

- Sentiment hit as traders digest the fragile US-Iran ceasefire; European equities, and fixed benchmarks pressured, whilst crude rebounded.
- G10s broadly stronger against the USD, Kiwi outperformed on hawkish rhetoric from RBNZ's Breman.
- Senior Iranian sources say, under the ceasefire agreement, Iran will allow no more than 15 ships per day through the Strait of Hormuz, Tass reported.

EQUITIES

- **European bourses (STOXX 600 -0.5%)** have partially pulled back the gains seen in Wednesday's session as the US-Iran ceasefire showed some cracks. The **DAX 40** underperformed while the **FTSE MIB** was supported by the **defensive energy and utility names (Eni, Italgas)**.
- **Sectors** end the session broadly in the red. **Cyclical sectors, such as Autos and Consumer Products and Services**, remained at the bottom of the pile. As has been the pattern throughout the Iran conflict, higher energy prices have increased the worries of stagflation and, therefore, underperformance in cyclicals. **Energy, Chemicals and Utilities** are the only sectors to print gains.
- Key movers include **LSEG, Leonardo and Grifols**. On the positive front, **LSEG** announced the commencement of its new GBP 900mln share buyback programme, while **Leonardo** gained following reports that the Italian government is close to appointing Lorenzo Mariani as the new CEO. On the other hand, **Grifols** sank following reports that minority shareholders are pushing the Co. to use the share buybacks as a way to nullify short selling.
- **US equity futures** began the cash session with modest losses. **ES futures** is currently finding resistance at the 50-SMA at 6814 and the mid-point of the 6634-7063 range.

FX

- **G10 FX** traded with an increasingly risk-on bias throughout the European session as the USD underperformed for a second consecutive session.
- **DXY** spent the European morning mostly flat, though set to cross the US handover lower by a tenth. Updates over the session did little to spark significant reactions in the index despite crude gains, with energy benchmarks up around 3.5%. The main themes throughout the session were Israel and Iran proxy Hezbollah exchanging fire, underscoring the fragility and lack of clarity in the US/Iran ceasefire. While the specific timing is not clear yet, reports suggest US-Iran talks will take place this weekend. On the data front, US Jobless claims rose to 219k from 203k, above expectations of 210k, with the four-week average edging up to 209.5k. The latest claims data provide no evidence that the Middle East war has yet had a notable impact on the labour market, and Oxford Economics does not view a one-week upside surprise as a signal of softening labour market conditions. US PCE and GDP were also released, though the data did not encapsulate the Iran war impact.
- **Kiwi** outperformed for the entire European session after hawkish remarks from RBNZ Governor Breman, who said inflation is expected to increase considerably in the near-term, and they will 'act decisively' if core prices pick up. This marks the second day of gains against the greenback after Wednesday's RBNZ meeting. In terms of market pricing, 75bps of easing is expected by year-end, an increase of 15bps since last week. NZD/USD is set to finish the London session on a 0.58 handle. The next level to the upside is close @ 0.5860.
- **JPY** was the worst performer in the G10 the entire session as energy prices weighed on the net importer nation. The session high was marked at 159.11.

FIXED

- **Global fixed benchmarks** traded flat to lower, as benchmarks pull back from the extremes seen on Wednesday, and as traders begin to find holes within the current ceasefire agreement. This comes after **Iranian Parliamentary Speaker Ghalibaf said three clauses of the 10-point plan have been violated so far**, and as such, a bilateral ceasefire or negotiations is unreasonable. Another interesting point is that Iran introduced controlled shipping routes and coordination with the IRGC, effectively shifting from free transit to monitored flows—raising risks of disruptions and bottlenecks. (Full details on the Newsquawk headline feed). This, alongside continued strikes on both Lebanon and Iran, led to a rebound in the energy complex, once again renewing inflationary concerns.
- **USTs were flat for much of the European session**, after having reversed the ceasefire-related optimism seen on Wednesday; currently trading at the mid-point of a 111-04+ to 111-11 range. US paper had a slew of US data to digest this morning, but was ultimately unreactive to the releases; in brief, **jobless claims** printed at 219k (exp. 209k), pointing towards low layoffs so far. Elsewhere, **GDP Growth Final** was revised lower, whilst **PCE metrics** were unrevised. Ultimately, more focus will be on the timelier inflation figures on Friday. From a yield perspective, the US 2yr holds around 2.781% (vs trough of 3.713% on Wednesday).
- **Bunds were in the red** and set to end the European session by just under 70 ticks, at the lower end of a 125.52 to 126.10 range. German paper moved at the whim of energy prices this morning, but there were some domestic updates. An interesting comment via Italy's PM Meloni got some attention, after she suggested that the EU should consider a temporary suspension of budget deficit rules if the Iran war persists. No move in **EGBs** at the time, but traders will remain cognizant of any fiscal-related

concerns, should a suspension be enacted. From a data perspective, Industrial Production printed at -0.3% (exp. +0.9%), highlighting the turbulent recovery of Germany – even before the Iran war started.

