

March 30, 2026

Weekly Investment Insights



Kindly note that our Weekly Insights will pause over the upcoming bank holiday weekend.

MARKET SNAPSHOT

The conflict in the Middle East has now extended into its fifth week, and geopolitical headlines continue to dominate market sentiment. In the month since the conflict began, stocks and bonds have suffered their biggest combined sell-off since 2022 as the surge in oil prices raises the prospect of a more persistent inflation shock, prompting investors to reassess expectations for monetary policy. Gold, despite its traditional safe haven reputation, has also seen notable volatility since the conflict began. After reaching a record high of \$5 400 per ounce in January, the yellow metal has fallen to a level of around \$4 600 per ounce. The reason for this is twofold. Firstly, gold has been the victim of profit taking, as investors rush to crystallise gains as other asset classes struggle. Secondly, rising Treasury yields, which reduce the appeal of non-yielding bullion, has led investors to look for shelter elsewhere.

Last week, US stocks experienced their worst day since the conflict began as President Trump failed to reassure investors that an end to the conflict was in sight when he extended his deadline to reach an agreement with Iran. Stocks extended their decline on Monday and Brent crude rose to \$116 a barrel as the conflict escalated over the weekend with strikes on aluminum plants in Abu Dhabi and Bahrain and President Trump saying that the US could “take the oil in Iran”. European and Asian stocks also fell.

	Friday Close	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	6632.19	-1.60	-3.59	-3.12
Nasdaq Composite	22105.36	-1.26	-2.48	-4.89
EuroStoxx 50	5716.61	0.34	-7.07	-1.50
CAC40	7911.53	-0.39	-8.11	-3.25
DAX	23447.29	0.13	-7.30	-4.29
CSI 300	4669.14	1.22	-0.83	0.90
US 10 Year Yield (%)	4.2767	3.89	8.07	2.11
Germany 10 Year Yield (%)	2.983	3.50	11.96	3.64
Gold Spot (\$/Oz)	5019.49	-2.78	-5.37	15.66

Source: Bloomberg, BIL as of March 30

MACRO SNAPSHOT

OECD warns of the inflationary impact of the conflict in the Middle East

In a new forecast, the OECD warns that the conflict in the Middle East is poised to push US inflation sharply higher, lifting it to 4.2% this year. Elevated energy costs driven by the conflict in the Middle East are expected to ripple through global markets, intensifying price pressures in countries ranging from China to India. The organisation cautions that an extended period of expensive oil and gas would feed directly into production costs and consumer prices, undermining growth.

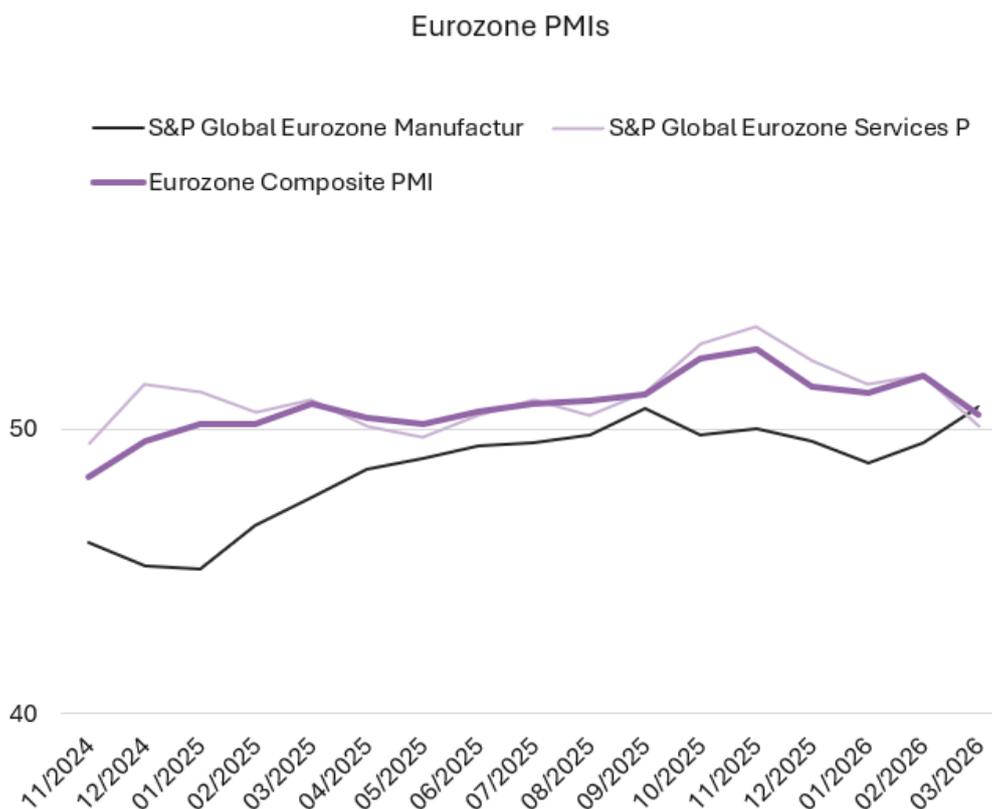
According to the OECD, this shock has erased the tentative upgrades to global growth forecasts seen at the start of the year, with higher energy prices, disrupted trade routes and pressure on critical commodities such as fertiliser and industrial gases compounding the strain. The US economy is expected to slow as household spending cools, though the Federal Reserve is still projected to keep rates steady. Meanwhile, global inflation projections have been revised upward, and Eurozone growth is set to remain subdued. The organization is now forecasting Eurozone growth of 0.8% for the year, down from its previous estimate of 1.2%. The OECD emphasises that if energy markets tighten further, global output could fall short of baseline forecasts and inflation could rise even more.

