

European Market Wrap - 27th February 2026

- European bourses (STOXX 600 U/C) are to end the last trading day of the month mixed.
- DXY briefly rose on the hotter US PPI, but gains then faded in choppy trade.
- Omani Foreign Minister to meet with US VP Vance in Washington today, sources say.

EQUITIES

- **European bourses (STOXX 600 U/C)** are to end the last trading day of the month mixed. **The FTSE 100 (+0.6%)** outperformed its peers, helped by shares in **Rightmove (+5.0%)** following its positive earnings report just before it gets removed from the index on Tuesday. **The CAC 40 (-0.5%)** was the laggard, hit by **EssilorLuxottica (-4.7%)** and **STMicroelectronics (-1.7%)**. Despite the mixed picture, there is good news to end the week. The broader **STOXX 600** is to extend its monthly winning streak to 8 straight weeks, which hasn't happened since 2012.
- **Sectors** were mixed. **Telecommunications (+2.4%)** led the basket, aided by gains in **Telefonica (+4.9%)** and **1&1 (+12.1%)** after reports of a EUR 5bln M&A deal nears completion. However, **IAG (-7.2%)** weighed on the **Travel and Leisure sector (-2.5%)** despite the Co. recording record FY profit that beat estimates and the announcement of a EUR 1.5bln share buyback programme.
- Other key movers include **BMPS (-5.8%)**, **Melrose (-11.8%)** and **Banking names that have been exposed to the MFS failure (Barclays -3.4%, Santander -2.3%)**. BMPS announced its 2030 profit goal of EUR 3.7bln and pledged that the Mediobanca merger would fully meet its projected benefits in 2028. The Co. also proposed EUR 16bln in payouts in 2030, benefiting shareholders who acquired the 60% stake that the Italian government has been selling in recent years. For Melrose, its 2026 EBIT guidance missed analyst expectations, which has caused shares to slip.
- **US equity futures (ES -0.9%, NQ -0.8%, RTY -1.7%)** are entirely in the red, continuing on Thursday's losses. **Dell (+17.1%)** shares have surged higher after the Co. forecasted FY27 revenue above estimates, while **CoreWeave (-15.3%)** was hit after revenue guidance missed expectations.

FX

- **USD** - DXY traded choppily but slightly softer, drifting within a 97.611–97.851 band after subdued APAC trade and a tentative European tone. Modest downside came as EUR firmed following the hotter French CPI. Newsflow was otherwise quiet as traders positioned for US PPI, which topped expectations and resulted in some short-lived upticks in the USD. The index remained comfortably inside Thursday's 97.489–97.984 range.
- **EUR** - EUR/USD firmed modestly, breaking more convincingly above 1.1800 after hotter-than-expected French and Spanish prelim CPI. Gains later faded back to flat as German state CPI pointed to more cooling than expected for the national print, although core national CPI remained sticky. The pair traded 1.1789–1.1822 ahead of Germany's prelim CPI release.
- **GBP** - GBP/USD hovered near 1.3500 after Thursday's credit-related underperformance and weak UK GfK confidence, which fell to levels last seen in November. Political pressure on PM Starmer intensified after Labour lost the Gorton & Denton by-election, though GBP showed little sensitivity to the outcome. Cable held in a 1.3440–1.3508 range after finding support at its 200DMA (1.3442). BoE Chief Economist Pill prompted no move in the GBP.
- **JPY** - USD/JPY softened early on cautious risk appetite and firmer-than-expected Tokyo CPI, though core inflation slipped back below the BoJ's target. The pair later pared losses alongside a mild DXY. USD/JPY traded 155.54–156.23 vs Thursday's 155.70–156.43.
- **CHF** - Eventually outperformed as the Swiss was the preferred haven vs the JPY, with the latter somewhat overshadowed by the recent BoJ appointments and PM Takaichi headlines.
- **Antipodeans** - AUD and NZD rebounded from Thursday's lows and modestly outperformed in early European trade, though upside remained capped by mixed risk sentiment and CNH weakness. AUD was additionally constrained by softer metals.
- **CNH** - CNH weakened after the PBoC acted to slow currency appreciation, cutting the FX risk-reserve ratio to 0% and setting a weaker-than-expected CNY fix by keeping it unchanged from the prior day. The move pressured regional FX and limited upside in AUD/NZD.

