

SNAPSHOT

| STOCKS        |       |            |       |
|---------------|-------|------------|-------|
| Euro Stoxx 50 | +0.4% | DAX40      | +0.5% |
| Stoxx 600     | +0.2% | FTSE 100   | +0.2% |
| ES Jun'26     | +0.2% | RTY Jun'26 | +0.1% |
| NQ Jun'26     | +0.3% | YM Jun'26  | +0.2% |

  

| FX      |                |         |                |
|---------|----------------|---------|----------------|
| DXY     | +0.2% (98.28)  | EUR/USD | -0.3% (1.1758) |
| USD/JPY | +0.2% (159.15) | GBP/USD | -0.2% (1.3501) |

  

| BONDS            |           |                   |           |
|------------------|-----------|-------------------|-----------|
| US T-Note Jun'26 | -2+ ticks | Bund Jun'26       | +13 ticks |
| US 10yr Yield    | 4.254%    | German 10yr Yield | 2.973%    |

  

| ENERGY & METALS |       |              |       |
|-----------------|-------|--------------|-------|
| WTI Jun'26      | -0.6% | Brent Jun'26 | -0.5% |
| Spot Gold       | -0.8% | LME Copper   | U/C   |

  

| CRYPTO  |       |          |       |
|---------|-------|----------|-------|
| Bitcoin | +0.5% | Ethereum | +0.2% |

As of 10:35BST / 05:35EDT

LOOKING AHEAD

- Highlights include US ADP Employment Change Weekly, Retail Sales (Mar), Pending Home Sales (Mar), Atlanta Fed GDP, Eurogroup Foreign Affairs Council (Apr), Senate Fed chair confirmation hearing for Warsh, Speakers including Fed's Waller. Earnings from UnitedHealth, GE Aerospace, United Airlines & ASM International.
- [Click here for the Week Ahead preview](#)

IRAN CONFLICT

- No Iranian delegation, primary or secondary, have travelled to Islamabad and that reported about the departure of such officials and claims about meeting times were inaccurate, IRIB reported. The earlier reports by Al Jazeera, citing a Pakistani diplomatic source, suggested that the Iranian preliminary delegation and US delegation are present in Islamabad.
- "A Pakistani official source told Al Arabiya: The US and Iranian delegations will arrive in Islamabad today at the same time"; "The second round of negotiations will be held as scheduled". "We currently have no information about extending the ceasefire between America and Iran".
- US VP Vance is to travel to Pakistan on Tuesday for Iran talks, according to sources cited by Axios.
- US-Iran negotiations may begin Wednesday morning in Islamabad, while US is said to believe that there is a split within the Iranian negotiating team, according to Al Arabiya citing CNN network sources.
- Pakistan media sources note expectations US and Iran will reach an agreement by Wednesday, according to Al Arabiya.
- Iranian official tells Washington Post that they have largely agreed on the broad outlines of the agreement, according to Al Arabiya.
- Pakistan asked the US and Iran to extend the truce for two more weeks, while Pakistani media sources say PM Sharif may announce a ceasefire extension on Tuesday, according to Al Arabiya.
- Journalist Elster writes "Pakistani source told Reuters that Trump may attend talks with Iran in person or remotely if an agreement is reached".
- White House Press Secretary Leavitt said US has never been so close to making a good deal with Iran, adds Trump still has

options if there is no deal with Iran.

- Iranian oil tanker entered Iran's territorial waters, despite the US blockade, with an escort from the Iranian navy, Al-Mayadeen reported.
- Iran's Judiciary head said it is "very possible" that negotiations will not lead to a result, in that scenario Iran will act again and there will be a response to the US' interception of an Iranian ship.
- 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 their families", according to CNN.
- Iranian Parliament Speaker Ghalibaf said by applying the blockade and violating the ceasefire, Trump wants to turn this negotiation table into a table of surrender or to justify a renewed war. We do not accept negotiations under the shadow of threats, and in the last two weeks, we have prepared to face new cards on the battlefield.
- Israel-Lebanon ceasefire violated, ISNA reported, citing sources.
- Israeli army reportedly withdrew part of its forces south of Lebanon following the start of the ceasefire, according to sources cited by Haaretz.
- UN agency is reportedly preparing evacuation plan from Strait of Hormuz for hundreds of ships, Bloomberg reported.

