Flash Economics

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Which financial assets benefit from an increase in perceived risk?

The war in the Middle East is an episode of rising risk perception. It is interesting to observe which financial assets suffer during such an episode and, conversely, which ones benefit from an increase in perceived risk. Since the beginning of March 2026, we have seen:

- a decline in equity indices in the United States, Europe, Japan and emerging markets;
- an increase in long-term interest rates in the United States, Europe and Japan;
- a drop in the prices of bitcoin and gold;
- an appreciation of the dollar against the euro and the yen;
- a widening of 10-year yield spreads between OATs and Bunds (France–Germany), between BTPs and Bunds (Italy–Germany), and between Bonos and Bunds (Spain–Germany).

It appears that, among the financial assets analysed, only the dollar is acting as a safe-haven.

In relative terms, US equities are performing better than those in Europe, Japan and emerging markets; Japanese and US government debt is holding up better than German debt, and even more so than French, Spanish or Italian government debt.

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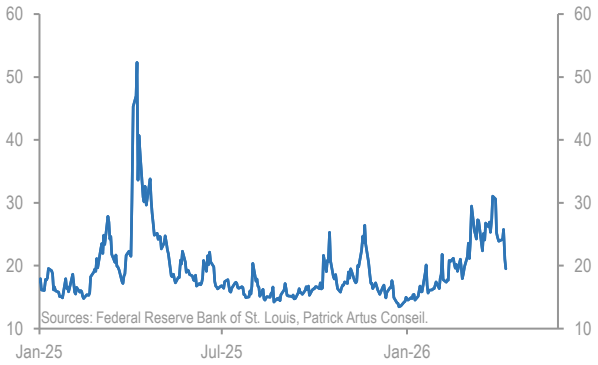
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The war in the Middle East helps ascertain safe-haven assets

The war in the Middle East (the conflict between Iran on the one hand, and the United States and Israel on the other), which began on 28 February 2026, is an event that has led to an **increase in risk perception**, as shown by the level of the VIX (equity options volatility, **Chart 1**). It is therefore possible, by observing movements in the prices of different financial assets, to determine **which assets act as safe havens**, since the prices of safe-haven assets rise when risk perception increases.

Chart 1
VIX Index



Movements in asset prices since the start of the war in the Middle East

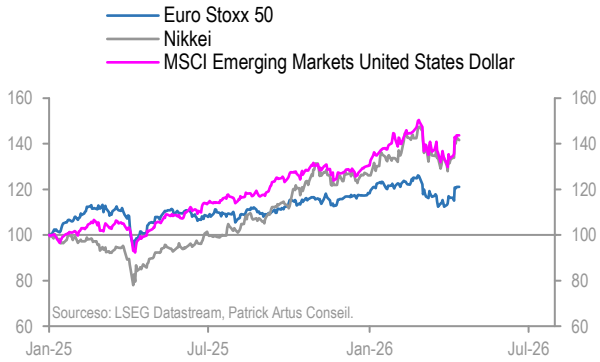
1. Equity indices

Charts 2A/B show the evolution of **equity indices** since the beginning of 2025.

Chart 2A
Stock market indices (01.01.2025 = 100)



Chart 2B
Stock market indices (01.01.2025 = 100)



We observe:

- **That all equity indices have declined since the outbreak of the war in the Middle East**;
- **That the decline in equity indices has been less pronounced in the United States than in Europe, Japan or emerging markets**.

2. Long-term interest rates on government debt

Chart 3A shows **the evolution of long-term interest rates** in the United States, Germany and Japan since the beginning of 2025.
Chart 3B shows **yield spreads** relative to Germany for France, Spain and Italy.

Chart 3A
Interest rate on 10-year government bonds (as %)

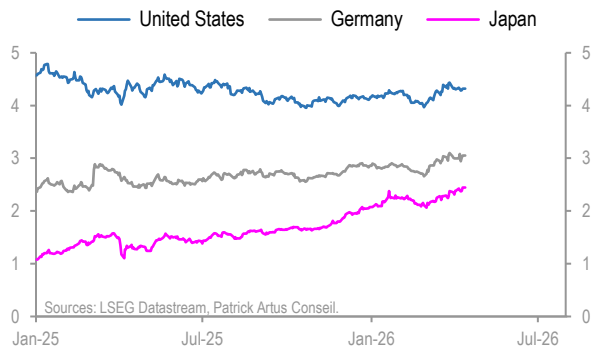
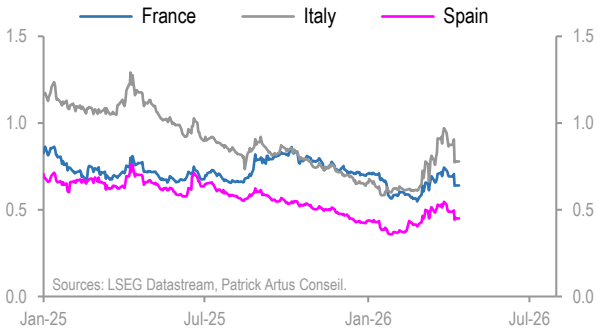


Chart 3B
Yield spread on country's 10-year government bonds against Germany (as % point)



We observe:

- **An increase in all long-term interest rates**, with no bonds acting as safe-haven assets;
- **That the rise in long-term interest rates has been stronger in Germany than in the United States or Japan, and stronger in France, Spain and Italy than in Germany**.

