

Stocks bid as SCOTUS strikes down Trump IEEPA tariffs

- **SNAPSHOT:** Equities up, Treasuries flat, Crude flat, Dollar down, Gold up.
- **REAR VIEW:** SCOTUS strikes down Trump IEEPA tariffs; In response, Trump announces new 10% global tariff & will go "even stronger"; Trump considers limited strike on Iran; Hotter-than-expected Dec. PCE report, Q4 PCE figures also hot; GDP Adv Q4 misses expectations, weighed by govt spending amid shutdown; US S&P Global Flash PMIs unexpectedly falls; UoM underwhelms, although inflation expectation also dip; Fed's Bostic thinks neutral is 25-50bps below current rate; Fed's Logan thinks policy is well positioned; Fed's Musalem says real FFR is at or below neutral rate; CRWV credit concerns arise after OWL fails to secure data centre financing.
- **WEEK AHEAD:** Highlights include NVDA earnings, Australian CPI, Tokyo CPI, PBoC LPR, and BoK. [Click here for the full report](#)
- **CENTRAL BANK WEEKLY:** Previewing PBoC LPR, BoK; Reviewing RBNZ, FOMC Minutes, RBA Minutes, reports on the ECB President Job. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Tech behemoth NVDA the headliner. [Click here for the full report.](#)

MARKET WRAP

Stocks ultimately closed primarily in the green, with upside ensuing after the SCOTUS struck down Trump's IEEPA tariffs. Trump responded by implementing a global 10% tariff rate under Section 122 (which can legally be in place for a maximum of 150 days). Section 232 and 301 tariffs will remain as they are, while the US will also conduct Section 301 probes on nations over the span of five months (150 days). Once the probes are complete, the US will enforce a "fair" 301 tariff rate. Overall, it seems the measures taken by Trump will offset the lost revenue from IEEPA tariffs. The Treasury expects tariff revenue in 2026 to be unchanged from prior estimates. In response to the ruling, T-notes were sold on the prospects of lack of income and potential tariff refunds, but swiftly pared on the expectation that Trump will enforce tariffs through other means - which was later confirmed. In FX, the reaction was to sell the Dollar, but ultimately it pared from worst levels and ended the session only slightly lower. AUD outperformed while havens lagged. Crude prices settled flat but in choppy trade, with any gains overnight offset by reports that Trump is considering a limited strike on Iran. Silver and Gold prices added to recent gains while Bitcoin also caught a bid. Aside from tariffs, there was plenty of US data. Q4 GDP was soft, but weighed on by the government shutdown, while the December PCE report was hot. The S&P Global Flash PMI data in the US was soft while UoM also missed expectations but new Home Sales beat. However, price action was largely dictated by the trade updates.

US

TARIFFS: After the Supreme Court ruled against Trump's IEEPA tariffs, the US President responded by immediately implementing a 10% global tariff (under Section 122) while confirming that all Section 232 and 301 tariffs remain in place. The President has stressed that they will still impose tariffs through other means, and he touted five options: the Trade Expansion Act of 1962 (Section 232); the Trade Act of 1974 (Sections 122, 201, and 301); and the Tariff Act of 1930 (Section 338). Trump did highlight that Section 338 takes longer to implement, however. He is also taking the angle that after today's ruling, it is now clear what the US can and can't do. Trump also noted they will be implementing Section 301 probes to protect the US, with the probing period lasting for five months, which will then help the US determine a fair tariff rate once the probes have been completed. On refunds, Trump said that if they have to refund the tariff revenue, they will be in court for the next five years, suggesting a decision will "have to be litigated!". He also noted that some trade deals negotiated under IEEPA do not stand, but he stressed that nothing has changed with India. Trade deals that no longer stand, will be replaced by other means of tariffs. The President also noted how he will go in an even stronger direction now, and he can charge much more than what he was charging. He also stressed that tariff income will now increase. A US official later announced that the US expects countries to honour trade frameworks. Meanwhile, Treasury Secretary Bessent said that estimates show that the use of section 122, 232 and 301 tariffs will result in virtually unchanged tariff revenue in 2026 - implying the measures made by the administration will offset any lost revenue from no IEEPA tariffs.

