

# Financial HARTbeat

Ceasefire?  
April 7<sup>th</sup> 2026



Good Morning,

Lots continues to unfold in the conflict....3 senior military officials resigned and or were fired last week from the US army...




Straight seems to be facing a little mixed information...one research firm sent an analyst through the straight and they released details saying ships are moving..not at same pace but 14-15 a day it seems..

Supply chain disruption going to be important to watch...

**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 a hold this month...**

	 Bank of Canada	 Federal Reserve	 European Central Bank
<b>Rates</b>			
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%
<b>Next meeting</b>			
Next meeting date	April 29, 2026	April 29, 2026	April 30, 2026
Market-implied policy rate*	2.23%	3.75%	2.00%
Spread vs. current rate	-2 bp	+0 bp	0 bp
Probability of...			
... hike	0%	1%	0%
... hold	92%	99%	100%
... cut	8%	0%	0%
<b>Rate cuts</b>			
25bps hikes (cuts) priced in...			
... next 3 months	0.2	(0.0)	1.4
... next 6 months	-	0.0	2.5
... next 12 months	-	(0.1)	-

\*Derived from OIS (Bank of Canada, European Central Bank) and Fed Funds Futures (Federal Reserve).



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## Top News

U.S. main stock index futures were set for a lower open today as investors assessed comments from the U.S. and Iran for any clues on where the conflict was headed, before President Donald Trump's deadline for Iran to reopen the Strait of Hormuz. A U.S. official told Reuters that the country had struck military targets on Iran's Kharg Island, a hub of Iran's oil exports, though no energy infrastructure was impacted. Iran said it would no longer hold back from hitting infrastructure of its Gulf neighbors. The comments come ahead of Trump's Tuesday deadline to reopen the Strait of Hormuz, which Tehran showed no sign of agreeing to.

A senior Iranian source told Reuters that talks on lasting peace could begin only after an end to the strikes. With the conflict more likely to continue with these attacks or increasing rhetoric from both sides, investors are back in an uneasy position and expectations for a worse outcome in terms of continuation becomes a reality. The Iran war has also complicated the interest rate outlook for the Federal Reserve as it grapples with fears of revived inflation against the backdrop of a resilient labor market.

Therefore, comments from Fed policymakers Austan Goolsbee, Philip Jefferson and Mary Daly will be parsed throughout the day for clues on the future policy path. On the economic front, new orders for key U.S.-manufactured capital goods increased more than expected in February, but data for the prior month was revised sharply lower, suggesting some moderation in business spending on equipment in the first quarter. Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending, rose 0.6% after a downwardly revised 0.4% drop in January. Economists polled by Reuters had forecast these so-called core capital goods orders increasing 0.4% after a previously reported 0.1% gain in January.

Meanwhile, the U.S. said on Monday it would raise payments to private insurers offering Medicare Advantage plans to older adults in 2027 by 2.48% on average, an increase from the near-flat change proposed earlier. Shares of health insurers surged in premarket trading, with UnitedHealth up about 7%, Humana gaining almost 10% and CVS Health adding more than 7%. In Canada, stock index futures edged also lower today despite gold prices gaining following Iran's refusal to reopen the Strait of Hormuz.



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The Greater Toronto Area home sales rose for the first time in six months in March in a sign that reduced prices have lured more homebuyers into the market. The board's home price index was down 0.6% month-over-month, after seasonal adjustment, at C\$928,000, which was the 10th straight month of declines. On a year-over-year basis, sales rose 1.7%, while new listings declined 16.7% and the price index was down 7.4%. Elsewhere, the euro zone's private sector expansion weakened sharply in March as the Middle East war drove up energy costs and disrupted supply chains.

## First-Quarter Segment Returns (Argus)

We have three strategic asset-allocation models, targeting three risk-tolerance levels: Conservative, Growth, and Aggressive. We make tactical adjustments to the models, based on our outlooks for the various segments of the capital markets. Performance matters, and we monitor closely. So far in 2026, bonds have taken a modest lead over stocks, though both are in negative territory. Looking ahead and from an asset-allocation standpoint, our Stock-Bond Barometer model still sees both asset classes near fair value, so portfolio weights ultimately will depend on strategic factors. We are market-weight on large-cap stocks at this stage of the market cycle. We favor largecaps for growth exposure and financial strength, as well as exposure to the Information Technology sector. Small- and mid-caps offer better valuation. Our recommended exposure to small- and mid-caps is 15% of equity allocation, in line with the benchmark weighting. One of the market surprises in 2025 was the performance of global stocks, which turned in impressive results. We expect the long-term trend favoring U.S. stocks ultimately to re-emerge, given volatile global economic, political, geopolitical, and currency conditions. That said, international stocks still offer favorable near-term valuations, and we target an increased 20% of equity exposure to the group.

In terms of growth and value over the longer term, we anticipate that growth, led by the IT sector, will top returns from value, led by Energy, Real Estate, and Materials, due to favorable secular and demographic trends. Value has taken an early lead in 2026, after lagging for the past five years, and appears well positioned with the longer-term with interest rates at elevated levels.



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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	3.13%	3.5
CDA Prime	4.45%	0.0	CDA 10 year	3.50%	2.8
CDA 3 month T-Bill	2.31%	0.0	CDA 20 year	3.79%	2.7
CDA 6 month T-Bill	2.39%	0.5	CDA 30 year	3.91%	2.7
CDA 1 Year	2.64%	2.5			
CDA 2 year	2.85%	2.5			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.00%	1.2
US Prime	6.75%	0.0	US 10 year	4.35%	1.4
US 3 month T-Bill	3.63%	0.4	US 30 year	4.91%	2.3
US 6 month T-Bill	3.73%	0.0	5YR Sovereign CDS	42.97	
US 1 Year	3.71%	0.2	10YR Sovereign CDS	54.17	
US 2 year	3.86%	0.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			690.23	0.01%	-0.86%
BMO Laddered Preferred Shares (ETF)			12.45	0.08%	0.97%

Source: LSEG

Things are looking up! Have a great day!

Ben



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