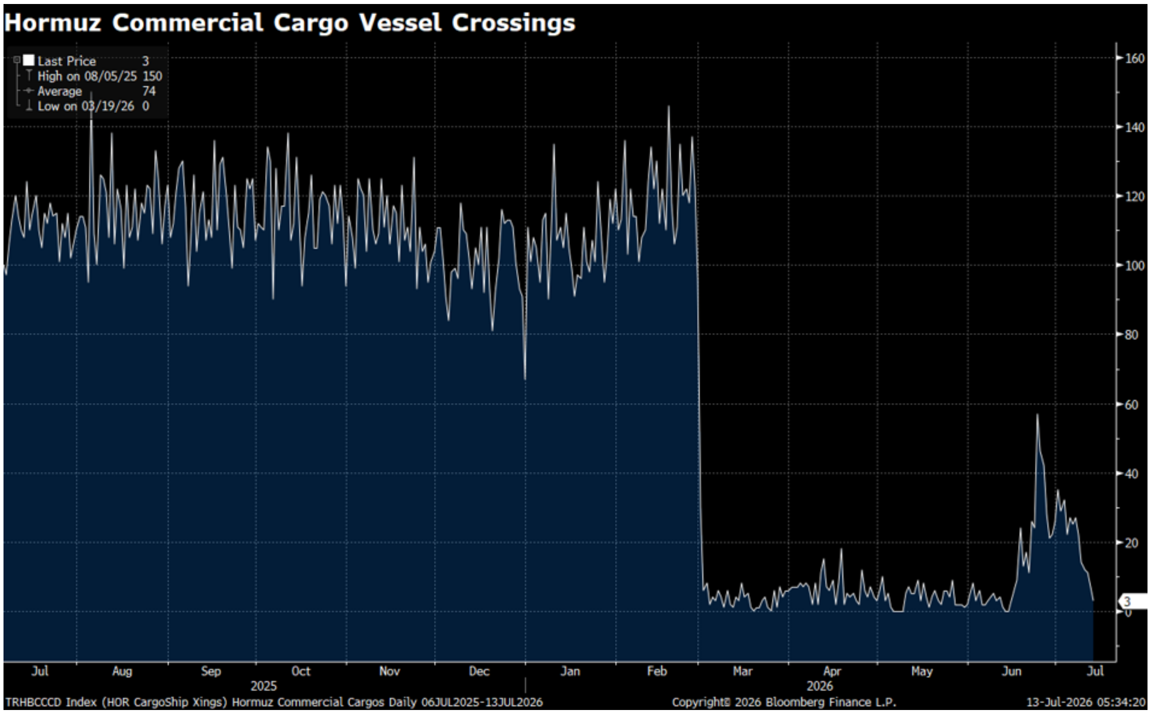
Hilberry Group
Wealth Management

July 17, 2026

Are we headed for an energy crunch?

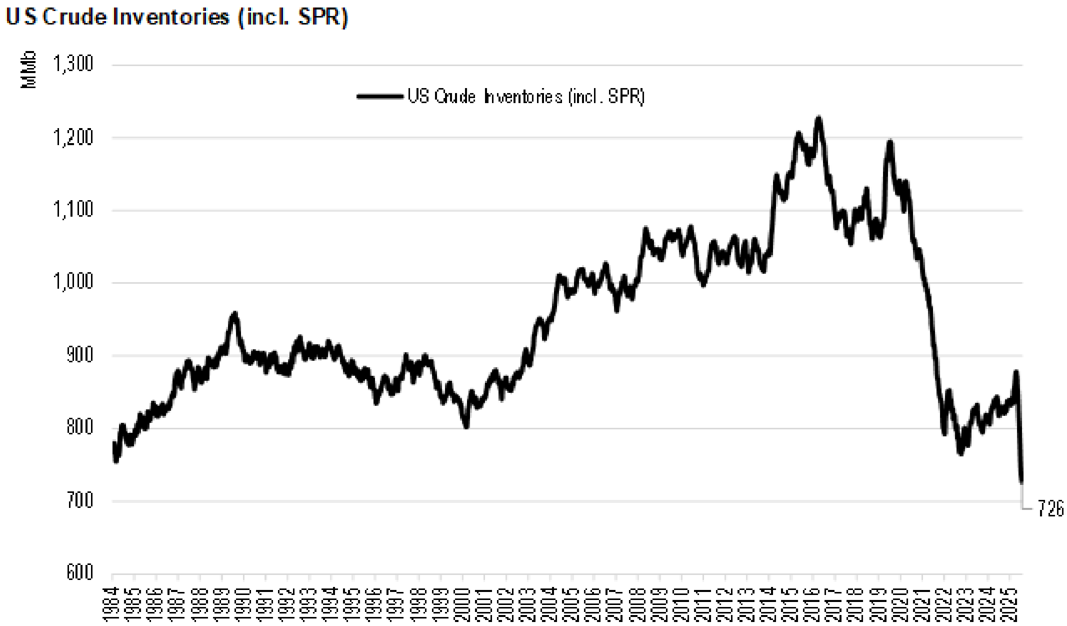
The Iran 'Military Operation' (where have we heard that before?) is not going well. Vessel traffic through the Straits of Hormuz remains stalled well below the required volumes to maintain global crude oil supplies. The US/Israeli military strikes on Iranian leadership appears to have handed control to hardliners in the Iranian Revolutionary Guard (IRGC). The IRGC has forty years of practice absorbing economic pain, mostly born by the population. The country appears to have shifted from ideology to pure corruption despots. Iran now a potential toll booth on all commercial traffic through the Straits. Dissuading them will prove very difficult. The US political will appears to have a short-attention span.



