

INTERNAL USE ONLY

July 10, 2025

U.S. EQUITY FUTURES				COMMODITIES/ FX				
	LAST	CHANGE	%CHG		LAST	CHANGE		
Dow Jones MINI futures	44,666.00	-53.00	-0.12%	CRUDE OIL WTI	\$67.85	-\$0.53		
S&P500 MINI futures	6,304.25	-3.00	-0.05%	NATURAL GAS	\$3.25	\$0.04		
NASDAQ MINI futures	23,055.25	2.50	0.01%	GOLD	\$3,322.60	\$9.25		
CANADA EQUITY MARKET					COPPER	\$5.59 \$0.15		
S&P/TSX 60 futures	1,607.60	2.20	0.14%	CAD / USD	\$0.7302	-\$0.0005		
OVERSEAS MARKETS					CAD / EUR	€ 0.6239 € 0.0006		
STOXX EUROPE 600 INDEX	551.96	2.00	0.36%	USD / EUR	€ 0.8544	€ 0.0013		
FTSE 100 INDEX	8,956.98	89.96	1.01%	USD / JPY	¥146.39	¥0.08		
DAX GERMANY	24,535.99	-13.57	-0.06%	GOVERNMENT BONDS		2YR	5YR	10YR
CAC 40 Index	7,901.58	23.12	0.29%	CANADA (YLD%)	2.67%	2.94%	3.39%	
NIKKEI 225 INDEX	39,646.36	-174.92	-0.44%	U.S. (YLD%)	3.86%	3.92%	4.35%	
HANG SENG INDEX	24,028.37	136.05	0.57%					
SHANGHAI COMPOSITE INDEX	3,509.68	16.63	0.48%	Source: LSEG				

Source: LSEG

Morning News

U.S. stock futures little changed going into Thursday, cooling after Nvidia's sprint to a \$4 trillion valuation supported markets the day before, while investors turn their attention to economic data and trade talks. resident Donald Trump said late Wednesday that a 50% U.S. tariff on imported copper will take effect Aug. 1. Trump also announced a 50% tariff on Brazil partly in retaliation for the current trial against former Brazilian President Jair Bolsonaro for his role in an alleged attempt to overturn the country's 2022 election results. The move was also due to the "very unfair trade relationship" with Brazil, Trump added, saying it has been "far from Reciprocal." Minutes from the Fed's June meeting yesterday that showed most officials said they expect rate cuts will be appropriate later this year, with price shocks from Trump's import taxes expected to be "temporary or modest." While a July Fed rate cut seems off the table, the odds of a September reduction stand at 67%, up from around 60% before the minutes' release, according to CME Group's FedWatch tool. The number of Americans filing new applications for jobless benefits unexpectedly fell last week, suggesting employers may be holding on to workers despite other indications of a cooling labor market. Initial claims for state unemployment benefits dropped 5,000 to a seasonally adjusted 227,000 for the week ended July 4, the Labor Department said on Thursday. Economists polled by Reuters had forecast 235,000 claims for the latest week. The data included last week's July Fourth holiday and claims tend to be volatile around public holidays.

European shares rose on Thursday, buoyed by signs of progress on a potential trade deal between the United States and the European Union. European Commission President Ursula von der Leyen said the EU is working "non-stop" to reach a low-tariff trade agreement with the U.S. EU trade chief Maros Sefcovic said on Wednesday that good progress has been made on a framework trade agreement, and a deal may be possible within days. Norway's core inflation rate rose slightly more than expected in June, Statistics Norway (SSB) data showed on Thursday, in a sign that the central bank could limit the decline in key interest rates this year.

Japan's Nikkei share gauge slipped on Thursday, stalling ahead of the key 40,000 level, as trade frictions and an upcoming election weighed on investor sentiment. Chip-maker supplier Disco led gains with a 4.3% surge after it raised its first-quarter earnings forecast, citing strong demand related to artificial intelligence. TSMC, the world's largest contract chipmaker, reported on Thursday second-quarter revenue of T\$933.80 billion, beating market forecasts, as demand for the company's products leaps on surging interest in artificial intelligence applications. China and Hong Kong stocks rose slightly higher on Thursday, as deflation concerns left investors without clear direction, prompting a shift towards sectors likely to be benefit from government policies. Market participants are closely monitoring any policy stimulus signals after China's producer deflation deepened in June to its worst level in almost two years.

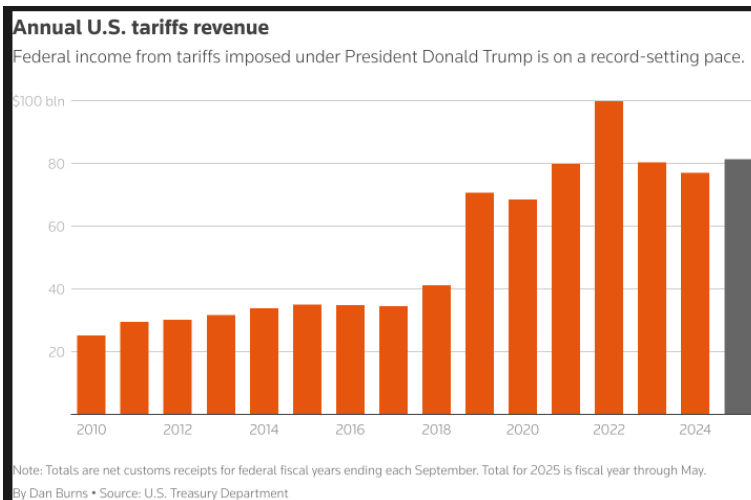
U.S Economic Calendar

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
08:30	Initial Jobless Clm	5 Jul, w/e	235k	227k	-8.0k	233k	232k
08:30	Cont Jobless Clm	28 Jun, w/e	1.974M	1.965M	-0.0090M	1.964M	1.955M
10:30	EIA-Nat Gas Chg Bcf	4 Jul, w/e	58B			55B	
10:30	Nat Gas-EIA Implied Flow	4 Jul, w/e				55B	

