

Internal use only

July 15, 2025

U.S. EQUITY FUTURES				COMMODITIES/ FX			
	LAST	CHANGE	%CHG		LAST	CHANGE	
Dow Jones MINI futures	44,648.00	-44.00	-0.10%	CRUDE OIL WTI	\$66.93	-\$0.05	
S&P500 MINI futures	6,335.75	24.75	0.39%	NATURAL GAS	\$3.45	-\$0.01	
NASDAQ MINI futures	23,193.50	158.00	0.69%	GOLD	\$3,350.99	\$7.47	
CANADA EQUITY MARKET				COPPER	\$5.49	-\$0.03	
	LAST	CHANGE	%CHG	CAD / USD	\$0.7311	\$0.0017	
S&P/TSX 60 futures	1,621.40	3.20	0.20%	CAD / EUR	€ 0.6261	€ 0.0008	
OVERSEAS MARKETS				USD / EUR	€ 0.8564	-€ 0.0008	
	LAST	CHANGE	%CHG	USD / JPY	¥147.98	¥0.28	
STOXX EUROPE 600 INDEX	548.18	1.19	0.22%	GOVERNMENT BONDS			
FTSE 100 INDEX	9,000.92	2.86	0.03%		2YR	5YR	10YR
DAX GERMANY	24,202.77	42.13	0.17%	CANADA (YLD%)	2.77%	3.05%	3.51%
CAC 40 Index	7,811.29	3.12	0.04%	U.S. (YLD%)	3.91%	3.97%	4.41%
NIKKEI 225 INDEX	39,678.02	218.40	0.55%				
HANG SENG INDEX	24,590.12	386.80	1.60%				
SHANGHAI COMPOSITE INDEX	3,505.00	-14.65	-0.42%				

Source: LSEG

## Morning News

In Canada, annual inflation rate rose to 1.9% in June versus 1.7% in the prior month, as increases in the price of automobiles and clothing and footwear pushed the index higher. Shelter prices, which account for up to 30% of the CPI basket weight and comprises mortgage and rent, rose by 2.9%, its first drop below 3% in more than four years. On a monthly basis the CPI increased 0.1%, matching analysts' forecasts. It is the third month in a row that the CPI has been under 2%, or the mid-point of Bank of Canada's inflation target range and this was the last major economic indicator to be released before the Bank of Canada's rates decision on July 30. Economists are predicting that the slight rise in prices across many segments, along with a strong employment number last week, is likely to take away any incentive to cut interest rates. Money markets were betting the odds for a rate cut at just over 15% after the data was released. In the U.S., consumer prices picked up in June, likely marking the start of a long-anticipated tariff-induced increase in inflation that has kept the Federal Reserve cautious about resuming its interest rate cuts. The Consumer Price Index (CPI) increased 0.3% last month after edging up 0.1% in May. That was the largest gain since January. In the 12 months through June, the CPI advanced 2.7% after rising 2.4% in May. Inflation readings came in on the low side in February through May, as inflation has been slow to respond to the sweeping import duties Trump announced in April because businesses were still selling stock accumulated before the tariffs came into effect. Economists expect higher goods prices to prevail through the summer. Excluding the volatile food and energy components, the CPI rose 0.2% in June after edging up 0.1% in the prior month. In the 12 months through June, core CPI inflation increased 2.9% after rising 2.8% for three straight months. The U.S. central bank is expected to leave its benchmark overnight interest rate in the 4.25%-4.50% range at a policy meeting later this month. U.S. and Canadian stock index futures extended gains this morning on strong bank earnings and a fresh jump from chip giant Nvidia. Elsewhere, China's economy slowed less than expected in the second quarter in a show of resilience against U.S. tariffs, though analysts warn that weak demand at home and rising global trade risks will ramp up pressure on Beijing to roll out more stimulus. The world's No. 2 economy has so far avoided a sharp slowdown in part due to policy support and as factories took advantage of a U.S.-China trade truce to front-load shipments, but investors are bracing for a weaker second half as exports lose momentum, prices continue to fall, and consumer confidence remains low. Data showed China's gross domestic product grew 5.2% in the April-June quarter from a year earlier, slowing from 5.4% in the first quarter, but just ahead of analysts' expectations in a Reuters poll for a rise of 5.1%.

## U.S Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:30	Core CPI MM, SA	Jun	0.3%	0.2%	0.1%	
08:30	Core CPI YY, NSA	Jun	3.0%	2.9%	2.8%	
08:30	CPI MM, SA	Jun	0.3%	0.3%	0.1%	
08:30	CPI YY, NSA	Jun	2.6%	2.7%	2.4%	
08:30	Real Weekly Earnings MM	Jun		-0.4%	0.3%	
08:30	CPI Wage Earner	Jun			314.839	
08:30	NY Fed Manufacturing	Jul	-9.00	5.50	-16.00	

## Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:30	CPI Inflation MM	Jun	0.1%	0.1%	0.6%	
08:30	CPI Inflation YY	Jun	1.9%	1.9%	1.7%	
08:30	CPI BoC Core YY	Jun		2.7%	2.5%	
08:30	CPI BoC Core MM	Jun		0.1%	0.6%	
08:30	CPI Median	Jun	3.0%	3.1%	3.0%	
08:30	CPI Trim	Jun	3.0%	3.0%	3.0%	
08:30	CPI Common	Jun		2.6%	2.6%	
08:30	Manufacturing Sales MM	May	-1.3%	-0.9%	-2.8%	-2.7%

## Chart of the day

### China second-quarter growth slows in Q2 2025

China's economy slowed in the second quarter as analysts warn of underlying weakness and rising risks that will ramp up pressure on Beijing to roll out more stimulus.



