

- Action driven by Trump pausing Project Freedom and then Axios reporting the US & Iran are closing in on a MOU; however, action tempered by both US and Iranian reporting since.
- Brent below USD 97.00/bbl, USD pressured, while equities, fixed and XAU are bid. Though, all are off respectively lows/highs, currently.
- JPY likely subject to intervention overnight, USD/JPY hit a 155.03 low .

### EQUITIES

- **European bourses** are set to end the session broadly in the green, albeit off best levels. Optimism today was driven by **a) Trump pausing Project Freedom to allow for negotiations and b) an Axios report which suggest that the US-Iran are close to an MoU to end the war**. However, this report has been pushed back against by several Iranian officials – markets will await for something concrete out of the latest batch of optimism.
- **European sectors** held a positive bias throughout the session. **Travel & Leisure** took the top spot, boosted by lower energy prices and early prospects of peace in the Middle East. **Consumer Products** was boosted by post-earnings strength in **Pandora** (+13%). **Autos** was driven to third spot after **BMW** (+5.4%) and **Continental** (+6.4%) both reported robust results.
- **US equity futures** are entirely in the green, cheering the US-Iran peace optimism – as with in Europe, indices are off best levels. The **NQ** outperforms, attributed to post-earning gains in **AMD** (+18%), with shares soaring after data centre growth lifts rev. and guidance above analyst expectations. Other key movers: **SMCI** (+15%, profit beat and outlook strong), **Google** (+1.5%, Anthropic committed to spend \$200bln w/ Google Cloud over 5yrs under recent agreement).

### FX

- **Snapshot: G10s** were broadly stronger against the **USD** to varying degrees. **Antipodeans** led, buoyed by the risk tone, with the **JPY** also towards the top of the pile amidst intervention speculation. **EUR** and **GBP** both look to close the European session firmer by around half a percent; the single currency digested the ECB's latest wage tracker, which showed upside across the year. Elsewhere, UK traders countdown their clocks to the region's local election on Thursday. A full preview can be found on the headline feed, but in brief, a worse-than-expected outcome for the Labour party could see renewed pressure on PM Starmer.
- **DXY** was pressured throughout the European session due to potential JPY intervention and US-Iran peace optimism, facilitated by Trump's pause of Project Freedom and Axios reports surrounding a potential MoU to end the US-Iran war. Currently set to end the European session towards the mid-point of a 97.62-98.34 range; with a paring of earlier downside due to pushback from Iranian officials on that Axios report. From a domestic perspective, ADP Employment Change printed at 109k (exp. 79k, prev. 62k) – figures which are indicative of a stable labour market. NFP is due on Friday.
- **JPY** traded towards the top of the pile throughout the European session. Much of the strength was seen in APAC hours after an aggressive move lower in **USD/JPY** where the pair fell to a 155.00 handle, before rebounding back to a current 156.00. There is currently no confirmation that the move was intervention, but markets should begin to get some details on recent moves late in Thursday's Japanese session. Time will tell whether these attempts of intervention proves effective, given the volatile nature of the Middle Eastern conflict. A near-term resolution will help the USD/JPY trundle lower, a factor which Japanese Officials would probably require to achieve any lasting strength in the JPY.

### FIXED

- **Marked upside across the board for fixed income** as geopolitical updates weigh on yields; see Commodities/Geopolitics for more details.
- At most, **USTs to a 110-31 peak, with gains of c. 20 ticks** on the day with yields lower across the curve and steepening as the short-end takes the bulk of the hit from the energy moves.
- No real move to the **Q2 Refunding Announcement**. Auction sizes were maintained as expected with guidance also unchanged, but TBAC minutes hinted at a potential guidance adjustment as soon as the next refunding.
- Just before, **ADP** came in at 109k vs an exp. 79k, **ahead of Friday's Payrolls** where a 73k (prev. 178k) print is forecast. Again, no move to this as energy dictates.
- **Bunds** benefited from the downside in energy, with Dutch TTF down to EUR 40/MWh at one point, a move that was enough to propel the benchmark to a **126.05 peak**, with gains in excess of a full point.
- Earlier, the **ECB's latest wage tracker** showed upside across the year. Though, the ECB will at this stage likely welcome the relatively modest level of upside and particularly that the Q4-2026 figure remains shy of the 2.709% reported in February.
- **Gilts** unsurprisingly gapped higher and accelerated given the above, though initial action left it shy of last week's 87.03 close, perhaps as the growing scrutiny on and speculation around PM Starmer intensifies. However, any such resistance was swept away by the energy moves, and Gilts peaked at 87.71, with **gains of over 150 ticks** and taking the **10yr yield to 4.9%**, its lowest in just over a week.
- **Quarterly Refunding: Announces USD 125bln refunding through July 2026 (prev. USD 125bln in Q1), to raise new cash of USD 41.7bln (prev. USD 34.8bln in Q1).**

