

SNAPSHOT

STOCKS			
Euro Stoxx 50	U/C	DAX40	-0.1%
Stoxx 600	U/C	FTSE 100	+0.1%
ES Sep'25	+0.2%	RTY Sep'25	U/C
NQ Sep'25	+0.3%	YM Sep'25	+0.1%

FX			
DXY	+0.5% (99.41)	EUR/USD	-0.6% (1.1455)
USD/JPY	+1.3% (147.92)	GBP/USD	-0.6% (-0.5%)

BONDS			
US T-Note Sep'25	-1 ticks	Bund Sep'25	-4 ticks
US 10yr Yield	4.38%	German 10yr Yield	2.52%

ENERGY & METALS			
WTI Aug'25	+0.2%	Brent Aug'25	+0.1%
Spot Gold	-0.1%	LME Copper	-0.1%

CRYPTO			
Bitcoin	-0.9%	Ethereum	-0.6%

As of 10:55 BST / 05:55 EDT

LOOKING AHEAD

- US Flash PMIs, ECB President Lagarde; Fed's Goolsbee, Kugler, Supply from EU, and Trump's National Security meeting.
- [Click for the Newsquawk Week Ahead.](#)

ISRAEL-IRAN

Note, this is a top-line summary given the extensive amount of newsflow, please see the below geopolitics section for a full breakdown

- **US President Trump** confirmed the launch of "Operation Midnight Hammer", which involved **targeted strikes on Iran's nuclear facilities at Fordow, Natanz, and Isfahan**. The operation used 125 aircraft, including seven B-2 bombers, alongside submarine-launched Tomahawk cruise missiles. **Fourteen GBU-57 Massive Ordnance Penetrators ("bunker busters") were deployed to penetrate deeply buried targets, notably Fordow.**
- Satellite imagery shows significant damage at all facilities. Trump described it as a joint effort with Israel.
- IAEA say the damage assessment is pending; no signs of radiation leak.
- In retaliation, **Iran's parliament has approved the closure of the Strait of Hormuz after the US launched strikes against the country's nuclear facilities. Iran's security body will make the final decision on whether to proceed with the plan, state television reported.**
- **Iran retaliated by missile strikes on Israel.** Has said future action could target over 20 US bases or naval assets. Iran's Military Central Command says powerful operations with heavy consequences for the US are to be expected. **US entering the conflict expands the list of legitimate targets for Iran.**
- The European morning has seen a slew of geopolitical updates (see section below). Some additional **USD strength on: an Iranian provincial official says Israel is targeting the Fordow nuclear facility, via Tasnim . Israel struck Fordow's access road, to prevent certain elements from approaching the area, according to Journalist Stein.**

TRADE/TARIFFS

- **Japan scrapped a planned US meeting after Washington demanded higher defence spending**, according to FT sources on Friday. US Secretary of State Rubio and Defence Secretary Hegseth had been scheduled to meet Japan's Defence Minister Nakatani and Foreign Minister Iwaya in Washington on 1 July. Tokyo cancelled the meeting after the US requested Japan raise its defence spending target to 3.5%, up from an earlier request of 3%.
- **US President Trump said on Friday that it looks like the US would make trade deals with India and Pakistan**, according to Reuters.
- **Japanese, South Korean, New Zealand, and Australian leaders will meet US President Trump at NATO**, according to Nikkei.
- **IMF Managing Director Georgieva said global growth was forecast to slow down but no recession yet**; IMF forecasts to be released in July, according to Bloomberg TV.
- **Japanese PM Ishiba is reportedly planning to skip NATO attendance**, according to Kyodo.

EUROPEAN TRADE

EQUITIES

- **European bourses** (STOXX 600 +0.1%) opened lower across the board, as traders react to the surprise US attack on Iran. Although, it is worth noting that stocks have traded with an upward bias throughout the morning, with a handful of indices managing to climb into the positive territory.
- **European sectors** hold a negative bias, with only a handful of industries managing to hold afloat. **Construction & Materials** tops the pile, joined closely by **Tech** and then **Energy**; the latter of course buoyed by the upside in oil prices, sparked by the latest geopolitical flare ups.
- **US equity futures** (ES +0.2%, NQ +0.2%) are primarily modestly firmer, with sentiment seemingly faring a little better vs European peers despite the surprise US attack on Iran; PMIs and Fed speak ahead.
- DeepSeek said to have used shell companies in southeast Asia to evade US export controls, via a US official cited by Reuters.
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)
- [Click for a detailed summary](#)

