

FINMETRIX

MARKET COMMENTARY

ANALYSIS OF THE MONTH

FINANCIAL RISK MANAGEMENT



APRIL 2026

GOOD DAY

INTRODUCTION

March saw global markets navigating a more uncertain environment, as geopolitical tensions and rising energy prices reshaped market expectations. In Canada, inflation continued to moderate, while domestic demand remained fragile. In the United States, energy-driven price pressures and slowing growth added complexity to the policy outlook. Europe faced renewed inflation alongside uneven growth and rising trade risks. The United Kingdom continues to balance persistent inflation with softening labour market conditions. In China, weak domestic demand contrasts with resilient exports and stable growth targets. Meanwhile, sugar prices remained under pressure as global supply improved.

CAD



ZOOM ON ▼ THE CANADIAN DOLLAR

MORE DETAILS

The USDCAD pair moved from 1.3676 to 1.3956 in March. Inflation in Canada eased further, with annual CPI slowing to 1.8% in February, reinforcing the broader disinflation trend while highlighting uneven underlying pressures. The slowdown reflects moderating goods prices and base effects, but core components, particularly shelter and services, remain more persistent. This mixed picture continues to complicate the Bank of Canada's assessment of price stability. Governor Tiff Macklem reiterated that monetary policy will remain "guided by the data," emphasizing that confidence in a sustained return to target is not yet fully established.

The Bank of Canada held its policy rate unchanged at 2.25% in March, maintaining a cautious wait-and-see stance as it evaluates the balance between easing inflation and fragile growth conditions. Policymakers remain attentive to external risks, including energy price volatility and global geopolitical tensions, which could reverse recent disinflation progress. According to RBC Economics, the central bank is likely to proceed carefully, as premature easing could risk reigniting inflationary pressures even as economic momentum softens.

Economic growth remains subdued. Recent data shows that Canada's economy expanded modestly at the start of 2026, following a contraction in the fourth quarter of 2025 on an annualized basis. While some indicators point to stabilization, the overall environment remains fragile. Analysts increasingly describe the economy as being in a "wait-and-see" phase, where both businesses and consumers are delaying major decisions amid uncertainty tied to interest rates and global trade dynamics.

Labour and housing dynamics reflect this cautious backdrop. Employment growth has slowed, the unemployment rate has edged higher, and job vacancies have declined, signaling softer hiring demand. At the same time, housing activity remains constrained, with subdued sales and persistent affordability challenges. High borrowing costs continue to weigh on demand, while supply limitations slow recovery.



USD



ZOOM ON ▼ THE AMERICAN DOLLAR

MORE DETAILS

The DXY index rose from 98.38 to 100.00 in March. Inflation central in shaping the U.S. outlook. After a period of moderation, price pressures are showing signs of reacceleration, driven in part by rising energy costs linked to geopolitical tensions in the Middle East. According to TD Economics, both consumer and producer prices are expected to move higher in the near term, complicating the FED's path and reinforcing uncertainty around the timing of rate cuts.

The Federal Reserve maintained a cautious stance in March, emphasizing that interest rates will remain restrictive until inflation shows clearer signs of returning to target. Policymakers continue to highlight elevated uncertainty, particularly around global risks and energy markets, reinforcing a data-dependent approach. Recent discussions suggest that the threshold for easing remains high, as premature rate cuts could undermine progress on inflation.

Economic growth is moderating. Revised data indicates that activity slowed toward the end of 2025, pointing to weaker underlying momentum than initially estimated. While the U.S. economy remains relatively resilient, rising costs and external pressures are beginning to weigh on both business activity and consumption. RBC Economics notes that growth remains stable overall, but increasingly uneven across sectors.

Labour market conditions are also softening. Job growth has slowed, and the unemployment rate has edged higher ahead of recent policy decisions. Surveys point to growing pessimism among workers, with fewer respondents expressing confidence in job availability. While the labour market remains relatively tight by historical standards, these trends suggest that momentum is easing, reducing some of the pressure that had previously supported strong wage growth.

