

Oil slides on US supply prospects; Short-end yields rise as G10 central banks hold firm

- **SNAPSHOT:** Equities down, Treasuries flatten, Crude down, Dollar down, Gold down
- **REAR VIEW:** Israeli PM says war may be over soon than people think; Israel says attack on Iran's South Pars gas field is likely not be repeated; Iran missile hits Bazan oil refinery in Haifa; Saudi Arabia's Yanbu port reportedly resumes oil loadings after stoppage following attacks; White House will not implement a crude export ban; Bessent says US could do another SPR release; US initial claims fall W/W, Continued Claims rise; New Home Sales drop beneath expectations; BoJ, ECB, BoE, SNB, and Riksbank all keep rates unchanged as expected; ECB source reports noted officials see possibility of rate hike at April meeting; Atlanta Fed GDPnow Q1 model revised lower; MU earnings beat, capex outlook raises concerns.

MARKET WRAP

US stocks were largely lower at the close, but well off lows after remarks from Israeli PM Netanyahu, who said Iran has no capacity to enrich uranium or make ballistic missiles, sparking optimism that they are close to achieving their goals, and added that the war may be over sooner than people think. The rebound was capped, however, as he added that they will continue to hunt down the leaders of the IRGC, and the campaign will take as long as necessary. His remarks helped oil prices to ease (they were already falling), while stocks and bonds rallied. Sectors were mixed: Energy was the sole outperformer as demand for refined products remains elevated, while Materials lagged as metals were hit in response to five G10 central banks (BoJ, ECB, BoE, SNB, Riksbank) following in the footsteps of the Fed on Wednesday, holding rates amid uncertainty over the economic impacts from the Middle East conflict. Gold fell to as low as USD 4,502/oz, while silver hit troughs of USD 65.50, as global yields marched higher along the front end of the curve, before trimming later on. In Tech, Micron reported strong earnings and guidance; however, its capex outlook drove concerns about gross margins. Treasuries saw a bid in response to the Netanyahu comments, yet yields remained higher on the day for the US 2-, 3-, and 5-yr tenors. Back to energy, before Netanyahu's remarks, crude was seeing downside as markets took focus to developments in the US could do another SPR release to keep prices down and may un-sanction Iranian oil on the water soon; there were also reports that the White House will not implement a crude export ban (which saw Brent's premium to WTI narrow), and additionally, Chevron said it was restarting its jet fuel unit at its 285k bpd El Segundo refinery, five months after a major fire disrupted operations.

US

NEW HOME SALES: New Home Sales of new single-family houses dropped to 587k in January from 712k, beneath the expected 722k. The seasonally-adjusted estimate of new houses for sale was 476K +0.4% M/M. This represents a supply of 9.7 months at the current sales rate, +21.3% M/M. The median sales price of new houses sold in January 2026 was USD 400,500, -4.5% M/M. Pantheon Macroeconomics attributes snowstorms in January as the likely main driver of the sharp decline in the headline. It adds that median new home prices will need a much bigger drop to attract enough demand to drain the excess inventory built up over the last three years

CLAIMS: Initial Jobless Claims unexpectedly fell to 205k from 213k (exp. 215k), leaving the 4-week average marginally lower at 210.75k (prev. 211.5k). Unadjusted, initial claims declined by 16.8k to 190k. Seasonal factors had expected a decrease of 8,751, -4.2% W/W. Losses were most visible in California (-4,022), Missouri (-3,324), New York (-2,753), Pennsylvania (-1,689), and Virginia (-1,560). Kentucky saw the most notable increase, +3,310. Oxford Economics says the report's figures are consistent "with our view that while labour-market conditions have stabilised and layoffs appear to remain low, the US/Israel war with Iran has made the no-hire, no-fire labour market more vulnerable". Continuing Claims rose to 1.857m despite expectations for an unchanged reading at 1.850m. The firm thinks that, based on the recent behaviour of initial claims, continued claims are most likely to be range-bound in the weeks ahead

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 10+ TICKS LOWER AT 111-07

T-notes flatten on hawkish central bank expectations in response to the Iran war. At settlement, 2-year -1.2bps at 3.767%, 3-year -1.0bps at 3.769%, 5-year -1.0bps at 3.866%, 7-year -1.2bps at 4.045%, 10-year -2.5bps at 4.240%, 20-year -4.3bps at 4.824%, 30-year -5.4bps at 4.831%.

