



SG Analytics

A Strive Company

# VEDA

Monthly Investment Research Roundup



## MARCH DISRUPTIONS

US Dollar strength, Crude Volatility, and geopolitical risks

# Investment Research Spotlight



## **Global Macroeconomic Development** 04

Global macro conditions reflected uneven resilience in March. The US and India held firm, while Europe and UK faced growth-inflation trade-offs. Japan paused normalization, while China relied on targeted support, and Latin America navigated cooling growth.

## **Fixed Income** 08

Global bond yields rose as energy shocks and geopolitical risks revived inflation concerns, delaying policy easing. US, European, and Japanese markets repriced toward higher-for-longer rates amid tightening biases and elevated term premia

## **Currencies** 10

The US dollar strengthened on safe haven demand and resilient data. G10 currencies weakened amid energy shocks and policy divergence, while emerging market currencies remained under pressure from geopolitical risks, higher oil prices, and tighter global financial conditions.

## **Equities** 12

Global equities declined in March 2026 as escalating US–Iran tensions drove an energy shock, pushing oil price. Risk-off sentiment and stagflation fears pressured most markets, while energy-linked and select emerging markets showed resilience.

## **Commodities** 14

Crude oil surged as geopolitical tensions and supply fears intensified, driving sharp market volatility. Gold rallied on safe-haven demand, while silver saw a steep correction. Bitcoin remained relatively resilient despite tight liquidity.

# From the SGA Research Desk



March 2026 was dominated by heightened geopolitical risk as the US–Iran conflict triggered a global energy shock. Oil prices surged, reigniting inflation fears and tightening financial conditions worldwide. Risk appetite deteriorated, equities sold off broadly, and volatility spiked. Despite resilient labor markets in select economies, global growth expectations softened under renewed stagflationary pressure

The US economy remained resilient despite rising energy-driven inflation. Strong job gains and stable consumer demand offset tighter financial conditions. Oil shocks lifted inflation expectations and Treasury yields, strengthening the US dollar. Moreover, markets repriced Fed policy, while equities sold off sharply.

Europe faced renewed macro strain as energy prices reversed disinflation progress. Inflation rose sharply while industrial output contracted. Business confidence weakened, services slowed, and consumer sentiment deteriorated. Equity markets suffered heavy losses,

particularly in Germany, as stagflation fears mounted within ECB maintaining a stable rate stance.

Asia was hit hard by the global oil shock. Japan and India saw sharp equity declines as imported inflation threatened growth and external balances. China showed relative resilience, supported by targeted policy, and access to discounted energy. Overall, regional sentiment weakened amid volatile capital flows and inflation risks.

Oil prices surged sharply on Middle East supply fears, with both Brent and WTI trading high in March. Gold also traded substantially higher before correcting amid a stronger US dollar and rising yields. However, the metal rebounded late-month given the strong performance of US dollar, despite signals of geopolitical de-escalation in the Middle East.

## Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
<b>Rates</b>	● Neutral	● Neutral	● Neutral	▲ Positive	● Neutral (Local Currency)
<b>Credit</b>	▼ Negative	● Neutral	● Neutral	▲ Positive	▲ Positive (Hard Currency)
<b>Currencies</b>	▼ Negative	● Neutral	▼ Negative	▼ Negative	● Neutral
<b>Equities</b>	● Neutral	▼ Negative	▲ Positive	▼ Negative	● Neutral
<b>Commodities</b>					
Commodity	Oil	Gold	Silver	Bitcoin	
<b>Views</b>	● Neutral	● Neutral	● Positive	● Neutral	

Source: SGA Research

## Outlook & Strategy

Looking into April 2026, easing geopolitical risks may reduce volatility, though energy-driven inflation and tight financial conditions persist. Strategy should remain selectively defensive: retain exposure to energy amid elevated oil prices, favor gold as a volatility hedge, and adopt a cautious stance on equities and duration. Preference lies with resilient economies, strong labor markets, and assets less exposed to stagflation and policy uncertainty.

# Global Macroeconomic Development

## Global Macros: Diverging Growth Paths Amid Energy Shocks



### US Macroeconomic Resilience Persists Despite Geopolitical Risks, Inflation Pressures, and Growth Moderation

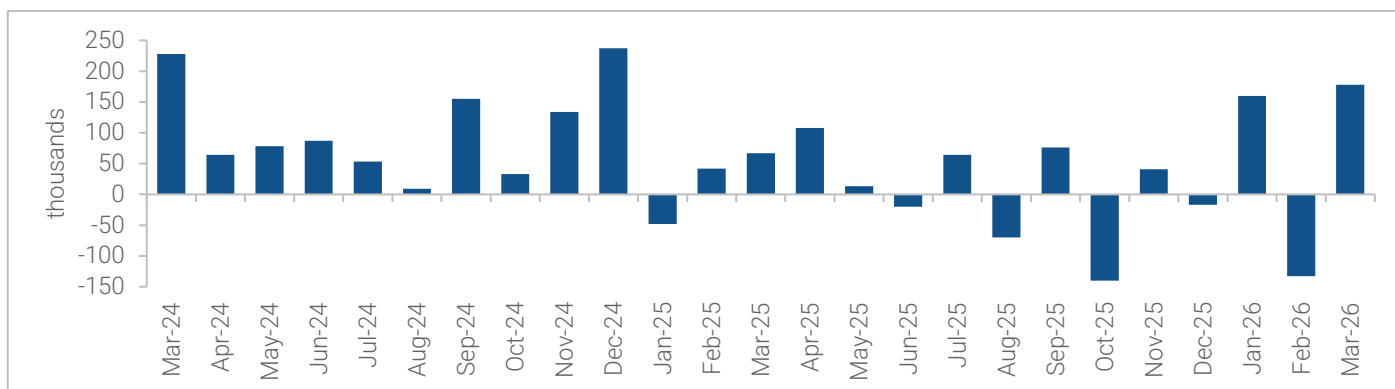
March 2026 presented a testing macroeconomic backdrop for the United States, as escalating tensions between the US and Iran triggered a sharp rise in energy prices, intensifying inflationary pressures and complicating the Fed's policy outlook for 2026. Despite these headwinds, domestic fundamentals remained firm as the labor market provided a key source of support for the domestic economy. US non-farm payrolls increased by 178k in March, from 133k in February, its strongest gain since December 2024, with notable contributions from healthcare, transportation and manufacturing industries. This strength helped push the unemployment rate down to 4.3%, reinforcing the underlying economic despite global disruptions.

US consumer demand also showed notable stability, offering further support to the domestic outlook. Retail sales rose 0.6% m/m in February, rallying from a 0.1% decline previously, as consumption remained broad across key segments. Household spending continued to hold better than expected, surpassing market forecasts. Despite this resilience on the consumption front, the broader growth outlook remained under pressure, with US economic expansion projected to moderate to around 2.1% in 2026, reflecting tighter financial conditions amid external uncertainties.

Despite resilient labor market conditions and steady consumer spending, inflationary pressures emerged as significant economic headwind. In the US, inflation held steady at 2.4% in February 2024, but market expectations shifted higher, with inflation repriced closer to 3.4% in March amid geopolitical disruptions and global oil market shocks. While headline inflation remained contained, rising upstream costs pointed to growing inflation persistence. Producer prices increased to 153.23 in February from 152.19, while US import prices rose 1.3% m/m from in February 2026 from 0.6% previously, the strongest gain since March 2022. A sharp 3.8% increase in fuel and lubricant import prices also highlighted mounting cost pass through risks in the US. Against this backdrop, Fed officials indicated expectations of a potential rate cut later in the year to protect household budgets and the labor market.

Looking ahead to April, we expect the US economy to remain resilient despite heightened market volatility. As the conflict in the Middle East is anticipated to subside in the near term, inflationary pressures are likely to ease, reinforcing the Fed's potential rate-cut stance. This should support improvements across investment, consumption, and employment in the US economy.

