Financial HARTbeat

TSX
June 17th 2026

Good Morning,

TSX has been moving higher…banks, materials and consumer discretionary on the move..

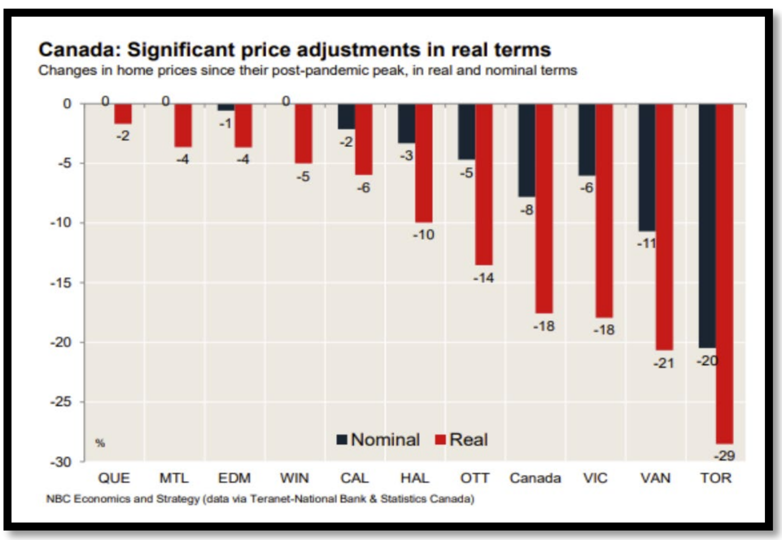
Will the ceasefire hold…Isreal and Lebanon after it again and could cause a change..

Could Canada play catch up with the rest of the world since such a majority of the worlds miners are located on the TSX..will be worth watching…

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

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

Chart of the Day: this is real…if you shorted the banks on this view…it has been wrong. However, what happens from here will be very important for the Canadian Economy.



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Top News

The S&P 500 and Nasdaq futures remained relatively unchanged this morning, ahead of the first-interest rate decision under new Federal Reserve Chair Kevin Warsh. The U.S. central bank's decision is due at 2:00 p.m. ET and policymakers are expected to hold interest rates unchanged at the 3.50%-3.75% range, as they wrestle with inflation pressures from higher oil prices fueled by the Middle East war. Investors will keep a close watch on the new Fed chair's first press conference for his views on inflation, unemployment and the economic outlook. According to CME Group's FedWatch tool, traders see the Fed holding rates through much of the year but are betting on a nearly 43% chance of a 25-basis-point rate hike in December.

Oil prices hovered near a three-month low, fueled by hopes that the interim peace deal between the United States and Iran would allow oil to leave the Gulf through the crucial Strait of Hormuz. The memorandum of understanding, not yet public, extends by another 60 days a tenuous ceasefire agreed in April, to allow room for talks toward a permanent truce.

Still, some uncertainty lingered after U.S. President Donald Trump said the Iran memorandum of understanding was not final, and he could resume bombing if he did not like it. On the economic front, U.S. retail sales increased more than expected in May, but a slowdown is likely as the cushion from larger tax refunds against higher prices diminishes. Retail sales jumped 0.9% last month after a downwardly revised 0.4% gain in April. Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, rising 0.5% after a previously reported 0.5% increase in April.

Some of the rise in sales last month reflected higher gasoline prices, which lifted receipts at service stations. Gasoline prices surged to four-year highs amid the U.S.-Israeli war with Iran. They have since retreated, with the national retail average slipping below $4 a gallon this week for the first time since April. Retail sales excluding automobiles, gasoline, building materials and food services increased 0.7% in May after an unrevised 0.5% advance in April. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product. Consumer spending, which accounts for more than two-thirds of the economy, increased at a 1.4% annualized rate in the first quarter. The

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economy grew at a 1.6% pace last quarter. The Atlanta Fed's GDP tracker shows the economy growing at a 2.8% pace this quarter.

In Canada, futures tracking the main stock index were also little changed in thin volumes as markets are in waiting mode. Meanwhile, Canada's minister Dominic LeBlanc said he had a constructive meeting with U.S. Trade Representative Jamieson Greer, with talks planned as USMCA review timelines extend beyond July 1 without immediate renegotiation.

Gridlock Alert (Argus)

Midterm elections are in November, and voters will head to the polls to vote for U.S. Representatives, for some U.S. Senators, and on numerous local issues. Currently, Republicans have control of all three major national political branches: the presidency, the Senate, and the House of Representatives. That seems likely to change, as incumbent parties tend to lose ground in midterm elections, particularly when voter approval for the president is so low (according to Reuters/Ipsos, only 34% of Americans approve of the job President Trump is doing, down from 47% at the start of his term due to concerns over the war in Iran and the cost of living). Indeed, the latest forecasts from prediction markets website Kalshi.com give the Democrats a better-than-75% chance to take over the House of Representatives, while the GOP is poised to narrowly hold on to the Senate.

Historically in midterm election years, stocks have stumbled in early autumn on the prospect for change. Average S&P 500 returns in the third quarter of midterm election years since 1980 are -1.5%, including a 5% slide in 3Q22. However, once the results are in, investors respond positively to the likelihood of potential Washington gridlock (meaning that the odds are low for major legislation changes on taxes, trade, regulations, the economy, or the markets). This positive sentiment is reflected in relative outperformance in the final months of the midterm year, as 4Q S&P 500 returns have averaged 4.1% in midterm election years since 1980, including an 8% pop in 4Q22.

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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	3.04%	1.1
CDA Prime	4.45%	0.0	CDA 10 year	3.39%	0.2
CDA 3 month T-Bill	2.28%	0.0	CDA 20 year	3.69%	0.0
CDA 6 month T-Bill	2.32%	-1.2	CDA 30 year	3.82%	0.0
CDA 1 Year	2.57%	0.0			
CDA 2 year	2.77%	1.6			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.18%	2.5
US Prime	6.75%	0.0	US 10 year	4.45%	1.7
US 3 month T-Bill	3.64%	0.0	US 30 year	4.94%	0.9
US 6 month T-Bill	3.80%	0.3	5YR Sovereign CDS	42.23	
US 1 Year	3.86%	1.9	10YR Sovereign CDS	51.68	
US 2 year	4.07%	2.1			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			704.90	0.01%	1.24%
BMO Laddered Preferred Shares (ETF)			12.82	0.12%	3.97%

Source: LSEG

Keep looking forward! Have a great day!

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