

SNAPSHOT

STOCKS			
Nikkei 225	+2.9%	ASX 200	+0.9%
Hang Seng	-1.7	Shanghai Comp	+0.5%
Euro Stoxx 50 Jun'26	-0.1%	DAX Jun'26	-0.2%
ES Jun'26	U/C	NQ Jun'26	U/C

FX			
DXY	U/C (99.26)	EUR/USD	U/C (-0.1%)
USD/JPY	U/C (159.89)	GBP/USD	U/C (1.3460)

BONDS			
US T-Note Sept'26	-2.5 ticks	Bund Jun'26	-13 ticks
US 10yr Yield	4.46%	German 10yr Yield	2.98%

ENERGY & METALS			
WTI Jul'26	+1.2%	Brent Aug'26	+1.2%
Spot Gold	-0.3%	LME Copper	-0.2%

CRYPTO			
Bitcoin	+0.3%	Ethereum	+0.3%

As of 06:30BST/01:30EDT

LOOKING AHEAD

- Highlights include Global Final PMIs (May), EZ PPI (Apr), US ADP Employment Change (May), ISM Services PMI (May), Factory Orders (Apr), Fed Beige Book.
- Speakers including BoJ's Ueda, ECB's Elderson & Cipollone, Fed's Goolsbee, Barr & Logan, Supply from UK, Earnings from Broadcom, CrowdStrike & Inditex.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- Explosions were heard near Qeshm Island in Iran on Wednesday morning.
- Kuwait's Army announced its air defences were intercepting hostile missile and drone attacks, while reports noted that two US bases were targeted in Kuwait, with explosions in the Ali al-Salem and Arifjan bases where US soldiers are stationed. Furthermore, air raid sirens sounded in the UAE and Saudi Arabia, with explosions also reported in Saudi Arabia, while explosions were heard in Qamishli, Syria, and earlier reports noted multiple explosions in the centre of Iraqi Kurdistan with the headquarters of anti-Iranian separatist groups targeted.
- IRGC said the US attacked Qeshm Island, and in response, Iran carried out precise and intensive missile strikes on US bases in Kuwait, while it warned further US aggression will be met with a seismic, crushing and decisive response.
- IRGC said the headquarters of the US 5th Fleet in Bahrain was attacked by missiles and drones from the IRGC Aerospace Force, while it targeted a US-affiliated vessel named Panaya with missiles and clarified the recent attack was in retaliation for the US targeting an IRGC communications tower in the south of Qeshm Island.
- US CENTCOM said Iran launched several ballistic missiles towards neighbours and that forces successfully defeated multiple Iranian missiles, while US forces had conducted strikes on Qeshm Island in response to attempted attacks by Iran. CENTCOM stated that forces shot down three one-way attack drones launched by Iran toward civilian mariners that were rightfully transiting regional waters, and US forces also conducted self-defence strikes on an Iranian military ground control station on Qeshm Island. Furthermore, it denied IRGC claims that Iran struck the 5th Fleet HQ in Bahrain and a US airbase in the region,

and stated that all Iranian attacks on US forces failed.

- **US CENTCOM says forces disabled a Botswana-flagged unladen oil tanker that was attempting to sail toward an Iranian port on the Arabian Gulf on June 2nd.** Says: US aircraft disabled the vessel by firing a Hellfire missile into the ship's engine room, preventing the tanker from reaching Iran.
- **US President Trump said reports that Iran and the US stopped speaking a few days ago were false, and conversations had been ongoing continuously.** Trump added "Where they lead, one never knows, but as I told Iran, 'It's time, one way or another, for you to make a Deal.'"
- **US President Trump is pushing Iran to make firmer nuclear commitments and wants nuclear concessions in writing from Iran,** according to ABC News.
- **US Secretary of State Rubio said that Iran has mined large segments of the Hormuz Strait. Rubio stated that nuclear negotiations with Iran were highly complicated and technical,** which would therefore take time, while he added that **the war with Iran had made interactions with Tehran more complicated, but also commented that the "war in Iran is over".**
- **US issues fresh Iran-related sanctions.**
- **Iranian senior political source told Amwaj Media there had not been any halt in communication with the US via intermediaries.** The source added that Qatar and other regional intermediaries had been working intensively behind the scenes to contain a potential re-escalation of war over Lebanon, while movement on multiple parallel tracks suggested there could be significant developments approaching.
- **Israel and Lebanon's delegations have not yet been able to reach decisive points regarding the ceasefire issue,** according to Sky News Arabia citing a Lebanese source.
- **Israeli Broadcasting Authority, cited sources, stating that negotiations between Israel and Lebanon were progressing well,** while US forces would train and equip the Lebanese army.
- **Israeli official, cited by the Israeli Broadcasting Authority, said there was American approval for the Israeli army to remain inside the security zone in southern Lebanon.** It was also stated that there were not necessarily restrictions on Israeli military operations in southern Lebanon.
- **Iranian Deputy Foreign Minister Gharibabadi told Tehran Times that Iran will take "proportionate" measures if Israel continues strikes in Lebanon.**
- **Hezbollah will not accept a "partial ceasefire" deal with Israel,** according to AFP.
- **Hezbollah attacked an Israeli command post in southern Lebanon with a drone strike, which wounded eight Israeli soldiers,** according to SNN.
- **Israeli artillery shelling was reported on the town of Blat in southern Lebanon.**

