

## Stocks bid and crude hammered as Trump says war could be over soon

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar down, Gold up.
- **REAR VIEW:** Trump said war with Iran could be over soon; G7 to discuss SPR release tomorrow; Trump doesn't rule out seizing Iranian oil; Trump told China fentanyl tariffs will be reimposed under a different law; Trump to review options to combat oil spike; NY Fed inflation expectations little changed; Macron is setting up ship-escort mission to reopen Strait of Hormuz; Mixed reports around Saudi oil production cuts.
- **COMING UP: Data:** Australian NAB Business Confidence (Feb), Chinese Trade Balance (Jan-Feb), Norwegian CPI (Feb), German/French Trade Balance (Jan), US NFIB (Feb), Weekly ADP, Existing Home Sales (Feb) **Events:** EIA STEO **Supply:** Germany, **US Earnings:** Volkswagen.

## MARKET WRAP

It was a historic day for markets, and without sounding cliché "one of two halves", highlighted by WTI seeing its 2nd biggest daily ever move. The day, sentiment, and market moves, turnaround in the last 40 minutes of cash equity trade after Trump, in a CBS phone interview, said the war could be over soon, noting "I think the war is very complete, pretty much. They have no navy, no communications, they've got no Air Force", and that the US is "very far" ahead of his initial 4-5 week estimated time frame." Following these remarks, crude prices were hammered, with WTI and Brent hitting lows of c. USD 81/bbl and c. USD 83/bbl, respectively, against earlier peaks of USD 119/bbl. US equity indices surged, and even closed in the green, with all sectors (aside from Financials and Energy) also reversing losses to close in positive territory. Despite already being firmer vs. the Greenback, Antipodeans extended on daily gains, the Pound flipped to gains, while the Yen pared losses. All in all, the Dollar was smashed, and went from notable strength to lower by c. half-a-percent. In addition, Treasuries saw a notable bid as crude plummeted, with all attention now on Trump's press-conference for 17:30EDT/21:30GMT, which was scheduled before the CBS interview remarks were released. Spot gold also reversed to end the day with gains. For clarity, direction of trade entirely flipped in the last 40 minutes of trade, although the crude complex had already pared a decent chunk of its earlier losses given a couple of bearish reasons. As a reminder, WTI and Brent gapped higher at the open, given the weekend escalations in the Middle East war, and the continued closure of the Strait of Hormuz, but came off highs amid FT reports that the G7 is to discuss a joint release of emergency oil reserves in an emergency meeting on Monday. Note, in the meeting they discussed oil prices but didn't come to an agreement but they are scheduled to meet again on Tuesday, but it is now not clear if this will still be on the agenda given the dramatic swings in oil prices seen after Trump's comments. As you can imagine, Middle East/geopolitics has dominated the tape and likely will so for the foreseeable as US inflation data this week will likely take a backseat given it does not incorporate the recent volatility.

## FIXED INCOME

### T-NOTE FUTURES (M6) SETTLED 2+ TICKS LOWER AT 112-11+

**T-notes gap lower after oil surges but completely reverse, and more, as Trump says the Iran war could be over soon** . 2-year -1.0bps at 3.546%, 3-year -2.1bps at 3.560%, 5-year -3.2bps at 3.685%, 7-year -3.3bps at 3.883%, 10-year -3.6bps at 4.096%, 20-year -4.0bps at 4.687%, 30-year -4.2bps at 4.714%.

**THE DAY:** T-notes gapped lower to resume the week with the 10-year yield hitting highs of 4.216% as oil prices surged to hit peaks of USD 119/bbl. The fears of a prolonged war leading to consistently higher oil prices and higher inflation led to traders pushing back Fed rate cut bets, with the first 25bps cut no longer fully priced until October (vs September after NFP last Friday). However, amid reports of action from global nations to temper the high costs of energy, oil prices ultimately pared the vast majority of gains. This was largely extended on commentary from US President Trump to CBS News after the settlement that he thinks the Iran war is very much complete. Oil prices tanked, entering negative territory on the day, and testing USD 80.00/bbl at the low point. This saw T-notes move higher post-settlement, with Treasury trade largely being dictated by the inflationary aspects of the Iran war. Eyes remain on geopolitical updates this week, but we also have supply and US inflation data due, the CPI and PCE will not incorporate the latest rally in crude prices so will likely be deemed as stale, but still it will be handy to get a picture of how the pricing environment was heading into the war.

