

# Financial HARTbeat

Noise  
Feb 3<sup>rd</sup> 2026



Good Morning,

Canada's service PMI shows increasing pace of downturn...

Glencore halting major Quebec smelter after environmental issues..

Anthropic's new AI tool getting a lot of attention...good for them bad for their competitors.

**Catch the playback of our Annual Outlook [Click here](#)**

**Chart of the Day: ETF flows January....I used to think this wasn't an important number...it is now..**

**Table 4 - Top Single Long ETF Inflows - Jan 2026**

Ticker	Name	Flow (\$M)	Flow/AUM
1 XEQT	iShares Core Equity ETF Portfolio	\$1,122	9.2%
2 XIU	iShares S&P/TSX 60 Index ETF	\$823	4.1%
3 VEQT	Vanguard All-Equity ETF Portfolio	\$803	7.8%
4 XIC	iShares Core S&P/TSX Capped Composite Index ETF	\$682	3.9%
5 XSTH	iShares 0-5 Year TIPS Bond Index ETF CAD-Hedged	\$571	110.5%
6 VFV	Vanguard S&P 500 Index ETF	\$502	1.8%
7 FBAL	Fidelity All-in-One Balanced ETF	\$494	8.0%
8 XGD	iShares S&P/TSX Global Gold Index ETF	\$431	11.4%
9 ZCN	BMO S&P/TSX Capped Composite Index ETF	\$411	3.1%
10 WXM	CI Morningstar Canada Momentum Index ETF	\$404	46.8%
11 ZSP	BMO S&P 500 Index ETF	\$399	2.4%
12 XEF	iShares Core MSCI EAFE IMI Index ETF	\$341	3.8%
13 ZCOM	BMO Broad Commodity ETF	\$330	72.7%
14 XBB	iShares Core Canadian Universe Bond Index ETF	\$291	3.7%
15 ZEM	BMO MSCI Emerging Markets Index ETF	\$289	14.6%
16 FEQT	Fidelity All-in-One Equity ETF	\$286	8.8%
17 XTOT	iShares Core S&P Total US Stock Market Index ETF	\$280	NA
18 FGRO	Fidelity All-in-One Growth ETF	\$266	8.3%
19 VDY	Vanguard FTSE Canadian High Dividend Yield Index ETF	\$264	4.7%
20 UMVP	HAMILTON CHAMPION Utilities Index ETF	\$235	NA

Source: NBCM, Bloomberg.



**Ben Hart**

Senior Wealth Advisor & Portfolio Manager  
› 613-760-3788  
› ben.hart@nbc.ca

**National Bank Financial -  
Wealth Management**

50 O'Connor Street Suite 1602  
Ottawa, ON K1P 6L2

**NATIONAL BANK  
FINANCIAL  
WEALTH MANAGEMENT**

**HART**  
INVESTMENT GROUP

Regulated by CIRO  
Canadian Investment  
Regulatory Organization

**CIPF**  
Canadian Investor Protection Fund  
MEMBER

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

# Financial HARTbeat



## Top News

Canadian stock index futures rose this morning as precious metals extended their gains, while oil prices climbed amid simmering tensions in the Middle East after the U.S. shot down an Iranian drone. Spot gold price gained almost 3% and silver climbed more than 8% today, while copper also rose on China's plan to expand its strategic reserve. The TSX index extended its rebound yesterday, as strength in mining shares overshadowed a tech selloff led by U.S. and European software companies, linked to Anthropic's updated AI chatbot.

Today, European and U.S. software stocks struggled to find support for a second day in volatile trade as the sector-wide selloff spread to Asia, fuelled by mounting worries that advances in artificial intelligence could upend companies' business models. Some analysts are now saying that the sell-off reflects a scramble to shield portfolios from AI disruption as the rapid advances in the technology muddy valuations and cloud business prospects beyond the standard three-to-five year forecasts of companies. Software is seen as especially vulnerable to disruption as tools such as Anthropic's "Claude" increasingly automate the routine tasks that have long underpinned the industry's pricing power. Shares of U.S. software and services firms were mixed in premarket trading after a near 13% slide over five straight sessions.

Nasdaq-listed Thomson Reuters, the parent company of Reuters News, was flat in light volume after Tuesday's record 16% slump on fears that AI could threaten its core legal division, while Salesforce, CrowdStrike, Adobe each are trading lower in premarket trading. In other markets, the London Stock Exchange Group slid as much as 6.9%, extending Tuesday's near 13% drop.

Advertising stocks, viewed as among the most exposed in media to AI also stayed under pressure. Shares in SAP, Europe's largest software company, dropped more than 3%, a week after a disappointing cloud revenue forecast wiped around \$40 billion off its market value.

