Financial HARTbeat

Apple losing its shine?
June 20th 2025

Good Morning,

As AI is the talk of the town these days….Apple generally has missed the boat or at least they have over the last 6-12 months….additionally, Trump pushing them to build in the USA…a near impossible task unless the price of each phone goes up dramatically…buy, sell or hold? (I would say hold for now and continue to assess)

Diet/weight loss drugs getting a tremendous amount of attention….does this trend continue and what are the knock on effects for the groceries and food companies?

European nations to hold talks with Iran in Switzerland…

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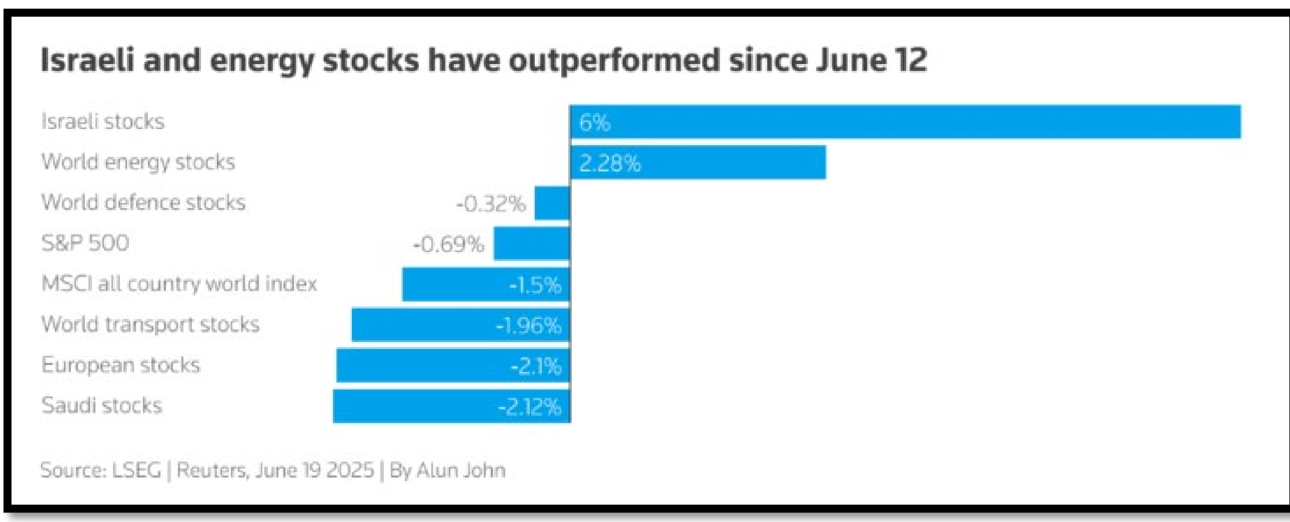
Chart of the Day: Markets are irrational and can be for many esoteric reasons…



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Top News

Wall Street stock index futures edged lower this morning, pressured by uncertainty around U.S. involvement in the Iran-Israel war and concerns of rising inflation ahead. As the fatal aerial war between Israel and Iran approached its second week, the White House said President Donald Trump will decide in the next two weeks whether the U.S. will get involved on Israel's side. The oil price volatility triggered by the Middle East conflict has become a fresh concern as the U.S. grapples with tariff-based price pressures. The Fed, expected to balance the risk of slowing growth and higher inflation, kept interest rates unchanged on Wednesday, in line with market expectations.

Policymakers, however, cautioned about inflation picking up pace over the summer as the economic effects of Trump's steep import tariffs kick in. Money market moves show traders are pricing in about 47 basis points of rate cuts by the end of 2025, with a 57% chance of a 25- bps rate cut in September. In data this morning, the Philadelphia Fed Manufacturing Index held steady at -4.0 in June 2025, matching the previous month’s reading and falling short of market expectations of -1.

Futures linked to Canada's main stock index edged higher this morning as the threat regarding U.S. military involvement in the Israel-Iran conflict appeared to have been forestalled for now. In other major developments, Prime Minister Mark Carney said Canada could increase counter tariffs on U.S.-produced steel and aluminum if he does not reach a broader trade deal with Trump within 30 days. Oil prices retreat this morning but stay on track for a third straight weekly advance, while gold dipped and copper fell for the fourth consecutive session.

