HILBERRY GROUP
WEALTH MANAGEMENT

September 18, 2026

Up, Up and away (?) in my beautiful balloon

A Client asked: "Will $5.00+ gasoline prices cause a US recession? "

From NBF's Energy Desk daily commentary, September 16, 2026

*"**crude cannot continue doing the heavy lifting to rebalance the market** in this conflict. Even accounting for demand losses and non-OPEC supply growth, the molecule shortfall remains at 5 mb/d* (million barrels per day-SH). *Crude and products will now need to share that deficit, which means both will tighten in lockstep from here (periodic positioning-related price flushouts aside). US refiners will outbid Asia and Europe amid the strongest margins, needing European and Asian cracks to improve so that those refiners can run and bid for crude themselves. It is worth noting this cycle also occurred in 2008 and really only halted when the overall economy tipped over. The oil market never solved the imbalance on its own. Given the emerging challenges in bond yields, the oil price rise is starting to have a bigger effect in financial markets, but we are still a long way from 2008-style stress. The upshot is that the **upside to crude and cracks in an upward spiral situation could be much more than the 2008 all-time highs**." – Energy Aspects*

Translation: The refining process of converting crude oil into useable fuels uses a tall industrial reactor called a 'cracking tower' that breaks the heavy crude molecules into smaller 'lighter' useable fuels such as diesel and gasoline. The 'crack spread' is the difference between the cost of raw crude oil commodity purchased by the refinery and the value of the resulting fuels. Due to their ability to acquire crude at lower prices than are on offer in other areas of the globe, while selling diesel at global prices, US refineries are experiencing much higher differences between their raw crude commodity price and the resulting refined product price. Their 'crack spreads' are at historically wide levels, meaning they're making historically high profits. Unless/until refiners in other areas of the globe can increase production, fuel prices are likely to rise further…a lot. Follow the money

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

And no, US refiners are not 'gouging' consumers. **Example Diesel:** The global demand for diesel has remained constant while the supply has collapsed primarily due to the Iran War closure of the Straight of Hormuz/Red Sea routes for crude oil tankers. If the global supply of diesel declines, the law of supply/demand means the price of diesel should rise. It has soared. One would expect political leadership, relying on expert advice, to grasp this concept prior to the fact. Oh Wait.

State Department has cut jobs with deep expertise in Middle East as Iran crisis escalates - Los Angeles Times

As refineries located in Europe and the Middle East are paying much higher prices for crude, than their US competitors, they are not making the same 'crack-spreads', meaning they are constrained as to the volume of fuel they are able to generate economically. Ukraine's attacks on Russian refinery output contributed to this dynamic. If the Iran War wasn't on, Russia's decline in fuel exports would be easily offset by Persian Gulf refineries. The above means that the global refinery capacity can't generate an oversupply of diesel, meaning the global price of diesel won't decline until the demand declines. 'Demand decline' means economic slowdown IE recession. We've warned of this risk repeatedly over the summer. This doesn't mean a recession is coming, but the Iran War makes one more likely. Maybe.

How high are 'real' gasoline prices?

Canadian and US voters don't like high fuel prices. One can recall the $ per-litre/gallon differences between this week, last week, a month ago and a year ago. We can connect the dots. Sharp increases in energy costs reduce consumer purchasing power. With US mid-term elections pending, expect much hot air to be expelled on this topic. Recently, Mr. Trump predicted that the *not-a-war-Iran-military-operation* would cease shortly after the US elections followed by gasoline falling to $2.00 per gallon,

Inflation-adjusted 'real' $US gasoline prices per US gallon (3.78 liters) in Aug, 2026

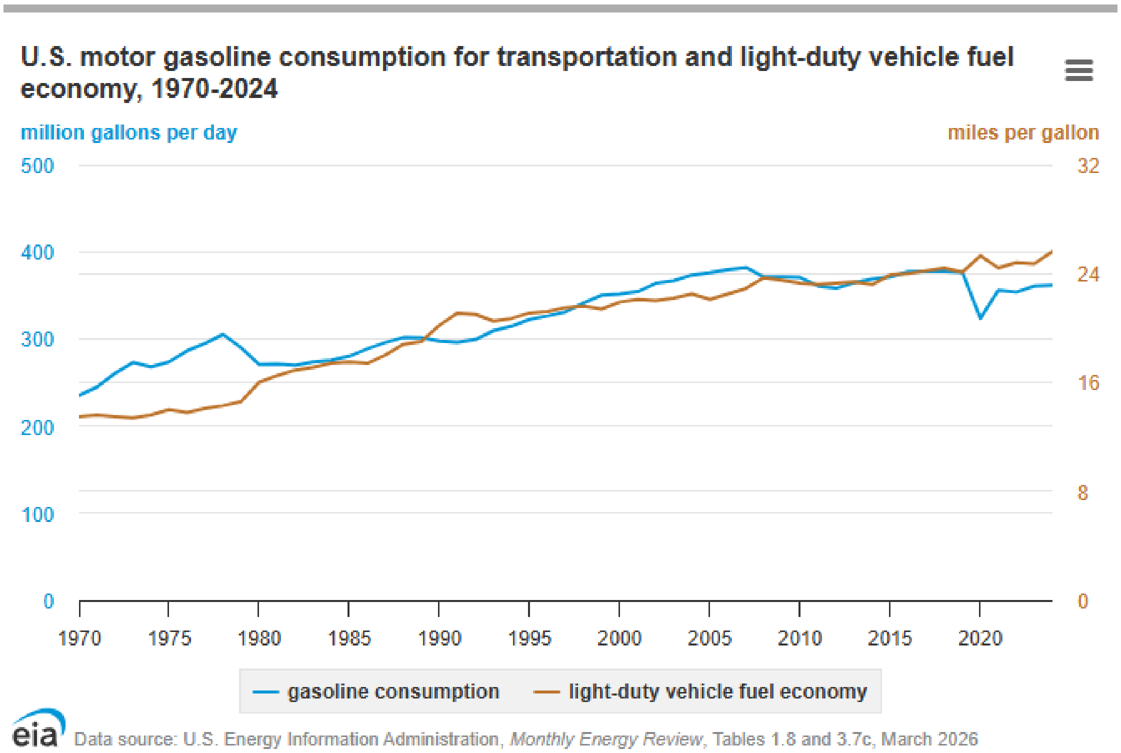
For the USA, according to InflationData.com: **Sept 12, 2026.**

- Long-term average price: **$3.80 per gallon/$1.40 CDN per liter at current FOREX)**
- All-time high: **$5.71 per gallon ($2.10 CDN per litre).**
- Real price when gasoline prices peaked and then fall: **$4.70-$5.70 per gallon**.

