



BUSINESS INTELLIGENCE REPORT

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Global Macro Disruption: The End of Pax Americana and Implications for Private Capital

1. Executive Summary

The global economic and geopolitical landscape in 2026 is undergoing a structural transformation of historic proportions. A confluence of forces – an active military conflict affecting the Strait of Hormuz, escalating sovereign debt pressures, deteriorating labour markets, and a coordinated effort by Iran, Russia, and China to establish an alternative energy settlement system – is challenging the foundations of the post-World War II financial order often referred to as Pax Americana. For participants in private equity and venture capital, the implications are substantial. The assumptions that underpinned the investment environment of the prior decade – declining interest rates, dollar-denominated global trade, accessible credit markets, and a broadly stable geopolitical backdrop – can no longer be taken for granted. This report synthesises current intelligence across six macro domains, presents three scenario outcomes with strategic implications for portfolio positioning and capital allocation, and includes a dedicated market snapshot of the digital asset landscape as of April 2026.

2. The Macro Environment: Five Structural Fault Lines

Before examining the geopolitical chess match at the centre of current global volatility, it is important to acknowledge the broader economic conditions into which these events are landing. Each stress factor would be significant in isolation; occurring simultaneously, they represent a compounding risk profile.

2.1 Private Credit Stress

A shadow banking system valued at approximately \$9.4 trillion – comprising private credit vehicles managed by major alternative asset managers, including Blackstone, Apollo, and Blue Owl – is currently under pressure to redeem. Capital deployed into businesses, pension funds, and retirement accounts is being demanded back by investors at a rate the system is struggling to meet. The visible consequence has been a notable compression in the share prices of the largest private credit institutions, which are among the most systemically significant financial entities globally.

For private equity participants, this is directly relevant: credit availability and pricing underpin leveraged buyout activity, portfolio company financing, and exit valuations. A private credit contraction tightens the financial environment across the asset class.

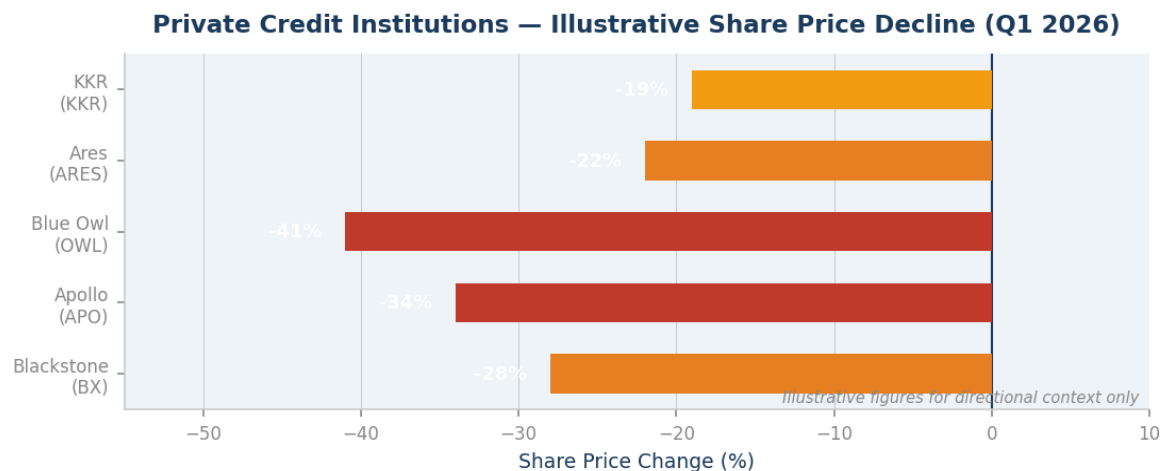


Figure 1: Illustrative share price declines across major private credit institutions, Q1 2026

2.2 Labour Market Deterioration

According to Federal Reserve Chair Jerome Powell, net private sector job creation has effectively reached zero over the past year. The structural driver behind this is the rapid adoption of artificial intelligence across corporate functions, which is being used both to justify workforce reductions and as a substitute for new hiring. The practical consequence is a widening gap between rising corporate profitability expectations — driven by AI productivity gains — and the consumer spending capacity of working households.

