GIBRALTAR ASSET MANAGEMENT

STOCKBROKERS & INVESTMENT MANAGERS

Market Commentary - March 2026

FTSE 100	**10,284**	S&P 500	6,740
Resistance	10,570	Gold	$5,104
Support	10,000	GBP/EUR	1.1544
VIX	32%	GBP/USD	1.3335

Introduction:

In the age of artificial intelligence, investors have rightfully been focussing on software and semiconductor companies. However, another category of businesses may prove equally attractive: HALO companies - those with "heavy assets, long obsolescence". This is now the sweet spot of the stockmarket. You can just look at stocks and apply the following test: will chatbots and LLMs lessen or eliminate the need for their product in the near future? This is a moment where the entirety of the post-financial-crisis is seeing its logic being flipped on its head. Investors have spent 15 years searching for asset-light business models with high margins and reliable cash flows. These are the cash flows that Big AI is now coming for.

Market Outlook:

Over the long term *(since 1984), the FTSE 100 has returned 6% per annum and that does not include the dividend yield (~3.3%) earned on top. Therefore, 'strategically', it pays to be in the market. Also, considering inflation averaged 6.2% over the same period, it is vital that an investor invests in equities in order to preserve the purchasing power of their money. However, markets can be subject to swings in the interim and investors should be mindful of these with a view to protecting their capital and thus maintain a 'tactical' view.*

Our allocation to the stock market remains at overweight. The conflict in the Middle East has introduced a fresh stagflationary risk to global growth amid disruptions to energy markets and global trade. Targeted strikes by the US and Israel and retaliatory attacks by Iran have led to the closure of key energy infrastructure, including the Strait of Hormuz and major oil and gas facilities in the region. The duration of the conflict will determine the scale of the economic shock.

Stock markets typically fall at the beginning of geopolitical shocks because of uncertainty. Despite the disruption to financial markets, we believe the worst disruptions will be over within weeks, resulting in a temporary, but notable, impact on inflation and growth. Oil has jumped sharply, which worries investors because it can push inflation higher. The Federal Reserve and Bank of England are therefore likely to temporarily delay further rate cuts when they meet on the 18th and 19th of March respectively. But once the dust has settled, they should progress with a few more rate cuts later in the year.

The outlook is still fluid, and thus, we need to brace for potential further escalation. Risks remain tilted towards higher inflation and weaker growth for economies heavily reliant on energy imports in Europe and Asia. Yet history shows a pattern. Stock markets fall after the initial shock (as they have now). They then stabilise as uncertainty fades. They then recover if the war stays contained. That is our base scenario and advise investors to position themselves accordingly.

Market Commentary

Recommended Investment:

Solana

Solana is one of the few blockchains where real-world economic activity already runs at scale. Firms including Visa, PayPal, Revolut and JP Morgan use the network, drawn by its speed, low fees, and ability to operate at scale. This adoption reinforces Solana's role as a key platform and a viable competitor to Ethereum.

At its core, Solana is a blockchain designed to process transactions extremely quickly and at very low cost. Traditional blockchains can process relatively limited numbers of transactions per second, which often leads to congestion and high fees during periods of heavy usage. Solana was specifically built to solve this problem. The network can process tens of thousands of transactions per second while maintaining transaction costs that are typically only a fraction of a cent. This makes it particularly attractive for applications such as payments, tokenisation, gaming, and trading platforms. Every time someone uses these applications, they must pay a small transaction fee in Solana's native token, known as SOL.

The growth of Solana's ecosystem is one of the key factors supporting the investment case. A strong developer community often leads to more innovation, which in turn attracts new users and investors. Over the past few years, Solana has become one of the most active blockchain networks in terms of new projects being launched and total users interacting with applications. As more projects launch on the network, the demand for SOL increases because the token is used to pay for transaction fees and participate in network validation.

Another advantage is Solana's efficiency. Unlike some older cryptocurrencies that rely on energy-intensive mining, Solana uses its proprietary Proof of History as well as Proof of Stake to validate transactions. This allows the network to maintain high performance while consuming far less energy than traditional mining. As environmental concerns around cryptocurrency grow, this efficiency will become an increasingly valuable advantage.

From a longer-term perspective, Solana's potential lies in its ability to support the next generation of financial and digital services. If decentralised finance, digital payments, and blockchain-based applications continue to expand globally, networks capable of processing transactions quickly and cheaply are likely to play an important role.

We believe Solana offers attractive long-term growth potential as adoption of blockchain technology continues to increase. Investment bank Standard Chartered has a $2,000 price target by Y/E 2030, over 20 times its current price. They believe the price of Solana will rise as stable coins migrate to faster blockchains, micropayments increase and decentralised finance expands.

We recommend obtaining exposure via the 21shares Jito Staked SOL ETP (JSOL.NA), which holds physical SOL tokens, has a TER of 0.99% and trades on Euronext in USD. Note this investment is only suitable for high risk investors who have passed an Appropriateness Assessment.

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Post of the Month:

250 years ago, Britain was an economic powerhouse. For centuries, living standards had been fluctuating around subsistence levels. But by 1776, they started to rocket. Against this backdrop Adam Smith wrote "An Inquiry into The Nature and Causes of The Wealth of Nations"

According to Smith, a large part of the answer lay with the division of labour. He argued that splitting jobs into smaller tasks led to higher productivity - meaning more output from your inputs. Workers would become more skilled as they specialised and could save time by not switching between activities. Britain espoused these values and, notably, pictures of Smith and a specialised production line still graced the UK's £20 notes until five years ago.

But there was a catch: specialisation only works if you have access to a large enough market and you can trade the proceeds to obtain all of the other things you need. Trade internationally, and your potential market balloons. Smith's recommendation was blunt: *"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it from them."* Scotland wasn't enfeebled by importing wine from warmer regions; it was freeing up its resources for more productive uses.

But Smith was no free-trade zealot. He thought that there were some instances where restricting trade could actually be beneficial: to protect industries essential to national defence and to level the playing field if domestic products were subject to a tax overseas. He argued that tariffs could also be used tactically if liberalising trade would cause undue hardship to domestic industries, and as retaliation against foreign restrictions on your exports. Though argued a quarter of a millennium ago, this all seems disconcertingly relevant today.

Last month, the White House issued a factsheet setting out the rationale behind its tariffs. It exudes a powerful logic: global trade has *"undermined the economic and national security"* of the US, so restricting it will boost manufacturing and technological leadership, creating more high-paying American jobs.

And in the short term, tariffs do confer some real economic benefits. When tariffs redirect demand towards domestic producers, employment can rise and the economy can rally, especially if idle capacity is put back into use. But Smith also reminds us of the trade-offs. Back in the 18th century, he warned *"it seems a bad method of compensating the injury done of our people to do another injury ourselves"* i.e. by imposing more tariffs in retaliation. The Tax Foundation think-tank calculates that tariffs will be equivalent to a $700 tax per US household this year - it would have been closer to $1,000 without the Supreme Court's latest ruling.

Over the long run, protection can turn into suffocation. Protecting industries reduces the incentive to adopt new technology and restricts diffusion by making it harder to import specialised components. When tariffs narrow your markets, there is less scope to specialise, and less chance for efficiency gains.

Over a four-year electoral cycle, tariffs might look like a tempting gamble. But take a 250-year view, and they start to look far more injurious.

Market Commentary

Quote of the Month:

"In war, truth is the first casualty - and in markets, certainty disappears" - Bernard Baruch

Baruch, who advised US presidents during wartime, understood that wars produce enormous uncertainty. Governments control information, economic conditions change rapidly, and forecasts become unreliable. This uncertainty causes investors to demand higher risk premiums, pushing asset prices lower. However, disciplined investors recognise that uncertainty eventually declines as events unfold and outcomes become clearer. Those who can remain patient during wartime volatility benefit when markets stabilise and valuations adjust back toward long-term fundamentals.

Economics:

UK bond and stock markets have shown a dramatic response to the outbreak of war in the Middle East, reflecting changed assumptions about the future path of UK interest rates. Investors sold gilts, sending yields soaring, as markets fear an inflationary shock may cause the Bank of England to row back from further interest rate cuts. Yields on ten-year UK gilts have risen over 40 basis points. And shares in UK banks and housebuilders slumped as investors reprice the likelihood of *"higher for longer"* mortgage rates. Prior to the conflict's outbreak, swaps markets had priced in a near-certain cut to UK interest rates when the Bank of England's Monetary Policy Committee next meets on 19th March. That likelihood has now dropped to less than 20%, which also point to no further rate changes this year. This follows four interest rate cuts in 2025.

Eurozone GDP growth for the fourth quarter of 2025 missed expectations slightly, with the latest data showing a 0.2% expansion for both the euro area and EU. Economists were expecting growth of 0.3%. For the year 2025 as a whole, GDP increased by 1.4% in the euro area and by 1.5% in the EU. The figures will be closely watched by the European Central Bank (ECB), which is on high alert for potential inflationary effects from rising energy prices. Conflict between Iran and the US has prompted a spike in oil and gas prices over the past few days with key shipping routes such as the Strait of Hormuz facing shutdowns. Questions still remain about how threats from US president Donald Trump of ever-escalating tariffs will continue to play out. ECB policymaker Jose Luis Escriva said the bloc is very unlikely to change rates at its next meeting and will make any decisions on a meeting-by-meeting basis.

The US labour market stumbled in February, losing 92,000 jobs and the unemployment rate edged higher to 4.4%. And following downward revisions, 2025 now includes five months where the US economy lost jobs - the most since 2010, when the country was still recovering from the global financial crisis. In a statement, the Center for American Progress blamed Trump administration policies for the slowdown. Senior fellow Michael Negron warned the latest numbers may not reflect the full economic picture yet. *"We may see worse news to come as this report does not include the impact of the administration's military strikes against Iran or its sweeping new 15% tariffs announced after the Supreme Court struck down his Liberation Day tariffs,"* he said.

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Seasonality: *"History doesn't repeat itself, but it does rhyme" - Mark Twain*

The January Barometer 🙂

Historically, the returns in January have signalled the returns for the rest of the year. If they are positive, the returns for the whole year tend to be positive and vice versa. First mentioned by Yale Hirsch in the Stock Trader's Almanac in 1972, a variant has it that returns for the whole year can be predicted by the direction of the market in just the first 5 days of the year. Judging by the first 5 days, 2025 is likely to be a positive year for the stock market.

March 🙂

March is 9th in the ranking of monthly performance, rising 55% of all the years in March, with an average return of 0.2%. The general trend for the market in March is to rise for the first three weeks and then fall back in the final week - the last week of March has historically been one of the weakest weeks for the market in the whole year.

First Quarter 🙂

The FTSE 100 has risen 29 of the 42 years (69%) between 1984 and 2025, posting an average gain of 1.4%.

November - April 🙂

The FTSE 100 has returned 6.7% since 1984 during the winter 6-month period. This compares with -0.2% for the summer 6-month period. There is a 1-in-1,000 chance of this occurring by luck. One explanation for this is that as the nights draw in during winter, we become anxious and depressed, which means share prices fall and expected returns rise. This then leads to a decent winter rise.

Second-Year US Presidential Cycle ☹

The stock market tends to bottom out during the second year of each new presidential term and then recover strongly in the final two years. This is due to each Administration ensuring that the economy is strong by re-election time. Unfortunately, the excessive stoking of the economic fires creates excesses, including over-priced stocks, leading to poor stock market returns in the first two years of the next term.

Chinese New Year - Year of the Snake ☹

Chinese calendar revolves around a 12-year cycle where each year is associated with an animal (rat, ox, tiger, rabbit, dragon, snake, horse, goat, monkey, rooster, dog and pig). Each New Year starts between 21st January and 21st February, the exact date being dependent upon a variety of complex factors. The best performing animals since 1950 have been the goat and dog. The worst performing animals have been the rooster and snake. *In Chinese astrology, the Snake symbolises wisdom, caution, and strategic thinking. These traits might culturally inspire investors to adopt a more analytical or conservative approach. Interestingly, this is the Wood Snake Year, which comes about every 60 years. Wood represents expansion, innovation, and flexibility. This could favour industries like tech, renewable energy, and AI, which thrive on evolution.*

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Investment Calendar:

3rd March	Full Moon (markets tend to reach a low point around this time)
12th March	US Inflation. Gradually falling toward 2-2.5%
18th March	FED Meeting. Interest rate likely to remain unchanged at 3.5-3.75%
19th March	BoE Meeting. Rates likely to be held at 3.75%
	ECB Meeting. Interest rate likely to remain unchanged at 2%
	New Moon (markets tend to reach a high point around this time)
20th March	Options Expiry Day
25th March	UK Inflation. Inflation moving toward ~2.3% average for 2026

Technical Analysis:

The FTSE 100's dramatic fall from 10,900 to 10,284 reflects a geopolitical shock rather than a structural change in trend. With the ADX at 47, the market remains in a powerful directional phase, but the break below the 20-day moving average signals short-term damage to upward momentum. The 50-day average near 10,300 is now a critical battleground. If geopolitical tensions stabilise, a relief rally toward 10,600–10,700 is possible over the next month. However, if the Iran conflict continues to drive oil higher and bond yields rise, the index could test 10,000 and potentially 9,800 before stabilising, while the long-term uptrend above the 200-day average remains intact.

"The illusion of randomness gradually disappears as the skill in chart reading improves" – John Murphy

Chart Legend:

20 day moving average (signifies the short-term direction of the security. prices tend to gyrate around their 20 day m/a)

50 day moving average (signifies the medium-term direction of the security)

200 day moving average (signifies the long-term direction of the security - whether it is in a bull or bear market)

(an indicator that measures 2 standard deviations away from the 20 day m/a)

Technical Analysis Guide:

RSI (relative strength index) - indicates whether a security is overbought (above 70) or oversold (below 30). Also when the RSI moves above 50 that is considered bullish (or vice versa).

ADX (average directional index) - indicates whether a security is in a trend (above 20) or not in a trend (below 20). For trending markets moving averages work best when considering lines of support/resistance. ending markets Bollinger Bands work best (sell at upper band, buy at lower band).

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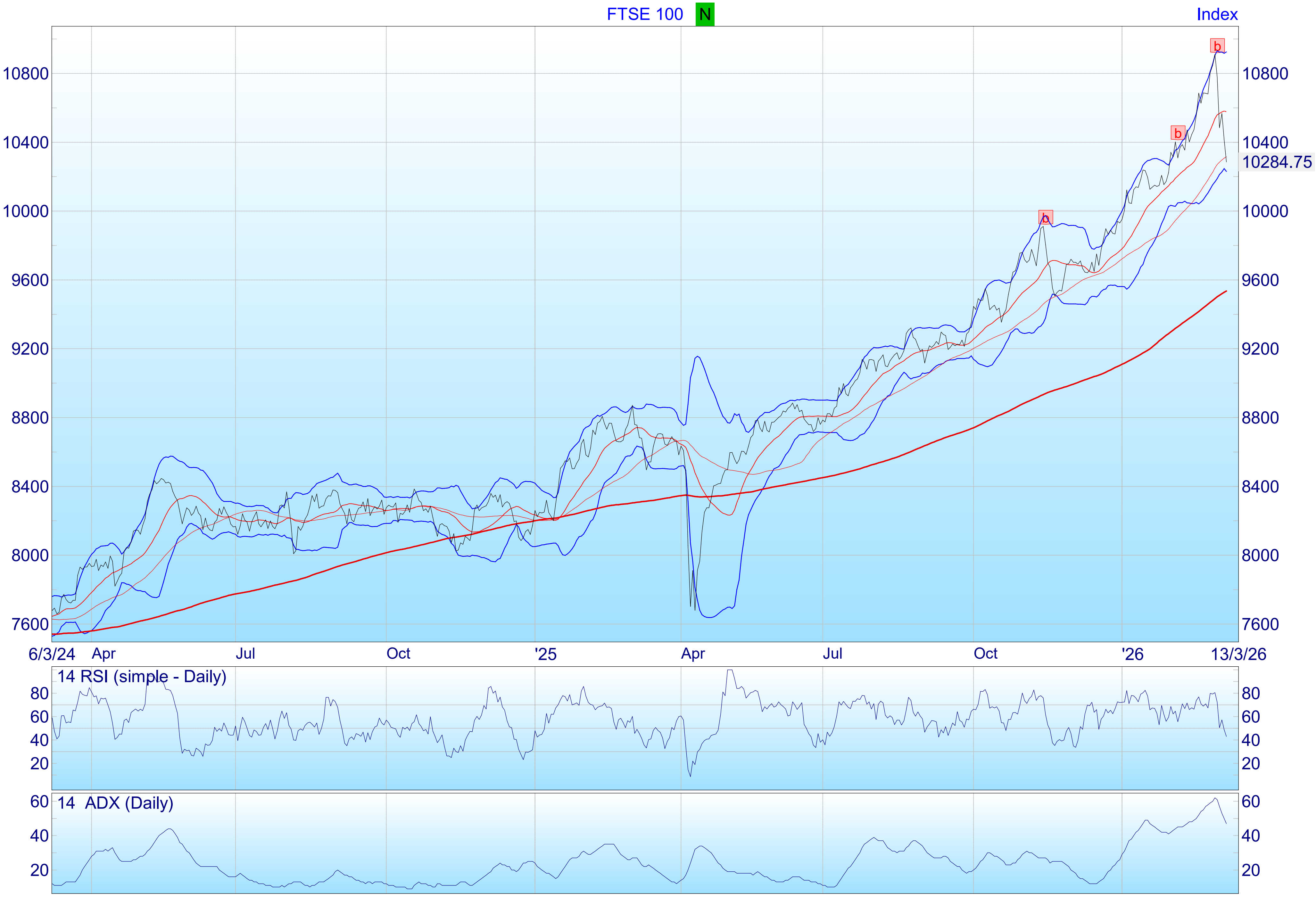
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13/3/26
14 RSI (simple - Daily)
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14 ADX (Daily)
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