



Financial Market Overview: Middle East Crisis

Matthieu Arseneau and Alexandra Ducharme
NBC Economics and Strategy

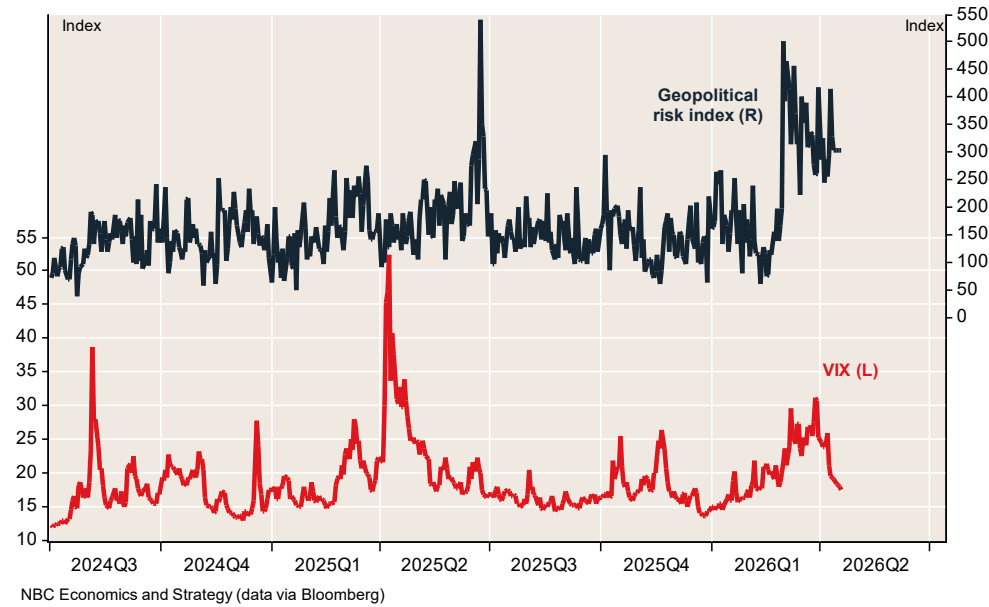
Middle East Crisis

By Matthieu Arseneau and Alexandra Ducharme

Beyond its human toll, the conflict in Iran is unsettling global financial markets. This weekly report provides an overview of the latest relevant data and market developments.

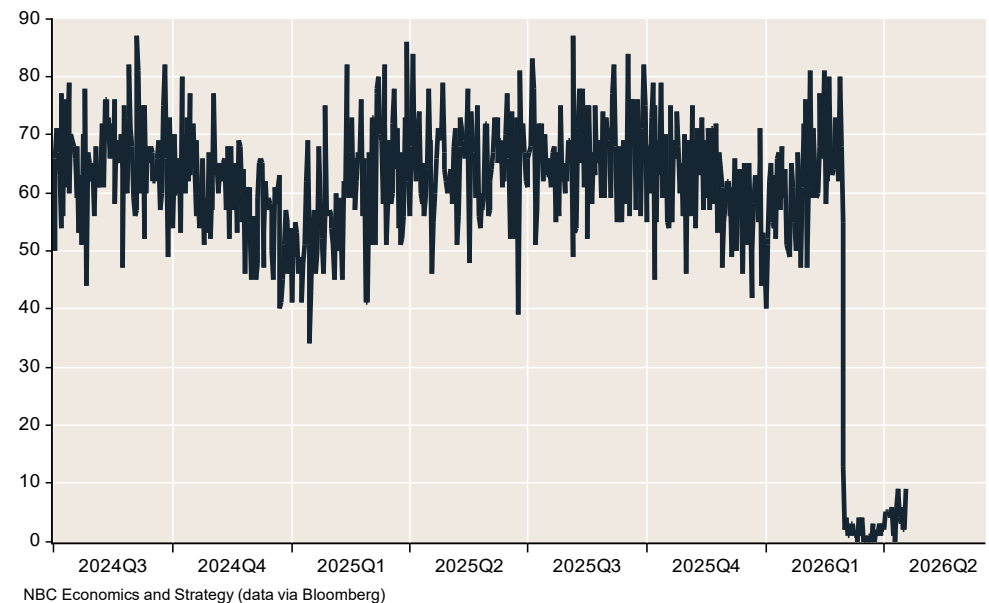
1. World: The geopolitical situation and stock market volatility

Geopolitical risk index (Caldara Iacoviello) and VIX index (S&P 500 expected volatility)



