

## European Market Wrap - 4th June 2026

- Stocks in Europe traded mostly firmer, but price action varied; US tech underperformed.
- Crude was on a softer footing amid ongoing mediation efforts to broker a US-Iran deal following earlier flare-ups.
- Crude found a floor after Hezbollah rejected the US-brokered Israel-Lebanon ceasefire.

### EQUITIES

- **European bourses** (STOXX 600 +0.3%) end Thursday's trade on a positive front, with the majority of indices (ex. AEX) printing gains. Newsflow was light throughout the session, but analysts highlight potential rotation out of tech and put their gains elsewhere. With gains in the EuroStoxx 50 dwarfed by the gains in the KOSPI, Nikkei and NQ, it would be a good opportunity for investors to look for areas that should avoid contagion risks if profit-taking selloffs occur.
- **Sectors** tilted from a mixed picture into an improved tone. **Health Care** (+2.1%) topped the sector pile, followed by **Consumer Products & Services** (+1.8%) and **Retail** (+1.6%). To the downside lie **Energy** (-1.3%), **Telecoms** (-1.3%) and **Basic Resources** (-1.2%).
- **Hong Kong-exposed banks** (HSBC -2.9%, Standard Chartered -4.7%) have been hit aggressively throughout the session after reports that mainland branches of Hong Kong banks are tightening rules on offshore account access for mainland China residents. Other key movers include: **UMG** (-4.6%), after Pershing Square sold its stake despite previously offering a takeover bid; **Nokia** (-8.3%), hit after disappointing Broadcom guidance; **Remy Cointreau** (+10.9%), annual profit slightly beat estimates and expects improvement in organic sales growth.
- **US cash equities** mixed, with outperformance in the **RUT** (+0.2%) and **DJI** (+1.2%) while **NDX** (-1.1%) and **SPX** (-0.3%) lags. **Sectors** tilt firmer, with **Technology** (following AVGO earnings) and **Energy** (softer crude prices) the only sectors printing losses.

### FX

- G10s were exponentially firmer against the Buck throughout London FX trade. CHF led despite soft inflation metrics; Kiwi stabilised after historic recent losses; JPY was choppy on not-too-surprising BoJ source reports.
- **DXY** set to hand over to the domestic session lower by 0.3% after lower energy benchmarks hit the Buck. DXY trundled lower throughout the late London morning, from a 99.54 peak to a trough of 99.18. US data today did not do much to change the dial; Initial Jobless claims firmed above the most optimistic expectations, while Challenger layoffs saw May Job Cuts Rise 16% from April, the highest May total since 2020. NFP due Friday.
- **JPY** initially led. Sources told Bloomberg and Reuters that the BoJ would raise rates at the June meeting, with the Bloomberg piece suggesting more tightening was possible in 2026, in line with market expectations, which assign 43bps by year-end. The BBG report saw a 35-pip move lower in USD/JPY over ten minutes, a move which was swiftly pared. **USD/JPY** trades higher by 0.1%, a touch below the 160.00 mark.
- **CHF** was the best performer, with some technicals in play (0.7920 in the USD pair) alongside Inflation data today. Although a cooler-than-expected report is unlikely to shift the dial for policymakers at the SNB. This is because the headline remains towards the lower half of the 0-2% target band, and the SNB continues to make clear that inflation meets its medium-term stability objective. As such, policy is expected to remain at the ZLB for the foreseeable future. **EUR/CHF -0.2%**, **USD/CHF -0.6%**.

### FIXED INCOME

- **Fixed income benchmarks started the European session** with mild gains, taking the lead from slightly lower energy prices. This stemmed from comments via **President Trump, who stated that a deal could happen over the weekend**. Further optimism also came from a **US-brokered ceasefire between Lebanon and Israel** – though mixed reporting surrounding activity within the region has clouded the picture. As the session progressed, fixed paper dipped off best levels (with **EGBs** and **Gilts** briefly dipping into the red), before then clambering back towards highs into the afternoon. This came after **President Trump said the US is "in the middle of my final negotiations to end the War"**.
- **USTs** are set to end the European session stronger by 8 ticks, towards the upper end of a 109-12+ to 109-24+ range. Action was dictated by geopolitics, but attention was also on domestic data. **Jobless Claims** topped expectations at 225k (exp. 213k), which remains relatively low but is showing some early signs of deterioration. This is conflicting with the Revelio Labs Payrolls figure at 123.7k (prev. 66.4k), which follows solid labour data earlier in the week (JOLTS, ADP). All focus now shifts to the NFP report on Friday (full preview on the board).
- **Bunds** and **Gilts** are set to end the European day higher by 12 and 20 ticks, respectively. Really not much driving the action this morning from a domestic perspective, and ultimately moved at the whim of geopolitical updates.
- **JGBs** were the underperformers this morning after a hawkish BoJ sources piece and an enhanced-liquidity auction. The BoJ piece, via Bloomberg, suggested that the Bank are mulling a hike in June and potentially another later this year. Money markets had already broadly priced in such a move in June, but the hawkish aspect stems from the notion that another hike could be delivered later in the year.
- **France sold EUR 13.998bln vs exp. EUR 12-14bln 3.70% 2036, 4.00% 2038, 3.60% 2042, 4.40% 2057 OAT. 3.70% 2036: b/c**

