$295

S&P/TSX Composite Index Earnings Calendar

No major S&P/TSX Composite companies are scheduled to report for the day.

Source: LSEG

Morning News

Blackstone Inc: The company posted an 11% jump in first-quarter profit, driven by higher proceeds from asset sales across its private equity and credit businesses. Distributable earnings, which represent cash that can be used to pay dividends, grew to \$1.41 billion, or \$1.09 per share, for the three months ended March 31, compared with \$1.27 billion, or 98 cents per share, a year earlier. "We are well positioned to navigate the current environment," Blackstone CEO Stephen Schwarzman said. Blackstone drew in \$61.64 billion of inflows in the quarter, which helped its assets under management climb 10% to \$1.17 trillion.

CSX Corp: The railroad operator reported first-quarter revenue and profit below Wall Street estimates on Wednesday, as gains in intermodal were offset by a decline in coal revenue and fuel surcharge. "CSX faced operational challenges to start the year, which contributed to first quarter results that did not meet our expectations," CEO Joe Hinrichs said in a statement. The company reported revenue of \$3.42 billion for the quarter ended March 31, below analysts' estimate of \$3.47 billion.

Kinder Morgan: The U.S. pipeline and terminal operator left its annual profit forecast unchanged on Wednesday, as it continued to bank on demand increase for natural gas even as President Donald Trump's sweeping tariffs sparked uncertainty across the energy industry. While Kinder Morgan does not expect tariffs to have a significant impact on project economics, it said the uncertainty sparked by them, along with commodity prices, caused the company to be "a little bit more conservative" in communicating its annual outlook. It expects to post an adjusted profit of \$1.27 per share in 2025. The Houston, Texas-based firm posted an adjusted profit of 34 cents per share in the first quarter, narrowly missing estimates of 35 cents per share.

Taiwan Semiconductor Manufacturing Co Ltd: The world's largest contract chip maker gave a bullish outlook for the year on robust demand for AI applications, adding that it had yet to see any change in customer behaviour, despite uncertainty over U.S. tariffs. The Taiwan company stood by its annual outlooks for sales and capital spending and forecast artificial intelligence (AI) chip revenue to double. For the second quarter, the company expects revenue of \$28.4 billion to \$29.2 billion, outpacing \$20.8 billion for the same period a year earlier, while for the full year it expects revenue growth roughly midway between 20% and 30%. Its net profit for January-March climbed 60% on the year to \$11.1 billion, its fourth straight quarter of double-digit growth, comfortably beating an LSEG SmartEstimate of T\$354.6 billion.

Truist Financial Corp: The company reported a fall in first-quarter profit due to weakness in its investment banking and trading unit amid U.S. President Donald Trump's whiplash trade policies. Its quarterly investment banking and trading income fell 15.5% to \$273 million versus a year ago. The decrease was due to lower merger and acquisition fees and trading income, the company said in a statement. Meanwhile, its net interest income rose 3.8% to \$3.56 billion in the quarter, compared to the previous year. Truist reported an adjusted profit of 87 cents per share in the reported quarter, compared with 91 cents per share in the same quarter last year.

UnitedHealth Group Inc: The company cut its annual profit forecast in anticipation of higher costs for the insurer from a bigger-than-expected jump in medical care among older adults, sending its shares crashing in premarket trading. Costs related to the company's Medicare Advantage business were far above the planned 2025 increase and were consistent with the elevated levels in 2024, the company said. The company now expects 2025 adjusted profit per share to be between \$26 and \$26.50 per share, compared with its prior forecast of \$29.50 to \$30 per share. Analysts were expecting a profit of \$29.73 per share for 2025.

Fidelity National Information Services Inc. & Global Payments Inc: Fintech company Global Payments said it would buy payments processor Worldpay from rival FIS and investment company GTCR for \$22.7 billion. Separately, FIS said would buy Global Payments' Issuer Solutions business in a deal valued at \$13.5 billion.

Evercore ISI Research

TARGET PRICE CHANGE

Advanced Micro Devices, Inc (AMD) (Outperform, TP: US\$126.00).

