newsquawk

European Market Wrap - 15th July 2026

- **European bourses were mixed; ASML NA rose as much as 7% post-earnings, but set to end the session flat.**
- **USD pressured following a cooler-than-expected PPI report, GBP outperformed.**
- **US and Iran continue to strike eachother, with markets awaiting the next step to the conflict; Brent Sep'26 +0.6%.**

EQUITIES

- **European equities** (STOXX 600 +0.2%) ended the session mixed, with an equal number of winners and losers. Unexpectedly, the **AEX** (+0.7%) was the outperformer given the initial c. 8% gains in ASML and upside in peers within the index, however, it has pulled back as **ASML** (+0.5%) shares give back the majority of their earlier gains.
- **Sectors** finish without a clear bias. **Autos** (+1.6%) managed to top the sector pile, with **Consumer Products & Services** (+1.6%) and **Construction** (+1.3%) rounding out the top 3. To the downside remained **Chemicals** (-1.3%), while **Optimised Personal Care** (-0.8%) and **Telecoms** (-1.3%) round out the sector laggards.
- Key movers today, outside of ASML, include: **Richemont** (+5.2%), Q1 sales beat estimates with strong growth in all regions; **BASF** (-3.9%), positive Q2 earnings but analysts disappointed as cash flow guidance left unchanged; **Barratt Redrow** (+4.1%), announced a new GBP 386mln share buyback programme; **Evotec** (-7%), downgraded to hold at TD Cowen.
- **US cash equities** began trade with decent gains, with **NDX** (+0.6%) leading. On the earnings front, **Elevance Health** (-10.4%) slumped as its benefit expense rate rose 80bps Y/Y, dragging the S&P 500 managed health care index to its biggest drop since March. Elsewhere, **Morgan Stanley** (-0.6%) a touch lower despite reporting positive metrics, while **BlackRock** (+7.4%) rose as AUM, EPS and revenue surpassed expectations.

FX

- **G10s** were mostly firmer against the Buck throughout the London session as cooler than expected US PPI/CPI continued to weigh on the Buck, benefitting high-yielders.
- **USD** was offered in wake of cooler than expected US PPI whereby the headline figure fell to 5.5% from 6.2% on a monthly basis. Following the data, Pantheon Macro expects the core PCE deflator rose by 0.16% in June, while Oxford Economics' nowcast of the PCE index calls for a 0.2% m/m decline in the headline index and a 0.1% increase in the core index. DXY slipped following the data and is set to complete the session at lows of 100.80, the level below is Tuesday's trough of 100.60.
- **CAD** was unreactive to an as-expected BoC policy announcement, whereby the bank kept rates unchanged at 2.25%, noting growth is picking up, and inflation in Canada is expected to ease to about 2.5% in the second half of 2026. USD/CAD set to complete the session unchanged at 1.4060.
- **NOK** was initially the worst G10 performer after the Norges Bank's preferred inflation gauge, CPI-ATE, came in cooler than expectations. However, as oil prices remain elevated, NOK found support. NOK/SEK was pressured on the earlier Norwegian inflation data, though firmed throughout the session to pare around half of the losses made in early London trade. NOK/SEK, USD/NOK set to complete the London session flat.
- **AUD** and **GBP** were the best performers, helped by rate differentials after cooler than expected CPI and PPI from the US trimmed near term Fed tightening bets. For GBP specifically, Home Secretary Mahmood is seen to be the next Chancellor, according to the iPaper. Markets are of the opinion that Mahmood would be fiscally conservative given her history in the current ministerial role, however she lacks experience in economic roles. GBP/USD +0.4%, peaking at 1.3463.

