

SNAPSHOT

STOCKS			
Euro Stoxx 50	U/C	DAX40	+0.1%
Stoxx 600	-0.1%	FTSE 100	-0.2%
ES Sep'26	+0.7%	RTY Sep'26	+0.3%
NQ Sep'26	+1.0%	YM Sep'26	+0.4%
FX			
DXY	-0.1% (101.27)	EUR/USD	+0.1% (1.1401)
USD/JPY	+0.1% (161.88)	GBP/USD	+0.1% (1.3216)
BONDS			
US T-Note Sep'26	-3+ ticks	Bund Sep'26	-8 ticks
US 10yr Yield	4.386%	German 10yr Yield	2.860%
ENERGY & METALS			
WTI Aug'26	+1.7%	Brent Aug'26	+1.3%
Spot Gold	-1.1%	LME Copper	-0.1%
CRYPTO			
Bitcoin	+0.7%	Ethereum	+0.3%

As of 10:45BST / 05:45EDT

LOOKING AHEAD

- Highlights include US Dallas Fed Manufacturing Index, Speakers including ECB's Lagarde & UK MP Burnham.
- [Click here for the Week Ahead preview](#)

IRAN CONFLICT

- US CENTCOM announced that it conducted strikes against multiple Iranian targets on Saturday, on the orders of US President Trump, "in direct response to continued Iranian aggression against commercial shipping." In retaliation, Iran's IRGC responded by hitting 8 US military installations at the Ali Al Salem air base in Kuwait and the US Navy's Fifth Fleet in Bahrain, according to IRNA. However, in the early hours of Monday, a US official said technical talks with Iran are slated to continue on all areas of the MoU, while the official added that both sides will stand down for now and that vessels can move freely.
- US official said Iranian drone and missile attacks on Kuwait and Bahrain failed and that all Iranian projectiles were intercepted or missed, according to ABC News.
- Iran cancelled technical talks with the US scheduled on Sunday and cited recent attacks on the country and a failure to meet conditions outlined in the MoU with the US. However, it was separately reported that the US and Iran agreed to halt strikes and meet this week, according to Axios citing a senior US official. Furthermore, US and Iran technical talks that were scheduled to be held on Tuesday in Switzerland, which would focus on nuclear and other issues, have reportedly been changed and will now be held in Doha on Tuesday and will focus on the Strait of Hormuz and recent escalation.
- Iran's Foreign Minister Araghchi said the US and Israel have violated the MoU, particularly the first clause, which hinders the restoration of regional security, while he also stated that Iran seeks to implement the MoU in good faith in accordance with the principle of commitment for commitment and that they will act decisively against contract breaches.
- Mediators have reportedly set up communication channels to de-escalate any incidents with technical talks set to continue, according to reports.
- Iran's President said they will get USD 6bln from Qatar of the USD 12bln of Iranian funds that were frozen due to US restrictions within Qatar, journalist Mallick reported.

- **Israeli army** said it attacked 3 Hezbollah headquarters in southern Lebanon last night.
- **Israeli military has received no orders to withdraw from Lebanon**, according to Al-Jadeed and Haaretz, citing an Israeli military source.
- **Instructions have been given to the Israeli army to reduce the destruction of homes and infrastructure in areas of southern Lebanon it controls**, Al Hadath reported citing Israeli media.
- **Israel destroyed a Hezbollah underground tunnel in southern Lebanon, while Israeli forces reportedly shelled a Syrian village near the Golan Heights.**
- **Israeli PM Netanyahu and Defence Minister Katz said the IDF will remain in the southern Lebanon "security zone"** after destroying a Hezbollah underground facility.
- **Iran and Oman held the first meeting on the Strait of Hormuz**, within the framework of Article 5 of the MoU, Mehr reported.

