newsquawk

Daily Asia-Pac Opening News - 20th May 2026

SNAPSHOT

STOCKS			
S&P 500	-0.7%	Nasdaq Comp.	-0.8%
DJIA	-0.7%	Russell 2000	-1.0%
ES Jun'26	-0.7%	RTY Jun'26	-1.1%
NQ Jun'26	-0.7%	YM Jun'26	-0.7%

FX			
DXY	+0.4% (99.32)	EUR/USD	-0.4%
USD/JPY	+0.2%	GBP/USD	-0.3%

BONDS			
US T-Note Jun'26	-9 ticks	10yr Bund Jun'26	-25 ticks
US 10yr Yield	4.67%	German 10yr Yield	3.19%

ENERGY & METALS			
WTI Jul'26	-0.3%	Brent Jul'26	-0.8%
Spot Gold	-1.9%	LME Copper	-1.2%

CRYPTO			
Bitcoin	Flat	Ethereum	-0.6%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include Malaysian Trade Data, PBoC Loan Prime Rates, Supply from Japan.
- Click for the Newsquawk Week Ahead.

IRAN CONFLICT

- **US President Trump said he may have to give Iran another hit but is not sure yet, and that Iran is begging to make a deal, while he said "you'll know very soon if we have to make another big hit". Trump said 2-3 days, maybe till early next week, regarding the timeline for Iran, and that they must ensure Iran does not acquire nuclear weapons.** Furthermore, he claimed Iran wants to destroy the Middle East and said the US was hours away from attacking Iran, although Middle East countries asked for a few more days before an attack, and he is waiting on Iran for a limited period of time.
- **US President Trump said Iran has a little capacity to retaliate but not much, and that Chinese President Xi has promised that he's not sending Iran weapons, while he added they are not leaving Iran yet and are going to do it right.** Trump also suggested that there may be other initiatives to keep gas prices in check and said it won't be much longer regarding Iran and oil prices.
- **US Vice President Vance said he had just spoken with President Trump regarding Iran and stated that Tehran had two options: either reach an agreement or resume the war. Vance said significant progress had been made on Iran and noted that the military campaign could be restarted if necessary, but added that Trump did not want to pursue "option B" in Iran.** Furthermore, Vance believes Iran wanted to make a deal, although he stated that "we won't know until they sign the deal"
- **US issued fresh Iran-related sanctions,** according to the Treasury Department website. It was also reported that **Treasury Secretary Bessent called on European partners to join the US in taking action against Iran by designating its financiers, unmasking its shell and front companies, shuttering its bank branches, and dismantling its proxies.**
- **US seized an Iran-linked ship in the Indian Ocean as US President Trump threatened to resume strikes,** according to WSJ citing three US officials.
- **Iran's position in talks with the US to end the war hasn't changed much from earlier iterations that failed to yield progress**

towards a deal, according to WSJ citing mediators and US officials.

- **Iran's Deputy Foreign Minister said lifting sanctions, releasing frozen funds, and ending the blockade are included in Iran's recent proposal to the US, while he said ending the war on all fronts, including Lebanon, and US forces exiting areas close to Iran are also included in the proposal,** according to IRNA. The officials also said that the US is presenting a threat as an opportunity for peace, while he reiterated that Iran is prepared to confront any military aggression.
- **Iranian military spokesperson said "if the enemy acts foolishly again, we will open new fronts against them...with new tools and methods",** according to ISNA.
- **Explosions were heard on Qeshm Island, but with the cause unknown, and air defences were reportedly activated on Qeshm Island, although it was reported shortly after that the sound of explosions in Qeshm was caused by the neutralisation of unexploded munitions.**
- **NATO is reportedly considering Hormuz deployment if the Strait is not open by July,** according to Bloomberg.
- **UAE Defence Ministry said it detected and dealt with six drones in the past 48 hours,** while it added that the drones were launched from Iraq.
- **Qatar's Foreign Ministry said Islamabad negotiations are ongoing and the outcome remains uncertain, but efforts continue to reach a solution,** while international and regional stakeholders are focused on restoring stability and reopening the Strait of Hormuz, according to Al Jazeera.
- **UN Security Council is considering a new resolution against Iran initiated by the US and Bahrain and supported by Jordan,** the UAE and Qatar, according to Mehr News.

US TRADE

- **US stocks** ended the day in the red amid the broader risk-off sentiment, although sectors closed more mixed. Sentiment was soured through the duration of the day, while further pressure was seen after WSJ reported that mediators see little progress in Iran-US talks and that Iran's position to end the war hasn't changed much from earlier iterations that failed to yield progress towards a deal.
- **SPX** -0.67% at 7,354, **NDX** -0.61% at 28,819, **DJI** -0.65% at 49,369, **RUT** -1.01% at 2,747.
- Click here for a detailed summary.

TARIFFS/TRADE

- **US Treasury Secretary Bessent said the US and China will initially identify USD 30bln of non-critical goods that can have reduced or have no tariffs under the Board of Trade protocol, while he added that China understands that Section 301 trade investigations could bring US tariffs back to levels before the Supreme Court's decision.** Bessent also noted that within the next four to eight weeks, US-China consultations on AI guardrails to prevent the proliferation of powerful models are likely to start, and he will meet Chinese Vice Premier He Lifeng before President Xi's September visit to the White House to work out more details on trade arrangements.
- **US Treasury Secretary Bessent said he had constructive discussions with counterparts on the global economy, global imbalances, cybersecurity, the terrorist threat posed by Iran, and critical minerals.**
- **China's Foreign Ministry said China and US leaders had constructive talks on AI,** while it added that China and the US should jointly promote AI development and governance.
- **Federal authorities are examining whether Chinese companies deliberately restricted the world's production of storage containers for the shipping trade just before the pandemic began six years ago, and several Chinese executives have been indicted,** according to sources cited by CBS.

