

## Stocks rise on hopes of more US/Iran talks

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude mixed, Dollar down, Gold up
- **REAR VIEW:** US to send Witkoff and Kusher to Islamabad for talks with Iran; Iran FM Araghchi in Islamabad, but Iran denies talks with US are scheduled; Pakistan push for US/Iran talks after bilateral discussions; More reports about Ghalibaf retiring, ultimately denied; Stellar INTC report, guidance & commentary; US Attorney Piro confirms dropping of the criminal probe into Fed Chair Powell; UoM falls but beats expectations.
- **COMING UP:** **Data:** German GfK Consumer Confidence (May), US Dallas Fed Manufacturing Index (Apr) **Supply:** EU, US
- **WEEK IN FOCUS:** Highlights include Fed, BoJ, BoE, ECB, BoC, US PCE, GDP and ISM Manufacturing PMI. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Plethora of earnings with 5 of the Mag-7 reporting after-hours. [Click here for the full report.](#)

## MARKET WRAP

Markets were firmer on Friday as sentiment improved on hopes of progress in US-Iran negotiations, driving a risk-on tone across assets. Equities gained, led by tech, while crude prices fell on reports suggesting a potential breakthrough in talks. Moves were choppy amid conflicting headlines, and crude futures ultimately settled mixed. Tech outperformed after strong INTC earnings lifted the chip sector. Geopolitics remained the dominant driver, with reports pointing to a possible resumption of negotiations, including US envoys travelling to engage with Iran's foreign minister. However, Iranian media continued to push back on the likelihood of direct talks, keeping uncertainty in play and limiting follow-through in risk assets. Reports suggested talks could take place between Iran and the US on Sunday, but only after Iran-Pakistan talks. The move lower in crude supported Treasuries, with the curve bull-steepening as easing oil prices reduced inflation concerns, particularly at the front end. Meanwhile, T-notes were also supported after it was confirmed the probe into Fed Chair Powell has been dropped, although the White House later said it is still ongoing. In FX, the dollar weakened in the risk-on environment, with G10 peers broadly firmer. Antipodeans outperformed, with NZD leading gains on hawkish RBNZ pricing, while EUR and GBP also advanced. In commodities, gold and silver were bid, supported by the decline in the dollar and yields. Data remained of secondary focus, with University of Michigan sentiment declining by less than expected, while inflation expectations rose, reinforcing the broader stagflation narrative. Attention next week turns to a plethora of central banks, including the Fed, BoJ, BoE, BoC and ECB, while US data includes PCE, GDP and the ISM manufacturing PMI report, though geopolitics is likely to remain the main driver of price action.

## US

**MICHIGAN:** Final University of Michigan data for April topped expectations as sentiment rose to 49.8 from a preliminary 47.6, but was down from 53.3 in March. Conditions rose to 52.5 from the preliminary 50.1, versus 55.8 in March, while expectations came in at 48.1, versus a preliminary 46.1 and 51.7 in March. One-year inflation expectations ticked down to 4.7% from the initial 4.8%, but were still up M/M from 3.8%. Longer-term 5-10-year expectations edged higher to 3.5% from 3.4%, again topping last month's 3.2%. Surveys of Consumers Director Hsu said: "After the two-week cease-fire was announced and gas prices softened a touch, sentiment recovered a modest portion of its early-month losses. The Iran conflict appears to influence consumer views primarily through shocks to gasoline and potentially other prices. In contrast, military and diplomatic developments that do not lift supply constraints or lower energy prices are unlikely to buoy consumers."

## FIXED INCOME

### T-NOTE FUTURES (M6) SETTLED 5+ TICKS HIGHER AT 111-07

Treasuries were firmer across most of the curve on Friday, with yields steepening led by the front-end. At settlement, 2-year -5.6bps at 3.776%, 3-year -4.8bps at 3.797%, 5-year -4.4bps at 3.911%, 7-year -3.2bps at 4.097%, 10-year -2.3bps at 4.302%, 20-year -1.6bps at 4.887%, 30-year -0.4bps at 4.910%.

**THE DAY:** T-notes traded sideways overnight and through the European morning before rallying in the US session as crude prices declined on reports of a potential breakthrough in US/Iran negotiations. The initial upside faded on headlines suggesting top Iranian negotiator Ghalibaf could resign from talks, although this was later denied, allowing Treasuries to return higher. Further support came after US media reported that President Trump is sending envoys Witkoff and Kushner to engage with the Iranian foreign minister, reinforcing hopes for progress.