Impact of New China Export Control

In 8-K AMD cited new license requirement from United States government for the export of certain semiconductor products to companies with HQ or an ultimate parent in China (including Hong Kong and Macau) and embargo/D5 countries. The Export Control impacts MI308 sales and AMD estimates charges of up to ~\$800m in inventory, purchase commitments and related

reserves. AMD is in the quite period and did not offer comments beyond 8-K. With implied GM of 55-60% for AMD GPU products, \$800m charges translate to ~\$1.7-2bn in revenue impact or ~24% of our \$7.6bn C25 GPU revenue forecast. Our own checks from the supply chain as well as from hyperscalers suggest that demand for AI remains solid and we expect AMD to partially offset the export control headwinds as we go through the year.

Our estimates:

- We model AMD's C25 Revs at \$29bn (-4% vs prior estimates), and GPU revs at \$6.4bn vs prior \$7.5bn in C25.
- Our new C25E EPS is at \$3.52 (-13% vs prior estimates) and C26E EPS at \$6.17 (-4% vs prior estimates)

Reiterate Outperform, Decrease PT to \$126 from \$147. Our price target of \$126 is based on C2027E GAAP EPS: \$7.33; P/E (NTM) 19x. Discounted back to C2026

COMPANY UPDATE

Walmart, Inc (WMT) (Outperform; TP:\$100.0)

Analyst Day '25: Productivity Inflection Leading Growth

Walmart's value leadership, innovation/ execution focus, and margin levers are key differentiators amidst a choppy consumer and geopolitical backdrop. CEO Doug McMillon doubled down on the strategy, emphasizing driving growth through improving customer and member experiences, while at the same time creating shareholder value by strengthening the business model. Walmart is a people led, tech powered retailer helping people save money and live better, while recognizing that shareholders should expect improving returns and value from the investment over the past decade. We believe WMT is well positioned for profitable share gain, with price gaps solid and value leadership key for inflation stretched consumers. Added convenience of home delivery or curbside pickup, plus a widening assortment of 3P is resonating with households across demographics. Layer on an evolving business model with 2/3 of the OI growth over the next five years likely to come from higher margin geographies and businesses (Walmart connect and a \$4bn+ global ad business) enabling the company to invest in value, service, and wages/ tech while growing op profit faster than sales. Walmart is not immune to tariffs, as we cut our EPS 2% in our tariff takedown note recently, yet we believe they are better positioned than most given low cost distributor status, sourcing prowess, productivity inflection and ability to take a portfolio approach on their wide offering. Add in automation tailwinds of 100bp+ to a 5% margin, and compounder status is reinforced. The stock at 30x is above historic norms, but sustainable defensive growth, margin inflection, SOP parts (fig 40) provide upside.

Apple Inc (AAPL) (Outperform; TP:\$250.0)

"Deep Dive" Into AAPL's Supply Chain Diversity & Options

ALL YOU NEED TO KNOW: Apple is at the center of ongoing trade tensions between US and China. While AAPL did secure an exemption to the initial 100%+ reciprocal tariffs (China) the administration has indicated electronics will be included in the Section 232 investigation (Sector Tariff). Key question(s) we keep getting are - a) understanding AAPL's supply chain strategy and b) What can AAPL do as an offset. Apple's supply chain remains heavily China-centric, but they have made efforts to diversify since the "trade war" during Trump's first term. Diversification efforts have largely consisted of shifting some iPhone production to India and Wearables/Mac production to Vietnam. AAPL generates 37% of sales in the US (~85M iPhone units), we estimate AAPL can meet 35% of iPhone & iPad demand from India and remainder from China. For wearables and macs, we estimate 1/2 of that can be comfortably met from Vietnam (remainder from China). Assuming 20% China tariff scenario, GROSS impact will be \$6-8B COGS inflation (or ~5-6% of EPS, \$0.40). Worth stressing there are multiple offsets ranging from a) sharing the cost with suppliers (50/50?), b) moving more to India (~18months), c) Price increases (\$80 ASP increase, \$1/day) and d) sustaining exemptions for longer (\$500B US investment/4 years). Even if tariffs extend beyond China, we do not think Apple will produce the iPhone in the US as the higher labor costs alone would drive a >50% increase in

iPhone manufacturing costs. This implies that even under a 50% global baseline tariff it would not make financial sense to produce the iPhone domestically. Net/net: Apple's efforts to diversify its supply chain should help minimize the impact from tariffs that only target China. If tariffs are applied broadly, we think Apple would continue to import and push through relevant price increase to offset the cost inflation along with getting suppliers to share the burden. Maintain Outperform & \$250 target.

