

## European Market Wrap - 17th April 2026

- Risk-on price action after positive geopolitical developments; energy & DXY slumps, fixed income & equities soar.
- Iran Foreign Minister Araghchi says in line with the ceasefire in Lebanon, the passage for all commercial vessels through Strait of Hormuz is declared completely open for the remaining period of ceasefire, on the coordinated route announced by Iran.
- US considers USD 20bln cash-for-uranium deal with Iran, Axios reports, citing sources.

### EQUITIES

- European bourses (STOXX 600 +1.3%) are set to end with a fourth consecutive weekly gain, spurred by multiple geopolitical announcements. Firstly, Axios reported that the US is considering a USD 20bln 'cash-for-U' deal, ahead of potential talks on Sunday in Islamabad. Following the report, Iranian FM Araghchi announced that the Strait of Hormuz is declared completely open for the remaining ceasefire period. The **DAX 40** was the outperformer, while the **FTSE MIB** extended on ATHs.
- Sectors highlighted the risk-on tone. **Cyclicals** have benefited the most, with **Travel & Leisure and Consumer Products & Services** leaders while **Energy**, lagged as **Brent Jun'26** dipped below USD 90/bbl.
- **US equity futures** started the cash session with gains of around 1%. **ES** futures extended above the 7,100 handle, while **NQ** futures paused just shy of its ATH (back-adjusted) at 26,864.

### FX

- **Very large moves across FX** and as such all earlier biases are now benign. Risk sentiment was boosted significantly following several geopolitical reports (please see geopol section below).
- **DXY** is set to cross the London-New York handover lower by 0.4% after geopolitical updates pushed chosen haven lower just before the US cash open. **DXY** fell to a trough of 97.63, a level not seen since the Feb 27th.
- **Aussie** is set to complete the London session as the best performer given its high-beta characteristics and firmer metals with Gold +1.5%.
- **CHF** and **JPY** also perform well as previously used vehicles to buy dollars. **USD/JPY** approached the 158 mark, after steadily falling from a session peak of 159.53.
- **GBP** looked past UK Political developments and is set to complete the London session firmer against a faltering USD, though weaker against the EUR. **EUR/GBP** encountered resistance at the 0.8720 mark following the latest geopolitical headlines, though it did mark a session high of 0.8723 earlier in the European morning.

### FIXED

- **Global benchmarks were initially broadly unchanged/incrementally firmer** for much of the European morning before then **soaring on a couple of geopolitical updates**. The first, a piece via Axios which suggested that the **US is considering a USD 20bln cash-for-uranium deal with Iran** – this was seen as a key sticking point in the first round of talks, signalling some advanced efforts from the US side to resolve issues between the two countries. **The bulk of the move was then seen after Iranian Foreign Minister Araghchi announced that the passage for all commercial vessels through the Strait of Hormuz is declared completely open for the remaining period of the ceasefire, on the coordinated route announced by Iran**, after the ceasefire between Israel and Lebanon. **President Trump thereafter thanked Iran** for announcing the opening up of the "Strait of Iran", but in another post noted that the naval blockade remains in full force.
- **USTs** look to end the European session stronger by 17 ticks, and at the upper end of a 111-04 to 111-26 range. Ultimately, action was driven by the geopolitical developments mentioned above. That aside, domestic updates have been light, but focus will be on a few Fed speakers later. From a yield perspective, the **US 2yr** now trades around 3.719%, levels not seen since late March - but well off the levels seen pre-war (3.50%).
- **Bunds and Gilts** both soared on the aforementioned geopolitical updates; the former set to end the European session stronger by 65 ticks, Gilts higher by 90 ticks. Perhaps a little redundant at this stage, but it was a busy domestic session for both. German paper digested hawkish commentary from ECB's Muller, who suggested that an April move cannot be discounted, whilst Demarco suggested he would rather wait for June. As for UK paper, focus was on the political fallout of a recent report which suggested that Mandelson failed a vetting, though PM Starmer was not told about this matter – a factor which appeared to help Gilts move off lows in early morning trade.
- **China's Finance Ministry** announces the launch of special ultra-long 20- and 30-year Treasury bonds on April 24th.

