

European Market Wrap - 10th April 2026

- European bourses are set to end with their third consecutive week of gains.
- Iranian delegation has arrived for negotiations; no confirmed official info on the level of the Iranian delegation.
- The negotiations between the US and Iran in Islamabad could last for two to three days, an emissary of the Iranian leader said.

EQUITIES

- **European bourses (STOXX 600 +0.6%)** are set to end with their third consecutive week of gains, despite the geopolitical risk heading into the US-Iran talks in Islamabad. The **DAX 40** and **SMI** were the day's outperformers, while the **FTSE 100** underperformed, mainly due to its defensive bias and firmer GBP.
- **Sectors** held its positive bias. **Media** topped the sector pile, while **Technology** followed closely behind after being supported by strong TSMC YTD sales. On the other hand, **Energy** remained at the bottom of the pile, despite WTI and Brent trading rangebound heading into the weekend.
- Key movers included **Cucinelli, Sodexo and Holcim**. For the Italian luxury name, Cucinelli reported Q1 revenue that beat expectations, with particular strength seen in the Americas and Asia. For Sodexo, the Co. cut its 2026 organic revenue growth forecast, citing ongoing execution challenges. Finally, for Holcim, analysts at Goldman Sachs upgraded to Co. from Neutral to Buy.
- **US equity futures** continue to trade in tight ranges heading into the weekend. A cooler-than-expected CPI print initially boosted equity futures, but gains were immediately pared back.

FX

- **DX** initially began the session on a firmer footing, but has since retreated from a 99.00 handle as news emerges of respective US and Iran delegations departing for talks. The index found support @98.55, marking session lows following the US cash equity open and US CPI, where the headline figure jumped in March as expected amid the Middle East war. The energy index rose 10.9%, led by a 21.2% increase in gasoline that accounted for nearly three-quarters of the monthly rise in the all-items index. Excluding volatile energy components, core M/M rose 0.2% (exp 0.3%). The FOMC will look through any hump in headline inflation over the coming months. Traders moderately added to bets of FOMC cuts following the release, with 14bps of cuts priced in by year-end versus 12bps before the release.
- **EUR** was helped by **USD** weakness, and it will likely stay this way as participants await the outcome of US-Iran negotiations in Pakistan this weekend. Aside from geopolitics, the single currency will likely look to this week's Hungarian election, where polling suggests opposition support that Tisza will take power, though still unclear whether the opposition will gain a supermajority or a simple majority. Desks suggest a supermajority sees **HUF** and **EUR** strength, while a simple majority may see initial HUF gains and potential **EUR** strength, "likely to be pared".
- For **NOK**, Norwegian core inflation on Friday morning surprised to the downside, but still remained elevated on a 3% handle, in line with the Norges Bank's forecast. With crude returning to the unchanged mark, the net energy exporter's currency suffered in line with the crude benchmarks, and set to complete the session weaker against the EUR within a 11.0839-11.1402 range.

FIXED INCOME

- **Fixed income benchmarks were flat/slightly lower throughout the European session**. Two main things for the complex today: **a) Geopolitics, and b) US CPI**. For the former, focus is ultimately on the US-Iran peace talks, set to begin on Saturday. Recent reports suggest the delegation has arrived in Pakistan, with US VP Vance sharing some positive comments heading into the confab, where he said he believes US negotiations with Iran will be positive. Nonetheless, **risks remain, with Press TV reporting that should Israel continue to strike Beirut, the negotiations will be terminated**.
- **USTs were flat** throughout the session and traded within a 111-05 to 111-06+ range. The main focus was on the US CPI report. **In brief, US headline CPI jumped in March, as expected, amid the Middle East war**, with M/M at 0.9% (exp. 0.9%, prev. 0.3%) and Y/Y at 3.3% (exp. 3.3%, prev. 2.4%), as the energy index rose 10.9%, led by a 21.2% increase in gasoline that accounted for nearly three-quarters of the monthly rise in the all-items index. Overall, the release is likely to have little sway on the Fed for now, which had anticipated a significant rise. Modest, but ultimately fleeting, move higher in USTs at the time. Money market pricing turned marginally more hawkish, with 14bps of cuts priced in by year-end versus 12bps before the release. On PCE, Pantheon Macroeconomics provisionally estimates the core PCE deflator rose 0.26% in March, lifting the inflation rate to 3.1% from 2.9% in February.
- **This week has been exceptionally choppy given the initial ceasefire optimism**, and then the paring of the fragile agreement thereafter. US 2s10s is near enough unchanged since the start of the week, but it did experience some steepening amidst the initial ceasefire-related optimism.
- **Bunds and Gilts look to end the European session off by around 20 ticks**, and towards the lower end of the day's range. From a domestic perspective, UK newsflow has been very light, whilst German paper was little moved to Final regional inflation metrics, which were unrevised. Bunds are net firmer and the curve steeper as the Middle East situation appears to have