Canadian Economic Calendar

No economic release

Chart of the day



Morning News

Cineplex Inc: Cineplex's second quarter generated stronger revenue thanks to a slate of popular movies that brought in moviegoers to the big screens. Cineplex's box-office revenue came to C\$51.8 million in June, slightly ahead of last year's June revenue of C\$51.4 million. Cineplex said June's revenue was led by the live-action adaptation of *How to Train Your Dragon*, which it said has already surpassed the domestic box office total of the original animated film in just a few weeks. *F1: The Movie* was also a popular movie that month. June was the weakest month of the quarter in terms of growth, but thanks to stronger upticks in April and May, the company generated revenue of C\$158.5 million, up from C\$114.5 million. For the current third quarter, Cineplex said that it has had a positive start thanks to *Jurassic World: Rebirth* and that the momentum continues through July with *Superman*, *I Know What You Did Last Summer* and *Fantastic Four: First Steps*.

Orla Mining Ltd: Orla Mining's addition of the Musselwhite operation in Canada boosted gold production, but its original mine in Mexico lagged compared with the prior year. Total gold production across both operations was 77,811 ounces of gold in the second quarter, up from 33,206 ounces a year earlier which was produced from its only asset, the Camino Rojo mine in Mexico. From the Camino Rojo mine, the company produced 25,145 ounces of gold, compared with 33,206 ounces a year earlier. Camino Rojo mined nearly 2.0 million metric tons at an average grade of 0.71 grams per ton gold. Musselwhite added 52,666 ounces of gold to output. Musselwhite mined 303,000 tons of ore at a grade of 5.52 grams per ton gold.

Toronto-Dominion Bank: The bank has appointed Andrew Jensen as the head of financial crime risk management in Canada, replacing interim head Stephen Joyce, according to a memo sent to staff by global anti-money laundering chief Jacqueline Sanjuas on Wednesday. Jensen joined TD in 2024 as the global head of sanctions as a part of the bank's move to hire experts with regulatory experience. He will retain global oversight of sanctions and report to Sanjuas, the memo said.

NBF Research

RATING AND TARGET PRICE CHANGES

Waste Management - [2Q25 Preview: Well Adjusted](#)

K92 Mining Inc. - [Transferring Coverage of K92 Mining; Target: C\\$22 \(Was C\\$17.25\); Rating: Outperform \(Was SP\)](#)

Thomson Reuters Corporation - [Q2 Results Come Aug. 6, AI-Related Legal Tech Developments...; Target: C\\$300 \(Was C\\$286\)](#)

DAILY BULLETIN HIGHLIGHTS

AEROSPACE & DEFENCE - Canadian defence spending set to soar - implications for NBF coverage companies

Event: In this report, we explore how NBF coverage companies could benefit from Canada's planned higher defence spending.

Key Takeaways: Canada has agreed to meet the new NATO spending target by 2035, making it clear that Canada's defence spending will remain on an upward trajectory for years to come. At 3.5% of 2025-26 GDP, Canada's defence spending would be ~\$110 billion, a 168% increase from the level spent last year. We expect higher Canadian defence spending to benefit several companies in the NBF coverage universe (BBD.B, CAE, CHR, EIF, PNG, BDT and ATRL).

WASTE MANAGEMENT - 2Q25 Preview: Well Adjusted

Event: We preview 2Q25 earnings.

Key Takeaways: The wasteco sector P/E premium vs. the S&P500 started 2025 at ~8x, peaked ~15x in April, and has since trailed off to ~8x P/E (vs. historical range of 8x to 14x) following a 17% underperformance since early-May, essentially 'neutralizing' the risk-off premium. This means two things, in our view: (i) it puts the 'fundamentals' back in the driver's seat and (ii) positions the sector well ahead of a potential tariff flareup. On the fundamentals, the wastecos are expected to face

incremental headwinds (vs. guidance) from intra-quarter declines in commodity/RIN prices. Despite the headwinds, we expect 2Q25 beats from GFL, RSG, and WCN; we expect RSG to raise its 2025 guidance on better underlying margin performance and for GFL/WCN to raise their 2025 guidance on incremental M&A (as better operating metrics are offset by commodities/RINs/FX). In the NTM, we like GFL (thesis: upside to 2025 guide despite FX, fastest grower, partial GIP monetization), WCN (recapture of its premium valuation, strong M&A outlook), and SES (unfinished re-rate).

