GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Week Ending 3rd April 2026

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Executive Summary

Global markets rallied in the week ending 3 April 2026, with U.S. equities up 3–4% on tentative U.S.–Iran de-escalation signals. The NASDAQ had its best week since November, while U.S. 10-year yields fell from ~4.44% to ~4.31% after comments from Jerome Powell. Volatility remained elevated, with a mid-week reversal following remarks by Donald Trump, highlighting ongoing geopolitical risk. Oil stayed elevated (~$108–112/bbl), gold recovered (~$4,700/oz), and the Nikkei underperformed due to energy exposure.

Key Themes

- Relief rally, unresolved risk: Early de-escalation optimism drove gains, but conflicting signals kept volatility high.
- Yields eased, trend intact: 10Y yields fell ~12bps WoW, but inflation pressures remain elevated, supporting a "higher for longer" outlook.
- Oil remains pivotal: WTI rose ~12% to ~$112/bbl; markets expect a short disruption, but prolonged risk implies $150+ Brent.
- Energy importers under pressure: Europe, India, and Japan face inflation and growth headwinds (Eurozone inflation 2.5%, Germany growth cut to 0.6%).
- U.S. data resilient: Payrolls (+178k), ISM (52.7), and retail sales (+0.5%) indicate steady growth.
- Private credit stress persists: Platforms like Ares Management, Apollo Global Management, and BlackRock continue to face elevated redemptions, with wide spreads and discounted BDC valuations.

Asset Class Performance

Equity Market

	Week ending >>>				
	27-Mar-26	**3-Apr-26**	**YTD Returns**	**Growth for the month**	**Growth for the week**
Equity Indices					
S&P 500 (USD)	6,368.9	6,582.7	(4.0%)	(4.3%)	3.4%
NASDAQ (USD)	23,132.8	24,045.5	(4.6%)	(3.7%)	3.9%
Dow Jones (USD)	45,166.6	46,504.7	(3.9%)	(5.0%)	3.0%
SENSEX (INR)	73,583.2	73,319.6	(14.5%)	(9.8%)	(0.4%)
Stoxx 600 (EUR)	575.3	596.6	0.1%	(5.9%)	3.7%
Nikkei (JPY)	53,373.1	52,463.3	4.2%	(10.9%)	(1.7%)
Hang Seng (HKD)	24,951.9	25,116.5	(4.6%)	(5.7%)	0.7%

- **US Equities:**
  - U.S. equities staged a broad-based relief rally. S&P 500 +3.4% WoW (close: 6,582.7), NASDAQ +3.9% WoW (close: 24,045.5), Dow +3.0% (close: 46,504.7) as Trump administration signals of a potential 2–3 week military timeline in Iran initially fueled optimism that the Hormuz disruption may be short-lived. All major indices snapped five consecutive weeks of losses, with the NASDAQ logging its best weekly gain since November.
  - The gains were heavily front-loaded: Tuesday's surge (+2.9% S&P, +3.8% NASDAQ, +2.5% Dow) accounted for virtually all the weekly advance, with momentum stalling after Trump's April 1 address focused more on escalation than exit strategy, leaving Hormuz transit timelines unresolved and pushing oil briefly higher again.
  - Sector rotation tilted toward growth and rate-sensitive segments as Treasury yields retreated ~12bps WoW. Communication Services led (+6.4% WoW), followed by Information Technology (+4.6%), Real Estate (+4.0%), and Financials (+3.6%).
  - U.S. macroeconomic fundamentals provided a constructive floor: March non-farm payrolls came in at +178,000 (vs. consensus +150,000), rebounding sharply from February's revised net loss of 133,000, while the unemployment rate fell to 4.3% from 4.4%. ISM Manufacturing expanded at 52.7 (third consecutive month of expansion, highest in ~14 months), and ADP private payrolls added 62,000 (above the 40,000 estimate).

