Financial HARTbeat

Cross Border
July 13th, 2026

Good Morning,

Strengthens Canada's most important trade corridor: The Gordie Howe International Bridge (opening July 27, 2026) adds a new six-lane crossing between Windsor and Detroit, one of the busiest land trade gateways in North America, improving the movement of goods between Canada and the U.S.

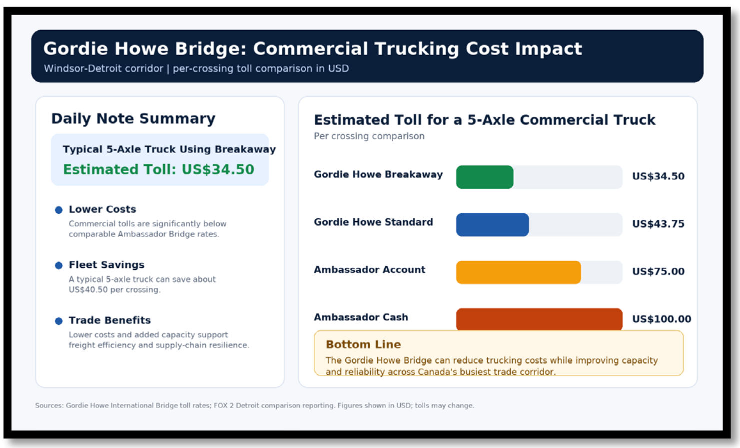
Improves supply chain reliability: By providing an additional crossing alongside the Ambassador Bridge, it reduces congestion and creates redundancy for manufacturers, auto companies, agriculture, and trucking firms that depend on just-in-time cross-border shipments.

Boosts economic growth and competitiveness: Faster border processing, modern customs facilities, and increased traffic capacity are expected to support jobs, lower transportation costs, strengthen North American supply chains, and facilitate billions of dollars in cross-border economic activity.

Catch the playback of our Weekly Roundup Click here

Also, catch the playback of our Annual Outlook Click here

Chart of the Day: does appear to significant cost savings…



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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

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Top News

Markets started the week on a dour note as Iran and the U.S. exchanged attacks in the Gulf and Tehran claimed it had closed the Strait of Hormuz, a vital conduit for global energy supplies. The latest hostilities cast doubt on an interim U.S.-Iran agreement signed last month that aimed to reopen the strait and end the war after 60 days of negotiations.

Crude futures rose more than 3% after investors weighed the renewed threat to the key shipping route. The rise in geopolitical tensions and the spike in the oil price are disrupting the momentum trade once again, in the U.S., the tech-heavy Nasdaq futures led declines, with semiconductor stocks among the biggest premarket losers. The moves came ahead of a busy week of economic data and corporate earnings that could test the resilience of the U.S. equity rally and the health of corporate America.

Major Wall Street banks, including JPMorgan Chase, Goldman Sachs and Morgan Stanley, will kick off second-quarter earnings this week. Netflix, General Electric and UnitedHealth are also due to report. According to LSEG I/B/E/S, the S&P 500 earnings are expected to rise 23.7% in the second quarter from a year earlier.
Investors will also parse several key economic reports, starting off with Tuesday's U.S. consumer price index, an inflation reading that could reset expectations for the path of interest rates. Producer prices and monthly retail sales data are due on Wednesday and Thursday, respectively. In addition, on Tuesday, Fed Chair Kevin Warsh is expected to deliver his first monetary policy testimony before Congress. Markets are pricing in at least one 25-basis-point rate hike by year-end, according to LSEG data.

In Canada, the central bank is expected to keep its key policy rate unchanged at 2.25% on Wednesday, as signs of an easing underlying price pressures give policymakers little reason to raise borrowing costs while a rebound in economic growth after a technical recession reduces the need for any stimulus. All 36 economists surveyed by Reuters expect the central bank to hold rates, with a majority forecasting no change until at least July next year. The decision will be accompanied by the Bank of Canada's quarterly Monetary Policy Report, updating forecasts for growth and inflation following an oil-price shock and continued United States trade uncertainty.

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The Canadian economy contracted in the final quarter of last year and again in the first three months of 2026 but rebounded more strongly than expected in April. Data showed last week, that the unemployment rate edged down to 6.5% in June.

Inflation remains the main constraint on any easing. Annual inflation rose to 3.2% in May, breaching the central bank's 1%-3% control range for the first time since December 2023, after higher energy prices pushed up household costs.But measures of core inflation have remained close to 2% and gasoline costs have come down since the start of the US-Iran war.

Earnings Season Starts This Week (Argus)

The 2Q26 EPS season gets under way this week, launched, as usual by the big banks. After the JPMorgan Chase report -- and CEO Jamie Dimon's outlook on the economy -- the floodgates will open as other major banks, Consumer, Healthcare, and Industrial companies all releasing results. IT and Energy companies generally report later in the period, and then retailers wrap things up by mid August. According to the consensus, S&P 500 earnings from continuing operations for 2Q26 are expected to grow 20%-22% year over year. Given that earnings typically exceed expectations by several percentage points, the "unofficial" forecast is for mid-20% EPS growth from 2Q25 levels. This would be the fifth quarter in a row of double-digit EPS growth, according to LSEG I/B/E/S. The all-important IT sector is expected to set the pace for earnings growth, at 66%. Other high-growth sectors include Energy, Materials, Utilities, and Industrial. On the downside, earnings from Healthcare are expected to decline 9%. Breaking down earnings growth into its three components, revenue is expected to rise 12% year over year, led by IT's 34% forecast increase. The balance of earnings growth will come from margin improvement and share buybacks.

For 2026, our full-year earnings estimate is $340, implying 24% growth from the 2024 level. We look for continued growth in EPS to $390 in 2027. Some are now complaining that 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 you can't argue that the system generates the most transparent market in the world. Companies not only report results, but management teams speak to investors about the results and the outlook. That's important.

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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	3.13%	0.2
CDA Prime	4.45%	0.0	CDA 10 year	3.54%	3.0
CDA 3 month T-Bill	2.27%	1.0	CDA 20 year	3.83%	3.1
CDA 6 month T-Bill	2.36%	1.5	CDA 30 year	3.95%	3.1
CDA 1 Year	2.59%	3.8			
CDA 2 year	2.85%	3.4			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.32%	1.3
US Prime	6.75%	0.0	US 10 year	4.58%	1.0
US 3 month T-Bill	3.72%	1.0	US 30 year	5.08%	0.9
US 6 month T-Bill	3.95%	-0.6	5YR Sovereign CDS	41.98	
US 1 Year	4.07%	0.2	10YR Sovereign CDS	51.43	
US 2 year	4.22%	1.5			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	712.48	0.03%	2.33%
BMO Laddered Preferred Shares (ETF)	12.94	0.19%	4.95%

Source: LSEG

Keep looking forward! Have a great day!
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