On the trade front, Canada's aviation regulator said it was working with the Federal Aviation Administration over delays in approving Gulfstream jets, after U.S. President Donald Trump threatened to decertify and slap tariffs on Canadian-made aircraft.



**Ben Hart**

Senior Wealth Advisor & Portfolio Manager  
613-760-3788  
ben.hart@nbc.ca

**National Bank Financial -  
Wealth Management**

50 O'Connor Street Suite 1602  
Ottawa, ON K1P 6L2

**NATIONAL BANK  
FINANCIAL  
WEALTH MANAGEMENT**

**HART**  
INVESTMENT GROUP

Regulated by CIRO  
Canadian Investment  
Regulatory Organization

**CIPF**  
Canadian Investor Protection Fund  
MEMBER

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

# Financial HARTbeat



Meanwhile, U.S. President Donald Trump signed a spending deal into law on Tuesday, ending a partial government shutdown that had snarled the release of key labor-market data this week. The government is yet to announce when the key nonfarm payrolls and JOLTS data will be released. In their absence, traders focused this morning on the ADP's national employment print for January. It showed U.S. private payrolls increased less than expected in January amid job losses in the professional and business services as well as manufacturing sectors. Private employment rose by 22,000 jobs last month after a downwardly revised 37,000 increase in December.

## Reasonable Valuation for Stocks (Argus)

We have several ways of looking at market valuations, and most are signaling that stocks are reasonably valued, though hardly at bargain levels. Our Stock Bond Barometer is indicating that the two major portfolio asset classes are near parity as far as valuation is concerned. This model, our most comprehensive goes back to 1960. It takes into account real-time price levels, historical growth rates, and forward-looking forecasts of short-term and long-term government and corporate fixed-income yields, inflation, stock prices, GDP, and corporate earnings, among other factors. The output is expressed in terms of standard deviations to the mean, or sigma. The mean reading from the model is a modest premium for stocks, of 0.18 sigma, with a standard deviation of 1.07. So, stocks normally sell for a slight premium compared to bonds. The valuation level now is a 0.50 sigma premium for stocks, not a discount but within the normal range. Other valuation measures also show reasonable multiples for stocks.

The current forward P/E ratio for the S&P 500 is about 21, within the normal range of 15-24. On price/book, stocks are priced at the high end of the historical range of 5.5-1.8, given that tech stocks, with low capital bases, are the biggest component of the market. The current S&P 500 dividend yield of 1.13% is below the historical average of 2.9%, but the relative reading to the 10-year Treasury bond yield is 27% compared to the long-run average of 39%. On price/sales, the current ratio of 3.3 is above the historical average of 1.8, but well below the 4.0 multiple at the peak of the dot-com bubble.

Further, the gap between the S&P 500 earnings yield and the benchmark 10-year government bond yield is 280 basis points, compared to the historical average of 400. Lastly, the ratio of the S&P 500 price to an



**Ben Hart**

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial –  
Wealth Management**

50 O'Connor Street Suite 1602  
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

# Financial HARTbeat



ounce of gold is 1.5, not far from the midpoint of the historical range of 1-3. These valuation measures suggest to us that the stock market is not in danger of entering bubble territory at this juncture.

## 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%	1.6
CDA Prime	4.45%	0.0	CDA 10 year	3.45%	0.5
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.77%	1.5
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.90%	1.5
CDA 1 Year	2.37%	-0.5			
CDA 2 year	2.59%	1.1			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.84%	0.3
US Prime	6.75%	0.0	US 10 year	4.27%	-0.1
US 3 month T-Bill	3.60%	0.0	US 30 year	4.90%	-0.9
US 6 month T-Bill	3.65%	0.0	5YR Sovereign CDS	33.24	
US 1 Year	3.50%	0.3	10YR Sovereign CDS	43.46	
US 2 year	3.58%	1.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			693.70	0.01%	-0.36%
BMO Laddered Preferred Shares (ETF)			12.34	0.08%	0.08%

Source: LSEG

Things are looking up! Have a great day!

Ben



**Ben Hart**

Senior Wealth Advisor & Portfolio Manager  
› 613-760-3788  
› ben.hart@nbc.ca

**National Bank Financial –  
Wealth Management**

50 O'Connor Street Suite 1602  
Ottawa, ON K1P 6L2

 **NATIONAL BANK  
FINANCIAL  
WEALTH MANAGEMENT**

 **HART**  
INVESTMENT GROUP



Regulated by CIRO  
Canadian Investment  
Regulatory Organization

  
**CIPF**  
Canadian Investor Protection Fund  
MEMBER

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.