

European Market Wrap - 9th June 2026

- European bourses were broadly firmer; US equity futures also followed suit, with outperformance in the RTY +1.8%.
- Constructive geopolitical developments pushed energy prices lower, which in-turn weighed on yields.
- The draft agreement has been sent to the US side for review, with confirmation that the draft is preliminary accepted to the US administration, Sky News Arabia reported citing a source.
- A White House official told Al-Arabiya TV that talks on an agreement to prevent Iran from acquiring a nuclear weapon are achieving positive results.

EQUITIES

- **European bourses** (STOXX 600 +0.6%) end the session with decent gains, except the **FTSE 100** (-0.2%) as miners weigh on the index. Newsflow throughout the session has been light, with the broad risk-on seemingly coming from the lack of hostilities between Iran and Israel. **FTSE MIB** (+1.9%) surged, extending to new ATHs, which has benefited from the gains in its Banking sector. This comes after the Italian government said it will not interfere regarding the M&A moves targeting BMPS (BMPS IM).
- **Sectors** end with a positive bias. **Retail** (+1.8%) topped the sector pile, with **Chemicals** (+1.7%) and **Consumer Products & Services** (+1.7%) rounding out the top 3. The only 3 sectors printing modest losses came in the form of **Telecoms** (-1.3%), **Basic Resources** (-0.7%) and **Energy** (-0.6%).
- Key movers include: **SoftwareOne** (-2.1%), reversed earlier gains after it presented 2030 targets, in which it expects AI efficiencies and other factors to drive EBITDA margin above 28%; **GSK** (-0.8%), acquired cancer biotech Nuvalent for USD 10.6bln; **Howden Joinery** (+2.1%), following stronger-than-expected BRC retail sales; **Givaudan** (+6.5%), upgraded to buy at Deutsche Bank.
- **US cash equities** opened entirely in the green, with outperformance in the **RUT** (+1.8%). The Philadelphia Semis Index (SOX) opened with gains in excess of 2%, again showing that US tech remains the hot pick. However, traders at Goldman Sachs and Barclays expressed concern, stating the stock market is more vulnerable to abrupt pullbacks due to: 1) crowded positioning, 2) narrow market breadth, and 3) prospects of higher rates.
- **A leg higher was seen in the complex after further positive geopolitical updates, which indicated further progress to peace**.

FX

- **G10s** were exponentially firmer against the Buck throughout the session. Kiwi led, Sterling also performed well and USD was the clear underperformer (DXY-0.3%).
- **DXY weakened throughout the session as oil prices continued to cool following losses on Monday** (Brent Aug'26 -3.1%). There remains a narrative of reluctance to renew strikes between US-Iran, and focus remains on Israel's activities in Lebanon which continue, but appear limited to the south region at the moment. Further downside was spurred after a White House official told Al-Arabiya that **talks on an agreement to prevent Iran from acquiring a nuclear weapon are achieving positive results**.
- **GBP was firmer throughout the session after easing oil prices and a strong BRC retail sales**, which showed consumer spending steadied from a weak April figure with food and non-food sales accelerating sharply in May. Pantheon Macro estimated the BRC survey in isolation is consistent with a 0.6% month-to-month rise in official retail sales volumes in May. Cable attempts to return to pre-US Payrolls levels of around the 1.3450 mark. Carry remains in focus ahead of the busy Central Bank schedule this, and next week. BoE widely expected to stand pat on rates with the first hike priced in September meeting, while ECB expected to raise rates on Thursday this week. EUR/GBP -0.2%, GBP/USD +0.5%.
- **Antipodeans outperformed throughout APAC and London FX trade as sentiment was boosted following Middle-East developments and strong Chinese trade data** which beat expectations across the board thanks to robust tech-related Imports and Exports. Australian NAB business confidence was out overnight, remaining negative though faring better than April's figure. AUD/NZD dipped from a 1.2136 peak, to mark a session trough of 1.2080, AUD/USD +0.1%, NZD/USD +0.6%.
- **EMs were firmer across the board**, helped by USD weakness and easing oil prices. JPM Strategists raised EM FX to overweight from neutral, noting they were bullish on CZK, CLP, ZAR.

FIXED

- **Global fixed benchmarks** opened with tentative gains, and moved a little more decisively higher as the session progressed. The mild bullish action was facilitated by lower energy prices, given constructive geopolitical developments whereby **President Trump noted that Iran and Israel have agreed to stop striking each other**. Nonetheless, the situation is clouded by uncertainty as there are reports of continued strikes in Southern Lebanon by the Israelis. In the afternoon, Arab press reported that the draft agreement had been sent to the US side for review, with confirmation that the draft had been preliminarily accepted by the US administration.
- **USTs** (+4 ticks) are set to end the EU day higher by a handful of ticks, and towards the upper end of a 108-37+ to 109-05 range. Aside from the energy angle, US paper had ADP Employment Change (fell from prior) and Balance of Trade data (narrowed) to digest. Neither materially impacted price action. Focus tomorrow will shift to CPI and then PPI on Thursday,

ahead of the FOMC meeting next week.

