

Global Markets on Edge as War Fears, \$100 Oil, and a Surging Dollar Collide

Dubai, March 2026 - Three forces are converging with unusual intensity across global markets: a US dollar holding firmly above 100, crude oil hovering near the \$100 mark, and persistent disruption in the Strait of Hormuz. Together, these dynamics are no longer confined to energy markets and are feeding into global supply chains, inflation expectations, and central bank policy paths.

Nowhere is this interplay more consequential than in the UAE. The dirham's peg at 3.6725 to the US dollar is transforming dollar strength into a relative advantage, bolstering the AED against weaker counterparts such as the euro and the pound. Elevated oil prices continue to underpin fiscal revenues, reinforcing macro stability. Yet this strength comes with a trade-off: the Central Bank of the UAE, mirroring the Federal Reserve, is constrained to maintain a hold - or potentially adopt a more hawkish stance - as inflationary pressures tied to supply disruptions persist.

The consequence is increasingly visible in domestic markets. Credit-sensitive sectors are beginning to feel the strain of higher-for-longer rates, while equity markets reflect a delicate balance between resilience and risk.

The MSCI UAE ETF, trading near \$17.20 - approximately 22% below its cycle high - illustrates this tension. The \$17 level remains a critical support; a break below could expose the \$16 zone, particularly if geopolitical risks intensify further. At the same time, softer valuations and rising dividend yields are quietly strengthening the long-term investment case, even as short-term direction remains hostage to geopolitical developments.

Across global markets, sentiment remains finely poised between cautious optimism and structural risk.

In equities, US indices are grappling with conflicting signals. Technical patterns such as a potential double top in the Nasdaq suggest mounting downside risks, even as intermittent optimism around ceasefire negotiations offers temporary relief. The broader picture is one of hesitation rather than conviction.

Currency markets reflect a similar indecision. The US Dollar Index and EURUSD are consolidating within potential double top and bottom formations, underscoring a market searching for direction. Supported by geopolitical risk, inflation concerns, and elevated crude prices, the dollar's resilience continues to pressure major pairs, with GBPUSD trading below 1.34 and USDJPY navigating key technical levels amid cautious sentiment.

Precious metals, often seen as a haven in times of uncertainty, have not been immune. Gold and silver have declined despite sporadic optimism around ceasefire talks, with bearish technical setups prevailing as resistance levels hold. The February 2026 margin cascade, triggered by margin hikes and forced liquidations, remains a stark reminder that liquidity conditions can amplify volatility, regardless of directional conviction.

The unifying thread across asset classes is clear: markets are being driven as much by positioning and liquidity as by fundamentals.

*"A market caught between fragile optimism and structural risk is one where discipline matters more than direction," says **Razan Hilal, Market Analyst, CMT at FOREX.com.** "Technical levels are holding for now, but the broader narrative – spanning geopolitics, inflation, and policy divergence - continues to shape sentiment across asset classes," she confirms.*

For the UAE, the outlook hinges on the same catalyst that dominates global markets: geopolitical resolution. A credible ceasefire would likely trigger a simultaneous unwinding of risk premiums across crude oil, regional equities, insurance, and logistics. In such a scenario, the UAE's structural advantages – including its role as a regional hub, robust infrastructure, and sovereign stability - position it for a potentially sharp recovery.

Until then, markets remain in a holding pattern, supported, but not secure; resilient, but not yet ready to turn decisively higher. In this environment, strategy becomes as critical as outlook. Direction alone is insufficient. Position sizing, diversification, and margin management are no longer optional, but rather essential tools for navigating a market defined by volatility, policy uncertainty, and geopolitical risk.

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