European Market Wrap - 31st March 2026

- **European bourses were broadly firmer; DAX 40 +1.1%.**
- **DXY slipped on geopols, GBP and EUR gained whilst CHF lags.**
- **US President Trump said US is not pulling assets in the Strait of Hormuz yet, CBS reported.**

EQUITIES

- **European bourses (STOXX 600 +0.8%)** are set to end the session entirely in the green. **DAX** and **IBEX 35** held onto the claim as the outperformers, while the **AEX** lagged behind its peers as **Unilever** weighed on the index (see more below).
- **Sectors** finish with gains across the board. **Basic Resources and Financial Services** topped the sector pile, while **Consumer Products and Services** underperformed.
- On the **Unilever** merger, this was initially seen as a positive for the company and therefore its shares. However, shares have sunk following the announcement. Although the reason is not clear, within the press release, Unilever highlighted that **it expects EUR 400-500mln of stranded costs as a result of the separation, while the Co.'s European work council voiced its concerns of job losses that could lead to union action.**
- Other key movers include **Raspberry Pi and Close Brothers.** For Close Brothers and Lloyds, the lenders are facing a cheaper total car loan redress bill than expected. Finally, for Raspberry Pi, the Co. reported FY revenue that grew by nearly 25% annually while guiding 2026 profitability to be in line with market estimates, with revenue materially higher.
- **US equity futures**, unlike Monday's session, have held onto their pre-cash gains but have traded choppy since the start of the cash trade. Gains in **NVIDIA** are supporting the NQ, after the Co. announced a USD 2bln investment in Marvell.

FX

- **DXY was rangebound this morning** but looks the end the European session at the bottom end of a 100.01-100.64 range; trough is currently a moving target. Early morning the index was unchanged as traders reacted to reports in the **WSJ, which suggested that US President Trump told aides he's willing to end the war without reopening Hormuz.** A factor which clearly indicates some early signs of easing tensions, though it raises concerns regarding the future governance of the Strait itself. **DXY** traded sideways for much of the morning, before taking a leg lower as Trump took to Truth Social where he urged countries to go to the Strait of Hormuz, as the US "won't be there to help" anymore – he later clarified that the US is not pulling assets out of the region, but will do, at some point.
- **G10s are mixed against the USD**. The likes of **GBP** and **EUR** appeared to benefit from the weaker energy prices, given their net-importer statuses, although this has not helped the **CHF** which sits marginally in the red. For the **EUR** specifically, a cooler than expected inflation report (which encapsulates the Iran war and surge in energy prices), spurred some mild pressure in the single currency at the time. The report seems to indicate that the surge in energy prices has not yet filtered through into other aspects of the economy, as such, plays in favour of the ECB's "wait and see" approach.
- **JPY was flat this morning, after relative outperformance in the prior session, spurred by jawboning.** Overnight, the release of softer-than-expected Retail Sales and slower Tokyo inflation had a limited impact on the **JPY** – ING opines that the inflation figure will not "deter BoJ's April hike"; analysts opine that the trifecta of 1) surging oil prices, 2) weak JPY and 3) rising Shunto wage growth, all play in favour of a near-term hike. Attention now turns to the Tankan survey on Wednesday, a report which policy members brought to focus at the last BoJ confab. USD/JPY set to end the European day at the bottom end of a 159.20-159.97 range.
- **Japan spent JPY 0 on FX interventions between February 26th to March 27th.**

FIXED

- **Fixed income moved at the whim of energy price action** throughout the session; initially held a bullish bias this morning, before then coming off best levels as energy prices rose. An interesting WSJ article overnight suggested that Trump told his aides that he is willing to end the conflict even without reopening the Strait of Hormuz, whilst updates on Truth Social by the President urged allies to take the Strait.
- **USTs** were firmer by 7 ticks and traded within a 110-22+ to 111-05 range. Price action is essentially encapsulated by the above factors. Focus ahead on potential Fed speak, namely Goolsbee, Schmid, Barr and Bowman.
- **Bunds** followed global action, and set to end the European day stronger by around 20 ticks. Geopolitics aside, the German benchmark had EZ inflation to digest. In brief, headline Y/Y was cooler-than-expected, and plays in favour of the ECB's "wait and see approach". In reaction, Bunds ticked higher by a handful of ticks, though the move proved fleeting.
- **Gilts** were in-fitting with peers. Stronger early doors, before dipping off best levels as the energy complex edged higher. Though into the afternoon, UK paper once again headed back towards session highs and set to end the day at the upper end of a 87.60 to 88.28 range. No reaction to the final Q4 GDP series, or a slight upward revision to the 2025 total.
- **Germany sold EUR 3.811bln vs exp. EUR 5.0bln 2.10% 2028 Schatz: b/c 1.5x (prev. 1.61x), average yield 2.62% (prev. 2.72%), retention 23.78% (prev. 22.6%).**