EUROPEAN TRADE

EQUITIES

- **European bourses** (STOXX 600 -0.1%) started the day tentatively, but have gradually edged off best levels. **The latest US-Iran flare up has had little impact on trade this morning**, with traders ultimately focusing more on any potential disruptions to the Strait rather than fresh strikes.
- **Focus in the APAC session was on South Korea**, where it announced a new KRW 1,350tln AI and chip spending package. The total plan includes promoting a semiconductor fab worth KRW 800tln, 81tln in a packaging hub and 550tln to build AI data centres. Samsung Electronics and SK Hynix are to be heavily involved, with the two Cos planning to build two chipmaking plants each for KRW 800tln. Even though the announcement helped reverse the earlier losses (Samsung Electronics -4.8%, SK Hynix -1.7%), analysts at Morningstar think that, if the new commitments are standalone investments, they could imply material oversupply risk over the next decade.
- **Sectors are mixed.** **Technology** (+1.1%) is the clear outperformer, with **Media** (+0.8%) and **Energy** (+0.7%) rounding out the top 3. To the downside lie **Construction & Materials** (-1.4%), **Chemicals** (-0.8%), and **Real Estate** (-0.8%).
- **US equity futures** are firmer across the board, starting to rebound from last week's losses. The NQ (+1.0%) seems to be benefiting from the news in South Korea.
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)

FX

- **Snapshot:** G10s are mixed against the USD and to varying degrees. The **Kiwi** slightly outperforms vs peers, whilst the **GBP** and **EUR** follow closely behind. The **JPY** resides at the bottom of the list. Outside of the G10 space, the **KRW** is weaker this morning after **South Korea unveiled a USD 1tln chip/AI investment plan**. Potentially on fears surrounding a) how Korea aims to finance the government's portion of the investment, b) pressure in SK Hynix/Samsung shares, which leads to outflows in domestic markets, c) heightened geopolitical risk, and the associated inflationary impacts on the region.
- **DXY** is incrementally weaker against the **USD**, and currently holds within a 101.15 to 101.39 range. Focus for the index over the weekend was on the increased geopolitical risk, which ultimately highlighted the uncertain nature of the current US-Iran MoU. As a reminder, the **US and Iran conducted tit-for-tat strikes**; thereafter, the pair agreed to halt strikes and resume meetings this week. It seems to be the case that markets are happy to ignore the short-term flare-ups, and broadly focus on whether there are any material disruptions to the Strait of Hormuz.
- **GBP** is slightly firmer, holding within a narrow 1.3191 to 1.32282 range. **Really not much driving the action this morning for the GBP, but focus ahead will be on commentary from likely PM Burnham.** He is expected to announce plans to devolve powers and money from the central government to England's regions. This would mark his first major policy speech since announcing his intention to stand for leadership of the ruling Labour Party.
- That aside, speculation around the next UK Chancellor continues. The Sun reports that current Work and Pension Secretary McFadden is a contender, under the belief he would steady the market. However, Miliband remains a contender, with a source to the Sun remarking that it is now between McFadden and Miliband. **The latter remains the worst option for markets.**
- **JPY** remains the slight underperformer this morning. **USD/JPY** currently holds towards near-term highs at 161.95, and within a 161.72-161.88 range. Speculation surrounding intervention remains heightened, particularly heading into US Independence Day. Japan favours intervention during periods of low volume, given the improved effectiveness when attempting to strengthen the JPY.

FIXED INCOME

- **Fixed income benchmarks initially started the week on the backfoot as energy prices opened higher on renewed US-Iran strikes over the weekend**, but have since come off lows as crude benchmarks fall from highs. This came after the US and Iran agreed to halt strikes, and meet on Tuesday.
- **Gilts** (-23 ticks) are slightly softer, ahead of MP Burnham's speech at 11:30BST/06:30EDT. It is to last around 20 minutes, focusing on his economic plans. We do not anticipate a Q&A. He is also expected to focus on expanding the devolution of control away from London, and could also touch on nuances around tax levels, housing stock, defence spending and within that, possibly war bonds. Welfare reform will also feature as part of the move to give local authorities more control. The UK benchmark currently trades in the lower part of a 89.24-89.58 range.
- **Bunds** (-8 ticks), likewise, are rangebound (127.35-127.51), despite a hotter-than-expected inflation print from Spain. HICP Y/Y printed at 3.6% vs exp. 3.4%, well above the ECB's 2% target, while the core figure ticked lower to 2.9% from 3.0%. If

the trend of lower core figures follows through to other EZ economies, with France, Italy and Germany set to release their inflation figures later this week, this could signal that the ECB would be willing to look through higher headline figures. The lower core figures would also support the view put forward by ECB President Lagarde, in which she said, "We see no evidence yet of de-anchoring of inflation expectations or second-round effects that would warrant a more forceful policy response at this stage."

