

## European Market Wrap - 5th March 2026

- European bourses initially traded mixed but turned into the red as the European session came to a close.
- NATO SecGen Rutte said Turkey missile incident was serious, but Article 5 is not in order here.
- Spot gold fell amid reports the NBP is said to be weighing gold sales for defence funding.

### EQUITIES

- **European bourses (STOXX 600 -0.6%)** initially traded mixed but turned into the red as the European session came to a close. The **SMI (-1.2%)** remained the worst performer throughout the session, with the **DAX40 (-1.0%)** closely behind, weighed on by weak earnings by **DHL (-4.3%)** and **Merck (-4.0%)**.
- **Sectors** finished with a negative bias. **Basic Resources (-2.7%)** sat at the bottom of the pile as gold prices weigh on the sector after the NBP Governor Glapinski stated that it is considering selling gold reserves to fund defence. Other sectors that performed weak today include **Optimised Personal Care (-1.7%)** and **Health Care (-1.1%)**. On the positive side, **Media (+1.3%)** was the clear outperformer with all names in the sector in the green.
- **Key movers include STMicroelectronics (+4.3%), Reckitt Benckiser (-7.3%) and Nexi (-14.7%)**. For the French-based chip giant, the Co. announced a new generation of chips to boost performance of tiny smart devices while meeting extreme cost, size and power limitations. For Reckitt, the Co. missed FY revenue expectations but still expects 2026 revenue growth target to be reached, helped with strong demand for its cleaning and health products in China and India. Finally, for Italy's Nexi, the Co. slipped after a new generation of MCUs to boost performance of tiny smart devices while meeting extreme cost, size and power limitations.
- **US equity futures (ES -0.2%, NQ U/C, RTY -0.7%)** have started the cash session under pressure but climbed off worst levels. Energy continues to outperform as crude prices remain firm.

### FX

- **USD - DXY** was firmer on Thursday but remained within morning ranges of 98.66–99.20, as haven demand resurfaced amid the continued Gulf conflict and the effective closure of the Strait of Hormuz. The index briefly dipped from 99.08 to 98.75 after Sky News Arabia cited Iran's Deputy FM saying Tehran could abandon its nuclear programme in exchange for a "rewarding" US offer; later Iranian press floated relinquishing uranium stockpiles (reportedly a pre-war proposal). The broader tone remains geopolitically driven, with US data overshadowed, although traders look ahead to tomorrow's NFP.
- **EUR - EUR/USD** stayed pressured on energy-import and growth concerns, though off worst levels after the Iran headlines. ECB's de Guindos said policy could shift if inflation expectations change due to the war, but FX reaction was muted. ECB minutes were a non-event. EUR/USD traded in a 1.1581-1.1647 range, within yesterday's 1.1575-1.1655 parameter.
- **GBP - Sterling** remained soft overall, albeit off lows. ING noted GBP outperformance vs EUR as asset managers unwind long EUR positions and markets push back on near-term BoE cuts. Little in terms of fresh catalysts for the GBP during the session, with UK PM Starmer's press conference on Iran also offering no impulses. GBP/USD resided in a 1.3305-1.3387 range, with yesterday's 1.3303-1.3403 range and with the 100 DMA at 1.3398.
- **JPY - The yen** was weaker, with USD/JPY in a 156.44–157.78 band. Bloomberg reported officials see little chance of a March hike but do not rule out April, prompting only modest JPY strength that later faded and then continued amid USD strength.
- **Antipodeans - AUD and NZD** underperformed, weighed by softer metals and mixed Australian trade data. China set its 2026 GDP target at 4.5–5% (as expected), the lowest since 1991, underscoring structural headwinds. AUD also felt the blow of the side in gold prices after reports that the NBP is said to be weighing gold sales for defence funding.

