

What to watch in the week ahead

Weekly Global

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- Hostilities between the US and Iran intensified last week, contributing to volatility in energy markets and a further decline in global equities. The MSCI All Country World index is now down 5.5% since the first strikes on Iran on 28 February. This week, investors will be hoping for deescalation.
- It was a volatile week for energy markets, with investors growing more concerned over the impact of the closure of the Strait of Hormuz on global oil and natural gas supplies. Markets will be on the alert for updates on whether the US will make progress in its efforts to open up the Strait.
- Most of the world's major central banks hold policy meetings this week, including the Federal Reserve, European Central Bank, and Swiss National Bank. What message will central bank officials send about the potential impact of the Iran conflict on inflation, growth, and monetary policy?

Will there be a de-escalation in the conflict between the US and Iran?

Developments in the Middle East have been dominating markets, with investors shifting between pessimism and optimism over how quickly the conflict can end and when the normal flow of energy will resume. These will remain the critical questions this week.

The tendency at the end of last week, and over the weekend, was toward escalation. Iran's new Supreme Leader stated that the Strait of Hormuz—through which around a fifth of the world's crude travels—will remain closed. Iran has said it would "not allow even a single liter of oil" heading for nations involved in the strikes to pass through the Strait amid attacks on shipping and reports from the New York Times that the nation is laying mines in the waterway. Iran also warned it would strike energy assets in the Gulf, calling on nations in the region to close US military bases. From the US side, President Trump further dampened hopes of an imminent end to hostilities on Friday, saying the US had "plenty of time" to achieve its goals in Iran, having said on Monday that the war was "very complete, pretty much." Over the weekend he also called on other nations—including China and the UK—to send ships to support US efforts to reopen the Strait.

This week, investors will be hoping for a more conciliatory tone from either side. Our view is that recent volatility presents a dilemma for investors, forcing them to weigh the risk of a sustained interruption to energy supplies against the potential for a sudden de-escalation that leads to a swift rebound. Our base case remains that this crisis will not have a

Learn more about the outlook for geopolitics

- Discover what US-Iran hostilities mean for markets in this [UBS House View Briefcase](#).
- Tensions in the Middle East have cast a spotlight on energy production. Dive into the topic of nuclear power, focusing on small modular reactors, in "Weekly Power Brief #61: Nuclear technology developments and SMRs," published 13 March 2026.
- Watch the CIO Global Livestream for an update on the Iran conflict on 17 March at 5 PM CET / 4 PM GMT / 12 PM EDT [here](#) (replay available afterwards). Find also on the same page a replay of last week's livestream, in which Kiran Ganesh, Global Head of Investment Communications, speaks with General David Petraeus for his insights into the latest developments.
- Listen to the Across the Pond podcast, which considers global impact of the Iran conflict, with a particular focus on Europe. Play on [Apple](#) or [Spotify](#).

Dig deeper into CIO's take on commodities

- Find out more about the latest CIO views on crude oil [here](#), including why we have raised our oil forecasts.
- Learn from GWM Chief Economist Paul Donovan why oil is priced in dollars in [this blog](#).
- Read about [gold's war paradox](#) in the latest CIO View on the yellow metal.

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meaningful impact on where markets trade over the long run. For well-diversified, long-term investors, our recommended strategy is simple: Stay invested. But the risks of a more durable disruption have risen, and investors looking to navigate the crisis more tactically can consider gradually reducing risk in three main ways as the crisis continues, including adding hedges, ensuring portfolios are diversified, and cutting cyclical exposure in equities and risky credit.

What comes next for the price of oil?

Uncertainty over the outcome of events in the Middle East caused volatility across markets. This was most evident in the price of oil, which reached an intraday high during the week of USD 120 a barrel and a low of USD 81/bbl—a range of close to 50%. The International Energy Agency, established in the wake of the 1973 oil embargo, said recently that crude markets were suffering “the largest supply disruption in history.”

The worry is that if regular shipping through the Strait of Hormuz does not resume, oil prices will continue to increase until demand is compromised. Investors will be looking to see this week whether energy markets gain any relief from such volatility or whether prices continue to trend higher.

We see four key questions: First, how soon can the conflict be resolved? Second, if hostilities continue, will the US make progress in escorting oil tankers through the Strait? Last week, US Energy Secretary Chris Wright predicted this could happen by the end of the month—though the US is currently “simply not ready.” Meanwhile, will Iran further step up efforts to discourage shipments through the Strait? Third, will we see further efforts by regional oil exporters, notably Saudi Arabia, to transport their oil through alternative routes? Saudi Arabia has been diverting record volumes through its Red Sea port and investors will be looking to see how sustainable this is. The UAE also has been boosting shipments via a route that avoids the Strait.

Fourth, will we get further news on the release of strategic government reserves to cushion the supply disruption? Last week, the International Energy Agency announced its members would release a record 400 million barrels of oil, more than twice the 182 million deployed after the Russian invasion of Ukraine in 2022. Investors will be looking to see if this can ease concerns in the market amid falling inventory levels at refineries.

Our base case is that oil prices will remain elevated in the near term, as the Strait remains closed. We expect Brent to trade around USD 90 a barrel by the end of June, moderating from USD 106/bbl at the time of writing. Within our active commodity strategy, we have moved energy to moderately overweight, given upside risks to the oil price in the short term. However, assuming the conflict is not sustained, we expect the price of Brent to decline to around 85 USD/bbl by the end of September and to USD 80/bbl by the end of March 2027. That compares to a level of around USD 70/bbl ahead of the airstrikes on Iran.

