European Market Wrap - 8th July 2026

- **US President Trump said he "thinks" the ceasefire is over and that they will "probably" hit Iran again; Brent above USD 79/bbl**.
- **To the detriment of equities, fixed income and metals. Bunds were lower by just under 100 ticks and Euro Stoxx 50 -1.7%**.
- **NOK, CAD and Kiwi lead on the energy action and RBNZ, respectively. JPY lags. DXY initially supported, but set to end the European day off best**.

EQUITIES

- **European bourses (STOXX 600 -1.2%)** were lower throughout the EU session (but set to finish off worst levels) after US President Trump said he thought the US-Iran ceasefire was over, also noting they would “probably” strike Iran again tonight. On the other hand, Trump reportedly did not mention the ceasefire or Spain to NATO members behind closed doors, which sparked a modest reversal in the sour mood.
- Across Europe, the **FTSE 100** was the relative outperformer with energy names helping the index, while Spain’s **IBEX 35** underperformed amid Trump’s remarks re. instructing Bessent to cut all trade with the nation. Sectors were mostly negative in a broad macro reaction. Energy and utilities were the only sectors in the green.
- **Stateside**, US equity futures opened entirely in the red but off worst levels like indices in Europe. NQ and RTY were the underperformers amid the unconstructive yield environment and ES was also lower, but to a lesser extent. Individual movers include: AVGO +2%: Apple to increase spend with AVGO to produce more than 15bln US chips; XOM +0.5%: Expects higher liquids prices to lift earnings by $3.5-3.9bln vs Q1; PENG +11%: EPS, rev. & guidance beat and DLTR +1%, was upgraded at Raymond James & Goldman Sachs

FX

- G10s were mostly lower against the Buck throughout London trade. **Low yielders were the softest with JPY, CHF and SEK the underperformers**. **Petro-FX fared the best**, **NOK** and **CAD** were strong, while **NZD** outperformed post-RBNZ.
- **USD rose throughout the morning** in reaction to energy strength alongside sour equity sentiment after US President Trump said he thought the **Iran ceasefire was over**. To briefly summarise developments, yesterday the US Treasury revoked the June 21st Iran-related waiver, General License X, which had allowed Iran to produce, deliver and sell its oil; and US President Trump’s remarks this morning accelerated the move higher in USD/oil with “Iran ceasefire is over "I think" the kicker, also noting they would “probably” strike Iran again tonight.
- At best, **DXY hit 101.25**. However, as the US session got underway and Trump finished speaking, the index lost some allure and moved into the red, but remains in proximity to WTD highs. Hit by the mentioned FX and also **GBP**, as Cable picked up in the latter part of the European day to a 1.3377 peak.
- **Kiwi** was the clear outperformer post RBNZ, but reversed gains against the Buck after the aforementioned Trump remarks. To briefly recap, the RBNZ hiked rates by 25bps in a unanimous decision, signalling further hikes to bring inflation to the 2% target midpoint; this saw some participants unwind bets for a hold. AUD/NZD -0.4% was the preferred vehicle to express the in-line/hawkish decision since the Buck picked up.
- **JPY** was the underperformer amid familiar terms of trade and carry factors. USD/JPY +0.3% remained on a 162.00 handle and is set to end the European day just off a 162.56 high.

FIXED

- **A session of marked downside for fixed income**. The space has been hit by numerous bearish factors, including the overnight tit-for-tat strikes, Trump saying he “thinks” the ceasefire is over, a very weak German auction and then more recent commentary from POTUS about potentially striking Iran again.
- More details on all the geopolitical points available in the Commodities section. But, for the **German auction**, the first sale of a 3.00% 2036 Bund drew a b/c of just 1.03x with a chunky retention of 35%. A soft reception that **hit Bunds by around 10 ticks**, but was somewhat lost in the broader macro action. The soft cover perhaps not too surprising with the average yield of just 3.09% vs the current 10yr as high as 3.08% today, and continuing to climb as Middle East tensions increase.
- **USTs down to a 108-29 base**, lower by just over 10 ticks at most. Ahead, we look to the **Fed Minutes** for insight into the debate around Warsh’s first meeting and with particular reference to any clues around the assessment of Warsh’s language around forward guidance. Thereafter, a **10yr Note** auction features, following the well received 3yr on Tuesday.
- **Bunds lower by getting on for 100 ticks at a 125.19 trough**. As is the case elsewhere, yields are picking up across the curve with the German 10yr up to 3.075% at best. Initially, the German curve was bear-flattening, but that peaked early doors alongside the crude space and since short-end yields have faded marginally from best and are broadly in-line with the belly/long-end. A dynamic that has also been seen stateside.
- **Gilts underperform**, as usual in periods of marked energy upside and as they catch up to the waiver removal and tit-for-tat strikes from late Tuesday. Gilts opened lower by 57 ticks and then slumped to an 87.16 base when energy peaked in the mid-morning, **lower by 130 ticks**. Domestic newsflow remains focused on Farage, but nothing of particular note for the market at this point.

