European Market Wrap - 16th July 2026

- **European bourses were broadly lower; NQ underperforms, with TSMC -2.9% post-earnings.**
- **DXY gained slightly; XAU/USD slumped below the USD 4k/oz mark.**
- **Crude benchmarks mildly gained following a Reuters report which suggested that the IRGC-backed Houthis would shut the Bab El Mandeb gateway, if the US hits power network.**

EQUITIES

- **European bourses** (STOXX 600 -0.6%) started the session entirely in the red and extended lower throughout the session as energy benchmarks picked up. The catalyst came following reports that Iran instructed the Houthis to close Bab El Mandeb if the US hits power networks. To remind, US President Trump earlier this week said the US might target power plants and bridges next week if Iran does not negotiate.
- **Sectors** finished with a negative bias. **Media** (+1.0%) topped the sector pile, followed by **Food, Beverages & Tobacco** (+0.6%) and **Optimised Personal Care** (+0.6%). **Basic Resources** (-1.6%) was the worst performer, followed by **Utilities** (-1.5%) and **Telecoms** (-1.5%).
- Key movers include: **Rotork** (+67%), acquired by ABB for c. USD 5.5bln; **Publicis** (+2.6%), raised its FY revenue guidance; **Atlas Copco** (+4.4%), order intake surpassed estimates; **Diploma** (+5.3%), raised FY26 guidance.
- **US equities** started cash trade broadly in the red, with slight outperformance in the **DJI** (+0.1%), supported by gains in **UnitedHealth** (+9%, Q2 revenue and EPS beat) post-earnings.

FX

- **G10s** were mixed against the Buck throughout London trade. **Energy exporters led,** while **low yielders were hit** following recent gains.
- Geopolitics was the driver today with a broad macro reaction seen on reports that **Iran instructed the Houthis to close the Bab El Mandeb** if the US struck power networks. Elsewhere, US Retail sales did not surprise, at 0.2% M/M, in line with consensus. Both of these catalysts, in conjunction with another, helped the buck break out of its narrow range around 100.50, to mark a session peak towards 100.70. USD performance was mixed against peers; **CAD** was the best performer as energy lifted, **NOK** also lifted after initially being the underperformer; while **CHF** and **SEK** gradually pared recent gains.
- Not too much learnt from the latest UK growth data, as while **GDP grew by 0.1% M/M in May**, (in line/firmer than exp.), revisions saw April's data remaining in contractionary territory. The data will likely not sway the minds of policymakers at Threadneedle street given it continues the narrative of the UK's slow, but steady growth. Focus for GBP now lies in Westminster, where Burnham is set for coronation early next week. As for his Chancellor, Mahmood is set to be the next Chancellor, though no confirmation as of yet. UK Press today highlighted how she contested hard-left economic proposals under former opposition Labour leader Corbyn, while also highlighting her lack of experience in economic roles, one UK bank executive noting they were blind on her economic, fiscal or financial positions. **GBP/USD saw profit-taking after solid gains in the prior session**; set to complete the day just above 1.35.
- **EUR** was flat against the USD and firmer against Sterling with bloc-specific newsflow light. After rising from the 21DMA on Wednesday, EUR/USD technicals are light ahead of 1.15, where the pair should encounter resistance. For now, EUR trades within a narrow 1.1460-74 range. EZ calendar was light with ECB on quiet period ahead of its meeting next week.

