# Daily European Opening News - 21st May 2026

## SNAPSHOT

| STOCKS | | | |
|---|---|---|---|
| Nikkei 225 | +3.7% | ASX 200 | +1.6% |
| Hang Seng | U/C | Shanghai Comp | +0.1% |
| Euro Stoxx 50 Jun'26 | +0.2% | DAX Jun'26 | U/C |
| ES Jun'26 | U/C | NQ Jun'26 | +0.1% |

| FX | | | |
|---|---|---|---|
| DXY | +0.1% (99.182) | EUR/USD | U/C (1.1620) |
| USD/JPY | +0.1% (159.03) | GBP/USD | U/C (1.3430) |

| BONDS | | | |
|---|---|---|---|
| US T-Note Jun'26 | -4 ticks | Bund Jun'26 | +15 ticks |
| US 10yr Yield | 4.591% | German 10yr Yield | 3.083% |

| ENERGY & METALS | | | |
|---|---|---|---|
| WTI Jul'26 | +0.7% | Brent Jul'26 | +0.5% |
| Spot Gold | -0.2% | LME Copper | -0.3% |

| CRYPTO | | | |
|---|---|---|---|
| Bitcoin | +0.4% | Ethereum | +0.6% |

*As of 06:25BST/01:25EDT*

### LOOKING AHEAD

- Highlights include Global S&P PMIs Flash (May), US Initial Jobless Claims (May/16), EU Consumer Confidence Flash (May), Banxico Minutes (May). Speakers include BoE's Bailey & Taylor, ECB's Elderson, Fed's Barkin. Supply from Spain, France & UK, Earnings from Walmart & Deere.
- Click for the Newsquawk Week Ahead.

## IRAN CONFLICT

- **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 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 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.**
- **Sources 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 a "letter of intent" that both the US and Iran would sign to formally end the war and initiate a 30-day negotiation period covering issues including Iran's nuclear**

**programme and Strait of Hormuz.** Furthermore, 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. In relevant news, a **spokeswoman for the Israeli Embassy in Washington denied that the ambassador told US lawmakers that Netanyahu was concerned after the conversation with Trump.**

- **Israeli PM Netanyahu said he urged Trump to maintain military pressure on Iran.**
- **Israeli official cited by the 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 reportedly taking several preparatory measures for the possibility of renewed fighting.
- **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 Iran's Supreme Leader Khamenei would ultimately reject any compromise.
- **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.
- **Iranian Foreign Minister Araghchi 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 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 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."
- **Iran's Foreign Ministry spokesman confirmed Iran received the US views and is studying them.**
- **Iranian official said they are ready to use new weapons if the US makes an additional act of aggression again, while he said they have produced and advanced weapons inside the country that have not yet been used on the battlefield and have not yet been tested.** Furthermore, the spokesman stated that in terms of equipment and defensive capabilities, they are not experiencing any shortages that would prevent the defence of the country, and this time, they do not intend to act with restraint.
- **IRGC said forces are ready to respond to any enemy aggression and all armed forces are ready with fingers on the trigger,** according to SNN and Tasnim.
- **Hezbollah said it targeted Israeli forces and artillery in Bint Jbeil, southern Lebanon.**
- **Deputy of the IRGC Navy said the Iranian "armed forces are ready to respond to any act of aggression by the enemy", and warned that the "IRGC Navy will send the US to the bottom of the sea"**, IRNA reported.

# US TRADE

## EQUITIES

- **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.

NOTABLE HEADLINES

- **White House briefed AI companies on plan to review models before their release.**
- **NVIDIA (NVDA) Q1 2027 (USD): Adj. EPS 1.87 (exp. 1.75), Revenue 81.615bln (exp. 78.78bln);** Q2 revenue view 89.18-92.82bln (exp. 86.79bln); Boosts buyback by USD 80bln and boosts dividend to USD 0.25/shr (prev. 0.01/shr). NVIDIA shares edged lower (-1.3%) in extended trading, despite beating expectations and giving upbeat guidance, amid lofty investor expectations.

