

SARASIN  
& PARTNERS

# Six Minute Strategy

## The shock that isn't breaking markets

April 2026

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# 2025-2026: Equity performance

Equity recovery continues while volatility remains surprisingly low



## Quality and consistent dividend flows not rewarded in 2025

MSCI World indices GBP (ACWI) rebased at 100



Source: Macrobond, 14.04.26

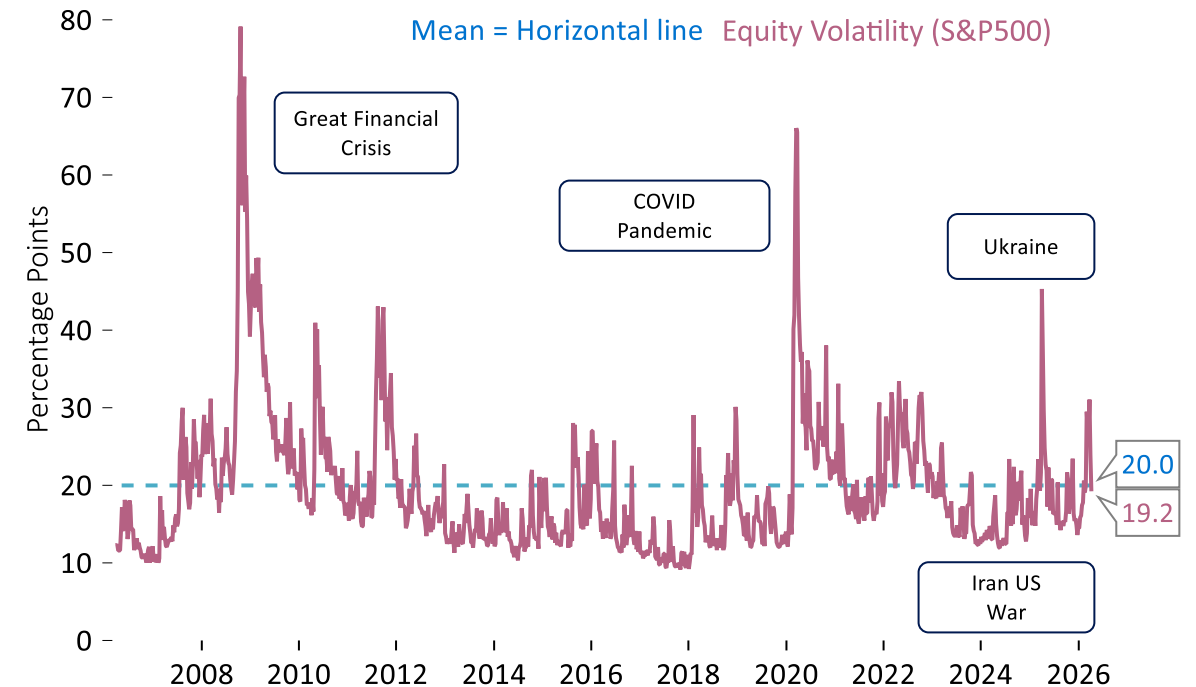
\*MSCI World Equity Dividend Masters are 'developed-market' companies that have increased their dividends every year for at least 10 consecutive years.

Past performance is not a reliable indicator of future results and may not be repeated.



## Equity volatility drops below 20 year average

Equity Market Volatility



Source: Macrobond, 14.04.26

# Iran war – our core scenarios

## Muddle through protracted lower-intensity Conflict (80% probability)

Brent \$90–115 | duration 4–5 months

- Air campaign degrades but does not eliminate Iranian military capability over 4–6 weeks
- Diplomacy fails to bring quick peace; prolonged negotiations to bridge the gap
- Strait partially/selectively closed (US naval blockade)
- Brent at \$80/barrel by end-2026
- Insurers tentative to restore transit cover; limited mine clearance required and energy production reboot lags