- VIX fell sharply (-23.2% WoW) to ~23.9 from ~31+ prior week, reflecting the de-escalation bid and improved sentiment, though levels remain elevated relative to the pre-conflict norm of 15–18, consistent with ongoing geopolitical uncertainty and the possibility of renewed escalation in the coming weeks.

- **Sensex:**
  - Indian equities declined 0.4% WoW, a marginal underperformance versus developed market peers that nonetheless reflected ongoing macro pressure from the energy shock. India imports ~85% of its oil requirements, making it structurally vulnerable to the current crude shock.
  - INR strengthened 1.8% WoW to 93.1 (from 94.8), driven by RBI restrictions on NDFs that forced banks to unwind long USD positions. The firmer currency supported equities by improving sentiment and reducing pressure from currency volatility.
  - Sectorally, the week's dynamics were notably bifurcated: IT surged +4.25% (Nifty IT) on the combination of a weaker INR (raising USD-denominated revenue) and safe-haven rotation during risk-off phases, while high-beta and rate-sensitive sectors declined. PSU Banks (-5.24%), Consumer Durables (-4.02%), Banking (-3.52%), and Realty (-3.49%). Metals managed a marginal +0.38% gain on commodity tailwinds.
  - India's 10-year benchmark G-Sec yield rose to 7.10%, reflecting fiscal and inflationary pressure from elevated oil prices. The crude import bill remains the key sovereign risk factor, with every $10/bbl increase in Brent adding ~$14–15bn annually, widening the current account deficit and pressuring both the INR and fiscal balance. This also transmits to equities via higher discount rates, INR weakness, and potential FPI outflows, creating indirect pressure on the Sensex.
- **Stoxx 600:**
  - The Stoxx 600 rose 3.7% WoW. Gains were broad (Italy +5.18%, UK +4.70%, Spain +4.49%, Germany +3.89%, France +3.48%) and driven by easing geopolitical risk and a decline in energy risk premia. Markets were closed Friday for Good Friday.
  - Eurozone inflation rose to 2.5% in March (highest since Jan 2025), with energy prices up, adding pressure on real incomes and monetary policy. BlackRock shifted overweight to short-term European government bonds amid expectations of ECB rate repricing.
  - Germany’s 2026 GDP forecast was cut to 0.6% (from 1.3%) by leading institutes including Ifo Institute. Spain Manufacturing PMI fell to 48.7 (contraction), while UK Manufacturing PMI was revised to 51.0.
- **Nikkei:**
  - The Nikkei 225 declined 1.7% WoW. Underperformance reflects sensitivity to higher energy prices given Japan’s import dependence.
  - Market moves tracked geopolitical developments, with gains reversed after escalation concerns linked to remarks by Donald Trump. Rising oil prices weighed on equities.
  - Kazuo Ueda highlighted FX as a policy factor. Expectations for a potential Bank of Japan rate hike have increased amid imported inflation risk. The 10-year JGB yield rose to 2.39%, and JPY strengthened to ~159.3.
  - Tokyo CPI was 1.7% YoY (below expectations). Industrial production (-2.1% MoM) met estimates, while retail sales (-2.0% MoM) missed, indicating weaker demand.
- **Hang Seng:**
  - The Hang Seng rose 0.7% WoW. Performance lagged global peers amid mixed domestic and external conditions. CSI 300 declined 0.53%, while Shanghai Composite rose 0.14%.
  - China March PMI data improved: Manufacturing PMI 50.4, Non-manufacturing 50.1, and Caixin Manufacturing PMI 50.8. However, rising input costs indicate margin pressure.
  - China and Pakistan proposed a Hormuz-related de-escalation framework, while China removed VAT export rebates on select industrial and clean energy goods (effective April 1), increasing export costs.

