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European Market Wrap - 5th August 2026

- **European bourses are set to end Wednesday's trade entirely in the green.**
- **Crude futures tilted higher during the European morning following a subdued APAC session amid geopolitics.**
- **Gulf official tells CNN “50:50” chance US and Iran could reach deal by Friday, CNN reported.**

EQUITIES

- **European bourses** are set to end Wednesday's trade entirely in the green, with outperformance in the FTSE 100, after multiple strong earning/updates. An announcement regarding the Hormuz Strait is still in the works; however, recent reporting still hints at a deal. Recently, CNN reported that Gulf officials give a 50:50 chance of a deal being reached by Friday, while Al Jazeera said only one or two issues remain unresolved in the Iran-Oman talks. **Sectors** held positive bias; **Media** outperformed while **Banks** lagged.
- An update regarding the potential AZN-BMY merger. Reuters reported, citing a senior source, that **there are no discussions ongoing over a potential deal. The comments were quite firm, stating, "there was never a deal to be done."** This refuted an FT report made last Sunday that the which suggested that AstraZeneca was in talks around a combination with Bristol Myers Squibb. Shares of Astra jumped and set to end the day with gains just shy of 4%; however, still lower from Friday's closing price.
- In other news, Hong Kong-exposed UK banks (**HSBC** -4.8%, **Prudential** -6.1%, **Standard Chartered** -1.9%) slumped following a report by Caixin stating that **Chinese tax authorities have begun levying personal income tax on returns of offshore insurance policies.** This follows on from a report in June, which stated some banks had suspended opening Hong Kong accounts for mainland Chinese clients.
- On the earnings front: **Novo Nordisk** (-5.6%), raised its FY26 EBIT guidance but Wegovy pill sales missed consensus; **Infineon** (-5.2%), Q3 revenue beat but Segment and Net missed, with Q4 segment guidance also below consensus; **Siemens Energy** (+0.7%), Q3 revenue and orders beat and confirmed FY26 view; **Fresenius SE** (+6.0%), Q2 revenue beat and raised its FY26 core EPS guidance; **Glencore** (+2.8%) H1 revenue topped estimates and announced an additional USD 1.5bln of shareholder return.
- **US equities** opened entirely in the green, with the ES futures extending to new ATHs above the 7800 mark. In terms of key movers: **SpaceX** (-12.2%), higher-than-expected capital spending on AI offset earnings beat; **Eli Lilly** (+6.6%), earnings and drug revenue beat and raised its FY revenue guidance; **AMD** (-5.8%), higher Q2 capex outweighs earnings beat.

FX

- **USD** was steady throughout the session, set to post modest losses of 0.1%. No move to various USD-specific catalysts incl. ADP, S&P PMI, or QRA and ISM Services. In geopolitics, oil firmed after strong losses on Tuesday, and still little tangible news on an official US-Iran agreement. Fed's Kashkari was on the wires but did not deviate too much from his stance at the last FOMC meeting, Cook slated to speak later. No move seen on ISM data.
- **GBP** was the marginal outperformer despite a Times article overnight suggesting the government would look to exploit a Reeves-era fiscal rules loophole to increase government borrowing. Perhaps a factor soothing markets is how both Burnham and Healey have previously expressed willingness to utilise flexibility in the fiscal rules. Elsewhere, UK Final PMIs were confirmed in expansion though revised modestly lower. GBP/USD traded within a narrow 1.3340-1.3480 range, with all significant DMAs between 1.3350 and 1.3400, likely to provide support, and 1.3500 ahead the likely resistance.
- **EUR** was initially flat against the Buck, but picked up in the European afternoon as the USD lost some ground. EUR pricing was steady through the session but saw some moderation of tightening bets after the energy moderation on Tuesday. Today, EZ PMIs, like those seen across the channel, did not deviate enough from prelim figures to spark a EUR reaction. EUR/USD was a little firmer against the Buck with the 100 DMA around 20pips above at 1.1570.
- **NZD** was the clear underperformer after the New Zealand's unemployment rate firmed at a faster rate than was expected. Kiwi was pressured immediately after the data and continued lower throughout the session, before finding support around 0.5860.

