

WEEKLY STRATEGY Perspectives



Private Wealth

WEEK ENDED MARCH 20, 2026

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Just the FAQs

"Computers are useless. They only give you answers."

– Picasso

The Through Line: Barely 11 weeks into the new year and investors' psyches are already rubbed raw from the quantity of big-picture, arc-bending issues they've faced. While markets would prefer quick and easy answers, the reality will likely take more time to fully resolve. Asking the right questions - something our clients do well - is a great place to start the analysis. This week's piece highlights our take on the queries we most frequently field.

"If it's not one thing, it's another"

How quickly things change. At the start of the year, our biggest concern was that Wall Street strategists (including us) had reached an almost uniformly bullish consensus. Most pointed to solid GDP growth, easing inflation, stimulative business and personal tax cuts in the U.S., plus upticks in defense and infrastructure spending in a host of other countries. Companies had weathered the 2025 threats from U.S. tariff and trade policy well and were on track to continue double-digit earnings increases. The growth was fueled by both steady consumer spending and blossoming technological change. Investors were also largely constructive (albeit a bit nervous) in the wake of three years of strong double-digit gains in stock markets.

However, the ink was barely dry on our New Year's resolutions when the first surprises landed: the seizing of Venezuelan President Nicolás Maduro; installation of new leadership; and redirection of oil resources in Venezuela. A host of other events also occurred. They ranged from major (war in Iran, technological breakthroughs in new AI models) to unusual (a Sunday night video released by the chairman of the U.S. Federal Reserve and a dystopian scare story about an AI jobs apocalypse).

All of this had the potential to cause waves of investor nausea across many asset classes. **Although there is some sector volatility under the surface, in the aggregate many major global equity indexes remain positive on the year and those that are down are seeing only modest declines (low single-digit percentages).** While the Iran war has hogged headlines for the past three weeks, other issues remain unresolved and poised to provoke consternation at the slightest nudge. We offer perspective on a few.

Industrial Revolution 4.0 – a fundamental economic (and investment) rewrite

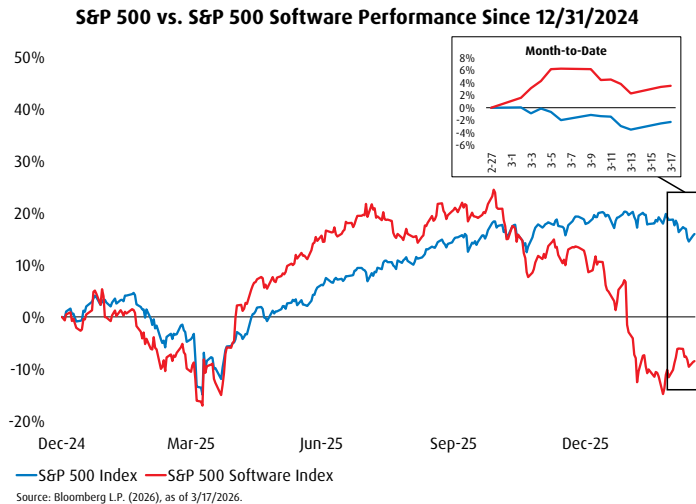
Much of the investment and media spotlight over the last few years has highlighted all things AI. Data center buildout (and the attendant stress on infrastructure and natural resources), funding and model training/leap frogging of each other's prowess dominated the conversation. But this focus largely ignored the fact that **our current technological revolution has much broader implications.** It encompasses other innovations such as autonomous vehicles (how about those driverless forklifts), robotics, advanced imaging and cloud technologies (to name just a few).

The public's cognitive introduction to AI via ChatGPT in the fall of 2022 and the subsequent rush of industry-specific models sent the change trajectory sharply higher. **The opportunity is seemingly vast – but so is the opportunity cost since the rapidly accelerating pace of change is demanding a rethink of virtually every process, procedure and method in use today.** From AI chatbots performing the role of customer service agents, to driverless taxis and robots doing much of the picking and sorting in a warehouse, businesses must rethink EVERYTHING – or be left in the competitive dust. In much the same way that the introduction of spreadsheets, word processing software and mobile internet fundamentally changed how we conduct many business and personal activities, AI and its tech cousins will bend the arc yet again. The problem facing Wall Street is that it will take time to determine how AI will ultimately shift things and who will benefit/ be hurt. *And we all know how patient Wall Street isn't.*

Case in point: traders moved quickly to reprice the entire software industry in the wake of recent introductions of customized AI modules aimed at specific industries (legal, real estate, wealth management, insurance). Cash flows, earnings, margins and operating models that had previously been considered inviolable were suddenly perceived to be at risk. Not only were stock prices hit (chart) but the companies underwriting loans to many industry players were also scrutinized under a different light.

