

European Market Wrap - 13th February 2026

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- US CPI was cooler than expected at a headline level while the core figures were as expected, overall giving the FOMC space to ease throughout 2026.
- OPEC+ has reportedly not decided on output plans for April as it stands, Bloomberg reported citing sources; some see scope to resume supply hikes in April.

EQUITIES

- **European bourses** traded choppy throughout Friday's session, and now look to end the session entirely in the red. **AEX and SMI (+0.3%)** led indices while the **IBEX (-1.7%)** lagged. The **CAC 40 (-0.6%)** also traded in the red, which was weighed on by **L'Oreal earnings and SocGen (-6.3%)**.
- **Sectors** traded mixed, with **Tech (+1.5%)** and **Optimised Personal Care (+1.2%)** residing at the top of the pile. However, **Bank (-3.4%)** and **Basic Resources (-2.2%)** suffered. Miners were hit early to reflect the selloff in metals prices in Thursday's session but slightly rebounded as European trade continued, with gold and silver stabilising.
- **Key movers include Safran (+8.6%), Capgemini (+4.6%) and L'Oreal (-4.0%)** as a result of earnings reports. Safran beat top and bottom line metrics, while Capgemini sees 2026 revenue growth better than analyst forecasts, which is helping support the CAC from further losses. L'Oreal is second worst in the index, weighed on following a miss in Q4 LFL sales.
- **US cash equities** opened mixed, with small caps leading gains after a cooler-than-expected CPI report supporting the argument for further Fed cuts. **NQ (-0.2%)** is the laggard at the start of US trade, weighed on by communication services (-0.9%).
- Note that several Chinese companies have been hit today after the Pentagon added several firms to a list that are aiding the Chinese military. Some key names incl. Ali Baba (-2%), Nio (-4%), Baidu (-4%). Elsewhere, the US proposed a ban on agencies using some Chinese semiconductors. However, it is worth noting that recent headlines point out that the US has removed the aforementioned document.

FX

- **USD - DXY** looks to end the European day around flat in a narrow range, in between 96.85–97.16, with little driving the tape ahead of US CPI. Headline CPI printed sub-forecast and core in line, in turn prompting some short-lived losses in the DXY.
- **EUR** - The euro was steady, little moved by Eurozone GDP second estimates and employment data, both broadly in line with expectations. EUR strength vs the USD was modest within a quiet morning session, with the broader tone dictated by pre-CPI positioning and with little follow-through after.
- **GBP** - Sterling was marginally firmer vs the USD but lacked clear domestic drivers, with price action largely following broader G10 flows. The post-BoE and political volatility earlier in the week has since faded, with little move to US CPI.
- **JPY** - The yen softened, giving back part of its four-day post-election rally. Attention remained on PM Takaichi's fiscal-responsibility stance and FinMin Katayama's comments that the food tax cut could be funded by FX reserves. On policy, BoJ's hawkish Tamura warned inflation is becoming "sticky" and flagged a possible spring rate hike, noting current policy is "very distant" from neutral. USD/JPY traded near the middle of a 152.63–153.66 range, with limited reaction to Tamura's remarks.
- **Antipodeans** - AUD and NZD were softer, with NZD seeing shallower losses while AUD lagged slightly amid softer risk sentiment and commodity drift.
- **CHF** - The Swiss franc edged lower after Swiss CPI, where Y/Y printed in line and M/M surprised to the downside into negative territory. CHF initially weakened on the release but later retraced much of the move. SNB's Schlegel recently reiterated the Bank can "look through negative months of inflation," with a high bar for revisiting negative rates.

FIXED INCOME

- **Fixed benchmarks were broadly contained at the start of the day**, with USTs in a slim sub-10 tick band and Bunds in a slightly larger but still narrow c. 20 tick parameter.
- **JGBs and Gilts were the slight exceptions**. JGBs hit after BoJ's Tamura said that even if they were to tighten, monetary conditions would remain accommodative. Gilts gapped higher as they caught up to the strong US auction, though this proved somewhat short-lived.
- **US CPI** was the day's main event, a series that **saw USTs initially slip to 112-21 base before rebounding to a 113-05 high**. In brief, the series was cooler than expected at a headline level while the core figures were as expected, overall giving the FOMC space to ease throughout 2026. **No real move in market pricing**.
- Prior to CPI, we saw a handful of source reports suggesting that **OPEC+ could resume oil output hikes from April**. Reports that weighed on crude benchmarks modestly at the time. While not an immediate fixed income driver, any increase in supply would be one to watch from an inflation and, by extension, yield perspective.

