

April 2026

Global Market Outlook

Crude expectations

We see a 70% chance oil prices will peak in the next 3-4 weeks as the Middle East conflict eases. This base case drives our continued preference for global equities and gold over bonds and cash. However, downside risks warrant close monitoring.

We remain Overweight US and Asia ex-Japan equities. In our base scenario of a short-lived conflict, the pullback in Asian equities is an opportunity to add exposure, particularly in India and China. In the US, the technology sector remains attractive after YTD underperformance.

We raise Developed Market High Yield bonds to Overweight, while maintaining Emerging Market bonds Overweight. A rise in US bond yields and corporate bond yield premiums offers an opportunity to lock in yields. After the recent oil price-driven rebound, we expect the USD to weaken this year.



How to invest in global tech through cycles?

What is the impact of oil price spike on portfolios?

Are your quant models still bullish on equities?

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Investment strategy and key themes

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12m Foundation Overweights:

- Global equities, gold
- US, Asia ex-Japan equities
- EM USD and local currency (LCY), DM High Yield (HY)^

Opportunistic ideas – Equities:

- Global semiconductors^, buybacks^
- US aerospace and defence, utilities
- China non-financial high-dividend SoEs, Hang Seng Technology index
- European banks

Top Global Sectors:

- **US:** Technology, utilities, healthcare
- **Europe ex-UK:** Financials

Opportunistic ideas – Bonds:

- US Treasury Inflation-protected Securities (TIPS), short-duration HY bonds, AAA CLOs, utility sector hybrids^
- EU bank AT1s FX-hedged
- AUD corporate bonds^

^New

Crude expectations

- **We see a 70% chance oil prices will peak in the next 3-4 weeks as the Middle East conflict eases.** This base case drives our preference for global equities and gold over bonds and cash. However, downside risks warrant close monitoring.
- **We remain Overweight US and Asia ex-Japan (AxJ) equities.** In our base scenario of a short-lived conflict, the pullback in Asian equities is an opportunity to add exposure, particularly in India and China. In the US, the US technology sector remains attractive after YTD underperformance.
- **We raise Developed Market (DM) High Yield (HY) bonds to Overweight, while maintaining Emerging Market (EM) bonds Overweight.** A rise in US bond yields and corporate bond yield premiums offers an opportunity to lock in yields. After the recent oil price-driven rebound, we expect the USD to weaken this year.

Base case or worse?

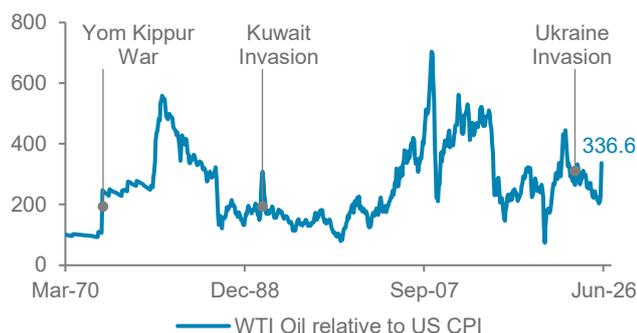
Equities delivered robust returns in the first two months of 2026, with a notable rotation to non-technology US sectors and non-US market outperformance. Bond yields remained rangebound and the USD remained soft. However, since the Middle East conflict began, the market narrative has turned to geopolitical risks. In our base case (70% chance), supply disruptions causing high oil prices could last another 3-4 weeks. How long oil prices stay high is critical – an important distinction because the impact on global inflation is likely to be fleeting if price gains do not sustain beyond a few weeks, allowing a return to our baseline ‘soft-landing’ scenario supported by Fed rate cuts in H2 26.

Conversely, a downside scenario, where oil prices stay high for an extended multi-month period (we assign a 30% chance), would likely be much more damaging for inflation and would limit the Fed’s ability to cut rates. This would risk a knock-on impact on equity and bond markets and could justify changes to our asset class views. While we currently view the likelihood of this scenario as relatively low, the rapidly evolving situation warrants close monitoring in the coming days and weeks.

Jitters in private credit are another risk to monitor. Near-term negativity, including some gating events, are possible. However, we see value in riding out short-term worries as long as exposure is focused on the highest-quality managers.

Fig. 1 Oil price surge has been sizeable, but muted relative to past conflicts in inflation-adjusted terms

WTI oil price in US inflation-adjusted terms



Source: Bloomberg, Standard Chartered

Oil as a swing factor for equity regions

US equities have been remarkably resilient amid the rise in oil prices to around USD 100/bbl. US equities have outperformed non-US equities since the start of the Middle East conflict and the related jump in oil prices, given the US's relatively low dependence on energy imports compared to Europe or Asia. We maintain our Overweight stance on US equities.

In our base scenario, we expect US equities to outperform, driven mainly by strong earnings growth, with the market ultimately looking through near-term oil-driven volatility. We believe pullbacks would represent buying opportunities.

Within this, we view the US technology sector's YTD underperformance as an opportunity to add where appropriate. The sector continues to deliver strong earnings growth, which we believe will ultimately drive performance, particularly for the semiconductor and internet sub-sectors over software. Within software, we prefer exposure across industries such as cybersecurity, operating systems and databases. (See the Global Tech section on pg. 7 for more)

That said, avoiding excessive sector concentration is key. We see US utilities and healthcare sectors offering opportunities after recent pullbacks.

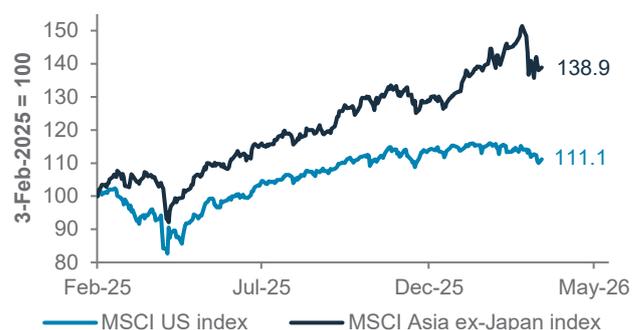
Asian equities, in contrast, have faced larger drawdowns since end-February (with Japanese equities falling more than AxJ). This is unsurprising, with the region highly dependent on energy imports from the Middle East, placing it at risk from both higher oil prices and reduced physical oil flows.

Asian equities are likely to remain under pressure for now if the conflict extends the rise in oil prices. However, in our base case of the oil price rise lasting only a few weeks, we would view any further near-term weakness in the coming 3-4 weeks as an attractive buying opportunity in Asian equities.

Within Asia, we remain Overweight Indian equities. The market is clearly sensitive to oil prices, but any further pullback in the coming weeks is expected to be an attractive buying opportunity, given our long-term focus on the rebound in corporate earnings growth and the cumulative impact of policy

Fig. 2 US equity markets thus far experiencing a mild pullback, consistent with our base-case scenario

MSCI US and MSCI Asia ex-Japan indices



Source: Bloomberg, Standard Chartered

stimulus. We are similarly Overweight Chinese equities and expect outperformance to be led by strong technology sector earnings.

We also upgrade Japanese equities to a Neutral allocation and expect the market's performance to resume once peak oil price pressure recedes.

Locking in the yields

The risk to inflation from oil prices has driven the recent rebound in US government bond yields.

In our base scenario, we view the bond yield rise (the rebound in the 10-year benchmark yield above 4.25%) as an attractive opportunity to lock in yields. We increasingly prefer to take this exposure via corporate bonds, given the recent rise in corporate bond yield premiums. Hence, we are now Overweight DM HY bonds and Underweight DM Investment Grade (IG) government bonds. We view DM IG corporate bonds as a core holding.

Our Overweight to EM bonds (both USD and local currency) remains unchanged. EM USD bonds offer a good balance between commodity exporters and importers, while local currency bonds should benefit from a renewed weakness in the USD over the coming months.

Watch the USD

The USD has unsurprisingly displayed safe-haven characteristics during the current oil price surge, resulting in the USD Dollar index (DXY) testing the key 100 level. USD gains also likely explain gold's inability to rise in recent weeks.

In our base-case scenario, we expect USD weakness to resume over the rest of the year and, thus, see the current levels as an opportunity to rebuild weaker USD views. This includes being Overweight gold, preferring Asian equities and EM bonds, and diversifying currency exposure (including from any concentrated exposure) to carry trade currencies such as the CHF. However, we continue to expect the AUD to strengthen given domestic inflation pressure and a hawkish Reserve Bank of Australia (RBA).

Foundation asset allocation models

The Foundation and Foundation+ models are allocations that you can use as the starting point for building a diversified investment portfolio. The Foundation model showcases a set of allocations focusing on traditional asset classes that are accessible to most investors, while the Foundation+ model includes allocations to private assets that may be accessible to investors in some jurisdictions, but not others.

Fig. 3 Foundation asset allocation for a balanced risk profile

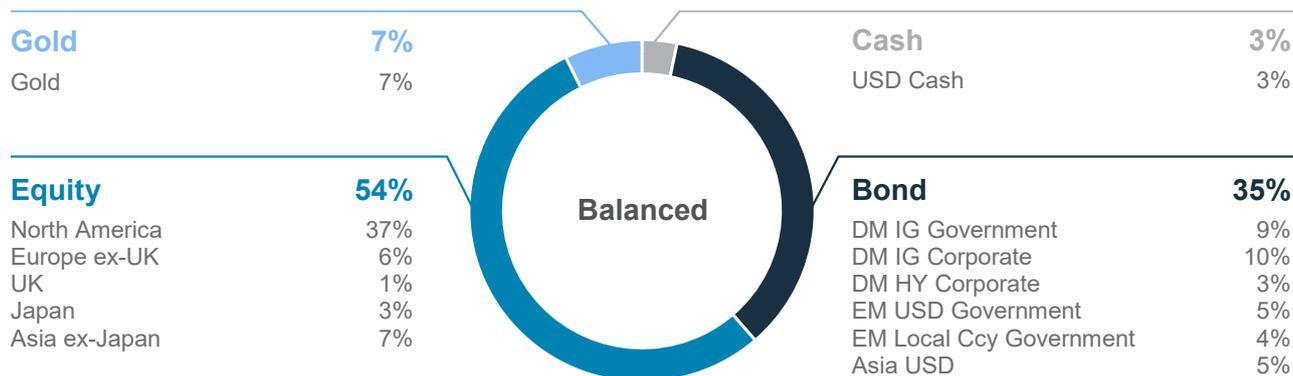


Fig. 4 Foundation+ asset allocation for a balanced risk profile

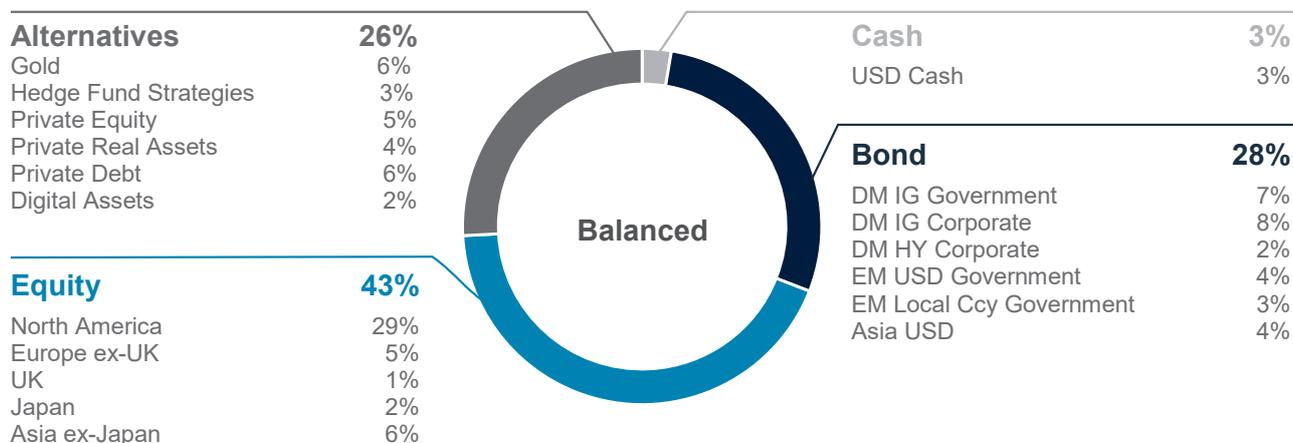
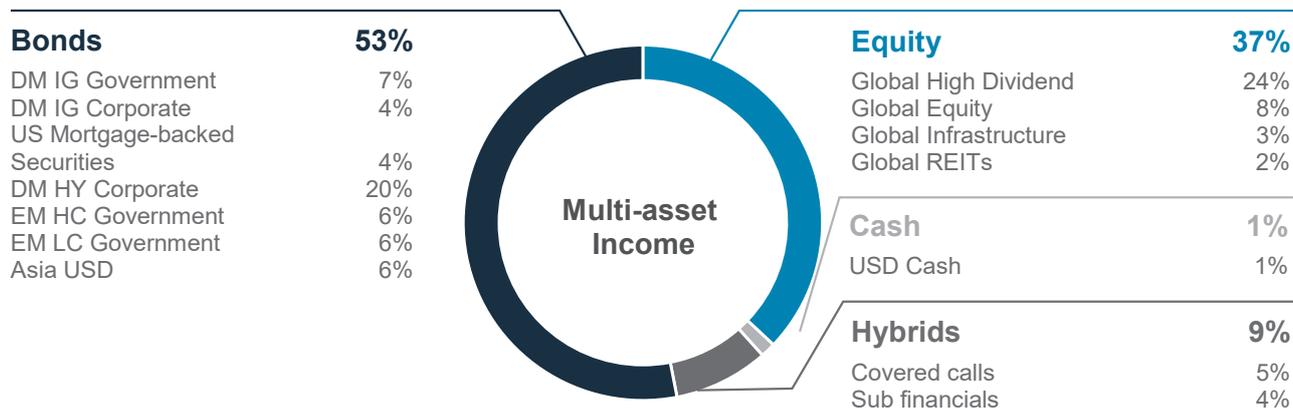