FIXED INCOME

- **USTs began the European session** with mild gains, remaining at the highs seen on Thursday, which were spurred by risk aversion and a decent 7yr auction. As a reminder, the risk aversion was attributed to the sheer number of large financial firms, which had exposure to the collapsed UK firm MFS. This theme has continued into today, as US paper sauntered higher and looks to close the European session near highs. Earlier, there were some modest downticks following the **US PPI report, which was hotter across the board**. However, the components which filter into the PCE were a bit more of a mixed bag, with Portfolio Management PPI, Scheduled Domestic Passenger Air Transport and Hospital Outpatient Care (amongst others), cooled from the prior. **USTs** currently firmer by around 8 ticks, towards the upper end of a 113-16 to 113-23 range.
- **Bunds** opened incrementally firmer/flat, and followed global peers higher. Earlier, a hawkish set of French/Spanish inflation metrics spurred modest pressure in German paper, before the German State CPIs spurred incremental upside. The mainland figure cooled from the prior, and a touch more than what was expected. Bunds trade within a 129.76 to 129.99 range.
- **Gilts** initially followed peers this morning. Focus in the UK was on the **Gorton and Denton by-elections in which the Green party**

won, with Reform second and Labour third. With Labour losing a seat they held for almost 100 years, UK PM Starmer's leadership could be at risk, which in theory would place pressure on UK-assets. Now attention turns to the weekend press, to see whether PM Starmer faces renewed pressure and on the Spring Statement on Tuesday.

COMMODITIES

- **Crude** - WTI and Brent traded firmer after US-Iran negotiations ended without a deal but with both sides agreeing to continue technical talks. Mediators cited "unprecedented openness" and narrowing gaps on nuclear limits and sanctions relief, though key sticking points remain. The lack of agreement, paired with ongoing geopolitical uncertainty, kept a bid under crude as some gear towards potential US action this weekend.
- **Precious Metals** – Spot gold edged higher after only modest gains from yesterday's no-deal outcome in US-Iran talks. Traders remain alert to the risk of potential US military action this weekend as Washington increases pressure on Tehran. Spot silver was up over 3% intraday.
- **Base Metals** Base metals firmed despite choppy Asian risk sentiment, supported by a softer USD and expectations around China's policy trajectory. Some desks noted that stalled US-Iran talks added a marginal geopolitical bid, while improving Chinese demand signals and anticipation of next week's Two Sessions—where the 15th Five-Year Plan and new AI/EV/grid infrastructure stimulus may be unveiled—helped underpin prices.
- **Naftogaz** said the Druzhba pipeline damage assessment to be ready soon.
- **London Metal Exchange** announces the consultation for introducing regulatory position limits, exemptions and position management controls.
- **Iron ore port stockpiles hit record levels in China as mines continue to add supply.**
- **Abu Dhabi reportedly offers more oil to partners, heading into the OPEC+ meeting, Bloomberg sources say.**
- **India** is reportedly looking to cut coal imports for power plants at least 30% this year, sources say.
- **China SHFE warehouses weekly changes: Copper +43.7%, Aluminium +19.7%, Zinc +44.9%.**
- **Kazakhstan's energy minister** said oil exports from Kazakhstan in 2026 will remain at last year's level and said oil output at Tengiz is almost at full capacity.

