

Global Markets Bulletin

27 March 2026

Geopolitical Crosscurrents, Hawkish Holds, and a Tech Reset

The Week in Brief

The US–Iran conflict remains the dominant macro variable, driving Brent above \$110 and forcing every major central bank into hawkish holds that have all but killed 2026 rate-cut expectations. Equities are caught between stagflation risk and pockets of genuine opportunity — US tech valuations have compressed below “Liberation Day” levels while China’s regulatory pivot on platform price wars is creating a tactical reopening in internet names. With Trump and Xi confirmed for a Beijing summit on May 14–15 and the Fed holding at 3.50–3.75%, the next catalyst is whether diplomacy can deliver an Iran off-ramp before the energy shock entrenches itself in core inflation.

Three Points Worth Noting

1. The Fed’s Hawkish Hold Narrows the Policy Corridor

The FOMC voted 11-1 on March 18 to hold rates at 3.50–3.75%, but the message was unmistakable: inflation projections were revised up to 2.7% on both headline and core PCE, and seven of 19 participants now see no cuts at all in 2026 — up from six in December. The dot plot points to at most one reduction this year. For markets, this means the “Fed put” is further out of the money than at any point since mid-2024. With oil above \$100 and labour markets still printing 210k initial claims, policymakers have little room to ease even if growth softens — a textbook stagflationary bind. The implication for portfolios: duration exposure in the 5–10 year segment now offers a better risk-reward than equities, and any equity allocation needs to be earned on a stock-by-stock basis rather than broad beta.

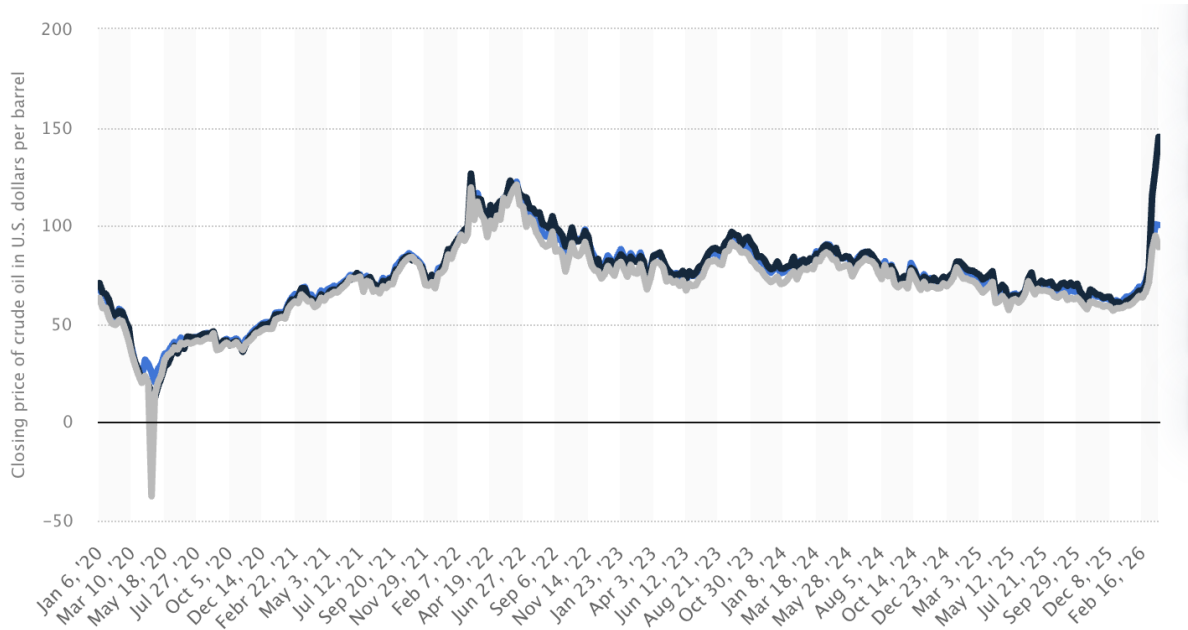
2. The Memory Supercycle Is Real — and Micron Just Proved It

Micron’s Q2 results weren’t just a beat — they were a statement. Revenue of \$23.9 billion (up 196% YoY) and gross margins of 74% confirm that the AI memory supercycle has moved from narrative to cashflow. HBM now accounts for over 30% of total DRAM revenue, up from less than 5% in 2022, and the company raised full-year capex guidance to \$25 billion. Yet Micron shares fell post-earnings as the broader geopolitical overhang and stagflation fears overwhelmed fundamentals. This disconnect — blowout earnings meeting compressed multiples — is exactly the kind of dislocation that creates entry points. At roughly 8x earnings, Micron is pricing in a recession that its own order book contradicts.

