

# Fair Value pricing during 2026 Iran War

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Since February 28<sup>th</sup>, the ongoing conflict in the Middle East has escalated into a war between the United States, its regional allies, and Iran. The heightened geopolitical instability has significantly impacted global financial markets, especially by the closure of the Strait of Hormuz. Energy market volatility has spiked and remained volatile since the onset of the war, with Asian markets experiencing the most acute disruptions. Despite the disruptions, the US market has experienced new record market highs, driven in part by the AI tech boom.

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Given the ongoing market volatility and international markets reacting asynchronously due to differences in market trading hours, investors faced increased uncertainty around the end-of-day valuation of securities. This environment underscored the importance of fair value pricing mechanisms, which use observable global market signals such as index futures, exchange rates, regional ETFs, sector ETFs, and ADRs/GDRs to estimate the most accurate valuation of securities when the local markets are closed.



## S&P Global Fair Value Results

### Energy Markets Break Correlation

From February through May 2026, the sharp rise in Brent crude—from roughly \$70 to nearly \$120 per barrel—created a pronounced break in historical correlation between U.S. energy equities and their APAC and EMEA counterparts. U.S. energy securities adjusted rapidly and largely in line with commodity price movements, supported by stable domestic production and minimal reliance on crude flows through the Strait of Hormuz. APAC and EMEA energy securities, by contrast, repriced with a noticeable lag and in larger stepwise increments as shipping disruptions and supply-chain constraints intensified. Importantly, because our multifactor fair-value framework incorporates security-specific factors—including ADR liquidity—we were able to fair-value APAC and EMEA energy securities with high fidelity, relying on their ADR pricing signals rather than on regional energy ETFs whose correlations broke down during the period of geopolitical stress.

**Table 1** below outlines the fair value performance of large and mid-cap energy-related securities across developed and emerging markets from March to May 2026. Directional correctness is measured for each day where the security's next day open price moves in the same direction as the fair value price. Closer to open is measured for each day where the fair value price is closer to the next day's opening price than the previous day's closing price. Arbitrage reduction measures the percentage decrease in the pricing gap between the fair value price and the next-day opening price, relative to the gap between the previous day close and next-day open. For APAC and EMEA securities, the performance statistics are as of New York 4 PM, while the U.S. securities are as of London 12 PM.

**Table 1: Energy Market Fair Value Performance**

Security Type	Directional Correctness	Closer to Open	Arbitrage Reduction
APAC/EMEA Energy without ADR	61.30%	56.25%	42.45%
APAC/EMEA Energy with ADR	70.20%	64.07%	56.60%
U.S. Energy	67.92%	55.64%	71.36%

**Table 2** showcases individual energy securities and its fair value performance over the same period from March to May 2026.

