

European Market Wrap - 6th February 2026

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- US and Iran have agreed to continue discussions at another time; time and place to be decided, according to report.
- "Indications of an understanding during the first round of negotiations with the United States", Al Arabiya reported citing IRNA.

EQUITIES

- **European equities firmer across the board**. Sentiment continued to pick up following the weaker opening, though there was not much of a fresh catalyst to explain the uptick in sentiment, but markets have seen a broader uplift in sentiment.
- **European sectors were mostly in the green. Leading were Constructions (+3.2%), Banks (+1.2%) and Basic Resources (+1.1%).** Construction continued to be underpinned by gains in heavy weighted Co., Vinci (+9.1%) after the Co. reported strong earnings. Basic Resources has rallied near the top after initially opening in the red, following stronger metal prices and a widespread pick-up in broader market sentiment.
- At the bottom of sectors were **Autos (-3.6%), Consumer Product & Services (-0.6%) and Chemicals (-0.5%)**. Autos continue to lag due to losses in **Stellantis (-26.1%)** after the Co. incurred a EUR 22.2bln charge as part of a business reset. Moreover, **Renault (+5.1%)** added to further pressure in the Auto sector after a report by the WiWo, stated that the Co. sales in Germany have been halted due to a patent violation suit.
- US equities have opened mostly firmer, upside in the **S&P 500 (+0.9%), Nasdaq (+0.8%), Russell 2000 (+2.2%) and Dow Jones (+1.2%)**. Upside in US indices reflect broader market sentiment, which continues to pick up. Data from the US Michigan Preliminary survey topped expectations, though had little impact on contracts. Markets also saw comments from Fed's Bostic, though there was a lack of reaction.
- Movers in the US include Amazon (-9.2%), with the Co. shares down after EPS missed and growing concerns from investors over CapEx spending. **Him & Hers (-9.6%)** is also down after the US FDA commissioner announced that they will be taking action against the Cos. Producing "illegal copycat drugs" of **Novo Nordisk's (+5.0%) Wegovy pill**. On the upside, Bloom Energy (+3.5%), Roblox (+4.3%) and Reddit (+1.2%) have seen their shares gain after reporting strong earnings.

FX

- **USD - DXY** eased slightly in APAC trade after Thursday's haven-driven gains, which followed the Warsh Fed Chair nomination and continued recovery from year-to-date weakness despite softer labour data. Price action held tight ahead of the University of Michigan prelim survey and remarks from Fed's Jefferson. Little move was seen on the UoM prelim data. With today's NFP delayed to 11 February due to the shutdown, the index traded in a 97.55-97.97 band.
- **EUR - EUR/USD** posted mild gains and briefly retested 1.1800, though trade stayed contained after Thursday's uneventful ECB meeting. Subsequent ECB commentary had little market impact, while the Survey of Professional Forecasters showed inflation expectations largely unchanged and only a slight 2026 GDP upgrade. The pair held within 1.1765-1.1801 vs yesterday's 1.1775-1.1826.
- **GBP - GBP/USD** recovered part of Thursday's BoE- and politics-driven slide, trading between 1.3508-1.3581 after the prior day's wide 1.3518-1.3654 range. Sentiment remained cautious as calls intensified for PM Starmer to resign following mounting political pressure.
- **JPY - USD/JPY** briefly softened overnight but later steadied, trading flat on choppy price action ahead of Sunday's election. Sentiment was also weighed by weak Japanese Household Spending data, while BoJ's Masu reiterated the Bank would raise rates if economic and price conditions align with its outlook.
- **Antipodeans - AUD and NZD** outperformed across G10, rebounding from weekly lows as the early slump in metals and equities stabilised and then reversed, providing a tailwind to high-beta FX.