# APAC TRADE

## EQUITIES

- **APAC stocks** mostly rallied as the region took impetus from the gains on Wall Street, with global risk sentiment underpinned following a slide in oil prices due to increased optimism regarding a resolution to the Middle East conflict, after President Trump stated that they are in the final stages of talks with Iran. Furthermore, it was also reported that the Pakistani Army Chief may visit Iran today to announce the achievement of a final draft agreement, while the US side gave Iran a text through a Pakistani mediator after having received Iran's 14-point text a few days ago.
- **ASX 200** climbed higher with the gains led by outperformance in the real estate, mining and materials industries, while the index also shrugged off the weak flash PMIs and disappointing jobs data.
- **Nikkei 225** surged higher amid the decline in energy prices and heavy buying in tech stocks, with SoftBank shares up around 20% following the earnings beat from NVIDIA, while there was a slew of data from Japan which were ultimately mixed, but included stronger-than-expected trade figures.
- **KOSPI** outperformed amid tech strength with SK Hynix surging by a double-digit percentage, while Samsung Electronics was boosted by an eleventh-hour tentative wage agreement with the labour union to avert an 18-day mass walkout.
- **Hang Seng** and **Shanghai Comp** lagged despite the increased liquidity effort by the PBoC, with price action rangebound and Chinese markets constrained amid weakness in energy stocks and automakers.
- **US equity futures** briefly fell after-hours as NVIDIA shares weakened post-earnings despite beating on the top and bottom lines, although the downside in futures was pared as Asia-Pac mostly rallied.
- **European equity futures** indicate a flat/slightly positive cash market open with Euro Stoxx 50 futures up 0.2% after the cash market closed with gains of 2.1% on Wednesday.

## FX

- **DXY** traded rangebound after broadly weakening against G10 peers yesterday following a drop in oil prices after US President Trump stated that the US is in the final stages of talks with Iran, and with reports that the Pakistani Army Chief may visit Iran today to announce 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, and the majority of participants saw a hike likely warranted if inflation persists.
- **EUR/USD** was steady and held on to recent gains after benefitting from the weaker dollar amid the encouraging geopolitical headlines, while there was also a prior source report that the case for an ECB June rate hike was “nearly sealed” as the inflation outlook moved towards a more adverse scenario.
- **GBP/USD** faded some of its recent advances, but retained the 1.3400 status with the pullback limited amid the constructive mood and after lower oil prices offset the recent softer-than-expected UK CPI data.
- **USD/JPY** traded sideways near the 159.00 focal point, with the pair unreactive to a slew of data releases from Japan and hawkish rhetoric from BoJ's Koeda, who called for the BoJ to continue rate hikes.
- **Antipodeans** retreated with AUD pressured following disappointing jobs data, which showed a surprise contraction in headline Employment Change and an uptick in the Unemployment Rate, while NAB later announced that it pushed back its next RBA rate hike forecast to August from June.
- **PBoC** set USD/CNY mid-point at 6.8349 vs exp. 6.7955 (prev. 6.8397)

## FIXED INCOME

- **10yr UST futures** took a breather after climbing yesterday as the slide in oil prices dragged yields lower and eased some of the inflationary concerns. Furthermore, there was little sustained reaction to the hawkish-leaning FOMC Minutes, which revealed that “many” policymakers would have preferred to remove the easing bias from the statement, while the latest 20-year bond auction was broadly average.
- **Bund futures** kept afloat and tested the 125.00 level to the upside after the recent slump in oil prices.
- **10yr JGB futures** were marginally higher after the gains in global peers, but well off today's best levels amid a surge in stocks and stronger-than-expected trade data, while there were also hawkish comments from BoJ's Koeda, who stated that the BoJ needs to continue to raise the policy interest rate in response to developments in economic activity, prices and financial conditions.

## COMMODITIES

- **Crude futures** partially nursed some losses after slumping around 5% yesterday as pressure was seen amid hopes for a nearing resolution to the Iran conflict, with Al Hadath reporting that the Pakistani Army Chief may visit Iran today to announce the achievement of the final draft of an agreement text, and that the next round of negotiations will be held in Islamabad after the Hajj season. There were also comments from President Trump that the US is in the final stages of talks with Iran, while a source close to the negotiating team stated that after sending Iran's 14-point text three days ago, the US side gave Iran a text through a Pakistani mediator, which Iran is still reviewing. The geopolitical optimism dragged WTI crude futures back below the USD 100/bbl level, which has since turned into a resistance level, capping the recovery effort.
- **UAE's new pipeline that bypasses the Strait of Hormuz is reportedly around 50% complete.**
- **Goldman Sachs said global oil stockpiles fell at a record pace of 8.7mln bpd so far in May,** while it added that physical market continue to tighten with estimated oil exports through the Strait of Hormuz remaining at a very low 5% of normal.
- **Spot gold** was indecisive after recently extending on gains above the USD 4,500/oz level, as the recent decline in oil prices and yields offset inflationary pressures.
- **Copper futures** slightly eased back from this week's peak, but held on to most of the prior day's spoils amid the heightened risk appetite and hopes for a US-Iran deal.