### COMMODITIES

- **Energy** - Crude prices slumped following a double whammy of headlines, which started by an Axios report suggesting US and Iran are negotiating over a three-page plan to end the war (albeit Strait of Hormuz remains an issue), whilst a post by the Iranian Foreign Minister who announced passage for all commercial vessels through Hormuz open, albeit within Iran's coordinated route - a nuance that hasn't been run by all providers. On the coordinated Iran route - by funneling ships through these specific points around Iranian islands, the IRGC can physically inspect every vessel and verify its destination and cargo, whilst imposing the newly introduced "toll". The shift from open transit to a "one-by-one" managed queue at Larak

Island will likely create a large bottleneck. Further, Trump suggested the US blockade on Iran will remain until the US transaction with Iran is 100% complete. Nonetheless, **Brent Jun'26** slipped to a USD 87.71/bbl trough while **WTI Jun'26** fell just shy of USD 80/bbl.

- **Spot gold** - The yellow metal rose in tandem with the fall in the dollar as energy prices eased on the aforementioned geopolitics, although prices waned off best levels. **Spot gold** is set to end the European day towards the top end of the USD 4,768-4,891/oz range.
- **Base Metals** - Traded mostly positive as the aforementioned slide in energy prices also took the USD down with it. The prospect of lower oil prices also underpins the global growth narrative. **3M LME copper** sat at the top of a USD 13,364.05-13,182.53/t range.
- **US** is reportedly urging G20 nations to take joint action on ensuring Fertiliser access and buffer against food disruptions in food supply chains, according to sources cited by Reuters.
- **Russia mulls to export restrictions for nitrogen fertilisers, according to reported.**
- **EU Commission Spokesperson** said the EU is to prep a joint action on jet fuel, if the Strait of Hormuz blockage persists.
- **Hungary election winner Magyar** said oil flows on Druzhba pipeline could resume next week.
- **India LPG demand** expected to decline in summer, according to a Government official.
- **Commerzbank sees silver prices at USD 90/oz by the end of 2026.**
- **Indian refiners** are reportedly settling rare cargoes of Iranian oil purchased under a temporary US sanctions waiver using CNY through ICICI Bank.
- **South Korean officials say that a South Korean tanker, carrying crude oil, has passed through the Red Sea route from Saudi's Yanbu port, AP reported.**
- **IEA chief said markets must brace for significant price surges if critical oil transit route remains closed, while IEA signals it's not ready yet to release more reserves, though the option is being evaluated.**

#### EUROPEAN DATA

- **EU Balance of Trade (Feb)** 11.5B vs. Exp. 11.1B (Prev. -1.9B).
- **EU Current Account (Feb)** 21.09B (Prev. 13B).
- **Italian Balance of Trade (Feb)** 4.944B vs. Exp. 3.83B (Prev. 1.089B).
- **Italian Current Account (Feb)** 3654M (Prev. -1785M).

#### NOTABLE HEADLINES

- **UK PM Starmer** said he was furious he was not told Mandelson had failed a security vetting when he was appointed; A Labour backbencher has said it "doesn't sound credible" that Keir Starmer was unaware Peter Mandelson had failed his security vetting. The prime minister will appear before MPs on Monday to give a statement about what happened and what he knew.
- **Germany's coalition** is said to be at odds over the size of the government's stake in KfW, Bloomberg reported.
- **UK PM Starmer on Mandelson vetting** said it was staggering that he was not told he had failed vetting. I will set out full facts to Parliament on Monday. No minister was told he had failed, my office was not told.
- **UK PM Starmer's Chief Secretary Darren Jones** said PM won't resign and didn't mislead Parliament, via BBC. The PM has not knowingly or unknowingly misled Parliament.
- **Senior UK Minister** said PM Starmer has not considered resigning amidst called for resignation following Mandelson scandal, according to BBC.
- **UK Senior Minister Darren Jones on Mandelson vetting, said, PM Starmer is furious; does not think it brings his future into question.**

