

- Sentiment underwent a remarkable turnaround following President Trump's announcement that the US and Iran had "very good and productive" conversations and postponed further strikes for 5 days.
- US President Trump, on Iran, said "we have had strong talks", and see where talks will lead to; we have had major points of agreement, if they carry through, it will end the conflict.
- DXY and oil prices plumbed the depths while stocks, bonds, and metals rose across the board.

EQUITIES

- **European bourses** underwent a remarkable turnaround following President Trump's announcement that the US and Iran had "very good and productive" conversations and postponed further strikes for 5 days. After being among the worst performers at the start of the session, the **DAX 40** is now set to end as the outperformer.
- **Sectors** are finishing broadly in the green. **Travel and Leisure** topped the list, while **Basic Resources** reversed its earlier losses as metal prices rebounded. **Energy** was weighed on by the aggressive selloff in **WTI** and **Brent**.
- Key movers included **luxury names (Kering, LVMH, Richemont)** and **Telecom Italia**. For luxury names, Cushman & Wakefield released data that showed a 13% rise in new outlets on leading European luxury retail streets. For Telecom Italia, the Co. received a EUR 10.8bln bid from Poste Italiane to buy the Italian telecoms company.
- **US equity futures** are printing significant gains, in line with the broader risk tone. **ES** now trades back within the broader range but still trades below the 200-SMA (6765.3).

FX

- **DXY** - Softer, pulling back from earlier highs as US President Trump struck a more conciliatory tone on Iran following a weekend exchange of threats. Earlier, the index traded firmer after Trump issued a 48-hour ultimatum on Saturday, warning that failure to fully reopen the Strait of Hormuz would result in the US "obliterating" various power plants. Iran responded that any such action would lead to a complete closure of the Strait, which would remain shut until damaged facilities were rebuilt. However, in the late European morning, Trump said on Truth Social that the US and Iran had held "very good and productive" talks toward a full resolution of hostilities in the Middle East, and confirmed strikes had been postponed for five days. The DXY fell to a low of 99.105 from an earlier peak of 100.148.
- **EUR, GBP** - Firmer amid the softer USD, albeit to varying degrees. GBP marginally outperforms EUR, benefiting from its higher-beta characteristics, with EUR/GBP pulling back after encountering resistance at Friday's high. While somewhat secondary given the geopolitical backdrop, there were regional political developments over the weekend. In France, local election results were mixed, with the far-right RN gaining in smaller cities but losing ground in larger ones. In Germany, Chancellor Merz's CDU secured victory in the Rhineland-Palatinate elections, clouding the outlook for the SPD, which had governed the region for 35 years. ING highlights two potential paths for the weakened SPD: either becoming a "genuine junior partner" and allowing CDU-led reforms to pass, or obstructing reforms, risking a government breakdown. EUR/USD traded towards the upper end of a 1.1484-1.1618 range, while GBP/USD once again tested its 200 DMA (1.3432) after moving above its 100 DMA (1.3399).
- **JPY** - Among the stronger G10 performers, supported by USD softness and domestic wage momentum. Japan's largest trade union group, Rengo, reported preliminary average wage increases of 5.26% for 2026 (vs. last year's preliminary 5.46%). As a reminder, BoJ Governor Ueda noted at the March post-policy press conference that early data suggested wage growth at small and medium-sized firms could exceed prior years. The second round of negotiations is due on March 27, with final figures typically released in early July, and revisions to preliminary data are common. Attention also remains on potential intervention, with top FX diplomat Mimura adding to recent jawboning, although intervention appears unlikely in the current volatile environment. USD/JPY traded towards the lower end of a 159.66-158.25 range.
- **Antipodeans** - Mixed, with NZD outperforming AUD. The AUD was pressured earlier in the session by notable declines in gold and copper prices. Meanwhile, AUD/NZD dipped below 1.2000, trading towards the lower end of a 1.2054-1.1991 range.

FIXED INCOME

- **Global fixed benchmarks** initially held a bearish bias, as market pricing continued to shift hawkishly and amidst stronger energy prices. The latter was buoyed by the ongoing Middle Eastern conflict, which was seemingly at risk of further escalation after President Trump issued a 48-hour deadline for Iran to reopen the Strait of Hormuz – though, Iran hit back with its own threats.
- **Thereafter, the complex remained at lows up until US President Trump** surprised markets with a post on Truth Social, where he said that the US and Iran had "very good and productive" conversations and told the DoW to postpone strikes for five days. Following this post, **USTs Jun'26** rose from around 110-04 to 111-04 within a few minutes; the 10yr yield fell to the session trough of 4.308% (vs 4.445% high). Overall, an update viewed as a positive for the market, given some early signs of de-escalation in the region – nonetheless, uncertainty clouds the environment, as Iran seemingly pushed back on claims that it even had contact with the US. **USTs** have pulled back from the extremes seen following the Trump post, and looks to end the European session higher by around 8 ticks, at 110-24.
- **Bunds** followed the above. Initial pressure was entirely wiped away on the Trump post, and now set to end the European day

