Daily European Wrap - 7th August 2026

- **US Non-Farm Payrolls printed at -23K, missing estimates of 91K; Two-month net revisions: -103K (prev. -74k)**
- **US equity futures, T-Notes and spot gold rose in an immediate reaction while DXY softened.**
- **USD/JPY extended lower amid jawboning by Japanese Finance Minister Katayama.**

EQUITIES

- **European Equities** are to end Friday's session entirely in the green, with the STOXX 600 ready to close with a 4th consecutive week of gains. The upside in equities was helped by a weak US jobs report, in which headline payrolls printed at -23K, widely missing the 91K consensus. Two-month net revisions also fell 103K.
- **Sectors** ended with a positive bias. Tech outperformed, with Health Care and Financial Services rounding out the sector outperformers. Telecoms was the clear laggard, with Optimised Personal Care and Energy ending with modest losses.
- Key movers included: **Genmab** (+8.2%), H1 revenue rose Y/Y and lifted its FY outlook; **Fresnillo** (+5.7%), upside across the precious metals space (XAU/USD +2.6%, XAG/USD +4.3%); **Munich Re** (-2.1%), cut its FY26 insurance revenue guidance; **Generali** (+0.5%), H1 op. profit and adj. net profit beat and announced EUR 500mln share buyback.
- **US cash equities** opened entirely in the green, with outperformance in the **NDX**. Focusing on the SPX, **Airbnb** (+13.5%), Q2 earnings and revenue beat and outlook beat estimates. In terms of other movers: **Microchip Tech** (+11.5%), Q1 revenue beat and revenue topped forecasts; **ResMed** (-8.5%), FY27 profit missed.

FX

- **The US economy lost 23k jobs in July, below estimates of 91k**, two months net revisions were revised lower by 103k. **Unemployment fell to 4.1% as the number of people looking for work and the number of people counted as unemployed both fell**. A broad dovish reaction was seen on the soft series; **DXY falling 0.5%, while USD/JPY fell as much as 170 pips** (see below) while marker pricing for the September meeting fell from 55% to 44%. Following the data, Pantheon Macro and Oxford Economics both maintain the view that labor market data will continue to dissuade the FOMC from tightening policy. To remind, **Fedwatch focus is heightened on the CPI/PPI prints next week**, especially after the FT sources piece on Thursday, which noted Warsh would be willing to hike should inflation/market pricing justify it, the latter view is dissuaded by the easing in OIS pricing mentioned above.
- Initial **USD/JPY downside came after a surprise negative NFP report, sparking around 80 pips from a 158.38 peak. Thereafter, Katayama was on the wires**, noting communication would be maintained with the US, and FX markets have "been affected by moves not backed by real demand"; spurring another 90 pips downside in the pair to a 156.66 trough; action gradually lost conviction with that second move essentially pared an hour later.
- **Canadian Jobs surprised to the upside**, coming in at 75k and beating consensus of 12k. The unemployment rate fell to 6.4%, beneath expectations; a series which will be welcomed by BoC policymakers, albeit unlikely to change the view that the bank will remain on hold for the rest of the year. **USD/CAD was influenced by the US labour market report**, falling c. 60 pips to a 1.3940 trough
- Action was quiet outside of the US jobs print. **EUR firmed against the weaker buck, and more-so vs. CEE** after a somewhat dovish CNB meeting on Thursday, while **HUF** reacted to soft July inflation data which fell beneath the prior and the NBH's forecast.

FIXED

- **USTs** were contained into **US Payrolls** while **EGBs** and **Gilts** had a bearish bias, with downside of c. 20 ticks, in light newsflow as the space awaited data and still awaits a concrete geopolitical update.
- **July Payrolls** printed at -23k, well below the consensus and the two-month net revision came in at -103k, though the breakdown shows that some one-off factors may have influenced, such as the conclusion of the school year and the World Cup ending. For the Fed, while the focus is firmly on inflation given recent comments and source reports, with CPI due next week, the particularly weak report will factor against any near-term hike. Details on the dynamic may be gleaned from Jackson Hole at the end of the month.
- **USTs** lifted from 108-18 to a 109-01+ peak, firmer by around 15 ticks. While the implied magnitude of end-2026 tightening trimmed.
- **Bunds** spent the morning under pressure, before lifting into the green by seven ticks on the BLS report. Specifics for the bloc light. A similar story for Gilts, with newsflow also very limited, were also lifted into the green by 23 ticks at best to an 87.80 peak.

COMMODITIES

- **Crude started the day with a bullish bias, before waning and slipping into the red** as the session progressed, lower by around USD 0.50/bbl. The narrative remains the same, despite the pullback, with participants still awaiting something concrete on the geopolitical front, but as the tone of reporting remains net-constructive, the path of least resistance for energy appears to be bearish into the weekend, at the time of writing at least.