- **Accenture (ACN)** files to sell USD corporate issuance; 5-parter.
- **UK** sold GBP 750mln 4.75% 2030 via tender: b/c 3.74x (prev. 3.75x), average yield 4.358% (prev. 3.896%).
- **Germany sold EUR 3.902bln vs exp. EUR 6bln 3.00% 2036 Bund: b/c 1.03x, average yield 3.09%, retention 35%.**
- **UK sold GBP 1.5bln 0.125% 2028 Treasury Gilts via Tender: b/c 4.97x (prev. 4.28x), average yield 3.989% (prev. 4.219%), tail (prev. 0.3bps).**
- **Jefferies (JEF)** to sell EUR-denominated 7yr noted; guidance seen +175bps to MS.
- **Spain has reportedly proposed the EU issue an annual EUR 850bln in bonds to save countries billions of euros in interest costs, POLITICO reported.**

COMMODITIES

- **Crude benchmarks started the morning with a bullish bias** (in reaction to the overnight attacks), and then surged to fresh highs after US President Trump's comments; see below for more. The complex is set to end the London session higher by c. 5%, with Brent Sept'26 holding towards the upper end of the day's USD 75.44-79.26/bbl range.
- **The US-Iran conflict has once again taken centre stage**. Overnight, the US struck various regions in Iran after the IRGC hit two tankers in the Strait earlier in the week. Iran then responded with its own attacks on regional neighbours.
- **Thereafter, President Trump stated that he thinks the Iran ceasefire is "over"**, speaking at a NATO conference. This spurred immediate risk-off trade across markets, with notable strength in crude benchmarks.
- **However, Reuters sources noted that Trump did not repeat the termination language re. the US-Iran deal at the NATO summit.** And in comments thereafter, he opted not to mention whether the deal was over. Pertinently, he did repeat that negotiators can continue with Iran.
- **Spot gold (-0.8%) traded in the red throughout the European morning**, but has clambered off lows. The yellow-metal is set to end the day towards the mid-point of a USD 4,040-4,133/oz range. Elsewhere, base metals were weighed down by the negative risk tone. **3M LME Copper** (-1.2%) traded within a USD 13,154-13,396/oz range.
- **NATO Rutte** said allies are taking a historic step to ensure alliance's fuel storage. Allies investing EUR 27bln in fuel storage measures. Summer has shown this alliance is stronger than ever. The alliance is more together than ever.
- **Traffic through the Strait of Hormuz remains steady despite renewed attacks on commercial ships and rising Middle East tensions; Kpler recorded 36 vessel crossings on Monday and 41 on Tuesday—roughly in line with last week's daily average of 40.**
- **HSBC** cuts 2027 Brent crude forecast to USD 65/bbl (prev. USD 75/bbl); cuts 2026 Brent oil price forecast to USD 80/bbl.
- **Kuwait's Ministry of Electricity** said power lines were damaged by shrapnel in recent attacks.
- **European Commission, on the ETS revision, said they are still considering how and whether to add interntional carbon credits. Revision will include permanent domestic carbon removal. Will propose further investment.**
- **Russia's Gazprom** said Ukraine attacked facilities of gas exports to Turkey; supplies not affected.

EUROPEAN DATA

- **French** Current Account (May) -0.10B (Prev. -0.2B).
- **Swedish** GDP MoM (May) M/M 0.9% (Prev. 0.5%).
- **Swedish CPIF MoM Prel (Jun) M/M 0.3% (Prev. 0.9%).**
- **Swedish CPIF YoY Prel (Jun) Y/Y 1.3% vs exp. 1.2% (Prev. 1.5%).**
- **Swedish Inflation Rate MoM Prel (Jun) M/M 0.4% (Prev. 1%).**

- **Swedish Inflation Rate YoY Prel (Jun) Y/Y 0.7% (Prev. 0.8%). NOTABLE HEADLINES**

- **IMF: Lowers 2026 global growth forecast to 3.0% (April: 3.1%). Raises 2027 global growth forecast to 3.4% (April: 3.2%).**

- **UK Chancellor Reeves accepts Reform Party Leader Farage's resignation.**

TRADE/TARIFFS

- **Mexico** is placing a duty on the import of polycarbonate sheets from China, as an anti-dumping measure.
- **EU Spokesperson** said it is in the interest of US and EU to safeguard the trade relationship.
- **Spainsh PM Spokesperson** said the trade comments from US President Trump are business as usual.

