

European Market Wrap - 8th June 2026

- Sentiment was initially pressured after Israel struck Beirut, which was met with retaliation by the Iranians.
- A reversal of the subdued mood was seen after President Trump's optimistic comments and Iran's decision to suspend military operations against Israel.
- European bourses were mixed, and off best levels; yields have come off highs as energy prices pull back; Brent Aug'26 +1.3% vs +4% earlier.

EQUITIES

- **European bourses** (STOXX 600 -0.1%) ended Monday's session mixed but off worst levels after Iran's armed forces announced that it had ended its military operations against Israel; however, it warned of harsher attacks if Israel resumes action against Lebanon. Israel's N12 followed up, reporting that Israel, at US President Trump's request, had also halted strikes on Iran, but has vowed to continue striking southern Lebanon at full intensity. This comes after a day of back-and-forth strikes between the two countries, initiated after Israel hit parts of Lebanon on Saturday.
- **Sectors** end with a negative bias. **Technology** (+1.0%) finished as the clear outperformer, reversing earlier losses. At the bottom of the pile, we had **Chemicals** (-1.4%), **Retail** (-1.0%), and **Construction & Materials** (-0.9%).
- Plenty of single-stock stories: **Tate & Lyle** (+14.1%), agreed a GBP 2.7bn acquisition from Ingredion; **BMPS** (+12.3%), received M&A interest from Intesa Sanpaolo and Banco BPM; **Airbus** (-0.7%), notified customers of delays for its A320neo-series jet; **Zealand Pharma** (-21.7%), trial data for its injectable obesity drug showed patients quitting treatment due to side effects.
- **US cash equities** opened entirely in the green, with outperformance in the **NDX** (+1.5%), though it pulled back from best thereafter. **Intel** (+8.5%) surged after a report in The Information that Google and Nvidia are looking at the Co. as a secondary manufacturing partner, as a way to alleviate capacity constraints at TSMC.

FX

- G10s were initially mixed against the Buck, though as **Crude benchmarks eased from highs the Dollar Index lost steam above 100.00** (session high 100.21), the Greenback slipped to the benefit of G10 peers. **Antipodeans outperformed** after hefty losses on Friday, Euro and Sterling did well, and Yen was choppy around the 160 mark.
- **DXY** firmed throughout the London morning though its modest gains lost steam above the 100.00 mark as oil prices reversed earlier strength after it was widely reported that Israel and Iran would cease attacks on each other, and it was suggested that the US did not participate in the flare-up. DXY set to hand over to New York -0.2%, reversing the Crude-driven bid and some of the post-payroll's strength. With the Fed in blackout, the docket is quiet today with just NY Fed SCE scheduled; CPI is scheduled for Wednesday.
- **Antipodeans** performed well throughout the London session with gains increasing alongside a bettering risk environment with equities bid after a number of AI stories (NVIDIA/Intel, Shopify, SK Hynix/Samsung). **AUD/USD +0.4%**, bounced off a 0.7024 low to mark session highs just below 0.7080, **NZD/USD +0.6%** rose from a 0.5781 base made in APAC trade, to mark session highs of 0.5835.
- **JPY** firmed in choppy trade either side of the 160 mark. A sharp move lower was seen just before 10:00 London time, which saw USD/JPY fall around 40 pips and below the 160 handle with no specific headline tied to the move. Oxford Economics this morning shifted its call for BoJ tightening to June from July, noting that Governor Ueda's hawkish speech on June 3 was a precommitment to a hike. **USD/JPY -0.2%**, set to hand over to New York -0.2% and just below the key 160 mark.
- **South Korea's Financial Supervisory Service** said BoK will inspect speculative KRW trading.