### FIXED

- **Bonds began the European session** on the backfoot and continued to trade lower as the session progressed. The Middle Eastern conflict remains the driver for the fixed benchmarks this morning, as investors weigh the inflationary implications of higher energy prices.
- **USTs** look to close the day at the lower end of a 112-10 to 112-24 range. Opened lower, caught a slight bid on reports that Iran was ready to abandon its nuclear program on the condition that the US presents a rewarding alternative offer – but this upside was ultimately short-lived. Thereafter, the US data slate kept US paper near session lows. In brief, **Jobless Claims printed a touch below expectations**, whilst Export Prices cooled from the prior. From a yield perspective, the 10yr continues to rise beyond the 4.00% mark, and currently resides around 4.14%.
- **Bunds** are set to end the European day off by around 90 ticks, and at the end bottom end of a 127.29-128.03 range. Overall, it followed global benchmarks lower, with ECB speak providing little to shift the dial – **de Guindos suggested that the ECB could change policy stance** if inflation expectations change as a result of the war. For Germany specifically, Handelsblatt reported that pensions within Germany are to increase by 4.24% as of the 1st of July – **Bunds** some very mild pressure on this report.
- **Gilts** ultimately followed peers – set to end the European day lower by around 100 ticks and within a 91.18 to 92.15 range. Underperformance a factor of some catch-up to the prior day's action across peers. Earlier PM Starmer headed a presser, which ultimately lacked fan-fare; he suggested that the "Iran conflict could continue for some time". From a yield perspective, the **UK 10yr yield now resides above the 4.5% mark**, last 4.53%.

- Baker Hughes (BKR) files to sell five-part debt.
- Banks selling the financing behind EA's buyout are reportedly looking to split it a c. USD 10bln in the US and c. EUR 4bln in Europe, Bloomberg reported citing sources.
- France sold EUR 13.449 vs exp. EUR 11.5-13.5bln 3.50% 2035, 1.25% 2036, 2.50% 2043 and 4.10% 2046 OAT.
- UK sold GBP 3.5bln 4.00% 2029 Gilt: b/c 3.49x (prev. 3.66x), avg. yield 3.810% (prev. 3.821%), tail 0.4bps (prev. 0.3bps).
- Spain sold EUR 5.34bln vs exp. EUR 4.5-5.5bln 2.35% 2029, 3.00% 2033 and 3.50% 2041 Bono and EUR 0.592bln vs exp. EUR 0.25-0.75bln 1.15% 2036 IL.

## COMMODITIES

- **Crude** - Crude remained underpinned by ongoing Middle East tensions, with WTI trading between USD 74.97-78.37/bbl and Brent USD 81.50-84.74/bbl near the upper ends of their ranges. Early European pressure followed comments from Iran's Army Central Command stating the Strait of Hormuz remains open and shipping continues under international rules. Further downside was triggered by remarks from Iran's Deputy Foreign Minister indicating a readiness to abandon the nuclear programme conditional on a "rewarding" US offer, though no formal message was sent. Despite these de-escalatory signals, geopolitical risk continues to provide an underlying bid.
- **Natural Gas** - Natural gas eked mild gains and with Dutch TTF trading on either side of EUR 50/MWh as prices remain sensitive to Middle East developments, though price action was calmer relative to recent volatility.
- **Precious Metals** - Spot gold edged higher but stalled just under USD 5,200/oz, with price action notably subdued following reports that the NBP is said to be weighing gold sales for defence funding. Nonetheless, spot gold found support at yesterday's trough around USD 5,084/oz and remained within yesterday's parameters.
- **Base Metals** - Base metals traded lower across the board, with 3M LME copper in the lower end of a USD 12,810.00-13,153.00/t band. Sentiment was weighed by China setting its lowest GDP growth target since 1991.
- **NBP Governor Glapinski is said to be weighing gold sales for defence funding, according to reported.** Bloomberg reported Glapinski laid out a proposal to generate as much as PLN 48bln or USD 13bln from the sale of gold reserves to finance defense spending as part of a plan backed by Poland's President. Gold erases earlier upside, now trading in the red by c. USD 5/oz. Over a five-minute period, spot gold fell from USD 5160/oz to USD 5092/oz.
- **ONGC Petro Additions has put out a notice for invocation of force majeure has been received from suppliers of gaseous feed; potential impact cannot be quantified.**
- **Insurance offers are being made for ships to transit Hormuz, according to a Lloyds Market Association email.**
- **China state controlled ore buyer said to introduce new restrictions on BHP (BHP AT) cargoes due to ongoing contract dispute.** China Mineral Resources Group told several traders this week to buy fewer seaborne cargoes.
- **Iranian remote-controlled Boat Laden with explosives used to target Bahamas-flagged crude tanker Sonangol Namibe waiting in Iraqi waters, according to initial assessments from Iraqi port security sources.**
- **French finance ministry cabinet official said any discussion of a strategic petroleum release is premature and not reflective of situation.**
- **Russia's Deputy PM Novak said routes for Russian energy will be discussed.**
- **Qatar has reportedly set April Marine Crude OSP at Oman/Dubai plus USD 0.05/bbl; land crude OSP at Oman/Dubai plus USD 1/bbl.**
- **Saudi Aramco diverts more of its crude exports to the Red Sea port to bypass the Strait of Hormuz, WSJ reported citing sources.**
- **China's state iron ore buyer reportedly summons traders on BHP (BHP AT) restrictions following months of long standoff talks between CMRG and BHP over long term contracts on China's mills, Bloomberg reported.**
- **German Economics Minister said they are looking at whether the energy situation is being exploited as part of a review of energy prices.**
- **India's MRPL has reportedly shut a crude unit and some secondary units at its 300k BPD refinery due to crude shortages.**
- **Petronet (PLNG IS) reportedly issues force majeure.**
- **Kpler data shows 10mln/bbl of crude loading from Al-Muajjiz (Saudi) between March 1st and 4th, which if sustained would be a record pace, Kpler's Bakr reported. Adding, a minimum of three VLCCs in the Red Sea are signalling to Yanbu and more heading there. Tanker activity is an early sign of repositioning, despite heightened risks.**
- **Russian Ambassador Alipov said they are always open to oil supplies to India.**

