



WEEKEND READING

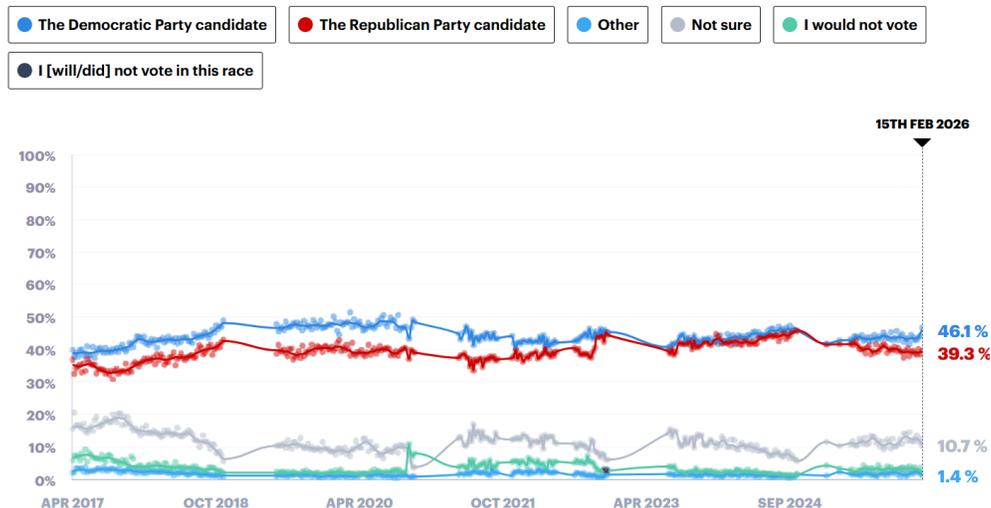
Shedding the light on what's happening - our world - our finances - our times

Some like it hot...or not.

Tariff Tantrums

As we headed to print on Friday, the [Supreme court struck down](#) the Trump administration's use of the International Economic Emergency Powers Act (IEEPA) to enact tariffs without the blessing of Congress. We held the Weekend Reading commentary over the weekend. The media firehose continued. The wording of the document clarified the limits to Presidential power... under that specific statute. There was wishful thinking on Friday that this ruling would give Trump an offramp from tariffs that have proved very unpopular with the US electorate, particularly within the agricultural industry in 'Red' states.

Congressional ballot voting intention



Source: <https://today.yougov.com/topics/politics/trackers/congressional-ballot-voting-intention>

Feb 6-9, 2026 Economist/YouGov US Political Opinion Poll results (PDF)

https://d3nkl3psvxxpe9.cloudfront.net/documents/econTabReport_vNnwPx2.pdf

Initial financial market reaction to Friday's SCOTUS tariff ruling was modestly positive. Media pundits shared hopes a savvy politician would use the reversal to their advantage.

Nope. After the market closed on Friday, Mr. Trump reacted with un-Presidential vitriol against the Supreme Court, international trading partners, members of Congress, etc. Just another day in Washington. There was a back-up plan to maintain tariff tax revenue. Trump immediately followed the ruling's announcement with a 10% blanket tariff under [Section 122 of the same 1974 Act](#) designed to address "fundamental international payment problems, confirming the administrations willingness to go to the mat on stretching the interpretation of statutes. [The legal community waded in the fray.](#) Trump then hiked the blanket tariff rate to the maximum 15% allowed. By definition, all of the US trading partners can't abuse the international payment system – of which the US is the prime benefactor – at the same time.

Section 122 conveniently has no 'agency investigation' requirements, but has a forced expiry date of 150 days, after which Congress must vote to maintain the tariffs. Invoking Section 122 forces the GOP controlled House and Senate to go on record supporting tariffs. GOP members facing a likely loss in at least the House and maybe the Senate (see above charts), will have some tough decisions to make. We've maintained Trump will be at best a lame-duck president after November 2026. We expect GOP supine support to fade prior to Nov 2026. Trump and members of his cabinet will face a hostile Congress, maybe both houses. While Trump may face successful impeachment, no US President has been removed from office by that process. The winter of 2026-27 is likely to be cold indeed for the Administration. Trump's Pardonopoly may explain the impression impunity amongst his cabinet. President Bidens use of [pre-emptive pardons for his family members and cabinet members](#) could be relied upon by the Trump administration. It's likely to get messy.