National Bank Financial
Wealth Management

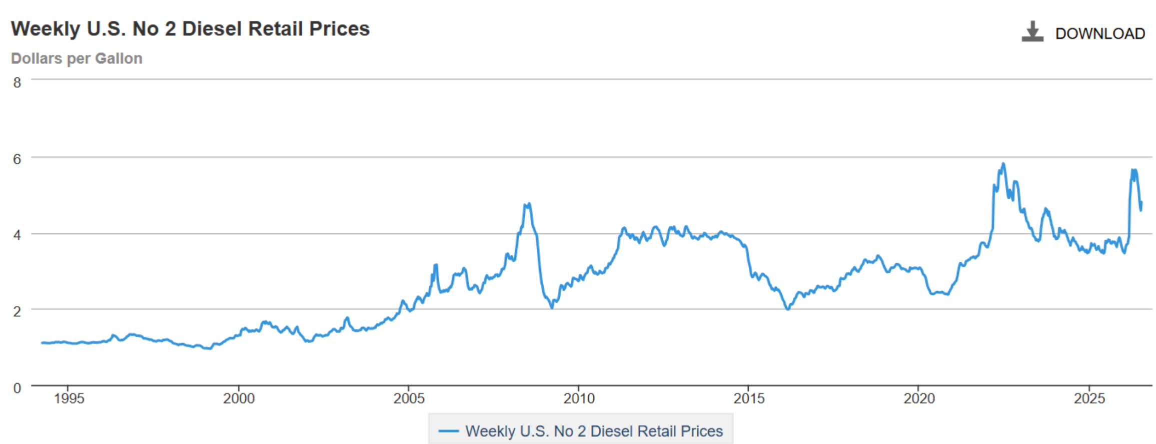
It turns out the US will be affected.

Mr. Trump boasted the US would enter a 'Golden Age' of prosperity as the US didn't require foreign oil. Not so.

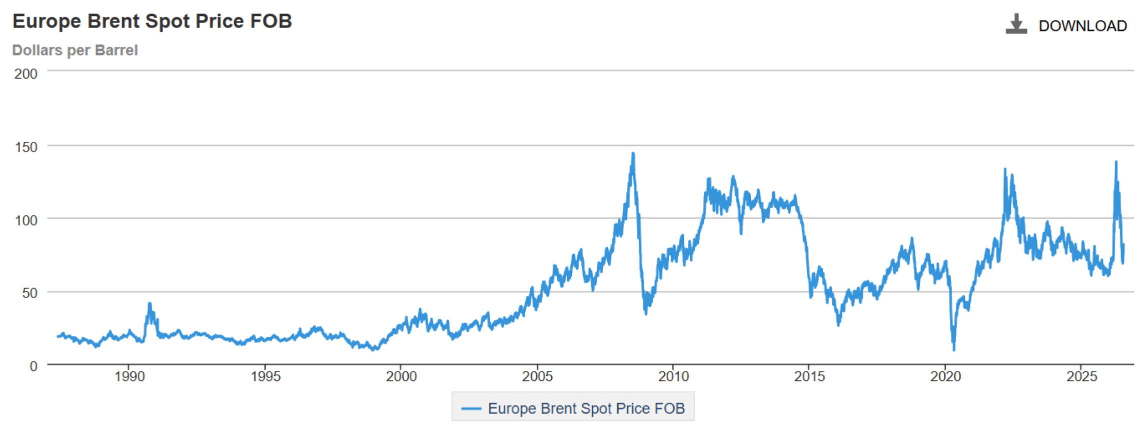


Source: EIA, NBC

US retail gasoline and diesel customers find they must compete for global supplies.



