

## THE MONTH'S BIG THEMES

### ECONOMY:

- **The energy shock complicated the global disinflation narrative while adding pressure to global manufacturing and supply chains.** Throughout March, investor sentiment fluctuated between optimism over potential de-escalation and concerns about a prolonged conflict. Overall, March was marked by increasing stagflation risks, as markets weighed resilient growth indicators against intensifying geopolitical tensions and policy uncertainty. The effects of the energy supply shock have been varying from country to country, depending on their reliance on imported energy.
- **US – Cooling inflation, slowing growth and emerging labor market softness:** Inflation held steady at 2.4%, its lowest since mid-2025, suggesting easing price pressures while remaining above target. Economic growth slowed sharply to 0.7% in Q4 2025, reflecting weaker demand and external pressures. Unemployment rose slightly to 4.4%, pointing to gradual softening in the labor market. The Federal Reserve kept rates unchanged, maintaining a cautious approach as it balances stable growth with lingering inflation risks
- **Eurozone – Rising inflation, weak growth and mounting uncertainty:** Inflation rose to 2.5% in March 2026, driven mainly by higher energy prices linked to Middle East tensions, pushing it above the ECB's 2% target. Economic growth remains weak (0.2% in Q4 2025), reflecting a slow recovery amid trade tensions and geopolitical pressures. Unemployment ticked up to 6.2%, indicating a soft labor market that could weigh on consumption and growth. The ECB kept interest rates unchanged and remains cautious due to increased uncertainty, with risks of higher inflation and weaker growth
- **UK – Stable inflation and labor market weakness :** Inflation remained stable at 3%, indicating contained but still elevated price pressures. Unemployment stayed at 5.2%, the highest in several years, highlighting ongoing weakness in the labor market. The Bank of England held interest rates at 3.75%, adopting a cautious stance amid global uncertainty and rising energy costs
- **China – Modest inflation rebound and emerging labor softness:** Inflation rose to 1.3%, driven mainly by seasonal Lunar New Year demand, but remains relatively moderate overall. Economic growth strengthened to 1.2% QoQ in Q4 2025, showing resilience supported by policy measures. Unemployment inched up to 5.3%, indicating some softness in the labor market. The central bank kept interest rates at record lows, maintaining a cautious approach to support growth while managing financial risks.
- **Japan – Cooling in price pressures:** Inflation eased to 1.3%, indicating cooling price pressures. The Bank of Japan kept interest rates unchanged at 0.75%, maintaining a cautious stance. Policy reflects a balance between supporting recovery and ensuring price stability amid ongoing global uncertainty.

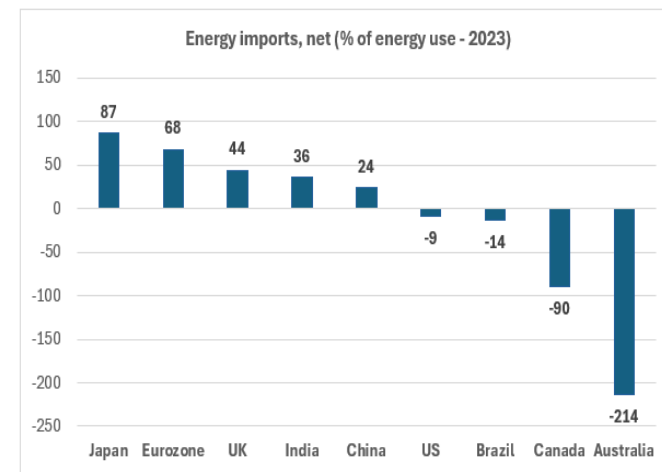
### GEOPOLITICAL TENSION:

- March 2026 was dominated by a major **Middle East escalation** (e.g. Lebanon, Gulf), triggering a global energy shock (disruption to the key global oil route, i.e. the Strait of Hormuz ) and reinforcing geopolitical fragmentation. Iran is leveraging the Strait of Hormuz as a strategic chokepoint to disrupt the global economy and exert pressure on the United States. Diplomatic efforts to secure a deal have been inconclusive.
- Continued **Russia-Ukraine war escalation**
- **The planned summit between President Trump and Chinese President Xi has been postponed** until mid-May

