

### SNAPSHOT

STOCKS			
Euro Stoxx 50	+0.7%	DAX40	+0.2%
Stoxx 600	+0.6%	FTSE 100	+1.0%
ES Mar'26	+0.2%	RTY Mar'26	+0.4%
NQ Mar'26	+0.2%	YM Mar'26	+0.1%

FX			
DXY	U/C (97.86)	EUR/USD	+0.1% (1.1787)
USD/JPY	+0.5% (156.62)	GBP/USD	+0.2% (1.3514)

BONDS			
US T-Note Mar'26	-5 ticks	Bund Mar'26	-12 ticks
US 10yr Yield	4.056%	German 10yr Yield	2.720%

ENERGY & METALS			
WTI Apr'26	+0.4%	Brent May'26	+0.5%
Spot Gold	+0.6%	LME Copper	+0.9%

CRYPTO			
Bitcoin	+3.4%	Ethereum	+4.8%

As of 10:45GMT / 05:45EST

### LOOKING AHEAD

- Highlights include Fed's Musalem, Barkin & Schmid. Supply from the US. Earnings from NVIDIA, Salesforce, Snowflake, TJX Companies, Lowe's & Synopsys.
- [Click here for the Week Ahead preview](#)
- [Click here for the Newsquawk Nvidia preview](#)

### STATE OF THE UNION

- US President Trump talked up the economy in his State of the Union Address, saying that the nation is back, bigger, better and stronger than before, while he added that we've seen nothing yet and this is the golden age of America. Trump said they have achieved a transformation like never before and a turnaround for the ages, as well as stated that low interest rates will solve the housing problem, and they want to protect home values and keep them up. He also commented that inflation is plummeting, salaries are rising, and the roaring economy is roaring like never before. **Regarding tariffs, Trump said the Supreme Court decision on tariffs is very unfortunate, but added that tariffs will remain in place and nearly all countries want to keep the trade deals**, while he also stated that congressional action won't be needed on tariffs. **Trump also commented on Iran, which he claimed is working on missiles that could soon reach the US, and noted Iran wants to make a deal but hasn't yet said that it won't pursue nuclear weapons, while he reiterated that his preference is to resolve Iran's nuclear issue through diplomacy.**

### EUROPEAN TRADE

#### EQUITIES

- **European bourses** (STOXX 600 +0.6%) are entirely in the green, with the **FTSE MIB and FTSE 100 (+0.9%)** gaining, helped by positive **HSBC** earnings. The **SMI (+0.1%)** is the slight laggard, weighed down by **Alcon (-1.1%)** after the Co. missed on Q4 revenue and core EPS.

- **European sectors** are broadly in the green. **Banks** (+1.8%) and **Basic Resources** (+2.2%) sit comfortably at the top of the table, while **Food, Beverages and Tobacco** (-0.7%) is soft as poor **Diageo** guidance hits the rest of the sector (Pernod Ricard -2.9%, Heineken -0.3%). **HSBC** shares (+5.5%) are higher today for three reasons: 1) beating market estimates for its top line metrics, 2) lifting its annual 2026-28 ROTE to 17% or greater, and 3) stating its USD 1.5bn cost-saving target will be hit ahead of schedule. This, alongside an update from Santander (+2.7%), in which they expect 2028 net income at EUR 20bn (exp. EUR 18.6bn), lifts the Banking sector.
- **US equity futures** (ES/NQ +0.2%, RTY +0.4%) hold onto Tuesday's gains, which were helped by Anthropic's announcement that it will be partnering with many companies. Ahead, the main US event is NVIDIA earnings after hours.
- **HSBC (HSBA LN / 5 HK) - Q4 2025 (USD): Net Income 4.7bn (prev. 3.9bn Y/Y), Pre-tax Profit 6.8bn (prev. 2.3bn Y/Y), NII 9.2bn (prev. 8.2bn Y/Y). FY: Revenue 68.27bn (exp. 67.36bn), Pretax Profit 29.91bn (exp. 28.86bn). Profit after tax 23.1bn (prev. 25.0bn Y/Y), NII 34.8bn (exp. 43.2bn), RoTE 13.3% (prev. 14.6% Y/Y).**
- **Japan's FTC conducted an on-site inspection of Microsoft (MSFT) on suspicion of violating the Antimonopoly Act, Nikkei reported.**
- [Click for the sessions European pre-market equity newsflow](#)
- [Click for the additional news](#)

