

Portland Monthly Market Report

February 2026

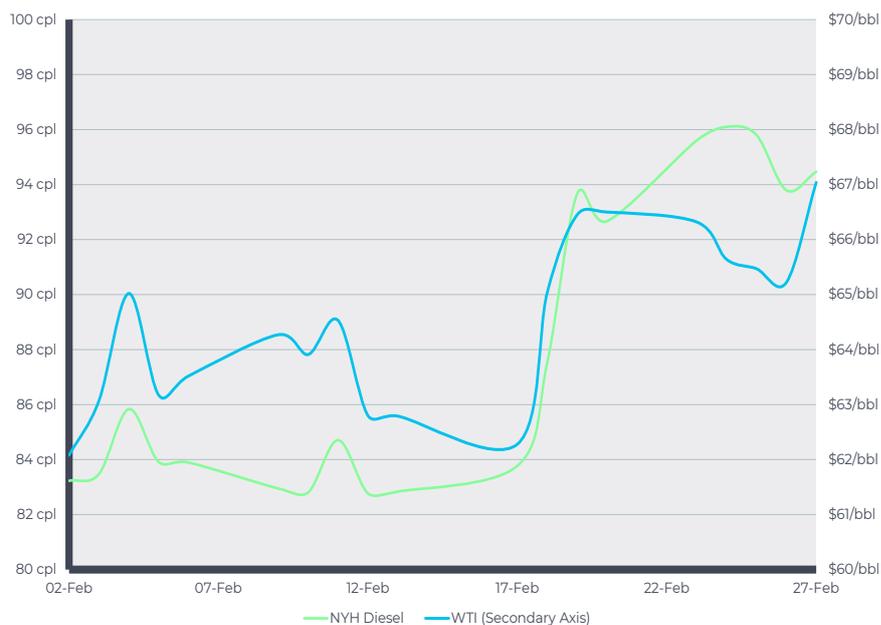
Overview

In February, WTI crude experienced significant volatility driven largely by US-Iran tensions. WTI opened near \$62/bbl following optimism over US-Iran nuclear talks, however threats in the Strait of Hormuz, a vital chokepoint for around 20% of the world's oil exports, supported prices. Prices fluctuated around \$62-\$65/bbl towards mid-month, before surging to a six-month high of \$66.5/bbl after reports of possible US military action in Iran. However, gains were capped by global economic uncertainty, after President Trump announced a tariff hike of 10% to 15% on all countries, despite the Supreme Court ruling that his previous sweeping tariffs were illegal. By month-end, WTI closed near \$67/bbl and NYH Diesel at 94.47 cpl, as investors monitored US-Iran developments. However, after February's close, prices surged heading into March amid coordinated US-Israel strikes on Iran, killing the Supreme Leader, and prompting retaliatory attacks on Israel, US bases, and Gulf states.

Exchange Rate

The Canadian dollar experienced limited movement across February, opening at \$1.369 and closing at \$1.364 against USD. Early in the month, CAD briefly touched 16-month highs as strong labour data showed unemployment at 6.5% (the lowest since September 2024) and wage growth at 3.3%, narrowing expectations for aggressive Bank of Canada (BoC) easing, while the US Federal Reserve signalled potential rate cuts. Mid-month, the loonie weakened as Canadian 10-year bond yields fell, widening the US-Canada yield gap, and January job losses and declining labour force participation highlighted cooling momentum. Additionally, household financial pressures rose amid record debt and rising insolvencies. Later in the month, softer domestic jobs data and cooler inflation further limited near-term BoC tightening, while US-Iran tensions supported the safe-haven greenback. By month-end, the Canadian economy posted a Q4 contraction of 0.6% (the lowest annual growth since 2020), with 2025 growth at 1.7%, prompting renewed speculation that the BoC may end its 2.25% policy pause sooner than expected.

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



Supply Price Drivers

In early February, OPEC+ agreed to maintain its planned pause on oil output increases for March, stating that 1.65 million barrels per day (bpd) may be returned at a later date, subject to evolving market conditions. However, modest supply additions were forecasted later in the month, and the group opted to increase production by 206,000 bpd in April, ending a three-month pause. Despite an increase, hikes are still well below the 411,000-548,000 bpd range previously considered, reflecting ongoing uncertainty.

Demand Price Drivers

Russian Deputy Prime Minister Alexander Novak said the global oil market is currently balanced, while demand will gradually rise in March and April, when asked about the OPEC+ group's plans on its production policy. In a long-term view, Vitol revised its forecast for peak global oil demand to the mid-2030s, now expecting consumption to reach around 112 million bpd and stay near that level through 2040, driven by slower electric vehicle (EV) use and continued gasoline use.

Geopolitical Price Drivers

In February, Ukrainian forces made their fastest gains since 2023, reclaiming ~201 km², aided by Russian disruptions in Starlink communications which weakened frontline coordination and slowed drone reconnaissance. Meanwhile, President Trump claimed that the US military intends to sustain its assault on Iran for "four to five weeks" if necessary. While Middle East tensions remain elevated, fears of prolonged disruption to global trade will continue, likely driving significant near-term market volatility.

Market News

Wind and solar have become Canada's cheapest source of new electricity, with contracted prices about half of what they were a decade ago and expected to fall 25 to 50% over the next ten years. Rising demand from electric vehicles and heat pumps and competitive procurement is accelerating projects. Canada's carbon plan, including support for large-scale carbon capture, industrial carbon pricing, and low-carbon incentives, aims to position the country as a global leader in the low-carbon transition.