

European Market Wrap - 11th March 2026

- IEA recommended the release of a record 400mnl barrels of oil; crude complex came under modest pressure, but reversed given it coincided with remarks via US President Trump.
- US President Trump tells Axios there's "practically nothing left" to target in Iran; "Little this and that... Any time I want it to end, it will end".
- European bourses entirely in the red; Rheinmetall slipped post-earnings, whilst Oracle soars after strong AI cloud sales.

EQUITIES

- **European bourses (STOXX 600 -0.6%)** held onto earlier losses, with the IBEX 35 the only index that traded either side of the unchanged mark, helped by gains in **Inditex (+2.1%)**. The Co. posted positive earnings in which Q4 EBIT topped estimates and boosted capex.
- **Sectors** ultimately ended mixed. **Energy (+1.0%)** topped the sector pile as energy prices climb modestly while **Retail (+0.7%)** followed closely behind due to the aforementioned Inditex earnings. At the bottom lied **Real Estate (-1.6%)**, due to the effect of higher yields, and **Industrial Goods and Services (-1.3%)**, which was weighed on by losses in **Rheinmetall (-6.5%)**. The German defence giant released FY revenue that missed estimates and guided 2026 revenue softer than expectations.
- Other key movers include **Legal & General (-6.4%)**, **Porsche AG (+0.7%)** and **Italian banks Mediobanca (+1.9%)** and **BMPS (+0.5%)**. For the UK insurer, L&G announced FY core operating profit that missed analyst estimates. Despite this, the Co. announced a EUR 1.2bln share buyback programme. For Porsche, the Co. missed FY revenue estimates and guided 2026 revenue and RoS below expectations, but highlighted its continued shift toward cost cutting and streamlining its management structure. Finally, for the Italian banks, the Co's have approved a merger plan in which Mediobanca will be incorporated into BMPS, with the merger to be completed by the end of 2026.
- **US equity futures trades mixed (ES -0.1%, NQ +0.1%, RTY U/C)**, but under mild pressure recently. The weakness came following an Axios report that cited officials are looking for at least two more weeks of strikes, and recent upside in energy following the IEA recommendation of a 400mnl barrel release. February's CPI came in-line with market estimates, resulting in equities to modestly dip before paring back to losses heading into the cash session. - Key mover today is Oracle (+10.5%). The Co. reported earnings and revenue above expectations, and raised its FY revenue guidance as cloud revenue surged.

FX

- **DXY spent the European session contained within a 98.69-99.18 range**, posting incremental gains. Focus for the USD has ultimately been on the geopolitical situation, which is currently not showing signs of ending any time soon. From an inflationary perspective, energy prices are firmer this morning, and saw only incremental pressure following the IEA's recommendation that members agree to a 400mnl barrel release (see commodities section below). At the same time, **US President Trump told Axios that "any time I want it to end, it will end"**, adding that the war with Iran will end "soon", because there's nothing left to target. Perhaps a little redundant at this stage, but US CPI was also released – both headline and core metrics were in-line with expectations. The data continues to show inflation is sticky around these levels, though ahead, analysts see potential upside risks amid the Middle East conflict. DXY saw some modest upside on the metrics, but then pared the move soon after.
- **The Aussie extended on recent outperformance**, as more banks now expect the RBA to hike rates at next week's meeting. NAB and Westpac are the latest banks seen supporting a hike, joining the likes of Goldman Sachs and Bank of America. Delving into Westpac briefly, the bank previously forecast a hike in May, but the analysts now believe that the RBA will be "compelled to react" to the recent strength in oil prices. AUD/USD currently trades towards the upper end of a 0.71128 to 0.7185 range.
- **JPY mildly underperformed**, alongside pressure with other net-importers of oil, including EUR and CHF. **USD/JPY** ventured back into the touted "intervention zone", beyond the 158.00 mark - though desks question the efficacy of intervening as the Iran war continues.
- **EUR/USD** traded within a 1.1577-1.1645 range. Today, there was a slew of ECB speakers, with particular focus on Kazimir, who suggested that a rate hike on Iran may be closer than thought. This spurred some very modest upside in the EUR at the time, but was ultimately short-lived, given that he stated there is no reason to move rates at the next meeting.

FIXED

- Overall, **a bearish session for fixed benchmarks**. Action driven by energy, ECB speak and supply.
- Energy benchmarks have been climbing throughout the day. See the crude wrap for details. A point that has factored in the day's bearish fixed action, with **USTs** set to end the European day at a low of 112-00 with downside in excess of 10 ticks.
- A number of **ECB officials** have spoken today. The **headline remarks came from Kazaks and Kazimir**. Kazaks outlined that the ECB could act if the conflict lifts inflation expectations, while Kazimir said an Iran-related rate hike could be closer than thought, though clarified that there is no reason to act in March. **Commentary that has factored in EGB pressure with Bunds set to end the European day in close proximity to a 126.38 base, lower by over 80 ticks**.
- In terms of ECB pricing, the odds of a hike by end-2026 have ticked higher with a move fully priced, but some way off last week's peak when two 25bps hikes were priced.

