Financial HARTbeat

Yields
Aug 18th 2026

Good Morning,

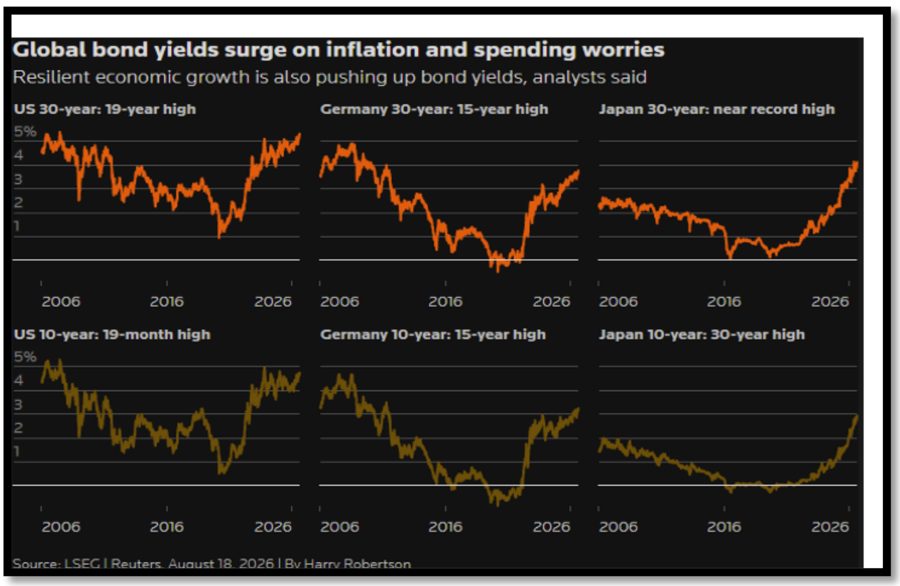
Yields are rising and the big question is why does this matter….borrowing costs rising for governments, institutions, individuals and most importantly growth companies…(Tech and all things AI)

US 30 year should be scaring everyone that knows anything about the US economy…this is bad bad bad and a serious warning shot to pay attention too…

Is this an opportunity? Can you start own longer bonds and they will go up and yields down as things break or have we reached a new paradigm?

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

Chart of the Day: Yields are rising…how long can the market take it..



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Top News

U.S. and Canadian trade negotiators were haggling over a potential reduction in President Donald Trump's tariffs on Canadian vehicles to 15% after some value content deductions. Canada faces a Wednesday deadline for steep new U.S. duties on $20 billion worth of other Canadian goods. If a deal can be reached, it would mark a significant reduction from Trump's current 25% "Section 232" national security tariff on autos imports that has threatened assembly line shutdowns in Canada. A sticking point remains over a U.S. demand that only the value of U.S.-specific content could be deducted from the autos tariffs, in line with the current U.S. practice.

Canadian negotiators are pushing for all North American content to be deducted, including parts from Canada and Mexico. These negotiations are separate from broader talks about renewing the trilateral U.S.-Mexico Canada Agreement on trade. The U.S. is currently only negotiating with Mexico. On the economic front, Canadian home sales rose for a fourth straight month in July and prices edged higher.

Data from the Canadian Real Estate Association showed home sales increased 0.5% month-over month in July. Sales were down 5.3% on an annual basis, without seasonal adjustment. The industry group's Home Price Index edged up 0.1% on the month, its first increase since November 2024, and was down 3.3% year over-year. Newly listed properties declined 1.6% month-over-month, marking the third straight decline. The sales-to-new listings ratio was at 51.3%, moving closer to the long-term average of 54.7%. On the construction side, Canadian housing starts unexpectedly fell in July compared with the previous month. The national housing agency showed that the seasonally adjusted annualized rate of housing starts fell 5% to 229,074 units, from a revised 240,773 units in June. Economists had expected starts to rise to 247,500.

In markets, long-term borrowing costs from the United States to Japan and Germany hit their highest levels in decades today, as renewed inflation worries added to nagging concerns about the fiscal pressures facing some of the world's biggest economies. In the U.S., two recent Treasury auctions also drew attention for their yields as the sale of 10-year notes cleared at a yield of 4.683%, the highest in 19 years, while the 30-year bond auction stopped at 5.216%, a 25-year peak.

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Treasury data showed yesterday that foreign holdings of U.S. Treasuries slid in June, led by declines in the holdings of Japan, the UK and China. Higher bond yields and chances of a peace deal between the U.S. and Iran fading, are driving futures tied to the S&P 500 and Nasdaq down this morning. Futures tracking Canada's main stock index also edged lower today despite oil prices trading at near three-week high.

Opportunities in Clean Energy (Argus)

The demand for clean energy in America is rapidly increasing as consumers and businesses alike prioritize sustainability and seek to reduce their carbon footprints. Government policies and incentives, along with growing environmental awareness, are driving substantial investments in renewable energy sources and technologies to meet this escalating need. United in concern over greenhouse gas emissions stemming from fossil fuel power plants and car and truck tailpipes, 194 member states of the United Nations signed the Paris Agreement in 2015. This legally binding international treaty on climate change seeks to limit global warming to well-below 2.0, preferably 1.5 degrees Celsius, compared to pre-industrial levels. In the U.S., the Inflation Reduction Act (IRA) of 2022, enacted by the 117th Congress, called for the investment of $391 billion in programs and incentives relating to energy security and climate change, including over $120 billion for renewable energy and grid energy storage, tax credits for wind power, solar power, clean energy manufacturing, electric vehicle incentives, and other energy efficiency measures.

Though the recent One Big Beautiful Bill changed some provisions previously available under the IRA, we expect economic factors ultimately will kick clean energy into a higher gear. Consider the fate of coal. As recently as 2001, coal was used to generate more than 50% of the country's electricity. That percentage is now only 19%, due to coal's relative lower efficiency than other sources. Meanwhile, wind power as a percentage of U.S. electricity generation has grown from less than 1% in 1990 to 10% by 2022, this according to the U.S. Energy Administration. The global solar power market is also large and growing. It generated $235 billion in 2022 revenue, and revenue is projected to rise at a compound annual growth rate of 7% to $293 billion in 2029.

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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	3.33%	1.5
CDA Prime	4.45%	0.0	CDA 10 year	3.74%	2.0
CDA 3 month T-Bill	2.30%	-0.5	CDA 20 year	4.02%	1.6
CDA 6 month T-Bill	2.42%	0.0	CDA 30 year	4.16%	1.7
CDA 1 Year	2.72%	3.2			
CDA 2 year	3.00%	1.4			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.40%	2.0
US Prime	6.75%	0.0	US 10 year	4.74%	1.6
US 3 month T-Bill	3.72%	-0.2	US 30 year	5.32%	1.1
US 6 month T-Bill	3.92%	0.0	5YR Sovereign CDS	37.99	
US 1 Year	3.99%	0.6	10YR Sovereign CDS	47.22	
US 2 year	4.20%	1.6			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	720.12	-0.01%	3.43%
BMO Laddered Preferred Shares (ETF)	13.1	-0.04%	6.24%

Source: LSEG

Keep looking forward! Have a great day!

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