firmer by c. 40 ticks, within a 124.77-126.05. Regionally, the ECB 2026 Annual Wage Tracker printed at 2.27% (prev. 2.388%); the ECB Survey of Monetary Analysts saw 2026 HICP at 2% Y/Y. Both, quite frankly, irrelevant given the geopolitical situation. Also some focus on the political environment, with French local elections mixed, whilst Chancellor Merz's CDU won in Rhineland-Palatinate elections.

- **Gilts** also began the morning lower, and followed peers. **UK paper** is set to end the day with gains of around 90 ticks, and towards the upper end of a 85.91-88.29 range. Talks of de-escalation will be welcomed by policymakers at the BoE, with the likes of Mann suggesting she could consider a hike given the inflationary implications of the surge in energy prices. This morning, money markets priced in nearly 100bps worth of hikes at the **BoE by year-end, but this has pared back significantly to now around 50bps.**
- **EU sold EUR 5.731bln vs Exp. 7.0bln 2030, 2033, 2034 NGEU Bonds.** 2030: average yield 3.070%. 2033: average yield 3.244%. 2034: average yield 3.402%.
- **Germany Q2 debt issuance plan unchanged from its original plan in December 2025.**

COMMODITIES

- **Crude futures** - Crude futures plunged sharply after US President Trump posted on Truth Social that the US and Iran had held "very good and productive" talks towards a complete resolution of hostilities in the Middle East, and confirmed strikes had been postponed for five days. That said, IRGC-affiliated press denied the reports, while Axios noted that US envoy Witkoff and Iran's Foreign Minister were engaged in informal discussions. Prices had opened firmer on weekend developments. To recap, Trump initially issued a 48-hour ultimatum on Saturday, warning that failure to reopen the Strait of Hormuz would result in the US "obliterating" various power plants. Iran responded that any such action would trigger a full closure of the Strait until damaged infrastructure was rebuilt. WTI fell to a low of USD 84.37/bbl from an intraday peak of USD 101.67/bbl. Brent dropped over 10%, falling from USD 114.43/bbl to lows of USD 96/bbl, before recovering off worst levels to trade back around the USD 100/bbl mark.
- **Nat gas** - Dutch TTF declined almost 8% intraday to just below EUR 55/MWh from levels above EUR 62/MWh, following Trump's Truth Social comments. Additionally, German Chancellor Merz stated that communication channels with Iran remain open and, despite the difficult situation, there is hope for a resolution, with efforts ongoing towards a peaceful outcome, according to ISNA. Separately, the US warned the EU to pass the trade deal or risk losing favourable access to LNG, according to FT, citing the US ambassador to the EU.
- **Precious metals** - Spot gold is set to end the European session closer to flat after earlier sharp losses. During the session, gold erased its 2026 gains as the prolonged Middle East conflict lifted inflation risks and reinforced expectations that central banks may struggle to ease policy. The metal fell from a peak of USD 4,536/oz to a low of USD 4,099.02/oz, finding support just above its 200 DMA (USD 4,090.97/oz), before rebounding towards USD 4,500/oz on Trump's more conciliatory comments.
- **Base metals** - Firmer intraday following Trump's earlier remarks, which triggered USD outflows and a shift into risk assets, with copper leading gains. 3M LME copper reclaimed USD 12,000/t, trading within a range of USD 11,707.00-12,400.85/t.
- **Chevron (CVX) CEO** said the demand for gas will continue to grow as oil plateaus.
- **Saudi Aramco** is planning to sell a stake in its oil export and storage terminals business in the coming weeks.
- **US Energy Secretary Wright** said discussions about energy need to be less political. US oil SPR stocks started moving last Friday afternoon. For every barrel released, 1.2 barrels of oil will be returned through SPR swaps. SPR releases will be between 1-1.5mln BPD, possibly close to 3mln BPD.
- **Japanese government reportedly considering intervention in oil futures, according to source reported.** Japan reportedly inquired about methods for oil futures intervention.
- **Novatek** is interested in investing in Vietnam's gas infrastructure.
- **European Commission spokesperson** said the EU gas coordination group are to meet on Thursday to discuss the Middle East situation.
- **India's mines minister** said they have taken steps to ensure coal prices should not increase.
- **Sweden PM** said that after the sharp increase in energy prices, it plans to reduce taxes on gasoline and diesel.
- **UAE restarts Habshan gas plant and idles most LNG output, sources say.**
- **Indian PM Modi** said the government is ensuring uninterrupted oil and gas supply; India has over 5.3mln metric tons of strategic petroleum reserves; India is working on 6.5mln metric tons more of reserves.
- **Greek PM** said Greece is to offer fuel subsidies worth EUR 300mln to help households with rising energy costs.
- **China's NDRC** said to raise gas prices by CNY 1,160/ton and diesel prices by CNY 1,115/ton, effective March 24th; adds measures will be temporarily used to regulate oil prices.

