

## European Market Wrap - 27th March 2026

- European bourses entirely in the red, with sentiment hit amidst ongoing geopolitical flare-ups.
- USD incrementally firmer, whilst the AUD held afloat; JPY digests jawboning.
- Energy continues to dictate fixed income, with debt benchmarks pressured.

### EQUITIES

- **European bourses (STOXX 600 -1.1%)** are to end the last trading session of the week entirely in the red. The **DAX 40** remained the underperformer, and is set for a fourth straight week of losses, while the **FTSE 100** outperformed. **AstraZeneca** was the key driver for the outperformance, following the announcement that its tozorakimab drug met its primary endpoints in two phase 3 trials for patients with COPD.
- **Sectors** held its negative bias, with **Chemicals** and **Health Care** the only sectors in the green while **Media** and **Tech** sit at the bottom of the pile.
- **Key movers included Pernod Richard, Delivery Hero and Metlen Energy.** Upside in Delivery Hero was spurred on mid-session after reports that Prosus is considering selling its 10% stake in the Co. stake to Aspax. For Pernod Ricard, the Co. confirmed it is in discussions regarding a potential business combination with Brown-Forman. Finally, downside in Metlen Energy came after the Co. announced it is going to delay the release of its FY report.
- **US equity futures** are holding onto their pre-cash losses and is set for a fifth straight week of declines.

### FX

- **G10s were mixed throughout much of the European session**, with sight outperformance in the **Antipodeans** (paring recent losses), whilst the **GBP** was the marginal laggard. **EUR** had Spanish inflation metrics to digest, which rose at its fastest speed since 2024 amidst the Iranian war, but the single currency moved little on the report.
- **DXY** remained slightly firmer throughout the session, and held within a 99.80 to 100.14 range. Today has seen a number of flare-ups across Gulf countries, with the IRGC also suggesting that the Strait of Hormuz is shut, having turned away three ships of different nationalities. Now traders will await updates heading into the weekend. Perhaps a little redundant, but 1-year UoM inflation expectations were upwardly revised, whilst the 5yr expectations remained at 3.2%.
- **Busy day for the JPY**, though it looks to end the European session relatively unchanged. Overnight, jawboning from **Finance Minister Katayama** spurred some mild strength in the **JPY**, before then weakening into the European morning as **USD/JPY** looked to approach the 160.00 mark, peaking at 159.97. **Traders remain on intervention watch**, given the touted "line in the sand" remains beyond the 160.00 – though, some may question the efficacy of intervention at this stage, given the current turbulent situation in the Middle East. Elsewhere, Nikkei reported that Rengo's second round of tallying indicates a wage increase of 5.12% (vs initial tally of 5.26%).

### FIXED

- **Global fixed income benchmarks began the European session with a slight bearish bias**, and continued to trundle lower as the session progressed. Pressure was facilitated by continued strength in the energy complex, and as geopolitical flare-ups across Gulf countries picked up. Please see the commodities section for more geopolitical details.
- **USTs** are set to close the EU session lower by a handful of ticks, and within a 109-24 to 110-10 range. No move to UoM Finals, whereby 1yr ahead inflation expectations were upwardly revised. **Gilts** also experienced similar trade, but underperformed vs peers, given its high sensitivity to higher energy prices. From a yield perspective, the 10-year yield rose back above the 5.00% mark (peaking at 5.101%), with recent highs of 5.118% now in sight.
- **Bunds** also traded lower throughout the session. This morning, **Spanish preliminary CPI** wasn't as hot as expected this morning for March, though the figure did come in markedly above the prior rate, with the headline a full point higher vs the prior; no move to the data. Within the series, INE wrote that the evolution of prices was "mainly due to the rise in prices of fuels and lubricants for personal vehicles", i.e. signs that the Middle East situation is filtering through. Ahead, participants, as is the ECB, are particularly attentive to any signs of second-round inflationary effects.
- **Italy sold EUR 5bln vs exp. EUR 4.0-5.0bln 2.85% 2031 and 3.45% 2036 BTP & EUR 3.5bln vs exp. EUR 2.5-3.5bln 1.468% 2035 CCTeu.**