In economic news, Canadian retail sales grew by 0.3% in April from March, on higher sales at motor vehicle and parts dealers, Statistics Canada said. Sales likely decreased 1.1% in May, the agency said in a flash estimate. Also, producer prices in Canada were down 0.5% in May from April on lower prices for lumber and other wood products, as well as petroleum and energy products, Statistics Canada said. This followed a 0.8% decrease in April. Raw materials prices were down 0.4% in May and were down 2.8% on the year. European shares rose this morning after declining for three straight sessions, as a stall in the United States' involvement in the Middle East conflict helped soothe investor concerns. Investors also remain wary of the approaching July 8 tariff pause deadline, with little progress on trade deals with Washington.

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European Commission President Ursula von der Leyen is still aiming to reach a deal by July 9. Hong Kong stocks rebounded today but still logged their steepest weekly decline since April, as the lack of new stimulus measures this week weighed on investor sentiment amid broader global tensions surrounding the Iran-Israel conflict.

China kept its benchmark lending rates unchanged, as expected, after rolling out sweeping monetary easing measures last month to support the economy.

Japan's Nikkei share average gave up early gains to end lower today, as geopolitical risks surrounding the Middle East conflict weighed on sentiment. The index rose 1.5% for the week. Japan's government plans to cut scheduled sales of super-long bonds more than initially planned in a revision to its bond issuance program for the current fiscal year, a document released by the finance ministry showed. Economic data showed Japan's core inflation hit a more than two-year high in May, exceeding the central bank's 2% target for well over three years

Fed Fine with Level of Rates (Argus)

The Federal Reserve wrapped up its latest Open Market Committee meeting on Wednesday and, as expected, maintained its fed-funds target rate at the 4.25-4.50% level. That was the fourth meeting in a row at which the central bank held policy steady after cutting rates three times in late 2024. The non-decision indicates that the Fed still has concerns over lingering -- and potentially future - inflation, and is keeping an eye on the overall economy. Further, the central bankers, like the rest of the country, are wary over the potential impact on prices and on GDP from the Trump administration's tariff initiatives. CPI inflation has fallen from readings above 9.0% in 2022 to readings below 3.0% -- but lately has struggled to extend its downward trend toward the central bank's goal of 2.0%. Yet the unemployment rate remains historically low even as GDP growth dipped into negative territory last quarter (due to a quirky import number). Based on the healthy employment environment, the economy is not in dire need of lower rates. Yet.

Wednesday's meeting also included the central bank's current projection data points. These call for economic growth in the 1.4%-1.8% range through 2027 (down slightly from the prior outlook) and an inflation rate moving down to 2.0% by 2027 (though Fed officials now expect inflation to tick higher to

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3.1% later this year). Over the next two years, the Fed anticipates its federal-funds target rate will decline to 3.25-3.55%, implying a real yield of about 1.25%.

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	2.96%	3.3
CDA Prime	4.95%	0.0	CDA 10 year	3.37%	3.8
CDA 3 month T-Bill	2.68%	0.0	CDA 20 year	3.60%	4.0
CDA 6 month T-Bill	2.69%	0.5	CDA 30 year	3.66%	4.0
CDA 1 Year	2.69%	1.0			
CDA 2 year	2.70%	2.3			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	4.25-4.50%	0.0	US 5 year	4.02%	3.3
US Prime	7.50%	0.0	US 10 year	4.43%	3.7
US 3 month T-Bill	4.23%	-0.4	US 30 year	4.93%	3.7
US 6 month T-Bill	4.31%	0.1	5YR Sovereign CDS	45.00	
US 1 Year	4.11%	-0.1	10YR Sovereign CDS	48.48	
US 2 year	3.96%	2.2			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			652.24	0.00%	2.65%
BMO Laddered Preferred Shares (ETF)			11.41	0.00%	4.20%

Source: LSEG

Things are looking up! Have a great day!

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