

Risk-on reverses after Hormuz mine reports

- **SNAPSHOT:** Equities down, Treasuries mixed, Crude down, Dollar up, Gold up
- **REAR VIEW:** Reports suggest Iran has begun deploying mines in Strait of Hormuz; Trump sees no reports of them doing so, but threatens significant military action if they are not removed; US Energy Secretary Wright, in a now deleted post, said the US Navy has escorted an oil tanker through the Strait of Hormuz (later rejected by WH officials); IEA meeting reportedly ends with no decision on crude stockpile release; Weak US 3yr note auction; US existing home sales rise in Feb.; Oil tanker explosion near Abu Dhabi; AMZN attracts ~\$126B of orders for US bond sale.
- **COMING UP: Data:** German HICP Final (Feb), US CPI (Feb). **Events:** OPEC MOMR. **Speakers:** ECB's de Guindos, Schnabel; BoE's Breeden; Fed's Bowman. **Supply:** Australia, Japan, Germany, US

MARKET WRAP

US indices ended the day with modest losses, in what was, once again, a day dominated by Middle East headlines with conflicting rhetoric. Markets initially, and for much of the day, followed Trump's comments last night that the "war would be over soon", which sparked pronounced risk-on trade. Despite these comments, there was no suggestion of it coming to fruition on Tuesday, highlighted by Secretary of War Hegseth saying that today will be the most intense strikes on Iran yet. As such, and on the Trump comment Monday evening, trade was initially risk on with gold and stocks gaining, Dollar and oil slumping, with the latter's move helping Treasuries firm. Further extending the oil downside, and to session lows, was US Energy Secretary Wright saying, in a now deleted post, the US Navy has escorted an oil tanker through the Strait of Hormuz. As he deleted this post, and a WH official confirmed this wasn't true, the moves reversed. Thereafter, and further flipping the moves already seen on Tuesday, which saw equities pare all gains, was multiple reports that US intelligence has begun to see indications Iran is taking steps to deploy mines in the Strait of Hormuz shipping lane, which would be a significant escalation and also further threaten the supply of oil. Following this, which saw broad risk-averse moves, Trump posted on Truth that if Iran has put out any mines in the Hormuz Strait, they want them removed, IMMEDIATELY, and if they do not, military consequences to Iran will be at a level never seen before. If, on the other hand, they remove what may have been placed, it will be a giant step in the right direction! Overall, and at the time of writing, Dollar sees slight gains with AUD, the clear G10 gainer, which it has been for the duration of the session, on hawkish RBA rhetoric, while Treasuries are now weaker and also hit by a dismal auction. Precious metals retain strength, but well off peaks, as attention remains around further Middle East developments and US CPI on Wednesday, albeit likely taking a backwards seat.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 3 TICKS HIGHER AT 112-14+

T-notes mixed as oil prices trim weakness. At settlement, 2-year -1.4bps at 3.578%, 3-year -1.8bps at 3.593%, 5-year -1.4bps at 3.722%, 7-year -0.8bps at 3.920%, 10-year +0.6bps at 4.140%, 20-year +2.0bps at 4.737%, 30-year +3.5bps at 4.774%.

THE DAY: T-notes were mixed on Tuesday as energy prices drove price action once again. The curve initially bull steepened as it unwound some of the flattening seen amid the Middle East conflict as oil moves from recent peaks following Trump's comments on Monday about ending the war. Thereafter, corporate issuance returned in full swing today with Amazon (AMZN), Salesforce (CRM) and Honeywell (HON) entering the market, looking to raise USD 25-30bln, USD 25bln and USD 16bln, respectively, notching a fresh record high for single-day corporate bond issuance. T-note futures hit lows after the Amazon offering and the ADP report. Further, the 3-year auction was very weak, tailing by 1.1bps, ahead of the 10 and 30-year issuance on Wednesday and Thursday. Ahead of settlement, short end yields picked up sharply following the rebound in oil as pessimism grew over the US Navy escort of oil tankers in the Strait of Hormuz after CBS reported that US intelligence have begun to see indications Iran is taking steps to deploy mines in the Strait of Hormuz shipping lane. Data saw existing home sales rise 1.7% M/M to 4.09mln, above the 3.89mln forecast. The Weekly ADP Employment change rose to 15.5k from the prior 12.75k. Meanwhile, the BofA Consumer Checkpoint Survey saw strong spending growth to the highest in three years.

SUPPLY

Notes

- USD 58bln of 3-year notes; tails 1.1bps.
- Overall, a very weak 3yr auction, highlighted by the 1.1bps tail, which was the first tail since August '25. Compared to recent averages, the last auction was 0.1bps stop-through, with the six-auction average a 0.6bps stop-through. Bid-to-cover was 2.55x, shy of both of the previous 2.62x and the avg. of 2.69x. Looking at the breakdown, Directs took 20.7% (prev. 31.9%, avg. 25.3%) and Indirects took 59.8% (prev. 57.1%, avg. 64.3%), leaving Dealers with a chunky 19.5% of the auction, against the 10.9% take-home last time out, and the six-auction average of 10.5%.
- 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 Treasury to sell USD 69bln of 17-week bills on March 11th, USD 100bln of 4-week bills and USD 90bln of 8-week bills on March 12th; all to settle on March 17th
- US sold 6-wk bills at a high-rate of 3.635%, B/C 2.98x

