

European Market Wrap - 10th February 2026

- European bourses were broadly firmer in the morning, but have since succumbed to selling pressure, to display a mixed picture in the afternoon.
- DXY was mildly lower, pressured after Retail Sales missed expectations; JPY outperformed as markets continue to cheer PM Takaichi's landslide victory.
- Global fixed income pared recent losses; Gilts outperformed on relative political stability.

EQUITIES

- **European bourses were mixed.** The FTSE 100 (-0.3%) remained the key underperformer, pressured by losses in heavyweight BP (-5.1%), following weak Q4 earnings. On the flip side the AEX (+0.6%) was the key outperforming major index, elevated by Phillips (+8.4%) after the Co. posted strong Q4 earnings.
- **European sectors remained mixed.** Leading were Chemicals (+2.3%), Autos (+1.5%) and Consumer Products & Services (+1.5%) with stock-specific stories being the main driving force for the uptick seen in those sectors. Chemicals were boosted by gains in Symrise (+5.2%) following a broker upgrade, strong earnings from Ferrari (+6.9%) drove up sentiment for Autos and Kering (+9.6%) underpinned the latter sector after the Co. highlighted it expects to return to growth and improved margins in 2026. Near the bottom were Energy (-1.1%), Travel & Leisure (-0.5%) and Insurance (-1.2%). Energy has been pressured by lower crude prices and BP, whilst Travel & Leisure has been pinned back by TUI (-5.3%) after the Co. highlighted concerns over summer and winter bookings in 2026.
- **US equities are trading mostly in the red.** The Dow Jones (+0.4%) is the only outperforming index whilst the S&P 500 (-0.1%), Nasdaq (-0.3%) and Russell 2000 (-0.1%) are lower. Nasdaq has been heavily hit by Alphabet (-2.8%) after debt issuance sparks concerns amongst investors.
- Movers in the US include Spotify (+14.5%) after Q4 earnings showed MAU's and premium subscriptions exceeded expectations, whilst also providing strong guidance. Datadog (+13.3%) is also firmer after EPS and revenue beat expectations following earnings. On the downside, ON Semiconductor (-5.0%) has seen pressure in its shares after mixed Q4 earnings and missed next quarter guidance.

FX

- DXY began the European session steady, taking a breather following recent losses attributed to JPY strength and a Bloomberg piece which suggested China is urging banks to curb UST exposure. The index traded sideways throughout the morning before taking a leg lower on the region's US data dump. In brief, Retail Sales printed at 0.00% vs exp. 0.4%; analysts at Pantheon Macro suggested that the weak underlying data is "probably a sign of what's to come". Wednesday will see the release of the NFP report, with recent jobs data generally pointing to a weakening labour market. DXY looks to end the session at the lower end of a 96.68-97.00 range.
- JPY was the marginal outperformer this morning, and has continued to strengthen as the morning progressed – looking to end European hours with significant outperformance (+0.9%). Strength which follows on Monday's upside, in the aftermath of PM Takaichi's landslide victory, in which her party secured a super majority. As mentioned in the coverage on Monday, investors are seemingly deriving confidence from the renewed political stability, and trust recent vows by PM Takaichi that she aims to adhere to fiscal responsibility. Moreover, on the monetary policy side, markets are increasing bets on faster BoJ normalisation. JGB pressure also subsided overnight (albeit it was already within recent ranges), and the continued strength in the Nikkei will also push JPY bears away. ING, citing local brokers, expects JPY 10Yn to enter Japanese equities over the next 3 months. USD/JPY currently trades at the bottom end of a 154.38-156.29 range, with the low for the day coinciding with its 100 DMA.
- G10s are mixed against the USD. At pixel time, CHF is incrementally firmer, whilst the GBP and Aussie lags. The former fails to benefit from some relative political calm, as PM Starmer reaffirmed he will not be resigning, whilst the AUD was pressured by a mild pull back in underlying metals prices.
- NOK was stronger this morning after the region's inflation metrics topped expectations. In brief, Core Y/Y printed at 3.4% (exp. 3%), with the headline metrics also printing above forecasts. Norges Bank has long reiterated the line that "the policy rate will be reduced further in the course of the year". Some had seen a cut as early as March/May, whilst SEB saw a cut in June pre-release; following the data, the firm said, "we will not change our forecast for a June cut based on this one inflation release, but risks for a later cut have increased". EUR/NOK is currently lower by 0.9%, and trades at the lower end of a 11.2997-11.4254 range.

