

newsquawk

US Market Wrap - 27th May 2026

Stocks consolidate below record highs amid reported geopolitical progress

- **SNAPSHOT:** Equities flat, Treasuries up, Crude down, Dollar flat, Gold down
- **REAR VIEW:** White House rejects accuracy of Iranian media's version of MoU; Trump says Oman will have to behave or we will have to blow them up; Fed's Kashkari said it is too early to predict the timing of the next Fed action; Hawkish RBNZ hold; Softer-than-expected Aussie inflation; Incident occurs at petrochemical complex in Asaluyeh; US 5yr note auction shows slight improvement; Samsung Electronics unionised workers approve wage deal
- **COMING UP:** **Data:** Spanish Retail Sales (Apr), EU Consumer Confidence Final (May), US Initial Jobless Claims (May/23), GDP 2nd Estimate (Q1), Durable Goods Orders (Apr), Real Consumer Spending 2nd Estimate (Q1), PCE (Apr), Atlanta Fed GDP (Q2). **Events:** BoK Policy Announcement (May), ECB Minutes (Apr), SARB Policy Announcement (May). **Speakers:** Fed's Williams, Jefferson, Goolsbee, Barkin; BoE's Breeden; ECB's Lane, Lagarde, Cipollone, Schnabel; SNB's Schlegel. **Supply:** UK, Italy, US. **Earnings:** Dell.

MARKET WRAP

US equities were largely traversing sideways, consolidating in a range just off all-time highs. Sectors were mixed, though there was decent upside in Consumer Discretionary (ANF and BBWI were standouts). Note, heavyweights Tesla and Amazon did the heavy lifting. Travel and Leisure was supported by lower energy prices. Communications saw strength (META launches Instagram, Facebook, and WhatsApp subscriptions); Energy was the laggard as crude prices dropped, while Financials also underperformed, and Tech was under pressure (QCOM reaffirmed its non-handset revenue target; ZS down 31.5% on disappointing guidance put pressure on software names, particularly cybersecurity). The equity complex was subject to some choppiness amid geopolitical headlines, though it ultimately closed around flat, ahead of key earnings after hours, and ahead of Thursday's PCE inflation data. Bonds too were uneventful, patrolling a horizontal range; the weekly ADP payrolls rate cooled, while the sale of 5yr notes saw a smaller tail and solid indirect participation. Crude futures, however, saw downside, initially on reports via Iranian state TV, which reported progress in talks after it had seen a draft MoU; analysts noted that while there were a lot of mechanics about the Straits of Hormuz, the update was absent of information on tolls, unfreezing of Iranian funds, uranium enrichment, or even Lebanon. Traders faded the extremes. Later, reports suggested that the White House had pushed back on the reporting from Iran. President Trump hosted his eleventh open Cabinet meeting, and while he stuck to familiar talking points (Iran will never get a nuke, talks are progressing nicely, but he wants a great deal, not just a good deal, including nations joining the Abraham Accords). Trump said Oman will have to behave, or we will have to blow them up.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 2+ TICKS HIGHER AT 109-29

T-Notes were largely horizontal, seeing some upside on geopolitical optimism as energy prices fell. At settlement, 2-year -0.1bps at 4.035%, 3-year -0.4bps at 4.082%, 5-year +0.1bps at 4.176%, 7-year -0.5bps at 4.316%, 10-year -1.4bps at 4.477%, 20-year -1.6bps at 5.009%, 30-year -1.3bps at 5.008%.

THE DAY: US yields were skewed to the downside in an environment of lower oil prices on elevated optimism over an MoU which alludes to progress in US-Iran talks. WTI and Brent slumped to session lows on a report via Iran State TV, which said it had seen a draft of the initial framework for the MoU with the US. The US later rejected some aspects of the reporting, yet the move lower in oil for the most part held, allowing Treasuries to hold onto modest gains. Adding to existing inflation concerns, a hawkish RBNZ hold saw precious metals hit, despite the risk-on mood and flattish dollar. We continued to see the ECB language tilt hawkish; Stournaras said a June hike is likely, for instance. Looking forward, any signs of the next breakthrough in geopolitical talks are the next focal point for T-Notes, while Thursday's PCE inflation report looms (it is expected to rise further away from the Fed inflation goal). Tomorrow also features weekly jobless claims and another look at US GDP; additionally, there will be multiple Fed speakers, where expectations are for inflation to appear as a greater concern among the Fed's two mandates.

In supply, the US sold USD 28bln of 2YR FRNs with the high discount margin dropping to 0.089% from 0.103%, meanwhile, the treasury sold USD 70bln of 5yr notes, with the tail decreasing to 0.1bps from 0.5bps. The 5yr note auction showed some improvement from the prior, supported by indirect demand remaining well above the six auction average at 74.9% (average 63%), offsetting a dip in direct's proportion of the bid; muted reaction seen on the auction.

In other news, overnight, 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. He also touched on the growing global inflation concerns weighing on the bond markets.