FIXED INCOME

- **USTs spent the majority of the session flat/incrementally firmer**, within a 112-04 to 112-16+ range. Geopolitics were the running theme this morning, but the overall mood music following the US-Iran talks were neutral, with the sides ultimately agreeing to continue discussions at another time, Axios believes in the coming days. Aside from that, some focus on Fed speak via Bostic (non-voter, retiring), where he suggested that sentiment in his district has been cautiously optimistic. Thereafter, **the UoM data** topped expectations, which spurred very little impact on US paper.
- **Bunds were firmer throughout the morning** and into the afternoon, and remained in a 128.28-128.58 range. Earlier upside was facilitated by a surprise miss in Industrial Production, which clouds the German recovery outlook. Several ECB speakers have appeared throughout the day, **Kazaks** highlighted risks of the stronger EUR, whilst **Rehn** suggested that there's a real risk of lower-than-expected inflation.
- **Gilts were initially flat in early morning trade**, taking a breather following the choppy action seen in the prior session. UK paper then managed to saunter higher as the session progressed, in fitting with EGBs. Political updates surrounding PM Starmer have been lacking, but on the monetary policy side of things, **Chief Economist Pill** highlighted that the disinflation process is intact but not complete. On the labour market, it does appear to have eased significantly, perhaps more than activity data would have predicted. Gilts traded within a 90.30-90.79 range.
- **Republic of Korea files for a USD-denominated offering of USD 1bln in 2029 noted, according to a filing.**

- **RBI Governor** said that India is not selling any US Treasury holdings.

COMMODITIES

- **Crude** benchmarks oscillated in a broad c. USD 2.40/bbl range throughout the European session as prices failed to find a clear sense of direction. The main theme for Friday's session was the US-Iran nuclear talks in Iran. Commentary from Oman has been flowing throughout the day but ultimately ended with nothing of substance. Oman's Foreign Minister, the mediator to the talks, said the talks were serious and an agreement has been made to continue discussions at another time.
- **Spot gold** and **silver** managed to claw back earlier losses throughout the European trading day and are set to end comfortably in the green. The yellow metal dipped to a trough of USD 4655/oz, weighed on by losses in silver, before bidding higher and regaining the USD 4900/oz level. Despite the heightened volatility, XAU is set to end the week with modest gains ahead of the PBoC update on its gold holdings at the weekend. An increase in the Bank's holdings could help support the yellow metal going into a busy week of US data.
- **3M LME Copper** was weak at the start of Friday's trade but has picked up off worst levels, returning just shy of the USD 13k/t price point as sentiment improved. The majority of the week has been risk-off, mostly led by losses in US tech over worries of AI and CapEx, which has weighed on the red metal throughout the week.
- **Kazakhstan's CPC blend February oil exports could reportedly decline by 35% to 1.1mln bpd.**
- **China's National Gold Group to constrain precious metals repurchase business from the 7th of February.**
- **China's Shanghai Gold Exchange to increase margin ratios, price limits for some gold and silver contracts from the 9th of February closing settlement.**
- **Weekly SHFE warehouse stocks change (W/W): Copper +6.8%, Aluminium +13.1%, Zinc +8.5%, Lead +56.4%.**
- **Iraq's SOMO Director** said they are planning to boost oil export from the south by 120k BPD.
- **Thailand's TFX** announces the temporary trading halt of silver online futures.

EUROPEAN DATA

- **UK BBA Mortgage Rate (Jan)** 6.62% (Prev. 6.77%).
- **UK Halifax House Price Index MoM (Jan)** M/M 0.7% vs. Exp. 0.1% (Prev. -0.5%, Rev. From -0.6%).
- **UK Halifax House Price Index YoY (Jan)** Y/Y 1.0% (Prev. 0.4%, Rev. From 0.3%).
- **Czech Balance of Trade (Dec)** 14.8B vs. Exp. 10.1B (Prev. 16.2B).
- **Czech Industrial Production YoY (Dec)** Y/Y 3.8% vs. Exp. 3.2% (Prev. 5.7%).
- **Spanish Industrial Production YoY (Dec)** Y/Y -0.3% (Prev. 4.6%, Rev. From 4.5%).
- **French Current Account (Dec)** -0.60B (Prev. -0.30B, Rev. From -0.8B).
- **French Balance of Trade (Dec)** -4.8B vs. Exp. -4.1B (Prev. -4.0B, Rev. From -4.2B).
- **French Exports (Dec)** 53.1B (Prev. 52.2B, Rev. From 52.2B).
- **French Imports (Dec)** 57.9B (Prev. 56.2B, Rev. From 56.4B).
- **German Industrial Production MoM (Dec)** M/M -1.9% vs. Exp. -0.3% (Prev. 0.8%).
- **German Balance of Trade (Dec)** 17.1B vs. Exp. 14.1B (Prev. 13.1B, Rev. From 13.1B).
- **German Exports MoM (Dec)** M/M 4.0% vs. Exp. 1% (Prev. -2.5%).
- **German Imports MoM (Dec)** M/M 1.4% vs. Exp. 0.2% (Prev. 0.8%).
- **Swedish CPIF MoM Prel (Jan)** M/M 0.2% vs. Exp. 0.3% (Prev. 0.1%).
- **Swedish CPIF YoY Prel (Jan)** Y/Y 2% vs. Exp. 2.1% (Prev. 2.1%).
- **Swedish Inflation Rate MoM Prel (Jan)** M/M 0.1% vs. Exp. 0.4% (Prev. 0%).
- **Swedish Inflation Rate YoY Prel (Jan)** Y/Y 0.4% vs. Exp. 0.6% (Prev. 0.3%).
- **Norwegian Manufacturing Production MoM (Dec)** M/M -0.1% (Prev. 2.4%).

