HILBERRY GROUP
WEALTH MANAGEMENT

March 13, 2026

Making Canada Great Again…again

National Bank Economics and Strategy

Geopolitical Briefing: The Iran Conflict: Scenarios and Geopolitical Impact – Mar 12, 2026

Our Geopolitical desk lays out three scenarios.1) Iranian Regime survives 2) Civil war 3) a swift end to conflict (US declares 'victory' / Iran plays nice).

Conclusion *The most likely outcome of the Iran conflict is that the regime survives in exchange for strategic concessions. However, this carries the risk of long-term instability and repeated U.S. military intervention. The conflict also reinforces the global focus on supply chain security. If the region remains unstable over the long term, this could weaken the United States' geopolitical standing and make it harder to form alliances in other areas. In this environment, Canada's natural resources and its distance from major geopolitical flashpoints become ever more appealing to its allies. These considerations, together with U.S. concerns about higher costs, could facilitate a deal in the upcoming USMCA talks, particularly in key sectors such as aluminum, steel, and fertilizer production*

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Hilberry's take:

In 2025, we saw as US equities having extended valuations. Mr. Trump was in full throated chaos. We were net sellers of US equities in the latter half of the year, cutting our asset allocation to well below average. We parked some of the proceeds in US cash, and moved some to Canadian equities. Versus our typical equity allocation, we remain underweight US equities and close to average for Canadian equities.

National Bank's Geopolitical briefing supports our view that Canada is suddenly in the sweet spot (despite our past politics). We've pointed to Canadian stock prices significant outperformance vs. US peers. As a result, despite having a higher-than-average allocation to cash, clients are seeing solid returns.

What's next? Canadian stocks are closer to fair value. We like what we own but are being more selective in buying. We're starting to see better value in the US. We anticipate becoming net buyers of US equities in the coming quarters.

Monthly Economic Monitor – March 2026

U.S.: Middle East conflict threatens solid growth path

Summary

▪ *It is important to note from the outset the extremely unstable situation in which this monthly report is being written. The fact that the conflict in the Middle East is still ongoing certainly makes any attempt at economic forecasting risky, given the high level of uncertainty.*

▪ *With this caveat clearly stated, our base case scenario envisages a more rapid de-escalation than is currently priced in by prediction markets, i.e., by the end of April, which would more likely result from a ceasefire than from a comprehensive peace agreement involving all warring parties. Less intense fighting could continue after the ceasefire, but it would be sufficiently contained to allow the Strait of Hormuz to reopen to maritime traffic. Under this scenario, the price of oil could average around US$90 per barrel in the second quarter, before gradually falling back to US$70 by the end of the year.*

▪ *This translates into GDP growth of 2.5% for the year as a whole in our baseline scenario, a less robust forecast than we had anticipated before the outbreak of hostilities. For 2027, we expect growth of 2.1%. We have also revised our short- and medium-term inflation scenario upward.*

[Monthly Economic Monitor - U.S. (March 2026): Middle East conflict threatens solid growth path]

Economics and Strategy Forex

March 2026 **Stefane Marion and Kyle Dahms**

Highlights

- The U.S. dollar has rebounded on the latest geopolitical shock, but assuming the armed conflict in the Middle East tapers down, softer inflation, a weaker labour market, a Fed biased toward cuts rather than hikes, and the absence of a sharp renminbi depreciation suggest this risk-off rally is more likely to prove temporary than to evolve into the kind of broad-based surge experienced in 2022.
- The loonie has been one of the strongest major currencies since the Iran conflict began, supported by Canada's large net energy surplus and rising oil production, and we continue to see scope for further CAD appreciation in 2026—especially if Middle East tensions help create an opening for more constructive trade talks between Washington and Ottawa aimed at containing inflation ahead of the U.S. midterm elections.
- The euro has surrendered its early-2026 gains as the Middle East conflict exposed Europe's acute energy vulnerability, but assuming tensions ease and flows through the Strait of Hormuz resume, resilient growth, low unemployment, contained inflation and ongoing fiscal support

should still leave room for renewed appreciation later this year, albeit to a more modest extent than we had anticipated prior to the Iran conflict.