OTHER COMMENTS

Skechers U.S.A., Inc. (SKX) 1Q25 Preview: Walking the Tariff Tightrope
Albertsons Companies, Inc (ACI) Shoring up the Foundation; Investing for Growth
The Travelers Corporation, Inc (TRV) 1Q25 Results - Port in the Storm
Lithium Americas Corp. (LAC) Resuming Coverage at Outperform
Prologis (PLD) Lowering Ests. & PT As Tariff Uncertainty Persists
ASML Holding NV (ASML-NL) 1Q25 EPS: Buyers of Weakness Amid Backlog Coverage
CSX Corporation (CSX) Where is the Fast Forward Button?
Citizens Financial Group, Inc. (CFG) 1Q Call Takes: Confident in NIM Trajectory; Fee Outlook Intact, Despite Capital Market Headwinds
First Horizon Corporation (FHN) 1Q Call Takes: FY25 Outlook Unchanged; Time to "Wait and See"
Cohen & Steers Inc. (CNS) 3rd Straight Inflow Quarter Led By Infrastructure & with an Improving Mix
U.S. Bancorp (USB) Call Takes: 1Q Beat & 2025 Outlook Unchanged, but Questions Linger
The Progressive Corporation (PGR) March '25 PIF Adds Sets a New Record But Also Likely Impacted by Macro Noise
Abbott Laboratories (ABT) Follow up on 1Q print: Tariff math & cadence
Lyft, Inc (LYFT) Lyft Acquires FREENOW, Expands Into Europe
PepsiCo, Inc. (PEP) Expecting pressured 1Q; No surprise here
United Airlines Holdings (UAL) 1Q25 Review

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

| Company | Symbol | Time | Consensus EPS Estimate |
|--------------------------------|---------|------|------------------------|
| American Express Co | AXP.N | BMO | 3.49 |
| Blackstone Inc | BX.N | BMO | 1.09 |
| Charles Schwab Corp | SCHW.N | BMO | 1.00 |
| DR Horton Inc | DHI.N | BMO | 2.66 |
| Fifth Third Bancorp | FITB.OQ | BMO | 0.70 |
| Huntington Bancshares Inc | HBAN.OQ | BMO | 0.31 |
| KeyCorp | KEY.N | BMO | 0.32 |
| Marsh & McLennan Companies Inc | MMC.N | BMO | 3.01 |
| Netflix Inc | NFLX.OQ | AMC | 5.73 |
| Regions Financial Corp | RF.N | BMO | 0.51 |
| Snap-On Inc | SNA.N | BMO | 4.81 |
| State Street Corp | STT.N | BMO | 2.00 |
| Truist Financial Corp | TFC.N | BMO | 0.87 |
| UnitedHealth Group Inc | UNH.N | BMO | 7.29 |

