Daily European Opening News - 12th May 2026

SNAPSHOT

STOCKS			
Nikkei 225	+0.5%	ASX 200	-0.4%
Hang Seng	+0.2%	Shanghai Comp	-0.3%
Euro Stoxx 50 Jun'26	-0.7%	DAX Jun'26	-0.9%
ES Jun'26	-0.2%	NQ Jun'26	-0.5%

FX			
DXY	+0.3% (98.17)	EUR/USD	-0.2% (1.1755)
USD/JPY	+0.3% (157.67)	GBP/USD	-0.3% (1.3576)

BONDS			
US T-Note Jun'26	-3.5 ticks	Bund Jun'26	-22 ticks
US 10yr Yield	4.42%	German 10yr Yield	3.06%

ENERGY & METALS			
WTI Jun'26	+0.9%	Brent Jul'26	+0.6%
Spot Gold	-0.5%	LME Copper	-0.2%

CRYPTO			
Bitcoin	-0.6%	Ethereum	-1.1%

As of 06:25BST/01:25EDT

LOOKING AHEAD

- Highlights include German HICP Final (Apr), ZEW (May), US Inflation (Apr), ADP Employment Change Weekly, EIA STEO (May), EU Informal Meeting of Energy Ministers (May 12-13), Australian federal budget. Speakers include RBNZ's Bremen, BoC's Macklem, ECB's Elderson, Fed's Williams & Goolsbee. Supply from the Netherlands, UK, Germany & US. Earnings from JD.Com, Under Armour, Siemens Energy, Munich Re, Bayer & Vodafone.
- Click for the Newsquawk Week Ahead.

IRAN CONFLICT

- **US President Trump said he has a plan on Iran and repeated that their proposal is unacceptable,** while he added that the US blockade on Iran was part of military genius. Trump noted regarding nuclear dust that Iran said the US or China are able to take it out, and Iran doesn't have the equipment to take out nuclear dust. Furthermore, he said the **ceasefire is unbelievably weak and is on life support, but added that a diplomatic solution with Iran is still possible.**
- **US President Trump was reported to have met with his national security team on Monday to discuss the way forward in the Iran war, including possibly resuming military action, after negotiations with the country deadlocked on Sunday,** according to three US officials cited by Axios. US officials said Trump wants a deal to end the war, but Iran's rejection of many of his demands and refusal to make meaningful concessions on its nuclear program puts the military option back on the table. Furthermore, two US officials said that Trump is leaning toward taking some form of military action against Iran to increase pressure on the regime and force concessions on its nuclear program, while one official said "He will tune them up a bit", and another said "I think we all know where this is going". However, Trump is expected to leave for China on Wednesday and return Friday, while two officials said they don't think Trump would order military action against Iran before he returns from China.
- **Many close to US President Trump want Pakistani mediators to be far more direct in their communications with the Iranians, and some Trump aides said he is now more seriously considering a resumption of major combat operations than he has in recent weeks,** according to CNN citing sources. It was also noted that there are different camps within the administration that

are recommending alternating paths for how to proceed, as some have argued for a more aggressive approach to pressuring the Iranians to the table — including targeted strikes that further weaken Tehran's position, while others are still pushing to give diplomacy a fair shot. Furthermore, Trump met with his national security team at the White House on Monday to discuss options moving forward, although sources familiar with the talks said a **major decision on how to proceed is unlikely to be made prior to the president's departure to China.**

