European Market Wrap - 24th March 2026

- **Stocks and bonds slipped as energy rose, with traders weighing conflicting US-Iran reports.**
- **Iranian Foreign Minister Araghchi is said to have secretly informed US Envoy Witkoff of Iranian Supreme Leader Mojtaba Khamenei's agreement to negotiate.**
- **Israeli official suggests that it is unlikely that Iran will agree to US demands.**

EQUITIES

- **European bourses (STOXX 600 -0.3%)** are set to end the session mostly in the red, with the biggest losses seen in the **IBEX 35**. The **AEX** is the only index with decent gains, helped by **ASML** after SK Hynix announced that it is to invest around EUR 6.9bln over two years to acquire EUV lithography equipment. EZ PMIs had very little effect on European indices, however the data overall underscored a stagflation environment emanating from the war.
- **Sectors** traded mixed. **Energy** and **Chemicals** held their top positions of the sector list, while **Banks** remained at the bottom.
- Key movers included **Inwit, Puig and SAP.** Inwit surged following reports in an Italian newspaper stated that Ardian is still working with Brookfield to take Inwit private. For Puig, Estee Lauder confirmed that they are in merger talks that would create a USD 40bln beauty giant. Finally, for SAP, the Co. was downgraded to neutral from outperform at JPMorgan.
- **US equity futures** have modestly pared back some of Monday's gains as questions remain regarding Trump's claim about meetings with Iran.
- **Modest upside was seen following reports that Iran source says that there has been US "outreach" and that Tehran is "willing to listen"**, according to CNN.

FX

- **USD** - DXY was firmer, holding near the top of a 99.09–99.51 range as the dollar rebounded from prior-session pressure, in tandem with oil prices, following Trump's five-day postponement of strikes on Iran. Geopolitical headlines remain mixed, with Iran denying talks while other reports suggest potential negotiation signals. Little move was seen from weekly ADP data and Flash PMIs, with the latter pointing to Q1 GDP growth of 1.3% while consumer price inflation is seen accelerating back to around 4% - "hinting at a growing risk of the US moving into an environment of stagflation". Oil has been on a firmer footing today, and thus the DXY looks to end the European session with mild gains, but still well within yesterday's 98.88-100.15 parameter.
- **Modest downside was seen following reports that Iran source says that there has been US "outreach" and that Tehran is "willing to listen"**, according to CNN.
- **EUR** - EUR/USD was subdued within a 1.1575–1.1618 range, after finding resistance around its 21 DMA (1.1617). Eurozone PMIs offered little in terms of a reaction but the commentary within pointed to a stagflationary economy.
- **GBP** - GBP/USD was also pressured by the firmer USD and dipped back under its 200 DMA (1.3434), with only brief downside seen after UK PMIs. Data showed manufacturing resilience but weaker services, with reports highlighting that the Middle East conflict is stalling growth while lifting inflation. GBP/USD traded between 1.3365-1.3445.
- **JPY** - USD/JPY is firmer within a 158.27–158.79 range as the yen softens following the USD rebound and weaker-than-expected inflation overnight. ING noted the soft print is likely temporary and does not alter the BoJ's tightening path.
- **Antipodeans** - AUD and NZD underperformed across G10. AUD overlooked the Australian trade deal with the EU and was pressured by weak flash PMIs and a resumption of losses across metals, while NZD was weighed by RBNZ commentary flagging near-term inflation risks and potential growth impacts.

