2026

The Year the Arithmetic Wins

WEALTHION'S 2026 OUTLOOK

By Steven Feldman, CEO

Introduction: When the Math Comes Due

For most of the past decade, markets and policymakers operated in a world where constraints felt optional. Capital was abundant, refinancing was frictionless, and belief often mattered more than balance sheets. We told ourselves stories that made life easier: that Treasuries were a risk-free haven no matter how much we borrowed; that central banks could always smooth the cycle; that refinancing was a feature of the system, not a privilege; that leverage didn't matter as long as rates stayed low and interest was covered; that technology would eventually solve every problem when it is often the cause of them; and that America was the glue holding global peace and the world order together.

These narratives work until the math - and gravity - reasserts itself.

And that is exactly what happens in 2026. Not because of a single shock, but because accumulated decisions finally encounter limits. Math and gravity don't fail all at once; they simply remind you they were always there.

To be clear, this is not a forecast of collapse, nor an exercise in alarmism. It's an observation - one I've been making for years. Debt can reach levels where it can no longer be repaid. Policymakers can run out of tools. Technology can displace jobs faster than societies adapt. Trust, once stretched far enough, can break. When that happens, reality doesn't arrive with a bang. It arrives through higher yields, lower profits, political strain, and a growing intolerance for stories that no longer add up.

You do not need me to tell you the world itself has changed. It's in every paper. Globalism is giving way to mercantilism. Consensus-building is being replaced by raw power. Predictability is yielding to chaos - not because everything is breaking, but because the old rules no longer apply. This isn't collapse. It's realism. And realism requires adjustment.

At Wealthion, we're "mission-driven". Our goal is not to sell certainty or comfort. It's to educate investors, help protect them, and - if we do our job well - help them profit by anticipating where the puck is going, not where it's been. Ever since the pandemic, I've been saying the same thing to anyone who would listen: the 60/40 portfolio is dead. Bonds are not ballast; they are return-free risk (and that's before taxes on interest are even considered).

What follows is not a list of predictions so much as a map. A way of understanding where deferred constraints finally surface across macroeconomics, politics, geopolitics, technology, investing, and even culture. This is not the year everything breaks. It's the year pretending stops working.

I. Macroeconomics (my favorite topic so it is the longest section!)

2026: The Year the Arithmetic Wins

I have been writing for years that the United States was confusing policy narrative with policy capacity. In 2026, that distinction finally matters. This is the year when macroeconomics stops being about intentions, messaging, and models and starts being about balance sheets, refinancing calendars, and credibility.

Treasuries and the End of Monetary Illusion

By 2026, the U.S. Treasury market no longer behaves like a policy instrument. It behaves like what it is: the largest balance sheet in the world demanding continuous financing. Roughly $9–10 trillion of U.S. Treasury debt matures during the year, forcing markets - not policymakers - to decide what long-dated capital is worth in a country running persistent primary deficits with no political appetite for restraint.

At least once during the year, the 10-year Treasury yield reaches ~5.25%, not because growth is booming or inflation is re-accelerating, but because buyers demand compensation for duration risk in an environment where debt levels, interest expense, and rollover dependence have become self-reinforcing. This is not a cyclical move; it is a repricing of credibility.

For decades, markets treated U.S. Treasuries as a risk-free asset managed by a credible fiscal-monetary partnership. In 2026, that illusion quietly breaks. The United States is no longer priced as a "risk-free borrower," but as the world's largest borrower. That is a subtle, but profound, shift.

The Death of Fiscal Policy as a Constraint

What makes this moment different is not the size of the deficit, but the disappearance of fiscal constraint as a governing principle. Both political parties continue to argue loudly about taxes and spending, but neither meaningfully engages with borrowing itself. Deficits persist near 6% of GDP at full employment, externally owned public debt exceeds 100% of GDP, and yet fiscal arithmetic has become politically irrelevant.

This is not because policymakers believe deficits don't matter. It's worse: they no longer even factor them into decision-making. Fiscal "room" is not debated, preserved, or rationed. It is ignored. And markets eventually notice when no one is minding the store.