So… will $5.00+ gasoline prices cause a US recession then?

In isolation, no. The North American economy has continued to see hydrocarbon use per capita fall as productivity has improved and energy intensive heavy manufacturing has moved to other areas of the globe. Americans Use Less Energy Than 50 Years Ago

While the economy is less sensitive to changes gasoline prices, the total consumption of hydro-carbon fuels continues to rise. This result is typical for productivity gains. Consumers tend to eat the results, consuming more of the reduced cost item, not less.

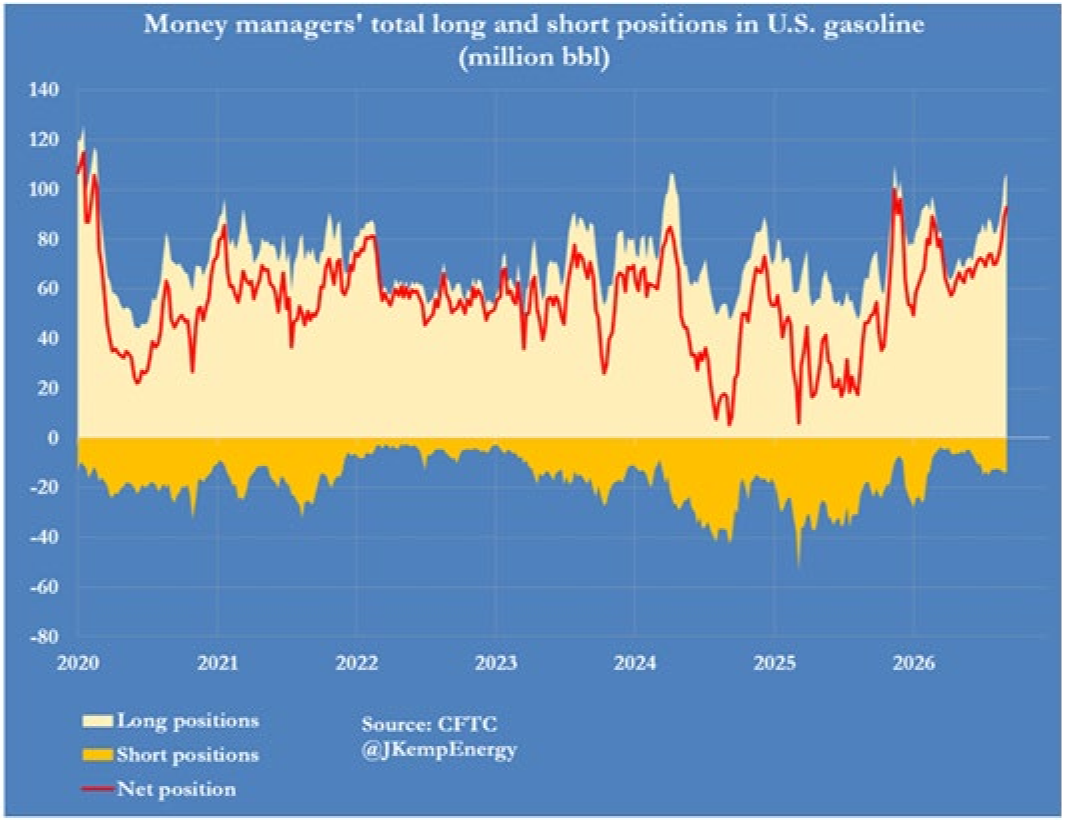


90-95% of US light-vehicle transportation remains powered by hydro-carbon fuels with another 6% coming from bio-fuels (mandated gasoline ethanol/bio-fuel diesel). 2% is powered by electricity. (Source: Total Energy Monthly Data - U.S. Energy Information Administration (EIA))

What do the energy markets think of Donald Trump's predictions sub-$2 per gallon gasoline?

If they agreed, shorting the current prices would mean a windfall.

"Investors have become extremely bullish about the outlook for U.S. gasoline prices as inventories remain at the lowest seasonal level for fourteen years and refiners have limited options for rebuilding them. Hedge funds and other money managers purchased another 4 million barrels of gasoline futures and options over the seven days ending on September 8, according to data from the U.S. Commodity Futures Trading Commission. ***Funds have amassed a net long position equivalent to 93 million barrels, among the most bullish since the coronavirus epidemic and in the 94th percentile for all weeks since 2011*** *- @JKempEnergy*



Source: NBC Daily Energy and FOREX notes – Sept 14, 2026

The redline is approaching 2020 COVID highs. Big Money thinks prices will rise further.

Higher fuel prices are inflationary, placing pressure on monetary authorities to maintain higher interest rates to combat inflation. The 'tax' of higher energy costs, added to higher interest rates, **may** lead to a decline in consumer confidence and spending. Broadly, higher energy costs are not good.., unless you're a Canadian energy producer!

Basket Case – With U.S. Refiners Already Running Hard, Relief on Diesel Remains Elusive – RBN Energy Sept 14, 2026

