

## European Market Wrap - 25th February 2026

- European bourses are broadly firmer, led by Basic Resources; US equity futures also gain.
- DXY is slightly firmer/flat, AUD leads post-CPI whilst JPY underperforms on Takaichi's "reflationist" BoJ candidates.
- Precious metals gain with spot gold heading towards USD 5,200/oz; spot silver +3.9%, spot platinum +6.3%.

### EQUITIES

- European bourses (STOXX 600 +0.6%) were broadly in the green. FTSE 100 (+0.9%) led its European peers, aided by shares in Fresnillo (+4.6%), HSBC (+6.2%) and St James's Place (+6.5%). SMI (-0.1%) was the laggard, despite Alcon (+3.0%) reversing earlier losses.
- Sectors end European trade with a positive bias. Basic Resources (+2.8%) was the clear outperformer, helped by the rise in metals prices. Banks (+2.0%) followed closely, supported by positive HSBC earnings after the Co. beat top line metric estimates and Santander (+3.5%) beat 2028 net income expectations. Poor Diageo earnings did not help the Food, Beverages and Tobacco (-1.4%) sector, which sat with decent losses on the day. Diageo (-13.8%) cut its FY organic sales guidance to down 2-3%, in which it previously guided flat to slightly negative FY26 organic sales.
- As stated above, St James's Place posted decent gains after the Co. posted greater FY underlying cash on a year-on-year basis, and the CEO stated that the Co. intend to increase total annual shareholder distributions to 70% of underlying cash result. Again for Food, Beverages and Tobacco names, the likes of Pernod Ricard (-6.8%), Campari (-5.2%) and Heineken (-1.2%) were hit as a result of negative Diageo earnings. For easyJet (-2.6%), the Co. is set to be removed from the FTSE 100, which weighed on shares.
- US equity futures (ES +0.5%, NQ +0.4%, RTY +0.2%) are entirely in the green, holding onto Tuesday's Anthropic-related gains. After the closing bell, NVIDIA is set to release its Q4 earnings, with investors keeping a close eye on its guidance, Blackwell production ramp and gross margins.
- Japan's FTC conducted an on-site inspection of Microsoft (MSFT) on suspicion of violating the Antimonopoly Act, Nikkei reported.

### FX

- DXY - DXY traded flat intraday and off worst levels within a 97.643-98.000 range after briefly dipping under yesterday's 97.695 low earlier. 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 European session has been on the lighter side. Focus ahead will be on Fed speak and then NVIDIA earnings.
- JPY - JPY underperformed. PM Takaichi nominated 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 resided in a 155.34-156.82 range after topping Tuesday's 156.28 high.
- Antipodeans - 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 traded closer to the top end of a 0.7057-0.7117 range at the time of writing.
- GBP, EUR - GBP and EUR traded with mild gains despite a flat DXY, possibly more a function of JPY weakness as GBP/JPY hovered around and eventually topped 211.50 while EUR/JPY mounted 184.50. Aside from that, specifics for GBP and EUR were light.

### FIXED

- Global benchmarks were broadly lower for two main reasons ; a) as AI disruption-related fears eased, and b) JGB weakness, stemming from PM Takaichi's BoJ picks, who have been described as "dovish" and "reflationist".
- USTs opened lower by a handful of ticks and have continued to trade sideways throughout the session. No move overnight to President Trump's State of the Union address, where he talked up the economy. Since, an appearance from USTR Greer also failed to move US paper - he highlighted that the US will put out a proclamation on 15% tariffs, in the coming days. USTs are set to end the European session towards the lower end of a 113-03+ to 113-10+ range. Focus will turn to Fed speak, and then NVIDIA earnings thereafter.
- Bunds followed the above for much of the session, but look to close the European day around the unchanged mark; currently holding around 129.60, 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, and there was also little move on the release of Final EZ HICP metrics.
- Gilts ultimately followed peers lower, with UK specifics lacking today. Earlier, BoE's Greene said the MPC expects inflation to

fall back to target in 2026. Market pricing was little moved to the TSC hearing on Tuesday, with markets 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 sold EUR 1.674bln vs exp. EUR 2bln 1.00% 2038 and 2.60% 2041 Bund.**
- **South Korea will be cutting bond issuance in Q1 for market stability purposes.**