Monetary Policy Loses Its Aura

The Federal Reserve responds predictably. As inflation cools into the high-2% range and labor markets soften, the Fed cuts short-term rates by roughly 150 basis points over the year. But the long end of the curve refuses to cooperate. The yield curve steepens not out of optimism, but out of skepticism.

This is where another long-held assumption quietly erodes: monetary policy independence as a stabilizing force. Central banks still set rates, but they no longer fully anchor expectations. Political pressure, fiscal dominance, and the sheer scale of government financing needs mean that rate cuts no longer transmit cleanly across the curve. The Fed can influence the front end. It cannot compel belief in long-term discipline.

Monetary policy doesn't "fail" in 2026, but it is exposed as necessary but insufficient in a world where fiscal math overwhelms signaling.

The Refinancing Recession

The result is what I would call a "refinancing recession": a short, sharp economic contraction driven not by collapsing demand, but by constrained capital. GDP briefly contracts, on the order of -1%, as issuance windows narrow, credit spreads widen, and rollover risk dominates corporate decision-making.

This is not 2008. There is no systemic banking collapse and no sudden seizure of the payments system. But it is the first real stress test of a post-ZIRP economy. Companies that spent a decade refinancing reflexively are suddenly forced to choose between paying up, shrinking balance sheets, or postponing investment. Growth slows not because consumers disappear, but because capital does.

Corporate Debt and the Return of "Extend & Pretend"

Corporate America faces its own reckoning. Roughly $1.5 trillion of investment-grade corporate debt matures into a 6%+ rate environment, reviving restructuring behaviors last seen during the financial crisis. Capital structures built for zero rates prove fragile under normalization.

Private equity feels this most acutely. Portfolio companies designed around perpetual refinancing encounter margin pressure, covenant stress, and sponsor fatigue. Defaults remain contained - not because the math works, but because recognition is deferred. "Extend and pretend" returns, not as fraud, but as policy: maturity extensions, covenant resets, and quiet repricing across credit markets.

What Changes in 2026

What finally shifts in 2026 is not the existence of debt, but how it is considered. Capital is no longer free. Duration is no longer ignored. Credibility is no longer assumed.

None of this is sudden. None of it is radical. It is simply arithmetic reasserting itself after years of being deferred. I've argued for a long time that the system was living on borrowed time - financially, politically, and institutionally.

2026 is the year the borrowing shows up on the statement.

II. U.S. Politics: Governing Under Financial Constraint

Economic strain sharpens political fault lines. By mid-2026, Trump's approval rating slips well below 40% as tariff volatility, institutional conflict, extreme unpredictability and capital-market stress begin to affect households and small businesses directly. Financial markets can tolerate almost any ideology; what they cannot tolerate is extreme uncertainty and arithmetic denial. Cabinet churn accelerates. Treasury Secretary Scott Bessent becomes a plausible lightning rod - not because of mismanagement, but because the job itself has become a poisoned chalice: the policies are a moving target, the arithmetic is unfixable, and markets demand a head.

The 2026 midterms flip the House back to Democrats by a meaningful margin. The Senate remains narrowly Republican, limiting legislative ambition but not investigative authority. Within months, the House initiates a third impeachment of President Trump, centered on obstruction, abuse of executive authority, war crimes, and systematic defiance of congressional oversight. The impeachment process becomes less a constitutional remedy than a recurring stress signal: proof that governance has shifted from consensus to escalation. Markets internalize the message quickly. Fiscal reform is politically impossible; institutional friction is now completely structural.

III. Geopolitics

Inspired by the US invasion of Venezuela and the return of sheer power over globalism, China stages its most aggressive Taiwan maneuver to date - not an invasion, but a multi-day cyber and naval "quarantine" designed to demonstrate that Taiwan's economy can be throttled without firing a shot. Shipping lanes are disrupted, communications degrade, and markets panic. Semiconductor equities experience violent intraday declines. Anyone who has ever modeled Taiwan risk on a spreadsheet realizes how inadequate those models are in real time.

Xi stops short of invasion, but the strategic message lands. Taiwan risk was never theoretical, but now it is just a matter of time. Semiconductor supply chains are permanently repriced, and on-shore capacity becomes a strategic asset rather than a hedge.

