

## European Market Wrap - 16th March 2026

- European bourses reversed earlier losses and is to end the session with decent gains amid energy benchmark action.
- DXY pulled back with crude prices reversing aggressively after trading USD north of USD 100/bbl apiece earlier in the European session.
- US President Trump said the Iranian war will end soon; said Iran is "not ready" for deal; cost of conflict is "negligible"; declines to comment on ground troops in Iran.

### EQUITIES

- **European bourses** reversed earlier losses and is to end the session with decent gains amid energy benchmark action. The FTSE 100 was the outperformer but closely followed by the DAX 40, as Commerzbank supported the index following the announcement by UniCredit that it will make a takeover bid of EUR 35bn.
- **Sectors** are broadly in the green. **Real Estate** and **Banks** topped the pile, a pattern that has consistently formed on days when oil prices fall due to its effect on prices (and thus policy decisions and global growth). **Media** and **Autos** ended the session with modest losses.
- Other key movers included **Segro, STMicroelectronics and Bayer**. For Bayer, its finerenone drug met the primary endpoint in a phase 3 study, improving the filtration rate in patients with non-diabetic CKD. For Segro and STMicro, both Co.'s benefited from positive broker commentary, with the former upgraded to overweight from equal weight at MS while the latter was reaffirmed with an outperform rating at Oddo Securities.
- **US equity futures** have extended on pre-cash strength, as crude prices return back below USD 100/bbl. As a reminder, the current correlation between the S&P 500 and WTI sits at around -0.91.

### FX

- **DXY** - Picked up losses after initially reclaiming 100.00 before moving lower again as crude prices waned (more details below), trading between 99.81-100.48 and still within Friday's 99.59-100.54 band. Elsewhere, it is a heavy central bank week. Reports say President Trump is seeking a coalition to reopen Hormuz and is weighing further action around Kharg Island, while urging NATO and China involvement. Further downticks were seen across oil, and the USD after Trump once again reiterated that the Iranian war will end soon, although he said similar this time last week. The FOMC on Wednesday is expected to hold rates, with no cut priced until Q4-2026.
- **EUR/USD** - EUR/USD rebounded from near a seven-month low but remained below 1.1500 (1.1414-1.1502 range). Quiet Eurozone-specific flow, but the focus was on oil prices, with the USD moving in tandem with energy. The ECB is expected to hold the Deposit Rate at 2.0% Thursday, though markets now fully price a 25bp hike by year-end amid higher energy-driven inflation risks.
- **GBP/USD** - Sterling edged higher with the softer USD after touching a YTD low. The UK is set to unveil a GBP 50mln household support package tied to the energy shock, while exploring closer EU tuition arrangements. GBP/USD reclaimed 1.33 in a 1.3220-1.3314 range. Later in the week, the BoE is expected to hold its rate at 3.75%, though pricing has shifted more hawkish on inflation concerns.
- **USD/JPY** - USD/JPY traded choppy but eventually weakened alongside the DXY in a 158.87-159.75 band. Japan's Finance Minister Katayama overnight reiterated a readiness to take decisive FX steps if needed. Later in the week, the BoJ is expected to maintain rates at 0.75%, though markets still see scope for a hike by June.
- **Antipodeans** - Heavily outperformed, the NZD led despite mixed domestic data overnight, whilst AUD/USD reclaimed 0.7000 ahead of the RBA decision (full Newsquawk preview available), where another rate hike is widely expected.
- **Chinese commercial banks purchased a net USD 42.8bln of FX in Feb (vs USD 79.8bln in Jan), according to the Chinese FX regulator.**

### FIXED INCOME

- **A very contained start for fixed income has developed into a session of notable gains with energy action once again driving**
- See Commodities for details, but the pullback in energy benchmarks has underpinned fixed and lifted USTs to a 111-29 peak with gains in excess of 15 ticks at best. For the US, the main focus point ahead is a **news conference by President Trump** before the Kennedy Board meeting, a meeting we expect around 15:45GMT.
- In Europe, action is much the same. **Bunds** at a 126.42 peak with upside of over 50 ticks at best. Driven by the energy pullback. More broadly, we count down to the ECB on Thursday, where the focus will be on just how hawkish the statement and/or Lagarde is, in the context of the energy shock.
- **Gilts**, as is often the case, are directionally in-fitting but posting upside of a larger magnitude. At best, **the benchmark has been above 89.50 with strength in excess of a full point at best.** Though, as is the case for peers, Gilts remain in proximity to recent lows.

