CARTLIDGE MORLAND
INDIVIDUAL WEALTH MANAGEMENT

INVESTMENT COMMENTARY

26 MARCH 2026

OVERVIEW

The newsflow concerning the conflict in the Middle East continues to dominate investment market sentiment. Investment volatility is heightened by news of military strikes on energy infrastructure in the region, possible indirect peace talks between the US and Iran and the question of whether the Strait of Hormuz – the key bottleneck for shipping – can be opened in the near future, whether militarily or by successful negotiation with Iran.

The levels of oil and gas prices are the key determinants for inflationary expectations currently. As we write, Brent Crude oil is trading at around $104 per barrel up from around $72 at the start of the conflict. In the past few weeks, central bank meetings have taken place to determine their respective interest rate policies. At the start of the year it was expected that the US Federal Reserve (Fed) and the Bank of England (BoE) would continue to cut rates as their labour markets softened and economic growth prospects weakened. However, in the face of energy prices stimulating inflation, the major central banks made no changes to interest rates advocating a “wait and see” approach. If inflation does soar, the central banks may think that interest rates will need to be increased in order to control it, but at the same time economic growth may have been weakened further by the higher energy prices – a stagflation scenario – so any interest rate rise could just depress growth further, perhaps leading to recession. Against this very uncertain backdrop, the global economy needs a swift end and lasting peace in the region. There is much to be said for central banks ‘seeing through’ shorter term geo-political economic disruption, but they may feel impelled to ‘do something’ - given the constant accusations they were too slow in tackling the build-up of inflationary pressures during 2021.

Energy markets are currently pricing a relatively quick resolution to the conflict, but even if peace is achieved in the near future, there will be a very slow return to some sort of normality. If the Strait of Hormuz is reopened, it is likely not to be passable immediately. Traffic will resume slowly as energy facilities are gradually reopened as supply chains are restored. Energy inventories will have to be rebuilt, so inflationary pressures will persist.

Equity and bond markets have fallen since the conflict started as inflation, weak growth and possible recession weigh on sentiment. Rising energy prices will squeeze household spending and raise the costs for businesses. The threat of inflation and higher interest rates have seen falls in government bond markets with yields rising quickly on UK gilts. The gilts market is also worried about the potential costs of government initiatives to relieve the impact of higher energy prices on households.

OUR VIEW

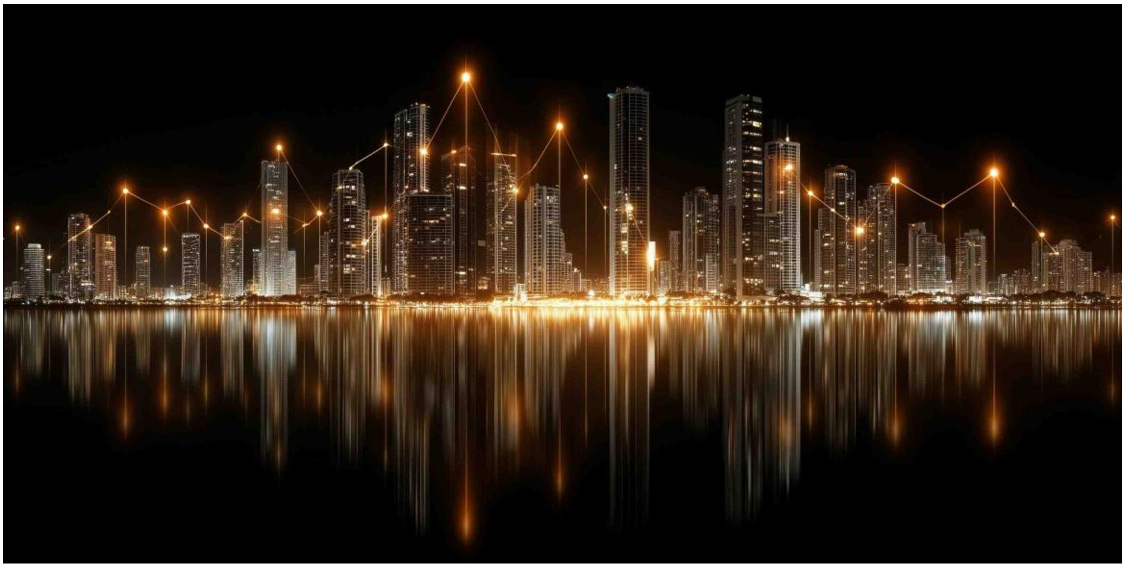
Compiled by Angela Cooper, MD - Investment Services.

