

SNAPSHOT

STOCKS			
Nikkei 225	+2.2%	ASX 200	-0.4%
Hang Seng	+1.3%	Shanghai Comp	+0.4%
Euro Stoxx 50 Jun'26	+0.3%	DAX Jun'26	+0.2%
ES Jun'26	+0.2%	NQ Jun'26	+0.2%

FX			
DXY	-0.1% (97.97)	EUR/USD	+0.1% (1.1807)
USD/JPY	-0.2% (158.72)	GBP/USD	+0.1% (1.3573)

BONDS			
US T-Note Jun'26	+3.5 ticks	Bund Jun'26	+11 ticks
US 10yr Yield	4.27%	German 10yr Yield	3.04%

ENERGY & METALS			
WTI Jun'26	-0.1%	Brent Jun'26	+0.1%
Spot Gold	+0.9%	LME Copper	+0.6%

CRYPTO			
Bitcoin	+0.3%	Ethereum	-0.2%

As of 06:20BST/01:20EDT

LOOKING AHEAD

- Highlights include UK GDP (Feb), Industrial Production (Feb), Italian HICP Final (Mar), EZ HICP Final (Mar), US Jobless Claims (Apr/11), Philly Fed Index (Apr), Industrial/Manufacturing Production (Mar), New Zealand Food Inflation (Mar), ECB Minutes (Mar) & SNB Minutes (Mar). Speakers include Fed's Williams & Miran, ECB's Schnabel, Nagel & Lane, RBA's Hunter & BoE's Taylor. Supply from Spain, France & UK, Earnings from TSMC, Abbott, Charles Schwab, PepsiCo, Netflix, Tesco & Pernod Ricard.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- **US President Trump posted late on Wednesday, "Trying to get a little breathing room between Israel and Lebanon.** It has been a long time since the two leaders have spoken, like 34 years. It will happen tomorrow. Nice!"
- **US President Trump told guests on Monday night that he wants to bring the war in Iran to a swift end and that the only way to get Iran back to the negotiating table was to increase pressure,** according to WSJ citing officials at the dinner.
- **White House Press Secretary said it is not true the US requested Iran ceasefire extension, but added the US remains engaged in negotiations, with conversations productive and ongoing,** while she feels good about prospects of a deal with Iran.
- **White House Deputy Chief of Staff Miller told Fox News that President Trump is heavily involved in shaping the outlines of the ongoing negotiations with Iran,** while he added that Washington seeks to achieve peace and stability, but at the same time does not accept Tehran possessing a nuclear weapon.
- **US Treasury Secretary Bessent said Iran's neighbours are more transparent now on Iran banking, and the US has requested that IRGC funds and those of the leadership be frozen.** Bessent said the US told countries which buy Iranian oil that the US is willing to impose secondary sanctions, while he discussed maintaining pressure on Iran with Saudi Arabia's Finance Minister.
- **The Trump administration's goal is to bring both sides to the brink of an overarching deal to end the conflict that can then be pushed over the finish line in a second face-to-face meeting,** according to ABC citing officials. Furthermore, officials acknowledged that technical talks to hammer out the fine details and implementation of the arrangement will likely take longer

to complete, perhaps eventually necessitating an extension of the initial ceasefire, but that pushing back the truce's expiration date isn't a top priority for the administration at the moment.

