

SNAPSHOT

STOCKS			
Nikkei 225	+0.7%	ASX 200	-0.1%
Hang Seng	+0.9%	Shanghai Comp	-0.2%
Euro Stoxx 50 Jun'26	-0.2%	DAX Jun'26	-0.1%
ES Jun'26	+0.3%	NQ Jun'26	+0.5%

FX			
DXY	+0.1% (98.99)	EUR/USD	-0.1% (1.1652)
USD/JPY	+0.1% (159.44)	GBP/USD	+0.1% (1.3463)

BONDS			
US T-Note Jun'26	-5 ticks	Bund Jun'26	-40 ticks
US 10yr Yield	4.46%	German 10yr Yield	2.95%

ENERGY & METALS			
WTI Jul'26	+2.6%	Brent Aug'26	+2.0%
Spot Gold	-0.4%	LME Copper	+0.4%

CRYPTO			
Bitcoin	-0.3%	Ethereum	-0.3%

As of 06:25BST/01:25EDT

LOOKING AHEAD

- Highlights include Global Manufacturing Final PMIs (May), German Retail Sales (Apr), Swiss Retail Sales (Apr), GDP (Q1), EZ Unemployment Rate (Apr), US ISM Manufacturing (May), Atlanta Fed GDP, ECB Consumer Expectations Survey, Comments from ECB's Schnabel.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- **US President Trump reportedly sent tougher terms to Iran regarding the peace framework**, according to officials cited by The New York Times.
- **Iran may propose changes to the US peace draft memorandum of understanding**, according to Tasnim. This follows a report that President Trump proposed further changes to the existing text, while a source stated that **text exchanges continue and that Iran may submit its own edits**.
- **Iranian Foreign Minister Araghchi told state media that talks and message exchanges with the US are ongoing, and that the talks cannot be judged until a clear result is reached.**
- **US Central Command said military forces conducted strikes against Iranian radar at command and control sites located in Goruk and Qeshm Island.**
- **IRGC said following the aggression of the US Army on a communication tower on Sirik Island, located in the Hormozgan province, fighters of the IRGC Aerospace Force targeted the airbase where the aggression originated and predicted that targets were destroyed.**
- **Kuwaiti Army said air defences were intercepting hostile missile and drone attacks.**
- **US President Trump's meeting in the Situation Room on Friday lasted about two hours, but he did not reach a decision on any new deal with Iran**, NYT reports citing a senior admin official. The official stated that 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.
- **US Treasury Secretary Bessent said on Friday that there were three scenarios regarding Iran, which were a deal, no deal, or**

'kinetic' action. Bessent said anything that is taken off will be taken off slowly, when asked about the blockade on Iran, but also commented that there is more they can do if they have to.

- Iranian Supreme Leader's military adviser Mohsen Rezaei said Iran has no intention of yielding or compromising with the US and will not place itself in a weak position, while he also stated that US President Trump is betraying diplomacy for the third time by continuing a naval blockade on Iran and making excessive demands.
- Iran's Presidential Office denied reports that Iranian President Pezeshkian submitted his resignation to the Supreme Leader, and stated that the stories were spread by some foreign media.
- Iranian missile attack on a Kuwaiti airbase late last week injured several Americans.
- Explosions were reported near Erbil in Iraq's Kurdistan region.
- Air defence activity was reported on Friday near Iran's Qeshm Island, according to Mehr News.
- US Secretary of State Rubio spoke in the last 48 hours with Lebanon's President and Israel's PM to try and promote a new ceasefire initiative, according to a senior US official cited by Axios's Ravid. The new initiative was proposed as part of the negotiations taking place between Israel and Lebanon, as another round of talks between diplomats from both sides is scheduled to take place this week in Washington. Furthermore, the US proposed that as a first step, Hezbollah stop all attacks on Israel, and in return, Israel will refrain from escalation in Beirut.
- Israel expanded its ground assault in Lebanon for its broadest incursion into Lebanon in 25 years, while it stated that Hezbollah fired more than 300 projectiles at Israeli forces over the weekend.
- Israeli jets hit Al-Qatrani, Al-Mawahani and Bin Jabal in Lebanon, according to IRIB.
- Air raid sirens sounded in Kiryat Shmona and its surrounding area in northern Israel, while sirens also sounded in Tiberias and surrounding areas after rockets were launched from Lebanon.