We think Wall Street's initial knee-jerk reaction was overdone – which is often the case. It will be tough for companies to adapt new AI modules and ditch enterprise-wide software (that most likely features all sorts of company-specific tweaks and is used for numerous legal, customer service and other processes).

Then, too, the broader systems come with support, upgrades and recourse when something breaks or doesn't work as expected. It's more likely that AI will be an enhancer and nimble add-on to these systems. Note that recent action already hints at this re-evaluation. Software stocks seem to have played a defensive/safe haven role amid the more recent market turbulence created by the Iran war.



Employment market health and consumption sturdiness

Is AI coming for my job? It is easier to theorize about the types of jobs that will be lost to AI and other technological innovations than it is to conceive of the new ones that will be created. Every period of rapid technological change has been similar (auto mechanics and computer repairmen weren't part of the initial transition to steam engines, for example). It's critical to remember that **AI can process huge amounts of data, but the qualitative interpretation still needs human input.** Core challenges will revolve around how to train newer workers without doing the grunt work needed to get to that level of strategic analysis. The ability to ask great questions, analyze, synthesize and recognize when patterns may shift or rhyme rather than be an exact replica will be required.

Jobless growth – will it impact the Energizer Bunny consumer? New immigration policies and a swell of retiring baby boomers puts downward pressure on the total available workforce. Many large companies slow walked hires as they 1) modeled the impact of new technology; 2) repositioned/

realigned for growth after the bloat that happened to many during the pandemic years; and 3) prepared to respond to shifting trade and other policies.

Assessing the employment markets using traditional statistics will likely become increasingly difficult, given both the methods by which the data is gathered and the fact that those series were built to measure a different economic reality than the one to which we are transitioning. Central banks and other policy makers will need to evolve their thinking over time to determine which method/series offers a viable yardstick. Investors will care most about consumers' propensity to continue to spend, save and invest.

Private credit – still in the news

Concern regarding AI and its potential to irrevocably change business models doesn't only exist in the stock market. Investors in the credit markets are also watching closely. Last week, we outlined some challenges facing private credit ([WSP - Private Credit – Brewing Crisis or Tempest in a Teapot?](#)). We suggested that the delivery mechanisms (types of investment vehicles) and sale to a broader audience (which may not have fully grasped the illiquidity premium) were more the issue than fundamental flaws in the underlying securities. Yet headlines conflating the two keep coming. When Blackstone stuck to its 5% gate last week, it gave cover for other private capital firms to do the same: a handful more have implemented them this week. Also last week, JP Morgan announced it would cut back its lending activities for private credit funds and write down some of the software investments on its books.¹ For years, the technology industry in general has prided itself on being *underlevered* primarily due to the solid cash flows that many of the key constituents enjoy. We've seen multiple examples of healthy demand for tech debt issuance (particularly as it relates to data center build out), plus a handful of companies that are paying down or restructuring debt.

