Financial HARTbeat

Ground Hog Day
Feb 2nd 2026

Good Morning,

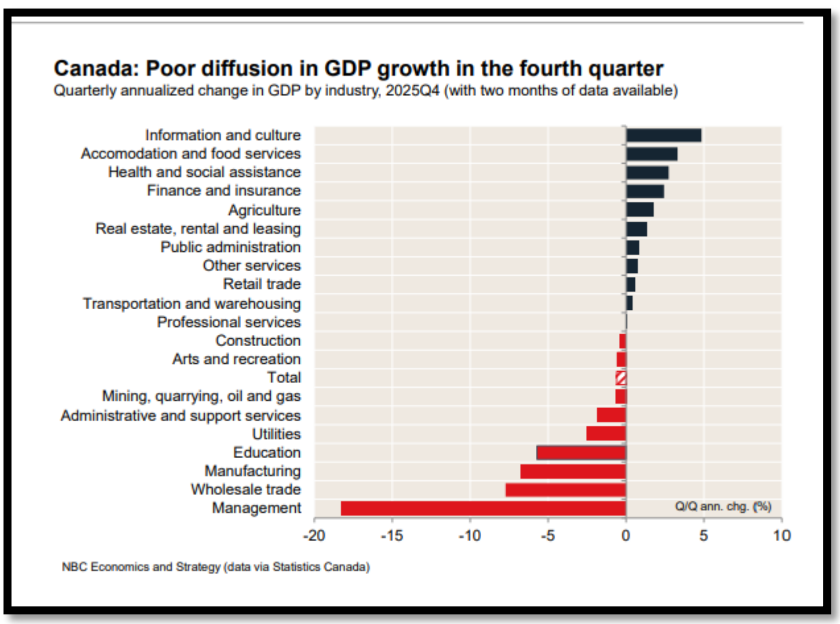
Wiarton Willie has predicted an early spring. Good news..

Silver market came unglued Friday….lots of repair needed here in order to see what the damage is…seems a hedge fund or smaller financial institution might have gone insolvent over the weekend, the dust has not settled yet…

Grammys…if you watched them last night…very heated and attacking of Trump and ICE…uncertainty in the USA is grinding higher…

Catch the playback of our 2026 Annual Outlook [Click here]

Chart of the Day: if this persists rate cuts cometh….



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Top News

Canadian stock index fell this morning, pressured by a broad commodities selloff, as precious metals extended losses and oil prices slipped after U.S. President Donald Trump signaled de-escalation with Iran. The TSX on Friday recorded its biggest single-day drop since April, as gold prices and mining stocks plunged after Trump picked Kevin Warsh, often viewed as hawkish, to succeed Jerome Powell as the next Federal Reserve chair. The Canadian benchmark nevertheless registered its ninth straight monthly advance in January, its longest winning streak since 2017. This morning, gold dropped as much as 6% and silver tumbled 10%, as commodity exchange CME Group boosted margin requirements for the precious metals following a historic plunge on Friday. The rout rippled across markets as leveraged investors were forced to unwind positions to meet margin calls. Oil prices also retreated, after Trump said on Saturday that major crude producer Iran was "seriously talking" with Washington. In addition, OPEC+ agreed to keep its oil output unchanged for March at a meeting on Sunday, even after crude prices hit six-month highs on concern the U.S. could launch a military strike on OPEC member Iran. The meeting of eight OPEC+ members comes as Brent crude closed near $70 a barrel on Friday, close to the six-month high of $71.89 it hit on Thursday, and despite speculation that a supply glut in 2026 would push prices down. The group raised production quotas by about 2.9 million barrels per day from April through December 2025, roughly 3% of global demand. In November they froze further planned increases for January through March 2026 because of seasonally weaker consumption. On Saturday, Canada's opposition Conservative Party has voted overwhelmingly to retain Pierre Poilievre as its leader after a leadership review following its defeat in the last federal election. In the U.S., stock index futures also fell today. Markets are trading cautiously as investors navigate a dense macro calendar and recalibrate expectations around the pace of global monetary easing. This positioning led adjustment has unfolded against a backdrop of thin liquidity and heightened sensitivity to macro headlines, amplifying intraday volatility. The volatility VIX index climbed to 18.59, hovering near a two-week high after last week's choppy stretch. Despite bouts of selloff in January due to geopolitical tensions, all three indexes ended the month higher, with the S&P crossing 7,000 points for the first time. On the political front, the U.S. entered what is expected to be a brief shutdown on Saturday after Congress failed to approve a deal to keep a wide swath of operations funded. Elsewhere, the euro zone factory activity remained in contraction territory in January for the third straight month amid persistent weakness in new orders despite output returning to

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growth. The HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 49.5 in January from December's nine-month low of 48.8.

Previewing Friday's Jobs Report (Argus)

On Friday, we forecast that the Employment Situation report from the Bureau of Labor Statistics (BLS) will show that the unemployment rate remains healthy, near 4.4%, which should support continuing economic growth. Evidence suggests layoffs remain low. Job creation is modest by historical standards. We estimate that non-farm payrolls increased by 45,000 in January. That would be an improvement from the three-month average of -22,000, which is dragged down by the federal government's October reduction of 179,000 employees. Monthly payrolls averaged 120,000 from January 1990 to the start of the pandemic in 2020. The 2025 average was 49,000. The three-month average of private payrolls is 29,000, which is a cleaner comparison. We do not expect a significant increase or decrease in government payrolls in January. In December, there was an increase of 2,000 federal jobs and 18,000 local government jobs, along with a decrease of 7,000 state government jobs.

If private payrolls continue at the three-month average of 29,000 and government employment grows by 13,000 as we saw in December, the tallies would be 42,000 non-farm jobs, which is close to our January forecast. Strong economic growth could drive payrolls higher in the coming months. The Atlanta Fed's Nowcast is projecting that GDP grew 4.2% in 4Q. The Labor Department's weekly reports on initial jobless claims provide evidence that actual layoffs are low. The four-week moving average of 206,250 claims is stable and far below the 300k that would raise a warning.

Hiring is a little less conclusive. Continuing claims, near 1.8 million, suggest that jobs are somewhat hard to get. Still, claims have decreased from almost 2 million in July and remain below the warning point of about 2.5 million. Average weeks unemployed are slightly elevated at 24.2. The average since 1990 is 21.5. Based on the Chicago Fed Labor Market Indicators, there is about a 54% probability that the January unemployment rate will be 4.3% or 4.4%. These indicators of layoffs and hiring are little changed from December.

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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	2.92%	-0.8
CDA Prime	4.45%	0.0	CDA 10 year	3.41%	-0.9
CDA 3 month T-Bill	2.20%	-0.5	CDA 20 year	3.74%	-1.0
CDA 6 month T-Bill	2.29%	3.1	CDA 30 year	3.86%	-0.8
CDA 1 Year	2.37%	-0.5			
CDA 2 year	2.56%	-0.2			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.79%	-0.7
US Prime	6.75%	0.0	US 10 year	4.24%	-0.3
US 3 month T-Bill	3.58%	0.0	US 30 year	4.87%	0.2
US 6 month T-Bill	3.63%	-0.3	5YR Sovereign CDS	31.24	
US 1 Year	3.48%	0.5	10YR Sovereign CDS	40.96	
US 2 year	3.53%	0.0			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	696.36	0.01%	0.02%
BMO Laddered Preferred Shares (ETF)	12.28	0.08%	-0.41%

Source: LSEG

Things are looking up! Have a great day!
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