Fig. 5 Multi-asset income allocation for a moderate risk profile



Source: Standard Chartered

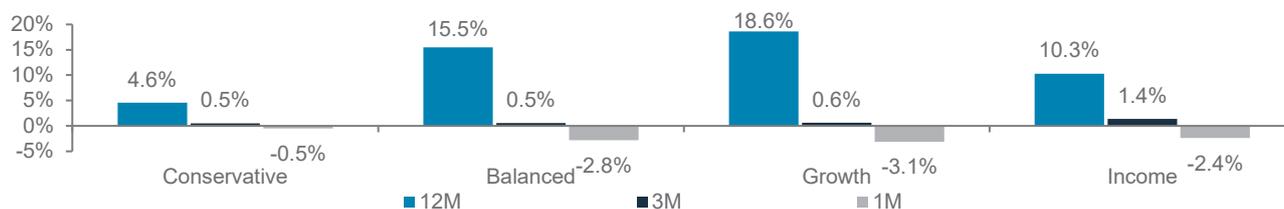
Foundation: Our tactical asset allocation

	View	Detail
USD cash	▼	+ Short-term safety - Falling yields, likely underperform vs major asset classes
Bonds	▼	
<i>DM IG Govt</i>	▼	+ High credit quality, attractive yields - High sensitivity to inflation, monetary policy
<i>DM IG Corporate</i>	◆	+ High credit quality, improving valuations - Expected supply, especially in the US
<i>DM HY Corporate</i>	▲	+ Attractive yield, low-rate sensitivity - Sensitive to growth and credit quality risks
<i>EM USD Govt</i>	▲	+ Attractive yield, sensitive to US rates - EM credit quality, US trade policy risks
<i>EM Local Ccy Govt</i>	▲	+ Attractive yield, benefit from USD weakness - US trade policy risks, inflation risks
<i>Asia USD</i>	◆	+ Moderate yield, low volatility - Sensitive to China growth
Equities	▲	
<i>North America</i>	▲	+ Earnings growth, AI uptrend - US policy uncertainty
<i>Europe ex-UK</i>	▼	+ Undemanding valuations, German fiscal spending - US trade policy risks
<i>UK</i>	▼	+ Attractive valuations, dividend yield - Stagflation risks, US trade policy risks
<i>Japan</i>	◆	+ Reasonable valuations, rising dividends/share buybacks - JPY strength, US trade policy
<i>Asia ex-Japan</i>	▲	+ Earnings; India, China policy support - China growth concerns, US trade policy
Gold	▲	+ Portfolio hedge, central bank demand, falling real yields - Resilient USD

Source: Standard Chartered Global Investment Committee; **Green** = Upgrade; **Red** = Downgrade

Legends: ▲ Overweight | ▼ Underweight | ◆ Core

Fig. 6 Performance of our Foundation Allocations*



Source: Bloomberg, Standard Chartered; *12-month performance data from 18 March 2025 to 18 March 2026, 3-month performance from 18 December 2025 to 18 March 2026, 1-month performance from 13 February 2026 to 18 March 2026

Fig. 7 Opportunistic ideas performance

Key call	Inception/open date	Close date	Absolute return	
Bond – open	1-10yr TIPS bonds	10-Apr-25	5.7%	
	US short duration (0-5yr) HY bonds	24-Jul-25	2.7%	
	EU bank AT1 FX-hedged	11-Dec-25	0.3%	
	AAA-rated CLO	11-Dec-25	1.1%	
	AUD corporate credit	19-Mar-26	-	
	US Utilities Corporate Hybrids	19-Mar-26	-	
Bond – closed	Asia IG USD bonds	30-Oct-25	19-Mar-26	0.2%
	China non-financial high Div SOE - H Share	27-Mar-24		57.2%
Equity – open	Hang Seng Tech	31-Oct-24		12.4%
	US Utilities	30-Oct-25		4.1%
	Europe Banks	11-Dec-25		-3.0%
	US aerospace and defence	12-Feb-26		-2.2%
	International buyback	19-Mar-26		-
	Global Semiconductors	19-Mar-26		-
Equity – closed	Gold miners	30-Oct-25	22-Jan-26	45.5%
	US Pharmaceuticals	30-Oct-25	19-Mar-26	14.3%
	US Technology	6-Nov-25	19-Mar-26	-7.5%
	India large and mid-cap	11-Dec-25	19-Mar-26	-9.6%

Source: Bloomberg, Standard Chartered. Performance as of 19 March 2026

Perspectives on key client questions

Sundeep Gantori, CFA, CAIA
Chief Investment Officer, Equities

Investing in Global Tech

As AI reshapes the investment landscape, Global Tech remains a core pillar for portfolios due to its ability to drive long-term returns even amid volatility.

We live in an era of extraordinary imagination. Rapid advances in generative AI have become a pervasive force – much as internet-enabled devices were in prior decades. While early signs of AI-driven disruption became evident as early as Q1 '26, we remain firmly in the 'glass half full' camp. In our view, AI presents far more opportunities than risks. The world has found a new growth engine in AI – capable of unlocking unprecedented investment opportunities – reinforcing Global Tech as one of the key pillars in driving long-term portfolio returns.

Global Tech and its importance

Global Tech includes both tech and tech-enabled business models – such as those in IT, communication services, fintech and healthtech – expanding at an above-average pace, accounting for roughly 40% of global equities. From an asset allocation point of view, Global Tech represents around 20% of our Chief Investment Office (CIO) Foundation Balanced portfolio. Our back-testing shows the Global Tech theme has historically been rewarding for investors, delivering consistent outperformance versus the other investment style, global value. We see no reason for this to change.

On average, Global Tech offers 10-15% earnings growth per annum, compared with 6-9% earnings growth per annum for global value counterparts – a differential that supports the valuation gap. As innovation accelerates and competitive advantages widen, markets are likely to continue rewarding business models with superior and durable growth prospects. Capturing these opportunities, however, requires a disciplined and systematic approach.

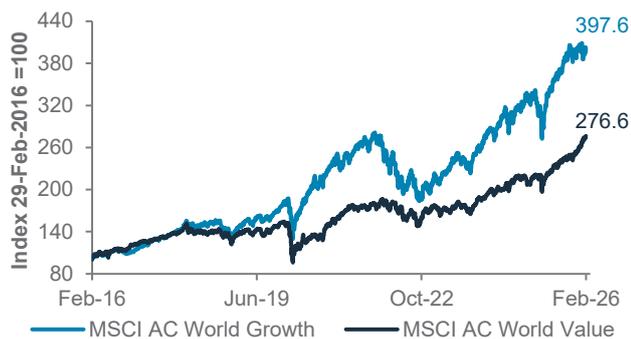
Why active management surpasses passive strategy

The dynamic and disruptive nature of once-in-a-generation forces, such as AI, is likely to amplify market volatility, shorten business cycles and drive disruption.



Fig. 8 Despite premium valuations, Global Tech has outperformed global value over the past decade

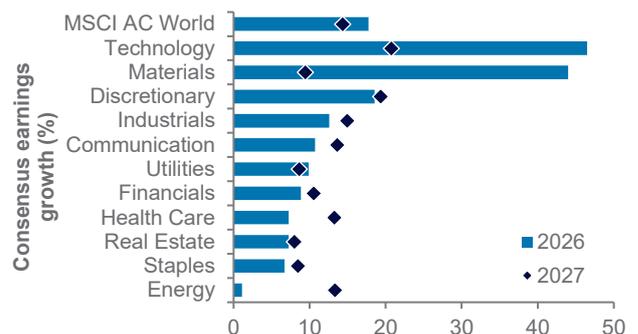
MSCI AC World Growth vs Value index (rebased to 100, starting from close of 29 Feb 2016)



Source: FactSet, Bloomberg, Standard Chartered

Fig. 9 Superior earnings growth will likely support the performance of Global Tech

Earnings growth forecast for global sectors in 2026 and 2027



Active management is, therefore, essential to navigate these shifts effectively. This stems from the inherently dynamic nature of tech investing, where business models must continuously adapt to rapid innovation cycles. In this environment, actively rebalancing portfolios to reflect evolving fundamentals can help investors manage significant drawdowns while positioning for emerging opportunities at key inflection points.

Three key developments reinforce our case for active management in Global Tech:

1. Market volatility, including idiosyncratic risks such as regulatory shifts, product cycles, leadership changes or supply chain disruptions: These drawdowns have historically presented attractive entry points and are not reasons for panic. Global Tech has consistently rebounded strongly over the subsequent six months after frequent drawdowns. This underscores the value of an active approach – one that distinguishes between short-term noise and long-term fundamentals.

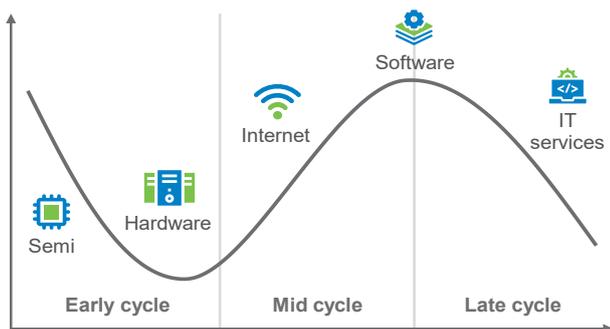
2. Navigating business cycles within Global Tech’s diverse segments: Within the tech sector, five key industries – semiconductors, hardware, internet, software and IT services – tend to perform differently depending on the stage of the business cycle. Active approaches that can correctly identify the business cycle and apply industry playbooks – by overweighting or underweighting specific sub-segments – can help generate alpha.

3. Future-proofing disruption risks, an inherent feature of the Global Tech theme: Innovation is both a driver and a disruptor for the theme. Understanding evolving business models and proactively managing disruption risk can help investors stay focused and avoid emotionally driven decisions.

By actively managing volatility, navigating sector and industry cycles, and managing disruption risks, investors can enhance returns and mitigate downside risks more effectively than through a passive approach.

