

# newsquawk

## US Market Wrap - 2nd April 2026

### Stocks see two way trade on geopolitics ahead of NFP

- **SNAPSHOT:** Equities flat/up, Treasuries flat/up, Crude up, Dollar up, Gold down
- **REAR VIEW:** Trump's address leans towards escalation, unsettling markets; Iran reportedly drafts a protocol with Oman for the Strait of Hormuz traffic; US imposes 25% tariffs on steel, aluminum, and copper derivatives; US Challenger Layoffs and initial claims print beneath expectations; Continuing claims match expectations; US trade deficit widens; OPEC+ is likely to consider a further oil output quota hike at its Sunday meeting; Fed's Williams says policy is well positioned; Softer-than-expected Swiss inflation; TSLA Q1 deliveries miss; Drugmakers face 100% tariff unless they cut prices or produce drugs in the US.
- **COMING UP: Holidays:** Good Friday. **Data:** Japanese/US Services/Composite PMI Final (Mar), Chinese RatingDog Services/Composite PMI (Mar), US Employment Report (Mar). **Credit Ratings:** Scope Ratings on Portugal.

### MARKET WRAP

Stocks were mixed on Thursday, with futures paring a lot of the overnight weakness. Pressure was seen after remarks from US President Trump stating the US will hit Iran very hard over the next two to three weeks, and again threatening attacks on electric plants if there is no deal made. Trump later urged Iran to make a deal before it is too late. However, stocks did pare from lows, reversing a lot of the weakness, finding support after reports that Iran and Oman are working on a protocol to reopen the Strait of Hormuz. Oil prices did move to lows on this, but pared into settlement. T-notes sold off on the Trump comments overnight but completely pared by settlement, perhaps underpinned by private credit concerns after Blue Owl announced more redemption limits. In FX, the Dollar was supported by the overnight comments from Trump, but off its best levels after the Iran/Oman update. CHF lagged as oil prices gained and after soft inflation data. Elsewhere, data saw a rise in challenger layoffs while initial jobless claims remained low and the trade deficit widened, resulting in a downgrade to the Atlanta Fed GDPNow estimate to 1.6%. Gold and silver prices were lower. Copper was also down, but it did spike higher in late trade on Trump's latest [metal tariff](#) announcements. The US also announced its [pharmaceutical tariffs](#) too.

### US

**CHALLENGER LAYOFFS:** US Challenger job cuts for March rose to 60.62k from 48.31k, but beneath the expected 78k, with the report noting in March AI led all reasons for job cuts, with 15,341 announced during the month, 25% of total cuts. As focus remains around AI-related job reductions, given Block cutting 40% of its staff, and more recently Oracle reducing jobs, as the BBC reported it has cut up to 10k jobs after heavy AI investment, though it is unclear if the cuts are directly linked to that. Further to this narrative, Andy Challenger said, "Companies are shifting budgets toward AI investments at the expense of jobs. The actual replacing of roles can be seen in Technology companies, where AI can replace coding functions. Other industries are testing the limits of this new technology, and while it can't replace jobs completely, it is costing jobs".

**US TRADE BALANCE:** The Balance of Trade in February saw the deficit widen to USD 57.3bln from 54.5bln, but not as wide as the 59.2bln forecast. Exports rose by USD 12.6bln to 314.8bln, while imports rose by USD 15.2bln to 372.1bln. The increase in the deficit related to a USD 2.5bln increase in the goods deficit to 84.6bln (exp. 84bln), and a USD 0.2bln decrease in the services surplus to USD 27.3bln. In the wake of the data, the Atlanta Fed GDP Now estimate was lowered to 1.6% from 1.9%. On the metrics, Oxford Economics highlights that the increase in imports was largely driven by capital goods, including computers, computer accessories, and semiconductors, reflecting ongoing demand for AI-related goods. Meanwhile, exports were driven by gold. OxEco says, "There are many factors that could muddy the trade outlook. Tariff policy changes, supply-chain disruption due to war in the Middle East, and movements in the dollar could add to trade volatility in the coming months."

**JOBLESS CLAIMS:** Initial jobless claims (w/e Mar 28th) fell to 202k from 210k, beneath the expected 215k, leaving the 4-wk average ticking lower to 207.75k from 210.75k. For the unadjusted data, claims declined by 1.9k while seasonal factors expected an increase of 6,972 W/W. Looking at the breakdown of the unadjusted data, Iowa (-1,086), Georgia (-1,218), and Michigan (-2,749) recorded the biggest drops, while New York (+1,386), Oregon (+1,487), and Texas (+1,800) had the greatest additions. Continued claims (w/e Mar 21st) rose to 1.841mln from 1.819mln, and more-or-less in line with the expected 1.840mln. The Middle East war is making the labour market more vulnerable, but any impact will take some time to materialise, which Oxford Economics add is confirmed by the latest jobless claims figures, which are consistent with stable labour market conditions. OxEco adds that as initial claims fell to their lowest level since the start of the year, it confirms that while hiring may still be depressed, layoffs remain low.