FX

- **DXY is on a firmer footing this morning**, with the Greenback receiving haven inflows following the latest surprise US attack on Iran. On that, the US launched "Operation Midnight Hammer," striking Iran's nuclear facilities at Fordow, Natanz, and Isfahan. Following the attack, US President Trump called the impact an "obliteration", adding that the strike would be a one-time action, with Washington still seeking diplomacy. Iran's Parliament has endorsed closing the Strait of Hormuz, but still awaits approval. Renewed Dollar strength on reports that Iran is targeting Fordow nuclear facility, taking the index to fresh highs of 99.42.
- **EUR is modestly lower vs the Dollar today**, and currently trades in a 1.1454-1.1521 range; the low for today is in close proximity to its 21 DMA at 1.14428. It is worth noting that whilst the losses in the European morning are fairly modest in nature, the **Single-Currency was one of the worst performers as markets reopened**. This is likely in part due to the bloc's heavy reliance on oil through the Strait of Hormuz, and therefore the potential inflationary impacts. Geopolitics aside, the **EUR** has had a number of EZ PMI figures to digest; the **EZ-wide figure itself** was mixed and had little impact on price action.
- **JPY benefited from the geopolitical risk premium at the reopen**, but this soon reversed thanks to the stronger **Dollar** and amid the latest geopolitical implications on higher oil prices. As it stands, the JPY is the clear G10 underperformer. The currency was little moved by the region's PMI report, which showed an improvement across all components, with the Manufacturing climbing into expansionary territory. **USD/JPY** has surged past its 100 DMA (146.80) to currently trade towards its session high at 147.95.
- **GBP is faring better vs peers but still lower vs the Dollar**. Currently trades in a 1.3371-1.3448 range; the trough for today resides a little below its 50 DMA at 1.3402. UK PMIs only notable release for the day; **Services** printed in-line whilst the **Manufacturing** metric topped the most optimistic of analyst expectations. There was some modest two-way action in Cable, but it ultimately resided within the day's range.
- **Antipodeans were swept away by the broader risk-off sentiment**, following the surprise US attack on Iranian nuclear facilities. As sentiment seemingly improves across the equities complex, no real follow-through to the Aussie or Kiwi, where they still reside towards the foot of the G10 pile.
- **PBoC set USD/CNY mid-point at 7.1710 vs exp. 7.1914 (prev. 7.1695)**
- **Indonesian central bank said it is to continue intervening in offshore onshore NDF spot FX markets to ensure the rupiah reflects fundamentals**, according to an official.
- [Click for a detailed summary](#)
- [Click for NY OpEx Details](#)

FIXED INCOME

- **USTs began the week with gains**, gapping higher from Friday's 110-31+ close by a handful of ticks and then extended slightly further to a 111-04 peak, a tick higher than Friday's best. Upside a function of the **benchmarks trading as a haven**, given the significant geopolitical escalation of Trump striking Iranian nuclear sites; details on the feed/see Commodities. However, the upside proved limited as while Iran has spoken about extensive retaliation they are yet to do anything particularly significant.

The nation continues to strike Israel with missiles, and while Iran's parliament has approved closing the Strait of Hormuz, the security body is yet to order it. Furthermore, no reported action against US-specific assets, **though Iran says all options are on the table**. Geopolitics aside, the docket today is busy with several Fed speakers due and Flash PMIs for June; the latter expected to fall slightly from the prior.

- **Bunds follow the above.** Got as high as 130.92 overnight, stopping shy of the figure and by extension Friday's 131.33 best. The limited move and subsequent modest pressure appear, primarily, to be a function of the inflationary implications of higher energy prices. **Focus has been on PMIs**; the French figures came in softer than expected across the board, sparking modest upside. Thereafter, Germany's figures printed firmer than forecast and weighed slightly on EGBs. Finally, the EZ figure was softer than forecast, **but with no real follow-through seen**. **More recently Bunds have moved back towards those overnight highs, to make an incremental fresh high at 130.93.**
- **Gilts, as above, lifted after opening but has been drifting since in-fitting with peers**. Went as low as 92.25, moved lower on the German Flash PMIs, but is now holding basically at the unchanged mark, just below the 92.70 peak. **Geopolitics and the inflationary implications of the energy move aside, focus on PMIs.** The UK Flash figures came in mixed, with Manufacturing and Composite better than forecast, though the Services figure was as expected. No real move to the data.
- [Click for a detailed summary](#)

