March 2026 quarter end review update

The table details the quarterly data for the FTSE All-Share Index.

Quarter	Open	Close	High	Low	Return year to date
January – March	5350	5430	5851	5298	1.50%

The first quarter, despite continued concerns about elevated valuations, saw the main indices of most developed markets reach new highs, including the UK. However, even before the military action from the USA and Israel on Iran on the 28th February, there were signs of valuations starting to pull back, particularly in the IT sector. While the tech sector remains fundamental, there are concerns about the capital expenditure that they are committed to will not necessarily provide the expected returns. What has also changed is that a rotation away from "tech heavy" sectors into sectors such as financials and energy is underway, which has favoured other markets rather than the USA.

Whilst it is always the fundamentals and sentiment that tend to drive valuations, this was completely turned on its head with the military action taken against Iran. Initially markets were slow to respond as the news began to unfold. However, as the military action intensified and broadened to the wider Middle East, it became clear that there are a number of unintended consequences over and above the sharp rise in the oil price. These include the impact on supply with the withdrawal of the insurance on ships using the Strait of Hormuz, the oil and natural gas refining in Qatar, the impact on supply chains for the global movement of goods and, ultimately, what this could mean for inflation and interest rates, all at a time when global growth is weak.

No one knows what the future will hold, but the longer the conflict continues with a lack of clarity over what will follow, markets will be susceptible to greater volatility with little basis for fundamentals to play a role. This is true of the current market, where in recent days we have seen the FTSE go above 10,000 with valuations seeing a small recovery, which to our mind reinforces the merit of remaining invested in a well-diversified portfolio.

1st April 2026

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