2.41x & average yield 3.80%. 4.00% 2038: b/c 2.86x & average yield 3.92%. 3.60% 2042: b/c 3.21x (prev. 2.42x) & average yield 4.16% (prev. 3.98%). 4.40% 2057: b/c 3.33x & average yield 4.55%.

- **Spain sold EUR 4.973bln vs exp. EUR 4.5-5.5bln 2.35% 2029, 3.10% 2031 and 3.50% 2041 Bono and EUR 0.593bln vs exp. EUR 0.25-0.75bln 2.05% 2039 I/L Bono.** 2.35% 2029: b/c 2.47x (prev. 2.03x) & average yield 2.772% (prev. 2.734%). 3.10% 2031: b/c 2.72x (prev. 2.23x) & average yield 2.947% (prev. 2.911%). 3.50% 2041: b/c 2.12x (prev. 2.19x) & average yield 3.813% (prev. 3.845%). 2.05% 2039 I/L: b/c 1.81x (prev. 2.0x) & average yield 1.570% (prev. 1.678%).

## COMMODITIES

- **Crude** - Crude was on a softer footing amid ongoing mediation efforts to broker a US-Iran deal following earlier flare-ups. Trump said negotiations were progressing and a deal could come within days, though talks could extend for weeks, while Rubio noted the US is awaiting Iran's final sign-off. Iranian officials outlined a four-stage framework for a potential agreement, while reports suggested progress on releasing frozen funds, albeit without a final mechanism. Further downside was seen following the Truth Social post from Trump, who said the US is in the middle of the final negotiations to end the war. Elsewhere, the Hezbollah chief rejected the US-brokered Israel-Lebanon ceasefire, which caused prices to climb off lows. WTI Jul and Brent Aug were subdued within USD 91.91-95.91/bbl and USD 93.93-97.44/bbl ranges.
- **Precious Metals** - Spot gold and silver were firmer as energy fell, with gold finding support at its 200 DMA (USD 4,423/oz) before rebounding to the top of a USD 4,423-4,514/oz range. Spot silver traded towards the top end of a USD 72.45-75.07/oz range, reaching levels close to the prior session's USD 75.33/oz peak.
- **Base Metals** - Base metals eventually traded mixed after initially trading mostly lower, with the slide in oil prices helping the complex clamber off worst levels. 3M LME copper eked mild gains but remained below USD 14,000/t, trading within a USD 13,701.13-13,930.20/t range.
- **OPEC SecGen** said still see robust oil demand growth, and are not changing its estimates. Investments in the oil industry should not be affected by one-off events.
- **World Gold Council** said global gold ETFs recorded a USD 2.0bln net outflow in May, reducing total AuM 2% to USD 604bln.
- **Saudi Energy Minister** said the world needs stabilisation of the energy sector.
- **Russian Deputy PM Novak** said he met with Saudi Energy Minister, and the two agreed that there is uncertainty regarding oil demand; said oil market estimates should be drastically revised. OPEC+ is able to offset changes in the energy sector. OPEC+ today, more than ever, is one of the organisations that can make decisions to mitigate risks in the energy sector.
- **China to lower retail gasoline prices by CNY 525 per metric ton from June 5th.**

## EUROPEAN DATA

- **EU Retail Sales YoY (Apr) Y/Y 1.0% (Prev. 1.2%).**
- **EU Retail Sales MoM (Apr) M/M -0.4% vs. Exp. -0.3% (Prev. -0.1%, Low. -0.5%, High. 0.4%).**
- **EU S&P Global Construction PMI (May) 43.7 (Prev. 41.7).**
- **UK S&P Global Construction PMI (May) 38.2 vs. Exp. 40.4 (Prev. 39.7).**
- **UK New Car Sales YoY (May) Y/Y 7.1% (Prev. 24%).**
- **French S&P Global Construction PMI (May) 39.6 (Prev. 38.1).**
- **Italian S&P Global Construction PMI (May) 49.4 (Prev. 44.8).**
- **German S&P Global Construction PMI (May) 42.4 (Prev. 42.1).**
- **Swiss Unemployment Rate (May) 3.1% vs. Exp. 2.9% (Prev. 3%).**
- **Swiss Inflation Rate MoM (May) M/M 0.2% vs. Exp. 0.3% (Prev. 0.3%, Low. 0.2%, High. 0.5%).**
- **Swiss Inflation Rate YoY (May) Y/Y 0.6% vs. Exp. 0.8% (Prev. 0.6%, Low. 0.7%, High. 1%).**
- **Spanish Industrial Production YoY (Apr) Y/Y 2.0% (Prev. 1.8%).**
- **Swedish CPIF-XE Y/Y (May) 0.5% (exp. 1.3%, prev. 0.00%); M/M 0.7% (exp. 0.4%).**
- **Swedish CPIF MoM Prel (May) M/M 0.9% vs. Exp. 0.6% (Prev. -0.6%).**
- **Swedish CPIF YoY Prel (May) Y/Y 1.5% vs. Exp. 1.2% (Prev. 0.8%).** "Preliminary statistics show that energy and services prices increased in May which contributed to the higher inflation rate", said Mikael Nordin statistician at Statistics Sweden.

