

European Market Wrap - 6th March 2026

- European bourses (STOXX 600 -1.8%) have ended the week with its worst losses since April 2025.
- The US jobs report saw 92k jobs surprisingly shed, whilst unemployment rate unexpectedly rose and average earnings ticked higher Y/Y.
- US President Trump said "There will be no deal with Iran except UNCONDITIONAL SURRENDER!"

EQUITIES

- European bourses (STOXX 600 -1.8%) have ended the week with its worst losses since April 2025. **SMI** closed the day the weakest, weighed on by **Roche** after a Roche-Zealand Pharma weight loss drug failed to meet industry expectations.
- Sectors also finished the session exclusively in the red, outside of **Energy** as crude prices continued to surge, with the latest commentary from President Trump stating he wants Iran's unconditional surrender and ruled out a deal. **Technology** was hit the hardest, followed by **Construction and Materials**.
- Key mover include **defence names** as companies continue to benefit from the Iran war, **Lufthansa** and **Infineon**. **Lufthansa** initially gained after the Co. guided 2026 adjusted EBIT and revenue clearly increasing from 2025 levels, but reversed as the risk tone soured. For **Infineon**, the Co. was downgraded to neutral from buy at UBS.
- **US equity futures (ES -1.5%, NQ -1.4%, RTY -2.4%)** begins the cash session with deep losses. Downside was initially seen as risk tone weakened early in the European session. However, losses were exacerbated following a poor jobs report. Headline NFP printed at -92k, a huge miss from the expected 59k, while average hourly earnings rose, which will put the Fed in a tough position as the labour market weakens but at the same time, inflation could remain sticky. **ES** is approaching the week's low of 6719 as European trade ends.

FX

- **USD - DXY** was choppy in the aftermath of a concerning US jobs report which saw 92k jobs surprisingly shed, whilst unemployment rate unexpectedly rose and average earnings ticked higher Y/Y. The report triggered short-lived USD weakness before the Buck rose again against the backdrop of ongoing geopolitics and elevated US yields. DXY looks to end the European week towards the top of its Friday range between 98.942-99.435.
- **EUR - EUR/USD** slipped back below 1.1600 after briefly reclaiming the figure in APAC trade. Downside reflected ongoing energy/geopolitical concerns and broader USD firmness. ECB rhetoric generated little reaction, while markets are reportedly fully pricing a 25bps ECB hike this year. The pair traded within 1.1546-1.1621, dipping under Thursday's 1.1559 low.
- **GBP - Sterling** remained subdued amid USD strength but held within Thursday's 1.3297-1.3387 band after finding resistance at the upper end of Thursday's range. UK newsflow was light, though political headlines focused on PM Starmer granting limited, defensive access to British bases after initially declining US operational support.
- **JPY - USD/JPY** firmed as the yen underperformed on higher US yields and Japan's energy-import exposure. The pair was rangebound early in APAC before edging higher as domestic sentiment steadied. USD/JPY hit a high of 158.10 (vs low 157.38).
- **Antipodeans** - Eventually traded softer across the board. AUD initially modestly outperformed on firmer copper and gold prices and some external speculation around an RBA hike.

FIXED

- **USTs** were pressured for much of the European session. Initially hampered as the risk tone deteriorated early doors, and remained at troughs heading into the **US NFP report**. In brief, the headline figure fell 92k (exp. +52k), **unemployment ticked higher whilst the earnings metrics topped expectations**. MS strategists wrote that "Significant weakening in the labor market would support a rate cut, but given the risk that higher-for-longer oil prices could trigger another inflation surge, the Fed may feel compelled to remain on the sidelines". Markets shifted a touch dovishly, and continue to fully price in a cut in September. **UST Jun'26** lifted from 112-06 to 112-21, and then eased off that by around five ticks; US 10yr yield fell from 4.17% to 4.11%. It is worth highlighting that this move entirely pared reports suggested that **Kuwait has started cutting production at some oil fields**, and alongside some strong rhetoric from **President Trump, who stated that there will be no deal with Iran, except for unconditional surrender**". As it stands, US paper looks to end the European session at the lower end of a 112-01+ to 112-21 range.
- **Bunds** in-fitting. Initially pressured as the Middle East situation buoyed energy prices, before German paper then took leads from its US peer. European newsflow has seen a few ECB speakers take to the wires, generally to touch on the Iran situation, whilst **Escriva said it is "highly unlikely" that the ECB adjusts rates at its next meeting**. From a yield perspective, the 10yr yield now trades at 2.877% (vs YTD high at 2.909%). Thereafter, 2.938%, a peak spurred by the mini-banking crisis surrounding the collapse of First Brands, in March 2025.
- **Gilts** lagged throughout the session. Underperformance, which can be explained by, a) net-importer of energy, b) BoE rate cut expectations entirely priced out for the year; pre-war pricing indicated a cut in either March or April. A lot of focus has been on the front-end Gilt situation, with the 2yr yield now surging beyond the 4.00% mark. **Back to levels last October, where traders were increasingly sceptical of Chancellor Reeves and her Autumn Budget**. UK paper is set to close the day at the bottom of an 89.60 to 91.25 range.

