



# WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

## Carrying a stick?

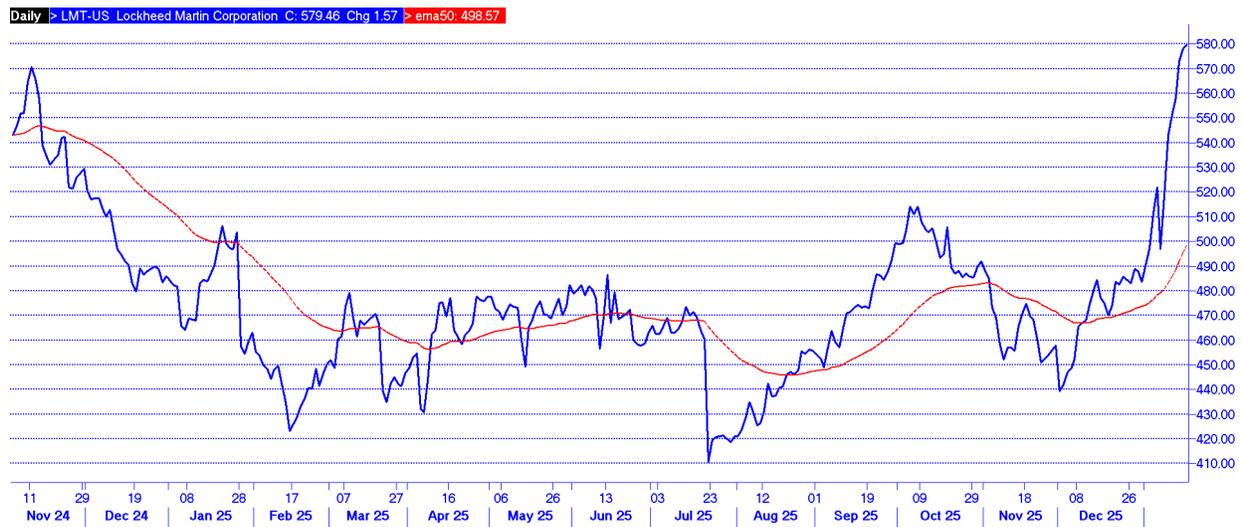
Steve replies to a client question posed last week who I'll call Sally (not her real name). Sally asked why she was holding defense industry stocks. She doesn't want them in her portfolio.

### Our Model Portfolio holdings of US Defense industry companies:

#### Lockheed-Martin (LMT-NYSE-\$579.22 USD).

- Inception purchased. March 28, 2024
- \$USD Book Value: \$449.73
- \$USD Unrealized Gain: 28.8%
- \$USD Income Yield on cost: 3.07%
- Lockheed is a defense contractor, producer of the F35-jet.

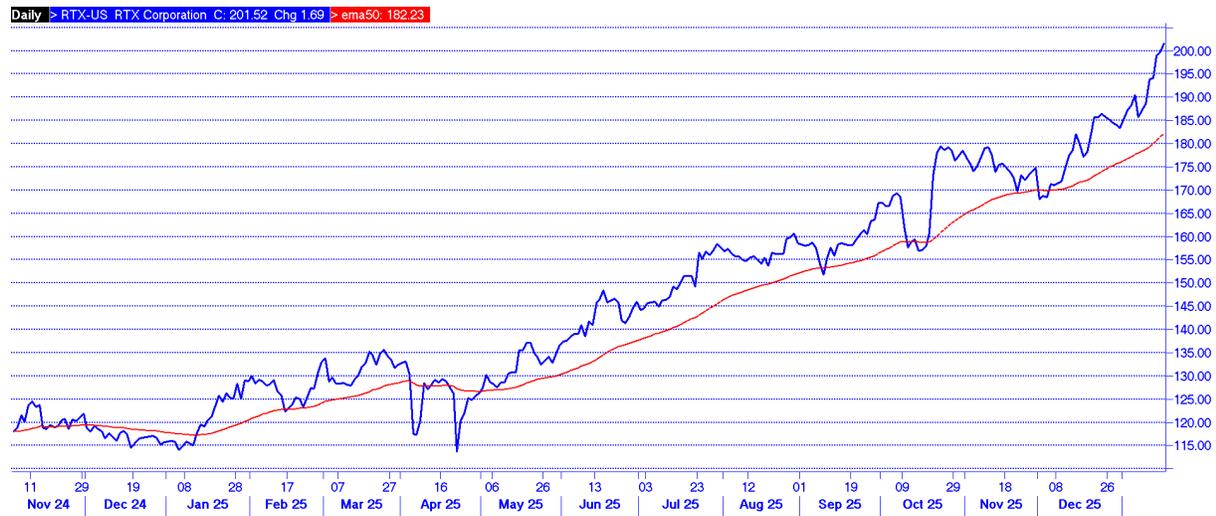
### Lockheed-Martin (LMT-NYSE-\$579.22 USD) - daily since Trump election.



