

- European bourses pressured after US-Iran talks in Pakistan fail to reach an agreement.
- DXY benefited from haven demand; JPY underperformed.
- Iranian officials reportedly studying abandoning Uranium enrichment as a US condition for ending the war, via NY Post; mild risk-on action on this report.

### EQUITIES

- European bourses (STOXX 600 -0.6%) are set to end the first trading session of the week in the red, with the **IBEX 35** and **DAX 40** being the underperformers due to their cyclical-heavy composition. This comes following the failure to reach a deal between the US and Iran in Pakistan, and then the announcement by President Trump that the US Navy is to block Hormuz.
- Sectors held a negative bias. **Energy** was the only sector in the green, with Brent holding gains of around 7%. **Telecommunications and Travel & Leisure** were the clear underperformers. Weighing on telecoms is **Deutsche Telekom**, following worries about weakness in US margins, with T-Mobile US contributing to over 60% of the Co.'s revenue.
- Other key movers include **Lufthansa, Associated British Foods, and EssilorLuxottica**. For Lufthansa, the Co. is facing a two-day pilot strike over pensions. The walkout comes following the end of the cabin crew strike last week. For EssilorLuxottica, the Co. and Meta are to face competition with Apple over its eyewear, as Bloomberg reported that Apple plans to sell its first smart glasses in 2027. Finally, Associated British Foods was downgraded to underperform from sector perform at RBC.
- **US equity futures** started the cash session entirely in the red but off worst levels. **Goldman Sachs** kicked off US earnings season, and reported beats for multiple metrics but saw losses pre-market after missing FICC sales and trading revenue estimates. Sentiment turned a little higher as traders circulated reports that **"Iranian officials are still considering the US proposal to end the war, centered around giving up uranium enrichment"**, via NY Post.

### FX

- **FX spent the first session of the week with a modest risk-off** bias amidst elevated energy prices (Crude +6%), following the conclusion of US-Iran talks without an agreement on the nuclear issue. Traders recently circulated a NY Post reporter saying that Iran was studying abandoning uranium enrichment as a US condition for ending the war. The post, aired at 12:46 London time, saw risk on across markets, with crude falling around USD 2.7/bbl - though the headline was dazzling, the body of the post echoed recent reporting that Iran was considering US demands. Other reporting throughout the session did little to significantly change the FX bias, as several outlets suggested further talks, mediated by Pakistan, would resume. Elsewhere, no updates or developments were seen regarding the US Hormuz blockade, which commenced at 3pm BST with UK PM telling BBC the nation would not be joining the potential movement.
- **DXY spent most of the session oscillating around the 99.00 mark**, a level which it has retreated from in recent trade amidst the aforementioned NY Post reporting. The buck looks towards a heavy week of Fed speak, alongside PPI data on Tuesday. On the docket for the US session, uber-dove Miran is set to speak on "Building the Financial System."
- **HUF benefited from the election of the opposition Tisza's Magyar**. Preliminary results put Magyar on course for 138 seats (supermajority 133 seats). Although markets had already priced in a Magyar victory, a supermajority allows the PM-Elect to fast-track various HUF-positive pledges (See Newsquawk Analysis on the headline feed). As such, EURHUF surpassed April 2022 lows, marking a session low of 363.30.
- **Elsewhere, the Antipodeans were resilient despite the firm crude environment and general risk tone**. NZD continued to price in further hikes, with 82bps priced by year-end; unchanged on the session, though an increase of the previously seen 75bps last week. AUD was flat against the USD for most of the session with RBA's Hauser touted to speak later.

### FIXED

- **Global fixed benchmarks** opened entirely in the red, with the complex pressured by the surge in energy prices after US-Iran peace talks in Pakistan ended without an agreement. Following this, US President Trump said the US Navy will begin the process of blockading any and all ships trying to enter or leave the Strait of Hormuz – this is expected to begin at 15:00 BST / 10:00 EDT. **Recent reporting via Axios suggested that "all parties believe a deal is possible"**, and the Iranian Judiciary Chief suggested that Iran is ready for talks but only based on 'principles and logic'.
- **USTs opened lower by a handful of ticks**, but gradually edged off worst levels as the session progressed. US paper looks to end the European session towards the upper end of a 110-22+ to 111-02+ range, and off by only a 1+ ticks. The slight rebound in the benchmark can be attributed to the ceasefire still holding, and with the general tone out of Iran/Pakistan suggesting further talks could still take place. This was then exacerbated on a report which suggested that **"Iranian officials are still considering the US proposal to end the war, centered around giving up uranium enrichment"**, via NY Post.
- **Bunds were lower throughout the session**, and look to end the European session lower by around 30 ticks and within a 124.68 to 125.13 range. Earlier today, the Merz coalition agreed on measures worth EUR 1.6bln to ease the impact of surging energy prices on the German consumer. That aside, newsflow out of the region remained light, with ECB speak via de Guindos and Vujcic having little impact on the German benchmark; the latter highlighted that energy prices are still very close to the ECB's baseline scenario.

