

April 2026 (covering March 2026)

Index	Mar (%)	YTD (%)
MSCI World	USD -6.3	-3.5
S&P 500	USD -5.0	-4.4
MSCI Europe	EUR -7.6	-0.8
MSCI Asia Pac ex Japan	USD -13.2	-0.5
Hong Kong Hang Seng	HKD -6.6	-3.0
Hang Seng China Enterprises (H-shares)	HKD -5.4	-6.0
Topix	JPY -10.4	3.6

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of March 31, 2026. YTD refers to year-to-date.

Global Outlook

March 2026 was marked by a sharp deterioration in global market sentiment as the conflict in the Middle East escalated and disrupted global energy supplies. A rapid rise in oil prices drove inflation expectations higher, forced a repricing of interest-rate outlooks, and triggered broad equity market declines across regions. In the US, the S&P 500 slipped by 5% but outperformed Europe and Asia, with energy stocks delivering strong gains while mega cap technology lagged.

European equities fell sharply, MSCI Europe Index dropped by 7.6% as the Middle East conflict pushed energy prices more than 60% higher and inflation expectations surged.

Asia Pacific equities experienced extreme volatility and their steepest monthly decline since 2008 as the closure of the Strait of Hormuz triggered regional oil supply shortage and the market reassessed the inflation and growth risks. The MSCI Asia Pacific ex Japan Index was down by 13.2% within the month.

United States

- US equities fell, held back by the conflict in the Middle East, mixed economic data and a rotation out of mega cap tech, though energy stocks outperformed.
- The Federal Reserve kept rates unchanged, noting potential short term inflation pressures from the conflict in the Middle East. Inflation held steady at 2.4%, while the labour market showed signs of weakness, with the economy losing 92,000 jobs and unemployment rising to 4.4%.

Europe (including UK)

- European equity markets moved sharply lower in March as the Middle East war took centre stage. Heightened geopolitical tensions in the region raised market volatility and pushed energy prices higher.
- Eurozone inflation jumps to 2.5% in March, and oil prices rise over 60% causing inflation expectations to rise.

Asia Pacific (ex Hong Kong ex China ex Japan)

- The MSCI Asia Pacific ex Japan Index was down by 13.2% within the month, recorded its steepest monthly decline since October 2008.
- Energy importing economies such as Korea, India and Indonesia were among the hardest hit. Korea suffered severe market disruption, including trading halts and Korean Composite Index fell by 18.8%, as energy and technology stocks sold off sharply.

Hong Kong and Mainland China (H-shares)

- The Hang Seng Index and Hang Seng China Enterprises index dropped by 6.6% and 5.4% respectively in March, mainly caused by weaker risk sentiment across Asian markets amid an abrupt escalation in geopolitical tensions in the Middle East. IT, materials and real estates declined the most this month.
- Central Government Policy direction remained supportive. The emerging framework of China's 15th Five Year Plan underscores a "barbell" strategy—accelerating domestic high tech and productivity enhancing investment while steadily strengthening household consumption through expanded social safety programs.

Japan

- TOPIX dropped by -10.4% driven by heightened geopolitical tensions linked to the Iran conflict. Major oil importers including Japan now face higher costs, fuel shortages, and increased freight and insurance expenses.
- With the outlook clouded by geopolitical risks, the Bank of Japan left its policy rate unchanged at 0.75%, in line with expectations.

Fixed Income

- Global bond market experienced sell off as Iranian conflict and disruptions to global energy stoke inflation worries, leading to unwinding of rate cut expectations.
- In March, US treasuries returned -1.80%. In Europe, UK gilts and German bunds returned -4.26% and -2.02% respectively.

Emerging Markets

- Emerging market equities sold off sharply, reversing year-to-date gains as the Iran conflict triggered an energy shock and heightened inflation concerns.
- Latin America outperformed on a relative basis, although commodity-related gains were insufficient to fully offset broader global pressures.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations), and investors may not get back the full amount invested.

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All data as of April 20, 2026 , unless otherwise stated. This document is issued in:

Hong Kong

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