Financial HARTbeat

Canada
Feb 27th 2026

Good Morning,

GDP unexpectedly contracts….

Inflation looking to soften in Canada as well…

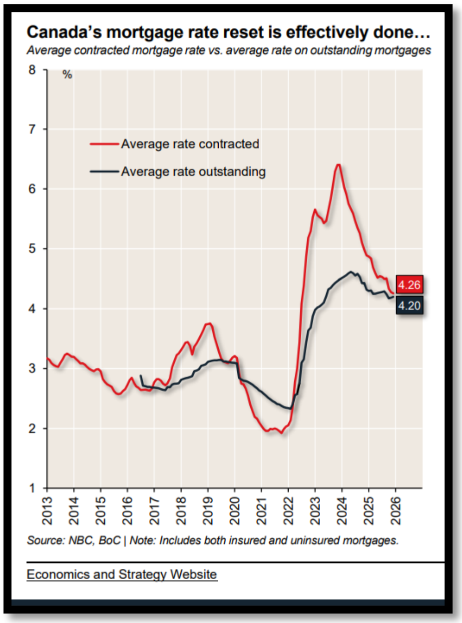
Carney in India today working on mending ties….

While Canada pivoting away from the USA…taking some time but direction is good..

Catch the playback of our Weekly Roundup [Click here]

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

Chart of the Day: Looks like most of the pain is done in Canada….could this be near term bottoming in Prices?



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Top News

U.S. stock index futures slide this morning as growing AI unease weighs on technology stocks, with the Nasdaq staring at its steepest monthly drop since March 2025, and investors assessing key inflation data. The Producer Price Index for final demand rose 0.5% last month after advancing by a downwardly revised 0.4% in December. Economists had forecast the PPI gaining 0.3% after a previously reported 0.5% increase in December.

Technology stocks saw immense turbulence this month due to AI concerns, even as investors fretted about the payoff from massive planning spending on artificial-intelligence technology. Brewing tariff uncertainty also stoked volatility after the U.S. Supreme Court last week voided most of the duties U.S. President Donald Trump imposed last year. In response, Trump announced a temporary global tariff of 10% that came into effect on Tuesday.

Futures for Canada's main stock index slip this morning. Spot gold is up and is on track for a seventh straight month of gains as uncertainty over U.S. tariff policies and tensions between the U.S. and Iran boosted safe-haven demand. Silver gained about 1.3%, and copper prices also firmed. Oil prices rose and are heading for monthly gains as supply uncertainty lingered even as the United States and Iran extended their nuclear talks.
Meanwhile, China said that it would suspend some tariffs on Canadian agricultural products. Canada's Prime Minister Mark Carney reached Mumbai on his first official visit to India as he seeks new global alliances. Economic data this morning showed gross domestic product (GDP) contracted at an annualized pace of 0.6% in the OctoberDecember quarter, compared with a revised 2.4% increase in the prior quarter. This brings the country's overall growth in 2025 to 1.7%, the slowest pace of annual growth since the decline in 2020. Analysts had forecast the GDP to be flat in Q4.

European shares hit a new record this morning and are set to log an eighth straight month of gains as better-thanexpected corporate updates supported risk appetite despite lingering tariff and AI-disruption concerns. The benchmark index is on track for its longest monthly winning run since mid-2012 to 2013 as investors took comfort from an overall improving corporate outlook in Europe, with updates from HSBC, Nestle and Capgemini lifting sentiment.

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On the macro front, France's harmonized inflation rate, adjusted for comparison with other euro zone countries, was 1.1% year-on-year in February. A Reuters poll of analysts had expected a median rate of 0.7%.

China stocks closed roughly flat today but ended the week higher, as onshore investors rebuilt positions after the Lunar New Year holiday, hoping the upcoming National People's Congress will back technology and innovation. Hong Kong shares were up. The CSI300 Index ended the holiday-shortened week 1.1% higher, while the Hang Seng Index has climbed 0.8%.

Japan's benchmark Nikkei share average closed at a record high, as investors bet on corporate earnings strength. The index jumped 10.4% in February - its strongest monthly performance since October 2025 - after Prime Minister Sanae Takaichi's landslide election win in February general elections spurred bets for big fiscal spending. The Tokyo core consumer price index, which excludes volatile costs of fresh food, rose 1.8% in the year to February after a 2.0% gain in January, heightening friction between the central bank and the government on the future path of rate hikes.

Bull Market Still Intact (Argus)

The current bull market, which begins the day with the S&P 500 at 6908, started in October 12, 2022, and is now more than three years old. During that time, the S&P 500 has risen more than 95%, and has endured high inflation, economic uncertainty, a credit rating downgrade of the U.S. Treasury, a hard-fought political election, the onset of tariffs and trade wars, and a government shutdown. The index has weathered these crises, supported by an economy that continues to grow, inflation and interest rates that have been heading lower, and robust profitability from S&P 500 companies, exemplified by Nvidia's 82% increase in 4Q earnings. How much farther can this bull market go? We studied the 13 bull markets that have occurred since the end of World War II. On average, the S&P 500 gained 164% during these 13 periods, which averaged 57 months in duration, or just about five years. We note that the recent bull markets have generated higher returns over longer periods. On average, the five bull markets since 1980 have seen stocks advance about 240% over a period of almost six years. And the bull market prior to the pandemic carried on for 11 years, during which stocks rose 500%. It is worth pointing out, though, that

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the 2009-2020 bull market began with stocks deeply depressed on valuation, whereas stocks are already near fair value in the current market environment.

Further, the second year of the four-year presidential cycle has consistently delivered the weakest equity-market performance. We remain optimistic that stocks can post gains in 2026, but our base case outlook calls for singledigit returns, not the 15%-25% returns investors have enjoyed for the past three years

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	2.70%	-1.5
CDA Prime	4.45%	0.0	CDA 10 year	3.16%	-1.5
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.53%	-1.3
CDA 6 month T-Bill	2.24%	-1.0	CDA 30 year	3.66%	-1.2
CDA 1 Year	2.32%	1.0			
CDA 2 year	2.42%	-1.6			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.54%	-4.3
US Prime	6.75%	0.0	US 10 year	3.98%	-3.6
US 3 month T-Bill	3.59%	-0.9	US 30 year	4.64%	-2.5
US 6 month T-Bill	3.63%	-1.2	5YR Sovereign CDS	34.49	
US 1 Year	3.49%	-2.8	10YR Sovereign CDS	44.69	
US 2 year	3.40%	-4.4			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	696.80	-0.06%	0.08%
BMO Laddered Preferred Shares (ETF)	12.46	-0.44%	1.05%

Source: LSEG

Things are looking up! Have a great day!
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