- **White House Deputy Press Secretary Kelly said US President Trump is not in a rush with Iran** and that Trump has all options on the table for Iran.
- **US was on the verge of making a decision a week ago to resume attacks on Iran, but those close to President Trump convinced him last week at the last minute to freeze the decision to return to war,** while Israel assesses that Khamenei is still preventing any progress in the negotiations as the Supreme Leader, according to Al Hadath.
- **Israeli broadcaster reported discussions are underway with America regarding resuming the fight against Iran,** according to A Arabiya.
- **US issued fresh Iran-related sanctions in which targets include entities in Hong Kong.** US Treasury said it is imposing sanctions on 12 individuals and entities for aiding Iran's oil shipments to China, while the companies hit with sanctions include 4 based in Hong Kong and 4 in the UAE.
- **Iranian Parliament Speaker Ghalibaf said "There is no alternative but to accept the rights of the Iranian people as laid out in the 14-point proposal",** while he added that "Any other approach will be completely inconclusive; nothing but one failure after another." Ghalibaf also commented **"Our armed forces are ready to respond in a lesson-based manner to any aggression...** We are open to all options".
- **Iranian Deputy Foreign Minister for Legal and International Affairs Gharibabadi said the US draft plan about Strait of Hormuz shows an attempt to change the face of the issue, while he emphasized that freedom of navigation is an important principle in international law,** but it cannot be interpreted selectively and separately from the United Nations Charter, and any plan that is presented without referring to aggression, blockade, threat of force and Iran's legitimate rights to defend its security and vital interests regarding the situation in the Strait of Hormuz will be incomplete, biased and doomed to failure.
- **Iranian National Security Commission spokesperson quoted the head of the atomic energy organisation that the issue of nuclear tech is not on the agenda of the negotiations, and enrichment is not negotiable.** It was also stated that Iran's nuclear industry activities are peaceful and will remain peaceful, while the necessary preparations have been carried out to protect nuclear centres and assets.
- **Iran is ready to dilute highly enriched uranium to levels of 3.7% and 20%, according to Al Jazeera citing a source.** It was reported that Washington refused to transfer the highly enriched uranium to Russia and suggested a third country to receive it, while Iran refused to transfer uranium outside its territory and is ready to dilute it under the supervision of the IAEA. Furthermore, Washington demanded a halt to uranium enrichment for twenty years, but Iran refused, while Washington demanded in its proposal to obtain highly enriched uranium at 60%, and it rejected a proposal to pay Iran reparations for war losses.
- **Enriched nuclear materials will not be transferred outside Iran,** according to Tasnim. **A source close to the negotiating team said contrary to claims by some Western media outlets, there is no such thing in Iran's text as accepting the withdrawal of enriched nuclear material from the country,** while a source also stated that Iran has set a specific deadline in its proposal for receiving its blocked funds.
- **Pakistan's ambassador to Russia is convinced that the US will not resort to a new military operation against Iran,** according to TASS citing an interview.
- **UAE has secretly carried out military strikes on Iran, according to WSJ citing sources, while the strikes, which the UAE hasn't publicly acknowledged, included an attack on a refinery on Iran's Lavan Island, which took place in early April** around the time Trump was announcing a ceasefire.
- **US Ambassador to the UN Mike Waltz announced that security cooperation between Israel and some Middle Eastern countries, especially the UAE, has expanded,** while an Israeli newspaper quoted Waltz as saying that Israel provided the Iron Dome system to the UAE.
- **As Pakistan positioned itself as a diplomatic conduit between Tehran and Washington, it quietly allowed Iranian military aircraft to park on its airfields,** potentially shielding them from American airstrikes, according to CBS citing sources.
- **Israeli Navy shelled the Khan Yunis coast, while Israel also conducted airstrikes on multiple towns in southern Lebanon,** according to Noor News and Al Jazeera.
- **Hezbollah said it targeted a Merkava tank in the town of Bayada with a guided missile, and it was seen burning,** according to Al Mayadeen.

US TRADE

EQUITIES

- **US stocks** eked mild gains with the S&P 500 and NDX printing fresh record highs amid further strength in semiconductor names, while energy outperformed alongside higher crude prices, and Materials benefited from strength in metal prices. Nonetheless, the upside for the broader market was limited, and oil prices rose after US President Trump rejected Iran's response to the latest US proposal to end the war, calling it "totally unacceptable". Furthermore, Trump said the ceasefire is unbelievably weak and is on life support, while he was set to meet with his national security team to discuss next steps regarding Iran, including the potential resumption of military operations.
- **SPX** +0.18% at 7,412, **NDX** +0.29% at 29,321, **DJI** +0.19% at 49,704, **RUT** +0.39% at 2,872.
- Click here for a detailed summary.