- **Gilts underperformed vs peers**, after leading the fixed complex on Wednesday. As above, moving at the whim of energy prices, with UK-specific newsflow light. UK 2yr has rebounded back towards 4.237% (vs trough of 4.044% on Wednesday). UK paper traded within an 88.88 to 89.61 range; trough of the day matched the high from 7th April.
- **One borrower** is expected to tap the US IG primary market on Thursday, according to Bloomberg survey.
- **UK sold GBP 4bn 4.125% 2033 Gilt: b/c 3.30x (prev. 3.37x), average yield 4.507% (prev. 4.075%), tail 0.2bps (prev. 0.2bps).**
- **Spain sold EUR 5.778bn vs exp. EUR 5-6bn 2.35% 2029, 2.60% 2031 and 3.30% 2036 Bono & EUR 0.676bn vs exp. EUR 0.25-0.75bn 1.15% 2036 I/L Bono.**
- **UniCredit (UCG IM) to sell 6-year EUR-denominated notes, guidance seen +125bps to MS.**
- **Lloyds (LLOY LN) to sell 10-year GBP-denominated notes, guidance seen at +170bps to UK Treasuries.**
- **Deutsche Bank (DBK GY) to sell 6-year USD-denominated noted.**

COMMODITIES

- **Crude futures** – Crude rebounded after the prior session's sharp selloff as ceasefire optimism faded and compliance risks emerged. Brent traded back above USD 98/bbl, while WTI Jun'26 held toward the top of a USD 89.22-91.91 /bbl range. Ongoing disruption in the Strait of Hormuz and escalation risks in Lebanon supported prices, with analysts flagging continued upside while supply constraints persist. The Iranian and US delegates are poised to talk on Saturday, although rhetoric is one of distrust so far, with ongoing fighting in Lebanon a key Iranian red line.
- **Natural Gas** – Nat gas remained supported amid continued fragility in Hormuz shipping flows and broader Middle East uncertainty. Iran's ports and maritime organisation designated alternative safe routes through the Strait of Hormuz due to the possibility of mines in the main traffic zone of the strait. The shift in routing is widely viewed by maritime analysts as a move to formalise Iranian control over the waterway. By funnelling ships through these specific points around Iranian islands, the IRGC can physically inspect every vessel and verify its destination and cargo, whilst imposing the newly introduced "toll". Note that this is not a total blockade, but a selective screening process. That being said, the shift from open transit to a "one-by-one" managed queue at Larak Island will likely create a large bottleneck.
- **Precious Metals** – Spot gold held above USD 4,700/oz after recent gains, trading within a tight USD 4,699-4,759/oz range. Some desks flag a potential technical correction after the recent rally. That being said, the yellow metal remains above its 100 DMA (USD 4,671.92/oz).
- **Base Metals** – Copper modestly weakened as initial risk optimism from the ceasefire dissipated. 3M LME copper traded within a USD 12,539.00-12,678.70/t range, with sentiment weighed by renewed geopolitical uncertainty and softer growth expectations.
- **NBP Governor said he will keep buying gold, as there is no agreement over alternative "safe" programme.**
- **Iraq's North Oil Company** said Kirkuk's K1 station received its first crude shipment from Basra, state news agency reported.
- **EU officials say there** are no imminent threats to gas supplies; long-term impacts are expected; early gas storage injections desirable to avoid end-summer rush.
- **Chinese policy makers** are holding a meeting regarding power and energy storage battery industry; they stress the importance of addressing involution competition and maintaining a healthy market environment.
- **Occidental Petroleum (OXY)** reported an oil discovery at the Bandit prospect in the Gulf of America.
- **Reliance (RIL IS)** has capped fuel purchases to USD 11 per visit due to the growing shortages, Bloomberg reported citing sources.
- **One oil products tanker sailed through Hormuz in past 24 hours, according to shipping data; Five dry bulk ships and two Iranian-flagged ships also sales through.**
- **EU energy chief Jorgensen** said EU plans to ease enforcement of its methane-import rules to avoid jeopardising gas supply, Bloomberg reported. The EU Commission will issue guidance so fines for non-compliance are proportionate and do not threaten security of supply, while also offering flexibility on tracing energy imports.
- **Goldman Sachs** said Brent would average above USD 100/bbl through 2026 if the Strait of Hormuz stays closed for another month. Adds that the situation remains fluid after the start of a two-week US-Iran ceasefire, and that risks to its oil price forecast are still skewed to the upside.

