

European Market Wrap - 21st April 2026

- European bourses opened mostly firmer, but now display a mixed picture after the risk-tone waned.
- G10s were mostly lower against the USD, NZD outperformed after the region's inflation report.
- US President Trump said he thinks they will end up with a great deal with Iran.

EQUITIES

- **European Bourses (STOXX 600 -0.3%)** began the session with modest gains, though came under pressure around mid-day BST amid a Tasnim report that Iran was preparing for new surprises and after POTUS posted that Iran has violated the ceasefire multiple times.
- **Sectors initially opened with a positive bias**, but flipped to mixed as the index tilted lower. **Tech** topped the pile for the entire session, taking a lead from the US, while **Food, Beverage & Tobacco** and **Healthcare** lagged. On the former, AB Foods slipped 2% after announcing the demerger of retailer division Primark from the food business.
- **IBEX 35 (+0.3%)** is set to complete the European session as the best performer, buoyed by gains in **Puig (+6%)**, which is said to be in talks with **Estee Lauder (-0.9%)** on a potential integration, while the **SMI (-0.9%)** underperforms after US President Trump said Switzerland should pay more tariffs.
- **US equities wiped out pre-market gains at the open after approaching ATHs in ES and NQ pre-market (ES/NQ U/C, RTY +0.1%)**. US Retail Sales were firmer than expected at face value, with miscellaneous store retailers the only sector to post a decline, though the headline was largely lifted by the 15.5% rise in gasoline sales. Also on the data front, ADP's weekly employment gauge showed a first straight week of hiring improvements.
- In terms of individual US updates, **AAPL traded lower by as much as 1%** after it announced CEO Cook is set to transition to Executive Chairman, paving the way for hardware specialist John Ternus to take his place as Chief Executive; note, President Trump made positive remarks regarding Cook on multiple occasions. **DHI +7%**, reported an EPS & rev. beat alongside better than exp. top line guidance, **AMZN +2%** after announcing it is to expand its partnership with Anthropic.

FX

- **FX showed a risk-off bias for the entirety of the European session. Kiwi led gains thanks to the region's inflation report, while USD tracked close behind.**
- **DXY was bid** for the entire European session, albeit chopping between 98.06-98.31 parameters amid conflicting reporting re. negotiations, where it is now said that both VP Vance and Iran's Ghalibaf have arrived in Pakistan. Price action remains mostly dictated by geopolitics/oil, though the latter was capped by the 95.50/60 mark for most of the session, which saw the Buck outperform energy. **US Retail Sales were firmer than expected**, with miscellaneous store retailers the only sector to post a decline, though note the headline was largely lifted by the 15.5% rise in gasoline sales.
- **Fed Chair Nominee Warsh is set to begin his hearing imminently**, full preview on the Newsquawk headline feed at 12:30 BST/07:30 EDT.
- **NZD led** for the entirety of the session after overnight inflation data revealed 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. Domestic bank, ANZ, post data, wrote: "today's data won't be welcome, particularly in an environment when inflation expectations threaten to drift meaningfully higher." A JPM S&T analyst wrote, "The FI market now prices the first full hike for July, which should lend some near-term support to the bird, especially on those crosses that have been in focus, notably AUD/NZD" **Aussie/Kiwi is set to complete the London session lower by 0.5%, falling from 1.2203 to a session low of 1.2111.**
- **GBP was weak throughout the session**, though found support around the 0.8720 level in the EUR cross, and around 1.35 in Cable. Various drivers for Sterling this session came via domestic politics, LFS data and Geopolitics. In Westminster, former UK Foreign Ministry Official Robbins essentially denied the PM's claims of due process in relation to Mandelson's appointment. Markets viewed this as seeing the PM in a weaker position, and we saw a c. 15 pip move in EUR/GBP, a move which has faded a few hours later. February LFS 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 wrote post-data "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 said "We are currently forecasting only one rate hike from the BoE." GBP saw an initial kneejerk higher following the release. Again, another move that was faded amid the mass of drivers. **Wednesday sees the release of UK CPI for March, likely to be scrutinised more closely than LFS as it will give a read into the war's impact on the UK economy.**
- Elsewhere, the traditional havens, **JPY and CHF, were lower against the USD** the entire session. The BoJ is overwhelmingly expected to stand pat on rates in its 27-28 April meeting, with a slew of sources from Reuters, Bloomberg and Nikkei alongside Banks reaffirming their calls and market pricing indicating June's meeting will be the live one. USD/JPY marched higher throughout the session to mark a session high of 159.25. Elsewhere, CHF was lower for the entire session, with losses exacerbated by remarks from the US President who said Switzerland should pay much more in tariffs. This sparked a very modest 6 pip reaction in EUR/CHF.

