European Market Wrap - 10th July 2026

- **European bourses were mildly firmer; US equity futures trade tentatively on either side of the unchanged mark.**
- **G10s were mixed against the USD; JPY outperformed as FinMin Katayama talked up pension shift.**
- **Qatar negotiators are in Iran to meet Iranian officials in an effort to de-escalate tensions.**

EQUITIES

- **European bourses (STOXX 600 +0.1%)** began the session on a weaker footing despite APAC optimism ahead of SK Hynix's US debut (KOSPI +2.5% at close). On that note, shares are indicated to open higher by c. 21%, at USD 176/shr. Geopolitical newsflow was quiet throughout the day, and energy benchmarks were pretty lacklustre with Brent around USD 75/bbl. The latest updates included reports that Qatar negotiators were in Iran to meet officials to de-escalate tensions. IBEX was the outperformer after it slumped earlier in the week (also has more defensive composition), while tech-heavy AEX was the worst performer as top constituent ASML looks to SK's ADR debut, set to begin when-issued trading at 10:00 EDT Friday under the symbol SKHYV. - European **sectors** opened with a positive bias and continued this way throughout the session. **Comms and Travel/Leisure** outperformed after individual equity stories (see below), **Tech and Energy** were the laggards for the above factors. In terms of individual movers, **Infineon** (-2%) said it was raising prices in some segments; **EasyJet** (+14%) agreed to a GBP 5.7bln takeover by Apollo at 715p/shr; **Vodafone** (+13%) French telecom tycoon Niel acquired E&'s stake for a GBP 0.15/shr premium.- Stateside, indices opened mixed after solid gains on Thursday. **RTY** (-0.3%) was the laggard as yields modestly firmed, **NQ** (-0.1) found buyers at the open, while **ES** was resilient throughout overnight trade and posted modest gains most of the day. **META** +5.2% after Zuckerberg said its new model outperforms Gemini 3.1 Pro.; **DAL** -2%: Earnings & guidance beats failed to impress.

FX

- **G10s were mostly firmer against the Buck. JPY** led for the entire London session after FinMin Katayama touted measures to promote domestic inflows, Kiwi continued to eke gains post-RBNZ as markets looked to price a cumulative 50bps tightening by year end, while NOK was the worst performer after cool inflation data.
- **USD** was weaker as the frequency of geopolitical headlines tempered, and energy benchmarks moved from recent highs. Aside from this, domestic newsflow was light, the Buck ultimately driven by a mix of technicals and JPY (see below). DXY slipped throughout APAC as the JPY firmed, but found buyers below the **21DMA at 100.85**, proven support in recent sessions.
- **JPY** digested updates from **FinMin Katayama** who said she was to pursue steps to promote investment in Japanese assets by GPIF and others. This, on the face of it, would be a textbook tactic to encourage domestic investment and passively limit outflows, especially with a large composition (50%) of pension funds allocated to foreign investments. Several strategists noted it was a positive sign in a bid to shore up the currency; though CapEco said "Much of its domestic bond portfolio is invested passively, and shifting more assets into domestic bonds would come at a sizeable fiscal cost if it requires selling equities", and others highlighted Katayama is not in a position to direct changes, it would be under the jurisdiction of the Labour Ministry. **USD/JPY** gradually trundled lower from a 162.50 peak, to mark a trough below 161.30 (session low 161.28), with a modest kneejerk lower on not-too-surprising BoJ sources. **ING noted the JPY-funded carry keeps risks to the upside for the pair.**
- **NOK** was the clear underperformer vs. both the USD and SEK after a soft inflation series for June. Most metrics cooled beneath expectations, core Y/Y the sole figure rising above consensus, albeit unch. from May. **CPI-ATE, the Norges Bank's preferred gauge of inflation, was 2.9%, well below the Bank's estimate of 3.3%**, potentially providing conviction for dovish participants with the bank likely to remain on hold in the August meeting; then tighten in September should the next (August) series not surprise to the downside. However, the data was subject to collection issues. **NOK/SEK** fell from a 0.9940 peak to mark a trough at 0.9863. 8th July low at 0.9861 is the next level below.

