

European Market Wrap - 16th April 2026

- European bourses were broadly firmer, TSMC -2.3% after flagging higher spending, though earnings beat.
- DXY is modestly firmer; Loonie outperforms whilst the Kiwi lags.
- Fed's Williams (voter) said the Middle East War is already lifting inflation.

EQUITIES

- European bourses (STOXX 600 +0.5%) are set to end the session with modest gains with the FTSE 100 being the biggest gainer. Intertek (+10.3%) supported the UK index after the Co. rejected EQT's cash buyout proposal.
- Sectors held onto the positive bias. Technology maintained its place at the top of the pile, despite ASML pulling back from earlier gains as TSMC's US-based ADR opened in the red. The banking sector is the underperformer, albeit printing mild losses.
- Key movers include Entain (+8%), in which revenue across the board grew annually while affirming its 2026 outlook; easyJet (-4.6%), following an update highlighting headline loss before tax of between GBP 540-560m for the first half of FY26; Gerresheimer (+20.2%), as creditors agree to extend the due date for submitting the audited 2025 annual and consolidated statements.
- US equity futures began the cash session with modest gains. According to statisticians, this is the first time the S&P has made new ATHs in 11 days or fewer after falling 5-10% since 1928.

FX

- FX spent the session with a modest risk-off bias throughout the session, with DXY bid from the 98.00 mark, uncorrelated from crude prices, with benchmarks higher by around a percent at USD 95/bbl.
- In terms of US domestic updates, Initial Jobless Claims and Industrial Production were both lower than expected, while Fed's Williams was on the wires and said he expects unemployment to stay between 4.25-4.50% (vs Fed 2026 median projection of 4.4%), and sees inflation will return to target in 2027, after hitting 2.75-3.00% this year on energy prices (Fed median sees PCE at 2.7% in 2026; and Fed median sees inflation back at target in 2028).
- Broadly in line Aussie jobs data saw the AUD resilient to USD strength. Although the currency and the Aussie front-end strengthened, markets did little to price in further hikes with 16bps implied in May and 25bps in June. Citi, post-data, said it maintains its view of 25bps hikes in both May and June. AUD/USD trades at levels not seen since June 2022, reaching session highs of 0.7197.
- JPY had a choppy overnight session with USD/JPY marking a session low of 158.27 after successful jawboning from Finance Minister Katayama; she told G7 members that Japan was watching FX with a high sense of urgency. She also reiterated close communication with the US Treasury. As is typically the case with the Japanese Finance Ministry, this indicates officials are uncomfortable with the extent of JPY weakness, with JPY nearing the key 160 mark. Intervention is likely not imminent despite the jawboning, with the Japanese Finance Ministry looking for "rapid and one-sided moves", also unlikely to use reserves for a conflict which could be nearing conclusion. Since Katayama's comments, JPY pared the entirety of the strength Katayama gave to the haven. The pair is currently supported at 159.00, made session highs at 159.13.
- Further on the theme of intervention, SNB minutes reiterated the bank's willingness to intervene in the FX market in order to counter a "Rapid and excessive appreciation of the Swiss Franc, which would jeopardise price stability in Switzerland." Note, some calendars have Governor Tschudin speaking at 5pm London time.

FIXED

- Global fixed benchmarks started the European session on a firmer footing, but then took a leg lower as the risk deteriorated. Initial strength facilitated by geopolitical optimism, with President Trump suggesting that "he wants to bring the war in Iran to a swift end" – though the risk tone was then hit after an Iranian military advisor provided some punchy rhetoric against US warships. Fixed paper has since clambered off worst levels into afternoon trade, with some modest upticks seen on reports that the Israeli army is preparing to halt combat operations in Lebanon between 17:00-22:00 BST.
- USTs were firmer for much of the session, and set to end the European session at the mid-point of a 111-11 to 111-17 range. Ultimately moved at the whim of geopolitical updates, and saw little price action on the region's Jobless Claims report and Fed speak. For the former, weekly claims printed at 207k (exp. 215k), showing that the Iranian conflict has yet to had a material impact on the labour market thus far. As for Fed speak, Williams (Voter) said that the Middle East war is already lifting inflation, though suggested that monetary policy is well positioned.
- Bunds were firmer for much of the European day, but it was a choppy session for the German benchmark; currently set to end the day at the upper end of a 125.32 to 125.75 range. Focus for today has been on the ECB, starting with the Minutes, which essentially confirmed the Bank's hawkish stance given the current Middle East conflict. (A full review can be found on the Newsquawk feed). Thereafter, ECB's Kazaks (Hawk) said that "every meeting is live", going as far as to say that "two rate hikes priced in for this year is reasonable".
- Gilts set to end the European session around the unchanged mark, with underperformance attributed to a) stronger energy prices, b) stronger than expected GDP figures. On the latter, on a monthly basis, GDP rose 0.5%, while yearly saw an

increase of 0.1%. ING writes "UK output surged in February, but it's in line with a trend dating back to 2022, where growth is stronger in the first quarter than across the rest of the year. We're taking this latest data with a pinch of salt".

