Global Markets Bulletin: March 2026 Issue #1

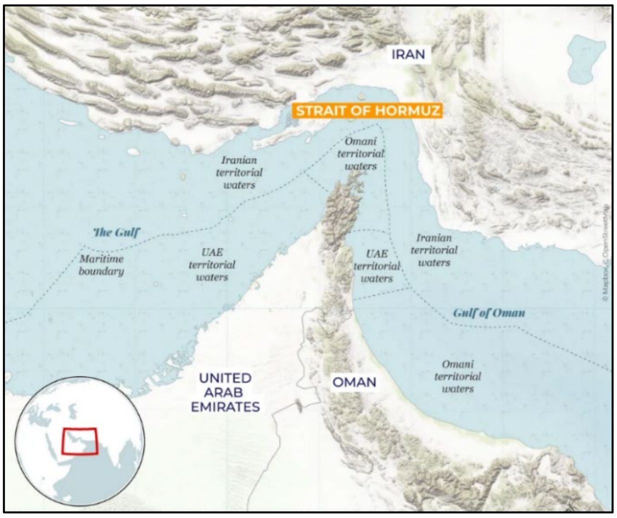
🌍 Three points worth noting as move through March:

1. Strait of Hormuz & Energy Fragility

As the Iranian conflict enters its 20th day, energy price volatility continues to disrupt global markets. With the Strait remaining functionally closed, global insurers refusing to cover ships, and missiles still firing over the Gulf region, all eyes are on the conflict for a possible path to de-escalation.

2. Fed Holds Rates Steady for a Second Time

Federal Reserve officials left interest rates unchanged, forecasting one 25-bps cut by end of 2026 and another in 2027. Chair Powell's press conference signalled more hawkish in tone than anticipated, and this was seen with investors expecting at least 3 Fed officials to dissent in favour of a rate cut, but only one member ended up dissenting. With investors pulling back expectations of future rate cuts, the S&P500 index extended losses, and Treasury yields rose.



Source: BloombergNEF; Data via Al Jazeera.

3. Private Credit Turmoil

The private credit industry is experiencing its first major downturn in 2026 since maturing into an institutionally-backed asset class in the alternative investment space. Waves of redemption requests, heightened scrutiny and changing market dynamics have put pressure on private credit companies, triggering selloffs in stock and exposing a 'liquidity mismatch'.

Broad Performance Recap by Asset Class

Asset	Price	Mthly Returns	YTD Returns
S&P 500	$6670.40	-3.06%	-2.56%
WTI (Apr 26)	$96.62	+53.63%	+68.27%
Gold	$4884.99	-2.32%	+11.91%
US 10Y Yield	4.218%	+14 bps	+2.4bps

Notable Events in March

US Economy/Politics

- **Feb 28th:** The US and Israel executed a massive, coordinated strike on Iran's nuclear facilities and military command. Iranian state media and US officials confirmed the death of Supreme Leader Ali Khamenei in the Tehran strikes.
- **Mar 6th:** The Bureau of Labour Statistics reported an unexpected loss of 92,000 jobs in February (vs. estimates of +60,000). US unemployment rate ticked up to **4.4%**, signaling a sharp cooling in the labour market just as geopolitical tensions spiked.

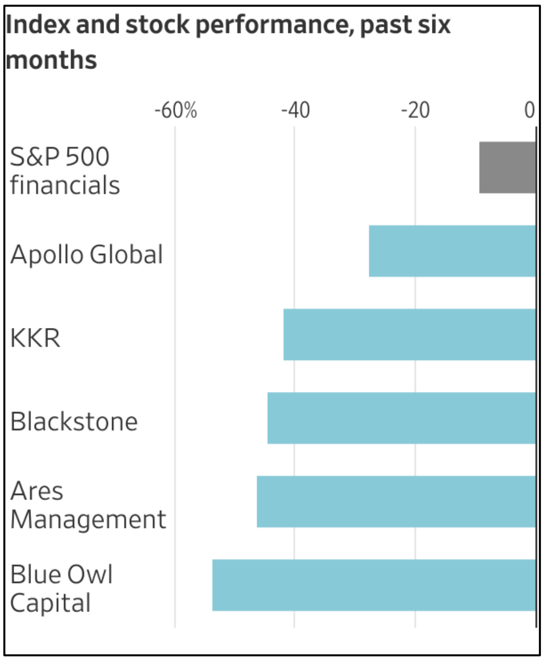
EMEA Economy/Politics

- **Mar 1st–2nd:** Tehran launched hundreds of ballistic missiles and drones targeting Israel and US military assets across Saudi Arabia, Qatar, the UAE, Kuwait, and Bahrain. Strikes also reached as far as Cyprus and Turkey.
- **Mar 2nd–Present:** Transit through the Strait of Hormuz remains at a "near-collapse" state. While Iranian officials claim the Strait is open, commercial volume has dropped from an average of 24 tankers per day to fewer than 4, as shipowners maintain a self-imposed pause.
- **Mar 17th:** Bulk carriers have begun re-routing through Iranian territorial waters under a "permission-based" model that selectively allows passage to specific partners.