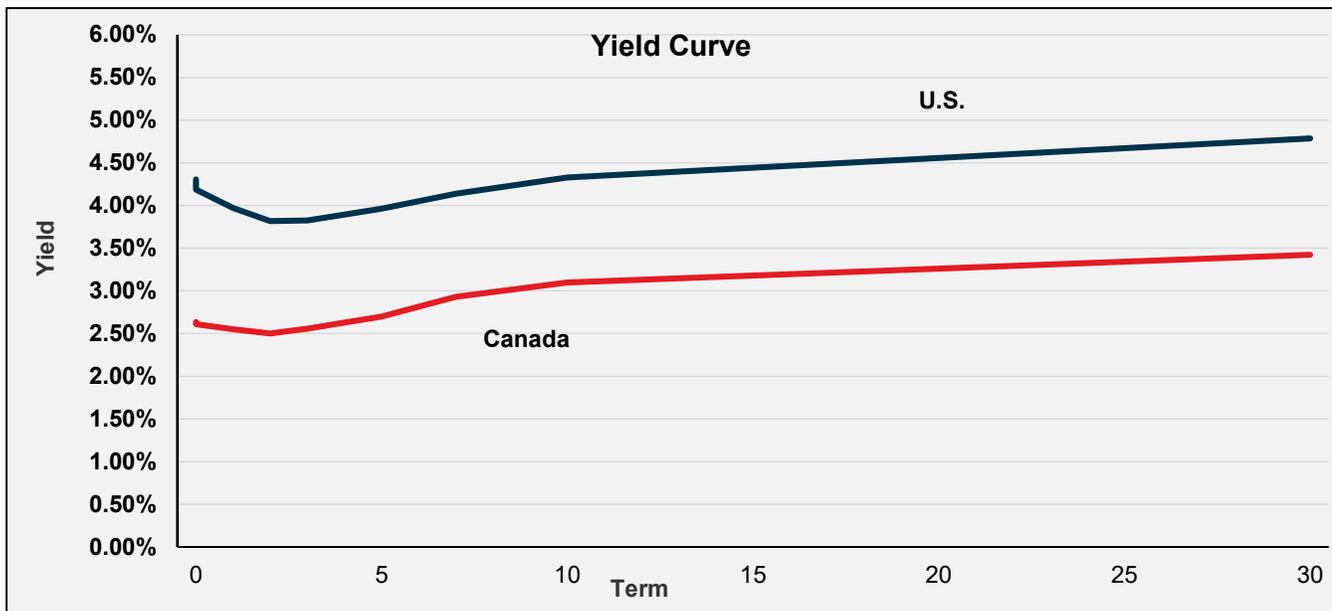
Source: LSEG

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 | 2.73% | 3.4 |
| CDA Prime | 4.95% | 0.0 | CDA 10 year | 3.11% | 3.2 |
| CDA 3 month T-Bill | 2.65% | 0.0 | CDA 20 year | 3.37% | 3.2 |
| CDA 6 month T-Bill | 2.65% | 1.0 | CDA 30 year | 3.43% | 3.2 |
| CDA 1 Year | 2.57% | 0.0 | | | |
| CDA 2 year | 2.54% | 2.2 | | | |
| US Key Rate | Last | Change bps | US Key Rate | Last | Change bps |
| US FED Funds | 4.25-4.50% | 0.0 | US 5 year | 3.94% | 3.4 |
| US Prime | 7.50% | 0.0 | US 10 year | 4.31% | 3.0 |
| US 3 month T-Bill | 4.21% | -0.8 | US 30 year | 4.77% | 2.6 |
| US 6 month T-Bill | 4.19% | 0.4 | 5YR Sovereign CDS | 54.00 | |
| US 1 Year | 3.97% | 1.3 | 10YR Sovereign CDS | 57.43 | |
| US 2 year | 3.81% | 2.1 | | | |
| Preferred Shares Indicators | | | Last | Daily % | YTD |
| S&P Preferred Share Index | | | 614.94 | -0.23% | -3.22% |
| BMO Laddered Preferred Shares (ETF) | | | 10.52 | -0.52% | -3.93% |

Source: LSEG

Figure 2: Yield Curve (Canada & U.S.)



Source: LSEG

BoC Policy Monitor: Opting for a pause and ‘hoping for clarity’

Today’s decision to hold was not an obvious one - market pricing was mixed, and certain ‘hard data’ and wilting sentiment could have made a compelling argument for an eight consecutive rate cut. Estimates from private sector strategists were also split down the middle - 15 calling for a pause and 14 forecasting a 25bp cut. That said, the Bank concedes that the picture is not any less murky for the economic outlook, and, consistent with previous rhetoric, opted for a ‘wait-and-see’ approach until the direction of trade war impact (i.e., balance of risks) is clear. The BoC rightly notes that markets have been “roiled” by tariff noise. Signs of slowing and uneasiness have presented themselves, both in Canada and abroad, and domestic inflation data has (and will be) distorted.

Prior to the decision, our baseline expectation for the BoC rate path suggested an April ‘pause’, followed by 75bps of additional easing over the balance of 2025, to bring the overnight target to 2% by year-end (see our Fixed Income Monitor for more detail). Today’s decision to hold policy should not be interpreted as the conclusion to the BoC’s easing cycle, in our view, and we still feel that the Bank is likely to deliver more rate relief in 2025. A gloomy global economic outlook, combined with USMCA-related tariff carveouts might make the picture clearer in Canada, as growth deterioration will likely outweigh inflation concerns. Incoming data and additional headlines from the U.S. administration will need to be closely scrutinized, and there could be a path to a June cut should additional evidence of economic strain present itself in convincing fashion.

