

## Stocks hit and oil surges into the weekend as geopolitical tensions remain high

- **SNAPSHOT:** Equities down, Treasuries mixed, Crude up, Dollar up, Gold up
- **REAR VIEW:** Trump extends halt of attacks on Iran energy and power infrastructure by 10 days; Israel hits Iranian steel factories and a nuclear power site, Iran to respond with heavy price; Iran delays response to US plan; US is reportedly considering sending up to 10,000 additional ground troops to the Middle East; Trump leaning against ground invasion, but things could change; Witkoff expects meeting with Iran this week; China's launches probe regarding US trade measures; ECB's Schnabel says no need to rush into action; Fed's Paulson neutral rate estimate is close to median; UOM revised down, 1yr inflation expectations rise
- **COMING UP: Data:** Spanish Retail Sales (Feb), EU Consumer Inflation Expectations (Mar), German Inflation Prelim. (Mar), US Dallas Fed Manufacturing Index (Mar). **Speakers:** Fed's Williams.
- **WEEK AHEAD:** Highlights include US NFP, ISMs and Retail Sales, EZ CPI, RBA Minutes, and BoJ Tankan. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** NKE, MKC, FDS, PVH, CAG. [Click here for the full report.](#)

## MARKET WRAP

It was a risk-off session with oil prices surging and equities tumbling as we head into a weekend of risk. WTI reclaimed USD 100/bbl post-settlement while E-mini futures briefly fell to sub 6,400. The moves came despite Trump's olive branch Thursday evening, where he postponed the attacks on Iran's energy infrastructure and power plants by another 10 days, taking the new deadline to April 6th. However, the initial optimism faded as the market became increasingly aware that the Iranians do not share the same level of optimism as the US President, and the real issue for markets is the Strait of Hormuz, which has had very little progress regarding a reopening. Meanwhile, Israel today attacked a steel, nuclear and power facility, which Iran has said was in coalition with the US and therefore violates Trump's promise last night. This prompted Iran to suggest it will be delaying the response to Trump's 15-point peace plan, keeping uncertainty high. Regarding a ground invasion, reports also suggested that Trump is leaning against this decision, but he could change his mind. Elsewhere, T-notes saw two-way price action with initial downside fading throughout the US session despite the negative newsflow and positioning elsewhere in markets, perhaps indicating some profit taking or month end rebalancing taking place. In FX, the Dollar outperformed while CHF and GBP lagged. USD/JPY rose above 160. Gold and Silver were bid as bonds pared the overnight moves, while Bitcoin was hit. Cyber Security names were hit by an AI-disruption story. Reports dropped of a new leaked Anthropic AI model, "Claude Mythos", which the company believes poses unprecedented cybersecurity risks.

## FIXED INCOME

### T-NOTE FUTURES (M6) SETTLED 0+ TICKS LOWER AT 110-05

**T-notes largely pare overnight weakness, perhaps on profit-taking or month-end rebalancing activity.** At settlement, 2-year -6.6bps at 3.916%, 3-year -4.3bps at 3.941%, 5-year -1.5bps at 4.074%, 7-year +1.6bps at 4.264%, 10-year +2.8bps at 4.440%, 20-year +5.1bps at 5.010%, 30-year +5.6bps at 4.983%.

**THE DAY:** T-notes saw two-way trade on Friday, with early gains reversing into a broader sell-off before a partial recovery later in the session. Following Thursday's settlement, US President Trump announced an extension to the postponement of attacks on Iranian energy and power infrastructure until Monday, April 6th, briefly supporting Treasuries. However, the move quickly faded, with price action turning more directional into the European session.

Selling pressure built through the morning as oil prices remained bid into the weekend, reflecting elevated geopolitical uncertainty and a broader risk-off tone. T-notes hit session lows around 13:10GMT/09:10EDT, before paring much of the downside, with moves led by the front-end.

Despite continued negative headlines, including reports of Israeli strikes on Iranian nuclear and industrial sites, Treasuries stabilised into the afternoon while oil prices remained bid. The lack of follow-through selling points to some profit-taking following the recent bear flattening, particularly ahead of the weekend. There is also the potential for month-end flows playing a role in the late-session reversal.

## SUPPLY

### Bills

- US to sell USD 75bn in 6-week bills on 31st March, USD 89bn in 13-week bills on 30th March, and USD 77bn in 26-week bills on 30th March. All to settle on 2nd April.

