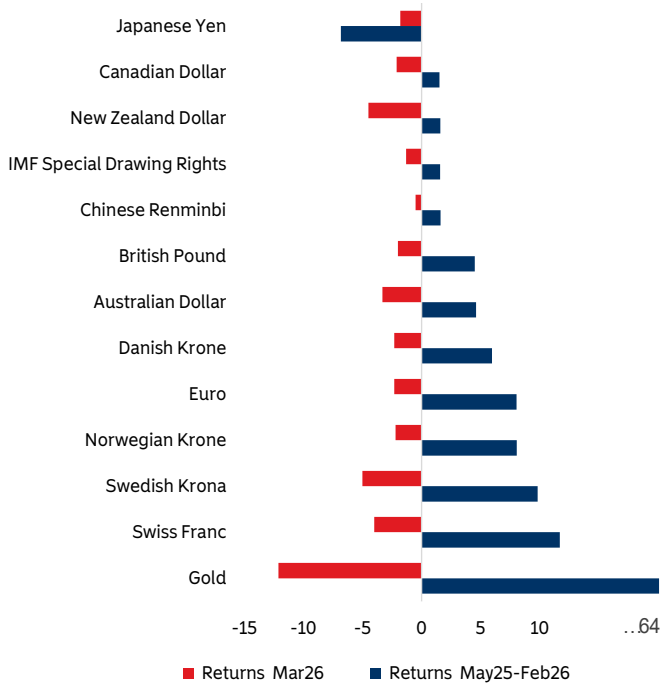
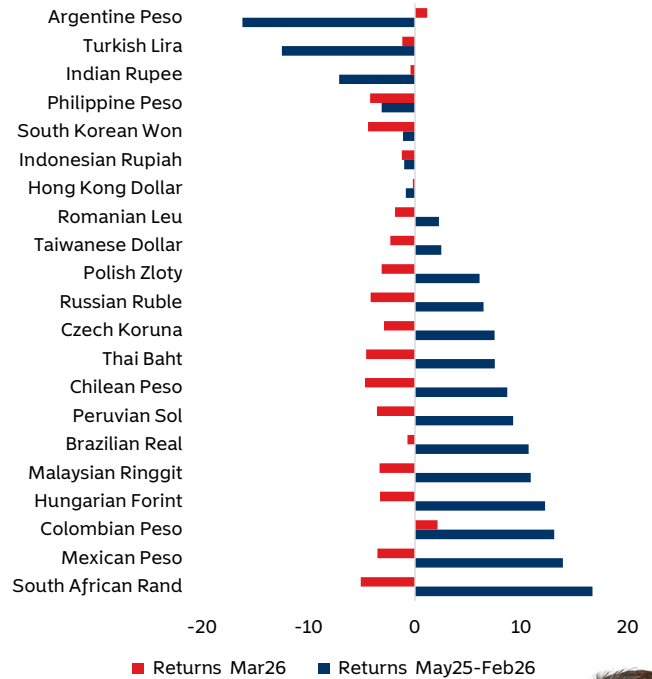


The Group of Ten (G10)



Source: Bloomberg Finance L.P., April 2026.

Emerging Markets (EM)



Source: Crown Agents Investment Management, April 2026.

US Dollar's Home Sweet Home

Slawomir Soroczynski
Head of Fixed Income



What do the chart(s) show?

The charts summarise performance across major FX crosses (including gold) in G10 and EM markets from the 2025 Tariff Shock through February 2026, and for March 2026 alone.

The Middle East conflict triggered a sharp risk-off move as leveraged investors cut exposure. Assets that had previously delivered strong returns were repriced aggressively; several EM equity markets fell by double digits, while currency weakness forced some EM central banks to intervene. Traditional safe havens disappointed, with government bonds and precious metals failing to protect portfolios, with gold falling 12% in March, its worst monthly decline since the GFC.

In G10 FX, the US dollar was the clear outperformer. The renminbi was the second-strongest, down just 0.5% versus the dollar despite PBoC intervention, while the yen benefited from intervention risk sensitivity. These dynamics weighed on the Swiss franc, which fell almost 4% in March after starting the year overbought. Elsewhere in G10, most currencies weakened by 1.5-3.0% against the dollar. Key technical support levels were tested but broadly held.

Why is it important?

Escalating tensions in the Strait of Hormuz disrupted markets, as sharply higher energy prices began to feed through to the real economy. This has prompted economists to reassess medium-term views on inflation, growth and fiscal dynamics.

While geopolitics will remain a key near-term driver, we expect the longer-term trend of diversification away from the US dollar to regain traction as conditions stabilise. Early signs of this shift have already emerged following the Middle East truce. As investors recognise that the global order is evolving, some are looking beyond short-term volatility and gradually reducing reliance on the US-dollar, embracing the old British maxim: "Keep calm and carry on," gradually diversifying away from decades of US dollar dominance.

Global markets were dominated by a geopolitical energy shock from the US-Iran conflict, driving inflation risks, growth downgrades, and volatility, temporarily offset by a ceasefire-triggered risk rally, but leaving a fragile and uncertain macro outlook.



US

- » **Middle East conflict dominates macro outlook:** US involvement in the Iran conflict triggered a major oil shock, driving inflation risks and global volatility.
- » **Ceasefire-driven rally reverses as talks collapse:** An initial US-Iran ceasefire triggered a ~15% oil price drop and strong global equity rally, but negotiations have since stalled, with talks ending without agreement and no immediate follow-up planned, raising the risk of renewed escalation and reversing earlier market optimism.
- » **Domestic political tensions rise:** Calls to invoke the 25th Amendment intensified amid concerns over presidential rhetoric.
- » **Fed outlook shifts to cautious pause:** Markets increasingly expect rates to stay on hold amid uncertainty and energy-driven inflation pressures.



