

European Market Wrap - 7th April 2026

- **Choppy session across European equities, but now set to end the session in the red.**
- **US military conducted strikes on military targets on Kharg Island, Axios reports, citing a senior US official.**
- **Iran has closed all diplomatic and indirect channels of communication with the US, Tehran Times reports; Any and all message exchanges have also been suspended.**

EQUITIES

- **European bourses (STOXX 600 -0.6%)** are to end the first trading session of the shortened week with losses, with the **SMI** set to be the underperformer. Price action was choppy amid the constant flow of geopolitical headlines, ahead of President Trump's 20:00EDT headline for Iran to agree to a ceasefire or the US will destroy Iran's bridges or even energy infrastructure.
- **Sectors** tilted negatively as the session continued. **Media** held onto its earlier gains, with **UMG** paring back slightly but still printed decent gains. **Health Care** was the laggard, while **Technology** remained near the bottom of the pile.
- Other key movers included **Leonardo and Senior**. For Leonardo, it was reported over the weekend that the CEO is to step down after being told he will not receive a new mandate. For Senior, Tincum and Blackstone have agreed to buy the Co. at GBP 0.30/shr, valuing the aerospace and defence supplier at GBP 1.4bln.
- **US equity futures** started the cash session with modest losses, with a potential ceasefire looking highly unlikely before the 20:00EDT deadline, as more recent reporting stating that Iran has closed all diplomatic and indirect channels of communication with the US.

FX

- **FX markets** began the London session with no bias, though reporting throughout the session helped a moderate risk environment emerge ahead of the US' self imposed Iran deadline (20:00EDT). In a session which lacked domestic updates, **Aussie** conformed to its high-beta-FX characteristics, while **EUR** and **GBP** were also helped. This mood was initially sparked by reports in the European morning that mediators were "closer than ever" to a framework of understanding for a ceasefire. As a reminder, US President Trump has repeatedly said he would extend the deadline if a ceasefire felt close, however he did state that the deadline will not be extended on Monday.
- Recent remarks from US VP Vance suggested Iran objectives have been completed and that the US is confident in an Iran response. Aside from negotiations, US attacked key Iranian island, Kharg, although reportedly only targeted air defence systems, not oil facilities. This attack did spur upside in energy prices but failed to drive any price action in FX.
- Aside from geopolitics, ADP's weekly employment change ticked higher to +26k (prev. +10k), US Durable goods surprisingly turned negative, and Fed's Williams did little to move the buck.
- The US session features Trump's Iran deadline (01:00BST) remarks from Fed's Goolsbee (17:35BST) and Jefferson (22:50BST).
- **South Korean FX Chief said are to deploy bold measures in the FX market, if needed.**

FIXED

- **Global fixed benchmarks began the European session** with a bearish bias, with initial downside facilitated by stronger energy prices. However, the crude complex came off at its best levels on reports via Pakistani journalists, which suggested that a framework to a ceasefire agreement could be close – a factor which **weighed on yields at the time**. Since price action has been exceptionally choppy amidst mixed reporting, recently, Kharg Island was struck by the US, whilst Senior Iranian Officials have suggested that if the situation gets out of control, Iran's allies will close the Bab El-Mandeb waterway. **Now markets await US President Trump's 20:00 EDT Iran deadline tonight.**
- **USTs were initially pressured early doors**, but clambered higher on the aforementioned Pakistani-source related optimism. But this has since dissipated and is set to end the European session towards the bottom end of a 110-2+ to 110-29+ range. Geopolitics aside, the **Fed's Williams** provided some comments where he suggested that price pressures from Iran will feed directly into headline inflation, given energy, suggesting that inflation this year should be around 2.75%. On the labour market, he reiterated the market's view of a low-hire and low-fire environment. **On the data front**, ADP Weekly Change printed at 26k (prev. 10k); Durable Goods Orders -1.4% printed shy of the expected 0.4%.
- **Bunds set to end the European session** off by around 50 ticks, within a 125.11 to 125.63 range. Overall, followed the above – opened lower, clambered off lows alongside peers, but then slipped once again as the crude complex headed back towards highs. Geopolitics aside, **German benchmarks had a number of European PMI Final metrics to digest**; Spain topped expectations, Italy missed, whilst the EZ-wide figure was revised incrementally higher. Interesting commentary from within the German release suggested that, "the lack of pricing power in the service sector is important from a monetary policy perspective, as it limits the amount of upward pressure on core inflation, a measure that the ECB will be closely watching when considering interest rate increases."
- **Gilts** essentially followed the above, and are now set to end the day off by c. 30 ticks within an 88.23 to 88.88 range. UK PMI Finals were revised lower, with analysts citing slower output growth as a result of the war in the Middle East. It also highlighted increasing risks of "stagflation" and increasing cost pressures.