Brent Crude trades around $81 US per barrel down from $118 in April. See following chart.



The chart record high around $131 US was in July/2008. A US recession followed. The Summer of 2022 spikes around $120 led to difficult politics for Joe Biden. The latest peak was $118.

Source: [US Energy Information Administration (EIA) July, 2026]

China's had a different experience.

China turns to electric taxis to soften Hormuz oil shock - Reuters Jul 15, 2026

"With the electrification of taxis, the rideshare boom adds to evidence that transportation in China is becoming less dependent on oil, insulating it against oil shocks such as the closure of the Strait of Hormuz.About half of China's 1.3 million-strong taxi fleet is electric, according to the Ministry of Transport, and in major cities it is closer to 100%."

China turns to electric taxis to soften Hormuz oil shock | Reuters

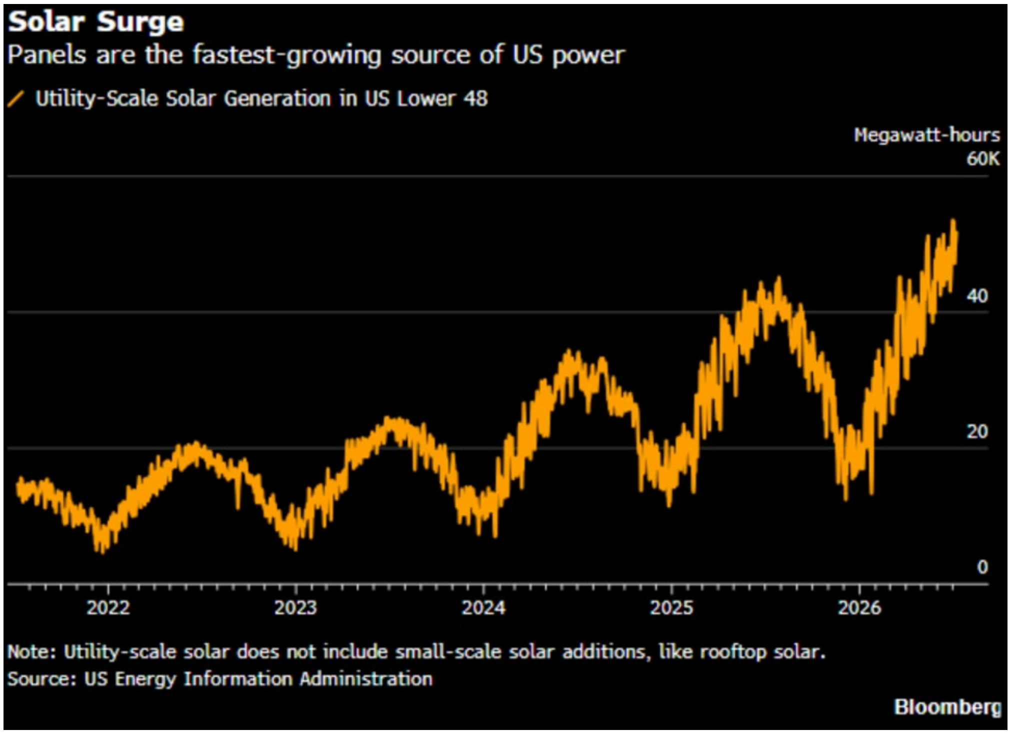
Trump Cuts to Clean Energy Linked to $83 Billion in Delayed or Canceled Projects – USNews.Com July 14, 2026