EUROPEAN DATA

- **ECB Consumer Expectations Survey (Jan):**. Inflation:. 1-year inflation expectation 2.6% (prev. 2.8%). 3-year inflation expectation 2.6% (prev. 2.6%). 5-year inflation expectation 2.3% (prev. 2.4%).
- **EU ECB Consumer Inflation Expectations (Jan) 2.6% (Prev. 2.8%).**
- **German Inflation Rate YoY Prel (Feb) Y/Y 1.9% vs. Exp. 2% (Prev. 2.1%, Low. 2%, High. 2.3%); Core 2.5% (Prev. 2.5%).**
- **German Inflation Rate MoM Prel (Feb) M/M 0.2% vs. Exp. 0.5% (Prev. 0.1%, Low. 0.3%, High. 0.6%).**
- **German Unemployed Persons (Feb) 2.977M (Prev. 2.976M).**
- **German Unemployment Rate (Feb) 6.3% vs. Exp. 6.3% (Prev. 6.3%, Low. 6.3%, High. 6.4%).**
- **German Unemployment Change (Feb) 1K vs. Exp. 2K (Prev. 0K, Low. -2K, High. 15K).**
- **German Import Prices MoM (Jan) M/M 1.1% vs. Exp. 0.6% (Prev. -0.1%).**
- **German Import Prices YoY (Jan) Y/Y -2.3% (Prev. -2.3%).**
- **French Unemployment Benefit Claims (Jan) -26.9K (Prev. -11.9K).**
- **French GDP Growth Rate YoY Final (Q4) Y/Y 1.1% vs. Exp. 1.1% (Prev. 0.9%).**
- **French Inflation Rate MoM Prel (Feb) M/M 0.7% vs. Exp. 0.5% (Prev. -0.3%).**
- **French Inflation Rate YoY Prel (Feb) Y/Y 1.0% vs. Exp. 0.8% (Prev. 0.3%, Low. 0.7%, High. 0.8%).**
- **French PPI YoY (Jan) Y/Y -2.30% (Prev. -1.90%, Rev. From -2%).**
- **French PPI MoM (Jan) M/M 0.5% (Prev. 0.3%, Rev. From 0.2%).**
- **French Household Consumption MoM (Jan) M/M 0.5% vs. Exp. 0.3% (Prev. -0.5%, Rev. From -0.6%).**
- **French GDP Growth Rate QoQ Final (Q4) Q/Q 0.2% vs. Exp. 0.2% (Prev. 0.2%, Rev. From 0.5%, Low. 0.1%, High. 0.2%).**
- **French Private Non Farm Payrolls QoQ Final (Q4) Q/Q -0.1% vs. Exp. 0.1% (Prev. -0.1%).**
- **Italian Industrial Sales YoY (Dec) Y/Y 3.6% (Prev. 0%).**
- **Italian Industrial Sales MoM (Dec) M/M 0.50% (Prev. -0.10%, Rev. From -0.1%).**
- **Spanish Core Inflation Rate YoY Prel (Feb) Y/Y 2.7% (Prev. 2.6%).**
- **Spanish Inflation Rate MoM Prel (Feb) M/M 0.4% (Prev. -0.4%).**
- **Spanish Inflation Rate YoY Prel (Feb) Y/Y 2.3% vs. Exp. 2.2% (Prev. 2.3%).**
- **Swiss GDP Growth Rate YoY (Q4) Y/Y 0.8% (Prev. 0.9%, Rev. From 0.8%).**
- **Swiss GDP Growth Rate QoQ Final (Q4) Q/Q 0.2% vs. Exp. 0.2% (Prev. -0.5%).**
- **Swiss KOF Leading Indicators (Feb) 104.2 vs. Exp. 103 (Prev. 103.3, Rev. From 102.5).**
- **Hungarian Unemployment Rate (Jan) 4.6% (Prev. 4.4%).**
- **Swedish GDP Growth Rate QoQ Final (Q4) Q/Q 0.5% vs. Exp. 0.4% (Prev. 1.1%).**
- **Swedish Retail Sales YoY (Jan) Y/Y 4.1% (Prev. 2.3%, Rev. From 1.5%).**
- **Swedish Retail Sales MoM (Jan) M/M 0.1% (Prev. -0.6%, Rev. From -0.7%).**
- **Swedish GDP Growth Rate YoY Final (Q4) Y/Y 2.1% vs. Exp. 2.2% (Prev. 2.6%).**
- **Norwegian Registered Jobless Rate (Feb) 2.20% vs. Exp. 2.2% (Prev. 2.30%, Rev. From 2.3%).**

