

Weekly Market Wrap

Week Ending 27th March 2026



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Executive Summary

Global markets weakened over the week as escalating Middle East tensions drove a sharp energy-led inflation shock, pushing U.S. yields higher (~4.4%) and weighing on risk assets, particularly equities and crypto. Volatility spiked (VIX ~31.1), triggering broad risk-off positioning, while commodities led by oil, remained the primary outperformers amid supply disruption concerns.

Key Themes

- Energy Shock Driving Macro Repricing: Oil surged on Strait of Hormuz disruption risks, feeding into higher inflation expectations and driving cross-asset volatility.
- Rates Reset Higher (“Higher for Longer”): U.S. yields rose as markets repriced Fed expectations amid persistent inflation and reduced rate cut outlook.
- Risk aversion rose (VIX ~31), triggering deleveraging and broad-based selloffs across equities and crypto, with rate-sensitive growth segments (technology, semiconductors, and digital assets) underperforming.
- USD Strength and EM Pressure: Stronger dollar and higher oil prices weighed on import-dependent economies, driving currency depreciation and capital outflows.
- Liquidity Stress in Private Markets: Redemption pressures in private credit and widening spreads signaled tightening financial conditions beyond public markets.

Asset Class Performance

Equity Market

Week ending >>>					
	20-Mar-26	27-Mar-26	YTD Returns	Growth for the month	Growth for the week
Equity Indices					
S&P 500 (USD)	6,506.5	6,368.9	(3.3%)	(2.8%)	(2.1%)
NASDAQ (USD)	23,898.2	23,132.8	(3.3%)	(1.4%)	(3.2%)
Dow Jones (USD)	45,577.5	45,166.6	(3.8%)	(5.9%)	(0.9%)
SENSEX (INR)	74,533.0	73,583.2	(13.1%)	(9.8%)	(1.3%)
Stoxx 600 (EUR)	573.3	575.3	(0.0%)	(3.5%)	0.4%
Nikkei (JPY)	55,239.4	53,373.1	6.9%	(5.5%)	(3.4%)
Hang Seng (HKD)	25,277.3	24,951.9	(3.3%)	(4.1%)	(1.3%)

• US Equities:

- U.S. equities declined over the week (S&P 500 -2.1%, NASDAQ -3.2%, Dow -0.9%) as escalation in the Middle East conflict pushed Brent oil prices above ~\$110/bbl, driving a repricing of inflation expectations and compressing equity valuations.
- The selloff was led by tech stocks, with the NASDAQ underperforming as U.S. 10Y yields rose toward ~4.4% (highest in ~8 months), increasing discount rates and weighing on rate-sensitive growth stocks, whose valuations are driven by long-dated earnings expectations.
- Risk aversion increased, with volatility spiking (VIX ~31.2), leading to higher hedging demand, deleveraging, and rotation out of high-beta / growth stocks, amplifying downside in the NASDAQ.
- Macro data reinforced the pressure, with U.S. PMI moderating to 51.4 (11-month low) and input costs rising at the fastest pace in ~10 months, highlighting margin risks from energy-driven inflation.
- Value segments provided partial downside protection, with energy names such as Exxon Mobil (+7.3% WoW), Chevron (+4.8%) and ConocoPhillips (+5.9%) advancing alongside the oil rally, while defensives like Coca-Cola (+0.2%), Johnson & Johnson (+1.5%) and Walmart (+1.9%) also posted gains. This offset weakness in index heavyweights such as Microsoft (-7.8%), NVIDIA (-5.9%) and Amazon (-3.9%), limiting losses in the Dow relative to growth-heavy indices.

- **Sensex:**

- Sensex declined 1.3% WoW, underperforming the Developing Market peers, as elevated crude oil prices (~\$110/bbl) and escalating Middle East tensions pressured macro stability and investor sentiment.
- The index saw sharp intra-week volatility, with a ~3.3% single-day decline, reflecting risk-off flows and sensitivity to global cues.
- INR depreciation to record lows (~₹94.8/USD) and sustained FPI outflows amplified downside, with foreign investors pulling out ₹1.13 lakh crore (~\$13.7bn) in March, reflecting persistent risk aversion amid elevated crude prices and Middle East tensions, and widening external imbalances.
- Sectorally, defensives and rate-sensitive segments lagged, with financials such as HDFC Bank (-3.0% WoW), ICICI Bank (-1.9%), Kotak Bank (-3.4%) and Axis Bank (-0.9%) under pressure amid FPI selling, while autos remained mixed (Maruti -0.8%, M&M -0.3%) and metals showed relative resilience (Tata Steel -0.8% vs broader index weakness), alongside strength in select cyclicals like L&T (+3.2%), indicating rotation toward commodity-linked and domestic capex beneficiaries.

