

SNAPSHOT

STOCKS			
Nikkei 225	+0.7%	ASX 200	+0.5%
Hang Seng	-0.5%	Shanghai Comp	-0.2%
Euro Stoxx 50 Jun'26	-0.1%	DAX Jun'26	-0.3%
ES Jun'26	+0.3%	NQ Jun'26	+0.6%
FX			
DXY	U/C (99.49)	EUR/USD	+0.1% (1.1614)
USD/JPY	-0.1% (160.26)	GBP/USD	+0.1 (1.3433)
BONDS			
US T-Note Sep'26	-1 tick	Bund Sep'26	+18 ticks
US 10yr Yield	4.43%	German 10yr Yield	2.93%
ENERGY & METALS			
WTI Jul'26	-0.9%	Brent Aug'26	-0.8%
Spot Gold	-0.1%	LME Copper	U/C
CRYPTO			
Bitcoin	+0.1%	Ethereum	+0.1%

As of 06:30BST/01:30EDT

LOOKING AHEAD

- Highlights include UK Inflation Report (May), ECB Wage Tracker (Jun), EU Inflation Final (May), US Retail Sales (May), Atlanta Fed GDP (Q2), New Zealand GDP (Q1), Riksbank Policy Announcement, Fed Policy Announcement, BCB Policy Announcement, IEA OMR, Speakers including ECB's Cipollone & Lagarde, Riksbank's Thedeen & Fed's Warsh, Supply from Australia & Germany.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- US VP Vance said in an interview with Megyn Kelly that the Iran agreement includes Lebanon, while he opposes sending US ground troops to Iran.
- US Defence Secretary Hegseth and CIA Director Ratcliffe were among the "most pessimistic" about whether the Iranians would honour their commitments to make substantive concessions on their nuclear program, according to CNN.
- A US senior official was said to have dismissed as "preposterous", the reports of side deals in which Gulf states such as the UAE and Qatar could unfreeze Iranian funds they hold, according to Axios.
- The US Senate voted 48-47 to narrowly block a new bid to rein in Trump's war powers.
- US will allow Iran to immediately begin selling oil and fuel under the deal to end the war, offering Tehran an early financial incentive to wind down the conflict, according to WSJ citing sources. Furthermore, a source said that the provision for waivers of sanctions on oil sales takes effect immediately upon the signing of the agreement this week and also covers necessary services, including banking, transportation and insurance to facilitate the sales.
- US senior official said Iran can sell oil/fuel immediately after a deal is signed, but only if they abide by all the points agreed to, including not interfering with the free flow of navigation in the Strait of Hormuz and not obtaining a nuclear weapon.
- US-Iran framework agreement includes plans for USD 300bln private fund to trigger investment in Iran, according to Reuters citing sources. The fund will only become operational when the final deal is signed, while it is a private vehicle with no government money and separate from negotiations over Iranian sovereign assets frozen abroad. Furthermore, it has already

been secured in commitments from companies in the US, Gulf Arab States, Asia, South America and Africa.

- **US officials told a CNN reporter that Iran's Supreme Leader has given his tacit approval of the MOU, and that there are internal discussions over whether he could issue a statement ahead of Friday's formal signing ceremony in Switzerland.** It was separately reported that **US officials downplayed the Iran agreement texts and said that the text omits key back-channel commitments**, according to CNN.
- **Iran pledged to remove all mines and obstacles from the Strait of Hormuz, while negotiations for a final agreement between America and Iran can be extended by mutual consent**, according to Al Arabiya. However, sources close to the Iranian negotiating team denied the claims of Al Arabiya news network regarding the text of the MoU between Iran and the US.
- **Iran's Foreign Minister said negotiations between the US and Iran will start on the same day the MOU between the two is signed**, while he added that after the first phase, negotiations will continue for 60 days for a final agreement, which will include the nuclear issue and lifting of sanctions.
- **Iran's top joint military command said Israel should expect a hard response from the Iranian Armed Forces if it doesn't stop its attacks on southern Lebanon.**
- **Tasnim cited an intelligence assessment in the US which stated that Iran may launch a surprise attack on Israel** without prior warning, following Israel's attacks in Lebanon.
- **Iranian Parliament National Security Commission head warned that any breach of commitment or departure from the main framework of the understanding will cause the Iranian armed forces to respond more forcefully** than in the past.
- **Iran and Oman are already talking about how they will manage the Strait of Hormuz, as laid out in one of the reported points. They want to charge a "fee" for the management "services,"** a regional source told NYP, although it is unclear whether that would be possible after the US rejected tolling.
- **Israel asked the US to see the text of the Iran agreement, but was rejected**, according to CNN citing sources. Furthermore, a source said part of the reason the request was turned down was because the Trump administration feared PM Netanyahu would leak the agreement.
- **IDF is prepared to stay in southern Lebanon for a significant period, subject to the instructions of the political echelon**, according to Kann News citing security sources, while it was said that **despite the agreement, the attacks in southern Lebanon do not stop, in parallel with the firing in the north.**
- **Israeli artillery shelling reported in southern Lebanon**, according to SNN.
- **Drone attack hit the Iranian opposition camp east of Iraq's Erbil**, according to Reuters, citing security sources.