T-notes were also supported by reports that were ultimately confirmed, that the criminal probe into Fed Chair Powell and Fed renovation costs has been dropped. However, Press Secretary Leavitt later suggested the probe is still ongoing.

Overall, price action was dictated by moves in crude and shifting geopolitical headlines, with easing oil prices supporting the front-end via lower inflation expectations.

On the data front, the University of Michigan survey showed consumer sentiment declining, though by less than expected, with both current conditions and expectations falling but printing above forecasts. The release had little impact on Treasuries, with markets continuing to look through data. Note, the UoM inflation expectations rose, with the one-year ahead reading at 4.7% from 3.8% prior, just below the 4.8% consensus, while the longer-term measure rose to 3.5% from 3.2%, above the 3.4% consensus.

Looking ahead, focus turns to a busy week of central bank meetings, including the Fed, alongside upcoming Treasury supply. In the near-term, attention remains on developments in US/Iran talks over the weekend.

## SUPPLY

### Notes

- US to sell USD 69bn 2-year notes on April 27th, to sell USD 70bn 5-year notes on April 27th, to sell USD 44bn 7-year on April 28th, to sell USD 30bn 2yr FRN on April 28th

### Bills

- US to sell USD 77bn of 26-week bills and USD 89bn of 13-week bills on April 27th. To sell USD 70bn of 6-week bills on April 28th; all to settle April 30th.

## STIRS/OPERATIONS

- Fed Money Market Pricing (D/D): April +1.8bps (prev. +1.8bps), June 0.6bps (prev. +1.8bps), July -2.2bps (prev. -0.7bps), Dec -10.4bps (prev. -5.3bps)
- NY Fed RRP op demand at 0.08bn (prev. 0.11bn) across 4 counterparties (prev. 7) on April 24th
- SOFR at 3.65% (prev. 3.64%), volumes at USD 3.011tn (prev. USD 2.96tn) on April 23rd
- EFRF at 3.64% (prev. 3.64%), volumes at USD 93bn (prev. USD 89bn) on April 23rd

## CRUDE

**WTI (M6) SETTLED USD 1.45 LOWER AT 99.40/BBL; BRENT (M6) SETTLED USD 0.26 HIGHER AT 105.33/BBL**

Crude prices settled in the red, with WTI and Brent diverging. Gains in the European morning faded as hopes for a return to the negotiating table supported sentiment. Middle East press reported that Iran's Foreign Minister Araghchi will arrive in Islamabad today, while reports also touted a serious breakthrough. This drove crude to session lows, but the downside then started to pare as further reports suggested Iran's top negotiator with the US, Parliament Speaker Ghalibaf, had resigned from his role in talks with the US, a story that was later denied by Iranian media. Meanwhile, reporting was mixed regarding US/Iran direct negotiations resuming; Iran appears not to have scheduled talks with the US, and will instead hold bilateral conversations with Pakistan, according to the latest. Nonetheless, crude took another hit after US media reported that Envoys Witkoff and Kushner would travel to Islamabad for negotiations with Iran's foreign Minister Araghchi. However, Iranian press has continued to deny that Tehran had decided to return to talks with the US, leaving crude to settle off its lows. Elsewhere, the Baker Hughes rig count showed oil rigs down three at 407, while natgas rigs rose four to 129, taking the total up one to 544. Attention next week remains largely on geopolitics, and weekend reports on the progress of potential talks.

## EQUITIES

**CLOSES:** SPX +0.80% at 7,165, NDX +1.95% at 27,304, DJI -0.16% at 49,230, RUT +0.43% at 2,787.

**SECTORS:** Technology +2.46%, Consumer Discretionary +1.36%, Communication Services +0.88%, Materials +0.62%, Utilities +0.16%, Energy -0.24%, Real Estate -0.38%, Consumer Staples -0.42%, Financials -0.64%, Industrials -0.89%, Health -1.37%

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.24% at 5,881, DAX -0.06% at 24,141, FTSE 100 -0.75% at 10,379, CAC 40 -0.84% at 8,158, AEX +0.64% at 1,021, IBEX 35 -1.09% at 17,691, FTSE MIB -0.52% at 47,656, SMI -0.59% at 13,170, PSI -0.92% at 9,124.