PCE (DEC): The headline PCE rose 0.4% in December, accelerating from 0.2% previously and above the 0.3% forecast. This lifted PCE prices to 2.9% Y/Y, above both the 2.8% expectation and the prior reading. Core prices, the Fed's preferred inflation gauge, were also strong, rising 0.4% M/M, above the 0.3% forecast and up from November's 0.2%. Core Y/Y increased to 3.0% from 2.8%, exceeding the 2.9% forecast. Within the report, Personal Income rose 0.3%, in line with forecasts but easing from 0.4% previously, while spending increased 0.4%, matching both forecasts and the prior. The firm inflation reading is a concern; however, January CPI data, which came in slightly softer, has helped offset some worries around the December PCE report. Core PCE remains the Fed's preferred gauge, and Fed Chair Powell had indicated December Core PCE would rise 3.0%, with headline at 2.9%, leaving the data broadly in line with Fed expectations and unlikely to materially alter its stance. Recent data show stabilisation in the labour market, and the Fed minutes noted that the vast majority saw signs of stabilisation and diminished downside labour risks. This shifts greater focus to inflation, which remains above target, and supports the case for holding rates for now. Pantheon Macroeconomics said it expects inflation data to cool decisively in May, prompting the FOMC, most likely under new Chair Kevin Warsh, to ease policy at its June, July and September meetings.

GDP (Q4): The Q4 2025 data were weak. Headline GDP grew just 1.4% in the quarter, well below the 3.0% forecast and sharply slower than the prior 4.4%. Much of the downside was attributed to the government shutdown, with the BEA estimating it subtracted about 1% from real GDP growth in Q4. Even excluding this effect, growth would have been soft. Growth was driven by

increases in consumer spending and investment, partly offset by declines in government spending and exports. On prices, the GDP price index rose 3.7%, well above the 2.8% forecast and matching the prior. Headline PCE rose 2.9% from 2.8%, above the 2.8% forecast, while core PCE increased 2.7%, down from 2.9% previously but above the 2.6% forecast. Despite the weak headline figure, ING said GDP is set to rebound, noting that underlying consumer and investment data remain firm.

S&P GLOBAL FLASH PMIs (FEB): S&P Global Flash PMIs disappointed, as Manufacturing fell to 51.2 from 52.4, beneath the expected 52.6, Services dipped to 52.3 (exp, 53, prev. 52.7), leaving the composite at 52.3 (prev. 53.0). Overall, the Flash PMI metrics indicate slowest business growth for ten months amid weak demand, high prices and bad weather. Within the report, S&P Global chief economist Chris Williamson, noted customer demand growth has softened, and the PMI data so far this year are indicative of GDP rising at an annualized rate of just 1.5%, signalling a marked cooling of the economy in Q1 vs. the robust growth rates seen in H2 '25. Williamson added, "Cos. are suggesting that at least some of this slowdown may prove temporary, partly as extreme weather passes, with business growth expectations rising sharply to the highest for just over a year in February." However, he adds, confidence remains subdued on the whole, as companies worry about the political environment and impact of policies such as tariffs.

MICHIGAN (FEB): Consumer Sentiment in February rose to 56.6 from 56.4 in January, shy of the expected and prelim 57.3. Current Conditions rose to 56.6 from 55.4, beneath the expected 57.7 and down from the 58.3 prelim. Consumer Expectations rose to 56.6 from 57.0 as expected, in line with the preliminary report. Inflation expectations were mixed; the 1yr saw a notable decline to 3.4% from 4.0%, below the 3.5% forecast and prelim. The 5yr inflation projection was unchanged at 3.3%, below the 3.4% consensus and preliminary print. Surveys of Consumers Director Joanne Hsu wrote that overall, consumers do not perceive any material differences in the economy from last month. Oxford Economics believes that despite sentiment remaining near historically low levels, consumption will continue to grow at a solid pace of 2.5% in 2026.

