

## European Market Wrap - 27th May 2026

- European stocks mostly eked out mild gains, but price action varied.
- Crude was on a softer footing amid a lack of escalatory headlines on the US-Iran, whilst an unofficial MoU framework was released.
- Released MoU suggested the management and route of ship traffic via Hormuz to be handled by Iran in cooperation with Oman.

### EQUITIES

- **European bourses** (STOXX 600 +0.2%) held onto earlier gains, **CAC 40** (+0.9%) set to end as the outperformer. Upside across the equity space was seen after Iran's State TV reported on the possible US-Iran MoU. Within the agreement, US military forces will withdraw from the vicinity of Iran and lift the naval blockade while Tehran commits to restoring the number of commercial transit ships through Hormuz to pre-war levels within one month. Gains were gradually pared following headlines that the Islamabad framework was not yet finalised and no steps were to be taken without "tangible verification".
- **Sectors** maintained a positive bias. **Consumer Products & Services** (+3.8%) firmed, while **Autos** (+3.2%) held onto earlier gains. **Travel & Leisure** (+2.0%) rounds out the top 3 sectors. On the other hand, **Energy** (-3.6%) and **Utilities** (-2.0%) were the clear laggards.
- In terms of European Movers **Saab** (+0.1%) after Canadian PM Carney said they were in talks to buy the co.'s GlobalEye aircraft. Other key movers: **Akzo Nobel** (+19.5%), confirms the rejection of a conditional cash offer of EUR 73/shr from Nippon Paint and Sherwin-Williams; **Volvo Car** (+6.7%), reaches agreement with the US to avoid a ban on connected vehicles tied to China; **Capgemini** (-3.0%), targets 2025-28 revenue CAGR between 5.5-7.5%.
- **US cash equities** opened entirely in the green (SPX/NDX/RUT +0.1%, DJI +0.3%), however, off the best levels seen in the futures session. Memory names continue to rise, as **SanDisk** (+0.1%) gets upgraded at Barclays to 'Overweight' from 'Equal Weight' with a USD 2,300 PT (prev. 1,200). However, **Zscaler** (-27%) slips on 'disappointing' FY guidance.
- **Goldman Sachs lifts its end-2026 S&P 500 target to 8000 (prev. 7600), amid AI-driven growth following a strong Q1 reporting season.** 2026 EPS view to USD 340, +24% Y/Y; AI infrastructure beneficiaries expected to account for c. 50% of this. 13% EPS growth then seen in 2027.
- **NXP Semiconductors (NXPI)** guides internal utilisation in the low-80% in H1'26 and mid-80% in H2'26, with the increase driven by some bridge stock ahead of a fab decommissioning and better fundamental demand across other internal fabs.

### FX

- **RBNZ** left the OCR unchanged at 2.25%. **SUMMARY:** Kept the OCR unchanged in a 3-3 Hold-to-Hike vote split with all three external members preferring tightening. Statement said OCR will most likely need to increase sooner and by more than envisaged in the February MPS. **DOMESTIC BANK CALLS:** BNZ forecasts the RBNZ to hike rates in July; ANZ forecasts three hikes this year, in July, September and October; have open minds on whether the OCR will need to go north of 3%. **MARKET REACTION:** NZD helped a fair bit as markets reacted to the split vote and the RBNZ's track implying more front-loaded hikes than markets had been pricing in. Kiwi remains by far the best performing G10 currency with **NZD/USD +1.1%**, **AUD/NZD -1.6%**. **Aussie** bears the brunt, it being the worst G10 performer following cooler-than-expected inflation. ING notes the RBNZ's decision also has implications for the yen, saying if the BoJ fails to sound hawkish, it is likely to remain offered. **USD/JPY -0.1%**, **NZD/JPY +1.2%**.
- The **Buck** was lower for most of London FX trade with fleeting pressure seen on optimistic geopolitical headlines as you would expect. **Kashkari** was on the wires, where he said it was too early to predict the timing of the next Fed action when asked about October pricing (17bps). The greenback was modestly offered on Kashkari remarks, pressure which was washed away in choppy morning trade. On **geopolitics**, USD was once again, briefly and modestly, offered in a relatively lengthy readout from Iranian state TV, (Headline at 13:18). To summarise the main points: US military forces will withdraw from vicinity of Iran and lift naval blockade; Management and route of ship traffic via Hormuz to be handled by Iran in cooperation with Oman; Iran is committed to restoring the number of commercial transit ships through Hormuz to pre-war levels within one month; No steps to be taken without "tangible verification". Wednesday sees the release of April PCE data. Cook is the only FOMC member to speak later today.
- Other **G10s** were lacklustre against the modestly weaker USD. **EUR** was a touch firmer with a couple speakers not adding too much new; **GBP** was quiet with a lack of domestic newsflow; **CAD** was weaker alongside oil prices.