#### CENTRAL BANKS

- **US House Financial Services Committee Chair Hill urges administration to drop Fed Chair probe to expedite Federal Reserve confirmations.** Thinks that Powell is interested in moving on to the next phase of his career and seeing his successor confirmed.
- **ECB President Lagarde said the uncertainty surrounding the outlook for euro area inflation has increased significantly following the outbreak of the war in the Middle East.** Inflation could turn out higher than the baseline, in particular if inflation expectations and wage growth were to rise more than expected. Risks to the outlook are tilted to the upside, especially in the near term.
- **ECB's Demarco said "June is the more natural horizon to judge whether the war-driven energy shock is passing through to broader inflation; noted that by June, the ECB will have a new set of projections.** Inflation / Middle East: "Headline inflation will remain well above 2% for sure, but the key thing to look at will be underlying inflation, to see whether there are spillovers into services and broader inflation". Looking for spillover effects into goods and services, from oil rise. Inflation expectations so far remain "well anchored". Policy: Market conditions have tightened. No done deal for either April or June. No need for anything larger than 25bps. Jobs: "the labor market has softened a bit and employment growth has slowed down".
- **ECB's Muller said market's rate bets are not completely unreasonable, its hard to argue there is an obvious case for an April hike; can not fully exclude it.** Dangerous to assume energy shocks are temporary. ECB is better placed than it was in 2022 - does not have to wait to see second-round effects.
- **BoE Chief Economist Pill said there is a need to be cautious about overreacting to high-frequency developments, noting a different view from financial markets; does not think inflation expectations have become de-anchored.** INFLATION. The inflation outlook perhaps looks less pessimistic than in 2022 because there is more slack in the labour market. Need to retain focus on the primary objective of keeping inflation at 2%. Monetary policy cannot ultimately solve problems caused by real shock to economy, there will need to be a real adjustments. Achieving the inflation target is somewhat at risk and

policymakers need to consider policies that provide the most insurance against a repeat of 2022. Relative to where things were six weeks ago, that is the direction of travel. POLICY. Personal view on called for "wait and see" - you have to know what you're expecting to see. Not sure waiting is necessarily the right response. Open question on whether holding rates is the appropriate way of tightening. Want MPC not to just say BoE is waiting and seeing. Thinks bank rate is restrictive. Clearly less restrictive than they were with the bank rate at 4.5%.

- **BoE's Breeden (dovish) does not comment on monetary policy or the economic outlook.** said global financial system has remained resilient despite multiple shocks. Post-crisis reforms strengthened banks with higher capital and liquidity, improving shock absorption. Warns vulnerabilities have shifted to private markets, sovereign debt and market-based finance. Flags rapid growth in private markets, citing opacity, leverage and rising default concerns. Highlights increased hedge fund leverage in government bond markets as potential shock amplifier. said elevated asset valuations, particularly in US AI-linked tech, pose downside risks. noted global risk premia remain compressed despite uncertain macroeconomic outlook. Warns multiple vulnerabilities could crystallise simultaneously, increasing systemic fragility. said Middle East conflict raises risk of correlated shocks across markets. said BoE expanding system-wide stress testing, including private markets focus. Authorities considering reforms to gilt repo markets to improve resilience. New contingent liquidity tools developed to support non-bank financial institutions in stress. said improved surveillance, resilience measures and policy tools aim to ensure future crises are mitigated.
- **Danske Bank sees two rates hikes by the Riksbank by August.**
- **CNB's Kubicek** said a signal to react would be if inflation is spilling into wages, affecting inflation expectations or reflected in acceleration of credit growth.
- **NBP's Wnworowski** said the risk of a rate hike should be signalled.

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Russia mulls to export restrictions for nitrogen fertilisers, according to reported.**
- **Governor** said that Russian drones attack damaged port infrastructure facilities in Ukraine's Odesa region overnight.

