European Market Wrap - 8th May 2026

- **Crude complex off best levels as President Trump downplayed recent US-Iran clashes; US says ceasefire holds.**
- **G10s broadly stronger against the USD (ex-CAD); a solid NFP report saw 115k jobs added and the unemployment rate remain steady.**
- **GBP and Gilts buoyed by a better than feared Labour performance in the Local Election, awaiting Camden .**

EQUITIES

- **European bourses** (STOXX 600 -0.6%) were lower throughout the session, with sentiment hit amidst recent US-Iran clashes. (See geopolitics section for details).
- **European sectors** held a negative bias. **Tech** sat at the top of the pile, joined by **Telecoms** and **Media**. **Industrials** sat at the foot of the pile, joined closely by **Travel & Leisure**.
- **As for key movers European movers**: **Commerzbank** (-3.5%, in-line metrics, raised targets and plans to cut 3k jobs), **IAG** (-1.4%, strong metrics but cut FY26 capacity outlook; sees strong demand), **Intertek** (-2.8%, rejects EQT's GBP 9bln offer).
- **US equity futures** are entirely in the green, with mild outperformance in the **NQ** (+1%) vs **ES** (+0.5%). Sentiment was already firmer heading into the US NFP report, but contracts then took another leg higher following the solid US jobs report.
- In terms of key movers: **CoreWeave** (-10%, Deeper than exp. loss per shr. w/ disappointing next Q rev. guide & raised capex guide), **Iren** (+5%, NVDA will invest up to $2.1bln as part of a deal to deploy up to 5 gigawatts of AI infrastructure), **Coinbase** (-5%, Surprise loss per shr. & rev. light).

FX

- **Snapshot**: **G10s were firmer against the USD (ex-CAD)**. **GBP** outperformed vs peers, as Labour hasn't performed as badly as some had feared in the initial readout from the Local Elections. **DXY** chopped to a solid NFP report, but ultimately moved lower. The **Loonie** underperformed following a dire regional jobs report, where Employment Change was negative, and the Unemployment Rate ticked higher.
- **DXY** looks to end the European session off by around 0.4%, and towards the lower end of a 97.87-98.27 range. Early morning pressure stemmed from **President Trump** downplaying recent US-Iran clashes, where he stated that the ceasefire remains in place. Thereafter, the index chopped to a **solid NFP report**, before then extending lower. In brief, **the US economy added 115k jobs in April, above the 73k; unemployment rate remained steady at 4.3%**. Pantheon Macroeconomics wrote that "April's data bolster the case for thinking the labour market is convalescing".
- **GBP** benefited from the softer **USD** and as markets digest the Local Elections. In brief, Labour performed poorly, but not quite as badly as some had expected. In the morning, **PM Starmer suggested that he intends to remain as the PM** into the next General Election. Focus will now be on the results out of Camden, whereby a significant loss in the PM's stronghold could see markets begin to price in a leadership challenge. **Cable** was unmoved by the initial results readout, before then clambering higher as the session progressed; set to end the EU session at the upper end of a 1.3547-1.3556 range.

FIXED

- **A relatively contained session for USTs**, with initial gains trimming on strong payrolls. **Bunds weighed on by ongoing TTF strength. Gilts slipped at first, but pared and outperformed** as the local election is not an existential Labour loss.
- **USTs set to end the European session firmer, but off highs in 110-15 to 110-25+ parameters** . On the jobs report, a strong headline figure was accompanied by a steady unemployment rate, though potentially a function of the participation rate dropping, while wage growth was cooler than forecast and seemingly does not show any initial energy pass through. In short, the US jobs market is picking up, but it remains to be seen how it will fare ahead with the Middle East conflict still ongoing.
- More generally, we await an update from Iran on the MOU to end the war. Secretary of State Rubio said they expect to hear from Iran today. Recently, tensions have flared slightly as the US military hit several empty tankers and explosions have been heard in Sirik, Iran; no real reaction to the latest updates.
- **Bunds underperformed throughout the day**, though they are set to end the European session around 20 ticks off worst, but lower by c. 10 ticks. Underperformance a function of **Dutch TTF** being elevated across the day, lifting European yields.
- **Gilts initially slipped**, falling to a 87.21 low in reaction to the initial local election results. However, while the losses are significant for Labour, they are not existential. A point which, alongside PM Starmer pledging to remain in position, provided the **Gilt market with enough near-term stability to bounce and outperform**, firmer by over 50 ticks at a 88.13 WTD peak.
- In short, UK PM Starmer has received a stay of execution for now, but calls for him to leave and discussions about the mechanism and timeframe of his departure, and who should replace him, will undoubtedly increase.

