AUEB Students' Investment & Finance Club

Market Report – Volume 21, February 2026

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Our purpose

AUEB Students' Investment and Finance Club is a non-political and non-profit student initiative, and the first Finance Club amongst Greek Universities, founded in 2013.

It aims to promote the social dimension of Finance, demonstrate the potential positive impact of investments on society, train and inspire its members on different functions of Finance.

For this purpose, we plan and implement innovative activities which are mainly related to:

- Investments and Stock Markets
- Consulting
- The broad universe of finance through activities such as insight days, internships, workshops and involvement in research
- Building a strong network with other European finance clubs and maintain a strong alumni base

Last but not least, we emphasize on the cultural fit of our members, in order to ensure the Club's success, and for this purpose we have established a selection process. Thus, our members are well-rounded and highly motivated individuals with a genuine interest in Finance.

Organizational Structure

General Assembly	Management Board	Audit Committee

- The **General Assembly** consists of the members of the Club as well as honorary members. It is held annually and decides on any matter of the Club.

- The **Management Board** is consisted of 6 members of the Club with one year incumbency. It is elected by the Annual General Assembly and their role is the management of the Club and achieving the objectives of the Club.

- The **Audit Committee** is elected by the Annual General Assembly as well with one year incumbency. Their role is to supervise and monitor the financial management of the Club.

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Global Markets Summary

Foreign Exchange

In February, FX markets were defined by a sharp divergence in regional economic health and shifting central bank credibility, driving a significant resurgence in the US Dollar. The US Dollar Index (DXY) staged a forceful recovery throughout the period, propelled by resilient domestic indicators that led investors to scale back expectations for further Fed easing. This greenback strength pressured EUR/USD, which retreated from its January highs to close the month at 1.1814, as the market priced in a widening growth gap between the US and the Eurozone. The British Pound saw its momentum stall despite the Bank of England maintaining its rate at 3.75%; a narrow 5–4 vote and disappointing retail data left GBP/USD softening toward 1.3485. In Asia, the Japanese Yen remained under pressure despite the BoJ's late-2025 shift to 0.75%. USD/JPY remained elevated near 156.06 as political resistance to further hikes and a cooling Tokyo CPI reading dampened hawkish bets. Overall, February concluded with a "two-speed" global economy, as the Dollar regained its footing against a backdrop of fragmented global growth.

Fixed Income

Global bond markets shifted toward a 'bull-flattening' bias throughout February, reflecting a growing investor consensus that inflationary pressures were finally beginning to cool. The US Treasury market saw the 10-year yield decline to 3.961%, snapping a two-month streak of increases. This shift followed the Federal Reserve's January decision to hold the benchmark rate steady at 3.50%–3.75%, a move that tempered earlier "hawkish easing" fears despite a divided committee and two dissenting votes for a cut. In the Eurozone, sovereign yields mirrored this downward trend; Germany's 10-year Bund yield stabilized near 2.65% after the ECB maintained its main refinancing rate at 2.15%. President Lagarde's neutral stance, coupled with January inflation dipping to 1.7%, fueled market conviction that policy was restrictive enough. Meanwhile, the UK Gilt market saw the 10-year yield soften to 4.305% as the Bank of England held rates at 3.75% in another tight 5–4 split. The most complex narrative remained in Japan, where the 10-year JGB yield retreated to 2.11% from January highs. Despite hawkish rhetoric from some BoJ members, political resistance and a cooling Tokyo CPI of 1.8% led markets to price in a more gradual tightening path. Overall, February concluded with a global repricing of duration as aggressive 2025 yield spikes gave way to data-dependent valuations.

Commodities

In February 2026, gold surged to historic milestones, with the 1M Futures reclaiming the psychologically level of 5,000$ and peaking near 5,300$ as escalating U.S.-Iran naval tensions drove a massive flight to safety. Crude oil markets simultaneously reversed prior losing streaks, with Brent rising to $72 bbl as geopolitical risk premiums outweighed persistent global oversupply concerns. Meanwhile, natural gas experienced violent volatility, dropping below 30€, as mild late-winter forecasts and resilient production levels normalized inventories following January's record-breaking spikes. This left the broader energy sector defined by a precarious balance between regional conflict and ample supply, while gold solidified its role as the ultimate defensive hedge.

