

# Fragile ceasefire fuels relief rally

## Key takeaways

Asian and emerging markets led the way as oil prices plummeted over 12%. The collapse of the US/Iran talks, and threats of a US blockade, reversed the direction of travel on Monday.

### The Iran war: a story of two halves

Last week was the sixth week of the US/Israel war on Iran, with a fragile ceasefire helping all major stock markets to gain ground. In broad terms, the first three weeks of the conflict saw oil prices racing away while stock markets, bonds and, somewhat counter-intuitively, gold took heavy damage. The second half of the period saw this pattern reverse; oil prices eased considerably, both shares and bonds gained ground, while gold started to rise once more. Meanwhile, markets are exhibiting a pronounced 'fatigue' with President Trump's outlandish social-media posts.

Over the weekend, the collapse of the first direct US/Iran talks for almost 50 years brought more threats from the White House, this time of a 'blockade' of Iranian ports. Mr Trump's latest deadline was due to expire at 3.00pm today.

### Record leap in US gas prices

The greatest monthly hike in US gas prices for 60 years helped to add 0.9% to Friday's US Consumer Price Index (CPI) numbers for March. The biggest monthly gain in US inflation since 2022 is the most powerful indication yet of the impact Mr Trump's war is having on US consumers, with annual US inflation now standing at 3.3% (a two-year high), slightly below previous expectations of 3.4%.

Despite the US being a net exporter of oil, US gas prices rocketed over 21% in March. Historically, surging prices at the pumps have been one of the greatest threats to face any sitting US president.

US stock markets mostly ignored the news with the S&P 500 Index of US companies grinding out a seventh consecutive day of gains, to deliver its best week since November, while the tech-heavy Nasdaq Index enjoyed eight consecutive daily gains.

### 'Big Six' open latest US earnings season

The 'Big Six' US banks – Goldman Sachs, JPMorgan, Citigroup, Wells Fargo, Morgan Stanley and Bank of America – kick-off the first quarter earnings season today. All are expected to report bountiful trading thanks to the volatility triggered by US foreign policy, the Iran war, and violently changing interest-rate expectations. Income from trading is expected to hit a 12-year high, while a rebound in dealmaking should significantly boost banking fees.

Although the banks' earnings are seen as a bellwether for the wider US economy, more attention is likely to be paid when the Magnificent 7 tech giants report later in April. They account for a considerable slice of US earnings. Although investors continue to fret as to their AI spending plans, the US tech sector is still expected to lead US earnings growth this season.



## Market moves

Global stock markets gained 2.4% last week as the 'relief rally' continued, with all major stock markets making ground.

Emerging markets were the star; they rallied 5.7% to be up over 10% in 2026. European stocks also made strong gains, outperforming both UK and US shares.

Despite heightened volatility, UK and US government bonds finished the week with muted gains while gold progressed a little over 1%.

## What to look out for this week

US Producer Price Index (PPI) data – a measure of prices at factory gates – are due on Tuesday. Industrial and manufacturing numbers follow on Thursday.

Tuesday brings UK retail sales data, and a speech from Bank of England Governor Andrew Bailey. Thursday sees UK GDP, trade, industrial and manufacturing production numbers.

European industrial production numbers, and a speech from European Central Bank President, Christine Lagarde, are due Wednesday. Europe announces its latest inflation print on Thursday.



**If you have questions about financial markets, or our investment services, please contact the Marketing team:**

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