



Tuesday, 24 February 2026

KBC Sunrise Market Commentary

Markets

- Markets had to navigate US president Trump's reaction to the **Supreme Court ruling rejecting the IEEPA (reciprocal) tariffs yesterday**. For now, the IEEPA tariffs are replaced by a 10% 'temporary' (max 150 days) global levy as the US administration develops more in depth investigations on security and trade topics that over time might result in a new tariff architecture. The US administration indicates that it is still working on an order to raise the 10% levy to 15% as President Trump announced this weekend. The new U-turn in US trade policy is causing uncertainty among trading partners on the impact on negotiated trade deals. In this respect, the EU Parliament already suspended the approval procedure for the EU-US trade deal that included a 15% tariff ceiling for most EU goods. However, as was often the case of late, **this (trade) uncertainty in the first place caused some kind of market paralysis rather than an aggressive risk-off repositioning**. Initial moves in core (US & EMU) yields and European equities were very modest. A weaker USD opening was also gradually reversed throughout the European session. **Early in US dealings, the market focus shifted back to the lingering market theme of the potential AI disruption to other sectors** as highlighted in a much-talked about new research report (Citrini Research; The 2028 global intelligence crisis). US equities finally tumbled between 1.66% (Dow) and 1.04% (S&P 500) lower. Even as the link between these potential AI-driven disruptions and monetary policy is far from clear, **core bonds (and especially US Treasuries) captured a safe have bid**. US yields finally declined between 6.4 bps (5-y) and 2.2 bps (30-y), the belly of the curve outperforming. The US 10-y yield (4.04%) now again nears the 4% barrier, to be compared with levels near 4.3% early February. The picture at the short end of the curve is less outspoken (2-y 3.45%) but key support (3.40% also comes within reach). German yields declined between 1.9 bps (30-y) and 3 bps (5-y). The dollar showed no unequivocal pattern. DXY closed marginally lower at 97.35. EUR/USD finished little changed near 1.1785.
- Asian equities are hardly affected by the AI sell-off in the US this morning as investors focus more on chipmakers rather than companies that might be hurt by the AI-fall-out. US yields rise marginally after yesterday's decline. **The dollar is slightly firmer**, with USD/JPY an outperformer (155.5). Later today, the eco calendar mostly contains second tier US data including the weekly ADP report, housing data, and consumer confidence. While interesting, they probably won't profoundly change market expectations on Fed policy. Several Fed governors are scheduled to speak. **The AI and trade themes will remain omnipresent**. With respect to the latter, US president Trump's State of the Union (Wednesday morning 03.00 CET) evidently contains the risk of some unexpected policy announcements. On US interest rate markets, we keep an eye at yields on several maturities (5-10-y) nearing YTD lows. At the same time the dollar is holding up well, with some first resistance levels still within reach (EUR/USD 1.175 area, DXY 98.1 area).

News & Views

- New EU car registrations fell by 3.9% Y/Y in January**. Apart from the traditional slumps in the month of August, the absolute levels of new car registrations fell below 800k for the first time in at least two years. Hybrid-electric car (HEV) registrations captured 38.6% of the market (up from 34.9%), remaining the preferred choice among consumers. Battery-electric cars (BEV) accounted for an 19.3% market share (up from 14.9% in Jan 2025). Together with plug-in EV's, these three categories still showed Y/Y-increases. Combined market share of petrol and diesel cars fell to 30.1% (mainly petrol), from 39.5% a year ago. In Belgium petrol cars were the most popular (42.7% from 40.9%) followed by BEV's (36.8% from 33.8%) and HEV's (11.5%, stable). New Belgian car registrations fell 18.7% Y/Y.
- Bloomberg reports that BusinessEurope**, a powerful trade group that represents 42 national business federations, **is drawing a report calling for reforms to the EU's Emissions Trading System**. The group earlier warned that the risk of deindustrialization is high if the problem is not solved. He says that carbon costs are currently up to 30% of energy costs. At an industry summit in Antwerp earlier this month, German Chancellor Merz and several business CEO's also called for ETS to be reformed. BusinessEurope calls amongst other for issuance of new allowances to be extended beyond the current implied 2039 cut-off date and more permits to be injected into the market via the Market Stability Reserve. The planned phase-out of free emissions allowances should be reconsidered, while finance raised through the ETS should be used to fund industrial decarbonization, rather than go into the EU budget.

