

Financial HARTbeat

Spending
Sept 30th 2026



Good Morning,

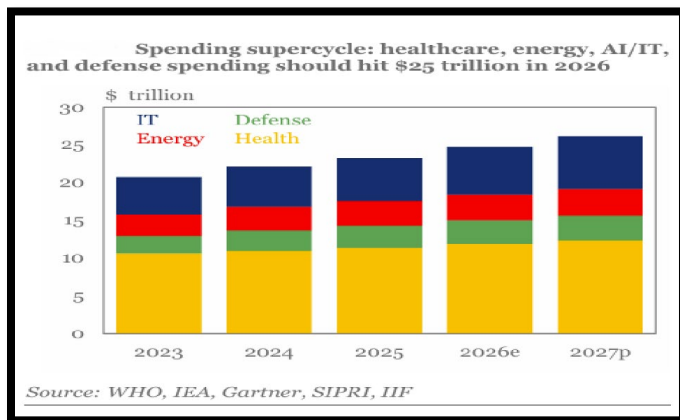
A multi-year spending boom is underway. Combined spending on **healthcare, energy, defense, and AI/IT** is projected to rise from roughly **\$21 trillion in 2023 to more than \$26 trillion by 2027**, illustrating a powerful global investment cycle.

Healthcare remains the largest spending category, but **AI/IT and defense are among the fastest-growing segments**, reflecting increasing demand for digital infrastructure, artificial intelligence, cybersecurity, and geopolitical security.

The investment opportunity is broad-based rather than concentrated. The chart suggests that long-term growth may come not just from technology, but from a combination of **healthcare innovation, energy infrastructure, AI adoption, and rising government defense budgets**, creating multiple structural growth themes for investors.

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

Chart of the Day: Spending rising getting out of control..



Ben Hart

Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.



Top News

US stock index futures moved higher this morning as a cooler-than anticipated inflation reading lifted hopes that the Federal Reserve might not raise interest rates as soon as next month. The Commerce Department report showed the Personal Consumption Expenditures Price Index rose 0.3% last month after a downwardly revised 0.1% gain in July. Economists polled by Reuters had forecast the PCE price index rising 0.4% after a previously reported 0.2% gain in July. In the 12 months through August, PCE inflation advanced 2.6% after increasing by a downwardly revised 3.4% in July. PCE inflation was previously reported to have increased 3.7% in July on a year-on-year basis.

The BEA changed its methodology for calculating prices for software and accessories, portfolio management fees and legal services in the PCE price index. It also revised the inflation data going back to 2021. Excluding the volatile food and energy components, the PCE Price Index climbed 0.2% over the month after a downwardly revised 0.1% rise in July. The so-called core PCE inflation was previously estimated to have gained 0.2% in July. Core PCE inflation increased 3.0% year-on year in August after a downwardly revised 3.0% advance in July. Underlying inflation was initially estimated to have risen 3.3% in the 12 months through July. The US central bank tracks the PCE price measures for its 2% inflation target.

The Fed this month raised its benchmark overnight interest rate to the 3.75%-4.00% range, the first rate hike in three years, and flagged further increases in borrowing costs in the months ahead. The odds of an October rate hike were diminished by New York Fed President John Williams' comments yesterday that he saw "no urgency" for further action. Prior to the inflation data, financial markets priced-in a roughly 51.5% chance of further policy tightening next month down from 70% on Monday.

Higher inflation and borrowing costs could crimp consumer spending. A survey from the Conference Board on Tuesday showed consumer confidence plummeting to a near 12-1/2-year low in September. There are, however, no signs yet of consumers significantly dialing back. Consumer spending, which accounts for more than two-thirds of economic activity, surged 0.9% last month after a downwardly revised 0.1% gain in July. Spending was previously estimated to have gained 0.2% in July.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.



Separately, a final reading of second-quarter GDP showed the US economy grew 2.2%, compared with estimates of 1.5% growth. Geopolitically, Iran announced today it had received a US response to its latest proposal to resurrect the collapsed ceasefire in the Gulf, days after President Donald Trump said he had rejected it, while Iran's allies were celebrating after Washington withdrew the last of its forces from neighbouring Iraq. Tehran views the pullout as a victory for its "axis of resistance" of allied armed groups, and a step towards its aim of driving US forces out of the region.

GDP Today, Watch For Strong Profits (Argus)

The Bureau of Economic Analysis (BEA) will provide its third estimate of 2Q Gross Domestic Product this morning. Based on last month's second estimate, U.S. output rose in the quarter at an annualized rate of 1.5%. Personal consumption (PCE) was up 3.4%, a rebound from 0.5% in 1Q. Business investment was solid, helped by equipment and intellectual property for Artificial Intelligence. Imports of foreign-made computer equipment widened the trade deficit. Imports are subtracted from GDP to isolate the value of domestic production. We think the second report's most-notable number was that real final sales to private domestic purchasers rose an impressive 4.2% in 2Q, up from 1.7% in 1Q. The Fed says this measure usually is a better indicator of underlying momentum in the economy than GDP. It includes the core categories of consumer spending, business investment, and residential investment (housing). Real final sales are projected to accelerate to 4.8% growth in 3Q, according to the Atlanta Fed's GDPNow. We expect GDP to grow 2.2% in 2026 and 2.2% in 2027 and expect consumer spending to grow 2.0% in both years. Gross Domestic Income, an alternative way to measure the economy based on incomes earned and costs of production, rose 2.2% in 2Q at a seasonally adjusted annual rate based on the second estimate. It is not included in the advance estimate. GDI should equal GDP, but different source data yields different results according to the BEA. Averaging GDP and GDI, which was 1.8%, is a good check on the economy. Corporate profits, a component of GDI, were up a strong 22.8% compared with 2Q25.

A measure of after-tax profits within GDP was up 29.4% in 2Q, validating strong U.S. earnings. The GDP report also contains data on inflation, which remained elevated. The quarterly GDP price index for gross domestic purchases rose 5.8% based on the second estimate. Unlike the PCE indices, this broad measure includes purchases by businesses and government.



Ben Hart

Senior Wealth Advisor & Portfolio Manager
› 613-760-3788
› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**
50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.



Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

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	3.70%	1.8
CDA Prime	4.45%	0.0	CDA 10 year	4.00%	3.2
CDA 3 month T-Bill	2.40%	0.0	CDA 20 year	4.21%	4.4
CDA 6 month T-Bill	2.57%	-3.9	CDA 30 year	4.30%	5.2
CDA 1 Year	3.01%	0.7			
CDA 2 year	3.37%	-0.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4.00%	0.0	US 5 year	5.06%	-0.2
US Prime	7.00%	0.0	US 10 year	5.25%	-0.8
US 3 month T-Bill	4.08%	0.8	US 30 year	5.58%	-1.5
US 6 month T-Bill	4.36%	-1.6	5YR Sovereign CDS	40.25	
US 1 Year	4.56%	-1.9	10YR Sovereign CDS	48.98	
US 2 year	4.89%	-0.2			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	695.44	-0.10%	-0.11%		
BMO Laddered Preferred Shares (ETF)	12.76	-0.78%	3.49%		

Source: LSEG

Keep looking forward! Have a great day!

Ben



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.