

## SNAPSHOT

STOCKS			
S&P 500	+1.7%	Nasdaq Comp.	+3.1%
DJIA	+0.9%	Russell 2000	+0.7%
ES Jun'26	+1.7%	RTY Jun'26	+0.8%
NQ Jun'26	+2.9%	YM Jun'26	+1.0%

FX			
DXY	-0.1% (99.68)	EUR/USD	+0.2%
USD/JPY	+0.1%	GBP/USD	Flat

BONDS			
US T-Note Sep'26	+3.5 ticks	10yr Bund Sep'26	+32 ticks
US 10yr Yield	4.47%	German 10yr Yield	2.95%

ENERGY & METALS			
WTI Jul'26	-4.4%	Brent Aug'26	-4.2%
Spot Gold	+2.2%	LME Copper	+0.7%

CRYPTO			
Bitcoin	+1.1%	Ethereum	+5.3%

As of 21:50BST/16:50EDT

## LOOKING AHEAD

- Highlights include New Zealand Food Price Index, Chinese House Prices, Industrial Production & Retail Sales, BoJ & RBA Rate Decisions & Press Conferences.
- [Click for the Newsquawk Week Ahead.](#)

## IRAN CONFLICT

- US President Trump said the Hormuz deal is fully signed and that the Strait of Hormuz has already partially reopened, with a complete reopening expected on Friday, while he also stated that oil prices will plummet and lots of great things will happen in the Middle East. Furthermore, Trump said the text will come in the very near future and reiterated there will be no sanctions relief for Iran until it does what it is supposed to do.
- US President Trump posted that ships loaded with oil are starting to move out of the Strait of Hormuz, travelling along the southern "Highway," which he described as totally safe, secure and pristine, while he added that there are other areas of travel as well.
- US Vice President Vance said the US-Iran deal has already been signed digitally and that no money has been released, adding that this will not change. Vance stated the agreement includes a two-step verification process, will immediately reopen the Strait of Hormuz and provides a long-term commitment that Iran will not build a nuclear weapon. Furthermore, he said traffic through Hormuz is already increasing, although many details still need to be resolved, and he expects the Strait to remain open and toll-free over the long term, while he added that they will see where Iran is willing to make concessions.
- US senior official said the US has signed the memorandum of understanding with Iran, with President Trump, Vice President Vance and Iranian Parliamentary Speaker Ghalibaf all signing the document. The official reiterated that the deal provides for the immediate opening of Hormuz and the lifting of the US blockade on Iran, while traffic through the Strait will increase significantly, although reopening will take time due to mines, and anticipated traffic volumes would rise within one to two weeks. The official also stated that a formal signing ceremony is scheduled for Friday, and details of the agreement will be released within the next 24-48 hours, while technical discussions will begin later this week.

- US military advisory said the US blockade of Iranian ports remains in effect pending completion of the Iran agreement scheduled for June 19th.
- Iranian President Pezeshkian said regarding the MoU that the majority of the IRGC supported the text, and "What has been understood is an important step towards stopping the war and starting negotiations, and a final agreement has not yet been reached".
- Iranian Foreign Minister Araghchi said Iran is planning the course of negotiations and implementation of the agreement based on a lack of trust stemming from previous US breaches of commitments, according to Al Jazeera. He also stated there will probably be a meeting between the heads of the negotiating teams in Switzerland on Friday and that the first round of negotiations will take place after the signing of the memorandum of understanding between Iran and the US.
- Iranian Foreign Ministry spokesperson Baghaei said respecting Lebanon's sovereignty and territorial integrity is part of the interim agreement with the US. He added that Iran will take measures to ensure safe passage through the Strait of Hormuz in coordination with Oman and other countries for a specific period and in line with US commitments. Furthermore, Baghaei said Washington is obliged to fulfil its commitments under the agreement and warned that any failure to do so would lead to reciprocal measures from Tehran.
- Iranian army spokesperson said they will increase their defensive power during the agreement period with the US and keep their readiness more than before.
- A tense conversation took place between Israeli PM Netanyahu and US VP Vance regarding Israel's presence in Lebanon, according to Al Jazeera citing Israeli Channel 13 sources.
- Israeli PM Netanyahu said with or without a deal, Iran will not have a nuclear weapon, while he added Israel will remain in security zones as long as needed and will continue to thwart threats in the region. Netanyahu also stated that sometimes he and US President Trump do not see eye to eye.
- Israeli Defence Minister Katz said, "We oppose the withdrawal of the IDF from Lebanon... have made it clear to US President Trump." He added that 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."
- Hezbollah welcomed the US-Iran memorandum of understanding, saying the inclusion of Lebanon reflects Iran's commitment to securing a halt to the war and preserving Lebanon's rights.
- Informed source said the US claim that Lebanon is not included in the memorandum of understanding is false, according to Fars News Agency.
- Reports indicated an Israeli drone strike in southern Lebanon.

