European Market Wrap - 13th July 2026

- **European bourses traded with mild losses; NQ (-1.5%) underperforms as SK Hynix ADR (-6%) slips amidst earnings woes.**
- **G10s are mixed against the USD; JPY slips on GPIF-related commentary.**
- **The US and Iran continue to conduct strikes, whilst Iran shuts the Strait of Hormuz; Brent Aug'26 +3.5%.**

EQUITIES

- **European bourses** (STOXX 600 -0.1%) had a choppy start to the week, but ultimately are set to finish flat. **FTSE MIB** (+0.3%) outperformed, supported by **Eni** (+3.0%) and **Stellantis** (+3.2%).
- **Sectors** ended mixed. **Energy** (+1.8%) topped the sector pile, followed by **Telecoms** (+1.1%) and **Chemicals** (+1.4%) rounding out the top 3. To the downside were **Technology** (-1.6%), **Travel & Leisure** (-0.6%), and **Industrials** (-0.7%).
- Key movers included: **Watches of Switzerland** (+4.2%), after the Co. reportedly held takeover talks; **Inwit** (+1.2%), following the rejection by a judge to suspend Telecom Italia's withdrawal from a lease contract; **Akzo Nobel** (+2.6%), received EUR 7.5bln offer from Nippon Paint for Dulux; **DocMorris** (+15.9%), upgraded to buy at Deutsche Bank.
- **US cash equities** opened mixed, with outperformance in the **DJI** (+0.3%) while, unsurprisingly, the **NDX** (-1.1%) slumped as the losses in SK Hynix (after a local broker revised earnings estimates lower) weigh on the tech-heavy index.

FX

- **G10s** were mixed against the Buck at the beginning of the week as the USD failed to benefit from renewed US-Iran strikes. **NZD** led throughout the session as markets added to tightening bets, while funders **JPY** and **CHF** were lower throughout the day.
- **USD** was initially firmer overnight when crude gains peaked, though ultimately failed to benefit from the energy strength, and slipped alongside constructive Iranian Foreign Ministry rhetoric this morning "defensive strikes of the Islamic Republic of Iran are solely against the bases" (excludes energy facilities) and "Iran is in contact with mediators." In addition to the focus on geopolitics, the Greenback positions into a number of key risk events this week including CPI and Warsh's testimony. USD was offered around the European open, though rose from a 100.79 through to sit in the middle of its 100.79-100.91 range. Noteworthy levels breached include the 21DMA at 100.91.
- **NZD** was firmer throughout APAC and London trade as markets add to RBNZ tightening bets with two 25bp hikes now fully priced - a handful of bps more than the close on Friday. This helped **AUD/NZD** move beneath 1.20, to a 1.9999 low where it is set to finish the London session.
- **CHF** was inadvertently hit as a low-yielder as summer carry continues to be recommended by strategists. The same story for **JPY**, which also had a couple stories regarding GPIF. Source reports this morning noted Japan has **no immediate plan to change target asset allocations of its state pension funds** but could work within existing allowable ranges to direct more investment to domestic assets. A report which pressured the currency and saw it rise to a 162.35 peak as the source report further reduces the credibility of Finance Minister Katayama's remarks last week (GPIF believed to be past her oversight as FinMin). On the other hand, Japan's Chief Cabinet Secretary Kihara said the GPIF was to tweak its basic portfolio as needed - a remark which pressured **USD/JPY** to a 161.83 session low. Since this report, the pair moved higher and was below just above the 162.00 mark for most of the afternoon.
- **Saudi Arabia attacked Sanaa airport as Iranian plane approached, Fars reported, citing Yemeni sources.**

FIXED

- **Global fixed income benchmarks** traded rangebound throughout the European session, with the upside capped amid further punchy rhetoric from both Iran and the US regarding the Strait of Hormuz. In an interview with Fox, US President Trump said the US is taking over the Strait and will be getting paid for guarding the waterway. In response, Iran's top joint military command said they will not allow the US to intervene, and if so, the US will be strongly confronted.
- **USTs** (-5 ticks) rotated in a 108-26+ to 109-01+ range throughout the session, with focus on the US CPI print and a flurry of central bank speakers on Tuesday, which include Fed Chair Warsh at the House Committee hearing.
- **Bunds** (-21 ticks) held in a narrow 125.20-125.52 band. Not much in terms of drivers outside of the movement in the energy complex. ECB Schnabel is to deliver a keynote speech at 17:45BST/12:45EDT, but her comments are not expected to change from her recent hawkish rhetoric.
- **Gilts** (-50 ticks) followed its counterparts lower, and to close at the lower end of its 87.37-87.82 range.
- **The EU sold EUR 6.455 vs exp. EUR 7bln 2.375% 2029, 3.125% 2033 & 0.45% 2041 EU Bonds.**

