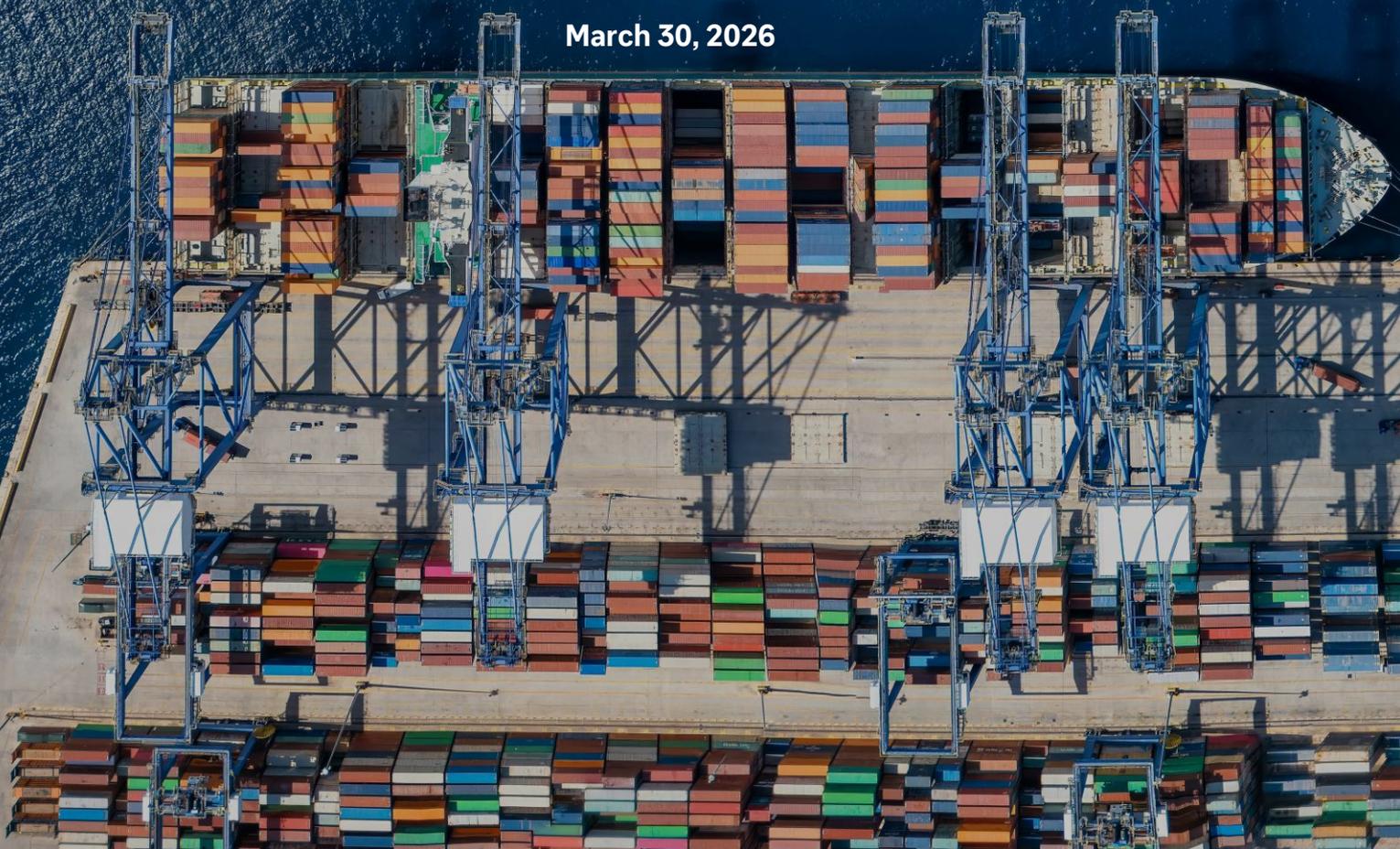




# PERSPECTIVES

The Hormuz conflict: Europe facing crosswinds

March 30, 2026





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# 1

## Disruption of the Strait of Hormuz triggered a global oil price increase

Since the end of February 2026, the conflict between Iran and the US together with Israel has intensified tensions in the Middle East. The escalation of this conflict has caused disruptions around the Strait of Hormuz, bringing one of the world's most vital energy passageways back into focus as a major macroeconomic risk. While the Strait is a strategic vulnerability for some global regions, the direct impact for Europe remains lower than for other regions, since the average share of total EU oil and gas imports which need to pass through the Strait totals 12% for oil and about 14% for LNG. Germany may be vulnerable to more permanently rising gas prices as gas storage levels are currently around 22%, which is low for the time of year and below the EU average, but typical for the end of the heating season. Hence, at this stage, German storage levels mainly reflect winter drawdowns, not supply stress.

The indirect impact through the sudden surge in energy prices, driven by military actions and increased geopolitical uncertainty, is not just a temporary market incident – it represents a structural increase that could lead to stagflation in key European economies. As a result, policymakers across the region are being forced to re-evaluate energy security, trade balances, inflation trends, and monetary policies.

The effects are being felt throughout Europe, but to differing degrees from one country to the next based on their level of energy dependence, reliance on Middle Eastern supplies, reduced imports due to damaged or destroyed facilities, local pricing arrangements, and their government's ability to mitigate price increases. Analyst consensus is that a 10% jump in oil prices may push up inflation by 0.1-0.5 percentage points (ppts), with a similar impact on GDP growth. Some European countries are better equipped to handle these shocks thanks to their diversified energy sources; others remain more exposed due to their import structures or limited fiscal resources.