THOMSON REUTERS CORPORATION - Q2 Results Come Aug. 6, AI-Related Legal Tech Developments, \$500M Buyback Expected in H2

TRI (TSX; NASDAQ):	C\$273.73;	Event: Q2 Preview and Target Change
US\$200.01		
Target:	C\$300.00	Key Takeaways: We forecast Revs \$1785M, Adj. EBITDA \$645M (margin 36.1% vs. 37.1%) and Adj. EPS \$0.81, with consensus at \$1791M, \$655M (margin 36.6%) and \$0.84, respectively. TRI telegraphed organic Q2 revs growth of 7% (NBF +7.2%) and Adj. EBITDA margin of ~36% with its Q1 reporting on May 1. Items worth highlighting: 1) SafeSend purchase 1/2/25, 2) FindLaw sold 12/2/24, 3) Regulatory Intelligence and Oden units sold 1/2/25, and 4) expected margin step down function of how M&A dilution and investments evolved through 2024 such that margin should improve in 2025 especially during H2. We lowered FX in NAV to 1.35 from 1.40 and offset this by adding +50 bps to multiples applied to the Big 3 (EBITDA multiple applied to 5 segments ~25.5x based on weighted average). We also pushed out our valuation six months with target based on average of 2026E/2027E DCF & 2027E/2028E NAV. Leverage sits at 0.6x and TRI expects \$10B of capital capacity through 2027.
	(Was C\$286.00)	
Stock Rating:	Outperform	
	(Unchanged)	
Est. Total Return:	10.8%	

OTHER COMMENTS

Aerospace & Defence - [Canadian defence spending set to soar - implications for NBF coverage companies](#)

Saputo Inc. - [Q1 F2026 Preview: Emerging signs of EBITDA improvement](#)

RESEARCH FLASHES

First Majestic Silver Corp. - [Strong Operating Quarter Prompts Guidance Upgrade](#)

Fortuna Mining Corp. - [Better-than-expected Q2/25 Production Results vs. NBF Estimates; 2025 Guidance Reiterated](#)

Lundin Gold Inc. - [Q2/25 Sees Potent Combination of Elevated Grade & Record Throughput](#)

Open Text Corp. - [CFO Search Begins... Again](#)

Triple Flag Precious Metals Corp. - [Q2 Sales Well Above NBF Estimates; Tracking Well to Achieve Guidance for 2025](#)

Zedcor Inc. - [Moving in the Right Direction - Zedcor Providing Mid-Year Company Update](#)

Canadian stocks ratings and target changes across the street

Aritzia Inc ATZ.TO: BMO raises target price to C\$84 from C\$80

Canadian Pacific Kansas City CP.TO: Scotiabank raises target price to C\$120 from C\$115

GFL Environmental Inc GFL.TO: National Bank of Canada raises target price to C\$76.50 from C\$76

Groupe Dynamite Inc GRGD.TO: BMO raises target price to C\$33 from C\$28

K92 Mining Inc KNT.TO: National Bank of Canada raises to outperform from sector perform

K92 Mining Inc KNT.TO: National Bank of Canada raises target price to C\$22 from C\$17.25

Lundin Mining Corp LUN.TO: JP Morgan raises target price to C\$15.60 from C\$15.30

Lundin Mining Corp LUN.TO: JP Morgan cuts to neutral from overweight

Mullen Group Ltd MTL.TO: Scotiabank cuts to sector perform from sector outperform; cuts target price to C\$16 from C\$16.50
Sandstorm Gold Ltd SSL.TO: TD Cowen cuts to sell from buy
TFI International Inc TFII.TO: Scotiabank cuts to sector perform from sector outperform; cuts target to C\$140 from C\$145
Thomson Reuters Corp TRI.TO: National Bank of Canada raises target price to C\$300 from C\$286
TMX Group X.TO: Barclays raises target price to C\$58 from C\$56

S&P/TSX Composite Index Earnings Calendar

Figure 1: S&P/TSX Composite Index Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Aritzia Inc	ATZ.TO	AMC	0.39
Richelieu Hardware Ltd	RCH.TO	NTS	0.42

Source: LSEG

Morning News

Blackstone Inc: The alternative investment firm said it had raised its offer to buy Warehouse REIT to 115 pence per share, valuing the British firm at about 489 million pounds. Under the revised offer, Warehouse REIT shareholders will receive 113.4 pence per share in cash and a dividend of 1.6 pence per share, Blackstone said in a statement.

Amazon.com Inc: The e-commerce giant is considering another multibillion-dollar investment in AI firm Anthropic to strengthen their strategic partnership, the Financial Times reported, citing people with knowledge of the talks. The investment under consideration will help Amazon retain its position as one of Anthropic's largest shareholders, ahead of Google which has invested over \$3 billion, FT said. "We quickly realised that we had many shared goals that were fundamentally critical. The size of the (existing investment) represents our ambition," Dan Grossman, vice-president of worldwide corporate development at Amazon told the newspaper.

Delta Air Lines Inc: The airline forecast a better-than-expected profit for the current quarter and full year as it expects the industry's efforts to align capacity with demand to improve pricing power. CEO Ed Bastian said the airline was focused on "managing the levers within our control to deliver strong earnings and cash flow." Delta forecast an adjusted profit of \$1.25 to \$1.75 a share for the quarter ending September. For the full year, the company expects adjusted earnings in the range of \$5.25 a share to \$6.25 a share.

Ford Motor Co: The automaker is recalling 850,318 vehicles in the U.S. due to a potential low-pressure fuel pump failure, which could cause an engine stall, the U.S. National Highway Traffic Safety Administration said. The recall affects certain models of Lincoln Aviator, F-150 trucks and Mustang vehicles, among others. NHTSA estimates that 10% of the potentially affected vehicles have the defect.

Kraft Heinz Co: The packaged food maker has agreed to sell its Italian infant and speciality businesses, including the Plasmon, Nipiol and Aprotin brands, to Italian food group NewPrinces, Kraft said. The deal, expected to close by late 2025 and subject to regulatory approval, is in line with its strategy to focus on core brands and growth areas, Kraft Heinz said in its statement.

