SURREY CAPITAL
RESEEARCH

Monday 23th March

ECONOMIC DEVELOPMENTS
OF THE WEEK

Written by
Ben McGartland &
Ali Shafiq

Edited by
Ali Shafiq

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The Week Ahead

March 23 - March 27 2026

Economic Calendar

Monday
- EU: Consumer Confidence
- UK: FTSE Index quarterly review

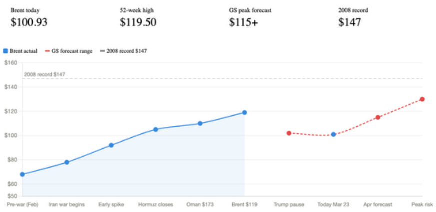
Tuesday
- JP: Headline Inflation
- US: Q4 productivity and costs data

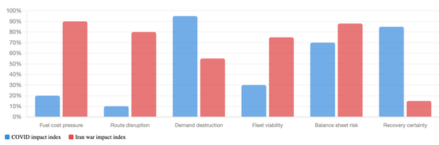
Wednesday
- UK: Headline inflation
- UK: Core inflation

Thursday
- AU: February labour force data
- JP: PPI inflation rate data

Friday
- UK: Consumer confidence
- EU: Expectations Survey

Importance Level: Low ● Medium ● High ●





Oil Futures do not match the Limited Supply

The Iran War & Global Oil Markets: A Week-Ahead Crisis Assessment

Currently, as it stands, the oil futures do not match the limited supply, and there is going to come a point where the limited commodities will catch up to the market manipulation taking place. If you are pricing as though 100% or 80% of production is taking place where only 75% of production is taking place, eventually people will run out of oil reserves. When or if this happens, the correction will be very damaging. The current oil market is not anchored around the real amount of barrels passing through, which has been deeply concerning. We cannot lie about the supply of oil due to its elastic demand. The commodity is not something we can simply misrepresent due to its absolute necessity for every economy.

The most immediate evidence of this disconnect lies not in Brent or WTI, the two benchmarks dominating financial headlines, but in the regional crudes that are directly exposed to the Strait of Hormuz closure. The closure of the Strait of Hormuz has severed roughly a fifth of the world's oil production from global markets, sending buyers scrambling to replace Gulf supplies and causing price spikes for crude grades from Norway to Kazakhstan. The Oman benchmark hit a record $173.24, while regional benchmarks more broadly have surged to all-time highs even as Brent traded back near $100. JPMorgan's analysts have been explicit about what this means: the apparent stability in Brent and WTI reflects only a temporary buffer from regional inventory overhangs and policy interventions. If the Strait does not reopen, Atlantic basin inventories will be drawn down and the global market will be forced to clear at a materially tighter supply level. The headline Brent price is a lagging fiction. The real physical market is already repricing violently, and the reckoning for the paper market is only a matter of time. Asia in particular faces an acute and early reckoning. Most crude shipments through the Strait of Hormuz are bound for China, India, Japan, and South Korea, and early signs of demand destruction are already emerging across Asian markets as product prices surge and spot barrels become prohibitively expensive.

Goldman Sachs has now abandoned its prior bullish-but-measured stance and delivered a starkly elevated set of forecasts for the weeks ahead. The bank lifted its Brent April average forecast from $85 to $115, projecting the peak could go even higher, driven by an assumption that Hormuz flows remain at only 5% of normal for a six-week period before a gradual recovery, and by recognition that the high concentration of Gulf production will structurally raise strategic stockpiling and long-dated prices going forward. In the bank's adverse and severely adverse scenarios, where flows remain disrupted for ten weeks and potentially compounded by a persistent 2 million barrel per day loss from damaged energy infrastructure, Goldman believes Brent could spike above the all-time record of $147 set in 2008, a prospect that is starting to feel increasingly probable. The US is clearly attempting to cap this trajectory. Trump announced on Monday that Washington would postpone attacks on Iranian energy infrastructure following what he described as constructive talks, sending Brent tumbling from over $114 to as low as $96 before recovering to around $102. Yet Tehran's own security officials swiftly disputed any negotiations had taken place, and market strategists noted the intervention looked more like political pressure relief than genuine de-escalation. One portfolio manager described that the financial market and political pains are visibly weighing on the administration.