Eurozone business activity weakens to a ten-month low

Business activity around the world has been hit by the conflict in the Middle East and flash estimates last week showed that the Eurozone is no exception. The composite PMI fell to 50.5 in March, just above the 50 threshold that separates growth from contraction, indicating only marginal growth in the bloc's private sector. New orders contracted for the first time in eight months and employment continued to fall amid rising uncertainty related to the ongoing conflict. Price pressures increased, with input cost inflation surging to its fastest pace since February 2023 and output prices rising at the fastest pace since February 2024.

Manufacturing activity increased slightly to 51.4 from 50.8 in February, with new orders rising and export activity showing signs of stabilising. However, manufacturers reported a significant increase in supplier delivery times, reflecting supply chain disruptions linked to the conflict in the Middle East. Services activity fell to 50.1 in March from 51.9 as new orders continued to decline.

Business sentiment fell to its lowest level in ten months, with companies growing increasingly concerned about the fallout from the conflict in the Middle East.



Source: Bloomberg, BIL

UK inflation held steady at 3% in February

In February, consumer prices in the UK grew by 3%, the same as in January and in line with expectations. Prices rose for clothing, housing and utilities, while increases slowed for transport, food, recreation and culture, and restaurants and hotels. Services inflation, which the Bank of England (BoE) closely monitors to gauge price pressures, slowed from 4.4% to 4.3%. Conversely, core inflation, which excludes volatile categories such as food and energy, increased slightly from 3.1% to 3.2%.

Prior to the conflict in the Middle East sparking fears of an energy shock, the BoE had expected the inflation rate to ease to its 2% target by Q2 of this year. However, since the conflict began,

there have been growing expectations that the energy supply shock will start to affect price pressures around the world, including in the UK. Last week, the central bank held interest rates steady and expressed its readiness to raise them to keep inflation in check. Prior to the conflict, market participants had expected the BoE to cut interest rates in March as inflation eased. Instead, market pricing now suggests two quarter-point rate rises this year.

UK retail sales fall as consumers rein in spending

After the strongest growth in a year and a half in January, British retail sales fell by 0.4% month-on-month in February, as sales at supermarkets and household goods stores fell, with retailers citing bad weather as dampening demand. Online retailers also experienced a modest slowdown, as many consumers had already shifted their spending into January to capitalize on post-holiday promotions.

Earlier on Friday, the GfK consumer sentiment survey showed that morale had fallen to its lowest since April 2025, as the conflict in the Middle East has clouded the outlook for inflation and thus, consumers' future spending power.

These data releases add to already mounting economic headwinds, as business activity softened in March and ongoing geopolitical tensions have put the Bank of England in a waiting mode while it assesses the inflationary impact of the conflict.

Consumer confidence falls sharply across the EU

Consumer confidence in the Eurozone declined by 4 points to -16.3 in March, the lowest since October 2023, and worse than forecasts of -14.4. The drop was driven primarily by the conflict in the Middle East and the resulting impact on energy prices and inflation. In the broader European Union, consumer sentiment plummeted by 3.4 points to -15.2. With both indicators now at their lowest levels since October 2023, well beneath their historical averages, the data suggests that European consumers are bracing for a more challenging economic trajectory in the months ahead.



Source: Bloomberg, BIL

Calendar for the week ahead

Monday – Switzerland KOF Leading Indicators (March). Eurozone Economic Sentiment (March), Consumer Confidence (Final, March).

Tuesday – Japan Unemployment Rate (February). China NBS Manufacturing & Non-Manufacturing PMI (March). UK GDP Growth Rate (Final, Q4). **Eurozone Inflation Rate** (Flash, March). **US JOLTS** Job Openings & Quits (February), CB Consumer Confidence (March).

Wednesday – Switzerland Retail Sales (February), Manufacturing PMI (March). Eurozone, UK & US Manufacturing PMI (Final, March). Eurozone Unemployment Rate (February). **US Retail Sales** (February), ISM Manufacturing PMI (March).

Thursday – Switzerland Inflation Rate (March). **US Challenger Job Cuts** (March), Balance of Trade (February), Jobless Claims.

Friday – **US Non-Farm Payrolls** (March), Unemployment Rate (March) Services & Composite PMI (Final, March), ISM Services PMI (March).

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