FIXED

- **Fixed income benchmarks** began on the softer side and extended lower as the session continued following strong US data and geopolitical updates, mainly Iran telling the Houthis to close the Bab-el-Mandeb Strait if the US hits power plants.
- **USTs** (-9+ ticks) fell to a trough of 108-30 during the European session and currently trades just shy of the low as the US session gets underway. On the data front, US initial jobless claims printed at 208k (exp. 217k) while retail sales came in at 0.2%, as expected. However, the downside could also be attributed to the strong Philly Fed manufacturing index figure (41.4 vs exp. 12). Looking ahead, Fed's Logan and Schmid are on the docket, with Jefferson in the early hours of Friday.
- **Bunds** (-31 ticks) slipped and held below the key 124.88 level and ended in the lower half of its 124.62-125.12 range. Not much to report for German debt, with the next clear driver set to be the ECB policy announcement next Thursday.
- **Gilts** (-34 ticks) followed their global peers lower and underperformed, giving back the gains seen on Wednesday following reports that Home Secretary Mahmood, who is seen as more fiscally conservative, is set to become the new Chancellor. On the UK data front, GDP printed broadly as expected and a limited reaction was seen when Gilts opened.
- **France sold EUR 13.999bln vs exp. EUR 12-14bln 2.40% 2029, 1.50% 2031, 3.25% 2032 and 3.50% 2033 OAT.**
- **The UK sold GBP 4.25bln 4.875% 2036 Treasury Gilt: b/c 3.13x (prev. 3.46x), average yield 5.040% (prev. 4.858%), tail 0.1bps (prev. 0.1bps).**
- **Spain sold EUR 5.974bln vs exp. EUR 5-6bln 2.35% 2029, 3.55% 2033 and 3.95% 2056 Bono.**
- **Samsung Electronics (005930 KS) has reportedly installed two high NA EUV for its foundry business, however is taking a cautious approach to deploying them into mass production lines, Chosun reported.**
- **Citi** said upcoming month-end is most supportive for Bunds. Citi said at month-end, the Bloomberg Euro Treasury index is

Copyright © {{ copyright-year }} Newsquawk Voice Limited. All rights reserved.
Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.
newsquawk.com · +44 20 3582 2778 · info@newsquawk.com

projected to extend by 0.05 years, in line with the five-year median. Bunds the most supported on a weighted duration basis. The Bloomberg Sterling Gilts index is projected to extend by 0.14 years, its third-largest extension in a year.

COMMODITIES

- **The situation between the US and Iran remains volatile.** Overnight, the US completed another round of strikes on various parts of Iran, targeting military capabilities. **Tehran responded with its own attacks on Kuwait and Jordan**.
- **The path to peace currently remains uncertain**. President Trump said that strikes would expand next week; a recent report via the WSJ suggested that Trump is leaning toward expanding US military operations in Iran after days of briefings from top aides. Updates since the overnight session were lacking, aside from a Reuters report which **suggested that the IRGC-backed Houthis are to close the Bab El Mandeb Strait, if the US hits Iran's power network**.
- Following the above-mentioned Reuters report, crude benchmarks moved higher, given the added risk of further disruptions to oil supply. **Brent Sep'26** is set to end the London session firmer by c. USD 0.60/bbl, and towards the upper end of a USD 83.83-86.25/bbl range.
- **Spot gold** (-1.3%) extended lower throughout the APAC/London session, and then tumbled once again into the afternoon. Really not much behind the move, but did coincide with strength in the USD, which was facilitated by a cooler-than-expected Jobless Claims figure, and solid Philly Fed metrics. **The yellow metal slipped below the USD 4k/oz mark**, and made a trough at USD 3,973/oz (vs peak of USD 4,063/oz). Do note that spot silver also followed the aggressive move lower. Elsewhere, base metals held a broadly positive bias. **3M LME Copper** is set to end the European day at the upper end of a USD 13,541-13,648/t range.
- **Dana Gas said it shut main production facilities at Iraq's Khor Mor field due to credible security threats and escalating regional tensions.**
- **Drone incident at Basra oil terminal** was not a direct attack on the terminal or any vessel, according to the SOMO Chief.
- **Iraqi crude loadings more than double to 1.2mln bpd in first half of July from June levels, according to reported, citing a source and shipping data.**
- **China** plans to launch lithium hydroxide futures by the end of this year, according to reported.
- **Oil Ministry Spokesperson** said crude oil loading at Iraq's southern terminals is ongoing.
- **Chinese President Xi** called for cooperation in energy and minerals with Kazakhstan, in a meeting with the Kazakh President.

