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16TH - 20TH FEBRUARY 2026

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equity markets ended the shortened trading week on a positive note. After modest gains through Thursday, stocks rallied Friday following the U.S. Supreme Court's decision to strike down the Trump administration's broad global tariffs. Rising tensions between the U.S. and Iran, which pushed oil prices higher, also remained on investors' radar. Markets were closed Monday in observance of Presidents' Day. Among major indexes, the Nasdaq Composite led performance with a 1.13% gain, marking its first weekly advance since late January. The S&P 500 rose more than 1%, while the Dow Jones Industrial Average posted a smaller 0.29% increase. Minutes from the Federal Reserve's January meeting showed policymakers divided over the next steps for interest rates. Some officials indicated further rate cuts could be warranted if inflation cools as projected, while others acknowledged that additional rate hikes might be necessary if inflation remains stubborn. Most participants agreed that risks to employment have lessened but that persistent inflation remains a concern. Inflation data reflected renewed price pressures. The Bureau of Economic Analysis reported that core personal consumption expenditures (PCE)—the Fed's preferred inflation measure—rose 0.4% month over month and 3.0% year over year in December, both higher than November readings. Headline PCE inflation reached 2.9% annually, its highest level since March 2024. Separately, BEA data showed that U.S. GDP growth decelerated significantly in the fourth quarter, expanding at a 1.4% annual rate compared with 4.4% in the third quarter. The slowdown was largely due to reduced government spending, weaker exports, and softer consumer spending. Moving across the Atlantic, European equities continued their upward momentum, with the pan-European STOXX Europe 600 Index reaching another record high and gaining 2.46%. Stronger earnings expectations, supportive macroeconomic data, and investor diversification away from the tech-heavy U.S. market contributed to gains. Speculation emerged that European Central Bank President Christine Lagarde might leave her position before her term ends in 2027, prompting discussion about potential successors. Lagarde stated that completing her term remains her baseline plan but did not firmly dismiss the report. In the UK, inflation slowed to 3.0% year over year in January, aided by lower fuel prices. The unemployment rate rose to 5.2%, and wage growth moderated, strengthening expectations that the Bank of England may cut interest rates in March despite inflation remaining above its 2% target. Meanwhile in Asia, Japanese equities declined modestly during the week. Geopolitical tensions weighed on sentiment, while domestic data showed weaker-than-expected economic growth and slowing inflation. The yen weakened against the U.S. dollar. Mainland Chinese markets were closed for Lunar New Year holidays, while Hong Kong's Hang Seng Index fell slightly after trading resumed.

Data highlights: : Canada's Inflation Rate YoY (Jan) fell 10bps, from 2.4% to 2.3%, expectations wrongly held the figure at 2.4%. The Core Inflation Rate YoY (Jan) fell 20bps, from 2.8% to 2.6%, expectations had the figure at 2.8%. U.S. PCE Price Index YoY (Dec) pleasantly rose 10bps more than the previous and stagnant consensus, from 2.8% to 2.9%. U.S. Core PCE Price Index YoY (Dec) also rose 20bps more than the previous, from 2.8% to 3%; and 10bps above the consensus of 2.9%. Germany Inflation Rate YoY (Jan) rose 30bps from 1.8% to 2.1%, in line with consensus. Germany PPI YoY (Jan) fell 50bps, from -2.5% to -3%, when an improvement to -2.1% was estimated. U.K.'s Unemployment Rate (Dec) rose 10bps, from 5.1% to 5.2%, expectations wrongly held the figure at 5.1%. The Inflation Rate YoY (Jan) fell 40bps, from 3.4% to 3%, in line with expectations. Japan's Inflation Rate YoY (Jan) fell 60bps, from 2.1% to 1.5%, when consensus only priced a 20bps move down. Meanwhile, the Core Inflation Rate YoY (Jan) also fell, by 40bps, from 2.4% to 2.0%, in line with consensus. The Reserve Bank of New Zealand held its policy rate at 2.25% in line with expectations. Australia's Unemployment Rate (Jan) stayed still at 4.1%, against the consensus of a 10bps increase.

Week ahead: AUD Inflation Rate YoY (Jan), AUD CPI (Jan), Germany GDP Growth Rate YoY (Q4), EUR Core Inflation Rate YoY (Jan), EUR Inflation Rate YoY (Jan) - Wednesday | ZAR PPI YoY (Jan) - Thursday | USD PPI YoY (Jan), USD Core PPI YoY (Jan), Germany Inflation Rate YoY (Feb), Germany Unemployment Rate (Feb) - Friday