FIXED

- **Global fixed benchmarks started the European morning mixed** . A session dictated by geopolitical uncertainty, and conflicting reports surrounding whether the Iranian delegation has/will arrive in Islamabad for second round talks with the US. The most recent report via AP suggests that two regional officials said that the **US and Iran have signalled that they will attend**. Do note, President Trump recently provided some commentary on CNBC, where he suggested that he thinks **they will end up with a great deal with Iran, but noted that the US is ready to go militarily**. Markets will await concrete details on when/if the talks begin.
- **USTs** started the European morning with losses of around 3 ticks and traded sideways for much of the early morning trade, before then extending lower into the afternoon. Some mild downside was seen in the benchmark following the weekly ADP Employment figure, **which showed a fifth straight week of improvement in hiring** . Thereafter, **Retail Sales** were fairly resilient, though spurred little action in USTs at the time. Currently, set to end the European session at the lower end of a 111-13 to 111-22+ range.
- **Bunds** notched mild gains in early morning trade, before succumbing to late pressure as the session progressed. Poised end the European day around the unchanged mark, and towards the trough of a 125.86 to 126.17 range. Geopolitics aside, German ZEW metrics deteriorated further given the ongoing conflict.
- **Gilts** also extended lower. Initially opened with mild losses, before moving a touch higher in early morning trade. Despite attempting to move off lows, UK paper is now set to close the European session off by around 30 ticks and towards the base of a 87.83 to 88.42 range. Initial hawkish leads came from a lower-than-expected **UK unemployment figure**, which would be welcomed at the BoE – but will have little impact on near term pricing given the conflict. Domestic politics remains in focus. The latest update came from the Former UK Foreign Ministry Official Ollie 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 space.
- **Three issuers** are likely to sell new investment-grade bonds in the US primary market on Tuesday, according to a Bloomberg poll of syndicate underwriters.
- **Germany sold EUR 4.282bln vs exp. EUR 6bln 2.50% 2028 Schatz: b/c 1.7x & avg. yield 2.47%**.
- **UK sold 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)**.

COMMODITIES

- **Crude benchmarks spent the session in the red** , pressured as we count down to the commencement of US-Iran negotiations and as the overall skew of reporting was, particularly at first, mildly constructive.
- However, there is still no official confirmation that Iran will attend, though sources suggest they will. Furthermore, the US President has made clear that he does not want to extend the ceasefire, which expires at 20:00ET on Wednesday.
- At first, **WTI and Brent** got to lows of USD 85.50/bbl and USD 93.86/bbl, posting downside of just under USD 2.00/bbl each. But, as the day progressed, the benchmarks have lifted off worst and are set to conclude the European session lower by c. USD 0.50/bbl.
- **Dutch TTF** remains bid above the EUR 40/MWh mark and as high as EUR 42.09/MWh. Upside driven in part by reports that Russia is set to pause Kazakhstan's energy exports to Germany via the Druzhba pipeline from May, though the Kremlin has since denied the Reuters report.
- Furthermore, the complex was attentive to reporting in the FT that the **European Commission on Wednesday is expected to maintain guidance for members to have gas storage levels at 80% into the winter, vs the current c. 30% fill level**.
- **Spot gold** hit a USD 4761/oz low and is poised to end the European day around that mark, hit by the modestly constructive tone and USD strength. Drivers for the metal ahead include the **Warsh nominee hearing**, which comes shortly after Trump said he would be disappointed if the new Fed Chair did not cut rates.
- **Base metals** were firmer, benefitting from the risk tone. However, performance is relatively modest in nature with USD strength capping alongside uncertainty into Wednesday's negotiations.
- **Goldman Sachs (GS) CEO Solomon** said it is very reasonable oil at USD 80-100/bbl in 3-6 months. Highly escalated Iran conflict could push oil to USD 170/bbl.
- **Russia's oil supplies to India** is reportedly set to exceed 2mln BPD in April-May on strong demand, sources suggest; new US waiver on Russian oil may boost additional demand.
- **Russia's Kremlin, on the potential resumption of flows via Druzhba, said Russia is technically ready but there was "blackmail from Kyiv"; denies Reuters report that Russia will halt Kazakhstan oil flows to German**.
- **Russia** is to pause Kazakhstan's oil exports to Germany through the Druzhba pipeline starting May 1st, Reuters reported citing industry sources.
- **Canada** is reportedly considering a new oil pipeline route in southern British Columbia that some believe will face less resistance than the proposed Alberta route, Globe & Mail reported citing sources.
- **China to lower retail Gasoline and Diesel prices by 555 and 530 CNY/t from April 22nd**.

