

European Market Wrap - 4th February 2026

- European bourses remained mostly firmer; US equities opened mixed, but slipped soon after the cash open.
- US ADP Employment Change printed below expectations, ISM Services modestly topped expectations.
- US Quarterly Refunding Announcement (QRA): US set quarterly refunding at USD 125bln, as expected.

EQUITIES

- **European bourses remained mostly firmer.** The DAX 40 (-0.5%) remained the only underperforming index in the red, weighed down by Infineon (-3.8%) following concerns over high investment levels, despite earnings beating expectations. The FTSE 100 (+1.4%) is one of the key outperforming indices on the back of gains in key pharmaceutical companies like GSK (+6.1%) and others like Beazley (+8.4%) and Kingfisher (+4.4%).
- **European sectors were mostly in the green.** Leading sectors were Chemicals (+4.4%), Telecommunications (+4.2%) and Autos (+3.4%). Near the bottom were Technology (-2.2%), Media (-1.4%) and Financial Services (-1.0%). Tech has been weighed down by Infineon (-3.8%), whilst Financial Services has been dragged down by losses in UBS (-5.5%). Lastly, Media continues to be dragged down by losses in Publicis Groupe (-3.9%) following a broker downgrade at Barclays.
- **US equities** opened mixed, but slipped soon after the cash open. Pre market news includes ADP Employment Change, which printed softer than expected. Thereafter the ISM Services PMI metric incrementally topped expectations and remained the same as the prior report. Though components such as Employment figure were very poor, which is notable considering recent labour concerns by some policymakers at the Fed. This overall spurred further downside in the contracts. Elsewhere, US VP Vance proposes a trading bloc for critical minerals, which triggered upside in Materials Corp in the pre market.
- **Key earnings:** On the upside, Eli Lilly (+7.4%), Enphase Energy (+35.2%), Super Micro Computer (+16.1%) and GE Healthcare Technologies (+5.7%). Outside of earnings, Silicon Laboratories (+50.3%) is firmer after news broke that the Co. is set to be acquired by Texas Instruments (+1.0%) for USD 231/shr or USD 7.5bln. On the downside, following earnings is AMD (-12.8%) with the Co. shares slipping despite a strong report, following concerns over AI. Also lower is Uber (-6.4%), Cencora (-5.5%) and Mondelez International (-5.5%).

FX

- **USD** - DXY held in a tight band within yesterday's 97.298-97.692 range after giving back part of its post-ISM rebound, with JOLTS delayed and Fed speakers offering little incremental direction. Overnight, President Trump signed the USD 1.2tn spending bill, formally ending the shutdown and making a release of NFP next week likely (TBC). ADP resulted in fleeting downticks whilst ISMs saw incremental upticks. DXY resided in a 97.309-97.596 range.
- **EUR** - EUR/USD was choppy in a tight range, with little reaction to the final Services and Composite PMIs as traders awaited Eurozone flash HICP. The release is not expected to shift the ECB's stance ahead of next week's meeting, where policy settings are likely to remain unchanged and the tone of EUR commentary will be the market's focus.
- **GBP** - GBP/USD gave up earlier modest gains following downward revisions to UK PMIs. The pair was earlier supported indirectly by GBP/JPY strength as the cross pushed toward 215, levels last seen in 2008. UK-specific catalysts remained limited ahead of next week's BoE decision.
- **JPY** - JPY underperformed across the board amid expectations of a decisive LDP victory in Sunday's snap election. USD/JPY cleared yesterday's 156.08 high to reach 156.85, though still well below the 23 January peak at 159.23. Broader yen weakness persisted as political expectations overshadowed macro drivers.
- **Antipodeans** - AUD eventually gave up gains after being initially supported by the rebound in gold, while NZD lagged after mixed New Zealand labour market and labour cost data.

