

Dear clients, Dear readers,

2026 began on a generally positive note for the financial markets before seeing a resurgence of volatility towards the end of the quarter against a backdrop of significant geopolitical tension.

January and February were marked by positive stock market performance. The US economy continued to perform better than expected, with growth exceeding forecasts at the end of 2025 and household consumption remaining robust. In Europe, growth remained more modest, but signs of a gradual recovery began to emerge.

The appointment of Kevin Warsh as head of the US Federal Reserve (Fed), who is set to take up his post in May, was well received by the markets. Regarded as credible and committed to the central bank's independence, he embodies a sense of continuity in monetary policymaking.

Geopolitically, the incident involving the capture of Nicolás Maduro in Venezuela on 3 January attracted some attention, though it did not cause any significant disruption to the financial markets, as investors rapidly concluded that its economic impact would be limited.

On 20 February, the US Supreme Court ruled that most of the tariffs previously imposed by the Trump administration were unlawful, arguing that the authority to set tariffs lies with Congress. This decision was well received by the markets. Stung by this, Trump introduced a new blanket import tariff of 10 per cent – which was quickly raised to 15 per cent – for a maximum period of 150 days, reigniting trade uncertainties.

The end of February marked a major turning point in the Middle East, with the outbreak of open conflict involving the United States, Israel and Iran. Large-scale military operations targeted strategic Iranian infrastructure, prompting a swift retaliation and causing tensions to spread across the Gulf, with attacks on energy facilities in Qatar and Saudi Arabia. Iran also targeted the United Arab Emirates, particularly Dubai, a major aviation hub, disrupting international air traffic. At the same time, tensions escalated in Lebanon following clashes between Israel and Hezbollah, fuelling fears that the conflict might spread across the region.

The Strait of Hormuz, through which around 20% of the world's seaborne oil passes, was severely disrupted due to Iranian threats against shipping and the suspension of insurance cover for oil tankers. The slowdown in traffic and pressure on insurance markets caused a major logistical disruption to energy flows.

The impact on the markets was immediate. Brent crude quickly broke through the \$100-a-barrel mark, despite the release of large volumes from strategic reserves. Gas prices also rose sharply. The message from the market is clear: the oil market balance depends primarily on flows, rather than inventories.

As energy prices rise, investors find themselves facing a particularly challenging environment: growth prospects are deteriorating, while central banks are facing reduced room for manoeuvre. This situation is reigniting inflationary fears and further complicating things for central banks. As long as energy prices remain high, the probability of rate cuts remains low, even though growth could be affected. This scenario entails a risk of stagflation, combining persistent inflation with an economic slowdown. Against this backdrop, the major US and European central banks kept their key rates unchanged throughout the quarter, reflecting a cautious response to mixed economic signals. Following its meeting in mid-March, the Fed stated that it expected a single rate cut of 25 basis points by the end of the year, without specifying a timeline.

Rising energy prices led to a rise in long-term interest rates, as markets priced in the risk of a resurgence in inflation. In this environment of higher interest rates, gold came under pressure, falling by 12% from its high at the end of February. Investors preferred investments that generate a return, whereas gold does not. This trend can also be attributed to profit-taking following the sharp rise seen in 2025 and during the first two months of 2026.



At the same time, the dollar regained its safe-haven status against the backdrop of the war in the Middle East, rising by 1.6% this year.

The volatility we saw in March serves as a reminder of how sensitive the markets are to energy price fluctuations. A de-escalation in the Middle East could lead to a rapid recovery in these markets and provide support for equity markets. Conversely, a long-term disruption to oil supplies could have a negative impact on both growth and inflation. Market corrections can present opportunities for investors who adhere to a disciplined approach and keep a long-term perspective.

### Performance of the main markets in 2026

	March 2026	2026 YTD
<b>EURO STOXX 50</b>	-9,26%	-3,83%
<b>STOXX Europe 600</b>	-8,00%	-1,53%
<b>BEL 20</b>	-6,81%	-0,10%
<b>S&amp;P 500</b>	-5,09%	-4,63%
<b>S&amp;P 500 Equal Weight</b>	-6,37%	0,19%
<b>NASDAQ 100</b>	-4,89%	-5,98%
<b>NIKKEI 225</b>	-13,23%	1,44%
<b>HANG SENG</b>	-6,92%	-3,29%
<b>MSCI EMERGING</b>	-13,26%	-0,51%
<b>MSCI WORLD</b>	-6,55%	-3,88%

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