

SNAPSHOT

STOCKS			
Nikkei 225	-0.4%	ASX 200	-1.6%
Hang Seng	-1.0%	Shanghai Comp	-0.1%
Euro Stoxx 50 Jun'26	-0.8%	DAX Jun'26	-0.9%
ES Jun'26	+0.3%	NQ Jun'26	+0.4%

FX			
DXY	-0.1% (98.19)	EUR/USD	+0.1% (1.1734)
USD/JPY	U/C (156.86)	GBP/USD	+0.1% (1.3570)

BONDS			
US T-Note Jun'26	+1 tick	Bund Jun'26	27 ticks
US 10yr Yield	4.39%	German 10yr Yield	3.01%

ENERGY & METALS			
WTI Jun'26	+1.1%	Brent Jul'26	+1.3%
Spot Gold	+0.6%	LME Copper	-0.2%

CRYPTO			
Bitcoin	-0.5%	Ethereum	-0.5%

As of 06:20BST/01:20EDT

LOOKING AHEAD

- Highlights include German Balance of Trade (Mar), German Industrial Production (Mar), Canadian Jobs Report (Apr), US Jobs Report (Apr), University of Michigan Survey Prelim. (May), Speakers include ECB President Lagarde, de Guindos, Cipollone, Schnabel, BoE's Breeden, Bailey, Fed's Cook, Waller, Bowman.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- US military said US forces intercepted Iranian attacks and responded with self-defence strikes against Iranian military facilities. The Iranian attacks were unprovoked, but no US assets were hit and the US does not seek escalation.
- US military has carried out strikes in Iran's Qeshm port and Bandar Abbas, according to Fox News citing a US official. The official said is not a restart of the war or the end of the ceasefire.
- US President Trump said the Iran ceasefire is still on and that the US is negotiating with the Iranians. He added that Pakistan asked the US not to do Project Freedom during the negotiations.
- US President Trump posted that there was no damage done to the three US destroyers that came under fire. He stated that Iran is led by lunatics and that the US will knock out Iran more violently if no deal is signed fast. This followed on from comments he made to ABC, stating that the retaliatory strikes against Iranian targets are just a 'love tap' and the ceasefire continues to be in effect.
- Iran's Top Joint Military Command said the US violated the ceasefire by targeting an Iranian oil tanker and another ship entering the Strait of Hormuz and Iran will respond powerfully and without the slightest hesitation to any attack.
- 'Investigations in Bandar Abbas show that during the exchange of fire between the Iranian armed forces and the enemy, parts of the commercial area of Bahman Pier were targeted.', according to Fars News. Fars later reported the claim of UAE's role in the explosion, with Israel denying any involvement.
- Several explosions heard near Bandar Abbas, according to Fars News. Tasnim later reported that some sources say that these sounds are related to IRGC naval operations to warn some ships about unauthorized passage through the Strait of

Hormuz.

- An Iranian military official said following the US military's attack on an Iranian oil tanker, the enemy units in the Strait of Hormuz came under Iranian missile fire and were forced to flee after suffering damage, according to Iranian media. This was later reported by Tasnim that the enemy units were three American destroyers.
- The situation on Iranian islands and coastal cities by the Strait of Hormuz is back to normal, according to Press TV.
- Iran is reviewing the US response to the 14-point proposal and is expected to formally respond on Friday, according to CCTV citing Pakistani sources.
- Iran and the US are discussing a one-page plan for both sides to reopen the Strait of Hormuz and end hostilities for 30 days while they try to reach a comprehensive deal, according to NYT.
- A senior Iranian official said Iran wouldn't allow the US to reopen the Strait of Hormuz with "an unrealistic plan" and then exit the war without paying any reparations "for all the damage inflicted on Iran," according to WSJ citing Press TV.
- Iran Secretary of the Parliament's National Security Commission said no uranium has been exported from the country, according to Nour News.
- Iranian Foreign Ministry Spokesperson said negotiations will continue in a new format and we are not entering into nuclear issues at this time, according to Nour News.
- Saudi Arabia and Kuwait lifted restrictions on US military access to bases and airspace, according to the WSJ. Further, US officials state that the Trump administration is now looking to restart the operation to guide commercial ships with naval and air support that it had paused after 36 hours this week. It was later reported that Saudi Arabia has not permitted the use of its airspace to support offensive military operations, Al Arabiya reports citing sources.
- However, Al Jazeera later reported that the reports about preparations to resume Operation Freedom to re-open the Strait of Hormuz are incorrect.
- UAE announced that air defence systems are responding to a missile threat. There were then further reports of explosions in the UAE.
- Reports of multiple explosions in Abu Dhabi and Dubai.
- Any agreement with Iran would be bad for Israel, even if it includes an agreement to eliminate enriched uranium, according to Israeli press citing an official.

