

## European Market Wrap - 19th March 2026

- European bourses traded lower across the board, extending opening weakness; sectors tilted defensive.
- BoE and ECB held rates with hawkish tones in the releases, BoJ Governor tilted hawkish in his presser.
- Energy continued to surge amid renewed attacks on energy infrastructure in the Middle East.

### EQUITIES

- **European Bourses** – Traded lower across the board and extended opening weakness as renewed attacks on energy infrastructure weighed on risk sentiment. The DAX 40 underperformed, while the FTSE 100 was also pressured by a cautiously hawkish BoE.
- **European Sectors** – Broad-based weakness. Basic Resources lagged as precious and base metals declined amid a cautiously hawkish tilt from global central banks. A defensive bias prevailed (ex-Energy), with Utilities, Food, Beverages & Alcohol, Insurance, Telecoms, Healthcare, and Media posting the shallowest losses. Energy outperformed on elevated prices.
- **US equities** – Extended losses, with stocks slipping at the open on elevated energy prices and a cautiously hawkish tone across major central banks. Weakness was exacerbated by Micron (opening lower by almost 9%), which declined despite an earnings beat after flagging higher capex, adding to broader risk-off sentiment.

### FX

- **DXY** – Subdued around the 100 mark within a 99.99–100.31 range, as EUR and GBP strength followed hawkish skews from the BoE and ECB. Downside was cushioned by higher oil prices and a hawkish Fed backdrop. Powell yesterday reiterated policy remains restrictive with no imminent cuts, reinforcing inflation concerns tied to the Middle East energy shock.
- **EUR** – Modestly firmer as the ECB adopts a wait-and-see stance on the Middle East. Inflation forecasts were upgraded and growth downgraded, with the scale of the inflation revision lending to a hawkish skew. However, the ECB stating it is “well positioned” to navigate uncertainty tempers expectations for near-term action, explaining the two-way reaction in Bunds and EUR. EUR/USD traded within a 1.1442–1.1504 range.
- **GBP** – Firmer post-BoE. The decision was hawkish overall, with all nine members voting to hold the Bank Rate at 3.75%. The statement removed language suggesting further cuts, while retaining optionality if the shock proves short-lived. More notably, the bias has shifted towards holding rates until greater clarity emerges, with Mann even signalling a potential hike. Overall, the tone implies easing is off the table near term, although Governor Bailey cautioned against expectations of hikes. GBP/USD traded towards the top of a 1.3245–1.3321 range.
- **JPY** – Outperformed, supported by hawkish signals from Governor Ueda highlighting improving wage momentum, alongside a softer USD. USD/JPY later extended losses despite a lack of headlines, possibly as haven flows resumed with the cover of a hawkish Ueda, and with gold not sought after amid heft intraday losses. USD/JPY traded towards the lower end of a 158.07–159.87 range.
- **CHF** – Weaker post-SNB after explicit FX intervention language signalled readiness to counter excessive strength. Initial weakness pared as this stance was largely expected, with EUR/CHF rising towards 0.9100.
- **Antipodeans** – Mixed. NZD/USD shrugged off weak GDP, while AUD/USD declined following sharp losses in gold and copper, as global central banks skewed more hawkish against the backdrop of the Iranian war-driven energy shock.

### FIXED INCOME

- **UST futures** – Bearish following Powell’s hawkish tone and continued strength in energy prices. Futures fell around 15 ticks post-Fed and remained near session lows through the European session, with the trough at 110–28+, as elevated oil and gas prices reinforced inflation concerns and kept yields pressured higher.
- **Bund futures** – Weaker, with the magnitude of the ECB’s inflation upgrade lending a hawkish skew. However, the ECB’s assertion that it is “well positioned” to navigate uncertainty tempered expectations for near-term action and led to a slight trimming of losses. Bunds nonetheless hit a low of 125.46, as surging Dutch TTF gas and elevated crude prices maintained an inflationary backdrop.
- **Gilt futures** – Underperformed, initially gapping lower by 92 ticks before extending to a low of 87.75 amid the broader fixed income sell-off driven by energy and central bank hawkishness. The BoE delivered a hawkish hold, with all nine members voting to keep the Bank Rate at 3.75%. The statement removed language signalling further cuts, while retaining optionality if the shock proves short-lived. More notably, the bias has shifted towards holding rates pending clarity, with Mann even signalling a potential hike. Overall, the tone suggests easing is off the table in the near term.
- **France sold EUR 12.399 vs exp. EUR 10.5–12.5bln 2.40% 2029, 2.50% 2030, 2.70% 2031 and 3.50% 2033 OAT.**
- **Spain sold EUR 5.546 vs exp. EUR 5.0–6.0bln 2.60% 2031, 2.55% 2032 and 3.30% 2036 Bono.**