FIXED INCOME

- **Fixed income benchmarks** were relatively contained throughout Wednesday's session, with the earlier gains reversed as energy climbed amid reports of Houthi strikes on Saudi tankers. No move seen on ISM data.
- **USTs** rose to a peak of 109-01 before steadily falling to a 108-24+ trough. The Q3 QRA was a non-event; in brief, the Treasury reiterated that based on current projected borrowing needs, it anticipates maintaining nominal coupon and FRN auction sizes for at least the next several quarters. Within the TBAC Minutes, it stated that dealers generally anticipate that nominal coupon auction sizes will next increase sometime in 2027. Fed's Kashkari was on the docket, in which he said he was undecided whether to vote for a hold or hike in July's meeting, but believes now is the time to start slowly moving rates higher. The relatively hawkish comments backed remarks by Schmid overnight, in which he said inflation is currently too high and worrisome. On the data front, July ADP Employment Change missed estimates (44k vs exp. 70k); however, no move was seen.
- **Bunds**, similarly, topped earlier in the session at 125.51 before reversing and now set to close near its session low of 125.13. EZ June PPI was cooler-than-expected M/M but in-line Y/Y while Final PMIs were revised a notch higher; no move was seen. The latest on the ECB Presidency, the Dutch government has backed Klaas Knot to replace Lagarde for the top job.

- **Gilts** is set to end at the lower end of its 87.68-88.06 range, with the day's price action in line to its peers. The 10-yr yield has found a base at the 50-SMA of 4.89%, with the next key level below market is the Iran conflict lows of 4.68%, which aligns with the 200-SMA at 4.69%.
- **US Treasury Q3 QRA: reiterates that based on current projected borrowing needs, anticipates maintaining nominal coupon and FRN auction sizes for at least the next several quarters.** US Treasury keeps all nominal coupon and FRN auction sizes unchanged for August-October. The Committee continues to believe that increases in coupon issuance could be warranted in FY2027 and discussed potential changes to the forward guidance for Treasury to consider.
- **Germany** sold EUR 1.27bln vs exp. 1.5bln in 2029, 2035 and 2053 Green bonds. 2029: b/c 3.93x (prev. 3.14x), average yield 2.71% (prev. 2.68%). 2035: b/c 1.88x (prev. 1.69x), average yield 3.01% (prev. 2.98%). 2053: b/c 1.6x (prev. 1.3x), average yield 3.6% (prev. 3.49%).

COMMODITIES

- **Crude futures** tilted higher during the European morning following a subdued APAC session, with gains driven by escalation risks after Yemeni Houthis said they targeted a Saudi tanker in the northern Red Sea, effectively expanding the blockade and threatening alternative Saudi export routes. Prices then saw modest downticks on reports that Pakistan PM Sharif and Army Chief Munir are set to visit Saudi Arabia, before ticking higher again on reports of Israeli strikes in Southern Lebanon, seen as a headwind to US-Iran negotiations. Brief downside was then seen as the AP reported that a draft agreement between Iran and Oman awaits the approval of the Iranian Supreme Leader. **WTI** Sep'26 traded in a USD 74.24-76.70/bbl range (vs yesterday's USD 75.11-82.33/bbl range), while **Brent** Oct'26 resided in a USD 78.11-80.95/bbl band (vs yesterday's 78.67-86.33 parameter).
- **Precious Metals** were firmer as DXY remained relatively contained despite energy volatility. **Spot gold** traded towards the top end of a USD 4,065-4,218/oz range after topping the 22nd July high (USD 4,166/oz) and then the 7th July peak (USD 4,180/oz). **Spot silver** reclaimed the USD 62/oz handle, trading towards the upper end of a USD 59.40-62.50/oz range.
- **Base Metals** were firmer, supported by the stable Dollar despite volatility in energy markets. **3M LME copper** held above USD 14k/t, trading within a USD 13,974.45-14,126.28/t range
- **CPC oil loadings suspended, after brief resumptions, because of safety concerns and tanker shortage after drone attack, according to reported, citing sources.**
- **Mexican President Sheinbaum** is reportedly considering potential pilot fracking projects to help boost domestic gas production, Reuters reported.
- **India** is reportedly mulling gas consumer levies to fund a USD 42bln expanding of strategic fuel reserves, sources say.
- **Ferrexpo (FXPO LN)** said they have decided to temporarily suspend production of iron ore products from its mining and pelletising operations in Ukraine; currently able to supply its European customers from existing inventory stockpiles.