CENTRAL BANKS

- **ECB's Dolenc said not sure what we will do in two weeks' time; September forecasts make it easier to see beyond 2026.**
- **ECB's Nagel said after today's Iran news, "we are back where we began".** ECB should take a meeting by meeting approach at this time.
- **PBoC holds a Q2 meeting, where it states that China still faces weak demand and external shocks; to strengthen central bank policy rate guidance.**
- **Polish Interest Rate Decision (Jul) 3.75% vs. Exp. 3.75% (Prev. 3.75%).**

GEOPOLITICS

IRAN CONFLICT

Overnight:

- **US CENTOM announced that it completed a new round of offensive strikes, hitting over 80 targets with precision**

munitions. CENTCOM added that forces remain postured and prepared to hold Iran accountable when the agreement is not adhered to or obeyed.

- **Several explosions** have been heard in Bushehr, Iran, according to Mehr news; Mehr's journalist on Kharg Island denies reported of an attack on Kharg, despite some reported of an incident being published.
- **In response**, Iran's IRGC said they hit 85 important US military installations in Port Salman, Bahrain's 5th Maritime Zone and Kuwait's Ali Salem Air Base.

Trump stated he "thinks" the ceasefire with Iran is "over":

- **US President Trump said the Iran ceasefire is over "I think"**; as far as I am concerned, it is a waste of time dealing with Iran. On the MoU, "think it is over". Adds, "I do not want to deal with Iran", they are a "bunch of liars".
- **US President Trump said (on Iran) he will allow US negotiators** to continue to talk if they want. But, "I think this is a waste of time".
- **US President Trump** did not repeat criticisms of Spain during NATO Leaders' summit meeting, according to reports, citing a source familiar with the talks; Trump did not mention Greenland during NATO summit meeting.
- **US President Trump** says they hit Iran hard last night, and will probably hit them again tonight. May take over Kharg Island.

RUSSIA-UKRAINE

- **US President Trump** posted Ukrainian President Zelensky conference went "very well", "everyone is looking for a solution".
- **US President Trump said it is a great honour to be with Ukrainian President Zelenskiy; NATO meeting was great.** Ukraine:. Both side want to see a settlement. Have developed a good relationship with Zelenskiy. This is not the end. Russian President Putin is a difficult character, so is Zelenskiy. Plans to discuss drone deal details with Trump. Zelenskiy has been effective. War in Ukraine is nasty. Ukraine has great potential. The US has some stake, including in minerals. Will talk about Patriot interceptors being made in Europe. Going to give a license to make Patriot missiles. Does have pressure on Putin, but does not like it. Think's Russia condition's for war end are changing. Hope to have a meeting soon. Putin wants to meet Zelensky in Moscow, not likely. Will work on a Ukraine security guarantee. Will have some kind of security package. Do not see Russia attacking Ukraine after war end. Patriot production licenses won't take much time. Don't have that many patriots, need them for themselves. Don't have a deadline for ending war in Ukraine. Would buy Ukrainian drones; think going to make that deal.
- **Chevron’s (CVX) Yasa Polaris oil tanker, used for CPC shipments, was attacked by drones off Russia’s Black Sea coast, according to sources.**
- **Russia’s Gazprom** said Ukraine attacked facilities of gas exports to Turkey; supplies not affected.
- **Ukraine's Military** said it struck two oil refineries, six tankers, bridges and the Borisoglebsk airfield; AIF-NK oil refinery in Nizhny Kamsk was also damaged.

NORTH AMERICAN DATA

- **US** Used Car Prices MoM (Jun) M/M 0.1% (Prev. 0.3%).
- **US** Used Car Prices YoY (Jun) Y/Y 2.1% (Prev. 3.6%).
- **US** MBA Mortgage Applications (Jul/03) -2.2%.
- **US** MBA 30-Year Mortgage Rate (Jul/03) 6.58%.