European Market Wrap - 14th July 2026

- **European bourses were mixed; US bank earnings in focus (JPM +2%, C +1.9%, GS +6.5%)**
- **US CPI was cooler-than-expected, spurring pressure in the USD and yields.**
- **Geopols remain in focus, keeping energy prices elevated.**

EQUITIES

- **European bourses** (STOXX 600 -0.1%) ended mixed, with outperformance in the **FTSE 100** (+0.3%), supported by higher metals and energy prices. The upside in miners was helped by an outperform rating given to multiple UK miners and the lift in metals prices following the cooler-than-expected US inflation print, in which headline CPI fell to 3.5% Y/Y (exp. 3.8%, prev. 4.2%).
- **Sectors** ended mixed. **Basic Resources** (+2.4%) held its spot as the sector outperformer, followed by **Energy** (+1.4%) and **Utilities** (+0.9%). **Media** (-2.3%) was the sector laggard, weighed by a broker downgrade for **Pearson** (-2.6%), while **Retail** (1.5%) and **Travel & Leisure** (-1.7%) round out the bottom 3 sector laggards.
- Looking ahead, **ASML** (+1.1%) is to report Q2 earnings; sales expected at EUR 8.83bln, EPS 6.88/shr and EBITDA 3.31bln. Focus will be any guidance the Co. will give, with UBS expecting the chipmaker to narrow its FY revenue guidance towards the upper end of the current range (EUR 36-40bln). Click here for a more detailed preview
- **US cash equities** began trade entirely in the green, with the **RUT** (+0.7%) outperforming while the **DJI** (+0.1%) lags after **IBM** (-23.6%) unexpectedly issued Q2 prelim. figures that missed estimates. Banks officially kicked off the earnings season; in brief, all banks reported positive top-line metrics, however JPM's FICC revenue missed estimates while WFC's NII fell marginally short.

FX

- **USD drove most of the price action today. US CPI left G10s firmer against the Buck**. **Kiwi** leads after RNBZ speak, **CHF** unwound some recent carry-related pressure, and commodity exporters also did well, with **NOK** one of the leaders.
- **DXY** matched Friday's low (100.60) after cooler-than-expected CPI saw market pricing for the Fed unwind, 4.2bps tightening now implied for July vs 9.8vps pre-release. Warsh's testimony text was also released alongside the data; among other points, he stated that the Fed has no tolerance for persistently elevated inflation. DXY is set to finish the European session in proximity to the aforementioned low.
- Energy exporters **NOK** and **CAD** were among the best performers today as **energy benchmarks firmed on continued US-Iran strikes** with US President Trump threatening to hit Iran's underground nuclear facility. "Pickaxe Mountain". Alongside this, Iran's armed forces have reportedly begun targeting US naval vessels in the Strait of Hormuz. NOK/SEK +0.7% benefited from firmer energy benchmarks and carry demand being potentially exacerbated by the mentioned CPI report. **USD/CAD** moved lower throughout the session and sits towards 1.4050.
- **Kiwi** was the best performer once again as markets added to RBNZ tightening bets, interest rate futures now implying 58bps by year-end - around 5bps added vs. the end of Monday's London session. Following hawkish remarks from RBNZ's Conway and a strong quarterly NZIER Business Confidence. **NZD/USD +1.3%**, set to finish the London session off highs after losing some steam above 0.58.

FIXED

- **A bearish start to the day for fixed income given the energy extension** seen in APAC hours and into the European morning. Thereafter, **the narrative turned around after a cooler-than-expected US CPI series for June**, which pushed back on Monday's hawkish speech from Waller.
- From the data, Pantheon estimates June's core **PCE** deflator at 0.16%, resulting in an inflation rate of 3.3% (prev. 3.4%). Oxford Economics wrote, "The benign reading of the core CPI puts inflation fears on hold and reinforces our baseline forecast for the Federal Reserve to sit tight over the rest of the year."
- **USTs** in the European morning stopped at a 108-17 trough, lower by about 10 ticks, given the energy move and potentially positioning into CPI given the Waller commentary yesterday. Since, the discussed **CPI series saw this unwind, lifting USTs by nearly 20 ticks to gains of around the same amount on the day**; though, this has nearly halved at the time of writing.
- For the Fed, **the odds of a July hike have dropped from around 40% to 12%**. Unwinding the hawkish move seen after Waller on Monday, who said if the June core CPI print was hot then a near-term hike should be considered.
- **Bunds** were unreactive in the morning to **Germany's June WPI**, which was dictated by energy in different directions for the Y/Y and M/M. Thereafter, the **2028 Schatz** reopening was weak. Neither update spurred any sustained reaction, with focus on the geopolitical narrative and at that point the upcoming US CPI print.
- **Gilts saw a somewhat contained open**, before then conforming to peers and slumping into the red, where they remain. At most, down to an 86.42 base with losses of 77 ticks. However, the above US data move has allowed it to recover to near the 87 handle, though still off the 87.19 open.
- To remind, **JGBs outperformed** overnight after a very well-received 20-year auction and commentary from the Finance Ministry, Katayama said it is time to consider including JGBs in NISA and that if the environment surrounding asset

