European Market Wrap - 30th June 2026

- **European bourses were in the green; STOXX 600 heads for largest quarterly gain in over five years.**
- **US JOLTS Job Openings printed above expectations, spurring incremental strength in the USD & pressure in USTs.**
- **Iran and US-allied Oman are moving forward with plans to collect payment for ships transiting the Strait of Hormuz, NYT reports.**

EQUITIES

- **European bourses** are to end the quarter with decent gains, with the **STOXX 600** (+0.7%) looking at Q2 gains just shy of 10%. Q2 has been a quarter primarily used as a reversal of March's selloff amid the onset of the Iran conflict. To note, the index printed 9 straight months of gains before the war.
- **Sectors** ended with a positive bias, however, to a lesser degree compared to earlier in the session. **Technology** (+2.2%) held the top spot in the sector pile, with **Industrial Goods & Services** (+1.8%) and **Basic Resources** (+1.8%) remaining the sector outperformers. **Consumer Products & Services** (-1.7%) was the clear sector laggard. **Telecoms** (-0.7%) and **Media** (-0.9%) rounded out the bottom 3 sectors.
- Key movers included: **Abivax** (+37.7%), its experimental UC drug helped harder-to-treat groups of patients achieve remission; **Genmab** (+6.7%), its phase 3 study for epcoritamab + lenalidomide met its primary objective; **Sainsburys** (+1.9%), backed its FY guidance after reporting Q1 sales growth of 3.1%.
- **US cash equities** started the session mixed, with the **NDX** (+0.5%) slightly outperforming while the RTY (-0.1%) underperformed. Looking ahead into July, the Nasdaq has delivered the strongest average monthly return over the past 10 years.

FX

- **Snapshot: G10s were initially broadly lower against the USD to varying degrees**, but are set to end the London session mixed. The **Antipodeans** slightly outperformed vs peers, whilst the **JPY** and **CHF** lagged a touch – indicative of a risk-on mood.
- **DXY** was firmer throughout the London session, with upside facilitated by ongoing geopolitical tensions, and as markets braced for the day's key JOLTS metrics. On that front, **JOLTS** printed above expectations at 7.594mln (exp. 7.3mln), indicative of a solid labour market. Following the data, some very mild strength was seen in the **USD**.
- **EUR/USD** was amongst the laggards this morning. Pressure largely a factor of the mild **USD** strength, and with the single currency also largely unreactive to a slew of ECB speakers. Overall, the bias has been hawkish; namely, **President Lagarde and Chief Economist Lane** have highlighted that the oil price curve remains elevated, and that could suggest higher costs for the economy. Nonetheless, policymakers have broadly reiterated data dependency and avoided any pre-commitment to July/September.
- **JPY** was the slight underperformer this morning. Overnight, the pair jumped above the 162.00 mark, amidst commentary from Chief Cabinet Secretary Kihara. He initially suggested that he would not comment on FX, which saw the pair breach 162.00. However, a few minutes later, he stated that they are always ready to take necessary action on Forex. The move largely unwound on that jawboning attempt. Thereafter, **Finance Minister Katayama** also commented. She warned that they will respond appropriately to currency moves at any time as needed, while action could include decisive action as agreed in the joint statement with the US.
- **As for the London session**, a brief and fleeting move lower was seen in **USD/JPY**. There was no driver for the brief strength in **JPY**, but given the short-lived nature of the move it could be a rate check rather than intervention itself.
- **BofA** said equity hedging may explain JPY weakness, sees risk-reward favouring long JPY. BofA said equity-related FX hedging may have been a key downside force for the yen since 2025, with JPY weakness difficult to explain through balance of payments, rate differentials or fiscal risks alone. The bank estimates hedging flows may have exerted around 10% downside pressure on JPY, while broadly supporting other G10 currencies, particularly SEK, CHF, CAD and AUD, during the AI-led equity rally. BofA said near-term caution on US and Japanese equities, plus potential JPY-buying intervention, supports long JPY exposure, while it remains tactically cautious on CAD and CHF and favours downside in CHF/JPY and CAD/JPY.

FIXED

- **Global fixed income benchmarks** initially started the session with gains across the board but gradually reversed as the session progressed. The reversal did come amid steady upside in energy prices but without a clear driver.
- **EGBs** were in focus today, following a flurry of flash inflation prints and multiple ECB speakers. In brief, French, Italian and German HICP printed cooler-than-expected, with briefly lifted **Bunds** (U/C) to probe last week's peak of 127.64. Preceding the inflation figures were comments by ECB's Chief Economist Lane, in which he highlighted that the oil price curve remains elevated, and that could suggest higher costs for the economy. Ultimately, Bunds are to finish essentially flat, having traded in a 127.34-127.69 range.
- **USTs** (-6 ticks) seemed to have a hand in the downside in Bunds, having led the reversal lower. Markets remain attentive to any geopolitical headlines, but the focus remains on Fed Chair Warsh on Wednesday and the US jobs report on Thursday. US JOLTS job openings printed at 7.6mln, above the expected 7.28mln. Modest downticks were seen in USTs, in which it

extended to a new session low of 109-30+.
- **Gilts** (-28 ticks) had little in terms of specific drivers, instead being driven at the mercy of its peers. The UK benchmark is set to close at the lower end of its 89.33-89.93 range.