COMMODITIES

- **Crude futures** – Oil was choppy amid conflicting geopolitical signals. Prices eased after reports that Trump may be willing to end the Iran campaign without fully reopening Hormuz, though ongoing IRGC threats and tanker attacks, alongside Houthi involvement in the Red Sea, kept risk elevated. **WTI**, after settling above USD 100/bbl yesterday for the first time since 2022, traded in a USD 100.83–106.86/bbl range, while **Brent** held within USD 104.72–109.99/bbl.
- **Natural Gas** – Nat gas traded softer intraday with some citing profit-taking, but **Dutch TTF** remained elevated around EUR 53/MWh as the EU warned of prolonged disruption from the Iran war, urging countries to delay refinery maintenance and avoid measures that could tighten supply.
- **Precious Metals** – Gold rose following Fed commentary suggesting policy remains well positioned, easing rate hike fears. The bullion later pared gains but held firm near USD 4,555/oz within a USD 4,482.66–4,619.25/oz range, with the 100 DMA at USD 4,619.25/oz. Goldman Sachs projects gold could reach USD 5,400/oz by year-end, supported by expected Fed cuts and continued central bank demand.
- **Base Metals** – Copper saw modest support from stronger Chinese PMI data and tentative hopes of de-escalation but gave back gains amid ongoing geopolitical uncertainty. **3M LME copper** traded within USD 12,122.00-12,298.00/t range. **Aluminium** continued to gain due to supply risks after Iranian strikes on Middle East production sites (Emirates Global Aluminium, Aluminium Bahrain).
- **The fire in the Russian Tatarstan has been contained the Emergency Situations Ministry** reported.
- **China** is reportedly to extend the ban on fuel exports into April, according to sources cited by Reuters; small volumes could be exempt for nations that ask for assistance. The article adds that sources say the permitted amount of exemption could be 150k/MT or 300k/MT.
- **Iran reportedly warns UAE that Fujairah port and key Hormuz oil pipeline could be targeted if attacks continue - UNCONFIRMED.**
- **Russian-flagged oil tanker enters anchorage area at Cuba's Matanzas port, ship tracking data shows.**
- **A powerful explosion and fire occurred in the Russian Tatarstan in the Nizhnekamskneftekhim area, RBC Ukraine reported.**
- **EU** called on its member states to react in a "coordinated" manner to rising oil prices.
- **Kuwait's KPC** said the crew has extinguished the fire at Al Salmi oil tanker, following an Iranian attack, and no oil spill was reported.
- **European Commission opens formal State aid assessment of French support to new nuclear programme.**
- **Oman's crude OSP at USD 124.05/bbl for May (vs USD 68.15/bbl for April), +USD 55.90/bbl, GME data shows.**
- **South Africa's Finance Minister** is considering lowering the fuel levy, with the decision to be announced on Tuesday, according to a Government official.
- **Goldman Sachs** expects gold to reach USD 5,400/oz by the end of 2026. Low speculative positioning and two Fed rate cuts to support this view. Projects around 60 tonnes of central bank buying per month.