## STIRS/OPERATIONS

- **Fed Money Market Pricing (implied bps):** April 2.8bps (prev. +3.8bps), June 3.9bps (prev. +7.2bps), July 4.3bps (prev. +7.2bps)

+9.3bps), December 8.1bps (prev. +17.3bps)

- NY Fed RRP op demand at 0.99bln (prev. 0.89bln) across 5 counterparties (prev. 16) on March 27th
- SOFR at 3.65% (prev. 3.64%), volumes at USD 3.113tln (prev. USD 3.063tln) on March 26th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 101bln (prev. USD 93bln) on March 26th

## CRUDE

**WTI (K6) SETTLED USD 5.16 HIGHER AT USD 99.64/BBL; BRENT (M6) SETTLED 4.56 HIGHER AT USD 112.57/BBL**

Crude prices rallied once again, now having largely pared the downside seen on Trump's Truth Social announcement on Monday, declaring a pause to attacks on Iran's energy infrastructure. On Friday, support was found in overnight trade on a WSJ report that the US is considering sending up to 10,000 additional ground troops to the Middle East. A later Bloomberg article said the Trump admin is signalling to allies that there is no immediate plan for a ground invasion of Iran. However, with the ambiguity and uncertainty of all these updates out of the US, participants have begun to make comparisons to the Friday ahead of the weekend when the war began. Upside extended into settlement after comments from the Iranian Foreign Minister, who said the Israeli attacks today on two steel factories, arguing this contradicts US President Trump's extended deadline for diplomacy. Additionally, Israel targeted the Ardakan yellow cake factory (nuclear) in Yazd province and Iran's Khondab heavy water research reactor, leaving markets worried over Iran's retaliation, in which the IRGRC Aerospace Commander said: "the equation will no longer be an eye for an eye; wait and see". Elsewhere, US Weekly Baker Hughes Rig Count: Oil -5 at 409, Nat Gas -4 at 127, Total -9 at 543. WTI and Brent hit their highs of USD 100.04/bbl and USD 105.71/bbl shortly before settlement.

## EQUITIES

**SECTORS:** Consumer Discretionary -3.05%, Financials -2.49%, Communication Services -2.25%, Technology -2.02%, Health -1.71%, Industrials -1.27%, Real Estate -0.56%, Materials -0.32%, Utilities +0.61%, Consumer Staples +0.78%, Energy +1.87%.

**EUROPEAN CLOSSES:** Euro Stoxx 50 -1.19% at 5,500, Dax 40 -1.32% at 22,315, FTSE 100 -0.05% at 9,967, CAC 40 -0.87% at 7,702, FTSE MIB -0.74% at 43,379, IBEX 35 -0.95% at 16,803, PSI -1.28% at 8,882, SMI -0.73% at 12,550, AEX -1.09% at 960

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### STOCK SPECIFICS

- **AstraZeneca (AZN):** Tozorakimab met the primary endpoint in both OBERON and TITANIA Phase III trials.
- **First Trust Nasdaq Cybersecurity ETF (CIBR):** Reports of a leaked Anthropic AI model, "Claude Mythos"; the company believes it poses unprecedented cybersecurity risks.
- **Unity Software (U):** Raised Q1 revenue view; price target raised at BofA.
- **Argan (AGX):** Earnings beat; upgraded at JPMorgan to 'Overweight' from 'Neutral'
- **TripAdvisor (TRIP):** Upgraded at BofA to 'Buy' from 'Neutral'
- **Citigroup (C)** said to consider buying a US regional bank, according to Bloomberg.
- **Oracle's (ORCL)** Credit Default Swaps approach record high seen in 2008

## FX

DXY made new weekly highs as the grace period that Trump offered Iran on Monday, and extended on Thursday, has appeared to be breached by Israeli attacks on Iranian steel and uranium infrastructure. Iran's foreign minister warned of exacting a heavy price for Israel's crimes. Despite the move higher in energy prices, bonds were more mixed, perhaps as rebalancing was at play after a long month of pressure, and a large two-way risk scenario for stocks into the weekend decreased the appetite for equities. On data, the UoM Final revision for March saw 1yr inflation expectations see the sharpest increase since April 2025 as surging energy prices filter into consumers' outlook. In other news, many Fed speakers were present again. Paulson (2026 voter), who has been typically dovish, said her R-Star estimate is close to the Fed's median of 3.1% and described inflation expectations as 'fragile'. DXY managed to erase the losses seen on Monday from Trump's initial announcement, now trading back above 100.

Overnight, JPY jawboning from Finance Minister Katayama spurred some mild strength in the JPY, before then weakening. With later USD strength present over the day, USD/JPY now trades above 160 for the first time since July 2024.

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