

European Market Wrap - 15th May 2026

- European bourses were lower amidst higher yields, surging energy pricing and hawkish repricing.
- Global yields soar, and Gilts hit as markets increasingly priced in the possibility of a left-leaning Burnham premiership.
- US President Trump said he is okay with Iran suspending nuclear programme for 20 years, but there has to be a real commitment.

EQUITIES

- **European bourses** end the week on a softer footing, with the **STOXX 600 (-1.4%)** completely reversing the gains seen over the past 2 days. A myriad of factors have resulted in Friday's selloff: 1) Central bank repricing, 2) Tech sell-off driven by higher yields and strikes at Samsung Electronics, and 3) Surging energy prices. The **DAX** held its title as the underperformer, while the **SMI** was the only index with gains.
- **Sectors** held its negative bias. **Health Care** managed to print modest gains, closely followed by **Food, Beverages & Tobacco**. **Basic Resources** slumped as metals (XAU/USD -2.2%, XAG/USD -7.9%) lost their shine on hawkish Fed pricing.
- Outside of the broad weakness across markets, there have been various single-stock movers. For **Magnum Ice Cream Company**, Blackstone (BX) and Clayton, Dubilier & Rice are among private equity firms exploring possible buyout bids for the Co; **OHB**, adding several banks to its EUR 1bn share sale; **LVMH**, agreed to sell its Marc Jacobs label to WHP Global.
- **US equities** extended their pre-cash losses at the open, with **NVIDIA (-4.1%)** opening with its biggest drop since April 30th. In terms of key levels for ES futures, 7363 (May 12th low) is the next level of support, and if it reaches this area, it would be its biggest loss since January 20th.

FX

- **Yields/Oil dictated G10 FX** throughout the London FX session, which saw USD bid and high-beta pressured. Antipodeans were the worst performers, Sterling suffered as markets increasingly price in the possibility of a left-leaning Burnham premiership, and JPY shrugged off talks of a supplementary budget amid intervention fears even as long JGBs were offered.
- **USD** was bid on the final session of the week for the latter end of the week after a mix of hot US inflation data, resilient jobs data/retail sales, and exponentially firm oil prices shifted market expectations for the Fed. Next week, the calendar is absent of tier 1 US data, which will likely mean the Buck will continue to be driven by geopolitical developments. On that note, Crude was choppy (*See Commodities below*), as Trump and Araghchi spoke simultaneously, seemingly more weight was on the latter's remarks, where he said "we have received messages from the US saying that they are seeking continued talks", knocking DXY off highs which it then pared. DXY is set to handover to New York towards session highs of 99.29, above 21, 50, 100 and 200 DMAs.
- **GBP** was one of the worst performers for most of the session as markets increasingly priced in the possibility of a left-leaning Burnham premiership after he announced his running in an engineered Makerfield by-election. The Pound now sits flat against EUR, potentially as rate differentials come into play given the inflationary pricing in yields today, and the fact Burnham must first vault 1) NEC decision, 2) Succeed in winning the by-election, 3) Beat incumbent Starmer in a leadership challenge. EUR/USD set to complete the domestic session unchanged and just about on a 0.87 handle with 0.8730/0.8770/0.8800 levels to watch above, while Cable -0.4% at 1.3350.
- **Antipodeans** were the worst performers with both posting losses in excess of a percent against the greenback amid the sour mood and metal weakness - both currencies set to finish at session lows.

FIXED

- **Global benchmarks** were down, dragged lower early in the week as markets digested **hotter-than-expected CPI/PPI, the prolonged Iran conflict (higher energy prices), with fears also exacerbated by the turmoil in the UK's Labour Party**. Markets remain on tenterhooks given the mentioned factors, and this has been reflected in market pricing across several major central banks. Traders now assign a 60% chance of a 25bps hike by year-end and fully priced in for July 2027.
- **USTs** started the Europeans session with losses in excess of 15 ticks, and continued to trundle lower as the day progressed. **US paper** looks set to end the EU session off by around 22 ticks, and within a 109-12 to 109-29+ range. **US yields** are firmer across the curve and slightly more so at the belly of the curve. **The US 10yr** now sits above the key 4.50% mark, sitting at levels not seen since May 2025. The 4.50% level has long been an attractive level for most investors, but a more decisive breach above the level could see the yield begin an upward "spiral", ING notes.
- **Gilts** underperformed across global fixed benchmarks, and set to end the European session down by over 155 ticks; for reference, UK paper opened off by circa. 113 ticks. A full review is on the Newsquawk feed at 07:35 BST, but in brief: **Labour MP for Makerfield announce he is willing to stand aside and spark a by-election, to allow current Greater Manchester Mayor Burnham** to run and then, if successful, to challenge for the Labour leadership and, by association, the role of Prime Minister. For reference, Burnham was touted as the "least" market-friendly outcome by a recent FT fund manager survey.
- **From a yield perspective**, the 10yr now sits at a 5.17% peak from the 12th of May, which roughly aligns with levels from July 2008. If surpassed, we have the 2008 peak of 5.26% and 5.57% from 2007. For the 30yr, its YTD peak is 5.81%, and if breached, we look to 5.96% from 1998.