- **From a yield perspective**, the German 2yr has jumped back towards 2.637% (vs Friday close at 2.588%). The **2-year BTP-Bund spread has widened ever so slightly vs Friday's close**, but remains well off the peaks from the heights of the Iran war. Commerzbank's rate strategist Siemssen said "we would probably need to see a more significant escalation for BTP-Bund spreads to test the March highs again", adding that **"BTPs should also underperform OATs again this week as they are more susceptible to energy prices"**.
- **Gilts underperformed vs peers**, given its net-importer of oil status. Newsflow for UK assets have been light this session, with text release via BoE's Taylor not touching on monetary policy. Currently set to end the European day lower by around 55 ticks, and within a 87.82 to 88.46 range. Initial action this morning was actually fairly muted; opened lower, as expected, but attempted to retrace losses soon after. Perhaps traders were betting on a resolution, before then factoring in the inflationary implications of the surge in energy prices, with UK paper making lows in late-morning trade.
- **Blue Owl (OWL)** files to sell unsecured noted; size not disclosed.

## COMMODITIES

- **Crude futures** – Crude surged after US–Iran talks collapsed and Washington announced a naval blockade of the Strait of Hormuz. **Brent Jun'26** rose above USD 100/bbl, trading within USD 100.94–103.87/bbl, while **WTI Jun'26** held in a USD 93.58–96.93/bbl range. Analysts flagged upside risks toward USD 150/bbl if the blockade persists, given Hormuz previously handled ~20% of global oil and LNG flows.
- **Worth noting that some mild pressure was seen on traders circulating a report** that Iranian officials were studying abandoning Uranium enrichment as a US condition for ending the war", via NY Post.
- **Natural Gas** – **Dutch TTF** jumped above EUR 51.30/MWh before paring gains, with front-month contracts slipping back below EUR 50/MWh. Bloomberg noted extended trading hours (to 21 hours), reflecting heightened volatility amid supply disruption risks.
- **Precious Metals** – **Spot gold** fell below USD 4,650/oz before recovering to around USD 4,725/oz, trading within a USD 4,644–4,740/oz range. The metal was pressured by a stronger USD and rising rate expectations.
- **Base Metals** – **Base metals** were mixed, with copper falling and aluminium spiking. Copper traded within a USD 12,684.63–12,920.23/t range, weighed by demand concerns as higher energy prices threaten global growth.
- **Hungarian PM-Elect Magyar said will not stop buying Russian Oil; hope EU lifts Russia sanctions once war ends.**
- **CPFC** announced the pipelines resumed normal operations on April 10th after maintenance.
- **OPEC MOMR (Mar – Incorporates Iranian War): In March, crude oil production by countries participating in the DoC (OPEC+) dropped by 7.70mIn BPD M/M, to average about 35.06mIn BPD, according to available secondary sources.**
- **UBS** raises its Brent forecast to USD 100/bbl to end-June, USD 95/bbl by end-September and USD 90/bbl end-December. Raises end-2027 Brent forecast to USD 85/bbl.
- **JP Morgan forecasts 1.9 MMT primary aluminium deficit in 2026, driven by a 2.4 MMT hit to Middle Eastern supply.** Holds a baseline view that spot aluminium prices have an upside potential to reach USD 4k/MT and above, in the coming months. Forecasts Q2'26 average of USD 3.8/MT for aluminium as the scale of the supply disruption becomes increasingly evident in physical market.
- **Citi** said the global economy is better positioned to absorb an oil shock, with the recession threshold higher even if oil reaches USD 100/bbl.
- **Russia's Seaborne oil product exports reportedly +0.9% M/M in March, according to sources.**
- **North Sea Forties crude oil reaches a record high of USD 148.87/bbl, according to LSEG data; supply concerns will be boosted by US plans to block the Strait.**
- **Morgan Stanley** leaves their dated Brent forecasts unchanged; sees USD 110/bbl in Q2'26 and USD 100/bbl in Q3'26, before settling around USD 80/bbl in 2027.
- **CPC's oil exports rose 48% in March from February to 1.58mIn bpd, boosted by recovery at the Tengiz field, according to sources cited by Reuters.** CPC exports boosted by Tengiz field recovery.
- **German Government to reduce energy tax on diesel and petrol by EUR 0.17/L for two months.** Employers may provide employees with tax-free bonus of EUR 1000 as part of tax reform. Income tax reform will be adopted in January.
- **Kuwait** raises May crude prices for Asia, according to pricing document.
- **Saudi Aramco's crude sales to China** is set to half next month to around 20mIn barrels, Bloomberg reported citing sources.

