

# Financial HARTbeat

State of the Union  
Feb 25<sup>th</sup> 2026



Good Morning,

Longest State of the Union ever....what was discussed...nothing really..

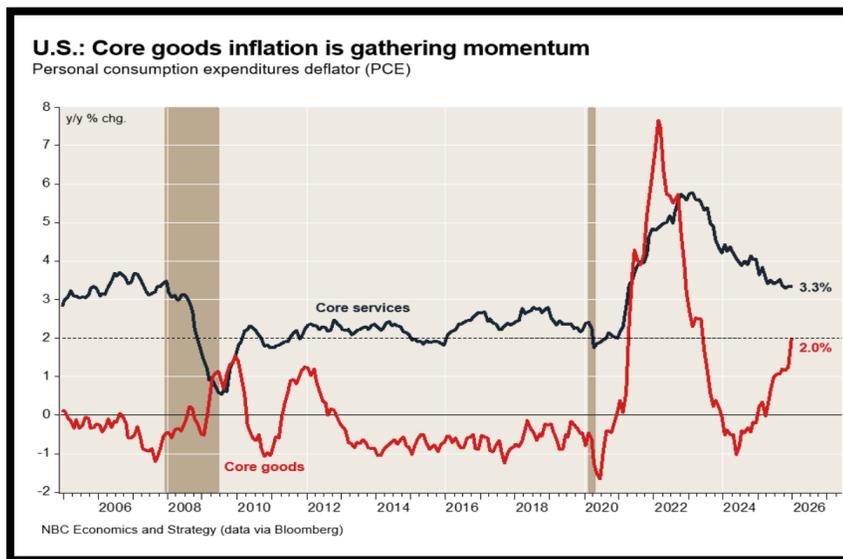
It divided the two parties most certainly more then uniting them...Democrats didn't do much just generally sat on their hands and AI Green was kicked out again...

Same harsh words on his stance with Iran...mostly bluster about the markets, economy, tariffs...only bright spot I saw was government pension matching (401ks)...this is interesting..

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

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

**Chart of the Day: so much contradictory data out there...Inflation again...doubt this is what happens in Feb**



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## Top News

The S&P/TSX Composite Index futures are trading higher this morning as gold prices gained on a softer U.S. dollar, while oil prices rose amid lingering worries about a potential military conflict between the U.S. and Iran. U.S. President Donald Trump briefly laid out his case for a possible attack on Iran in his State of the Union speech to Congress on Tuesday, saying he would not allow the world's biggest sponsor of terrorism to have a nuclear weapon. Even while assembling a massive military force in the Middle East, Trump has done little to explain to the American public why he might be leading the U.S. into its most aggressive action against the Islamic Republic since its 1979 revolution. Otherwise, during his State of the Union address Trump boasted that he had ushered in "the golden age of America," seeking to project an aura of success despite sagging approval ratings and deepening voter frustration ahead of November's midterm election. Trump spent the first hour of his televised speech focused on the economy, saying he had slowed inflation, driven the stock market to record heights, signed sweeping tax cuts and lowered drug prices. But it was unclear whether his rosy assessment would assuage Americans' anger about the cost of living.

Opinion polls show voters hold Trump responsible for not doing more to ease an affordability crisis after he campaigned relentlessly on the issue.

A Reuters/Ipsos poll found only 36% of Americans approve of his handling of the economy. In the U.S., the three main stock indexes were set to open higher today after volatile sessions earlier this week as investors assessed risks to the AI trade and growing tariff doubts.

Several sectors ranging from software and commercial real estate to trucking and logistics have recently logged steep declines, as new developments in the AI space stoked worries of industry-wide disruptions. All eyes will be on Nvidia's earnings due after markets close today, with AI investors seeking evidence that the chipmaker's profits are growing on the back of Big Tech's \$630 billion capital spending budget for 2026. Nvidia options imply a move of about 5.6% in either direction a day after the company reports results, which is the lowest expected post-results swing ahead of any Nvidia report in at least three years.



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Its shares rose about 1% in premarket trading, in line with a broader rise in most megacap and growth stocks this morning.

In other corporate news, First Solar shed more than 15% after the solar panel maker projected annual sales below estimates, while Lowe's Companies fell about 3% after the home improvement retailer forecast annual sales and profit below estimates.

In Canada, BMO, the third-largest Canadian bank by market capitalization beat analysts' estimates for first-quarter profit, while National Bank of Canada also reported higher first-quarter profit, as the acquisition of Canadian Western Bank boosted its personal and commercial banking business.

## Argus Adjusts S&P 500 EPS Estimates (Argus)

The stock market has had a bumpy ride so far in 2026. In the employment economy, concerns about slowing jobs growth have been exacerbated by signs of increasing layoffs. Mixed signals from the White House -- on Greenland, Iran, and a range of domestic and trade-related issues -- have kept investors on edge. Meanwhile, the on-again, off-again fear of an AI bubble is on again. In the background, consistently strong (and accelerating) corporate earnings have helped ease concerns about employment and other actual and potential negatives. Based on a better-than-expected calendar 4Q25 earnings season to date, we raised our final estimate of 2025 S&P 500 earnings from continuing operations. We also are raising our estimate of 2026 S&P 500 earnings and implementing a formal 2027 forecast. Among the companies that have reported to date, over three-quarters have reported earnings above the pre-reporting consensus, in line with the long-term average. The magnitude of the EPS beat against expectations, in the high-single-digit range, has been above the midpoint of the long-term range of 5%-9%.

Other highlights include revenue growth in high-single-digit percentages as companies successfully navigate tariffs -- and in many cases shift emphasis to earnings growth in overseas markets. Companies also have been able to expand margins as volume leverage supersedes higher costs and tariffs and as managements begin to utilize AI-based efficiencies. Blended operating margin from continuing operations is on track to reach or exceed the 13% level for 4Q25 calendar earnings, which would be at least a point



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above the long-term average. Our 2025 S&P 500 EPS forecast is now \$274, and our 2026 and preliminary 2027 EPS forecasts are \$315 and \$373, respectively.

## 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%	2.3
CDA Prime	4.45%	0.0	CDA 10 year	3.21%	1.8
CDA 3 month T-Bill	2.19%	0.0	CDA 20 year	3.57%	1.9
CDA 6 month T-Bill	2.23%	0.0	CDA 30 year	3.70%	1.9
CDA 1 Year	2.33%	0.0			
CDA 2 year	2.46%	0.7			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.63%	3.0
US Prime	6.75%	0.0	US 10 year	4.06%	2.5
US 3 month T-Bill	3.60%	0.0	US 30 year	4.71%	1.7
US 6 month T-Bill	3.65%	0.3	5YR Sovereign CDS	34.24	
US 1 Year	3.53%	1.0	10YR Sovereign CDS	44.19	
US 2 year	3.48%	2.3			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	696.88	0.00%	0.09%		
BMO Laddered Preferred Shares (ETF)	12.49	0.00%	1.30%		

Source: LSEG

Things are looking up! Have a great day!

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