

# Portland Monthly Market Report

March 2026

## Overview

WTI crude rose by ~50% from February's close to the end of March, its largest monthly gain since May 2020, as the Iran conflict and disruption in the Strait of Hormuz drove extreme volatility. Iran's Revolutionary Guards claimed "complete control" of the strait, which handles ~20% of global oil flows. Oil prices briefly dipped on US hopes of de-escalation but rebounded following Middle Eastern production cuts. Despite joint strategic reserve releases of 400 million barrels by 32 countries through the International Energy Agency (IEA), supply concerns persisted amid wider regional escalation, as Israel expanded operations against Hezbollah in Lebanon, and Iran vowed retaliation following the killing of a senior security official. Although intermittent diplomatic signals emerged, including reported discussions and a proposed 15-point framework involving Iran via Pakistan, Tehran denied formal negotiations. Overall, WTI crude rose above \$101/bbl and NYH Diesel closed at 157.81cpl.

## Exchange Rate

The Canadian dollar weakened from \$1.370 to \$1.396 against USD across the month, as the Iran war boosted demand for the safe haven US dollar. Although rising oil prices provided partial support for the commodity-linked currency, given Canada's status as a major oil exporter, this was insufficient to offset USD demand. Employment data showed domestic job losses exceeding 100,000 in early 2026, with levels of unemployment reaching 6.7%, tempering bets for interest rate cuts by the Bank of Canada (BoC). Meanwhile, Canada's headline inflation fell to 1.8% in February 2026, its lowest since July 2025. Core inflation also eased, with the central bank's trimmed-mean rate hitting a four-year low of 2.3%, though data predates the Iran conflict. The BoC held its key rate at 2.25%, citing global uncertainty, while Governor Tiff Macklem said rates could be adjusted if higher energy costs risk broader inflation. Markets now expect three interest rate hikes this year. In contrast, the US Federal Reserve is expected to hold at 3.5-3.75% in March and cut once in 2026, highlighting significant policy divergence.

## NYH Diesel (CAD cpl) & WTI Crude (US \$/bbl)



## Supply Price Drivers

In a joint statement, the IEA, International Monetary Fund (IMF), and World Bank said the Iran conflict has triggered "one of the largest supply shortages in global energy market history," highlighting the scale of the shock. The US has temporarily lifted sanctions on some Iranian oil to ease shortages, allowing around 140 million barrels to reach markets. However, the impact on prices is expected to be limited and the move raises concerns about indirectly funding Iran amid ongoing geopolitical tensions.

## Demand Price Drivers

A JPMorgan oil market report warned that "demand destruction has begun," as the global energy crisis is visibly suppressing fuel consumption, particularly in Asia, curbing industrial activity, transport demand, and overall refining output. Meanwhile, OPEC kept its global oil demand growth forecast at 1.38 million barrels per day (bpd), driven by non-OECD regions, while the IEA lowered its projection to 640,000 bpd. The divergence between agencies highlights growing uncertainty in the demand outlook.

## Geopolitical Price Drivers

US President Trump delayed planned strikes on Iranian power plants by 10 days until April 6th, following "productive" discussions with Tehran aimed at reducing tensions. However, Iranian officials denied that any negotiations or formal talks had taken place, contradicting Trump's claims. At the end of the month, officials from Saudi Arabia, Egypt, and Turkey arrived in Pakistan for two days of talks aimed at exploring de-escalation options, focusing on identifying potential diplomatic pathways.

## Market News

Canada says its position as a major energy producer and exporter allows it to help stabilise global energy markets amid volatility linked to Middle East tensions and risks around the Strait of Hormuz. According to the Minister of Energy and Natural Resources, Ottawa plans to accelerate energy infrastructure projects, expand export capacity, and deepen coordination with industry and international partners to improve resilience, aiming to secure Canada as an "energy superpower".