newsquawk

European Market Wrap - 4th March 2026

- **European bourses (STOXX 600 +1.5%) were entirely in the green; FX and fixed income futures traded choppy while crude gained.**
- **Iran denied the NYT report that Iran reached out to CIA for talks to end the war, Tasnim reported.**
- **The EU expects to be exempt from the US universal tariff boost to 15%, Bloomberg reported.**

EQUITIES

- **European bourses (STOXX 600 +1.5%)** were entirely in the green, with indices boosted following a New York Times report stating that Iran's Ministry of Intelligence reached out to the CIA indirectly a day after the conflict began with an offer to discuss terms for ending the conflict, although US officials are reportedly sceptical that either the Trump administration or Iran is ready for an off-ramp in the short term at least. This was later denied by Iran, although only resulted in a few modest downticks across equities at the time. **The IBEX 35** ended the session the outperformer, after completely reversing earlier losses. **European blue-chip stocks** were greatly benefited from the report. Additional reporting today stated that the EU expects to be exempt from the 15% universal tariff, however this failed to spur any additional upside.
- **Sectors** are broadly in the green, ex. **Energy**. **Travel and Leisure** sat at the top of the pile, partially reversed the losses made since the start of the Iran war. **Technology** has also seen upside today, after **ASM International** reported positive Q4 earnings and forecasted Q1 revenue better than estimates, with a revivial in China expected. As stated earlier, **Energy** was the only sector in the red, as crude prices are set to have its first negative day since the start of the Middle Eastern conflict.
- Key movers include **Lottomatica** and **Dassault Aviation.** Lottomatica have benefitted from price upgrades at Deutsche Bank, Mediobanca, and Equita with 'Buy' ratings being confirmed by all three brokers. For Dassault Aviation, the Co. beat FY revenue estimates by a large margin and saw its order intake beat expectations.
- **US equity futures (ES U/C, NQ +0.5%, RTY U/C)** started the cash session with decent gains, ahead of earnings from **Broadcom** after-hours. Analysts at Susquehana expects positive Q4 results and guidance, driven by updisde form both custom ASICs and AI networking. Hotter-than-expected ISM Services PMI led to modest upticks across US futures.

FX

- **USD** - DXY waned throughout the session, within a 98.700–99.329 range, remaining well inside Tuesday's 98.435–99.683 band. The USD eased on NYT reporting that Iran reached out to the US a day after the war started, although US officials are said to be sceptical that either the Trump administration or Iran is ready for an off-ramp in the short term at least. This was later denied by Iran and resulted in very modest upside in the Buck. The dollar continued to take cues from Middle East developments, with focus on whether the Strait of Hormuz reopens and whether central banks can still ease policy amid energy-driven inflation risks. US data was light, with hotter-than-expected ISM Services not prompting much of a sustained reaction, while recent Fed speakers reiterated policy is well positioned and that it is too early to assess the inflationary impact of the Iran conflict. G10s were eventually propped up by the USD weakness.
- **EUR** - EUR/USD eked mild gains above 1.1600 after trading on either side of the level throughout the session, trading within 1.1575–1.1655 confines. The single currency found little support from final PMIs, which were viewed as stale given recent geopolitical escalation. Sentiment was also weighed by President Trump's threat to halt trade with Spain over its refusal to support US military operations. Little move was seen on Bloomberg reporting that the EU expects to be exempt from the US universal tariff boost to 15%.
- **GBP** - Sterling looks to end the European session mildly firmer following recent weakness, pressured by President Trump's criticism of UK PM Starmer after Britain declined to join offensive strikes. Goldman Sachs pushed its expected next BoE cut to April (from March), projecting subsequent reductions in July and November as the energy shock fades. GBP/USD traded in a 1.3303–1.3403 range, briefly rising above its 100 DMA (1.3398).
- **JPY** - The yen initially outperformed amid persistent geopolitical uncertainty. USD/JPY remained subdued within a 156.85–157.86 band, as markets assessed the implications of higher energy prices for Japanese inflation and potential BoJ policy responses.
- **CHF** - The Swiss franc eased off earlier highs in choppy trade. USD/CHF rebounded from 0.7790 lows after hotter-than-expected Swiss CPI, with attention turning to the SNB meeting on 19th of March. SNB Vice Chair reiterated readiness to intervene in FX markets.
- **Antipodeans** - AUD was choppy and initially lagged despite stronger-than-expected GDP and firmer base metals following supportive commentary from China. Westpac noted productivity gains helped moderate labour-cost growth, though a tighter labour market could reverse this trend. NZD was steadier, with antipodeans set to end the European session firmer.

