

APRIL 2026

# Investment Navigator

## Asia Edition



## US-Iran War: Ceasefire Now... What's Next?

After weeks of escalating conflict, the announcement of a two-week US-Iran ceasefire has triggered the sharpest market reversal in months. Oil prices plunged 15% in a single day and the S&P 500 posted one of its best sessions in a year. Yet, beyond the relief, three critical questions demand answers:

### 1 Is this truce a turning point towards peace, or just a pause?

With US-Iran tensions still simmering over differing strategic objectives, will the 14-day ceasefire hold, or will fresh provocations plunge the region back into chaos?

### 2 Has the stagflation threat peaked?

Markets welcome the ceasefire, but concerns over a constrained Strait of Hormuz remains. Shortages in key areas such as gas, fertiliser and helium threatens to push prices higher. How will central banks respond?

### 3 Where are the opportunities in the aftermath?

Asia endured the brunt of the shock, while precious metals also sold off until most recently. With the latest ceasefire development, how and when should investors risk on?

In this Investment Navigator – April 2026 edition, we discuss whether the ceasefire's relief rally can last, how supply chain bottlenecks could reshape inflation, and why diversification is more critical than ever.

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## Market heaves a sigh of relief on a two-week ceasefire

The announcement of a two-week ceasefire on the 7 April between the United States and Iran marks a critical, albeit tentative, shift in the ongoing Middle East conflict. This temporary cessation of hostilities is strictly conditional upon the reopening of the Strait of Hormuz, a vital artery for global maritime trade that has been choked by the recent war situation.

Markets reacted positively to the news, breathing a huge sigh of relief as the war entered a sixth week and was looking to further escalate. Equities market rallied, with the S&P 500 marking one of its best sessions since a year ago, triggered by a 15% drop in oil prices (largest one day decline since 2020). We see this as a move in the right direction, although the underlying sentiment remains one of extreme caution, and the road towards peace and stability remains inherently fragile. The next 14 days following this announcement will serve as a high-stakes litmus test for both nations' commitment to de-escalation, as any minor provocation could shatter the current calm and send the region back into chaos.



## The start of a long road towards peace

It is important to recognise that the agreed upon ceasefire is strictly limited to a 14-day window, serving primarily as a necessary political and economic off-ramp to alleviate immediate global pressures. It is not a definitive armistice or a permanent end to the war. The core strategic conflicts remain entirely unresolved. The US objectives, centred on regional stability and nuclear non-proliferation, remain largely at odds with Iran's position on sovereignty and the removal of crippling economic sanctions.