Fig. 10 Tech Industry Playbook to navigate across the business cycle

Positioning across five tech segments based on the business cycle is key to generating alpha



Source: Standard Chartered

The SCB framework to invest in Global Tech

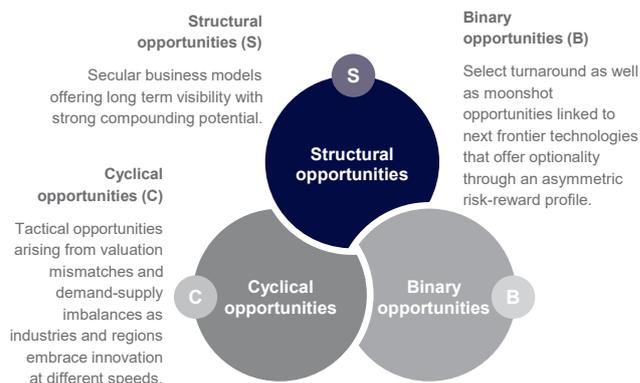
Given that most companies in the Global Tech universe typically report above-average earnings growth, there needs to be some form of differentiation. It becomes imperative not only to segment companies into distinct buckets but also to right-size exposures from a portfolio construction perspective. The SCB framework to invest in Global Tech identifies three broad opportunity sets and explicitly right-sizes exposure across them:

- **Structural opportunities (S):** Secular business models offering long-term visibility with strong compounding potential
- **Cyclical opportunities (C):** Tactical opportunities arising from valuation mismatches and demand-supply imbalances as industries and regions embrace innovation at different speeds
- **Binary opportunities (B):** Select turnaround and moonshot opportunities linked to next frontier technologies that offer optionality through an asymmetric risk-reward profile

We believe the 70-20-10 rule is well suited to Global Tech portfolios, with around 70% allocated to structural opportunities, 20% directed towards cyclical opportunities and 10% reserved for binary opportunities.

Fig. 11 Global Tech companies are categorised into three buckets: Structural opportunities (S), Cyclical opportunities (C) and Binary opportunities (B)

The SCB framework to invest in Global Tech



Source: Standard Chartered

Investors must recognise the strategic importance of Global Tech and avoid complacency at a time when disruptive technologies such as AI are fundamentally reshaping the investment landscape. The future is arriving faster than ever. We believe that active management – anchored by clear frameworks and a disciplined commitment to staying invested – can make Global Tech a highly rewarding long-term opportunity. Over time, investors stand to benefit from the compounding power of business models with above-average, durable growth prospects.

Asset allocation: Assessing the impact of oil price scenarios on portfolios

Sylvain Huard
Head of Asset Allocation

Summary

We evaluated the resilience of our Foundation Balanced portfolio against hypothetical oil price shocks amid the prevailing uncertainty in the energy sector. We modelled two scenarios: a **base scenario** featuring a short-lived oil spike to USD 100/bbl before normalising and a **downside scenario** assuming a sustained rise to USD 100/bbl alongside a stronger USD and rising US Treasury yields.

Our analysis relies on cross-asset correlations. As such, the results should be interpreted as long-term target endpoints rather than measures of short-term portfolio drawdown risk.

The Foundation Balanced portfolio demonstrates significant resilience. In the base scenario, it generates a positive return of +2.70%, driven largely by US equities and gold. In the severe downside scenario, losses are contained at -2.95%, with bonds being the most vulnerable asset class.

The aforementioned resilience stems from strategic diversification, specifically Overweight positions in equities and gold and an Underweight stance on bonds. However, investors should note these models are static exercises that exclude secondary macroeconomic responses and assume instantaneous shocks. In reality, market drawdowns occur over weeks or months, meaning the ultimate impact on a portfolio's risks being either amplified by sustained stress or mitigated by evolving market conditions.

Key findings

Oil price scenarios: What do they really mean for your portfolio?

Given the heightened uncertainty in energy markets today, many risk-aware investors are turning to scenario analysis to understand potential portfolio impacts. The magnitude of the move in oil prices, and how long any rise sustains, is central to the impact of current risks on core portfolios.

Aligning with our views, we applied two oil price scenarios (Fig. 12) and stress-tested the West Texas Intermediate (WTI) oil price, the 10-year US Treasury yield and the USD against our **Foundation Balanced model portfolio**.

The results presented in this stress testing analysis are based on historical correlations to determine long-term impacts rather than short-term volatility-driven ones. The objective is to understand portfolio behaviour under various scenarios and gauge the immediate impact on portfolio returns.

The objective is to answer simple investor questions, such as **how vulnerable (or resilient) is my portfolio to oil price shocks, how to limit risks that are not adequately rewarded and how to mitigate impacts of potential oil price spikes or drops?**

Fig. 12 Definition of stress test scenarios

Scenario	Base scenario	Downside scenario
Description	Short-lived spike in oil prices After a temporary rise above USD 100/bbl, oil prices to fall back around USD 60/bbl	Sustained rise in oil prices Sustained oil price rise and prolonged supply disruption impacting inflation
Probability	70%	30%
Target levels and shocks	WTI oil price USD 60/bbl	WTI oil price USD 100/bbl UST 10Y 4.5-5% USD +10%
Horizon	4-6 weeks from start of conflict	3-6 months from start of conflict
Portfolio weights	Foundation Balanced	Foundation Balanced

Source: Standard Chartered

From oil shock scenarios to portfolio returns

Our analysis shows that the overall portfolio impact is **relatively limited** (see Fig. 13) across scenarios, even with sharp moves in oil prices.

The direct loss at a portfolio level remains below 3% in our downside scenario. **The portfolio could even generate positive returns**, thanks to our current positioning, diversification and the correlation across oil prices, equities and gold in recent years.

Fig. 13 Stress test results applied to our Foundation Balanced portfolio

Estimated impact on portfolio returns solely explained by shocks applied to WTI oil price, UST 10Y and USD



Source: Bloomberg, Standard Chartered

At the asset-class level, equities – particularly US – and gold could relatively outperform, with other equity regions also contributing positively in our base scenario.

Bonds are the most negatively impacted asset class in the event of a sharp oil price increase, especially US government bonds. This drawdown would be even more accentuated in a prolonged scenario due to the impact on inflation and a likely rise in long-term yields. If higher oil prices are sustained, inflation could indeed erode some of the initial benefits.

In a prolonged scenario, AxJ and European equities could also be hurt by both the rise in long-term yields and the likely appreciation of the USD.

Fig. 14 Asset-class contribution

Weighted return contribution of each asset based on current weights of our Foundation Balanced portfolio

Asset classes	Base scenario	Downside scenario
Total	2.70%	-2.95%
DM IG Sov.	0.09%	-1.61%
DM IG Corp	-0.03%	-0.43%
DM HY	0.00%	-0.04%
EM Sov. HC	-0.03%	-0.33%
EM Sov. LC	-0.02%	-0.43%
Asia Corp HC	-0.02%	-0.23%
North America	1.95%	0.60%
Europe ex-UK	0.10%	-0.28%
UK	0.05%	-0.03%
Japan	0.09%	0.10%
Asia ex-Japan	0.35%	-0.31%
Gold	0.16%	0.05%
Cash	0.00%	0.00%

Source: Bloomberg, Standard Chartered

Why our Balanced Foundation model portfolio holds up?

Equities and gold have generally shown a positive correlation with oil prices. However, gold's correlation tends to decline over time, reinforcing its role as an effective long-term hedge.

The energy sector is not a dominant driver of our portfolio, reflecting its diversification and balanced factor exposures.

Our current positioning allows us to:

- Capture upside from stronger energy markets while benefiting from gold's hedging characteristics over longer horizons – **Overweight US equities and gold.**
- Reduce sensitivity to higher discount rates and potential spread widening if inflation and yields rise – **Underweight fixed income and DM sovereign bonds.**

Behind the numbers: Managing the unknown

While stress testing helps assess portfolio risks, it does not provide an exhaustive assessment of market dynamics. We primarily shocked primary factors (WTI oil price, 10-year UST and USD), but we did not capture secondary mitigating drivers (inflation, GDP, government stimulus packages, central bank interventions, etc.)

Outcomes depend heavily on the time horizon. Our models use historical data where equities and oil typically correlate positively when driven by economic shifts. However, the current rise in oil prices reflects a supply shock and market turbulence rather than pure fundamentals. In this context, daily correlations often turn negative, making the impact on equities more likely to be negative in an adverse scenario.

Finally, our stress test assumes instantaneous impacts (eg, a 50% overnight oil price drop). In reality, market drawdowns unfold over weeks or months. This extended timeframe allows portfolios to either cushion losses through income generation (such as coupon payments) or potentially see negative impacts amplified.



Macro overview – at a glance

Rajat Bhattacharya
Senior Investment Strategist



Key themes

Core scenario (soft landing, 60% probability): We believe the Middle East conflict will be short-lived and thus unlikely to dent our base-case scenario of an economic soft landing this year. While near-term inflation expectations have surged with oil prices, the global fundamental backdrop is less hawkish than in 2022, when the Ukraine conflict accentuated pandemic-led supply disruptions to drive inflation sustainably higher. For one, the US job market is significantly weaker today, while inflation stood close to record lows in Asia before the latest conflict. Given this, we expect the Fed to cut rates by 50bps in H2 as focus turns to reviving the job market. The ECB is likely to hold rates, while China eases policy in H2 to sustain its consumption-led growth.

Downside risk (hard landing, 25% probability): We raise the risk of a hard landing from 15% due to the Middle East conflict. A prolonged conflict would keep oil prices higher for longer, delaying Fed rate cuts and further impairing the US job market. A stock market downturn hurting investor confidence and/or a bond sell-off on inflation and/or debt concerns are other tail risks.

Upside risk (no landing, 15% probability): There is still a possibility that US tax and Fed rate cuts, fiscal easing in Germany and China and a potential rollback of US tariffs could revive 'animal spirits', provided the Middle East conflict is short-lived. A Russia-Ukraine peace deal, a US-China 'grand bargain' or EU-wide defence spending could potentially lift global growth.

Key chart

The Fed remains the only major DM central bank that is still expected to cut rates by the end of the year as other central banks turn hawkish amid a revival in inflation expectations

Fig. 15 Global rate estimates turn hawkish as oil price spike lifts near-term inflation

Estimated rate change by Dec 2026; US 1-year, 5-year inflation estimates, WTI oil price



Source: Bloomberg, Standard Chartered

Policy rates watch

Fed to cut rates by 50bps by December: Our base case (60% probability) is that the US economy achieves a soft-landing this year. A short-lived Middle East conflict would temporarily raise US energy costs, hurt real disposable income and spending without causing a sustained inflation shock. Nevertheless, the US is likely to be more resilient than other major economies, given it's the world's largest oil producer and a net oil exporter. Moreover, an estimated USD 160bn of tax refunds in Q1 due to last year's tax cuts should partly offset the hit to household wallets from higher oil prices, sustaining consumption. Also, AI-driven investment is likely to pick up this year, enabling economic growth to settle below long-term trend. Any rollback in tariffs heading into November mid-term elections would provide further support to growth.

There is low risk of a wage spiral, as the US job market was close to stalling before the conflict and is much weaker than during the 2022 energy shock caused by the Ukraine conflict.

US consumer sentiment remains near post-pandemic lows, while long-term inflation expectation remains low, although near-term inflation expectations have spiked with oil prices.

Against this backdrop, we expect the Fed to hold rates in H1 as it looks through a brief energy-led inflation upturn. A delay in Fed rate cuts is likely to put further downward pressure on the job market. This, in turn, is likely to push the central bank, under incoming Chair Kevin Warsh (subject to Senate confirmation), to turn dovish in H2 as oil price-driven inflation fades and the focus turns to reviving the weak job market. We expect the Fed to deliver 50bps of cuts in H2 versus market expectations of less than a full 25bps cut.

ECB to hold rates, with a hawkish bias: The Euro area economy was in fine balance before the onset of the Middle East conflict. The unemployment rate was close to record lows, underscoring a tight job market, while headline and core inflation were close to the ECB's 2% target. However, overall business and consumer confidence remains lacklustre, with

wide regional disparity – Germany and Italy business activity picking up, the former due to growing impact of fiscal stimulus, while France remains subdued amid political uncertainty.

In our base scenario of a short-lived Middle East conflict, the impact on Euro area inflation is likely to be temporary, with a potential price spike in Q2, followed by an easing off in H2. We expect the ECB to look through any short-term inflation spike and hold its deposit rate at 2% as it focuses on the durability and impact of the conflict on long-term inflation expectations. Europe’s natural gas prices have almost doubled since the start of the latest conflict but remain less than one-fifth of 2022 highs thanks to efforts in recent years to diversify energy sources away from Russia. In January, almost 60% of the EU’s LNG imports came from the US.

However, in the risk scenario of an extended conflict leading oil and gas prices to stay sustainably above USD 100/bbl and EUR 100/Mwh for a few months, inflation is likely to rise towards 4%. Given the backdrop of a tight labour market, this would likely force the ECB to hike rates. However, any energy-price driven inflation spike is likely to be self-limiting as it ultimately hurts disposable incomes and growth.

