

European Market Wrap - 18th March 2026

- European bourses end the session broadly in the red, reversing the morning's gains.
- Crude surges as Iran's South Pars field was hit; Iran subsequently threatened Gulf members.
- Traders look ahead to the FOMC at 18:00 GMT.

EQUITIES

- **European bourses** end the session broadly in the red, reversing the morning's gains, following an attack on Iran's South Pars gas field and an announcement that Iran will strike enemy infrastructure as retaliation. The **AEX** was hit the hardest, as **Prosus** eventually fell following mixed **Tencent** earnings.
- **Sectors** were broadly in the red. As expected, **Energy** ended top of the pile, while **Banks** have managed to hold onto modest gains after the EU is set to delay the increase of capital requirements. Banks have typically been affected the most by higher oil prices and increased geopolitical conflict. **Food, Beverages and Tobacco** extended on earlier losses, which were weighed on after HelloFresh guided 2026 adj. EBITDA missed analyst expectations.
- Other key movers included **Diploma, SAP** and **Unilever**. For Unilever, Bloomberg reported that the Co. is in the early stages of considering a separation of its food assets, with talks being in the preliminary stages. Diploma held onto earlier gains after the Co. upgraded its organic revenue growth guidance for 2026 to 9% (prev. guided 6%) when it delivered a trading update. Finally, for SAP, the CEO said the Co. is pushing for an AI turnaround with new teams and use-based pricing, and the Co. is to establish a unit with hundreds of people working on improving AI adoption. SAP initially gained following the comments but reversed and then extended lower as risk tone soured.
- **US equity futures** have come under significant pressure at the start of the cash session as energy prices continue to rise and show limited signs of a wind-down in the Middle East.

FX

- **DXY** - Firmer amid the rise in energy prices following the US and Israeli attacks on Iran's South Pars oil field and the subsequent Iranian threats to Gulf members. DXY kicked off the session subdued but thereafter gradually pared losses, tracking the steady gains in crude. Little notable move was seen on the back of US PPI. Traders gear up for the FOMC tonight (at 18:00 GMT), with rates expected to be maintained and uncertainty expected to be stressed. DXY looks to end the European session towards the top of a 99.465-99.981 range.
- **EUR, GBP** - Both eventually subdued by the steady gains in the dollar (see above) ahead of the ECB and BoE (full Newsquawk Previews available), with EUR/GBP flat intraday. EUR/USD traded between 1.1491-1.1555; GBP/USD notched a range between 1.3304-1.3374. Policymakers are expected to stress data dependence and a wait-and-see stance as elevated energy prices persist into the third week of the conflict at their respective rate announcements.
- **JPY** - USD/JPY edged higher after initial indecisiveness ahead of the BoJ decision (no change expected, full Newsquawk Preview available). USD/JPY initially dipped to 158.57 (vs 159.14 high) before stabilising around 159.00, and then making its way towards 159.50 as oil prices continued to tick higher.
- **CHF** - Laggard ahead of the SNB quarterly meeting (rates seen on hold). Focus is on FX language after CHF's post-war strength versus EUR (EUR/CHF dipped below 0.9000 in early March). SECO downgraded 2026 GDP and raised 2026 CPI forecasts; 2027 projections were unchanged.
- **CAD** - Little changed in the aftermath of the BoC, which it left rates on hold as expected at 2.25%, although it did remove the line from January that the BoC "judges the current policy rate remains appropriate, conditional on the economy evolving broadly in line with the outlook". The BoC did note that growth risks are tilted to the downside, and inflation risks have risen due to energy prices, noting the increased energy prices will push up total inflation in the coming months. It also expects growth to be weaker than anticipated at the January meeting. The Bank confirmed it was too early to assess the impact of the conflict, but it remains prepared to respond as needed. The BoC may have removed the language about the current policy being appropriate due to the large amounts of uncertainty amid the conflict and trade environment, with the USMCA also up for review.
- **Antipodeans** - The earlier mild upward bias was completely wiped out, with the antipodeans among the worst performers amid their high-beta statuses.

FIXED INCOME

- **Initial upside across fixed income has given way to increasing pressure with action dictated almost entirely by energy** ; see Commodities for details.
- **USTs** are set to end the European day at a trough of 111-24+, lower by just under 10 ticks at most vs upside of a similar magnitude in the European morning. No move to **PPI** for February, which came in hotter-than-expected, a potentially worrying sign for policy makers as prices are picking up before the Middle East driven energy price shock factors.
- **USTs** look to the **FOMC** this afternoon/evening, full Newsquawk preview available. Into it, the mentioned energy moves are lifting yields across the curve, with the front end particularly sensitive, and as such, we are seeing bear flattening. The **BoC** potentially served as a near preview into the Fed, the BoC held rates as expected, and while the BoE made clear that action

could be taken, the assessment was that it is too early to determine what the Middle East situation means for Canada.

