Financial HARTbeat

Jackson Hole impact
Aug 31st 2026

Good Morning,

Equities: Jackson Hole reinforced a "higher for longer" rate environment, placing greater emphasis on earnings growth and business quality than on valuation expansion.

Bonds: Elevated yields continue to improve long-term bond return potential, although near-term price volatility may persist if inflation remains above target.

Canadian Investors: A resilient U.S. economy and relatively firm U.S. rates may continue to support the U.S. dollar, benefiting diversified Canadian investors with U.S. exposure.

Catch the playback of our Weekly Roundup ***Click here***

Also, catch the playback of our Annual Outlook ***Click here***

Chart of the Day: Bank of Canada Wednesday…very unlikely any action..

		Bank of Canada	Federal Reserve	European Central Bank
Rates	President / Chair	Tiff Macklem	Kevin Warsh	Christine Lagarde
	Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
	Current policy rate	2.25%	3.75%	2.25%
Next meeting	Next meeting date	September 2, 2026	September 16, 2026	September 10, 2026
	Market-implied policy rate*	2.29%	3.91%	2.43%
	Spread vs. current rate	+4 bp	+16 bp	+18 bp
	Probability of…			
	… hike	15%	65%	72%
	… hold	85%	35%	28%
	… cut	0%	0%	0%
Rate cuts	25bps hikes (cuts) priced in...			
	... next 3 months	0.4	0.9	1.0
	... next 6 months	-	1.8	1.8
	... next 12 months	-	2.4	-

*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).

Ben Hart
Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

National Bank Financial - Wealth Management
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

HART INVESTMENT GROUP

Regulated by CIRO Canadian Investment Regulatory Organization

CIPF Canadian Investor Protection Fund MEMBER

Financial HARTbeat

Top News

U.S. stock point to lower on Monday after military strikes between the U.S. and Iran drove up oil prices, fanning inflation worries as the interest-rate outlook turns more hawkish. On Sunday, U.S. Central Command confirmed to MS NOW that the U.S. struck two rocket launchers on Iran's Larak Island. Sunday's attack was the first publicly acknowledged U.S. strike on Iranian positions since late July, with Iranian state media reporting that Tehran had attacked U.S. bases in Jordan in retaliation. Oil prices jumped after the hostilities resumed with oil trading more than 3% higher at above $86 per barrel.

Traders see a nearly 60% chance of a rate hike at the Fed's September meeting, according to the CME FedWatch tool, a sharp increase from 41.4% a week ago, after Chair Kevin Warsh said policymakers may need to increase borrowing costs if inflation does not ease to the central bank's 2% target. Investors will get more insight into the state of the economy this week, with the August jobs report due Friday morning. Monthly manufacturing and services sector data is also on deck. Investors will get more insight into the state of the economy this week, with the August jobs report due Friday morning. Monthly manufacturing and services sector data is also on deck.

European shares inched lower on Monday as fresh U.S.-Iran military strikes pushed oil prices and bond yields higher, while the benchmark STOXX 600 remained on track for a fifth straight monthly gain. Germany's DAX dropped the most among regional indexes, ahead of inflation data from the euro zone's largest economy that could offer clues on the European Central Bank's rate path. Euro zone inflation figures and U.S. payrolls data will be in focus later this week. Investors have largely locked in expectations of a September ECB rate increase.

Japan's Nikkei share gauge edged lower on Monday as rising expectations for central bank rate hikes weighed on risk sentiment. The Nikkei began its rally after briefly slipping below the 65,000 mark, which is seen as a "key support level," said Maki Sawada, an equities strategist at Nomura Securities. There were 131 advancers on the Nikkei 225 against 91 decliners and 3 unchanged. Japan's crude oil imports

Ben Hart
Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

National Bank Financial - Wealth Management
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2

rose 17% in July from a year earlier as a surge in U.S. shipments and a recovery in purchases from Saudi Arabia offset lower supplies from other Middle Eastern producers, official data showed on Monday.

China stocks closed higher on Monday as a late rally in tech shares offset concerns over weak economic data and a slump in property stocks following Beijing's policy overhaul, while Hong Kong stocks ended flat. China's factory activity improved in August on stronger demand but remained in contraction, while services activity stayed weak, underscoring deepening imbalances in the economy and fuelling calls for policy measures to boost the economy.

Full Employment Friday (Argus)

On Friday, the Bureau of Labor Statistics (BLS) will report the August unemployment rate. Our forecast is for a healthy 4.1% result, just below the 4.2% consensus. In his Jackson Hole keynote speech last Friday, Federal Reserve Chairman Warsh offered a similarly upbeat assessment. "On the employment side of the Fed's dual mandate, our country is doing well. Labor markets are quite stable." He added the following. "The jobless rate, at 4.1 percent, remains low by historical standards and has not changed much for a couple of years." To be sure, job growth has slowed. The three-month average change in nonfarm payrolls declined to 20,000 in July, from 142,000 in May as July payrolls declined by 23,000. We estimate that nonfarm payrolls increased by 50,000 in August, versus consensus of 45,000. The weekly ADP report recently showed private payroll gains averaging about 12,000 a week, or about 48,000 on a four-week basis.Mr. Warsh provided an explanation for slow growth. "When labor supply is barely growing, monthly job gains are naturally going to run low." The median estimate in the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters is for a monthly average of 46,600 payroll gains in 3Q26, improving to 66,400 in 4Q. While hires are low, layoffs are too. The four-week moving average of initial jobless claims, at 205,500, is well below the 300,000 that would worry us.

Based on the advance release of the Chicago Fed Labor Market Indicators, there is a 29.5% probability that the August unemployment rate will remain at 4.1%, a 20.8% probability it will fall to 4.0%, and a 20.2% probability it will rise to 4.2%. Overall, the probability tips towards a lower unemployment rate. "People who want to work, by and large, are holding or finding jobs," Warsh said. "They may well be

Ben Hart
Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

National Bank Financial - Wealth Management
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2

concerned about possible future labor disruptions, but as of now, I believe the labor markets are consistent with full employment."

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%	-0.3
CDA Prime	4.45%	0.0	CDA 10 year	3.73%	0.3
CDA 3 month T-Bill	2.28%	0.0	CDA 20 year	3.99%	0.0
CDA 6 month T-Bill	2.38%	0.5	CDA 30 year	4.14%	0.7
CDA 1 Year	2.69%	2.0			
CDA 2 year	3.00%	-1.0			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.47%	-0.8
US Prime	6.75%	0.0	US 10 year	4.72%	0.2
US 3 month T-Bill	3.74%	-0.4	US 30 year	5.22%	1.2
US 6 month T-Bill	3.96%	-1.9	5YR Sovereign CDS	37.49	
US 1 Year	4.13%	-1.4	10YR Sovereign CDS	46.72	
US 2 year	4.33%	-2.3			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	715.94	-0.02%	2.83%
BMO Laddered Preferred Shares (ETF)	13.07	-0.15%	6.00%

Source: LSEG

Keep looking forward! Have a great day!

Ben

Ben Hart
Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

National Bank Financial - Wealth Management
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

HART INVESTMENT GROUP

Regulated by CIRO
Canadian Investment Regulatory Organization

CIPF Canadian Investor Protection Fund MEMBER