

Financial HARTbeat

Strait of Hormuz?
June 23rd 2025



Good Morning,

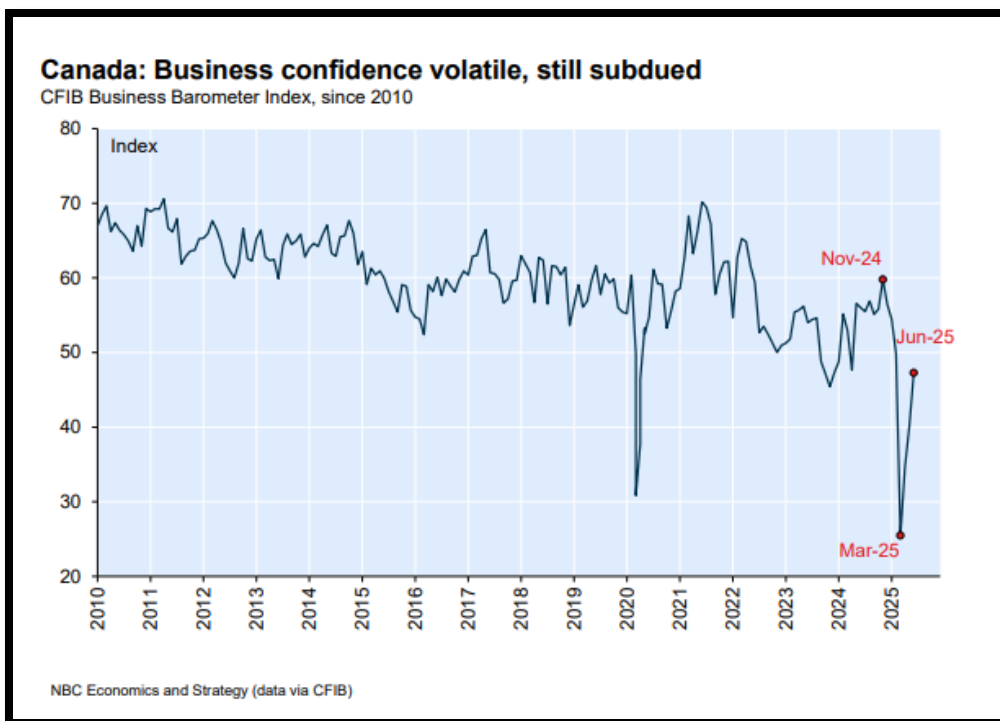
Iran has approved the military to close the straight of Hormuz...this could cost their own government \$100M-\$150M a day...I am surprised at how Oil has reacted this morning...no panic yet..

Markets so ho hum and trudge along....mixed, muted open to stocks, bonds, gold..

Putin said Isreal has 2M Russian living there and why they haven't support Iran yet....

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

Chart of the Day: Makes sense so much uncertainty still...



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Top News

U.S. futures mixed on Monday after oil prices pulled back from sharp gains earlier with investors awaiting Iran's response to U.S. attacks on its nuclear sites. The U.S. launched attacks Saturday at Iranian sites in Fordo, Isfahan and Natanz, surprising investors who were expecting more diplomacy to possibly take place after Trump said on Friday that he would make a decision to attack Iran "within the next two weeks," according to the White House.

Oil prices touched a five-month high before paring gains on Monday as oil and gas transit continued on tankers from the Middle East after U.S. airstrikes against Iran at the weekend. Iran, which is OPEC's third-largest crude producer, said on Monday that the U.S. attack on its nuclear sites expanded the range of legitimate targets for its armed forces and called U.S. President Donald Trump a "gambler" for joining Israel's military campaign against the Islamic Republic.

Economic data released today has preliminary June PMI data is due at 09:45 a.m. ET and existing home sales data for May is scheduled at 10:00 a.m. ET. U.S. Federal Reserve Board Governor Christopher Waller, Fed Chicago President Austan Goolsbee, and Fed San Francisco President Mary Daly are scheduled to speak later in the day.

European shares were mixed in choppy trading on Monday, amid escalating geopolitical tension after the U.S. joined Israel in striking Iran's nuclear facilities over the weekend. The euro zone economy flatlined for a second month in June, barely expanding as the bloc's dominant services industry showed only a small sign of improvement and manufacturing displayed none at all, a survey showed on Monday.

HCOB's preliminary composite euro zone Purchasing Managers' Index, compiled by S&P Global and seen as a good guide to growth, held steady this month at May's 50.2.

Japan's Nikkei share average fell on Monday as geopolitical tensions fueled risk aversion, while the accompanying jump in oil prices weighed on the outlook for Japan's economy and corporate earnings. Japan's manufacturing activity returned to growth in June after nearly a year of contraction, but demand conditions remain murky due to worries over U.S. tariffs and the global economic outlook, a private-sector survey showed on Monday. The au Jibun Bank flash Japan manufacturing purchasing managers'



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index (PMI) rose to 50.4 from May's final 49.4, ending 11 months of readings below the 50.0 threshold that indicate contraction.

Hong Kong shares ended higher on Monday, lifted by the strongest southbound inflows via the Stock Connect in three weeks, even as investors remained cautious over the outlook for tighter cash conditions in the market. China stocks were also up.

A New Test for the Bull Market (Argus)

The current bull market, which started in October 2022 and has seen the S&P 500 rise almost 70%, has endured high inflation, economic uncertainty, a credit rating downgrade of the U.S. Treasury, a hard-fought election, and the onset of new tariffs and trade wars. Now, a military conflict in the Middle East has erupted -- and over the weekend, the U.S. joined the fray. Stocks now face uncertainty over the potential for retaliation and global next steps. Iran could take action to curtail the flow of global oil supplies. It also could strike U.S. military installations, potentially provoking a further American response. China and Russia could weigh in with their opinions or with aid. Outside of the stock market, we expect the price of oil may rise on a temporary basis, gold likely will continue to rally as a safe haven, and the dollar should strengthen. (If these nonstock financial indicators don't behave as anticipated, that may signal other, deeper problems for markets.) As for equities over the intermediate term, the sustainability of the current bull market may depend on how quickly the Mideast conflict is resolved. In the near term, the U.S. employment environment is healthy, earnings growth is solid, and there is room for interest rates to continue lower.

Those are important fundamental factors. Investors have been complacent, as the VIX Volatility Index is near its historical average of 20. If the fear index jumps well above 30 (its standard deviation is 9), we expect the bull market to wobble but not collapse. We suggest investors focus on financially strong companies with clear earnings trajectories and seasoned management teams that have guided their firms through uncertain conditions in the past.



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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	2.75%	0.0	CDA 5 year	2.89%	-0.8
CDA Prime	4.95%	0.0	CDA 10 year	3.30%	-0.8
CDA 3 month T-Bill	2.68%	-0.5	CDA 20 year	3.54%	-0.2
CDA 6 month T-Bill	2.67%	-1.5	CDA 30 year	3.61%	0.0
CDA 1 Year	2.65%	1.0			
CDA 2 year	2.64%	-1.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.94%	-2.0
US Prime	7.50%	0.0	US 10 year	4.36%	-1.6
US 3 month T-Bill	4.21%	0.2	US 30 year	4.88%	-1.0
US 6 month T-Bill	4.28%	-0.1	5YR Sovereign CDS	44.99	
US 1 Year	4.09%	0.5	10YR Sovereign CDS	48.46	
US 2 year	3.90%	-1.3			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			652.37	-0.01%	2.67%
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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