



Monday, 09 February 2026

KBC Sunrise Market Commentary

Markets

- A three-day slide in stock and crypto markets **pulled dip-buyers from the sidelines** going into the weekend. Equities bounced more than 2% in the US. Bitcoin hit the 60k mark, a 1.5 year low, before recovering to north of 70k again. Precious metals succumbed to overall asset selling on Thursday but staged a comeback at the end of the week. Intraday price swings varied between around +7% for gold and >21% for silver. Industrial commodities - oil, natural gas, aluminum, copper ... - strengthened too, offering support for currencies ranging from AUD over NZD to NOK. The US dollar lost out against most peers, including the euro. EUR/USD recovered back north of 1.18. DXY came just shy of the 98 barrier before weakening to 97.63 in the close. **GBP and JPY were eyeballing domestic politics**. Starmer's position as prime minister looks increasingly vulnerable after his **chief of staff resigned on Sunday** for his advice to hire Mandelson as ambassador. But being the man who actually appointed Mandelson, both allies and opponents are putting on the heat on Starmer. We've seen jittery gilt and GBP markets return last week, fearing for a **potentially fiscally less strict successor to Starmer** ever since the Mandelson crisis erupted. UK yields ended last week on a positive note but we're keen to find out how they open after Sunday's developments. The pound is losing ground in any case. EUR/GBP pushes to north of 0.87. The only currency worse off this morning is the US dollar. Renewed greenback weakness was sparked by reports of **China urging banks to curb US Treasury exposure** (see below). EUR/USD extends gains to 1.1850. The news also drives up (longer term) US yields by another 3 bps. That comes on top of Friday's 1-4.8 bps bear flattening move. The yen is taking the election outcome positively. PM **Takaichi's LDP secured a landslide victory in snap elections yesterday** with the largest (two-thirds) majority in the lower house since the party was created in 1955. Without compromises to be made with coalition partners and with an LDP now immune to (spending) pressure from the opposition given its strong mandate, **JPY and JGBs assume a stable and a more cautious government fiscally speaking**. USD/JPY eases to 156.5 after a strong February rally so far. Japanese yields rose 5 bps up to the 10-yr bucket. Ultra-long tenors, the ones most sensitive to the fiscal topic, quickly erased the few bps they gained at the open. The jury remains out on the strength of that narrative though. The long end of the curve remains vulnerable in core areas, from Japan over the UK to the US, each with their own trigger to pull.

News & Views

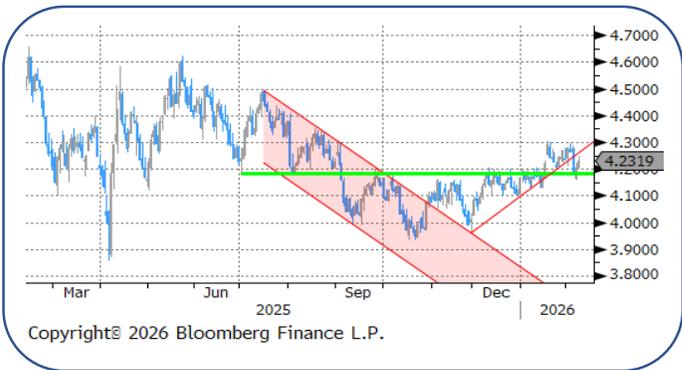
- Bloomberg, referring to people familiar with the matter, reported this morning that **Chinese regulators advised financial institutions to reign in their holdings of US Treasuries**. According to the report, officials urged banks to **limited the purchases of US government bonds while instructing those with high exposure to reduce their positions**. The directive was said not to apply to China's state holdings of US Treasuries. The guidance is reportedly driven by concerns over **concentration risk and market volatility** and not directly linked to geopolitical maneuvering or a fundamental loss in creditworthiness of the US. US yields jumped 1-2 bps upon the release of the article. The dollar is losing (modest) ground.
- The KMPG and REC report on UK jobs (compiled by S&P global) signaled a relative **improvement in UK hiring conditions in January** as recruiters signaled a softer drop in permanent staff appointments. At the same time, temporary billings are expanding slightly for the first time in three months. Candidate availability was reported to have increased at the softest pace in a year. The survey also points to stronger rises in starting salaries and temporary wages. **The survey comes as the BoE last week indicated that might further reduce its policy rate** (in a relatively near future) as disinflation is expected to bring inflation to the 2% target substantially faster than previously expected. At least for several MPC members, a weak labour market was a reason to frontload further easing, too.