FIXED

- The main move remains **overnight JGB outperformance**. For **USTs** and **Bunds**, the session has been slightly mixed but generally contained, **as we await details on whether Middle East negotiations will resume or if further strikes should be expected**.
- **JGBs** hit 127.76 in the European morning, and thereafter **peaked at 127.84**, continuing the overnight rally after comments from **Japanese Finance Minister Katayama**, who said that pension funds should be encouraged to invest more in the domestic market. Commentary that underpinned Japanese assets across the board, and sent the 10yr yield lower by around 16bps on the day, down to 2.71% and now essentially flat on the month, reversing from the 2.89% YTD high.
- **USTs as high as 109-12**, but are set to end the day at a trough of 109-04+, despite reports that negotiators are working to de-escalate tensions. Pressure potentially a function of the fact that tensions have not yet de-escalated. Though, the downside is only a few ticks at most.
- **Bunds got to 125.74**, firmer by around 35 ticks. Specifics limited. Continued focus on the EU funding plans, and the lack of agreement on the next 7yr plan is arguably supporting EGBs for net-contributing nations, as no agreement would see the

current EUR 1.4tln figure continue as opposed to the planned uplift to EUR 2tln.
- **Gilts** opened lower but then swiftly moved into the green given the lead from peers and **got to an 88.07 peak**. Action that leaves it just above Wednesday's high but someway shy of the 88.93 opening level at the start of the week. Last night the first tally was done for the Labour nominations, and while the count theoretically leaves space for a challenger it is not realistic and therefore Burnham is now formally, for all intents and purposes, the incoming UK PM.
- **Italy sold EUR 7.5bln vs exp. 6.0-7.5bln 3.00% 2029, 3.35% 2033 & 3.95% 2041 BTPs.**

COMMODITIES

- **The geopolitical situation has appeared to calm down today**, with a lack of fresh US/Iran strikes overnight, and with a **US official stating that the US remains committed to a resolution with Iran**; they added that technical negotiations are ongoing.
- **Crude benchmarks** are set to close the London session more-or-less unchanged, with trade very tentative throughout the day. Markets are looking out for the next steps to the US-Iran situation, either US/Iran resume strikes, or reports emerge that the two have managed to iron out a deal. On that note, Reuters reported that **Qatar negotiators are in Iran to meet Iranian officials in an effort to de-escalate tensions**. **Brent Sep'26** held at the mid-point of a USD 75.36-77.15/bbl range into the afternoon.
- **Spot gold** traded with mild losses throughout the European morning. Action today was lacklustre given the lack of material updates, and steady trade in the USD; currently holding within a USD 4,085-4,134/oz range. Elsewhere, **3M LME Copper** also traded with very slight losses and hovered around the USD 13.5k/t mark.
- **The fire at two oil storage facilities in Azov, which broke out after an attack by the Ukrainian Armed Forces, has been contained, according to reported.**
- **Russia's gasoline production has declined to the level of only 65% of demand, according to reported, citing sources.**
- **RBI Gold Reserves (July 3rd): Stood at USD 105.2bln (prev. 102.54bln W/W).**
- **Oman has** set its OSP at USD 69.29/bbl for September delivery.
- **IEA OMR: forecasts global oil demand in 2026 to fall by 1.05mln BPD (prev. exp. 1.12mln); global oil demand recovery is under way.** Global oil demand estimated at 103.46mln bpd for 2026 and is expected to grow by 2mln BPD in 2027 and reach 105.47mln BPD. Oil supply may expand 7.5mln BPD in 2027 if transits improve.

EUROPEAN DATA

- **Italian** Industrial Production YoY (May) Y/Y 1.1% vs. Exp. 1.3% (Prev. 1.3%).
- **Italian** Industrial Production MoM (May) M/M -0.3% vs. Exp. 0.1% (Prev. 0.5%).
- **French Inflation Rate YoY Final (Jun) Y/Y 1.8% vs. Exp. 1.8% (Prev. 2.4%).**
- **French Inflation Rate MoM Final (Jun) M/M -0.3% vs. Exp. -0.2% (Prev. 0.1%).**
- **Norwegian Core Inflation Rate YoY (Jun) Y/Y 3.4% vs. Exp. 3.3% (Prev. 3.4%).**
- **Norwegian Inflation Rate YoY (Jun) Y/Y 2.7% vs. Exp. 3.2% (Prev. 3.1%).**
- **Norwegian Inflation Rate MoM (Jun) M/M -0.2% vs. Exp. 0.3% (Prev. 0.2%).**
- **Norwegian Core Inflation Rate MoM (Jun) M/M 0.4% vs. Exp. 0.5% (Prev. 0.4%).**
- **German Inflation Rate MoM Final (Jun) M/M -0.3% vs. Exp. -0.3% (Prev. -0.2%).**
- **German Inflation Rate YoY Final (Jun) Y/Y 2.3% vs. Exp. 2.3% (Prev. 2.6%).**