## US TRADE

- US stocks closed firmly in the green, albeit slightly off intraday highs, as risk sentiment took its cue from the US and Iran reaching a peace agreement that is expected to be formally signed in Switzerland on Friday. While full details of the agreement have yet to be released, reports suggest the US will lift its naval blockade while Iran will reopen the Strait of Hormuz. The positive developments surrounding the US-Iran agreement drove a broad risk-on move across asset classes, while sector performance reflected the improved risk backdrop in which Technology, Communication Services, and Consumer Discretionary led the gains, while Energy was the clear laggard amid the sharp decline in oil prices, as traders removed much of the geopolitical risk premium embedded during the conflict.
- SPX +1.65% at 7,554, NDX +3.06% at 30,544, DJI +0.92% at 51,676, RUT +0.72% at 2,965.
- [Click here for a detailed summary.](#)

## TARIFFS/TRADE

- China's Vice Premier He Lifeng met with US Rep. Correa in Beijing and said China is willing to work with the US to fully implement the consensus reached by the two countries' leaders.

## NOTABLE HEADLINES

- California Governor Newsom said US President Trump has directed the DoJ to investigate him.

## DATA RECAP

- US NY Empire State Manufacturing Index (Jun) 5.70 vs. Exp. 13.20 (Prev. 19.60)
- US Industrial Production MoM (May) M/M 0.1% vs. Exp. 0.2% (Prev. 0.7%)
- 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 Capacity Utilisation (May) 76.2% vs. Exp. 76.2% (Prev. 76.1%)

## FX

- USD weakened as positive developments in the Middle East improved risk sentiment after the US and Iran reached a framework peace agreement that is expected to be formally signed in Switzerland on Friday. While full details have yet to be released, reports suggest the US will lift its naval blockade while Iran will reopen the Strait of Hormuz. As expected, developments surrounding the US-Iran agreement dominated FX trade and broader market sentiment, with participants also beginning to look ahead to Wednesday's FOMC decision.
- EUR benefited from the weaker dollar but is off today's best levels after gradually pulling back from above the 1.1600 level. Nonetheless, there were several ECB comments which were mostly hawkish leaning as Kazimir said it is becoming

increasingly evident that monetary policy has more work to do and that he is not comfortable with the outlook for core inflation remaining above 2% even with further tightening, while Nagel said the ECB is keeping all options open for its July meeting and is no longer dealing with a short-term supply shock, as well as stated that second-round effects from energy cannot be excluded, and there is no relief in sight for the foreseeable future.

- **GBP** faded its earlier gains throughout the day and returned to flat territory amid quiet newsflow, while the calendar remains light for the UK, but will pick up from Wednesday with the release of CPI data, followed by the BoE and the key Makerfield by-election, which are both scheduled on Thursday.
- **JPY** failed to sustain its initial gains and returned to 160.00 territory against the dollar ahead of the Bank of Japan decision overnight. While a Reuters survey showed 66 of 70 economists expect the BoJ to raise rates to 1.0% this month, market participants remain focused on the accompanying guidance and the pace of any further policy normalisation.

## FIXED INCOME

- **T-notes** settled higher and the curve bull steepened as the front-end outperformed on lower oil prices following the US-Iran MoU.

## COMMODITIES

- **Oil prices** saw steep losses after the US and Iran reached a framework peace agreement to end the hostilities and open up the Strait of Hormuz. While the full document itself hasn't been released yet, officials have been revealing some details, but there are some discrepancies. Nonetheless, the MoU has been signed virtually by US President Trump, VP Vance and Iran Parliamentary Speaker Ghalbaf, but an official signing will take place in Switzerland on Friday.
- **US Strategic Petroleum Reserve crude oil stocks fell to the lowest since 1983 at 340.3mln barrels.**

## GEOPOLITICAL

### RUSSIA-UKRAINE

- **US President Trump said he is now focusing on Russia-Ukraine and had very good conversations with Russian President Putin and Ukrainian President Zelensky on Sunday**, while he also stated the US is going to see if it can do something and added that both leaders appear to be open.

## ASIA-PAC

### NOTABLE HEADLINES

- **Japanese LDP official said a food levy of 0% is being discussed** rather than a 1% reduction.
- **Fitch affirmed China's sovereign rating** at A with a stable outlook.

## EU/UK

### NOTABLE HEADLINES

- **ECB's Kazaks said the ECB can move gradually and remains ready to act if needed, while he still sees upside risks to inflation.**
- **ECB's Kazimir said it is becoming increasingly evident that monetary policy has more work to do and that he is not comfortable with the outlook for core inflation remaining above 2% even with further tightening.** He added that, even with the US-Iran peace framework, damage in the Middle East cannot be undone overnight. Furthermore, Kazimir said **he is leaning toward front-loading the work that needs to be done, while stressing the need to remain agile and responsive to incoming information.**
- **ECB's Nagel said the ECB is keeping all options open for its July meeting and is no longer dealing with a short-term supply shock**, while he added that second-round effects from energy cannot be excluded, policy settings remain broadly neutral, and there is no relief in sight for the foreseeable future.
- **ECB's Pereira said it does not make sense to speculate on future ECB rates and noted that second-round effects have not materialised so far.**
- **ECB expanded its probe into banks' exposure to private credit as concerns over the sector increase**, according to Bloomberg. The report said the ECB has doubled the number of banks covered by the review as the sector faces a slump in investor confidence, and more than 20 banks are being asked this year to provide detailed information on their exposures, up from around a dozen in previous exercises, according to people familiar with the matter. Furthermore, banks with meaningful ties to private credit will be required to report detailed information annually, the sources said.

### DATA RECAP

- German Wholesale Prices MoM (May) M/M -0.6% vs. Exp. 0.8% (Prev. 2.0%)
- 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%)

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