eased; in a bit more detail, the GE 2s10s started the week around 0.34bps (vs current 0.47bps). **This has also been reflected in ECB pricing** – with money markets fully pricing in an ECB rate hike in April towards the start of the week, now, only 6bps. The temporary ceasefire will allow policymakers to bide their time and assess whether second-round inflation effects filter through into the economy – markets still pricing in two hikes by year-end.

- **No borrowers** expected to issue IG debt on Friday; next week expected to be active with around USD 40bln of new issuance projected, according to Bloomberg's daily survey.
- **Italy sold EUR 8.0bln vs exp. EUR 6.25-8.0bln 2.40% 2029, 3.30% 2033 and 3.95% 2041 BTP.** 2.40% 2029: b/c 1.68x (prev. 1.61x), average yield 2.91% (prev. 2.75%). 3.30% 2033: b/c 1.54x, average yield 3.51%. 3.95% 2041: b/c 1.70x, average yield 4.27%.

COMMODITIES

- **Crude futures** – Pulled back after initially rising after Saudi Arabia yesterday flagged reduced capacity following attacks on energy infrastructure. Benchmarks remained on track for their largest weekly loss since June after the ceasefire. Focus remained on the upcoming high-stakes US–Iran talks in Islamabad, with upside risks tied to Hormuz access and a potential escalation if negotiations fail. It was, however, reported that an Iranian delegation arrived in Pakistan (albeit, no confirmation if it was the high-level delegation), which nonetheless provided some bearish impetus for the crude complex, which faded this morning's rebound. Brent fell back under USD 96/bbl in a USD 94.93-98.26/bbl band, while WTI fell to the bottom of a USD 89.05-91.80/bbl range.
- **Precious Metals** – Precious metals traded steadily and eked mild gains heading into the European close, with gold supported by a softer dollar post-US CPI. The bullion remains on track for a third straight weekly gain, supported by central bank buying and diplomatic hopes. Critical Metals' CEO warned bullion could face pressure if oil rebounds and lifts inflation expectations.
- **Base Metals** – Copper prices trended higher, with some help from a softer USD post-US CPI. 3M LME copper held within a USD 12,641.00-12,898.90/t range. China's PPI rose 0.5% Y/Y (exp. 0.4%), ending a three-year deflation streak, while reports noted the EU and US are nearing a critical minerals deal to reduce reliance on China.
- **Axios outlines that Middle Eastern energy producers have** cut crude output by c. 10mln BPD.
- **Port of Antwerp reopens to ship traffic, following oil spill.**
- **Novorossiysk oil loadings partially resume oil and fuel loading, having been halted for several days.**
- **Vessel crossings through the Strait on 9th April increased day on day to nine, vs five on the previous day, but traffic remains well below anything consistent with broader normalisation.**
- **Russian Deputy PM Novak** said he sees the country's oil output at 515mln tons in 2026 (prev. 512mln Y/Y).
- **Antwerp Port** said it hopes to be "fully operational" again within 24 hours, AFP reported.
- **TotalEnergies (TTE FP)** said it shut down SATORP refinery in Saudi Arabia as a safety precaution following processing train damage.
- **EU and US nearing a critical minerals deal to "combat Chinese control", Bloomberg reported.**