- Eli Lilly (LLY) files to sell corporate debt, 8-parter.
- Germany sold EUR 2.662bln vs exp. EUR 3.5bln 2.50% 2032 Bund Auction: b/c 2.4x (prev. 1.1x), avg. yield 2.8% (prev. 2.78%), retention 23.94%.
- UK sold GBP 1.6bln 1.125% 2035 I/L: b/c 2.99x, real yield 1.463%.

## COMMODITIES

- A session of significant downside for energy, though Brent Jul'26 is set to end the European day around the midpoint of USD 96.75-109.02/bbl parameters. At most, Brent was lower by USD 13/bbl on the day.
- Benchmarks driven lower by Trump overnight pausing Project Freedom, thereafter on bouts of optimism and then most significantly an Axios report that the US and Iran are closing in on an MOU to end the war. However, the tone was then tempered by reporting from both the US and Iranian side, e.g. Trump told The Post it is "too soon" to be considering face-to-face talks.
- A similarly significant session for Dutch TTF, down to a EUR 40.50/MWh base, having been as high as EUR 47.07/MWh overnight, set to end the day around the midpoint of this band.
- Spot gold benefitted from the energy, and associated USD & yield, downside. XAU got as high as USD 4723/oz, but is off best; no real move to US ADP ahead of Friday's Payrolls.
- Base metals followed the risk tone higher and also benefitted from the return of Mainland China. As such, 3M LME Copper surpassed USD 13.45k, and while it is set to end the UK day off that, it remains near best and by extension the 23rd of April peak at USD 13.48k.
- Slovakia to cancel volume limits for diesel purchases and remove higher prices for foreign vehicles as of the 8th of May.
- India's Reliance is to shut a crude unit and other components at the 660k BPD Jamnagar refinery for maintenance.
- Russian Direct Investment Fund head Dmirtiev reposts an article noting that "traders understand that European natural gas prices are likely to double soon, after a 50% increase so far".
- Fujairah Port oil exports fell sharply after the recent attack, dropping to 500K BPD on 5th May (vs 30-day average of 3.5-4mln), Windward data shows.
- China has ordered its oil refineries that purchase crude from Tehran not to comply with or enforce US sanctions on Iranian oil, CNN reported.