COMMODITIES

- **Brent gapped higher by around 5.5% as markets reopened**, in an initial reaction the US' attack on Iranian nuclear facilities. Though **gains have since almost entirely pared, with the complex now essentially flat**. The reversal could be attributed to; 1) flows via the Strait of Hormuz are yet to be impacted and companies including Hapag-Lloyd and Maersk continue to sail through the Strait, 2) An element of profit taking and TPs hit ahead of the potential Iranian response, 3) Market contacts have suggested OPEC+ have not had any calls, with no talks of an emergency meeting yet amid no current signs of supply disruptions. Brent Aug'25 currently trades around USD 77.20/bbl.
- **Spot gold is lower**, reversing opening gains in tandem with crude. Downside which comes alongside the firmer Dollar and broader improvement in market sentiment. The haven has gradually waned since the open, reaching highs of USD 3380/oz, and at the time of writing, testing the USD 3,360/oz mark, now looking to its 21 DMA just ten dollars below.
- **Copper is marginally in the red**, initially dented by the threat of oil supply risks (China the largest buyer of Iranian oil), but given the crude reversal, the red metal is faring better. The aforementioned USD, benefitting from haven flows, is also weighing on the industrial metal. Currently towards the lower end of a quiet USD 9,608-9,679/t range.
- [Click for a detailed summary](#)

NOTABLE DATA RECAP

- **EU HCOB Composite Flash PMI (Jun) 50.2 vs. Exp. 50.5 (Prev. 50.2); Services Flash PMI (Jun) 50.0 vs. Exp. 50.0 (Prev. 49.7); Manufacturing Flash PMI (Jun) 49.4 vs. Exp. 49.7 (Prev. 49.4)**
- **French HCOB Services Flash PMI (Jun) 48.7 vs Exp. 49.2 (Prev. 48.9); Manufacturing Flash PMI (Jun) 47.8 vs Exp. 50.0 (Prev. 49.8); Composite Flash PMI (Jun) 48.5 vs Exp. 49.3 (Prev. 49.3)**
- **German HCOB Manufacturing Flash PMI (Jun) 49.0 vs. Exp. 48.7 (Prev. 48.3); Services Flash PMI (Jun) 49.4 vs. Exp. 47.5 (Prev. 47.1); Composite Flash PMI (Jun) 50.4 vs. Exp. 49.0 (Prev. 48.5)**
- **UK Flash Services PMI (Jun) 51.3 vs. Exp. 51.5 (Prev. 50.9); Manufacturing PMI (Jun) 47.7 vs Exp. 46.6 (Prev. 46.4); Composite PMI (Jun) 50.7 vs. Exp. 50.5 (Prev. 50.3)**

NOTABLE US HEADLINES

- **Fed's Barkin (2027 voter) on Friday said he sees no rush to cut interest rates and is not ready to dismiss the inflation risk from tariffs. He stated that a spike in inflation could not be ignored if it occurred, noting that price indices remained above target. He added that there was nothing urgent in the data warranting a rate cut at this point**, with the job market and consumption holding up. Barkin said firms expected to raise prices later in the year as more expensive imported goods worked into inventories. Even firms not directly impacted by tariffs see confusion over trade policy as an opportunity to raise prices for other reasons. He acknowledged having no conviction on where trade policy would ultimately settle or how it would affect prices and jobs. He added that firms remain in a wait-and-see mode on capital spending and hiring plans, according to Reuters.
- **Fed's Daly (2027 voter) on Friday said things were balanced and suggested looking more to the fall, rather than July, for a possible rate cut**, in a CNBC interview. She stated that the economy and policy are currently in a good place, and concerns about tariffs on inflation were not as large as when they were first announced. Daly noted it was great news that inflation continued to decline. She said that without tariffs, the Fed would be considering rate normalisation, but they needed to continue monitoring policies going forward. There were many possibilities regarding how much of the tariffs would pass through to consumers. Daly said the fundamentals of the economy were moving to a point where an interest rate cut might become necessary. It was possible, she added, that they could get a meaningful impact on inflation—or that tariffs might not impact inflation as much as feared. She mentioned CEOs had shown cautious optimism on tariffs. Unless the labour market falters, she reiterated, the fall looked more appropriate for a rate cut. She concluded that there was a lot to be said for the view that tariffs would have a one-time effect on inflation, but it was too early to make that call now.

CRYPTO

- **Bitcoin is a little lower and trades around USD 101.5k after dipping below the USD 100k overnight in reaction to the latest geopolitical flare ups.**

APAC TRADE

- **APAC stocks** traded lower with sentiment hit after weekend developments which saw the US carry out missile strikes against Iranian nuclear facilities in a surprise move.
- **ASX 200** declined 0.8% in tandem with broader sentiment, with participants overlooking the improvement in Flash PMIs.
- **Nikkei 225** fell 0.5%, though losses were somewhat cushioned by a weaker JPY on account of the stronger USD, with regional Flash PMIs largely shrugged off.
- **Hang Seng** and **Shanghai Comp** conformed to broader regional losses, with the focus largely on geopolitics. Chinese sentiment was further hampered by Friday's WSJ report that the US is reportedly preparing action targeting allies' chip plants in China.