## FX

- **DXY** trade flat intraday and off worst levels within a current 97.643-97.867 range after briefly dipping under yesterday's 97.695 low, with little reaction to US President Trump's State of the Union Address, where he defended his leadership and described the past year as a "turnaround for the ages"; he promoted tariffs as strengthening the US economy, and said they would "substantially replace" income taxes; he offered limited details on Iran, China and Ukraine. Aside from that, newsflow this morning has been on the lighter side. Focus ahead will be on Fed speak and then NVIDIA earnings.
- **JPY** underperforms with recent developments seeing PM Takaichi nominating academics Ayano Sato and Toichiro Asada to the BoJ policy board, replacing Asahi Noguchi and Junko Nakagawa; **analysts said the picks are viewed as reflationist and dovish**, and may reduce expectations of near-term rate hikes. Further, JPY weakness coincided with reports that **Japan's FTC conducted an on-site inspection of Microsoft (MSFT) on suspicion of violating the Antimonopoly Act**, Nikkei reported, potentially stoking some Big Tech-related bilateral tensions. USD/JPY resides in a 155.34-156.64 range after topping Tuesday's 156.28 high.
- **AUD** is the G10 outperformer following **firmer-than-expected monthly CPI data from Australia**. The upside in consumer inflation was driven by electricity and garments & footwear offset somewhat by a larger than expected fall in holiday travel and a smaller than expected rise in health. Analysts at Westpac note "Consistent with our preliminary review we see little risk to our current inflation profile." AUD/USD resides closer to the top end of a 0.7057-0.7117 range at the time of writing.
- **GBP and EUR** trade with mild gains despite a flat DXY, possibly more a function of JPY weakness as GBP/JPY hovers around 211.50 and EUR/JPY meanders around 184.50. Aside from that, specifics for GBP and EUR are light, with the latter eyeing EZ final inflation metrics.

## FIXED INCOME

- **Global benchmarks are broadly lower this morning**. Pressure which also comes alongside **JGB** selling, which are currently lower by around 50 ticks. The situation in Japan appears to be shifting from optimism surrounding political stability, after PM Takaichi's landslide victory, to one where traders are questioning "reflationist" policy; this refers to government's ability to boost spending whilst also allowing inflation to run higher. Fears which were sparked by reports on Tuesday, that PM Takaichi expressed her apprehension to further BoJ hikes. Moreover, overnight it was reported that the government had recommended two academics, who have been described as "staunch reflationists", by Chief Fixed Income strategist SBI Securities.
- **USTs** are lower by a handful of ticks and currently hold within a 113-05+ to 113-10+ range, with price action ultimately sideways for much of the morning. Pressure this morning in tandem with easing AI disruption related fears, after Anthropic announced a slew of new partnerships. Overnight, markets tuned into President Trump's State of the Union Address, in which he largely talked up the US economy; on trade, he suggested that tariffs will remain in place and nearly all countries want to keep the trade deals. On the Iran situation, he suggested that Iran wants to make a deal, and reiterated his own preference to solve the situation through diplomacy. Overall, his comments did not spur a reaction in US paper.
- **Bunds** initially held around the unchanged mark early doors, before slipping slightly into the red; currently off by around 10 ticks, to hold within a 129.50-129.71 range. Earlier, Final German GDP (Q4) figures were unrevised, whilst the GfK Consumer Confidence metrics deteriorated from the prior vs expectations of a slight improvement. Little move to the release of Final EZ HICP metrics.
- **Gilts** follow peers lower, and currently lower by 10 ticks within a 92.94-92.84 range. Focus on Tuesday was on the BoE, where several MPC members appeared at the TSC hearing. Governor Bailey noted that would go into coming meetings asking if a cut is justified, adding that a rate cut at the next meeting is a genuinely open question. Market pricing was little moved following the hearing and are still yet to definitively determine if the next cut will be in March or April. Elsewhere, CityAM reported that UK Chancellor Reeves is facing renewed calls to cut the bank tax as UK competitiveness lags.
- **Germany sells EUR 1.674bn vs exp. EUR 2bn 1.00% 2038 and 2.60% 2041 Bund.**
- **Japan sold JPY 249.2bn in 20yr, 30yr and 40yr JGBs in enhanced liquidity auction; b/c 3.18 (Prev. 3.32).**
- **South Korea will be cutting bond issuance in Q1 for market stability purposes.**