COMMODITIES

- **Crude benchmarks** jumped c. 3.7% overnight amidst the latest bout of US-Iran strikes, and after the Iranian's announce that the Strait of Hormuz is shut until further notice. Traffic through the Strait has slipped to multi-week lows, with only 6 vessels passing on Sunday (lowest in five weeks).
- **Early morning action thereafter was tentative**, but some volatility was spurred after the Iranian Foreign Minister stated that strikes against regional neighbours are "**solely**" against US bases. **He also added that they are in contact with mediators.** It is

interesting that the FM has chosen to say that Iran is "solely" acting against US bases, rather than also mentioning energy facilities. It indicates, at least for now, that the country is attempting to avoid a wider escalation. However, overnight, the Kuwait Oil Company said that its drilling platform was struck.

- Thereafter, President Trump gave an interview to Fox News – which spurred some mild two-way action. He stated that "we are taking over the Strait", adding that the "US will probably run the Strait". **Markets will wait for whether this is simply punchy rhetoric or if he will issue actual directives**.
- **Brent Aug'26** traded with gains throughout the London session, and set to end the day at the mid-point of a USD 77.28-79.80/bbl range; higher by c. 3.5%.
- **Spot gold** (-1.7%) extended lower throughout the EU session and towards the bottom of a USD 4,042-4,094/oz range. Pressure which has been facilitated by increased inflationary woes amidst elevated energy prices. Elsewhere, base metals were initially dented by the risk-tone, but are set to end the London session a bit more mixed. **3M LME Copper** climbed out of the red, and held just above the USD 13.5k/t range.
- **Caspian Pipeline Consortium exports reportedly fell 7% M/M to 6.442mln tonnes, sources suggest.**
- **Qatar** set August Marine crude OSP at Oman/Dubai minus USD 5/bbl, Land crude OSP at Oman/Dubai minus USD 4.50/bbl, according to a pricing document.
- **OPEC MOMR (Jul): Global oil demand is forecast to grow by 0.8mln BPD Y/Y in 2026; global oil demand in 2027 is forecast to grow by about 1.9mln Y/Y BPD.**
- **India Gold Imports (June): USD 1.97bln, reported Commerce Ministry.**
- **Iran and Russia** are said to be nearing the finalisation of a gas trading agreement, Shana reported.
- **Reported fire at Kharg Island appears to be a result of routine flaring, according to Nour News.**
- **EU** expected to approve new trade prohibitions on Sudan's gold sector as its civil war enters a fourth year, according to Bloomberg citing sources. Foreign ministers are set to approve the measures on Monday.
- **reported suggest that shipping along the major grain route in the Sea of Azov remained restricted on Monday, following Ukrainian attacks over the weekend.**
- **EU Energy Task Force** said jet fuel supply remains stable overall so far; has been resilient amid geopolitical pressures; no immediate concerns around security of supply for Winter 2026-27.
- **OPEC MOMR (Jul) will be released at 13:00 BST / 08:00 EDT.**
- **Iranian Customs has issued a directive to lift the ban on the export of chemical, polymer and petrochemical products.**
- **ADNOC** set the August OSP for Murban crude at USD 80.01/bbl.
- **Kuwait has** set its August OSP for extra-light crude to Asia at USD 5/bbl discount to the Oman/Dubai average.

NOTABLE HEADLINES

- **German Chancellor Merz** said we need a dialogue on monetary policy with China.
- **European Systemic Risk Board's (ESRB) Annual report: Risks to financial stability remained elevated in 2025 and into early 2026 amid a highly uncertain external environment, but the financial system as whole proved resilient.** The ESRB continued to work on several important cross-sectoral and cross-border policy topics. On average, national authorities tightened their macroprudential stance in 2025. The General Board agreed a strategic approach to provide a holistic, EU-wide and cross-sectoral view of systemic risk. It prioritised strengthening holistic risk assessment and further embedding a system-wide approach to macroprudential policy.

TRADE/TARIFFS

- **India Trade Secretary** said US trade talks are progressing well.

CENTRAL BANKS

- **Fed's Bowman (voter) makes no comments on monetary policy or the economic outlook.** said regulators must tailor supervisory measures to each institution's risk profile.
- **Bank of Indonesia Deputy Governor** said the Bank will continue to adhere to its commitment to maintain IDR stability to encourage foreign capital inflows. Sees a significant chance for the rupiah to strengthen, especially with improved investor confidence.
- **NBH Governor Varga** said there is scope for further rate cuts this summer.

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukraine Security Service** said it struck a Russian oil depot in the Stavropol region, as well as storage tanks at Kavkaz port.
- **Ukrainian military** announces a drone attack that hit 15 Russian ships in the Sea of Azov, including 7 oil tankers.
- **EU's Kallas** said the 21st sanctions package will add 250 individuals and entities to the Russia sanctions regime.