Credit Market

Credit	27-Mar-26	3-Apr-26	YTD Change (bps)	Change for the Month (bps)	Change for the Week (bps)
	Week ending >>>				
US Bond Yield (%)	4.4	4.3	11.42	36.74	(12.29)
JGB yield	2.3	2.4	32.90	22.70	10.90

Credit	27-Mar-26	3-Apr-26	YTD Returns	Growth for the month	Growth for the week
	Week ending >>>				
S&P BDC Index	46.7	47.8	(13.4%)	(0.8%)	2.3%

- **US Bond Yield**:
  - The U.S. 10-year yield declined from 4.4% to 4.3% WoW, snapping a four-week streak of increases that had pushed yields to their highest level in more than eight months. The reversal was driven by two factors: (1) a partial de-escalation bid reducing near-term inflation expectations as oil futures edged lower intra-week, and (2) Fed Chair Powell's comments, which helped ease some recent inflation concerns.
  - The decline in yields appears temporary and driven by positioning rather than a shift in trend. The broader move higher in yields remains intact: 2-year at 3.80% (+32bps YTD), 10-year at 4.30% (+11bps), and 30-year at 4.88% (+4bps). Meanwhile, ISM price data indicates cost pressures remain elevated despite the recent pullback in yields.
  - Job openings declined to 6.9 million in February (from 7.2 million in January), while hiring slid to its lowest level since 2020, introducing some softening at the margin in the labour market. Though initial jobless claims for the week ended March 28 surprised to the downside at 202,000 (vs. 212,000 estimated). The net picture: a resilient but gradually softening labour market that keeps the Fed on hold with an asymmetric risk toward rates staying higher if energy-driven inflation persists.
- **JGB Yield:**
  - JGB yields rose to 2.39% from 2.34% the prior week, driven by a confluence of imported inflation pressures from higher oil prices and the transmission of higher global yields through capital flow and FX dynamics. The move occurred despite the Bank of Japan maintaining an accommodative stance, but market pricing is increasingly converging on a potential BoJ rate hike at the April meeting, as BoJ Governor Ueda explicitly noted that FX and energy price impacts on inflation will be closely monitored.
  - Japan's near-total dependence on imported hydrocarbons means elevated oil prices directly translate into higher domestic inflation. A supply-side inflationary impulse that cannot be addressed through BoJ accommodation and instead creates pressure for policy normalisation. The yen's partial firming (to ~159.3 from 160.3) following intervention warnings reduces immediate imported inflation pressure, but the structural energy price level remains the dominant policy constraint.
- **Private Credit / BDCs:**
  - The S&P BDC Index rose +2.3% WoW to 47.8, recovering some of the prior weeks' losses in a counterintuitive move that tracked the broader equity relief rally rather than the fundamental credit stress narrative. YTD the BDC Index remains deeply negative at (13.4%), and the monthly performance at (0.8%) confirms that the structural liquidity stress has not been resolved.
  - Redemption requests persisted above gating thresholds at major platforms (Ares, Apollo, BlackRock, ~5% withdrawal caps imposed after requests reached 10–12% of assets). Listed BDCs continued trading at ~20–30% NAV discounts, and credit spreads remained wide (~250bps), indicating ongoing market scepticism around carry-forward valuations.

Currencies

Week ending >>>					
	27-Mar-26	3-Apr-26	YTD Returns	Growth for the month	Growth for the week
Currency					
EUR/USD	1.1509	1.1539	(1.5%)	(2.3%)	0.3%
GBP/USD	1.3259	1.3227	(1.7%)	(1.9%)	(0.2%)
USD/INR	94.8150	93.1050	3.2%	2.3%	(1.8%)
CHF/USD	1.2516	1.2517	(0.8%)	(3.7%)	0.0%
USD/JPY	160.3100	159.6000	1.8%	2.3%	(0.4%)