Specifically, saying they are prepared to look through the immediate inflationary impacts. An approach that potentially lends itself to a smaller dot plot adjustment later today, vs some calls.

- **EGBs and Gilts** are in line with the above. For **Bunds**, they are **set to end the European day at the lower end of 126.17-85 parameters**. Specifics for the space light, the complex digests/awaits the policy announcements of peers for any insight they may provide into the **ECB** on Thursday.
- **Gilts**, in-fitting with the recent trend, have been directionally in-fitting with peers but with magnitudes more pronounced. Initially, the benchmark posted gains of c. 60 ticks at a 90.29 peak. However, it approaches the close with downside of 50 ticks at a 89.21 trough. As discussed above, participants **await tomorrow's BoE** and are using the BoC and the upcoming Fed as a preview of what we might get from Threadneedle Street.
- **Germany sold EUR 2.237bln vs exp. EUR 2.5bln 2.50% 2046 and 2.90% 2056 Bund**. 2.90% 2056: b/c 1.7x (prev. 1.60x), average yield 3.45% (prev. 3.47%), retention 24.3% (prev. 25.1%). 2.50% 2046: b/c 2.5x (prev. 3.4x), average yield 3.36% (prev. 3.15%), retention 1.33% (prev. 10.2%).
- **A new Swiss confederation bond** is expected later this year, Swiss FFA Director Martinez tells Econostream; maturity could be around 2041.

COMMODITIES

- **Crude futures** - WTI and Brent futures see hefty gains following the US and Israeli attacks on Iran's South Pars oil field and the subsequent Iranian threats to Gulf members. The first half of the European session saw energy prices clamber off worst levels before being boosted on the aforementioned attack. Earlier, Iran confirmed security chief Ali Larjani was killed in an air strike, with ING noting that this likely increases uncertainty rather than paving the way for calm. WTI traded towards the top end of USD 91.45-98.22/bbl; Brent at highs between USD 100.34-109.25/bbl.
- **Nat Gas futures** - Surged in the aftermath of the attack on Iran's South Pars field, with Iran to take offline several phases of the South Pars Gas field (the world's largest natural gas field). Dutch TTF looks to end the session north of EUR 55/MWh, +7% at the time of writing.
- **Precious Metals** - Gold and silver declined in tandem with the rise in the USD, with losses for the yellow metal accelerating after it fell under its 50 DMA (USD 4,974.74/oz) and then under USD 4,900/oz to a USD 4,834.38/oz trough. #
- **Base Metals** - Base metals are softer across the board, extending the recent pullback amid a firmer USD and surging oil. Rising exchange inventories and reduced bullish positioning weighed on copper. 3M LME copper traded towards the bottom of a USD 12,349.00-12,803.05/t band.
- **Italian Deputy PM** said a price cap on petrol will be put forward.
- **Citi forecasts Brent between USD 110-120/bbl in the coming days due to conflict-driven supply disruptions; USD 150-200/bbl could be hit if Iran targets more energy infrastructure or if Hormuz stays closed**. USD 65-70/bbl could be reached if a deal reopens flows.
- **Iraq's Kirkuk oil exports to Turkey's Ceyhan port have started at 170k BPD and will gradually increase to 250k BPD**.
- **US issues 60-day waiver of Jones Act Shipping law, according to the White House**.
- **The Trump administration** is reportedly expected to issue a waiver of Jones Act shipping regulation as soon as Wednesday, according to sources.
- **Guinea Mines Minister** said it is to curb Bauxite export volumes by early April to stabilise prices; may tie Bauxite exports to output levels contained in mining feasibility studies.
- **IIR** said Saudi Arabia's Ras Tanura refinery (550k BPD) restarted on March 13th after shutting down due to a drone strike.
- **Shanghai Futures Exchange** said they are to adjust automatic conversion standards for hedging position quotas for fuel oil product contracts.
- **Indian Government official** said they are to give 10% more commercial LPG to states if they help if the long-term shift from LPG to piped gas, adds that LPG situation is still of concern.

