

SNAPSHOT

STOCKS			
S&P 500	Flat	Nasdaq Comp.	-0.2%
DJIA	-0.1%	Russell 2000	-0.4%
ES Mar'26	Flat	RTY Mar'26	-0.4%
NQ Mar'26	+0.2%	YM Mar'26	-0.1%

FX			
DXY	Flat (96.93)	EUR/USD	-0.2%
USD/JPY	-0.7%	GBP/USD	-0.1%

BONDS			
US T-Note Mar'26	-7.5 ticks	10yr Bund Mar'26	+5 ticks
US 10yr Yield	4.17%	German 10yr Yield	2.80%

ENERGY & METALS			
WTI Mar'26	+1.5%	Brent Apr'26	+1.2%
Spot Gold	+1.2%	LME Copper	+1.0%

CRYPTO			
Bitcoin	-1.6%	Ethereum	-3.0%

As of 21:50GMT/16:50EST

LOOKING AHEAD

- Highlights include Japanese PPI, Australian MI Inflation Expectations, Comments from Fed's Logan, Supply from Australia, Holiday Closure in Taiwan.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

- **US stocks** largely saw two-way trade on Wednesday, and the major indices mostly finished with slight losses with the focus on the NFP report, which overall was very strong in January, as the headline smashed expectations, unemployment rate ticked down, and wages were firmer than expected. The initial reaction was upside in equity futures and the dollar, as well as downside pressure in T-notes and gold, although after the initial move, the reaction started to fade gradually throughout the rest of the session. Alongside the report, we saw the annual BLS benchmark revisions in which the total nonfarm payrolls were revised down in the year to March 2025 by 862k, deeper than the expected downward revisions of 825k but revised up from the preliminary estimate of 911k. The downward revisions signalled the labour market may not be as robust as it seems, and perhaps could be a reason for the fading of the initial moves, while analysts were also cautious that the strength seen in January would not be sustained and that job growth was concentrated in certain sectors.
- **SPX** -0.01% at 6,941, **NDX** +0.29% at 25,201, **DJI** -0.13% at 50,121, **RUT** -0.38% at 2,669.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **US President Trump is privately considering exiting the North American trade pact**, which injects further uncertainty about the deal's future into pivotal renegotiations involving the US, Canada and Mexico, according to Bloomberg. Trump reportedly asked aides why he shouldn't withdraw from the agreement, though he has stopped short of flatly signalling that he will do so, although a White House official said it was baseless speculation before an announcement from Trump.
- **White House expects GOP defections on Canada tariff vote**, according to Politico.

- **US Democratic senators urge the Trump administration to use the North American free trade talks to crack down on Chinese vehicles.**
- **French President Macron said US tariffs on Europe's economy are a coercion mechanism** and that Europe must preserve key sectors, including chemicals.
- **China is reportedly considering probing wine from France**, while it could consider launching anti-dumping duty on French wine, and potentially take counter measures against the EU if it adopts duties.
- **China plans to extend import VAT breaks on cancer and rare disease drugs** until the end of 2027.

NOTABLE HEADLINES

- **US President Trump said today's job numbers were great** and that the US should be paying much less on its borrowings, while he added that the US is the strongest country in the world and should be paying the lowest interest rate, by far.
- **Fed's Schmid (2028 voter, hawk) said it is appropriate to keep restrictive monetary policy** with inflation close to 3%, and further Fed rate cuts could allow higher inflation to persist for longer, while he added that productivity improvements could allow faster growth without inflation, but 'we are not there yet. Furthermore, he said there are opportunities to reduce bank reserve demand and thus lower the Fed's balance sheet.
- **WSJ's Timiraos said the January jobs report cements the Fed's extended pause on interest rates.**
- **US Treasury Secretary Bessent said US growth might have come to 3% for 2025**, while he expects a continued pickup in construction jobs and sees a pickup in manufacturing jobs in the coming months. Furthermore, he stated that President Trump is laser-focused on the housing market.
- **US FHFA Director Pulte said new housing announcements are hopefully coming soon.**
- **US House Speaker Johnson said Democrats are trying to put the US into a partial shutdown.**
- **Negotiations between US Democrats and the White House are ongoing**, but right now, a deal on a stopgap funding measure seems unlikely, according to Punchbowl.
- **US CBO forecasts** the US deficit to reach USD 3.115tn in FY36, or 6.7% of GDP, averaging 6.1% from FY27 to FY36, while it forecasts FY26 deficit to GDP ratio at 5.8%, same as FY25, and sees FY26 US budget deficit at USD 1.853tn vs USD 1.775tn FY25 deficit. Furthermore, it stated that higher revenue from President Trump's tariffs is to reduce deficits by USD 3tn over 10 years.

