European Market Wrap - 29th June 2026

- **European bourses were broadly lower; US equity futures gain, NQ +1%.**
- **G10s mixed against the USD; GBP outperformed as MP Burnham avoided material updates. Heavy activity seen in USD/JPY around 161.95.**
- **US President Trump said the US and Iran are to meet on Tuesday; Brent Aug'26 +0.9%.**

EQUITIES

- **European bourses** (STOXX 600 +0.1%) are to end Monday's trade mixed but off the earlier worst levels, with the majority of indices printing modest gains. There was no clear driver for the reversal, however, the earlier losses were not too big. The **AEX** (+0.2%) was the outperformer, supported by gains in **Prosus** (+4.1%) after it reported FY26 adj. EBITDA beating estimates while pledging USD 5bln of share buybacks in FY27.
- **Sectors** finished with a positive bias. **Media** (+1.1%) overtook **Technology** (+1.0%) to finish top of the sector pile, with **Utilites** (+0.8%) and **Energy** (+0.9%) closely following behind. **Construction & Materials** (-1.7%) was the clear underperformer, with **Autos** (-0.6%) and **Telecoms** (-1.3%) rounding out the bottom 3 sectors.
- Key movers included: **Bridgepoint** (+17.3%), acquired Kanye Anderson Real Estate for c. USD 1.39bln; **BT Group** (+0.3%), formed a 50:50 JV with Verizon; **Soitec** (+2.9%), partnered with ZenSmi to scale 300mm BCD-on-SOI production; **Sandoz** (+1.6%), received two NDAs for generic versions of tirzepatide.
- **US equity futures** opened mixed, with the **NDX** (+1.4%) printing the biggest gains. The chip story out of South Korea, in which they announced a USD 880bln AI and chip spending plan, seems to have supported chip names globally and supported the tech-heavy index. Additionally, SpaceX (+2.3%) is set to enter the Nasdaq 100 next week.

FX

- **Snapshot**: **G10s** are mixed against the **USD**. Outperformance was seen in the **GBP**, which has fared well in the midst of the tumultuous political environment. The **JPY** marginally lagged, but with the pressure capped as markets assign a high chance to intervention. Some of that pressure was potentially a function of reports that the Japanese government is expected to call for "appropriate" monetary policy, aiming to dissuade the BoJ from further rate hikes. **USD/JPY** is set to end the EU day shy of the 162.00 mark, after heavy selling in recent trade.
- **DXY** was slightly weaker throughout the London session, holding within a 101.15 to 101.39 range. Traders are digesting the geopolitical newsflow from over the weekend and in today's session. As a reminder, there were tit-for-tat strikes between the US and Iran, which have since concluded and the pair agreed to meet on Tuesday. The **Iranian Deputy FM pushed back on this**, suggesting nothing was in the works – but Trump later confirmed the talks would occur on Tuesday, in Doha. As it stands, the **USD** appears to only care about whether flows through the Strait will be disrupted, and largely pushing aside the flare-ups between the two countries.
- **GBP** outperformed this morning, and is set to end the EU session at the upper end of a 1.3191 to 1.3243 range. A recent note from Credit Agricole highlighted that the **GBP** is in oversold territory, and as such its **FX** team has entered a long position in Cable. From a fundamental point of view, the **GBP** has had to digest the resignation of PM Starmer, which has facilitated the transition of leadership to (most likely) MP Burnham. On that front, he spoke today, where he announced some economic plans. **Overall, it lacked any material updates, which was welcomed by markets** . The next big risk is surrounding his Chancellor pick, with recent reporting suggesting McFadden and Miliband are the favourites. Some have opined that the lacklustre speech, in theory, facilitates a Miliband appointment. This is on the notion that Burnham himself may not opt to enact some of the less market-friendly policies, but instead allow Miliband to do so.
- **KRW** was weaker in today's session. Focus was on South Korea's unveiling of a USD 1tln chip/AI investment plan. The pressure 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.

