Rothschild & Co
Asset Management

Monthly Macro Insights — March 2026

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The global economy is characterized by a fragile combination of resilience and vulnerability, with the US continuing to act as the main anchor of global growth. Markets are facing an environment in which inflation dynamics remain uneven and geopolitics have re emerged as a central source of risk, while resilience is increasingly concentrated in a narrow set of drivers – most notably artificial intelligence.

US exceptionalism once again?

Unlike most advanced economies, growth expectations for the US in 2026 have been revised upward in recent months, reflecting stronger than anticipated momentum in investment, productivity enhancing technologies, and corporate earnings. However, this upgrade masks a growing concentration of growth drivers, as activity relies heavily on investment linked to the development and deployment of AI related infrastructure, data centers, semiconductors, and software. These investments are not only supporting headline GDP through capital expenditure but also shaping expectations of future productivity gains. Equity markets have reflected this narrative, with valuations increasingly driven by a relatively small group of technology intensive firms.

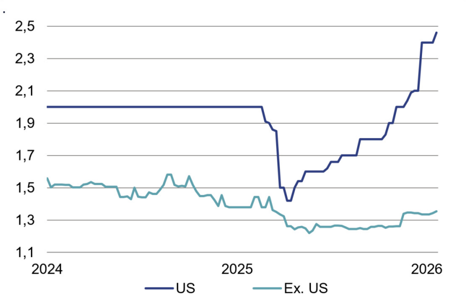
While this AI led growth model offers substantial upside, it also introduces new vulnerabilities. First, it increases the economy's exposure to valuation cycles and shifts in investor sentiment. Second, it raises questions about the breadth of growth, as gains become more concentrated in capital intensive and high skill sectors. Third, the macroeconomic payoff from AI remains uncertain and may materialize unevenly over time.

Meanwhile, US household consumption remains relatively resilient, but signs of growing strain have become more visible in recent months. Spending has continued to be supported by rising employment and still positive real income growth, as well as by favourable wealth effects from housing and financial markets.

However, this resilience increasingly rests on a weakening cushion, as the saving rate has declined markedly from post pandemic highs, indicating that consumers are drawing down remaining buffers to sustain spending amid elevated prices and borrowing costs. In addition, credit conditions are deteriorating at the margin. Delinquency rates have risen across several loan categories – most notably credit cards, auto loans, and student loans – pointing to mounting stress among lower- and middle-income households. As a result, US households are becoming more sensitive to labour market softening or adverse shocks, limiting upside risks to consumer led growth.

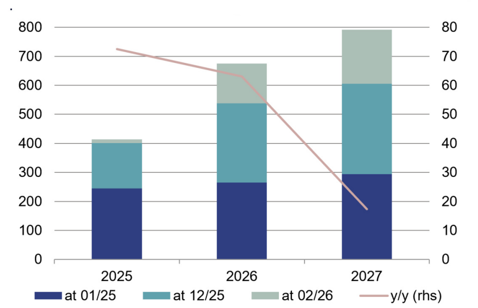
In sum, the US economy's growth outlook has improved, but its resilience may be more conditional than headline figures suggest. A shock that disproportionately affects investment sentiment or financial conditions could therefore have outsized effects.

Advanced Economies – Growth expectations
in %, 2026



Source : Bloomberg, Rothschild & Co Asset Management, February 2026

US – Capex outlook (hyperscalers)
in bn $, in %



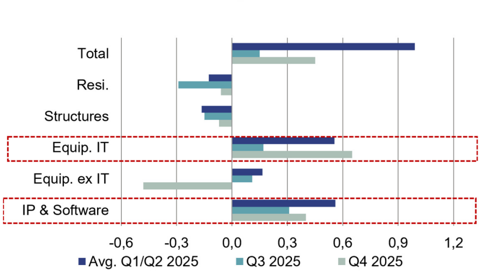
Source : Bloomberg, Rothschild & Co Asset Management, February 2026

The war on inflation is not over

Despite some progress, the US economy continues to operate in an environment that is, in a broad sense, inflationary. Core PCE[1] inflation has reaccelerated recently and remains above levels consistent with price stability, reflecting persistent pressures in services, housing related components, and labour-intensive sectors. Goods disinflation, which played a major role in easing inflation in earlier phases, has largely run its course, while the impact of the Trump era trade war is likely far from over, even though the Supreme Court has struck down part of the tariffs.