US TRADE

EQUITIES

- US stocks continued to rise at the end of last week and were 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.
- SPX +0.24% at 7,582, NDX +0.36% at 30,333, DJI +0.72% at 51,033, RUT -0.53% at 2,922.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- China's State Council said new rules regarding China tightening the oversight of outbound investments in selected technologies will take effect on July 1st.
- China vowed to resolutely retaliate if the EU proceeds with new restrictive trade measures, following a European Commission discussion on China policy last Friday.

NOTABLE HEADLINES

- Fed's Powell (voter) warned that the Fed would lose credibility if the President removes officials over policy, while he said he will remain on the board, according to Barron's.
- Fed's Waller (voter) said the spread of stablecoins globally could broaden the reach of US monetary policy.
- Fed's Daly (2027 voter) says barriers to getting sustained productivity growth from AI are largely regulatory, while she sees green shoots for productivity growth from AI, and doesn't expect mass unemployment or displacement from AI.
- US President Trump posted regarding a New York Times article about an exodus of legal talent from the Trump administration, in which he commented that this is a good thing and many of the departing staffers are 'Radical Left Deep State Lunatics', while he added many of them did not leave but were fired.

APAC TRADE

EQUITIES

- APAC stocks began the new month predominantly in the green with the Nikkei 225 and KOSPI extending on fresh record highs amid tech-related strength and following a lack of any major geopolitical developments over the weekend, with a US-Iran peace agreement remaining elusive, while participants also got to digest mixed Chinese PMI data.
- ASX 200 traded rangebound with demand constrained as the strength in tech and miners is offset by underperformance in defensives, telecoms and real estate.
- Nikkei 225 rose to a fresh record high and briefly surpassed the 67,000 level for the first time amid tech strength, which saw SoftBank overtake Toyota as the largest Japanese company by market cap.
- KOSPI outperformed with index heavyweight Samsung Electronics rallying around 10% amid the tech momentum, while an industry report noted that the Co. surpassed Micron to become the world's leading supplier of automotive memory chips last

year.

- **Hang Seng** and **Shanghai Comp** were varied, with the mainland indecisive following mixed Chinese PMI data in which official Manufacturing PMI missed forecasts, but Non-Manufacturing PMI showed a surprise return to expansion territory, while RatingDog Manufacturing PMI topped forecasts. In addition, trade frictions linger as China vowed to resolutely retaliate if the EU proceeds with new restrictive trade measures, while the State Council announced that new rules tightening the oversight of outbound investments in selected technologies will take effect on July 1st.
- **US equity futures** gradually edged higher following a muted open in the aftermath of relatively quiet weekend newsflow.
- **European equity futures** indicate a lower cash market open with Euro Stoxx 50 futures down 0.3% after the cash market closed with losses of 0.1% on Friday.

FX

- **DXY** was marginally positive as higher oil prices spurred upside in yields and stoked inflationary pressures, which followed a lack of a breakthrough on a US-Iran peace agreement and with US President reportedly proposing tougher terms, while Iran was also said to consider proposing its own changes to the text. There were also later reports of recent tit-for-tat strikes between the US and Iran.
- **EUR/USD** traded rangebound and takes a breather after last Friday's fluctuations, while ECB rhetoric remains hawkish with Schnabel noting that the risk of de-anchoring inflation expectations is rising and they can no longer look through the energy shock.
- **GBP/USD** eked slight gains in quiet trade across the FX space, while there were comments over the weekend from BoE's Mann that the long run of good luck central bankers experienced in containing inflation has run out, with a more shock-prone era setting in.
- **USD/JPY** gradually climbed alongside higher oil prices and a firmer buck, albeit with the upside contained amid a lack of tier-1 data releases from Japan.
- **Antipodeans** lacked direction following mixed Chinese PMI data, while NZD/USD is subdued with participants in New Zealand away for a holiday.

FIXED INCOME

- **10yr UST futures** fell back beneath the 110.00 level amid headwinds from the upside in oil.
- **Bund futures** extended its pullback from last week's peak amid continued hawkish rhetoric from ECB officials, while participants also await a slew of PMI data and German Retail Sales.
- **10yr JGB futures** conformed to the downside seen in global counterparts as oil prices stoked inflationary pressure, and with Japanese stocks extending on record levels.