## EUROPEAN TRADE

### EQUITIES

- **European bourses** (STOXX 600 +0.2%) are modestly rebounding from Monday's losses, however the **CAC 40** and **SMI** are failing to bounce. The **DAX 40** is the outperformer, with most of the index in the green but cautiously awaiting SAP earnings on Thursday.
- **European sectors** are broadly gaining. **Technology and Utilities** top the pile while **Food, Beverage & Tobacco** lags as AB Foods weighs on the sector. Despite reaffirming its FY outlook, failure to show revenue growth and the announcement of the demerger of Primark from the food business have hit the Co.'s shares.
- **US equity futures** trade muted ahead of the Senate Fed chair confirmation hearing for Kevin Warsh and US retail sales. On single stock news, **Apple** (-0.5% pre-market) announced that **Tim Cook is to step down as CEO, to be replaced by John Ternus**. For the broader S&P 500, JPMorgan revised its year-end PT to 7,600, stating that there is a meaningful risk that the market enters a short-term consolidation phase before resuming its upward trajectory.
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)

### FX

- Despite elements of risk in other assets, **FX displays a risk-off bias today**, with all **G10** currencies bar **NZD** lower against the greenback.
- **DXY** trades higher by 0.2%. Though there is no clear driver, the index bounced off a session low of 98.10, continuing a rebound from Monday's 98.00. This upside came around news that an Iranian delegation had not departed for Islamabad, contrasting earlier reporting. Technicals also likely at play here, around this news, **USD/JPY** surpassed the 159.00 mark, crude bounced, but hit resistance at USD 95.00/bbl - explaining why the haven **USD** and energy benchmarks are not in tandem this morning.
- **GBP is weaker against the Buck and EUR**, participants are focusing on domestic political updates, geopolitics and a hawkish Labour force survey this morning. On politics, former UK Foreign Ministry Official Robbins essentially denied the PM's claims of due process in relation to Mandelson's appointment. This leaves the PM in a somewhat weaker position - and as such, we saw a c. 15pip move in **EUR/GBP**, which has since paired. The data set for Feb, saw hotter-than-expected wage metrics and a much lower-than-expected unemployment rate. **The series will be welcomed by policymakers on Threadneedle/Downing Street**, signalling each were in a comfortable position pre-Middle East war & energy shock. ING writes "the details reveal the drop in the jobless rate is pretty much solely down to a rise in "economic inactivity" - that is, people neither in work nor actively seeking it." MUFG post-data wrote "We are currently forecasting only one rate hike from the BoE." **GBP/USD** saw an initial kneejerk higher, which since reversed amid the ongoing Robbins hearing.
- **NZD leads the G10 space after the latest inflation data spurred bets for rate hikes**. Q1 metrics revealed that inflation surprisingly remained elevated above the RBNZ's 1-3% target. Markets are back to pricing in 81bps of tightening by year-end, similar to levels seen post-Bremen comments, though more hawkish than Monday.

### FIXED INCOME

- **Global fixed benchmarks are mixed**, with US and UK paper in the red, whilst Bunds remain afloat. Ultimately, focus has been on the volatile geopolitical environment, with attention on developments surrounding US-Iran second round talks. Initially, there were reports via a **Pakistani source which suggested that the US-Iran delegation teams had arrived in Islamabad, however, Iranian State TV pushed back on these claims calling them "baseless"** - they said that Iran "has not yet sent a delegation". Markets will await how this unfolds, ahead of the expiration of the US-Iran ceasefire on Wednesday.
- **USTs** are lower by around 3 ticks and currently within a 111-17 to 111-22+ range. Ultimately moving at the whim of energy price fluctuations, with a recent bout of pressure in the benchmark after the Iranian side pushed back on reports that a delegation had arrived in Pakistan. Geopols aside, US March retail sales are the main focus (exp. 1.4% M/M, prev. 0.6%), alongside the weekly ADP employment change and the Atlanta Fed GDPNow update. Elsewhere, Fed's Waller is on the docket, though will not touch on monetary policy given the Bank is on blackout; **Kevin Warsh's senate hearing is also due**. From a yield perspective, the curve is a touch steeper this morning; the 2yr currently resides around 3.73%. A positive outcome from the

second round of talks could see the 2yr breach back below the 3.70% and approach near-term lows at 3.67%.