DATA RECAP

- **Australian** Flash Manufacturing PMI (Jun) 51.0 (Prev. 51.0); Services PMI 51.3 (Prev. 50.6); Composite PMI 51.2 (Prev. 50.5)
- **Japanese** JibunBK Manufacturing PMI Flash SA (Jun) 50.4 (Prev. 49.4); Services 51.5 (Prev. 51.0); Composite 51.4 (Prev. 50.2)
- **Indian** Flash Manufacturing PMI (Jun) 58.4 (Exp. 57.7, Prev. 57.6), Services 60.7 (Exp. 58.5, Prev. 58.8), Composite 61 (Exp. 59.4, Prev. 59.3)

GEOPOLITICS

ISRAEL-IRAN: EUROPEAN SESSION

- **Iran's Military Central Command says powerful operations with heavy consequences for the US are to be expected. US entering the conflict expands the list of legitimate targets for Iran.**
- Iran's Army Chief says they are now free to take action against US interests, via IRNA.
- Iranian city Karaj has been targeted by Israeli missiles, according to Fars; reports of large explosions being heard in Tehran.
- **Russian Kremlin says President Putin will receive the Iranian Foreign Minister later today.** Communication channels remain open with the US, a call between US President Trump and Putin can be "quickly organised if required"; **no current plans for a call.** Iran can share its proposals later today.

ISRAEL-IRAN: WEEKEND/APAC

US Strike Operations

- **US President Trump confirmed the launch of "Operation Midnight Hammer", which involved targeted strikes on Iran's nuclear facilities at Fordow, Natanz, and Isfahan.** The operation used 125 aircraft, including seven B-2 bombers, alongside submarine-launched Tomahawk cruise missiles.
- **Fourteen GBU-57 Massive Ordnance Penetrators ("bunker busters") were deployed to penetrate deeply buried targets, notably Fordow.**
- **Satellite imagery confirmed significant infrastructure damage at all three nuclear sites, with Fordow showing six fresh craters.**
- **All targets were reportedly struck between 23:40 BST (Saturday) and 00:05 BST (Sunday).** Iran's air defence systems failed to detect or intercept the incoming attacks.
- **Trump described the attack as a joint effort with Israel**, saying they "worked as a team like perhaps no team has ever worked before."
- **Axios quoted officials as saying that Whitkov told Araqchi during the operation that "the strike is only once."** He confirmed that **Washington was still seeking a diplomatic solution and wanted Tehran to return to negotiations.**
- **US President Trump did not want to continue striking Iran, but he would do so if US bases were targeted**, according to Sky News Arabia citing Axios.
- **US President Trump reportedly directed staff to announce a two-week window in order to conceal plans for the Iran attack**, according to CNN sources.

Damage Assessment & Nuclear Risk

- **IAEA Director General Grossi said craters are visible at Fordow, Natanz suffered direct hits, and tunnel entrances at Isfahan were struck.** Full underground damage assessment remains pending. A special IAEA board meeting is scheduled for Monday.
- **Chairman of the Joint Chiefs Gen. Dan Caine stated it is "too early" to assess whether Iran's nuclear capability was fully neutralised.**
- **US intelligence officials have raised concerns Iran may have relocated enriched uranium stockpiles in advance.**
- **US Secretary of State Rubio urged Iran to surrender its enriched uranium stockpiles**, claiming they remain buried under Isfahan and likely were not moved before the strikes.
- **The IAEA reported no signs of a radiation leak.** Saudi Arabia's Nuclear and Radiological Regulatory Authority confirmed no radioactive effects were detected in Gulf states.

Strait of Hormuz & Oil Flow Threat

- **The Iranian parliament has approved the closure of the Strait of Hormuz after the US launched strikes against the country's nuclear facilities.** Iran's security body will make the final decision on whether to proceed with the plan, state television reported.
- **US Secretary of State Rubio warned such a move would be "economic suicide" for Iran but remains a credible escalation**

vector.

- **NOTE:** Market contacts have suggested OPEC+ have not had any calls, with no talks of an emergency meeting yet amid no signs of supply disruptions, yet.