As Trump appears determined to push on limits to Presidential power, Bloomberg provided a handy explainer of 5 alternate statutes available to the Administration should Trump attempt to maintain his signature tariff revenue.

Trump's Options After the Supreme Court Said His Tariffs Are Illegal – Bloomberg Feb 23, 2026

[Trump Imposes 15% Global Tariff: What Are His Options After Supreme Court Loss? - Bloomberg](#)

The financial market reactions on Monday was 'Risk-Off'. The Dow traded down at the opening. At this writing mid-session US equity markets are off roughly 1.6%. Fortunately, the US bond market is following the typical risk-off script with US Treasury rising in prices. A drop in prices for US equities AND Federal Treasury bond would signal a flight of capital away from the US Financial markets. Thankfully, so far, we're not seeing this positive correlation on Monday.

National Bank provides their guidance.

[Geopolitical Briefing : Tariffs After the Supreme Court: The White House Riposte](#)

What was hot... is not

The US money center banks were priced sharply lower on Monday. At the morning’s lows, Goldman-Sachs declined -4.5%. JP Morgan was down over -5%. From highs around 191 in January, the US Broker Dealer Index (IAI) is down 13%. So far this looks like a simple correction of excess. We note the index shows multiple ‘tests’ of lows around \$170 since August 2025. Monday lows around 166 broke those lows, a cautionary note. We’re not leaping into the lifeboats, but we’re eyeballing the floatation jackets.

US Broker Dealer & Securities Exchanges (IAI-US-\$167.29 – daily ranges – 2 years



Source: LSEG. NBF, Hilberry mid-session Feb 23, 2026

ARK Block Chain & Fintech Innovation ETF (ARKF-\$36.89) daily ranges 2 years



Source: LSEG. NBF, Hilberry mid-session Feb 23, 2026



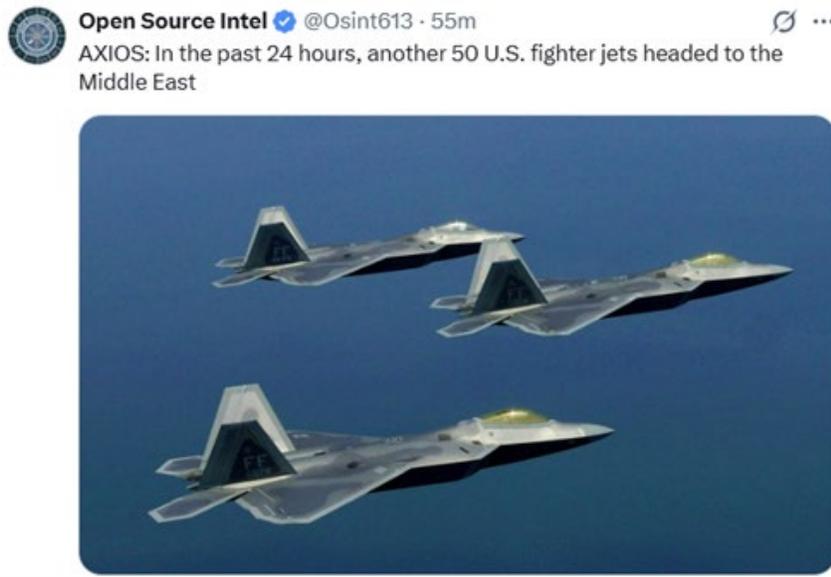
ARKF Monday's low of \$36.77 showed a -37.7% decline from the Oct 2025 highs. Monday's price range is back into the April-May 2025 'Liberation Day' sell off. A break below \$30 would signal more troubles ahead. NOTE: This sector has been inordinately volatile. We don't play in that sandbox.

Monthly Economic Monitor - U.S. (February 2026): An election year conducive to increased fiscal spending – National Bank Feb 13, 2026

[Monthly Economic Monitor - U.S. \(February 2026 \): An election year conducive to increased fiscal spending](#)

Middle East hotting up...again?

