Monthly Market Update

April 2026

Independent Advice. Bespoke Solutions.

"Markets faced a more challenging period, with volatility returning and most asset classes delivering weaker returns amid uncertainty."

Matthew Cove DipFA
Director
01304 371 753

Q1 2026 Commentary

Global markets were weaker over Q1, as investor confidence was unsettled by geopolitical risks and changing expectations around interest rates, leading to periods of heightened volatility, driven in part by escalating conflict between Iran, the United States, and Israel following direct U.S. military involvement in the region. Gold performed strongly earlier in the period before giving back some gains, illustrating how traditionally defensive assets can move as sentiment shifts. In bond markets, yields in the US moved higher, particularly for shorter-term bonds; as bond prices move in the opposite direction to yields, this led to weaker overall bond performance.

United Kingdom

FTSE All Share: -6.68%

Equities in the UK posted weaker returns overall, although some areas such as basic materials, utilities and telecommunications proved more resilient. Mining stocks benefited from rising metals prices, which often increase when investors anticipate inflation or global uncertainty, helping to offset some of the broader weakness. Larger companies in the FTSE 100 slightly lagged mid-sized firms, though overall returns remained weak. Economic data showed modest growth and lower-than-expected borrowing, suggesting some underlying resilience, although elevated inflation continued to weigh on household spending.

United States

S&P 500: -3.16%

Returns in the US were weaker over Q1, despite several supportive factors. Strong technology earnings and continued interest in Artificial Intelligence (AI) helped support sentiment and limit declines, alongside expectations that the Federal Reserve may ease policy later in the year. However, performance remained concentrated in a small number of companies, meaning many stocks delivered more modest returns. Periods of volatility, driven by tariff concerns and softer economic data, highlighted how sensitive markets remain to policy changes and the economic outlook.

Discrete Monthly Performance as at 31/03/2026

Europe

FTSE Developed Europe ex UK: -8.88%

Equities in Europe experienced muted performance, with much of the weakness coming later in the period as higher energy prices and geopolitical uncertainty affected sentiment. Energy shares performed relatively well, while more consumer-focused areas such as retail and leisure were weaker as investors grew more cautious about the outlook for growth. There was also a clear split within technology, with software companies weaker, while semiconductor and hardware businesses were more resilient. Higher oil prices added pressure in a region where energy costs remain an important driver of inflation and business confidence, while softer business activity data suggested growth slowed as the period progressed.

China

CSI 300: -4.78%

Equities in China were weaker overall, as investors remained cautious about the country's growth outlook. Slower domestic activity, weaker export demand and continued concerns around the property sector weighed on sentiment. Although some policy support was introduced, it was not enough to fully restore confidence, particularly as consumer demand remained soft. Parts of the technology and internet sectors also faced challenges, adding further pressure. However, China was somewhat better placed than some other markets to manage rising energy prices later in the period. Overall, confidence remained fragile despite some targeted areas of support.

Japan

MSCI Japan: -10.71%

Equities in Japan delivered negative returns overall, although they showed periods of relative strength earlier in the period. A strong rally initially followed a decisive election result, which improved expectations for political stability and continued pro-growth policies, while technology-related companies and domestic reform themes also supported sentiment. However, these gains were reversed later in the period as global sentiment weakened and higher energy prices raised concerns about inflation and slower growth. The Bank of Japan kept interest rates unchanged, although investors became more aware of the risks that ongoing energy pressures could complicate the outlook, leaving overall returns negative.

Emerging Markets

MSCI Emerging Markets: -11.36%

Emerging market equities were weaker during Q1. Performance was initially supported by technology-focused markets such as Korea and Taiwan, where demand linked to AI and semiconductors remained strong. A weaker US Dollar also provided some support earlier on, as it typically encourages investment into emerging economies. However, conditions became more challenging later in the period, as higher oil prices and supply concerns affected many energy-importing countries. Latin American markets were a relative bright spot, while India and several Middle East-linked markets were weaker, highlighting the varied performance across regions.

Global Bonds

Bloomberg Barclays Global Agg: -1.18%

Bond markets were weaker globally as yields moved higher and prices fell, reflecting concerns that rising energy prices could push inflation higher again, which could keep interest rates higher for longer than expected. This added to broader pressure across fixed income markets. Government bonds came under pressure across most major markets, particularly where investors had previously expected interest rate cuts. US government bonds were relatively more stable than those in Europe and the UK, while corporate bonds held up better in the US than in Europe. Overall, bond markets reflected a more cautious view on inflation and the outlook for interest rates.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/03/2026

	5 Years %	3 Years %	1 Year %	Volatility %
Global Bonds	-2.80	1.23	2.05	5.03
UK Equities	69.34	45.56	21.54	10.48
US Equities	80.92	53.37	14.87	12.68
European Equities	52.18	33.76	15.31	12.08
Japan Equities	43.74	45.33	23.21	12.50
Asia Equities	64.43	62.83	53.95	17.78
China Equities	-0.79	11.54	20.91	18.86
Emerging Market Equities	25.42	42.00	26.81	14.47
Global Equities	70.56	49.29	16.38	11.40

Data source FE Analytics 31.03.2026. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.