### COMMODITIES

- **Crude Futures** – Surged on escalation in the Middle East, with attacks on Gulf energy infrastructure across Saudi Arabia, Qatar, and Kuwait driving a sharp risk premium. Brent approached USD 119.5/bbl at the peak, while WTI lagged at a wide ~USD 12/bbl discount, the largest spread since 2015. Disruption was further amplified by threats to alternative routes such as

Saudi Arabia's Yanbu, a key Red Sea export hub used to bypass Hormuz, although prices pared slightly after reports stated that loadings resumed.

- **Nat Gas** - Spiked at the open amid the attack on Qatar LNG facilities, with Dutch TTF opening +30% and then waned about half of that move. Nonetheless, front-month remains north of EUR 63/MWh.
- **Spot Gold** - Extended losses, breaking below USD 4,600/oz, before testing USD 4,500/oz to the downside. The metal also briefly fell below its 100 DMA (USD 4,594.93/oz), as rising rate hike expectations—driven by energy-led inflation risk—outweighed safe-haven demand despite ongoing conflict.
- **Base Metals** - Remained under pressure in a risk-off environment. Copper erased its 2026 gains and more, as higher oil prices weighed on global growth expectations and demand. Prices briefly dipped below USD 12,000/t, trading within a USD 11,772.00–12,326/t range.
- **Kuwait suspends operations at two refineries after attacks, via WSJ.** Kuwait Petroleum Corp has temporarily suspended operations at its Mina Abdullah and Mina Al-Ahmadi refineries after they were targeted by drone strikes, according to WSJ citing sources. KPC was still assessing the damages to the facilities.
- **Germany** is considering a windfall tax to combat fuel price surge.
- **Qatar Energy CEO said 2 of their 14 LNG trains and 1 out of 2 of their gas to liquids facilities were damaged in Iran attacks, according to reported.** said ExxonMobil (XOM) is the partner in the damaged trains. May have to declare force majeure on long-term contracts for up to five years for LNG supplies to Italy, Belgium, Korea and China.
- **Israeli officials said the attack on Iran's South Pars gas field was coordinated with the US but will likely not be repeated.**
- **Indonesia President wants to increase coal production to anticipate rising fuel costs.**
- **Russian Energy Ministry** said fuel export ban may be introduced preventively in case of high prices. Will initiate additional measures to keep prices in check on domestic market.
- **Libya's NOC** said the fire at Sharara pipeline has been extinguished.
- **Indian government official** said India is diversifying LPG imports, and buying from the US; currently no plan to raise domestic petrol and diesel prices.
- **Saudi Arabia's Yanbu port reportedly resumes oil loadings, sources say.**
- **Saudi Arabia said it has intercepted a missile heading towards Yanbu port.**
- **Saudi Arabia's Defence Ministry** said a drone has fallen on the Samref refinery, currently assessing the damage.
- **Kuwait said fire breaks out at Mina Abdullah refinery after an attack.**

## EUROPEAN DATA

- **UK Average Earnings excl. Bonus (3Mo/Yr) (Jan) 3.8% vs. Exp. 4.0% (Prev. 4.2%, Low. 4.0%, High. 4.3%).**
- **UK Employment Change (Jan) 84K vs. Exp. -4K (Prev. 52K).**
- **UK Unemployment Rate (Jan) 5.2% vs. Exp. 5.3% (Prev. 5.2%, Low. 5.2%, High. 5.3%).** ONS. "Labour market conditions were little changed at the start of the year". "Regular wage growth is at its lowest rate in more than five years, with pay growth in both the private and public sectors continuing to ease".
- **UK HMRC Payrolls Change (Feb) 20K vs. Exp. 5K (Prev. -11K).**
- **UK Average Earnings incl. Bonus (3Mo/Yr) (Jan) 3.9% vs. Exp. 3.9% (Prev. 4.2%).**
- **UK Claimant Count Change (Feb) 24.7K vs. Exp. 25.8K (Prev. 28.6K).**
- **EU Labour Cost Index YoY (Q4) Y/Y 3.30% (Prev. 3.3%).**
- **EU Wage Growth YoY (Q4) Y/Y 3.00% (Prev. 3%).**