- **Currencies:**
  - The USD weakened modestly WoW (EUR +0.3%, JPY +0.4%) as yields declined and risk sentiment improved. USD/INR moved sharply, with INR strengthening 1.8% to 93.1 due to RBI action. CHF was flat; GBP fell 0.2%. YTD, USD strength remains intact (USD/INR +3.2%, EUR/USD -1.5%, GBP/USD -1.7%).
  - JPY strengthened to 159.6 (+0.4% WoW), supported by intervention signals from Atsushi Mimura. Intervention risk increases if USD/JPY approaches 162–165. YTD, USD/JPY is +1.8%, reflecting policy divergence.
  - EUR rose 0.3% WoW to 1.1539 but remains -1.5% YTD, reflecting energy-driven pressures. Inflation at 2.5% complicates ECB policy. BlackRock remains overweight short-term European bonds.
  - The INR strengthened 1.8% WoW to 93.1050 from 94.8150, a notable counterintuitive move. The RBI's aggressive NDF restriction strategy (limiting banks' ability to offer speculative offshore derivative instruments such as non-deliverable forwards) forced banks to unwind dollar long positions, creating a technical squeeze that appreciated the rupee despite persistent underlying macro pressures.

Commodities

Week ending >>>					
	27-Mar-26	3-Apr-26	YTD Returns	Growth for the month	Growth for the week
Commodities					
Gold (USD per troy ounce)	4,494.1	4,676.8	8.0%	(11.4%)	4.1%
Silver (USD per troy ounce)	69.8	73.0	0.3%	(22.1%)	4.7%
Oil (USD per barrel)	99.6	111.5	94.6%	66.4%	11.9%
Natural Gas (Henry Hub)	3.1	2.8	(22.6%)	(2.1%)	(9.5%)
Copper (US cents per pound)	546.7	558.4	(1.9%)	(7.0%)	2.1%
Aluminium (USD per metric tonne)	3,361.9	3,532.1	17.8%	12.5%	5.1%
Wheat (US cents per bushel)	605.0	598.3	18.1%	1.2%	(1.1%)
Sugar (US cents per pound)	15.8	15.0	2.7%	4.9%	(4.8%)

- **Oil:**
  - WTI crude surged +11.9% WoW to $111.5/bbl (highest since mid-2022), with Brent at ~$108/bbl. The YTD oil return of +94.6%, nearly doubling since year-end and the monthly gain of +66.4% illustrate the severity of the supply shock triggered by the Hormuz disruption. Vessel crossings through the Strait have been negligible since early March, with Edward Jones/Bloomberg data showing a near-complete collapse from ~100–120 vessels/day to near zero.
  - Brent futures suggest easing prices, with WTI expected to fall to ~$71/bbl by year-end, indicating markets expect the disruption to be temporary. This assumes Hormuz reopens within 3–4 weeks and remains sensitive to escalation risks. In a prolonged disruption scenario, Goldman Sachs estimates Brent could reach ~$135/bbl, with tail risk up to $150–180/bbl.
  - Policy responses remain active but insufficient: the IEA has coordinated a ~400mn barrel strategic reserve release, Japan announced its largest-ever strategic reserve draw (~80mn barrels), and Saudi Arabia increased Red Sea exports via Yanbu (~4mb/d) to partially bypass Hormuz. Iran's selective passage strategy, allowing Asian importers including India to move cargoes has prevented a complete supply halt, explaining why prices remain elevated but have not surpassed the March intraday spike toward ~$120/bbl.

