European Market Wrap - 17th June 2026

- **European bourses were mostly firmer, US equity futures are mixed with outperformance in the NQ +0.6%**
- **G10s were mixed against the tentative USD, ahead of the FOMC announcement later.**
- **Mostly cooler-than-expected UK CPI report, leading to Gilt outperformance before Thursday's BoE.**

EQUITIES

- **European bourses** (STOXX 600 +0.3%) ended Wednesday's session with a mixed picture, with Spain's **IBEX 35** (+0.8%) the outperformer while the **FTSE 100** (-0.2%) and **DAX 40** (-0.3%) underperformed. Losses in the DAX were primarily driven by **BMW's** (-7.5%) updated guidance, in which it cut its profitability outlook to 1-3% (prev. guided 4-6%). Geopolitical newsflow has been light as markets await the official MoU signing on Friday.
- **Sectors** lacked a clear directional bias. **Banks** (+1.5%) and **Technology** (+1.2%) topped the sector pile, with **Construction** (+0.7%) rounding out the top 3. **Autos** (-3.1%) were the clear laggard, while **Basic Resources** (-0.8%) and **Telecoms** (-1.3%) also printed decent losses.
- Key movers included: **HSBC** (+1.2%), announced multi-year partnership with Google Cloud; **Auto1** (+7.2%), confirmed FY gross profit between EUR 1.1-1.2bln; **Thyssenkrupp** (-3.1%), supervisory board approved to separately list its materials distributor and supply chain service provider; **Straumann** (+10.6%), raises FY26 core EBIT margin expansion following stronger-than-expected profitability across all business segments.
- **US cash equities** opened entirely in the green, with the **RUT** (+0.6%) outperforming. **Intel** (+1.9%) gains after it announced tha its 18A manufacturing process has entered early production. Markets will be looking ahead to Fed Warsh's first FOMC meeting. No rate change expected, while focus will be on whether the easing bias is removed from the statement.

FX

- **G10s were lacklustre throughout London FX trade** into Warsh's debut as Fed chair. Geopolitical newsflow was light throughout the session, some conflicting reporting surrounding the MoU, with Iranian media Tasnim claiming Bloomberg's alleged text of the US-Iran MoU was "not accurate". Nonetheless, the MoU is likely to be published after the signing on Friday, according to a number of reports.
- Given the above, **DXY** was lacklustre ahead of the Fed announcement, moving within a 99.50-70 band. US retail sales for May were firmer than expected, but failed to spark a move the Buck.
- In short, a **cooler than expected UK CPI print**, which fell beneath BoE forecasts on both a headline and core basis, services were also cooler than BoE forecast, but in line/hotter than analyst forecasts, depending on which data vendor cited. **GBP** weakened post-data; **Cable fell to a trough just below the 1.34 mark** (1.3399), dipping below its 200DMA @1.3418.
- **Two-way action seen in SEK post-Riksbank, which was softer throughout the session despite Riksbank forecasts implying a greater chance of a 2026 hike.** SEK pressure was seemingly a function of the fact that the **forecasts and statement are based on information up to the 11th of June**, as such the fall in energy benchmarks seen in the last few sessions on the US-Iran MOU progress is not accounted for, and therefore the hawkish tilt to the policy forecast is likely to be unwound in the next meeting, if the MoU holds and the energy retreat sticks and/or extends.

FIXED

- **Global fixed benchmarks** were mixed in today's session; initially flat/firmer, before then waning off best levels as crude benchmarks gained. Nothing significant driving the upside in oil today, but potentially just rebounding from the downside seen in the past couple of days.
- **USTs** (-2 ticks) held within a 109-24 to 109-30+ range. Catalysts have been light this session, though US Retail Sales topped expectations, but sparked little move. Tentative action today comes ahead of the Fed policy announcement. Markets expect rates to be kept on hold, but with focus on whether the Bank decides to remove its easing bias from the statement. **Attention will also be on Kevin Warsh's debut as Fed Chair**; it remains to be seen whether he pushes his dovish views, which could potentially conflict with his fellow board members. From a yield point, Warsh will be eyed for any hints to his thinking on the Fed balance sheet; should markets be guided to faster unwinding of the Fed's balance sheet, a steeper curve could be expected.
- **Gilts** (+59 ticks) outperformed vs peers following the region's inflation report. In brief, a cooler-than-expected print on both a headline and core basis. A series that reduces the odds of a hawkish surprise at the June BoE. However, the as-expected/slightly-hotter (depending on the consensus provider) services figure will be a point of concern for policymakers and may well be enough to keep some dissenters in play, even given the significant energy benchmark moderation in recent days. **The report will not have any impact on the policy decision at Thursday's meeting** (BoE to hold), but could push the vote split a bit more dovish vs consensus; analysts saw a range between 8-1 to 6-3 before the inflation print and recent energy moderation on US-Iran progress.
- **Bunds** (+18 ticks) were firmer throughout the session, but waned off best levels as energy prices rose. **Domestically, the release of the ECB Wage Tracker** had little impact on German paper, where the 2026 quarterly figure rose slightly from the prior. From a yield perspective, the German 10yr has now slipped below the 3.00% mark (current 2.93%), and now

