European Market Wrap - 19th June 2026

- **European bourses started the session mixed; focus on ASML NA, after the US expressed concerns that China could have its top EUV tool.**
- **UK's Burnham won the Makerfield by-election; attention on if/when he calls a leadership challenge.**
- **Crude benchmarks reversed earlier gains after a senior US official announced an Israeli-Hezbollah ceasefire, effective 14:00BST/09:00EDT Friday; Brent -0.3%.**

EQUITIES

- **European bourses** (STOXX 600 -0.1%) are to end Friday's session on mixed but off worst levels after a senior US official said Israel and Hezbollah agreed to a ceasefire, which spurred a risk-on move across markets. Italy's **FTSE MIB** (+0.7%) was the only index in the green while luxury names weighed on France's **CAC 40** (-0.2%).
- **Sectors** ended with a lack of a directional bias. **Energy** (+1.6%) topped the sector pile, despite the reversal in crude price. **Media** (+0.6%) and **Health Care** (+0.6%) round out the top 3 sectors. **Basic Resources** (-2.0%), **Consumer Products & Services** (-1.2%) and **Retail** (-1.0%) were the sector laggards.
- Focus was on **ASML** (-0.3%), after US Commerce Secretary Lutnick expressed concerns to senior executives at the Co. that one of its EUV machines may have reached China, which violates US export restrictions. Other key movers were: **Novo Nordisk** (+5.3%), upgraded to buy at Nordea and announced the launch of research incubators across Europe; **Vestas** (+6.9%), placed on positive catalyst watch at JPM; **Unite Group** (-4.3%), after shareholder CPPIB placed 36.2mln shares at a discount.
- **US equity futures** traded on the softer side, with US traders away for Juneteenth.

FX

- **G10s were mixed throughout the London session.** DXY was rangebound, with the Asia-Pac upside completely pared followed the statement from the senior US official stating that Israel and Hezbollah agreed to a ceasefire.
- **GBP was the best performer** for no apparent reason with Gilts lagging peers after a convincing win for Labour's Andy Burnham in the Makerfield by-election. Not many fresh updates throughout the morning, though the incumbent Starmer reiterated he would stand in any leadership contest, raising the prospect of a longer-more painful leadership contest, weighing on Gilts. **The Pound** was ultimately unreactive to the fixed income bearish updates and potentially taking a lead from higher yields as an attractive carry trade.
- **JPY was unreactive to broadly in-line Japanese inflation data** , instead focusing on the possibility of intervention among thin US-holiday liquidity, a period where the MoF has shown preference to intervene. Thursday saw **USD/JPY** print a session high of 161.81, the highest level since August 2024.
- **EUR** was choppy. Recent ECB rhetoric remains on the hawkish side, reflecting market pricing. ECB's Lane was on the wires this morning, noting that inflation will remain above 3% for the rest of the year, and the EZ economy was resilient. **EUR/USD** found support towards its March low, around 1.14, before reversing to a session high of 1.1475.

FIXED

- **Fixed benchmarks** were in the red overnight and **continued to extend lower in the earlier part of the European session progressed**, following continued strikes on Lebanon. However, benchmarks ended off worst levels after a senior US official stated that Israel and Hezbollah have agreed to a ceasefire, which came into effect at 14:00BST/09:00EDT.
- **USTs** were pressured throughout the session, following peers, but off worst levels following the above headline. Do note, there is no cash trade today, with the US on holiday on account of Juneteenth.
- Over in Europe, **Bunds** had trade updates to contend with. On that front, the USTR announced that it had started a Section 301 probe of Germany regarding pharmaceuticals; should the probe find Germany guilty of underpaying, the US could levy tariffs on Europe's largest economy.
- **Gilts underperformed** in the aftermath of the Makerfield by-election. On that note, Burnham convincingly won in the Makerfield by-election. Burnham is now firmly on course to become PM. The process for that is still up in the air. PM Starmer could schedule his own exit or contest any leadership challenge launched by Burnham. Burnham is left of Starmer on the political spectrum, and his premiership would add 7-14bps of additional political premia to the UK 10yr yield, according to Pantheon Macroeconomics; on that, we remain attentive to his Chancellor selection, reports suggest Ed Miliband is the frontrunner. An appointment that could enhance the soft-left assessment of and reaction to a Burnham government.