COMMODITIES

- **Crude benchmarks** continued to edge higher as the European session neared its close. Geopolitical risk continues to underpin WTI and Brent, despite the US administration's attempts to curb energy prices by issuing a temporary 30-day waiver to allow the sale of Russian oil currently stranded at sea to India as part of the US government's effort to ease oil prices, according to reports. Escalation continued after the US President recently announced there would be no deal with Iran unless it surrenders. Further, reports suggested that Kuwait has started cutting production at some oil fields, with Saudi Arabia and the UAE also reportedly nearing limits of storage facilities, according to the WSJ. This also follows reports from Tasnim that Iran attacked a US-owned oil tanker near Kuwait. Staying on the Middle East conflict: a US-owned oil tanker near Kuwait. More recently, at the time of writing IRIB reported that another ship was attacked in the Strait of Hormuz, doing little to ease concern on energy prices due to disruptions around the Strait of Hormuz. WTI and Brent traded within the upper ranges of USD 78.24-89.92/bbl and 83.16-91.47/bbl, respectively.
- **Spot gold** prices were also firmer during the latter end of the European session. Weak USD following NFP jobs data which came out much lower than expected triggered upward pressure in the yellow metal, hovering over the USD 5,100/oz mark as haven flow increased and USD decreased at the time. However, the yellow metal pared back those gains as the USD strengthened. At the time of writing, trade appears choppy for gold, **XAU** and **XAG** trade within the USD 5062.70-5143.84/oz and 81.70-84.76/oz, respectively.
- **Copper** prices were lower as the market approaches the tail end of the European session. The red metal has tracked losses across European and US equities. 3M LME copper trades within a lower range of USD 12,840-13,018/t.
- **Kuwait has started cutting production at some oil fields after running out of room to store its bottled-up crude, according to WSJ citing sources.** Saudi Arabia and UAE are nearing limits of storage facilities as well.
- **Indian Oil rejects reported of petrol and diesel shortages.**
- **EU Energy Commissioner Jorgensen said we are not close to the 2022 energy crisis and are in continuous dialogue with the US on LNG.** Expects US LNG supply to increase in the future. Doesn't want to buy Russian energy.
- **US Energy Secretary Wright said impact on gasoline prices to last weeks, not months; US navy escorts of ships to come as soon as reasonable.**
- **Eni (ENI IM) begins evacuating all foreign personnel from Iraq's Zubair oilfield in Basra, according to reported; will not affect production operations at Zubair; TotalEnergies (TTE FP) evacuated its personnel from projects in Iraq's Basra.**
- **UK PM's spokesman said UK holds substantial emergency and commercial stocks of oil.**
- **Russia's Novorossiysk port reportedly resumes oil loadings on Friday.**
- **Iraq's Sarsang oil field (~40k BPD production capacity) halts production after an attack by an outlaw group.**
- **Kpler's Bakr said "with Middle East Gulf exports constrained and storage pressures building, Russian crude on water, SPR releases, and delayed US supply responses offer only a very small and short lived partial relief".**
- **Satellite imagery reportedly shows damage to the oil tanks in Fujairah, UAE.**
- **Japan is reportedly considering a release from its national oil stockpile, even without coordinated international action, Kyodo reported.**
- **US-sanctioned gas tanker reportedly transited the Strait of Hormuz this morning, according to Bloomberg; The Danuta I, sailed under the flag of Palau.**
- **Shanghai Futures Exchanges announces its will adjust the fuel oil futures intraday trading fee.**
- **Mexico is reportedly said to extend duty on some of China's aluminum imports for five years.**
- **IEA Director Birol said that there is plenty of oil in the market today.**
- **Kyoei Steel is to suspend the creation of new sales contracts for steel materials from the 9th of March, due to the Middle East situation making it difficult to determine the correct price, Nikkei reported.**
- **Gold is being sold at a discount of as much as USD 30/oz in Dubai, Bloomberg reported citing sources; due to elevated shipping and insurance costs.**
- **Qatar Energy Minister al-Kaabi cautions that the Middle East conflict could cause all Gulf energy producers to have to shut production within weeks, increasing oil to USD 150/bbl, FT reported.** Under such a scenario, gas prices could get to EUR 117/MWh for Dutch TTF. Adds, even if the conflict ended immediately, it would take weeks or months for Qatar to return to its usual delivery cycle.
- **Shanghai Futures Energy Exchange to adjust price limits, margin ratios for some crude oil, low Sulphur fuel oil and shipping index futures contracts from the 9th of March settlement.**
- **Reliance (REL IS) is looking to buy Russian oil after the US granted India a licence to temporarily buy cargoes, Bloomberg reported citing sources.**
- **Shanghai Futures Exchange caps intraday open trades for listed contracts on fuel oil futures at 3k lots.**
- **Trump admin reportedly rules out deploying Treasury Department to trade oil futures for now amid belief that it will have a limited meaningful effect, Bloomberg sources report.**
- **Hungarian PM Orban said they are ready to step into the fuel market if necessary.**
- **South Korea is to import over 6mln barrels of crude oil from the UAE.**

