European Market Wrap - 25th June 2026

- **US equity futures slipped at the open, led lower by pressure across hyperscalers; Micron (+15%) soars after stellar earnings.**
- **US PCE M/M printed a touch below expectations, which spurred pressure in USD and lifted USTs.**
- **Iran's Quds Force Chief said if Israel does not withdraw from southern Lebanon voluntarily today, it will be forced to flee defeated tomorrow.**

EQUITIES

- **European bourses** (STOXX 600 +0.9%) are to end Thursday's trade entirely in the green, with outperformance in the **AEX** (+0.8%) and **DAX 40** (+1.1%), as **Micron** earnings fed through to European indices. Despite the rise, there are worries that the narrow breadth may fail to support indices. Analysts note that the STOXX 600's negative correlation with Brent is beginning to break, so any further downside in energy prices may not act as a tailwind.
- **Sectors** held their positive bias. **Technology** (+2.3%) was the clear outperformer, with **Utilities** (+1.7%) and **Travel & Leisure** (+1.6%) completing the top 3 performers. **Telecoms** (-0.4%) and **Energy** (-0.1%) were the only sectors in the red.
- There were a few single-stock stories throughout the session: **Entain** (+5.3%), to sell a 20% interest in Entain CEE to EMMA for c. USD 425mln; **Acciona** (-1.0%), reports that it will unlikely sell the entirety of its renewables unit; **Merck KGaA** (+3.6%), reversed earlier losses after it acquired Bio-Techne for around USD 11.3bln.
- **US cash equities** opened entirely in the green, with the **RTY** (+1.1%) outperforming. Downside in **Apple** (-4.7%) is seemingly weighing on the **NDX** (-0.2%), after it hiked prices on multiple products due to unprecedented demand for memory and storage. Modest upside in equity futures came following a big batch of US data, but primarily following the cooler-than-expected PCE price index, which printed at 0.4% M/M, as expected, from the prior 0.5%.

FX

- Despite a session with several macro-level updates, **majors are broadly contained vs the USD**. Marginal outperformance in GBP and AUD initially, though this has faded, while the EUR and JPY lagged, but magnitudes are limited and action remains choppy. **Following the 13:30BST data deluge, a modest extension of USD pressure was seen to the benefit of peers** across the board.
- **AUD** benefitted from the risk tone and a robust May jobs report, though the release is caveated by the strength coming from a weaker base with the April figures revised down, leading to flat activity across the last two months. AUD/USD hit a 0.6914 peak, though remains at the lower end of 0.6882 to 0.7019 WTD parameters.
- **GBP/USD** led but has thus far failed to test 1.3200 to the upside, stopping a few pips shy of the mark. Focus remains firmly on the incoming Burnham government, and while briefings from Burnham's team stick to the fiscal rules, the retention of Miliband as one of the three candidates for Chancellor is likely capping any gains and has factored in Gilt underperformance today. As an aside, more desks are coalescing around the on hold for the foreseeable narrative for the BoE.
- **DXY** itself spent the day softer, approaching the US afternoon just off but in proximity to a 101.44 base, though comfortably clear of Wednesday's 101.35 trough. Pressure was seen on the PCE report, with the headline M/M remaining at 0.4%, defying consensus for an uptick to 0.5%. A welcome print alongside strong personal spending and income data, alongside upward revisions to some GDP components and favourable weekly but higher continuing claims and soft real consumption. While a marginal dovish shift in pricing has occurred, pricing remains in favour of an October hike.
- **EUR** the relative laggard, but is essentially flat below 1.14 and at the lower-end of the WTD range. Specifics include typically hawkish remarks from ECB's Schnabel, which are somewhat at odds with recent data and commentary from Lagarde; however, both the ECB and markets await more information before coming to a decision on the next move.
- **USD/JPY** came under pressure in APAC hours following hawkish BoJ commentary from Tamura, however, the move proved relatively fleeting, leaving the JPY softer on the day and just shy of 162.00 at best vs the USD.