- **Bunds are firmer this morning by around 15 ticks, and currently trade towards the mid-point of a 125.90 to 126.17 range** . German paper appears to be benefiting from lower energy prices. On the yield front, the curve is lower across the horizon, but with the long-end underperforming. It seems to be the view of bond traders that the Middle East situation has only near-term implications, with 10yr yield action fairly sideways in the past week or so. On the data front, German ZEW deteriorated from the prior, and beneath the consensus. Not all too surprising given this data encapsulates more of the Iran war. No move in Bunds were seen on the data.
- **Gilts are currently trading with losses of around 10 ticks** , and hold within a 87.83 to 88.42 range. In recent days, domestic politics has taken a bit of attention away from the Middle East situation. The latest update came from the Former UK Foreign Ministry Official Olly Robbins, who said that the Cabinet Office suggested that Mandelson should not be vetted at all, and this was overruled by the Foreign Office. A comment which does not play in favour of PM Starmer, who has managed to shrug off some of the recent pressure he has faced. A little bit of downside was seen in Gilts at the time, but Robbins' comments came in close proximity to geopolitical updates, which weighed on the broader complex. On the data front, UK unemployment rate fell to 4.9% (exp. 5.2%, prev. 5.2%); which would be welcomed at the BoE.
- **Germany sells EUR 4.282bln vs exp. EUR 6bln 2.50% 2028 Schatz: b/c 1.7x & avg. yield 2.47%.**
- **UK sells GBP 5bln 4.00% 2029 Treasury Gilt: b/c 3.35x (prev. 3.49x), avg. yield 4.238% (prev. 3.810%), tail 0.2bps (prev. 0.4bps).**
- **Japan sold JPY 249.8bln in 20yr, 30yr and 40yr JGBs in enhanced liquidity auction; b/c 3.58 (Prev. 3.18). Highest accepted spread -0.031% (Prev. 0.010%).**
- **Citi's month-end extension model points to the Euro index extending by 0.05yrs, in-line with the 5yr average, most supportive for OATs and Bunds.**

## COMMODITIES

- **Crude futures are softer thus far but have clambered off worst levels over US-Iran uncertainty** . More recently, reports out of Iran suggest that no delegation has been sent to Islamabad yet, which contradicts earlier reports by Al Jazeera, citing a Pakistani source, that both the Iranian and US teams are present in Islamabad. Both **WTI and Brent** briefly topped above USD 87/bbl and USD 95/bbl, respectively, before falling back.
- Other updates include the expectation that US VP Vance arrives in Islamabad on Tuesday for the talks, while President Trump stated that the US blockade will remain in place until a deal is reached.
- **Spot gold** continues to trade within its ascending channel but has slipped back below the USD 4800/oz handle (current range: USD 4773-4833/oz). The modest upside seen in the dollar, thus far, is weighing on the yellow metal, with the 50-SMA at 4891 also providing a ceiling for the metal. Elsewhere, **3M LME Copper** oscillates in a tight USD 13.2k-13.3k/t range amid the mixed risk appetite as markets look to potential US-Iran talks.
- **Russia is to pause Kazakhstan's oil exports to Germany through the Druzhba pipeline starting May 1st, Reuters reports citing industry sources.**
- **Gunvor Head of Research Lasserre** said oil markets are "one month away from tank bottoms".
- **China to lower retail Gasoline and Diesel prices by 555 and 530 CNY/t from April 22nd.**
- **Kuwait's force majeure on oil shipments** is to have a limited impact on South Korea, according to an official cited by Reuters.
- **White House signs memo related to coal supply chains; Trump signs determination related to defence production act on domestic petroleum production.**

## TRADE/TARIFFS

- **USTR Greer tells Mexican firms that auto and steel tariffs will not go down to zero, Reuters reports citing sources.**
- **USTR Greer met with Mexico's President Sheinbaum on Monday ahead of North America trade pact review.**
- **US Trade Representative said US and Mexico are to launch USMCA talks on the week of May 25th and they are to be held in Mexico City.**
- **US Interior Secretary Bergum** said Chinese solar panels are a national security issue.

