Financial HARTbeat

Oman/Iran
Aug 26th 2026

Good Morning,

Iran and Oman have reached a framework agreement, but Hormuz remains closed

- Iran's Revolutionary Guards say Iran and Oman have agreed on territorial control and revenue-sharing arrangements for the Strait of Hormuz.
- However, Tehran says the Strait will **not reopen unless the U.S. accepts its conditions**, meaning the key bottleneck for global energy trade remains unresolved.

Shipping risk remains elevated despite lower oil prices

- Iran has reportedly blacklisted 45 ships, and some shipping firms are avoiding those vessels.
- Attacks on shipping and ongoing political uncertainty continue to disrupt traffic, with vessel transits remaining well below normal levels.

Markets are focusing on potential reopening, not current tensions

- Oil fell more than $2/barrel as traders interpreted the Iran-Oman talks as a step toward eventual reopening.
- The market is beginning to remove some of the geopolitical risk premium that has been embedded in crude prices.

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Chart of the Day: A deal in the middle east…

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Top News

Canadian stock index futures were relatively unchanged this morning as investors weighed positive quarterly results from National Bank of Canada, alongside the ongoing trade war with the U.S. National Bank of Canada reported a rise in third-quarter profit, driven by a robust performance in Capital Markets and in its wealth management segments.

The latest results add to a series of stronger-than-expected quarterly results by Bank of Montreal and Bank of Nova Scotia yesterday, which helped the TSX notch a record high. Traders will keep an eye on the ongoing trade war with the U.S. after Canada hit back with retaliatory tariffs on about $20 billion worth of U.S. annual imports, matching Washington's latest duties dollar-for dollar.

The Canadian government statement mentioned that the counter tariffs on U.S. goods take effect on September 8 and impose duties of 15%, 25% and 50% across around 700 products imported from south of the border.

Meanwhile, oil prices fell more than 2% as talks between Iran and Oman revived hopes that the Strait of Hormuz could reopen. Iran's Revolutionary Guards announced today they had reached an agreement with Oman on their share of the Strait of Hormuz and its revenues, but the vital waterway will not be reopened if the U.S. does not accept their conditions.

In the U.S., annual inflation unexpectedly held steady in July well above the Federal Reserve's 2% target for the 65th straight month, and the pause in the decline from a recent Iran-war induced peak is likely to add to the central bank's tense debate over whether interest rates should be lifted or held steady. The Personal Consumption Expenditures Price Index increased 3.7% in the 12 months through July unchanged from June. Economists polled by Reuters had forecast a reading for PCE, which the Fed uses to set its target, of 3.6%. On a month-over-month basis, PCE rose 0.2% in July, also above economists' forecasts, after falling 0.1% in June, which had been the weakest reading since April 2020. A separate report showed U.S. gross domestic product grew 1.5% in second quarter, in line with estimates. In

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markets, U.S. stock index futures moved slightly lower today as investors digested the fresh economic reports.

In corporate news, Meta Platforms reached a settlement to resolve claims brought by states across the country that the company designed Instagram and Facebook to addict children, misled consumers about their safety, and improperly collected personal data of children who used its platforms. The deal was reached during a California federal court trial over claims brought by 29 states, averting one of the highest-profile tests yet of allegations that social media companies harmed young users. Just days before jury selection began on August 12, a federal appeals court declined to halt the trial. The claims are part of a broader wave of litigation brought by states, local governments, school districts and individuals alleging Meta and other social media companies fueled a nationwide youth mental health crisis.

Solid Domestic Demand (Argus)

The Bureau of Economic Analysis will provide its second estimate of 2Q Gross Domestic Product this morning. Based on last month's advance estimate, U.S. output rose in the second quarter at an annualized rate of 1.5%. We expect confirmation that personal consumption has rebounded from 1Q, business investment remained strong, and imports of foreign-made computer equipment widened the trade deficit. Imports are subtracted from GDP to isolate the value of domestic production. We think the advance report's most notable number was that real final sales to private domestic purchasers rose an impressive 3.9% in 2Q, up from 1.7% in 1Q. The Fed has said this measure usually is a better indicator of underlying momentum in the economy than GDP. It includes the core categories of consumer spending, business investment, and residential investment (housing). Regarding underlying momentum, it is important to estimate the trend in GDP. The average of the last eight quarters is 2.1% based on headline GDP growth (percent change from the previous quarter at a seasonally adjusted at an annual rate).

If we look at the year-over-year change in real GDP, the eight-quarter average is 2.3% -- so the economy is performing in line with the Fed's "longer run" projection of 2.0% and the Congressional Budget Office's estimate for potential GDP growth (the sustainable speed limit of the U.S. economy), which is 2.2%. The following rule of thumb isn't perfect, but with GDP trending near potential we expect the unemployment

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rate to remain stable near the current 4.1%. We expect GDP to grow 2.1% in 2026 and 2.2% in 2027 and expect consumer spending to grow 1.9% in 2026 and 2.0% in 2027 (a little slower than GDP). This is because of strong growth in AI investment and as persistent inflation, and elevated mortgage rates are weighing on consumer spending.

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%	3.9
CDA Prime	4.45%	0.0	CDA 10 year	3.66%	3.7
CDA 3 month T-Bill	2.28%	-0.5	CDA 20 year	3.93%	2.3
CDA 6 month T-Bill	2.38%	0.6	CDA 30 year	4.09%	3.5
CDA 1 Year	2.65%	-0.5			
CDA 2 year	2.93%	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	4.37%	1.8
US Prime	6.75%	0.0	US 10 year	4.65%	1.2
US 3 month T-Bill	3.71%	-0.6	US 30 year	5.18%	0.3
US 6 month T-Bill	3.91%	0.0	5YR Sovereign CDS	37.98	
US 1 Year	4.01%	0.7	10YR Sovereign CDS	47.18	
US 2 year	4.21%	1.0			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			715.80	0.06%	2.81%
BMO Laddered Preferred Shares (ETF)			13.08	0.46%	6.08%

Source: LSEG

Keep looking forward! Have a great day!

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