Source: LSEG, NBF, Hilberry mid-session Jan 16, 2026

**RTX Corp (RTX-NYSE-\$201.34 Jan 16, 2026 mid-session USD)**

- Inception purchased via UTX Corp March 16, 2020 at \$51.13 adjusted cost
- \$USD Book Value: \$84.80
- \$USD Unrealized Gain: 137.4%
- \$USD Income Yield on cost: 3.21%
- RTX Corp is the result of merger between United Technologies Aerospace division and Raytheon Inc.
- RTX provides a blend of civilian aerospace (jet engines, related technology and manufacturing) and defense (missiles, anti-aircraft systems).

**RTX Corp (RTX-NYSE-\$201.34 USD) - daily since Trump election.**

Source: LSEG, NBF, Hilberry mid-session Jan 16, 2026

**COMMENT ON THE DEFENSE INDUSTRY:****Sally**

*I don't like the idea of killing people. I struggle with profiting from the process. The post Cold War 'Peace Dividend' lack of demand, meant we could avoid defense stocks and still make money.*

*Supporting this view was my assumption, our potential enemies were far away, our closest neighbors were supportive, strong and friendly, and our northern flank was....well...just up there and not an issue. Canada's borders were secure. Canada didn't need an army. We didn't need guns. We certainly didn't need offensive jets, etc. I knew, or thought I knew, if push came to shove, Canada could rely on the US to defend us, and the likelihood of that need was minimal anyway. Hey, Canada could even push for other nations to not need weapons too. Global Peace-keepers. That's us. I thought that was great. I still do.*

*It's fair to say Canadian's attention has mostly been southern and focused on protecting our cultural sovereignty, not our actual sovereignty. With our basic security as a given, we could all focus on other issues. Social justice, income inequality, Canadian and global human rights, progressive policies, climate change, Canadian cultural issues, regulating media content, etc. To be clear these are all very important questions. I support all of them. Canada, for all the above good reasons, ignored its defense requirements for most of my adult life.*

*Sadly, the US led Global Order that respected each nation's right to self-determination and borders, (or pretended to do so) appears to be in the rear-view mirror. [We're in a new era](#). Canada faces potentially national existential risks and choices most of us grew up ignoring. Suddenly, we've discovered many of our core assumptions about Canada's fundamental position were either false all along or are no longer supported by facts on the ground. At very least, the changing climate in the arctic (as scientifically predicted, now coming to pass, confirming climate change is real) means we must now pay attention, and pay for, defending our borders. The Northern one in particular, but maybe the Southern one too!*

*Suddenly, being able to project the ability to physically protect ourselves has become a thing. The old saw, "If you have guns you won't need to use them, if you don't, you will." applies. Or... we're okay with being taken over and controlled by one or more of our neighbors. Eastern Canada goes to the US. Western half to Russia? What a mess.*

*I believe this means, very unfortunately, that we require the ability to physically defend ourselves. If defense is necessary, my view is Canada needs its own industry. Like food production, water and the environment, the ability to provide our own internally produced defense is important. This will take time and money. It will take money away from other things. We don't have that ability now, yet need the military kit.*

*US Politics can, and will, change. Trump will be gone. The next bunch might wish to return so something like the past. But Mr. Trump has done, at very least, significant long-term damage to the above assumptions. Witness the lack of outrage coming from Congress on Trump's Greenland musings (those Epstein files must be doozies). What does taking over Greenland portend for NATO as a whole?*