### FIXED INCOME

- **Bunds** were initially firmer as the global fixed income space took impetus from the softer tone in energy prices. That being said, recent hawkish language from the ECB alongside expectations of more hawkish global central banks have capped upside. The benchmark traded higher by some 25 ticks at one point, before recoiling back and testing the 126 handle (126.00-126.30 range). ECB's Stournaras noted a June hike is likely, in line with recent rhetoric, while the ECB's Financial Stability Review warned of risks of a sharp market correction, though Bunds saw little reaction at the time and little move to the German auction.

- **Gilts** outperformed, gaining around 39 ticks at the time of writing to trade in an 88.36-88.84 intraday range. Little action was seen in the DMO supply but the overall robust auction kept prices underpinned.
- **USTs** were modestly firmer, gaining a handful of ticks and oscillating in a 109-27 to 110-05 intraday band, underpinned by the pullback in crude. Ahead, traders look ahead to US supply in the form of a 5-year Note auction.
- **Germany sold EUR 1.550bln vs exp. EUR 2bln 2.60% 2041 and 2.90% 2056 Bund.** 2.60% 2041: b/c 1.5x (prev. 2.7x), average yield 3.30% (prev. 3.34%), retention 23.7% (prev. 3.7%). 2.90% 2056: b/c 1.8x (prev. 1.45x), average yield 3.50% (prev. 3.58%), retention 21.3% (prev. 22.1%).
- **UK sold GBP 4bln 4.125% 2033 Treasury Gilt: b/c 3.38x (prev. 3.30x), average yield 4.550% (prev. 4.507%), tail 0.2bps (prev. 0.2bps).**

## COMMODITIES

- **Crude** was on a softer footing amid a lack of escalatory headlines on the US-Iran front and no "hot response" from Iran following the earlier US "self-defence" strike. Mediation efforts appear ongoing, though funds and Hormuz management remain key sticking points. An IRGC official said the likelihood of renewed war with the US is "slim", but warned forces are "lying in wait with full magazines". Later in the session, some additional downside was seen as the initial, unofficial framework for MoU between the US and Iran saw a US concession in which management and route of ship traffic via Hormuz was to be handled by Iran in cooperation with Oman. Nonetheless, the release saw no mention of some key Iranian sticking points. **Crude** continued to grind lower, with **WTI Jul** towards the lower end of a USD 87.77-93.69/bbl range, while **Brent Aug** dipped under yesterday's low to reside within USD 91.75-96.45/bbl. **Dutch TTF** was softer by almost 4% intraday, and briefly dipped under EUR 45/MWh.
- **Precious Metals** remained softer despite the pullback in crude as inflation concerns persisted, with the RBNZ's hawkish hold overnight also weighing on sentiment. **Spot gold** fell below USD 4,450/oz to trade towards the lower end of a USD 4,406-4,528/oz range.
- **Base Metals** were mixed to mostly lower as inflation concerns remained elevated and China saw a subdued session overnight. **3M LME copper** traded flat within a narrow USD 13,567.18-13,749.08/t range, awaiting the next macro impulse.
- **HKEX will introduce incentive programs for gold futures.**
- **French Finance Minister Lescure** said there is no risk of fuel shortages over next two months.
- **UK's energy regulator Ofgem announces 13% increase in energy price cap for 1 July to 30 September 2026 (as expected), citing higher wholesale gas prices due to Middle East conflict.**

## EUROPEAN DATA

- **Norwegian GDP Growth Mainland QoQ (Q1) Q/Q 0.3% vs. Exp. 0.4% (Prev. 0.4%).**
- **Italian Industrial Sales MoM (Mar) M/M 2.00% (Prev. 0.6%).**
- **Italian Industrial Sales YoY (Mar) Y/Y 4.4% (Prev. 0.5%).**
- **UK Grocery Inflation eases to 3.1% in the four weeks to May 17th ( vs 3.8% in the four weeks to April 19th), according to Worldpanel.**
- **French Consumer Confidence (May) 82 vs. Exp. 85 (Prev. 84).**

## NOTABLE HEADLINES

- **Hungary's government spokesman** said technical talks with the EU are underway on multiple EU funding issues, while a meeting between the Hungarian PM and European Commission President has not yet been scheduled.
- **Spain's anticorruption police has raided the headquarters of Spanish PM Sánchez's Socialist Party in Madrid, Politico reported.** The raid was to obtain evidence for an ongoing probe into the alleged illegal financing of the country's ruling party.
- **Germany's Council of Economic Experts forecasts 2027 economic growth 0.8%, and sees 2026 GDP +0.5% vs +0.9% in November, reports suggest.**
- **French Finance Minister Lescure** said keeping the target of deficit below 5% in 2026 and 3% in 2029.

