

Financial HARTbeat

Military spend...
Jan 8th 2026



Good Morning,

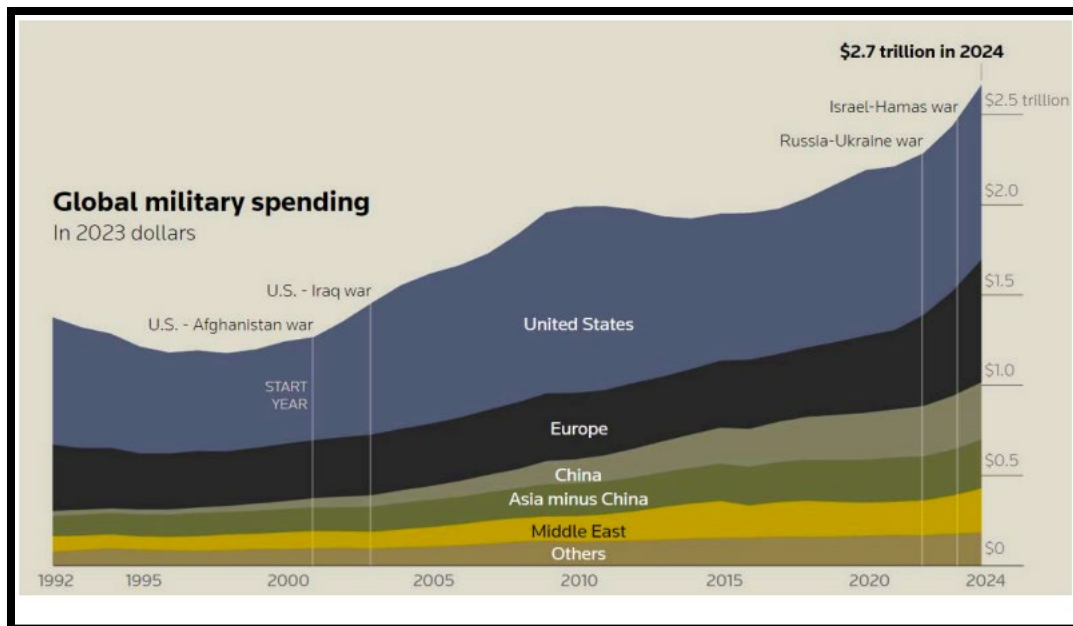
Supreme Court ruling for or against Trump on the legality of tariffs could come as early as this week...this could be a swing event and worth watching..

Carney to China next week in a key meeting for Canada

Weight loss battle drugs heating up this year...

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

Chart of the Day: Well...this will be important to watch for so many reason...



NB Capital Markets/Top News



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Top News

U.S. stock index futures slip this morning, as investors turned cautious in the run-up to Friday's crucial nonfarm payrolls report. Defense stocks drew attention following Trump's statement that the 2027 U.S. military budget should be \$1.5 trillion, significantly higher than the \$901 billion approved by Congress for 2026. The move comes days after U.S. military forces captured Venezuelan President Nicolas Maduro. The White House said that Trump was also discussing options for acquiring Greenland. A weekly reading of jobless claims data showed this morning initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 208,000 for the week ended December 27, the Labor Department said. Economists had forecast 210,000 claims for the latest week. The claims data have no bearing on December's employment report due to be released on Friday. Nonfarm payrolls probably increased by 60,000 jobs last month after rising 64,000 in November, a Reuters survey of economists predicted. But the focus is likely to be on the unemployment rate, estimated to have slipped to 4.5% after accelerating to more than a four-year high of 4.6% in November.

Futures tracking Canada's resources-heavy stock index are flat this morning, pressured by a decline in precious metal prices, while investors turned cautious ahead of a key jobs report later in the week. Spot gold is down about 0.5%, while silver prices are falling nearly 3%, as investors prepared for futures selling tied to a commodity index reshuffle that starts on Friday.