## Severe escalation (20% probability)

Brent \$120–200 | duration 3–6+ months

- Destruction of region-wide energy infrastructure  
or
- Strait closed due to extensive mining/military activity  
or
- Energy bypasses through the Red Sea (Houthis) and pipelines meaningfully disrupted
- Longer-term risk premia in energy markets (Brent at \$120/barrel by end-2026)

Source: Sarasin & Partners, April 2026

# 1. Major oil supply disruptions

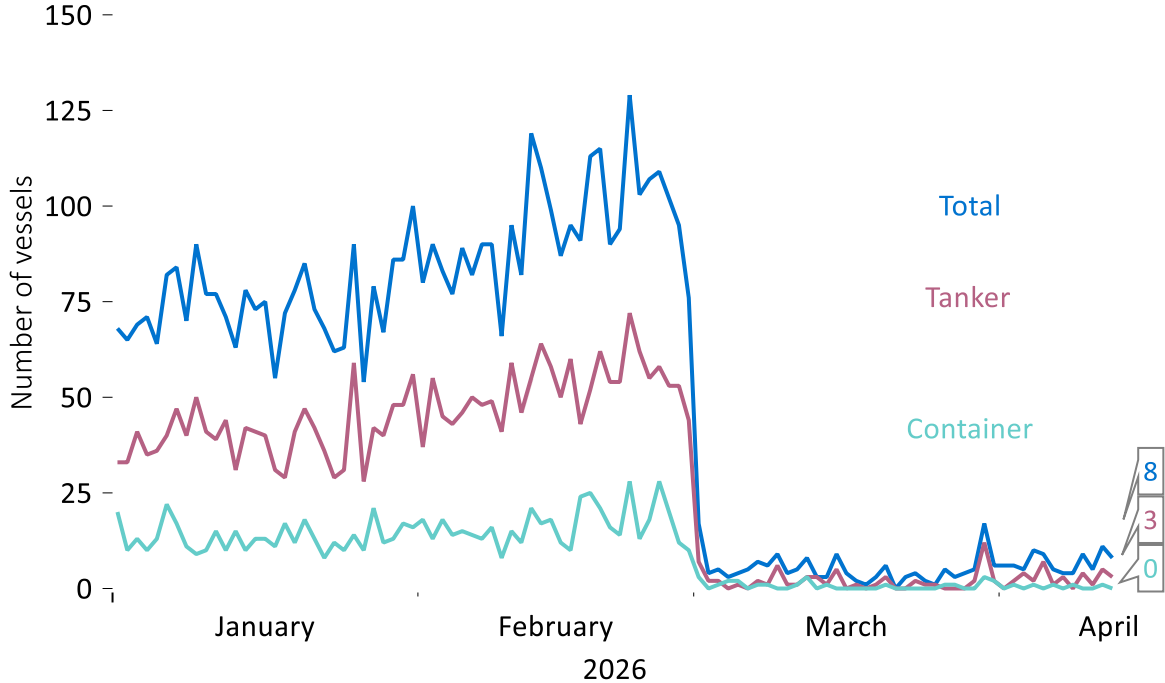
Current 15-20mbd loss of oil supply today is the largest in history

Event	Supply lost	Global market share
1973 Oil Embargo	4-5 mb/d	~7%
1978 Iranian Revolution	5-6 mb/d	~10%
1980-88 Iraq War	4 mb/d	~7%
1990 Gulf War	4.3 mb/d	~6%
2010 Arab Spring/ Libyan Civil War	1.5 mb/d	~2%
2022 Russian Invasion of Ukraine	2-3 mb/d disrupted	~3%
<b>2026 Hormuz closure</b>	<b>15-20mbd* at risk</b>	<b>15-20%</b>



## Strait of Hormuz still effectively closed

Strait of Hormuz, World, Chokepoint Transit Calls, Number



Source: Macrobond, 14.04.26

Source: IEA, Chat GPT and Sarasin & Partners, 16.03.26

\* IEA distinguishes between flows at risk (15-20mb/d) and net lost supply (8mbp/d)

