Financial HARTbeat

Canada
Sept 24th 2026

Good Morning,

Canada seems to be everywhere right now…helping raise money for Ocean research…

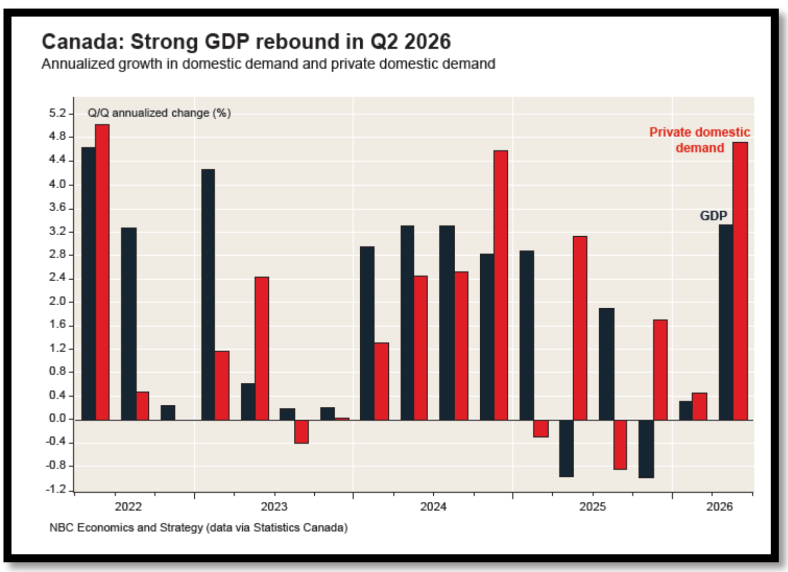
Contribution to Palestine

Asia projects being announced and way forward to better trade…

Catch the playback of our Weekly Roundup [Click here]

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

Chart of the Day: GDP picking up…



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Top News

Wall Street futures drop this morning as the Middle East conflict remains far from a resolution while investors also exercise caution ahead of a keenly watched summit between Presidents Donald Trump and Xi Jinping. US and Iran leaders exchanged barbs at the UN General Assembly this week, which sent Brent crude prices back to above $100 a barrel. The yield on the 30-year Treasury bond reached its highest since 2004, as investors priced in the likelihood of a long war (see chart). AI-related stocks that powered the Nasdaq to record highs earlier this week are also among top decliners this morning. The spotlight is expected to turn next towards the summit, with investors anticipating discussions around AI regulation, the Middle East conflict and Taiwan.

Top executives from General Motors, Meta, Apple, Amazon and Tesla are also expected to meet Trump and Xi. US Treasury Secretary Scott Bessent, meanwhile, said that the two economic superpowers have agreed to extend their truce until January 10. Higher energy costs and recent data suggesting strong business activity led investors to bet on further interest rate increases by the Federal Reserve. They now see a 71% chance of at least a 25-basis point hike next month —up from around 50% a day ago. Data this morning showed initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 197,000 for the week ended September 19.

Economists had forecast 201,000 claims for the latest week. Futures tracking Canada's blue-chip stocks retreat as a sharp rise in global government bond yields weigh on sentiment. Canada's mining-heavy bourse could come under pressure as gold prices fall again by about 0.5%, pressured by rising Treasury yields and higher oil prices.

Oil prices are up more than 2% as little progress was made in diplomatic talks between the US and Iran, while uncertainty over a potential US ban on diesel exports adds to supply concerns. In economic data, retail sales fell by 0.7% in July from June, on lower sales at general merchandise retailers, Statistics Canada said this morning. Sales likely increased 1.3% in August, the agency said in a flash estimate. In volume terms, retail sales decreased 1.1% in July.

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NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

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European shares fall this morning as oil prices resume their rise on faltering US-Iran negotiations, keeping euro zone bond yields near multi-year highs. Aerospace and defence stocks lead sectoral declines, with Saab and Hensoldt among the biggest drags. Germany's 10-year government bond yield, the benchmark for the euro zone, is steady at about 3.55%, just below a 17-year high reached last week as elevated oil prices strengthened the case for further monetary tightening from the European Central Bank.

China stocks logged their worst day in a month as investors remained sceptical that a meeting between US President Donald Trump and Chinese President Xi Jinping in Washington would produce a broader breakthrough. Japan's Nikkei average rose in a holiday shortened week, extending its winning streak to four sessions as CPU related stocks jumped after Meta unveiled its AI gadget Meta Charm, fuelling demand prospects for computer components.

Bond Spreads Widen (Argus)

Treasury bond yields have backed up in the past three months on fears of oil-price-driven inflation in the months ahead as the war in Iran continues and the Federal Reserve starts a new upcycle for short-term interest rates. Corporate bond yields have risen as well -- and at a faster rate as bondholders are growing concerned about the risks of recession given the high-rate environment. Consequently, spreads between corporate and Treasury bond yields have widened over the past quarter, though they remain below historical averages. For example, the spread between AAA-rated corporate bonds and 10-year government bonds in early September was 111 basis points (bps), up from 105 bps in June but below the historical average of 122 bps. The gap between the government 10-year bond yield and a BAA-rated bond (still investment grade) in early September was 155 basis points, below the historical average spread of 227 bps but up 2 basis points versus a quarter ago.

We watch these spreads closely for several reasons. For one, from an asset-allocation standpoint, wider corporate bond spreads signal that corporate bond valuations may be improving and the fixed-income securities could be suitable in our diversified asset-allocation models. Also, from an economic outlook standpoint, the changes in the spreads offer clues to the bond market's view of corporate financial strength and potential recession risk, which currently is still relatively low.

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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	2.25%	0.0	CDA 5 year	3.69%	0.1
CDA Prime	4.45%	0.0	CDA 10 year	3.97%	1.4
CDA 3 month T-Bill	2.40%	0.0	CDA 20 year	4.18%	1.8
CDA 6 month T-Bill	2.61%	0.0	CDA 30 year	4.27%	2.2
CDA 1 Year	3.02%	-1.0			
CDA 2 year	3.39%	-0.7			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.99%	-1.2
US Prime	7.00%	0.0	US 10 year	5.12%	0.4
US 3 month T-Bill	4.04%	-0.1	US 30 year	5.42%	2.0
US 6 month T-Bill	4.34%	-0.6	5YR Sovereign CDS	37.00	
US 1 Year	4.44%	-2.8	10YR Sovereign CDS	45.96	
US 2 year	4.87%	-2.7			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			706.27	-0.04%	1.44%
BMO Laddered Preferred Shares (ETF)			12.94	-0.31%	4.95%

Source: LSEG

Keep looking forward! Have a great day!

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