APAC Economy/Politics:

- **Mar 5th:** Premier Li Qiang officially set the 2026 GDP growth target at **4.5%–5.0%**, the lowest in decades. The NPC focused on "high-quality growth" and tech self-reliance as China braces for trade friction and energy disruptions.
- **Mar 6th–9th:** China entered intensive negotiations with Tehran to secure "green-light" passage for its tankers. The vessel *Iron Maiden* successfully transited the Strait after changing its AIS signaling to "China-owned," highlighting Beijing's unique leverage in the conflict.
- **Mar 12th:** Rumors of Beijing requesting domestic refiners to halt fuel exports were confirmed by industry sources as China seeks to protect its Strategic Petroleum Reserve (SPR) amid the 45% reduction in crude flows through Hormuz.

Private Credit Panic



In mid-Feb 2026, Blue Owl Capital halted its quarterly redemption opportunities for its retail OBDC II Fund, after an abandoned fund merger effort drew scrutiny over liquidity.

News of a 'liquidity mismatch' and market jitters over software lending to pre-profitable companies triggered sharp concerns for debt fund investors. Since then, private credit funds managed by Blackstone, BlackRock, Cliffwater, Morgan Stanley, and Monroe Capital have faced $10.1B in redemption requests. The redemption wave has sparked a ferocious selloff on stocks of such firms, whose shares have plunged by 25% or more in the last 6 months.

While headlines have focused on a "2008-style" collapse, the elevated redemption requests appear to be driven more by sentiment than by credit fundamentals. Many retail investor fears surrounding private credit gating and redemption queues are in fact structural features of the asset class to protect the long-term value of the underlying illiquid assets. As the dust settles, while this current recalibration episode is painful in the near term, it may ultimately prove healthy for private credit's long-term integrity.

Noteworthy Upcoming Market Dates

- **18th-19th March:** US Federal Reserve Interest Rate Decision
- **31st March:** US JOLTS Job Openings
- **1st April:** ISM Manufacturing PMI
- **3rd April:** Non-Farm Payrolls for March

Monthly Data Monitor

Key Observations:

- **MSCI Korea** dominates YTD with a standout +40.8% gain
- **MSCI Taiwan** and **MSCI Thailand** are also strong YTD performers, showcasing Asian EM ex-China leading the pack
- Monthly performance across indices are negative, in line with bearish sentiments from the US-Israel Iran conflict

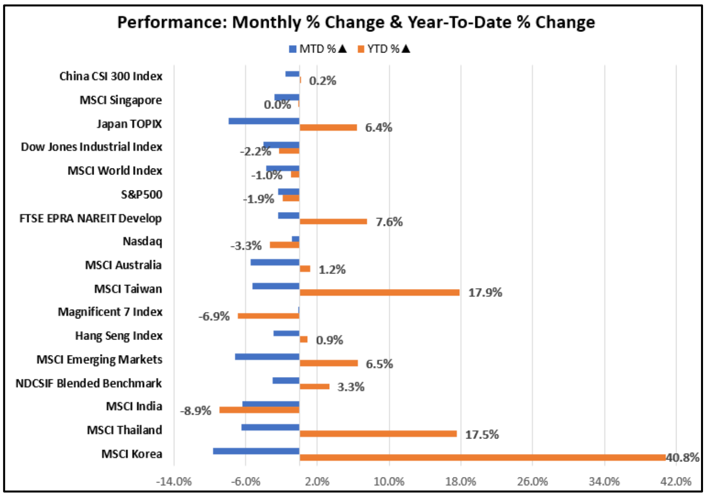


Chart of the Week

For the first time since the Liberation Day tariffs, the S&P500 Information Technology and Consumer Staples sectors are trading at the same valuations, converging at around 22x forward price-to-earnings ratio. In the last decade, the only other instances where technology stocks traded at such low prices were during COVID in 2020 and throughout 2022 where recession fears were high.

With the rise of agentic AI and a surge in CapEx investments across Tech, investors have rotated to staples for safety, while taking a more cautious stance amidst macro uncertainty.

In prior cycles, such convergences have been powerful entry points for Tech. As visibility on earnings improves and AI monetisation begins to materialise, capital is likely to rotate back into Technology.