COMMODITIES

- **Energy benchmarks set to end the session modestly firmer** for oil, with greater gains seen in gas benchmarks. Focus remains on the Middle East, **as we await a response from Iran, a response the US expects today** .
- **Brent** dipped beneath the USD 100/bbl mark to a USD 99.55/bbl low, but has since recovered and is back above the mark but off the earlier USD 102.92/bbl high.

- The main updates for energy occurred late-Thursday, when the US undertook some strikes. Since, we have had reports of the US targeting additional empty tankers alongside explosions being heard in Sirik, Iran. Points that prompted brief crude action.
- **Dutch TTF** is set to end the day with more convincing gains, but is over EUR 1/MWh off the earlier EUR 45.37/MWh high. Upside largely a function of Europe holding onto gains from the action late-Thursday, though strength also potentially an indirect function of the EU noting a supply chain impact on jet fuel.
- **XAU** firmer, benefitting from the USD downside seen across the day and exacerbated post NFP, to highs of USD 4744/oz. **Base metals** bid, cheering the constructive US risk tone, lack of significant geopolitical escalation today as we await an Iranian response, and the mentioned FX moves.
- **A state of emergency** was declared at Libya's Zawiya oil refinery (120k BPD) after clashes nearby, Al Araby reported citing a source; if this continues, it will impact refinery activity and Libyan exports.
- **China to raise retail diesel and gasoline prices by CNY 310/Mt and CNY 320/Mt respectively from May 9th; part of regular price review, CCTV reported.**

EUROPEAN DATA

- **UK** BBA Mortgage Rate (Apr) 6.6% (Prev. 6.6%).
- **UK** Halifax House Price Index YoY (Apr) Y/Y 0.4% (Prev. 0.8%).
- **UK** Halifax House Price Index MoM (Apr) M/M -0.1% vs. Exp. 0.2% (Prev. -0.5%).
- **Spanish** Industrial Production YoY (Mar) Y/Y 1.8% (Prev. -1.1%).
- **Swedish** Construction Output YoY (Mar) Y/Y 7.4% (Prev. 0%).
- **Swedish** Household Consumption YoY (Mar) Y/Y 4.10% (Prev. 1.8%).
- **Swedish** Household Consumption MoM (Mar) M/M 1.40% (Prev. 0.1%).
- **Swedish** Industrial Production MoM (Mar) M/M -2% (Prev. 5.1%).
- **Swedish** Industrial Production YoY (Mar) Y/Y 3% (Prev. 7%).
- **Swedish** New Orders YoY (Mar) Y/Y -7.3% (Prev. 1%).
- **German Balance of Trade (Mar) 14.3B vs. Exp. 18.9B (Prev. 19.8B).**
- **German** Imports MoM (Mar) M/M 5.1% (Prev. 4.7%).
- **German** Industrial Production MoM (Mar) M/M -0.7% vs. Exp. 0.4% (Prev. -0.3%).
- **German** Exports MoM (Mar) M/M 0.5% (Prev. 3.6%).

NOTABLE HEADLINES

- **US NEC Director Hassett** said blockbuster jobs numbers the last two months and 'rip-roaring' jobs market, Bloomberg TV interview. AI:. On AI job loss, said now seeing AI job creation. People should use AI tools for career protection. Data showing people using AI tools for their jobs. Monetary Policy:. Core inflation has remained stable, despite oil and jobs. No sign of runaway inflation for Fed to raise rates. Think we'll see rate cuts this year because of Warsh. Trade:. Studying options on latest tariff ruling. Greer will have more today on latest trade ruling. Expects EU trade deal by July 4th. Expect EU to meet July 4th deadline. Admin:. No chance admin would in any way do a debt default. Believe in a strong Dollar. Seeing growth needed to get deficit under control.
- **UK PM Starmer said he will not be walking away and will be PM into the next general election.**
- **UK PM Starmer said results do not weaken his resolve, and takes responsibility for outcome.**

TRADE/TARIFFS

- **USTR Greer** said goal with China is stability; China should be important buyer of US ag and medical device.
- **China and US** are in communication on US President Trump's visit, according to Chinese Foreign Ministry spokesperson.
- **US reportedly suspects that a Thai firm smuggled chips to Alibaba (BABA)** , Bloomberg reported.