NEW HOME SALES: Note, November and December reports were both released today due to lagged effects from the government shutdown. Sales of new single-family homes fell to 745k from 758k in December, but were still above the expected 730k. This represents a supply of 7.6 months at the current sales rate, -1.3% M/M, -7.3% Y/Y. The median sales price of new houses sold in December 2025 was USD 414.4k, +4.2% M/M, +2% Y/Y. Oxford Economics, on the release, said that lower mortgage rates and plentiful supply are driving a recovery in new home sales that it expects will continue this year. However, the firm adds that the overhang of inventory will remain a drag on new construction for a while longer.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 1 TICK LOWER AT 112-30

T-notes hit as SCOTUS strikes down Trump tariffs but pare on expectation Trump is to offset lost tariff revenue by other tariff means, which was later confirmed. At settlement, 2-year +1.2bps at 3.482%, 3-year +0.5bps at 3.503%, 5-year +0.1bps at 3.648%, 7-year +0.3bps at 3.846%, 10-year +0.8bps at 4.083%, 20-year +1.6bps at 4.670%, 30-year +1.8bps at 4.722%.

THE DAY: T-notes were ultimately little changed to slightly lower by settlement. The main focus of the day was the Supreme Court striking down US President Trump's IEEPA tariffs, immediately raising concerns on tariffs refund and a lack of income to the Treasury. This took T-notes to lows, but the move ultimately pared. The decision was expected, and Trump has since confirmed that he will be looking to implement tariffs through other means. The US will maintain Section 232 and 301 tariffs as they are, but impose a flat 10% tariff globally under Section 122. The Section 122 tariff lasts for 150 days, unless extension is approved by Congress, but the US has also imposed Section 301 probes, which last five months (or c. 150 days). Once the 301 probes are completed, the US will announce fresh tariff rates on nations. The US Treasury expects tariff revenue to remain unchanged through 2026 due to these measures- hence the reversal in T-notes into settlement. Elsewhere, US data saw Q4 GDP heavily miss expectations, but it was distorted by government shutdown effects, albeit even with the 1.0% hit from the shutdown, the report was still soft with Q4 GDP growth at just 1.4%. Meanwhile, the December PCE report was released at the same time, which was hotter than expected. The data led to two-way trade in T-notes, but the main driver of price action was the tariff announcements from SCOTUS and US President Trump. Attention next week turns to Treasury supply, while dealers expect USD 50bln in high-grade corporate debt to be announced too.

SUPPLY

Bills

- US to sell USD 89bln of 13-week bills and USD 77bln of 26-week bills on February 23rd and USD 90bln of 6-week bills on February 24th; all to settle February 26th.

Notes

- US to sell USD 69bln of 2-year notes on February 24th, USD 70bln of 5-year notes on February 25th and USD 44bln of 7-year notes on February 26th; all to settle March 2nd
- US to sell USD 28bln of 2-year FRN's on February 25th; to settle February 27th

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: March 0bps (prev. 0bps), April 3.2bps (prev. 4.2bps), June 12.5bps (prev. 15.8bps), December 53.9bps (prev. 56.2bps).
- SOFR at 3.67% (prev. 3.73%), volumes at USD 3.238tln (prev. USD 3.258tln) on February 19th
- EFR at 3.64% (prev. 3.64%), volumes at USD 100bln (prev. USD 104bln) on February 19th
- NY Fed RRP Op demand at USD 0.5bln (prev. 0.6bln) across 4 counterparties (prev 4)

CRUDE

WTI (J6) SETTLED USD 0.08 HIGHER AT 66.48/BBL; BRENT (J6) SETTLED USD 0.10 HIGHER AT 71.76/BBL

The crude complex was choppy to end the week, but ultimately settled flat, as geopolitics, SCOTUS tariff ruling, and data all dominated the macro slate. On the day, WTI and Brent ground higher overnight to hit highs of USD 67.05/bbl and USD 72.34/bbl, respectively, before selling off through the European session to hit lows of USD 65.94/bbl and 71.06. Thereafter, benchmarks have chopped between the range, as participants digest all the necessary updates. On US/Iran, which prompted fleeting downside, US President Trump confirmed some WSJ reports from Thursday evening that he is considering a limited strike on Iran, but nothing is seemingly confirmed as of yet, and in Trump's IEEPA press conference, he reiterated, "Iran better negotiate a fair deal". Prior to this, other reports suggested that the US military planning on Iran is reportedly highly advanced, with options ranging from targeting individuals to pursuing regime change, and as such participants will be keeping a watchful eye over the weekend for any updates. On Ukraine/Russia, Zelensky said that they are counting on another round of negotiations being as early as February, and that this can be truly productive, but there is no progress on territory discussions; he added all sides agreed on next meeting within 10 days and military talks are constructive. For the record, the weekly Baker Hughes Rig Count saw Oil unchanged at 409, Natgas unchanged at 133, and Total unchanged at 551.