- **Bunds** are set to end the European session down by around 80 ticks, and at the bottom of a 124.37 to 125.03 range. EU-specific updates were lacking this morning, and ultimately followed the bearish bias set out by global peers.
- **Gazprom to place bonds worth CNY 3bln at a final coupon rate of 7.85%, Interfax sources state.**
- **Spain's Treasury to sell 2031, 2033, and 2050 debt on May 21st.**

COMMODITIES

- **Crude futures** surged on renewed escalation risk as Trump returned from China and refocused on Iran, with options including naval intervention in Hormuz or fresh strikes. Prices saw pressure, which was exacerbated after the Iranian Foreign Minister said, "We have received messages from the US saying that they are seeking continued talks". **WTI Jul** fell back under USD 100/bbl (USD 97.23–100.94), while **Brent Jul** traded at the top end of USD 106.26–109.68/bbl.
- **Dutch TTF** rose by just over 4%, trading north of EUR 49.50/MWh (vs earlier ~EUR 47.60), supported by supply concerns and broader energy strength.
- **Precious Metals** were weaker as USD strength followed higher energy prices. **Spot gold** traded in a USD 4,522–4,665/oz range and continues to extend to new lows, while silver extended losses for a second session, falling to USD 75.80/oz from recent highs near USD 89/oz.
- **Base Metals** declined, with copper extending its pullback from record levels. 3M LME copper fell below USD 14,000/t, trading within USD 13,468–13,961/t.
- **Senate Republicans are looking for an off-ramp on an issue that divides their leadership team: year-round ethanol sales, Axios reported.**
- **ADNOC** said India-UAE oil pact also explores potential crude storage in Fujairah as part of India's strategic petroleum reserve.
- **ADNOC has agreed to increase India's strategic crude oil reserve to 30mln barrels.**
- **Indian gold imports slow amid new restrictions, Bloomberg reported; dealers/traders cited say they are pausing imports or not receiving fresh orders.**
- **Russia's April seaborne oil product exports fell 9.8% from March, sources say.**
- **Japan's METI met and confirmed that, at the next meeting, they will deepen consideration on the diversification of oil procurement sources and improve the domestic supply system and future oil reserves, Nikkei reported.**
- **India Foreign Ministry** said India's ISRPL and UAE's ADNOC signed a pact as part of an oil agreement.
- **ADNOC Chairman** said reviewing progress on the new West-East Pipeline (c. 1.5mln BPD, when complete), set to double the co.'s export capacity via Fujairah.
- **UAE is to complete the construction of a new West-East pipeline project in 2027, Bloomberg reported.**

EUROPEAN DATA

- **Italian Inflation Rate MoM Final (Apr) M/M 1.1% vs. Exp. 1.2% (Prev. 0.5%).**
- **Italian Inflation Rate YoY Final (Apr) Y/Y 2.7% vs. Exp. 2.8% (Prev. 1.7%).**

NOTABLE HEADLINES

- **US President Trump, on UK PM Starmer's prospects to stay on, said "it's a tough thing", said Starmer is a nice man.**
- **UK Labour NEC decision on allowing Burnham to run in the Makerfield by-election** is not as clear cut as many are reporting, according to GB News' Harwood; vote is said to be on a "knife edge", sources say "everyone is wavering".
- **German Economic Ministry** said current indicators suggest a significant slowdown in Q2 GDP growth.