EUROPEAN DATA

- **EU ZEW Economic Sentiment Index (Apr) -20.4 vs. Exp. -3.6 (Prev. -8.5, Low. -37.1, High. 5.0)**.
- **German ZEW Current Conditions (Apr) -73.7 vs. Exp. -70 (Prev. -62.9, Low. -74, High. -59)**.
- **German ZEW Economic Sentiment Index (Apr) -17.2 vs. Exp. -5 (Prev. -0.5, Low. -20, High. 10)**.
- **UK HMRC Payrolls Change (Mar) -11K (Prev. 20K)**.
- **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 Average Earnings incl. Bonus (3Mo/Yr) (Feb) 3.8% vs. Exp. 3.6% (Prev. 3.9%, Low. 3.3%, High. 4.0%).**
- **UK Unemployment Rate (Feb) 4.9% vs. Exp. 5.2% (Prev. 5.2%, Low. 5.1%, High. 5.3%).**
- **UK Claimant Count Change (Mar) 26.8K vs. Exp. 21.4K (Prev. 24.7K).**

NOTABLE 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 4bn, AFP reported.**

TRADE/TARIFFS

- **US President Trump said regarding tariffs that Switzerland should pay much more, will get that up a little bit, speaking to CNBC. Elite nations are only elite because, among other reasons, the US allowed them to walk away with billions but tariffs have stopped this. Tariffs are being done a different way, and will get bigger numbers. Not happy with the Supreme Court. Will remember firms that do not request tariff reimbursements; it would be brilliant if Apple (AAPL) and Amazon (AMZN) were among those. The "enemy" is getting the tariff refund money.**
- **Senate Democrats are set to introduce legislation requiring US Health Secretary RFK Jr. to disclose terms of the Trump administration's confidential "most favoured nation" drug pricing deals with 16 pharma companies, according to Axios. The bill stands little chance of advancing, Axios said, but challenges administration transparency. Democrats argue that the deals offer minimal patient savings, and largely exclude Medicare and private insurance recipients.**
- **USTR Greer tells Mexican firms that auto and steel tariffs will not go down to zero, Reuters reported citing sources.**

