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US Market Wrap - 25th March 2026

Stocks bid and oil hit as US sends Iran peace plan

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar up, Gold up
- **REAR VIEW:** Iran receives US 15-point plan; White House says some truth and misinformation to the plan; Iranians downplayed the plan, giving its own conditions which need to be met for a ceasefire; Iran's FM says talks via with US via mediators are not negotiations; Iranian official reiterates threat to Bab al-Mandeb Strait; US 5yr note auction met with weak demand; Hotter-than-expected US Import Prices; Softer-than-expected Aussie inflation; Fed's Barr expects to hold rates steady for some time; Goolsbee said energy shocks pose risks to both sides of mandate.
- **COMING UP:** **Data:** German GfK (Apr), Spanish GDP Final (Q4), US Initial Jobless Claims (Mar/21). **Events:** Norges Bank Policy Announcement. **Speakers:** ECB's de Guindos; BoE's Breeden, Taylor, Greene; Fed's Cook, Miran, Jefferson, Barr; BoC's Rogers. **Supply:** US.

MARKET WRAP

Stocks closed green on Wednesday but off the earlier peaks, with oil prices falling while T-notes rose across the curve. The driver of price action was the reported progress in moving to peace in the US/Iran war after the US sent a 15-point peace plan and ceasefire proposal to Iran. However, the optimism did fade as Iran said it did not accept the proposal and gave in turn its own demands. Nonetheless, the US still said they are still awaiting Iran's response, while Iran's foreign minister toed the line that no talks with the US are ongoing, but the US is sending messages through different mediators, noting that an exchange of messages via mediators does not mean negotiation. It is still a fluid situation amid the conflicting reports between both sides, but the market has taken it as a step in the right direction at least. Treasury yields were lower across the curve, particularly in the long-end, with price action dictated by energy prices. The 5-year note auction was soft, adding to the weakness seen in recent auctions, particularly the front-end and belly offerings. The Dollar outperformed despite the move lower in yields and downside in crude. AUD was hit by soft Aussie inflation overnight. Gold and Silver were bid, as was bitcoin. Aside from geopolitics, US import and export prices were hot but had little market impact while Fed's Barr expects to hold rates steady for some time and wants to see evidence of a sustainable inflation retreat. Goolsbee warned energy shocks pose risks to both sides of the mandate, and he doesn't know if the Fed can cut rates again as it depends on how long the war lasts.

US

US IMPORT/EXPORT PRICES: The February Import prices rose 1.3% M/M, above the 0.5% forecast and accelerating from the prior 0.2%. It was also above the highest analyst forecast of 0.9%. Import prices Y/Y rose 1.3% (prev. -0.1%). Export prices rose 1.5% M/M, above the 0.5% forecast and 0.6% prior, but was within the analyst forecast range of 0.2-2.0%. Oxford Economics highlights "The largest rises were concentrated in fuel, industrial supplies, and capital goods import prices, reflecting elevated global oil prices and strength in business investment related to AI demand." In terms of price implications, OxEco says that "While headline inflation will be pushed higher by fuel prices this year, we expect the pass-through to core prices will be muted. We expect core inflation to average 2.8% in 2026, and while this is still above target, it should be contained enough to allow the Federal Reserve to stay focused on risks to the labour market."

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 15 TICKS HIGHER AT 110-28+

T-notes firmer as eyes remain fixated on Middle East developments with oil settling lower. At settlement, 2-year -2.1bps at 3.883%, 3-year -3.2bps at 3.876%, 5-year -3.2bps at 3.968%, 7-year -4.3bps at 4.142%, 10-year -4.4bps at 4.324%, 20-year -4.5bps at 4.907%, 30-year -3.6bps at 4.895%.