## NOTABLE HEADLINES

- **Italy PM Meloni** said Italy received a EUR 12.8bln installment of NextGenerationEU funds.

## TRADE/TARIFFS

- **As part of a bid to win a submarine contract, South Korea offers hydrogen freight trucks and charging stations in Canada, Canada CTV reported.**
- **China's MOFCOM** said the US abuse of export controls is disrupting stability in the global semiconductor production and supply chain; China opposes US trade restrictions on China justified by "forced labour".
- **USTR Greer** said the US will uphold tariff caps in deals with the EU, Japan and others; seeks to mitigate challenges with China.

## CENTRAL BANKS

- **BoJ expected to raise rates in June meeting, Reuters reported, citing sources.** BoJ is said to be leaning towards pausing or slowing the pace of its bond buying taper from Fiscal 2027.
- **ECB President Lagarde text release titled: "Women and leadership: widening the pipeline".**
- **RBA Governor Bullock said not concerned that there will be a wage price spiral.**
- **RBA Deputy Governor Hunter** said monetary policy is somewhat restrictive; Q1 GDP was in line with RBA expectations.
- **RBA Governor Bullock said RBA expects inflation to increase further in the near term, noted flow of data and development**

since May has not been materially different to our expectations. Inflation is too high, and the board will do what it considers necessary to achieve its mandate of delivering price stability and full employment. Having raised the cash rate three times, monetary policy is well placed to respond to developments. Will carefully monitor conditions to assess how the combined effects of higher interest rates and the energy price shock are playing out. Some signs of tightening impact already seen, but full effects to take 1 to 2 years.

- **Riksbank Governor Thedeen said large-scale asset purchases can impair market functioning and pose risks to central bank independence; underlying inflation is currently low.** The relatively low inflation partly reflects a temporary reduction in food VAT. said the Middle East conflict poses upside risks to inflation ahead.