## EUROPEAN DATA

- EU PPI MoM (Mar) M/M 3.4% vs. Exp. 3.3% (Prev. -0.7%, Low. 0.8%, High. 3.7%).
- EU PPI YoY (Mar) Y/Y 2.1% vs. Exp. 1.8% (Prev. -3%, Low. -0.5%, High. 2.1%).
- EU S&P Global Services PMI Final (Apr) 47.6 vs. Exp. 47.4 (Prev. 50.2).
- EU S&P Global Composite PMI Final (Apr) 48.8 vs. Exp. 48.6 (Prev. 50.7).
- UK S&P Global Composite PMI Final (Apr) 52.6 vs. Exp. 52.0 (Prev. 50.3).
- UK S&P Global Services PMI Final (Apr) 52.7 vs. Exp. 52 (Prev. 50.5).
- Italian Retail Sales MoM (Mar) M/M 0.8% vs. Exp. -0.4% (Prev. 0%).
- Italian Retail Sales YoY (Mar) Y/Y 3.7% (Prev. 1.6%).
- Italian S&P Global Services PMI (Apr) 49.8 vs. Exp. 48.1 (Prev. 48.8).
- Italian S&P Global Composite PMI (Apr) 50.5 (Prev. 49.2).
- German S&P Global Composite PMI Final (Apr) 48.4 vs. Exp. 48.3 (Prev. 51.9).
- German S&P Global Services PMI Final (Apr) 46.9 vs. Exp. 46.9 (Prev. 50.9).
- French S&P Global Services PMI Final (Apr) 46.5 vs. Exp. 46.5 (Prev. 48.8).
- French S&P Global Composite PMI Final (Apr) 47.6 vs. Exp. 47.6 (Prev. 48.8).
- French Industrial Production MoM (Mar) M/M 1.0% vs. Exp. 0.5% (Prev. -0.7%).
- Spanish S&P Global Composite PMI (Apr) 48.7 (Prev. 52.4).
- Spanish S&P Global Services PMI (Apr) 47.9 vs. Exp. 52.1 (Prev. 53.3).
- Swedish Services PMI (Apr) 52.5 (Prev. 55.7).
- Swedish CPIF-XE Prelim. (Apr): 0.0% Y/Y (prev. 1.1%), M/M -0.6%.
- Swedish CPIF MoM Prel (Apr) M/M -0.6% (Prev. -0.6%).
- Swedish CPIF YoY Prel (Apr) Y/Y 0.8% vs exp. 1.2% (Prev. 1.6%).

## NOTABLE HEADLINES

### TRADE/TARIFFS

- USTR's Greer said EU has had a lot of time to comply with tariff commitments, via Bloomberg TV, on China, US looking for stability with China. EU: EU tariff and non-tariff commitments have not materialised yet. Claims that the US is in full compliance with its trade commitments. European Parliament's bill features numerous amendments not agreed upon by the US. Some of these amendments need to be resolved. China: Asked about the reported that Beijing is refusing to comply with some US sanctions, said it will be something that is discussed between Trump and Xi at their meeting next week. US looking for stability with China. What China is doing is serious and the US takes it seriously. Trump/Xi to discuss China's oil purchases. Doesn't expect any decoupling from China. US: Reiterates US must reduce its trade deficit and get real wages higher.
- Chinese Foreign Ministry Spokesperson Lin said China and the US are in communication on Trump's trip.
- US Ambassador Puzder wants the US-EU trade agreement to be agreed on before July, Bloomberg TV.

## CENTRAL BANKS

- Fed's Musalem (2028 voter, hawk) said tailwinds include accommodative financial conditions are currently larger than the headwinds for the US economy; uncertainty around tariffs and war are headwinds. Inflation is meaningfully above target. Along with tariff and oil shocks, there is underlying inflation the Fed needs to worry about. There are risks to both mandates, but risks have been shifting towards inflation. Current policy is either neutral or slightly accommodative in real terms. Consumers and companies both say they are struggling with higher and rising prices. Meeting 2% target is the best thing the Fed can do for growth and employment. 2% inflation would mean rates can come down some more.
- NEC Director Hassett said the situation with Fed Chair Powell is still uncertain; we are not threatening the independence of the Fed.
- ECB's Cipollone said the EZ inflation trend is moving towards adverse.
- ECB Wage Tracker: 2026 annual 2.282% (prev. 2.270%). Q1 1.847% (prev. 1.887%). Q2 2.131% (prev. 2.10%). Q3 2.553% (prev. 2.521%). Q4 2.597% (prev. 2.574%).
- Polish Interest Rate Decision (May) 3.75% vs. Exp. 3.75% (Prev. 3.75%).

## GEOPOLITICS

### RUSSIA-UKRAINE

- Russian Direct Investment Fund head Dmirtiev reposts an article noting that "traders understand that European natural gas prices are likely to double soon, after a 50% increase so far".

