US Market Wrap - 9th April 2026

Stocks bid and oil off highs on broader Middle East ceasefire hopes

- **SNAPSHOT**: Equities up, Treasuries steepen, Crude up, Dollar down, Gold up
- **REAR VIEW**: US and Iranian delegations to hold direct talks, starting Saturday; Trump reportedly asked Israeli PM Netanyahu to scale back Israel's strikes in Lebanon; Reports say Israel to scale back operations, yet Netanyahu remains firm on striking Hezbollah; Mixed reporting on whether Israel-Lebanon meeting to go ahead; Hezbollah MP says group rejects any direct talks between Lebanon and Israel; Strikes in the GCC continue; Operating activities halted at several Saudi energy facilities leads to reduction in oil output; IRGC Navy announces alternative shipping routes to avoid possible sea mines; Under the ceasefire agreement, Iran will reportedly allow no more than 15 ships per day through the Strait of Hormuz; Weak US 30yr auction
- **COMING UP**: **Data:** Japanese PPI (Mar), Chinese Inflation Report (Mar), German Inflation Final (Mar), Norwegian Inflation (Mar), Swedish GDP (Feb), Canadian Jobs Report (Mar), US Inflation (Mar), University of Michigan Consumer Sentiment Prelim. (Apr). **Events:** BoK Policy Announcement. **Speakers:** ECB's de Guindos. **Supply:** Australia, Italy. **Credit Ratings:** Moody's on France; S&P on the UK; Scope Ratings on Hungary.

MARKET WRAP

Stocks were firmer on Thursday as markets extended the post-ceasefire risk-on tone. Oil prices were choppy, ultimately settling higher but well below pre-ceasefire levels. Crude was rallying in the morning, but weakness followed reports that US President Trump urged Israeli PM Netanyahu to de-escalate operations in Lebanon, with prices extending losses after Israel confirmed it had opened negotiations with Lebanon. However, oil later pared some of the declines as Netanyahu pushed back on calls for an immediate ceasefire, while reports of damage to Saudi infrastructure earlier in the week also lent support. The move in oil drove cross-asset price action, with Treasuries bid — particularly at the front-end — as easing inflation concerns supported a continued steepening of the curve. In FX, the dollar lagged on improved risk sentiment, while the yen underperformed amid higher oil prices. Antipodes outperformed, tracking equities higher. US data remained secondary to geopolitical developments. Initial jobless claims rose above expectations, while February PCE was broadly in line but remained elevated ahead of the expected March energy-driven inflation pickup. Personal income was soft and spending steady, while Q4 GDP was confirmed at 3.7%, with growth expected to slow in Q1 as the Atlanta Fed GDPNow estimate remains at 1.3%. The 30-year auction was soft, marking the first tail since November, reinforcing the recent shift in demand dynamics towards the front-end of the curve. Despite the broader optimism around ceasefire developments, reports of explosions across multiple Middle Eastern countries later in the session highlight that geopolitical risks remain elevated.

US

JOBLESS CLAIMS: Initial jobless claims (w/e April 4) rose to 219k from 203k, above expectations of 210k, with the four-week average edging up to 209.5k (prev. 208k). The unadjusted data rose 16.6k to 203k. Seasonal factors had pointed to an increase of 1,828 W/W. Contributing to the unadjusted number, New Jersey (+5,332), Oregon (+2,726), California (+2,580) and Pennsylvania (+2,481) recorded the largest increases, while Texas (-1,442) and New York (-1,415) saw the biggest declines. 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. Moving to continuing claims (w/e March 28), these fell to 1.794mln from 1.832mln, below the consensus of 1.840mln.

PCE (FEB): The February PCE is seen as stale because it came before the US-Iran war. Nonetheless, headline PCE rose 0.4% M/M, in line with expectations and up from 0.3% in January. That left the Y/Y rate at 2.8%, matching both expectations and the prior reading. Core measures also rose 0.4%, in line with forecasts and the prior month, while the Y/Y rate eased to 3.0% from 3.1%, also in line with forecasts. Overall, the report was broadly as expected, but headline inflation is certain to jump in March because of the spike in energy prices. It had already picked up in February to 0.4% from 0.3%, pointing to a firmer underlying price level before the shock. Looking at core inflation, which excludes energy and food, the dip to 3.0% will be welcome, but it remains well above the Fed's 2% target. The WSJ's Timiraos noted that core PCE was firm in February because of goods, with goods inflation rising 0.84%, the biggest increase since January 2022, while core goods prices rose 2.3% over 12 months. Elsewhere in the report, personal income fell 0.1% (exp. 0.3%, prev. 0.4%), while spending held at 0.4%, despite expectations for a rise to 0.5%. Pantheon Macroeconomics said the report showed consumer spending was already weak before the shock from higher petrol prices and will probably slow further in Q2, while the price data support the view that inflation was already picking up before petrol prices surged. Pantheon added, however, that the core PCE deflator has risen in February at an above-average pace in the past four years and that the increase was driven by some rises that are unlikely to be repeated.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED FLAT AT 111-07+

