

SNAPSHOT

STOCKS			
Nikkei 225	+0.9%	ASX 200	U/C
Hang Seng	-2.1%	Shanghai Comp	+1.5%
Euro Stoxx 50 Mar'26	+0.2%	DAX Mar'26	+0.1%
ES Mar'26	+0.2%	NQ Mar'26	+0.3%

FX			
DXY	+0.1% (97.81)	EUR/USD	U/C (1.1779)
USD/JPY	+0.3% (155.12)	GBP/USD	U/C (1.3488)

BONDS			
US T-Note Mar'26	-3+ ticks	Bund Mar'26	+3 ticks
US 10yr Yield	4.04%	German 10yr Yield	2.70%

ENERGY & METALS			
WTI Apr'26	+0.6%	Brent May'26	+0.6%
Spot Gold	+0.2%	LME Copper	U/C

CRYPTO			
Bitcoin	-2.2%	Ethereum	-1.6%

As of 06:20GMT/01:20EST

LOOKING AHEAD

- Highlights include US ADP Weekly, House Prices (Dec), Consumer Confidence (Feb), Dallas/Richmond Fed (Feb), Atlanta Fed GDP, NBH Policy Announcement, Speakers including ECB's Lagarde, BoE's Bailey, Lombardelli, Greene, Taylor & Pill, Fed's Goolsbee, Collins, Bostic, Waller, Cook & Barkin, Supply from UK, Italy & US, Earnings from Home Depot, Standard Chartered & Keurig Dr Pepper.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

EQUITIES

- 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 stemmed 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's 10% global tariff rate took effect, as expected.**
- **US President Trump reportedly considers new national security tariffs** following the SCOTUS ruling, in which new levies on a half-dozen industries would be issued separately from the new global 15% flat-rate tariff, according to WSJ.
- **US President Trump's administration is likely to face tough legal obstacles if it opposes refunds** for the tariffs struck down by the US Supreme Court, according to Bloomberg.
- **US admin official told Fox Business's Edward Lawrence that the tariffs President Trump imposed on Friday under Section 122 are currently at 10%, and will go to 15%,** but require a separate presidential action which is currently being worked on.
- **EU warned the US that President Trump's new tariff policy breaks the trade agreement.**
- **Japanese Finance Minister Katayama said they will closely examine details of the US Supreme Court decision** on tariffs, while she added that they will steadily carry out the US-bound investment package and that Japan must be aware that US tariffs on cars remain in effect.
- **Taiwan's Vice Premier said preferential terms reached with the US under the tariff and trade deal would not change,** and that they will have proactive talks with the US to ensure their interests are protected under deals already reached with Washington.
- **China's MOFCOM added 20 Japanese companies, including Mitsubishi Heavy Industries to the export control list for military activities,** which bans exports of dual-use items, while it will add another 20 groups, including automakers, to a watch list.

NOTABLE HEADLINES

- **US President Trump will use the State of the Union address to sell the public on the economy and unveil new measures to lower costs ahead of the midterms,** according to WSJ. It was separately reported that President Trump is exploring a new retirement savings plan and may address it in the State of the Union.

APAC TRADE

EQUITIES

- **APAC stocks** traded with a mostly positive bias as key participants returned to the market and with the region attempting to shrug off the weak lead from Wall St, where sentiment was weighed on by trade uncertainty and AI disruption concerns.
- **ASX 200** struggled for direction as outperformance in the mining, energy and resources sectors was offset by losses in tech, real estate and financials, while participants continued to digest a slew of earnings.
- **Nikkei 225** rallied to back above the 57,000 level on return from the long weekend, but is off today's best levels amid losses in tech stocks and after China's MOFCOM added 20 Japanese companies to its export control list, which bans Chinese exports of dual-use items.
- **Hang Seng** and **Shanghai Comp** were mixed with the mainland boosted on return from a 10-day closure and got the first opportunity to react to the recent US tariff developments, which are seen to benefit China the most, while the Hong Kong benchmark underperformed in a reversal of the prior day's rally amid notable losses in tech and pharmaceuticals.
- **US equity futures** partially nursed some of the prior day's trade and AI-related losses.
- **European equity futures** indicate a positive cash market open with Euro Stoxx 50 futures up 0.2% after the cash market closed with losses of 0.3% on Monday.

FX

- **DXY** was mildly firmer although gains are capped amid the mixed performances of the dollar's major counterparts and with ongoing trade uncertainty as President Trump is reportedly considering new national security tariffs, in which new levies on a half-dozen industries would be issued separately from the new global 15% flat-rate tariff, while he also previously warned a much higher tariff on any country that wants to "play games" with the SCOTUS decision. Nonetheless, the price action is contained as participants await a slew of data releases and Fed speak on Tuesday, as well as President Trump's State of the Union Address, where he is said to promote the economy and unveil new measures to lower costs ahead of the midterms.
- **EUR/USD** lacked direction after it faded most of the prior day's initial gains and failed to sustain the 1.1800 handle, with the single currency not helped by trade frictions as the EU was said to warn the US that the new tariff policy breaks the trade agreement, while it also postponed ratifying the trade deal amid the tariff disarray. There were also comments from ECB's Lagarde, but 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/USD** eked slight gains in rangebound trade near the 1.3500 focal point in the absence of any major UK catalysts, although there are several BoE officials scheduled to speak today.
- **USD/JPY** edged higher and reclaimed the 155.00 handle amid the positive sentiment in Japan on return from the long weekend and with tailwinds in the dollar after the PBoC's surprise weakening of the CNY fix.
- **Antipodeans** slightly gained amid recent upside in commodities and the mostly constructive mood.
- **PBoC** set USD/CNY mid-point at 6.9414 vs exp. 6.9249 (Prev. 6.9398)