Global Markets Overview

Treasury yields: The US 10-year Treasury yield inched up to 4.08% by week's end, as markets balanced the impact of a landmark Supreme Court decision against President Trump's rapid trade policy response. Although the court struck down the administration's reciprocal tariffs—initially weighing on yields—Trump quickly pledged to introduce a new 10% global tariff via executive order, reviving protectionist concerns. That shift overshadowed a softer Q4 GDP reading of 1.4%, which underscored the economic drag from the government shutdown. At the same time, core PCE inflation remained sticky at 3%, reinforcing a higher-for-longer narrative, while FOMC minutes revealed policymakers divided over the policy outlook. In the UK, 10-year gilt yields declined to 4.35%, their lowest level since mid-January, following a record public sector surplus in January. Net borrowing registered a £30.4 billion surplus—the largest monthly surplus since records began in 1993—well above forecasts and exceeding projections from the Office for Budget Responsibility.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.08	0.85	-2.03
Bund 10Y	2.74	-0.65	-4.13
Gilt 10Y	4.35	-1.43	-2.81
Japan 10Y	2.12	-4.72	2.66

Equities: US equities advanced for the week, with the S&P 500 up 1.07%, the Dow Jones gaining 0.29%, and the Nasdaq Composite adding 1.13%, despite persistent AI-driven volatility. January inflation data came in softer than expected, with both headline and core measures easing in line with forecasts, reinforcing expectations that the Federal Reserve will deliver multiple rate cuts this year. Select technology names outperformed, with Applied Materials rising 5.77% after strong earnings. In Germany, the DAX 40 closed 1.39% higher at 25,261 on Friday, snapping a three-day losing streak. The rebound was led by defence, aerospace, and technology stocks. Defence names rallied amid attention at the Munich Security Conference, with Hensoldt up 4.15%, Rheinmetall surging 8.14%, and Renk climbing 5.65%. Rheinmetall was further supported by its automotive divestment and a €200 million NATO contract for 120mm ammunition. Conversely, banks underperformed, with losses of up to 5.2%, as softer US inflation strengthened expectations of further Fed easing and raised the possibility of renewed ECB rate cuts, potentially compressing net interest margins.

Indices	Close	% W/W	% YTD
S&P 500	6910	1.07	0.94
EU Stoxx 600	649	2.46	5.97
FTSE 100	10687	2.30	7.61
Nikkei 225	56826	-0.20	12.88

Currencies: The US Dollar Index managed a 0.91% weekly gain, with markets weighing the potential stimulus from tariff refunds against the inflationary impact of renewed trade barriers. The index rebounded from an early decline after the Supreme Court struck down President Trump's reciprocal tariffs. While the ruling initially pressured the greenback by stripping away an inflationary catalyst, support quickly returned after Trump pledged to introduce a new 10% global tariff via executive order, reviving protectionist momentum. The Canadian dollar weakened to 1.3681 per US dollar, hovering near monthly lows as higher US yields and softer oil prices overshadowed the relief from the court's tariff ruling. Although the invalidation of emergency trade duties briefly improved sentiment, the Loonie remained pressured by a widening yield differential after US core PCE held at 3%, cementing a hawkish Fed outlook. Domestically, the Bank of Canada has paused at 2.25%, with January CPI at 2.6% and softer US growth complicating prospects for coordinated easing.

Currencies	Close	% W/W	% YTD
EURUSD	1.1784	-0.71	0.32
GBPUSD	1.348	-1.25	0.04
USDJPY	155.05	1.54	-1.06
USD Index	97.80	0.91	-0.53

Commodities: WTI crude futures climbed to $66.39 per barrel for the week, approaching a six-month high and posting a 5.57% weekly gain, as geopolitical risk premiums intensified. President Donald Trump indicated he is weighing a limited military strike on Iran and warned Tehran it has no more than 15 days to secure a nuclear agreement, while the US undertakes its largest military buildup in the Middle East since 2003. Iran, which produces over 3 million barrels per day—roughly 3% of global supply, largely destined for China—also retains the capacity to disrupt flows through the Strait of Hormuz, a critical global energy chokepoint. Bullish sentiment was reinforced by US government data showing a 9-million-barrel decline in crude inventories last week, the sharpest draw since early September, underscoring tightening near-term supply conditions.

Commodities	Close	% W/W	% YTD
Gold	5107	1.30	18.25
Copper	583.90	0.62	2.76
WTI Crude	66.39	5.57	15.62
Wheat	580.25	5.79	11.91

Performance of Major Global Financial Assets

% Change.

	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES						COMMODITIES				
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	0.8	-0.7	-1.4	-4.7	-0.4	-0.7	1.1	1.1	2.4	1.4	2.3	-0.2	-0.6	0.9	-0.7	-1.3	1.5	0.0	0.6	5.6	1.3	0.6	-4.2	5.8
MTD	-3.6	-3.7	-3.7	-5.8	-1.6	-3.4	-0.4	-2.1	3.1	2.9	4.5	6.6	-3.6	0.8	-0.6	-1.5	0.2	-0.7	-0.7	1.8	4.4	-1.4	-9.4	6.3
YTD	-2.0	-4.1	-2.8	2.7	-0.3	-5.9	0.9	-0.9	5.9	3.1	7.6	12.9	3.1	-0.5	0.3	0.0	-1.1	-1.2	-3.2	15.6	18.2	2.8	-14.3	11.9

KEY: -100% +100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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SIB Standard Investment Bank

Regulated by the Capital Markets Authority

Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi, Kenya.

Telephone: +254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke