European Market Wrap - 6th August 2026

- **European bourses are set to end Thursday broadly in the green; US equity futures opened with a negative bias.**
- **Iran and Oman have agreed on the broad framework for a 60-day reopening of the Strait of Hormuz, with an announcement possible within days.**
- **Crude prices swung between gains and losses before edging higher.**

EQUITIES

- **European bourses** are set to end Thursday broadly in the green, with the **DAX 40** and **AEX** the only indices on the negative side of the unchanged mark. Not much in terms of a broader market driver; focus remains on an announcement regarding the Strait of Hormuz. Sectors ended with a positive bias. Telecoms topped the sector pile, with Media closely behind and Utilities rounding out the top 3 sectors. Basic Resources led losses, with Tech and Industrial Goods & Services the sector laggards.
- During the European session, **Diageo** released its preliminary FY26 results. Even though top- and bottom-line metrics came in line with expectations, it was the announcement of its cost-saving plan and its profit targets remaining unchanged. **The Co. is to cut USD 1bln in costs over the next 3 years, raised from a prior target of USD 625mln over the same time period.** In terms of targets, they expect to deliver low single-digit organic sales growth and mid single-digit growth in operating profit. Shares rose as much as 7% following the release.
- An update for easyJet: **Castlelake said they are no longer pursuing a takeover of easyJet, resulting in easyJet shares falling over 7%.** This comes ahead of the August 7th deadline. This now leads the Apollo offer. On Friday 10th, easyJet and Apollo announced they reached an agreement in principle on the key financial terms of a possible cash offer. easyJet shareholders would be entitled to receive GBP 7.15/shr.
- Other key movers: **Siemens** (-4.7%), raised its FY26 EPS guidance but disappointed investors looking for higher forecasts; **Banco BPM** (+4.3%), Q2 net beat and raised its FY26 net guidance; **Deutsche Telekom** (+6.5%), Q2 Adj. EBITDAaL beat, raised its FY26 FCF guidance and announced the increase of its 2026 share buyback by EUR 3bln.
- **US equity futures** opened with a negative bias, with the **DJI** the only index in the green while the **NDX** underperforms. Weighing on the NDX is **Honeywell Aerospace** (-20.5%, earnings and revenue missed expectations), **Western Digital** (-18.6%, outlook underwhelmed), **AppLovin** (-18.2%, missed guidance), **DataDog** (-16%, earnings missed lofty expectations), **SanDisk** (-10.5%, Q1 guidance disappointed).

FX

- **G10s** were mostly weaker against the Buck in London trade. **USD** rose after FT/Fed sources, **SEK** was bid after hotter than exp. Inflation, while Antipodeans underperformed on the negative risk-tone post-AI earnings.
- **USD** was initially flat throughout the morning with Challenger layoffs not giving a bias. However, **DXY broke out of recent ranges to a 99.80 peak after FT sources suggested Warsh would be willing to hike** should incoming inflation data be hot and market expectations increase for such a move. To remind, the CME tool implies just under a 55% chance of a 25bps hike in September; recent Fed speak has supported such a move, with remarks from Kashkari, Cook and Daly on Wednesday somewhat hawkish, but typically in-line with their recent remarks. Focus now on Musalem, set to speak this evening. Note, the move on this report was delayed, likely due to the Warsh sources not included within the headline. For now, DXY sits modestly higher but off best levels with focus on the geopolitical situation (see commodities).
- **EUR was flat against the Buck with bloc-specific catalysts light ahead of US NFP on Friday**, likely the next catalyst. For now, EUR is set to sit within its recent 1.1540-1.1550 range after failing to breach 1.1560 overnight in light newsflow. **GBP action was similar**, set to complete the session flat against the Buck; **Antipodeans** however underperformed after tech earnings SNDK, DDOG, WDC earnings were poorly received.
- **Swedish inflation cooled, albeit at a slower rate than expected**. The hotter-than-expected print (vs. consensus and Riksbank fcst.) was sufficient to spark ~0.2% bid in the SEK against both the EUR and the USD, though not against NOK. EUR/SEK fell from just below 10.96 to a 10.92 base, paring modestly to 10.94 late in the session. While firmer than Riksbank had forecast, **it likely endorses, rather than changes the current path for rates**, with markets fully assigning a 25bps hike by year-end. Both ING and Nordea maintain their view for year end, for unch. and one hike, respectively.

FIXED INCOME

- **Fixed benchmarks** are set to end the European session in the red, lower by around five ticks for **USTs** and as much as 30 for **Gilts**. Despite starting the morning on the front foot amid initial energy pressure. In a similar playbook to Wednesday morning, the pickup in energy across the session has placed modest pressure on fixed, which now finds itself lower across the board.
- As mentioned, for USTs the losses are only a few ticks in magnitude as it stands; at most it was 7 ticks lower at a 108-21+ base. No move to the day's data, though there was some modest pressure on an FT sources piece relating to **Fed Chair Warsh** and then an **Alphabet** 10-part bond offering.
- Specifically, the FT outlined that Chair Warsh is set to stick with the lean messaging approach despite backlash, and he would be open to a September hike, dependent on inflation prints and market pricing. Points which, alongside the GOOGL outing, **lifted the US 10yr yield by a few bps**, with a slightly larger move seen at the short-end of the curve.
- **Bunds** lower by just over 10 ticks into the European close, but off worst in 125.07 to 125.36 parameters. No move to **EGB** supply this morning, from France and Spain; into it, OATs were modestly underperforming, but that slight variation has been erased.

- Finally, **Gilts** directionally in-fitting, with losses of 28 ticks and as is typically the case, they underperform during the energy-led move at this point. Specifics for the UK light, and may well continue to be for the near-term, as Parliament remains in recess until September 1st and the extended hold narrative for the BoE remains.
- **Alphabet (GOOGL) files to sell US-denominated bonds in 10 tranches; to offer 2 floating and 8 fixed rate notes with multiple maturities.** Reportedly set to raise USD 25bln from the sale.
- **France sold EUR 12.495bln vs exp. EUR 10.5-12.5bln 1.25% 2036, 3.70% 2036, 3.80% 2037 & 0.50% 2044 OAT.**
- **Spain sold EUR 5.315bln vs exp. EUR 5-6bln 2.60% 2031, 3.00% 2033, 3.40% 2036 Bono & EUR 0.728bln vs exp. EUR 0.25-0.75bln 2.05% 2039 I/L Bono.**

COMMODITIES

- **Crude** swung between gains and losses before edging higher, with upside amid a lack of a concrete Iran-Oman deal thus far (and its implications on a US-Iran deal) alongside supply-side disruptions and shipping risks. To recap overnight developments, Trump said he would prefer a deal with Iran and that talks are underway after Iran initiated contact, while reiterating the US is prepared for a major attack if needed; Vance described negotiations as “messy” but ultimately likely to yield a favourable outcome, while Iran warned it would target Gulf states if new US strikes occur. This morning, downside was seen on reports that Iran and Oman have agreed on the broad framework for a 60-day reopening of the Strait of Hormuz, with an announcement possible within days, though still pending approval from Iran’s National Security Council. The framework reported was in-fitting with the Axios report that was well-detailed on Wednesday. **WTI** Sep’26 traded within a USD 74.57-76.84/bbl range (vs yesterday’s USD 74.24-76.70/bbl), while **Brent** Oct'26 traded in a USD 78.92-81.41/bbl band (vs yesterday’s 78.11-80.95/bbl).
- **Precious Metals** were initially firmer as the energy complex traded in a tight range during the morning, although price action turned around as energy continued grinding higher. **Spot gold** printed a high of 4,304/oz before heading back closer to intraday lows of USD 4,245/oz.
- **Base Metals** were firmer, initially supported by easing energy concerns during the European morning. Gains, however, faded as energy gradually rose. **3M LME copper** traded towards the middle of a USD 14,053.00-14,360.00/t range heading into the European close.
- **BP (BP/ LN) to acquire the remaining 70% stake in the Calypso project from Woodside Energy (WDS AT).**
- **Albermarle (ALB) CEO** said it is seeing resilient demand trends for lithium across all customer end markets.
- **DRC reportedly bans exports of Copper and Cobalt concentrate, according to sources citing an official order.** To tax economically significant mining by-products under a new regime using a 55% valuation; takes effect in three months, but miners must start declaring byproducts in exports immediately.
- **Saudi Arabia Arab Light crude OSP (Sep):.** To the US at ASCI +3.60/bbl. To NW Europe at ICE Brent settlement -2.15/bbl.
- **Saudi Arabia** set September Arab Light crude OSP for Asia at USD 2/bbl discount to Oman/Dubai average.
- **China's CMRG has reportedly told some steel mills to stop talks with Rio Tinto (RIO LN) from shipments from September, according to sources.**

EUROPEAN DATA

- **EU** Retail Sales MoM (Jun) M/M -0.3% vs. Exp. 0.2% (Prev. 0.2%).
- **EU** Retail Sales YoY (Jun) Y/Y 0.7% vs. Exp. 1.0% (Prev. 1.6%).
- **EU** S&P Global Construction PMI (Jul) 44.3 (Prev. 42.8).
- **German** New Car Registrations YoY (Jul) Y/Y 1.2% (Prev. 15.7%).
- **German** S&P Global Construction PMI (Jul) 42.1 (Prev. 44.8).
- **German Factory Orders MoM (Jun) M/M 3.1% vs. Exp. 0.3% (Prev. 1.9%).**
- **UK** S&P Global Construction PMI (Jul) 44.7 vs. Exp. 41.5 (Prev. 38.4).
- **Italian** Industrial Production MoM (Jun) M/M -1.0% vs. Exp. 0.2% (Prev. -0.3%).
- **Italian** Industrial Production YoY (Jun) Y/Y -0.6% (Prev. 1.1%).
- **Italian** S&P Global Construction PMI (Jul) 49.1 (Prev. 45.4).
- **French** S&P Global Construction PMI (Jul) 41.5 (Prev. 38.2).
- **French** Private Non Farm Payrolls QoQ Prel (Q2) Q/Q -0.1% vs. Exp. -0.1% (Prev. -0.1%).
- **Spanish** Industrial Production YoY (Jun) Y/Y 1.1% (Prev. 3.4%); M/M -0.7% vs Exp. -0.5% (Prev. 1.2%).
- **Swedish CPIF MoM Prel (Jul) M/M -0.3% vs. Exp. -0.5% (Prev. 0.3%); ex-energy 0.4%.**
- **Swedish CPIF YoY Prel (Jul) Y/Y 0.7% vs. Exp. 0.6% (Prev. 1.3%); ex-energy 0.6% (prev. 0.4%).** “Energy prices decreased significantly in July which contributed to a lower inflation rate according to CPI and CPIF,”.
- **Swiss** Unemployment Rate (Jul) 3.0% (Prev. 2.9%).

CENTRAL BANKS

- **Fed Chair Warsh is to stick with lean Fed messaging, despite backlash, FT reported citing sources. Warsh would be willing to hike in September if inflation prints in the coming weeks are hot, & markets increase expectations for such a move, sources report.** Warsh reportedly acknowledged that some mistakes have been made in the first few weeks, but that does not warrant a course reversal on the communication plan.

- **ECB's Nagel** is reportedly making ground for the ECB President position, according to Bloomberg. Germany's Finance Minister supports Nagel, however Chancellor Merz is yet to back the Bundesbank President. Sources add that, even though Nagel has a slim chance for the candidacy, it can give leverage for other key roles.
- **PBoC** said it plans to expand yuan offshore market; to explore expanding central bank's macroprudential and financial stability roles; to boost cross-border yuan use.
- **Czech CNB Interest Rate Decision 3.75% vs. Exp. 3.75% (Prev. 3.75%).**
- **CNB Statement: Relatively restrictive policy is still required; board voted 7-0 to leave rates on hold.** PolicyDecision to hold was underpinned by new macroeconomic forecast.Inflation Risks. Board assessed risks and uncertainties of outlook for fulfilment of inflation target as inflationary overall. Inflationary risks include persistence of core inflation, possible acceleration in money supply growth, and continued rapid wage growth. Anti-inflationary risks include weak performance of some euro area economies and possible global correction of asset prices. Middle EastBoard will continue to closely monitor macroeconomic impacts of conflict in the Middle East.Forecasts. GDP Growth 2026: 2.2% (prev. 2.5%) 2027: 2.7% (prev. 2.7%). Inflation 2026: 2.0% (prev. 2.2%) 2027: 2.5% (prev. 2.4%). 3-Month PRIBOR 2026: 3.7% (prev. 3.8%) 2027: 3.9% (prev. 3.6%). Exchange Rate (CZK/EUR) 2026: 24.3 (prev. 24.3) 2027: 24.4 (prev. 24.4).

GEOPOLITICS

RUSSIA-UKRAINE

- **Ukrainian President Zelensky** said Ukraine struck Bashneft-Novoil (~150k BPD) and Slavneft-Yanos (300k BPD) refineries, two Russian patrol boats and shadow fleet vessels in long-range attacks aimed at curbing Moscow's oil revenues.

MIDDLE EAST

- **Yemeni sources announced that in a few minutes, Yemen's armed forces will publish a statement regarding a broad and special military operation, Tasnim reported.**
- **Arabic media report that the Houthis carried out a precision strike on bases of Saudi-backed forces in Yemen's Marib province, SNN reported.**
- **Indirect contacts between the US and Iran have entered the final stage, Al Arabiya sources say.** Pakistan and Qatar continue to facilitate communications between Tehran and Muscat behind the scenes.
- **Iran and Oman have agreed on the broad framework for Strait of Hormuz reopening talks, Al Arabiya sources report; announcement could come in days; agreement still needs the approval of Iran's National Security Council.** The proposed agreement regarding Hormuz extends for 60 days and aims to resume navigation. Ships entering the Strait of Hormuz will use the shipping lane closest to Iran. Ships departing from Hormuz will use the maritime passage closest to Oman. The proposed agreement regarding Hormuz does not include imposing passage fees or services on ships. After the approval of the Hormuz agreement, the parties will return to the memorandum of understanding and activate. Regional parties may participate in demining and the necessary technical procedures. After the approval of the Hormuz agreement, the parties will return to the memorandum of understanding and activate Article 5. The 60-day agreement on Hormuz aims to break the deadlock and launch technical negotiations. Indirect Contacts between Washington and Tehran Through Intermediaries.
- **Israeli military** said it targeted Hezbollah positions in southern Lebanon over the past 24 hours, Al Arabiya reported; said it will maintain its deployment in the security zone in southern Lebanon in line with the agreement.
- **Yemeni Armed Forces Spokesman said will announce a large-scale and significant military operation.**
- **An Omani-Iranian statement will be issued soon regarding a temporary transit corridor in the Strait of Hormuz, Al Arabiya reported, citing sources; The temporary passage in Hormuz will be in place until permanent transit arrangements are finalized.**
- **South Korea's Presidential office** holds an emergency meeting in response to North Korean missile today, according to reported.
- **Iranian Foreign Minister Araghchi's visit to Pakistan is expected by the end of the week or early next week, Al Arabiya sources say.**
- **Japan's MoD** said there is no longer any impact on the surrounding areas of Japan, following North Korean missile launch.
- **Pakistani Foreign Ministry** said Oman played a key role in Strait of Hormuz talks as diplomatic efforts continue toward a comprehensive and sustainable solution, Al Hadath reported; efforts to resolve the Hormuz issue continues.
- **Yemeni military source** said Red Sea operations target Saudi ships and oil tankers and "reduce the options for manoeuvring for the Saudi regime"; source also dismissed Saudi claims over Indian cargo ship sinking, Al-Akhbar reported.

NOTABLE NORTH AMERICAN NEWS

- **BofA week-to-Aug 1st total card spending +4.7% Y/Y.**

NORTH AMERICAN DATA

- **Revelio Labs Nonfarm Payrolls (July): 79.2k (prev. +258.5k, rev. 125.4k).**
- **US** Nonfarm Productivity QoQ Prel (Q2) Q/Q 1.4% vs. Exp. 0.6%.
- **US** Unit Labour Costs QoQ Prel (Q2) Q/Q 1.3% vs. Exp. 2.0% (Prev. 1.8%).
- **US** Jobless Claims 4-week Average (Aug/01) 198.75K.
- **US Continuing Jobless Claims (Jul/25) 1801k vs. Exp. 1790k (Prev. 1782k).**

- **US Initial Jobless Claims (Aug/01) 199k vs. Exp. 201k (Prev. 197k).**
- **US Challenger Job Cuts (Jul) 33.429K (Prev. 45.849K).**

NOTABLE GLOBAL EQUITY HEADLINES

- **China's DeepSeek has resumed its second funding round, The Information reported, citing sources; separately plans a "significant increase" in the near future in API pricing for AI models, according to DeepSeek's website.**

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