### SUPPLY

#### Notes

- US to sell USD 58bln of 3-year notes on March 10th, USD 29bln of 10-year notes on March 11th and USD 22bln of 30-year bonds on March 12th; all to settle on March 16th

#### Bills

- US to sell USD 90bln of 6-week bills on March 10th; to settle March 12th.
- US sold 3-month bills at a high rate of 3.605%, B/C 2.92x; Sold 6-month bills at a high rate of 3.535%, B/C 3.09x

### STIRS/OPERATIONS

- Fed Rate Cut Pricing (bps): March 0, April 1.7bps, June 8.7, December 36.4bps.
- NY Fed RRP op demand at 0.33bln (prev. 1.51bln) across 4 counterparties (prev. 5) on March 9th
- SOFR at 3.65% (prev. 3.66%), volumes at USD 3.198tln (prev. USD 3.294tln) on March 6th
- EFRF at 3.64% (prev. 3.64%), volumes at USD 102bln (prev. USD 106bln) on March 6th

## CRUDE

**NOTE: Oil prices tumbled post-settlement, and fell into negative territory on the day with WTI and Brent hitting troughs of USD 81.19/bbl and 83.63, respectively, after Trump to CBS said "the war could be over soon."**

**WTI (J6) SETTLED USD 3.87 HIGHER AT 94.77/BBL; BRENT (K6) SETTLED USD 6.27 HIGHER AT 98.96/BBL**

The crude complex ended the day with gains, albeit well off peaks, in what was a quite mental day for the energy space .

- Given the weekend escalations in the Middle East war, and the continued closure of the Strait of Hormuz, WTI and Brent gapped higher at the open to eventually reach peaks of USD 119.48/bbl and USD 119.50/bbl, respectively, a mere 30% climb from Friday's close. However, given the concerns arising from the surging oil prices, oil reversed a decent chunk of the gains as FT reported that the G7 is to discuss a joint release of emergency oil reserves in an emergency meeting on Monday, with a source suggesting a joint release in the range of 300-400mln barrels, 25-30% of the IEA's reserves, would be appropriate. Following the meeting between EIA/G-7, French finance minister said strategic oil reserves are ready to use to stabilise oil market, but G7 not there yet, while Japan finance minister remarked that G7 finance ministers would push relevant ministers to release emergency reserves, and agreed they'll closely monitor energy markets and take necessary action. Later reports echoed the earlier ones, that the US believes a joint release of 300-400mln bbls is appropriate, with G7 energy ministers holding further talks on Tuesday. Adding to the reversal in oil prices, was WaPo stating a few senior officials in Israel are starting to voice concern about the escalating, open-ended attack on Iran, suggesting possible exit ramps that might halt the war before it further damages the region and the global economy.
- From the US side of things, and aiding some of the paring, were a couple of reports: 1) Trump saying there is no reason to panic over Iran war oil-price surge, and says 'I have a plan for everything', NYP reports; 2) Trump to reportedly review options to combat spike in oil prices as soon as Monday; options under discussion with the G7 and US agencies include releasing strategic reserves, limiting exports, intervening in futures, waiving taxes, and easing the Jones Act.
- Overall, WTI and Brent still closed with gains, but way off aforementioned peaks, with the days range being c. USD 26/bbl for WTI and USD 22/bbl for Brent. Ahead, all attention remains on the Middle East war and further developments and measures to combat the surging oil prices, as at the moment, a de-escalation doesn't seem close.

## EQUITIES

**CLOSES:** SPX +0.84% at 6,797, NDX +1.32% at 24,967, DJI +0.50% at 47,741, RUT +1.05% at 2,552.

**SECTORS:** Technology +1.80%, Communication Services +1.13%, Health +0.95%, Consumer Staples +0.57%, Industrials +0.56%, Materials +0.31%, Real Estate +0.23%, Utilities +0.19%, Consumer Discretionary +0.11%, Energy -0.43%, Financials -0.52%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.54% at 5,689, Dax 40 -0.83% at 23,394, FTSE 100 -0.34% at 10,250, CAC 40 -0.98% at 7,915, FTSE MIB -0.29% at 44,025, IBEX 35 -0.86% at 16,928, PSI -0.78% at 8,876, SMI -1.08% at 12,955, AEX +0.27% at 983.

