European Market Wrap - 28th July 2026

- **European equities began the session firmer, then turned mixed despite a session of light macro newsflow.**
- **Crude traded lower as US-Iran diplomacy improved sentiment, with Oman's Hormuz proposal and reports of Iranian "flexibility" weighing on prices.**
- **US equities opened mixed, with the Nasdaq under pressure from tech-related concerns ahead of the FOMC tomorrow.**

EQUITIES

- **European equities** began the session firmer despite sharp losses in APAC, particularly the KOSPI (-10%). The regional picture in Europe thereafter turned more mixed, with gains and losses for indices varying but somewhat contained. ASML extended losses (-3%) following Monday's -8.5% drop on reports China started DUV tool production.
- **Sectors** were eventually mixed, with Optimised Personal Care holding the leading position and Energy remaining at the foot of the pile. The broader tone was initially supported by optimism over US-Iran talks and the pullback in crude prices, although the mood then dissipated as traders await the next saga in geopolitics ahead of tomorrow's FOMC.
- **US equities** opened mixed, with the Nasdaq under pressure from tech-related concerns and ahead of a heavy earnings slate this week, including Microsoft, Meta, Qualcomm, Amazon and Apple - all set to test the resilience of the AI trade.
- **A busy day of earnings thus far across Europe** and the US, for Europe the main ones included: LVMH (-1.1%) fashion & leather goods revenue below consensus; Unilever (+8%) after a revenue beat and upgraded FY guidance; Mercedes-Benz (+2.9%) despite lowering revenue guidance.

FX

- **USD** was choppy, initially directionless before firming and then waning once more despite a lack of US-specific catalysts, with markets viewing the upcoming Fed meeting as potentially "live". Tightening bets remained around a 30% probability of a 25bps hike, while softer crude limited further upside. DXY edged higher after topping the 1st July peak (101.60) to a 101.64 high, with the next level to the upside being the 25th June high at 101.75.
- **EUR** was choppy but eventually flat against the USD, against the backdrop of limited fresh catalysts, with EUR/USD looking to end the European session towards the middle of a 1.1354-1.1380 range.
- **GBP** eked mild gains, dipping below 1.33 to a 1.3273 low (vs high 1.3305), with little UK-specific newsflow driving price action.
- **JPY** softened slightly against the USD as DXY strengthened, with USD/JPY notching a 163.67-163.95 rage, remaining below the 23rd July peak
- **Antipodeans** underperformed, led by AUD which drifted to a 0.6963 base following RBA Governor Bullock's remarks that lacked strong forward guidance. NOK also lagged amid lower oil prices, with the cross nearing parity (1.001).

FIXED INCOME

- **Another bullish start for fixed income** as energy declined and hit lows across the European morning; **however, as the day progressed the magnitude of that energy downside moderated and moved the fixed picture to a slightly mixed one**.
- **USTs** peaked at 108-24+ early doors, firmer by around six ticks, **before falling back to the mid-point of the day's range and to near-enough unchanged**. US specifics mostly earnings and geopolitically focused, see equities and commodities respectively. Elsewhere, data saw a slightly lower than prior weekly ADP print before an interview from **President Trump** to Fox, who sparked modest crude pressure but limited readacross elsewhere.
- **Bunds** similar, got to a 125.21 high early doors, firmer by 24 ticks at best before moderating to a 124.93 session low. Specifics for the bloc are a little light, focus on punchy but not too surprising rhetoric from German Chancellor Merz regarding the next EU 7yr budget, while **European supply** from the Netherlands and Italy passed without issue; German auction due on Wednesday.
- **Gilts** gapped modestly higher, before extending to an 87.48 best, taking out last week's best and now looking at 87.60, 87.72 and 87.82 from the week before that. UK specifics were relatively light, aside from familiar fiscal-related commentary.
- **Italy sell EUR 2.5bln vs exp. EUR 2-2.5bln 2.20% 2028 and 0.50% 2028 BTP and EUR 3bln vs exp. EUR 2.5-3bln 2.00% 2037 BTPei.** 2.20% 2028: b/c 1.79x (prev. 1.51x) & average yield 2.89% (prev. 2.74%). 0.50% 2028: b/c 1.90x & average yield 2.92%. 2.00% 2037 BTPei: b/c 1.4x & real yield 2.04%.
- **UK DMO** sold GBP 750mln of 0.125% Jan 2028 Gilts via tender: average yield 4.090% (prev. 3.989%); b/c 5.35x (prev. 4.97x).
- **Netherlands** sold EUR 2.99bln (exp. 2.0-3.0bln) 2.75% 2036 DSL: average yield 3.206% (prev. 3.209%).