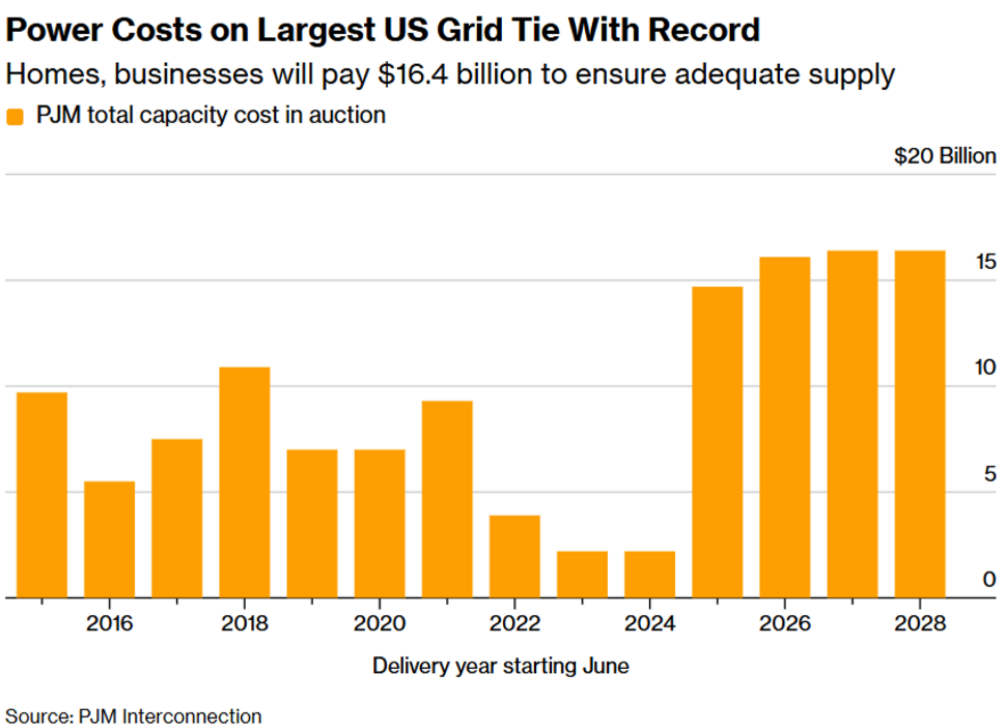
"July 14 (Reuters) - Trump administration policies that scaled back federal support for clean energy have led to the cancellation or delay of $83 billion in investment across hundreds of projects, according to a report released on Tuesday by labor and environmental coalition BlueGreen Alliance.

The analysis found that 223 manufacturing and clean energy projects representing $82.9 billion in investment and 111,765 jobs have stalled or been cancelled during President Donald Trump's second presidency."

Trump Cuts to Clean Energy Linked to $83 Billion in Delayed or Canceled Projects

The Trump administration's disdain for renewable energy hasn't ceased demand for solar power.





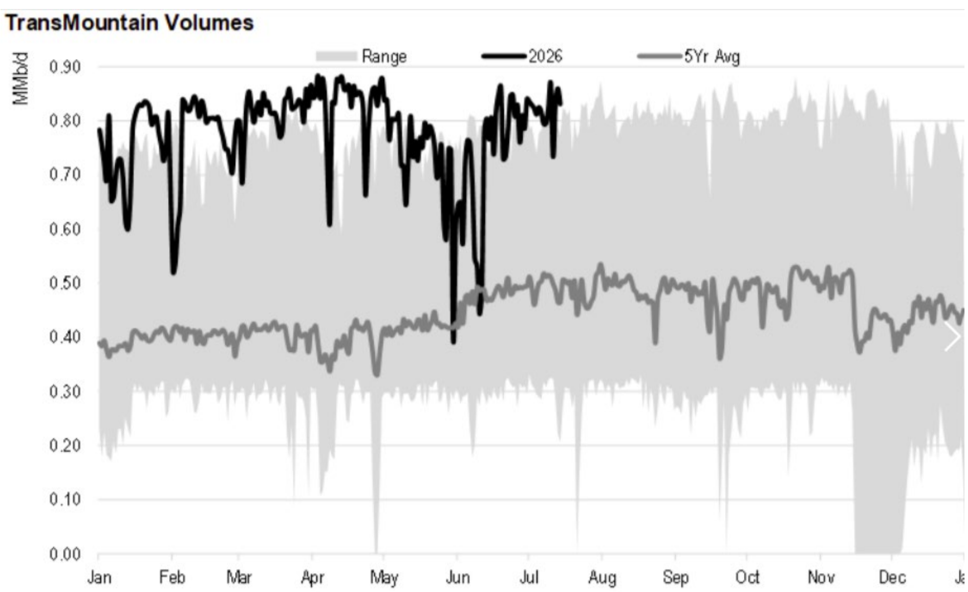
The US data center demand for electrical power continues to grow.