- **Nikkei:**

- Nikkei declined 3.4% WoW, underperforming amid the sharp rise in oil prices as escalating Middle East tensions and potential Strait of Hormuz disruptions raised concerns over Japan’s energy import bill.
- The energy shock translated into higher input costs and margin pressure for corporates, with Japan’s near-total dependence on imported hydrocarbons amplifying inflation risks relative to peers.
- Yen weakness alongside rising U.S. yields further tightened financial conditions, reducing the competitiveness cushion for export-oriented sectors despite a weaker currency.
- The move was consistent with broader Asia underperformance, as elevated energy prices and geopolitical uncertainty weighed on growth expectations and risk sentiment across the region.

Credit Market

	Week ending >>>				
	20-Mar-26	27-Mar-26	YTD Returns	Growth for the month	Growth for the week
Credit					
US Bond Yield (%)	4.4	4.4	2.1%	5.6%	1.1%
JGB yield	2.2	2.3	6.5%	(1.7%)	2.5%
S&P BDC Index	47.8	46.7	(14.4%)	(8.4%)	(2.2%)

- **US Bond Yield:**

- U.S. 10Y yields rose to ~4.4%, as markets repriced inflation risk following the sharp rise in crude oil prices (>~\$110/bbl).
- The move was reinforced by the Fed’s March meeting, where rates were held steady, but projections shifted to only one rate cut in 2026, signalling a more persistent inflation outlook and a “higher-for-longer” stance.
- Macro data reinforced the shift, with U.S. PMI slowing to ~51.4 (11-month low) while input costs rose at the fastest pace in ~10 months, indicating slowing growth alongside rising energy-driven inflation (stagflationary signals).
- This pushed markets to reprice rates higher, with expected rate cuts reduced materially, while 10Y inflation expectations rose to ~2.4–2.5%, reflecting concerns that inflation may remain elevated.
- The Treasury selloff extended to a fourth consecutive week, with long-end yields rising faster than the front end (bear steepening), while real yields also moved higher (10Y TIPS ~2.0%+).

- **JGB Yield:**

- JGB yields rose to ~2.3%, tracking the global bond selloff as inflation risks repriced following the sharp increase in energy prices.
- The move was largely externally driven, with rising U.S. yields (~4.4%) transmitting through FX and capital flows, despite the Bank of Japan maintaining an accommodative stance.
- Elevated oil prices increased imported inflation pressures, given Japan’s near-total dependence on energy imports, contributing to upward pressure on domestic yields.

- Rising global yields reduced demand for long-term bonds, while investors demanded higher returns to compensate for inflation and uncertainty, outweighing the Bank of Japan's accommodative stance and pushing JGB yields higher despite a low-rate environment.

- **Private Credit / BDCs:**

- BDCs declined ~2.2% WoW, as redemption pressures intensified across the private credit space, with major funds (Ares, Apollo, BlackRock) capping withdrawals at ~5% after requests exceeded ~10–12% of assets, highlighting liquidity constraints in semi-liquid structures.
- Credit risk concerns deepened, with spreads widening to ~250bps and listed BDCs trading at ~20–30% discounts to NAV, indicating market scepticism around valuations.
- Liquidity stress became more visible, with \$10bn+ of withdrawal requests industry-wide, raising concerns over forced selling and refinancing risks for underlying borrowers.
- The episode underscores a broader shift from yield-driven inflows to confidence-driven outflows, exposing structural mismatches between illiquid assets and periodic liquidity promises.

