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# Market Snapshot

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The Iran situation dictated sentiment across all major asset classes. The geopolitical shock is driving moves across energy, equities, bonds and currencies. Energy prices have stayed elevated, with Brent Crude prices closing above the \$100 a barrel level for the first time in four years. Equities have been generally weaker but there has been strength in sectors such as Big Oil and defence. Yields have been rising in government bond markets as investors price out interest rate cuts. Speculation has grown about a European Central Bank rate hike, Bank of England pricing has been volatile with the market currently expecting tighter monetary policy in 2026, and investors have continued to dial back the pace of Federal Reserve rate cuts this year.

The FTSE 100 was down 0.3% over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading 2.1% lower.

## Middle East

The situation in the Middle East was the main market driver. The week produced escalation, with retaliatory strikes on ships and infrastructure in the region from Iran. Brent crude oil prices were volatile and closed above \$100 a barrel for the first time in four years, reigniting concerns about inflation should the situation drag on.

In Washington, the economic fallout prompted a significant geopolitical shift: the US began temporarily easing sanctions on Russian oil to stabilise global energy markets, issuing waivers for Russian shipments already at sea and considering broader relief to increase supply. The move is said to be a result of direct talks between Donald Trump and Vladimir Putin. US Treasury secretary Scott Bessent also called for an international coalition to escort tankers through the Strait of Hormuz “as soon as it is militarily possible”.

Sectors tied to travel, airlines and hospitality weakened due to disrupted routes and higher fuel costs, while energy and defence shares have risen as investors rotate towards areas seen as beneficiaries of higher oil prices and elevated geopolitical risk. The market volatility is likely to persist until we have

an indication of how long the conflict will last.

Yields on government bonds have risen as markets reassess the interest rate outlook. Markets had expected the next move in interest rates in major Western economies to be down. Now, given the prospect of an energy-driven inflation spike, there is a risk that some central banks could raise rates instead.

Because the duration of the bombing campaign is unknown there is significant uncertainty about the outlook. However, markets are reacting in line with similar past periods of geopolitical stress, with oil prices rising sharply. Despite heightened volatility, we see no need for immediate action to sell assets. Diversification remains the most effective way to navigate geopolitical shocks, and well-constructed portfolios are designed to withstand periods of abrupt market movement.

Equally, there is no urgency to deploy new capital until the outlook becomes clearer. This is a fast-moving situation, and patience remains a valuable asset. We will continue to monitor developments closely, particularly diplomatic efforts to rein in the conflict and the shifting political dynamics in the US as election pressures build.

In periods of uncertainty, it's natural to feel unsettled by market headlines. While markets can be volatile in the short term, a diversified approach and a focus on long-term goals help keep portfolios resilient. This is why we continue to emphasise balance rather than reacting to short-term market movements.

To keep up to date with our latest view on the developing situation see our Iran updates on the Insights page of the Charles Stanley website.

## Economics

UK economic output flatlined in January, with official figures showing no monthly gross domestic product (GDP) growth. This was a slowdown from December's 0.1% rise as the economy continued to lose momentum. The figures also fell short of economists' expectations for a 0.2% increase,

underscoring the fragility of the recovery at the start of the year.



## US inflation figures showed price pressures easing only gradually.

US inflation figures showed price pressures easing only gradually, with the March Consumer Price Index rising 0.3% month-on-month and annual inflation running at 2.8%. Core inflation, which excludes food and energy, climbed 0.4% and remains stickier at 3.1% year-on-year, underscoring persistent services-sector costs. The data arrived at a sensitive moment for the Federal Reserve, which has signalled it needs “greater confidence” that inflation is moving sustainably toward its 2% target before cutting rates. Markets reacted swiftly, with Treasury yields rising and traders trimming bets on a June rate cut, suggesting monetary policy may stay tighter for longer if underlying price pressures fail to cool further.

Market expectations for the latest US Job Openings and Labour Turnover Survey (Jolts) report released on Friday afternoon are centred on a modest rebound in job openings, with consensus forecasting around 6.75m vacancies in the delayed January release after December’s sharper-than-expected drop to 6.542m. The data matters because Jolts provides one of the clearest gauges of labour-market tightness: it captures the demand side of hiring and offers early signals on wage pressures, inflation dynamics and, ultimately, the Federal Reserve’s policy path. A further decline in openings would reinforce signs of cooling labour demand already visible in recent payrolls data.

## Earnings reports

**Saudi Aramco** posted another year of colossal earnings, reporting full-year adjusted net income of around \$104.7bn for 2025, underscoring the company’s financial strength despite oil-price volatility and geopolitical strain. The company raised its base dividend for the fourth consecutive year and launched a \$3bn share buyback programme – its first ever. Although reported profit fell from the previous year due to lower crude prices, the company emphasised that underlying performance remained robust, supported by disciplined capital spending, increased production at major gas and oil increments and continued efficiency gains through AI and localisation initiatives.

**Adobe** delivered a good set of first-quarter results, with record revenue of \$6.40bn, up 12% year-on-year. However, investors appear increasingly unsettled by the pace of AI disruption across the sector, overshadowing what would otherwise have been read as a bullish update from one of the industry’s most closely watched bellwethers.

**Oracle** reported a strong set of quarterly results, with third-quarter revenue rising 22% to \$17.2bn as robust demand for cloud services continued to drive growth. Cloud revenue jumped 44% to \$8.9bn, while cloud infrastructure sales surged 8%, underscoring the company’s push to expand its data-centre capacity. Net income increased to \$3.72bn, up from \$2.94bn a year earlier, and remaining performance obligations soared to \$553bn, reflecting a wave of large AI-related contracts.

**Persimmon** delivered a resilient set of full-year results, defying a sluggish UK housing market with stronger-than-expected performance across revenue, completions and margins. The housebuilder reported a 12% rise in home completions to 11,905 and a 17% increase in group revenue to £3.75bn, supported by a 4% lift in average selling prices. In the run up to the results the shares had been hit by concerns over inflation and interest rates following the strikes against Iran, but the market responded positively to an upbeat outlook statement.

**Spirax** delivered a steady set of full-year results, posting 5% organic revenue growth to £1.70bn and demonstrating resilience in a volatile industrial backdrop. Adjusted operating profit rose 6% to £339.9m, lifting the group’s organic margin to 20% as all three divisions contributed to growth.

**Lego** delivered another record-breaking year, driven by strong global demand for its expanding portfolio of play sets and continued gains in market share. Consumer sales jumped 16% as the company outpaced the broader toy industry, while net profit increased 21%, supported by efficiency gains and sustained investment in new factories, sustainability initiatives and product innovation.

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