FIXED

- **A firmer start to the day for fixed benchmarks**, as JGBs bounced back to the week's opening levels, unwinding much of the election-related pressure. Additionally, USTs pared from the China-UST related reporting and Gilts stabilised as the tension around PM Starmer abated marginally.
- Action that took JGBs to gains of c. 30 ticks. Gilts opened higher by 23 ticks before rebounding further to gains of around 45 ticks at a 90.96 peak following a strong UK auction and substantial demand for Alphabet's GBP issuance.
- On the UK situation, the near-term inflection points are: further details on what Starmer knew about Mandelson before appointing him, the 26th of February Gorton & Denton by-election, and the 7th of May local elections.

- **Bunds** marginally firmer early doors, but performance was more muted as the benchmark was the relative outperformer on Monday. A bout of pressure emerged into the morning's **Bobl supply**, and while the pressure abated, the auction results didn't appear to mark a turnaround. Instead, the strength appeared to be a function of Bunds catching up to gains in peers. Currently, it is set to end the European day with gains of 24 ticks at a 128.55 high.
- **USTs**, as mentioned, began firmer. Upside that has continued to a **112-16 peak, with gains of 10 ticks at best** and just half a tick shy of last week's best. US specifics include softer-than-expected December Retail Sales, mixed Export/Import prices, and a cooler Q4 ECI. **Metrics which, in totality, biased USTs higher** and led to the aforementioned peak printing; reminder, NFP due on Wednesday. **Today's docket still has a handful of Fed officials and 3yr supply to contend with**.
- **Around nine borrowers** are considering US investment-grade bond sales Tuesday, according to Bloomberg citing an informal survey of underwriters.
- **Germany sold EUR 3.811bln vs exp. EUR 5bln 2.50% 2031 Bobl: b/c 1.65x (prev. 1.41x), average yield 2.40% (prev. 2.47%), retention 23.8% (prev. 23.38%).**
- **UK sold GBP 3.75bln 4.125% 2031 Gilt: b/c 3.94x (prev. 3.50x), average yield 4.001% (prev. 3.980%), tail 0.2bps (prev. 0.2bps).**
- **Netherlands** sold EUR 1.845bln vs exp. EUR 1.5-2bln 3.25% 2044 Green DSL: average yield 3.388% (prev. 3.176%).
- **Alphabet (GOOGL)** launches its first GBP debt sale with a 100-year bond. To also sell GBP-denominated 3-year, 6-year, 15-year and 32-year bonds.

COMMODITIES

- **Crude** benchmarks oscillated in tight ranges throughout the European session amid a lack of crude-specific newsflow. **WTI** and **Brent** were initially under modest pressure, dipping to USD 63.88/bbl and USD 68.57/bbl respectively before rotating in a c. USD 1/bbl band for the rest of European trade. The next catalyst that will drive oil prices will be significant forecast revisions from major energy agencies or progress between the US and Iran. The EIA STEO is scheduled for 17:00 GMT / 12:00 EST.
- **Spot gold** was muted ahead of a busy week of tier-1 US data, including NFP (on Wednesday) and CPI (on Friday). The yellow metal slipped slightly to a trough of USD 4988/oz before regaining the USD 5k/oz handle ahead of US retail sales. Retail sales came in significantly weaker-than-expected, which saw the dollar weaken and push gold higher as a result. As the US session gets underway, the bullion is steadily moving higher towards Monday's high of USD 5086/oz.
- **3M LME Copper** was fully contained within Monday's range as Chinese participants started to wind down ahead of Chinese New Year celebrations. The metal fluctuated around the USD 13.1k/t price point, but failed to sustain any clear direction.
- **Equinor (EQNR NO)** intends to increase global petroleum output to 900k BOEPD by 2030. To make an interim investment decision on the Bay du Nord project and has recommenced talks with Tanzania on the LNG project.
- **Bank of China (3988 HK)** is to increase margin requirements for gold deferred contracts, effective from the 11th of February.