3. Beijing’s Regulatory Pivot: From Crackdown to Margin Protection

In a notable shift, Chinese state media called for an end to the “outrageous” food-delivery price war, and regulators summoned Alibaba, Meituan, and JD.com after the trio collectively spent CNY 80–100 billion in subsidies that were destroying margins. The market reaction

was immediate — internet and platform names led Hong Kong higher. This matters because it signals Beijing is moving from the “common prosperity” crackdown era to active margin protection for its tech champions. Combined with the Trump–Xi summit now set for May 14–15, the setup for Chinese internet names is shifting from hostile to constructive. We see this as the early stages of a sentiment re-rating, not a one-day trade.



Broad Performance Recap

Asset	Level	Weekly Chg	YTD Chg
S&P 500	~5,850	↑ +0.5%	↓ -5.8%
Nasdaq Composite	~18,200	↑ +0.8%	↓ -9.2%
STOXX 50 (Europe)	—	↑ +1.2%	↑ +4.1%
Nikkei 225	53,604	↑ +2.9%	↓ -2.3%
CSI 300 (China)	4,658	↑ +1.4%	↓ -1.5%
Hang Seng	—	↑ +1.1%	↑ +15.8%
WTI Crude (\$/bbl)	~93.40	↓ -2.2%	↑ +32%
Brent Crude (\$/bbl)	~110	↓ -1.8%	↑ +38%
Gold (\$/oz)	~4,400	↑ +3.4%	↓ -8.5%
US 10Y Yield	4.33%	↓ -7bps	+18bps
Bitcoin	—	↑ +2.5%	↓ -6.0%
DXY (USD Index)	—	↑ +0.2%	↑ +2.1%

Data as of 27 March 2026. Bold denotes outlier YTD moves (>25%).

Notable Events

The Iran Conflict — Week of 20–27 March

The US–Iran war entered its third week with no ceasefire in sight. Iranian attacks severely damaged Qatar’s Ras Laffan LNG facility — the world’s largest — disrupting roughly 17% of Qatar’s natural gas export capacity and sending Brent briefly above \$119 on March 19. Israel conducted targeted strikes killing senior Iranian figures, including Ali Larjani and Basij commander Gholamreza Soleimani. By mid-week, hopes of an off-ramp emerged as Tehran outlined conditions (including reparations and sovereignty recognition over the Strait of Hormuz) and Washington insisted talks remained productive. Trump struck an upbeat tone on a potential deal, pulling oil lower on March 26–27 and triggering a risk-on session. The US proposed a 15-point ceasefire plan transmitted to Iran via Pakistan, including dismantlement of nuclear capabilities and removal of enriched uranium. Tehran rejected the zero-enrichment demand but signalled willingness to guarantee non-weaponisation.

Central Banks: A Synchronised Hawkish Hold

The Fed (March 18) held at 3.50–3.75% with higher inflation projections and a shrinking rate-cut consensus. The ECB, BoE, and SNB all held in the same week with similarly hawkish rhetoric. Brazil’s Banco Central cut the Selic by 25bps to 14.75% — the lone dove — though even there, the pace was slowed by energy-driven inflation concerns. Markets have now almost entirely priced out 2026 rate cuts for the Fed.

Japan–US Summit: \$73 Billion in Commitments

Japanese PM Takaichi met Trump in Washington, announcing \$73 billion in Japanese investments into the US and new cooperation on rare earth minerals — a strategic play to secure supply chains amid rising US–China tech competition.

Trump–Xi Summit Confirmed for May 14–15 in Beijing

The White House confirmed the long-delayed Trump–Xi meeting. Xi is expected to visit Washington later this year. Deliverables are likely limited to commercial purchases (soybeans, energy) rather than a structural trade deal, but the optics matter — particularly for Asian equity sentiment.

Corporate Highlights

20 Mar: Micron reported record Q2 revenue of \$23.9B (+196% YoY); shares fell on macro headwinds despite the blowout.

20 Mar: Xiaomi launched the refreshed SU7 EV; shares fell 8.6% on margin concerns.

24 Mar: Merck announced a \$5.7B acquisition of Terns Pharmaceuticals for its blood cancer pipeline.

25 Mar: A 2-year US Treasury auction “tailed” by 2bps — the worst since the 2023 banking crisis — signalling weak short-term safe-haven demand.

26 Mar: BP downgraded to Hold after outperforming since the war began.

Synthesis: The week crystallised a market caught between war premium and deal hope. The brief risk-on rally on Iran diplomacy headlines showed how quickly positioning can unwind when the narrative shifts — but absent a durable ceasefire, the structural damage from \$100+ oil continues to build through inflation expectations, central bank hawkishness, and compressed equity multiples.

