

Financial HARTbeat

Tariffs...
Feb 23rd 2026



Good Morning,

What happens now with US tariffs...Supreme court ruled against Trump 6-3...

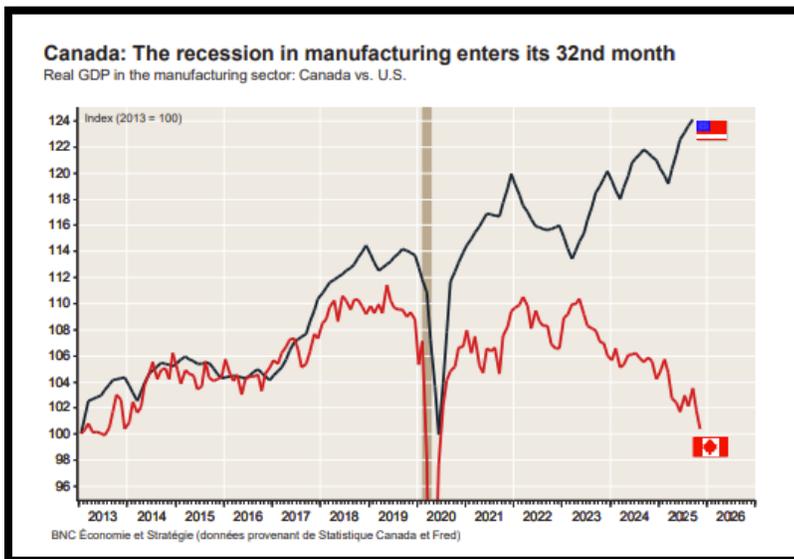
China steps in and effectively says...economic fighting is harmful to the world with Supreme Court decision let's just move on....

Does the US Government put money back....

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Chart of the Day: Is this good or bad or irrelevant?



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Top News

Far from being a source of relief, the U.S. Supreme Court's takedown of President Donald Trump's tariffs has infused new risks and uncertainties into trade policy, U.S. debt and the dollar. The Court made no decision on refunds, leaving open the possibility of a hole of around \$170 billion in U.S. finances. Trump's furious rush to impose replacement levies has already raised hackles in Europe and fresh confusion about trade policy.

It is still unclear when the new tariffs would be imposed and what might be excluded and whether every country would be slapped with 15%. Some, including the UK and Australia, had 10% tariff rates under the former rules, while many countries in Asia had higher rates. The Yale Budget Lab said the overall average effective tariff rate would stand at 13.7% after Trump's announcement on Saturday, down from 16%, the highest since 1936, before the Supreme Court's ruling. It added that it expected the 15% tariffs would expire after 150 days, following the 1974 Trade Act under which they were invoked. If so, the average rate would fall to 9.1%.

With global trade landscape now more uncertain than before, gold gained along with safehaven currencies such as the Japanese yen and Swiss franc. U.S. stock index futures and the dollar dropped.

European stock slipped as investors tried to work out the implications for the world's major economies, while shares in Hong Kong rallied 2.53% partly due to expectations that China will face lower tariffs after the ruling. Goldman Sachs analysts noted China could enjoy a 6.6 percentage point fall in its tariff rate.

Oil prices build on gains made last week when Trump said the U.S. could strike Iran amid a large-scale build up of forces in the region. Further U.S.-Iran talks are scheduled for Thursday. Iran has indicated it is prepared to make concessions on its nuclear programme in talks with the U.S. in return for the lifting of sanctions and recognition of its right to enrich uranium, as it seeks to avert a U.S. attack. However, both sides remain sharply divided even over the scope and sequencing of relief from the crippling U.S. sanctions. Elsewhere, Federal Reserve Governor Christopher Waller said he was open to leaving interest rates on hold at the Fed's March meeting if upcoming February jobs data indicates the U.S. labor market had "pivoted to a more solid footing" after a weak 2025. Waller dissented against the decision at the



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Fed's January meeting to keep rates on hold, saying he felt it would be appropriate to cut the policy rate another quarter percentage point given weak job growth and what he saw as risks unemployment could rise. At the time he was still under consideration as a possible Fed chair by President Donald Trump, who has called on the central bank to make sharp rate cuts. Trump has since nominated Kevin Warsh to take over when Fed chair Jerome Powell's term ends in May.

Plan B for Tariffs (Argus)

Last week, the U.S. Supreme Court struck down a large portion of the tariffs that have become a key element of President Trump's economic agenda. Many, though not all, tariffs during the second Trump administration have been imposed under the International Emergency Economic Powers Act (IEEPA). The IEEPA gives the president the power to regulate imports of foreign property, but only after the declaration of a national emergency to deal with tangible threats; it makes no mention of tariffs. By way of a six-to-three majority, the Supreme Court ruled that the IEEPA "does not authorize the president to impose tariffs." So what's next? Well, for one thing, the overall average effective tariff rate is likely to come down. The Yale Budget Lab now estimates that consumers will face an average tariff rate of 9.1%, lower than the prior mean tariff rate of 17.8%. Even so, these are the highest rates since 1946. For another, President Trump is certain to pursue other paths to reinstate tariffs.

On Friday, he announced a 10% global tariff under a different authority (Section 122 of the Trade Act of 1974), and on Saturday, he raised that rate to 15%. The financial markets had a guardedly optimistic response to the Supreme Court's ruling, as investors prefer to have economic principles such as supply, demand, and comparative advantage establish prices in global markets. Fourth-quarter GDP data, released the same day, highlighted the negative effect of the government shutdown on the U.S. economy, though the impact of tariffs appears to have cut into growth in consumer and business spending. In the intermediate term, the uncertain future of tariff policy is likely to overhang the market.



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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	2.75%	-0.1
CDA Prime	4.45%	0.0	CDA 10 year	3.21%	-0.6
CDA 3 month T-Bill	2.20%	0.5	CDA 20 year	3.58%	-0.5
CDA 6 month T-Bill	2.23%	0.0	CDA 30 year	3.70%	-0.5
CDA 1 Year	2.31%	0.5			
CDA 2 year	2.44%	-0.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.64%	-1.0
US Prime	6.75%	0.0	US 10 year	4.07%	-1.0
US 3 month T-Bill	3.61%	0.2	US 30 year	4.72%	-0.3
US 6 month T-Bill	3.64%	0.2	5YR Sovereign CDS	34.24	
US 1 Year	3.52%	1.0	10YR Sovereign CDS	44.19	
US 2 year	3.48%	0.2			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	696.78	0.03%	0.08%		
BMO Laddered Preferred Shares (ETF)	12.48	0.24%	1.22%		

Source: LSEG

Things are looking up! Have a great day!

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