This dynamic presents a systemic paradox: if companies become more profitable by reducing their workforce, they simultaneously erode the customer base that supports those profits. Portfolio companies exposed to consumer-facing sectors should be assessed against this risk.

2.3 Sovereign Debt Trajectory

The United States federal government is operating at a structural deficit that is accelerating. As of February 2026, true interest expense — a metric combining social security obligations, Medicare, health expenditure, and interest on the national debt — reached \$480 billion for the month, against total tax receipts of \$313 billion. This means mandatory obligations already exceeded revenue by approximately 30%, before accounting for the additional military expenditure now being requested in connection with the Iran conflict.

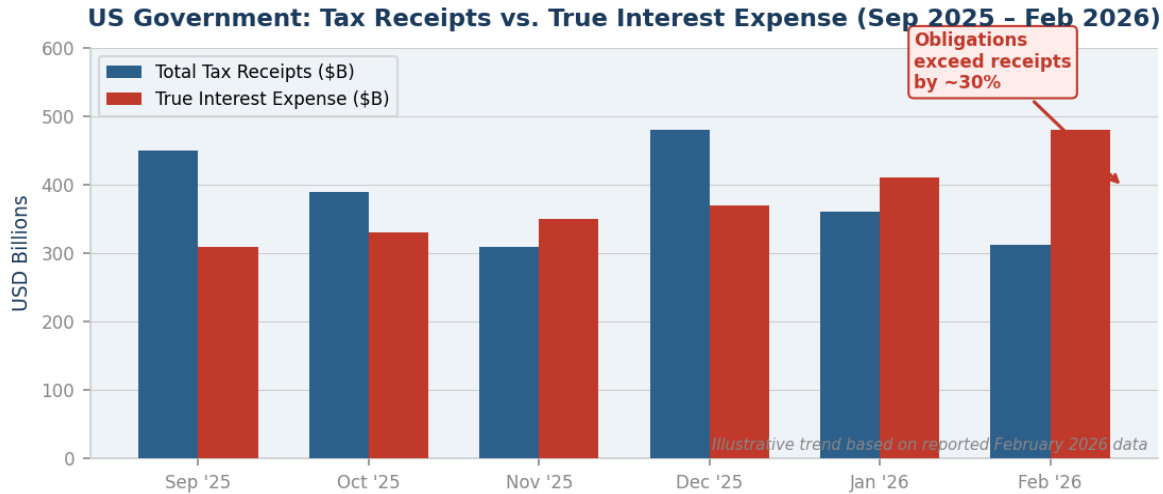


Figure 2: US Government tax receipts vs. true interest expense – obligations now exceed revenue by ~30% (Feb 2026)

2.4 Long-Term Bond Market Instability

Long-term US Treasury yields have moved materially higher in recent weeks, contrary to the consensus view held by major investment banks at the start of 2026. The 10-year US Treasury yield – a benchmark for global borrowing costs – is rising, increasing the cost of refinancing sovereign debt and applying downward pressure on equity valuations through the discount rate mechanism.

European and UK bond markets are exhibiting similar instability. UK two-year gilt yields have recorded their largest single move since October 2022. European and UK investors collectively hold approximately 40% of all US Treasuries held outside the United States. Should those investors be compelled to liquidate Treasury positions to fund domestic energy and food costs, the resulting supply pressure would drive US yields higher still.



Figure 3: Illustrative 10-year US Treasury yield trajectory – accelerating since Iran conflict escalation

2.5 The Iran Conflict as the Triggering Event

The ongoing military engagement involving the United States and Iran represents the fifth and most acute fault line. The Strait of Hormuz – through which approximately 20% of the world's daily oil supply transits – has been disrupted. Each day the strait operates below normal capacity, inflationary pressure builds across global energy, food, and logistics supply chains. The Federal Reserve is consequently caught in a policy trap: cutting rates risks exacerbating oil-driven inflation; raising rates risks precipitating a bond market and credit crisis.

