

### Stocks surge to end the week, driven by Tech, as Iran response is awaited

- **SNAPSHOT:** Equities up, Treasuries up, Crude up, Dollar down, Gold up.
- **REAR VIEW:** NFP tops expectation, with u/e rate unchanged; US military carries out strikes in Iran, but does not seek escalation; Iran Navy seized the tanker Ocean Koi in a special operation; UoM Consumer Sentiment ticks lower in May; AAPL and INTC reach preliminary chip-making agreement; APO and BX reportedly weigh \$35B financing for AVGO; Canada employment growth turns negative, u/e rate moves higher.
- **COMING UP: Data:** Chinese Inflation (Apr), Norwegian Inflation (Apr), US Existing Home Sales. **Events:** BoC Market Participants Survey. **Supply:** US. **Earnings:** Hims & Hers, Constellation Energy, Circle Internet, Hannover Re, Gea Group.
- **WEEK AHEAD:** Highlights include US Inflation and Retail Sales, Chinese inflation, BoJ SOO and Trump-Xi meeting. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings subside as highlights include CSCO, BABA, AMAT. [Click here for the full report](#)

### MARKET WRAP

US indices closed with extensive gains, as the tech-heavy Nasdaq 100 outperformed amid chunky gains in semiconductor names and the broad-based mega-caps. Intel had another positive catalyst, as it and Apple (AAPL) reached a preliminary chip-making agreement. As expected, while sectors were mixed, Tech was the clear gainer, with Utilities residing at the bottom of the breakdown. It was a broadly risk-on trade to end the week, and was helped by a stellar US jobs report, as the headline topped expectations, the unemployment rate remained unchanged, and wages were cooler than expected. The Dollar was lower, to the benefit of G10 peers, with CAD the clear laggard on a dismal Canadian jobs report. WTI and Brent closed in the green, as participants now await Iran's response to the US proposal, which is reportedly due to come at some point on Friday. Upside in oil prices was limited after Trump and the US military signalled strikes on Iran yesterday didn't mean they sought escalation and that the ceasefire with Iran is still ongoing. Treasuries were firmer across the curve, whilst precious metals gained. Away from the US, GBP and Gilts were buoyed by a better-than-feared Labour performance in the local elections.

### US

**UOM:** Headline UoM consumer sentiment fell to 48.2 from 49.8 in the preliminary May report, below the expected 49.5. The decline was led by a drop in current conditions to 47.8 from 52.5, while forward-looking expectations edged up to 48.5 from 48.1. The drop in current conditions reflected concerns about high prices, both for personal finances and buying conditions for major purchases. The report also found that real income expectations continued a decline that began in March. It noted that one-third of consumers spontaneously mentioned gasoline prices, while about 30% mentioned tariffs. "Taken together, consumers continue to feel buffeted by cost pressures, led by soaring prices at the pump. Middle East developments are unlikely to meaningfully boost sentiment until supply disruptions have been fully resolved and energy prices fall." On inflation expectations, year-ahead forecasts softened to 4.5% from 4.7%, while 5-year expectations declined to 3.4% from 3.5%.

**US NONFARM PAYROLLS:** Overall, it was a strong US jobs report. The US economy added 115k jobs in April, above the 73k forecast but below the elevated 178k in March, which was revised up to 185k. Job gains were seen in healthcare, transportation and warehousing, and retail trade. Federal government employment continued to decline. The unemployment rate was unchanged at 4.3%, in line with expectations. The participation rate dipped slightly to 61.8% from 61.9%, while the U-6 unemployment rate rose to 8.2% from 8%. On wages, earnings rose 0.2%, below the 0.3% forecast, maintaining the prior pace from March. The Y/Y rate, however, accelerated to 3.6% from 3.5%. For the Fed, the report allows the central bank to keep its focus on the inflation side of the mandate, particularly with ongoing upside risks around the US/Iran conflict. Looking ahead, however, many are aware of downside risks to employment, particularly if the war drags on and costs for businesses rise further. Pantheon Macroeconomics write that "April's data bolster the case for thinking the labor market is convalescing. But the continued weakness of surveys of hiring intentions and the developing pressure on firms' costs from the surge in energy prices suggests it is too soon to sound the all-clear."

### FIXED INCOME

#### T-NOTE FUTURES (M6) SETTLED 7+ TICKS HIGHER AT 110-24

T-notes chop to oil price swings and strong NFP data .

**THE DAY:** T-notes were firmer on Friday, paring some of Thursday's weakness. Oil prices saw two-way trade throughout the session, with early downside in crude supporting Treasuries before T-notes pared gains as oil recovered from lows. The geopolitical backdrop remained fluid. Further explosions were reported in the Strait of Hormuz, with reports suggesting US destroyers had come under fire before the US retaliated. President Trump later described the response as a "love tap" and reiterated that the ceasefire remains in place.

Meanwhile, markets continued to await Iran's response to the latest US proposal, although Tasnim instead reported that Tehran is preparing a legal framework regarding the Strait of Hormuz, which could become a "deterrent and permanent law". Additional

clashes were later reported in the Strait.

On the data front, the highlight was the April nonfarm payrolls report, which was broadly strong. The US economy added 115k jobs, above the 73k forecast, although beneath the prior 185k, while the unemployment rate remained steady at 4.3%. Participation ticked lower. T-notes initially sold off on the release, with the resilient labour market reinforcing the view that the Fed can remain focused on inflation risks rather than downside labour concerns for now. However, the move largely pared as Treasuries continued to take direction from oil price action.

