newsquawk

Daily Asia-Pac Opening News - 13th May 2026

SNAPSHOT

STOCKS			
S&P 500	-0.2%	Nasdaq Comp.	-0.7%
DJIA	+0.1%	Russell 2000	-1.0%
ES Jun'26	-0.2%	RTY Jun'26	-1.1%
NQ Jun'26	-1.0%	YM Jun'26	+0.2%

FX			
DXY	+0.4% (98.31)	EUR/USD	-0.4%
USD/JPY	+0.3%	GBP/USD	-0.5%

BONDS			
US T-Note Jun'26	-12.5 ticks	10yr Bund Jun'26	-63 ticks
US 10yr Yield	4.47%	German 10yr Yield	3.10%

ENERGY & METALS			
WTI Jun'26	+4.1%	Brent Jul'26	+3.2%
Spot Gold	-0.5%	LME Copper	+1.0%

CRYPTO			
Bitcoin	-1.4%	Ethereum	-2.3%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include South Korean Unemployment Rate, Japanese Current Account, Australian Home Loans, New Zealand Inflation Expectations, Supply from Australia.
- Click for the Newsquawk Week Ahead.

IRAN CONFLICT

- **US President Trump said 100% we get Iran's nuclear dust, while he is fully confident Iran will abandon uranium enrichment and any path toward a nuclear weapon, despite stalled talks with Tehran. Trump also stated that the US is in direct contact with Iranian officials and is in no rush to reach a deal,** while tensions remain high after he called the fragile ceasefire “on life support”. Furthermore, he said China is strong, but the US is stronger than them militarily, and he is not in a rush for an Iran deal, but it is just a question of time.
- **US President Trump said they are only going to make a good deal regarding Iran and will have a long talk with Chinese President Xi about the Iran war, while he added that Pakistan has been great, and on the China trip, good things will happen.** Furthermore, Trump said he does not think he needs Xi's help on Iran and the blockade has been effective, as well as stated that **Iran will either do the right thing, or the US will finish the job, and that Iran will make a deal or be decimated.**
- **US Secretary of War Hegseth said the US has a plan to escalate in Iran, if needed.**
- **US Pentagon is considering re-naming the Iran war "Sledgehammer" if the ceasefire collapses,** according to NBC. Any new military combat operations against Iran would be conducted under a new name and operation, a White House official familiar with the discussions said, and from the administration’s point of view, this would effectively restart the clock with Congress.
- **US House and Senate Democrats to hold Iran war powers votes this week, with the Senate vote scheduled on Wednesday and the House vote planned for Thursday,** according to Politico citing sources
- **Iranian Foreign Ministry spokesman Baghaei said their armed forces are prepared for any scenario, while Iran insists on ending the war and reopening the Strait of Hormuz before any nuclear negotiations,** according to Al Mayadeen and ISNA.
- **Iranian State Department spokesperson said can assure that their armed forces are prepared for any scenario, while a**

