

### Risk-on as markets await US-Iran deal signing; SpaceX rises 19% on trading debut

- **SNAPSHOT:** Equities up, Treasuries down, Crude down, Dollar mixed, Gold down.
- **REAR VIEW:** US/Iran closer than ever to peace deal; US expects to get enriched material under Iran deal; Trump said deal terms reported via "fake news" is false; Iranian FM noted MoU has never been closer; Pakistan PM confirmed a final agreed-upon text of a peace deal has been reached; UAE reportedly to unlock billions of dollars for Iran; UoM tops expectations; SpaceX closes 19% higher on IPO.
- **COMING UP:** **Data:** German Wholesale Prices (May), EU Industrial Production (Apr), US Industrial/Manufacturing Production (May). **Speakers:** ECB's Lagarde.
- **WEEK AHEAD:** Highlights include Fed, BoJ, RBA, BoE, SNB, US Retail Sales, Japan CPI, UK Inflation and UK Jobs. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** PGR, ACN, KR the highlights in an otherwise thin docket. [Click here for the full report.](#)

### MARKET WRAP

US indices closed the final trading session of the week amid global risk-on trade as Iran and the US appear closer than ever to a peace deal, although some points still need clarification before the two countries sign on the dotted line. Highlighting how close they may be, mediator Pakistan PM Sharif said he can confirm that a final, agreed-upon text of the peace deal has been reached and Pakistan is now working closely with both sides to finalise the next steps, with source reports adding both the US and Iran have informed mediators of their readiness to sign. Sectors were largely in the green with only Consumer Discretionary and Health marginally in the red as a lot of focus surrounded the SpaceX IPO, who closed at USD 161/shr, against the IPO price of USD 135/shr.

The Dollar saw slight gains vs. G10 FX peers, albeit within contained ranges, as participants await a slew of central banks next week, including the BoE, Fed, BoJ, and SNB.

Treasuries were marginally lower across the curve, despite weakness in crude prices, as markets continued to digest developments surrounding a potential US-Iran agreement. On oil, benchmarks were lower by c. USD 3.50/bbl as participants await any weekend updates re. the peace deal.

Precious metals were divergent, as spot gold was lower and spot silver eked out slight gains.

Whilst it took a back seat, the US preliminary University of Michigan for June was strong, as all major metrics topped expectations, with inflation expectations for both the short term and longer-term horizon fell.

### US

**MICHIGAN:** Prelim University of Michigan for June impressed, as as inflation expectations fell much more than anticipated, and the headline metrics beat. Sentiment rose to 48.9 from 44.8, above the expected 46.0 and outside the top end of the forecast range, as did both conditions and expectations. Conditions rose to 48.4 (exp. 46.2, prev. 45.8) and expectations encouragingly lifted to 49.3 (exp. 44.3, prev. 44.1). 1yr ahead inflation expectations fell to 4.6% (exp. 4.9%, prev. 4.8%), and the longer-term 5yr tumbled to 3.4% (exp. 3.8%, prev. 3.9%). Surveys of Consumers Director Joanne Hsu writes that lower-income consumers exhibited a particularly strong sentiment increase, consistent with the fact that gasoline comprises a larger share of their budgets; however, views of the economy are still relatively dour.

### FIXED INCOME

#### TREASURY WRAP: T-NOTE FUTURES (U6) SETTLED 5 TICKS LOWER AT 109-16+

T-noted bid despite oil slump as eyes turn to FOMC next week.

**THE DAY:** Treasuries were marginally lower across the curve on Friday, with yields edging higher despite weakness in crude prices as markets continued to digest developments surrounding a potential US-Iran agreement.

It appears a deal is at least in its final stages and could be signed in the coming days. Pakistan's Prime Minister stated that an agreement has been reached between the US and Iran and that both sides are now working to finalise the next steps. Energy markets remained choppy throughout the session, however, as US and Iranian media circulated differing accounts of the proposed deal. A reported 14-point Iranian proposal was pushed back on by US officials, while US media separately reported a five-point framework. Despite the conflicting reports, both President Trump and Iran's Foreign Minister urged participants to ignore speculation and await official announcements, potentially suggesting negotiations remain constructive.

Elsewhere, the University of Michigan consumer sentiment survey was the key economic release. The preliminary June headline rose above expectations, supported by improvements in both current conditions and consumer expectations. Inflation expectations also eased, with the 1-year measure falling to 4.6% from 4.8% and the 5-year measure declining to 3.4% from 3.9%. The data generated little market reaction, although a successful US-Iran agreement and further declines in energy prices could support

additional improvements in sentiment and inflation expectations in the months ahead.

Attention now turns to next week's FOMC decision. Rates are widely expected to remain unchanged, but focus will centre on whether the Committee removes its easing bias from the statement. Markets will also closely watch Chair Warsh's press conference for further insight into his views and how policymakers are balancing resilient labour market conditions against inflation that remains above target.