IV. Technology (Not AI)

The Post-Smartphone Shift Becomes Real

By the end of 2026, wearable AI devices quietly cross the 30-million-user threshold, not because they replace smartphones outright, but because they begin to do something phones never could: act as continuous, ambient companions. What starts as voice assistance evolves into real-time health and behavior monitoring - sleep quality, heart variability, stress indicators, posture, nutrition cues, even early disease detection.

The device doesn't just respond; it nudges, warns, and occasionally intervenes. That shift - from assistant to guardian - triggers an immediate and ferocious privacy battle. Regulators, healthcare providers, insurers, and technology companies collide over who owns biometric data, who is allowed to act on it, and whether "preventive intervention" crosses into surveillance or coercion. The public response is conflicted: people want protection, but not a prison.

For a moment, Apple has an existential moment, with the stock bending downwards before it announces a venture with ChatGPT to make the wearable Apple "Pulse".

The B2B Industrial Tech Renaissance

While consumer technology dominates headlines, the real productivity gains occur quietly in heavy industry. Spatial computing - augmented reality layered directly onto physical infrastructure - finally scales across manufacturing, energy, logistics, and utilities. Technicians wearing AR systems perform complex maintenance with step-by-step visual guidance, real-time diagnostics, and remote expert oversight.

The impact is not incremental but structural. Maintenance downtime falls by 30–35%, error rates collapse, and aging workforces remain productive longer. Capital spending shifts from equipment replacement toward asset life extension. Labor shortages ease. Operational resilience improves precisely as global supply chains grow more fragile. This marks the moment when technology stops entertaining consumers and starts rebuilding the physical economy.

V. Artificial Intelligence

AI equities experience a sharp correction of 20%in early 2026 as revenue growth disappoints, data-center energy costs rise, and the first high-profile failures emerge in autonomous systems and applied healthcare. Unlike quantum (see below in “shorts”), this correction is healthy rather than terminal. The technology works; expectations did not.

The real AI story migrates from digital interfaces to physical systems. Robotics and automation displace more than 1.5 million logistics and manufacturing jobs, forcing the political debate to shift from whether AI might replace workers to how society responds now that it has.

VI. Crypto

Crypto enters 2026 with ambition but little momentum. Bitcoin trades in a wide range - roughly $75,000 to $110,000 - delivering volatility without narrative progress. The long-promised wave of institutional adoption stalls as traditional allocators conclude that “digital gold” behaves more like a high-beta macro asset than a reserve hedge. For many institutions, crypto remains interesting — but no longer urgent.

The crypto shock of the year comes not from regulation, but from cryptography itself. A major non-Bitcoin blockchain suffers a credible quantum-related attack, compromising wallets and forcing emergency hard forks to implement quantum-resistant cryptography. Panic is brief but instructive. The market realizes that cryptographic risk is not theoretical and that resilience, not novelty, determines survival.

At the same time, a separate crypto story finally works: tokenized Treasuries. A major regulated financial institution launches a fully compliant, on-chain Treasury product offering instant settlement and fractional access. Hundreds of billions migrate quickly - not because investors love crypto, but because they love liquidity, efficiency, and collateral certainty. Traditional banks are forced to adopt tokenization defensively rather than experimentally.

VII. Investing: The Longs

Honeywell (HON)

Honeywell works in this environment precisely because it is boring in the right way. I have always had a bias toward companies that make the physical world function, not the digital world louder. As the long-planned separation of Aerospace from Automation and Energy approaches, the market is forced to stop valuing Honeywell as a conglomerate discount story and start valuing it as two businesses with different capital intensity, cyclicality, and strategic scarcity. Aerospace benefits from multi-year platform demand and defense spending; Automation becomes the operating system for a world trying to do more with fewer skilled workers. The separation introduces noise - but in 2026, clarity is a premium asset.

Nucor (NUE)

Nucor is a resilience trade, not a cyclical bet. In a world where capital is expensive and geopolitical risk is persistent, domestic industrial capacity becomes policy in practice, not rhetoric. I like businesses that don't need optimism to survive. Nucor's efficiency, culture, and balance-sheet discipline allow it to generate cash flow even if demand merely holds steady. It doesn't need a boom; it needs a floor and 2026 provides that floor.