# 2

## Contrasting the European macro landscape now and during the 2022 energy crisis

**The underlying macro backdrop for Europe should remain constructive, assuming a full resumption of oil and LNG shipments through the Strait of Hormuz by the middle of the second quarter.** This growth outlook is supported by significant fiscal impulses from Germany. Since the 2022 energy crisis triggered by the Russia-Ukraine war, Europe's growth has shown signs of stabilisation, and sentiment has been recovering. Moreover, companies have also learned to operate through difficult geopolitical environments already since 1970s oil shocks by reducing energy intensity, improving hedging and pass-through practices, and investing in efficiency – factors that tend to cushion, though not eliminate, the macro and earnings hit from higher energy prices.

**Unlike during the 2022 energy crisis, Europe is currently being affected primarily by higher global energy prices rather than immediate supply shortages, although select oil plants have been damaged.** The abrupt disruption of these flows led to direct supply constraints, weighing heavily on energy-intensive industries and sharply slowing economic growth, even though a deep recession was ultimately avoided. As a result, our baseline for Europe points to a transitory increase in inflation and softer, yet still positive, economic growth, rather than supply-driven disruptions and more lasting inflation as seen in 2022.



# 3

## Possible implications for inflation and growth

**Oil and gas shipments through the Strait of Hormuz could be reinstigated at a reduced flow, with a full resumption of shipments around the middle of the upcoming quarter.**

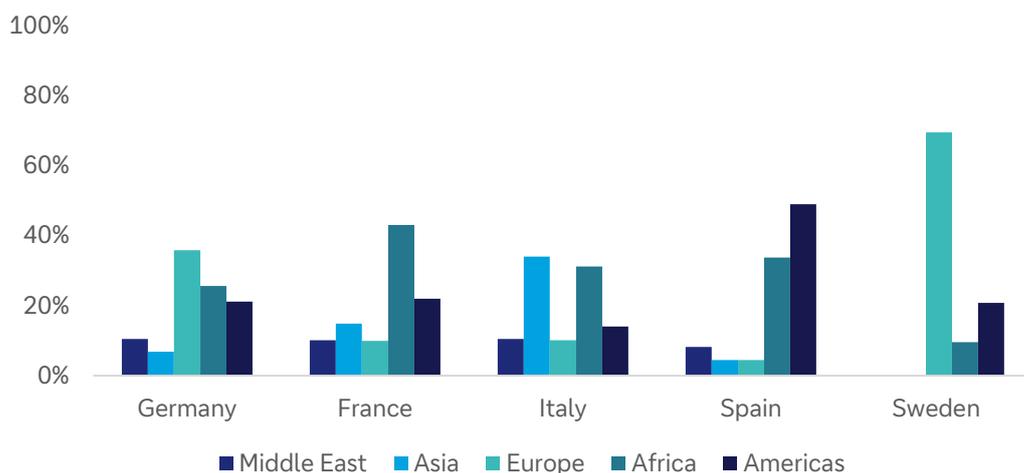
Oil prices will likely remain elevated during the first half of 2026, followed by a potential gradual decline to levels somewhat higher than before the crisis, while economic growth in Europe slows moderately. High energy prices during H1 2026 would reflect temporary supply constraints and risk premia rather than a permanent tightening of global energy balances. As transit through the Strait were to improve, pricing pressure is expected to abate progressively. However, if the Strait of Hormuz were to remain effectively closed for longer, oil prices would likely climb higher while growth in Europe might significantly slow down amidst increased recession risks.

Unlike at the onset of the energy crisis in Europe in 2022 due to the region's high dependence on Russian energy supplies at the time, Europe's current exposure to the Middle East is considerably lower. As shown in Figure 1, crude oil imports from the Middle East account for less than 10% of total crude oil imports for Germany, France, Italy, Spain and Sweden. The main crude oil suppliers to the region are Norway and the US. In the case of gas, European imports from the Middle East are not significant, i.e. the shares of total gas imports for Germany, France, Italy, Spain and Sweden, are at single-digit levels, as shown in Figure 2. In this context, European long-term contracts with oil and gas suppliers outside the Middle East help to avert immediate supply shortages and partially dampen the initial price increase. For example, more than half of European liquified natural gas (LNG) import contracts are long term. However, over the medium term, higher oil and gas prices will be passed through to European demand.



**Figure 1: Crude oil imports by region – limited exposure to the Middle East**

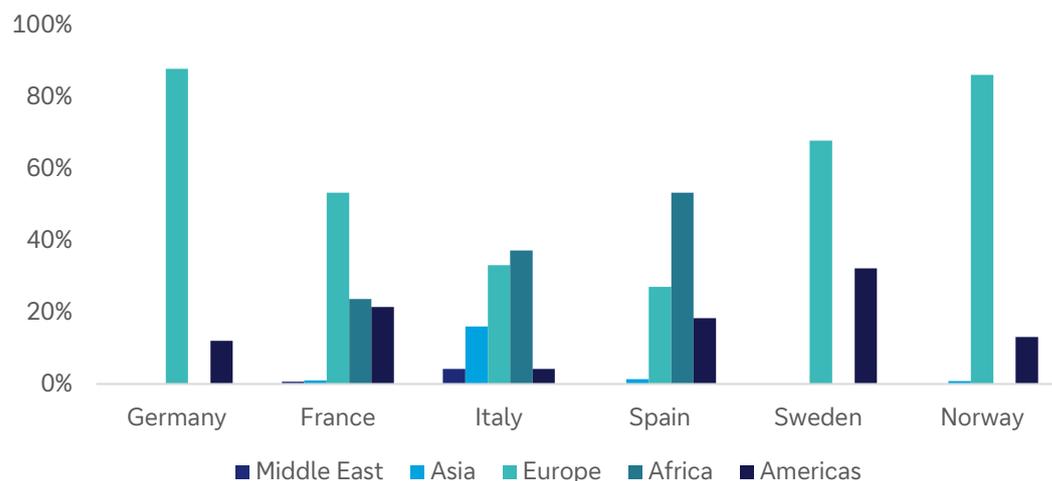
Share of crude oil imports by region (2024)



Source: Harvard Growth Lab, Deutsche Bank AG. Data as of March 26, 2026.