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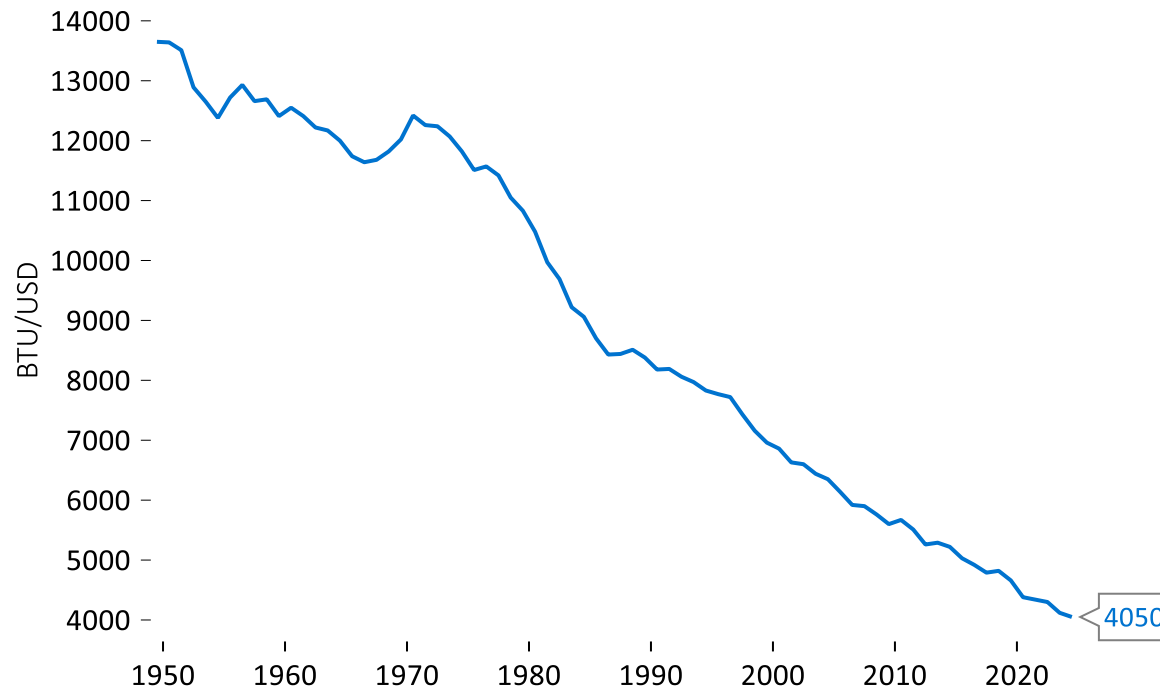
## 2. US energy intensity and US-EU gas prices

EU gas prices remain a multiple of US – supported by foreign dependence and liquification costs