EUROPEAN DATA

- **ECB Wage Tracker: 2026 annual 2.270% (prev. 2.388%).** Quarterly, 2026. Q1 1.887% (prev. 2.058%). Q2 2.100% (prev. 2.169%). Q3 2.521% (prev. 2.617%). Q4 2.574% (prev. 2.709%).

NOTABLE HEADLINES

- **Italian PM Meloni** is trailing by a narrow margin in justice reform referendum; 'No' vote in Italy Justice Referndum seen at 49-53% vs 'Yes' at 47-51%, via SWG/exit polls.
- **German court** rejects bid to ban Mercedes (MBG GY) and BMW (BMW GY) fossil fuel cars, reported suggest.

TRADE/TARIFFS

- **The US** warns the EU to pass the trade deal or risk losing favourable access to LNG, the FT reported citing the US ambassador to the EU.

- EU said an Australia deal would reduce EU exporter's tariffs by EUR 1bln per year, and the deal may up EU goods exports to Australia by around 33%.

CENTRAL BANKS

- **Fed Governor Miran (Dove) said Fed should not be making policy based on short-term headlines; it is premature to judge the current situation.** Need to be looking at a year and a half, two years out, given the lag in monetary policy. Historically, energy shocks impact headline inflation, not core inflation. Policy outlook depends on inflation expectations. Don't want to respond to oil price shocks in case it leads to a wage price spiral. Labour market could benefit from additional support. Many around the FOMC table, including himself, were hesitant to draw conclusions from the Iran conflict. Needs more clarity on whether policy should react to current events. Expects higher headline inflation but it is too soon to say if it will impact core inflation. Higher energy prices depresses demand and can offset some of the inflationary impact. Fed historically looks through first-round of all price shocks, it would be unusual to focus on them this time around. Second round effects and wage rises could require a rate hike. But current conditions do not warrant consider rate hikes. Is watching for broad based second round impacts from higher energy. Outlook remains for rate cuts. Pencilled in four rate cuts this year (vs six in December SEPs) - Note, Miran had alluded before the FOMC he sees four 25bps rate cuts this year. Expects labour market will continue with gradual softening. Balance of risks got worse on both sides.
- **Fed's Goolsbee (2027 Voter) said it is an intense moment with a lot in the balance, at best inflation has stalled and the Fed is waiting for that to go away, via CNBC interview.** Remains optimistic that by end of the year rates could go down, but needs proof on inflation. Gas prices have a high impact on household expectations; Fed has to hope it does not have a lasting impact. Many unemployment metrics have shown stability of late. Job creation may not be a reliable measure of slack. Labour market data suggests economy nears full employment, raising inflation concerns. Inflation now appears to be the primary risk. Unemployment rate has not gone up much. Inflation expectations remain anchored. Fed could be back in an environment of multiple cuts, but also see conditions where the Fed would hike. Historically oil shocks have been stagflation, making both inflation and joblessness worse.
- **ECB's Kazimir said will not hesitate to take action if inflation was at risk of staying above target for a prolonged period; can do little about the inflation spoke in the next few months; yet to leave our "good place".**
- **ECB Survey of Monetary Analysts - March 2026.** Note, the survey period was between March 2nd to 5th. Survey shows the medium Deposit Facility Rate holding at 2% in the long term. Survey shows 2026 HICP at 2.0% Y/Y; 2027 2.0%; 2028 2.0%.
- **ECB's de Guindos** said he sees Euro zone avoiding recession and can't prevent initial surge from energy, adds ready to respond as necessary.
- **Brazilian Economists reportedly see year-end 2026 Selic rate at 12.50% (prev. saw 12.25%); year-end 2027 selic at 10.50% (prev. saw 10.50%).**
- **Swiss Sight Deposits (w/e 21 Mar): Total 457bln (prev. 454.3bln), Domestic 432.8bln (prev. 433.5bln).**
- **NBP's Glapinski** said deflationary pressures are to offset high energy prices.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Ust-Luga resumed oil and fuel loadings on Monday after the drone alert was lifted, sources suggest.**
- **Sinopec (0338 HK) VP** said there is not much Russian oil available under the waiver and are evaluating risks of buying Iranian oil.