**FED'S LOGAN** (2026 voter, hawk): Said she supported the Fed holding policy steady at the recent FOMC meeting, with the labour market stabilising in H2'25 and into 2026. She said policy was positioned to respond to the data and that the Fed was prepared to make adjustments as needed. Logan said the Iran war had increased uncertainty and raised risks on both sides of the mandate, with the key question being whether war-related disruptions would spur investment in US energy production. She added that energy producers appeared to need higher prices to boost output. On labour, she said payroll gains had been pretty weak and felt uncomfortable. Immigration has shifted the labour market's breakeven to close to zero. Meanwhile, Logan said she was not convinced inflation had been easing enough even before the war began, with business investment strong and consumers resilient. Separately, Logan said there was some weakness and vulnerability in private credit, but that the risks were contained. On the balance sheet, she said growth was not bad if it met the public's needs. Reducing reserve demand is better than returning to a

scarce reserves system. The current ample reserves system is 'efficient and effective'.

## FIXED INCOME

### T-NOTE FUTURES (M6) SETTLED 1 TICK HIGHER AT 111-00+

**T-notes settle slightly firmer as overnight Trump-induced weakness pares.** At settlement, 2-year -0.7bps at 3.798%, 3-year -0.9bps at 3.824%, 5-year -1.2bps at 3.946%, 7-year -0.8bps at 4.132%, 10-year -0.8bps at 4.313%, 20-year -1.7bps at 4.890%, 30-year -1.5bps at 4.889%.

- **THE DAY:** T-notes saw two-way trade, initially selling off overnight before reversing in the US session. The early weakness tracked gains in crude following remarks from US President Trump, who warned of intensified strikes on Iran over the coming weeks, raising the risk of further escalation and supporting oil prices.
- 10-year T-note futures bottomed at 110-16 before rebounding to highs of 111-07+, with the turnaround supported by reports in the Iranian press that Iran and Oman are drafting a protocol to supervise maritime traffic through the Strait of Hormuz. The headlines weighed on oil prices, helping Treasuries recover from earlier losses.
- Despite oil prices moving back higher later in the session following further hostile rhetoric from Trump, Treasuries held onto gains. Ongoing private credit concerns may have contributed to the bid, with Blue Owl limiting redemptions after facing USD 5.4bln in withdrawal requests, potentially driving a rotation into safer assets.
- On the data front, jobless claims remained low, while Challenger layoffs rose ahead of Friday's NFP report. The trade deficit widened by less than expected, while the Atlanta Fed GDPNow estimate was revised down to 1.6% from 1.9%, pointing to some softening in growth expectations.
- Fed speak saw Logan highlight that the current ample reserves framework remains effective, while noting the conflict has increased uncertainty on both sides of the Fed's mandate. She also said she was supportive of the decision to hold rates in March.

### SUPPLY

US to sell 58bln of 3-year notes on April 7th, USD 39bln of 10-year notes on April 8th and USD 22bln of 30-year bonds on April 9th; all to settle April 15th

### Bills

- US to sell USD 70bln of 6-week bills on April 7th; US to sell USD 89bln of 13-week bills and USD 77bln of 26-week bills on April 6th; (all to settle April 9th)
- US sold 4-wk bills at high-rate 3.620%, B/C 3.15x; sold 8-wk bills at high-rate 3.620%, B/C 3.26x

### STIRS/OPERATIONS

- **Fed Money Market Pricing (implied bps):** April 1.8bps (prev. 1.8bps), June 0.6bps (prev. 0.6bps), July -0.7bps (prev. -0.7bps), December -4.6bps (prev. -6.0bps).
- NY Fed RRP op demand at USD 2.11bln (prev. 15.78bln) across 9 counterparties (prev. 12)
- SOFR at 3.65% (prev. 3.68%), volumes at USD 3.265tln (prev. USD 3.28tln) on April 1st
- EFR at 3.64% (prev. 3.64%), volumes at USD 110bln (prev. USD 86bln) on April 1st

