

SNAPSHOT

STOCKS			
Nikkei 225	+1.9%	ASX 200	-0.5%
Hang Seng	-1.9%	Shanghai Comp	-0.3%
Euro Stoxx 50 Jun'26	-0.7%	DAX Jun'26	-0.4%
ES Jun'26	+0.7%	NQ Jun'26	+1.1%
FX			
DX/USD	-0.1% (100.24)	EUR/USD	+0.2% (1.1524)
USD/JPY	U/C (160.60)	GBP/USD	+0.2% (1.3314)
BONDS			
US T-Note Sep'26	+4.5 ticks	Bund Sep'26	+28 ticks
US 10yr Yield	4.45%	German 10yr Yield	2.93%
ENERGY & METALS			
WTI Aug'26	-2.4%	Brent Aug'26	-2.1%
Spot Gold	-2.5%	LME Copper	-0.9%
CRYPTO			
Bitcoin	-1.1%	Ethereum	-1.4%

As of 06:20BST/01:20EDT

LOOKING AHEAD

- Highlights include UK Employment Report (Apr), Average Earnings (May), Canadian PPI (May), US Initial Jobless Claims (Jun/13), New Zealand Trade Balance (May), SNB Policy Announcement, Norges Bank Policy Announcement, BoE Policy Announcement, CNB Policy Announcement, UK Makerfield by-election, Speakers including Norges Bank's Bache, SNB's Schlegel, ECB's Elderson, Cipollone & Lane, Supply from Spain, France & US.
- [Click for the Newsquawk Week Ahead.](#)

FOMC

- Fed kept rates on hold as expected at 3.50-3.75%, while it removed forward guidance completely with the rate decision and statement approved in a 12-0 vote, and it stated that the committee will deliver price stability. The committee reaffirmed its policy of maintaining ample reserves in the banking system and said economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Fed stated that job gains have kept pace with the workforce, and the unemployment rate has changed little, as well as noted that inflation remains elevated relative to the Committee's 2% goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy, adding that the Committee will deliver price stability. The SEPs showed 9 members anticipated a rate hike this year, and the Federal Funds Rate for 2026 was seen at 3.8% (exp. 3.625%, prev. 3.4%), 2027 at 3.6% (exp. 3.375%, prev. 3.1%), 2028 at 3.4% (exp. 3.125%, prev. 3.1%), and Longer run at 3.1% (exp. 3.125%, prev. 3.1%).
- Fed Chair Warsh said the goal is to get monetary policy right, and that the committee will deliver price stability, while he said inflation is well ahead of 2% and that persistently high prices are a burden. He also commented that the statement was absent of forward guidance as it is not well suited to the current policy state and announced a task force on five points for review, in which the task force will be supported by Fed staff and will ultimately propose the next steps. The points for review include: Communication: expects to propose changes, including to SEPs. Balance Sheet: to review the benefits and risks of an ample reserve regime, and its composition. Use of data sources: to consider new data sources and methodological changes. Productivity and Jobs: will survey the reach of AI and other general-purpose tech. Fed's inflation frameworks: will examine

drivers of inflation.

- **Fed Chair Warsh said in the (Q&A) that the timeline of task force reviews will depend on which topic, and he expects to begin work in the next couple of weeks, and hopes to be concluded by year-end on all points. Warsh said regarding the inflation framework review that the 2% goal is the Fed's long-term goal objective, and he sees no reason until they reach the 2% goal to revisit that goal. Warsh said they have the capability and commitment to deliver price stability and 2% goal, and stressed the Fed will deliver on 2% inflation goal, as well as reiterated they have dropped forward guidance and cannot give forward guidance on what they will do next.**
- **Fed Chair Warsh responded that it is uneven, perhaps due to different transmission mechanisms, when asked about how restrictive policy is, and stated policy appears restrictive from the housing market, but not financial markets and that it is hard to say policy is restrictive anywhere but in housing. Warsh said he thinks colleagues understand the world is changing quickly, and did not feel bound by their dots, while he did not hear a lot of conviction on dot plots, when asked about the dot plot. Warsh also said he did not submit a dot as he does not see it as helpful on how to conduct policy, but stated he is pretty open-minded. Warsh said that they made changes, with more expected to come, and therefore those future changes would be worthy of press conferences, while he also commented that commitment to deliver on inflation is strong and unanimous. Furthermore, when asked about whether a rate cut was discussed, he said there was one proposal on the table, but very little discussion on it, as well as stated there was no discussion on any other proposals and that none of the 19 at the table felt a need to tighten today.**