Treasury curve steepens on broader ceasefire plans. At settlement, 2-year −1.1bps at 3.781%, 3-year −1.3bps at 3.804%, 5-year −1.0bps at 3.915%, 7-year −0.7bps at 4.099%, 10-year −0.2bps at 4.293%, 20-year +0.2bps at 4.880%, 30-year +1.2bps at 4.898%,

THE DAY: Treasuries steepened with front-end yields leading the move lower as oil prices moved from highs on hopes of a broader ceasefire in the Middle East. Reports of progress in negotiations, including discussions between the US, Israel, and Lebanon, helped ease immediate supply concerns and drove crude prices lower, reducing inflation pressures. Albeit crude, it still settled green given the sharp weakness seen on Wednesday.

US data was largely secondary to geopolitical developments. Initial jobless claims rose above expectations, while February PCE was broadly in line, though still elevated ahead of the anticipated March energy-driven inflation pickup. Personal income was soft and spending steady, while Q4 GDP was confirmed at 3.7%, with growth expected to slow in Q1 as the Atlanta Fed GDPNow estimate remains at 1.3%.

The 30-year auction was soft, marking the first tail since November. Notably, demand dynamics this week have reversed relative to March, with stronger participation in the front-end and weaker demand in the long-end, reinforcing the shift in investor positioning across the curve as we navigate through the situation in the Middle East.

Looking ahead, attention turns to CPI, though markets remain primarily driven by geopolitical developments, the report will be used to gauge the inflationary impact of the war so far.

SUPPLY

Overall, a soft 30-year auction. The US Treasury sold USD 22bln of bonds at a high yield of 4.876%, tailing the when issued by 0.5bps, a notable deterioration from March's 0.7bps stop-through and the six-auction average 0.3bps stop-through.

The bid-to-cover fell to 2.39x from 2.45x, below the 2.42x average, reinforcing the weaker demand profile.

The breakdown showed a decline in direct demand to 24.2% from 27.2%, broadly in line with recent averages but pointing to softer participation from domestic real money accounts. Indirect demand edged up to 64.1% from 63.4%, although it remained below the 66% six-auction average.

Overall, the result suggests continued caution from domestic investors, while foreign demand remains relatively stable. The outcome is consistent with auctions seen this week, where demand appears to be more concentrated in the front-end, leaving longer-dated supply more vulnerable to softer demand. The reverse of what was seen in March.

Bills

- US to sell USD 77bln of 26-week bills and USD 89bln of 13-week bills on April 13th, to sell USD 70bln of 6-wk bills and USD 50bln of 52-week bills on April 14th; all to settle on April 16th.
- US sells 4-week bills at a high rate of 3.560%, B/C 3.28x; sells 8-week bills at a high rate of 3.575%, B/C 3.16x.

STIRS/OPERATIONS

- **Fed Money Market Pricing (D/D): April +1.8bps (prev. +1.8bps), June +0.6bps (prev. +1.8bps), July -0.7bps (prev. +1.3bps), Dec -8.7bps (prev. -4.7bps)**
- NY Fed RRP op demand at 0.40bln (prev. 0.18bln) across 4 counterparties (prev. 4) on April 9th
- SOFR at 3.59% (prev. 3.62%), volumes at USD 3.169tln (prev. USD 3.26tln) on April 8th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 106bln (prev. USD 106bln) on April 8th
- Treasury Buyback (Liquidity Support, 20-30year, max USD 2bln): Accepts USD 2bln of 36.47bln offers. Offer to cover 18.24x. Accepts 3 of 35 eligible securities.

