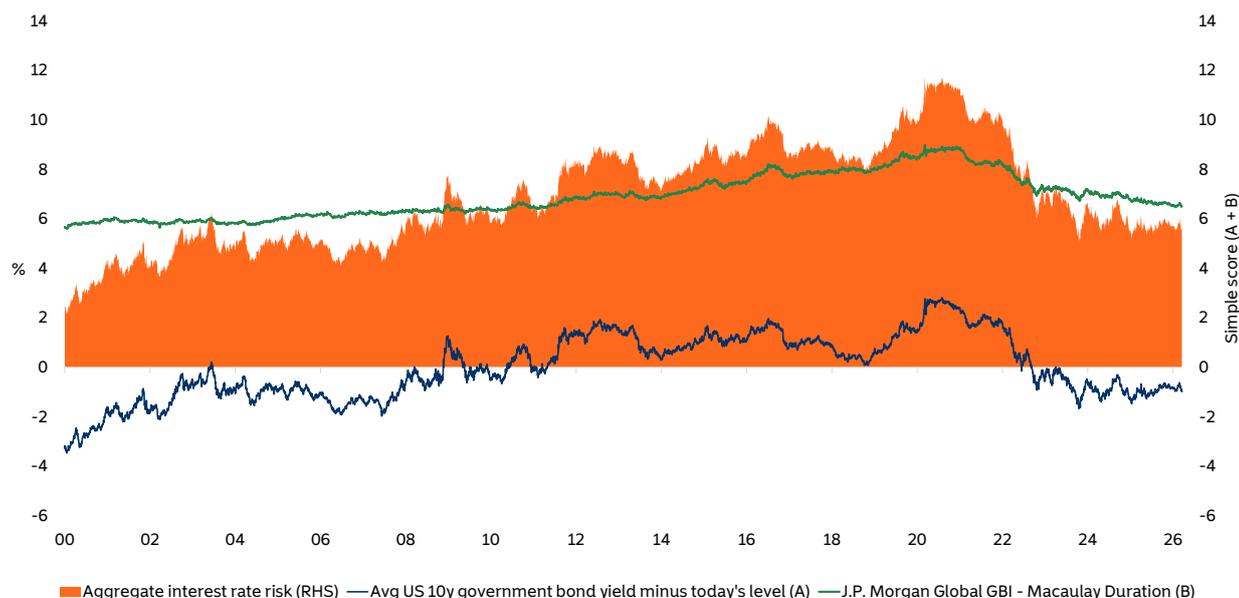


Interest rate risk



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 20 March 2026.

A Right R-Oil Mess

Richard Stutley, CFA
Portfolio Manager



What this charts shows

There is a lot to be worried about currently. Two things that give me comfort are, firstly, the clear incentive for both sides to deescalate - the US has significantly degraded Iran's military capabilities but there appears to be little appetite for an extended war among American voters; while Iran has shown it can hurt opponents whatever their size, but does it need to continue doing it, with some form of sanctions relief now a realistic prospect? And secondly, the starting point for financial markets. The chart above sums two variables that together provide a simple approximation of risk in the financial system: the blue line looks at where borrowing costs are relative to their long term average - a high number is something to watch out for: it tells us borrowing costs have been higher in the past and could head back there in the near term. The green line looks at the sensitivity of government bond prices to borrowing costs - again, a high number is a warning sign: a reading of 8%, for example, tells us that a 1% increase in borrowing costs would prompt an 8% fall in the value of any government bonds in one's portfolio. Finally then, the orange shaded area is the sum of those two variables, with a high reading indicating more risk in the system.

Why is it important

Where are we today in terms of this simple risk measure? Thankfully we're low (30th percentile): interest rates are already quite high in the context of the past 25 years and - the two things are related - the impact of a 1% rise in borrowing costs is also lower than it has been for some time. Compared to 2022, when financial assets fell in unison in response to higher interest rates, risk in the system is significantly reduced today. Some comfort then, but now is still the time to have protection built into portfolios, as we do in the form of cash, defensive equities and certain explicit protection strategies.