MIDDLE EAST

- **Yemen's General Aviation Authority issues circular ordering closure of all airports to air traffic until further notice.**
- **Iran's top joint military command** said that Iran will not allow the US to intervene in the management of the Strait of Hormuz. Any attempt by the US to transit through the Strait without Iran's authorisation will be strongly confronted. Any cooperation with the US will be considered war against Iran.
- **Iran** said we will not be forced to pay the 'enemy' for ship passage, IRNA reported.
- **US President Trump said on Iran and oil, we're taking over the Strait of Hormuz; Iran has nothing; Iran leaders are**

professional negotiators; Iran hasn't gotten anything. We had a deal and they broke it. Hit Iran very hard last night. Will be guardian of Strait. On Iran rebuilding, Iran has no chance. If we run Hormuz, the US will be reimbursed. US will probably run the Strait. We're going to bed paid for guarding the Strait.

- **Iran's PGSA** said due to actions of US forces, passage through Hormuz is currently unfeasible; as soon as stability and calm are restored, all applications will be reviewed in accordance with the scheduled timeline and permitting process will resume. Full Post: "Due to recent hostile actions by the US forces, passage through the #Strait_of_Hormuz is currently unfeasible. As soon as stability and calm are restored, all applications will be reviewed in accordance with the scheduled timeline, and the permitting process will resume.".
- **Sources** announced that a security incident occurred near the Bab al-Mandab Strait, ISNA reported; Some sources say that an oil ship was targeted off the coast of Yemen.
- **UKMTO** said it has received a report of an incident 50NM south of Yemen's Aden; tanker travelling east in the IRTC has reported being approached by six small boats approaching from the Starboard side.
- **US projectile hit Iran's Abadan on Monday injuring one person, Tasnim reported.**
- **Iran and Russia** are said to be nearing the finalisation of a gas trading agreement, Shana reported.
- **Bahrain's air defences intercepted and destroyed several attacks by Iran on Monday.**
- **Yemen's Armed Forces** said efforts to persuade Iran and Houthi forces to stop had been exhausted and warned of retaliation for any Yemeni airspace violations, according to Al Arabiya. Yemen said it would defend its territory by all means across land, sea and air.
- **Explosions were heard around Iran's Bandar Abbas and Qeshm Island on Monday afternoon, Mehr News reported; adds that there is also the possibility of clashes in the Persian Gulf and the Strait of Hormuz.**
- **Lebanese officials** are said to be optimistic about the success of negotiations in Rome with officials from Israel, Al Araby Al Jadeed reported citing sources. The Lebanese delegation is speaking with the US military on experimental zones.
- **There** is no clear timetable for Israel's withdrawal from the experimental areas in southern Lebanon amid a policy of consolidation and non-compliance with the framework agreement, Al Araby reported citing sources.
- **Iranian Foreign Ministry spokesperson** said, as we count down to the US Midterms, that Iran can take the view that the US needs negotiations more than Iran does.
- **Controlled explosions in Isfahan, Iran, according to Nour news.**
- **Iran's Foreign Ministry spokesperson** said the US violated all clauses of the memorandum of understanding in less than a month; Iran will not execute commitments in the MoU as long as the US is not fulfilling its commitments. Muscat talks with Oman were solely focused on the Strait of Hormuz. MoU is in "crisis" phase. None of the US bases in any country in the region have been removed from the target list. The defensive strikes of the Islamic Republic of Iran are solely against the bases, facilities and positions used by the US to attack Iran, including their logistical and support facilities. Mediators are still continuing their efforts to mediate between Iran and the US in recent days. Iran is in contact with mediators.
- **Jordan intercepted four missiles launched by Iran that entered Jordanian airspace in the early hours, JRTV reported citing a military source.**
- **Explosion heard in UAE, Tasnim reported; The UAE Ministry of Defense issued an urgent statement announcing that a fire had broken out in one of the surplus military warehouses.**
- **Spokesperson for the Yemeni Armed Forces said the Saudi attack on Sanaa airport will not go unanswered and unpunished.**
- **UK Government proscribes IRGC as a terrorist organisation, reported Sky News.**
- **Pakistan PM Sharif has arrived in Doha, Qatar, for a one-day visit.**
- **reported that Israeli forces have undertaken "severe explosions" in various parts of southern Lebanon, IRIB reported.**
- **IRGC** said only way to open the Strait of Hormuz is to end US military interventions and respect the sovereignty of the countries bordering it.

NOTABLE NORTH AMERICAN NEWS

- **US President Trump** said may see shutdown in September if filibuster does not end.