

European Market Wrap - 25th March 2026

- Risk tone slipped on initial reports that "Iran does not accept a ceasefire", which was later confirmed by an Iranian official.
- Iran reviewed US proposals and considers them excessive, according to Press TV citing a government official; The official outlined five specific conditions under which Iran would agree to end the war.
- European bourses and global benchmarks were stronger, amidst weaker energy prices.

EQUITIES

- **European bourses (STOXX 600 +1.4%)** held onto the majority of initial gains, amid a flurry of updates regarding the US-Iran ceasefire. Most recently, a senior Iranian official told Press TV that Iran has rejected a US proposal to end the ongoing war, insisting any resolution will follow Tehran's own terms and timeline. The official also outlined five specific conditions required if Iran were to agree to end the war. All in all, there was very limited reaction in equities.
- **Sectors** to end entirely in the green, ex. **Telecoms**. **Basic Resources** topped the sector pile as metals rebound, while **Banks** and **Financial Services** followed closely behind.
- Double upgrades for **Novonesis** and **Lanxess** supported both companies, as **Citi upgraded Novonesis from sell to buy** while **JPM upgraded the latter to buy from sell**. JPM highlighted near-term upside potential for Lanxess due to ongoing production disruptions amid the Middle East conflict. Other movers include Fincantieri and INWIT. For Fincantieri, the Co. reported net income that jumped fourfold from its 2024 figure, and reiterated its 2026 targets. For INWIT, Reuters reported, citing sources, that Telecom Italia is considering an early termination of its long-term contract with INWIT, following a similar move by Swisscom.
- **US equity futures** are posting decent gains, albeit with a lack of clear direction. **ARM** has held onto its pre-market gains, after it announced the production of its own chip.

FX

- **DXY** - DXY was slightly firmer, trading within a 99.07–99.56 range, with the trough aligning with its 21 DMA. Geopolitics drove price action, as reports of a US-led 15-point ceasefire plan briefly pressured the index before it rebounded after Iran denied negotiations, whilst Iran's rejection of the proposal kept the Buck underpinned.
- **EUR** - EUR/USD was marginally lower, trading within a 1.1566–1.1630 range as the USD was buoyant. ECB commentary (Lagarde and Lane) and resilient German Ifo data had little FX impact, with markets focused on geopolitics. ING noted the conflict is expected to delay, not derail, Germany's recovery.
- **GBP** - GBP/USD edged lower within a 1.3358–1.3436 range, hovering around key DMAs and eyeing yesterday's 1.3392 low. Inflation data showed mixed signals (headline softer, core/services firmer), but was largely dismissed as pre-conflict.
- **JPY** - The yen was softer vs USD, though outperformed higher-beta peers as oil eased. Moves remained driven by geopolitical sentiment and energy dynamics. Aside from geopolitics, fresh drives for the JPY were light, with USD/JPY in a 158.56-159.20 after finding some resistance at yesterday's 159.19 peak.
- **Antipodeans** – Both softer whilst AUD underperformed, lagging after slightly softer-than-expected inflation data. Broader pressure reflected USD strength and risk-sensitive positioning.
- **Barclays FX month-end rebalancing: strong USD buying against most majors, and moderate buying against the EUR, JPY and GBP.**

FIXED

- **Global fixed started the session with a bullish bias**, given the pullback in the energy complex, in turn allowing yields to ease from recent highs. Focus remains firmly on the geopolitical situation in Iran; reports suggested that the US had sent a 15-point ceasefire plan to Iran, and subsequent updates suggested the Iranians had received that plan. **Much of the morning's action was facilitated by the positive sentiment from those two factors**, however, fixed benchmarks then waned off best levels after Fars News suggested "Iran does not accept a ceasefire". Reports since have corroborated this, with Press TV, citing an Iranian government official, that "Iran will end the war at a time of its own choosing". **Instead, the official announced five conditions under which Iran would agree to end the war, concluding that no talks would happen before these conditions are satisfied.**
- **USTs** opened firmer and continued to move higher as the morning progressed, to print a session peak at 111-01+ (vs low of 110-20). However, the benchmark remains shy of the WTD peak at 111-04+ and by extension well off recent peaks. As the session progressed (and as Iran appeared to push back against the ceasefire plan), USTs pulled back off highs; US paper now looks to close the European session at the lower end of a 110-20 to 111-01+ range. There was little movement seen following the release of the Iranian conditions of a ceasefire.
- Elsewhere, **EGBs and Gilts** were bid throughout the session and ultimately followed USTs.
- **Bunds** were unreactive to remarks from ECB's Lagarde and Lane, which largely stuck to the script from last week. Elsewhere, the March German Ifo series was better than expected, though the readings did decline from the prior, with the exception of the Current Assessment. However, the series clearly shows that the economy is feeling the impact of the Middle East situation, but participants are yet to determine if the crisis is a lasting one or not, in terms of its economic impact. In short,

