

USIC News Stream



Wealth
Management

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Commentary from the U.S. Investment Committee

Highlighting our 2026 Outlook

With the help of our global colleagues, we recently published our Global Insight 2026 Outlook titled, “The future is here...and gathering speed.” The piece features our perspectives on the catalysts and challenges that could impact investment portfolios in the year ahead. Below are a few key highlights. For the full report, and additional region-specific commentary, the report is available here: [2026 Outlook](#).

Focus article: quarter-century crossroads

Eric Lascelles - Chief Economist, RBC Global Asset Management

Looking ahead to the next year is a necessary exercise for investors, but we think it’s even more useful to focus on investment themes that can endure for years or even decades. In the next quarter century, some themes that have emerged relatively recently should persist, and new themes have the potential to shape global economic developments and drive certain sectors.

- AI and other revolutionary technologies could be the main economic theme for years if not decades to come, spurring on faster productivity growth and potentially offsetting some of the demographic headwinds that will intensify.
- China’s continuing ascent and the shift from a rules-based Western-led global order to a power-based multipolar order look likely to endure.
- India and Southeast Asian countries appear to be on the cusp of making waves in the global economy over the coming decades.
- The rise of the global middle class should continue, with positive implications for stronger demand of discretionary goods and services.

- While we can envisage developed country stock markets generating more modest returns compared to the past few decades, rapid productivity growth should be supportive and, in a best-case scenario, could outmuscle constraining forces.
- Bond markets may remain in their new state of greater alertness as fiscal excesses seem likely to attract greater scrutiny.

Market overview: more but less

Jim Allworth – Investment Strategist, RBC Dominion Securities

The combination of lower inflation, lower interest rates, and faster GDP growth required for continued gains won’t be easy to achieve. We think “positive” rather than “above average” is the outcome to plan for. In our view, portfolios should be invested up to, but not beyond, their long-term targeted equity exposure with a plan for becoming more defensive when and if needed.

- We can see a plausible path to another year of positive gains for most major stock markets—but likely at a more sober pace.
- Even moderate equity market gains will need recession among the largest economies to be avoided, earnings to grow, and the AI story to stay on the rails.
- GDP growth everywhere needs to shift into a higher gear than is currently embodied in consensus forecasts to lift the prospects for equity market performance beyond the “merely” positive toward “above average.”

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United States Equities

Kelly Bogdanova – Vice President, Portfolio Analyst, Portfolio Advisory Group – U.S.

For the bull market to persist through 2026, we think some catalysts need to converge and an obstacle must be overcome:

- The U.S. economy and corporate profits have to keep growing at healthy clips.
- The focus of the AI development cycle probably needs to start shifting from “AI 1.0” (which has been mostly a capital spending story to build infrastructure and train and run AI models) to “AI 2.0” (where signs of productivity and financial benefits start accruing to companies inside and outside of the technology industry).
- The market must buck the trend where the S&P 500 has experienced an average 22 percent correction surrounding midterm election years since 1934.

United States Fixed Income

Thomas Garretson – Senior Portfolio Strategist, Fixed Income Strategies, Portfolio Advisory Group – U.S.

Fixed income yields remain historically attractive, but bond prices could face modest downward pressure in 2026 as the Fed ends rate cuts, muting total returns.

- We see the Federal Reserve holding interest rates steady for the bulk of 2026. Near-term bias remains toward further cuts to around 3.75 percent or 3.50 percent. But with core inflation likely to hold north of 3.00 percent next year even as the unemployment rate is projected to rise modestly to 4.60 percent, we see little scope for rates to fall further.
- Given our expectations of minimal Fed rate cuts, near-average economic growth, and elevated inflation above the Fed’s target, we see scope for modestly higher yields, putting downward pressure on prices and therefore total returns. We project the 10-year Treasury yield to end 2026 at 4.55 percent.
- Credit markets remain historically rich, and we anticipate greater bond supply, largely from tech firms looking to finance AI-related capital expenditures, to weigh on the corporate bond sector and overall performance next year.

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