

SNAPSHOT

STOCKS			
Nikkei 225	+0.9%	ASX 200	-0.1%
Hang Seng	+0.7%	Shanghai Comp	+0.7%
Euro Stoxx 50 Jun'26	-1.3%	DAX Jun'26	-1.2%
ES Jun'26	-0.6%	NQ Jun'26	-0.6%

FX			
DXY	+0.1% (98.311)	EUR/USD	U/C (1.1757)
USD/JPY	+0.2% (158.93)	GBP/USD	-0.1% (1.3500)

BONDS			
US T-Note Jun'26	-7 ticks	Bund Jun'26	-32 ticks
US 10yr Yield	4.27%	German 10yr Yield	2.97%

ENERGY & METALS			
WTI Jun'26	+6.1%	Brent Jun'26	+5.5%
Spot Gold	-1.0%	LME Copper	-0.3%

CRYPTO			
Bitcoin	+0.6%	Ethereum	+0.2%

As of 06:20 BST/01:20 EDT

LOOKING AHEAD

- Highlights include German PPI (Mar), Canadian Inflation (Mar), New Zealand NZIER Business Confidence (Q1), New Zealand CPI (Q1), BoC SCE (Apr). Comments from ECB's Lagarde. Earnings from Cleveland-Cliffs.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- Iran reversed the brief reopening of the Strait of Hormuz and said the waterway had returned to "strict control" after accusing the US of not meeting its obligations and refusing to lift the blockade on Iranian ports, with at least three attacks on commercial ships reported after the re-closure, including Iranian gunboats firing on a tanker and an attack on a cargo vessel near the strait that damaged containers on board.
- US President Trump said on Saturday that Iran got "a little cute" by closing the Strait again, but added there were still "very good conversations" going on.
- US President Trump announced on Sunday an Iranian-flagged cargo ship named TOUSKA tried to get past the US naval blockade, but the Navy Guided Missile Destroyer USS SPRUANCE intercepted it in the Gulf of Oman, and gave them fair warning to stop, while the Iranian crew refused to listen, so the US Navy ship stopped them in their tracks by blowing a hole in the engine room. Trump added that US Marines have custody of the vessel, and they are seeing what's on board. It was separately reported that Mehr news agency claimed US forces fired on an Iranian merchant ship to force it to return to territorial waters, but were then forced to flee after the rapid response of IRGC naval units.
- US President Trump posted on Sunday that "Iran decided to fire bullets yesterday in the Strait of Hormuz – A Total Violation of our Ceasefire Agreement!", while Trump stated that his representatives are going to Islamabad and will be there on Monday evening for negotiations. Trump added that "Iran recently announced they were closing the Strait, which is strange, because our BLOCKADE has already closed it. They're helping without knowing, and they are the ones that lose with the closed passage... We're offering a very fair and reasonable DEAL, and I hope they take it because, if they don't, the United States is going to knock out every single Power Plant, and every single Bridge, in Iran. NO MORE MR. NICE GUY! They'll come down

fast, they'll come down easy and, if they don't take the DEAL, it will be my Honor to do what has to be done, which should have been done to Iran, by other Presidents, for the last 47 years. IT'S TIME FOR THE IRAN KILLING MACHINE TO END!"