further evidence of stagflation in the EZ.

- For **Gilts**, the bias was bullish given the above. However, the February CPI series marginally added to the stagflationary diagnosis the UK economy is currently subject to. Nonetheless, Gilts opened higher by around 35 ticks. Elsewhere, BoE's Greene highlighted the differences between the geopolitical situation now vs in 2022-23. But she once again outlined that there is a risk that inflation expectations will rise.
- **Eight companies** are looking to sell bonds in the investment-grade primary market on Wednesday, according to a Bloomberg survey. Continues an issuance rush that has drawn 14 borrowers over the last two days.
- **Germany sold EUR 1.726bln vs exp. EUR 2.0bln 2.60% 2041 and 0.00% 2052 Bund.**
- **Italy sold EUR 2.0bln vs exp. EUR 1.75-2.0bln 2.20% 2028 BTP & EUR 2.0bln vs exp. EUR 1.5-2.0bln 1.10% 2031, 1.80% 2036 BTPei.**
- **German KfW Head of Capital Markets** said Euro Green bond issuance "likely to come early" in Q2; Issuance window is now shorter amid the conflict.

COMMODITIES

- **Crude futures** - WTI and Brent pulled back as the geopolitical risk premium unwound on reports of a US-led diplomatic push, including a one-month ceasefire proposal and a 15-point plan to end the conflict. That being said, Iran rejected the proposal and outlined their own five proposals to end the war. Markets await the US response. Brent traded within a USD 93.45-97.00 range, while WTI traded in a USD 86.46-89.57/bbl parameter at the time of writing.
- **Nat gas** - Nat gas pared a majority of its earlier declines, trading back above the EUR 50/MWh, although tight supply concerns arose with Dutch storage levels fell to their lowest for this time of year since 2010.
- **Precious metals** - Spot gold edged higher, reclaiming USD 4,500/oz on softer yields and lower oil prices. XAU traded within a USD 4,456-4,602/oz range, with ING noting sensitivity to Fed expectations, FX moves, and geopolitics, particularly ongoing Hormuz risks. Spot gold continues moving at the whim of the Buck.
- **Base metals** - Copper firmed alongside overall improved risk sentiment on ceasefire hopes. 3M LME copper traded within a USD 12,192.00-12,348.35/t range, with desks pointing to a cautious recovery in positioning across base metals.
- **US interior Secretary Burgum** said US bought back USD 100mln in physical gold from Venezuelan visit.
- **Russia may reinstate temporary ban on gasoline exports, IFX reported.**
- **Russia** is reviewing its energy supply chains amid Middle-East crisis; to prioritise neighbouring nations, Tass reported.
- **South Korea's Blue House** said non-Middle Eastern LNG supplies are being introduced smoothly and stable supply is possible until year-end, Qatar has indicated no official decision had been made on LNG force majeure, Yonhap reported. Seoul is already responding with possible disruptions to Qatari LNG, and would take necessary measures.
- **Shanghai Futures Exchange** has warned investors on precious metals price fluctuations.
- **Dutch gas storage levels fall to the lowest point for this time of the year since 2010.**
- **Russia's Baltic Sea ports of Primorsk and Ust-Luga have reportedly suspended crude oil and oil products loadings after drone attacks.**
- **Hungarian PM Orban** said gas flows to Ukraine will stop until oil flows through the Druzhba pipeline resumes.
- **CBRT opens 1-week gold-for-Lira sell side swap auction via traditional method for four tonnes.**
- **India delays** plans that require coal-fired power plants to reduce operating load by a year.
- **IEA** said it stands ready to release additional volumes from strategic oil reserves as required to support market stability.
- **Japanese PM Takaichi requests the IEA to prepare additional oil release if needed, and met with IEA Executive Director Birol.**
- **US EIA Crude Oil Stocks Change (Mar/20) 6.926M (Prev. 6.156M); US EIA Gasoline Stocks Change (Mar/20) -2.593M (Prev. -5.436M); US EIA Gasoline Production Change (Mar/20) 0.309M (Prev. -0.462M); US EIA Distillate Stocks Change (Mar/20) 3.032M (Prev. -2.527M); US EIA Weekly Crude Production 13.657M (Prev. 13.668M)**