EUROPEAN DATA

- **German New Car Registrations YoY (Mar) Y/Y 16% (Prev. 3.8%).**
- **German Balance of Trade (Feb) 19.8B vs. Exp. 18.5B (Prev. 21.2B).**
- **German Exports MoM (Feb) M/M 3.6% vs. Exp. 1% (Prev. -2.3%).**
- **German Imports MoM (Feb) M/M 4.7% vs. Exp. 4% (Prev. -5.9%).**
- **German Industrial Production MoM (Feb) M/M -0.3% vs. Exp. 0.9% (Prev. -0.5%).**
- **UK BBA Mortgage Rate (Mar) 6.6% (Prev. 6.59%).**
- **Spanish Industrial Production YoY (Feb) Y/Y -1.1% vs. Exp. 1.5% (Prev. 0.3%).**
- **Norwegian PPI YoY (Mar) Y/Y 16.9% (Prev. -9.4%).**

NOTABLE HEADLINES

- **EU Trade Commissioner Sefcovic** is to visit the US on April 23rd-24th, Politico reported.
- **Italian PM Meloni** said ruling out government reshuffle, not planning to resign; if the middle east crisis were to flare up again, Europe should consider temporary suspension of the stability and growth pact.

TRADE/TARIFFS

- China's Commerce Ministry, on EU trade, said that China is open to concluding economic and trade agreements between the pair.

CENTRAL BANKS

- US NEC Director Hasset said he expects the Warsh hearing to go ahead next week; rates should be lower; confident that Warsh will start as Fed Chair on May 15. Does not expect current Fed Chair Powell to stay on the board. Shrinking of the balance sheet should be gradual.
- Former NY Fed President Dudley said the Fed should and likely will take no action until the scale, duration and effects of the shock become clearer, despite the fragile ceasefire, according to a Bloomberg opinion piece.
- ECB's Sleijsen said the central bank will act if needed to keep inflation at target.
- BoE's Bailey, speaking to European Parliament, said they may be seeing some stress emerge in private credit.
- NBP keeps its base rate unchanged at 3.75%, as expected.
- NBP said fiscal policy and regulations regarding fuel prices remain a risk for CPI; further decisions depend on data. The outlook for global activity and inflation is subject to significant uncertainty, related, in particular, to geopolitical situation. NBP may intervene in the foreign exchange market. In the near future, do not see change in rates.

GEOPOLITICS

RUSSIA-UKRAINE

- Norway said maritime P-8 aircraft and frigate joined UK operation to monitor Russian submarines; any attempt to strike critical undersea infrastructure will be exposed and have consequences.
- Ukraine, with assistance from Norwegian Navy military specialists, is preparing terrorist attacks against Russian vessels in the Barents and Norwegian Seas, according to a military-diplomatic source cited by Russia's TASS news.
- Russia is offering to sell US-sanctioned LNG to South Asian buyers at a 40% discount, Bloomberg reported. Moscow is seeking to leverage the global natural gas crunch to lure energy-hungry countries like Bangladesh and India.
- Russia launched 119 drones at Ukraine overnight according to UKR media.

