

Financial HARTbeat

Quebec Election
Oct 6th 2026



Good Morning,

CA National Unity Risk Returns: PQ victory reintroduces sovereignty risk and could become a major distraction for the Carney government.

💰 **Investment Uncertainty Matters More Than Separation:** Businesses may delay investment decisions long before any referendum occurs.

🇩🇪 **Expect Volatility, Not a Breakup:** Markets may react to headlines, but current polling still suggests Quebec independence is an uphill battle

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

Also, catch the playback of our Annual Outlook [Click here](#)

Chart of the Day: This is very material to our economy...

Province	Share of Canadian GDP
Ontario	~39%
Quebec	~20%
Alberta	~15%
British Columbia	~14%
Rest of Canada	~12%

***generated with Copilot.**



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Top News

U.S. and Canadian stock index futures rose this morning as easing oil prices and a pullback in global bond yields lifted risk appetite. The tech heavy Nasdaq closed at a record high on Monday, lifted by heavyweights Nvidia and Microsoft, as investors continued to bet on the AI boom. Chipmakers continued to rise this morning, with AMD up almost 2% after CEO Lisa Su said the company planned to substantially increase chip supply in 2027 to meet booming AI demand.

The third-quarter earnings season kicks off next week and according to LSEG data, analysts on average expect S&P 500 earnings to jump over 30% year over year in the quarter, thanks largely to AI-related stocks. Optimism around the AI trade and expectations of strong corporate earnings have helped US stocks outperform global peers over the past six months despite higher energy prices and a volatile summer for bond markets that fueled concerns about tighter monetary policy.

In the bond market, the yield on 30-year Treasury bonds fell to around 5.62%, having touched a 2002 high of 5.702% a day earlier, while the yield on the benchmark 10-year bond also dipped after hitting a 24-year high on Monday, offering some relief to investors. However, concerns over persistent inflation and rising government debt are keeping bond and equity markets on edge.

Oil prices fell almost 2% on Tuesday, with Brent crude trading at \$98.35 as resilient Middle Eastern crude exports and a G7 emergency stockpile release eased supply concerns.

On the economic front, Canada's trade surplus widened substantially in August to C\$4.2 billion, as exporters rushed to increase shipments to the US before President Donald Trump's new tariffs took effect. Analysts polled by Reuters had forecast the trade surplus would expand to C\$1.55 billion, from an upwardly revised C\$787 million. Canada's exports to the US surged 8.1% in August, while imports were down 2.5%. This change helped Canada post a trade surplus with the US of C\$11.2 billion, a 19-month high, lifting its share of exports to its biggest trading partner to almost 70% for the first time since September 2025. Trump's new tariffs, which cover roughly \$20 billion of Canadian exports to the US,



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came into effect on August 22 and economists have said that September would show a more accurate impact of the new tariffs, which apply to a variety of products including wine, furniture, dairy products, cement, clothing, fishing rods and hockey equipment. Canada's overall exports increased by 2.5% in August to C\$77.91 billion, after falling by 2.6% in the prior month. Exports of energy products, refined petroleum products and crude oil posted the biggest overall gain, increasing by 4.7%. In volume terms, total exports rose 2.5%. The Canadian dollar strengthened after the trade data, with the currency trading up 0.05% to C\$1.4250 to the US dollar.

Value Stocks in Performance Lead (Argus)

We have three strategic asset-allocation models, targeting risk tolerance: Conservative, Growth, and Aggressive. We make tactical adjustments to the models, based on our outlooks for segments of the capital markets. Through August, stocks have taken the performance lead over bonds as long-term interest rates have risen to five-year highs. From an asset-allocation standpoint, our Stock Bond Barometer model still sees both asset classes near fair value, with an edge to bonds as the benchmark 10-year T-bond yield has topped 5%. Tactically, we have a bullish outlook and think that well-designed, diversified portfolios can benefit from trends that indicate core long-term U.S. GDP can grow at a 1.5%-2.5% rate over the next few quarters; the Fed can maintain control of inflation into 2027; and corporate profits will grow at a double-digit pace on average during that time.

We are market-weight on large-cap stocks at this stage of the market cycle. We favor them for growth exposure and financial strength, as well as exposure to the Information Technology (IT) sector; small- and mid-caps offer better valuation. Moving to the international arena, global stocks turned in an impressive performance in 2025, although long-term trends favoring domestic stocks are starting to re-emerge. But international stocks still offer favorable near term value, and we target 15%-20% of equity exposure to the group. In terms of growth and value over the longer term, we anticipate that growth (led by the IT sector) will top returns from value (led by Energy, Real Estate, and Materials) due to favorable secular and demographic trends. Value has taken the lead in 2026, after lagging for the past five years, and appears well positioned for performance in the near term with longer-term interest rates at elevated levels.



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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	2.25%	0.0	CDA 5 year	3.59%	-2.7
CDA Prime	4.45%	0.0	CDA 10 year	3.92%	-3.0
CDA 3 month T-Bill	2.39%	-0.5	CDA 20 year	4.18%	-2.4
CDA 6 month T-Bill	2.55%	-1.5	CDA 30 year	4.28%	-2.4
CDA 1 Year	2.91%	-0.5			
CDA 2 year	3.24%	-1.5			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4.00%	0.0	US 5 year	5.02%	-4.5
US Prime	7.00%	0.0	US 10 year	5.27%	-4.2
US 3 month T-Bill	4.04%	-0.7	US 30 year	5.64%	-2.2
US 6 month T-Bill	4.29%	-1.9	5YR Sovereign CDS	44.75	
US 1 Year	4.45%	-2.7	10YR Sovereign CDS	53.72	
US 2 year	4.79%	-4.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			696.46	-0.01%	0.03%
BMO Laddered Preferred Shares (ETF)			12.75	-0.04%	3.41%

Source: LSEG

Keep looking forward! Have a great day!

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