FIXED INCOME

- **Bunds** - Bunds reversed lower after clambering to near unchanged levels after initially falling. Prices recovered into mid-morning alongside peers before fresh pressure emerged following Flash PMIs pointing to a stagflationary backdrop, whilst contracts were later weighed on elevated energy prices. Bunds traded within 125.09-125.70.
- **Gilts** - Gilts opened firmer, reaching an 88.17 high, as the market initially leaned toward modest fixed income support amid softer energy. However, gains faded after UK Flash PMIs highlighted a stagflationary mix of surging inflation and stalled growth, reinforcing the BoE's policy dilemma between inflation control and weak economic conditions. Contracts later fell to session lows as energy prices edged higher throughout the session. Gilts traded in a 87.33-88.17 range.
- **USTs** - Choppy trade in Treasuries, which started the session on a bearish footing before reversing higher, and then lower again, residing around session lows at the time of writing. Trade was largely geopolitics-driven and in lockstep with oil prices, with limited US-specific catalysts. That being said, Flash PMIs pointed to Q1 GDP growth of 1.3% while consumer price inflation is seen accelerating back to around 4% - "hinting at a growing risk of the US moving into an environment of stagflation". Ahead, markets await a 2-year supply. USTs notched a 110-08+ to 110-29 range thus far.
- **Modest upside was seen following reports that Iran source says that there has been US "outreach" and that Tehran is "willing to listen"**, according to CNN.
- **Germany sold EUR 3.548bln vs exp. EUR 5.0bln 2.50% 2031 Bobl: b/c 1.1x (prev. 1.19x), average yield 2.72% (prev. 2.43%), retention 29.04% (prev. 23.5%).**

- **UK sold GBP 2.25bln 4.75% 2035 Treasury Gilt: b/c 3.50x (prev. 3.63x), average yield 4.911% (prev. 4.585%), tail 0.2bps (prev. 0.2bps).**
- **The Netherlands** sold EUR 1.63bln vs exp. EUR 1.5-2.0bln 3.50% 2056 DSL via tap: average yield 3.51% (prev. 3.469%).

COMMODITIES

- **Crude futures** - WTI and Brent initially trimmed prior-session losses after Trump postponed strikes on Iranian energy infrastructure following "productive" US–Iran talks. However, Iran denied talks, keeping uncertainty elevated. Prices remained rangebound, briefly dipping on unconfirmed reports of potential negotiations before recovering as Israeli officials downplayed agreement prospects. Prices then edged higher as traders questioned the prospects of a US-Iran ceasefire. Markets remained headline-driven, with WTI in a USD 88.50–92.57/bbl range and Brent notching a 100.21-104.35/bbl range.
- **Modest downside was seen following reports that Iran source says that there has been US "outreach" and that Tehran is "willing to listen"**, according to CNN.
- **Natural Gas** – Nat gas prices were on a softer footing despite the geopolitical noise, albeit with no material updates on geopolitics to shift the dial much during the European session. Desks, however, have cited forecasts for milder weather as a factor weighing on gas prices. Nonetheless, Dutch TTF remains at elevated levels around EUR 55/MWh.
- **Precious Metals** – Spot gold was subdued amid a firmer USD amid conflicting geopolitical signals limiting directional conviction. Some downticks were seen in the bullion following reports CBRT is mulling tapping USD 135bln gold reserve for Lira defense, Bloomberg reported, citing sources. The central bank reportedly held discussions about conducting gold-for-foreign-currency swap transactions in the London market. Spot gold traded in a USD 4,305.94-4,448.33/oz parameter.
- **Base Metals** - Base metals traded mostly softer amid the rising USD. 3M LME copper hovered around the USD 12k/t mark within a USD 11,908.00–12,111.98/t range, pressured by growth concerns and stagflation signals from PMIs as the Iran conflict weighed on sentiment.
- **CBRT mulls tapping USD 135bln gold reserve for Lira defense, Bloomberg reported, citing sources; held discussions about conducting gold-for-foreign currency swap transactions in the London market.**
- **Two India-flagged LPG tankers and a Chinese tanker crossed the Strait of Hormuz, according to Sinha.** It still has 20 vessels still waiting to cross the Strait.
- **Kpler Insight noted that Iran's crude export system remains resilient, with March loadings near 2mln BPD; Kharg Island accounts for about 1.6mln BPD and remains operational after recent strikes.** Kpler said that rising inventories at Jask and steady tanker movements through the Strait of Hormuz indicate an intact and increasingly efficient supply chain. Adds that temporary US sanction waivers may broaden the buyer base.
- **Russia's agriculture ministry** said the fertiliser export restrictions only concern ammonium nitrate.
- **Russia introduces some limits on fertiliser exports until April 21st, TASS reported.**
- **Macquarie forecasts Brent hitting a floor of USD 85-90/bbl if the Iranian tensions decrease; said USD 150/bbl is still an option if the Strait of Hormuz remains shut until April.**

