

SNAPSHOT

STOCKS			
S&P 500	+1.1%	Nasdaq Comp.	+1.6%
DJIA	+1.3%	Russell 2000	+2.6%
ES Jun'26	+0.8%	RTY Jun'26	+2.4%
NQ Jun'26	+1.2%	YM Jun'26	+1.2%
FX			
DXY	-0.2% (99.11)	EUR/USD	+0.2%
USD/JPY	-0.1%	GBP/USD	+0.3%
BONDS			
US T-Note Jun'26	+17.5 ticks	10yr Bund Jun'26	+100 ticks
US 10yr Yield	4.59%	German 10yr Yield	3.09%
ENERGY & METALS			
WTI Jul'26	-4.9%	Brent Jul'26	-5.5%
Spot Gold	+1.4%	LME Copper	+1.8%
CRYPTO			
Bitcoin	+1.1%	Ethereum	+1.0%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include New Zealand Trade Data, Australian Flash PMIs & Employment Data, Japanese Trade Data, Machinery Orders & Flash PMIs.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- US President Trump said the US would not allow Iran to obtain a nuclear weapon and warned they may have to "hit Iran harder, maybe not." Trump added that Iran "wants to make a deal so badly," while stating the US had strong support and would not allow Iran to "blow up Israel and the Middle East." Trump also warned that more fighting could follow unless Tehran "gets smart."
- US President Trump said negotiations with Iran were in the "final stages" and warned that the US military could have to get "a little bit nasty" if no agreement is reached, according to the New York Post. Trump said they will either have a deal or are going to do some things that are a little bit nasty, but hopefully that won't happen, while negotiations reportedly remain stalled over Iran's nuclear programme and reopening of the Strait of Hormuz.
- US President Trump said if they don't get the right answers regarding Iran, they will move quickly and need complete 100% good answers from Iran, while he added that they're dealing with reasonable people. Trump said it is great if he can save war by waiting a couple of days and stated that they will not do any oil sanctions relief for Iran until an agreement is signed.
- US President Trump said Israeli Prime Minister Netanyahu would do "whatever he wants him to do," while adding that he was in "no hurry" regarding Iran and intended to "give it one shot." Trump also described Iran as "decimated."
- There had reportedly been progress in attempts to formulate a memorandum of understanding and guiding principles between the US and Iran, although significant gaps remained, according to Amichai Stein, while Israeli assessments suggested Supreme Leader Khamenei would ultimately reject any compromise.
- Pakistan's Army Chief could reportedly visit Iran on Thursday to announce a final draft agreement text between Washington and Tehran, while the next round of negotiations was expected to take place in Islamabad after the Hajj season between May

25th and 30th, according to Al Hadath. Sources added that, if the Pakistani Army Chief did not travel to Tehran, an announcement of the final agreement formula could still come within hours, while sources said work was underway to finalise the text of an agreement between Washington and Tehran.

