

## European Market Wrap - 12th June 2026

- European bourses were broadly firmer; NQ -0.6% as markets await the Space X IPO
- Iran's Mehr News reported the details of the US-Iran MoU; though, US President Trump calls it has "nothing to do with the terms that were agreed to, in writing".
- DXY firmer, USTs initially in the green but now lower; Brent Aug'26 -1.5%.

### EQUITIES

- **European bourses** (STOXX 600 +1.5%) are set to end the week with decent gains after initially starting under pressure. The reversal at the latter part of the week came over optimism about a US-Iran deal being signed as soon as this weekend, in Europe. However, recent reporting by Iran state media details that the Iranian government is still reviewing the US MoU. To recap the key points, it includes a permanent and immediate cessation of war on all fronts, including Lebanon, a complete lifting of the naval blockade within 30 days, and then 60 days of negotiations to reach a final agreement based on nuclear issues.
- **Sectors** held its positive bias throughout the session. **Travel & Leisure** (+3.7%) topped the sector pile, followed by **Banks** (+3.4%) and **Basic Resources** (+2.8%). **Energy** (-1.8%) was the only sectors in the red.
- **US cash equities** opened mixed, with slight outperformance in the small-cap **RUT** (+0.2%). The highly-anticipated start of SpaceX trade, under the SPCX ticker, is set to be trade-eligible by 10:00EDT/15:00BST.

### FX

- G10s mostly weaker against the Buck, **NOK underperformed, SEK was resilient to USD strength** (NOK/SEK -0.7%).
- **USD** was higher throughout London FX trade despite losses in the crude complex, as firm US data remains in focus with CPI and PPI indicating a hot PCE print. DXY set to complete the week -0.2%, holding onto part of the post-payroll gains made last week. The week was driven by geopolitics with Brent Aug'26 set to complete it -5%. In the session today, **DXY was firm as it rebounded from losses late on Thursday**. Early in the morning, USD was hit as details of the 14-point US-Iran MoU accelerated the risk-on bias. On this reporting, DXY moved towards Thursday's lows of 99.58, but the weakness ultimately proved fleeting with the index attempting to return to the 100 handle; potentially a helping hand from SpaceX IPO foreign demand.
- **EUR** was lackluster, but ultimately weaker against the Buck despite ECB sources suggesting that some policymakers could see a hike as soon as July. EUR/USD U/C @1.1573.
- **GBP digested an as-expected soft GDP print**. However, the data was driven lower by weak R&D and entertainment figures, the latter affected by the cancellation of sporting events (F1 races) in the Middle East, pressure that may ease given recent Gulf developments. For the BoE, the data aligns with the longstanding narrative that UK growth is soft and serves as an argument against near-term tightening, particularly as the UK already finds itself well into restrictive territory. Given the above, caveats, the Pound was unreactive to the data and consolidated after gains on Monday.
- **NOK was the worst G10 performer with NOK/SEK slipping as much as a percent**, and past the par mark. The reversal in the scandi cross came amid the reversal in oil benchmarks given the newsflow from the Middle-East. NOK/SEK set to complete the week -0.8% @0.9910.

### FIXED

- **Global fixed benchmarks** were bullish throughout the European morning, taking leads from positive geopolitical updates. In brief, **President Trump** claimed that the US-Iran deal would be signed, with reporting thereafter claiming it would be agreed on Sunday. **However, this date has been rejected by the Iranians, who have said that the MoU is still under review**. (See geopolitical section for details)
- **USTs** are set to end the European session off by c. 4 ticks and within a 109-15 to 109-29 range. Initially buoyed by the aforementioned geopolitical updates, but then gradually moved into the red as Iran pushed back on the timing of the deal agreement. The US 10y resides just shy of the 4.5% mark, but towards the upper end of the day's range. Should a deal be agreed, the US 10yr could move back towards support at 4.25%. For reference, the 10yr resided below the 4% mark before the Iran conflict began.
- **Gilts** (+46 ticks) and **Bunds** (+22 ticks) both gained throughout the session, but dipped off best levels for the reasons mentioned above. Domestic factors included a weak GDP report, whilst EGBs digested ECB commentary, which by and large followed President Lagarde's post-policy announcement presser.

### COMMODITIES

- **Crude futures** ended the European session with decent gains, albeit off worst levels, on hopes of an US-Iran deal as soon as this weekend. Following the Mehr News reporting of the 14-point MoU draft, headlines have been mixed regarding the contents of the deal. AFP reported that Tehran would not cede control of Hormuz, while IRNA later reported that Iran would not restore the Strait to pre-conflict levels. Furthermore, CNN reported, citing sources, that Israel is pressing to prevent the unfreezing of Iranian assets. To compound this reporting, Iran's Fars News reported that the claim of signing the agreement

on Sunday in Geneva is a complete lie.

- To top it all off, further upside was spurred by a Truth Social post by US President Trump, stating that the terms leaked by Iran (potentially regarding the Mehr News report) was false news. Nevertheless, WTI Jul'26 is set to close at the upper end of its USD 83.20-86.98/bbl band while Brent Aug'26 held below the USD 90/bbl mark (USD 85.80-89.72/bbl).
- **Spot gold** traded rangebound throughout Friday's European trade, flipping either side of the USD 4200/oz (USD 4170-4243/oz). UBS turned slightly negative on the yellow metal, cutting its gold target by USD 300-900/oz, citing stronger US data and delayed Fed easing expectations.
- **3M LME Copper** rotated in a USD 13.6k-13.74k/t band after gapping higher at the start of trade following the constructive risk tone overnight, which held throughout Europe's session.
- **Norsk Hydro (NHY NO)** reportedly to have declared a second force majeure on aluminium sales from Qatar after its Qatalum JV unexpectedly terminated a marketing agreement, sources suggest.
- **UBS** cuts gold target by USD 300-900/oz, citing stronger US data and delayed Fed easing expectations. Sees near-term pressure pushing gold toward USD 3,850-4,000/oz as higher yields and a stronger dollar weigh on prices. However, UBS remains bullish over 12 months, citing future rate cuts, dollar weakness, and continued central bank gold buying.
- **German Economy Ministry** said there is currently no need to release additional strategic crude reserves.
- **Qatar reportedly pushed for secret talks with Iran to protect its gas complex from strikes, Washington Post reported citing sources.** A security official stated that Qatar proposed halting production at its Ras Laffan gas complex, in exchange for not being hit by Iran.
- **JPMorgan still** expects aluminium to reach USD 4k/t, now forecasting an average price of USD 3750/t in H2'26.

## EUROPEAN DATA

- **Spanish HICP Final Y/Y 3.6% vs. Exp. 3.60% (Prev. 3.50%).**
- **Spanish HICP Final M/M 0.1% vs. Exp. 0.10% (Prev. 0.70%).**
- **Spanish Core Inflation Rate YoY Final (May) Y/Y 2.9% vs. Exp. 2.9% (Prev. 2.8%).**
- **Spanish Inflation Rate MoM Final (May) M/M 0.1% vs. Exp. 0.1% (Prev. 0.4%).**
- **Spanish Inflation Rate YoY Final (May) Y/Y 3.2% vs. Exp. 3.2% (Prev. 3.2%).**
- **French Inflation Rate MoM Final (May) M/M 0.1% vs. Exp. 0.1% (Prev. 1%).**
- **French HICP Final Y/Y 2.8% vs. Exp. 2.80% (Prev. 2.50%).**
- **French Inflation Rate YoY Final (May) Y/Y 2.4% vs. Exp. 2.4% (Prev. 2.2%).**
- **UK Industrial Production MoM (Apr) M/M 0.0% vs. Exp. 0.1% (Prev. -0.2%, Low. -0.2%, High. 0.5%).**
- **UK GDP YoY (Apr) Y/Y 1.2% (Prev. 1.2%).**
- **UK GDP MoM (Apr) M/M -0.1% vs. Exp. -0.1% (Prev. 0.3%, Low. -0.3%, High. 0.3%).**
- **UK Balance of Trade (Apr) -8.435B (Prev. -9.658B).**
- **UK Goods Trade Balance Non-EU (Apr) -13.05B (Prev. -15.195B).**
- **UK Goods Trade Balance (Apr) -26.05B vs. Exp. -22.85B (Prev. -27.22B, Low. -26.8B, High. -21.3B).**
- **UK Manufacturing Production YoY (Apr) Y/Y 1.0% vs. Exp. 0.4% (Prev. 1.2%, Low. -0.2%, High. 0.8%).**
- **UK GDP 3-Month Avg (Apr) 0.7% vs. Exp. 0.0% (Prev. 0.6%).**
- **UK Industrial Production YoY (Apr) Y/Y -0.2% vs. Exp. -0.2% (Prev. 0%, Low. -0.4%, High. 0.3%).**
- **UK Manufacturing Production MoM (Apr) M/M 0.4% (Prev. 1.2%, Low. -0.8%, High. 0.2%).**
- **UK Construction Output YoY (Apr) Y/Y -1.0% (Prev. -0.3%).**
- **German HICP Final M/M -0.1% vs. Exp. -0.10% (Prev. 0.50%).**
- **German HICP Final Y/Y 2.7% vs. Exp. 2.70% (Prev. 2.90%).**
- **German Inflation Rate MoM Final (May) M/M -0.2% vs. Exp. -0.2% (Prev. 0.6%).**
- **German Inflation Rate YoY Final (May) Y/Y 2.6% vs. Exp. 2.6% (High. 2.6%).**

