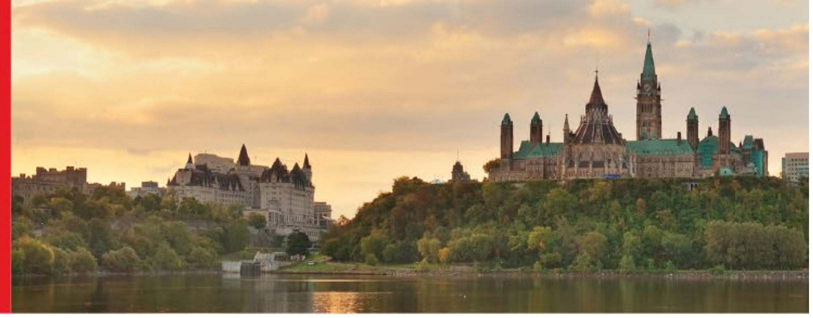
Financial HARTbeat

Japan..
Feb 9th 2026



Good Morning,

Nikkei takes off as Prime Minister Sanae Takaichi following a landslide election win…interestingly though Yen rallies as well.

AI and Tech…grabbing a lot of attention in the markets…will software, need hardware to keep growing?

Canada loses 24,800 jobs…this will be important to watch..fewer people looking for work…why?

Catch the playback of our Weekly Roundup ***Click here***

Also, catch the playback of our Annual Outlook ***Click here***

Chart of the Day: Rate cuts still lagging…this is surprising me…

		Bank of Canada	Federal Reserve	European Central Bank
Rates	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%
Next meeting	Next meeting date	March 18, 2026	March 18, 2026	March 19, 2026
	Market-implied policy rate*	2.21%	3.70%	2.00%
	Spread vs. current rate	-4 bp	-5 bp	0 bp
	Probability of…			
	… hike	0%	0%	0%
	… hold	85%	79%	100%
	… cut	15%	21%	0%
Rate cuts	25bps hikes (cuts) priced in...			
	... next 3 months	(0.2)	(0.4)	(0.1)
	... next 6 months	-	(1.3)	(0.1)
	... next 12 months	-	(2.2)	-

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

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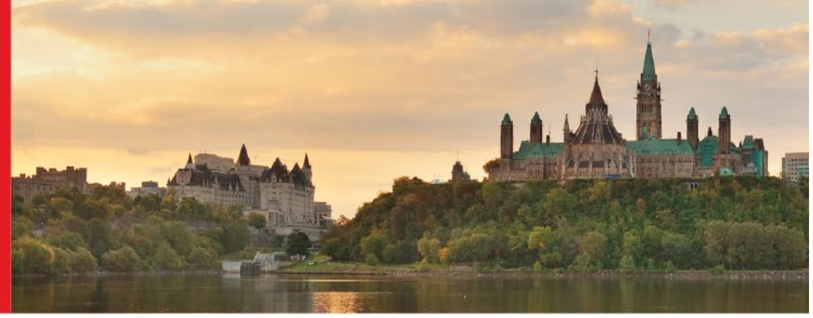

Top News

Futures point to a flat open on Monday following a week marred by AI disruption concerns tanking technology stocks, as investors awaited crucial economic data and hints from the U.S. Federal Reserve on its interest-rate plans. U.S. markets rebounded on Friday after three consecutive days of losses, with the AI trade coming under renewed scrutiny after Big Tech companies unveiled heavy capital expenditure projections. The market's recent rotation out of tech could play out again this week, if the week's earnings releases are favorable.

A handful of recent Big Tech results revived investor worries about ambitious spending this year, with marquee "Magnificent Seven" Amazon, Google, Meta and Microsoft collectively expected to spend around $650 billion in the race to win AI dominance. This week, the focus will be on economic data, including the key January nonfarm payrolls report on Wednesday and the closely watched January consumer price index on Friday, both essential for clues on the central bank's rate decisions.

Traders are currently pricing in the year's first rate cut in June, according to CME Group's FedWatch tool, which could be when Kevin Warsh, U.S. President Donald Trump's nominee for Fed chair, takes over. The economic docket is light Monday, though several Federal Reserve officials, including Governors Christopher Waller and Stephen Miran, will speak later in the day.

European shares edged higher on Monday, tracking a global equity rebound after last week's selloff, as investors digested a flurry of dealmaking. M&A news also dominated the news flow on Monday.

A consortium led by holding firm Advent and FedEx has agreed to buy parcel locker company InPost in a $9.2 billion deal, sending shares of the Polish company up 13.6%. Novo Nordisk sued Hims and Hers Health on Monday over patent infringement after the U.S. telehealth firm launched, then cancelled, a $49 copy of Novo's weight-loss pill Wegovy following backlash from the U.S. Food and Drug Administration. The FTSE 100 dipped on Monday, as investors focussed on the brewing political crisis in Britain, while bank stocks came under pressure with NatWest leading declines after it agreed to buy wealth manager Evelyn Partners.