## EUROPEAN DATA

- **EU Retail Sales MoM (Jan) M/M -0.1% vs. Exp. 0.3% (Prev. 0.2%, Rev. From -0.5%, Low. -0.1%, High. 0.6%).**
- **EU Retail Sales YoY (Jan) Y/Y 2.0% vs. Exp. 1.7% (Prev. 1.8%, Rev. From 1.3%, Low. 1.4%, High. 2.1%).**
- **EU HCOB Construction PMI (Feb) 46.0 (Prev. 45.3).**
- **UK S&P Global Construction PMI (Feb) 44.5 vs. Exp. 47 (Prev. 46.4).**
- **UK New Car Sales YoY (Feb) Y/Y 7.2% (Prev. 3.4%).**
- **Italian Retail Sales MoM (Jan) M/M -0.8% vs. Exp. 0.2% (Prev. -0.8%).**
- **Italian Retail Sales YoY (Jan) Y/Y 2.3% (Prev. 0.9%).**
- **Italian HCOB Construction PMI (Feb) 50.4 (Prev. 47.7).**
- **German HCOB Construction PMI (Feb) 43.7 (Prev. 44.7).**
- **French HCOB Construction PMI (Feb) 43.9 (Prev. 43.5).**
- **French Industrial Production MoM (Jan) M/M 0.5% vs. Exp. 0.5% (Prev. 0.5%, Rev. From -0.7%, Low. 0.2%, High. 1.0%).**
- **Spanish Industrial Production YoY (Jan) Y/Y 0.3% vs. Exp. 1.7% (Prev. -0.3%).**
- **Swiss Unemployment Rate (Feb) 3.2% (Prev. 3.2%, Low. 2.9%, High. 3.0%).**

- Swedish prelim CPIF-XE (Feb): 1.4% Y/Y (prev. 1.7%), 0.6% M/M.
- Swedish Inflation Rate YoY Prel (Feb) Y/Y 0.5% vs. Exp. 0.6% (Prev. 0.5%).
- Swedish CPIF MoM Prel (Feb) M/M 0.6% vs. Exp. 0.8% (Prev. 0.3%).
- Swedish CPIF YoY Prel (Feb) Y/Y 1.7% vs. Exp. 1.8% (Prev. 2.0%).
- Swedish Inflation Rate MoM Prel (Feb) M/M 0.6% vs. Exp. 0.8% (Prev. 0.1%).

#### NOTABLE HEADLINES

- Pensions within Germany are to increase by 4.24% as of the 1st of July, Handelsblatt reported; driven by positive wage growth. Germany forecasts CPI of 2.1% for 2026.