- **Gold:**
    - Gold recovered +4.1% WoW, partially recovering from its significant March decline. The metal remains well below its all-time high of ~$5,500/oz set in late January, representing a ~15% drawdown from peak, but the weekly rebound coincided with the pullback in U.S. 10-year yields which reduced the opportunity cost of holding a non-yielding asset.
    - The rising real yields (10Y TIPS at ~2.0%+) and USD strength have structurally reduced gold's relative attractiveness despite elevated geopolitical risk. The textbook safe-haven narrative is being overridden by rate dynamics. This marks a break from the 2019–2024 inverse relationship between geopolitical risk and gold.
- **Silver:**
    - Silver gained +4.7% WoW, outperforming gold on its dual precious-plus-industrial metal dynamic. The WoW outperformance over gold reflects silver's higher cyclical sensitivity. The relief rally in equities and partial de-escalation sentiment supported industrial demand expectations, while silver simultaneously attracted some safe-haven flows as yields declined. However, the monthly return of (22.1%) is the sharpest underperformer in the commodity complex for the month, reflecting silver's higher beta during the March risk-off selloff.
- **Natural Gas:**
    - Natural gas declined significantly, (9.5%) WoW which is a counterintuitive move given the ongoing Middle East energy shock and the potential for LNG supply disruption. This divergence from oil (+11.9% WoW) is structurally explained: U.S. Henry Hub pricing primarily reflects domestic supply/demand conditions (U.S. production at near-record highs, storage above 5-year averages), and LNG export contract structures insulate domestic prices from immediate spot disruptions.
    - The key risk for gas remains a deterioration in Hormuz LNG transit. Approximately 60–65% of India's LNG supply and significant volumes for Japan, South Korea, and Europe transit the Strait. However, Iran's selective passage strategy has allowed LNG cargoes to continue for most Asian importers, preventing the full supply disruption scenario. The muted Henry Hub price reflects this "risk present but not yet realized" dynamic for gas, with physical disruptions needing to materialise to trigger repricing.
- **Copper & Aluminum:**
    - Copper rose 2.1% and aluminium 5.1% WoW, with aluminium outperforming due to its high energy intensity and resulting supply pressure from elevated power costs. Copper gains remain more moderate, supported by improving China data and longer-term demand from electrification trends.
- **Wheat & Sugar:**
    - Wheat declined 1.1% WoW, while sugar fell 4.8% as improving supply conditions, particularly from Brazil, eased near-term pressures; however, both continue to reflect elevated input costs from the broader energy environment.

Cryptocurrency

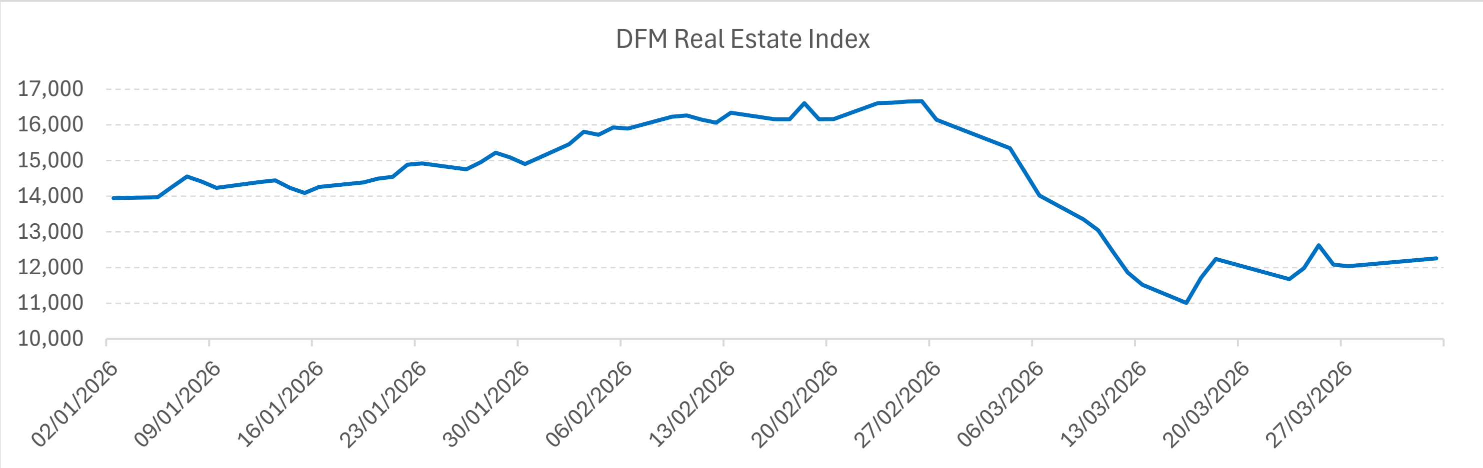
	Week ending >>>				
	27-Mar-26	3-Apr-26	YTD Returns	Growth for the month	Growth for the week
Crypto					
Bloomberg Crypto Index	1,824.9	1,844.8	(31.3%)	2.2%	1.1%
Bitcoin (USD)	65,970.4	66,937.8	(26.5%)	2.2%	1.5%
Ripple	1.3	1.3	(37.1%)	(3.7%)	(0.6%)
Solana	82.7	79.1	(40.9%)	(6.9%)	(4.3%)

