Financial HARTbeat

Tariffs again?
July 22nd 2026

Good Morning,

Trade Tensions Return
New U.S. tariffs on Canadian imports are raising concerns about supply chains, trade flows, and economic growth.

Oil Keeps Inflation Risk Elevated
Middle East tensions continue to support higher oil prices, increasing the risk that central banks keep rates higher for longer.

AI Earnings Take Centre Stage
Major AI and semiconductor earnings this week will test whether the technology-led market rally can continue

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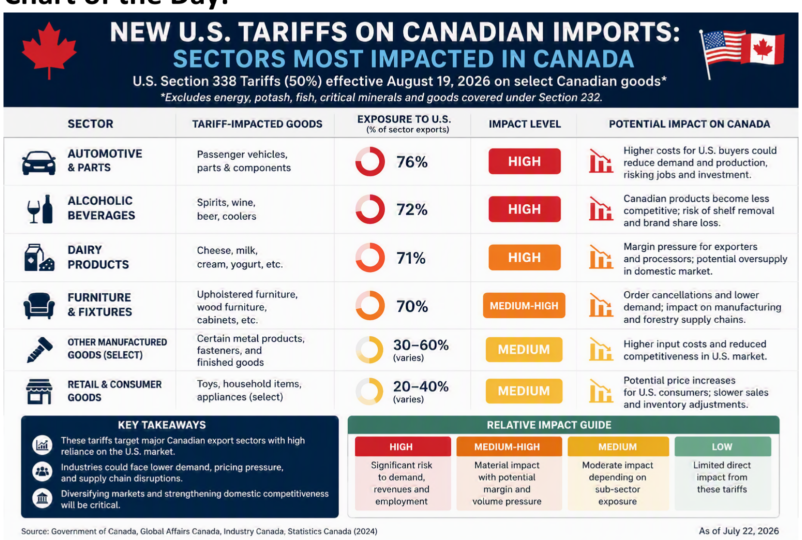
Also, catch the playback of our Annual Outlook [***Click here***]

Chart of the Day:



NEW U.S. TARIFFS ON CANADIAN IMPORTS:
SECTORS MOST IMPACTED IN CANADA
U.S. Section 338 Tariffs (50%) effective August 19, 2026 on select Canadian goods*
*Excludes energy, potash, fish, critical minerals and goods covered under Section 232.

SECTOR	TARIFF-IMPACTED GOODS	EXPOSURE TO U.S. (% of sector exports)	IMPACT LEVEL	POTENTIAL IMPACT ON CANADA
AUTOMOTIVE & PARTS	Passenger vehicles, parts & components	76%	HIGH	Higher costs for U.S. buyers could reduce demand and production, risking jobs and investment.
ALCOHOLIC BEVERAGES	Spirits, wine, beer, coolers	72%	HIGH	Canadian products become less competitive; risk of shelf removal and brand share loss.
DAIRY PRODUCTS	Cheese, milk, cream, yogurt, etc.	71%	HIGH	Margin pressure for exporters and processors; potential oversupply in domestic market.
FURNITURE & FIXTURES	Upholstered furniture, wood furniture, cabinets, etc.	70%	MEDIUM-HIGH	Order cancellations and lower demand; impact on manufacturing and forestry supply chains.
OTHER MANUFACTURED GOODS (SELECT)	Certain metal products, fasteners, and finished goods	30–60% (varies)	MEDIUM	Higher input costs and reduced competitiveness in U.S. market.
RETAIL & CONSUMER GOODS	Toys, household items, appliances (select)	20–40% (varies)	MEDIUM	Potential price increases for U.S. consumers; slower sales and inventory adjustments.

KEY TAKEAWAYS
- These tariffs target major Canadian export sectors with high reliance on the U.S. market.
- Industries could face lower demand, pricing pressure, and supply chain disruptions.
- Diversifying markets and strengthening domestic competitiveness will be critical.

RELATIVE IMPACT GUIDE

HIGH	MEDIUM-HIGH	MEDIUM	LOW
Significant risk to demand, revenues and employment	Material impact with potential margin and volume pressure	Moderate impact depending on sub-sector exposure	Limited direct impact from these tariffs

Source: Government of Canada, Global Affairs Canada, Industry Canada, Statistics Canada (2024)
As of July 22, 2026

***generated with copilot**

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

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Top News

The Canadian main stock index futures edged higher today as commodity prices rose, while investors assessed the impact of widening Middle East conflict alongside fresh U.S. tariffs on Canadian imports. Renewed tensions between the United States and Iran drove oil prices to their highest levels in over a month as concerns mounted over disruptions to two of the world's most critical energy chokepoints.