EUROPEAN DATA

- **UK S&P Global Manufacturing PMI Flash (Mar) 51.4 vs. Exp. 50.5 (Prev. 51.7, Low. 48.0, High. 51.6).**
- **UK S&P Global Services PMI Flash (Mar) 51.2 vs. Exp. 53 (Prev. 53.9, Low. 50.0, High. 53.8).**
- **UK S&P Global Composite PMI Flash (Mar) 51.0 vs. Exp. 52.8 (Prev. 53.7, Low. 51.3, High. 53.6).** "The war in the Middle East has hit the UK economy in March, stalling growth while driving inflation sharply higher.". "Inflationary pressures have surged higher on the back of rising energy prices and fractured supply chains. The acceleration in cost growth in the manufacturing sector was especially severe, being the sharpest since the depreciation of sterling following Black Wednesday in 1992."
- **UK** CBI Distributive Trades (Mar) -52 vs. Exp. -40 (Prev. -43).
- **EU S&P Global Services PMI Flash (Mar) 50.1 vs. Exp. 51 (Prev. 51.9, Low. 50.2, High. 51.9).**
- **EU S&P Global Composite PMI Flash (Mar) 50.5 vs. Exp. 51 (Prev. 51.9, Low. 49.7, High. 51.5).** "The survey data are indicative of eurozone GDP growth slowing to a quarterly rate of just below 0.1% in March with the forward-looking indicators pointing to a heightened risk of a downturn the coming months. The survey's price gauge is meanwhile indicative of consumer price inflation accelerating close to 3%, with cost pressure likely to add still further to selling price inflation in the coming months. "The outlook depends on the duration of the war and any potential lasting impact on energy and supply chains, but the flash PMI data underscore how the European Central Bank is no longer in a "good place" with respect to growth and inflation, and will have to tread a cautious path with respect to policy in the face of a clear and rising risk of stagflation in the coming months.".
- **EU S&P Global Manufacturing PMI Flash (Mar) 51.4 vs. Exp. 49.4 (Prev. 50.8, Low. 48.2, High. 50.3).**
- **German S&P Manufacturing PMI Flash (Mar) 51.7 vs. Exp. 49.4 (Prev. 50.9, Low. 48.0, High. 52.0).**
- **German S&P Services PMI Flash (Mar) 51.2 vs. Exp. 52 (Prev. 53.5, Low. 49.5, High. 53.2).**
- **German S&P Composite PMI Flash (Mar) 51.9 vs. Exp. 51.8 (Prev. 53.2, Low. 50.7, High. 52.7).**
- **French S&P Composite PMI Flash (Mar) 48.3 vs. Exp. 49.9 (Prev. 49.9, Low. 48.9, High. 49.8).**
- **French S&P Services PMI Flash (Mar) 48.3 vs. Exp. 49 (Prev. 49.6, Low. 48.6, High. 49.8).**
- **French S&P Manufacturing PMI Flash (Mar) 50.2 vs. Exp. 49.5 (Prev. 50.1, Low. 48.4, High. 49.8).**

TRADE/TARIFFS

- **US robotics makers have urged the White House to develop a national robotics strategy to counter China, but major policy action is on hold pending a Trump-Xi summit, Semafor reported.** Action has been postponed by the Iran war. Industry proposals include federal support, tariffs or a ban on Chinese robots.
- **EU farmers see the concessions offered as part of the EU-Australia trade deal as 'unacceptable', AFP reported.**

- **Chinese Commerce Minister Wang Wentao meets the US-China Business Council delegation; details light.**

