

SNAPSHOT

STOCKS			
Nikkei 225	+1.2%	ASX 200	-0.1%
Hang Seng	+0.5%	Shanghai Comp	-0.1%
Euro Stoxx 50 Jun'26	+0.5%	DAX Jun'26	+0.5%
ES Jun'26	+0.2%	NQ Jun'26	+0.3%

FX			
DXY	+0.1% (98.10)	EUR/USD	-0.1% (1.1780)
USD/JPY	+0.1% (158.91)	GBP/USD	-0.1% (1.3520)

BONDS			
US T-Note Jun'26	+1.5 ticks	Bund Jun'26	+31 ticks
US 10yr Yield	4.24%	German 10yr Yield	2.97%

ENERGY & METALS			
WTI Jun'26	-1.7%	Brent Jun'26	-1.3%
Spot Gold	-0.6%	LME Copper	-0.3%

CRYPTO			
Bitcoin	+0.1%	Ethereum	+0.1%

As of 06:20BST/01:20EDT

LOOKING AHEAD

- Highlights include German/EZ ZEW Sentiment Index (Apr), UK Jobs Report (Feb), US ADP Employment Change Weekly, US Retail Sales (Mar), US Pending Home Sales (Mar), US Atlanta Fed GDP, Eurogroup Foreign Affairs Council (Apr), Senate Fed chair confirmation hearing for Kevin Warsh, Speakers including ECB's de Guindos & Nagel, Fed's Waller, Supply from UK & Germany, Earnings from UnitedHealth, GE Aerospace, United Airlines, Thales, Vivendi & ASM International.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- US President Trump said he is winning the war by a lot and things are going very well, while he added that the blockade, which will not be taken off until there is a "DEAL", is absolutely destroying Iran. Trump also commented that the Iranian leadership has forced hundreds of ships towards the US, mostly Texas, Louisiana and Alaska, to get their oil.
- US President Trump said "The DEAL that we are making with Iran will be FAR BETTER than the JCPOA, commonly referred to as "The Iran Nuclear Deal", while Trump also said he is not going to let Democrats rush the US into making a deal with Iran that is not as good as it could have been.
- US VP Vance is expected to depart the US for Iran talks on Tuesday, and the second round is currently planned for Wednesday, while the situation remains "fluid" due to rhetoric from both sides, according to CNN citing sources. Furthermore, sources cited by Axios stated that US VP Vance is to travel to Pakistan on Tuesday for Iran talks.
- White House Press Secretary Leavitt said the US has never been so close to making a good deal with Iran, while she added that President Trump still has options if there is no deal with Iran
- US-Iran negotiations may begin Wednesday morning in Islamabad, while the US is said to believe that there is a split within the Iranian negotiating team, according to Al Arabiya citing CNN network sources
- US Central Command spokesman said they are ready to attack Iran after the ceasefire if President Trump decides so, according to Al Jazeera.
- Iranian Parliament Speaker Ghalibaf said by applying the blockade and violating the ceasefire, President Trump wants to turn

the negotiation table into a table of surrender or to justify a renewed war, while Ghalibaf added that they do not accept negotiations under the shadow of threats, and in the last two weeks, they have prepared to face new cards on the battlefield.

