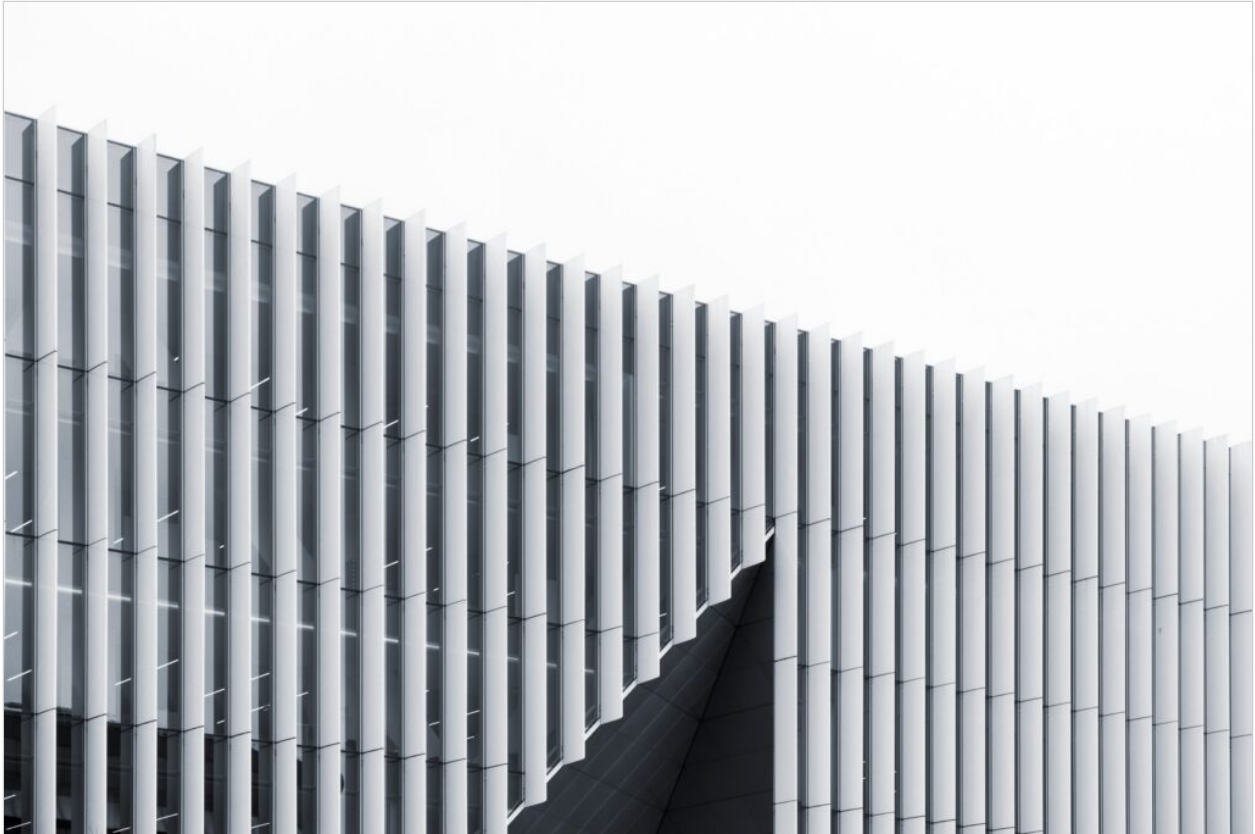




Market Commentary — First Quarter 2026

By: **Nicholas Lebuis** Published on: April 17, 2026

Canadian equities outperformed US equities in the first quarter, as crude oil prices rose sharply following the closure of the Strait of Hormuz. The S&P/TSX rose 3.3%. The S&P 500 declined 4.6%. WTI crude rose 77%, and Brent crude closed March at \$118.35, the largest monthly increase on record.

Markets

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The difference reflected sector composition rather than geography. US indices were weakened by a decline in technology shares, which had reached unusually high weights in the index. Portfolios with exposure to energy, resources and gold declined less.

European equities also declined. The STOXX Europe 600 fell 7.6% in March, its largest monthly decline since March 2020. Developed markets outside North America declined 1.9% over the quarter.

Rates

The Federal Reserve held its target range at 3.50% to 3.75% in January and in March. The Bank of Canada held its overnight rate at 2.25%.

The US 10-year Treasury yield closed the quarter at 4.30%, an increase of 14 basis points. The Canadian 10-year yield closed at 3.46%.

A central bank sets the cost of borrowing today. A 10-year yield is the market's estimate of that cost averaged across the next decade. The second can rise while the first is unchanged, and did.

Economy

Inflation increased in both countries. US headline CPI rose from 2.4% in January to 3.3% in March. Canadian headline CPI reached 2.4% in March, with the Bank of Canada's core measures near 2.2%.

The US economy grew at an annualised rate of 2.5%. The Canadian economy grew at 0.3%. Unemployment was 4.3% in the US and 6.7% in Canada.

US high yield credit spreads closed the quarter at 3.28%.

Oil reaches the inflation data twice: first in the price of fuel, then in the price of everything that must be transported. The second passage takes months, which is why a March oil price is still arriving in the autumn figures.

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	Level	Quarter	YTD
S&P/TSX	32,768	+3.3%	+3.3%
S&P 500	6,528	−4.6%	−4.6%
MSCI EAFE	2,839	−1.9%	−1.9%
USD/CAD	1.39	+1.4%	+1.4%
EUR/CAD	1.61	−0.1%	−0.1%
GBP/CAD	1.84	+0.1%	+0.1%
Oil (WTI)	101	+77.4%	+77.4%
Gold	4,667	+7.7%	+7.7%
US 10-year	4.30%	+14 bp	+14 bp
Canada 10-year	3.46%	+4 bp	+4 bp
Fed funds	3.50–3.75%	unchanged	unchanged
Bank of Canada	2.25%	unchanged	unchanged

Price returns. MSCI EAFE — developed markets in Europe, Australasia and the Far East.