Financial HARTbeat

War
Jan 12th 2026

Good Morning,

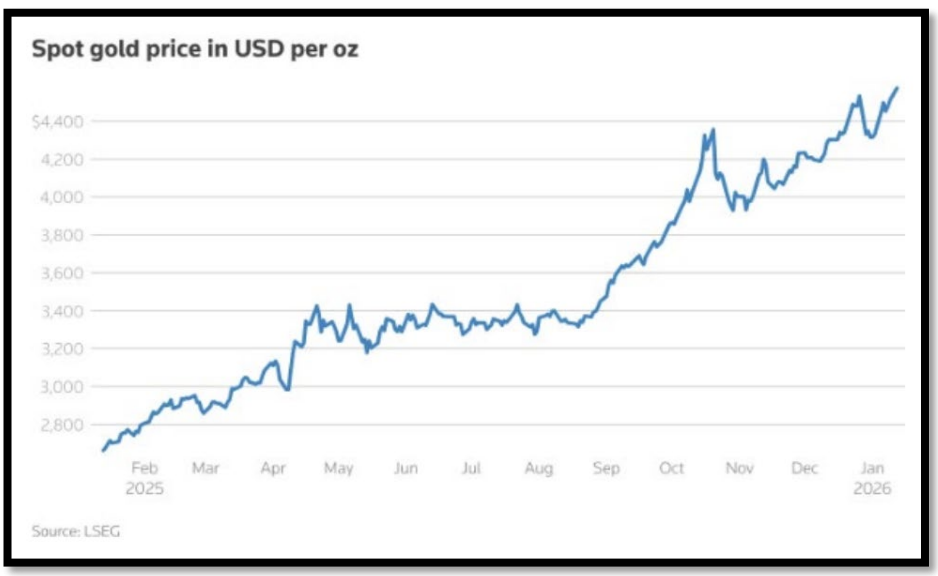
If I had thought Trumps first term was quiet, it is being more then made up for in the start of his second term…

Iran…protests, internet shutdown, civil unrest…US intervention again?

Venezuela is in flux…does the military and police force come together or stay at odds and civil war erupts?

Catch the playback of our Weekly Roundup [Click here]

Chart of the Day: A chart like this is usually when I get clients asking me if they should buy now…while I am saying how to sell this? While so many fundamental reasons say to hold…it's just one positive news/headline/story that causing this to tank and USD to rally..



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

Top News

Gold climbed to a record high while both the U.S. dollar and Wall Street futures fell on Monday, as U.S. President Donald Trump's administration has ramped up its pressure campaign on the Federal Reserve, threatening to indict Chair Jerome Powell over comments to Congress about a building renovation project, an action Powell called a "pretext" to gain more influence over interest rates Trump wants cut dramatically. The latest development in a long-running effort by Trump for greater control over the Fed had immediate fallout, with Republican Senator Thom Tillis, a member of the Senate Banking Committee that vets Presidential nominees for the Fed, saying the threatened indictment puts the Department of Justice's "independence and credibility" in question. At stake is the independence of the Fed to set U.S. monetary policy without undue influence by elected officials like Trump who would prefer cheaper borrowing costs for their political appeal.

Powell will complete his term as Fed leader in May, but he is not obligated to leave, and a number of analysts saw the latest move by the administration as adding to the chances of him staying on in defiance. This latest action is emerging about two weeks before Trump's effort to fire another Fed official, Governor Lisa Cook, will be argued before the Supreme Court.

The S&P 500 and Nasdaq futures were both down ahead of the U.S. market open, with the VIX 'fear gauge' up the most since November and gold which investors buy as a hedge against both turmoil and inflation, hitting $4,600 an ounce.

Gold's jump was complemented by a 5% leap in silver. The drop in Wall Street futures was led by bank shares. As well as putting the Fed back in the crosshairs, Trump had called late on Friday for a one-year cap on credit card interest rates at 10% starting on January 20. Geopolitical tensions around Iran also added to the volatility in markets, following's Trump comments on Sunday that he was weighing a range of strong responses, including military options, to a violent crackdown on Iranian protests which pose one of the biggest challenges to the country's clerical rule since the 1979 Islamic Revolution. Iran's

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

Foreign Minister Abbas Araqchi said on Monday via English translation that the situation was "under total control".
However, oil prices ticked lower as commodity traders showed little immediate panic, especially with the prospect of more Venezuelan crude coming into the market. Bond markets also priced in a slightly higher chance of short-term U.S. interest rate cuts.

Fed funds futures have added in about three basis points more in cuts this year, which is small but points to the risk that the Fed gets pushed into being more aggressive. In Europe, the STOXX 600 share index remained close to record highs as arms stocks set fresh peaks. The euro, the Swiss franc and the sterling, all strengthened in the FX market.

Earnings Season Starts This Week (Argus)

The 4Q25 EPS season gets under way this week, launched, as usual, by earnings reports from big banks. After that, the floodgates open with Consumer, Healthcare, and Industrial companies all releasing results. IT and Energy companies generally report later in the period, and then the retailers wrap things up by mid-February. According to the consensus (blended estimates from sources such as S&P, Bloomberg, LSEG I/B/E/S, and S&P), S&P 500 earnings from continuing operations for 4Q25 are expected to grow 9%-10% year over year. Given that earnings typically exceed expectations by several percentage points, the "unofficial" forecast is for low-double-digit EPS from 4Q24 levels. This follows 15% growth in 3Q EPS and 13% growth in 2Q EPS, according to LSEG I/B/E/S.

The all-important IT sector is expected to set the pace for earnings growth, advancing 27%. Other leading sectors include Materials, Financials, and Communication Services. On the downside, earnings from the Consumer Discretionary sector are expected to decline 3%, while Industrials earnings likely tick lower by 2%. Drilling down, revenue is expected to increase 7% year over year, led by IT's 18% forecast increase. The balance of earnings growth will come from margin improvement and share buybacks. For 2025, our full-year S&P 500 earnings estimate is $270, implying high-single-digit growth from 2024. We look for continued growth in EPS to $300 in 2026 and $325 in 2027.

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

Some are complaining there is too much focus on quarterly earnings and that the U.S. SEC, by forcing companies to report every three months, places outsized emphasis on short-term results. But there is no question that the system generates the most transparent market in the world. Companies not only report results, but also speak to investors to discuss results and the outlook ahead. That's important today, when there is so much uncertainty in the global economy.

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	2.94%	1.1
CDA Prime	4.45%	0.0	CDA 10 year	3.40%	0.7
CDA 3 month T-Bill	2.21%	-1.0	CDA 20 year	3.73%	2.2
CDA 6 month T-Bill	2.24%	-0.5	CDA 30 year	3.85%	2.3
CDA 1 Year	2.38%	0.4			
CDA 2 year	2.56%	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	3.77%	1.7
US Prime	6.75%	0.0	US 10 year	4.20%	2.8
US 3 month T-Bill	3.53%	0.2	US 30 year	4.86%	3.7
US 6 month T-Bill	3.60%	0.0	5YR Sovereign CDS	29.75	
US 1 Year	3.53%	2.1	10YR Sovereign CDS	39.22	
US 2 year	3.54%	0.5			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	697.66	0.03%	0.20%
BMO Laddered Preferred Shares (ETF)	12.4	0.24%	0.57%

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

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

HART INVESTMENT GROUP

Regulated by CIRO Canadian Investment Regulatory Organization

CIPF MEMBER