Energy-driven geopolitical risk dominated global markets, with the Iran conflict pushing oil above \$100, reigniting inflation concerns, and forcing a sharp repricing of growth and interest rate expectations worldwide.



US

- » **Iran conflict escalates further:** Donald Trump intensified rhetoric around potential strikes on Iranian energy infrastructure, while signalling a short timeline for action, keeping markets on edge and oil prices elevated.
- » **Oil-driven inflation fears reshape policy expectations:** The surge in crude prices above \$100 pushed investors to reassess the outlook for the Federal Reserve, with rate cuts increasingly delayed amid renewed inflation risks.
- » **Equity markets turn volatile:** US equities sold off mid-week before stabilising, as energy shocks and geopolitical uncertainty outweighed corporate and macroeconomic data.
- » **US presses allies on Hormuz security:** Washington increased diplomatic pressure on Europe and Asia to support efforts to secure shipping lanes, widening the geopolitical dimension of the crisis.



UK

- » **Energy shock hits UK economy:** Rising oil and gas prices driven by the Iran conflict pushed inflation expectations higher, worsening the cost-of-living crisis and squeezing household finances.
- » **BOE:** The Bank of England voted unanimously to keep interest rates on hold at 3.75% and said it "stands ready to act" to tackle any inflation surge triggered by war in the Middle East.
- » **Growth outlook downgraded:** Forecasts for 2026 GDP growth were revised down sharply (to around ~0.7%), reflecting weaker consumption and higher borrowing costs.
- » **Government steps up crisis response:** COBRA emergency meetings focused on energy security, supply disruption risks, and potential fiscal support measures. UK EU alignment debate increases.



Europe

- » **Energy-driven inflation pressures intensify:** European economies saw a renewed rise in inflation expectations as higher oil and gas prices filtered into industrial and consumer costs.
- » **Policy coordination intensifies:** EU leaders discussed joint measures on energy security, including coordinated reserve use and contingency planning for supply disruptions.
- » **Growth risks mount across core economies:** Germany and France reported weakening industrial momentum, with energy-intensive sectors particularly exposed to rising input costs.
- » **Strategic autonomy debate re-emerges:** The crisis revived discussions on reducing dependence on external energy sources and strengthening intra-EU resilience.



Rest of the World/Asia

- » **Beijing pushes diplomatic stance on Iran:** China opposed escalation and called for de-escalation, resisting US pressure to support military involvement.
- » **US-China economic engagement continues:** Preparatory talks for a Trump-Xi summit focused on trade frictions, export controls, and supply chains.
- » **Energy import risks increase:** Japan faced a dual shock from external energy risks and weak domestic demand, increasing policy challenges.
- » **Global energy crisis fears:** The Strait of Hormuz tensions triggered warnings of a supply shock potentially exceeding past oil crisis. Countries begin emergency responses (fuel-saving policies, reserve releases, alternative supply strategies).