## NOTABLE HEADLINES

- **German Economy Ministry** said adverse affects [of Middle East conflict] on the German economy are likely to remain evident for the "rest of the year".
- **German Finance Minister Klingbeil** said tobacco tax is to be increased in 2026 as counter-financing measure for tax relief bonus.
- **German CSU Leader Soeder** said that it is right to tax excess profits from mineral oil companies at the European level.
- **Hungary election winner Magyar** said budget will have to be modified.
- **Hungary election winner Magyar** said some 400k votes cast abroad could boost number of Tisza lawmakers to 141 or 142.
- **EU Commission President von der Leyen** said the EU's bill for fossil fuels has increased by EUR 22bln since the start of the Iran war, a robust coordination between member states for energy prices is needed. Looking for coordination of member states gas storage activities. Emergency measures would not impact the single market. Measures to ease energy prices should be targeted to vulnerable groups and be timely and temporary. Aiming to have a temporary framework for state aid this month. Commission is to publish proposals for energy price measures on April 22nd. To present proposal to lower energy taxes in May.

## TRADE/TARIFFS

- **New pharma tariffs** are pushing biotech firms to consider voluntary pricing deals with the Trump administration for exemptions, Axios reported. Smaller and midsize companies say they lack the scale and financial flexibility of larger drugmakers to cut prices or reshore production, while carveouts for orphan drugs and cell and gene therapies may soften the impact for some.
- **Japan Post (6178 JT) to resume accepting all US-bound mail from Tuesday, after 7-month suspension due to end of 'de minimis' exemption, according to a statement.**
- **China Foreign Ministry, on Trump threatening tariffs if China supplies weapons to Iran, said trade wars have no winners.**

## CENTRAL BANKS

- **BoJ Governor Ueda said Japan's economy is recovering moderately but with some weakness; said the economy and prices are moving roughly in line with BoJ forecasts; underlying inflation is gradually accelerating towards the BoJ's target.**
- **ECB's de Guindos said the impact from war in Iran will depend on the duration of conflict.**
- **ECB's Vujic said energy prices are still very close to the ECB's baseline scenario.**

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Hungarian PM-Elect Magyar said will not stop buying Russian Oil; hope EU lifts Russia sanctions once war ends.**
- **Rosatom Head** said Russia begins final wave of evacuation from Buchehr nuclear power plant, according to Ria.
- **German Government spokesperson** said the Hungary vote means Ukraine funds are expected to be released very quickly.
- **Russia's Seaborne oil product exports reportedly +0.9% M/M in March, according to sources.**

### MIDDLE EAST

- **Pakistani FM source said Pakistani officials are continuing efforts to convince the US delegation to return to talks; talks took place in a positive atmosphere, indicating both sides are interested in continuing dialogue, N12 reported citing Qatari press.**
- **Pakistani, Egyptian and Turkish mediators will continue talks with the US and Iran in the coming days, aiming to help close the gaps between US-Iran, Axios reported citing sources; all parties believe a deal is possible.** The source suggests that Trump could resume strikes if the US naval blockade does not lead to Iran making changes; targets could include infrastructure he threatened to attack before the ceasefire was announced. On the blockade, said the US's decision to walk away from the talks in Pakistan, is part of the ongoing negotiations.
- **Pakistan Defense Minister** said the prospect of resuming negotiations between the US and Iran still exists, and a new round of talks will begin soon, via CCTV.
- **Iran's ambassador to India** said Tehran is ready to negotiate with the US, provided Washington refrains from "illegal demands".
- **Iran ready for talks but only based on 'principles and logic,' Iranian Judiciary chief said, IRNA reported.**
- **Iran is willing to continue discussions with the US, according to an envoy (details light).**
- **Iran ambassador to India** said have good contact with Indian Government on passage of Indian ships and want to help India. Iran has oil and ready to sell to any country that wants it.
- **Iranian Deputy Speaker of the Shura Council** said the US' goal in the Isfahan operation was to take the uranium, but they failed, Al Mayadeen reported. In previous negotiations, it was planned to establish a consortium to dilute uranium with the participation of America and Saudi Arabia, but they backed down. Iran was ready to prove good faith by diluting 450 kg of enriched uranium and not handing it over.
- **Iranian Foreign Minister Araghchi and Saudi Foreign Minister bin Farhan** held a phone call to discuss regional developments and Iran-US negotiations in Islamabad, Tasnim reported. The exchange focused on easing tensions and addressing the evolving regional situation amid ongoing conflict dynamics.
- **Iranian armed forces say if Iran's ports are threatened, then "no port in the Persian Gulf and Oman Sea will be safe", IRIB News reported.**
- **UKMTO said access restrictions are being enforced on Iranian ports; UKMTO said it has been informed of access restrictions starting at 14:00 UTC on April 13.**
- **US military** said blockade will be enforced in the Gulf of Oman and Arabian Sea east of the Strait of Hormuz and blockade applies to all vessel traffic, regardless of flag, according to a note sent to seafarers.
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- **US and Iranian delegations have reportedly agreed to hold another round of talks after their recent meeting, with the time and venue to be decided later, Pakistani press reported.**
- **Israeli PM Netanyahu states that Israel is seeking a deeper security zone in Lebanon.**
- **Israeli PM Netanyahu** said Israel supports Trump blockade on Iran.
- **IDF defines Lebanon as the main arena at this stage, while Iran is defined as an "arena of readiness" – with high alertness for any development.**
- **Israel has decided to establish 15 permanent camps along the front line of the Lebanese villages, Al Jazeera reported, citing Channel 12.**

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