



QUEENSBURY GROUP OUTLOOK June 2026

Halfway through the year and we have a war in Ukraine that has lasted longer than World War I, an extremely fragile truce in the war in Iran with little to no traffic through the Strait of Hormuz, and continued incessant Orwellian double-speak from Washington. Any celebration by Americans of their semiquincentennial this weekend may be more of an acclamation of the continued rise of the stock market than a salute to the current state of their nation.

We noted in March that market corrections in response to overseas geopolitical conflicts usually recovers in less than four months. Even though the war in Iran is not yet over, stock markets recovered in about 60 days and continue their upward trajectory. Economic growth remains steady with US Q1-26 GDP revised upwards to a quarter-on-quarter annualized rate of 2.1% while nominal GDP rose by 5.8%. The US Federal Reserve hasn't changed interest rates since December and the Bank of Canada has held steady since October of last year. While newspaper headlines may have one believe otherwise, everything looks just fine. When central banks are not adjusting interest rates, it tells us that the economy is not too hot and it's not too cold. It's just right.

But the economy doesn't move markets: Money moves markets. So where is all this money coming from that has driven the returns of the past three years? The US government is running a fiscal deficit of \$1.8 trillion or 5.7% of GDP. This percentage was only surpassed during Covid in 2020/21, recovering from the great financial crisis of 2009-12, and for four years after the US entered WWII. Secondly, the top five AI hyperscalers are expected to collectively spend around \$700 billion on AI in 2026, compared to \$400 billion in 2025. It is expected to exceed \$1 trillion next year. In total, it is expected that \$5.5 trillion will be spent on AI through 2030. That's a whole lot of cabbage moving around and remember that one entity's expense is another's revenue.

Unless the US government slashes spending or the world gives up on AI development, we see no reason why the North American Goldilocks economy should not continue with slow growth, low inflation and low interest rates.

It is important to consult with your financial advisor to confirm that security suitability is in keeping with your personal investment objectives and levels of risk tolerance and capacity.

		S&P	S&P	Cdn	GOC	
Levels	DJIA	500	TSX	Bank	10 yr	Cdn
Current	52,354	7,495	34,881	Prime	Bonds	\$
Jun 2025	43,999	6,173	26,819	4.45%	3.38%	70.40
Jun 2024	39,164	5,482	21,942	4.95%	3.28%	73.38
Jun 2023	33,906	4,306	19,888	6.95%	3.48%	72.98
Jun 2021	34,267	4,245	20,239	6.95%	3.37%	74.89
				2.45%	1.40%	81.96