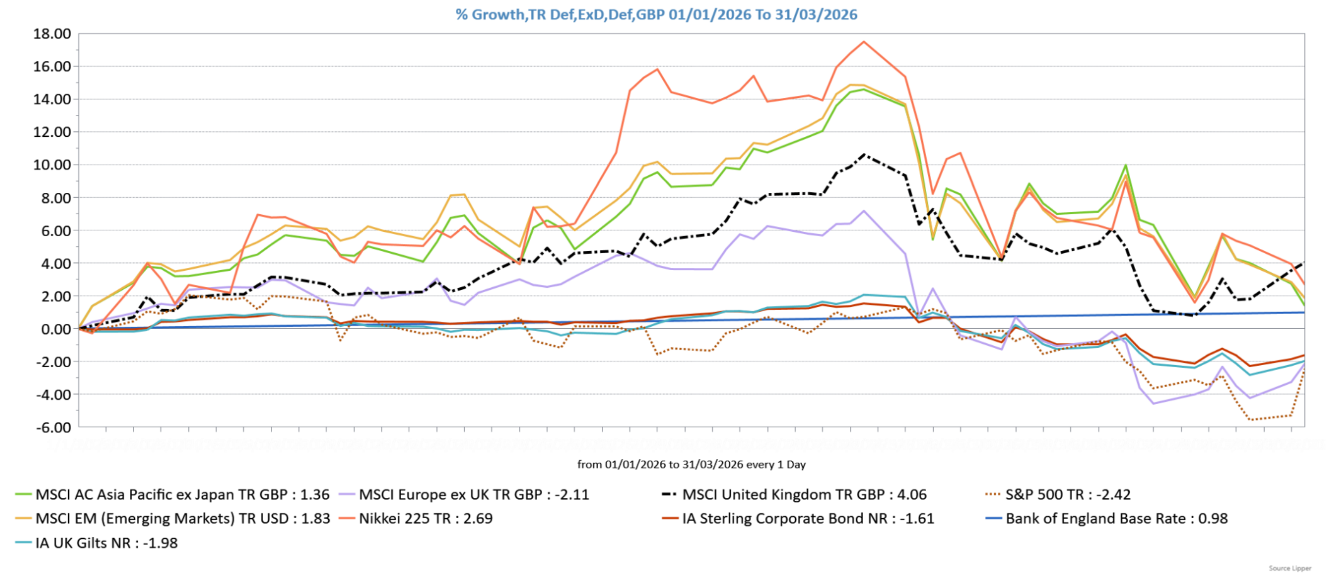
Market Commentary April 2026



Source: Lipper

OVERVIEW

Investment Markets Q1 2026

The situation with regard to global investment markets has changed dramatically in the last six weeks as Israel and the US have embarked in an all-out air campaign against Iran. The latter has retaliated by attacking a number of Gulf States, Israel, Iraq and even the British Sovereign Base in Cyprus.

- Oil and gas supplies have been severely disrupted, with the Straits of Hormuz effectively closed to shipping. The Straits normally sees 21mbbsl of oil per day passing through it, which represents ≥ 20% of global oil consumption. More than 200 tankers not under sanction are currently awaiting passage, and the price of Brent Crude oil has been in a trading range of $95 to $115 pb. If the Straits of Hormuz is not opened within two to three weeks, oil prices are forecast to increase to above $150 pb. If the price of oil rose to over $200 pb, the world economy would be seriously damaged. If Iran bombs Saudi Arabia's Abqaiq processing plant, the UAE's Upper Zakum field, and Kuwait's Al-Zour refinery then oil prices may go straight to $200 pb due to the longer disruption of fuel supplies.
- Petro chemical products, aviation fuel and fertilizer prices have risen sharply and this will have a negative impact across many industries, travel, farming. The UK is particularly vulnerable in these sectors
- Investment markets have already reacted and equity markets have registered falls across the board with some Asian markets falling by more than 5%. Gold prices have been volatile but if the conflict continues, they are likely to rise.
- Bond markets have also responded badly, the yield on 2-year gilts has risen and the 10-year gilt yield has climbed to 4.82%. Government bonds in Europe behaved in a similar fashion, and rates in US Treasuries were up by between 7 and 10bps.

- The outlook for inflation has changed, and with it will come a very cautious approach from Central Banks who will want to try and keep inflation under control in the face of potentially worsening economic growth.

It is impossible to make any forecasts until the US and Iran come to an agreement and that agreement must see the Strait of Hormuz open to all shipping. Anything less will have a negative impact on the outlook for Global GDP and inflation for the rest of the year. However, looking further out it is always remarkable how the global economy adapts and recovers from even the worst crisis

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