US West Texas Intermediate (WTI-$80.76). Oil markets are less worried.

Source: LSEG, NBF, Hilberry July 17, 2026EG, NBF, Hilberry July 17, 2026

There <u>is</u> a business case for Canadian energy.

Demand through TransMountain accelerates.

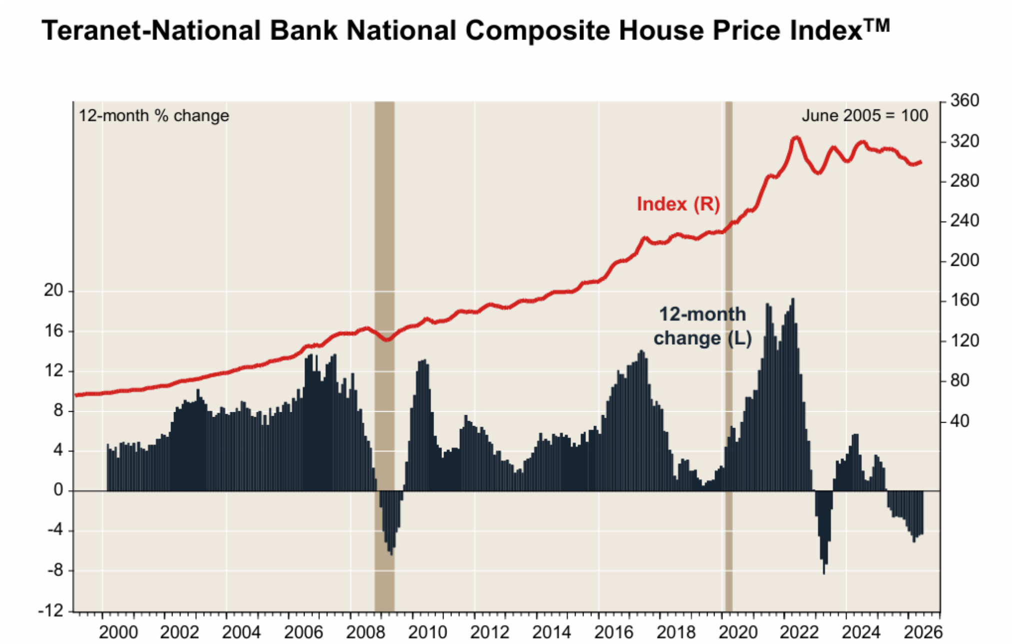


Source: Genscape, NBC

Teranet-National Bank House Price Index - Canada: Prices continue to fall for the seventh consecutive month July 17, 2026

Highlights:

"The Teranet–National Bank Composite National House Price IndexTM declined by 0.3% from May to June on a seasonally adjusted basis. ▪ Six of the eleven CMAs included in the index posted declines during the month: Vancouver (-1.4%), Victoria (-1.2%), Calgary (-0.8%), Edmonton (-0.8%), Winnipeg (-0.6%), Ottawa-Gatineau (-0.5%), and Toronto (-0.3%). Conversely, prices rose in Hamilton (+3.2%), Quebec City (+0.7%), and Halifax (+0.6%), while they remained stable in Montreal. ▪ From June 2025 to June 2026, the composite index fell by 4.3%. Declines were observed in seven of the eleven cities that make up the index: Toronto led the way with a 7.3% year-over-year price decline, followed by Vancouver (-6.8%) and Hamilton (-5.7%). Conversely, the sharpest increases were observed in Quebec City (+10.6%), Winnipeg (+4.0%), and Montreal (+2.6%)."



Source: National Bank Teranet House Price Index

Nationally, house prices have declined modestly from the peak in 2021. At the time we advised readers that historically low interest bond yields wouldn't last, noting a rise in mortgage rates would mean tougher times for house prices. We also dismissed concerns such would lead to a 2007-style housing crunch that caused US financial firms to collapse, dragging the Canadian Banks into a crash. We thought a more likely scenario for house prices, was a long period of minimal price returns. In short: Real estate – HOLD. Banks BUY. So far, that's worked! Now we're more cautious on both sectors.