2. World: Maritime traffic severely disrupted in the Strait of Hormuz

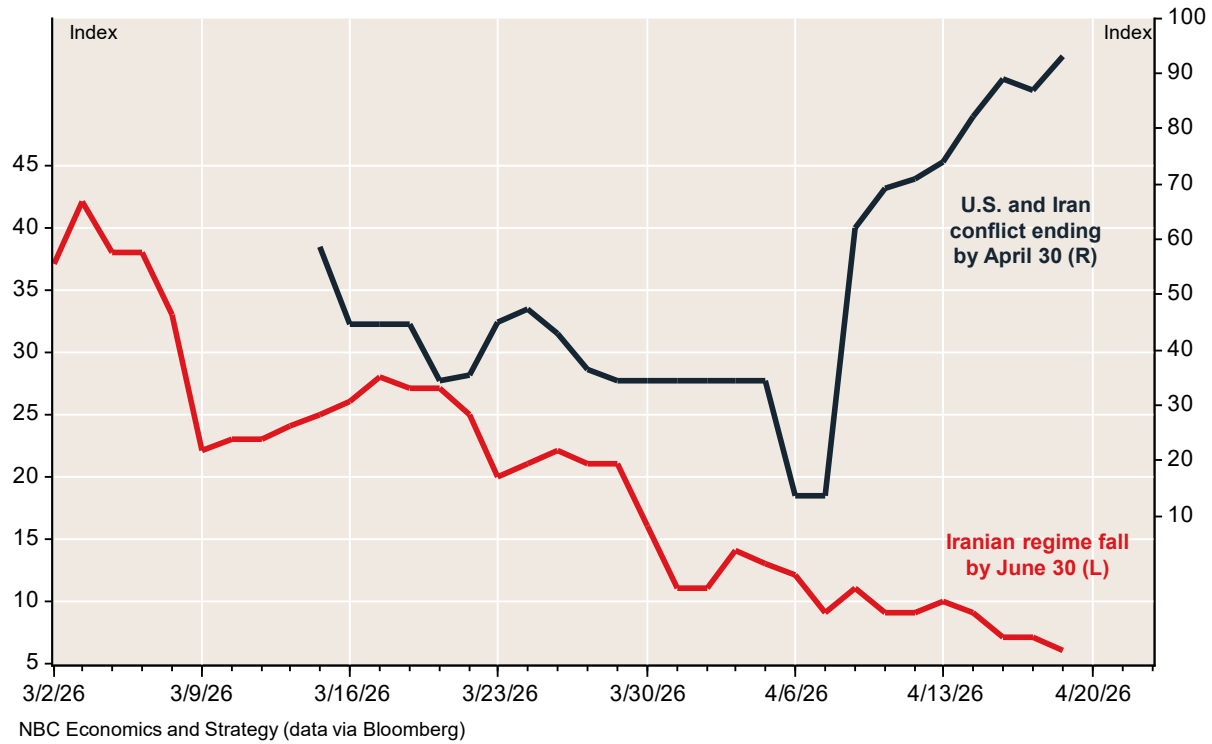
Number of tanker ships transiting through the straight of Hormuz





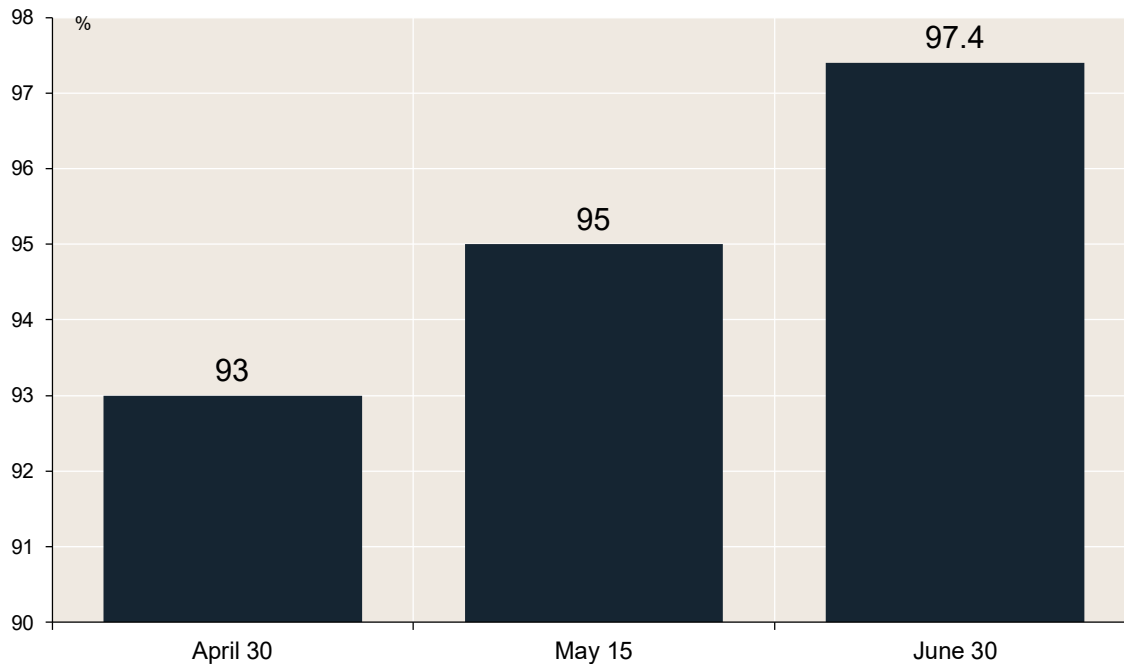
3. World: Bets on U.S. and Iran conflict ending and regime change

Polymarket estimated probability of events



4. World: Probability of the conflict ending by month

Probability of the conflict between the U.S. and Iran ending according to the Polymarket prediction market