EUROPEAN DATA

- **German New Car Registrations YoY (Feb) Y/Y 3.8% (Prev. -6.6%).**
- **EU GDP Growth Rate QoQ 3rd Est (Q4) Q/Q 0.2% vs. Exp. 0.3% (Prev. 0.3%, Low. 0.3%, High. 0.4%).**
- **EU GDP Growth Rate YoY 3rd Est (Q4) Y/Y 1.2% vs. Exp. 1.3% (Prev. 1.4%, Low. 1.3%, High. 1.3%).**
- **EU Employment Change QoQ Final (Q4) Q/Q 0.2% vs. Exp. 0.2% (Prev. 0.2%).**
- **EU Employment Change YoY Final (Q4) Y/Y 0.7% vs. Exp. 0.7% (Prev. 0.6%).**
- **UK BBA Mortgage Rate (Feb) 6.59% (Prev. 6.62%).**

- UK Halifax House Price Index YoY (Feb) Y/Y 1.3% vs. Exp. 0.9% (Prev. 1.1%, Rev. From 1%, Low. 0.5%, High. 0.9%).
- UK Halifax House Price Index MoM (Feb) M/M 0.3% vs. Exp. 0.3% (Prev. 0.8%, Rev. From 0.7%).
- Norwegian Manufacturing Production MoM (Jan) M/M -0.3% (Prev. -0.1%).

NOTABLE HEADLINES

- Swiss Government weighs temporary VAT increase to bolster defence.
- German Chancellor Merz said we are monitoring energy markets very closely, adds labour costs are a weakening factor in competition.
- Fitch said France and UK fiscal positions are weaker amid higher deficits; government are more sensitive to energy prices and expects energy support measures to challenge finances in both countries.
- EU's von der Leyen and Costa to speak with Gulf leaders on Monday; EU commission is looking at possible financial support to aid the resumption of supplies via the Druzhba oil pipeline.
- German Economy Ministry spokesperson said markets are liquid and "we have no problem with the security of gas supply".
- BofA weekly flow data shows USD 19.7bln into bonds, USD 11.5bln into stocks, USD 5.6bln into cash, USD 1.9bln into crypto, USD 1.8bln out of gold.

TRADE/TARIFFS

- China's Commerce Ministry said China is seriously concerned about the EU's "Made in EU" rules, according to a statement.
- US Customs officials are rejecting attempts for companies to reclaim tariff duties, FT reported citing sources.

