

SNAPSHOT

STOCKS			
Euro Stoxx 50	+0.9%	DAX40	+0.8%
Stoxx 600	+0.5%	FTSE 100	+0.7%
ES Jun'26	U/C	RTY Jun'26	+0.2%
NQ Jun'26	+0.1%	YM Jun'26	+0.1%
FX			
DXY	-0.1% (99.61)	EUR/USD	+0.1% (1.1603)
USD/JPY	U/C (160.32)	GBP/USD	+0.1% (1.3418)
BONDS			
US T-Note Sep'26	+6 ticks	Bund Sep'26	+27 ticks
US 10yr Yield	4.445%	German 10yr Yield	2.931%
ENERGY & METALS			
WTI Jul'26	-2.3%	Brent Aug'26	-2.0%
Spot Gold	+0.8%	LME Copper	U/C
CRYPTO			
Bitcoin	+0.5%	Ethereum	-0.2%

As of 10:40BST / 05:40EDT

LOOKING AHEAD

- Highlights include US ADP Weekly, Import/Export Prices (May), Housing Starts (May), Atlanta Fed GDP (Q2), Speakers including ECB's Lane, Supply from the US.
- [Click here for the Week Ahead preview](#)

EUROPEAN TRADE

EQUITIES

- European bourses** (STOXX 600 +0.5%) are extending on Monday's gains but yet to reach the best levels reached in the prior session. To recap the main driver, the US and Iran have agreed to a preliminary deal to end the conflict and reopen the Strait of Hormuz. However, new updates regarding the deal have been light as markets now wait for the official MoU signing on Friday.
- European sectors** are broadly higher. **Industrial Goods & Services** (+1.5%) and **Banks** (+1.2%) are the clear outperformers, with **Media** (+0.8%) completing the top 3 sectors. On the downside, **Autos** (-0.9%) and **Retail** (-0.5%) are the underperformers.
- US equity futures** are incrementally firmer this morning. SpaceX (+10.2% pre-market) continues to rocket higher, putting it on course to overtake Amazon (AMZN) in market value.
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)

FX

- DXY** was firmer in APAC trade, though gains have reversed since as energy benchmarks continue lower on reports that Qatar is to reach 80% output within two months of the Strait of Hormuz reopening. As oil gradually returns to around pre-war levels, focus is ever-shifting towards central bank actions rather than terms of trade. On that note, Warsh's first FOMC meeting as Chair is due on Wednesday, widely expected as a hold. The docket today is light, with just ADP employment weekly and

Import/Export prices due. DXY marked a session low just above the 99.60 mark, currently unchanged on the day.

- **RBA held the cash rate steady at 4.35% as expected**, striking a hawkish tone by explicitly signalling further hikes on the table. Alongside the high bar set by markets of hawkishness by the RBA, participants this morning seemingly focused on the soft Australian growth story, with the Aussie under modest pressure, albeit just reversing some of Monday's risk-on bid. Despite the reaction post-RBA, Westpac says next hike could come in August should the quarterly June inflation figure be strong, while ING suggests it is likely to remain on hold through year-end as inflation broadly tracks the board's baseline scenario. AUD/USD -0.1% but within Monday's range. The pair marked a session low just above 0.7040.
- **BoJ hiked rates by 25bps to 1.00% in a 7-1 vote split**, as expected. Asada was the dissenter, arguing that downside risks to employment and production were larger than inflation risks. JPY unreactive to the meeting/presser with Uchida not providing a clear bias, as had been expected heading into the presser given he was standing in for Governor Ueda. Not many clues as to what future policy will look like, with market pricing unchanged, with 85% probability of the BoJ's next tightening in December. USD/JPY U/C, was supported by 160.00 throughout the meeting/presser.