- **Bunds (+8 ticks) and Gilts (+20 ticks)** followed the mild bullish bias seen across the pond. Really not much driving the action aside from external energy factors, with domestic data out of Germany (better-than-prior Industrial Production), and above-expected UK BRC Retail Sales, both had little impact on their respective assets.
- **Germany sold EUR 1.756bln vs exp. EUR 2.0bln 1.80% 2053, 2.50% 2035 and 2.30% 2033 Green Bund.**
- **The Netherlands sold EUR 2.5bln vs exp. 2.5bln 2.50% 2035 DSL: Average yield 3.102% (prev. 2.810%).**

COMMODITIES

- **Energy spent the day on the backfoot**. Modestly so at first, as participants reacted to the overnight language from the US administration on ties with Iran, though the initial magnitude was comparably limited as the "few days" language from President Trump prevented a more concerted move.
- Thereafter, and despite ongoing strikes in Lebanon, **the energy space continued to sell off and got as low as USD 88.70/bbl and USD 92.00/bbl for WTI and Brent** by the late European morning, lower by between USD 2.0-2.5/bbl on the day.
- More recently, we have seen reports regarding an MOU or a draft agreement being reached this week, and in the last hours, Sky News Arabia has outlined that the draft is en route to the US for review. Points that sparked pressure, but the benchmarks remained within earlier parameters. Soon after, it was reported that **"talks on an agreement to prevent Iran from acquiring a nuclear weapon are achieving positive results."** This spurred another bout of selling pressure in energy benchmarks.
- **Spot gold** firmer and potentially gleaning support from a softer USD and a lower yield environment, particularly after the post-NFP hawkish move seen late last week. **XAU** enters the US afternoon firmer, but off best in USD 4313-5351/oz parameters. Ahead, the main point to focus on is a 3yr US auction.
- **Base peers** benefit in tandem with the broader metals complex. Deriving strength from the increasingly constructive risk tone, soft USD and better than expected **Chinese trade data** overnight. Additionally, commentary from the **Vale CEO** around strong demand for critical minerals and tighter raw material flows has potentially factored.
- **India to raise jet fuel prices by 10% for domestic operations.**
- **India** is reportedly mulling extending its import tax exemptions on petrochemical productions to beyond June 30th.
- **Russian seaborne diesel exports (May) -3% M/M.**
- **India Government Official said gold imports have been falling since the import duty hike; there are no more steps planned to curb imports.**
- **Indian Government official** said global fertiliser prices are unlikely to fall and the number of suppliers have declined.
- **Kuwait Petroleum's pipeline deal, which could raise around USD 7.5bln, has shortlisted GIP, Brookfield (BAM), EIG, Apollo (APO), and KKR (KKR) for the next round of bidding, Bloomberg reported.**
- **Iraq and UAE** said to be racing to establish an alternative oil pipeline to reduce dependency on the Strait of Hormuz, CNBC reported.
- **Bloomberg Journalist Javier Blas** said a Significant amount of Middle Eastern oil is leaving the Persian Gulf by tanker via the Strait of Hormuz.

EUROPEAN DATA

- **German Imports MoM (Apr) M/M 1.2% (Prev. 5.1%).**
- **German Balance of Trade (Apr) 14.5B vs. Exp. 14.2B (Prev. 14.3B).**
- **German Exports MoM (Apr) M/M 0.9% (Prev. 0.5%).**
- **German Industrial Production MoM (Apr) M/M 0.4% vs. Exp. 0.5% (Prev. -0.7%).**
- **Norwegian PPI YoY (May) Y/Y 24.0% (Prev. 22.7%).**

NOTABLE HEADLINES

- **"[UK] Ministers will use national security exemptions to ensure that billions of pounds of additional funding for defence is spent in Britain rather than given to American or European companies", Times's Swinford reported.**

TRADE/TARIFFS

- **Taiwan said to be mulling curbs on AI chip exports to China to align with US, Bloomberg reported.** Potential rules could restrict sales above a processing threshold and affect Nvidia (NVDA) AI servers. Taiwan previously blacklisted Huawei and SMIC, while recent cases involved alleged chip smuggling and trade-secret theft linked to TSMC (TSM).
- **China Foreign Ministry, on the US adding Chinese firms to Pentagon list, said China always opposes US overgeneralising the concept of national security.** Urges US to correct its "wrong" actions. said China will take all necessary measures to protect the legal rights of its firms.

