

March 2026

Global Markets Review

For Financial Advisers Only

March at a glance

- Markets fell sharply in March, posting their worst monthly performance since 2022 as the intensifying Middle East conflict triggered a broad risk-off move across asset classes. Losses were particularly pronounced in Europe and Asia where markets gave back a meaningful portion of their early-year gains.

Macro

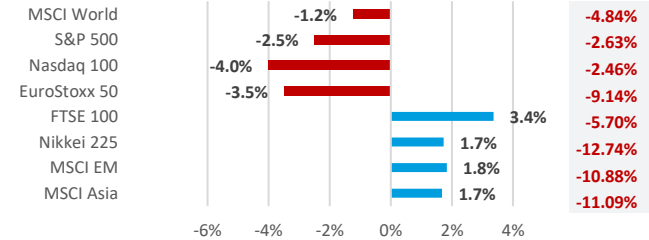
- The Iran conflict dominated market sentiment, with extreme headline-driven volatility. Markets swung between fears of escalation and occasional suggestions of potential de-escalation.
- Oil prices surged over 60% following the effective closure of the Strait of Hormuz and damage to energy infrastructure, materially lifting inflation expectations and weakening global growth forecasts.
- Central banks held policy rates steady but struck a more cautious tone as investors priced out US rate cuts in 2026 and assigned a rising probability of ECB and BoE hikes later in the year.
- US inflation rose 0.3% in February (2.4% y/y), suggesting that disinflation progress has stalled even before the outbreak of war. Rising oil prices are expected to push energy goods prices up, pointing to stronger CPI readings in the months ahead.
- In Europe, economic momentum softened while German and UK confidence indicators deteriorated, signalling mounting growth headwinds.

Markets

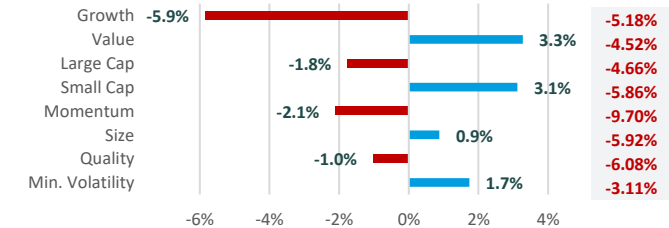
- Global equities fell sharply, with MSCI ACWI down 6.2% (-4.8% in €), as energy-driven stagflation fears and heightened geopolitical uncertainty weighed on investor sentiment.
- Bond markets sold off, with the US Treasury yield rising 36bps to 4.32% and the German 10-year bund yield up 35bps, above 3%, as surging energy prices pushed inflation expectations higher and forced investors to reassess the global interest rate outlook.
- The US dollar strengthened 2.4% against the euro in March, supported by safe-haven demand and reduced expectations for Fed easing.
- March left investors with few places to hide, with the energy sector the lone bright spot, benefitting from the skyrocketing oil price. Most other sectors, asset classes, regions and styles declined, reflecting broad-based risk aversion and inflation-driven repricing.
- Gold, traditionally viewed a safe-haven asset, reversed sharply as higher rate expectations weighed on non-yielding assets.

Data

EQUITY INDICES



EQUITY FACTORS



BONDS

	2Y	10Y
US	3.91 ▲	4.43 ▲
Germany	2.67 ▲	3.09 ▲
France	2.87 ▲	3.83 ▲
Italy	2.97 ▲	4.05 ▲
UK	4.48 ▼	4.97 ▼
Japan	1.38 ▲	2.38 ▲

ALTS

Asset Class	Value	Change
Gold (USD/oz)	4668	-12%
Crude Oil (USD/barrel)	106.2	+63%
EUR-USD	1.15	-2.4%

Sources: FE, Bloomberg, Amundi, data between March 27 - 31 2026. Bond yield trends represent 1-wk changes.