TARIFFS/TRADE

- **US President Trump commented that the US needs more tariffs.**
- **The White House said US President Trump will meet with Chinese President Xi on Thursday at 10:15 AM in Beijing (03:15BST/22:15EDT) and a banquet will be held at 18:00 on Thursday (11:00BST/06:00EDT).**
- **US President Trump said they are doing smart business with China and have a great relationship with Chinese President Xi.** Trump said they will bring up prisoners in a meeting with Xi and that Taiwan will also come up in talks with China, while he said Xi is more likely to bring up Taiwan and that they will also talk about energy and Iran with Xi.
- **US President Trump posted "I am very much looking forward to my trip to China,** an amazing Country, with a Leader, President Xi, respected by all. Great things will happen for both Countries!"
- **Politico's Mueller said it seems the list of CEOs a White House official shared could be those invited to China, rather than those travelling,** and a Cisco spokesperson said their CEO will not be able to attend due to earnings.
- **US President Trump was reportedly to sign executive orders on Monday to allow increased beef imports and support the renewal of US cattle herd,** according to a White House official. **However, it was later reported that Trump did not sign the planned suspension of tariff-rate quotas for beef, with no explanation given, but came after pushback from ranchers and Capitol Hill Republicans,** while Trump's team is now finalising potential executive actions on beef.
- **US House lawmakers are introducing a bill to ban Chinese vehicles in the US.**
- **France is pressuring the EU to crack down on platforms like Shein and Temu,** according to FT.
- **US Treasury Secretary Bessent posts that he held talks with Japanese Economy Minister Akazawa** ; "I highlighted the continued positive collaboration between the United States and Japan on issues pertaining to critical minerals and supply chains".

NOTABLE HEADLINES

- **Fed Chair nominee Warsh cleared the Senate procedural hurdle** and a Senate confirmation vote is expected as early as Wednesday.

APAC TRADE

EQUITIES

- **APAC stocks** traded mixed following the mild gains on Wall St, where the S&P 500 and NDX extended record highs, but with the upside capped by higher oil prices and geopolitical uncertainty after US President Trump said the ceasefire is unbelievably weak and is on life support, but added that a diplomatic solution with Iran is still possible. Furthermore, Trump was said to be now more seriously considering a resumption of major combat operations than he has in recent weeks, although sources also stated that a major decision on how to proceed is unlikely to be made prior to the president’s departure to China.
- **ASX 200** was dragged lower as weakness in the tech, healthcare, financials and consumer sectors offset the commodity-related gains, while sentiment was also not helped by a soft NAB Business Survey.
- **Nikkei 225** ultimately gained, but with price action choppy amid a softer currency, disappointing Household Spending data and hawkish undertones from the BoJ Summary of Opinions, while participants also reflected on the record earnings from SoftBank.
- **KOSPI** swung between gains and losses after its recent surge, and with some cautiousness seen after South Korean policymakers proposed the establishment of an AI 'citizen dividend'.
- **Hang Seng** and **Shanghai Comp** were mixed with the Hong Kong benchmark led higher by Kuaishou Technology after it was reported that the Co. plans to spin off its Kling AI video unit at a USD 20bln valuation, while the mainland lacks conviction as participants await the looming Trump-Xi summit in Beijing.
- **US equity futures** were subdued overnight amid the ongoing geopolitical uncertainty.
- **European equity futures** indicate a negative open with Euro Stoxx 50 futures down 0.7% after the cash market closed with losses of 0.3% on Monday.

FX

- **DXY** mildly strengthened in tandem with higher oil prices and yields, as well as the mixed risk appetite amid geopolitical uncertainty due to the US-Iran impasse, while participants look ahead to the incoming US inflation data scheduled for today and the Trump-Xi summit later this week.
- **EUR/USD** gave up ground amid the firmer buck, but with price action kept to within a relatively tight range at the 1.17 handle amid a lack of major news catalysts from the bloc.
- **GBP/USD** lingered at sub-1.3600 territory after recent fluctuations and political headwinds for UK PM Starmer, who is fighting to hold on to his job after cabinet ministers held talks on his future and dozens of Labour MPs called for him to resign.
- **USD/JPY** gained a firmer footing above the 157.00 level with the Japanese currency pressured by higher oil prices and disappointing Household Spending data. Furthermore, Japan's Finance Minister Katayama had a meeting with US Treasury Secretary Bessent and discussed the financial market situation, including forex, while she reaffirmed close cooperation based on the prior accord but refrained from any significant currency jawboning.
- **Antipodeans** were lacklustre alongside the flimsy risk sentiment and recent upside in commodities, while Australian NAB Business Surveys remained soft, and the federal budget announcement is due today.
- **PBoC** set USD/CNY mid-point at 6.8426 vs exp. 6.7945 (prev. 6.8467).

FIXED INCOME

- **10yr UST futures** trickled lower after recent upside in oil prices, with demand not helped ahead of US inflation data and the latest 10yr auction stateside.
- **Bund futures** retreated amid energy-related headwinds, while participants also await ZEW data and incoming supply, including a EUR 6bln Schatz issuance later, followed by EUR 2.5bln of Bunds tomorrow.
- **10yr JGB futures** continued the recent declines amid the oil pressure and after the BoJ Summary of Opinions noted some members saw the need to resume rate hikes soon, opening the door for a June hike, while there was ultimately a choppy reaction to the mixed results from the 10yr JGB auction.