FIXED

- **Global fixed income benchmarks** traded rangebound throughout the European session amid a lack of drivers and a heavy central bank speaker slate this week, with ECB President Lagarde set to give introductory remarks later today to kick off the 3-day Sintra conference.
- **Gilts** (+16 ticks) held in an 89.18-89.65 range throughout the session, with focus primarily on MP Burnham's speech. A speech that wasn't particularly surprising, a point that may well explain the relative outperformance in Gilts and GBP since. Focusing on the appointment of any cabinet members, and particularly the Chancellor, he said he will not make any announcements until he is appointed PM.
- **Bunds** (-6 ticks) oscillated in a narrow 127.29-127.51 band, with a lack of drivers to spur any directional move. Spanish inflation failed to move the market, despite HICP Y/Y printing hotter-than-expected, but perhaps putting more emphasis on the steady core print. Tuesday will be key, with inflation figures from France, Italy and Germany, ahead of the EZ-wide figure on Wednesday. Further cooling in the core or headline prints could see an additional unwinding of rate hike bets.

- **USTs** (-1+ ticks) remained in a 110-03+ to 110-09+ range throughout the European session, and with the lack of data and speakers ahead for the day, it could remain within the range throughout the US session. Traders will be focused on Fed Chair Warsh's appearance at the policy panel in Sintra, with the US jobs report on Thursday. On the report, US NEC Director Hassett hinted at a positive figure, stating that indicators point to another strong jobs report.
- **Japan Finance Ministry official** said it will skip adjustments to the planned issuance of coupon-bearing JGBs to the market at the mid-year review.

COMMODITIES

- **A choppy session for crude**. Began the week bid, to highs of USD 70.97/bbl and USD 73.39/bbl for **WTI** and **Brent** respectively. Since, the benchmarks have chopped in c. USD 1.50/bbl ranges, and while they are currently bid, they are off the mentioned highs.
- In brief, initial upside was spurred in a continuation of Friday's news on the US strikes in the Hormuz area and then further clashes over the weekend. **However, the gap higher at the re-open was capped and unwound because of the Axios scoop that the side would be meeting this week, and, ahead of that, have agreed to stop strikes**.
- However, **a return to within c. USD 0.20/bbl of the mentioned highs occurred as Iranian Deputy Foreign Minister Gharibabadi said that there are no technical meetings currently scheduled for this week**. A remark that pushed back on the earlier Doha-related reporting, and has kept geopolitical-premia in the energy space.
- **Gas** in-fitting. **Dutch TTF** firmer by over EUR 1/MWh and continuing to lift above the EUR 40/MWh mark, as while Europe has some relative respite from the recent heatwave temperatures remain elevated with heatwave warnings in place or expected to return, straining the grid, causing nuclear safety shutdowns and lifting demand.
- **Spot gold** picked up at the end of last week, reacting to the discussed strikes. However, as geopolitical tensions somewhat moderate as the strikes have stopped, and the broader risk tone inches higher, the yellow metal has lost its allure and is at the bottom end of USD 4024/oz to USD 4088/oz parameters.
- **Base metals** have failed to benefit from the discussed tone. With the geopolitically driven USD strength and short-end yield upside capping, in addition to the mixed APAC handover and initial weakness in the European morning. Though, the move remains relatively modest with 3M LME Copper only marginally lower on the day.
- **Explosions have been** reported at a rig in Venezuela, leaving 8 workers injured; reportedly at an oil rig in Apure.
- **US NEC Director Hassett has once Strait traffic** is really moving, prices will come down further.
- **Hungary Energy Minister grants temporary exemption for Paks nuclear power plant from downstream cooling water temperature regulations.** Output would have to be reduced by another 640 MW without a temporary exemption. Output must be lowered by an additional 40 MW even with loosened cooling water temperature regulation.
- **US President Trump** said gas prices are coming down fast and to report any abuses at retail level.
- **Screwworm Weekend Update: 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.** US Ambassador Johnson pledged an additional USD 84mln, warning an outbreak could cost US agriculture over USD 700mln annually. The USDA as contributed USD 21.9mln to renovate the plant, which aims to reach full capacity by November.
- **An Iraqi government source suggested that current Iraq-Iran talks "included an Iraqi request to explore alternative routes for oil exports and mutual trade facilities to alleviate the economic bottleneck", Al Akhbar reported.**