MIDDLE EAST

- US NEC Director Hasset said the Iran-US talks are not meaningless; working with Iran on what could be a great deal. President Trump has power to impose 50% Iran-related tariff. If countries are helping "our" adversary, Trump will take action. Have had ships trickling through the Strait of Hormuz; if it opens up, things can return back to normal very soon. Asia is feeling "real pain" because they are running out of oil. It has been less disruptive in the US. Once Hormuz is open, gas prices will fall relatively fast. We have had talks with allies about them purchasing oil and gas.
- Saudi Arabia, the UAE, Kuwait, Qatar, and Oman reported no "hostile" airstrikes on Thursday, marking the first prolonged halt in such attacks by Iran since the war began on February 28, Iran International reported.
- Senior Iranian sources said under the ceasefire agreement, Iran will allow no more than 15 ships per day through the Strait of Hormuz, Tass reported; Iran demands imply the unfreezing of Iranian assets by the US within two weeks. Iran insists that the end of the war must be secured by a UN Security Council resolution.
- Iran deputy foreign minister said Tehran was close to responding to ceasefire violation but Pakistan intervened, repeats any regional peace must include Lebanon, next hours are critical, Fars reported. Iranian delegation will go to peace talks in Islamabad. The United States, based on its commitment, must stop Israeli attacks on Lebanon.
- Senior Iranian security official told the Tehran Times: "If the attacks against Lebanon do not stop, there will be no negotiations."; adds "since last night, following Iran's threats, the volume of attacks has decreased".
- IRGC ground force commander said Iran has prepared a multi-layered national defence, Fars News reported.
- "By tomorrow, first break of light [in Pakistan], both delegations of US and Iran will be in Islamabad to hold talks", Pakistani journalist Malik reported.
- Iranian President said Israel's renewed incursion into Lebanon violates the ceasefire, warns actions risk making talks meaningless and vows continued support for Lebanon.
- Israeli security source cited by Channel 12, said not all central objectives of the war on Iran have been achieved, according to Al Jazeera.
- "The Iranian delegation is to arrive as per its schedule, and the talks will go ahead as planned between the US and Iran", according to a Pakistani journalist, said the now-deleted tweet of the Iranian Ambassador is purely to do with security reasons.
- Israel's Ministry of Energy directs the resumption of operations at the Karish gas platform after it halted due to the war, according to Israel's Channel 12.
- Iranian Deputy Foreign Minister said the Speaker of Parliament will lead Iran's delegation for the talks, and the exchange of messages continues via Pakistan, Al Jazeera reported.
- Yemen's Houthi leader said operations follow a planned strategy that accounts for the conflict's potential duration; operation will escalate, with possible surprise actions aligned with developments on the ground.

NOTABLE NORTH AMERICAN NEWS

- US NEC Director Hasset said he still sees 4-5% economic growth this year, despite the war. Hopes the reconciliation bill will be done by June, and will look at the second reconciliation in the fall.
- US Treasury Secretary Bessent said time for markup of Clarity Act.

NORTH AMERICAN DATA

- US Core PCE Prices QoQ Final (Q4) Q/Q 2.7% vs. Exp. 2.7% (Prev. 2.9%).
- US Initial Jobless Claims (Apr/04) 219k vs. Exp. 209k.
- US Continuing Jobless Claims (Mar/28) 1794k vs. Exp. 1840k.
- US Jobless Claims 4-week Average (Apr/04) 209.50K.
- US PCE Price Index MoM (Feb) M/M 0.4% vs. Exp. 0.4% (Prev. 0.3%).
- US PCE Price Index YoY (Feb) Y/Y 2.8% vs. Exp. 2.8% (Prev. 2.8%).
- US Core PCE Price Index MoM (Feb) M/M 0.4% vs. Exp. 0.4% (Prev. 0.4%).
- US Core PCE Price Index YoY (Feb) Y/Y 3.0% vs. Exp. 3% (Prev. 3.1%).
- US Personal Income MoM (Feb) M/M -0.1% vs. Exp. 0.3% (Prev. 0.4%).
- US GDP Growth Rate QoQ Final (Q4) Q/Q 0.5% vs. Exp. 0.7% (Prev. 4.4%).
- US GDP Price Index QoQ Final (Q4) Q/Q 3.7% vs. Exp. 3.8% (Prev. 3.7%).
- US Corporate Profits QoQ (Q4) Q/Q 5.7% (Prev. 4.7%).
- US GDP Sales QoQ Final (Q4) Q/Q 0.3% vs. Exp. 0.4% (Prev. 4.5%).
- US PCE Prices QoQ Final (Q4) Q/Q 2.9% vs. Exp. 2.9% (Prev. 2.8%).
- US Real Consumer Spending QoQ Final (Q4) Q/Q 1.9% vs. Exp. 2% (Prev. 3.5%).
- US Personal Spending MoM (Feb) M/M 0.4% vs. Exp. 0.5% (Prev. 0.4%).

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