NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

WIMAN WONG
WEALTH MANAGEMENT GROUP

Monthly newsletter

Commentary September 2026

Dislocated World

It would be easy to kick things off this month by pointing out the elephant in the boom, but we won't… or I guess just did!

There are lots of stories out there of a world gone mad and its not just at the global geopolitical level. It feels like changes are happening in almost every corner of our world. From a critical assessment perspective, the noise factor impacting decision-making has been high for some time.

Welcome to the dislocated world. We'll start by sharing a few dislocations that should over time revert. If the noise factor stays loud, maybe the dislocation gets quiet, and maybe, just maybe, the world becomes a bit less dislocated.

Diesel crack spreads – blow out

The U.S. diesel crack spread recently blew out past $102 per barrel for the first time in history. This marks an unprecedented surge from normal levels of $15 to $25, driven by severe global refining shortages rather than just raw crude oil costs.

Causes of the blowout

Geopolitical conflict: Ongoing wars in Ukraine and the Middle East have damaged or disrupted critical refining infrastructure.

Maritime bottlenecks: Standoffs and blockages in key shipping lanes like the Strait of Hormuz have trapped regional fuel supplies.

Low inventories: Seasonal stocks in the U.S., Europe, and Asia sit near multi-year lows right as heavy agricultural harvesting begins.

Upstream discipline: Major oil producers have kept capital expenditures tight, choosing shareholder returns over expanding refining capacity.

Economic impact

Record refining profits: Refiners like Marathon Petroleum and Valero have seen margins more than double.

Higher consumer prices: Surging diesel costs directly increase the price of moving freight by truck and rail, which ultimately translates into higher retail and grocery prices across the economy.

Bottom line – think twice about buying the Super Duty Power Stroke V8 turbo diesel truck next time you are on the car lot! Or buy one because this should mean revert when dislocation declines.

3-Year U.S. treasury at a near term high

(I guess too high)

Most recently we have seen the yield on the 30-year U.S. Treasury note climb to a point that has the Treasury acting to lower the long-term rates. They call it a twist and on August 19, 2026, Scott Bessent and his treasury friends got their Chubby Checker – "Lets Twist Again" dance on!

The U.S. Treasury announced it is doubling its long-end debt buyback operations from $2 billion to at least $4 billion per operation. By actively removing long-term bonds (10 to 30 years) and funding it by shifting supply toward short-term bills, the Treasury engineered a fiscal "Operation Twist" that sent long-term yields and the U.S. dollar tumbling, which immediately boosted gold prices.

What the Treasury "twist" is

The Action: Announced by the Treasury Department under Secretary Scott Bessent, the cap on liquidity-support buybacks for 10-year to 30-year nominal coupon securities was doubled to at least $4 billion, running from September 9 through November 4.

The Mechanism: Instead of the Federal Reserve executing the trade, the Treasury itself is buying back expensive, long-duration debt and is expected to replace that issuance with short-term Treasury bills.

The Goal: Long-term yields (like the 30-year bond) recently hit multi-decade highs near 5.3%, stoking market stress. This maneuver aims to forcefully lower long-term borrowing costs without waiting for the Fed. Financial analysts have dubbed it a soft form of fiscal dominance or a Treasury-led Operation Twist.

Bottom line – Someone wants the long-term interest rates lower (elephant in the room?), so it will be! Near term this is bullish for gold, housing, and markets. Effectively this is a soft form of quantitative easing.

NEW debt – artificial intelligence (AI) and technology debt levels

Major tech companies are shifting from funding AI entirely with cash to a massive borrowing cycle. The largest hyperscalers, including Alphabet, Amazon, Meta Platforms, Microsoft, and Oracle issued a record-breaking $121 billion in debt, while visible and off-balance-sheet obligations pushed their total AI infrastructure commitments significantly higher as they financed multibillion-dollar data centres.

To give you a sense of what is being built, the largest data center in the world is a facility in the China Telecom Inner Mongolia Information Park in Hohhot, China, spanning roughly 10.7 million square feet (1 million square meters). For context, this is approximately the size of about 200 football fields (185 to 230 depending on how you measure the field).

Bottom line – This spend rate cannot and will not continue in perpetuity. Something will stop and or break at some point. The question of when is still to-be-determined.

So here we are in a dislocated world. There is a long list of other dislocations - some worth exploring and others far too trivial to warrant coverage, such as tariffs on Canada goose droppings! Seems reasonable in a dislocated, unreasonable world! My friends, anything can still happen.

Final Thought

Here we are entering the 4th quarter of the year. Earnings numbers are decent, rates are being managed lower, things are dislocated and will mean revert at some point (or not). We live in a place, that by comparison seems pretty good. We remain cautiously positive in the eye of the noise and dislocation storm, and we will keep you posted going forward.

Click here to access your online account and tax statements

Click here to learn more about the team

Click here to contact us

Jason Wong, CIM®
Wealth Advisor & Portfolio Manager
416-869-7142 | jason.wong@nbc.ca

130 King Street West, Suite 3100
Toronto, ON M5X 1J9

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

WIMAN WONG WEALTH MANAGEMENT GROUP

Regulated by CIRO Canadian Investment Regulatory Organization

CIPF Canadian Investor Protection Fund MEMBER