### COMMODITIES

- **Crude Futures** - WTI and Brent reversed gains and have most recently extended to the downside. Initial action came as

markets digested the weekend escalation in Iran and renewed risks to regional energy infrastructure. Over the weekend, the US struck military targets on Kharg Island, though oil infrastructure was left intact. More recently, downside was exacerbated after US President Trump once again reiterated that the Iranian war will end soon, although he said the same thing this time last week. Elsewhere, IEA's Birol suggested that the IEA "still have lots of stocks left". WTI traded towards the bottom of a USD 92.97-102.44/bbl range while Brent traded in a USD 99.81-106.50/bbl parameter.

- **Nat Gas** - Gas firmed alongside crude during the morning as geopolitical risk underpinned the complex at the time, although prices waned off best levels in tandem with oil, with front-month Dutch TTF still underpinned near EUR 51/MWh amid ongoing supply uncertainty.
- **Spot Gold** - Spot gold looks to end the session flat in choppy conditions within a USD 4,967.77-5,038/oz band, largely tracking USD moves and oil-driven inflation concerns into a week packed with central bank announcements
- **Base Metals** - Base metals eventually, for the most part, traded higher as the USD fell and oil prices waned. Copper rebounded from Friday's lows but gains were capped by cautious risk appetite. Aluminium Bahrain began a phased shutdown of Reduction Lines 1-3 (around 19% of its 1.62mtn-tonne annual capacity) following the effective closure of the Strait of Hormuz.
- **IEA's Birol reiterated that the Middle East conflict is creating the largest ever supply disruption. Oil prices are significantly lower W/W. The reserve release provides a buffer, but is not a lasting solution.** IEA Action. Barrels are flowing to Asia, as a result of IEA action. Over 20mtn barrels in the Americas will stem from increased production. Monitoring to ensure barrels get to the market in a timely manner. Despite the huge release, still have a large stockpile. Can do more later, if required. Non-IEA nations are looking to see what support they can provide. Focus Points. The most important thing is the resumption of flows through the Strait of Hormuz. Even if the Strait opened tomorrow, it would take time for flows to recover. General Commentary. The impact is most significant in Asia. The impact on consumers and similar is most notable in EM/developing markets. Middle East producers are being impacted.
- **BofA** raises Brent oil forecast to USD 77.50/bbl in 2026 (vs prior forecast of USD 61/bbl) amid ongoing Strait of Hormuz situation; should the Middle East conflict extend into H2, BofA sees Brent averaging USD 130/bbl.
- **Iraq said it issued tenders to export oil via ports in Syria and Jordan.**
- **Eni (ENI IM) has made two new gas discoveries in Libya, totalling more than 1 Tcf.** "Preliminary volumetric estimates indicate that the BESS 2 and BESS 3 structures jointly contain more than 1 Tcf of gas in place. Their proximity to the Bahr Essalam field - the largest offshore field in the country, in operation since 2005 - will enable rapid development through tie-back to existing offshore facilities. The gas produced will be supplied to the Libyan domestic market and for export to Italy."
- **ADNOC crude output down by more than half, according to reported.**
- **Shell (SHEL LN) sees LNG demand to increase between 610-780Mtpa by 2050 from 422 Mtpa in 2025, with demand growth to be driven by Asia.**
- **Iraq's Oil Minister** said the Kirkuk-Turkey pipeline is currently undergoing final checks.
- **Iraq's Oil Minister** said they are working to rehabilitate the pipeline linking the Kirkuk oilfields to the primary export line to Ceyhan.
- **Shin-Etsu Chemical** said ethylene prices are surging and facing supply restrictions from suppliers.
- **India Trade Secretary** said Venezuelan oil still has not come.
- **Morgan Stanley lifts its Brent price forecasts as far out as H2-2027.** USD/bbl. Q2-2026 110.00 (prev. 80.00). Q3-2026 90.00 (prev. 70.00). Q4-2026 80.00 (prev. 65.00). H1-2027 70.00 (prev. 65.00). H2-2027 70.00 (prev. 65.00).