3. The Geopolitical Chess Match: Six Key Actors

The conflict is not merely a bilateral military engagement. It is the visible surface of a deeper structural contest over the architecture of global trade, energy settlement, and monetary influence. Six distinct actors are engaged, each with coherent and often conflicting strategic objectives.

Actor	Core Objective	Strategic Lever
United States	Preserve dollar hegemony and Pax Americana order	Military reach, Treasury market, sanction architecture
China	Dethrone dollar as reserve currency; secure cheap energy	Yuan payment infrastructure, gold exchange capacity
Russia	Secure non-sanctionable trade relationships; sell energy	Commodity supply, military-technical support to Iran
Iran	Survive long enough to gain security guarantees	Strait of Hormuz tolling; asymmetric economic leverage
GCC States	Preserve stability while hedging between old and new systems	Oil pricing discretion, gold accumulation, dual-track settlement
Global Markets	Price discovery in extreme uncertainty	Capital flows, volatility, bond and equity repricing

4. The Emerging Alternative Settlement Architecture

Perhaps the most strategically significant development embedded within the current crisis is the evidence of a coordinated effort by Iran, Russia, and China to construct an alternative to the petrodollar system – not by confronting it directly, but by building a parallel architecture that offers the rest of the world a credible alternative.

The theory, supported by observable trade and financial flows, operates as follows:

- Iran controls the Strait of Hormuz chokepoint and is leveraging disruption to compel global oil buyers to consider settling trades in Chinese yuan as a condition of safe passage.
- Russia provides an alternative energy supply, transacting in yuan or rubles. Japan has described Russian oil as critically important to energy security; South Korea is actively considering similar imports. Even the United States has signalled flexibility on Russian oil sanctions.
- China provides the payment infrastructure. Yuan is acquired by selling commodities China accepts – historically, gold. The transaction chain: convert dollars to gold, exchange gold for yuan with China, use yuan to purchase oil, and receive safe passage.

The observable evidence is material. Swiss gold exports to Gulf Cooperation Council nations began increasing sharply in 2022 – the same year the United States froze Russia's dollar reserves. For three of the last four months, the single largest US export category by dollar value has been non-monetary gold – physical bullion. The Wall Street Journal has reported on this development.

The structural implication is significant: the annual oil market turns over approximately \$4.1 trillion. The entire gold market generates approximately \$485 billion annually, less than one-eighth the size. Even a partial shift in oil settlement mechanics would represent a demand shock to gold that the market's current structure cannot absorb without a substantial price adjustment. This remains speculative, but the directional logic and supporting evidence merit attention from capital allocators with long investment horizons.

5. Financial Market Implications

5.1 Bond Markets

Bond markets are functioning as the primary early warning system for the macro scenario being described in this report. The 10-year US Treasury yield has moved materially higher in recent weeks. Ten-year term premiums are rising sharply. Bond investors are pricing in the fiscal arithmetic of a government that is spending materially more than it earns, engaging in a costly military conflict, and facing potential foreign selling pressure from energy-stressed allies.

5.2 Equity Markets

A structural divergence has emerged between labour market indicators and equity valuations. Over the past 25 years, the S&P 500 and US job openings have moved in near-perfect correlation. That relationship has broken down: job openings are declining sharply while equity indices remain elevated, sustained by the market's expectation that AI-driven productivity will expand corporate margins even as consumer purchasing power declines.

Additionally, credit spreads are widening while equities remain near highs. Over the past 20 years, this combination has preceded a bear market on every single occasion it has occurred. The bond market is pricing in economic deterioration that the equity market has not yet reflected.

5.3 Private Equity and Venture Capital Specific Risks

The implications for private capital are multi-layered:

- Leveraged buyout economics are directly impaired by rising long-term rates and tightening private credit conditions.
- Portfolio company revenue risk is elevated for businesses exposed to consumer spending, logistics, energy-intensive manufacturing, or supply chains with Middle Eastern or Asian dependencies.
- Exit valuations are under dual pressure from higher discount rates and potential equity market repricing.
- Venture portfolio companies reliant on growth-stage debt financing face increased funding risk as private credit institutions restrict deployment.
- Inflation sensitivity varies considerably across portfolio vintages; companies with high input cost exposure and limited pricing power face margin compression.

