

Financial HARTbeat

Geopolitical..
Mar 12th 2026



Good Morning,

Iran's new leader said it will avenge the attacks that are being perpetrated on its country...

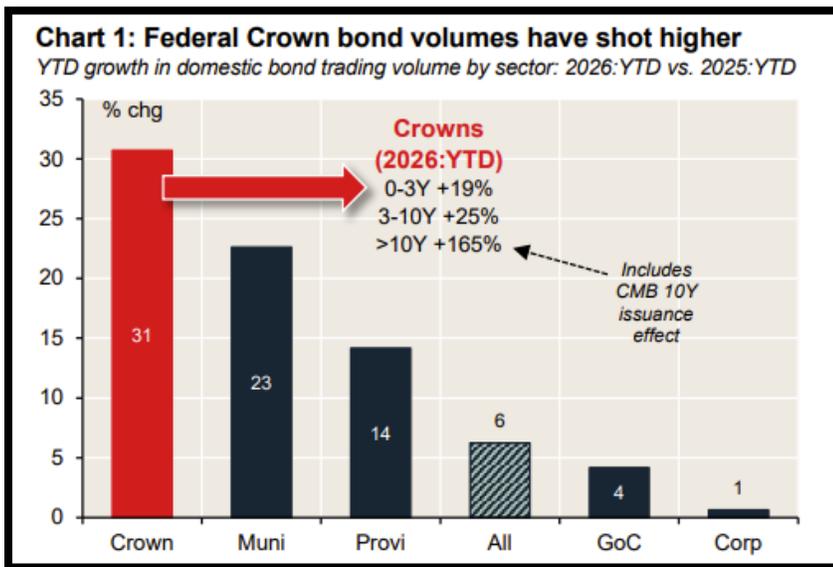
Ukraine and Russia continues...quietly but still very aggressively on both sides..

China getting riled up with daily Oil deficit..

Catch the playback of our Weekly Roundup [Click here](#)

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

Chart of the Day: Canadian Crown volume heating up...



Source: NBC, CIRO | Note: Based on all dealer totals; YTD is Jan-Feb; Crown is federal



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Top News

U.S. stock index futures fall this morning as oil prices soared to around \$100 a barrel, fanning inflation worries and forcing traders to dial back expectations of U.S. interest rate cuts. Crude prices jumped following reports that two tankers were set ablaze in Iraqi waters after apparent Iranian strikes, part of a broader wave of attacks on oil and transport facilities across the Middle East.

Iran warned oil prices could surge as high as \$200 a barrel. Washington said it was launching two new trade investigations into excess industrial capacity in 16 major trading partners and into forced labor, in a long-telegraphed move, to rebuild tariff pressure after the U.S. Supreme Court tore down much of U.S. President Donald Trump's tariff program last month. Following a string of credit issues that have surfaced in recent months, investors are scrutinizing the roughly \$2 trillion private credit market, raising concerns over loan performance and borrowers' ability to manage elevated interest rates.

Morgan Stanley limited redemptions at one of its private credit funds on Wednesday, and JPMorgan Chase reduced the value of some loans to private credit funds. Later in the day, investors will gauge comments from Fed Vice Chair for Supervision Michelle Bowman, ahead of Friday's personal consumption expenditure data - the central bank's preferred inflation gauge. Data this morning showed initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 213,000 for the week ended March 7. Economists had forecast 215,000 claims for the latest week. The US trade deficit narrowed sharply to \$54.5 billion in January 2026, the lowest since October, following a revised \$72.9 billion in December and compared to forecasts of a \$66.6 billion gap.

Futures tied to Canada's main stock index also slip as signs of rising Middle East tensions soured risk sentiment and drove up crude prices, further stoking inflation worries. Gold prices are little changed, as margin calls on sliding equities, a stronger U.S. dollar and dampened rate-cut bets offset safe-haven demand for bullion amid the escalating U.S.-Israeli war on Iran. In economic data, the country posted a deficit of \$3.65 billion in January, almost three times more than the deficit of \$1.3 billion observed in December. Analysts had forecast a C\$900 million deficit for the month.



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Total exports dropped by 4.7% in January. European shares extend losses this morning as investors grapple with a surge in oil prices, which exacerbates concerns about inflation amid the war in the Middle East. Inflation could edge higher in Europe, which is heavily dependent on oil imports, if crude prices remain elevated for an extended period, adding pressure to already tepid regional growth.

Money markets are pricing in a European Central Bank rate hike by July, with an 85% probability of another increase by December.

China and Hong Kong stocks closed down today as investor risk appetite waned amid few signs that the U.S.-Israel war with Iran will end soon. Hong Kong shares of Guotai Junan International and Citic Securities fell 4.2% and 1.7%, respectively, after media reported Hong Kong authorities had raided the two brokerages this week.

Japan's Nikkei share average ended lower as global oil prices resumed their climb, while concerns grew that the U.S.- Israeli war with Iran could drag on.

Yellow Metal in Demand (Argus)

When global economic conditions are uncertain, investors often flock to gold. Gold is currently trading at around \$5,160 per ounce, up more than 17% for the year and near the high end of its five-year range of \$1,660-\$5,200. Back in 2019, it was fetching about \$1,200 per ounce. That changed rapidly during the first phase of the pandemic, as the spot price for an ounce of gold jumped 33% in six months. Gold next spiked in 2022 due to the war in Ukraine. Over the past year, it has jumped 75%, driven by global uncertainty over tariffs and the recent attack on Iran. The current price of gold reflects the perceived safety of hard assets as well as expectations for lower U.S. interest rates, which tend to weaken the dollar (the currency in which gold is priced).

The outlook for interest-rate rate cuts helps because lower rates reduce the risk of a global economic recession and thus a potential decline in gold purchased for jewelry. Our forecast trading range for gold in 2026 is \$4,000-\$6,000 and our average price forecast for the year is \$5,200. Is the current upward trend sustainable? From a technical standpoint, the price of gold is in a long-term bullish trend of higher



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highs and higher lows. That's positive. But this latest spike is a bit extraordinary. On average this century, the price of gold has traded at a 6% premium to its 12-month moving average. The standard deviation is 9%. The current premium is 38%, or more than 3 standard deviations above the norm. For a fundamental valuation measure, we compare the price of gold to the value of the S&P 500 index. Over the past 45 years, the index has been priced in a normal range of 3-to-1 times an ounce of gold. A reading above 3 likely reflects too much confidence in the S&P 500, while a reading below 1 is a nosebleed price for gold. (The all-time low ratio was 0.17 in 1980). The current ratio is about 1.3. As long as geopolitics are flaring and the global economy is wobbling, gold is likely to remain at historically elevated levels.

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	3.03%	0.0
CDA Prime	4.45%	0.0	CDA 10 year	3.49%	0.2
CDA 3 month T-Bill	2.24%	0.0	CDA 20 year	3.81%	0.6
CDA 6 month T-Bill	2.30%	0.0	CDA 30 year	3.94%	0.8
CDA 1 Year	2.47%	1.0			
CDA 2 year	2.73%	0.0			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.79%	1.2
US Prime	6.75%	0.0	US 10 year	4.22%	1.6
US 3 month T-Bill	3.61%	-0.1	US 30 year	4.88%	2.1
US 6 month T-Bill	3.65%	0.3	5YR Sovereign CDS	37.26	
US 1 Year	3.60%	0.8	10YR Sovereign CDS	47.50	
US 2 year	3.65%	1.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			696.93	0.00%	0.10%
BMO Laddered Preferred Shares (ETF)			12.42	0.00%	0.73%

Source: LSEG

Things are looking up! Have a great day!

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