## TRADE/TARIFFS

- **Chinese Vice Premier He Lifeng met with German Economy Minister in Beijing, Xinhua reported.**
- **China's Premier Li** said should make good use of reserves and adjustments for bulk commodities and essential materials, State Media reported. Should continuously enhance the resilience of industrial and supply chains. Should further expand reserve capacity. Should promote the construction of various types of reserve facilities.
- **India government** said the visit of the US delegation for discussions on the bilateral trade agreement between 1st -4th June 2026 in Delhi.
- **China's Commerce Minister met with his German counterpart, according to a statement; China said it is willing to strengthen dialogue and consultation with Germany.** Should jointly support free trade and multilateralism.
- **Germany and Spain** are said to push back on Europe's plans to ban Huawei gear, reports suggest.
- **EU Government has reportedly cleared legislation to implement EU import duty cuts for US goods as part of the EU-US trade deal, according to EU sources.**
- **China International Trade Representative Li Chenggang met US Deputy Trade Representative Sweitzer and exchanged views on China-US economic and trade relations, as reported.**
- **Germany's Economy Minister** noted that the country will seek dialogue with China; emphasises the need for fair competition.

## CENTRAL BANKS

- Fed's Logan (2026 voter) did not comment on monetary policy or economic outlook in her prepared remarks.
- Fed's Kashkari (2026 voter) said it is too early to predict the timing of the next Fed action when asked about market pricing for an October rate hike. US inflation risk is currently higher than labour-market deterioration risk, though both must be monitored. US data since his April dissent show inflation risks rising, not falling. Inflation concerns are weighing on bond markets. The inflation shockwave from the Middle East war may continue to spread globally.
- ECB's Pereira said conflict in the Middle East is expected to have a significant impact on price developments. We are looking at second-order effects on prices and wages, it will be taken into account at the next ECB meeting.
- ECB's de Guindos said inflation expectations are "well-anchored".
- ECB's de Guindos said banks should increase cybersecurity investment to address AI risks.
- ECB Financial Stability Review (May): Energy supply shock could also increase market volatility and challenge debt servicing capacities.
- ECB's Stournaras said a June rate hike is likely.
- ECB's Makhlof said he has not yet seen second-round effects; does not rule out their existence; any Iran peace deal will be a factor in rate decisions; unlikely to clearly signal a return to pre-war conditions.
- SNB's Schlegel said medium term inflation pressures have hardly changed.

## GEOPOLITICS

### RUSSIA-UKRAINE

- Finnish Defence Forces suspect a Russian military aircraft violated Finland's airspace while avoiding a thunderstorm.
- A senior Ukrainian commander said he expects a "turning point" in the war in Ukraine in the next six to nine months.