[National Bank Forex Notes - March 2026]

Monthly Fixed Income Monitor:

National Bank - Economics & Strategy March 2026

Forecast Summary By Taylor Schleich, Ethan Currie & Warren Lovely

▪ *Four years ago, the Fed was contending with above target inflation before geopolitical uncertainty surged and oil prices spiked on the back of Russia's invasion of Ukraine. Today, fresh conflict is thousands of kilometres away, but its effects are prompting feelings of déjà vu. Indeed, uncertainty is again surging, and oil prices had steadily risen since the U.S. and Israel first attacked Iran at the end of February (though prices moderated after Trump suggested the end of war is near). Inflation was already running above target prior to the conflict, and the near-term outlook for price pressures just got marked up. That naturally complicates, though does not fully derail, the path to further Fed easing.*

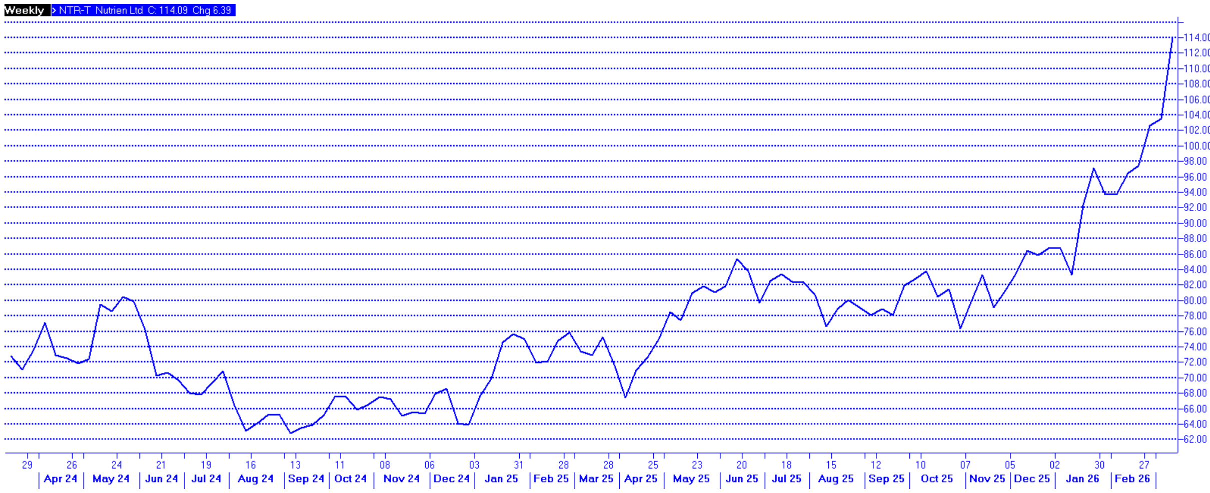
▪ *Simply put, a high degree of uncertainty creates a wide range of potential monetary policy outcomes. For now, our forecast for Fed policy is not changing dramatically. Residual labour market slack may convince enough policymakers to continue the move back to neutral, even if headline inflation rises temporarily. However, risks to our outlook are skewed toward less easing. Even before conflict sparked in the Middle East, we were growing uneasy with the state of U.S. inflation. Were it not for a highly disappointing jobs report, we were likely to remove rate cuts from our 2026 forecast. Even if the Fed does cut this year, we still see little relief for the long end of the curve. We expect 30-year yields to hover near 5% and 10-year yields to hold above 4%.*

▪ *Investors spent most of the first two months of 2026 stripping out the BoC rate hike expectations that had accumulated toward the end of last year. Then, over the course of a few trading sessions, rate hike bets came roaring back as conflict sparked in Iran. The debate over the direction of the next BoC move has raged on since October and we don't expect this tug-of-war to end soon. ▪ If you can't get a clean read on labour market and you're not sure how much slack is in the economy, what do you do if you're the Bank of Canada? In the short run, nothing. With uncertainty high and data volatile, we expect the Bank to simply sit on its hands for the next few meetings. Beyond the next few months, it'll be inflation that's the guiding light for the central bank, as the Governor explained in an earlier speech. Ultimately, we see headline inflation remaining in the control band (but rising close to 3%) and core pressures hovering slightly above 2%. That's enough inflation to keep the Bank from cutting but is unlikely to prompt 2026 rate hikes.*