- **USTs** (-2+ ticks) follow their European counterparts, lacking any clear direction, with an appearance by Fed Chair Warsh at Sintra on Wednesday and the US jobs report on Thursday going to be the key driver for Treasuries. Warsh is likely to maintain a slightly hawkish tone and give little in terms of guidance. Ahead of the jobs report, economists at Capital Economics said further downside in yields could lose momentum, with the June report due to be strong again. The economist states that the increasingly strong labour market is not a reason to delay tightening, which could be the biggest near-term risk to USTs.

COMMODITIES

- **A choppy morning** for crude as we digest the initial escalation and then the easing of tensions between the US and Iran over the weekend, with the near-term focus now on Tuesday's technical talks in Doha.
- Just after the open, **WTI** and **Brent** hit highs of USD 70.97/bbl and USD 73.39/bbl respectively. While firmer by over USD 1.50/bbl on the day at the peak, the move failed to test Friday's respective USD 71.86/bbl and USD 75.13/bbl tops, and by extension numerous levels thereafter.
- **Benchmarks** pulled back in acknowledgement of the initial Axios scoop that the side would be meeting this week, and, ahead of that, have agreed to stop strikes. Nonetheless, there still appears to be conflict occurring in Gaza and Lebanon. As the European morning proceeded, WTI and Brent have clambered off lows and trades firmer by USD 0.92/bbl and USD 0.66/bbl respectively.
- **Spot gold** picked up at the end of last week, reacting to the initial US strikes in the Hormuz area. The yellow metal ended the week at USD 4091, just off Friday's USD 4096/oz best, though markedly shy of that week's USD 4198/oz peak. For today, as above, geopolitical tensions have moderated somewhat and as such, XAU has lost some of its haven allure, slipping into the red by around USD 30/oz, with the US equity tone also bid and tech-led after the huge Korean AI and Chip spending plan, alongside confirmation that SPCX is to join the Nasdaq.
- **Base metals are mixed**, despite the firmer US tone. Instead, reflecting the mixed APAC handover and acknowledging the marginal deterioration in the European tone across the morning. 3M LME Copper is just about in the green, but in a thin and familiar range, shy of the mid-May peak.
- **TotalEnergies (TTE FP)** said operations at its oil refinery and petrochemical plant in northwest France were impacted by a power outage on Friday.
- **Spain's Bilbao Port Executive President urged the EU to delay the 2027 ban on Russian LNG or risk becoming overdependent on the US**, according to FT.
- **Oman LNG's first LNG carrier has reportedly departed the nation**, Oman News Agency reported.
- **US Agriculture Secretary Rollins said the US and Mexico opened a sterile fly production facility in Metapa, Mexico**, which is expected to produce up to 100mln sterile flies a week.

TRADE/TARIFFS

- **China's MOFCOM said 20 Japanese firms were added to the export control list for links to Japan's military**. MOFCOM stated that measures only target some Japanese entities and apply only to dual-use items, while they do not affect normal economic and trade exchanges between China and Japan.

NOTABLE EUROPEAN HEADLINES

- **Spanish Economy Ministry** said the Government expects the economy to grow by 2.6% in 2026 (prev. 2.2%).

NOTABLE EUROPEAN DATA RECAP

- **CBI says British companies' growth expectations for the coming quarter dropped with the growth gauge falling to -28 in June from -24 in May**, which is the lowest since December 2025.
- **Spanish Inflation Rate YoY Prel (Jun) Y/Y 3.2% (Prev. 3.2%); HICP 3.6% vs. exp. 3.4% (prev. 3.6%)**.
- **Spanish Inflation Rate MoM Prel (Jun) M/M 0.6% (Prev. 0.1%)**.
- **Spanish Core Inflation Rate YoY Prel (Jun) Y/Y 2.9% (Prev. 2.9%)**.
- **Spanish Retail Sales MoM (May) M/M 0.6% (Prev. -1.5%)**.
- **EU Consumer Confidence Final (Jun) -17.7 vs. Exp. -17.7 (Prev. -19)**.
- **EU M3 Money Supply YoY (May) Y/Y 3.2% (Prev. 2.7%)**.
- **EU Loans to Companies YoY (May) Y/Y 4.0% (Prev. 3.4%)**.
- **EU Loans to Households YoY (May) Y/Y 3.1% (Prev. 3%)**.
- **UK M4 Money Supply MoM (May) M/M 0.1% (Prev. 0.2%)**.
- **UK BoE Consumer Credit (May) 1.662B (Prev. 1.859B)**.
- **UK Mortgage Approvals (May) 56.21K (Prev. 65.94K)**.