- US President Trump said VP JD Vance, Special Envoy Witkoff and Jared Kushner will head to Islamabad, Pakistan, for fresh talks with Iran, and will arrive on Monday evening, according to a White House official.
- US President Trump said that maybe he won't extend the ceasefire if there is no deal by Wednesday, and will maintain the blockade on Iranian ports.
- US President Trump said on Friday that the US will not release frozen Iranian funds, and that most main points are finalised in talks towards a deal, while he claimed Iran agreed to an unlimited suspension of the nuclear programme and that a deal to end the war is mostly complete. It was also reported that Trump told Axios that US and Iranian negotiators will probably meet over the weekend, and he expected them to hammer out a final deal.
- A US senior official said that if there is no breakthrough soon, the Iran war could resume in the coming days, and that the situation with Iran is at a critical point.
- Iran's Supreme Leader said Iran's navy is ready to inflict "new bitter defeats" on its enemies.
- Iranian Vice President Mohammad Reza Aref said the security of the Strait of Hormuz is not free, while he added it is impossible to restrict Iranian oil exports and, at the same time, pretend to provide free protection to others. Furthermore, he said "The choice is clear: either a free oil market for all, or risk incurring enormous costs that will affect everyone".
- Iran's Deputy Foreign Minister said there will be no further in-person peace talks with the US until Washington changes its "maximalist" demands, while the official added Iran would not hand over its enriched uranium to the US. Furthermore, IRNA also reported that Tehran has not agreed to participate in a second round of talks.
- Iran's Security Council said it is reviewing proposals made by the US in recent days and Iran is determined to maintain control of the Strait of Hormuz until the war ends, while it was stated that Iran will not reopen the Strait as long as the US blockade of Iranian ports is in place.
- Iranian senior official said that significant differences remained between Iran and the US, including on nuclear issues and serious talks are required, according to a report on Friday.
- Iranian Harat Khatam Al-Anbiya Central HQ spokesperson said the US attack on the Iranian commercial ship violates the ceasefire, and warned Iran will soon respond and retaliate to this armed piracy.
- Iranian sources told CNN that the Iranian delegation is expected to arrive in Pakistan on Tuesday, according to Al Hadath.
- Iran has yet to agree to another round of talks with the US, according to Iranian press. It was also reported that Iran's Deputy Foreign Minister said Iran will respond with full force if they return to war, while Iranian state media separately reported on Sunday evening that Tehran was not currently planning to take part in new talks with the US.
- Iranian source said given US President Trump's remarks about talks and the contradiction with what is actually unfolding between Iran and the US, they believe they are facing trickery by the adversary and are on the brink of a fresh wave of escalation, according to Al Jazeera.
- Iranian senior official denied US President Trump's claims and said that Iran did not agree to halt uranium enrichment indefinitely, while they will not accept being an exception to international law.
- Iranian Foreign Ministry spokesperson said on Friday that Foreign Minister Araghchi's post was within the framework of the ceasefire agreement of April 10th, and they do not have a new understanding, with traffic in the strait carried out based on the agreement reached on April 10th.
- Pakistani media sources said gaps between the US and Iran have been narrowed in recent days, according to Al Hadath.
- More than 20 vessels passed the Strait of Hormuz on Saturday, which is the highest number since March 1st, according to Kpler data. It was separately reported that an Iranian oil tanker broke through the US blockade and entered Iranian waters, according to CCTV.
- IDF confirmed it carried out the first strikes against Hezbollah since the ceasefire and that the strikes were against Hezbollah operatives who violated the ceasefire understandings.
- UAE opened talks with the US about obtaining a financial backstop in case the Iran war plunges it into a deeper crisis, according to US officials cited by WSJ. Furthermore, it was reported that UAE informed Washington it will be forced to sell its oil in yuan if it is not supplied with enough dollars.
- Al-Mayadeen citing an envoy to Islamabad says "There are no indications so far that a new negotiation session will be held between America and Iran in the coming hours".

US TRADE

EQUITIES

- US stocks rallied to fresh record highs on Friday as oil prices plunged after Iran announced it would reopen the Strait of Hormuz to all commercial traffic. This saw Brent fall below USD 90/bbl, easing supply concerns and driving a broad risk-on move across markets.
- Despite the positive headline, uncertainty remained around the durability of the development, with shipping firms cautious about resuming activity, while there was mixed messaging from Iranian officials, including apparent surprise from the IRGC, and conflicting reports between the US and Iran, which continued to cloud the durability of the agreement.
- SPX +1.20% at 7,126, NDX +1.29% at 26,672, DJI +1.79% at 49,447, RUT +2.11% at 2,777.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- US President Trump said his meeting with Chinese President Xi will be a special one and potentially historic, while he looks forward to meeting with Xi and said much will be accomplished.

- **US trade officials are considering tougher USMCA auto import rules**, including a revision to the minimum auto parts threshold to boost the domestic industry.

NOTABLE HEADLINES

- **Fed's Waller (voter) said on Friday that compared to the 70's shock, central bankers understand the importance of inflation expectations. Waller also stated that if the war creates high inflation and a weak labour market, he could call for holding rates steady**, while he added that inflation and job risks increase the longer the war remains unresolved.
- **Fed's Daly (2027 voter) said on Friday that businesses are cautiously optimistic and consumers are nervous about the economy, but added that spending is a strong pillar**, and that the outlook depends on how long oil prices climb and how long the conflict will persist.
- **US President Trump signed an executive order to accelerate access to research on psychedelic drugs**, while the order directs the FDA to expedite review of psychedelic drugs being tested for a variety of treatments, including for PTSD and depression.

APAC TRADE

EQUITIES

- **APAC stocks** were mostly higher as the region shrugged off the escalatory geopolitical headlines from over the weekend, including the reclosure of the Strait of Hormuz and attacks on several vessels by Iran, while US President Trump announced that the US Navy intercepted an Iranian-flagged vessel and blew a hole in the engine room after it attempted to get past the US blockade. This resulted in a spike in oil prices at the reopen and saw US index futures decline, although asset classes have faded the extremes as focus turns to talks in Islamabad, with President Trump sending negotiators for talks with Iran, although there is no confirmation yet on whether Iran will attend.
- **ASX 200** traded little changed amid the mixed price action in commodity-related stocks and with financials subdued after NAB flagged a spike in impairments due to the Middle East conflict.
- **Nikkei 225** rallied with the index briefly returning to the 59,000 level following the recent unwinding of April rate hike bets, and with the index unfazed by the rise in oil prices.
- **Hang Seng** and **Shanghai Comp** were higher amid earnings updates, but with further upside capped by a lack of macro catalysts, while the PBoC provided no surprises as it announced China's benchmark LPRs were maintained at their current levels for the eleventh consecutive month.
- **US equity futures** declined at the reopen as the escalation in Hormuz over the weekend spooked sentiment, but have since pared around half of the initial losses as asset classes pared the early extremes and Asia-Pac shrugged off the geopolitical headlines.
- **European equity futures** indicate a lower cash market open with Euro Stoxx 50 futures down 1.3% after the cash market closed with gains of 2.1% on Friday.

