

European Market Wrap - 19th February 2026

- European and US indices broadly lower as the risk tone soured.
- DXY mildly gains; AUD initially bid post-jobs data, but then succumbed to USD strength.
- Trump admin could scrap the USMCA trade agreement, in favour of bilateral deals with Canada and Mexico, according to the NYT citing sources.

EQUITIES

- European bourses (STOXX 600 -0.6%) traded in the red for the majority of the session, with the FTSE MIB (-1.6%) the weakest within mainland Europe/UK. The IBEX (-1.5%) followed suit and then the DAX (-1.2%) not far behind. Utilities have been weighing on the FTSE MIB and IBEX, with losses in companies such as Iberdrola (-3.1%), Enel (-4.4%) and A2A (-3.8%), following the passage of a bill in Italy that raised its IRAP corporate tax by 2bps.
- Sectors were mainly in the red, however Food, Beverage and Tobacco (+1.8%) comfortably traded with gains throughout European trade, aided by upside in Nestle (+4.7%) after the Co. said it is in advanced negotiations to sell its remaining ice cream stake. To the downside lay Basic Resources (-3.1%) and Utilities (-2.5%). Rio Tinto (-4.4%) released earnings that showed FY profit failing to grow and a drag on its iron ore unit, which has consequently weighed on other miners such as Antofagasta (-3.7%) and Anglo American (-3.7%). Anglo is also expected to announce its earnings report after hours/pre-market, which could see Friday's session being choppy.
- Other key movers include Orange (+6.7%), which beat estimates on its FY revenue metric, and Airbus (-5.9%), which sees 2026 aircraft deliveries missing expectations (around 870 vs exp. 896). Fincantieri (-9.7%) is the biggest loser in Europe after announcing the placement of new shares, which was 7% lower than Wednesday's closing price.
- US equities opened entirely in the red (ES -0.4%, NQ -0.6%, RTY -1.1%). Walmart (+1.9%) posted positive earnings, with EPS and revenue beating, as well as announcing a new USD 30bln share buyback programme.

FX

- DXY looks to end the European session on a firmer footing, after choppy action throughout the day. Initially flat but then caught a bid following reports in the NYT which suggested that the Trump admin could scrap the USMCA trade agreement, in favour of bilateral deals with Canada and Mexico. On this, the CAD and MXN were choppy whilst the DXY gradually sauntered higher, to make a peak at 97.98, which coincides with its 50 DMA – note, DXY is at highs at the time of writing. Trade aside, focus on US jobless claims (below expectations), whilst the US trade deficit increased to 70.3bln (exp. 55.5bln); as such, Pantheon Macro revised its Q4 GDP forecast to 2% (prev. saw 3.5%).
- JPY was narrowly softer, with USD/JPY hovering around its 100 DMA (154.744), with some fleeting strength seen yesterday in wake of the FOMC minutes in which the Fed confirmed it did a USD/JPY rate check on behalf of the US Treasury in January. Analysts at ING highlight that "Something like this is extremely rare in foreign exchange markets and is a sign of a more activist White House when it comes to FX. USD/JPY resides towards the mid-point of a 154.54-155.34 range.
- EUR also moved at the whim of the USD, and currently towards the trough of the day at 1.1748, within a 1.1747-1.1807 range. Newsflow for the single currency was lacking today, aside from ECB-related reporting. Source reports suggest that President Lagarde told her colleagues that she would tell them before she leaves; her colleagues reportedly interpreted this to mean her departure is not immediate, but the door is not closed. de Cos and Knot have been touted as potential replacements once President Lagarde leaves her role, though Rabobank cautions that the process is highly political and difficult to predict, noting markets should largely ignore speculation for now. Elsewhere, Cable also moved lower, and is currently testing its 200 DMA (1.3439) – focus now turns to UK PMI/Retail Sales, to help decide between a March/April cut.
- Antipodeans were firmer for much of the day, but now look to end the day flat/incrementally lower. Strength attributed to a) scaling back recent losses, b) a mixed Aussie jobs report, which showed headline employment change slightly missed expectations, although the unemployment rate printed lower than expected, and the increase in jobs was solely fuelled by full-time work.

FIXED

- Fixed benchmarks in the red but only modestly so in what has been a relatively quiet session for the complex as we await updates to the geopolitical situation re. Iran.
- USTs unreactive to weekly claims, came in below consensus by around 20k while Kashkari (2026) said the Fed is close on both mandates and rates are "pretty close" to neutral. Set to end the day out, and enter an evening headlined by Trump at 21:00GMT/16:00ET, a few ticks lower in 112-24+ to 112-31 parameters.
- Bunds unreactive to ECB speak and reports around the tenure of President Lagarde. No move to supply, which featured a robust but ultimately softer French tap and a strong Spanish auction. Near-enough unchanged in 129.05-31 parameters.
- Gilts softer and marginally underperforming, action that is possibly a move away from UK assets (GBP and FTSE 100 lagging) as tensions between the UK and US increase re. Diego Garcia. Gilts off lows but towards the trough of 91.91 to 92.13 parameters.
- Note, no move to remarks from BoE's Mann but her commentary had a clear dovish tilt and is worth watching in the context of

recent remarks where she highlighted the " tepid " UK growth environment; as such, there is perhaps some speculation that she could vote for a cut in either March or April, a point that has further credence from the 'activist' precedent she has set.