EUROPEAN DATA

- **German Current Account (Feb) 22B (Prev. 17.1B).**
- **German Inflation Rate YoY Final (Mar) Y/Y 2.7% vs. Exp. 2.7% (Prev. 1.9%).**
- **German Inflation Rate MoM Final (Mar) M/M 1.1% vs. Exp. 1.1% (Prev. 0.2%).**
- **Italian Industrial Production YoY (Feb) Y/Y 0.5% (Prev. -0.6%).**
- **Italian Industrial Production MoM (Feb) M/M 0.1% vs. Exp. 0.5% (Prev. -0.6%).**
- **Swedish Household Consumption YoY (Feb) Y/Y 1.80% (Prev. 2.8%).**
- **Swedish Household Consumption MoM (Feb) M/M 0.10% (Prev. 0.7%).**
- **Swedish Industrial Production MoM (Feb) M/M 5.1% (Prev. -5.7%).**
- **Swedish Industrial Production YoY (Feb) Y/Y 7% (Prev. 1.9%).**
- **Swedish GDP MoM (Feb) M/M 0.0% (Prev. -1.1%).**
- **Swedish New Orders YoY (Feb) Y/Y 1.0% (Prev. -3.9%).**
- **Swedish Construction Output YoY (Feb) Y/Y 0% (Prev. -2.3%).**
- **Norwegian Manufacturing Production MoM (Feb) M/M -0.4% (Prev. -0.3%).**
- **Norwegian Core Inflation Rate MoM (Mar) M/M 0.1% (Prev. 0.7%).**
- **Norwegian Core Inflation Rate YoY (Mar) Y/Y 3.0% vs. Exp. 3.2% (Prev. 3%).**
- **Norwegian Inflation Rate YoY (Mar) Y/Y 3.6% (Prev. 2.7%).**
- **Norwegian Inflation Rate MoM (Mar) M/M 0.2% (Prev. 0.6%).**

CENTRAL BANKS

- **Fed's Daly (2027 Voter, Dove) said if Iran conflict resolves quickly and oil prices come back down, then a rate cut is 'not out of the question'.** Inflation: If inflation stays elevated for longer than anticipated, we would hold steady until we know we are getting the inflation job done. We had work to do on inflation before the oil price shock; now, the work just takes longer. Persistently high oil prices would mean higher inflation but would also hurt growth. We're already forecasting higher prices show through to the economy with people pulling back on travel because they are worried about higher costs. Extremely important to bring inflation to 2%, but doing that at the expense of jobs puts families behind the eight Ball. Need to see what happens with the conflict and how businesses are passing along price increases. Forecasting surcharges, which can be reversed, rather than price increases. Rates: Puts a lower probability on a rate hike than on a cut or holding steady. Policy is restrictive enough to put downward pressure on inflation, balanced enough to support a steady labor market. Policy in a good place gives US more time to see how conflict resolves and what happens to oil prices. Labour Market: US economic

fundamentals 'solid,' labor market in a steadier place. Risks to Fed's goals of full employment, inflation are balanced.

- ECB's de Guindos said inflation expectations are relatively contained and anchored around ECB's definition of price stability.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin confirms envoy Dmitriev's trip to the US, said Dmitriev is not negotiating on a Ukraine settlement.** said:. There can be peace today if Ukraine's Zelensky makes the decision. Orthodox Easter ceasefire is humanitarian.
- **Ukrainian President Zelensky's top aide/negotiator Budanov reportedly sees Ukraine nearing a deal with Russian President Putin, Bloomberg reported; interview conducted on April 4th.** Budanov said, "They all understand the war needs to end. That's why they are negotiating," and "I don't think it will be long.". The article, citing a US official, adds that a visit to Ukraine had been discussed, but the US has not scheduled a date for a visit from Witkoff and Kushner.