### EARNINGS:

- **Intel (INTC):** Stellar Q report & guidance w/ strong data centre & foundry growth as optimism rises around AI-related CPU & advanced packaging demand; in sympathy, semi's rose with **AMD, ARM, MRVL, and ETF SOXX** all firmer.
- **Charter Communications (CHTR):** Profit missed
- **Procter & Gamble (PG):** Top & bottom line surpassed exp.
- **The Hartford Insurance (HIG):** EPS & rev. fell short of Wall St. consensus.
- **Principal Financial (PFG):** Profit beat & lifted Q div. to \$0.82/shr from 0.80.
- **Edwards Lifesciences (EW):** Strong Q report & guidance
- **Boyd Gaming (BYD):** Top & bottom line short as performance was hurt by soft rev. at its Las Vegas business.

### STOCK SPECIFICS:

- A rumour that **Qualcomm's (QCOM)** ARM data centre CPU is scheduled to launch in June, Citrini Research's Jukan reports.
- **Meta (META) and Amazon (AMZN)** agree to a multi-billion-dollar deal over several years where META will use tens of millions of AMZN Web Services' Graviton chip cores to support its AI agents and other AI initiatives, via WSJ.
- **Google (GOOGL)** to invest USD 10bn in cash in Anthropic, providing a minimum of 5 gigawatts of computing power, with potential for additional investment of up to USD 30bn if targets are met.
- **iHeartMedia (IHRT)** said to hold talks about a merger with **Sirius XM (SIRI)**, according to Bloomberg citing sources

## FX

**USD:** The USD fell on Friday amid constructive geopolitical updates that drove a risk-on macro environment, with equities and Treasuries rallying, crude lower and bullion gaining. The only data releases of note were the final University of Michigan sentiment data for April, where the headline topped expectations but still declined from the prior reading. Inflation expectations rose, with the one-year ahead reading at 4.7% from 3.8% prior, just below the 4.8% consensus, while the longer-term measure rose to 3.5% from 3.2%, above the 3.4% consensus. While geopolitics will remain the overarching driver for the USD, next week is packed with key events, including the FOMC, expected to be unchanged, PCE inflation data, where energy-driven upside is expected, and Q1 GDP growth figures, seen picking up from Q4. Traders will look to the data to assess how much further the stagflationary narrative gains traction and the implications for Fed policy.

**EUR:** The EUR snapped a three-day losing streak on Friday amid geopolitical optimism. Talks between the US and Iran are set to resume via intermediaries initially, with a possible trilateral meeting between the US and Iran, potentially on Monday, to be assessed after the initial talks. While markets welcomed the news, reports noted that behind-the-scenes discussions on the Strait of Hormuz and uranium enrichment are continuing. The news drove risk-on macro trading to the USD's detriment. Attention next week will remain on geopolitics, but there are key EUR-related events, namely the ECB's April meeting, where traders will look for guidance on whether the central bank is moving towards lifting rates over the summer.

**JPY:** The yen strengthened on Friday, largely underpinned by geopolitical optimism that drove flows out of the USD. Japanese inflation data overnight showed CPI rebounded in March, rising by 0.4% M/M from -0.2% previously, with the annual rate climbing to 1.5% Y/Y from 1.3%. The ex-food and energy measure eased to 2.4% Y/Y from 2.5%, while the core rate rose to 1.8% Y/Y, in line with expectations and up from 1.6% previously. The rise in CPI came as the Middle East conflict lifted energy costs. The BoJ is also set to meet next week, but recent reports suggest the central bank will keep rates unchanged at the meeting. Traders will watch for any guidance on future hawkishness, with recent reports suggesting the central bank will still signal a readiness to lift rates and is set to raise its inflation projections.

**GBP:** As with other major FX, the pound gained on Friday as the USD weakened on geopolitical optimism. In the premarket, data showed UK retail sales rose by 0.7% M/M in March, above expectations for no growth, while the annual rate was 1.7% Y/Y, above the 1.3% expected but down from 2.5% previously. The ex-fuel measure rose 0.2% M/M, in line with expectations, with the annual ex-fuel rate easing to 1.7% Y/Y, below the 2.0% expected and down from 3.4% previously. The ONS said volumes sold online and in stores increased as motorists filled up on fuel after petrol prices surged amid conflict in the Middle East. Sterling traders will also look to next week's MPC policy announcement. The central bank is expected to maintain rates as it awaits further information on the impact of the Middle East conflict, though analysts said the decision could again be subject to policymaker dissent.

**NZD:** The Kiwi continued to see upside in the wake of this week's CPI data, which topped expectations. Money markets began pricing in further RBNZ rate hikes after the release, and many now expect the central bank to lift rates by its July meeting.

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