government spokesperson said their finger is on the trigger and the primary focus is on achieving lasting peace.
- **Iranian Parliamentary spokesperson said "One of Iran's options in the event of another attack could be 90 percent enrichment.** We will review it in the parliament."
- **Iran's ambassador to China said Tehran views its strategic partnership with China as key to countering US pressure and advancing demands for a lasting ceasefire,** according to IRNA.
- **IRGC Navy official Akbarzadeh said Iran has significantly expanded its definition of the Strait of Hormuz strategic zone to include the coasts of Jask and Siri beyond the main islands,** according to Al Mayadeen. It was separately reported that the **IRGC Navy deputy said in a recent case, Iranian forces fired warning shots after an American frigate showed "provocative behaviour" in the Strait of Hormuz, prompting it to change course,** according to Fars.
- **Iran Foreign Ministry advisor Ali Safri said Iran's current focus is on ending the war, and they realised the US does not want negotiations but rather Iran's surrender,** while Safri added they cannot surrender to America.
- **A source familiar with the course of negotiations between Iran and the US confirmed that the top directives for the Iranian negotiating team included the condition of achieving five points before starting negotiations on the nuclear file, which were ending the war on all fronts, lifting all sanctions, releasing frozen funds, compensation for damages and losses resulting from the war, and recognising Iran's right of sovereignty over the Strait of Hormuz.** It was separately reported that **Iran will not enter the second round of talks with the US without fulfilling five confidence-building conditions,** according to Fars citing sources.
- **Vessel traffic continues under IRGC supervision, while there have been about 100 hours since calm was restored in the Strait of Hormuz and no clashes were reported during these four days,** according to IRIB. It was later reported that **Iran hasn't successfully exported any crude oil by sea over the past 28 days, according to Tanker Trackers.**
- **Kuwaiti media reported that infiltrators from the Iranian Revolutionary Guard tried to enter the country via the sea and "intended to carry out hostile acts against the country", while Kuwait's Foreign Ministry said in a statement that the Iranian ambassador was summoned after alleging IRGC personnel infiltrated Bubiyan Island. However, Iran's Foreign Ministry later rejected Kuwait's statements** that Tehran was planning "hostile actions" against Kuwait and said the four Iranians, arrested by Kuwait, were engaged in a routine naval patrol mission and entered Kuwait's territorial waters due to "disruption in their navigation".
- **Israeli army said the interception of a drone in the skies over Eilat launched from the eastern direction, while Israeli journalist Kai suggested the launch could've come from Iran, Iraq, or Yemen. Israeli Channel 12 reported estimates in Israel that Yemen's Houthis launched two drones towards Eilat,** Israel, according to Al Jazeera.
- **Saudi Arabia reportedly carried out unpublicised retaliatory strikes on Iran during the war, according to Reuters citing sources, while the attacks were carried out in late March.**
- **UK is to contribute drones, jets and a warship to the multinational mission to secure the Strait of Hormuz,** which will include autonomous mine-hunting kit, Typhoon jets and HMS Dragon.

US TRADE

- **US stocks** were mixed on Tuesday, and the major indices finished mostly in the red as participants reflected on geopolitics and firmer-than-expected inflation data, although the Dow was slightly firmer. Sector performance was also varied as Health Care, Consumer Staples and Energy outperformed, while Technology, Consumer Discretionary and Industrials lagged. Furthermore, Tech weighed on the broader market as semiconductor names saw profit taking after recent outperformance, although equities did pare the majority of losses into the close as chip stocks bounced from intraday lows without a clear driver. Nonetheless, the geopolitical backdrop remained tense, with markets continuing to focus on the risk of renewed conflict in the Middle East after President Trump described the ceasefire as "very weak". Tuesday's developments included reports that Iran had targeted Kuwait, drawing strong condemnation from the UAE, while additional reports suggested Saudi Arabia had struck Iran during the early stages of the conflict. Meanwhile, Iran reiterated it would not return to negotiations unless five conditions are met, including an end to the war, sanctions relief, the release of frozen funds, compensation, and the recognition of Iranian sovereignty over Hormuz.
- **SPX** -0.16% at 7,401, **NDX** -0.87% at 29,065, **DJI** +0.11% at 49,766, **RUT** -0.97% at 2,842.
- Click here for a detailed summary.

TARIFFS/TRADE

- **US President Trump said they have to do tariffs a different way and that he gets to charge more,** while they just have to do them in a more complex way.
- **US President Trump is to confront Chinese President Xi at the upcoming summit over China's backing of Iran and Russia,** according to Fox News. Officials said the leaders are also expected to discuss Taiwan, cybersecurity, artificial intelligence and rare earth supply chains during the summit, while administration officials emphasised there would be no change in longstanding US policy toward Taiwan, highlighting increased American arms sales to Taipei and calling for Taiwan to further boost defence spending. Furthermore, officials said Trump and Xi could discuss establishing a formal communication channel on AI-related security concerns as both countries race to develop increasingly advanced systems with military and cyber implications, as well as pointed to ongoing discussions surrounding rare earth supply chains and access to critical minerals used in defence systems, electronics and advanced manufacturing.
- **China and the US are reportedly discussing corn purchases ahead of the Trump-Xi summit,** according to Bloomberg.
- **White House said reports that Trump and Xi are considering a deal to allow China to invest USD 1tln in the US to build factories on American soil are "baseless and false",** according to News Nation.
- **US Appeals Court temporarily paused the trade court ruling against Trump's 10% tariffs under Section 122.**

- **European Commission said Brazil can no longer export some products to the EU, including bovine, poultry and eggs from September 3rd,** according to an EC spokesperson.

