

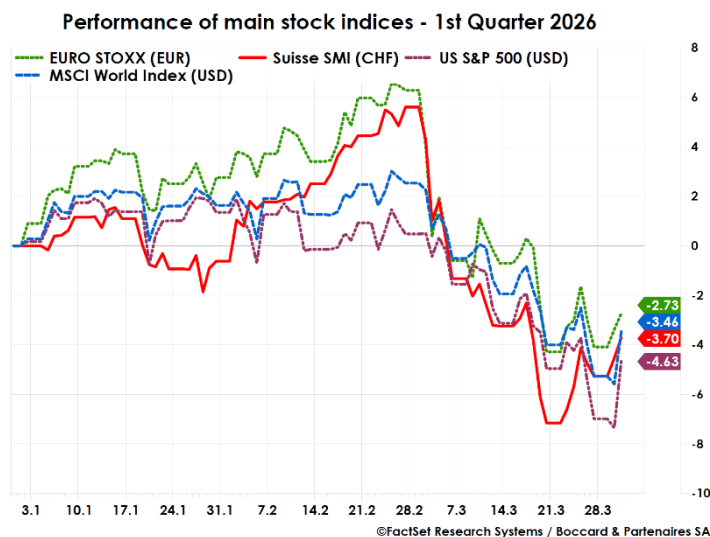


## Regime shift(s)?

### A two-stage start to the year: momentum, then a reality check

The quarter began in a constructive mood, before a geopolitical shock reshuffled the deck. In January and February, markets were mainly encouraged by the continuation of disinflation, resilient earnings, and the idea that the major central banks could remain, if not accommodative, then at least less restrictive than in 2024–2025. European and Swiss equities even built up a marked lead at the start of the year, while the United States lagged. Then, from late February onwards, the conflict surrounding Iran changed the nature of the market: energy, imported inflation and geopolitical risk once again became the dominant variables.

### Equities: markets gave back all the gains made during the first two months of the year.

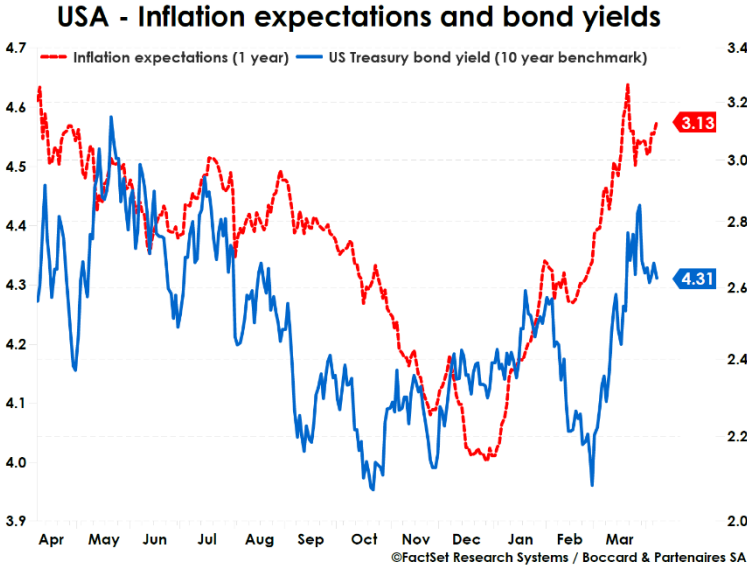


In the United States, higher energy prices and rising bond yields undermined valuations, particularly in technology. In Europe, the picture has been more mixed: after a very strong start to the year, markets pulled back sharply in March, reflecting the continent's energy dependence and renewed inflation fears. These concerns have eased somewhat since the announcement of a ceasefire on

8 April, which has fuelled hopes of a return to “calmer” conditions — at least in relative terms. Equities have benefited from this and have regained some ground.

