

Financial HARTbeat

Strait of Hormuz
Sept 25th 2026



Good Morning,

Polymarket has all but prices no resolution by end of year...

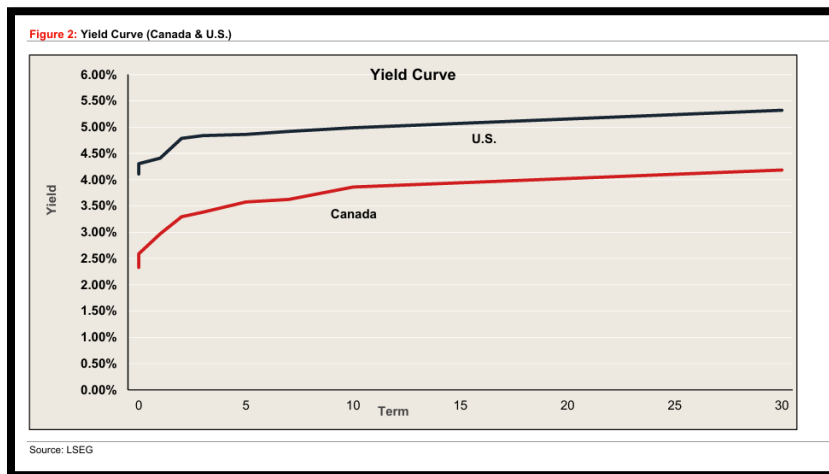
6 weeks from mid terms has made other President make political decisions to benefit their outcome..

Could we see an agreement and shock the market? If so Oil down, yields down, stocks up...all good outcome for current President..

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

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

Chart of the Day: Yield curve flattish in USA...worst case scenario presently..However, if we get a resolution in Iran...Oil prices fall and FOMC doesn't raise rates US banks would be very happy with that outcome...they borrow short term and lend long..



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Top News

US stock index futures rise this morning, as AI optimism offset worries regarding high oil prices and rising Treasury yields, while investors monitor chances of an agreement to end the Middle East conflict. A report that US and Iranian negotiators continued to explore a phased path out of the war, which would involve Tehran reopening the Strait of Hormuz and Washington lifting its economic blockade, help market sentiment. Optimism, however, is capped by inflation worries driven by prolonged Iran and Ukraine conflicts and soaring government debt.

Brent crude prices hover over \$100 a barrel (see chart) and the yield on the 10-year Treasury note is above 5.1%. Traders now see a 71% chance that the Federal Reserve will increase interest rates by at least 25 basis points in October, up from around 50% earlier this week. Policymakers, including New York Fed President John Williams, Kansas City Fed President Jeffrey Schmid and Cleveland Fed President Beth Hammack, are likely to echo their restrictive stance on monetary policy when they speak later in the day.

The US-China summit, which has been closely followed, did not offer any sign of a major breakthrough between the superpowers, other than the extension of their trade truce until January 10.

In economic data, non defense capital goods orders excluding aircraft, a closely watched proxy for business spending, jumped 1.6% last month after an upwardly revised 0.6% increase in July. A final University of Michigan consumer sentiment reading is due later in the day. Futures tracking Canada's blue-chip stocks rise as investors take comfort from easing oil prices and small gains in precious metals, while elevated bond yields keep gains in check.

Brent and WTI crude prices ease over 1% on expectations that negotiations between Iran and US mediators could result in a meaningful conclusion to the six month-old conflict. However, at near \$100-a-barrel, it is still at levels that could spur inflation and weigh on economic growth.



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Traders see a 65% chance that the Bank of Canada will hike interest rates by at least 25 basis points during the October meeting to combat inflation. Mining stocks are likely to be in focus as precious metal prices attempt a comeback, against the backdrop of elevated bond yields.

European shares are on track to snap a three-week losing streak as oil prices retreat, although investors remained cautious about developments in the Middle East and surging bond yields. Euro zone government bond yields are on track for their seventh consecutive weekly rise as Brent crude prices remain near \$100 a barrel and increasingly hawkish signals from central banks push up expectations for policy rates.

Hong Kong stocks fell today in holiday thinned trade, with insurance and tech shares leading losses, as investors awaited further details from Chinese President Xi Jinping's Thursday summit with US President Donald Trump in Washington. Trading volumes were light ahead of the local Mid-Autumn Festival holiday. Mainland China's financial markets were closed today and will reopen on Monday.

Japan's Nikkei share gauge rose for a fifth straight session, driven by gains in AI-related companies and as investors bought ahead of a Monday deadline to qualify for mid-term dividends.

Market Calm as Earnings Season Approaches (Argus)

After a spike in market volatility last spring, as the war in Iran kicked into higher gear and oil prices jumped, the closely watched VIX Volatility Index has declined back below its historical average of 20 and appears calm ahead of the next earnings season. Meanwhile, stock prices generally continue to crawl ahead; the S&P 500 is within 1% of all-time highs and the Nasdaq Composite recently reached a new record level. The low VIX in some respects is a bit of a surprise, given the war in Iran, the high price of oil, stubborn inflation trends, upcoming mid-term elections, and a new upcycle in the fed funds rate. That said, our 2026 "base case" has called for the bull market to soldier on, supported by solid growth in the U.S. economy (and no recession) and double-digit EPS growth.

Valuations also appear reasonable, supported by the strong profit growth trend. Back to the market, the current VIX reading is south of 15.0, which is well below historical average of 20 and is consistent with a



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bull market. Indeed, during the long bull market in the 2010s, the VIX averaged 18 and even touched lows below 10 in 2017. We continue to think that the S&P 500 is in the mid-stage of a bull run that dates to October 2022. And while the path for equities won't be straight up, we suggest investors favor high-quality domestic stocks in their portfolios at the current market and economic juncture.

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	3.67%	-5.0
CDA Prime	4.45%	0.0	CDA 10 year	3.96%	-4.2
CDA 3 month T-Bill	2.40%	0.0	CDA 20 year	4.16%	-3.5
CDA 6 month T-Bill	2.60%	0.0	CDA 30 year	4.25%	-3.5
CDA 1 Year	3.01%	-1.5			
CDA 2 year	3.38%	-5.5			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4.00%	0.0	US 5 year	5.04%	1.1
US Prime	7.00%	0.0	US 10 year	5.18%	2.2
US 3 month T-Bill	4.08%	-0.1	US 30 year	5.48%	1.5
US 6 month T-Bill	4.37%	0.6	5YR Sovereign CDS	37.25	
US 1 Year	4.48%	-0.2	10YR Sovereign CDS	46.23	
US 2 year	4.90%	0.6			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	702.61	-0.04%	0.91%		
BMO Laddered Preferred Shares (ETF)	12.9	-0.31%	4.62%		

Source: LSEG

Keep looking forward! Have a great day!

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