**STOCK SPECIFICS:**

- **Vertiv (VRT), Lumentum (LITE), & EchoStar (SATS)** will be included into the SPX, effective BMO on March 23.
- **Match (MTCH), Molina Healthcare (MOH), & Paycom (PAYC)** will be removed from the SPX, effective BMO on March 23
- Starboard Value has built a sizeable stake in **Lamb Weston (LW)**; also, to be removed from SPX effective March 23rd.
- **Live Nation (LYV)** close to settling a federal antitrust lawsuit w/o Ticketmaster sale.
- **Novo Nordisk (NOVOB DC)** confirms will sell WeGovvy and Ozempic on **Hims & Hers (HIMS)** platform.

## FX

- In FX, the whole days moves reversed after US President Trump told CBS in a phone interview that the war could be over soon, and he said "I think the war is very complete, pretty much. They have no navy, no communications, they've got no Air Force", and he added that the US is "very far" ahead of his initial 4-5 week estimated time frame. As such, the Dollar got slammed to see the DXY reverse notably into the red, with AUD, NZD, and GBP gaining on risk-on sentiment. USD/JPY reversed from c. 158.35 to 157.75, as participants now await Trump's previously scheduled press conference at 17:30EDT. Since the moves, money markets are no longer fully pricing in an ECB hike this year, when just this morning there was two (50bps) priced in.

**BELOW IS THE DAY BEFORE TRUMP SAYS "WAR COULD BE OVER SOON":**

- **The Dollar Index** was bid to start the week amid haven flows as the Middle East conflict continues to escalate, with no sign of it abating or peace negotiations. As you can imagine, there was once again a plethora of geopolis headlines ([see crude wrap for more details](#)), but one of the headlines is that the G7 is meeting again tomorrow to discuss a possible oil reserve release, with US reportedly believing a joint release of 300-400mln barrels of oil is appropriate. Note, no decision has been made yet and while they met today they didn't come to a decision, but on Tuesday they may. There is no Fed speak given blackout ahead of the confab next Wednesday, where the Committee have a lot to digest ([Newsquawk analysis piece here](#)). Also a

lack of data, aside from the release of NY Fed SCE, whereby labour market expectations decline slightly overall, inflation expectations tick down at short-term Horizon, and delinquency expectations improve. Ahead, all focus resides around the Middle East, although there is US CPI (Wed), PCE and JOLTS (Fri), albeit with the inflation data likely taking a back seat given the recent developments.

- **G10 FX** is being dominated by Dollar flows, and the macro picture, as opposed to anything currency-specific. Antipodeans were the only G10s gaining vs. the Greenback, with the AUD the worst performing G10 currency in the past 5 day in the spot market, so potentially just attempting to erase some of the extensive losses. This comes despite Australia being an energy exporter, it has historically traded as the risky currency of the G10. Havens, CHF and JPY, were the laggards and hit by the aforementioned Dollar strength as USD/JPY hit a high of 158.90, continue to edge closer to the touted intervention zone of 159-160. However, the sustained oil strength may blunt any FX intervention impact.
- **GBP, CAD, and EUR** all saw losses to varying degrees. The Loonie saw its best performance overnight as oil prices surged, but as they've pared back, so has the CAD to end the session with mild losses. For the Euro, it extended losses as higher energy prices hit net-importers and lifted inflation expectations, as money markets this morning fully priced in two ECB hikes in 2026 (vs. none pre-war), albeit it is now back to 1 hike priced in by year-end. On the Middle East, French President Macron said France is "setting up a ship-escort mission to reopen the Strait of Hormuz", and added that the escort mission is possible once the hottest phase of the war is over. This prompted modest upside in the EUR at the time, but the pair looks to end the session towards the top end of a 1.1507-1.1599 range.

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