Financial HARTbeat

Rates
Nov 6th 2026



Good Morning,

U.S. rates stay higher for longer: The chart projects the Fed target rising from **4.00% today to 4.50% through much of 2027**, while the U.S. 10-year yield could climb from **4.84% to a peak of 5.35%**.

Canada remains much more accommodative: The Bank of Canada target is projected to rise only modestly from **2.50% to 3.00%**, with the Canadian 10-year yield staying around **3.6% to 4.1%**, well below U.S. yields.

Market takeaway: The persistent **U.S.-Canada rate gap** favours U.S. fixed-income yields and could remain a headwind for the Canadian dollar, while the projected rise in longer-term yields on both sides of the border suggests **continued pressure on long-duration bonds and rate-sensitive equities**.

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Also, catch the playback of our Annual Outlook ***Click here***

Chart of the Day: where do rates go from here?

Figure 1: U.S. & Canada Rate Projections

United States						
Quarter	Target	3M	2Y	5Y	10Y	30Y
5-Nov-26	**4.00**	**4.01**	**4.51**	**4.61**	**4.84**	**5.25**
Q4:2026	4.25	4.15	4.60	4.70	5.00	5.35
Q1:2027	4.50	4.40	4.70	4.80	5.15	5.55
Q2:2027	4.50	4.40	4.75	4.90	5.35	5.70
Q3:2027	4.50	4.30	4.60	4.75	5.20	5.65
Q4:2027	4.25	3.90	4.30	4.55	5.00	5.50
Q1:2028	3.75	3.45	4.00	4.35	4.80	5.35
Q2:2028	3.50	3.40	3.80	4.25	4.65	5.25
Q3:2028	3.50	3.40	3.75	4.20	4.50	5.10

Canada						
Quarter	Target	3M	2Y	5Y	10Y	30Y
5-Nov-26	**2.50**	**2.57**	**3.18**	**3.39**	**3.67**	**4.02**
Q4:2026	2.75	2.80	3.30	3.45	3.80	4.10
Q1:2027	3.00	3.05	3.40	3.50	3.90	4.20
Q2:2027	3.00	3.05	3.50	3.50	4.05	4.35
Q3:2027	3.00	3.05	3.40	3.50	3.95	4.30
Q4:2027	3.00	3.05	3.35	3.50	3.75	4.15
Q1:2028	3.00	3.05	3.30	3.45	3.65	4.05
Q2:2028	3.00	3.05	3.20	3.40	3.60	4.00
Q3:2028	3.00	3.05	3.15	3.35	3.60	3.95

Source: NBC Economics & Strategy



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Top News

Nasdaq futures rebounded on Friday as chip stocks gained ground after a tech-led rout wiped nearly $3 trillion off the market value for S&P 500 companies on fears that Democratic control of the US Congress could lead to tougher AI regulation. The heavy selling Thursday sent the three major stock averages to their worst one-day losses since April 2025. The Nasdaq Composite tumbled 5.5%, closing more than 10% below its most recent high and putting it in what Wall Street regards as a correction. Worries of a potential slowdown in data center construction following big Democratic wins in the House and Senate and key state governorships hit U.S. markets hard on Thursday. T

op Democrats have been calling to curb the data center buildout since the Democrats' big election win. Governor-Elect Gina Hinojosa of Texas, a key data center hub in the country, said in a CNN interview Thursday evening, "We will have laws to protect Texans, and we need to stop what we are doing with data centers until we have those protections."

US nonfarm payrolls increased more than expected in October and the unemployment rate fell to 4.1%, suggesting the labor market remained resilient and giving the Federal Reserve more scope to focus on inflation stemming from the Middle East conflict. Payrolls jumped by 165,000 jobs last month after an upwardly revised 60,000 gain in September. Economists polled by Reuters had forecast payrolls advancing 65,000 after a previously reported 29,000 increases in September.