EUROPEAN DATA

- **EU** PPI MoM (Jun) M/M -0.3% vs. Exp. -0.2% (Prev. 0.2%).
- **EU** PPI YoY (Jun) Y/Y 4.6% vs. Exp. 4.6% (Prev. 5.9%).
- **EU S&P Global Composite PMI Final (Jul) 52.0 vs. Exp. 51.9 (Prev. 50.0).**
- **EU S&P Global Services PMI Final (Jul) 51.7 vs. Exp. 51.6 (Prev. 49.4).**
- **UK S&P Global Services PMI Final (Jul) 52.1 vs. Exp. 51.8 (Prev. 48.8).**
- **UK S&P Global Composite PMI Final (Jul) 52.2 vs. Exp. 52.1 (Prev. 49.3).**
- **UK** New Car Sales YoY (Jul) Y/Y 11.7% (Prev. 11.4%).
- **German** Industry Orders (Jun) +21% Y/Y (Domestic Orders +1%, Foreign Orders +29%).
- **German S&P Global Services PMI Final (Jul) 49.8 vs. Exp. 49.6 (Prev. 48.6).**
- **German S&P Global Composite PMI Final (Jul) 51.3 vs. Exp. 51.2 (Prev. 49.5).**
- **French S&P Global Composite PMI Final (Jul) 49.4 vs. Exp. 49.6 (Prev. 47.2).**
- **French S&P Global Services PMI Final (Jul) 49.6 vs. Exp. 49.8 (Prev. 46.8).**
- **French** Industrial Production MoM (Jun) M/M 0.1% vs. Exp. 0.2% (Prev. -0.1%).
- **Italian S&P Global Services PMI (Jul) 52.5 vs. Exp. 52 (Prev. 50.2).**
- **Italian S&P Global Composite PMI (Jul) 52.5 (Prev. 50.8).**
- **Spanish S&P Global Composite PMI (Jul) 56.5 (Prev. 53.3).**
- **Spanish S&P Global Services PMI (Jul) 58.3 vs. Exp. 55.3 (Prev. 54.2).**
- **Swedish** Services PMI (Jul) 54.2 (Prev. 56.6).

NOTABLE HEADLINES

- **Italian Economy Minister Giorgetti will be presenting to parliament a formal request to increase the deficit between September and October, following on from EU talks.**
- **Italian Economy Minister Giorgetti** said they will be asking the EU to increase energy spending by 0.6% and defence spending by 0.9% of GDP, Corriere reported.

TRADE/TARIFFS

- **China's MOFCOM** said it will impose countermeasures on six US entities; will take countermeasures against US compliance-testing firms.

CENTRAL BANKS

- **Fed's Kashkari (2026 Voter, Hawkish dissenter) said he was undecided whether to vote for a hold or hike into the FOMC meeting, via CNBC interview.** Monetary Policy. Believe now is the time to start slowly moving rates up. The objective is to bring inflation to the 2% target, not slow the economy down. The economy is way better than it was in the 1970s. Not calling for a dramatic increase in rates. More work to get inflation back to target. Would rather get going not in small steps, than wait. Communication. Reaction function is good for market participants. Good for the market to understand the reaction function; value continuing the tradition. There is "no magic number" for the number of meetings each year; can call an emergency meeting if needed; open minded, do not have a strong opinion.
- **The Dutch government backs Klaas Knot to replace ECB President Lagarde.**

