Financial HARTbeat

Canada
Aug 6th 2026

Good Morning,

Canadian Financials percentage share of the TSX marks an 8 year high…this on its own is warning sign on valuations and levels..

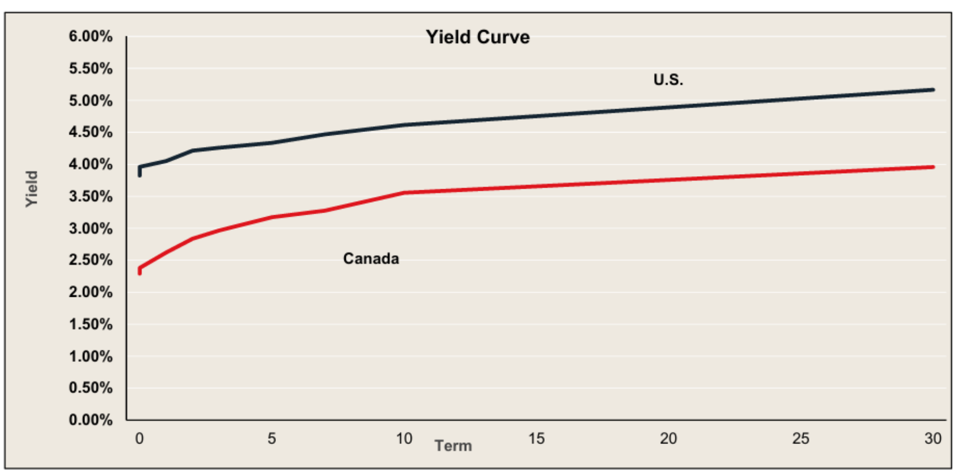
Oil and Gas volatility likely to continue swings in TSX over the short term…gold and silver seem to be shining again and bosting markets..

Shopify AI added a boost to their earnings as an interesting stand out as a company that is implementing AI and its adding to the bottom line..

Catch the playback of our Weekly Roundup [Click here]
Also, catch the playback of our Annual Outlook [Click here]

Chart of the Day: Yields curves still normal sloping…however, flattening is happening…

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



Source: LSEG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Top News

S&P 500 and Dow futures are steady this morning after this week's record breaking rally as investors await details on a Middle East peace deal, while Nasdaq futures slip as strong forecasts from Western Digital and Sandisk failed to impress. Strong earnings from tech leaders this reporting season have restored investor confidence that AI investments were being monetized, which helped the benchmark S&P 500 and the blue-chip Dow reclaim record highs earlier this week.

The Nasdaq is about 3% away from an all-time high, bouncing off last week's lows, which saw the index coming close to confirming a correction.

The Federal Reserve has been keen on the outlook for energy costs, with most central bankers voicing that they were prepared to act if price pressures increase. St. Louis Fed President Alberto Musalem is expected to speak on monetary policy later in the day. Probabilities for no change versus a rate hike in September are now closer to even, the CME FedWatch Tool showed. Last week, traders were pricing in a 37% chance for rates staying unchanged versus 63% for a rate increase. This morning, data showed the number of people claiming unemployment benefits in the US inched higher by 1,000 to 199,000 on the final week of July, slightly under market expectations of 202,000 to remain near the 57-year low of 188,000 two weeks prior (see chart).

Futures tracking Canada's main stock index edge higher as investors weigh the prospects of a U.S.-Iran peace deal alongside a largely positive slate of corporate earnings. At least six brokerages, including National Bank, hiked price targets for Shopify after the e-commerce firm forecast quarterly revenue above estimates. Meanwhile, gold climbs to a seven-week high, as hopes surrounding the re-opening of the Strait of Hormuz eased mounting fears around inflation and higher-for-longer interest rates. Oil prices gain as investors remain cautious about the Iran-Oman talks.

On the data front, Greater Toronto Area home sales rose in July for a fifth straight month and prices increased.

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European shares hit an intraday record high this morning, as investors assess the prospects of a U.S.-Iran peace deal and progress toward reopening the Strait of Hormuz, alongside a largely positive slate of corporate earnings. Analysts have steadily raised profit forecasts through the reporting season, with second-quarter STOXX 600 earnings now expected to rise nearly 21%, according to LSEG data, up from expectations of about 12.5% in early May.

Mainland China stocks ended mixed today, as higher gold prices boosted bullion-related shares and offset a pullback in technology stocks. In Hong Kong, insurers led losses after Reuters reported, citing sources, that China's mainland tax authorities had began levying taxes on insurance policy income earned offshore. South Korean stocks closed down 4.6% after falling as much as 5.5% during the session.

Japan's The tech-heavy Nikkei fell just over 2% at one point before ending the day down 0.9% as heavyweight tech stocks tracked losses among Wall Street peers, outweighing gains in most equities amid lower crude prices on rising hopes of a Middle East peace deal.

Value Stocks Surge (Argus)

We have three strategic asset-allocation models, targeting three risk-tolerance: Conservative, Growth, and Aggressive. We make tactical adjustments to the models based on our outlooks for the various segments of the capital markets. Performance matters, and we monitor it closely. Through July, stocks have taken the performance lead over bonds as long-term interest rates have risen to five-year highs. From an asset-allocation standpoint, our Stock-Bond Barometer model still sees both asset classes near fair value, so portfolio weights ultimately will depend on strategic goals. We are market-weight on large-cap stocks at this stage of the market cycle. We favor large-caps for growth exposure and financial strength, as well as exposure to the IT sector. Small- and mid-caps offer better valuation.

Our recommended exposure to small- and mid-caps is 12%-15% of equity allocation. One of the market surprises in recent quarters has been the performance of global stocks, which turned in impressive results last year and have been solid in 2026. We expect that the long-term trend favoring U.S. stocks ultimately will be re-established, given volatile global conditions. That said, international stocks still offer favorable near-term valuations, and we target 15%-20% of equity exposure to the group. In terms of

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growth and value, we anticipate that growth, led by the IT sector, will top returns from value over the longer term, led by Energy, Real Estate, and Materials, due to favorable secular and demographic trends. Value has taken the lead in 2026, after lagging for the past five years, and appears well-positioned for performance in the near term with longer-term interest rates at elevated levels.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

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

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.21%	3.2
CDA Prime	4.45%	0.0	CDA 10 year	3.60%	3.5
CDA 3 month T-Bill	2.29%	0.3	CDA 20 year	3.88%	3.5
CDA 6 month T-Bill	2.36%	-1.8	CDA 30 year	4.01%	3.6
CDA 1 Year	2.62%	-0.5			
CDA 2 year	2.90%	2.2			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.35%	2.8
US Prime	6.75%	0.0	US 10 year	4.64%	2.6
US 3 month T-Bill	3.74%	0.5	US 30 year	5.20%	2.7
US 6 month T-Bill	3.95%	1.1	5YR Sovereign CDS	39.73	
US 1 Year	4.04%	2.7	10YR Sovereign CDS	48.95	
US 2 year	4.21%	2.7			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			718.18	-0.01%	3.15%
BMO Laddered Preferred Shares (ETF)			13.02	-0.04%	5.60%

Source: LSEG

Keep looking forward! Have a great day!

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