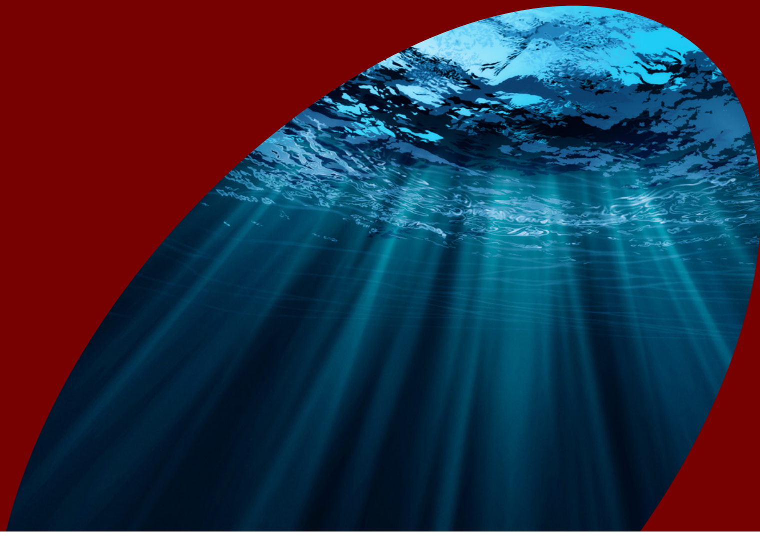
Storebrand

Market Commentary

April 2026



Key Points:

- **Oil prices remain elevated, and there is significant uncertainty about when an agreement or ceasefire may be reached***
- **Markets are still partially pricing in some form of "TACO," as Trump is mindful of the upcoming midterm elections**
- **Fixed income markets are reacting to rising inflation concerns, with rate hikes increasingly priced in across multiple countries**

**This text was finalised prior to the announcement of a two-week ceasefire between the US and Iran.*

Market Outlook

Stock Market – Overweight ↗
Global equity markets declined sharply in March due to the Iran conflict and rising oil prices. At the same time, bond yields increased materially amid heightened inflation concerns. We continue to expect that some form of "TACO" (Trump Always Chickens Out) may materialise in the near term, as Trump is likely to focus on the midterm elections later this year. We are therefore modestly increasing exposure to global equities, while slightly reducing exposure to Norwegian equities.

Bonds – Neutral Weight →
Global government bonds declined by 2% in March, marking the sharpest monthly drop since 2024. A significant repricing in fixed income markets, driven by rising inflation concerns, has led to US rate cut expectations being priced out, while rate hikes are now priced in across Europe. We are taking profits on our underweight duration position in global government bonds and moving to a neutral duration stance across markets, while maintaining an overweight in credit exposure.

Money Market –Underweight ↘

The allocation group observes that Trump's deadlines and threats continue to be postponed.

The allocation group in Storebrand Asset Management:
Søren Kærgaard Slipsager, *Senior Portfolio Manager*, **Olav Chen**, *Head of Allocation and Global Fixed Income*, **Tore Jørgen Rye**, *Senior Portfolio Manager*, **Dagfinn Norum**, *CIO*, **Lasse Theimann**, *Senior Portfolio Manager*, **Sigve Dagsønn Stabrun**, *Senior Portfolio Manager*

Oil prices remain elevated

One month after the Iran strikes and continued tensions in the Middle East, oil prices remain elevated at around USD 110 per barrel (Brent) – the highest level since 2022. Price volatility has also been significant, with intra-month levels reaching USD 120 before retracing somewhat. Signals – particularly from the US – have been mixed regarding negotiations, dialogue, and de-escalation. The Strait of Hormuz was effectively closed for a period, with no shipping traffic, but has gradually reopened under Iranian conditions and permissions. Traffic remains well below normal levels, and Iran has in some cases imposed fees for passage. The US and Trump have focused on reopening the strait, not least as part of negotiations to halt hostilities. Deadlines have been repeatedly announced and postponed, and regime change in Iran now appears less likely than previously assumed. While dialogue seems to be ongoing, uncertainty about the timing of a potential agreement or ceasefire remains high.