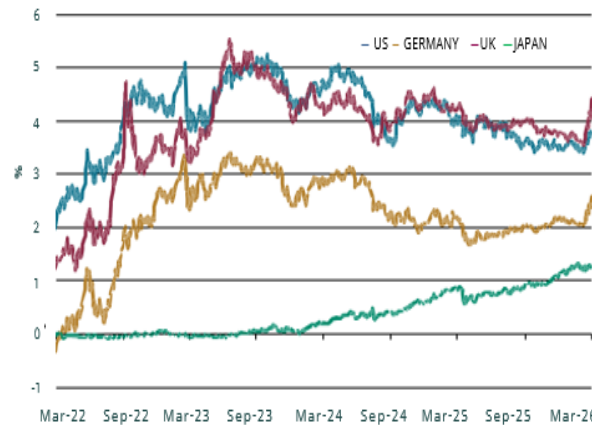
Equities

- Global equities declined sharply by 6.2% (-4.8% in €) in March, as surging energy prices, rising bond yields, and heightened geopolitical tensions weighed on investor sentiment and led to a repricing of growth, raised inflation concerns and contributed to higher volatility.
- The S&P declined for its fifth consecutive week – only the 29th occurrence in the past 75 years – falling 5% (-2.5% in €) as stocks were hit by higher oil prices, rising yields and growing concerns about the economic impact of the war. The fall was cushioned by a 3% rally on the last day of March trading.
- European and UK markets both fell, though the latter fared better due to its higher weighting in energy and defensive sectors. The Euro Stoxx 50 declined 9.2% given its dependence on imported energy as investors priced in higher energy costs, weaker growth and the risk of ECB policy tightening.
- Japan declined sharply, down 12.7% in March, as higher energy prices and rising yields offset earlier optimism around supportive domestic policy
- Emerging markets were the weakest performing region in March, falling almost 11%, amid profit taking, currency depreciation and the regions heavy reliance on energy imports.
- Across styles, growth lagged value for a fifth straight month, as rising yields weighed more on growth-oriented sectors.

Fixed Income

- Bond markets experienced a broad sell off in March, as government yields rose on expectations of more persistent inflation linked to the oil shock. Global bonds, as measured by the Bloomberg Global Aggregate Index, fell 3.1% (-0.7% in €) over the month.
- Sovereign bond yields rose sharply across major economies, particularly in Europe, as markets shifted to pricing in the possibility of rate hikes from the European Central Bank (ECB) as soon as April. UK gilt yields jumped the most as expectations for two BoE rate cuts in 2026 gave way to markets pricing in more than 50 bps of rate increases this year.
- Credit markets declined as spreads widened amid weaker sentiment. Global high yield bonds returned -1.6%, with yields 57bps higher to 6.8% and spreads widening by 27bps to 270bps.

Figure 1: Government Bond Yields, 2 Year %



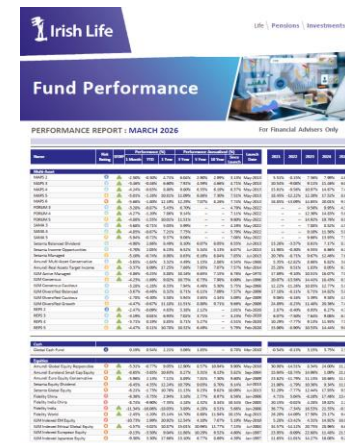
Source: LSEG Datastream

Alternatives

- Commodity prices experienced a significant surge in March, with the S&P GSCI index up 24.5% (27.6% in €), as energy commodities soared following the closure of the Strait of Hormuz and damage to LNG infrastructure, with oil trading in a wide \$90-\$120 per barrel range.
- European gas prices rose 64% to €51.7 MWh as damage to LNG facilities in Qatar will remove approx. 5% from global LNG capacity over the next three to five years.
- Gold suffered its worst month in more than 17 years, down 12.1%, as profit taking post its strong run, the stronger dollar and higher real bond yields weighed on bullion.

Fund Performance

- For the latest fund performance, click on the below image





Investment Manager Insights

To help support your client conversations and keep you updated on the latest market developments, we plan to share insights from our leading investment managers.

In this briefing, we turn our focus to Amundi, as Ronan Burke, Senior Manager - Distribution at Amundi Ireland, shared his firm's perspectives on equity markets and current investment opportunities.

