

# Financial HARTbeat

More War...  
June 13<sup>th</sup> 2025



Good Morning,

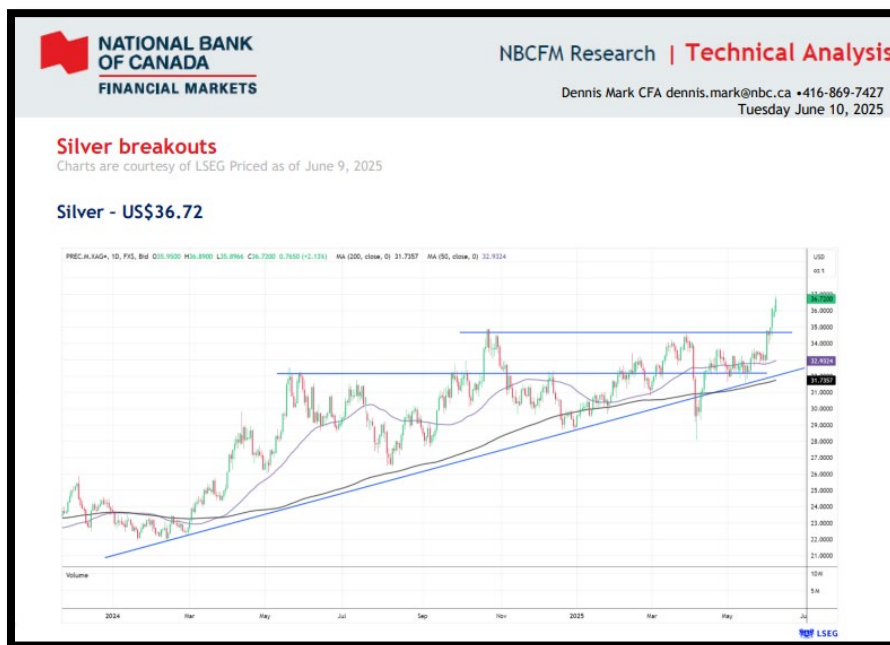
Israel and Iran tensions boiled over last evening into assaults from both sides...looks a lot less like peace than was promised..

Trump allowed by courts to maintain National Guard in LA and it appears that the Marines are on the way as well...

AI continuing to grab headlines as Meta acquires \$29B "startup" and CEO of the company joining Meta to help lead the AI strategy at Meta..

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

**Chart of the Day: For Silver fans...breaking out..**



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## Top News

U.S. stock index futures dropped this morning after Israel's military strike on Iran's nuclear facilities escalated tensions in the oil-rich Middle East and battered risk sentiment across global markets. Israel has warned that the widescale strikes were the start of a prolonged operation to prevent Tehran from building an atomic weapon. Israel has strike Iran's nuclear facilities and killed senior military leaders, Iran retaliated with drones. Oil prices surged more than 7% (see chart) and U.S. energy stocks rose in tandem. Washington said it had no part in the operation, but President Donald Trump suggested Iran had brought the attack on itself by resisting U.S. demands to restrict its nuclear programme. Officials from both countries were due to meet in Oman on Sunday for a planned sixth round of nuclear talks. Trump also urged Iran to make a deal, saying "the next already planned attacks" will be "even more brutal".

Airline stocks dipped as the surge in crude prices raised concerns about higher fuel costs. Defense stocks rose, with Lockheed Martin, RTX Corporation, Northrop Grumman and L3harris Technologies up at least 4%. A preliminary reading of consumer sentiment for June, measured by the University of Michigan Surveys of Consumers, is due at 10:00 a.m. ET.

Futures tied to Canada's main stock index declined on Friday as investors rushed to safe-haven assets following Israel's widescale strikes against Iran. The heightened tensions in the oil-rich Middle East sent crude prices soaring more than 7% (see chart). Gold prices also rose to a near two-month high, while copper prices fell. U.S. Treasury Secretary Scott Bessent said earlier this week he expects to attend the G7 meeting in Canada with President Donald Trump and meet with Prime Minister Mark Carney. The benchmark index, which hit an all-time high yesterday as well, is headed for its third straight weekly gain. In economic data this morning, Canadian factory sales fell by 2.8% in April from March on lower sales of petroleum and coal products, as well as motor vehicles, Statistics Canada said. Analysts surveyed by Reuters forecast manufacturing sales to decrease 2.0% in April from March.