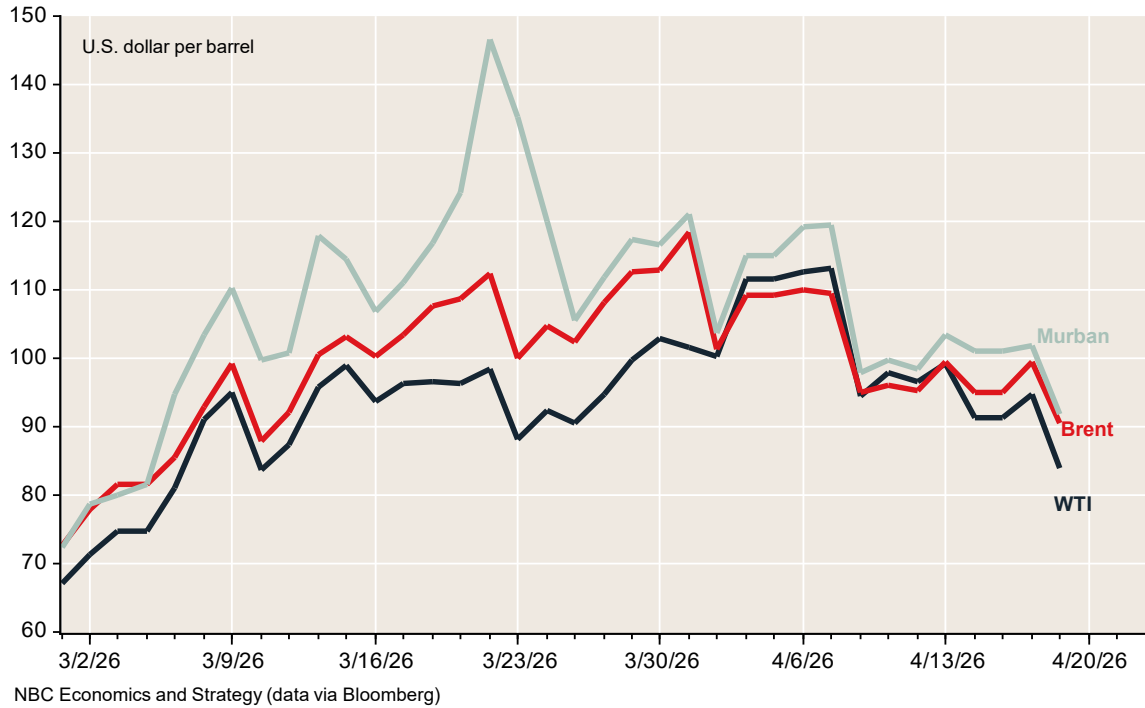


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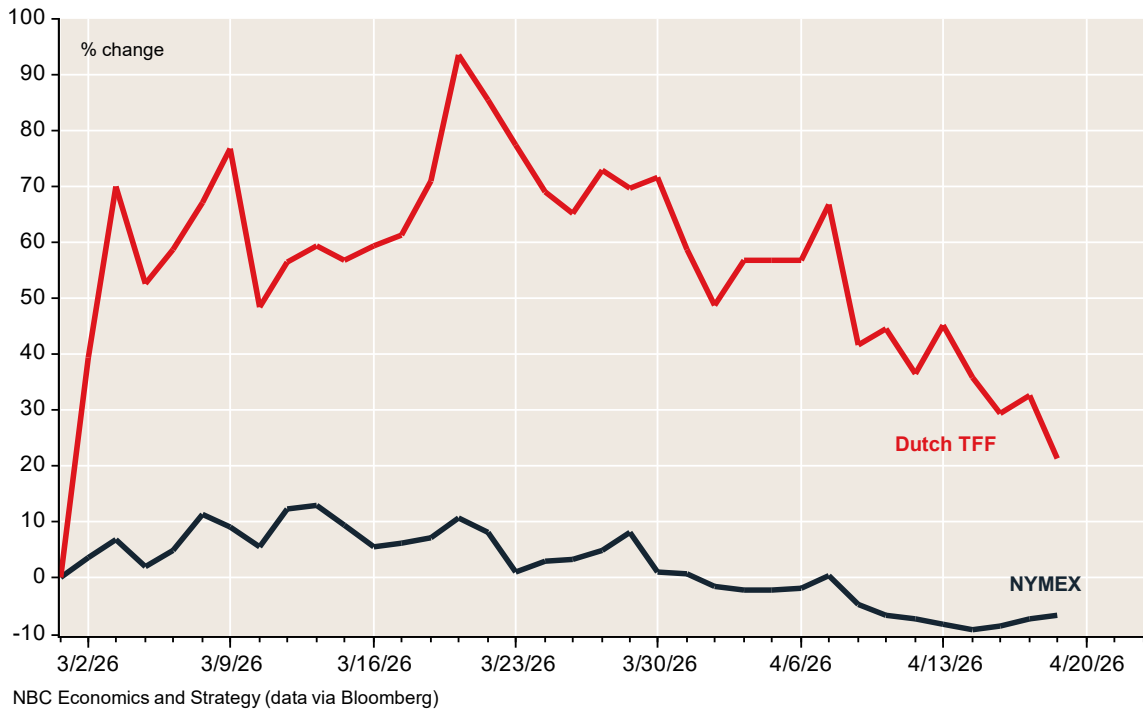
5. World: Perspective on oil prices

Price of a barrel of oil (USD), different benchmarks, since February 27th, 2026



6. World: Perspective on natural gas prices

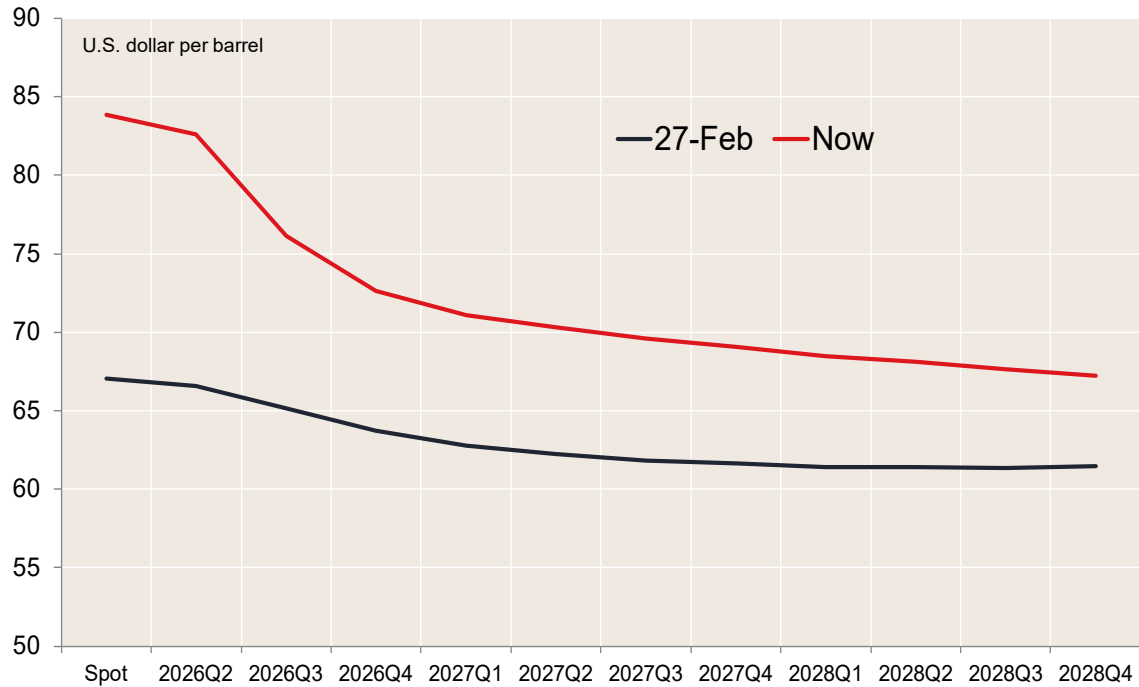
% change in natural price since February 27th 2026