- **France sold EUR 13.497bln vs exp. EUR 11.5-13.5bln 2.40% 2029, 2.70% 2031, and 2.00% 2032 OAT.**
- **Spain sold EUR 5.43bln vs exp. EUR 4.5-5.5bln 3.50% 2029, 2.60% 2031 and 3.30% 2036 Bono.**

COMMODITIES

- **Crude benchmarks** continued on a firmer footing amid growing geopolitical concerns between the US and Iran, with markets fearing that the US could strike Iran sooner than expected. Elsewhere, Russia-Ukraine updates have been lacking. Outside of geopolitics, the IEA Director highlighted significant supply in markets with expectations of an oil surplus due to supply from the Americas. As the European session nears the close, **WTI** and **Brent** were trading at the upper end of a USD 64.84-66.56/bbl and USD 70.18-71.85/bbl range, respectively.
- In the **precious metals** space, trade was more subdued with the yellow metal trading flat/lower, slipping just below the USD 5,000/oz mark. Silver is also off session highs from the earlier European session, trading at the lower range of USD 76.355-79.37/oz. However, fresh macro catalyst has been lacking to explain the slump in price action.
- **Copper** continued on a downward trend, weighed down by global risk sentiment, with European and US equities trading lower alongside subdued activity from Asia due to the Chinese holiday. **3M LME copper** trades around the lower range USD 12.677-12.728k/t.
- **IEA Director** said there's significant oil supply in markets, creating comfortable conditions. Expects substantial oil surplus due to supply from the America's. Surplus could change with major geopolitical disruptions, but currently see a comfortable market.
- **EU Commission spokesperson** said the EU are calling for an 'extra oil coordination group' meeting for February 25th.
- **US Energy Secretary Wright** said the US could leave the IEA if the group does not change.
- **IAEA Director Grossi** said **Iran discussed a potential IAEA return to bombed nuclear sites, adds there is no deal unless the IAEA was in a position to verify and there is not much time to reach an Iran nuclear deal, via Bloomberg TV.** His role is to get the nations into a position to come to a deal without the need for force. IAEA has proposed a few solutions.
- **Hungarian PM Orban's Chief of Staff** said they would take steps in the scenario that Ukraine continues to halt Druzhba oil shipments.

EUROPEAN DATA

- **UK CBI Industrial Trends Orders (Feb)** -28 vs. Exp. -28 (Prev. -30).
- **EU Current Account (Dec)** 34.6B (Prev. 12.9B, Rev. From 12.6B).
- **Italian Current Account (Dec)** 3109M (Prev. -1594M, Rev. From -1333M).
- **Swiss Industrial Production YoY (Q4) Y/Y** -0.70% (Prev. 2.40%, Rev. From 2.4%).

NOTABLE HEADLINES

- **UK's ONS on ongoing data issues, reported the "Latest steps reaffirm commitment to quality over quantity".** Measures include Ending our analysis on the night-time economy, and lifestyles and risk factors and reviewing our approach to other work previously funded by external organisations. Scaling back activity related to wellbeing statistics, including reducing publication of our main dashboard from a quarterly to an annual basis, supported by a shorter quarterly set of measures to meet new international requirements. Stopping further development of some subnational statistics - Health, Wellbeing and Place research will not progress and instead data will be made available to researchers through the Secure Research Service; Subnational estimates of tourism spending and Tourism Direct Gross Value Added will be stopped. Pausing our quarterly greenhouse gas emission (residence basis) statistics - annual greenhouse gas emissions statistics continue to be published by the ONS, DESNZ and Defra. Reducing the ONS's involvement in health surveys - the Health Survey for England and the Mental Health of Children and Young People Survey will no longer be run by the ONS as previously planned.

TRADE/TARIFFS

- **US President Trump and his advisors have reportedly indicated that the USMCA could be scrapped, NY Times reported. Instead, the US could have bilateral deals with Canada and Mexico.** US officials have been increasing pressure on Canada. Canadian officials cited add that their expectation for a full renewal of the USMCA is very low. Officials believe Trump is trying to weaken Canada economically to force it to give up some protectionist policies. The article reminds us that in 2018, the US proposed a bilateral deal with Mexico and told Canada to get on board or be left out.

