

# newsquawk

## US Market Wrap - 28th May 2026

### Stocks gain amid constructive US/Iran rhetoric

- **SNAPSHOT:** Equities up, Treasuries up, Crude up, Dollar down, Gold up.
- **REAR VIEW:** US and Iran have reached an agreement on a 60-day MoU to extend the ceasefire, Axios reports, but Tasnim later pushes back on claims; Cooler-than-expected April US PCE; Initial jobless claims hovers around 215k; SARB hikes rates 25bps, as expected; Fed's Williams said monetary policy is well positioned, where the Fed wants it to be; US struck an Iranian military site in Bandar Abbas.
- **COMING UP:** **Data:** Japanese Tokyo CPI (May), Consumer Confidence (May), Spanish HICP (May), German Import Prices (Apr), State/Nationwide CPI Prelim. (May), Unemployment Rate (May), French GDP Final (Q1), HICP Prelim. (May), Italian HICP Prelim. (May), Canadian GDP (Q1) **Speakers:** BoE's Bailey, Fed's Kashkari, Schmid, Bowman, Paulson, Daly **Supply:** Australia, Japan **Credit Ratings:** S&P on France, Hungary; Morningstar DBRS on Spain

### MARKET WRAP

US equities printed fresh all-time highs, reversing earlier losses on the prospects of a US-Iran ceasefire deal, as oil pared gains sharply. Axios reported that US and Iranian negotiators reached agreement on a 60-day MoU, though the deal still requires approval from US President Trump. However, Iran's Tasnim leaned back on Western reports, stating the text has not been finalised, with sources saying that Iran has not notified the Pakistani mediator of any finalisation, and added that any such narrative from Western sources remains invalid until Iran makes an official announcement. Even before the Axios report, stocks were gaining after monthly core and headline PCE metrics for April came in below expectations, while Q1 GDP growth was revised down. Oil -- which was trading higher overnight after the US struck an Iranian military site in Bandar Abbas for the second time in three days while the IRGC targeted a US air base in response -- pared gains, though still settled slightly higher. US Treasury futures were taking cues from the geopolitics and the data, both of which provided scope for upside. FedSpeak had little impact; Fed's Williams (voter) said the US economy and labour market remain solid, and that monetary policy is well positioned; he added that persistently high inflation would warrant higher rates, but that this does not reflect current conditions. Fed's Musalem (2028 voter) said the policy rate is at or below the long-run neutral rate, with longer-term inflation expectations drifting higher and the labour market stable; he said the Fed must maintain vigilant focus on returning inflation to its 2% target, and the future policy direction will depend on economic developments. Fed's Barkin (2027 voter) said strong earnings mean motivation to fire is not high.

### US

**PCE:** Core PCE prices rose by 0.2% M/M in April (exp. 0.3%, prev. 0.3%), though the annual rate ticked up to the highest since November 2023, at 3.3% Y/Y (exp. 3.3%, prev. 3.2%); the headline rate rose 0.4% M/M (exp. 0.5%), and the annual rate rose to 3.8% Y/Y (exp. 3.8%, prev. 3.5%). Pantheon Macroeconomics says the downside surprise was spread across several components, including financial services and foreign travel, which are partially derived from non-CPI/PPI data. The consultancy expects inflation to hover around current levels before ticking lower towards the end of the year, noting that while retailers will pass on higher prices for goods to consumers, the slower growth in wages will weigh on services inflation. "We doubt the FOMC will choose to make policy more restrictive later this year, at a time when the labour market remains weak and the overall economy lacks momentum."

### FIXED INCOME

#### T-NOTE FUTURES (M6) SETTLED 4+ TICKS HIGHER AT 110-01+

Treasuries saw gains amid risk-on trade as Axios reported an agreement regarding a 60-day US-Iran ceasefire extension.

**THE DAY:** Treasuries were already grinding higher through the US morning, albeit seeing limited moves to the cooler than expected US PCE report. The main move came on the aforementioned Axios story, which noted that US and Iran have reached an agreement on a 60-day MoU to extend the ceasefire and launch negotiations on Iran's nuclear programme, but Trump is yet to give it his final approval. The Axios report added that Trump asked to take a "few days" to think about it. As such, this saw T-Notes rise to session highs, but has since pared off highs to trade rangebound through the US afternoon. While later reports in Tasnim refuted that an MoU has been agreed, participants will be awaiting confirmation from either side regarding the MoU. Looking to Friday, the calendar is light, but there are a fair few Fed speakers scheduled throughout the day (Kashkari, Schmid, Bowman, Paulson, Daly).

In supply, the US sold USD 77bln of 7yr notes. The stop-through was 0.1bps, vs. the prior 0.5bps tail and the six auction average of 0.3bps. Bid-to-cover was 2.52x, more or less in line with the prior 2.51x and the average 2.48x. Looking at the breakdown, Dealers took 10.4% (prev. 11.6%, six-auction average 11.3%), Direct took 11.2% (prev. 30.0%, six-auction average 27.5%), and indirect took 78.4% (prev. 58.4%, six-auction average 61.2%). Note, there was no reaction seen in wake of the auction.