DATA

- **US EIA Crude Oil Stocks Change (Mar/13) 6.156.**
- **US EIA Refinery Crude Runs Change (Mar/13) 0.063.**
- **US EIA Crude Oil Imports Change (Mar/13) -0.692.**
- **US EIA Heating Oil Stocks Change (Mar/13) -0.081.**
- **US EIA Gasoline Production Change (Mar/13) -0.462.**
- **US EIA Distillate Fuel Production Change (Mar/13) -0.075.**
- **US EIA Distillate Stocks Change (Mar/13) -2.527.**
- **US EIA Cushing Crude Oil Stocks Change (Mar/13) 0.944.**
- **US EIA Gasoline Stocks Change (Mar/13) -5.436.**

EUROPEAN DATA

- **EU Inflation Rate MoM Final (Feb) M/M 0.6% vs. Exp. 0.7% (Prev. -0.6%, Low. -0.6%, High. 0.7%).**
- **EU Core Inflation Rate YoY Final (Feb) Y/Y 2.4% vs. Exp. 2.4% (Prev. 2.2%).**
- **EU Inflation Rate YoY Final (Feb) Y/Y 1.9% vs. Exp. 1.9% (Prev. 1.7%, Low. 1.8%, High. 1.9%); Services 3.4% (prelim. 3.4%).**

NOTABLE HEADLINES

- **Swiss SECO Forecasts: Cuts 2026 GDP growth to 1.0% (prev. 1.1%), maintains 2027 GDP forecast at 1.7%; 2026 CPI raised to 0.4% (prev. 0.2%), 2027 CPI maintained at 0.5%.**

TRADE/TARIFFS

- **USTR Greer** said talks with the Chinese were constructive; bilateral trade talks expected with EU, Malaysia, and India; Section 338 appropriate in certain circumstances. Iran oil came up a "little bit" in China talks. Canada is behind in talks compared to Mexico.
- **Japanese PM Takaichi** is to meet US President Trump on March 19th, Nikkei reported.

CENTRAL BANKS

- **BoC leaves rates on hold at 2.25%, as expected; removes language that current policy rate remains appropriate.** Removes language that "Governing Council judges the current policy rate remains appropriate". "Risks to growth look tilted to the downside.". "Inflation risks have gone up due to higher energy prices.". "We continue to expect the Canadian economy to grow modestly as it adjusts to US tariffs and trade policy uncertainty, but recent data suggest that near-term economic growth will be weaker than anticipated in January.". "The labour market remains soft.". Employment gains in the fourth quarter of 2025 were largely reversed in the first two months of 2026, and the unemployment rate rose to 6.7% in February. "It's too early to assess the impact of the conflict in the Middle East on growth in Canada.". "The war in the Middle East has increased volatility in global energy prices and financial markets, and heightened the risks to the global economy.". "The breadth and duration of the conflict, and hence its economic impacts, are highly uncertain.". "Since the outbreak of the conflict in the Middle East, global oil and natural gas prices have risen sharply, and this will boost global inflation in the near-term.". Transportation bottlenecks stemming from the effective closure of the Strait of Hormuz could impact the supply of other commodities, such as fertilizer. "The sharp increase in global energy prices has led to increases in gasoline prices, and this will push up total inflation in the coming months.". "We will continue to assess the impact of US tariffs and trade policy uncertainty, and how the Canadian economy is adjusting.". "We are also monitoring the unfolding conflict in the Middle East closely and assessing its impact on growth and inflation.". "As the outlook evolves, we stand ready to respond as needed.".
- **BoC's Macklem: It is too early to assess the impact of the war on growth. Governing Council will look through the war's immediate impact on inflation but if energy prices stay high, we will not let their effects broaden and become persistent inflation.** Middle East/USMCA. With inflation close to target and the economy in excess supply, the risk that higher energy prices quickly spread to the prices of other goods and services looks contained. But the longer this conflict lasts and the wider it gets, the bigger the risks. Governing Council will look through the war's immediate impact on inflation but if energy prices stay high, we will not let their effects broaden and become persistent inflation. Economic weakness combined with rising inflation is a dilemma for central banks. Raising interest rates to slow inflation could further weaken the economy. Easing interest rates to support growth risks pushing inflation well above target. Canada's outlook is further complicated by structural change—shifting trade relationships, the adoption of AI, and changes in demographics. Relative to our January forecast, risks to economic growth are tilted to the downside. Near-term growth looks weaker than expected and the review of the Canada-United States-Mexico Agreement is a big unknown. At the same time, risks to inflation are tilted to the upside, because of the sharp increase in energy prices. It is too early to assess the impact of the war on growth in Canada. OtherRecent data show the Canadian economy remains in excess supply and is growing slowly as it adjusts to US tariffs and uncertainty.
- **US President Trump reiterates criticisms against Fed Chair Powell; "When is "Too Late" Powell lowering INTEREST RATES?".**
- **ECB reportedly urged lenders to keep a close watch on their USD funding after observing individual weaknesses on key metrics.**
- **CBRT said geopolitical impact on current account deficit is to be seen in March.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's western oil down to 1.7mln BPD in March (prev. 1.8mln BPD M/M) in preliminary plans, according to data.**
- **EU publishes guidance on Russia energy imports; said member states should not require documentation for non-Russian gas cargoes beyond what is strictly required by the EU-Russian gas ban.** Customs authorities should authorise non-Russian gas imports within 12-24 hours.
- **Senior NATO military official pushes for extension of alliance's pipeline system towards the east to supply NATO troops in a conflict with Russia.** said NATO pipeline network should be extended to Poland, the Baltic states, Finland, Romania. said political decision on pipeline extension might come before NATO's Ankara summit in July.