## EUROPEAN DATA

- **Swiss Sight Deposits (w/e 13th Mar), CHF: Domestic 433.5bln (prev. 428.8bln), Total 454.4bln (prev. 454.07bln).**

## NOTABLE HEADLINES

- **UK PM Starmer's five stops on the cost of living including an energy price cap until the end of June.** Energy price cap until end of June and legal direction to companies to pass on savings. Fuel price cap until Sept. Petrol stations to give live prices. GBP 53mtn for most exposed heating oil customers. Pressing on with building secure energy for UK; fast tracking new nuclear power stations. Press for swift resolution - that is what will help the CoL.
- **German Economy Minister** said fuel hikes to be limited to once per day, is against further fuel price caps, Handelsblatt reported.

## TRADE/TARIFFS

- **China Trade Negotiator Li, on talks with US, spoke about possible extension of tariff suspensions and other matters.** Spoke about concerns of trade and economic issues. US spoke about on recent tariff adjustments. Chinese side voiced concerns. Both sides agreed to maintain stability of tariff levels. Discussed mechanisms on trade and investment. Reached a prelim consensus. China will continue to engage in discussions.
- **USTR Greer** said a work plan was concluded on deliverables on China meeting, also discussed talks on possible US-China Board of Trade, what to export to China and the status of receiving rare earths.
- **China** is reportedly tightening fertiliser export curbs.
- **Indian Trade Secretary** said the US-India trade deal will be signed when the US re-establishes global tariff rates. The US is working on recreating global tariff architecture.
- **Indian Trade Secretary** said exports to West Asia have been impacted by the Middle East situation; India is considering measures to support exports to the Middle East.
- **US eyes Zambia's critical minerals in exchange for HIV aid, New York Times reported.**

## CENTRAL BANKS

- Fed Chair nominee Warsh does not have a confirmed hearing scheduled in the Senate Banking Committee, Semafor reported citing sources.
- Brazil has cancelled its previously scheduled bond auctions, and launches buy-sell operations to support the market.
- Brazil economists see year-end 2026 interest rate Selic at 12.25% (prev. 12.13%) and year-end 2027 at 10.50% (prev. 10.50%).

## GEOPOLITICS

### RUSSIA-UKRAINE

- Hungarian Foreign Minister said a trilateral consultation with the Slovak and Ukrainian energy ministers was scheduled for today, but the Ukrainian side ultimately refused to take part. "It is therefore clear that Ukraine is not restarting the Druzhba oil pipeline for purely political reasons, even though it is technically ready to operate."
- Russia's Kremlin said they are open to continuing Ukraine negotiations and that US President Trump has not lost interest, instead he recommended Ukrainian President Zelensky make a deal.

