

Equities edge higher into the weekend as US/Iran deal edges closer

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar down, Gold up.
- **REAR VIEW:** Trump outlined demands for an Iran agreement; Fars News, citing an informed source, called Trump's nuclear claims "baseless"; Trump's meeting in the Situation Room lasted about two hours, but did not reach a decision on any new deal with Iran; Fed's Bowman said progress on lowering inflation has stalled; Fed's Paulson added inflation pressures are weighing on the economy and firms are having a hard time planning for future; Stellar DELL earnings; Dismal Canadian GDP.
- **COMING UP: Data:** Global Manufacturing Final PMIs (May), South Korean Balance of Trade (May), German Retail Sales (Apr), Swiss Retail Sales (Apr), GDP (Q1), EZ Unemployment Rate (Apr), US ISM Manufacturing (May), Atlanta Fed GDP **Events:** ECB Consumer Expectations Survey **Speakers:** ECB's Schnabel.
- **WEEK AHEAD:** Highlights include US ISMs, NFP, EZ HICP & Canadian Jobs. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings quieten down with AVGO the highlight. [Click here for the full report.](#)

MARKET WRAP

US equities continued to rise at the end of the week, underpinned by geopolitical optimism. President Trump outlined demands for an Iran agreement, including a pledge never to develop nuclear weapons, immediate unrestricted access through the Strait of Hormuz, mine removal, and US excavation of enriched uranium stockpiles in coordination with Iran and the IAEA. However, Fars News, citing an informed source, called Trump's nuclear claims "baseless," said USD 12bln in frozen assets must be unfrozen before further talks, and confirmed no final decision has been reached in Tehran. Meanwhile, the President held a meeting in the Situation Room, which lasted approximately two hours, but no decision was reached on a new deal; the administration believes it is close to an agreement, with outstanding issues including the unfreezing of funds for Iran, NYT said. The news provoked some downside in equities and bonds, but stock traders quickly bought the dip, and the S&P 500 and Nasdaq 100 rallied into the close. In addition to geopolitical developments, traders will be looking to next week's ISM surveys for further signs on how the war is impact businesses, and at the tail-end of the week, will be looking to the US jobs data for May.

US

Fed's Bowman (voter) said progress on lowering inflation has stalled, and she would consider shifting her policy outlook if war-driven inflation broadens. Bowman said the economy has remained resilient despite labour market fragility, though warned that an extended Middle East conflict poses growing inflation risks via energy prices. Bowman added that the Fed can look through a temporary energy shock provided it maintains credibility, and expressed optimism that an end to the war would bring lower energy prices.

Fed's Kashkari (2026 voter) said the Iran war has clouded the outlook for monpol, adding it is premature to conclude that rates need to rise immediately following the April PCE data, though he noted the figures heighten his attention to inflation risks.

Fed's Paulson (2026 voter) said inflation pressures are weighing on the economy, with firms struggling to plan ahead, though monpol is appropriately positioned at mildly restrictive levels. She said the US is on track for modest growth, consumers are spending at a slower pace, and the job market is expected to remain stable. She attributed elevated inflation to a series of shocks, rather than structural changes, adding that holding rates steady will give the Fed space to assess incoming data.

Fed's Daly (2027 voter) said she is cautiously optimistic about the economy, seeing green shoots of productivity growth from AI without expecting mass unemployment or displacement, and identified regulatory barriers as the primary obstacle to sustained AI-driven productivity gains.

Fed's Schmid (2028 voter) said inflation is his primary concern, stating that it is too hot, and he cautioned against treating the recent oil shock as transitory given surging energy prices are weighing on spending power.

FIXED INCOME

T-NOTE FUTURES (U6) SETTLES 1 TICK HIGHER AT 109-26+

Treasuries saw slight gains amid risk-on trade as Trump alluded to a soon-to-be agreement with Iran on Truth, albeit with pushback later from the Iranian side.

THE DAY: Overall, Treasuries traded within pretty tight ranges on Friday, amid a lack of tier 1 US data, although there was a handful of Fed speakers, ahead of US NFP and ISMs next week. Despite saying that, price action was dominated by the geopolitical landscape, as while Trump hinted at an agreement with Iran, but Iranian press, citing sources, refuted some of Trump's remarks calling his claims about a US-Iran deal as a "mix of truth and lies". As such, Treasuries saw two-way action on the mixed reporting, before seeing another bout of pressure on even further NYT reports. This time, inducing risk off trade, was that Trump's meeting in the Situation Room lasted about two hours, but the president did not reach a decision on any new deal with Iran, although the administration believes it is close to an agreement but there are still certain matters being debated including the unfreezing of funds

for the Iranians. Into the weekend attention will be on any further updates re. the Middle East, and if deal/compromise can be reached.

Back to the Fed speakers, Schmid (2028 Voter) said that his primary concern is inflation, which is "too hot", and that monpol is not very restrictive right now, and officials may need to weigh how to make it more restrictive. Daly (2027 voter) cautiously optimistic about the economy. Bowman (voter) remarked progress on lowering inflation has stalled, would consider a shift in the policy outlook if war-driven inflation broadens, and reacting to a temporary energy shock could weigh on the economy and that the Fed can look through an energy shock if it remains credible on monetary policy. Paulson (2026 voter) noted inflation pressures are weighing on the economy and firms are having a hard time planning for future

STIRS/OPERATIONS

- EFFR at 3.62% (prev. 3.62%), volumes at USD 106bln (prev. USD 106bln) on May 28th.
- SOFR at 3.62% (prev. 3.63%), volumes at USD 3.139tln (prev. USD 3.176ln) on May 28th
- NY Fed rrp op demand at USD 11.677bln (prev. 1.163bln) across 11 counterparties (prev. 7)