**Figure 2: Gas imports by region – Middle East plays a minor role**

Petroleum gas imports by region (2024)



Source: Harvard Growth Lab, Deutsche Bank AG. Data as of March 26, 2026.

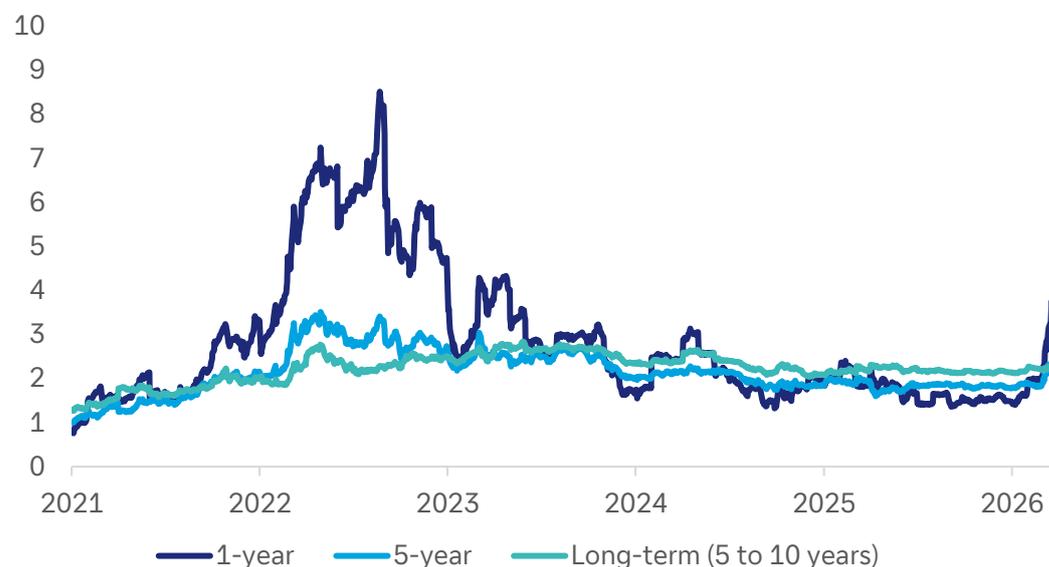
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Europe’s main macroeconomic vulnerability stems from higher energy prices, which curb consumption by acting like a broad tax on households and businesses. According to Eurostat, the European Union still imported 57% of its energy in 2024, and oil/petroleum products accounted for about two-thirds of these energy imports. Hence, increases in global oil prices have a direct impact on European consumer prices and purchasing power. As shown in Figure 3, inflation-linked 1-year swap contracts – insurance contracts which reflect market-implied expectations for inflation – indicate that investors are pricing in a notable rise in inflation over the next twelve months. Also, longer-term market-implied inflation expectations, as measured by 5-year and longer-dated inflation-linked swaps, have edged higher, although the increase has been more limited. Importantly, these market-implied inflation expectations, although rising, still remain well below the levels observed during the 2022 energy crisis. Moreover, inflation-linked swap rates tend to overstate realised inflation, as they incorporate inflation risk premia and liquidity effects. According to the European Central Bank (ECB), inflation is expected to accelerate to 2.6% in 2026 and to ease to 2.0% in 2027. In our view, inflation expectations should start to ease in advance in the event of a full-reopening of the strait of Hormuz. Hence, the increase in inflation would most likely be temporary, not permanent, driven primarily by headline components, with some spillover into core inflation. Until then, higher energy prices may lift headline inflation through first-round effects, resulting in the direct and immediate impact of more expensive oil and gas on consumer prices for fuel and electricity. Second-round effects – where higher energy costs lead to broader price increases via wages, services, and firms raising prices to protect margins – would be expected to remain limited. As a result, core inflation would rise only modestly, reinforcing the view that the inflationary impulse reflects a temporary energy increase rather than a self-sustaining inflation cycle.

**Figure 3: Eurozone market-implied inflation expectations on the rise**

Market-based inflation expectations (inflation-linked swap contracts)



Source: LSGE Datastream, Deutsche Bank AG. Data as of March 26, 2026.



We expect the impact on European economic growth to be negative but contained. Higher energy prices weigh on consumption, limiting household spending power and dampening demand. However, the effect should remain manageable, if the disruption does not escalate into a sustained energy shortage. Growth slows but avoids a sharp downturn under this baseline. Consensus has so far revised down its Eurozone economic growth forecasts for 2026 by about 0.2ppts to 1.2%, while little change has been observed in the forecasts for 2027. Several analysts also forecast lower economic growth of about 1.0– 1.1% for 2026. According to their most recent March 2026 projections, the staff of the European Central Bank sees real GDP growth for the euro area of 1.3 % in 2026 in its baseline scenario, which was conducted using the commodity prices at the cut-off date of March 11, 2026. These forecasts, as well as the consensus view, are based on the assumption of a resumption of shipment flows through the Strait of Hormuz in the next couple of weeks.

### **European monetary policy may turn more cautious, with a clear shift in the central bank reaction function**

The ECB is continuously monitoring the risk of renewed inflation pressures. While prior to the Middle East conflict markets were expecting the ECB to keep its policy rates on hold in 2026, swap markets are currently pricing in three 25 basis point (bp) rate hikes by end-2026. If the Strait of Hormuz were to be reopened close to the middle of the second quarter, markets could quickly reassess their rate hike expectations.