- **Germany sold EUR 1.046bn vs exp. EUR 1.5bn 2.50% 2035 and 0.00% 2050 Green Bund.**
- **Poland is to sell 5-, 10- and 30-year USD-denominated noted via syndicate. 5-year noted guided at +95bps to USTs. 10-year noted guided at +135bps to USTs. 30-year noted guided +160bps to USTs.**

COMMODITIES

- **Crude futures** – Crude rallied into APAC and held gains into Europe ahead of Trump's 20:00 EDT deadline, with threats to escalate if Iran does not agree to a ceasefire and reopen Hormuz. Earlier reports suggested a potential framework for a ceasefire is "closer than ever," and resulted in losses in the complex. Thereafter, upside was then seen on reports that Iran's Kharg Island was attacked, although later reports suggested military sites were targeted. The clock ticks down to Trump's deadline, with the US President also suggesting a whole civilisation will die tonight, never to be brought back again; he does not want that to happen, but it probably will. Tehran Times later reported that Iran has closed all diplomatic and indirect channels of communication with the US. Any and all message exchanges have also been suspended. Prices peaked at USD 116.56/bbl (WTI) and USD 111.80/bbl (Brent). Earlier reports suggested a potential framework for a ceasefire is "closer than ever."
- **Precious metals** – Spot gold remained contained within a USD 4,616–4,694/oz range. Prices moved in tandem with the USD, which was choppy in sympathy with crude prices. Meanwhile, China extended gold purchases for a 17th consecutive month, signalling continued structural demand, though UBS trimmed its end-June forecast to USD 5,200/oz on softer investor demand.
- **Base metals** – Copper traded rangebound within a USD 12.33k–12.48k/t band as markets remained cautious ahead of the Trump deadline. Sentiment stayed subdued with participants awaiting clarity on geopolitical developments.
- **Russia's Transneft Black Sea Oil Terminal in Novorossiysk has reportedly suspended loadings following drone attacks on Monday, according to sources.**
- **Qatar foreign ministry spokesperson** said they are close to the point where the situation in the region could spiral out of control; no winners if this war continues.
- **Chevron (CVX)** said export of Tengiz crude oil continues uninterrupted.
- **EU Commission spokesperson** said EU to hold new meetings of its oil and gas co-ordination groups; oil coordination group to meet on Wednesday, gas group on Thursday. Adds that EU is working on toolbox to lower energy prices.
- **Saudi Arabia's crude exports from Yanbu port dropped 15% W/W to 3.9mln BPD, according to shipping data.**
- **OPEC Secretariat receives an updated compensation plan from Iraq, UAE, Kazakhstan and Oman.**
- **Eni (ENI IM) unveils 2TCF gas discovery offshore Egypt, unlocking fast-track development potential, Reuters reported.**
- **POSCO will directly hire about 7,000 workers from partner companies supporting production at its steel plants in Pohang and Gwangyang, Yonhap reported.** The workers will be gradually transitioned to POSCO employees as the company moves to address South Korea's long-standing subcontracting structure.
- **Hungary to agree to buy oil from US at Orban-Vance meeting, Bloomberg reported.** Hungary's Mol will agree to purchase 500,000 tons for approximately USD 500mln.
- **China gold reserves at end-March (USD) 342.76bn (prev. 387.59bn).**
- **UBS lowers end-June gold forecast to USD 5,200/oz, amid softer investor demand amid elevated volatility.**
- **Kazakhstan's Energy Ministry** said the oil shipments via CPC pipeline is stable, IFX reported.
- **IRGC's public relations channel reported of "explosion and extensive damage to the Al-Jubeil industrial area".**
- **Attacks reportedly hit Saudi Aramco's petrochemical plant in Saudi Arabia, AFP reported citing sources.**

