

## SNAPSHOT

STOCKS			
Nikkei 225	-3.4%	ASX 200	-0.7%
Hang Seng	-4.0%	Shanghai Comp	-4.0%
Euro Stoxx 50 Jun'26	-1.6%	DAX Jun'26	-1.7%
ES Jun'26	-0.5%	NQ Jun'26	-0.7%

FX			
DXY	+0.4% (99.847)	EUR/USD	-0.4% (1.1526)
USD/JPY	+0.3% (159.60)	GBP/USD	-0.4% (1.3292)

BONDS			
US T-Note Jun'26	-7 ticks	Bund Jun'26	-43 ticks
US 10yr Yield	4.415%	German 10yr Yield	3.048%

ENERGY & METALS			
WTI May'26	+2.0%	Brent May'26	+1.3%
Spot Gold	-4.7%	LME Copper	-1.8%

CRYPTO			
Bitcoin	+1.0%	Ethereum	+0.3%

As of 06:25GMT/02:25EDT

## LOOKING AHEAD

- Highlights include ECB Wage Tracker (Q1), EU Consumer Confidence Flash (Mar), US Chicago Fed National Activity Index (Feb), Atlanta Fed GDP, Australian Flash PMIs (Mar), Japanese CPI (Feb), Speakers including ECB's Cipollone & Lane, Supply from the EU.
- [Click for the Newsquawk Week Ahead.](#)

## IRAN CONFLICT

- **US President Trump gave Iran a 48-hour ultimatum on Saturday evening at 19:44EDT/23:44GMT to fully open the Strait of Hormuz or the US will "obliterate their various POWER PLANTS, STARTING WITH THE BIGGEST ONE FIRST".** US President Trump posted earlier on Saturday that he is considering "winding down" the Iran war because the US was "getting very close" to meeting its military objectives.
- **Iran's Revolutionary Guards warned that if US President Trump executes threats to target Iran's energy facilities, the Strait of Hormuz will be completely closed and will not reopen until damaged plants are rebuilt,** while it warned that all Israeli power plants, energy infrastructure and ICT systems will be widely targeted. **Iran also threatened that all similar companies in the region that have American shareholders will be 'completely destroyed' and power plants in regional countries that host US bases will become legitimate targets.**
- **US President Trump said on Friday that they can have dialogue with Iran, but don't want a ceasefire,** and they don't need the Strait of Hormuz, while he added that Korea, Japan, and China need to be involved in Hormuz. Trump also commented that he may have a plan or may not regarding Kharg and stated that Iran is finished from a military standpoint.
- **US was reported on Friday to be making preparations for potential ground troops in Iran,** with Pentagon officials reportedly having made detailed preparations for deploying US ground forces into Iran, multiple sources briefed on the discussions told CBS News. Furthermore, **US officials have informed their counterparts in Israel and other nations in recent days that the US may have no option but to launch a ground military operation to seize Kharg Island,** according to sources cited by Jerusalem Post.