FX

- **DXY** mildly strengthened amid firmer oil prices and the initial risk-off mood due to the geopolitical escalation over the weekend, although various asset classes have since pared a lot of the moves as attention turns to potential US-Iran talks early this week in Islamabad ahead of the Tuesday ceasefire deadline.
- **EUR/USD** dipped at the start of trade but then gradually returned to flat territory, while the indecisive performance also followed last Friday's whipsawing and with little impact from recent central bank rhetoric, including from ECB's Demarco, who said market bets on two rate hikes are not unreasonable.
- **GBP/USD** mildly weakened and briefly dipped beneath the 1.3500 handle before nursing most of the losses, but with the upside limited as UK PM Starmer faces further political headwinds and increased calls to step down, as reports noted that Starmer knew about Mandelson's red flags.
- **USD/JPY** momentarily reclaimed the 159.00 handle amid early flows into the dollar and rising oil prices, but then faded some of the moves as the reactions to the weekend geopolitical headlines moderated.
- **Antipodeans** declined amid the initially spooked reaction to the weekend geopolitical headlines but then clawed back nearly all of the initial losses as Asia-Pac ultimately shrugged off the escalation.
- **PBoC** set USD/CNY mid-point at 6.8648 vs exp. 6.8291 (Prev. 6.8622).

FIXED INCOME

- **10yr UST futures** retreated as a resurgence in oil prices stoked inflationary pressures, but have bounced off today's worst levels as oil pulled back from the initial extremes.
- **Bund futures** faded some of last Friday's firm gains and returned to sub-126.00 territory, while participants now await looming German PPI data and comments from ECB's Lagarde.
- **10yr JGB futures** held on to last week's gains following the unwinding of rate hike bets for next week's BoJ meeting, although an increase in June is seen to remain on the cards.

COMMODITIES

- **Crude futures** surged at the reopen after Iran announced the reclosure of the Strait of Hormuz on Saturday, following a brief reopening and with reports that several vessels were attacked, while the US intercepted and took custody of an Iranian-flagged vessel. However, oil prices are off the opening highs as US President Trump also announced that negotiators will be

arriving in Islamabad on Monday evening for the next round of negotiations, although there have been conflicting reports on whether Iran will attend the talks.

- **Spot gold** gapped lower beneath USD 4,800/oz amid pressure as oil prices rose, but has since pared much of the earlier losses and retested the aforementioned level.
- **Copper futures** slumped amid the initial spooked risk sentiment, but then gradually recouped most of the lost ground as Asia-Pac shrugged off the geopolitical escalation.
- **US Treasury Department extended the issuance of Russia-related general licence to May 16th**, authorising the sale of some Russian oil.
- **US Energy Secretary Wright said US gasoline prices may remain at USD 3 per gallon or more until next year.**
- **IEA chief Birol proposed building a new oil pipeline linking Basra oil fields and Turkey's Ceyhan oil terminal.**

CRYPTO

- **Bitcoin** steadily gained throughout the session after climbing back above the USD 74,000 level.

NOTABLE ASIA-PAC HEADLINES

- **Chinese 1-Year Loan Prime Rate** (Apr) 3.00% vs. Exp. 3.00% (Prev. 3.00%)
- **Chinese 5-Year Loan Prime Rate** (Apr) 3.50% vs. Exp. 3.50% (Prev. 3.50%)
- **China is to further improve its policy to better regulate live hog capacity.**

DATA RECAP

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukrainian President Zelensky said Russia appears to be regrouping forces and that Russian forces are showing greater activity in Belarus**, while Ukraine believes Russia will once again try to involve Belarus in the war.

OTHER

- **North Korea conducted a missile test in which multiple ballistic missiles were launched off its east coast.**

EU/UK

NOTABLE HEADLINES

- **UK cabinet ministers backed PM Starmer amid increased calls for him to resign** following the Mandelson vetting scandal, while it was separately reported by The Telegraph that **Starmer knew about Mandelson's red flags.**
- **UK Chancellor Reeves is to meet with the executives of the largest UK banks on Wednesday as the Iran crisis weighs on the UK economy**, according to Sky.
- **ECB's Demarco said market bets on two rate hikes are not unreasonable**, and given the high uncertainty over the Iran war, the ECB would be better off waiting a little longer before raising rates rather than acting too soon.
- **ECB's Kazaks said on Friday that it is not certain the next rate move will be a hike, while he would not object to bets of two hikes this year**, and hasn't seen much yet in the way of spillovers.
- **ECB's Kocher said on Friday that the baseline scenario is the best-case scenario and warned against pre-emptive ECB rate action** on uncertainty.
- **Moody's lowered Belgium's sovereign rating** by one notch from Aa3 to A1; Outlook revised to Stable from Negative.

DATA RECAP

- **UK Rightmove House Prices YY** (Apr) -0.9% (Prev. -0.2%)

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