

Financial HARTbeat

Ukraine

May 28th 2026



Good Morning,

This conflict continues on and it seems Europe and Ukraine have dug in...Ukraine receive 90M EU loan to boost defence spending...

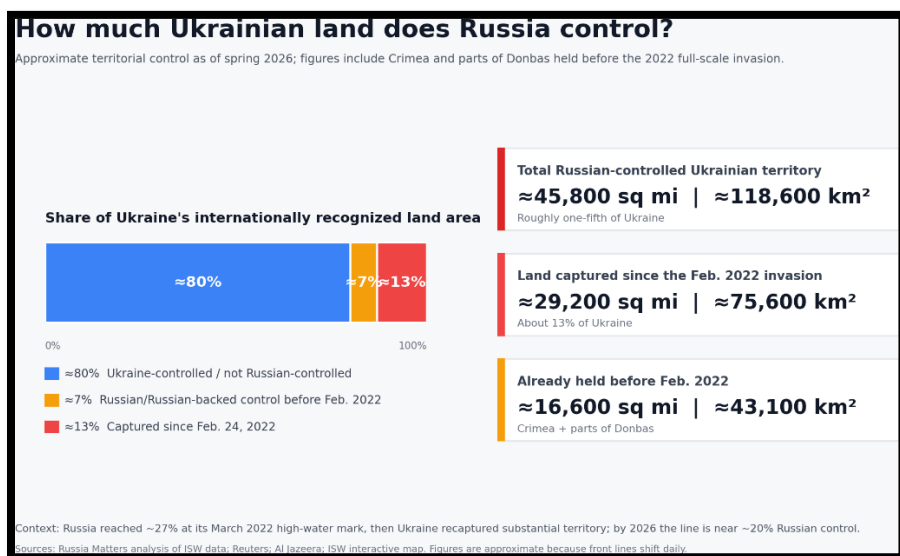
Sweden to donate 16 older model jets this year and Ukraine has agreed to buy 20 new Gripen jets

4 years in and still a long way to go it appears...

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

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

Chart of the Day: What it is all about and what has happened so far in the form of new control..



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Top News

Stock futures declined on Thursday, weighed by a rebound in oil prices and key inflation reading. Inflation continued to hit consumer wallets in April, likely keeping the Federal Reserve on the sidelines until the current wave subsides, fresh pricing data released Thursday showed. The personal consumption expenditures price index increased a seasonally adjusted 0.4% for the month, putting the 12-month inflation rate at 3.8%, the Commerce Department reported. Economists surveyed by Dow Jones had been looking for respective readings of 0.5% and 3.8%. Oil prices jumped more than 2% on Thursday after the U.S. and Iran exchanged airstrikes.

Iran targeted a U.S. air base in Kuwait on Thursday after the United States struck what Washington described as an Iranian drone operation near the Strait of Hormuz and President Donald Trump rejected a reported compromise deal with Tehran. The attacks, while limited, highlighted the fragility of negotiations to turn the tenuous ceasefire that took effect in early April into an agreement to end the three-month-old war that has killed thousands, and reopen the vital shipping route.

European shares slipped on Thursday as escalating tensions in the Middle East clouded the outlook for an imminent deal to open the Strait of Hormuz, adding to concerns about the health of the global economy. Morale among Italian consumers recovered against expectations in May after recent declines, but business morale fell to an 8-month low, data showed on Thursday, in mixed signs for the euro zone's third largest economy. National statistics institute ISTAT's consumer confidence index rose to 93.4 from 90.8 the previous month, well above a median forecast of 90.1 in a Reuters' poll of eight analysts.

Sentiment among Britain's consumer-facing services businesses fell to its lowest since February 2025 this month and a recent rebound in business services morale reversed course, a survey from the Confederation of British Industry showed on Thursday. Japanese stocks slid on Thursday as concerns about the Middle East crisis and valuations in the technology sector weighed on sentiment.

Japanese tech shares were also broadly weaker on Thursday, and declines accelerated after Iran and the United States traded air strikes, risking chances of a lasting peace deal and sending oil prices sharply higher again. The yield curve of Japanese bonds steepened on Thursday while the yen slumped toward



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levels that risked fresh intervention as a flare-up of tensions in the Middle East renewed concerns about imported energy inflation. The yield on the 30-year Japanese government bond advanced 3.5 basis points (bps) to 3.950%, while the 20-year yield gained 2 bps to 3.615%.

Chinese stocks closed slightly higher on Thursday, as gains in semiconductor and AI shares overshadowed losses in financial, consumer and property equities. Hong Kong shares were down.

AI Popping GDP (Argus)

The Bureau of Economic Analysis (BEA) will provide its second estimate of 1Q Gross Domestic Product (GDP) this morning. Based on last month's advance estimate, U.S. output rose in the first quarter at an annualized rate of 2.0%. When we review this morning's release, our focus will be on looking forward, not back. Based on the advance data, the most-important result is likely to be that private investment grew 8.7% and contributed about 1.5 points to growth (approximately three quarters of the total). Almost all of that came from categories related to artificial intelligence. Investment in computers, software, and research & development added about 1.3 points to GDP growth. The equipment category grew about 17%, with computer gear up 67%. The intellectual property category grew 13%, with software up 23%. Note that this is investment, not consumption. Unlike a dozen donuts that are devoured in the office, a good investment can make the economy and its workers more productive. Nobel Prize winning economist Paul Krugman wrote in his 1990 book (The Age of Diminished Expectations) that "Productivity isn't everything, but, in the long run, it is almost everything."

Krugman added, "A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." That is what is so important and encouraging about the level of private investment -- and it may still have significant room to run. Even with the massive proliferation of information technology over the last quarter century, equipment, and intellectual property products, at 11.3% of 1Q GDP, have not yet surpassed their 11.6% share of GDP in the second quarter of 2000. But it appears that they will. On May 21, the Federal Reserve Bank of Atlanta's GDP Nowcast provided an estimate for a 2Q26 GDP increase of 4.3% with equipment up 9.4% and intellectual property up 6.4%. Longer term, 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.



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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 | 3.16% | 2.0 |
| CDA Prime | 4.45% | 0.0 | CDA 10 year | 3.48% | 1.7 |
| CDA 3 month T-Bill | 2.31% | 1.0 | CDA 20 year | 3.72% | 1.5 |
| CDA 6 month T-Bill | 2.41% | 2.0 | CDA 30 year | 3.84% | 0.6 |
| CDA 1 Year | 2.65% | 1.5 | | | |
| CDA 2 year | 2.89% | 2.4 | | | |
| 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% | 0.2 |
| US Prime | 6.75% | 0.0 | US 10 year | 4.48% | 0.0 |
| US 3 month T-Bill | 3.59% | 0.0 | US 30 year | 5.01% | -0.3 |
| US 6 month T-Bill | 3.76% | 0.3 | 5YR Sovereign CDS | 41.73 | |
| US 1 Year | 3.80% | 0.2 | 10YR Sovereign CDS | 51.19 | |
| US 2 year | 4.04% | 0.8 | | | |
| Preferred Shares Indicators | Last | Daily % | YTD | | |
| S&P Preferred Share Index | 710.65 | 0.04% | 2.07% | | |
| BMO Laddered Preferred Shares (ETF) | 12.92 | 0.31% | 4.79% | | |

Source: LSEG

Things are looking up! Have a great day!

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