CENTRAL BANKS

- **Fed's Miran (Voter, Dove) said he thinks it is appropriate to cut interest rates, speaking on Fox Business.** Policy: Still favours front loading cuts. Labour Market:. Fed policy is holding back the job market. Neither the job market nor inflation expectations point to higher inflation. Energy: Should look through energy shocks. Fed: Thinks that the Fed should provide less forward guidance. It would allow policy to be more flexible. Good reason to reduce the Fed balance sheet. Hopes that Powell staying on is transitional and nothing more.
- **Fed's Cook (voter) does not comment on monetary policy or the economic outlook.**
- **ECB's de Guindos said key for June rate decision will be whether Strait of Hormuz is open.**
- **ECB President Lagarde's speech on "Stablecoins and the future of money: separating functions from instruments".**
- **NBP Minutes: Most said labour market is less tight and this is reflected in lower wage growth; members said inflation outlook is uncertain, even in short-term.** Supply shock caused by war in Middle East raises CPI in short-term but also negatively affects economic activity.
- **Norges Bank Governor Bache** said at the moment she does not foresee a pronounced increase in the Policy Rate.
- **Hungarian Inflation Rate YoY (Apr) Y/Y 2.1% vs. Exp. 2% (Prev. 1.8%).**
- **Hungarian Inflation Rate MoM (Apr) M/M 0.40% (Prev. 0.4%).**
- **Hungarian Core Inflation Rate YoY (Apr) Y/Y 2.2% vs. Exp. 2.3% (Prev. 1.9%).**

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukraine President Zelensky** said a schedule of visits for envoys to visit between the Ukraine and US is being coordinated, visits will occur late spring or early summer.
- **Ukrainian President Zelensky** said Russian forces struck Ukrainian positions during the night and shows no attempt to hold the cease fire.