Elsewhere, the University of Michigan consumer sentiment survey declined, driven by weaker current conditions, while forward-looking expectations improved slightly. Inflation expectations eased, with the 1-year measure falling to 4.5% from 4.7%, while the 5-year declined to 3.4% from 3.5%.

## SUPPLY

### Notes

- US to sell USD 58bln of 3-year notes on 11th May, USD 42bln of 10-year notes on 12th May and USD 25bln of 30-year bonds on 13th May

### Bills

- US to sell USD 77bln of 26-week bills and USD 89bln of 13-week bills on May 11th, to sell USD 80bln of 6-week bills and USD 50bln of 52-week bills on May 12th; all to settle May 14th

## STIRS/OPERATIONS

- Fed Pricing: Dec +2.9bps (prev. +5.6bps).
- EFR at 3.63% (prev. 3.64%), volumes at USD 119bln (prev. USD 118bln) on May 7th
- SOFR at 3.60% (prev. 3.61%), volumes at USD 3.106tln (prev. USD 3.129tln) on May 7th
- NY Fed RRP op demand at 0.77bln (prev. 1.63bln) across 6 counterparties (prev. 7) on May 7th.

## CRUDE

**WTI (M6) SETTLED USD 0.61 HIGHER AT 95.52/BBL; BRENT (N6) SETTLED USD 1.23 HIGHER AT 101.29/BBL**

The crude complex was slightly firmer as participants still await Iran's response to the US, which is reportedly due to come at some point on Friday. On Thursday and overnight, there were reports of new strikes in the UAE and Iran. However, the US military downplayed this, saying they don't see escalation, and Trump said the ceasefire is still on. Later, benchmarks saw upside in the European morning amid reports that Iran Navy seized the tanker Ocean Koi in a special operation, after it allegedly attempted to disrupt oil exports and Iranian national interests. Thereafter, benchmarks saw choppy trade as the Iranian response is due. WTI and Brent saw a knee-jerk lower in the US afternoon after Trump announced there would be a three-day ceasefire (May 9-11th) in the war between Ukraine and Russia. For the record, the weekly Baker Hughes rig count saw oil rise 2 to 410, natgas fall 1 to 129, leaving the total up 1 to 548. WTI traded between USD 93.82-98.64/bbl and Brent USD 99.55-102.92/bbl.

## EQUITIES

**CLOSES:** SPX +0.81% at 7,397, NDX +2.35% at 29,235, DJI +0.02% at 49,609, RUT +0.71% at 2,860.

**SECTORS:** Technology +2.69%, Consumer Discretionary +0.46%, Materials +0.42%, Real Estate +0.11%, Consumer Staples +0.03%, Communication Services -0.04%, Industrials -0.50%, Financials -0.61%, Energy -0.63%, Health -0.89%, Utilities -0.94%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -1.01% at 5,912, Dax 40 -1.44% at 24,307, FTSE 100 -0.43% at 10,233, CAC 40 -1.09% at 8,113, FTSE MIB +0.00% at 49,290, IBEX 35 -0.95% at 17,889, PSI -0.73% at 9,067, SMI -0.26% at 13,101, AEX -0.19% at 1,018

### STOCK SPECIFICS:

- **CoreWeave (CRWV):** Deeper than exp. loss per shr. w/ disappointing next Q rev. guide & raised capex guide.
- **Akamai (AKAM):** Announced a major AI infrastructure deal w/ a frontier model provider.
- **Microchip (MCHP):** Top & bottom line surpassed Wall St. exp\$MNST +9%: Strong Q metrics.
- **Iren (IREN):** NVDA will invest up to \$2.1bln as part of a deal to deploy up to 5 gigawatts of AI infrastructure.
- **Monster Beverage (MNST):** Adj. EPS and rev. beat.
- **Coinbase (COIN):** Surprise loss per shr. & rev. light.
- **Nike (NKE):** Downgraded at Wells Fargo.
- **Moderna (MRNA)** is working on an early-stage Hantavirus vaccine.
- **Apple (AAPL)** and **Intel (INTC)** reach preliminary chip-making agreement, according to WSJ citing sources.
- US President Trump planning to fire FDA commissioner Marty Makary, according to WSJ citing sources.
- **Apollo (APO)** and **Blackstone (BX)** reportedly weigh USD 35bln financing for **Broadcom (AVGO)**, Bloomberg reports.

## FX

The dollar index was weaker as the retreat in oil prices in late US afternoon on Thursday and, as such, lower US yields offset the better-than-expected NFP reading. Payrolls grew 115k, above the expected 73k, with the unemployment rate remaining at 4.3%. This gives the Fed some comfort regarding the jobs market, as employment has stabilised in the last two months, putting greater

focus on the inflation mandate. Meanwhile, lower oil prices were a function of the US saying it does not seek an escalation after striking Iran yesterday and continued hopes Iran's response will lead to a step closer to a resolution. In other news, consumer sentiment took a dip in the UoM report for May, weighed by real income expectations declining amid citations on gasoline prices and tariffs. Inflation expectations came down on the 1-year to 4.5% (prev. 4.7%) and 3.4% (prev. 3.5%). DXY.

**CAD** underperformed, weighed down by employment growth unexpectedly turning negative. Employment fell 17.7k (exp. 5.1k), leaving the unemployment rate rising to 6.9% from 6.7%, its highest level since October 2025. USD/CAD rose marginally to 1.3678.

**GBP** outperformed on Friday as local elections in the UK thus far point towards Labour avoiding the absolute worst-case scenario. Nonetheless, over 1,200 council seats have been lost at the time of writing for Labour, signalling a massive loss of confidence in the party. PM Starmer offered the pound support, suggesting that he intends to remain as the PM into the next General Election. Cable now sits around highs of 1.3631.

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