[Monthly Fixed Income Monitor - March 2026]

An example of Canada's sudden appeal…

Nutrien Ltd (NTR-TSX-$114.11) – weekly ranges – 2 years



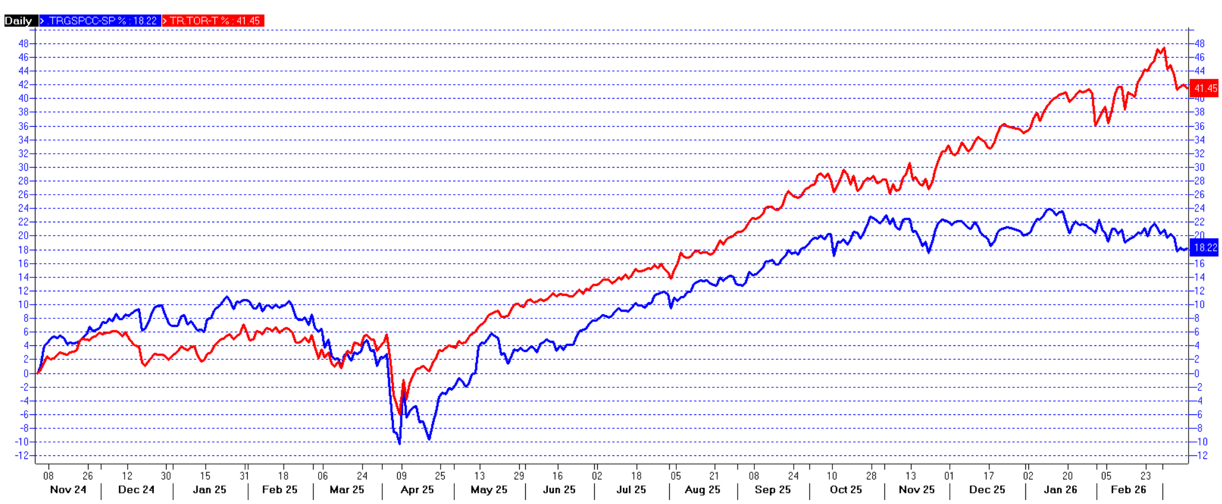
Source: LSEG, NBF, Hilberry Mar 12, 2026

Canada's Nutrien supplies roughly 35% of global Potash demand. Pre the Nov/2024 US Presidential Election, Donald Trump boasted…"*If I'm elected, I'll solve that Ukraine War in one day – 24 hours".* Russia and Belarus provide 40% of world supplies. Ending the conflict could have led to lifting economic sanctions on that supply. Investors appeared to believe Trump. Nutrien bottomed around $63 in late 2024. As has become tiring familiar, Trump's enthusiasm for his own abilities proved…premature. Nutrien began regaining lost ground and continued to climb. The Iran conflict has further tied up processing supplies and related processing in the Gulf states. Suddenly Nutrien has been rediscovered as a reliable potash supplier – as it's always been. Thursday saw a new 52-week high of $116.25, up roughly 85% from August 2024. NTR's current $2.99 per-share cash dividend represents 4.75% yield on this late 2024 prices. We continue to hold the stock.

DISCLOSURE: We hold Nutrien personally, for family members and for client accounts over which we have trading authority. We have traded in the security within the past 60 days.

Thanks to Mr. Trump for making Canada great again!

SP/TSX vs S&P500 $CDN funds Nov/2024 to date



Source: LSEG, NBF, Hilberry Mar 12, 2026

March 13, 2026

Have a Great Weekend

Steve & Anna Hilberry

FOR THE RECORD March 12, 2026

DOW INDUSTRIALS:	46,677
S&P 500:	6672
S&P/TSX COMP:	32,840
WTI:	$95.72
LOONIE IN $USD:	$0.7337 $US

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

CIRO Canadian Investment Regulatory Organization

CIPF Canadian Investor Protection Fund MEMBER

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