Market Commentary

April 2026

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SNAPSHOT

- Iran conflict dominates markets, boosting energy while weighing on global bonds and equities.
- The US, which is energy self-sufficient, outperforms, initially.
- Precious metals ease as interest rate hikes are priced in.

All percentages below are monthly returns for March 2026

EQUITIES

US MARKETS
Tumbled amid stagflation fears

-5.1%
US 500

UK MARKETS
Despite energy exposure, investors book profits

-7.2%
UK ALL SHARE

EMERGING MARKETS
Inflation risks drive markets lower

-13.3%
EM

BOND MARKETS

BONDS
Yields surged on inflation repricing

UK GILTS	-4.0%
US TREASURIES	-1.7%
GLOBAL CORPORATE BONDS	-0.9%
GLOBAL HIGH YIELD BONDS	-0.5%

*Values represent bond index returns

CURRENCIES

CURRENCIES
Pound softens as dollar recovers

Pound vs Other Currencies

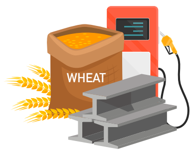
GBP vs USD	GBP vs JPY	GBP vs EUR	GBP vs CNY
-2.0%	-0.2%	0.3%	-1.4%

KEY INDICATORS

GOLD – XAU/USD
-11.2%

OIL – BRENT CRUDE
63.3%

COMMODITIES
27.0%



INFLATION – UK CPI (YOY)
3.0%

DISCLAIMER – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

GLOBAL MARKETS

The Iran conflict drove profit-taking, as global indices eased from their record highs. Futures curves suggest the economic effects remain under-appreciated, even as bonds move from pricing rate cuts to rate hikes.

US MARKETS

Iran conflicted contributed to market volatility

US equity markets faced significant volatility as the Iran conflict triggered a +50% monthly surge in oil prices, pushing national gasoline averages above $4 per gallon. Q4 GDP was revised lower to 0.7%, while the Dallas Fed Services Index dropped 10.1 points to a pessimistic -13.3. Although Fed Chair Powell stated that long-term inflation expectations remain anchored, markets completely abandoned rate cut expectations for 2026. The dollar re-emerged as a safe haven, even as tech giants pulled back amid AI scepticism. Energy and utility stocks gained, while telecom services, technology and consumer discretionary sectors lagged.

-5.1%

US 500

UK MARKETS

Down on rising inflation risks

Having surpassed the 10,000 level earlier in the year, UK shares retreated in response to rising inflation risks, with the FTSE falling back below the psychological mark. Larger cap stocks outperformed mid and small caps. Gilt yields experienced their steepest monthly rise since the Ukraine war began in 2022. Domestic growth remained fragile at 0.1%, while retail sentiment plunged to a near 17-year low as shop price inflation accelerated. A reduction in the energy price cap from 1st April will cloud the inflation picture, even as petrol forecourt prices rise and agricultural commodity shortages threaten a fresh bout of food inflation.

-7.2%

UK All Share

EUROPEAN MARKETS

Fall on Iran conflict and rising inflationary impact

European stocks slid as the bloc grappled with the inflationary impact of the Iran conflict. Euro Area inflation climbed to 2.5% in March, driven by a 4.9% spike in energy costs, prompting ECB President Lagarde to signal potential interest rate hikes if there is 'a large, though not too persistent, overshoot of the inflation target'. Germany's manufacturing sector showed tentative signs of stability, but private sector activity across France and Spain declined sharply. While the luxury and banking sectors provided occasional support, the fundamental macroeconomic shift from anticipated easing to restrictive policy dominated investor sentiment throughout the month.

-8.5%

Euro 600 Index ex UK

JAPAN MARKETS

Down on profit-taking and energy dependence

Japanese equities, having set record highs in late February — the Nikkei briefly hitting 59,332 - succumbed to profit-taking, given Japan's significant dependence on energy imports. The 10-year government bond yield climbed to its highest level since 1999, briefly touching 2.38% just before month end, as the International Monetary Fund warned on the fiscal risks of consumption tax cuts planned for later in the year, while consumer sentiment weakened due to persistent food and fuel price pressures. Better news on industrial production and exports was overshadowed by events in the Middle East.