COMMODITIES

- **Spot gold** is set to end the European day in the green and near highs of USD 5.03k/oz. The session's main event was US CPI which sparked a net-dovish reaction in the USD and USTs, to the benefit of XAU which hit highs thereafter. XAU and XAG at the upper-end of USD 4,908.45-5,029.56/oz and USD 73.745-79.255/oz respective ranges.
- **Base metals** lower, despite a pre-holiday jump in Shanghai warehouse stocks. Pressure initially a function of the weaker risk sentiment at the start of the day, and then exacerbated by reports that the US is adding various Chinese firms to a list of companies aiding the military. **3M LME Copper** trades just off lows in USD 12.68-13.02k/t parameters.
- **Crude benchmarks** slumped on reports that **OPEC+ is leaning towards resuming oil output hikes from April**. However, the complex has pared back much of this kneejerk lower, aided by CPI-induced USD pressure. **WTI** and **Brent** got to lows of USD 62.15/bbl and USD 66.89/bbl respectively, lower by c. USD 0.60/bbl, before paring much of the move and are set to end the session near-enough unchanged.
- **OPEC+ has reportedly not decided on output plans for April as it stands, Bloomberg reported citing sources; some see scope to resume supply hikes in April.**
- **OPEC+ is reportedly leaning towards resuming oil output hikes from April, sources report; no decision has been made, and discussions will continue heading into the next meeting on March 1.**
- **Indonesia's Mining Minister** said we are studying a plan to ban exports on a number of raw materials next year, which includes tin.
- **India's Reliance** has reportedly been awarded general authorisation from the US to buy Venezuelan Oil.
- **Three people reportedly burnt at Exxon's (XOM) Beaumont facility.**
- **Shanghai Weekly Warehouse Changes: Copper +9.47%, Nickel +2.29%, Aluminium +21.3%.**

EUROPEAN DATA

- **EU Balance of Trade (Dec)** 12.6 (Prev. 9.3, Rev. From 9.9).
- **EU GDP Growth Rate YoY 2nd Est (Q4)** Y/Y 1.4% vs. Exp. 1.3% (Prev. 1.4%, Low. 1.3%, High. 1.3%).
- **EU GDP Growth Rate QoQ 2nd Est (Q4)** Q/Q 0.3% vs. Exp. 0.3% (Prev. 0.3%, Low. 0.3%, High. 0.3%).
- **EU Employment Change QoQ Prel (Q4)** Q/Q 0.2% vs. Exp. 0.1% (Prev. 0.2%, Low. 0.0%, High. 0.2%).
- **EU Employment Change YoY Prel (Q4)** Y/Y 0.6% vs. Exp. 0.6% (Prev. 0.6%, Low. 0.4%, High. 0.7%).
- **Spanish Core Inflation Rate YoY Final (Jan)** Y/Y 2.6% vs. Exp. 2.6% (Prev. 2.6%).
- **Spanish Inflation Rate YoY Final (Jan)** Y/Y 2.3% vs. Exp. 2.4% (Prev. 2.9%).
- **Spanish Inflation Rate MoM Final (Jan)** M/M -0.4% vs. Exp. -0.4% (Prev. 0.3%).
- **German Wholesale Prices YoY (Jan)** Y/Y 1.2% (Prev. 1.2%).
- **German Wholesale Prices MoM (Jan)** M/M 0.9% vs. Exp. 0.1% (Prev. -0.2%).
- **Swiss Inflation Rate YoY (Jan)** Y/Y 0.1% vs. Exp. 0.1% (Prev. 0.1%, Low. 0.0%, High. 0.1%).
- **Swiss Inflation Rate MoM (Jan)** M/M -0.1% vs. Exp. 0% (Prev. 0.0%, Rev. From 0%, Low. -0.1%, High. 0.0%).

NOTABLE HEADLINES

- **EU clears Universal Music Group's (UMG NA) USD 775mIn Downtown acquisition, with conditions.** The approval is conditional upon full compliance with the commitments offered by the companies, which entail the full divestment of Downtown's royalty accounting platform Curve Royalty Systems.
- **ECB's Kazaks said the ECB has yet to see full impact of EUR appreciation; he worries strong EUR reflects dollar weakness; said now is not the time for ECB to move interest rates; said ECB officials are on monitoring mode on EUR strength.**

TRADE/TARIFFS

- **US proposes ban on agencies using some Chinese semiconductors.**
- **China and the US are likely to secure several "very positive" outcomes but not a "grand bargain" at their presidential summit in April, SCMP reported, citing the American Chamber of Commerce chairman Zimmerman.**
- **China's Commerce Ministry, on Nexperia, said that they hope the Dutch can meet China halfway.**
- **China and the US held an anti-drug intelligence exchange meeting on February 10th-12th, Xinhua reported; both sides agreed to promote healthy and practical anti-drug cooperation.**
- **China's Ministry of Commerce holds a roundtable with German firms; hopes that German companies can increase investment in China.**
- **US removes document that listed firms linked to China military; US agency had requested the withdrawal of the document, via Federal Register.**

