

# Financial HARTbeat

Warsh?

Jan 30<sup>th</sup> 2026



Good Morning,

New Fed Chair nominee...Kevin Warsh

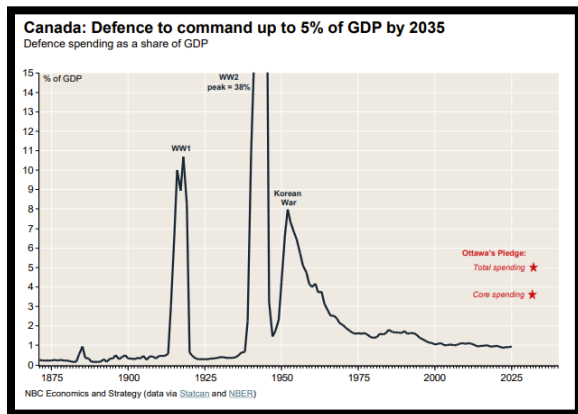
**Crisis-era Fed veteran with Wall Street roots** — Warsh served as a Fed Governor from 2006–2011, becoming a close adviser during the global financial crisis and later emerging as one of the most vocal critics of post-crisis quantitative easing and balance-sheet expansion.

**Historically a “hard-money” inflation hawk who has recently shifted dovish** — Long known for warning about inflation and opposing aggressive stimulus, Warsh has more recently aligned with Trump's push for interest-rate cuts, arguing that productivity gains and balance-sheet reduction could create room to ease.

**Pragmatic but unpredictable policy mix as Chair** — Analysts expect him to combine hawkish balance-sheet instincts with openness to rate cuts, making him a Chair who could be *dovish in the near term* but revert to hawkish tightening if inflation re-emerges, with markets viewing him as credible enough to influence the FOMC toward several cuts if conditions allow.

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**Chart of the Day: Will Canada proceed? Looking to spend \$50B-\$90B more annually..**



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## Top News

U.S. stock index futures cut some overnight losses, after President Donald Trump nominated former Federal Reserve Governor Kevin Warsh to head the U.S. central bank. Futures slid overnight, while the U.S. dollar and Treasury yields climbed yesterday following media reports that the White House was preparing for Trump to nominate Warsh as the next Fed chair.

Apple forecast higher-than-expected revenue growth of up to 16% for the March quarter, but warned that rising memory chip prices had started to pressure profitability. The iPhone maker's shares are marginally lower in premarket trading. Futures linked to Canada's main stock index fell this morning, as gold sank following U.S. President Donald Trump nominating more hawkish Federal Reserve Chair Kevin Warsh and oil retreated on easing supply disruption concerns in Iran.

Spot gold slid more than 6%, briefly slipping below the \$5,000 mark, as the U.S. dollar strengthened on the appointment of a new Fed Chair, though the safe-haven metal is still on pace for its biggest monthly gain since 1999. Oil prices fell, though still on track for a large monthly gain, after signs that the U.S. may engage in dialogue with Iran over its nuclear program, easing fears of supply disruptions.

Meanwhile, Trump, in a post on social media, threatened the decertification of Bombardier Global Express business jets and 50% import tariffs on all aircraft made in Canada, until the country's regulator certified a number of planes produced by the Canadian jet maker's U.S. rival Gulfstream.

Gross domestic product was flat month-on-month in November, compared with a 0.3% contraction seen in October, Statistics Canada said. Analysts had forecast a marginal 0.1% growth in November. On a preliminary basis, Statistics Canada said output in December was expected to slightly grow by 0.1% in December (see chart).

European stocks are rising this morning, with strong earnings putting the benchmark STOXX 600 index on course for its longest monthly winning streak since 2021. Data released earlier showed that the euro zone's largest economies grew at a modest but steady pace last quarter. Spain continued to drive the bloc, expanding by 0.8% on the quarter, well above expectations for 0.6%, while Germany, the euro zone's



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largest economy, was also above forecasts, growing by 0.3% on the quarter, against economist bets for 0.2%. U.S. President Donald Trump said it was dangerous for Britain to be getting into business with Beijing, as Prime Minister Keir Starmer lauded the economic benefits of resetting relations with China during a visit there.

China and Hong Kong stocks tumbled today after a sharp drop in gold prices sparked a broad-based selloff across the markets, while state media warned against speculative trading. The property sector weakened 3.4%, paring the sharp rally on Thursday after China reportedly dropped the borrowing limits on developers known as its "three red lines" policy.

Japan's Nikkei share average ended lower and posted a second straight weekly decline, as investors sold heavyweight technology stocks to book profits. Core inflation in Japan's capital slowed to a 15-month low in January due to the effects of gasoline subsidies and easing price pressure on food, data showed, a sign consumers were getting some respite from the rising cost of living.

## The Magic of Productivity (Argus)

What is the Best Alternative? Alternative investments are often added to diversified portfolios to hedge against stock market weakness and reduce the riskiness of overall returns. At least that's what the textbooks say. Real-time market performance can be another matter. Of all the alternatives in the marketplace, oil and gold often zig when the broad U.S. equity market zags, and can serve as relatively dependable alternative options. In 2022, when the S&P 500 dropped 19%, oil prices rose 4% and gold was steady. Last year was a solid year for stocks, while oil tumbled and gold soared. And there are years when all move in lockstep. For our asset-allocation models, which are featured in our Investment Portfolio Guide and comprise the framework of our ETF Model Portfolios, we typically have alternatives constitute up to 1%- 3% of the portfolios. (As of this writing, given the current stage of the equity bull market, we are recommending an under-weighting in alternatives.)

We think it is early to be adding cryptocurrency-related securities to most portfolios, though we are encouraged about the long-term opportunities for blockchain technology. Bitcoin eased 7% in 2025 after doubling in back-to-back years 2023 and 2024. In 2022, bitcoin plunged 64%. That stings. While we expect the volatility of the underlying security to decline over time as the market matures, it remains speculative



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for now. The recent results demonstrate that Bitcoin ETFs may offer attractive returns for investors with a long-term investment horizon and high tolerance for risk. In the near-term, we believe there may be a place for Bitcoin ETFs with limited exposure in an aggressive diversified portfolio.

**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%	0.5
CDA Prime	4.45%	0.0	CDA 10 year	3.43%	0.7
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.76%	1.3
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.88%	1.3
CDA 1 Year	2.37%	0.0			
CDA 2 year	2.59%	0.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.82%	-1.7
US Prime	6.75%	0.0	US 10 year	4.25%	-0.4
US 3 month T-Bill	3.59%	-0.6	US 30 year	4.87%	1.4
US 6 month T-Bill	3.65%	-0.6	5YR Sovereign CDS	30.74	
US 1 Year	3.51%	-0.5	10YR Sovereign CDS	40.45	
US 2 year	3.57%	-1.2			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	692.79	0.00%	-0.50%		
BMO Laddered Preferred Shares (ETF)	12.36	0.00%	0.24%		

Source: LSEG

Things are looking up! Have a great day!

Ben



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