### CRYPTO

- **Bitcoin** gradually gained to test the USD 78,000 level to the upside.

#### NOTABLE ASIA-PAC HEADLINES

- **BoJ Board Member Koeda said the BoJ needs to continue to raise the policy interest rate in response to developments in economic activity and prices, as well as financial conditions, while she thinks the BoJ needs to continue examining the extent to which underlying inflation is anchored.** Koeda said given the situation in the Middle East, **she sees some possibility that underlying inflation may exceed 2% looking ahead, and noted it is reasonable for BoJ to raise the policy interest rate at an appropriate pace to address high inflation,** whilst also considering the trade-offs for the economy. Furthermore, she warned that if real interest rates continue to deviate markedly in a negative direction from the natural rate of interest, unintended distortions could arise in future resource allocation, as well as stated that the BoJ should proceed steadily with normalising its balance sheet in a predictable manner, while ensuring flexibility.
- **Japan's draft extra budget is reportedly around JPY 3tln,** while it was also reported that Japan plans to spend JPY 500bln in reserve funds on energy measures.
- **India is said to weigh options to boost the rupee, including a rate hike,** with the RBI also considering options such as currency swaps and raising dollars from overseas investors.

#### DATA RECAP

- Japanese Balance of Trade (Apr) 301.9B vs. Exp. -29.7B (Prev. 667B)
- Japanese Exports YY (Apr) 14.8% vs. Exp. 9.3% (Prev. 11.7%, Low. 7.0%, High. 12.5%)
- Japanese Imports YY (Apr) 9.7% vs. Exp. 8.3% (Prev. 10.9%, Low. 5.1%, High. 10.1%)
- Japanese Machinery Orders MM (Mar) -9.4% vs. Exp. -8.1% (Prev. 13.6%, Low. -20%, High. 14%)
- Japanese Machinery Orders YY (Mar) 5.9% vs. Exp. 4.5% (Prev. 24.7%, Low. -9.8%, High. 28.6%)
- Japanese S&P Global Manufacturing PMI Flash (May) 54.5 vs. Exp. 54.5 (Prev. 55.1)
- Japanese S&P Global Services PMI Flash (May) 50.0 vs. Exp. 50.7 (Prev. 51.0)
- Japanese S&P Global Composite PMI Flash (May) 51.10 vs. Exp. 51.8 (Prev. 52.2)
- Australian Employment Change (Apr) -18.6K vs. Exp. 17.5K (Prev. 17.9K, Low. 10K, High. 25K)
- Australian Full Time Employment Chg (Apr) -10.7K (Prev. 52.5K)
- Australian Unemployment Rate (Apr) 4.5% vs. Exp. 4.3% (Prev. 4.3%, Low. 4.2%, High. 4.4%)
- Australian Participation Rate (Apr) 66.7% vs. Exp. 66.8% (Prev. 66.8%)
- Australian S&P Global Manufacturing PMI Flash (May) 50.2 vs. Exp. 50.6 (Prev. 51.3)
- Australian S&P Global Services PMI Flash (May) 47.7 vs. Exp. 49.9 (Prev. 50.7)
- Australian S&P Global Composite PMI Flash (May) 47.80 vs. Exp. 50 (Prev. 50.40)

## GEOPOLITICS

#### 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 deployed the USS Nimitz carrier strike group to the Caribbean in a show of force as President Trump pressures Cuba,** according to NYT.
- **US President Trump is reportedly planning to limit US military resources for NATO allies in Europe during crises,** with the Pentagon planning to announce an intention to lessen its commitment at a Friday meeting of defence policy chiefs in Brussels, according to NYP citing sources.
- **US President Trump said on Wednesday he would speak with Taiwan's President Lai** in an unprecedented move for a US leader that could roil US relations with China, according to The Guardian.
- **Beijing is reportedly holding up a proposed visit by a Pentagon top policy official as China pressures US President Trump regarding a USD 14bln arms sale to Taiwan,** according to FT.

# EU/UK

## NOTABLE HEADLINES

- **UK Chancellor Reeves is to announce cuts to food tariffs and children's bus fares on Thursday in a cost-of-living push to win back voters.** It was separately reported that **Reeves will not announce a proposed voluntary cap on supermarket prices for essential groceries following strong backlash from the sector,** according to Financial Times.
- **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.