



THE EXPERTS



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# Iran Ceasefire Triggers Short-Term Relief Rally

FOR FINANCIAL ADVISERS AND THEIR RETAIL CLIENTS

The US and Iran agreed a two-week ceasefire just before US President Donald Trump's deadline on Tuesday night. The agreement has avoided a further escalation in the conflict and sparked a broad relief rally across global markets. Tehran confirmed it would allow safe passage through the Strait of Hormuz while negotiations on a permanent deal get under way. Talks are set to begin in Islamabad on Friday.

## Equities

European and Asian stocks rose sharply. The Stoxx Europe 600 gained 3.7%, Germany's Dax rose 5%, and the FTSE 100 added 3%. The rally was broad but uneven. Airlines led the way, with Air France-KLM and Lufthansa both rising around 12%, as the sector recovered losses from conflict-driven disruption. European banks, under pressure from inflation and rate expectations, also rallied, with Société Générale gaining 8.5% and Barclays rising 8%. Energy majors fell sharply, with Shell losing nearly 7% and BP almost 8%, and Norway's Equinor down 13% as oil prices dropped.

South Korea's Kospi rose 5%, as memory chipmaker SK Hynix gained 9%, and Japan's Topix surged 4.75% to a one-month high. The US S&P 500 gained 2.7%.

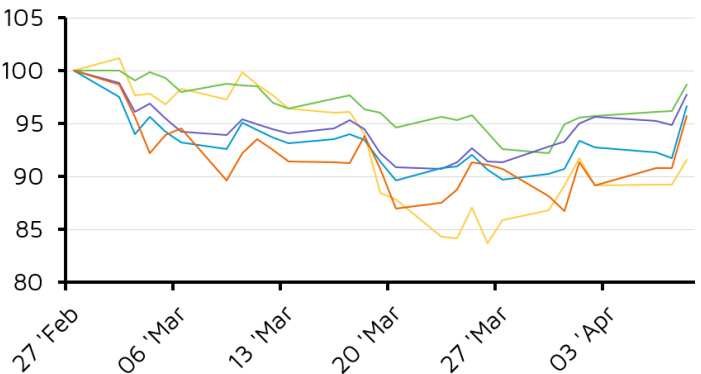
## Bonds & Rates

A government bond rally pushed yields down sharply as traders scaled back aggressive rate-rise bets. The 2-year gilt yield dropped 22 basis points to 4.2%, while the yield on equivalent German bonds fell to 2.52%. The shift in rate expectations was dramatic. Only a week ago the 10-year gilt yield

was around 5% as investors expected the Bank of England to raise rates to deal with inflation. This has dropped to 4.63% as these fears recede. European government bonds jumped higher, forcing down yields, as expectations for rate hikes are unwound.

Chart 1 - Relief For Global Equities

Euro Stoxx 50, FTSE 100, Nikkei 225 and S&P 500 indices and Gold's price rebounded (%)



Source: FE Analytics. Total returns in local currency 27/02/26 to 08/04/26



## Oil & Energy

Brent crude fell 15% to around \$93 a barrel. This is a substantial move but leaves oil well above the roughly \$70 a barrel seen before US-Israeli strikes began in late February.

Physical disruptions, elevated shipping costs, war risk insurance premiums and a persistent geopolitical risk premium will keep prices elevated for some time. Around 175 million barrels of crude and refined products are currently on tankers in the Gulf but it is still unclear how and when the Strait of Hormuz will reopen. Hapag Lloyd's chief executive warned it would take up to eight weeks before shipping returns to normal, with an estimated 1,000 merchant vessels still stuck in the Gulf.

The scale of the underlying damage is significant. The conflict is estimated to have taken 9 to 12 million barrels per day off the market. Even as it reopens, production recovery is expected to be uneven and broader recovery depends on shipping access and confidence in a durable ceasefire. Gas markets face a separate but related challenge. QatarEnergy has halted LNG liquefaction and analysts warn that restarting exports could take weeks or longer given plant damage, logistics constraints and ongoing security concerns. European natural gas fell 18% on the ceasefire news, but the structural disruption to supply runs considerably deeper than that move implies.

## Outlook

The ceasefire has been welcomed by all sides but the truce appears very precarious. Negotiations will be based on Iran's 10-point plan which includes maintaining control over the strait, lifting all sanctions and a full US military withdrawal from the region. US proposals, which Iran has rejected, included the end of Iran's uranium enrichment and tough restrictions on its ballistic missile programme. Meanwhile, Israel continues ground operations in Lebanon, which falls outside the truce. The two-week window is narrow, and the gap between the two sides remains wide. But both parties wanted an exit, and the Pakistan-mediated framework gave them one. Markets are pricing in hope, not certainty.

Against this backdrop, assets with stronger fundamentals and more compelling valuations remain attractive. Longer-dated gilts remain sensitive to more aggressive central bank action if inflation picks up. In equities, high valuations and concern about AI-led revenue growth in the US means markets like the UK and emerging Asia Pacific present opportunities. Real assets may offer a hedge against volatility and higher inflation. We are monitoring the situation closely and portfolio positioning remains under review.

**This document is for financial advisers and their retail clients and contains general information only.**

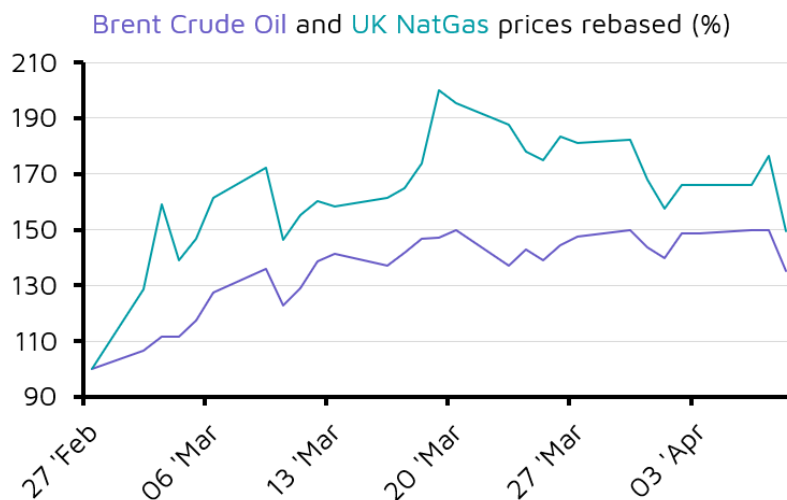
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Chart 2 - Energy Prices Tumble But Are Higher Than Pre-War Levels



Source: FE Analytics. Total return in local currency 27/02/26 to 08/04/26