- Iranian Foreign Minister Araghchi told the Pakistani Foreign Minister that continued US violations of the ceasefire are a major obstacle for the continuation of the diplomatic process, while they will take all aspects of the matter into account and will decide on how to proceed.
- Iran told regional mediators that it would send a negotiating team to Islamabad on Tuesday for the second round of talks with the US, according to WSJ. It was separately reported that the second round of Washington-Tehran negotiations is expected to begin on Tuesday afternoon, with the Iranian delegation expected to arrive Tuesday morning at a time close to the arrival of the American delegation, and negotiations are expected to begin at noon on Tuesday, according to an informed Pakistani source cited by Al Jazeera.
- Fars cited a source that noted the Iranian negotiating team has no plans to travel to Pakistan. It was separately reported that Tehran made its participation in new talks with Washington in Islamabad conditional on lifting the US naval blockade, according to Mehr News.
- Iran's Foreign Ministry condemned the seizure of Iranian cargo ship *Touska* by US forces and called for the "immediate release of the Iranian vessel, its sailors, crew and families", according to CNN
- Iranian official is said to have told the Washington Post that they have largely agreed on the broad outlines of the agreement, according to Al Arabiya.
- Iranian-American academic Marandi, who is a political analyst and said to be closely linked to the Iranian government, suggested US VP Vance unpack his suitcases and not head to Islamabad, while he stated that "With the current delusional and unrealistic demands and continued naval blockade, no one in Tehran is willing to negotiate with him."
- Pakistan asked the US and Iran to extend the truce for two more weeks, while Pakistani media sources stated that PM Sharif may announce a ceasefire extension on Tuesday. Pakistani media sources also noted expectations that the US and Iran will reach an agreement by Wednesday, and that all arrangements were complete for US-Iran talks, according to Al Arabiya.
- Lebanese-Israeli-American meeting on Thursday will discuss extending the truce, while Beirut informed the concerned parties of its refusal to negotiate on confining weapons because that is an internal matter, according to Al Araby citing a Lebanese official. Israeli Broadcasting Authority also cited a source stating that Israeli-Lebanese negotiations on Thursday are expected to extend the ceasefire, according to Al Jazeera.

US TRADE

EQUITIES

- US stocks were mixed on Monday as renewed geopolitical tensions weighed on sentiment, after Iran re-closed the Strait of Hormuz. The move pushed oil prices higher at the reopen, while equity and Treasury futures sold off, although these moves pared through the session. Crude ultimately settled firmly higher, albeit off overnight peaks. Focus remains on the outlook for US/Iran talks, with conflicting reports around timing and participation. US media suggested that VP Vance, Witkoff and Kushner could meet with the Iranian delegation as soon as Tuesday or Wednesday, while Iranian reports indicated no decision has yet been made. Furthermore, President Trump signalled he is unlikely to extend the ceasefire or remove the US blockade without a deal, while Iran has pushed for the blockade to be lifted before negotiations resume, underscoring the fluid nature of the situation.
- SPX -0.22% at 7,110, NDX -0.31% at 26,590, DJI -0.01% at 49,443, RUT +0.58% at 2,793.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- USTR Greer met with Mexico's President Sheinbaum on Monday ahead of the North American trade pact review. It was also reported that Greer said US and Mexico are to launch USMCA talks the week of May 25th, which will be held in Mexico City, while Mexico's Economy Minister had earlier commented that the meeting with USTR Greer was productive.
- US Interior Secretary Bergum said Chinese solar panels are a national security issue.

NOTABLE HEADLINES

- Fed Chair nominee Warsh will tell Senators on Tuesday that "monetary policy independence is essential", while Warsh will say he does "not believe the operational independence of monetary policy is particularly threatened when elected officials - presidents, senators, or members of the House, state their views on interest rates". Furthermore, Warsh will also say it's important for the Fed to "stay in its lane" on authority, according to Punchbowl citing a copy of his testimony.
- US Labour Secretary Chavez-Dereemer is to leave the White House and Keith Sonderling was appointed as Acting Labour Secretary.

APAC TRADE

EQUITIES

- APAC stocks were mixed with the region cautious amid uncertainty regarding US-Iran talks ahead of the ceasefire expiry, as there were numerous conflicting reports on when they will occur and if Iran will take part. Nonetheless, the latest relevant headlines provide some optimism, with sources stating that the US and Iran are expected to reach an agreement by Wednesday and that Pakistan's PM is to ask for a two-week ceasefire extension, while there remains no official confirmation from Tehran about attending talks.

- **ASX 200** trades subdued with the index dragged lower by weakness in health care, energy, mining and financials, while a quarterly production update from Rio Tinto failed to meaningfully inspire.
- **Nikkei 225** rallied to back above the 59,000 level with upside facilitated by tech strength and expectations for the BoJ to refrain from hiking rates at next week's meeting.
- **Hang Seng** and **Shanghai Comp** were contained amid earnings releases and the mixed performance in the tech sector, while markets failed to benefit from the NDRC head's pledge that officials will help actively increase effective domestic demand and will further enhance supply chain resilience.
- **US equity futures** remained afloat in rangebound trade as markets await US-Iran talks.
- **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 1.2% on Monday.