European shares fell on Friday, with losses across the board as a global market rout gathered steam, capping a painful week as investors grappled with uncertainty over AI stocks. German industrial production unexpectedly rose in September by 0.7% from the previous month, driven by a seasonal upswing in the car industry, the federal statistics office said on Friday.

The pound fell against the dollar on Friday, as a stock market selloff hit currencies more geared towards global growth, while holding broadly steady against the euro around a 19-month high.



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China and Hong Kong stocks fell on Friday as a Nasdaq-led tech rout rippled across Asia and fuelled fears the AI boom is losing steam, although bargain hunting helped pare losses in mainland markets buoyed by Beijing's market-supporting measures. Chinese AI hardware stocks with significant exposure to the US market were among the hardest hit. Zhongji Innolight, which makes optical transceivers for data centres and generates most of its revenue in America, slumped 9.2% to a one-year low. Rival Eoptolink Technology tanked 7.3%.

Japan's Nikkei share average logged its worst week in more than six years on Friday as tech stocks tracked overnight losses on Wall Street, with investors worrying that new political equations in the US could weigh on AI development.

Solid Payrolls Keep Hikes in Play (Argus)

The Bureau of Labor Statistics (BLS) has released the Employment Situation for October. The U.S. added 165,000 nonfarm jobs, helped by increases in professional and business services, in healthcare, and in transportation and warehousing. Private payrolls were up 159,000, while the overall government category added 6,000 jobs (with federal down 1,000). Our forecast was for an increase of 80,000 new jobs in October, while the consensus was 65,000. September's payrolls were revised higher by 31,000 to 60,000 and August was increased by 53,000 to 186,000 jobs. October's results and the revisions raised the three-month average to 137,000 from 51,000. The unemployment rate declined to 4.1%, which was lower than our estimate of 4.2% and the consensus of 4.2%. The labor force participation rate increased by 0.1%, meaning more job growth would have been needed to hold unemployment steady. Average hourly earnings increased $0.14 month to month and are 3.1% higher year over year.

The average workweek remained at 34.4 hours. Employment showed little change in mining, quarrying, and oil and gas extraction; construction; wholesale trade; retail trade; information; financial activities; social assistance; leisure and hospitality; other services; and government. The manufacturing sector added an encouraging 19,000 jobs. Construction lost 3,000. Stock futures were slightly higher with payrolls beating consensus. The yield on the 10-year Treasury was flat at 4.88%. The yield on the two-year Treasury, which is closely tied to expectations for monetary policy, was up by two basis points to 4.53%. Based on futures contracts, traders became slightly more hawkish. The probability of a rate hike



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at the December 8-9 FOMC meeting increased to 76.8% from 72.8%. The probability of a rate hike to 4.0%-4.25% at the January meeting rose to 64.66% from 63.4%. The probably that the funds rate will be even higher, at 4.25%-4.5% rose to 15.5% from 15.1%.

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	2.50%	25.0	CDA 5 year	3.44%	0.9
CDA Prime	4.70%	25.0	CDA 10 year	3.71%	0.5
CDA 3 month T-Bill	2.59%	0.0	CDA 20 year	3.93%	0.1
CDA 6 month T-Bill	2.79%	0.0	CDA 30 year	4.03%	0.1
CDA 1 Year	3.03%	0.0			
CDA 2 year	3.24%	1.6			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.70%	1.4
US Prime	7.00%	0.0	US 10 year	4.89%	0.2
US 3 month T-Bill	4.03%	0.0	US 30 year	5.27%	-0.8
US 6 month T-Bill	4.29%	0.2	5YR Sovereign CDS	46.00	
US 1 Year	4.41%	2.2	10YR Sovereign CDS	54.69	
US 2 year	4.61%	2.7			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			697.82	0.00%	0.23%
BMO Laddered Preferred Shares (ETF)			12.74	0.00%	3.33%

Source: LSEG

Keep looking forward! Have a great day!

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