EUROPEAN DATA

- **Italian** Industrial Sales YoY (Jan) Y/Y -1% (Prev. 3.6%).
- **Italian** Industrial Sales MoM (Jan) M/M -0.30% (Prev. 0.5%).
- **Italian HICP Prelim. Y/Y 1.50% vs. Exp. 1.70% (Prev. 1.50%).**
- **Italian HICP Prelim. M/M 1.60% vs. Exp. 1.80% (Prev. 0.70%).**
- **Italian Inflation Rate MoM Prel (Mar) M/M 0.5% vs. Exp. 0.5% (Prev. 0.7%).**
- **Italian Inflation Rate YoY Prel (Mar) Y/Y 1.7% vs. Exp. 2.3% (Prev. 1.5%).**
- **EU Inflation Rate YoY Flash (Mar) Y/Y 2.5% vs. Exp. 2.8% (Prev. 1.9%, Low. 2.4%, High. 3.1%).**
- **EU Core Inflation Rate YoY Flash (Mar) Y/Y 2.3% vs. Exp. 2.4% (Prev. 2.4%, Low. 2.2%, High. 2.6%).**
- **EU Inflation Rate MoM Flash (Mar) M/M 1.2% vs. Exp. 1.4% (Prev. 0.6%).**
- **German Unemployment Rate (Mar) 6.3% vs. Exp. 6.3% (Prev. 6.3%).**
- **German** Unemployment Change (Mar) 0K vs. Exp. 4K (Prev. 1K).
- **German** Unemployment Change (Mar) 0K vs. Exp. 4K (Prev. 1K).
- **German** Unemployed Persons (Mar) 2.977M (Prev. 2.977M).
- **German Retail Sales YoY (Feb) Y/Y 0.7% vs. Exp. 1% (Prev. 1.2%).**
- **German Retail Sales MoM (Feb) M/M -0.6% vs. Exp. 0.3% (Prev. -0.9%, Low. -0.3%, High. 1.0%).**
- **German Import Prices MoM (Feb) M/M 0.3% vs. Exp. 0.2% (Prev. 1.1%).**
- **German Import Prices YoY (Feb) Y/Y -2.3% vs. Exp. -2.1% (Prev. -2.3%).**
- **UK GDP Growth Rate YoY Final (Q4) Y/Y 1% vs. Exp. 1% (Prev. 1.2%, Low. 1%, High. 1%).**
- **UK** Nationwide Housing Prices YoY (Mar) Y/Y 2.2% (Prev. 1%).
- **UK** Nationwide Housing Prices MoM (Mar) M/M 0.9% vs. Exp. 0.6% (Prev. 0.3%).
- **UK GDP Growth Rate Final (Q4) Q/Q 0.1% vs. Exp. 0.1% (Prev. 0.1%, Low. 0.1%, High. 0.2%).** ONS said the household savings ratio increased and remains high by historic standards.
- **UK** Current Account (Q4) -18.4B vs. Exp. -23.3B (Prev. -12.1B, Low. -29.7B, High. -11.8B).
- **UK** Business Investment YoY Final (Q4) Y/Y 2% vs. Exp. 2% (Prev. 2.5%).
- **UK** Business Investment QoQ Final (Q4) Q/Q -2.5% vs. Exp. -2.7% (Prev. 1.6%).
- **French** PPI YoY (Feb) Y/Y -2.40% (Prev. -2.3%).
- **French HICP Prelim. M/M 1.1% vs. Exp. 1.00% (Prev. 0.70%, Low. 0.8%, High. 1.2%).**
- **French HICP Prelim. Y/Y 1.9% vs. Exp. 1.90% (Prev. 1.10%, Low. 1.5%, High. 2.1%).**
- **French Inflation Rate MoM Prel (Mar) M/M 0.9% vs. Exp. 0.8% (Prev. 0.6%, Low. 0.8%, High. 1.0%).**
- **French Inflation Rate YoY Prel (Mar) Y/Y 1.7% vs. Exp. 1.6% (Prev. 0.9%, Low. 1.4%, High. 1.8%).**
- **French** Household Consumption MoM (Feb) M/M -1.4% vs. Exp. -0.2% (Prev. 0.5%).
- **French** PPI MoM (Feb) M/M -0.2% (Prev. 0.5%).

NOTABLE HEADLINES

- **Italian PM Meloni's energy plan passes the confidence vote in Parliament.**
- **German institutes to** cut 2026 economic growth forecasts amid the Iranian war, Reuters sources suggest; 2026 growth outlook seen at 0.6% (prev. 1.2%), 2027 growth seen at 0.9% (prev. 1.4%). CPI is seen at 2.8% for 2026 and 2027. Iranian war and energy costs were cited as the reasons for the cuts.

TRADE/TARIFFS

- **USTR Greer, on China, said focused on preparing for the leaders' meeting; sees stability with China over the next year.** Have not heard about postponing the China meeting. Trump and Xi will speak about rare earths if they need to. On rare Earths, said hopes to manage a lot of it at staff level.
- **RBI reportedly** announces trade relief measures for exporters; gives some exporters of cut, polished diamonds a total of four months to avail zero duty re-imports.
- **UK King Charles will conduct a state visit to the US towards the end of April.**
- **US presses allies, including the UK, to secure quantum computing supply chains, FT reported.**
- **EU and Australia formally launch discussions regarding Australia joining the Horizon Europe scheme.**