*As Canada and NATO ex-the US has ignored its own defense industry, yet will be spending big bucks on military equipment, who is going to profit from the needed expense? In the short-term, US Defense contractors. If Canadians must spend the money, let's at least get something out of it. This explains our reluctant additions of defense industry stocks into our portfolios. That's why we hold defense stocks. Financially it has been the right thing to do.*

**CLIENTS DECIDE:**

*We completely understand, respect, and support our client's unique investment parameters. We're able to 'lock in or out' individual companies or sectors. For those clients holding a company they don't want to sell, we 'lock-in' that holding from future trading. NOTE: For locked holdings, we will attempt to continue to support a client's holding on a best efforts basis. As that holding is no longer part of our managed process, we cannot take responsibility for future outcomes. For clients wishing to avoid holding individual companies or sectors, we 'lock-out' those names. As for lock-ins, the result will likely mean the client's performance deviates from our models. That can be good or bad. Broad based equity market investment products are likely to have exposure to these sectors.*

*Once locked, we will not be re-entering positions in those names for those accounts without the express and unique instruction from the clients. On your instruction, we have sold the above positions and locked them out from trading.*

### **On Venezuelan oil production and Chinese lending**

Extract from NBF's daily energy notes Jan 13, 2026

*Morning,*

*The Oxford Energy Institute for Energy Studies (OIES) has now weighed in with their take on Venezuela, "**Rewiring Venezuelan Crude Oil**", analyzing the global oil market implications of U.S. actions in the country. Despite bearish headlines, OIES thinks short-term impacts are limited due to Venezuela's low output, concentrated exports, deteriorated infrastructure (e.g., reduced upgrader capacity, reliance on blending, insufficient storage, and frequent disruptions from blackouts and leaks), macroeconomic challenges like a contracting economy, policy uncertainty, high government fiscal take (>70%), PDVSA's (PDVSA: Venezuelan government's nationalized oil entity controlling all production-SH) governance deficits, and general operational risks; which all serve to constrain and undermine investment (and outlook). By now, all the considerations you have become very familiar with. The US removal of Nicolás Maduro signals a bolder application of the Monroe Doctrine according to OIES, positioning oil as a key geopolitical tool. While Venezuela's vast reserves hold long-term potential, short-term oil production upside remains constrained, with minimal immediate effects on global supply-demand dynamics; instead, it may trigger trade shifts, including increased US imports of Venezuelan crude, boosted Canadian exports to Asia via pipelines like TMX, and US naphtha shipments replacing Russian supplies to Venezuela, alongside potential entry of Western firms altering trade norms. And medium- to long-term, a recovery in production still reflects the above noted challenges. For China, Venezuelan crude (comprising 3% of imports, mainly for independent refiners at 7-9%) is substitutable through alternative sanctioned sources or stockpiles, but OIES notes that broader risks loom: **the new Venezuelan regime's handling of US\$50 bln in Chinese debt and upstream contracts** (e.g., by CNPC and Sinopec), plus implications for US actions in Latin America, Iran, and beyond. China's regional stakes extend past oil to commodities, minerals, and clean tech investments, heightening geopolitical concerns. As previously noted, oil may not be the only story concerning US involvement in Venezuela.*

