Financial HARTbeat

This time different?
Aug 19th 2026

Good Morning,

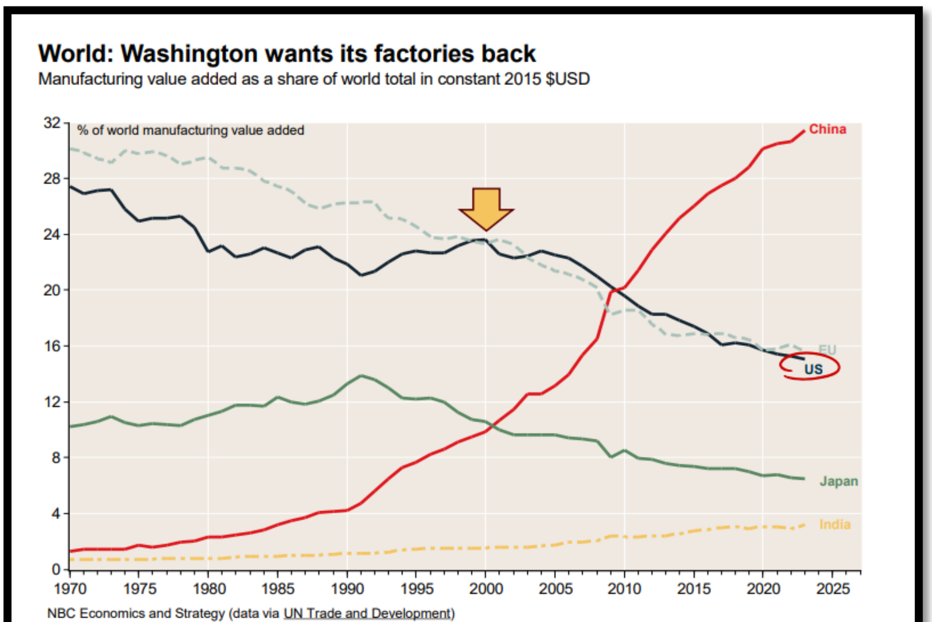
As we reach major new levels on stocks, materials and bonds, does this signal something new or is history about to wake us up?

2023 we saw these yields very briefly before market intervened.

2007 we saw these levels again, before the market intervened…

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

Chart of the Day: Who didn't inherently know this was happening?



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Top News

U.S. President Donald Trump announced late yesterday that he was putting a three-day pause on new 50% tariffs set to go into effect on Canadian goods today at midnight, saying the two countries had reached a deal. In a proclamation posted on the White House website, Trump said he had received Canada's commitment to address U.S. concerns related to duties on dairy products, alcoholic beverages and motor vehicles. Despite Canadian Prime Minister Mark Carney mentioning that substantial progress has been made in the negotiations, U.S. officials provided no further details, and the Canadian government did not confirm any contents of an agreement.

Futures tracking Canada's main stock index were muted following the announcement as investors are more concerned about developments in the Middle East conflict and are waiting for the release of the minutes of the U.S. Federal Reserve's July meeting this afternoon for clues on the central bank's interest rate trajectory.

Traders currently see at least one 25-basis-point rate hike from the Fed by the end of 2026, according to data compiled by LSEG. The odds of a hike as soon as September, however, have decreased significantly following last week's tame inflation data.

Oil prices hit a three-week high as uncertainty over shipping through the Strait of Hormuz and ongoing supply disruptions persisted. Brent crude futures traded around $92 per barrel, while West Texas Intermediate crude hit $85.97 a barrel.

Gold prices also climbed, supported by a weaker U.S. dollar, while European government bond yields rose to new multi-year highs as a global selloff deepened.

German 10- and 30-year Bund yields rose to fresh 15-year highs, with 10-year borrowing costs last trading just above 3%, while French 10-year yields rose to their highest levels in 18 years in a sign of growing unease across some of the world's biggest government bond markets. The yield on the U.S. long bond

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steadied around 5.28% on Wednesday after hitting its highest in nearly 20 years on Tuesday, at nearly 5.34%.

U.S., stock index futures were steady this morning after a tech-driven selloff rocked Wall Street in the previous session following reports that Anthropic's annual revenue run-rate topped $65 billion at the end of July, which was behind some market hopes. Quarterly earnings from retailers will be scrutinized this week to gauge the health of the U.S. consumer. This morning, Target shed more than 1% in premarket trading despite raising its annual sales forecast as its turnaround efforts bore fruit, while Lowe's said it now expects no growth in annual comparable sales as consumers remained cautious on discretionary spending.

In China, shares in the world's biggest humanoid-robot maker, Unitree, soared 460% on its debut, a listing that was more than 8,000 times oversubscribed by retail investors

Yield Curve Shifting (Argus)

Since the onset of the Iran war, the U.S. Treasury yield curve has maintained an upward slope, signaling economic growth in the quarters ahead. But it has also shifted a bit -- with few implications for the economic and interest-rate outlooks. First of all, the curve has pushed higher. Back in late February, the 2-year Treasury note yield was 3.4% and the 10-year yield was 4.0%. Now, those rates are 4.4% and 4.7%, respectively. At current levels, these rates are nearly as high as they have been for a year. This general shift higher in the yield curve implies that the recent high levels of inflation may linger a while, as the war in the Middle East continues. Secondly, that upward slope of the yield curve has flattened a bit. In late February, the spread between the 2-year and 10-year bonds was 60 basis points.

Now, that spread is down to 35 basis points. This tightening of the yield curve points toward a potential slowdown in the rate of economic growth (though we note that the curve is nowhere near an inverted state, which has long been associated with economic weakness).

Looking ahead, we anticipate that the yield curve will maintain its upward slope through 2027. This forecast assumes that the war in Iran ends in the not-too-distant future, oil prices come down off their

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highs, and the Federal Reserve, with a new chairman at the helm, can be in position to lower short-term interest rates toward the middle of 2027.

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	3.25%	-3.4
CDA Prime	4.45%	0.0	CDA 10 year	3.66%	-4.2
CDA 3 month T-Bill	2.30%	0.0	CDA 20 year	3.94%	-4.4
CDA 6 month T-Bill	2.41%	0.5	CDA 30 year	4.08%	-4.3
CDA 1 Year	2.68%	-0.5			
CDA 2 year	2.94%	-2.0			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.32%	-4.2
US Prime	6.75%	0.0	US 10 year	4.64%	-6.5
US 3 month T-Bill	3.71%	-0.5	US 30 year	5.20%	-8.8
US 6 month T-Bill	3.90%	-1.0	5YR Sovereign CDS	38.25	
US 1 Year	3.97%	-1.1	10YR Sovereign CDS	47.47	
US 2 year	4.16%	-1.9			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			719.75	0.00%	3.38%
BMO Laddered Preferred Shares (ETF)			13.1	0.00%	6.24%

Source: LSEG

Keep looking forward! Have a great day!

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