

SNAPSHOT

STOCKS			
Euro Stoxx 50	+0.6%	DAX40	+1.4%
Stoxx 600	+0.7%	FTSE 100	+0.6%
ES Jun'26	-0.5%	RTY Jun'26	-0.6%
NQ Jun'26	-0.8%	YM Jun'26	-0.2%
FX			
DX	+0.3% (99.28)	EUR/USD	-0.3% (1.1616)
USD/JPY	+0.2% (159.14)	GBP/USD	-0.3% (1.3395)
BONDS			
US T-Note Jun'26	+3 ticks	Bund Jun'26	+3 ticks
US 10yr Yield	4.615%	German 10yr Yield	3.158%
ENERGY & METALS			
WTI Jul'26	-1.0%	Brent Jul'26	-1.5%
Spot Gold	-0.5%	LME Copper	-0.8%
CRYPTO			
Bitcoin	-0.3%	Ethereum	-0.7%

As of 10:50BST / 05:50EDT

LOOKING AHEAD

- Highlights include US ADP Employment Change Weekly, Canadian CPI (Apr). Speakers include ECB's Lane, Villeroy, Nagel & Fed's Waller. Earnings from Home Depot.
- [Click here for the Week Ahead preview](#)

IRAN CONFLICT

- US President Trump posted on Truth that he instructed Secretary of War Hegseth, Joint Chiefs of Staff Chairman Caine and the US military to hold off on the Iran attack that was initially planned for Tuesday after Saudi Arabia, UAE and Qatar requested him to do so, as serious talks are now taking place. Trump added that in their opinion, a deal will be made that is very acceptable to the US and the Middle East, while a deal will include no nuclear weapons for Iran, but he also instructed the US to be prepared to go forward with a full, large-scale assault of Iran on a moment's notice, in the event an acceptable deal is not reached.
- US President Trump said 'hopefully, maybe forever' regarding the decision to delay the Iran attack, while he added that they will probably be satisfied if they can make a deal where Iran doesn't get a nuclear weapon. Trump also stated that countries requested to put off the attack on Iran briefly and asked if an attack on Iran could be delayed 2-3 days.
- US President Trump told The Post on Monday that he is "not open" to any concessions for Tehran after receiving the latest disappointing Iranian response on peace deal talks, while he said Iran knows "what's going to be happening soon."
- US State Department spokesperson said President Trump prefers the diplomatic path and has kept this door open from the start, according to Al Jazeera.
- Iran's Deputy Foreign Minister said ending the war on all fronts, including Lebanon, and US forces exiting areas close to Iran are also included in the proposal.
- Iranian Parliament spokesperson said Tehran is working on a legal framework for managing the Strait of Hormuz, Al Araby reported.
- US officials told the NYT that Iran has taken advantage of the ceasefire to re-expose dozens of bombed ballistic missile sites,

move mobile missile launchers, and adjust its tactics in anticipation of a possible resumption of attacks, according to Amichai Stein.

- **Iran's Khatam al-Anbiya headquarters commander warned the US and its allies against strategic mistakes, while he said Iran's forces have become ready and will respond quickly and firmly to any new aggression from the enemies.**
- **Iranian Supreme Leader's military advisor Rezaei said the iron fist of Iran's armed forces and nation will force America to retreat and surrender.**
- **Israeli media said the main reason US President Trump postponed attacks on Iran is the Pentagon's warning that Iran is strengthening its air defences, while senior Pentagon officials warned that Iran is enhancing its warplane detection capabilities and bolstering its air defences, according to Al Mayadeen. It was also reported that air defences were activated in Isfahan, according to Mehr News.**
- **Unknown explosions last night in Bab al-Mandeb Strait halted vessel traffic for two hours, Far News reported. Sources cited note of "unusual silence" from global maritime and insurance authorities.**
- **Israeli drone strike was reported in Al-Qarara, Khan Yunis, in the southern Gaza Strip.** It was separately reported that Hezbollah announced it attacked Israeli soldiers in the town of Rashaf, southern Lebanon with drones, while the Israeli army issued an evacuation warning for a building in the city of Tyre, southern Lebanon.