What makes the week ahead particularly dangerous is that the pressure on oil transport routes is not limited to Hormuz alone. The Ansarullah (Houthi) movement in Yemen has continued its campaign to interdict shipping through the Bab-el-Mandeb strait at the southern exit of the Red Sea, the alternative corridor through which tankers would otherwise reroute to bypass Hormuz via the Suez Canal. This compounds the crisis for Asian importers most severely. A standard voyage from the Gulf to Asia already takes only 10 to 15 days under normal conditions, making Asian refiners the first in line to feel any supply disruption. Rerouting via the Cape of Good Hope adds weeks to delivery timelines and significant costs to every cargo. With both chokepoints under simultaneous pressure, the cost of moving a barrel of oil from the Middle East to any destination is rising structurally, and the economics of global refining are being repriced in real time. This volatility has already brought US oil and gas dealmaking to a standstill, with bankers and lawyers describing a market entirely in paralysis as crude price swings make transaction valuations impossible to calculate. The week ahead will test whether Trump's five-day pause on strikes buys genuine diplomatic progress, or merely delays the moment when the physical oil market's distress, already visible through Omani and Dubai benchmarks, finally overwhelms the temporary cushion still supporting Brent and WTI. Given that Brent is already down over 10% on the day to approximately $100.93 following the diplomatic intervention, the range between a negotiated de-escalation and a full supply shock remains extraordinarily wide and extraordinarily consequential for every economy on earth.

The Airline Market

The surge in jet fuel costs has already delivered a severe shock to global airlines, potentially worse than COVID-19. Unlike the pandemic, which reduced demand, this crisis attacks the economics of flying itself. Airlines must keep operating while facing higher fuel costs, longer routes, and shrinking margins. There is no clear resolution: this is a structural cost shock, not a temporary disruption. As fuel hedges expire and ticket prices rise, demand will begin to erode. What is unfolding is not short-term turbulence, but a fundamental repricing of the viability of commercial aviation.

Written by Ali Shafiq

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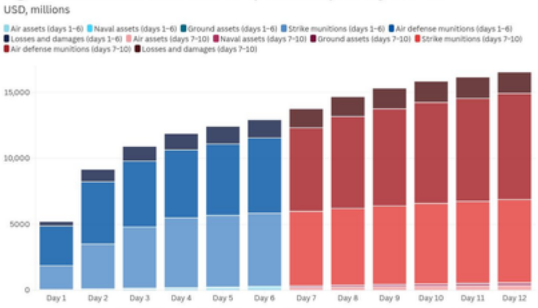
The Week Prior

March 09 - March 15 2026

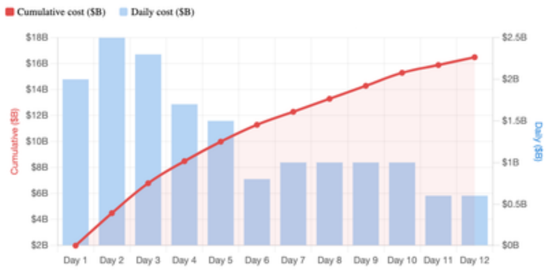
Dow Jones	SNP500	FTSE 100	Brent Oil	NVDA	XOM	SHEL.L
-1.69%	-1.42%	0.67%	10.05%	-0.38	4.48%	6.49%

Figure 2: Estimated Total Cost of Operation Epic Fury at D+12



Note: The true war cost will be highly sensitive to the mix of munitions used and allied contributions to air defense. The calculation here uses the reported $11.3 billion total war cost at D+6 and estimates it to D+12 based on DOD releases.
Source: Authors' estimates.