### US energy intensity has steadily fallen

Energy Consumption per dollar of US GDP

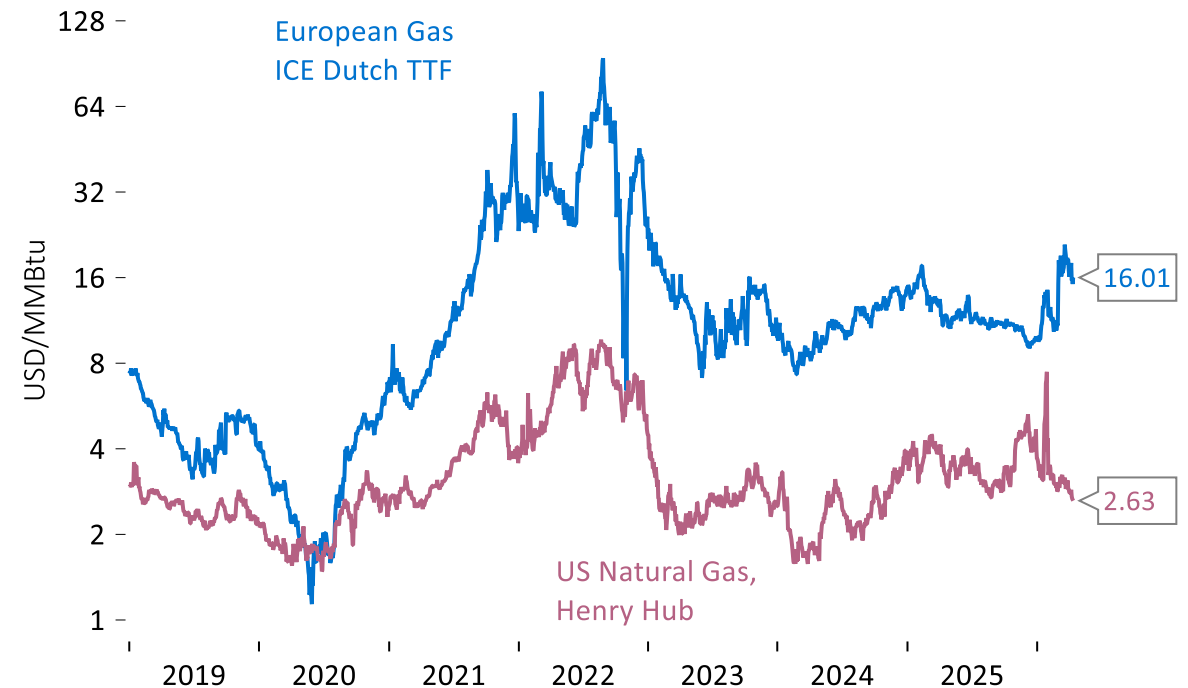


Source: Macrobond, 14.04.26



### Domestic abundance sees US gas prices fall/EU rise

Wholesale Gas Prices



Source: Macrobond, 14.04.26

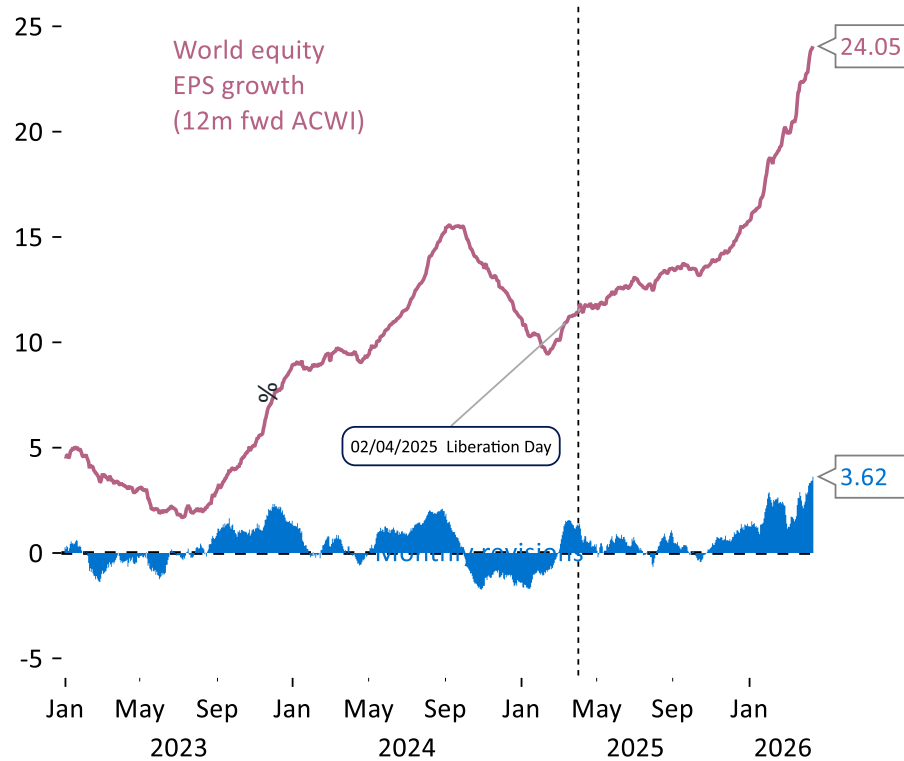
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# 3. Robust global earnings growth still supports equities