Equities

In February, global equity markets moved in a fragmented and rotation-driven environment shaped by artificial intelligence, capital flows, and geopolitical uncertainty. In the United States, markets were marked by heightened volatility and a clear divergence beneath the surface. Investors reassessed AI valuations and aggressive capital expenditure plans, prompting a rotation away from high-multiple technology leaders toward defensive sectors and safer assets. The month ended under renewed macro pressure from tariff developments and escalating geopolitical tensions. European equities, by contrast, demonstrated resilience. Strong corporate earnings, supportive monetary conditions, visible fiscal stimulus and significant capital inflows underpinned performance. While trade-policy headlines and sector-specific weakness created intermittent turbulence, selling pressure was consistently absorbed as investors rotated into cyclical sectors, benefiting from diversification away from U.S. markets. Asian markets displayed the clearest divergence. Japan and South Korea experienced a powerful technology-led rally tied to the global AI supply chain and semiconductor strength, supported by accommodative policy expectations.

References: Investing.com, CNBC, Financial Times, Bloomberg,Reuters

Macro Overview

Monetary Policy

In February, global monetary policy entered a period of data-dependent observation as central banks moved away from the synchronized easing of late 2025. The Federal Reserve remained in an "inter-meeting" lull following its January 27–28 decision to hold the federal funds target range at 3.50%–3.75%. The release of the January FOMC minutes on February 18th revealed a committee that, while largely supportive of the pause, remains deeply divided over the terminal rate. Dissenting voices highlighted that while inflation has cooled to 2.4%, a resilient labor market and a 43-day governmental shutdown in late 2025 have "muddied" the GDP outlook, making a March cut less certain. Across the Atlantic, divergence became the primary theme. On February 12th, the Bank of England maintained its Bank Rate at 3.75% in a familiar 5–4 split. Governor Bailey emphasized a "restrictive for longer" stance despite stagnant growth, as service-sector inflation remained sticky. Meanwhile, the European Central Bank held rates steady at 2.00% on February 5th. President Lagarde noted that while headline inflation hit 1.7%, the council requires more evidence of sustained domestic disinflation before committing to further easing in Q2. In Asia, the Bank of Japan emerged as the primary source of volatility. Following its historic 2025 hike to 0.75%, the BoJ held no meeting, but faced intensifying pressure from hawkish members like Hajime Takata to move toward 1.00%. However, political pushback and a cooling Tokyo CPI of 1.6% suggests a more gradual normalization path. Conversely, the People's Bank of China remained the global outlier, maintaining an accommodative stance to support a recovery that closed the month with 10-year yields at a low 1.829%. Overall, February was a month of "watchful waiting," as markets repriced the floor for interest rates amidst fragmented global growth.

Growth & Inflation

The global economic landscape in February was characterized by a fragmented recovery, where resilient US data contrasted sharply with stagnant growth in Europe and a complex inflationary backdrop in Asia. In the US, the narrative of a "soft landing" gained traction as the economy defied earlier recessionary fears; while the labor market remained tight, February indicators showed a stabilization in the unemployment rate at 4.3%, down from recent highs. US inflation proved stickier than anticipated, with January CPI (released mid-February) lowering to 2.4% from 2.7%, driven by persistent services costs. In the UK, the "triple threat" of stagnation showed signs of easing but remained a concern as Q4 2025 GDP (released February 13) confirmed a marginal expansion of 0.1%, narrowly avoiding a technical recession. This tepid growth was mirrored in price data, with headline inflation softening to 3%, allowing the Bank of England to maintain its restrictive stance without immediate pressure for further hikes. The move toward the 1.7% threshold suggests that the ECB is successfully closing in on its medium-term price stability mandate, even as the lack of growth momentum limits the scope for a more hawkish outlook. In Asia, Japan's "outlier" status evolved into a balancing act. While the BoJ's late-2025 hike initially cooled the market, February data revealed that Tokyo Core CPI had decelerated to 1.8%, falling below the 2% target for the first time in months. This disinflationary signal, coupled with a fragile 0.1% GDP growth rate, tempered hawkish expectations despite internal pressure for further rate normalization. Conversely, China's recovery remained unbalanced. While exports showed resilience, domestic deflationary risks persisted, prompting Beijing to prioritize liquidity and broader monetary support. Overall, February reflected a 'wait-and-see' transition, as the aggressive inflation containment of the previous year gave way to a delicate defense of global growth.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