NOTABLE HEADLINES

- **UK PM Starmer** said he understands that voters are frustrated but will keep on fighting for voters and fighting against the left and the right.
- **UK former Deputy PM Rayner** noted the Gorton and Denton by-election results are a "wake-up call" and Labour "has to be

braver"; Sky News suggests these remarks will be taken as a direct aim at UK PM Starmer and his leadership.

- EU Commission eyes a legal loophole to bypass Hungary's veto of a EUR 90bn euro loan, according to FT.

TRADE/TARIFFS

- Italian PM Meloni said EU-US tariffs are a mistake, should seek a free trade zone.
- German Chancellor Merz and US President Trump to discuss bilateral relations, security, and trade issues, during a meeting in Washington on Tuesday, according to the German Government Spokesperson.
- European Commission President Von Der Leyen said the Commission will provisionally apply the EU-Mercosur deal.
- China's MOFCOM announces adjustments to anti-discrimination measures against Canada, effective Mar 1st till Dec 31st 2026, will not impose relevant tariffs on some imports from Canada.
- Japan's PM Takaichi said the US needs to honour its commitments on tariffs.

CENTRAL BANKS

- BoJ outright bond buying operations unchanged in March vs Feb (as expected).
- BoE Pill said should not be lulled into a false sense of security by the decline in headline inflation driven by one-off factors; Disinflation is not complete, underlying pressures are key. The disinflation process is advanced and intact.
- The PBoC has announced a new set of rules to facilitate cross-border CNY funding between local and foreign financial institutions.

GEOPOLITICS

RUSSIA-UKRAINE

- Russia's Deputy PM Novak said we are looking to narrow Russia's Urals oil discount to Brent to USD 10/bbl.
- Russian Deputy PM Novak said there is enough oil in Russia for the next 62 years.
- The EU authorities are reportedly creating obstacles to prevent Russian President Envoy Dmitriev's plane from returning to Moscow after Geneva negotiations.
- Russia's Kremlin said they have briefed Turkey on possible gas link attacks, TASS reported.
- A local ceasefire has been established near the Zaporizhzhia nuclear power plant, TASS reported. Further, by RIA stating that one power line is being repaired at the power plant.

MIDDLE EAST

- Americans reportedly left Iraq extensively through Baghdad International Airport in the past 24 hours, via Al Hadath.
- Omani Foreign Minister to meet with US VP Vance in Washington today, sources say (details light).
- Amichai Stein said the Al Udeid Air Base in Qatar is all evacuated.
- Iran's Ayatollah Khatami said "the regime will not accept suspension of enrichment".
- US authorises the departure of some embassy personnel and families from Israel amid safety risks.
- Iran urges US to abandon "excessive demands" to reach deal, Sky News Arabia reported, citing AFP.
- Iranian spokesperson said "In the event of any conflict, American soldiers and their equipment will be destroyed, and all US resources and interests in the region will be within the range of Iranian forces", via Iran International. Full post: In response to Donald Trump's remarks in the US Congress that the country will not allow "the world's largest sponsor of terrorism" to acquire nuclear weapons, Abolfazi Shekarchi, the top spokesman for the Islamic Republic's armed forces, threatened, "In the event of any conflict, American soldiers and their equipment will be destroyed, and all US resources and interests in the region will be within the range of Iranian forces.".
- IAEA said Iran must address with utmost urgency the location of its uranium. Reiterates previous reports' finding that on June 13, when Israel launched attacks, Iran's stock of enriched uranium is estimated to have been 9,874.9kg. According to the IAEA's definition, around 42kg of uranium enriched to 60% is theoretically enough, if enriched further, to produce a nuclear bomb.
- US authorises the departure of some embassy personnel and families from Israel amid safety risks.

