European Market Wrap - 20th July 2026

- **Crude benchmarks initially rallied above USD 90/bbl, but then gradually dipped off highs on several geopolitical updates.**
- **The Iranian FM stated that negotiations with the US could be pursued based on national interests; separately, an Iranian source suggested that mediators have proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal, Reuters reported.**
- **European bourses were mixed; US equity futures are in the green, with outperformance in the NQ.**

EQUITIES

- **European bourses** (STOXX 600 -0.2%) had a choppy start to the week given the mix of geopolitical headlines throughout the session. The earlier losses were mostly pared back following comments by the Iranian Foreign Ministry, noting negotiations with the US could be pursued based on national interests and that Tehran will not abandon talks. Further upside was seen after Reuters, citing a senior Iranian source, reported that mediators proposed a 10-day ceasefire of strikes to find ways to revive the interim deal; however, this weakness was later reversed after the Houthis vowed to impose a maritime blockade on Saudi Arabia.
- **Sectors** held its negative bias. **Energy** (+0.6%), **Tech** (+0.6%) and **Media** (+0.4%) topped the sector pile, printing modest gains. To the downside were **Travel & Leisure** (-1.0%), **Financial Services** (-0.8%) and **Optimised Personal Care** (-0.8%).
- Key movers included: **Ryanair** (-4.9%), reported Q1 metrics that missed estimates and didn't provide FY27 guidance given the lack of H2 visibility; **Prysmian** (+1.6%), signed a 10-year agreement with Molex worth EUR 5.5bln; **PolyPeptide** (+4.9%), to be acquired by Samsung Biologics for CHF 1.46bln; **Thule** (-3.5%), Q2 figures missed estimates and warned of price hikes.
- **US cash equities** (SPX +0.7%) opened entirely in the green, despite the selloff seen in the KOSPI overnight. Analysts in recent days have highlighted how they look at the KOSPI as a sentiment indicator, given its high composition of tech names that have been driven higher by retail investors. However, a reason for the divergence at the start of the week could have been that the KOSPI was closed on Friday for a public holiday.

FX

- **G10s** were mixed against the Buck throughout the session. **Antipodeans** outperformed on potential incoming Chinese stimulus, **GBP** was resilient.
- **USD** was driven by energy throughout the session, with benchmarks swinging between gains and losses on varied reporting. To recap the major headlines, Iran's Foreign Ministry noted the nation is open to return to talks, and a senior Iranian source told Reuters and Al Hadath that mediators proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal; elsewhere, lifting the complex off lows: Yemen's Houthis announced a ban on maritime navigation for Saudi-linked vessels - lifting the energy complex. Brent Sept'26 -0.4%. Aside from these stories, macro catalysts were absent with last week's US inflation (PPI/CPI) still being digested and likely capping USD upside. DXY saw a modest bid at the Sunday re-open, though reversed on the various reports to a 100.65 trough, before lifting to a 100.90 high, marking a third session of gains.
- Nothing too surprising from the new UK PM, who in his first speech reiterated his commitment to the **fiscal rules**. Sterling was firmer against the EUR, though flat against a stronger Buck, resilience which is likely a factor of the familiar carry theme, alongside some political risk premium

being erased as Mahmood, to the right of the party, is broadly priced in to be Chancellor. There were some reports that Burnham would announce cabinet appointments at 14:00 BST, however nothing seen as of yet. **EUR/GBP** resumed lower, looks to 0.8455, July 15th low. UK calendar today was light; the week sees LFS and Inflation data.

- **Antipodeans** outperformed for the entire session alongside a broad bid in Chinese assets during APAC, where China is expected to decide on additional stimulus measures at the Politburo meeting this month. **AUD/USD +0.4%, NZD/USD +0.2%**.
- **CAD** was offered after CPI (which did not account for the re-elevated energy prices), cooled beneath analyst expectations, the core measure below the Bank's target. The BoC's preferred measure remained within the bank's target, also cooling modestly from the prior. Following the series, Oxford economics says "High energy prices and rising food inflation will likely keep headline inflation stuck near the top end of the BoC's 1%-3% target range for the rest of 2026... allowing the BoC to remain on hold". **USD/CAD** +0.2% after rising from the 1.40 mark in APAC trade.