### EARNINGS EXPECTATIONS:

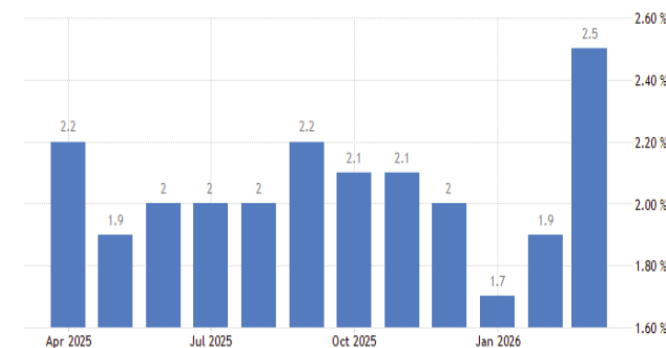
- Resilient earnings are still expected by analysts with a double-digit growth for the S&P 500 index.
- M&A momentum remained strong in March with multi-billion transactions announced in sectors such as Pharmaceuticals, consumer goods and beverages.

## CHARTS OF THE MONTH



Source: data.worldbank.org

### Eurozone Inflation



Source: TradingEconomics



## MARKET'S REACTION

### EQUITY

- March 2026 was broadly risk-off, with major equity indices experiencing negative momentum amid geopolitical fears, despite resilient corporate earnings and positive development in AI theme.
- The MSCI World fell a bit more than 7%, its largest monthly drop since 2022, with Asian and European markets leading the decline. The MSCI Emerging Market posted the worst month, down 12%, nearly erasing year to date gains.
- The S&P 500, Nasdaq and Russell 2000 both dropped by around 5%. Sector wise, energy was the only sector posting positive return in March (+10,3%) due to the energy constraints. Value stocks outperformed Growth ones.
- Across the Stoxx 600, sector performance was broadly negative, with energy the lone positive sector.
- The Japanese Nikkei declined by 13.2% in local currency terms. Asia Pacific ex Japan recorded some of the steepest losses in a context of high energy dependence and supply chain disruption.

### FIXED INCOME

- Global government bonds sold off as higher energy prices pushed inflation expectations higher. Market participants aggressively unwound 2026 rate-cut bets. In some countries, they shifted to anticipating rate hikes (UK and Eurozone). The US 10-year benchmark ended the month 35 basis points (bps) higher at 4.31%. In Europe, while the German 10-year yield rose 36 bps, the UK 10-year Gilt rose by 62bps, topping 5% for the first time since 2008.
- Global corporate bonds declined in the wake of the sovereign markets as credit spreads widened. High beta corporates widened more than quality bonds in both US and European markets.

### COMMODITIES

- Oil prices surged with the WTI topping \$100 a barrel for the first time since 2022. Natural gas also moved higher.
- Pressure mounted on precious metals, with Gold posting its worst monthly return since the 2008 Financial crisis (c. -11%) and Silver declining by 19%. Investors prioritized cash over traditional defensive assets.

### CURRENCIES & CRYPTO

- The US Dollar rose against its currencies basket, supported by safe-haven flows and repricing of Fed expectations.
- Cryptocurrency markets were mixed. Bitcoin and Ethereum posted positive returns while Ripple went down in March.

## CHARTS OF THE MONTH

Total returns (net) % - to end March 2026

Equities	3 months			12 months		
	USD	EUR	GBP	USD	EUR	GBP
MSCI World	-3.6	-1.7	-1.6	18.9	11.5	16.4
MSCI World Value	1.2	3.1	3.2	16.6	9.3	14.1
MSCI World Growth	-8.5	-6.7	-6.6	20.2	12.7	17.7
MSCI World Smaller Companies	1.4	3.3	3.4	26.2	18.3	23.5
MSCI Emerging Markets	-0.2	1.8	1.8	29.6	21.5	26.8
MSCI AC Asia ex-Japan	-1.2	0.7	0.8	28.4	20.3	25.6
S&P500	-4.3	-2.5	-2.4	17.8	10.4	15.3
MSCI EMU	-4.3	-2.4	-2.4	19.7	12.3	17.2
FTSE Europe ex UK	-3.9	-2.0	-2.0	19.0	11.6	16.5
FTSE All-Share	0.4	2.4	2.4	24.2	16.4	21.5
TOPIX*	2.1	4.1	4.2	26.6	18.7	23.9

