European Market Wrap - 16th February 2026

- **Majority of European bourses traded in the green whilst Chinese and US markets were closed for domestic holidays**
- **BoJ Governor Ueda said he will not comment on details of talks with PM Takaichi, and noted that PM Takaichi did not have a specific policy request.**
- **Ukraine and Iran negotiations with the US in Geneva are to take place simultaneously on February 17th.**

EQUITIES

- **European Equities** - European bourses traded primarily in the green (STOXX 600 +0.3%), led by the IBEX (+0.9%), while the DAX underperformed due to pressure in Siemens (SIE GY) shares (-5%). SMI (+0.2%) gains were capped after Swiss Q4 GDP grew just 0.2%, missing expectations and weighing on Swiss stocks.
- **Sectors** - Sector performance was mixed. Banks (+1.6%) and Financial Services (+1.4%) outperformed, rebounding as yields stabilised. Basic Resources (-1.7%), Technology (-0.8%), and Chemicals (-0.4%) lagged amid Lunar New Year-related softness and a heavy earnings week ahead for miners. Notable movers included NatWest (+4.0%) on the launch of its GBP 750mln buyback and an AlphaValue price-target hike; Norsk Hydro (-3.2%) after multiple downgrades; and UK homebuilders Barrett Redrow (-2.3%) and Taylor Wimpey (-1.5%), pressured by downgrades and Rightmove's flat annual house-price reading ahead of potential Budget tax changes.
- **US equity futures** - Futures traded flat in quiet trade. US cash markets were closed for President's Day.

FX

- **USD** - DXY held in a tight 96.74–97.01 band after modest APAC gains in quiet, catalyst-light trade, with US participants absent for the holiday. Focus turns to a heavier week ahead: ADP on Tuesday, FOMC minutes on Wednesday, and Core PCE plus Q4 GDP on Friday. NVIDIA's 25th February earnings remain a key macro barometer for AI-linked infrastructure spending.
- **EUR** - EUR/USD was little moved within a 1.1849–1.1876 range amid sparse Eurozone newsflow. Comments from President Lagarde and the ECB's decision to make its repo backstop available globally generated no meaningful FX reaction. The pair stayed comfortably inside Friday's 1.1847–1.1885 range.
- **GBP** - GBP/USD edged toward Friday's highs with trade confined to a 1.3629–1.3662 band. Sterling digested remarks from BoE's Mann, who described the UK economy as sluggish and noted consumers remain cautious after the inflation shock.
- **JPY** - USD/JPY ticked higher back above 153.00 (152.58–153.64 intraday range) after Japan's preliminary Q4 GDP undershot expectations. Informal talks between PM Takaichi and Governor Ueda offered no policy signals, leaving the pair unmoved.
- **Antipodeans** - AUD and NZD outperformed the G10 complex, lifted by stronger equity sentiment in Europe and a generally quiet macro backdrop, with the US closed for a holiday and China absent all week.

FIXED

- **Bunds** - Bund futures were essentially unchanged, trading within a tight 129.03–129.32 range amid light newsflow and subdued volumes, with little to steer direction in a holiday-thinned session.
- **Gilts** - Gilts traded slightly firmer, gaining up to 17 ticks to a 92.02 peak. The main driver was commentary from BoE's Mann, who highlighted the UK economy's "sluggish" and "tepid" condition—striking given her usual hawkish lean and February vote for no change. Attention now turns to this week's UK inflation print, seen as pivotal in determining whether the BoE cuts in March or April, while UK political developments added background noise.
- **USTs** - Treasury futures were flat in a five-tick range as trading remained exceptionally thin with the US market closed for the holiday and Chinese New Year further reducing liquidity. No key drivers emerged ahead of a data-heavy week.
- **JGBs** - JGB futures were a few ticks firmer, supported initially by last night's weak Japanese GDP, though the contract reversed back to trade either side of 132.00 from a 132.08 peak. The informal meeting between PM Takaichi and Governor Ueda offered no meaningful policy clues, keeping JGBs directionless.