CENTRAL BANKS

- Fed's Daly (2027 voter) said no one month of data is decisional; both of goals are risks now; jobs market is vulnerable; jobs numbers are not a clear read, but also not a wrong read. **JOBS REPORT:** She hoped last year's rate cuts would put a floor under the job market, "but this report has my attention". Should not look through the report. No one month of data is decisional. Both sides of dual mandate are at risk now. Jobs market is vulnerable. Jobs numbers are not a clear read, but also not a wrong read. **JOBS MARKET:** Jobs market has her attention. Wages need to be inflation plus productivity growth. If breakeven is 30k, we are below that, but its only a couple months of data. Labour market does give her concern, but cite things like strikes and snow conditions. **ENERGY:** Suggests that the outlook really depends on how long oil prices remain elevated. Fed doesn't want to act aggressively unless we know that part. **PRODUCTIVITY:** Can see productivity growth everywhere except in the data. **PATH AHEAD:** Another policy alternative is to hold rates steady, and not in a position to think they should hike. Have to be steady in the boat while we collect more information.
- Fed's Waller (voter, dove) said going to see a spike in gasoline prices, but for them it is unlikely to cause sustained inflation, via Bloomberg TV.
- ECB's Rehn said supply disruptions may worsen near-term inflation and weaker demand may hurt growth, via Econostream interview; impact of a long Hormuz blockade on inflation and growth would probably be significant.
- ECB's Escriva said it is highly unlikely the ECB touches rates at its next meeting.
- ECB's Sleijpen said the ECB policy is still in a good place and data dependent.
- PBoC Governor said the central bank will flexibly use various monetary policy tools including interest rates and RRR cuts; PBoC said China has no intention to, not necessary to use FX rate to gain trade competitiveness.
- NBP's Kotecki said the war in the Middle East lowers the space for rate cuts.

GEOPOLITICS

MIDDLE EAST

- US President Trump said "There will be no deal with Iran except UNCONDITIONAL SURRENDER! After that, and the selection of a GREAT & ACCEPTABLE Leader(s), we, and many of our wonderful and very brave allies and partners".
- Two liquefied petroleum gas tankers sailed from Iran on Friday, Ship trackers and trade sources report.
- Iran attacked a US-owned oil tanker near Kuwait, Tasnim reported. As the reported made the rounds, over the course of 10 mins.: ES fell from 6,802 to 6,791. Brent rose from USD 88.55/bbl to USD 89.48/bbl. DXY rose from 99.337 to 99.363. Fixed income markets were stable.
- Russia is reportedly giving Iran information to attack US forces, according to Washington Post citing sources; information has included the locations of US warships and aircrafts in the Middle East.
- Iran reportedly targeted US bases in Kuwait with drones, according to Iranian State Media; Iran's army said drone attacks against US bases in Kuwait to continue in the coming hours.
- Azerbaijan withdraws its diplomats from Iran, Interfax reported.
- Iran to use newer missiles in the coming days, Fars News reported.
- Iranian Foreign Minister said Iran has no choice but to continue fighting, Al Arabiya reported.
- Republicans are preparing to confront a huge price tag for the Middle East war following closed-door briefings which detailed the fast consumption of munitions and lack of any firm deadline for the campaign, Politico reported citing sources. Senior Republicans expect the administration to request tens of billions of dollars, with some lawmakers hearing estimates that the Pentagon is spending as much as USD 2bln/day.
- US President Trump says he rates the war at 12 or 15 out of 10 and Cuba will fall 'pretty soon', according to CNN citing phone call.

RUSSIA-UKRAINE

- German foreign minister said Ukraine remains our top security priority.

NOTABLE NORTH AMERICAN NEWS

- US Representative Hill said he hopes Fed Chair Powell's dual testimony happens soon; trying to coordinate dates with both chambers to try and get that arranged, Bloomberg TV reported.
- US House Republican leaders decided at their Florida retreat last weekend that they're going to pursue a second reconciliation package this year, according to multiple sources who attended the gathering, Punchbowl reported.
- NEC Director Hassett said, with reference to the US jobs report, when they speak next month there will be a better story to tell. The most recent figure is an "outlier". Expects energy output to become more stable in the near term. Currently, there is no talk of utilising the SPR. Once the conflict is resolved, markets will quickly move forward. Watching the private credit market closely. Seeing nothing like 2008 re. redemptions, seeing a well-functioning market with just a tiny bit of stress. The private market is functioning well.
- BlackRock (BLK) limits withdrawals at private credit fund as redemptions mount, Reuters reports.

