European Market Wrap - 6th July 2026

- **European bourses started the session flat, but set to end the EU session mostly lower.**
- **G10s were mostly lower against the firmer USD; JPY continued to underperform.**
- **Islamabad is the more likely option for the next round of US-Iran technical talks, with July 11th expected to be the date, Fox reported.**

EQUITIES

- **European bourses** moved lower throughout the session (STOXX 600 -0.6%) despite a lack of macro catalysts with geopolitical news light as US-Iran negotiations pause for the former Supreme Leader's funeral processions.
- Sectors began the week mixed, a picture which looks more negative as the index was sold. Leading the table was **Financial Services**, **Travel and Leisure** was boosted by easyJet (+10%). Healthcare and Technology underperformed, taking a lead from APAC trade.
- Major equity stories included **easyJet** (+10%) agreed in principle to Castlelake's fifth takeover bid, at GBP 6.90/shr in cash, valuing the airline at GBP 5.2bln (GBP 5.5bln fully diluted); Thales (+0.6%) is to acquire **Exail Technologies** (+3.3%) for EUR 134/shr, and will record an exceptional, mostly non-cash charge of approximately EUR 450mln in H1 2026 following termination of the F126 programme, impacting net income by approximately EUR 350mln (no impact seen on adj. EBIT or adj. net income). FY 2026 guidance was also upgraded, the Co. now sees organic sales growth of 6-7%; Comcast's (CMCSA) **Sky** agreed to acquire ITV's (+0.5%) media and entertainment arm for GBP 1.6bln, subject to shareholder and regulatory approval.
- Stateside, indices opened firmer as US stocks were closed on Friday for US Independence Day. **NQ** +1.3% is the outperformer after broad tech gains on Friday, ES +0.5% and RTY +0.8% also opened in the green.
- US equity movers include **AVGO** +5% is to develop & supply a range of custom ASIC silicon products for **AAPL**; **MSTR** -1% reduced its BTC holdings by 3.5k; **DDOG** -0.5% was Downgraded at Bernstein

FX

- **G10s were mostly lower against the buck throughout London FX trade as high-yielders advanced to the detriment of low-yielding funders** amid a lack of fresh macro catalysts into summer trade. - The US week restarted with a couple data points, ISM Services PMI and the final read of the US S&P Global Services PMI were both broadly in line with expectations and did not spark a reaction. The speaker slate for the rest of the session is light, though features the influential Fed's Waller, who will take part in a policy panel (full primer on the headline feed). Later in the week is the latest FOMC minutes, expected to be hawkish, and the first which features Warsh as Chair. Other speakers today include BoE's Mann, then ECB's Schnabel, Lagarde and Lane at a forum in Rome. -
- **JPY** was the clear underperformer, returning near to record weakness against the Buck (and most other G10s) as it gets caught inadvertently as a funder, and sold in wake of numerous unconfirmed intervention attempts. Despite weakness today, A London JPM strategist wrote this morning "Intervention risk is high at these levels, so we've been running long JPY recently" USD/JPY will encounter the first resistance at 162.509; thereafter, the next significant level is the 1st July multi-decade high of 162.84. **CHF** also underperformed, and the same JPM strategist wrote "buying dips in USDCHF make sense, or using CHF as a funder to high yields"
- **Antipodeans** were mixed; AUD outperformed on carry demand, while NZD lagged as hawkish positioning unwound ahead of Wednesday's RBNZ decision. The NZIER Shadow Board recommended holding the OCR at 2.25%, versus market pricing for a 25bp hike to 2.50%. AUD/NZD rose 0.5%, with gains capped at 1.22.