Long-term bond yields should remain elevated initially before declining once expectations of ECB rate hikes may fade. Long-term yields have risen since the start of the Strait of Hormuz disruption against the backdrop of higher inflation expectations with 10-year German Bunds rising by more than 25bps to 2.9%. Long-term yields should remain supported in the short term due to inflation concerns but begin to decrease as markets regain confidence that the ECB might be able to either keep rates on hold throughout the year once inflation pressures ease or implement only minor risk management rate hikes. This would depend on how quickly the situation normalises at the strait of Hormuz once inflation pressures ease. At the same time, because no economic contraction is expected for now given the transitory nature of the energy shocks, the classic “flight to safety” that drives long-end yields sharply lower is not expected to materialise. This view is supported by the recently observed short-term US yields rising faster than long-term US yields – signaling higher inflation pressures and expectation of Fed delaying its rate rather than an impending recession. However, in the absence of signs of de-escalation yields could begin to fall as markets price in a growth hit and the bond yield curve could invert – a sign of increasing recession risks.

### **Fiscal policy outlook remains supportive**

In addition to existing fiscal stimulus, governments are assessing if short-term fiscal support is needed to help countries cope with increased energy costs. Overall, Eurozone growth remains supported by expansionary German fiscal policy, including spending under the “Sondervermoegen” special funding package.



### European risky assets have underperformed but could recover as investors look through the near-term disruption

If shipment flows through the Strait of Hormuz recover gradually in the coming weeks, markets are likely to increasingly focus on the expectation that the increase is temporary. Investor attention would gradually shift back toward underlying macro and micro fundamentals. As energy-related uncertainty recedes, investors might refocus on company-specific drivers such as capital expenditure and sector-specific assessments. The initial increase might fade as confidence in energy supply normalization improves. The euro could strengthen modestly against the USD as energy risks diminish.

In the event that the Strait of Hormuz remains effectively closed until well into the second quarter, the adverse impact on the European economy could be more pronounced. The prolonged impairment of one of the world's most critical energy chokepoints could lead to a sharp tightening of global oil supply conditions. In this case, market participants would increasingly price not only physical shortages but also sustained geopolitical risk premia, pushing oil prices into a materially higher range.

Second-round inflationary effects could become increasingly likely, and risks of an economic downturn could rise. Firms would face sustained cost pressures and might begin to pass higher input prices through to consumers more broadly, while wage negotiations might start to reflect elevated inflation expectations. As a result, core inflation could rise more meaningfully than in the baseline, blurring the distinction between a temporary energy increase and a more entrenched inflationary process. The combination of high energy prices and declining confidence, with both consumption and industrial output significantly affected, would transform the inflationary oil increase into a growth-threatening event, raising the risk of recession in Europe. In its most severe adverse scenario, the ECB assumes a persistent energy price increase and second-round effects in the economy, with inflation accelerating to 4.4% for 2026 and 4.8% in 2027, while real GDP would grow at 0.4% in 2026 and 0.9% in 2027.

## 4

### Disparities between European economies

#### Germany

Germany is structurally exposed to higher energy prices because its economy is manufacturing-intensive, and manufacturing is typically more energy-dependent than services. According to the German Federal Statistics Office (Destatis) manufacturing accounts for some 20% of German gross value added – well above that of Spain (where it only accounts for around 12% of GDP). This difference matters with respect to energy price shocks because industrial sectors tend to experience higher energy costs through multiple layers: direct fuel and electricity use, energy-intensive inputs (chemicals, metals), and transport/logistics costs across supply chains. Higher energy prices also dampen consumption by directly reducing household purchasing power, thereby exerting a drag on GDP. Final consumption expenditure accounts for around 75% of German GDP.

**Exports account for a large share of the German economy, making growth more sensitive to external conditions that include rising energy prices.** German exports of goods and services account for about 40% of GDP. In practice, this means Germany faces a double exposure: higher costs at home and potentially softer demand abroad if an energy increase slows global activity. In addition, Germany's export mix is heavily concentrated in industrial goods, reinforcing energy-price sensitivity. As shown in Figure 4 below, chemicals, vehicles and machinery accounted jointly for about half of total German exports in 2024. These are not only energy-intensive sectors, but they are also sectors where margins and competitiveness can be sensitive to sustained cost shocks.



The 2026 growth outlook for Germany has eased against the backdrop of the Strait of Hormuz disruption. Consensus is currently expecting German GDP growth of 1% for 2026, below growth of close to 1.5% that several analysts were expecting prior to the disruption of the Strait of Hormuz. If an effective disruption were to persist beyond the second half of the second quarter, Germany could see significant downward revisions to its 2026 growth forecast, with some analysts considering annual growth to move more towards stagnation.

### France

The transmission of the energy price increase to the French economy is likely to be slower than in Italy due to its energy mix. Over the past ten years, France has reduced its reliance on oil and natural gas in electricity production. As a result, the share of oil, other petroleum products, and natural gas in its energy mix used for electricity production stood at around 7%. Almost two thirds of electricity generation was powered by nuclear (64.5%) and 26.6% came from renewables. As a result, the pass through of fossil fuel supply shortages and higher for longer energy prices is likely to take more time to reach households and businesses through wholesale electricity prices.

However, gas, oil, and petroleum products still accounted for around 44% of the total energy mix. Instead, if energy prices remain elevated for longer, French consumers could be affected through second round inflationary effects. The share of French crude oil and petroleum gas imports from the Middle East in total crude oil and gas imports is low at around 10% for crude oil and 0.6% for gas. Compared with Italy and Germany, French businesses are relatively less exposed to the impact of an energy increase on external demand. France's export share of GDP stands at around 33%, well below Germany's 40% and slightly below Spain's 37%. As shown in Figure 4, France's export structure also differs from that of Germany, with the share of energy-intensive goods such as machinery and vehicles around one third lower. This composition helps explain why market consensus expects French export growth to reach 2.5% in 2026, remaining broadly stable despite the current energy price increase and accelerating from 1.6% in 2025.