Housing activity reflects similar constraints. Elevated mortgage rates, still near multi-year highs, continue to limit affordability and weigh on demand. Home price growth has slowed, and sales activity remains subdued as buyers adjust to higher financing costs.



EUR



ZOOM ON ▼
THE EURO

MORE DETAILS

The EURUSD pair fell from 1.1689 to 1.1553 in March. Inflation returned to the forefront in the euro area, moving back above target after reaching 1.9% in February and rising to an estimated 2.5% in March. The rebound was largely driven by energy, with prices shifting sharply higher after a period of decline. At the same time, services inflation remains elevated at around 3%, suggesting that underlying pressures are still present. This combination points to a less stable disinflation path, where progress toward target could stall if energy prices remain volatile in the coming months.

This shift is complicating the European Central Bank's policy trajectory. Rates remain unchanged for now, with the deposit rate at 2.0%, but expectations for rate cuts have been pushed further out. The renewed rise in energy prices has increased uncertainty, forcing policymakers to balance persistent inflation risks against a weakening growth environment. Financial conditions remain tight, and the ECB is likely to maintain a cautious, data-dependent approach while monitoring both inflation persistence and external shocks.

Growth remains modest and uneven. ECB projections now point to euro area GDP expanding by around 0.9% in 2026, reflecting subdued domestic demand and external pressures. Higher energy costs are weighing on household purchasing power, while trade risks continue to build, particularly in relation to U.S. tariff policies. The divergence across the region remains significant, with stronger performance in southern economies contrasting with weaker momentum in core countries such as Germany.

The labour market remains a relative source of stability, with unemployment near record lows at just above 6%. However, this resilience has not fully translated into stronger growth, as external demand and industrial activity remain under pressure. Trade dynamics are also softening, with a recent return to a goods trade deficit highlighting weaker export performance. Europe therefore enters the spring in a more fragile position, where inflation, energy and policy uncertainty are once again driving market conditions and investor sentiment.



GBP



ZOOM ON ▼ THE POUND

MORE DETAILS

The GBPUSD pair fell from roughly 1.3409 to 1.3173 in March, as sterling gave back some ground against the U.S. dollar over the month. Inflation remains the main constraint on the UK outlook. CPI held at 3.0% in February, with core inflation rising to 3.2% and services inflation still elevated at 4.3%. That mix suggests headline progress is real, but underlying price pressure remains too firm for the Bank of England to shift decisively toward easing. UK Finance noted that January's drop in CPI was helped by softer airfares and easing food inflation, while the Bank still expects a more sustained return toward target only from the second quarter onward.

That helps explain the Bank of England's March decision to leave Bank Rate unchanged at 3.75%. The Monetary Policy Committee voted unanimously to hold, while stressing that it would keep monitoring the conflict in the Middle East and its implications for energy prices and the inflation outlook. In other words, the policy bias remains cautious: inflation is easing, but not yet enough to justify a rapid change in stance.

Growth, meanwhile, looks modest rather than weak. The Office for Budget Responsibility still sees inflation easing over time, while Goldman Sachs expects UK GDP growth of 1.4% this year, up from around 1% in 2025. That said, the recovery remains uneven. UK Finance notes that business investment has continued to grow, but the gains are concentrated in a limited number of sectors, suggesting confidence is improving only selectively. External demand also remains a key uncertainty for the outlook.

The labour market is losing some momentum. Indeed's March labour update showed payrolled employment rising by 20,000 in February, but described the broader picture as one of stabilization with a darker outlook. The unemployment rate held at 5.2%, the highest in five years, while wage growth has eased to its slowest pace since 2021. For markets, that leaves the UK in a familiar position: inflation is still too high for comfort, but growth and employment are no longer strong enough to absorb prolonged policy restraint easily.