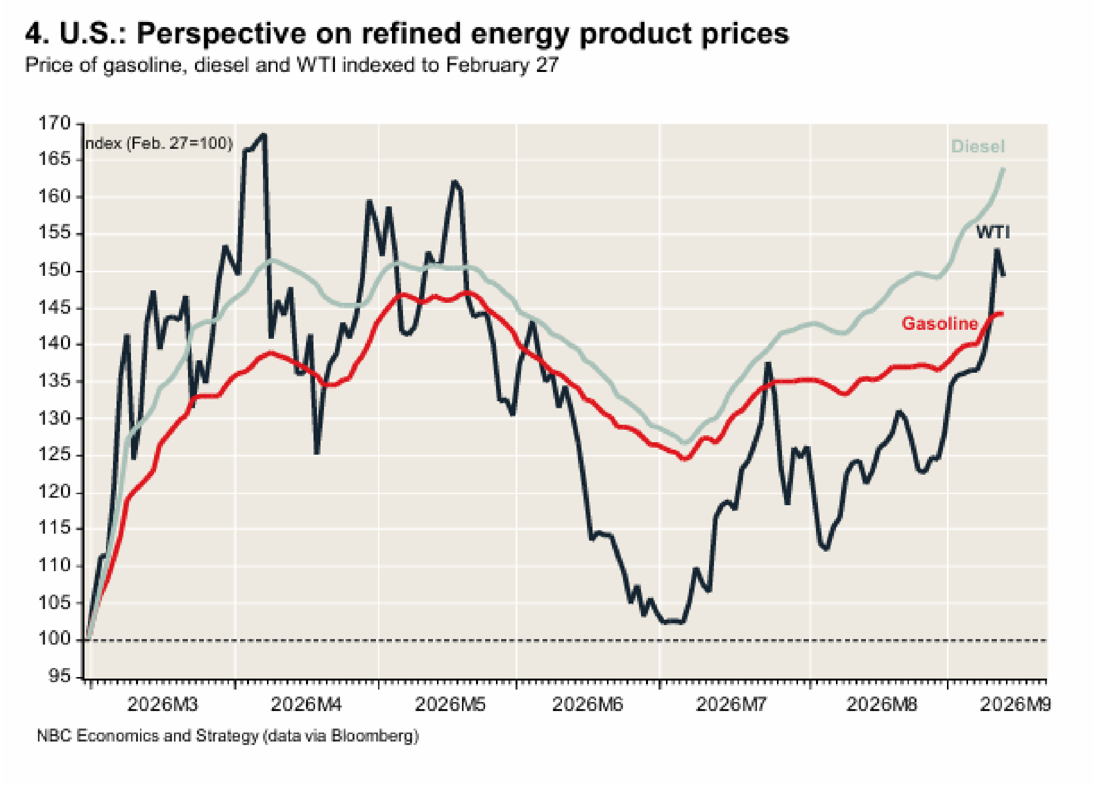
Basket Case – With U.S. Refiners Already Running Hard, Relief on Diesel Remains Elusive | RBN Energy

About that "the Iran War will end right after the US Mid-Term's" thing…

Financial Market Overview: Middle East Crisis – National Bank Sept 11, 2026

Financial Market Overview : Middle East Crisis - September 11, 2026

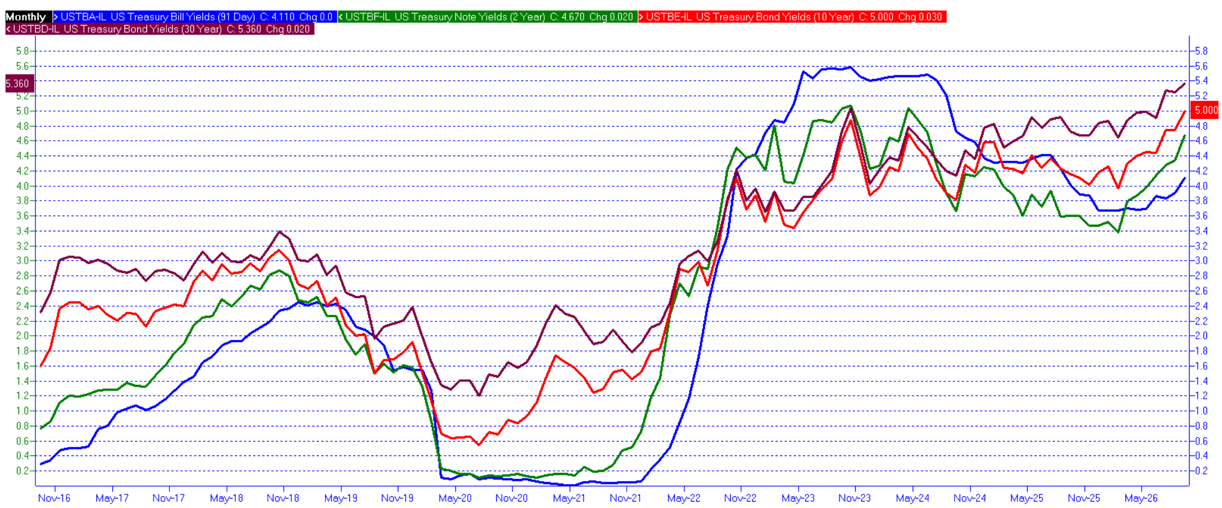
NBF doesn't see an immediate end to hostilities. The energy markets are pricing for shortage.



US Bond markets are not pricing for lower inflation / lower demand for credit.

US Fed Govt Selected Yields 2016-2026

90-days (4.11%) | 2-years 4.67% | 10-year 5.00% | 30-year 5.36%

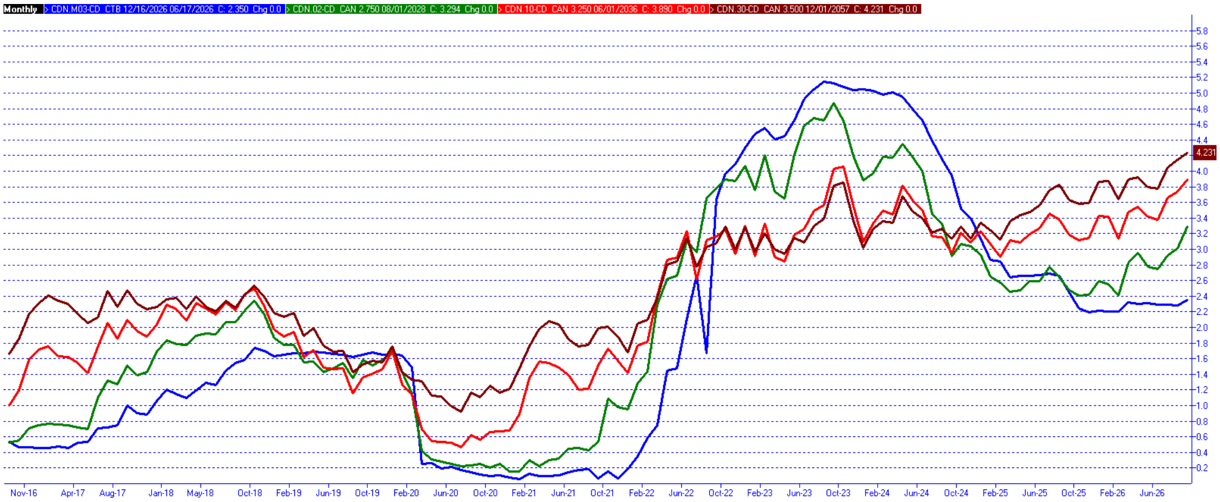


Source: LSEG, NBF, Hilberry

Note the slide in center of the chart. It beings when the T-bill yield (blue) approached the 2-year yield (green). As lending to the US Fed Govt for 90-days at the same yield as two years is probably less risky, the money flows from longer-term commitments. The reluctance to take the longer-term risk (lend to consumer mortgages for 10 years) reduces credit, reducing consumption, reducing economic activity. A recession results, rebalancing inflation/demand.