MIDDLE EAST

- **Iran Foreign Ministry Spokesperson** said Iran's response to US plan to end war is under review; action taken last night was a gross violation of the ceasefire. Full Post:. Baghaei: Iran's response to US plan to end war is under review Foreign Ministry Spokesperson in an interview with Tasnim:. The action taken last night was both a gross violation of international law and a violation of the ceasefire. Of course, the country's defenders dealt a huge blow to the enemy and repelled the enemy's evil with all their might. We are in a nominal state of ceasefire. Our armed forces are fully prepared and are closely monitoring. Wherever necessary, they will respond with all their might to any aggression and adventurism. But it must be said that your evil has been repelled. Regarding the negotiations, it should be said that they are being reviewed and we will definitely announce the final result once we reach it.
- **Explosion heard in Iran's Sirik city, near the Strait of Hormuz, with reasons unknown, Mehr News reported.**
- **US military undertook additional airstrikes, targeting several empty tankers which were attempting to break the blockade en route to Iran, Fox's Griffin reported.**
- **Iranian Revolutionary Leaders** said that Iran will secure the region of the Persian Gulf, RNA reported.
- **US Secretary of State Rubio** said Thursday strikes were separate from Operation Epic Fury; if missiles are fired at the US, we're going to respond. On China and Taiwan, US policy remains unchanged. Should get Iran response today.
- **US Secretary of State Rubio said, after an Italian meeting, that the movement of US troops is a decision for President Trump to make; we should get an Iran response today; hope it's a serious offer.** Hope that it puts US in a process of serious negotiation- Have not received a response yet. On troop deployments, always a plan to do a shift within NATO. Hope that it puts the US in a process of serious negotiation.
- **Iran Foreign Ministry** said US has violated ceasefire; strongly condemns aggressive actions of the US army against two oil tankers belonging to Iran near the port of Jask, and the attacks against several coastal areas over looking Hormuz, via Fars. These attacks were met with a powerful response and a "heavy slap" from the armed forces of the Islamic Republic of Iran, and the aggressors failed to achieve their illegitimate goals.
- **Iran Navy seized the tanker Ocean Koi in a special operation, after it allegedly attempted to disrupt oil exports and Iranian national interests, Tasnim reported.**
- **Tanker Trackers** reported three empty National Iranian Oil Company tankers reached Iran after passing through Pakistan's corridor, Tasnim reported. The tankers have capacity of about 5mln barrels of crude oil.
- **A massive fire at the site of Iran's attacks last night; large fire previously detected in the Strait of Hormuz, Musandam province, has moved; another big fire has been detected 30km west of Lark Island, Tasnim reported.**
- **Mitsui** said three of our oil tankers crossed the Strait of Hormuz in April without paying fees to Iran.
- **Firms within Saudi and the UAE** are reportedly receiving limited oil supplies via a water-based route.
- **IRGC navy warned vessels to stay away from US warships in the Strait of Hormuz after overnight skirmishes, saying that sometimes it needs to teach "Yankees" a lesson, according CNN; Adds chances of successful, amicable resolution remain minimal.** Another source operating in the Iranian maritime industry told CNN that the chances of a "successful amicable resolution to this conflict" remains minimal. "We have some concern that the war may commence soon," the source said.
- **US CENTCOM** said there are currently over 70 tankers that US forces are preventing from entering or leaving Iranian ports; these commercial ships have the capacity to transport over 166 million barrels of Iranian oil worth an estimated USD 13bln-plus.
- **German Foreign Minister** said Germany is to press for new alliances to counter Trump.
- **Iranian Foreign Minister Araghchi said, "Every time a diplomatic solution is on the table, the U.S. opts for a reckless military adventure...".** Full post:. "Every time a diplomatic solution is on the table, the U.S. opts for a reckless military adventure. Is it a crude pressure tactic? Or the result of a spoiler once again duping POTUS into another quagmire? Whatever the causes, outcome is the same: Iranians never bow to pressure.". Attached image adds that missile inventory/launcher capacity are at 120% vs February 28th levels, not 75%.
- **President Trump posted image of US Navy destroying an Iranian drone; he also posted positive comments on oil and stock markets.**
- **"A diplomatic source told Al Arabiya: Ensuring the safe passage of ships through the Strait of Hormuz is imminent.", Al Arabiya reported.** "The focus now is on a memorandum of understanding to stop the war, open the Strait of Hormuz, and ease the blockade.". "Progress on the nuclear program and the Strait of Hormuz files is slow".
- **Saudi Arabia has not permitted the use of its airspace to support offensive military operations, Al Arabiya reported citing sources.**

NORTH AMERICAN DATA

- **US Non Farm Payrolls (Apr) 115K vs. Exp. 73K (Prev. 178K, Low. -15K, High. 150K); Two month net revisions -16k (prev. -7k), February -23k to -156k, March +7k to 185k.**
- **US** U-6 Unemployment Rate (Apr) 8.2% (Prev. 8%).
- **US Unemployment Rate (Apr) 4.3% vs. Exp. 4.3% (Prev. 4.3%).**
- **US Average Hourly Earnings MoM (Apr) M/M 0.2% vs. Exp. 0.3% (Prev. 0.2%).**

- **US** Nonfarm Payrolls Private (Apr) 123K vs. Exp. 60K (Prev. 178K).
- **US** Participation Rate (Apr) 61.8% (Prev. 61.9%).
- **US** Average Weekly Hours (Apr) 34.3 (Prev. 34.2).
- **US** Government Payrolls (Apr) -8.0K (Prev. -8K).
- **US Average Hourly Earnings YoY (Apr) Y/Y 3.6% (Prev. 3.5%).**
- **US** Manufacturing Payrolls (Apr) -2K (Prev. 15K).
- **US** CES Total Birth-Death Forecast (Apr): 391k (prev. -47k).
- **Canadian Unemployment Rate (Apr) 6.9% vs. Exp. 6.7% (Prev. 6.7%).**
- **Canadian Employment Change (Apr) -17.7K vs. Exp. 5.1K (Prev. 14.1K).**
- **Canadian** Average Hourly Wages YoY (Apr) Y/Y 4.8% (Prev. 5.1%).
- **Canadian** Part Time Employment Chg (Apr) 29.0K (Prev. 15.2K).
- **Canadian** Full Time Employment Chg (Apr) -46.7K (Prev. -1.1K).
- **Canadian** Participation Rate (Apr) 65.0% (Prev. 64.9%).