NOTABLE HEADLINES

- **Majority of US Senate voted to confirm Kevin Warsh as Fed Governor, while the Chair confirmation is expected on Wednesday.**
- **Fed's Goolsbee (2027 voter) said the April CPI report was worse than expected, and the worst part is the services inflation. Goolsbee later said he does not think Fed independence is going away and without central bank independence, inflation will come roaring back,** while he also stated that inflation is going the wrong way, not just in oil-related and tariff-related things.
- **US FDA Commissioner Marty Makary is resigning, while Kyle Diamantas will lead the FDA in an acting capacity,** according to Politico.

DATA RECAP

- US Inflation Rate MM (Apr) 0.6% vs. Exp. 0.6% (Prev. 0.9%, Low. 0.4%, High. 0.9%)
- US Inflation Rate YY (Apr) 3.8% vs. Exp. 3.7% (Prev. 3.3%, Low. 3.3%, High. 3.9%)
- US Core Inflation Rate MM (Apr) 0.4% vs. Exp. 0.3% (Prev. 0.2%, Low. 0.2%, High. 0.5%)
- US Core Inflation Rate YY (Apr) 2.8% vs. Exp. 2.7% (Prev. 2.6%, Low. 2.6%, High. 2.9%)
- US ADP Employment Change Weekly 33.0K (Prev. 39.25K)

FX

- **USD** saw broad-based strength as higher oil prices (due to a lack of US-Iran progress) and a hotter-than-expected CPI report. April CPI was largely higher than expected, with Core M/M accelerating to 0.4% from 0.2%, Headline Inflation Y/Y to 3.8% from 3.3%, while Headline M/M eased to 0.6% from 0.9% as expected. Services and supercore inflation proved sticky, all accelerating M/M with Fed's Goolsbee once again expressing concern over the former, likely foreshadowing the focus from future Fed speeches, namely, concerns shifting back towards inflation as labour growth has shown stabilisation in the last couple of months. Meanwhile, higher US yields on rising oil prices gave USD a boost, as now Iran has set its own preconditions to entertain a second round of talks, some of which the US is reportedly against, including "compensation for damages caused by the war".
- **EUR** gradually trickled lower throughout the day amid the firmer buck and despite hawkish-leaning comments from ECB's Nagel, who said the ECB mandate requires them to act if inflation expectations de-anchor and "we'll see in June", while he also stated they still have quite a bit of inflation ahead of them and that ECB rate hikes are becoming increasingly likely.
- **GBP** underperformed amid domestic politics headwinds and with sell-side analysts broadly in consensus on the dire situation in the UK political landscape. In brief, UK PM Starmer told the Cabinet he intends to remain in leadership and will not schedule an exit – a move which essentially invites a leadership challenge, while there are a few key factors that markets will eye, but perhaps most pertinent are Burnham announcing his intention to become an MP, or Streeting starting a leadership challenge.
- **JPY** weakened with USD/JPY at a firm footing at the 157.00 handle amid rising oil prices and higher US yields.

FIXED INCOME

- **T-notes** settled lower as oil prices extended gains amid ongoing geopolitical tensions, and as a hotter-than-expected CPI report added to inflation concerns.

