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European Market Wrap - 17th July 2026

- **European bourses were mostly lower; NQ (-2.5%) underperforms as tech continues to sell-off.**
- **Crude benchmarks continued to move higher on several UKMTO updates and hawkish comments out of Iran.**
- **Armed assailants boarded a chemical products tanker Asana in the Gulf of Aden, off the coast of southern Yemen, maritime, sources said.**

EQUITIES

- **European bourses** (STOXX 600 -0.7%) ended the session entirely in the red, while mixed for the week, as geopols remained the key driver. ASML earnings were a key driver this week, supporting the AEX to modest weekly gains. On the day, the **FTSE MIB** (-1.4%) was the clear underperformer, driven by losses in **STMicroelectronics** (-8.1%) and **banking names**.
- **Sectors** finished mixed. **Utilities** (+2.0%) held the top spot, followed by **Food, Beverages & Tobacco** (+1.6%) and **Telecoms** (+1.2%). To the downside lay **Tech** (-3.8%), with **Basic Resources** (-2.6%) and **Banks** (-2.4%) rounding out the sector laggards.
- Key movers included: **Burberry** (-7%), comparable store sales missed estimates; **Georg Fischer** (+15.6%), raised FY sales outlook for its flow solutions unit; **Volvo Car** (-10.4%), dropped its FY volume growth guidance after a sharper-than-expected downturn in China; **Saab** (+9.4%), Q2 metrics beat expectations and backed its medium-term guidance.
- **US cash equities** opened entirely in the red, with clear underperformance in the **NDX** (-2.2%). The Philadelphia Semiconductor Index has officially entered a bear market, while Apple overtakes Nvidia as the world's most valuable company.

FX

- **G10s were mixed against the Buck in a session marked by risk-off trade following a crude bid and broad tech losses**.
- USD garnered **haven demand** throughout the session after APAC losses (Nikkei 225 -5%) crept through to EU/US indices (**NQ -2.5%**). The driver of tech weakness was unclear, though seemingly with KOSPI observing a domestic holiday, Nikkei 225 was the target for selling. Aside from this, geopolitics was also constructive for the Buck/oil with numerous reports of a chemical products tanker boarded off the coast of Yemen. Brent +2.3% at USD 86.80/bbl. US data today not too pertinent, UoM set to be released imminently. DXY +0.1%, after breaching 100.80. Next level is 101.00 thereafter the 21DMA at 101.05.
- **AUD and GBP** were the laggards after recent gains against the Buck; GBP set to post a fourth week of gains, Aussie the third. For the GBP specifically, Cable pulled back from the 1.35 level, even surpassing 1.3450 as participants await the coronation of incoming PM Burnham on Monday. There remains to be a high level of uncertainty around the incoming PM, with none of his cabinet officials confirmed as of yet (some even not decided by himself), and many policies still unknown. AUD/USD today pulled back from 0.70.
- **JPY** was flat against the Buck despite c. 30pips of downside seen this morning. Japanese PM Takaichi said the govt. would pursue **steps that encourage investment in Japanese financial assets, including by households and pension funds like the GPIF**. To remind, last week, FinMin Katayama said she was to pursue steps to promote investment in Japanese assets by GPIF and others. There was some scepticism around this remark as while would be a textbook tactic to encourage domestic investment and passively limit outflows - Katayama is not in a position to direct changes, it would be under the jurisdiction of the Labour Ministry. **USD/JPY was flat** and just below 162.50 as we await updates with a timeline around any potential GPIF changes.

FIXED

- **Global fixed income** benchmarks trended higher throughout Friday's European trade, as investors look for havens given the tech selloff.
- **USTs** (+12 ticks) regained the 109.00 handle, with the 10yr yield returning below the 4.60% mark. No real drivers for Treasuries, aside from the haven bid. On the data front, industrial production printed at 0.1% (exp. 0.2%), with manufacturing production also missing expectations (0.0% vs exp. 0.1%).
- **Bunds** (+25 ticks) and **Gilts** (+34 ticks) finished higher but traded rangebound following the early bid higher. Andy Burnham has officially become the Labour leader and will become PM on Monday. Focus will be on who his Chancellor will be, expected to be Home Secretary Mahmood, and who he chooses for other major spots within government. In the EZ, focus will be on the ECB policy announcement, in which a hold is expected.