NORTH AMERICAN DATA

- US Non Farm Payrolls (Feb) -92K vs. Exp. 59K (Prev. 126K, Rev. From 130K, Low. 10K, High. 125K); Two-month net revisions: -69K (prev. -17K); Dec. was revised down by 65k, Jan. revised down by 4k.
- US Average Hourly Earnings YoY (Feb) Y/Y 3.8% vs. Exp. 3.7% (Prev. 3.7%, Low. 3.6%, High. 3.7%).
- US Average Hourly Earnings MoM (Feb) M/M 0.4% vs. Exp. 0.3% (Prev. 0.4%, Low. 0.2%, High. 0.4%).
- US Unemployment Rate (Feb) 4.4% vs. Exp. 4.3% (Prev. 4.3%).
- US Retail Sales MoM (Jan) M/M -0.2% vs. Exp. -0.3% (Prev. 0.0%, Rev. From 0%, Low. -0.7%, High. 0.5%).
- US Nonfarm Payrolls Private (Feb) -86K vs. Exp. 65K (Prev. 146K, Rev. From 172K, Low. 25K, High. 125K).
- US Average Weekly Hours (Feb) 34.3 vs. Exp. 34.3 (Prev. 34.3, Low. 34.2, High. 34.4).
- US Manufacturing Payrolls (Feb) -12K vs. Exp. 3K (Prev. 5K).
- US Government Payrolls (Feb) -6.0K (Prev. -20.0K, Rev. From -42K).
- US U-6 Unemployment Rate (Feb) 7.9% (Prev. 8.1%, Rev. From 8%).
- US Participation Rate (Feb) 62.0% (Prev. 62.1%, Rev. From 62.5%).
- US Average Hourly Earnings YoY (Feb) Y/Y 3.8% vs. Exp. 3.7% (Prev. 3.7%, Low. 3.6%, High. 3.7%).
- US Average Hourly Earnings MoM (Feb) M/M 0.4% vs. Exp. 0.3% (Prev. 0.4%, Low. 0.2%, High. 0.4%).
- US Retail Sales Ex Autos MoM (Jan) M/M 0.0% vs. Exp. 0% (Prev. 0.0%, Rev. From 0%, Low. -0.4%, High. 0.7%).
- US Retail Sales Ex Gas/Autos MoM (Jan) M/M 0.3% vs. Exp. 0% (Prev. 0.1%, Rev. From 0%).
- US Retail Sales Control Group MoM (Jan) M/M 0.3% vs. Exp. 0.2% (Prev. 0.0%, Rev. From -0.1%).
- US Retail Sales YoY (Jan) Y/Y 3.2% (Prev. 2.4%).
- US CES Total Net Birth-Death Forecast (Jan): +90k (prev. -61k).
- US Used Car Prices MoM (Feb) M/M 0.8% (Prev. 2.4%).
- US Used Car Prices YoY (Feb) Y/Y 4% (Prev. 2.4%).

NOTABLE US EQUITY HEADLINES

- Western Alliance Bancorp (WAL) CEO said until last week, the loan had performed as expected, adds that they can absorb the loss with minimal disruption.
- Jefferies (JEF) believes that Western Alliance (WAL) lawsuit is without merit and it will be defended vigorously.
- Western Alliance (WAL) said in 8K it has been informed by Jefferies (JEF) that USD 126.4mIn owed under forbearance pact won't be paid as agreed; firm files complaint vs Jefferies and Leucadia Asset management alleging breach of contract and fraud.
- Swiss government is set to acquire 30 Lockheed (LMT) F-35 jets, vs the 35 initially guided.
- United Airlines (UAL) CEO said jump in fuel prices will hit results but travel demand has not taken even a tiny step back, via CNBC.

NOTABLE GLOBAL EQUITY HEADLINES

- European Commission is reportedly pressuring Italy to adopt more changes to its "Golden Power" legislation, sources say; EU is pushing for a principle that Italy cannot set conditions on deals authorised by the European Commission and ECB.

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