FIXED

- **USTs spent the majority of the session in tight ranges**, traded at the mid-point of a 111-15+ to 111-21+ range heading into the ISM Services data. Earlier, US ADP Employment Change printed below expectations – but spurred little move in the benchmark. Analysts at Pantheon Macro kept their expectations for the NFP report unchanged at 100k. Some modest downticks to the upwardly revised PMIs, and the inner report suggested that "Inflationary pressures in the service sector meanwhile remain elevated". Thereafter, the ISM Services PMI metric incrementally topped expectations and remained the same as the prior report. Components such as Employment figure were very poor, which is notable considering recent labour concerns by some policymakers at the Fed. This overall spurred upside in US paper, by a handful of ticks.
- **On the supply side of things**, the US QRA kept auction sizes unchanged. The accompanying release highlighted that the Treasury believes its current auction sizes leave it well positioned to address potential changes to the fiscal outlook and to the size and composition of the SOMA portfolio.
- **Bunds** initially began the European morning with a bearish bias, gradually gained as the morning progressed but then slipped off best levels. Currently set to close the day at the upper end of a 127.72-127.98 range. Earlier a slew of Final Eurozone PMIs had little impact on the benchmark, as did the EZ HICP metrics. In brief, headline Y/Y printed at 1.7% beneath the ECB's 2% target and shy of the Bank's staff projections (1.9%). Nonetheless, the ECB will keep rates steady at the Thursday meeting, and will likely reiterate that the Bank is in a good place.

- **Lacklustre trade for Gilts this morning** . Initially flat, but then slipped as the session progressed, following the late afternoon action seen in peers. Really not much driving things for UK paper this morning – overnight the NIESR raised its forecast for UK GDP growth this year to 1.4% (prev. 1.2%). Now focus turns to the BoE tomorrow, where rates are expected to remain unchanged but there are currently mixed views on the vote split.
- **US Quarterly Refunding Announcement (QRA): US set quarterly refunding at USD 125bln, as expected; to sell USD 58bln in 3-year notes, USD 42bln in 10-year notes, and USD 25bln in 30-year bonds next week.**
- **Germany sold EUR 3.197bln vs exp. EUR 4.0bln 2.50% 2032 Bund: b/c 1.51x (prev. 1.2x), average yield 2.60% (prev. 2.33%), retention 20.1% (prev. 23.87%).**
- **UK DMO plans to hold a programmatic gilt tender for a long conventional gilt on February 11th.**

COMMODITIES

- **Crude** benchmarks traded choppy throughout the European session as crude-specific newsflow remained light. **WTI and Brent** peaked at USD 64.16/bbl and USD 68.25/bbl, respectively, early in the APAC session before grinding lower throughout European trade. WTI and Brent found support near the USD 63/bbl and USD 67/bbl price points and remain above this price point as US trade gets underway. During the session, it was confirmed that nuclear talks between the US and Iran will take place in Oman on Friday.
- **Spot gold** continued its rebound, with APAC traders lifting the yellow metal back above the USD 5k/oz handle and peaking at USD 5092/oz. However, European traders failed to continue the positivity seen in the APAC session and dipped back below USD 5,000/oz as US trade got underway. Similarly, for silver, the metal steadily bid higher and topped at USD 92/oz before falling to a trough of USD 88.50/oz as trade stateside began. The ISM services PMI report was mixed, with the headline figure slightly beating expectations but the employment figure missed estimates. However, this did not move gold prices and remains below USD 5k/oz.
- **3M LME Copper** fluctuated in a USD 13.29k-13.52k/t range for the majority of the European session but fell as US cash equities got underway. Currently, the red metal is nearing USD 13.2k/t as European trade comes to a close.
- **Russia's Foreign Ministry on India buy Russian oil, we have no reason to believe that our Indian friends have reconsidered their approach.**
- **Chinese Senior Official** said China will "deeply participate" in agricultural trade and expand imports of products; signals strong demand for soybean imports in 2026 rural blueprint.
- **Morgan Stanley** raised near-term Brent forecasts as geopolitical risk premium is likely to persist, but expects prices to fall below USD 60/bbl later this year.

