

# Financial HARTbeat

Tech

June 3<sup>rd</sup> 2026



Good Morning,

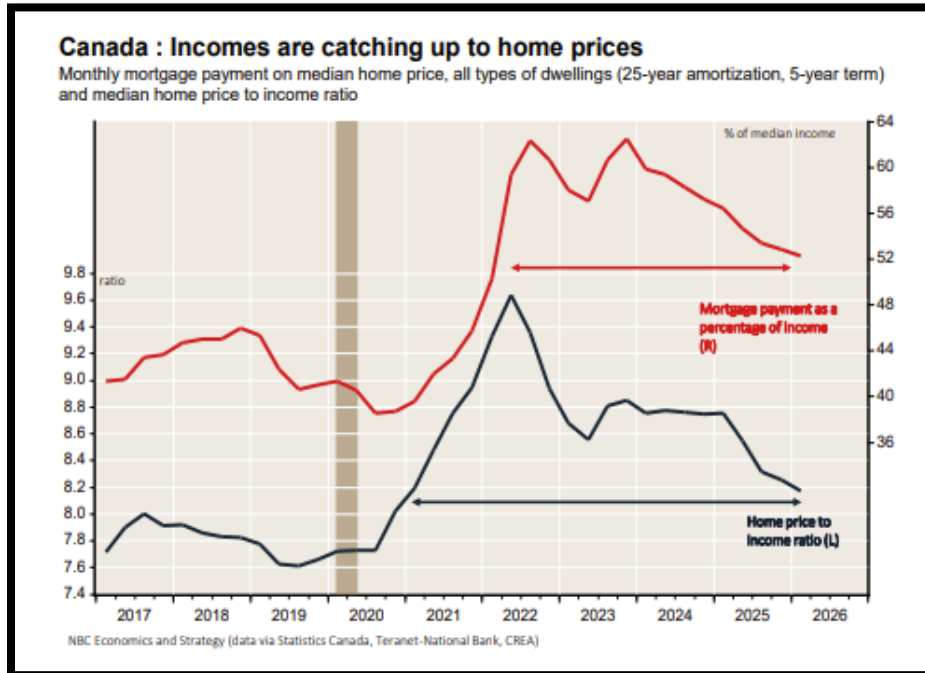
Another day, another new high....tech continues

At a conference this next couple of days and will provide a summary on move roundup to Friday.

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

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

**Chart of the Day: this is good news...**



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## Top News

U.S. stock futures were little changed Wednesday after all three major indexes closed at fresh records during the regular session. Oil prices rose more than 2% on Wednesday, extending gains from the previous session, as hostilities in the Middle East erupted anew and talks between Tehran and Washington showed little progress. Iran launched ballistic missiles towards regional neighbours Kuwait and Bahrain, injuring dozens according to Kuwaiti authorities, and U.S. forces conducted strikes on Iran's Qeshm Island. Private hiring expanded at a brisk pace in May, providing further indication of a stable labor market, ADP reported Wednesday. The payrolls processing firm said companies added 122,000 workers for the month, up from 105,000 in April and better than the Dow Jones consensus estimate for 110,000. May marked the strongest month since January 2025.

April's total was revised down by 4,000. European shares slipped on Wednesday as renewed Middle East hostilities and signs of strain in private markets spooked investors, while Zara owner Inditex gained after reporting a strong start to the summer. Euro zone private sector activity shrank at the fastest rate in 18 months in May as waning demand for goods and services, a key gauge of economic health, dragged output lower for a second month while cost pressures hit their highest level in more than three years, a survey showed.

The S&P Global Eurozone Composite PMI Output Index fell to 48.5 in May from April's 48.8, its lowest reading since November 2024, but above a preliminary estimate of 47.5. The headline services PMI edged up marginally to 47.7 from 47.6, outperforming the 46.4 flash number. British services firms suffered a small fall in activity in May as the strains of the Iran war pushed up their costs sharply and hit optimism, a survey showed on Wednesday.

Japan's Nikkei closed above 68,000 for the first time on Wednesday, just two days after breaching 67,000, as a rally in AI-related stocks outweighed concerns over the Middle East. Japan's services sector ground to a halt in May after more than a year of expansion, as surging costs linked to the Middle East war dampened service demand and led to a 12-year high in output price inflation, a private survey showed on Tuesday. The S&P Global final Japan Services Purchasing Managers' Index (PMI) fell to 50.0 in May



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from 51.0 in April, marking the end of a 13-month expansion streak. Readings above 50.0 indicate growth in activity, while those below point to a contraction.

China's services activity expanded at the fastest pace in three months in May, helped by stronger growth in new business and a rebound in overseas demand, though rising cost pressures weighed on firms, a private-sector survey showed on Wednesday.

## Argus Adjusts S&P 500 EPS Estimates (Argus)

The calendar first-quarter 2026 earnings season is essentially over and can formally and officially be declared "a doozy." With 95% of S&P 500 constituent companies having reported results, first-quarter 2026 earnings are up in the range of 30% from the year-earlier quarter. That makes the earnings growth rate for 1Q26 the highest since 4Q21. Earnings have now grown on a year-over-year basis since mid-2023 --and typically at a high-single or low-double-digit pace. That's impressive. But what has been keeping earnings growing so steadily through inflation, macro-economic pressures, and geopolitical turbulence? The two-prong answer is revenue growth and margin expansion. Annual revenue growth has accelerated from a mid-single-digit rate in recent years -- and for the 1Q26 EPS season, top-line growth was about 11%. Meanwhile, net profit margin is running at least a point above the long-term average of 12%. This expansion partly reflects the increasing impact on overall profits of the high-margined sectors such as Information Technology. Yet all companies across all sectors have been through a lot in recent years, and, along the way, have learned how to run leaner, source raw materials optimally, and (wherever possible) turn fixed costs into variable costs. We believe the strong margin performance will carry past the first quarter of 2026.

We have adjusted our EPS forecasts to account for the overall level of earnings acceleration across much of the broad economy related to AI investments. By the numbers, our 2026 and preliminary 2027 EPS forecasts are now \$340, implying yearover-year growth of 25%, and \$390, which implies another year of double-digit EPS growth.



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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	3.10%	2.4
CDA Prime	4.45%	0.0	CDA 10 year	3.44%	2.5
CDA 3 month T-Bill	2.31%	0.0	CDA 20 year	3.69%	2.1
CDA 6 month T-Bill	2.37%	0.0	CDA 30 year	3.81%	2.1
CDA 1 Year	2.62%	1.5			
CDA 2 year	2.83%	2.1			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.20%	2.5
US Prime	6.75%	0.0	US 10 year	4.48%	2.6
US 3 month T-Bill	3.63%	0.3	US 30 year	4.99%	1.9
US 6 month T-Bill	3.77%	0.5	5YR Sovereign CDS	41.72	
US 1 Year	3.82%	1.3	10YR Sovereign CDS	51.17	
US 2 year	4.07%	1.9			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			708.25	0.00%	1.72%
BMO Laddered Preferred Shares (ETF)			12.81	-0.04%	3.89%

Source: LSEG

Things are looking up! Have a great day!

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