China to hold policy now, ease in H2: China’s domestic economy was stabilising before the conflict, led by a recovery in investment. Data from the first two months of the year showed fixed-asset investment expanded 1.8% y/y, led by a rebound in infrastructure investment and manufacturing. After under-utilising fiscal stimulus last year, authorities are front-loading support for infrastructure and manufacturing.

Meanwhile, exports continue to drive China’s industrial sector, underscoring its competitiveness against higher US tariffs. The AI boom continues to power demand for China’s high-tech electronics and related exports. The marginal easing of US tariffs following the US Supreme Court ruling should help in the coming quarters, although President Trump is seeking to use other provisions to reimpose most of those tariffs.

Domestic consumption remains tepid, although it slightly beat expectations in the first two months of the year aided by strong services demand during the Lunar New Year holidays. The property sector continues to contract, weighing on consumer and business confidence. The latest National People’s

Congress’ focus on domestic consumption, productivity growth through hi-tech innovation and tackling irrational price competition should continue to help ease deflationary pressures.

We expect a temporary oil price spike to have a limited impact on China’s economy, given sufficient reserves and significant measures in recent years to diversify its energy supplies and electrify urban transport. However, a prolonged conflict and disruption in oil supply would be a risk, given China’s significant dependence on Middle East energy. We expect authorities to hold monetary policy in H1, before easing through bank reserve ratio and rate cuts in H2 to secure the government’s 4.5-5.0% growth target for 2026.

BoJ to hike rates by 50bps by December: Japan’s economy faces challenges from elevated oil prices caused by the Middle East conflict, given almost 90% of its crude oil imports come from the Middle East. The oil price spike has contributed to JPY depreciation, with USD/JPY approaching 2024’s 40-year high. PM Takaichi’s plan to cut the food consumption tax for two years has also raised fiscal concerns, weighing on the JPY. FX weakness is likely to fuel imported inflation further – Japan’s core inflation, excluding fresh food and energy, was running at 2.6% in January, above the BoJ’s 2% target. However, the BoJ remains hesitant in hiking rates due to subdued domestic demand.

We expect the BoJ to maintain its policy rate at 0.75% during H1. While Japan’s corporate investments remain robust due to the global AI boom, policymakers remain concerned about muted household spending due to stagnating real incomes. They are likely to wait for the annual spring wage negotiations to assess whether another round of strong wage growth (the leading trade union is demanding at least a 5% wage hike for the third straight year) leads to sustained consumption before advancing further policy normalisation amid the ongoing oil price shock. BoJ policymakers are concerned that most of the wage growth benefits workers at larger firms, widening the gap with the small-scale sector workers. Our core scenario is for the BoJ to eventually raise rates by 50bps in H2, with the policy rate rising to 1.25% by December, as it seeks to prevent further JPY weakness from fuelling inflation expectations.

Fig. 16 Fed to cut rates in H2 to revive stalling job market

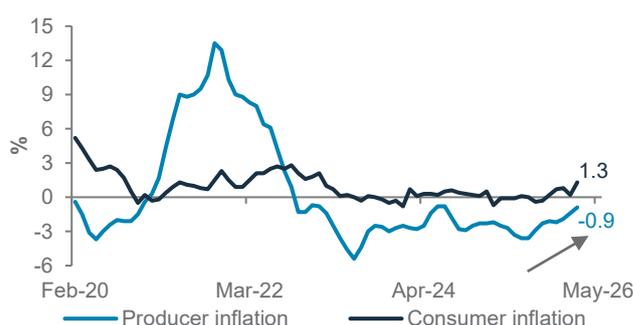
US quarterly job creation



Source: Bloomberg, Standard Chartered; *Q1 = Jan and Feb

Fig. 17 China’s deflation was easing before the conflict

China’s consumer and producer price inflation



Fixed Income – at a glance

Jonathan Liang, CFA
CIO, Fixed Income & FX

Cedric Lam
Senior Investment Strategist

Ray Heung
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Anthony Naab, CFA
Investment Strategist



Our view

Foundation: We are Underweight fixed income. Within the asset class, we are Underweight DM government bonds and prefer both EM USD and LCY bonds. Despite the ongoing Middle East conflict, EM countries' fiscal balances are generally strong, and their bonds offer attractive relative value versus their DM peers. Within DM, we now have a slight Overweight stance on HY bonds due to the recent spread widening. We have also brought our IG corporate bond to a Core holding allocation, driven by still-solid fundamentals and a slight improvement in valuations. Spreads indeed remain tight by historical standards but have room to re-tighten should the Middle East conflict ease as we expect.

Opportunistic ideas: We are bullish (i) European bank AT1 bonds (CoCos¹; FX-hedged), (ii) US TIPS, (iii) short-duration US HY bonds and (iv) AAA-rated CLOs. We open two new ideas in (v) US utilities' corporate hybrids and (vi) AUD corporates.

Key charts



Fig. 18 Summary of rates forecast

Region	Horizon	2-year	10-year	30-year
US	3m	3.25-3.5%	4-4.25%	4.75-5%
	12m	3-3.25%	3.75-4%	4.75-5%
Eurozone	3m	2-2.25%	2.75-3%	3.5-3.75%
	12m	2.25-2.5%	3-3.25%	3.5-3.75%
Japan	3m	1.25-1.5%	2.25-2.5%	3.5-3.75%
	12m	1.5-1.75%	2.5-2.75%	3.5-3.75%

Source: Standard Chartered

Developed Market rates – Underweight

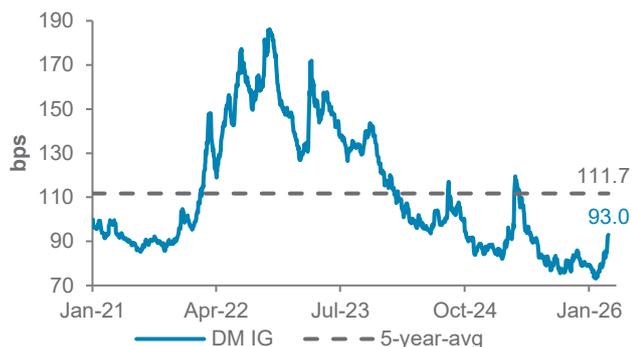
We are Underweight DM IG government bonds. In the US, we expect the term premium (compensation for holding long-duration bonds) to rise on reflation expectations, a growing fiscal burden and concerns over the Fed's independence. We expect the Fed to cut rates to 3.25% in H2 26, after the resolution of the Middle East conflict. We expect the US curve to bull-steepen as markets start to price for a resumption of Fed rate cuts. We continue to

prefer to position around the belly of the curve (5-7 years) and avoid or underweight the 30-year part of the curve.

Outside of the US, we think higher energy prices will have a greater impact on the Euro area and Japan. As such, the ECB and BoJ may tighten monetary policies, causing their bonds to underperform the US' (on an FX-hedged basis). In Australia, the RBA hiked rates the second time this year, but the threshold for further hikes has risen as the central bank faces the dilemma of reigning in inflationary pressures and its negative impact on the Australian economy.

Fig. 19 DM IG corp spread widened from extreme tights

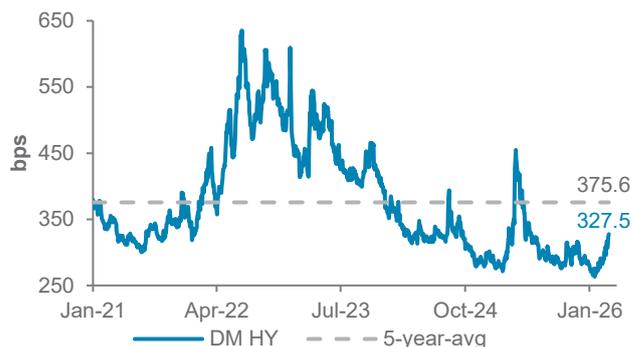
Bloomberg Global Agg Corp index, OAS-spread



Source: Bloomberg, Standard Chartered

Fig. 20 DM HY corp valuation turns more attractive

Bloomberg Global HY Corp index, OAS-spread



Source: Bloomberg, Standard Chartered

Developed Market corporates – Modest Overweight High Yield bonds

We have shifted to a modest **Overweight stance on DM HY corporate bonds**, as we see limited spillover risks from private credit. Fundamentals remain supported by expanding earnings, and valuations recently improved with spreads widening from very tight levels. We have a **Neutral allocation to DM IG corporate bonds**. Valuations have become more attractive following the widening of credit spreads from extremely tight levels. However, in our view, AI capital expenditure (capex)-related supply pressures are likely to remain a longer-term overhang.

Emerging Market bonds – Overweight

We **prefer EM bonds over DM bonds** for their attractive yields. We are **Overweight both EM USD sovereign**

Fig. 21 EM USD gov bond spreads remain tight

Bloomberg EM USD Sov + Quasi-sov 10% Capped index, OAS-spread



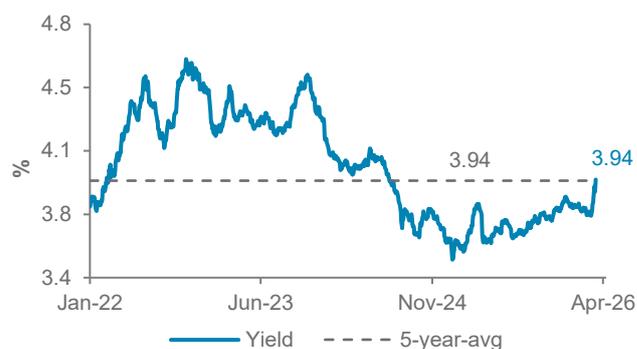
Source: Bloomberg, Standard Chartered

bonds and EM LCY government bonds. While some EM assets are susceptible to geopolitical uncertainty, most EM economies have bolstered their fiscal and current accounts in recent years. Their strong external balances and our expectation for a resumption of a weak USD trend should benefit external debt servicing. Additionally, leading EM USD bonds issuers are net oil exporters, which, in our view, should remain resilient, especially after the Middle East conflict concludes and oil exports restart.

We **retain our Neutral allocation to Asia USD bonds**. These bonds continue to offer reasonably attractive nominal yields, favourable supply-demand dynamics and strong credit fundamentals supported by higher cashflows, relatively low leverage and a higher share of sovereign or sovereign-linked issuers.

Fig. 22 EM LCY yields returned to five-year average

Bloomberg EM LCY Govt index, yield-to-worst



Source: Bloomberg, Standard Chartered



Bond opportunistic views

Initiate bullish utilities corporate hybrids

AI capex and related energy demand are poised to continue in the US, benefiting US utilities. While utilities will also need to expand capex, we believe credit fundamentals will remain stable in 2026 as revenues grow. We prefer hybrids over senior bonds for yield enhancement. Hybrids' non-call risk should remain low, supported by organic cashflows and diversified financing channels.

Initiate bullish AUD corporate bonds

Following two rate hikes, we believe the threshold for further RBA hikes has risen amid higher energy prices' negative impact on growth. We view AUD yields as attractive, with 1-2 hikes already priced in for 2026.

Bullish US inflation-protected bonds (TIPS)

We believe TIPS offer **protection against inflation** resulting from fiscal pressure and energy prices. They should benefit from lower yields if the Fed resumes rate cuts in H2 26.

Bullish short-duration US HY bonds

We anticipate **HY corporate earnings and cashflows to remain solid** in a soft-landing environment.

Bullish EU bank CoCos¹ (FX-hedged)

European bank sector fundamentals remain solid, denoted by ample liquidity coverage, strong capital buffers and still-supportive asset quality. We believe contingent convertibles (CoCos) will benefit from the current late-cycle environment.

Bullish AAA-rated CLOs

Private credit spillover concerns are mounting. However, we believe **high-quality collateralised loan obligations (CLOs)** backed by solid asset portfolio and gaining exposure via rigorous asset manager screening should help navigate the volatility.

Close Asia IG bonds at a return of 0.2% (since inception).

¹ Contingent Convertible (CoCos) are complex financial instruments. Please refer to important disclosures on page 31.