FX

- **DXY** eked mild gains with price action rangebound across the FX space amid the uncertainty surrounding US-Iran talks, as there were conflicting reports around timing and participation, although the most recent updates do suggest that negotiations could begin on Wednesday morning. Outside of geopolitics, catalysts have been light with the Fed on a blackout period, while the opening statement from Fed chair nominee Warsh at his hearing later today largely focused on the importance of Fed independence.
- **EUR/USD** took a breather after fully clawing back yesterday's initial losses, while the recent highlights from the EU included German PPI data and several ECB comments, including from Lagarde, who said the ECB will act as the situation demands and that the shocks keep coming.
- **GBP/USD** was contained after ultimately rebounding throughout the prior day, and with participants now awaiting UK employment and average earnings data.
- **USD/JPY** marginally edged higher and retested the 159.00 level to the upside, but with price action contained in the absence of any tier-1 data from Japan.
- **Antipodeans** were mixed as AUD/USD was subdued and NZD/USD outperformed following firmer-than-expected New Zealand CPI data for Q1.
- **PBoC** set USD/CNY mid-point at 6.8594 vs exp. 6.8112 (Prev. 6.8648)

FIXED INCOME

- **10yr UST futures** were rangebound after the prior day's bear flattening, in response to oil prices.
- **Bund futures** rebounded from yesterday's early trough but with upside capped by resistance at the 126.00 level, while participants also await incoming German ZEW data and supply.
- **10yr JGB futures** remained afloat following recent BoJ source reports that the central bank will likely refrain from hiking rates this month, while the latest enhanced liquidity auction for long to super-long JGBs resulted in a higher bid-to-cover.

COMMODITIES

- **Crude futures** were mildly lower amid some optimism that US-Iran talks are to take place either Tuesday or Wednesday ahead of the ceasefire expiry, although the downside was limited as there were plenty of conflicting headlines regarding talks and with no official confirmation from Iran.
- **White House announced a memo related to coal supply chains, and President Trump signed a determination related to the Defense Production Act on domestic petroleum production.**
- **Ukraine sees a high likelihood of Druzhba flows resuming on Tuesday**, according to Bloomberg.
- **Spot gold** marginally pulled back after rebounding for most of the prior day, with price action choppy near the USD 4,800/oz level as geopolitical uncertainty remained.
- **Copper futures** retreated amid the mixed risk appetite as markets look to potential US-Iran talks.

CRYPTO

- **Bitcoin** saw two-way trade and ultimately retreated following a brief return above USD 76,000.

NOTABLE ASIA-PAC HEADLINES

- **China's MIIT said it will systematically advance R&D in frontier technologies** such as 6G and next-generation internet.
- **Japan is planning to invest JPY 1tn through the end of the decade to develop facilities and technology capable of recycling critical minerals and plastics from waste**, according to Nikkei.

DATA RECAP

- New Zealand CPI QQ (Q1) 0.9% vs. Exp. 0.8% (Prev. 0.6%)
- New Zealand Inflation Rate YY (Q1) 3.1% vs. Exp. 2.9% (Prev. 3.1%, Low. 2.8%, High. 3.1%)
- New Zealand RBNZ Sectoral Factor Model Inflation Index YY (Q1) 2.7% (Prev. 2.8%)

GEOPOLITICS

RUSSIA-UKRAINE

- Explosion was heard in Ukraine's Zaporizhzhia.

OTHER

- China's PLA warned Japan following a Taiwan Strait transit.

EU/UK

NOTABLE HEADLINES

- **UK Starmer will be accused of pressuring the Foreign Office into approving Peter Mandelson's appointment despite being aware of his friendship with Epstein and his business links to Russia and China**, according to The Times Political Editor Swinford.
- **ECB President Lagarde said the ECB will act as the situation demands, and Europe faces one of the most decisive moments in the 75 years since this association was founded.** Furthermore, she said the shocks keep coming and "If the conflict resolves quickly, the direct energy price shock could prove to be at the smaller end of expectations – and the economic impact would be contained", but stated that the outlook remains fragile and worse paths are still possible.

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