THE DAY: T-notes flattened on Thursday, with the long end outperforming the front end. Powell leaned hawkish last night, while the BoE and ECB also leaned hawkish. The BoE voted 9-0 to keep rates on hold while also removing the language that rates are likely to be reduced further, but it did keep the optionality for erasing open if the shock proves to be short-lived. Also, Bailey tried to temper rate hike expectations in the wake of the meeting. The ECB also held rates and announced it is taking a wait-and-see approach, but sources suggested that discussions of possible ECB hikes may need to start in April, unless there is a quick resolution in the Middle East. Heading into the week, it was largely thought that global central banks would be looking through some of the energy price pressures, but after the Fed, BoE and ECB, that is clearly not the case, particularly if the war becomes prolonged. Meanwhile, oil prices remain volatile with Brent hitting USD 119/bbl once again this morning after Iran struck energy infrastructure across the

Middle East, with the peaks seen after it targeted the Yanbu Port in Saudi Arabia, ultimately leading to a stoppage of oil loadings. However, crude prices pared as US updates weighed. Reports in Politico suggested the White House is not going to implement a crude export ban, which hit Brent but supported WTI on the prospects of there being more US oil available for the world. Oil prices were further weighed, and as such, T-Notes were bid amid Israeli Prime Minister Netanyahu's presser, where he said Iran has no capacity to enrich uranium or make ballistic missiles, sparking optimism that their goals are close to being achieved. Economic data saw initial jobless claims drop while continued claims rose marginally, while New Home sales were soft, but the market focus was largely on the central bank's reaction functions to the ongoing Middle East conflict.

SUPPLY

Notes

- US sold USD 19bln of 10-year TIPS on March 19th.
- US to sell USD 69bln of 2-year notes on Tuesday, March 24th, USD 70bln of 5-year notes on Wednesday, March 25th and USD 44bln of 7-year notes on Thursday, March 26th; all to settle March 31st
- To sell USD 28bln reopened 2-year FRN on March 25th; to settle March 27th.

Bills

- US to sell USD 77bln of 26-week bills and USD 89bln of 13-week bills on March 23rd; to sell USD 80bln of 6-week bills on March 24th; all to settle March 26th

Bills

STIRS/OPERATIONS

- Fed Rate Cut Pricing: April +2.8bps (prev. +2.3bps), June +1.6bps (prev. +1.1bps), July +0.0bps (prev. -3.5bps), December -7.9bps (prev. -15.4bps)
- NY Fed RRP op demand at USD 0.637bln (prev. 0.698bln) across 5 counterparties (prev. 6)
- SOFR at 3.62% (prev. 3.65%), volumes at USD 3.092tln (prev. USD 3.146tln) on March 18th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 93bln (prev. USD 93bln) on March 18th

CRUDE

WTI (K6) SETTLED USD 0.09 HIGHER AT USD 95.55/BBL; BRENT (K6) SETTLED USD 1.27 HIGHER AT USD 108.65/BBL

Crude prices were pressured in afternoon trading, on a few factors: 1) Treasury Secretary Bessent said the US could do another SPR release to keep prices down and may un-sanction Iranian oil on the water soon; 2) Reports that the White House will not implement a crude export ban; 3) Chevron restarting jet fuel unit at its 285k bpd El Segundo refinery, five months after a major fire disrupted operations. Meanwhile, Israeli officials said the attack on Iran's South Pars gas field will likely not be repeated, a welcome prospect if realised, as Iran's response further disrupted oil markets, briefly leaving Saudi Arabia's Yanbu port stopping oil loadings. Brent's premium to WTI narrowed, as more US supply is to remain available for trade with other countries. WTI finished little changed, within the range between 92.10-100.48, while Brent held onto gains, trading within 103.76-119.13.