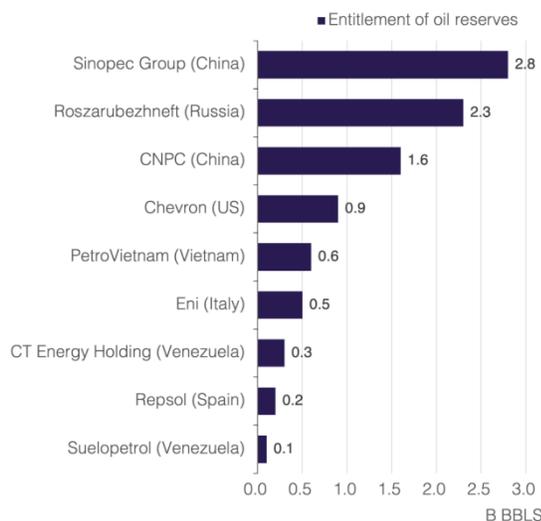


### Chinese loans to Venezuela

Borrower	Year	Loan value (US\$ billion)
Joint Chinese-Venezuelan Fund	2007	4
Joint Chinese-Venezuelan Fund	2008	1
Joint Chinese-Venezuelan Fund	2009	4
PDVSA	2010	1.5
Bandes	2010	20
Joint Chinese-Venezuelan Fund*	2011	4
Joint Chinese-Venezuelan Fund**	2012	4
Joint Chinese-Venezuelan Fund	2013	5
Joint Chinese-Venezuelan Fund*	2014	4
Joint Chinese-Venezuelan Fund**	2015	5

\*Renewal of 2008 loan. \*\*Renewal of 2009 loan.  
Source: WSJ, Inter American Dialog, OIES

### Estimated entitlement to Venezuelan oil reserves



Notes: Holders of 2P and 2C reserves in Venezuela under JVs with PDVSA. Sinopec is selling its shares to US-based Amos Global Energy Management (AGEM), contingent upon approval by the Office of Foreign Assets Control of the US Treasury and the Venezuelan government. Source: Morgan Stanley, Wood Mackenzie, OIES

Source: The Oxford Institute for Energy Studies

The above table of Chinese loans to Venezuela totals 47.5 billion \$USD (2011-12 entries are renewals of 2008-09 loans). While the totals are small relative to China’s economy 19.4 T \$USD economy, they are potentially a geopolitical flash point...should China or the US choose to engage.

### How important is China to global trade?

Visual Capitalist charts changes in GDP and ranking of the world’s top 10 economies, 1980-2024. Canada’s GDP grew significantly but our ranking fell from 8 to 10, mostly due to dramatic increases in China and India’s economies.

[Visual Capitalist: How global economic power shifted, 1980-2025](#)

### ‘Tariffs were sooooo last year... right?’ NBC Economics Jan 8, 2026

<https://nbf.bluematrix.com/links2/pdf/dd957728-5149-4216-a430-92790249f790>

### ‘Better Than Bonds Canada’ NBC Capital Markets Jan 13, 2026

Update – January 2026

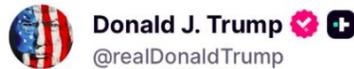
*It is almost impossible to write about 2025 without commenting on the performance of the Canadian equity market. The S&P/TSX Composite index continued its ascent in December to generate an annual total return of 31.7%. It was only the ninth time since 1957 that the Canadian benchmark exceeded the 30% threshold. However, what made the 2025 performance exceptional was the fact that it has been made after two solid years (+11.8% in 2023 and +21.6% in 2024). There is only one instance that we saw something similar, and we must go back all the way to 1979. That year the index gained 44.8% after advancing 29.7% and 10.07% in 1978 and 1977, respectively.*



*In fact, since the 1970s, almost all the 30%+ return years, have been made on the back of a negative performance the year before. Other interesting facts about the late 1970s period, it was the longest period in the history of Canadian equities of successive positive returns, a total of six years. In addition, all six years returned double digit growth and the record year of 1979, was followed by a gain of 30.1% in 1980! Will history repeat itself in 2026?*

<https://nbf.bluematrix.com/links2/pdf/5b42e6d4-0caf-456a-adfe-670fa7abe0bf>

US President Donald Trump continues to flood the news zone. One wonders what he hopes will disappear under muddied waters?



The United States needs Greenland for the purpose of National Security. It is vital for the Golden Dome that we are building. NATO should be leading the way for us to get it. IF WE DON'T, RUSSIA OR CHINA WILL, AND THAT IS NOT GOING TO HAPPEN! Militarily, without the vast power of the United States, much of which I built during my first term, and am now bringing to a new and even higher level, NATO would not be an effective force or deterrent - Not even close! They know that, and so do I. NATO becomes far more formidable and effective with Greenland in the hands of the UNITED STATES. Anything less than that is unacceptable. Thank you for your attention to this matter! President DJT

***'Trump insists US needs Greenland for security as White House talks get under way' BBC Jan 14, 2026 live talks coverage***

<https://www.bbc.com/news/live/cn824zpz670t>

The US has unrestricted access to Greenland military bases with no limits on personnel at those bases. The US has many 'leased' bases around the world. It's a common form of treaty negotiations. The idea China or Russia will 'get it' (like an undeveloped lot in a subdivision) is pure nonsense Annexing Greenland is unnecessary, creates unnecessary tensions within NATO, potentially breaks the trans-Atlantic alliance. The Kremlin must be pleased. Do markets believe Trump?