Bottom Line: Today’s decision to hold was not an obvious one - market pricing was mixed, and certain ‘hard data’ and wilting sentiment could have made a compelling argument for an eight consecutive rate cut. Estimates from private sector strategists were also split down the middle - 15 calling for a pause and 14 forecasting a 25bp cut. That said, the Bank concedes that the picture is not any less murky for the economic outlook, and, consistent with previous rhetoric, opted for a ‘wait-and-see’ approach until the direction of trade war impact (i.e., balance of risks) is clear. The BoC rightly notes that markets have been “roiled” by tariff noise. Signs of slowing and uneasiness have presented themselves, both in Canada and abroad, and domestic inflation data has (and will be) distorted. Prior to the decision, our baseline expectation for the BoC rate path suggested an April ‘pause’, followed by 75bps of additional easing over the balance of 2025, to bring the overnight target to 2% by year-end (see our Fixed Income Monitor for more detail). Today’s decision to hold policy should not be interpreted as the conclusion to the BoC’s easing cycle, in our view, and we still feel that the Bank is likely to deliver more rate relief in 2025. A gloomy global economic outlook, combined with USMCA-related tariff carveouts might make the picture clearer in Canada, as growth deterioration will likely outweigh inflation concerns. Incoming data and additional headlines from the U.S. administration will need to be closely scrutinized, and there could be a path to a June cut should additional evidence of economic strain present itself in convincing fashion

[Click here for full comments](#)

Snapshot - U.S. Retail Sales (March)

Retail sales rose a consensus-matching 1.4% in March following a 0.2% increase the prior month. Sales of motor vehicles and parts contributed positively to the headline figure, as they soared 5.3%, the most in 26 months. Without autos, outlays expanded a more subdued 0.5%, as gains for building materials (+3.3%), sporting goods (+2.4%), restaurant bars (+1.8%) and electronics (+0.8%) were only partially offset by declines for furniture (-0.7%) and gasoline stations (-2.5%). In all, sales were up in 11 of the 13 categories surveyed. Core sales (i.e. sales excluding food services, auto dealers, building materials, and gasoline stations), which are used to calculate GDP, rose 0.4%, a bit less than the +0.6% print expected by consensus.

Analysis:

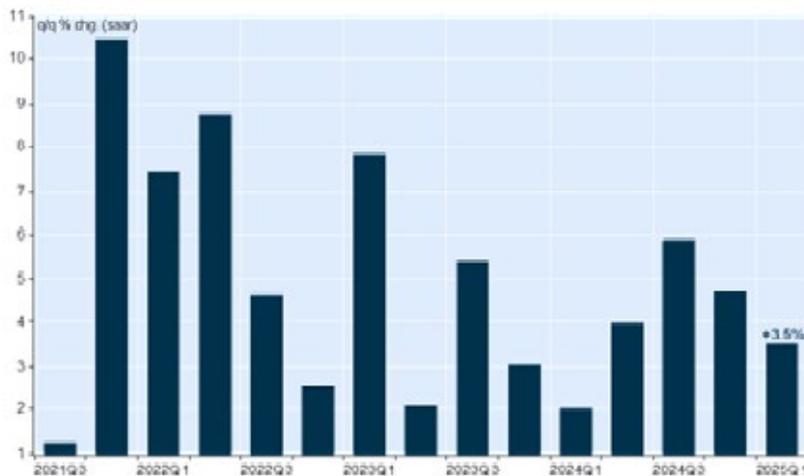
Retail sales in March were in line with consensus expectations, rising by a solid 1.4% on a monthly basis. The strong performance was largely driven by car sales, which rose at the fastest pace in more than two years. Higher spending at car dealerships was made possible by improved weather conditions, but it also reflected the desire of many consumers to make their purchases before tariffs were imposed in order to avoid future price increases.

There was other good news in the March retail sales report, starting with the sharp rise in sales at restaurants and bars, which bodes well for spending on services (data on this will be published later this month). The distribution of sales was also encouraging, with spending rising in no fewer than 11 of the 13 categories surveyed. Spending at gasoline stations was a weak point, but this was due to a fall in pump prices. Recall that last week's CPI report showed that gasoline prices fell by 6.3% in the third month of the year.

March's increase in spending on goods will go some way to salvaging consumption in the first quarter of the year, with core sales now on track to rise 3.5% on an annualized basis in Q1, much better than analysts were expecting just a few weeks ago.