## COMMODITIES

- **Crude** benchmarks traded sideways throughout the European session, underpinned by geopolitical tension between the US and Iran but capped by supply-related OPEC headlines. On geopolitics, Iran's President said there are positive prospects for negotiations with Washington. The ongoing geopolitical risks have prompted planning from major oil producers. Saudi Arabia is reportedly preparing for a short-term increase in oil output and exports in the event of a US strike on Iran. In addition, reports suggested that OPEC+ is set to raise oil production by 137k bpd in April. **WTI** and **Brent** are trading within the narrow ranges of USD 65.39-66.60/bbl and USD 70.45-71.60/bbl, respectively.
- **Precious metals** continued to benefit from haven flow as geopolitical tension continues to persist. **XAU** and **XAG** trade at the upper ranges of USD 5,120.74-5,210.59/oz and USD 86.56-91.25/oz, respectively. Elsewhere, Bank of America forecasts that silver prices could rise above USD 100/oz again this year.
- **Base metals** are also firmer, underpinned by global risk sentiment, as European equities are mostly firmer and US equities opening in the green. **3M LME copper** trades at the upper end of USD 13.19-13.28k/t.
- **BofA thinks silver could rise above USD 100/oz again this year.**
- **Russia's Deputy PM Novak** said oil output and export is beneficial at current price, according to Tass.
- **OPEC+ at March 1st meeting to consider 137,000 bpd oil output increase for April.**
- **Saudi Arabia readies plan for short-term oil output rise and export surge in case of US strike on Iran.**
- **Some OPEC+ delegates expect the group will agree to resume modest production increases this Sunday regarding April policy, Bloomberg reported.** The group hasn't yet settled a course of action ahead of its Sunday meeting, three sources said. Escalating risks of conflict between the US and Iran are also clouding the outlook.
- **Kazakhstan reportedly increased its oil and gas condensate production to 1.78M BPD during February (prev. 1.27M BPD in January).**
- **Kazakhstan's Tengiz field reportedly produced 790k BPD (17% below recovery plan), with output recovery slowed by CPC oil export disruptions.**
- **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.**

## EUROPEAN DATA

- **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%).**
- **EU Inflation Rate MoM Final (Jan) M/M -0.6% vs. Exp. -0.5% (Prev. 0.2%, Low. -0.6%, High. -0.5%).**
- **Spanish PPI YoY (Jan) Y/Y -2.9% (Prev. -3%).**
- **French Consumer Confidence (Feb) 91 vs. Exp. 90 (Prev. 90).**
- **Swedish PPI YoY (Jan) Y/Y -2.0% (Prev. -2.7%).**
- **Swedish PPI MoM (Jan) M/M 2.4% (Prev. -1.1%).**
- **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).**

## NOTABLE HEADLINES

- **UK PM Starmer** said he will look at ways to make the student loan system fairer.

## TRADE/TARIFFS

- **USTR Greer said the goal on tariffs in continuity; are looking at how to implement a 15% tariff, via Bloomberg TV.** Have been in close contact with European and UK counterparts. We expect the EU and UK to hold up their end of the bargain. The US will put out a proclamation on 15% tariffs, in the coming days. Will raise tariff to 15%, "where appropriate". 301 probes on forced labour and seafood are coming soon. Mexico is discriminating against US energy producers. Canada limits access for US dairy. Trans-shipment is an issue with Mexico and Canada.
- **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.

## 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.

- **BoE's Greene said there is a strong case for the Bank to do exactly the opposite of what the Fed is doing, via FT interview.** Does not make sense to set domestic policy based on the risks from another central bank. The MPC expects inflation to fall back to target in 2026. There are two-sided risks to the underlying disinflation process.
- **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.**

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Russia's Deputy PM Novak** said oil output and export is beneficial at current price, according to Tass.
- **Hungarian PM Orban** said Ukraine is preparing further actions to disrupt the Hungarian energy system, based on reported from National Security services; Orban ordered reinforced protection of critical infrastructure, troop deployment where necessary.
- **Ukrainian President Zelensky** said Ukraine was advised to repair the Druzhba pipeline, but "it is not that fast".
- **Ukraine President Zelensky's negotiators will meet with US counterparts on Thursday.** Is targeting a leaders summit in March.

### MIDDLE EAST

- **"A Hezbollah source told AFP: Hezbollah will not intervene militarily if the United States launches "limited" attacks against Iran", via N12's Lipkin.**
- **Iran's President** said there are positive prospects for negotiations with Washington, Al Hadath reported.
- **Iran's IRGC ground units conducted a tactical exercise on Wednesday, practising a missile attack scenario; strike site closely resembled part of the US al-Dhafra base in the UAE and tactical ballistic missiles were used in this scenario.**
- **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.
- **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).
- **Iraq's armed factions threaten to resume attacks against US forces, Al Arabiya reported.**

### NORTH AMERICAN DATA

- **US MBA Mortgage Market Index (Feb/20) 340.2 (Prev. 339.0).**
- **US MBA Mortgage Applications (Feb/20) 0.4% (Prev. 2.8%).**
- **US MBA Purchase Index (Feb/20) 149.7 (Prev. 157.1).**
- **US MBA Mortgage Refinance Index (Feb/20) 1432.9 (Prev. 1375.9, Rev. From 1375.9).**
- **US MBA 30-Year Mortgage Rate (Feb/20) 6.09% (Prev. 6.17%).**

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