newsquawk

European Market Wrap - 11th February 2026

- **US NFP topped expectations, spurring a hawkish reaction which has led to money markets pushing the timing for the next cut out to July from June**
- **European bourses are broadly in the green, US equity futures bid post-NFP.**
- **China is reportedly considering probing wine from France; could consider launching anti-dumping duty to French wine, and potentially take countermeasures against the EU if it adopts duties.**

EQUITIES

- **European bourses were mostly positive** , coming off the worst levels seen during the earlier trade. The **FTSE 100 (+0.8%)** outperformed on the back of stronger metal and oil prices which has underpinned its heavily weighted mining and oil firms.
- **European sectors were also mixed, though with a slight bias to the negative** . **Basic Resources (+3.5%), Energy (+2.8%) and Optimised personal Care (+2.0%)** led. The former two were underpinned by price action in commodities due to firmer crude and metal prices. On the other hand, optimised personal care was driven by stock specific story with gains in **Ahold Delhaize (+9.8%)** underpinning the sector after the Co. reported strong Q4 earnings. On the downside, **Tech (-1.0%), Media (-1.8%) and Financial Services (-1.6%)** were the worst performers. Tech was weighed down by **Dassault Systems (-22.2%)** after the Co. reported weak earnings.
- **US equities have opened firmer with upside in the S&P 500 (+0.7%), Nasdaq (+0.9%), Russell 2000 (+1.0%) and Dow Jones (+0.6%). The delayed NFP data** was released today which surpassed expectations at 130k (exp. 65k), sub-forecast unemployment rate, and above forecast earnings, has given US equities a lift after initially trading choppy and mixed during the pre-market.
- Earnings in the pre-market and overnight have sparked a reaction in some key market moving Cos. Overnight saw earnings from **Ford (+2.0%)** where revenue beat expectations with the Co. also lifting forward guidance for 2026. **Cloudflare (+10.8%), Vertiv Holdings (+21.1%) and Shopify (+1.5%%)** are also gaining after reporting strong earnings. On the downside, **Robinhood (-10.1%), Humana (-2.0%), Lyft (-13.4%) and Unity Software (-29.5%)** are softer, following weaker earnings reports. Telecom giant **T-Mobile (-5.5%)** is lower after EPS failed to meet expectations and the Co. reported fewer than expected wireless subscribers additions in Q4.

FX

- **DXY** was mildly lower throughout the European morning, before catching a bid on a strong NFP report – the index now looks to close the European session around the unchanged mark. To recap the data, headline payrolls printed at 130k (exp. 65k), Unemployment Rate notched a touch lower (vs exp. it would remain at 4.4%). In reaction, the index soared from 96.71 to a session peak of 97.27, before paring back towards the 97.00 mark. Market pricing also shifted hawkishly, with a 25bps cut now fully priced in July vs June pre-release. Nonetheless, Goldman Sachs' Haigh said that whilst the labour market is showing signs of tightening, "more progress is needed". **She still sees two rate cuts this year at the Fed,** but a hawkish CPI print on Friday could see a push back on the call.
- **As mentioned USD caught a bid**, which pressured the G10s across the board. However, it is worth highlighting an interesting move in the JPY. USD/JPY initially jumped higher from 153.48 to a session high of 154.64, and then reversed the entire move (and then some more) a few minutes later, taking the pair down to 152.84. Some may speculate that this could be intervention. But there are several factors against this opinion, namely; 1) Japan typically intervenes on US data which is favourable for the JPY, as opposed to fighting the narrative, 2) Japan's government is currently not sitting, 3) Japan remains on holiday.
- **G10s were initially stronger against the USD this morning** , but are now mixed. Aussie the clear outperformer, benefiting from strength in underlying metals prices and hawkish rhetoric via RBA's Hauser overnight; he suggested that **"inflation is too high", which they can't let persist and will do what is needed to bring inflation back to the target band**. The **CHF** underperformed given the risk tone and as traders unwind the recent carry trade-related strength, and potentially return to the JPY.

FIXED

- **A contained start for fixed benchmarks** with newsflow light into NFP and overnight action thin on account of a **Japanese holiday**. Action early doors was very rangebound, **no real move to a UK tender or a dual-tranche German tap** , while USMCA-related headlines failed to spur any haven allure.
- **NFP** came in above consensus as part of a robust report, particularly as it contradicts the remarks from NEC Director Hassett pre-release that slightly lower numbers were to be expected. **In an immediate reaction, USTs fell from 112-20 to 112-00+, while the 10yr yield lifted from 4.13% to 4.19%.**
- Given this, **a first cut is now no longer priced in June** (-18bps, pre-release -26bps), with **July just priced** at -26bps (prev. -35bps); pertinently, **pricing now points to just one cut in 2026** , with the end-2026 implied rate a bps or so shy of fully implying two moves.
- Amidst this, **Bunds** and **Gilts** were dragged lower, to lows of 128.39 and 90.62 respectively, however, the pressure proved

somewhat short-lived and the benchmarks are back to near-enough unchanged into the end of the European day, vs losses of c. 10 ticks in USTs at the time of writing.
- Ahead, US supply and Fed speak due.
- **Germany sold EUR 750mln vs exp. EUR 1bln 2.90% 2056 and EUR 1.16bln vs exp. EUR 1.5bln 2.50% 2054 Bund.** 2.50% 2054: b/c 1.54x (prev. 1.0x), average yield 3.47% (prev. 3.28%), retention 22.67% (prev. 23.3%). 2.90% 2056: b/c 1.60x (prev. 2.41x), average yield 3.47% (prev. 3.49%), retention 25.1% (prev. 21.4%).
- **UK sold GBP 300mln 4.25% 2049 Gilt via Tender: b/c 4.32x, average yield 5.256%, tail 0.2bps.**

COMMODITIES

- **Crude benchmarks** have gradually bid higher throughout the European session, driven by multiple factors. Firstly, late in Tuesday's session, President Trump threatened to send another carrier to the Middle East if talks with Tehran do not go well. Secondly, a Bloomberg report stated that Trump is privately considering exiting the USMCA. This spurred **WTI** and **Brent** to a peak of USD 65.42/bbl and USD 70.30/bbl respectively. Modest weakness was seen after Ukrainian President Zelensky said a deal on territory is the focus point of the next talks with the US, hinting that they may be willing to give up territory to end the war. However, the move was pared back immediately. As the US cash session gets underway, benchmarks are trading near session highs of USD 65.79/bbl and USD 70.64/bbl.
- **Spot XAU** traded muted throughout the European morning, oscillating in a USD 5028-5072/oz, as markets waited for US NFP data. The yellow metal did briefly extend higher prior to the jobs report as short positioning unwound on the break of the weeks range but price snapped back lower following comments by Ukrainian President Zelensky. Non-farm payrolls came in at 130K for January, with the unemployment rate ticking lower to 4.3%. Following the stronger-than-expected report, dollar strength weighed on the bullion, dipping to a trough of USD 5020/oz before reversing the entirety of the move.
- **3M LME Copper** bid higher as European traders stepped into the market, helped by rising **nickel** prices as the world's biggest nickel mine has been told to slash output by 70% by Indonesian authorities. Heading into the jobs data, the red metal started to pull back from the USD 13.49k/t peak and then further dropped on dollar strength as the jobs data came in strong.
- **Cocoa traders** are reportedly holding off on purchasing beans for harvest in the upcoming mid-crop, Bloomberg reported citing sources.
- **Kenya's Central Bank anticipates moving into gold purchases.**
- **Indian state-owned refiners** are to consider buying more US and Venezuelan crude after the trade deal with the US, Bloomberg reported.
- **SHFE** is adjusting the automatic conversion standard for hedging position limits in silver futures. "...starting from the last trading day of February 2026, the hedging transaction position limits for all silver contracts that have not obtained hedging transaction position limits for the near-delivery month will be temporarily adjusted to 0 lots for both buy and sell hedging transactions in the near-delivery month (the month preceding the delivery month and the delivery month itself).".
- **Russia to complete building two ice-class LNG tankers in 2026, according to IFX.**
- **World's biggest nickel mine in Indonesia, Weda Bay, has been told to slash output by 70% to 12mln tonnes, Bloomberg reported.**

EUROPEAN DATA

- **Italian** Industrial Production YoY (Dec) Y/Y 3.2% (Prev. 1.4%).
- **Italian** Industrial Production MoM (Dec) M/M -0.4% vs. Exp. -0.5% (Prev. 1.5%).

NOTABLE HEADLINES

- **French Health Ministry** reported three baby deaths as of today (from two); said no causal link yet between formula and deaths.
- **European Commissioner President von der Leyen** said to introduce low carbon requirements for public procurement. EU is well positioned to lower energy costs, and needs to do more to lower and stabilise process. Industry taxes on electricity are 15 times higher than on gas, and this is wrong and needs to change.
- **EU's von der Leyen** said the EU needs one large, deep and liquid capital market, adding that its currently too fragmented. Completing their own single market also means completing their own energy union, which is crucial when it comes to bringing prices down even further.

TRADE/TARIFFS

- **German Foreign Minister** said Central Asia needs to do more to follow the EU's sanction against Russia.
- **US President Trump is privately considering exiting the North American trade pact, Bloomberg reported.** The news injected further uncertainty about the deal’s future into pivotal renegotiations involving the US, Canada and Mexico, Bloomberg said. Trump reportedly asked aides why he shouldn’t withdraw from the agreement, though he has stopped short of flatly signaling that he will do so. A White House official said it was baseless speculation before an announcement from Trump.
- **Dutch Court maintains its October decision regarding the suspension of Nexperia's former CEO, will appoint two investigators at Nexperia on short notice.**
- **UK Chancellor Reeves** is expected to say that the biggest prize for the UK is stronger ties with the EU, Politico reported citing extracts; "... the biggest prize is closer integration with Europe.”.
- **China** plans to extend import VAT breaks on cancer and rare disease drugs until the end of 2027.

