# Financial HARTbeat

Trump and Xi
Sept 23rd 2026

Good Morning,

**Trade:** Markets are watching for an extension of the U.S.-China tariff truce that has supported global growth and supply chains.

**Technology & Rare Earths:** Negotiations focus on China's critical mineral exports and U.S. restrictions on advanced AI and semiconductor technology.

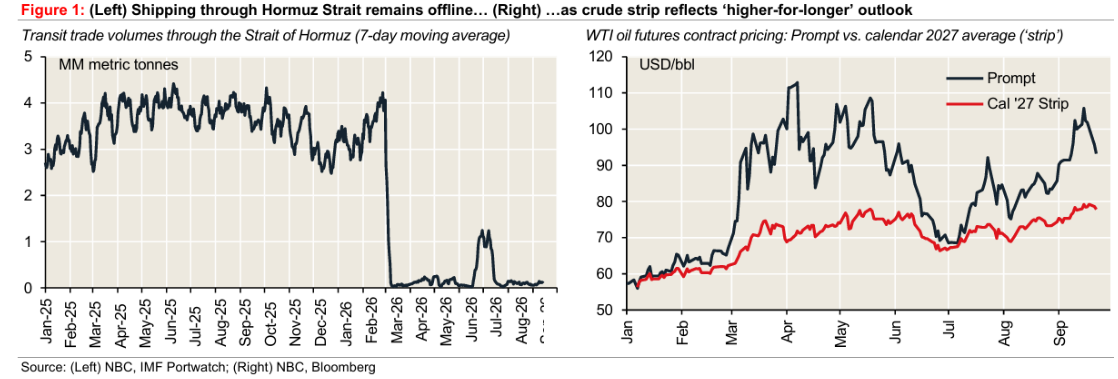
**Taiwan:** Both leaders are seeking to reduce geopolitical tensions, with Taiwan remaining the key long-term strategic issue.

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

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

**Chart of the Day: These two charts will play a major role in economic activity**

Figure 1: (Left) Shipping through Hormuz Strait remains offline… (Right) …as crude strip reflects 'higher-for-longer' outlook




Source: (Left) NBC, IMF Portwatch; (Right) NBC, Bloomberg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**Top News**

Oil prices hovered near a more than two-week low, on improved crude supply prospects from the Gulf and as the first talks between the United States and Iran for months raised hopes that the adversaries could make some progress towards ending the Middle East war, although neither side spelled out any change in their positions. Iran's Foreign Ministry spokesperson said Tehran had engaged with the United States through a Qatari mediator on the sidelines of the UN General Assembly in New York and conveyed conditions, including an end to the war on all fronts and a halt to US "acts of aggression".

US President Donald Trump confirmed talks with Iran in New York had made progress, but he also later threatened to "annihilate" the country if a deal was not reached. As the week of diplomacy continues, US President Donald Trump is welcoming Chinese President Xi Jinping to Washington today for a three-day visit. It will be the first trip to the U.S. in nearly three years for the Chinese leader. Despite their deep disagreements, both sides pressed ahead with the summit, which analysts said seeks to project stability between the world's biggest factory and its biggest consumer. The two countries' 11-month trade truce sunsets in November, while the two sides remain at odds on issues ranging from Taiwan to narcotics and rare-earth minerals. Expectations for a breakthrough during Xi's visit were slim but talks set for Thursday could nonetheless yield deals to lower tariffs in specific sectors.

On the economic front, the Organisation for Economic Co-operation and Development (OECD) said that the AI-led investment is helping the global economy hold up marginally better than expected this year, but the energy shock is becoming more entrenched, weighing on the outlook for 2027. According to their interim economic outlook, after 3.4% growth last year, the global economy is set to slow to 2.9% growth in 2026, slightly better than the 2.8% forecast in June.

However, heading into 2027, the commodity price shock caused by the Middle East conflict is expected to weigh on momentum and the OECD forecasts global growth picking up to only 3.0%, from 3.1% in June. In the OECD's baseline outlook, inflation in G20 economies was seen at 4.1% in 2026, up from 4.0% forecast in June. The OECD also raised its 2027 forecast to 3.6%, from 3.1% in June, which it said could

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force central banks to adjust interest rates if price pressures broaden out or growth falters. In the US, growth is seen at 2.2% this year and 2.1% in 2027, both upgrades from June, as heavy AI-related investment offsets weaker consumer spending. US inflation is projected to hit 3.6% in 2026, easing to 2.6% in 2027 with tariffs and higher energy prices weighing on household purchasing power and business costs.

**Argus Adjusts Sector Ratings (Argus)**

We recently reviewed our recommended sector allocations, and based on our analysis we adjusted our sector Over-Weight, Under Weight, and Market-Weight recommendations for the calendar fourth quarter. Our multi-factor model includes a performance ranking system, which assigns points for monthly, quarterly, and YTD sector performance vs. the benchmark S&P 500; current sector P/E vs. 5 year P/E, with points awarded for discount to S&P 500 current vs 5-year P/E delta; two-year earnings growth, with points awarded for exceeding benchmark average and for EPS acceleration; relative performance to the sector group average; sector conviction (meaning BUY rating percentage per sector vs. total Argus BUY rating percentage); and PEG ratio, with points awarded or subtracted based on sector PEG ratios below or above the group average. This time, our process led to one upgrade, of the Energy sector to Over-Weight from Market-Weight. Our rebalancing process takes place four times a year, early in the months of March, June, September, and December. Our current

Over-Weight sectors are Energy, Financial, Industrial, Information Technology, and Materials. Our current Market-Weight sectors are Communication Services, Healthcare, Real Estate, and Utilities. Our Under-Weight sectors are Consumer Discretionary and Consumer Staples. The Argus Research Investment Policy Committee suggests that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within diversified equity portfolios, with a primary focus on the largest sectors.

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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 | 3.57% | 1.7 |
| CDA Prime | 4.45% | 0.0 | CDA 10 year | 3.85% | 2.0 |
| CDA 3 month T-Bill | 2.40% | 0.0 | CDA 20 year | 4.07% | 1.9 |
| CDA 6 month T-Bill | 2.59% | 0.5 | CDA 30 year | 4.17% | 1.9 |
| CDA 1 Year | 2.97% | 1.5 | | | |
| CDA 2 year | 3.29% | 2.4 | | | |
| **US Key Rate** | **Last** | **Change bps** | **US Key Rate** | **Last** | **Change bps** |
| US FED Funds | 3.75-4.00% | 0.0 | US 5 year | 4.85% | 1.3 |
| US Prime | 7.00% | 0.0 | US 10 year | 4.98% | 1.3 |
| US 3 month T-Bill | 4.01% | -0.2 | US 30 year | 5.32% | 1.3 |
| US 6 month T-Bill | 4.30% | 0.3 | 5YR Sovereign CDS | 36.50 | |
| US 1 Year | 4.41% | 0.0 | 10YR Sovereign CDS | 45.21 | |
| US 2 year | 4.79% | 0.8 | | | |
| **Preferred Shares Indicators** | | | **Last** | **Daily %** | **YTD** |
| S&P Preferred Share Index | | | 707.66 | 0.00% | 1.64% |
| BMO Laddered Preferred Shares (ETF) | | | 12.98 | 0.00% | 5.27% |

Source: LSEG

Keep looking forward! Have a great day!

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