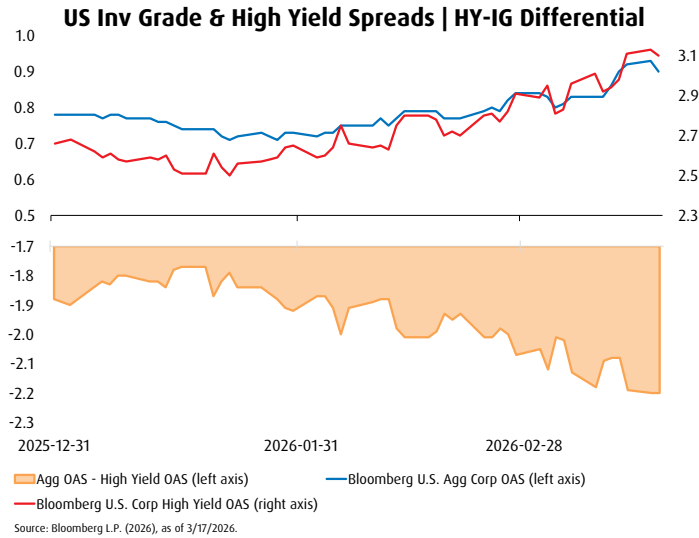
The (continued) fog of war

While capital markets of all flavors (stocks, bonds, currencies, commodities) are doing their best to absorb the news and move on, trading in the near term is likely to stay closely correlated to headlines – specifically those related to keeping the Strait of Hormuz open. Two ships carrying LPG bound for India were able to slip through this week – helping buoy stock market sentiment in both hemispheres (though doing little to bring down the triple digit price of oil).

Stock investors in particular seem to be adopting a theory that the war will more likely (than not) be resolved in fairly short order. Though subsectors have seen sharp downward moves (software) and upward moves (energy) under the surface, the aggregate indexes remain close to where they started the year. The aggregate drawdown and sentiment wash out surrounding last April's Liberation Day, for example, or the initial dramatic drawdown precipitated by COVID in 2020, have not occurred.

In the more intermediate term, traders are watching central banks to see if policy makers will be able to look through the temporary inflation push (up) and growth pull (down). The Bank of Australia has already raised rates and many others are poised to at least consider doing so.

Credit markets have also begun to price in the potential for more systemic risk, which is illustrated by widening in credit spreads (difference in yield between a corporate issuer and a Treasury/ Government of Canada bond of similar term). We note that the widening is subtle – and comes after a long period of very little differentiation between investment-grade bonds and riskier high-yield bonds (chart).



Implications for Investors

The markets have shown a rather amazing ability to absorb and move on from the many challenges that landed in the past few months. War, technological change and shifting policies may complicate the short-term view, but the global economic pump is primed to support growth. With several years of central bank cuts in the system, plus plans for fiscal spending on defense, infrastructure and personal/corporate stimulus via tax cuts and incentive plans underway in many countries, the same constructive growth through line we saw at the start of the year is still there (with just a bit more hair attached).

In focus in North America

Jon Borchardt, Sr. Analyst

George Trapkov, CFA, VP and Portfolio Manager

This week

Iranian conflict drags on – Now that the US-Israeli war on Iran is entering its fourth week, Iranian reprisal strikes on regional energy infrastructure and the shipping industry pose a threat to the global economy. Headlines warn of the possibility that oil prices could jump to \$150 or higher, but the odds still favor a more benign outcome. Last year, Saudi Arabia led OPEC+ into a strategic pivot that saw output quotas unwind at a pace much faster than previously anticipated. *The group added roughly 300 million barrels of additional oil to the market in 2025, pushing global inventories to their highest levels since February 2021 according to the International Energy Association (IEA).* These inventories now help provide a buffer to supply disruptions in the Middle East. IEA member countries have agreed to release a coordinated 400 million barrels from strategic petroleum reserves, and commitments could be scaled up if needed. Approximately 20 million barrels of crude oil and related products move through the Strait of Hormuz on a regular basis; these flows have now slowed to a trickle. Saudi Arabia and the UAE are using alternative routes, attempting to restore close to six million barrels of that lost export capacity. Russian supply has likewise increased thanks to an easing of U.S. sanctions. **Should these dynamics remain unchanged, it may be 45 days, or just over six weeks, before a supply deficit begins to take hold in global oil markets.** This will hopefully provide ample time for a resolution to the closure of the Strait of Hormuz. More than 70 million barrels of oil currently sitting on ships in the Persian Gulf would return to global markets and push oil prices lower. While workarounds to facilitate global energy supply remain the most likely scenario, continued potential disruptions are a not-to-be-ignored tail risk.

