

Financial HARTbeat

Ceasefire?

June 24th 2025



Good Morning,

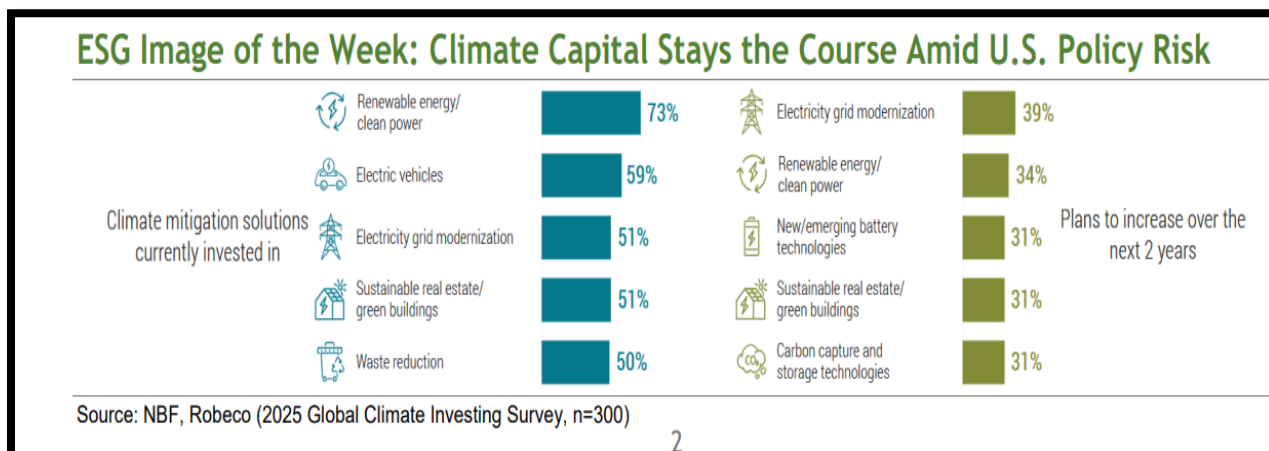
While I have probably been a skeptic my whole life...I get increasingly skeptical when things appear out of line and out of balance....a quick ceasefire...hard for me to balance this...is Iran scared of the USA..I think not...

US Housing market is now returning to focus...if you look at any major US city the market is flooding with listings...this is not great news, but also at the same time why I think rates come down on the long end...either via operation twist or something along those lines...

The swings in rate cuts continue...as inflation gets whipped around with every trade war discussion...so too does rate expectations...

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

Chart of the Day: Interesting...money still flowing to Climate Capital even with US gov't risk..



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Top News

Oil tumbled nearly 4%, global shares surged, and the dollar dropped on Tuesday as markets took heart from a ceasefire between Israel and Iran and shrugged off what U.S. President Donald Trump said were violations by both sides.

Brent futures had already slid 7% on Monday and U.S. shares jumped after Iran made only a token retaliation against a U.S. base to an attack over the weekend, and signaled it was done for now. With the immediate threat to the vital Strait of Hormuz shipping lane seemingly over, the Brent benchmark touched its lowest since June 11. While the ceasefire so far has seemed shaky - Trump said he was "not happy" with either side for violating the truce, particularly with Israel - risk assets held onto their earlier gains.

Investors will monitor Federal Reserve Chair Jerome Powell's semi-annual monetary policy testimony before Congress later in the day closely for clues on the near-term path for interest rates, as inflation is expected to accelerate in the coming months. Atlanta Fed President Raphael Bostic told Reuters on Tuesday that the central bank doesn't need to cut interest rates soon, as companies plan to raise prices due to higher import taxes and the job market is still strong. In recent days, Fed Governor Chris Waller and Michelle Bowman, who is also the U.S. central bank board's vice chair for supervision, said recent inflation data has been mild enough to justify a rate cut as soon as July.