IRAN CONFLICT

- **US President Trump reiterated that the Iran deal will open Hormuz and that Iran cannot have a nuclear weapon, while he also reiterated that if the Iran deal is not done in 60 days, they will go back to bombing and stated they do not want to bomb Iran again, but might have to.**
- **US senior official, reading out the formal text of the Iran MoU, said Iran will cease efforts to disrupt traffic through the Strait of Hormuz and is committing to destroy its enriched uranium stockpile, at a minimum through downblending, with details on implementation to be discussed. The official said the sequencing of agreed steps will be a key topic in forthcoming talks, while discussions on funding for Iranian proxies will follow the nuclear issue. The meeting in Switzerland this weekend will be "critical" in determining how negotiations advance, and both sides will take confidence-building measures to assess whether a deal can be achieved. The official also said that Israeli PM Netanyahu has not requested a copy of the MoU, the US has maintained constant contact with Israel, and while the MoU has been signed, either side can walk away until a binding agreement is reached. If a final deal is achieved and "the Iranians behave," sanctions relief could be permitted; however, if negotiations fail, President Trump is not afraid to use the tools at his disposal.**
- **Iranian Foreign Ministry spokesperson Baghaei said the MoU between the US and Iran was decided to be signed digitally, while the plan for negotiating teams in Geneva remains in place, but there will be no signing ceremony in Switzerland. Baghaei stated that the 60-day period had started and that Israel's continued attacks on Lebanon would be regarded as a breach of commitments, while he also commented that the US has begun lifting the blockade on Iranian ships and that no enriched nuclear material will be sent abroad, and the dilution of nuclear material remains an option. Furthermore, he said Iran will reciprocate if the US fails to honour commitments, and that Iran is to charge fees for Strait of Hormuz safety services, as well as stated that Iran and Oman are to manage the Strait of Hormuz security, and noted that Switzerland talks with the US are not yet certain.**
- **Iranian Parliament Speaker and top negotiator Ghalibaf said the Strait of Hormuz will not return to pre-war conditions, but this does not mean acting against international laws or maritime navigation, while he added that payment for services through the Strait of Hormuz has been established in the MoU and that USD 300bn has been allocated to be invested in Iran, part of which will be spent on reconstruction. Furthermore, he said Iran's action is contingent on US compliance, with Iran to pursue action-for-action policy, as well as separately commented that Tehran can target ships entering Hormuz if needed, and that Tehran has sovereign rights to charge Hormuz tolls.**
- **Source on Telegram posted that several IRGC boats were engaged in unspecified activity in the Strait of Hormuz, and that a US ship broadcast a warning message in Persian to tell them to cease operations and return to port, or else the US Navy would attack them.**
- **Hezbollah chief said the ceiling to be reached in negotiations with Israel is a situation of reciprocal security, while they reject pilot zones agreed in US-brokered talks between Lebanon and Israel.**
- **Israeli military operations reportedly continue in Lebanon despite the MoU, while Israel opposes Lebanon ceasefire terms in the US-Iran agreement, according to Al Jazeera.**

