Financial HARTbeat

Mid Terms…
Nov 2nd 2026



Good Morning,

Control of Congress is on the line: All 435 House seats and 35 Senate seats are up tomorrow, November 3. Republicans currently control both chambers; Democrats need a **net gain of 4 Senate seats**, while the House is also firmly in play. NBC News 2026 Midterms

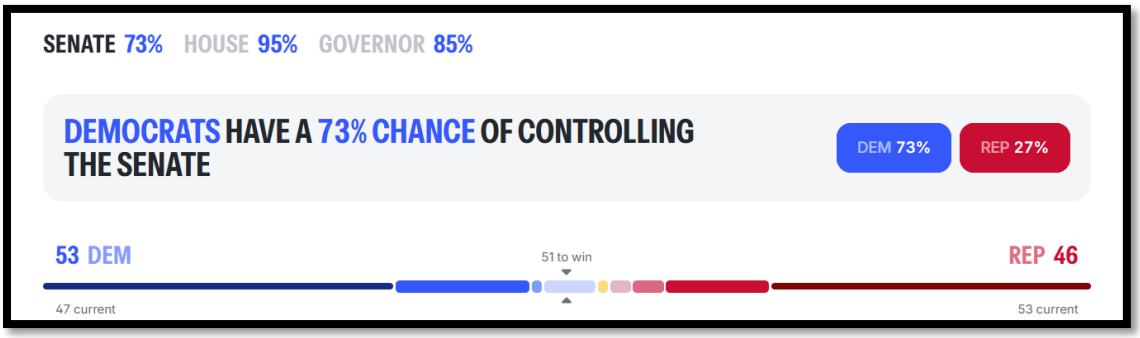
Democrats enter Election Day with momentum: Current forecasts lean toward Democratic gains, particularly in the House. One simulation model gives Democrats an **89% probability of House control and 78% probability of Senate control**, although several Senate races remain extremely tight. Poliwave 2026 Midterm Forecast

Markets should watch policy gridlock: Tomorrow's result will determine whether Republicans can continue advancing President Trump's agenda through Congress or whether Democratic control of one or both chambers creates greater legislative constraints and oversight. U.S. Midterm Elections 2026

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Chart of the Day: Polymarkets views…we will see tomorrow..



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Top News

Stock futures edged higher Monday as oil prices fell sharply and tech rebounds, while investors braced for a packed week of earnings results, jobs reports and the upcoming midterm elections. Oil prices fell sharply early on Monday amid reports that both the U.S. and Iran are seeking diplomatic options to bring an end to the Middle East conflict. U.S. Secretary of State Marco Rubio said that President Donald Trump prefers not to use military force and would like to resolve the Iranian war “diplomatically.”

“Magnificent Seven” member Apple is scheduled to report after the bell on Monday. McDonald’s and Qualcomm are slated to report later in the week. U.S. stocks fell Friday in their worst day since June as investors dumped artificial intelligence and tech stocks. There is growing concern that the massive investments in AI will not pay off, at least not fast enough.

Investors are also awaiting October’s nonfarm payrolls reading, which is scheduled for release on Friday and is expected to show an increase of 55,000 jobs on the month, according to economists polled by Dow Jones.

European shares were subdued on Monday, pressured by declines in healthcare and energy, as investors weighed diplomatic efforts to end the months-long Middle East conflict, while French train maker Alstom tumbled after cutting annual margin forecast. Euro zone manufacturing activity growth held up well in October, albeit easing as new order growth slowed and rising costs from energy and supply-chain disruptions squeezed margins, a survey showed on Monday.
China's battered stock market rebounded on Monday after reports regulators were preparing fresh support measures, but stress in bond markets linked to state-backed conglomerate Zhuhai Huafa Group kept pressure on bond funds. The rally came after media reports that China's central bank and securities watchdog would meet brokerages and fund managers on Monday to discuss measures to support capital markets and encourage lending for share buybacks and stock purchases. Factory activity across Asia continued to expand in October but growth slowed in major chip exporters, private surveys showed on Monday, suggesting the AI boom may be losing momentum as markets start to question the sector's profitability. The RatingDog China General Manufacturing Purchasing Managers' Index (PMI), compiled



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by S&P Global, stood at 52.0 in October, exceeding the 50-mark that separates growth from contraction but falling from 52.1 in September.

Japan's Nikkei share average fell on Monday as memory chip maker Kioxia tanked, while gains in Tokyo Electron and other firms with strong outlooks limited the losses. Japan's manufacturing sector expanded at its slowest pace in seven months in October as output and new orders lost momentum while cost pressures picked up, a business survey showed on Monday. The S&P Global Japan Manufacturing Purchasing Managers' Index (PMI) eased to 53.3 in October from 54.1 in September, a survey by S&P Global showed. The 50-mark separates growth from contraction.

Investors Generally Like November (Argus)

That was a tough end to October. We note, though, that the long-term upward trajectory in the U.S. stock market has its foundation in the country's democratic political system (fully on display as voting takes place tomorrow) and its market-based, capitalist economic system. In theory, the stock market efficiently allocates the nation's capital to generate solid investment returns. Theory typically turns into reality in November. Since 1980, the month has been the best for equity performance, with an average 2.1% gain, ahead of April (+1.6%), July (1.3%), October (+1.3%, after last month's 0.9% decline), and December (+1.2%). November's batting average is high as well, as stocks advance during the month 74% of the time. The best Novembers have been 1980 (+10.2%), 2001 (+7.5%), 1996 (+7.3%), 1985 (+6.5%), 1998 (+5.9%) and 2002 (5.1%). There have been some clunkers as well: 2000 (-8%), 2008 (-7.5%), and 1987 (-5.9%). Last year, the S&P 500 was essentially flat for the month.

What about Novembers in a midterm election year? The track record is even more impressive here. For the 11 Novembers in the election years since 1980, stocks have climbed an average of 2.7%. November usually starts at a fast pace, as nonfarm payrolls are reported and many companies are still reporting 3Q earnings. But as the Thanksgiving holiday approaches, volume slows and investors start to focus on the Federal Reserve meeting in December. Our outlook for stocks remains bullish, driven by solid GDP growth, impressive EPS growth, and reasonable valuations.



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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	2.50%	25.0	CDA 5 year	3.50%	-1.9
CDA Prime	4.70%	25.0	CDA 10 year	3.78%	-2.3
CDA 3 month T-Bill	2.56%	0.0	CDA 20 year	4.00%	-3.0
CDA 6 month T-Bill	2.75%	1.0	CDA 30 year	4.09%	-2.5
CDA 1 Year	3.03%	1.0			
CDA 2 year	3.29%	-1.6			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.72%	0.1
US Prime	7.00%	0.0	US 10 year	4.92%	-0.8
US 3 month T-Bill	4.00%	1.5	US 30 year	5.29%	-2.3
US 6 month T-Bill	4.29%	3.3	5YR Sovereign CDS	46.50	
US 1 Year	4.39%	4.0	10YR Sovereign CDS	54.72	
US 2 year	4.61%	2.5			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			698.70	-0.04%	0.35%
BMO Laddered Preferred Shares (ETF)			12.72	-0.27%	3.16%

Source: LSEG

Keep looking forward! Have a great day!
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