# European Market Wrap - 11th June 2026

- **US President Trump announced that the US would be hitting Iran "very hard" tonight, adding that the US will be taking Kharg Island.**
- **European and US equity futures gain, Global fixed benchmarks benefited from lower energy prices; Brent Aug'26 -1.1%**
- **ECB delivered a 25bps hike (as expected), 2026 inflation forecast raised, whilst growth was cut. President Lagarde said they are confident that they are not seeing second-round effects.**

EQUITIES

- **European bourses** (STOXX 600 +0.8%) are set to end Thursday's session on a positive footing, with all indices, outside of Germany, closing with gains between 0.5-1.1%. Underperformance in the **DAX 40** (+0.1%) stemmed from weakness in SAP (-5.0%) following losses in Oracle. Mid-session, a Truth Social post by US President Trump announced that the US would hit Iran very hard tonight and will be taking Kharg Island and other oil infrastructure points. This spurred downside across the equity space, but this was steadily pared back to pre-announcement levels.
- **Sectors** tilted to the upside. Outperformance came in the **Energy** (+2.1%) and **Utilities** (+1.8%) sector, while **Basic Resources** (+1.4%) also rebounded following this week's metal rout. **Telecoms** (-0.7%), **Real Estate** (-0.2%) and **Financial Services** (-0.3%) lagged.
- Around noon, UK Defence Secretary Healey resigned from his role, stating anger about the lack of willingness to commit resources. This led to **UK defence names** (Babcock, BAE Systems) paring back their gains and briefly dipping into the red. Other key movers included: **Hugo Boss** (+10.3%), as Frasers Group launches a EUR 1.98bln takeover bid; **Wizz Air** (+5.0%), beat operating profit estimates, offsetting a lower forecast in revenue per available seat kilometre; **BASF** (+2.2%), upgraded to buy at Kepler Cheuvreux.
- **US cash equities** (SPX +0.2%) began the session with broad gains, nearly wiping out Wednesday's losses. Ahead of SpaceX's pricing, Bloomberg reported that its IPO has attracted over USD 70bln in retail investor orders. At a USD 75bln IPO size, this would leave the majority of investors unfulfilled, as at least 20% of the available shares will be allocated to retail investors.

FX

- **DXY was either side of the unchanged mark throughout London FX trade with a number of catalysts doing little to move the Buck significantly.**
- Headline US PPI rose 1.1% M/M to its highest level since Nov'22, far higher than consensus of 0.7%, driven by higher energy prices which increased 10.7%. The Core metric rose 0.4%, slightly below consensus of 0.5%. **PCE components within PPI saw a large jump in Portfolio Management PPI (which was anticipated post-CPI) but air passenger transport PPI dropped.** Pantheon Macro estimates the core PCE deflator increased by 0.38% in May, lifting the inflation rate to 3.4%, from 3.3% in April. WSJ's Timiraos said estimates of the May PCE point to a firm core m/m reading that rounds up to 0.4%. Oxford Economics said PCE tracking nowcast points to a 4.2% Y/Y rise in headline prices. USD saw no move on the data series as it was released in the aftermath of a punchy post from the US President which was driving price action at the time. On that note, US President Trump said the US would be hitting Iran "hard" tonight, and that the US would take Kharg island and other oil infrastructure. Despite the firm rhetoric, it is believed talks continue behind closed doors hence the relatively muted crude move, and as such, USD lacks further buyers past the 100 mark.
- **EUR was broadly unreactive to the ECB announcement and presser, with EUR/USD dictated by Trump's post during the window between the announcement and Lagarde's speech.** The ECB decision was broadly as expected, with a 25bps hike and the expected non-committal guidance and usual language. Baseline inflation forecasts were revised higher while growth was cut, though the cut to the growth view was not as marked as some had expected. Overall, the statement endorses, but does not cement, market pricing for another 2026 hike. During the presser EUR was also lacklustre, however there was a modest dovish reaction seen as Lagarde said the council was confident they are not seeing signs of second round effects currently. EUR/USD set to complete the session unchanged at 1.1535.
- **TRY was unreactive to the CBRT policy decision which saw the MPC stand pat on its key rate at 37%.** While consensus was for the MPC to stand pat on rates, analysts were split on whether the committee would opt to hike or hold. So while they held, **many outlets had expectations for tightening.** Nothing too surprising from the statement, which was broadly a copy and paste from the prior meeting, Although it did acknowledge "unanticipated developments in credit and deposit markets", likely referencing recent political drama which spooked markets.