EUROPEAN DATA

- **Dutch** Business Confidence (Jun) 1.3 (Prev. -2.0).
- **EU** Economic Sentiment (Jun) 95.0 (Prev. 93.5).
- **EU** Industrial Sentiment (Jun) -7.7 (Prev. -8).
- **EU** Selling Price Expectations (Jun) 22.3 (Prev. 27.4).
- **EU** Services Sentiment (Jun) 3.2 (Prev. 2.2).
- **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 Households YoY (May) Y/Y 3.1% (Prev. 3%).
- **EU** Loans to Companies YoY (May) Y/Y 4.0% (Prev. 3.4%).
- **UK** Net Lending to Individuals MoM (May) M/M 4.6B (Prev. 6.2B).
- **UK** BoE Consumer Credit (May) 1.662B (Prev. 1.859B).
- **UK** M4 Money Supply MoM (May) M/M 0.1% (Prev. 0.2%).
- **UK** Mortgage Lending (May) 2.89B (Prev. 4.37B).
- **UK** Mortgage Approvals (May) 56.21K (Prev. 65.94K).
- **Spanish Core Inflation Rate YoY Prel (Jun) Y/Y 2.9% (Prev. 2.9%).**
- **Spanish Inflation Rate MoM Prel (Jun) M/M 0.6% (Prev. 0.1%).**
- **Spanish Retail Sales YoY (May) Y/Y 1.3% (Prev. 0.8%).**
- **Spanish Retail Sales MoM (May) M/M 0.6% (Prev. -1.5%).**
- **Spanish Inflation Rate YoY Prel (Jun) Y/Y 3.2% (Prev. 3.2%); HICP 3.6% vs. exp. 3.4% (prev. 3.6%).**
- **Swedish** Balance of Trade (May) 2.90B (Prev. -7.3B).

NOTABLE HEADLINES

- **EU Council gave its final green light on a new regulation aiming to streamline and simplify certain rules regarding artificial intelligence.**
- **Spanish Economy Minister forecasts GDP growth of 2.2% in 2027, 2.1% in 2028 and 2% in 2029.** Government deficit to fall to

2.1% of GDP in 2026 and 1.8% in 2027 from 2.4% in 2025.

- **UK MP Burnham said "we will be doing things differently"; intends to give the UK the "circuit breaker" it needs.** PM Process:Will not be making any cabinet appointments until the process of him being the PM ends.Policy:. Will not leave everything to the market, and will use public intervention where necessary. Will set out a 10-year plan to drive down the costs of these essentials. To safeguard sovereign supply over key sectors such as agriculture, steel, defence, energy and others. Will reform business rates to support pubs and the high street. Won't take risks with public finances.
- **Spanish Economy Ministry** said the Government expects the economy to grow by 2.6% in 2026 (prev. 2.2%).

CENTRAL BANKS

- **Fed Chair Warsh** is reportedly set to announce task force details in the coming few weeks, NYT reported citing sources.
- **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. 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.**
- **Swiss Total Sight Deposits (w/e Jun 26) 474.4bln (prev. 471.9bln W/W), Domestic 440.6bln (prev. 437.6bln W/W).**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia will take political and military-technical measures in response to lifting ban on deployment of nuclear weapons in Finland, reported Ria.**