At the same time, France's budget deficit, among the highest in the euro area, limits the government's scope to introduce additional fiscal support measures. As of 30 March, no new subsidies for households or businesses have been announced. While the direct impact of the energy increase is therefore expected to be somewhat contained initially, the overall economic outlook remains modest. Consensus forecasts point to GDP growth of 1.0% in 2026 and 1.1% in 2027, although a longer lasting or more severe increase to the euro area economy would increase the risk of downward revisions.



## Spain

Spain is to some extent less exposed than Germany mainly because its economy is more services oriented and therefore less energy intensive at the macro level. Destatis data shows Spain's manufacturing share at about 12% of gross value added in 2024, much lower than Germany's 20% and below Italy's 17%. Services play a more important role in Spanish GDP. This structural difference means the "industrial amplification" channel – where higher energy prices squeeze heavy industry margins and spill into investment and employment – is smaller in Spain, although still quite material. However, higher energy prices also weigh significantly on consumption, exerting downward pressure on GDP. Total household and government consumption accounts for about 75% of Spanish GDP.

Spain's external exposure matters, but it is less exposed to manufacturing industry than Germany's, which helps explain relative potential resilience. Spain's gross exports share of GDP is close to 37% (Eurostat; this reflects exports alone, not net trade after imports), meaningful but below Germany's 40%. And while Spain exports industrial products, its macro sensitivity is moderated by the lower manufacturing weight in the domestic economy, so the impact tends to be more contained unless a more prolonged effective disruption of the Strait of Hormuz triggers a broader European and global growth slowdown. Also, as shown in Figure 4, energy-intensive sectors account for about 30% of total Spanish exports, considerably less than the share of industrial exports relative to total exports of Germany, Italy or Sweden.

The 2026 growth outlook for Spain has eased but continues to be more positive than for its European peers. Consensus is currently expecting Spanish GDP growth of 2.3% for 2026. If an effective disruption were to persist beyond the second half of the second quarter, Spain could also see significant downward revisions to its 2026 growth forecast, with some analysts considering a revision of annual growth closer to 1%. In this more adverse scenario, external tourism demand from other EU countries would also weaken. With around 12% of Spain's labour force employed in the tourism sector, a downturn in activity would weigh on employment and, through lower household consumption, translate into a drag on GDP.

## Italy

Italy's high reliance on imported fossil fuels leaves the economy exposed to energy price inflation. In 2023, gas and oil made up around 70% of Italy's total energy mix and about half of the inputs used for electricity generation. Although Italy imported only about 10% of its crude from the Middle East in 2024, higher energy prices would likely feed through quickly to the real economy, particularly through food costs, affecting households and businesses. During the 2021–2022 energy increase, Italian households were among the most exposed in the euro area. Similarly, higher-for-longer energy prices are likely to reduce Italian households' real disposable income, weighing on aggregate consumption. The Italian government is currently considering introducing fiscal measures to shield the households from the initial energy price increase.

A more prolonged disruption of the Strait of Hormuz would push up energy and electricity costs for Italian producers, especially in energy-intensive industries, potentially squeezing margins and dampening investment sentiment. Past episodes show that gas market disruptions pass through rapidly to electricity prices and increase firms' pricing uncertainty.



This could weaken the international competitiveness of energy-dependent exporters, while those in less energy-intensive segments would be less affected. Italy is an export-oriented economy as exports accounted for 32.2 % of Italy's GDP in 2025, and goods exports are concentrated in energy intensive sectors such as machinery and agriculture, as shown in Figure 4, where rising input costs can compress margins.

Overall, elevated input cost risks, higher uncertainty, and Italy's structural dependence on imported oil and gas suggest that both producers' profitability and exporters' price competitiveness could face renewed pressure if global energy markets tighten again. Consensus is currently expecting GDP growth of 0.8% for 2026 with some analysts projecting that it may move into negative territory if the disruption of the Strait of Hormuz were to persist well into the second quarter of 2026.

Italian banks are likely to remain resilient because net interest income is supported by strong deposit growth and solid yields, fee margins face no immediate pressure, cost efficiency continues to improve, capital positions are robust, and asset quality shows no signs of deterioration.

### **Sweden and Norway**

Persistent higher energy prices are likely to accelerate inflation in both Sweden and Norway. Some estimates suggest that a 10% increase in oil prices could initially lead to a 10bps increase in inflation for Norway and a 15bps increase for Sweden due to higher fuel prices in both economies. Notwithstanding this, the two countries' economic resilience to elevated global gas and oil prices is differs greatly. In general terms, the countries are not reliant on natural gas for their energy production, as its accounts for around 1.5% of the energy mix used for electricity generation in each country.

As a net gas and oil exporter, Norway's is likely to benefit from higher energy prices via increased demand for its oil and gas exports, which account for more than 50% of its total goods exports, boosting the offshore 'oil-related' sectors and eventually producing spillover effects in the mainland 'non-oil' sectors. According to some analysts, in a very severe scenario in which oil prices remain above USD100/bbl for more than a year, Norwegian mainland GDP growth could potentially be supported by up to one percent, although significantly higher inflation pressures would weigh on economic activity. Moreover, households are likely to be relatively less exposed to the initial increase. Government electricity subsidies would help cushion the impact of higher energy prices, while the Norwegian krone typically appreciates when oil demand rises, partly offsetting imported inflation and reducing the pass-through to consumer prices. Norway's experience during the period of elevated energy prices in 2022 suggests that these mitigating factors can limit the impact on household inflation and purchasing power.