COMMODITIES

- **Crude** - Crude traded lower as US-Iran diplomacy improved sentiment, with Oman's Hormuz proposal and reports of Iranian "flexibility" weighing on prices. That being said, Tehran is yet to officially respond. Further losses were seen amid Trump's interview on Fox Business, in which he reiterated that Iran is looking to make a deal. Brent Oct'26 initially traded towards USD 82.78-85.60/bbl range before gradually trimming losses, while WTI Sep'26 sat near the lower end of USD 79.80-82.43/bbl before edging higher. Elsewhere, delegates suggested that OPEC+ reportedly expects to hold 2026 output steady after September. Note, this is expected based on the group's long-term strategy and the current structural layout of their production agreements.

- **Natural Gas** – Dutch TTF was subdued, falling by almost 2% at one point and finding support around the EUR 56/MWh mark and thereafter resistance at EUR 58/MWh.
- **Precious Metals** – Precious metals were subdued despite lower oil, as geopolitical risk premium unwound and caution emerged ahead of the FOMC, which some expect could be more hawkish than expected. Spot gold traded within a USD 4,017-4,081/oz range, briefly dipping under Friday's USD 4,017/oz low.
- **Base Metals** - Base metals were on a softer footing, with sentiment weighed by weakness across APAC tech, though losses were initially contained by constructive geopolitics. 3M LME copper traded within a USD 13,598.00-13,739.83/t range.
- **Kuwait Petroleum Company shut down parts of 615,000 bpd Al Zour oil refinery on July 18 due to power cut, according to reported; expected to restart parts, including a crude unit by August 10.** Delayed restart of another crude unit to August 10 following unplanned shutdown since March 13.
- **OPEC+ to pause quota increases for the remainder of 2026 after September, according to delegates cited.**
- **Libya's NOC** said it halted production at the El Feel oil field (80-90k BPD) and a partial halt to the Wafa field (20-30k BPD), according to Sky News Arabia & Al Hadath; due to protest action. It was later **production** is resuming at the El Feel (80-90k BPD) and Wafa (20-30k BPD) oil fields in Libya, Al Arabiya reported.

EUROPEAN DATA

- **UK** DMO sold GBP 750mln 4.25% 2040 Gilts via tender; b/c 3.86x (prev. 1.95x), average yield 5.332% (4.175%).
- **French** Unemployment Benefit Claims (Jun) 5.9K (Prev. 15.5K).
- **French** Consumer Confidence (Jul) 86 (Prev. 84).
- **Spanish Retail Sales MoM (Jun) M/M 0.3% vs. Exp. -0.3% (Prev. 0.6%).**
- **Spanish Retail Sales YoY (Jun) Y/Y 0.5% vs. Exp. 1.1% (Prev. 1.3%).**
- **Spanish** Unemployment Rate (Q2) 9.87% vs. Exp. 10.7% (Prev. 10.83%).
- **Swedish** Balance of Trade (Jun) 2.60B (Prev. 2.9B).

NOTABLE HEADLINES

- **German Chancellor Merz** said the next EU financial framework cannot afford to have exorbitant spending, does not agree with the EU plan. Is opposed to the proposed staffing increase.

TRADE/TARIFFS

- **EU imposes anti-dumping duties on imports into the EU of polyamide yarns (nylon) from China; tariffs range from 60-67.6%, effective from Wednesday.**
- **Germany said to be working on mapping China's weaknesses in preparation for potential future trade war, Bloomberg reported.**
- **China** said it never deliberately pursues a trade surplus and vows to strengthen industry through global coordination, according to Xinhua.