- **Source close to the negotiating team said that after sending Iran's 14-point text three days ago, Washington reportedly transmitted revised text through the Pakistani mediator, while Iran was reviewing the proposal and had not yet responded.** Furthermore, the Pakistani mediator in Tehran was attempting to bring the texts closer together.
- **New Iran peace proposal reportedly triggered a tense call between US President Trump and Israeli PM Netanyahu on Tuesday**, according to Axios. Trump informed Netanyahu that mediators were working on "letter of intent" that both the US and Iran would sign to formally end the war and initiate 30-day negotiation period covering issues including Iran's nuclear programme and Strait of Hormuz. Two Israeli sources reportedly said the two leaders disagreed on the path forward, while one US source said Netanyahu's "hair was on fire" following the discussion.
- **Israeli official cited by Israeli Broadcasting Authority stated that US President Trump remained inclined to support a military strike against Iran while still leaving a narrow window open for negotiations**, while Israel was also reportedly taking several preparatory measures for the possibility of renewed fighting.
- **Iranian Supreme Leader Khamenei said Iran stood before epic-making feats of the Iranian nation in its unique historical resistance against two global terrorist armies.**
- **Iranian President Pezeshkian said Iran has consistently honoured its commitments and explored every avenue to avert war, while he added that all paths remain open from their side. He also stated that forcing Iran to surrender through coercion is nothing but an illusion**, and that mutual respect in diplomacy is far wiser, safer and more sustainable than war.
- **Iranian President Pezeshkian discussed the diplomatic track with Washington during talks with Pakistan's Interior Minister and stressed the importance of continuing dialogue**, while a Pakistani official reportedly conveyed messages from Islamabad supporting continued negotiations and understanding.
- **Iran's Foreign Minister said Tehran had always protected safe navigation through the Strait of Hormuz and was prepared to develop protocols for safe shipping traffic in cooperation with other coastal states.** Plans were also announced for Foreign Minister Araghchi to potentially attend the special UN Security Council meeting hosted by China in New York, although his attendance remained subject to visa issuance and diplomatic priorities.
- **Iran's Foreign Ministry spokesperson said US and Israel could not be allowed free passage through Hormuz if that threatened Iranian national security**, according to Al Jazeera. Spokesperson questioned why Iran should transfer its enriched uranium abroad and reiterated that Iran's nuclear programme remained "100% peaceful." **Tehran also confirmed that negotiations continued through Pakistani mediators and stated that what Iran sought were "rights, not demands."** Furthermore, Tehran's primary focus remained on ending the war on all fronts, including Lebanon, securing the release of frozen assets and halting what it described as harassment and "maritime piracy" against Iranian shipping.
- **Iran's Foreign Ministry spokesperson said exchanges of messages between Tehran and Washington were continuing on the basis of Iran's 14-point proposal, while Pakistan's Interior Minister was facilitating communications.** Tehran added that it approached negotiations with both "suspicion and good intentions" and dismissed discussion of ultimatums or deadlines regarding Iran as "ridiculous."
- **Iranian Parliament Speaker Ghalibaf said the enemy's overt and covert actions indicated preparations for a new round of war**, according to Fars. Ghalibaf warned that Iran would make its enemies regret attacking the country again and added that Iran's military had used the ceasefire period to rebuild its strength. He also said readiness for future attacks must be strengthened further.
- **Bab al-Mandab would "enter equation of war" if Iran came under attack**, according to a special assistant to Iran's Interior Minister cited by Fars.
- **Iran reportedly continued to view US guarantees regarding preventing renewed conflict as insufficient.**
- **IRGC said any renewed attack on Iran would expand the war beyond the region.** IRGC Navy also stated that 26 vessels, including oil tankers, container ships and commercial vessels, transited the Strait of Hormuz during the past 24 hours in coordination with Iran, according to SNN.
- **Tasnim published footage reportedly showing a missile being fired at a tanker** alongside a report titled "Punishment of violating oil tankers in Strait of Hormuz."

US TRADE

- **US stocks** closed higher as markets grew increasingly optimistic that the Middle East conflict may be approaching its final stages after President Trump said talks with Iran are in their final stages, while Al Hadath reported that the Pakistani Army Chief may visit Iran on Thursday to announce a final draft agreement, with the next round of negotiations expected to take place in Islamabad after the Hajj season (may 25th–30th). Oil prices extended losses following the headlines, with WTI and Brent both falling by around USD 6/bbl, while the decline in crude supported Treasuries and weighed on the Dollar against major peers. As such, Energy was the worst-performing sector amid the sharp downside in oil, while Consumer Discretionary, Technology and Materials outperformed, with airlines among the biggest gainers in the S&P 500 as lower fuel costs boosted sentiment (JETS +6.6%). Semiconductor (SMH +3.8%, SOXX +4.7%) and memory names (DRAM +3.5%) also rallied ahead of NVIDIA earnings, with many sell-side firms expecting a beat-and-raise quarter. Elsewhere, the FOMC Minutes leaned hawkish, with the majority viewing hikes as likely warranted should inflation remain persistent, although markets largely looked through the release.
- **SPX +1.08%** at 7,433, **NDX +1.66%** at 29,298, **DJI +1.31%** at 50,014, **RUT +2.56%** at 2,817.
- [Click here for a detailed summary.](#)

