

The Middle East Uncertainties

March 2026

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Through this period of uncertainty in the region, Jupiter Wealth remains firmly committed to its clients and partners and prays for the safety of everyone in the region.

Geopolitical tensions escalated sharply in Q1 2026, culminating in joint Israel-U.S. strikes on Iranian targets on February 28th under Operations 'Roaring Lion' and 'Epic Fury'. Israel-U.S. airstrikes hit leadership compounds in Tehran, IRGC facilities, and nuclear sites in Isfahan and Qom, reportedly causing widespread disruptions.

Iran retaliated immediately with missiles and drones targeting not just Israel and US bases, but also broader Middle East countries. Jordan, Syria, Kuwait, Bahrain, Qatar, Saudi Arabia, and the UAE are among the affected countries in the region.

As the conflict spread, Iran closed the Strait of Hormuz, a narrow channel along the Iranian coast, on March 2nd, disrupting global energy flows. On March 12th 2026, the International Energy Agency (IEA) said:

“Global supply is expected to drop by 8 million barrels per day in March, a volume equal to almost 8% of world demand - due to the blocking of the Strait of Hormuz.”

As Iran decided to keep the Strait of Hormuz closed, oil prices spiked quickly. To ease this upward pressure on oil prices, the US, Japan and the IEA have announced this week that it will release strategic reserves. Despite this, oil prices continued to linger above the \$100 per barrel mark.



As per Bank of Singapore, currently 10 to 15 million barrels per day of oil are estimated to be blocked from flowing through the Strait of Hormuz out of 105million barrels of global daily output, and this supply gap is only partially offset by the release of reserves.



The U.S. inflation remained steady in February 2026. The CPI remained at its slowest pace since the start of the post-Covid-19 era, both for the overall index and for core inflation. The February data of course doesn't account for the rise in oil prices observed since early March.

Sustained high oil prices could have significant knock-on effects on inflation, growth and employment data. Markets will continue to monitor further developments following the U.S. President's remarks on the possible end to the war. The key to oil price normalisation would be the re-opening of the Strait of Hormuz.

Europe is particularly vulnerable to an outsized impact, given its high dependence on imports, its equity markets' exposure to global cyclicals and unusually low gas inventories. The US Dollar (USD) has strengthened due to its safe-haven appeal and the U.S.'s position as a net energy exporter amid soaring oil prices, as have U.S. Treasuries. The world's biggest energy importers have seen their currencies post the largest losses against the USD: The Japanese Yen lost more than 1.5%, while the Euro lost 2%.



Historical Case Studies: Geopolitical Crises & Market Reactions

Past geopolitical shocks reveal consistent patterns: commodity surges, safe-haven flows, and temporary equity dislocations.

	Gold	Oil	Equities	USD/FX
1990 Gulf War Aug 1990 - Feb 1991 Comments	+8%	+130%	-20% then +30%	USD strengthened
Iraq invaded Kuwait triggering oil shock. Swift US-led coalition response. Equities fell then recovered sharply on ceasefire. VIX precursor spiked.				
9/11 & Iraq War Sep 2001 / Mar 2003 Comments	+15% / +5%	Spike then -25%	-12% (S&P, 1 wk)	USD weakened
9/11 caused brief equity shutdown & sharp drop. 2003 Iraq invasion risk pre-priced; relief rally followed swift military victory.				
Russia-Ukraine War Feb 2022 - Present Comments	+15% (6 months)	+60% → reversal	-12% S&P (Q1 2022)	USD Index +14%
Largest European conflict since WWII. Energy crisis in Europe, grain supply disruption. Gold and USD surged as safe havens. Brent hit \$128 before retracing.				
Middle East crisis Oct 2023 - Present Comments	+28% → ATH \$2,800	+12% (spike, faded)	Resilient / recovered	CHF & JPY strengthened
Gold hit all-time highs above \$2,800 on sustained ME risk premium. Oil spike was short-lived. JPY/CHF safe-haven demand elevated. Risk of regional escalation ongoing.				

Source: Bloomberg, Seeking Alpha, Barron's

The key pattern observed is that of gold & oil price spike during escalation, as well as safe haven FX flows into currencies such as CHF & JPY, and spike in volatility for equities. However this spike is typically followed by a rapid mean-reversion



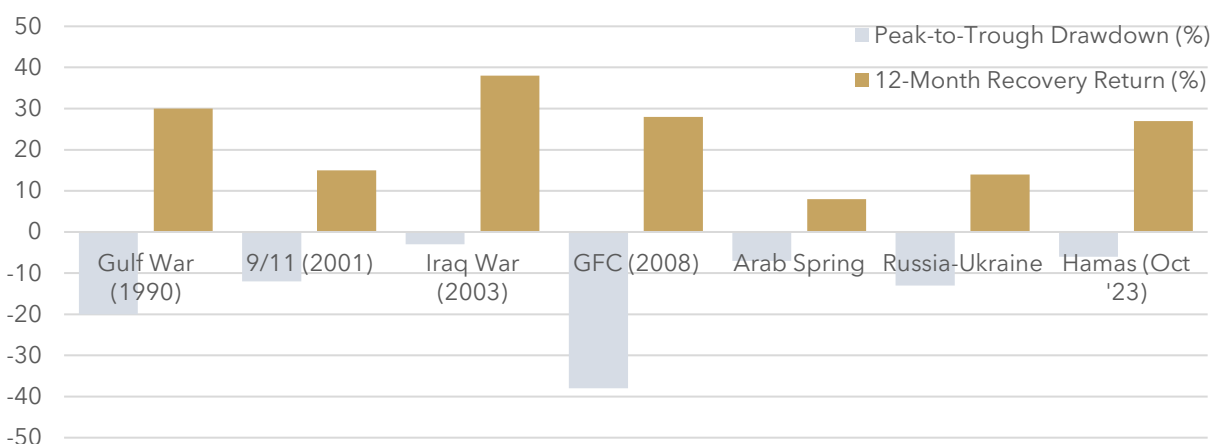
Global Equities: Market Performance Before & After Geopolitical Crisis Events

Historical analysis of major indices across 5 key crisis events. Data represents total return from crisis onset.

Source: Bloomberg, Seeking Alpha, Barron's

Crisis Event	Period	S&P 500 Darwdown	S&P 500 12M After	VIX Peak	Recovery Months
Gulf War 1990	Aug'90-Feb'91	-19.9%	+29.1%	36	7
9/11 Terror Attack	Sep 2001	-11.6%	+14.1%	43	3
Iraq War 2003	Mar-May 2003	-2.8%	+38.5%	34	1
GFC - Oil Peak	Jul-Dec 2008	-38.5%	+26.5%	80	8
Arab Spring	Jan-Mar 2011	-6.4%	+5.9%	31	4
Russia-Ukraine War	Feb-Mar 2022	-12.4%	+14.2%	37	5
Hamas Oct 7 Attack	Oct 2023-Now	-5.7%	+26.3%	24	2

S&P 500: Peak-to-Trough Drawdown vs 12-Month Recovery After Crisis Onset:



Current Positioning Recommendations



Gold

Positive – as structural demand remains intact (central bank buying, persistent geopolitical risk) – potential to add on dips.



Energy
Equities

Selective exposure to integrated oil majors. Supply disruption risk justifies premium. Exit on peace signal.



CHF / JPY vs
EUR

USD/CHF near multi-decade CHF highs. Further escalation likely. SNB may intervene; size positions accordingly.



Avoid Long
Duration

Oil shock = inflationary pressure = curve steepening. Prioritise short-duration IG credit and floating rate.

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