- **US military said it has 'zeroed in' on removing the Iranian threat to the Strait of Hormuz traffic and has dropped multiple bombs on Iranian facilities along the coastline**, while the US said the Iranian threat to the Strait of Hormuz had been 'degraded' after it took out a facility along Iran's coastline last week.
- **Israeli Defence Minister said the attacks on Iran will increase in the coming week.**
- **Israeli military announced it began a wide-scale wave of strikes** targeting Iranian infrastructure in Tehran, while explosions were reported in the Iranian city of Bushehr, located in the south of the country. There were also reports of explosions in northeastern Tehran and heavy bombing in Isfahan and Khorramabad.
- **IDF said Iran launched a long-range missile for the first time since the start of Operation Roaring Lion that could reach a distance of more than 4,000km and claimed that Iran's missiles could reach London, Paris or Berlin**, while Israel also stated that Iran is developing a capability that poses a much broader threat.
- **Iran's Natanz nuclear facility was struck on Saturday, although no radioactive leaks were detected at the site**, while the IDF said it was not "familiar with any IDF attack on that facility".
- **Iranian missiles breached Israeli defences and hit two communities near Israel's main nuclear research centre in southern Israel**, which injured nearly 100 people, while the attack happened after Iran claimed Israel struck the Natanz nuclear site.
- **Iran's Foreign Minister Araghchi said on Friday that UK PM Starmer is putting British lives in danger by allowing UK bases to be used for aggression against Iran, while Iran fired ballistic missiles at the Diego Garcia military base used by the UK and the US on Friday night**, although the missiles did not hit the base. Furthermore, UK ministers confirmed a deal on Friday for the US to utilise UK bases for the collective self-defence of the region, including US defensive operations to degrade the missile sites and capabilities being used to attack ships in the Strait of Hormuz.
- **Iran's Foreign Minister Araghchi said they are ready to allow Japanese vessels to pass through the Strait of Hormuz and Iran has started talks with Japan about the possible opening of the Strait**, according to an interview with Kyodo News. However, it was separately reported that Japanese Foreign Minister Motegi said Japan isn't considering unilateral negotiations with Iran to secure passage for vessels through the Strait of Hormuz.
- **Iran's representative to the UN said on Friday that Iran would continue to work with the International Maritime Organisation regarding the Strait of Hormuz to improve maritime safety, and that ships not belonging to Iran's enemies could pass through the strait** by coordinating security and safety arrangements with Tehran.
- **Iran threatened to target the UAE's industrial port city of Ras al-Khaimah if Iranian Gulf islands are attacked from the UAE.**
- **Iran reportedly decided to limit its attacks on Saudi Arabia out of concern that continued strikes could trigger a direct Saudi military response**, according to two sources cited by the Jerusalem Post. **However, the Saudi Defence Ministry announced overnight that two ballistic missiles were launched towards Riyadh**, of which one was intercepted, and the other landed in an uninhabited area.
- **Saudi Arabia and the UAE were said to move closer to support the US and Israeli side in the war, with Saudi Arabia agreeing to open up the King Fahd Air Base in Taif, western Saudi Arabia, to the Americans**, according to Middle East Eye. It was also reported that the UAE, Saudi Arabia, Qatar and Bahrain believe Iran's military must be cut down before a ceasefire can be called, with some considering joining the offensive, according to Times of Israel.
- **Turkish Foreign Minister Fidan said Gulf countries have issued their last warnings to Iran and may be forced to retaliate if attacks continue.** It was separately reported that Fidan was said to have discussed steps to end the war in separate calls with Iran and Egyptian counterparts, while he also held calls with the EU foreign policy chief Kallas and US officials.
- **Iraqi pro-Iranian military group Kata'ib Hezbollah extends pause on US embassy attacks by five days but warns of a response if attacked**, according to AFP.
- **Yemen's Houthis may join the war against Israel and the US as soon as today**, amid pressure from Iran and Hezbollah.

## US TRADE

### EQUITIES

- **US stocks were slammed on Friday as geopolitics continued to dominate**, while a heavy week of central bank activity marked a hawkish shift due to the US/Iran war. The downside saw the Russell fall 10% from peaks, officially entering correction territory. Reports had suggested that US President Trump is considering plans to occupy Kharg Island to pressure Iran to reopen the Strait of Hormuz, but reports stated that Iran is maintaining its hard line on Hormuz. The US is also sending thousands of troops to the Middle East, and CBS suggested the US is preparing for a ground invasion of Iran, but no final decision has been made. The escalating tensions saw oil prices rally, in turn seeing yields surge in the US and Europe, with money markets pricing in more hawkish global central bank activity, with rate cut bets turning to rate hike bets.
- **SPX -1.51% at 6,506, NDX -1.88% at 23,898, DJI -0.96% at 45,578, RUT -2.25% at 2,438.**
- [Click here for a detailed summary.](#)

### NOTABLE HEADLINES

- **US President Trump posted that he doesn't think they should make any deal with the 'Crazy, Country Destroying, Radical Left Democrats' unless they vote with Republicans to pass "THE SAVE AMERICA ACT".** Trump added "In other words, lump everything together as one, and VOTE!!! Kill the Filibuster, and stay in D.C. for Easter, if necessary."
- **US Transportation Secretary Duffy said next week will be much worse at airports and smaller airports are at greater risk of shutting down due to lack of DHS funding**, according to CNN. It was separately reported that more than 400 TSA officers have quit since the start of the DHS funding shutdown, while President Trump announced to deploy ICE agents to airports to help TSA agents from Monday.
- **Some Democrats are reportedly discussing how to replace Chuck Schumer as Senate Minority Leader as they grow**

frustrated with his leadership, while the focus is on getting Schumer to step aside after the November elections, according to WSJ.