#### SUPPLY

- US sold 4-week bills at high rate of 3.63% (prev. 3.610%), B/C 3.76x (prev. 2.60x); sold 8-week bills at a high rate 3.615% (prev. 3.600%), B/C 3.08x (prev. 2.77x)
- US sold USD 77bln of 7yr notes; stop-through 0.1bps. [Click here for full 7yr note results.](#)

## STIRS/OPERATIONS

- EFFR at 3.62% (prev. 3.62%), volumes at USD 106bln (prev. USD 113bln) on May 27th.
- SOFR at 3.63% (prev. 3.63%), volumes at USD 3.73tln (prev. USD 3.72tln) on May 27th.
- NY Fed rrp op demand at USD 1.163bln (prev. 1.853bln) across 7 counterparties (prev. 7)

## CRUDE

**WTI (N6) SETTLED USD 0.22 HIGHER AT 88.90/BBL; BRENT (Q6) SETTLED USD 0.45 HIGHER AT 92.70/BBL**

The crude complex settled with slight gains, albeit in choppy trade, as US/Iran updates dominated the tape. Whilst there was plenty of newsflow, the main update came via Axios, which sparked notable downside in oil, as US and Iran reportedly reached an agreement on a 60-day MoU to extend the ceasefire and launch negotiations on Iran's nuclear programme, but Trump is yet to give it his final approval; Trump asked to take a "few days" to think about it. However, it more recent trade Tasnim refuted the claims saying the text of the possible MoU has not been finalised and confirmed to this point. As such, participants await any further update regarding the MoU. For the record, WTI traded between USD 87.11-92.52/bbl and Brent USD 90.79-95.98/bbl. In the weekly EIA data, crude stocks and gasoline saw a shallower than expected draw, while Distillates saw a larger draw than anticipated.

## EQUITIES

**CLOSES:** SPX +0.57% at 7,563, NDX +0.84% at 30,224, DJI +0.05% at 50,670, RUT +0.57% at 2,937.

**SECTORS:** Health +1.41%, Technology +1.34%, Consumer Discretionary +0.54%, Materials +0.24%, Communication Services +0.12%, Energy -0.14%, Industrials -0.27%, Financials -0.28%, Real Estate -0.47%, Consumer Staples -0.50%, Utilities -1.13%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.32% at 6,051, Dax 40 -0.54% at 25,083, FTSE 100 -0.87% at 10,414, CAC 40 -0.19% at 8,192, FTSE MIB +0.44% at 49,799, IBEX 35 -0.62% at 18,268, PSI -0.32% at 9,107, SMI -0.98% at 13,493, AEX -0.21% at 1,038.

### STOCK SPECIFICS:

- **Salesforce (CRM):** Light FY revenue guidance.
- **Marvell (MRVL):** Strong Q1 earnings and guidance.
- **Snowflake (SNOW):** Strong Q1 earnings and guidance, with expanded AWS commitment.
- **HP (HPQ):** Narrows FY earnings outlook.
- **Nebius (NBIS):** Leopold Aschenbrenner discloses 5.6% stake.
- **Li Auto (LI):** Hybrid sales slowed, shrinking margins.
- **XPeng (XPEV):** Annual growth in gross margin.
- **Dell (DELL):** Awarded USD 9.69bln US Navy contract.
- **Best Buy (BBY):** Comp sales beat.
- **Dollar Tree (DLTR):** Adj. EPS beat and raises EPS guidance.
- **Microsoft (MSFT)** is reportedly to unveil a suite of homegrown AI models at its annual Build conference, The Information reports citing sources.

## FX

**USD:** The DXY index fell after reports of a 60-day US-Iran ceasefire extension, reversing two sessions of gains driven by renewed hostilities. The Dollar was on the defensive even before the constructive Iran news, following softer-than-expected monthly headline and core PCE (though annual inflation continues to climb away from the Fed's target), as well as data which showed a downward revision to Q1 GDP. GBP, EUR, JPY didn't see too much deviation vs the USD.

**CHF:** The Swissy started out on the back foot as geopolitical tensions drove USD demand, however, moved into the green after the aforementioned geopolitical updates. SNB Chair Schlegel was also on the wires, and said the policy rate remains the central bank's main instrument, and reiterated that FX interventions were possible if necessary. Schlegel said the CHF's safe-haven status tends to drive appreciation during periods of high global uncertainty, while inflation is currently meeting the medium-term price stability objective.

**CAD:** USDCAD fell, despite softer oil prices, as the USD eased. Still, traders note that the CAD still faces headwinds; USTR Greer warned Canada is in a "different spot" to Mexico on tariffs, noting only Canada and China have retaliated against US tariffs. Greer is due to deliver recommendations to Congress on the 1st July sunset clause review by 1st June. SocGen's analyst say the bears will retain an upper hand on CAD as oil prices retreat.

**XAU:** Gold snapped a two-day losing streak; initially, the yellow metal fell overnight amid geopolitical escalations, though pared losses and moved into positive territory on reporting that the US and Iranian negotiators reached a deal covering a ceasefire extension and reopening of the Strait of Hormuz, pending leaders' final approval.

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