

REVIEW – WEEK OF FEBRUARY 23RD, 2026

Last week, markets focused on Canadian GDP, US economic data, significant cross-asset moves, and escalating developments between the US and Iran.

The Canadian economy ended the year on a softer footing, as a sharp drawdown in business inventories led real GDP to contract at an annualized rate of 0.6% in the fourth quarter. While the inventory decline weighed heavily on growth, it was partially offset by stronger household spending, exports, and government capital spending. Domestic demand rose 2.4% during the quarter, pointing to underlying resilience. The household saving rate held steady at 4.9% in 2025, roughly in line with 2024. Trade also contributed positively, with exports rising faster than imports. However, stronger foreign demand did not translate into higher production, as firms appeared to meet demand by running down inventories — explaining the pronounced inventory contraction. For the full year, real GDP grew 1.7% in 2025, down from 2.1% in 2024, marking the slowest annual growth since the pandemic-driven contraction in 2020.

In the United States, consumer confidence improved modestly in February but remains historically subdued. Producer prices rose 0.5% month-over-month in January, with core producer prices up 3.4% year-over-year, underscoring persistent services-led inflation pressures. Home prices increased 0.4% in December, although annual gains slowed to 1.3% amid notable regional divergence.

Equities attempted to rebound ahead of Nvidia's earnings, but despite strong results, the chipmaker failed to reignite enthusiasm for mega-cap technology stocks. Nvidia fell 5.5% the following day, dragging down much of the S&P 500, as concerns about stretched valuations and a potential AI-related bubble continue to weigh on sentiment. The US dollar traded steadily, with no major catalysts to drive direction. Meanwhile, the US 10-year yield fell below 4% late in the week in a classic flight-to-quality move.

Geopolitical tensions escalated sharply during the weekend as the US and Israel launched coordinated missile strikes on Iran, reportedly killing Supreme Leader Ayatollah Ali Khamenei and targeting military facilities linked to the country's nuclear program. The conflict has caused disruptions across the Middle East, with blasts heard in Israel, Saudi Arabia, Qatar, and the United Arab Emirates, and oil prices surging due to the impact on energy flows. QatarEnergy suspended production of liquefied natural gas due to attacks on its facilities, while operations were paused at Saudi Arabia's largest refinery after a drone strike. Fuel prices soared across global markets, and Iran has warned vessels to avoid the Strait of Hormuz — a critical energy chokepoint through which roughly 100 merchant ships pass daily.

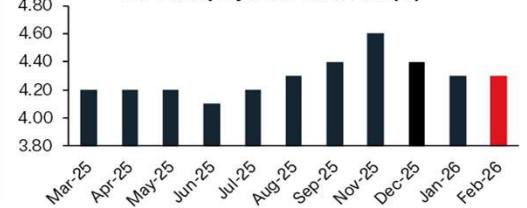
Looking ahead, markets will focus on US payrolls and retail sales data, further developments in the US-Iran conflict, and remarks from Bank of Canada officials Kozicki and Macklem.

Have a good week!

ECONOMIC RELEASES

| | | | Expected | Prior |
|----|-----|-------------------------------------|----------|-------|
| CA | 3/2 | S&P Global Canada Manufacturing PMI | - | 50.4 |
| US | 3/4 | ADP Employment Change | 50k | 22k |
| US | 3/5 | Initial Jobless Claims | 215k | 212k |
| US | 3/6 | Change in Nonfarm Payrolls | 60k | 130k |
| US | 3/6 | Unemployment Rate | 4.30% | 4.30% |
| US | 3/6 | Retail Sales MoM | -0.30% | 0.00% |

