

# Financial HARTbeat

PPI continues  
June 11<sup>th</sup> 2026



Good Morning,

**Market context (this morning):** Futures/early trading were **slightly positive / stabilizing after a sharp selloff yesterday**, as investors bought beaten-down tech, but sentiment remains fragile due to inflation + geopolitics (U.S.–Iran escalation).

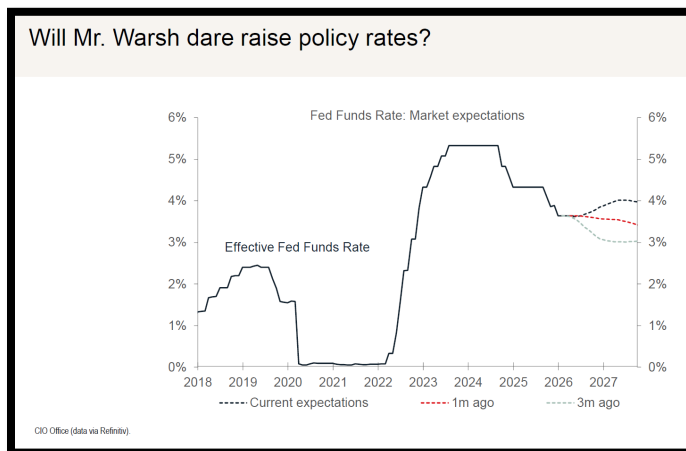
**PPI surprise (key driver): Hotter-than-expected PPI (+1.1% MoM vs ~0.7% expected; ~6.5% YoY)** signaled **renewed inflation pressure**, driven largely by energy and goods pricing.

**Why it matters for markets:** Sticky wholesale inflation → reinforces “higher-for-longer” rates, which pressures valuations (especially tech) and was **part of yesterday’s selloff tone even if not the sole driver** (alongside geopolitics and profit-taking).

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

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

**Chart of the Day: FOMC forward rates getting a little jumpy...**



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## Top News

U.S. stock index futures rise this morning, as investors sought bargains in beaten-down technology stocks and are optimistic about signs of progress in peace talks between the U.S. and Iran. Chipmakers bounce back after yesterday's selloff sent major Wall Street indexes down more than 1% and technology stocks into correction territory, a 10% drop from their record close.

Nvidia, Intel and Micron Technology are up between 0.75% and 4.4% in premarket trading. The United States and Iran traded air attacks today, but three Iranian sources and a European official said the two countries are exchanging messages on details of a memorandum after reaching a political understanding, even as some issues still have to be discussed in detail. Expectations that talks to reopen the Strait of Hormuz are on track help push oil prices lower.

The highly anticipated Friday market debut of Elon Musk's SpaceX, set to be valued at \$1.75 trillion, could also test the rally this year that has repeatedly lifted stocks to record levels.

In economic data this morning, Producer increased 6.50 percent in May of 2026 over the same month in the previous year. Producer Prices Change in the United States averaged 3.08 percent from 1950 until 2026. Also, initial claims for state unemployment benefits rose 4,000 to a seasonally adjusted 229,000 for the week ended June 6, the Labor Department said. Economists had forecast 219,000 claims for the latest week.

Futures tracking Canada's blue-chip stocks edge higher this morning, supported by a rise in gold prices, while lingering geopolitical tensions keep investors cautious. Spot gold and silver trade higher as investors covered their short positions, though concerns around higher inflation and U.S. interest rates capped gains. Oil prices fall near 1% as traders assessed the actual impact on supply disruptions. The STOXX 600 index inches higher this morning, after closing at a three-week low in the previous session, with the European Central Bank delivering a rate hike, while escalating tensions in the Middle East continue to pressure markets.



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The European Central Bank raised interest rates for the first time in nearly three years in the hope of curbing inflation before a surge in energy costs triggered by the Iran war spreads more broadly across the euro zone economy. Global tech stocks are rocked by concerns over higher spending on AI piquing after Oracle forecast higher-than-expected capital spending. Hugo Boss rises more than 7% after the UK's Frasers Group launched a €2 billion takeover offer for the struggling German fashion brand. China and Hong Kong stocks ended lower, led by declines in tech shares tracking weakness in regional peers, while a fresh escalation in Middle East tensions also weighed on investor sentiment. Hong Kong shares of ecommerce giant Alibaba fell 5.4% to their lowest closing price since July 2025, after reports about its Dingtalk CEO Chen Hang's departure following debates about AI focus.

Market participants will shift their attention to China's May credit lending data to gauge the health of the economy, following an unexpected contraction in new yuan loans in April.

Japan's Nikkei share average ended almost unchanged, as investors assessed developments in the Middle East, recouping early losses after Washington confirmed that its overnight strikes on Iran had concluded.

## Gold Prices Return to Earth (Argus)

When global economic conditions are uncertain, investors often flock to gold. When certainty returns, they may head in a different direction. This year is a case in point, as gold prices established a high for the century in January at \$5,500 per ounce. But with seeming progress in winding down the Iran war, the price of gold drifted down to the \$4,450 range, for a gain of about 2% for the year. Back in 2019, gold was at about \$1,200 per ounce. That changed rapidly during the first phase of the pandemic, as the spot price for an ounce of gold jumped 33% in six months. Gold next spiked in 2022 due to the war in Ukraine. And over the past year, gold jumped another 33%, driven by global uncertainty over tariffs, among other developments. The current price reflects the perceived safety of hard assets amid global give-and-takes, as well as expectations for lower U.S. interest rates, which tend to weaken the dollar (the currency in which gold is priced). The outlook for Fed rate cuts also helps gold, as lower rates reduce the risk of a global recession and thus a decline in gold purchased for jewelry. Our forecast trading range for gold in 2026 is \$4,000-\$6,000 and our average price forecast is \$4,500. This compares to an average gold price of \$3,455 in 2025. Technically, the price of gold had been in a long-term bullish trend of higher highs and



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higher lows. But momentum may have stretched prices. On average, the price of gold has traded at a 6% premium to its 12-month moving average this century. The standard deviation is 9%. Earlier this year, the premium almost reached 40%, more than three standard deviations above the norm.

As a fundamental valuation measure, we compare the price of gold to the value of the S&P 500. Over the past 45 years, the S&P 500 has been priced in a normal range of 3-to-1 times an ounce of gold. A reading above 3 likely reflects too much confidence in the S&P 500, while a reading below 1 is a nosebleed price for gold. The current ratio is about 1.7, not far from average. As long as geopolitics are flaring and the global economy is wobbling, gold is likely to remain 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	3.11%	-3.7
CDA Prime	4.45%	0.0	CDA 10 year	3.46%	-3.8
CDA 3 month T-Bill	2.29%	-0.5	CDA 20 year	3.74%	-3.6
CDA 6 month T-Bill	2.35%	-0.5	CDA 30 year	3.85%	-3.6
CDA 1 Year	2.58%	-0.5			
CDA 2 year	2.82%	-2.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.25%	-1.8
US Prime	6.75%	0.0	US 10 year	4.52%	-2.2
US 3 month T-Bill	3.64%	-0.6	US 30 year	5.00%	-2.5
US 6 month T-Bill	3.81%	0.0	5YR Sovereign CDS	41.99	
US 1 Year	3.90%	0.3	10YR Sovereign CDS	51.47	
US 2 year	4.12%	-0.7			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	706.59	-0.04%	1.49%		
BMO Laddered Preferred Shares (ETF)	12.76	-0.31%	3.49%		

Source: LSEG

Things are looking up! Have a great day!

Ben



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