EUROPEAN DATA

- **UK S&P Global Services PMI Final (Mar) 50.5 vs. Exp. 51.2 (Prev. 53.9).**
- **UK S&P Global Composite PMI Final (Mar) 50.3 vs. Exp. 51 (Prev. 53.7).**
- **Eurozone Sentix (Apr): -19.2 (exp. -9.0, prev. -3.1).**
- **EU S&P Global Composite PMI Final (Mar) 50.7 vs. Exp. 50.5 (Prev. 51.9).**
- **EU S&P Global Services PMI Final (Mar) 50.2 vs. Exp. 50.1 (Prev. 51.9).**
- **German S&P Global Composite PMI Final (Mar) 51.9 vs. Exp. 51.9 (Prev. 53.2).**
- **German S&P Global Services PMI Final (Mar) 50.9 vs. Exp. 51.2 (Prev. 53.5).**
- **French S&P Global Composite PMI Final (Mar) 48.8 vs. Exp. 48.3 (Prev. 49.9).**
- **French S&P Global Services PMI Final (Mar) 48.8 vs. Exp. 48.3 (Prev. 49.6).**
- **Italian S&P Global Services PMI (Mar) 48.8 vs. Exp. 50.8 (Prev. 52.3).**
- **Italian S&P Global Composite PMI (Mar) 49.2 (Prev. 52.1).**
- **Spanish S&P Global Composite PMI (Mar) 52.4 (Prev. 51.5).**
- **Spanish S&P Global Services PMI (Mar) 53.3 vs. Exp. 50.5 (Prev. 51.9).**
- **Swedish Services PMI (Mar) 55.7 (Prev. 48.3).**
- **Swedish CPIF MoM Prel (Mar) M/M -0.6% vs Exp. 0.0% (Prev. 0.6%).**
- **Swedish CPIF YoY Prel (Mar) Y/Y 1.6% (Prev. 1.7%).**

NOTABLE HEADLINES

- **US VP Vance** said he wants to help Hungarian PM Orban as much as he can as he heads to the election.

CENTRAL BANKS

- **Fed's Williams (voter) thinks Iran will go directly into headline inflation given energy; inflation this year should be around 2.75%. Inflation:** Focused on underlying inflation. Story on core inflation has not changed that much. Tariffs remain a big part

of the inflation story. Monpol takes about a year to have its full effect on inflation, so have to try and think through where inflation and economy will be later. Expects underlying inflation to start coming down later this year. **Path Ahead:** Reiterates monetary policy is well positioned to wait and see. Monpol is exactly where it needs to be and can be changed if needed. **Labour Market:** Expects 2-2.5% GDP this year with stable unemployment rate. Labour market situation is pretty complicated. Job market is low hire and low fire. To his mind, the labour market is not factors pushing up inflation and at a good place with that. **Economy:** US economy is remarkably resilient and tech broadly helping productivity levels. Compensation growing consistent with productivity, and not pressuring inflation. Businesses have been adapting to a more uncertain world. Seeing positive job growth, and an economy that continues to grow and invest. Low hire, low fire economy, and low unemployment rate. **Warsh/Fed:** No issue at continuity at Fed. Fed is focused on work and leadership concerns are not an issue. If Warsh not confirmed swiftly, FOMC will be business as usual. Note, next FOMC is set to be Powell's last as Chair. Warsh understands Fed very well. Have not spoken to with Warsh 'lately'. When people come into Fed, understand importance of the mission. Up to Powell if he wants to serve out Governor term.

- **ECB's Radev said the ECB must be ready to act if inflation persists, sees a rising likelihood of adverse scenario but too early to say if April rate hike is needed.** Inflation expectations at risk of rising too quickly.
- **BoE's Deputy Governor Lombardelli said dynamic pricing is not an inflation menace at this time.** Need more insight on how households feel inflation.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Transneft Black Sea Oil Terminal in Novorossiysk has reportedly suspended loadings following drone attacks on Monday, according to sources.**
- **Russia's Yamal LNG ships first cargo to China since November, LSEG data shows.**