FIXED

- **Global fixed benchmarks have had mixed geopolitical newsflow to contend with**, as well as the ECB policy announcement, where the Bank delivered a unanimous 25bps hike. **Fixed paper** is set to end the European session with a mild bullish bias.
- **USTs** (+1 tick) are set to end the EU day towards the upper end of a 108-27 to 109-09+ range. **The trough today was made overnight, where energy benchmarks were at highs**, but then gradually erased those losses as CENTCOM confirmed it had completed its latest strike. The complex then moved higher after CNN reported that the US and Iran were continuing talks –

though this was later denied by an Iranian source. **Thereafter, President Trump announced that the US would be hitting Iran "very hard" tonight**, adding that the US "will be taking Kharg Island". Whether this means US boots on the ground remains unclear, but the hawkish commentary spurred strength in the energy complex which in-turn lifted yields. **Domestically, headline US PPI topped expectations, whilst the Core metrics were in-line/cooler-than-expected**. Oxford Economics wrote that "With both the March CPI and PPI data in hand, PCE tracking nowcast points to a 4.2% Y/Y rise in headline prices, and would be the hottest PCE inflation has been since April 2023".

- **Bunds** (+30 ticks) outperformed vs peers, and set to end the European day at the upper end of a 124.88 to 125.59 range. **EGBs** had the ECB policy announcement to digest, whereby a 25bps hike was delivered (as expected), and the projections saw the inflation outlook rise whilst the growth view was cut; but the latter was not as dire as some had expected. Therefore, heading into Lagarde's presser, the bias was a hawkish one, which by in-large endorsed market expectations of another hike this year. Within the presser, the **President suggested that they are confident that they are not seeing second round effects, when questioned about the elevated services figure**. This spurred a handful of upticks in the German benchmark at the time.
- **Gilts** (+27 ticks) followed **Bunds** higher, with domestic newsflow unable to shift the dial for UK paper. In brief, the Defence Sec resigned due to insufficient defence funding; elsewhere, focus has also been on Burnham comments where he suggested he would support Waspi Women, a compensation scheme believed to cost upwards of GBP 10bln.
- **UK sold GBP 5.0bln 2029 Gilt: b/c 3.60x (prev. 3.35x), average yield 4.419% (prev. 4.238%), tail 0.2bps (prev. 0.2bps).**
- **Italy sold EUR 4.0bln vs exp. EUR 3.5-4.0bln 3.00% 2029 BTP: b/c 1.62x, average yield 3.03%.**