NOTABLE HEADLINES

- **The EU is to reportedly push for trusted chips as part of a new drone strategy.**
- **German Chancellor Merz** said they are seeing a sharp increase in investment in Germany, increasing order backlog for many companies; aims to continue reform for investment and jobs.
- **UK and China working group will work towards an MOU between the PBoC and BoE.**
- **ECB's Escriva** said there is always room for changes in monetary policy; inflation is at target and expectations are anchored.

TRADE/TARIFFS

- **China and South Africa sign a framework agreement on jointly developing an economic partnership, according to the Chinese Commerce Minister.** Adds that China is willing to ensure South Africa can enjoy zero tariff on 100% of exports under new agreement.
- **China has reportedly approved some rare earth exports to Japan, via Kyodo.**
- **Japan and US 1st round of investment to include gas power, ports and artificial diamond, totalling JPY 6-7tn, Nikkei reported.**
- **Chinese Commerce Ministry** said they will lead policy measures to promote travel service exports and boost inbound consumption.
- **French President Macron** to visit Japan at the end of March, via Nikkei.

CENTRAL BANKS

- **Fed's Bostic (Retiring, Hawk)** said sentiment in the district is one of cautious optimism, tariff effects will have a run through by the middle of 2026. Cannot lose sight of inflationary concerns. Atlanta Fed colleagues say they will not see clear signals in the data before April or May. Inflation has been too high for too long. Need to keep policy restrictive to get inflation to 2%. Fed

might need to lean more into non-official data.

- **ECB's Makhlouf said headline inflation figures and ECB projections do not suggest monetary policy is too tight, uncertainty about the 2026 path for wages.** There are two risks to outlook that are undershooting current inflation and loss of growth momentum.
- **ECB's Makhlouf sees small upside risk to December growth projection; Data-dependency called for patience over action.**
- **ECB's Kocher said they don't see much strength in the EUR, adding that FX remains relatively stable recently.** EUR rate is not a strong anchor for ECB decision making.
- **BofA expects ECB to hold rates in 2026 (prev. 25bp cut in March), sees 25bps cuts in March and June 2027.**
- **ECB economic bulletin: Main findings from the ECB's recent contacts with non-financial companies.**
- **ECB Survey of Professional Forecasters: Headline and core HICP inflation expectations unchanged across all horizons; Real GDP growth expectations unchanged except for a slight upward revision for 2026.** Unemployment rate expectations unchanged for 2026 and 2027 but slightly lower thereafter.
- **ECB's Muller said December's outlook still good for basic decision making.**
- **ECB's Rehn on their next meeting in March said they will be receiving new data and updates for ECB's forecast, allowing them to refine their assessment of the Euro area's growth momentum and inflation dynamic.** Any changes in the key interest rates in the future, if justified and not executed. Highlights that there's a real risk of lower than expected inflation.
- **ECB's Kazak said that rapid EUR strengthening may trigger a response from the ECB.**
- **ECB's Kazaks said we should not exaggerate single data points.**
- **ECB's Villeroy said downside risks are probably more significant; the ECB has no FX target.**
- **ECB's Stournaras said "we are monitoring exchange rates"; have strong confidence in the economic outlook.** ECB is monitoring the FX rate, but euro increase has not been dramatic. FX rate levels are not a primary focus. January inflation data should be viewed in context. Meeting-by-meeting approach has been good practice. Judges that risks are balanced. Do not think we have to take any action now.
- **BoE Chief Economist Pill said it is good news that inflation is falling to target earlier.** There is a risk that the BoE draw too much comfort from the dip in inflation that will come in April. There is also a danger of distorting underlying CPI dynamics. Private sector growth is subdued but positive. On the labour market, it does appear to have eased significantly, perhaps more than activity data would have predicted. Should not over-interpret the changes to the growth outlook that were stated in the February forecast from the BoE. Disinflation process is in tact but not complete. Slowing wage growth shows disinflation is under way. Pay growth has eased less rapidly than expected.
- **PBoC issues a notice on further preventing and handling of risks related to virtual currencies.** Will continue to crack down on crypto mining and related illegal financial activities. Without regulatory approval, domestic entities and their offshore units are prohibited from issuing virtual currencies overseas. Virtual currencies lack legal tender states, related activities are illegal financial activities.
- **China's PBoC vows to advance major financial legislation.**
- **Riksbank appoints Goran Hjelm as Deputy Central Bank Governor.**
- **NBP Governor Kotecki said the Bank can start thinking about ending rate cutting at 3.5-3.75%.**