Meta Platforms Inc: EU member states have the right to impose their own measures to strengthen the position of publishers in their dealings with large online platforms as long as these do not undermine freedom of contract, an adviser to the EU's highest court said. The European Union's Court of Justice is handling a dispute between Facebook owner Meta and the Italian communications authority AGCOM, over a fee the U.S. tech giant has to pay publishers in Italy for using snippets of their news articles.

Taiwan Semiconductor Manufacturing Co Ltd: The world's largest contract chipmaker, reported second-quarter revenue of \$31.9 billion, beating market forecasts, as demand for the company's products leaps on surging interest in artificial intelligence applications. The latest result topped an estimate of T\$927.831 billion drawn from 21 analysts, and was also better than the guidance of \$28.4 billion to \$29.2 billion issued by TSMC in April.

Tesla Inc: The automaker will expand its robotaxi service to the San Francisco Bay Area "in a month or two", depending on regulatory approvals, CEO Elon Musk said on Wednesday. Tesla will expand the service to "a larger area in Austin this weekend," Musk said on his social media platform X in response to a post from a user about the lack of an update on expansion.

Ulta Beauty Inc: The cosmetics retailer is on the verge of a deal to buy British high street chain Space NK, Sky News reported, citing a source. The exact price being paid by Ulta was unclear, the report said, adding that the deal value was likely to be well in excess of 300 million pounds.

WK Kellogg Co: The Italian candy maker behind Ferrero Rocher and Nutella is nearing a deal to buy cereal maker WK Kellogg, a source told Reuters, an acquisition that would combine two of the world's best known consumer food makers. Purchasing WK Kellogg would be privately held Ferrero's latest effort to expand its footprint in the U.S.

Evercore ISI Research

FOCUS RESEARCH

Costco Wholesale Corporation (COST, Outperform, TP: US\$1,060.00)

Costco: Slowdown From Pre Buy or Something More?

- **Costco's June results hint at a slower 2H25, with a +6% core comp still solid but showing signs of deceleration.** Greg's insights suggest that while COST continues to gain share, broader retail trends are softening, confirmed by a dip in U.S. retail sales projections for 3Q.
- **Deceleration in Sales Growth:** June comps were up 5.8% globally, but that's a slowdown from earlier trends, with U.S. traffic growth notably below prior averages.
- **Inflationary Pressures:** U.S. ticket ex gas has increased, hinting at some inflation returning, particularly in non-foods and grocery sectors.
- **International Performance:** Canada and other international markets remain strong, with core comps accelerating, easing earlier concerns.
- **Additional Key takes:**
 - **Traffic vs Ticket Dynamics:** U.S. traffic growth has slowed, potentially altering the comp growth composition moving forward.
 - **Inflation's Impact:** Inflation might be creeping back, affecting ticket growth and potentially altering consumer behavior.
 - **Wage Inflation:** Continued investment in wages could lead to higher SGA growth, with potential risks if topline growth slows.
 - **Defensive Positioning:** Despite softer trends, COST's scale and loyalty model position it well to navigate a tariffimpacted landscape.
- **Bottom line, while COST isn't cheap, its strong execution and share gains provide a solid foundation even amidst a choppy retail environment.**

Ultragenyx Pharmaceutical (RARE, Outperform, TP: US\$70.00)

OI - Stay in Orbit

- **RARE and MREO's P3 Orbit study didn't meet the early trial stoppage criteria but will proceed to a final analysis with results expected around year-end.**
- **Study Progression:** The trial will continue to final analysis despite not hitting the early stop criteria. Liisa's simulation suggests a promising ~80% chance for a positive final outcome.
- **Statistical Considerations:** The final analysis benefits from a more favorable statistical threshold (p
- **Additional Key takes:**
 - **Bone Strength Improvements:** Setrusumab showed a 22% improvement in bone mineral density in P2, with many patients reaching normal ranges.
 - **Study Risks:** Variability in fracture rates remains a concern, especially if patients' increased activity leads to higher fracture risk.

- Liisa suggests maintaining or increasing positions on weakness, given the strong potential for the final analysis to deliver positive results.

Internet

Q2 Preview: What A Difference 90 Days Makes!

- **The shift from a 'Net Stock Bear Market to a Bull Market has been dramatic, with Large Cap Nets outperforming the broader market significantly.** This surge is largely attributed to robust demand trends and improved operating margins across most Internet verticals, except for U.S. travel.
- **Market Dynamics:** Large Cap Nets have outperformed with a 17% YTD increase, driven by strong demand and efficiency gains. The Gen AI "Gold Rush" is also a key driver, enhancing productivity and cost efficiency.
- **Valuation Concerns:** Despite the positive momentum, some stocks like META, NFLX, and SPOT have reached demanding valuations, creating a slim margin for error.
- **Additional Key takes:**
 - **Top Picks:** GOOGL, AMZN, and UBER remain top picks due to their strong fundamentals and potential catalysts.
 - **Risks:** Tariff uncertainties could impact economic stability and valuations appear demanding for some stocks.
 - **Valuation Setup:** The risk/reward is balanced with median EV/EBITDA at 18.6X, slightly above the 3-year average.
- The narrative highlights the resilience and potential of Large Cap Nets amidst a bullish market shift, while also cautioning against valuation risks and external economic uncertainties

RATING AND TARGET PRICE CHANGES

Brokers, Banks & Asset Managers

Well, We're Waiting...