STIRS/OPERATIONS

- Fed Rate Cut Pricing: March 0bps (prev. 0bps), April 1.7bps (prev. 1.7bps), June 9.8bps (prev. 8.7bps), December 39bps (prev. 36.4bps)
- NY Fed RRP op demand at USD 0.28bln (prev. 0.33bln) across 4 counterparties (prev. 4)
- SOFR at 3.65% (prev. 3.65%), volumes at USD 3.173tln (prev. USD 3.198tln) on March 9t
- EFRF at 3.64% (prev. 3.64%), volumes at USD 99bln (prev. USD 102bln) on March 9th
- Treasury Buyback (Cash Management, 1mth to 2-year, max. USD 15bln): Accepts USD 14.697bln of USD 40.989bln; accepts 24 out of 52 eligible issues.
- NY Fed Reserve Management T-bill Purchases (Maturity July 16th 2026 -February 18th 2027): Accepts USD 6.676bln of 32.133bln offers

CRUDE

WTI (J6) SETTLED USD 11.32 LOWER AT 83.45/BBL; BRENT SETTLED USD 11.16 LOWER AT 87.80/BBL

The crude complex was slammed on Tuesday, albeit with the main driver coming after settlement on Monday, as Trump said the "war could be over soon". That remark drove price action, and saw WTI and Brent tumble to c. USD 81/bbl and USD 84 in late trade last night. Today, the move has continued and saw benchmarks fall even lower to 76.73 and 81.16, respectively, albeit on new contributing headlines, but pared losses into settlement. Overnight, Trump noted that "If Iran does anything that stops the flow of Oil within the Strait of Hormuz, they will be hit by the United States of America TWENTY TIMES HARDER than they have been hit thus far". Of course, the Strait of Hormuz remains of paramount importance for global supply, and we saw choppy price action on this in the latter part of the US session. As US Energy Secretary Wright posted on X, the US Navy has escorted an oil tanker through the Strait of Hormuz. The complex saw significant weakness, to the aforementioned lows, but swiftly pared some of these losses as Wright deleted his post and WH officials confirmed the US Navy has not escorted a tanker through the Hormuz. Further adding to the paring of losses, which saw WTI swing in a USD 10/bbl range in the hour-or-so of cash trade, was CBS's report that US intelligence has begun to see indications Iran is taking steps to deploy mines in Strait of Hormuz shipping lane. Furthermore, just after the settlement, FT reported that the IEA meeting ended with no decision on crude stockpile release.

EQUITIES

CLOSES: SPX -0.21% at 6,781, NDX -0.04% at 24,956, DJI -0.07% at 47,707, RUT -0.22% at 2,548

SECTORS: Energy -1.32%, Health -0.73%, Utilities -0.65%, Industrials -0.57%, Financials -0.55%, Real Estate -0.16%, Materials -0.15%, Consumer Staples -0.13%, Consumer Discretionary -0.01%, Technology +0.08%, Communication Services +0.26%.

EUROPEAN CLOSES: Euro Stoxx 50 +2.73% at 5,841, Dax 40 +2.25% at 23,935, FTSE 100 +1.59% at 10,412, CAC 40 +1.79% at 8,057, FTSE MIB +2.67% at 45,202, IBEX 35 +3.05% at 17,445, PSI +1.67% at 9,024, SMI +0.42% at 13,055, AEX +1.98% at 1,002.

STOCK SPECIFICS:

- **Nvidia (NVDA)** preparing open-source AI agent platform, NemoClaw.
- **Apple (AAPL)** increased iPhone prod. in India by ~53% in 2025 to 55mln units & now makes c. 25% of its iPhones there.
- **BioNTech (BNTX)** said co-founders are leaving to found a new Independent venture by the end of 2026.
- **Kohl's (KSS):** Rev. light as was midpoint of FY profit view.
- **TSMC (TSM):** Jan. & Feb. rev. +30% Y/Y, supported by AI infrastructure demand before conflict in the Middle East.
- **Hewlett Packard Enterprise (HPE):** Profit topped & lifted outlook for networking rev. w/ a surge in enterprise AI server orders; Q rev missed.
- **Bunge (BG)** announced a USD 3bln share repurchase programme.
- **Qualcomm (QCOM)** downgraded at BofA to 'Underperform' from 'Neutral'.
- **Rivian Automotive (RIVN)** upgraded at TD Cowen to 'Buy' from 'Hold'.
- **Boeing (BA)** says wiring flaws will slow some 737 MAX deliveries, according to WSJ. It does keep the delivery goal of 500 737 MAX planes this year, however.
- **Salesforce (CRM)** - Plans to sell up to USD 25bln of bonds to fund buybacks.

FX

The Dollar was mixed against major peers as Middle East newsflow dominated market moves. Optimism faded over the day on the late rebound in oil prices following a CBS report that US intelligence has begun to see indications Iran is taking steps to deploy mines in the Strait of Hormuz shipping lane. This weighed on hopes that the US Navy would efficiently be able to escort oil tankers through the Strait of Hormuz, and with Trump saying on Tuesday that the US will hit Iran twenty times harder if Iran does anything to impact flows in the Strait, this was seen as a significant escalation. DXY bounced off lows, flipping into the green as the above events unfolded, yet still shy of the 98.939 highs. Elsewhere, there was little to be said as main events pertained to geopolitics/energy. On Wednesday, CPI is due for February, but will likely take a backseat and be largely stale given the recent developments.

AUD outperformed during the session, supported by several factors: initial improved risk sentiment, strength in base metals,

constructive Chinese data, sell-side banks expecting an RBA rate hike next week, and comments from RBA's Hauser that there will be a "very genuine policy debate" at the upcoming meeting. AUD/USD hit new yearly highs of 0.7169 before paring to 0.7134.

GBP, EUR, JPY, and **CHF** all lagged with marginal weakness. Currency-specific news was lacklustre with bets over rate hikes regarding the BoE and ECB trimming notably amid the pullback in oil.

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