Equity – at a glance

Sundeep Gantori, CFA, CAIA
Chief Investment Officer, Equities

Fook Hien Yap
Senior Investment Strategist

Michelle Kam, CFA
Investment Strategist

Jason Wong
Equity Analyst



Our view

We remain **Overweight global equities**. While the Middle East conflict is dampening risk sentiment, we expect the conflict to subside in the next 3-4 weeks in our base scenario, allowing investors to refocus on the solid fundamentals for equities. We expect strong earnings growth to drive the market higher, led by our **Overweight US and AxJ markets**. We expect structural growth in AI capex to sustain US earnings growth and Fed rate cuts in H2 26 to support further growth.

AxJ is also a beneficiary of AI capex, which is likely to drive significant earnings growth in 2026-27. Within AxJ, we **upgrade Taiwan to Overweight** with semiconductor-driven earnings growth. We remain **Overweight China** (due to the valuation re-rating potential) and **India**, which is seeing an improving earnings outlook and more supportive valuations.

We **upgrade Japan to a Core allocation**, as the Takaichi government's fiscal plans are improving the country's growth outlook. We remain Underweight Europe ex-UK and UK equities, which have relatively muted earnings growth.

Key chart

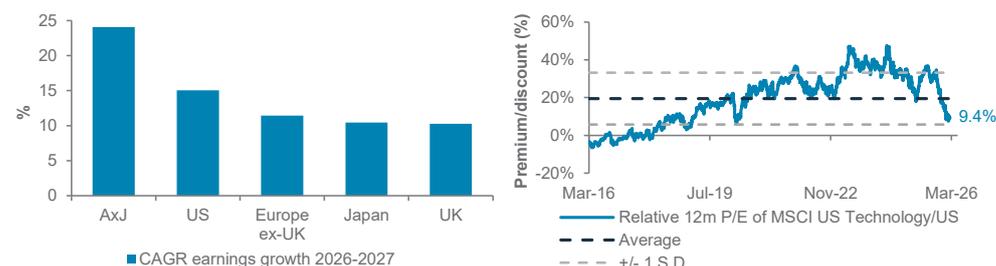
AxJ and US equities are buoyed by AI-driven earnings

Index	12m forecast	Upside to target [^]
S&P500	7,350	11%
Nasdaq 100	27,600	13%
Euro Stoxx 50	6,030	7%
FTSE 100	10,700	6%
Hang Seng	28,400	11%
Nifty 50	25,500	11%
Nikkei 225	58,200	9%

[^]Based on 19-Mar closing levels

Fig. 23 AxJ and US equities' forward earnings growth rates are leading other regions'; US tech's valuation premium has pulled back to a five-year low

Consensus 2026 and 2027 earnings growth estimates for MSCI equity indices; relative 12-month forward P/E ratio of MSCI US Technology sector vs MSCI US



Source: FactSet, Bloomberg, Standard Chartered

	The bullish case	The bearish case
US equities ▽ ◆ ▲	<ul style="list-style-type: none"> + Positive earnings growth with AI tailwinds + Fed rate cuts supportive + Normalising positioning and valuations 	<ul style="list-style-type: none"> - "Higher-for-longer" interest rate policy - Concerns about an AI bubble - Weak USD supporting non-US markets
AxJ equities ▽ ◆ ▲	<ul style="list-style-type: none"> + Leader in earnings growth + Beneficiary of AI capex + Attractive valuation discount 	<ul style="list-style-type: none"> - Vulnerable to oil shocks - Concerns about an AI bubble - Intensification of geopolitical tensions
Within AxJ	China ▲ Taiwan ▲ India ▲	South Korea ◆ ASEAN ▼
Japan equities ▽ ◆ ▲	<ul style="list-style-type: none"> + Expansionary fiscal policies + Improving earnings outlook + Healthy share buybacks and dividends 	<ul style="list-style-type: none"> - Stronger JPY to hurt company earnings - Vulnerable to energy and gas price spikes - Geared to any cyclical global slowdown
Europe ex-UK equities ▼ ◆ ▲	<ul style="list-style-type: none"> + Supportive fiscal stimulus plans + Improving macroeconomic data + ECB rate cuts supportive of growth 	<ul style="list-style-type: none"> - Vulnerable to energy and gas price spikes - Restrictions on global trade policy - Relatively weaker earnings growth
UK equities ▼ ◆ ▲	<ul style="list-style-type: none"> + Benefiting from defensive exposure + High-dividend yield; cheap valuations + Potential rate cuts to support growth 	<ul style="list-style-type: none"> - Low exposure to growth sectors - Muted earnings outlook - Challenging macroeconomic outlook

Green = Upgrade; Red = Downgrade

Legends: ▲ Overweight | ▼ Underweight | ◆ Core

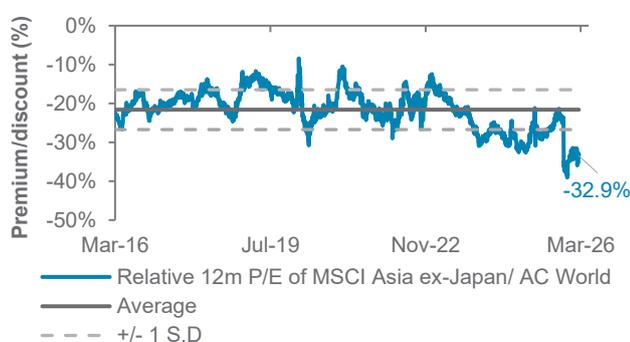
Source: Standard Chartered Global Investment Committee

US equities – Overweight

We remain Overweight US equities, driven by fundamentally strong earnings growth. AI capex continues to drive strong growth for the US technology sector and the wider economy. We also see some valuation support for the US technology sector now, which is at a five-year low in terms of its P/E valuation premium relative to the broader market. US equities have been outperforming global equities since the Iran conflict began. We expect, when the conflict subsides and risk sentiment improves, the market will refocus on the fundamentals, supporting outperformance of US equities. Furthermore, we anticipate Fed rate cuts later in the year to be supportive of US growth and investor sentiment.

Fig. 24 AxJ equities continue to trade at an attractive valuation discount to global equities

Relative 12-month forward P/E ratio of MSCI Asia ex-Japan vs MSCI AC World



Source: FactSet, Bloomberg, Standard Chartered

AxJ equities – Overweight

We are Overweight AxJ equities, which is expected to have the highest earnings growth in 2026-27 among the major equity markets. AxJ benefits from strong AI capex, with a strong presence in semiconductor manufacturing and memory chips. Despite its outperformance of global equities YTD, AxJ remains at an attractive valuation discount versus global equities. The region also historically performs well in a weak USD environment. While the USD has strengthened since the start of the Middle East conflict, we expect a weaker USD over the next 12 months, which would be a tailwind for AxJ equities.

Within AxJ, we remain Overweight China. We continue to see an attractive valuation re-rating potential as tech innovation in China keeps up with AI developments. We also expect ongoing policy support after the country set a 4.5-5.0% GDP growth target for 2026. Policy initiatives are lifting asset returns for state-owned enterprises (SOEs) and encouraging higher dividends or share buybacks.

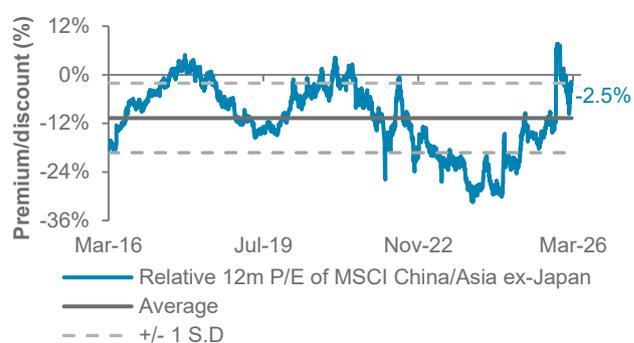
We remain Overweight India within AxJ. Valuations should provide some support as the 12-month forward P/E ratio of 19x is now below its five-year average (20x). Following reasonable results in the last earnings season, we expect the earnings trajectory to improve. The oil price spike caused by

the Middle East conflict presents near-term headwinds to the India economy. However, we see the India equity market being driven by earnings and GDP growth over the mid-to-long term, and we see resilient growth supporting the equity market higher.

We upgrade Taiwan to Overweight, as the market is benefiting from strong earnings growth, driven by its strong capabilities in semiconductor manufacturing. Korea equities remain a core holding for us. Although we are also positive on earnings growth in Korea driven by its memory chips industry, its significant outperformance YTD is vulnerable to profit-taking.

Fig. 25 China equities have scope for attractive valuation re-rating amid tech innovation and AI developments

Relative 12-month forward P/E ratio of MSCI China vs. MSCI Asia ex-Japan



Source: FactSet, Bloomberg, Standard Chartered

We are Underweight ASEAN on a weak earnings per share (EPS) momentum. The region lacks exposure to the technology sector, which we believe would cause it to lag the tech-heavy AxJ market.

Japan equities – Core holding

We upgrade Japan equities to a Neutral allocation. The Takaichi government is set to accelerate both growth investment and crisis-management investment, which could improve the growth outlook for Japan. We expect the cyclical recovery to benefit Japan and foreign investors to continue to have an Underweight allocation to Japan equities.

Europe ex-UK equities – Underweight

We remain Underweight Europe ex-UK equities. The economy is sensitive to energy and gas price spikes, which could weigh on growth. It also has more muted earnings growth compared to our preferred markets of the US and AxJ.

UK equities – Underweight

We are Underweight UK equities. Its defensive composition is likely to underperform the more growth-oriented regions, such as the US and AxJ. The weaker UK economy and rising unemployment are also likely to weigh on the GBP, making returns less attractive for USD-based investors.

Equity opportunistic views

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Jason Wong
Equity Analyst

Add buyback and semiconductor ideas

- **We initiate an opportunistic idea on the global ex-US buyback theme.** Firms with disciplined capital allocation and a strong commitment to shareholder returns are set to outperform amid heightened market volatility. The theme is concentrated in financials and energy, benefiting from strong capital and cash-generating businesses.
- **We also initiate an opportunistic idea on global semiconductors,** following the closure of the US technology idea (loss of 7.5% from 6 November 2025 to 19 March 2026). We expect semiconductor stocks to outperform within tech, supported by robust capex from major hyperscalers and sustained memory chip demand.
- **We take profit on US pharmaceuticals,** locking in a gain of 14.3% (30 October 2025 to 19 March 2026). We also **close our India large- and mid-cap idea** (loss of 9.6% from 11 December 2025 to 19 March 2026). While India remains a preferred market within Asia ex-Japan, we trim the degree of favourability as energy cost concerns weigh on near-term sentiment.

Fig. 26 Opportunistic ideas

Region	Idea
Global	Global ex-US buybacks*
	Global semiconductors*
US	US utilities
	US aerospace and defence
Europe	Europe banks
Asia	China non-financial high dividend SOEs
	Hang Seng Technology

Source: Standard Chartered. * New idea

Ongoing ideas

US utilities: The recent consolidation presents an opportunity to add exposure, despite strong performance in 2026. The sector is a key beneficiary of accelerating capex and rising power demand driven by AI-related data centre growth. We remain positive on its defensive earnings profile, while lower power prices pose a risk.

US aerospace and defence: Elevated geopolitical tensions are supporting demand for military production, particularly ahead of the November US mid-term elections, as President Trump is likely to pursue political objectives through foreign policies. De-escalation in Middle East tensions is a risk.

European banks: Solid Q4 2025 results, alongside a less dovish ECB stance and rising inflation concerns amid higher

energy prices, should support net interest income growth. The sector's 12-month forward EPS growth of 7.3% underpins further upside potential. Economic slowdown is a risk.

China non-financial, high-dividend SOEs: Their predominantly domestic exposure positions them to benefit directly from **government stimulus**. Potential corporate reforms to raise dividend payout ratios are attractive, while non-financial SOEs are less exposed to the stressed property sector. Muted policy support is a risk.

Hang Seng Technology: Tech innovation remains a key priority under China's 15th Five-year Plan. Potential IPO activity should support investor sentiment, while valuations are reasonable. Adverse regulatory changes are risks.

Sector views: A barbell approach

We are evolving our sector views to provide our **top preferred sectors globally now**. Meanwhile, we continue to provide sector views for China.

We maintain a barbell strategy that balances growth exposure to **US technology** along with defensive exposure to **US healthcare** and **US utilities**. A structural AI theme propels growth in technology, especially within the semiconductor industry. Defensive characteristics across healthcare and utilities enhance portfolio resilience amid macroeconomic volatility. We are also Overweight **Europe ex-UK financials**, which offer strong balance sheets and earnings growth.