CENTRAL BANKS

- **Federal Reserve** expected to appoint veteran Wall Street bank lawyer Randall Guynn as director of supervision and regulation, according to reported; Guynn's appointment is still subject to vote by Fed board.
- **Trump administration said to be preparing Warsh Fed nomination, according to reported.**
- **US Senator Tillis, speaking on Bloomberg TV, said he has no intention to move forward with any Fed nominee.**
- **BoE's Pill said the UK is not on the cusp of a non-linear labour market downturn and unemployment is partly driven by structural factors.**
- **BoE's Pill said rates currently are a little bit too low; Holding rates at this level, rather than raising, should be enough to control inflation.**
- **BoE Pill said process of disinflation is intact, it is not complete; need to maintain monetary policy restrictiveness. Underlying inflation should be focus of policy. Key question for me is whether firms' wage and price-setting plans are settling at levels slightly higher than consistent with 2% CPI. Disinflation is not rapid or as convincing as he had hoped. Growth in the UK is**

positive but not very dynamic and strong cyclical component. Trend productivity is not going back to where it was. Productivity improvements are cyclical and mechanical. More concerned about a step down than step up. Disinflation in underlying services is flattening.

- **PBoC Vice Governor pledges to increased financial exchange with other ASEAN nations.**
- **CBR Interest Rate Decision 15.50% vs. Exp. 16% (Prev. 16.00%); estimates that the underlying measures of current price growth have not changed considerably. After the effect of one-off factors fades, disinflation will continue.** "The baseline scenario assumes the average key rate to be in the range from 13.5% to 14.5% per annum in 2026". "Inflation expectations remain elevated. This may impede a sustainable slowdown in inflation."
- **Riksbank's Jansson** said January inflation confirmed the picture of downside risks to inflation. Figures for GDP and consumption have been a little weaker recently.

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin** said there will be no Europeans at the Geneva talks, TASS reported.
- **Ukraine President Zelensky** said Ukraine plans to open 10 joint drone production facilities this year; he visited joint Ukrainian-German drone production.
- **Next round of US-Ukraine-Russia talks to take place on 17-18th February 2026, RIA reported.**
- **NY Times writes Ukraine** said the US is increasing pressure for a deal to end the conflict ahead of the midterms.
- **Russia's Kremlin** said they did not decide to stop using the dollar but that the US imposed restrictions, dollar will have to compete with other currencies if the US lifts restrictions.
- **Russia's Kremlin** said that new round of peace talks with Ukraine will take place next week; adds that its unlikely that discussions will move beyond talks before the conflict in Ukraine is settled.
- **Russia's Deputy Foreign Minister Ryabkov** said Russia will provide Cuba with material assistance, TASS reported.
- **US, Russia and Ukraine are planning to meet again next week, possibly in Miami or Abu Dhabi, POLITICO reported.** US has made clear to Ukraine that it will not finalize a deal on security guarantees to protect Ukraine from future Russian aggression until Kyiv and Moscow reach an overall agreement to end the war. The sides reached broad agreement on how to define a ceasefire and what a demilitarized zone could look like should leaders decide to end the fighting.

MIDDLE EAST

- **Russia's Foreign Minister Lavrov** held a phone call with his Saudi counterpart, TASS reported; talks were focused on Iran and Gaza.

NOTABLE NORTH AMERICAN NEWS

- **US Treasury Secretary Bessent** is announcing a new whistleblower initiative that will include monetary rewards from the US Treasury - CNBC Interview. On Warsh nominee for Fed, we'll see where Pirro probe goes. Important to proceed with Senate hearings. Tillis wants to puthold on any vote. Thinks he has an agreement to get hearings on Kevin Warsh underway in Senate Banking despite Tillis' blockade on any Fed noms. On metal tariffs, spoke to USTR this morning, we'll see if there's a narrowing. On China trade: we don't want to decouple, we want to derisk. Chance Q4 growth at 3% or over 3%. On Fed, predict back near Fed's 2% target middle of this year.

NORTH AMERICAN DATA

- **US CPI Core Goods & Services (m/m SA, y/y NSA) + Supercore (Core Services ex-Rent+OER):**
- **US Inflation Rate YoY (Jan) Y/Y 2.4% vs. Exp. 2.5% (Prev. 2.7%, Low. 2.3%, High. 2.7%).**
- **US Core Inflation Rate YoY (Jan) Y/Y 2.5% vs. Exp. 2.5% (Prev. 2.6%, Low. 2.4%, High. 2.6%).**
- **US Inflation Rate MoM (Jan) M/M 0.2% vs. Exp. 0.3% (Prev. 0.3%, Low. 0.1%, High. 0.4%).** 3dp: 0.171%.
- **US Core Inflation Rate MoM (Jan) M/M 0.3% vs. Exp. 0.3% (Prev. 0.2%, Low. 0.2%, High. 0.4%).** 3dp: 0.295%.

NOTABLE GLOBAL EQUITY HEADLINES

- **Pentagon adds Baidu (BIDU), Cosco, BYD (BYDDY), Huawei, Nio (NIO), SMIC, Tencent, and more, to list of Chinese firms aiding military, Bloomberg reported.**
- **US reportedly expected to add Cos. including Alibaba (BABA) to Pentagon list of firms allegedly aiding Chinese military as soon as Friday, according to reported.**

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