EUROPEAN DATA

- **French Unemployment Rate (Q4)** 7.9% vs. Exp. 7.8% (Prev. 7.7%, Low. 7.7%, High. 7.8%).
- **Norwegian Inflation Rate YoY (Jan)** Y/Y 3.6% vs. Exp. 3.1% (Prev. 3.2%).
- **Norwegian Core Inflation Rate YoY (Jan)** Y/Y 3.4% vs. Exp. 3% (Prev. 3.1%).
- **Norwegian Inflation Rate MoM (Jan)** M/M 0.6% (Prev. 0.1%).
- **Norwegian Core Inflation Rate MoM (Jan)** M/M 0.3% vs. Exp. -0.1% (Prev. 0.1%).

NOTABLE HEADLINES

- **Brazil Lower House Speaker Motta** said they will prioritise the vote on the Mercosur-EU agreement.
- **More than 800 British defense Cos. have urged UK Chancellor Reeves to launch a global rearmament bank to guarantee lending to the sector as the UK government attempts to ramp up military spending, Politico reported.**
- **UK Cabinet Office has asked all Ministers not to follow Wes Streeting in publishing their messages with Peter Mandelson.**
- **Mail on Sunday's Hodges** reported that his understanding is that UK PM Starmer "is planning some sort of fresh attempt to limit what gets published over the Mandelson saga."
- **French President Macron** said the bloc should not be lulled into a false sense of security that tensions with the US over Greenland, technology and trade are over. said: Reiterated called for the EU to raise common debt to raise in AI and quantum computing, energy transition and defence.

TRADE/TARIFFS

- **China's Foreign Minister** said that he sees India as a partner rather than a competitor; both countries to enhance mutual trust and expand cooperation. Vice Foreign Minister recently held a strategic dialogue with an India Diplomat.
- **House Republican Leaders** are on the brink of losing a rule vote today over language blocking tariff votes, if the Republican rule attempt fails, House Democrats are prepping for a flood of votes on Canada, Brazil and Mexico tariffs, via Punchbowl.
- **USTR Greer said beginning to negotiate a deal on critical minerals, Trump-Xi meeting still scheduled or April, had a great call last week.** USMCA. Entering negotiations with Mexico right now. US-Canada negotiations are specific to the bridge; there's valid concern from the President about the bridge. On USMCA, talks with Canada are more challenging; we have to review the USMCA. USMCA negotiations will be bilateral and separate. India. Spoke to India about oil from Venezuela. India has started to wind down purchases of Russian energy. India could be a station to shift supply chains around. China. US-China trade relationship is stable. Expects more discussions ahead of the Trump-Xi meeting in April. US has regular talks with China. Indonesia. Expects to finalise deal in next couple of deals of weeks. Expects Indonesia to be the next big one.
- **Taiwanese trade negotiators have departed for the US to hold final discussions on trade deal.**
- **India** is reportedly in talks with France, Netherlands, Brazil and Canada over a deal on critical minerals.

CENTRAL BANKS

- **ECB's de Guindos said the ECB would need to be very vigilant if Chinese exports to Europe increases, describes the economy as more resilient and inflation is moving towards target, via Econostream.** Reiterates the current level of rates are appropriate. Recent euro strength is fully consistent with the assumptions included in the ECB's projections.
- **The PBoC will continue implementing appropriately loose monetary policy.** Will strengthen implementation and oversight of interest rate policy to keep overall financing cost low. Vow to expand use of CNY in cross-border trade. Support more tech firms to issue bond for financing. said China faces strong supply and weak demand problem.
- **Nomura now sees one more cut (prev. three cuts) by the Norges Bank.**