FIXED

- **USTs** spent the morning contained, caught between CPI and Warsh, in a narrow c. 6 tick band. Since, following the **PPI** series which was cooler than expected, **upside was seen in USTs to a 109-06 session high** with gains of just under 10 ticks.
- Following the two inflation prints this week, desks look for June's PCE to moderate from the prior rate. Note, **Fed's Warsh** has his second day of testimony shortly, which will be scoured for any updated insight into his inflation assessment.
- **Bunds** under pressure today, following modest energy upside and potentially on reporting around domestic spending plans, with reference to energy relief and/or pensions. In the morning, it **hit a 124.79 base** and while it has been a touch choppy since, is set to end the day around 10 ticks off that low.
- **Gilts** opened lower and then **slipped further to an 86.89 low**, holding just above the 86.87 and 86.42 troughs from the prior two sessions. UK specifics were mostly uneventful, and as such Gilts have lifted marginally off worst and hold around the 87.00 handle, but still set to end the day in the red by around 25 ticks.
- Most recently, iPaper adds to its reporting from Tuesday and firms up the narrative that **Mahmood is set to be incoming UK PM Burnham's pick for Chancellor**. An appointment, if correct, that avoids the worst case scenario for the market of Miliband being appointed, and may well provide Gilts with some relief.
- **Morgan Stanley (MS)** files to sell issuance; four parter.
- **Bayer (BAYN GY) files for dollar-denominated 5-parter.**
- **JPMorgan (JPM)** files to sell USD issuance; four parter.
- **Germany sold EUR 0.753bln vs exp. EUR 1.0bln 2.50% 2054, EUR 0.768bln vs exp. EUR 1.0bln 2.90% 2056 & EUR 0.759 vs exp. EUR 1.0bln 0.00% 2052 Bund.**

COMMODITIES

- **Geopolitics remain in focus**. To recap, US President Trump warned that they would be striking Iran on Wednesday night, and threatened to hit power plants/bridges next week, unless Iran negotiates. Iran stated that it is a mistake to think military action will force them to talk. In the European morning, the US CENTCOM started (and concluded) a new wave of strikes against Iran. Overall the latest strikes have led to ships halting transits through the Strait, which increases odds of another long-term supply glut.
- **Crude benchmarks** have spent the London session with mild gains, and set to end the session at the mid-point of a USD 84.51-86.55/bbl range. Price action was fairly rangebound throughout the European morning, but grinded a little higher into the afternoon.
- **Spot gold** (+0.2%) was lower throughout much of the European morning, before then jumped into the green following the US PPI report. In brief, it was a cooler-than-expected series (following a similar theme shown in the CPI), whereby both the headline and core printed shy of expectations. As such, the USD was pressured, which helped to lift the yellow-metal to a session peak of USD 4,074/oz. Elsewhere, base metals were mixed. **3M LME Copper** had mixed Chinese data to digest, though growth was poor; 3M LME Copper held within a USD 13,550-13,677.65/t range.
- **Russian Deputy PM Novak** said the supply of fuel to retail network vehicles is a priority.
- **Libya's Akakus Oil Operations Company** said July crude output hit 332,056 bpd, which is the highest daily rate since 2014.
- **Russia's Salavat Petrochemical Complex halted operations yesterday following a Ukrainian drone attack which damaged two primary refining units; repairs could reportedly take weeks or months.**
- **Iraq Ports Authority** said operations at Faw Port were unaffected after a drone crashed, state news reported.
- **Japan's Petroleum Association** said that Japan is reviewing participation in pipeline expansion to bypass the Strait of Hormuz.

EUROPEAN DATA

- **EU** Industrial Production YoY (May) Y/Y -1.2% vs. Exp. 0.2% (Prev. 0.3%, Low. -0.9%, High. 1.4%).
- **EU Industrial Production MoM (May) M/M -0.2% vs. Exp. 0.3% (Prev. 0.1%, Low. -0.2%, High. 1.0%).**
- **OECD** said UK economy to grow 0.9% in 2026 and 1.1% in 2027; risks tilted to the downside; said fiscal discipline essential to the UK.
- **Spanish Inflation Rate YoY Final (Jun) Y/Y 3.2% vs. Exp. 3.2% (Prev. 3.2%).**
- **Spanish Core Inflation Rate YoY Final (Jun) Y/Y 2.9% vs. Exp. 2.9% (Prev. 2.9%).**
- **Spanish Inflation Rate MoM Final (Jun) M/M 0.6% vs. Exp. 0.6% (Prev. 0.1%).**
- **Norwegian** CPI-ATE (Jun): 2.7% Y/Y (exp. 3.3%, prev. 3.4%), -0.1% M/M (exp. 0.5%, prev. 0.4%).
- **Swedish CPIF YoY Final (Jun) Y/Y 1.3% vs. Exp. 1.3% (Prev. 1.5%).**
- **Swedish CPIF MoM Final (Jun) M/M 0.3% vs. Exp. 0.3% (Prev. 0.9%).**

NOTABLE HEADLINES

- **Allies of UK's Burnham** are urging him to appoint Yvette Cooper as chancellor instead of Ed Miliband, reported Telegraph. John Healey is being tipped by Burnham insiders as the next Foreign Secretary. He could be brought back as part of a New Labour switcheroo, moving Yvette Cooper to the Treasury and leaving Shabana Mahmood in the Home Office.
- **UK OBR nominee Haskel** said UK is not in a very good fiscal position. On productivity forecasts: Perhaps right for OBR to move more slowly than those being judged primarily upon their very short run forecasts.
- **EU has asked the US for tariff exemptions on more products, including cheese and wine.**
- **German Chancellor Merz** said government has received different proposals for the debt brake reform, but challenges for a reform would be enormous; Germany's credit rating is not at risk.
- **France** raises interest on a popular Livret A savings account, reported French Finance Minister Lescure on TF1.
- **German government** is planning a EUR 13.3bln energy relief package for 2027, which will used to assist businesses and consumers.