Deep Dive — Tech on Both Sides of the Pacific: A Tale of Two Resets

The US Tech Compression: Below “Liberation Day” and Getting Interesting

US technology has underperformed the S&P 500 year-to-date, and the Iran-driven risk-off regime has delivered meaningful valuation compression. Semiconductors now trade roughly 23% below their 5-year average valuation; software sits 26% below. Both metrics are now below “Liberation Day” levels from April 2025 — a threshold that marked the last major entry point for the sector.

Positioning has also shifted dramatically: hedge fund exposure to global memory has surpassed global software, underscoring how sharply sentiment has rotated within tech. Micron’s blowout Q2 — \$23.9B revenue, 74% gross margins, and a \$25B capex raise — validates the AI memory thesis with hard cashflow rather than forward promises. At 8x earnings, Micron is pricing in a recession that its own guidance contradicts.

We remain constructive on US tech overall but are more cautious on software specifically, where AI-disruption concerns are legitimate. The opportunity is in selective exposure — semiconductors over software, hardware enablers over application-layer plays. For clients who felt they “missed the rally,” this valuation reset offers a reasonable re-entry window. Structured notes can help build exposure while hedging downside in a still-volatile regime.

The China Tech Pivot: From Crackdown to AI-Driven Renaissance

On the other side of the Pacific, China tech is undergoing its own reset — but driven by policy, not compression. Beijing’s intervention in the platform price war marks a philosophical shift: regulators are no longer punishing scale but protecting margins. This is the clearest signal since 2021 that Beijing wants its tech champions to be profitable, not just compliant.

The AI investment cycle is real. Alibaba is targeting \$100 billion in external cloud revenue over five years (a 40% CAGR), pivoting toward model-as-a-service and agentic AI. Xiaomi plans to spend CNY 60 billion on AI over three years. Horizon Robotics — a leader in the AI chip supply chain — expects SuperDrive shipments to reach 400,000 units in 2026 after reporting 58% YoY revenue growth. The AI thesis in China is transitioning from chatbots to complex agentic workflows that can be monetised across finance, logistics, and autonomous driving.

That said, near-term risks remain: Alibaba and Tencent lost a combined \$66 billion in a single session after failing to articulate clear AI monetisation roadmaps. The market is demanding proof, not promises. And with the CSI 300 at 4,658 — its lowest since December 2025 — the path is not without volatility.

Our view: the structural opportunity in Chinese tech is becoming harder to ignore, particularly in Hong Kong-listed internet and AI-adjacent hardware names. The regulatory tailwind, combined with the Trump–Xi summit acting as a sentiment anchor, creates a window where risk-reward is tilting constructive. We favour selective exposure to Alibaba, Horizon Robotics, and Meituan as a post-intervention recovery play.

What We're Watching

27 March: Bank of Mexico rate decision — will LatAm central banks follow Brazil's dovish lean, or hold firm on inflation? Key signal for EM rate paths.

1 April: US ISM Manufacturing PMI — first post-conflict read on whether the oil shock is transmitting into real economic activity.

3 April: US Non-Farm Payrolls (March) — the definitive test of whether labour market resilience can withstand \$100+ oil and hawkish holds. A print below 150k could reopen the rate-cut debate.

14–15 May: Trump–Xi Beijing Summit — deliverables likely limited to commercial purchases, but any positive surprise on tariffs or tech export controls would be a significant catalyst for Asian equities.

Ongoing: Iran ceasefire diplomacy — the 15-point plan via Pakistan is the live variable. Any credible off-ramp would trigger an immediate unwind of the oil premium and a sharp risk-on rally across equities, credit, and EM FX.

Monthly Data Monitor — Regional Equity Performance

Index	MTD Return	YTD Return
S&P 500	-3.2%	-5.8%
Nasdaq 100	-5.1%	-9.2%
STOXX 600 (Europe)	-1.5%	+3.8%
Nikkei 225 (Japan)	-0.8%	-2.3%
CSI 300 (China)	-2.4%	-1.5%
Hang Seng (HK)	-1.9%	+15.8%
MSCI EM	-2.8%	+3.2%

Key Observations:

The Hang Seng’s +15.8% YTD return stands out as the global leader, driven by AI-fuelled optimism and regulatory tailwinds in Chinese internet — though March has given back some gains as the war premium weighed on risk appetite.

US tech (Nasdaq 100) has borne the brunt of the sell-off, underperforming the S&P 500 by over 3 percentage points YTD, as duration-sensitive growth names are most vulnerable to a “higher for longer” rate regime.

European equities have shown relative resilience, though the continent’s exposure to energy disruption via LNG supply chains remains a latent risk.

Chart of the Week