US TRADE

EQUITIES

- **US stocks** were mixed on Tuesday and the Nasdaq was the clear laggard as the recent pressure in Tech resumed, with the sector down around 2%, weighing on both the Nasdaq and S&P 500, and the Russell 2000 also saw notable selling pressure, while the Dow was the only major index that finished in positive territory, to extend on record levels. Sector performance was broadly positive outside of Technology, with Financials and Industrials leading gains and helping support the Dow, while the pressure in Tech comes after several sessions of profit-taking in AI-related names, and weakness in mega-cap and semiconductor names, outweighed the broader improvement in risk sentiment stemming from developments in the Middle East.
- **SPX -0.57%** at 7,511, **NDX -1.89%** at 29,968, **DJI +0.64%** at 52,005, **RUT -0.87%** at 2,939.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **The US delayed the blacklisting of China's DeepSeek and over 100 Chinese firms deemed national security risks, to avoid escalating tensions with Beijing**, according to sources cited by Reuters.
- **US President Trump's administration considered requiring Anthropic to obtain government approval before allowing foreign nationals access to its most advanced AI models**, as officials weigh new export control measures for AI tech.
- **Canadian Minister Responsible for Canada-US Trade LeBlanc said he had a long and constructive meeting with USTR Greer and agreed to be in touch again next week**, while he also stated that they continue to make progress.
- **Canadian PM Carney and Indian PM Modi reviewed progress in bilateral economic cooperation during a meeting on the sidelines of the G7**, while both expressed satisfaction in talks towards a comprehensive economic partnership agreement.

NOTABLE HEADLINES

- **Most Fed-watchers on Wall Street expect new Chair Kevin Warsh to not participate in the dot plots**, according to CNBC.

APAC TRADE

EQUITIES

- **APAC stocks** ultimately traded mixed, albeit at an improvement from the initial losses seen following the subdued lead from Wall St, where most major indices finished in the red amid renewed tech selling.
- **ASX 200** shrugged off early weakness and edged mild gains with upside led by mining, materials and tech, although further upside in the index is capped by losses in energy and the defensive sectors.
- **Nikkei 225** clawed back initial losses and printed a fresh all-time high after briefly topping the 70,000 level.
- **Hang Seng and Shanghai Comp** Chinese markets lagged amid losses in auto names and aluminium producers, while they also

failed to benefit from a report that the US delayed blacklisting China's DeepSeek and over 100 Chinese firms deemed national security risks. There was also little reaction seen to the PBoC's announcement to add overnight reverse repo instruments and to increase overnight reverse repo operations, as it seeks to improve the efficiency of interest rate transmission.

- **US equity futures** were contained after the recent tech selling and as the FOMC looms.
- **European equity futures** indicate a mildly weaker cash market open with Euro Stoxx 50 futures down 0.2% after the cash market closed with gains of 0.5% on Tuesday.

FX

- **DXY** lacked direction overnight after softening yesterday alongside a decline in yields and lower oil prices, while the focus will be on Fed Chair Warsh's handling of the Fed and his first post-meeting press conference. Expectations are for him not to participate in the dot plot and to lean dovish; however, an open-minded approach from Warsh would surprise markets and likely act as support for the dollar, while the statement will likely see the Fed easing bias language removed and a lack of forward guidance.
- **EUR/USD** paused overnight after it returned to 1.1600 territory on the back of the recent dollar weakness and as comments from ECB officials remained hawkish.
- **GBP/USD** was little changed amid the broadly muted FX trade and ahead of UK inflation data.
- **USD/JPY** traded rangebound at the 160.00 handle despite the recent BoJ rate hike, while recent data releases were mostly better-than-expected, with Japanese Machinery Orders and Exports topping forecasts.
- **Antipodeans** lacked direction amid the mixed risk tone and absence of pertinent tier-1 data.
- **PBoC** set USD/CNY mid-point at 6.8096 vs exp. 6.7569 (prev. 6.8108)
- **Majority of Brazil's Supreme Court Panel voted to convict Eduardo Bolsonaro of courting US interference** in his father's coup plot trial.
- **Fitch affirmed Brazil at BB; Outlook Stable.**

FIXED INCOME

- **10yr UST futures** took a breather after treasuries rose across the curve yesterday, particularly the belly, as oil prices continued to slide, while participants look ahead to Fed Governor Warsh's inaugural FOMC meeting.
- **Bund futures** kept afloat as the recent declines in oil eased inflationary pressures, but with upside capped heading into today's Bund issuances and as the recent ECB speakers stuck to the hawkish script.
- **10yr JGB futures** continued to nurse their post-BoJ declines despite the interest rate being at the highest in more than three decades, with yields softening after the recent slump in oil prices.