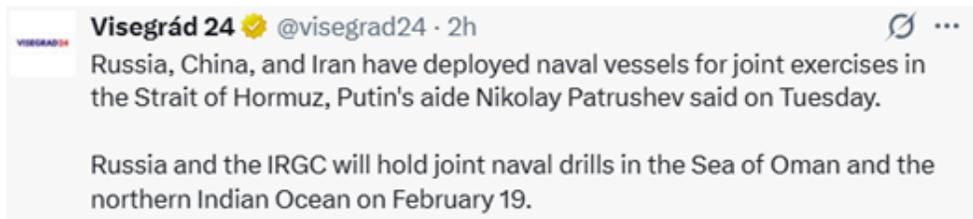
Excerpt NBF's Before the Bell energy notes Feb 18,2026



Source: X Feb 18, 2026



Source: X

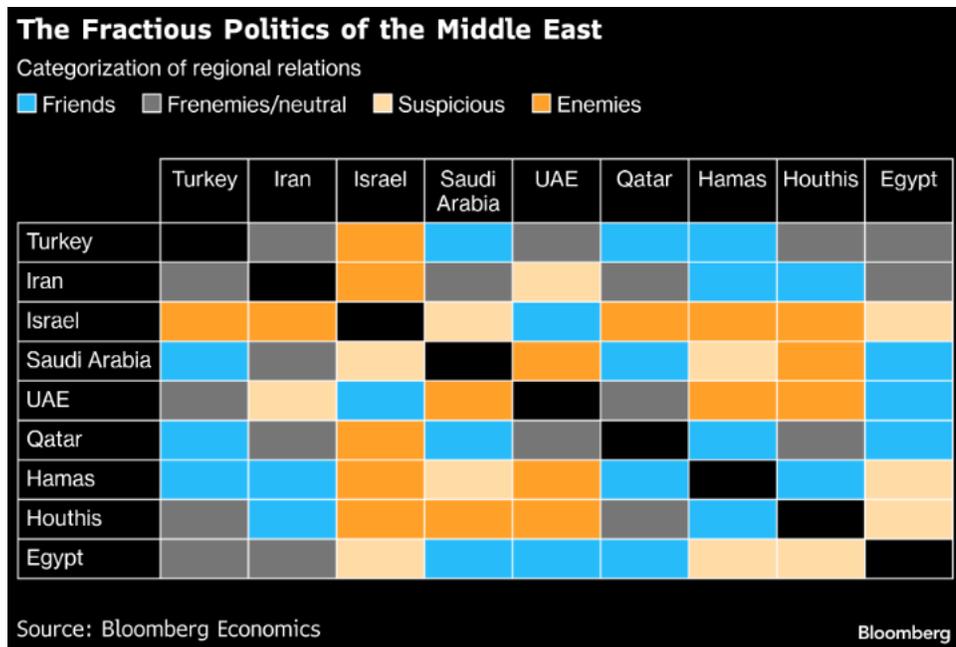


Source: X

Source: X Feb 18, 2026

Excerpt from National Bank’s Daily Energy and FOREX notes Feb 18, 2026

- Scenarios involving Middle Eastern conflict** could see impacts up to >\$100/b crude depending on the nature of the conflict. It can be difficult keeping track of ongoing alliances and dynamics between different Middle Eastern stakeholders, so we really liked the Bloomberg summary sheet below. Bloomberg highlights three potential Middle Eastern conflicts scenarios, ranging from no impact to crude oil to over \$100/b:
 - Scenario 1 – No Impact (medium probability):** conflicts or events that don’t affect physical crude will have negligible impacts on oil prices after the fear premium wanes, such as escalation in Gaza, renewed Red Sea strikes or domestic instability in non-oil producing countries. Small, brief spikes in oil production will likely wane after the event as markets realize no actual oil supply will be affected.
 - Scenario 2 – Temporary Oil Price Spikes (highest probability):** Lingering oil price increases if direct but limited strikes on oil-producing nations or oil infrastructure occur. This can include another limited Iran-Israel flare up, Khamenei’s death/deposition or minor strikes on Gulf oil infrastructure. For example, in 2019 a strike on Saudi infrastructure affected half the Kingdom’s production, but impacts were limited given flows were restarted soon after. And while the death/deposition of Khamenei likely has a short-term impact on Iranian production, Bloomberg suggests flows would soon be restored.
 - Scenario 3 – Large, Lasting Spikes in Oil Prices (lowest probability):** includes strikes on Iranian oil facilities, Iranian strikes on Gulf oil fields, strikes on Iraqi oil infrastructure, and closure of the Strait of Hormuz. Bloomberg notes that every 1% loss in production aligns with a ~4% spike in prices, while we’ve noticed a relationship closer to a ~2.5-3.0% spike in prices per our Bull/Bear analysis [here](#). Given this range of 2.5-4% impact, strikes that affect Iraq’s ~4.3 MMb/d production could have as high as a 12-16% upward impact on oil. A closure of the Strait could threaten ~20% of supply which could see a 60-80% spike in oil prices. Bloomberg notes that an attempted closure would be rare, suggesting Iran would need to 1) be in an existential crisis, 2) maintain the ability to strike, and 3) all Iranian leaders would need to agree on the action.