FIXED

- **Fixed income benchmarks** traded relatively rangebound throughout the European session, with a boost to USTs supporting the debt space following the big batch of US data.
- **USTs** (+4+ ticks) are to hand over to US traders with modest gains, trading at the upper end of its 109-27 to 110-08 range. The main catalyst came via the US data dump. The data was mixed, with Q1 GDP final and personal spending beating estimates; however, it seemed to be brushed aside by the cooler-than-expected PCE Price Index M/M (0.4% vs exp. 0.5%). This reduces worries of energy passing through into inflation and therefore unwinds some of the Fed rate hike bets.
- **Bunds** (+15 ticks) and **Gilts** (U/C) were dragged higher, following USTs, but ultimately ended rangebound. German debt oscillated in a 127.20-127.50 band, while Gilts traded in a 89.75-90.15 range. No BoE speakers on the wires today. For the ECB, hawk Schnabel said a rate hike will be needed, and the ceasefire should be no reason for policymakers to let their guard down, while newly-appointed Moulin stated the June rate hike was "moderate".
- **BNP Paribas (BNP FP) has filed to sell two-part USD-denominated noted.**
- **UK sold GBP 1.5bln 0.50% 2029 Gilt via tender: b/c 3.61x (prev. 3.86x), average yield 4.062% (prev. 3.841%).**
- **German Q3 debt issuance plan unchanged, as expected: to raise EUR 138bln in Q3, set to issue EUR 512bln in 2026.**

COMMODITIES

- **Crude benchmarks** started the European session on the back foot, and continued to trundle lower as the morning progressed; at one point **WTI** and **Brent** posted losses in excess of 1.5%. However, the complex managed to clamber off lows into the afternoon, and set to end the EU day towards the upper end of their respective ranges, and only off by c. 0.5%. **Brent Aug'26** held within a USD 72.06-73.51/bbl range.
- **Initial pressure facilitated by the continued transits of vessels through the Strait of Hormuz** . However, the Lebanon situation remains volatile. A US official suggested that Israel would begin withdrawing from buffer zones in southern Lebanon, but this was then refuted by both Lebanon and Israel. **Iran's Quds Force Chief warned that if Israel does not withdraw by today, then by tomorrow it will be "forced to flee"**. For now, it remains a domestic issue, though with a risk that Iran once again closes the Strait, blaming the US/Israel for breaking the ceasefire. Of course, the long-term danger is that ships become fearful of transiting the Strait once again, and therefore, oil flows may begin waning.
- **Spot gold initially** held below the USD 4k/oz mark in early European trade, but managed to move back above the level as the afternoon progressed. The strength was seen after the US data dump, whereby the USD was hit following a slightly cooler-than-expected PCE M/M figure (0.4% vs exp. 0.5%). Elsewhere, **base metals** traded with a strong positive bias, benefiting from the positive risk tone set out by a stellar earnings report from Micron. **3M LME copper** traded at the upper end of a USD 13,056.5-13,311.97/t range, heading into the European close.
- **Mexico reportedly extends duties on some US steel tube imports.**
- **QatarEnergy issuing its first crude tender since the Iran war.**
- **Iraqi Oil Ministry** said the recent reporting about Iraq considering leaving OPEC does not reflect the government's official position.
- **UBS forecasts Brent crude to reach USD 80/bbl by end-March/June 2027; to remain at USD 85/bbl at end-September/December 2026.**
- **A second nuclear reactor has been shut down in France's Aube region, BFM reported.**
- **Chevron (CVX) CFO** said gas prices will normalise, following pressure from President Trump on big oil companies, CNBC reported. said Chevron will grow production by 7-10%.
- **Saudi Arabia is reportedly set to restart Ras Tanura (550k BPD) oil exports as Gulf flows rise.**
- **Ukraine President Zelensky confirms its military hit an oil depot in Russia's Krasnodar region and two oil refineries in the Ufa region.**
- **Iraq Government spokesperson said nation is working to restore full oil export capacity and aims to raise production to 7mln BPD over the coming years.**
- **Citi** said it expects commodities systematic curve-carry strategies to keep recovering as oil prices trend lower over the next 6-12 months. Adds that a major de-escalation is the new base case, and any temporary summer oil-price rally is viewed as a rally to fade and potential entry point for curve carry.
- **Senior Iraqi Oil Ministry official said the nation will consider all available options if its OPEC quota is not significantly increased; have considered the idea of leaving OPEC, current plan is to remain and gain higher quota.**
- **Major Chinese banks** are reportedly shutting services supporting retail precious-metals trading after gold and silver volatility, Bloomberg reported. Industrial & Commercial Bank of China will stop intermediary services for individuals trading precious metals on the Shanghai Gold Exchange after 24th July settlement. China Guangfa Bank asked clients to close positions by Thursday or face forced liquidation.