COMMODITIES

- **Crude benchmarks** edged higher at the start of the European session, amid the postponement of the US-Iran talks in Switzerland, with the reasoning behind this unclear, but reports highlighting the Israeli strikes in Lebanon a potential factor. **WTI** peaked at USD 76.78/bbl, while **Brent** topped at USD 80.77/bbl. Benchmarks reversed the entirety of the day's gains after a US senior official came out and announced an Israel-Hezbollah ceasefire, in effect from 14:00BST/09:00EDT. Commentary from both sides following the announcement stated that they will abide by the ceasefire but warned of strikes if it is broken from either side. **WTI** and **Brent** are to end the European session below USD 76/bbl and USD 80/bbl respectively.

- **Spot gold** traded rangebound throughout the European session, amid light liquidity. The yellow metal rotated in a USD 4122-4211/oz range and is set for a third straight day of losses.
- **3M LME Copper** initially started European trade on the softer side, falling from USD 13.67k/t to a session low of USD 13.53k/t. The red metal has since completely reversed the losses and is to end just shy of the USD 13.65k/t mark.
- **Goldman Sachs** expects northwest European gas storage to reach 74% ahead of winter, the lowest since 2013; maintains H2 2026 TTF price forecast at EUR 41/MWh.
- **Deutsche Bank** cuts its year-end Brent price to USD 80/bbl from USD 85/bbl.
- **Commerzbank revises European gas price forecast lower; sees TTF reaching EUR 45/MWh by year-end (prev. saw EUR 50/MWh).**
- **Russia's average daily gasoline production was about 25% below its average daily level in June last year,** according to reports
- **Russia's Urals crude delivered to India reportedly dropped to a USD 4/bbl discount to Brent,** according to reports.
- **Iran has exported nearly 18mln BPD of crude oil over the past 5 days, according to Tanker Tracker.**
- **Japan's Foreign Ministry** said a Japan-related vessel passed through the Strait of Hormuz on June 19th.
- **Zimbabwe lithium producers have asked the government to delay a lithium concentrate ban as the Huayou plant is the only plant operational.**
- Russia said to have boosted fertilizer exports by 7% to USD 5.5bln YTD

EUROPEAN DATA

- **UK Retail Sales ex Fuel YoY (May) Y/Y 4.6% (Prev. 1.1%, Low. 2.6%, High. 4.6%).**
- **UK Public Sector Net Borrowing Ex Banks (May) 23.3B (Prev. 24.3B).**
- **UK Retail Sales MoM (May) M/M 1.2% vs. Exp. 0.5% (Prev. -1.3%, Low. -0.5%, High. 1.9%).**
- **UK Retail Sales ex Fuel MoM (May) M/M 1.2% (Prev. -0.4%).**
- **UK Retail Sales YoY (May) Y/Y 3.2% (Prev. 0%, Low. 0.9%, High. 3.3%).**
- **German PPI MoM (May) M/M 0.3% vs. Exp. 0.8% (Prev. 1.2%).**
- **German** PPI YoY (May) Y/Y 2.2% (Prev. 1.7%).

NORTH AMERICAN DATA

- **Canadian** Retail Sales MoM Final (Apr) M/M 0.5% vs. Exp. 0.6% (Prev. 0.9%, Low. 0.5%, High. 0.9%).
- **Canadian** Retail Sales Ex Autos MoM (Apr) M/M 0.1% vs. Exp. 0.7% (Prev. 1.4%, Low. 0.4%, High. 1.0%).
- **Canadian** Retail Sales YoY (Apr) Y/Y 3.7% (Prev. 3.4%).
- **Canadian** Retail Sales MoM Prel (May) M/M 1.0% (Prev. 0.6%, Low. 0.5%, High. 0.9%).

NOTABLE HEADLINES

- **'Cabinet ministers will this afternoon tell Sir Keir Starmer to set out a timeline for his departure in the wake of Andy Burnham's by-election victory in Makerfield',** the Times reported.
- **UK PM Starmer has reportedly spoken to at least 2 cabinet ministers and is scheduled to talk to others in the next 2 days to ask if they** are loyal to him, the i Paper reported.
- **UK's Burnham** said need to lower water and energy bills, end trickledown economics.
- **UK PM Starmer reiterates he will not walk away; will stand in any leadership contest.**
- **Allies of UK MP Burnham** are pushing for PM Starmer to announce his resignation within days, iPaper reported.
- **Dutch PM does not expect agreement on EU budget today.**
- **UK MP Burnham wants to be PM in September, Politico's Bloom reported citing sources.** "Burnham, who will be sworn in on Monday, is expected to try to persuade Starmer to step aside, though allies say he won't launch a formal leadership challenge in the first 72 hours after today's by-election victory.".
- **Sky's Rigby** said UK PM Starmer's position has changed, he intends to fight any leadership challenge.

