# US Market Wrap - 8th April 2026

## Stocks surge and oil tumbles on US/Iran 'ceasefire'

- **SNAPSHOT**: Equities up, Treasuries up, Crude down, Dollar down, Gold up.
- **REAR VIEW**: US & Iran agree to a conditional two-week ceasefire, however, views differ on where Lebanon attacks stand in the agreement; Iran said US/Israel have already broken the ceasefire; Oil tankers passing through the Strait of Hormuz have been stopped by Iran; Damage on east-west Saudi pipeline said to be limited; Trump threatens 50% tariffs on countries supplying military weapons to Iran; Russia's Ust-Luga has resumed oil exports after two-week suspension; Average US 10yr note auction; RBNZ holds rates, as expected, but accompanied by hawkish comments; FOMC Minutes continue to suggest Fed in good position to wait and see.
- **COMING UP**: **Data:** Japanese Consumer Confidence (Mar), German Trade Balance (Feb), Industrial Production (Feb), US Initial Jobless Claims (Apr/04), PCE Final (Feb), GDP Final (Q4), Atlanta Fed GDP. **Events:** NBP Policy Announcement, Banxico Minutes. **Speakers:** SNB's Schlegel. **Supply:** Japan, Spain, UK, US.

## MARKET WRAP

Stocks surged and oil prices tumbled after the US and Iran agreed to a two-week ceasefire, alongside Iran reopening the Strait of Hormuz, easing immediate supply concerns. The sharp decline in crude drove a broad cross-asset reaction, with equities rallying, the Treasury curve steepening, and front-end yields falling as inflation expectations eased and Fed rate hike bets pulled back. However, uncertainty around the durability of the agreement remained high. Reports of continued attacks in Iran and Lebanon, alongside disputes over the terms of the ceasefire, raised doubts about its effectiveness. Iranian officials claimed multiple breaches of the agreement, while the US and Israel disputed these claims, and tanker disruptions briefly re-emerged after Iran reportedly restricted traffic through Hormuz again. Despite this, markets largely held onto the risk-on tone, albeit off the extremes. In FX, the dollar weakened against G10 peers, with the Antipodes outperforming, as the Kiwi was also aided by a hawkish RBNZ, while precious metals were bid as the decline in oil reduced expectations of further Fed tightening. The FOMC minutes reinforced the recent hawkish hold, while highlighting two-sided risks to the outlook amid geopolitical uncertainty. Meanwhile, the 10-year auction was mixed, with a rebound in direct demand offset by softer indirect participation, suggesting domestic demand improved while foreign demand moderated. Overall, the session was driven by a sharp repricing of energy-linked inflation risk, with markets leaning towards a less hawkish Fed outlook, although ongoing geopolitical uncertainty continues to cap conviction.

## US

**FOMC MINUTES**: The minutes of the FOMC's March policy meeting broadly validate the hawkish hold, but show a more explicit debate over two-sided risks beneath the unchanged decision. The key message from participants was that officials were not yet ready to react mechanically to the oil shock from the US-Iran war, with most judging it too early to know how developments in the Middle East would affect the economy and policy. Even so, the vast majority said progress back to 2% could now be slower and the risk of inflation remaining persistently above target had increased, perhaps explaining why the Fed held rates steady despite lifting its 2026 inflation outlook in the March SEP. Almost all saw the funds rate as broadly within plausible estimates of neutral after last year's 75bps of easing, and said policy was well placed to wait for more evidence on the implications of the energy shock. Given the heightened degree of economic uncertainty, policy was framed as data-dependent rather than on a preset path. The minutes are firmer than the statement on possible hikes, with some seeing a strong case for two-sided guidance and many saying persistently higher oil prices could justify rate rises if inflation remained elevated, though cuts would still be more likely if inflation eased as expected. On the other side of the mandate, most still saw the labour market as broadly balanced, but the vast majority judged risks to employment to be skewed to the downside, and most warned that a prolonged conflict could weaken sentiment and hiring enough to warrant cuts. On the Middle East, since the March meeting, participants have generally said that any short-lived oil shock could be looked through, while a more prolonged disruption would raise the risk of energy feeding into core inflation and expectations. Elsewhere, discussion of the USD described the currency as volatile, but roughly unchanged on net, with safe-haven flows and net energy exporter dynamics offering support.