THE DAY: T-notes rose across the curve on Wednesday as lower oil prices offset inflationary fears. The main developments has been the US reaching out to Iran for a peace plan and cease fire, although there is mixed reporting on how Iran is going to respond. Iranian media suggested that the proposals have not been accepted, and returned their own demands, but the US says they are yet to hear a decision from Iran. Treasuries continue to trade off the geopolitical landscape where signs of optimism on the war support T-notes as oil prices fall, while signs of pessimism do the opposite. Elsewhere, US Import and Export prices were hotter than forecast, but data took a back seat. Meanwhile, the 5-year auction was also weak given the ongoing volatility in Treasuries (more below).

SUPPLY

Notes

- The US Treasury sold USD 70bln of 5-year notes at a high yield of 3.980%, tailing the when issued by 1.4bps, a weaker result compared to the prior 0.7bps tail and the six-auction average 0.3bps tail, marking the largest tail since October 2024. The bid-to-cover fell slightly to 2.29x from 2.32x, below the 2.36x average and hitting the lowest level in four years. Direct demand edged lower to 22.48% from 24.7%, remaining below the 27.5% average, while indirect demand slipped marginally to 61.9%

from 62.5%, though still broadly in line with the 61.7% average. Dealers were left with 15.61%, above both the prior 12.8% and the 10.8% average.

- Overall, the auction was soft, with continued weakness in direct bidding suggesting real money accounts remain sidelined amid elevated Treasury volatility tied to the Middle East conflict. However, the result was not as poor as the 2-year auction, reinforcing the view that demand improves further out the curve. This aligns with recent supply, where the belly and long-end have seen relatively better reception compared to the more volatility-sensitive front-end.
- For comparison: 2-year: Tail: 1.8bps (prev. 0.1bps), B/C 2.29x (prev. 2.32x), Dealers 24.12% (prev. 9.8%), Direct 16.5% (prev. 34.3%), Indirect 59.38% (prev. 55.9%); 3-year: Tail: 1.1bps (prev. -0.1bps), B/C 2.55x (prev. 2.62x), Dealers 19.5% (prev. 10.9%), Direct 20.7% (prev. 31.9%), Indirect 59.8% (prev. 57.1%).
- US sold USD 28bln of 2-year FRN's, which was met with a drop in indirect demand and zero participation from direct bidders.
- US to sell USD 44bln of 7-year notes on Thursday, March 26th; all to settle March 31st.

Bills

- US sold 17-week bills at a high rate of 3.635%, B/C 2.82x
- US to sell USD 80bln 8-week bills and USD 85bln 4-week bills on March 26th; to settle March 31st

STIRS/OPERATIONS

- **Fed Money Market Pricing (implied bps): April 3.3bps (prev. +4.3bps), June 5.6bps (prev. +6.6bps), July 5.3bps (prev. +8.3bps), December 6bps (prev. 11.8bps)**
- NY Fed RRP op demand at 0.78bln (prev. 1.12bln) across 6 counterparties (prev. 6) on March 25th
- SOFR at 3.63% (prev. 3.62%), volumes at USD 3.014tln (prev. USD 3.013tln) on March 24th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 96bln (prev. USD 97bln) on March 24th

CRUDE

WTI (K6) SETTLED USD 2.03 LOWER AT USD 90.32/BBL; BRENT (M6) SETTLES USD 2.97 LOWER AT USD 97.26/BBL

Crude prices settled lower following reports late Tuesday that the US had sent a 15-point plan to Iran to end the war. *Note, shortly after settlements: The Iranian Foreign Minister said there are no talks with the US, which lifted prices; He later clarified that the exchange of messages via Mediators "does not mean negotiation with the US".