US TRADE

EQUITIES

- **US stocks were pressured as a broad-based hawkish reaction was seen across markets, given a much more hawkish than anticipated Federal Reserve decision in which the Fed kept rates unchanged at 3.50%-3.75%, as expected, removed forward guidance, added emphasis on reaching the inflation target, and provided a hawkish dot plot. As such, US indices saw losses with all sectors in the red, while Treasuries were sold and precious metals suffered extensive losses, with spot silver underperforming. The dollar saw significant strength post-Fed, to the detriment of G10 FX peers, with high-beta FX lagging ahead of a few central bank decisions on Thursday, namely SNB, BoE, and Norges.**
- **SPX -1.21% at 7,420, NDX -0.99% at 29,671, DJI -0.97% at 51,498, RUT -0.72% at 2,918.**
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- US President Trump said regarding Chinese cars that the US doesn't have problems Europe has, while he also stated that the US would do better without the USMCA agreement and would rather leave the USMCA unsigned.

NOTABLE HEADLINES

- US President Trump said it is alright that the Fed held rates, "whatever", and that it could happen regarding the possibility of the Fed raising rates.

APAC TRADE

EQUITIES

- **APAC stocks** traded mixed as the region reflected on recent key events, including the hawkish FOMC and Fed chair Warsh's first presser, in which the Fed kept rates unchanged, removed forward guidance, emphasised price stability, and provided hawkish dot plots. This triggered selling in stocks, treasuries and gold, while it boosted the dollar and yields, with money markets now fully pricing in an October hike. Nonetheless, some of the moves have since been pared, to varying degrees, as oil prices gradually declined following the announcement that the US and Iran have signed the MoU for ending the war, which is now in effect, but with the planned talks on Friday in Switzerland, said to not yet be certain.
- **ASX 200** was subdued with most sectors in the red and the declines were led by tech and miners.
- **Nikkei 225** extended on record highs to surpass the 71,000 level as manufacturers benefited from lower oil prices and optimism of the reopening of shipping in the Strait of Hormuz.
- **KOSPI** rallied and breached the 9,000 level for the first time amid strength in Samsung and SK Hynix.
- **Hang Seng** and **Shanghai Comp** were lower with underperformance in Hong Kong as the hawkish FOMC and increased prospects of a rate hike this year, pressured the local benchmark, given that any rate hike in the US would force the HKMA to move in lockstep with the Fed to defend the USD/HKD peg.
- **US equity futures** rebounded from the post-FOMC trough with the help of the US-Iran MoU signing.
- **European equity futures** indicate a lower cash market open with Euro Stoxx 50 futures down 0.7% after the cash market closed with gains of 0.7% on Wednesday.

FX

- **DXY** pared some of its gains after strengthening on the back of the FOMC statement and dot plots, which saw 9 members see at least one hike by year-end. A prompt hawkish reaction was seen across markets, furthered by the language addition within the statement that "The Committee will deliver price stability", whilst mentions on the labour part of the mandate were limited, showing a heavy inflation tone skew. Warsh maintained this throughout his press conference and refrained from the dovish image some had anticipated, and in particular, he mentioned productivity growth, but did not try to argue that AI productivity growth would enable potential cuts. Warsh doesn't believe they have a cruel choice between full employment and stable prices, suggesting he potentially views employment as stable at current levels, with the Fed's current fight solely on inflation. **DXY rallied to 100.57** from the 99.65 seen before the rate announcement, while **money markets returned to fully pricing in a 25bps rate hike by year end**.
- **EUR/USD** regained some composure after briefly sliding to sub-1.1500 territory post-FOMC.
- **GBP/USD** partially rebounded from a two-month low, but with the recovery limited as participants now look ahead to UK jobs and wages data, the BoE policy meeting and the Makerfield by-election, which could pave the way for Manchester Mayor Burnham's return to parliament and PM Starmer's ousting.
- **USD/JPY** lacked conviction overnight after climbing yesterday as the buck strengthened on the hawkish Fed, although price action remained confined to within the 160.00 handle, while officials continue their mild jawboning with Chief Cabinet Secretary Kihara stating that Japan's government is monitoring FX markets closely and will respond to FX moves as needed.
- **Antipodeans** were on the mend and recovered around half of their post-FOMC losses, with NZD mildly outperforming following Q1 GDP data, which accelerated and showed stronger-than-expected Y/Y growth.
- **Brazil Central Bank cut the Selic Rate by 25bps to 14.25%, as expected, via a unanimous decision.** BCB stated the committee reaffirms serenity and cautiousness in conducting monetary policy, while the degree of restriction accumulated by monetary policy allows different trajectories of the policy rate consistent with inflation convergence to the target.