CENTRAL BANKS

- **ECB Villeroy** said ECB is well positioned to act when needed, ECB's job is to avoid second round effects.
- **ECB's Sleijpen said ECB is very vigilant on possible second-round effects, ECB likely to have more information on second-round effects in April, but data will be limited.** Energy prices likely to become entrenched in wider economy more quickly than in 2022.
- **ECB's Kocher said it is important to watch for second-round effects.**
- **ECB's Kazaks said it is clear prices will be higher, and growth will be slower; further interest rate increases are needed "if inflation spreads from energy" no matter the current levels.** said two rate hikes seems reasonable, but we must wait and see.
- **ECB Supervisory Board member Machado noted the ECB is surveying a broad group of banks on synthetic risk transfer financing, including whether significant banks are funding investors in SRTs originated by other banks.** Bloomberg said the move highlights growing concern at the regulator over a potentially circular effect of such deals, Bloomberg reported.
- **BoE's Pill: "I stand ready to act – if necessary – to contain the lasting components of any new inflationary pressures so as to deliver on the MPC's price stability mandate over the medium term".**
- **NBH Statement: Maintaining the stability of the FX market is key importance in anchoring inflation expectations and thus achieving price stability, maintaining tight monetary conditions is warranted.**
- **Hungarian Interest Rate Decision 6.25% vs. Exp. 6.25% (Prev. 6.25%).**

GEOPOLITICS

MIDDLE EAST

- **Iranian Foreign Minister Araghchi is said to have secretly informed US Envoy Witkoff of Iranian Supreme Leader Mojtaba Khamenei's agreement to negotiate, Al Arabiya reported citing Israeli press Yedioth Ahronoth citing sources.** "Sources for Yedioth Ahronoth: Mojtaba Khamenei agreed to negotiate with America and reach an agreement ".
- **Iran source says that there has been US "outreach" and that Tehran is "willing to listen"** , according to CNN.
- **Israeli official suggests that it is unlikely that Iran will agree to US demands; said US President Trump is determined to reach a deal with Iran.**
- **Iran's negotiating posture has hardened sharply since the start of the war, with the IRGC exerting growing influence over decision-making, Reuters reported citing sources; Tehran will demand significant concessions from the US if serious talks occur.** Iran would likely demand concessions that are likely red lines for President Trump, which includes guarantees against future military action, compensation and formal control of Hormuz. Any limitations to its ballistic missile programme would also be refused.
- **Saudi prince** is reportedly said to push US President Trump to continue the Iran war, NYT reported.
- **Iran reportedly charging some ships for safe passage through the Strait of Hormuz.**
- **Member of the Iranian National Security Commission** said no proposal has been made by Iran to end the war and cease-fire, and Trump's claim to extend the 5-day deadline is due to the control of oil prices in the global markets. Member of the National Security Commission: No proposal has been made by Iran to end the war and cease-fire, and Trump's claim to extend the 5-day deadline is due to the control of oil prices in the global markets and probably to advance his sinister military goals.
- **A Thai ship crossed the Strait of Hormuz thanks to cooperation between Iran and the Sultanate of Oman, Al Jazeera reported citing Tasnim.**
- **Deputy to Iran's president** said Mohammad Baqer Zolqadr appointed as Secretary of top security body, succeeding LArijani.
- **Israeli military** said it has completed a wide wave of attacks on production sites in Iran's Isfahan.
- **Qatar's Foreign Ministry spokesperson** said there is no direct Qatari efforts to mediate between US and Iran.
- **Israeli Defence Minister Katz said Israel will establish a buffer zone in southern Lebanon, modelled on what was implemented in Rafah, Al Jazeera reported; the army is now carrying out ground operations in Lebanese territory to control the front line.**
- **Israel's Air Force** is launching raids on military infrastructure and production sites near Isfahan, Israel's Channel 12 reported.
- **Saudi Arabia reportedly told the US it was ready to strike Iran if its own power and water facilities were targeted by Iran** , according to reported citing sources.
- **The chances of an agreement between the US and Iran are "very small," Israeli officials told The Jerusalem Post; sources said the deployment of American forces in the Middle East is continuing as usual.** Israeli officials also said there has been no change in coordination with the US military or in operational plans.
- **IRGC** said that if Israel targets Palestinian civilians or Lebanon, then Iran will strike Israel's troops in the North and Gaza "without any limits".
- **The attacks on the gas pipeline in Khorramshahr did not affect its operations, Iran's Fars News agency reported.**
- **The US** is ready to provide real security guarantees if Ukraine withdraws from Donbas, according to Ukrainian press citing sources. According to the interlocutors, in the absence of progress, the American side is allegedly considering the possibility of withdrawing from the negotiations and switching attention to other areas, in particular Iran.
- **Saudi Arabia reportedly issues 30 day license exemption to ships in the Persian Gulf, according to reported; allows for smoother navigation without a license for this period.**
- **QatarEnergy** said it declared force majeure on LNG contracts with Italy, Belgium, South Korea, and China; two LNG trains and one GTL train damaged at Ras Laffan in attacks on March 18th-19th.
- **Iran-Turkey gas flow said to stop after South Pars strike, Bloomberg reported.** Iran has stopped natural gas exports to Turkey following an Israeli strike on the giant South Pars gas field last week, according to people familiar with the matter.