CENTRAL BANKS

- **Bundesbank monthly report: German economy likely saw modest Q2 growth, consumers remained relatively undeterred by high energy prices and likely kept consumption at least stable.**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia** said its forces seized Krasnyi Kut in Ukraine's Donetsk region.
- **Russia's Tyumen oil refinery halted operations on July 25 after a drone attack, sources say.**

MIDDLE EAST

- **US President Trump said Iran understands it will never have a nuclear weapon; adds Iran are talking, Fox News Interview.**
- **Yemeni Foreign Ministry** said it will not accept any violation of Yemen's airspace and will take measures to defend its sovereignty, Yemeni media reported.
- **Saudi Aramco has shut down its Jazan oil refinery (400k BPD) after a Houthi missile in recent days and drone attack damaged key facilities at the site; repairs are expected to be completed and operations to resume by Aug. 15th.**
- **Hamas delegations** is carrying positive positions on the roadmap presented by Gaza representative Mladenov and the mediators, provided Israel agrees, Al Jazeera reported citing sources.
- **Iran demonstrating 'flexibility' over Hormuz Strait operations, sources tell Al Jazeera.**
- **Oman is said to have presented to Iran a proposal for a joint regional mechanism to manage the Strait of Hormuz with "voluntary fees", according to Reuters sources.** The source said Iran would not exercise sole control of the Strait.
- **Iran's Foreign Minister** is said to have held phone called on Strait of Hormuz security with Saudi and Oman officials.
- **Possible meeting in London this week on the Strait of Hormuz involving Defence Secretary Streeting and US War Secretary Hegseth** is now not expected to take place, reported BBC's Watt. Conversations are continuing as the various parties work on planning and coordination for a potential future multinational mission.

- **Iranian Military Commander** said any company or country that receives money from Iranian assets will not be allowed to pass through the strait, Tasnim reported.
- **Oman has presented new ideas for the management of the strait of Hormuz, Tehran has yet to respond, according to reported, citing a Iranian source.**
- **Israeli Defence Minister** said "we strongly desire to attack Iranian energy facilities, but America is preventing us", Al Arabiya reported.
- **Saipem (SPM IM) CEO** said Co. plans ten inbound crossing of the Strait of Hormuz in H2, will wait for a safe window to conduct them.
- **Israeli PM Netanyahu reportedly struggled to get on US President Trump's schedule for today, Axios reported, suggesting the Israeli PM's influence is waning.**
- **Satellite images show that recent Iranian strikes hit Amazon (AMZN)** data centres.
- **reported of an Israeli drone airstrike in southern Lebanon, Al Jazeera reported.**
- **Iranian, Omani, and Saudi Foreign Ministers held a phone call yesterday; notable details light.**
- **Occurrences of explosions in Saudi Arabia and Jordan, ISNA reported citing sources; six explosions occurred near oil and gas facilities in the Al-Sharqiyah region of Saudi Arabia.**
- **reported of widespread drone attacks on eastern Jordan’s desert, Press TV reported.**
- **Jordanian army** said that they shot down a drone that violated Jordanian airspace in the eastern desert.
- **A military source from Sanaa, Yemen reportedly stated that the recent Yemeni operation showed that Saudi Arabia's oil facilities are now on the list of legitimate targets available to Yemen, Tasnim reported.**
- **QatarEnergy has extended LNG force majeure for European customers.**

NOTABLE NORTH AMERICAN NEWS

- **US Pacific Tsunami Warning Center** said the tsunami threat from the Japan earthquake has now passed, with no tsunami threat remaining for Japan's coast.

NORTH AMERICAN DATA

- **US** House Price Index MoM (May) M/M 0.3% (Prev. -0.1%).
- **US** House Price Index YoY (May) Y/Y 2.2% (Prev. 2%).
- **US** S&P/Case-Shiller Home Price MoM (May) M/M 0.9% (Prev. 1%).
- **US** S&P/Case-Shiller Home Price YoY (May) Y/Y 1.6% (Prev. 1.1%).
- **US** House Price Index (May) 442.4 (Prev. 441.4).
- **US** Wholesale Inventories MoM Adv (Jun) M/M 0.3% vs. Exp. 0.2% (Prev. 0.1%).
- **US** Retail Inventories Ex Autos MoM Adv (Jun) M/M -0.2% vs. Exp. 0.3% (Prev. 0.3%).
- **US** Goods Trade Balance Adv (Jun) -101.50B vs. Exp. -101.3BB (Prev. -105.9B).
- **US ADP Employment Change Weekly 15.0K (Prev. 16.5K).**

NOTABLE GLOBAL EQUITY HEADLINES

- **Chinese Co. Aishengna's DUV machines remain behind the equivalent ASML (ASML NA) model, Reuters reported citing sources.**
- **Trendforce** said "AI demand pushes Japanese and Korean MLCC suppliers to record monthly shipments; consumer-grade order spillovers continue to surge".

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