

European Market Wrap - 15th June 2026

- The US and Iran have reached a framework peace agreement; the US will lift its naval blockade, whilst the Iranians will reopen the Strait of Hormuz; Brent Aug'26 -5.0%.
- European and US equity futures cheer positive geopolitical newsflow; NQ +2.5%.
- US President Trump posted that "Ships are starting to move, many loaded up with Oil, out of the Strait of Hormuz".

EQUITIES

- **European bourses** (STOXX 600 +0.5%) ended the first trading session of the week with a positive bias, albeit indices with a heavy weighting to energy names (FTSE 100 -0.2%, AEX -0.4%) lagged behind their peers. The overall constructive risk tone came following geopolitical updates over the weekend, in which the US and Iran reached a peace agreement. The US will lift its naval blockade, whilst the Iranians will reopen the Strait of Hormuz.
- **Sectors** finished mostly in the green. **Autos** (+3.8%), **Construction** (+2.9%) and **Travel & Leisure** (+2.1%) held the top spots while **Energy** (-3.7%) and **Telecoms** (-1.8%) were the clear underperformers, with **Utilities** (-0.9%) rounding out the worst 3 performers.
- The majority of single-stock stories came pre-market: **Kesko** (-8.1%), bought Saint-Gobain's Dahl business for EUR 1.5bn; **OHB** (-3.8%), offered EUR 500mIn of shares with KKR also planning to sell shares; **Vistry** (-5.1%), reportedly offered voluntary redundancies to preserve cash; **Ferrari** (+4.2%), upgraded to overweight at Morgan Stanley; **SoftwareOne** (+4.6%), upgraded to outperform at BNP Paribas.
- **US cash equities** opened entirely in the green. **SpaceX** (+5.4%) continues Friday's surge, valuing the Co. over USD 2tn. **Fox** (-15.3%) slips after it agreed to acquire Roku (-2%) for USD 160/shr.

FX

- **G10s** (bar NOK) were firmer against the Buck in London FX trade as energy returned to March levels on the US and Iran's interim agreement. CHF, SEK and EUR outperformed while energy exporters CAD and NOK were the laggards.
- **DXY** -0.3% was steady throughout London trade after slipping overnight in tandem with energy benchmarks. Fed pricing through year end shifted around 6bps lower (now pricing 16bps of tightening by year-end). US domestic newsflow light, with Industrial Production for May falling a touch beneath expected; aside from this, focus on Warsh's first FOMC meeting as Chair on Wednesday. DXY losses capped just below the 21DMA of 99.41.
- **EUR** was firmer throughout the session and one of the best G10 performers. Several Governing Council speakers on the wires this morning, most of them conveying a hawkish message, though nothing that deviates from market pricing significantly, with 5bps priced by July, 21bps by September. EUR/USD supported by 1.16 after jumping above in APAC hours.
- **GBP** was firmer against the Buck throughout the session, but one of the underperformers vs. EUR and Antipodeans with three key risk events scheduled this week. Firstly, CPI is due on Wednesday ahead of Thursday's BoE confab, then the Makerfield by-election on Thursday evening with a vote count expected that night. Burnham, the Labour candidate for Makerfield, was busy on the wires over the weekend. He said he would not touch the state pension triple lock and there were also further reports suggesting Home Secretary Mahmood was an option for Chancellor. Elsewhere, BoE pricing has moved sharply compared to that of peers, with about 15bps of tightening trimmed by year-end - another factor which may have weighed on the Pound with EUR rates more sticky. EUR/GBP +0.2%, GBP/USD +0.2%.
- **CHF** was one of the best G10 performers after the nation voted to reject a proposal to cap its population at 10mIn, avoiding issues with the EU. A strategist at JPMorgan said the move could have "weighed on medium-term growth and strained ties with the EU, potentially ending freedom of movement and triggering 'guillotine clauses' that can terminate other bilateral agreements ". Given the positive newsflow in the Gulf, alongside the Swiss vote, USD/CHF -0.6%.
- **NOK** was the worst G10 performer with the popular oil shock trade NOK/SEK continuing to unwind from the par mark. The pair set to finish London trade -1% at 0.9846.

FIXED

- **Global fixed benchmarks** opened in the green this morning, with the complex boosted after the US and Iran agreed to a framework peace deal. It is set to be signed this Friday. (Please see the geopolis section for details). As the session progressed, fixed paper generally edged off best levels but remained firmly in the green.
- **USTs** (+8 ticks) are set to end the EU session in the green, but off the extremes seen overnight. Currently holding towards the lower end of a 109-21+ to 111-00 range. The action today was facilitated by lower energy prices, on the prospect of a resumption of oil transits through the Strait of Hormuz. However, ING opined that stockpile rebuilding times will keep energy prices propped up for the time being. From a yield perspective, there is a clear **bull steepening**, with hawkish Fed rate bets scaling back from last week. As it stands, markets assign a 64% chance of a hike by Dec'26 vs fully priced in last week.
- **Bunds** (+45 ticks) and **Gilts** (+30 ticks) also displayed the bullish bias, taking lead from lower energy prices. Similar to the above, markets have scaled back the hawkish extremes seen in the past weeks; the BoE is now expected to deliver a 25bps hike in Dec'26 vs Sept'26 last week. Domestic newsflow for the respective regions was lacking today, but attention for the UK will shift to the BoE on Thursday (expected to stand pat), and then the Makerfield by-election on Friday.