### MIDDLE EAST

Axios report which touts MoU between US-Iran :

- A Pakistani source has confirmed that the US and Iran are closing in on a one-page memorandum to end their conflict, Reuters reports.
- US and Iran are reportedly closing in on one-page memo to end war, Axios reported citing officials; White House believes it is close to an agreement to end the war and establish a framework for detailed nuclear negotiations.
- MoU details, as it stands: Declare an end to the war in the region and the start of a 30-day period of negotiations, which could occur in Geneva or Islamabad. Iran committing to a moratorium on nuclear enrichment (at least 12-15 years). US agreeing to lift sanctions and release billions in frozen Iranian funds. Both sides lifting restrictions through the Strait of Hormuz, to occur gradually during the 30-day negotiation.
- If talks collapsed, US forces could restore the blockade or resume military action .
- Uranium Component: The duration of the moratorium is being actively negotiated. Sources suggest at least 12yrs and one suggesting 15yrs is likely; Iran sought five, the US wanted 20. Suggested that Iran would agree to its highly enriched uranium being removed from Iran, potentially to the US.
- Timeline: Iran is expected to respond within 48 hours. While nothing has been agreed upon, sources indicate this is the closest the parties have been to a deal since the war began.
- Issues: Some US officials remain sceptical that even an initial deal will be reached. Fractures within the Iranian leadership.
- US and Iran closing in on a MOU aimed at ending the conflict, CNN reported. US had received positive feedback from Pakistan on Tuesday that Iran was progressing toward a compromise, there was some scepticism, before a renewed diplomatic push occurred. US President Trump appeared to be simplifying issues, to enable the moderates within Iran to return to talks, and to then deal with the more complicated points later.
- Despite claims by US media that Iran and the US are close to a final one-page agreement to end the war, Iran has not yet given an official response to the Americans' final text, which contains some unacceptable clauses, via Tasnim citing informed source. In any case, experience should have shown the Americans that the language of force and threats is not only ineffective against Iran, but also makes the situation worse for the Americans and other enemies.
- American officials tell i24NEWS there is a feeling that we are getting closer to an agreement with Iran - but nothing is final.
- A Pakistani source has confirmed that the US and Iran are closing in on a one-page memorandum to end their conflict, Reuters reported.

Iranian pushback:

- Iranian journalist Gholhaki, speaking on the Axios report, said, "details of a potential Iran-US agreement appears to be distant from reality, at least in the nuclear domain". "the details of a potential Iran-US agreement appears to be distant from reality, at least in the nuclear domain".
- Iran's advisor to Supreme Leader said Axios' text is Americans' wish list until it becomes reality, and Americans will not obtain through a failed war what they failed to gain in face-to-face negotiations. Iran has its finger on the trigger and is ready; if they do not surrender and grant the necessary concessions, or if they or their devilish henchdog allies try to act mischievously, will deliver a harsh and regret-inducing response.
- Iran Foreign minister spokesperson said Iran is reviewing US proposal and will convey its views to Pakistan, via ISNA.
- Iran's Foreign Ministry said it is "evaluating" the US' 14-point peace proposal, CNBC reported.

US:

- US President Trump said assuming Iran agrees to give what has been agreed to, which is, perhaps a big assumption, already Epic Fury will be at an end and blockade will allow Strait to be open to all, including Iran.
- US President Trump told The Post it is "too soon" to start thinking about face-to-face peace talks between the US and Iran, despite optimistic reported the two nations were closing in on a potential framework to end their 67-day war, via NY Post.

Asked whether The Post should prepare to send a reporter back to Pakistan for a new round of negotiations after Islamabad sources revealed a tentative peace deal was close, the president responded: "I don't think so.". The president abruptly ended his call with The Post Wednesday morning, saying he had an appointment with "the generals."

#### Israel:

- Israel was reportedly unaware that the US was nearing a deal with Iran, according to sources; had been preparing for an escalation.
- In recent hours, Israeli PM has been holding consultations following the developments in Iranian arena, and is in contact with senior government officials, and Israel claims they were not surprised by the recent developments, Amichai Stein reported.
- Israel Energy Minister Cohen said they need to wait and see if a deal to end the Middle East conflict occurs, Iran must agree to all conditions.

#### NOTABLE NORTH AMERICAN NEWS

- US Treasury weighs adding stock to Trump accounts, via NYT dealbook.

#### NORTH AMERICAN DATA

- US ADP Employment Change (Apr) 109K vs. Exp. 79.0K (Prev. 62K, Low. 40K, High. 170K).
- US MBA 30-Year Mortgage Rate (May/01) 6.45%.
- US MBA Mortgage Applications (May/01) -4.4%.

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com