- **Coreweave (CRWV)** to issue USD 1bln in senior noted due 2031.
- **UK sold GBP 900mln 1.875% 2049 I/L Treasury Gilt: b/c 3.20x (prev. 3.39x), real yield 2.165% (prev. 2.36%).**
- **France sold EUR 12.994bln vs exp. EUR 11-13.0bln 2.40% 2029, 2.70% 2031, 0.00% 2032 and 3.00% 2033 OAT.**
- **Spain sold EUR 5.653bln vs exp. EUR 5-6.0bln 3.10% 2031, 3.00% 2033 and 3.50% 2041 Bono.**

COMMODITIES

- **Crude futures** – Crude edged higher following the prior session's losses as markets leaned towards a potential extension of the US–Iran ceasefire and a restart of negotiations. **Brent Jun** held above USD 95/bbl (USD 94.43–96.85 range), while **WTI Jun** traded within USD 87.32–89.82. Price action reflected caution, as mediators worked to extend the truce and secure a second round of talks, though key sticking points remain around Iran's enriched uranium and nuclear restrictions. The Trump administration is pursuing a two-stage strategy—maintaining economic and military pressure before finalising a broader deal—while Pakistan continues to play a central mediation role with no confirmed timeline for talks.
- **Precious Metals** – Spot gold traded modestly higher above USD 4,800/oz, remaining within the prior session's USD 4,786–4,871 range. The move reflected ongoing geopolitical uncertainty, as negotiations continue with unresolved nuclear disagreements and fragile regional dynamics.
- **Base Metals** – Base metals were flat to slightly firmer, with **3M LME copper** holding above USD 13k/t in a USD 13,225.00–13,376.58/t range. Sentiment was supported by stronger Chinese Q1 growth (at the top end of the 4.5–5% target) and solid export data, though retail sales slowed from February and analysts flagged ongoing risks from the Iran conflict.
- **Germany** is targeting a power price of EUR 0.05 per kWh for manufacturers, with a EUR 3.8bln state aid scheme approved by the EU.
- **Shell (SHEL LN)** restarted its 200k BPD crude unit at Pernis refinery on April 15th, according to reported.
- **IEA Chief Birol** said Europe has maybe 6 weeks left of jet fuel, AP reported; warns of possible flight cancellations soon if oil supplies remain blocked by the war.

EUROPEAN DATA

- **German** Government cuts 2026 growth to 0.5% (prev. 1.0%), 2027 at 0.9% (prev. 1.3%), according to a government source.
- **EU Inflation Rate MoM Final (Mar) M/M 1.3% vs. Exp. 1.2% (Prev. 0.6%, Low. 1.2%, High. 1.2%).**
- **EU Core Inflation Rate YoY Final (Mar) Y/Y 2.3% vs. Exp. 2.3% (Prev. 2.4%).**
- **EU Inflation Rate YoY Final (Mar) Y/Y 2.6% vs. Exp. 2.5% (Prev. 1.9%, Low. 2.5%, High. 2.6%).**
- **Italian Inflation Rate YoY Final (Mar) Y/Y 1.7% vs. Exp. 1.7% (Prev. 1.5%).**
- **Italian Inflation Rate MoM Final (Mar) M/M 0.5% vs. Exp. 0.5% (Prev. 0.7%).**
- **UK Balance of Trade (Feb) -0.720B vs. Exp. -3.6B (Prev. 3.922B).**
- **UK Goods Trade Balance Non-EU (Feb) -7.10B (Prev. -3.46B).**
- **UK Goods Trade Balance (Feb) -18.79B vs. Exp. -20.2B (Prev. -14.45B, Low. -20.5B, High. -14B).**
- **UK GDP MoM (Feb) M/M 0.5% vs. Exp. 0.1% (Prev. 0%, Low. 0.0%, High. 0.3%).**
- **UK Industrial Production MoM (Feb) M/M 0.5% vs. Exp. 0.3% (Prev. -0.1%).**
- **UK GDP 3-Month Avg (Feb) 0.5% vs. Exp. 0.2% (Prev. 0.2%, Low. 0.2%, High. 0.3%).**
- **UK Industrial Production YoY (Feb) Y/Y -0.4% vs. Exp. -0.9% (Prev. 0.4%).**
- **UK Manufacturing Production YoY (Feb) Y/Y -0.5% (Prev. 1.3%, Low. -0.4%, High. 0.1%).**
- **UK Manufacturing Production MoM (Feb) M/M -0.1% (Prev. 0.1%, Low. 0.0%, High. 0.7%).**
- **UK Construction Output YoY (Feb) Y/Y -1.0% vs. Exp. -0.4% (Prev. -0.2%).**
- **UK GDP YoY (Feb) Y/Y 1.0% vs. Exp. 1.0% (Prev. 0.8%).**