Iranian Military Response

- Iran launched retaliatory missile strikes on Tel Aviv and Haifa, Israel, resulting in at least 86 reported injuries.
- Iranian officials have warned that future actions could target over 20 US bases or naval assets in the region.
- Iran stated that its military would determine the timing, nature, and scale of its response, according to Reuters.
- Signs have emerged of Iran-backed militias preparing to attack US bases in Iraq and Syria, according to Sky News Arabia citing The New York Times.
- Iranian air defences reportedly activated in Isfahan, targeting hostile Israeli aircraft.
- Iranian forces reported that Israeli airstrikes killed nine personnel — seven Revolutionary Guards and two conscripts — in Yazd province.

Iranian Messaging

- Iran is weighing its response — with its Foreign Minister saying “all options” are on the table after Washington proved “they only understand the language of threat and force”, according to CNN.
- Supreme Leader Khamenei warned that US strikes would “result in irreparable damage” to the US.
- Iran’s President Pezeshkian warned of a “more devastating” retaliation if Israel’s bombing campaign continued.
- Iranian regime sources denied any major nuclear material loss from the strikes, implying the sites had been pre-emptively evacuated.
- Iran’s Crisis Management HQ stated there was “no danger” to civilians near Fordow; state media reported the site had “long been evacuated.”
- An adviser to Khamenei claimed Iran still retains its enriched uranium, indigenous nuclear knowledge, and political will, despite facility damage.
- Iran’s Foreign Minister condemned the strikes as a violation of international law and the Nuclear Non-Proliferation Treaty.
- The Iranian Atomic Energy Organisation called the attacks “a barbaric act” breaching international law.

International Reactions

- The UN Security Council held an emergency meeting at 20:00 BST on Sunday in response to the strikes. US Ambassador Dorothy Shea defended the operation; China, Russia, and Pakistan called for an immediate ceasefire and accused the US of breaching the UN Charter.
- The UN and EU called for de-escalation, with Secretary-General António Guterres warning of a “dangerous escalation.”
- The E3 (UK, France, Germany) released a joint statement urging Iran to return to nuclear negotiations and warning against further destabilising actions.
- Gulf Arab states including Qatar, Saudi Arabia, and Kuwait condemned the US strikes, calling for restraint and diplomatic resolution.
- UK PM Keir Starmer backed the US strike, describing it as a response to a “grave threat.”
- Israeli PM Netanyahu praised the US action, calling it a display of “awesome and righteous might” that could “change history.”
- Saudi Arabia, Oman, and India expressed concern and urged all sides to pursue diplomatic solutions.

US Political & Legal Fallout

- Congressional response to the strikes was mixed. Most Republicans expressed support, with Senator Ted Cruz praising the operation. However, some dissent emerged within the party, notably from Representative Marjorie Taylor Greene, who stated, “Not our fight.” Democrats strongly criticised the move; Senator Bernie Sanders labelled it “grossly unconstitutional” and accused President Trump of bypassing Congress.
- US Department of Justice said President Trump had the authority under Article II to order Iran strikes without congressional approval, but a prolonged conflict might require Congress’s involvement, according to CNN.
- US President Trump to meet with National Security team at 13:00 EDT/18:00 BST on Monday, according to Bloomberg.

Trump on Truth Social

- US President Trump posted on Sunday “The damage to the Nuclear sites in Iran is said to be “monumental.” The hits were hard and accurate. Great skill was shown by our military. ” **Trump added** that “if the current Iranian Regime is unable to MAKE IRAN GREAT AGAIN, why wouldn’t there be a Regime change”, and that “The GREAT B-2 pilots have just landed, safely, in Missouri.”
- President Trump later posted “Monumental Damage was done to all Nuclear sites in Iran, as shown by satellite images. Obliteration is an accurate term!... The biggest damage took place far below ground level. Bullseye!!!”

US Homeland Security & Domestic Threats

- The US is on high alert for Iranian-backed terrorist attacks, especially in the 48 hours following the strike. FBI, DHS, and local law enforcement have increased security presence at places of worship in major cities including New York and Washington, DC.
- DHS warned of a heightened domestic threat environment, including potential for cyberattacks or lone-wolf incidents inspired by religious rulings.
- The White House is monitoring potential Iranian sleeper cells inside the US.

- VP Vance stated the administration is watching known terror watch list individuals who entered during the Biden era.

Regional Axis Responses/Headlines

- **Iranian Foreign Minister Araghchi arrived in Moscow to consult with President Putin.** Russia condemned the US strikes as a "flagrant violation of international law."
- **Iran's Foreign Minister Araqchi said he would discuss tackling common challenges and threats with Russian President Putin,** according to Iranian news agency SNN.
- **Hezbollah condemned the US strikes**, calling them a violation of international and humanitarian law and warned the conflict could spiral globally.
- **A Yemeni Houthi official warned retaliation for the US attack was "only a matter of time."**

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