Storebrand

Market Commentary

March 2026

Key Points:

- **Oil and gas prices have risen sharply following the attack on Iran. Equity markets declined, while yields and the US dollar strengthened at the beginning of March.**
- **The US Supreme Court ruled that the tariffs introduced by Trump last year were unlawful, but the administration has found alternative ways to maintain tariff pressure.**
- **So-called "Software and Services" companies are being negatively impacted by the launch of new AI products.**

Market Outlook

Stock Market – Overweight ↗
Global equities extended their rally in February for a tenth consecutive month, but corrected at month-end following a sharp rise in oil and gas prices after the attack on Iran. We are reducing exposure somewhat in global equities and are moving from overweight back to neutral. We remain overweight equities in other regions.

Bonds – Neutral Weight →
Global government bonds rallied in February, likely in anticipation of a potential Iran attack following the mobilisation of military capacity in the region. However, bonds sold off after the outbreak of hostilities as energy prices moved higher. We remain underweight duration in global government bonds, while maintaining neutral positioning in other fixed income markets and an overweight to credit exposure.

Money Market –Underweight ↘

The allocation group notes that Iran has threatened to close the Strait of Hormuz.

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 price spike following Iran attack

Shortly after the Venezuela attack, the United States joined Israel in launching strikes against Iran following a period of attempted negotiations. Iran's Supreme Leader was killed in the attacks, and retaliatory strikes were carried out against US military bases, neighbouring countries, and Israel. Iran also announced plans to close the Strait of Hormuz, through which approximately 20% of global oil exports pass. This triggered a sharp increase in oil prices, which had already risen since January in anticipation of a potential attack after the US moved substantial military capacity into the region. Brent crude increased from around USD 70 per barrel to just under USD 85 per barrel. Since the start of the year, oil prices are therefore up nearly 40%, or more than USD 20 per barrel. Gas prices have also risen sharply.

Should the conflict prove prolonged, this would weigh on global growth prospects while simultaneously lifting inflation expectations. This is where the main uncertainty lies, despite President Trump indicating the conflict could last up to four weeks. Equity markets - sensitive to growth expectations - have declined, while bond yields - sensitive to inflation expectations - have risen. At the same time, the US dollar has strengthened amid renewed uncertainty.

Tariff setback without tariff removal

In February, the US Supreme Court ruled that several of the tariffs introduced last year under the International Emergency Economic Powers Act (IEEPA) were unlawful. In practice, these tariffs must therefore be reimbursed, representing a significant setback for the Trump administration's trade policy. However, tariffs as a policy tool have not been removed. Immediately following the ruling, Trump introduced new tariffs under a different legal authority (Section 122 of the Trade Act of 1974), imposing a 10% rate. One key difference is that these tariffs are time-limited and require Congressional approval for extension beyond 150 days. The administration also retains alternative legal avenues (Sections 232 and 301) to implement tariffs. Nevertheless, the court ruling makes trade policy more complex and less predictable than under IEEPA. On one hand, the ruling demonstrates institutional independence and limits to executive authority. On the other hand, uncertainty surrounding tariffs persists. Some estimates suggest the effective tariff rate may now be somewhat lower under Section 122 - and potentially even lower after 150 days.

Broadening out of the AI boom

Beyond geopolitics, trade policy and earnings season, market focus in February shifted toward Anthropic's launch of new Claude products. This marked, in many ways, a new phase in the AI boom, negatively impacting several "Software and Services" companies, as AI solutions may render parts of their products and services cheaper or redundant. This can be viewed as the disruptive and "negative" aspect of the broadening out of AI adoption. The positive effects thus far have included increased investment in data centres and energy infrastructure, as well as sector rotation.

Market Outlook

Global Equities – Neutral Weight →

Global equities, as measured by MSCI World in local currency terms, rose nearly 1% in February, marking the tenth consecutive month of gains — prior to the Iran attack, which subsequently pushed markets lower. Earnings season has progressed constructively. However, the sharp rise in oil prices in March has led to downward revisions in growth expectations and future earnings forecasts. A prolonged conflict in Iran would have tangible real economic consequences. We are moving back to a neutral weight in global equities.

Emerging Markets (EM) – Overweight ↗

Emerging market equities in local currency terms continued to rise in February, extending their outperformance versus developed markets. In particular, South Korea and Taiwan have posted strong gains, with the former up 56% year-to-date in local currency terms. Attention has centred on how a potential closure of the Strait of Hormuz could impact China's oil imports, including purchases from Iran. In the short term, this is likely manageable given China's oil inventories. We remain overweight emerging markets.

Global Bonds – Underweight ↘

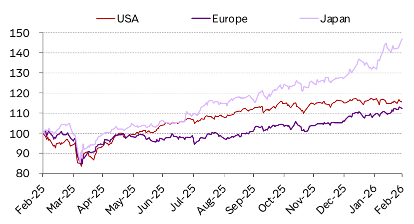
Global government bonds (JPM GBI) rose nearly 2% in February. The decline in long-term yields was broad-based across regions, despite solid macroeconomic data prior to the Iran attack. Some of the move likely reflected positioning ahead of a potential escalation. Following the rise in oil and gas prices in March, part of February's yield decline has reversed. The longer the conflict persists, the greater the upward pressure on inflation expectations and the more significant the implications for central banks. We remain underweight duration in global government bonds.

Key Figures as of 27.02.2026

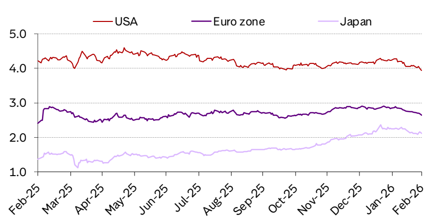
(measured in local currencies)

Global Stocks (MSCI)	February	2026
All Countries	1.4 %	3.9 %
Developed Markets	1.0 %	2.7 %
Emerging Markets	5.0 %	14.2 %
Regions (MSCI)		
North America	-0.6 %	0.6 %
Europe	4.3 %	6.9 %
Asia and Oceania	8.1 %	12.9 %
Nordic	-0.1 %	3.6 %
Countries		
USA (S&P 500)	-0.8 %	0.6 %
Japan (Nikkei 225)	10.4 %	16.9 %
United Kingdom (FTSE 100)	6.7 %	9.9 %
Germany (GDAX)	3.0 %	3.2 %
France (CAC)	5.6 %	5.3 %
Finland (HEX25)	5.9 %	7.8 %
Denmark (OMXC25GI)	-9.1 %	-5.1 %
Sweden (OMXS30GI)	6.6 %	11.9 %
Norway (OSEBX)	7.5 %	12.1 %
Currency (increase equals EUR appreciation)		
EUR pr USD	-0.8 %	0.5 %
EUR pr GBP	1.3 %	0.6 %
EUR pr JPY	0.4 %	0.1 %
Currency (increase equals USD appreciation)		
USD pr EUR	0.8 %	-0.5 %
USD pr GBP	2.1 %	0.0 %
USD pr JPY	1.2 %	-0.4 %

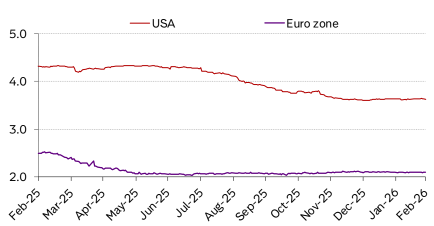
Stock Markets



10-Year Interest Rates



3-Month Interest Rates



Central Bank Rates