

Financial HARTbeat

Canada/USA
Jan 23rd 2026



Good Morning,

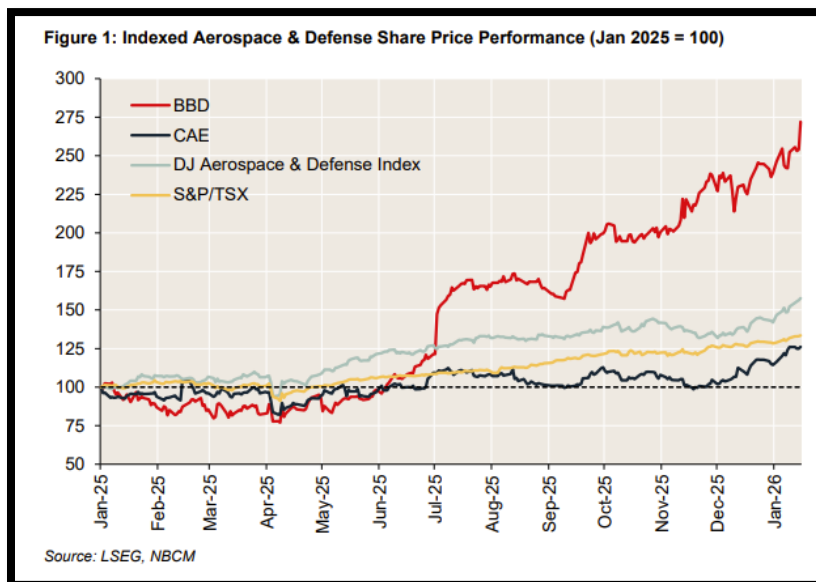
Seems Canada disinvented to the board of peace....very peaceful start....

While Canada and the US have had rifts in the past...currently it appears that we are not going to just take it this time...what does this mean...maybe some pain short term...However, Canada has many, many things the rest of the world needs and wants...

Our borders have been friendly for generations....this may be changing as we sit and watch...

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

Chart of the Day: CAE valuations still reasonable?



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Top News

U.S. stock futures are lower this morning, setting the S&P 500 and Nasdaq up for a second consecutive weekly drop, as Intel tumbled on a downbeat outlook and lingering geopolitical concerns kept risk appetite in check. Stocks have rebounded in the past two sessions following Tuesday's sharp selloff triggered by U.S. President Donald Trump's threats to impose tariffs on European allies until Washington was allowed to buy Greenland.

Trump later tempered tariff threats and ruled out taking Greenland by force, but the S&P 500 and Nasdaq are still set to close the week lower. Investors will also look at preliminary January U.S. purchasing managers' index data, due later today, for clues on the health of the American economy.

Futures linked to Canada's main stock index are largely steady this morning, as investors take a breather following strong mining-led gains in the previous session, while oil prices climbed on renewed fears of potential U.S. military action against Iran. Toronto's benchmark stock index notched its biggest rise in 10 days yesterday, after a jump in gold prices lifted mining shares and Wall Street indexes advanced on upbeat U.S. economic data and the easing of Greenland-linked risks. Spot gold reached a fresh peak early in the day before easing a little, while silver is up more than 2%.

Oil prices advanced after Trump said that the U.S. had an "armada" heading toward major crude supplier Iran, renewing fears of supply disruptions. Canadian retail sales grew by 1.3% in November from October at \$70.42 billion, on higher sales at food and beverage retailers, Statistics Canada said. Sales were likely down 0.5% in December, the agency said in a flash estimate (see chart). European shares dipped this morning and are set to snap their longest run of weekly gains since May, as investors assessed the potential fallout from the latest flare-up in trade tensions involving Greenland. A survey showed that euro zone business activity expanded more slowly than expected this month.

Chinese stocks were mixed on today, ending the week roughly flat, as heightened regulatory efforts to curb speculative trading tempered risk appetite. Alibaba's Hong Kong shares hit a near three-month high on a report to list its chip-making arm T-Head. China is likely to set a 2026 official economic growth target



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of between 4.5% and 5%, the South China Morning Post reported, reflecting how even a \$1.2 trillion trade surplus cannot shield the world's No.2 economy from slowing global growth.

Japan's Nikkei stock average extended its advance and government bond futures turned lower after the Bank of Japan left interest rates unchanged, as had been widely expected. The yen traded choppy with traders nervous that Japanese authorities are close to intervening directly in markets to support the currency. The Bank of Japan earlier in the day signalled its readiness to continue raising still-low borrowing costs against the backdrop of a politically-charged atmosphere, ahead of a snap election next month.

The Magic of Productivity (Argus)

"Productivity isn't everything, but, in the long run, it is almost everything." That's what Nobel Prize winning economist Paul Krugman wrote in his 1990 book, *The Age of Diminished Expectations*. "A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." Our long-term forecast for 1.7% GDP growth in 2036 is based on projections for growth in both the labor force and productivity. The Bureau of Labor Statistics (BLS) defines labor productivity growth as period-to-period changes in the amount of goods and services produced per hour worked. Higher productivity, the BLS explains, is a result of many influences, including changes in technology, capital investment, energy and materials, the organization of production, managerial skill, and the characteristics and effort of the workforce. Productivity is beneficial to wages and corporate profits. This subject is timely because it is key to validating huge investments in artificial intelligence (AI) and provides a path for the U.S. economy to grow when the labor force is under pressure from an aging and retiring population, low birth rates, and restrictive immigration. When workers produce more per hour, wages can rise without igniting an inflationary spiral of too much money chasing too few goods. A recent concern is that higher productivity, enabled by AI, could reduce the need for workers.

Fed Chairman Powell addressed the issue in his December press conference. "Every time we have a wave of technology, we think, 'Oh, this could put a lot of people out of work. What are they going to do?' In the past, there's always been more work and higher productivity, and incomes have risen." Powell



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considered, "What will happen here, we're going to have to see." But he added that AI is "certainly not showing up in layoffs yet."

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%	0.3
CDA Prime	4.45%	0.0	CDA 10 year	3.41%	0.1
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.72%	1.1
CDA 6 month T-Bill	2.23%	0.0	CDA 30 year	3.84%	1.1
CDA 1 Year	2.36%	0.0			
CDA 2 year	2.61%	1.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.84%	-1.0
US Prime	6.75%	0.0	US 10 year	4.24%	-1.6
US 3 month T-Bill	3.59%	-0.3	US 30 year	4.83%	-2.3
US 6 month T-Bill	3.64%	-0.1	5YR Sovereign CDS	30.74	
US 1 Year	3.53%	-0.1	10YR Sovereign CDS	40.46	
US 2 year	3.61%	-0.7			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			694.13	0.02%	-0.30%
BMO Laddered Preferred Shares (ETF)			12.37	0.16%	0.32%

Source: LSEG

Things are looking up! Have a great day!

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