TRADE/TARIFFS

- **Chinese Ministry of Justice urges the EU to immediately correct its erroneous practices and create a fair, just, and predictable market environment for China-EU cooperation; If the EU insists on overstepping its bounds, China will resolutely retaliate.**
- **US President Trump said he did not discuss tariffs with China.**
- **India and the UAE sign a pact on gas supply, on strategic oil reserves and strategic defence cooperation.**
- **US President Trump** is about to depart Beijing aboard Air Force One.
- **US President Trump** said he is looking forward to hosting President Xi in Washington, Xinhua reported; "We reached multiple agreements", **Bilateral ties will get better.**
- **Chinese President Xi** said US and China agreed to enhance talks on regional issues; **the two sides reached important consensus, Chinese State media reported; US and China agree to stabilise trade relations.** Xi said China and the US reached consensus on stabilising trade ties, expanding practical. Trump's visit is a historic and landmark visit. Trump's visit to China helps promote mutual understanding, deepen trust, and improve the well-being of both peoples. China and US have reached important consensus on stabilising trade ties, expanding practical cooperation across sectors, and properly addressing mutual concerns.

CENTRAL BANKS

- **Morgan Stanley** sees the Fed holding rates through 2026, sees cuts in March and June 2027.
- **ECB's Vujic** said June rate increase depends on incoming data.
- **CNB Minutes (May): Governor Michl** said it was necessary to keep policy tight and not underestimate the cost shock from the Middle East conflict; **Hawkish policy was in order.**

GEOPOLITICS

RUSSIA-UKRAINE

- **US President Trump** said he spoke about Russia-Ukraine with Xi, and also spoke about Fentanyl.
- **Russia's April seaborne oil product exports fell 9.8% from March, sources say.**
- **Ukrainian drones struck Russian oil refinery in Ryazan region, commander of Ukrainian drone forces said.**

MIDDLE EAST

- **US President Trump said have not approved weapons for Taiwan yet, may do it or may not do it, via Fox News; nothing has changed on Taiwan policy; on Taiwan said "not looking to have wars".**
- **US President Trump** said he discussed North Korea with Chinese President Xi; Trump said he's had communications with North Korean Leader.
- **US President Trump** said he respects Chinese President Xi, does not think about whether Xi is a dictator.
- **US President Trump said made no commitment on Taiwan; declines to answer question on US defending Taiwan; "only I know the answer to question about US defending Taiwan".**
- **US President Trump said he spoke to China about US sanctions on Chinese oil firms; will be making a sanctions decisions in the next few days; spoke about sanctions on Iranian oil.**
- **US President Trump said guarantees from Iran on a 20-year moratorium is not enough, via Fox News; Iran has done no business in the last weeks. Did the Iran ceasefire as a favour to other nations.**
- **US President Trump said he did not underestimate the situation with Iran, via Fox interview.**
- **Iranian Foreign Minister Araghchi** said Iran will always carry out its historical duty as the protector of security in Hormuz.
- **Lebanese President Aoun expressed reservations about the details of Thursday's talks with Israel, Al Hadath reported.** Lebanese-Israeli talks will focus today on consolidating the ceasefire.
- **US President Trump said US has achieved a total military victory against Iran, Iran's missile launchers are probably 80% gone and capacity about 80-85% done.**
- **US President Trump said he is okay with Iran suspending nuclear programme for 20 years, but there has to be a real commitment.** Discussed denuclearisation when China, positive response.
- **Iran Foreign Minister Araghchi** said Iran is trying to maintain the ceasefire to give diplomacy a chance, will return to talks if the US is ready for a fair deal. Reiterates Iran is only interested in negotiations if the other side is serious. Reiterates Iran's mistrust of Americans. Reiterates that all vessels can pass through the Strait of Hormuz except those at war with Iran. Reiterates that vessels wanting to pass must coordinate with the Iranian Navy. The situation regarding the Strait of Hormuz is complex, and we are trying to find a solution, we hope the Strait will be fully reopened. The US have agreed to postpone negotiations on enriched material. Mediation process by Pakistan has not failed but it is in difficulty. Welcomes anything China will do to help the situation. Americans must exercise patience due to the existence of many details.
- **"If a new war breaks out between Iran and the Israeli regime, it will no longer resemble the limited conflicts of the past", SNN reported; "the agreement between Iran and the United States seems extremely far-fetched due to the fundamental differences".** NUCLEAR"Iran is not willing to back down from what it called the "right to independent development" under the pressure of military threats or sanctions."LEBANON"Tehran wants any potential agreement not only to be limited to the nuclear issue, but also to include a cessation of hostilities on all fronts, especially in Lebanon and Palestine."IRANIAN LEADERSHIP"Iran's power structure remains cohesive, decision-making continues at the highest levels, and US claims about turmoil or power vacuum in Tehran are not true.US-IRAN"The agreement between Iran and the United States seems extremely far-fetched due to the fundamental difference in the nature of their policy."
- **UAE attempted to get Saudi Arabia and Qatar to coordinate on a military response to Iran's airstrikes, Bloomberg reported citing sources.**
- **Iranian Foreign Minister Araghchi said contradictory messages from the US remain the main issue.** Full post: "The contradictory messages of the Americans are the most important problem Iran's Foreign Minister in a conversation with Indian media: There is no military solution, and I think the United States needs to understand that fact. They have tested us at least twice and have now concluded that there is no military solution. The most important problem is the conflicting messages we receive from Americans through various comments, interviews and positions. As far as we are concerned, the Strait of Hormuz is not closed, especially to friendly countries. This restriction only applies to our enemies. Ships belonging to friendly countries and other countries are only required to coordinate their passage with our military forces to avoid any possible obstacles and have a safe passage. The only solution is a total end to this war of aggression, and then we will ensure safe passage for every single ship."
- **"Perhaps another of the Confidence Building Measures (CBM) between US and Iran is in the play", Pakistani Journalist Mallick posted.**
- **US has rejected Iran's 14-point proposal, Tehran Time reported citing sources; According to information received by the Tehran Times, the US government has responded to Iran's written proposal regarding the end of the war.** Full post"The United States has rejected Iran's 14-point proposalAccording to information received by the Tehran Times, the U.S. government has responded to Iran's written proposal regarding the end of the war. By rejecting Tehran's proposals, the U.S. has once again reiterated its coercive stance, particularly regarding the nuclear issue. It is noteworthy that Iran presented its proposal based on a two-stage negotiation process, where the first stage would lead to the end of the war on all fronts, and if Iran's conditions were met, the second stage of negotiations, concerning the nuclear issue, would commence."
- **Iranian Foreign Minister Araghchi** said evidence shows that the UAE made American bases available for operations against Iran, provided its airspace and territory for those operations. "In fact, this war has become a turning point in the region and has significantly elevated the standing of the Islamic Republic of Iran. Now is the time for the Islamic Republic of Iran to consolidate its position and demonstrate its regional role more than ever before." "UAE are neighbours, have lived alongside each other for many years, and will continue to do so in the future. This requires seeking security through cooperation among regional countries, not through reliance on foreign forces."
- **Iranian and Indian Foreign Ministers held a meeting at BRICS, spoke about the US-Iran war and the situation in the Strait of**