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.



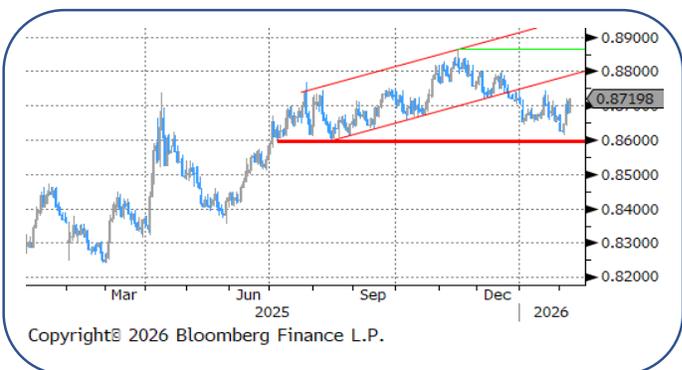
US 10y yield

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

Monday, 9 February		Consensus	Previous
US			
17:00	NY Fed 1-Yr Inflation Expectations (Jan)	--	3.42%
Japan			
0:50:	BoP Current Account Adjusted (Dec)	¥2957.1b	¥3137.8b
6:00:	Eco Watchers Survey Current SA (Jan)	49.0A	47.7A
6:00:	Eco Watchers Survey Outlook SA (Jan)	50.1A	49.5A
Norway			
8:00	GDP QoQ (4Q)	--	1.10%
8:00	GDP Mainland QoQ (4Q)	--	0.10%
Events			
01:01	S&P Global, KPMG and REC UK Report on Jobs		
13:00	ECB's Lane Speaks in Ireland		
17:00	ECB's Nagel Speaks on Inflation		
17:00	ECB's Lagarde Speaks in EU Parliament in Strasbourg		
20:30	BOE's Catherine Mann Speaks		
19:30	Fed's Waller Speaks on Digital Assets		
21:15	Fed's Bostic Speaks in Moderated Conversation		

10-year	Close	-1d	2-year	Close	-1d	Stocks	Close	-1d	
US	4,21	0,03	US	3,50	0,05	DOW	50115,67	1206,95	
DE	2,84	0,00	DE	2,09	-0,01	NASDAQ	23031,21	490,62	
BE	3,38	0,00	BE	2,10	-0,01	NIKKEI	56363,94	2110,26	
UK	4,51	-0,04	UK	3,62	-0,04	DAX	24721,46	230,40	
JP	2,29	0,06	JP	1,31	0,03	DJ euro-50	5998,4	72,70	
IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2,33	3,36	3,54	€STR	1,9300	-0,0010			
5y	2,51	3,48	3,71	Euribor-1	1,9720	0,0190	SOFR-1	3,6627	-0,0018
10y	2,86	3,80	4,11	Euribor-3	1,9990	-0,0210	SOFR-3	3,6412	0,0099
				Euribor-6	2,1520	-0,0200	SOFR-6	3,5811	0,0244
Currencies	Close	-1d	Currencies	Close	-1d	Commodities	Close	-1d	
EUR/USD	1,1815	0,0038	EUR/JPY	185,74	0,83	CRB	309,51	0,15	
USD/JPY	157,22	0,18	EUR/GBP	0,8681	-0,0024	Gold	4979,80	90,30	
GBP/USD	1,3611	0,0080	EUR/CHF	0,9167	0,0003	Brent	68,05	0,50	
AUD/USD	0,7013	0,0086	EUR/SEK	10,6663	-0,0016				
USD/CAD	1,3675	-0,0037	EUR/NOK	11,4384	-0,1163				

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