## COMMODITIES

- **Crude benchmarks** remain underpinned, with **WTI** and **Brent** trading within the ranges of USD 65.45-66.60/bbl and USD

70.45-71.60/bbl, respectively. Ongoing geopolitical tension between the US and Iran will likely keep oil prices volatile in the near term. At the time of writing, the latest update includes US Senator Cruz suggesting that they are likely to see limited strikes on Iran in a matter of days. Meanwhile, Iranian Foreign Minister Araghchi said Tehran will resume talks with the US in Geneva tomorrow. In Russia and Ukraine, Washington warned Ukraine not to strike targets within Russia that could hit US economic interests, according to the FT.

- **In the precious metal space, XAU and XAG** continue to surge, trading at the upper range of USD 5128.3-5310.7/oz and USD 86.22-87.10/oz, respectively. The yellow metal has been underpinned by recent dollar softness as well as continuous haven demand over geopolitical uncertainty between the US and Iran.
- **Copper prices are slightly firmer this morning**, tracking global risk sentiment from **Wall Street and APAC**, which finished higher as well as the European session, which is trading mostly positive thus far this morning. At the time of writing, **3M LME copper** is trading at the upper end of a USD 13.19-13.29k range.
- **Russia and Iran** are cutting its oil prices to China, Bloomberg reported citing traders; Russia's Urals grade is selling USD 12/bbl below ICE Brent (prev. USD 10/bbl below), Iranian Light selling USD 11/bbl below ICE Brent (prev. USD 8-9/bbl).
- **Zimbabwe suspends all raw mineral and lithium exports immediately.**
- **JPMorgan forecasts year-end 2026 spot gold price at USD 6,300/oz.**
- **Private inventory data (bbls): Crude +11.4mln (exp. +1.5mln), Distillate -2.8mln (exp. -1.6mln), Gasoline -1.5mln (exp. -0.6mln), Cushing +1.8mln.**

## TRADE/TARIFFS

- **China's Commerce Ministry, on USTR Greer comments, said that China has fulfilled obligations of China-US phase one agreement.**
- **China's Commerce Ministry** announces that the country encourages imports of services related to chip research, development and design.
- **Chinese Premier Li** said in meeting with German Chancellor Merz that China is willing to bolster dialogue, communication and mutual trust.
- **German Chancellor Merz on trade with China** said, they welcome any further market opening and it is in their mutual interest.
- **US President Trump said Supreme Court decision on tariffs is very unfortunate, but adds that tariffs will remain in place and nearly all countries want to keep the trade deals, also said congressional action won't be needed on tariffs.**

## NOTABLE EUROPEAN HEADLINES

- **UK Chancellor Reeves** is facing renewed called to cut bank tax as UK competitiveness lags, according to City AM.
- **German lawmakers** are reportedly set to approve EUR 540mln order for attack drones, Bloomberg reported citing sources.

## NOTABLE EUROPEAN DATA RECAP

- **EU Inflation Rate MoM Final (Jan) M/M -0.6% vs. Exp. -0.5% (Prev. 0.2%, Low. -0.6%, High. -0.5%).**
- **EU Core Inflation Rate YoY Final (Jan) Y/Y 2.2% vs. Exp. 2.2% (Prev. 2.3%, Low. 2.2%, High. 2.2%).**
- **EU Inflation Rate YoY Final (Jan) Y/Y 1.7% vs. Exp. 1.7% (Prev. 2%, Low. 1.7%, High. 1.7%).**
- **German GDP Growth Rate YoY Final (Q4) Y/Y 0.4% vs. Exp. 0.4% (Prev. 0.3%, Low. 0.3%, High. 0.4%).**
- **German GDP Growth Rate QoQ Final (Q4) Q/Q 0.3% vs. Exp. 0.3% (Prev. 0.0%, Low. 0.2%, High. 0.3%).**
- **German GfK Consumer Confidence (Mar) -24.7 vs. Exp. -23.1 (Prev. -24.2, Rev. From -24.1, Low. -23.5, High. -22).**
- **French Consumer Confidence (Feb) 91 vs. Exp. 90 (Prev. 90).**