- **US Envoy Witkoff proposed a ceasefire in Lebanon for a week, but Israel insisted on separating the Lebanese and Iranian fronts**, according to Channel 12. **It was separately reported that the US has not formally asked Israel for a ceasefire in Lebanon, and it is not part of the peace talks with Iran, although President Trump would welcome and be happy to see an end to the fighting** as part of an agreement between Israel and Lebanon, according to Axios.
- **US issued new Iran-related sanctions and counterterrorism designations**, which target several vessels and entities.
- **US Central Command said the US blockade turned back 10 vessels** in the Strait of Hormuz yesterday. **However, Iranian military-affiliated outlet Defapress claimed four ships broke the US naval blockade over the past 24 hours**, citing satellite data.
- **Iran could consider ships being able to sail through the Omani side of the Strait of Hormuz without interference or attack as part of a deal with the US**, according to Reuters citing a source close to Tehran.
- **Iran reportedly announced the suspension of all petrochemical exports until further notice.**
- **Iranian Foreign Minister Araghchi warned of serious repercussions from US provocative actions in the Gulf and Strait of Hormuz** during a call with Chinese Foreign Minister Wang. Furthermore, **Wang stressed freedom of navigation in Hormuz to Iran and that the Strait of Hormuz needs to reopen**, while he said the Hormuz reopening is a unanimous call from the international community.
- **Iranian Parliament Speaker Ghalibaf said the US should withdraw from its 'Israel first' mistake** and comply with the agreement, while he said the resistance and Iran are one soul in war and ceasefire.
- **Iranian politician affiliated with Resistance Front of Islamic Iran, Mohsen Rezaei, said they will not leave the Strait of Hormuz until the full realisation of Iran's rights**, while he added that this time, Iran has set preconditions.
- **Iran's Interior Minister ordered border governors to neutralise the threat of a naval blockade by strengthening and developing border trade by increasing imports and exports of goods**, as well as utilising all national and regional capacities.
- **Iran and the Pakistani mediator will discuss details of the messages exchanged between Tehran and Washington today**, while a separate report also noted that Iranian officials will meet with Pakistan's army chief in Tehran and will discuss US proposals.
- **Israeli PM Netanyahu said objectives are aligned with the US and that they are preparing for the possibility that fighting may resume**, and are ready for any scenario, according to the Jerusalem Post. Netanyahu also commented that **there are two main objectives in talks with Lebanon, which are the disarmament of Hezbollah and sustainable peace that is achieved through strength**, while he added that it is too early to say how talks with Iran will end, or even how it will progress.
- **Two Israeli officials said the meeting of the political security cabinet ended without a decision on a ceasefire in Lebanon**, according to Axios's Ravid.
- **Israeli officials said their assessment was that the ceasefire in Lebanon could begin within days**, while Israeli Channel 12 said the army is preparing for the possibility of a ceasefire in Lebanon. In relevant news, **Lebanese officials said a ceasefire between Israel and Lebanon was expected 'soon'**, while Israeli media cited informed sources that stated that **a ceasefire in Lebanon will not happen soon despite Trump's statements. Israel expects the ceasefire with Iran will be extended**, according to source reports. It was also reported that **Israel is considering a short-term cease-fire in Lebanon that could pause the war against Iran-backed Hezbollah**, according to three Israeli officials cited by NYT.
- **Israeli Broadcasting Authority said a gradual withdrawal from southern Lebanon can only be discussed after progress in the political process**, while it also stated that members of the Miniature Ministerial Council oppose the ceasefire in Lebanon.
- **Israeli warplanes carried out a strike on the town of Shihabiya in southern Lebanon.**
- **Explosion was reported in Iraq's Kurdistan region in Sulaymaniyah province amid a drone attack.**
- **US and Hamas held their first direct talks since the Gaza ceasefire as part of efforts to advance the fragile US-brokered agreement**, two Hamas sources said via CNN.
- **US Senate voted to block an effort to force US President Trump to end Iran strikes without lawmakers' approval.**
- **US House Select Committee on China said Airbus Space likely provided satellite imagery of US military assets to China before Operation Epic Fury commenced**

US TRADE

EQUITIES

- **US stocks** mostly remained supported in risk-on trade, which saw the S&P 500 and Nasdaq print fresh record highs, as markets completely unwound the downside seen since the start of the Iran war. Optimism remained regarding an end to the conflict after US President Trump had reiterated that he sees the war being very close to over, while there were reports regarding a two-week ceasefire extension, although both sides denied they had reached out to offer such an olive branch.
- **SPX +0.80% at 7,023, NDX +1.40% at 26,205, DJI -0.15% at 48,464, RUT +0.30% at 2,714.**
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **US Treasury Secretary Bessent and Mexico's Finance Minister met on Tuesday and discussed the USMCA review. Bessent also met with France's Finance Minister to discuss ongoing economic cooperation between the US and France**, while they exchanged views on collaboration in areas such as critical minerals and multilateral economic priorities in advance of upcoming G7 and G20 discussions.
- **USTR Greer said the US-China Board of Investment is to be a government forum, and stated there's no situation where there's no trade between the US and China**, while he added that the Trump administration wants to be pragmatic regarding China.