FIXED

- **Global fixed income benchmarks** printed modest losses across the board, failing to completely reverse the early downside move at the open, given the mix of geopolitical headlines throughout the session. The Iranian Foreign Ministry said negotiations with the US could be pursued and that Tehran would not abandon talks, helping the fixed income space rebound in the early hours of European trade. Further upside was seen after Reuters, citing a senior Iranian source, reported that mediators proposed a 10-day ceasefire of strikes to find ways to revive the interim deal; however, this was later pared after the Houthis vowed to impose a maritime blockade on Saudi Arabia.
- **Gilts** (-26 ticks) underperformed; Newly-appointed PM Burnham gave his first speech in front of 10 Downing Street; the contents of the speech were in line with his prior comments, reiterating his commitment to fiscal rules and he ,announced that he will set out cost of living measures from tomorrow. Focus ahead on his Chancellor appointment, which is expected to be Mahmood.
- **Bunds** (-8 ticks) briefly returned above the 125.00 handle, after falling to a trough of 124.59 at the open of futures trade. German PPI printed cooler than expected (-0.3% vs exp. -0.2%); modest upticks were seen in the German benchmark. Outside of this, Bunds were at the mercy of energy prices and geopolitical newsflow.
- **USTs** (-5+ ticks) rotated in a 109-00+ to 109-08+ range, with a quiet week ahead as the market prepares for the Fed policy announcement and multiple data points next week.
- **Netflix (NFLX)** files to sell 10-year noted; USD denominated.
- **US Bancorp (USB)** files to sell 4-yr and 11-yr noted.

COMMODITIES

- **Geopolitical updates over the weekend lifted crude benchmarks**. In brief, Iran suspended its obligations in the Islamabad MoU, the US and Iran continued to strike each other, and the US is said to be planning for a wider war, according to a US official, cited by the Washington Post.
- This led to **Brent Sep'26** to rally beyond the USD 90/bbl mark. However, into the European morning, the Iranian FM stated that negotiations with the US could be pursued based on national interests. **This spurred a bearish bias in the crude complex, which continued throughout the session**. The downside was then exacerbated by an Iranian source, speaking to Reuters, which suggested that mediators have proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal. Following that report, Brent made a fresh trough at USD 86.12/bbl.

- **However, benchmarks then bounced from these levels soon after**; the IRGC-backed Houthis announced a ban on maritime navigation for Saudi-linked vessels. As it stands, **Brent Sep'26** is set to end the EU day at the lower end of a USD 86.12-91.42/bbl range.
- **Spot gold traded steady throughout the London session**, and held within a USD 3,982-4,040/oz range. Some choppiness was seen around the aforementioned geopolitical updates, but ultimately, price action was lacking today. **Base metals** were initially mildly firmer, but have succumbed to some mild selling pressure this morning despite the prospect of Chinese stimulus. **3M LME Copper** held within a USD 13,487-13,638/t range.
- **The EU Commission recommends member states to waive penalties for 3 years for oil and gas companies that break its methane emissions law.**
- **Iraq's SOMO** is reportedly looking to buy Aug-Sep gasoil deliveries, according to documents.
- **Russia's Salavat refinery has reportedly restored some of its damaged capacities following a drone strike.**

EUROPEAN DATA

- **German PPI MoM (Jun) M/M -0.3% vs. Exp. -0.2% (Prev. 0.3%).**
- **German** PPI YoY (Jun) Y/Y 1.8% (Prev. 2.2%).

NOTABLE HEADLINES

- **UK PM Burnham "is expected" to begin appointing his Cabinet from 2pm, Politics UK reported.**
- **Incoming UK PM Burnham's battle with Wall Street over Thames Water risks a GBP 20bln bill, reported The Telegraph.** If he attempts to nationalise Thames Water, industry sources warn that he risks a significant backlash from hedge funds that have spent the last two years trying to seize control of it.

TRADE/TARIFFS

- **Exports of heavy rare earths** are stagnating said a source, cited by Nikkei; they suggest that are granting export permits just ahead of a serious impact on the operation of automobile factories.

CENTRAL BANKS

- **Banxico's Cuadra** said they face a delicate situation on the inflation outlook.
- **NBP's Maslowska** said the MPC may cut rates this year and the next move may be a rate cut.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin** said it would welcome new contact between Russian and US foreign ministers; noted of technical contacts between both sides at the foreign minister level.
- **Russia's Salavat refinery has reportedly restored some of its damaged capacities following a drone strike.**

MIDDLE EAST

- **It wasn't clear whether US or Iran** was ready to accept a new halt to the fighting after the preliminary peace deal they signed in mid-June collapsed earlier this month, WSJ reported citing sources. Qatar has floated the idea of a 10-day ceasefire and an end to restrictions on shipping in the strategic waterway, mediators said. "Other proposals for a temporary ceasefire were also presented to Iran in recent days, but Iran's Islamic Revolutionary Guard Corps hasn't responded to them, some of the mediators said.".

