

### SNAPSHOT

STOCKS			
S&P 500	-1.0%	Nasdaq Comp.	-1.1%
DJIA	-1.7%	Russell 2000	-1.6%
ES Mar'26	-0.9%	RTY Mar'26	-1.4%
NQ Mar'26	-1.1%	YM Mar'26	-1.6%

  

FX			
DXY	-0.1% (97.73)	EUR/USD	+0.1%
USD/JPY	-0.2%	GBP/USD	+0.2%

  

BONDS			
US T-Note Mar'26	+13 ticks	10yr Bund Mar'26	+35 ticks
US 10yr Yield	4.03%	German 10yr Yield	2.72%

  

ENERGY & METALS			
WTI Apr'26	-0.3%	Brent May'26	-0.3%
Spot Gold	+2.4%	LME Copper	-0.5%

  

CRYPTO			
Bitcoin	-4.3%	Ethereum	-4.8%

As of 21:50GMT/16:50EST

### LOOKING AHEAD

- Highlights include PBoC Loan Prime Rate, Supply from Australia, Chinese Markets Reopen following the Lunar New Year/Spring Festival Holidays.
- [Click for the Newsquawk Week Ahead.](#)

### US TRADE

- **US stocks** were pressured amid a broad risk-off session with equities sliding on fears of further AI disruption, while US President Trump hiked tariffs. The AI fears seemingly sparked from a research piece from Citrini Research exploring severe downside risks if AI exceeds expectations. This is not the firm's base-case scenario, but it highlighted how unemployment could spike to 10% with the SPX down 38% from late-2026 peaks (which it pencilled in at 8,000) with a recession in 2027. It largely highlighted payments, software and private credit stocks as highly exposed to such a scenario. All of which sectors tumbled on Monday, while IBM also took a chunky hit as Anthropic announced that Claude can now automate COBOL modernisation efforts - further adding to the AI disruption fears. Meanwhile, on trade, Trump lifted his Section 122 tariffs to 15% from 10% over the weekend. Nations like Mexico announced they will now be paying less tariffs on non-USMCA-compliant goods, while the EU has frozen trade talks with the US and is not seeking to alter the pre-existing deal at this stage. Furthermore, President Trump warned that those who decide to play games will be met with a higher tariff than what they recently agreed to.
- **SPX** -1.04% at 6,838, **NDX** -1.21% at 24,709, **DJI** -1.66% at 48,804, **RUT** -1.61% at 2621.
- [Click here for a detailed summary.](#)

### TARIFFS/TRADE

- **US President Trump criticised the Supreme Court and said the recent ruling gave him far more powers and strength than he had prior to the tariff ruling.** Trump added he can use licenses to do "terrible things" to other countries, but he cannot charge them a license fee and said "The court has also approved all other Tariffs, of which there are many, and they can all be used

in a much more powerful and obnoxious way, with legal certainty, than the Tariffs as initially used".

- **US President Trump commented that any country that wants to "play games" with the SCOTUS decision, especially those who ripped off the US, will be met with a much higher tariff, and worse, than what they recently agreed to.**
- **US President Trump posted "I do not have to go back to Congress to get approval of Tariffs. It has already been gotten, in many forms, a long time ago!"**
- **US Senate Minority Leader Schumer said Senate Democrats are to block Trump's tariff extension.**
- **UK government spokesperson said nothing is off the table in response to US tariffs, while they are discussing tariffs with the US administration at all levels, and talks will continue.**
- **EU said it will not accept an increase in US tariffs and that a deal is a deal.**
- **EU Trade Commissioner Sefcovic said he is in touch with his US counterpart to get reassurances.**
- **European MP Lange said they have decided to postpone the vote on the US trade deal, which was set for Tuesday, while the intend to vote eventually, but need clarity first and are to meet on Wednesday to look at developments and assess the situation.**

## NOTABLE HEADLINES

- **Fed Governor Waller (voter) said he would support a 25bps reduction in March if January labour strength is revised away or evaporates, but may be appropriate to hold if downside labour market risks have diminished.**

## DATA RECAP

- US Factory Orders MM (Dec) -0.7% vs. Exp. -0.5% (Prev. 2.7%)
- US Dallas Fed Manufacturing Index (Feb) 0.2 (Prev. -1.2)
- US Chicago Fed National Activity Index (Jan) 0.18 (Prev. -0.21)
- US Chicago Fed National Activity Index (Dec) -0.21 (Prev. -0.04)