- The private equity space is showing signs of life with the IPO market reopening and potential rate cuts on the horizon. Despite this, the current high valuations set a challenging stage for the second half of 2025. Investors are not expecting standout quarters from alternative asset managers but are keenly awaiting updates on deal activity and strategic initiatives.
- **IPO Market Rebound:** The revival of the IPO market has injected optimism, potentially accelerating capital returns to LPs ahead of the 2026 fundraising cycle. Despite geopolitical uncertainties, private equity exit volumes are up 40% YTD, with larger average transaction sizes.
- **Private Wealth Initiatives:** Cetera and MS are launching private markets model portfolios, enhancing accessibility for advisors and clients. This move is anticipated to broaden private markets' acceptance, with major players like BLK prioritizing these models.
- **Additional Key takes:**
 - **Infrastructure Demand:** Demand for private infrastructure is accelerating, driven by digital infrastructure and energy transition trends. Significant fundraises in 1H25 highlight this growth.

- **Secondary Market Strength:** The secondaries market is thriving, with record fundraising and increased interest in private credit secondaries. CG's Alpinvest is well-positioned to benefit from these trends.
- **Stock Positioning:** BX and CG are expected to report below consensus for 2Q25, but KKR is well-positioned with new fund activations.

OTHER COMMENTS

Cohen & Steers Inc. (CNS): June Decay, But Wealth Mgmt Helped - So 2Q Flows Came In a Bit Ahead

PepsiCo, Inc. (PEP): Trends likely remained challenging in 2Q

Uber Technologies, Inc (UBER): Riding High: Webinar w/ Harry Campbell, The Rideshare Guy

Energy Commodities: Cracks Elevated on Continued Distillate Draws

Global Beverages: Beverages Scanner Promos: Michelob Ultra promo depth up to +735 bps YoY in L4 behind Walmart-funded...

Healthcare Technology & Distribution: Dental - 2Q25 EVR ISI Survey on Volumes (Slightly Down), Equipment (Slightly Up)...

IT Hardware & Networking: Thinking Through Recent Commodity Price Movement + Potential Copper Tariff Impact.

Lodging: EVRISI RevPAR Tracker: US -1% y/y for the week ended July 05

Air Cargo Cos. Survey: Air Cargo Cos. Survey Moves Up, Boosted By Better International Activity

Apartment Cos. Survey: Apartment Cos. Survey Of Rents Ticks Down

Hedge Fund Managers Survey: Evercore ISI Hedge Fund Survey With June Sector Allocation Survey Results

Institutional Bond & Equity Managers Surveys: Evercore ISI Bond & Equity Mgrs. Surveys With June Sector Allocation Survey...

Limousine Cos. Survey: Limousine Cos. Survey Ticks Up The 4th of July Holiday Weekend

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Conagra Brands Inc	CAG.N	BMO	0.58
Delta Air Lines Inc	DAL.N	BMO	2.05