## CENTRAL BANKS

- **Former BoJ Governor Kuroda** said Japan need to move toward tighter fiscal and monetary policy as the economy is already in great shape. Recent USD/JPY levels near 157 is somewhat too weak. BoJ can probably hike rates around twice a year in 2026 and 2027 to around 1.5-1.75%. PM Takaichi's administration spending and tax-cut plans could fuel inflation and push up bond yields.
- **Japan nominates professors Toichiro Asada and Ayano Sato to replace outgoing BoJ board members Noguchi and Nakagawa.**
- **Japanese Deputy Chief Cabinet Secretary said aware of report that PM Takaichi voiced apprehension to additional BoJ rate hikes, adds Takaichi did not have a specific request and there is 'nothing more or less than that'.**
- **RBA Governor Bullock** said patience is required in assessing policy.
- **China may see lower rates from Q2, according to experts cited by China Securities Journal.**
- **Thai Central Bank unexpectedly** cuts its rate by 25bps to 1.00% (exp. a hold at 1.25%); 4-2 voted in favour of the cut; said downside risks to headline inflation are expected to increase relative to previous assessment.

## NOTABLE US HEADLINES

- **US House Speaker Johnson** said codifying some of the tariffs would be difficult and will have discussions on tariffs in coming weeks, via Fox Business Interview.

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Ukraine President Zelensky's negotiators will meet with US counterparts on Thursday and is targeting a leaders summit in March.**
- **Washington warns Ukraine over striking US economic interests in Russia, FT reported.** Kyiv's ambassador to Washington said

the Trump admin has formally warned Ukraine not to strike targets within Russia that could hit US economic interests.

## MIDDLE EAST

- **US President Trump** said Iran is working on missiles that could soon reach the US, and noted Iran wants to make a deal but hasn't yet said that it won't pursue nuclear weapons, reiterates his preference is to resolve Iran nuclear issue via diplomacy.
- **Iran's Parliamentary Speaker** said, with relation to US-Iran talks, all options are on the table. Ready for dignified diplomacy, also ready for defence.

## CRYPTO

- **Bitcoin** has pared back some of Tuesday's losses, regaining the USD 65,000 handle.

## APAC TRADE

- **APAC stocks** traded higher as the region took impetus from the rebound on Wall Street after Anthropic's presentation helped soothe some AI/software concerns, and with tech also bolstered by the USD 60bln Meta-AMD chip deal.
- **ASX 200** advanced with gains led by notable outperformance in the tech, consumer staples and mining sectors, while participants continue to digest an overload of earnings and are unfazed by firmer-than-expected CPI data.
- **Nikkei 225** rallied to a fresh record high as exporters benefitted from recent currency weakness after it was reported that Japanese PM Takaichi relayed to BoJ Governor Ueda her reservations about further rate hikes.
- **Hang Seng** and **Shanghai Comp** conformed to the broad upbeat risk sentiment, with attention in Hong Kong on the annual budget and with the mainland underpinned with the PBoC conducting a CNY 600bln MLF operation.

## NOTABLE ASIA-PAC HEADLINES

- **China aims to boost output of relatively advanced chips to 100,000 wafers in 1-2 years, according to Nikkei; China has set target of adding an additional 500,000 wafers of capacity by 2030.**
- **Shanghai City relaxes home buying rules for non-residents effective on Thursday and will exempt property tax for certain home buyers.**
- **Japanese PM Takaichi** said closely watching FX moves with a high sense of urgency.
- **Major Japanese brokerage** warns that yen could test post-election low if BoJ appointments are dovish.
- **Hong Kong Financial Secretary Chan** said in **Budget Address that 2025 GDP rose 3.5% and the domestic economic trend is to continue to be good in 2026.** Sees 2026 GDP at 2.5%-3.5% and average growth of 3.0% per year in real terms for 2027-2030.
- **Hong Kong budget** is speculated to include funding for tech hub and aerospace sector incentives, according to SCMP.

## NOTABLE APAC DATA RECAP

- **Australian RBA Trimmed Mean CPI YoY (Jan) Y/Y 3.4% vs. Exp. 3.3% (Prev. 3.3%, Low. 3.2%, High. 3.3%).**
- **Australian RBA Weighted Median CPI YoY (Jan) Y/Y 3.6% (Prev. 3.6%).**
- **Australian RBA Weighted Median CPI MoM (Jan) M/M 0.3% (Prev. 0.2%).**
- **Japanese Services PPI (Jan) 2.6% vs Exp. 2.6% (Prev. 2.6%).**

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