COMMODITIES

- **Crude futures** set to end Thursday's European trade with modest losses, having traded in a relatively narrow range throughout the session. Steady downside persisted throughout the morning, helped by positive commentary about US-Iran negotiations continuing to happen. However, as the session continued, Fars News reported that a source close to the negotiating team denied CNN's claim about new Iran-US talks. This did not spur a reaction in crude benchmarks; however, some upside came on a Truth Social post by US President Trump. He said that the US will be hitting Iran very hard tonight and will be taking Kharg Island and other oil infrastructure points, taking total control of Iran's oil and gas markets. Upside of c. USD 2/bbl was seen in wake of the post, but the move has since pared. **WTI** Jul'26 was contained in a USD 88.63-93.64/bbl range while **Brent** Aug'26 rotated in a USD 91.61-95.50/bbl band.
- Elsewhere, OPEC+ lowered its 2026 global oil demand growth forecast to 970k BPD Y/Y (prev. 1.17mln BPD). The group said consumption would rebound later and has raised its 2027 demand growth forecast.
- **Spot gold** traded rangebound and rotated in a USD 4024-4118/oz range. The yellow metal failed to sustain a bid above the key USD 4099/oz level, continuing to show weakness for the precious metal. The Truth Social post by US President Trump and US PPI, which came in hotter than expected, failed to result in any significant downside for the metal, a potential positive sign that buyers are willing to step into the market at current levels.
- **3M LME Copper** was muted, rotating in a USD 13.39k-13.52k/t range throughout the European session.
- **The US International Trade Commission (USITC)** has determined to proceed with full five-year reviews regarding countervailing and antidumping duty orders on common alloy aluminum sheet (CAAS). The reviews will determine if revoking existing duty orders on imports from 17 countries—including Bahrain, Brazil, Germany, India, Italy, and Turkey—would likely lead to a continuation or recurrence of material injury to the domestic industry.
- **OPEC MOMR (May): Global oil demand is forecast to grow by 1.0mln BPD Y/Y in 2026 (prev. 1.2mln BPD in last assessment) and 1.7mln BPD Y/Y in 2027 (prev. 1.5mln BPD).**
- **OPEC MOMR today at 13:00BST/08:00EDT.**
- **Oil and gas executives have reportedly** warned the US White House that gas prices could surge in the next few months as fuel inventories reach lows, Washington Post reported citing sources.
- **Argus Media's Nader Itayim noted "As most Gulf countries have had to slash crude output due to the de-facto closure of the Hormuz strait... Oman's crude exports rose to a new ATH in May".**
- **Malaysian Economy Minister** said El Nino could potentially reduce rainfall by 40-60% in some states; could reduce crop yields by 8-10%.
- **Three energy tankers** are reportedly heading for an Asian exit via the Strait of Hormuz, Al Jazeera reported.
- **Japan PM Takaichi, at the G7, will suggest steps to stockpile oil.**
- **Japan's PM Takaichi** said that she expects to secure 100% of crude in July, without passing the Strait of Hormuz.
- **Shanghai Futures Exchange has adjusted daily price-limit bands and trading margin ratios for gold and silver futures contracts.**
- **Hungary's MOL** said it successfully concluded negotiations with Serbian government on NIS transaction.

EUROPEAN DATA

- **German** Current Account (Apr) 13.8B (Prev. 23.6B).
- **EU Marginal Lending Rate 2.65 % (Prev. 2.4 %).**
- **Swedish CPIF MoM Final (May) M/M 0.9% vs. Exp. 0.9% (Prev. -0.6%).**
- **Swedish CPIF YoY Final (May) Y/Y 1.5% vs. Exp. 1.5% (Prev. 0.8%).**

NOTABLE HEADLINES

- **Dan Jarvis** said to be the frontrunner to replace former UK Defence Secretary Healy, Telegraph reported.
- **Former UK Cabinet Minister** said 'If Starmer has any authority left, he should sack [Chancellor] Reeves', Spectator reported.
- **UK Defence Secretary John Healey resigns; said PM Starmer and the Treasury have been unable and unwilling to commit the resources.**

- **UK and Japan reportedly agree on a start-up support fund for dual-use tech, which includes AI, Nikkei reported.**

### CENTRAL BANKS

- **ECB STATEMENT: Rates hiked by 25bps; deposit facility to 2.25%, main refinancing operations to 2.40%, marginal lending facility to 2.65%.**
- **ECB June Macroeconomic Projections: Baseline HICP: 2026 3.0% (prev. 2.6%), 2027 2.3% (prev. 2.0%), 2028 2.0% (prev. 2.1%). Real GDP: 2026 0.8% (prev. 0.9%), 2027 1.2% (prev. 1.3%), 2028 1.5% (prev. 1.4%).** Baseline:. HICP: 2026 3.0% (prev. 2.6%), 2027 2.3% (prev. 2.0%), 2028 2.0% (prev. 2.1%). HICP ex-Energy & Food: 2026 2.5% (prev. 2.3%), 2027 2.5% (prev. 2.2%), 2028 2.2% (prev. 2.1%). Real GDP: 2026 0.8% (prev. 0.9%), 2027 1.2% (prev. 1.3%), 2028 1.5% (prev. 1.4%).
- **ECB President Lagarde (Q&A) said beginning to see a broadening of inflation; not seeing second round effects at this point, but ECB is attentive.** Adds that ECB includes a level of second round effects; for 2026, 2027 and 2028, wages are seen at +3.2%. Net income of workers will be positive, will lead to assume consumption be driver of growth.
- **ECB President Lagarde (Q&A) said decision was unanimous to raise rates.** Did not discuss alternatives. Today's decision was not an 'insurance' move. Talks were predicated on energy shock. Seeing some signs of Middle East cost increases. Indirect costs from the war are also showing up. ECB has updated scenarios; will publish a 'milder scenario' as well. Today's decision was robust across all three scenarios considered (adverse, severe, milder). If we were not taking this very obvious policy decision, we'd be north of our inflation target at end of projection horizon.
- **ECB President Lagarde (post-meeting statement) reiterates that outlook remains uncertain with upside risks to inflation and downside risks to growth.**
- **CBRT holds key rate at 37.0%, as expected.**
- **Norwegian Regional Network Survey (Q2)** : Output current quarter Q/Q 0.2% (prev. 0.3%), recruitment difficulties have eased somewhat.
- **Swedish Inflation Rate YoY Final (May) Y/Y 0.8% vs. Exp. 0.8% (Prev. -0.1%).**
- **Swedish Inflation Rate MoM Final (May) M/M 1.0% vs. Exp. 1.0% (Prev. -0.6%).**

