Monthly Market Snapshot

March 2026

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets.

Frontier Advisors

Market commentary

March was a clear ‘risk-off’ month for global investment markets, with volatility driven by escalation of the Middle East conflict. Disruption to shipping flows through the Strait of Hormuz triggered a sharp rise in oil prices and a reassessment of global growth and future monetary policy settings. Higher energy costs renewed inflation pressures, at the same time as confidence and trade activity were being challenged.

Global equities declined broadly. Uncertainty compressed risk appetites, as markets were repeatedly whipsawed by changing headlines. Cyclical and rate sensitive stocks underperformed, while energy-related stocks were the notable exception, benefiting from the rapid rise in oil prices. In the US, the drawdown was relatively less severe than in many other markets, due to the US partially supported by the economy being a net energy producer. Europe and Japan were hit harder as the energy shock carried a more direct implication as net energy importers.

Australian equities recorded a large negative month, worse than the US, but not as bad as Europe and Japan. Resources detracted materially, with weaker industrial metal prices (notably copper), amid broader concerns about global growth, even as the oil price surge supported parts of the Energy sector. In addition, rising interest rates, tightening financial conditions, weighed on valuations.

Emerging market equities were among the weakest, reflecting the global risk-off environment, as well as the stronger US dollar, higher global yields, and the negative impact on emerging market oil importers. In China, policy messaging at the National People’s Congress reinforced an intent to stabilise the property market, but market commentary and credit data continued to indicate fragility in the housing sector.

The US Federal Reserve held rates steady, noting uncertainty to growth from Middle East developments, while also cautious of the oil-driven rise in near term inflation expectations. The European Central Bank, Bank of England and Bank of Japan all left rates unchanged, also noting that the conflict raised near term inflation, but created a headwind for growth.

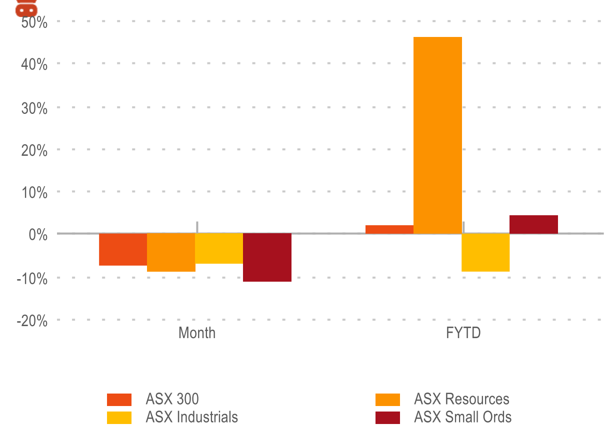
The Reserve Bank of Australia raised the cash rate in March, for the second time after also raising in February, citing the risk that inflation could remain above target for longer due to the Middle East conflict. Bond markets sold off sharply during the month, with yields rising in response to higher near term inflation shifting market expectations of the likely path of future policy rates.

Strengthening of the US dollar in March represented classic safe haven demand and the shift toward higher interest rate expectations. While the Australian dollar fell against the US dollar it was less pronounced versus other major currencies. The rise in relative interest rates in Australia provided some support to the Australian dollar.

Listed property was among the most challenged asset class performance, being particularly sensitive to the rise in government bond yields. Listed infrastructure performance was more mixed, still facing valuation pressure from higher discount rates. However, is relatively more resilient in certain sectors, including in the energy sector, and given its more defensive cashflow profile generally.

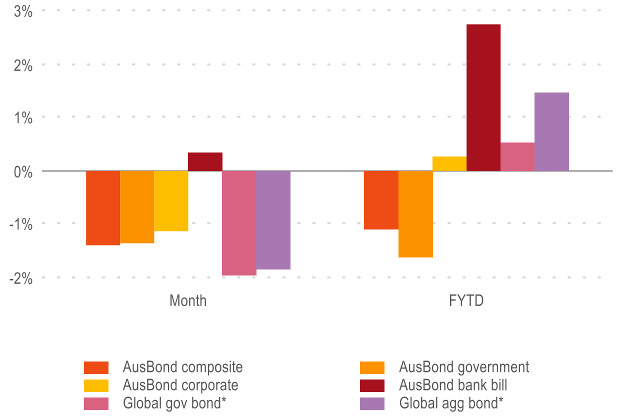
March 2026

Australian equities



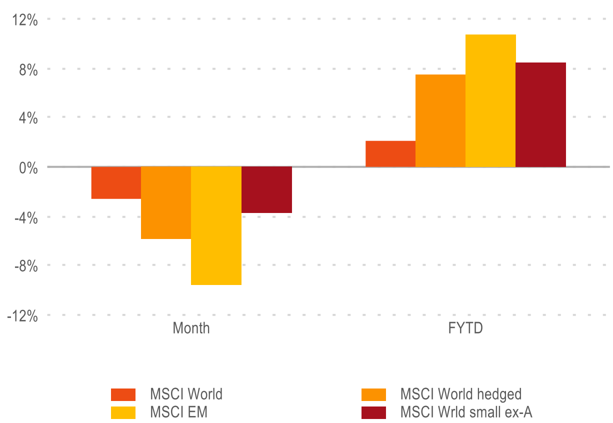
Source: LSEG Datastream

Fixed income



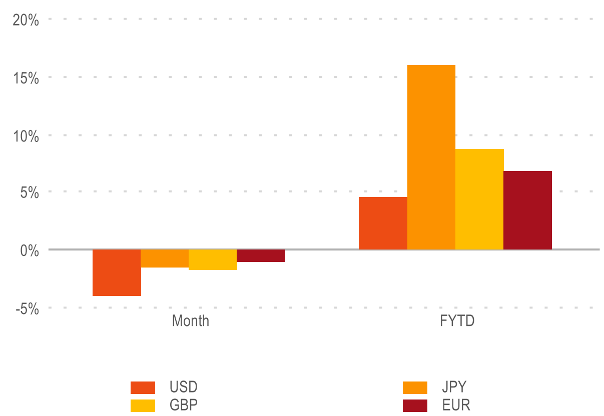
Source: LSEG Datastream

International equities ($A)



Source: LSEG Datastream

Australian dollar



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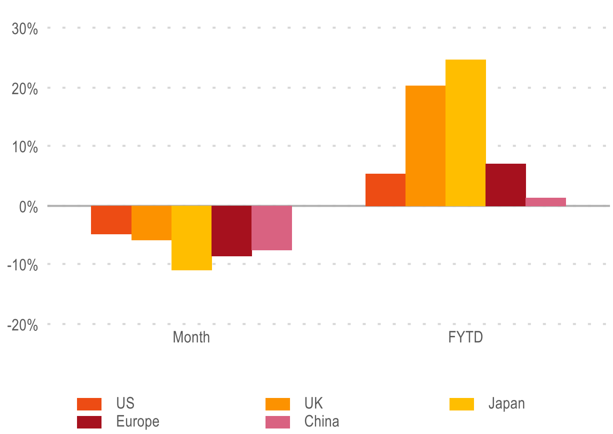
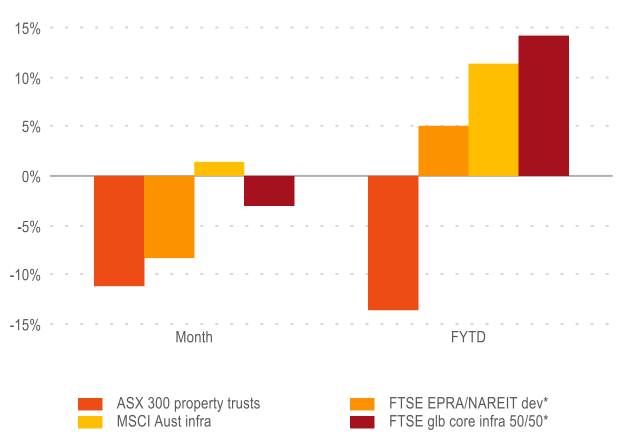
International equities



Source: LSEG Datastream

Real assets



Source: LSEG Datastream *Hedged A$

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