FOMC MINUTES

- FOMC minutes showed many policymakers would have preferred to remove the easing bias from the policy statement, while a majority said further tightening would likely become appropriate if inflation remained persistently above target. Some FOMC participants warned that elevated energy prices combined with tariffs could embed broader inflationary pressures and risk de-anchoring inflation expectations, thereby creating a sharper trade-off between employment and inflation goals. Some participants also noted recent price increases in the information technology sector had contributed to higher inflation, although several suggested software price increases may not be reliable indicators of broader future inflation. Most participants said longer-term inflation expectations remained stable, while policymakers generally expected high energy prices to continue exerting upward pressure on headline inflation in the near term. Participants also broadly expected tariff effects on core goods inflation to diminish during the course of the year.

TARIFFS/TRADE

- USTR said the US welcomed progress made by the EU toward implementing the Turnberry Agreement, which it said could deliver historic market access for American exporters. Washington added it would continue reviewing certain restrictive amendments within current EU legislation.
- US ambassador to the EU said he was encouraged by progress on trade deal and that all details would continue to be reviewed.
- Germany's Economy Ministry spokesperson said the German Economy Minister would travel to China next week.
- China added NVIDIA's (NVDA) RTX 5090D V2 chip to the list of banned goods last Friday, according to FT citing documents and sources.

NOTABLE HEADLINES

- White House briefed AI companies on plan to review models before their release, according to The Information.

FX

- USD was broadly weaker against G10 peers following a drop in oil prices on a couple of developments, including US President Trump stating that the US is in the final stages of talks with Iran, and Al Hadath reported that the Pakistani Army Chief may visit Iran tomorrow to announce the achievement of the final draft of the agreement text. Elsewhere, the FOMC Minutes had a hawkish element, but saw a fleeting impact on the USD, in which the two main takeaways were that many policymakers preferred to remove the easing bias from the policy statement (some non-voters also dissented), and the majority of participants saw a hike likely warranted if inflation persists.
- EUR benefitted from the weaker dollar amid the encouraging geopolitical headlines, while there was also a source report that the case for an ECB June rate hike was "nearly sealed" as the inflation outlook moved towards a more adverse scenario, although July policy decisions remained fully open.
- GBP reclaimed the 1.3400 status as lower oil prices and hopes of continued diplomacy regarding the Middle East offset the lower-than-expected UK CPI data.
- JPY was choppy and continued to oscillate through the 159.00 level, while there are several pertinent data releases scheduled overnight, including Japanese trade data, machinery orders and flash PMIs.

FIXED INCOME

- T-notes were firmer with yields lower across the curve as oil prices tumbled.

COMMODITIES

- Oil prices tumbled amid a couple of constructive US/Iran remarks. Firstly, and starting the tumble lower, was Al Hadath reporting that the Pakistani Army Chief may visit Iran tomorrow to announce achievement of final draft of agreement text, and the next round of negotiations will be held in Islamabad after the Hajj season (25-30th May), and sources added work is underway in earnest to put the finishing touches on the text of an agreement between Washington and Tehran. Following this, and aiding the downside even further, was US President Trump stating the US is in the final stages of talks with Iran, and will see what happens, while shortly ahead of the settlement, a source close to the negotiating team said that after sending Iran's 14-point text three days ago, the Americans have once again given Iran a text through a Pakistani mediator, which Iran is currently still reviewing.
- US EIA Crude Oil Stocks Change (May 15) -7.864M vs. Prev. -4.306M.
- Iraq's Prime Minister directed officials to follow up on plans to increase oil export volumes and diversify export routes.