COMMODITIES

- **A marginally firmer session for energy benchmarks**, but one that has largely been a waiting game as we **count down to the Doha meeting** and digest different reporting around what, if anything, to expect from that, in terms of US-Iran discussions.
- At best, **Brent** Sep'26 got to a USD 73.64/bbl peak, with gains of around USD 0.50/bbl in a c. USD 1.50/bbl parameter. While there have been a handful of fundamental developments today, none have sparked any significant move. Perhaps the most pertinent though, was a **NY Times source piece outlining that Iran and Oman are moving forward with plans to collect payments for transiting Hormuz**, despite objections from the US.
- **Gas benchmarks** are much more convincingly bid, with **Dutch TTF** firmer by over EUR 1/MWh, benefitting from the ongoing weather across the region, reports that Russia is going to be purchasing energy products, in order to stabilise the domestic energy market.
- **Spot gold** firmer on the day, after losing the USD 4k/oz handle overnight in a broader market move that aligned with pronounced USD/JPY action. Since, the yellow metal has recouped the figure and got as high as USD 4037/oz. Upside, which primarily occurred in the European morning alongside a modest uptick in fixed income, downside in energy and a trimming of the general risk tone.
- **Base metals** firmer, picking up a touch since the US cash equity open, following the general risk tone higher. However, action is relatively modest in nature and well within familiar levels for the likes of **3M LME Copper**.
- **Complex in focus after the EU increased tariffs on steel**. The move will reduce the duty-free import level by an average of 47%. Following the move, an official cited by the FT outlined that the EU hopes to create a "steel club" with the US and others, in order to reduce trade barriers.
- **Germany's SEFE Storage** is unable to allocate any capacity today for the 2026/27 storage year at the Rehden storage facility on the Prisma capacity platform.
- **Italy's Edison** announces Qatar Energy has extended its LNG force majeure to early September. QatarEnergy has extended its force majeure declaration on LNG deliveries to Edison, notifying the Italian utility that cargoes scheduled through the beginning of September will also be affected.
- **Basra oil executives say Iraq southern oil fields producing 1.1mln bpd; Rumaila field output is currently at 350k bpd; Zubair field producing 250k bpd.**
- **Iraq's Southern Oil fields producing 1.1mln BPD; Rumaila output at 350k BPD, Zubair producing 250k BPD, according to Basra Oil Executives.**
- **US Treasury Secretary Bessent** said 'we'll see' if there is price gouging by oil Cos. and encourage gas retailers to be good actors. Government is watching gasoline retailers. Gas retailing probably had record profits.
- **Qatar Energy signs commercial discovery declaration for block 10 offshore cyprus.** Under declaration, parties will work together to advance regulatory engagement, approvals, development and production planning.
- **PJM forecast data shows that it will break all time summer energy demand record of 166GW on July 2nd.**
- **Nigeria has reduced its July OSP for Qua Iboe crude to a USD 2.90/bbl premium on front-month Brent.**
- **Amazon (AMZN)** Prime members can save USD 0.50 per gallon on fuel between the 2nd and 5th of July.
- **Russia's Kremlin spokesperson Peskov** said Russia is ready to import petroleum products if agreements are reached on acceptable prices, Ria reported.
- **EU declares new rule to protect EU steel; the EU's steel measure, which enters into application on 1 July 2026, reduces duty-free imports of 26 categories of steel products into the EU by an average of 47% as compared with the quotas under steel safeguard.**
- **China's Commerce Ministry** announces that it is to adopt anti-dumping measures on pea starch from Canada.
- **China** is said to be easing some refinery fuel export restrictions as domestic supply is ample, according to reported.