### US Non-Farm Payrolls improved in March



Source: Investing.com, SGA Research

## Euro Area Growth Falters as Inflation Pressures Resurface

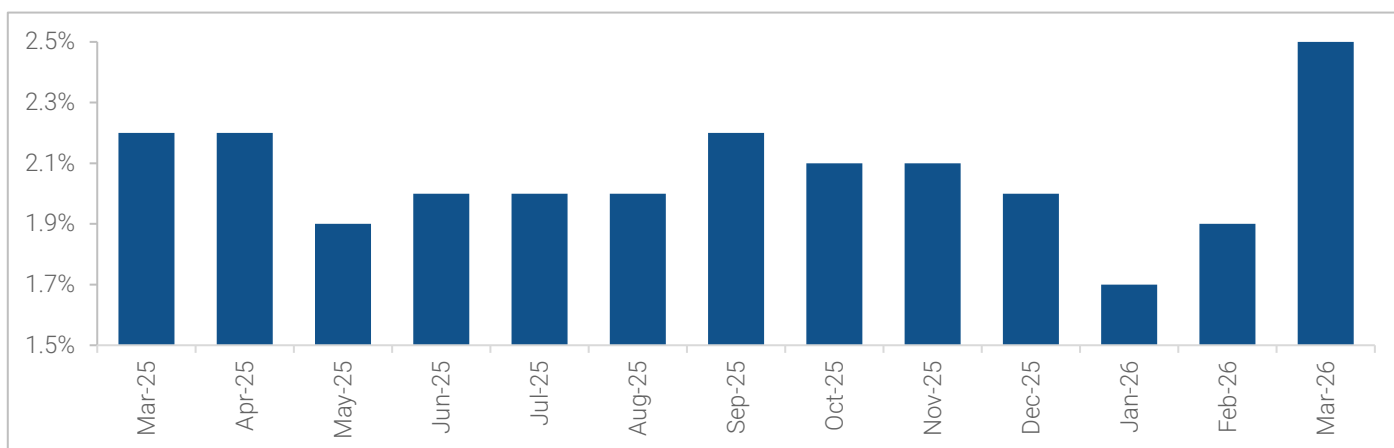
In March 2026, the Euro Area encountered a significant headwind as disinflationary progress reversed, and economic momentum stalled amid soft domestic data. Headline inflation rose to 2.5% y/y in March from 1.9%, as energy costs increased following geopolitical escalations in Middle East.

On the domestic front, growth signals remained fragile across the Euro Area. Industrial production contracted by 1.2% y/y in January 2026, reversing a 2.2% y/y expansion and signaling a clear loss of industrial traction. Moreover, PMI remained mixed as the Manufacturing PMI rose to 51.6 in March from 50.8, marking the strongest expansion in recent months. However, services momentum weakened to 50.2 from 51.9 amid softer demand. New business volumes declined for the first time since July 2025, highlighting uneven and fragile growth conditions.

The Euro Area's macroeconomic landscape remained under strain in March, as renewed inflationary pressures weighed heavily on sentiment. Consumer confidence deteriorated sharply, sliding to -16.3 from -12.3, amid concerns over rising energy costs, whereas overall market sentiment also weakened, reinforcing a fragile near-term growth outlook. Given the inflationary pressures, markets began to price in the risk of a sharper policy tightening by the European Central Bank (ECB) in 2026, thereby putting the economy at risk of dampened investment flows and business confidence.

Looking ahead to April, the Euro Area is expected to stay under pressure as markets downgraded growth expectations given the weak domestic economic indicators.

## Euro Area Inflation Grew in March 2026



Source: Investing.com, ECB, SGA Research

## UK Growth Loses Traction as Stagflation Trends and External Shocks Mount

The macroeconomic outlook for the UK lost momentum in March 2026 as both economic growth and inflation remained level over the month. Real GDP growth held at 0.1% q/q in the 4Q25, with strength in manufacturing offset by continued weakness in the services and construction sectors. Moreover, inflationary pressures also appeared to stabilize, with headline inflation remaining unchanged at 3% y/y in March, signaling stagflationary trends. At the same time, the labor market also remained contained as the unemployment rate held steady at 5.2% y/y in March, signaling an ease in labor market tightness in the UK. Based on these insights, the Bank of England (BoE) maintained a restrictive policy stance by holding interest rates.

The PMI dropped substantially across both manufacturing and service sectors in the UK. The Manufacturing PMI dropped to 51.0 in March from 51.7 previously, whereas the services PMI dropped to 50.5 in March from 53.9 previously based on the global economic uncertainty due to the conflict in the Middle East.

Looking ahead, we expect the UK economy to remain under pressure, as oil price shocks stemming from the Middle East conflict are likely to add to inflationary pressures, while domestic economic activity and labor market conditions remain subdued.

# Global Macroeconomic Development

## Asia: Targeted Recoveries Under Inflation Pressure

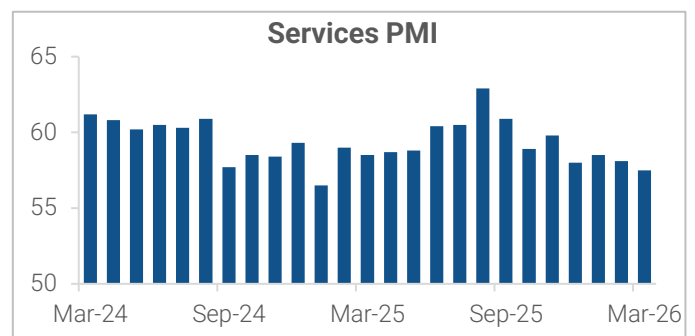
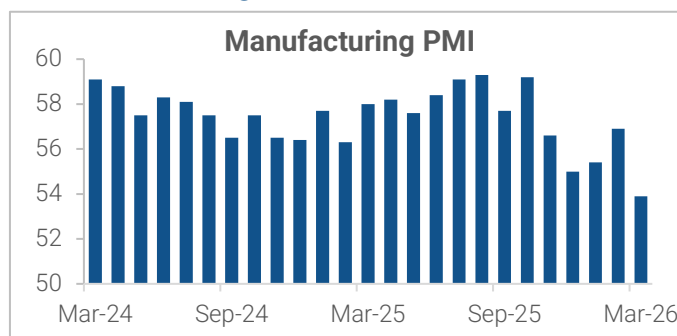


### Japan Faces Policy Pause as Cooling Inflation Meets Rising External Price Pressures

Japan's economy faced a temporary pause in its cautious policy normalization in March 2026 as inflationary momentum softened. Headline inflation eased to 1.3% y/y in February from 1.5%, while core inflation held at a modest 1.6% y/y, signaling subdued underlying price pressures. However, rising import costs driven by oil price shocks linked to the Middle East conflict continued to ripple through the economy, keeping cost pressures alive. Against this mixed backdrop of cooling inflation but persistent external risks, markets continued to expect the (BoJ) to proceed with a gradual interest rate hike in April, signaling confidence in the economy.

Japan's consumption and production sectors remained soft in March, reflecting cautious household and business sentiment. Consumer spending weakened as lingering inflationary pressures continued to erode purchasing power, while industrial production also moderated amid elevated economic uncertainty. Retail sales came under pressure as well, despite wage growth remaining only marginally stronger than inflation, limiting real income gains. Looking ahead to April, the Japanese economy is expected to stay under strain, as additional cost pressures from oil price shocks linked to Middle East tensions risked domestic demand and overall economic activity.

### Manufacturing and Service PMI Eased in India in March



Source: Ministry of Commerce and Industry, SGA Research

### India Remains Resilient Amid Moderating Growth and Inflation Risks

India's economy demonstrated strong macroeconomic stability in March 2026, even as selective demand moderation emerged across certain sectors. GDP growth remained robust and continued to outperform expectations, reaffirming India's position as one of the fastest-growing major economies. However, inflationary pressures edged higher during March, driven largely by rising energy costs linked to the US Iran conflict. Despite these external pressures, labor market conditions stayed stable. Reflecting confidence in India's medium-term fundamentals, as the World Bank raised its FY27 growth forecast to 6.6%, underscoring resilience supported by structural growth drivers and sustained investment momentum.