Markets still only imply around a 20% chance the Fed will cut at its next meeting on July 30, but a September cut is near to fully priced. Several central bank officials, including Fed Board Governor Michael Barr and Fed Minneapolis President Neel Kashkari, are also scheduled to speak later in the day.

Investors will all assess Consumer confidence data for June, which is due at 10:00 a.m. ET. Futures linked to Canada's main stock index rose on Tuesday as the ceasefire news boosted sentiment and as investors assessed domestic data. As expected, Canada's annual inflation rate in May was unchanged from the previous month at 1.7% as drop in gasoline costs continued to keep the overall index stable while prices of shelter, food and transportation also cooled, data showed on Tuesday. Gasoline prices decelerated by 15.5% in May after falling by 18.1% in April on an annual basis, the statistics agency said.



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The Bank of Canada closely tracks core measures of inflation - CPI-trim and CPI-median - and both of them eased to 3%, which is the upper band of the central bank's 1% to 3% inflation target range. The May inflation data is a critical number which will feed into BoC's decision making for its rates decision on July 30. It will also get the June inflation data before its next rate decision.

Money markets are betting around 62% chance of yet another hold by the central bank of its policy rate at 2.75% on July 30, when it also releases its monetary policy report.

Home Prices Should Continue to Rise (Argus)

U.S. home prices should continue to grow, according to a panel of more than 100 housing experts surveyed by Fannie Mae in the mortgage giant's 2Q 2025 Home Price Expectations Survey. The panelists expect national home prices to grow 2.9% this year, 2.8% in 2026, and 3.4% in 2027, this after a 5.3% increase in 2024. We believe the prospect for moderate increases in home prices is positive for consumers, lenders, homebuilders, and retailers that sell everything from bath fixtures to big screen televisions. We have watched the housing market for many years and note that rising home prices typically mean that homeowners are willing to spend on improvement projects because they see them as investments that will pay off in the future. When prices are falling, homeowners spend grudgingly because they see outlays as expenses with no significant payoff. The Leading Indicator of Remodeling Activity (LIRA) from the Harvard University Joint Center for Housing Studies has projected a 2.5% increase in remodeling activity to a record \$526 billion by the end of 1Q26. The LIRA provides a projection of U.S. repair and remodeling activity for the current quarter and the subsequent four quarters. Near term, housing is treading water. Last week, May housing starts declined 4.6% year over year to a seasonally adjusted annual rate (SAAR) of 1.26 million, just below our estimate of 1.3 million.

Yesterday, the National Association of Realtors reported Existing Home Sales for May. They came in at 4.03 million, above the consensus estimate of 3.95 million, and a 0.7% decrease from a year ago. It was below our estimate of 4.1 million and a 1% year over year increase. Tomorrow, we expect May New Home Sales to decline about 1.5% from a year earlier to 655,000 SAAR, compared with consensus of 693,000. This morning, we expect the S&P CoreLogic Case-Shiller National Home Price Index will post an annual increase of 2.5% in April. The index rose 3.4% in March.



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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	2.90%	3.2
CDA Prime	4.95%	0.0	CDA 10 year	3.32%	3.7
CDA 3 month T-Bill	2.68%	0.0	CDA 20 year	3.57%	4.7
CDA 6 month T-Bill	2.67%	1.2	CDA 30 year	3.63%	4.9
CDA 1 Year	2.64%	-0.5			
CDA 2 year	2.64%	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	3.91%	2.7
US Prime	7.50%	0.0	US 10 year	4.36%	3.5
US 3 month T-Bill	4.19%	1.9	US 30 year	4.91%	4.9
US 6 month T-Bill	4.27%	1.0	5YR Sovereign CDS	44.98	
US 1 Year	4.03%	2.1	10YR Sovereign CDS	48.44	
US 2 year	3.85%	2.2			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	653.24	0.06%	2.80%		
BMO Laddered Preferred Shares (ETF)	11.46	0.53%	4.66%		

Source: LSEG

Things are looking up! Have a great day!

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