

# Financial HARTbeat

Gulf  
May 4<sup>th</sup> 2026



Good Morning,

The straight continues to be under pressure and heightened risks for the world Energy market..




Are the USA and Iran getting any closer to deal...doesn't appear so...

Seems the nuclear commitment the USA is looking for is going to be something similar to what was already in place....lots of ground to cover still.

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

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

**Chart of the Day: Central banks on hold for now...will the conflict make the decisions for them..**

	 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%	2.00%
Next meeting date	June 10, 2026	June 17, 2026	June 11, 2026
<b>Next meeting</b>			
Market-implied policy rate*	2.27%	3.74%	2.00%
Spread vs. current rate	+2 bp	-1 bp	0 bp
Probability of...			
... hike	6%	0%	0%
... hold	94%	97%	100%
... cut	0%	3%	0%
<b>Rate cuts</b>			
25bps hikes (cuts) priced in...			
... next 3 months	0.4	(0.1)	1.7
... next 6 months	-	(0.1)	2.8
... next 12 months	-	0.2	-

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



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## Top News

U.S. stock index futures fluctuated between gains and losses today after conflicting reports about a U.S. warship near the Strait of Hormuz heightened investor anxiety over the Middle East conflict. Futures turned lower after a report from Iran's Fars news agency said two missiles had hit a U.S. warship intending to pass through the Strait of Hormuz.

They later trimmed losses after an Axios reporter posted on X that a senior U.S. official had denied the attack. The fluctuation highlighted the degree to which investors have become sensitive to headlines tied to the conflict, now in its third month. It continues to weigh on the global economy as oil prices stay decisively above \$100 a barrel. Brent crude futures even surged over \$5.00 to \$113.65 per barrel this morning, having recovered from an initial decline during Asian trading hours. Despite the U.S.-Iran war remaining a major overhang, strong quarterly reports from corporate America have given markets plenty to cheer in recent weeks.

Meanwhile in corporate news, Berkshire Hathaway reported on Saturday that it was a net seller of stocks for the 14th straight quarter. The conglomerate, often viewed as a bellwether of the U.S. economy, is closely watched for its insight into valuations and broader market conditions. Separately, shares of GameStop dipped 4% and eBay rose almost 10% in premarket trading after the video game retailer unveiled a proposal to buy eBay for about \$56 billion in a cash-and-stock deal. Shares of logistics firms FedEx and United Parcel Service fell more than 2% each after Amazon.com said on Monday it was rolling out "Amazon Supply Chain Services", opening up its logistics network for other businesses to use.

The U.S. Treasury is likely to keep bond-auction sizes steady for a ninth straight quarter when it announces financing plans on Monday and Wednesday, but a looming wave of tariff refunds is renewing investor focus on whether and when the government will increase its issuance of longer-term debt. The refunding outlines government financing plans for the second and third quarters.

In Canada, the main stock index barely changed this morning, as gains in energy shares offset losses in other sectors.



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Elsewhere, a survey showed that Euro area manufacturers rushed to build inventories of raw materials in April amid fears of further supply disruptions and higher costs linked to conflict in the Middle East while business confidence slumped to its lowest since late 2024. The headline S&P Global Eurozone Manufacturing PMI rose to 52.2 from 51.6 in March, matching a preliminary estimate. New orders, a key gauge for demand, grew at the fastest rate in four years.

European Union countries are broadly pushing for the swift implementation of the bloc's side of a trade deal struck with the United States last year to ward off the threat of higher auto tariffs announced by U.S. President Donald Trump on Friday.

## May (Usually OK) (Argus)

The S&P 500 just delivered an impressive April, up 10.5%, before dividends. If the track record holds, the positive trend may continue for the next few weeks. The stock market typically rises in May, on average up 1.1% and with a 72% winning percentage. We note that market returns in May have exceeded 5% on seven occasions since 1980, including a 6.9% gain last year. Still, there have been some clunkers in May, including 2019 (a painful 6.6% drop), 2010 (an 8.2% value wipeout), 2012 (down 6.0%) and 1984 (off by 5.9%).

May begins as a busy month on Wall Street, as companies report earnings and the Non-farm Payrolls report is released. But once the retailers wrap up their results in the middle of the month, investors this year will be left to ponder the war in the Middle East, inflation trends, future Federal Reserve activity, the risk of recession, and the long Memorial Day weekend.

Looking ahead, our platform for stocks in 2026 has been bullish, as we have expected the economy to grow (check), interest rates to decline (check), and earnings to expand at a double-digit rate (check). The wild card has been the war. Stocks are coming off three double-digit return years (from 2023 through 2025) and a possible pause in the rally is not unexpected in 2026, especially as it is a midterm election year. End of day, given the geopolitics-driven volatility in the markets, we recommend a continued focus on quality stocks with strong earnings trends.



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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			Canadian Key Rate		
	Last	Change bps		Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.21%	3.3
CDA Prime	4.45%	0.0	CDA 10 year	3.55%	2.0
CDA 3 month T-Bill	2.32%	2.8	CDA 20 year	3.80%	1.5
CDA 6 month T-Bill	2.43%	0.5	CDA 30 year	3.91%	0.7
CDA 1 Year	2.70%	3.0			
CDA 2 year	2.96%	2.6			
US Key Rate			US Key Rate		
	Last	Change bps		Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.04%	2.2
US Prime	6.75%	0.0	US 10 year	4.40%	1.8
US 3 month T-Bill	3.59%	0.4	US 30 year	4.98%	1.3
US 6 month T-Bill	3.71%	0.5	5YR Sovereign CDS	38.98	
US 1 Year	3.74%	1.6	10YR Sovereign CDS	49.43	
US 2 year	3.91%	2.3			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			703.19	0.05%	1.00%
BMO Laddered Preferred Shares (ETF)			12.73	0.39%	3.24%

Source: LSEG

Things are looking up! Have a great day!

Ben



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