Source: LSEG Reuters

## Morning News

**B2Gold Corp:** The miner will spend \$740 million to develop its Gramalote mine in central Colombia, the company said on Monday while announcing the results of the project's feasibility study. The company said the project is expected to have a mine life of 11 years and a processing plant life of 13 years. The study projects average annual gold production at 227,000 ounces during the first five years, and 177,000 ounces per year over the mine's total operating life, B2Gold said.

**Brookfield Asset Management Ltd, Brookfield Renewable Partners LP and Alphabet:** Brookfield Asset Management, Brookfield Renewable Partners and Google announced an agreement to deliver up to 3,000 megawatts of hydroelectric capacity across the U.S. The companies said the first contracts executed under the agreement are for Brookfield's Holtwood and Safe Harbor hydroelectric facilities in Pennsylvania. Under the agreement, Google has the ability to procure carbon-free electricity from up to 3,000 MW of hydroelectric assets that will be relicensed, overhauled or upgraded to extend the asset's useful life and continue adding power to the grid.

**Newmont Corp:** The gold miner said on Monday its CFO Karyn Ovelmen has resigned and named insider Peter Wexler as interim CFO until a permanent successor is selected. Wexler previously served as chief legal officer of Schneider Electric for 15 years before joining Newmont in March 2024.

## NBF Research

### RATING AND TARGET PRICE CHANGES

Industrial Products - [Names are expensive, but you need to own something + Q2/25E preview](#)

Real Estate - [Q2/25 Preview: Risk perception improving, now we need reality to follow suit](#)

Cargojet Inc. - [Maintain Outperform ahead of Q2/25 results; Target: C\\$123 \(Was C\\$121\)](#)

Maple Leaf Foods Inc. - [Q2 2025 Preview: Continued EBITDA margin improvement y/y from...; Target: C\\$31 \(Was C\\$30\)](#)

PrairieSky Royalty Ltd. - [Duvernay Gaining Momentum; Target: C\\$32 \(Was C\\$30\)](#)

RioCan REIT - [Upgrade to Outperform: Relative...; Stock Rating: Outperform \(Was SP\); Target: C\\$19 \(Was C\\$18\)](#)

### DAILY BULLETIN HIGHLIGHTS

#### INDUSTRIAL PRODUCTS - Names are expensive, but you need to own something + Q2/25E preview

**Event:** Q2/25E expectations / positioning; better relative value resides in smaller caps.

**Key Takeaways:** Narratives are latching onto defense, infra, nuclear, and supply chain re-localizations to justify sustained or perhaps even accelerating momentum; long term, we agree; however, we have been taking some chips off the table as we sense that the time horizon around spending materializing into companies' EPS is running counter to immediacy or quantum. At the same time, the global concerted push to outrun government balance sheets through down-the-line faster growth does make us think that, as has been the case historically, being long capital is the best defense to protect against potential inflation. The relative value (and best ideas) now firmly resides in the smaller cap cohort for us - namely, ATS, SJ and RUS.

#### REAL ESTATE - Q2/25 Preview: Risk perception improving, now we need reality to follow suit

**Event:** This report contains our updated forecasts, target prices and ratings heading into the Q2 reporting season. It also includes our outlook and preferred names based on total return by asset class.

**Key Takeaways:** Modest target adjustments on flat NAVs as a perceived reduction in risk justifies trimming discounts. We have taken our target prices up by 3% on average as progress is made on global trade relationships, although this largely reflects a reduction in our application of discounts to NAV when arriving at targets as higher underlying government bond

yields (+43 bps) were offset by lower corporate spreads (-41 bps). The latter resulted in an unchanged cap rate and NAV profile as our outlook on future growth was largely unchanged. We still expect tempering effects over the near term from heightened supply combined with slowing population growth. On a medium-to-longer term basis, our bias has shifted positively but uncertainty remains. Asset class pecking order shuffle with Seniors leading the way, industrial a risk-on trade with retail in a tie with apartments as relative growth profiles converge. By total return we favour seniors (19%), industrial (13%), retail & apartments (11%), diversified (6%) and office (3%).