Pair	27/2 Close	MoM	YtD
USD Index	97.565	0.73%	-0.35%
EUR/USD	1.1814	-0.30%	0.62%
GBP/USD	1.3486	0.03%	-0.54%
USD/JPY	156.06	0.83%	-0.40%
USD/CHF	0.7689	-0.56%	-3%

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

EUR/USD

Montly Overview

Throughout February, the EUR/USD currency pair experienced pronounced intramonth volatility, with the U.S. dollar appreciating by approximately 0.34% against the euro. This performance was primarily driven by asymmetric macroeconomic developments across the two economies, characterized by moderating growth momentum in the United States and subdued expansion in the
euro area. In parallel, shifts in investor risk appetite, and ongoing geopolitical tensions further influenced mid-month fluctuations in the exchange rate.

Weekly Breakdown

In the first week of February, EUR/USD opened at 1.1856, extending its decline from the near five-year high recorded at the end of January, and eventually closed at 1.1817, marking a 0.33% depreciation of the euro. Market movements were driven by investors reducing expectations of aggressive U.S. rate cuts, supported by improved consumer sentiment at 57.3 (up from 55), continued expansion in the services sector (ISM Services PMI: 53.8), and a return to growth in manufacturing for the first time since last February (ISM Manufacturing PMI: 52.6 versus the 48.5 consensus). In contrast, euro area data pointed to subdued pressures, with year-on-year inflation at 1.7%, below target, the HCOB Composite PMI at 51.3, and the ECB holding rates steady at 2%, in line with market expectations.

In the second week, the pair strengthened, opening at 1.1817 and closing at 1.1869, recording a 0.44% increase. The quote currency initially weakened during the first half of the week, supported by stronger-than-expected U.S. labor market figures, including non-farm payrolls of 130k (above the 70k consensus) and a decline in the unemployment rate to 4.3%, alongside easing inflation to 2.4%. However, this upward momentum reversed later in the week as markets questioned the durability of these results, while the QoQ GDP growth rate printed at 1.4%, significantly lower than the previous 4.4%, signaling a slowdown in the U.S. economy.

In the following week, EUR/USD declined by 0.73%, closing at 1.1782, despite several euro-supportive developments. U.S. monetary policy uncertainty persisted, with Fed policymakers divided on the interest rate outlook, while the Supreme Court ruled prior duties unlawful, leading President Trump to introduce a 10% global tariff under an alternative legal framework. In the eurozone, speculation regarding an early departure of ECB President Lagarde was dismissed, and markets absorbed strong manufacturing growth data amid a rotation from AI-focused conglomerates toward selected European equities.

In the final week of February, the pair opened at 1.1785 and closed at 1.1816, posting a 0.26% gain. Trading remained range-bound amid limited economic releases, with speculation influencing price action, including a Citrini Research report highlighting potential AI-related economic risks. Looking ahead, key catalysts for March include U.S.–EU trade tensions, Greenland-related geopolitical risks, record EU capital inflows, and the intensification of the Middle East crisis following a joint U.S.–Israel military operation targeting Iran's nuclear program.

EUR/USD

GBP/USD

Montly Overview

Throughout February, GBP/USD traded with a controlled tone, as shifting monetary-policy expectations and a string of mixed UK economic data points shaped broader investor sentiment. The month opened with sterling positioned near recent highs around the 1.3690 handle, eventually recording a monthly peak near 1.3735. However, this upside momentum gradually faded after the Bank of England opted to keep interest rates unchanged while explicitly maintaining a cautiously dovish stance. Although easing inflation expectations provided some underlying support, weaker-than-anticipated consumer confidence and lingering concerns over subdued UK growth prospects actively limited sterling's potential advance. Furthermore, emerging political developments late in the month added a fresh layer of uncertainty to the market, further capping any meaningful gains. Consequently, the pair recorded a monthly low near 1.3433, before eventually stabilizing into the month-end close. Overall, February was characterized by contained volatility and a gradual drift lower, with GBP/USD ending the period consolidating within the 1.34–1.35 region.