CENTRAL BANKS

- **WSJ's Timiraos** said the January jobs report cements the Fed's extended pause on interest rates.

- **Sources** reported that the ECB told EU leaders in President Lagarde's checklist that urgent collective action is critical in five areas and that the ECB is ready to assist.
- **ECB's Nagel (speaking in his capacity as Bundesbank head) said that new reality called for more EU debt, Politico reported; sees the benefits of forming a common, European, highly liquid, Euro-wide benchmark safe asset.** Adds, "European debt is not a free lunch. And doubts about fiscal sustainability should not jeopardize the chances for improved common policies,". Nagel declined to provide a number on how much EU debt would be needed to create change.
- **ECB Wage Tracker: 2026 Annual 2.388% (prev. 2.316%).** 2026. Q1: 2.058% (prev. 2.022%). Q2: 2.169% (prev. 2.091%). Q3: 2.617% (prev. 2.464%). Q4 2.709% (prev. 2.688%).
- **ECB's Makhlouf said uncertainty means the ECB should take a meeting-by-meeting approach.**

GEOPOLITICS

RUSSIA-UKRAINE

- **German Foreign Minister** said Central Asia needs to do more to follow the EU's sanction against Russia.
- **Ukraine's military announce that it struck Russia's Lukoil refinery in Russia's Volgograd.**
- **Ukraine President Zelensky said deal on territory is the focus of next talks with the US, unclear if Russia agrees to meet in the US, Ukraine is ready to meet in US on February 17th or 18th.**
- **Ukrainian President Zelensky** said the US should realise as long as Russia continues to kill, there will be no sufficient trust in diplomacy.
- **Russia's Kremlin** said that the US has prohibited Russia and China from dealing with Venezuelan oil and are looking to discuss with the US about the restriction.
- **Russia to complete building two ice-class LNG tankers in 2026, according to IFX.**

MIDDLE EAST

- **Secretary of State Rubio will meet Israel PM Netanyahu 09:00EST/14:00GMT at Blair House. Netanyahu will meet US President Trump at 11:00EST/16:00GMT at the White House.**
- **Iran's Foreign Minister Araqchi said the date for the next round of US negotiations have not been set.**
- **Iran's President** said that the country is not seeking nuclear weapons and are ready for any kind of verification.

NOTABLE NORTH AMERICAN NEWS

- **White House CEA Acting Chair Yared** said Fed has to balance dual mandates and be forward looking; jobs report was blowout, private jobs above expectations.
- **US House Speaker Johnson** said Democrats are trying to put US into a partial shutdown.
- **Bank of America (BAC) Consumer Checkpoint** said consumer spending showed solid resilience in January, with total card spending +2.6% Y/Y, strongest in nearly two years, despite weather-related disruptions. Income-based divergence in spending and wage growth persists, BofA said, and it said it was concerned that a "K" shape is opening up between higher-income households and middle-income households, alongside the existing gap with lower-income households. BofA said households remain adaptive and financially stable overall in the face of significant affordability challenges, supported by trading-down behaviours, elevated savings and "dry powder" to borrow. Moreover, BofA thinks higher tax refunds may provide a significant support for consumers.
- **Negotiations between US Democrats and the White House are ongoing, but right now, a deal on a stopgap funding measure seems unlikely, Punchbowl reported.**
- **US President Trump says today's job numbers were great, US should be paying much less on its borrowings, says US is the strongest country in the world and should be paying the lowest interest rate, by far.**

NORTH AMERICAN DATA

- **US** Average Weekly Hours (Jan) 34.3 vs. Exp. 34.2 (Prev. 34.2).
- **US** Government Payrolls (Jan) -42K (Prev. 13K).
- **US Non Farm Payrolls (Jan) 130K vs. Exp. 70K (Prev. 50K, Low. -10K, High. 108K); Two-month net revisions: -17K (prev. -76K).** said that the January winter weather had no discernible impact on the jobs data. January weather impacted a collection of household data.
- **US** Average Hourly Earnings YoY (Jan) Y/Y 3.7% vs. Exp. 3.6% (Prev. 3.8%, Low. 3.5%, High. 3.7%).
- **US** Nonfarm Payrolls Private (Jan) 172K vs. Exp. 70K (Prev. 37K, Low. 30K, High. 100K).
- **US** Average Hourly Earnings MoM (Jan) M/M 0.4% vs. Exp. 0.3% (Prev. 0.3%, Low. 0.2%, High. 0.4%).
- **US** Manufacturing Payrolls (Jan) 5K vs. Exp. -5K (Prev. -8K).
- **US** Participation Rate (Jan) 62.5% (Prev. 62.4%).
- **US Unemployment Rate (Jan) 4.3% vs. Exp. 4.4% (Prev. 4.4%).**
- **US** U-6 Unemployment Rate (Jan) 8% (Prev. 8.4%).
- **US BLS Annual Benchmark Revisions to Total Nonfarm Payrolls (to March 2025): -898k SA, -862k NSA (vs prelim estimate of -911k, exp. -600 to -900k).**
- **US CES Total Net Birth-Death Forecast (Jan): -61k (prev. -67k).**