COMMODITIES

- **Oil prices** climbed higher through the duration of the session, as US/Iran tensions show no signs of abating, while reports noted that Iran will not enter the second round of talks with the US without fulfilling five confidence-building conditions.
- **EIA STEO noted 2026 world oil demand is forecast at 104.2mln bpd (prev. 104.6mln bpd),** and 2027 world oil demand at 105.6mln bpd (prev. 106.2mln bpd).
- **India raised import tariffs on gold and silver, with the agriculture infrastructure and development cess on gold and silver imports lifted to 5% from 1.0%.**

GEOPOLITICAL

RUSSIA-UKRAINE

- **Ukrainian President Zelensky said Ukraine struck gas facilities in Russia's Orenburg region, more than 1,500km from Ukraine.**
- **Kyiv and Washington are preparing to sign a first-of-its-kind agreement to allow the export of Ukrainian drones for military testing in the US,** according to a draft statement of intent seen by FT.
- **Russia's President Putin said work on the Poseidon and Burevestnik systems is in its final stages,** while he said the Sarmat missile range could exceed 35,000km.

OTHER

- **US President Trump posted "No Republican has ever spoken to me about Cuba, which is a failed country and only heading in**

one direction - down! Cuba is asking for help, and we are going to talk!!! In the meantime, I'm off to China!"

EU/UK

NOTABLE HEADLINES

- **UK PM Starmer is increasingly confident he has seen off the immediate threat to his premiership,** according to The Guardian
- **UK PM Starmer reportedly told the Cabinet that he will not be setting out a timetable for departure and has asked them to come and see him individually,** while it was separately reported that **he won't discuss the elections or his leadership, and will only speak to Cabinet ministers about that individually, but after the meeting, he refused to meet them individually.**
- **UK PM Starmer did not give his critics any chance to speak against him in this morning's meeting,** according to The Telegraph's Diver, while Starmer is reportedly looking for a dignified way of ending all this and doesn't want to be seen to be forced out, according to The Mail on Sunday's Hodges. However, ITV's Peston cited a very senior minister who said Starmer is going to fight.
- **UK Deputy PM Lammy said PM Starmer has his full support and that no one seems to have enough support to stand up against Starmer.** Furthermore, Cabinet Minister McFadden said no one directly challenged PM Starmer during the Cabinet meeting, while Kendall said Starmer has her "full support" and Kyle said Starmer provides "steadfast leadership".
- **UK Junior Minister Fahnbulleh resigned (the first ministerial level resignation) and called on PM Starmer to set a timetable for a transition, while Safeguarding Minister Phillips also resigned from PM Starmer's Government. Furthermore, Labour Minister Davies-Jones became the third minister to resign** and called on PM Starmer to outline a timetable for his departure.
- **Over 81 Labour MPs called for UK PM Starmer to resign, which is officially enough to launch a leadership challenge if they unite behind a single candidate,** according to Politics UK.
- **UK's Wes Streeting will hold talks with UK PM Starmer in Downing Street tomorrow morning after nearly 100 Labour MPs called for the PM to go.**
- **UK Energy Secretary Miliband is prepared to run for leadership if Streeting triggers a contest,** according to The Times.
- **Andy Burnham was reported to hold a secret meeting with MPs in London and consulted key supporters as the PM's future hangs in the balance,** according to The Telegraph. Two sources familiar with Burnham's thinking said he had now identified an MP who was willing to stand down and trigger a by-election, allowing him a path back into Westminster.
- **The Times's Kendix reported that allies of Al Carns are "convinced he is preparing a run for the leadership - although likely only if the PM stands down first".**
- **ECB's Nagel said the ECB mandate requires them to act if inflation expectations de-anchor and "we'll see in June", while he added the baseline includes two rate hikes. Nagel also said they still have quite a bit of inflation ahead of them and that ECB rate hikes are becoming increasingly likely,** as well as stated the ECB is no longer in a baseline scenario.
- **ECB's Patsalides said there are scenarios in which the ECB may avoid raising interest rates.**

DATA RECAP

- EU ZEW Economic Sentiment Index (May) -9.1 vs. Exp. -20 (Prev. -20.4)
- German ZEW Economic Sentiment Index (May) -10.2 vs. Exp. -20.5 (Prev. -17.2, Low. -35.0, High. -10)
- German ZEW Current Conditions (May) -77.8 vs. Exp. -77.5 (Prev. -73.7, Low. -80.0, High. -68.0)