TRADE/TARIFFS

- **India Government Source** expects new provision to ban import of goods made with forced labour to blunt US 301 probe outcome.
- **EU Trade Commissioner Sefcovic** said aiming to have EU-India FTA implemented in 2027.

CENTRAL BANKS

- **BoC keeps rates on hold as expected at 2.25%**.
- **BoC's Macklem:** "Governing Council will continue to assess the strength of the Canadian economy and the outlook for inflation and is prepared to adjust monetary policy as needed. "
- **Fed's Williams (voter) Q&A: Seeing markets respond to Middle East changes; CPI print was consistent with what he is hoping to see over the coming months; CPI was a "little piece" of inflation run rate returning toward goal.** Inflation. Risks to energy price inflation are somewhat less. 'Absolutely' not any consideration to changing 2% target; it is the right number and don't want to move the goalposts. Rates/Policy. Don't have a clear direction about which way interest rates are going or when. Was very strong support for the move away from forward guidance. Mortgage rates are very tied to 10-year treasury yield, which is being lifted by expectations for strong US growth. When inflation comes back to 2%, would expect rates to move down somewhat to more normal levels. A lot of people are still sitting on low mortgage rates, will take a few years to resolve. Expects rates to eventually move down with inflation. Balance Sheet. Roughly in range of ample reserves; "now in steady as she goes mode". There are parts of the balance sheet moving ahead organically and we are just meeting that demand. Economy. Seeing an explosion of new businesses in the US. There is a lot of dynamism in US economy. Default rates have

stabilised at pre-pandemic levels over the past year. Broader consumer credit is growing consistent with the economy. K-shaped economy is real.

- **Fed's Williams (Voter) said with inflation running high, it is imperative Fed restore it to 2% goal on a sustained basis; current stance of policy is well positioned to do that.**
- **St. Louis Fed research showed that the Fed could more accurately estimate "core" PCE, by excluding only energy goods.**
- **Japan added a footnote on BoJ autonomy to its revised fiscal policy draft, Bloomberg reported.**
- **German Chancellor Merz** said there is no need in the short term to decide on the next ECB President and that ECB President Lagarde has performed well.
- **ECB's Panetta said EZ inflation is currently around 3% and expected to remain above that level until early 2027.** Risks linked to higher energy prices, tighter financial conditions and persistent geopolitical uncertainty appear to be only partially incorporated into market evaluations. Several indicators suggest the rise in equity markets seen after the Iran conflict is due to an underestimation of risks. ECB's goal is to keep inflation expectations firmly anchored, limiting indirect and second-round effects of shocks. Prolonged hostilities in the Middle East, coupled with renewed pressure on energy markets, could lead Italian banks to be more cautious and tighten credit standards.
- **ECB's Nagel said from a monetary policy perspective, it remains advisable to react with caution but to act decisively if needed; monetary policy will maintain its vigilant stance.** From a geopolitical point, past few weeks has been a theme of hopes and disappointments.
- **ECB's Cipollone** said that he is not currently seeing second round inflation effects, but monitors inflation expectations "very closely".
- **PBoC Deputy Governor** said they are to step up counter-cyclical and cross-cyclical policies.
- **Polish Inflation Rate MoM Final (Jun) M/M -0.5% vs. Exp. -0.5% (Prev. -0.3%).**
- **Polish Inflation Rate YoY Final (Jun) Y/Y 2.5% vs. Exp. 2.5% (Prev. 3.1%).**
- **Swedish Inflation Rate MoM Final (Jun) M/M 0.4% vs. Exp. 0.4% (Prev. 1%).**
- **Swedish Inflation Rate YoY Final (Jun) Y/Y 0.7% vs. Exp. 0.7% (Prev. 0.8%).**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia** said the proposed deployment of a multinational force for Ukraine after any peace deal is unacceptable; it would be seen as an intervention and a threat.
- **Ukraine President Zelensky** expected to remove Ukraine's popular defence minister, reported FT.
- **US President Trump on war in Ukraine, said think Russia ready to make a deal soon, Fox News reported.**
- **Russian Deputy PM Novak** said the supply of fuel to retail network vehicles is a priority.
- **Russia's Kremlin dismisses Lithuania's allegation that Russia** plans to attack infrastructure as scare stories.
- **Russia’s Salavat Petrochemical Complex halted operations yesterday following a Ukrainian drone attack which damaged two primary refining units; repairs could reportedly take weeks or months.**

