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Six Minute Strategy

Markets in the crossfire: Iran Oil and the midterm countdown

13 March 2026

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2025: Equity and bonds

Equity: quality and dividend strategies underperformed

Quality and consistent dividend strategies start to normalise in 2026

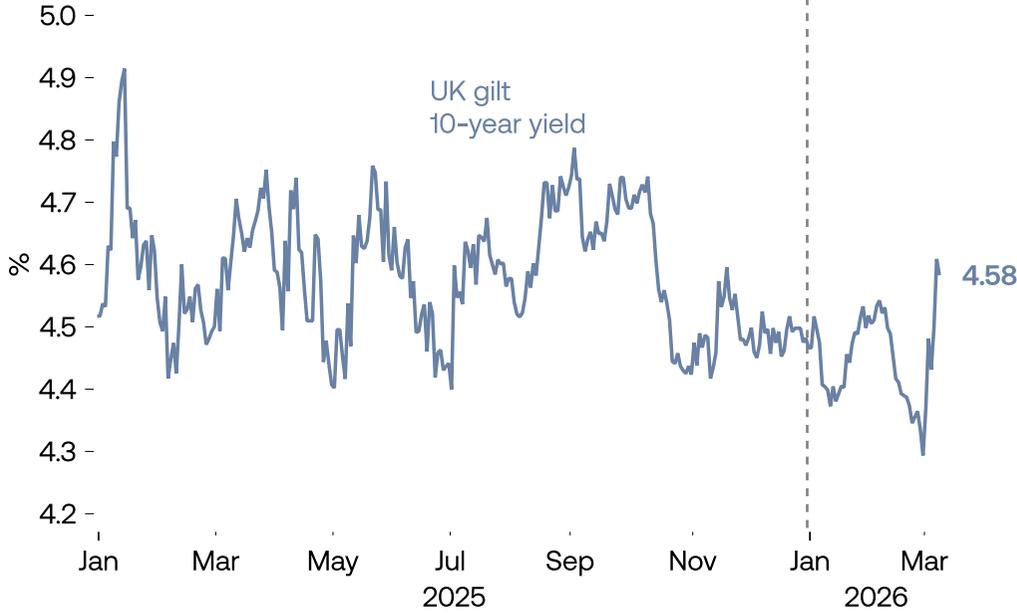
UK gilt little changed over year – no safe haven in Iran war

MSCI World Index GBP (ACWI) rebased at 100



Source: Macrobond, 12.03.26

10-year government bond yields



Source: Macrobond, 12.03.26

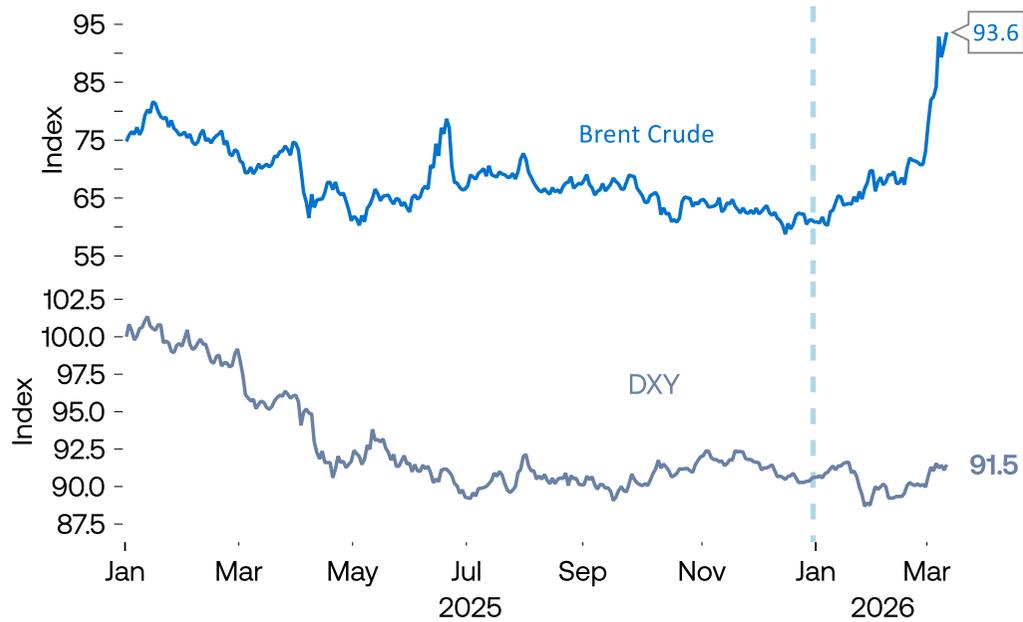
*MSCI World Equity Dividend Masters are 'developed-market' companies that have increased their dividends every year for at least 10 consecutive years.