Similarly in China, we adopt a barbell approach with growth exposure to technology and communication and defensive exposure to healthcare.

Fig. 27 Our sector views

Global top preferred sectors	China sectors
US Technology	Technology
	Communication
US Healthcare	Healthcare
	Financials
US Utilities	Discretionary
	Materials
Europe ex-UK Financials	Industrials
	Energy
	Staples
	Utilities
	Real estate

Source: Standard Chartered

Legends: ■ Overweight | ■ Core | ■ Underweight

Gold, crude oil – at a glance

Anthony Naab, CFA
Investment Strategist



Our view

- We are Overweight gold and raise our 3- and 12-month gold price targets to USD 5,375/oz and USD 5,750/oz, respectively.
- We raise our three-month forecast of **WTI oil to USD 75/bbl**. Current Middle East disruptions present near-term upside risks to oil prices. However, our base case scenario means prices should ultimately return to a lower range long-term.

Key charts



Fig. 28 Historically, gold's initial liquidity-driven sell-off during volatility is followed by a strong sustained rally

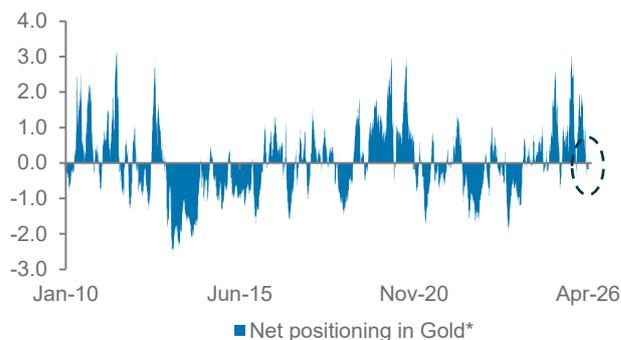
Average gold run over periods where VIX > 30 (2006 - now)



Source: Bloomberg, Standard Chartered

Fig. 29 Money managers' gold positioning turns bearish amid search for liquidity

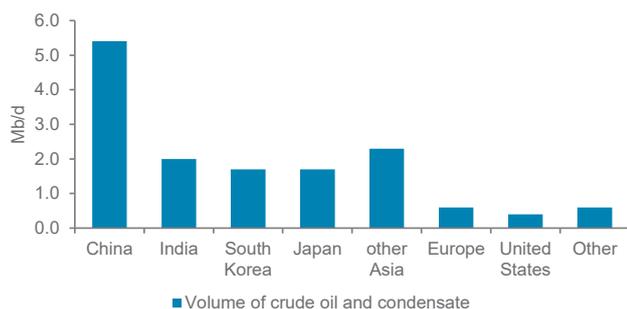
Net positioning in gold (z-score)



Source: VandaXAsset, Standard Chartered; *full sample z-score

Fig. 30 Strait of Hormuz flows highlight Asia's reliance on Gulf crude

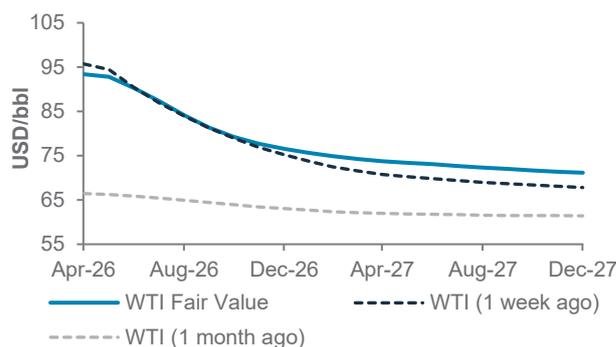
Crude and condensates flows by destination (*H1 25)



Source: EIA, Vortex, Standard Chartered

Fig. 31 WTI oil futures indicate near-term tight supplies, but prices are expect to fall by H2 as the conflict eases

Oil supply-demand balance, price estimates



Source: Bloomberg, Standard Chartered

Gold outlook: While gold initially benefited from a flight to safety, prices have recently pulled back. This downside is not unusual; during periods of heightened market stress, gold often faces initial pressure as investors seek cash. We expect near-term volatility to persist as the conflict continues and liquidity needs remain. However, the structural factors underpinning our long-term view remain intact, and once the initial derisking phase passes, we expect gold to resume its uptrend.

Oil outlook: Both the International Energy Agency (IEA) and the Energy Information Administration (EIA) highlight at least 10 million barrels per day (Mb/d) of Gulf supply disruptions, driven primarily by ~8Mb/d in Hormuz crude transit disruptions alongside ~3Mb/d in refining outages, against a pre-conflict surplus of ~2Mb/d. In our base case scenario, these disruptions should be temporary. The long term focus is expected to return to an excess supply picture, consistent with the futures curve pricing a decline in oil prices in H2 26.

FX – at a glance

Jonathan Liang, CFA Iris Yuen
 CIO, Fixed Income & FX Investment Strategist



USD view

We have revised our three-month forecast for the DXY, raising it from 96 to 100 to reflect increased demand for the USD amid heightened global uncertainty. The recent Middle East escalation has significantly intensified geopolitical risks, prompting investors to seek safe-haven assets. The disruptions in energy markets and mounting concerns about economic stability have strengthened the USD's position and contributed to a more cautious global outlook. Meanwhile, the USD is benefiting from improved terms of trade because of higher oil prices. Although US economic data has softened, the Middle East conflict has exerted a more pronounced influence on markets in the near term. Considering these developments, market expectations for Fed rate cuts have now been postponed.

However, we continue to anticipate a resumption of USD weakness over a 12-month horizon, with the DXY expected to return towards 96. We believe the USD will depreciate once tensions surrounding the Middle East conflict ease, as it is unlikely to be prolonged. The fundamental factors that have underpinned USD strength in recent years, such as robust US economic performance and higher real interest rates, have been gradually fading. Risks to our outlook include the possibility of a renewed spike in inflation, a more hawkish Fed or additional geopolitical shocks that could once again drive demand for the USD.

Key charts



Fig. 32 USD rebounded amid Middle East conflict, but narrowing interest rate differentials likely to drive downside risk on a 12-month-forward basis

DXY, weighted interest rate differentials & five-year average



Source: Bloomberg, Standard Chartered

Fig. 33 RBA likely to outpace most central banks in magnitude of rate hikes, supporting AUD

Market expectations of major central bank rate changes as of 20 March 2026



Source: Bloomberg, Standard Chartered

Fig. 34 AUD well-supported by CNH

AUD/USD, CNH/USD



Source: Bloomberg, Standard Chartered

Fig. 35 USD/JPY upside likely capped at 160 due to intervention risk

USD/JPY and US-Japan real rate differentials



Source: Bloomberg, Standard Chartered

Fig. 36 Summary of currency forecasts and drivers

Currency	3m	12m	Rationale
EUR/USD	1.14	1.20	<ul style="list-style-type: none"> • Bullish EUR/USD: Recent market volatility in commodity prices, combined with ongoing uncertainties around the Middle East conflict, suggest that the ECB would adopt a cautious stance. We anticipate the pause in monetary policy easing will persist for the remainder of the year. Germany's increased defence and infrastructure expenditure is expected to help mitigate some of the negative effects of tariffs.
GBP/USD	1.32	1.30	<ul style="list-style-type: none"> • GBP/USD rangebound with bearish bias: The recent spike in energy prices has revived a familiar dilemma for the BoE – tackle inflation or support softer demand. The UK jobs market has been steadily cooling, with the unemployment rate climbing to 5.2% in Q4 25 (a five-year high). The BoE has repeatedly expressed concerns about a sharper downturn.
USD/JPY	160	152	<ul style="list-style-type: none"> • USD/JPY rangebound with bearish bias. Middle East conflict could hit Japan's economy, given its reliance on crude oil imports from the region. However, Japan's solid upward revision to Q4 25 GDP shows the economy is growing above its potential rate despite elevated US tariffs fundamentally. It strengthens the case for another rate hike in H2 26.
AUD/USD	0.73	0.75	<ul style="list-style-type: none"> • Bullish AUD/USD: The RBA raised its policy rate to 4.1%. Although its stance was less hawkish than the market expected, it has indicated inflation is likely to remain above target for some time. The RBA continues to lead other major central banks in the pace of its rate hikes. The pair is also well supported by resilient Asian currencies.
NZD/USD	0.60	0.61	<ul style="list-style-type: none"> • NZD/USD upside: New Zealand's GDP rebounded and exceeded expectations, indicating that the recovery has commenced. However, it will take time for the economy to fully close the output gap. The market anticipates a final 25bps cut by the RBNZ by H1 26.
USD/CAD	1.35	1.34	<ul style="list-style-type: none"> • USD/CAD range with bearish bias: High oil prices have supported the CAD even as the USD has strengthened. If domestic labour market weakness continues, the oil advantage will not be enough to prevent a sustained move higher.
USD/CNH	6.80	6.75	<ul style="list-style-type: none"> • Bearish USD/CNH: The PBoC continues to guide the CNH with a pragmatic, measured approach, signalling no significant policy changes for now. Meanwhile, the strong balance of payment and fundamentals support our bullish outlook for the CNH.
USD/CHF	0.76	0.74	<ul style="list-style-type: none"> • Bearish USD/CHF: The reduction in reciprocal tariffs from 39% to 15% provides considerable relief for Switzerland. The growth outlook is expected to improve if a trade agreement is ultimately reached and supported by resilient domestic demand. The SNB is likely shift towards a hawkish stance to restore policy flexibility by year-end 2026.
USD/SGD	1.25	1.24	<ul style="list-style-type: none"> • The MAS cited upside risks to growth and inflation. We expect the SGD NEER to trade close to the upper end of the policy band, keeping USD/SGD exposed to downside risks.
USD/INR	-	90	<ul style="list-style-type: none"> • Bearish USD/INR: India now faces only a 10% tariff under Section 122 following a US trade deal and Supreme Court action, which should support exports and manufacturing recovery. With growth headwinds easing, the RBI is likely to maintain rates for an extended period.
USD/MYR	-	3.80	<ul style="list-style-type: none"> • Bearish USD/MYR: Inflows of foreign direct investment into data centres, driven by the AI trend and the nation's strong growth prospects, support a positive outlook for the MYR.
USD/KRW	-	1,430	<ul style="list-style-type: none"> • Bearish USD/KRW: The Bank of Korea with a higher CPI forecast is positive for the KRW. With Asia's heavyweight chipmakers riding the AI wave and attracting fresh global capital, we see the KRW recovering recent losses.

Source: Bloomberg, Standard Chartered

Quant perspective: Stay cautious near term

Francis Lim
Senior Quantitative Strategist

Maggie, Au Yeung
Quantitative Analyst



Summary

Our stock-bond model (3-6-month view) has increased its Overweight allocation to global equities in March, as the model score rose to +4 (from +3 previously). The valuation score jumped from 0 to +2 as DM equity valuation improved after a recent pullback. Fundamental factors remain supportive of equities as PMI, new orders and the Economic Surprise index are positive. Market technicals are little changed. Net advances in stocks have fallen and are far from signalling stretched positioning, but the majority of equity markets are still well-supported by their 200-day moving averages (DMA).

Our short-term equity models (1-3-month view) are more cautious. Our models were bearish on S&P500 (most of 27 February-19 March) and MSCI AC World since 11 March. The estimated bear market probabilities for both indices exceeded 50% during these periods as several risk indicators, including the volatility index (VIX), rose sharply amid the Middle East conflict. Current estimated bear market probabilities for S&P500 and MSCI AC World have moderated to 44% and 57% but continue to indicate significant risks. For investors seeking to buy the dip, it would be wise to perform dollar-cost averaging to reduce volatility. Risk avoidance has enabled the S&P500 and MSCI AC World models to outperform buy-and-hold by 1.1% and 1.6% YTD.