## GEOPOLITICS

### MIDDLE EAST

- **US President Trump said will be hitting Iran VERY HARD TONIGHT; and the US "will be taking Kharg Island, and other oil infrastructure points, and assume total control of their Oil and Gas Markets" in the not too distant future.** "The United States will be hitting Iran (Whose Navy, Air Force, Radar, Anti Aircraft, and all other forms of Defense, together with most its offensive capability, are GONE!), VERY HARD TONIGHT. At some point in the not too distant future, we will be taking Kharg Island, and other oil infrastructure points, and assume total control of their Oil and Gas Markets, much like we have with Venezuela, which is working out brilliantly for both Venezuela and the United States of America. Thank you for your attention to this matter! President DONALD J. TRUMP".
- **US President Trump on Iran said talking to them and his preference would be to take Kharg Island, Fox News reported; not sure US has the appetite for it.** He is not frustrated over Iran. Knocked out their radar and missiles. US is flying planes over Tehran and they have no idea. Iran is not good at fighting. Negotiating with Iran to make a deal, but they are proud. Like to reach a deal with Iran now. Would rather not hit bridges and power plants. Will remember Kurds 'let us down'. Iran is finished. Iran bombing tonight will be more powerful. Don't want boots on the ground.
- **UAE and Iran reportedly met face-to-face to ease tensions.**
- **US Treasury Secretary Bessent** said any damage to Gulf allies would be paid with Iran funds. The Iranian regime will lose the zero-sum game it is playing. Any damage it inflicts on our allies in the Gulf will be paid for with funds extracted from Iranian Accounts. Any tolls paid to the Persian Gulf Strait Authority will be offset by funds extracted from their accounts. Every attack Iran launches will only deepen the economic and financial consequences it faces.
- **Negotiations regarding the agreement between Iran and US** are ongoing, Al Arabiya reported citing a senior diplomatic source. Pakistan and Qatar have intensified efforts in recent hours to push the agreement forward. reported about the stalling of US/Iran negotiators are untrue.
- **Explosions heard off the coast of Iran's Sirik, cause unknown, Iranian State TV reported.**
- **Iran's Supreme Leader advisor Rezaei** said the US must choose between accepting Iran's terms and losing the last strand of its credibility in the world.
- **Israeli Foreign Ministry** said Hezbollah's drone launch at Israel is a blatant ceasefire violation, Al Hadath reported.
- **Iran** said "applicants who have received a transit permit are asked to be patient and await further guidance from the PGSA", IRIB reported; repeats that the Strait remains closed until further notice.
- **Iran's military** said it will persist in its response to US aggression, IRNA reported.
- **Iranian delegation member Hussein Bak** said "There are some sticking points, especially regarding ending the war in the region, and among them Lebanon and Iran; we will not offer any concessions on this matter.".
- **Iranian source said Iran and the US still in negotiations over a prelim deal, including a mechanism over unfreezing funds, Reuters reported, citing an Iranian source.**
- **Iranian Ambassador to the UN** said Iran has never negotiated under threat or pressure; will never surrender to pressure or coercion.
- **Bahrain Defence Force** said Iran continues its hostile approach through missile and drone attacks, Al Arabiya reported.
- **Iran's Sirik Governor** said the US projectile hit a cargo boat in the Gulf of Oman, Mehr news reported.
- **US-Iran talks still continue despite US-Iran military exchange, CNN reported, citing a source.**