### COMMODITIES

- **Crude futures** initially fell after Trump announced a 10-day pause on strikes and signalled progress in US-Iran talks, but prices later reversed higher as escalation risks persisted. Reports of explosions at US bases across the Gulf and IRGC claims that the Strait of Hormuz is closed reinforced supply fears. **Brent** approached USD 105/bbl (USD 99.01-104.87 range), and **WTI** approached USD 98/bbl (USD 92.08-97.36 range).
- **Precious Metals** traded choppy, as **spot gold** rose on the extension of the Iran deadline, rebounding toward USD 4,450/oz after the prior session's sharp decline. Gains then faded slightly as the USD strengthened alongside renewed risk aversion, before reaching session highs again as DXE traded on either side of 100. Spot gold looks to end the European session towards the top of a USD 4,375-4,475/oz range at the time of writing.

- **Copper** is on track for its first weekly gain this month, supported by optimism that US diplomatic efforts may limit damage to global growth. However, upside remains constrained by ongoing conflict risks and fresh China-US tensions, with Beijing launching probes into US trade practices and green products. 3M LME copper traded within a USD 12,107.00- 12,333.95/t range.
- **Chiles Coldeco** reported FY25 EBITDA +23% Y/Y to USD 5.7bln; total copper output at 1.44mln tonnes.
- **Russian oil producers warn buyers about possible force majeure on oil supplies as Baltic ports face drone attacks, sources say.**
- **Kazakhstan** said Ust-Luga attack did not impact its oil exports; oil flows operating as normal.
- **German Centre-Right Lawmaker Mueller** said reduction in electricity tax for everyone is also back on the agenda.
- **Greek shipping Dynacom sends another tanker out through Strait of Hormuz.**
- **Slovakia** is reportedly interested in any Romanian exports of Black Sea gas.
- **Commerzbank** has raised its gold price forecast to USD 5k/oz by the end of the year, and to USD 5.2k/oz by the end of next year. said in main scenario, in which the war will end in May, sees the price of Brent falling to USD 90/bbl by the end of Q2. Lowers Silver forecast to USD 80/oz for the middle of the year and reach USD 90/oz by end-2026. Palladium to trade at USD 1600/oz by mid-year and USD 1,800 by year-end. Raised Aluminium PT to USD 3,400 (prev. 3,300).
- **Qatar declares force majeure on LNG exports until May.**
- **Japanese PM Takaichi** said some respite will be given to LNG via the permit of additional coal use.
- **Shanghai International Energy Exchange** is to diversify deliverable crude stream for crude oil futures; Buzios crude oil and Djeno crude oil will be added as deliverable crude stream.
- **India has reportedly sought a US waiver to purchase Russian LNG.**

## EUROPEAN DATA

- **French Unemployment Benefit Claims (Feb)** 17.7K (Prev. -26.9K).
- **Spanish Inflation Rate YoY Prel (Mar) Y/Y** 3.3% vs. Exp. 2.4% (Prev. 2.3%).
- **Spanish HICP MoM Prel (Mar) M/M** 1.5% vs. Exp. 2.0% (Prev. 0.4%).
- **Spanish Inflation Rate MoM Prel (Mar) M/M** 1% vs. Exp. 1.2% (Prev. 0.4%).
- **Spanish Core Inflation Rate YoY Prel (Mar) Y/Y** 2.7% vs. Exp. 2.7% (Prev. 2.7%).
- **Spanish HICP YoY Prel (Mar) Y/Y** 3.3% vs. Exp. 3.8% (Prev. 2.5%).
- **UK Retail Sales ex Fuel YoY (Feb) Y/Y** 3.4% vs. Exp. 2.9% (Prev. 5.5%).
- **UK Retail Sales MoM (Feb) M/M** -0.4% vs. Exp. -0.8% (Prev. 1.8%, Low. -1.0%, High. 1.1%).
- **UK Retail Sales YoY (Feb) Y/Y** 2.5% vs. Exp. 2.1% (Prev. 4.5%, Low. 1.8%, High. 4.4%).
- **UK Retail Sales ex Fuel MoM (Feb) M/M** -0.4% vs. Exp. -0.8% (Prev. 2%).
- **Norwegian Registered Jobless Rate (Mar)** 2.20% (Prev. 2.2%).

