Financial HARTbeat

Reprive?
April 8th 2026

Good Morning,

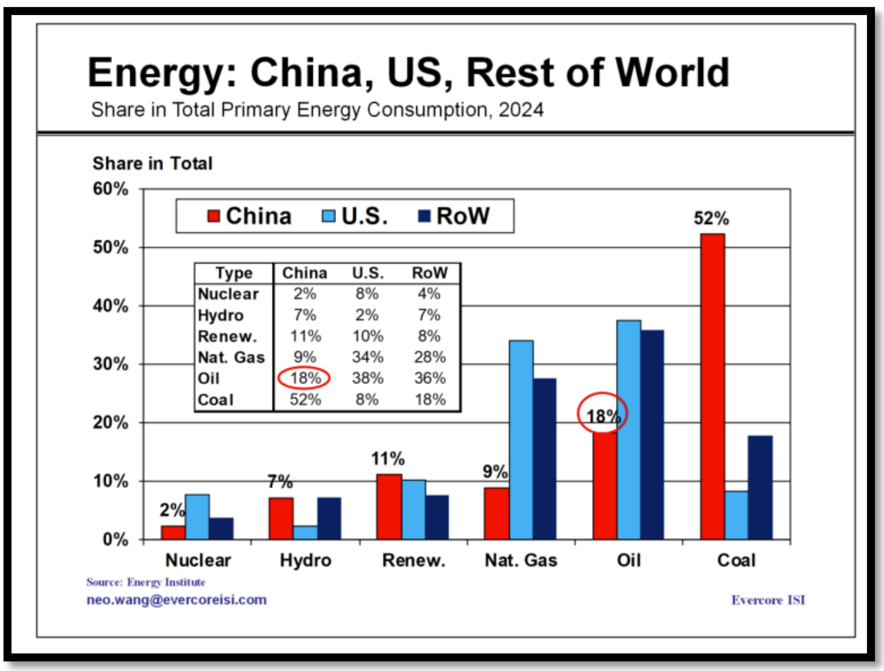
Well, is it going to last?

Markets up, volatility down, rates down (prices up), gold up, USD down

Catch the playback of our Weekly Roundup [Click here]

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

Chart of the Day: Who has gained the most tactically from what is happening? China has been effectively given a test case as to immediate impact of global fossil fuel reductions…no time for them to reposition…



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Top News

The United States and Iran agreed to a two-week ceasefire brokered by Pakistan, suspending a six-week-old war. There was relief on many of the region's streets and in world financial markets after President Donald Trump announced the agreement late on Tuesday, two hours before a deadline he had set for Iran to open the blockaded Strait of Hormuz. Both sides declared victory. But their main disputes remained unresolved, with Washington and Tehran sticking to competing demands for a potential peace deal that could shape the Middle East for generations.

A senior Iranian official involved in the discussions told Reuters that Tehran could open the Strait of Hormuz on Thursday or Friday ahead of planned peace talks in Pakistan, if a framework for the ceasefire is agreed. So far, the United States and Israel appeared to be abiding by their promise to pause the air campaign that had pounded hundreds of Iranian targets a day for six weeks. But in Lebanon, where Israel has waged war in parallel with its strikes on Iran, Israel not only said the ceasefire did not apply, it chose to escalate, launching what its forces described as their biggest air strikes yet on Iran's Hezbollah allies.

Meanwhile, Iran's Gulf neighbours, including Kuwait, the UAE and Bahrain, were still reporting incoming attacks by Iranian missiles and drones during the day.

In markets, European shares jumped more than 3% this morning, while Wall Street stock index futures rose more than 2% across the board as the two-week ceasefire pushed crude prices lower on expectations that energy supplies through the Strait of Hormuz could resume.

The CBOE Volatility Index slumped to 20.49, its lowest point in more than two weeks. In premarket trading, U.S. energy stocks tracked global oil prices down, shares of Exxon Mobil, Chevron and Occidental Petroleum dropped more than 5% each. Stocks linked to travel and leisure sectors edged higher, with shares of airlines and cruise operators recording gains ranging from 8-10%. Big banks also nudged higher, with JPMorgan Chase, Bank of America and Wells Fargo up more than 2.4% each. Despite this morning good news, concerns lingered that soaring energy costs could weigh on economic growth and complicate the Federal Reserve's monetary policy trajectory.

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Interest-rate futures show investors see a 56% chance of a 25-basis-point cut by the end of 2026, according to LSEG-compiled data, compared to expectations of no easing this year, a day ago. Later in the day, investors will parse comments from Fed policymakers Mary Daly and Christopher Waller, and minutes from the central bank's March 17-18 meeting. Markets will also be looking forward to analyzing the local inflation readings later in the week for signs of whether the elevated crude prices during the war have added to price pressures.

In Canada, futures tracking the main stock index also jumped today. Gold prices reached a near-three-week high. In corporate news, Blackline Safety has agreed to be taken private by U.S. private equity firm Francisco Partners in a deal valued at up to $850 million.

First-Quarter Segment Returns (Argus)

Fed's Favorite Inflation Indicator The Fed's favorite inflation indicator, the PCE Price Index, will be released on Thursday morning. The index differs from the better-known Consumer Price Index (CPI) because its composition is changed more frequently and is quicker to reflect the impact of real-time pricing. In the most-recent report, PCE inflation reportedly increased at a 2.8% rate year over year through January. By comparison, the latest CPI report, through January had overall inflation rising 2.4%. Core PCE, which removes volatile food and energy prices, also had risen at an annual rate of 3.1%. Our PCE forecasts call for slightly lower readings for February: 2.7% for the headline number and 2.8% for the core reading. We think lingering inflation in certain sticky-priced services will combine with the skyrocketing price of oil to present a challenge for the Fed as it strives for its 2% goal. Inflation in this cycle peaked in summer 2022 and has been on a consistent downward trek since then.

We track 20 inflation measures on a monthly basis. On average, they are indicating that prices are rising at a 2.68% rate year over year, up 20 basis points compared to the month-ago level. The numbers are volatile and can be distorted by swings within the Producer Price Inflation report. Focusing on core inflation, our reading is 2.54%, flat month over month. Given these inflation trends, as well as a recent slowdown in the employment environment, we still expect the Federal Reserve to reduce rates over the next several quarters, with the ultimate goal of aligning the fed funds rate to approximately 100-150 basis points above the long-term inflation rate in 2027.

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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	3.03%	-9.7
CDA Prime	4.45%	0.0	CDA 10 year	3.40%	-8.5
CDA 3 month T-Bill	2.30%	-1.0	CDA 20 year	3.71%	-6.8
CDA 6 month T-Bill	2.37%	-3.5	CDA 30 year	3.84%	-6.5
CDA 1 Year	2.56%	-8.5			
CDA 2 year	2.75%	-10.5			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	3.86%	-11.7
US Prime	6.75%	0.0	US 10 year	4.24%	-10.5
US 3 month T-Bill	3.61%	-1.3	US 30 year	4.85%	-7.5
US 6 month T-Bill	3.69%	-2.9	5YR Sovereign CDS	43.00	
US 1 Year	3.63%	-6.7	10YR Sovereign CDS	54.24	
US 2 year	3.72%	-10.9			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			689.13	-0.02%	-1.02%
BMO Laddered Preferred Shares (ETF)			12.43	-0.16%	0.81%

Source: LSEG

Things are looking up! Have a great day!

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