FIXED

- **Global fixed benchmarks** started the European morning with a clear bearish bias, with yields surging, lifted by gains in the energy complex. This was facilitated by geopolitical escalation, **whereby Israel struck Beirut, which was then met with Iranian strikes on Israel**.
- The European morning saw mostly hawkish commentary from Iranian officials, **though fixed benchmarks then clambered off lows after President Trump** announced that Israel and Iran are looking to do an immediate ceasefire, adding that "things should move quickly". This was followed up by positive reporting via Fars, where **Iran announced the end of military operations against Israel**. Nonetheless, the picture is clouded by uncertainty, with reports suggesting that **Israel has continued to launch airstrikes on Lebanon**.
- **USTs** started the European session with losses of c. 6 ticks, but have since clambered off worst levels, alongside a pullback in energy prices; now set to end the EU Day higher by a couple of ticks. Price action is ultimately at the whim of the aforementioned geopolitical updates, but domestic hawkish Fed repricing remains at the forefront of traders' minds. As a reminder, a strong NFP report last Friday saw markets fully price in a hike by Dec'26. From a yield perspective, **the curve is now bull steepening** (vs bear flattening early morning); the **US 10yr** is now eyeing 4.50% to the downside (vs the day's peak at 4.58%).
- **Bunds and Gilts** followed the above, but were unable to clamber out of negative territory; currently set to close the EU Day lower by c. 10 ticks. As above, the benchmarks took leads from the volatility in oil prices, but domestically, German Factory

Orders missed expectations. Main focus for EGB traders this week will be on the ECB, where a 25bps hike is widely expected. More focus will be on the accompanying statement, and President Lagarde's presser for any hints to the Bank's thinking of another move beyond June.

- **Italy to sell 2033 and 2035 BTP bonds via dual-tranche syndication.**
- **Amazon (AMZN)** files to sell CAD-denominated senior unsecured noted.
- **UK FCA** is planning a new rule requiring all money market funds to hold sufficient liquidity for resilience. Planning to introduce, through a new rule, a requirement that all MMFs hold sufficient liquidity for adequate resilience. This is to support objectives of maintaining financial stability and market integrity. The Government has set out its expectation that legislation for the repeal of the MMFR will be introduced by the end of 2026. We plan to make our new MMF rules to this timescale.
- **Ciena (CIEN)** files to sell convertible senior noted.

COMMODITIES

- **A session of gains for the energy space**, though the complex is set to end the European day some way off earlier best levels.
- **At best, WTI and Brent were firmer by in excess of USD 5/bbl**, peaking at USD 95.47/bbl and USD 98.08/bbl respectively. **At the time of writing, they post gains of c. USD 1.30/bbl**. The main update came over the weekend as **strikes resumed between Iran and Israel**, and the space peaked on further launches occurring in the European morning.
- Thereafter, **US President Trump** posted that the shooting must immediately stop and then that Iran and Israel are looking at an immediate ceasefire. Posts that weighed on energy. A pullback exacerbated by Israel and the US conveying that they would not attack Iran, and Iran then confirming it will also stop but threatened harsher attacks if Israel strikes Lebanon.
- Since, and bidding energy though only modestly, **Israel struck Tyre in Lebanon. Iran is yet to respond**.
- Amidst all this, **Dutch TTF** got as high as EUR 51.48/MWh, but spent the European afternoon a few EURs off best given the above.
- **Spot gold** near-enough contained. We saw an initial selloff in both XAU and XAG as yields climbed on the above and also continuing the hawkish adjustment post-NFP, and into CPI this week. XAU to end the European day flat in USD 4268-4353/oz confines.
- **Base metals** shined at the start of the week, despite modest overnight pressure and the generally tepid initial risk tone. Benefitting from the improvement in sentiment seen into the US session and as the USD failed to make any real ground.
- **Fitch Ratings** revises its **Global Oil & Gas sector outlook to 'Improving' from 'Neutral'** reflecting higher near-term price assumptions.
- **USDA confirms two additional cases of New World screwworm (NWS)** in the United States – a calf in La Salle County, Texas, and a dog in Andrews County, Texas.
- **Russia** to cut oil exports from Western ports by one-third M/M in June, Reuters reported, citing sources.
- **USDA Secretary Rollins** said agricultural sector is focused on Texas, prioritise containment in current situation - remarks on CNBC TV. US intends to re-shore fertiliser.
- **German Government Spokesperson** said there is no shortage of jet fuel or other fuels.
- **ADNOC** said to have issued the second tender in a week to sell crude from UAE, Reuters reported citing sources.
- **Ukraine's military** said it struck a pipeline pumping station in Russia's Volgograd region.
- **European Council adopts regulations to establish a framework to protect the region's steel market from the negative trade-related impact of global overcapacity, as of the 30th of June.**

EUROPEAN DATA

- **German Factory Orders MoM (Apr) M/M -3.8% vs. Exp. -1.2% (Prev. 5%).**

TRADE/TARIFFS

- **India trade official** said India goods exports in April-May +15% Y/Y. India-US trade deal can be finalised after USTR Section 301 probe concludes. India is pushing for a preferential tariff compared to competing economies in the US deal.