GEOPOLITICAL

RUSSIA-UKRAINE

- UK Prime Minister Starmer said targeted short-term measures regarding Russian oil sanctions were designed to phase in new restrictions while protecting consumers, and stressed this did not represent any lifting of existing sanctions.
- UK government apologised for its handling of sanctions on Russian oil products, with Trade Minister Chris Bryant conceding that the process had been handled "clumsily" and describing it as "cock-up," according to Bloomberg's Wickham. Bryant added that sanctions on Russian oil products would be implemented "as soon as possible."
- European Commission spokesperson reiterated that the EU remained committed to sanctions on Russian oil and gas imports

and maintained that Russia should not benefit from the war.

OTHER

- US President Trump said 'big news' on Cuba regarding the Castro incident and that they have Cuba on their mind, while he said they will see what's next for Cuba and that it's falling. Trump also said the US would not tolerate a "rogue state with hostile foreign military, intelligence and terror operations" located just 90 miles from the US.
- US Secretary of State Rubio said President Trump was prepared to open a new relationship between the US and Cuba.

ASIA-PAC

NOTABLE HEADLINES

- Samsung Electronics (005930 KS) labour union postponed planned strikes and will instead hold a vote on the tentative wage agreement between May 23rd and 28th.

EU/UK

NOTABLE HEADLINES

- UK Prime Minister Starmer confirmed that fuel duty would remain frozen for the rest of the year, according to Sky News' Swinford.
- UK Chancellor Reeves will reportedly not announce proposed voluntary cap on supermarket prices for essential groceries following strong backlash from the sector, according to Financial Times.
- UK by-election in Makerfield, likely to be contested by Andy Burnham, was scheduled for June 18th.
- Wes Streeting is likely to abandon his bid for the Labour leadership and fall in behind Andy Burnham if the Greater Manchester mayor wins the Makerfield by-election, according to The Times, citing senior allies.
- BoE Governor Bailey said tighter financial market conditions provided the Bank with additional time to assess whether interest rates needed to rise further, while noting there was evidence of softer growth and labour market conditions. Bailey added that the fuel duty freeze could influence household inflation expectations, although he did not believe inflation expectations had become de-anchored. Bailey also described recent food inflation data as surprisingly benign.
- BoE's Breeden said she had observed tighter financial conditions and increasing labour market slack. Breeden also said she wanted to reduce BoE's gilt portfolio held for monetary policy purposes to zero.
- BoE's Dhingra said current policy settings appeared sufficiently restrictive to avoid further tightening under "scenario B."
- BoE's Mann warned that elevated inflation in late-2026 risked becoming embedded in 2027 wage negotiations and added labour market softening was not yet broad-based.
- Bank of France governor candidate Moulin supports greater joint Euro Area debt issuance to finance EU economic priorities, according to Bloomberg.
- ECB's Wunsch said the recent bond selloff linked to Iran was not yet affecting ECB thinking, although the central bank would eventually need to react if tensions persisted. Wunsch added that, if conflict remained unresolved by June, the probability of a rate hike would be high.
- Case for an ECB June rate hike was reportedly "nearly sealed" as inflation outlook moved toward a more adverse scenario, although July policy decisions remained fully open, according to sources. Sources added policymakers saw scope to pause after June and reassess conditions in September, depending on inflation and geopolitical developments.

DATA RECAP

- UK Inflation Rate YoY (Apr) Y/Y 2.8% vs. Exp. 3.0% (Prev. 3.3%); Services Inflation 3.2% (Prev. 4.5%).
- UK Core Inflation Rate YoY (Apr) Y/Y 2.5% vs. Exp. 2.6% (Prev. 3.1%).
- EU Inflation Rate YoY Final (Apr) Y/Y 3.0% vs. Exp. 3.0% (Prev. 2.6%).
- EU Core Inflation Rate YoY Final (Apr) Y/Y 2.2% vs. Exp. 2.2% (Prev. 2.3%).

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