Stagflationary Forces

Higher oil and energy prices are contributing to stagflationary pressures in the global economy – implying higher inflation and lower growth if elevated price levels persist. Fuel prices have already increased globally. In the US, the average pump price has risen above USD 4 per gallon, the highest level since 2022. This will likely reduce household purchasing power and dampen economic growth if sustained. The positive impulses from Trump's fiscal policy and the "One Big Beautiful Bill" (OBBB) may therefore be partially offset, although they also act as a buffer preventing a sharp slowdown in US economic activity. At the same time, there is urgency in stabilising the economy ahead of the midterm elections this autumn, where it is widely expected that Trump will do whatever is necessary to secure victory. While approval ratings have declined, they remain far from collapsing. Historically, stagflation has been negative for both equities and bonds and would also negatively impact US voters through wealth effects. Experience suggests that Trump tends to respond to market stress and pivot ("TACO") when volatility becomes excessive – an expectation that appears to be reflected in markets this time as well.

Rising yields on inflation concerns

Global equities, as measured by MSCI World in local currency, declined by nearly 6% in March. Rising oil prices triggered a risk-off sentiment, compounded by a shift from rate cut expectations to anticipated rate hikes in several regions. While stagflation is historically negative for equities, we continue to expect that some form of TACO may materialise, given the political incentives ahead of the US midterm elections. After reducing exposure early in March, we have gradually increased equity holdings in recent weeks and are now returning to an overweight position in global equities.

Market Outlook

Global Equities – Overweight ↗

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Emerging Markets (EM) – Overweight ↗

Emerging market equities declined in March in local currency terms, underperforming developed markets. However, year-to-date performance remains positive and ahead of developed markets. Many emerging economies – such as China, India, and South Korea – are net oil importers, making them more vulnerable to higher oil prices. India experienced the largest decline. However, several countries hold strategic reserves, which are likely being utilised to buy time. We remain overweight in emerging market equities.

Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) declined by 2% in March, marking the steepest monthly drop since 2024. The decline reflects rising inflation concerns following the increase in oil prices. Rate cut expectations have largely been priced out, with rate hikes now anticipated in many regions. Inflation expectations have risen broadly, and central banks are under pressure to restore credibility after a prolonged period of elevated inflation. We are taking profits on our underweight duration position and moving to a neutral stance in global government bonds.

Key Figures as of 31.03.2026

(measured in local currencies)

Global Stocks (MSCI)	March	2026
All Countries	-6.3 %	-2.6 %
Developed Markets	-5.7 %	-3.2 %
Emerging Markets	-10.5 %	2.1 %
Regions (MSCI)		
North America	-4.9 %	-4.3 %
Europe	-7.4 %	-1.0 %
Asia and Oceania	-9.3 %	2.5 %
Nordic	-4.4 %	-0.9 %
Countries		
USA (S&P 500)	-5.0 %	-4.4 %
Japan (Nikkei 225)	-13.2 %	1.4 %
United Kingdom (FTSE 100)	-6.7 %	2.5 %
Germany (GDAX)	-10.3 %	-7.4 %
France (CAC)	-8.9 %	-4.1 %
Finland (HEX25)	-4.9 %	2.5 %
Denmark (OMXC25GI)	-1.2 %	-6.2 %
Sweden (OMXS30GI)	-8.2 %	2.7 %
Norway (OSEBX)	9.3 %	22.5 %
Currency (increase equals EUR appreciation)		
EUR pr USD	-2.4 %	-1.9 %
EUR pr GBP	-0.5 %	0.1 %
EUR pr JPY	-0.6 %	-0.4 %
Currency (increase equals USD appreciation)		
USD pr EUR	2.5 %	1.9 %
USD pr GBP	1.9 %	2.0 %
USD pr JPY	1.8 %	1.5 %