FIXED INCOME

- **10yr UST futures** pulled back from the prior day's best levels after advancing on the risk-off mood stateside owing to US President Trump's global tariff hike and further AI disruption worries, while price demand is constrained overnight ahead of a plethora of data and Fed speakers, as well as incoming supply.
- **Bund futures** held on to recent spoils but with further upside limited amid a lack of pertinent drivers and amid trade uncertainty with the EU postponing its ratification of the trade agreement with the US.
- **10yr JGB futures** whipsawed on return from the long weekend as prices initially rallied to above the 133.00 level, before

wiping out the gains amid the mostly positive risk environment in the region.

COMMODITIES

- **Crude futures** gradually edged higher following the prior day's two-way price action, with the crude benchmarks tentative amid the ongoing geopolitical uncertainty.
- **Australia and New Zealand reportedly lowered the price cap on Russian crude oil.**
- **Chevron (CVX) entered exclusive talks to take over Lukoil's stake in Iraq's West Kerner II oil field** (480k bpd), as US sanctions pressure the Russian firm to divest.
- **Spot gold** faded some of the prior day's advances after briefly returning to above the USD 5,200/oz level, with pressure seen in tandem with a 3% intraday slump in silver as the dollar strengthened.
- **Copper futures** rallied with an uplift seen as the red metal's largest buyer returned to the market.

CRYPTO

- **Bitcoin** declined throughout the session and briefly slid beneath the USD 63,000 level.

NOTABLE ASIA-PAC HEADLINES

- **Chinese 1-Year Loan Prime Rate (Feb) 3.00% vs. Exp. 3.00% (Prev. 3.00%)**
- **Chinese 5-Year Loan Prime Rate (Feb) 3.50% vs. Exp. 3.50% (Prev. 3.50%)**
- **DeepSeek is set to release a new AI model** with the release date not yet announced, but is expected to be imminent following last week's conclusion of the Lunar New Year celebration.
- **US President Trump administration senior official claimed that DeepSeek's latest AI model was trained on NVIDIA's (NVDA) Blackwell chip**, despite US export controls.
- **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.
- **Japanese Finance Minister Katayama said Japan is keeping close dialogue with the US on Forex**, according to the Wall Street Journal. It was separately reported that several senior US officials said the "rate checks" carried out when the yen weakened in January were initiated by US Treasury Secretary Bessent rather than at Japan's request, while US officials indicated that coordinated intervention to buy yen and sell dollars would have been considered if requested by Japan, according to Nikkei.

GEOPOLITICS

MIDDLE EAST

- **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, according to Axios.
- **US President Trump posted "Numerous stories from the Fake News Media have been circulating stating that General Daniel Caine, sometimes referred to as Razin, is against us going to War with Iran. The story does not attribute this vast wealth of knowledge to anyone, and is 100% incorrect.** General Caine, like all of us, would like not to see War but, if a decision is made on going against Iran at a Military level, it is his opinion that it will be something easily won." Furthermore, Trump said he would rather have a deal than not, but if we don't make a deal, it will be a very bad day for Iran.
- **US President Trump is growing frustrated by the limited military options against Iran**, with advisers warning that strikes may not be decisive and risk escalating the conflict, according to CBS News.
- **US Secretary of War Hegseth said "Iran should make a deal. Iran has an opportunity to make a deal. That's the outcome the President would prefer".** Hegseth added that everything is still on the table, and it is the president's decision, while he thinks Iran would be wise to make a good deal.
- **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 Iran may try to create a long-term confrontation that would hurt Trump in the midterm elections.
- **US Embassy in Beirut ordered the departure of non-emergency US government personnel** and their family members on Monday due to the security situation.
- **Israeli official told Yedioth Ahronoth that a US attack on Iran is imminent.**

RUSSIA/UKRAINE

- **Ukrainian President Zelensky said Russia and Ukraine were at the "beginning of the end" of Europe's biggest conflict since World War 2 and he urged the US to see through Russian President Putin's negotiating 'games', while he called on the EU to fix a date for Ukraine's accession to the bloc**, according to FT.

OTHER

- **US nuclear arms control delegation will reportedly meet with Chinese counterparts in Geneva.**
- **Pentagon said the US struck an alleged drug cartel boat** in the Caribbean, killing three people.
- **South Korea and the US are reported to be at odds over the scale of their annual war games**, with the US pushing back on South Korea's request for smaller drills, forcing the postponement of a major joint military briefing, according to SCMP.

NOTABLE HEADLINES

- **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.

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