Financial HARTbeat

Bonds=AI
Feb 24th 2026

Good Morning,

This theme that has been bantering around in my head is bonds work as AI denominates…

Wait…are we headed into an inflationary impulse…some say yes…others say AI causes massive deflation..

The big question is will Central Bank reaction function be the usual one? Cut and stimulate? Won't this cause inflation? Unique period we are heading towards where we might see prices fall…imagine a new car that used to cost $100,000 now costs $10,000 but same profit margin for the companies….

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

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

Chart of the Day: This has already changed since start of the year….no changes in overnight rates until maybe 2027

Financial Forecast**

	Current 2/18/26	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2025	2026	2027
Overnight rate	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.75
Prime rate	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.75
3 month T-Bills	2.20	2.25	2.25	2.25	2.35	2.20	2.35	2.75
Treasury yield curve								
2-Year	2.45	2.50	2.50	2.50	2.60	2.59	2.60	2.85
5-Year	2.76	2.90	2.80	2.85	2.90	2.98	2.90	3.05
10-Year	3.23	3.40	3.35	3.35	3.35	3.44	3.35	3.45
30-Year	3.71	3.85	3.80	3.80	3.80	3.86	3.80	3.90
CAD per USD	1.37	1.38	1.35	1.33	1.31	1.37	1.31	1.29
Oil price (WTI), U.S.$	65	62	63	64	65	57	65	66

*** end of period*

National Bank of Canada

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

Financial HARTbeat

Top News

Canadian stock index futures are mostly unchanged today as gold prices retreated, while investors looked ahead to quarterly results from major banks. Spot gold fell more than 1%, retreating from a three-week high hit earlier in the session as U.S. dollar strengthened while investors awaited clarity on President Donald Trump's tariffs. Meanwhile, oil prices gained, nearing seven-month highs as traders assessed supply concerns with another round of U.S.-Iran nuclear talks scheduled for Thursday.

In corporate news, Canada's largest banks are expected to report another quarter of strong earnings this week, with Bank of Nova Scotia kicking off the first-quarter earnings this morning before the bell. The Canadian lender reported quarterly earnings that beat analysts' estimates, supported by strong growth at its wealth management and capital markets segments. Canadian banks this year are betting on a promising IPO pipeline and higher deal activity as gold and oil prices rise to boost income at their capital markets business and broader demand for wealth management services.

Air Canada announced that it will resume full operations from Montreal, Toronto and Vancouver to Mexico's Puerto Vallarta on Tuesday. The Canadian carrier also said that operations to Guadalajara in western Mexico will resume on Wednesday.

The Canadian government announced that it plans to help Cuba while the island grapples with fuel shortages after Washington moved to choke off Cuba's oil supplies. Washington has escalated a pressure campaign against the island in recent weeks. U.S. President Donald Trump's administration has moved to block all oil from reaching Cuba, including that from ally Venezuela, pushing up prices for food and transportation and prompting severe fuel shortages and hours of blackouts.

The U.N. has warned that if Cuba's energy needs are not met, it could cause a humanitarian crisis. In the U.S., Customs and Border Protection said that starting today the United States will impose a new tariff of 10% on all goods not covered by exemptions, the rate first announced by President Donald Trump on Friday rather than the 15% he promised a day later. The move added to confusion surrounding U.S. trade policy, with no explanation offered in the notice for why the lower rate had been used.

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 MEMBER

The Financial Times quoted a White House official as saying the increase up to 15% would come later. Trump is to deliver the State of the Union address tonight, so it's possible we might get a better sense of the next steps on tariffs. The new tariffs took effect at midnight, while collection of the tariffs annulled by the Supreme Court was halted. They had ranged from 10% to as much as 50%.

It remains unclear whether and how companies will be refunded for tariff payments made under the regime annulled by the Supreme Court, but global transportation company FedEx was the first to announce yesterday that it will sue for a refund.

Constructive on Builders (Argus)

Homebuilding is in the kind of slump that could get a shortstop sent down to the minors. Residential fixed investment, the category that includes homebuilding in the Gross Domestic Product report, is poised to decline 2.4% in 1Q26, according to the Atlanta Fed's initial GDPNow indicator for 1Q26. A drop would make the streak five quarters in a row and leave 4Q24 as the only positive print in the last eight. The good news for investors is that markets look forward, not backward, The XHB Homebuilders Exchange Traded Fund is up 15.5% this year, compared with a 2.7% decline for the XLY Consumer Discretionary ETF, and a 0.41% gain for the S&P 500. On fundamental basis, we believe there is a shortage of affordable housing, new homes are historically cheap relative to existing homes, and big builders (like those represented in the ETF) have the operating efficiency and financial strength to take market share. Residential fixed investment represented 3.7% of GDP in 4Q25. This is well below the average of 4.6% since the beginning of 1947 and notably low for an economic expansion. The recent catalyst for shares is that President Trump has made housing affordability one of his major priorities.

In the 4Q earnings call for Lennar, one of the largest U.S. builders, Executive Chairman Stuart Miller said the following. "On a positive note, the federal government has intensified its focus on the national housing crisis with a strong likelihood of taking decisive action to enhance affordability." The 30-year mortgage rate has declined by more than one percentage point over the last year, to its lowest level since September 2022. We believe that rates have recently benefitted from President Trump's statement in January that Fannie Mae and Freddie Mac would buy $200 billion of mortgage-backed securities. This

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

Financial HARTbeat

morning, we expect that the S&P Cotality Case-Shiller National Home Price Index will post an annual increase of approximately 1.0% for December

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	2.72%	0.1
CDA Prime	4.45%	0.0	CDA 10 year	3.18%	-1.4
CDA 3 month T-Bill	2.19%	0.0	CDA 20 year	3.55%	-0.7
CDA 6 month T-Bill	2.23%	0.0	CDA 30 year	3.68%	-0.7
CDA 1 Year	2.31%	0.0			
CDA 2 year	2.43%	-0.3			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.60%	1.5
US Prime	6.75%	0.0	US 10 year	4.04%	1.0
US 3 month T-Bill	3.60%	0.4	US 30 year	4.69%	-0.3
US 6 month T-Bill	3.65%	0.6	5YR Sovereign CDS	34.23	
US 1 Year	3.51%	1.0	10YR Sovereign CDS	44.19	
US 2 year	3.45%	1.5			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			697.06	0.01%	0.12%
BMO Laddered Preferred Shares (ETF)			12.49	0.08%	1.30%

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