CENTRAL BANKS

- **Fed Chair Warsh is reportedly set to announce task force details in the coming few weeks**, NYT reported citing sources,
- **Fed's Barkin (2027 voter) said inflation is too high, but he sees some signs that price pressures could moderate soon**, according to Bloomberg.

- **ECB's Kazaks said there is currently no need for multiple ECB hikes in a rushed way**, according to Econostream. Probabilities of the negative scenarios have fallen massively, with the shock and persistence being smaller while a smaller shock reduces the risk of non-linearities and second-round effects.
- **BoE's chief economist Pill** said the BoE is still experimenting with scenarios and external presentations.

NOTABLE US HEADLINES

- **US House Speaker Johnson said he will send the Housing Bill over to President Trump on Monday**, according to Fox News.
- **S&P affirmed the US at AA+; Outlook Stable.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukrainian President Zelensky said Ukraine targeted the Slavyansk-na-Kubani oil refinery in the Krasnodar region and a refinery in the Yaroslavl region of Russia**, as part of Kyiv's "long-range sanctions" campaign against Russia.
- **Ukraine's air force said a UAV was detected in the Dnipropetrovsk region, while explosions were reported in the suburbs of Kharkiv.**
- **Russian President Putin said Russia has proposed that both sides stop striking each other's deep targets and warned that if such strikes continue, Russian strikes on Ukraine will become more powerful** with more severe consequences.
- **Russian President Putin said Russia is expecting US negotiators once the US is less busy with Iran, while he also stated that Russia is ready for talks with the US**, according to AFP.

CRYPTO

- **Bitcoin** briefly topped above USD 60k before falling back below as it consolidates following last week's selloff.

APAC TRADE

- **APAC stocks** began the week mixed, heading closer to month- and quarter-end, while participants reflected on the geopolitical developments over the weekend, in which the US and Iran conducted tit-for-tat strikes. Although, the sides have since agreed to halt attacks and will meet for talks this week.
- **ASX 200** traded rangebound with the index kept afloat by strength in tech, telecoms, healthcare and the consumer sectors, while utilities, industrials and real estate lagged. Furthermore, price action was contained in the absence of any pertinent data and with the ACCC announcing that the excise tax cut on fuel is to be lowered from July 1st to August 2nd.
- **Nikkei 225** continued its pullback from recent record highs and slipped beneath the 69,000 level amid tech-related weakness, although the index is off today's worst levels as participants also digested strong Retail Sales data. Moreover, reports that the government is to call for "appropriate" monetary policy in its basic policy guidelines, in an apparent effort to dissuade the BoJ from further hiking rates, also boosted sentiment.
- **Hang Seng** and **Shanghai Comp** are positive, albeit to varying degrees, with outperformance in Hong Kong amid strength in biotech and a rebound in hyperscalers. Baidu was boosted as its AI chip unit Kunlunxin targets a USD 50bln Hong Kong listing. However, the mainland was contained after somewhat mixed industrial profits data, and despite the PBoC conducting overnight reverse repo operations as flagged.

NOTABLE ASIA-PAC HEADLINES

- **South Korea announced a new AI and chip spending package, which includes huge investment from the likes of Samsung Electronics (005930 KS) and SK Hynix (000660 KS).** [See more details on the spending plan](#)
- **PBoC injected CNY 157.5bln via 7-day reverse repos with the rate maintained at 1.40%, while it announced CNY 300bln in overnight reverse repos with the overnight reverse repo rate said to be 1.25% vs exp. 1.35%**, according to Bloomberg.
- **Japan's government is expected to call for "appropriate" monetary policy in its basic policy guidelines, in an apparent effort to dissuade the BoJ from further hiking rates**, according to Bloomberg citing a document.

NOTABLE APAC DATA RECAP

- **Chinese Industrial Profits YY (May) 21.1% (Prev. 24.7%).**
- **Chinese Industrial Profits YTD YY (May) 18.8% (Prev. 18.2%).**
- **Japanese Retail Sales MM (May) 1.9% vs Exp. -0.5% (Prev. 1.3%).**
- **Japanese Retail Sales YY (May) 5.3% vs. Exp. 3.1% (Prev. 2.1%, Rev. 2.8%).**

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