



QUEENSBURY GROUP OUTLOOK March 2026

After 10 months of steady growth, stock markets came to a jarring reversal in March precipitated by US and Israeli strikes on Iran. The resulting reduction of supply of oil to the world has caused energy prices to skyrocket and even resurrected talk of a potential North American recession. While higher oil costs will contribute to inflation, we still do not believe that we will see a recession this year.

Overseas geopolitical conflicts have historically caused short term turmoil in the markets but recovery usually happens in less than four months. Notable exceptions are Iraq's 1990 invasion of Kuwait which took markets 189 days to bounce back and the Japanese 1941 attack on Pearl Harbor from which markets needed 307 days to recover a drawdown of nearly 20%. While the 2026 March Madness correction approached 10% on some indices, market corrections of this magnitude are not uncommon and should not be a cause for panic.

Key to lowering oil prices will be the opening of the Strait of Hormuz. There are only two ways that we see this happening; either through the goodwill of the theocratic regime of Iran, which would appear unlikely, or by US force, which would require sending in troops. The 60,000 US troops currently in the Middle East number far fewer than the 250,000 who invaded Iraq; however, this could be sufficient to attempt to gain control of the Strait. Additional troops can also be deployed quickly from Europe, as they were for Desert Storm. Markets are currently predicting a 70% chance that ground forces will enter Iran by the end of April. Like Chekov's gun, expect that these troops will be used before the final curtain falls. We might also expect that curtain to drop sooner rather than later to give US Republicans claim to what will undoubtedly be called 'the greatest military victory the world has ever known' prior to midterm elections in the fall.

At home, infrastructure spending will benefit Canada's economy. It will take longer for the full effects to be felt but Mr. Carney is demonstrating his mastery of fiscal, as well as monetary, policy. Indeed, there is probably not another world leader as well versed in macroeconomics as he. We hope that he continues his conservative agenda even after the Liberals achieve their house majority.

It is important to consult with your financial advisor to confirm that security suitability is in keeping with your personal investment objectives and levels of risk tolerance and capacity.

		S&P	S&P	Cdn	GOC	
Levels	DJIA	500	TSX	Bank	10 yr	Cdn
Current	46,260	6,510	32,641	Prime	Bonds	\$
Mar 2025	41,989	5,605	24,961	4.45%	3.44%	71.77
Mar 2024	39,749	5,248	22,187	4.95%	3.01%	69.58
Mar 2023	32,394	3,971	19,657	7.20%	3.48%	73.81
Mar 2021	32,842	3,969	18,913	6.70%	2.92%	73.95
				2.45%	0.95%	80.22