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

2025: Oil, currencies and rates

Investors not yet seeing the US dollar as a safe-haven

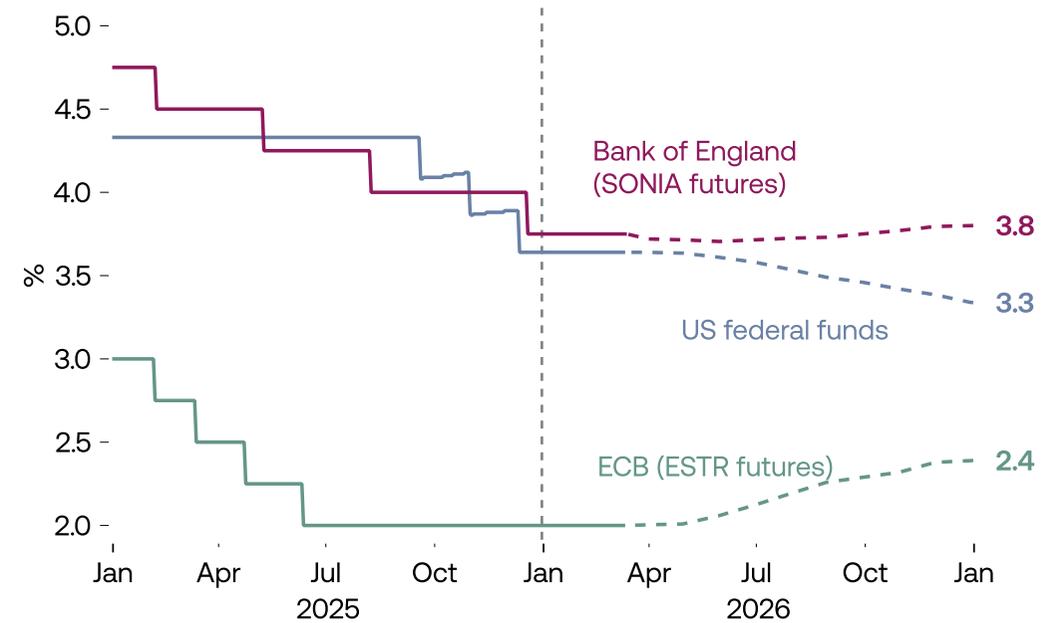
Brent Crude & US dollar index (DXY)



Source: Macrobond, 12.03.26

Central banks still supportive but cuts will be fewer in 2026

Central bank market-implied policy rates



Source: Macrobond, 12.03.26

Rates today: Federal funds 3.5–3.75%; ECB deposit rate 2.0%; UK base rate 3.75%; FOMC long-run rate 3%