Full Report here:

Teranet-National Bank House Price Index - Canada: Prices continue to fall for the seventh consecutive month

NBF Economics and Strategy

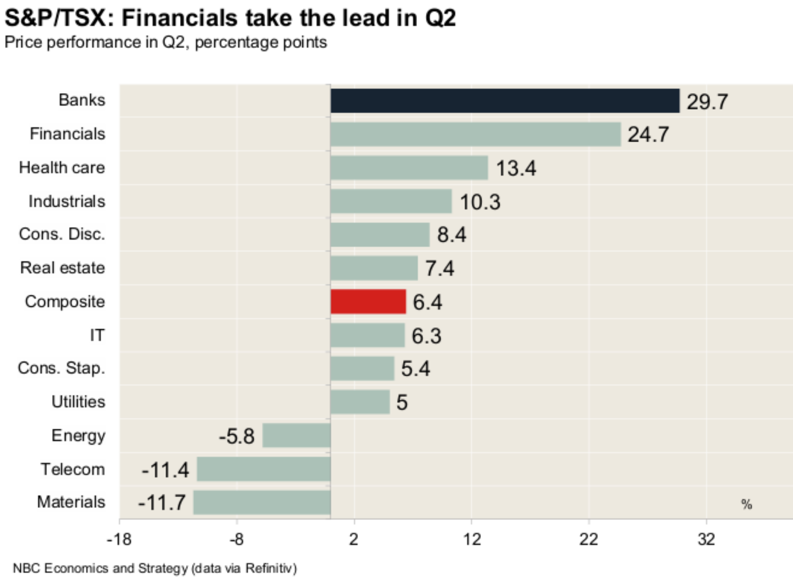
BoC Policy Monitor: The policy dilemma to resolve itself? - July 15, 2026

[BoC Policy Monitor: The policy dilemma to resolve itself?]

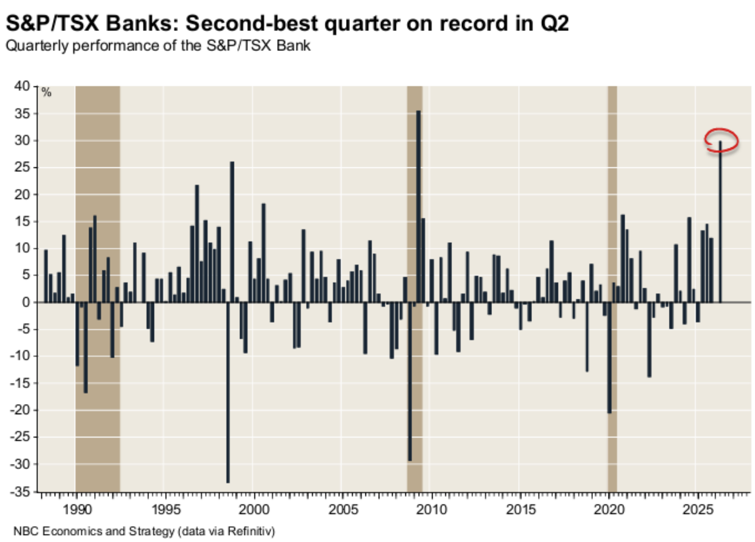
NBF Monthly Equity Monitor - July/August 2026: The peace dividend unwinds

[Monthly Equity Monitor - July/August 2026: The peace dividend unwinds]

We're highlighting charts this month's Equity monitor on the Canadian Banks

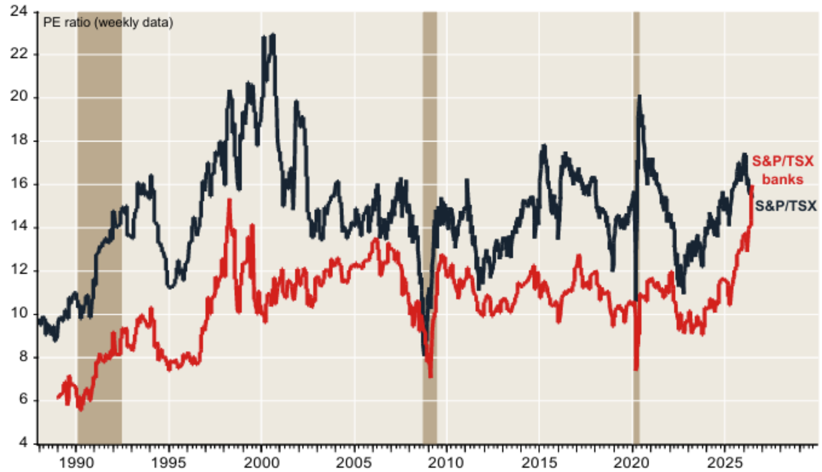


The performance of banks in Q2 was nearly historic, surpassed only by the 35.5% rebound in Q2 2009 following the losses sustained during the global financial crisis (chart).