MIDDLE EAST

- **Tasnim writes that Iran** rejects linking the Strait of Hormuz oversight to Oman; the Strait is an existential issue, not subject to Oman veto. If Oman does not participate in this plan, it will simply lose the profit, but if the Strait of Hormuz returns to its previous status, one of Iran's existential threats from this region will be revived.
- **US White House Press Secretary Leavitt** said Special Envoy Witkoff and Kushner will attend the Iran meeting, technical talks will be held on the sidelines of high-level talks; Iran would be best to sign a good deal with the US. US President Trump retains the right to use the military if needed.
- **Iran military limits Strait of Hormuz transits to corridor south of Larak Island.** On the afternoon of the 29th local time, Iran's military ordered that all vessels transiting the Strait of Hormuz may only use the corridor south of Larak Island. On the 28th Iran said ships must still coordinate passage with the IRGC and advised that the safest route for vessels entering the Persian Gulf is south of Hormuz Island, while vessels leaving the Gulf should use the corridor south of Larak Island.
- **US President Trump said Iran has requested a meeting; it will take place tomorrow in Doha.**
- **President Trump posted "Highest Poll Numbers Ever. Even Higher than Election Day, November 5th. This despite the fact that, IRAN WILL NOT HAVE A NUCLEAR WEAPON!".**
- **US-Iran talks** are set to take place in Doha in the "coming days", Al Jazeera reported citing a source near the negotiation process.
- **NBC's Simmons posted that reported suggesting Iran will not attend the Doha technical talks are false, according to the source cited.**
- **Iran's Deputy Foreign Minister Gharibabadi said no technical meetings are scheduled this week.** "Although consultations with Qatar, including regarding the follow-up on the implementation of the other party's commitments, are ongoing as usual, the news from some media about holding technical working group talks in Doha is not confirmed". "The first round of technical talks within the designated working groups will be held once conditions are met and after agreement on the date and location, and consultations on this matter continue through the mediating countries".
- **Iran's Deputy Foreign Minister Gharibabadi said some of the media reported around the Doha technical talks cannot be confirmed.**
- **Iran MP Zanganeh** said "we can still block the Strait of Hormuz if we want", SNN reported.
- **"Shipping in the Strait of Hormuz is declining due to aggressive US measures", Al Jazeera reported citing Fars.**
- **Mediators have reportedly** set up communication channels to de-escalate any incidents with technical talks set to continue, according to reported.
- **Iran** is reportedly targeting gas imports from neighbouring countries, to prepare for winter deficits, Mehr News reported.
- **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.
- **Iran and Oman** held the first meeting on the Strait of Hormuz, within the framework of Article 5 of the MoU, Mehr reported.
- **An Iraqi government source suggested that current Iraq-Iran talks "included an Iraqi request to explore alternative routes for oil exports and mutual trade facilities to alleviate the economic bottleneck", Al Akhbar reported.**
- **Iran's Foreign Minister Araghchi travels to Baghdad.**
- **Oman's Foreign Ministry** said the two sides discussed strengthening coordination on issues related to the Strait of Hormuz and affirmed a commitment to adhere to international law. Explored a cooperation framework for navigation and maritime services based on their status as littoral states.
- **"The army has not been informed of any date for an Israeli withdrawal from a specific area in the occupied towns", Al Araby TV reported, citing a Lebanese military source.**
- **Lebanese sources** reported that Israeli fighter jets are flying at low altitudes in southern Lebanon and launching hot air balloons in the southern regions of the country, reported Fars. A hot air balloon is a modern weapon used in military fields to

cause fires and destruction.
- **"Lebanese-Israeli talks are ongoing and we continue to facilitate them", Al-Hadath reported citing a US official; talks to resume "tomorrow at 9:00".**
- **Lebanese official** said there is no talk of an experimental zone, according to Al Araby citing sources. The subject will be discussed with the US and military.
- **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.**
- **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.**

NOTABLE NORTH AMERICAN NEWS

- **US NEC Director Hassett** said indicators point to another strong jobs report, arguments for a rate hike right now are not so strong.