## FOREX markets are pricing in a weaker US, not a weaker Europe.

### \$1 USD cost per EURO (0.8576 EURO) 12 months – daily ranges



Source: LSEG, NBF, Hilberry Jan 14, 2026 mid-session

This chart shows an 11.5% decline in the US dollar vs the EURO. Given the higher interest rates on offer in the US vs. Europe, we're not seeing 'hot money' chasing yields. FOREX markets don't like what they see.

### **The biggest hurdle to Trump's credit card proposals? His own party' Politico**

<https://www.politico.com/news/2026/01/13/trump-credit-cards-congress-republicans-00725477>

Last Friday (IE before the working stiffs are off for the weekend) Trump announced he (not the Government) was 'capping' credit card interest rates at 10%. Credit companies charge 21% for a reason. If they could make a reasonable return at near-mortgage-like 5% rates, they would do so. The 21% rate charged isn't 21% profit. It is the rate required to compensate for the myriad risks entailed. You got ripped off? Credit Card will reverse the charge. You return the item to Home Depot? Credit Card reverses the charge. You forget to make your monthly payment? Credit Card eats that finance costs, then passes them on to you as debit interest. Your card was stolen or hackers jacked up the card balance? Credit Card reverses the charges. These risks factor into the 21% rate. Recall that the debit interest is only charged on outstanding balances at month end. Want to pay 0% interest? Pay your bills on time. Period

A 10% cap on interest rates would ensure only the very highest rated borrowers would qualify for credit cards, exactly the types who rarely pay ANY interest.

We doubt this will be passed into law. Yet more distraction noise?

NBF notes a cut in credit card rates is inflationary. Will the Fed to pause rate cuts? Will Donald Trump then attempt to blame the Fed (for doing its job)?

**‘U.S.: Turning down credit card rates, turning up the heat’ NBF Hotcharts Jan 12, 2026**

<https://nbf.bluematrix.com/links2/pdf/ea09947a-878e-47f4-b42d-cf2e9caa3b34>

Staying with US inflation...

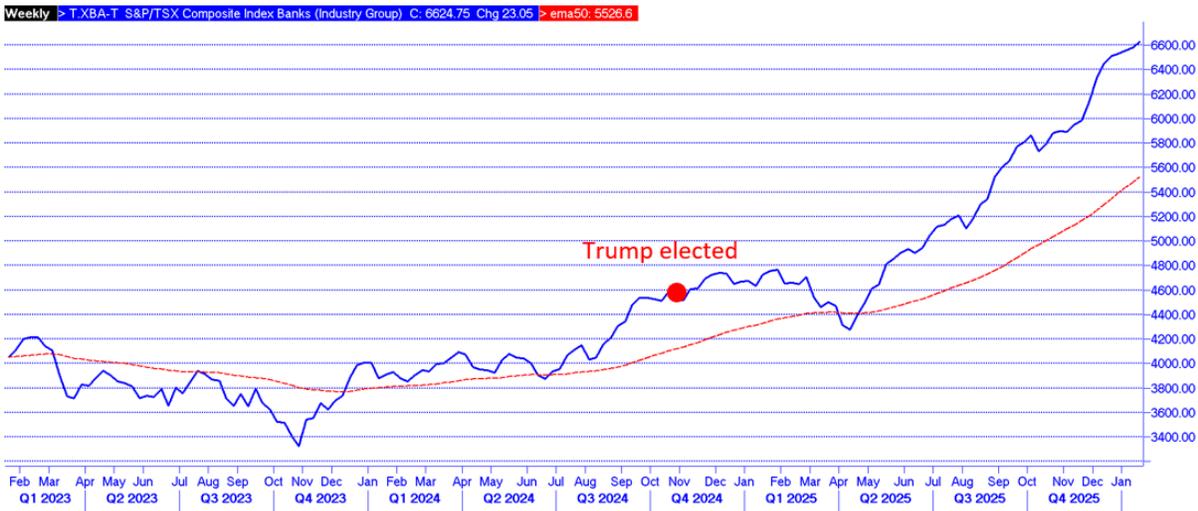
**Charted: Where Inflation Has Hit the Hardest (2000–2025) – Visual Capitalist**