CDN Fed Govt Selected Yields 2016-2026

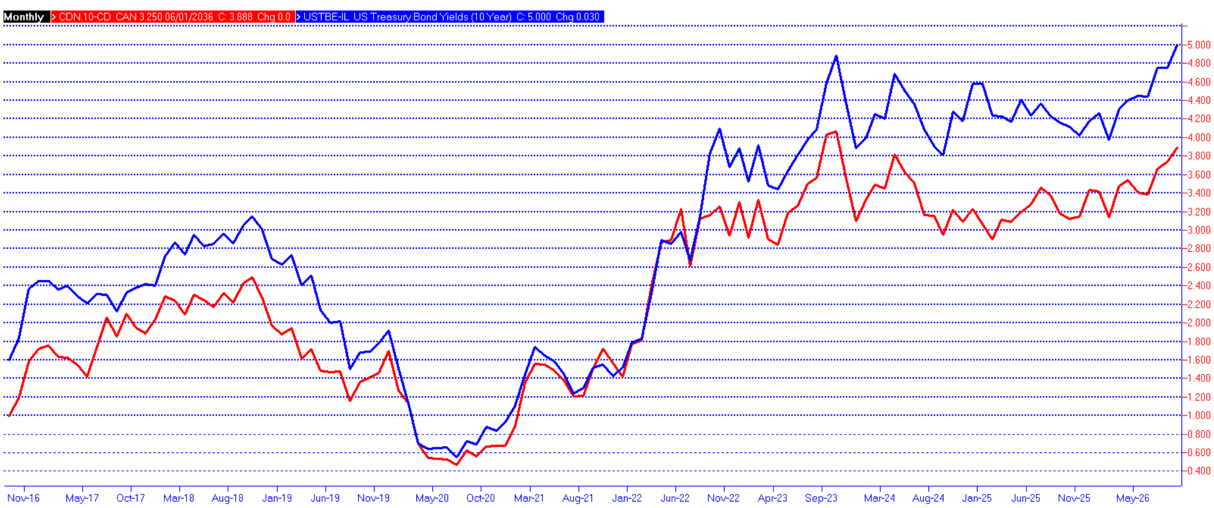
90-days (2.35%) | 2-years 3.29% | 10-year 1.89% | 30-year 4.32%



Sources; LSEG, NBF, Hilberry Sept 16, 2026

Canadian yields are not pricing in lower inflation either. CDN yields remain lower than US yields. Note that bond yields tend to start falling before a recession, predicting the decline n demand. We're not seeing this yet.

US Fed Govt 10-year yield vs Canada Fed Govt 10-year yield 2016-2026



Sources; LSEG, NBF, Hilberry Sept 16, 2026

Hot Charts - U.S.: Fed faces double threat of supply shock and excess demand

[Hot Charts - U.S.: Fed faces double threat of supply shock and excess demand]

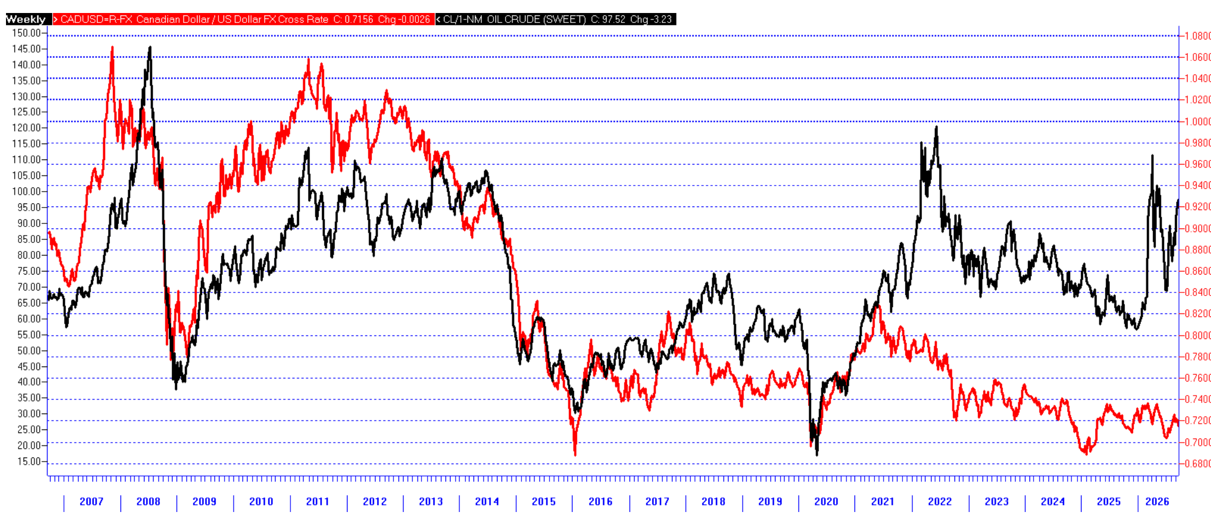
On Thursday newly minted Fed-Char Kevin Warsh raised interest rates 0.25%, signalling another hike in the offing. Markets priced down the 10-year yield (downward blip, far right). The bond market says 'Show me'.

US Fed Govt Treasury Bond 10-yr yield 12-mos daily ranges

Sources; LSEG, NBF, Hilberry Sept 18, 2026

Will the Loonie regain correlation to oil prices?