### MIDDLE EAST

- US President Trump said the Iranian war will end soon; said Iran is "not ready" for deal; cost of conflict is "negligible"; declines to comment on ground troops in Iran.
- Iran reportedly asked for the release of three tankers seized by India in February as part of talks on safe package of Indian vessels in the Strait of Hormuz, sources suggest.
- Hamas held talks with Trump-led 'Board of Peace' in bid to safeguard Gaza ceasefire under strain of Iran war, according to reported.
- US Treasury Secretary Bessent said US-China trade meetings in Paris "very good", via CNBC interview; we will see whether Trump China visit goes as planned; false to say China trip maybe delayed on Iran.
- Iran's new leader has reportedly been put on a life support machine and is now unable to breathe unaided, sources in the country told The Sun.
- Qatari Foreign Ministry spokesman said Qatar is not currently aware of any official mediation between the US and Iran, Sky News Arabia reported.
- Qatar's Foreign Ministry spokesperson said Iran's attacks and threats against civilian targets have not stopped; communications are still ongoing with different parties to guarantee the Strait of Hormuz would remain open.
- Iran's Foreign Minister Araqchi said no messages have been exchanged with the US and that Tehran has not asked for a ceasefire as the "war needs to end in a way that ensures it does not happen again".
- Iran's Foreign Ministry Spokesperson Baghaei said parties not involved in the war have had vessels pass through Hormuz with coordination and permission from Iran's military. The Strait of Hormuz is only closed to the enemies of Iran.
- US lawmakers have begun talking about a supplemental funding bill for the Iran war, Punchbowl reported; package could have a USD 100bn or greater price tag, according to sources.
- Israel's IDF has launched a focused ground operation in southern Lebanon, including a build-up of forces in order to capture more forward lines, N12 reported.
- Qatari Ministry of Defence responded to a second missile wave that targeted the State of Qatar, Sky News Arabia reported.
- US President Trump said "we can destroy power plants in one hour, but if we do that, rebuilding will take years", said "war is a small price to pay after years of Iranian regime terrorism, and oil prices will fall once it ends", Al Jazeera reported citing.
- Nothing prevents the United States from considering seizing Kharg Island oil, and all options are before the president, an official in the US administration told Sky News Arabia.
- US Treasury Secretary Bessent said purpose of these talks is to prevent retaliation and discussed China receiving energy from the Gulf; encouraged China to be good international partners.
- Oil production outages from the Middle East are estimated to be around 9mIn bpd as of now, via Kpler's Bakr.
- Israeli Military Spokesperson said there are detailed operational plans for the war with Iran for the next 3 weeks along with additional plans to extend it further, according to reported.

### OTHERS

- EU imposes sanctions on Chinese and Iranian entities for cyber attacks against EU member states.
- EU Council has approved conclusions to strengthen the EU's capacity to counter hybrid threats. The EU will continue to enhance resilience, protect critical infrastructure & respond to hybrid campaigns targeting the Union and its partners.

### NOTABLE NORTH AMERICAN NEWS

- Morgan Stanley downgrades US small caps to Neutral from Overweight vs large caps.

### NORTH AMERICAN DATA

- US NAHB Housing Market Index (Mar) 38 (Prev. 36).
- US Manufacturing Production MoM (Feb) M/M 0.2% (Prev. 0.6%).
- US Manufacturing Production YoY (Feb) Y/Y 1.3% (Prev. 2.4%).
- US Industrial Production YoY (Feb) Y/Y 1.4% (Prev. 2.3%).
- US Industrial Production MoM (Feb) M/M 0.2% (Prev. 0.7%).

- **US Capacity Utilization (Feb) 76.3% (Prev. 76.2%).**
- **US NY Empire State Manufacturing Index (Mar) -0.20 (Prev. 7.10).**
- **Canadian CPI Common YoY (Feb) Y/Y 2.4% (Prev. 2.7%).**
- **Canadian Inflation Rate MoM (Feb) M/M 0.5% (Prev. 0%).**
- **Canadian Inflation Rate YoY (Feb) Y/Y 1.8% (Prev. 2.3%).**
- **Canadian Core Inflation Rate MoM (Feb) M/M 0.4% (Prev. 0.2%).**
- **Canadian CPI Trimmed-Mean YoY (Feb) Y/Y 2.3% (Prev. 2.4%).**
- **Canadian Core Inflation Rate YoY (Feb) Y/Y 2.3% (Prev. 2.6%).**
- **Canadian CPI Median YoY (Feb) Y/Y 2.3% (Prev. 2.5%).**
- **Canadian CPI, BoC average (Feb): 2.33% (prev. 2.53%).**

## ASIA-PAC

### NOTABLE APAC DATA

- **Indian WPI Manufacturing YoY (Feb) Y/Y 2.92% (Prev. 2.86%).**
- **Indian WPI Food Index YoY (Feb) Y/Y 1.85% (Prev. 1.41%).**
- **Indian WPI Fuel YoY (Feb) Y/Y -3.78% (Prev. -4.01%).**
- **Indian WPI Inflation YoY (Feb) Y/Y 2.13% (Prev. 1.81%).**

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newsquawk.com · +44 20 3582 2778 · info@newsquawk.com