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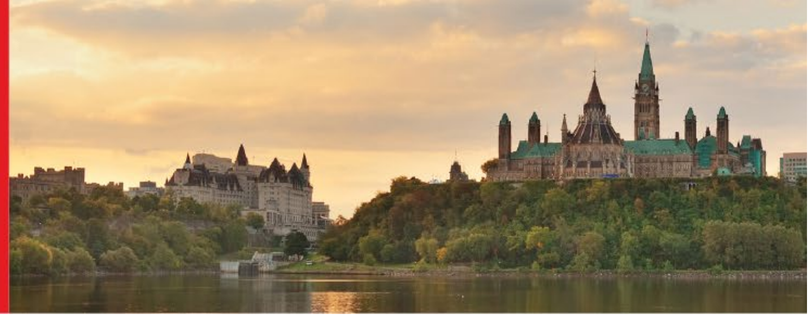

British Prime Minister Keir Starmer's chief of staff, Morgan McSweeney, quit on Sunday, saying he took responsibility for advising Starmer to name Peter Mandelson as ambassador to the U.S. despite his known links to sex offender Jeffrey Epstein.

Japanese stocks swept to all-time peaks while super-long bonds quickly reversed early weakness in an apparent vote of confidence in Prime Minister Sanae Takaichi's "responsible, proactive" fiscal policy. The yen initially declined to a record trough against the Swiss franc, but rapidly switched direction after a warning about potential currency intervention from Tokyo. Takaichi's Liberal Democratic Party won a landslide 316 of the 465 seats in parliament's lower house in Sunday's snap election, giving her a solid mandate to push through big spending and promised tax relief. China stocks had their best day in a month on Monday while Hong Kong shares also rebounded, inspired by a record-breaking performance on Wall Street, and bullish Asian markets led by Japan.

What's Happening to Growth Stocks? (Argus)

Last year was not much different from the previous quarter century. Growth stocks outperformed value stocks by more than 700 basis points. That makes 17 years of the past 23 (74%) when growth has won out. Still, in the 2000-2010 decade, including the Great Recession, value stocks were the better performers, advancing an admittedly low 8% -- but still better than growth, which declined 15% during the decade. Value investors trace their roots to the famous "Security Analysis" textbook, written by Ben Graham, an economics professor at Columbia University. Warren Buffett was one of his students. Why the recent deviation in performance? Reasons include changes in the make-up of the broad economy; innovation delivered by the IT sector, which is a pillar of the growth market; growth in intangible assets; and the current low level of interest rates, which reduces the discount rate on the future earnings of growth companies. So far this year, value stocks have taken the lead, with growth slumping 5% before a recovery on Friday. At Argus, we oversee numerous portfolios, including some focused on growth and others on value. Our policy is to manage risk in part by sticking to our disciplines, despite the twists and turns in the markets.

Our current asset-allocation recommendations, published and updated monthly in our Investment Portfolio Guide, do indeed favor growth over value for the longer term. We anticipate that growth, led

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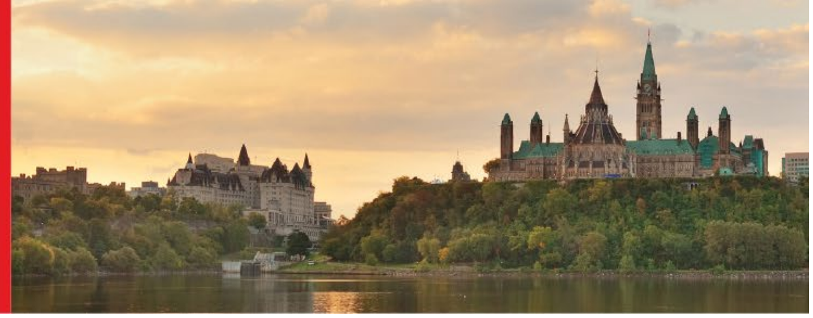

by the Information Technology sector, will top returns from value, led by Energy, Real Estate, and Materials, due to favorable secular and demographic trends. We don't expect the line will be straight up, but we anticipate that the historical outperformance trend behind growth will resume in the quarters ahead. In the meantime, we also have value ideas in our Min-Vol, High-Yield, and Equity Income model portfolios.

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	2.93%	1.1
CDA Prime	4.45%	0.0	CDA 10 year	3.42%	0.9
CDA 3 month T-Bill	2.20%	0.2	CDA 20 year	3.75%	2.3
CDA 6 month T-Bill	2.25%	-0.5	CDA 30 year	3.87%	2.3
CDA 1 Year	2.35%	1.0			
CDA 2 year	2.55%	-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	3.78%	2.3
US Prime	6.75%	0.0	US 10 year	4.24%	3.0
US 3 month T-Bill	3.60%	-0.2	US 30 year	4.89%	3.2
US 6 month T-Bill	3.62%	0.2	5YR Sovereign CDS	34.24	
US 1 Year	3.44%	-0.5	10YR Sovereign CDS	44.19	
US 2 year	3.51%	1.3			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			694.07	0.03%	-0.31%
BMO Laddered Preferred Shares (ETF)			12.36	0.24%	0.24%

Source: LSEG

Things are looking up! Have a great day!
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