Reports citing Pakistani officials said Iran has received the 15-point US ceasefire proposal. Commentary out of Iran on the proposal was largely negative. One official said, "No negotiations will be held prior to the conditions being met, one of which was 'guarantees regarding Iran's sovereign right to exercise authority over the Strait of Hormuz'. Israeli sources via Axios are highly sceptical Iran will accept Trump's full demands. One report with slight positives, Iran is being less strident in private talks to end the war than it is in public (Iranian media has been very negative), giving them hope the diplomatic effort they are trying to spark isn't dead on arrival, according to WSJ, citing Arab mediators and other sources. Meanwhile, the White House Press Secretary said they are very close to meeting the objectives of the Iran operation and on the 15-point plan, said there are elements of truth but also some misinformation. Another volatile day for crude as even the slightest of developments result in sharp moves. Ultimately, the 15-point plan sends another signal this week that efforts are being made to end the war, even though many have pointed towards a low likelihood of enactment; markets are viewing it as a step in the right direction. WTI traded between USD 86.46-90.95/bbl and Brent USD 93.45-97.95/bbl, respectively.

EQUITIES

CLOSES: SPX +0.54% at 6,592, NDX +0.67% at 24,163, DJI +0.66% at 46,428, RUT +1.23% at 2,536

SECTORS: Energy -0.53%, Real Estate -0.04%, Financials +0.10%, Communication Services +0.20%, Utilities +0.30%, Consumer Staples +0.52%, Technology +0.56%, Industrials +0.68%, Health +0.98%, Consumer Discretionary +1.18%, Materials +1.97%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.29% at 5,654, Dax 40 +1.34% at 22,940, FTSE 100 +1.42% at 10,107, CAC 40 +1.33% at 7,847, FTSE MIB +1.48% at 44,013, IBEX 35 +1.54% at 17,170, PSI +1.49% at 9,014, SMI +1.33% at 12,682, AEX +0.91% at 983

STOCK SPECIFICS

- **Arm Holdings (ARM):** FY31 outlook topped expectations.
- **Terns Pharmaceuticals (TERN):** Merck to acquire the company for 53/shr.
- **Robinhood Markets (HOOD):** Approved a new share repurchase programme of up to 1.5bln.
- **KB Home (KBH):** EPS missed.
- **On Holding (ONON):** Named co-founders David Allemann and Caspar Coppetti as Co-CEOs.
- **Sturm, Ruger & Company (RGR):** Beretta pushes to raise its stake in the company to 30%.
- **General Motors (GM):** Upgraded at Wolfe Research to 'Outperform' from 'Peer Perform'.
- **Braze (BRZE):** Quarterly revenue and revenue guidance impressed.
- **Google (GOOGL)** users can generate custom Music in Google vids.
- **Jetblue (JBLU)** reportedly exploring potential merger partners, according to Semafor. JetBlue has specifically scenario-planned how a deal with United Airlines, Alaska Airlines, or Southwest Airlines might fare in Washington. CNBC sources later said JBLU has no active M&A plan.
- Spruce Point releases a strong sell opinion on **Bunge (BG)**.

FX

The dollar firmed on Wednesday, with DXY hitting highs late in the US afternoon as remarks from the Iranian Foreign Minister dented growing optimism. The US handed Iran a 15-point plan, which was later confirmed to have been received by the Iranians. Albeit expectations for an agreement seem very low, given that officials from Iran have set their own conditions for an end to the war, rejecting a ceasefire unless conditions are accepted. With the two sides seemingly at a standstill and more US troops set to arrive in the Middle East this week, markets are becoming increasingly more sensitive to any developments, giving a very tentative mood. This theme likely helped the dollar even in the absence of higher US yields on the day. Aside from politics, import and export prices came in hot for February. Meanwhile, Barclays FX month-end rebalancing showed: strong USD buying against most majors, and moderate buying against the EUR, JPY and GBP. DXY rose to highs of around 96.65, closing the gap to the WTD highs of 100.148.

G10-ex NOK was weaker against, with weakness led in AUD, JPY, and NZD, while the NOK saw marginal strength. AUD/USD underperformed thanks to softer-than-expected inflation data, risk-averse sentiment and the stronger buck. AUD/USD extended to a four-day losing streak, now trading around 0.6950.

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