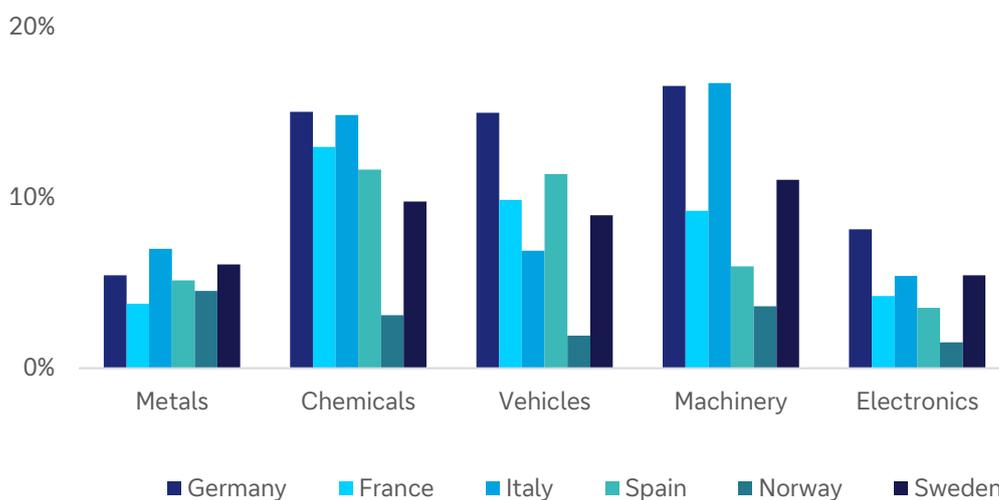
Sweden, on the other hand, is in a much more vulnerable position regarding an energy-price increase. In Sweden, the pass-through effect of inflation into the real economy would be faster than in Norway. In the space of twelve months, a 10% increase in global energy prices could result in up to a 20bps increase in the core inflation rate when the Riksbank's elasticities are applied. Higher energy prices would also pose a downside risk to Sweden's outlook, which relies on the expected recovery of both external demand – especially from the Eurozone – and domestic demand. As an export oriented economy, with exports accounting for 53.2% of Sweden's GDP in 2025 and a large, energy intensive manufacturing sector, Swedish exporters are also directly impacted by oil price hikes. The government will boost domestic demand with fiscal stimulus this year, as announced last autumn. During the energy-inflation period of 2022–2023, households' willingness to consume decreased by 2.5%.



According to some analysts' estimates, a 10% increase in oil prices from their pre-conflict levels could reduce Sweden's GDP growth by 20bps within the next two years.

**Figure 4: Germany's and Italy's export sectors more exposed to higher energy prices**

Energy-intense sector share of total exports (%) in 2024



Source: Harvard Growth Lab, Deutsche Bank AG. Data as of March 30th, 2026.

# 5

## European equities – from a position of strength to a recent sell-off

The recent Iran-related oil increase has halted Europe's equity outperformance versus the US, underscoring its greater sensitivity to Middle East tensions given its energy-importing structure and globally exposed equity market. The resulting rise in volatility triggered a sell-off, with European equities giving back their year-to-date gains. While this represents a near-term headwind and injects uncertainty into financial markets, European equities entered the year from a position of strength. If growth effects remain manageable, improving visibility on energy flows and a stabilising conflict trajectory should limit the risk of a sustained market drawdown and allow investors to refocus on fundamentals.

As shown in Figure 5, equity markets absorbed the initial rise in energy prices in 2022 relatively quickly. Current performance has begun to show similar dynamics, with the latest pullback suggesting that a meaningful portion of the associated risk may already be reflected in stock prices. Higher oil prices primarily affect Europe through higher input costs and a temporary inflation impulse, which may weigh on real activity. That said, the earnings impact could be more contained. If companies can raise prices broadly in line with input costs, nominal earnings could hold up even if real activity slows somewhat. This, however, would hinge on consumer health not only in Europe, but also in the US and APAC, where European companies have a significant footprint.

More than half of European listed companies' revenues are generated abroad. Lastly – and potentially the most significant offset – rising earnings in the energy sector could help mitigate the negative impact at the index level. In line with that, in 2022, aggregate STOXX 600 earnings rose by more than 20% despite a significant rise in inflation.

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**Figure 5: European equities largely echo the 2022 pattern, with some divergence emerging lately**



Source: LSGE Datastream, Deutsche Bank AG. Data as of March 26, 2026.

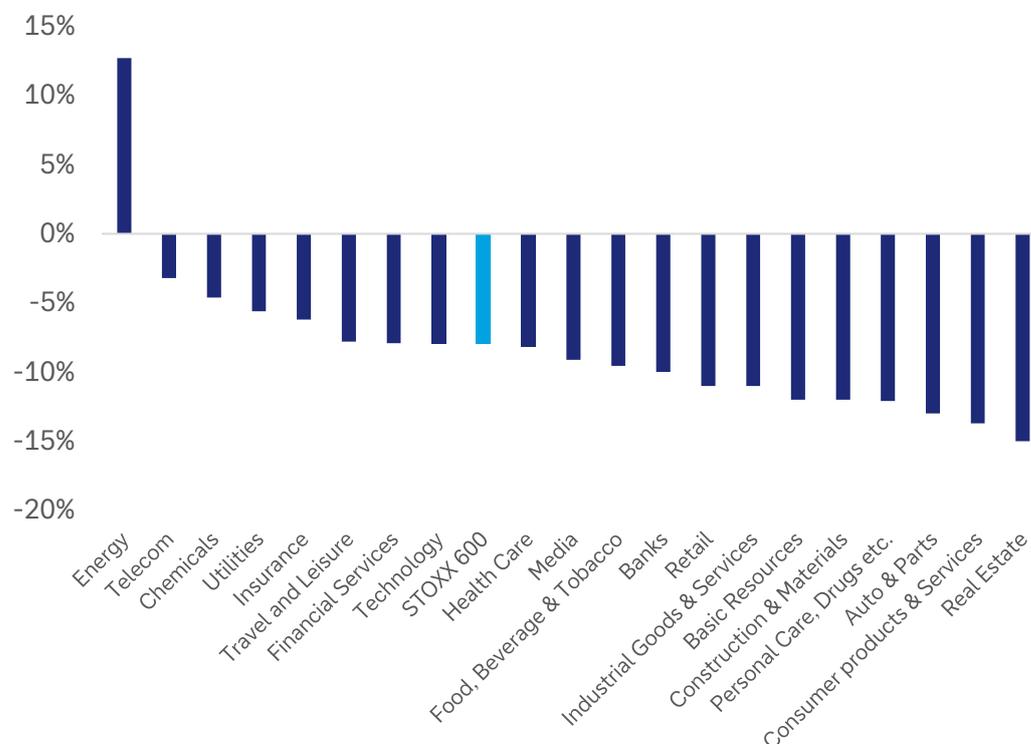
At the sector level, immediate earnings pressure would likely concentrate on transport-related activities, with airlines particularly exposed, given fuel costs of around one-quarter of operating expenses and incomplete jet fuel hedging across carriers. Logistics would face higher bunker fuel costs and potential rerouting delays, while energy-intensive industries such as chemicals, steel and parts of manufacturing would see moderate margin pressure as input costs rise. If elevated energy prices persist, these effects could gradually broaden, testing pricing power and margins across a wider range of cyclicals, including consumer discretionary, parts of industrials and, to a lesser extent, financials, as growth momentum softens. By contrast, Energy and selected Utilities would act as natural offsets, supported by higher prices, regulated returns and relatively stable end-markets. In this context, the oil spikes once again highlight Europe's energy vulnerability, potentially reinforcing support for companies that enhance energy resilience, notably selected energy and utility companies.