US TRADE

EQUITIES

- US stocks ended lower while crude futures rose as markets swung from early optimism on Hormuz negotiations to renewed pessimism on escalating geopolitical risks. The broader risk tone soured after reports of multiple explosions heard in multiple areas of Iran, including Bandar Abbas and Qeshm Island. Fox News later reported, citing a US official, that the US military attacked multiple targets however claiming that this is not a renewal of the war. This was rebuked by Iran's Top Joint Military Command, announcing that this violates the ceasefire and that Iran will respond powerfully and without the slightest hesitation to any attack. Sector performance was mostly weaker, although Technology outperformed with software names supported after a strong Datadog (DDOG) earnings report, while Microsoft (MSFT) also saw gains.
- SPX -0.38% at 7,337, NDX -0.12% at 28,564, DJI -0.63% at 49,602, RUT -1.63% at 2,840.

TARIFFS/TRADE

- US President Trump said a promise was made that the EU would deliver their side of the deal and, as per agreement, cut their tariffs to zero; however, the EU has until the July 4th, or tariffs would immediately jump to higher levels.
- The US Trade Court has ruled against President Trump's 10% global tariffs.

CENTRAL BANKS

- Fed's Williams (voter, Neutral) said there is a lot of uncertainty in the economy right now but the economy has remained resilient with labour market stability. On interest rates, he said rates are not historically high.
- Fed's Kashkari (2026 voter, statement dissenter) said inflation remains too high.
- Fed's Hammack (2026 voter) said she sees a lot of uncertainty in economic outlook and that the Fed should be neutral in policy stance given the uncertainty. Hammack later commented that she hears concerns among businesses that an inflationary mindset is starting to become entrenched in people's minds.
- Fed's Daly (2027 Voter) said the main take away from the FOMC is that everyone agreed to keep rates unchanged and that how the statement is worded matters less than what the FOMC actually does. She added that there are no signs of rising long-term inflation expectations.
- ECB's Schnabel said her view is that some damage done from the Iran war will be hard to reverse. If higher energy costs are passed on to prices or wages increase in response, which is the sign policy has to react.
- Banxico cut rates by 25bps to 6.50% (prev. 6.75%), as expected; vote split was 3-2 (Borja and Heath voted to maintain rates.)
- Westpac now sees the RBA hiking rates in August and September (prev. June and August).

NOTABLE HEADLINES

- The Senate Banking Committee is preparing to notice a markup for the Clarity Act as soon as tomorrow and has circulated draft legislative text to select industry members ahead of a potential Thursday vote, according to Eleanor Terrett citing sources.

- The Trump administration plans to invite CEOs from NVIDIA (NVDA), Apple (AAPL), Exxon (XOM), Boeing (BA), and other big companies to accompany the president on his trip to China next week, according to Semafor citing sources.
- US businesses have urged the Trump administration to intervene over new EU consumer protection rules that they fear will leave them open to an avalanche of class action lawsuits, according to the FT.

APAC TRADE

EQUITIES

- **Asia-Pac stocks** traded entirely in the red as geopolitical tensions rose, with the US Military and the Iranian Navy exchanging fire. Despite US President Trump announcing that the ceasefire remains in place, bourses failed to see any positivity.
- **ASX 200** opened on the softer side and extended lower, nearly wiping out the gains seen in the past 2 sessions. Real estate and Financials weighed on the index, with Macquarie being dragged down despite reporting FY earnings that beat estimates.
- **Nikkei 225** pulled back from the ATH formed in Thursday's session amid the negative risk tone. SoftBank has dragged the Nikkei lower after ARM tumbled on smartphone market weakness and AI chip supply concerns. Sony reported FY25/26 earnings, with operating income missing estimates, however announced a JPY 500bn share buyback programme.
- **KOSPI** slipped, as investors profit-take following the recent strength in the index, primarily driven by Samsung Electronics and SK Hynix.
- **Shanghai Comp.** and **Hang Seng** followed the broader risk-off tone, as Shanghai Comp. outperformed its Asia-Pac peers with only modest losses.
- **US equity futures** initially began futures trade under modest pressure but have since reversed as trade progressed.
- **European equity futures** are indicative of a softer open with the Euro Stoxx 50 future -0.8% after cash closed -1.0% on Thursday.