### MIDDLE EAST

- Pentagon draws up Iran target list on May 27 as Trump prepares to resume strikes; planned operation named "Big Hammer"; targets include Natanz and Isfahan nuclear sites, Kharg oil facilities, power plants, military command and comms centre. Officials say many previously struck targets were exposed, but missile launchers and drones are now more concealed and harder to hit.
- Iran's State TV said it has a draft of the initial unofficial framework for MoU with US; According to draft MoU US military forces will withdraw from vicinity of Iran and lift naval blockade; Islamabad framework not yet finalised. In return, Iran has committed to restoring the number of commercial transit ships through the Hormuz Strait to pre-war levels within one month. Military vessels are not included in this draft agreement. Management and route of ship traffic via Hormuz to be handled by Iran in cooperation with Oman. If a final deal is reached within 60 days, this agreement will be approved in the form of a binding UN Security Council Resolution. No steps to be taken without "tangible verification". Iran is committed to restoring the number of commercial transit ships through Hormuz to pre-war levels within one month.
- Iran security council's Bagheri said Iran and Oman are negotiating a new procedure for ships to pass through the Strait of Hormuz, with conditions set to differ from before the conflict began, IRNA reported. said no agreement is reached until all issues are agreed. Iran's enriched uranium reserves are not on the negotiation agenda.
- Iran's Ghalibaf said cooperation among Islamic countries to strengthen regional collaboration without foreign interference plays an effective role in resolving regional crises, IRNA reported.
- Iran's IRGC Navy said passage of "Hostile Countries" vessels through the Strait of Hormuz is still prohibited, ISNA reported.
- The IDF and US CENTCOM remain on high alert amid the possibility of a deal being failed to be reached and that US President Trump could order military action, journalist Stein reported citing sources; coordination between the US and Israel continue.
- Russian Deputy Foreign Minister said it has informed Washington of readiness to transfer enriched uranium from Iran and the proposal is still on the table, Al Jazeera reported.
- Israeli PM Netanyahu said, "We are not limited to operating in Beirut, we have been operating there recently"; Israeli Defence Minister adds that Israel is currently in a complex situation with the US, and no one will stop Israel from defending itself.
- There is a decisive US message to Israel to ban targeting Beirut, Sky News Arabia reported quoting Channel 12; "Washington fears that strikes in Beirut could derail negotiations with Iran and expand the scope of escalation in Lebanon".
- Iranian Foreign Ministry spokesperson said Iran and the United States have not yet reached an agreement on unblocking the Strait of Hormuz, Nour News reported.
- Iranian Deputy Security Secretary said indirect contacts between the US and Iran continue, Interfax reported; Iran is not discussing the fate of its enriched uranium stockpiles with the US. Tehran is negotiating with Oman over a new mechanism of passage through Hormuz.
- Iran said management of the Strait of Hormuz is a precondition that cannot be negotiated; "Iran's undisputed control over the Strait of Hormuz is a definitive precondition for negotiations", SNN reported.
- Iranian lawmaker Boroujerdi said in the draft agreement between Iran and the United States, it was agreed that Washington would commit to a comprehensive ceasefire for 60 days, including Lebanon, Al Mayadeen reported. "The release of a large part of Iran's frozen assets and the lifting of the naval blockade are among the other requirements of this agreement". "The diplomatic apparatus and the system do not make their decisions based on Trump's impulses on social media platforms". "Any document that is signed will definitely be within the system's red lines and aims to protect the national interests and the rights of the Iranian people".
- Iran reiterates to regional countries, "If you enter a coalition against us, you will pay a price; but if you accept the logic of regional cooperation, Iran is not a threat to you", state-run Nour News reported.
- US President Trump posted an Israeli article critical of Iranian prisons.
- The IRGC said 23 ships transited the Strait of Hormuz in the last 24 hours, Fars reported.

- **Al Arabiya** reported that a phone call took place today between the Iranian president and the Pakistani prime minister.
- **Report of an Israeli airstrike on Hezbollah in eastern Lebanon, Al ArabyTV reported.**
- **IRCG** said 25 vessels, including oil tankers and container ships, successfully transited the Strait of Hormuz over the past 24 hours; IRNA reported. IRGC warns any act of aggression or violation of maritime regulations would be met with a crushing response.
- **Iranian President** held phone call with leaders of regional countries, including Oman, Qatar, and Turkey; mainly focused on regional security, diplomacy, and efforts aimed at de-escalation, Press TV reported.
- **"Advisor to the Iranian Supreme Leader: The real guarantor of any agreement with the United States is the Strait of Hormuz", Al Jazeera reported; adds that documents and signatures alone cannot guarantee any deal.**
- **An official in the Iranian Revolutionary Guard** said the likelihood of renewing war with the United States is "slim", Al Arabiya Business reported; however, he adds that "the armed forces are lying in wait with full magazines".

## OTHERS

- **China's Military** said a Dutch vessel repeatedly launched carrier-based helicopters to intrude into China's airspace. said:. The Dutch side should immediately cease infringing and provocative acts. Dutch navy frigate illegally intruded into the Paracel Islands.

## NORTH AMERICAN DATA

- **US Redbook YoY (May/23) Y/Y 9%.**
- **US ADP Employment Change Weekly 35.75K (prev. 42.25k).**
- **US MBA 30-Year Mortgage Rate (May/22) 6.65%.**
- **US MBA Mortgage Applications (May/22) -8.5%.**

## NOTABLE GLOBAL EQUITY HEADLINES

- **ByteDance weighs 2026 Capex of as much as USD 70bln in an AI push.**

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com