**Rates and central banks: the market has shifted from a narrative of easing to one of vigilance.**

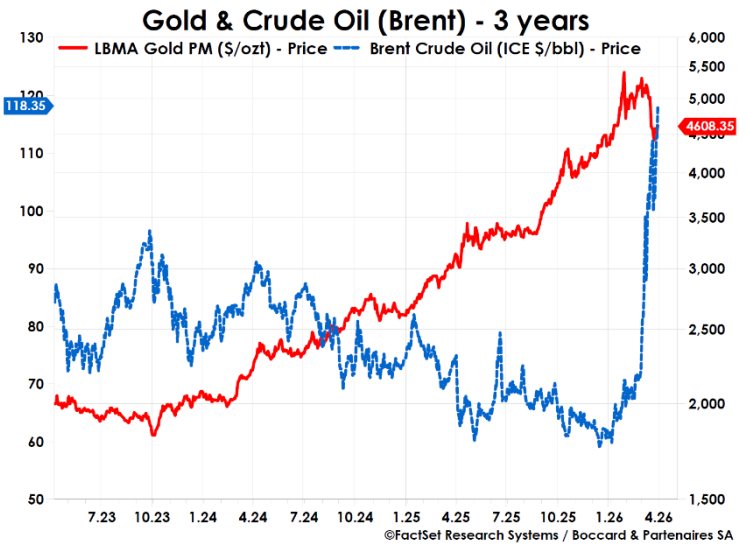
The most notable move in March was not only the fall in equities, but also the rise in yields. Markets gradually revised down their expectations for rate cuts, as the energy shock complicated the inflation outlook.



Both the Fed and the ECB remain cautious, while in Switzerland the SNB has maintained a wait-and-see stance, particularly in view of the strength of the Swiss franc. In just a few weeks, the market has thus moved from a scenario of orderly normalisation to a more uncertain environment, in which central banks have less room for manoeuvre than had been hoped. Benchmark

bond yields have responded to these short-term risks of price pressure on goods and services (one-year expectations), as shown in the chart above.

**Commodities: energy has resumed its role as the barometer of risk, and gold as the thermometer of fear.**



The clear winner of the recent period has been oil. Its rapid rise has reignited fears of a return of cost-driven inflation and has reminded investors how sensitive the global economy remains to tensions in energy supply. Gold, for its part, continues to play its role as a safe-haven asset, although its performance remains influenced by movements in the US dollar and real yields.

More broadly, commodities are reminding us that, in a market dominated by geopolitics, real assets are once again becoming essential points of reference.

## **Currencies: safe-haven dollar returns, Swiss franc remains firm, euro more vulnerable.**

On the foreign exchange front, the US dollar has regained its safe-haven status. The Swiss franc has also benefited from the return of risk aversion, while the euro has suffered more, notably because of the euro area's greater exposure to the energy shock. This move reflects a classic hierarchy in times of tension: the market favours liquid and defensive currencies, while penalising those of regions most dependent on energy imports.

## **Geopolitics: the Iranian risk changes the nature of the debate.**

If the situation were to become protracted, the main issue would not necessarily be an immediate downturn in the global economy, but rather the emergence of a less comfortable regime: more expensive energy, more persistent inflation, higher transport costs and reduced visibility for companies. At this stage, it would be excessive to view this as the central scenario for a global recession. However, a prolonged crisis would gradually shift the issue from a cyclical shock to a more lasting constraint on growth, especially for energy-importing regions. As is often the case, the danger lies not only in the initial event, but also in its ability to endure and to contaminate expectations. This also creates an opportunity to accelerate the energy transition, all the more so as the production cost of renewable energy was already the most attractive even before this crisis.

## **In summary, since 1 January, 2026 has not invalidated the underlying trends, but it has abruptly shifted regime.**

The first two months rewarded growth, earnings and a degree of European catch-up. The flare-up in the Middle East disrupted this "ideal" scenario: higher energy prices, stickier inflation, central banks with less freedom than hoped, a firmer dollar and Swiss franc, and more selective risk assets. March has reminded us that financial markets remain dependent on geopolitical risks and on the missteps of the most influential leaders. In such an environment, portfolio diversification — through assets that respond differently depending on market turbulence — is essential. A long-term perspective makes it possible to navigate troubled waters. That lies at the very heart of our approach.