CENTRAL BANKS

- **BoJ Governor Ueda has been discharged from hospital; returns to work from June 23rd.**
- **Croatia** approves Zigman to replace Vujcic as its new central bank governor.
- **ECB's Lane said inflation will remain above 3% for the rest of the year; there is a fair amount of resilience in the EU economy.** So far this is a mid-sized shock.
- **ECB's Wunsch said do not see a need to rush; safer to tighten now and unwind later.** Higher services inflation may warrant another hike to "be on the safe side". Would plead for a second hike in July. if data was not going in the right direction.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin** said Russia is open to dialogue with Europeans but will not accept ultimatums.
- **Russian Foreign Minister Lavrov** said there is no date yet for the visit from US Special Envoy Witkoff and Kushner.

MIDDLE EAST

- **A senior US official says Israel and Hezbollah have agreed to a ceasefire at 4pm local time on Friday (14:00BST/09:00EDT).** Following the ceasefire announcement, an **Israeli official said that we are in a state of ceasefire now if Hezbollah does not attack us** but IDF troops will remain in southern Lebanon and we have freedom of movement to confront any threats. From

Hezbollah's side, a source told Al-Jadeed that if Israel adheres to the ceasefire, they will adhere but if Israel does not, we have the right to respond.

- **Iran’s PGSA said that, in light of the MoU with the US, passage through Hormuz will be granted to vessels that submit requests in compliance with the necessary requirements.** Warns that requests submitted through unofficial channels will not be considered. Applications must be submitted at least 48 hours in advance and ships will not be charged any fees for 60 days.
- The FT also reported another document from **Iran's PGSA, stating that all vessels must hold a valid insurance policy approved by the PGSA and reserves the right to introduce insurance fees in the future.** The document also set out the route that ships should take through the strait, giving coordinates for a shipping lane close to the Iranian coast.
- **The US reportedly told Iran that Israel will not further escalate military operations in Lebanon,** CNN reported citing sources. **Hezbollah MP said that Iran has informed them that talks with the US cannot continue without a comprehensive ceasefire,** Reuters reported. **"Parliamentary sources in Hezbollah told Al-Araby Al-Jadeed: The party will abide by the ceasefire, but at the same time it will not stand idly by in the face of violations."**
- **US President Trump posted "We didn’t meet out of desperation, Iran did. They are FINISHED! We’ll play out the 60 days. They get no money, not ten cents!"**
- **"Netanyahu's office: Israel will not tolerate attacks on its soldiers or its territory and will impose a very heavy price on Hezbollah for these attacks", Sky News Arabia reported.**
- **"After MoU w/US, Iranian ambassador to Riyadh said Iran is ready to cooperate with neighbours, particularly Saudi Arabia", Al Arabiya's Haboush reported.** After MoU w/US, Iranian ambassador to Riyadh said Iran is ready to cooperate with neighbours, particularly Saudi Arabia, to shape new regional order but that Israel should have no part “because, unlike other states, it is not a natural part of the region.”.
- **Iranian MP** said "Any opening in the Strait of Hormuz before a complete ceasefire in Lebanon (and Israel's withdrawal) means that the Islamic Republic has accepted the premature birth of the implementation of the memorandum of understanding.".
- **US-Iran talks in Switzerland were reportedly postponed due to Israeli air strikes on southern Lebanon, the FT reported; talks have been tentatively rescheduled for Monday but dependent on the situation in Lebanon.** Iran did not send a delegation to Switzerland. One source said the potential meeting on Monday is yet to be confirmed. Mediators are currently working to resolve the issue.
- **Iran has exported nearly 18mln BPD of crude oil over the past 5 days, according to Tanker Tracker.**
- **The ongoing Israeli bombardment in Lebanon poses a major challenge to the US-Iran talks and that the situation will necessitate Washington to pressure Israel to stop attacks, Al Araby reported citing the Pakistani Foreign Ministry.**
- **Iranian activist Ilia Hashemi** posted that "At 13:43 on Friday, based on live reported from several ships in the Persian Gulf, the Revolutionary Guard stopped all shipping, effectively closing the Strait of Hormuz".
- **Pakistani Foreign Minister said the reason behind the delay in starting Switzerland negotiations is linked to Iranian officials being preoccupied with rituals related to Islam.**
- **Iranian Parliament Spokesperson Rezaei** said the IAEA's inspection of its nuclear facilities violates the explicit test of the law suspending IAEA cooperation and will stand firm against lawbreaking and capitulation.
- **Israeli PM Netanyahu** is trying to travel to Washington in the coming days and meet with US President Donald Trump, Israeli media reported, citing sources.
- **The IDF confirmed that it struck Hezbollah infrastructure in Bekaa Valley.**
- **IDF** said it continues to strike Hezbollah targets in southern Lebanon.