-11.2%

Japan Index

THE WORLD AT A GLANCE

	2021	2022	2023	2024	2025	Mar 2026	Year To Date
UK CASH	0.0	1.4	4.7	5.2	4.3	0.3	0.9
US DOLLAR INDEX	6.4	8.2	-2.1	7.1	-9.4	2.4	1.7
UK GILTS	-5.2	-23.8	3.7	-3.3	5.0	-4.0	-1.9
US TREASURIES	-2.3	-12.5	4.1	0.6	6.3	-1.7	0.0
GLOBAL CORPORATE BONDS	-1.9	-6.8	4.0	2.8	2.6	-0.9	0.5
GLOBAL HIGH YIELD BONDS	2.0	-2.3	8.2	11.0	4.3	-0.5	0.5
US 500	26.9	-19.4	24.2	23.3	16.4	-5.1	-4.6
UK ALL SHARE INDEX	14.5	-3.2	3.8	5.6	19.8	-7.2	1.5
EURO 600 INDEX EX UK	22.5	-15.0	14.9	4.5	17.4	-8.5	-2.6
JAPAN INDEX	10.4	-5.1	25.1	17.7	22.4	-11.2	2.6
ASIA EX JAPAN	-3.1	-15.4	6.4	16.2	31.6	-11.4	1.4
EMERGING MARKETS	-4.6	-22.4	7.0	5.1	30.6	-13.3	-0.5
COMMODITIES	41.6	41.9	-9.7	11.2	-0.3	27.0	42.8
GOLD	-4.3	-0.7	12.8	26.6	62.5	-11.2	7.1
HEDGE FUNDS	3.7	-4.4	3.1	5.3	7.1	-2.8	-0.4

Source: Bloomberg

Total Return – Local Currency

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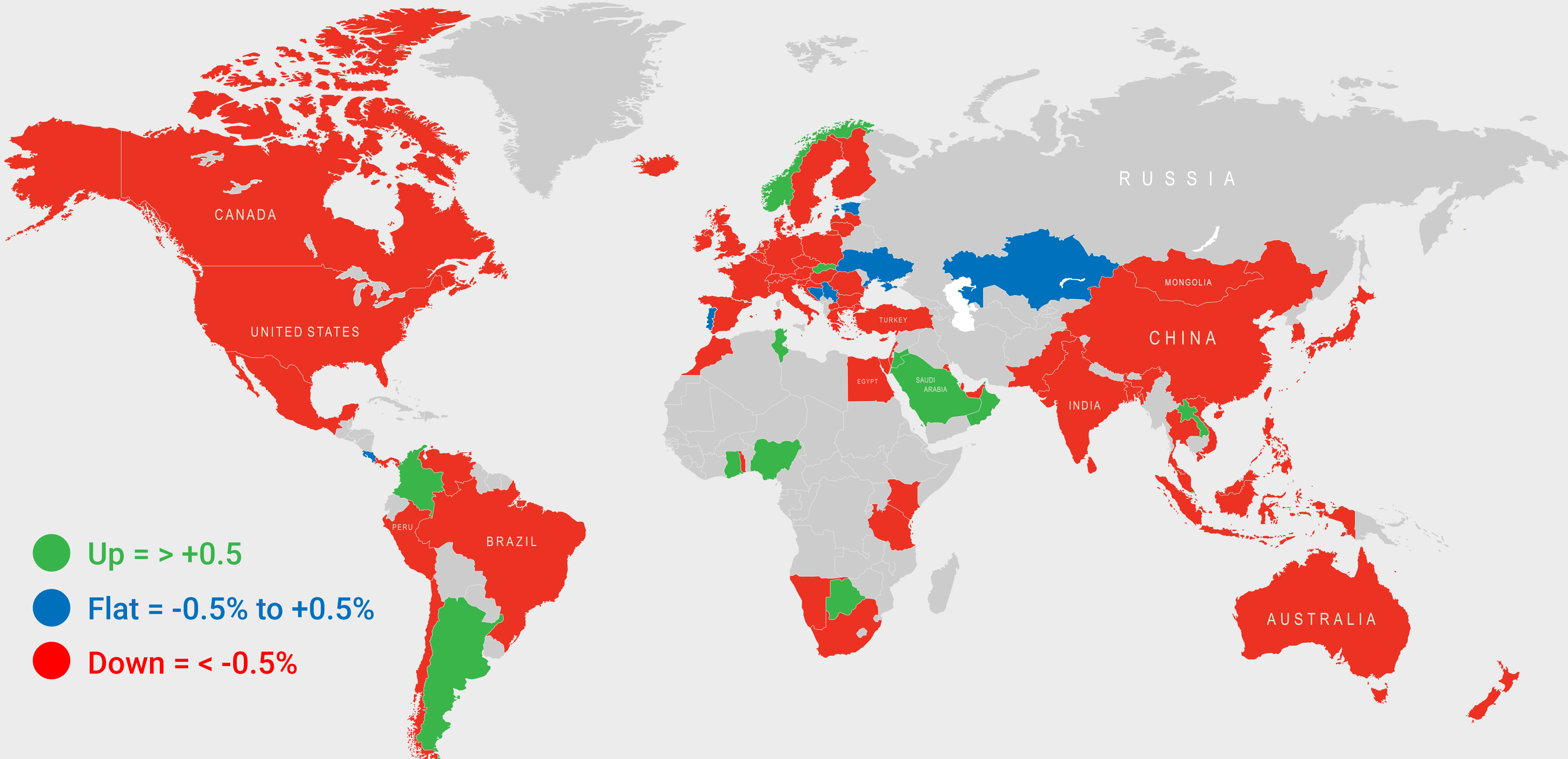
WORLD EQUITY MARKETS