DATA RECAP

- US Non-Farm Payrolls (Jan) 130K vs. Exp. 70K (Prev. 50K, Low. -10K, High. 108K); Two-month net revisions: -17K (prev. -76K)
- 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 Unemployment Rate (Jan) 4.3% vs. Exp. 4.4% (Prev. 4.4%)
- US Average Hourly Earnings YoY (Jan) Y/Y 3.7% vs. Exp. 3.6% (Prev. 3.8%, Low. 3.5%, High. 3.7%)

FX

- **USD** was mixed and failed to broadly capitalise on the stronger-than-expected NFP reading in January. On the surface, metrics were encouraging, headline printed 130k (exp. 70k), the unemployment rate ticked lower to 4.3% from 4.4% alongside an uptick in the participation rate. That said, private employment was behind most of the growth driving the headline, +172k (exp. 70k), to which Oxford Economics thinks it won't be sustained. Additionally, the final annual BLS benchmark payroll revisions through to March 2025, which saw total jobs revised down by 862k, (prelim 911k, and vs exp. 825k). Signalling that employment in retail, construction, manufacturing, tech, and financial services is being lost.
- **EUR** mildly weakened and retreated back to sub-1.1900 territory with further calls from officials for additional EU debt.
- **GBP** slightly softened and remained firmly beneath the 1.3700 handle as focus turns to tomorrow's GDP data.
- **JPY** continued its outperformance with volatility seen after the NFP data, in which the initial upside in USD/JPY was fully reversed, raising some questions regarding MoF action.
- **BoC Minutes** stated that Governing Council members agreed that the policy interest rate was on the stimulative side and agreed they would need to maintain optionality in setting monetary policy.

FIXED INCOME

- **T-notes** settled lower with initial post-NFP downside faded, before a weak auction capped the reversal.

COMMODITIES

- **Oil prices** were firmer, albeit in choppy trade, amid a couple of headline catalysts including recent threats by US President Trump to deploy a second aircraft carrier to the Middle East, and with Trump also reported to be privately considering exiting the North American trade pact, while some headwinds were seen after Trump's meeting with Israeli PM Netanyahu as Trump insisted that negotiations with Iran should continue to see whether a deal can be reached, which would be his preference.
- **US EIA Crude Oil Stocks Change** (Feb/06) 8.53M vs. Exp. 0.8M (Prev. -3.455M)
- **OPEC MOMR** stated 2026 world oil demand remains at 1.4mln BPD (unchanged from the Jan MOMR), while 2027 world oil demand is forecast to grow by about 1.3mln BPD Y/Y (unchanged from the Jan MOMR).
- **Ukraine's military struck a Lukoil refinery** in Russia's Volgograd.
- **SHFE** is adjusting the automatic conversion standard for hedging position limits in silver futures.

- **World's biggest nickel mine in Indonesia**, Weda Bay, has been told to slash output by 70% to 12m tonnes.

GEOPOLITICAL

MIDDLE EAST

- **US President Trump said the meeting with Israeli PM Netanyahu was very good** and Trump insisted that negotiations with Iran continue to see whether or not a deal can be consummated, which would be his preference, but if not, we will see what happens.
- **Israeli PM office said Israeli PM Netanyahu discussed with US President Trump the negotiations with Iran, Gaza, and regional developments**, while he also discussed the security needs of the State of Israel in the context of the negotiations, and the two agreed to continue their close coordination and relationship.
- **US Pentagon reportedly prepares a second aircraft carrier to deploy to the Middle East**, as President Trump raises pressure on Iran to make nuclear deal, according to WSJ. However, officials cautioned that there hasn't been an official order to deploy the second carrier and that plans could change.
- **Iranian President Pezeshkian** said that the country is not seeking nuclear weapons and is ready for any kind of verification
- **Iranian Supreme Leader Khamenei's advisor** said that Iranian negotiators have no authority to discuss missiles and that Tehran's missile capabilities are the red line.
- **Iranian Foreign Minister Araqchi** said the date for the next round of US negotiations has not been set.
- **Iranian top security official** said they have not received a specific proposal from the US, while the official added that Muscat was about an exchange of messages, and there is no talk of zero enrichment, which they need for energy and medicine.

RUSSIA-UKRAINE

- **Ukrainian President Zelensky said a deal on territory is the focus of next talks with the US**, and it is unclear if Russia agrees to meet in the US, but Ukraine is ready to meet in the US on February 17th or 18th, while he added that the US should realise as long as Russia continues to kill, there will be no sufficient trust in diplomacy. Zelensky also said they won't agree to peace talks in Russia or Belarus, and stated that Russia so far is not ready for an energy truce, and there has been no answer from Russia on an energy truce.

ASIA-PAC

NOTABLE HEADLINES

- **China State Council** held a session on boosting AI use, while Chinese Premier Li urged promoting the use of AI in various sectors. It was also reported that China is said to call on central state-owned enterprises to increase computing power investment.
- **US senators** questioned the Commerce Department's decision to remove key officials tasked with countering China's intelligence and cyber threats.

EU/UK

NOTABLE HEADLINES

- **UK Chancellor Reeves is expected to say that the biggest prize for the UK is stronger ties with the EU**, while she sees opportunities for joint procurement with Europe and hopes for more concrete progress in EU talks very soon.
- **UK government is reportedly considering a new Help to Buy scheme for first-time buyers**, according to The Telegraph.
- **EU's von der Leyen** said the EU needs one large, deep and liquid capital market, while she added it is currently too fragmented.
- **ECB's Nagel** (speaking in his capacity as Bundesbank head) said the new reality calls for more EU debt, and he sees the benefits of forming a common, European, highly liquid, Euro-wide benchmark safe asset, according to Politico.
- **ECB's Schnabel** said Europe is a continent with "huge potential", while she stated regarding the German economy that headwinds are numerous and that demographic change is increasingly weighing on potential growth and thus on the sustainability of social security systems. Furthermore, she said energy costs remain elevated compared with pre-pandemic levels, and protectionism as well as global competition, especially from China, are hitting Germany particularly hard.
- **Euro-area finance ministers** will discuss options to promote the use of the common currency in issuance and transactions, as part of the bloc's push to strengthen the euro's global role and assert Europe's financial independence.

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