## TRADE/TARIFFS

- **US President Trump and Japanese PM Takaichi** are set to announce a USD 40bln US reactor project, via Bloomberg News.
- **EU Parliament to hold full vote on US trade deal next week.**
- **Maersk (MAERKB DC)** said due to the Middle East situation, a temporary "emergency inland fuel/energy surcharge" will be applied to all inland shipments for Nordic regions until further notice.
- **European Parliament's Trade's Committee officially** approves legislation to cut import duties for US products as part of the Turnberry trade agreement with the US.
- **China's Commerce Ministry, on reported of NVIDIA (NVDA) H200 purchases; said not aware of the situation.**
- **China's Commerce Ministry, on proposed US-China board of trade and investment, said both sides agreed in Paris to study a framework.**

## CENTRAL BANKS

- **BoJ Governor Ueda said Japan's economy is recovering moderately, albeit with some weakness.** Middle East, oil prices, and FX markets development - need to pay attention to those risks affecting Japan. Not of the view that systemic risk situation is occurring in financial systems. Prelim data shows wage momentum at small and medium sized firms could be better than in past years. Will turn to Rengo's first round of wage surveys.
- **ECB leaves rates on hold as expected; Not pre-committing to a particular rate path, is well positioned to navigate this uncertainty.** Not pre-committing to a particular rate path. Interest rate decisions will be based on... inflation outlook and the risks surrounding it... dynamics of underlying inflation and the strength of monetary policy transmission. Will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance.
- **ECB Staff Projections: Headline and core inflation forecasts raised, GDP forecast trimmed for 2026/27.** HICP: 2026: 2.6% (prev. 1.9%, Sep. 1.7%), 2027: 2.0% (prev. 2.0%, Sep. 1.9%), 2028: 2.1% (prev. 2.0%). Core-HICP: 2026: 2.3% (prev. 2.2%, Sep. 1.9%), 2027: 2.2% (prev. 1.9%, Sep. 1.8%), 2028: 2.1% (prev. 2.0%). Growth: 2026: 0.9% (prev. 1.2%, Sep. 1.0%), 2027: 1.3% (prev. 1.4%, Sep. 1.3%), 2028: 1.4% (prev. 1.4%).

- **ECB President Lagarde echoes statement; will follow the economic data in a meeting by meeting approach; is not pre-committing to a particular rate path.** Indirect effects would require close monitoring. Trade frictions may disrupt supply chains. Inflation risks tilted to the upside. Indicators of underlying inflation remain consistent with 2% target. Increase in energy prices will drive inflation above 2% in the near term. Cannot provide a timeline, when asked when the ECB will take action. Will be particularly attentive to all commodity markets, supply bottlenecks and survey data such as PMIs, wage tracker.
- **BoE Statement: Bank Rate held at 3.75%, as expected, in a 9-0 vote (vs prev. 5-4 to hold rates).** BoE said it stands ready to act as necessary to ensure that CPI inflation remains on track to meet the 2% target in the medium term. BoE will continue to monitor closely the situation in the Middle East and its impact on global energy supply and energy prices.
- **BoE Governor Bailey said BoE is facing a very different context to 2022; rates are high, demand is relatively soft, there is no covid effect. Cautions against strong conclusions about BoE rate hikes.** Markets are getting ahead of themselves in assuming rate rises. BoE's Bailey said it is not appropriate to say now whether the Bank will hold or raise rates in the future.
- **PBoC is to continue implementing moderately accommodative monetary policy.**
- **SNB maintains its Policy rate at 0.00% as expected; prepared to intervene in currency markets to country currency appreciation if needed; "willingness to intervene in the foreign exchange market has increased".** SNB counters a rapid and excessive appreciation of the CHF, which would jeopardize domestic price stability. SNB's willingness to intervene in the foreign exchange market has increased.
- **SNB Chairman Schlegel said upward pressure on the CHF has increase once again, uncertainty about inflation and economic development is elevated; SNB willingness to intervene in FX market has increased.** CHF is 2.5% firmer on trade-weighted basis since December. CHF is sought as a haven during times of uncertainty. Upward pressure on the CHF has increased once again. Rise in CHF poses risks to price stability. Medium-term inflationary pressure, however, has remained virtually unchanged since the last monetary policy assessment. Will continue to monitor the situation closely and adjust our monetary policy if necessary, in order to ensure price stability over the medium term.
- **Norges Bank Q1 Regional Network Survey: Expect minor changes in output growth in the period to summer.** Growth prospect: have improved on the back of defence investment, energy supply development and higher expected household demand. However, the completion of projects initiated in response to the petroleum tax package and low activity in building construction are dampening growth. Contacts expect annual wage growth of 4.2% in 2026 and 3.9% in 2027. Indicators: GDP Q1'26 0.3% (prev. 0.3%). GDP Q2'26 0.4%. Employment growth Q1'26 0.1% (prev. 0.1%). Employment growth Q2'26 0.2%. Annual wage growth 2026 4.2% (prev. 4.1%). Annual wage growth 2027 3.9%.
- **Riksbank leaves its policy rate unchanged at 1.75% as expected; rate is expected to remain at this level for some time to come.** MPR: Q2'26 1.75% vs prev. 1.75%. Q3'26 1.75% vs prev. 1.75%. Q4'26 1.77% vs prev. 1.77%. Q1'27 1.81% vs prev. 1.81%. Q1'28 1.99% vs prev. 1.99%. Q1'29 2.17%. Forecasts:.
- **NBP's Dabrowski said it is difficult to predict whether there will be any further interest rate cuts at all at this stage, adds nothing is certain.**
- **Taiwan Central Bank leaves rates unchanged at 2.00%, as expected.**
- **Czech CNB Interest Rate Decision 3.50% vs exp. 3.5% (Prev. 3.5%).**