EUROPEAN DATA

- **UK** CBI Distributive Trades (Jun) -54 vs. Exp. -41 (Prev. -46).
- **Italian** Industrial Sales YoY (Apr) Y/Y 3.2% (Prev. 4.4%).
- **Italian** Industrial Sales MoM (Apr) M/M 0.30% (Prev. 2%).
- **Spanish** PPI YoY (May) Y/Y 10.5% (Prev. 8.3%).
- **Spanish GDP Growth Rate YoY Final (Q1) Y/Y 2.7% vs. Exp. 2.7% (Prev. 2.7%).**
- **Spanish GDP Growth Rate QoQ Final (Q1) Q/Q 0.6% vs. Exp. 0.6% (Prev. 0.8%).**
- **French** Consumer Confidence (Jun) 84 vs. Exp. 84 (Prev. 82).
- **Hungarian** Unemployment Rate (May) 4.3% (Prev. 4.5%).
- **German GfK Consumer Confidence (Jul) -29.2 vs. Exp. -28 (Prev. -29.8).**

NOTABLE HEADLINES

- **French Public Audit Office** said that the 2026 deficit target is "far from guaranteed".
- **UK FCA Consumer Finance Director confirms that buy now pay later products will come under formal regulation in July.**
- **German Deputy Defence Minister Schmid** said they are well underway on reaching the 3.5% defence spend target. Different options to be discussed on the subject of the Eurofighter.
- **UK Chancellor Reeves reiterates backing for MP Andy Burnham, clear he is committed to the fiscal rules; have "unfinished business" on fiscal devolution.** Will invest in the long term. When asked about borrowing more for defence spending; said DIP will involve more money. (Avoids answer about defence borrowing outside of fiscal rules). Will not maintain current level of economic growth due to Middle-East conflict. Decisions to be make on Jackdaw and Rosebank soon.

TRADE/TARIFFS

- **Indian Trade Minister** said they are close to a trade deal with the US. Working on the smaller details since the 6th of February.
- **UK Government** announces new steel trade measures, effective July 1st. Reducing overall quota volumes by 51%. Any imports above would have a 50% tariff.

- **The EU has given the US trade deal final approval, according to Bloomberg.**

CENTRAL BANKS

- **US Chicago Fed National Activity Index (May) -0.10 (Prev. 0.14).**
- **BoJ's Tamura** said Japan has already met BoJ's 2% inflation goal and must increase rates close to neutral to prevent inflation from exceeding the target. said:. BoJ needs to gauge where the neutral rate lies by assessing how each rate hike affects the economy, prices and financial developments. Important for FX rates to move in a way reflecting fundamentals. FX rates move not just by policy stance of central banks, but by other factors. FX moves are important factors affecting Japan's economy and prices. FX moves have a bigger impact on inflation than in the past due to change in corporate price-setting behaviour. If risk of inflation overshoot materialises, we may need to accelerate the pace of rate hikes. Whether the BoJ raises rates once every three months or four months would depend on how the economy and prices and markets respond to each rate hike.
- **ECB's Moulin said recent developments have been good for the French economy; ECB's rate hike in June was "moderate".**
- **ECB Economic Bulletin Issue 4/2026:.**
- **ECB's Schnabel said the short term situation now looks better than had been expected, ceasefire is no reason for policymakers to let their guard down.** From today's perspective, we will need to raise interest rates further in order to bring inflation back to the two percent target over the medium term.
- **BofA now** expects the BoE to hold rates in 2026, with one 25bps cut to 3.5% in November 2027 (revising its previous call of two 2026 hikes and three 2027 cuts); adds that a hike this year remains a close call on re-escalation risks. BofA has cut its inflation forecast to 3.1% in 2026 and 2.3% in 2027, with growth revised up to 1.1% and 1.3% respectively.
- **BCB 2026 forecasts: GDP +2.0% (prev. 1.6%), Current account balance USD -56bln (prev. USD -58bln); Trade balance USD +79bln (prev. USD +73bln); bank lending +9.0% (prev. +9.0%).** Projects annual inflation of 3.1% in Q4 26. Inflation projections for the relevant horizon have risen considerably since the last MPR.
- **CBRT reportedly to signal no rush to ease rates before late July, Bloomberg reported.**
- **CNB Minutes: Seidler said rate hike did not signal a further step and did not mark the start of a cycle, but could not be said to be the last step either.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukraine President Zelensky confirms its military hit an oil depot in Russia's Krasnodar region and two oil refineries in the Ufa region.**

