



Thursday, 05 February 2026

KBC Sunrise Market Commentary

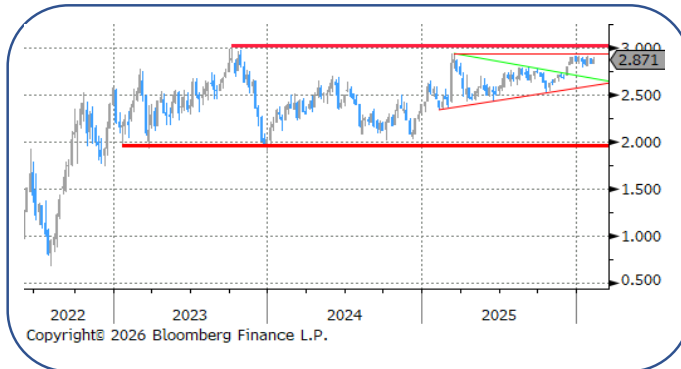
Markets

- Global trading yesterday still lacked a clear (macro) storyline. US ADP private job growth** disappointed slightly at 22k (from 47k). The **US services ISM** also failed to copy the strong upward surprise from the manufacturing measure published earlier this week. However, at 53.8 (unchanged) the index still suggests a decent growth momentum. The activity index at 57.4 was solid. Orders (53.1) and employment (50.3) slightly disappointed but don't ring any alarm bells. Prices paid holds near recent levels at 66.6. **Nothing to change the Fed's wait-and-see assessment.** US yields changed between -1.6 bps (2-y) and +2.4 bps (30-y). While technically insignificant, **curve steepening for now still looks the by default market bias in a context of tentatively higher global volatility/rising risk premia.** In EMU, January inflation printed exactly as expected (-0.5% M/M and 1.7% Y/Y (from 2%). Core inflation eased slightly from 2.3% Y/Y to 2.2%. Services inflation slowed from 3.4% to 3.2%. The move confirms the expected drop due to (mainly energy-related) favourable base effects. However, it's no reason yet for the ECB to profoundly change its policy assessment. German yields eased between 2-3 bps across the curve, but easily held between recent (rather tight) short-term ranges. **On other markets, volatility in (precious) metals and some other commodities persists** (silver and gold rebounded, but closed well off the intraday top levels) and might be a source/pointer for underlying market uncertainty. Similar story for equities with sector rotation out of some tech (and software) names back into more cyclical value stocks (Dow +0.53%; Nasdaq -1.51%). **It didn't bring a clear message for FX markets.** DXY gained modestly (close 97.62), but this move mainly mirrors yen weakness (USD/JPY close 156.9). EUR/USD finished marginally softer at 1.1807.
- Asian risk sentiment remains fragile this morning following yesterday's tech correction in the US. Commodities/metals (gold, silver, copper) are ceding further ground. The dollar slightly outperforms (DXY 97.77, EUR/USD 1.1795, USD/JPY 157). **A strong Japanese 30-y bond auction** eased concerns going into this weekend's parliamentary elections (30-y: -7.7 bps to 3.56%). Later today, in the US some **second tier labour market data** (Challenger Job cuts, jobless claims and JOLTS job openings) will be published. Major surprises are probably needed to trigger a meaningful market reaction. **The ECB at its first policy meeting of the year is widely expected to keep its policy rate unchanged at 2%.** At the press conference, ECB Chair Lagarde probably will receive questions on whether the recent **rebound of the euro** might ease inflation more than assumed until now. We expect the Fed Chair to hold the stance that it won't react to minor deviations from the expected (growth and inflation) path/forecast. Next to the **ECB, also the BoE is expected to hold the policy rate unchanged (at 3.75%).** New forecasts (downward revision for inflation?) but also comments on what the BoE sees as a neutral rate might shape market expectations on when and how many (1 or 2) rate cuts are still possible later this year. The EUR/GBP decline shows tentative signs of slowing. **We also keep an eye at the policy meeting of the Czech National bank** (expected unchanged at 3.5%, but with a lingering debate on a final fine-tuning rate cut). The decision will be preceded by January inflation data this morning.

News & Views

- The US administration yesterday hosted a critical minerals summit with 55 countries.** Vice President JD Vance pitched the idea of a "preferential trade center for critical minerals protected from external disruptions". The EU and the US committed to sign a Memorandum of Understanding to bolster supply-chain security. Similar agreements are set up with Japan and Mexico with the concept of coordinated price floors being openly discussed. Earlier this week, US President Trump announced plans for a nearly \$12bn critical minerals stockpile. The heavy concentration of these minerals (China) is the main problem with the US fearing they could be used as a tool of leverage and geopolitics.
- US President Trump raised the stakes for today's diplomatic talks between the US and Iranian foreign minister Araghchi in Muscat, Oman.** He warned that Iran's leaders should be very worried. Talks center around Iran's nuclear programme with the violent suppression of mass protests being put on a sidetrack. The US has been cumulating military assets in the region, having to down an Iranian drone earlier in the week. **Oil prices trade volatile the past couple of days, but remain elevated at currently \$68/b...**

Graphs



GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce its policy rate to 2%, reaching neutral territory**. The ECB considers it to be in a good place to respond to potential shocks. Recent comments ever more indicate that the next ECB move might be a rate hike. Combined with ongoing higher (fiscal) risk premia, this supported a rebound in LT EMU yields.



