

# Market Update

## Middle East Conflict

09 April 2026

### Executive Summary

- 1. The two-week ceasefire and the reopening of the Strait of Hormuz represent an encouraging first step toward de-escalation.**
- 2. As the reopening of Hormuz provides some relief, yesterday we tactically moved our equity stance back to neutral.**
- 3. We remain ready to adopt a more constructive stance should more credible signs emerge that a durable peace plan is well underway.**

### Two-Week Ceasefire

The United States of America has entered into a two-week ceasefire agreement with Iran, following Iran's commitment to allow safe passage through the Strait of Hormuz under the coordination of its armed forces. This development sets the stage for potential diplomatic progress, with delegations scheduled to meet in Islamabad, Pakistan on 10 April to discuss Iran's ten-point proposal.

Nevertheless, the situation remains fragile. Key elements of the proposed peace plan are still under negotiation, and there is a risk that the ceasefire could break down.

### A Fragile Situation

**For the time being our main scenario remains unchanged:** The shock lasts a few months. Economic activity is affected but recovers as traffic in the Strait of Hormuz normalises and energy prices decline.

While the latest developments are encouraging, we have decided to wait for greater clarity before revising our view.



We will monitor in particular:

- The effective implementation of the cease fire
- The path toward a more permanent resolution of the conflict
- The pace and scale of normalisation in shipping traffic through the Strait of Hormuz, as well as developments in oil prices
- The Iranian regime's capacity to comply with agreed terms and conditions (noting that, while the Iranian Islamic regime remains in power, several senior leaders have been killed)

### **Equities: Tactical Re-engagement Amid Fragile Improvement**

Financial markets have reacted positively to the ceasefire announcement, with European equities rallying and Brent crude declining sharply (falling by approximately 15% yesterday 8 April<sup>1</sup>). This repricing is consistent with the three conditions highlighted in our previous note as prerequisites for a more constructive stance: a credible reopening of the Strait of Hormuz, oil stabilising toward \$80–85 per barrel, and easing rate pressures. Recent price action is moving in that direction, with early signs of normalisation across all three dimensions.

Positioning dynamics also argue for a less defensive stance in the near term. Investor positioning has become meaningfully short, increasing the risk of short-covering pressure as market conditions stabilise. In this context, we moved our equity stance back to Neutral yesterday, increasing exposure from previously underweight levels.

However, we are not yet turning constructive on equities and maintain a cautious approach. Further confirmation through sustained improvements in oil, rates and market functioning will be required to justify a more positive stance. Until then, we view this move as a tactical normalisation within an environment that still warrants prudence.

**We have taken a first step toward a more positive stance by moving equities back to Neutral as early signs of normalisation emerge.**

**We remain ready to adopt a more constructive stance should conditions continue to improve. The key factors to monitor are a confirmed and durable reopening of the Strait of Hormuz, oil consolidating around \$80–85 per barrel, and a continued easing of rate pressures. Should these conditions be met, we would move more decisively to re-engage with risky assets. Until then, prudence remains warranted.**

---

<sup>1</sup> Sources: Candriam, Bloomberg



### **IMPORTANT INFORMATION**

This document is provided for information and educational purposes only and may contain Candriam's opinion and proprietary information. This document does not constitute an offer to buy or sell financial instruments, nor does it represent an investment recommendation or confirm any kind of transaction, except where expressly agreed. The opinions, analyses and views expressed in this document represent Candriam's views only. Although Candriam selects carefully the data and sources within this document, errors or omissions cannot be excluded a priori. Candriam cannot be held liable for any direct or indirect losses as a result of the use of this document. The intellectual property rights of Candriam must be respected at all times, contents of this document may not be reproduced without prior written approval.

The present document does not constitute investment research as defined by Article 36, paragraph 1 of the Commission delegated regulation (EU) 2017/565. Candriam stresses that this information has not been prepared in compliance with the legal provisions promoting independent investment research, and that it is not subject to any restriction prohibiting the execution of transactions prior to the dissemination of investment research.

This document is not intended to promote and/or offer and/or sell any product or service. The document is also not intended to solicit any request for providing services.

