European Market Wrap - 29th April 2026

- **European bourses were broadly in the red; US equity futures are mixed, with slight outperformance in the NQ (+0.1%).**
- **Energy prices soared on reports of an extended US blockade of Iran; Brent Jul'26 +5%.**
- **DXY buoyed by geopols, USD/JPY topped 160.00, Antipodeans underperformed.**

EQUITIES

- **European bourses (STOXX 600 -0.5%)** spent most of the European session on a weaker footing as energy benchmarks picked up. Geopolitical updates weighed on sentiment throughout the session. Updates included: White House Official said US President Trump and oil companies discussed steps to continue the Iran blockade for months if needed, in fitting with the earlier WSJ report "Trump told officials to prepare for an extended blockade of Iran". Elsewhere, Iran warned that continued US maritime piracy would be met with “practical and unprecedented military action, Press TV reported.
- In terms of sectoral performance, **Comms, Energy and Tech outperformed**, while **Healthcare and Retail lagged**. Comms was helped by **DTE GY** as it benefitted from a TMUS Q1 beat and raise. Tech rose on the read-across from NXPI +24% earnings, and energy was powered higher by Crude strength.
- Stateside, indices are mixed. **NQ outperforms** on the aforementioned tech strength, and ahead of **MSFT, AMZN, META, GOOG** and **QCOM** earnings, while **ES** and **RTY** are a touch lower amid the unconstructive yield/energy environment. Ahead: tech earnings, FOMC meeting and Warsh is expected to pass the Senate Banking committee Warsh nomination.

FX

- **DXY was firmer for the entire London session** as it advanced from the key 98.50 level as Crude rallied (Brent +3.5%), while NOK was the best G10 performer and continues to be the best gauge of Middle East sentiment, USD/NOK -0.4% trades towards April 2022 levels, **NOK/SEK** +0.7%, breached 1.00, not seen since June 2024.
- The Buck looks to a heavy session of US earnings, Fed announcement, and the Senate Banking Committee, expected to advance Kevin Warsh’s nomination as Fed Chair imminently.
- **Fed Preview:** Widely expected to leave rates unchanged, with focus squarely on Chair Powell’s guidance as policymakers assess the inflationary impact of the ongoing US-Iran conflict. The recent surge in oil prices has pushed back rate cut expectations, with a Reuters poll showing a majority of economists now see easing delayed until at least September. Traders also seek details about Powell’s future, with this meeting expected to be his last as Fed Chair, providing Kevin Warsh is approved in time.
- **EUR/USD** was lower the entire London session amid USD dominance and cooler-than-expected German inflation data. EUR/USD mostly supported by the 1.17 mark.
- **ECB Preview:** The relatively limited amount of data, no overt signs of second round effects and uncertainty on the duration of the shock and degree of pass through mean the ECB is likely to maintain its interest rates and hold the Deposit Rate at 2.00%. Accompanying guidance will likely see a continuation of the wait and see approach, with the statement and/or President Lagarde to potentially point to the June MPR as a period where sufficient information may be available to make a policy decision.
- **BoC** held rates for the fourth consecutive meeting in a broadly as expected decision and statement. The bank said it is looking through the war's immediate impact on inflation, but will not let higher energy prices lead to persistent inflation. MPR noted inflation was to increase in 2026 amid higher gasoline prices caused by the Middle East conflict, which will then ease in 2027 as oil prices are assumed to moderate. For 2026 & 2027 growth, it said the outlook was evolving generally as anticipated. **USD/CAD**, +0.2%, rose 20 pips post-announcement.
- **Antipodeans** were the worst G10 performers after Australia inflation for March was softer than expected and trimmed bets for hikes in Next week's RBA meeting. ING wrote "The pullback in AUD looks mostly a function of stretched positioning rather than a real rethink of RBA expectations". Citi in a note this morning also said its trader likes **AUD/NZD**, but with NZD weakness driving the cross to new highs, hesitant to engage.

FIXED

- **A bearish session for fixed income given renewed energy upside** as participants price extended disruption to the Strait of Hormuz. **However, the magnitude of moves generally and particularly for USTs is relatively limited into the FOMC** .
- **USTs** down to a 110-21+ trough, lower by six ticks at most. Aside from awaiting the FOMC, which will likely be Powell’s last as Chair, the US market also looks to **numerous mega-cap earnings after the close** .
- **Bunds** followed suit. Fleeting upside on the **German State CPIs** which were indicative of a cooler mainland than consensus implied, no move on the flash nationwide figure thereafter which conformed to this bias. Spent the day within, but at the lower-end of, 124.78 to 125.16 bounds.
- **Gilts** gapped lower and then came under modest further pressure as energy climbed. UK specifics were somewhat light after Tuesday’s busy political agenda and ahead of **Thursday’s BoE**. Most recently, **Manchester Mayor Burnham said he does not rule out seeking to become an MP again**, leading to further pressure in Gilts. Burnham is regarded as a credible leadership challenge to UK PM Starmer. However, he is not currently an MP and was blocked from running to become one in a recent by-election by Labour.

- **Germany sold EUR 3.8bln vs exp. EUR 5bln 2.90% 2036 Bund: b/c 1.15x (prev. 1.24x), average yield 3.08% (prev. 2.92%), retention 23.3% (prev. 23.66%).**
- **Italy** sold EUR 5.5bln vs exp. EUR 4.5-5.5bln 3.15% 2031, 3.35% 2035 BTP and EUR 3.5bln vs exp. EUR 3.0-3.5bln 2036 CCTeu.

COMMODITIES

- **WTI and Brent** started the European session with very mild gains, and extended higher as the session progressed. **WTI Jun'26** (USD 98.42-104.44/bbl) and **Brent Jul'26** (USD 103.30-109.56/bbl) are set to end the EU session at the upper end of respective ranges.
- Earlier action saw traders digest a **WSJ article which suggested that Trump told officials to prepare for an extended blockade on Iran**. The complex then took another leg higher after a **White House Official said Trump and oil companies discussed steps to continue the Iran blockade for months**, if needed. Also clouding sentiment towards progress was a source report via Press TV, which suggested that Iran would hit the US with **"unprecedented" military action, should the US continue its "maritime piracy"**.
- **Spot gold traded** with mild losses throughout the entirety of the European session, and resided towards the bottom of a USD 4,535-4,610/oz range. Ultimately, the yellow-metal is moving at the whim of the stronger USD and traders assessing the inflation implications of an elongated blockade. **Focus remains firmly on the FOMC, where rates are expected to be kept on hold, but with attention on the guidance provided at the confab**. (Preview in the Research Suite)
- **Base metals** were initially mixed, but look set to end the European session entirely in the red, following broader sentiment. **3M LME Copper** found support around the USD 13k/t mark, and held within a USD 13,002.03-13,155.93/t range. The red-metal was initially buoyed by Chinese fabs replenishing stockpiles ahead of the Labor Day holiday, with restocking supporting prices and some buyers viewing recent declines on global growth concerns as an opportunity.
- **Italy Transport Minister** said jet fuel reserves available in Italy enough to ensure operations at least until end of May.
- **White House official** said US President Trump met energy executives Tuesday, discussed domestic production, Venezuela, oil futures, natural gas, and shipping.
- **Russia could increase seaborne crude exports in May as port capacity has been restored and weather will improve, according to sources.**
- **Hong Kong to launch liquefied petroleum gas fuel subsidy measures.**
- **Iran has pushed back on statements from the US regarding pipeline explosions, ISNA reported.**
- **Russian Kremlin** said they are not going to exit OPEC+. Hope the UAE's action does not imply an end to OPEC+.
- **US President Trump met with oil and gas executives on Tuesday, Axios reported; those in attendance included the Chevron (CVX) CEO.** Topics included domestic production, progress in Venezuela, oil futures, natural gas and shipping, the official said.
- **Japanese tankers have reportedly crossed the Strait of Hormuz following on from talks with Iran.**
- **"More UAE accounts on X teasing another big announcement today", Bloomberg's Bercetche reported.**
- **UAE's Fujairah port oil inventories have fallen further to 6mln barrels.**
- **EU Commission President von der Leyen** said stronger EU coordination is required on fuel reserves.
- **Kazakhstan's Energy Minister** said they have no intention to leave OPEC.

EUROPEAN DATA

- **German Inflation Rate MoM Prel (Apr) M/M 0.6% vs. Exp. 0.7% (Prev. 1.1%, Low. 0.5%, High. 1.1%).**
- **German Prelim. HICP (Apr): 2.9% Y/Y vs. exp. 3.1% (prev. 2.8%); 0.5% M/M vs exp. 0.8% (prev 1.2%).**
- **German Inflation Rate YoY Prel (Apr) Y/Y 2.9% vs. Exp. 3% (Prev. 2.7%, Low. 2.7%, High. 3.3%); Core 2.3% (prev. 2.5%).**
- **Spanish** HICP Flash (Apr): 3.5% Y/Y (prev. 3.4%); Core 3.1% Y/Y (prev. 2.8%); M/M 0.7% (prev. 1.7%).
- **Spanish Inflation Rate YoY Prel (Apr) Y/Y 3.2% vs. Exp. 3.6% (Prev. 3.4%); Core 2.8% (prev. 2.9%).**
- **Spanish Core Inflation Rate YoY Prel (Apr) Y/Y 2.8% (Prev. 2.9%).**
- **Spanish Inflation Rate MoM Prel (Apr) M/M 0.4% (Prev. 1.2%).**
- **EU Consumer Confidence Final (Apr) -20.6 vs. Exp. -20.6 (Prev. -16.3).**
- **EU** Services Sentiment (Apr) 0.9 (Prev. 4.9).
- **EU** Selling Price Expectations (Apr) 31.1 (Prev. 19.7).
- **EU** Economic Sentiment (Apr) 93.0 vs. Exp. 95.5 (Prev. 96.6).
- **EU** Industrial Sentiment (Apr) -7.7 vs. Exp. -8 (Prev. -7.0).
- **EU** Loans to Companies YoY (Mar) Y/Y 3.2% (Prev. 2.9%).
- **EU** M3 Money Supply YoY (Mar) Y/Y 3.2% vs. Exp. 3.1% (Prev. 3%).
- **EU** Loans to Households YoY (Mar) Y/Y 3% vs. Exp. 3.1% (Prev. 3%).
- **Italian** Consumer Confidence (Apr) 90.8 (Prev. 92.6).
- **Italian** Business Confidence (Apr) 87.9 (Prev. 88.8).
- **Norwegian** Retail Sales MoM (Mar) M/M -0.1% (Prev. -1.1%).

NOTABLE HEADLINES

- **UK PM Starmer's advisors** are reportedly split over whether he should conduct a cabinet reshuffle following the 7th May local elections, Sky News reported citing sources.
- **German Finance Minister** said it is not yet at the stage to consider debt brake suspension.
- **EU Commission adopts temporary State aid framework to support sectors affected by Middle East crisis.**
- **German Chancellor Merz** said that his personal relationship with US President Trump continues to remain "good".
- **The EU** is taking legal action over Hungary for failing to abolish retail tax regime.

- **German Cabinet has** approved the blueprint budget and an overhaul of the healthcare system.

TRADE/TARIFFS

- **Australia Foreign Minister Wong** said Chinese Government agreed to cooperate with Australian businesses on jet fuel shipments and are committed to cooperate with China incl. energy security.

CENTRAL BANKS

- **BoE PRA publishes** plans to support resilience in the life insurance industry. “Funded reinsurance is growing rapidly and has the potential to undermine the resilience of insurers if not managed properly. Today’s proposals aim to iron out the discrepancy in the regulatory treatment for these deals, to protect pensioners and improve insurers’ incentives to invest directly in the UK economy.”. The proposals should reduce incentives for firms to choose funded reinsurance over other sources of capital, supporting future resilience and also driving more direct investment in its place, including investment in the UK economy.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia could increase seaborne crude exports in May as port capacity has been restored and weather will improve, according to sources.**
- **Russian Kremlin** said they are not going to exit OPEC+. Hope the UAE's action does not imply an end to OPEC+.
- **Ukraine targeted a Cameroon-flagged vessel that** was subject to sanctions. The vessel was c. 210km from Tuapse, Russia.

MIDDLE EAST

- **White House Official said US President Trump and oil companies discussed steps to continue the Iran blockade for months if needed.**
- **IAEA's Grossi** said they want to inspect the Iranian facilities where nuclear materials are stored. Discussed with Russia and others the possibility of sending the highly enriched uranium out of the country. Such material must not remain in Iran.
- **Israeli Foreign Minister** said "we will reconsider the military option with Iran if US negotiations fail", Al Hadath reported.
- **Iran has warned that continued US maritime piracy will soon be met with “practical and unprecedented military action,” high-ranking security source told Press TV.**
- **Iran** is expected to submit a revised peace proposal soon, CNN reported citing sources.
- **India** is in discussions with Iran around the exit of vessels from Hormuz.
- **US President Trump posted "Iran can’t get their act together. They don’t know how to sign a nonnuclear deal. They better get smart soon! President DJT".** Post also includes an image of President Trump holding a rifle, with explosions behind him; caption reads "NO MORE MR. NICE GUY!".
- **Japanese PM Takaichi** said Japan will engage with Iran for safe passage of ships.
- **Iran's Vice Chairman of the National Security Council Boroujerdi** said, on negotiations, that Ghalibaf "personally manages" them.
- **Senior Pakistani official** said mediation continues, working to narrow the gap between the US and Iran.
- **Some US Republicans** are actively discussing whether to authorize the war, saying it’s a weighty constitutional matter that requires Congress to hold a War Powers Act debate, Semafor reported.
- **Israeli's PM Netanyahu office has not received an invitation to Washington and no meeting has been scheduled between Netanyahu/Trump, Al Hadath reported.**
- **Members of US President Trump’s National Security team presented him with multiple options this week for how to handle the continuing bottleneck in the Strait of Hormuz, NBC reported, citing a US official.**
- **Pakistan's PM** said efforts to achieve peace and ceasefire are ongoing, Al Arabiya reported.

NORTH AMERICAN DATA

- **US** Building Permits Prel (Mar) 1.372M vs. Exp. 1.39M.
- **US** Durable Goods Orders Ex Transp MoM (Mar) M/M 0.9% vs. Exp. 0.4% (Prev. 0.8%).
- **US** Durable Goods Orders ex Defense MoM (Mar) M/M -0.3% (Prev. -1.2%).
- **US Housing Starts (Mar) 1.502M vs. Exp. 1.40M.**
- **US** Housing Starts MoM (Mar) M/M 10.8%.
- **US** Building Permits Prel (Feb) 1.538M (Prev. 1.386M).
- **US Durable Goods Orders MoM (Mar) M/M 0.8% vs. Exp. 0.5% (Prev. -1.4%).**
- **US** Housing Starts MoM (Feb) M/M -3% (Prev. 7.2%).
- **US Housing Starts (Feb) 1.356M vs. Exp. 1.4M (Prev. 1.487M, Low. 1.310M, High. 1.488M).**
- **US** Building Permits MoM Prel (Mar) M/M -10.8%.
- **US** Goods Trade Balance Adv (Mar) -87.87B (Prev. -83.5B).
- **US** Retail Inventories Ex Autos MoM Adv (Mar) M/M 0.5%.
- **US** Building Permits MoM Prel (Feb) M/M 10.9% (Prev. -4.7%).
- **US** Wholesale Inventories MoM Adv (Mar) M/M 1.4%.
- **US** MBA 30-Year Mortgage Rate (Apr/24) 6.37%.
- **US** MBA Mortgage Applications (Apr/24) -1.6%.