GEOPOLITICS

RUSSIA-UKRAINE

- **EU Commission President von der Leyen** said the EU is putting forward a new package of sanctions on Russia covering energy, financial services and trade. Listing 43 more vessels part of the shadow fleet. Introducing a full maritime services ban for Russian crude oil. Will make it more difficult for Russia to acquire tankers to be used for the shadow fleet and add sweeping bans on provision of maintenance and other services for LNG tankers and icebreakers to further dent gas export projects.
- **Russia's Foreign Minister Lavrov on New START** said they prefer new dialogue and are willing to see if the US is ready for it too.
- **Russian Ambassador** said the UK and France should participate if there is a serious talk multilateral nuclear disarmament.
- **Russia's Kremlin said Abu Dhabi talks will continue; on nuclear talks, said Russia and the US realise the need to begin talks soon.**
- **Deputy Head of Russian Military intelligence shot in Moscow, sources report.**

MIDDLE EAST

- **Oman's Foreign Minister** said very serious talks mediating between the US and Iran in Muscat.
- **Iranian Foreign Minister** said viewpoints were conveyed after a long period of no communication, calling it a good start. Continuation of talks depends on consultations in capitals, with consensus reached to proceed; details, timing, and date to be determined in subsequent discussions. Talks in dialogues requires refraining from threats. Did not negotiate any other issues other than nuclear weapons with the US.
- **Iranian Foreign Minister said view were exchanged with the US at Oman; agreement on continuous negotiations and the wall of mistrust should must be overcome.**
- **US and Iran have agreed to continue discussions at another time; time and place to be decided, according to report.**
- **"Iran and the US talks in Muscat have concluded. Delegations will return to capitals for further consultations.", according to journalist Aslani.**
- **"Indications of an understanding during the first round of negotiations with the United States", Al Arabiya reported citing IRNA.**
- **US-Iran talks in Oman have ended for today. Another round of talks to take place in the coming days, per source with knowledge cited by Axios' Ravid.**

NOTABLE NORTH AMERICAN NEWS

- **US Treasury Secretary Bessent** said that US President Trump is attracting strong and stable foreign investment in the US; Treasury is implementing the President's America first investment policy, including a new effort to facilitate.

NORTH AMERICAN DATA

- **Canadian Employment Change (Jan) -24.8K vs. Exp. 7K (Prev. 8.2K).**
- **Canadian Average Hourly Wages YoY (Jan) Y/Y 3.3% (Prev. 3.7%).**
- **Canadian Unemployment Rate (Jan) 6.5% vs. Exp. 6.8% (Prev. 6.8%).**
- **Canadian Participation Rate (Jan) 65% (Prev. 65.4%).**
- **Canadian Full Time Employment Chg (Jan) 44.9K (Prev. 50.2K).**
- **Canadian Part Time Employment Chg (Jan) -69.7K (Prev. -42K).**
- **US Used Car Prices MoM (Jan) M/M 2.4% (Prev. 0.1%).**
- **US Used Car Prices YoY (Jan) Y/Y 2.4% (Prev. 0.4%).**
- **US Michigan Consumer Sentiment Prel (Feb) 57.3 vs. Exp. 55 (Prev. 56.4, Low. 53, High. 58)**
- **US Michigan 1 Year Inflation Expectations Prel (Feb) 3.5% (Prev. 4%)**
- **US Michigan Current Conditions Prel (Feb) 58.3 vs. Exp. 54.9 (Prev. 55.4)**
- **US Michigan 5 Year Inflation Expectations Prel (Feb) 3.4% (Prev. 3.3%)**

NOTABLE GLOBAL EQUITY HEADLINES

- **EU Commission has found TikTok in breach of the digital services act over its "addictive design".**

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