MIDDLE EAST

- **Iran has closed all diplomatic and indirect channels of communication with the US, Tehran Times reported; Any and all message exchanges have also been suspended.**
- **Senior Iranian source said Pakistan continues to convey messages, but US has not changed its tone, Reuters reported; if the situation gets out of control, Iran's allies will close Bab El-Mandeb waterway.** There are no negotiations with the US, which wants Iran to surrender under pressure. Flexibility will be shown when we see flexibility from the US. The US wants the Strait of Hormuz open, Iran will not exchange for broken promises. If the US attacks Iran's power plants, the entire region and Saudi Arabia will fall into complete darkness. Qatar conveyed Iran's message about striking power plants to the US on Monday.
- **Deputy governor of Qazvin denied the attack on the Qazvin province railway line, Iran International reported.**
- **An Israeli source told i24NEWS that even at this stage, the assessment in Israel is that there will be no breakthrough in the negotiations between the US and Iran.**
- **Contact with Iran continues, with efforts underway to bring both sides to talks, Reuters reported citing two Pakistani sources; Iranian missile strikes on Saudi targets risk derailing negotiations.** Pakistan signals it will back Saudi Arabia under defence pact if conflict escalates.
- **US VP Vance on Iran, said very shortly this war will conclude; military objectives of the Iran war have been completed.** There are two pathways. There is going to be lots of negotiations. Reiterates deadline for Iran is 20:00EDT, and will get response from Iran. US confident it will get Iran response.
- **US President Trump said a whole civilization will die tonight, never to be brought back again; does not want that to happen, but it probably will.**
- **Strikes on Kharg Island were carried out solely by the US, not Israel, according to Fox News.** "This is a message to the Iranians," a senior US official told me. "If Iranian railways are being hit it is not US military hitting them, according to US military source."
- **Railway in Iran's Qazvin targeted in strike.**
- **Electricity supply disrupted in parts of Iran's Karaj following projectiles from strike hitting transmission lines, according to reported.**
- **IRGC threatens to attack US bridges and infrastructure, according to Israel's N12 News.**
- **Iran's Press TV has obtained exclusive information regarding the recent operation carried out by the US-Israeli coalition in Isfahan that reveals a major strategic defeat for the enemy; it will be published shortly.**
- **Power outages in parts of Karaj, western Iran, following explosions, according to Iranian media.**
- **American/Israeli attacks targeted Iran's Kharg island, Mehr news reported.**
- **Senior Israeli Security official told News 14 "Waiting for the ultimatum to expire tonight, after which if no agreement is reached-what doesn't look likely right now-Iran will burn".**
- **Iranian President Pezeshkian reportedly accused IRGC commanders of unilateral actions that "wrecked ceasefire prospects and pushed Iran towards disaster", Iran International reported citing sources.**
- **A railway in Iran's Mashhad has stopped movement following Israel's threats against Iran's railway system, according to reported.**
- **UKMTO said it has received a report of an incident 25nm south of Iran's Kish Island. said container vessel was struck by an unknown projectile which has caused damage above the waterline. Crew are safe.**
- **Iran spokesman for the National Security and Foreign Policy Committee of the Shura Council said Iran will not allow any enemy to cross the Strait of Hormuz, Al Mayadeen reported.** The National Security and Foreign Policy Committee in the Shura Council is currently discussing a draft strategic law to maintain the security of the Strait of Hormuz and the Gulf. Iran will manage navigation in the Strait of Hormuz in accordance with its laws and in cooperation and coordination with the Sultanate

of Oman.

- Pakistani reporter Anas Mallick suggests that, "to my understanding, the interlocutors (Pakistan, Turkiye and Egypt) are 'closer than ever for an agreement' to get a "framework of understanding for ceasefire" between US and Iran".
- Israeli Source tells N12 news "The next 24 hours are the most decisive in the war, if it were up to political leadership in Iran, there would have been a ceasefire long ago, there is doubt about their control", N12's Segal reported.
- Iran's Spokesperson of the National Security Commission of the Parliament said "we are making special arrangements for the Strait of Hormuz", via Tasnim.
- Pakistan in last-minute efforts, along with Turkey and Egypt, to convince Iran to agree to the outline proposed by Pakistan, according to I24's Stein.
- Five friendly countries leaders' and eight intelligence agencies have reached out to Iran seeking to open a path for a ceasefire, Fars News reported.

NORTH AMERICAN DATA

- US Redbook YoY (Apr/04) Y/Y 7.6%.
- US Durable Goods Orders ex Defense MoM (Feb) M/M -1.2% (Prev. 0.5%).
- US Durable Goods Orders Ex Transp MoM (Feb) M/M 0.8% vs. Exp. 0.7% (Prev. 0.4%).
- US Durable Goods Orders MoM (Feb) M/M -1.4% vs. Exp. 0.4% (Prev. -1.4%).
- US ADP Employment Change Weekly 26K (Prev. 10K).

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