## FIXED INCOME

### T-NOTE FUTURES (M6) SETTLED 12 TICKS HIGHER AT 111-07+

**Yield curve steepens on US/Iran ceasefire agreement**. At settlement, 2-year −0.8bps at 3.792%, 3-year −0.8bps at 3.812%, 5-year −2.0bps at 3.918%, 7-year −1.5bps at 4.100%, 10-year −1.2bps at 4.289%, 20-year −0.6bps at 4.873%, 30-year +0.9bps at 4.887%.

**THE DAY**: The Treasury curve steepened on Wednesday, reversing some of the recent flattening, with front-end yields leading the move lower as oil prices tumbled following reports of a two-week ceasefire agreement between the US and Iran, alongside Iran agreeing to reopen the Strait of Hormuz. The move reflected easing inflation concerns and a pullback in hawkish Fed pricing.

Price action was largely driven by geopolitics. Some of the initial moves pared as reports of continued strikes in Iran and Lebanon raised doubts about the durability of the ceasefire, while Iran re-halted traffic through the Strait again and threatened to withdraw from the agreement.

The 10-year auction earlier in the session was mixed, with a modest tail and softer bid-to-cover, although a rebound in direct demand suggested domestic real money participation improved despite ongoing volatility (more below).

Looking ahead, focus remains on geopolitics, alongside key Treasury supply with the 30-year auction still to come. Inflation data will also be in focus, with CPI and PCE due. Headline CPI is expected to rise 1.0% M/M, with the Y/Y rate seen at 3.3% (prev. 2.4%), largely driven by energy prices. Core CPI is seen at 0.3% M/M and 2.7% Y/Y, while core PCE (Feb) is expected at 0.4% M/M and 3.0% Y/Y.

SUPPLY

- US to sell USD 22bln of 30-year bonds on April 9th; all to settle April 15th
- **Overall, a mixed but slightly improved 10-year auction**. The US Treasury sold USD 39bln of 10-year notes at a high yield of 4.282%, above both the prior 4.217% and the 4.132% six-auction average. The auction tailed the WI by 0.2bps, an improvement from the prior 0.7bps tail and broadly in line with the six-auction average. The bid-to-cover slipped to 2.43x from 2.45x, below the 2.49x average, pointing to slightly softer overall demand. The composition showed a notable shift from the 3-year auction on Tuesday. Direct demand rose sharply to 23.88% from 12.8%, suggesting domestic real money accounts returned to the market, likely supported by the improved geopolitical backdrop. In contrast, indirect demand fell to 65.32% from 74.5%, retracing the strong foreign participation seen previously. Dealer take came in at 10.8%, down from 12.8% and close to the 9.8% average. Overall, the auction suggests a rotation back towards domestic demand as conditions stabilise, although the softer bid-to-cover highlights that demand remains somewhat cautious.

Bills

- US to sell USD 75bln of 8-wk bills and USD 80bln of 4-wk bills on April 9th; all to settle April 14th
- US sold 17-wk bills at high-rate 3.600%, B/C 3.34x

STIRS/OPERATIONS

- Fed Money Market Pricing (D/D): April +1.8bps, June +1.8bps, July +1.3bps, Dec -4.7bps
- NY Fed RRP op demand at USD 0.18bln (prev. 15.35bln) across 4 counterparties (prev. 22) on April 8th
- SOFR at 3.62% (prev. 3.65%), volumes at USD 3.26tln (prev. USD 3.217tln) on April 7th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 106bln (prev. USD 103bln) on April 7th