India's manufacturing and services activity showed some softening in March 2026, reflecting selective pressure from rising costs and cautious demand. The Manufacturing PMI fell to 53.9 in March from 56.9, marking the weakest improvement in business conditions in nearly four years, as factory output and new orders expanded at their slowest pace since mid 2022 amid input cost pressures and global uncertainty. Similarly, the Services PMI eased to 57.5 in March from 58.1, as input price inflation accelerated to near a four-year high, tempering service sector momentum.

Despite these near-term moderation signals, we expect the Indian economy to remain resilient in April, supported by strong fundamentals even as energy driven inflation risks persisted

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## China Sees Tentative Industrial Recovery Amid Property Drag and Cautious Policy Support

In March 2026, China's economic momentum showed tentative improvement as industrial activity regained traction. The Manufacturing PMI rose to 50.4, marking a return to expansion after 2 months of contraction. The improvement was led by high-tech manufacturing and sustained infrastructure investment, which helped offset weakness in global demand and soft external trade conditions. Retail activity received a temporary lift from residual Lunar New Year effects, though consumer momentum remained uneven across regions. Overall, the recovery remained targeted rather than broad-based, highlighting continued policy reliance on specific growth engines amid a still-fragile external backdrop and cautious household sentiment.

Beneath the improving industrial indicators, structural headwinds from China's property sector continued to weigh on momentum. House prices edged lower, while foreign investor caution persisted, keeping foreign direct investment in contractionary territory. Despite these drags, policymakers refrained from broad-based stimulus. The People's Bank of China (PBoC) held the Loan Prime Rates at 3.0%, signaling a preference for targeted and calibrated support.

As April unfolds, the focus shifts to whether this industrial spark can ignite a sustainable flame. Markets await the verdict from various summits to see if policy tweaks can finally reverse the FDI drain.

## Latin America: Divergent Paths as Inflation Pressures Persist and Growth Momentum Cools

Latin America in March saw uneven stabilization as Brazil began cautious easing, Argentina battled high inflation inertia, Mexico faced renewed inflation and slowing growth, while Colombia balanced improving demand against tight monetary policy and persistent external vulnerabilities.

**Argentina: Stabilization Progress Amid High Inertia**  
Argentina's March macro narrative reflected a fragile transition toward stabilization. While full-year GDP growth closed 2025 at a robust 4.4% y/y, the early stages of 2026 revealed a more uneven recovery profile. February CPI, broke the 30% psychological barrier and stood at 33.1% y/y, underscoring that inflation remained the dominant constraint on real income growth and consumer confidence. Despite this, the government preserved a fiscal surplus and advanced greater flexibility in the foreign exchange regime. However, an uptick in unemployment and increasingly non-linear inflation dynamics underscored that sustained policy credibility remained critical to anchoring expectations and preserving recent consumption gains.

**Brazil: Cautious Easing as Inflation Cools**  
March marked a turning point for Brazil's macro narrative, as the Central Bank (BCB) initiated its first rate cut in nearly two years. On March 18, the Selic rate was lowered by 25 basis points to 14.75%, reflecting growing confidence that inflation pressures were easing. February inflation slowed to 3.81% y/y, marking its first move below 4% since 2024 and creating room for cautious policy easing. While retail sales and industrial activity showed signs of recovery, business confidence remained subdued. Against this backdrop, the BCB signaled a measured and serene easing cycle, carefully balancing resilient domestic demand against

persistent global geopolitical volatility.

### **Mexico: Inflation Setback as Growth Momentum Softens**

In Mexico, March brought a reality check to the disinflation narrative. Recent data showed headline inflation re-accelerating to 4.59% y/y, breaching the central bank's upper tolerance band, while core inflation remained sticky at 4.45% y/y, driven by persistent services and processed food prices. Although Banxico retained a cautious easing bias and cut rates to 6.75%, financial conditions remained relatively tight. Growth momentum softened, with industrial activity staying below the 50.0 threshold and fixed investment cooling, raising concerns about forward momentum. As a result, the economy entered a phase of moderated growth, where consumer demand held up but faced headwinds from still-restrictive borrowing costs and heightened trade uncertainty.

### **Colombia: Stabilizing Demand Amid Persistent Policy Tightness**

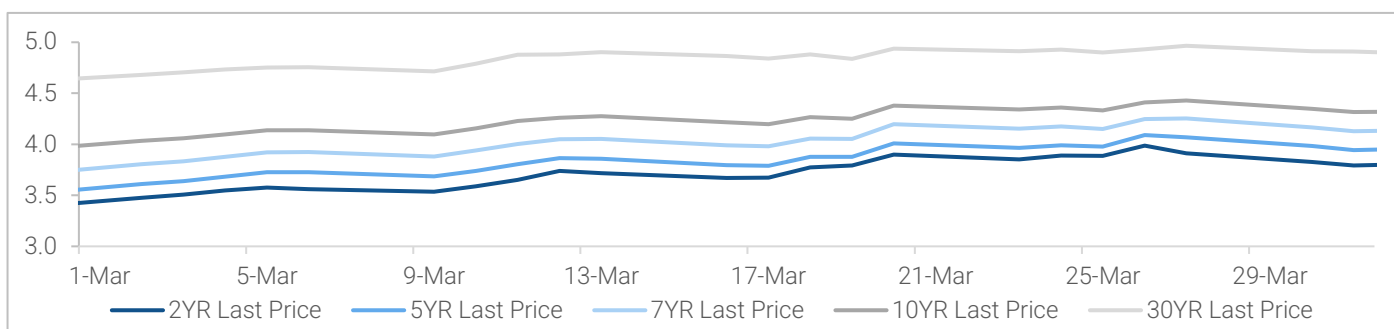
Colombia's followed a slow recovery trajectory in March, supported by marginally stronger consumer confidence, falling unemployment and solid retail sales. However, industrial production remained weak and growth momentum softened. Persisting inflation pressures and external risks prompted a rate hike to 11.25%, while widening trade deficits highlighted ongoing external imbalances, keeping the outlook delicately balanced.

Latin America faces a cooling growth outlook through April. While Brazil and Mexico struggle with sticky inflation and high rates, Argentina's recovery remains the regional outlier, provided fiscal discipline offsets persistent price volatility and debt.

# Global Bonds Hit by Energy-Driven Inflation and Hawkish Policy Shift



## US Treasury Curve Shifts Higher on Inflation and Policy Repricing



Source: Bank of St. Louis, SGA Research (Rebased as of 31st March 2026)

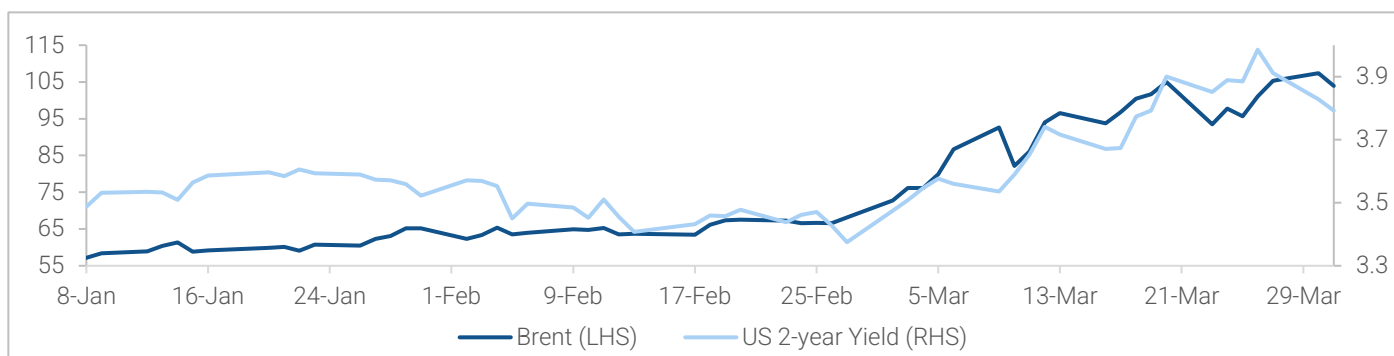
## US Treasury yields rise on oil shock and delayed Fed easing outlook

US Treasury markets faced sustained upward rise on yields throughout March 2026, reversing the slump seen in February. The move was driven primarily by rising geopolitical tensions in the Middle East and the resulting surge in oil prices. Higher energy costs revived inflation concerns and prompted investors to reassess expectations towards a slower pace of Fed easing. Inflation risks continued to dominate sentiment, outweighing softer economic signals, including a weak 4Q25 GDP growth estimate, a lower unemployment rate, and softer average earnings growth. Moreover, expectations of a delay in Fed rate cuts pushed yields higher across the curve, leaving US Treasuries particularly sensitive to inflationary shocks. The move was led by the front end, where higher 2-year yields reflected a repricing of near-term policy expectations as markets pushed the timing of easing further into the future.