$1 CAD/USD FOREX (right $0.7147) | WTI (left $96.29) – 10 years



Source: LSEG, NBF, Hilberry Sept 16, 2026

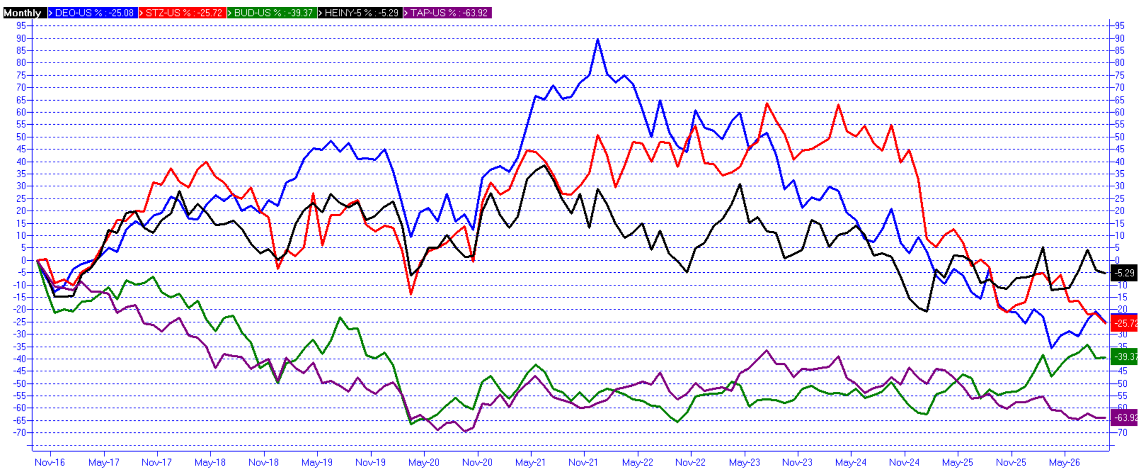
In 2011 with WTI $105 the Loonie traded over $1 (par). Given Canada's Fed Government making very different noises about hydro-carbon energy, we expect the Loonie regain it's historical correlation to WTI? If so, either WTI drops sharply and soon or the Loonie is set for significant gains against the USD. Against this future was this week's 0.25% hike in the US Fed Funds Target Rate to 4%. Higher short-term rates attract currency traders driving up $USD.

If this historical Loonie/WTI correlation returns and **if** WTI remains above $80, we estimate the implied Loonie FOREX rate is $USD $0.85-$0.95. $0.85 = 19% change. $0.95 =33% change. A 33% higher Loonie would proportionately reduce Canadian returns on holding US dollar-denominated assets.

The booze-biz hasn't been having any fun. With all these trials and tribulations, maybe we all need a good stiff drink. Maybe they need some of their own product.

Market price % change Sept/2016 -Sept/2026

Diageo PLC ADR (DEO -25%) Constellation Brands (STZ -25%), Anheuser-Busch/InBev (BUD -39%), Heineken ADR (HEINY -5%), Molson-Coors (TAP -63%)



Source: LSEG, NBF, Hilberry Sept 15, 2026

Pundits and social media narratives have Gen-Z consumers as the 'Sober Generation', avoiding alcohol. Sales have certainly declined. Industry studies reject this notion. Mind you, they would say that.

[Drinking among Gen Z adults has gone up, busting the sober myth | CBC News]

We think there could be opportunity in the sector.

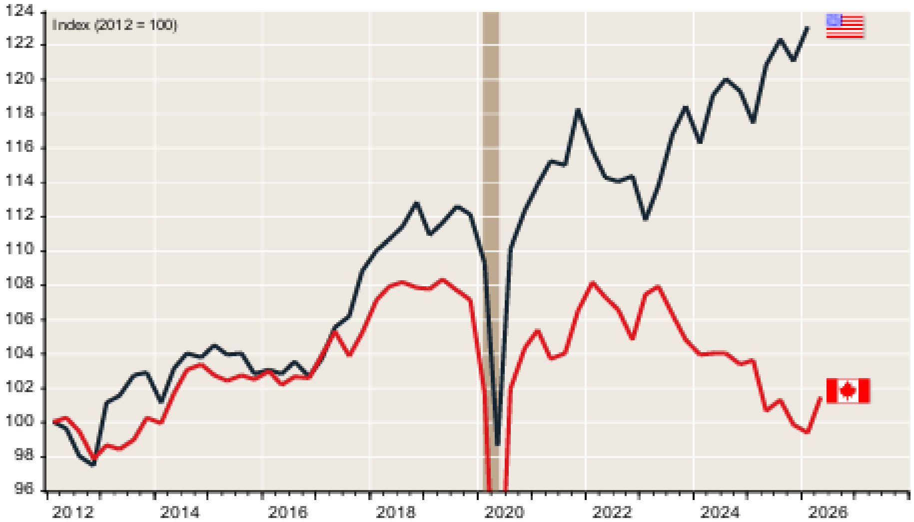
DISCLOSURE: We hold Constellation Brands Inc. personally, for family members and for client accounts over which we have trading authority. We have traded in the security within the past 60 days.

Meanwhile, back home in Canada…

Canada's middle power moment: An industrial comeback? NBC Sept 16, 2026

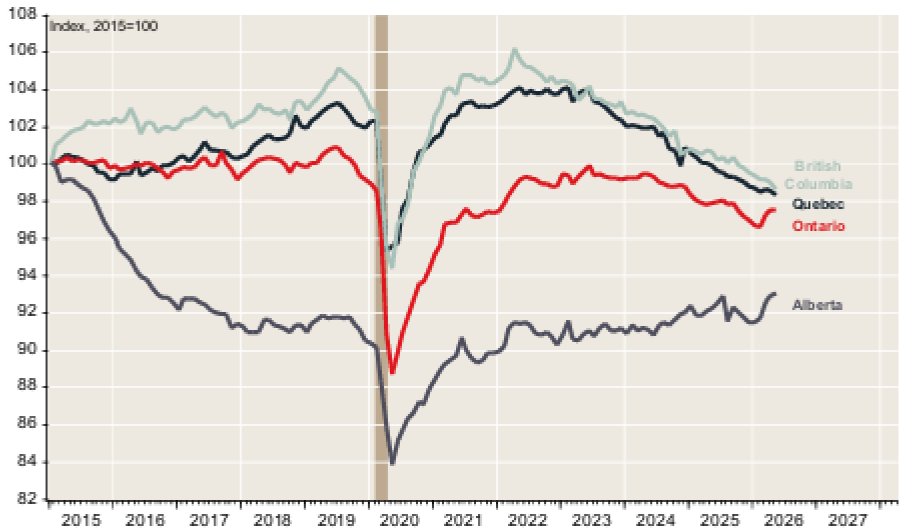
National Bank's Economics team provides a sobering look at Canada's manufacturing sector. it's about time we saw a Renaissance in Canadian manufacturing …

Canada: Manufacturing recession enters its third year
Real manufacturing GDP* : Canada vs US.



* Chained-weighted dollars
NBC Economics and Strategy (data via Statistics Canada and Fred)

Canada: Number of factories in a downward trend
Number of active businesses in the manufacturing sector, main provinces, seasonally adjusted by NBC



NBC Economics and Strategy (data via Statistics Canada table 33-10-0270-01)

The noises out of Ottawa are encouraging. The past decade of regulatory roadblocks chasing away investment will take time to reverse. The good news is, when you're at a low base, small success can magnify into significant gains. We have confidence the Canadian public gets it. They have already voted for change. Now comes the fun part. Making it happen.

Special Report - Canada's middle power moment: An industrial comeback?

Has a Canadian change arrived?

BCE to invest $50 billion to Saskatchewan AI Data Centre.