MIDDLE EAST

- **Lebanon, Israel and the US will hold a meeting on Friday, Sky News Arabia reported, citing sources; no location decided.**
- **US CENTCOM completed a round of strikes against Iran at 07:30ET.** U.S. Central Command (CENTCOM) completed a morning round of strikes against Iran at 7:30 a.m. ET on July 15. CENTCOM launched precision munitions against coastal defense systems and cruise missile storage and launch sites on Greater Tunb Island during the 90-minute wave. The strikes further degraded Iran’s ability to attack commercial shipping in the Strait of Hormuz.
- **Hezbollah** is preparing a plan for military escalation against Israel, which includes intensive attacks on settlements in the north, reported N12 News citing Aram News. Hezbollah reportedly waiting for green light from Tehran to begin the attack. Has already begun to strengthen its forward positions north of the Litani River. "any escalation depends on the level of American attacks on Iran following the recent escalation in military conflicts, or on Washington giving the green light to Israel to participate in ongoing operations and carry out more intensive attacks on infrastructure deep inside Iran.".
- **US CENTCOM said at 11:00BST/06:00EDT forces began a new wave of strikes against Iran. Designed to futher degrade military capabilities that Iranian forces have used to attack commercial shipping.**
- **Iran will respond to the US attacks, Tasnim reported.**

OTHERS

- **Since restarting the naval blockade against Iranian ports 17 hours ago, US forces have redirected 2 commercial vessels attempting to run the blockade.** The US military remains vigilant and prepared to ensure full compliance.
- **US President Trump** said that an Israeli withdrawal of troops from parts of Lebanon would be a good thing.
- **Lebanese and Israeli negotiations in Rome have concluded.**
- **A source close to the Lebanese president** said talks were successful, and implementation of the borders an area under IDF control are in preparation within a few days or hours, according to a Kann reporter citing Lebanese TV.
- **Iraq Ports Authority** said operations at Faw Port were unaffected after a drone crashed, state news reported.
- **Drone fell into Iraq's Faw port, no damage reported, local media reported.**
- **Senior Israeli official** said PM Netanyahu is to travel to the US on Saturday.
- **Blasts in Southern Isfahan today will be controlled, SNN reported.**
- **Israeli PM Netanyahu** is reportedly to travel to Washington on Saturday evening, aiming to meet with US President Trump, Yedioth reported.

NOTABLE NORTH AMERICAN NEWS

- **US Energy Secretary Wright criticised New York's decision to suspend data center construction and said they** are a answer to high electricity prices.
- **Us President Trump** posted "Great News America! The Dumocrat caused inflation is way down from what it had been, and we will bring it down still further. MAGA!".

NORTH AMERICAN DATA

- **US Core PPI YoY (Jun) Y/Y 4.7% vs. Exp. 5.2% (Prev. 4.9%, Low. 5.1%, High. 5.2%).**
- **US Core PPI MoM (Jun) M/M 0.2% vs. Exp. 0.4% (Prev. 0.4%, Low. 0.2%, High. 0.5%).**
- **US PPI Ex Food, Energy and Trade MoM (Jun) M/M 0.1% (Prev. 0.8%).**
- **US PPI YoY (Jun) Y/Y 5.5% vs. Exp. 6.2% (Prev. 6.5%, Low. 6.1%, High. 6.6%).**
- **US PPI Ex Food, Energy and Trade YoY (Jun) Y/Y 5.1% (Prev. 5.1%).**
- **US PPI MoM (Jun) M/M -0.3% vs. Exp. 0.2% (Prev. 1.1%, Low. -0.2%, High. 0.6%).**
- **US NY Empire State Manufacturing Index (Jul) 15.60 vs. Exp. 8.70 (Prev. 5.70).**
- **US** MBA 30-Year Mortgage Rate (Jul/10) 6.65%.
- **US** MBA Mortgage Applications (Jul/10) -2.7%.