6. Scenario Analysis: Three Outcomes

Based on current intelligence, three principal scenarios present themselves, with materially different implications for capital allocation and portfolio strategy.

Scenario A – Rapid Resolution (Base Optimistic)

The Iran conflict is expected to reach a negotiated settlement within the coming weeks. The Strait of Hormuz returns to full operational capacity, oil prices stabilise, inflationary expectations moderate, and the Federal Reserve regains policy space to cut rates. Equity markets rally and credit conditions ease. Even in this outcome, the parallel gold-yuan settlement architecture does not dissolve; the multipolar financial order accelerates; and the dollar survives but with a structurally diminished share of global settlement activity.

Scenario B – Prolonged Conflict (Base Adverse)

The conflict extends for a further three to four weeks – the approximate threshold at which economists identify irreversible economic damage. Foreign Treasury holders liquidate positions to fund energy imports. UK and European bond markets crack under oil shock pressure, amplifying US yield stress. Credit spreads widen, corporate earnings are revised sharply lower, and conditions tighten across capital markets. The 2008 credit crisis is the most frequently cited historical analogue. Private equity portfolios with near-term refinancing requirements or covenant-sensitive leverage structures are most exposed.

Scenario C – Systemic Stress and Monetary Response (Tail Risk)

US Treasury yields rise so rapidly that government borrowing costs become structurally unsustainable. The Federal Reserve faces a binary choice: allow a bond market collapse, or intervene with large-scale liquidity injection – yield curve control. Monetary expansion into an oil spike is historically unprecedented: printing money with expensive oil inflates all essential goods simultaneously. The outcome is a stagflationary environment in which the standard tools of portfolio construction provide limited protection. Physical assets, gold, and potentially Bitcoin retain speculative store-of-value appeal, but none with certainty.

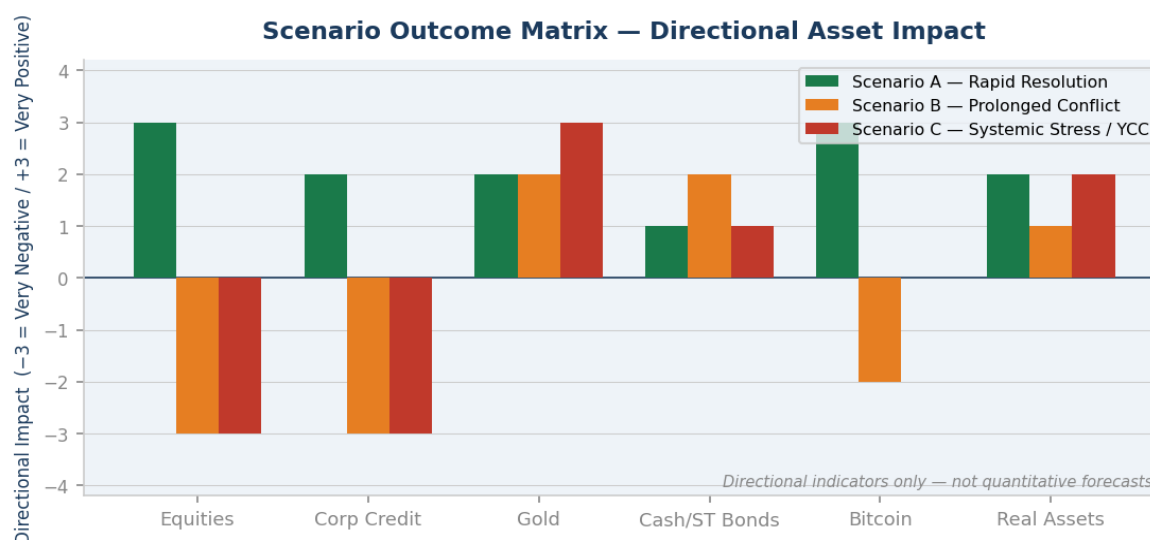


Figure 4: Scenario outcome matrix – directional asset class impact across three scenarios