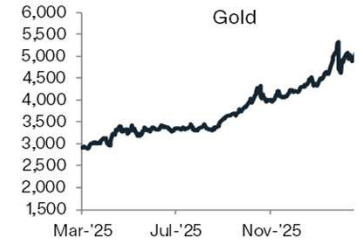
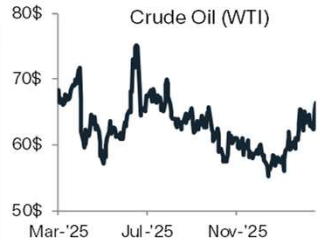
US: Unemployment Rate YoY (%)



| | | Current | Wkly Chg | % Chg |
|----|--------|---------|-----------|-------|
| FX | USDCAD | 1.3666 | -0.0031 ↓ | -0.2% |
| | EURCAD | 1.5993 | -0.0148 ↓ | -0.9% |
| | EURUSD | 1.1703 | -0.0082 ↓ | -0.7% |
| | GBPCAD | 1.8298 | -0.02 ↓ | -1.0% |
| | CADJPY | 115.206 | +2.2930 ↑ | 2.0% |
| | CADCNY | 5.0448 | -0.0045 ↓ | -0.1% |
| | AUDCAD | 0.9647 | -0.0016 ↓ | -0.2% |
| | CADCHF | 0.5695 | +0.0039 ↑ | 0.7% |



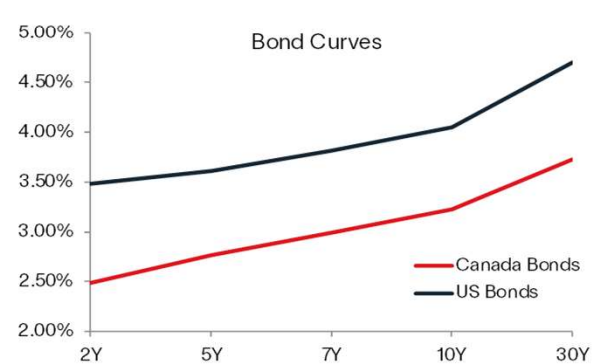
| | | Current (USD) | Wkly Chg | % Chg |
|-------------|-------------------------|---------------|----------|-------|
| COMMODITIES | Crude Oil - WTI (bbl) | 72.48 | +6.17 ↑ | 9.3% |
| | Diesel - HO (gal) | 297.84 | +30.02 ↑ | 11.2% |
| | Nat.Gas - NYMEX (MMbtu) | 3.04 | +0 ↑ | 1.7% |
| | Gold (t oz) | 5,401.20 | +197 ↑ | 3.8% |
| | Corn (bu) | 4.37 | +10 ↑ | 2.2% |
| | Soybean (bu) | 11.53 | +19 ↑ | 1.6% |
| | Wheat (bu) | 5.96 | +27 ↑ | 4.7% |



| | | Current | Wkly Chg | % Chg |
|----------|------------|---------|----------|-------|
| EQUITIES | S&P TSX | 34,340 | +563 ↑ | 1.7% |
| | S&P 500 | 6,879 | +41 ↑ | 0.6% |
| | Dow Jones | 48,978 | +174 ↑ | 0.4% |
| | Euro Stoxx | 5,990 | -124 ↓ | -2.0% |
| | VIX | 23.6 | +3 ↑ | 12.2% |



| | Canada Bonds | | US Bonds | |
|-------|--------------|----------|----------|----------|
| | CA | Wkly Chg | US | Wkly Chg |
| O/N | 2.25% | +0.0 bps | 3.75% | +0.0 bps |
| Prime | 4.45% | +0.0 bps | 6.75% | +0.0 bps |
| 2Y | 2.48% | +2.3 bps | 3.48% | +0.8 bps |
| 5Y | 2.76% | +0.5 bps | 3.61% | -1.9 bps |
| 7Y | 2.99% | -0.5 bps | 3.81% | -2.2 bps |
| 10Y | 3.23% | -0.3 bps | 4.05% | -3.5 bps |
| 30Y | 3.73% | -0.5 bps | 4.70% | -4.7 bps |



| | |
|--------------|---------|
| Daily CORRA | 2.28000 |
| 1M Term SOFR | 3.66766 |
| 3M Term SOFR | 3.66737 |

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