EUROPEAN TRADE

EQUITIES

- **European bourses (STOXX 600 +0.7%) start Tuesday's trade on the front foot, seemingly benefiting from Trump's de-escalatory post. Trump announced that the US military is to hold off on the Iran attack that was initially planned for Tuesday after Saudi Arabia, UAE, and Qatar requested him to do so, as serious talks are now taking place. However, he stated that they will be prepared to strike on a moment's notice. The DAX 40 (+1.5%) is the clear outperformer, while the FTSE MIB (+0.2%) lags.**
- **European sectors highlight the positive bias. Media tops the sector pile, seemingly benefiting from continued upside in Publicis. Financial Services and Industrial Goods & Services round out the top 3 sectors. At the bottom of the pile lies Basic Resources (as precious metals pare Monday's gains) and Chemicals.**
- **US equity futures print modest declines, ES -0.5%. Despite today's modest fixed bid, yields remain elevated and continue to weigh on the tech-heavy NQ (-0.8%). Despite the relative underperformance vs Europe, analysts see this as short-term due to Europe's lack of IT sector, which has held the region back compared to South Korea and the US.**
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)

FX

- **USD benefits from underperformance in peers, despite crude benchmarks being lower and the yield environment being more constructive. DXY is higher by three-tenths after bouncing off its 50DMA at 99.00. The session ahead is light, and sees remarks from Fed doves Waller and Paulson, alongside ADP weekly payrolls.**
- **GBP is a little lower against the Buck and Euro as technical-driven outperformance on Monday is reversed. Focus recently has been on politics (Manchester Mayor Burnham said that changing the Fiscal rules was not an option), and on a downbeat UK jobs report. Cable currently resides at the bottom end of a 1.3387 to 1.3437 range.**
- **USD/JPY topped Monday's high (159.08), bringing intervention fears back in focus. USD/JPY has been edging higher throughout the last ten sessions amid reports of a supplementary budget and oil remaining high, with Japan a net importer.**
- **AUD is the G10 laggard, seemingly looking to price in the weak Chinese data on Monday as Monday's risk-induced rally pares. Alongside the fading of the risk environment, RBA minutes overnight indicated a wait-and-see approach among members that voted for a hike, reinforcing market pricing of just c. 5bps of tightening for June 16th's meeting. AUD/USD resumes its slide from 0.7200 on Friday, looks now to 0.7100, around 10-15 pips below.**

FIXED INCOME

- **USTs are firmer by around 6 ticks and currently trade at the mid-point of a 109-03 to 109-11+ range. Action ultimately dictated by Trump's decision to delay strikes on Iran, after several Gulf countries suggested that serious talks were taking place.** Nonetheless, risks remain, as Trump suggested that the US is prepared to launch a full-scale assault on Iran at a moment's notice if an acceptable deal is not reached. Geopolitics aside, focus will be on the weekly ADP Employment Change metrics and Pending Home Sales; Fed speak via Waller is also due.
- **From a yield perspective, US yields have eased a touch from the prior day's peaks; the 10yr now holds around 4.60% (vs Monday's peak at 4.63%). Nonetheless, the yield still resides beyond the key 4.50% mark, where some analysts have speculated a decisive breach above this point could see the yield begin to spiral.**
- **Gilts are outperforming vs peers, and are currently firmer by c. 80 ticks, trading with an 86.14 to 86.40 range. A trifecta of factors driving the action today: a) lower energy prices, b) Manchester Mayor Burnham (touted to challenge for PM) saying that changing fiscal rules would not be an option and c) a downbeat UK jobs report.**
- **Bunds are firmer by around 15 ticks, and hold within a 124.18 to 124.41 range. EU-specific newsflow has been light this morning, with the German benchmark ultimately moving alongside peers. Focus later will be on some ECB speak, but perhaps more pertinently, attention will be on the EU's meeting related to US tariffs. The main sticking point is Trump. Officials are working on developing clauses to protect the EU, through "Trump Proofing": a) expires once Trump's presidential term ends, b) deal suspends if Greenland is threatened, c) allows the EU to restore tariffs if there are significant domestic market**

disruptions. Should officials reach an agreement, documents will be sent for a full vote in the European Parliament by June.