Currencies

Week ending >>>					
	20-Mar-26	27-Mar-26	YTD Returns	Growth for the month	Growth for the week
Currency					
EUR/USD	1.1572	1.1509	(2.6%)	(3.8%)	(0.5%)
GBP/USD	1.3341	1.3259	(1.7%)	(3.1%)	(0.6%)
USD/INR	93.7075	94.8150	2.5%	2.0%	1.2%
CHF/USD	1.2691	1.2516	0.2%	(2.9%)	(1.4%)
USD/JPY	159.2300	160.3100	1.8%	4.6%	0.7%

- **Currencies:**

- The U.S. dollar strengthened broadly (EUR -0.5%, GBP -0.6%, JPY -0.7% vs USD; INR -1.2%), as rising U.S. yields (~4.4% on 10Y) and risk-off sentiment drove demand for dollar assets despite increased fiscal spending linked to geopolitical tensions.
- USD strength persisted even amid higher U.S. spending, as relative rate differentials widened, with markets repricing Fed policy toward a “higher-for-longer” stance, making U.S. assets more attractive versus low-yielding peers.
- Energy-linked terms-of-trade effects amplified currency divergence, with import-dependent economies (Europe, India) underperforming as crude prices remained elevated (~\$100–110/bbl), worsening external balances.
- The INR depreciated to ~94.8/USD (record lows) amid sustained FPI outflows and rising oil import costs, while JPY remained weak despite risk-off conditions, reflecting policy divergence and continued yield suppression in Japan.

Commodities

Week ending >>>					
	20-Mar-26	27-Mar-26	YTD Returns	Growth for the month	Growth for the week
Commodities					
Gold (USD per troy ounce)	4,492.4	4,494.1	15.9%	(0.4%)	0.0%
Silver (USD per troy ounce)	67.9	69.8	10.7%	4.1%	2.7%
Oil (USD per barrel)	98.3	99.6	72.2%	57.0%	1.3%
Natural Gas (Henry Hub)	3.1	3.1	(13.5%)	(3.5%)	-
Copper (US cents per pound)	534.3	546.7	0.4%	(1.5%)	2.3%
Aluminium (USD per metric tonne)	3,254.8	3,361.9	15.7%	14.0%	3.3%
Wheat (US cents per bushel)	595.3	605.0	22.1%	12.7%	1.6%
Sugar (US cents per pound)	15.7	15.8	(1.6%)	4.3%	0.4%

- **Oil:**
 - Oil rose ~1.3% WoW, extending a sharp rally (~50–70% since late Feb), with Brent ~\$110–115/bbl and WTI ~\$103–108/bbl, as escalating Middle East tensions continued to disrupt supply and shipping routes.
 - Prices remained highly volatile, with daily moves of ~3–5%, driven by headlines around escalation risk, particularly concerns over the Strait of Hormuz (~20% of global oil flows) and potential disruption of ~9–12mb/d of supply.
 - Broker expectations have shifted materially higher, with Goldman Sachs seeing near-term prices ~\$135/bbl, while stress scenarios (e.g., prolonged disruption) could push Brent toward \$150–180/bbl, highlighting a wide range driven by geopolitical uncertainty.
 - Governments have begun responding to the supply shock, with the IEA coordinating a ~400-million-barrel strategic reserve release and policymakers considering temporary subsidies and energy security measures to contain inflation, though these are viewed as short-term mitigants rather than structural solutions.
 - Overall, the market is pricing an immediate supply shock with uncertain duration, keeping near-term prices elevated and positioning oil as the primary macro driver across inflation, yields, and risk sentiment.
- **Gold:**
 - Gold was flat WoW despite elevated geopolitical risk, reflecting counterintuitive behaviour, as safe-haven demand was offset by rising U.S. yields and a stronger USD.
 - Rising real yields (10Y TIPS ~2.0%+) reduced the relative attractiveness of non-yielding assets, leading to profit-taking despite a risk-off environment.
 - The metal's inability to rally meaningfully alongside heightened volatility marks a break from its typical inverse relationship with risk assets, highlighting the dominance of rate dynamics over traditional safe-haven flows.
 - An earlier spike toward ~\$4,500/oz reflected underlying hedging demand, but liquidity-driven selling and reserve adjustments capped further upside in the near term.
- **Silver:**
 - Silver gained 2.7% WoW, outperforming gold, as the rally in industrial metals and rising inflation expectations supported its dual role as both a precious and industrial asset.
 - The move was driven by reflationary signals from the energy shock, with higher oil prices lifting input costs and supporting demand expectations for industrial metals.
 - Unlike gold, silver benefited from its stronger cyclical exposure, tracking gains in metals such as copper, even as rising real yields limited upside in traditional safe-haven assets.
 - The outperformance reflects a shift toward growth- and inflation-linked commodities, with silver acting as a bridge between defensive (precious metals) and pro-cyclical (industrial metals) exposures.
- **Natural Gas:**
 - Natural gas was flat WoW, consolidating after recent volatility, even as oil surged, highlighting a divergence across energy markets.
 - While supply risks remain—particularly for LNG importers like India, where ~60–65% of LNG supply is linked to Qatar—markets have not priced a full disruption, as LNG cargo flows have continued under selective passage through the Strait of Hormuz, with shipments to “non-hostile” countries still moving.
 - The muted price response reflects the structure of gas markets, which rely on long-term contracts, destination-specific cargoes, and inventory buffers, allowing countries to draw on storage and delay immediate price shocks.
 - Unlike oil, which is globally fungible and prices worst-case supply risk, gas markets are regional and flow-driven, meaning prices react more to actual disruptions than geopolitical headlines.
 - As a result, pricing reflects a “risk present but not yet realized” dynamic, with volatility likely to rise only if LNG shipping routes are materially disrupted or inventories begin to tighten.
- **Copper & Aluminum:**
 - Industrial metals advanced over the week (Copper +2.3%, Aluminium +3.3%) supported by rising input costs and supply-side pressures linked to elevated energy prices.

