

Financial HARTbeat

It's the Economy...
Feb 10th 2026



Good Morning,

While there is a lot of headline optimism...the economy is telling a different story...

US retail sales slowing.... unemployment rising, PMI not ideal...

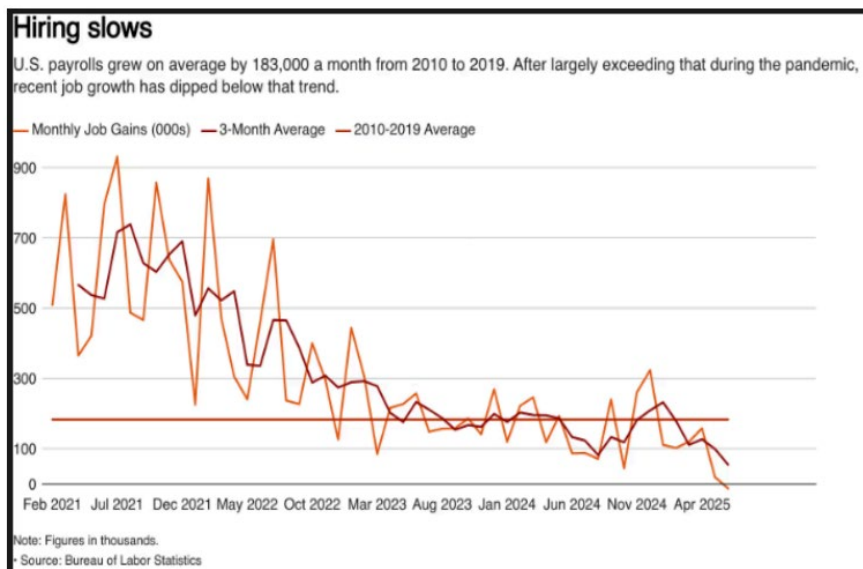
Many quarterly updates suggesting weak forward guidance....

What does this all mean? Likely central bank intervention...

Catch the playback of our Weekly Roundup [Click here](#)

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

Chart of the Day: US Hiring slows....



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Top News

U.S. futures were little changed on Tuesday after a sharp rally in the previous session as tech stocks bounced off a bruising rout. The latest retail sales report showed that consumer spending in December was unchanged, missing the 0.4% monthly gain that economists polled by Dow Jones were expecting. Investors are awaiting the big jobs report on Wednesday, and the consumer price index on Friday. Tech stocks rallied Monday, building on their Friday comeback and helping lift the overall market.

Investors are hopeful the market can sustain its upward advance after last week's sell-off. This week's focus will be on the delayed nonfarm payrolls data, followed by crucial inflation numbers that could influence expectations for the U.S. Federal Reserve's monetary policy path.

White House economic adviser Kevin Hassett said on Monday that U.S. job gains could be lower in the coming months due to slower labor force growth and higher productivity. Markets currently expect the Fed to keep rates on hold until June, at which point U.S. President Donald Trump's Fed chair nominee, Kevin Warsh, could take the helm at the central bank, if confirmed by the Senate. Federal Reserve policymakers Beth Hammack and Lorie Logan are scheduled to speak later in the day.

Europe's benchmark share index was little changed on Tuesday as a decline in BP after it suspended share buybacks countered gains in luxury stocks following a better-than-expected earnings update from Kering. U.S. tariffs are weighing on euro zone growth and inflation but the most affected sectors are also sensitive to interest rates, so cutting borrowing costs could offset the downward price pressures, a European Central Bank blog post said on Tuesday. The U.S. imposed tariffs on most trading partners last year and ECB officials have been studying their likely impact, often coming to opposing conclusions since trade barriers affect the economy on multiple levels.

Japan's Nikkei share average closed at a record high on Tuesday, following robust quarterly earnings and momentum from Prime Minister Sanae Takaichi's landslide victory in the general election. Earnings season is underway in the world's fourth-largest economy, and markets are buoyed by expectations that Takaichi's overwhelming victory on Sunday would enable her to push through big spending and tax relief.



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Mainland China stocks closed slightly higher on Tuesday, with gains in the communications sector outweighing losses in property shares, as trading gradually thinned ahead of the long Lunar New Year holiday. China's onshore media stocks surge on excitement over ByteDance's latest AI video-generation model, with the CSI media sub-index closed up 4.2% and the CSI film and TV sub-index surging 9.3%.

Value Sectors (Argus)

Each month we take a close look at an aspect of sector investing. This month, we are examining growth and valuation.

Investors hunting for stocks that reasonably balance long-term growth prospects and current value characteristics might want to look at companies in the Information Technology, Financial, and Communication Services sectors. These are among the groups that are selling for (price/earnings)/(growth+yield) ratios at or below the S&P 500's ratio of 2.1. To generate the PEGY ratios, we use the P/E ratio for each sector based on forward earnings for the numerator. For the denominator, we average the growth rates for the past five years along with two years of forward estimates, this in order to achieve a smoother, less-volatile, trend for earnings growth. We then add the current yield to approximate total return. As an example, the current S&P 500 P/E ratio is 22, the current yield is 1.2%, and the historical growth rate is 9%. The formula is $22/(1.2+9.0)$, which equals 2.1.

Sectors with favorable growth and valuation characteristics, in addition to the three listed above, include Energy and Materials. Premium-valued sectors with low growth rates include the Consumer groups. Based on our analysis of growth rates and valuations, as well as other factors, we have established our current over-weight sectors as Information Technology, Financial, Utilities, Healthcare, and Communication Services. Our under-weight sector is Consumer Discretionary. Our market-weight sectors are Energy, Consumer Staples, Materials, Real Estate, and Industrial.



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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	2.89%	-1.6
CDA Prime	4.45%	0.0	CDA 10 year	3.38%	-2.2
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.71%	-2.3
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.83%	-2.3
CDA 1 Year	2.35%	-1.0			
CDA 2 year	2.53%	-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	3.72%	-2.1
US Prime	6.75%	0.0	US 10 year	4.17%	-2.6
US 3 month T-Bill	3.60%	0.2	US 30 year	4.82%	-3.0
US 6 month T-Bill	3.62%	0.2	5YR Sovereign CDS	34.24	
US 1 Year	3.44%	0.5	10YR Sovereign CDS	44.20	
US 2 year	3.47%	-1.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			694.08	-0.02%	-0.31%
BMO Laddered Preferred Shares (ETF)			12.34	-0.20%	0.08%

Source: LSEG

Things are looking up! Have a great day!

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