NOTABLE HEADLINES

- **The EU** is planning to relax rules on its rules on corporate mergers, giving greater weight to innovation, investment and resilience of the internal market to build champions to compete with US and Chinese rivals, the FT reported citing a draft.
- **German government has agreed on electricity price mechanism for industry, Handelsblatt reported.** Government has agreed details of an industrial electricity price subsidy that would let energy-intensive sectors such as chemicals, metals and cement cover part of their power demand at EUR 0.05 per kilowatt-hour, from 1st January 2026. The scheme still needs final EU Commission approval.
- **UK FCA** said it has finalised a simpler short-selling regime that reduces reporting burdens for firms while maintaining regulatory oversight.

TRADE/TARIFFS

- **UK Europe Minister Nick Thomas-Symonds** is expected to offer an update on the state of play in negotiations; EU Trade Chief Sefcovic, and European Parliament President Roberta Metsola, will also provide keynotes, reported Politico.

CENTRAL BANKS

- **Fed's Williams (voter)** said **Middle East War is already lifting inflation, amid challenges, monetary policy is well positioned.** **OUTLOOK.** Economic outlook highly uncertain amid war impact. Seeing emerging signs of supply chain disruptions. Sees 2026 growth of 2–2.5% (vs Fed median of 2.4%). Fed rate control system is working very well. **LABOUR MARKET:** Expects unemployment to stay between 4.25–4.50% (vs Fed 2026 median projection of 4.4%). Labour market is sending mixed signals. **INFLATION:** Expects inflation will return to target in 2027, after hitting 2.75–3.00% this year on energy prices (Fed

median sees PCE at 2.7% in 2026; and Fed median sees inflation back at target in 2028). Some of the energy shock is now passing through into other prices. Swift end to conflict should help ease inflation pressures. Expects tariff impact on inflation to wane this year.