**Table 2: Energy Security Fair Value Performance**

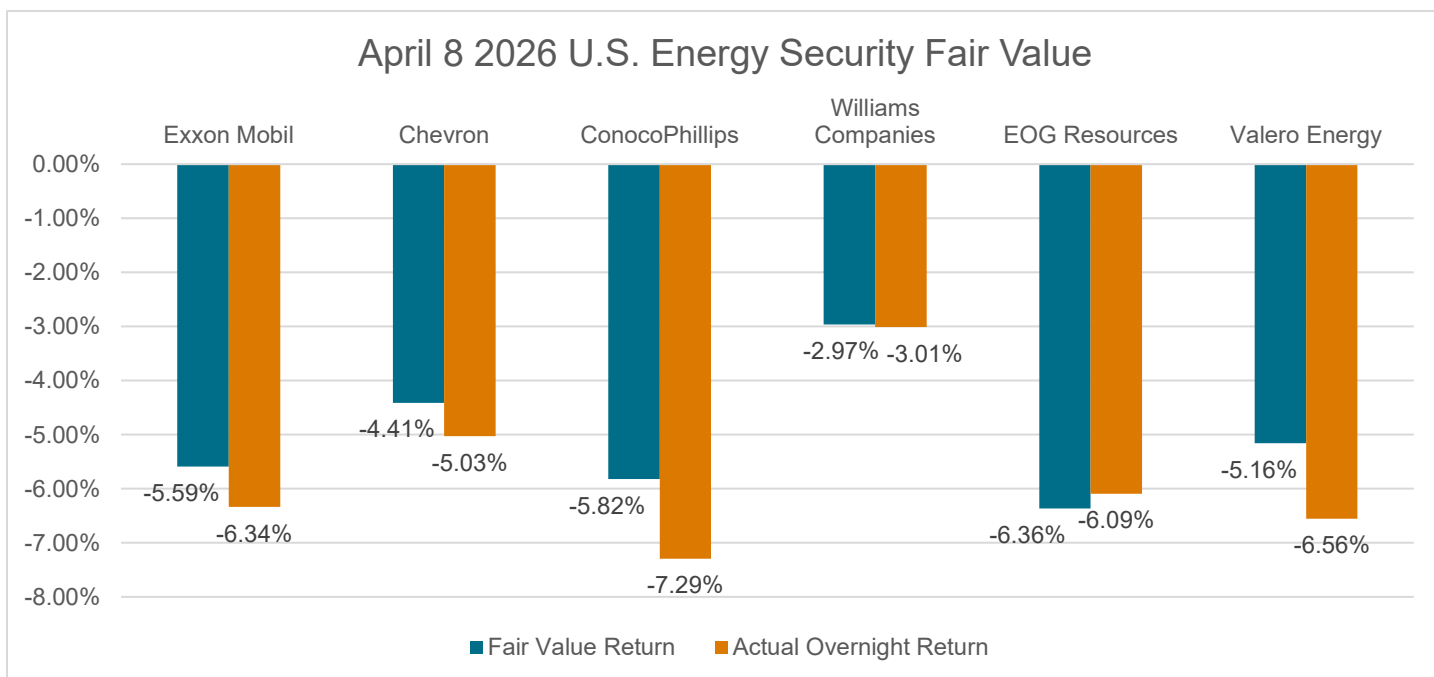
Security Name	Directional Correctness	Closer to Open	Arbitrage Reduction
Exxon Mobil Corporation	75.38%	63.08%	83.18%
Shell plc	69.84%	60.32%	54.54%
BP plc	77.78%	65.08%	72.12%
Chevron Corporation	81.54%	61.54%	82.08%
ConocoPhillips	73.85%	60.00%	94.72%

Security Name	Directional Correctness	Closer to Open	Arbitrage Reduction
ENI SpA	77.42%	72.58%	57.76%
TotalEnergies SE	63.33%	53.33%	65.80%
Woodside Energy Group Ltd	79.03%	74.19%	64.15%

### Temporary Ceasefire Announcement Reverberates through Energy Market

On April 7<sup>th</sup>, 2026, around 6:30 PM EST, a temporary ceasefire between U.S. and Iran was announced. Oil prices plunged following the announcement, and energy-related securities opened down the following day. As U.S. markets were already closed by 6:30 PM EST, the close prices from April 7<sup>th</sup> did not reflect the impact of the announcement until it re-opened on April 8<sup>th</sup>. The fair value model incorporated a combination of pre-market observable data and equity index futures for pricing U.S. securities, which showed strong performance in capturing the overnight movement.

**Chart 1** highlights the fair value performance of several large-cap U.S. energy securities as of April 8<sup>th</sup> London 12 PM. Actual overnight return measures the actual price movement from previous day close to next day open, while the fair value return measures the price movement from previous day close to the snap time (London 12 PM).



## AI Tech Boom Leads to Record Market Highs

Despite the geopolitical shock from the Iran war, global equity markets, particularly in the U.S., demonstrated remarkable resilience driven by a continued surge in technology and AI-related stocks. APAC markets with exposure to technology also observed strong performance as globally integrated semiconductor and AI supply chains drove synchronized upside across markets. US markets incorporated real-time developments during their trading sessions, while APAC markets closed earlier and were unable to fully reflect late-session moves in U.S. tech securities and index futures. In this context, fair value pricing remained essential, as ADRs, index futures, country-linked and sector-linked proxies provided continuous price discovery and enabled more accurate end-of-day valuations for non-U.S. tech securities.

**Table 3** showcases the fair value performance of large and mid-cap technology and semiconductor related securities across developed and emerging markets from March to May 2026.

**Table 3: Technology Security Fair Value Performance**

Security Type	Directional Correctness	Closer to Open	Arbitrage Reduction
APAC/EMEA Technology	71.04%	64.07%	54.68%
APAC/EMEA Semiconductors	76.32%	69.43%	56.16%
U.S. Technology	71.41%	61.36%	70.42%
U.S. Semiconductors	79.24%	70.41%	73.81%

**Table 4** focuses on the fair value performance for select markets with significant exposure to the technology sector for the same time period from March to May 2026.

