



Friday March 13, 2026

## REALITY CHECK

It appears that markets are gradually coming to terms with the reality that the conflict in Iran may not be nearing its conclusion as President Trump suggested earlier in the week. Investors are increasingly pricing in the possibility of a prolonged military engagement in the Middle East, and the implications are beginning to ripple across global financial markets.

The prospect of an extended conflict, combined with surging energy prices, weighed heavily on U.S. equity markets yesterday. This pressure may persist in the weeks ahead as geopolitical uncertainty remains elevated and traders reassess the global growth outlook.

Fixed-income markets also reacted meaningfully. Short-dated U.S. Treasury yields moved sharply higher, reflecting a shift in expectations among rate traders. Many are now questioning whether the Federal Reserve will even deliver a full rate cut in 2026, given the potential inflationary impact of rising energy costs and geopolitical instability.

In foreign exchange markets, the U.S. dollar strengthened further. The DXY index—which measures the USD against a basket of major currencies—climbed to its highest level so far this year, buoyed by safe-haven flows and shifting rate expectations.

Looking ahead, attention this morning turns to Canada, where February's employment report is set for release. After a decline in jobs last month, our economists are anticipating a modest rebound of roughly 10,000 positions.

Wishing you a great weekend,

*James Maddalena*

### Economic news to watch today

US: PCE Price Index (January)  
CA: Employment Data (February)

## Market Moves

Source: Bloomberg at market close

USD/CAD	1.3461 +0.0048
EUR/USD	1.1512 -0.0055
EUR/CAD	1.5702 -0.0021
TSX	32,841 -0.84%
S&P500	6,673 -1.52%
WTI Oil	97.73 +9.72%
CA 10-YR Bond Yield	3.53% +1.23%
US 10-YR Bond Yield	4.26% +0.74%

## Trends

Range of the day	1.3600	1.3700
Range of the next 5 days	1.3550	1.3750

## Risk Management Solutions Group

- Montreal : 514-394-8282 / 514-390-5655
- Toronto : 416-869-8900

## DISCLAIMER

- This document is provided for information purposes only and is intended for use by Accredited Counterparties under the Derivatives Act (Québec) and Qualified Parties as defined under ASC, BCSC, SFSC, MSC and NBSC orders.
- National Bank of Canada and its subsidiaries (the "Bank") act solely as an arm's length contractual counterparty and not as an advisor or trustee, and are not bound by any legal obligation to advise on the validity or opportunity to transact an instrument or a

financial product. Accordingly, the client should not regard transaction proposals or other written or oral communications from the Bank as a recommendation to transact or as advice that a transaction is appropriate or meets his specific financial objectives.

- Financial transactions involve a variety of potentially significant risks and issues. Before entering into any financial transaction, it is important to fully understand its terms, to have evaluated the risks, and to have determined that the transaction is suitable for the client's specific needs and objectives, level of experience, financial and operational resources, and any other relevant factors. This document does not purport to describe all of the risks associated with financial transactions and should not be construed as advice in this respect. The Bank strongly recommends independent consultation with tax, legal, accounting and financial advisors before entering into the transaction in order to obtain an assessment of the benefits and risks of the transaction with respect to the transaction-specific circumstances.
- The contents of this document do not constitute an offer to enter into any transaction. We believe the information to be reliable, but make no representation as to its accuracy or completeness. This document may refer to some terms included only for discussion purposes and does not constitute a guarantee that a transaction will be concluded based on those financial terms or otherwise. The strategies, scenarios and risks described and/or presented in this document are based on hypothetical examples, and the true and final strategies, scenarios and risks may vary depending on the circumstances
- You are not authorized to and you may not deliver or provide any part of this document to any person without the Bank's prior written consent.