

MARCH 2026

Geopolitics and Markets: Assessing the Middle East Crisis

Key takeaways

- De-escalation may come within two weeks following the most kinetic part of the conflict
- A weaker Iran could be positive for the region and world in the longer term
- Despite short-term spikes, oil prices likely to decrease as new supply enters the market
- Hard assets, cyclical, defense, and oil services provide attractive opportunities

Escalating tensions in the Middle East are raising new questions for investors as markets closely monitor the situation. In a live webcast moderated by Benoit Anne, Charles Myers of Signum Global Advisors shared his views on the conflict and its potential implications for energy prices and investment markets.

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De-escalation may come within two weeks following the most kinetic part of the conflict

In Charles' view, the most kinetic part of the conflict is expected to last one to two weeks, with de-escalation following shortly after. He sees only one outcome: a loss for Iran, with a depletion of its ability to develop nuclear weapons and the Strait of Hormuz controlled by the United States and its allies. In a worst case scenario, the conflict would last longer than the US expects, if Iran's military response continues unabated or it steps up its attacks on ships traveling through the Strait. Charles believes there are a few off-ramps out of this conflict for the US administration:

1) Oil prices stay above \$100/barrel for several days

2) US 10-year treasury yield moves above 4.5%

3) The US military faces significant casualties

Additionally, the upcoming US midterm elections may speed up de-escalation if the administration feels the Democrats might win the Senate due to sustained high oil prices.

A weaker Iran could be positive for the region and world in the longer term

Looking beyond the next six months, Charles believes that a weaker Iran — one that has lost the ability to threaten attacks against its neighbors or to build nuclear weapons — would be positive for the region and the wider world. China and Russia have been deliberately quiet during the Middle East conflict; bilateral US–China talks are due next month, and Russia is facing repercussions following their removal from Venezuela, as well as their ongoing war with Ukraine. Charles suggests that China and Russia will end up worse off as a result of a weaker axis between China, Russia, Iran, and North Korea.

Despite short-term spikes, oil prices likely to decrease as new supply enters the market

The impact of this crisis on the macro landscape is highly dependent on the price of oil. In Charles' view, a spike back to \$120/barrel would likely only happen due to a major setback in this conflict. He sees oil prices staying in the high \$90s as a more realistic short-term scenario. Should prices stay elevated for several weeks, the impact on inflation data would keep the Federal Reserve's easing cycle on hold. In the longer-term, however, Charles sees oil prices dropping into the low \$50s due to the upcoming announcements of a globally-coordinated release of oil reserves and new supply (e.g., from Venezuela) expected to reach markets. In the next two weeks, Charles expects reduced pressure on oil prices due to:

1) President Trump using the Development Finance Corporation (DFC) to provide an insurance backstop for ships

2) The US diverting some navy ships to escort oil tankers once the most kinetic part of the war is complete

3) The US and allies taking control of the Strait of Hormuz and patrolling it with naval vessels and fighter jets

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Hard assets, cyclicals, defense, and oil services provide attractive opportunities

Charles remains positive about the macro outlook and the markets. He believes the US administration will achieve its 3% GDP target this year and that there is little chance of stagflation in the economy; he sees persistent inflation due to an expansive fiscal policy as the bigger risk. In terms of attractive potential investment opportunities, Charles highlighted the following:

- **Regions:** Overweight to the US, where indiscriminate selling from AI displacement fears is creating compelling entry points for the highest-quality software names. Selective opportunities in Europe; some countries are performing well (Greece, Italy, Portugal, Spain), while others struggle (France, Germany). Optimistic on emerging markets, which have faced a temporary setback due to US dollar strength in this risk-off environment but are still supported by tailwinds from China and other Asian countries.
- **Sectors:** Continued rotation into hard assets, cyclicals, defense, and oil services (e.g., refining).

Conclusion

Geopolitical risks remain elevated, and the investment landscape remains uncertain. Despite this, Charles believes those who stay invested and overweight to the highest-quality companies and countries stand a better chance of generating attractive returns over the long term.



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