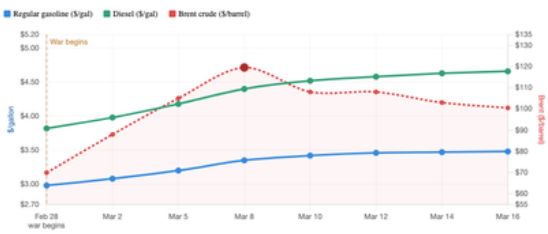
First 100 hours	Day 6 (Pentagon)	Day 12 (CSIS)	Daily burn rate
$3.7B	$11.3B	$16.5B	~$500M
CSIS estimate	Munitions only	All costs	From day 6 onwards



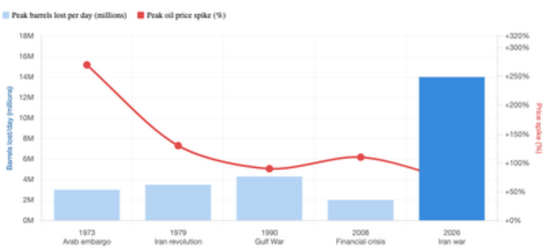
Pre-war (Feb 28)	Peak (Mar 9)	Mar 16 (current)
~$70	$119.50	$100.50
Brent crude per barrel	Highest since 2022	Still +44% from pre-war

If Strait of Hormuz stays closed weeks longer, Macquarie Research warns prices could reach $150/barrel — above the 2008 record of $147.

Regular gasoline	Diesel	Brent crude
$3.48	$4.66	$100.50
+$0.48 in one week	+$0.82 in one week	+44% vs pre-war



Diesel tracks crude most closely due to shipping demand. Both fuel prices lag crude by 5-7 days as refiners adjust. Source: AAA motor club, LSEG.



Cornell University economist Nicholas Mulder described the 2026 shock as "the largest oil supply shock ever" — three to four times the barrels lost during 1973 and 1979. Source: CSIS, AP, Rystad Energy.

An Economic Case for De-escalation

The Economic Costs of the Iran War and Its Market Consequences

The US-Israeli campaign against Iran, launched on February 28, 2026, has rapidly become one of the most expensive short-term military operations in American history. The Department of Defense informed Congress that the first six days of the conflict cost $11.3 billion, with combat losses and infrastructure damage adding a further $1.4 billion. By March 15, Trump's top economic adviser Kevin Hassett confirmed the total had risen to $12 billion, and independent analysts at CSIS estimated cumulative costs reaching $16.5 billion by day twelve, with war expenditures continuing to accrue at roughly half a billion dollars per day. Critically, these figures almost certainly understate the true burden, as the Pentagon's estimate appeared largely limited to munitions expenditures and excluded deployment costs, medical expenses, and the replacement of lost military aircraft. The scale of spending has already prompted serious questions in Congress about whether a supplementary defence budget will be required, with lawmakers from both parties growing increasingly sceptical about approving open-ended funding for a conflict whose objectives shift by the week.

The economic damage extends well beyond the defence budget. Oil prices spiked to $119.50 per barrel before partially retreating after Trump suggested the conflict might be nearing its end, and Brent crude was still trading around $100.50 per barrel as of March 16. Fears of Iranian attacks have all but halted tanker traffic through the Strait of Hormuz, through which roughly 15 million barrels pass daily, representing approximately 20 percent of global supply. One Cornell University economist described it as already the largest oil supply shock in economic history, with three to four times as many barrels lost as during the crises of 1973 and 1979. If the strait remains closed for even a few more weeks, analysts at Macquarie Research warn crude could push to $150 per barrel, surpassing the previous record set before the 2008 financial crisis. The G7, while stopping short of releasing strategic reserves, has signalled it stands ready to act, a cautious posture that itself reflects how uncertain the trajectory remains.

The domestic consequences are already tangible. Average US gasoline prices climbed to $3.48 per gallon, up nearly 50 cents in a single week, while diesel surged by more than 80 cents to $4.66 per gallon. Higher energy costs cascade through the entire economy, raising transport and manufacturing costs while squeezing household budgets and dampening consumer spending. While the White House has argued the US is insulated because it is now a net oil exporter, analysts caution that past rapid surges in energy prices have historically contributed to American recessions regardless of domestic production capacity.

Against this backdrop, Trump's repeated signals that the war is nearly over read less like military assessments and more like attempts at market management. Those statements have provided only temporary relief to oil markets, with prices rebounding each time the conflict continues. More revealing still is the administration's flirtation with escorting commercial vessels through the Strait of Hormuz. For a president whose political brand rests on projecting dominance, the spectacle of the US Navy shepherding tankers past Iranian threats would amount to a tacit admission that the war has failed to achieve its central strategic objective: restoring free navigation and breaking Iran's capacity to disrupt global energy flows.