## APAC TRADE

### EQUITIES

- **APAC stocks** were pressured after the US and Iran exchanged threats over the weekend, with US President Trump announcing a 48-hour ultimatum for Iran to fully open the Strait of Hormuz or the US will obliterate Iranian power plants, while Iran responded with its own threats, including completely shutting the Strait of Hormuz until damaged plants are rebuilt and warned that all power plants in regional countries that host US bases will become legitimate targets.
- **ASX 200** retreated amid continued underperformance in miners, materials and resources, while defensives were at the other end of the spectrum amid the broad risk-off mood.
- **Nikkei 225** slumped firmly beneath the 52,000 level and suffered intraday losses of more than 2,000 points on return from a 3-day weekend amid energy-related headwinds, while Japanese Foreign Minister Motegi denied that Japan was considering unilateral negotiations with Iran to secure passage for vessels through the Strait of Hormuz.
- **Hang Seng** and **Shanghai Comp** conformed to the broad downbeat mood as participants reflected on a slew of earnings, while rehashed rhetoric from PBoC Governor Pan that they will continue to implement appropriately loose monetary policy, provided little solace.
- **US equity futures** declined at the reopen as the Iranian conflict continued to show no signs of abating, with the US and Iran both threatening to target energy infrastructure.
- **European equity futures** indicate a lower cash market open with Euro Stoxx 50 futures down 1.6% after the cash market closed with losses of 2.0% on Friday.

### FX

- **DXY** mildly gained amid the risk-off mood owing to the conflict in Iran and US President Trump's 48-hour ultimatum, which expires on Monday evening, while the greenback is also helped by hawkish Fed bets, with money markets now pricing more than a 50% likelihood that the Fed will hike rates in October.
- **EUR/USD** marginally weakened in rangebound trade amid a slightly firmer buck and with ECB officials recently noting inflationary risks from the energy shock. Furthermore, there was little reaction to local elections in France and Germany, with mixed results for the French far-right RN, as it won in smaller cities, but lost in big targets such as Marseille and Toulon, while German Chancellor Merz's Conservatives secured a victory in Rhineland-Palatinate to end the Social Democrats' 35-year grip on the state.
- **GBP/USD** lacked demand with UK PM Starmer to hold an emergency meeting of senior officials to discuss the cost of living this week, while Iran's Foreign Minister warned on Friday that UK PM Starmer is putting British lives in danger by allowing UK bases to be used for aggression against Iran.
- **USD/JPY** gradually extended on its gains amid a firmer buck and oil-related concerns, which prompted plans by Japan to spend around JPY 800bln from budget reserves to curb gasoline prices.
- **Antipodeans** underperformed due to the risk-off mood and their high-beta properties, with price action not helped by a lack of data and after the PBoC set a weaker-than-expected yuan fix.
- **PBoC** set USD/CNY mid-point at 6.9041 vs exp. 6.8928 (Prev. 6.8898).

### FIXED INCOME

- **10yr UST futures** retreated at the open as the initial spike higher in oil further stoked inflationary concerns, and with money market pricing leaning towards a Fed rate hike in October, although T-note futures are off the initial lows after oil faded most of the initial surge.
- **Bund futures** breached the 125.00 level to the downside amid oil-related inflationary concerns, while participants await ECB wage tracker and EU Consumer Confidence data, as well as EU supply and comments from ECB's Cipollone and Lane.
- **10yr JGB futures** gapped lower as it caught up to price action on return from a 3-day weekend, with demand not helped by a lack of data and energy-related price concerns.

### COMMODITIES

- **Crude futures** initially spiked higher at the reopen after the US and Iran exchanged threats to attack energy infrastructure, and with US President Trump announcing a 48-hour ultimatum for Iran to fully open the Strait of Hormuz. This lifted WTI crude futures to the USD 101.50/bbl level, where it met resistance and reversed course to briefly wipe out all of its gains, as participants also reflected on other weekend reports including the US Treasury issuing an Iran-related general licence approving the sale of Iranian-origin oil loaded as of March 20th and with sources stating that Iran decided to limit its attacks on Saudi Arabia. Nonetheless, oil prices then gradually edged higher throughout the session amid reports that a couple of ballistic missiles were launched towards Riyadh, while Israel conducted a broad wave of strikes targeting Iranian infrastructure.
- **US Treasury Department issued an Iran-related general licence approving the sale of Iranian-origin oil loaded as of March 20th.**
- **Saudi Aramco cut crude oil supplies to Asian buyers for April loading.**
- **Iraqi government official said Basra oil production has declined to 900k bpd vs. 3.3mln bpd before the Iran conflict, due to**

the export blockade, while Iraq declared a force majeure on Friday for all oilfields developed by foreign oil companies, according to source reports.