EUROPEAN NEWS

- **UK PM Starmer to reshuffle and a new 'reset' in last-ditch bid to save premiership, via Guido Fawkes.**

EUROPEAN DATA

- **EU Inflation Rate YoY Flash (Jan) Y/Y 1.7% vs. Exp. 1.7% (Prev. 2.0%, Rev. From 1.9%, Low. 1.5%, High. 2.1%).**
- **EU Core Inflation Rate YoY Flash (Jan) Y/Y 2.2% vs. Exp. 2.3% (Prev. 2.3%, Low. 1.9%, High. 2.3%).**
- **EU PPI YoY (Dec) Y/Y -2.1% vs. Exp. -2.3% (Prev. -1.4%, Rev. From -1.7%).**
- **EU PPI MoM (Dec) M/M -0.3% vs. Exp. -0.3% (Prev. 0.7%, Rev. From 0.5%).**
- **EU Inflation Rate MoM Flash (Jan) M/M -0.5% (Prev. 0.2%).**
- **EU HCOB Services PMI Final (Jan) 51.6 vs. Exp. 51.9 (Prev. 52.4).**
- **EU HCOB Composite PMI Final (Jan) 51.3 vs. Exp. 51.5 (Prev. 51.5).**
- **German New Car Registrations YoY (Jan) Y/Y -6.6% (Prev. 9.7%).**
- **German VDMA Engineering Association December orders comes at -5% Y/Y.**
- **German HCOB Composite PMI Final (Jan) 52.1 vs. Exp. 52.5 (Prev. 51.3).**
- **German HCOB Services PMI Final (Jan) 52.4 vs. Exp. 53.3 (Prev. 52.7).**
- **Italian Inflation Rate MoM Prel (Jan) M/M 0.4% vs. Exp. 0.4% (Prev. 0.2%).**
- **Italian Inflation Rate YoY Prel (Jan) Y/Y 1.0% vs. Exp. 1% (Prev. 1.2%).**
- **Italian HCOB Services PMI (Jan) 52.9 vs. Exp. 51.4 (Prev. 51.5).**
- **Italian HCOB Composite PMI (Jan) 51.4 (Prev. 50.3).**
- **UK S&P Global Services PMI Final (Jan) 54.0 vs. Exp. 54.3 (Prev. 51.4).**
- **UK S&P Global Composite PMI Final (Jan) 53.7 vs. Exp. 53.9 (Prev. 51.4).**
- **French HCOB Composite PMI Final (Jan) 49.1 vs. Exp. 48.6 (Prev. 50).**
- **French HCOB Services PMI Final (Jan) 48.4 vs. Exp. 47.9 (Prev. 50.1).**
- **Spanish HCOB Composite PMI (Jan) 52.9 (Prev. 55.6).**
- **Spanish HCOB Services PMI (Jan) 53.5 vs. Exp. 56.6 (Prev. 57.1). NOTABLE HEADLINES**
- **Tesla's (TSLA) UK New Car Sales (Jan) -57.2% Y/Y to 647 electric vehicles.**
- **Italy's Budget Watchdog estimates 2025 GDP growth of 0.5%, 0.7% growth for 2026 and 2027.**
- **Germany's VDA announces that 2025 EV production comes out at 1.67mln vehicles, +23% Y/Y.**
- **Europe's safest corporate bond spreads drop to its lowest level since 2007.**

TRADE/TARIFFS

- **US President Trump and Chinese President Xi held a call, according to Chinese State Media.**
- **US VP Vance proposes a trading bloc for critical minerals, adds the US will establish a system for creating price floors for critical minerals. USTR Greer will present specifics about the trade agreement on critical minerals.**

- Chinese Commerce Ministry, on the EU wind turbine probe, said it will take necessary measures to safeguard firms' legitimate rights and interests; accused EU of hurting Chinese firms' investment confidence.
- Italy, France and Germany are reportedly set to lead EU critical materials stockpiling plan.
- US Senators push for USD 70bln funding deal to support US President Trump's critical minerals agenda, FT reported.
- Indian Trade Minister said the US trade deal will offer a competitive advantage to Indian exporters and our priority is to energy security for our citizens. Need to bolster capabilities in many sectors including nuclear energy and data centres. India will raise trade with the US.

