Financial HARTbeat

Government Shutdown
Feb 3rd 2026

Good Morning,

Did anyone even know the US government was shutdown again?

Seems all back to normal and not shutdown anymore? Or is it…

Market seems almost completely immune to the economy, jobs, government turmoil…off on its own doing and moving primarily based on flows and obscure events…

Catch the playback of our Annual Outlook [Click here]

Chart of the Day: interesting…rates sideways to down…

ARGUS ECONOMICS
TREASURY YIELD CURVE FORECAST

As of January 13, 2025

Quarterly Averages:

		2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Latest	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Fed Funds	3.63	4.33	4.33	4.29	3.90	3.62	3.38	3.38	3.38	3.38	3.13	3.13	3.13
3 Mo. Bill	3.65	4.34	4.23	4.23	3.73	3.60	3.40	3.40	3.40	3.35	3.20	3.20	3.20
2 Yr.	3,52	4.15	3.86	3.72	3.52	3.55	3.50	3.50	3.50	3.50	3.40	3.40	3.40
5 Yr.	3.74	4.25	3.97	3.80	3.67	3.70	3.70	3.70	3.70	3.70	3.60	3.60	3.60
10 Yr.	4.17	4.45	4.36	4.26	4.10	4.15	4.10	4.10	4.10	4.00	4.00	4.00	4.00
30 Yr.	4.83	4.71	4.83	4.85	4.71	4.75	4.70	4.70	4.70	4.60	4.60	4.60	4.60
Prime	6.75	7.50	7.50	7.25	6.75	6.75	6.50	6.50	6.50	6.75	6.50	6.50	6.50

Quarterly Ranges:

3 Mo. Bill		3.75-4.75	3.26-4.26	3.25-4.25	3.25-4.25	3.10-4.10	2.90-3.90	2.90-3.90	2.90-3.90	2.85-3.85	2.70-3.70	2.70-3.70	2.70-3.70
2 Yr.		3.25-4.25	3.25-4.25	3.00-4.00	3.00-4.00	3.05-4.05	3.00-4.00	3.00-4.00	3.00-4.00	3.00-4.00	2.90-3.90	2.90-3.90	2.90-3.90
5 Yr.		3.50-4.50	3.50-4.50	3.50-4.50	3.50-4.50	3.20-4.20	3.20-4.20	3.20-4.20	3.20-4.20	3.20-4.20	3.10-4.10	3.10-4.10	3.10-4.10
10 Yr.		3.75-4.75	3.75-4.75	3.75-4.75	3.75-4.75	3.65-4.65	3.60-4.60	3.60-4.60	3.60-4.60	3.50-4.50	3.50-4.50	3.50-4.50	3.50-4.50
30 Yr.		4.00-5.00	4.00-5.00	4.00-5.00	4.00-5.00	4.25-5.25	4.20-5.20	4.20-5.20	4.20-5.20	4.10-5.10	4.10-5.10	4.10-5.10	4.10-5.10

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Top News

Global stocks rose on Tuesday, rebounding from a three-day decline as investor sentiment broadly picked up, as evidenced by a steep drop in volatility and a robust recovery in assets that had previously taken a beating such as gold, silver and copper. Gold was up nearly 6% and set for its biggest one-day rise since 2008, marking a gain of around 13% from Monday's lows. Silver shot up by more than 9%. Commodities stocks and the dollar have whipsawed since Trump's nomination of Kevin Warsh to lead the Federal Reserve sent metal prices tumbling. Warsh is keen to shrink the Fed's balance sheet, which would push up bond yields, a negative for precious metals. The sell-off in the precious metal market on Friday and Monday was more a matter of a paring of overcrowded positions in gold and silver than down to any real change in the fundamentals for those markets.

On the trade front, Indian domestic markets rallied after U.S. President Donald Trump announced that tariffs on Indian goods would be cut to 18% from 50% in return for New Delhi halting Russian oil purchases and lowering trade barriers.

The U.S. dollar took a step back after last week's rally against a range of currencies, most notably against the Aussie dollar, which gained as much as 1.5% after the Reserve Bank of Australia raised rates by a quarter point to 3.85%, citing above-target inflation and a tight labour market. The Australian central bank has now joined Japan as the only developed-world economies to raise interest rates.

Polls show Japanese Prime Minister Sanae Takaichi's Liberal Democratic Party heading for a landslide victory at the upcoming weekend's election, putting pressure on bonds and the yen as it would hand a mandate to her agenda for fiscal loosening.

In Canada, futures linked to the main stock index also rose today, as precious metal prices drove broad-based gains in mining shares. Copper prices also rebounded after news that China plans to boost stockpiles of the metal, while oil prices steadied after losses earlier in the session. Crude prices have come under pressure recently as U.S.-Iran tensions ease, with the countries set to resume nuclear talks on Friday. Markets will keep an eye on Federal Reserve speakers through the week with Richmond's president, Thomas Barkin, on the docket later in the day, and monitor closely the U.S. federal government

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partial shut down that started on Saturday after Congress failed to approve a deal to fund a broad swath of federal operations.

Despite President Donald Trump mentioning that Congress was nearing a resolution to end the shutdown, it looks like the partial shutdown will once again delay the release of the closely watched January employment report, originally due on Friday, and the JOLTS report, scheduled for today, has also been delayed.

February Can Be a Tough Month for Stocks (Argus)

We have studied monthly, quarterly, and annual returns in the stock market since 1980. February is not one of the best months. On average, stocks rise less than 0.2% in the shortest month of the year. Only the months of August and September have generated weaker average returns. There have been some strong Februarys, including 7% gains in 1986, 1991, and 1998, as well as a 5.5% surge in 2015 and a 5.2% gain in 2024. But there have been some clunkers: a 6% drop in 1982, a 9% plunge in 2001 during the dot-com bust, an 11% collapse near the bottom of the Great Recession and bear market in 2009, and, of course, the 20% bomb in February 2020, as the coronavirus began to spread around the world and the economy tumbled into a recession. Last year was a struggle, with a 1.4% decline during the month. This time, February is starting with a bit of positive momentum, as January's returns were solid, up 1.4%. Of note, the gain last month is promising for the full year, as the "January effect" axiom postulates that the market's returns in January tend to foreshadow full-year results.

For example, when January returns are positive, annual returns are positive 85% of the time, with an average gain of 20%. Earnings season rolls on and, as usual, companies are outperforming Street expectations. While we continue to think the general fundamentals for stocks are positive -- profits are rising, valuations are reasonable, the economy is growing, and rates likely are headed lower -- we still suggest that equity investors continue to focus on well-managed companies with clear growth prospects and clean balance sheets. Especially in February.

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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	2.96%	1.7
CDA Prime	4.45%	0.0	CDA 10 year	3.45%	1.2
CDA 3 month T-Bill	2.20%	-0.5	CDA 20 year	3.78%	1.9
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.90%	1.9
CDA 1 Year	2.37%	0.5			
CDA 2 year	2.58%	0.9			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.84%	0.7
US Prime	6.75%	0.0	US 10 year	4.29%	0.8
US 3 month T-Bill	3.60%	1.8	US 30 year	4.92%	1.1
US 6 month T-Bill	3.64%	0.2	5YR Sovereign CDS	31.99	
US 1 Year	3.50%	0.5	10YR Sovereign CDS	41.71	
US 2 year	3.58%	0.8			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			694.83	0.05%	-0.20%
BMO Laddered Preferred Shares (ETF)			12.33	0.41%	0.00%

Source: LSEG

Things are looking up! Have a great day!
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