## NOTABLE HEADLINES

- **EU Economy Commissioner Dombrovskis** said the EU is at risk of stagflation; EZ GDP could be 0.4ppts lower than in the prior forecast; G7 finance ministers to talk about policy action for high energy costs on Monday. Any national response to higher energy prices must be targeted, temporary, not boost demand for oil and gas, and continue to decarbonise the economy.
- **Norwegian Sovereign Wealth Fund releases white paper; said it is to review investment strategies with focus on bonds; proposes no changes to deviations framework.**
- **France FinMin Lescure stresses the importance of maintaining a medium-term deficit target of 3% of GDP.**

## TRADE/TARIFFS

- **Canada could sign Mercosur trade deal by the end of 2026.**
- **China's Commerce Minister** said they are willing to expand imports from the EU and hopes the EU relaxes curbs on high-tech products. China is concerned about some EU members abusing industrial policies and violating subsidy discipline.
- **China and EU auto industry bodies sign an MoU to promote cross-border data flow, state media reported.**
- **China's MOFCOM spokesperson, on the US probes, said will take relevant measures based on the probe's findings.**
- **China's Commerce Ministry** said it has launched a probe against the US for its practices and measures that hinder trade in green products.
- **China's Commerce Ministry** said it has launched a probe regarding US trade measures; China to investigate US trade practices starting March 27th; probe to conclude within six months but can be extended.

## CENTRAL BANKS

- **Former BoJ Governor Kuroda** said there is no problem raising policy rate 3-4 times to around 1.5% through next year.
- **BoJ said using the latest data, Japan's estimated neutral rate was in the range of around -0.9% to +0.5%; BoJ is presently adjusting degree of monetary accommodation towards a sustainable and stable 2% target.** Given uncertainty surrounding estimates of the natural rate of interest, it is necessary to assess the degree of monetary accommodation in comprehensive manner, carefully examining economic activity, prices, and financial developments. Although funding costs are on the rise following changes in the policy interest rate, overall funding demand remains firm.
- **ECB acting member Dolenc** said the ECB baseline may no longer be realistic.
- **ECB's Wunsch** said should not overact to the Iran war shock, Bloomberg reported; If conflict ends in April, we would be closer to our baseline; reiterates ECB will not rush policy decisions.
- **ECB's Muller** said ECB may not need full visibility of second round effects to act.
- **UBS** expects the ECB to deliver two 25bp hikes in June and September this year (vs prev. forecast of unchanged).

- ECB Consumer Expectations Survey (Feb): 97% of the responses were recorded before the onset of the war in the Middle East on 28 February; Median consumer perceptions of inflation over the past 12 months remained unchanged.
- EU ECB Consumer Inflation Expectations (Feb) 2.5% (Prev. 2.6%).
- ECB's Patsalides said there is not sufficient information now to make a decision on whether to look through inflation surge or to raise rates, but will not hesitate to hike. Longer-term inflation expectations are well anchored. Economy still developing along the baseline.
- PBoC said it will deepen reforms of key financial institutions, boost capital replenishment through multiple channels.

