

Stocks mixed and crude hit on further US/Iran progress

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude down, Dollar up, Gold up.
- **REAR VIEW:** Qatar, Iran, Pakistan, & US speak of good progress in talks in Switzerland despite weekend tensions; US Treasury issues Iran general license to sell oil; Iranian reports reject Vance claim that Iran will allow return of IAEA inspectors to Iran; Iraq asked operators of five major oil fields to boost output to pre-war levels; Qatar said Ras Laffan incident hasn't impacted exports; UK PM Starmer resigns; ECB's Lagarde more dovish than usual.
- **COMING UP: Data:** Global Flash PMIs (Jun), US ADP Employment Change Weekly, Richmond Fed Index (Jun). **Events:** BCB Minutes (Jun), NBH Policy Announcement. **Speakers:** ECB's Lane, Elderson, Vujcic; BoE's Taylor, Dhingra. **Supply:** Australia, Japan, Netherlands, Germany, US. **Earnings:** FedEx.
- **WEEK AHEAD:** Highlights include: US PCE, Canadian CPI, EZ Flash PMI, Japanese Tokyo CPI and Banxico. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Memory names in focus with MU to report; JEF, CCL, and PAYX also due. [Click here for the full report.](#)

MARKET WRAP

Stocks were mixed on Monday, with the Nasdaq and S&P 500 closing lower while the Russell 2000 rallied and the Dow finished with slight gains. Sector performance was similarly mixed, with Real Estate, Energy and Health Care outperforming, while Communication Services and Consumer Discretionary were the clear laggards. A key driver of the weakness in the Nasdaq and S&P 500 was pressure in Alphabet (GOOGL), after DeepMind Vice President John Jumper departed the company to join Anthropic.

Energy prices ultimately settled lower after initially gapping higher at the reopen. Iran announced it had closed the Strait of Hormuz following alleged ceasefire violations, but the move quickly reversed as signs of progress in negotiations emerged. Iranian officials later said significant progress had been made in talks in Switzerland, while Qatar and Pakistan both praised the constructive atmosphere surrounding discussions between the US and Iran. Additional downside pressure came after US VP Vance stated that the Strait remained open and said Iran had agreed to allow IAEA inspectors back into the country, although Iranian media disputed those claims about the inspectors. Crude prices also came under pressure after the US suspended sanctions on Iranian energy production, delivery and sales for 60 days, helping benchmarks fall to session lows before some profit-taking emerged into the settlement.

Treasuries weakened across the curve despite the decline in oil prices, with markets increasingly focused on the implications of last week's hawkish FOMC decision and Chair Warsh's emphasis on returning inflation to target. The move suggests bond investors are beginning to shift their focus from geopolitical developments and are instead adjusting to a more hawkish Federal Reserve, while the BofA MOVE index has now returned to pre-conflict levels.

In FX, the Dollar strengthened against most G10 peers alongside higher Treasury yields. Sterling was the standout performer after UK's Streeting backed Burnham to succeed Starmer following the PM's resignation announcement, reducing the likelihood of a contested succession process. Elsewhere, USD/JPY reversed sharply lower after reaching 161.93, prompting renewed intervention speculation. Nikkei however attributed the moves to media reports that Finance Minister Katayama and US Treasury Secretary Bessent had discussed developments in the FX market. Into cash close, the moves once again pared.

Precious metals were firmer, with both gold and silver rising despite the stronger Dollar and higher Treasury yields. Bitcoin also posted modest gains. Elsewhere, SpaceX (SPCX) gave back a significant portion of its recent rally, falling more than 15% on the session.

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 12+ TICKS LOWER AT 109-07+

T-notes sold across the curve despite soft energy prices as focus remains on hawkish Fed shift . At settlement, 2-year +5.7bps at 4.236%, 3-year +6.1bps at 4.253%, 5-year +5.7bps at 4.289%, 7-year +5.3bps at 4.391%, 10-year +5.4bps at 4.509%, 20-year +5.2bps at 4.965%, 30-year +4.5bps at 4.945%.

THE DAY: Treasury yields rose across the curve on Monday despite lower oil prices and an absence of major US economic data, with markets continuing to digest last week's hawkish FOMC decision and Chair Warsh's first press conference. The move suggests participants are increasingly shifting their focus away from geopolitical developments and towards the implications of a more hawkish Federal Reserve.

There was no major US data to digest on Monday, while Fed Governor Waller delivered opening remarks at an event but did not comment on monetary policy or the economic outlook. Attention remained on geopolitics. Over the weekend, Iran announced it had closed the Strait of Hormuz following alleged ceasefire violations, sending oil prices higher at the reopening. However, those gains quickly reversed as reports pointed to continued progress in negotiations. Iranian officials later said significant progress had been made in talks in Switzerland, while Qatar and Pakistan both praised the constructive atmosphere surrounding discussions between

the US and Iran.

Additional downside pressure in crude emerged after Vice President Vance stated that the Strait of Hormuz remained open and noted that Iran had agreed to allow IAEA inspectors back into the country. Oil prices were also weighed on after the US officially suspended sanctions on Iranian energy production, delivery and sales for 60 days. Despite the continued decline in crude prices, Treasury yields remained higher throughout the session, suggesting the market is increasingly focused on the Fed's hawkish shift rather than geopolitical developments.

Attention now turns to this week's Treasury supply, including 2-, 5- and 7-year note auctions. The backdrop appears relatively supportive, with higher outright yields, reduced geopolitical uncertainty, lower bond market volatility, and a more hawkish Federal Reserve potentially helping underpin demand.