CRUDE

WTI (N6) SETTLED USD 1.54 LOWER AT 87.36/BBL; BRENT (Q6) SETTLED USD 1.58 LOWER AT 91.12/BBL

The crude complex was ultimately lower on Friday, albeit in choppy trade, as hopes surrounding a peace deal between US and Iran seemingly improved. The main market moving headline was as European players started to leave for the weekend, as the US President posted on a lengthy message on Truth, but in summary seemed to suggest the US was near to an agreement with Iran. In the post, Trump said the Hormuz Strait must be immediately open, no tolls, for unrestricted shipping traffic, all mines will be terminated through detonation, Iran will complete the immediate removal and/or detonation of any mines that are left. As such, saw immediate geopolitical risk on trade (downside oil and Dollar, upside spot gold, Treasuries, and stocks), but some of this moved ultimately pared as Iranian media, citing sources, pushed back on some of these claims. Fars News dismissed Trump's claims about a US-Iran deal as a "mix of truth and lies, and that informed sources saying there is no clause obliging Iran to open the Strait of Hormuz without fees, and no agreement to dismantle nuclear materials. Iran said the release of USD 12bln in frozen assets is a precondition for any deal and that no further negotiations will begin until that payment is made. While these were the main takeaways from Friday trade, sparking some modest upside into the close was reports of air defence activity reported near Iran's Qeshm Island

EQUITIES

CLOSES: SPX +0.24% at 7,582, NDX +0.36% at 30,333, DJI +0.72% at 51,033, RUT -0.53% at 2,922.

SECTORS: Technology +1.95%, Financials +0.58%, Materials -0.37%, Industrials -0.42%, Utilities -0.44%, Real Estate -0.85%, Health -0.86%, Consumer Discretionary -1.04%, Energy -1.07%, Communication Services -1.70%, Consumer Staples -1.99%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.25% at 6,040, Dax 40 +0.08% at 25,113, FTSE 100 -0.16% at 10,409, CAC 40 -0.07% at 8,183, FTSE MIB +0.42% at 50,037, IBEX 35 +0.49% at 18,368, PSI -0.12% at 9,077, SMI +0.28% at 13,543, AEX -0.22% at 1,035.

STOCK SPECIFICS:

- **Dell (DELL):** Stellar report; beat exp., posted fastest post-listing sales growth, benefited from strong AI server demand & raised outlook
- **Autodesk (ADSK):** Agreed to acquire MaintainX in an all-cash transaction valued at about \$3.6bln; earnings impressed & lifted guidance.
- **Okta (OKTA):** EPS & rev. topped.
- **NetApp (NTAP):** Top & bottom line surpassed exp. w/ better than exp. guidance.
- **Gap (GAP):** Cut sales outlook following weaker-than-exp. Old Navy performance w/ seasonal ranges failing to resonate with shoppers.
- **American Eagle Outfitters (AEO):** Underwhelming earnings report.
- **Snowflake (SNOW):** Upgraded at HSBC

FX

USD: The Dollar Index slipped amid signs that President Trump is nearing a deal on Iran. The Buck is on course for a second straight week of losses, as geopolitical optimism rises. Still, some analysts continue to note that US inflation rose at its fastest pace in three years in April, driven by higher energy prices from the Iran war, giving further support to the notion that the Fed will keep rates unchanged this year, or even potentially lift them if the situation worsens. Fed officials speaking today highlighted concerns on inflation: Governor Bowman said that progress on lowering prices has stalled, and warned of growing inflation risks; Kashkari (2026 voter) said April PCE data heightened his attention to inflation risks; Paulson (2026 voter) said inflation pressures are weighing on the economy; Schmid (2028 voter) said inflation is his primary concern. Traders will be watching next week's ISM surveys for further signs on how the war is impacting corporates, while there is also the US jobs data due at the tail-end of next week.

CAD: USDCAD rose today after Canadian GDP stats significantly disappointed expectations. GDP fell 0.1% Q/Q in Q1 (exp. +1.5%), with the monthly measure for March also falling by -0.1% M/M (exp. +0.4%). It was the second straight quarterly decline. Analysts at Oxford Economics said the fall in Q1 is a function of a surge in gold imports, weaker housing investment, and a pullback in government investment in weapons systems after a large increase in late 2025. Business investment also fell, which OxEco says is a concern for the path ahead, especially as strains mount from the oil price shock, US tariffs, trade policy uncertainty and a shrinking population. "We expect large fiscal stimulus to help support renewed growth in the economy this year," it wrote, "but Canada

remains on recession watch." OxEco sees growth ramping up in the second half of the year and through next year, however, underpinned by favourable USMCA renegotiation, an early end to the Middle East war, and resumption of normal commerce through the Strait of Hormuz.

NZD: A further dose of hawkish RBNZ-speak helped the Kiwi outperform its G10 counterparts; RBNZ Governor Breman said the OCR is likely to increase sooner, and by more than previously signalled to combat inflation, while Assistant Governor Silk said that although she has not yet seen strong second-round inflation pressures, she is prepared to respond aggressively if she does.

HUF: The forint strengthened after the European Commission announced that it will unfreeze EUR 16.4bn in EU funds for Hungary (EUR 10.0bn from NextGenerationEU, EUR 4.2bn tied to cohesion-fund conditions and EUR 2.2bn; the funds equal to around 13% of Hungary's annual budget). Hungary has agreed to join the European Public Prosecutor's Office, strengthen anti-corruption bodies, and amend its public procurement law.

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