Angela runs Cartlidge Morland's Investment Management team, with over 30 years' experience in investment research working for investment companies, leading UK national IFAs and wealth managers. Angela graduated from the London School of Economics and is a Chartered Insurance Practitioner.

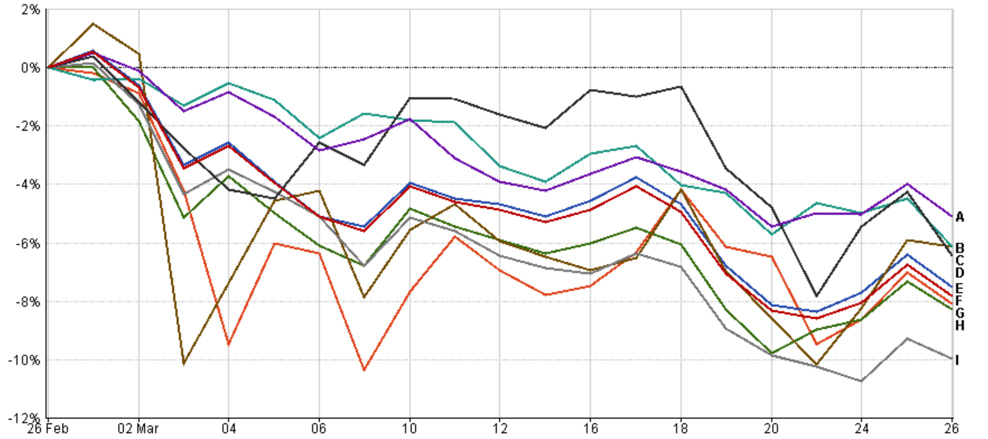
As we said in our previous commentary (11 March 2026), we continue to maintain diversified portfolios through these very uncertain times. Equity markets have given back some of the significant gains that were made over the past year. Whilst fixed interest markets have not been immune from falls in value, they have provided some downside protection for portfolios in recent weeks. The income generating equity funds coupled with fixed interest should generate a reasonable return even if capital growth is under pressure.

If the conflict is resolved shortly, we should see a bounce in investment markets. Our portfolios stay invested in line with client risk tolerance as we do not know when sentiment will turn positive. As ever portfolios are positioned for longer term growth with appropriate levels of risk taken.

As always if you have any queries or concerns please do not hesitate to contact your Cartlidge Morland consultant



INVESTMENT MARKETS LOCAL CURRENCY RETURNS OVER ONE MONTH



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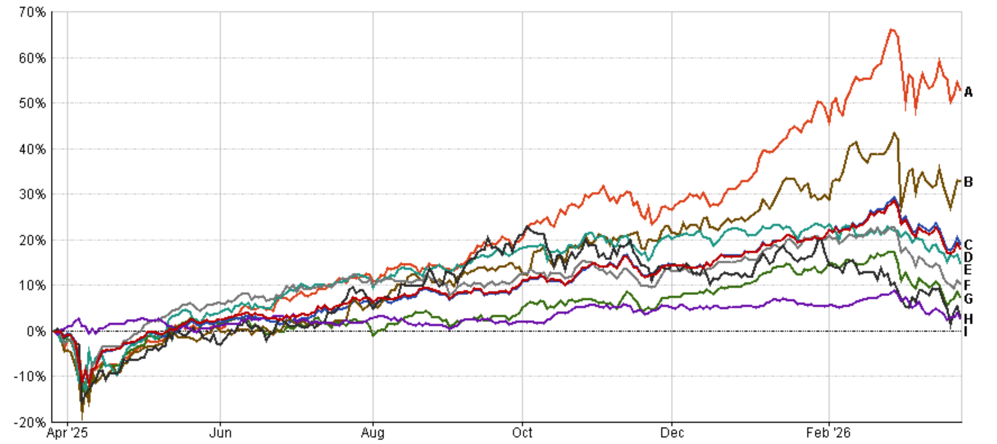
INVESTMENT MARKETS LOCAL CURRENCY RETURNS OVER ONE YEAR



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