approaching levels not seen since early April.
- **Germany sold EUR 2.107bln vs exp. EUR 2.5bln 3.40% 2047 and 1.80% 2053 Bund.**

COMMODITIES

- **A firmer session for oil benchmarks**, though **Dutch TTF** is set to end the European day well in the red but off worst levels.
- **WTI** and **Brent** enter a US afternoon dominated by the first Fed under Chair Warsh with gains of around 1% and just off best in USD 74.09-76.27/bbl and USD 77.75-79.97/bbl respective ranges.
- For the complex, the main updates today have been **various leaks of the US-Iran MOU**, with sources and outlets highlighting some discrepancies between the reports, generally with reference to language around Lebanon. Additionally, there was an incorrect and since corrected Tasnim report suggesting that the text would not be published after Friday's signing.
- On the signing, while that is still expected on Friday, **CBS cites US VP Vance suggesting that the text could be released on Wednesday** in order to tell the "American people what's in this deal".
- **Precious metals** are firmer but rangebound currently, looking ahead to the Fed. Action thus far has been a function of a mixed equity and fixed income backdrop, alongside modest USD and crude strength across the European session. **XAU** unchanged in a c. USD 20/oz band, but comfortably above USD 4.3k/oz.
- **Base peers** are mixed but also in relatively contained ranges given the above and as we count down to the Fed. **3M LME Copper** got to within USD 150 of the USD 14k handle at best, but has since faded towards Tuesday's USD 13.81k close.
- **Russia to import gasoline by sea to alleviate shortage, according to sources.**
- **The US FDA has issued emergency use authorisations for two animal products to prevent and treat screwworm.**
- **Russia's oil exports through its Western ports** were about 35% higher than preliminary plans in the first half of June, according to sources.
- **The US Trump administration's federal spending reviews reportedly slowed the government's attempts to reduce the spread of the New World screwworm, Politico reported citing sources.**
- **Two US Senate Democrats** are calling for US Energy Secretary Wright to abandon efforts to build a West Coast SPR, CNN reported; Democrats warned that establishing it this fiscal year would flout the law and usurp congressional authority.
- **UAE's Foreign Trade Minister** said they are moving toward have zero Hormuz dependency, regardless of whether it is open or not, Bloomberg reported.
- **TotalEnergies (TTE FP) said its Saudi Arabian refinery was hit by three drones, still only running at 70% and "probably" will not be repaired until early 2027.**
- **IEA OMR (Jun): World oil demand falling by 1.1mln BPD in 2026 on the Iran War (prev. forecast 420k BPD fall); sees total world oil supply 920k BPD lower than demand in 2026 (prev. forecast 1.7mln BPD lower).** Supply: Supply to fall by 3.9mln BPD in 2026 (prev. forecast 3.9mln BPD fall).
- **Advisor to US President Trump Massad Boulos** is looking to broker a power-sharing agreement between rival administrations in east and west Libya, FT reported; working to bring them under a single authority while encouraging US oil groups to invest.

EUROPEAN DATA

- **EU Inflation Rate YoY Final (May) Y/Y 3.2% vs. Exp. 3.2% (Prev. 3%, Low. 3.2%, High. 3.2%).**
- **EU Inflation Rate MoM Final (May) M/M 0.1% vs. Exp. 0.1% (Prev. 1%, Low. 0.1%, High. 0.1%).**
- **EU Core Inflation Rate YoY Final (May) Y/Y 2.6% vs. Exp. 2.5% (Prev. 2.2%).**
- **UK** ONS House Price Index (Apr) Y/Y 3.8% vs exp. 2.8% (prev. 0.0%).
- **UK Inflation Rate MoM (May) M/M 0.2% (Prev. 0.7%).**
- **UK Core Inflation Rate YoY (May) Y/Y 2.6% vs. Exp. 2.7% (Prev. 2.5%, Low. 2.6%, High. 3.0%).**
- **UK Core Inflation Rate MoM (May) M/M 0.3% (Prev. 0.7%).**
- **UK** PPI Input MoM (May) M/M 0.2% vs. Exp. 0.5% (Prev. 2.4%).
- **UK** PPI Core Output MoM (May) M/M 0.8% (Prev. 0.7%).
- **UK** PPI Core Output YoY (May) Y/Y 2.3% (Prev. 2.4%).
- **UK Inflation Rate YoY (May) Y/Y 2.8% vs. Exp. 3% (Prev. 2.8%); Services 3.7% (exp. 3.7%, prev. 3.2%).**
- **UK** PPI Input YoY (May) Y/Y 8.7% (Prev. 7.7%).
- **UK** PPI Output MoM (May) M/M 0.5% vs. Exp. 0.5% (Prev. 1.4%).
- **UK** PPI Output YoY (May) Y/Y 4.0% (Prev. 4%).