Weekly market data

Week ending 20 March 2026

Asset Class / Region	Currency	Cumulative returns			
		Week ending 20 March	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-1.9%	-5.4%	-4.8%	15.9%
United Kingdom	GBP	-3.3%	-8.6%	1.1%	18.1%
Continental Europe	EUR	-3.9%	-9.9%	-4.1%	3.9%
Japan	JPY	-0.5%	-8.4%	5.9%	32.3%
Asia Pacific (ex Japan)	USD	-0.2%	-8.2%	5.2%	30.2%
Australia	AUD	-2.2%	-7.7%	-2.2%	9.9%
Global	USD	-2.0%	-6.8%	-4.0%	16.4%
Emerging Markets Equities					
Emerging Europe	USD	0.1%	-8.9%	0.8%	30.7%
Emerging Asia	USD	-0.1%	-8.6%	5.2%	31.7%
Emerging Latin America	USD	-1.5%	-10.6%	7.0%	42.8%
BRICs	USD	-2.3%	-7.4%	-7.4%	1.7%
China	USD	-2.8%	-5.4%	-6.6%	1.4%
MENA countries	USD	0.4%	-3.7%	-0.3%	-0.1%
South Africa	USD	-5.5%	-22.1%	-7.5%	42.1%
India	USD	-1.5%	-10.9%	-15.1%	-7.2%
Global emerging markets	USD	-0.3%	-9.0%	4.5%	31.0%
Bonds					
US Treasuries	USD	-0.6%	-2.3%	-0.5%	2.8%
US Treasuries (inflation protected)	USD	-0.4%	-1.5%	0.1%	3.5%
US Corporate (investment grade)	USD	-0.3%	-2.5%	-1.0%	4.1%
US High Yield	USD	-0.3%	-1.4%	-0.8%	5.9%
UK Gilts	GBP	-1.0%	-4.6%	-2.4%	1.9%
UK Corporate (investment grade)	GBP	-1.0%	-4.1%	-2.6%	3.3%
Euro Government Bonds	EUR	-0.5%	-3.0%	-0.9%	1.4%
Euro Corporate (investment grade)	EUR	-0.5%	-2.2%	-0.9%	2.1%
Euro High Yield	EUR	-0.5%	-2.2%	-1.3%	2.8%
Global Government Bonds	USD	-0.2%	-3.3%	-1.2%	2.7%
Global Bonds	USD	-0.2%	-3.2%	-1.2%	4.6%
Global Convertible Bonds	USD	-0.3%	-3.8%	3.2%	23.0%
Emerging Market Bonds	USD	-1.1%	-3.3%	-1.9%	7.6%

Weekly market data continued...

Asset Class / Region	Currency	Cumulative returns			
		Week ending 20 March	Month to date	YTD 2026	12 months
Property					
US Property Securities	USD	-3.8%	-7.1%	3.3%	4.5%
Australian Property Securities	AUD	-1.5%	-10.6%	-16.5%	-8.7%
Global Property Securities	USD	-2.5%	-9.0%	0.9%	10.3%
Currencies					
Euro	USD	1.0%	-2.2%	-1.5%	6.6%
UK Pound Sterling	USD	0.7%	-0.9%	-0.9%	2.9%
Japanese Yen	USD	0.2%	-2.0%	-1.5%	-6.6%
Australian Dollar	USD	0.4%	-1.2%	5.4%	11.7%
South African Rand	USD	-0.9%	-6.8%	-2.9%	6.4%
Swiss Franc	USD	0.1%	-2.5%	0.6%	11.9%
Chinese Yuan	USD	0.0%	-0.6%	1.2%	5.0%
Commodities & Alternatives					
Commodities	USD	0.5%	15.4%	28.8%	32.5%
Agricultural Commodities	USD	-0.6%	2.7%	5.9%	-1.1%
Oil	USD	8.8%	54.8%	84.4%	55.8%
Gold	USD	-9.4%	-13.4%	5.8%	50.4%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

**For more information, please contact:
Distribution Services**

E: distributionservices@momentum.co.uk

T: +44 (0)207 618 1829

Important notes - This document is only intended for use by the original recipient, either a Momentum Global Investment Management Limited (MGIM) client or prospective client, and does not constitute investment advice or an offer or solicitation to buy or sell. This document is not intended for use or distribution by any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient. The original recipient is solely responsible for any actions in further distributing this document, and in doing so should be satisfied that there is no breach of local legislation or regulation. This document should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States.

Prospective investors should take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this document is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, MGIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

The value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multi-manager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

MGIM (Company Registration No. 3733094) has its registered office at 3 More London Riverside, London, SE1 2AQ. MGIM is authorised and regulated by the Financial Conduct Authority in the United Kingdom (registration no.232357), and is exempt from the requirements of section 7(1) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) in South Africa, in terms of the FSCA FAIS Notice 9 of 2025 (published 9 January 2025). For complaints relating to MGIM's financial services, please contact distributionservices@momentum.co.uk. ©MGIM 2026.