#### TRADE/TARIFFS

- Federal Register posted notice; US ITC initiated investigation under Section 337 following complaint filed by AX Wireless, LLC; alleges violations based on importation and sale of certain laptops, routers, gateways and components that infringe 5 US patents.
- Japan's Trade Minister Akazawa is heading to the US to discuss the 10% alternative tariffs with US Commerce Secretary Lutnick, Nikkei reported.

#### CENTRAL BANKS

- Fed's Barkin (2027 Voter) said 2.8% productivity is still a pretty good number, via Bloomberg TV; are seeing companies invest in productivity.
- ECB's Nagel said there's no need to repatriate German gold from New York.
- ECB Minutes (Feb): some judged inflation risks as being to the downside, a few judged risks to the upside. FX. Members agreed the euro had appreciated modestly against the US dollar but remained broadly stable in nominal effective terms. Some said the euro's appreciation over the past year could dampen exports and inflation. Some said exchange rate movements had limited implications for the near-term inflation outlook.
- ECB's Nagel said he opposes the imposition of petrol price control measures domestically.
- ECB's Nagel said it is too soon to draw any monetary policy conclusion from the volatile Iran situation.
- ECB's Rehn said it is likely to raise inflation in the short-term; this kind of conflict tends to dampen demand and leads to more subdued growth.
- ECB's de Guindos said outlook for Europe is shaped by war in Iran, balance of risks was two-sided before the war. Baseline scenario is that it will be a short conflict, with other scenario being that of a more protracted one. ECB could change policy stance if inflation expectations change as a result of the war. Will look out for any steady modification of inflation and inflation expectations.
- Morgan Stanley expects the ECB to keep interest rates steady in 2026 vs the prior forecast of two 25 bps cuts each in June and September; Morgan Stanley expects the ECB to resume rate cuts in 2027 with two 25 bp cuts each in June and September.
- ECB's Villeroy does not see a reason today why the ECB should raise interest rates.
- ECB's Villeroy said the ECB are following energy prices and markets very closely; financial stability is not at risk.
- BoE DMP (Feb): 1yr ahead CPI expectation 3.00% (prev. 3.10%), 3yr ahead CPI expectation 2.8% (prev. 2.9%).
- NBH Governor Varga said stronger HUF is increasingly showing up in import prices.
- CNB's Prochazka tells Ekonom that he sees potential for 25bps rate cut to 3.25%, said the CNB may cut rates once more this year.
- BCB's David said they discovered what seems to be the optimal point for demand in FX policy; There is absolutely no need to repurchase currency swaps. Having 'a little more on rates' allows you to ignore certain noises.
- BCB's David said unanchoring of inflation expectations still exists, despite having improved considerably; this requires BCB to operate with a tighter interest rate level than it would if it did not exist. Guidance remains valid. The word serenity in their communication is valid for interpreting market data. Serenity does not mean inaction. It is natural to imagine that if price of oil increases, it has inflationary characteristic. All of this will be taken into consideration when making decisions.

#### GEOPOLITICS

##### RUSSIA-UKRAINE

- EU reportedly mulls aid to fix Ukraine's oil plant at centre of its loan delay.
- Russia's Kremlin said there's no sign that Europe has changed its position on the Nord Stream, but that the EU is thinking of delaying imposing ban on LNG imports from Russia.
- Russian Foreign Minister Lavrov said they are ready for further Ukraine talks, but have not yet seen the Western security guarantees and as such cannot approve them.

##### MIDDLE EAST

- NATO SecGen Rutte said Turkey missile incident was serious, but Article 5 is not in order here. said Iran was close to becoming a threat to Europe; must ensure that Iran no longer poses a threat. Adds that it is difficult to assess how the situation will end. said NATO supports President Trump for taking out Iran's nuclear and missile capabilities.
- Iran's army targets headquarters of US forces in Iraq's Erbil with drones, Iranian state TV reported.
- Italian Defence Minister said US-Israel strikes on Iran breached international law; strikes were launched without ally warning.
- Iran's Foreign Ministry said if the EU remains silent on the Middle East conflict then they will pay sooner or later.