- The oil-driven cost shock increased production costs across energy-intensive metals, contributing to upward price momentum despite a softer global growth backdrop.
- Inflation-hedging demand and broader commodity strength provided additional support, with metals tracking the reflationary impulse from the energy complex.
- Gains were moderated by growth concerns, particularly in China and Europe, limiting upside in demand-sensitive industrial metals.

- **Wheat & Sugar:**

- Agricultural commodities moved higher (Wheat +1.6%, Sugar +0.4%) as supply-side concerns and higher energy costs lifted input prices across the food complex.
- Elevated oil prices increased transportation and fertilizer costs, feeding into broader agricultural price inflation.
- Wheat gains were supported by ongoing supply uncertainties and weather-related risks, reinforcing tight global balances.
- Sugar posted modest gains as improving supply conditions capped upside, despite supportive commodity-wide inflation trends.

Cryptocurrency

	Week ending >>>				
	20-Mar-26	27-Mar-26	YTD Returns	Growth for the month	Growth for the week
Crypto					
Bloomberg Crypto Index	1,947.5	1,824.9	(27.7%)	2.3%	(6.3%)
Bitcoin (USD)	70,041.3	65,970.4	(21.7%)	3.6%	(5.8%)
Ripple	1.4	1.3	(33.1%)	(4.7%)	(7.7%)
Solana	89.0	82.7	(33.6%)	3.1%	(7.0%)

- **Cryptocurrency:**

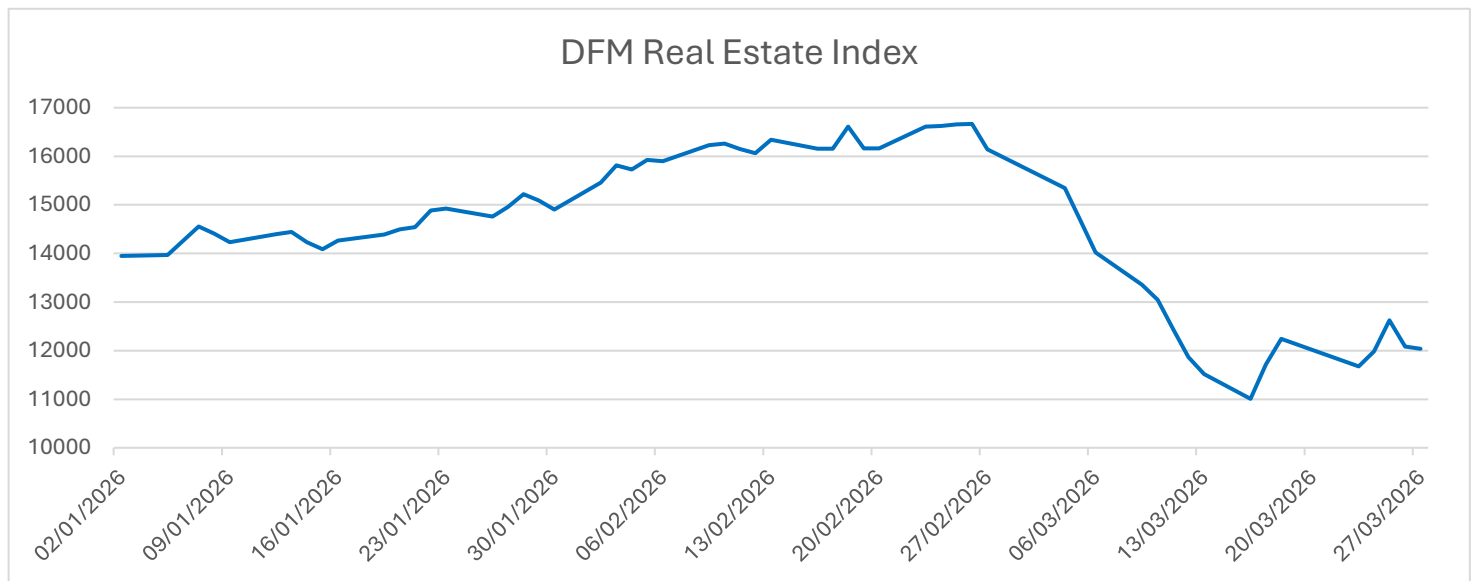
- Cryptocurrencies declined over the week (Bloomberg Crypto Index -6.3%, Bitcoin -5.8%, Ripple -7.7%, Solana -7.0%) as rising U.S. yields (~4.4% on 10Y) and USD strength triggered a broad risk-off move across speculative assets.
- The selloff coincided with a shift in rate expectations from cuts toward potential hikes amid energy-driven inflation, tightening liquidity conditions and pressuring high-beta assets.
- Crypto continued to exhibit high correlation with equities, particularly growth segments, underperforming alongside the NASDAQ (-3.2%) as real yields moved higher.
- Elevated volatility and deleveraging flows amplified downside, with no meaningful safe-haven bid despite heightened geopolitical risk, reinforcing crypto's positioning as a liquidity-sensitive asset rather than a defensive hedge.