7. World: Forward curve for oil prices

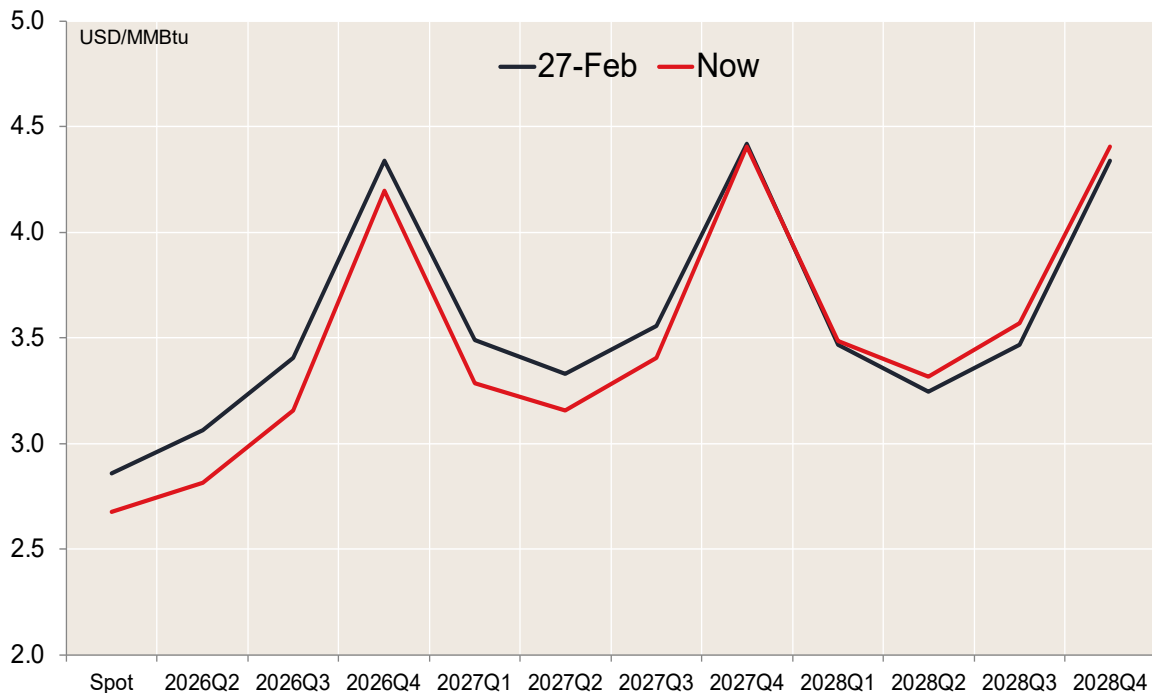
Expected price of a barrel of oil (USD) over the next quarters, pre-war and now



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8. World: Forward curve for natural gas prices

Expected price of natural gas (USD) over the next quarters, pre-war and now

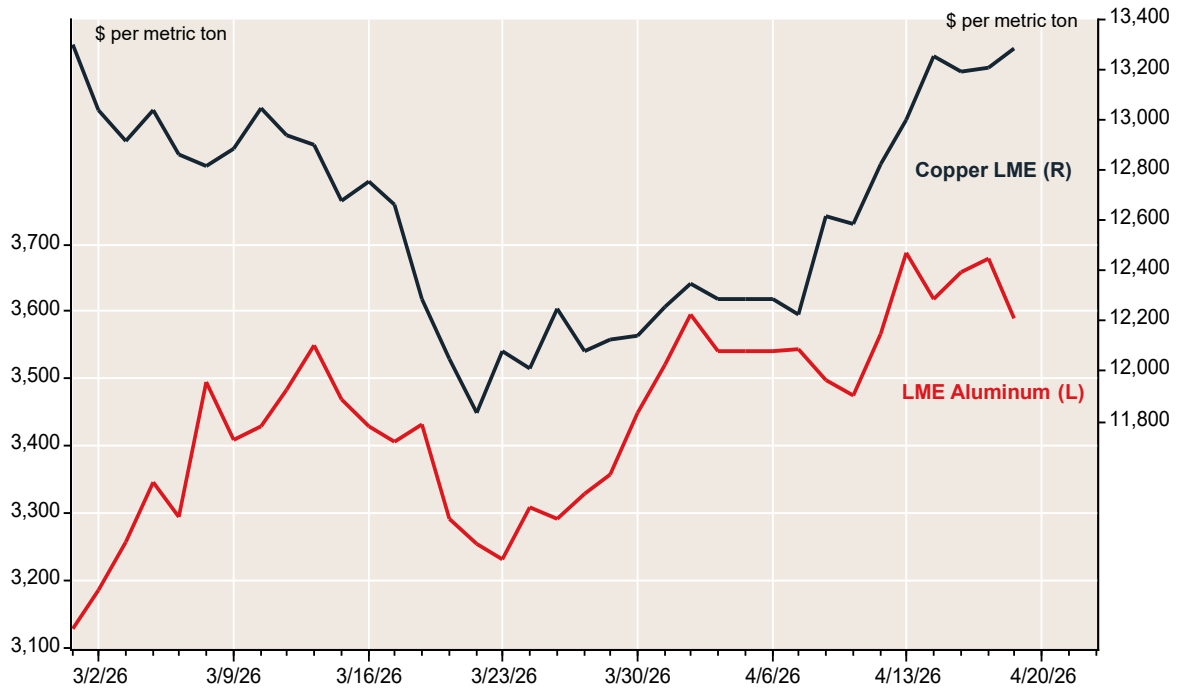


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9. World: Perspective on metal prices

