Financial HARTbeat

Trade Deal
Oct 29th 2026



Good Morning,

CAAE **Canada and the UAE signed a new CEPA trade agreement**, expected to take effect in **2027**, as Canada looks to diversify trade beyond the U.S.

More than 99% of current Canadian exports to the UAE would see tariffs reduced or eliminated, benefiting areas including agriculture, industrial machinery, aerospace, energy and engineering.

The relationship is becoming increasingly important: two-way trade was **C$3.5 billion last year**, while the UAE has committed **up to $50 billion of investment in Canada**, adding a significant source of foreign capital.

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Chart of the Day: Signed deals so for 2026…and many more announced.



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Top News

US stock index futures pared earlier declines slightly as investors assess the latest inflation reading, released a day after the US Federal Reserve kept interest rates unchanged. A Commerce Department report showed the Personal Consumption Expenditures Price index (PCE) rose 0.5% in September, in line with the estimates of economists. Annually, it stood at 3.6%, also in line with the estimate. The core reading increased 0.3% on a monthly basis, while it stood at 3.1% on a year-on-year basis. Both readings were in line with expectations. A separate reading of advance gross domestic product (GDP) showed the US economy grew 3.4% in the third quarter, compared with the estimate of 3.2% growth.

A jobless claims report for the week ended October 24 showed claims stood at 194,000, compared with the estimate of 199,000. Nasdaq futures fall more than 1% as Alphabet's results reignited concerns over soaring AI costs.

Alphabet shares slide more than 10% in premarket trading, after reporting disappointing search advertising results and a surge in cash burn as AI related spending accelerated. Microsoft, however, climbs about 2% after the company delivered a big cash-flow beat and forecast strong cloud growth. Among other movers, cybersecurity firm Fortinet tumbles more than 25% after reporting third-quarter results. Marvell Technology eases 12% after media reports said the company was in advanced talks to buy data-center optics maker Lumentum Holdings. Intel and Amazon are some of the major technology companies scheduled to report after markets close.

Futures tracking Canada's blue-chip stocks rise as falling oil prices eased inflationary worries, with investors eyeing key US inflation data. Oil prices fall as hopes for peace talks took the edge off renewed concerns over Middle East supply disruptions from escalating regional conflict. Spot Gold sheds almost 1% as investors assess signals from the US Federal Reserve and Chair Kevin Warsh after policymakers left interest rates unchanged.

European shares touched over one-month highs this morning as a slew of strong earnings reports lifted sentiment. ECB President Christine Lagarde will step down from her role on February 7, the central bank



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said hours ahead of the policy announcement. Banking stocks are the biggest laggards, falling about 1.3%, dragged down by a 5% decline in Spanish lender BBVA after mixed third-quarter earnings.

China stocks ended lower, as a deepening selloff in tech shares overshadowed the Federal Reserve's decision to keep interest rates unchanged. By the market close, the benchmark Shanghai Composite index lost 0.8%, while the blue-chip CSI300 index fell 1%. Tech shares were among the main drags, with Shanghai's tech-focused STAR50 index tumbling 4.3% to notch the weakest close since September 2025. CSI 5G communications plunged 7.4%. Robot maker Yushu Technology, also known as Unitree, slumped 4.8% after its third-quarter net profit fell despite revenue rising 70% from a year earlier in its first earnings report since listing.

Japan's Nikkei share average advanced after Advantest's improved profit forecast, although a looming Bank of Japan policy decision and uncertainty around tech company earnings limited gains.

Samsung Electronics posted a 15 fold jump in quarterly chip profit, powered by the AI boom, but its shares tumbled as investors balked at a lack of fresh shareholder-return plans and an outlook that lagged rival SK Hynix's. South Korea’s KOSPI was down 1.2%.

Fed Steady Ahead of Midterms (Argus)

As expected, the Federal Reserve (Fed) wrapped up its meeting on Wednesday and left its Fed Funds target unchanged at 3.75% 4.00%. We think this makes sense ahead of the midterm elections next week. But in the context of the larger economy and the inflation and interest-rate environments, we think the range is a bit too low and expect the Fed will hike the rate by 25 basis points at its December meeting. Economic conditions have evolved since Fed Chairman Kevin Warsh took over the central bank helm in May. The war in Iran has sent oil prices skyrocketing, and general inflation has followed higher. Meanwhile, the other element of the Fed's dual mandate -- the unemployment rate -- has remained low as nonfarm payrolls have steadied and layoff announcements have been scarce. After the election ramifications die down, and with the conflict in the Middle East hopefully moving toward a resolution, we think the Fed may be able to look past $100-per-barrel oil and keep short-term rates steady in 2027. Chairman Walsh certainly has his own ideas about how the central bank should be run. He has set up



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five task forces to review standard Fed procedures in the areas of Communications, Balance Sheet Policy, Data, Productivity, and Inflation.

At his press conference on Wednesday, he announced that the Fed would continue to meet eight times per year, but would spend at least one of its meetings discussing broad monetary policy strategy, without taking a vote on the Fed Funds rate or issuing a policy statement. His actions to date haven't really changed the appearance of transparency at the Fed. The vote to keep rates steady was 10-2 and after the decision was announced, the stock and bond markets were stable.

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	3.63%	2.7
CDA Prime	4.70%	25.0	CDA 10 year	3.89%	2.8
CDA 3 month T-Bill	2.57%	1.0	CDA 20 year	4.09%	2.1
CDA 6 month T-Bill	2.79%	3.0	CDA 30 year	4.16%	2.1
CDA 1 Year	3.11%	3.5			
CDA 2 year	3.43%	2.6			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.85%	-2.3
US Prime	7.00%	0.0	US 10 year	5.03%	-1.9
US 3 month T-Bill	4.02%	-0.6	US 30 year	5.35%	-1.1
US 6 month T-Bill	4.32%	-1.9	5YR Sovereign CDS	45.52	
US 1 Year	4.46%	-2.0	10YR Sovereign CDS	53.50	
US 2 year	4.71%	-2.5			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	698.14	0.00%	0.27%
BMO Laddered Preferred Shares (ETF)	12.82	0.00%	3.97%

Source: LSEG

Keep looking forward! Have a great day!
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