COMMODITIES

- **Crude futures** extended on their gains amid geopolitical uncertainty after President Trump commented that the ceasefire is unbelievably weak and is on life support, but added that a diplomatic solution with Iran is still possible, while some Trump aides said he is now more seriously considering a resumption of major combat operations than he has in recent weeks. Nonetheless, gains are capped as sources familiar with the talks noted a major decision on how to proceed is unlikely to be made prior to Trump's departure for China, and it was also reported that the US released another 53.3mln barrels from the SPR.
- **US released another 53.3mln barrels from Strategic Petroleum Reserve** to companies including Trafigura, Marathon Petroleum (MPC), and Exxon Mobil (XOM) in an effort to ease soaring fuel prices caused by the Iran war and disruptions in the Strait of Hormuz.
- **US House could vote on a gas-tax holiday as early as next week,** according to multiple sources familiar with the planning cited by Punchbowl.
- **Spot gold** saw two-way price action following the prior day's advances across the metals complex and with participants mulling over the US-Iran impasse.
- **Copper futures** edged higher in choppy trade amid the mixed overnight risk appetite.

CRYPTO

- **Bitcoin** gradually retreated overnight and briefly retreated beneath the USD 81,000 level.

NOTABLE ASIA-PAC HEADLINES

- **BoJ Summary of Opinions from the April meeting noted a member said that given real interest rates are at significantly low levels, it is appropriate for the BoJ to continue raising policy rates,** while a member said Japan’s real policy interest rate is by far at the lowest level globally and the BoJ must continue to adjust the negative real interest rate in preparation for the second-round effects of price rise. It was also stated that the BoJ may need to address the risk of prices deviating upwards and a member said that in the case where upside risks to prices increase, the BoJ must accelerate the pace of rate hikes without hesitation. Furthermore, a member said **if tension over the situation in the Middle East becomes prolonged, there will be a need to raise the policy interest rate to neutral at an earlier timing, while it is quite possible the BoJ will raise rates from the next meeting onward even if the future course of the Middle East situation remains unclear.**
- **Japanese Finance Minister Katayama said she had a meeting with US Treasury Secretary Bessent and discussed the financial market situation, including forex,** while she reaffirmed close cooperation based on the joint statement last year and reaffirmed to continue to coordinate strongly.
- **Japan and India signed a quantum technology cooperation pact,** according to Nikkei.
- **US Treasury Secretary Bessent said he is pleased to reaffirm US-Japan economic partnership** , and added that communication on FX volatility remains constant and robust; he also held positive talks on US-Japan investment agreement.

DATA RECAP

- Japanese Household Spending MM (Mar) -1.3% vs Exp. 0.6% (Prev. 1.5%)
- Japanese Household Spending YY (Mar) -2.9% vs. Exp. -1.5% (Prev. -1.8%)
- Australian NAB Business Confidence (Apr) -24 (Prev. -29)
- Australian NAB Business Conditions (Apr) 3 (Prev. 6)

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukrainian President Zelensky said Russia has no intention of ending this war** and they are preparing for new attacks. It was later reported that **Ukraine's capital of Kyiv came under a drone attack** following expiration of the truce.

OTHER

- **US Pentagon announced that a US Navy nuclear-armed submarine arrived in Gibraltar.**

EU/UK

NOTABLE HEADLINES

- **Four UK cabinet ministers, led by the Home Secretary, have gone into Number 10 to tell the PM to set out a timetable for him to resign,** according to ITV News. Furthermore, it was reported that UK Deputy PM Lammy urged PM Starmer to set out a timetable to quit, and Foreign Minister Cooper also told UK PM Starmer he should see an orderly transition of power, while Sky News's Rigby previously reported that **cabinet members were gearing up to tell UK PM Starmer the "game is up".**
- **UK MP Streeting appeared to have moved against UK PM Starmer, while the prime minister now looks in increasing peril,** according to Bloomberg's Wickham.
- **Guardian's Elgot said she understands from cabinet sources that for the moment, they are not planning to quit or force the PM into a corner,** but want him to “look again” at the political reality."
- **UK Labour Party power brokers want new fiscal rules after Starmer, and MPs from the influential Tribune faction called for longer-term debt targets and bigger wealth taxes in an effective manifesto for the next leader,** according to The Times.

DATA RECAP

- UK BRC Retail Sales Monitor YY (Apr) -3.4% vs. Exp. 0.8% (Prev. 3.1%)