

Financial HARTbeat

Warsh..

April 20th 2026



Good Morning,

As most great critics for anything eventually have to face they music if they are tapped on to integrate and or potentially make changes that they saw flawed for so long..

Warsh prepares to speak in front of the senate to test his plan and we will get a much better sense of what he hopes to implement...

Will the Republicans who do not support him change their minds?

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

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

Chart of the Day: Can and will he be able to get buy in for these?



*generated by Copilot



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Financial HARTbeat



Top News

Markets have been largely headline-driven since the war in Iran, with risk appetite improving at the slightest de-escalation in tensions, and investors turning cautious as soon as the conflict escalates. This morning, U.S. stock index futures inched lower after a record rally on Wall Street last week, as a rise in tensions between the U.S. and Iran put the ceasefire at risk and weighed on investor sentiment. Iran opened the Strait of Hormuz on Friday, sparking a buying frenzy across markets, with the S&P 500 and the Nasdaq hitting record highs for the third consecutive session and marking their biggest weekly jumps since May.

However, Tehran closed the waterway again after the U.S. said it had seized an Iranian cargo ship that tried to run its blockade. Iran's foreign ministry said on Monday there were no plans for a second round of negotiations with the U.S., as the blockade undermined the talks and differences over Tehran's nuclear program remained. Oil prices jumped about 5% on Monday, with U.S. energy stocks higher in premarket trading.

Among other premarket movers, Marvell Technology advanced 7% after a report on Sunday mentioned that Alphabet's Google is in talks with the chipmaker to develop two new chips to run AI models more efficiently. Quarterly earnings will remain in focus this week as investors wait to assess the impact of the Iran war on corporate results and on the broader economy.

Data compiled by LSEG I/B/E/S expects first-quarter earnings from S&P 500 companies to grow 14.4%, compared with 13.7% a year ago. In Canada, annual inflation rate rose 2.4% in March, with prices jumping 0.9% on the month, as higher crude oil costs drove up gasoline prices. The headline annual inflation rate was last seen at this level in December, while the monthly inflation spike was the highest in 14 months. Analysts polled by Reuters had forecast a slightly higher consumer price index with annual inflation estimate at 2.6% from 1.8% in the prior month, and monthly inflation at 1.1%, up from 0.5% in February. The war pushed gasoline prices up by 5.9% on a yearly basis and 21.2% surge on a monthly basis in March. The year-over-year figure was partly muted due to higher gasoline price during the same period last year due to a carbon levy which was dropped in April 2025.



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The higher gasoline prices increased the cost of transportation, which is the second biggest contributor to the CPI basket, by 3.7% in March from a year ago. Food prices were also another major contributor to the increase in headline annual inflation, rising 4.4% annually in March, after increasing 4.1% in February.

Since headline inflation could be volatile, the Bank of Canada and economists monitor more closely core inflation metrics to gauge the underlying trend of inflation. The closely tracked measures the CPI-median, the centermost component of the CPI basket, stayed unchanged from the prior month at 2.3%, while CPI-trim, which excludes the most extreme price changes, edged down to 2.2% in March.

Has Software Been Oversold? (Argus)

Companies with the Software-as-a-Service business model have come under enormous pressure in recent months on fears of agentic AI disruption. Since the release of Anthropic's Claude Opus 4.5 and Google's Gemini 3 models in November of 2025, followed by the Claude Cowork agentic tool and OpenClaw AI agent, market sentiment has turned against enterprise software stocks over concerns about the potential for client cannibalization due to AI. In the first quarter, Application Software stocks plummeted 26% and Systems Software stocks tanked 23%. The carnage was not confined to the IT sector, as the Industrial group Data Processing & Outsourced Services dropped 27% and the Diversified Financial Services industry fell 23%.

We think these fears may be overblown, at least for some software companies that have become deeply embedded systems of record for their enterprise clients (who may not wish to take on the costs and risks of switching platforms and engaging in do-it-yourself AI vibe coded software). The disruption thesis also does not take into account that software companies are themselves also extensively developing agentic AI tools and applications, powered by both third-party frontier and proprietary models. Just the latest example of software/frontier model collaboration is Anthropic's Project Glasswing with cybersecurity firms CrowdStrike and Palo Alto Networks (both Argus BUY-rated covers) participating in a select group of firms testing Anthropic's new Mythos model. Going forward, there is no doubt that AI will be disrupting numerous industries. But companies with long-time client relationships and who provide systems and services that are tightly integrated with mission critical workflows should be able to weather the storm.



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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	3.05%	-0.2
CDA Prime	4.45%	0.0	CDA 10 year	3.45%	0.2
CDA 3 month T-Bill	2.27%	0.0	CDA 20 year	3.76%	-4.7
CDA 6 month T-Bill	2.35%	0.5	CDA 30 year	3.89%	-0.7
CDA 1 Year	2.53%	0.5			
CDA 2 year	2.78%	0.1			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.86%	1.9
US Prime	6.75%	0.0	US 10 year	4.26%	1.4
US 3 month T-Bill	3.61%	-0.1	US 30 year	4.89%	0.7
US 6 month T-Bill	3.68%	1.0	5YR Sovereign CDS	38.71	
US 1 Year	3.65%	1.1	10YR Sovereign CDS	48.90	
US 2 year	3.72%	2.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			700.50	0.05%	0.61%
BMO Laddered Preferred Shares (ETF)			12.66	0.36%	2.68%

Source: LSEG

Things are looking up! Have a great day!
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