- **Yemen Houthi Spokesperson said if the Saudi siege on Yemen is not lifted, the country's armed forces will move towards a full-scale war.**
- **Yemeni Houthi spokesperson announces a ban on maritime navigation for Saudi-linked vessels, citing the blockade and saying the group is fully prepared to enforce the measure.**
- **Senior Iranian source tells Reuters that mediators have proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal.**
- **Iran's Ghalibaf** said the Americans are constantly bringing new military equipment to the region and claiming to seek to stop the war.
- **Hamas names Khalil Al Hayya as new leader.**
- **US President Trump** posted a picture which depicts a poll suggesting that voters "overwhelmingly" support the Iran peace deal.
- **Iranian President** said Iran has not retreated from any of its rights, interests, or principles in the provisions of the memorandum of understanding, Al Jazeera reported.
- **Israeli PM Netanyahu will hold a limited security discussion this evening against the backdrop of the Iran escalation, Israeli journalist Segal reported.**
- **"Both mediators have put forward some proposals and ideas and had some exchanges off late with Iran and US in order to de-escalate", Pakistani journalist Mallick reported.**
- **Iranian Foreign Ministry said will not abandon talks with the US; Iran's sovereign rights over the Strait of Hormuz are non-negotiable.** Reiterates: "Determined to take the necessary measures and arrangements, in cooperation with Oman, to fully exercise its sovereignty and prevent any security threat in the Strait of Hormuz.".
- **Iran's IRGC** said it has warned the US against any infiltration into Iran territory.
- **Iran and Pakistan will hold extensive consultations on border management, cross-border security and the implementation of the Islamabad Memorandum of Understanding (MoU), alongside other issues of mutual concern, Journalist Mallick reported.**
- **Iran's Isfahan Governor** said there is a possibility of hearing the sound of an explosion in Isfahan, Fars reported.
- **The sounds heard in Iran's Isfahan region were caused by controlled explosions, ILNA reported.**
- **Iran's Bushehr Governor said "a few minutes ago, Bushehr was targeted twice by the American enemy", Fars reported.**
- **A high-ranking source told Al-Hadath that a proposal for a ceasefire and the reopening of the Strait of Hormuz for 10 days to two weeks is currently being discussed.**
- **Iranian Army spokesman** said the war continues until full deterrence is achieved, Tasnim reported.
- **UK Cabinet Ministers Shabana Mahmood, Darren Jones and Wes Streeting are "likely to do well" re. Incoming PM Burnham's cabinet appointments, iPaper reported.**
- **Philippine Naval official** is reportedly injured following a row with a Chinese coast guard.
- **Iranian Foreign Ministry spokesperson Baghaei said negotiations with the US could be pursued based on national interests; Intermediaries have shared messages with Tehran in recent days.** Mediators are continuing their efforts to prevent escalation, and we have received proposals from them, but we will not go into details now. The memorandum of understanding is clear and there is no justification for its violation by the American side.

NOTABLE NORTH AMERICAN NEWS

- **US House Rules Committee** is preparing a measure for an interim spending bill to run through early December, and also a framework for reconciliation 3.0, Fox's Pergram reported.
- **Trump administration showing signs it could ban cutting-edge Chinese AI models, Axios reported.** Administration could restrict US access to Chinese open-source AI models through procurement rules, Entity List threats, security advisories and liability requirements. Supporters cite security risks; critics warn restrictions could favour OpenAI and Anthropic, reduce competition and deter US companies from using cheaper Chinese models such as Kimi.

NORTH AMERICAN DATA

- **Canadian CPI Average of Common, Median and Trimmed (June, Y/Y): 2.1% (prev. 2.27%).**
- **Canadian** CPI Common YoY (Jun) Y/Y 2.6% (Prev. 2.7%).
- **Canadian Core Inflation Rate YoY (Jun) Y/Y 2.1% (Prev. 2.2%).**
- **Canadian Core Inflation Rate MoM (Jun) M/M 0.1% (Prev. 0.6%).**
- **Canadian Inflation Rate YoY (Jun) Y/Y 2.8% vs. Exp. 2.9% (Prev. 3.2%).**
- **Canadian** CPI Median YoY (Jun) Y/Y 1.9% vs. Exp. 2.1% (Prev. 2.1%).
- **Canadian** CPI Trimmed-Mean YoY (Jun) Y/Y 1.8% vs. Exp. 2% (Prev. 2%).
- **Canadian Inflation Rate MoM (Jun) M/M -0.4% vs. Exp. -0.2% (Prev. 1%).**

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