## CRUDE

**WTI (K6) SETTLED USD 18.54 LOWER AT 94.31/BBL; BRENT (N6) SETTLED USD 14.52 LOWER AT 94.75/BBL**

**The crude complex plunged on Wednesday after the United States and Iran agreed a two-way ceasefire**. WTI and Brent fell to lows of USD 91.05/bbl and USD 90.40/bbl, respectively, after the United States agreed to stop firing at Iran and Tehran said it would reopen the Strait of Hormuz. However, details of the agreement remain unclear, with no firm consensus between the sides. One key point of contention is Lebanon, as the United States and Israel say operations there do not need to stop and are not part of the deal, while Iran says they are included and that Israel must halt its attacks. Iran has already accused its counterparts of breaching the agreement, with Foreign Minister Araghchi saying the United States must choose between a ceasefire or continued war via Israel and cannot have both. Parliament Speaker Ghalibaf said three clauses of the 10-point plan have already been violated, making a bilateral ceasefire or negotiations unreasonable. He cited attacks on Lebanon, Entry of an intruding drone into Iranian airspace and denial of Iran's right to enrichment. Looking ahead, White House Press Secretary Leavitt said President Donald Trump is dispatching a team led by Vice President JD Vance for talks in Pakistan, and that US and Iranian officials will meet there on Saturday. Albeit WSJ highlights that the two sides are heading into talks on different pages, and whether talks will be based on Iran's 10-point plan or the 15-point plan proposed by the US. Benchmarks weakened sharply on the ceasefire news, but attention will focus on whether it holds and for how long, with multiple strikes from Israel today threatening an early-end of the ceasefire, while Iran said it has since shut the Strait of Hormuz, while sources said Iran is considering the possibility of withdrawing from the ceasefire if Israel continues to violate the agreement. Elsewhere, damage on east-west Saudi Pipeline said to be "limited", following earlier suspected drone attack, while reports noted that Russia's Ust-Luga has resumed oil exports after two-week suspension.

## EQUITIES

**CLOSES**: SPX +2.52% at 6,783, NDX +2.90% at 24,903, DJI +2.85% at 47,911, RUT +3.05% at 2,623

**SECTORS:** Industrials +3.75%, Communication Services +3.44%, Materials +3.38%, Consumer Discretionary +2.82%, Technology +2.77%, Financials +2.59%, Consumer Staples +2.11%, Health +2.06%, Real Estate +1.73%, Utilities +1.02%, Energy -3.66%.

**EUROPEAN CLOSES**: Euro Stoxx 50 +5.02% at 5,916, Dax 40 +4.74% at 24,007, FTSE 100 +2.51% at 10,609, CAC 40 +4.49% at 8,264, FTSE MIB +3.70% at 47,092, IBEX 35 +3.64% at 18,079, PSI +0.89% at 9,450, SMI +2.54% at 13,142, AEX +3.22% at 1,003.

STOCK SPECIFICS:

- Airliners gains as slumping oil prices ease costs. Of note for names such as **American Airlines (AAL), Delta Airlines (DAL), JetBlue (JBLU), Southwest Airlines (LUV), United Airlines (UAL)**.
- **ANI Pharmaceuticals (ANIP)** launching generic heart drug.
- Chemicals hit as Hormuz reopening will ease supply constraints. Of note for names such as **Dow (DOW), CF Industries (CF)**.
- **Delta Air Lines (DAL)** reported a Q1 earnings beat.
- **Levi Strauss (LEVI)** surpassed on the top and bottom line.
- **ViaSat (VSAT)** upgraded at Barclays to 'Equal Weight' from 'Underweight'.

- **Meta (META)** introduces Muse Spark, a natively multimodal reasoning model.
- **Microsoft (MSFT)** AI voice command needs more work, Semafor reports.

## FX

**The dollar** was significantly weaker on Wednesday, benefiting global peers, as a US-Iran ceasefire dominated trading as expected. While details of the agreement appear inconsistent between the two sides, with Iran saying the United States and Israel had already broken the ceasefire after Lebanon was hit, the broader ceasefire theme drove price action. Elsewhere in the US, the FOMC minutes validated the hawkish hold but showed debate over two-sided risks to rates in response to war, as the committee reiterated that the Fed remained in a good position to wait and see.

**G10 FX** was firmer across the board, benefiting from heavy dollar selling after the ceasefire announcement. The kiwi was the clear outperformer, with NZD/USD hitting a peak of 0.5859, helped by a secondary tailwind from hawkish RBNZ remarks. In the RBNZ's post-meeting press conference, Governor Breman said the MPC had discussed the possibility of raising rates at the April and May meetings, adding that the "frequency of rate hikes could be every meeting or every second meeting." Other G10 currencies benefited from the familiar themes, while the Loonie still rose against the dollar but was among the relative underperformers as oil prices were shunned. Highlighting the scale of the moves, cable traded between 1.3281-3485, USD/JPY between 157.88-159.75, and EUR/USD topped out at 1.1722 against an earlier trough of 1.1588.

In **EMFX**, ING wrote that news of a US-Iran ceasefire had pushed the CNY higher, breaking through its previous forecast band and prompting it to set a new forecast band of 6.70-7.05, which had previously been its bullish scenario for the CNY this year.