This massive rally has pushed the forward P/E ratio for Canadian banks to 16 times earnings, its highest level since the late 1980s. For the first time on record, the sector now trades at a higher multiple than the overall S&P/TSX Index (chart).

S&P/TSX: Banks trade at a record premium
Twelve-month forward P/E ratios: S&P/TSX Index versus S&P/TSX Banks*

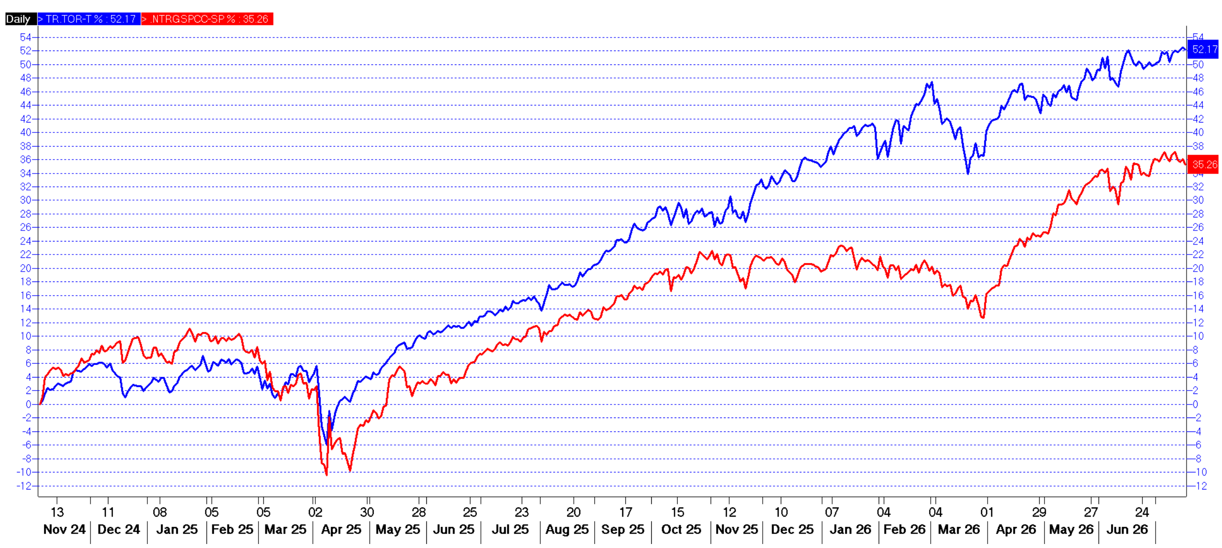


*As per Datastream
NBC Economics and Strategy (data via Refinitiv)

We still like the Banks. Investors love them…a bit too much. Our say HOLD.

$CDN Cumulative % total return base 0%: Nov, 2024-July 2026

Canada's TSX Composite (blue 52.17%) vs US S&P500 (red – 35.26%)



Source: LSEG, NBF, Hilberry July 17, 2026

CONCLUSIONS: The oil markets appear to think Iran is willing to put up with more pain than the US Administration can dish out, ending up with a deal that opens the Strait of Hormuz soon. They'd better be right and soon. We remain cautious on this narrative. We are holding our Canadian and US hydrocarbon, natural gas and electrical power producers. We trimmed equity risk earlier in the year, placing the proceeds into short-term cash. This is a tactics, not long-term strategy. We expect to BUY at better prices. If (if) Canadian elected officials decide to enable rather than fight, Canada's strengths, our economy could continue to grow. Since the election of Donald Trump, Canada's TSX has been the place to be.

Have a Great Weekend

Steve & Anna Hilberry

FOR THE RECORD July 16, 2026 close

DOW INDUSTRIALS:	52,552
S&P 500:	7,482
S&P/TSX COMP:	35,340
WTI:	$81.13
LOONIE IN $USD:	$0.7135 $US

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