GEOPOLITICS

MIDDLE EAST

- **Gulf official tells CNN "50:50" chance US and Iran could reach deal by Friday, CNN reported; Iranian delegation does not include IRGC, which would need to sign off on details of provisional agreement.**
- **The draft agreed to by Iranian and Omani negotiators awaits final approval from Iran's supreme leader, two regional officials told The Associated Press on Wednesday.**
- **Only 'one or two issues' remain unresolved in Iran-Oman talks, a senior diplomatic source tells Al Jazeera.**
- **Israel is ordering residents of towns in Southern Lebanon to evacuate.**
- **UKMTO has received a time-late report of an incident 9NM southwest of Al Mukha, Yemen. Vessel was attacked by an Uncrewed Surface Vessel which caused a fire onboard; Vessel then sunk.** Report date is 4th August 2026 (Yesterday). Issue date is today.
- **Iranian Broadcasting Corporation** said the possible Iran-Oman agreement on the arrangements for vessels to pass through the Strait of Hormuz "has nothing to do with the immediate opening of the strait.", SNN reported.
- **Iranian TV citing a source** said if US violations continue, then the Strait of Hormuz will not open even with an agreement between Iran and Oman.
- **Pakistani sources say Pakistan PM Sharif and Army Chief Munir will visit Saudi Arabia tomorrow, Al Hadath reported.** The trip is reportedly taking place in conjunction with diplomatic movements in the region and is focused on efforts to reduce tension, the security situation, and bilateral cooperation, Iran International reported.
- **Yemeni Houthis say they attacked a vessel in the Red Sea; spokesman say they attacked a Saudi oil tanker off the Yanbu with missiles. "operations will continue and escalate in targeting Saudi oil tankers".** "In tightening the naval blockade on the Saudi enemy from Bab al-Mandab in the southern Red Sea, the Saudi enemy has resorted to diverting its oil tankers towards the northern Red Sea. Therefore, the Yemeni Armed Forces affirm that their operations will continue and escalate in targeting Saudi oil tankers in the northern Red Sea to close all access points and prevent their passage, thus establishing a blockade-for-blockade equation".
- **Iranians will not rush to remove (Hormuz) mines, because it will only weaken the control they have gained, two diplomats tell i24's Stein.**
- **Israeli strikes** reported in Southern Lebanon, Tasnim reported.
- **Important statement from the Yemeni armed forces at 08:00BST, Al Mayadeen reported.**

RUSSIA-UKRAINE

- **Iranian Foreign Minister Araghchi** is expected to visit Pakistan on Friday, according to sources cited by Ria (russian press). The source added that he is scheduled to meet with Pakistani Army Chief Asim Munir, Prime Minister Shahbaz Sharif, and Deputy Foreign Minister Ishaq Dar.
- **US Pentagon** is drafting a new US nuclear strategy in case of regional war with China or Russia, NBC sources report.

NOTABLE NORTH AMERICAN NEWS

- **US President Trump to deliver remarks at 21:30BST/16:30EDT.**
- **China Foreign Ministry** said it will firmly oppose US overstretching national security concept to suppress Chinese companies; will continue to defend Chinese companies' legitimate rights and interests.

NORTH AMERICAN DATA

- **US** S&P Global Composite PMI Final (Jul) 54.5 vs. Exp. 53.6 (Prev. 51.9)
- **US** S&P Global Services PMI Final (Jul) 54.6 vs. Exp. 53.6 (Prev. 51.2)
- **US ADP Employment Change (Jul) 44K vs. Exp. 70K (Prev. 98K).** Median change in annual pay. Job stayers: 4.4% (prev. 4.4%). Job changers 7.0% (prev. 6.6%).
- **US** MBA Mortgage Applications (Jul/31) -2.9% (Prev. -6.4%).
- **US** MBA 30-Year Mortgage Rate (Jul/31) 6.81% (Prev. 6.76%).
- **US** ISM Services Business Activity (Jul) 59.1 (Prev. 55.4)
- **US** ISM Services PMI (Jul) 54.1 vs. Exp. 54.5 (Prev. 54.0)
- **US** ISM Services New Orders (Jul) 57.2 (Prev. 55.1)

- **US** ISM Services Prices (Jul) 70.3 (Prev. 67.7)
- **US** ISM Services Employment (Jul) 47.4 (Prev. 51.2)

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