Financial HARTbeat

Now what?
Nov 3rd 2026



Good Morning,

Markets cautious ahead of U.S. midterms: Major U.S. averages wavered as investors balanced sharply lower oil prices against weakness in technology stocks and awaited Tuesday's election results.

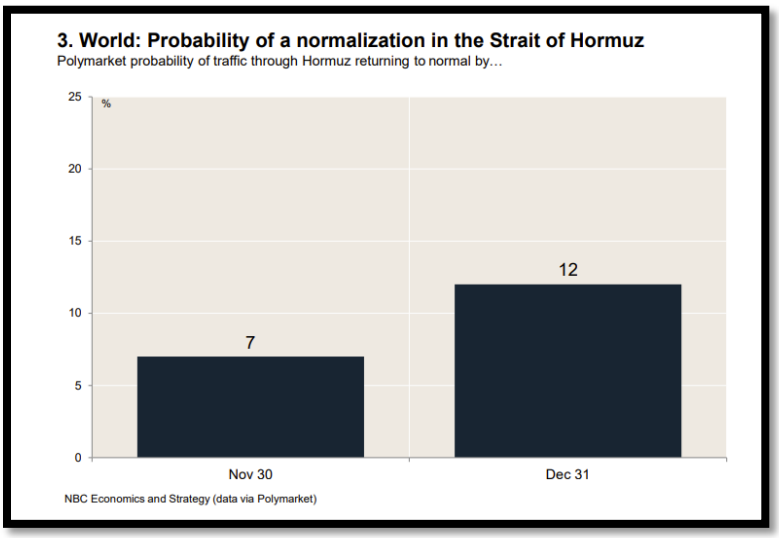
Oil tumbles on Middle East optimism: Crude fell as much as **8%** as Iran-Qatar talks raised hopes of easing geopolitical tensions and stabilizing Middle East oil supplies.

Economic data remains firm, but inflation sticky: U.S. **ISM Manufacturing rose to 55.5 in October from 54.5**, beating expectations, while input prices remained elevated at **75.2**, keeping inflation concerns in focus.

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

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

Chart of the Day: Straight re-opening?





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

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Top News

US stock index futures were under pressure on Tuesday as crude oil prices ticked up and markets investors braced for the U.S. midterm elections results, while Apple joined the list of Big Tech companies whose results failed to impress investors. American voters will deliver a verdict on the first two years of President Donald Trump's second term in Tuesday's midterm elections, with polls and nonpartisan analysts favoring Democrats to wrest the House from Republicans, while control of the Senate remains uncertain. Even with President Donald Trump in the White House, a victory by Democrats in either the House or Senate could shape investigations and oversight in Washington, which is key for industries like defense, AI and healthcare.

Apple shares were down 4%, after the tech giant rolled out a disappointing margin forecast and iPad sales in the fiscal fourth quarter missed the Street's estimates. Palantir shares were down nearly 8% despite the company's third-quarter earnings topping estimates as U.S. commercial revenue jumped 148% to $984 million, topping U.S. government revenue of $953 million. Oil prices rebounded on Tuesday after a steep selloff in the previous session, as an Iranian official said Tehran and Washington remained far from a deal to end the war and the US struck Iran's Qeshm Island.

Europe's benchmark equities index slipped on Tuesday, with technology stocks among the biggest drags as concerns about the outlook for AI trade weighed on sentiment, while reports of escalating Middle East tensions further dampened risk appetite.

China is raising the amount of foreign currency that financial institutions must hold as reserves, in one of the strongest moves to slow the pace of a long rally in the yuan, setting the currency on course for its sharpest one-day drop in six months. The People's Bank of China (PBOC) said in a statement on Tuesday it would raise the foreign exchange reserve requirement ratio (RRR) by 2 percentage points to 6% from 4%, effective on November 15.



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

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Hong Kong's economy expanded by 5.2% in the third quarter from a year earlier, official advance estimates showed on Tuesday, the 15th consecutive quarter of growth underpinned by accelerating exports and solid domestic demand.

South Korea's headline inflation slowed in October, government data showed on Tuesday, providing a slight reprieve for central bankers but remaining firmly above target. Consumer prices rose 2.8% year-on-year in October, down from a 2.9% gain in September and nearly matching a 2.85% increase forecast in a Reuters poll of economists.

Investors Generally Like November (Argus)

Previewing Friday's Jobs Report Internal Use Only | November 3, 2026 On Friday, the Bureau of Labor Statistics (BLS) will report the October unemployment rate. Fed Chairman Kevin Warsh recently gave his assessment of the employment situation when the Federal Open Market Committee (FOMC) voted to keep the funds rate in a range of 3.75%-4.00%. "The jobless rate is lower than a year ago, and payroll growth is noticeably above last year's pace. The four-week moving average of unemployment insurance claims continues to run at the lowest level in generations," Warsh said. He added that, "on the employment side of the Fed's dual mandate, conditions are quite positive." Our forecast is for unemployment to remain at 4.2%, which is also the consensus. In an August speech on the mysterious resilience of the U.S. economy, Tom Barkin, president of the Federal Reserve Bank of Richmond, noted that July's 4.1% unemployment rate marked 58 months below 4.5%, the longest such streak in recorded history. We expect October to extend that to 61 months.

The three-month average for growth in nonfarm payrolls is meager at just 51,000, but that's better than the monthly average of 9,700 in 2025. "Job gains have kept up with the workforce," the FOMC said in its recent press release. Our forecast for October is 80,000 new jobs, while the consensus is 65,000. The weekly average of private payrolls is 16,750, according to payroll processor ADP. That works out to be 67,000 on a four-week basis. Potential positives include signs that jobs are slightly more plentiful according to the Conference Board, and a 10% increase in September orders for durable goods. The Chicago Fed Advance Labor Market Indicators estimates that there is 29.5% probability that the October unemployment rate will remain at 4.2%, but it skews slightly towards a decrease with a 21.8% probability



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Senior Wealth Advisor & Portfolio Manager
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it will fall to 4.1% and a 19.5% probability it will rise to 4.3%. The Chicago Fed's indicator of the layoffs and other separations rate is 2.03% for October, just below 2.08% a year earlier. The estimate of the hiring rate for unemployed workers rose to 45.34% in October from 44.44% a year ago.

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%	2.1
CDA Prime	4.70%	25.0	CDA 10 year	3.78%	2.5
CDA 3 month T-Bill	2.56%	0.0	CDA 20 year	4.01%	3.0
CDA 6 month T-Bill	2.75%	-0.5	CDA 30 year	4.10%	2.6
CDA 1 Year	3.03%	0.5			
CDA 2 year	3.29%	1.3			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.73%	4.1
US Prime	7.00%	0.0	US 10 year	4.94%	4.3
US 3 month T-Bill	4.03%	0.3	US 30 year	5.31%	3.8
US 6 month T-Bill	4.29%	0.8	5YR Sovereign CDS	46.24	
US 1 Year	4.39%	0.8	10YR Sovereign CDS	54.44	
US 2 year	4.61%	2.9			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	697.04	0.03%	0.11%
BMO Laddered Preferred Shares (ETF)	12.74	0.20%	3.33%

Source: LSEG

Keep looking forward! Have a great day!

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