## NOTABLE HEADLINES

- **Nomura analysts say the BoE could raise rates by 25bps in July to head off second-round inflation; as inflation risks ease they expect the BoE likely to resume rate cuts in 2027.**
- **UK PM spokesperson said UK is committed to delivering defense plan by July 7th.**

## TRADE/TARIFFS

- **US Senate Banking Committee is weighing a markup of export control legislation, Punchbowl reported, citing sources; could tee up the bills for inclusion in the next annual defense policy package, no final decision has been made yet.**

## CENTRAL BANKS

- **Bundesbank sees German GDP growth at 0.5% in 2026, 0.8% in 2027; German inflation seen at 2.9% in 2026, 2.7% in 2027.**
- **ECB's Rehn said the rate hike will help prevent inflation spillovers.**
- **ECB's Makhlouf we need to get ahead of inflation and are seeing more broad-based inflation impact, would be a mistake for us to do nothing.**
- **ECB's Kocher said the war's impact on price trends are increasingly clear; does not expect inflation to match 2022 or 2023 levels; will act decisively to ensure 2% mid-term target. Want to avoid unnecessary rate hikes.**
- **ECB's Nagel said all policy options remain on the table for July, adding that the ECB is prepared to respond if required.**
- **Rabobank has pushed back its call for a 25bps BoE hike to July from June, given recent inflation and labour data.**
- **BoE Agents' summary of business conditions: Client confidence has fallen since the ME crisis began, but the impact on current activity is modest so far,. Only a few signs that the Middle East conflict has caused a weakening in output growth.**

- **Bank of England/Ipsos Inflation Attitudes Survey - May 2026:** Asked to give the current rate of inflation, respondents gave a median answer of 5%, up from 4.6% in February 2026. Median expectations of the rate of inflation over the coming year were 4%, up from 3.2% in February 2026. Asked about expected inflation in the twelve months after that, respondents gave a median answer of 3.5%, up from 3.2% in February 2026. Asked about expectations of inflation in the longer term, say in five years' time, respondents gave a median answer of 3.9%, up from 3.7% in February 2026.
- **Bank of Indonesia Senior Deputy Governor** said the IDR's appreciation reflected market's positive response to the central bank's policy mix. Believes that the exchange rate will continue to strengthen towards fundamental levels.

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Massive drone attack** was carried out on the Zakama region of Tatarstan in Russia.