- **Fed's Williams (voter) said commercial real estate has improved more than expected, risks have declined.** AI. AI will likely lift productivity, but the level of increase is hard to say. Tech like AI will take a long time to impact the economy. Employers are being cautious with new hires. Current job market softness is not AI-related. **MARKETS.** There has been a lot of market volatility as investors parse the info. Markets have functioned remarkably well. Good liquidity levels are good for financial stability and broader economy. Liquidity is better than expected given the uncertainty. Treasury market has been working extremely well. **CREDIT** Private credit issue are not broader financial stability risks.
- **WSJ Fedwatcher Timiraos noted that the underlying legal question of what happens when a Fed chair's term expires without a confirmed successor remains unsettled.** The Trump administration has signalled that if no Fed chair successor is confirmed by 15th May, Powell should not continue in the role. Treasury Secretary Bessent said several officials could serve as interim leader as alternatives, pointing to Vice Chair Jefferson and Governor Waller.
- **JPMorgan** expects the ECB to deliver 25bps hikes in June and September 2026 (prior forecast of hikes in April and July).
- **ECB's Kazaks said every meeting is a live meeting and a lot can happen until the April meeting, the two rate hikes priced in for this year is reasonable.** Firms may start adjusting prices quicker than in the past given recent experience with inflation. Have not seen large second-round inflation impacts materialise. Energy price developments are not far from baseline but moves volatile, uncertain.
- **ECB MINUTES REVIEW: Members emphasised the value of waiting.** The minutes of the March meeting showed all members backed the decision to leave rates unchanged while stressing the value of waiting amid uncertainty. The meeting-by-meeting, no pre-commitment framework was reaffirmed, although members made clear that keeping rates on hold should not be read as any reduced willingness to act if price stability came under threat. On inflation, all members saw near-term risks as tilted to the upside, upside risks to medium-term inflation were said to have risen clearly since the previous meeting, and the risk of undershooting the target was described as having disappeared entirely. Some took a firmer view, saying the latest data looked more consistent with the adverse scenario than with the baseline projections. The debate on second-round effects was substantive: members noted several channels through which such effects could prove stronger than assumed; workers may move more quickly than in 2022 to recoup real wage losses, helped by low unemployment and recent memory of the previous inflation episode; firms, having learnt that price increases were readily absorbed last time, may reprice more aggressively on this occasion; and food prices face simultaneous pressure from both higher energy costs and rising fertiliser prices at the start of the planting season. A partial offset came from the observation that empirical evidence has historically shown limited pass-through from energy shocks to wages. On growth, risks were seen as tilted to the downside, with some regarding the baseline projection itself as potentially too benign given the risk of non-linear effects on consumption, investment and the labour market. Members agreed that all three scenarios - the baseline, adverse and severe - should be published and updated regularly, which could offer more detail to traders ahead, given the signalling power they may carry and the gaps between the inflation projections in those scenarios. Analysts at JPMorgan now expect the ECB to deliver 25bps rate hikes in June and September 2026 (in its prior forecast, it saw hikes in April and July).
- **Goldman Sachs** expects the ECB to deliver 25bp rate hikes in June and September 2026 (prev. saw hikes in April and June). Analysts expect energy prices to remain persistently high through 2026, significant pass-through into inflation is likely in coming months and ECB's communication has remained largely hawkish on the path ahead.
- **ECB's Demarco said policymakers must be patient on rate decisions, but warns an adverse scenario could materialise; adverse scenario could require two rate hikes; longer-term inflation expectations anchored.**
- **ECB's Muller said rate move at April meeting still cannot be ruled out, adds may not have all the data this month to determine if interest rates will have to be raised to tame an inflation surge and June meeting will offer greater body of information.** said: No hard evidence of second-round effects of inflation.
- **Goldman Sachs now** expects the RBA to increase rates two more times, viewing the terminal rate at 4.60% (prev. 4.35%).
- **Riksbank Deputy Governor Jansson** said uncertainty is high due to Middle East conflict. Must be vigilant on the spillover from the Middle East war.
- **NBP's Zarzecki** said it is more likely to pause or even hike rates rather than cut them; inflation may temporarily breach the upper limit of its inflation target of 3.5%.
- **Norges Bank Survey of Bank Lending: Household credit demand fell slightly in 2026 Q1, while corporate demand remained broadly unchanged. Banks expect slightly higher demand from households and unchanged demand from corporates in Q2.**
- **SNB Minutes (Mar): Discussed the current monetary conditions resulting from the interest rate level and the exchange rate.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia** said an oil tanker was attacked in its waters, TASS reported.
- **Russia's Kremlin on the US not renewing sanctions waiver for Russian oil, said, we have learned how to reduce the impact of sanctions we continue to do so.**
- **Ukrainian President Zelensky** posted "there can be no normalization of Russia as it is today. Pressure on Russia must work", following heavy drone attacks, via X.

MIDDLE EAST

- **Diplomatic sources suggest that "Washington is pressing forcefully to cool down the Lebanese front", via Kan's Kais; "Second round of negotiations between Israel and Lebanon will take place in Washington soon".**