7. Strategic Implications for Private Capital

The intelligence presented in this report does not support a single prescribed course of action. However, several strategic orientations merit priority attention by the Investment Committee:

- **Liquidity discipline:** In all three scenarios, liquidity is a differentiating asset. Portfolios with high illiquidity and near-term refinancing requirements carry disproportionate risk in Scenarios B and C.
- **Debt structure review:** Portfolio companies facing refinancing in the next 12 to 18 months warrant urgent review. Extending or restructuring now is likely cheaper than a forced refinancing at peak stress.

- Commodity and real asset exposure: A structural rotation from financial to physical assets is consistent across all three scenarios. Identifying opportunities in commodities, real assets, and energy infrastructure aligns with the directional macro thesis.
- Geographic and currency concentration: Portfolios with concentrated exposure to euro or sterling-denominated assets, or energy-intensive supply chains with Middle Eastern dependencies, carry elevated near-term risk.
- Gold as portfolio signal: Sustained gold outperformance relative to equities should be interpreted as confirmation that the macro thesis in this report is tracking toward realisation.
- AI-driven labour disruption: The disconnection between equity markets and labour market fundamentals represents a structural risk independent of the geopolitical scenario. Venture portfolios in AI-substitutable sectors should be reviewed.

8. Conclusion

The events of early 2026 are not episodic volatility. They are the visible consequence of structural forces that have been building since 2022, when the US decision to freeze Russian dollar reserves signalled to the rest of the world that dollar-denominated assets carry a form of geopolitical counterparty risk that had previously been assumed away. The response – slow, methodical, and now increasingly visible in trade data, gold flows, and energy settlement patterns – is the construction of an alternative.

Whether Pax Americana ends abruptly or fades over a decade, the investment environment of the next cycle will be characterised by higher structural inflation, more expensive capital, greater geopolitical fragmentation, and a premium on tangible assets and operational resilience. Private equity and venture capital strategies calibrated for the prior cycle require deliberate recalibration.

This report will be updated as the situation develops. The Investment Committee is encouraged to treat the three scenarios described herein as live planning frameworks rather than static forecasts.

9. Crypto Market Snapshot – Q1 Close & April 2026 Outlook

Digital assets have become an increasingly relevant lens through which to track macro sentiment, institutional risk appetite, and the credibility of the alternative monetary architecture described in this report. Bitcoin in particular sits at the intersection of two competing narratives: a high-beta speculative asset that sells off when macro conditions deteriorate, and a prospective alternative store of value that benefits structurally from the erosion of confidence in dollar-denominated systems. Both narratives are live simultaneously in April 2026.

Total Mkt Cap	Fear & Greed Index	BTC Dominance	24h Volume
~\$2.36 Trillion	8 — Extreme Fear	58.2%	~\$100B