Focus on areas of long-term resilience¹

Volatility in equities is explained by the Iran conflict, but importantly, some sections that are pulling back are the ones that have performed well so far this year. Now, the key uncertainty is the duration of the conflict. If tensions ease in the coming weeks, oil prices should normalise and the current volatility may present attractive entry points across sectors. However, estimating the timing of this will be difficult.

So, we are sticking to our long-term convictions but acknowledge the near-term uncertainty in equities. Our aim remains to identify quality businesses with strong balance sheets and minimal earnings impact from the crisis. We are also exploring areas exposed to structural growth themes for instance around German fiscal spending, Japanese corporate reforms and robust EM growth.

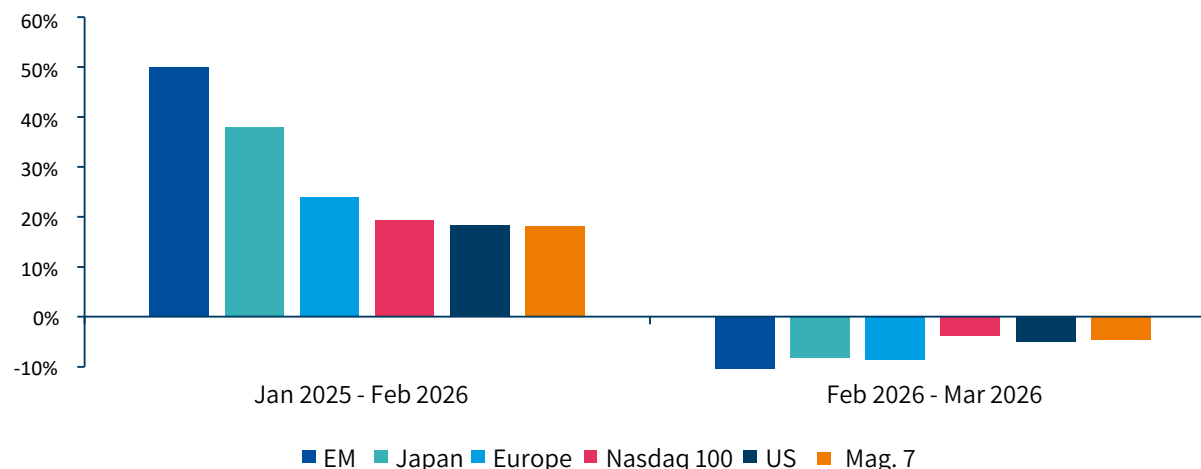
Developed Markets

- We are focusing away from the US to limit concentration risk. Europe, Japan and EMs remain attractive but are oil-price sensitive and require vigilance.
- In Europe, we favour stocks that can benefit from increased German fiscal spending and select mid-caps whose valuations are near historic lows, earnings growth is robust and quality is improving.
- Sector-wise, we favour banks and industrials, which we expect to benefit from the next wave of AI-related capex (e.g., batteries). We also see opportunities among quality construction stocks hit by growth concerns.
- We remain positive on Japan given reflation and the corporate reform agenda and also like UK-listed global banks and pharmaceutical companies.

Emerging Markets

- EM are attractively priced and growth is resilient. We are assessing whether a prolonged conflict (not our base case) could delay monetary easing (higher energy prices) and dampen consumption.
- Secondly, the diversification from DM to EM is still a structural trend, although some short-term adjustments are understandable. We have slightly downgraded EM Asia given the region's exposure to energy imports. In India, we like select consumer companies. A sustained conflict could push fertiliser and food prices higher.
- Finally, as long as AI capex continues, select companies in countries such as South Korea will benefit. We favour memory suppliers owing to a supply-demand imbalance and government "corporate value-up" measures.

The crisis highlights the non-linearity of our conviction on a rotation away from the US



A Better Decision

Warning: Past performance is not a reliable guide to future performance.

Warning: The value of your investment may go down as well as up.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: If you invest in these funds you may lose some or all of the money you invest.

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