Despite elevated risk premia, demand for Treasuries remained resilient, enabling the US Treasury Department to absorb sizeable issuance smoothly. Moreover, episodes of optimism around a potential geopolitical de escalation provided only brief relief, as renewed tensions quickly reinstated upward pressure on yields. By the end of the month, the 2-year yield closed at 3.80% and the 10-year at 4.31%, leaving the yield curve modestly upward.

Looking ahead, US Treasuries are expected to remain under pressure amid persistent inflationary pressures. As a result, front end yields are expected to stay elevated, while increased US Treasury issuance to finance widening fiscal deficits is set to add further upward pressure on term premia.

## Rising Oil Prices Coincide with Higher US 2-Year Yields



Source: Bank of St. Louis, investing.com, SGA Research

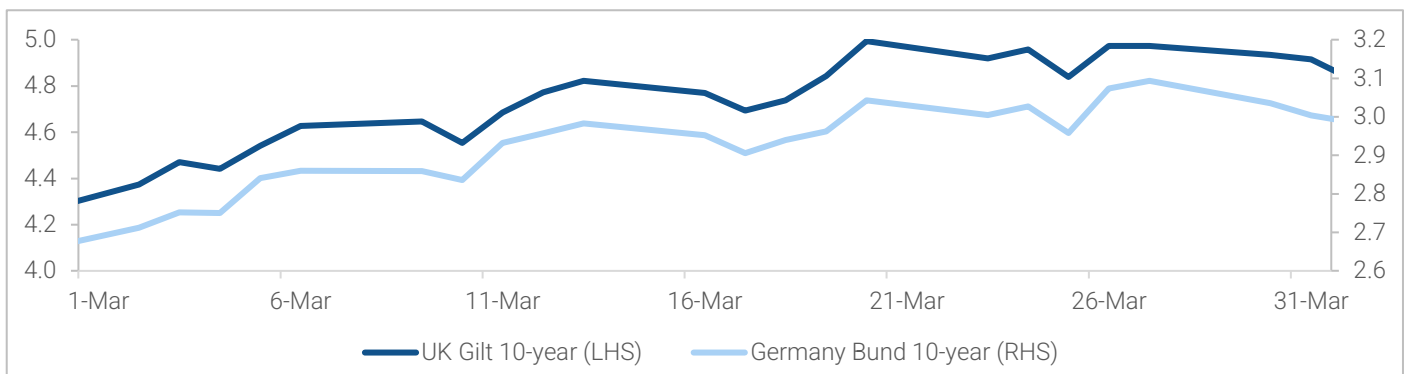
## European Bond Yields Rise on Energy Shock and Hawkish Policy Repricing

European government bond yields rose through March 2026 as higher energy prices, driven by escalating Middle East tensions, renewed concerns about the inflation outlook across the region. German Bund yields climbed steadily, with the 10-year yield ending the month around 3.01%, up from 2.7% in February. Markets pared back expectations for near-term ECB rate cuts and increasingly priced in a higher-for-longer policy stance, even as the ECB left its deposit facility rate unchanged. Rising oil and natural gas prices added uncertainty to the inflation trajectory, weighing on bond demand and lifting term premia. Upward pressure on yields persisted despite signs of softer euro-area activity, including weaker German confidence indicators, which proved insufficient to counter the dominant energy- and inflation-driven repricing in European rates markets.

In the United Kingdom, gilts underperformed during March, reflecting heightened sensitivity to persistent inflation and global yield movements. The 10-year gilt yield rose sharply to around 4.92% from 4.2% in February, as investors reassessed the impact of higher energy prices on domestic price dynamics. Sticky inflationary pressures and continued uncertainty over the timing and pace of BoE easing kept term premia elevated. As a result, investors remain cautious, despite some moderation in broader UK economic indicators.

Looking ahead to April 2026, we maintain a neutral stance for European bond markets, despite markets expected to remain under pressure due to renewed inflationary pressures, elevated energy costs, and a more hawkish policy reassessment persist. Delayed easing and the risk of further tightening should keep yields elevated

## European Yields grew Substantially through March



Source: Investing.com, SGA Research

## Japan Bond Rout Deepens as Inflation and Policy Normalization Drive Yields Higher

Japanese government bond yields rose sharply through March 2026, extending an ongoing sell-off as inflation concerns, persistent yen weakness, and rising global yields weighed on market sentiment. The 10-year JGB yield climbed to around 2.4–2.43%, hovering near its highest level in almost three decades, driven largely by higher energy prices linked to escalating Middle East tensions and Japan's reliance on energy imports. Continued depreciation of the yen reinforced expectations of further policy normalization, with markets increasingly pricing in a BoJ rate hike at the April meeting following the December increase to 0.75%. Inflation expectations firmed further, with break-even rates approaching 2%, supporting demand for inflation-linked bonds and prompting discussions about scaling back official buybacks. Meanwhile, fiscal

concerns weighed on sentiment as rising energy subsidies heightened scrutiny of government funding needs and debt sustainability. Despite relatively stable equity markets, bond prices declined steadily as investors adjusted to a structurally higher-yield environment and a gradual withdrawal of monetary accommodation.

Looking ahead, we maintain a positive stance on the Japanese fixed income yield. Japanese government bond yields are expected to remain under upward despite persistent inflation, as policy normalization advances, and narrowing yield differentials with global peers continue to limit investor appetite for duration.

## Currencies

# FX markets weighed by energy costs and firm US dollar



## US Dollar Strengthened by Geopolitical Risks and Delayed Feds Easing

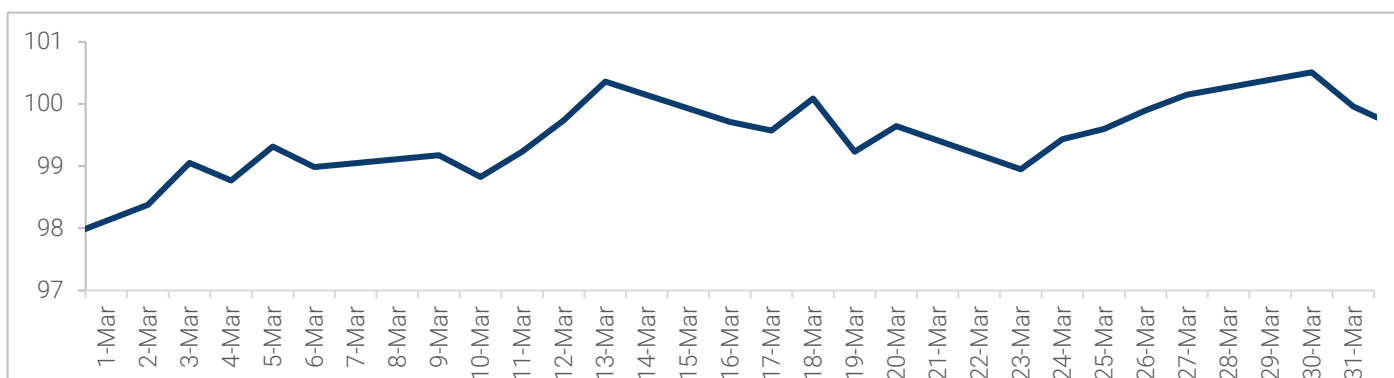
The US dollar index remained firm overall in March 2026, supported by a combination of heightened geopolitical risks and resilient US macro fundamentals. Rising tensions in the Middle East increased safe haven demand, while concerns over possible energy supply disruptions renewed price pressures and strengthened the US dollar's appeal. In parallel, steady US economic indicators, particularly solid manufacturing data and a firm ISM PMI, reinforced confidence in the growth outlook and encouraged markets to reassess the timing of monetary easing, pushing expectations for the first Fed rate cut back to September.