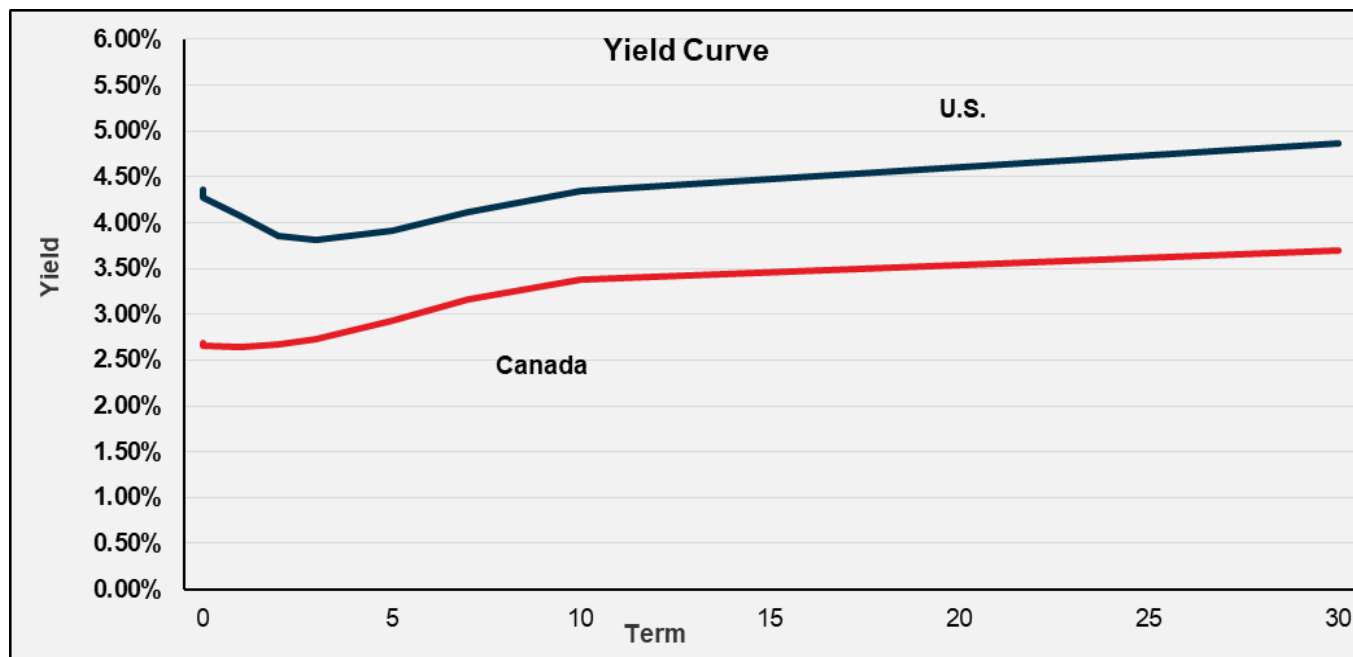
Source: LSEG

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	2.94%	1.8
CDA Prime	4.95%	0.0	CDA 10 year	3.39%	0.6
CDA 3 month T-Bill	2.67%	-0.8	CDA 20 year	3.63%	1.4
CDA 6 month T-Bill	2.66%	-0.5	CDA 30 year	3.69%	1.4
CDA 1 Year	2.65%	0.0			
CDA 2 year	2.67%	1.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.92%	-0.3
US Prime	7.50%	0.0	US 10 year	4.34%	-0.2
US 3 month T-Bill	4.25%	-0.3	US 30 year	4.87%	-0.6
US 6 month T-Bill	4.28%	-0.6	5YR Sovereign CDS	38.96	
US 1 Year	4.07%	-0.3	10YR Sovereign CDS	42.93	
US 2 year	3.86%	-0.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			666.81	0.02%	4.94%
BMO Laddered Preferred Shares (ETF)			11.7	0.17%	6.85%

Source: LSEG

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



Source: LSEG

Snapshot - FOMC Meeting Minutes (June 18th)

Introduction:

This afternoon, the Federal Reserve published the minutes from the FOMC's policy meeting that concluded June 18th (see our initial analysis [here](#)). The decision to hold the target rate range at 4.25%-4.50% was no surprise, with tariff-led uncertainty still elevated, but a resilient economy (and labour market) to date. Markets are leaning into the expectation of continued easing from the Fed, with a rate cut in September priced at a 65% probability by swap markets. Two cuts remain discounted by year-end, in-line with the dot plot published in the SEP last month. Against this backdrop, we've highlighted some key quotes from the June meeting minutes, and provide our overall assessment in the Bottom Line below:

Inflation Outlook:

- **Scope of tariff cost pressures unknown but expect some impact this summer:** "Increased tariffs were likely to put upward pressure on prices. There was considerable uncertainty, however, about the timing, size, and duration of these effects."
- **We may have to wait for tariff inflation:** "Many observed that it might take some time for the effect of higher tariffs to be reflected in the prices of final goods [because of elevated inventories, supply chain lags, consumer intolerance for price hikes or business game theory / market share tactics]."
- **Where are the trade deals?:** "Many participants noted that the eventual effect of tariffs on inflation could be more limited if trade deals are reached soon."
- **It might not be as transitory as once thought:** "Most participants noted the risk that tariffs could have more persistent effects on inflation, and some highlighted the fact that such persistence could also affect inflation expectations."

Labour Market and Growth Outlook:

- **At 4.2% unemployment (and now 4.1%), jobs market in its prime...:** "Participants judged that conditions remained solid and that the labor market was at, or near, estimates of maximum employment."
- **...some softness expected ahead as uncertainty weighs:** "Higher tariffs or heightened policy uncertainty would weigh on labor demand, and many participants expected a gradual softening of conditions."
- **For growth, it's a similar story, with tariffs in the spotlight:** "Economic activity had continued to grow at a solid pace, although uncertainty remained elevated. The outlook was for continued economic growth, although a majority of participants expected that the pace of growth was likely to moderate going forward."

Monetary Policy:

- **The patient stance can continue as growth, jobs remain solid:** "The Committee was well positioned to wait for more clarity on the outlook for inflation and economic activity."
- **If inflation rises and jobs data holds, expect a hold in policy, too:** "Regarding upside risks to inflation, participants noted that, if the imposition of tariffs were to generate a larger-than-expected increase in inflation, if such an increase in inflation were to be more persistent than anticipated, or if a notable increase in medium- or longer-term inflation expectations were to occur, then it would be appropriate to maintain a more restrictive stance of monetary policy than would otherwise be the case, especially if labor market conditions and economic activity remained solid."
- **The balancing act continues as the Fed awaits tariff impacts:** "Participants agreed that they would consider how far the economy is from each goal and the potentially different time horizons over which those respective gaps would be anticipated to close."

Other Tariff Considerations:

- **With tariff rates picking back up, are we back to square one?:** “Participants judged that there were downside risks to employment and economic activity and upside risks to inflation, but that these risks had decreased as expectations about effective tariff rates and their effects had declined from levels in April.”
- **As ‘Liberation 2.0’ gets underway, a rebound in uncertainty is upon us:** “Participants observed that uncertainty about the economic outlook had diminished amid a reduction in announced and expected tariffs, which appeared to peak in April and had subsequently declined, but that overall uncertainty continued to be elevated.”

Bottom Line:

A divide in the Committee was evident in the dot plot, and today’s minutes made it clear that there were several trajectories for policy, dependent on the data going forward. Tariffs remain centre stage, and the exact impacts of such - on economic activity and inflation - remain unknown in timing and magnitude, which the minutes allude to plenty. While uncertainty on the trade war front had diminished at the time of the June meeting relative to ‘Liberation Day’, tariff noise is picking back up once again, with the White House assigning new rates beginning early this week. Policymakers flagged that cost pressures from tariffs will likely present themselves in a lagged fashion, but eventual impacts could be more limited if trade deals were reached. As we’re seemingly back in ‘escalation’ territory, tariff rates are to remain elevated, further clouding the outlook and allowing the Fed to continue their patient and ‘well-positioned’ stance as they await the impacts. That’s especially going to be the case should the labour market continue its strong performance. Still, downside risks to growth and jobs are evident, and the dual mandate balancing act may get even more interesting as uncertainty persists.

