

Financial HARTbeat

PPI/CPI

June 10th 2026



Good Morning,

PPI=Producer Price Index

Chinese PPI came in higher PPI and could signal future CPI pressure, but it's not automatic.

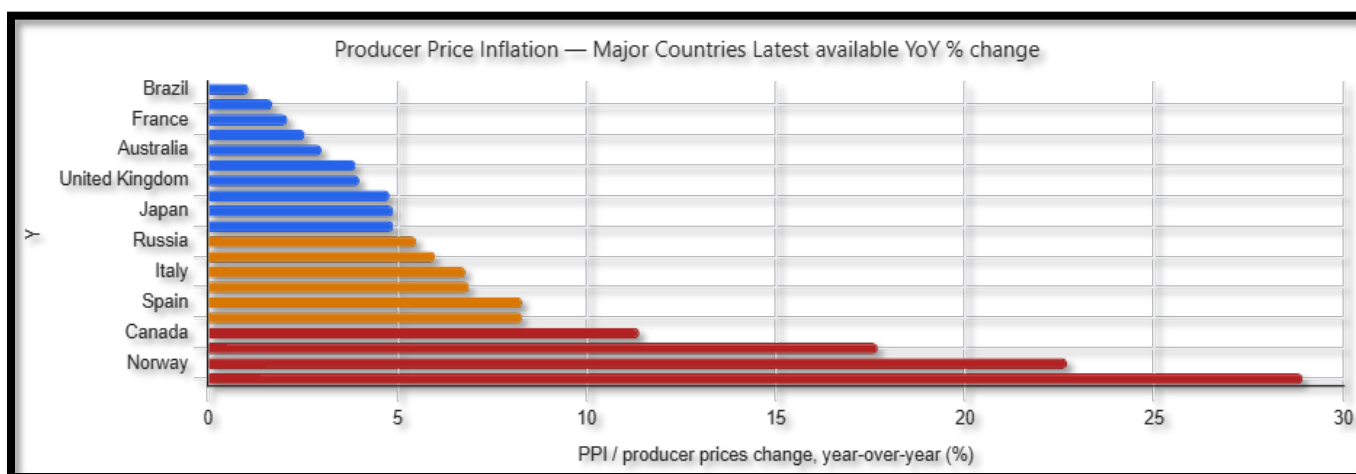
Companies may absorb higher input costs through margins before raising prices.

Pass-through risk is higher when price increases are broad, persistent, or driven by tariffs, energy, and supply-chain costs.

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

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

Chart of the Day: PPI increasing which is causing Central Banks to panic a little..



*generated with Copilot



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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). • The particulars contained herein were 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.

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 Wealth 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.



Top News

Canadian stock index futures edged lower this morning, as global risk sentiment deteriorated by renewed U.S.-Iran hostilities. Iran's Revolutionary Guards said they carried out missile and drone attacks on U.S. military bases in Jordan, Kuwait and Bahrain on Wednesday in retaliation for American strikes on Iranian targets around the Strait of Hormuz. Oil prices steadied following the news, while gold prices fell to a 11-week low as concerns about inflation and interest rate hikes resurfaced.

The Bank of Canada (BoC) is expected to leave interest rates unchanged today as strong inflation and labor market data are offset by a weakening economy that slipped into a technical recession in the first quarter. That decision would mark the fifth consecutive meeting at which the BoC has left its key policy rate at the 2.25% level, as an array of factors have complicated the economic outlook.

U.S. tariffs on steel, aluminum and autos have led to job losses and delayed investment decisions, while the U.S. war with Iran has sent gasoline prices soaring and squeezed household budgets. Economists have cited the upcoming review of the North American free trade agreement - the United States-Mexico-Canada Agreement as the biggest uncertainty hanging over the economy.