### MIDDLE EAST

- **Iran Foreign Minister Araghchi said in line with the ceasefire in Lebanon, the passage for all commercial vessels through Strait of Hormuz is declared completely open for the remaining period of ceasefire, on the coordinated route announced by Iran.** Full Post: "In line with the ceasefire in Lebanon, the passage for all commercial vessels through Strait of Hormuz is declared completely open for the remaining period of ceasefire, on the coordinated route as already announced by Ports and Maritime Organisation of the Islamic Rep. of Iran."
- **Iranian Foreign Minister's tweet regarding the decision to open the passage of all commercial ships through this strait requires the approval of the leadership,** Mehr News reports.
- **US President Trump posted "THE STRAIT OF HORMUZ IS COMPLETELY OPEN AND READY FOR BUSINESS AND FULL PASSAGE, BUT THE NAVAL BLOCKADE WILL REMAIN IN FULL FORCE AND EFFECT AS IT PERTAINS TO IRAN".** Full post: "THE STRAIT OF HORMUZ IS COMPLETELY OPEN AND READY FOR BUSINESS AND FULL PASSAGE, BUT THE NAVAL BLOCKADE WILL REMAIN IN FULL FORCE AND EFFECT AS IT PERTAINS TO IRAN, ONLY, UNTIL SUCH TIME AS OUR TRANSACTION WITH IRAN IS 100% COMPLETE. THIS PROCESS SHOULD GO VERY QUICKLY IN THAT MOST OF THE POINTS ARE ALREADY NEGOTIATED. THANK YOU FOR YOUR ATTENTION TO THIS MATTER! PRESIDENT DONALD J. TRUMP".
- **US military blockade of Iran remains in effect, according to a US official cited by Reuters.**
- **Pakistani journalist Mallick** posted "To my understanding, talks between US and Iran could take place early in the coming week".
- **US President Trump posted "IRAN HAS JUST ANNOUNCED THAT THE STRAIT OF IRAN IS FULLY OPEN AND READY FOR FULL PASSAGE. THANK YOU!".**
- **US considers USD 20bln cash-for-uranium deal with Iran, Axios reported, citing sources.** The US and Iran are negotiating over a three-page plan to end the war, with one element under discussion being that the US would release USD 20bln in frozen Iranian funds in return for Iran giving up its stockpile of enriched uranium, according to two US officials and two additional sources briefed on the talks. The talks are expected to take place in Islamabad, likely on Sunday, according to a source familiar with the mediation efforts. The MOU also deals with the Strait of Hormuz, though the sources said there are still significant gaps on that issue. US was ready in an earlier stage of the negotiations to release USD 6bln for Iran to purchase food, medicine and other humanitarian supplies. The Iranians demanded USD 27bln. The latest number discussed by the US and Iran is USD 20bln, the sources said. One U.S. official said that was a US proposal. The other US official described the cash-for-uranium concept as "one of many discussions."
- **Greek shipowner sends its largest supertanker through Hormuz during Iran war, likely transiting with transponder off; headed to China, Bloomberg reported.**
- **Lebanon's President Aoun** said direct talks with Israel are "sensitive and pivotal", he called for unified national responsibility; ceasefire with Israel is the entry point for negotiations. Focus is to ensure ceasefire stands, Israel withdraws from south Lebanon, return of detainees.
- **Iranian Deputy Foreign Minister** said "Iran rejects temporary ceasefire, seeks end to war across region", Al Jazeera reported.
- **Lebanese political sources** said high-level consultations are under way to draft a negotiation paper on national principles ahead of expected talks with Israel, according to Sky News Arabia. Lebanon insists on a ceasefire, Israeli withdrawal, release of detainees, and return of the displaced. Lebanon is holding firm on several fixed clauses and will not accept any

compromise regarding them. Dispute over the form of the relationship with Israel and warning of the risks of normalisation internally. Expectations of an agreement similar to Resolution 1701 in a modified and expanded format.

- **The US Congressional Progressive Caucus discussed trying to force repeated House votes on Iran war powers resolutions, Punchbowl reported.** That would keep putting House Republicans on record backing President Trump's operations in the Middle East, after the latest House war powers measure failed by a single vote on 16th April.
- **IRNA states that security and traffic measures have been intensified in Islamabad, preparing itself for a major international event, while highlighting that Pakistani officials have not yet confirmed or denied any negotiations, Iran International reported.**
- **A Pakistani source involved in US-Iran mediation** said on Friday there was progress in backdoor diplomacy and that an upcoming meeting between the two sides could result in the signing of an agreement, Reuters reported. .The two sides would first sign an MoU, followed by a comprehensive agreement within 60 days, the source said. A diplomatic source said the key Pakistani mediator, army chief Field Marshal Asim Munir, had been holding talks in Tehran since Wednesday and had made a breakthrough on "sticky issues". Two Iranian sources said there were signs of a compromise on the HEU stockpile, with Tehran considering shipping part of it out of the country.

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