Wait, $50 bln!?!?!? News from Saskatchewan this week that Bell is underwriting Canada's largest ever investment through its AI Data Centre Project in the province where the total capital investment would eventually equate to $50 bln. NBF's Bell analyst Adam Shine weighed in on the signed but non-binding MOU with Saskatchewan that could add up to 900 MW of AI-compute capacity, creating a potential 1.2 GW hub and establishing Saskatchewan as the headquarters of Bell AI Fabric's national ecosystem.

BCE MOU to invest $50 billion in Sask. AI Data Center NBF

DISCLOSURE: We hold BCE Inc. 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.

Will 'data sovereignty' be the zenith for US social media stocks?

The post WW2 global world order led by the US, had many believing the USA was the adult in the room. A sober view of democracy, rule of law, bi-partisan support for international trade and if necessary, police action, had the US seen as the least-worst-alternative to encourage global peace, prosperity and democracy. At least, that was the story.

Where should a global United Nations facility be located? New York.

Where should global gold reserves be stored? USA. In the early 1950's 2/3rd % of global gold reserves were stored in Fort Knox USA, peaking at over 20,000 metric tonnes. The James Bond Film baddy Goldfinger attempted to nock off Fort Knox. The film was released in 1964 US Gold reserves currently stand at roughly 8,100 metric tonnes.

Whose should be the reserve currency for primary trading medium? – US dollars

In what currency should fungible commodities trade and where? US Dollars / US exchanges

Whose debt should carry the highest security/be a repository for global savings? – US Fed Govt Treasury bonds.

Which economy has provided the highest risk-adjusted returns on private/public capital? – The USA

Central governments were more than willing to hand the responsibility and cost of managing the above risks to the US. This soft-power enabled the US to hold outsized influence and control over it's own policy goals at far lower cost than would have been required via force. Mr. Trump may be re-learning this lesson in the Persian Gulf… maybe,

Central governments were also slow to realize the importance of data. How could a global open flow of data be a bad thing? Free trade – Free data flow. All good. That the data flow was mostly one-way into US entity control wasn't an issue.

Led by Apple's Steve Jobs, Silicon Valley figured out how to make money from data they were receiving at minimal cost. Consumers did all the work, loaded up the info, subscribed to the services and the add money rolled in. Global social media users gave little thought to data domicile. We admired Steve Jobs and Bill Gates for becoming billionaires out of their garages. *"Sure, they have our data. Who cares? We have nothing to hide. If we're leaving our gold in Fort Knox, what is the harm in having pictures of our cats stored in data centers in the US?"*

The dominance of tech industry titans at the Trump Inauguration confirmed that after figuring out how to get rich, the industry turned to social influence and political power. Follow the money.

Canadian citizen and Vancouver resident, International Criminal Court Judge Kimberly Prost saw her credit facilities and most of her electronic communication cut off after the Trump Administration sanctioned her. Canada's Federal Government has made minimal comment. We suspect this action wasn't lost on Canadian and other jurisdictions.

Will the announcement by BCE of opening a data center in Saskatchewan have broader implications? We urge clients to review the speeches at the event.

PM Mark Carney Speaks on Data Sovereignty Investment With Saskatchewan Premier

The presentation in Saskatchewan included Canadian political heavy weights from both major partiers. Past Prime Ministers Jean Chretien and Stepen Harper, Saskatchewan Premier Scott Moe and Prime Minister Mark Carney. The 'A' Team was called to duty. We heard 'data sovereignty', 'trusting the source' 'trusting the partners' repeated. The Canadian data regulatory landscape is going through a cathartic change. Will the global regulatory environment toward AI/Tech follow?. Will international leaders see the above as just a bunch of nobody-cares-Canadian-wannabies puffing up North? $50 billion Canadian is a lot of money in Canada. The equivalent $35 billion US is a drop in the $690 billion already expensed on US data centers and pales in comparison to the $2.4 trillion projected to be spent by 2030.

The social media/on-line entertainment/AI data business model assumes global data will continue to be provided to US Hyperscalers for nearly no cost. Putting this another way, that inward bound data has had or hasn't being valued. Those pages of 'agreements' you sign to open a Facebook account are worth reading. Limiting access to that data, applying a cost to it and then, of course, taxing it, could have profound implications for the industry. This doesn't mean they won't make money, but it could mean they make less of it over a longer period. Investors have been paying for 'more/sooner' not 'less/longer'. Ranked by market weight, the top ten names represent 38.5% of the S&P500. They are all tech names

Market weight explainer: What is market-value weighting? | PensionBee

S&P500 ranked by market value Top 30 market weight

	S&P500 ranked by mkt weight. Prices mid-session Sept 17, 2026				
Rank #	**Company**	**Symbol**	**Weight**	**Price**	**Tech %**
1	Nvidia Corp	NVDA	7.61%	218.89	7.61%
2	Apple Inc.	AAPL	7.05%	335.55	7.05%
3	Microsoft Corp	MSFT	5.30%	496.02	5.30%
4	Amazon.Com Inc	AMZN	3.90%	251.3	3.90%
5	Alphabet Inc. Class A Common Stock	GOOGL	3.14%	345.98	3.14%
6	Alphabet Inc. Class C Capital Stock	GOOG	2.92%	342.37	2.92%
7	Meta Platforms, Inc. Class A Common Stock	META	2.49%	678.23	2.49%
8	Broadcom Inc. Common Stock	AVGO	2.40%	349.17	2.40%
9	Tesla, Inc. Common Stock	TSLA	2.09%	366.73	2.09%
10	Micron Technology, Inc.	MU	1.59%	976.65	1.59%
11	BERKSHIRE HATHAWAY Class B	BRK.B	1.57%	510.11	
12	Eli Lilly & Co.	LLY	1.47%	1145.52	
13	JPMorgan Chase & Co.	JPM	1.34%	350.02	
14	Advanced Micro Devices	AMD	1.29%	549.35	1.29%
15	Walmart Inc. Common Stock	WMT	1.22%	106.76	
16	VISA Inc.	V	1.00%	370.49	
17	ExxonMobil Holdings Corporation	XOM	0.96%	162.36	
18	Johnson & Johnson	JNJ	0.93%	268.04	
19	Intel Corp	INTC	0.84%	110.93	0.84%
20	Mastercard Incorporated	MA	0.71%	565.96	
21	ABBVIE INC.	ABBV	0.67%	262.49	
22	Oracle Corp	ORCL	0.66%	150.66	0.66%
23	Cisco Systems, Inc. Common Stock (DE)	CSCO	0.63%	110.74	0.63%
24	Palantir Technologies Inc. Class A Common Stock	PLTR	0.61%	175.63	0.61%
25	Chevron Corporation	CVX	0.60%	210.63	
26	Bank of America Corporation	BAC	0.59%	58.45	
27	Costco Wholesale Corp	COST	0.57%	891.63	
28	Coca-Cola Company	KO	0.55%	88.08	
29	Dell Technologies Inc.	DELL	0.54%	590.49	0.54%
30	Caterpillar Inc.	CAT	0.53%	800.54	
				Tech mkt weight	**43.06%**
	SOURCE: https://www.slickcharts.com/sp500				

16 of the top 30 are are tech companies. These 16 represent 43% of the S&P500's market value. This is a high concentration in one sector.