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Fears** are mounting in Britain and the rest of Europe that America will abandon its NATO allies and make a deal with Russia, The Times report. Sources were concerned that Trump may no longer protect Nato member states if Russia were to attack their territory.
- **Russian oil producers warn buyers about possible force majeure on oil supplies as Baltic ports face drone attacks, sources say.**
- **Russia's Novatek forced to shut Ust-Luga condensate processing and naphtha exports after drone strikes, sources suggest.**
- **US Secretary of State Rubio reiterated G7 that US President Trump** is committed to reaching a ceasefire and negotiated settlement to the Russia-Ukraine war as soon as possible, via X.
- **Russian President Putin tells Russia's Security Council that Russia's ties with Europe** are in crisis, "it's not our fault".
- **Indian government** said Defence Acquisition Council approves proposals worth some INR 2.4tn; proposal includes Russian S-400 missile defence systems.
- **Norway government** said that with the proposal for increased appropriations in the defence pledge, defence spending is set to reach 3.5% of GDP by 2035, not including support for Ukraine.
- **India has reportedly sought a US waiver to purchase Russian LNG.**

**MIDDLE EAST** - The US has fired more than 850 Tomahawk cruise missiles in four weeks of war with Iran, raising concern among some Pentagon officials about limited supplies, WaPo reported. - US VP Vance reportedly told Israeli PM Netanyahu during a phone call a few days ago that his assessments of the development of the war in Iran and the prospect of toppling the regime were too optimistic, Israeli N12 reported. - "things are progressing very slowly" in terms of negotiations between the US and Iran, i24's Stein reported; as it stands, no meeting has been scheduled between senior officials. - US Secretary of State Rubio did not discuss with his counterparts in the G7 the formation of a naval force in the Strait of Hormuz, a diplomatic source for Al Jazeera. Rubio stressed to his counterparts in the G7 the necessity of accompanying ships in the Strait of Hormuz even after the war. Rubio assured his counterparts in the G7 that the United States is in the process of achieving its goals in Iran. - A diplomatic source to Al-Mayadeen said preparations for holding talks between Washington and Tehran are still in the stage of transmitting messages through mediators; "the path towards a settlement is very slow and very complex". - US intelligence shows about 1/3 of Iran's missiles destroyed in US strikes with certainty, according to reported; another third of Iran's missiles likely damaged, destroyed or buried underground by strikes since Feb. 28 start of war. - Israeli Defence Minister Katz said Iran will pay a "heavy and increasing prices" for targeting Israeli civilians; said strikes on Iran will escalate and expand to additional targets and domains that help Iran build and operated weapons against Israel. - US VP Vance is expected to be the main US negotiator in any potential peace discussions with Iran, Axios reported. - Iran's IRGC Navy announced that the Strait of Hormuz is closed, and any traffic in this strait will be severely dealt with; traffic of any ship "to and from" the ports of origin of the allies of the enemies is prohibited from any corridor. - Explosions reported today at American bases in Kuwait, Qatar, Saudi Arabia and Bahrain, Iran's ISNA reported. - "Iran, in order to reach a decision to end the war, basically does not receive the right signals from the US", IRNA reported.

### NOTABLE NORTH AMERICAN NEWS

- Argentina has won the reversal of US decision in YPF case on appeal.
- The US has fired more than 850 Tomahawk cruise missiles in four weeks of war with Iran, raising concern among some Pentagon officials about limited supplies, WaPo reported. The report said the pace of use has prompted internal discussions about how to increase missile availability. Tomahawks are made by RTX (RTX).
- US Senate reportedly said to approve DHS funding, in a major step towards ending the shutdown, according to Bloomberg.

### NORTH AMERICAN DATA

- US Michigan Current Conditions Final (Mar) 55.8 (Prev. 56.6).
- US Michigan 5 Year Inflation Expectations Final (Mar) 3.2% vs. Exp. 3.2% (Prev. 3.3%).
- US Michigan Inflation Expectations Final (Mar) 3.8% vs. Exp. 3.4% (Prev. 3.4%).
- US Michigan Consumer Sentiment Final (Mar) 53.3 vs. Exp. 55.5 (Prev. 56.6, Low. 43, High. 56).
- US Michigan Consumer Expectations Final (Mar) 51.7 vs. Exp. 54.1 (Prev. 56.6).

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