MIDDLE EAST

- **US Secretary of State Rubio** said Trump has multiple options if it doesn't work out with Iran; Oman is said they are not in favour of a tolling system for the Strait of Hormuz. Trump is very upset at Italy and other countries over Iran. We're close to an initial agreement between Israel and Lebanon.
- **US Secretary of State Rubio** said we hope to reach a final agreement with Iran, but not at any price, and are now entering a new phase that hopefully leads to peace. Will not accept that Hormuz belongs to any nation-state. US President Trump has been fundamentally clear about the tolling issue. It can be a toll or a fee, but it is all semantics.
- **Iran and Oman's Foreign Ministers stress in phone call the importance of coordination in relation to maritime traffic in Strait of Hormuz.**
- **Iran's Revolutionary Guard** said the only permitted route for passage through Hormuz is the one announced by Iran.
- **Iranian Parliamentary Speaker America falsely claims our unfrozen assets will buy their agriculture.** Full post: America falsely claims our unfrozen assets will buy their agriculture. Interesting. The only crop we're harvesting is what you planted: decades of mistrust. It's organic, abundant, and homegrown. But apparently the US only exports GMO soybeans, broken promises and trash talks.
- **A US State Department official said Israel has pulled back from part of its buffer zone in southern Lebanon as an act of good faith.**
- **Iran's Quds Force Chief said if Israel does not withdraw from southern Lebanon voluntarily today, it will be forced to flee defeated tomorrow.**
- **Lebanese medical and security sources say that two killed in an Israeli drone strike targeting a car in southern Lebanon.**
- **Israeli forces remain stationed in all recently occupied areas of Lebanon, Al Jazeera reported citing a Lebanese source.**
- **Israeli Broadcasting authority, citing a military source, said the army has not received any instructions from the political level regarding withdrawal from positions in Lebanon, Al Araby reported.**
- **Lebanese military source tells Al-Araby "The Israeli army has not withdrawn from any point in the areas it occupies in southern Lebanon.".**
- **"Lebanese media outlets are reporting that an Israeli drone attacked the village of Tabit, in the Nabatia region in southern Lebanon", via Kan's Kais.**
- **Israeli Military** said one soldier was killed during "operational activity" in southern Lebanon.

NORTH AMERICAN DATA

- **US GDP Price Index QoQ Final (Q1) Q/Q 3.6% vs. Exp. 3.5% (Prev. 3.6%, Low. 1.3%).**
- **US** Durable Goods Orders ex Defense MoM (May) M/M -4.6% (Prev. 8.1%).
- **US** Durable Goods Orders Ex Transp MoM (May) M/M 1.3% vs. Exp. 0.5% (Prev. 1.1%).
- **US Real Consumer Spending QoQ Final (Q1) Q/Q 0.5% vs. Exp. 1.4% (Prev. 1.9%).**

- **US PCE Prices QoQ Final (Q1) Q/Q 4.6% vs. Exp. 4.5% (Prev. 2.9%).**
- **US GDP Growth Rate QoQ Final (Q1) Q/Q 2.1% vs. Exp. 1.6% (Prev. 0.5%, Low. 1.3%, High. 2.5%).**
- **US Core PCE Price Index MoM (May) M/M 0.3% vs. Exp. 0.3% (Prev. 0.2%).**
- **US Personal Income MoM (May) M/M 0.7% vs. Exp. 0.4% (Prev. 0%, Low. 0.3%, High. 0.7%).**
- **US PCE Price Index MoM (May) M/M 0.4% vs. Exp. 0.5% (Prev. 0.4%).**
- **US Core PCE Prices QoQ Final (Q1) Q/Q 4.40% vs. Exp. 4.4% (Prev. 2.7%).**
- **US PCE Price Index YoY (May) Y/Y 4.1% vs. Exp. 4% (Prev. 3.8%).**
- **US Personal Spending MoM (May) M/M 0.7% vs. Exp. 0.6% (Prev. 0.5%, Low. 0.3%, High. 0.7%).**
- **US Core PCE Price Index YoY (May) Y/Y 3.4% vs. Exp. 3.3% (Prev. 3.3%, Low. 3.3%, High. 3.5%).**
- **US GDP Sales QoQ Final (Q1) Q/Q 1.9% vs. Exp. 1.5% (Prev. 0.3%).**
- **US** Real Personal Spending MoM (May) M/M 0.3% (Prev. 0.1%).
- **US** Corporate Profits QoQ Final (Q1) Q/Q 0.5% vs. Exp. -0.4% (Prev. 5.7%).
- **US Continuing Jobless Claims (Jun/13) 1821.0k vs. Exp. 1800k (Prev. 1810k, Rev. 1800k).**
- **US Initial Jobless Claims (Jun/20) 215.0k vs. Exp. 225k (Prev. 226k, Low. 218k, High. 240k, Rev. 227k).**
- **US** Jobless Claims 4-week Average (Jun/20) 224.25K (Prev. 223.25k, Rev. 223.50k).
- **US Durable Goods Orders MoM (May) M/M -4.5% vs. Exp. -4.7% (Prev. 7.9%).**