NOTABLE HEADLINES

- **US President Trump said he is going to let Warsh 'do what he wants to do' at the Fed with interest rates.**
- **NY Fed's Perli said a plausible path to lower reserve levels is regulatory change, and that the Fed's rate control toolkit has worked very well, while Fed liquidity management has been effective and future Fed reserve management bill buying is driven by market conditions.** Perli also stated that the Fed toolkit can deal with changing bank reserve regulations and shifting to a scarce reserve system would be challenging.

DATA RECAP

- US Pending Home Sales MoM (Apr) M/M 1.4% vs. Exp. 1.3% (Prev. 1.5%)
- US Pending Home Sales YoY (Apr) Y/Y 3.2% (Prev. -1.1%)
- US ADP Employment Change Weekly 42.25K (Prev. 33K)

FX

- **USD** was firmer against major peers as global government bond yields continued to march higher amid the ongoing geopolitical backdrop and views that even if a resolution was found imminently, many hurdles remain to get Hormuz flows back to pre-war levels. Focus remained on geopolitical developments, which saw Trump give a 2-3 day time on Iran, or "maybe till early next week", while WSJ reported that Iran's position in talks with the US to end the war hasn't changed much from earlier iterations that failed to yield progress towards a deal, and mediators were said to see little progress in Iran-US talks.
- **EUR** gradually retreated throughout the day amid a firmer buck and briefly breached 1.1600 to the downside, with little help in the single currency from comments made by ECB Nagel, who stated the ECB is moving away from the baseline scenario, and

will take the next rate decision based on data in June.
- **GBP** softened on the day, but with price action choppy following somewhat mixed employment and average earnings data.
- **JPY** marginally weakened and ultimately failed to sustain the support seen following the jawboning from Japanese Finance Minister Katayama, who said they are ready to take decisive action on FX.
- Canadian Inflation Rate MoM (Apr) M/M 0.4% vs. Exp. 0.6% (Prev. 0.9%)
- Canadian Inflation Rate YoY (Apr) Y/Y 2.8% vs. Exp. 3.1% (Prev. 2.4%, Low. 2.9%, High. 3.5%)

FIXED INCOME

- **T-notes** continued to decline amid inflationary concerns as the Middle-East conflict drags on.

COMMODITIES

- **Oil prices** were choppy, but settled more or less flat with late support seen after WSJ reported that mediators see little progress in Iran-US talks.
- **Maritime experts believe the silence of news about the Bab al-Mandab Strait explosion is due to pressure from the US government to prevent an increase in oil prices,** according to IRIB News.
- **UK government permits the provision of certain services and actions related to the import of diesel and jet fuel processed in third countries from Russian crude oil.**

GEOPOLITICAL

RUSSIA-UKRAINE

- **US President Trump said Chinese President Xi did not tell him Russian President Putin might regret Ukraine.**
- **Ukraine's military said it struck a Russian oil refinery in Nizhny Novgorod region and a Russian oil pumping station in the Yaroslavl region.**
- **EU's Economy Minister Dombrovskis said now is not the time to ease pressure on Russia** and the G7 is making progress on critical minerals.

ASIA-PAC

NOTABLE HEADLINES

- **US Treasury Secretary Bessent said he is confident that BoJ Governor Ueda will successfully guide monetary policy,** and noted that excess FX volatility is undesirable. Bessent said he spoke with the BoJ Governor at the G7 Finance Ministers meeting and believes that the fundamentals of the Japanese economy are strong.
- **BoJ Governor Ueda said the latest GDP data is mostly in line with its forecast, and Middle East situation has begun to impact, while they need to closely monitor signs of upward price pressures.** Ueda said he is aware that long-term interest rates are rising rapidly and responded that they will assess the market situation and functionality when asked about BoJ tapering plans, while he reiterated that they will take appropriate monetary policy to achieve the inflation target.
- **Japanese Finance Minister Katayama said they are ready to take decisive action on FX.**

EU/UK

NOTABLE HEADLINES

- **UK's Andy Burnham won't commit to keeping Labour's manifesto promises on tax and has opened the door to new tax rises if he becomes PM,** while his decision to back the current fiscal rules wins him a reprieve from markets, but it limits his options to fund policies like council house-building, and raises the prospect of tax hikes, according to Bloomberg's Wickham.
- **UK Treasury is pushing large supermarkets to introduce voluntary price caps on key groceries in return for lifting some regulations,** although supermarkets have reacted furiously to the proposals, under which grocers would agree to identify and cap the prices of essential goods such as eggs, bread and milk, according to FT citing sources.
- **ECB's Nagel said the ECB is moving away from the baseline scenario, and will take the next rate decision based on data in June,** while the energy supply shock has been more persistent.
- **ECB's Villeroy affirmed the strong commitment to price stability, stating it is a strong collective commitment,** while they are ready to act as much as necessary and will remain data dependent.

DATA RECAP

- UK Employment Change (Mar) 148K vs. Exp. 107K (Prev. 25K, Low. 40K, High. 240K)
- UK Unemployment Rate (Mar) 5% vs. Exp. 4.9% (Prev. 4.9%, Low. 4.7%, High. 5.1%)
- UK Average Earnings incl. Bonus (3Mo/Yr) (Mar) 4.1% vs. Exp. 3.8% (Prev. 3.8%, Low. 3.6%, High.
- UK Average Earnings excl. Bonus (3Mo/Yr) (Mar) 3.4% vs. Exp. 3.4% (Prev. 3.6%, Low. 3.4%, High. 3.7%)