CNH



ZOOM ON ▼ THE RENMINBI

MORE DETAILS

The USDCNH pair fell from 6.90 to 6.89 in March. Inflation remains subdued in China, highlighting persistent weakness in domestic demand. Consumer prices declined by 0.7% year-over-year in February, while producer prices remained in contraction, extending a prolonged period of deflation in the industrial sector. Despite targeted stimulus measures, price dynamics suggest that demand recovery remains uneven. Both consumer and factory prices continue to point to an economy struggling to generate sustained internal momentum, particularly in the private sector.

Monetary policy remains accommodative. The People's Bank of China held its one-year loan prime rate at 3.45% in March, signaling a preference for stability while maintaining a supportive stance. Policymakers continue to rely on targeted measures rather than broad easing, aiming to balance growth support with financial stability while avoiding renewed leverage risks.

Growth expectations remain stable, but not without challenges. China has set a GDP growth target of around 5% for 2026, reflecting confidence in policy support and industrial resilience. Early-year indicators suggest that activity is holding up, particularly in manufacturing and exports, while domestic consumption remains more constrained and uneven, limiting the the recovery.

Labour market conditions show gradual stabilization. Urban unemployment remains close to 5%, but structural challenges persist, particularly among younger workers. Wage growth and household confidence remain uneven, reinforcing cautious consumption patterns and limiting momentum in services activity and retail demand.

Trade remains a relative bright spot. China's exports recorded their strongest growth in several years at the start of 2026, supported by resilient external demand. However, this strength also highlights the imbalance of the recovery, with growth still relying more on global demand than on domestic consumption and internal demand conditions.



COMMODITY



ZOOM ON ▼
SUGAR

MORE DETAILS

Sugar prices remained under pressure in March, following a sharp correction that saw futures briefly fall to around 13 cents/lb in February 2026, their lowest level in five years. Prices then rebounded modestly to stabilize in the 15–16 cents/lb range, in a context where improving supply conditions continue to cap upside potential. The market is now transitioning toward a more balanced, and increasingly surplus-driven, environment.

Brazil remains the key driver of this adjustment. Forecasts for the 2026–2027 season point to production of approximately 40.5 million tonnes, supported by favorable weather and strong crop yields. As the world's largest exporter, Brazil accounts for roughly 40% of global sugar exports, meaning its output continues to set the tone for global pricing. At the same time, global production is expected to exceed consumption, with several estimates pointing to a surplus in the 2026–2027 cycle.

On the demand side, growth remains relatively stable but lacks strong acceleration. Global sugar consumption continues to expand modestly, typically in the range of 1% to 2% annually, but higher prices in previous years led to adjustments in price-sensitive markets. This has tempered demand growth, particularly in emerging economies. As a result, the market is increasingly driven by production dynamics rather than demand expansion.

Market positioning also reflects this evolving balance. Sugar futures have consolidated above recent lows, suggesting that traders are pricing in improved supply conditions while remaining cautious of weather risks. The market remains sensitive to climate developments, particularly in key producing regions such as Brazil and India, where production variability can quickly alter global balances.

Looking ahead, the trajectory of sugar prices will depend largely on weather conditions and production discipline. While current projections point to surplus conditions, even limited disruptions in major producing regions could quickly tighten the market and increase price volatility.





New logistics hub in Alberta

The Opportunities Calgary Investment Fund (OCIF) is investing in a new hub aimed at strengthening Alberta's transportation and logistics sector. The project is designed to improve supply chain efficiency and support long-term regional economic growth.

The infrastructure will facilitate the movement of goods, reduce bottlenecks and help attract new investment to the region. It is part of a broader strategy to position Calgary as a key logistics and distribution center in North America.

Source: Calgary Economic Development

Link: [HERE](#)

Iran conflict disrupts global trade

The conflict involving Iran is increasingly disrupting global trade flows, particularly in energy and maritime transport. Rising geopolitical tensions are putting upward pressure on prices and complicating key shipping routes across critical regions.

Supply chains are being affected by longer transit times, higher costs and increased uncertainty, especially in areas dependent on major energy corridors. The situation highlights the sensitivity of global trade to geopolitical shocks and supply disruptions.

Source : Financial Post

Link: [HERE](#)

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