Figure 1: U.S.: Spending on goods better than expected in Q1

U.S.: Spending on goods better than expected in Q1
Retail sales excluding food services, auto dealers, building materials, and gasoline stations



Source: NBC Economics and Strategy (data via Bloomberg)

Monthly Economic Monitor - World (April 2025): The trade war risks exposing other vulnerabilities

Summary

- The weeks since the last edition of this monthly monitor have been marked by twists and turns on the international stage. After focusing its attention on three of its most important trading partners (Canada, Mexico, and China) at the beginning of its term, the U.S. administration has significantly broadened its protectionist agenda, firing salvo after salvo at the international trading system.
- No country will be completely spared by these developments, but some will fare worse than others. Starting with the U.S., where a sharp rise in average tariffs will likely lead to a marked increase in core inflation and a slowdown in growth below its potential in the second half of the year.
- Economies that are highly dependent on exports of goods to the U.S. are obviously also at risk, as are those exposed to fluctuations in natural resource prices, as they are likely to suffer from a slowdown in global growth and a corresponding decline in demand for commodities, particularly oil.
- We have significantly lowered our global growth forecasts to reflect a much more protectionist environment than we had originally anticipated. We now expect global GDP to grow by only 2.8% in 2025 (down from 3.0% last month) and 2.7% in 2026 (down from 3.1%). We remain ready to revise this scenario upward if the tariff rhetoric de-escalates.

Figure 2: world economic outlook

| World Economic Outlook | | | |
|---------------------------|------------|------------|------------|
| | 2024 | 2025 | 2026 |
| Advanced Economies | 1.8 | 1.3 | 1.0 |
| United States | 2.8 | 1.7 | 0.8 |
| Eurozone | 0.9 | 0.8 | 0.9 |
| Japan | 0.1 | 1.1 | 0.6 |
| UK | 1.1 | 0.9 | 1.0 |
| Canada | 1.5 | 1.1 | 0.9 |
| Australia | 1.1 | 1.9 | 2.1 |
| Korea | 2.1 | 1.0 | 1.5 |
| Emerging Economies | 4.2 | 3.9 | 3.8 |
| China | 5.0 | 4.5 | 4.2 |
| India | 6.3 | 6.2 | 6.2 |
| Mexico | 1.5 | -0.4 | 0.7 |
| Brazil | 3.4 | 1.8 | 1.6 |
| Russia | 4.3 | 1.5 | 1.0 |
| World | 3.2 | 2.8 | 2.7 |

Source: NBC Economics & Strategy

[Click for the full report](#)

Teranet-National Bank House Price Index - Canada: Housing prices continue to fall in March

The Teranet-National Bank composite index fell 0.4% from February to March, marking a third consecutive monthly decline and a sharper contraction than in previous months. This comes at a time when the resale market continues to slow, due in particular to uncertainty surrounding the trade war with the United States. As a result, prices have declined by 0.7% since December 2024, with a more pronounced decline for condominiums (-1.2%) and a slightly less significant decline for other types of housing (-0.3%). Although the real estate market has slowed in all provinces, the magnitude of this decline in activity is particularly noticeable in Ontario and, to a lesser extent, in British Columbia, the two least affordable markets in the country. Furthermore, the weakness in the Ontario housing market is not limited to a few markets, but is a broader issue, as 81% of the CMAs in this province (13 out of 16) covered by our price indices experienced declines from February to March, compared to only 40% for other markets outside Ontario. It should also be noted that more affordable real estate markets are faring better. This is particularly true in Quebec, where the four CMAs covered by our indices are among the top five in the country in terms of annual price growth (Sudbury completing the list), with increases ranging from 9.7% in Montreal to 18.3% in Trois-Rivières compared to March 2024. In a context of ongoing economic uncertainty, moderate population growth and the risk that long-term interest rates will remain higher for longer than expected, home prices are likely to remain under pressure in the coming months.

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First Edition Calls

This Week on TEAMS:

MONDAY: Research Services - [8:30 am English call](#) / [9h00 appel français](#)

TUESDAY: Dennis Mark, NBCFM Technical Analyst - [8:30 am English call](#) / [9h00 appel français](#)

WEDNESDAY: Daren King, NBC Economist - [8:30 am English call](#) / [9h00 appel français](#)

THURSDAY: Mohamed Sidibé, NBCFM Metals & Mining Analyst - [8:30 am English call](#) / [9h00 appel français](#)

FRIDAY: Holiday - No conference call

A replay is available in the Event Calendar of [Research Services SharePoint](#)

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This report along with all the research from NBCFM Research Services can also be accessed on our [SharePoint](#)

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