- **Nvidia (NVDA) files to sell debt; seven-parter (USD: 2-, 3-, 5-, 7-, 10-, 20- and 30-year).**

COMMODITIES

- **Crude futures** ended European trade with losses in excess of 5%, as the news of Iran reopening the Strait of Hormuz, in conjunction with the US removing the blockade, raised hopes of the resumption of traffic through the key chokehold. A commodities strategist at CBA said that oil flows through Hormuz only needs to reach 60-70% of pre-war levels to return the oil markets to pre-war oversupply expectations. US President Trump also posted on Truth Social, stating that ships are starting to move out of the Strait of Hormuz. Markets will be on tilt to see if the halt to strikes can hold until Friday's official signing of the MoU. **WTI** Jul'26 oscillated in a USD 79.70-82.42/bbl range while **Brent** Aug'26 rotated in a USD 82.52-85.83/bbl band.
- **Spot gold** seemed to be one of the biggest beneficiary from the weekend's geopolitical updates. The precious metal gapped higher and continued to trend higher throughout the session, regaining the USD 4300/oz handle and to end at the upper end of its USD 4281-4365/oz range. Analysts see gold as one of the biggest winners if the preliminary peace deal between the US and Iran holds, as it has retraced the smallest share of its losses.
- **3M LME Copper** gapped higher at the start of Asia-Pac trade but since traded sideways throughout the European session. The red metal dipped to a trough of USD 13.71k/t before rebounding and ended above the USD 13.8k/t level.
- **ADNOC has reportedly issued a tender to sell crude oil from the UAE, Reuters reported.**

EUROPEAN DATA

- **German Wholesale Prices MoM (May) M/M -0.6% vs. Exp. 0.8% (Prev. 2%).**
- **German Wholesale Prices YoY (May) Y/Y 5.9% (Prev. 6.3%).**
- **EU Balance of Trade (Apr) -1.0B vs. Exp. 12.5B (Prev. 7.8B).**
- **EU Industrial Production MoM (Apr) M/M 0.1% vs. Exp. 0.3% (Prev. 0.2%).**
- **EU Industrial Production YoY (Apr) Y/Y 0.3% (Prev. -2.1%).**

NOTABLE HEADLINES

- **France** is in negotiations with the UAE to collaborate on the development of the 'F5' upgrade for the Dassault Aviation-made Rafale fighter jet, according to FT, citing the French Defence Minister.
- **German Government to modify** plans for added dynamic drug discount to make it a fixed discount.
- **UK PM Starmer confirms that the Government** is to ban social media for all under 16s.

TRADE/TARIFFS

- **China's Vice Premier He Lifeng met with US Congressman Correa in Beijing; said China willing to work with US to fully implement leaders' consensus.**
- **French President Macron** when asked if France will yield to Trump threat on wine tariffs, said No; Will have respectful discussion with Trump regarding this tariff issue.
- **Indian Trade Official** said USTR Greer to visit India on June 23-24th; will focus on final revisions to interim agreement.
- **US President Trump threatens 100% tariffs on French wine over digital tax and demands France axes 3% tech levy or face a trade war, according to NYP.**

CENTRAL BANKS

- **ECB expands probe on private credit to more banks as fears mount, according to Bloomberg.** ECB has doubled the number of banks covered by a probe into links with private credit, as the sector faces a slump in investor confidence. This year, the ECB is asking more than 20 banks for more details on their exposures, up from a dozen in previous exercises, people familiar with the matter said. Those with meaningful ties to private credit will have to report details on an annual basis, the sources said.
- **ECB's Pereira said it does not make sense to speculate on future ECB rates, second-round effects have not materialised so far.**
- **ECB's Kazimir said it is increasingly evident that monetary policy has more work to do, not comfortable with outlook for core inflation above 2% even with more tightening.** Even with the US-Iran peace framework, damage in the Middle East cannot be undone overnight. Leaning towards frontloading work that needs to be done, but need to be agile and responsive to incoming information.
- **ECB's Lagarde: "Money in transition: digitalisation and innovation in payments".**
- **ECB's Nagel said ECB keeping all options open for July meeting, ECB no longer dealing with short-term supply shock; can't exclude second-round effects from energy.** ECB policy settings are still broadly neutral. No relief in sight for the foreseeable future.
- **ECB's Kazaks said ECB can move gradually, ready to act if needed; still see upside risks to inflation.**
- **NBP's Kotecki said the MPC is less inclined to hike rates than a month ago, it is too early to signal a rate cut and rates are likely to remain on hold for the rest of 2026 and perhaps until March 2027.**

GEOPOLITICS

RUSSIA-UKRAINE

- **EU imposes new sanctions on Russia; targets 7 individuals, 21 entities.**
- **Ukraine military** said that Russia launched 70 missiles and 611 drones at Ukraine overnight.

