

Financial HARTbeat

April re-do?
April 1st 2026



Good Morning,

March was a tough month for markets...

TSX -5.45%

S&P500 (CAD) -5.27%

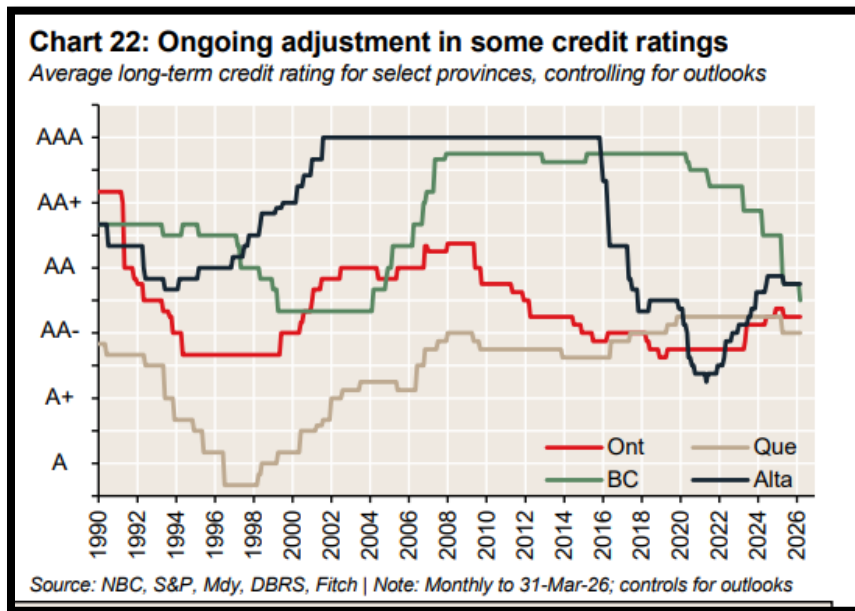
Bond Index -1.86%

EAFE (Europe Asia and the Far East).. -4.71%

Catch the playback of our Weekly Roundup [Click here](#)

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

Chart of the Day: Credit rating in flux in Canada....Alberta was once AAA now...not so much..



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Top News

Global stocks soared, bonds rallied and the U.S. dollar declined today, as hopes of a de-escalation of the Iran conflict fuelled the biggest rebound for some regional equities in more than three years. Earlier, the MSCI index of Asia-Pacific shares outside Japan rose 4.7%, its biggest one-day increase since November 2022. In Europe, the STOXX 600 index is trading more than 2.4% higher and is also now heading for its largest one-day jump in a year as travel stocks surged more than 3% and aerospace and defence stocks added almost 5%. U.S. stock futures advanced this morning, after the indexes saw their biggest one-day gains in nearly a year in the previous session.

On Tuesday, U.S. President Donald Trump said the U.S. could end its military attacks on Iran in two to three weeks and markets are trading this narrative that the war could be over, or at least that the U.S. could withdraw. Meanwhile, we still have strikes going on, and Israel hasn't really been talking about a ceasefire yet. In addition, the rally shrugged off a report in the Wall Street Journal that the UAE may enter the conflict and is lobbying for a U.N. Security Council resolution to authorise it to take part in military action to force open the Strait of Hormuz.

To add to the uncertainty, U.S. Secretary of State Marco Rubio mentioned that Washington will have to reexamine its relations with NATO after the war ends. In markets, Brent crude futures pared some losses and were last about 1% lower at around \$102 a barrel, having earlier moved below the \$100 mark in volatile trading. Gold was 1.6% higher at about \$4,744 per ounce.

The U.S. dollar index slipped, extending its biggest one-day drop in two weeks on Tuesday into a second consecutive day of declines, as traders reassessed the odds that the Federal Reserve may resume easing policy earlier than thought. Fed funds futures are pricing an implied 17.9% chance that a 25-basis-point cut to interest rates could come at the Fed's two-day meeting ending on July 29, up from a 7.5% chance a day earlier. On the economic front, the ADP's national employment report showed U.S. private payrolls increased steadily in March.



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Private employment rose by 62,000 jobs last month after an upwardly revised 66,000 gain in February. Economists polled by Reuters had forecast private employment rising by 40,000 jobs after a previously reported 63,000 increase in February. A separate report showed that U.S. retail sales increased solidly in February as motor vehicle purchases rebounded as temperatures warmed up, but surging gasoline prices due to the war in the Middle East could crimp spending in the months ahead.

Retail sales rose 0.6% after a revised 0.1% dip in January. Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, rising 0.5% after a previously reported 0.2% drop in January.

Not a Good Start to the Year (Argus)

The first quarter of 2026 on Wall Street is in the books. The S&P 500, which started higher in January, slumped in February and March and is down 4.6% for the year to date. The quarter is typically a positive one for equities, as the average gain for the period since 1980 has been 2.0%. Stocks historically have risen in 1Q about two-thirds (64%) of the time. But just because the first quarter was forgettable, doesn't mean the full year will be a wipe out. Going back to 1980, there have been 16 negative first quarters, during which stocks declined an average 6.2%. But in more than half of those years, stocks finished with positive annual returns. The average gain for the recovery years was 14.7%. April historically is the second-best month of the year. The average gain for the S&P 500 in the month since 1980 is 1.5%. We note that market returns in April have exceeded 5% on eight occasions since 1980, including a 9.4% gain in 2009 as the market was beginning to recover from the financial crisis, a 12.7% surge in 2020 as the market started to recover from the COVID-19 pandemic, and a 5.1% gain in 2021 as COVID-19 vaccines rolled out. There have been some clunkers, including 2002 (-6.1%), 2000 (-3.1%) and 1981 (-2.3%).

Last year in April, stocks slumped 2.2%, before the bull market returned in May. April is a busy month on Wall Street, as companies report first-quarter results. This year, 1Q earnings are expected to grow at a mid-teens rate, driven by the performance of the IT sector. The direction of interest rates also will be an important topic, as the markets process the latest oil prices and prepare for the Fed's next meeting at the end of the month. The wild card will be the status of the war in Iran, about which investors have signaled their displeasure via the 1Q stock-market performance.



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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	3.07%	-2.6
CDA Prime	4.45%	0.0	CDA 10 year	3.44%	-3.3
CDA 3 month T-Bill	2.33%	0.0	CDA 20 year	3.75%	-3.1
CDA 6 month T-Bill	2.38%	-0.5	CDA 30 year	3.87%	-2.3
CDA 1 Year	2.60%	-3.0			
CDA 2 year	2.80%	-2.5			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.91%	-3.3
US Prime	6.75%	0.0	US 10 year	4.29%	-2.4
US 3 month T-Bill	3.61%	-0.2	US 30 year	4.89%	-0.5
US 6 month T-Bill	3.69%	-1.6	5YR Sovereign CDS	43.96	
US 1 Year	3.65%	-2.7	10YR Sovereign CDS	55.64	
US 2 year	3.76%	-3.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			688.77	0.12%	-1.07%
BMO Laddered Preferred Shares (ETF)			12.4	0.98%	0.57%

Source: LSEG

Things are looking up! Have a great day!

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