MIDDLE EAST

- **Iranian regime appears to be intact, but largely degraded by US military operation, according to the Director of National Intelligence.** Iran and its proxies remain capable of attacking the US and allied interests in the Middle East.
- **IRGC has issued evacuation warnings for several energy facilities across the Gulf, according to State Media.**
- **Saudi Aramco evacuates Samref refinery after the warning from Iran about strikes on energy infrastructure.**
- **Iran issues evacuation threat to people near oil facilities in Saudi Arabia, Qatar, UAE, AI Jazeera reported.**
- **After the attack on Iran's oil and gas facilities, Saudi media reported that the flow of Iranian oil to Iraq had completely stopped, Kann News reported.**
- **White House Press Secretary said getting Iran's nuclear fuel is an option on the table; China agreed to postpone the Trump visit and will get dates as soon as possible, they are working on a date.**
- **White House Press Secretary Leavitt said it is a good thing for the US that Iran's Khatib is dead.**
- **Qatari Foreign Ministry spokesperson said Israel's targeting of facilities linked to Iran's South Pars gas field is a dangerous**

and irresponsible step amid the current military escalation in the region".

- Iran's IRGC is to issue a warning to Gulf countries soon, Tasnim reported.
- An Iranian military source tells Fars News that Iran will strike the enemy's infrastructure after it targeted the Asalouyeh gas field, Al Jazeera reported; Iran will hit enemy sites that were previously thought as safe.
- Israel is targeting civilian infrastructure in Iran in a "major escalation", Al Jazeera reported citing an informed Israeli source.
- Iran is to take several phases of the South Pars Gas field offline, Fars News reported.
- A senior Israeli official said the Israeli Air Force struck the largest natural gas processing facility in Iran, located in the southwest of the country. The strike was carried out in coordination with and with the approval of the US, via Axios.
- US President Trump posted that the US is rapidly putting Iran out of business.
- US President Trump said, remember, for all of those absolute fools out there, Iran is considered, by everyone to be the number one state sponsor of terror; we are putting them out of business.
- Iran said part of the South Pars gas field was attacked, via State TV, adds the Asaluyeh oil facility was attacked. Petrochemical facilities were also hit.
- IAEA said projectile struck Iran's Bushehr nuclear plant but no damage or injuries were reported; IAEA chief called for maximum restraint following the incident, reported FT.
- Israel Defence Minsiter Katz said "During this day, significant surprises are expected in all arenas that will escalate the war we are waging against Iran and Hezbollah in Lebanon", N12's Daphna reported. Adds, he has "... authorized the IDF to thwart any senior Iranian official who is targeted - without the need for additional authorization".
- Several US officials described President Trump as the most bullish person in the White House on going to war with Iran, Axios reported. Three advisors to POTUS believe that Trump would want to end major operations before Israeli Prime Minister Netanyahu. However, the article noted that the leaders appear closer than ever.
- Israel attempted to assassinate Iran's Intelligence Minister Khatib overnight, Jerusalem Post reported citing an Israeli official; still awaiting results of the target however the initial assessment is that he has been eliminated.
- Iran's Foreign Minister said the new protocol [in the Strait of Hormuz] to ensure safe passage would be under "specific conditions" and based on Iranian and regional interests.
- Iranian State TV suggest phases 3, 4, 5, 6 of South Pars gas field were hit.
- Iranian Foreign Minister has ruled out a ceasefire.