management changes sharply, a change to GPIF's portfolio could be examined.
- **Germany sold EUR 4.222bln vs exp. EUR 6.0bln 2.70% 2028 Schatz: b/c 1.13x, average yield 2.77%, retention 29.63%.**
- **Overnight Treasury Block Trades: 5yr block.** 02:11EDT/07:11BST: 3,600 5-Year T-Note Futures (ZFU6) blocked at 106-077.
- **The Netherlands** sold EUR 3.27bln vs exp. EUR 2.5-3.5bln 2.50% Jan 2031 DSL: Average yield 2.911% (prev. 2.795%).

COMMODITIES

- **US and Iran continued to strike each other for a third night**, after President Trump warned that they would hit Iran "very hard". POTUS also announced a naval blockade on all Iranian ports, which is set to begin at 21:00 BST / 16:00 EDT.
- **Crude benchmarks** were firmer throughout the APAC session, though price action was more-or-less sideways. Into the European morning, the bias turned a bit more bullish after the UKMTO reported another incident on a tanker near Oman. **This comes after two Emirati tankers were struck overnight**. It is clear that the IRGC will not accept any transits via undesignated paths through the Strait of Hormuz; as such, traffic through Hormuz is waning. As it becomes apparent that ships are less confident in going through the Strait (and added risk of the blockade and/or nuclear attacks), the crude complex has moved higher. Though, **Brent Sep'26** (+2.7%) looks to end the London session off best levels within a USD 83.68-87.55/bbl range.
- **Spot gold** traded lower throughout the European morning, but then flicked into the green following the cooler-than-expected US CPI report. In brief, headline and core metrics both printed well below expectations, which will help relax recent inflation woes for the time being. Following the data, Fed pricing shifted dovishly, with an October hike no longer fully priced in; the USD also sank on the report. Elsewhere, **base metals** were broadly firmer, taking a positive lead from strong Chinese Exports/Imports data overnight; **3M LME Copper** set to end the EU day higher by c. 1.2%.
- **Vedanta (VEDL ID) reportedly** plans to almost triple zine and lead output by 2031.
- **Turkey's energy minister** said Iraq requested retaining oil export capacity of 750K BPD through the Kirkuk-Ceyhan pipeline for 12 months under an agreement. said if the pipeline is extended to Basra, Kuwait could also export its oil through that pipeline.
- **Freeport-McMoRan (FCX) Indonesia unit** is targetting 2026 copper production of 0.8bln pounds.
- **ADNOC confirms tankers "Al Bahyah" and "Mombasa B" were hit in the Strait of Hormuz.**

EUROPEAN DATA

- **Norwegian** PPI YoY (Jun) Y/Y 14.9% (Prev. 24%).
- **German Wholesale Prices MoM (Jun) M/M -0.7% vs. Exp. 0.2% (Prev. -0.6%).**
- **German Wholesale Prices YoY (Jun) Y/Y 4.9% (Prev. 5.9%).**

NOTABLE HEADLINES

- **UK MP Miliband** is reportedly in favour of new drilling in the Jackdown field, The Telegraph reported citing sources; as part of his goal to become incoming PM Burnham's Chancellor.
- **German Economy Ministry** said corporate insolvencies remain very high.

CENTRAL BANKS

- **Fed Chair Warsh said "if we get policy right, and we will, inflation surge of the last five years will be a thing of the past'.** Fed has no tolerance for persistently elevated inflation. Household consumption growth is moderate; manufacturing output has moved up steadily this year. Housing sector continues to lag. Economic activity is expanding at a solid pace, showing resilience in the face of recent developments. Don't know the extent to which the economy will benefit from AI buildout. Most striking feature of the economy right now is business investment, which appears to be accelerating and reflects AI projects and spending. Productivity growth has been strong, predating gains from AI adoption. Labour market appears broadly stable. Fed is monitoring implications for inflation and labour market. Have a duty to take a fresh look at current practices to make sure we are serving our objectives. Purpose of task forces is to equip Fed to make better monetary policy decisions, put years of high inflation behind them. Job creation has kept pace with workforce; unemployment rate is low and has changed little over the past year; seeing relatively few layoffs; solid growth in nominal wages. Balance sheet task force will probe advantages and disadvantages of ample reserves regime and explore alternatives.
- **EU to propose easing banks' capital requirements, FT reported; to be unveiled on Friday and set out the scope of legislative proposals expected next year.**
- **BoE Governor Bailey said that the core banking system in the UK is resilient; debt levels not stretched.** renewed hostilities in the Gulf underline continuing instability. UK's position is supported by its fiscal framework as well as monetary policy.
- **NBP's Zarzecki** said a hike is more likely than a cut as things stand, would not be in favour of easing this year.