CRUDE

WTI (M6) SETTLED USD 2.18 HIGHER AT 89.93/BBL; BRENT (M6) SETTLED USD 1.17 HIGHER AT USD 95.92/BBL

The crude complex was firmer, paring some of Wednesday's steep losses, as the US-Iran ceasefire appeared to be holding for now. Benchmarks were higher throughout the session but choppy, with WTI (M6) trading between USD 88.16-92.89/bbl and Brent (M6) between USD 94.22-99.50/bbl. The focus remains on the details of the ceasefire agreement, with the sides apparently still apart, and Lebanon a key sticking point. However, Israeli Prime Minister Benjamin Netanyahu reportedly instructed the cabinet on Wednesday to open direct negotiations with Lebanon as soon as possible. In line with that, NBC, citing a US official, said Trump asked Netanyahu in a phone call on Wednesday to scale back Israel's strikes in Lebanon to help ensure the success of the Iran negotiations. Meanwhile, a senior Lebanese official told Reuters that Lebanon is pushing for a temporary ceasefire to allow talks with Israel and wants a ceasefire before such talks begin. On the Iranian side, a source said that under the ceasefire agreement, Iran will allow no more than 15 ships a day through the Strait of Hormuz. Ahead of settlement, oil prices caught a bid as Netanyahu spoke, rejecting an immediate ceasefire ahead of talks with Lebanon. Also, Saudi State News agency reported operational activities had been halted at several energy facilities due to recent attacks - seeing oil settle off lows but still in the green. Looking ahead, US and Iranian delegations are due to hold direct talks in Islamabad aimed at securing a permanent ceasefire, with negotiations set to begin on Saturday.

EQUITIES

CLOSES: SPX +0.62% at 6,825, NDX +0.72% at 25,082, DJI +0.58% at 48,186, RUT +0.60% at 2,636

SECTORS: Energy -1.16%, Health -0.19%, Materials +0.10%, Financials +0.27%, Technology +0.38%, Real Estate +0.83%, Utilities +0.84%, Consumer Staples +0.88%, Communication Services +0.93%, Industrials +1.04%, Consumer Discretionary +2.46%.

EUROPEAN CLOSES: European Closes: Euro Stoxx 50 -0.34% at 5,893, Dax 40 -1.35% at 23,755, FTSE 100 -0.05% at 10,603, CAC 40 -0.22% at 8,246, FTSE MIB +0.50% at 47,328, IBEX 35 -0.15% at 18,105, PSI +0.37% at 9,485, SMI +0.09% at 13,125, AEX +0.19% at 1,005.

STOCK SPECIFICS:

- **Alcoa (AA)** was upgraded at Morgan Stanley to 'Overweight' from 'Equal Weight'.
- **Applied Digital (APLD)** net loss widened from last year due to rising expenses & a charge tied to its cloud business.
- **Caterpillar (CAT)** CFO to retire, effective 1st Oct.
- **Constellation Brands (STZ)** withdrew FY28 outlook & pointed to subdued demand & ongoing uncertainty in op. environment.
- **CoreWeave (CRWV)** and **Meta (META)** announce USD 21bln expanded AI infrastructure agreement; CoreWeave also announced two senior notes offerings, totalling USD 4.25bln.
- **Disney (DIS)** planning to layoff as many as 1k employees in the coming weeks.
- **Marvell Tech (MRVL)** was upgraded at Barclays to 'Overweight' from 'Equal Weight'.
- **Zscaler (ZS)** was downgraded at BTIG to 'Neutral' from 'Buy'.
- Sazerac reportedly approached **Brown-Forman (BF.B)** about a deal, according to WSJ citing sources. Interest comes as Pernod Ricard (RI FP) has been discussing a mostly stock deal with Brown-Forman.

FX

The dollar is broadly weaker, but off lows, as initial reports of diplomatic efforts between Israel and Lebanon to allow for a broader ceasefire in the region were thwarted amid Netanyahu remaining firm in his push to strike Hezbollah. The day was heavy on headlines, sparking reactions, with the main takeaway being that talks are set in Washington between the two countries on Tuesday; however, both sides are at odds over whether firing can continue amid the talks. In the US morning, a ton of US data dropped, ultimately doing little to shift participants' outlooks or price action. In-line Feb PCE and a downward revision to Q4 GDP will likely be pushed aside as March onwards offers a truer gauge of the economic impacts from the Middle East conflict. Initial claims jumped above expectations while continued claims dropped to yearly lows. DXY bottomed at 98.625 before bouncing to around 98.78.

G10 FX saw JPY underperformance return as higher crude prices weighed on the net importer. BoJ Governor Ueda said short and medium-term interest rates are clearly negative, adding that accommodative financial conditions are maintained, leading to a moderate increase in capex. USD/JPY now trades just above 159.00 from the Wednesday low of 157.888.

High-beta FX and liquid alternatives to USD continue to outperform, albeit coming off highs on said late-stage USD strength. Aside from geopolitical driving moves, currency-specific newsflow was generally light.

In EMs, the NBP kept its base rate unchanged at 3.75%, as expected. The central bank said it may intervene in the foreign exchange market and, in the near future, does not see a change in rates. EUR/PLN finished the day modestly lower.