Four tankers carrying Saudi crude to Asia reversed course in the Red Sea on Wednesday, a day after three others had done so, following threats to block Saudi shipping from Yemen's Iran aligned Houthis, who control the coast on the southern route out. With Iran already threatening shipping out of the Gulf through the Strait of Hormuz, millions of barrels of Saudi oil per day are heading to Saudi Arabia's Red Sea port of Yanbu instead. The northern route out via the Suez Canal adds weeks to the shipments. Brent crude futures climbed almost 4% to $94.50 per barrel, while West Texas Intermediate crude traded as high as $87.41 a barrel.

Gold prices also edged up as the dollar softened. According to the World Bank chief economist Indermit Gill, escalating hostilities between the United States and Iran could reignite inflation, drive interest rates higher and knock global growth back to as low as 1.3%, down from 2.9% last year.

The World Bank had modelled three outcomes in its June economic forecast given the high uncertainty surrounding the war in the Middle East, but the worst-case scenario with hostilities lasting six months or more has already come close to materializing. Under that scenario, global headline inflation would reach 4.5%. The chief economist added that prolonged fighting and damage to the region's oil infrastructure would also deepen food insecurity by disrupting shipments of fertilizer, helium and sulphur needed in agriculture, setting off a chain of secondary effects that could include higher interest rates.

Back in Canada, Prime Minister Mark Carney said late yesterday he and Donald Trump agreed to intensify trade negotiations after the U.S. president unveiled plans for 50% tariffs on a wide range of Canadian imports.

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

Canada, nevertheless, canceled a planned joint celebration with its neighbor to mark the opening of the Gordie Howe International Bridge between Windsor, Ontario and Detroit, citing trade threats from Trump.

In the U.S., stock index futures declined this morning, pressured by weakness in chip stocks, as investors remained cautious ahead of the first batch of Big Tech earnings that could decide whether Wall Street's AI-driven rally has more room to run. Investors are now looking to second-quarter results from Alphabet and Tesla, the first of the so-called "Magnificent 7" to report after the bell for fresh evidence that these companies' multibillion-dollar investments in AI are paying off.

Gold Prices Down from the Clouds (Argus)

When storms start to brew in the global economy, investors often flock to gold. When the conditions clear, investors may head in a different direction. Gold established a high for the century back in January at almost $5,500 per ounce. But as progress occurred toward winding down the war in Iran and oil prices returned to earth, the price of gold drifted below $4,000 and is now in the red for the year. Back in 2019, gold was fetching about $1,200 per ounce. That changed rapidly during the first phase of the pandemic, as the spot price for an ounce of gold jumped 33% in six months. Gold next spiked in 2022 due to the war in Ukraine. Then in 2025, gold jumped another 50%, driven by tariffs and other geopolitical developments. The current price of gold reflects the perceived safety of hard assets amid global give-and-takes, as well as expectations for lower U.S. interest rates, which tend to weaken the dollar (the currency in which gold is priced). Our forecast trading range for gold in 2026 is $3,500-$5,500 and our average price forecast for the year is $4,200. This compares to average gold prices of $3,455 in 2025 and $2,450 in 2023. Has the current pullback gone too far?

From a technical standpoint, gold had been in a long-term bullish trend of higher highs and higher lows. But momentum may have stretched prices at the highs. On average, gold has traded at a 6% premium to its 12-month moving average this century. The standard deviation is 9%. Earlier this year, the premium almost reached 40%, more than three standard deviations above the norm. Now the price is 7% below the moving average. But is it a bargain? As a fundamental valuation measure, we compare the price of

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

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gold to the value of the S&P 500. Over the past 45 years, the S&P 500 has been priced in a normal range of 1-3 times an ounce of old.

A reading above 3 likely reflects too much confidence in the S&P 500, while a reading below 1 is a nosebleed price for gold. (The all-time low ratio was 0.17 in 1980). The current ratio is about 1.9, not far from the long-term average.

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	3.19%	3.1
CDA Prime	4.45%	0.0	CDA 10 year	3.59%	2.8
CDA 3 month T-Bill	2.28%	0.0	CDA 20 year	3.88%	2.6
CDA 6 month T-Bill	2.39%	0.5	CDA 30 year	4.01%	2.5
CDA 1 Year	2.63%	2.0			
CDA 2 year	2.86%	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	4.38%	1.5
US Prime	6.75%	0.0	US 10 year	4.64%	1.4
US 3 month T-Bill	3.74%	0.5	US 30 year	5.14%	1.4
US 6 month T-Bill	3.99%	0.8	5YR Sovereign CDS	41.99	
US 1 Year	4.08%	0.3	10YR Sovereign CDS	51.71	
US 2 year	4.27%	0.9			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	718.87	0.00%	3.25%
BMO Laddered Preferred Shares (ETF)	13.06	0.04%	5.92%

Source: LSEG

Keep looking forward! Have a great day!
Ben

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