Will central banks react to the inflation risks posed by the Iran conflict?

The bulk of the world’s top central banks hold policy meetings this week, providing an opportunity to respond to the inflationary risks posed by the Iran conflict. The lineup includes the Federal Reserve, European Central Bank (ECB), Swiss National Bank (SNB), Bank of England (BoE), Sweden’s Riksbank, and the Bank of Canada, so there will be plenty for investors to digest. Economists are not expecting any of these institutions to adjust

See what's next for monetary policy

- With the Federal Open Market Committee meeting this week to decide on whether to change target rates, learn what Fed policy means for investors in this [report](#).
- The SNB will announce its policy rate decision on 19 March. Discover how the Swiss franc’s recent appreciation could affect the SNB’s policy guidance in this [Swiss economy report](#).
- Our weekly Jumpstart podcast includes an analysis of how the Iran conflict might impact central bank policy. Listen [here](#).

policy or to seek to preempt any rise in inflation that might result from disruptions to energy supplies.

But investors will be on the alert for more hawkish statements. Leading central banks will be eager to avoid a repeat of 2022 when the Russian invasion of Ukraine drove commodity prices and inflation higher. Back then, officials faced criticism for reacting too slowly.

Still, we expect central bankers to remain circumspect, sticking to a more neutral message about the need for “vigilance” on price pressures. Several ECB officials last week already used such language—including Bundesbank chief Joachim Nagel.

We see several reasons why central bankers will avoid a knee-jerk reaction. Economic conditions in 2022 when Russia invaded Ukraine were different. Inflation was already elevated—at close to 6% in the Eurozone and 8% in the US—amid rebounding demand after the end of COVID-19 shutdowns. At present, inflation is close to, or at, central bank targets. The US core consumer price index for February, released last week, came in at an annual 2.46%, the lowest since early 2021. Central bank policy rates in much of the world are already moderately restrictive, reducing any immediate need for hikes to contain inflation pressures. Finally, many nations are more prepared for energy shocks than in 2022, following a growing focus on energy security, efficiency, and renewables. In Germany, for example, industrial production for energy-intensive industries is down 22% since the end of 2021, versus an 8% drop for non-energy-intensive industries.

So, a commodity-driven rise in prices could cause central banks, such as the Fed or Bank of England, to delay rate cuts, though we believe this would require a more sustained period of elevated oil prices. We still expect both the Fed and BoE to cut twice later in the year, with the ECB and SNB keeping rates on hold. With returns on cash deposits low or falling, we advise investors to seek diversified income. We like high grade and investment grade bonds, see attractive return potential in emerging market bonds, and also like diversified income strategies across equities, fixed income, and structured investments, particularly for investors in regions with low interest rates.

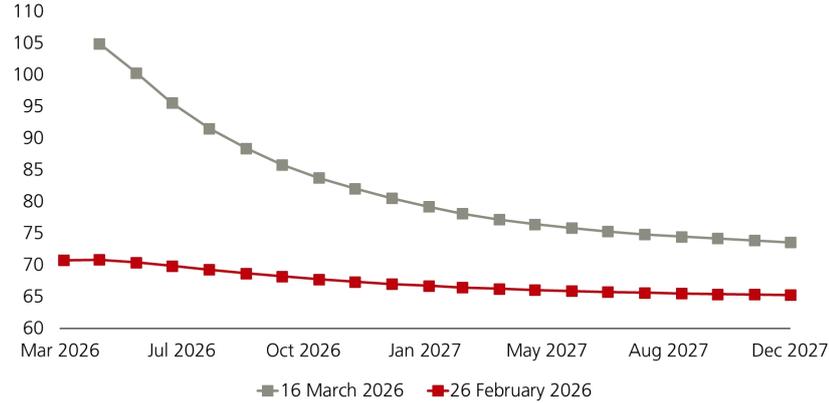
Chart of the week

Uncertainty over the outcome of events in the Middle East caused volatility across markets. This was most evident in the price of oil, which reached an intraday high during the week of USD 120 a barrel and a low of USD 81/bbl—a range of close to 50%. Brent futures markets now expect prices to finish the year around USD 82/bbl, slightly below our updated forecast of USD 85/bbl.

Markets are worried about the short term—forward oil prices remain contained

Brent crude oil futures curves

Weekly Global



Bloomberg, UBS, as of 16 March 2026

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Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- **Hedge Fund Risk:** There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
- **Managed Futures:** There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.
- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **Private Equity:** There are risks specifically associated with investing in private equity. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- **Foreign Exchange/Currency Risk:** Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.

Global asset class preferences definitions

The asset class preferences provide high-level guidance to make investment decisions. The preferences reflect the collective judgement of the members of the House View meeting, primarily based on assessments of expected total returns on liquid and commonly known indices, House View scenarios, and analyst convictions over the next 12 months. Note that the tactical asset allocation (TAA) positioning of our different investment strategies may differ from these views due to factors including portfolio construction, concentration, and borrowing constraints.

Attractive: We consider this asset class to be attractive. Consider opportunities in this asset class.

Neutral: We do not expect outsized returns or losses. Hold longer-term exposure.

Unattractive: We consider this asset class to be unattractive. Consider alternative opportunities

Note: For equities, we have a five-tier rating system with two additional preferences

Most Attractive: We consider this asset class to be among the most attractive. Investors should seek opportunities to add exposure.

Least Attractive: We consider this asset class to be among the least attractive. Seek more favorable alternatives opportunities.

When equities are included with the other asset classes in the three-tier rating system, we collapse "Most Attractive" with "Attractive" and "Least Attractive" with "Unattractive."

Appendix

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