- **Senior Pentagon and US admin officials suggest that a move to capture Kharg Island is an "endgame" option, CNN reported.** Plans have existed for months, but have repeatedly been shelved because it would require "a significant number of ground troops and could potentially result in heavy US causalities".
- **Iranian Supreme Leader advisor Mokhber** said that the war with the US will continue unless the US shows respect for Iranian interests, CNN reported.
- **India's Foreign Ministry said attacks on vessels were undertaken by the US navy; two of the ships were Ofac sanctions, one was non-compliant.**
- **Israeli airstrike targets a facility in Western Bekaa, central Lebanon, Al Hadath reported.**
- **Israeli airstrikes** reported on towns in southern Lebanon, Al Mayadeen reported.
- **Iranian Foreign Ministry** said the US attack has rendered the ceasefire "practically meaningless".
- **An Iranian official** said a harsh and final revenge will be carried out at the appropriate time, according to Fars news.
- **Iranian Commander** said will respond to any threats against the country's security and independence, Al Jazeera reported.
- **Pakistan Foreign Minister said we remain engaged with a degree of optimism, understand how diplomacy has shrunk because of the hostilities but we continue to work with positivity.** Channels of communication remain open. Pakistan and Qatar remain engaged in mediation efforts.
- **UKMTO has received a report of an incident 21NM Northeast of Sohar, Oman.** "Local authorities have reported a tanker has experienced a fire in the engine room. No environmental impact has been reported. Authorities continue to investigate.".

NOTABLE NORTH AMERICAN NEWS

- **World Bank cuts 2026 Global GDP growth forecast to 2.5% (prev. 2.6%), China to 4.2% (prev. 4.4%), US to 2.2% (unchanged).**

NORTH AMERICAN DATA

- **US PPI PCE Components (May 2026): Big jump in Portfolio Management PPI but air passenger transport PPI drops.** Data available on Newsquawk V2: US Macro Data widget. Portfolio Management PPI: 4.84% (prev. -2.31%). Air Passenger Transport PPI: -0.50% (prev. 2.66%). Physician Care: 0.03% (prev. 0.14%). Home Health & Hospice Care: 0.28% (prev. 0.26%). Hospital Outpatient Care: 0.14% (prev. 0.12%). Hospital Inpatient Care: 0.46% (prev. 0.04%). Nursing Home Care: 0.50% (prev. 0.27%).
- **US** PPI (May) 157.659 (Prev. 156.496).
- **US PPI MoM (May) M/M 1.1% vs. Exp. 0.7% (Prev. 1.4%, Low. 0.3%, High. 1.0%).**
- **US Core PPI MoM (May) M/M 0.4% vs. Exp. 0.4% (Prev. 1%).**
- **US PPI YoY (May) Y/Y 6.5% vs. Exp. 6.4% (Prev. 6%, Low. 6.0%, High. 6.6%).**
- **US Core PPI YoY (May) Y/Y 4.9% vs. Exp. 5.3% (Prev. 5.2%, Low. 5%, High. 5.5%).**
- **US PPI Ex Food, Energy and Trade YoY (May) Y/Y 5.1% (Prev. 4.4%).**
- **US PPI Ex Food, Energy and Trade MoM (May) M/M 0.8% (Prev. 0.6%).**
- **US Continuing Jobless Claims (May/30) 1795k vs. Exp. 1780k (Prev. 1777k, Low. 1750k, High. 1800k).**
- **US Initial Jobless Claims (Jun/06) 229k vs. Exp. 219k (Prev. 225k, Low. 210k, High. 234k).**
- **US** Jobless Claims 4-week Average (Jun/06) 219.00K.
- **BofA** Total Card Spending (w/e 6th Jun) +6.1% (prev. +5.2% W/W, +4.8% in Apr); entertainment, clothing, HI, furniture and transit saw the biggest acceleration.