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The Monthly Edit

March 2026

We examine the markets daily, and our monthly update is a selection of key global stories explained through an investment lens.



Market headlines

Geopolitics dominated market direction

Financial markets were driven by fast moving geopolitical developments, with policy and macro data repeatedly taking a back seat to headline risk and shifts in sentiment.

Energy prices reflected rising risk premiums

Oil markets became the clearest transmission channel for geopolitical concerns, with prices moving higher on fears of supply disruption and feeding into broader inflation expectations.

Central banks signalled patience, not urgency

Global central banks emphasised the need for greater confidence on inflation, prompting markets to scale back expectations for quicker policy easing.

Growth optimism softened without collapsing

Signs of uneven economic momentum tested the soft landing narrative, reinforcing a cautious but selective approach to risk rather than a full retreat from growth assets.



The big topics

Energy Shock as the Dominant Market Driver

March was defined by a sharp repricing of energy risk, as escalating tensions in the Middle East pushed oil prices significantly higher and injected renewed volatility across markets.

Persistent concerns around supply disruptions, particularly through key shipping routes and energy infrastructure, kept oil prices elevated and highly sensitive to headlines. For investors, the importance of energy was less about day-to-day price fluctuations and more about the broader implications for inflation and growth.

Higher oil prices fed quickly into bond markets, with yields rising as investors reassessed the risk that inflation pressures could re-emerge just as economic momentum shows signs of cooling.

Geopolitical Headlines Drive Fragile and Fast-Moving Sentiment

Geopolitics was the primary catalyst for market swings, with sentiment shifting rapidly between hopes of de-escalation and fears of prolonged conflict.

Temporary periods of relief (often sparked by diplomatic signals or pauses in military action) were repeatedly followed by renewed anxiety as fresh threats or attacks emerged. This created a whipsaw environment in which risk appetite proved fragile and short-lived.

Equity markets struggled to find a stable footing, particularly in regions more exposed to energy costs, and volatility remained elevated. The month underscored how quickly confidence can be undermined when geopolitical developments remain fluid and outcomes difficult to predict.

Inflation Risks Complicate an Already Moderating Growth Backdrop

The renewed rise in energy prices has landed at a delicate point for global growth.

Recent data had already been signalling a gradual slowing of momentum, with softer business surveys, cooling labour markets and more cautious consumer behaviour across major economies. Higher fuel and transport costs risk compounding these pressures by eroding household purchasing power and squeezing corporate margins, particularly in energy intensive sectors, while also weighing on business and consumer confidence.

Taken together, the energy shock raises the risk that growth slows more sharply than previously expected, even if outright recession remains a low-probability scenario for now.

Central Banks Turn More Cautious as Policy Trade-Offs Intensify

Against this backdrop, central banks struck a notably more vigilant tone.

While major central banks left policy rates unchanged, communication emphasised growing sensitivity to inflation risks stemming from higher energy prices. This shift reinforced a sense that rate cuts, while still possible, may arrive more slowly and cautiously than previously hoped. Bond yields moved higher as markets adjusted to a 'higher for longer' narrative, adding pressure to rate-sensitive assets.

With policymakers balancing slowing growth against renewed inflation risks, the month highlighted why discipline, diversification and a longer-term perspective remain essential in navigating a challenging and headline-driven environment.



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