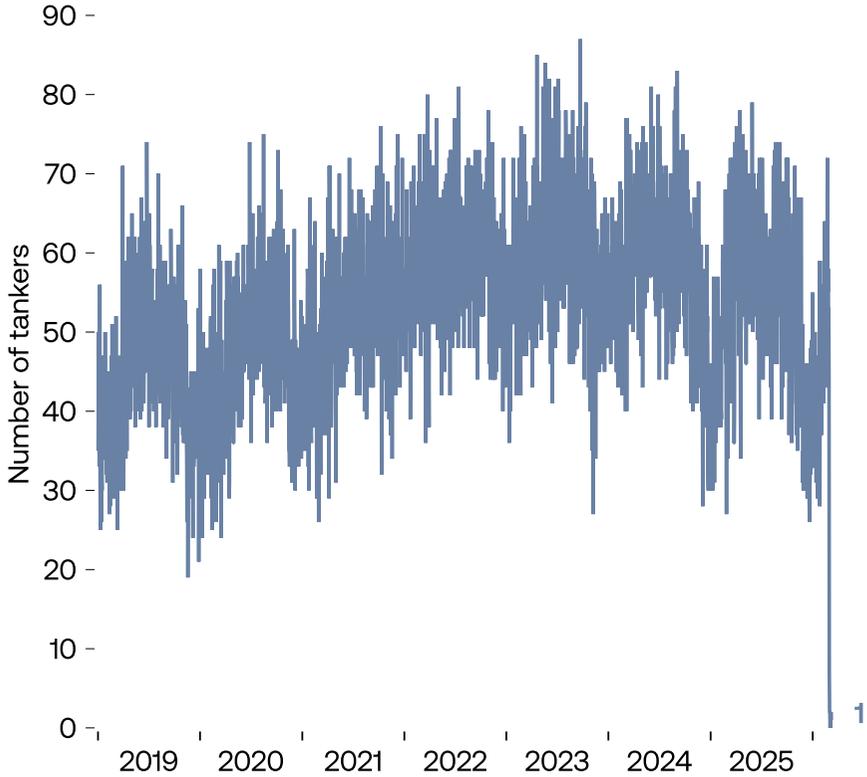
Past performance is not a reliable indicator of future results and may not be repeated.

Major oil supply disruptions

Current 15-20mb/d 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%
2026 Hormuz closure	15-20mb/d at risk	15-20%

Strait of Hormuz tanker transit calls (daily)



Source: Macrobond, 12.03.26

Source: Chat GPT & Sarasin & Partners, 09.03.26

Iran war – our core scenarios

Base case: managed de-escalation (60% probability)

Brent \$85–100 | duration 4-6 weeks

- US-Israeli strikes achieve primary objectives within 2–4 weeks
- Backchannel diplomacy (via Oman or China) opens in weeks 3–4, establishing a ceasefire
- Khamenei’s successor prevents the collapse of the state
- Strait of Hormuz partially reopens in weeks 3–4; full normalisation takes 6–8 weeks
- Shipping insurance cover withdrawal (effective 5 March) takes time to restore

Muddle through: protracted lower-intensity (25% probability)

Brent \$90–115 | duration 4–5 months

- Air campaign achieves stated objectives in 4–6 weeks; the regime survives in a weakened form
- Iran shifts to cheaper drones and asymmetric tactics
- Periodic attacks on Gulf infrastructure keep risk premiums elevated
- P&I underwriters require sustained proof of safe passage before restoring cover
- Key political risk: the US declares victory and begins a drawdown before the situation is fully resolved

Source: Sarasin & Partners, 09.03.26

2026 global macro backdrop

Bonds Underweight	Equities Neutral	Alternatives Overweight	Cash Neutral	Risks
<p>UW government bonds: inflation risks – rising deficits</p> <p>UW credit: spreads remain historically</p>	<p>Neutral equity: global equity earnings remain robust but stagflation risks from Gulf rising</p> <p>Valuation: earnings continue to climb and revisions are positive, but risks from private credit concerning for wider market</p>	<p>OW alternatives: favour absolute return funds and industrial metals</p> <p>OW gold: ongoing emerging market central bank buying continues to support demand</p>	<p>Inability to re-open Strait of Hormuz increases stagflation risks globally</p> <p>US dollar to depreciate over the long term</p> <p>Euro and emerging world currencies continue to rally</p> <p>Japanese yen and sterling neutral</p>	<p>Liquidity / credit squeeze – risks in private credit market spill over into broader markets</p> <p>Stagflation – sticky inflation on prolonged Iran conflict</p> <p>Security / Iran – geopolitics starting to impact markets</p>

Source: Sarasin & Partners, March 2026

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