FX

- **DXY** consolidated in a narrow 98.19-98.28 range, as updates following the volatile end of Thursday's session remained light. US President Trump announced that the ceasefire remains intact, however, threatening to knock out Iran more violently if no deal is signed fast.
- **EUR/USD** oscillated in a 1.1721-1.1735 band. Brief positiveness was seen in the EUR after President Trump cut tariffs to 0%, however contingent on the basis that the EU delivers its side of the deal by July 4th, or else tariffs will jump to much higher levels.
- **GBP/USD** has benefited thus far from the slightly softer dollar, as votes get counted and results pass through from the local elections. Thus far, it has been a horrid time for Labour, losing 191 seats and 6 councils to No Overall Control. On the other hand, Reform is yet to lose a seat and has gained 263 seats. In terms of PM Starmer's future, the Hartlepool Labour MP has called for the PM's resignation after losing to NOC, while The Times reported that UK MP Miliband told the PM he should consider setting out a timeline for his departure.
- **USD/JPY** consolidated in a tight range just shy of the 157.00 handle, as talks of FX intervention calm with Japanese markets fully open and as markets look ahead to US Treasury Secretary Bessent's visit to Japan.
- **Antipodeans** traded muted as the risk tone remains subdued.

FIXED INCOME

- **UST Futures** stabilised after Thursday's selloff, primarily driven by higher energy prices amid heightened geopolitical tensions, albeit quite briefly. In short, the US military confirmed that it defensively attacked Iranian military facilities after Iran attacked US destroyers in the Strait. Despite the exchange of fire, US President Trump said the ceasefire is still on. USTs rotated in a 4-tick range with US NFP ahead, expectations at 62K.
- **Bund Futures**, similarly, consolidated after it returned below the 126.00 handle. ECB speakers in the latter end of Thursday's session failed to move debt, after chief-hawk Schnabel highlighted that some of the damage done from the war will be hard to reverse, and that if wages increase in response to higher energy prices, it will be a sign to be reactive.
- **JGB Futures** steadily climbed from Thursday's post-cash selloff, helped by the pullback in energy prices.
- **Australia sells AUD 1.0bn 1.25% 2032 AGBs: b/c 4.01x, average yield 4.7406%.**

COMMODITIES

- **Crude futures** have started the Asia-Pac session in a relatively calm manner after the chaotic newsflow post-settlement. The chaos came following explosions in the Bandar Abbas and Qeshm port area. This was later confirmed by Fox News that it was the US military that carried out the strikes in the area and then further confirmed by the US military themselves, stating the US was acting in self-defence after Iran attacked three destroyers in the Strait. Iran's Top Joint Military Command said the US violated the ceasefire by targeting Iranian oil tanker and another ship entering the Strait of Hormuz. Tensions have calmed down since, with Press TV stating that the situation on Iranian islands and coastal cities by the Strait of Hormuz is back to normal while President Trump also stated that the ceasefire remains in place. This calmness has helped **WTI** and **Brent** pare back some of its post-settlement gains, pulling back to a trough of USD 95.08/bbl and USD 100.75/bbl respectively.
- **Precious Metals** have rebounded from Thursday's afternoon selloff, as spot gold regained the USD 4700/oz handle as tensions in the Middle East calm.
- **3M LME Copper** pared back its earlier losses and trades at the upper end of its USD 13.27k-13.36k/t range.
- **IEA Chief Birol said the IEA has only released around 20% of its total oil stockpile so far and is ready to act again.**

- **Marathon Petroleum's Galveston Bay refinery (630k BPD) has returned to normal operations.**
- **The US and South Africa have started preliminary discussions over potential resources deals including bilateral investments in mining, energy and infrastructure, according to the FT, citing sources.**
- **Freeport Indonesia has pushed back the full restart of its Grasberg copper mine by a year.**

CRYPTO

- **Bitcoin fell back below the USD 80k handle.**

NOTABLE ASIA-PAC HEADLINES

- **Japan intervened in the FX market during the May holidays, according to sources.**

DATA RECAP

- **Japanese S&P Global Composite PMI Final (Apr) 52.20 (Prev. 53.0).**
- **Japanese S&P Global Services PMI Final (Apr) 51.0 vs. Exp. 51.2 (Prev. 53.4).**

GEOPOLITICS

RUSSIA-UKRAINE

- **EU leaders prepare for potential talks with Russian President Putin, according to FT citing official, as European capitals grow frustrated with negotiations to end the war in Ukraine led by US President Trump.**

EU/UK

UK LOCAL ELECTIONS

- **Reform UK has been the clear beneficiary, exceeding 300 gained seats while Labour and the Conservatives suffer, losing 220 and 108 seats respectively, and counting.**
- **Labour has lost Oxford, Tameside, Exeter, Hartlepool and Redditch to no overall control, while the Lib Dems gain Stockport and Portsmouth from no overall control.**
- **In terms of calls for PM Starmer to stand down, only the Hartlepool Labour MP has done so, coming after the associated council lost all of its seats.**
- **UK's Miliband reportedly told PM Starmer he should consider setting out a timeline for his departure, according to the Times.**
- **Labour may end up losing less than 1500 council seats in England, which may come as some relief for No.10, Journalist Schofield writes citing a poll guru.**

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