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Ceasefire opens Strait of Hormuz: market implications

Christian Schulz
Chief Economist

Stefan Rondorf
Senior Economist

A two-week US-Iran ceasefire is set to reopen the Strait of Hormuz, easing supply concerns and pushing Brent crude prices lower. While uncertainty remains around the durability of the truce, the reduction in geopolitical risk comes at a time of generally resilient growth and corporate earnings – providing a potentially supportive backdrop for markets.

After nearly six weeks of disruption, the Strait of Hormuz is set to reopen following the agreement of a two week ceasefire between Iran and the US. Iran has said it will guarantee safe passage for ships "in coordination with its military and with due consideration of technical limitations," according to the Iranian foreign minister. Brent crude prices have fallen by around 13% to under USD 95 per barrel[1].

US President Donald Trump said that "almost all of the various points of past contention have been agreed between the US and Iran," adding that the two week ceasefire is intended to allow time to finalise a broader agreement.

Iranian statements have been more cautious. Tehran acknowledges ongoing negotiations and refers to two competing frameworks, which appear to overlap primarily on the removal of sanctions but diverge on the conditions attached to that outcome.

1. Source: **Financial Times** (as of 8 April 2026)

A reported US 15 point plan – details remain unconfirmed – is said to include the dismantling of Iran's nuclear programme, limits on ballistic missile capabilities, the reopening of the Strait of Hormuz, and an end to Iranian support for regional proxy groups, in exchange for the removal of all sanctions.

Full details of an Iranian 10 point plan have not been disclosed. Earlier Iranian proposals have included an end to sanctions, demands for "reparations" (potentially financed through transit fees for the Strait of Hormuz), continued uranium enrichment, and the closure of US military bases in the region.

Next steps

Pakistan is expected to host the next round of negotiations, potentially including in person talks. How the central point of contention – Iran's nuclear programme versus US security guarantees – will be resolved remains unclear. The same applies to broader regional dynamics and the political fallout in the US, where ratification of any agreement could face domestic opposition. Against this backdrop, a continued – and possibly elevated – geopolitical risk premium in energy prices appears justified.

On the positive side, the episode reinforces a familiar pattern: the US president has repeatedly retreated from disruptive policy initiatives in the face of political resistance and market turbulence. That pattern may help keep financial markets relatively resilient in the near term.

Market implications: initial equity considerations

From a market perspective, the ceasefire reduces the risk of a worst-case escalation and a prolonged energy supply shock. But in our view markets never fully priced in those dangers, which may limit the scope for further broad-based relief after the recent rebound. Relief potential also appears uneven across regions and sectors:

- Outside the US, equity markets in Europe and Asia may have relatively more scope to recover, reflecting the greater damage caused by previous energy and raw-material constraints.
- A similar pattern could emerge at the sector level, with cyclicals and energy-intensive industries most sensitive to a normalisation in supply conditions.
- Technology stocks may continue to trade more on sector-specific factors than on energy prices but should benefit from improved market beta following recent derating.
- By contrast, consumer-focused sectors may take longer to respond as purchasing-power pressures ease only gradually.

Going forward, markets are likely to focus on three key indicators: energy prices, shipping traffic through the Strait of Hormuz, and the stability of the ceasefire as negotiations resume after 10 April. Progress on longer-term structural issues, such as Iran's nuclear programme or regional power dynamics, may matter less for markets as long as energy flows remain uninterrupted. Some degree of political headline risk, including from the US, is likely to persist.

As attention on Iran and energy potentially fades, other themes that dominated markets earlier this year are likely to return to the foreground, including AI-driven disruption, European and "middle-power" sovereignty, US domestic policy ahead of the mid-term elections, and trade policy. Several of these factors had already weighed on markets well before the conflict erupted.

Finally, the ceasefire gives global central banks time to assess the growth and inflation implications of this latest supply shock, reducing the risk of rate hikes as early as this month. This would support bond markets and equity beta alike, while also reducing broader financial-stability and contagion risks.

Given the relative resilience of the global economy and corporate earnings outside the energy shock, a stabilisation in political and financial conditions could provide a less restrictive backdrop for equity markets over the coming months.

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