Recent developments already point to rising dispersion in performance (Figure 6). However, the sectors most immediately affected at the earnings level may not see a one-to-one translation into equity performance. Risks of a broader economic slowdown – particularly weighing on growth and consumption – could overshadow these developments and lead to more generalised weakness across cyclical sectors. As long as tensions persist and energy prices remain elevated, this divergence could continue. That said, improved visibility around a medium-term resolution of the blockade could reduce uncertainty around energy flows, allowing markets to gradually refocus on fiscal growth support and double-digit earnings growth. Cyclical sectors could rebound more strongly, offering upside potential for investors.



**Figure 6: STOXX 600 sector performance since February, 27**

Most European sectors with significant sell-off in recent weeks



Source: LSGE Datastream, Deutsche Bank AG. Data as of March 26, 2026.

European equities appear likely to be driven by dispersion rather than broad-based weakness. The oil increase is a headwind via higher energy costs and an inflation impulse, but pricing power and energy earnings could limit the aggregate impact at the index level. Immediate pressure should remain concentrated in transport and energy-intensive sectors, while energy, selective utilities and other defensives could provide offsets. Improved visibility on energy flows could quickly refocus markets on growth support and an earnings-led recovery, reopening upside for cyclicals. However, duration remains the key variable: if the disruption of the Strait of Hormuz extends beyond the first quarter, a more persistent energy increase could weaken earnings prospects, raise input costs, and heighten uncertainty. As a result, the current focus on inflation risks could shift toward growth concerns, leading to a volatile and challenging market environment.



# 6

## Summary – Positioning in the current environment

From an investment standpoint, the principal consideration is navigating an increase that is path dependent. Final outcomes will be influenced significantly by the disruption's duration and intensity, as well as policy measures implemented in Washington, Tehran, Riyadh, and Brussels.

Although Europe's dependence on oil and gas imports from the Middle East is lower than for other global regions, European countries are affected by higher oil and gas prices globally as well as by increased geopolitical uncertainty. While the former increases prices, inflation and potentially lowers global demand for European products, the latter has a negative impact on the investment climate since investment decisions may be postponed or re-evaluated given higher costs and lower valuations which could alter the profitability of investments.

In the coming months, ongoing disruption risks and higher war-related premiums are expected. Oil and refined products prices are likely to stay elevated and unstable. Earnings pressure is anticipated primarily among airlines, logistics companies, petrochemical firms, and less robust cyclicals. Instead, energy entities, LNG-related infrastructure, selected utilities and defensive stocks could develop better.

Looking further ahead, attention will turn towards whether tensions ease through negotiation that help restore passage through Hormuz. Even if physical supply returns to normal, insurance and security costs are likely to persist. By this stage, markets should have largely factored in the initial earnings effects and are likely to begin focusing on subsequent impacts: investment plans in energy security, renewables, and infrastructure, as well as the comparative competitiveness of European economies.



## Glossary

**APAC (Asia-Pacific)** refers to the geographic region including East Asia, South Asia, Southeast Asia, and Oceania, which is economically significant as a major contributor to global growth, trade, and financial markets.

**Basis Points (bp / bps)** are a unit of measurement used in finance to describe changes in interest rates or yields, where one basis point equals one hundredth of one percentage point (0.01%).

**Brent / WTI (West Texas Intermediate)** refers to major global crude oil benchmarks used for pricing oil contracts, with WTI primarily reflecting US oil prices and global supply-demand dynamics.

**Bunds (German Bunds)** are debt securities issued by the German federal government and are considered a benchmark for low-risk interest rates in the Eurozone.

**CPI (Consumer Price Index)** measures the average change over time in the prices paid by households for a representative basket of goods and services, and is a key indicator of inflation.

**Core Inflation** refers to inflation that excludes volatile components such as energy and food prices, providing a clearer view of underlying price trends in the economy.

**ECB (European Central Bank)** is the central monetary authority for the Eurozone, responsible for setting interest rates and maintaining price stability across member countries.

**EMEA (Europe, Middle East and Africa)** is a regional classification commonly used in economics and finance to group markets across Europe, the Middle East, and Africa for analytical and commercial purposes.

**EU (European Union)** is a political and economic union of European countries that operates a single internal market and, for most members, a shared currency.

**Fed (Federal Reserve)** refers to the central banking system of the United States, which conducts monetary policy, supervises banks, and seeks to promote maximum employment and stable prices.