FIXED INCOME

- **A marginally bullish start to the day** with USTs and Bunds picking up slightly into the end of Tuesday's session and into the start of APAC trade. Thereafter, action was somewhat rangebound before a pullback occurred.
- **USTs** eased back towards lows as energy prices climbed, down to 112-24 at worst with losses of eight ticks. If the move continues, we look to support at 112-20, 112-06, 112-04, 111-31, 111-26, 111-13+.

- **ISM Services** printed hotter than expected and resulted in modest downside in T-notes. Earlier, ADP came in above consensus but didn't really spark any followthrough.
- Note, there was a modest reaction in the fixed income space on a **NY Times article** that intimated Iranian intelligence reached out indirectly to the US the day after the conflict began, an update that **weighed on energy benchmarks and in turn yields**, providing some modest support to fixed itself. Note, no real move to the subsequent denial by Iran.
- **Bunds** in-fitting with USTs late-US and into the early APAC session. Thereafter, the benchmark also pulled back but managed to remain in the green. Specifics for the space light, aside from geopols. No move to **Final PMIs** or hotter-than-expected **PPI**. As it stands, Bunds hold in the upper-half of 128.80 to 129.32 parameters.
- **Gilts** gapped higher by 37 ticks and then across the day climbed higher to a 92.34 peak with gains of over 80 ticks at best. A bounce that wasn't too surprising given the overnight move in peers and the sizable UK moves in recent days; albeit, the upside left it shy of Tuesday's 92.47 opening and a significant way from the week's 93.55 open.
- **Eaton (ETN) files for 7-part USD issuance.**
- **Germany sold EUR 0.96bln vs exp. EUR 1.0bln 2.30% 2033 Green Bund: b/c 1.76x (prev. 3.57x), average yield 2.53% (prev. 2.39%), retention 4.0% (prev. 15.6%).**