- Finally, supply. **JGBs** were supported overnight by a **strong 5yr outing**, which lifted it to a 131.98 high, stalling just shy of Tuesday's 132.01 peak. Thereafter, a **2036 Bund tap was weak** and added to the bearish bias. **Ahead, we have a US 10yr tap**, following a poor 3yr outing last night.
- Note, for **Gilts**, today has seen the release of the first government-related Mandelson documents. While the release is still being digested and the documents do highlight that officials had reservations about the appointment of Mandelson, we are yet to see anything particularly damning for PM Starmer in the initial batch. **Gilts themselves underperform, with downside in excess of a point** as markets struggle to settle on when the next BoE move will occur.
- **Amazon (AMZN)** boosts EUR-bond offering to EUR 14.5bln, Bloomberg reported.
- **Germany sold EUR 3.811bln vs exp. EUR 5bln 2.90% 2036 Bund: b/c 1.18x (prev. 1.46x), average yield 2.89% (prev. 2.73%), retention 23.78% (prev. 22.9%).**
- **Vnet (VNET)**, China's largest data centre operator, is considering a dollar bond sale to fund expansion, Bloomberg reported citing sources.

COMMODITIES

- **Crude benchmarks picked up early doors on updates by the UKMTO** of a total of three incidents in the Middle East today. But, for the most part, the complex was waiting for the IEA recommendation and then G7 action on crude.
- To remind, numerous outlets suggested that the headline figure would be a 300-400mIn barrel release but that this might only see 100k worth in the month; a point of note as, in the near-term, the flows into the market are potentially more important than the headline figure.
- **The IEA recommendation was as-expected** on a headline level, with **400mIn announced**. Details around the release schedule are a little light, with Birol guiding us to more information in "due course" and specifying that the timeframe will be appropriate to each member country. Pertinently, this **hit alongside an interview with POTUS, where Trump said the Iran conflict could end whenever he wants, though Axios added that officials are preparing for at least two more weeks of strikes.**
- Those two updates **lifted Brent by around three dollars over the release window, but the benchmark has thus far failed to retest the USD 92.98/bbl session peak.** Weekly inventories didn't spark any move.
- **Spot gold** is lower today, by around USD 20/oz and at the lower end of USD 5162-5222/oz parameters. A range that is, thus far, modest when compared to recent days. Downside was a function of USD strength (ex-AUD) and a modest hawkish repricing, particularly in Europe, after ECB commentary. Downside picked up on the US CPI release, despite it being a broadly in-line series on a headline basis; attention instead on the PCE components, which were hot with Pantheon Macroeconomics looking for the core deflator to remain at 0.4% in February.
- **Base peers** were rangebound in APAC trade but then came under pressure in the European morning as the risk tone soured. 3M LME Copper under USD 13k/t, but set to see the day out just off lows.
- **IEA Recommendation: members agree to a 400mIn barrel release.** "The emergency stocks will be made available to the market over a timeframe that is appropriate to the national circumstances of each Member country and will be supplemented by additional emergency measures by some countries." "The IEA Secretariat will provide further details of how this collective action will be implemented in due course. It will also continue to closely monitor global oil and gas markets and to provide recommendations to Member governments, as needed".
- **OPEC MOMR (Mar): 2026 world oil demand forecast remains at 1.4mIn BPD (unchanged from the Feb MOMR), 2027 world oil demand forecast remains at 1.3mIn BPD (unchanged from the Feb MOMR).**
- **US Interior Secretary Burgum said the Texas refinery and Venezuela will help bring down gas prices; there are lots of options to ensure shipping and energy is open, via Fox News.** These are the kinds of moments these reserves are used for. Perfect time to think about releases.
- **Japanese PM Takaichi said to start releasing part of its oil reserves as early as on March 16; to release 15 days worth of private sector oil reserves and one month worth of state oil reserves.**
- **Iraq's oil ministry has sent a letter to the Kurdistan regional government for the export of at least 100k BPD via the Kurdistan pipeline to Turkey's Ceyhan, according to oil officials.**
- **EU Commission President von der Leyen** said Europe's dependency on fossil fuels have cost it EUR 3bln in extra costs in the first 10 days of the Iran war, returning to Russian fossil fuels in the current crisis would be a strategic blunder. EU is preparing options to lower energy prices, which include better use of purchase power agreements and CFDs, state aid measures, gas price subsidies or caps.

EUROPEAN DATA

- **Spanish Retail Sales YoY (Jan) Y/Y 4.0% (Prev. 2.9%).**
- **Spanish Retail Sales MoM (Jan) M/M 0.1% (Prev. -0.8%).**
- **German Inflation Rate YoY Final (Feb) Y/Y 1.9% vs. Exp. 1.9% (Prev. 2.1%, Low. 1.9%, High. 1.9%).**
- **German Inflation Rate MoM Final (Feb) M/M 0.2% vs. Exp. 0.2% (Prev. 0.1%).**

NOTABLE HEADLINES

- **Swedish Government sees 2026 GDP growth at 2.8% (prev. 3.0% in Dec), 2027 at 2.5% (prev. 2.3%), and 2026 CPIIF at 1.2% (prev. 1.1%).**
- **UK's Chancellor Reeves** said there will be dislocation in the labour market, and a response is needed.

