

SNAPSHOT

STOCKS			
S&P 500	+0.2%	Nasdaq Comp.	+0.1%
DJIA	+0.6%	Russell 2000	+0.9%
ES Jun'26	+0.2%	RTY Jun'26	+0.9%
NQ Jun'26	+0.2%	YM Jun'26	+0.6%
FX			
DX	+0.1% (99.19)	EUR/USD	Flat
USD/JPY	Flat	GBP/USD	-0.1%
BONDS			
US T-Note Jun'26	-3 ticks	10yr Bund Jun'26	+45 ticks
US 10yr Yield	4.58%	German 10yr Yield	3.10%
ENERGY & METALS			
WTI Jul'26	-0.3%	Brent Jul'26	Flat
Spot Gold	Flat	LME Copper	-0.3%
CRYPTO			
Bitcoin	+0.1%	Ethereum	+0.3%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include New Zealand Retail Sales, Japanese National CPI, Comments from ECB's Lane, Supply from Japan.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- US President Trump said they are negotiating on Iran and will get it one way or the other, while he added they do not want tolls on Hormuz, and that the US has total control of Hormuz. Trump said they knocked out 98% of Iran's missile capacity, and no ship is going through Iran without their approval. Furthermore, he said the Iran conflict will end soon, as well as stated that the US will get Iran's uranium and will likely destroy it. However, a Tasnim article called Trump's comments "unfinished illusions", referring to his claim that the US will take over highly enriched uranium.
- US Secretary of State Rubio said a tolling system in the Strait of Hormuz would render a diplomatic deal unfeasible, and he is very upset with NATO allies over their Iran response. Rubio also said that Pakistanis will travel to Iran today, as well as stated that some progress has been made in the talks with Iran and there are a few good signs, but don't want to be too optimistic and we'll see where things head in the coming days.
- The Trump administration granted a license to the world's largest cash buyer of ships for scrap to purchase four vessels under sanctions for carrying Iranian cargo, according to WSJ.
- Work was underway on a framework for a temporary agreement between Tehran and Washington, according to Al Hadath citing sources, while a journalist stated that Pakistan's mediation efforts between the US and Iran were at a crucial stage, with efforts underway to secure an agreement or a framework for comprehensive talks which could eventually lead to a 'deal'.
- Iranian Supreme Leader Khamenei ordered enriched uranium to stay in Iran, according to Reuters citing sources, suggesting a hardening in stance on nuclear stockpile. However, it was later reported that the White House was pushing back on a Reuters report that Iran is drawing a hard line in nuclear talks, while a senior Iranian official denied to Al Jazeera reports that Supreme Leader Khamenei had issued a new order requiring enriched uranium to remain inside Iran, saying they were "propaganda by the enemies of the deal". The official added there had been "no new order issued," and that Tehran's position had been consistent that Iran would downblend the material itself, which would be the subject of talks in the next stage. Furthermore, a

high-level source familiar with the matter later said the Iranian Supreme Leader's final decision is not to hand over the enriched uranium to Washington, according to Al Hadath.