## GEOPOLITICS

### MIDDLE EAST

- **Iran's Foreign Minister Aragchi said "our response to Israel's attack on energy infrastructure employed a fraction of our power", adds the only reason for restraint was the respect for requested de-escalation. No restraint if the infrastructure is struck again. Any end to the war must address the damage to civilian sites.**
- **US Intelligence Chief Gabbard said objectives in Iran of US President Trump and Israeli PM Netanyahu are different.**
- **Qatar Energy CEO said 2 of their 14 LNG trains and 1 out of 2 of their gas to liquids facilities were damaged in Iran attacks, according to reported.** said ExxonMobil (XOM) is the partner in the damaged trains. May have to declare force majeure on long-term contracts for up to five years for LNG supplies to Italy, Belgium, Korea and China.
- **Israeli officials said the attack on Iran's South Pars gas field was coordinated with the US but will likely not be repeated.**
- **US Secretary of War Hegseth said US objectives on Iran are on target and on plan; Iranian objectives have not changed from the start; today will again be the largest strike package on Iran; US will finish the operation.**
- **US Treasury Secretary Bessent said US is not attacking Iran's energy infrastructure; we have allowed Iran oil to continue out of the Gulf, via Fox Business Interview; US may sanction Iranian oil on the water in the coming days.** said Strait of Hormuz is a temporary choke point. Iranian barrels are about 140mIn. Will use Iran oil to keep prices down. US could do another SPR release to keep prices down. US may do a unilateral SPR release. Treasury is NOT intervening in the futures market.
- **Iran is reportedly mulling a 10% toll on ships passing through the Strait of Hormuz.**
- **An Israeli assessment of the continuation of the war with Iran for several additional weeks, Sky News Arabia reported citing Israeli press.**
- **Iran's armed forces said Iran's retaliation against attacks on its energy infrastructure is not yet complete, SNN reported; any repeat of such attacks will lead to a far stronger retaliation against enemy and enemy infrastructure and that of their allies.**
- **Top Senate Democrats Schumer, Warren and Wyden plan to urge President Trump to end tariffs, issue refunds and stop the Iran war, arguing his policies are raising costs, Semafor reported.**
- **The escalation in Lebanon may continue until the end of May, regardless of the Iran war, Al Hadath reported citing an Israeli source.**
- **The escalation on the Lebanon front may continue regardless of the Iran war, Al Arabiya reported citing an Israeli security source.**
- **Joint statement by G7, ex. US: Expresses readiness to contribute to appropriate efforts safe passage through the Strait of**