CENTRAL BANKS

- **Fed's Kashkari (2026 Voter)** said Fed is close on both mandates and rates are pretty close to neutral; labour market has remained pretty resilient, it is softer, but still "decent to pretty good". Crypto is utterly useless. Optimistic about AI, with almost all businesses finding benefits from using it.
- **US Senator Warren has sent a letter to Fed's Bowman (voter) requesting information regarding banking oversight alterations and the plan for a new SVB report, WSJ reported.**
- **Fed's Bowman (voter) does not comment on monetary policy or economic outlook in prepared remarks.**
- **Japan Bank Lobby** said markets expect a BoJ hike as soon as March; Lobby Head believes there is a reasonable possibility of a hike as early as March or April.
- **ECB's Demarco** said inflation consistently below 2% could need cut; "not end of world" if EUR/USD reaches 1.20-1.25.
- **ECB's de Guindos** said growth risks are balanced; the main danger is geopolitics. President Lagarde is totally focused on her job.

- ECB President Lagarde reportedly tells colleagues that she would tell them first if she were to step down, according to sources; colleagues reportedly interpreted this to mean her departure is not immediate, but the door is not closed.
- BoE's Mann said people are scarred by high and variable inflation, core inflation was not quite as good as hoped.
- BoE's Mann said, "we are getting close to some sense of where monetary policy is balanced between the inflation objective and full employment". Unemployment rate has gone up, and that is very much of a concern. On January inflation data, said, these are good numbers from a headline perspective and also from core. With respect to core inflation, not quite as good as "we" had hoped to see. Hard to tell whether 2% inflation that we are likely to see in the next few months is in fact a sustainable 2%.

GEOPOLITICS

RUSSIA-UKRAINE

- **Hungarian PM Orban's Chief of Staff** said they would take steps in the scenario that Ukraine continues to halt Druzhba oil shipments.
- **Ukrainian President Zelensky** said he is aware that the US and Europe have been talking to Russia and we must be prepared to react to surprises.

MIDDLE EAST

- **Israeli PM Netanyahu said Iran will face a response it cannot imagine if it attacks Israel.**
- **Israeli PM Netanyahu** said "We are ready for any scenario with Iran", via Al Arabiya.
- **UK reportedly blocking the US from using bases for strikes on Iran, according to a UK press.** UK is yet to give permission for the US to use the bases in the event that US President Trump orders a strike on Iran, owing to concerns that it would be a breach of international law.
- **Russia** is ready to accept enriched uranium from Iran if agreements are in place, IFX citing Rosatom.
- **Polish PM Tusk** said Polish citizens in Iran should leave immediately. 'In a few hours, there may be no more possibility to evacuate', via MSNOWnews.
- **Russia's Kremlin on the Iran situation** said they see unprecedented escalation of tensions and on Ukraine talks, said there's nothing to add following comments from the likes of Medinsky yesterday. Reiterates that no date has been set for the next Ukraine talks.
- **IAEA Director Grossi said Iran discussed a potential IAEA return to bombed nuclear sites, adds there is no deal unless the IAEA was in a position to verify and there is not much time to reach an Iran nuclear deal, via Bloomberg TV.** His role is to get the nations into a position to come to a deal without the need for force. IAEA has proposed a few solutions.
- **Russian Foreign Minister Lavrov** warns of any new US strike on Iran.

NORTH AMERICAN DATA

- **US Philadelphia Fed Manufacturing Index (Feb)** 16.3 vs. Exp. 8.5 (Prev. 12.6, Low. 5, High. 16).
- **US Initial Jobless Claims (Feb/14)** 206k vs. Exp. 225k (Prev. 229k, Rev. From 227k, Low. 204k, High. 235k).
- **US Retail Inventories Ex Autos MoM Adv (Dec)** M/M 0.2% (Prev. -0.2%, Rev. From 0.2%).
- **US Continuing Jobless Claims (Feb/07)** 1869k vs. Exp. 1860k (Prev. 1852k, Rev. From 1862k).
- **US Imports (Dec)** 357.6B (Prev. 348.9B).
- **US Philly Fed CAPEX Index (Feb)** 14.40 (Prev. 30.30).
- **US Jobless Claims 4-week Average (Feb/14)** 219k (Prev. 220k, Rev. From 219.5k).
- **US Philly Fed Business Conditions (Feb)** 42.8 (Prev. 25.5).
- **US Philly Fed New Orders (Feb)** 11.7 (Prev. 14.4).
- **US Philly Fed Prices Paid (Feb)** 38.90 (Prev. 46.90).
- **US Philly Fed Employment (Feb)** -1.3 (Prev. 9.7).
- **US Balance of Trade (Dec)** -70.3B vs. Exp. -55.5B (Prev. -53B, Rev. From -56.8B, Low. -61.5B, High. -46.8B).
- **US Exports (Dec)** 287.3B (Prev. 292.3B, Rev. From 292.1B).
- **US Wholesale Inventories MoM Adv (Dec)** M/M 0.2% vs. Exp. 0.2% (Prev. 0.2%).
- **BofA total card spending (w/e Feb 14th)** +4.4% Y/Y (prev. +2.6% Y/Y); spending around Valentine's Day and President's Day weekend was robust relative to last year.

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com