FIXED INCOME

- **Global fixed benchmarks** (ex-JGBs) started the European session trading on either side of the unchanged mark, with the complex ultimately taking a breather from the gains seen in the prior session. However, some pressure was seen in the crude complex soon after the European cash open, which helped lift fixed paper to highs. As such, yields are lower across the curve, but with underperformance now in the belly of the curve, in contrast to short-end underperformance seen on Monday; nonetheless, the bull-steepening bias remains. The slight pressure in the belly is perhaps indicative of markets beginning to price in the economic impact of the resumption of flows through the Strait of Hormuz; recent updates out of Qatar have suggested that it can restore half of its LNG output within a month, 80% within two months
- **JGBs** (-47 ticks) lag vs peers, given the BoJ's decision to hike rates by 25bps (as expected) and its announcement to pause the tapering of JGB purchases from FY27. The accompanying presser provided little updates, with Deputy Governor Uchida avoiding any commentary pertaining to forward guidance. As it stands, markets assign an 85% chance of a hike by year-end, so focus remains firmly on Ueda's comments when he returns from hospital.
- **USTs** (+6 ticks) trade at the upper end of a 109-19 to 109-26+ range. Overnight action saw the benchmark move sideways around the unchanged mark, before then moving higher as energy prices fell. From a yield perspective, the US 10yr remains just shy of the 4.50% mark, last at 4.44% - and well beyond pre-war levels at c. 4.00%. Economists will argue that, for now, the damage to the global economy has already filtered through; the US is dealing with elevated inflation, which may keep yields propped up in the short-term.
- **Bunds** (+27 ticks) and **Gilts** (+32 ticks) follow the bullish bias mentioned earlier, and trade towards their respective highs. The former digested a better than expected ZEW survey, as markets saw more positive developments on the US-Iran situation. Elsewhere, a 2036 Gilt auction passed with solid demand.
- **Germany sells EUR 3.824bln vs exp. EUR 5bln 2.50% 2031 Bobl: b/c 1.64x (prev. 1.32x), average yield 2.64% (prev. 2.85%), retention 23.5% (prev. 23.12%).**
- **The UK sells GBP 4.25bln 4.875% 2036 Treasury Gilt: b/c 3.46x (prev. 3.45x), average yield 4.858% (prev. 5.026%), tail 0.1bps (prev. 0.3bps).**

COMMODITIES

- **Geopolitical newsflow has calmed down** as markets now await the official MoU signing on Friday. More recently, Iranian Foreign Minister Araghchi said a new round of US-Iran talks will start on the day of the signing in Switzerland. Concrete MoU details remain unclear. Overnight, US President Trump said Iran has agreed never to have a nuclear weapon.
- **Crude futures** traded rangebound throughout the Asia-Pac session but have seen pressure in recent trade, driven by reports that Qatar is planning to rapidly boost LNG production to about 50% capacity a month after safe passage through the Strait is restored and c. 80% within two months. **WTI Jul'26** slips below the USD 80/bbl mark, trading at the lower end of its USD 78.41-81.58/bbl range. **Brent Aug'26** kissed the round USD 81/bbl mark (USD 81.00-83.80/bbl). **Dutch TTF** also lower, but remains above the EUR 42/MWh mark.
- **Spot gold** is on a firmer footing, after gains were pared back slightly in the latter end of Monday's session. The yellow metal remains above the key USD 4300/oz handle, currently trading at the upper end of its USD 4306-4336/oz band. According to a WGC survey of 74 central banks, 45% said they plan to buy gold in the coming year, with only 1 saying it plans to cut its holdings. "I think the fall in the price is an opportunity for some central banks to start buying in," said Shaokai Fan, global head of central banks for the WGC.
- **3M LME Copper** trades choppy, with initial weakness driven by the disappointing Chinese domestic data. Retail sales fell for the first time in over 3 years, contracting 0.6% in May and missing estimates of 0%. In contrast, industrial production rose 4.5%, beating the 4.3% consensus. The red metal trades in the bottom half of its USD 13.64k-13.77k/t range.
- **Qatar to restore half of its LNG output a month after the Strait of Hormuz opens, with output to reach 80% of full output within two months**, according to Bloomberg.
- **Iranian Oil Minister announced plans to rapidly increase gas production in fields covered by the Central Iranian Oil Company.**
- **Iranian Energy Minister** said Tehran will soon connect its electricity grid with Qatar.
- **Mitsui OSK Lines (9104 JT) CEO said that many operators would wait at least a couple of weeks or a month** before resuming normal transit through the Strait of Hormuz.
- **Goldman Sachs lowered its Q4'26 Brent crude forecast** to USD 80/bbl (prev. USD 90/bbl). Cut 2027 Brent forecast to USD 75/bbl (prev. USD 80/bbl), cut WTI forecast to USD 75/bbl in Q4'26 and USD 70 for 2027.

