Financial HARTbeat

World Cup
June 16th 2026

Good Morning,

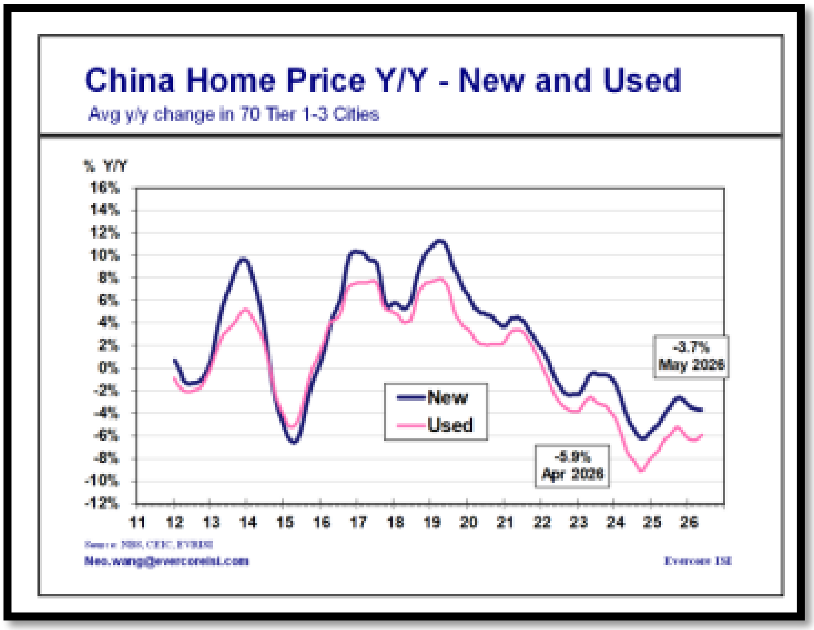
New Zealand and Iran played a soccer match in the Los Angeles yesterday….a tense, strange environment…Iran team staying in Tijana in order to feel safer…is sport bringing the world together or just a temporary reprieve?

Lets go Canada as we head towards are next game this Thursday…

Catch the playback of our Weekly Roundup [Click here]

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

Chart of the Day: China is stable…so not much likely to happen rate wise short term..



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Top News

Canadian stock index futures edged higher this morning as U.S. President Donald Trump said at the G7 summit that Washington's deal with Iran was going to the second stage, even as fundamental questions about the agreement remained unanswered. As doubts swirl around the interim peace deal, shippers mentioned that it could take weeks for confidence to return after any reopening of the Strait of Hormuz. Despite the uncertainties, oil prices continue to slide, hitting a fresh three-month low as markets weighed the prospect of renewed supplies against weak physical demand.

Spot gold and silver, as worries about U.S. rate hikes eased. Data from the Canadian Real Estate Association showed, home sales rose 5.5% in May, making up some ground after a slow start to the typically active spring market, and prices edged lower. Sales were down 5.1% on an annual basis, without seasonal adjustment. The industry group's Home Price Index edged 0.1% lower on the month and was down 4.1% year-over-year. The sales-to-new listings ratio rose to 49.2% from 46.2% in April but remained below the long-term average of 54.8%.

In the U.S., the main stock index futures remained relatively unchanged today as investors switched focus to the first-interest rate decision under new Federal Reserve Chair Kevin Warsh. The Fed is widely expected to hold interest rates at the 3.50-3.75% range at the end of its policy meeting on Wednesday. As per CME Group's FedWatch tool, traders see a 42% chance of a 25-basis-point rate hike in December, with rate cuts seen coming only after mid-2027.

Back in markets, tech stocks are once again the bright spot in premarket trading with SpaceX extended its post-IPO run for a third day, the shares of SpaceX climbed almost 10%, putting the space and AI giant on course to overtake Amazon in market value and become the world's fifth-largest company. The Elon Musk-led company said it would acquire software firm Anysphere for $60 billion in a bid to ramp up its presence in the enterprise AI market. Wells Fargo raised its 2026 year-end target for the S&P 500 to 7,950 on corporate earnings strength and a preliminary U.S.-Iran deal. On the economic front, U.S. import prices rose more than expected in May amid strong gains in the prices of fuels and capital goods, leading

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to the largest annual increase in nearly four years. Import prices increased 1.9% last month after an upwardly revised 2.0% jump in April.

In the 12 months through May, import prices advanced 6.7%. Elsewhere, the Bank of Japan raised interest rates to a 31-year high today in a landmark step in its policy normalisation, signalling readiness to tighten further as it focuses on taming price pressures from the Iran-war-induced energy shock. The hike was the first since December and aligns the BOJ with other central banks shifting towards tighter policy to combat inflation, including the European Central Bank.

Raising GDP Estimates (Argus)

We are raising our 2026 gross domestic product (GDP) growth forecast to 2.3% from 2.1%, our 2Q26 estimate to 2.5% from 2.2%, and our 2027 growth forecast to 2.4% from 2.0%. The major change to our estimates is that indicators point to even stronger Gross Domestic Investment (GDI) even as inflation constrains consumer spending. Companies see an opportunity to raise productivity and their return on capital and artificial intelligence (AI) dominates the increase in investment. The investment dollars then boost the Equipment and Intellectual property categories in the GDP report. Nvidia CFO Colette Kress recently estimated that AI infrastructure spending is on track to reach $3-$4 trillion annually by the end of this decade. We also have increased our estimate of imports, which reflects purchases of gear to support the AI buildout. As a reminder, GDP is the value of goods and services produced in the U.S. Imports are subtracted from GDP. We did not make major changes to our outlook for consumer spending. Consumers are proving to be more resilient than we expected with gasoline selling for more than $4.00 per gallon. On the positive side, bigger tax returns helped, unemployment continues to be low at 4.3%, and hiring has improved (with payroll gains averaging a healthy 188,000 over the last three months). Household net worth is also up 8% from a year ago. But inflation is playing Scrooge, rising faster than wages. The Consumer Price Index was up 4.2% in May. Average hourly earnings were up just 3.4% in May. Real Disposable Personal Income, which is calculated after taxes and adjusted for inflation, was down 0.1% year over year in March and down 1.1% in April.

News of an interim peace deal between the U.S. and Iran sent gasoline to $4.07 a gallon yesterday from $4.53 a month ago (according to AAA). Lower gas prices are welcome news for consumers as we approach

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the important back-to-school shopping season, which starts after the July 4 weekend. Spending during Amazon's Prime Day (June 23-June 26) may be a useful leading indicator.

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	3.02%	-2.8
CDA Prime	4.45%	0.0	CDA 10 year	3.38%	-2.9
CDA 3 month T-Bill	2.28%	0.0	CDA 20 year	3.69%	-2.7
CDA 6 month T-Bill	2.33%	-0.5	CDA 30 year	3.81%	-2.7
CDA 1 Year	2.53%	-1.0			
CDA 2 year	2.74%	-2.1			
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%	-2.1
US Prime	6.75%	0.0	US 10 year	4.45%	-2.4
US 3 month T-Bill	3.64%	-0.2	US 30 year	4.95%	-2.4
US 6 month T-Bill	3.80%	0.3	5YR Sovereign CDS	41.72	
US 1 Year	3.84%	0.3	10YR Sovereign CDS	51.15	
US 2 year	4.06%	-0.8			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			703.91	0.03%	1.10%
BMO Laddered Preferred Shares (ETF)			12.8	0.23%	3.81%

Source: LSEG

Keep looking forward! Have a great day!

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