Encasa Market Minute – Q1 2026

Market Performance

- Global markets ended Q1 close to flat, as rising energy prices and geopolitical uncertainty offset solid company earnings.
- Bonds:
- Short-term bonds held up well, supported by lower central bank rates.
- Longer-term bonds faced pressure from inflation concerns and worries about government borrowing.
- Equities (stocks):
- Global stocks edged slightly lower, weighed down by rising energy prices and interest rate uncertainty.
- Canadian stocks finished slightly positive, helped by strength in the energy sector.

Economic Overview

- **Canadian economic growth remained slow in Q1**, continuing a pattern seen in recent years.
- **Unemployment edged up to the 6.5%–7% range**, above pre-pandemic levels, as job growth slowed.
- **Inflation remained above the Bank of Canada's 2% target**, making further interest rate cuts unlikely in the near term.
- **The war with Iran disrupted global energy markets**, pushing oil prices sharply higher and adding to inflation pressures.
- US tariffs and the renegotiation of the Canada-US-Mexico trade agreement (CUSMA) continue to weigh on business investment and Canadian exports.
- Rising energy prices have increased the risk of stagflation – a combination of higher prices and slower growth.

Encasa Fund Results (as of March 31, 2026)

Encasa Canadian Short-Term Bond Fund

- Q1 Return: +0.31% | 1-year: +2.7%
    - Benchmark (excludes fees): Q1 Return: +0.26% | 1-year: +2.4%
- Yield to Maturity: 3.3%
    - Benchmark: 3.2%
- 28.2% Invested in Sustainable Labelled bonds
    - Benchmark: 4.2%

Encasa Canadian Bond Fund

- Q1 Return: +0.34% | 1-year: +1.4%
    - Benchmark (excludes fees): Q1 Return: +0.23% | 1-year: +0.8%
- Yield to Maturity: 3.9%
    - Benchmark: 3.7%
- 35.0% Invested in Sustainable Labelled bonds
    - Benchmark: 4.4%

Encasa Equity Fund

- Q1 Return: +4.4% | 1-year: +30.3%
    - Benchmark (excludes fees): Q1 Return: +0.3% | 1-year: +22.2%
- ESG Rating (MSCI): AA (7.4)

Looking Ahead

- Uncertainty remains elevated heading into Q2, with energy prices, trade policy, and geopolitical tensions all in focus.
- Markets continue to balance solid company earnings and AI-driven optimism against inflation and slower growth risks.
- Bonds could perform well if energy prices stabilize and inflation eases.

🔍 Looking for a more in-depth view of recent market changes?

Check out the full Q1 2026 Economic and Market update on the Encasa website.

💬 Need Help With Your Investments?

Contact your Encasa advisor to review your portfolio or ask questions. We're here to help you stay informed and on track.

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