EUROPEAN DATA

- **Italian** Balance of Trade (May) 4.793B vs. Exp. 4.2B (Prev. 4.293B).
- **Italian Inflation Rate YoY Final (Jun) Y/Y 3.0% vs. Exp. 3% (Prev. 3.2%).**
- **Italian Inflation Rate MoM Final (Jun) M/M 0% vs. Exp. 0.0% (Prev. 0.4%).**
- **EU Balance of Trade (May) -7.8B (Prev. -1B).**
- **UK** Construction Output YoY (May) Y/Y -1.8% vs. Exp. -1.1% (Prev. -1%).
- **UK** GDP 3-Month Avg (May) 0.7% vs. Exp. 0.5% (Prev. 0.7%, Low. 0.4%, High. 0.6%).
- **UK** Manufacturing Production MoM (May) M/M 0.1% vs. Exp. -0.1% (Prev. 0.4%, Low. -0.5%, High. 0.3%).
- **UK GDP YoY (May) Y/Y 1.3% vs. Exp. 1.4% (Prev. 1.2%).**
- **UK GDP MoM (May) M/M 0.1% vs. Exp. 0.1% (Prev. -0.1%, Low. -0.3%, High. 0.1%).**
- **UK** Industrial Production YoY (May) Y/Y 1.0% vs. Exp. 1.2% (Prev. -0.2%, Low. 0.5%, High. 1.4%).
- **UK** Industrial Production MoM (May) M/M -0.5% vs. Exp. 0.1% (Prev. 0%, Low. 0.5%, High. 1.4%).
- **UK** Manufacturing Production YoY (May) Y/Y 2.3% vs. Exp. 1.9% (Prev. 1%, Low. 1.7%, High. 2.6%).
- **UK Goods Trade Balance (May) -18.66B vs. Exp. -23.6B (Prev. -26.05B).**
- **UK** Goods Trade Balance Non-EU (May) -7.14B (Prev. -13.05B).
- **UK Balance of Trade (May) -1.044B (Prev. -8.435B).**

NOTABLE HEADLINES

- **Italy PM Meloni's electoral reform has been** approved by Italy's lower house in a vote.

TRADE/TARIFFS

- **US House China committee Chair urged the Trump admin to ban US companies from buying memory chips from CXMT and YMTC, FT reported.** In a letter to Commerce Secretary Lutnick, the chair said Chinese chips would create "an unacceptable risk for US national security, economic security and supply chain security... leading Chinese memory manufacturers are all closely intertwined with the Chinese military" THE.

CENTRAL BANKS

- **BoE's Breeden said it is important firms are stress testing AI valuations; Iran war shock is less likely to become embedded and lead to inflationary dynamics that members might need to lean against.** We have a softish economic outlook; we have slack in the labour market. I said back in June that I expected the outlook for energy prices to be uncertain, and I think that has proved to be the case.
- **NBP's Zarzecki** said the base case is for rates to remain unchanged until the turn of 2026/27; rates are likely to rise in 2027.
- **SNB Minutes (Jun): There has been an increase in companies' inflation expectations in the short term.**

GEOPOLITICS

RUSSIA-UKRAINE

Copyright © {{ copyright-year }} Newsquawk Voice Limited. All rights reserved.
Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.
newsquawk.com · +44 20 3582 2778 · info@newsquawk.com

- **Russia's Kremlin** said for now, there are no immediate prospects for resuming peace talks but Russia remains open to it.
- **Ukraine's security service** said it struck two Russian shadow fleet tankers in the Black sea; hit six more tankers and two tug boats in the Sea of Azov and Black sea.