NOTABLE EUROPEAN HEADLINES

- **UK Chancellor Reeves said will see a further "big" uplift in defence spending within the DIP** and hopes to get to the next budget without the need to raise taxes.
- **Germany's RWI expects the German economy to stagnate in Q2 2026**, sees inflation at 3.1% in 2026 and 2.9% in 2027, sees growth at 0.8% in 2026 and 2027.
- **EU officials are drafting a blueprint to manage banking crisis liquidity**, according to POLITICO.

NOTABLE EUROPEAN DATA RECAP

- **German ZEW Economic Sentiment Index (Jun) 10.5 vs. Exp. -6 (Prev. -10.2, Low. -13, High. 0).** "Indicator returns to positive territory as financial market experts expect the Iran conflict to be nearing an end."
- **German ZEW Current Conditions (Jun) -81.0 vs. Exp. -77 (Prev. -77.8, Low. -78.1, High. -74)**
- **EU ZEW Economic Sentiment Index (Jun) 9.5 vs. Exp. -7.6 (Prev. -9.1).**
- **EU Wage Growth YoY (Q1) Y/Y 3.40% (Prev. 3%)**
- **EU Labour Cost Index YoY Final (Q1) Y/Y 3.2% vs. Exp. 3.3% (Prev. 3.3%)**
- **Italian Inflation Rate YoY Final (May) Y/Y 3.2% vs. Exp. 3.2% (Prev. 2.7%).**
- **Italian Inflation Rate MoM Final (May) M/M 0.4% vs. Exp. 0.4% (Prev. 1.1%).**

CENTRAL BANKS

- **The BoJ hiked its short-term interest rates by 25bps to 1.00%, as expected, while it pauses tapering of bond buys in which it will keep monthly pace of JGB buying at around JPY 2tn from April 2027. Decision made by 7-1 vote, with Asada dissenting against a hike.**
- **In the post-policy press conference, BoJ's Uchida said financial conditions have been accommodative while stating there is a risk of underlying inflation deviating upward to a level above the price target.** All-in-all, Uchida avoided any commentary pertaining to forward guidance.
- ****The RBA kept the Cash Rate unchanged at 4.35%, as expected, but warned of potential further hikes if necessary citing persistent inflation and oil supply disruptions. ****
- **In the post-policy press conference, RBA Governor Bullock said inflation remains too high, with the Board still concerned about inflation. No hike was considered at the meeting but doesn't rule out that the Bank might have to do more on rates. Risks are still to the upside.**

