Financial HARTbeat

FOMC
April 16th 2026

Good Morning,

Looking ahead the Fed Chair will change at some point soon…However, Powell's last decision at this end of this month appears to be coming into question..

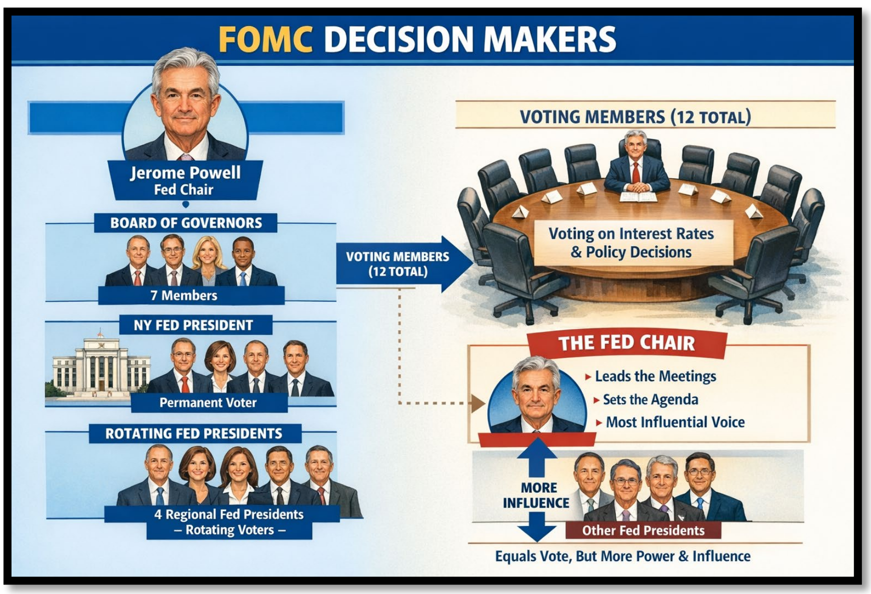
Key Republican senators say they vow to block Warsh at the next leader..

Powell says he will stay on as long as needed and Trump says he will fire him if he does…we have plenty of drama in the world and hope this is settled by May 15th Powells supposed last day..

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

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

Chart of the Day: While each votes counts…Fed Chair has the loudest voice to policy making..



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Top News

U.S. stock index futures inch higher this morning as investors grew more confident that the worst of the Middle East conflict has passed, while a wave of solid earnings allayed concerns about the economy. Although no agreement to end hostilities involving Iran has been reached, hopes of diplomatic progress have lifted sentiment.

The benchmark S&P 500 and Nasdaq closed at record highs Wednesday, signaling renewed appetite for risk assets if diplomacy remains on track. Sentiment also drew support after a senior Israeli official said Israel's cabinet had met yesterday to discuss a possible ceasefire in neighboring Lebanon. President Donald Trump has also indicated Washington could yet reach a deal with Tehran. Market moves could also become more idiosyncratic as the earnings season gathers pace, offering fresh catalysts for investors. Investors are also watching the shaky leadership transition at the Federal Reserve.

Kevin Warsh, Trump's nominee to succeed Jerome Powell as Fed chair, appears to face a less smooth and less timely succession than previously expected. Trump also said that he would fire Powell from his seat on the U.S. central bank's Board of Governors if Powell does not vacate that post as well when his term as Fed chief ends on May 15.

In economic news, initial claims for state unemployment benefits dropped 11,000 to a seasonally adjusted 207,000 for the week ended April 11. Economists had forecast 215,000 claims for the latest week. Futures linked to Canada's main stock index are slightly up this morning, helped by higher oil and gold prices, even as investors weighed signals that a Middle East peace deal could be struck soon. Oil prices are up modestly, still below $100 a barrel, indicating some skepticism over when the U.S.-Iran talks will result in a deal and ease shipping disruptions in the Gulf region.

European buyers, including Germany's Uniper, are exploring long-term LNG purchases from Canada's Pacific coast that could be shipped through the Panama Canal as part of a long-term strategy to diversify supply, an effort made more urgent in the wake of the Iran war, two sources familiar with the matter told Reuters.

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Spot gold and silver are also up. European shares edge higher this morning as growing optimism about a potential resolution to the Middle East conflict lifts market sentiment, while investors assess corporate earnings reports across the region.

Britain's economy put on a burst of growth in February, suggesting it was in slightly better shape before the start of the Iran war than many economists had feared. Gross domestic product expanded 0.5% month-on-month in February, the biggest increase since January 2024. Economists had forecast a much more modest reading of 0.2%.

China and Hong Kong stocks advanced today with the Shanghai Composite rising for a fifth consecutive day, as better-thanexpected first-quarter economic growth data lifted sentiment. The 5.0% year-on-year pace in the first quarter sits at the top of China's full-year target range of 4.5%-5.0% (see chart). The first-quarter GDP growth beat forecasts of 4.8% and October-December's three-year low of 4.5%. Retail sales, a gauge of consumption, grew 1.7% last month, down from 2.8% in January-February, and underperformed industrial output, which rose 5.7% in March versus 6.3% in the first two months.

Japan's benchmark Nikkei 225 Index rose 2.38% to close at a record high 59,518.34.

Global Stocks Still Offer Value (Argus)

As worldwide markets are challenged amid a backdrop of higher interest rates and ongoing conflict in the Middle East and Ukraine, one thing has not changed: U.S. stocks are more expensive than global stocks. And that's the case even with the world-market-leading returns from global stocks in 2025-2026. Consider P/E ratios. The trailing P/E ratio on the S&P 500 is 27, above the global average of 18 and well above the 12-15 average P/Es for emerging markets stocks in China and Latin America. A review of yields tells a similar story. The current dividend yield for the S&P 500 is 1.1%, versus the global average of 2.5% and Australian and Latin American yields of 3%- 4%. Taking a step back, a couple of reasons that investors are generally willing to pay a higher price for North American securities include the transparency of the U.S. financial system as well as the liquidity of U.S. markets.

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What's more, global returns can be volatile across individual countries, given currency, security, political, and geopolitical risks. Indeed, U.S. stocks (ETF SPY) have outperformed EAFE (ETF EFA) over the past five years. The tide turned a bit in 2025, as global investors responded to the uncertainty over U.S. trade policy and as global central banks lowered rates. Last year, global stocks were up 28% while U.S. stocks rose 16%. And the outperformance of global over domestic has continued in 2026. Given expectations for more trade-related volatility in the months ahead, we think that diversified investors should have 20%-25% of their equity allocations in international stocks to take advantage of the value, and we have been adding global stocks to our universe of coverage.

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%	-1.5
CDA Prime	4.45%	0.0	CDA 10 year	3.46%	-1.3
CDA 3 month T-Bill	2.28%	0.0	CDA 20 year	3.77%	-0.9
CDA 6 month T-Bill	2.36%	0.0	CDA 30 year	3.90%	-1.6
CDA 1 Year	2.55%	0.0			
CDA 2 year	2.77%	-2.4			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.88%	-2.0
US Prime	6.75%	0.0	US 10 year	4.27%	-0.9
US 3 month T-Bill	3.62%	-0.5	US 30 year	4.89%	0.1
US 6 month T-Bill	3.70%	-1.0	5YR Sovereign CDS	39.47	
US 1 Year	3.69%	-1.2	10YR Sovereign CDS	49.93	
US 2 year	3.75%	-1.5			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			693.66	0.05%	-0.37%
BMO Laddered Preferred Shares (ETF)			12.59	0.40%	2.11%

Source: LSEG

Things are looking up! Have a great day!
Ben

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