

## European Market Wrap - 26th February 2026

- European bourses mixed; US equity futures slightly lower, whilst NVIDIA (-3.5%) slips into the red.
- G10s were broadly lower against the USD, JPY remained afloat.
- No substantial updates from US-Iran talks, with talks set to continue this afternoon.

### EQUITIES

- European bourses (STOXX 600 +0.1%) were broadly in the green, with the CAC 40 (+0.8%) the clear outperformer while the SMI (-0.2%) traded with mild losses as Holcim (-5.1%) weighed on the index.
- Sectors gave a mixed picture. Financial Services (+1.9%) remained near the top spot, just shy of Travel and Leisure (+2.4%), financial services support after LSEG (+7.4%) announced a new GBP 3bln share buyback programme. Howden Joinery (+10.5%) managed to extend earlier gains, helping Retail (+1.6%) names perform well throughout Thursday's session. However, not doing so well is Basic Resources (-2.7%), which has been hit by falling silver prices.
- On a day with many big movers, Engie (+7.3%), Rolls Royce (+5.0%) and Hikma Pharmaceuticals (-16%) were the big stand-outs. Starting with Hikma, the Co. delivered FY25 earnings in line with forecasts but guided 2026 group revenue growth between 2-4%, missing analyst expectations of 5.6%. Moving to more positive news, Rolls-Royce announced that it plans to buy back as much as GBP 9bln worth of shares between 2026 and 2028, which has helped boost shares of the Co., in addition to beats on 2026 guidance and raising 2028 guidance for underlying operating profit. For Engie, the Co. is to acquire UK Power Networks for GBP 10.5bln, a purchase expected to have an immediate positive impact on results.
- US equity futures have started the cash session on the backfoot, with the NQ (-0.4%) weighing on indices as Nvidia (-3.0%) reverses its pre-market gains. As a reminder, the Co. did announce positive Q4 earnings, in which EPS and revenue beat expectations and provided stronger-than-expected guidance.

### FX

- G10s are mostly lower against the USD, with the exception of the JPY, which managed to remain incrementally firmer throughout the session.
- DXY traded with very mild gains, within a 97.48-97.76 range. Today's action included Fed speak via ultra-dove Miran, who reiterated that the Fed should cut by 100bps this year, adding that four cuts are appropriate, sooner rather than later. From a data perspective, the Chicago Fed Labour Market Indicator printed at 4.28% (prev. 4.36%); jobless claims (continued coincides with NFP) was a touch below the expected. The index was little moved on the figures. Perhaps more focus today is on the US-Iran talks in Geneva; earlier mood music appeared to be positive, though the index moved a touch higher on commentary via a Senior Iranian Official who suggested that talks raised new ideas that require consultations, and some gaps remain.
- JPY was the slight outperformer as USD/JPY continued to pull back overnight after climbing to its best levels in over two weeks, on Wednesday, following the Takaichi government's reflationist picks for the BoJ board. The pair was not helped by the lack of fresh drivers and the absence of tier-1 data from Japan, while there were comments from BoJ Governor Ueda, who reiterated the hiking bias, and hawkish dissenter Takata also stated that they must conduct further rate hikes in a gradual manner.
- EUR and GBP were incrementally softer against the USD. Really not much driving things for either pair, though the GBP will have the Gorton and Denton by-election to digest. Analysts suggest that a heavy defeat for the ruling Labour Party could trigger volatility in Sterling. Some suggest a loss in what has been a safe Labour seat for nearly 100 years could re-ignite speculation regarding UK PM Starmer's leadership.

