March 2026 Newsletter

The quarter began positively, with the ASX 200 reaching a new all-time high of 9,202 in late February. However, the escalation of military conflict between the United States and Iran triggered a sharp reversal across global markets. The closure of the Strait of Hormuz sent oil prices surging above US$100 per barrel, reigniting inflation fears and disrupting global supply chains. The ASX 200 fell approximately 10% in in response, its worst monthly performance since June 2022, The ASX 200 Index closed March down 7.8%. These losses have continued into April.

The Reserve Bank raised the cash rate by 25 basis points to 4.10% at its March meeting, following a hike of the same size in February. The back-to-back increases were driven by a material pick-up in inflationary pressures during the second half of 2025 and will be compounded by the energy price shock in the Middle East. Bond markets are now pricing in, further tightening with some forecasters expecting the cash rate to reach 4.85% by mid-year should oil prices remain elevated.

The Australian dollar traded around 69 US cents at the end of March, strengthening modestly over the quarter despite broad risk aversion. This AUD strength reflects Australia's commodity exports benefiting from elevated global prices, combined with the RBA's hawkish pivot relative to the US Federal Reserve, where the outlook is for rates to fall.

Domestically, inflation is highly elevated. Annual headline CPI rose to 3.7% in February, well above the RBA's 2–3% target band, and the oil price shock will add further pressure. These cost increases will flow through to the broader economy, including the construction sector, where industry estimates suggest an additional circa $50,000 will be added to the cost of an average dwelling through higher fuel, transport, and material costs. Consumer confidence has plunged to record lows, weighed down by rising mortgage costs and geopolitical uncertainty.

While the immediate outlook is clouded by geopolitical risk, there are tentative signs of stabilisation. Late in March, reports emerged that President Trump may be willing to wind down the US military campaign, prompting a relief rally on the final trading day. Should conditions take a severe downturn, we expect governments will again support economic growth, and by extension, asset prices.

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Returns for the 2026 Financial Year (9 months):

All Ordinaries: 8683, down 89 points, or 1.01%.
S&P/ASX 200 A-REIT: 1507, down 298 points or 16.5%.
90 Day Bank Bills: 4.30%, up 0.69%.
AUD vs US Dollar: 69.00c, up 3.21c or 4.88%.
UK FTSE 100: 10176 points, up 1391 points or 13.66%.
S&P 500: 6528 points, up 324 points or 4.9%.

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THE IRAN WAR & MARKETS

Keeping perspective amidst uncertainty

There's a particular kind of unease that creeps in when market headlines start mixing geopolitics with talk of oil prices and recessions. That feeling has been hard to avoid, as the escalating war in the Middle East spooked global markets and brought fresh uncertainty to an already fragile economic landscape.

For investors, watching so many forces moving at once and volatile numbers, there can be a strong temptation to "do something".

Before reacting, a good understanding of what's driving market movements is useful to assess the short and medium term. More importantly, it helps to work out how your long-term strategy fits in.

Energy markets have felt the most immediate effect of the conflict pushing oil and gas prices ever higher.

Global share markets also responded quickly to the crisis with sharp falls and volatility.

The conflict has come at a time when the global economy was already fragile.

Adding an energy price shock into the mix increases the risk that higher costs slow spending and investment.

In Australia too, there's increasing talk of recession - as much as a 30 per cent chance within the next 12 months, according to AMP_i

However, Treasurer Jim Chalmers disagrees saying that, while the economy is expected to take a "sizeable hit", a recession is not expected.ii

The immediate effects

Market volatility is likely to continue with sharp price swings as the markets react to either good or bad news coming out of the Middle East.

For households, the most visible impact is likely to be at the pump and in their power bills. Widespread price rises here are likely to affect consumer confidence and spending patterns.

So-called "safe-haven" assets such as cash, government bonds and some currencies often benefit during uncertain times as investors look to defend their portfolios, however bond yields have experienced volatility as investors assess the evolving situation in the Middle East.

Gold was also once on the list of safe havens. But, during the most recent crisis, its value has plunged nearly 15 per cent during the month. Nonetheless the price remains high - up by almost 300 per cent over the past decade_iii

While there'll be plenty of market "noise" ahead, it's important to remember that short term market reactions may be driven as much by emotion as by fundamentals. Fear, uncertainty and rapid shifts in sentiment often exaggerate price moves in the early stages of a crisis.

Looking further ahead

Looking beyond the immediate panic, the medium term (the next six to 18 months) will depend on how the world adapts to the energy prices shock.

Continued high oil prices can have several effects:

- Inflation pressures may linger
- Economic growth and corporate earnings may slow
- Long term opportunities may be created by the market disruptions

It is also worth remembering that energy shocks don't last forever. Markets adapt, alternative supply routes emerge and prices eventually reflect new realities. The timing is uncertain, but history suggests that economies and markets are more resilient than they often appear in the heat of the moment.