EUROPEAN DATA

- **German Ifo Current Conditions (Mar) 86.7 vs. Exp. 85.6 (Prev. 86.7, Low. 84.9, High. 87.6).**
- **German Ifo Expectations (Mar) 86.0 vs. Exp. 85.8 (Prev. 90.5, Low. 80, High. 90).**
- **German Ifo Business Climate (Mar) 88.6 vs. Exp. 85.5 (Prev. 88.6, Low. 80, High. 88).**
- **Spanish PPI YoY (Feb) Y/Y -7% (Prev. -2.9%).**
- **UK PPI Output YoY (Feb) Y/Y 1.7% (Prev. 2.5%).**
- **UK Core Inflation Rate MoM (Feb) M/M 0.6% vs. Exp. 0.5% (Prev. -0.6%).**
- **UK Retail Price Index MoM (Feb) M/M 0.4% vs. Exp. 0.6% (Prev. -0.5%).**
- **UK Retail Price Index YoY (Feb) Y/Y 3.6% vs. Exp. 3.7% (Prev. 3.8%).**
- **UK Inflation Rate YoY (Feb) Y/Y 3.0% vs. Exp. 3% (Prev. 3%, Low. 2.8%, High. 3.2%); Services 4.3% vs. Exp. 4.2% (prev. 4.4%).**
- **UK PPI Input MoM (Feb) M/M 0.7% vs. Exp. 0.5% (Prev. 0.4%).**
- **UK PPI Input YoY (Feb) Y/Y 0.5% (Prev. -0.2%).**
- **UK PPI Core Output YoY (Feb) Y/Y 1.9% (Prev. 2.9%).**
- **UK PPI Output MoM (Feb) M/M -0.5% vs. Exp. 0.3% (Prev. 0%).**
- **UK PPI Core Output MoM (Feb) M/M -0.8% (Prev. 0.2%).**
- **UK Core Inflation Rate YoY (Feb) Y/Y 3.2% vs. Exp. 3.1% (Prev. 3.1%, Low. 3.0%, High. 3.3%).**
- **UK Inflation Rate MoM (Feb) M/M 0.4% vs. Exp. 0.4% (Prev. -0.5%, Low. 0.2%, High. 0.6%).**

NOTABLE HEADLINES

- **UK PM Starmer** said government to provide "appropriate support" for household bills after June.

- **Italy's Confindustria** cuts 2026 GDP forecast to 0.5% (prev. 0.7%).
- **UK Business Secretary Kyle** is to hold emergency talks with company bosses Wednesday morning about the impact of the Iran war on the UK economy, Sky News reported.

TRADE/TARIFFS

- **German Chancellor Merz** said he could imagine a trade deal with China.
- **Chinese Premier Li** said China seeks to resolve disagreements with the EU via dialogue.
- **Chinese Premier** called for the Dutch PM to boost cooperation, CCTV reported; China called on the Netherlands to play an active role in promoting healthy China-EU relations.
- **China's Commerce Ministry, on Mexico's tariff increases on Chinese and non-FTA products, said it creates investment barriers; said China reserves the right to take measures.**