SUPPLY

Notes

- US to sell USD 69bln of 2-year notes on June 23rd, USD 70bln of 5-year notes on June 24th and USD 44bln of 7-year notes on June 25th; all to settle June 30th (as expected)
- US to sell USD 28bln 2year FRN on June 24th; to settle June 26th

Bills

- US Treasury sells 6-month bills at high rate 3.840%, B/C 2.51x; sells 3-month bills at high-rate 3.695%, B/C 2.68x

STIRS/OPERATIONS

- Fed Pricing: 41bps (prev. Dec 39bps)
- EFR at 3.63% (prev. 3.63%), volumes at USD 115bln (prev. USD 107bln) on June 18th
- SOFR at 3.62% (prev. 3.63%), volumes at USD 3.148tln (prev. USD 3.114tln) on June 18th
- NY Fed RRP op demand at 3.92bln (prev. 0.25bln) across 4 counterparties (prev. 4) on June 22nd

CRUDE

WTI (Q6) SETTLED USD 1.99 LOWER AT 73.86/BBL; BRENT (Q6) SETTLED USD 2.67 LOWER AT 77.90/BBL

The crude complex was eventually lower in a choppy day of trade to start the week. Initially, WTI and Brent gapped higher at the open to hit peaks of USD 78.14/bbl and 82.30/bbl, respectively, as Iran announced it shut the Strait of Hormuz due to continued Israeli strikes on southern Lebanon. However, since the open the rhetoric and readouts became more positive and as such saw the energy space reverse, to settle with losses and just off troughs. Overnight, Iran, Qatar and Pakistan all announced positive updates regarding talks with the US, while VP Vance later affirmed that a lot of progress was made and that the Strait is open. Meanwhile, the US Treasury's OFAC authorised the production, delivery and sale of crude oil, petrochemical products, and petroleum products of Iranian origin, showing the US following through with the signed MoU. VP Vance also stated that Iran had agreed to invite the IAEA inspectors back, although Iranian media denied this. Away from the aforementioned topics, newsflow was light on Monday with no tier 1 data or Fed speak, as participants await key risk events later in the week, such as S&P Global Flash PMIs (Tues), GDP, PCE, Fed's Williams (Thurs), and as always any further geopolitical chatter.

EQUITIES

CLOSES: SPX -0.34% at 7,475, NDX -0.19% at 30,347, DJI +0.29% at 51,713, RUT +0.78% AT 3,003.

SECTORS: Communication Services -3.83%, Consumer Discretionary -2.33%, Consumer Staples -0.68%, Technology -0.04%, Materials +0.06%, Utilities +0.50%, Financials +0.56%, Industrials +0.76%, Health +0.90%, Energy +1.23%, Real Estate +1.38%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.35% at 6,315, Dax 40 +0.66% at 25,151, FTSE 100 +0.72% at 10,438, CAC 40 -0.25% at 8,400, FTSE MIB -0.10% at 52,797, IBEX 35 +1.18% at 19,575, PSI +0.72% at 9,168, SMI +0.52% at 13,845, AEX +0.44% at 1,083

STOCK SPECIFICS:

- **Getty Images (GETY)** announced a display agreement w/ OpenAI
- **Apple (AAPL)** faces unavoidable device price increases as AI hyperscalers & NVDA absorb DRAM & NAND supply
- **ASML (ASML)** denies claim of EUV shipments to China.
- **CRH (CRH)** confirmed it is to acquire **Arcosa (ACA)**.
- China has added **MP Materials (MP)** and **USA Rare Earth (USAR)** to its export control list, citing national security.
- US FDA agreed to reverse the rejection of **Regenxbio's (RGNX)** experimental gene therapy Navsunl.
- **AbbVie (ABBV)** confirmed it is to acquire **Apogee Therapeutics (APGE)**.
- **Alphabet (GOOGL)** researcher left Google's AI laboratory for Anthropic
- **Micron (MU)** and Anthropic announce strategic agreement to scale next-generation AI infrastructure

FX

The Dollar was broadly firmer against G10 FX peers, although the Pound was the clear gainer, in what was pretty light newsflow stateside to start the week. On that, there was no US data or Fed speak, ahead of PCE later in the week. Recapping, over the weekend, Iran announced it shut the Strait of Hormuz due to continued Israeli strikes on southern Lebanon. However, the rhetoric and readouts became more positive overnight as Iran, Qatar and Pakistan all announced positive updates regarding talks with the

US, while VP Vance later affirmed that a lot of progress was made and that the Strait is open.

GBP was the sole G10 currency in the green against the Greenback, and saw little move after PM Starmer resigned, leading the way for Burnham to lead his PM campaign. However, UK assets were bid after Streeting released a statement endorsing Burnham, significantly reducing the odds of a leadership contest and also potentially setting Streeting up to be Chancellor, an outcome which would be much more welcome than other options, such as Miliband.

Attention was on the **Yen**, whereby USD/JPY hit a peak of 161.93, and saw a couple of sharp moves lower through the US session, with reports in Nikkei attributing the moves to media reports that the Japanese Finance Minister Katayama and US Treasury Secretary Bessent held talks online, where they likely discussed the foreign exchange market. Meanwhile, overnight, Finance Minister Katayama said they are ready to act suitably on currency fluctuations whenever necessary, but declined to comment on particular FX rates. Meanwhile, BoJ Deputy Governor Himino remarked that it takes some time for policy to have an impact on the economy and that accommodative conditions are expected to continue. Himino added that risks of price overshoots could materialise if there is a delay in the necessary adjustment in the degree of monetary easing.

Elsewhere, **Canadian** inflation metrics were hotter than expected, while **ECB** President Lagarde appeared somewhat dovish; she noted that there is no evidence yet of de-anchoring of inflation expectations or second-round effects that would warrant a more forceful policy response at this stage.

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