### FIXED

- Fixed benchmarks spent the morning flat, awaiting supply, data and Fed speak.
- Supply from Italy passed without impact, though the outing was softer than the prior. Ahead, we have a US 7yr auction due after a relatively soft 5yr on Wednesday. Into this, the benchmark is firmer by a tick or two in thin 113-04 to 113-09 parameters.
- Data today headline by weekly claims, printing incrementally below consensus for the initial figure, while continued came in at 1.83mln, below the exp. 1.86mln; note, continuing coincides with the BLS survey window. No real move to the data.
- USTs were also unreactive to Fed speak, as Miran stuck to the script. Though, his remarks on cuts were of some note as he called for four cuts this year to deliver 100bps of easing, implying that he does not intend to vote for 50bps again, as things stand for 2026 at least.
- Bunds set to end the day firmer by just under 10 ticks at a 129.72 peak. Specifics are relatively light, no move to a handful of data points or ECB remarks.
- Gilts outperform, higher by 22 ticks at most and above 93.00. This comes into the Gorton and Denton by-election, on which recent polls have shown Green, Labour or Reform could conceivably win. If Labour does not win, then pressure may well return within the party on PM Starmer; however, near-term focus is on next week's Spring Statement (guided to be a non-event) and more pertinently the 7th of May local elections.
- Italy sold EUR 6.5bln vs exp. EUR 5.5-6.5bln 2.85% 2031 and 3.45% 2036 BTP & EUR 2.5bln vs exp. EUR 2.0-2.5bln 1.468%

## COMMODITIES

- **Crude benchmarks** are slightly lower as the market approaches the end of the European session. The focus for WTI and Brent has been the third round of discussions between the US and Iran in Geneva. The crude complex saw downside pressure after the Iranian FM spokesperson said they came with a very reasonable amount of flexibility. However, there was an attempt to pare back some losses after remarks via a Senior Iranian Official, who said reaching a deal is possible if the US separates nuclear and non-nuclear issues, adding that some gaps remain. However, that was fleeting with **WTI** and **Brent** ultimately remaining lower compared to earlier gains this week, trading at the lower range of USD 64.15-65.85/bbl and 69.78-71.06/bbl, respectively.
- **Precious metals** have also trimmed some gains with **XAU** and **XAG** trading at the lower ranges of USD 5140.0-5305.5/oz and USD 85.7-90.2/oz, respectively. Silver appears to face the steepest decline, down 3.5% as the European market nears the end of the session. The yellow metal's haven demand has faced some weakness as geopolitical tension appears to ease.
- **Base metals** are weaker, tracking mixed sentiment from the Chinese market, which saw the Shanghai composite finish lower to flat. Elsewhere, newsflow has been light for the red metal, with **3M LME copper** trading at a tight range of USD 13.2-13.3k/t.
- **World Gold Council** writes that **gold see support from stronger inflation-hedging demand and a greater correlation between stocks and bonds. Haven demand could arise from financial speculation. Caution** is warranted due to stretched valuations.
- **US President Trump's administration** plans to reallocate at least 50% of exempted biofuel blending obligations to big refiners and signals it could go higher, according to sources.
- **India's Market Regulator** said from the 1st April, mutual funds shall value physical gold and silver by using polled prices published by recognised stock exchange. Prices published by recognised stock exchanges may be used for valuation of gold and silver held by mutual fund schemes. Using spot price published by such regulated entities shall lead to valuation reflective of domestic market conditions.

## EUROPEAN DATA

- EU Economic Sentiment (Feb) 98.3 vs. Exp. 99.8 (Prev. 99.3, Rev. From 99.4, Low. 98.5, High. 100).
- EU Industrial Sentiment (Feb) -7.1 vs. Exp. -6.1 (Prev. -6.8, Low. -7.5, High. -6).
- EU Services Sentiment (Feb) 5.0 vs. Exp. 7.5 (Prev. 7.2, Low. 6.8, High. 7.9).
- **EU Consumer Confidence Final (Feb) -12.2 vs. Exp. -12.2 (Prev. -12.4).**
- EU Selling Price Expectations (Feb) 11.5 (Prev. 10.0).
- **EU Consumer Inflation Expectations (Feb) 25.8 (Prev. 24.2, Rev. From 24.1).**
- Italian Consumer Confidence (Feb) 97.4 vs. Exp. 97.2 (Prev. 96.8).
- Italian Business Confidence (Feb) 88.5 (Prev. 89.2).
- Swiss Non Farm Payrolls (Q4) 5.544 (Prev. 5.532).