Earnings estimates for a year ahead have actually climbed through the Iran War



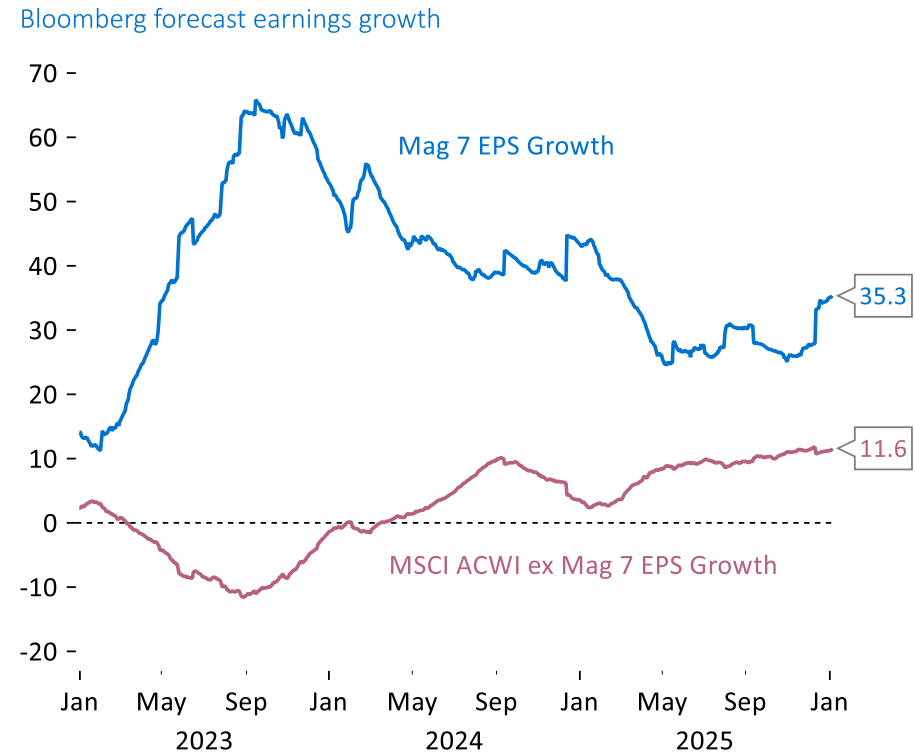
## Global earnings projections grow despite the US-Iran War



Source: Macrobond, 13.04.26



## Hyperscalers expect U\$650bn CAPEX in 2026



Source: Macrobond, 13.04.26

Past performance is not a reliable indicator of future results and may not be repeated.

\*Hyperscalers: Amazon, Meta, Microsoft, Alphabet, Oracle

# Macro base case: April 2026

## Macro view

- Base scenario is for acute phase of war to end by mid-April, with ongoing disruption to the Strait of Hormuz and other energy infrastructure for a further 6 weeks. Brent Crude to average about \$100 during the 3 months, with a residual risk premia leaving Brent at \$80/barrel at the end of 2026
- Inflation to average 3%-3.5% for 2026 for most developed economies
- Negative impact on global growth; the US least impacted. Policy is not likely to meaningfully offset the growth shock
- Financial conditions tighten; rate cuts delayed

## Risks

- Severe energy disruption that leads to recession in energy-importing countries
- AI returns prove elusive – earnings shock across global markets
- Liquidity/private credit squeeze – similar to strains in financial markets in 2015

Source: Sarasin & Partners, March 2026

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