OTHERS

- AFP reported clashes near a major border crossing between Afghanistan and Pakistan.
- Some have been "killed and wounded as a result of the bombing of Pakistani nuclear centre and military facility", via Cairo News.
- China said it is not possible to join denuclearisation talks at this stage.

NOTABLE NORTH AMERICAN NEWS

- US lawmakers are reportedly eyeing tax changes to address institutional investors in housing, according to Semafor; sources suggest that Rounds and other GOP lawmakers reportedly have concerns about "meddling" in the market.
- US Senator Schatz is planning to introduce two AI labour bills in the coming months, Axios reported; "Lawmakers are under increasing pressure to respond to fears that AI will upend the job market". The second bill would trigger "an automatic, whole of government response" if unemployment exceeds 5.5% for two quarters.

NORTH AMERICAN DATA

- US PPI PCE Components (Jan 2026):. Portfolio Management PPI: 1.48% (prev. 2.08%). Scheduled Domestic Passenger Air Transport: 0.8% (prev. 2.7%). Passenger Airline Services: 2.60% (prev. 2.13%). Physician Care: 0.83% (prev. 0.03%). Home

Health & Hospice Care: 0.10% (prev. 0.25%). Hospital Outpatient Care: -0.86% (prev. 0.02%). Hospital Inpatient Care: 0.25% (prev. 0.17%). Nursing Home Care: 0.19% (prev. 0.15%).

- **US PPI YoY (Jan) Y/Y 2.9% vs. Exp. 2.6% (Prev. 3.0%, Rev. From 3%, Low. 2.3%, High. 2.9%).**
- **US PPI Ex Food, Energy and Trade MoM (Jan) M/M 0.3% (Prev. 0.3%, Rev. From 0.4%).**
- **US Core PPI MoM (Jan) M/M 0.8% vs. Exp. 0.3% (Prev. 0.6%, Rev. From 0.7%, Low. 0.2%, High. 0.5%).**
- **US PPI MoM (Jan) M/M 0.5% vs. Exp. 0.3% (Prev. 0.4%, Rev. From 0.5%, Low. 0.1%, High. 0.6%).**
- **US PPI Ex Food, Energy and Trade YoY (Jan) Y/Y 3.4% (Prev. 3.5%).**
- **US Core PPI YoY (Jan) Y/Y 3.6% vs. Exp. 3% (Prev. 3.3%, Low. 2.8%, High. 3.2%).**
- **Canadian GDP MoM Prel (Jan) M/M 0.0%**
- **Canadian GDP MoM (Dec) M/M 0.2 vs. Exp. 0.1 (Prev. 0).**

NOTABLE US EQUITY HEADLINES

- **OpenAI CEO Altman** said he continues to see rapidly growing demand; OpenAI has over 900mln weekly active users.
- **No deal has been signed between OpenAI and the DoD, WSJ reported.** OpenAI CEO Altman is working with DoD to see if models can be used.
- **GIP and EQT (EQT SS)** are reportedly nearing a deal to acquire power firm AES (AES), Bloomberg reported.
- **Amazon (AMZN) CEO** said that as growth rates are high, we'll spend more capital.
- **Amazon (AMZN)** confirms its USD 50bln investment in OpenAI, with an initial investment of USD 15bln.
- **Eli Lilly's (LLY) Olumiant (baricitinib) was recommended by CHMP for approval of expanded use in the European Union for adolescents with severe alopecia areata.** The primary endpoint of this study was a SALT score ≤ 20 at Week 36.

NOTABLE GLOBAL EQUITY HEADLINES

- **Maersk is currently experiencing unforeseen constraints arising from the wider operating environment in the Red Sea region.** After conversations with security partners, it is clear that these constraints are making it challenging to avoid delays in regard to passage through the area. Therefore, have made the decision to reroute some of our upcoming sailings on the ME 11 and MECL services from Trans Suez to Cape of Good Hope.

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