

# Financial HARTbeat

Bullies

Jan 21<sup>st</sup> 2026



Good Morning,

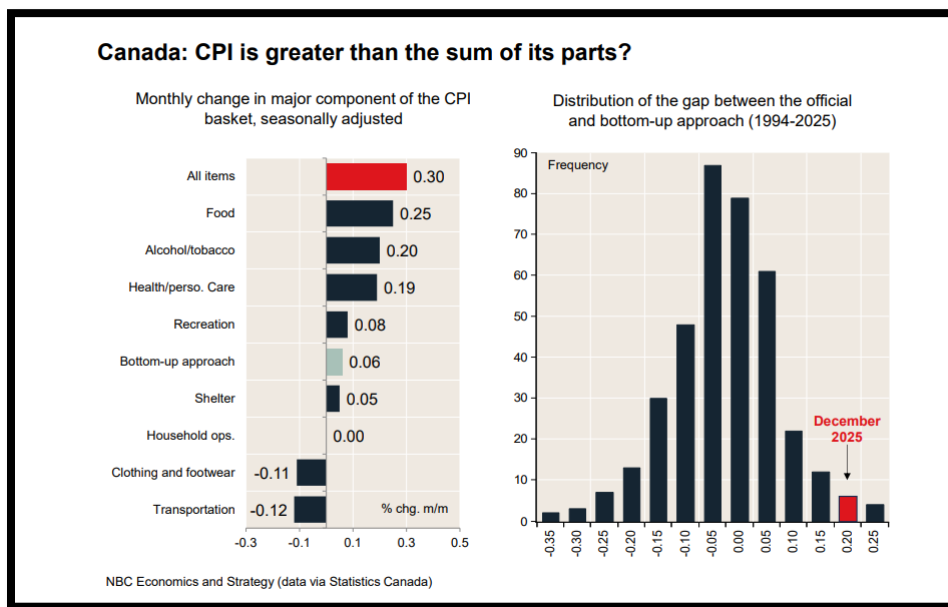
For good or for bad my view is the best way to deal with bullies is a punch in the face...you may face retribution as a result but it rocks their power...

Carney says...We are in the midst of a rupture, not a transition....also, the old order is not coming back..

Meloni says...international law must be fully defended...Macron...unwavering support of Denmark...

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

**Chart of the Day: Do we have inflation in Canada or no..appears Bank of Canada might be assessing which method they use for calculation purposes...if we used Stats Can bottom up..inflation annualized at 0.72 vs headline 2.7....**



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## Top News

Canadian stock index futures gained this morning, supported by a third straight day of record gold prices, as heightened tensions between the U.S. and its NATO allies over Greenland drove investors to be more cautious. Spot gold gained more than 2% to surpass \$4,860 per ounce, while silver rose almost 1% to trade above \$95, as investors looked for safe havens following a broad global market rout on Tuesday triggered by the Greenland standoff.

On the economic front, producer prices in Canada fell 0.6% in December from November on lower prices for energy and petroleum products, as well as lumber and other wood products. This followed an upwardly revised 1.1% increase in November. Raw materials prices were up 0.5% in December and were up 6.4% on the year.

Prime Minister Mark Carney strongly opposed Washington's fresh tariff threats against European allies and backed Denmark's sovereignty over Greenland yesterday, while U.S. President Donald Trump is likely to escalate his push to take over Greenland during his speech at the World Economic Forum in Davos today, despite a tough reception from European nations. Trump has been unrelenting in making his case for acquiring Greenland as an Arctic guard post against Russia and China and has threatened a trade war with Europeans who oppose him.

There is little evidence that many Chinese or Russian ships pass near Greenland's coasts, while Russia says talk of Moscow and Beijing being a threat is a myth to whip up hysteria. Emboldened by his ousting of Venezuelan President Nicolas Maduro, Trump has talked of acting against Cuba and Colombia as well as Iran. Sources familiar with the situation have previously told Reuters that Trump's push on Greenland is related to a legacy-building desire to expand the territory of the United States in the biggest way since Alaska and Hawaii became states in 1959.

Meanwhile in the U.S., banks are pushing back on some of President Donald Trump's ideas for lowering the U.S. cost of living ahead of mid-term elections, while suggesting others in an effort to shape policy.



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Wall Street has voiced doubts about the effectiveness of some of Trump's proposals to improve affordability, such as capping credit card interest rates, which hit major bank shares. Banks are instead suggesting alternatives such as encouraging more retirement savings and earlier transfer of wealth from parents to children. However, none of the ideas are likely to have a substantial impact on affordability, which has become a hot button issue for voters ahead of the November elections. Also on the agenda, the U.S. Supreme Court is set today to consider President Donald Trump's unprecedented attempt to fire Federal Reserve Governor Lisa Cook in a case that tests how far the justices may be willing to go to preserve the central bank's independence.

## Fed's Favorite Inflation Indicator (Argus)

The Fed's favorite inflation indicator, the PCE Price Index, will be released tomorrow. It differs from the better-known Consumer Price Index (CPI) as its composition changes more frequently and is quicker to reflect the impact of real-time pricing. In the most-recent report, PCE inflation reportedly increased at a 2.6% rate year over year through October. The latest CPI report, through December, had overall inflation rising 2.7%. Core PCE, which removes food and energy prices, also had risen at an annual rate of 2.6% in the latest publication. Our PCE forecasts call for mostly stable readings for November: 2.7% for the headline number as well as for the core reading. We think lingering inflation in certain sticky-priced services (transportation and shelter) will combine with tariff impacts to present a challenge for the Fed as it works toward its 2% goal. Overall, inflation in this cycle peaked in summer 2022 and has been on a downward trek. We track 20 inflation measures on a monthly basis. On average, they indicate that prices are rising at a 2.7% rate year over year, down slightly compared to a month ago. The numbers can be distorted by swings within the Producer Price Inflation report.

Focusing on core inflation (which we obtain by averaging Core CPI, market-based PCE Ex-Food & Energy, the five-year forward inflation expectation rate, the 10-year TIPs Break-even Interest Rate, and the PCE Price Index), our reading is 2.53%, down 13 basis points month over month. Given the trends, as well as a recent slowdown in employment, we expect the Fed to implement two more rate cuts over the next several quarters, with the ultimate goal of aligning the fed funds rate to approximately 100-150 basis points above the long-term inflation rate in 2027.



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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	2.94%	2.9
CDA Prime	4.45%	0.0	CDA 10 year	3.43%	4.1
CDA 3 month T-Bill	2.20%	-0.5	CDA 20 year	3.75%	4.6
CDA 6 month T-Bill	2.22%	0.4	CDA 30 year	3.87%	5.0
CDA 1 Year	2.36%	-1.8			
CDA 2 year	2.55%	1.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.85%	1.9
US Prime	6.75%	0.0	US 10 year	4.28%	5.2
US 3 month T-Bill	3.56%	-1.0	US 30 year	4.92%	7.8
US 6 month T-Bill	3.62%	-1.0	5YR Sovereign CDS	30.49	
US 1 Year	3.53%	-1.8	10YR Sovereign CDS	40.21	
US 2 year	3.59%	-0.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			694.83	-0.04%	-0.20%
BMO Laddered Preferred Shares (ETF)			12.39	-0.32%	0.49%

Source: LSEG

Things are looking up! Have a great day!

Ben



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