## RIOCAN REAL ESTATE INVESTMENT TRUST - Upgrade to Outperform: Relative trading lag disproportionate to expected headwinds

REI.UN (TSX):	C\$17.82	Event: Rating Change
Target:	C\$19.00 (Was C\$18.00)	<b>Key Takeaways:</b> We are moving to an Outperform rating on RioCan given relative trading underperformance to date vs. the potential financial implications of HBC and the condo portfolio. Risk perception seems to have improved and REI is poised to benefit from a reversion trade (-2.9% price return YTD, which is lowest in our retail coverage - only PMZ has a negative return in the same period). Uncertainty remains on the periphery of the portfolio, but REI's core retail operations remain strong with peer-leading leasing spreads and full occupancy. The REIT has optionality in dealing with its exposure to the Bay, has been successful in monetizing its condo inventory and saw some strong pricing on recent apartment disposition activity. Balance sheet capacity should improve given the latter two points.
Stock Rating:	Outperform (Was Sector Perform)	
Est. Total Return:	13.1%	

## OTHER COMMENTS

[Weekly Canadian Financial Services](#)

[Weekly E&P Talking Points: WTI, NYMEX, SDE, CNQ](#)

[Weekly Energy Infrastructure Review: Politicians rope for new pipelines during Stampede week...](#)

[Weekly Sustainable Infrastructure and Clean Tech](#)

## RESEARCH FLASHES

Artemis Gold Inc. - [Q2/25 Commercial Production ~In Line, Guidance Reiterated](#)

B2Gold Corp. - [FS and Higher Gold Price Defend Gramalote Next Mine Potential](#)

Innervex Renewable Energy Inc. - [Deal Could Close Sooner than Expected](#)

Newmont Corporation - [Newmont CFO Resignation; Company Announces Interim Replacement](#)

Wesdome Gold Mines Ltd. - [Q2/25 Production ~In Line, Eagle Outperformance Offsets Kiena](#)

## Evercore ISI Research

## CANADIAN HIGHLIGHTS

### Surface Transportation

#### *The Rail Review: Volume Gap Widens*

- Class I rail volumes saw a modest uptick of 1.5% year over year for week 28, 2025. Excluding BNSF, which has a reporting delay, the growth was more robust at 3.9%. Union Pacific led the pack with a notable 10.2% increase in carloads. However, Norfolk Southern was the only rail company to experience a decline, down 1.9%.

- **Union Pacific's Strong Performance:** Union Pacific topped the growth chart with a 10.2% increase in carloads, reflecting strong operational momentum.
- **Norfolk Southern's Decline:** Norfolk Southern reported a 1.9% drop in volumes, marking it as the weakest performer among peers.
- **Commodity Breakdown:** Auto volumes surged by 8%, while Forest Products were the only laggard, down 6.6%.
- **Additional Key takes:**
  - **CSX Management Cuts:** CSX trimmed 125 management positions, aiming to boost productivity.
  - **Jaxport's Advantage:** Jaxport is set to benefit from reduced transit times with the revised Premier Alliance East Coast service.
  - **STB Revenue Adequacy:** STB shifts focus from revenue adequacy rules to prioritize other projects, affecting Union Pacific's previous petition.
  - **BNSF vs. UNP Dispute:** BNSF seeks emergency STB intervention over trackage rights disputes with Union Pacific.
  - **UNP's New Opportunity:** Union Pacific wins a contract to serve Roehm America's new petrochemical plant in Texas, enhancing its service portfolio.
- Thoughts remain with those affected by the natural disasters in Texas Hill Country.

## Canadian stocks ratings and target changes across the street

Aecon Group Inc ARE.TO: National Bank of Canada raises target price to C\$23 from C\$22

Allied Properties REIT AP\_u.TO: National Bank of Canada raises target price to C\$16.25 from C\$14.25

AutoCanada Inc ACQ.TO: National Bank of Canada raises target price to C\$28 from C\$25

Automotive Properties REIT APR\_u.TO: National Bank of Canada raises target price to C\$11.50 from C\$10.75

BSR REIT HOMu.TO: National Bank of Canada raises target price to US\$13.75 from US\$13.50

BTB REIT BTB)u.TO: National Bank of Canada raises target price to C\$3.40 from C\$3.35

Canadian Apartment Properties REIT CAR\_u.TO: National Bank of Canada raises target price to C\$50 from C\$49

Cargojet Inc CJT.TO: National Bank of Canada raises target price to C\$123 from C\$121

Dream Industrial REIT DIR\_u.TO: National Bank of Canada raises target price to C\$13 from C\$11.50

Dream Office REIT D\_u.TO: National Bank of Canada raises target price to C\$16.50 from C\$16

Exchange Income Corp EIF.TO: BMO initiates coverage with market perform rating; C\$59 target price

Finning International Inc FTT.TO: National Bank of Canada raises target price to C\$58 from C\$53

First Capital REIT FCR\_u.TO: National Bank of Canada raises target price to C\$19.50 from C\$19

Granite REIT GRT\_u.TO: National Bank of Canada raises target price to C\$78.50 from C\$71

Killam Apartment REIT KMP\_u.TO: National Bank of Canada raises target price to C\$21.75 from C\$20.75