MIDDLE EAST

- **US President Trump posted "Ships are starting to move, many loaded up with Oil, out of the Strait of Hormuz. They are going along the Southern "Highway," which is totally safe, secure, and pristine. There are other areas of travel, also!!! President DJT".**
- **An informed Iranian source said "the nuclear issue, including enrichment and stockpiled nuclear materials, will be discussed during the 60-day negotiations, which can be extended", Iran International reported.**
- **US forces must leave vicinity of Iran 30 days after final deal, according to reported.**
- **Hezbollah welcomes the US-Iran MoU, the inclusion of Lebanon reflects Iran's commitment to securing a halt to war and preserving Lebanon's rights.**
- **US VP Vance said that the Iran agreement will have a two-step verification process; Iran deal will immediately reopen the Strait of Hormuz and provides long term commitment that Iran will not build a nuclear weapon.** Already seeing more traffic flow through the Hormuz. Lots of details still need sorting out. Expects the Strait to be open and toll-free long term. Will see where Iran is willing to make concessions. Hopes to release text this week.
- **Iran's Foreign Ministry Spokesperson Baghaei said will take measures to ensure safe passage through Strait of Hormuz in coordination with Oman and other countries, will be for a specific time and corresponding to the US own commitments.** US is obliged to deliver commitments under the agreement, failure to do so will lead to reciprocal measures from Tehran.
- **Iran's Foreign Ministry Spokesperson Baghaei said respecting sovereignty and territorial integrity of Lebanon is part of interim agreement with US; Iranian Foreign Ministry Spokesperson.** We will announce details of the signing of the agreement of principles with Washington soon. In the future, we will definitely monitor developments carefully and, wherever necessary, we will use all our tools to ensure that the other parties fulfill their obligations. Regional visits are on the agenda before the signing of the agreement with the US in Switzerland. Releasing Iran's frozen assets and compensating for war damages are two important economic priorities in this understanding, and the US is committed to implementing them.
- **A source tells Fars that there is no clause in the current understanding regarding Iran's missile and drone programmes, and this issue is not scheduled to be raised at later stages of the negotiations.**
- **Radio recording suggests US still enforcing Iran maritime blockade, Xinhua reported, citing maritime radio.**
- **"Pakistan's Army Chief Field Marshal Munir undertook two visits to Tehran, Minister Naqvi also went to Iran for the agreement to come through. Now it's working on the implementation phase", Journalist Malik reported.**
- **UKMTO receives report of an incident 14 nautical miles south of Yemen coast.**
- **A source tells Fars that the text of the MOU underwent changes that have definitely and explicitly emphasized the issue of exercising Iranian-Oman sovereignty over the Strait of Hormuz.** "In the previous version, terms were included to guarantee these exercises of Iranian sovereignty and arrangements. But now it is written that "the future of the administration of maritime services in the Strait of Hormuz" will be "determined" by Iran and Oman. The clarification of the use of the term "maritime services" means that the United States will establish the collection of fees for Iran.". "This principle is repeated elsewhere in the text; in such a way that Iran will "only" accept ships for 60 days of free passage. That is, the United States has accepted the principle of receiving fees and has only taken a 60-day discount from Iran. But after these 60 days, the Islamic Republic of Iran intends to benefit from the financial revenues generated by the traffic of commercial ships in this strait for the economic development of the country by providing safety, navigation, environmental and insurance services.".
- **Israel's Finance Minister said that "the agreement is bad for the entire world. We will have to continue the campaign in creative ways".**
- **"An Israeli source tells me that Israel should not withdraw within the framework of the understandings with Iran. What is not clear is whether Israel will also be able to act against Hezbollah's strengthening", i24 reporter suggests.**
- **US and Iran to hold preparatory talks in Doha before deal signing, AFP reported, citing a diplomat.**
- **Israeli Defence Minister Katz said "we oppose the withdrawal of the IDF from Lebanon... have made it clear to US President Trump".** If Iran attacks Israel because of events in Lebanon, "we will strike it with full force and make sure it clearly understands the gap in capabilities.".
- **Israeli artillery shelling on outskirts of southern Lebanon, Al Jazeera reported.**
- **Israeli National Security Minister Ben-Gvir said US President Trump's agreement does not bind us in any way.**

NORTH AMERICAN DATA

- **US Manufacturing Production MoM (May) M/M 0.0% (Prev. 0.6%).**
- **US Industrial Production YoY (May) Y/Y 1.7% (Prev. 1.4%).**
- **US Manufacturing Production YoY (May) Y/Y 1.4% (Prev. 1.3%).**
- **US Industrial Production MoM (May) M/M 0.1% vs. Exp. 0.2% (Prev. 0.7%).**
- **US Capacity Utilization (May) 76.2% vs. Exp. 76.2% (Prev. 76.1%).**
- **US NY Empire State Manufacturing Index (Jun) 5.70 vs. Exp. 13.20 (Prev. 19.60).**

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