Macro Transmission Indicators

- **DFM Real Estate Index (DFMREI):**

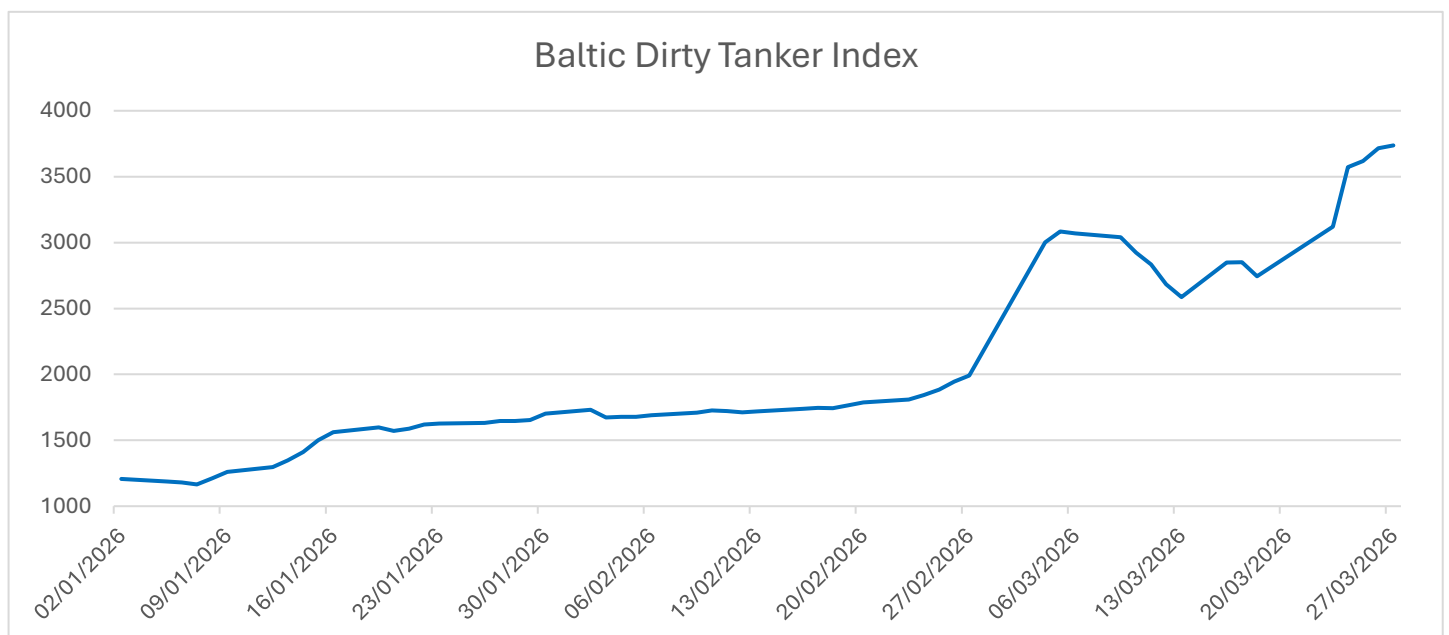
- The DFM Real Estate Index (DFMREI) tracks listed real estate developers on the Dubai Financial Market and serves as a proxy for investor sentiment, capital inflows, and pricing momentum in Dubai's property market, which is heavily reliant on foreign demand and liquidity.
- The Index declined sharply from ~16.5k in late-Feb to ~11k mid-March (~30% drawdown), before stabilizing around ~12k, indicating partial recovery after a rapid sell-off.
- The decline coincided with escalation in Middle East tensions, which weakened regional risk sentiment and reduced Dubai's appeal as a near-term safe-haven for foreign capital.
- Price action suggests a flow-driven unwind, with the speed of the decline reflecting positioning after a strong prior rally rather than a sudden deterioration in underlying fundamentals.