US TRADE

EQUITIES

- **US stocks** closed higher on Tuesday, with the Russell 2000 outperforming as it rebounded from Monday's losses, while the S&P 500 and Nasdaq also posted modest gains. Sector performance was broadly positive, with Utilities and Energy leading the advance. Communication Services was the clear laggard, weighed down by Alphabet (GOOGL, -4%) after it announced plans to raise USD 80bln for AI infrastructure. Elsewhere, Marvell (MRVL) surged after Nvidia's CEO suggested it could become the next trillion-dollar company, while Hewlett Packard Enterprise (HPE) rallied following a strong earnings report.
- **SPX +0.13%** at 7,610, **NDX +0.48%** at 30,661, **DJI +0.45%** at 51,313, **RUT +0.90%** at 2,932.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **US Trade Representative made findings and proposed action on 60 economies under Section 301 investigations relating to failures to take action on trade in forced labour goods.** Furthermore, the 60 economies involved included Australia, China, India, Japan, the UK, the EU, Mexico, Canada and many others.
- **US Appeals Trade Court reportedly ordered broad IEEPA tariff refunds.**
- **US Deputy Agriculture Secretary said China has started placing orders for soybeans that are being planted right now across the US,** according to WSJ.
- **Canadian Minister Responsible for Canada-US Trade Dominic LeBlanc said they had a positive meeting with USTR Greer, while he raised issues on US autos, steel, aluminium and softwood lumber tariffs.** LeBlanc also stated that he will be in touch with USTR Greer next week and said they're holding bilateral talks with Mexico on the US-Mexico-Canada agreement.
- **Mexico recommended extending the USMCA agreement for 16 years.**

NOTABLE HEADLINES

- **White House said President Trump signed an executive order promoting advanced AI innovation and security, with the US to have access to AI "frontier models" before their release and will select trusted AI partners within 60 days.** Furthermore, it emphasises building up cyber defence across the government and directs US agencies to develop cybersecurity standards for advanced AI models.
- **Fed Chair Warsh told staff he will conduct clear-eyed discussions about reform while upholding the best of the Fed's traditions,** according to a memo.
- **Fed Chair Warsh tapped two outside associates, Paul Winfree and Daniel Heil, to advise him while he settles into the job,** according to WSJ citing sources.
- **US Senate GOP leaders indicated to Republicans at lunch that they're trying to fast-track the reconciliation bill,** according to Punchbowl citing sources.

- US Acting Attorney General Blanche confirmed the Trump administration is not moving forward with the weaponisation fund.

APAC TRADE

EQUITIES

- **APAC stocks** mostly gained as the region took its cue from Wall St, where the S&P 500, Dow and Nasdaq 100 printed fresh record highs, which has helped regional bourses shrug off the geopolitical escalation, in which the US struck Qeshm Island, and Iran targeted US bases in neighbouring countries.
- **ASX 200** was led by outperformance in materials, mining and resources sectors, but with gains capped as tech, telecoms and defensives lagged, while participants also digested weaker-than-expected GDP data.
- **Nikkei 225** took inspiration from US peers and printed a fresh all-time high after climbing above 68,000 for the first time.
- **Hang Seng** and **Shanghai Comp** were mixed, with the Hong Kong benchmark dragged lower by profit-taking following recent earnings and mixed fortunes among the key tech stocks, while the mainland found support from the better-than-expected Chinese RatingDog Services PMI data.
- **US equity futures** were rangebound and paused overnight after recent advances.
- **European equity futures** indicate a marginally lower cash market open with Euro Stoxx 50 futures down 0.1% after the cash market closed with gains of 1.2% on Tuesday.