Horzum (details light).

- **75 commercial vessels have been redirected and 4 have been disabled to ensure compliance.**
- **Taiwanese Foreign Minister** said Taiwan has maintained good communication with the US; the US government has also reiterated its opposition to any attempt to force or coerce a change to the status quo. China has no right to make any claims on Taiwan's behalf internationally. The Republic of China, Taiwan, and the People's Republic of China are not subordinate to each other. Taiwan to deepen cooperation with the US and like-minded countries in the Indo-Pacific region.
- **Iranian Foreign Minister** said "we have received messages from the US saying that they are seeking continued talks".

NOTABLE NORTH AMERICAN NEWS

- **US President Trump said will be trying to go to China in November.**
- **Japanese Cabinet Secretary** said PM Takaichi spoke with US President Trump on the phone.
- **US President Trump said "China has a ballroom and so should the USA. It's under construction, ahead of schedule and will be the finest facility anywhere in the USA." He added that Chinese President Xi is a great leader.** Full Post: "China has a Ballroom, and so should the U.S.A.! It's under construction, ahead of schedule, and will be the finest facility of its kind anywhere in the U.S.A. Thank you for all the support I have been given in getting this project going. Scheduled opening will be around September of 2028. The man I am walking with is President Xi, of China, one of the World's Great Leaders! President DONALD J. TRUMP".

NORTH AMERICAN DATA

- **US Industrial Production MoM (Apr) M/M 0.7% vs. Exp. 0.3% (Prev. -0.5%, Low. -0.5%, High. 0.6%).**
- **US Capacity Utilization (Apr) 76.1% vs. Exp. 75.9% (Prev. 75.7%, Low. 75.3%, High. 76.2%).**
- **US Manufacturing Production YoY (Apr) Y/Y 1.3% (Prev. 0.5%).**
- **US Industrial Production YoY (Apr) Y/Y 1.4% vs. Exp. 0.4% (Prev. 0.7%).**
- **US Manufacturing Production MoM (Apr) M/M 0.6% (Prev. -0.1%).**
- **US NY Empire State Manufacturing Index (May) 19.60 vs. Exp. 8.1 (Prev. 11.00).**

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com