Source: Bloomberg – National benchmark indices in local currency

-5.1%
USA

-8.5%
EUROPE

-11.2%
JAPAN

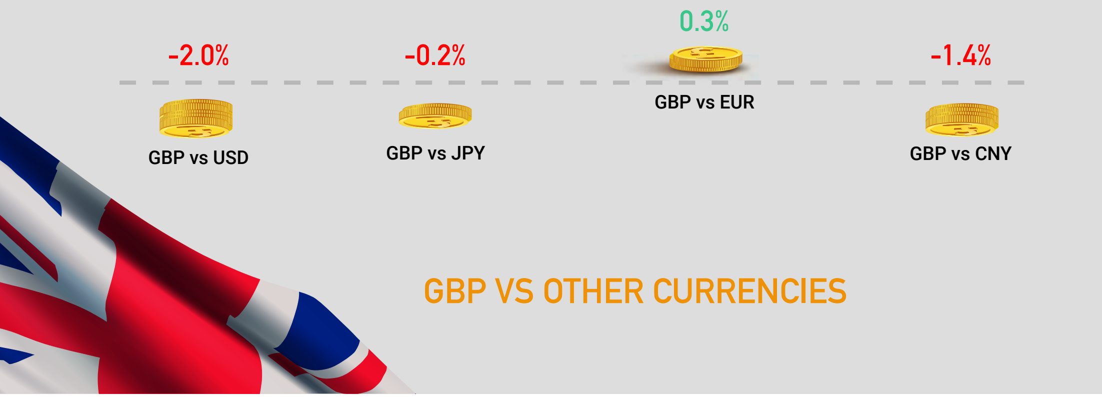
-7.2%
UK

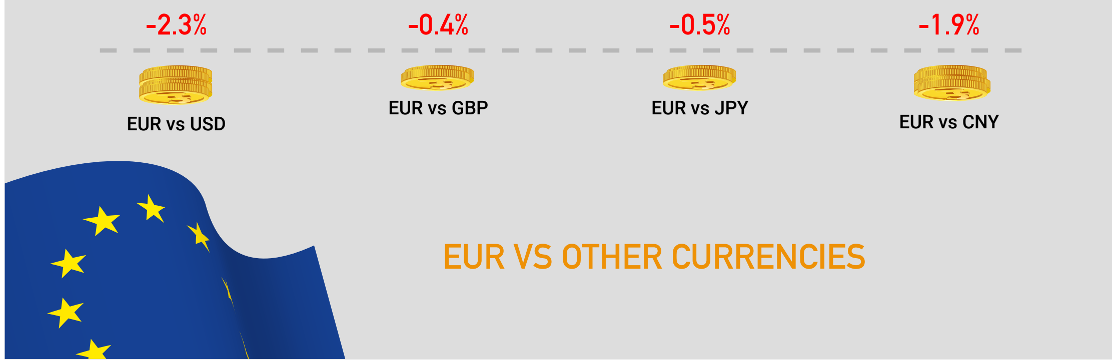
-13.3%
EMERGING MARKETS

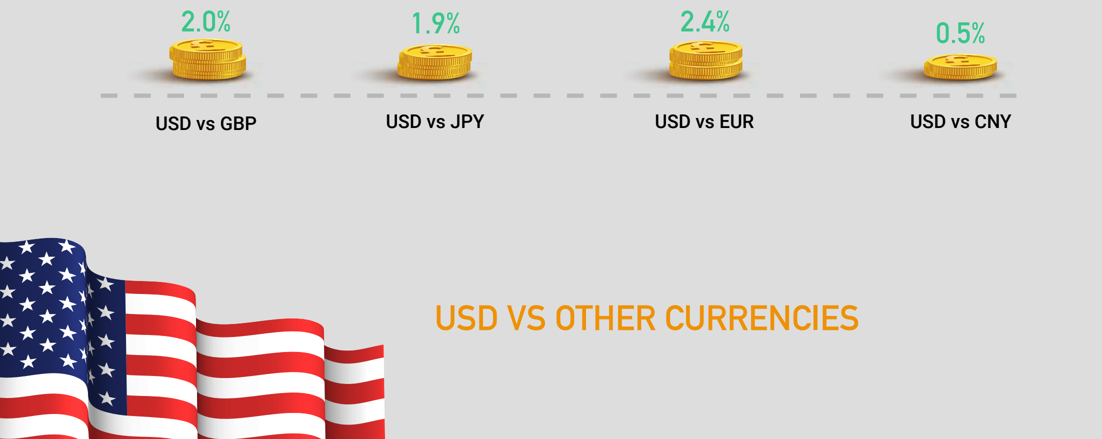
Key Points

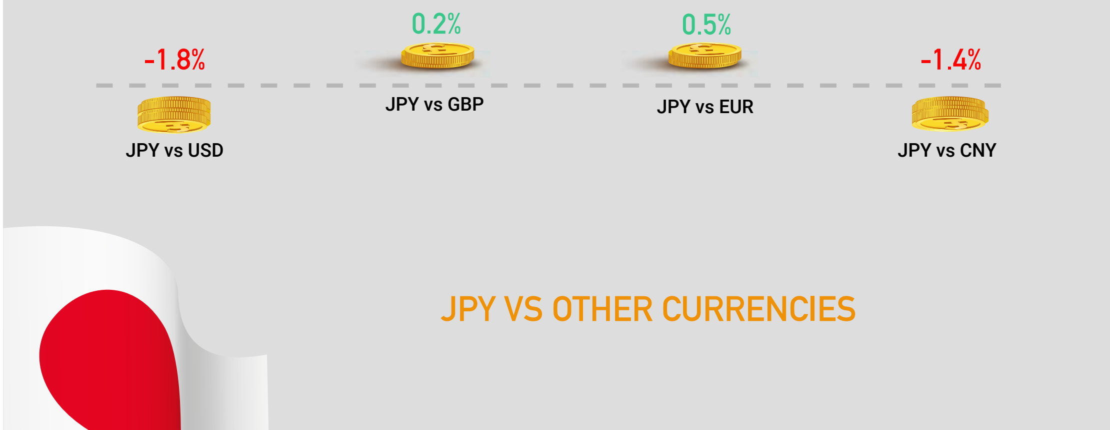
- Global equities saw sharp losses as the Iran conflict threatened commodity supply shortages and a fresh bout of inflation, just as the impact of the Ukraine war began to fade from the data.
- Consumer stocks lagged as sentiment softened, with energy equities among the few that thrived.
- Gold miners came under pressure as gold softened and margins were threatened by higher energy costs.
- Emerging Markets equities were mixed. China, with accumulated energy reserves and a diverse energy mix, was more insulated. India, dependent on imported energy, lagged.