Maple Leaf Foods Inc MFI.TO: National Bank of Canada raises target price to C\$31 from C\$30

Maple Leaf Foods Inc MFI.TO: TD Cowen raises target price to C\$41 from C\$38

Methanex Corp MEOH.O: Raymond James raise target price to US\$45 from US\$40

Minto Apartment REIT MI\_u.TO: National Bank of Canada raises target price to C\$15 from C\$14

Nexus Industrial REIT XNR\_u.TO: National Bank of Canada raises target price to C\$8 from C\$7.25

North American Construction Group Ltd NOA.TO: National Bank of Canada cuts target price to C\$40 from C\$41

Northview Residential REIT NRR\_u.TO: National Bank of Canada cuts target price to C\$17 from C\$17.50

Northwest HealthCare NWH\_u.TO: National Bank of Canada cuts target price to C\$5.60 from C\$5.65

PrairieSky Royalty Ltd PSK.TO: National Bank of Canada raises target price to C\$32 from C\$30

Precision Drilling Corp PDS.N: Piper Sandler initiates coverage with overweight rating; US\$72 target price  
 Primaris REIT PMZu.TO: National Bank of Canada raises target price to C\$15.50 from C\$15.25  
 PRO REIT PRV\_u.TO: National Bank of Canada raises target price to C\$6 from C\$5.50  
 RB Global Inc RBA.N: National Bank of Canada cuts target price to US\$112 from US\$115  
 RioCan REIT REI\_u.TO: National Bank of Canada raises to outperform from sector perform; raises target to C\$19 from C\$18  
 Shopify Inc SHOP.N: Stifel raises target price to US\$110 from US\$100  
 Sienna Senior Living Inc SIA.TO: National Bank of Canada raises target price to C\$21 from C\$20  
 Stantec Inc STN.TO: National Bank of Canada raises target price to C\$162 from C\$147  
 StorageVault Inc SVI.TO: .TO: National Bank of Canada raises target price to C\$4.75 from C\$4.50  
 Thomson Reuters Corp TRI.TO: TD Cowen raises target price to C\$305 from C\$260  
 Wajax Corp WJX.TO: National Bank of Canada raises target price to C\$22 from C\$20

## S&P/TSX Composite Index Earnings Calendar

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

Company	Symbol	Time	Consensus EPS Estimate
Cogeco Communications Inc	CCA.TO	AMC	1.91

Source: LSEG

## Morning News

**Bank of New York Mellon Corp:** The bank's profit jumped in the second quarter, the Wall Street bank reported, driven by higher interest income and fee revenue growth, as client portfolios swelled due to a recovery in the equity market. BNY's assets under custody and administration rose 13% in the quarter ended June 30 to \$55.8 trillion from a year earlier. Its total revenue climbed 9% and exceeded \$5 billion for the first time in a quarter. Net interest income - the spread between earnings from assets and costs on liabilities - also rose 17%. Analysts on average had forecast growth of 11.8%.

**BlackRock Inc:** The asset management giant's assets under management hit a new high in the second quarter as global markets rallied on the prospect of trade deals and interest-rate cuts from the U.S. Federal Reserve, brushing aside earlier tariff-related jitters. BlackRock's assets under management rose to \$12.53 trillion in the quarter ended June 30, from \$10.65 trillion last year. However, long-term net inflows fell to \$46 billion in the quarter, down 9.8%. Its total revenue - most of which is earned as a percentage of assets under management - rose to \$5.42 billion from \$4.81 billion a year ago. Adjusted profit came in at \$1.88 billion, or \$12.05 per share, for the three months ended June 30, up from \$1.55 billion, or \$10.36 per share, a year earlier.

**JPMorgan Chase & Co:** The bank's profit fell in the second quarter, reflecting a difficult comparison to last year when the bank had recorded a one-time accounting gain. Profit was \$14.99 billion, or \$5.24 per share, for the three months ended June 30, compared with \$18.15 billion, or \$6.12 per share, a year earlier, the bank said. Market activity surged as investors seized opportunities and hedged risks in response to shifting U.S. tariff policies. The turmoil propelled trading revenue 15% higher to \$8.9 billion, driven by gains in both fixed income and equities. JPMorgan's investment banking fees rose 7% to \$2.5 billion, underpinned by a rise in initial public offerings and mergers and acquisitions.

**Zeekr Intelligent Technology Holding Ltd:** Geely Automobile will acquire the chunk of electric-vehicle maker Zeekr that it does not already own for \$2.40 billion, the companies said in separate statements. Geely is offering \$2.687 for every share for the 892.7 million units it does not already own in Zeekr.