COMMODITIES

- **The US continued to strike Iran for a sixth consecutive night**. Following that, Iran claimed that power facilities, bridges and civilian infrastructure were struck. And in response, Iran launched its own strikes on Gulf neighbours. More pertinently was a severe warning from the Iranian Army Spokesman. **He stated that if the US strike the infrastructure of Iran, all infrastructure in the region will be a legitimate target; he added that "either all countries in the region can export oil or no one can"**.
- **As for the European morning**, there were a few reports of UKMTO incidents off the coast of Oman, and perhaps more

interestingly, Yemen. On the latter, **Reuters reported that armed individuals boarded a chemicals products tanker. Some modest upticks were seen in the crude complex following this report**.

- **Crude benchmarks** spent the European session with mild gains, before then dipping in early morning action. Thereafter, after a few UKMTO updates, the crude complex gradually moved higher. **Brent Sep'26** is set to end the London session at the upper end of a USD 83.71-86.91/bbl range.
- **Spot gold** moved lower throughout the European session and traded, and set to end the EU day towards the lower end of a USD 3,959-4,008/oz range. Early morning saw the yellow metal rebound a touch from recent pressure, but that then returned as the **USD** gained. As a reminder, recent pressure in the metal has been associated to rate hike woes, and inflationary implications following the latest US-Iran conflict. Elsewhere, **3M LME Copper** followed the subdued risk sentiment and set to end the London session off by c. 1.1%.
- **Pakistan has been negotiating an expanded defence pact with Kuwait in exchange for energy cooperation, according to source reported.**
- **Exxonmobil (XOM)** chartered tanker Nordic Zenit attacked on approach to Black Sea CPC terminal.
- **Kazakhstan shipped first load of gasoline to Russia in July, according to reported, citing sources.**
- **Naftogaz** said a Russian drone attack suspended operations at a gas production facility in Ukraine's Kharkiv region.
- **Chinese LNG importers** are exploring ways to reduce reliance on Qatar, Bloomberg reported. State-owned buyers Sinopec and PetroChina are discussing purchases with exporters whose shipments do not depend on the Persian Gulf. Chinese companies are seeking LNG supply contracts lasting at least a decade, with deliveries starting before 2030. Canada is among the potential sources being considered.
- **BP (BP/LN) and ConocoPhillips (COP) reportedly set to announce billions of dollars of new investments in Iraq on Friday, CNBC reported; sources said the figure may be in the tens of billions.**
- **China State Planner NDRC to** cut retail fuel prices in current bi-monthly cycle, effective July 18th; to cut gasoline prices by CNY 300/t, and diesel by CNY 290/t.
- **Azerbaijan's Energy Ministry** said the Jan-Jun crude oil exports totalled 61,000 tonnes.

EUROPEAN DATA

- **EU Core Inflation Rate YoY Final (Jun) Y/Y 2.4% vs. Exp. 2.4% (Prev. 2.6%).**
- **EU Inflation Rate MoM Final (Jun) M/M -0.1% vs. Exp. -0.1% (Prev. 0.1%, Low. -0.1%, High. -0.1%).**
- **EU Inflation Rate YoY Final (Jun) Y/Y 2.8% vs. Exp. 2.8% (Prev. 3.2%, Low. 2.8%, High. 2.9%).**
- **EU** Current Account (May) -6.2B (Prev. 14.9B).
- **Italian** Current Account (May) 594M (Prev. 2258M).

NOTABLE HEADLINES

- **German Chancellor Merz** said will continue to develop FCAs joint fighter jet project cloud solution.
- **France and Germany say they will actively explore interoperability opportunities between IRIS2 in space.** Germany and France say Germany will participate in a French nuclear exercise later this year.
- **UK Labour Leader Burnham** said if we do not have sufficient public control over cost of essentials, "how can we control inflation?". said he will be a pro business leader.

TRADE/TARIFFS

- **French President Macron** said France has never been so aligned with Germany on China.
- **China's Commerce Ministry** said US has confirmed to Chinat hat Hong-Kong related national emergency will not be extended, order to be termianted.

CENTRAL BANKS

- **BoJ reportedly sees little need for consecutive rate rises, may reconsider its assessment of economic risks, according to Bloomberg citing sources.** It is also likely to raise its growth forecast for this year from its current 0.5%. Officials may revise their downside-risk assessment as AI-related demand supports exports, profits and incomes, while faster cost pass-through keeps underlying inflation risks elevated above the 2% target.
- **BoJ** is to keep rates unchanged at its July meeting, according to Kyodo.
- **Japanese Finance Minister Katayama** said rate moves are determined by markets, monetary policy is up to the BoJ; will not comments on specific language re. upcoming economic blueprint, which is still being finalised with the ruling coalition.
- **BoE's Breeden wrote a piece titled "Gilt edged resilience: strengthening liquidity provision in the repo market".**

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukraine military** said it struck Russian refinery in Yaroslav region.
- **Kazakhstan shipped first load of gasoline to Russia in July, according to reported, citing sources.**
- **Naftogaz** said a Russian drone attack suspended operations at a gas production facility in Ukraine's Kharkiv region.