## NOTABLE EUROPEAN HEADLINES

- **Former UK Foreign Ministry Official Olly Robbins said the Cabinet Office suggested Peter Mandelson not be vetted at all; Foreign Office overruled it.**
- **Former UK Foreign Ministry Official Olly Robbins said there was a "dismissive attitude" from Number Ten towards Mandelson's vetting as they wanted to get him out to Washington as quickly as possible.** Foreign Office was under constant pressure from the PM's office to get Peter Mandelson cleared to become US ambassador.
- **French PM Lecornu has asked ministers to reduce spending by an extra EUR 4bln, AFP reported.**

## NOTABLE EUROPEAN DATA RECAP

- **EU ZEW Economic Sentiment Index (Apr) -20.4 vs. Exp. -3.6 (Prev. -8.5, Low. -37.1, High. 5.0).**
- **German ZEW Economic Sentiment Index (Apr) -17.2 vs. Exp. -5 (Prev. -0.5, Low. -20, High. 10).**
- **German ZEW Current Conditions (Apr) -73.7 vs. Exp. -70 (Prev. -62.9, Low. -74, High. -59)**
- **UK Unemployment Rate (Feb) 4.9% vs. Exp. 5.2% (Prev. 5.2%, Low. 5.1%, High. 5.3%).**
- **UK Employment Change (Feb) 25K (Prev. 84K).**
- **UK Average Earnings excl. Bonus (3Mo/Yr) (Feb) 3.6% vs. Exp. 3.5% (Prev. 3.8%, Low. 3.5%, High. 3.9%).**
- **UK HMRC Payrolls Change (Mar) -11K (Prev. 20K).**

- UK Average Earnings incl. Bonus (3Mo/Yr) (Feb) 3.8% vs. Exp. 3.6% (Prev. 3.9%, Low. 3.3%, High. 4.0%).
- UK Claimant Count Change (Mar) 26.8K vs. Exp. 21.4K (Prev. 24.7K).

## CENTRAL BANKS

- **BoJ is reportedly set to stay on hold in April but keep a hawkish stance, Bloomberg reports citing sources.** This adds to further reports from the Nikkei that the BoJ is to hold rates steady in April and to make a decision in June after assessing the situation in the Middle East.
- **BoJ Financial System Report: Japan's financial system has been maintaining stability on the whole; Japanese banks have sufficient capital bases and stable funding bases to withstand various stress situations.**
- **ECB's de Guindos said high market valuations, private credit and fiscal policy are among the financial stability risks; monetary policy must be prudent, should keep a cool head.**
- **CNB Vice-Governor Zamrazilova tells Czech radio that inflation this year can be expected to be just under 3%.**
- **BoK's new Governor Shin said to seek inflation stability and financial stability through cautious and flexible monetary policy operations.**

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Russia's Kremlin, on the potential resumption of flows via Druzhba, said Russia is technically ready but there was "blackmail from Kyiv".**
- **EU's Kallas said they are to make decisions on Ukraine's EUR 90bn loan on Wednesday.**
- **Explosion heard in Ukraine's Zaporizhzhia.**

### OTHERS

- **Japan is to permit its companies to export lethal weaponry for the first time, in a landmark break with its pacifist stance, according to FT.**

## CRYPTO

- **Bitcoin extends further above USD 76k, Ethereum holds beyond USD 2.3k.**

## APAC TRADE

- **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.

### NOTABLE APAC DATA RECAP

- **New Zealand Inflation Rate QoQ (Q1)** Q/Q 0.9% vs. Exp. 0.8% (Prev. 0.6%).
- **New Zealand Inflation Rate YoY (Q1)** Y/Y 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%).**
- **Taiwan Export Orders (Mar) Y/Y** 65.9% vs exp. 44.1% (prev. 23.8%).

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