## Evercore ISI Research

### FOCUS RESEARCH

#### Southwest Airlines Co. (LUV) (In Line, TP: US\$40.00).

##### *Lowering Rating to In-Line from Outperform*

Southwest Airlines' shares have been downgraded to In-Line from Outperform due to year-to-date outperformance and expanded valuation. These shares are now closer to what we view as fair value, reflecting the anticipated success of upcoming initiatives. Valuation and Performance: LUV is one of the few US Airlines showing a positive trajectory this year, up 12% YTD, while others like DAL and UAL are facing declines. Despite this, the valuation has expanded significantly, and the market seems to have priced in future initiatives. Operational Adjustments: Southwest is implementing changes to enhance margins, expected to recover by 4Q25. However, the consensus EPS for '25 has seen a substantial decrease. Buyback Strategy: The aggressive share buyback pace, a key driver for YTD outperformance, may not be sustainable longterm.

Additional Key takes:

- **Industry Dynamics:** The industry backdrop could shift, with Southwest's historical lack of segmentation making it vulnerable to competition.
- **Product Enhancements:** New offerings like assigned seating and premium options in 1H26 could drive better earnings contributions.

Overall, while Southwest's recent performance is commendable, the road ahead requires careful navigation amid valuation concerns and competitive pressures.



## TARGET PRICE CHANGE

### Retail Broadlines & Hardlines

#### *The Week Ahead & Comps Sheet*

The upcoming week is packed with earnings reports and investor events, offering a wealth of insights for strategic positioning. Our Fab 5 stocks continue to exhibit strong potential, with each company poised to capitalize on distinct market dynamics.

**Share-Gaining Winner:** O'Reilly Automotive (ORLY) continues to shine with its share-gaining momentum, making it a standout in the auto parts sector.

**Pricing Power & Margin Recovery:** Sherwin-Williams (SHW) is leveraging its pricing power to drive margin recovery, a positive indicator for investors.

**Defensive Growth:** Walmart (WMT) remains a solid choice with its defensive growth strategy, marked by rising traffic and improving margins.

**Home Improvement Exposure:** Home Depot (HD) benefits from a favorable home improvement market, enhancing its appeal.

**Valuation Pullback:** Amazon (AMZN) shows strong fundamentals with a recent valuation pullback, offering a compelling entry point. **Additional Key Takes:**

- **Short Interest Updates:** We've refreshed our short interest data, providing a clearer picture of market sentiment across our coverage.
- **Upcoming Earnings & Events:** Key dates include ACI EPS on 7/15, KMX Investor Deep Dive on 7/16, and several EPS releases through the end of July, culminating with AMZN's likely report on 7/31.

Stay tuned for these critical updates, which could provide pivotal insights for navigating the current market landscape

## COMPANY UPDATE

### BlackRock, Inc. (BLK) (Outperform; TP:\$1170.0)

#### *Can Procter's reorganization drive gains in Amazon?*

Just Hitting Stride BLK's Q2 results exceeded expectations with a notable EPS beat, driven by significant net investment gains. Despite a rocky start, revenue aligned with projections, and expenses were lower than anticipated. A standout was the \$46bn in long-term flows, although tempered by a substantial \$52bn index redemption. **Flows and Growth:** BLK saw \$85bn in ETF inflows, marking an impressive 11% LTM organic growth, and an 18% increase in AUM to \$12.5 trillion. This positions them favorably heading into Q3, especially with the \$165bn AUM boost from HPS. **Innovation and Product Expansion:** The firm is pushing boundaries with new products, including a custom TDF glidepath and ventures in digital assets and India. This could drive higher estimates as the market grows and new products roll out.

**Additional Key takes:**

- **Investment Performance:** Equity and fixed income performance remains strong, with solid 1-, 3-, and 5-year returns.
- **Operational Challenges:** Operating margin faced pressure, compressing by 80bps y/y to 43.3% due to higher expenses.
- **Capital Management:** Consistent capital management with \$375mn in share buybacks, maintaining a steady approach.
- **Sector Risks:** Economic volatility, competition, and regulatory issues remain potential hurdles for BLK.

Overall, BLK continues to demonstrate resilience and adaptability, with growth in key areas offsetting some operational pressures. The outlook suggests potential for upward estimate revisions fueled by market expansion and innovative product offerings.

## OTHER COMMENTS

**Constellation Brands (STZ)** Concerns on changes to tariff structure with Mexico likely pressuring stock

**Empire State Realty Trust, Inc. (ESRT)** Puts & Takes On Newest Board Member

**Trade Desk Inc. (TTD)** Another 'Net Addition To The S&P500

**MasterCard Incorporated (MA)** Sticking to the script on agentic and stablecoins

**Keurig Dr Pepper, Inc. (KDP)** Cold beverages remains strong but coffee outlook uncertain

**Cerence Inc (CRNC)** Dropping Coverage of Cerence

## S&P500 Earnings Calendar

**Figure 1: S&P500 Earnings Calendar**

Company	Symbol	Time	Consensus EPS Estimate
Bank of New York Mellon Corp	BK.N	06:30	1.76
BlackRock Inc	BLK.N	BMO	10.78
Citigroup Inc	C.N	BMO	1.60
J B Hunt Transport Services Inc	JBHT.OQ	AMC	1.32
JPMorgan Chase & Co	JPM.N	BMO	4.48
Omnicom Group Inc	OMC.N	AMC	1.99
State Street Corp	STT.N	07:30	2.35
Wells Fargo & Co	WFC.N	07:00	1.41