NOTABLE HEADLINES

- Fed Beige Book stated that overall economic activity increased at a slight to modest pace in 8 out of 12 districts, while two districts reported little change and two districts reported slight to modest declines. Furthermore, the conflict in the Middle East was cited as a major source of uncertainty that complicated decision-making around hiring, pricing, and capital investment, with many firms adopting a wait-and-see posture.
- Fed's Bowman (voter) said they hope to finalise Basel rulemaking by year-end and are still reviewing the liquidity framework.
- Fed's Musalem (2028 voter) said the current range of interest rates is likely appropriate for some time, while he stated that the oil shock is likely feeding core inflation and expects it will be near 3% through year-end.

APAC TRADE

EQUITIES

- **APAC stocks** mostly gained following the positive lead from Wall Street, where the S&P 500 and Nasdaq printed fresh all-time highs, amid tech strength and peace talk optimism.
- **ASX 200** bucked the trend and gave back initial gains, and more, as notable outperformance in tech was offset by losses in energy, resources, materials, financials and miners.
- **Nikkei 225** rallied to a fresh record high after reclaiming the 59,000 status amid the hopes for a Middle East resolution and with the index led by the momentum in tech stocks.
- **Hang Seng** and **Shanghai Comp** were higher with further upside seen as the dust settled following the mixed Chinese GDP and activity data, in which GDP growth for Q1 missed expectations, but GDP Y/Y topped forecasts and printed at the high-end of China's official 2026 GDP growth target. Meanwhile, Industrial Production data for March was better-than-expected, but Retail Sales disappointed.
- **US equity futures** marginally extended on gains as optimism regarding peace talks remained intact.
- **European equity futures** indicate a positive cash market open with Euro Stoxx 50 futures up 0.3% after the cash market closed with losses of 0.7% on Wednesday.

FX

- **DXY** lacked firm direction following yesterday's indecisive performance amid mixed geopolitical headlines, including regarding a potential 2-week extension to the current US-Iran ceasefire and suggestions that an Israel-Lebanon ceasefire could occur soon. Nonetheless, there haven't been any changes to the status quo, although betting markets are increasingly convinced of a permanent peace deal by the end of H1, while the latest Fed Beige Book and rhetoric from Fed officials did little to shift the dial, with Musalem noting that rates could be on hold for some time.
- **EUR/USD** eked mild gains after returning to the 1.1800 handle and following a slew of ECB rhetoric, including suggestions of a lack of clarity for April, with sources noting that policymakers are wary of an April rate hike as there is no evidence yet of second-round inflation effects.
- **GBP/USD** gradually edged higher but remained contained within the 1.3500 handle as participants look ahead to monthly GDP, as well as Industrial and Manufacturing Production data from the UK.
- **USD/JPY** continued its pullback from the 159.00 territory, before rebounding off lows, amid the positive risk appetite and in the absence of any tier-1 data from Japan.
- **Antipodeans** remained afloat with AUD/USD eventually supported by mixed jobs data from Australia, in which the headline Employment Change missed expectations, and the Unemployment Rate was unchanged at 4.3%, but with the jobs increase solely fuelled by a jump in full-time jobs.
- **PBoC** set USD/CNY mid-point at 6.8616 vs exp. 6.8190 (Prev. 6.8582)

FIXED INCOME

- **10yr UST futures** marginally rebounded from the prior day's lows after retreating amid haven outflows as markets remained cautiously optimistic about a resolution in the Middle East, while there were mixed reports regarding an Israel-Lebanon ceasefire and a US-Iran ceasefire extension.
- **Bund futures** traded rangebound but are off yesterday's trough, while prices have largely ignored the recent slew of ECB rhetoric and reports that officials are said to be leaning towards an April rate hold.
- **10yr JGB futures** were choppy and retested the 130.00 level to the upside, with some slight support seen following the enhanced liquidity auction for longer-dated JGBs.