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. That was particularly the case after a set of mixed/ weaker than expected labour market data. Yields across the curve turned lower in response, with the 10-yr yield losing 4.2% support again.



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

Tuesday, 24 February		Consensus	Previous
US			
14:15	ADP Weekly Employment Change	--	10.250k
14:30	Philadelphia Fed Non-Manufacturing Activity (Feb)	-6.8	-4.2
15:00	FHFA House Price Index MoM (Dec)	0.30%	0.60%
15:00	House Price Purchase Index QoQ (4Q)	--	0.20%
15:00	S&P Cotality CS 20-City MoM/YoY SA (Dec)	0.30%/1.30%	0.47%/1.39%
16:00	Richmond Fed Manufact. Index (Feb)	-5	-6
16:00	Richmond Fed Business Conditions (Feb)	-6	-6
16:00	Conf. Board Consumer Confidence (Feb)	87.1	84.5
16:00	Conf. Board Present Situation (Feb)	115.8	113.7
16:00	Conf. Board Expectations (Feb)	68.6	65.1
UK			
12:00	CBI Total Dist. Reported Sales (Feb)	--	-34
12:00	CBI Retailing Reported Sales (Feb)	-27	-17
EMU			
06:00	EU27 New Car Registrations (Jan)	-3.90%A	5.80%
France			
08:45	Business Confidence (Feb)	99	99
China			
02:00	1/5-Year Loan Prime Rate	3.00%/3.50%	3.00%/3.50%
Hungary			
14:00	Central Bank Rate Decision	6.25%	6.50%
Events			
24FEB	President Trump delivers State of the Union		
11:00	Italy to Sell Bonds		
14:00	Fed's Goolsbee Speaks on Economy		
15:00	Fed's Collins Gives Opening Remarks		
15:00	Fed's Bostic in Moderated Discussion		
15:10	Fed's Waller Gives Keynote Address		
15:35	Fed's Cook Speaks on AI		
18:45	ECB's Lagarde Speaks in Frankfurt		
19:00	U.S. To Sell USD69 Bln 2-Year Notes		
21:15	Fed's Barkin & Collins on Panel		

10-year	Close	-1d	2-year	Close	-1d	Stocks	Close	-1d	
US	4,03	-0,05	US	3,44	-0,04	DOW	48804,06	-821,91	
DE	2,71	-0,03	DE	2,04	-0,02	NASDAQ	22627,27	-258,80	
BE	3,22	-0,02	BE	2,06	0,00	NIKKEI	57321,09	495,39	
UK	4,31	-0,04	UK	3,56	-0,01	DAX	24991,97	-268,72	
JP	2,08	-0,04	JP	1,24	-0,03	DJ euro-50	6113,92	-17,39	
IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2,25	3,22	3,43	€STR	1,9310	-0,0010			
5y	2,40	3,29	3,57	Euribor-1	1,9600	0,0180	SOFR-1	3,6762	0,0025
10y	2,73	3,60	3,93	Euribor-3	2,0340	0,0100	SOFR-3	3,6722	0,0010
				Euribor-6	2,1450	0,0040	SOFR-6	3,6214	-0,0032
Currencies	Close	-1d	Currencies	Close	-1d	Commodities	Close	-1d	
EUR/USD	1,1785	0,0001	EUR/JPY	182,28	-0,40	CRB	310,14	-0,88	
USD/JPY	154,65	-0,40	EUR/GBP	0,8734	-0,0007	Gold	5225,60	144,70	
GBP/USD	1,3492	0,0012	EUR/CHF	0,9130	-0,0009	Brent	71,49	-0,27	
AUD/USD	0,7056	-0,0025	EUR/SEK	10,6777	0,0047				
USD/CAD	1,3697	0,0016	EUR/NOK	11,2742	0,0503				

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