SUPPLY

- US sold 17wk Bills at 3.63%, covered 3.01x
- US sells USD 28bln of 2yr FRN; High Discount Margin 0.089%. [Click here for full 2yr FRN results.](#)
- US sold USD 70bln of 5yr notes; tail 0.1bps. [Click here for full 5yr note results.](#)

STIRS/OPERATIONS

- **Fed Pricing: Dec 15.6bps (prev. 17.6bps)**
- EFFR at 3.62% (prev. 3.62%), volumes at USD 113bln (prev. USD 121bln) on May 23rd
- SOFR at 3.63% (prev. 3.55%), volumes at USD 3.127tln (prev. USD 3.078tln) on May 23rd
- NY Fed rrp op demand at USD 1.853bln (prev. 1.787bln) across 7 counterparties (prev. 6)

CRUDE

WTI (M6) SETTLED USD 5.21 LOWER AT USD 88.69/BBL; BRENT (Q6) SETTLED USD 4.42 LOWER AT USD 92.25/BBL

Crude prices traded lower amid reported progress on US-Iran negotiations, with markets continuing to place greater significance on diplomatic efforts since the weekend. Today's updates, for the most part, had short-lived impacts on price action. Downside was initially seen after Iran State TV said it has a draft of the initial unofficial framework for the MoU with the US, sending crude prices lower; the move unwound, however, after the White House leaned back on the report. The MoU, via Iranian media, included management and route of ship traffic via Hormuz to be handled by Iran in cooperation with Oman, and no steps to be taken without "tangible verification". That said, crude downside resumed, settling near the lows of USD 87.77bbl for WTI and USD 92.47/bbl for Brent. In the US afternoon, Trump boldly said Oman will have to behave, or we will have to blow them up. Separately, Trump said there would be no Iran sanctions relief in exchange for giving up uranium. Ultimately, Trump's remarks had little sway over crude prices in later trading, as attention centres on the potential for a sustained breakthrough in talks. Private Inventory data will be watched after the US cash close, ahead of EIA's weekly inventory report on Thursday.

EQUITIES

CLOSES: SPX +0.02% at 7,520, NDX -0.09% at 29,974, DJI +0.36% at 50,649, RUT -0.02% at 2,920

SECTORS: Energy -1.52%, Financials -0.82%, Utilities -0.48%, Technology -0.39%, Real Estate -0.31%, Materials -0.01%, Industrials +0.02%, Health +0.22%, Communication Services +0.72%, Consumer Staples +0.97%, Consumer Discretionary +1.89%.

EUROPEAN CLOSES: European Closes: Euro Stoxx 50 +0.08% at 6,067, Dax 40 +0.13% at 25,218, FTSE 100 +0.13% at 10,505, CAC 40 +0.43% at 8,208, FTSE MIB -0.64% at 49,579, IBEX 35 +0.49% at 18,381, PSI -0.65% at 9,136, SMI +0.57% at 13,602, AEX -0.21% at 1,040

STOCK SPECIFICS

- **Sandisk (SNDK):** Upgraded at Barclays to 'Overweight' from 'Equal Weight'.
- **Zscaler (ZS):** Q4 rev. outlook missed gave "disappointing" initial FY27 guidance.
- **Semtech (SMTC):** EPS & rev. beat. **Insulet (PODD):** Announced a voluntary medical device correction for specific lots of several pods.
- **Verra Mobility (VRRM):** Received a contract termination notice from Avis Budget CAR, effective September 2026.
- **Hims & Hers Health (HIMS):** Board Member Wells bought ~\$1.2M in stock.
- **Dycom (DY):** Earnings & guidance beat.
- **Bath & Body Works (BBWI):** Adj. EPS beat.
- **FedEx (FDX):** Upgraded at JPMorgan to 'Overweight' from 'Neutral'.
- **Dollar General (DG):** Downgraded at Deutsche Bank to 'Hold' from 'Buy'.
- **GE Aerospace (GE)** said it is leaning toward the high end of guidance range after a very strong Q1.
- **Qualcomm (QCOM)** stands by its aim of USD 22bln non-handset revenue by FY29, ex-data centres.
- **Meta (META)** launches Instagram, Facebook, and Whatsapp subscriptions, TechCrunch reports.

FX

USD: FX markets have generally been quiet on Wednesday. Despite a heavy day of newsflow, particularly regarding geopolitics, the Dollar Index is around flat heading into the APAC session. The stock impulse hasn't provided any new impetus for the USD, with traders booking profits on equity gains after indices notched fresh record highs. Ahead, US PCE inflation data is due Thursday, with many expecting a multi-year hot reading, which will likely keep FOMC policymakers cautious on the prospects regarding any loosening of policy, as price pressures continue to move away from the central bank's target. Separately, a Reuters poll shows investors expect the Greenback could break higher ahead as the Fed focuses on inflation, supported by higher Treasury yields, oil-driven inflation, and a resilient US economy.

EUR: Similar to the USD, action was limited, with the single-currency trading around flat. ECB officials continue to strike a cautious tone: VP de Guindos noted inflation expectations remain well-anchored, while Pereira warned Middle East conflict could materially affect prices and wages (a factor policymakers will discuss at the next policy meeting); Makhoulouf acknowledged second-round effects cannot be ruled out, adding any Iran peace deal would influence rate decisions.

AUD: The Aussie was one of the currencies that saw some decent action, albeit the bulk of it was concentrated overnight; the currency heads into APAC trade on the back foot. Australia's April CPI rose +0.4% M/M and 4.2% Y/Y, below expectations, with weakness in volatile and policy-affected areas such as transport; seasonally adjusted CPI fell 0.1% M/M; trimmed mean inflation was firmer at 0.3% M/M and 3.4% Y/Y. Analysts at Westpac said that the Q2 pressures are expected to peak in Q3.

NZD: The Kiwi was one of the bright spots in a very dull session, trading with gains of around 1%. Overnight, the RBNZ held its OCR at 2.25% in a 3-3 split vote, which required Governor Breman to cast the tiebreaking vote. The vote split lifted rate-hike bets as forecasts showed the OCR near 3% by year-end, with inflation projected to hit 4.2% in Q2 and peak at 4.3% in Q3. Analysts at ANZ

said they continue to see three rate hikes in 2026 (Jul/Sep/Oct); "We have open minds on whether the OCR will need to go north of 3%, but there's a lot of water to flow under that bridge," adding that "the data will decide that in the fullness of time, not the RBNZ's forecasts here and now."

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