## NOTABLE HEADLINES

- **Denmark's PM** said they will hold parliamentary elections on the 24th of March.

## TRADE/TARIFFS

- **German Chancellor Merz on his conversation with Chinese President Xi, said there are many challenges to overcome; Economic Minister will conduct a follow up visit.** Germany-China government talks could happen at the end of 2026.
- **India's Trade Minister after hosting US Commerce Secretary Lutnick, said both parties engaged in "very fruitful" discussions to expand trade and economic partnership.**

## CENTRAL BANKS

- **Fed Governor Miran said banks are over regulated, harming credit creation; he is a big supporter of Bowman's agenda.** Not seen anything worrisome yet in private credit despite some bumps. It is not yet worrying from a macro perspective. Labour market data has been a bit better, but it is still too early to sound the all clear. Does not think the US has an inflation problem at the moment. Prices seem stable. Monetary policy could offset the impact of credit card gaps. AI will be profoundly disinflationary. Food prices can always see outliers. Reiterates Fed should cut by 100bps this year, four cuts are appropriate, sooner rather than later.
- **ECB's Lagarde said we continue to expect inflation to stabilise at the 2% target in the medium term, will continue to follow data-dependent and meeting-by-meeting approach.**

## GEOPOLITICS

## RUSSIA-UKRAINE

- **Ukraine and US meeting in Geneva has begun, according to the head of Ukraine's delegation.**
- **Russian Foreign Ministry** said deployment of British troops in Ukraine will not end the conflict, but will prolong the war.
- **Russian Foreign Minister** said they do not have a deadline for reaching a Ukraine settlement, but does confirm they are working to resolving them, Al Jazeera.

## MIDDLE EAST

- **Senior Iranian Official says reaching a deal is possible if the US separates nuclear and non-nuclear issues, sources report;**

talks raised new ideas that require consultations, some gaps remain.

- Iran hopes that upcoming talks will focus on nuclear issues and sanctions.
- Iran's Foreign Ministry said talks with the US will recommence between 16:30-17:00GMT/11:30-12:00ET.
- Talks between the US and Iran in Geneva this morning were both indirect and direct, Axios reported, citing sources.
- Negotiations in Geneva between the US and Iran are reportedly set to resume at 15:30 GMT.
- The US reportedly requested from Iran in the proposal to destroy its 3 nuclear sites, according to Al Arabiya citing WSJ. The United States requested in its proposal that it receive all enriched uranium from Iran.
- Oman Foreign Minister said talks earlier exchanged positive and creative ideas, US-Iran talks will resume later today, hopes to make more progress.
- US/Iran negotiations are currently paused for consultation and will resume this evening/late afternoon Geneva time.
- "Some media outlets in Iran reported a disruption in GPS in Tehran", Iran International reported (desk on the lookout for details).
- US aircraft carrier USS Gerald R Ford left the NATO naval base in Greece and is expected to reach Israel within 24 hours, Israeli press reported.
- Omani Foreign Minister said Iran and the US have welcomed proposals in the Geneva talks.
- US-Iran talks which began at 09:45 Geneva time are still ongoing, according to a reporter citing Tasmin News Agency.
- Iran's Foreign Ministry spokesperson said the country will move to the nuclear negotiation site in half an hour, our negotiating team has reasonable amount of flexibility in the US nuclear talks in Geneva.

#### NORTH AMERICAN DATA

- US Initial Jobless Claims (Feb/21) 212k vs. Exp. 215k (Prev. 208k, Rev. From 206k, Low. 203k, High. 230k).
- US Continuing Jobless Claims (Feb/14) 1833k vs. Exp. 1860k (Prev. 1864k, Rev. From 1869k).
- US Jobless Claims 4-week Average (Feb/21) 220.25K (Prev. 219.50K, Rev. From 219K).
- Chicago Fed Labor Market Indicator for February tracking unemployment at 4.28% (prev. 4.36%; vs official unemployment rate was 4.3% in January).
- BofA card spending, week to Feb 21st: +4.4% (prev. 4.4% W/W), likely partially reflecting pre-blizzard stockpiling.

Copyright © 2026 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com