The United States and Israel entered this conflict with fundamentally incompatible objectives, and neither has come close to achieving them. Washington's primary aim appears to have been some form of regime change that would deliver more favourable terms on Iranian oil and a compliant government in Tehran, while leaving the underlying architecture of repression largely intact. Israel's goal was never regime change at all, but rather the complete destabilisation of Iranian society through bombardment severe enough to fracture the country from within and ignite the kind of ethnic and sectarian conflict from which a coherent state cannot easily recover. These two visions are in direct tension with one another, and it is not clear which, if either, will prevail. What makes this divergence particularly consequential is that Israel bears none of the financial burden that is accumulating on the American side, giving it every incentive to continue regardless of the economic toll on its partner.

What is clear is that neither objective is being met. Iranian missiles continue to strike targets across the region, American bases remain under fire, and the Iranian regime has already named a successor supreme leader in an open act of institutional defiance. The United States retains the option of a strategic withdrawal, but an Iran that survives the campaign intact may emerge emboldened, and Gulf states that have absorbed Iranian strikes while hosting American forces may begin to question whether that relationship still serves their interests. Throughout all of this, ordinary Iranians have paid the heaviest price, and nothing in the stated objectives of either Washington or Jerusalem suggests their interests were ever part of the calculation.

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Earnings Release

March 23- March 27 2026

Monday	Tuesday	Wednesday	Thursday	Friday
kt	中国电信 CHINA TELECOM		中国银行 BANK OF CHINA	交通银行 BANK OF COMMUNICATIONS
ABIVAX	$1 plus	PAYCHEX	CNOOC	ICBC
CENTESSA PHARMACEUTICALS	GS	中国人寿 CHINA LIFE	美团 Meituan	招商银行 CHINA MERCHANTS BANK
WeRide	CORE&MAIN	CINTAS READY FOR THE WORKDAY	NEXT	CARNIVAL CORPORATION & PLC
AGI, Inc.	cheetahmobile	HENGRUI	Terna Rete Elettrica Nazionale	CHALCO
SINOPEC				

Markets Report

March 16 - March 20 2026

Index	Level	1 week	QTD	YTD	1 year	3-yr Cum.
S&P 500	6506	-1.87	-4.68	-4.68	16.34	71.69
Dow Jones 30	45577	-2.09	-4.79	-4.79	10.51	49.46
Russell 2000	6060	-1.65	-1.52	-1.52	19.45	45.79
Russell 1000 Growth	2846	-2.38	-9.54	-9.54	16.79	86.46
Russell 1000 Value	1284	-1.28	0.84	0.84	14.52	53.04
MSCI EAFE	2841	-2.05	-1.41	-1.41	17.18	55.93
MSCI EM	1463	-0.33	4.52	4.52	31.78	69.19
NASDAQ	21648	-2.06	-6.73	-6.73	23.13	89.42

Bond Yields				
Country	20/03 Level	Week ago (bps)	YTD (bps)	Year ago (bps)
UK	4.99	17	52	35
Germany	3.04	6	18	26
USA	4.39	11	23	16
Japan	2.28	3	21	76
China	1.83	-1	-3	-10

Commodity	20.03.2026	31.12.2025	20.03.2025
Oil (WTI)	98.12	57.26	68.55
Gasoline	3.72	2.81	3.06
Natural Gas	3.1	4	4.23
Gold	4563	4368	3038
Silver	72.37	71.99	33.31
Copper	12022	12504	9912
Corn	4.59	4.37	4.57
BBG Idx	340.42	276.25	257.95

Currency	20/03	Week ago	Start of year	Year ago
$ per €	1.15	1.14	1.17	1.08
£ per €	0.87	0.86	0.87	0.84
$ per £	1.33	1.32	1.35	1.3
¥ per €	184	183	184	161
¥ per $	159	160	157	149
CN¥ per $	6.91	6.9	6.98	7.25
CHF per €	0.91	0.9	0.93	0.96

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Authors

BEN MCGARTLAND
Senior Analyst

ALI SHAFIQ
Head of Economic Markets