TRADE/TARIFFS

- **Ireland Prime Minister** is planning to talk about EUR 6.1bln in investment into the US during the visit on March 17th, WSJ reported.

CENTRAL BANKS

- **Fed's Bowman** said she will give a speech tomorrow to broadly outline the contours of the capital package ahead of finalizing the fed's capital proposals by month end. Fed is looking at asset thresholds to reassess calibration/tailoring of bank supervision.
- **Senate Banking Committee Chair** spoke with Fed Chair Powell, recommended that he comes before the committee to give testimony and get the issue behind them, CNBC interview.
- **ECB's de Guindos** said risks are tilted to the downside, macroeconomic projections will be much more complicated now.
- **ECB's Kazaks** said the ECB could act if war raises inflation expectations.
- **ECB's Kazimir** said a rate hike on Iran may be closer than thought; no reason to act at next week's meeting.
- **ECB's Villeroy** said he does not expect a rate hike at next week's ECB meeting, said energy costs are a minor part of consumer spending, said banks should stay calm amid the Iran crisis.
- **ECB's Nagel** said the ECB will act decisively if an energy spike feeds into durably higher inflation; the risk of higher inflation has risen, economic outlook has deteriorated; the latest US statements on Iran war offer cause for hope.
- **CNB's Kucinek** said the Iran war impact looks transitory, current rates not restrictive for the economy.

GEOPOLITICS

RUSSIA-UKRAINE

- **Hungary's Deputy Energy Minister** said the fact-finding committee is on its way to Ukraine to form conditions for restarting oil flows on Druzhba pipeline.
- **Russia's Kremlin** said Istanbul is a possible location for talks next week but there is no specific clarity yet.

MIDDLE EAST

- **US President Trump** tells Axios there's "practically nothing left" to target in Iran; "Little this and that... Any time I want it to end, it will end". Trump told Axios in a brief phone interview Wednesday that the war with Iran will end "soon" because there is "practically nothing left to target.". "The war is going great. We are way ahead of the timetable. We have done more damage than we thought possible, even in the original six-week period". Officials preparing for at least two more weeks of strikes, Axios said.
- **Iran will not allow a single litre of 'hostile oil' to pass Hormuz.**
- **US CENTCOM** said US force continue delivering devastating combat power against Iran; said they are striking hard every day, struck over 5,500 targets in Iran, including over 60 ships.
- **Israel assesses that Trump not close to instructing end to war and Israeli officials acknowledge no certainty that war on Iran will lead to collapse of its clerical system.**
- **Iran** said it has full capability to block the Strait of Hormuz.
- **Iran's Khatam Al-Anbiya spokesperson** said Tehran's policy of 'reciprocal hits' has ended and will carry out 'continuous strikes' from now on. Tells US it will be able to control oil price with 'artificial measures' and get ready for USD 200/bbl oil.
- **Israeli defence minister** said war on Iran will continue without any time limit.
- **Iran's Revolutionary Guards** say will continue to fight until "shadow of war" is lifted over Iran, according to a statement.
- **Jersusalem Post**, citing defence sources, said Iran regime change is not military goal, but creating conditions for it is.
- **Iran's Joint Command Spox** said US and Israeli banks will be hit after an attack on an Iranian bank, via IRNA.
- **Maersk (MAERSKB DC) CEO** tells the WSJ that 10 ships are trapped in the Persian Gulf and would need at least 10 days to resume normal operations if a ceasefire was to occur.

NOTABLE NORTH AMERICAN NEWS

- **US regulators plan to relax some capital proposals for Wall Street as soon as next week, Bloomberg reported.**
- **US asked Romania to temporarily host its refuelling planes.**
- **Chinese officials frustrated by lack of US details for summit, NYT reported.**

NORTH AMERICAN DATA

- **US Core Goods and Services & Supercore (Feb 2026):.**
- **US Core Inflation Rate YoY (Feb) Y/Y 2.5% vs. Exp. 2.5% (Prev. 2.5%, Low. 2.4%, High. 2.7%).**
- **US Inflation Rate MoM (Feb) M/M 0.3% vs. Exp. 0.3% (Prev. 0.2%, Low. 0.1%, High. 0.3%); 3dp: 0.267% (prev. 0.171%).**
- **US Core Inflation Rate MoM (Feb) M/M 0.2% vs. Exp. 0.2% (Prev. 0.3%, Low. 0.2%, High. 0.3%); 3dp 0.216% (prev. 0.295%).**
- **US Inflation Rate YoY (Feb) Y/Y 2.4% vs. Exp. 2.4% (Prev. 2.4%, Low. 2.3%, High. 2.6%).**

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