GEOPOLITICS

RUSSIA-UKRAINE

- **Kremlin spokesperson Peskov** said Russia has learned to bypass Western sanctions, and will continue circumventing sanctions regimes, TASS reported.
- **Ukraine** said it struck two Russian oil refineries in the Bashkortostan and Krasnodar regions.
- **Ukraine Navy spokesperson** said Russia struck a civilian vessel near Ukraine's Black Sea port of Odesa.
- **European Commission President von der Leyen will visit Ukraine on Wednesday, to discuss enlargement and defense, Politico reported citing a source.**
- **Russian forces conducted group strikes at night, damaging military industry and enterprises involved in missile production in Kyiv, while it damaged infrastructure facilities in Odessa, used to store Ukrainian armed forces' fuel and**

lubricants.

MIDDLE EAST

- **Iranian lawmakers issue statement emphasizing the necessity of pursuing revenge and ending the understanding with the US; forming a commission to review negotiations and approve law on management of Hormuz.**
- **Israel's PM Netanyahu** warns Iran against attacking Israel, said any new Iran attack will draw a much stronger response.
- **Israeli PM Netanyahu, addressing Iran's leadership, said that if Iran attacks Israel "this time will not be a replay" and will require a far stronger response than seen in the past.**
- **A senior security source in Tehran** said that Iran would deliver a “devastating response” if Trump goes through with the threat on Pickaxe Mountain, reported CNN.
- **Israel** said to be prepared to move forward on Lebanon deal.
- **Areas in Iran's Abadan County and Mahshahr** were hit by US projections on Tuesday afternoon, according to ISNA.
- **Oman's Foreign Minister** said the conflict involving Iran underscores the need for a comprehensive review of Gulf security architectures.
- **The Times of Israel** reported that the US is leaving its refueling tankers within the Ben Gurion Airport, amidst recent US-Iran escalations.
- **Four sites targeted in Bushehr, southern Iran, IRNA reported.**
- **Multiple explosions have been heard in proximity to Bushehr, Iran, Fars reported; explosions also heard in proximity to Choghadak.**
- **Iran Parliament introduces bill to manage Strait of Hormuz amid US interventions, Press TV.**
- **Explosions have been heard near Bandar Abbas, Iran, according to Israel's Channel 12.**
- **Israel's army** said their forces continue operating in southern Lebanon.
- **Iran's armed forces have begun targeting US naval vessels in the Strait of Hormuz with cruise missiles, Al Mayadeen reported.**
- **Controlled blasts** are planned in Pakdasht, Tehran (Iran) from 13:00-16:00 local time (10:30-13:30 BST), SNN reported.
- **Iran’s Oil Minister Paknejad** said Iran’s oil exports continue as usual despite the US removal of oil waivers.
- **UKMTO reported of an incident 13NM southeast of Lima, Oman, the tanker was reportedly hit by a missile transiting outbound on the southern route.**

NOTABLE NORTH AMERICAN NEWS

- **JPMorgan (JPM) CFO** said US consumer is doing fine and is strong marginally but there is no dramatic overall shift.
- **US House will vote today on merging the SAVE America Act with a national security and State Department funding bill, Fox reported.**

NORTH AMERICAN DATA

- **US Annualised CPI (June): Headline 3m 2.784% (prev. 8.204%), 6m 4.050% (prev. 5.561%); Core 3m 2.294% (prev. 3.166%), 6m 2.579% (prev. 3.091%).** This is available under the Newsquawk V2 Widget: US Macro Data.
- **US Inflation Rate MoM (Jun) M/M -0.4% vs. Exp. -0.1% (Prev. 0.5%, Low. -0.2%, High. 0.3%).**
- **US Core Inflation Rate MoM (Jun) M/M 0.0% vs. Exp. 0.3% (Prev. 0.2%, Low. 0.2%, High. 0.4%).**
- **US Core Inflation Rate YoY (Jun) Y/Y 2.6% vs. Exp. 2.9% (Prev. 2.9%, Low. 2.8%, High. 3.0%).**
- **US Inflation Rate YoY (Jun) Y/Y 3.5% vs. Exp. 3.8% (Prev. 4.2%, Low. 3.7%, High. 4.0%).**
- **US ADP Employment Change Weekly 19.75k (prev. 21k).**
- Sell-side PCE called post-CPI. Pantheon Macroeconomics: "We provisionally estimate the core PCE deflator rose by 0.16% in June, allowing the inflation rate to drop to 3.3%, from 3.4% in May.". Oxford Economics: "Our preliminary nowcast of the PCE index called for a 0.2% m/m decline in the headline index and a 0.1% increase in the core index.".