COMMODITIES

- **Crude** - Crude benchmarks lost ground throughout the session after reports that Iran's intelligence ministry indirectly approached the CIA to discuss ending the conflict, but scepticism over a near-term off-ramp limited downside. That being said, the report was denied by Iranian press, and contributed to mild upside in contracts. Meanwhile, Saudi Arabia said there was an attempt to attack the Ras Tanura refinery (550k BPD); no damage has been reported at the refinery. Aside from that, little in terms of macro newsflow that caused a reaction, with WTI Apr within USD 73.28-77.23/bbl parameters and Brent May in USD 80.30-84.48/bb confines.
- **Natural Gas** – European nat gas fell around 7% on the same NYT reports suggesting tentative outreach from Iran, tempering immediate supply disruption fears. However, US officials remain doubtful of any quick de-escalation, keeping volatility elevated across the LNG complex. Dutch TTF looks to end the day -10% for the front-month despite Iran refuting the NYT report.
- **Precious Metals** – Spot gold extended its rebound, holding just below USD 5,200/oz. Modest additional support followed the NYT reports (later denied by Iran) as the dollar softened slightly. The broader geopolitical backdrop continues to underpin safe-haven flows. XAU/USD notched a USD 5,084-5,206/oz European range on Wednesday.
- **Base Metals** - Copper traded firmer in Europe, supported by stronger Chinese manufacturing PMI data showing the sharpest improvement in over five years. 3M LME copper held near the top of a USD 12,942–13,187k/t range, with gains reflecting improved demand sentiment rather than geopolitical risk premium.
- **Qatar to fully shut its gas liquefaction on Wednesday, according to sources; Qatar would need two weeks to restart gas liquefaction after a full shutdown according to initial estimates; and then another two weeks to reach full capacity once restarted.**
- **Gujarat Gas said due to the ongoing war in the Middle East affecting gas supply, force majeure notices have been issued to industrial customers, restricting daily contracted quantity effective 6th March 2026.**
- **Qatar Energy declares force majeure, according to a statement; "Further to the announcement by QatarEnergy to stop production of liquefied natural gas (LNG) and associated products, QatarEnergy has declared Force Majeure to its affected buyers.".**
- **Aluminium Bahrain declared force majeure on contracts as it is not able to ship.**
- **UBS said if the closure of Strait of Hormuz is extended beyond the next couple of weeks, Brent could see further upside north of USD 100/bbl.** UBS raises its Q1 26 Brent forecast to USD 71/bbl, implying around USD 80/bbl in March, and raises the 2026 average by USD 10/bbl to USD 72/bbl. UBS said potential strikes on energy infrastructure, such as on Qatar LNG, could push Brent up to USD 90/bbl+, depending on severity.
- **EU leaders are to ask the Commission for proposals to reduce energy prices, carbon price volatility and impact on power prices in an upcoming review, according to draft conclusions.**
- **EU Commission official said that EU and member countries are not planning response measure to oil market impact.** Official said EU sees no impact from the conflict on its oil supply, but notes that prices are a strong concern.
- **India's Mangalore Refinery & Petrochemicals informed customers it will be suspending oil product exports, Bloomberg reported citing sources; amid the Middle East conflict.**
- **Russia's Deputy PM Novak said we are ready to increase oil supplies to China and India in case of additional demand.**
- **Shanghai Futures Exchange are to adjust price limits and margin rations for FU2604 fuel oil futures contract.**
- **Goldman Sachs said Brent could reach USD 100/bbl if the Strait of Hormuz remains closed for 5 more weeks.**

EUROPEAN DATA

- **EU PPI YoY (Jan) Y/Y -2.1% vs. Exp. -2.7% (Prev. -2.0%, Rev. From -2.1%, Low. -3.0%, High. -2.3%).**
- **EU Unemployment Rate (Jan) 6.1% vs. Exp. 6.2% (Prev. 6.2%, Low. 6.2%, High. 6.3%).**
- **EU PPI MoM (Jan) M/M 0.7% vs. Exp. 0.2% (Prev. -0.3%, Low. 0.0%, High. 0.2%).**
- **EU HCOB Services PMI Final (Feb) 51.9 vs. Exp. 51.8 (Prev. 51.8, Rev. From 51.6, Low. 51.8, High. 52.2).**
- **EU HCOB Composite PMI Final (Feb) 51.9 vs. Exp. 51.9 (Prev. 51.9, Rev. From 51.3, Low. 51.7, High. 51.9).**
- **Italian GDP Growth Rate QoQ Final (Q4) Q/Q 0.3% vs. Exp. 0.3% (Prev. 0.1%).**
- **Italian GDP Growth Rate YoY Final (Q4) Y/Y 0.8% vs. Exp. 0.8% (Prev. 0.6%).**
- **Italian Unemployment Rate (Jan) 5.1% vs. Exp. 5.6% (Prev. 5.5%, Rev. From 5.6%).**
- **Italian HCOB Services PMI (Feb) 52.3 vs. Exp. 52 (Prev. 52.9).**