COMMODITIES

- **Crude** - Crude benchmarks were ultimately firmer in quiet trade, with Asia and North America closed. WTI (J6) held within USD 62.35–63.25/bbl and Brent (J6) within USD 67.32–68.24/bbl. Geopolitical updates—including US–Iran indirect talks resuming Tuesday in Geneva, reports that President Trump privately signalled support for an Israeli strike on Iran's missile programme if diplomacy fails, and fresh tensions over Israeli moves in the West Bank—did little to shift the crude complex given thin liquidity. However, fleeting upside was seen after reports that the IRGC naval forces are conducting manoeuvres in the Strait of Hormuz, in order to test readiness and review military operations to confront threats.
- **Precious Metals** – Spot gold consolidated after breaking back above USD 5,000/oz on Friday following the softer US inflation print. Holiday closures kept catalysts scarce, leaving XAU rangebound within USD 4,965–5,053/oz confines.
- **Base Metals** - Copper softened in subdued holiday conditions, trading between USD 5.73–5.80/lb. Chinese New Year closures and the US holiday dampened volumes and demand.

EUROPEAN DATA

- **EU** Industrial Production YoY (Dec) Y/Y 1.2% vs. Exp. 1.3% (Prev. 2.2%, Rev. From 2.5%, Low. 0.5%, High. 2.4%).
- **EU** Industrial Production MoM (Dec) M/M -1.4% vs. Exp. -1.5% (Prev. 0.3%, Rev. From 0.7%, Low. -2.4%, High. -0.2%).
- **Swiss Prelim. GDP QQ (Q4) 0.2% vs exp 0.3% (prev. -0.5%).**
- **Swedish** Employed Persons (Jan) 5.914M (Prev. 5.252M).
- **Swedish** Unemployment Rate (Jan) 8.7% (Prev. 8.3%).

NOTABLE HEADLINES

- **Telegraph opinion piece** said UK PM "Starmer will surely sacrifice Reeves next – and that might precipitate a bond crisis", written by Ken Costa.

TRADE/TARIFFS

- **The EU and a 12-nation Indo-Pacific bloc are opening talks to explore forming one of the largest global economic alliances, according to sources cited by POLITICO. Canada PM Carney is spearheading the discussions.**

CENTRAL BANKS

- **BoJ Governor Ueda said he will not comment on details of talks with PM Takaichi, however he does note that PM Takaichi did not have a specific policy request.**
- **Swiss Sight Deposits (w/e Feb 15). Domestic Banks CHF 437bln (prev. 430.6bln), Total CHF 452.7bln (prev. 447.4bln).**

GEOPOLITICS

RUSSIA-UKRAINE

- **Russia's Kremlin, on upcoming talks with Ukraine in Geneva, outlines that territory is among the main issues to be discussed.** Participants includes Russian envoy Dmitriev and diplomats Kostikov and Medinsky.
- **Ukraine and Iran negotiations with the US in Geneva** are to take place simultaneously on February 17th. Elsewhere, Ria reported that one of the talking points for Ukrainian talks will be the key parameters for a settlement.

MIDDLE EAST

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- **Iranian Foreign Ministry Spokesperson** said the issue of lifting sanctions is inseparable from any diplomatic channels for Iran.
- **An explosives unit** is on its way to Israeli PM Netanyahu's office due to a suspicious package.
- **The Israeli government is drawing up a plan to expand the area of the city of Jerusalem beyond the 1967 borders, Al Jazeera reported citing local press; Israeli plan aims to expand the settlement of Adam in the central West Bank to connect it to Jerusalem.**
- **The IRGC naval forces are conducting manoeuvres in the Strait of Hormuz to test readiness and review military operations to confront threats, Al Jazeera reports citing Iranian TV**

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