MIDDLE EAST

- **Iranian Foreign Ministry spokesperson** said that any attack on Iran will be met with a "decisive and direct response".
- **Iran tells Yemen's Houthis to close Bab El Mandeb gateway to the Red Sea if the US hits power network, Reuters reported, citing sources.**
- **Controlled explosions in Bandar Abbas, Iran, are possible between 11:30-14:00 local time, IRIB reported.**
- **Iran's Army spokesperson** said if the US attacks continue, war will spread to new arenas.
- **Iran's Top Joint Military Command said the Strait of Hormuz is a red line and adds that all infrastructure in the region will be "crushed" if the US continues its interference.**
- **Israeli Defence Minister** said US operations against Iran was discussed in the phone call with the US Secretary of State Rubio, and said Israel will remain in security zones in Syria, Gaza and Lebanon.
- **Chinese Vice Minister of Foreign Affairs** is expected to visit the US next week to prepare for Chinese President Xi's visit later in the year, SCMP reported.
- **reported of explosions now heard in Bandar Abbas, N12 reported.**
- **Iranian Foreign Ministry spokesman Baghaei** said Tehran's stance on the MoU has been clear from the start and adheres to a "commitment for commitment" principle.
- **Drone incident at Basra oil terminal** was not a direct attack on the terminal or any vessel, according to the SOMO Chief.
- **Crude oil flows were suspended at all Iraqi oil loading terminals following a drone crash into an oil tanker at Iraq's Basra terminal; no damage or fires were reported, security sources say.**
- **Israeli PM Netanyahu will not travel to the US next week due to Senator Graham's funeral being postponed.**
- **Pakistani Foreign Ministry** said they hope the situation in the Strait will return to normal and called for all parties to exercise maximum restraint.
- **Pakistani journalist Anas Mallick writes "The impression that Pakistan has somehow taken backseat and is "frustrated", to my understanding is very very wrong. Back channel efforts to cool the situation down are underway even now".**

NOTABLE NORTH AMERICAN NEWS

- **US weather forecasting agency** said El Nino has strengthened over the past month and is expected to continue strengthening into 2026 and may persist into the early part of 2027.

NORTH AMERICAN DATA

- **US Initial Jobless Claims (Jul/11) 208k vs. Exp. 217k (Prev. 215k).**
- **US Retail Sales MoM (Jun) M/M 0.2% vs. Exp. 0.2% (Prev. 0.9%, Low. -0.4%, High. 1.0%).**
- **US** Jobless Claims 4-week Average (Jul/11) 214.25K vs. Exp. 216K (Prev. 218.75K).
- **US Continuing Jobless Claims (Jul/04) 1805k vs. Exp. 1820k (Prev. 1814k).**
- **US** Retail Sales Ex Gas/Autos MoM (Jun) M/M 0.4% (Prev. 0.5%).
- **US** Retail Sales Control Group MoM (Jun) M/M 0.5% vs. Exp. 0.5% (Prev. 0.7%, Low. -0.1%, High. 1.1%).
- **US** Retail Sales Ex Autos MoM (Jun) M/M -0.2% vs. Exp. -0.1% (Prev. 0.8%, Low. -0.5%, High. 0.7%).
- **US** Retail Sales YoY (Jun) Y/Y 6.7% (Prev. 6.9%).
- **BofA** week-to-July 11th total card spending +4.5% (prev. 4.8%); spending growth slowed but remains solid.
- **US Philly Fed Business Conditions (Jul) 34.4 (Prev. 50.2).**
- **US Philadelphia Fed Manufacturing Index (Jul) 41.4 vs. Exp. 12 (Prev. 10.3).**
- **US Philly Fed CAPEX Index (Jul) 30.10 (Prev. 41.20).**
- **US Philly Fed New Orders (Jul) 37.0 (Prev. 27.3).**
- **US Philly Fed Prices Paid (Jul) 53.90 (Prev. 53.20).**
- **US Philly Fed Employment (Jul) 10.0 (Prev. 7.9).**

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office First Floor, 10 Chiswell Street, London, EC1Y 4UQ· Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 4545 5000 · sales@newsquawk.com

Copyright © {{ copyright-year }} Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com