- **Italian HCOB Composite PMI (Feb) 52.1 (Prev. 51.4).**
- **UK S&P Global Composite PMI Final (Feb) 53.7 vs. Exp. 53.9 (Prev. 53.9, Rev. From 53.7, Low. 53.8, High. 53.9).**
- **UK S&P Global Services PMI Final (Feb) 53.9 vs. Exp. 53.9 (Prev. 53.9, Rev. From 54.0, Low. 53.8, High. 53.9).**
- **German HCOB Composite PMI Final (Feb) 53.2 vs. Exp. 53.1 (Prev. 53.1, Rev. From 52.1, Low. 53.1, High. 53.1).**
- **German HCOB Services PMI Final (Feb) 53.5 vs. Exp. 53.4 (Prev. 53.4, Rev. From 52.4, Low. 53.4, High. 53.4).**
- **French HCOB Services PMI Final (Feb) 49.6 vs. Exp. 49.6 (Prev. 49.6, Rev. From 48.4, Low. 49.6, High. 49.7).**
- **French HCOB Composite PMI Final (Feb) 49.9 vs. Exp. 49.9 (Prev. 49.1, Low. 49.6, High. 50).**
- **Spanish HCOB Composite PMI (Feb) 51.5 (Prev. 52.9).**
- **Spanish HCOB Services PMI (Feb) 51.9 vs. Exp. 52.8 (Prev. 53.5).**
- **Swedish Services PMI (Feb) 48.3 (Prev. 54.3).**
- **Swiss Inflation Rate MoM (Feb) M/M 0.6% vs. Exp. 0.5% (Prev. -0.1%).**
- **Swiss Inflation Rate YoY (Feb) Y/Y 0.1% vs. Exp. -0.1% (Prev. 0.1%).**

NOTABLE HEADLINES

- **UK warns China of 'severe consequences' over interference, BBC reported.**
- **German VDMA Engineering Association said January orders -6% Y/Y (domestic -8% and foreign at -5%).**
- **French Finance Minister said they will hold a meeting of G7 Finance Ministers and Central Bankers early next week.**

TRADE/TARIFFS

- **The EU expects to be exempt from the US universal tariff boost to 15%, Bloomberg reported.**
- **EU Commission's Séjourné, on trade comments made by US President Trump on Spain, said a threat against an EU member is a threat to the whole EU.**
- **Brazil to sign a safeguard decree as congress finalizes Mercosur-EU ratification, March 5th, according to Estadao citing sources.** Government is opting for a broader regulatory framework for safeguards to prevent potential diplomatic friction with the European Union.
- **Japan and the US are reportedly working to include nuclear power, copper smelting and refining facility projects in the second round of deals under the USD 500bln investment package.**

CENTRAL BANKS

- **Fed's Miran (voter) said it is too soon to have a firm view on the Middle East conflicts inflationary impact. Evidence that oil prices feed into core inflation is limited.** Geopolitics. The Middle East is different to Ukraine, as at that point both monetary and fiscal policy were more expansionary. Markets do not appear to be concerned about the long-term inflation implications, with reference to the Middle East. Jobs market. There is labour market slack, i.e. youth unemployment. A two-year trend of the labour market weakening, it is premature to reject that on a month or two's worth of data. InflationIf housing inflation decelerates as forecast, the Fed could undershoot its 2% target. Monetary Policy. 100bps of easing in 2026 would be appropriate (reiteration). Delivered by 25bps cuts until neutral, then evaluate (reiteration). Appropriate to cut in March, the outlook has not changed due to the Middle East. AI. Block layoffs are indicative of what could occur, but it is only one firm. (Block announced 4k layoffs, of a 10k workforce). Too soon to make an assessment on the outlook for the economy from AI developments. AI job transition should be accommodated via easier policy. Credit SituationIssues do not warrant a change in monetary policy.
- **Fed's Hammack (2026 voter) said it is too soon to determine the economic impact of the Middle East conflict, NY Times reported. Supports holding rates steady for "quite some time".** The Middle East conflict represents a new inflationary risk.
- **BoJ Governor Ueda said wages are expected to rise for a broad range of sectors in this year's wage negotiations, and that annul real wages to gradually turn positive.**
- **BoJ Governor Ueda said if the Bank raises short-term rates in accordance to heightening chance of achieving its price target, long-term rates are likely to move stably reflecting expectations.**
- **ECB's Rehn said inflation expectations over the medium-term remain close to target, reiterates meeting-by-meeting guidance.**
- **Goldman Sachs expects the BoE to cut by 25bps in April, July and November 2026 (prev. forecast March, June and September 2026).**
- **Polish Interest Rate Decision (Mar) 3.75% vs. Exp. 3.75% (Prev. 4%).** EUR/PLN lifted from 4.2640 to 4.2800 on the policy announcement.
- **Thai Central Bank Governor Vitai said they are ready to introduce measures as needed.**
- **SNB Vice Chair said they are ready to intervene in the FX market.** Modest upside was seen in EUR/CHF in proximity to this commentary.
- **CNB's Deputy Governor Frait said the development over the past week may lower space to reduce interest rates and cannot say today how he will vote at next meeting.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Libya's NOC said LNG carrier Artic Metagaz that caught fire off Libyan Coast was en-route from Russia's Murmansk to Egypt's port.**
- **Iraq's Foreign Ministry tells Russian Foreign Minister Lavrov that they are experiencing increasing difficulty when it comes to the export of oil.**