COMMODITIES

- **Crude futures** climbed at the open, in which WTI tested the USD 90/bbl level to the upside as a US-Iran deal remained elusive, while President Trump reportedly sent tougher terms to Iran regarding the peace framework, and it was also reported that Iran may also propose changes to the US draft peace MoU.
- **EU is mulling a temporary freeze on its Russian oil price amid the Middle East conflict**, according to people familiar with the matter cited by Reuters.
- **Spot gold** trickled lower as silver sold off at the open, albeit with the downside in the yellow metal limited, as silver then staged a recovery to claw back all of its earlier losses and more.
- **Copper futures** edged higher amid the mostly positive risk sentiment across the region.

CRYPTO

- **Bitcoin** was indecisive with price action contained beneath the USD 74,000 level.

NOTABLE ASIA-PAC HEADLINES

- **China signalled it would focus its policy regarding online platforms in balancing support for growth with enhanced regulatory oversight**, according to a draft article in a Communist Party publication.
- **Five workers were killed following the collapse of a mine in China's Yunnan province on Sunday.**
- **India's Finance Ministry said India needs to be vigilant on the inflation outlook in the country**, just days ahead of the central bank's 3-day monetary policy meeting.

DATA RECAP

- **Chinese NBS Manufacturing PMI (May) 50.0 vs Exp. 50.2 (Prev. 50.3)**
- **Chinese NBS Non-Manufacturing PMI (May) 50.1 vs Exp. 49.5 (Prev. 49.4)**
- **Chinese Composite PMI (May) 50.5 (Prev. 50.1)**
- **Chinese RatingDog Manufacturing PMI (May) 51.8 vs. Exp. 51.4 (Prev. 52.2)**

GEOPOLITICS

RUSSIA-UKRAINE

- Ukrainian President Zelensky said they believed Russia could launch a major assault during the weekend using drones, cruise missiles, and ballistic missiles.
- Ukraine's Air Force said Russian guided bombs struck the Donetsk region and that drones were heading from Kharkiv to the Poltava region.
- IAEA experts inspected the Zaporizhzhia Nuclear Power Plant after Russia claimed the idled atomic facility was struck by a Ukrainian drone, while Ukraine also targeted a Russian refinery.

OTHER

- US, UK and Australia announced to further deepen AUKUS maritime ties through the development of advanced underwater drone systems.
- US Secretary of War Hegseth said the US, Japan and South Korea are deepening defence cooperation to ensure their combined forces remain lethal, prepared and capable of deterring aggression in the region. Hegseth reportedly sought to convince allies that the US should stay quiet on Taiwan and separately commented that a true friendship was developing between the US and Pakistan.
- South Korea said it will conduct joint search and rescue exercises at sea with Japan for the first time in nine years.
- Japan denounced an accusation by China that it was pursuing 'new militarism', with Japanese Defence Minister Koizumi stating that Tokyo was being unfairly called out for its actions to increase weapons spending. Furthermore, he feels sad that they were not able to meet his Chinese counterpart at the Shangri-La dialogue in Singapore, but stated that Japan's door is always open.
- China Coast Guard says it conducted law enforcement patrols in the waters east of Taiwan in response to Japan and the Philippines demarcation talks.
- China ordered a New York Times journalist earlier this year to leave the country due to an interview with Taiwan President Lai, while Taiwan condemned the expulsion.

EU/UK

NOTABLE HEADLINES

- Former UK Health Secretary and potential leadership contender Wes Streeting flagged the idea of lowering employers' national insurance and favours new North Sea oil drilling.
- BoE's Mann said the long run of good luck central bankers experienced in containing inflation has run out with a more shock-prone era setting in.
- ECB's Pereira said the central bank shouldn't hesitate to act and thinks that it is better to act sooner rather than later, so that they don't have much greater second-order effects later on.
- ECB Schnabel said the supply shock is seen as large and highly persistent, while she added that oil prices are expected to stay elevated for some time, and it is likely for the energy shock to feed into broad inflation. Schnabel also stated that the risk of de-anchoring inflation expectations is rising, and they can no longer look through the energy shock.
- ECB's Vujcic said Croatia's inflation is likely to ease in May after accelerating to the fastest annual pace in the euro area of 5.8% in April.
- S&P confirmed France's sovereign rating at A+; Outlook Stable, according to French Finance Minister Lescure.
- SoftBank pledged to spend at least USD 52bln on building a network of data centres in France as it seeks to deliver as much as 3.1 gigawatts of computing capacity in the country by 2031, according to WSJ.

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