Source: [S&P 500 Companies by Weight]

Analysts debate if Tech accelerated prices accurately reflect accelerated earnings growth or are pricing for a future that won't happen. Some of both. These companies have certainly made huge cash profits. Their share prices reflect those gains while anticipating more. The ready access to cheap data at scale has been a big factor in those profits. Many Canadian investors, particularly younger ones, have favored US tech equities. The meteoric rise in prices combined with a falling Loonie has magnified returns for Canadian's holding tech names. What's not to like? Will Mr. Carney's data sovereignty talking points be largely ignored by global governments or will this notion become broad based?

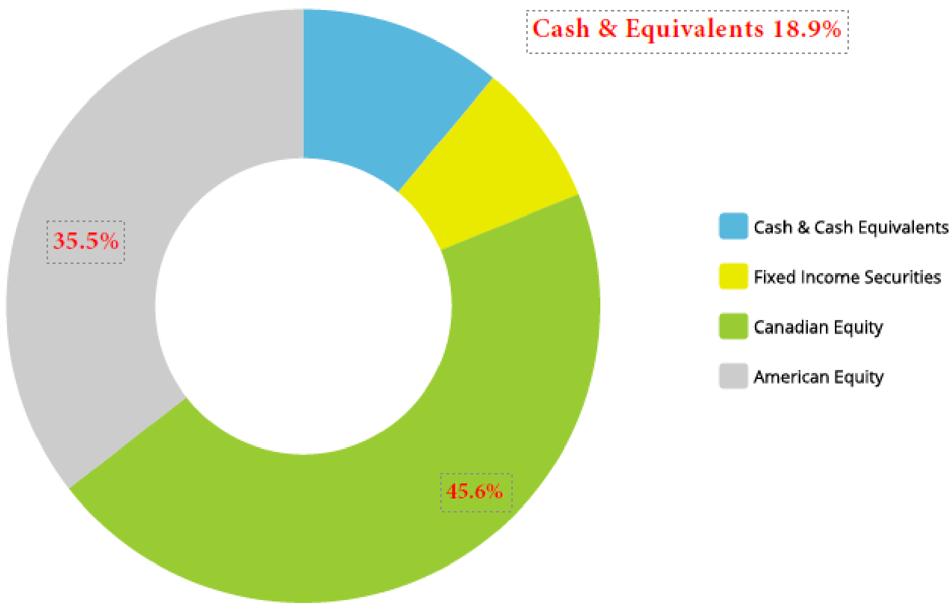
‘Protecting data sovereignty’ implies governments spending money.

How will they get it back?

A) Regulating access to data both internal and international.
B) Valuing data
C) Pricing data.
D) Taxing data and related services.
E) Including data in trade agreements
    a. Given tech titan influence, this will prove contentious
F) Enforcing trust-busting upon the tech industry

Any combination of the above could harm tech industry profits. We’re looking elsewhere.

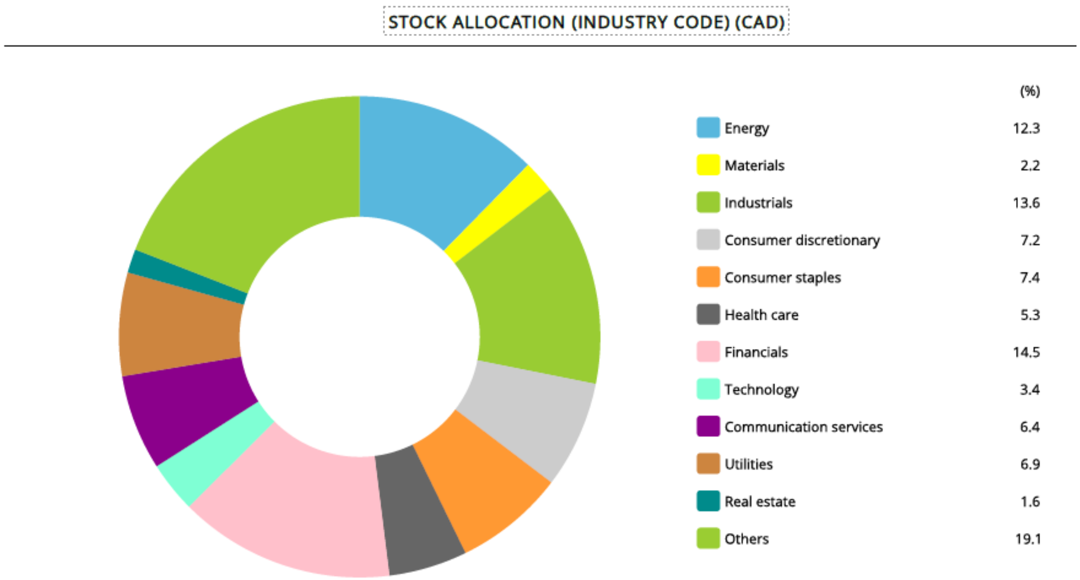
Hilberry North American Dividend-Growth Model Asset Allocation



Source: NBF portfolio data, Hilberry Sept 16, 2026. Portfolio equity allocation up to 100%

We’ve tilted towards Canada, reduced US holdings, while holding an above-average 18-19% cash allocation. We positioned to take advantage of disappointment. We’re not pricing for disaster. We’re also aware arguing against the US economy for any length of time has proved a losing proposition. We anticipate being underweight US assets for weeks not years. This may indeed be Canada’s moment to shine. History says stay modest.

Hilberry North American Dividend-Growth Industry Allocation



Source: NBF portfolio data, Hilberry Sept 16, 2026

We have been trimming our Technology allocation. At 3.4%, we are currently well below the 40%-plus S&P500 weighting for this sector. We see lack of dividends is another disincentive for us holding many tech names. Will this caution prove out?

