

# Financial HARTbeat

Agreement?  
June 15<sup>th</sup> 2026



Good Morning,

Are the USA and Iran coming to an agreement?




60 day reprieve which seems to be Trumps' mo...

Oil off, gold up, stocks up, yields down...now what happens to inflation?

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

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

**Chart of the Day: What happens in a temporary ceasefire...**

	 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%	2.25%
<b>Next meeting</b>			
Next meeting date	July 15, 2026	June 17, 2026	July 23, 2026
Market-implied policy rate*	2.25%	3.75%	2.25%
Spread vs. current rate	+0 bp	-0 bp	0 bp
Probability of...			
... hike	1%	0%	0%
... hold	99%	98%	100%
... cut	0%	2%	0%
<b>Rate cuts</b>			
25bps hikes (cuts) priced in...			
... next 3 months	0.1	0.2	0.5
... next 6 months	-	0.7	0.9
... next 12 months	-	1.4	-

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



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## Top News

Global stocks rose on Monday after Washington and Tehran reached a preliminary agreement to end the Iran war and reopen the Strait of Hormuz. Even though, the framework for a deal did not address key issues such as Iran's nuclear program and the conflict between Israel and Lebanon, the news brought relief to markets as it marked the biggest breakthrough towards resolving the conflict since it began with joint U.S.-Israeli strikes on Iran in February.

The pact is expected to be formally signed in Switzerland on Friday. Crude prices slid more than 5% following the news to hit their lowest level since March, aiding airlines and cruise stocks and hurting energy shares. Chip stocks moved higher in U.S. premarket trading.

Micron soared more than 7% after multiple brokerages raised their price targets, while Nvidia, Intel and Marvell Technology added between 2% and 5%. A resumption of oil flows from the Middle East could ease pressure on crude prices, providing policymakers grappling with inflation some relief.

In the U.S., data for May indicated higher energy costs were filtering into consumer inflation, sharpening focus on the U.S. Federal Reserve's outlook at its policy meeting due to be held later this week, which will be Chair Kevin Warsh's first since taking charge. According to LSEG data, traders expect the Fed to leave interest rates unchanged this week, but have pared back expectations for a 25- basis-point hike by the end of the year to 70% from fully priced in the previous week.

In Canada, futures tracking the main stock index also edged higher this morning. Spot gold and silver rose as worries about possible U.S. Federal Reserve rate hikes eased. On the economic front, Canadian housing starts fell 6% in May from the previous month, which was a smaller decline than expected. Data from the national housing agency showed that the seasonally adjusted annualized rate of housing starts decreased to 261,377 units from a revised 278,380 units in April.

Economists had expected starts to fall to 255,000. Statistics Canada released a report that showed Canadian wholesale trade grew by 0.6% in April from March on higher sales in the building materials and supplies subsector. Sales were up in five out of seven subsectors, representing 60.3% of wholesale trade,



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while sales were up in five of the ten provinces. Sales decreased 0.3% in volume terms. A separate report showed, Canadian factory sales grew by 4.2% in April from March on higher sales of petroleum and coal products, as well as food.

Excluding motor vehicles and parts, manufacturing sales were up 4.7%. Elsewhere, the leaders of the Group of Seven wealthy nations are due to arrive at a French lakeside resort later on Monday amid unease among allies over U.S. President Donald Trump's tariff threats and questions about Washington's commitment to the global order.

## Prices Keep Climbing (Argus)

Everything is more expensive, which happens when oil prices jump. Oil, in the form of gasoline, is a critical component in the budgets of consumers. It also is a factor in many adjacent industries, as transportation and delivery costs impact most businesses. So with the war in Iran having pushed oil prices higher, consumers and investors have had to address higher costs. That was evident in two important inflation reports last week. The first report was for the Consumer Price Index (CPI), the most widely quoted inflation measure in the financial press. The Bureau of Labor Statistics reported that the CPI rose at a 4.2% rate year over year through May, up from the prior reading of 3.8%. And it was a far cry from the Federal Reserve's stated goal of 2.0%. Moving up the value chain, the Producer Price Index (PPI) report has risen at a 6.5% annual rate through May. These are the costs that manufacturers bear, and ultimately are passed down to consumers. So, let's take a step back and think of the inflation cycle. Pricing pressures peaked in 2022 at a rate of 9.0% and came down consistently for years, bottoming at 2.3% last April.

Now the CPI is back to 4.2%. It seems safe to say that the downcycle for inflation is over, and the trend is headed up. We think this change in the pricing environment will keep the Federal Reserve on the sidelines in 2026 and our updated forecast is that the fed funds rate will be stable at the current level of 3.5-3.75% through the end of the year.



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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	3.01%	-3.6
CDA Prime	4.45%	0.0	CDA 10 year	3.37%	-3.0
CDA 3 month T-Bill	2.28%	-1.8	CDA 20 year	3.68%	-2.3
CDA 6 month T-Bill	2.32%	-2.0	CDA 30 year	3.80%	-1.9
CDA 1 Year	2.51%	-3.0			
CDA 2 year	2.72%	-4.1			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.17%	-3.9
US Prime	6.75%	0.0	US 10 year	4.45%	-3.2
US 3 month T-Bill	3.62%	-0.3	US 30 year	4.96%	-1.8
US 6 month T-Bill	3.80%	-0.1	5YR Sovereign CDS	41.47	
US 1 Year	3.85%	-0.5	10YR Sovereign CDS	50.65	
US 2 year	4.05%	-3.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			706.25	-0.03%	1.44%
BMO Laddered Preferred Shares (ETF)			12.77	-0.23%	3.57%

Source: LSEG

Things are looking up! Have a great day!

Ben



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