NOTABLE HEADLINES

- **EU VP Virkkunen has been appointed to lead a new dialogue with the US regarding the enforcement of European digital regulations and antitrust proceedings against American tech firms, according to Handelsblatt.**
- **Sweden government updates economic outlook; Maintains 2026 GDP growth at 2.3%; Cuts 2027 GDP growth to 2.5% (prev. 2.7%).** Inflation: Cuts 2026 CPIF forecast to 1.0% (prev. 1.2%).Growth. Cut 2026 GDP growth to 2.2% (prev. 2.5%). Cut 2027 GDP growth to 2.3% (prev. 2.6%). Raised 2028 GDP growth to 1.4% (prev. 1.3%). Inflation: Cut 2026 CPIF to 1.1% (prev. 1.5%).
- **German Chancellor Merz** said conversations with US President Trump at the G7 were constructive.

TRADE/TARIFFS

- **G7 leaders** said they reaffirm the urgency of diversifying its supply chains and building collective resilience, will work together with partners to reduce critical dependencies. Reaffirm FX commitments.
- **G7 aims to have China supply no more than 60% of rare earths, Bloomberg reported.**

CENTRAL BANKS

- **ECB's Sleijpen said market expectations point to a declining path for oil prices, but uncertainty remains; on monetary policy, the key issue is the risk of second-round effects.** a repeat of 2022's inflation problems appears less likely, but cannot be excluded.
- **ECB Wage Tracker: 2026 Quarterly +2.604% (prev. +2.597% Y/Y); Annual +2.281% (prev. +3.193%).** Q1 2026: 1.834% (prev. 1.847%). Q2 2026: 2.129% (prev. 2.131%). Q3 2026: 2.558% (prev. 2.553%). Q4 2026: 2.604% (prev. 2.597%).
- **Nordea, post-Riksbank, maintains its forecast for an unchanged Riksbank policy rate at 1.75% during the remainder of 2026.**
- **Swedish Riksbank Policy Announcement (Jun) 1.75% vs. Exp. 1.75% (Prev. 1.75%); probability of a hike in 2026 has increased relative to the March assessment.**
- **Swiss KOF Summer Economic Forecasts:.** Cuts 2026 GDP growth to 0.8% (prev. 1.0%). Cuts 2027 GDP growth to 1.5% (prev. 1.7%). Raises 2026 inflation forecast to 0.6% (prev. 0.3%).
- **Swedish Origo Inflation Expectations Survey:.** 1yr CPIF seen at 1.7% (prev. 1.6%). 2yr CPIF seen at 2.1% (prev. 1.9%). 5yr CPIF seen at 2.1% (prev. 2.0%).
- **Bank of Korea Governor Shin** said they will actively respond until inflation is clearly stabilising toward the target, while BoK sees inflation to hover near 3% in H2 and surpass the target through next year.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia to import gasoline by sea to alleviate shortage, according to sources.**
- **Russia's oil exports through its Western ports** were about 35% higher than preliminary plans in the first half of June, according to sources.