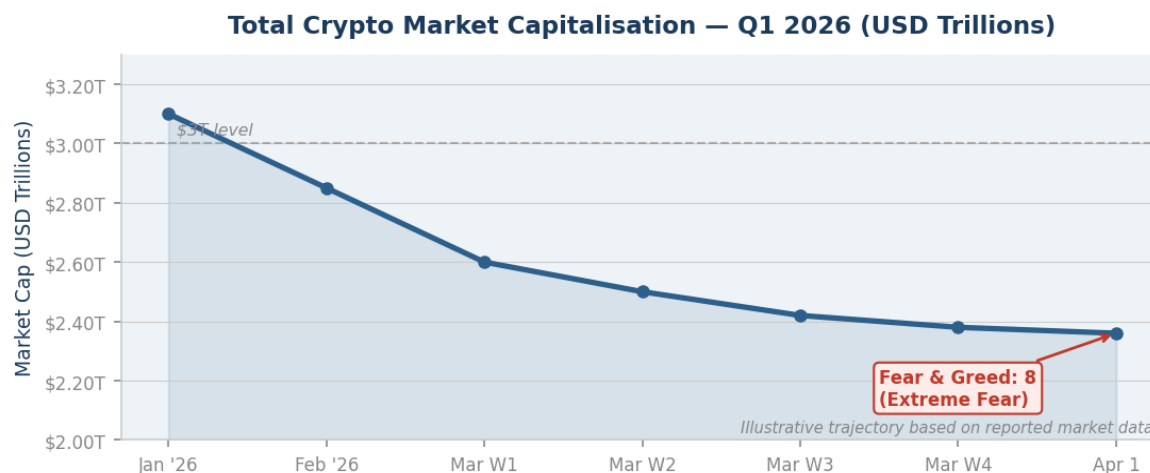


Figure 5: Total crypto market capitalisation decline through Q1 2026 – from \$3.1T to \$2.36T

The crypto market enters Q2 2026 in a state of deep macro-driven correction. Bitcoin recorded a peak-to-trough decline of approximately 52% during Q1, falling from its all-time high of \$126,220 reached in late 2025. Ethereum lost close to 60% from its cycle peak. The Fear and Greed Index is registering 8 – deep in extreme fear territory, where it has remained for 46 consecutive days. Despite this, the past 48 hours have produced a tentative recovery in risk assets, with both Bitcoin and Ethereum moving higher on signals that the US-Iran conflict may reach a resolution

within weeks.

9.1 Bitcoin Price Trajectory

Bitcoin's Q1 2026 price action illustrates the degree to which digital assets have become embedded in the broader macro risk framework. The asset peaked at \$126,220 in late 2025, driven by ETF inflows, the Strategic Reserve narrative, and institutional allocation momentum. The Iran conflict and associated macro deterioration produced a sharp and sustained reversal.

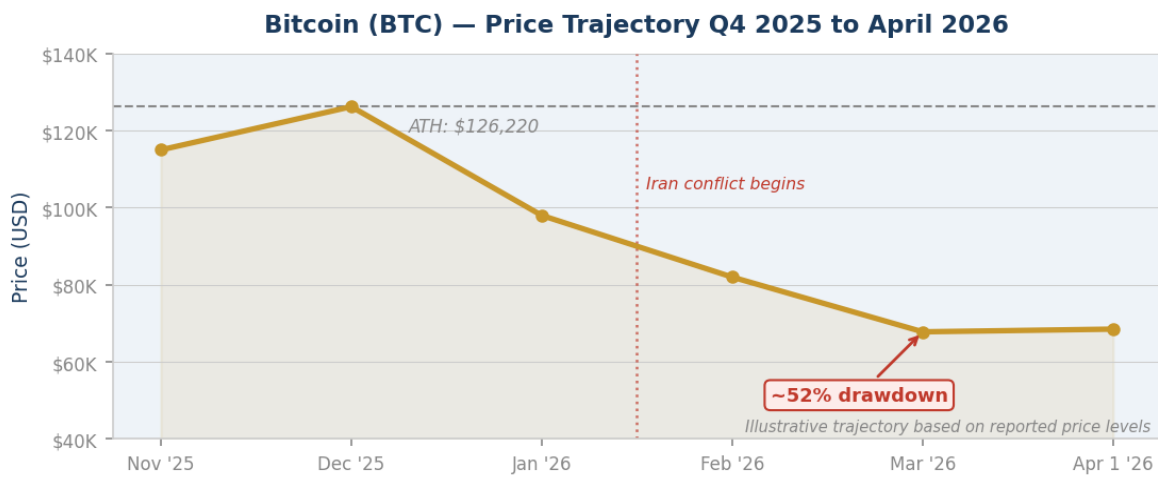


Figure 6: Bitcoin price trajectory – Q4 2025 to April 2026, showing ~52% drawdown from all-time high

Asset	Price (USD)	24h Change	Q1 2026 Change	Market Cap
Bitcoin (BTC)	~\$68,500	+2.9%	-52% from ATH \$126K	~\$1.37T
Ethereum (ETH)	~\$2,137	+4.8%	-60% from cycle high	~\$257B
XRP	~\$1.35	+3.1%	Legal clarity boost	~\$78B
Solana (SOL)	~\$89	-5.7%	Range-bound	~\$42B
BNB	~\$646	-3.5%	Sideways	~\$93B

Note: Prices shown are approximate intraday levels as of 2 April 2026. All figures subject to significant intraday volatility.

