Financial HARTbeat

Europe+Canada
May 5th 2026

Good Morning,

Prime Minister Carney speaking around the world on the new world order… first in China and now in Europe commenting on where things are heading..

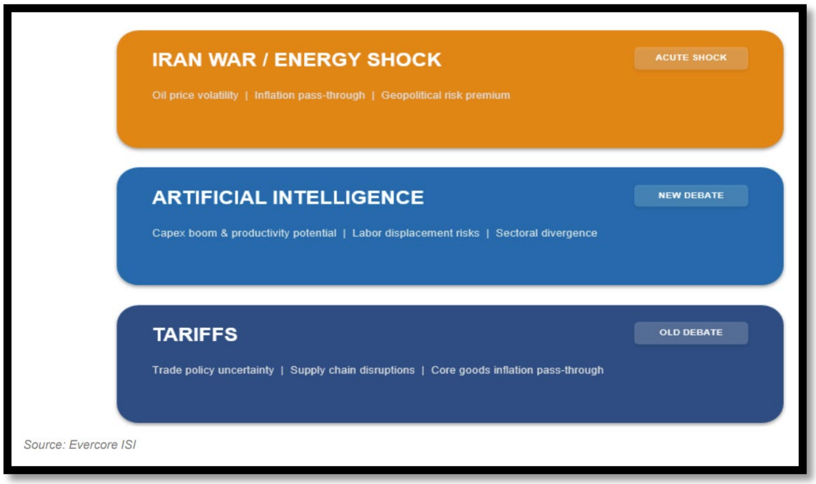
Europe really pulling together economically, politically and starting to agree on many things constructively given the chaos in the world…

Canada and Europe appear to be getting a lot closer…Europe back to leading the new world order potentially?

Catch the playback of our Weekly Roundup [Click here]

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

Chart of the Day: The key risks to the global financial system..



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NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

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Top News

U.S. stock index futures rose this morning, signaling a rebound in equities as oil prices ticked lower even though renewed tensions threatened to upend a fragile Middle East truce after the U.S. and Iran exchanged fire in the Gulf as they wrestled for control of the Strait of Hormuz. U.S. Defense Secretary Pete Hegseth said today that a U.S. operation to protect commercial ships from Iran in the Strait of Hormuz is temporary,

Washington is not looking for a fight and the ceasefire with Iran is still in effect. Markets are being pulled in opposite directions by the conflict and the rapidly shifting situation on the ground. While some investors believe worstcase scenarios are still not fully priced in, others argue the focus should remain on underlying economic fundamentals and strong earnings. Moves have been volatile as a result, with equities vulnerable to sudden reversals as new and often conflicting headlines emerge. Brent crude futures fell this morning but were still trading above $110 a barrel.

Meanwhile, the earnings backdrop continues to be strong. Pfizer posted better-than-expected quarterly earnings and said a recent favorable European court ruling on its COVID-19 vaccine and patent extension for its heart drug Vyndamax would help secure stronger growth after 2028. Shares of Pinterest jumped as much as 17% after the image-sharing platform forecast second-quarter revenue above analysts' estimates. In corporate news, Intel rose more than 4% after Bloomberg News reported Apple had held exploratory discussions about using Intel and Samsung Electronics to produce the main processors for its devices. In Canada, the main stock index futures also gained today, as spot gold and silver rose, though gains were capped as elevated oil prices kept inflation concerns alive.

The Toronto Regional Real Estate Board data showed today that the greater Toronto area home sales rose by the most in nine months in April and prices stabilized as greater affordability enticed more homebuyers into the market. Seasonally adjusted sales increased 6.1% last month from March, marking the second straight month of gains, while the board's home price index was barely changed monthover-month, after seasonal adjustment, at C$929,300, ending a streak of 10 straight monthly declines.

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On the economic front, Canada's merchandise trade balance swung to a surplus in March as higher crude oil prices and surging demand for gold drove a sharp jump in exports while imports declined, Statistics Canada said the country posted a C$1.78 billion surplus in March, compared with a C$5.11 billion deficit in the prior month. It was the first time in six months that Canada posted a surplus. Analysts polled by Reuters had forecast a deficit of C$2.88 billion. Canada's trade surplus with the U.S. reached its highest in six months to C$7.1 billion and its share of exports to the U.S. dropped to 66.7%, its lowest ever. Canada's exports to countries other than the U.S. hit yet another record high in March. The Canadian dollar rose after the trade data.

Previewing Friday's Jobs Report (Argus)

We expect the Bureau of Labor Statistics (BLS) to report on Friday that the April unemployment rate remains healthy, near 4.3%. Evidence suggests layoffs are contained. Hiring appears to have picked up, but we still believe that "low hire, low fire," is a fair summary of the current employment situation. In his final press conference as chair of the Federal Open Market Committee, Jerome Powell said "job openings, layoffs, hiring, and nominal wage growth, generally show little change in recent months." We estimate that non-farm payrolls increased by 125,000 in April, while the consensus is 73,000. The weekly ADP report for private payrolls has been averaging about 40,000 a week, or 160,000 on a four-week basis. The Department of Labor's weekly reports on initial jobless claims suggest that actual layoffs are low. The four-week moving average of 207,500 claims is even lower than it was a month ago and far below the 300,000 that would raise a warning.

Hiring is less conclusive. Continuing claims, near 1.8 million, remain below a warning point of 2.5 million. But people who have lost their job are having a hard time finding a new one, and average weeks unemployed are slightly elevated at 25.3. The 12-month average is 23.8 weeks, while the average since 1990 is 21.5 weeks. The Institute for Supply Management's manufacturing employment index has been in contraction for 31 consecutive months.

Bloomberg reported that with entrylevel job openings drawing an average of 300 applicants, consultants are charging well-heeled parents $3,000 to $10,000 to help recent graduates get hired. Based on the advance release of the Chicago Fed Labor Market Indicators, there is a 27.8% probability that the April

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unemployment rate will drop to 4.2% and a 25.2% probability that it will remain at 4.3%. Their indicator of the layoffs-and-other separations rate is little changed from March 2026 and April 2025. Their estimate of the hiring rate for unemployed workers improved from March, but resides slightly below the year-ago level.

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	3.26%	-1.6
CDA Prime	4.45%	0.0	CDA 10 year	3.61%	-0.8
CDA 3 month T-Bill	2.30%	0.0	CDA 20 year	3.86%	0.2
CDA 6 month T-Bill	2.44%	-0.5	CDA 30 year	3.96%	-0.2
CDA 1 Year	2.75%	0.0			
CDA 2 year	3.02%	-2.8			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.06%	-3.1
US Prime	6.75%	0.0	US 10 year	4.42%	-2.8
US 3 month T-Bill	3.61%	-0.7	US 30 year	5.00%	-2.1
US 6 month T-Bill	3.71%	-1.6	5YR Sovereign CDS	38.99	
US 1 Year	3.74%	-2.4	10YR Sovereign CDS	49.46	
US 2 year	3.93%	-3.5			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			703.25	0.00%	1.01%
BMO Laddered Preferred Shares (ETF)			12.73	0.00%	3.24%

Source: LSEG

Things are looking up! Have a great day!
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