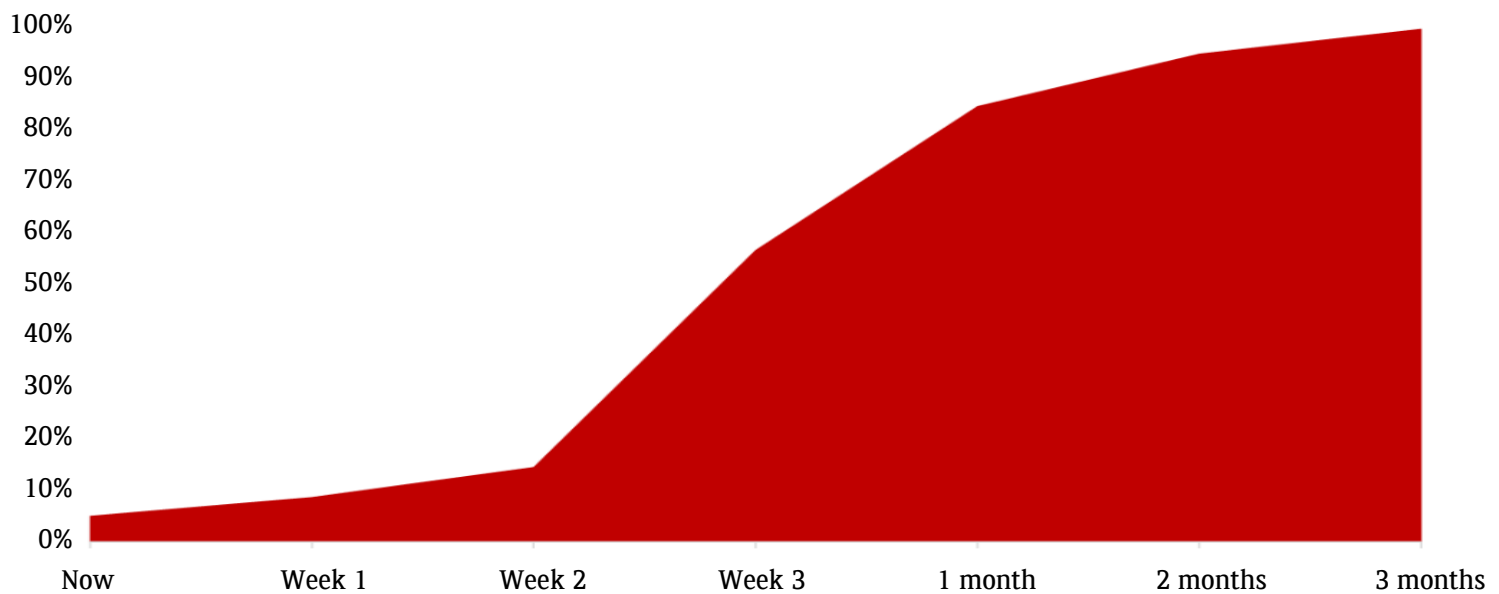
The underlying framework for future negotiations, ostensibly based on a 10-point proposal, involves highly contentious demands regarding the permanent control of maritime navigation, the future of the Iranian nuclear program, and the comprehensive lifting of sanctions. The profound disparity between the strategic objectives of the involved parties suggests that navigating a permanent resolution will be exceedingly difficult, leaving the region highly susceptible to renewed volatility once the temporary truce period ends. Achieving long-term peace remains an uphill battle, and negotiations scheduled following the first meeting gives a glimmer of diplomatic hope that the conflict could transition from military posturing to dialogue.





## The logistical reality of reopening the Strait

**Figure 1: The recovery in Hormuz tanker crossing following full reopening**



Source: JP Morgan Commodities Research, Kpler, as of 9 Apr 2026.

The physical reopening of the Strait of Hormuz is vastly more complex than a simple political declaration. Maritime mines suggest that a safe passage through the strait must be highly coordinated with the Iranians. Additionally, there is currently a severe backlog of more than 800 vessels remaining trapped or idle in the Persian Gulf region, and resolving this bottleneck will require considerable time given the capacity constraints of the narrow waterway. Beyond the physical clearing of the waterways, the oil supply shock will take significant time to rectify, as production facilities that were mothballed or damaged cannot return to full capacity overnight. It will take months before the supply normalises.

Global markets must therefore brace for a substantial lag between the political agreement to resume trade and the actual physical arrival of tankers at their destinations. Furthermore, there will undoubtedly be an increase in shipping premiums for sailing through the strait, and we are also witnessing emerging indications that Iran may attempt to leverage the situation to implement new, structural transit fees. Such measures would permanently alter the cost dynamics of global maritime trade in the region, which may in turn keep energy prices volatile in the immediate term. Our near-term target for Brent remains at \$100/barrel.