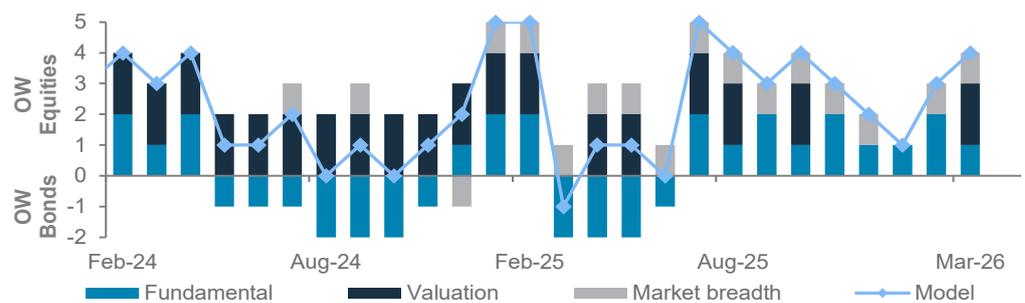
Our long- and short-term models are inherently reflecting our expectations of a short-lived Middle East conflict, where we see a 70% chance of the conflict to last 3--4 weeks, not months. Near-term market volatility will likely remain elevated as oil prices have risen above USD 100/bbl and the Fed raised its inflation expectation for 2026. Meanwhile, our market diversity indicators are currently flagging stretched investor positioning in US, Europe and China energy sectors. The energy sectors have gained more than 25% YTD, boosted by the conflict. Meanwhile, MSCI AC World recorded -1.6%.

Key chart

Our stock-bond model increased its Overweight allocation to equity in March. The model score rose to +4 from +1 as DM equity valuation improved after a recent pullback

Fig. 37 Breakdown of our stock-bond rotation model's scores

Model score in March 2026 jumped to +4 due to improved equity valuation



Source: Bloomberg, Standard Chartered

Short-term models are cautious on both US and MSCI AC World. Significant risks remain as VIX is elevated and could rise quickly, depending on the ongoing Middle East conflict

Fig. 38 Our technical model is cautious on S&P500

S&P500 index; model's bearish signal; technical support and resistance levels



Source: Bloomberg, Standard Chartered

Fig. 39 Long- and short-term quantitative models remain bullish risk assets

Long-term models below have a typical time horizon of 3-6 months, while short-term models have a 1-3-month horizon

Long-term	Stock or bond	Equity and bond market risks	Global inflation-growth regime
Current view	Bullish equities (3-6 months)	Low equity, moderate govt bond market risks	Steady inflation and growth rates
What factors are this view based on?	<ul style="list-style-type: none"> • Fundamental: +1. Market-risk aversion has risen, but manufacturing new orders and economic surprise index are constructive on growth • Valuation: +2. Valuation for DM equity improves after pullback, Asia equity valuation remains attractive • Market breadth: +1. The majority of equity markets are well-supported by their 200DMAs 	<ul style="list-style-type: none"> • Equity risk: Low. Long-term momentum remains positive. Disinflation continues to be supportive. Weak housing starts and shrinking monetary base remain negative • Government bond risk: High. Weak US private housing starts remain supportive of US government bonds, but strong commodity prices and equity market momentum make them less appealing 	<ul style="list-style-type: none"> • Global inflation fell to 1.8%, aligned with 12-month consensus. Leading indicators, however, are pointing to over 2% inflation rate, advocating for inflation hedges • Global industrial production y/y is at 3.1%. 12-month consensus expects growth to slow to 2.4% y/y, which is still healthy. Leading indicators are pointing to 4% growth. All three readings are positive risk assets
Key model factors	<ul style="list-style-type: none"> • Economic activity, macro risk and surprise indices, corporate earnings, forward P/E ratio and technical factors 	<ul style="list-style-type: none"> • Market factors include interest rates, commodity prices and equity market momentum. Macro factors include US housing, inflation, money in circulation, capacity utilisation and employment 	<ul style="list-style-type: none"> • Tracks current and consensus estimates of inflation, industrial production and leading economic indicators for the US, Europe, the UK, China, India and Korea
How does it work?	<ul style="list-style-type: none"> • A monthly scorecard of -5 to 5 based on fundamental, valuation and market breadth factors to indicate relative preference for bonds and equities. A positive score favours equities and vice versa 	<ul style="list-style-type: none"> • Using risk barometers to gauge the likelihood of large sell-offs in US equities and government bonds. Each barometer ranges from 0 to 100, where a value below 50 indicates high downside risk and vice versa 	<ul style="list-style-type: none"> • A macro model of global economic cycle (recession, recovery, late cycle and stagflation) and implications for long-term asset class returns
Short-term	Technical analysis	Investor positioning	
Current views	Stay cautious (1-3 months)	Risks of short-term downward reversal	
What factors are this view based on?	<ul style="list-style-type: none"> • Modestly bullish S&P500. Model turned bearish on 27 February before turning positive on 16 March as VIX moderated. Estimated probability of bear market is 44%, suggesting caution • Bearish MSC AC World. Estimated probability of bear market rose above 50% since 11 March, driven by higher one-month implied volatility and negative 200-day momentum signal • Bearish EUR/USD, bullish AUD/USD and GBP/USD. EUR/USD performance deteriorated. AUD/USD remains resilient. GBP/USD is supported by rate differentials 	<ul style="list-style-type: none"> • Our market diversity indicators are signalling a potential reversal or slowdown in the gains of the US, Europe and China energy sectors as investor positionings are looking increasingly stretched 	
Key model factors	<ul style="list-style-type: none"> • Market factors such as momentum, volatility, interest rate differentials, relative returns, inflation swap rates and economic surprises 	<ul style="list-style-type: none"> • Price action: Overbought conditions occur when prices rise sharply; oversold conditions happen when prices fall rapidly in a short time 	
How does it work?	<ul style="list-style-type: none"> • Scanning through 7,000+ factors, the framework uses machine learning to forecast market regimes or future trends based on identified market drivers 	<ul style="list-style-type: none"> • A market indicator based on fractal analysis that provides timely indication of investor positioning based on price actions 	

Source: Standard Chartered

Foundation: Asset allocation summary

Summary	View	FOUNDATION			Summary	FOUNDATION Conservative
		Moderate	Balanced	Aggressive		
Cash	▼	4	3	3	Cash	10
Fixed Income	▼	55	35	16	Fixed Income	90
Equity	▲	34	54	74		
Gold	▲	8	7	7		
Asset class					Asset class	Moderate
USD Cash	▼	4	3	3	Cash	10
DM IG Government Bonds*	▼	18	9	2	Floating Rate Notes	45
DM IG Corporate Bonds*	◆	15	10	5	DM IG Govt (Short duration)	10
DM HY Corporate Bonds	▲	4	3	2	DM IG Corp (Short duration)	15
EM USD Government Bonds	▲	6	5	3	DM HY (Short duration)	5
EM Local Ccy Government Bonds	▲	5	4	1	EM USD Govt (Short duration)	5
Asia USD Bonds	◆	8	5	3	EM LCY Govt	5
North America Equities	▲	23	37	50	Asia USD bonds	5
Europe ex-UK Equities	▼	3	6	8		100
UK Equities	▼	0	1	2		
Japan Equities	◆	2	3	4		
Asia ex-Japan Equities	▲	4	7	10		
Gold	▲	8	7	7		
		100	100	100		

Source: Standard Chartered

All figures in %

1. Allocation figures may not add up to 100 due to rounding. *FX-hedged

2. The Conservative TAA is based off the SAA and is not overlaid with any tactical views

Legends: ▲ Most preferred | ▼ Least preferred | ◆ Core holding

Foundation+: Asset allocation summary

Summary	View	FOUNDATION+		
		Moderate	Balanced	Aggressive
Cash	▼	3	3	2
Fixed Income	▼	47	28	12
Equity	▲	28	43	56
Alternatives	◆	21	26	30
Asset class				
USD Cash	▼	3	3	2
DM IG Government Bonds*	▼	15	7	1
DM IG Corporate Bonds*	◆	12	8	4
DM HY Corporate Bonds	▲	3	2	1
EM USD Government Bonds	▲	5	4	2
EM Local Ccy Government Bonds	▲	4	3	1
Asia USD Bonds	◆	7	4	2
North America Equities	▲	20	29	38
Europe ex-UK Equities	▼	3	5	6
UK Equities	▼	0	1	1
Japan Equities	◆	2	2	3
Asia ex-Japan Equities	▲	4	6	7
Gold	▲	6	6	5
Hedge Fund Strategies	◆	2	3	4
Private Equity	◆	2	5	8
Private Real Assets	◆	4	4	4
Private Debt	◆	5	6	7
Digital Assets	◆	2	2	2
		100	100	100