NOTABLE HEADLINES

- **UK Chancellor Reeves will announce new funding for the British Business Bank's Growth Guarantee Scheme as well as changes to the terms of SME loans backed by the state-owned institution in her (valedictory) Mansion House speech next week, Kleinman reported.**
- **EU has opened an Excessive Deficit Procedure against Bulgaria.** "In its recommendation, the Council stipulates that Bulgaria should therefore take effective action and present by 15 October 2026 the necessary measures to reduce its deficit. Bulgaria should also ensure that its nominal cumulative net expenditure growth rate does not exceed 4.2% in 2026, 7.7% in 2027 and 11.4% in 2028 and 15% in 2029.".
- **EU has** approved the Hungarian RRP; allows for EUR 10bln, comprised of EUR 6.5bln in grants and the remainder loans.
- **UK Chancellor Reeves** is to announce a new City "skills compact" that will commit financial firms to retraining thousands of workers for the AI revolution, The Guardian reported.

TRADE/TARIFFS

- **China's MOFCOM announces a temporary ban on helium exports.**

CENTRAL BANKS

- **BoJ reportedly to keep rates unchanged in July but maintain policy guidance and also raise growth outlook, according to sources.**
- **NBP's Wnorowski** said signal about possible motion to cut interest rates in September is premature; do not see space for more than one cut this year.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's gasoline production has declined to the level of only 65% of demand, according to reported, citing sources.**

- **China** warns Russia again not to use nuclear arms on Ukraine.
- **Russia's Kremlin spokesperson does not comment on the** reported that Turkey is handing its S-400 missile system to a 3rd party nation, adds that they are in talks with Turkey on the matter.
- **Russia's Kremlin spokesperson** said the call between Presidents Trump and Putin is yet to take place.

MIDDLE EAST

- **Qatar negotiators are in Iran to meet Iranian officials in an effort to de-escalate tensions and create conditions for broader negotiations to continue, Reuters reported, citing a source; Talks conducted in coordination with US.** Talks aim to address implementation of the US-Iran MoU and issues that triggered the recent US-Iran escalation, including disputes over navigation in the Strait of Hormuz.
- **Trump admin** is reportedly discouraging Israel from participating in potential US strikes against Iran, citing concerns over losing control of the escalating conflict, according to CNN citing two Israeli sources.
- **Iran Secretary of National Security Council** said "Attacks on infrastructure will be met with retaliation".
- **Mediators** are trying to pull the US and Iran back from the brink, reported NYT citing officials.
- **Large fire** reported near Erbil airport, reported IRNA.
- **Joint Maritime Information Centre maintains the Strait of Hormuz threat level as Severe.**
- **"Sources indicate that a US military delegation will meet with the Lebanese army commander tonight to discuss the experimental zones", Al Hadath reported.**
- **Turkey has decided it will not join the Canadian Defence Bank initiative at this point, sources suggest.**
- **The Israeli army** said "we will continue our operations to eliminate any threat and will not allow Hezbollah to harm us", Al Jazeera reported.

NOTABLE NORTH AMERICAN NEWS

- **US President Trump** said he will not sign the housing bill in protest over the Senate not being capable of passing the Save America Act.
- **BofA Consumer Checkpoint (Jun): credit/debit card spending +6.3% Y/Y, the strongest growth in over four years. Increase almost entirely a discretionary story as gasoline prices fall.** Some strength was likely driven by the World Cup and online promotions. Convergence in wages and spending across incomes in recent months, whether this continues into H2 depends on whether underlying labour market momentum can be sustained.

NORTH AMERICAN DATA

- **Canadian** Full Time Employment Chg (Jun) 0.6K (Prev. 154K).
- **Canadian Unemployment Rate (Jun) 6.5% vs. Exp. 6.6% (Prev. 6.6%).**
- **Canadian** Building Permits MoM (May) M/M -1.7% vs. Exp. 0.5% (Prev. -7.6%).
- **Canadian Employment Change (Jun) 18.2K vs. Exp. 10K (Prev. 88K).**
- **Canadian** Average Hourly Wages YoY (Jun) Y/Y 3.7% (Prev. 3.2%).
- **Canadian** Participation Rate (Jun) 65.0% (Prev. 65%).
- **Canadian** Part Time Employment Chg (Jun) 17.5K (Prev. -66.2K).