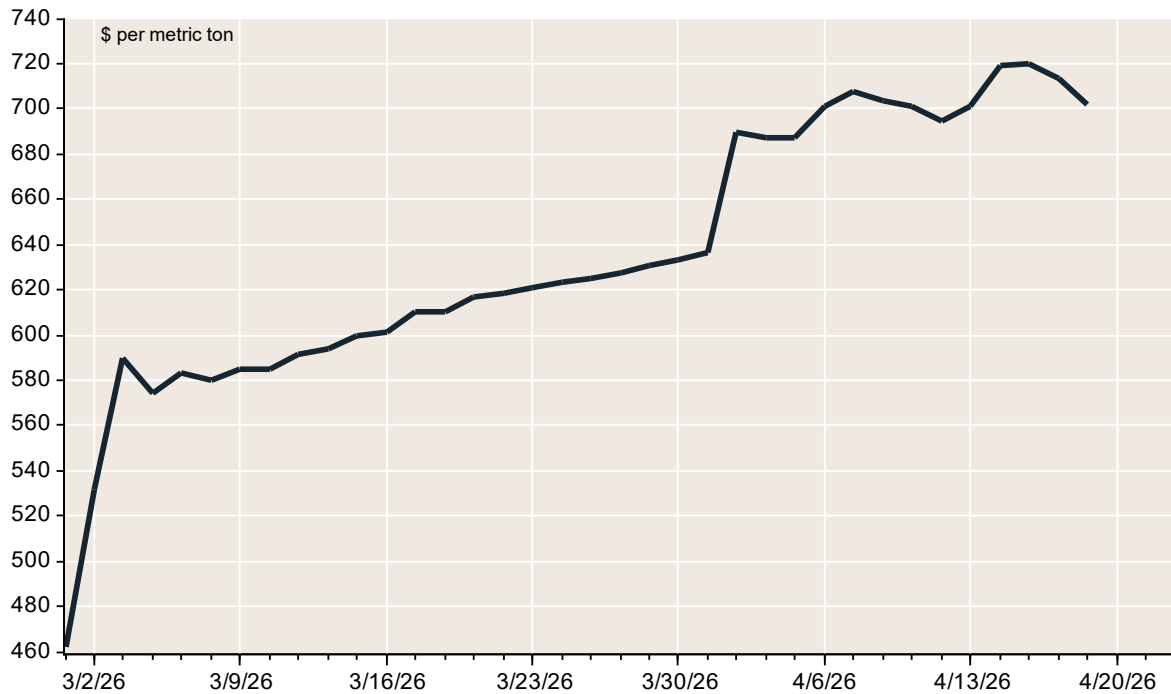
Price of aluminum and of copper



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10. World: Perspective on food prices

Price of urea

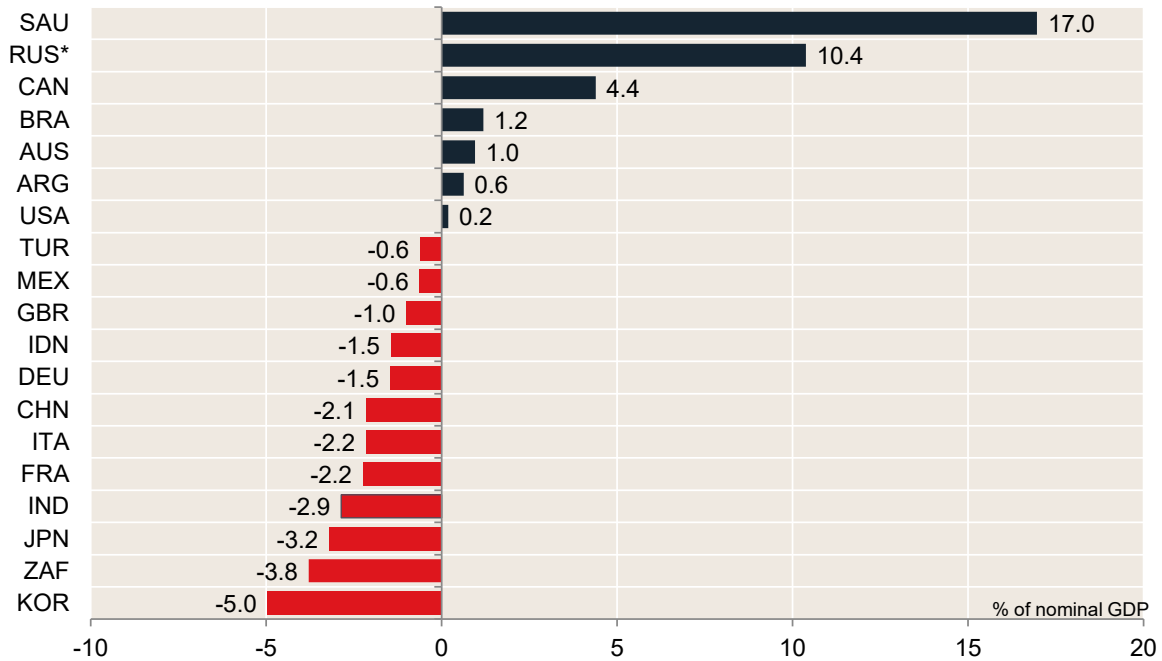


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11. World: Expositions to a rise in energy prices

Trade balance of oil, oil products, and natural gas as a % of nominal GDP by country (2024 or specified)