- US President Trump has offered extensive US aircover to Kurdish minority leaders in Iran and Iraq, according to sources cited by the WaPo.
- Iran was prepared to get rid of uranium stockpiles in US talks for something good in exchange, according to Iranian press.
- Iran's Deputy Foreign Minister said Iran is ready to abandon its nuclear program on the condition that the US presents a rewarding alternative offer, Sky News Arabia reported; adds no message was sent to the US to end the conflict.
- EU is said to consider joint defence bonds amid concerns around the Iran war, Welt reported; a proposal is to be presented; defence bonds could be backed by member states.
- Iran's Foreign Affairs Deputy Head said as long as the war is ongoing, the Strait of Hormuz should remain closed.
- Iran's ambassador to India said Tehran is not ready for negotiations with the US and Israel, while Iran does not want war but has the capability to respond.
- Chinese Foreign Ministry said Beijing has been extensively involved in mediation efforts regarding the crisis related to Iran, Sky News Arabia reported.
- Canadian PM Carney said he "can never categorically rule out participation" in the US-Israeli war with Iran after previously saying Canada would not take part, CNN reported.
- Deputy Commander of the Iranian Army Central Command said Iran has not closed the Strait of Hormuz; Iran is currently handling ships passing through the Strait in accordance with relevant international rules and existing agreements, CCTV reported.
- US officials have discussed sending special operations teams into Iran to target senior Iranian Revolutionary Guard Corps (IRGC) officials and people familiar with Iran's nuclear programme, Middle East Eye reported overnight citing a Gulf official.
- Israeli announces the commencement of another large-scale attack on Iran, Sky News Arabia reported.
- US Gulf allies low on Iranian missile interceptors, CBS reported.
- Turkish Defence Minister said they have the right to respond to aggressive situations regardless of their source and coordinate with NATO and their allies, according to Al Jazeera.

#### NOTABLE NORTH AMERICAN NEWS

- US Treasury Secretary Bessent reportedly informed House Republicans that they should "take the lead" to "pass our own housing affordability" legislation, in order to prevent Democrats from controlling the issue, Semafor reported citing sources.
- BofA card spending, week to Feb 28th: +1.8% (prev. 4.4% W/W), slowdown driven by the Northeast is which spending fell sharply due to the second snowstorm.
- US Senate Republicans await the endorsement of President Trump in the Texas Republican Senate runoff between Cornyn and Paxton, Politico reported; billed as a choice between an established Republican candidate, and a MAGA firebrand.

#### NORTH AMERICAN DATA

- Chicago Fed Unemployment Rate Forecast (Feb 2026, Final): 4.27% (prev. 4.28% in January reported by BLS).
- US Unit Labour Costs QoQ Prel (Q4) Q/Q 2.8% vs. Exp. 2% (Prev. -1.8%, Rev. From -1.9%).
- US Import Prices MoM (Jan) M/M 0.2% vs. Exp. 0.2% (Prev. 0.2%, Rev. From 0.1%, Low. -0.1%, High. 0.6%).
- US Nonfarm Productivity QoQ Prel (Q4) Q/Q 2.8% vs. Exp. 1.9% (Prev. 5.2%, Rev. From 4.9%).
- US Jobless Claims 4-week Average (Feb/28) 215.75K (Prev. 220.50K, Rev. From 220.25K).
- US Revelio Labs NFP (Feb 2026): -16.7k (Prev. -13.3k).
- US Export Prices YoY (Jan) Y/Y 2.6% (Prev. 3.1%).
- US Import Prices YoY (Jan) Y/Y -0.1% (Prev. 0%).
- US Continuing Jobless Claims (Feb/21) 1868k vs. Exp. 1850k (Prev. 1822k, Rev. From 1833k).
- US Initial Jobless Claims (Feb/28) 213k vs. Exp. 215k (Prev. 213k, Rev. From 212k, Low. 210k, High. 225k).
- US Export Prices MoM (Jan) M/M 0.6% vs. Exp. 0.3% (Prev. 0.6%, Rev. From 0.3%, Low. 0.0%, High. 0.6%).
- US Challenger Job Cuts (Feb) 48.307K (Prev. 108.435K). "February's dip is a nice reprieve from the elevated job cut plans to start the year. With US involvement in a growing war in Iran, the end of Q1 may bring more layoff plans as companies tighten belts amid uncertainty and higher costs," said Andy Challenger, workplace expert and chief revenue officer for Challenger, Gray & Christmas.

#### NOTABLE GLOBAL EQUITY HEADLINES

- Alibaba's (BABA) Qwen team reportedly stable and will maintain open-source, and denies Qwen team mass departure.

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