A new chair for the U.S. Federal Reserve – Confirmation hearings for Federal Reserve Chair nominee Kevin Warsh remain on hold because the White House has yet to deliver the necessary paperwork to the Senate Banking Committee. North Carolina Senator Thom Tillis (R) remains steadfast in his threat to block the nomination process until the “bogus” case against Fed Chair Powell is dropped. Last week, a federal judge ruled in favor of Fed Chair Powell’s motion to quash a government subpoena seeking information tied to a criminal investigation into accusations that Powell had mismanaged a Federal Reserve building renovation project and lied to Congress about project cost overruns. The judge said, “There is abundant evidence that the subpoenas’ dominant (if not sole) purpose is to harass and pressure Powell either to yield to the President or to resign and make way for a Fed Chair who will.” The judge went on to say, “the government has offered no evidence whatsoever that Powell committed any crime other than displeasing the President.” This ruling afforded the government an opportunity to end its investigation of Mr. Powell and move forward on the Warsh nomination. Instead, U.S. Attorney for the District of Columbia Jeanine Pirro said the ruling will be appealed. Fed Chair Powell’s term expires on May 15, but his term on the Board of Governors runs through January 2028. Court papers indicate Mr. Powell could remain on the Board through his full term to help protect Fed independence if the investigation continues.

U.S. FOMC holds rates steady – As expected, the Federal Open Market Committee left the target policy rate unchanged. For now, the Fed is treating higher energy prices tied to the war in Iran as a one-off, as too many variables remain. Fed Chair Jerome Powell suggested that tariffs are responsible for half to three quarters of inflationary pressures, creating a one-time impact on prices. In the view of FOMC members, the economy remains solid with consumers still spending and business investment trending higher. The labor market remains stable, in low-hire-low-fire mode which is tolerable, though curious, as the supply of workers has also been reduced. Looking forward, Committee members’ forecasts for inflation and GDP both ticked slightly higher, but confidence in those forecasts is low. For investors, the key policy debates remain the impact of AI on productivity, the effect of energy price shocks and the net stimulative impact of OBBB tax cuts on U.S. economic growth.

Bank of Canada keeps rates unchanged – The BoC kept its key overnight lending rate steady at 2.25% for the third consecutive meeting, which was widely expected. The tone of the press release and the BoC Governor’s opening comments offered a little something for both doves and hawks. Since the market was leaning hawkish, and rate hikes are priced in for later this year, a balanced statement could thus be read as mildly dovish. Unsurprisingly, the central bank noted the downside risks to growth and the upside risks to inflation flowing from the conflict in Iran – a “dilemma for central banks.” Importantly, the bank also said that growth prior to the war had disappointed their expectations (both in Q4 and so far in 2026), although underlying inflation was close to their 2% target. Like all central banks, the BoC is in a tough spot thanks to the conflict in Iran; growth risks are tilted to the downside and inflation risks have mounted. The bank suggests it’s still too early to properly assess the net impact on the Canadian economy. Policy is thus on hold until there’s more information on the duration and extent of the energy price shock. It’s also abundantly clear that the BoC was more concerned about the outlook prior to the war and would have been even more dovish in today’s statement were it not for the spike in oil prices.

Canadas hiring remains soft – Canadian employment fell by a heavy 83,900 in February, pushing up the jobless rate by two ticks to 6.7%. After a setback in the opening month of the 2026, the result is much weaker than expected and was one of the worst (non-pandemic) months ever for jobs. Most sectors reported job losses. Retail and wholesale trade was especially weak at -17,900, followed by info, culture and recreation at -12,000, and construction at -11,800. Although a tough winter may have exaggerated the weakness at the start of the year, and a shrinking labor force is also weighing heavily on headline employment, the underlying story so far in 2026 is one of weakness. A range of other indicators for January, including a 3% drop in manufacturing sales, reinforces the point that the economy stumbled out of the gate this year. And now the economy is confronting higher energy costs flowing from the Iran conflict. Somehow the market continues to price in Bank of Canada rate hikes for later this year. But if this employment report is at all indicative of underlying economic conditions, rate hikes are the last thing the bank would consider.

Next week

The first quarter of 2026 draws to a close, bringing a light data week. In the quiet that comes at end of quarter, expect to see the market focus stay superglued to vacillating headlines.