UK

- » **Potential UK-EU regulatory realignment:** Government considering dynamic alignment with EU rules to reduce trade frictions post-Brexit.
- » **Sterling volatility persists:** GBP remains weak vs USD and euro amid energy exposure and fiscal concerns.
- » **Bond yields easing after March spike:** Markets stabilising slightly as inflation fears moderate.
- » **Energy vulnerability in focus:** UK relatively less dependent than EU but still exposed to global energy shocks



Europe

- » **Economic fragility amid geopolitical shocks:** EU exposed to energy crisis and weak growth outlook from global conflict spillovers.
- » **Equity markets rebound on ceasefire news:** European indices surged alongside global risk rally.
- » **Competitiveness concerns persist:** Structural criticisms (e.g., slow reform, fragmentation) remain a recurring theme among global investors.
- » **Political shift in Hungary:** Hungary's 16-year ruling party ended as Peter Magyar's Tisza party won with an overwhelming victory pledging to dismantle the authoritarian system and repair EU ties.



Rest of the World/Asia

- » **Israel continues Lebanon offensive despite ceasefire efforts:** Israel is maintaining intensive airstrikes and ground operations against Hezbollah across southern Lebanon and Beirut, with recent attacks causing significant civilian casualties and infrastructure destruction.
- » **China becomes an indirect beneficiary of global fragmentation:** Ongoing geopolitical tensions reinforce China's role in alternative financial and trade systems (e.g., sanctions workarounds, supply chains).
- » **China's exposure to global demand slowdown:** IMF growth downgrades and global instability weigh on export outlook.
- » **Policy coordination via G7:** Japan pushing for international discussion on financial risks and coordination.

Asset Class / Region	Currency	Cumulative returns				
		Week ending 10 April	Month to date	YTD 2026	12 months	
Developed Markets Equities						
United States	USD	3.6%	4.4%	-0.2%	30.5%	
United Kingdom	GBP	1.6%	4.1%	8.3%	38.9%	
Continental Europe	EUR	3.5%	5.8%	3.3%	26.6%	
Japan	JPY	2.6%	6.9%	10.8%	50.7%	
Asia Pacific (ex Japan)	USD	7.4%	10.8%	10.1%	50.7%	
Australia	AUD	4.4%	5.6%	4.0%	20.0%	
Global	USD	3.7%	5.1%	1.4%	32.5%	
Emerging Markets Equities						
Emerging Europe	USD	9.1%	12.5%	13.9%	56.0%	
Emerging Asia	USD	7.9%	11.6%	10.0%	54.0%	
Emerging Latin America	USD	6.2%	7.9%	23.6%	79.3%	
BRICs	USD	4.8%	6.8%	-3.2%	19.0%	
China	USD	3.2%	4.5%	-4.9%	20.8%	
MENA countries	USD	2.4%	2.9%	3.6%	7.0%	
South Africa	USD	6.2%	10.0%	6.2%	79.1%	
India	USD	6.0%	9.4%	-10.8%	1.3%	
Global emerging markets	USD	7.4%	10.9%	10.7%	53.6%	
Bonds						
US Treasuries	USD	0.2%	0.1%	0.2%	4.5%	
US Treasuries (inflation protected)	USD	0.3%	0.6%	0.9%	5.9%	
US Corporate (investment grade)	USD	0.5%	0.7%	0.3%	8.1%	
US High Yield	USD	0.9%	1.3%	0.8%	11.2%	
UK Gilts	GBP	0.2%	0.8%	-1.1%	3.3%	
UK Corporate (investment grade)	GBP	0.5%	1.1%	-0.8%	6.3%	
Euro Government Bonds	EUR	-0.1%	0.2%	-0.5%	0.6%	
Euro Corporate (investment grade)	EUR	0.4%	0.7%	-0.2%	2.7%	
Euro High Yield	EUR	1.0%	1.5%	-0.3%	5.6%	
Global Government Bonds	USD	0.9%	1.2%	-0.2%	2.8%	
Global Bonds	USD	0.9%	1.1%	0.1%	5.3%	
Global Convertible Bonds	USD	3.5%	5.7%	7.8%	34.7%	
Emerging Market Bonds	USD	1.7%	2.1%	0.3%	13.4%	
Property						
US Property Securities	USD	3.2%	4.9%	9.7%	21.8%	
Australian Property Securities	AUD	5.0%	5.3%	-12.7%	-0.6%	
Global Property Securities	USD	3.8%	5.8%	6.0%	23.4%	
Currencies						
Euro	USD	1.8%	1.6%	-0.1%	4.7%	
UK Pound Sterling	USD	2.0%	1.8%	0.0%	3.9%	
Japanese Yen	USD	0.2%	-0.2%	-1.5%	-9.2%	
Australian Dollar	USD	2.6%	2.7%	6.0%	14.1%	
South African Rand	USD	3.4%	3.4%	0.7%	19.0%	
Swiss Franc	USD	1.4%	1.5%	0.5%	4.7%	
Chinese Yuan	USD	0.8%	1.0%	2.3%	7.2%	
Commodities & Alternatives						
Commodities	USD	-3.0%	-2.0%	27.8%	40.9%	
Agricultural Commodities	USD	-1.4%	-2.1%	5.4%	0.2%	
Oil	USD	-12.7%	-19.6%	56.5%	50.3%	
Gold	USD	1.9%	2.7%	10.2%	50.8%	

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