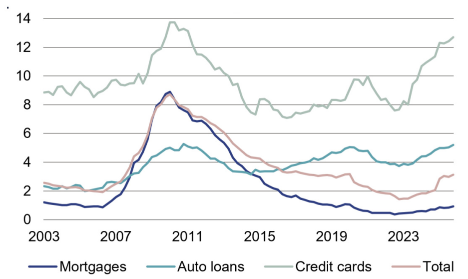
In fact, the February ISM's[2] gauge of prices paid for manufacturing inputs jumped to the highest level since inflation peaked four years ago, reinforcing the idea that the final mile back to target may prove challenging. Against this backdrop, the Fed faces a complex trade off: easing policy further risks reigniting inflation expectations, while maintaining a restrictive stance for too long could eventually undermine labour market stability. As a result, inflation remains a key source of macroeconomic uncertainty.

US – Contribution investments to GDP
in %, q/q annualised



Source : Macrobond, Rothschild & Co Asset Management, February 2026

US – Delinquency rate
in %



Source : FRBNY Consumer Credit Panel, Rothschild & Co Asset Management, February 2026

Geopolitical risks and global spillovers

Beyond domestic dynamics, geopolitical risks have become increasingly salient, and the potential consequences of the US conflict with Iran are significant enough to warrant close attention.

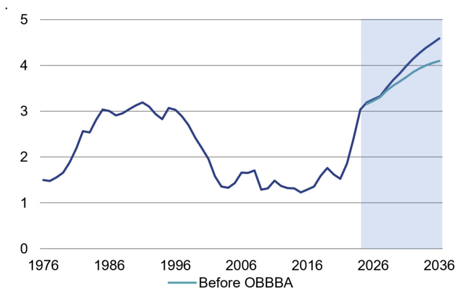
Although the duration of the conflict and the nature of any regime change in Iran is key to understanding the economic impact, the most immediate transmission channel is energy prices. Any disruption to oil and gas flows from the Middle East – or even a heightened risk premium – could push energy prices materially higher. For energy importing regions such as Europe, it would represent a negative term of trade shock, weighing on growth and real incomes. For inflation prone economies, particularly the US, this would complicate the disinflation process and potentially delay monetary easing. As investors demand higher risk premia to compensate for stronger inflation and heightened macroeconomic uncertainty, sovereign bond yields could come under upward pressure, raising debt servicing costs at a time when the US public debt ratio is already unsustainable in the long run.

Beyond energy, the conflict with Iran could trigger a broader rise in uncertainty. Financial markets could experience increased volatility, risk premia could widen, and corporate investment decisions could be postponed. Trade routes – particularly those in strategically important maritime corridors – could also be disrupted, adding to existing supply side fragilities and feeding inflation.

These uncertainty effects tend to be nonlinear: even in the absence of physical disruptions, elevated geopolitical risk can depress confidence and amplify downside risks. Overall, in an environment where growth already relies on a narrow set of drivers, such as

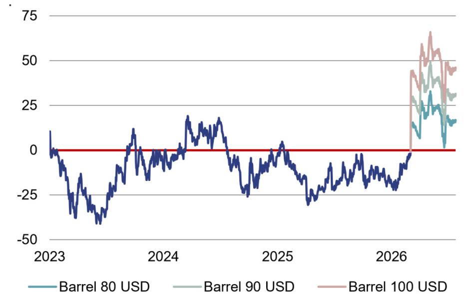
AI investment, the global economy may be more sensitive to such shocks than headline resilience suggests.

US – Federal net interests payments
in % of GDP, fedreal gov.



Source : CBO, Rothschild & Co Asset Management, February 2026

World – Brent price
in %, y/y



Source : Bloomberg, Rothschild & Co Asset Management, February 2026

Performance of the indices and interest rate levels

	Price as of 27/02/2026	1 month % change	2026 % change
Equity markets			
CAC 40	8 581	5.6%	5.3%
Euro Stoxx 50	6 138	3.2%	6.0%
S&P 500	6 879	-0.9%	0.5%
Nikkei 225	58 850	10.4%	16.9%
Currencies			
EUR/USD	1.18	-0.3%	0.6%
EUR/JPY	184.36	0.5%	0.2%

Interest rates	Level as of 27/02/2026	1 month change bp[(1)]	2026 change bp[(1)]
3 month			
Eurozone	2,02%	2	-9
United States	3,66%	0	3
10 years			
Eurozone	2,64%	-20	-21
United States	3,94%	-30	-23

(1) Basis point.
Source: Bloomberg. data as of 27/02/2026. Performances in local currency.
Past performance is not a reliable indicator of future performance and is not constant over time. Index's performance is calculated on the basis of net dividend reinvested

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[1] Personal Consumption Expenditures Price Index: US inflation index that measures changes in the prices of goods and services consumed by households in the United States.
[2] Institute for Supply Management Index: leading economic indicator that measures economic activity in the United States based on monthly surveys of purchasing managers.

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More information at: www.am.eu.rothschildandco.com

(1) Source: Rothschild & Co Asset Management, 31/12/2025.

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