- Iran told Pakistan that the US must fulfil commitments and emphasised that the US must drop excessive demands, Tasnim reported; new talks are of no benefit without a framework first.
- Senior Iranian officials have grown frustrated with a plan to generate revenue from shipping in the Strait of Hormuz, with little money collected despite expectations of significant income, Iran International reported citing sources.
- US Defence Secretary Hegseth said Iran is still motivated to keep the ceasefire intact; US allies have not done enough; reiterates Iranian Supreme Leader is believed to be wounded and alive.
- PepsiCo (PEP) executives said the Co. has seen no major issues from a supply chain standpoint from the Iran conflict and that 6- to 12-month hedges provide near-term cost visibility.
- US General Caine said US forces are ready to resume major combat operations at a moment's notice.
- A senior Trump Official tells MS NOW that Iran talks are not linked to Israel-Lebanon talks, emphasising that while talks are not linked, the US wants a "durable resolution".
- US Defence Secretary Hegseth said forces are postured to restart combat operations if Iran chooses poorly and doesn't agree to a deal.
- US military widens scope of Iran shipping blockade to include contraband items, such as oil, refined products, iron, steel, aluminium, munitions and weapons, according to an advisory note. Vessels suspected of carrying contraband to Iran are subject to "belligerent right to visit and search" and seizure regardless of location.
- US Secretary of State Rubio is expected to call Lebanese President Aoun and try to convince him to include Israel PM Netanyahu in the conversation,, via Al Araby.
- reported of Pakistan's army chief headed to the US after talks concluded with Iran are speculation, via NY Post citing Pakistan Army officials; No plans for a trip as of now; via NY Post's Doornbos on X (since deleted the post, however).
- Iranian Parliamentary Speaker Ghalibaf said the ceasefire in Lebanon is as important to us as the ceasefire in Iran.
- "Hezbollah said a ceasefire could be reached soon amid intensified diplomatic efforts, adding that Iran put pressure on the US to include Lebanon in a broader ceasefire", Press TV reported.
- Israel reportedly seeks a buffer zone and operational freedom in a Lebanon ceasefire deal, WSJ reported.
- Iranian lawmaker said Iran has no hopes pinned on negotiations with the US and does not trust the other side despite entering talks in good faith, Iran International reported. The MP said if Washington did not respond positively, Iran would have no hesitation about continuing the war.
- Dubai is reportedly acting quickly to provide hedge funds with greater flexibility amid Iran war-related disruptions.
- Iran's Embassy in the UK posted that "if you [Europe] don't stop this now, don't be surprised when the consequences reach Europe next."
- Israeli press Haaretz reported, citing sources "Israel has not agreed to halt its operations in southern Lebanon and intends to continue until the Litani River".
- A senior Iranian official said the fate of Iran's highly enriched uranium and the duration of its nuclear restrictions remain unresolved, adding that fundamental disagreements persist over nuclear issues. Iranian official said there are greater hopes for extending the ceasefire and holding a second round of talks after the trip, adding that the Pakistani army chief's visit to Iran helped reduce differences in some areas.
- Iran's ambassador to Pakistan said Islamabad is the sole venue for Iran-US talks.
- Pakistan's Foreign Ministry said the US and Iran are willing to hold talks and the process is continuing.
- Pakistan Foreign Ministry said no date decided for next round of US-Iran talks.
- The next meeting between Israel and Lebanon is expected to be held early next week, via Sky news Arabia citing Israel Hayom.
- Pakistani Army Chief is heading to the US on Friday as part of mediation efforts between the US and Iran, Al Jazeera reported citing a Pakistani security source.

NOTABLE NORTH AMERICAN NEWS

- BofA (BAC) said total card spending +2.6% Y/Y in the week of 11th April (vs 4.3% Y/Y in March).
- US Banking Republican source told POLITICO "I predict the administration and Sen. Tillis will ultimately find an off-ramp (re. Fed Chair Powell investigation); the DOJ "should drop the investigation."

NORTH AMERICAN DATA

- US Industrial Production MoM (Mar) M/M 0.2% vs. Exp. 0.1% (Prev. 0.2%, Low. -0.5%, High. 0.5%).
- US Manufacturing Production YoY (Mar) Y/Y 0.5% vs. Exp. 2.0% (Prev. 1.3%).
- US Industrial Production YoY (Mar) Y/Y 0.7% vs. Exp. 1.8% (Prev. 1.4%).
- US Capacity Utilization (Mar) 75.7% vs. Exp. 76.3% (Prev. 76.3%).
- US Manufacturing Production MoM (Mar) M/M -0.1% vs. Exp. 0.1% (Prev. 0.2%, Low. -0.2%, High. 0.3%).
- US Initial Jobless Claims (Apr/11) 207k vs. Exp. 215k (Prev. 219k, Low. 210k, High. 230k).
- US Continuing Jobless Claims (Apr/04) 1818k vs. Exp. 1840k (Prev. 1794k).
- US Jobless Claims 4-week Average (Apr/11) 209.75K.
- US Philly Fed Business Conditions (Apr) 40.8 (Prev. 40.0).
- US Philly Fed New Orders (Apr) 33.0 (Prev. 8.6).
- US Philadelphia Fed Manufacturing Index (Apr) 26.7 (Prev. 18.1, Low. 2.0, High. 20.3).
- US Philly Fed Prices Paid (Apr) 59.30 (Prev. 44.70).
- US Philly Fed Employment (Apr) -5.1 (Prev. 0.8).
- US Philly Fed CAPEX Index (Apr) 35.20 (Prev. 25.80).

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