

Financial HARTbeat

Global
April 21st 2026



Good Morning,

Middle east energy conflict and energy shocks continues to make Oil and Gas extremely volatile..

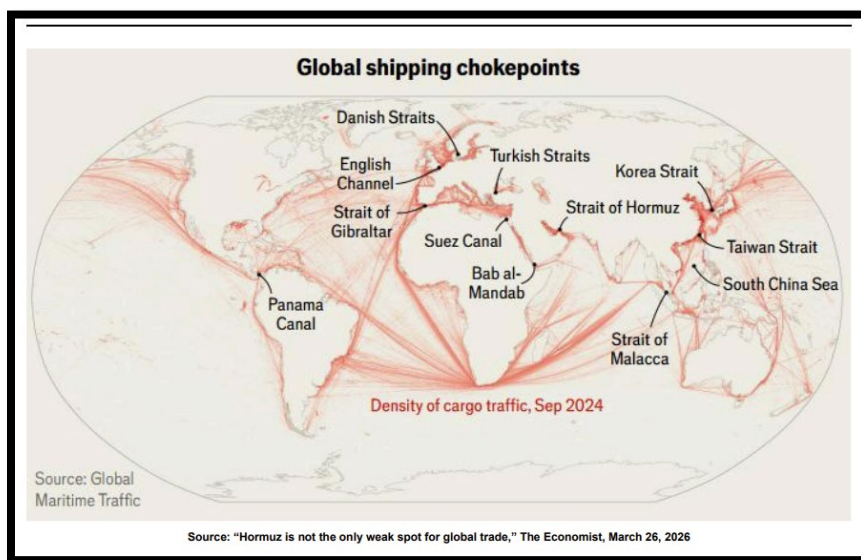
IMF downgrades growth by 0.50% based on middle east conflict..

Fed leadership & US monetary policy in hearing this week...

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Chart of the Day: Global chokepoints to review



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Top News

U.S. stock index futures rose this morning as renewed artificial intelligence optimism and strong corporate earnings bolstered markets despite no signs of progress in Middle East peace talks ahead of the deadline for the two week Iran-U.S. ceasefire.

J.P. Morgan raised its year-end target for the S&P 500, citing AI and tech-driven earnings, while Amazon announced yesterday that it will invest up to \$25 billion in Anthropic, signaling Big Tech is still willing to pour money into AI. Consensus earnings estimates have risen consistently in recent weeks, providing the fundamental underpinning for the recent market rally.

Investors are also awaiting the Senate confirmation hearing for Kevin Warsh, U.S. President Donald Trump's nominee to lead the Federal Reserve, as republican Senator Thom Tillis has promised to block the confirmation until the Department of Justice ends an investigation into Fed Chair Jerome Powell that he sees as a threat to the central bank's independence. The outcome of the hearing could have far-reaching implications for monetary policy. Typically, if a nominee for Fed chair is not confirmed, the incumbent remains in place in the interim. But Trump has vowed to fire Powell if he does not leave when his term ends in May.

On the economic front, U.S. retail sales increased more than expected in March as the war with Iran boosted gasoline prices and receipts at service stations, while tax refunds supported spending elsewhere. Retail sales jumped 1.7% last month after an upwardly revised 0.7% gain in February. Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, advancing 1.4% after a previously reported 0.6% increase in February. Retail sales excluding automobiles, gasoline, building materials and food services increased 0.7% in March after an upwardly revised 0.6% rise in February. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product, and were previously reported to have climbed 0.5% in February. There are worries that pain at the pump could pull spending away from other segments, and cut into tax refunds, which are running below the U.S. Treasury Department's expectations.



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Economists at the Stanford Institute for Economic Policy Research estimated that war-driven price spikes have pushed up Americans' average annual gasoline costs for this year by \$857. Internal Revenue Service data showed that the average tax refund was up \$351 through March 27 compared to the same period in 2025. The Treasury Department estimated that the average tax refund would be \$1,000 higher compared to the 2024 fiscal year.

In Canada, futures for the main stock index also inched higher this morning, after the S&P/TSX Composite Index hovered near its March 2 peak yesterday, as cooler-than-expected inflation eased interest rate worries.

Debt a High Level of GDP (Argus)

Looming behind the U.S. War in Iran, which begins its eighth week with no end in sight, is the high level of U.S. debt. According to the Department of the Treasury, federal debt at the end of 2025 totaled \$38.5 trillion, up 6% over the past year (during an economic expansion) and higher by a whopping 65% since January 2020. In the context of the overall economy, total U.S. debt is now about 123% of GDP, according to the Office of Management & Budget. That is the highest level since World War II. In the 1970s and 1980s, the debt/GDP ratio was consistently in the 30%-40% range and moved up toward 60% by 2000. Debt soared around 2010, as the government spent aggressively to halt the Great Recession and rekindle growth. Yet despite more than 10 years of economic growth prior to the pandemic, debt only increased as a percentage of GDP. Since 2020, spurred by the fiscal spending allocated to fight the impact of COVID-19, debt levels surged further, peaking in 4Q20 at 125%. This is not a problem that has to be fixed today (Japan's current debt-to-GDP ratio is around 250%), but we do note that interest expense now accounts for 3.9% of U.S. GDP, up from 2.3% in 2020 and compared to the historical average of 3.0% and a high of 5.0% in 1991. That's going to crowd out other government-spending initiatives that could promote GDP growth.

Ideally, politicians should start to establish a plan to address the issue in the next 10-15 years; perhaps that is what will come out of the current fiscal spending stalemate. If the upward debt/GDP trend persists and is not reversed, global investors may ultimately judge U.S. Treasuries as riskier proposition,



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potentially igniting a sovereign debt sell-off and a plunge in the dollar. That could send interest rates sharply higher, cutting into economic growth and equity valuations.

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	3.03%	-0.5
CDA Prime	4.45%	0.0	CDA 10 year	3.43%	-0.6
CDA 3 month T-Bill	2.27%	0.0	CDA 20 year	3.74%	-0.8
CDA 6 month T-Bill	2.35%	0.5	CDA 30 year	3.87%	-1.6
CDA 1 Year	2.52%	1.0			
CDA 2 year	2.77%	0.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.87%	1.8
US Prime	6.75%	0.0	US 10 year	4.26%	0.6
US 3 month T-Bill	3.61%	0.5	US 30 year	4.88%	-0.4
US 6 month T-Bill	3.71%	-0.5	5YR Sovereign CDS	38.49	
US 1 Year	3.67%	1.3	10YR Sovereign CDS	48.95	
US 2 year	3.74%	2.5			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	698.98	0.01%	0.39%		
BMO Laddered Preferred Shares (ETF)	12.67	0.08%	2.76%		

Source: LSEG

Things are looking up! Have a great day!
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