GEOPOLITICS

MIDDLE EAST

- **US President Trump posted on Truth Social "Iran has agreed to never have a Nuclear Weapon! Also, the story that the U.S. is paying Iran 300 million Dollars is Fake News, put out by the Democrats!!!"**
- **US President Trump's administration considers USD 300bln fund for Iran if deal is upheld, and incentives would be tied to Tehran's performance, including over opening up the Strait of Hormuz and nuclear talks, according to FT.**
- **US President Trump's close aide Bruesewitz clarified that the USD 300bln Iran reconstruction plan will only be established after Iran completely dismantles its nuclear program, ceases support for terrorist organisations and conducts significant internal reforms.**
- **US Vice President J.D. Vance said the memorandum of understanding between the US and Iran is a brief, one-and-a-half-page document serving as a broad framework rather than a detailed agreement, and is a very general document that requires technical talks. Vance also stated that Trump may release the US-Iran agreement before Friday and affirmed the agreement is expected to be signed on Friday.**
- **CIA Director Ratcliffe told US President Trump and senior administration officials that information gathered by US intelligence agencies raises serious doubts about Iran's willingness to make the concessions the US seeks in a final nuclear deal, according to Axios. Sources also stated that Trump and his team discussed intelligence gathered by US intelligence agencies, which showed the way Iranian officials were discussing the deal among themselves was inconsistent with what they were telling mediators and the US. Furthermore, Ratcliffe was not the only sceptic on Trump's senior team, as Secretary of State Rubio and Defence Secretary Hegseth expressed concerns and raised questions about the deal in internal discussions, while VP Vance and envoys Witkoff and Kushner supported it.**
- **Iran's Foreign Minister Araghchi said the formal activation of the MOU will be on Friday. That will immediately end the war, including in Lebanon. Second phase negotiations would then commence immediately. Next round of US-Iran talks will start Friday in Switzerland.**
- **Israeli artillery shelling was reported in the Nabatieh district of southern Lebanon. It was separately reported that Hezbollah fired rockets and artillery at Israeli soldiers, while the Israeli military said it intercepted numerous rockets launched by Hezbollah towards troops in southern Lebanon.**

RUSSIA-UKRAINE

- **UK is to announce new Russian shadow fleet sanctions on Tuesday**, with the UK to target Russian LNG vessels and finance networks.

CRYPTO

- **Bitcoin extends on gains and is on track for its fourth consecutive daily gains. Currently trading in a USD 65.61k-66.94k range.**

APAC TRADE

- **APAC stocks** traded mixed as the prior day's rally and US-Iran peace deal euphoria petered out amid a continued lack of concrete details regarding the interim agreement and as market participants turn their attention to this week's busy slate of central bank policy decisions.
- **ASX 200** was led lower by weakness in tech, consumer discretionary and industrials, while participants also digested the RBA rate decision in which the central bank paused after three consecutive rate hikes, but warned of potential future hikes if necessary and remained hawkish regarding inflation.
- **Hang Seng** and **Shanghai Comp** were choppy as participants digested mixed activity data in which Industrial Production topped forecasts, but Retail Sales missed and printed in contraction territory, while the PBoC continued its increased liquidity efforts.

NOTABLE ASIA-PAC HEADLINES

- **China's National Bureau of Statistics spokesperson said China's economic foundation needs to be strengthened, and that the external situation is complex and volatile, while China is to strengthen counter-cyclical adjustments, and will stabilise employment and the market.** NBS also stated that China is to expand domestic demand and that some companies face relatively big pressure. Furthermore, the stats bureau spokesperson said there is still ample space for China to expand investment and that stronger employment and income growth are needed to boost consumption, as well as stated that **China has ample policy space, reserves and flexible tools available to ensure stable economic growth, but also acknowledged that China's foreign trade faces some pressure due to external uncertainties.**

NOTABLE APAC DATA RECAP

- **Chinese Industrial Production YY (May) 4.5% vs. Exp. 4.2% (Prev. 4.1%).**
- **Chinese Retail Sales YY (May) -0.6% vs. Exp. 0% (Prev. 0.2%).**
- **Chinese Fixed Asset Investment YTD YY (May) -4.1% vs. Exp. -2% (Prev. -1.6%).**
- **Chinese Unemployment Rate (May) 5.1% vs. Exp. 5.2% (Prev. 5.2%).**
- **Chinese House Price Index YY (May) -3.5% (Prev. -3.5%).**

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