EQUITIES

CLOSES: SPX +0.71% at 6,911, NDX +0.87% at 25,013, DJI +0.44% at 49,613, RUT -0.01% at 2,665.

SECTORS: Communication Services +2.63%, Consumer Discretionary +1.25%, Real Estate +0.77%, Financials +0.62%, Technology +0.51%, Utilities +0.41%, Industrials +0.40%, Materials +0.24%, Consumer Staples +0.07%, Health -0.33%, Energy -0.75%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.21% at 6,133, Dax 40 +0.96% at 25,259, FTSE 100 +0.59% at 10,690, CAC 40 +1.39% at 8,515, FTSE MIB +1.47% at 46,470, IBEX 35 +0.90% at 18,180, PSI -0.05% at 9,091, SMI +0.45% at 13,862, AEX +0.99% at 1,018

STOCK SPECIFICS:

- **Nvidia (NVDA):** Reportedly close to a \$30B investment in OpenAI, down from prev. \$100B that failed to progress a memorandum.
- **Blue Owl (OWL)** reportedly failing to secure financing for a USD 4bn data centre project in Pennsylvania, with one lender saying the lack of interest was due to CoreWeave's (CRWV) creditworthiness.
- **Comfort Systems (FIX):** Rev. beat.
- **Opendoor (OPEN):** Q metrics beat.
- **Consolidated Edison (ED):** Revenue beat, but adj. net income missed.
- **LyondellBasell (LYB):** Cut Q div. by ~50% amid challenged markets.
- **Akamai (AKAM):** Issued weak guidance.
- **Grail (GRAL):** NHS-Galleri trial missed the primary endpoint of reducing late-stage cancers.
- **Select Water Solutions (WTTR):** Announced \$175M class A common stock offering.
- **Lucid Motors (LCID)** cuts 12% of its US workforce.
- Claude Code Security, a new capability built into Claude Code on the web, is now available in a limited research preview. Of note for **CrowdStrike (CRWD)**, **Palo Alto (PANW)**, **Zscaler (ZS)**.

FX

The Dollar Index was flat on Friday, with performance against G10 peers mixed as AUD and GBP saw the greatest gains, while havens, CHF and JPY, lagged. It was a busy day stateside, with a deluge of data, geopolitical updates, and the SCOTUS ruling on Trump's tariffs. On the latter, they struck down the Trump admin's IEEPA tariffs, as expected, which the President was clearly unhappy about it. In a press conference after the decision, he remarked that effectively immediately, all national security tariffs under 232 and 301 remain in place, and 10% global tariff to be imposed on top of other tariffs. Note, Section 122 has a 15% tariff limit for 150 days. On the ruling, Wells Fargo wrote "We expect relief from the SCOTUS ruling to be temporarily risk positive mostly via lower uncertainty...The market will likely refocus on incoming data that continues to point to an economy and labour market that is recovering. This keeps the Fed firmly on the sidelines and limits further USD weakness in our view". On today's data, Dec. PCE surpassed expectations across the board, Q4 rose 1.4%, well below the consensus 2.8%, S&P Global Flash for Feb underwhelmed, as did final UoM for Feb, but inflation expectations for both time horizons also came down.

As mentioned, AUD and GBP sat atop of the G10 breakdown, with both benefitting from the Dollar weakness in wake of the SCOTUS ruling. Prior to that, the Pound was marginally firmer in wake of a strong batch of UK data, as retail sales surged, as well as strong PMIs. Cable reached a high of 1.3515 against an earlier low of 1.3435.

EUR and NZD were ultimately flat, with broadly better than expected European Flash PMIs, whereby the solid German metrics provided fleeting Euro strength. For the Kiwi, overnight RBNZ Governor Breman said that although the central bank remains forward-focused, monetary policy will adapt based on new information instead of following a predetermined path.

For the Yen, overnight and through the first part of the session, it was weighed on by the broader Dollar strength and also Japanese CPI, which held a dovish skew. In summary, national CPI printed at 1.5% (exp. 1.6%), core was in-line whilst the supercore metric was a touch below the consensus. Elsewhere, PMIs printed better-than-expectations, benefiting from increased optimism following Takaichi's landslide victory.