Oil prices edged higher, recouping declines over the previous two sessions triggered by worries that the United States' attempts to control reserves in Venezuela would lead to higher oil supply. In economic news, Canada recorded a smaller-than-expected trade deficit of \$583 million in October.

European shares extended losses this morning after downbeat retail earnings from some top companies, while softer gold and copper prices pressured market sentiment. The drop has tempered the momentum in the pan-European STOXX 600 index that hit a string of record highs to kick off 2026, highlighting that the earnings season could be the next crucial test for risk appetite.



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Swedish fashion retailer H&M fell nearly 4% and was the biggest laggard on the European retail index. The STOXX aerospace and defense index touched an all-time high after U.S. President Donald Trump called for higher defence spending.

China stocks fell today, as investors took profits in financial shares, while tech stocks led the Hong Kong market lower following Wall Street's overnight weakness. China's artificial intelligence stocks rose, after the country vowed to achieve secure and reliable supply of key core AI technologies by 2027. Shares of Chinese makers of semiconductor materials surged after China's commerce ministry said it was launching an anti-dumping probe into imports of chemicals used in chipmaking.

In Hong Kong, three Chinese technology firms debuted higher after raising a combined \$1.19 billion, setting the tone for what could be yet another busy year for new listings in Hong Kong.

Japan's Nikkei share average tumbled for a second straight day, dragged lower by profit-taking in the artificial intelligence sector and as trade tensions heat up with China. Shares in Japanese chemical manufacturers declined after China's commerce ministry said it is launching an anti-dumping probe into imports of chemicals used in chipmaking.

Global Stocks Were Leaders in 2025 (Argus)

We have three strategic asset-allocation models, targeting risk levels: conservative, growth, and aggressive. We make tactical adjustments to the models, based on our outlooks for the various segments of the capital markets. Performance matters, and we monitor it closely. In 2025, stocks and bonds started the year close, but stocks pulled ahead in 2Q and maintained a double-digit outperformance through the balance of the year. From an asset-allocation standpoint, our Stock-Bond Barometer model still slightly favors bonds over stocks for long-term portfolio positioning. We are over-weight on large-cap stocks at this stage of the market cycle; we favor them for growth exposure and financial strength, as well as exposure to the IT sector. Our recommended exposure to small- and mid-caps is 5%- 10% of equity allocation, below the benchmark weighting. The dearth of IPOs in recent years has meant a lack of



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exciting new companies in the small-cap marketplace. While top-tier stocks (the Mag 7) have soared on enthusiasm for AI, legacy small companies haven't been able to innovate to the same degree.

One of the market surprises in 2025 was the performance of global stocks, which turned in impressive results. We expect the long-term trend favoring U.S. stocks to ultimately re-emerge, given volatile global economic, political, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations, and we target 15%- 20% of equity exposure to the group.

In terms of growth and value, over the longer term, we anticipate that growth, led by the IT sector, will top returns from value, led by Energy, Real Estate and Materials, due to favorable secular and demographic trends.



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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	2.95%	1.6
CDA Prime	4.45%	0.0	CDA 10 year	3.42%	2.3
CDA 3 month T-Bill	2.22%	0.5	CDA 20 year	3.75%	2.2
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.87%	2.5
CDA 1 Year	2.38%	0.0			
CDA 2 year	2.58%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.73%	3.1
US Prime	6.75%	0.0	US 10 year	4.17%	3.5
US 3 month T-Bill	3.52%	-0.3	US 30 year	4.85%	3.8
US 6 month T-Bill	3.59%	0.2	5YR Sovereign CDS	29.74	
US 1 Year	3.48%	0.5	10YR Sovereign CDS	39.20	
US 2 year	3.49%	1.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			696.10	0.05%	9.55%
BMO Laddered Preferred Shares (ETF)			12.36	0.41%	12.88%

Source: LSEG

Things are looking up! Have a great day!

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