- **Russian President Putin will hold a call with Hungary's Foreign Minister later today to discuss Ukraine, according to Russia's Kremlin.**
- **Russian gas tanker reportedly attacked in Mediterranean Sea; Ukrainian naval drones attacked Russian gas tankers from Libya's coast, according to the Russian Transport Ministry.**

MIDDLE EAST

- **US officials are sceptical of either Iran's or the US' willingness to off-ramp in the short term, relating to Iran's Intelligence Ministry reportedly reaching out to the CIA indirectly a day after the conflict started with an offer to discuss terms, NYT.** Operatives from Iran's Ministry of Intelligence reached out indirectly to the CIA a day after the conflict began, with an offer to discuss terms for ending the conflict, New York Times reported citing sources. US officials are reportedly sceptical that either the Trump administration or Iran is ready for an off-ramp in the short term at least.
- **Iran denied the NYT report that Iran reached out to CIA for talks to end the war** , Tasnim reports.
- **Iranian armed forces said Iran to target Israeli embassies worldwide if Israel attacks the Iranian embassy in Beirut, according to Iranian Media.**
- **US Secretary of War Hegseth, on the timeline for the Iran war, said it could take four weeks, it could be eight, or it could be three.**
- **US Chairman of the Joint Chiefs of Staff Gen. Caine declines to comment when asked about potential US boots on the ground in Iran.**
- **US Secretary of War Hegseth said Iran had no intention of negotiating a nuclear deal with the US.**
- **US Secretary of War Hegseth said America is winning with regards to Iran; said more US forces will be arriving; US will take all the time it needs to ensure success.** US and Israel will have complete control of Iranian skies in under a week. More and larger waves are coming, "we are just getting started". US is accelerating not decelerating. US will be using unlimited stockpile of precision gravity bombs. US can sustain this fight easily for however long it needs to. Confirms US submarine sank Iranian ship in the Indian ocean. US can sustain the fight "easily". General Caine. Will now begin to expand inland. There has been a decrease in the number of missiles and drones being fired by Iran. CENTCOM is shifting from large stand-off strike packages to stand-in precision strikes. Have sufficient precision munitions for the task at hand. Over the next 24-48 hours, US will continue to strike.
- **NATO spokesperson condemns Iran's targeting of Turkey, said NATO stands firmly with all allies.**
- **Iran said it will continue attacks as long as the US continues its attacks.**
- **NATO spokesperson said their deterrence and defence posture remains strong across all domains, including when it comes to air and missile defence.** Stands firmly with all allies, including Turkey, as Iran continues its indiscriminate attacks across the region.
- **US Treasury Secretary Bessent said last night they took full control of Iranian skies; will take out Irans ballistic missiles and bunkers in coming days.** Crude markets are well supplied. There are 100s of millions of barrels on the water, away from the gulf. Speaking on oil, said US will make a series of announcements. Navy will step in provide assurance where needs be and US will provide insurance for ships in the Gulf (in fitting with announcement yesterday). Asked about the SPR, said the market is very well supplied. US is in contacts with many across the world. Situation is different to Russia/Ukraine. Will reach out to ship owners and insurance brokers in the coming days. US has naval and air dominance in the region. Iran regime was "the head of the snake" they will get rid of that snake. Trump has a vision here, and everyone should step back. On Iran and currencies, said need to look to the other side of this. Had been softening the Iranian economy to prepare for the campaign now. China is very vulnerable on energy. China has been paying a big discount on oil. said Spain has been terrible. US is largest contributor to NATO, it was unacceptable that the Spanish were not helpful in regards to Spanish bases. Spain put American lives at risk by not helping. Trade. Tariff rate should move from 10% to 15% this week. Tariff rates will be back to old rates after five months when Section 301 probes are done. Will see more section 301 and 232 studies during the 5 months.
- **Turkish Defence Ministry said ballistic missile was fired from Iran and heading into Turkish airspace was destroyed by NATO air defences in Eastern Mediterranean.** No casualties or injuries regarding the incident; Turkey reserves right to respond to any hostile actions against it.
- **Iran's head of Special Operations Moghaddam was eliminated, Sky News Arabia reported citing Israeli media.**
- **Israeli army reportedly plans to continue its operations in Iran for at least an additional week to two weeks, Sky News Arabia reported.**
- **Israeli official said there are at least two more weeks of Israel attacks on Iran, according to Al Hadath.**
- **IAEA sees no damage to facilities containing nuclear material in Iran and therefore no radiological release risks at the moment; near Isfahan nuclear site, damage is visible at two buildings.**
- **Former Iran Supreme Leader Khamenei's funeral ceremony has been postponed; new schedule will be announced later, reported suggest.**
- **A number of Iranian media reported that an explosion was heard in Karaj, Iran International reported.**
- **Former Iranian Supreme Leader Khamanei's top aide said Iran has no intention of conducting negotiations with the US, Al Jazeera citing Iranian TV.**
- **Heavy explosions heard in east Tehran, Iran, local media reported.**
- **Plume of smoke rising from the US Consulate in Dubai, Iran's IRNA reported.**
- **Israeli Defence Minister Katz said that any leader appointed in Iran will be an explicit target.**
- **Iran launched over 40 missiles at Israeli and US targets a few hours ago, according to Iranian press.**
- **US War Secretary Hegseth said no sense Turkey incident will trigger NATO Article 5; NATO shooting Iranian missile won't trigger Article 5.**
- **Two drone attacks targeted a US military base and a hotel in Iraq's Erbil early on Wednesday.**
- **Saudi Aramco's Ras Tanura refinery (550k BPD) was reportedly struck again by an unknown projectile, according to sources.**