- **ADNOC Gas said it made temporary adjustments to LNG production.**
- **G7 Foreign Ministers' statement said they stand ready to take necessary measures to support the global supply of energy,** while they demanded the immediate and unconditional halt to the Iran attacks.
- **IEA chief Birol said Asia is at the forefront of this energy crisis and the situation in the Middle East is severe, while he added this crisis is worse than the two oil crises in the 1970s put together** and that the single biggest solution to the current problems is to reopen the Strait of Hormuz.
- **Spot gold** declined with selling pressure exacerbated on a break below the USD 4,400/oz level and amid increased rate hike bets with money markets pricing a 54% likelihood of a Fed rate hike in October.
- **Copper futures** extended on last week's losses amid the broad downbeat mood and trickled to around a three-month trough in early trade.

## CRYPTO

- **Bitcoin** partially rebounded after sliding to briefly beneath the USD 68,000 level over the weekend.

## NOTABLE ASIA-PAC HEADLINES

- **PBoC Governor Pan defended China's trade surplus and reiterated that they will continue to implement appropriately loose monetary policy,** while they will comprehensively use monetary policy tools such as RRR, the policy interest rate and open market operations to maintain sufficient liquidity.
- **Chinese Premier Li pledged more balanced trade with global trading partners and to continue opening up the economy.**
- **Academics and reflationists Toichiro Asada and Ayano Sato have been confirmed as BoJ board members.**
- **Japan is to spend around JPY 800bln from budget reserves to curb gasoline prices,** while it was reported that the government may consider a provisional budget to prepare for unforeseen circumstances.
- **South Korea nominated BIS official Shin Hyun Song to become the next BoK Governor.**
- **South Korean ruling party spokesperson announced they are to draft an extra budget** of around KRW 25tln vs prev. estimate of around KRW 20tln.

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Ukraine said it struck the Saratov refinery** in an attack that targeted Russian energy facilities.

### OTHER

- **Cuban Foreign Minister Rodriguez said the Cuban government would be open to a serious and responsible dialogue with the US government,** without interference in internal affairs.

## EU/UK

### NOTABLE HEADLINES

- **UK PM Starmer is to hold an emergency meeting of senior officials to discuss the cost of living this week,** with Starmer to convene senior cabinet members and the BoE Governor.
- **UK PM Starmer is to bring forward EU rules legislation in the King's Speech in May,** according to FT.
- **BoE said on Friday that it will weight gilt sales towards short maturity bonds in Q2,** with the Bank to sell short maturity sector bonds across two auctions of GBP 825mln, medium maturity sector bonds across two auctions of GBP 725mln, and long maturity sector bonds in one auction of GBP 675mln.
- **German Chancellor Merz's CDU was projected to have won 30.8% of the vote vs. Social Democrats with 26% in Rhineland-Palatinate,** to remove the Social Democrats from power in the state after 35 years.
- **France's far-right RN had mixed results in the local elections,** winning in smaller cities, but losing in big targets such as Marseille and Toulon, while RN ally Ciotti was elected Mayor of Nice, according to FT.
- **ECB's Makhoulf said on Friday that while there are important differences now compared to the 2022 energy shock,** they must be wary of complacency and need to be alert to the risk of inflation expectations becoming disanchored more quickly than before.
- **ECB's Nagel said on Friday that the higher inflation goes and the longer expectations remain above target, the greater the second-round risks** become, while he added that the ECB must act when second-round effects on inflation become apparent and is taking a wait-and-see approach.
- **Hundreds of thousands of Czechs took part in anti-government protests** in Prague on Saturday.
- **S&P affirmed Cyprus at A-; Outlook Positive, and upgraded Ireland from AA to AA+; Outlook Stable, while Fitch affirmed Sweden at AAA; Outlook Stable.**