COMMODITIES

- **Crude futures** were subdued and lingered near 3-month lows after slumping on prospects of returning supply due to the US-Iran interim peace deal, with Qatar reportedly to restore half of its LNG output a month after the Strait of Hormuz reopens, which could rise to 80% within two months, while it was also reported that the US will allow Iran to immediately begin selling oil and fuel under the deal to end the war.
- **US Private Inventory Data (bbls):** Crude -8.3mln (exp. -4.5mln), Distillates -0.5mln (exp. -0.2mln), Gasoline +2.5mln (exp. -1.4mln), Cushing -1.5mln.
- **Tanker Trackers reported that two Iranian supertankers carrying a total of 3.8mln barrels of crude oil passed through the US blockade.**
- **Trump administration officials were reported to be discussing ideas to kick-start oil tanker traffic through the Strait of Hormuz, including offering a fee-based "VIP pass" naval escort through the waterway, according to people familiar with the discussions cited by POLITICO.**
- **Serbia's Russian-owned and US-sanctioned NIS oil firm gets sanctions reprieve until July 1st.**
- **Spot gold** traded sideways after recent dollar weakness and softer yields, while the upside was contained heading into today's FOMC meeting.
- **Copper futures** were rangebound amid the ultimately mixed global risk appetite.

CRYPTO

- **Bitcoin** eked marginal gains and briefly tested the USD 66,000 level to the upside.

NOTABLE ASIA-PAC HEADLINES

- **PBoC Governor Pan said they will allow overseas institutions to access yuan liquidity and will add overnight reverse repo instruments at the appropriate time, while he added they will increase overnight reverse repo operations and improve the efficiency of interest rate transmission.** Pan also stated that six banks are authorised to conduct offshore foreign exchange transactions in the Shanghai Free Trade Zone, and commented that it is difficult and unnecessary for China's credit growth to maintain its previous pace.
- **PBoC announces an adjustment to the temporary overnight reverse repurchase and outright repurchase agreement time which is to be set between 15:00-15:30 local time (08:00-08:30BST/03:00-03:30EDT).** PBoC seeks to ensure flexible and efficient use of temporary overnight reverse and outright repurchase agreements in the open market. Furthermore, **PBoC said operating rates will be set at the 7-day reverse repurchase rate in the open market minus 25bps and plus 25bps, respectively, and that it will act when the money market overnight rate remains consistently below or above the respective operation rates of the tools.**

- **Chinese Vice Premier He Lifeng said they will step up financial supervision and will vigorously and orderly advance resolution of local government debt, while He added they will issue CNY 300bln special bonds to replenish the capital of financial institutions** and that the financial sector will be opened up further.
- **China's financial regulator said they will increase regulatory cooperation in emerging areas and will strengthen efforts to avert systemic financial risks.** The regulator will also strictly curb unlawful financial activities and address risks in small and medium-sized financial institutions effectively and orderly, while China is to steer financial resources towards emerging and future industries.

DATA RECAP

- Japanese Machinery Orders MM (Apr) 8.7% vs. Exp. 0.9% (Prev. -9.4%)
- Japanese Machinery Orders YY (Apr) 15.6% vs. Exp. 9.3% (Prev. 5.9%)
- Japanese Balance of Trade (May) -378.7B vs. Exp. -564.6B (Prev. 301.9B)
- Japanese Exports YY (May) 17.0% vs. Exp. 16.2% (Prev. 14.8%)
- Japanese Imports YY (May) 12.5% vs. Exp. 12.8% (Prev. 9.7%)

GEOPOLITICS

OTHER

- **South Korean President Lee asked US President Trump to lead peaceful diplomacy with North Korea,** according to Reuters. It was separately reported that **South Korea's Defence Minister said they will move the civilian restricted line at the border with North Korea to the north.**

EU/UK

NOTABLE HEADLINES

- **ECB's Makhoulf said the end of the war does not mean the end of the shock, and direct price pressures may not fade so quickly.**

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