July 30th may be too early for easing but September remains very much live for a potential first cut of the year. While markets are leaning that way, it’s still far from assured in our view with the decision likely coming down to inflation. A continued lack of tariff impacts will give the Fed the green light, but signs of price pressure will put them in a difficult position. If the unemployment rate remains steady, policymakers would likely hold as they await tariff pass-throughs to present themselves in data. A coincident rise in the jobless rate, however, could be consistent with easing unless it was offset by a clear tariff-led surge in summertime prices. In such a case, the decision would come down to the ‘lesser of two evils’.

The FOMC’s next policy rate decision will conclude on July 30th (and will not include an updated Summary of Economic Projections). Current OIS pricing indicates a minimal chance of a 25bp rate cut at that meeting.

Market View - Not all currencies created equal in de-dollarization trend

The end of 2025:Q1 was a genuinely exceptional moment in time, as the imminent announcement of U.S. tariffs had cast a pall. Suffice it to say, this was hardly a static or normal environment, which must be kept in mind when digesting the IMF’s latest FX reserve data.

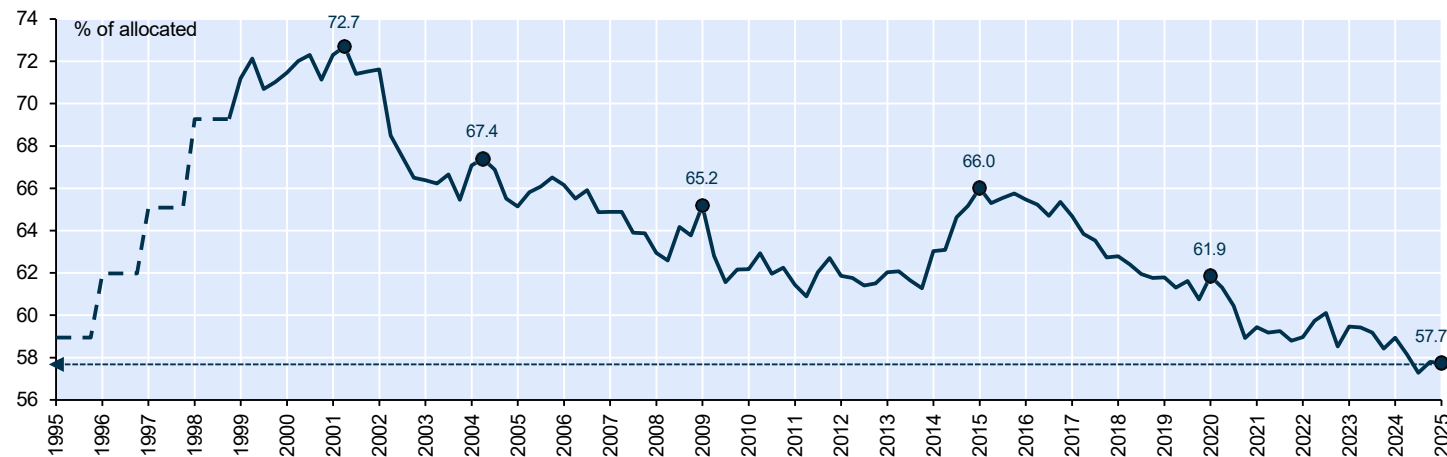
The official release in question—formally known as the Currency Composition of Official Foreign Exchange Reserves report or COFER for short—provides a detailed allocation of official FX reserve holdings by major currency as of March 2025 (i.e., in the run-up to “Liberation Day” on April 2nd). And it seems reserves managers opted for material adjustments to their portfolios in Q1. Amidst a broader, longer-standing ‘de-dollarization’ trend, FX reserves managers reportedly moved out of JPY and into GBP in the first quarter. Similarly, FX reserves managers apparently dumped AUD in favour of CHF, the quarter-over-quarter swings for both ‘aussie’ and ‘swissy’ legitimately unprecedented.

As for the Canadian dollar, it would be fair to say that investors had been somewhat anxious early in the year, given the outsized impacts that could accrue from U.S. trade protectionist policies. Indeed, the share of official FX reserves allocated to CAD slipped a touch in Q1. Mind you, that undid only a fraction of earlier gains. And it’s still the case that no other major reserve currency has received a larger net allocation since COVID first hit. Moreover, judging from the loonie’s recovery in

Q2, foreign investors (including but not limited to reserves managers) appear more at ease with Canada exposure, whether that is expressed in foreign exchange, equity or fixed-income markets.

Figure 1: A longer-term perspective on notional 'de-dollarization' trend

Share of official FX reserves allocated to USD



Source: NBC, IMF | Note: 1995-1998 (dotted line) are end-of-year shares; quarterly data (solid line) from 1999:Q1 onwards; latest data point refers to 2025:Q1

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Evercore ISI - Global Policy & Central Banking Strategy

Flash Note - Fed Minutes Show Range of Views on Inflation, Broad Support for Wait-and-Learn But Most Expect to Cut This Year.

No bombshells in the Fed June minutes but confirmation of themes that have emerged since.

The Fed staff presented an “improved economic outlook” relative to May on less extreme tariff policy with unemployment projected to rise less though still remain a little above its natural rate through 2027 and inflation also projected to increase less and return to 2 per cent by 2027.