CENTRAL BANKS

- **Goldman Sachs pushes Fed** cut view into 2027 as labour strength delays easing. GS now expects the final two Fed rate cuts in June and December 2027, with no cuts seen this year. It said that stronger-than-expected labour market activity supports delaying further easing until tariff, war and AI-demand effects fade, and core PCE inflation nears 2%. Goldman raised the probability of modest rate hikes to 20% (from 10%), though its baseline remains that hikes are unlikely as inflation appears unlikely to become self-sustaining; it assigned only a 30% probability to its baseline of two 25bps cuts in 2027. GS adds that rate hikes remain unlikely, though slightly more likely than previously thought; the terminal rate forecast stays at 3-3.25%. The bank revised its 2026 US unemployment forecast down to 4.4% (from 4.6%).
- **CBRT purchased USD 4.5bln of FX last week; central bank's gross reserves were up USD 1bln, taking it to USD 160bln; Net reserves increased by USD 1.5bln, taking it to USD 47.5bln.**
- **BCB Market Focus Readout: 2026 Selic rate view 13.50% (prev. 13.25%), 2027 Selic rate view 11.50% (prev. 11.25%).**
- **NBH Deputy Governor Kurali** said the fall in inflation and risk premia has likely lowered the interest rate level needed for price stability.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia to cut oil exports from Western ports by one-third M/M in June**, Reuters reported, citing sources.

- **Russian diplomat Zakharova** said Russia intends to form a course towards Armenia taking into account the actual steps of the Armenian leadership, TASS reported.
- **Ukraine's military** said it struck a pipeline pumping station in Russia's Volgograd region.
- **Latvia Army Spokesperson** said at least one drone has entered Latvian airspace from Russia.
- **Latvia has issued an air threat alert along the Russian border.** "The National Armed Forces issued a warning covering Ludza, Balvi, and Alūksne municipalities regarding a potential threat to airspace..." "In Rēzekne municipality, Rēzekne city and Ludza municipality, the alert was upgraded to orange. A yellow alert is in force in the Balvi municipality."

MIDDLE EAST

- **Israel conducted airstrikes on a couple of apartment buildings in Beirut's Dahiya district on Sunday, in what the military described as targeting a Hezbollah command centre.**
- **Iran launched four waves of strikes against Israel on Sunday evening in retaliation for an Israeli strike on Beirut, which it stated 'crossed all red lines', while it threatened devastating blows if Israel expands Lebanon operations. Iran signalled a halt to attacks if Israel refrains from strikes, but vowed stronger retaliation if Israel strikes back, and it closed its western airspace until further notice.**
- **US President Trump posted "Israel and Iran must immediately stop shooting."**
- **US President Trump** said Israeli PM Netanyahu will have no choice but to accept whatever deal the US negotiates with Iran because he calls the shots. Trump stated that Iran's strikes had not changed his desire to conclude US-Iran negotiations, and he thinks the deal is going on, but we will see what happens, and he would consider a commando raid on Iran if a deal failed, according to FT.
- **US President Trump: "... Israel and Iran, are looking to do an immediate CEASEFIRE! Final negotiations on "Peace" are proceeding..." & "Blockade will remain in place and in full force and effect until a 'Final Deal' is reached. Things should move quickly"**
- **Israel and US conveyed a message to Iran** that there will be no further attacks if Iran does not fire again, Al Jazeera reports citing Israel Hayom sources.
- **Iran's armed forces announce end of military operations against Israel,** warn of harsher attacks if Israel resumes attacks on Lebanon, Fars reports.
- **Israeli airstrikes target Tyre, Lebanon,** Al Arabiya reports [see analysis for timing details].
- **Israeli source says** "Our operations against Hezbollah in Lebanon are ongoing.", Al Arabiya reports citing Channel 14.

NOTABLE NORTH AMERICAN NEWS

- **Bipartisan US group will launch a discharge petition this week to prevent Trump from creating a weaponisation fund; bill would permanently amend the Federal Judgment Fund Act to prevent any opportunity for abuse, sources told Punchbowl.**
- **A top US Senate Democrat** is introducing a bill aimed at how the Pentagon uses AI; it would require the use of human oversight, WSJ reported.

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