

Financial HARTbeat

Iran and Isreal Tensions...
June 18th 2025



Good Morning,

Tensions continue very high as Iran threatens US not to intervene...

FOMC meeting today....no change expected but press conference will hopefully provide some insight into the second half of the year...

Florida Panthers are Stanley Cup champs again....

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

Chart of the Day: Canadian banks cross section..worth a look

Canadian Banks Comparables Table

Bank	NBF Rating	NBF		Mkt Cap (\$mIn)	Div. Yld	BV per		Adj. EPS (NBFe)			2026E Target	2026E Current	NTM Total
		06/01 Price	Price Target			Share	P/BV	2024A	2025E	2026E	P/E	P/E	Return
BMO	OP	\$147.37	\$160.00	\$106,412	4.4%	\$108.03	1.4x	\$9.68	\$11.53	\$12.71	12.5x	11.6x	13%
BNS	SP	\$73.43	\$72.00	\$91,461	6.0%	\$59.96	1.2x	\$6.47	\$6.77	\$7.52	9.5x	9.8x	4%
CM	SP	\$93.43	\$98.00	\$87,838	4.2%	\$59.65	1.6x	\$7.40	\$8.02	\$8.45	11.5x	11.1x	9%
NA*	NR	\$135.07	NR	\$52,851	3.5%	\$76.13	1.8x	\$10.39	\$10.95	\$11.54	NR	11.7x	NR
RY	SP	\$173.94	\$177.00	\$246,013	3.5%	\$86.61	2.0x	\$12.09	\$13.13	\$13.91	12.7x	12.5x	5%
TD	SP	\$94.77	\$98.00	\$164,508	4.4%	\$66.75	1.4x	\$7.81	\$8.02	\$8.46	11.5x	11.2x	8%
Average					4.3%		1.6x				11.5x	11.3x	8%
EQB	SP	\$84.64	\$106.00	\$3,628	2.2%	\$80.99	1.2x	\$11.03	\$10.77	\$12.55	8.5x	7.5x	14%
LB	UP	\$30.60	\$28.00	\$1,350	6.1%	\$57.40	0.5x	\$3.57	\$3.12	\$3.93	7.0x	7.8x	(2%)
All Bank Average (weighted)					4.2%		1.6x				11.0x	11.5x	7%

Source: Company reports; LSEG; NBF analysis

NA is not covered by NBF - figures represent consensus estimates



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Top News

The Federal Reserve is expected to keep interest rates unchanged today as its policymakers assess signs of a cooling economy and the risk of higher inflation from U.S. import tariffs and the escalating crisis in the Middle East. Since setting its benchmark interest rate in the current 4.25%-4.50% range in December, the Fed has watched the economic outlook grow cloudier. Fed officials have said they want clarity on the economy's path towards either higher inflation or weaker growth before giving much new guidance on interest rates, but so far the prospect of rising prices stemming from the unresolved tariffs issue and most recently higher oil prices after Israel's attack last week on Iran remains a serious concern for the central bank. In addition, recent data on the job market, retail sales, and other aspects of the U.S. economy suggests growth may be weakening, which will make monetary policy harder to call.

A National Association for Business Economics survey released this week showed economists expect 2025 GDP growth to ebb to 1.3%, down from the 1.9% projected in early April, with inflation ending the year at 3.1%, a percentage point higher than the reading in April and well above the Fed's 2% target. Respondents said the unemployment rate, which was 4.2% in May, would end this year at 4.3% before beginning a steady rise to 4.7% in early 2026. With risks to both the Fed's inflation and employment goals and the unresolved questions around Trump's policy plans, investors expect the central bank to be anchored where it is for perhaps months to come, with no further rate cuts until September.

Trump has demanded an immediate reduction in borrowing costs and said that he would soon nominate Jerome Powell's successor, with nearly a year left before the Federal Reserve chair's term ends. Investors said that this could present a risky proposition for markets.

The Fed will release its policy statement alongside policymakers' updated economic and interest rate projections at 2 p.m. EST and Fed Chair Jerome Powell will hold a press conference half an hour later. Policymakers' projections, however, will provide an updated sense of how they expect the economy to evolve in coming months, and how monetary policy may need to respond. The last round of projections in March showed they expected the Fed to deliver two quarter-percentage point rate cuts by the end of 2025, a view that matches current market pricing.



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In markets, U.S. stock index futures were muted this morning, as investors traded cautiously amid the raging Israel-Iran conflict that entered its sixth day. A source familiar with internal discussions said U.S. President Donald Trump and his team were considering a number of options, which included joining Israel in strikes against Iranian nuclear sites.

Futures linked to Canada's main stock index rose today. Meanwhile, the Group of Seven nations meeting ended with the members struggling to find unity over the conflict in Ukraine while Canada promised more aid to the country.

Prime Minister Mark Carney also invited non-G7 members Mexico, India, Australia, South Africa, South Korea and Brazil, as he tries to shore up alliances elsewhere and diversify Canada's exports away from the United States.

India Anticipated Growth Leader in 2025 (Argus)

The global economy is expected to grow at a sluggish and below-trend rate for the next several quarters, according to the World Economic Outlook from the International Monetary Fund. The world economy is expected to expand at a 2.8% rate in 2025 and a 3% rate in 2026, down from 3.3% in 2024. Though solid, these rates are below the long-term historical global growth rate of 3.8%, due to the impact of tariff uncertainty, inflation, and higher interest rates. For industrialized economies (the U.S., Europe, Japan, etc.), growth is forecast at 1.4% in 2025, followed by 1.5% in 2026. These forecasts have been lowered in recent months due to trade wars. Among the industrialized regions, the U.S. economy is expected to grow the fastest this year, at a 1.8% rate, while Japan's forecast is for 0.6% and Europe is estimated at 0.8%. For emerging economies (China, India, Russia, Brazil, Saudi Arabia, etc.), growth forecasts call for 3.7% in 2025 and 3.9% in 2026.

The clear leaders are expected to be India and China, with average growth for the two years of 6.2% and 4.0%, respectively. These growth nations have different drivers: population growth in India, which points toward commodity and industrial-based infrastructure products; and productivity growth in China, which suggests spending on healthcare, technology, and financial services, as GDP/capita grows.

Mexico and Canada are likely to be wild cards in the global economic landscape in coming years, as they have been targeted for tariffs by President Trump. Despite the uncertainty, global stocks are off to a



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strong start in 2025, with the EFA index (ETF = EFA) of developed companies up 10% year to date and the emerging markets ETF (EEM) up 12.5%.

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	2.94%	-1.6
CDA Prime	4.95%	0.0	CDA 10 year	3.35%	-2.1
CDA 3 month T-Bill	2.69%	-0.5	CDA 20 year	3.59%	-2.1
CDA 6 month T-Bill	2.70%	0.8	CDA 30 year	3.65%	-2.1
CDA 1 Year	2.70%	1.5			
CDA 2 year	2.69%	-0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.98%	-0.9
US Prime	7.50%	0.0	US 10 year	4.38%	-1.4
US 3 month T-Bill	4.23%	0.0	US 30 year	4.87%	-2.1
US 6 month T-Bill	4.30%	0.0	5YR Sovereign CDS	46.51	
US 1 Year	4.10%	-0.3	10YR Sovereign CDS	49.98	
US 2 year	3.95%	0.0			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			651.78	0.01%	2.57%
BMO Laddered Preferred Shares (ETF)			11.4	0.09%	4.11%

Source: LSEG

Things are looking up! Have a great day!

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