## CRUDE

### WTI (K6) SETTLED USD 11.42 HIGHER AT USD 111.54/BBL; BRENT (M6) SETTLED USD 7.87 HIGHER AT 109.03/BBL

**The crude complex surged on Thursday, after Trump's nationwide address showed no signs of de-escalation.** WTI and Brent soared to session highs of USD 113.97/bbl and 109.74, respectively, following Trump's speech overnight, whereby he reignited Middle East tensions and swiftly dashed hopes of de-escalation, which some had been hoping for. The US President stated Iran will be finished very fast and hit very hard over the next 2-3 weeks, while threatening to strike electric plants, and possibly oil facilities, if there is no deal. In response, Iranian officials warned of increased missile strikes, further attacks on US-linked steel and aluminium facilities in Gulf states and American army bases. While benchmarks remained significantly higher for the duration of the session, risk sentiment saw a turnaround and oil dropped by a couple of dollars as IRNA reported that Iran drafts a protocol with Oman for the Strait of Hormuz traffic. In further remarks, Iranian President Pezeshkian added that Iran is not seeking to expand the scope of tension and war in the region. Elsewhere, and ahead of the OPEC+ JMMC and "Voluntary Eight" meeting on Sunday, April 5th, Reuters source reports noted OPEC+ is likely to consider a further oil output quota hike at its Sunday meeting to prepare for any easing of Hormuz export constraints. For the record, in the weekly Baker Hughes rig count, brought forward a day on account of the Easter holiday closures, saw oil rise 2 to 411, natgas rise 3 to 430, leaving the total up 5 at 548. WTI traded between USD 97.50-113.97/bbl and Brent USD 99.08-109.74/bbl.

## EQUITIES

**CLOSES:** SPX +0.11% at 6,583, NDX +0.11% at 24,046, DJI -0.13% at 46,505, RUT +0.70% at 2,530

**SECTORS:** Consumer Discretionary -1.49%, Health -0.68%, Industrials -0.39%, Communication Services -0.15%, Materials UNCH, Financials +0.31%, Energy +0.46%, Utilities +0.57%, Consumer Staples +0.66%, Technology +0.73%, Real Estate +1.48%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.62% at 5,697, Dax 40 -0.79% at 23,114, FTSE 100 +0.69% at 10,436, CAC 40 -0.24% at 7,962, FTSE MIB -0.20% at 45,625, IBEX 35 -0.14% at 17,556, PSI +0.75% at 9,370, SMI +0.08% at 12,996, AEX -0.09% at 976

## STOCKS SPECIFICS:

- **Globalstar (GSAT)** in talks to be acquired by Amazon (AMZN) in a deal valued at c. USD 9bln.
- **RTX (RTX)** upgraded at Melius to 'Buy' from 'Hold'
- **Akamai Tech (AKAM)** downgraded at Baird to 'Neutral' from 'Outperform'.
- US imposes 100% tariff on patented drug imports unless co. signs drug pricing deals or agrees to make products in the US, according to White House fact sheet.
- US imposes 25% tariffs on steel, aluminum, and copper derivatives.
- **Blue Owl (OWL)** said it will limit the amount investors can withdraw from two retail-focused funds after receiving a surge in requests to do so.
- **Tesla (TSLA)** Q1 total deliveries 358,023 units (exp. 368,903); Model 3/Y production 394,611 (exp. 377,147) and deliveries 341,893; other models production 13,775 and deliveries 16,130 (exp. 12,393).
- **SBA Communications (SBAC)** explores potential sale at an enterprise value of USD 34bln, according to Bloomberg.
- **Microsoft (MSFT)** aims to create large cutting-edge AI models by 2027. Microsoft hit "audacious" copilot goals after Wall Street input, reports said.

## FX

**The dollar** was bought following US President Trump's address, in which he affirmed his offensive stance on the war, saying they will hit Iran over the next 2-3 weeks, and threatened attacks on electric plants and Iranian oil. The event was absent of any market hopes of de-escalatory efforts, which erased any hopes of the conflict winding down, resulting in surging crude prices, and as such risk-off in the FX space. Updates on geopolitics/energy followed through the day, ultimately changing the fundamentals little with crude remaining well up on the day, and as such lending support to USD.

Meanwhile, the latest labour market data, the claims report was welcoming as initial claims fell back to levels generally seen two years ago, whilst the uptick in continued claims was of a modest, un concerning amount. Challenger layoffs accelerated, yet fell short of expectations, printing 60,620 job cuts in March, driven by cuts within tech, leaving AI disruption fears heightened. DXY now trades back above 100 at ~100.30.

**G10 FX** against USD was a sea of red in the USD-haven play, with CHF leading weakness, weighed by a softer-than-expected inflation report. However, energy inflation posted notable acceleration in March, energy and fuels (0.5%, [prev.-4.4%]), and diesel 3.5% (prev. -4.4%). For now, this will help alleviate fears at the SNB of bringing back negative interest rates with inflation away from the lower end of the SNB's 0-2% target. USD/CHF jumped to ~0.7989 from earlier 0.7928 lows, while EUR/CHF was marginally firmer.

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