CENTRAL BANKS

- PBoC announces plan to build a multi-level financial service system to support domestic demand, tech innovation and SMEs.
- Polish Interest Rate Decision (Feb) 4.00% vs. Exp. 4.00% (Prev. 4.00%).
- Riksbank Minutes: President Thedeen said "at present I assess that monetary policy is following a stable and reasonable course, and we can tolerate minor deviations in data outcomes without immediately needing to adjust the course we have set."

GEOPOLITICS

RUSSIA-UKRAINE

- Russia's Foreign Ministry on India buy Russian oil, we have no reason to believe that our Indian friends have reconsidered their approach.
- Russia's Kremlin said it will defend its interest in the Arctic, via Sky News Arabia.
- Russia's Kremlin said it has not seen any new developments when it comes to India and Russian oil.
- Russia's Kremlin said Russia will continue its Special Military Operation until the relevant decisions are made by Ukraine.
- Ukrainian peace negotiators have arrived in Abu Dhabi and have started their first meetings, IFX reported.
- Ukraine's Naftogaz said Ukraine has received a delivery of 100MCM batch of US LNG, making it the first delivery expected in 2026.
- China's President Xi is to hold a video call with Russian President Putin, CCTV reported.

MIDDLE EAST

- Officials involved in efforts to de-escalate the US-Iran tensions reportedly downgrade expectations for Friday's meeting following their conversations with Iranian diplomats, WSJ reported.
- Nuclear talks between the US and Iran will be held on Friday in Oman, with the format similar to previous rounds, Iran's ISNA news agency reported.
- China's President Xi invited Russian President Putin to visit to China in the first half of this year, Putin accepted; Putin and Xi talked for 1.5 hours; Putin informed Xi on his talks with Iran's Larijani, Interfax reported. Kremlin said Russia and China have similar approach to US.
- Iran is to announce major structural and administrative decisions in the defence sector to respond to new threats, Iran's Noor News reported.
- "Deputy Speaker of Iran's Parliament: Iran and the United States likely reached preliminary understandings before sitting down at the negotiating table", Sky News Arabia reported.
- Israeli artillery shelling reported in central Gaza, via Al Jazeera news.

NOTABLE NORTH AMERICAN NEWS

- US Labour Department said all agencies will fully resume to normal operations from the 4th of February 2026.

NORTH AMERICAN DATA

- US ADP Employment Change (Jan) 22K vs. Exp. 48K (Prev. 41K, Low. 10K, High. 119K). Annual Pay: Job-stayers 4.5% (prev. 4.4%). Job-changers 6.4% (prev. 6.6%).
- US ISM Services PMI (Jan) 53.8 vs. Exp. 53.5 (Prev. 53.8, Rev. From 54.4, Low. 52.8, High. 55.2)
- US ISM Services New Orders (Jan) 53.1 (Prev. 56.5, Rev. From 57.9)
- US ISM Services Business Activity (Jan) 57.4 (Prev. 55.2, Rev. From 56.0)
- US ISM Services Prices (Jan) 66.6 (Prev. 65.1, Rev. From 64.3)
- US ISM Services Employment (Jan) 50.3 vs. Exp. 52.3 (Prev. 51.7, Rev. From 52.0)
- US MBA Purchase Index (Jan/30) 165.4 (Prev. 193.3).
- US MBA Mortgage Applications (Jan/30) -8.9% (Prev. -8.5%).
- US MBA Mortgage Market Index (Jan/30) 330.8 (Prev. 363.3).
- US MBA 30-Year Mortgage Rate (Jan/30) 6.21% (Prev. 6.24%).
- US MBA Mortgage Refinance Index (Jan/30) 1, (Prev. 1,, Rev. From 1332.2,).

NOTABLE US EQUITY HEADLINES

- Amazon (AMZN) in discussion to gain special access to OpenAI's models for Alexa, via The Information.
- Eli Lilly (LLY) Q4 2025 (USD): adj. EPS 7.54 (exp. 6.95), Revenue 19.3bln (exp. 17.92bln).
- China's CPCA said Tesla (TSLA) sold 69,129 China-made vehicles in January, +9.3% Y/Y.

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com

Copyright © {{ copyright-year }} Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com