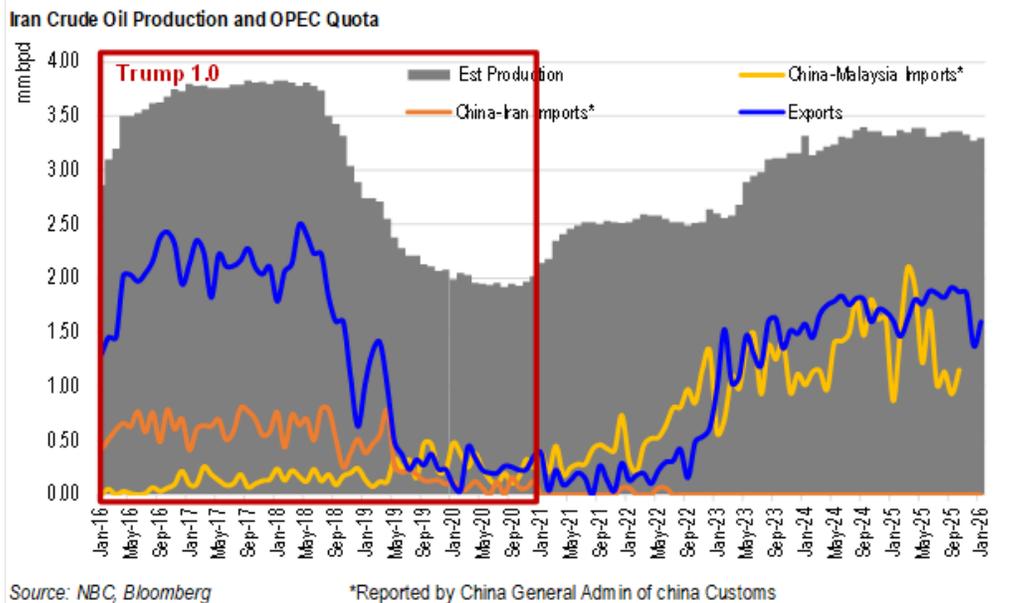
Synopsis of Middle East Scenarios

Scenario descriptions, assumptions and stakes

Scenario (Probability)	Example Events	Impact on Oil Prices	Impact on the Global Economy
No impact on oil prices (Medium)	Conflict in Gaza, Houthi attacks in the Red Sea, developments in Lebanon and Syria, domestic instability in non-oil-producing regions	N/A	N/A beyond potential shipping disruptions caused by Houthi attacks
Temporary oil price spikes (Medium)	Israel-Iran conflict that doesn't target energy facilities, assassination or deposing of Iran's supreme leader, limited strikes on regional oil facilities that are quickly repaired	Temporary spikes	Limited
Large, lasting spikes in oil prices (Low)	Israeli strikes on Iranian oil facilities, Iran retaliates by attacking Gulf oil fields and/or closes the Strait of Hormuz, Iranian or Israeli strikes on Iraqi energy infrastructure, major domestic instability in oil-producing regions	Prices could spike as much as 80%	Slower global growth, higher inflation, pressure to adopt more hawkish monetary policy