Even as global risk sentiment softened at times,

ongoing safe haven inflows continued to provide support to the currency. As geopolitical uncertainty remained elevated throughout the month, a broadly stable labor market data added to the constructive backdrop for the greenback. Moreover, the Feds guidance pointing to fewer rate cuts later in the year, also underpinned the US dollar, which appreciated by around 2.4 percent over the month and closed just below the 100 level.

Looking ahead, the US dollar index is expected to soften as the safe haven demand diminishes in the Euro Area.

## Safe Haven Demand Strengthens US Dollar in March



Source: Investing.com, SGA Research

## G10 Currencies Weaken Amid Energy Pressures and US Dollar Strength

The euro weakened through March 2026, pressured by rising energy costs, weak confidence indicators, and broad US dollar strength and ended near 1.155, down 2.2% m/m. Despite higher natural gas prices increased inflation uncertainty in the region, softer German retail sales, weaker PMIs, and deteriorating consumer confidence underscored fragile demand. Moreover, uneven growth and expectations that the ECB would keep rates unchanged through 2026 further constrained support, reinforcing the euro's downward bias.

Sterling traded with elevated volatility in March 2026, ending near 1.322 after a 1.9% m/m decline. Political uncertainty, persistent inflation risks, weak retail sales, softer PMI readings, and rising energy costs weighed on sentiment, while uncertainty surrounding the timing of BoE easing continued to cap upside.

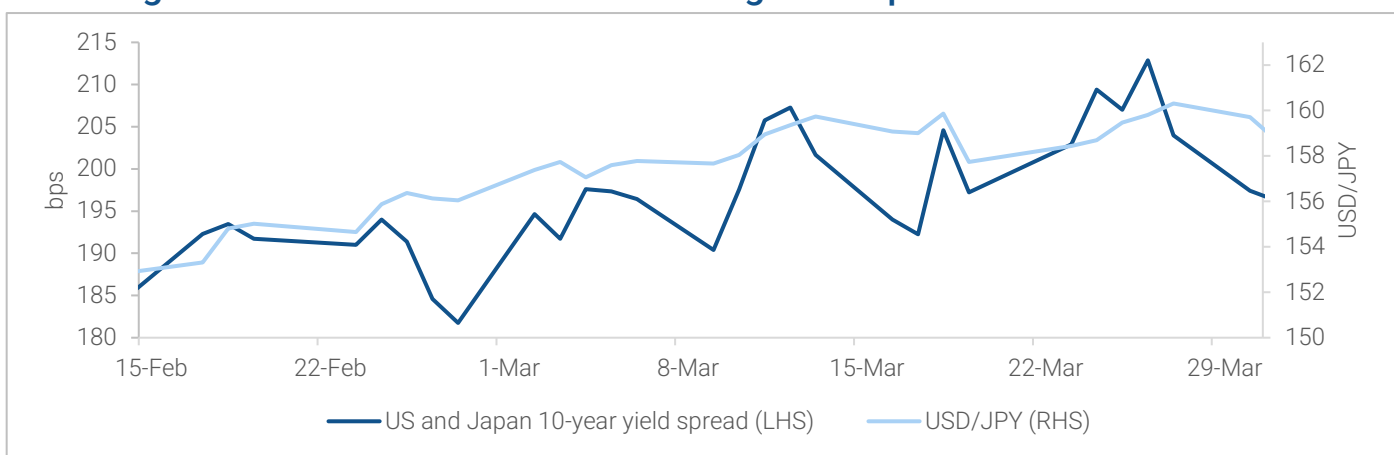
Looking ahead, G10 currencies are likely to remain neutral amid weakening macroeconomic conditions, even as geopolitical risks continue to ease.

The Japanese yen remained under pressure throughout March 2026, ending near 158.71 against the US dollar after a 1.7% m/m decline. Price action was driven by broad US dollar strength and rising energy costs, with Japan's reliance on energy imports increasing sensitivity to higher oil prices amid Middle East tensions. While brief safe-haven demand and a modest BoJ tightening bias provided intermittent support,

elevated US Treasury yields and ongoing policy uncertainty continued to weigh on the currency.

Looking ahead, the yen is expected to remain under pressure, as elevated energy prices, wide interest-rate differentials with the US, and ongoing uncertainty over further BoJ tightening are likely to continue limiting near-term recovery.

## Widening Yield Differentials Continue to Weigh on Japanese Yen



Source: Bank of St. Louis, SGA Research

## Emerging Market Currencies Weaken on Energy Shocks and Strong US Dollar

Overall, emerging market currencies weakened in March as geopolitical tensions, higher energy prices, and US dollar strength drove risk off positioning.

The Chinese yuan depreciated to around 6.90 against the US dollar in March 2026, pressured by concerns over China's fragile economic recovery and a sustained interest-rate differential with the US. Moreover, ongoing growth uncertainty and weaker investor sentiment limited support for the currency throughout the month.

The Indian rupee weakened against the US dollar in March 2026, depreciating to around 93.46. The decline was driven by elevated crude oil prices, persistent foreign portfolio outflows, and broad US dollar strength, which outweighed relatively stable domestic macroeconomic conditions during the month.

The Turkish lira continued to weaken in March 2026, falling to around 44.45 against the US dollar. Persistent inflation pressures, reduced central bank intervention, and fragile investor confidence weighed heavily on the currency, leaving it among the worst performers among emerging market currencies.

Looking ahead, emerging market currencies may see some relief from a softening US dollar and easing geopolitical shocks following the fragile Iran-US truce, although elevated energy costs and restrictive global financial conditions continue to pose challenges for capital flows and sentiment.

## Equities

# Global Markets Under Pressure as Oil Surge Fuels Stagflation Fears

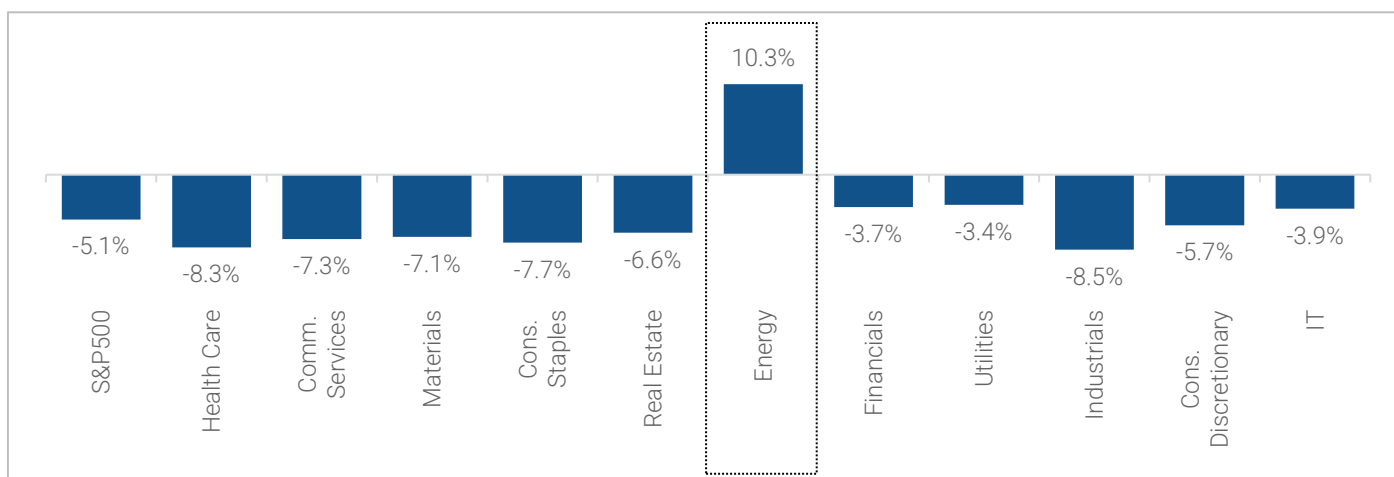


## US: S&P 500 Retreats Amid Escalating Geopolitical Tensions and Oil Price Shock

In March 2026, the S&P 500 recorded a decline of 5.1% as markets reacted sharply to escalating geopolitical tensions following the intensification of the conflict between the United States and Iran. Disruptions near the Strait of Hormuz pushed crude oil prices above \$ per barrel, triggering stagflationary concerns. Sectoral performance further reflected this challenging macroeconomic backdrop as energy was the only sector to advance, rising 10.3% due to a rally in oil prices amid tightening global supply conditions. In contrast, all other sectors posted losses as investors decisively shifted toward a risk-off stance. Industrials declined 8.5%, while Health Care fell 8.3%, pressured by rising input costs and uneven expectations regarding future Fed rate changes.