FIXED INCOME

- **10yr UST futures** attempted to nurse some losses after the recent bear flattening due to the hawkish FOMC and Warsh's first press conference as chair, where he refrained from hinting at whether he is leaning towards a hike and affirmed that the committee will deliver price stability.
- **Bund futures** retreated in the aftermath of the Fed but then returned to flat territory as oil prices fell.
- **10yr JGB futures** were choppy after recent key central bank announcements and geopolitical updates.

COMMODITIES

- **Crude futures** declined following the prior day's choppy performance amid conflicting reports regarding a cancellation of the Iranian officials' trip to Switzerland, while the renewed downside followed the signing by US President Trump and Iranian President Pezeshkian of the 14-point MoU agreement. Furthermore, Iranian Foreign Ministry spokesperson Baghaei said the

plan for negotiating teams in Geneva remains in place, but added the MoU was signed digitally, so there will be no signing ceremony in Switzerland, while he also noted that Switzerland talks were not yet confirmed.

- **Iraq's Southern Crude output rises by ~500k bpd to 1.5mln bpd as more tankers reach export terminals**, according to reports, citing a document and three oil officials. Iraq increased Rumaila Oilfield output by 300k bpd, reaching 650k bpd as export operations recover.
- **Russian President Putin met with Philippine President Marcos** in the Russian city of Kazan, while Putin signalled a readiness to increase energy exports to the Philippines.
- **Spot gold** initially slumped as the dollar strengthened in the aftermath of the hawkish FOMC, but then rebounded to reclaim the USD 4,300/oz level as oil prices retreated on the US-Iran MoU signing.
- **Copper futures** were pressured amid the broad hawkish reaction to Warsh's FOMC debut as chair, while prices are off their worst levels, but with the recovery constrained amid the mixed risk appetite.

CRYPTO

- **Bitcoin** trickled lower and returned to beneath the USD 64,000 level.

NOTABLE ASIA-PAC HEADLINES

- **HKMA left its rates unchanged, as expected, following the US Fed.**

DATA RECAP

- New Zealand GDP Growth Rate QQ (Q1) 0.8% vs. Exp. 0.9% (Prev. 0.2%, Low. 0.4%, High. 1.0%)
- New Zealand GDP Growth Rate YY (Q1) 1.5% vs. Exp. 1.1% (Prev. 1.3%, Low. 0.6%, High. 1.3%)

GEOPOLITICS

RUSSIA-UKRAINE

- **US President Trump said he thinks Russian President Putin and Ukrainian President Zelensky want to do something on the war**, while he added that Russia is losing more soldiers than Ukraine, and that he spoke with Putin on Sunday.
- **US President Trump said regarding Russia and China's nuclear weapons, that they ought to make a deal, and that either Russia or China is willing to make a deal.**
- **Russia attacked Kyiv with missiles and explosions heard in the capital, while it was separately reported that several Moscow airports have halted flights and Moscow's mayor announced that drones hit an oil refinery in a massive attack**, according to TASS.

EU/UK

NOTABLE HEADLINES

- **UK's Burnham's campaign has been forced to talk ministers out of resigning as early as this weekend to avoid PM Starmer's government descending into chaos amid fallout from the Makerfield by-election**, according to The Guardian.

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