

Financial HARTbeat

Electrical Grid Companies
May 19th 2026



Good Morning,

Fortis (FTS) – A diversified North American utility focused on electricity and gas transmission and distribution. With the majority of its business regulated and tied to long-life infrastructure, it offers stable earnings and a long history of dividend growth.




Hydro One (H) – Ontario’s primary electricity transmission and distribution provider. It operates essential infrastructure that supports one of Canada’s largest economies, making it a steady and defensive investment tied to everyday power demand.

Emera (EMA) – A growing utility with operations across Canada and the U.S., investing heavily in grid modernization, renewable energy, and infrastructure. Its long-term capital plan supports steady growth in earnings and dividends.

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

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

Chart of the Day: Looks like worlds central banks still on hold..

	 Bank of Canada	 Federal Reserve	 European Central Bank
Rates			
President / Chair	Tiff Macklem	Jerome Powell	Christine Lagarde
Policy rate	Overnight rate	Fed Funds rate	Deposit facility rate
Current policy rate	2.25%	3.75%	2.00%
Next meeting date	June 10, 2026	June 17, 2026	June 11, 2026
Market-implied policy rate*	2.29%	3.75%	2.00%
Spread vs. current rate	+4 bp	0 bp	0 bp
Next meeting			
Probability of...			
... hike	14%	0%	0%
... hold	86%	100%	100%
... cut	0%	0%	0%
Rate cuts			
25bps hikes (cuts) priced in...			
... next 3 months	0.4	0.1	1.4
... next 6 months	-	0.4	2.5
... next 12 months	-	1.4	-

ank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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Top News

Canadian stock index futures edged higher this morning as investors drew some comfort from news that the U.S. had paused a planned attack following Tehran's peace proposal, raising prospects of a deal nearing. However, the terms as described in the Iranian reports appeared little changed from Iran's previous offer, which U.S. President Donald Trump rejected last week. Tehran's latest peace proposal to the United States involves ending hostilities on all fronts including Lebanon, the exit of U.S. forces from areas close to Iran, and reparations for destruction caused by the U.S.-Israeli war. Oil prices initially dropped about 2% but quickly recouped some of the losses and remained above \$108 a barrel.

The Toronto Stock Exchange's S&P/TSX Composite Index logged a weekly loss and fell to a 10-day low on Friday as bond yields globally jumped on rising concern that higher oil prices could feed inflation. This morning data showed that Canada's annual inflation rate accelerated to 2.8% in April from 2.4% in March, driven largely by a surge in gasoline prices after the Iran war pushed global crude oil prices sharply higher. This marks the first time in almost two years that the annual consumer price index reading soared to 2.8%. On a monthly basis inflation was at 0.4% in April. However, the inflation reading came below expectations of analysts and economists as lower cost for travel and tours, some accommodation expenses and furniture costs dropped in April on an annual basis. Analysts polled by Reuters had forecast the annual inflation rate at 3.1%. The removal of the consumer carbon levy in April 2025, which resulted in monthly declines for gasoline and natural gas, has now fallen out of the 12-month movement, which also put upward pressure on the all-items in the CPI basket. Gasoline cost, which rose by 28.6% in April and over 38% since the war began, drove transportation costs up by 7.6% in April. Other major April annual price increases were seen in food prices which rose by 3.5% in April, against a 4% increase in March. The core measures of inflation, closely watched by the Bank of Canada to gauge underlying inflation trends, slowed down. CPI-median, the centermost component of the CPI basket, was at 2.1% in April from 2.3% in March. CPI-trim, which excludes the most extreme price changes, was down to 2% from 2.2% in the prior month.

In the U.S., stock index futures declined today, dragged lower by a slide in chip stocks and ongoing inflation concerns despite a pause in the Treasury selloff. The benchmark 10-year Treasury yield eased to



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4.609% after touching its highest level since February 2025 yesterday. On Wednesday, investors will focus on the release of minutes from the U.S. Federal Reserve's latest policy meeting for clues on how much support there was among policymakers to pivot to a neutral stance from an easing bias. According to CME's FedWatch tool, markets are pricing in about a 40% chance the central bank will raise interest rates by at least 25 basis points in January.

Flight to Quality for Dollar (May 19, 2026) Argus

Trends in the dollar, the world's dominant currency, offer nuanced clues about the confidence that investors have in the U.S. economy and financial system. The greenback has been in high demand since the start of the pandemic, and at the beginning of 2025 was 21% above its long-run average. When global uncertainty increases, investors embark on a flight to quality and seek a safe haven for assets. The hot-dollar trend started to unwind a bit in 2025, as the greenback declined 5% on a global, trade-weighted basis. There were several factors, including the economic uncertainty caused by tariffs, the swelling U.S. federal debt, a recovery in the European economy, and simple value investing. In recent weeks, dollar angst has moved to the backburner and the greenback is ascendant again in response to the war in Iran, which has triggered another flight to quality. Since hostilities commenced, the greenback is up 5% and near cycle highs.

The rally reaffirms our view that the dollar is not at risk of losing its status as the global currency of choice. At current levels, the dollar is about 19% above its 20-year average value, supported by the depth of a \$27 trillion market, the Fed, and the country's time-tested political/economic system of democratic capitalism. The euro, yen, or yuan, or a combination basket, have flaws as well. We view the dollar as one of the main checks and balances to the U.S.'s status as the leader of the global economy. But what would worry us? We would be concerned if the greenback were to plunge 20% in a short period; the last time that occurred was when S&P downgraded U.S. debt back in 2011. If the U.S. dollar was back at 2011 levels, it almost certainly would mean higher interest rates, a potential drag on the economy, and intense pressure on major market indices.



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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	3.36%	1.3
CDA Prime	4.45%	0.0	CDA 10 year	3.70%	0.5
CDA 3 month T-Bill	2.31%	0.0	CDA 20 year	3.91%	0.3
CDA 6 month T-Bill	2.42%	-0.5	CDA 30 year	4.03%	0.6
CDA 1 Year	2.72%	0.0			
CDA 2 year	3.06%	0.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.27%	-1.0
US Prime	6.75%	0.0	US 10 year	4.62%	-0.8
US 3 month T-Bill	3.59%	-0.2	US 30 year	5.15%	-0.1
US 6 month T-Bill	3.73%	-1.0	5YR Sovereign CDS	39.98	
US 1 Year	3.81%	-0.3	10YR Sovereign CDS	50.18	
US 2 year	4.08%	-1.2			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			707.53	-0.02%	1.62%
BMO Laddered Preferred Shares (ETF)			12.82	-0.16%	3.97%

Source: LSEG

Things are looking up! Have a great day!

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