Source: Bloomberg Economics Bloomberg

Our own scenario notes – “the only clue to what man can do is what man has done” – sanction enforcement and export cuts: The first Trump administration enforced sanctions on Iran’s ~2.2 MMb/d of exports in 2017-2020 and this may occur again given that Iran has seen its exports drop more recently from ~1.9 MMb/d in October to ~1.4 MMb/d and 1.6 MMb/d in December and January. So, could this be the simplest path forward for the US as a second wave of sanctions enforcement repeat that 2017-2020 outcome? The off-ramp in this and any scenario is that OPEC has ~1.3 MMb/d of its 1.65 MMb/d production ramp remaining – and is currently paused. Plus, there’s an additional 2-2.5 MMb/d (3.5-4 MMb/d total) of incremental supply from OPEC’s largest producers in the UAE, Saudi, Iraq and Kuwait that could buffer some or all of this Iranian supply loss

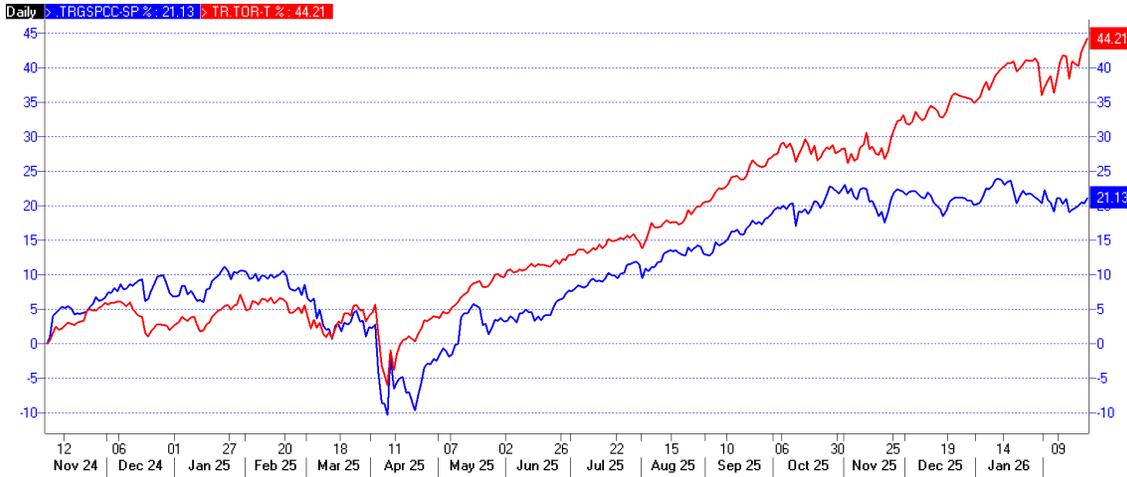


Canadian equities continue their outperformance.

To the deep disappointment in the Hilberry Household, Canada’s Women’s and Men’s hockey teams lost nail-biters to the US at the Olympics. Both games went to sudden-death overtime. Canada wound up with ‘only’ Silver. Hoping the Canadians would kick some butt, it was a let-down. Our pocketbooks aren’t so glum. Canadian Equities hit another all-time high on Monday. We like that kind of Gold, thanks.

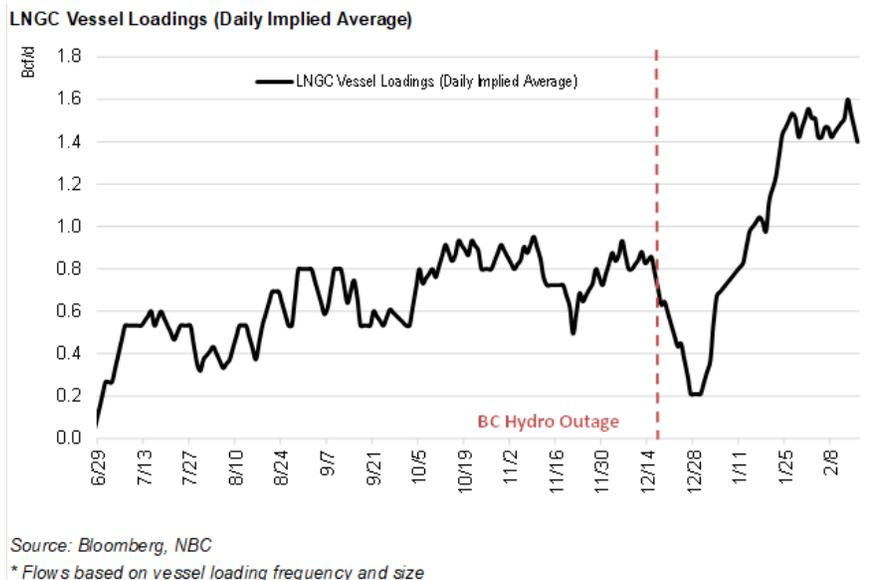
Cumulative total returns in \$CDN funds since Nov 4, 2024 US General Election:

S&P/TSX Comp: +44.2% vs S&P500: 21.1%



Source: LSEG. NBF, Hilberry mid-session Feb 23, 2026

Has China’s avoidance of US sourced LNG had an impact on BC’s Economy?



Source: Bloomberg, NBC

* Flows based on vessel loading frequency and size

Chart via National Bank’s Daily Energy and FOREX notes Feb 18, 2026



The increased revenue will be welcome.

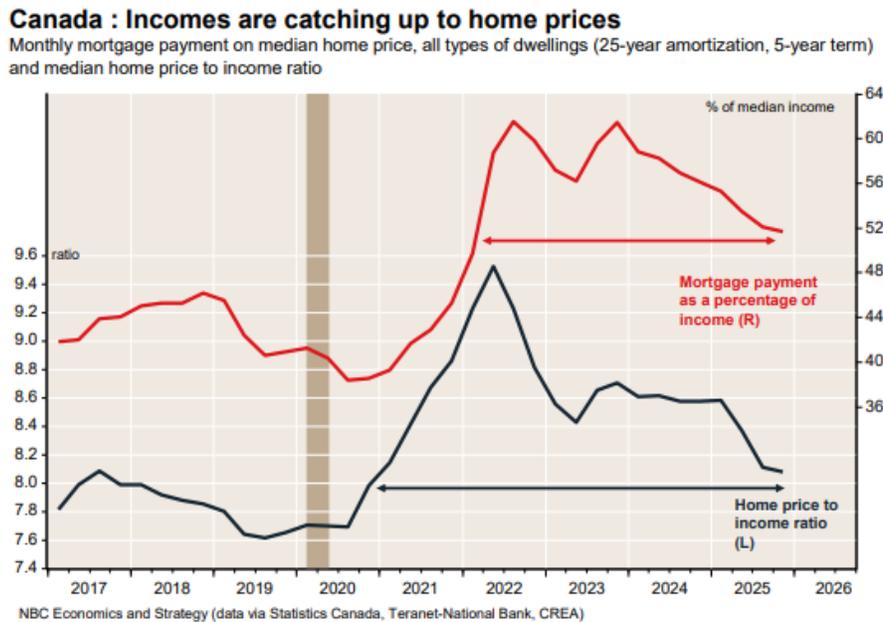
British Columbia: Larger deficit as services (& economy) protected – NBF Feb 18, 2026

Page three of the report has the breakdown of revenue and expenses. We noted Resource (\$3 billion) and Crown Corporation (\$4 billion) revenue totaled \$7 billion, representing 14% of Tax Revenue (\$49.7 billion) and 8.3% of all revenue. These sources of income are important to BC’s budget.

[British Columbia 2026 Budget - Larger deficit as services \(& economy\) protected](#)

National Bank: Housing Affordability Monitor Q4/2025 Feb 19, 2026

Two-Year Streak: Housing Affordability Improves Through 2025Q4



[Housing Affordability Monitor Q4 2025](#)

We welcome an increase in Housing Affordability due to rising earnings. Falling prices? Not so much. Canada’s current leadership appears to have gotten the memo. So far, equity investors remain Risk-On for Canada. We’ll take that podium finish!



Have a Great Week

Steve & Anna Hilberry



FOR THE RECORD Dec. 20, 2026 close

DOW INDUSTRIALS:	49,625
S&P 500:	6.909
S&P/TSX COMP:	33,817
WTI:	\$69.45
LOONIE IN \$USD:	\$0.6967 \$US

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Sent by
Montreal Office
National Bank Financial
Wealth Management
800 Saint-Jacques Street
Office 79721
Montreal, QC H3C 1A3
Ph: 514-879-2222

Toronto Office
National Bank Financial
Wealth Management
130 King Street West
Suite 3200
Toronto, ON M5X 1J9
Ph: 416-869-3707