In post-settlement trade, crude futures saw further downside amid remarks from Israeli Prime Minister Netanyahu, who said the war will end sooner than people think; he also said that Iran has no capacity to enrich uranium or make ballistic missiles, the US and Israel have destroyed Iran's fleet in the Caspian, and Israel is helping the US open the Strait of Hormuz. Netanyahu also confirmed that it was Israel's decision to target the South Pars field, and Trump asked Israel to hold off on such attacks in the future. On oil prices, he said they are rising, but will fall quickly.

EQUITIES

CLOSES: SPX -0.27% at 6,607, NDX -0.29% at 24,355, DJI -0.44% at 46,022, RUT +0.65% at 2,495

SECTORS: Materials -1.55%, Consumer Discretionary -0.87%, Consumer Staples -0.84%, Industrials -0.67%, Communication Services -0.58%, Utilities -0.47%, Health -0.39%, Real Estate -0.23%, Technology unch, Financials +0.02%, Energy +1.48%.

EUROPEAN CLOSES: Euro Stoxx 50 -2.10% at 5,616, Dax 40 -2.84% at 22,860, FTSE 100 -2.43% at 10,055, CAC 40 -2.03% at 7,808, FTSE MIB -2.42% at 43,661, IBEX 35 -2.38% at 16,887, PSI -2.06% at 8,947, SMI -2.39% at 12,454, AEX -2.24% at 978

STOCK SPECIFICS

- **Micron (MU):** Concerns over peak GM from capex outweigh earnings beat.
- **Alibaba (BABA):** Profit and rev. missed.
- **Align Technology (ALGN):** Elliott Investment Management takes a significant stake.
- **Rivian (RIVN):** Partnered with Uber on Robotaxis; Uber to invest \$1.25B in Rivian.
- **Five Below (FIVE):** Q metrics & guidance beat.
- **Accenture (ACN):** FY profit outlook missed.
- **JPMorgan (JPM) and Goldman Sachs (GS)** reportedly offer hedge funds a way to short private credit, according to reports.

FX

The **dollar** was on the backfoot on Thursday amid a slew of G10 central bank rate announcements, where the theme was similar to that of the Fed on Wednesday: hold for now, until gaining further clarity on economic impacts from the Middle East conflict. US data

sent no flash warnings as initial claims unexpectedly fell while continued claims remain well within YTD ranges. Global fixed income traded lower as markets gripped with the fact over the day that most major central banks aren't going anywhere for now, with precious metals seeing heavy losses in response. Energy updates had impacts on intraday moves in the oil complex (US won't ban crude exports, may release more from SPR), but ultimately, moves in the dollar were a result of higher rates in peers becoming hard to ignore. Later in the afternoon, large moves followed Israeli PM Netanyahu's press conference, which sparked risk-on across markets, and further deterioration in the USD. He said Iran has no capacity to enrich uranium or make ballistic missiles after 20 days of war, and the US and Israel have destroyed Iran's fleet in the Caspian. DXY started the day above 100, now trading around 99.01.

G10 FX was broadly firmer, led by **JPY**. The BoJ held rates as expected at 0.75% in an 8-1 decision (one opted for a 25bps hike). USD/JPY started to see a reaction in the press conference when Governor Ueda commented on preliminary wage data, stating that momentum at "small and medium-sized firms could be better than in past years." USD/JPY hit as low as 157.51 from earlier highs of 159.87.

EUR/USD saw upside in wake of the ECB announcement; the central bank kept rates on hold as expected, saying they are not pre-committing to a particular rate path, a theme reiterated by President Lagarde. The announcement was somewhat skewed hawkish, given the significant upgrade to inflation projections, albeit policy being well-positioned in the current environment was an offsetting factor. ECB source reports noted officials see the need for possible rate hike talk to start in April, but a move would be more likely in June. EUR/USD climbed back above 1.1600, eyeing the 21 DMA of 1.1650.

The **BoE** held rates as expected, but in a more hawkish fashion, 9-0 (exp. 7-2). The statement removed language suggesting further cuts, while retaining optionality if the shock proves short-lived.

The **SNB** kept its policy rate at 0.00% as expected with the update of FX language. SNB's willingness to intervene in the FX market has increased and would counter rapid and excessive appreciation.

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