## FX

- **USD** traded mixed against G10 peers and the DXY marginally softened on the day as participants digested the latest tariff updates and comments from Fed Governor Waller. On the former, Trump raised the blanket tariff rate to 15% from 10% over the weekend, and later added that any country that wants to "play games" with the SCOTUS decision, especially those who ripped off the US, will be met with a much higher tariff, and worse, than what they recently agreed to. On Fed speak, Waller sees the March FOMC as a "coin-flip" and will all depend on the February jobs and inflation data.
- **EUR** eked slight gains against the dollar but is well off today's best levels after failing to sustain the 1.1800 handle, while comments from ECB's Lagarde did little to shift the dial as she reiterated that inflation and policy are in a good place, and that the ECB will decide policy meeting-by-meeting.
- **GBP** mildly strengthened, although upside was capped with GBP/USD oscillating around the 1.3500 level, while there were comments from BoE's Taylor who stated that they will be close to the CPI target sustainably, but noted weaker forecasts in terms of output gap and joblessness.
- **JPY** outperformed its G10 peers with the currency supported amid the risk-off sentiment.

## FIXED INCOME

- **T-notes** caught a bid after US President Trump hiked global tariffs and as sentiment took a hit on further AI disruption worries.

## COMMODITIES

- **Oil prices** started the week with losses, albeit in a choppy session, amid the ongoing geopolitical climate.

## GEOPOLITICAL

### MIDDLE EAST

- **US Secretary of State Rubio postponed his Saturday visit to Israel, which is now scheduled for next Monday.**
- **US Joint Chiefs Chairman General Caine has been advising President Trump and top officials that a military campaign against Iran could carry significant risks, in particular, the possibility of becoming entangled in a prolonged conflict, while envoys Jared Kushner and Steve Witkoff have been urging the president to hold off and give diplomacy a chance.**
- **Pentagon is raising concerns to US President Trump about an extended military campaign against Iran, advising that war plans being considered carry risks including US and Allied casualties, depleted air defences and an overtaxed force, according to WSJ.**
- **Iran's Supreme Leader considers nuclear enrichment a pillar of the regime that can't be abandoned, and Iran sees having missiles capable of reaching Israel as crucial.** Furthermore, Iran doesn't believe the US will ease sanctions once it capitulates a deal, while it may try to create a long-term confrontation that would hurt Trump in the midterm elections.
- **Iran's Deputy Foreign Minister said Iran chooses diplomacy, but it is fully prepared to defend their sovereignty and people, while he added that credible negotiations must respect the rights of all states.** Iran's Deputy Foreign Minister separately commented that there's an opportunity to resolve differences through dialogue.
- **Iran is reportedly planning terror attacks on US targets in Europe and the Middle East, according to Western and American security officials, cited by The Telegraph.** "The Islamic Republic's proxies could be given direct orders to conduct retaliatory

attacks if Donald Trump launches strikes on Iran, new information has revealed."

- **Israeli source told Saudi Arabia's Al-Hadath TV that Israel has raised the alert level at various embassies in Europe, the Far East and Latin America**, following warnings about the intention of Iranian-linked elements to carry out attacks against Israel.
- **US Embassy in Beirut ordered the departure of non-emergency US government personnel and their family members** on Monday due to the security situation.

#### RUSSIA-UKRAINE

- **US, Ukraine and Russia could reportedly hold talks this week** amid the fourth-year anniversary of the war.
- **EU's Kallas said the EU did not reach an agreement on a Russian sanctions package.** Kallas also said if the EU's EUR 90bn loan to Ukraine doesn't work, then they will work again on using frozen Russian assets.

#### OTHER

- **US nuclear arms control delegation is reportedly going to meet with Chinese counterparts in Geneva.**
- **Pentagon said the US struck an alleged drug cartel boat** in the Caribbean, killing three people.

## ASIA-PAC

#### NOTABLE HEADLINES

- **DeepSeek is set to release a new AI model and has yet to announce a release date,** but it is expected to be imminent following last week's conclusion of the Lunar New Year celebration.
- **Anthropic accused Chinese Cos. of siphoning data from Claude, while allegations mirror those of OpenAI,** which told House lawmakers that DeepSeek used 'distillation' to improve models, according to WSJ.

## EU/UK

#### NOTABLE HEADLINES

- **BoE's Taylor said they will be close to the CPI target sustainably, but noted weaker forecasts in terms of output gap and joblessness.** Taylor said CPI has been slightly concerning in recent months, and services CPI has not fallen as quickly or as far as hoped, but he is looking for services inflation to normalise along with wage growth this year.
- **ECB President Lagarde said inflation and policy are in a good place, while she added that completing her term is her baseline.** Furthermore, she stated that the ECB will decide policy meeting-by-meeting and must remain agile.

#### DATA RECAP

- German Ifo Business Climate (Feb) 88.6 vs. Exp. 88.4 (Prev. 87.6)
- German Ifo Current Conditions (Feb) 86.7 vs. Exp. 86.3 (Prev. 85.7)
- German Ifo Expectations (Feb) 90.5 vs. Exp. 90.3 (Prev. 89.5)

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