FX

- **DXY** marginally strengthened amid higher oil prices but with gains capped following yesterday's mixed performance against G10 peers and alongside the positive risk environment. Elsewhere, recent Fed rhetoric did little to shift the dial with Chair Warsh telling staff that he will conduct clear-eyed discussions about reform, while upholding the best of the Fed's traditions.
- **EUR/USD** traded flat after the limited reaction in the single currency to yesterday's Eurozone inflation numbers, as a rate hike by the ECB this month remained almost fully priced in. As for Bank commentary, ECB's Wunsch noted that an Iran peace deal won't derail the case for a rate hike.
- **GBP/USD** price action was rangebound amid the relatively quiet data calendar for the UK this week. Monday saw commentary via BoE Governor Bailey, who stated that policymakers were facing a trade-off between growth and inflation and that the Middle East conflict entirely explained the inflation overshoot. He also noted that the outlook was for slower growth rather than a recession.
- **USD/JPY** returned to flat territory after climbing to within a whisker of the 160.00 level, while Japanese Finance Minister Katayama reiterated they are prepared to respond appropriately on forex as needed, and continued to refrain from commenting on specific FX levels.
- **Antipodeans** were choppy but ultimately softened with AUD/USD briefly pressured by disappointing GDP data for Q1, which was then followed by better-than-expected Chinese RatingDog Services PMI data.
- **PBoC** set USD/CNY mid-point at 6.8184 vs exp. 6.7673 (prev. 6.8187).

FIXED INCOME

- **10yr UST futures** lacked direction after yesterday's flattening as rising oil prices continued to direct trade, while the recent expectation-topping JOLTS data only briefly contributed to the upside in yields.
- **Bund futures** lingered near the prior day's trough as the upside in oil stoked inflationary pressures.
- **10yr JGB futures** faded recent advances amid the gains in oil, and as money markets continue to price in around a 74% chance of a BoJ rate hike this month.

COMMODITIES

- **Crude futures** extended on the prior day's gains as price action remained at the whim of geopolitical headlines amid reports of the US and Iran conducting fresh strikes against each other with the US targeting a tanker and sites on Qeshm Island, while Iran targeted a couple of US bases in Kuwait and launched several ballistic missiles towards its neighbours with explosions and air raid sirens reported in Kuwait, Bahrain, UAE, Saudi Arabia and Syria.
- **US Private Inventory Data (bbls):** Crude **-6.8mIn (exp. -3.6mIn)**, Distillates **-0.2mIn (exp. -0.6mIn)**, Gasoline **+3.5mIn (exp. -0.1mIn)**, Cushing **-0.3mIn**.
- **White House economic advisor Hassett** commented that gasoline prices are expected to decrease as the US receives additional oil supplies from the Gulf.
- **White House is looking at a possible plan to offer discounts on oil drilling licenses and/or fees on military and/or public lands in exchange for a percentage of the oil drilled being sent to the SPR**, while the plan is still being considered and not yet finalised, according to FBN's Lawrence.
- **Iraq plans to increase crude oil exports via pipelines from 220k BPD to 770k BPD in two phases over two and a half months**, while it plans to raise crude exports by truck to neighbouring countries to 420k BPD in three phases.
- **Spot gold** was choppy after trickling beneath the USD 4,500 level, and with downside seen in the metals complex as oil prices climbed on the geopolitical escalation between the US and Iran.
- **Copper futures** slightly eased back after climbing yesterday in tandem with the upside in stocks.

CRYPTO

- **Bitcoin** declined overnight and dipped beneath the USD 66,000 level before partially recovering.

NOTABLE ASIA-PAC HEADLINES

- PBoC open market operations amounted to zero today.

DATA RECAP

- Chinese RatingDog Services PMI (May) 54.4 vs. Exp. 52.3 (Prev. 52.6)
- Chinese RatingDog Composite PMI (May) 54.0 (Prev. 53.1)
- Australian GDP Growth Rate QQ (Q1) 0.3% vs. Exp. 0.5% (Prev. 0.8%)
- Australian GDP Growth Rate YY (Q1) 2.5% vs. Exp. 2.7% (Prev. 2.6%)

GEOPOLITICS

RUSSIA-UKRAINE

- Russia said it downed three drones and continued repelling a drone attack over the Leningrad region.

OTHER

- Chinese envoy Liu Xiaoming met with Russia's Vice Foreign Minister for discussions, including regarding the Korean peninsula.

EU/UK

NOTABLE HEADLINES

- ECB's Wunsch said an Iran peace deal won't derail the case for an ECB rate hike, according to FT.

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