Market Watch

S&P/TSX	S&P 500	DOW	NASDAQ	DOLLAR	OIL per barrel	GOLD
35,620.03	7,580.07	51,770.31	25,437.00	71.63¢US	US$104.12	US$3,898.90
-629.00	-140.32	-572.25	-747.73	-0.12¢	+$2.12	-$132.50

Oil's impact on inflation and interest rates



Eric Van Enk
Economics 101

You may have recently read the volume of oil being exported from the Middle East has returned to pre-Iran war levels. Given this is the case, you're likely asking why oil, gasoline and diesel prices remain elevated?

There are several reasons but the key from an economic and market perspective is that these elevated prices are impacting inflation expectations and interest rates.

Oil prices remain substantially above pre-Iran war levels due to two factors, the geopolitical risk premium and cost of transportation. Whenever an event like the Iran war occurs, the market typically builds a risk premium into the price of oil to account for potential supply disruptions.

This risk premium usually prevails until the market is convinced that the factors which created the risk premium have been fully resolved. In the case of the current war in Iran, the oil market isn't yet convinced that the supply disruption risk has been eliminated.

In terms of the cost of shipping oil from the Middle East, the cost of manning ships which transport oil has increased meaningfully. For example, USD $25,000 danger pay bonuses for each crew member per voyage.

The cost of insurance has also increased dramatically, cargo insurance for Very Large Crude Carrier (VLCC) transits through the Strait of Hormuz has surged from $0.05 per barrel to $3.50 per barrel.

The overall impact is that daily charter rates for VLCC's have increased from $30,000 per day in January to $1.2 million per day currently.

Consequently, total shipping costs now represent 27% of the price of a barrel of oil compared to 3% prior to the Iran war.

This week's chart highlights that while the volume of oil being shipped from the Middle East has returned to pre-war levels, the volume of refined products (diesel, gasoline, jet fuel, etc.) has not.

The main reason for this discrepancy is the damage done to refineries in the region. Approximately 20 refineries across the Middle East have been struck during the conflict, removing more than 2.3 million barrels per day from global refining capacity.

This refining capacity may take years to repair, which is why President Trump removed sanctions on Russia recently to allow them to export diesel.

Diesel prices have been a hot topic in the U.S. midterm elections and President Trump is desperate to lower diesel prices to improve Republican odds in the elections on November 3rd.

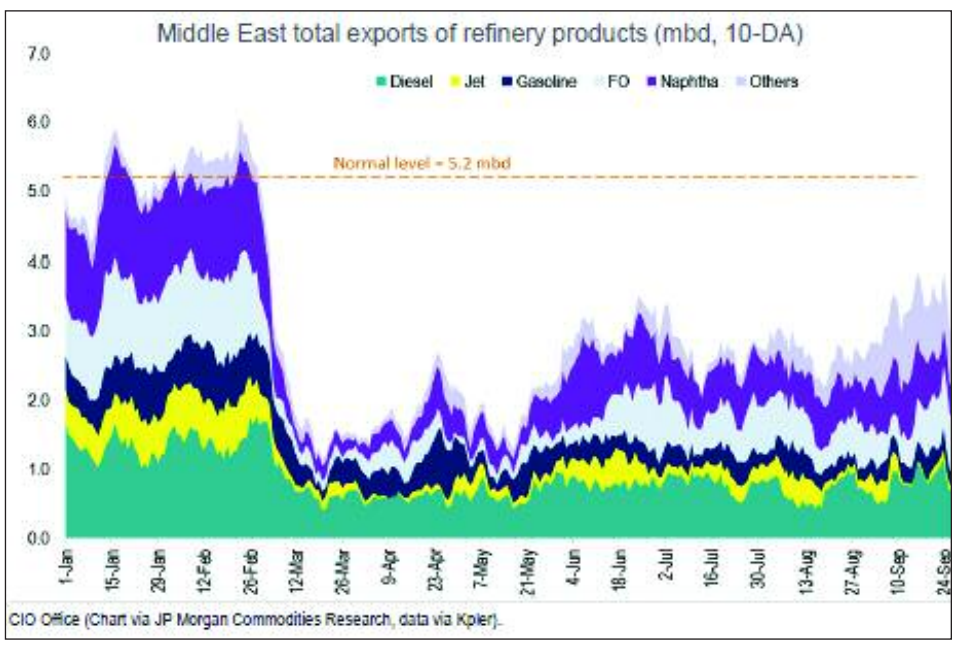
The longer oil and refined product prices remain elevated, the more these elevated prices filter through to inflation expectations — higher oil prices impact the cost of transporting most goods and increase the production costs of many others (e.g. plastics, paint, fertilizers, etc.).

Inflation expectations also have an impact on interest rates as the primary responsibility of central banks like the Bank of Canada is to maintain price stability (e.g. maintain inflation within a reasonable range).

Interestingly, although the Canadian economy has been growing much slower than the economy in the U.S., the Canadian bond market is now predicting the Bank of Canada will increase interest rates due to leading indicators of increasing inflation (e.g. oil prices).

Central banks can't impact oil and refined product supplies and increasing interest rates is a very blunt instrument to reduce inflation expectations which have moved higher primarily due to increased oil prices.

Furthermore, increasing interest rates may have negative, unintended consequences for the Canadian economy such as creating another leg down in leveraged housing markets (e.g. Toronto and Vancouver).