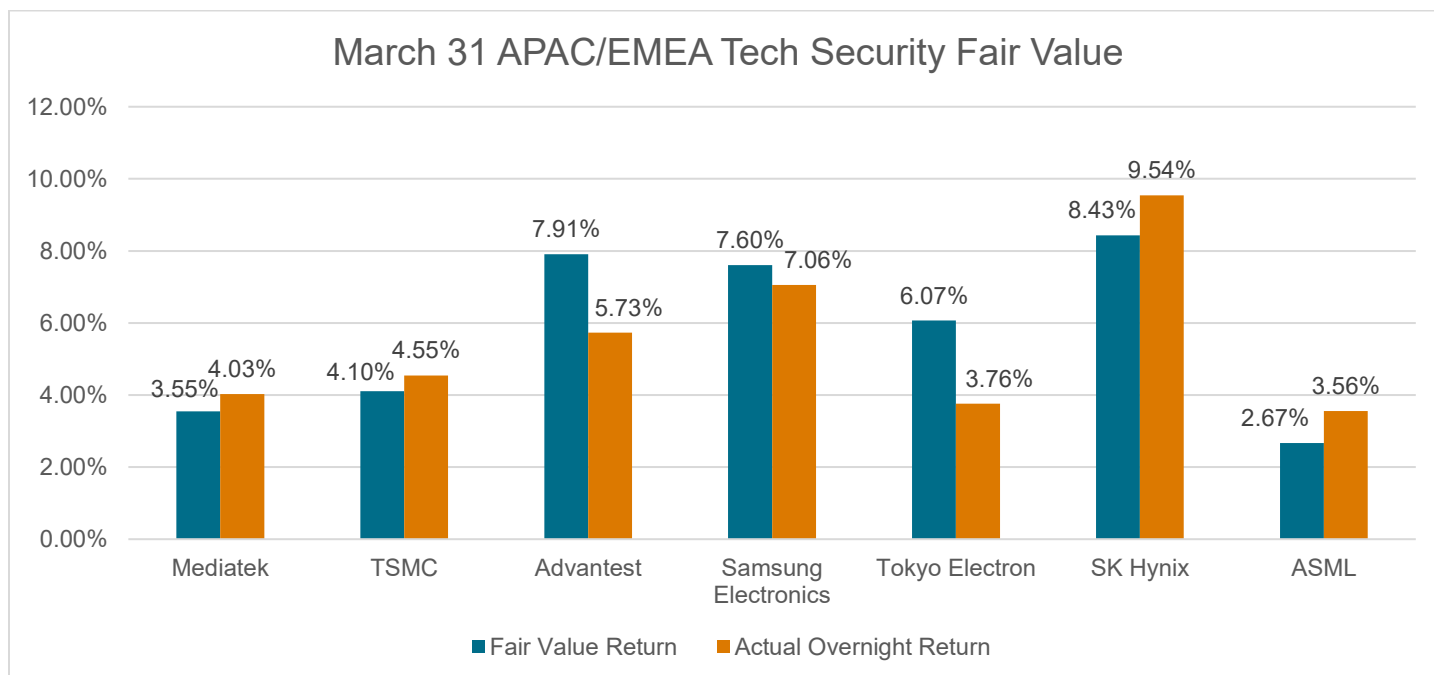
**Table 4: Country Security Fair Value Performance**

Country	Directional Correctness	Closer to Open	Arbitrage Reduction
Taiwan	76.43%	70.61%	57.98%
South Korea	73.66%	66.84%	56.00%
Japan	69.28%	61.01%	57.48%
United States	66.02%	57.46%	60.91%
Netherlands	65.63%	58.36%	57.93%

### Iran War De-escalation Drive Rally Across Tech Sector

On March 31<sup>st</sup>, 2026, global equity markets—particularly technology—rallied sharply as investors responded to signs that tensions in the Iran conflict were easing. While no formal ceasefire had been reached, these developments were sufficient for markets to trigger a sharp relief rally during U.S. trading hours. As APAC/EMEA markets had either closed or nearing its close, the fair value model was able to incorporate movements of index futures, country-linked and sector-linked proxies, and ADRs to accurately calculate end-of-day net asset values for the closed markets.

**Chart 2** highlights the fair value performance of select large-cap tech securities in APAC/EMEA markets as of March 31<sup>st</sup> New York 4 PM.



These results demonstrate that S&P Global's Fair Value Pricing methodology delivered meaningful accuracy improvements even under extreme geopolitical stress. The multifactor model's ability to incorporate real-time signals from index futures, country-linked and sector-linked proxies, ADRs proved especially valuable during periods of cross-regional divergence. As markets continue to navigate elevated uncertainty, fair value pricing remains a critical tool for reducing end-of-day valuation risk.

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