MIDDLE EAST

- **US Vice President Vance** said that the US-Iran text will be released on Friday, "at the latest", CBS reported; he called it a "good deal for the American people". Vance said, "We're actually trying to push them to get it out today, because we want to tell the American people what's in this deal".
- **Iran's National Security and Foreign Policy Committee Rezaei described the US-Iran agreement as "unbalanced" and saying that all the red lines of the Islamic Republic were not observed.** "The war is not over and we should not assume that the situation is out of the state of confrontation." "We are in a full-fledged hybrid war, and we must seize the opportunity created to become stronger," he said.
- **Lebanese President Aoun** said we are in favour of a ceasefire and of any country that helps us achieve it, including Iran. Negotiations with Israel and the Iran agreement are independent of each other. Lebanon does not want to be tied to any other country.
- **With the collapse of the US naval blockade, 3 Iranian tankers with a capacity of 5mln bbls of crude oil passed through the Strait of Hormuz, Irib News reported.** The Strait of Hormuz is still in Iran's hands. The ships are still waiting for permission from the IRGC Navy to pass through the strait.
- **CNN** reported that given both the US and Iran's secrecy around the language, it remains unclear whether the draft text shared with CNN will reflect the exact wording of the final document due to be signed in person on Friday in Switzerland. Technical details are also being finalized so the wording could still shift.
- **US President Trump said Iran MoU is not final (in reference to the 60-day negotiating period); if I do not like what I see, "we will strike again".** MoU does not include immediate sanctions relief, but will talk about this later.
- **US President Trump said he is to discuss Iran deal details at the press conference today; Strait of Hormuz will be open in the next day or two, it is already partially open, and will open in full.** Iran:. Market is happy with the deal. There is nothing so smart as the market. The report on USD 300bln fund is false. The US is not having a fund to invest in Iran. US will not be investing "10 cents" in Iran. Oil:. Oil prices stayed low because "we are taking ships out" of the Strait. Oil prices are coming down. Lower oil prices will have a good impact on affordability. Oil prices may get lower than before the war. France: Praises French President Macron, suggests that France has done a fantastic job.
- **The IDF** said the alarms activated in northern Israel were a false alarm.
- **Alarms have been activated in the Zar'it area, northern Israel, on suspicion of a UAV intrusion, according to a Kann journalist.**
- **Israeli Finance Minister Smotrich's team said the US-Iran MOU agreement will be published on Friday after the signing. Additionally, Tasnim issues a correction saying the agreement WILL be published.**
- **"An informed source: Bloomberg's alleged text about the [US-Iran] memorandum is not accurate", Tasnim reported; adds that "The text of the memorandum, based on the agreement of the parties, will not be published after it is signed on Friday".** "This source close to the negotiating team emphasized: For example, the first paragraph and the paragraph related to the Strait of Hormuz that appeared in Bloomberg are clearly inaccurate and some important keywords are missing.".
- **Iran reiterates that it will respond if Israel does not stop attacks on Lebanon.**
- **IEA OMR (Jun): World oil demand falling by 1.1mln BPD in 2026 on the Iran War (prev. forecast 420k BPD fall); sees total world oil supply 920k BPD lower than demand in 2026 (prev. forecast 1.7mln BPD lower).** Supply: Supply to fall by 3.9mln BPD in 2026 (prev. forecast 3.9mln BPD fall).

OTHERS

- **Member of the media team of the Iranian nuclear negotiating team** said the continuation of the negotiations is dependent on the release of USD 12bln in frozen assets, SNN reported; We have provided guarantees for all of this.
- **Amwaj Media's Ali Shabani suggests that the Bloomberg 14-point plan "does not appear to be the final draft, per one usually**

well-informed source, albeit not hugely different from it".

NOTABLE NORTH AMERICAN NEWS

- **EXL's US enterprise AI study finds significant gap between perceived progress on AI adoption and real-world performance improvement.**
- **US President Trump** said he had a very successful G7 dinner last night, is heading to Paris and back home to the US.
- **The Trump administration** is warning all 50 US states that they could lose federal funding for unemployment insurance benefits if they do not comply with antifraud efforts, WSJ reported citing a letter.
- **US admin officials weighed how to structure government stakes in major AI companies, Semafor reported; Treasury Secretary Bessent favoured using equity in AI firms to seed Trump Accounts.** Commerce Secretary Lutnick's preference was that equity was directed to a type of sovereign wealth fund.
- **US President Trump** said he will not approve the FISA without the "Save America Act", Pulte will remain as acting DNI.

NORTH AMERICAN DATA

- **US** Retail Sales Ex Autos MoM (May) M/M 0.8% vs. Exp. 0.5% (Prev. 0.7%, Low. -0.1%, High. 0.8%).
- **US** Retail Sales YoY (May) Y/Y 6.9% (Prev. 4.9%).
- **US** Retail Sales Ex Gas/Autos MoM (May) M/M 0.5% (Prev. 0.5%, Low. -0.1%, High. 0.8%).
- **US Retail Sales Control Group MoM (May) M/M 0.7% vs. Exp. 0.4% (Prev. 0.5%, Low. -0.5%, High. 0.7%).**
- **US Retail Sales MoM (May) M/M 0.9% vs. Exp. 0.5% (Prev. 0.5%, Low. -0.1%, High. 0.8%).**
- **US** MBA 30-Year Mortgage Rate (Jun/12) 6.60%.
- **US** MBA Mortgage Applications (Jun/12) -3.8%.