EUROPEAN DATA

- **German Inflation Rate Ex Food & Energy (Jun prelim, Y/Y): 2.5% (prev. 2.5%).**
- **German HICP MoM Prel (Jun) -0.2% vs. Exp. 0.0% (Prev. -0.10%).**
- **German HICP YoY Prel (Jun) 2.40% vs. Exp. 2.70% (Prev. 2.70%).**
- **German Inflation Rate MoM Prel (Jun) M/M -0.3% (Prev. -0.2%, Low. -0.1%, High. 0.1%).**
- **German Inflation Rate YoY Prel (Jun) Y/Y 2.3% (Prev. 2.6%, Low. 2.4%, High. 2.7%).**
- **German Unemployment Rate (Jun) 6.3% vs. Exp. 6.4% (Prev. 6.3%).**
- **German** Unemployed Persons (Jun) 2.984M (Prev. 2.987M).
- **German** Unemployment Change (Jun) -1K vs. Exp. 8K (Prev. -12K).
- **German Retail Sales MoM (May) M/M 1.1% (Prev. -0.3%, Low. -0.5%, High. 0.5%).**
- **German Retail Sales YoY (May) Y/Y 1.8% vs. Exp. 0% (Prev. -0.3%).**
- **German Import Prices MoM (May) M/M 0.7% (Prev. 1.2%, Low. -0.5%, High. 0.5%).**
- **German Import Prices YoY (May) Y/Y 6.8% (Prev. 5.3%).**
- **Italian HICP MoM Prel (Jun) 0.1% vs. Exp. 0.2% (Prev. 0.30%).**
- **Italian HICP YoY Prel (Jun) 3.1% vs. Exp. 3.2% (Prev. 3.20%).**
- **Italian Inflation Rate MoM Prel (Jun) M/M 0.0% vs. Exp. 0.1% (Prev. 0.4%).**
- **Italian Inflation Rate YoY Prel (Jun) Y/Y 3.0% vs Exp. 3.2% (Prev. 3.2%).**
- **Italian** PPI MoM (May) M/M -0.2% (Prev. 0.3%).
- **Italian** PPI YoY (May) Y/Y 7.3% (Prev. 6.8%).

- **French Inflation Rate MoM Prel (Jun) M/M -0.2% vs. Exp. 0% (Prev. 0.1%).**
- **French** PPI MoM (May) M/M -0.3% (Prev. -2.1%).
- **French** PPI YoY (May) Y/Y 3.00% (Prev. 2.1%).
- **French** Household Consumption MoM (May) M/M 0.5% vs. Exp. 0.2% (Prev. -0.5%).
- **French Inflation Rate YoY Prel (Jun) Y/Y 1.8% (Prev. 2.4%).**
- **French HICP MoM Prel (Jun) -0.3% (Prev. 0.10%).**
- **French HICP YoY Prel (Jun) 2.0% vs. exp. 2.4% (Prev. 2.80%).**
- **UK** Business Investment QoQ Final (Q1) Q/Q 0.9% vs. Exp. 0.7% (Prev. -2.9%).
- **UK** Current Account (Q1) -22.1B vs. Exp. -18.5B (Prev. -18.4B).
- **UK GDP Growth Rate QoQ Final (Q1) Q/Q 0.6% vs. Exp. 0.6% (Prev. 0.2%, Low. 0.5%, High. 0.6%).**
- **UK GDP Growth Rate YoY Final (Q1) Y/Y 0.9% vs. Exp. 1.1% (Prev. 1%, Low. 1.1%, High. 1.1%).**

NOTABLE HEADLINES

- **Germany** is said to be seeking a EUR 400bln cut to the European Commission's proposed EUR 2tln budget for 2028-2034, according to sources.
- **UK Government** announces a GBP 15bln defence package.
- **OECD pushes France to resume pension reforms by linking retirement age to life expectancy, said France needs fiscal tightening of about 3% of GDP by 2030.**

CENTRAL BANKS

- **BoJ's Sato said the de-escalation of the Middle East conflict is a welcoming move but uncertainty remains on outlook.** Important to determine whether recent price moves are temporary. Whether it is cost-driven or a more sustained demand-driven move.
- **ECB's Wunsch said we might need another hike and would rather move quickly if the ECB needs another hike.** A quick ECB move does not necessarily mean a July move. Going to have some second-round effects.
- **ECB's Nagel said it is too early make rate hike called; rate policy has to stay vigilant, inflation may stay significantly above target.** Not concerned about debt markets.
- **ECB's Sleijpen said while oil prices have come down, there is still a lot of uncertainty; reiterates the ECB's data-dependent approach.**
- **ECB's Lane said there has been some improvement in confidence, but not at pre-war levels, Bloomberg TV; adds that oil price curve sees elevated levels in the years coming, which suggest higher cost for the economy.** Remains focused on data, to see how it has been impacted by lower energy prices. July vs September is too narrow a debate. (seemingly suggesting that conversations should be about policy, rather than specific meetings). Aims to keep options open by not boxing themselves into a specific meeting.
- **UBS** said BoE likely to hold rates through 2026, restart cuts in February 2027. BoE is likely to keep the Bank Rate at 3.75% for the remainder of 2026. Maintaining a restrictive stance should allow the BoE to contain any second-round inflation effects; given a weak economic and labour-market starting point, further hikes are unlikely. UBS expects the next policy moves to be rate cuts in February and April 2027.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin spokesperson Peskov** said Russia is ready to import petroleum products if agreements are reached on acceptable prices, Ria reported.