Source: LSEG

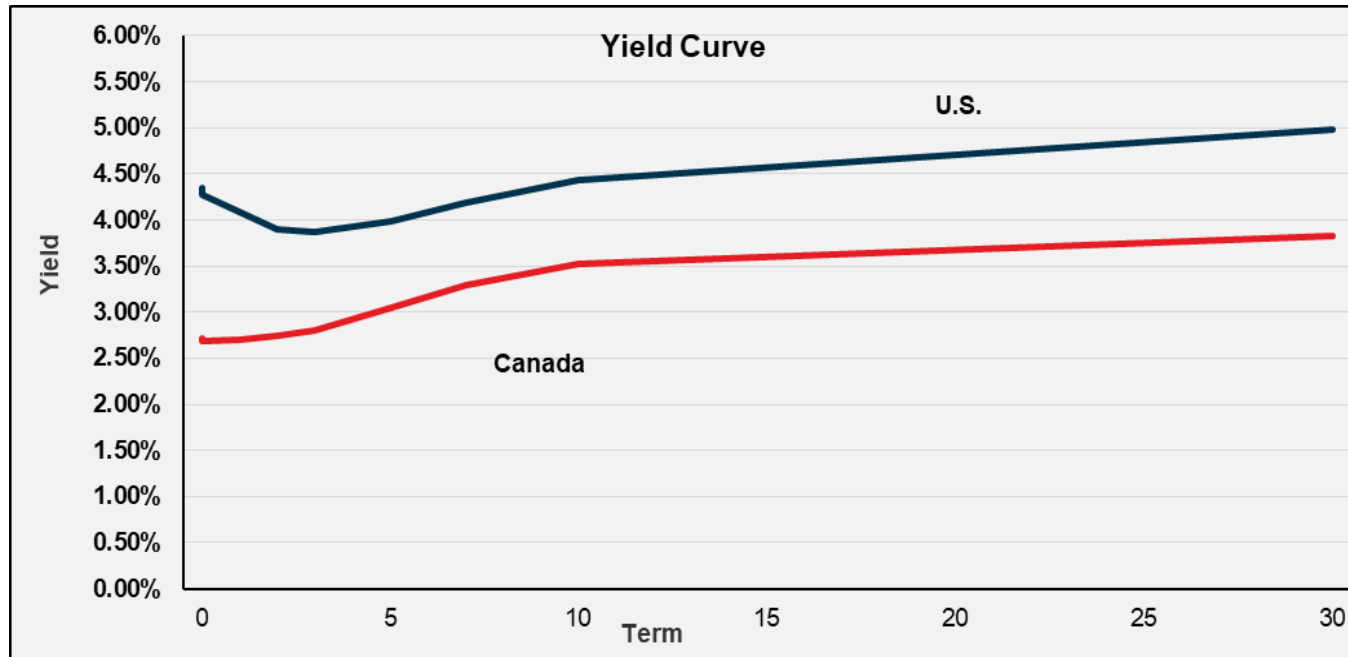


**Figure 1:** Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	3.06%	0.8
CDA Prime	4.95%	0.0	CDA 10 year	3.52%	0.1
CDA 3 month T-Bill	2.67%	0.0	CDA 20 year	3.78%	0.1
CDA 6 month T-Bill	2.71%	1.5	CDA 30 year	3.84%	0.1
CDA 1 Year	2.72%	1.0			
CDA 2 year	2.78%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.00%	1.6
US Prime	7.50%	0.0	US 10 year	4.43%	0.2
US 3 month T-Bill	4.26%	2.1	US 30 year	4.96%	-1.1
US 6 month T-Bill	4.29%	1.0	5YR Sovereign CDS	38.96	
US 1 Year	4.10%	1.9	10YR Sovereign CDS	43.94	
US 2 year	3.93%	2.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			668.14	0.01%	5.15%
BMO Laddered Preferred Shares (ETF)			11.73	0.09%	7.12%