### MIDDLE EAST

- **US President Trump posts "The terms that Iran leaked out to the Fake News have NOTHING to do with the terms that were agreed to, in writing."**
- **Fox reporter Hasnie, citing a White House official, provides 5 details on the Iran deal:** 1. Nuclear material will be destroyed and removed. 2. Nuclear program will be dismantled. 3. None of their money released until they perform. 4. Strait of Hormuz will be open. 5. No Iran funding of terrorist groups. Official adds: "This is what they agreed to. This is a performance based deal."
- **Qatar sought a secret deal with Iran at start of war where Iran would not attack Ras Laffan while Doha would stop gas production to boost prices and increase pressure on US and Israel to end the war, via Washington Post.**
- **Informed source: The claim of signing the agreement on Sunday in Geneva is a complete lie, Fars reported.** "The claims made by Trump and some foreign media outlets that "the agreement has been finalized and is scheduled to be signed in Geneva on Sunday" are absolutely untrue". "Basically, the review and decision-making process in Iran has not yet been finalized, and therefore both the announcement of Sunday and the location of Geneva are completely denied".
- **The possible understanding between Iran and US is in the internal conclusion stage, a final decision has not yet been made; the relevant authorities of the regime must reach a conclusion on the details of the text and any possible understanding; IRIB.** Foreign Ministry Spokesman said. Official notification of any agreement is subject to reaching a final result and will be made immediately after that. The decision-making process in the Islamic Republic of Iran is completely clear and the relevant authorities of the regime must reach a conclusion on the details of the text and any possible understanding. Details related to the manner of signing the understanding will be discussed in the next stages, and what has been raised in this regard so far has been mainly within the framework of media speculation.
- **Israel pressing to prevent unfreezing of Iranian assets as part of ceasefire agreement, CNN reported citing sources.** "Israel is pressing the US to prevent the unfreezing of Iranian assets as part of a ceasefire agreement, according to an Israeli source familiar with the discussions.". "Israel has long been skeptical of Iran's intention in negotiations, believing it wasn't negotiating in good faith. Israel believes that even if a memorandum of understanding is signed between the US and Iran, it will not lead to a final deal, the Israeli source told CNN."
- **The news of the transfer of USD 3bln from the UAE to Iran is false, reported Mehr News.** The news published that USD 3bln in money was transferred from the UAE to Iran by Emirates Airlines is false and no frozen Iranian financial resources have been released so far.
- **Israel PM Netanyahu** said "As long as I am the Prime Minister of Israel, Iran will not have nuclear weapons.". Full Post: "Prime Minister Benjamin Netanyahu: "As long as I am the Prime Minister of Israel, Iran will not have nuclear weapons. President Trump and I are in complete agreement on this issue. For over 30 years, I have been at the forefront of the international struggle against Iran's nuclear program. If it weren't for this struggle, Iran would have had atomic bombs to destroy Israel long ago. Iran is working to destroy the Jewish state, and I am dedicating my life to preventing them from doing so. As long as I am the Prime Minister of Israel, that will not happen.""
- **IRNA** said the future administration of the Strait of Hormuz will be resolved as a regional matter via joint decision making between Iran and Oman.
- **IRNA outlines that Iran will not restore the Strait of Hormuz to pre-conflict levels, reported suggest; framework text is said to be close to being finalised.**
- **Iran state media said Tehran would not cede control of Hormuz under draft US deal, AFP reported.**
- **Final US-Iran talks will not include the Iranian ballistic missile programme, Ilna reported.**
- **i24** reported that "From the details of the agreement announced so far, it is quite clear that Iran will receive guarantees from the Americans that Israel will not carry out any activities on Iranian soil until the end of the Trump era."
- **US and Iran deal signing could occur around the June G7 meeting (June 15th - 17th), Bloomberg reported; likely to take the form of a MOU, rather than a final deal, sources note; adds, Iran is yet to confirm its readiness.**
- **Pakistan's legal team will attend the US-Iran MOU signing in Europe, Al Arabiya reported.**
- **Qatar reportedly pushed for secret talks with Iran to protect its gas complex from strikes, Washington Post reported citing sources.** A security official stated that Qatar proposed halting production at its Ras Laffan gas complex, in exchange for not being hit by Iran.
- **Regional mediators** are concerned that Israel is seeking to resume the war against Hamas, convinced that the group will not willingly agree to give up its weapons, The Times of Israel reporting citing a diplomat.
- **US-Iran 14 point MoU includes a US commitment to lift sanctions, withdraw its forces from around Iran, lift the naval blockade, reopen the Strait of Hormuz, lift oil sanctions, and release frozen Iranian funds, Mehr reported; text still needs reviewing.**
- **Iranian official** said the US-Iran agreement will have direct repercussions for Lebanon, Al Mayadeen reported.

- **Israeli Army Chief of Staff told ministers that he** is capable of acting independently against Iran if necessary, according to Israeli press; also reported that Israeli PM Netanyahu said that we are not subordinate to the US in a cabinet meeting.
- **US-Iran MoU likely to be signed next week, sources tell CBS; Iran would halt uranium enrichment for 15-20 years under the proposal, First steps include ensuring "freedom of trade" by demining and opening the Strait of Hormuz.** MoU signing would kick off 60 days of talks to negotiate details of a U.S.-Iran agreement. That time period could be extended as needed, according to multiple sources. In principle, Iran would commit to a lockout of 15-20 years during which it would not enrich uranium and would dismantle its nuclear sites. In exchange for taking these steps, Iran would receive financial relief staggered over time and sequenced to correspond with compliance.
- **Journalist Mallick** said "Islamabad Declaration between US and Iran seems to be just a signature away now!".
- **"Ahmad Moradi, Member of the Parliament's Energy Commission: The enemy has started a dangerous game and the region's energy infrastructure will not be secure", Iran International reported.**
- **"Informed sources told Al-Akhbar newspaper that Iran has received a final response from the US, which includes Lebanon within the framework of the agreement", ILNA reported.** "It was also said that US President Donald Trump has spoken three times with Israeli Prime Minister Benjamin Netanyahu about the Lebanon case; in particular, approving the end of the war does not simply mean a ceasefire, but also includes a complete cessation of all military operations, a timetable for the occupation regime's rapid withdrawal from Lebanon, a guarantee of a halt to all acts of destruction and excavation, and the release of Lebanese prisoners".
- **Iranian Foreign Ministry spokesman Baghaei** said Iran has not yet reached a final conclusion on US deal.
- **Sources familiar with the talks say the signing** is getting close, talks on phase one are over; they also caveat that phase two, to be completed within 60 days will be more technical and tougher, reported CNN.
- **The current text of the memorandum of understanding with Washington does not include the phrase "extension of the ceasefire," but rather a complete end to the war on all fronts, reported Iranian News Agency.**

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