- Iran's President said Iran will not back down in talks and that they will not bow their heads, while they are willing to sacrifice as much as possible for the honour and pride of Iran, and are not afraid of martyrdom.
- Senior Iranian official told Al Jazeera that negotiators are very close to reaching a deal, and are currently working on a draft text, while another source said it is too early to say whether a serious, final agreement is in reach
- A high-level source told Al Arabiya that the Pakistani army chief will not travel to Tehran tonight.
- Iranian Foreign Ministry said Foreign Minister Araghchi met the Pakistani Interior Minister, who was visiting. It was separately reported that a Pakistani source told Al Jazeera the Army Chief was still in Pakistan and his visit to Iran depended on the outcomes of the Interior Minister's visit, while enriched uranium was the main sticking point in the US-Iranian negotiations.
- Iranian Foreign Minister Araghchi posted "Wherever it is necessary, we will fight; wherever it is necessary to negotiate, we will negotiate", while he added that Iran would be present in negotiations "with strength" if necessary.
- Iranian Foreign Ministry spokesperson said Iran was pursuing talks "in good faith" but viewed the US with "deep suspicion", according to Press TV, while it confirmed multiple rounds of messages had been exchanged through Pakistani intermediaries based on the 14-point proposal.
- Iranian Foreign Ministry spokesperson said the focus of the negotiations is on ending the war on all fronts, including Lebanon, and that the claims made in the media about nuclear issues, including enriched materials or the enrichment debate, are speculation.
- Iran's Parliament Speaker Ghalibaf and Foreign Minister Araghchi were criticised for being too willing to make concessions to the US, according to AP, while Brig. Gen. Ahmad Vahidi, who heads Iran's paramilitary Revolutionary Guard, has since become the main point of contact for those negotiating with Iran and a major player in formulating Iran's tough stance in negotiating a possible end to the war with the US.
- Iran's Deputy Foreign Minister Gharibabadi argued that Tehran could impose Hormuz passage controls, including prior authorisation, fees and restrictions on military-linked shipping, according to local press.
- Iranian envoy said Iran and Oman were discussing a permanent Hormuz toll, according to Bloomberg.
- IRGC said if the enemy did not accept Iran's conditions, and if it did not want to accept that what was happening in the Persian Gulf and the Strait of Hormuz was under the control of Iran's navy, then any mistake would make it difficult for them not only in the region, but also beyond the region.
- Pakistan's Foreign Minister said "We are making efforts to bring Washington and Tehran together to reach a peace agreement, since we are mediators, and we will continue in this role", according to Al Jazeera.
- Pakistani Senator said Iran-US talks are moving in the right direction, according to IRNA citing a statement.
- Saudi-owned Al Arabiya TV reportedly obtained what was said to be the final draft of a prospective Pakistani-mediated US-Iran agreement, which could be announced within hours, with key provisions including an immediate, comprehensive and unconditional ceasefire on all fronts, mutual commitment not to target military, civilian or economic infrastructure, cessation of military operations and media warfare, respect for sovereignty and territorial integrity, guaranteed freedom of navigation in the Gulf, Strait of Hormuz and Sea of Oman, establishment of a joint monitoring and dispute resolution mechanism, negotiations on outstanding issues within seven days, gradual lifting of US sanctions in exchange for Iran's adherence to the terms, and affirmation of compliance with international law and the UN Charter. Furthermore, ILNA reported that the final draft of the US-Iran agreement has been reached with mediation of Pakistan and was expected to be announced within next few hours, although it was later stated that the report about reaching an agreement, attributed to Al Arabiya, is fabricated, while a senior Iranian source said no deal has been reached yet, but gaps have narrowed, with Iran's uranium enrichment and its control over the Strait of Hormuz remain among sticking points.
- Russian President Putin and Chinese President Xi discussed Iran, according to Interfax, while Putin shared with Xi the idea of transporting and storing Iranian enriched uranium in Russia.

US TRADE

- US stocks ultimately closed higher on what was another choppy session dominated by contradictory geopolitical headlines surrounding the Middle East conflict, while Treasury yields were predominantly lower, crude settled down from earlier highs, and the dollar finished little changed, as cross-asset price action largely tracked swings in oil prices owing to the shifting headlines around US-Iran negotiations. There were earlier reports that a final draft US-Iran agreement had been reached through Pakistani mediation and could be announced within hours, with Iranian media citing Al Arabiya TV. However, Al Arabiya later denied the report shortly before the closing bell. There were also several conflicting reports surrounding Iran's enriched uranium, including whether it would remain in Iran or be transferred abroad, while it was noted that the two key sticking points remain Iran's nuclear programme and reopening the Strait of Hormuz. Furthermore, the Pakistani Army Chief was no longer expected to travel to Tehran on Thursday night, and Reuters reported that no deal has yet been reached, although negotiations have narrowed the gaps between both sides. Elsewhere, participants digested several US data releases and some Fed commentary, but which once again generated little market reaction, as geopolitics and crude price swings dominated broader macro trade.
- SPX +0.17% at 7,446, NDX +0.20% at 29,357, DJI +0.55% at 50,291, RUT +0.93% at 2,843.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- US President Trump said the US would likely have to pay back USD 149bn in tariffs, while he added that tariffs made the US modern rich and would have to be done in a different way.
- China's MOFCOM said the EU was using overcapacity as an excuse to concoct new trade tools against China.

- **China blocked exports of high-end solar manufacturing equipment from Suzhou Maxwell Technologies to Tesla (TSLA),** according to NYT citing sources.

