Financial HARTbeat

US Yields
Oct 23rd 2026



Good Morning,

U.S. deficits remain elevated at roughly **$2T+ annually**, making meaningful spending cuts or tax hikes unlikely anytime soon.

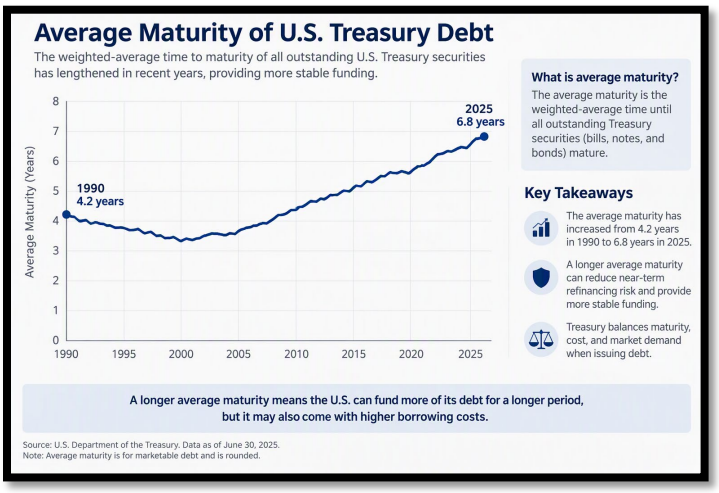
Treasury may trim 20- and 30-year bond issuance as officials look for ways to lower borrowing costs and improve market functioning.

November's Treasury refunding announcement is a key watch item, as even small changes in debt issuance could influence long-term bond yields and market sentiment.

Catch the playback of our Weekly Roundup ***Click here***

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

Chart of the Day: Avg US Debt maturity…what now?



***generated with copilot**



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Top News

Wall Street futures tick lower as caution prevailed after a sharp selloff in AI-linked stocks over concerns about the sector's massive funding requirements, while telecom shares slid on fears of increased competition from SpaceX. AT&T, Verizon and T-Mobile were down more than 4% in premarket trading after a report said SpaceX was in talks with cellular infrastructure companies about launching a nationwide wireless carrier program. US cell tower operators, however, gained from this news.

Market focus remains on the earnings season, with major companies such as Microsoft, Alphabet and Amazon reporting next week. Nasdaq is on track for a weekly loss, while the benchmark S&P 500 and the blue-chip Dow remain higher, supported by gains in defensive sectors as investors sought refuge from volatility in technology stocks.

Futures tracking Canada's blue chip stocks fall, after oil prices hit their highest since May on escalation in the Middle East conflict, keeping investors concerned about prolonged inflation and higher-for-longer US interest rates. Brent crude rises above $114 a barrel to its highest in more than five months, as hostilities intensified between Yemen's Houthis and the Saudi-led coalition. Spot gold prices touched its lowest since July 17 as oil-driven inflation worries weighed on the yellow metal. Markets are pricing in a quarter-point Bank of Canada rate hike next week, and nearly a percentage-point hike over the next 12 months, according to LSEG.

Canadian retail sales rose by 1.2% in August from July, on higher sales at motor vehicles and parts dealers, Statistics Canada said. Analysts surveyed by Reuters forecast retail sales to be up 1.3% in August, and to rise 1.0% ex-autos. Sales likely increased 0.7% in September, the agency said in a flash estimate. European stocks edge lower this morning, on track for a weekly decline, as losses in Kering and caution surrounding political uncertainty in France and the Middle East war overrode a slate of largely strong earnings. Kering drops more than 11% after third-quarter sales at its flagship Gucci brand fell as the Middle East war along with China's tax crackdown on the wealthy piled pressure on the world's biggest luxury conglomerates.

In data, the S&P Global Flash Eurozone Composite PMI Output Index fell to 51.9 in October from September's 53.1, its lowest reading since June and lower than all forecasts in a Reuters poll which had



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predicted a modest dip to 52.7. The European Central Bank is scheduled to meet next week, with investors pricing in more than a 90% probability that it holds interest rates steady.

In China the benchmark Shanghai composite index rose 0.9%, while the blue-chip CSI300 index bounced 1.7% after losing as much as 1.9% earlier in the session. However, the CSI300 index shed 1.6% for the week to record its 11th consecutive weekly drop, the longest losing streak on record since the index was created in 2005. Following the rebound on Friday, the CSI300 was still down roughly 19% from its June 22 closing peak, nearing the 20% threshold widely used to confirm a technical bear market. South Korean shares recouped early losses to end higher, as chipmaker SK Hynix jumped after cancelling a share sale plan for its US unit. Japan's Nikkei share gauge fell, while the nation's bonds surged and its currency touched a one-month high as heightening concerns about the AI sector spurred demand for haven assets.

Global Stocks Still Offer Value (Argus)

As worldwide markets remain challenged amid a backdrop of higher interest rates and ongoing conflict in the Middle East and Ukraine, one thing has not changed. U.S. stocks are more expensive than global stocks. And that's the case even with the impressive returns from global stocks in the past 18 months. Consider P/E ratios. The trailing P/E ratio on the S&P 500 is now 25, above the global average of 17 and well above the 11-12 average P/Es for emerging markets stocks in China and Latin America. A review of yields tells a similar story. The current dividend yield for the S&P 500 is 1.0%, versus the global average of 2.1% and European and Latin American yields of 3%-4%. Investors generally are willing to pay a higher price for North American securities for several reasons, including the transparency of the U.S. financial system as well as the liquidity of U.S. markets. What's more, global returns can be volatile across individual countries, given currency, security, political, and geopolitical risks.

Indeed, U.S. stocks (ETF SPY) have outperformed Europe, Australasia, and the Far East (EAFE, and ETF EFA) over the past five years. The tide turned a bit in 2025, as investors responded to the uncertainty over U.S. trade policy and as global central banks lowered rates. Last year, foreign stocks were up 28% while U.S. stocks rose 16%. Meanwhile, the outperformance of emerging markets over domestic markets has continued in 2026.



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Given expectations for improving economic growth in Europe and Japan in the months ahead, international stocks may offer diversification opportunities and attractive relative valuations. We have also been adding global stocks to our Universe of Coverage.

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	3.54%	3.2
CDA Prime	4.45%	0.0	CDA 10 year	3.82%	3.2
CDA 3 month T-Bill	2.50%	0.5	CDA 20 year	4.03%	2.7
CDA 6 month T-Bill	2.70%	1.5	CDA 30 year	4.12%	2.7
CDA 1 Year	3.01%	3.5			
CDA 2 year	3.32%	3.2			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	4.83%	5.8
US Prime	7.00%	0.0	US 10 year	5.00%	4.8
US 3 month T-Bill	4.06%	2.5	US 30 year	5.31%	2.7
US 6 month T-Bill	4.32%	2.5	5YR Sovereign CDS	45.51	
US 1 Year	4.42%	4.2	10YR Sovereign CDS	53.49	
US 2 year	4.70%	6.4			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	700.05	0.05%	0.55%
BMO Laddered Preferred Shares (ETF)	12.85	0.39%	4.22%

Source: LSEG

Keep looking forward! Have a great day!

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