CENTRAL BANKS

- **US White House Trade Advisor Navarro** said Chair Powell staying at the Fed would be absolutely toxic, via Politico interview.
- **ECB's Rehn** said ECB keeping a cool head, broad perspective on Iran; we must respond to the overall macroeconomic environment, not to oil prices alone.
- **ECB's Pereira** said the ECB are ready to respond to any situation.
- **ECB's Lane** said the central bank will at every meeting consider what the scenario is before setting policy.
- **ECB's Lagarde** said "Small, one-off and short-lived supply shocks can be looked through. But as expected deviations from our inflation target grow larger and more persistent, the case for action becomes stronger."
- **BoE's Greene** said she is more worried about the risks from higher inflation than slower demand from this shock.
- **BoE's Greene** said lots of reasons why situation now is different to 2022-23; rates are higher, more slack in the economy compared with 2022-23. Trade-off for monetary policy could be bigger this time with greater downside risks for the economy. There is a risk inflation expectations will rise. She was not tempted to vote for a hike at the March BoE meeting. No clear productivity boost from AI so far in the UK. BoE is not seeing a massive productivity gain in the next 3 years.
- **Bank of Canada resumes market operations; will proceed with its regular schedule for market operations, including today's AM auctions of receiver general balances.**
- **Riksbank Minutes (Mar): Thedeen** said "Our starting point with low inflation gives us some respite until we have a clearer picture of the economic consequences of the war...".

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia may reinstate temporary ban on gasoline exports, IFX reported.**
- **Ukrainian drones damaged oil loading stands, crude oil and petroleum products reservoirs at Russia's port of Ust-Luga.**
- **Russia is reviewing its energy supply chains amid Middle-East crisis; to prioritise neighbouring nations, Tass reported.**
- **Russia's Baltic Sea ports of Primorsk and Ust-Luga have reportedly suspended crude oil and oil products loadings after drone attacks.**
- **Hungarian PM Orban** said gas flows to Ukraine will stop until oil flows through the Druzhba pipeline resumes.

MIDDLE EAST

- **Iran reviewed US proposals and considers them excessive, according to Press TV citing a government official; The official outlined five specific conditions under which Iran would agree to end the war.**
- **The five specific conditions include:** A complete halt to "aggression and assassinations" by the enemy. The establishment of concrete mechanisms to ensure that the war is not reimposed on the Islamic Republic. Guaranteed and clearly defined payment of war damages and reparations. The conclusion of the war across all fronts and for all resistance groups involved throughout the region. International recognition and guarantees regarding Iran's sovereign right to exercise authority over the Strait of Hormuz. **Further:** Iran has communicated to all intermediaries acting in good faith that a ceasefire is contingent upon the acceptance of its conditions. "No negotiations will be held prior to that," the official stressed, reiterating that the continuation of Iran's defensive operations will persist until the outlined conditions are satisfied. "The end of the war will occur when Iran decides it should end, not when Trump envisions its conclusion,".
- **Ending the war is only possible by achieving Iran's strategic goals, according to Fars News; "Iran does not accept a ceasefire. Basically, it is not logical to enter into such a process with those who violate the agreement."**
- **Trump administration officials are working to arrange a meeting in Pakistan this weekend to discuss an off-ramp to the war in Iran, two senior administration officials tell CNN; officials cautioned that the timing of the expected trip is fluid.** Talks regarding the trip are expected to continue at the White House today, one of the officials said. Turkey has also arisen as a potential location for the talks, two sources familiar with the matter said, as some officials raise security concerns about a Pakistan visit.
- **Israeli Broadcasting Corporation, citing Israeli army officials said, attacks in Lebanon will expand despite the talks between Iran and the US.**
- **Coast-to-sea cruise missiles of the Iranian army targeted the US aircraft carrier Lincoln, according to CGTN Europe citing reported from Iran [Desk on the look out for further clarity/reported].**

NORTH AMERICAN DATA

- **US Import Prices MoM (Feb) M/M 1.3% vs. Exp. 0.5% (Prev. 0.2%, Low. 0.1%, High. 0.9%).**
- **US Import Prices YoY (Feb) Y/Y 1.3% (Prev. -0.1%).**
- **US Current Account (Q4) -190.7B vs. Exp. -211B (Prev. -226.4B, Low. -310B, High. -200B).**
- **US Export Prices YoY (Feb) Y/Y 3.5% (Prev. 2.6%).**
- **US Export Prices MoM (Feb) M/M 1.5% vs. Exp. 0.5% (Prev. 0.6%, Low. 0.2%, High. 2.0%).**

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