- To recap, the initial bullish bias was driven by tensions growing between the Houthis and Saudi Arabia, alongside the questioning around the unfavourable terms of the Iran-Oman deal from a US, and its allies, perspective.
- **Metals** were on the frontfoot before the data, and have since extended to fresh highs, with **spot gold** above USD 4370/oz after the BLS report, spiking higher by near USD 70/oz in an immediate reaction. A move driven by the dovish implications of the weak report, as a reminder, CPI and PPI due next week.
- **Hungarian PM Magyar said Danube water levels are expected to temporarily rise due to rains in Austria and that there is no need for voluntary cutbacks in consumption with the stable energy supply.** He added that they are working on a temporary solution for the Paks nuclear site, in the scenario that a lower Danube level becomes more frequent/permanent.
- **US President Trump plans to announce on Friday more than USD 180mln in funding to bolster mining education and trade programmes,** part of efforts to raise critical minerals output.
- **UBS forecasts Gold to reach USD 5k/oz in H1 2027,** noting that Gold prices may remain relatively volatile in the near term.
- **Deutsche Bank** cuts year-end Nickel price forecast to USD 17k/t; **Commerzbank** forecasts Zinc prices to reach USD 3,500/t by year-end.

EUROPEAN DATA

- **German** Balance of Trade (Jun) 15.4B vs. Exp. 17.4B (Prev. 19.1B).
- **German** Exports MoM (Jun) M/M 0.9% vs. Exp. 0.2% (Prev. 0.9%).
- **German** Imports MoM (Jun) M/M 4.4% vs. Exp. 1.4% (Prev. -2.5%).
- **German** Industrial Production MoM (Jun) M/M 0.2% vs. Exp. 0.3% (Prev. 0.9%).
- **French** Balance of Trade (Jun) -5.8B vs. Exp. -6.5B (Prev. -6.9B).
- **French** Exports (Jun) 54.5B (Prev. 53.6B).
- **French** Imports (Jun) 60.4B (Prev. 60.5B).
- **UK** Lloyds House Price Index YoY (Jul) Y/Y 0.1% vs. Exp. 0.4% (Prev. 0.6%).
- **UK** Lloyds House Price Index MoM (Jul) M/M 0% vs. Exp. 0.3% (Prev. 0.2%).

GEOPOLITICS

MIDDLE EAST

- **Sources say the US informed Israel through intensive contacts of the need to de-escalate the situation in Lebanon,** according to Al-Arabiya.
- **Iran National Security Spokesman said the general framework of the understanding with Oman has been determined and the final text and details will be released soon.**
- **A Yemeni source announced Sanaa's new military equation,** according to which any presence or movement of Saudi forces on Yemeni soil will be the target of direct attacks by the Yemeni armed forces, Nour News reported.
- **No tankers have loaded at Kharg Island for at least a week,** according to the FT citing shipping and satellite data providers.
- **Pakistan, Turkey, and Saudi Arabia have signed a joint defence agreement.**

RUSSIA-UKRAINE

- **Russian Defence Ministry said they hit three vessels near Ukraine's Odesa and in Chornomorsk,** according to Interfax.

NOTABLE NORTH AMERICAN NEWS

- **US President Trump, when asked if Fed Governor Warsh could hike ahead of the mid-terms, said it's "up to him a little bit, but not completely" and continued to praise Warsh.** Within the interview Trump also suggested that GOP voters may not come to vote as he is not on the ballot, saying "They're angry at Republicans, but they're not angry at me."
- **Canada is discussing trade concessions with the US in return for tariff relief,** Globe & Mail reported citing sources.
- **US White House NEC Director Hassett** said he is seeing a bit of participation weakness and that government workers and world cup rebound is part of the jobs weakness. Take out government workers, and the World Cup, jobs rose 100k. Looking almost exclusively at unemployment, which fell.
- **BofA's weekly flow** report notes USD 53.7bln into cash, USD 32.9bln into stocks, USD 23.1bln into bonds, USD 0.9bln into gold and USD 0.6bln into crypto. Bull & Bear Indicator rose to 9.7 (from 9.4)

NORTH AMERICAN DATA

- **US Non Farm Payrolls (Jul) -23K vs. Exp. 91.0K (Prev. 57K, revised down to 20K); Two-month net revisions: -103K (prev. -74k).**
- **US Unemployment Rate (Jul) 4.1% vs. Exp. 4.3% (Prev. 4.2%).**
- **US** Average Hourly Earnings YoY (Jul) Y/Y 3.2% vs. Exp. 3.5% (Prev. 3.5%).
- **US** Average Hourly Earnings MoM (Jul) M/M 0.1% vs. Exp. 0.3% (Prev. 0.3%).
- **US** Participation Rate (Jul) 61.4% (Prev. 61.5%).
- **Canadian Employment Change (Jul) 75.1K vs. Exp. 12.5K (Prev. 18.2K).**
- **Canadian** Unemployment Rate (Jul) 6.4% vs. Exp. 6.5% (Prev. 6.5%).

NOTABLE ASIA-PAC NEWS

- **Japanese Finance Minister Katayama said she agrees with US Treasury Secretary Bessent that FX markets have been affected by moves not backed by real demand. She reiterated that they will constantly communicate with markets to maintain trust and that they have been closely communicating with the US and both sides will not hesitate to intervene.**

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