

# Financial HARTbeat

Is it War?

Mar 2<sup>nd</sup> 2026



Good Morning,

As you all know now kinetic fighting has started, who's winning and who's losing is always the debate and something to pay close attention to...

What is going on in Iran as of now...nobody knows with great certainty

If you were wanted to put pressure on China would attacking Iran and Venezuela give you an upper hand? China is showing a 2 million barrel per day deficit as of now..

Time will tell but very important to watch money flows, interest rates and market action right now..

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**Also, catch the playback of our Annual Outlook [Click here](#)**

**Chart of the Day: ISI Evercore's thoughts on inflation risks...**

	PCE inflation		Core PCE inflation	
	Dec. '25	Jun. '26	Dec. '25	Jun. '26
Israel-Iran ceasefire holds	0.08	0.02	0.03	0.02
Resurgence of Middle East conflict	0.74	0.45	0.16	0.15
Closure of the Strait of Hormuz	1.28	0.80	0.26	0.27
University of Michigan 1Y		University of Michigan 5-10Y		
	Dec. '25	Jun. '26	Dec. '25	Jun. '26
Israel-Iran ceasefire holds	-0.02	-0.01	-0.00	0.00
Resurgence of Middle East conflict	0.23	0.10	0.03	0.01
Closure of the Strait of Hormuz	0.43	0.19	0.05	0.03

NOTES: Headline and core personal consumption expenditures (PCE) inflation are expressed as cumulative effects in percentage points (annualized) relative to the benchmark of no Israel-Iran conflict. Inflation expectations are expressed as changes in percentage points relative to the benchmark of no-conflict at specific horizons. Estimates obtained using the Bayes estimate are shown as black lines in Chart 2.  
SOURCE: Authors' calculations.



**Ben Hart**

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -  
Wealth Management**

50 O'Connor Street Suite 1602  
Ottawa, ON K1P 6L2



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## Top News

Canadian stock index futures fell this morning, mirroring declines in global equities as the U.S.-Israeli air war against Iran expanded on Monday with no end in sight, Israel attacking Lebanon in response to strikes by Hezbollah, while Tehran fired missiles and drones at Israel, Gulf states and a British air base in far-away Cyprus. Iran's Revolutionary Guard Corps announced a new wave of strikes against Israel later today.

Meanwhile, the interruption to oil shipments through the Strait of Hormuz, where around a fifth of the world's oil trade passes along the Iranian coast pushed oil prices by double-digit percentages higher today. Iran's Revolutionary Guards said they had hit three U.S. and UK oil tankers in the Gulf and the Strait of Hormuz and attacked military bases in Kuwait and Bahrain with drones and missiles. Shipping data showed hundreds of vessels including oil and gas tankers dropping anchor in nearby waters. Global air travel was also heavily disrupted as airstrikes kept major Middle Eastern airports closed. U.S. President Donald Trump suggested on Sunday that the conflict with Iran could go on for the next four weeks. Gold and the U.S. dollar index rose, as safe-haven demand strengthened in response to the escalating conflict.

Separately, Prime Minister Mark Carney announced that India and Canada will aim to conclude a free trade pact by the end of this year. The two sides also agreed on a \$2.6 billion uranium deal, under which Canada's Cameco will supply the fuel to India to support its nuclear ambitions and to work towards a clean, reliable base load power. Relations between India and Canada deteriorated sharply in 2023 after then Prime Minister Justin Trudeau alleged Indian involvement in the killing of a Canadian Sikh separatist. The dispute deepened and led to expulsions of diplomats and freezing of trade negotiations.

Carney's four days India visit was aimed at resetting ties, as both countries look to diversify trade away from the United States due to tariff announcements and deepen cooperation in areas such as clean energy, critical minerals and agricultural value chains. India sealed a free-trade pact with the European Union in January, while it recently paused negotiations with the United States on a proposed deal, hoping to resume once there is greater clarity following the invalidation of President Donald Trump's tariffs.



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Also on trade, China on Saturday sharply reduced its tariff rate on Canadian canola in the final ruling of a 17-month antidumping investigation, following a thaw in relations between Beijing and Ottawa. The announcement came a day after China said it would suspend some tariffs on Canadian agricultural products imposed during its trade spat with Canada. The final anti-dumping tariff was lowered to 5.9% from a preliminary 75.8% imposed in August, according to a statement from the commerce ministry. The levy will be effective from March 1 and will last for five years.

## March Can Be Unpredictable (Argus)

Equity investors have been bounced around in 2026, as January kicked off the year with a solid gain, but February gave it right back. Which way will March go? One trend appears certain: the month will get off to a volatile start. Indeed, in the wake of the weekend attack on Iran by the U.S. and Israel, stock futures are lower, bond and gold prices are higher, and the cost of a barrel of oil is on the rise. This type of volatility is really par for the course for March in recent years. The last month of the first quarter had historically been a strong month for the markets -- prior to 2020. But the average gain for the S&P 500 in the month of March since 1980 is now 0.9%, after absorbing the COVID-19 plunge of 12.5% in 2020 and another 5.1% tariff-related setback last year. March is thus below the middle of the pack (in eighth place) in terms of average monthly gains, with a winning percentage of 63%. Generally, March is a quiet month on Wall Street, as the fourth-quarter earnings reports are mostly finished. Without a steady flow of profits to review, investors under normal circumstances would be paying very close attention to economic reports (including the non-farm payrolls report this Friday and the Consumer Price Inflation report on March 11), as well as to the Federal Reserve's two-day meeting on March 17 and 18.

The new conflict in Iran will bear watching, particularly if it drags on for more than a few weeks. Absent geopolitics, the market fundamentals remain aligned in support of the bull rally, with low interest rates, a growing economy, and rising corporate profits. We continue to hold on to our forecast for a positive year for the S&P 500, with returns in the single-digit range but below the average of the past three years.



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**Bond Yields (bps (basis points) negative means prices up and positive means prices down)**

**Figure 1: Key Interest Rates (Canada & U.S.)**

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	2.73%	5.8
CDA Prime	4.45%	0.0	CDA 10 year	3.18%	5.5
CDA 3 month T-Bill	2.20%	0.5	CDA 20 year	3.55%	5.3
CDA 6 month T-Bill	2.24%	-1.0	CDA 30 year	3.68%	5.3
CDA 1 Year	2.33%	1.0			
CDA 2 year	2.46%	6.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.57%	5.5
US Prime	6.75%	0.0	US 10 year	4.00%	3.6
US 3 month T-Bill	3.59%	0.4	US 30 year	4.66%	2.3
US 6 month T-Bill	3.64%	1.8	5YR Sovereign CDS	34.73	
US 1 Year	3.53%	4.5	10YR Sovereign CDS	44.93	
US 2 year	3.45%	6.9			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	698.89	0.03%	0.38%		
BMO Laddered Preferred Shares (ETF)	12.48	0.20%	1.22%		

Source: LSEG

Things are looking up! Have a great day!

Ben



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