MIDDLE EAST

- **US President Trump posted on Truth Social that he is pleased to report that the US and Iran have had "very good and productive" conversations regarding a complete and total resolution of our hostilities in the Middle East; postpones strikes for 5 day period.**
- **US President Trump, on Iran, said "we have had strong talks", and see where talks will lead to; have had major points of agreement, if they carry through, it will end the conflict.** Talk details: US Special Envoy to the Middle East Witkoff and envoy Kushner had talks. Discussions were on Sunday, into the evening. They want to make a deal, and "we want a deal too". Will talk today, probably by phone. Talked to top leadership. "We will get together with Iran, probably by phone". Iran called, "I did not call". Cannot guarantee a deal. If a deal happens, it is a great start for Iran and great for the region. **Potential Agreements:** There are 15 points of agreement. They have agreed to no nuclear weapons. **Potential Demands:** Looking for no nuclear weapons, wants peace in the Middle East. We want to see no nuclear bomb or weapon for Iran. Want no enrichment. Very easy to take enriched uranium ourselves, if we have a deal. Israel: Spoke to Israel a little while ago; Israel will be happy with what we have on Iran. **Oil:** "I want to have as much oil in the system as possible". Does not think Iran are getting any oil money. The Strait of Hormuz will reopen very soon, "if it works". Strait of Hormuz will be jointly controlled, by "me and the Ayatollah". Will open soon, but not clear on conditions. Price of oil will "drop like a rock", as soon as a deal is done. **US Troops / Escalation:** "We do not talk strategy, when asked about possibility of US troops". Hitting any power plants would be different than what Russia is doing in Ukraine. Reiterates his belief that Iran was an imminent threat. They have no telecommunication, so imagine they have a lack of communication. **Leadership:** Have not heard from Ayatollah's son; "I do not want him to be killed". The person we are speaking with is not Iran's supreme leader. Iran does have some leaders left. Nobody knows what happened to the new Supreme Leader. "I do not consider him as the leader". Maybe we will find a leader like we did in Venezuela.
- **German Chancellor Merz** said we have open communication channels with Iran and that despite the difficult situation, there is hope to end the war and will work for a peaceful solution, ISNA reported.

- "US is holding talks with Iranian parliament speaker Mohammad Bagher Ghalibaf", via Amichai Stein on X.
- Israeli Press, citing an Israeli official, said Israel is likely to stop any attacks on power stations and energy infrastructure in Iran, via Sky News Arabia.
- German Chancellor Merz spoke with US President Trump on Sunday evening; outlined concern over Iran situation, and shared worries over attacks on Iranian power plants.
- US President Trump said deal with Iran could be five days or sooner, Iran wants to make a deal badly, via Fox Business; not sure what Iranian media is talking about, recent Iranian talks occurred last night.
- Indirect talks are taking place between US Envoy Witkoff and Iranian Foreign Minister Araghchi, Axios reported citing sources. The foreign ministers of the three countries held separate talks with White House envoy Steve Witkoff and Iranian Foreign Minister Abbas Araghchi, the U.S. source said. A U.S. source said Turkey, Egypt, and Pakistan have been passing messages between the U.S. and Iran over the past two days.
- Israel Military said it is conducting strikes in the heart of Tehran.
- Iran's Fars News Agency, citing sources, reported that there are no direct communication with the US, nor through intermediaries; Trump backed down after hearing that Iran would target all power plants in West Asia.
- Iranian embassy in Kabul, said US President Trump backs down from attacking energy infrastructures after Iran's firm warning.
- Iran's Defense Council threatens to deploy naval mines across the 'entire Persian Gulf' if a land invasion happens, AP reported.
- Iran's Defence Council said only way for safe passage through the Strait of Hormuz is for non-belligerent states to coordinate with Iran; reiterates that Iran will respond back with equal action on attacks to power plants.
- Explosions reported in Iran's Tehran, Khorramabad, Urmia, Isfahan, Karaj and Ahvaz overnight, according to Al Jazeera.

NOTABLE NORTH AMERICAN NEWS

- US President Trump looking at inviting Belarus's President Lukashenko to the White House, FT reported.

NORTH AMERICAN DATA

- US Chicago Fed National Activity Index (Feb) -0.11 (Prev. 0.18).
- US Construction Spending MoM (Jan) M/M -0.3% vs. Exp. 0.1% (Prev. 0.3%).

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

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