CURRENCIES







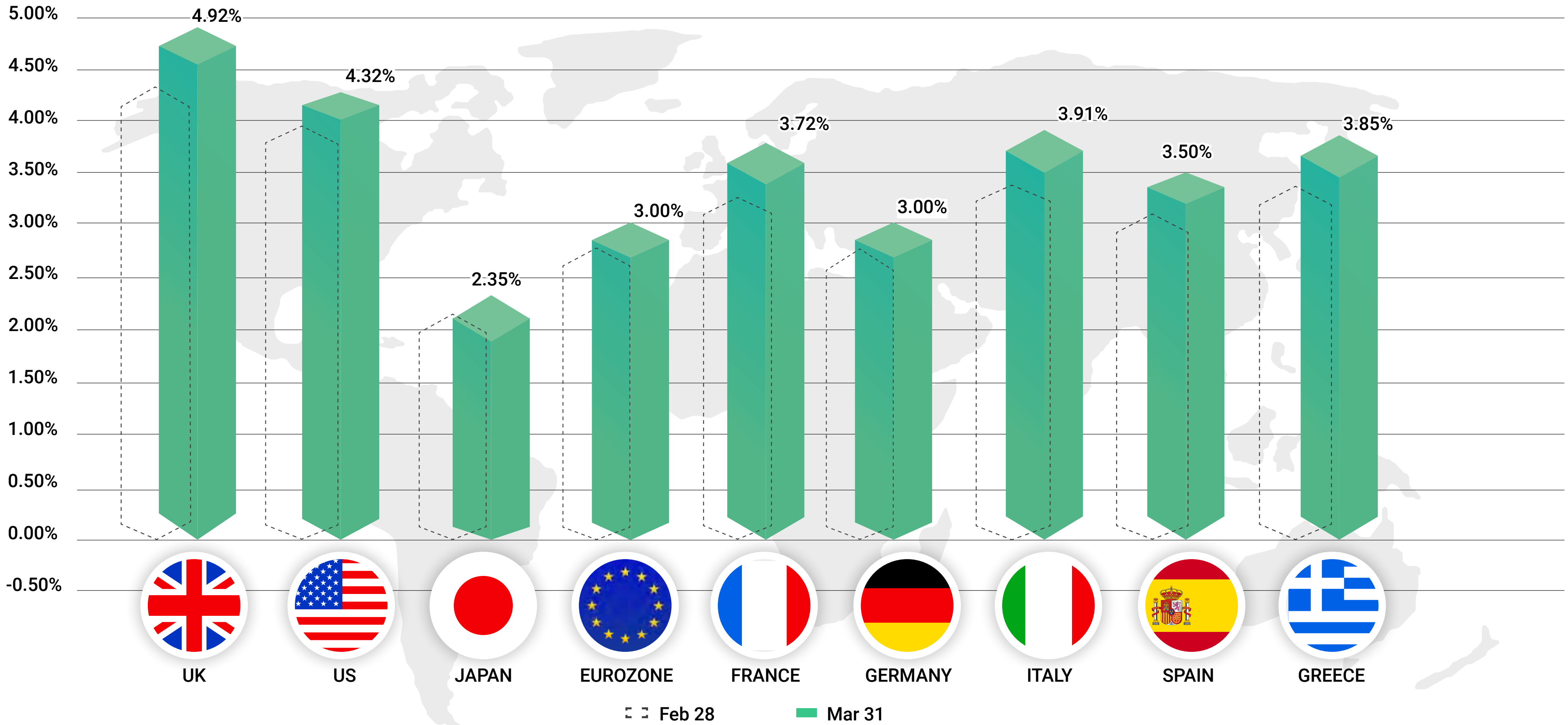


Key Points

- The US dollar index strengthened above the 100 level, re-emerging as a safe haven as the protracted Iran conflict stoked stagflation fears worldwide.
- Sterling slipped to $1.32, pressured by domestic political instability following local council election results and shifting expectations for Bank of England rate hikes. The implications for government finances cast the UK's fragile debt position in sharp relief.
- The euro finished March near $1.15, its weakest in months, as markets aggressively repriced ECB policy from anticipated cuts to multiple interest rate hikes following the energy shock.
- The Swiss franc, a traditional safe-haven, and the strongest major currency in recent years, gave back its 2026 gains against the dollar.

GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- US Treasury yields rose across the yield curve, with the 10-year peaking near 4.50% at one point, as investors balanced the inflationary impact and the cost of the Iran conflict against potential growth deceleration.
- Japan's 10-year government bond yield reached its highest level since 1999 as the oil-driven inflation shock reinforced market expectations of further, near-term, interest rate increases from the Bank of Japan.
- UK gilt yields rose sharply, the 10-year briefly back above 5%, as the spectre of a fresh bout of inflation weighed on the economic growth and government borrowing outlook, with investors fearing an increasing supply overhang.
- Italian government bonds struggled, with 10-year yield rising by 0.80% at one stage, compared to Germany's 0.45% and France's 0.60%, as inflation and borrowing concerns weighed on the European periphery, with France aided by its energy mix.
- Credit markets saw spreads widen, though less so than in April 2025. US high yield spreads widened by 0.34% at their worst, compared to 1.20% following the tariff announcement last April, despite the risks from higher-for-longer rates.

GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People's Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy "loose" or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The 'Fed'	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks
GBP	British Pound – sometimes referred to as 'sterling'
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries
Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy "tight" or restrictive
JPY	Japanese Yen – currency of Japan
Macro	or Macroeconomics – a branch of economics that deals with the performance, structure, behavior, and decision-making of an economy as a whole
PMI	Purchasing Managers' Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

DISCLAIMER

Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK