

SNAPSHOT

STOCKS			
Nikkei 225	--	ASX 200	+1.1%
Hang Seng	+0.9%	Shanghai Comp	+1.2%
Euro Stoxx 50 Jun'26	+0.9%	DAX Jun'26	+0.8%
ES Jun'26	+0.3%	NQ Jun'26	+0.7%

FX			
DXY	-0.4% (98.08)	EUR/USD	+0.3% (1.1732)
USD/JPY	-0.9% (156.31)	GBP/USD	+0.4% (1.3585)

BONDS			
US T-Note Jun'26	+4.5 ticks	Bund Jun'26	+28 ticks
US 10yr Yield	--	German 10yr Yield	3.06%

ENERGY & METALS			
WTI Jun'26	-1.1%	Brent Jun'26	-1.0%
Spot Gold	+2.1%	LME Copper	+1.2%

CRYPTO			
Bitcoin	+0.4%	Ethereum	+0.2%

As of 06:20BST/01:20EDT

LOOKING AHEAD

- Highlights include Swedish Inflation Prelim. (Apr), EZ PMIs Final (Apr), PPI (Mar), Canadian Ivey PMI (Apr), US ADP Employment (Apr), US Treasury Refunding Announcement, ECB Wage Tracker (May), NBP Policy Announcement, Speakers include ECB's Lane, Cipollone, Fed's Goolsbee, Musalem, BoC's Macklem & Rogers, Supply from the UK & Germany.
- Earnings from Arm, AppLovin, Snap, Whirlpool, Walt Disney, Kraft Heinz, Uber, CVS, Telecom Italia, Banca Generali, HelloFresh, Fresenius, Daimler Truck, Lufthansa & Continental.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- **US President Trump** posted that Project Freedom will be paused for a short period to see whether or not the agreement with Iran can be finalised and signed, however the blockade will remain in full force and effect.
- **Israel** conveyed a message to Washington that the security and military leadership wants to resume attacks on Iran, according to Al Jazeera citing Israeli Broadcasting sources. Israel believes that negotiations with Iran are a waste of time.
- **US President Trump**, on Iran, said the US has total control. If there is no Iran deal, it will go quickly and methodically. Trump added that Iran wants to make a deal and that Iran did not shoot ships guarded by US.
- **US President Trump** reiterated that Iran has no anti-aircraft capability and no leaders, adding that Iran is not doing well and must not be allowed to obtain a nuclear weapon. Trump later stated that "you'll find out" when asked what the US would do if Iran violated the ceasefire.
- **US Secretary of State Rubio** said Iran must come to negotiating table and accept terms. On the Strait, Rubio said the US will continue to clear passageway through the Strait to restore freedom of navigation.
- **Iranian Foreign Ministry Spokesperson** denied the UAE's accusation that Iran fired missiles and drones at it, stating that Iran's defensive actions were exclusively directed at the US.
- **Iranian President Pezeshkian** said US demands from Iran are impossible and unattainable.
- **Iran** has implemented a new mechanism for ship transits in the Strait of Hormuz, according to Press TV.

- **The two US commercial ships that crossed the Strait of Hormuz on Monday had military security aboard**, according to NBC citing sources.
- **Iranian Provincial Authorities said the sounds in Qeshm Island were due to confronting drones**, with no explosion or damage incurred. This comes following reports of **explosions heard on Qeshm Island, Bandar Abbas and Bushehr**.
- **UKMTO said it has received a report of an incident within the Strait of Hormuz and verified source reported a cargo vessel hit by unknown projectile**.
- **A French bulk carrier was hit by a cruise missile in the waters near the UAE**, according to CBS citing officials.

US TRADE

EQUITIES

- **US stocks** were broadly higher, as Monday's increased geopolitical tensions unwind somewhat. The US stated that the ceasefire with Iran remains in place, despite the Iranian activity towards the UAE yesterday. General Caine noted recent actions remain below the threshold for a resumption of major military operations, helping to ease risk sentiment and weigh on crude. Sector strength was led by Technology and Materials, while the VIX declined.
- **Advanced Micro Devices Inc. (AMD) Q1 2026 (USD): Adj. EPS 1.37 (exp. 1.28), Revenue 10.3bln (exp. 9.88bln), Q2 revenue view 11.2bln (exp. 10.5bln)**.
- **SPX +0.81%** at 7,259, **NDX +1.31%** at 28,015, **DJI +0.73%** at 49,298, **RUT +1.75%** at 2,854.

TARIFFS/TRADE

- **EU Trade Chief Sefcovic called for swift return to agreed Turnberry tariff terms from US**. He added that it would be beneficial if main features of EU-US trade deal are in line ahead of 1-year anniversary.
- **US Envoy to India** said Indian companies plan to invest over USD 20.5bln in the US tech, manufacturing and pharmaceuticals.

CENTRAL BANKS

- **ECB's Lane** said future projected temperature increases could push up the response of food prices to Summer heat further.
- **ECB's Villeroy** said ECB will raise rates if second-round effects are seen and not seeing sufficient signs yet to raise rates.
- **BoE Governor Bailey** said **we must be mindful of risks of private credit**.
- **RBNZ Financial Stability Report**: New Zealand's financial system is resilient and well positioned to support households and businesses even if economic conditions soften.
- **BoK official** said **inflation is seen higher in May** and are closely monitoring inflation trend as uncertainty is high over the Middle East situation.
- **NAB sees the RBA hiking in June to take the cash rate to 4.60%**.

NOTABLE HEADLINES

- **US President Trump said him and China President Xi have a good relationship with the US doing a lot of business with China**. Will talk about Iran with Xi, Xi has been very nice about Iran, has been very respectful and not been challenged.
- **The US working to address the global memory chip shortage through a supply chain coalition with allies in Asia, Europe and the Middle East**, a State Department official told Nikkei Asia.

APAC TRADE

EQUITIES

- **Asia-Pac stocks** traded entirely in the green, following on from the gains stateside and the positive update from President Trump, stating that Project Freedom is to be paused for a short time to see whether or not the agreement with Iran can be finalised and signed.
- **ASX 200** neared last week's peak of 8787, rebounding after two consecutive days of losses. The bounce was supported by Financials and Industrials, while Energy lagged as oil prices fell.
- **KOSPI** surged at the open, breaking the 7000 handle, and even activated the buy-side sidecar within the first 5 minutes of trade. Tech giants helped the surge in the index, with Samsung Electronics (+15%) being the latest Co. to join the USD 1tn market cap group.
- **Shanghai Comp.** and **Hang Seng** followed the positive risk-on tone as Shanghai returned from holidays. CK Hutchison gained after the Co. agreed to sell its 49% stake in VodafoneThree, while Wuliangye Yibin underperformed after a double downgrade at Goldman Sachs. On the data front, RatingDog services PMI beat estimates, which further supported the indices.
- **US equity futures** were firmer, as NQ outperformed after AMD surged after-hours. The Co. beat its top-line metrics and Q2 revenue guidance while the data centre segment revenue surged by 57% Y/Y.
- **European equity futures** are indicative of a firmer open with the Euro Stoxx 50 future +0.8% after cash closed +1.8% on Tuesday.

FX

- **DXY** gapped lower after US President Trump posted that Project Freedom is to be paused for a short period of time, however, caveated that the blockade is to remain in place. Further downside was seen following the sudden JPY strength (see below) and returned back below the 98.00 handle.

- **EUR/USD** regained the 1.1740 handle. The initial upside was spurred following the Trump announcement and then extended higher amid further USD weakness. Markets will be looking ahead to the final EZ PMIs, although market reaction is expected to be limited.
- **GBP/USD**, similarly, benefited from the pause of Project Freedom and the softer dollar, as Cable returned to the 1.3600 handle.
- **USD/JPY** traded with a lack of direction throughout the majority of the Asia-Pac session before the sudden surge in JPY strength (despite a clear driver), however speculation of government intervention in FX markets have increased in recent sessions. It has been well-documented that authorities prefer to intervene during thin liquidity during holiday periods. USD/JPY slumped from 157.76 to 155.88 over the space of 15 minutes before it probed the 155.00 handle.
- **Antipodeans** outperformed its peers for the most part, benefiting from the risk-tone sentiment. AUD/USD has now reached levels not seen since June 2026.
- **SNB's Martin said the SNB has greater willingness to intervene on FX.**

FIXED INCOME

- **UST Futures** benefited after US President Trump announced that Project Freedom is to be paused for a short period of time. USTs lifted from 110-08+ to a peak of 110-16 following the announcement and then expected amid USD weakness (see FX section). Looking ahead, the US Treasury's QRA will be in focus while NFP is expected on Friday.
- **Bund Futures** gapped higher on the open, but sold off immediately. Despite the initial weakness, Bunds traded held above Tuesday's peak of 125.11 (125.08-125.28 range) ahead of the EZ final PMIs and a 2032 Bund auction.
- **JGB Futures** were closed for Constitution Day.
- **Australia sells AUD 1.0bln 4.25% 2036 AGBs: b/c 3.86x, average yield 4.9735%.**
- **China sells 50-year ultra-long special treasury bonds at 2.52%.**

COMMODITIES

- **Crude futures** came under pressure at the start of Asia-Pac trade as geopolitics continue to drive price action. Via a post on Truth Social, US President Trump announced that Project Freedom is to be paused for a short period to see whether or not the agreement with Iran can be finalised and signed. However, the blockade is to remain in full effect. Nevertheless, **WTI futures** slipped around USD 3/bbl on the announcement and briefly dipped below USD 100/bbl, while **Brent Jul'26** gapped below USD 108/bbl. In other Middle East news, CBS reported that a French bulk carrier was hit by a cruise missile in the waters near the UAE, while explosions were heard on Qeshm Island, Bandar Abbas and Bushehr. **WTI Jun'26** traded in a USD 99.12-102.70/bbl range while **Brent Jul'26** held below USD 109/bbl.
- **Precious Metals** surged, being the biggest beneficiary from the Trump announcement. Spot gold (+2%) trended higher throughout the Asia-Pac and traded just shy of USD 4650/oz heading into the European session.
- **3M LME Copper** benefited from the risk-on sentiment as the red metal returned above USD 13.28k/t and topped just shy of USD 13.3k/t.
- **Saudi Arabia sets June Arab Light Crude oil OSP to Asia at plus USD 15.50/bbl (prev. + USD 19.50/bbl in May) vs Oman/Dubai average, to NW Europe at plus USD 25.85/bbl (prev. +USD 27.85/bbl) to ICE Brent Settlement, to US at plus USD 14.60/bbl (prev. + USD 14.60/bbl) vs ASCI.**
- **Weekly private inventory data (bbls): Crude -8.1mln (exp. -2.8), Gasoline -6.1mln (exp. -1.7mln), Distillates -4.6mln (exp. -2mln), Cushing -1.1mln.**

CRYPTO

- **Bitcoin** extended above USD 81k amid the risk-on tone.

NOTABLE ASIA-PAC HEADLINES

- **Australia's PM Albanese said they are to lift minimum stockpiles** of every type of fuel by around 10 days, the fuel reserve is to be around 1 billion litres and the package is to cost more than AUD 10bln.
- **China's Foreign Minister Wang Yi held talks with Iranian Foreign Minister Araghchi**, according to Xinhua.

DATA RECAP

- **Chinese RatingDog Composite PMI (Apr) 53.1 (Prev. 51.5).**
- **Chinese RatingDog Services PMI (Apr) 52.6 vs. Exp. 52.0 (Prev. 52.1).**
- **New Zealand Unemployment Rate (Q1) 5.3% vs. Exp. 5.4% (Prev. 5.4%, Low. 5.3%, High. 5.5%).**
- **New Zealand Employment Change QoQ (Q1) Q/Q 0.2% vs. Exp. 0.3% (Prev. 0.5%).**
- **New Zealand Participation Rate (Q1) 70.40% (Prev. 70.5%).**
- **New Zealand Labour Costs Index QoQ (Q1) Q/Q 0.5% vs. Exp. 0.4% (Prev. 0.4%, Low. 0.3%, High. 0.4%).**
- **New Zealand Labour Costs Index YoY (Q1) Y/Y 2.0% vs. Exp. 2% (Prev. 2%, Low. 1.9%, High. 2%).**
- **South Korean Inflation Rate YoY (Apr) Y/Y 2.6% vs. Exp. 2.6% (Prev. 2.2%).**
- **South Korean Inflation Rate MoM (Apr) M/M 0.5% vs. Exp. 0.5% (Prev. 0.3%).**

EU/UK

NOTABLE HEADLINES

- **Angela Rayner is preparing to deliver a post-poll verdict** as speculation over PM Starmer's future mounts, according to the FT.

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