Heading into April 2026, the S&P 500 faces continued volatility despite a fragile truce between US and Iran, and we maintain a neutral stance for the equity index. The Energy and Aerospace & Defense sectors are poised to outperform as the Strait of Hormuz blockade keeps crude prices elevated above. Conversely, consumer discretionary and transportation sector stocks may remain under severe pressure as surging gas prices and renewed inflation fears compress consumer spending and corporate margins. Further diplomatic progress between the United States and Iran will be critical in shaping broader market outcomes, as the Fed also reassesses its policy stance with potential easing on the horizon.

## Energy Outperforms as Geopolitical Shock Drives Broad Market Sell-Off



Source: S&P500, SGA Research

## Energy Crisis Triggers Broad Sell-Off Across European Markets

In March 2026, European equity markets suffered severe sell-offs, heavily battered by the energy shock stemming from the escalating US-Iran conflict. Germany bore the brunt of the region's declines, with the DAX plunging 10.3% and the mid-cap MDAX dropping 10.8%, reflecting the country's heavy reliance on industrial manufacturing and imported energy.

The broader EUROPE STOXX 600 fell 8.0%, while France's CAC 40 declined 8.9%. The UK's FTSE 100 showed relative resilience, falling 6.7%, likely cushioned by its higher concentration of energy and commodity stocks. Across the continent, surging oil prices and heightened stagflation fears triggered aggressive market de-risking.

Heading into April 2026, we put a negative outlook on European equities as the fallout from the US-Iran conflict continues to dictate market direction. Sustained high energy prices threaten to plunge the Eurozone into a stagflationary environment, heavily pressuring manufacturing-centric economies like Germany. Corporate margins will likely remain squeezed by surging input costs, while the ECB faces a difficult balancing act between combating sticky inflation and averting a deep recession.

Conversely, UK equities are expected to demonstrate continued relative resilience due to FTSE 100's heavy concentration in energy and commodity sectors positions it as a defensive hedge amid the ongoing geopolitical turbulence.

## Global Volatility Drives Divergence Across Asia, Middle East, and Emerging Markets

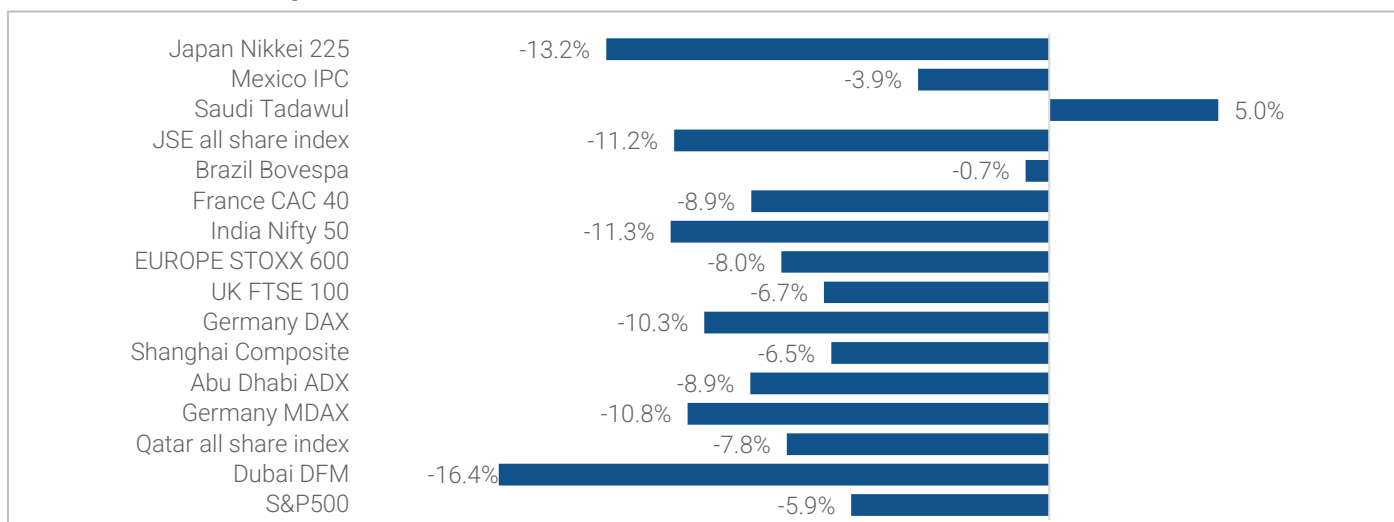
In March 2026, major Asian indices experienced steep declines given the escalating conflict between US and Iran. Japan's Nikkei 225 fell by 13.2% and India's Nifty 50 declined 11.3% because of massive foreign capital outflows given the crude price shock which eventually triggered current account deficits. In Japan, rising import-driven inflation eroded household purchasing power and significantly complicated the BoJ's efforts to normalize its monetary policy. In contrast, China's Shanghai Composite recorded a relatively modest 6.5% decline, outperforming its regional peers. This relative resilience reflected China's access to cheaper oil supplies from non-Western sources, further supported by a proactive policy support from the PBoC, which injected liquidity in the domestic economy to help cushion against global volatility.

Middle Eastern equities delivered mixed performance in March 2026. Dubai's DFM dropped 16.4%, reflecting its exposure to cyclical sectors such as real estate and tourism amid the global sell-off. Abu Dhabi's ADX and Qatar's All-Share index also declined 8.9% and 7.8%. In contrast, Saudi Arabia's Tadawul rose 5.0%, supported by resilient domestic conditions and continued Vision 2030 infrastructure spending.

In March, Emerging Markets displayed mixed output amid a broader global downturn. South Africa's JSE plunged 11.2%, heavily impacted by global risk aversion and systemic vulnerabilities. Conversely, Latin American markets demonstrated relative outperformance. Brazil's Bovespa dipped just 0.7%, and Mexico's IPC fell 3.9%, supported by nearshoring trends and localized defensive strengths.

Heading into April 2026, global indices face a cautious outlook yet neutral outlook for EM equities following March's steep volatility. In the Asia-Pacific region, investors are closely watching Japan to see if the Nikkei 225 can stabilize after its severe 13.2% drop, with potential recovery hinging on BoJ policies and currency dynamics. The Middle East presents a mixed forecast as UAE markets may seek a technical rebound from their recent cyclical sell-offs, while Saudi Arabia looks to sustain its upward momentum backed by strong domestic spending. Meanwhile, Emerging Markets are likely to remain divergent with Latin American indices poised to maintain their defensive resilience, whereas vulnerable markets like South Africa must navigate ongoing global risk aversion to find a solid footing.