Source: LSEG

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



Source: LSEG

## Market View - MTRS: Glass half full when it comes to provincial bond liquidity

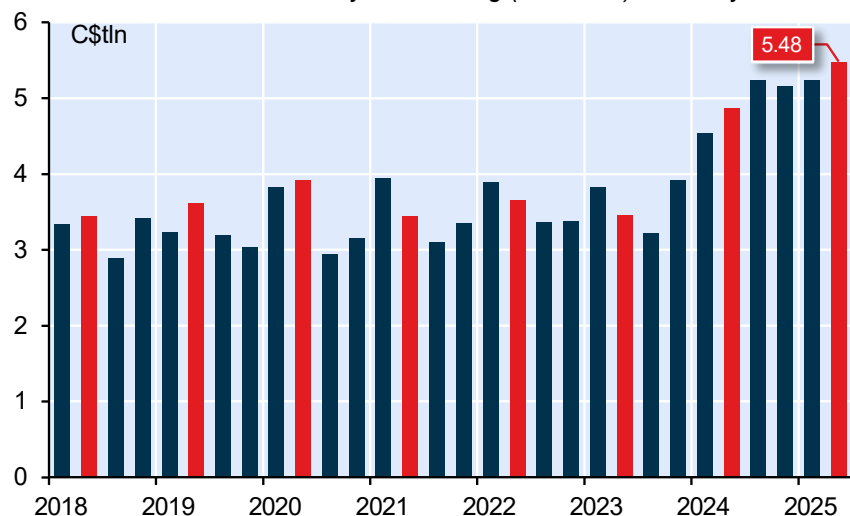
As far as mid-year check-ins go, Canada's domestic bond market appears to be functioning just fine thank you very much. Notwithstanding immense/ongoing geopolitical uncertainty, legitimate questions over the nation's fiscal direction and prospective counterparty concentration risks (leveraged hedge fund activity a noted issue), Canada's bond market is currently characterized by healthy levels of secondary liquidity. That broad theme was well in evidence in the latest MTRS secondary trading stats (for the month of June and thus closing out the first half of the calendar year). Total secondary bond trading – all sectors, all tenors, all counterparties – set a fresh quarterly record in 2025:Q2, leaving total trading up smartly on a year-to-date basis.

This MTRS-specific Market View trains a focus on a strategically important sector: provincial government bonds. Total secondary trade in domestic provis appears legitimately brisk, even if recent monthly tallies are a touch removed from all-time highs.

Sure, with relatively elevated primary issuance and a growing stockpile of outstandings, you'd expect plenty of provi bonds to be changing hands. Still, turnover ratios are rising, with good breadth and depth to counterparty engagement (and flows seemingly skewed to better buying of late, judging from tight spreads). Compared to some competing sectors, there's less concern over non-resident reliance/engagement. And there's relatively less concentration in dealer volumes in provis too. Half-year over and a glass half full. Check it out...

**Figure 1: Fresh record for total domestic bond trading in Q2**

*Canada total domestic secondary bond trading (all sectors): Quarterly*



Source: NBC, CIRO | Note: All dealers, all counterparties; Q2s highlighted in red

[Click here for full comments](#)

## Evercore ISI - Economics & Fixed Income Strategy

### Capital Markets Chronicle

#### Morning Thought

Today, June's CPI should post readings somewhat higher than is acceptable for the markets.

Gasoline prices (seasonally adjusted) are down. But the core CPI should advance +0.30% m/m. That said the y/y metrics for headline and core CPI should increase moderately. The influence of tariffs in inflation metrics for June is modest as the

significant tariffs to kick in place on August 1 should not affect the CPI until the Aug / Sep reports. And even the sales of goods on the shelves will not really reflect tariffs until January. It is an inventory issue. Finally, Fed officials - Bowman, Barr, Barkin, Login and Collins - are to speak.

### **Capital Markets**

The 10-year Treasury yield is little changed overnight. The 10-year Treasury yield is at 3.421%. Global developed sovereign yields are lower as it appears the U.S. and EU may not be able to strike a trade deal. Bitcoin and oil are lower overnight while the dollar and gold are higher. The EU is planning around 72 billion euro in counter measures against the Trump tariffs, primarily concentrated in aircraft and bourbon.

The burden of federal debt is up 2.5x where it was in 2021 largely because the average effective interest rate on debt is up 2x during that period. When the yield curve is completely normalized in early 2027, the effective interest rate will be around 3.73% and the average monthly cost of that debt will climb to around \$135 billion.

**Figure 2: U.S. Government Interest Payment 12 Month Moving Average (billions of \$)**



Source: Evercore ISI Research

## **Evercore ISI - Global Policy & Politics | Political Analysis**

### **Why Are So Many Imports from Canada & Mexico Continuing to Claim MFN Duty-Free Preference? Puzzle in Monthly Trade Data Raises Stakes of Trump's Latest Tariff Threats**

President Trump has renewed tariff threats against Canada (35%) and Mexico (30%) effective August 1, reprising an episode that kept investors on edge earlier this year. Once again, the key question to gauge the potential impact of this threat is the scope of the proposed tariffs.

In March, Trump exempted USMCA-compliant goods when he imposed 25% tariffs, limiting the overall impact and creating an incentive for non-compliant goods - particularly those that had previously entered duty-free under the U.S. Most Favored Nation (MFN) tariff schedule - to demonstrate USMCA compliance.

Many expect that Trump will again exempt USMCA-compliant goods, based in part on comments attributed to unnamed Administration officials last week. However, even with the USMCA compliance exemption continuing, investors may be underestimating the risk of new disruption.

Since the Canada/Mexico tariffs first went into effect in March, a significant share of imports has continued to claim duty-free preferences under MFN - 35% of imports from Canada and 41% of imports from Mexico, as of May. These shares are relatively little changed from the CY2024 averages.