- **Citi strategists** says 5.5% may be the next key level for 30yr US Treasury yields after they rose to the highest since 2007.
- **Germany sells EUR 3.844bln vs exp. EUR 5bln 2.50% 2031 Bobl: b/c 1.32x (prev. 1.04x), average yield 2.85% (prev. 2.74%), retention 23.12% (prev. 20.9%).**
- **The UK sells GBP 1.25bln 0.125% 2031 I/L Treasury Gilt: b/c 3.75x, average yield 0.651%.**
- **Japan government is stepping up efforts to diversify JGB buyers,** according to Yomiuri.

COMMODITIES

- **The main update was US President Trump delaying the planned Iran attack after requests from Saudi Arabia, the UAE and Qatar, as serious talks are taking place.** However, they remain ready to strike if an acceptable deal is not reached. Sources continue to outline that some form of military action remains likely, while explosions have been heard in the Bab al-Mandeb Strait, with transit halted overnight. See the 08:29BST update for more.
- **WTI and Brent futures** are softer intraday amid the pullback seen after US President Trump called off an attack on Iran that was planned for Tuesday following the request by Gulf nations. **WTI Jul** resides in a USD 102.12-104/bbl range, and **Brent Jul** in a USD 109.01-110.77/bbl range – both off worst levels. **Dutch TTF** trimmed earlier downside and trades firmer by ~1% at the time of writing, north of EUR 50/MWh. Analysts at ING, on US-Iran, said “One might think the oil market would become increasingly numb to these headlines. However, the scale of supply disruptions is significant and growing more concerning each day that oil flows remain halted.”
- In terms of **metals, spot gold and silver** post losses as the **DXY** remains underpinned by inflation concerns emanating from elevated oil prices. Spot gold trades closer to the bottom of a USD 4,531-4,589.58/oz range after briefly topping yesterday's USD 4,584.37/oz peak. Spot silver resides in a USD 75.72-78.89/bbl. **Base metals** are on a softer footing amid the inflationary concerns from elevated energy prices. 3M LME copper resides in a USD 13,485.98- 13,646.68/t range at the time of writing.
- **Australian PM Albanese said Australia secured over 600k barrels of jet fuel** and that three cargoes of jet fuel from China are expected to arrive from early June.
- **Angola** reportedly to cut July crude exports to 889k bpd.
- **The EU is set to unveil an action plan to bolster fertiliser supplies and mitigate food price inflation,** the FT reported citing draft proposals.

NOTABLE EUROPEAN DATA RECAP

- **UK Unemployment Rate (Mar) 5% vs. Exp. 4.9% (Prev. 4.9%, Low. 4.7%, High. 5.1%).** ONS: "Latest figures suggest the labour market remains soft, with vacancies at their lowest level in five years and unemployment higher than a year ago. The number of payroll employees continued to fall in the three months to March, while regular wage growth slowed further."
- **UK Employment Change (Mar) 148K vs. Exp. 107K (Prev. 25K, Low. 40K, High. 240K).**
- **UK Average Earnings excl. Bonus (3Mo/Yr) (Mar) 3.4% vs. Exp. 3.4% (Prev. 3.6%, Low. 3.4%, High. 3.7%).**