NOTABLE HEADLINES

- **Fed's Barkin (2027 voter) said the Fed was well-positioned to respond to risks as appropriate, while whether the Fed needed to hike rates depended on how businesses and consumers reacted to developing conditions.** Barkin added that the policy of looking through supply shocks had worked well in the past, although it was easy to see more challenging conditions and more frequent shocks in the future, while long-term inflation expectations appeared to remain contained. Barkin also said he is not leaning towards overly focusing on risks to inflation or employment and does not feel like today is a time for strong forward guidance.
- **Fed's Goolsbee (2027 voter) said there was still a pretty significant inflation problem, although the job market was stable,** while Goolsbee said that he was most attuned to the inflation side of the dual mandate.
- **White House cancelled its planned ceremony for President Trump to sign a new executive order on AI and cybersecurity, while Trump said he postponed it because he did not like some parts of it and that the AI order could have been a 'blocker' to the US leading in AI.**
- **US President Trump's efforts to lower beef prices divided top administration officials and some of his closest allies, prompting the White House to halt plans to temporarily reduce import tariffs,** according to Politico citing sources. In relevant news, Trump said beef prices were coming down.

DATA RECAP

- US S&P Global Manufacturing PMI Flash (May) 55.3 vs. Exp. 53.8 (Prev. 54.5)
- US S&P Global Services PMI Flash (May) 50.9 vs. Exp. 51.1 (Prev. 51.0)
- US S&P Global Composite PMI Flash (May) 51.7 vs. Exp. 51.5 (Prev. 51.7)
- US Philadelphia Fed Manufacturing Index (May) -0.4 vs. Exp. 18.6 (Prev. 26.7)
- US Kansas Fed Manufacturing Index (May) 9 (Prev. 10)
- US Kansas Fed Composite Index (May) 8
- US Housing Starts (Apr) 1.465M vs. Exp. 1.41M (Prev. 1.502M)
- US Building Permits Prelim (Apr) 1.442M vs. Exp. 1.40M (Prev. 1.363M)
- US Initial Jobless Claims (May/16) 209k vs. Exp. 210k (Prev. 211k)
- US Continuing Jobless Claims (May/09) 1782k vs. Exp. 1790k (Prev. 1782k)

FX

- **USD** was little changed as geopolitical reporting was rampant, sending mixed signals on the progress of talks. There was a bout of USD weakness on reports that a final draft of the US-Iran agreement had been reached with the mediation of Pakistan, although this was later refuted. The moves were also offset by other reports that the Pakistani army chief would not travel to Tehran on Thursday, diminishing the chances of an imminent agreement being announced, while there were conflicting reports on Iran's stance on enriched uranium being transferred out of the country. Participants also got to digest a slew of data releases, which were ultimately mixed and provided little direction for the greenback.
- **EUR** traded indecisively with EUR/USD returning to flat territory after rebounding from a brief dip to beneath the 1.1600 handle, while there were comments from ECB's Rehn that the economy was moving towards the adverse scenario of projections and that rates may need to be raised to maintain credibility.
- **GBP** conformed to the choppy performance seen in its major counterparts following mixed PMI data and with little reaction to the rhetoric from BoE's Taylor, while the latest UK Retail Sales data looms.
- **JPY** lacked firm conviction with USD/JPY oscillating again through the 159.00 focal, while the attention turns to the incoming National CPI data for Japan.
- **SNB Vice Chairman said the SNB had an elevated willingness to intervene in FX,** and that Swiss inflation was within the price stability range.
- **Banxico Minutes showed most members stated the global economic environment had continued to be characterised by a high degree of uncertainty,** mainly associated with the persistence and potential escalation of geopolitical conflicts.

FIXED INCOME

- **T-notes** saw choppy trade as rates fluctuated on the volatile crude price action and conflicting geopolitical reports.

COMMODITIES

- **Oil prices** declined losses on continued optimism over an end to the Middle-East conflict grew, with initial upside unwound on ILNA reports, citing Al Arabiya TV that claimed the final draft of the US-Iran agreement has been reached with mediation of Pakistan and expected to be announced within next few hours, although this was later said to be fabricated and a senior Iranian source also noted that no deal has been reached yet, but gaps have narrowed.
- **OPEC+ was reportedly likely to agree on an oil output quota hike of 188k BPD at the June 7th meeting,** according to Reuters sources.
- **IEA Chief Birol said oil markets could enter a red zone in July-August as stocks deplete and summer demand returns. Birol added his hope was that the Strait of Hormuz would open fully and unconditionally,** as well as stated Middle East oil production and refining would take a long time to return to pre-war levels. Birol also said the IEA was ready to coordinate further strategic

oil reserve releases, if necessary, while adding that the last oil inventory release was 20% of stocks.