## GEOPOLITICS

### MIDDLE EAST

- The IDF presented Israel's Cabinet with a plan for a large-scale ground operation in Lebanon, according to GLZ Radio journalist; Prime Minister Netanyahu pushed back against the proposal, amid pressure from U.S. President Trump not to strike Beirut.
- Hezbollah leader Qassem said despite all the difficulties facing the Iranian revolution, Iran has advanced at all levels and supported the liberation movements, Al Mayadeen reported; As long as Israel is in Lebanon, resistance will continue.
- Israel troops withdrew from South Lebanon Town, via Al Jadeed TV.
- US President Trump said US is "in the middle of my final negotiations to end the War"; called the republicans who voted to limit warpowers "GRANDSTANDERS!".
- Iranian military sources denies reported that Iran targeted a Kuwaiti airport, Tasnim reported.
- Iran's Quds Force Commander Qaani said the minimum demand in Lebanon is for Israel to withdraw to pre-war lines, according to State Media.
- Two senior US officials told Axios that President Trump wants to end the war, Israel PM Netanyahu appears to want to resume it. Official reportedly said that "sometimes Bibi doesn't know when to stop".
- Iran's Mehr News, on Israel-Lebanon, posted "Continued violation of the ceasefire... Airstrike on Baqa' in eastern Lebanon".
- Pakistan said it is optimistic about a US-Iran ceasefire; welcomes US efforts to broker a ceasefire between Israel and Lebanon.
- An informed source to Al Arabiya the agreement on the release of frozen Iranian funds in its final stages; search continues for a mechanism on frozen funds; Trump informed the mediators of his refusal to release funds to Iran before signing the agreement. "The main obstacle relates to the mechanism for disposing of part of the frozen Iranian funds". "Proposal to create a special fund for depositing frozen Iranian funds under discussion". "The search continues for a mechanism to release part of the frozen Iranian funds."
- Iranian Supreme leader does not comment on the Middle East conflict in remarks. "Enemy of Iran seeks to harm People's resilience and create internal divisions."
- Pakistani Foreign Minister, on reported of halted US-Iran talks, said "Our dialogue process continues", Pakistani journalist Mallick posted.
- The UK and France have finalised operational planning for a mine-clearing mission in the Strait of Hormuz, via Bloomberg. Military planners say they can now generate a "credible force" for the operation, sources tell Bloomberg. It means British personnel are set to be deployed to demine the strait within days of a peace deal between the US and Iran. This now looks likely to happen if there's a deal. As one source puts it, they are ready to go.
- Airstrike by the Israeli regime on the city of Jebchit in southern Lebanon, SNN reported citing local sources.
- "A trusted source for Al-Arabiya: a proposal to create a special fund to deposit frozen Iranian funds is under study", Al-Arabiya reported.
- Iranian Assistant Foreign Minister Gharibabadi said the ceasefire announced after the war includes Lebanon; messages have been sent through the Foreign Ministry and through channels to America on stopping attacks on Lebanon, Al Mayadeen reported.
- Mehr News re-runs comments from Iranian Foreign Minister Araghchi that no tangible progress has been made in the course of the negotiations.
- Two Israeli airstrikes on the town of Hadatha in the southern district of Bint and Jbeil, southern Lebanon, Al Jazeera reported.
- The ceasefire holds firmly in various regions of Southern Lebanon, Al Jazeera's Hashem posted.
- The Israeli army has begun withdrawing its forces from Dibbin in southern Lebanon, Al Hadath reported.
- Lebanese President said the implementation of the ceasefire could begin within 24 hours of final approval, Arab News reported. The agreement that was reached is the last chance.
- In recent days, "A Hezbollah explosive drone managed to hit the vehicle in which the commander of the Northern Command was traveling during a tour in southern Lebanon. There were no casualties.", N12's Segal reported.
- The Israeli cabinet will be meeting to discuss a declaration of the principles for a ceasefire with Lebanon.
- The Israeli cabinet will meet today at 17:00 local time (15:00BST).
- Israeli military said fighting in Southern Lebanon continues.
- Pakistani Foreign Minister said the recent hostilities is worrisome and that no other parties would adhere to the ceasefire, Journalist Mallick reported. Channels of communication with all relevant parties remain open.
- Iranian Supreme Leader Khamenei to release a message "in a few minutes", Tasnim reported.
- Israeli Defence Minister said the IDF will continue its operations on the ground in Lebanon at this stage, Al Hadath reported; "The Lebanese will not return to the south and we will continue to destroy infrastructure". Current agreement permits IDF operations in southern Lebanon. The agreement with Lebanon includes establishing a demilitarized zone.
- A US source told Lebanese press that the agreement begins with de-escalation which will lead to a permanent and

**comprehensive ceasefire**; Israeli forces to begin withdrawing from a test area where the Lebanese army will be deployed, starting the process.

## RUSSIA-UKRAINE

- **Russia's Investment Fund Head Dmitriev** said the EU is already going to make a number of concessions to Russia on energy as they need this for survival, TASS reported.
- **Russia's Dmitriev** said Russia will have contacts with US' Witkoff and Kusher this week, Ria reported.
- **Russia** said Europe is fully armed, and is fuelling and provoking conflict on the continent.
- **Officials and diplomats in Brussels** are growing increasingly pessimistic about the chances of enforcing a full ban on maritime services for Russian tankers, EuroNews reported. Citing as both internal and external factors weigh against the ambitious proposal. "It's not happening," a diplomat bluntly said.
- **Russian President Putin does not plan to meet with the US delegation in St Petersburg**, TASS reported.

## NOTABLE NORTH AMERICAN NEWS

- **BofA weekly total card spending (w/e May 31st) +5.2% (prev. +5.7%); Largest Y/Y declines in spending growth were in furniture, transit, home improvement, clothing, electronics and groceries.**

## NORTH AMERICAN DATA

- **Revelio Labs Nonfarm Payrolls (May): +123.7k (prev. +66.4k).**
- **US Continuing Jobless Claims (May/23) 1777k vs. Exp. 1780k.**
- **US Jobless Claims 4-week Average (May/30) 214.75K.**
- **US Initial Jobless Claims (May/30) 225k vs. Exp. 213k (Low. 205k, High. 222k).**
- **US Unit Labour Costs QoQ Final (Q1) Q/Q 1.8% vs. Exp. 2.3% (Prev. 4.6%).**
- **US Nonfarm Productivity QoQ Final (Q1) Q/Q 0.3% vs. Exp. 0.8% (Prev. 1.6%).**
- **US Challenger Job Cuts (May) 97.006K (Prev. 83.387K); May Job Cuts Rise 16% from April, the highest May total since 2020.**  
AI drove May job cuts to 97,006, the highest May total since 2020, while tech cuts were the highest since 2023 and AI led the reasons for job cuts for a third month in a row.

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