- **Cryptocurrency:**
    - The crypto complex was mixed: Bloomberg Crypto Index +1.1% WoW, Bitcoin +1.5%, while Ripple (-0.6%) and Solana (-4.3%) lagged. Bitcoin’s gains tracked equities, while weaker altcoin performance reflects higher liquidity and speculative risk, consistent with broader cross-asset risk differentiation.
    - Monthly returns (+2.2% for Bitcoin and the index) reflect partial recovery alongside equity stabilisation, reinforcing high-beta behaviour.

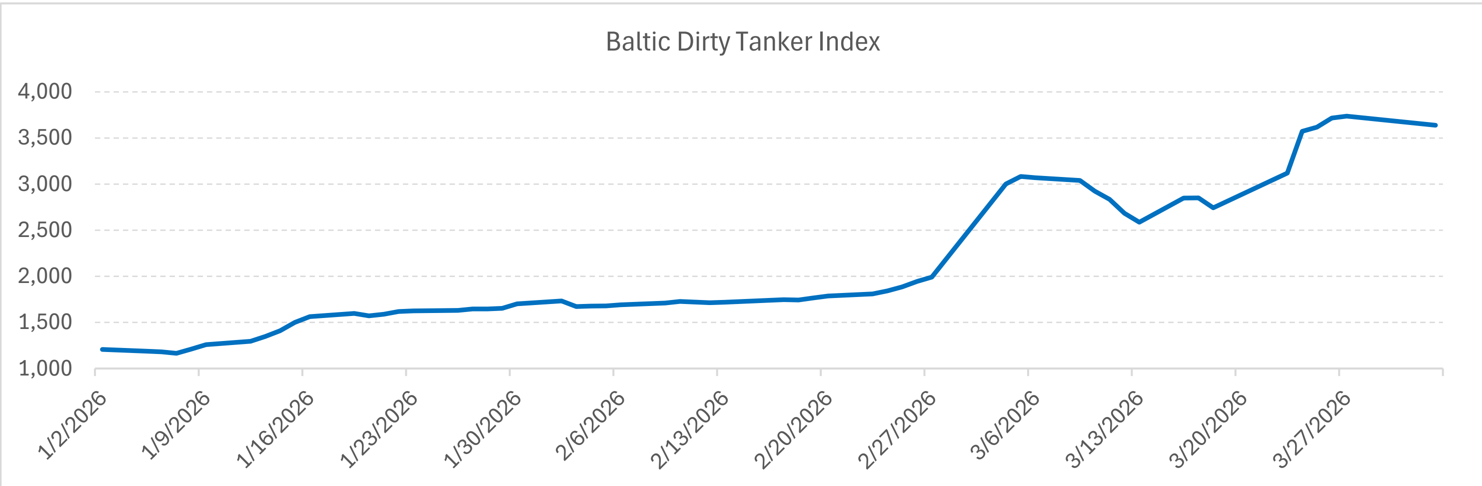
- The drawdown reflects rate pressure and geopolitical uncertainty. Crypto continues to behave as a liquidity-sensitive asset; recovery would require lower yields or renewed inflation-hedge demand, neither of which is evident. Institutional flows and positioning indicate continued de-risking.