NOTABLE NORTH AMERICAN NEWS

- **US Senator Banks (R-Ind.) wants the Pentagon's Artificial Intelligence Futures Steering Committee to identify China's top AI influencers, and examine the country's security practices, Axios reported citing a letter.**
- **The US Democratic war powers resolution is set to be defeated on Wednesday, Semafor reported citing sources.**

NORTH AMERICAN DATA

- **US ADP Employment Change (Feb) 63K vs. Exp. 50K (Rev. From. 22K, Prev. 11K, Low. 40K, High. 70K).** Median change in annual pay:. Job-stayers 4.5% (prev. 4.5%). Job-changers 6.3% (prev. 6.4%).
- **US MBA 30-Year Mortgage Rate (Feb/27) 6.09% (Prev. 6.09%).**
- **US MBA Mortgage Applications (Feb/27) 11.0% (Prev. 0.4%).**
- **US MBA Purchase Index (Feb/27) 158.9 (Prev. 149.7).**
- **US MBA Mortgage Market Index (Feb/27) 377.5 (Prev. 340.2).**
- **US MBA Mortgage Refinance Index (Feb/27) 1637.5 (Prev. 1432.9, Rev. From 1432.9).**
- **US S&P Global Composite** PMI Final (Feb) 51.9 vs. Exp. 52.3 (Prev. 53)
- **US S&P Global Services** PMI Final (Feb) 51.7 vs. Exp. 52.3 (Prev. 52.3, Rev. From 52.7)

NOTABLE US EQUITY HEADLINES

- **Perplexity has signed a multi-year deal with CoreWeave (CRWV) to help power a new generation of services, Axios reported.**
- **Tesla (TSLA) upgraded at BofA to Buy from Neutral.**