

Financial HARTbeat

Trump/XI
May 15th 2026



Good Morning,

Trade truce held, but details remain thin

The meeting helped stabilize the fragile U.S.–China trade truce reached in October 2025, but both sides had not announced many specific new agreements. The next marker is another planned meeting in the fall, before the one-year truce expires. [\[cnn.com\]](https://www.cnn.com)

Taiwan remains the biggest flashpoint

Xi Jinping warned that mishandling Taiwan could put the U.S.–China relationship in “great jeopardy,” and a separate readout described Taiwan as the “most important issue” in the bilateral relationship. That keeps geopolitical risk high despite the warmer tone. [\[cnn.com\]](https://www.cnn.com), [\[cnn.com\]](https://www.cnn.com)

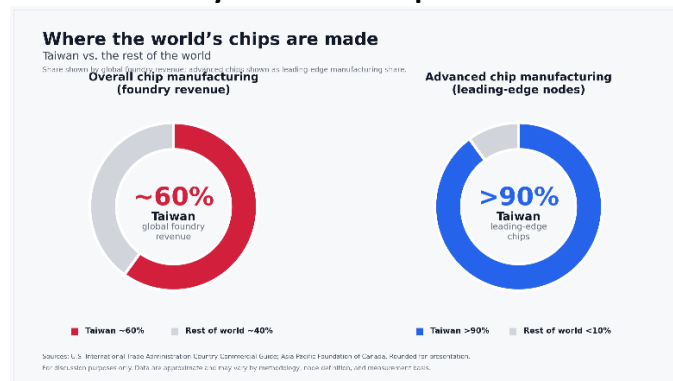
Business and market positives: Boeing, Nvidia, rare earths / opening-up tone

Donald Trump said China would order 200 Boeing jets, while Nvidia reportedly received U.S. approval to sell H200 chips to major Chinese companies. China also signaled it would keep opening its market further to foreign business, though readouts did not provide many concrete details.

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Chart of the Day: Taiwan so important to the world!



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Top News

U.S. futures point to lower open, weighed down by losses in technology stocks and a rise in U.S. Treasury yields, after a summit between President Donald Trump and Chinese President Xi Jinping ended and left traders worried about no major policy breakthroughs. Treasury yields jumped, pressuring stocks, with the 30-year rate topping 5.1% and threatening its highest level since 2023. A series of reports this week showed inflation was revving back up as oil prices remain elevated from the Middle East conflict.

Higher rates could hit the high growth stocks the hardest. The odds of the U.S. Federal Reserve hiking interest rates by 25 basis points in December have more than doubled over the past week to about 40%, according to CME Group's FedWatch tool.

Oil prices rose Friday as President Donald Trump is likely to turn his attention back to the stalemated conflict with Iran after leaving a summit in China with President Xi Jinping.

The European shares benchmark tumbled on Friday, led by technology and material shares, as a deadlock in U.S.-Iran negotiations dented risk appetite, rattled energy markets and rekindled economic slowdown concerns. British government bonds, stocks and sterling fell on Friday, as domestic political uncertainty clashed with global worries about an inflationary shock, leaving UK assets in the mire. Sterling fell to a five week low and is down almost 2% against the dollar this week, set for its biggest weekly drop since November 2024. British Prime Minister Keir Starmer was in a battle to hold on to power after his health minister Wes Streeting resigned from government, while others positioned themselves to challenge his leadership, following disastrous local election results last week.

Markets are concerned that a new leader may be willing to loosen fiscal policy more, with British government borrowing costs up sharply again and UK bank stocks selling off on Friday.

China stocks fell on Friday amid a broader market selloff as a two-day summit between U.S. President Donald Trump and China's Xi Jinping produced few deals between the world's top two economies. Trump departed China on Friday touting business deals, while Beijing warned Washington about mishandling



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Taiwan and said its war with Iran should never have started. There were scant details on the deals, however. Trump invited Xi to visit Washington on September 24.

Japanese government bond (JGB) yields climbed across the curve on Friday, with both short- and super-long rates reaching record highs on rising bets for Bank of Japan interest rate hikes to contain inflationary pressures. Japan's wholesale inflation accelerated in April at the fastest pace in three years as the Iran war boosted oil and chemical goods prices, data showed on Friday, bolstering the case for the central bank to raise interest rates as soon as June.

GDP Growing with \$4.50 (Argus)

Gas We are keeping our 2026 gross domestic product (GDP) growth forecast at 2.1%, even with gasoline at \$4.50 a gallon and uncertainty around every corner. Much of the credit goes to the low unemployment rate, which we think provides the simplest and strongest explanation of the resilience of U.S. consumers. Only 4.3% of the labor force is unemployed, leaving 95.7% employed. And it is easier to fill a gas tank and pay bills when you have a paycheck. That does not mean things are easy. Many families have been coping with high prices for food, housing, transportation, healthcare, childcare, and insurance for about five years. In the April Beige Book formally known as the "Summary of Commentary on Current Economic Conditions," the Federal Reserve Bank of Kansas City reported that low- and moderate-income households (LMI) are increasing credit card utilization and other borrowing. With prolonged price pressures, they already have made significant spending reductions. LMI households "can't out-budget low wages, tariffs, and inflation," a bank contact reported.

Bigger tax returns, record stock prices, a pick-up in spring hiring, and strong investment in artificial intelligence may not be helping every family, but are supporting the overall economy and our outlook. We expect 2.2% GDP growth in 2Q26, down from our previous estimate of 2.3%. We are forecasting 1.9% growth in 3Q, down from 2.1% as gas prices consume the short-term buffer from extra tax returns. Our 4Q estimate is 2.2%, up from 2.1%. We are maintaining our 2027 estimate at 2.0%. The two components of the Misery Index capture the tension in the economy and the challenge the Fed faces in meeting its dual mandate. Unemployment is low at 4.3%, but the CPI rose to 3.8% in April from 2.4% in January. Added together, they form the Misery Index, which is still below the average of 9.2% since 1949, but has



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risen uncomfortably to 8.1% from 6.9% in January. We would become increasingly concerned about consumer spending if gas prices are above \$4.00 when the back-to-school shopping season starts in July.

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	3.29%	5.6
CDA Prime	4.45%	0.0	CDA 10 year	3.63%	6.0
CDA 3 month T-Bill	2.32%	2.0	CDA 20 year	3.86%	6.4
CDA 6 month T-Bill	2.41%	1.0	CDA 30 year	3.98%	5.5
CDA 1 Year	2.69%	4.0			
CDA 2 year	3.01%	3.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.21%	8.9
US Prime	6.75%	0.0	US 10 year	4.55%	9.1
US 3 month T-Bill	3.60%	0.4	US 30 year	5.10%	8.6
US 6 month T-Bill	3.73%	0.4	5YR Sovereign CDS	39.72	
US 1 Year	3.82%	2.6	10YR Sovereign CDS	49.90	
US 2 year	4.06%	6.8			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	709.64	0.04%	1.92%		
BMO Laddered Preferred Shares (ETF)	12.84	0.27%	4.14%		

Source: LSEG

Things are looking up! Have a great day!

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