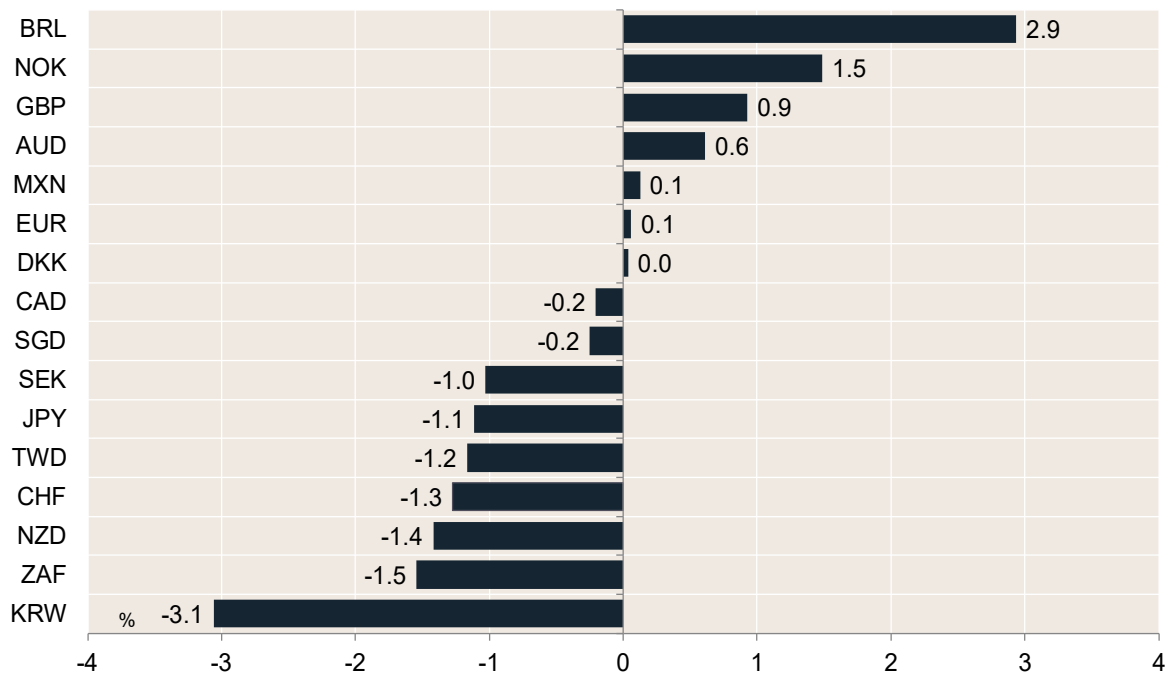


*Latest data are from 2021

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12. Currencies: Mixed performance against the USD

Performance of major currencies against the USD since February 27, 2026



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13. World: Perspectives on global equities

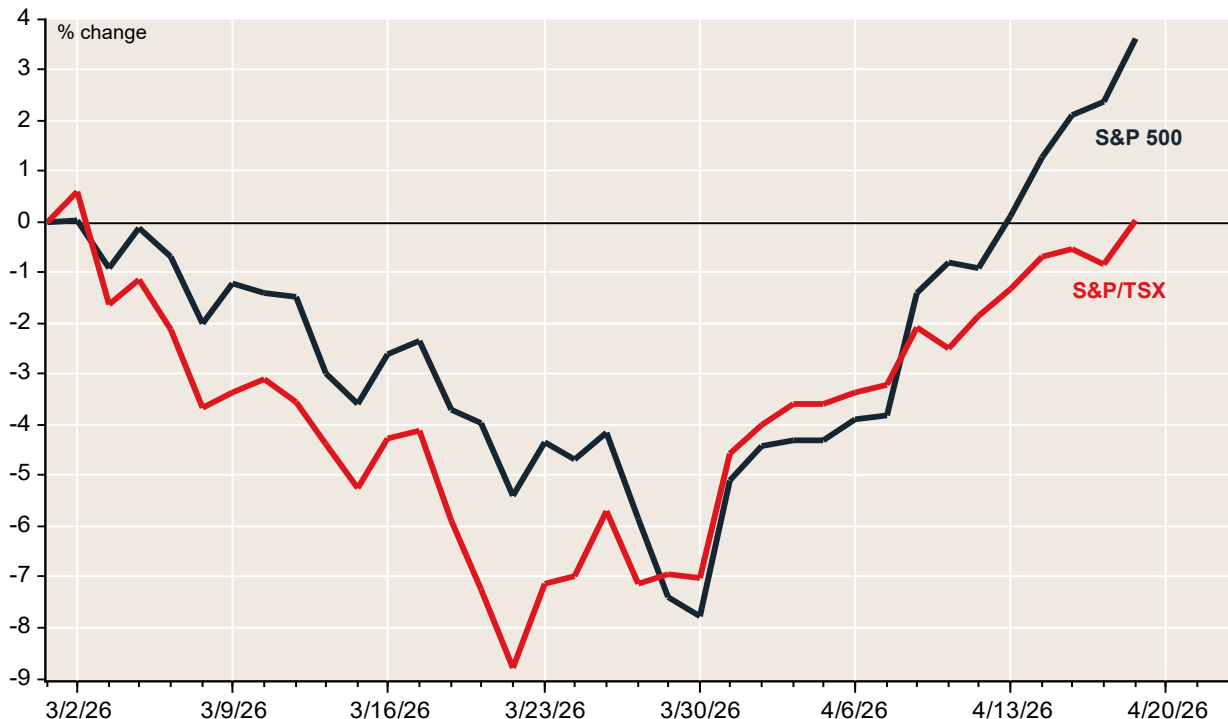
Stock market performance in 2022 vs 2026 (%)

	2022				2026			
	3 mo.	6 mo.	12 mo.	max. 2022 drawdown	3 mo.	Year to date	max. 2026 drawdown	Since war started
MSCI ACWI	-5.1	-18.5	-17.5	-23.5	-2.9	5.7	-8.6	1.9
MSCI World	-5.0	-19.0	-17.4	-23.5	-3.5	4.7	-8.4	2.1
MSCI USA	-5.5	-21.7	-20.8	-26.3	-4.8	3.9	-9.3	3.7
MSCI Canada	2.9	-11.0	-8.8	-17.8	2.6	7.8	-8.2	1.2
MSCI Europe	-5.9	-15.2	-10.9	-21.0	-1.5	5.4	-9.8	-1.3
MSCI Pacific ex Jp	0.6	-9.0	-5.9	-15.9	0.6	5.1	-7.8	-2.4
MSCI Japan	-2.5	-7.0	-6.6	-14.7	2.1	10.4	-11.5	-4.2
MSCI EM	-6.5	-14.9	-17.9	-27.0	1.8	14.2	-11.1	0.1
MSCI EM EMEA	-10.3	-22.9	-22.9	-29.9	0.9	8.5	-10.2	-0.4
MSCI EM Latin America	12.7	-7.6	-4.4	-20.4	11.6	15.8	-9.2	1.7
MSCI EM Asia	-7.5	-14.1	-18.2	-29.7	1.0	14.9	-12.4	0.1

