

Daily Market View

Investment Strategy | March 31, 2026

Markets brace for record monthly oil surge as central banks confront widening inflation risks

Macro headlines

The Wall Street Journal reported that President Trump has told aides he is willing to end the military campaign against Iran even if the Strait of Hormuz remains largely closed, a stance that would leave Tehran's grip on the waterway intact and push the complex task of reopening it into the future. Federal Reserve Chair Powell said the Fed can "wait and see" how the Iran war affects inflation and growth, noting that policymakers typically look through oil-price shocks. In the US, the Dallas Fed manufacturing index slipped back into contraction at -0.2 in March, reversing February's slight expansion. In the UK, mortgage approvals rose in February to their highest level since November 2025 and consumer borrowing grew at its fastest pace since March 2024, though the Bank of England warned that the Iran war could weigh on the housing market. Eurozone sentiment surveys showed a broad deterioration. Consumer confidence fell below its long-term average for the first time since October 2023, while the Economic Sentiment Indicator and Employment Expectations Indicator both declined. Germany's preliminary CPI for March rose sharply to 2.7% y/y from 1.9%, driven by surging energy costs. In Asia, India's industrial production accelerated to 5.2% y/y in February, while Korea's industrial output rose 2.5% - its strongest gain in nearly six years - driven by a 28.2% surge in semiconductor production. Tokyo's March core inflation slowed to a two-year low as fuel subsidies offset rising import costs. Unilever announced a global hiring freeze for at least three months due to the widening middle east conflict.

Market performances

Global markets remained under pressure on Monday as investors confronted the prospect of a prolonged conflict and a record monthly rise in oil prices. Brent settled at USD112.78/bbl and WTI at USD102.88/bbl, extending what is set to be the largest monthly increase on record. Aluminium prices surged to near four-year highs after Iranian strikes on two major Middle Eastern producers. Equities were mixed. The Dow rose 0.11% to 45,216.14, but the S&P 500 fell 0.39% to 6,344 and the Nasdaq declined 0.73% to 20,795. European stocks reversed early losses, with the STOXX 600 and FTSEurofirst 300 both closing higher. Asian markets fared worse: MSCI Asia ex-Japan fell 1.96% and the Nikkei dropped 2.79%. Gulf stock markets ended mixed on Monday as regional tensions remained elevated after Yemen's Houthis entered the US-Israeli war on Iran with an attack on Israel over the weekend in an escalation of the conflict. Bond markets reflected rising recession fears. The US 10-year yield fell to 4.35%, while the 2-year yield dropped to 3.834%. Investors increasingly expect the energy shock to weigh on growth even as inflation pressures rise. The dollar strengthened, with the dollar index up to 100.51. The yen firmed slightly after Japanese authorities issued fresh warnings about intervention. Gold rose to USD4,510.9/oz as investors sought hedges against geopolitical volatility.

What's next

Tuesday brings a dense macro calendar across regions. In the Americas, Canada releases February GDP, while the US publishes February JOLTS job openings, January S&P/Case-Shiller home-price data, March Chicago PMI, and remarks from Fed President Goolsbee. In Europe, the UK releases Q4 GDP and current-account data, while the eurozone, France, and Italy publish flash March CPI. Germany reports February retail sales and unemployment. Across Asia, China releases March NBS PMIs, Japan publishes February industrial production, housing starts, construction orders, and retail sales, and Australia releases February money-supply and credit data. Thailand reports February trade, while South Korea publishes March inflation and trade figures. Markets will also track whether oil's record monthly rise continues and whether early-week volatility spills into quarter-end positioning.

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Global markets' performance snapshot

Performance snapshot*					
Rates	Latest	1D (bp)	1M (bp)	3M (bp)	
SOFR	3.63	0.00	-4.00	-13.00	
UAE Eibor 3m	3.70	-18.24	10.42	3.20	
UAE Eibor 12m	3.97	2.93	20.02	42.68	
US 3m Bills	3.68	0.19	2.04	5.84	
US 10yr Treasury	4.35	-7.96	31.92	22.05	
German 10yr Bund	3.04	-5.90	32.80	17.30	
UK 10yr Gilt	4.94	-3.90	62.90	42.80	
Fixed Income		1D (%)	1M (%)	3M(%)	
Global Agg. Index	494	0.22	-3.00	-1.45	
Global Treasuries	205	0.19	-3.31	-1.80	
Global Corporate	299	0.27	-3.01	-1.71	
EM USD Sovereign	449	0.01	-3.76	-2.06	
EM LCY Sovereign	161	-0.12	-3.27	-1.11	
Global High Yield	1,828	-0.06	-3.05	-1.73	
Currencies					
Dollar Index	100.51	0.36	2.72	2.54	
EUR USD	1.1465	-0.38	-2.61	-2.61	
GBP USD	1.3186	-0.55	-2.25	-2.30	
USD JPY	159.71	-0.37	2.46	2.01	
Equities					
S&P 500	6,344	-0.39	-7.93	-8.46	
Dow Jones	45,216	0.11	-8.05	-7.17	
NASDAQ	20,795	-0.73	-9.05	-11.86	
STOXX 600	581	0.94	-7.69	-1.35	
DAX	22,563	1.18	-9.70	-7.30	
Nikkei 225	51,886	-2.79	-9.48	2.24	
FTSE 100	10,128	1.61	-5.17	2.61	
SENSEX	71,948	-2.22	-12.50	-15.40	
Hang Seng	24,751	-0.81	-6.92	-4.14	
MSCI World	4,164	-0.41	-8.29	-6.92	
MSCI EM	1,412	-1.74	-11.27	1.06	
Regional Equities					
ADX	9,526	-0.74	-10.45	-5.05	
DFM	5,443	-1.24	-18.39	-11.27	
Tadawul*	11,167	0.82	3.63	0.30	
DSM*	10,095	0.34	-5.65	-10.95	
MSM30*	8,133	1.29	10.22	30.87	
BHSE*	1,905	-0.17	-3.95	-7.21	
KWSE*	8,373	0.45	-2.07	-5.55	
Commodities					
BBG Commodity Index	135.0	0.63	12.65	20.03	
Brent USD/bbl	112.78	0.19	59.36	85.98	
WTI USD/bbl	102.88	3.25	56.76	81.32	
Gold USD/t oz	4,510.9	0.37	-12.30	-0.49	
Silver USD/t oz	70.1	0.46	-19.59	-11.59	
Platinum USD/t oz	1,900.8	1.77	-12.62	-22.69	
Aluminum	3,449.8	2.61	11.97	17.16	
Copper USD/MT	12,137.0	0.76	-6.72	-0.95	
Digital Assets					
Bitcoin	66,593.3	0.94	3.98	-23.80	
Ether	2,021.9	1.87	9.03	-30.81	
Solana	82.7	-0.02	5.26	-32.23	
XRP	1.3	0.09	-1.89	-28.14	
Volatility					
VIX	30.61	-1.42	56.57	125.07	
MOVE	108.33	-3.23	65.97	85.18	

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - March 31, 2026 unless stated otherwise. Performance in local currency.

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