CENTRAL BANKS

- **BoJ is reportedly prepared to raise rates by 25bps at its June meeting, Nikkei reported.** The hike is to prepare for the risk of an upward revision of inflation. Also, to begin discussions around the discontinuation of its quarterly reduction in government bond purchases from April 2027 onwards.
- **ECB's Moulin said Europe needs more monetary and payments sovereignty; there's 'clear opportunity' to boost Euro status.** Would not draw many conclusions from weak French GDP. Bank of France are to revise its inflation forecast upwards. Europea can issue joint debt to fund a few projects.
- **Riksbank's Business Survey: "A new black swan" that risks delaying the recovery.** Major Swedish companies think the economic situation is still weak. Before the war in the Middle East broke out, they felt that the economy was slowly improving. The war does not seem to have significantly affected this picture. But uncertainty has increased again, which the companies

say risks delaying the already prolonged recovery.

- **NBP's Maslowska** said rate hike still an option, but less likely; cuts more likely than hikes now.

GEOPOLITICS

RUSSIA-UKRAINE

- **EU to propose listing 170 individuals and entities, including 90 Russian banks, to its 21st sanctions package, according to sources.** Proposes maintaining Russian oil price cap at USD 44.10/bbl for six months and tighten shadow fleet restrictions.
- **Russian seaborne diesel exports (May) -3% M/M.**
- **Russia's Kremlin Spokesperson** said the EU is far from playing a role as mediators and are more focused on war; there is no plans for call between Russian President Putin and US President Trump.
- **Ukrainian President Zelensky** said Ukraine is to continue retaliatory strikes to Russia.

MIDDLE EAST

- **Reaching an agreement to end war between US/Iran within the next few days is "unlikely" due to the ongoing "complex situation,"** mainly Israel's "non-stop" ceasefire violations in southern Lebanon, Pakistani government sources told Anadolu.
- **A White House official told Al-Arabiya TV** that talks on an agreement to prevent Iran from acquiring a nuclear weapon are achieving positive results.
- **The draft agreement has been sent to the US side for review, with confirmation that the draft is preliminary accepted to the US administration,** Sky News Arabia reported citing a source.
- **"A Pakistani source told Al-Hadath: Contacts are ongoing with all parties to reach a memorandum of understanding this week",** Al Hadath reported.
- **Senior Israeli cabinet official** said any Hezbollah fire on northern settlements will be met with attack on Beirut's Dahiya and have instructed the army to maintain the deterrence equation against Hezbollah and Iran's threats will not change our policy.
- **Israel's Channel 12 sources say Israel has entered phases of "repeated clashes" with Iran and assesses the recent escalation is not the last confrontation.**
- **Israeli ministers on Monday night had differing opinions during the cabinet meeting, i24 news reported.** Minister of Agriculture and Food Security of Israel Avi Dichter said "In the next round of conflict with Iran, we must deliver harsher blows and give a tougher response."
- **Iranian Parliament member** said that if Israel attacks Lebanon or Iranian soil, then both Israel and US military bases will be legitimate targets.
- **A military source familiar with the Houthis suggest that they** are "preparing major military surprises, and that the weapons that will be used in the naval or aerial conflict will be of high quality", Kan's Kais reported.
- **Israeli artillery shelling in the Tyre district, southern Lebanon.**
- **The Israeli army has issued an urgent evacuation warning to residents of Tyre and the surrounding areas,** Al Jazeera reported.

NOTABLE NORTH AMERICAN NEWS

- **JPMorgan (JPM) exec** said US consumer continues to be resilient and spend is still solid; if inflation continues to be higher for longer then there could be some risk. Being very, very watchful on the consumer segment. Credit cards continue to grow in line with its expectations. Expect loan growth in 2026 to be higher than the industry average.
- **USTR's Greer** said a Mexican trade team will visit the US next week; moving quickly on domestic sourcing of critical minerals.
- **Top US Senate Republicans and the Trump admin** are aiming to confirm Todd Blanche as attorney general by the end of the summer, Punchbowl reported, citing sources. "Senator Tillis is a key Republican to watch. He's vowed to oppose any nominee who has underplayed or dismissed the seriousness of the Jan. 6 attack on the Capitol."

NORTH AMERICAN DATA

- **US Redbook YoY (Jun/06) Y/Y 9.1%.**
- **US Imports (Apr) 383.0B (Prev. 381.2B).**
- **US Exports (Apr) 327.1B (Prev. 320.9B).**
- **US Balance of Trade (Apr) -55.90B vs. Exp. -55.5B (Prev. -60.3B).**
- **US ADP Employment Change Weekly 29K (Prev. 35.75K).**
- **US NFIB Business Optimism Index (May) 95.3 vs. Exp. 96.0 (Prev. 95.9).**

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