

Weekly Market Snapshot

The value stock revolution

Weekly Recap

- Following more than 2 weeks of conflict, the strait of Hormuz is still blocked and no or few tankers are passing through. The blockade constitute a disruption of oil gas, and other commodities with Brent Prices surrounding the USD 110 for the barrel and the WTI around USD 98.
- Fed kept its interest rates unchanged after its meeting on Wednesday while ECB's meeting is planned on Thursday.

Snapshot

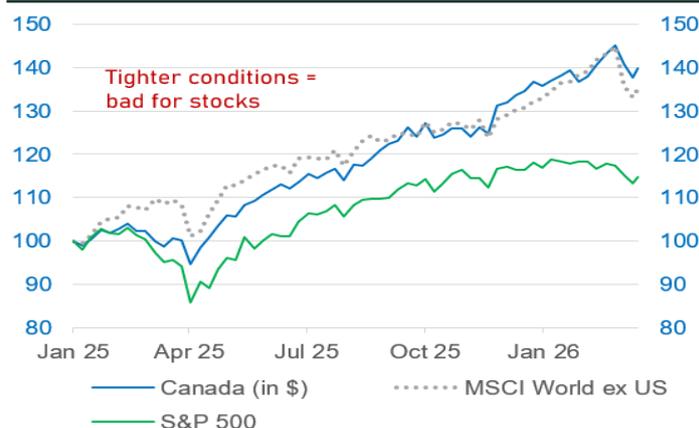
For over a century, value stocks have consistently outperformed growth stocks by an average of 3.3% annually. Yet between 2007 and 2020, this dynamic reversed, with growth stocks, particularly in technology, dominating the market and leaving value behind by 5.7% per year. Since 2021, however, value has staged a remarkable comeback, outperforming growth by 9% annually on a global scale, with even stronger gains in Europe and in Japan.

This resurgence has been driven by geopolitical and economic shifts, including the Ukraine war and Middle East conflicts, which have sent commodity prices soaring. Inflation and lingering supply chain disruptions have further amplified demand for tangible assets, creating a tailwind for value-oriented sectors.

Today, the most compelling opportunities lie in regions and sectors deeply tied to commodities and materials. The UK, with its concentration of oil and gas producers, and Latin America offer exposure to resource-driven growth at attractive valuations. Meanwhile, sectors like mining, building materials (fueled by post-conflict rebuilding), and even European banks - with their strong capital positions and high dividend yields - present undervalued potential.

Market	17/03/2026	% Chg	Return Trend	
	Level	1 Wk	1 Month	1 Year
Stocks				
S&P 500	6716	-1,0%	↘	↗
Euro STOXX 50	5769	-0,4%	↘	↗
FTSE 100	10404	+0,5%	↘	↗
Nikkei 225	55239	+0,4%	↘	↗
MSCI EM	1495	-1,4%	↘	↗
Bonds				
	Yield			
US 10Y	4,2	-1,3%	↘	↗
Gm 10Y	2,9	-1,5%	↘	↗
UK 10Y	4,7	-0,6%	↘	↗
Jp 10Y	2,2	+2,2%	↘	↘
IG Credit				
	Yield			
US	5,2	+2,7%	↘	↗
EU	3,5	+5,0%	↘	↗
UK	5,5	+3,4%	↘	↗
Alternatives				
Gold	4995	-3,5%	→	↗
Copper	5,7	-1,9%	↘	↗
S&P Global Infra	3869	+0,9%	↘	↗
EU REITs	1669	+0,8%	↘	↗
BBG Hedge Fds	1872	+0,0%	↗	↗

CANADA BENEFITS FROM OIL & GAS EXPOSURE



Source: BNP Paribas, Bloomberg

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The resurgence of value stocks: a century of outperformance

For over a century, value investing (or value stocks) – the strategy of buying undervalued stocks based on metrics such as price to earnings (P/E) or price to book (P/B) ratios – has outperformed growth stocks. On average, global value stocks have outperformed growth stocks by an average of 3.3% annually over the past 100 years,

But between 2007 and 2020, the tables turned. Driven by the explosive rise of tech giants, growth stocks dominated, leaving value stocks trailing behind—underperforming by 5.7% per year over that 13-year stretch.

Since 2021, value stocks have staged a powerful comeback, outpacing growth stocks by 9% annually on a global scale. And in Europe and Japan, the gap is even wider – 13% and 19% annual outperformance, respectively.

How geopolitics is impacting Market cycles

After years in the shadows, value stocks are back. Following a 13-year slump (between 2007–2020), where growth stocks dominated, the markets have shifted in favour of undervalued assets. This resurgence is being fuelled by two major global shocks:

- i. The outbreak of war in Ukraine in 2022 sent commodity prices soaring, reshaping global supply chains. Combined with post-COVID supply chain disruptions, this period saw also a return of inflation on a global basis.

- ii. Today, the current conflict in the Middle East has triggered a further surge in commodity prices, e.g. oil & gas and related commodities such as aluminium and nitrogen fertilisers.

This is not the first time we see an outperformance of growth followed by a return to value. In the late 1990s, the Nasdaq 100 index skyrocketed 3.3x in just two years (1998–1999), driven by the dot-com frenzy. But when the bubble burst, value stocks didn't just recover – they dominated, outperforming the Nasdaq by a staggering 19% annually for the next seven years.

Value: key sectors and regions

Several regions and sectors are worthy of close attention within the value segment.

At the heart of the resurgence of value stocks lies the commodities boom. Oil, gas, precious and industrial metals have surged in recent years. This resurgence in raw materials has triggered a resurgence in the global mining sector which has been performing well since 2020 and is an important component of global value indices.

Geographically, the United Kingdom and Latin America stand out as key beneficiaries of this commodity-driven rally. The UK, with its deep bench of oil and gas producers, and even mining companies. Meanwhile, Latin America—particularly Mexico, Brazil, and Chile—combines low valuations with positive economic dynamics. All 3 nations are major commodity producers. As a resource rich economy, Latin America, benefits when commodities are on the rise.

Beyond energy, another sector gaining traction is building materials. With Ukraine's post-war reconstruction and potential rebuilding efforts in the Middle East, demand for construction materials is expected to surge in the coming years. Because these materials are costly to transport, local producers are positioned to dominate supply chains.

Another sector that would feature in the value stocks is European Banks. Although the stocks have corrected quite hard with the current conflict, but banks are still well capitalized and earning grows while paying high dividend yields.

BETWEEN 2007 AND 2021 GROWTH STOCKS OUTPERFORMED VALUE STOCKS



Source: BNP Paribas, Bloomberg



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