## The threat of stagflation is still increasing

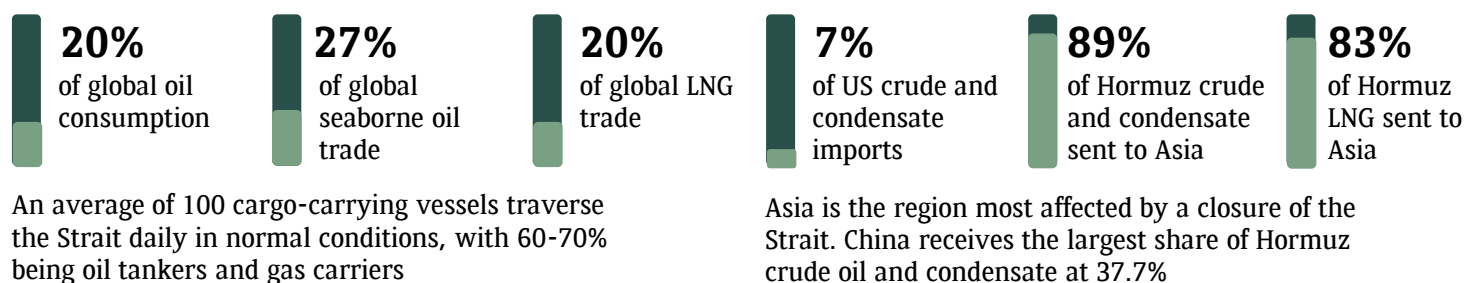
Figure 2: Historical oil supply shocks

Event	Year	Estimated Supply Loss
Hormuz Crisis	2026	15-20 mb/d
Ukraine Invasion	2022	~3.0 - 5.0 mb/d
Iranian Revolution	1978-79	~5.6 mb/d
Arab Oil Embargo	1973	~4.3 mb/d
Gulf War	1990	~4.3 mb/d

Source: BNP Paribas WM, as of 9 Apr 2026.

The disruption due to the conflict is now officially the largest oil supply shock in history by volume (see Figure 2). Compared to previous significant supply shock events, where on average the estimated supply loss is approximately 5 million barrels a day (mb/d), the 15-20 mb/d loss (which accounts for roughly 20% of the global oil demand) affected by the closure of the Strait of Hormuz is massive, given there are few viable alternatives to bypass this route. In the short term, Saudi pipelines to the Red Sea, UAE alternative routing, floating oil, sanctions relief and strategic petroleum reserves (SPR) releases is getting the shortage down to 7-10 mb/d, but the clock is ticking.

Figure 3: What passes through the Strait of Hormuz



Source: EIA, BNP Paribas WM, as of 20 Mar 2026

The global economy is now grappling with the impact of a longer-than-anticipated disruption in the oil supply. In fact, given that the oil tankers typically take more than a month to reach Asia from the Middle East (89% of Hormuz crude and condensate is sent to Asia, see Figure 3), the East is only now beginning to feel the price pinch. Going forward, the key to stabilising oil prices will be determined by the pace of reopening the Strait of Hormuz and how quickly supply can be restored to pre-war levels. Of course, this also hinges on no further escalation to the current ceasefire.

Beyond oil, the conflict has also resulted in significant reduction of exports in key areas such as natural gas, fertilisers and helium. Qatar alone accounts for 20% of global natural gas supply as well as 30% of the world's helium, which is indispensable for cooling MRI machines and manufacturing advanced semiconductors for AI infrastructure. The region also accounts for nearly one-third of global nitrogen-based fertiliser trade. Disruptions in April, the peak Northern Hemisphere planting season, threaten global food security. Unlike oil, some of these specialised materials have almost no alternative transit routes or spare global capacity and could further drive inflation upward.

Inflation expectations have picked up, and in response, central banks around the world have started to pivot slightly away from their initially dovish stance, with some even suggesting increasing interest rates to combat rising costs despite the risk to growth. The recent diplomatic developments mark a crucial step away from a severe tail-risk event. Hence, the risks to a prolonged inflationary shock have declined in a meaningful way. This should ease the pressure on central banks in the near term and allow most to adopt a wait-and-see approach. For the Fed, we now expect no further rate cuts this year (from one cut previously), given the upside risk in inflation and a more balanced labour market. For the ECB, we think they will likely remain on hold this year, albeit the risk of a hike towards the end of this year has increased considerably.

**Figure 4: Central banks turning less dovish**

Central Bank	Decision Date	Rate Before	Rate After	Stance
RBA (Australia)	March 17	3.85%	<b>4.10%</b>	Hawkish <b>HIKE</b>
Fed (US)	March 18	3.50%-3.75%	<b>3.50%-3.75%</b>	Hawkish <b>HOLD</b>
BoJ (Japan)	March 19	0.75%	<b>0.75%</b>	Hawkish <b>HOLD</b>
BoE (UK)	March 19	3.75%	<b>3.75%</b>	Hawkish <b>HOLD</b>
SNB (Swiss)	March 19	0.00%	<b>0.00%</b>	Hawkish <b>HOLD</b>
ECB (Eurozone)	March 19	2.00%	<b>2.00%</b>	Hawkish <b>HOLD</b>

Source: Bloomberg, BNP Paribas WM, as of 10 Apr 2026.



## Navigating near term volatility

As we look ahead, market volatility could return as tensions could flare yet again, especially given the fragile nature of a ceasefire. Moreover, the longer-lasting impact on global growth and earnings still needs to be evaluated. While the world certainly became a more friendly place to carry risk, the underlying market environment remains characterised by elevated geopolitical uncertainty.

Therefore, we confirm our Neutral view on equities for the time being. However, due to the decreased downside tail risks, we would not fade the rally at this point in time. We will be carefully monitoring the diplomatic developments over the coming weeks. Before taking on any additional risks, we need a higher degree of clarity about the durability of any (new) agreement because this will be decisive in shaping the medium-term risk landscape, the trajectory of global inflation, and the corresponding monetary policy outlook.

At this juncture, we continue to advocate for a diversified portfolio, with a tilt towards value and defensive for equities. The trend of diversification away from the dollar should resume post-conflict given the likely diversification away from the petrodollars amongst the Gulf Cooperation Council (GCC). The weaker dollar and the possibility of higher inflation (and hence lower real rates) are supportive of gold prices, and we stay Positive with a target price of USD 5,500/oz, while also upgrading our silver view to Positive from Neutral (target price: USD 90/oz). That being said, investors should also continue to prepare a potential buy list of opportunities to act upon if the cloud of uncertainty subsides further. The worst-hit areas (Asia in particular) are likely to benefit the most if we achieve a credible conclusion to this conflict.

## Overview of our CIO Asset Allocation for April 2026

	Views		Constituents	We like	Comments
	Current	Prior			
EQUITIES	=	+	Markets	LATAM	<ul style="list-style-type: none"> <li>Global Equities remain Neutral.</li> <li>Japan and EM Neutral (China Neutral and rest of Asia is Underweight)</li> <li>Europe Underweight</li> </ul>
			Sectors	Overweight Healthcare, Industrials. For Europe: Healthcare, Industrials, Utilities	<ul style="list-style-type: none"> <li>Sector selection is key</li> <li>Stay diversified</li> </ul>
			Styles/Themes	Megatrend Themes	<ul style="list-style-type: none"> <li>Diversification, income, AI, infrastructure, commodities and Asian themes.</li> </ul>
BONDS	=	=	Govies	UK EU	<ul style="list-style-type: none"> <li>We upgrade European government bonds favouring maturities 7-10 years. 10-year Bund target 2.75%</li> <li>We remain Neutral US govt favouring maturities up to 5 years.</li> <li>Our 12-month US 10Y yield target remains unchanged at 4.25%.</li> </ul>
			Segments	EUR and GBP Investment grade	<ul style="list-style-type: none"> <li>We are Neutral US investment grade bonds</li> <li>We are Overweight UK and Euro investment grade bonds</li> </ul>
CASH	=	-			
COMMODITIES	+	+		Gold Silver Copper Aluminium	<ul style="list-style-type: none"> <li>Precious Metals – Upgrade Silver Overweight \$90/oz</li> <li>Gold remains Overweight (\$5,500/oz)</li> <li>Oil – Neutral (Brent short term \$100, 12m \$70-80).</li> <li>Base Metals – Overweight, especially like Copper (\$14,000) and aluminium target (\$3,500).</li> </ul>
FOREX			EURUSD		<ul style="list-style-type: none"> <li>12-month target at 1.20</li> </ul>
			USDJPY		<ul style="list-style-type: none"> <li>12-month target at 155</li> </ul>
ALTERNATIVE	+	+		Hedge funds (global macro, long-short equities, event driven)	<ul style="list-style-type: none"> <li>Neutral on relative value</li> </ul>

Note: + Overweight / = Neutral / - Underweight

## GDP & CPI Forecasts

		GDP (YoY%)			CPI (YoY%)		
		2025	2026f	2027f	2025	2026f	2027f
Developed	US	2.1	2.9	2.0	2.7	3.1	2.7
	Japan	1.2	0.8	0.9	3.1	1.9	2.5
	Eurozone	1.5	1.6	1.6	2.1	1.9	2.0
	UK	1.3	1.0	1.3	3.4	2.4	2.2
North Asia	China	5.0	4.7	4.5	0.1	0.9	1.0
	Hong Kong*	2.4	2.1	2.0	1.7	2.1	2.3
	South Korea	1.0	2.3	1.9	2.1	2.2	2.0
	Taiwan	8.5	5.9	2.1	1.7	1.7	1.8
South Asia	India	7.6	7.0	6.8	2.1	4.1	4.3
	Indonesia*	4.9	4.9	5.0	1.8	2.9	2.5
	Malaysia*	4.5	4.0	4.0	1.6	2.2	2.0
	Philippines*	5.4	5.7	6.0	1.6	2.6	2.8
	Singapore*	2.2	1.8	2.5	0.9	1.3	1.9
	Thailand*	2.0	1.6	2.2	0.2	0.7	1.1

Source: BNP Paribas Group Economic Research, BNP Paribas Global Markets forecasts as of 31 March 2026

Note: India's forecasts are for the fiscal year (April–March).

\* IMF data and forecasts as of 31 March 2026



### GROWTH

- There are three core Iran scenarios:
  1. De-escalation (oil price returns to \$70-80);
  2. Uncertainty lingers (oil price remains around \$80-90); and
  3. Escalation with significant constraints to flows through the Strait of Hormuz (oil price moves to \$130).
- The first and second scenarios would likely have a smaller impact on growth in the US than in the Eurozone, as the Eurozone is more dependent on gas, which is more vulnerable to supply disruption than the oil markets.
- The probability of a “worst-case” scenario has lowered slightly after the ceasefire. Further escalation could trigger a materially weaker global growth outlook.



### INFLATION

- The first and second scenarios could see central banks “look through” short-term oil and gas price increases.
- The “escalation” scenario could be a classic negative supply shock that is set to deliver a stagflationary dynamic of higher inflation and lower economic activity. Central banks may have no choice but to turn hawkish and prioritise inflation.

# Equities

😊 OVERWEIGHT   😐 NEUTRAL   😞 UNDERWEIGHT

## OVERALL GLOBAL: NEUTRAL

OVERALL GLOBAL: NEUTRAL		
COUNTRY		
US, Japan, EM		Europe
SECTOR		
Healthcare Industrials	Comms. Real Estate Materials Consum. Discre. Technology Energy Utilities	Consumer Staples Financials

## OVERALL ASIA: UNDERWEIGHT

OVERALL ASIA: UNDERWEIGHT		
COUNTRY		
	China	Asia ex-China
SECTOR		
Comms. Consum. Discre. Technology Healthcare	Materials Real Estate Financials ▲ Industrials ▲ Energy	▼ Utilities ▼ Consumer Staples

- At this point, the outcome of the Iran conflict will be crucial. A prolonged conflict which disrupts oil flows could significantly influence near-term equity market direction. After any de-escalation, there will be a lag before energy flows normalise with Asia facing the earliest shortages, particularly in jet fuel and other refined products. The risk-reward picture for equities is more balanced after the correction in March. **We downgrade our global equity view to Neutral last month, early in the conflict.**
- The US is the most insulated from the conflict as the world's largest oil and LNG producer and is a Neutral allocation. This has been illustrated by its outperformance since the conflict began. **Within EM, we are Underweight on Asia (except China, which we rate as Neutral) but remain Overweight on Latin America, as the region benefits from higher energy prices.**
- The best performing sector during the month and year-to-date has been the energy sector. We are Neutral after the strong run but favour selected names. Utilities, a defensive sector, have also outperformed. Industrials saw profit-taking and underperformed during the month after a strong start to the year. Consumer discretionary also underperformed, given the hit to purchasing power from higher oil prices.
- We made no sector changes following the downgrade of US financials to Underweight and taking profit on EU financials. Near-term direction of the market hinges on the outcome of the conflict. We recommend staying diversified by sector and focusing on strong stock selection. Diversification matters. The concentration risk we highlighted in Mag 7 stocks has paid off with their underperformance year-to-date.

		1-month (%)	YTD (%)	2025 (%)	Dividend Yield (%)	12M Fwd PE (x)	Trailing PB (x)	12M Forward ROE (%)	EPS Growth Past 12M (%)	EPS Growth 12M Fwd (%)
Developed	US	-4.1	-3.2	16.9	1.2	21.5	4.5	37.5	29.0	20.4
	Japan	-7.4	6.9	24.3	2.2	17.7	1.7	12.0	18.4	8.1
	Eurozone	-6.1	3.6	36.2	2.9	14.8	1.9	17.6	17.4	13.6
	UK	-6.1	3.7	35.6	3.2	13.1	2.0	20.2	30.8	21.4
North Asia	China	-7.3	2.1	26.6	1.4	19.5	2.6	16.0	23.6	38.6
	Hong Kong	-4.4	-1.4	33.5	3.1	10.9	1.3	14.1	12.5	15.8
	South Korea	-15.3	27.3	80.9	1.1	7.7	1.7	17.5	41.3	153.4
	Taiwan	-8.0	13.6	36.8	2.1	18.3	3.4	30.1	36.9	38.6
South Asia	India	-13.3	-16.3	2.0	1.3	19.8	2.8	19.1	16.4	7.0
	Indonesia	-16.7	-23.9	8.8	2.6	11.3	2.6	16.7	7.4	14.2
	Malaysia	-4.0	3.6	16.0	3.6	15.6	1.5	12.1	10.5	8.7
	Philippines	-11.1	-4.5	-2.1	3.5	9.5	1.2	17.5	12.2	5.3
	Singapore	-1.9	7.4	37.2	4.2	15.5	1.4	12.5	46.0	3.2
	Thailand	-7.1	17.6	2.9	3.5	16.6	1.5	18.2	42.2	5.5




Source: Macrobond Indices in USD terms, BNP Paribas (WM), as of 31 March 2026



## Fixed Income

 OVERWEIGHT
  NEUTRAL
  UNDERWEIGHT

## OVERALL GLOBAL: NEUTRAL

## OVERALL ASIA (USD): NEUTRAL

		
UK Gilts ▲ Eurozone Govies EUR and GBP IG	US Treasuries US IG EMD (HC) EMD (LC)	High Yield -

		
Japan Singapore	South Korea Philippines Indonesia HK, India, China	Australia

	Total Return (%)			Yield-to-Worst (%)	
	1-month	YTD	2024		
Asia	Asia USD Bond	-1.8	-0.3	8.1	5.0
	Asia Local Currency Bond	-7.1	-5.9	9.7	4.2
	China	-1.1	0.4	7.3	4.8
	Hong Kong	-1.6	0.1	8.4	4.7
	India	-2.1	-0.2	9.6	5.8
	Indonesia	-2.9	-2.3	8.9	5.5
	Singapore	-1.3	0.1	6.6	4.5
	South Korea	-1.0	0.3	7.1	4.4
Other Regions	Philippines	-3.0	-1.7	9.1	5.3
	US 10-year Treasuries	-2.1	-0.3	7.8	4.3
	US Investment Grades (IG)	-1.8	0.0	7.3	4.6
	US High Yield (HY)	-1.2	-0.5	8.6	7.4
	Emerging Market USD Bond	-2.0	-0.4	8.3	5.3

Source: Barclays indices, Bloomberg, BNP Paribas (WM) as of 31 March 2026

US Treasury 12-month Yield Targets (%)	2Y	5Y	10Y	30Y
	3.60	3.75	4.25	4.90

- **Rate Forecasts:** We changed our Fed cuts forecast to a hold earlier last month, with a terminal rate of 3.5%-3.75%. US incoming data remains resilient with resilient consumer spending. However, services prices paid have rebounded before the conflict. Hence, given the uncertainty over the length of the conflict, the Fed will likely remain on hold. In addition, we also expect the ECB to remain on hold this year and hike rates in late 2027.
- **Govies:** We upgrade core eurozone govies to Overweight after yields increased following higher oil prices. Our 10-year yield target for the bund remain at 2.75%. We favour maturities of 7-10 years. We maintain an Overweight view on UK gilts, and we have a target at 4.30%. We keep a Neutral stance on US govies with maturities up to 5 years (10-year yield targets at 4.25%).
- **Corporate IG:** We still prefer EUR and GBP investment-grade (IG) corporate bonds (Overweight view) over USD IG bonds (Neutral view), given supply dynamics and current spread levels. Security selection is key.
- **Emerging Market (EM) Bonds:** Last month, we downgraded EM local currency debt to Neutral, given the dollar's benefits from higher oil prices relative to most other currencies. Furthermore, EM central banks could have less room to cut rates further if inflation picks up due to sustained high oil prices. We remain Neutral on EM hard-currency bonds, as valuations are highly compressed.
- **High Yield:** We remain cautious on corporate high yield bonds (Underweight), as the risk-return trade-off has deteriorated further, with weaker issuers more at risk while spreads have only risen moderately. Private credit remains under pressure and the war could lead to higher defaults in high yield credit if extended.

## Forex & Commodities

### 12-MONTH FOREX VIEW



JPY	EUR	GBP	AUD	CNY	USD
NZD	CAD	KRW	TWD	IDR	
INR	MYR	PHP	SGD	THB	

- The longer energy prices remain elevated, the more the US dollar benefits. The dollar index is challenging the 100 level. If there is any de-escalation, we would see a bounce in non-dollar currencies.
- **EUR:** The market has probably overreacted by pricing aggressive ECB hikes. We expect the ECB to stay on hold this year even though the risks of hikes have risen. For the Fed, we see no further cuts in 2026. Beyond the Middle East conflict, the U.S. still faces tail risks related to debt sustainability. Any further escalation would increase defence spending, while the upcoming mid-term elections could prompt a household stimulus package in a high-interest-rate environment. The risk related to the debt is, in our view, underpriced by the market.
- Accordingly, our 3-month EUR/USD target is 1.14 and our 12-month target is 1.20 (value of one euro).

OVERWEIGHT
 NEUTRAL
 UNDERWEIGHT

### COMMODITIES



Gold  
 ▲ Silver  
 Base Metals

Oil

- **PRECIOUS METALS: Overweight** - We have upgraded our view on Silver to Overweight from Neutral with a target price of \$90/ oz. Gold remains Overweight as well with a target price of USD 5,500/oz.
- **OIL: Neutral** - Short-term target of USD 100/bbl and a 12-month target range of USD 70-80/bbl, as we think that once the Strait of Hormuz reopens, oil prices will pull back, though not to the low levels of late 2025/early 2026).
- **BASE METALS: Overweight** - We maintain our Overweight view, as a recession scenario is not our base case. For next year, we expect that growing demand for infrastructure and energy transition will outpace expected supply growth. Our 12-month target for copper (LME) is USD 14,000/tonne. For Aluminium, we have a 12-month target price of USD 3,500/tonne.

## Forex Forecasts

	Spot As of 30 Mar 2026	View	3-month	12-month		
			Target	View	Target	
Developed	USD Index	100.51	=	100.7	-	96.2
	Japan	159.7	=	158	+	155
	Eurozone	1.147	=	1.14	+	1.20
	UK	1.319	=	1.31	+	1.38
	Australia	0.685	+	0.71	=	0.68
	New Zealand	0.572	+	0.60	+	0.60
	Canada	1.392	=	1.38	+	1.35
Asia Ex-Japan	China	6.916	=	6.80	=	6.80
	South Korea*	1,520	+	1,420	+	1,400
	Taiwan*	32.02	=	31.6	=	31.8
	India	94.83	+	90.0	+	90.0
	Indonesia*	16,992	=	16,800	=	16,900
	Malaysia*	4.031	+	3.85	+	3.80
	Philippines*	60.72	+	58.0	+	58.0
	Singapore*	1.291	=	1.26	=	1.26
Thailand*	32.85	+	31.5	=	32.0	

Source: BNP Paribas (WM) as of 31 March 2026

\*BNP Paribas Global Markets forecast as of 31 March 2026

Note: + Overweight / = Neutral / - Underweight

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