Monday 3/23 – None scheduled

Tuesday 3/24 – U.S. Productivity, S&P services and manufacturing PMIs | Canada CFIB business barometer, Manufacturing sales

Wednesday 3/25 – U.S. Import price index

Thursday 3/26 – U.S. Initial jobless claims | Canada Wholesale sales

Friday 3/27 – U.S. Consumer sentiment | Canada Budget balance

Data scorecard as of March 18, 2026

Equity Market Total Returns						
	3/18/2026 Level	WTD	YTD	2025	2024	5-Year*
S&P 500	6,625	-0.1%	-3.0%	17.9%	25.0%	14.4%
NASDAQ	22,152	0.2%	-4.6%	21.2%	29.6%	13.4%
DOW	46,225	-0.7%	-3.4%	14.9%	15.0%	11.6%
Russell 2500	4,377	0.7%	1.8%	11.9%	12.0%	7.3%
S&P/TSX	32,313	-0.7%	2.3%	31.7%	21.7%	16.1%
MSCI EAFE	10,815	1.4%	2.0%	31.2%	3.8%	8.9%
MSCI EM	830	3.3%	8.3%	33.6%	7.5%	4.2%
Bond Market Total Returns						
		WTD	YTD	2025	2024	5-Year*
Bloomberg U.S. Aggregate		0.2%	0.0%	7.3%	1.3%	-0.4%
Bloomberg U.S. Treasury		0.1%	0.1%	6.3%	0.6%	-1.0%
Bloomberg U.S. Corporate		0.4%	-0.5%	7.8%	2.1%	-0.1%
Bloomberg U.S. High Yield		0.3%	-0.2%	8.6%	8.2%	4.5%
Bloomberg 1-10 Year Munis		0.1%	0.8%	5.1%	0.9%	1.2%
Bloomberg Canada Aggregate		0.4%	0.2%	2.4%	4.0%	-0.4%
Bloomberg Canada Treasury		0.4%	0.3%	1.4%	2.9%	-0.8%
Bloomberg Canada Corporate		0.3%	0.1%	4.4%	6.9%	1.5%
Government Bond Yields						
	3/18/2026	Last Month End	Last Quarter End	2025	2024	5-Year Average
U.S. 10-Year Treasury	4.27%	3.94%	4.17%	4.17%	4.57%	3.37%
Canada 10-Year Government	3.45%	3.13%	3.43%	3.43%	3.23%	2.81%
U.K. 10-Year Gilt	4.74%	4.23%	4.48%	4.48%	4.56%	3.16%
German 10-Year Bund	2.94%	2.64%	2.85%	2.85%	2.36%	1.66%
Japan 10-Year Government	2.21%	2.11%	2.06%	2.06%	1.09%	0.65%
Currencies & Real Assets						
	3/18/2026 Level	WTD	YTD	2025	2024	5-Year*
USD Index	100.09	-0.3%	1.8%	-9.4%	7.1%	1.8%
CAD:USD	\$0.73	-0.1%	-0.1%	4.8%	-7.9%	-1.5%
Bitcoin	\$71,227.74	-0.2%	-18.7%	-6.5%	120.5%	24.8%
Gold	\$4,818.50	-4.0%	11.6%	64.6%	27.2%	17.9%
Oil (WTI)	\$96.32	-2.4%	67.7%	-19.9%	0.1%	3.4%

*Annualized

5-Year data as of December 31, 2025. Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. You cannot invest directly in an index. Index definitions can be found at the end of this publication.

Index Definitions

Equity indices

S&P 500® Index is an index of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

NASDAQ Composite Index is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

Dow Jones Industrial Average (“DOW”) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

Russell 2000® Index (Russell 2000®) is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000® Index.

S&P/TSX Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada’s primary stock exchange, the Toronto Stock Exchange (TSX).

MSCI EAFE Index (Developed Markets —Europe, Australasia, and Far East Index) is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International. The index captures large and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a market capitalization weighted index representative of the market structure of the emerging markets countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

Fixed income indices

Bloomberg U.S. Aggregate Bond Index is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

Bloomberg U.S. Treasury Index is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Corporate High Yield Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+ or below.

Bloomberg 1-10 Year Blend Municipal Bond Index is a market value-weighted index which covers the short and intermediate components of the Bloomberg Capital Municipal Bond Index — an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

Bloomberg Canada Aggregate Bond Index measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market. It includes treasuries, government-related, and corporate issuers.

Bloomberg Canada Aggregate Bond Index - Treasury is the treasury sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.

Bloomberg Canada Aggregate Bond Index - Corporate is the Corporate sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.



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¹ JPMorgan’s markdown to restrict lending to private credit firms, source says | Reuters