- **Crude oil exports from Saudi Arabia's Yanbu port rise to almost 4mln bpd in latest week from ~1mln bpd before Iran war, according to shipping data.**

RUSSIA-UKRAINE

- **Russian Deputy Finance Minister** said Russian ministry of finance is not considering adjusting the oil cut-off price for the current year.
- **US Secretary of State Rubio will attend the G7 meeting in France on Friday; will discuss Ukraine and the Middle East, according to the state department.**
- **Ukraine's Zaporizhzhia lost connection to the Dniprovska line today, leaving it dependent on sole backup line for external power; IAEA initiated talks with Russia and Ukraine for a local ceasefire to repair the damaged power lines.**
- **EU Commission Spokesperson** said the EU does not have a new date to communicate regarding its plan to fully phase out Russia oil; scraps April 15th date for Russian oil ban proposal.
- **Regarding the Russian oil tanker heading to Cuba, former ambassadors, Russia observers and people close to the White House suggest the tanker is a provocation designed to force disproportionate US response while US is consumed elsewhere, Politico reported.**

NOTABLE NORTH AMERICAN NEWS

- **US White House official** said the emerging DHS deal would be acceptable, Politico reported; the deal would exclude enforcement operations relating to ICE.

NORTH AMERICAN DATA

- **US S&P Global Composite PMI Flash (Mar) 51.4 vs. Exp. 50.5 (Prev. 51.9).** "...indicative of GDP rising at an annualized rate of just 1.0%, with a modest 1.3% expansion signalled for the first quarter as a whole. The survey's price gauges meanwhile point to consumer price inflation accelerating back to around 4%, hinting at a growing risk of the US moving into an environment of stagflation."
- **US S&P Global Manufacturing PMI Flash (Mar) 52.4 vs. Exp. 51 (Prev. 51.6, Low. 50.5, High. 52.2).**
- **US S&P Global Services PMI Flash (Mar) 51.1 vs. Exp. 51.7 (Prev. 51.7, Low. 50.5, High. 52.5).**
- **US** Redbook YoY (Mar/21) Y/Y 6.7%.
- **US** Nonfarm Productivity QoQ Final (Q4) Q/Q 1.8% vs. Exp. 2.8% (Prev. 5.2%).
- **US** Unit Labour Costs QoQ Final (Q4) Q/Q 4.4% vs. Exp. 2.8% (Prev. -1.8%).
- **US ADP Employment Change Weekly 10K (prev. 9.00k).**
- **US Richmond Fed Services Revenues Index (Mar) 9 (Prev. -8).**
- **US Richmond Fed Manufacturing Index (Mar) 0 vs. Exp. -5 (Prev. -10).**
- **US Richmond Fed Manufacturing Shipments Index (Mar) -2 (Prev. -13).**

ASIA-PAC

NOTABLE HEADLINES

- **Japan's Ministry of Economy, Trade and Industry is to relax bond issuance rules for startups as early as FY26, Nikkei reported.**
- **Chinese Foreign Minister** held a call with Iranian counterpart; said all hot spot issues should be resolved via dialogue not force.