CENTRAL BANKS

- **Senator Tillis remains unmoved by White House's full-court press to vote Kevin Warsh out of committee even as hearings begin for his nomination as Fed chair, via FBN's Gasparino. Tillis remains defiant as of now that the Powell investigation must be dropped in exchange for his vote. White House is also said to be pressing Senate Majority Leader Thune for a procedural move around the committee, which as of now also seems unlikely.**
- **US President Trump said Fed Chair nominee Warsh is great and he will do a great job. Have been in favour of rate increases to stop inflation in the past, it is "sort of effective". US should always have the lowest interest rate globally.**
- **US President Trump, on Fed Chair nominee Warsh said, the probe into Powell is correct, reiterates criticism of the elevated building costs "we need to find out why it costs close to USD 4bn", speaking to CNBC. When asked if the banking committee could take the investigation over, reiterates that they need to find out why it costs so much and why the overruns have occurred. Would be disappointed if the new Fed Chair does not cut rates.**
- **US Senate Banking Chairman Scott said they are willing to set up a special committee to look at construction projects; We should move on and get Warsh in the Chair, via CNBC interview.**
- **BoJ is reportedly set to stay on hold in April but keep a hawkish stance, Bloomberg reported citing sources. Some officials still favour increasing rates in April, as they expect the Middle East shock to push prices higher. Officials remain committed to further hikes when conditions allow; the report suggests that a June move becomes more likely if the economy holds up.**
- **BoJ to hold rates steady in April, Nikkei reported citing sources; to make a decision in June after assessing the situation in the Middle East.**
- **ECB's de Guindos said, regarding banking integration, have always been in favour of cross-border mergers, Bloomberg reported; have advocated removing the existing limitations and restrictions.**
- **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.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's oil supplies to India is reportedly set to exceed 2mln BPD in April-May on strong demand, sources suggest; new US waiver on Russian oil may boost additional demand.**
- **Ukrainian drones have reportedly hit an oil dispatch facility in Russia's Samara region, SBU source said.**
- **Russia's Kremlin, on the potential resumption of flows via Druzhba, said Russia is technically ready but there was "blackmail from Kyiv"; denies Reuters report that Russia will halt Kazakhstan oil flows to German.**
- **Russia is to pause Kazakhstan's oil exports to Germany through the Druzhba pipeline starting May 1st, Reuters reported citing industry sources.**
- **EU's Kallas said they are to make decisions on Ukraine's EUR 90bn loan on Wednesday.**

MIDDLE EAST

- **Two regional officials tell the AP that US and Iran signal they'll attend a new round of ceasefire talks in Islamabad**
- **US President Trump says Iran has violated the cease fire numerous times.**
- **US President Trump says he thinks they will end up with a great deal, speaking to CNBC; Iran has no choice, it is regime change no matter what you want to call it. In a strong negotiating position.**

- **US President Trump says the actions in Iran are justified**, despite the impact on the market and energy prices from it, speaking to CNBC; administration officials understood that it had to happen. Have "totally won the war".
- **US President Trump** says a currency swap with the UAE is being considered, speaking to CNBC; "if I could help the UAE, I would".
- **US President Trump posts** "To the Iranian leaders, who will soon be in negotiations with my representatives...would appreciate the release of these women...would be a great start to our negotiations".
- **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 a Iranian ship.

NOTABLE NORTH AMERICAN NEWS

- **US Medicare Agency Chief** said Government will ask states to give plans for revalidating 'high-risk' Medicaid providers.
- **Home Depot (HD) courts contractors as US economy weighs on the DIY** set, FT reported. FT said HD is spending billions to attract new business from professionals beyond traditional customer base.
- **US Budget Chair Lindsey Graham** is expected to release a text of ICE budget resolution this morning, two sources told POLITICO. It is expected to direct the Judiciary Committee and Homeland Security and Governmental Affairs Committee to draft long-term funding legislation for ICE and other agencies Democrats have refused to fund without new enforcement guardrails.

NORTH AMERICAN DATA

- **US President Trump said that maybe someone should help Spirit. Re. American Airlines (AAL)-United Airlines (UAL) he does not like it. Maybe the Federal Government could help Spirit. Praises Raytheon (RTX).**
- **US Redbook YoY (Apr/18) Y/Y 6.7%.**
- **US Retail Sales Control Group MoM (Mar) M/M 0.7% vs. Exp. 0.2%.**
- **US Retail Sales MoM (Mar) M/M 1.7% vs. Exp. 1.4% (Prev. 0.6%, Low. 0.4%, High. 2.0%).**
- **US Retail Sales Ex Autos MoM (Mar) M/M 1.9% vs. Exp. 1.4% (Prev. 0.5%, Low. 0.3%, High. 2.2%).**
- **US Retail Sales Ex Gas/Autos MoM (Mar) M/M 0.6% (Prev. 0.4%).**
- **US Retail Sales YoY (Mar) Y/Y 4.0% (Prev. 3.7%).**
- **US ADP Employment Change Weekly (w/e Apr 4th) 54.75K (prev. 39.3k, revised 40.3k); fifth straight week of improvement in hiring.**

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