Three tech bull/bear articles.

The S&P 500 Is Becoming a Tech Index in Disguise — But That May Not Be the Risk Investors Think

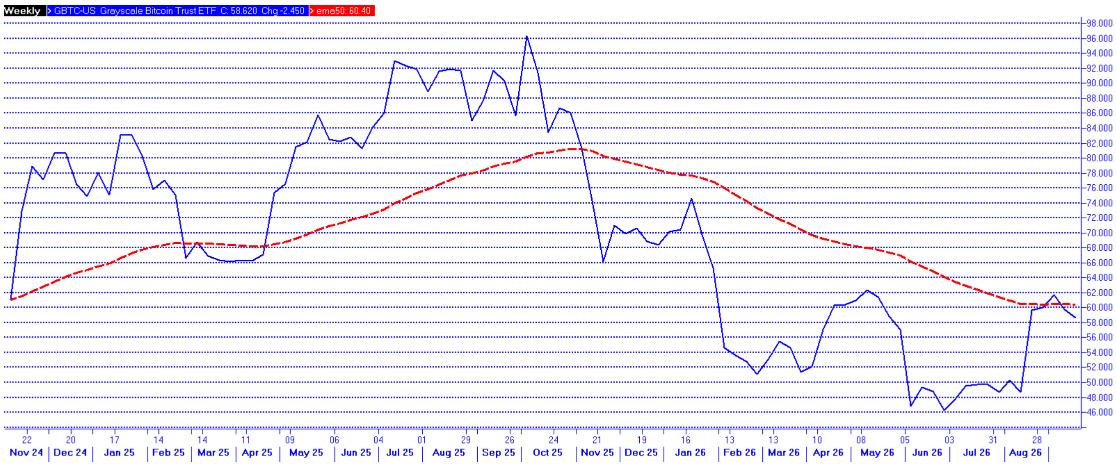
Why bulls have an edge in AI bubble debate | Reuters Sept 17, 2026

Is the S&P 500 quietly becoming a tech index?

A lick and a promise? Has the Trump Presidency been good for crypto?

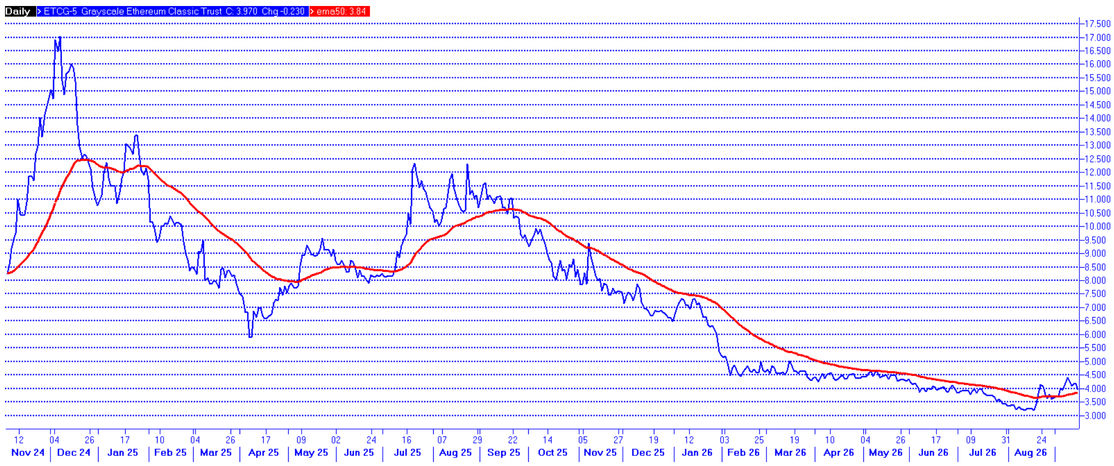
Much has been made of 'Crypto-Bros' celebrating the Nov 5, 2024. election of Donald Trump. Attendees at his inauguration included **MicroStrategy's** Michael Saylor, **Coinbase** CEO Brian Armstrong, **Kraken's** Jesse Powell , **Gemini Crypto Exchange** co-founders Winklevoss twins (they sued Zuckerberg for stealing their HavardConnection idea to create Facebook. The Zuck settled for 65 million), incoming **AI and crypto czar** David Sacks and **Trump family crypto investor** Donald Trump Jr. The Crypto industry contributed $18 million to the celebration. Total contributions exceeded $239 million. Given tax-payers cover facilities and security costs, that's one heckuva' party! Regulations require donations be declared (tax-deductible don't forget) but do not require declaring the expensing of funds. There may have been a few billions here or there left over…maybe? Critics saw conflicts of interest/buying of favours. Did the Crypto Bros get what they may have paid for?

Greyscale Bitcoin Trust (GBTC-US) Nov 4, 2024 ($53.49) to Sept 15, 2026 ($58.62)



Source: LSEG, NBF, Hilberry Sept 15, 2026

Grayscale Ethereum Classic Trust (ETCG) Nov 4, 2024 ($8.27) to Sept 15, 2026 ($3.97)



Source: LSEG, NBF, Hilberry Sept 15, 2026

Amun Binance Coin ETP USD INAV Nov 4, 2024 ($37.95) to Sept 15, 2026 ($47.41)

Source: LSEG, NBF, Hilberry Sept 15, 2026

TRUMP Meme Coin -95% loss

Source: Trading View Sept 16, 2026

[$Trump - Wikipedia]

Melania Meme Coin -99% loss

Source: Trading View Sept 16, 2026

Somebody made money during the initial surges in crypto prices.. It hasn't been investors who held.

DISCLOSURE: The Hilberry group has no exposure to Crypto currencies/meme coins personally or for client accounts over which we have trading authority.

CONCLUSIONS: We've maintained our tilt towards Canada reduced US equities. Our holding above average cash allocations was a drag on performance…so far. We missed out by underweighting US tech giants. Getting off the bus early is still getting off the bus.

Have a Great Weekend

Steve & Anna Hilberry

FOR THE RECORD Sept. 17, 2026 close

DOW INDUSTRIALS:	51,778
S&P 500:	7,637
S&P/TSX COMP:	35,874
WTI:	$101.70
LOONIE IN $USD:	$0.7138 $US

Sent by
Montreal Office
National Bank Financial
Wealth Management
800 Saint-Jacques Street
Office 79721
Montreal, QC H3C 1A3
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Toronto Office
National Bank Financial
Wealth Management
130 King Street West
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CIRO Canadian Investment Regulatory Organization

CIPF Canadian Investor Protection Fund MEMBER

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

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