MIDDLE EAST

- **Iran and US-allied Oman are moving forward with plans to collect payment for ships transiting the Strait of Hormuz, despite public American objections, according to NYT citing sources.** Oman recently delivered a formal proposal to the United States and other Western allies that outlined a plan in which shipping companies would pay service fees to use the strait, according to the Iranian official and a regional diplomat. A person familiar with the U.S. position confirmed that American negotiators had received the Omani proposal and said that they had concerns that they intended to discuss with Omani officials. Oman’s proposal is partly modeled on arrangements in the Straits of Malacca and Singapore, an Asian waterway where a private foundation collects voluntary contributions for safe navigation, the regional diplomat said. Any fees in the Strait of Hormuz would be voluntary, the diplomat said. The Iranian official, however, said that the payments would be obligatory.
- **Social media circulating** reported from i24 News that Israel is said to be preparing for possible immediate resumption of military operations against Iran - unconfirmed.
- **Iran Foreign Ministry Spokesperson Baghaei said interim deal clauses need to be implemented before talks with US to reach a final deal can start.** Tehran is determined to maintain its right over the management of Strait of Hormuz.
- **"Iran will receive USD 3bln of its frozen funds by the end of the week", Al Hadath reported citing sources.**
- **Iran** said IAEA access to damage nuclear remains blocked.
- **Iran's Foreign Ministry spokesperson** said there is no need for outside interference in Strait of Hormuz as it would only complicate issues. Dialogue with mediator Qatar on implementation of interim deal US, including release of frozen assets, likely to be on Wednesday in Doha.
- **Qatar Foreign Ministry Spokesperson** said US envoy Witkoff and Kushner will be in Qatar to meet mediators to discuss negotiations; there is no high level meeting between the US and Iran currently planned. Technical talks continue. Coordinating

with Oman on the Strait of Hormuz and transit for vessels.

- **Iran’s President Pezeshkian** said "Understanding is a two-way process. If the American side remains committed to the memorandum of understanding, we will likewise uphold our commitments.". "Iran’s President Masoud Pezeshkian wrote on X:"Understanding is a two-way process. If the American side remains committed to the memorandum of understanding, we will likewise uphold our commitments. In the face of unreasonable rhetoric and unfounded threats, our approach is to rely on rationality and human dignity in decision-making, while responding with firm and resolute action whenever necessary.".
- **The framework agreement between Israel and Lebanon has reportedly caused a rift in Iran-Lebanon relations, with Iranian FM Araghchi refusing to visit Lebanon, according to Kan's Kais citing a Lebanese newspaper.**
- **Iran's acting Defence Minister al-Reza** said we do not trust the enemy and our hands are on the trigger in the event of any ceasefire violations, will take appropriate and necessary action.
- **US envoy Witkoff and Kushner** expected to meet with Qatari PM and other mediators in Doha on Tuesday, reported CNN's Treene citing a White House official.
- **US CENTCOM** is in coordination with the Lebanese army regarding the next phase, Al Arabiya reported citing a Lebanese source.
- **The US reportedly believes that the chances of promoting Israeli-Syrian normalisation by the October elections** are "slim to zero", i24's Stein repots.
- **Israeli warplanes have bombed Deir Saryan in southern Lebanon, Mizan reported.**

NOTABLE NORTH AMERICAN NEWS

- **US Treasury Secretary Bessent said wouldn't be surprised if June jobs are 'very strong', and noted he hasn't seen the June figures.**

NORTH AMERICAN DATA

- **US JOLTs Job Openings (May) 7.594M (Prev. 7.618M, Low. 6.9M, High. 7.445M)**
- **US** Chicago PMI (Jun) 56.7 (Prev. 62.7, Low. 51, High. 63).
- **US** House Price Index (Apr) 441.4 (Prev. 441.5).
- **US** House Price Index YoY (Apr) Y/Y 2.0% (Prev. 1.7%).
- **US** House Price Index MoM (Apr) M/M -0.1% (Prev. 0.1%).
- **US** S&P/Case-Shiller Home Price YoY (Apr) Y/Y 1.1% (Prev. 0.8%).
- **US** S&P/Case-Shiller Home Price MoM (Apr) M/M 1.0% (Prev. 1%).
- **US** Redbook YoY (Jun/27) Y/Y 10.5%.