COMMODITIES

- **Crude futures** were little changed following the prior day's two-way price action amid conflicting reports regarding ceasefire agreements.
- **White House is expected to urge heads of oil and gas companies to increase drilling.**
- **Spot gold** climbed higher after returning to above the USD 4,800/oz level with recent fluctuations seen amid optimism around a second round of peace talks between the US and Iran.
- **Copper futures** remained afloat amid the mostly positive risk appetite but with gains capped as participants digested mixed Chinese GDP and activity data.

CRYPTO

- **Bitcoin** traded indecisively and briefly climbed above USD 75,000 before returning to flat territory.

NOTABLE ASIA-PAC HEADLINES

- **China NBS said the economy had a good start in Q1, but the external situation is becoming more complex, while China is to expand domestic demand and optimise supply, as well as implement proactive macro policies.** NBS said it expects a complex, volatile external environment, but added China will consolidate the economic recovery foundation, and it sees mixed signs of strong supply and weak demand.
- **Japanese Finance Minister Katayama had discussions on currencies with US Treasury Secretary Bessent and agreed to stay in close contact,** while Bessent is to stop in Japan en route to China in May, and Katayama will speak with him.

DATA RECAP

- Chinese GDP Growth Rate QQ (Q1) 1.3% vs. Exp. 1.4% (Prev. 1.2%, Low. 0.9%, High. 1.8%)
- Chinese GDP Growth Rate YY (Q1) 5.0% vs. Exp. 4.8% (Prev. 4.5%, Low. 4.0%, High. 5.7%)
- Chinese Industrial Production YY (Mar) 5.7% vs. Exp. 5.6% (Prev. 6.3%, Low. 4.5%, High. 7.0%)
- Chinese Retail Sales YY (Mar) 1.7% vs. Exp. 2.3% (Prev. 2.8%, Low. 0.8%, High. 3.3%)
- Chinese Unemployment Rate (March) 5.4% vs. Exp. 5.2% (Prev. 5.3%)
- Chinese House Price Index YY (Mar) -3.4% (Prev. -3.2%)
- Australian Employment Change (Mar) 17.9K vs. Exp. 20K (Prev. 48.9K)
- Australian Full Time Employment Chg (Mar) 52.5K (Prev. -30.5K)
- Australian Unemployment Rate (Mar) 4.3% vs. Exp. 4.3% (Prev. 4.3%)
- Australian Participation Rate (Mar) 66.8% (Prev. 66.9%)

GEOPOLITICS

RUSSIA-UKRAINE

- **Explosions were reported in Ukraine's capital, Kyiv, and air defence systems were activated.**

OTHER

- **US Pentagon plans a possible Cuba operation,** in case US President Trump gives an order to intervene there, according to USA Today citing sources.

EU/UK

NOTABLE HEADLINES

- **BoE Governor Bailey said a willingness to fund public debt is a vulnerability.**
- **ECB's Nagel said there is not enough clarity about what happens in April and they need optionality,** while the question about the Strait of Hormuz is essential, and two weeks can bring a lot of new information.
- **ECB's Schnabel said the memory of high inflation remains fresh, and inflation expectations could be more fragile, while she added they can afford to take time to analyse the Iran shock.** Schnabel stated they are **in a relatively favourable position because they were successful in bringing down inflation to 2% before the war started, and have a monetary policy stance that is broadly neutral.** Furthermore, she said they are to carefully consider data that may indicate inflation becoming entrenched or having second-round effects.
- **ECB's Villeroy said so far, the impact on underlying inflation remains limited.**
- **ECB officials are said to be leaning towards an April rate hold.**
- **ECB's Muller says rate move at April meeting still cannot be ruled out says June meeting is to offer more data.**
- **ECB policymakers are wary of an April rate hike as there is no evidence yet of second-round inflation effects,** according to Reuters citing sources. Furthermore, sources said **second-round inflation effects are still possible, and policy tightening remains firmly on the table, but concrete evidence is needed before policymakers act,** while another source said that they cannot say what they will do at the next meeting, but currently do not have enough evidence to support a hike.

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newsquawk.com · +44 20 3582 2778 · info@newsquawk.com