FIXED

- **Global fixed benchmarks** were initially mildly firmer in early morning trade, but are set to end the European session off best levels. Energy prices pushed yields a touch lower (Brent Sept'26 -0.6%), with other macro newsflow lacking.
- **USTs** (+4 ticks) set to end the London session with mild gains, and towards the upper end of a 109-17 to 109-25 range. The curve remains steeper, in continuation of the move seen post-NFP; the US2s10s now resides around 34bps, which is well off recent troughs of 24bps. On the data front, US PMI Finals were revised a touch lower from the prelim; the inner report stated that "the survey data are hence broadly indicative of the economy only growing at a 1.2% annualized rate over the second quarter". The more closely watched ISM Services figure topped expectations, but failed to spur any material move in benchmarks.
- **Bunds** (-7 ticks) and **Gilts** (+2 ticks) both traded with little direction. **Bunds** had a few European data points to digest, including in-line/slightly firmer PPI and Retail Sales metrics, whilst focus was also on an improvement in the **Sentix Investor Confidence metric**. Sentix stated that "The slump in sentiment caused by the Iran conflict is slowly being overcome. The German government's latest reform efforts are having an impact".
- **EU to sell 2031 and 2046 NBEU bonds via syndication.**
- **Hungary mandates EUR 5yr and 10yr issuance, IFR reported.**

COMMODITIES

- **Crude benchmarks** initially posted only very mild losses at the start of the European morning, but slipped to lows soon after the European cash open. Thereafter, the complex picked up off the lows and are set to end the London session mildly in the green. **Brent Sept'26** (+0.1%) set to end the day at the upper end of a USD 71.02-72.45/bbl range. Fundamental drivers were lacking this morning, aside from a report overnight which suggested that **US-Iran talks were pencilled in for July 11th** .
- **Spot gold** extended lower throughout the session, and set to end the EU day at the bottom end of a USD 4,131-4,202/oz range. Pressure which came alongside a bit of a pick-up in US yields (albeit remain lower on the session), and some mild strength in the USD. Elsewhere, **base metals** were mixed throughout the day. **3M LME Copper** traded with only very mild losses, and held within a USD 13,325.93-13,464/t range.
- **Ukraine's Naftogaz** said a Russian attack struck its gas production facility in the Kharkiv region.
- **Saudi Arabia August OSPs: Arab Light crude oil to Asia set at USD -1.50/bbl to ICE Brent settlement, according to a pricing document.** Aramco said it is lowering its price of Arab Light crude for Asia by USD 11/bbl, the larget cut to main oil price since at least 2,000.NW EuropeSets August Arab Light crude oil to NW Europe at USD +0.85/bbl to Ice Brent settlement.USASets August Arab Light crude oil to USA at USD +3.60/bbl vs ASCI.
- **UAE crude production jumps above 3.8mln BPD in June, according to source reported.**
- **Israel's energy minister** said Israel is launching a new competitive process to search for more natural gas in the country's economic waters.
- **Goldman Sachs lowered its LME aluminium price forecast to USD 2,950/t for Q4 2026 and lowered its 2027 average forecast to USD 2,700/t.** Goldman Sachs cuts its 2026 aluminium supply deficit forecast to 100k tonnes and raises its 2027 supply surplus forecast to about 1.5mln.
- **Infrastructure has reportedly been damaged in the region of Russia's Ust-Luga and Vysotsk oil ports after a drone attack.**

EUROPEAN DATA

- **EU** PPI YoY (May) Y/Y 5.9% vs. Exp. 5.7% (Prev. 4.9%).
- **EU** Retail Sales MoM (May) M/M 0.2% vs. Exp. 0.2% (Prev. -0.4%).
- **EU** PPI MoM (May) M/M 0.2% vs. Exp. 0.2% (Prev. 0.6%).
- **EU** Retail Sales YoY (May) Y/Y 1.6% vs. Exp. 1.5% (Prev. 1%).
- **EU** S&P Global Construction PMI (Jun) 42.8 (Prev. 43.7).
- **UK** S&P Global Construction PMI (Jun) 38.4 vs. Exp. 40.1 (Prev. 38.2).
- **German** S&P Global Construction PMI (Jun) 44.8 (Prev. 42.4).
- **German Factory Orders MoM (May) M/M 1.9% vs. Exp. 1.2% (Prev. -3.8%).**
- **French** S&P Global Construction PMI (Jun) 38.2 (Prev. 39.6).
- **Italian** S&P Global Construction PMI (Jun) 45.4 (Prev. 49.4).