**Flight to Safety** describes investor behaviour during periods of heightened uncertainty, where capital is shifted from riskier assets into perceived safe havens such as government bonds.

**GDP (Gross Domestic Product)** represents the total monetary value of all final goods and services produced within a country over a specific period and serves as a broad measure of economic activity.

**Headline Inflation** measures overall inflation including all categories such as energy and food, capturing the full impact of price changes faced by consumers.

**Inflation-Linked Swaps** are financial derivatives that allow investors to hedge or gain exposure to future inflation expectations by exchanging fixed payments for inflation-adjusted payments.

**IMF (International Monetary Fund)** is a global financial institution that supports international monetary cooperation, financial stability, and economic development among its member countries.

**LNG (Liquefied Natural Gas)** refers to natural gas that has been cooled to a liquid state for ease of storage and transport, playing a crucial role in global energy trade.

**LPG (Liquefied Petroleum Gas)** consists mainly of propane and butane and is produced as a by-product of crude oil refining and natural gas processing, commonly used for heating and cooking.

**MSCI Index (Morgan Stanley Capital International Index)** represents a family of equity indices used to track the performance of stock markets or specific regions and countries globally.

**PPI (Producer Price Inflation)** measures changes in the prices received by producers for goods and services and is often seen as a leading indicator of consumer price inflation.

**Reflation** refers either to a rise in price levels following a period of economic weakness or to deliberate policy measures aimed at stimulating economic growth and inflation.

**Risk Premium** represents the additional return investors demand to compensate for the higher risk associated with uncertain or volatile investments.

**Stagflation** describes an economic environment characterised by simultaneously high inflation, weak economic growth, and elevated unemployment.

**STOXX 600** is a broad European equity index that tracks the performance of 600 large, mid, and small-cap companies across multiple European countries.

**Strait of Hormuz** is a strategically vital maritime passage connecting the Persian Gulf with global energy markets, through which a significant share of the world's oil and LNG shipments pass.

**USD (United States Dollar)** is the official currency of the United States and serves as the dominant global reserve currency used for commodities pricing, international trade, and financial transactions.

**Yield Curve** illustrates the relationship between interest rates and different maturities of debt securities, often used to infer economic and monetary policy expectations.



Appendix

## Historical performance

	26.03.2021 - 26.03.2022	26.03.2022 - 26.03.2023	26.03.2023 - 26.03.2024	26.03.2024 - 26.03.2025	26.03.2025 - 26.03.2026
2y US german bonds	-3.3%	-2.2%	-2.2%	0.9%	0.0%
10y US german bonds	-6.7%	-7.6%	-7.2%	-0.4%	0.3%
Stoxx Europe 600	7.2%	-3.0%	15.8%	8.4%	6.3%
Brent	97.2%	-39.4%	17.8%	-15.7%	31.7%
EUR/USD	-6.6%	-2.0%	0.7%	-0.4%	7.1%
Stoxx Europe 600 Basic Materials	17.7%	-8.0%	10.5%	-3.7%	16.4%
Stoxx Europe 600 Basic Resources	35.2%	-17.0%	1.1%	-0.6%	40.1%
Stoxx Europe 600 Chemicals	6.6%	-2.3%	18.9%	-5.3%	-5.2%
Stoxx Europe 600 Financials	9.1%	1.6%	37.2%	38.7%	15.6%
Stoxx Europe 600 Banks	11.5%	8.3%	43.1%	51.6%	29.2%
Stoxx Europe 600 Financial Services	5.7%	-12.4%	34.9%	19.3%	-4.4%
Stoxx Europe 600 Insurance	8.5%	2.2%	29.6%	32.2%	3.9%
Stoxx Europe 600 Real Estate	11.7%	-38.9%	25.1%	-0.9%	1.4%
Stoxx Europe 600 Health Care	21.8%	-0.8%	13.9%	-0.7%	2.1%
Stoxx Europe 600 Industrials	4.3%	1.7%	28.0%	14.7%	8.8%
Stoxx Europe 600 Construction & Materials	6.2%	2.8%	29.9%	11.7%	6.2%
Stoxx Europe 600 Industrial Goods & Svs.	3.8%	1.4%	27.4%	15.6%	9.5%
Stoxx Europe 600 Technology	1.2%	0.3%	30.4%	-4.0%	-0.6%
Stoxx Europe 600 Telecommunication	5.3%	-4.7%	-0.7%	33.6%	21.4%
Stoxx Europe 600 Utilities	3.7%	3.3%	5.5%	16.5%	36.1%
Stoxx Europe 600 Consumer Discretionary	-4.3%	12.7%	16.6%	-8.4%	-12.5%
Stoxx Europe 600 Automobiles & Parts	-9.6%	13.6%	26.5%	-20.5%	-14.3%
Stoxx Europe 600 Consumer Prod. & Svs.	1.0%	15.9%	7.8%	-9.9%	-15.9%
Stoxx Europe 600 Media	16.1%	3.8%	28.9%	4.2%	-27.7%
Stoxx Europe 600 Retail	-18.7%	5.5%	31.5%	-0.6%	6.1%
Stoxx Europe 600 Travel & Leisure	-22.3%	10.2%	15.9%	-2.9%	3.4%
Stoxx Europe 600 Consumer Staples	10.9%	1.5%	-6.0%	6.5%	-0.4%
Stoxx Europe 600 Food, Beverage & Tobacco	17.2%	-0.7%	-6.7%	3.2%	-0.8%
Stoxx Europe 600 Personal Care, Drug & Grocery Stores	-4.1%	6.7%	-2.5%	16.1%	4.1%
Stoxx Europe 600 Energy	29.2%	7.4%	17.3%	7.7%	47.7%

Source: LSEG Datastream, Deutsche Bank AG, Data as of March 26, 2026

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