## Oil Shock and Capital Outflows Pressure Asia as Select EMs Remain Resilient



Source: Investing.com, SGA Research

# Geopolitics and Macro Volatility Shape Commodity Performance



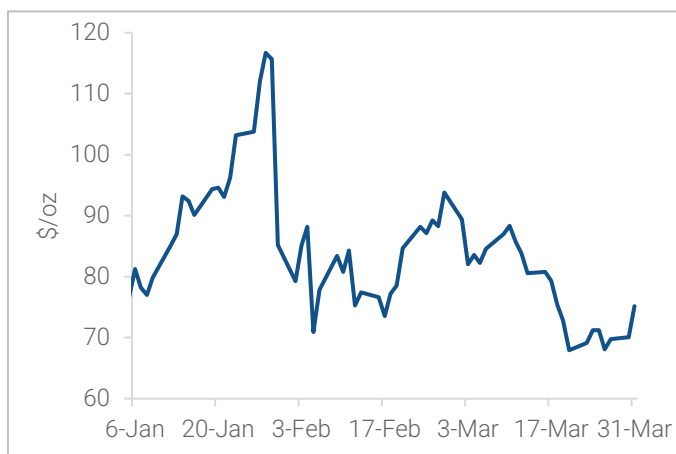
## Silver collapse in March amid global volatility and structural shifts

Silver remained extremely volatile in March 2026 and recorded a steep decline, falling about 19.9% to \$75.1, marking its worst monthly performance since 2011. The metal entered March after reaching a historic high above \$120 in February. However, the rally quickly reversed and developed into a sharp and sustained sell-off. The correction was driven by a stronger US dollar, rising US Treasury yields, and heavy investor liquidation, with silver's higher beta relative to gold exacerbating losses as speculative positions were rapidly unwound. Silver also underperformed among the broader precious metals complex during the month,

as elevated prices prompted a structural shift in industrial demand, particularly in the solar sector, where manufacturers accelerated thrifting and substitution to protect margins, thereby dampening demand growth.

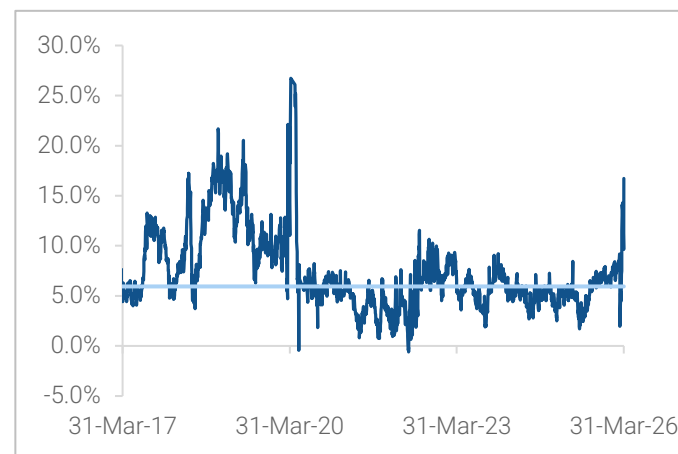
Looking ahead, we remain neutral outlook for silver, with prices likely to trade rangebound after March's sharp correction. The stabilization in technical indicators, resilient industrial demand, and easing investor risk aversion may provide support but uncertain macroeconomic outlook may break gains.

## Silver Prices Slide Through March Before Gradual Signs of Stabilization



Source: Investing.com, SGA Research

## Geopolitical Tensions Stretch Brent-to-WTI Premium Above Median



Source: Investing.com, SGA Research

## Geopolitical Shocks Drive Crude Rally and Volatility

Crude prices surged sharply in March 2026, driven by escalating Middle East conflict, heightened supply disruption fears, and a sharp rise in geopolitical risk premiums. WTI crude closed the month at US\$101.4 per barrel, posting a strong 51.3% one-month gain, supported by spillover sentiment from global supply risks. However, gains were relatively contained as US production and inventories remained largely insulated from Middle East disruptions, leading to underperformance versus Brent and a widening Brent-WTI differential.

Brent crude led global energy markets, closing March at US\$118.4 per barrel after surging 63.3% over the month, as escalating US-Israel-Iran hostilities and disruption risks in the Strait of Hormuz drove aggressive repricing. Despite coordinated IEA strategic reserve releases and modest OPEC+ production increases, prices remained elevated and volatile, reflecting acute supply concerns tied to Middle East exports. Looking ahead, crude prices are expected to trade in range of \$95-100 on uncertain geopolitical landscape

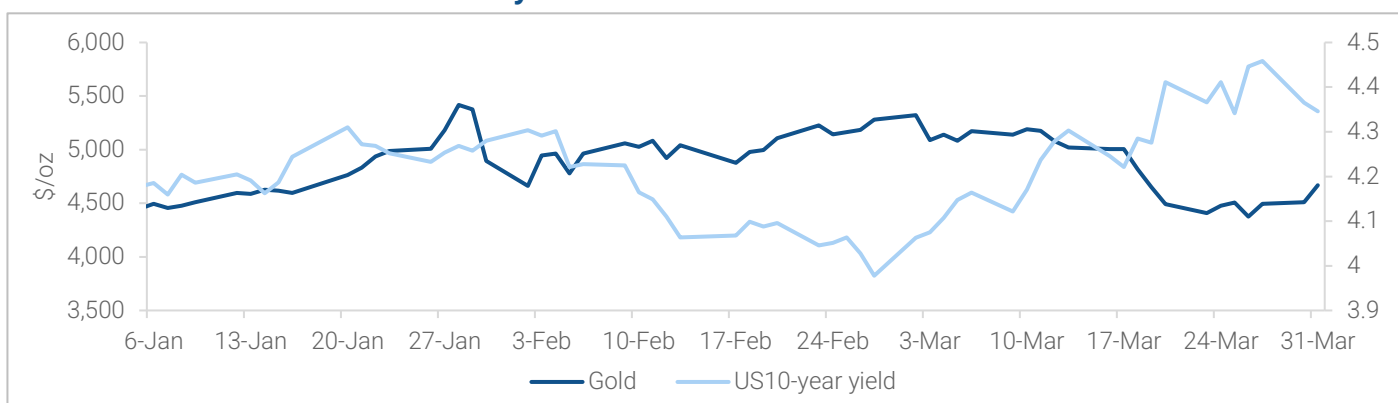
## Gold retreats on higher yields, finds support in geopolitical risks

Gold tumbled in March 2026, declining approximately 11.5%, falling to \$4669.6, marking its weakest monthly performance since June 2013. The shift was driven by the escalation of the US–Iran conflict. While initial strikes briefly supported gold, the closure of the Strait of Hormuz pushed oil prices higher, fueling inflation concerns. This forced markets to scale back expectations of rate cuts, lifting US Treasury yields and strengthening the US dollar. Higher real yields increased

the relative attractiveness of fixed-income assets, driving profit-taking and a broad sell-off in gold.

Gold is expected to remain range-bound, trading broadly between \$4,600 and \$4,900, as elevated yields and a firm US dollar cap upside, while ongoing US–Iran tensions and continued central bank buying provide underlying support.

## Gold Pulls Back as US Treasury Yields Rise



Source: Investing.com, SGA Research

## Bitcoin holds firm amid macro headwinds

Bitcoin showed relative resilience in March 2026, declining modestly by around 2.3% to close near \$68,200. Prices initially rallied toward the \$75,000 level but failed to hold gains as rising US Treasury yields and a stronger US dollar tightened global liquidity and weighed on risk sentiment. The ensuing pullback saw Bitcoin settle into the \$66,000–68,000 range. Despite these macro headwinds, Bitcoin outperformed higher beta digital assets, as capital gravitated toward the most liquid and established token in the crypto

universe. Continued institutional participation and dip buying activity toward month end helped stabilize prices and prevented a deeper correction, although volatility remained elevated.