## SUPPLY

### Notes

- US Treasury to sell USD 13bln of 20-year bonds on June 16th, to settle June 22nd; to sell USD 24bln of 5-year TIPS on June 18th, to settle June 30th

### Bills

- US to sell USD 89bln of 13-week bills, and USD 77bln of 26-week bills on June 15th, to settle on June 18th
- US to sell USD 65bln of 6-week bills on June 16th, to settle on June 18th

## STIRS/OPERATIONS

- **Fed Pricing: 24bps (prev. Dec 18.5bps)**
- EFR at 3.62% (prev. 3.62%), volumes at USD 106bln (prev. USD 106bln) on June 11th
- SOFR at 3.60% (prev. 3.59%), volumes at USD 3.061tn (prev. USD 3.023tn) on June 11th
- NY Fed RRP op demand at USD 0.454bln (prev. 0.460) across 6 counterparties (prev. 3)

## CRUDE

**CRUDE WRAP: WTI (M6) SETTLED USD 2.83 LOWER AT 84.88/BBL; BRENT (Q6) SETTLED USD 3.05 LOWER AT 87.33/BBL**

The crude complex was lower on Friday, as the US and Iran appear closer than ever before to reaching a peace deal. Highlighting this, both sides, the US and Iran, as well as Pakistan, have made remarks regarding the close proximity of an agreement, with sources even noting Pakistan's Foreign Minister will leave tonight for Geneva, a destination touted for the signing, albeit with nowhere confirmed yet. Further, Pakistan PM Sharif remarked he can confirm that a final, agreed-upon text of the peace deal has been reached and Pakistan is now working closely with both sides to finalise the next steps. Despite the very positive developments and being in the final stages, some details still need to be ironed out, as both sides came out today following the initial 14-point MoU, which was leaked. Trump said the terms that Iran leaked out to the fake news have nothing to do with the terms that were agreed to, in writing, while the Iranian Foreign Minister added the Islamabad MoU has never been closer and pending its finalisation, the media should refrain from entering speculation about its content, details to be shared in due course. In more recent trade, US senior administration official added Iran deal accomplishes core US objectives, reopens the Strait of Hormuz, guarantees long-term peace in the region, includes an inspection regime, and allows the US to get enriched material under the Iran deal. As such, into the weekend, participants await any further details or signing of the Islamabad MoU.

In addition, Reuters source reports noted the UAE is to unlock billions of dollars for Iran, with the sources adding at least USD 10bln to be unlocked under the deal, with the first USD 3bln tranche already sent.

For the record, the weekly Baker Hughes rig count saw oil rise 2 to 433, nat gas fall 3 to 121, leaving the total down 1 at 562.

## EQUITIES

**CLOSES:** SPX +0.50% at 7,431, NDX +0.64% at 29,636, DJI +0.69% at 51,207, RUT +0.79% at 2,944

**SECTORS:** Health -0.16%, Consumer Discretionary +0.01%, Communication Services +0.33%, Technology +0.37%, Industrials +0.58%, Consumer Staples +0.69%, Energy +0.72%, Real Estate +0.95%, Utilities +1.12%, Financials +1.35%, Materials +1.83%.

**EUROPEAN CLOSES:** Euro Stoxx 50 +2.05% at 6,181, Dax 40 +1.66% at 24,613, FTSE 100 +1.63% at 10,472, CAC 40 +1.83% at 8,351, FTSE MIB +1.97% at 51,497, IBEX 35 +2.59% at 18,764, PSI +0.76% at 9,094, SMI +1.32% at 13,708, AEX +1.70% at 1,081

### STOCK SPECIFICS:

- **Index Changes:** Astera Labs (ALAB), CoreWeave (CRWV), Nebius Group (NBIS), Rocket Lab (RKL) and Teradyne (TER) will be added; Charter Communications (CHTR), Cognizant Technology (CTSH), Insmid (INSM), Verisk (VRSK) and Zscaler (ZS) will be removed.
- **Adobe (ADBE):** Reported a USD 500mln organic guide-down to H2 ARR; CFO leaving for MRVL, reinforcing software-sector AI disruption concerns; overshadows record results, AI-driven demand & raised outlook
- **Lennar (LEN):** Rev. missed.
- **Nvidia (NVDA):** Informed Chinese clients "Vera" CPU could be available in August w/ orders being accepted
- **AMD (AMD):** Citi upgraded AMD to 'Buy' from 'Neutral'.
- **Travelers (TRV):** Downgraded at Barclays to 'Underweight' from 'Equal Weight'.
- **Exxon (XOM)** reportedly studying takeover targets including Woodside Energy (WDS).
- **Meta (META)** plans to restrict employee token usage, The Information reports.
- **Roku (ROKU)** said to be in sale talks, Bloomberg reports.

## FX

The dollar was little changed on Friday, finishing the week ~0.3% lower on US-Iran talks reaching final stages. Today, updates continued to swing positive when looking at officials instead of the Iranian media. Iran's FM appears to be on the same page as Trump regarding talks: "The MoU has never been closer and is pending its finalisation". US yields moved higher despite oil prices settling lower, likely adding a floor for the USD in the risk-on environment. Currently, Trump has signalled a deal could be signed this weekend; however, the Iranians have declined to comment on the when and where of such an event. Separately, UoM was positive, all three indices beat, accompanied by declines in the inflation expectations as gasoline prices eased. The Space X IPO sparked little volatility within the markets, with the VIX currently lower on the session and US equities holding onto gains. Over the weekend, eyes are on the Middle East and whether a deal gets signed. Into next week, focus will split on the Fed, where the central bank is expected to hold rates. As it stands, new Fed Chair Warsh is anticipated to lean dovish; however, a hawkish press commentary would be seen as a surprise to markets, likely strengthening the USD. DXY now trades around 99.75 from the weekly open of 100.145

G10 FX price action was fairly contained. AUD, GBP, EUR, NZD, and CAD were flat, while the havens, CHF, and JPY saw modest losses as participants favoured higher-beta assets. Volatility is expected to pick up next week, given that the Fed, BoJ, RBA, BoE, and SNB all have rate announcements. [Click here for the Newsquawk Week Ahead preview.](#)

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