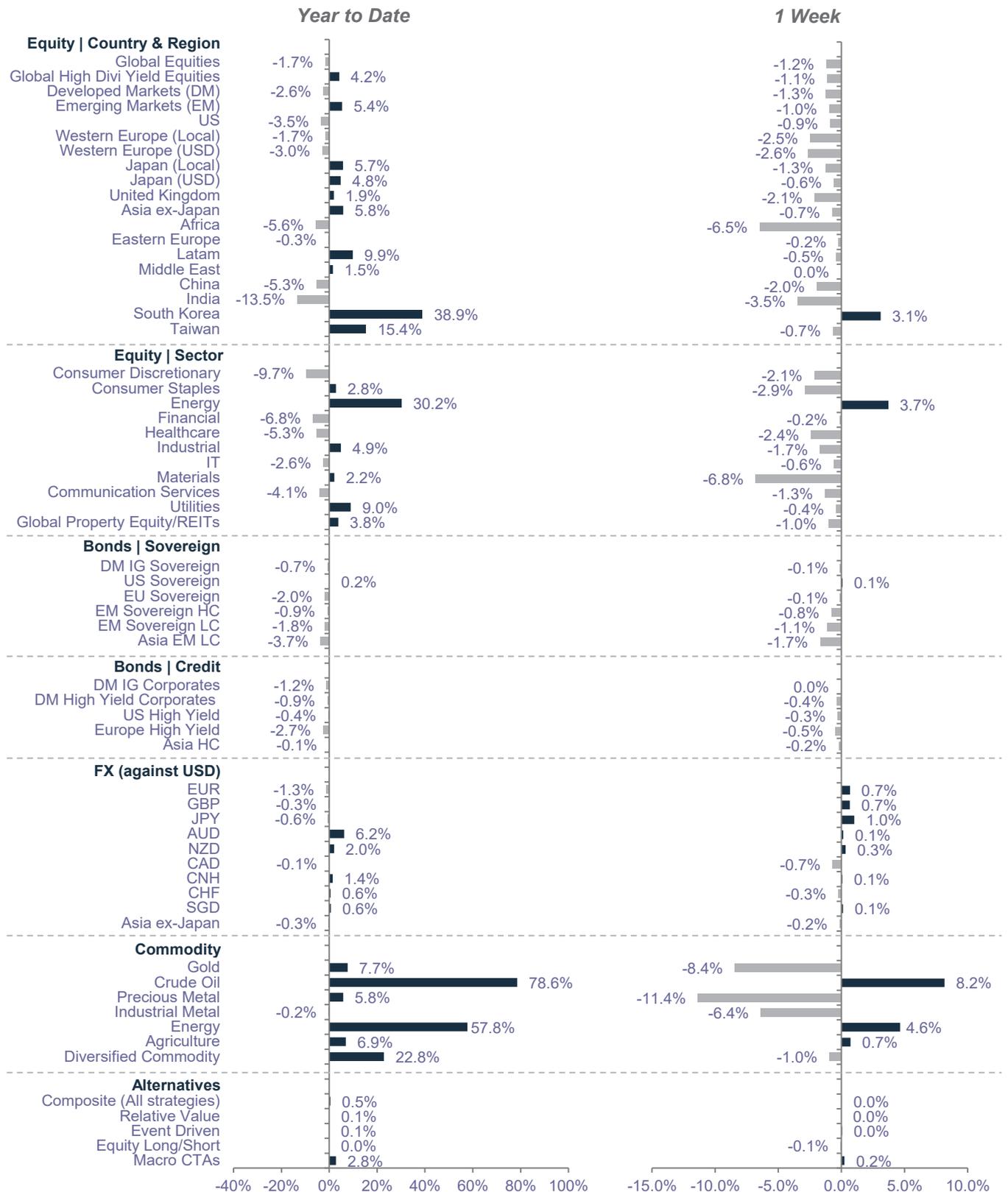
Source: Standard Chartered

All figures in %

1. Allocation figures may not add up to 100 due to rounding. *FX-hedged

Legends: ▲ Most preferred | ▼ Least preferred | ◆ Core holding

Market performance summary*



Source: MSCI, JPMorgan, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

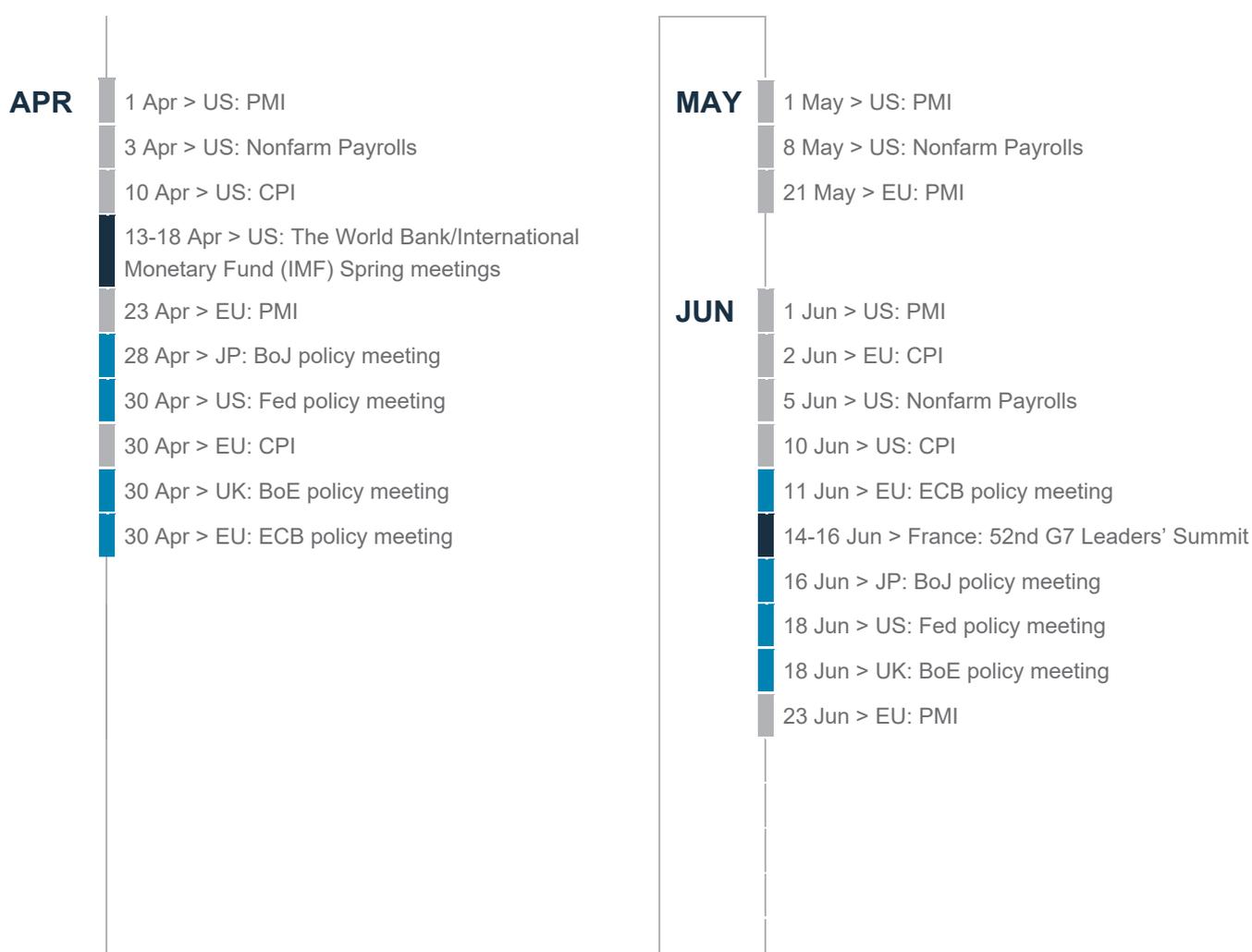
*All performance shown in USD terms, unless otherwise stated

*YTD performance data from 31 December 2025 to 19 March 2026; 1-week performance from 12 March 2026 to 19 March 2026

Our key forecasts and calendar events

Currency	USD (DXY)	EUR/USD	GBP/USD	USD/JPY	USD/AUD	USD/NZD	USD/CAD	USD/CNH	USD/CHF	Oil (WTI, USD/bbl)	Gold (USD/oz)	Fed policy rate (upper bound)	US Treasury 10y yield (%)	ECB policy rate
3m forecast	100	1.14	1.32	160	0.73	0.60	1.35	6.80	0.76	75	5,375	3.75% (Jun-26)	4.00-4.25%	2.00% (Jun-26)
12m forecast	96	1.20	1.30	152	0.75	0.61	1.34	6.75	0.74	60	5,750	3.25% (Dec-26)	3.75-4.00%	2.00% (Dec-26)

Source: Standard Chartered



Legends: ■ Central bank policy | ■ Geopolitics | ■ Economic data

X – Date not confirmed | ECB – European Central Bank | FOMC – Federal Open Market Committee (US) | BoJ – Bank of Japan | BoE – Bank of England

SC Wealth Select

Managing your wealth through the decades – Today, Tomorrow and Forever

Time is your most precious commodity – be sure to spend it wisely

Time is undoubtedly valuable. The days may seem long, but the years are short. So, make the choice to spend your time wisely. Whether you're setting out on your investment journey, navigating the intricacies of mid-life wealth planning or fortifying assets for your golden years, invest time today to ensure your wealth strategy is aligned to what's right for you – Today, Tomorrow and Forever.

Setting aside the time now to review your plan will pay dividends in the future. Markets have moved. Your portfolio's current asset allocation may no longer be optimally positioned to maximise the opportunities ahead. Ask yourself the following: Am I holding too much cash? Am I sufficiently allocating to growth assets for the long term? Is my portfolio diversified? Am I capturing the best opportunities? And most importantly, is my wealth working hard for me so I don't have to?

Use our SC Wealth Select framework and advisory specialists to help guide you through this process.

Purpose

Today, Tomorrow, Forever

Our approach to helping you grow and manage your wealth starts with you. We use a goals-aware approach to understand your vision of Today, Tomorrow and Forever for yourself, your family and beyond, and then design portfolios to meet your various needs.

Using our 'Today, Tomorrow and Forever' approach, we ensure your wealth needs for the near term (Today) are met, while ensuring your wealth needs for the decades ahead (Tomorrow and Forever) are also planned for.

Your vision of 'Today, Tomorrow and Forever' is unique to you. Our specialists partner with you to build well-diversified, long-term Foundation portfolios, aligned to your Today, Tomorrow and Forever needs. Opportunistic ideas are added to capture short-term opportunities, and sufficient protection is included to address the objectives of you and your family.

Today, Tomorrow and Forever Approach

Planning for Today

Requires ensuring liquidity and income flows take centre stage

Securing Tomorrow

Entails a well-diversified investment and protection portfolio with a focus on growth, ensuring inflation is accounted for and risks are mitigated

Building for Forever

Involves greater focus on long-term returns given the time horizon of your portfolio can be measured in decades, and might also include business interests, real estate, collectibles or charitable funds

Principles

that stand the test of time

Adhering to time-tested principles, to ensure your investment decisions remain robust and consistently applied, is paramount to your success Today, Tomorrow and Forever. We use five Wealth Principles to guide and guardrail your wealth decisions.



Discipline – ensure consistency and prudence over your emotions

- Reacting to emotions, such as optimism and fear, can lead to poor investment decisions at the worst times
- Have a plan and stick to it – this helps you to stay focused on the bigger picture



Diversification – simply put, don't put all your eggs in one basket

- Reduce risk by holding a variety of financial assets. Multi-asset diversification in your Foundation portfolio is important
- As a guide, make sure your portfolio contains a variety of asset classes and investments that have low correlation with one another



Time in the Market – a more robust strategy than timing the market

- Predicting market selloffs is challenging, and timing your exit and re-entry is difficult

- Missing out on the best performing days of a market can have a significantly detrimental impact on your portfolio
- 'Time in the market' and buying the market with a longer-term view provide more consistent returns that can ride out bumps along the way



Risk and Return – make sure the risk is worth the return

- To achieve higher investment returns, you will likely have to accept a greater level of risk in your portfolio
- Therefore, it's important to understand the risks and manage these on an ongoing basis



Protection – don't let the unexpected catch you unprepared

- Even though you may feel healthy, or financially stable now, protection offers the ability to overcome times of financial uncertainty and mitigate the long-term impact of unforeseen events on your wealth
- A good protection plan not only safeguards your wealth today, but also considers the value of your future earnings over your lifetime, in today's terms

Advisory Process

Following a holistic approach to managing your wealth

We follow a rigorous process to ensure your needs and objectives are well-understood, and your portfolio is well-aligned and manages to deliver on these objectives.

However, markets constantly evolve and your needs change. Hence, we encourage you to undertake regular portfolio reviews to ensure your portfolio remains aligned to your Today, Tomorrow and Forever objectives. This proactive approach includes strategic rebalancing based on insights from our Chief Investment Office.

Learn more

Scan the QR code below to learn more about our approach to growing, managing and protecting your wealth.



The five-step process



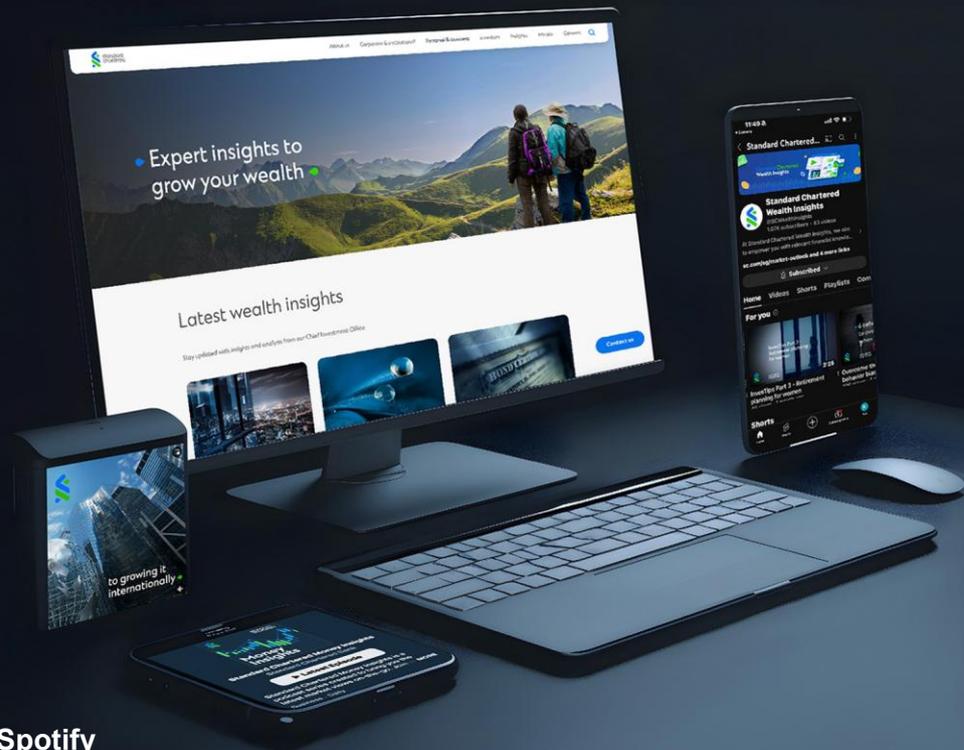
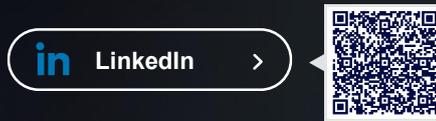
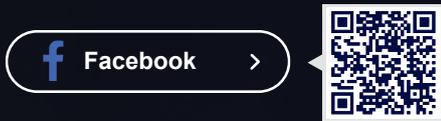
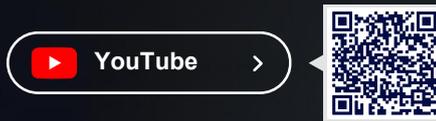
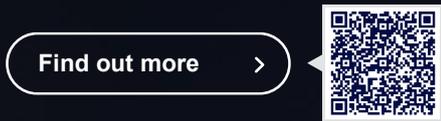
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Access our views 24/7 on key platforms

Market views on-the-go



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Speak to your Relationship Manager/Investment Advisor today for access to our security specific publications.

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