OTHERS

- Pakistan is to temporarily pause strikes against Afghanistan, between March 19-24th.
- Chinese military to hold talks with EU and NATO in Brussels next week, SCMP reported; EU-China Security and Defence Consultations to take place on Tuesday and NATO-PLA talks scheduled at some point next week. No official agendas are currently available.

NOTABLE NORTH AMERICAN NEWS

- AI could automate 93% of US job tasks, potentially shifting USD 4.5tln in labour costs, according to a study. "A new study finds AI could handle parts of 93% of U.S. jobs, potentially shifting \$4.5 trillion in labor costs. Researchers analyzed 18,000+ tasks across 1,000 jobs, with software development, finance, management, legal, and office roles most affected. Cognizant CTO Babak Hodjat noted adoption is uneven, but rapid AI breakthroughs—like multimodal and agentic AI—are accelerating automation. Some physical and care jobs, like construction and healthcare support, see smaller but growing AI impact. Impact doesn't mean job loss: AI augments human work, improving efficiency and output. Globally, AI could influence \$15 trillion in labor value, with its capabilities expanding fast."
- US President Trump said the Democrat's purposeful DHS shutdown is causing chaos at the airports; they are fully to blame and must pay a big price for the good of the US in the mid term elections.

NORTH AMERICAN DATA

- US Factory Orders ex Transportation (Jan) 0.4% (Prev. 0.4%).
- US Factory Orders MoM (Jan) M/M 0.1% (Prev. -0.7%, Low. -2%, High. 0.9%).
- US PPI Ex Food, Energy and Trade YoY (Feb) Y/Y 3.5% vs. Exp. 3.3% (Prev. 3.4%).
- US PPI YoY (Feb) Y/Y 3.4% vs. Exp. 2.9% (Prev. 2.9%, Low. 2.6%, High. 3.4%).
- US PPI PCE Components (Feb 2026). Portfolio Management PPI: 0.97% (prev. 3.06%). Air Passenger Transport PPI: 0.88% (prev. 0.81%). Physician Care: 0.00% (prev. 0.70%). Home Health & Hospice Care: 0.13% (prev. 0.04%). Hospital Outpatient Care: 0.32% (prev. -0.87%). Hospital Inpatient Care: 0.57% (prev. 0.25%).
- US PPI Ex Food, Energy and Trade MoM (Feb) M/M 0.5% vs. Exp. 0.3% (Prev. 0.3%).
- US Core PPI YoY (Feb) Y/Y 3.9% vs. Exp. 3.7% (Prev. 3.6%, Low. 3.1%, High. 3.9%).
- US Core PPI MoM (Feb) M/M 0.5% (Prev. 0.8%).
- US PPI MoM (Feb) M/M 0.7% vs. Exp. 0.3% (Prev. 0.5%, Low. -0.1%, High. 0.7%).
- US MBA Purchase Index (Mar/13) 172.9.
- US MBA Mortgage Applications (Mar/13) -10.9%.
- US MBA Mortgage Refinance Index (Mar/13) 1341.0.
- US MBA 30-Year Mortgage Rate (Mar/13) 6.30%.
- US MBA Mortgage Market Index (Mar/13) 347.1.

ASIA-PAC

NOTABLE APAC EQUITY HEADLINES

- **Tencent (0700 HK) Q4 (CNY): Revenue 194.3bln (exp. 194.1bln), Operating Profit 60.34bln (exp. 60.45bln), Adj. Net Income 64.69bln (exp. 64.93bln).** Revenue breakdown (CNY):. Fintech and business services 60.8bln (exp. 61.2bln). Domestic games 38.2bln (exp. 37.5bln). International games 21.1bln (exp. 20.0bln). Value-added services business 89.9bln (exp. 88.8bln). Other metrics:. Weixin and WeChat MAUs 1.42bln (1.41bln). QQ smart device MAUs 508mln (exp. 535.7mln). Fee-based VAS subscriptions 267mln (exp. 266.9mln). FY:. Net Income 228.84bln (exp. 222.2bln). Operating Profit 241.6bln.
- **Tencent (700 HK) CFO** said Co. plans to cut share buybacks and redirect funds to AI investment.
- **Samsung Electronics (005930 KS) to divest KRW 395bln worth of its own shares.**
- **South Korea's pension fund official** said estimates 50% of Korea's stock market rally is due to market reforms and 50% due to semiconductor upcycle.

NOTABLE GLOBAL EQUITY HEADLINES

- **Samsung Electronics (005930 KS) and AMD (AMD) to discuss opportunities for foundry partnership.**

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