CENTRAL BANKS

- **BoJ said it plans to buy JPY 255bln of 1–3 year JGBs three times a month in April–June (prev. JPY 270bln, three times); JPY 230bln of 3–5 year JGBs three times a month (prev. JPY 245bln, three times).** Plans to buy JPY 80bln of 10–25 year JGBs three times a month in April–June (prev. JPY 95bln, three times). Plans to buy JPY 75bln of JGBs 25+ years of maturity two times a month (prev. JPY 75bln, two times).
- **ECB's Radev said past inflation shocks have left a “durable imprint" and external shocks feeding into price expectations.**
- **ECB's Muller said an April rate hike cannot be ruled out and reiterates that a hike may be needed if energy prices stay high.**
- **ECB’s Panetta warns against second-round wage effects; said monetary policy is better positioned vs 2022.**
- **ECB's Muller said it is probable that rates will rise in the coming quarters.**
- **PBoC is to maintain moderately loose monetary policy with stronger counter-cyclical adjustments, reiterates to make use of various tools in monetary policy control and to maintain ample liquidity and keep CNY stable.** To monitor bond market from macro-prudential perspective, watch long-term yield moves. To comprehensively use various tools to strengthen monetary policy regulation. To improve FX market resilience. To expand domestic demand and optimise supply. To step monetary policy management. Major economies show diverging growth, inflation and policy outlook remain uncertain.
- **Riksbank's Jansson** said higher prices can be affect consumer prices quickly.
- **Polish Inflation Rate YoY Prel (Mar) Y/Y 3.0% vs exp. 3.2% (prev. 2.1%).**
- **Polish Inflation Rate MoM Prel (Mar) M/M 1.0% exp. 1.3% (prev. 0.3%).**

GEOPOLITICS

RUSSIA-UKRAINE

- **The fire in the Russian Tatarstan has been contained the Emergency Situations Ministry** reported.
- **Russia's Sibir** said equipment malfunction is behind the earlier incident at the plant, according to a prelim assessment.
- **Russian-flagged oil tanker enters anchorage area at Cuba's Matanzas port, ship tracking data shows.**
- **A powerful explosion and fire occurred in the Russian Tatarstan in the Nizhnekamskneftekhim area, RBC Ukraine reported.**
- **Russia's Kremlin said Russia will act if other nations allow Ukraine to use their airspace for drone strikes on Russian Baltic ports, adding the military is monitoring the situation and formulating strategies.**
- **Russia’s Foreign Minister Lavrov** said the Middle East crisis may spill over into a wider conflict.

MIDDLE EAST

- **US President Trump said countries that can't get jet fuel because of the Strait of Hormuz should buy from the US, we have plenty, and build up some delayed courage, go to the Strait of Hormuz, and just take it.** Full post: All of those countries that can’t get jet fuel because of the Strait of Hormuz, like the United Kingdom, which refused to get involved in the decapitation of Iran, I have a suggestion for you: Number 1, buy from the U.S., we have plenty, and Number 2, build up some delayed courage, go to the Strait, and just TAKE IT. You’ll have to start learning how to fight for yourself, the U.S.A. won’t be there to help you anymore, just like you weren’t there for us. Iran has been, essentially, decimated. The hard part is done. Go get your own oil! President DJT.
- **US President Trump said US is not pulling assets in the Strait of Hormuz yet, CBS reported; “At some point I will, not quite yet, but countries have to come in and take care of it".** STRAIT OF HORMUZ. "Iran has been decimated, but they're going to have to come in and do their own work.". Trump said the US WILL be there, but he’s frustrated that other countries are not doing more. GAS PRICESOn gas prices, Trump said "They'll drop when we leave, when it's over."TIMEFRAME"We are ahead of schedule actually, in terms of what we have done. They've got no military might anymore. They are down on everything they had. They're a mess. I would say we are two weeks ahead of schedule.”. OBJECTIVES. Trump said “not much” more has to happen between now and declaring victory, pointing out regime change is a “big factor”. “We want to clean up some ends... We've had total regime change. These are different people than anyone has ever heard of before, and frankly they've been more reasonable. So, we've had total regime change beyond what anyone thought possible. It's a big factor.". One of Trump’s main war objectives is to rid Iran of its nuclear capabilities. When asked if removing its enriched uranium is necessary to declare a victory: “I don’t I even think about it. I just know that, you know, that’s so deeply buried it’s gonna be

very hard for anybody. And we – we've watched it for – you know, since the attack, we've watched it. And at least I think finally people admit it was obliteration. It's down there deep. And they haven't been able to do it. You know, even without a war they haven't been able to do it. So it's pretty – it's pretty – it's pretty safe. But, you know, we'll make a determination.".