NBC Economics and Strategy (data via Refinitiv)

14. S&P 500 and S&P/TSX: Performance since start of the war

Stock market performance since February 27, 2026



NBC Economics and Strategy (data via Bloomberg)



15. S&P TSX: Perspectives on Canadian equities

Stock market performance in 2022 vs 2026 (%)

	2022				2026			
	3 mo.	6 mo.	12 mo.	max. 2022 drawdown	3 mo.	Year to date	max. 2026 drawdown	Since war started
S&P TSX	3.1	-11.1	-8.7	-17.6	3.3	8.3	-9.3	0.0
ENERGY	27.4	23.5	24.4	-23.8	29.0	20.7	-7.0	0.6
MATERIALS	19.7	-9.0	-0.2	-33.4	10.4	18.9	-26.8	-10.1
INDUSTRIALS	3.6	-9.9	0.2	-17.1	-0.5	3.5	-10.0	-3.0
CONS. DISC.	-8.2	-18.0	-8.1	-21.8	-4.4	0.4	-12.1	-3.8
CONS. STAP.	5.0	-1.7	8.5	-9.6	2.8	0.1	-9.7	-5.3
HEALTH CARE	-8.7	-54.2	-62.2	-64.1	-5.0	2.6	-14.3	-1.0
FINANCIALS	1.4	-12.7	-12.7	-23.6	-2.7	7.1	-7.8	6.6
BANKS	2.7	-11.5	-12.6	-25.2	-0.1	10.2	-7.8	6.7
IT	-35.5	-55.3	-52.2	-58.9	-22.5	-13.1	-31.2	12.6
TELECOM	7.7	-2.9	-7.0	-24.0	4.3	-3.6	-13.3	-9.5
UTILITIES	4.0	-0.6	-14.0	-19.9	10.2	10.6	-3.8	0.5
REAL ESTATE	-5.4	-22.9	-24.3	-30.5	-5.2	3.3	-12.3	2.5

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16. S&P 500: Perspectives on U.S. equities

Stock market performance in 2022 vs 2026 (%)

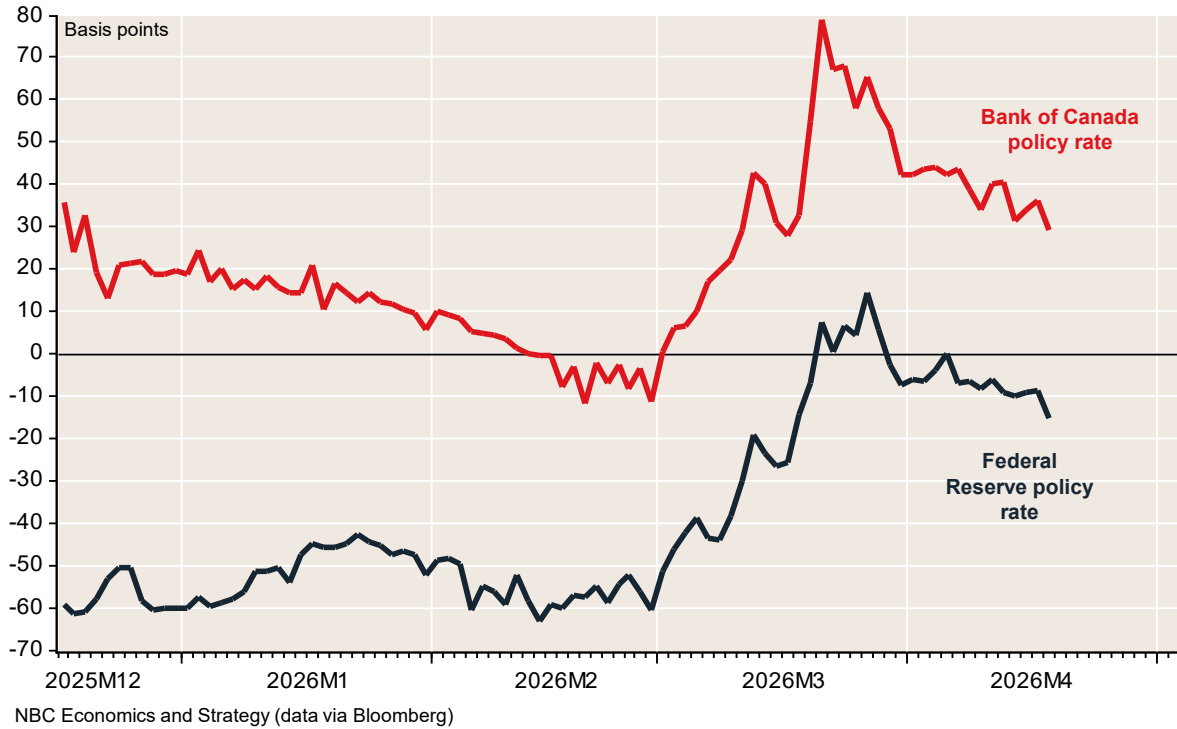
	2022				2026			
	3 mo.	6 mo.	12 mo.	max. 2022 drawdown	3 mo.	Year to date	max. 2026 drawdown	Since war started
S&P 500	-4.9	-20.6	-19.4	-25.4	-4.6	4.1	-9.1	3.6
ENERGY	37.7	29.2	59.0	-26.3	37.2	22.6	-12.4	-1.4
MATERIALS	-2.8	-18.7	-14.1	-25.6	9.3	14.0	-12.7	-3.1
INDUSTRIALS	-2.7	-17.5	-7.1	-22.6	4.3	11.9	-12.3	-1.9
CONS. DISC.	-9.2	-33.1	-37.6	-40.6	-9.3	1.7	-16.1	5.7
CONS. STAP.	-1.6	-6.8	-3.2	-17.7	7.0	7.6	-9.4	-7.3
HEALTH CARE	-3.0	-9.1	-3.6	-16.3	-5.3	-4.0	-10.3	-7.0
FINANCIALS	-1.9	-19.5	-12.4	-27.0	-9.8	-4.3	-15.1	2.2
IT	-8.6	-27.2	-28.9	-33.8	-9.3	4.7	-14.2	10.9
TELECOM	-12.1	-30.5	-40.4	-44.3	-7.1	6.0	-16.4	5.8
UTILITIES	4.0	-2.0	-1.4	-20.9	7.5	8.1	-6.7	-2.9
REAL ESTATE	-6.9	-21.2	-28.4	-34.9	4.0	13.3	-8.6	1.9