MIDDLE EAST

- **Fitch Ratings ends use of Iran war adverse scenario as a ratings signal.**
- **Iran's IRGC** said it targeted US Al Udeid base in Qatar, IRNA reported; Warns that US countries hosting its bases saying

further attacks on Iran will trigger more crushing retaliation.

- **Armed assailants boarded a chemical products tanker Asana in the Gulf of Aden, off the coast of southern Yemen, maritime sources say.** Assailants believed to be in control of the tanker.
- **UKMTO receives of an incident 65NM south of Al Mukalia, Yemen; the vessel was boarded by unauthorised personnel.**
- **Iran has informed allies, including Hezbollah, that the waiting phase is about to end and ordered them to prepare for military scenarios, according to Kann news citing Lebanese press.** Iran made it clear that Hezbollah is still its greatest strategic asset and that they will be part of any future conflict if the pressure on Iran reaches unprecedented levels.
- **Yemen's Supreme Political Council** said "We will respond to Saudi Arabia based on the equation of "airport for airport" and "siege for siege.".
- **UKMTO has received a report of an incident 100NM east of Duqm, Oman; tanker was subject to interaction, as part of military activity in the area.**
- **An oil tanker has reportedly been struck near the CPC terminal in the Black Sea.**
- **Kuwait's Electricity Ministry confirms overnight Iranian attack damaged an electrical and desalination power plant.**
- **Lebanese sources** said the US-Israeli-Lebanon meeting would likely be postponed to finalise technical arrangements, Sky News Arabia reported.
- **Iranian Lawmaker Boroujerdi** said following US actions, the Resistance Front considers itself authorised to target US interests anywhere in the world and block vital routes such as Bab al-Mandab and the Strait of Hormuz, Tasnim reported.
- **Bahrain Defence Forces say Iranian aerial attacks** were intercepted and destroyed today.
- **China's Foreign Ministry, on US allegations of election interference, said accusations have no factual ground.**
- **US forces shoot down eight explosive drones over Erbil, in Northern Iraq.**
- **UKMTO has received a report of an incident 19 nautical miles east of Khasab, Oman.**
- **Iranian Revolutionary Guard** said "the Strait of Hormuz remains under the control of our naval forces", INA reported.
- **Jordanian army** said it shot down three Iranian missiles targeting the kingdom's territory.

NOTABLE NORTH AMERICAN NEWS

- **US Secretary of State Rubio will travel to Manila, Philippines from July 19th-23rd to attend ASEAN.**

NORTH AMERICAN DATA

- **US Industrial Production MoM (Jun) M/M 0.1% vs. Exp. 0.2% (Prev. 0.1%, Low. -0.1%, High. 0.5%).**
- **US** Manufacturing Production YoY (Jun) Y/Y 1.1% (Prev. 1.4%).
- **US** Industrial Production YoY (Jun) Y/Y 1.1% (Prev. 1.7%).
- **US** Manufacturing Production MoM (Jun) M/M 0.0% vs. Exp. 0.1% (Prev. 0%, Low. -0.1%, High. 1.0%).
- **US** Capacity Utilization (Jun) 76.1% vs. Exp. 76.2% (Prev. 76.2%).
- **US Housing Starts (Jun) 1.427M vs. Exp. 1.33M (Prev. 1.177M).**
- **US Import Prices MoM (Jun) M/M 0.3% vs. Exp. -0.7% (Prev. 1.9%, Low. -2.0%, High. 0.1%).**
- **US Export Prices MoM (Jun) M/M -0.6% vs. Exp. -0.4% (Prev. 1.3%, Low. -1.0%, High. 0.8%).**
- **US** Housing Starts MoM (Jun) M/M 19.0% (Prev. -15.4%).
- **US** Building Permits Prel (Jun) 1.367M vs. Exp. 1.42M (Prev. 1.41M).
- **US** Building Permits MoM Prel (Jun) M/M -3.0% (Prev. -0.9%).
- **US** Import Prices YoY (Jun) Y/Y 7.1% (Prev. 6.7%).
- **US** Export Prices YoY (Jun) Y/Y 10.2% (Prev. 11.2%).