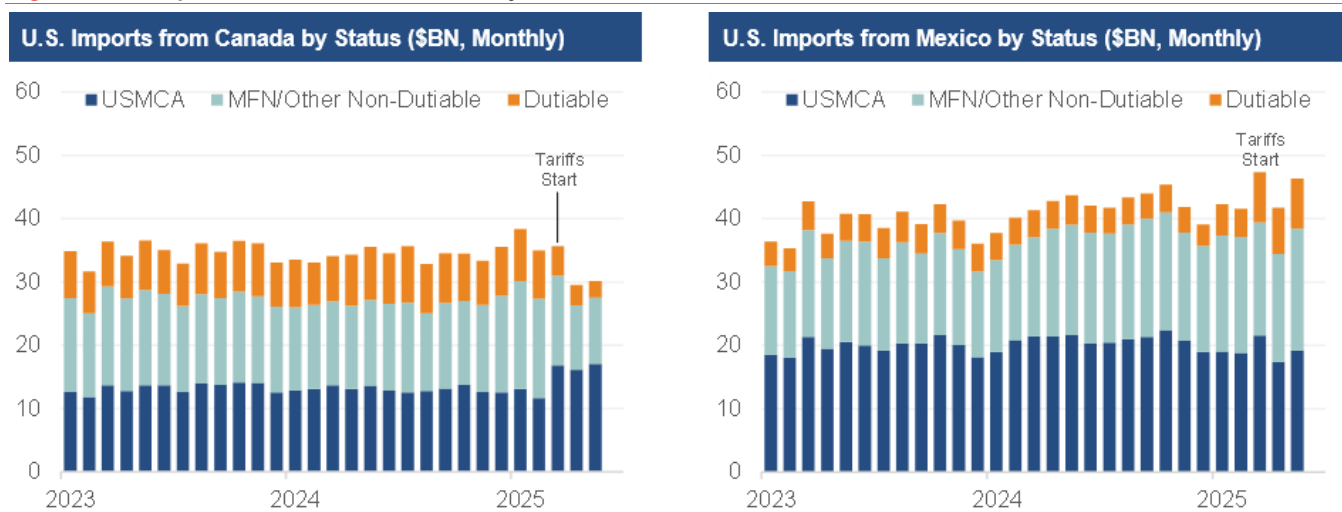
This is surprising, since our interpretation of the executive orders is that all non-compliant goods would face either the 25% border/fentanyl tariff or relevant sectoral tariffs - and that entering duty-free under MFN from Canada/Mexico would now be closed off.

Largely as a result of continued high MFN entry, the overall effective tariff on Canada and Mexico is just 2-4%, below the 11-15% we would predict.

One possibility is that importers may be legitimately confused about whether entering duty-free under MFN is still permissible (at one point Mexico's Economy Minister said most MFN goods would be able to qualify). Or, there may be some loophole in the structure of the executive orders that preserves the MFN pathway.

In any case, the latest threats against Canada and Mexico may give the Administration occasion to look at this issue. We think the Administration's intent is to close off the MFN pathway and prioritize USMCA compliance. Stronger enforcement here would make the Canada/Mexico tariffs far more economically impactful than they have been to date.

**Figure 3: U.S. Imports from Canada and Mexico by Status**



Source: U.S. ITC DataWeb, Evercore ISI analysis

## Real Estate chart breakouts

### Boardwalk REIT (BEI.un) - \$72.23



- The chart started its recovery process as it broke out of a six-month base at \$68.00 in late May.
- A bigger nine-month base is being completed as BEI.un breaks out across \$72.00.
- The stock is trading above both moving averages.
- Its 50-day is crossing above its 200-day as upside momentum gains strength.
- Target is low to mid-\$80s.

### Canadian Apartment Properties REIT (CAR.un) - \$45.60



- Key support around \$40.00 on the CAR.un chart was successfully tested and continues to hold.
- Seven months of basing action is being followed with an upside breakout at \$45.00 turning the trend back to the upside.
- The stock is trading above both moving averages as its 50-day is crossing above its 200-day.
- Target is low \$50s.

## StorageVault Canada Inc. (SVI) - \$4.22



- The SVI chart is starting to base out after a three-year bear market that cut the stock in half.
- Buying interest established support at \$3.55 after some testing.
- Recent strength took prices above both moving averages since last October.
- The chart is testing resistance at \$4.25 within its eight-month base.
- An upside breakout from here turns the trend positive and targets \$5.25.

Source: LSEG Priced as of July 14, 2025



## First Edition Calls

### This Week on TEAMS:

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

TUESDAY: Daren King, 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: Michael Doumet, NBCFM Waste Management 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](#)

## Research Services Publications (Links)

### Research Services Reports

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[Sector Rotation - Update](#)

[Vision Monthly - June 2025](#)

[Selection List - June 2025](#)

[Better than Bonds U.S. - July 2025](#)

[Better than Bonds Canada - July 2025](#)

[NBF Strategic List Quarterly Review - Q2/2025](#)

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### Convertible Debentures

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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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