Looking ahead, Bitcoin is expected to remain range bound between US\$64,000 and US\$72,000. Elevated yields and tight liquidity may cap upside, while institutional flows and dip buying interest should provide support near lower levels

## Bitcoin Shows Resilience Amid Tighter Macro Conditions



Source: Investing.com, SGA Research

## Currencies

Currencies	31-Mar-26	▲ 1-Month	▲ 6-Month	▲ YoY
DXY Index	99.9610	2.4%	2.2%	-4.1%
EUR/USD	1.1552	-2.2%	-1.5%	6.8%
GBP/USD	1.3222	-1.9%	-1.6%	2.4%
USD/CHF	0.7991	4.0%	0.4%	-9.6%
USD/CAD	1.3914	2.0%	0.0%	-3.3%
USD/AUD	1.4493	-3.0%	4.4%	10.5%
USD/AED	3.6731	0.0%	0.0%	0.0%
USD/INR	93.4570	2.6%	5.2%	9.4%
USD/CNY	6.8980	-0.6%	3.1%	-4.9%
USD/JPY	158.7100	-1.7%	-7.3%	5.8%
Bitcoin	68194	-2.2%	-40.5%	-17.3%

## Commodities

Commodities	31-Mar-26	▲ 1-Month	▲ 6-Month	▲ YoY
WTI Crude (\$/barrel)	101.4	51.3%	62.5%	41.8%
Brent Oil (\$/barrel)	118.4	63.3%	76.6%	58.3%
Natural Gas (\$/mmBtu)	2.9	0.9%	-12.7%	-30.0%
Gold (\$/oz)	4,669.6	-11.5%	21.0%	49.5%
Silver (\$/oz)	75.1	-19.9%	60.9%	120.4%
Platinum (\$/oz)	1,948.8	-17.6%	23.8%	96.3%
Palladium (\$/oz)	970.5	0.8%	1.7%	1.7%
Copper (\$/metric ton)	9,518.8	3.8%	4.2%	12.6%

## Fixed Income

Rates	31-Mar-26	28-Feb- 26	30-Sept-25	31-Mar-25
Fed Funds Target	4.5%	4.5%	5.5%	5.5%
ECB Depo Rate	2.8%	3.0%	3.8%	4.0%
US Treasuries 2-year	3.8%	3.4%	3.6%	3.9%
US Treasuries 10-year	4.3%	4.0%	4.2%	4.2%
US Treasury 2–10 Spread (bps)	51	58	55	33
German Bunds 2-year	2.6%	2.0%	2.0%	2.0%
German Bunds 10-year	3.0%	2.7%	2.7%	2.7%
UK Gilts 10-year	4.9%	4.2%	4.7%	4.7%
Japanese Govt Bonds 10-year	2.4%	2.1%	1.6%	1.5%
Swiss Govt Bonds 10-year	0.4%	0.2%	0.3%	0.6%
China 10-year	1.8%	1.8%	1.9%	1.9%
India 10-year	7.0%	6.7%	6.6%	6.6%
Australia 10-year	5.0%	4.7%	4.3%	4.4%

Source: investing.com, data as of 31 March 2026, SGA Research

## Global Equity Markets

Country	Index	31-Mar-26	▲ 1-Month	▲ 6-Month	▲ YoY
US	S&P 500 (\$)	6,528.52	-5.1%	-2.4%	16.3%
	DJ Industrial Average (\$)	46,341.51	-5.4%	-0.1%	10.3%
	Nasdaq 100 (\$)	23,740.19	-4.9%	-3.8%	23.1%
Europe	STOXX Europe 600 (€)	583.14	-8.0%	4.5%	9.2%
	STOXX Europe 50 (€)	5,569.73	-9.3%	0.7%	6.1%
	UK FTSE 100 (£)	10,176.45	-6.7%	8.8%	18.6%
	Germany DAX (€)	22,680.04	-10.3%	-5.0%	2.3%
	France CAC 40 (€)	7,816.94	-8.9%	-1.0%	0.3%
	Swiss MKT (CHF)	12,776.79	-8.8%	5.5%	1.4%
APAC	Japan Nikkei 225 (JPY)	51,063.72	-13.2%	13.6%	43.4%
	Shanghai Composite (CNY)	3,891.86	-6.5%	0.2%	16.7%
	Hang Seng (HKD)	24,788.14	-6.9%	-7.7%	7.2%
	Australia S&P/ ASX 200 (AUD)	8,481.80	-7.8%	-4.1%	8.1%
	India Nifty 50 (INR)	22,331.40	-11.3%	-9.3%	-5.1%
MENAT	UAE ADX (AED)	9,520.84	-8.9%	-4.9%	1.6%
	Dubai DFMGI (AED)	5,434.41	-16.4%	-6.9%	6.6%
	Qatar DSM (QAR)	10,188.47	-7.8%	-7.8%	-0.4%
	Saudi Arabia Tadawul (SAR)	11,249.54	5.0%	-2.2%	-6.4%
	Kuwait BK Main 50 (KWD)	7,989.71	-4.3%	-6.1%	12.9%
	Muscat MSM30 (OMR)	8,168.40	10.5%	57.6%	87.0%
	Bahrain All Share (BHD)	1,899.08	-7.8%	-2.5%	-2.7%
	Egypt EGX 30 (EGP)	45,321.59	-7.9%	23.6%	41.5%
	Turkey N100 (TRY)	12,790.98	-6.8%	16.2%	32.4%

Source: investing.com, data as of 31 March 2026, SGA Research

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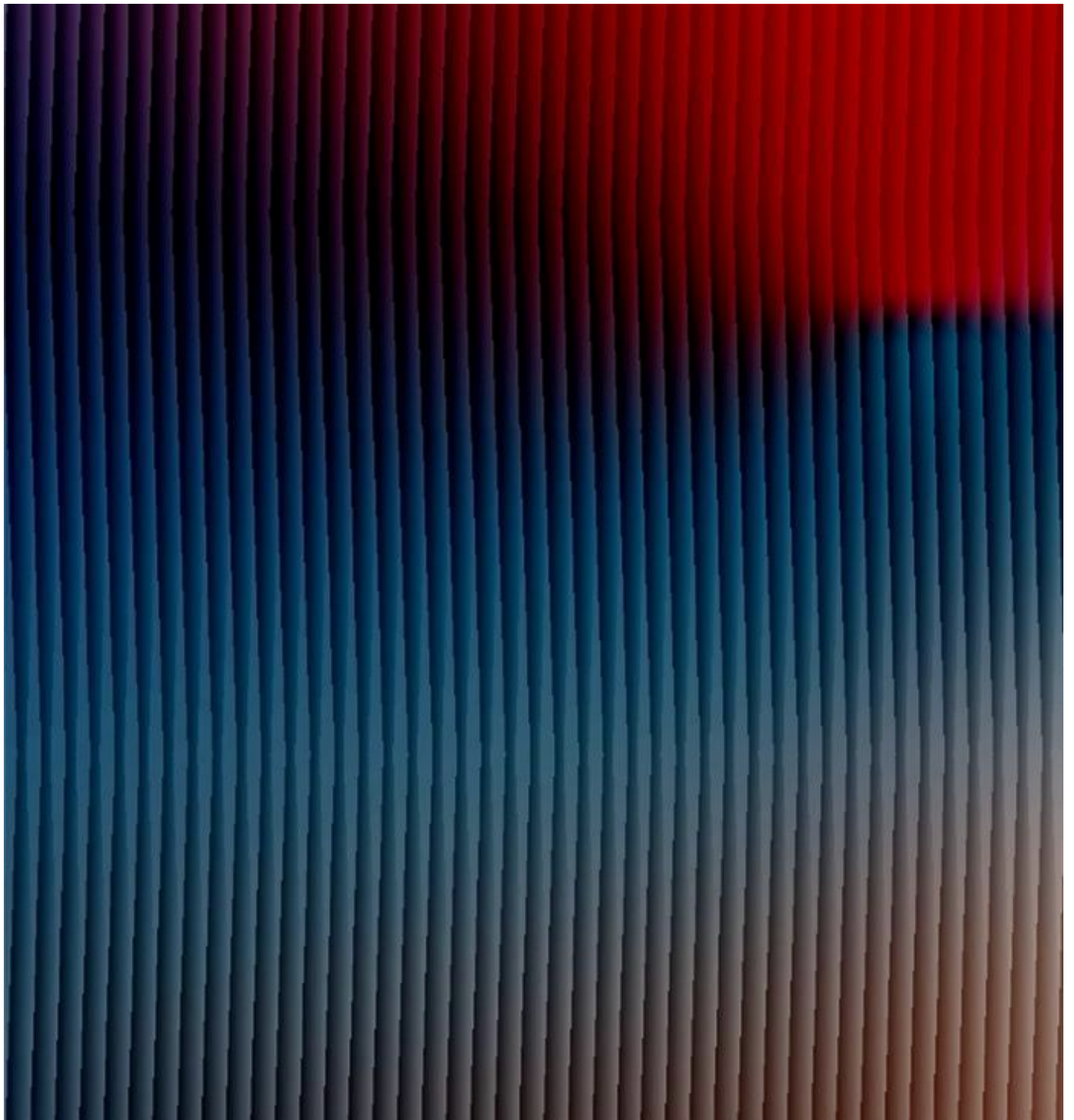
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