Strategy over fear

Perhaps the most important thing to remember right now is that your financial plan was built for times like this.

Sound financial planning anticipates that markets will be periodically disrupted by wars, pandemics, financial crises and recessions.

The discipline required in moments of market stress is to distinguish between short-term fear and long-term strategy. Fear says: sell everything and wait for calm. Strategy says: stay invested, stay diversified and if anything has changed, let's talk about it properly.

If the events of last month have raised questions for you, we're here to help you navigate with confidence. Please give us a call.

i https://www.abc.net.au/news/2026-03-27/fuel-shortages-price-hike-businesses-consumers-inflation/106497260

ii https://www.theguardian.com/australia-news/live/2026/rnar/30/australia-politics-live-national-cabinet-fuel-prices-oil-crisis-labor-anthony-albanese-chris-bowen-coalition-angus-taylor-ntwnfb?filterKeyEvents=false&page=with%3Ablock-69c98e908f08a9060e5eca3b#block-69c98e908f08a9060e5eca3b

iii https://theconversation.corn/gold-is-rneant-to-be-a-safe-haven-in-uncertain-tirnes-why-is-it-crashing-arnid-a-war-279095

Warren Buffett: timeless lessons from a lifetime of investing

Warren Buffett has never looked much like a financial celebrity. He lives in the same house he bought in Omaha in 1958, prefers simple food, and has built one of the greatest investment records in history using his long-term value investing strategy.

Now stepping down at 95 years' old from his role as CEO on the board of Berkshire Hathaway, one of America's foremost holding companies, Buffett leaves behind a legacy that has earned him the enduring title of "the Oracle of Omaha."

His story offers valuable lessons for anyone navigating markets, especially during times of uncertainty.

Time, patience, and the ability to change your mind

Perhaps Buffett's greatest advantage was not a secret strategy or a rigid set of rules. It was time, combined with good judgment. He began investing as a teenager and stayed invested for more than seven decades. The power of compounding did much of the heavy lifting, but only because he stayed the course long enough to let it work.

As Buffett famously put it:

"Someone's sitting in the shade today because someone planted a tree a long time ago."

That long-term mindset helped him ignore short-term noise, particularly during market downturns. When markets fell, Buffett did not panic. He looked for opportunity.

"Be fearful when others are greedy, and greedy when others are fearful."

But patience did not mean stubbornness. One of the most misunderstood aspects of Buffett's success is the belief that he simply bought and held forever. In reality, he sold. He adapted. He exited investments when the facts changed.

He acknowledged mistakes, sometimes very publicly, and moved on. Over time, entire sectors he once avoided were embraced, while others he once favoured were left behind.

"When the facts change, I change my mind. What do you do, sir?"

His real edge was not blind adherence to a philosophy, but the ability to apply principles flexibly. He knew when to stay invested, when to add, and when to walk away. That combination, long-term conviction paired with the willingness to change course, is far harder than following any checklist and far rarer in practice.

Staying calm when markets are down

Buffett's calm during market stress has become legendary. He understood that volatility is not a flaw in markets. It is a feature of them. Declines were not signals to abandon investing altogether. They were moments that tested discipline and perspective and rewarded those able to separate temporary discomfort from permanent loss.

As Buffett succinctly observed:

"The stock market is a device for transferring money from the impatient to the patient."

Importantly, his focus remained on underlying businesses and long-term outcomes, not daily price movements. That emotional discipline allowed him to act rationally when others could not, particularly during periods of widespread pessimism.

Investing in what you understand

Another cornerstone of Buffett's approach was simplicity. He avoided businesses he could not understand and stayed within his "circle of competence."

"Never invest in a business you cannot understand."

This discipline kept him out of many speculative booms and fashionable trends. He was not trying to predict the next big thing. He was trying to make sensible decisions repeatedly over long periods of time, accepting that avoiding major mistakes can matter just as much as finding great opportunities.

A crucial caveat: context matters

While Buffett's principles are powerful, his success is sometimes oversimplified. He invested with extraordinary scale, deep access, influence, and capital. He could survive mistakes that would permanently damage the average investor, negotiate unique deals, and wait far longer for outcomes to play out.

This means that while his thinking is broadly applicable - patience, discipline, and flexibility - his exact methods are not always transferable. Blindly copying concentrated bets or individual stock picks without those advantages can introduce risks that do not show up in hindsight success stories.

The real legacy

Warren Buffett did not succeed because he followed rules rigidly. He succeeded because he understood them well enough to know when to bend them, and when to abandon them entirely.

His legacy is not a list of stocks or a fixed formula. It is a reminder that successful investing is as much about judgment, adaptability, and emotional control as it is about time horizons or valuation metrics.

In that sense, Buffett's greatest lesson is not "do what I did," but "think carefully, stay patient, and remain willing to change when the world changes."