SOURCE: NATIONAL BANK FINANCIAL

Eric Van Enk is a wealth adviser & portfolio manager with National Bank Financial in Medicine Hat. He is a graduate of the University of Calgary, as well as a CFA charter holder with 20 years of financial markets experience in New York, Toronto and Calgary. He can be reached at eric.vanenk@nbc.ca

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PUBLIC NOTICES

Medicine Hat

8AM - 4PM SPECIAL SERVICES

Electric Outages 403.529.8260
Gas Emergency 403.529.8191
Water & Sewer Emergency 403.502.8042
Municipal Infrastructure Emergency Assistance 403.526.2828

DEVELOPMENT PERMITS APPROVED OCTOBER 22 TO OCTOBER 28, 2026

RESIDENTIAL

288 COULEE RIDGE DRIVE SW - Detached House With Front Setback Variance

109 8 STREET SE - Secondary Suite

COMMERCIAL/INDUSTRIAL/ INSTITUTIONAL

3 378 1 STREET SE - Change Of Use To Personal Service

HOME BUSINESS

44 VALLEYVIEW DRIVE SW - Home Business Minor - General Contractor/Project Manager. (Refused. No application fee payment / Incomplete application).

What's Happening IN YOUR NEIGHBOURHOOD?

Scan code to view development notices online (updated weekly)

A person claiming to be affected by a decision of the Development Authority may appeal to the Medicine Hat Subdivision and Development Appeal Board by completing and submitting to the City Clerk Department, the required Notice of Appeal form within twenty one (21) days of this publication. Forms available from: City Clerk Dept., 3rd Floor, City Hall or City website: www.medicinehat.ca.

All Development Permits listed are subject to conditions. For more information, contact Planning and Development Services, 2nd Floor, City Hall. Ph. (403) 529-8374.

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Visit medicinehat.ca/cityagencies for details.
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CITY OF MEDICINE HAT
City Clerk
403-529-8221
clerk@medicinehat.ca
medicinehat.ca

PUBLIC SALE OF LANDS UNDER THE MUNICIPAL GOVERNMENT ACT CITY OF MEDICINE HAT

Notice is hereby given that under the provisions of the Municipal Government Act. the City of Medicine Hat will offer for sale, by public auction, at City Hall, 580 1 Street SE in Meeting Room M-1, Main Floor, Medicine Hat Alberta on Monday, November 16, 2026 at 9:00 AM on the following lands:

Plan	Block	Lot/Unit	Address	Certificate of Title	Reserve Bid1
0312172	A	19	1115 BRIER PARK WAY NW	031309681	$1,205,900*
0312172	A	20	1047 BRIER PARK WAY NW	031309681001	$1,436,300*
DESIGNATED MANUFACTURED HOMES					
			194 FAIRCHILD ST SW		$80,000*

Each parcel will be offered for sale, subject to a reserve bid and the reservations and conditions contained in the existing certificate of title.

Each parcel of land is being offered for sale on an "as is, where is" basis and the City of Medicine Hat makes no representation and gives no warranties as to the adequacy of services, soil conditions, land use districting, building and development conditions, absence or presence of environmental contamination, or the development ability of the subject land for any intended use by the purchaser. If the property is occupied by a tenant in possession, the obligation and expense of obtaining vacant possession shall be the purchasers.

No bid will be accepted where the bidder attempts to attach conditions precedent to the sale of any parcel.

Prior to closing, the successful bidder must prove, to the satisfaction of the municipality, that their acquisition of the property complies with the Prohibition on the Purchase of Residential Property by Non-Canadians Act.

Terms: Cash, Certified Cheque or Bank Draft 10% non-refundable deposit on the day of the sale and balance is due with 24 hours of the Public Tax Sale Auction or the next available business day.

The City of Medicine Hat may, after the public auction, become the owner of any parcel of land not sold at the public auction.

Redemption may be effected by payment of all arrears of taxes and costs at any time prior to the sale. Once the property is declared sold to another individual at public auction, the previous owner has no further right to pay the tax arrears.

*Subject to City Council approval on November 02, 2026.

Dated at Medicine Hat. Alberta, October 31, 2026.
Kelly Marcocchio
Collection Officer

www.medicinehat.ca

Ottawa posts $5.36B deficit for first five months of 2026-27 fiscal year

The Canadian Press

The federal government posted a deficit of $5.36 billion for the first five months of its 2026-27 fiscal year.

In its monthly fiscal monitor report, the Finance Department says the result compared with a deficit of $11.07 billion in the same April-to-August period a year earlier.

The deficit came as revenue totalled $215.54 billion, up from $201.18 billion a year earlier, helped by higher personal income tax revenues, other revenues and GST revenues, offset in part by lower customs import duties and energy tax revenues.

Program expenses excluding net actuarial losses amounted to $195.95 billion, up from $187.16 billion in the same period last year, due mainly to increases in direct program expenses and major transfers to persons.

Public debt charges totalled $25.10 billion, up from $23.01 billion.

Net actuarial gains amounted to $150 million compared with a net actuarial loss of $2.08 billion a year earlier.

Ottawa lists Roberts Bank port expansion in B.C. as project of national interest

The Canadian Press

The Port of Vancouver's planned Roberts Bank Terminal 2 expansion is now officially a project of national interest.

The listing recognizes the project's critical role in expanding and diversifying Canada's trade capacity and provides immediate regulatory certainty to move forward.

Transport Minister Steven MacKinnon says it will add much-needed capacity at the country's largest port.

It also accelerates the project's timeline for commercial operations by up to four years, to 2035.

Ottawa says environmental safeguards will be maintained and Indigenous communities consulted.

The Vancouver Fraser Port Authority is the proponent for the project, which Ottawa says is on track to reach a final investment decision by the middle of next year.

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