- Hormuz; will take other steps to stabilise energy markets, including working with certain producing nations to increase output.
- US Secretary of War declines to comment when asked about a definitive time frame on the end of the Iranian operation, said the choice will be US President Trump's.
- US General Caine said each day the US moves deeper into Iranian territory; US continues to hunt and kill mine storage facilities.
- Iranian government spokesperson said despite the attack on energy facilities in the south of the country, the gas distribution network is stable, Al Jazeera reported.
- UAE official denies reported of capital flow restrictions.
- US embassy said Americans should leave Saudi Arabia immediately.
- Iranian lawmaker said parliament is mulling passing a bill that would impose toll and tax on ships seeking safe passage in the Strait of Hormuz, ISNA reported.
- Ambrey said a merchant vessel reported an explosion whilst 40.2NM Northwest of Abu Dhabi's free port; no casualties or damage to merchant vessel reported.
- Saudi Arabia said it has intercepted a missile heading towards Yanbu port.
- Saudi Arabia's Defence Ministry said a drone has fallen on the Samref refinery, currently assessing the damage.
- Kuwait Petroleum Corporation said one of the operational units at Mina Al-Ahmadi refinery was targeted on Thursday by a drone, resulting in limited fire, no casualties reported.

## RUSSIA-UKRAINE

- Ukraine President Zelensky said in the past few days, he has received signals from the US that Ukraine-Russia talks may resume soon.
- EU members fail to agree on a EUR 90bln loan for Ukraine.
- Gazprom said Ukraine increased attacks on Turkstream and Bluestream pipelines on 17-19th March; said all attacks were foiled.
- EU's Kallas said Croatia can provide Hungary with oil it needs; said there are alternatives for Hungary's Ukraine loan veto, Hungary not cooperating in good faith.

## NOTABLE NORTH AMERICAN NEWS

- Working lunch between US President Trump and Japan PM Takaichi cancelled; time allocation for summit meeting extended instead, Jiji reported.
- US Senate will continue debate today on the Save America Act.
- BofA (BAC) said in the week through 14th March, total card spending +4.9% Y/Y (vs +3.2% average during Feb).
- US Bank regulators unveil proposed new rules easing large bank capital requirements; Fed to propose revised GSIB surcharge that lowers biggest bank capital by 3.8%; Totality of capital changes under consideration would reduce largest bank capital by 4.8%.

## NORTH AMERICAN DATA

- US New Home Sales (Jan) 587 (Prev. 0.745, Low. 0.675, High. 0.771).
- US Wholesale Inventories MoM (Jan) M/M -0.5% (Prev. 0.2%).
- US New Home Sales MoM (Jan) M/M -17.6% (Prev. -1.7%).
- US Jobless Claims 4-week Average (Mar/14) 210.75K.
- US Continuing Jobless Claims (Mar/07) 1857k vs. Exp. 1850k (Prev. 1850k, Low. 1840k, High. 1867k).
- US Initial Jobless Claims (Mar/14) 205k vs. Exp. 215k (Prev. 213k, Low. 210k, High. 245k).
- US Building Permits Final (Jan) 1.386M (Prev. 1.455M).
- US Building Permits MoM Final (Jan) M/M -4.7% (Prev. 4.8%).
- US Philly Fed Business Conditions (Mar) 40.0 (Prev. 42.8).
- US Philly Fed New Orders (Mar) 8.6 (Prev. 11.7).
- US Philly Fed Prices Paid (Mar) 44.70 (Prev. 38.90).
- US Philadelphia Fed Manufacturing Index (Mar) 18.1 (Prev. 16.3, Low. -8, High. 15.5).
- US Philly Fed Employment (Mar) 0.8 (Prev. -1.3).
- US Philly Fed CAPEX Index (Mar) 25.80 (Prev. 14.40).

## ASIA-PAC

### NOTABLE HEADLINES

- China's Industry Minister said China is to focus on advanced basic materials, key strategic materials, and frontier new materials; called for exploring AI application in materials research, testing, and production.

### NOTABLE APAC EQUITY HEADLINES

- Alibaba Group (9988 HK / BABA) Q3 (CNY): Revenue 284.8bln (prev. 289.8bln), Adj. EBITDA 34.1bln (exp. 39.6bln), well-positioned to drive growth on both enterprise AI and consumer AI fronts. Rapid growth of AI+ cloud businesses in recent quarters gives confidence to scale investments, further strengthening full-stack AI capabilities. Other Q3 metrics: China e-commerce group revenue +6% Y/Y. Cloud intelligence unit revenue +36% Y/Y. Qianwan surpasses 300mln monthly active users in February.

- **Samsung Electronics (005930 KS) plans in excess of KRW 110tln (exp. 65tln) of capex and R&D spending during 2026. Seeking meaningful M&A for robots, medical tech, auto electronics and HVAC.**

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