MIDDLE EAST

- **The negotiations between the US and Iran in Islamabad could last for two to three days, an emissary of the Iranian leader said.**
- **US VP Vance said he believes negotiations with Iran will be positive, CBS reported; President Trump has given them some "pretty clear" guidelines.** "As the President of the United States said, if the Iranians are willing to negotiate in good faith, we're certainly willing to extend the open hand. If they're going to try to play us, then they're going to find the negotiating team is not that receptive.
- **A severe disagreement has emerged among senior government officials in Iran regarding the composition and powers of the negotiating delegation for US-Iran talks, Iran International reported.**
- **Iranian delegation has arrived for negotiations, Pakistani media reported; primary negotiations between the US and Iran will occur on the 11th of April; No confirmed official info about the arrival of Iranian Parliament Speaker and FM, Al Arabiya reported.**
- **USTR's Greer thinks they** are seeing manufacturing coming back to US as a result of policies; not every challenge with China resolved, via CNBC interview. If China is involved with Iran, that obviously complicates relations. Manufacturing is about 10% of GDP in the US. It's too low. Trying very hard to have stability with China. Right now we're in a good situation on China trade. China is responsible for eliminating any harmful Iran ties. In constant communication with auto companies.
- **In addition to Asian countries, France and Italy are directly negotiating with Iran to allow their ships to pass through the Strait of Hormuz from Iran, CNN reported.**
- **Iranian spokesperson of the Supreme Leader** said Iran will reopen the Strait of Hormuz after the war with the US and Israel ends, TASS reported.
- **Three Iran-linked tankers, including one crude oil supertanker have sailed through the Strait of Hormuz in the past 24 hours, according to shipping data; one sanctioned gas tanker and one dry bulk ship is in the process of shipping out of the Strait.**
- **Israel-Lebanon talks in Washington next week are to be preparatory ambassador-level discussions rather than more senior level talks, WSJ reported citing sources.**
- **Israeli Chief of Staff Zamir** said will continue the war in Lebanon, can return to the war against Iran at any moment and with greater force.
- **Iran reiterates no talks will happen until attacks stop and no delegation is heading to Pakistan.**
- **Senior Pakistani official** said "everything is under control regarding the ceasefire in Iran" and "nothing will obstruct the negotiations, and minor violations are expected".
- **Senior Iranian Lawmaker** said a parliamentary proposal would bar oil tankers linked to the US and Israel from passing through the Strait of Hormuz "forever".
- **Israel is working to continue the war on Lebanon within two days and 5 more days before responding to American pressures, Al Jazeera reported citing Ma'ariv sources.**
- **Hezbollah Secretary General said the group will remain steadfast, Al Mayadeen reported; resistance will continue until our last breath.**
- **Lebanon intends to take part in a meeting next week in Washington to discuss and announce a ceasefire, according to a senior Lebanese official speaking to Reuters.** Official said ceasefire is precondition to further talks.
- **Plumes of smoke rise in the sky of Tehran** , Iranian Media reported.
- **Senior Iranian Security source suggests should Israel strike Beirut again, the US-Iran negotiations will be terminated** , Press TV reports.
- **US NEC Director Hasset says 10% pace of boats are going through the Strait of Hormuz vs normal.** We expect rapid reduction in energy prices once Strait of Hormuz opens. Hormuz can be opened within two months. We have backup plans for opening up Hormuz.

NOTABLE NORTH AMERICAN NEWS

- **USTR's Greer thinks they** are seeing manufacturing coming back to US as a result of policies; not every challenge with China resolved, via CNBC interview. If China is involved with Iran, that obviously complicates relations. Manufacturing is about 10% of GDP in the US. It's too low. Trying very hard to have stability with China. Right now we're in a good situation on China trade. China is responsible for eliminating any harmful Iran ties. In constant communication with auto companies.
- **US NEC Director Hasset said the outlook for Fed having room to cut rates is going to be very solid.**
- **BofA Consumer Checkpoint: Total credit and debit card spending per household rose 4.3% Y/Y marking the strongest growth since early 2023.** Higher gasoline prices powered some of the increase, with spending at the pump surging 16.5% M/M.

However, total card spending excluding gasoline still saw healthy growth at 3.6% Y/Y.

- **US Senate Republicans** are drafting a budget resolution on ICE funding, text could be ready "as soon as next week", according to POLITICO sources.

NORTH AMERICAN DATA

- **US Inflation Rate MoM (Mar) M/M 0.9% vs. Exp. 0.9% (Prev. 0.3%).**
- **US Core Inflation Rate YoY (Mar) Y/Y 2.6% vs. Exp. 2.7% (Prev. 2.5%).**
- **US Core Inflation Rate MoM (Mar) M/M 0.2% vs. Exp. 0.3% (Prev. 0.2%).**
- **US Inflation Rate YoY (Mar) Y/Y 3.3% vs. Exp. 3.3% (Prev. 2.4%).**
- **US CPI Core Goods & Services (m/m SA, y/y NSA) + Supercore (March 2026):.**
- **Canadian Average Hourly Wages YoY (Mar) Y/Y 5.1% (Prev. 4.2%).**
- **Canadian Part Time Employment Chg (Mar) 15.2K (Prev. 24.5K).**
- **Canadian Employment Change (Mar) 14.1K vs. Exp. 15K (Prev. -83.9K).**
- **Canadian Full Time Employment Chg (Mar) -1.1K (Prev. -108.4K).**
- **Canadian Unemployment Rate (Mar) 6.7% vs. Exp. 6.8% (Prev. 6.7%).**
- **Canadian Participation Rate (Mar) 64.9% (Prev. 64.9%).**

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