The US sector with highest inflation? US Healthcare. Sector(s) with low/negative inflation relied on imports. Import **taxes** (let’s use the accurate term) will reduce productivity/increase inflation in all sectors. The greatest inflation impact will be in sectors relying on imports by raising costs and reducing the supply of imported goods to US consumers. If we back out the 2000-25, disinflation for those sectors, we’d have had MUCH higher cumulative inflation, higher interest rates, a weaker economy, lower return from risk assets (real estate, equities, hedge-funds), paid more for commodities, experienced higher government debt and service costs, reduced employment and lower lifestyles. Where are the adults?

[Charted: Where Inflation Has Hit the Hardest \(2000–2025\)](#)

**Make Canadian Banks Great Again**

**S&P/TSX Cdn Bank Industry Group (T.XBA-T) weekly ranges – three years**



Source: LSEG, NBF, Hilberry Jan 16, 2026 mid-session

Canadian banks are not being priced for economic disaster, a collapse in our economy or a military take over.



## Investment 101: Registered Plans.

At client request, this week's continuing education series focuses on registered plans.

### Registered Retirement Savings Plans (RRSP) work?

RRSP accounts are commonly labeled 'registered plans' by financial institutions. National Bank of Canada has an RRSP Q&A website.

[Get the most out of RRSPs> National Bank of Canada](#)

### Which is better an RRSP or a TFSA?

National Bank has this one covered too. (there is no 'right' answer)

[TFSA vs RRSP? - National Bank of Canada](#)

The Hilberry Team's answer is 'Both'. If you can afford it, make your RRSP contribution, then save the refund inside your TFSA. Doing so ensures you are fully sheltering the initial tax advantage of contributing to your RRSP. Recall the RRSP derived tax refund (or lower tax bill) is in effect an interest-free loan from the Federal Govt. to you representing the amount of tax you would have otherwise paid up front. That refund is a deferral not an avoidance of the tax. Saving that refund in a tax-sheltered account means when the tax 'loan' is repaid via taxes applied on RRIF income (see below) you will have compounded that loan tax free inside your TFSA. If your average income in retirement is lower than when you made the RRSP contribution, you are compounding the tax advantage in your favor.

### I'm approaching age 70. What happens to my RRSP?

Again, National Bank has a RRIF explainer.

[RRIFs at a glance. National Bank](#)

RRIF income is treated as fully taxable 'other' income in your tax filing. Clients converting their RRSPs to RRIFs are likely to see their average tax rates increase. Hopefully you've taken advantage of our financial planning services to get in front of this change. If you haven't, call Anna!

# Have a Great Weekend

Steve & Anna Hilberry



January 16, 2026

## FOR THE RECORD Jan. 15, 2026 close:

DOW INDUSTRIALS:	49,442
S&P 500:	6,944
S&P/TSX COMP:	33,028
WTI:	\$59.90
LOONIE IN \$USD:	\$0.7180 \$US

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). NBF may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. NBF and/or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time on the open market or otherwise.

The information contained herein has been prepared by Steven Hilberry, a Portfolio Manager at NBF. The information has been obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF. I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

Sent by  
Montreal Office  
National Bank Financial  
Wealth Management  
800 Saint-Jacques Street  
Office 79721  
Montreal, QC H3C 1A3  
Ph: 514-879-2222

Toronto Office  
National Bank Financial  
Wealth Management  
130 King Street West  
Suite 3200  
Toronto, ON M5X 1J9  
Ph: 416-869-3707

