

# Financial HARTbeat

Overnight rates  
April 27<sup>th</sup> 2026



Good Morning,

Bank of Canada-say inflation temporary, economy weakening and worried about expectations instead of headline CPI




ECB (European Central Bank)-on hold, will Oil shock flow through into actual higher prices, waiting on more data and how politics unfold..

FOMC (Federal Open Market Committee)-hold, as their mandate is inflation and labour they have some issues trying to balance the two, also in a wait and see mode at this juncture..

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

## Chart of the Day: Rates on hold...

	 Bank of Canada	 Federal Reserve	 European Central Bank
<b>Rates</b>			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.25%	3.75%	2.00%
<b>Next meeting</b>			
Next meeting date	April 29, 2026	April 29, 2026	April 30, 2026
Market-implied policy rate*	2.22%	3.75%	2.00%
Spread vs. current rate	-3 bp	+0 bp	0 bp
<b>Probability of...</b>			
... hike	0%	0%	0%
... hold	90%	100%	100%
... cut	10%	0%	0%
<b>Rate cuts</b>			
25bps hikes (cuts) priced in...			
... next 3 months	(0.0)	(0.0)	0.7
... next 6 months	-	(0.3)	1.8
... next 12 months	-	(0.5)	-

OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).

\*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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## Top News

U.S. stock futures were muted this morning as peace talks between the U.S. and Iran stalled, while investors awaited a flood of earnings this week. U.S. President Donald Trump canceled a visit by two U.S. envoys to Pakistan, dealing a new blow to peace prospects. With an agreement to end the war still out of reach, investors have drawn reassurance from solid earnings so far. According to data from LSEG, of the 139 companies in the S&P 500 that reported results as of Friday, 81.3% surpassed earnings expectations, compared with the prior four-quarter average of 78.1%.

Overall, equity market investors seem to have moved on from the war and are back on the AI technology trade, but commentary from participants in the commodity markets continues to signal that the shock is being completely underestimated. Brent crude futures were trading about 1.5% higher today, hovering 49% above pre-war levels.

Also on the agenda this week, investors will hear from Federal Reserve policymakers, who will gather this week in what may be Jerome Powell's last meeting as head of the U.S. central bank. A Reuters poll of economists last week showed that the Fed is expected to wait at least six months before cutting interest rates this year.

On the corporate side, in premarket, Qualcomm was up more than 10%, while Intel INTC rose again this morning after jumping 23.6% in the previous session.

In Canada, futures linked to the main stock index edged lower today, ahead of a busy week of central bank meetings, including the Bank of Canada (BoC). The Central Bank is expected to keep rates on hold at 2.25% on Wednesday, as economists believe the rise in gasoline prices because of the Iran war may lift April inflation, but higher prices are unlikely to last long enough to warrant action. The Central Bank will continue to monitor whether these expectations of inflation become ingrained among consumers and among businesses, but right now, they are not seeing that. Governor Tiff Macklem said earlier this month he was not concerned about the near-term spike in inflation expectations due to the war. Canada's annual inflation rate rose to 2.4% in March as higher crude oil costs drove up gasoline prices.



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While inflation rose to its highest since December, it remains around the midpoint of the Bank of Canada's 1% to 3% target range. At the same time, the economy, while avoiding a recession many feared from U.S. tariffs, has translated in a lot of weakness in different areas of the economy. Money markets also expect a hold from the BoC but are pricing in one rate hike in the last quarter of the year, diverging from what most economists are predicting.

A Reuters poll showed that a majority of economists expect the BoC to keep its key policy rate on hold throughout the year, unchanged from before the war. In corporate news, the corporate front, Shell has agreed to buy Canadian energy company ARC Resources in a deal valued at \$16.4 billion.

## Market Calmer as Earnings Take Center Stage (Argus)

After a spike in market volatility in February and March, when the U.S. and Israel launched the war in the Middle East, the closely watched VIX Volatility (Fear) Index has fallen back below its historical average of 20, this as the 1Q EPS season kicks into high gear. Meanwhile, stock prices have recovered from correction territory and continue to crawl higher, with the S&P 500 at an all-time high. We can't say that the recent jump in the VIX a huge surprise. Indeed, in our 2026 Market Outlook, we noted that investor complacency was high, the upcoming Fed chairman transition could be rocky, the AI innovation revolution may stall, and that stock valuations were susceptible in the event of a sell-off in the Information Technology sector. That was our Bearish Case. Our Base Case called for another year of growth in the U.S. economy (and no recession), a modest decline in interest rates, and double-digit EPS growth. Since each of the planks in the Base Case are currently in place, there's reason to expect that equity prices can continue to push higher.

Back to the market, the current fear index reading is south of 19.0, which is below historical average of 20 and is consistent with a period of equity market strength. Indeed, during the long bull market in the 2010s, the VIX averaged 18 and even touched lows below 10 in 2017. We continue to think that the S&P 500 is in the mid-stage of a bull run that dates to October 2022. And while the path for equities won't be straight up, we suggest investors favor domestic large-cap growth stocks in their portfolios at the current market and economic juncture.



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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	3.10%	1.6
CDA Prime	4.45%	0.0	CDA 10 year	3.48%	1.9
CDA 3 month T-Bill	2.29%	0.0	CDA 20 year	3.78%	1.9
CDA 6 month T-Bill	2.38%	0.0	CDA 30 year	3.90%	1.9
CDA 1 Year	2.59%	0.5			
CDA 2 year	2.83%	1.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.93%	1.1
US Prime	6.75%	0.0	US 10 year	4.32%	0.6
US 3 month T-Bill	3.60%	-0.3	US 30 year	4.92%	0.9
US 6 month T-Bill	3.70%	0.3	5YR Sovereign CDS	39.23	
US 1 Year	3.67%	0.6	10YR Sovereign CDS	49.68	
US 2 year	3.80%	1.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			702.39	0.00%	0.88%
BMO Laddered Preferred Shares (ETF)			12.74	0.00%	3.33%

Source: LSEG

Things are looking up! Have a great day!

Ben



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