NBC Economics and Strategy (data via Refinitiv)



17. Expected actions by central banks by the end of the year

Magnitude of changes in policy rate by December 2026



18. Perspectives on government bond yields

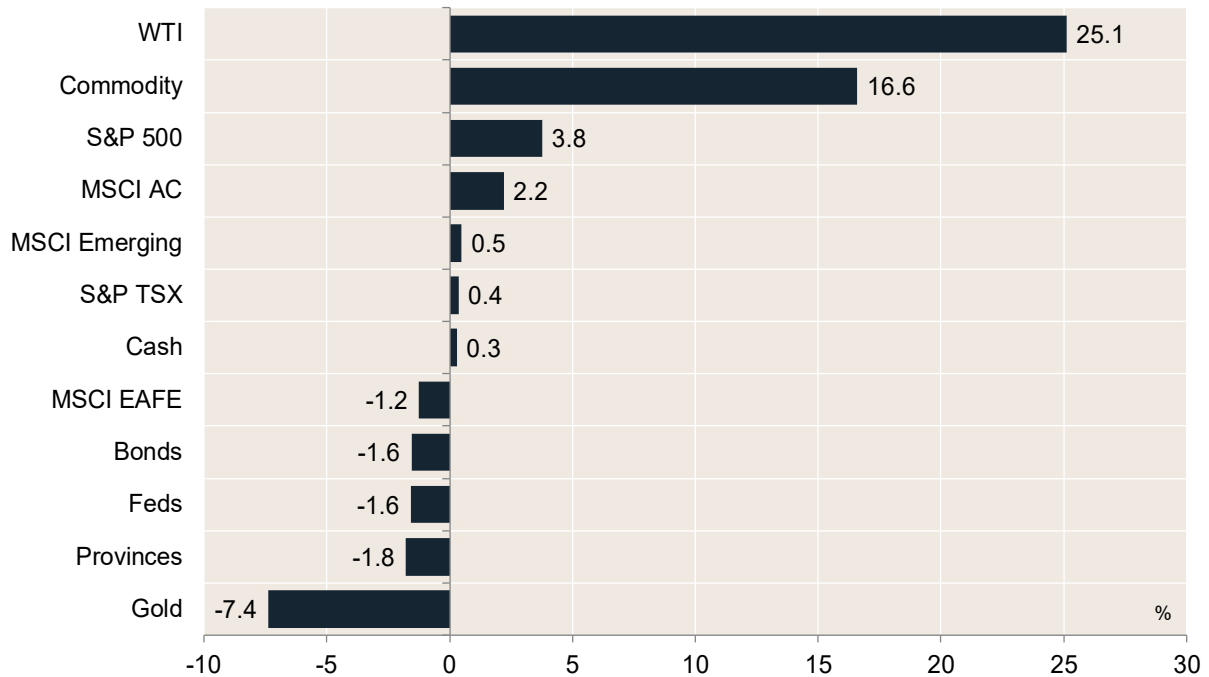
10-year Treasury yields in Canada and the United States





19. Financial market overview

Performance of major asset classes since February 27, 2026 (Total returns)



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20. Financial market overview: Now vs 2022

	S&P 500				S&P/TSX			
	3 months	6 mo.	12 mo.	2026 YTD	3 months	6 mo.	12 mo.	2026 YTD
Financials	-1.9	-19.5	-12.4	-4.3	1.4	-12.7	-12.7	7.1
Banks	-8.1	-25.4	-21.6	-1.3	2.7	-11.5	-12.6	10.2
Cons. Disc.	-9.2	-33.1	-37.6	1.7	-8.2	-18.0	-8.1	0.4
Telecom	-12.1	-30.5	-40.4	6.0	7.7	-2.9	-7.0	-3.6
Health care	-3.0	-9.1	-3.6	-4.0	-8.7	-54.2	-62.2	2.6
Utilities	4.0	-2.0	-1.4	8.1	4.0	-0.6	-14.0	10.6
Real estate	-6.9	-21.2	-28.4	13.3	-5.4	-22.9	-24.3	3.3
Cons. Stap.	-1.6	-6.8	-3.2	7.6	5.0	-1.7	8.5	0.1
Industrials	-2.7	-17.5	-7.1	11.9	3.6	-9.9	0.2	3.5
IT	-8.6	-27.2	-28.9	4.7	-35.5	-55.3	-52.2	-13.1
Materials	-2.8	-18.7	-14.1	14.0	19.7	-9.0	-0.2	18.9
Gold	28.1	-3.8	-23.9	16.7	16.5	-10.8	-0.9	20.0
Energy	37.7	29.2	59.0	22.6	27.4	23.5	24.4	20.7
Composite	-4.9	-20.6	-19.4	4.1	3.1	-11.1	-8.7	8.3
Autres variables clés								
	2022							
	3 months	6 months	12 months	2026 YTD				
Fed funds rate (level)	0.50	1.75	4.50	3.75				
U.S. 10 year yield (bps chg.)	2.33 (+0.83)	2.97 (+1.48)	3.83 (+2.33)	4.24 (+0.08)				
Broad USD	0.0	5.0	5.4	-1.1				
Oil WTI price \$ level (% chg.)	100 (+33.3%)	106 (+40.6%)	80 (+6.7%)	86 (+50.0%)				
Gold price \$ level (% chg.)	1941 (+6.5%)	1806 (-0.8%)	1815 (-0.4%)	4866 (+12.5%)				

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