Policymakers agreed that uncertainty had “diminished” though it remained “elevated” with ongoing risks to both sides of the Fed’s mandate but that “these risks had decreased as expectations about effective tariff rates and their effects had declined from levels in April.”

The minutes suggest consensus tariffs are still “likely to put upward pressure on prices” but with “considerable uncertainty” around the “timing, size and duration of these effects”.

“Many” observed that it might take time for tariffs to show up in inflation data - consistent with Powell’s warning the Fed still expects to see tariff inflation emerge over the summer.

“Several” flagged the risk that this could be amplified by supply chain disruptions / diminished productivity. “Several” worried about unrelated price increases.

However “many” also thought the ultimate effects on inflation could be more “limited” if trade deals are reached quickly or companies prove able to quickly adjust supply chains and use other margins of adjustment.

And “several” thought price resistance from customers could limit pass-through.

“Several” saw immigration policy limiting labor supply, while “most” expected labor demand to weaken and “many” expected a “gradual softening” of labor market conditions.

With the labor market still seen “solid” there was broad agreement policy remains “well-positioned” and the Fed could afford to wait to learn over the summer, even though a “couple” - Waller and Bowman - expressed a readiness to entertain a cut in July.

The minutes underline “most” expected it likely would be appropriate to cut rates this year, though “some” saw no cuts.

We think this is consistent with our view that, conditional on inflation being in line to better than currently seen, the standard for a Fed September cut is now ongoing softening in the labor market rather than more material weakening.

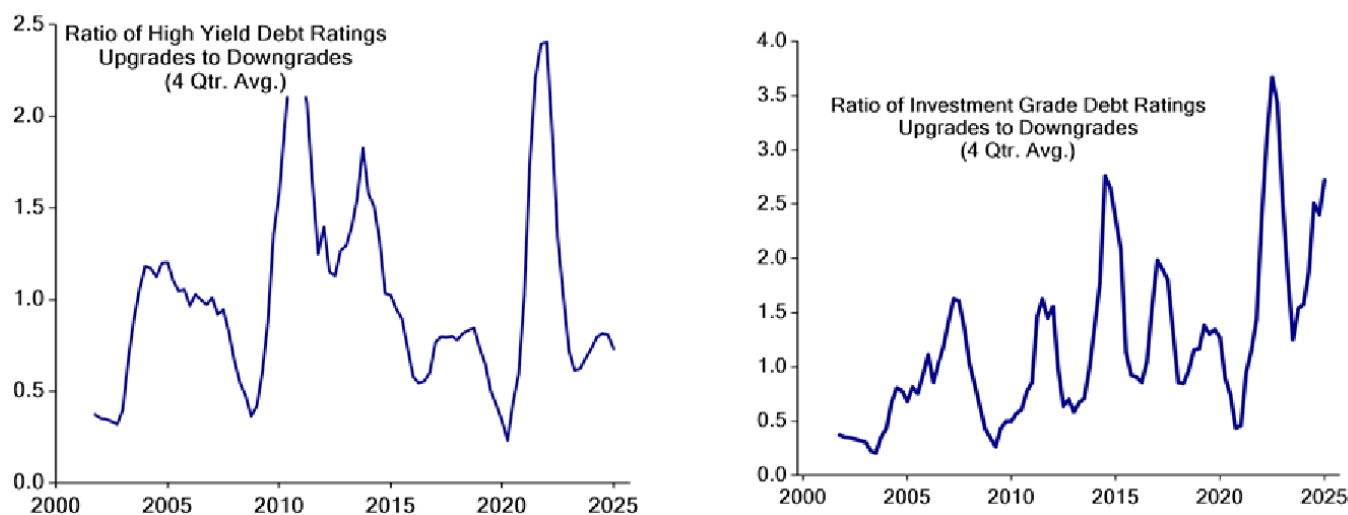
Evercore ISI - Economics & Fixed Income Strategy

Earnings Surprises Are Pushing Debt Ratings Upgrades More For Investment Grade and High-Yield

With 2Q earnings season to start next week, we expect earnings should again surprise to the upside. That is favorable for lower credit spreads. Though revenue growth is slowing, operating EPS should be up over +10% y/y. This earnings surprise is close to the historical average. As a result of solid earnings and cash flow growth, quality of the balance sheet has improved, debt ratings upgrades have been boosted, and investment flow into the credit space has accelerated. This is a favorable combination for credit returns. Corporate credit spreads are near record lows. This market is pricing in a ‘perfect’ outcome for tariff, inflation and growth fears. That still seems unlikely.

But earnings and revenue surprises are not uniformly spread across sectors. Tech and financials should beat expectations by widest margins in 2Q as they have witnessed better pricing power than the overall market (see Evercore ISI pricing power rankings). But communication services and energy should witness disappointing 2Q earnings surprises. Those sectors dominate the bottom quartile of our pricing power rankings.

Figure 5: Better-Than-Expected Earnings Growth Has Turned Up the Ratio of Debt Ratings Upgrades to Downgrades More in the Investment Grade Space Than the High-Yield Space.



Source: Evercore ISI Research

First Edition Calls

This Week on TEAMS:

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

TUESDAY: Kyle Dahms, NBC Economist - [8:30 am English call](#) / [9h00 appel français](#)

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

THURSDAY: Cameron Doerksen, NBCFM Aerospace & Transport Analyst - [8:30 am English call](#) / [9h00 appel français](#)

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

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

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