- The recent stabilization points to selective bargain buying, though recovery remains tentative amid ongoing geopolitical uncertainty and sensitivity to external liquidity.



- **Baltic Dirty Tanker Index:**

- The Baltic Dirty Tanker Index (BIDY) tracks freight rates for transporting crude oil (dirty tankers) across key global routes and is a real-time proxy for oil shipping demand, supply disruptions, and tanker availability, making it highly sensitive to geopolitical events affecting energy flows.
- The Index rose sharply from ~1,900 in late-Feb to ~3,700 by end-March (~90% increase), reflecting a surge in tanker rates amid escalating disruptions in Middle East shipping routes.
- The spike coincided with constraints in the Strait of Hormuz, forcing rerouting of vessels, longer voyage times, and tighter vessel availability, driving freight rates higher.
- The move highlights a logistics-driven supply shock, where effective oil supply is constrained not just by production, but by transportation bottlenecks and insurance/security costs.
- Elevated levels suggest continued tightness in tanker markets, with rates likely to remain sensitive to further geopolitical developments and shipping disruptions.



Updates in AI sector over the week

- **NVIDIA Drove The Next Phase of AI Infrastructure Expansion:** NVIDIA expanded its AI stack with new Nemotron (LLM) and Cosmos (multimodal/physical AI) models, alongside continued rollout of its Blackwell GPU platform, while Arm unveiled its first data-center CPU designed for AI workloads, with early backing from hyperscalers including Meta, Google, and AWS. This comes amid a sustained surge in AI capex, with hyperscalers expected to spend \$250–300bn+ annually on AI infrastructure, driven by demand for training and inference compute.
- **Anthropic Holds Back Frontier Model Release on Safety Grounds:** Anthropic withheld the release of its next-generation model (“Claude Mythos”), citing safety risks, high compute costs, and potential misuse concerns, despite internal indications of materially improved capabilities over existing frontier models. The decision reflects growing caution around deploying highly capable systems, particularly as models approach thresholds where they could enable autonomous task execution, cybersecurity risks, or misinformation at scale. This marks a structural shift in the AI cycle, where model capability is beginning to outpace practical deployability, with safety, regulatory scrutiny, and cost constraints increasingly acting as binding limits on release timelines.

Geopolitical News & Outlook for the upcoming week

- **Selective Passage Strategy by Iran Alters Supply Dynamics:** Despite the disruption, Iran adopted a selective passage approach, allowing “non-hostile” countries (including Asian importers like India) to move energy cargoes under coordination, while restricting Western-linked shipments. This created a fragmented energy flow environment, where supply is constrained but not fully halted, explaining divergence across commodities (oil vs gas) and uneven regional impact.
- **Global Policy Response: Strategic Reserves & Supply Rerouting:** Governments and producers moved to offset supply disruptions, with Japan announcing its largest-ever strategic reserve release (~80mn barrels) and Saudi Arabia increasing exports via Red Sea routes (~4mb/d from Yanbu) to bypass the Strait of Hormuz. These actions reflect a coordinated effort to stabilize global supply and ease market pressures, although they remain partial mitigants relative to the scale of disruption to key energy flows.
- **Military Buildup and Multinational Response Discussions:** The U.S. increased its military presence in the region, while allies debated forming a multinational force to secure Hormuz, with the UAE supporting such an initiative. However, lack of unified global response and hesitation from key allies suggest continued uncertainty, raising the risk of prolonged disruption and further escalation.

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