Santander Asset Management

State of Play

Middle East tensions: Market update

6 March 2026

On 2 March, we shared a State of Play following U.S. and Israeli military strikes on targets in Iran. With several days of market trading since then, including overnight developments, we are providing a further update on where conditions stand today and what this means for investors.

Geopolitical tensions remain elevated. However, financial markets continue to function normally, and recent movements have been orderly.

How have markets reacted?

In the immediate aftermath of the news earlier this week, oil prices rose above $80 a barrel, equity markets moved modestly lower, and investors shifted toward assets such as gold and government bonds.

Since then, markets have stabilised. Oil prices remain somewhat higher than last week but have eased from their peak levels. Global shares have recovered a portion of earlier declines, and overall volatility has moderated further.

Overnight trading has not signalled any material escalation being priced into markets. Investor sentiment appears cautious but measured.

This pattern, an initial repricing of risk followed by consolidation, is typical during geopolitical events. Importantly, there has been no sign of sustained financial stress or disruption to core market functioning.

Why is oil still the key focus?

The central issue remains disruption to global energy supplies.

The Strait of Hormuz, which carries around one-fifth of global oil trade, is currently experiencing significant restrictions. Security warnings and insurance constraints have led many shipping operators to suspend or delay transit, with traffic sharply reduced. Markets are therefore treating the route as effectively constrained for now.

Oil prices tend to react quickly to geopolitical risk. Current levels reflect both the immediate disruption and uncertainty about how long restrictions may last.

It is important to keep perspective. Strategic reserves and alternative supply routes can help offset temporary interruptions, and past geopolitical episodes show that energy price spikes do not necessarily lead to lasting economic damage if disruption proves limited in duration.

What does this mean for investors?

Short-term volatility is uncomfortable but not unusual during periods of heightened uncertainty.

At this stage, there is no evidence that recent developments have materially altered the broader economic outlook. Global growth remains moderate, corporate earnings are broadly resilient, and central banks are no longer aggressively tightening monetary policy.

While energy prices are being monitored, particularly for their potential impact on inflation, the underlying economic backdrop remains intact. Over time, these broader fundamentals tend to matter far more for investment outcomes than short-term geopolitical events.

How we are positioned

Periods like this reinforce the importance of diversification and discipline.

Our portfolios remain balanced across shares and bonds, with a focus on quality, resilience and prudent risk management. Where we have the flexibility, we also maintain exposure to assets such as gold, which can help provide stability during uncertain periods.

Active management allows us to monitor developments closely and respond if conditions change in a way that meaningfully affects the outlook. For now, a measured and disciplined approach remains appropriate.

Asset Management

A gentle reminder

When headlines are dramatic, it's easy to feel unsettled. But history shows that markets have faced, and recovered from, many geopolitical shocks. Sharp moves in the short term don't always reflect long-term reality.

Here are a few things worth remembering:

Markets are resilient.
Temporary shocks often fade.

Diversification helps.
Different investments respond differently to events.

Long-term plans matter most.
Making sudden decisions during periods of stress can often do more harm than good.

Staying calm and focused on your long-term goals remains the most sensible approach. We will continue to monitor the situation closely and keep you updated if conditions change in a way that meaningfully affects the outlook.

Learn more!

Investing can feel complex and overwhelming, but our educational insights can help you cut through the noise. Learn more about the Principles of Investing here.