US 10y yield

The Fed's **focus shifted to increased attention for (risks to) the labour market** with 25 bps rate cuts in September, October and December. The Fed now nears a neutral policy level allowing for a longer pause, but the debate on further easing isn't finished yet. Some further steepening still might be on the cards as **focus returns to US risk premia**. The US 10-yr yield broke through key resistance at 4.2%.



EUR/USD

In 2025, Trump's explosive policy mix triggered uncertainty on future US economic growth and sustainability of public finances with markets showing **a loss of confidence in the dollar**. The greenback's decline recently accelerated with EUR/USD hitting four-year highs. The Fed subpoenas, Greenland, and the US administration's (not so) hidden preference for a weaker USD have reignited long-lingering market concerns.



EUR/GBP

Sterling snapped through multiple support zones, pushing EUR/GBP in November last year to its highest levels since early 2023. A new sell-off was avoided after Chancellor Reeves' November Autumn Budget, but we stick to our view that eco fundamentals limit sustained further sterling gains. Over time, EUR/GBP still might return towards the 0.90 handle.

Calendar & Table

Thursday, 05 February		Consensus	Previous
US			
13:30	Challenger Job Cuts Total/YoY (Jan)	--/--	35553/-8.30%
14:30	Initial Jobless Claims / Continuing Claims	212k/1850k	209k/1827k
16:00	JOLTS Job Openings (Dec)	7250k	7146k
UK			
13:00	Bank of England Bank Rate	3.75%	3.75%
15:00	DMP 3M Output Price Expectations (Jan)	3.50%	3.60%
15:00	DMP 1 Year CPI Expectations (Jan)	3.20%	3.20%
EMU			
11:00	Retail Sales MoM/YoY (Dec)	-0.20%/1.70%	0.20%/2.30%
14:15	ECB Deposit Facility Rate	2.00%	2.00%
14:15	ECB Main Refinancing Rate	2.15%	2.15%
14:15	ECB Marginal Lending Facility	2.40%	2.40%
Germany			
08:00	Factory Orders MoM/WDA YoY (Dec)	-2.2%/1.2%	5.60%/10.50%
France			
08:45	Industrial Production MoM/YoY (Dec)	0.2%/2.3%	-0.10%/2.10%
08:45	Manufacturing Production MoM/YoY (Dec)	--	0.30%/2.20%
Italy			
10:00	Retail Sales MoM/YoY (Dec)	-0.4%/--	0.50%/1.30%
Czech Republic			
09:00	CPI MoM/YoY (Jan P)	0.8%/1.6%	-0.30%/2.10%
14:30	Repurchase Rate	3.50%	3.50%
Events			
Q4 earnings	Blue Owl Capital (bef-mkt), Amazon (aft-mkt) ...		
04:35	Japan to Sell 30-Year Bonds		
10:30	Spain to Sell Bonds		
10:50	France to Sell Bonds		
14:45	ECB President Christine Lagarde Holds Press Conference		
16:50	Fed's Bostic Speaks with Dean of Clark Atlanta University		

10-year	<u>Close</u>	<u>-1d</u>		2-year	<u>Close</u>	<u>-1d</u>	Stocks	<u>Close</u>	<u>-1d</u>
US	4,27	0,01		US	3,55	-0,02	DOW	49501,3	260,31
DE	2,86	-0,03		DE	2,09	-0,03	NASDAQ	22904,58	-350,61
BE	3,38	-0,02		BE	2,10	-0,03	NIKKEI	53818,04	-475,32
UK	4,55	0,03		UK	3,72	0,01	DAX	24603,04	-177,75
JP	2,24	-0,02		JP	1,28	0,00	DJ euro-50	5970,47	-24,88
IRS	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	EUR	<u>-1d</u>	<u>-2d</u>	USD	<u>-1d</u>	<u>-2d</u>
3y	2,34	3,43	3,61	€STR	1,9320	0,0010			
5y	2,52	3,55	3,76	Euribor-1	1,9480	-0,0080	SOFR-1	3,6670	-0,0060
10y	2,88	3,88	4,13	Euribor-3	2,0400	0,0110	SOFR-3	3,6600	-0,0069
				Euribor-6	2,1710	0,0100	SOFR-6	3,6197	-0,0071
Currencies	<u>Close</u>	<u>-1d</u>		Currencies	<u>Close</u>	<u>-1d</u>	Commodities	<u>Close</u>	<u>-1d</u>
EUR/USD	1,1807	-0,0012		EUR/JPY	185,2	1,10	CRB	312,93	2,82
USD/JPY	156,86	1,11		EUR/GBP	0,8646	0,0018	Gold	4950,80	15,80
GBP/USD	1,3654	-0,0043		EUR/CHF	0,9177	0,0013	Brent	69,46	2,13
AUD/USD	0,6998	-0,0023		EUR/SEK	10,6098	0,0854			
USD/CAD	1,3663	0,0023		EUR/NOK	11,414	0,0361			

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