9.2 Key Macro and Crypto-Specific Catalysts

Geopolitical Sensitivity: Digital assets have behaved as high-beta risk assets throughout the Iran conflict. Oil price appreciation of approximately 60% since the conflict began has fed directly into inflation expectations and rate repricing. Any credible ceasefire signal produces sharp short-covering rallies across the crypto market cap spectrum, as demonstrated in the past 24 hours.

Regulatory Catalyst – CLARITY Act: The US Senate Banking Committee is expected to conduct a markup of the CLARITY Act by mid-April. This legislation would provide the first comprehensive regulatory framework for digital assets in the United States, with particular implications for stablecoins and institutional Ethereum products. The passage could represent the most consequential regulatory event for crypto since the approval of spot Bitcoin ETFs.

Ethereum – Glamsterdam Upgrade: Ethereum's Glamsterdam upgrade targets a June 2026 launch, including a gas limit increase from 60 million to 200 million per block and throughput scaling to 10,000 transactions per second. Historically, ETH has rallied 20–40% in the two months preceding major protocol upgrades. DeFi total value locked has risen to \$68.4 billion, suggesting early positioning is underway.

Bitcoin and the Strategic Reserve Thesis: The Trump administration's proposal to establish a US Strategic Bitcoin Reserve has provided a medium-term institutional legitimacy narrative. ETF demand recovered toward the end of March, contributing to Bitcoin snapping a five-month losing streak. Key near-term resistance sits at \$70,000–\$74,000; a break above \$80,000 would signal a meaningful trend change.

9.3 Key Technical Levels to Monitor

Asset	Support Zone	Resistance Zone	Key Watch Point
BTC	\$67,500	\$70,200 → \$74,000	FOMC Apr 28-29; potential Powell exit
ETH	\$2,050–\$2,100	\$2,280–\$2,320	Glamsterdam upgrade — June 2026
XRP	\$1.32 (50-day MA)	\$1.48	CLARITY Act Senate markup — mid April

9.4 Implications for Private Capital

For private equity and venture capital portfolios, the current digital asset environment presents several distinct considerations:

- Crypto-native portfolio companies operating in DeFi infrastructure, Layer 2 scaling, and institutional custody face both opportunity and risk. The CLARITY Act, if passed, could unlock a wave of institutional product development benefiting well-positioned infrastructure players.
- Bitcoin's dual narrative means its price behaviour in the coming weeks will serve as a real-time indicator of whether market participants are treating current macro stress as a dollar-confidence event (structurally bullish for BTC) or a pure liquidity crunch (bearish for all risk assets).
- The stablecoin market has quietly expanded its role as a de facto cross-border settlement mechanism, particularly in markets under financial stress. Venture exposure to stablecoin infrastructure and cross-border payment rails may carry asymmetric upside if dollar fragmentation accelerates.
- The Glamsterdam upgrade represents a time-specific catalyst for Ethereum ecosystem investments. Portfolio companies with Ethereum-native revenue models may benefit from increased on-chain activity in the lead-up to June 2026.

This report is prepared for informational purposes only. The analysis contained herein is based on publicly available intelligence and macro commentary, synthesised for strategic planning purposes. Crypto market data sourced from Yahoo Finance, CryptoSlate, Blockchain Magazine, and Crypto.com as of 2 April 2026. Charts are illustrative and based on directional trends derived from reported data points – they are not audited financial data. This report does not constitute investment advice. All scenarios are speculative and subject to material revision as events develop. Distribution outside the Investment Committee requires prior approval.