According to a Reuters poll, 34 economists expect Canada's central bank to leave its overnight rate unchanged on June 10. More than 80% of them, or 28 of 34, predicted it would stay on hold throughout the year, similar to the estimates from the poll in April. Money markets, however, are still pricing in one 25-basis-point rate hike in December. Those bets were bolstered by a healthy Canadian jobs report last week.

In the U.S., consumer inflation increased at its fastest pace in three years in May as the Middle East conflict raised the price of gasoline and other energy products, giving more ammunition for the Federal Reserve to keep interest rates unchanged into 2027. The Consumer Price Index increased 4.2% in the 12 months through May. The CPI advanced 3.8% year-on-year in April. Prices increased 0.5% monthly after climbing 0.6% in April. This was the third straight month of strong increases in the CPI and it highlighted mounting pressure on households as evidence suggests more consumers are dipping into savings to finance their spending as inflation outpaced wage growth for a second consecutive month.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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). • The particulars contained herein were 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.

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 Wealth 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.

Financial HARTbeat



Excluding the volatile food and energy components, core CPI increased 2.9% year-on-year in May after rising 2.8% in April. The so-called core CPI gained 0.2% on a monthly basis after rising 0.4% in April. The soaring cost of living is a political liability for President Donald Trump and his Republican Party, seeking to retain control of Congress in the midterm elections in November.

Canadian Economy Contracts Again in 1Q (Argus)

Statistics Canada announced in late May that gross domestic product (GDP) for the Canadian economy slipped by 0.1% in 1Q26, after a revised 1.0% decline in 4Q25. That meets the technical definition of a recession (two consecutive quarterly declines). It was the first such instance since the coronavirus pandemic in 2020. The 1Q drop was very much unexpected, with the consensus calling for a 1.5% growth rate. One major culprit for the shortfall was a strong 2.9% rise in imports. Meanwhile, household spending grew, but was offset by reduced business and government investments. Hoping the 1Q figure would be amended upward in a later revision, Canadian economists stopped short of calling the Canadian economy currently in a recession.

With U.S. tariffs and the Iran conflict top of mind, the Bank of Canada left its benchmark interest rate at 2.25% when it met in April, marking four consecutive meetings at which the rate was held. The central bank's latest GDP forecast calls for the economy to grow by 1.2% in 2026, implying a healthy resurgence from the 1Q rate, and by 1.6% in 2027. With worries about inflation from elevated energy prices offset by the weak 4Q/1Q showing in economic growth, most economists expect the central bank to maintain its current interest-rate stance through its next several meetings. We continue to favor select companies in the Canadian market for country diversification and growth opportunities.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



Regulated by CIRO
Canadian Investment
Regulatory Organization



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). • The particulars contained herein were 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.

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 Wealth 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.



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	3.18%	-0.6
CDA Prime	4.45%	0.0	CDA 10 year	3.52%	-0.6
CDA 3 month T-Bill	2.30%	-0.5	CDA 20 year	3.79%	-0.4
CDA 6 month T-Bill	2.36%	-0.5	CDA 30 year	3.91%	-0.1
CDA 1 Year	2.61%	-1.0			
CDA 2 year	2.87%	-1.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.27%	-0.8
US Prime	6.75%	0.0	US 10 year	4.55%	-0.2
US 3 month T-Bill	3.64%	0.0	US 30 year	5.03%	0.5
US 6 month T-Bill	3.81%	-0.5	5YR Sovereign CDS	41.74	
US 1 Year	3.81%	-0.3	10YR Sovereign CDS	51.21	
US 2 year	4.14%	-1.9			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	706.72	0.04%	1.51%		
BMO Laddered Preferred Shares (ETF)	12.8	0.31%	3.81%		

Source: LSEG

Things are looking up! Have a great day!

Ben



Ben Hart

Senior Wealth Advisor & Portfolio Manager

> 613-760-3788

> ben.hart@nbc.ca

National Bank Financial - Wealth Management

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



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). • The particulars contained herein were 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.

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 Wealth 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.