3. Bitcoin and gold

Chart 4A shows the evolution of the **price of bitcoin**, and **Chart 4B that of gold**.

Chart 4A
Price of Bitcoin (USD)

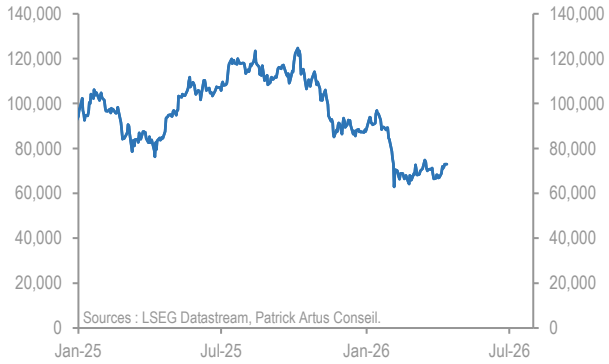
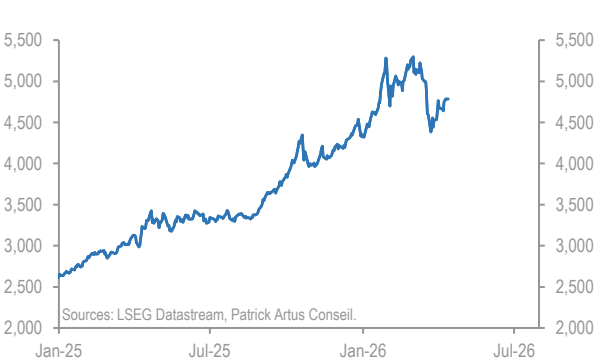


Chart 4B
Gold price (USD per Troy Ounce)



Since the end of February 2026, both the price of bitcoin and that of gold have declined.

4. Exchange rates

Charts 5A/B show the exchange rate of the dollar against the euro and the yen.

Chart 5A
Euro/dollar exchange rate (EUR 1 = USD...)

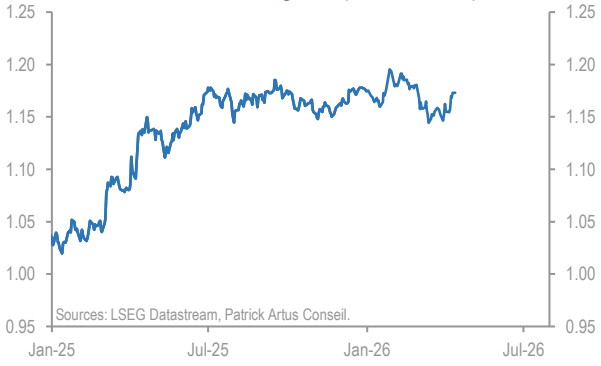


Chart 5B
Japan: Exchange rate against the dollar (USD 1 = JPY...)

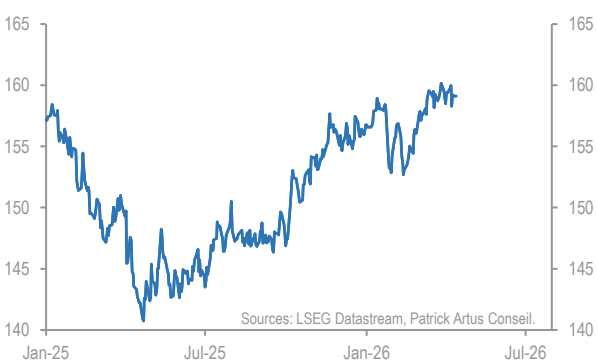
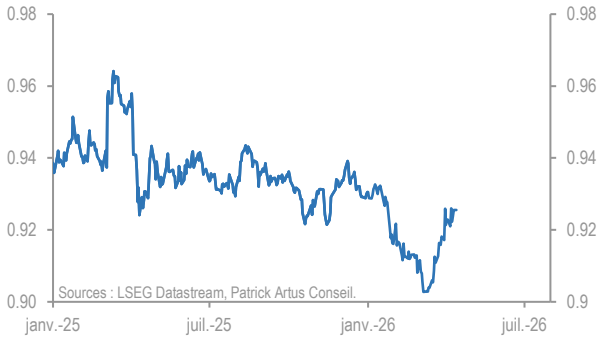


Chart 5C shows the exchange rate between the Swiss franc and the euro.

Chart 5C
Euro to Swiss Franc exchange rate (EUR 1 = CHF...)



Since the end of February 2026, we observe an appreciation of the dollar against the euro and the yen.

Summary: which assets are safe havens?

The only financial asset whose price has risen since the beginning of the war in the Middle East, at the end of February 2026, is **the dollar**. All other asset prices have declined.

We also observe:

- That US equities are more resilient than European, Japanese or emerging market equities. This is probably explained by the fact that the United States is an exporter of oil and natural gas;
- That US and Japanese government debt is more resilient than that of the euro area. This likely reflects the higher share of euro area debt held by non-residents;
- That German government debt is more resilient than that of France, Spain and Italy, which is probably due to Germany's lower level of public debt.

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