GEOPOLITICS

RUSSIA-UKRAINE

- **US Ambassador to NATO Whitaker, on PURL weapons purchase programme for Ukraine, said they expect more announcements at ministerial.** Anything that allows allies to step up and do more is a good news story. Wants Europe to take over the conventional defence of the European continent. US is not going away.
- **USTR Greer said beginning to negotiate a deal on critical minerals, Trump-Xi meeting still scheduled or April, had a great call last week.** USMCA. Entering negotiations with Mexico right now. US-Canada negotiations are specific to the bridge; there's valid concern from the President about the bridge. On USMCA, talks with Canada are more challenging; we have to review the USMCA. USMCA negotiations will be bilateral and separate. India. Spoke to India about oil from Venezuela. India has started to wind down purchases of Russian energy. India could be a station to shift supply chains around. China. US-China trade relationship is stable. Expects more discussions ahead of the Trump-Xi meeting in April. US has regular talks with China. Indonesia. Expects to finalise deal in next couple of deals of weeks. Expects Indonesia to be the next big one.
- **Russia's Kremlin announce that they have no clear date for the next round of discussion with Ukraine.**

MIDDLE EAST

- **"US ambassador to Israel Huckabed, ahead of departure with [Israeli PM] Netanyahu to US, said, 'No significant gaps between Israel, US on demands from Iran", via Amichai Stein on X.**
- **Israeli PM Netanyahu** said he will present to US President Trump the principles for negotiating with Iran which are important for everyone who wants peace, not just Israel alone. Will discuss Iran, Gaza and regional issues with US President Trump.
- **Iran warns of destructive influence on diplomacy ahead of Israeli's PM Netanyahu's trip to the US.**

OTHERS

- **US Vice President Vance** said the US are in a very early stage of discussion over Greenland; negotiations on Greenland to take place over next months.
- **EU Defence Commissioner Kubitius** said the EU needs to take responsibility for its defence and that replacing US strategic enablers with European ones should be a priority.

NOTABLE NORTH AMERICAN NEWS

- **US Trade Adviser Navarro said "we need to revise expectations on monthly job numbers"; not expecting weak jobs number.** The deportation of workers is having an influence on job data.
- **Bank of America (BAC) CEO Moynihan** said that interest rates are going to continue to come down; that is constructive. US trade tariff outlines are not that impactful and deals are getting done, boosting US investment appeal. Consumers spent 5% more at Bank of America in January, consistent with high two percent economic growth.
- **US IT sector downgraded to Neutral from Attractive from UBS.**

NORTH AMERICAN DATA

- **US Redbook YoY (Feb/07) Y/Y 6.5% (Prev. 6.7%).**
- **US Retail Sales YoY (Dec) Y/Y 2.4% (Prev. 3.3%).**
- **US Employment Cost Index QoQ (Q4) Q/Q 0.7% vs. Exp. 0.8% (Prev. 0.8%, Low. 0.7%, High. 0.9%).**
- **US Import Prices MoM (Dec) M/M 0.1% vs. Exp. 0.1% (Low. -0.3%, High. 0.4%).**
- **US Import Prices YoY (Dec) Y/Y 0% (Prev. 0.1%).**
- **US Retail Sales MoM (Dec) M/M 0% vs. Exp. 0.4% (Prev. 0.6%, Low. -0.2%, High. 0.6%).**
- **US Export Prices MoM (Dec) M/M 0.3% vs. Exp. 0.1% (Low. -0.2%, High. 0.4%).**
- **US Export Prices YoY (Dec) Y/Y 3.1% (Prev. 3.3%).**
- **US Retail Sales Ex Gas/Autos MoM (Dec) M/M 0% (Prev. 0.4%).**
- **US Retail Sales Ex Autos MoM (Dec) M/M 0% vs. Exp. 0.3% (Prev. 0.5%, Low. 0.0%, High. 0.5%).**
- **US Retail Sales Control Group MoM (Dec) M/M -0.1% vs. Exp. 0.4% (Prev. 0.4%, Low. 0.1%, High. 0.6%).**
- **US ADP Employment Change Weekly 6.5k (Prev. 7.75k).**
- **US NFIB Business Optimism Index (Jan) 99.3 vs. Exp. 99.9 (Prev. 99.5).**