GEOPOLITICAL

RUSSIA-UKRAINE

- Russia's Kremlin said Ukraine was discussed with Chinese President Xi and China was ready to help peace efforts.
- Russian President Putin said that given growing tensions around the world, Russia's nuclear triad must serve as a reliable guarantor of Russian and Belarus sovereignty, while he also commented that nuclear weapon usage was only a last-resort measure.
- Russian Defence Ministry said Russia launched Zircon hypersonic missiles and Yars ballistic missiles as part of nuclear drills.
- Belarus President Lukashenko said Belarus would work with Russia to protect both countries in case of aggression, according to local press.

OTHER

- US President Trump said the US wanted to open Cuba up.
- US Defence Undersecretary Colby may visit China ahead of a possible trip by Pentagon chief Hegseth amid tensions over Taiwan arms sales, according to SCMP.

ASIA-PAC

NOTABLE HEADLINES

- China's Agriculture Ministry said it would continue strengthening hog production capacity controls and stabilise prices of hogs and other major farm products.
- Japanese trade union Rengo called Japan's consumption tax an important source of social security funding and criticised allied parties' proposals for consumption tax cuts, according to Nikkei.

EU/UK

NOTABLE HEADLINES

- BoE's Taylor said everything changed at the beginning of March after the Iran conflict, and the BoE's February forecast was effectively obsolete because it did not include the energy shock. Taylor added that the economy was moving into a position of slack, and it was probably correct to expect a need for interest rate hikes under the BoE's Scenario C outlook, and some tightening had happened relative to where the BoE was in February. Furthermore, he said the labour market had kept wage normalisation on track, although the labour market was quite weak and the situation was very different to 2022.
- UK Chancellor Reeves said she stood ready to act if market conditions worsened later this year, while she announced a GBP 350m fund for critical chemical resilience and a GBP 150m fund for the ceramics industry. Reeves said the government must ensure those who benefit from energy price volatility pay their share, as well as announced changes to taxation of foreign branch profits, which were expected to raise hundreds of millions of pounds per year, a 10p per mile increase in the tax-free mileage rate, and a temporary VAT cut on some attractions from 20% to 5% between June 25th and September 3rd.
- ECB's Rehn said the economy was moving towards the adverse scenario of projections, and rates may need to be raised to maintain credibility.
- EU Commission downgraded its 2026 GDP growth forecast to 0.9% from 1.2%, while 2026 inflation was revised to 3.0% from 1.9%.

DATA RECAP

- UK S&P Global Manufacturing PMI Flash (May) 53.7 vs. Exp. 53.0 (Prev. 53.7)
- UK S&P Global Services PMI Flash (May) 47.9 vs. Exp. 51.7 (Prev. 52.7)
- UK S&P Global Composite PMI Flash (May) 48.5 vs. Exp. 51.6 (Prev. 52.6)
- French S&P Global Manufacturing PMI Flash (May) 48.9 vs. Exp. 52.2 (Prev. 52.8)
- French S&P Global Composite PMI Flash (May) 43.5 vs. Exp. 47.7 (Prev. 47.6)
- French S&P Global Services PMI Flash (May) 42.9 vs. Exp. 46.6 (Prev. 46.5)
- German S&P Global Manufacturing PMI Flash (May) 49.9 vs. Exp. 51.0 (Prev. 51.4)
- German S&P Global Services PMI Flash (May) 47.8 vs. Exp. 47.0 (Prev. 46.9)
- German S&P Global Composite PMI Flash (May) 48.6 vs. Exp. 48.4 (Prev. 48.4)
- EU S&P Global Manufacturing PMI Flash (May) 51.4 vs. Exp. 51.8 (Prev. 52.2)
- EU S&P Global Services PMI Flash (May) 46.4 vs. Exp. 47.7 (Prev. 47.6)
- EU S&P Global Composite PMI Flash (May) 47.5 vs. Exp. 48.8 (Prev. 48.8)
- EU Consumer Confidence Flash (May) -19.0 vs. Exp. -20.8 (Prev. -20.6)