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.
    - As of the week ending 3 April, the DFMREI continued to reflect the partial stabilisation narrative observed in the prior week. The relief rally in global equities and tentative de-escalation signals provided modest support for the index, with selective bargain-buying from regional investors who perceive Dubai real estate as benefiting from any resolution of the conflict.



- **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.
    - As of the week ending 3 April, tanker rates remain at elevated levels, consistent with the minimal normalisation of Hormuz transit traffic. Edward Jones' vessel crossing data confirms that traffic through the Strait remains negligible



as of April 2. The BIDY's continued elevation signals that the physical oil supply shock has not abated despite the financial market relief rally, creating a risk that equity markets are pricing an optimistic de-escalation scenario that the physical shipping market has yet to confirm.

Updates in AI sector over the week

- **Energy Security Accelerates AI Infrastructure Investment Cycle:** The Middle East shock is reinforcing AI-driven power demand, with both requiring significant investment in energy infrastructure, grid resilience, and capacity. BlackRock identifies this convergence as "electro-tech" (batteries, power electronics, electric motors), linking AI buildout with energy security and industrial policy. Hyperscaler AI capex remains at $250–300bn+ annually, with power demand emerging as a key driver of investment in data centers, grid interconnects, and storage.
- **AI Model Development Diverges Between Capability and Deployability:** AI capabilities continue to outpace deployability, with rising regulatory scrutiny in the U.S. and EU around dual-use risks. Safety and compute constraints are delaying deployment timelines. At the same time, capital is shifting toward cloud and data center infrastructure, reflected in recent mass layoffs at Oracle, indicating a broader move toward infrastructure-led scaling.
- **Defense and Energy Security Intersect with AI Adoption:** The Middle East conflict is accelerating AI adoption in defense, with NATO and allied governments increasing procurement of AI-enabled logistics, surveillance, and decision-support systems. This is creating a distinct demand vertical beyond consumer and enterprise AI, extending to sectors linked to defense and energy security. For investors, AI beneficiaries are expanding beyond hyperscalers to include defense contractors, grid infrastructure operators, and industrial manufacturers.

Geopolitical News & Outlook for the upcoming week

- **Trump's "Escalate to De-Escalate" Strategy Drives Maximum Market Volatility:** President Trump's evolving public communications on the Iran conflict are proving to be the single most powerful driver of cross-asset price action, generating 3–4% daily equity swings and intraday oil moves on individual statements.
- **Iran's Selective Passage Strategy Prevents Full Oil Market Closure:** Iran has maintained a selective Strait of Hormuz passage approach, allowing "non-hostile" nations (primarily Asian importers including India, South Korea, and Japan under specific conditions) to move energy cargoes under coordination, while restricting Western-linked shipping. This creates a fragmented energy flow environment that explains the cross-asset divergences observed: oil elevated but not at full-closure prices (~$120–130/bbl would imply a complete Hormuz halt); LNG flows continuing for some destinations but not others; and the Baltic Dirty Tanker Index rising sharply as vessels face uncertainty and rerouting costs.
- **Multilateral Diplomatic Efforts Intensify But Remain Fragmented:** China and Pakistan jointly proposed a five-point peace plan during the week, calling for ceasefire, renewed negotiations, and protection of critical shipping infrastructure. The initiative highlights Beijing's strategic interest in Hormuz normalization. China is the world's largest oil importer, with ~50–60% of crude imports transiting the Strait. However, the proposal lacks enforcement mechanisms and faces the fundamental challenge that the key principals (U.S. and Iran) have not signaled willingness to engage on these terms. The U.S. simultaneously increased its military presence in the region while allies debated the formation of a multinational Hormuz escort force (UAE supportive, other NATO members cautious). The lack of a unified global diplomatic response extends the tail-risk of prolonged disruption beyond the base-case 3–4 week assumption.

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