NOTABLE HEADLINES

- **UK Defence Minister Jarvis told POLITICO he wants Burnham's administration to lay out the full pathway to spending 3.5% of GDP on defense at the next spending review, due spring 2027.**

CENTRAL BANKS

- **Swiss Total Sight Deposits (w/e Jul 3) 479.2bln (prev. 474.4bln W/W), Domestic 440.9bln (prev. 440.6bln W/W).**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russian Diplomat** said the US opted for an arms race by refusing to voluntarily comply with the START treaty, reported Tass.
- **Ukraine's Naftogaz** said a Russian attack struck its gas production facility in the Kharkiv region.
- **Ukraine confirms that it struck an oil refinery in Russia's Omsk area.**
- **Azerbaijan** said it has summoned the Russian ambassador; it lodges a protest over what it called a Russian attack on Socar fuel station in Ukraine.
- **Ukraine Top Drone Commander** said it struck two Russian shadow fleet tankers in the Azov Sea.
- **Russian Defence Ministry** said Ukraine made an attempt to damage civil fuel and energy infrastructure in Russian regions.
- **NATO could pledge at least EUR 140bln in financial support for Ukraine over the next two years, Handlesblatt reported, citing German govt. sources.** Aims to provide EUR 70bln annually for 2026 and 2027.
- **Ukraine's military** said it has struck its oil refineries in Russia's Yaroslavl and Leningrad regions.
- **EU's von der Leyen** said EU is working to seal the 21st Russian sanctions package in the next days.
- **Infrastructure has reportedly been damaged in the region of Russia's Ust-Luga and Vysotsk oil ports after a drone attack.**

MIDDLE EAST

- **US President Trump** said US is getting along with Venezuela; doing equally well with Iran. Iran can never have a nuclear weapon.
- **Lebanese sources say there** is no date for Israel's withdrawal from the experimental areas, Al Hadath reported.
- **Israel's energy minister** said Israel is launching a new competitive process to search for more natural gas in the country's economic waters.
- **Israeli Defence Minister Katz** said any Iranian leader who tries again to promote plans to destroy Israel will be thwarted; Israel

is prepared to defend itself again, with its own forces, at any time and against every threat.
- **Iranian Parliamentary Speaker Ghalibaf** said the US memorandum is 'difficult but possible' to enforce, Al Jazeera reported.
- **A fleet of 10 Japan-related ships have reportedly left the Strait of Hormuz, shipping data shows.**
- **Israeli warplanes attacked Nabatiyeh in southern Lebanon, Nour News reported, citing Lebanese press.**

OTHERS

- **Taiwan's Presidential office** said China is attempting to intimidate the international community by test-firing an intercontinental missile.
- **UK adds 9 new designations under the chemical weapons sanctions regime.**
- **Polish Defence Minister** said the US confirmed that US troop rotation that has been withdrawn from Poland, is coming back within a few weeks.
- **Japan Government** said it has lifted Chinese missile related Notam and navigation warnings after Chinese authorities said "planned space activity" has finished.
- **Taiwan Government's China policy-making department** said China's missile launch into pacific heightens tensions in region.
- **UK's Burnham** is said to back outgoing UK PM Starmer's Chagos island giveaway, Guido reported, citing sources.
- **Japan's Chief Cabinet Secretary Kihara** said there is no confirmation that a Chinese missile passed over Japan's EEZ, will respond calmly.
- **Japanese Chief Cabinet Kihara** said there are no reported of China's test-launched missile having caused damage to aircraft or ships.
- **China's test-launched ballistic missiles outside Japan's EEZ, Kyodo reported citing sources.**
- **Chinese military conducts a test launch of submarine-launched missile.**

NORTH AMERICAN DATA

- **US ISM Services PMI (Jun) 54.0 vs. Exp. 54.2 (Prev. 54.5)**
- US ISM Services Business Activity (Jun) 55.4 (Prev. 57.7)
- US ISM Services New Orders (Jun) 55.1 (Prev. 57.3)
- US ISM Services Prices (Jun) 67.7 (Prev. 71.3)
- US ISM Services Employment (Jun) 51.2 (Prev. 47.9)
- **US S&P Global Services PMI Final (Jun) 51.2 vs. Exp. 51.3 (Prev. 50.7).** "The survey data are hence broadly indicative of the economy only growing at a 1.2% annualized rate over the second quarter".
- **US S&P Global Composite PMI Final (Jun) 51.9 vs. Exp. 52.2 (Prev. 51.5).**