CENTRAL BANKS

- **RBA Minutes from the May meeting stated the board judged financial conditions would be somewhat restrictive after the May hike and that a hike would provide space to see how the Gulf conflict develops, as well as the response of households and businesses.** Board considered whether to hike by 25bps or to keep rates at 4.1%, while it was stated that for future decisions, the board agreed monetary policy could not alter the near-term trajectory of inflation, and also agreed Australian economic growth is likely to be below potential for some time. Furthermore, the board will do what is considered necessary to meet inflation and employment mandates, while the majority emphasised that core inflation was projected above target for an extended period.
- **RBA Assistant Governor Hunter** said risk of inflation expectations drifting higher is elevated, and the Middle East conflict is a clear external shock, adding that the recent rise in oil prices is particularly challenging to navigate.

NOTABLE US HEADLINES

- **US President Trump announced that the number of drugs available on TrumpRx is to be increased by nearly 7 times** and that over 600 generics are to be added to TrumpRx.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russian Deputy Foreign Minister Ryabkov said the risks of a direct Russia-NATO clash are increasing,** TASS reported.
- **Ukraine's Naftogaz** said Russia attacked its gas infrastructure facilities in the northern Chernihiv region, with attacks continuing for the third day in a row.
- **Chinese President Xi told US President Trump during their talks last week that Russian President Putin might end up regretting his invasion of Ukraine,** according to FT.

CRYPTO

- **Bitcoin** hovered around USD 77k, **Ethereum** remained beyond USD 2.1k.

APAC TRADE

- **APAC stocks** traded mixed following the choppy performance in US peers as geopolitical headlines dominated price action stateside, while there was an announcement late in the session on Monday by President Trump that he instructed defence officials to hold off on a planned attack on Iran that was scheduled for Tuesday. The decision followed a request from Middle East allies as serious negotiations were said to be taking place, and they had the opinion that a deal will be made, which would be very acceptable to the US, although Trump added that he further instructed top defence officials and the military to be prepared to go forward with a full, large scale assault of Iran, on a moment's notice, if an acceptable deal is not reached.
- **ASX 200** was led higher by notable strength in the consumer, telecom, real estate and financial sectors, while the minutes from the RBA's May meeting also noted that the board judged financial conditions would be somewhat restrictive after the May hike.
- **Nikkei 225** swung between gains and losses as participants reflected on recent currency fluctuations, stronger-than-expected GDP data, and the potential ramifications for BoJ policy.
- **Hang Seng** and **Shanghai Comp** were rangebound with little fresh catalysts outside of geopolitics.

NOTABLE ASIA-PAC HEADLINES

- **Japanese Economic and Fiscal Policy Minister Kiuchi sees strong momentum in this year's wage negotiations and improvements in job conditions.** Further said that effect of government steps slightly to underpin moderate economic recovery and must be vigilant to the impacts on the economy from the Middle East conflict.
- **Japan's government plans to postpone its summer power-saving request,** according to Kyodo.
- **New Zealand's Finance Minister said the government is to overhaul public service and target savings of NZD 2.4bln over the next four years,** and will aim to lower government jobs to 55,000 by mid-2029 from 65,000 in 2023.

NOTABLE APAC DATA RECAP

- **Japanese GDP Growth Rate QoQ Prel (Q1) Q/Q 0.5% vs. Exp. 0.4% (Prev. 0.3%, Low. 0.1%, High. 0.7%).**
- **Japanese GDP Growth Annualised Prel (Q1) 2.1% vs. Exp. 1.7% (Prev. 1.3%, Low. 0.4%, High. 2.9%).**
- **Japanese Industrial Production MoM Final (Mar) M/M -0.4% vs. Exp. -0.5% (Prev. -2.0%).**
- **Japanese Industrial Production YoY Final (Mar) Y/Y 2.4% (Prev. 0.4%).**
- **Australian Westpac Consumer Confidence Change (May) 3.5% vs. Exp. -1.1% (Prev. -12.5%).**

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