- **US President Trump on Truth said France has been VERY UNHELPFUL, and the USA will remember!**
- **US President Trump said countries that can't get jet fuel because of the Strait of Hormuz should buy from the US, we have plenty, and build up some delayed courage, go to the Strait of Hormuz, and just take it.**
- **US War Secretary Hegseth said many more vessels flowing through Strait of Hormuz than before, and called Iran to open for business, or the US has options.** Where necessary addressing what Russia and China are doing. On Strait of Hormuz, world should be prepared to step up. Talks are ongoing and gaining strength. Want a deal, if not, prepared to continue. Wasn't joking when he said they are negotiating with bombs. On US troops in Iran, not going to foreclose any option. If we need to use troops on the ground we could, or maybe we don't have to if negotiations go well, but the point is to be unpredictable. Asked about timeframe to achieve Iran objectives, could be four, six, eight weeks or any number. President will decide when Iran's goals are achieved. Remain committed to the conflict that ends on their terms and Trump's terms. On NATO, will be Trump's decision on what that looks like after Iran. Back and forth in negotiations is a productive development.
- **US General Caine said the US continues to degrade and destroy the capabilities of Iran, continue to strike key manufacturing and research sites. Commenced overland B52 missions, the first of this operation.** Over 11k targets have been struck in the last 30 days. Over 150 Iranian ships have been taken out. Targetting mine-laying capacity.
- **US War Secretary Hegseth said he visited the Middle East on Saturday and spoke with US troops.** US has increasing options on Iran while Iran's options are diminishing. Upcoming days will be decisive in war with Iran and nothing Iran can do about. Past 24 hours saw lowest number of enemy missiles fired by Iran. If Iran is wise, they will cut a deal. Trump is willing to make a deal. New Iran regime should be wiser than the last. US strikes cuasing widespread desertions in Iran. If Iran does not cut a deal, the war will continue with more intensity. Regime change has occured in Iran.
- **In a phone call between the Iranian and Turkish Foreign Ministers, Foreign Minister Aragchi called the reported about the launch of missiles from Iran towards Turkey completely baseless, and warned against the repetition of false flag operations.**
- **From today until tomorrow, Israel is expected to complete an important objective in Iran, according to Al Hadath citing Israel Hayom.**
- **Iran's IRGC said they have "considered a long-term horizon" to erode the power of Israel and the American army in the region.**
- **Israel Military Spokesperson** said "we are prepared to keep operating for weeks to come".
- **One of Iran's desalination plants on Qeshm Island** is out of service since the strike and short-term repairs are deemed impossible, Borna reported citing a Health Ministry official.
- **EU countries should prepare for prolonged disruption to energy markets from the Iran war, the EU energy commissioner said in a letter to EU energy ministers.** Immediate impact on EU energy security of supply remains contained. EU countries should delay any non-emergency refinery maintenance. Countries should avoid measures that would increase fuel consumption or curb EU refinery output.
- **Houthis in Yemen are monitoring American movements at bases in the Horn of Africa that may signal an imminent American move in the Red Sea, according to Israeli Radio journalist.** According to the Yemeni intelligence sources, Washington intends to create a maritime security zone in the Red Sea region and the base in Djibouti will become the center of command and control and rapid intervention. Yemeni officers said that there are American movements in order to bring the Red Sea and the Bab al-Mandab strait into the campaign.

NOTABLE NORTH AMERICAN NEWS

- **Buffett said he remains involved in decision/investment making at Berkshire Hathaway (BRKB), but would not make any the CEO disagrees with. Co. purchased USD 17bln of Treasury bills in the last week.** If there is a big market decline, Berkshire will deploy cash. Estimates that Berkshire made more than USD 100bln on its Apple investment; Apple remains Berkshire's largest stock investment; started selling Apple shares too soon.
- **Several US Republican Senators say there** is a sense that President Trump is using the DHS situation as a pretext to remove the filibuster to pass the SAVE America Act, Punchbowl reported.

NORTH AMERICAN DATA

- **US** House Price Index MoM (Jan) M/M 0.1% vs. Exp. 0.1% (Prev. 0.1%).
- **US** House Price Index (Jan) 441.0 (Prev. 440.4).
- **US** S&P/Case-Shiller Home Price YoY (Jan) Y/Y 1.2% vs. Exp. 1.5% (Prev. 1.4%).
- **US** S&P/Case-Shiller Home Price MoM (Jan) M/M -0.1% (Prev. -0.1%).
- **US** House Price Index YoY (Jan) Y/Y 1.6% (Prev. 1.8%).
- **US** Redbook YoY (Mar/28) Y/Y 6.9%.