Barrick Mining (GOLD)

This one was suggested by Peter Grosskopf, my partner in SCP Real Assets (our new real asset focused broker dealer). He thinks Barrick becomes compelling not because gold prices have exploded, but because structure finally matters. Persistent jurisdictional risk - most visibly in Mali - forces the market to confront what it has long ignored: geography is a discount rate. Markets price ounces better than borders - until borders assert themselves. A credible breakup separating lower-risk assets from higher-risk jurisdictions would unlock trapped value, broaden the buyer universe, and force a re-rating. This is not a bet on management genius; it is a bet on arithmetic under pressure.

Northern Dynasty (NAK)

This one comes from Trey Reik, who is a Wealthion regular and a key part of SCP Real Assets. Northern Dynasty remains one of the highest-torque optionality positions in the real-asset universe. For years it has been priced like a permanent zero. Optionality is often mispriced longest when it is most uncomfortable to own. As legal and regulatory paths reopen, the stock does not need perfection; it only needs less wrong. In a world rediscovering the strategic value of domestic resources, that asymmetry matters. This is not a compounder - it is a calendar trade on regulatory reality.

VIII. Investing: The Shorts

Quantum Computing Inc. (QUBT)

Quantum Computing was my short of the year for 2025 which rang true, remains at the top of my list of the cleanest expression of bulls—t "narrative finance". Management is academically credentialed but commercially ineffective; insiders treat equity as a liquidity event; and the valuation - approximately $500,000 of trailing revenue against a $2.5 billion market cap - defies rational underwriting. The $110 million all-cash acquisition of Luminar Semiconductor does not resolve these issues; it amplifies them. Buying conventional photonics revenue to subsidize an unproven quantum narrative increases execution risk, strains the balance sheet, and accelerates the moment when economics, not enthusiasm, reassert themselves.

Netflix (NFLX)

I have done no research and talked to no analyst or expert about this stock. I don't know its valuation KPIs or listened to a single earnings call. I am merely a subscriber who has already watched everything worth watching on Netflix, and can no longer suffer through the incredible mediocrity of the programming on this streamer. David Chapelle phoning in cruelty, Jake Paul boxing idiocy, star pieces for Clooney and DeNiro and Murphy that are so obviously just last paycheck of a dying Hollywood. I find myself going to YouTube and watching highlights of France's "The Voice", hoping for a judge that I never heard of turns his chair for someone singing "Mad World" in too high of a voice. Who knows, maybe people have become so desperate for entertainment that I am an outlier, but I never think that is the case....

IX. Mergers of the Year

2026 is not a year of financial-engineering deals. It is a year of forced consolidation, driven by capital scarcity, geopolitical pressure, and governments quietly deciding that scale matters more than textbook competition theory.

Nvidia's finally acquires ARM as regulators clears the transactions on the basis of semiconductor IP being reclassified as strategic infrastructure. As wrongly predicted last year, Alphabet acquires Spotify to control the audio layer in a post-screen world. How about this one? GE acquires Boeing in a government-facilitated consolidation sold as a national-security necessity.

X. Super Bowl LX and the Betting Reckoning

I am loathe to pick the betting favorites, although the Rams seem formidable. As such, Super Bowl LX (February 2026, Santa Clara) will feature the Seattle Seahawks defeating the Denver Broncos. I am rooting for Seattle and a ring for Sam Darnold, whose career was nearly killed by the hapless New York Jets (and that's coming from, a well-known long-suffering Jet fan, but one who cares about the players).

Shortly after the Super Bowl, the news breaks of the first truly systemic post-legalization betting scandal. This is not about a player placing a dumb bet; it is about information arbitrage - injuries, snap counts, play sequencing - being monetized through prop markets in ways the integrity framework was never designed to police.

Congressional hearings follow. States temporarily restrict prop betting. The industry survives, but the illusion that scale alone equals safety does not.

Closing Observation

2026 is not a crash year. It is a reckoning year. Institutions don't fail, but they stop pretending. Capital stops being free. Narratives stop being sufficient. And assets tied to physics, balance sheets, and credibility begin to matter again.