Source: Schroders.com

Government bonds	3 months			12 months		
	USD	EUR	GBP	USD	EUR	GBP
JPM GBI US All Mats	0.0	1.9	2.0	3.3	-3.2	1.1
JPM GBI UK All Mats	-3.8	-2.0	-1.9	4.7	-1.9	2.5
JPM GBI Japan All Mats**	-3.1	-1.3	-1.2	-11.2	-16.7	-13.1
JPM GBI Germany All Traded	-2.2	-0.3	-0.2	6.9	0.2	4.6

Corporate bonds						
BofA ML Global Broad Market Corporate	-1.2	0.7	0.8	5.9	-0.7	3.7
BofA ML US Corporate Master	-0.4	1.5	1.6	4.8	-1.7	2.6
BofA ML EMU Corporate ex T1 (5-10Y)	-3.1	-1.2	-1.2	9.0	2.1	6.6
BofA ML £ Non-Gilts	-3.5	-1.7	-1.6	6.6	-0.1	4.3

Non-investment grade bonds						
BofA ML Global High Yield	-1.1	0.8	0.9	7.4	0.7	5.2
BofA ML Euro High Yield	-3.5	-1.6	-1.6	9.4	2.5	7.1

Source: Schroders.com



# MONTHLY MARKET INSIGHTS

March 2026

## MONTHLY MARKETS REVIEW (As of 31<sup>st</sup> March 2026)

### EQUITY MARKETS

	MTD	YTD
MSCI World (USD)	-7.3%	-5.1%
MSCI Emerging (USD)	-11.7%	+0.6%
S&P 500 (USD)	-5.1%	-4.6%
NASDAQ (USD)	-4.9%	-6.0%
RUSSELL 2000 (USD)	-5.2%	+0.6%
STOXX 600 (EUR)	-8.0%	-1.6%
DAX (EUR)	-10.3%	-7.4%
CAC 40 (EUR)	-8.9%	-4.1%
FTSE 100 (GBP)	-6.7%	+2.5%
NIKKEI (JPY)	-13.2%	+1.4%
CSI 300 (CNY)	-5.5%	-3.9%
BOVESPA (BRL)	-0.7%	+16.3%
HANG SENG (HKD)	-6.9%	-3.3%

### FIXED INCOME MARKETS

	MTD	YTD
Global Aggregate USD (Hedged)	-1.9%	-0.5%
Global Aggregate EUR (Hedged)	-2.0%	-0.7%
US Investment Grade	-2.1%	-0.4%
US High Yield	-1.0%	-0.4%
EU Investment Grade	-2.3%	-1.1%
EU High Yield	-2.5%	-2.1%
EM Local Ccy. Gov (Unhedged)	-5.8%	-2.6%
EM Hard Ccy. Aggregate (Unhedged)	-4.1%	-2.5%

### CRYPTO CURRENCY MARKETS

	MTD	YTD
Bitcoin	+3.6%	-22.0%
Ethereum	+9.0%	-29.1%
Ripple	-1.2%	-27.2%

### COMMODITY MARKETS

	MTD	YTD
Gold	-11.1%	+7.4%
WTI Crude	+51.3%	+76.6%
Brent Crude	+63.3%	+94.5%
Silver	-19.4%	+6.5%
Natural Gas	+0.9%	-21.8%
Copper	-6.9%	-0.8%

### CURRENCY MARKETS

	MTD	YTD
US Dollar Index (DXY)	+2.4%	+1.7%
EURUSD	-2.9%	-2.4%
GBPUSD	-2.4%	-2.2%
AUDUSD	-3.6%	+2.2%
USDCHF	+3.4%	+1.0%
USDJPY	+2.6%	+2.2%

Source: Yahoo Finance

## GET IN TOUCH

- E53, Avenue De La Cannelle, Ebene, Mauritius
- heritagewealth.mu
- +(230) 408 4130
- info@heritagewealth.mu



## DISCLAIMER

This publication is intended for information purposes only and does not constitute investment advice or a solicitation to purchase or sell any securities, funds, or strategies. The information provided is general in nature and does not account for the specific investment objectives or circumstances of any particular investor. You should consult a licensed investment professional before acting upon any information contained herein. Statements of opinion are those of Heritage Wealth Partners Ltd and are current at the time of issue, given in good faith, and are subject to change at any time. Neither Heritage Wealth Partners Ltd nor its staff accepts liability for the information or opinions expressed. All investments carry a level of risk. Past performance is not a guide to future returns. Any scenarios presented are estimates based on historical evidence and are not exact indicators of future performance.

Heritage Wealth Partners Ltd is licensed and regulated by the Financial Services Commission (FSC) of Mauritius.