European shares touched their lowest level in three weeks this morning after Israel's attack on Iran soured global risk sentiment and sent investors flocking to safe-haven assets amid an already uncertain trade environment. The travel and leisure sector was down more than 2%.



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Many airlines cleared out of the airspace over Israel, Iran, Iraq and Jordan and Lufthansa suspended all its flights to and from Tehran, disrupting operations. Cruise operator Carnival's London-listed shares slipped almost 5%. On the flip side, energy stocks soared about 1.3%.

Volatility in the market increased, with the regional index up 2.32 points at 21.68, its highest since May 26. The benchmark index is set for weekly declines, as investors were unimpressed by the outcome of U.S.-China talks earlier this week, and doubts over an EU trade deal with the U.S. before Trump's July 8 tariff deadline also loomed.

Mainland China and Hong Kong stocks slipped today, mirroring losses across regional markets, as investors rushed toward safe-haven assets in response to Israeli strikes on Iran that escalated tensions in the Middle East. Both the Shanghai Composite and CSI300 indexes fell 0.25% for the week, booking their third weekly loss in four weeks.

Japan's Nikkei share average fell as investors sold riskier assets after Israel launched widescale strikes against Iran, stoking worries about geopolitical risks. The Nikkei fell 0.89% to close at 37,834.25, mirroring moves in U.S. stock futures, but posted a 1.14% gain for the week.

## Argus Adjusts Sector Ratings (Argus)

We have reviewed our recommended sector recommendations and have adjusted our current sector over-weight, underweight, and market-weight recommendations for the calendar third quarter of 2025. Our multi-factor model includes a performance ranking system, which assigns points for monthly, quarterly, and year-to-date sector performance versus the benchmark S&P 500; current sector P/E vs. 5-year P/E, with points awarded for discount to S&P 500 current vs. 5-year P/E delta; two-year earnings growth, with points awarded for exceeding benchmark average and for EPS acceleration; relative performance to the sector group average; sector conviction (meaning BUY rating percentage per sector vs. the total Argus BUY rating percentage); and PEG ratio, with points awarded or subtracted based on sector PEG ratios below or above the group average. Our process has led to an upgrade of the Materials sector to Market-Weight from Under-Weight. We also have lowered Healthcare to Market-Weight from Over-Weight.



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Our rebalancing process takes place four times a year, early in the months of March, June, September, and December. Our current Over-Weight sectors are Consumer Staples, Financial, Utilities, and Information Technology. Our current Market-Weight sectors are Communication Services, Energy, Healthcare, Industrials, Materials, and Real Estate. Our Under-Weight sector is Consumer Discretionary. The Argus Research Investment Policy Committee suggests that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within their diversified equity portfolios, with a primary focus on the largest sectors.

**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	2.75%	0.0	CDA 5 year	2.93%	0.0
CDA Prime	4.95%	0.0	CDA 10 year	3.33%	0.0
CDA 3 month T-Bill	2.69%	1.0	CDA 20 year	3.56%	-0.3
CDA 6 month T-Bill	2.67%	-1.0	CDA 30 year	3.62%	-0.3
CDA 1 Year	2.67%	-0.5			
CDA 2 year	2.69%	0.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.97%	1.4
US Prime	7.50%	0.0	US 10 year	4.37%	0.8
US 3 month T-Bill	4.27%	-1.2	US 30 year	4.85%	0.5
US 6 month T-Bill	4.28%	0.4	5YR Sovereign CDS	46.98	
US 1 Year	4.06%	0.2	10YR Sovereign CDS	50.43	
US 2 year	3.92%	1.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			652.39	0.01%	2.67%
BMO Laddered Preferred Shares (ETF)			11.35	0.09%	3.65%

Source: LSEG

Things are looking up! Have a great day!

Ben



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