Weekly Breakdown

GBP/USD began the first week of February just below 1.37, holding relatively firm as markets awaited the Bank of England's policy decision on February 5. The MPC ultimately voted to keep rates unchanged at 3.75%, but the tone of communication suggested that easing later in the year remained on the table. Investors interpreted the message as mildly dovish, reinforcing expectations that policy could turn more accommodative if growth remains subdued. Although the initial market response was contained, the decision effectively established a ceiling that prevented a move above the 1.3650–1.3735 zone, while simultaneously providing enough support to keep sterling anchored near its early-month peaks. In the second week, the pair entered a consolidation phase in the mid-1.36 range (1.3600–1.3650) as traders assessed incoming macroeconomic data. Inflation indicators released during this period, specifically the CPI falling to 3.0%, showed signs of moderation, helping to ease pressure on households and businesses. However, growth-related data remained modest, and forward-looking indicators did not point to a strong rebound in activity. As a result, positioning became more cautious, with GBP/USD trading in a relatively narrow band of roughly 80–100 pips during this period. During the third week, sentiment turned slightly more defensive following labor market data that saw the unemployment rate climb to 5.2%. Weaker consumer confidence readings further signaled that domestic demand could remain under strain, while renewed political uncertainty weighed modestly on risk appetite toward UK assets. Sterling edged lower toward the 1.3500 handle, briefly testing the monthly low near 1.3433, reflecting a mild shift in expectations toward earlier rate cuts. Despite this, the move lacked strong momentum, as the US dollar also traded without a clear directional bias. In the final week of February, GBP/USD continued to trade sideways but with a softer undertone, fluctuating mainly between 1.3490 and 1.3570. Markets were increasingly focused on the medium-term policy outlook, with rate-cut expectations for later in 2026 acting as a ceiling for sterling. The absence of major positive catalysts prevented a recovery toward the 1.35 area, while stable global risk conditions limited downside acceleration. The pair ultimately closed the month modestly lower, maintaining an orderly structure throughout February.

References: Trading Economics, Yahoo Finance

USD/JPY

Montly Overview

In February 2026, USD/JPY navigated a volatile landscape, opening the month at 154.73 and concluding at 156.06, marking a net appreciation of approximately 0.86%. The month's price action was characterized by a tug-of-war between a hawkish transition in U.S. monetary leadership and Japan's complex post-election fiscal narrative. While the pair reached intra-month highs around 157.74, the "Takaichi trade" and renewed verbal interventions from Japanese authorities following robust US labor data capped gains, leading to a monthly low of 152.26 and a near 3% decline, all within the same week. Ultimately, the exchange rate consolidated as lowest Tokyo inflation since March 2022 and lackluster economic growth tempered rate-hike expectations, offsetting hawkish rhetoric from board member Hajime Takata and allowing the Greenback to reclaim its footing by month-end.

Weekly Breakdown

USD/JPY opened February at 154.73, moving upward as the Yen came under pressure after Prime Minister Takaichi expressed support for a weaker currency to boost exports. This domestic factor was reinforced by a stronger US Dollar, supported by solid ISM Manufacturing and Services PMIs and the hawkish nomination of Kevin Warsh as Federal Reserve Chairman. As a result, the pair ended the week at 157.21, with markets anticipating greater policy divergence ahead of Japan's snap election.

After briefly touching a monthly peak of 157.74 near the start, momentum shifted notably in the second week when the Liberal Democratic Party secured a decisive two-thirds supermajority victory. Markets reacted favorably to PM Takaichi's promise to suspend the 8% food sales tax and maintain fiscal discipline despite expansionary intentions. Record highs in Japanese equities encouraged capital inflows, while renewed verbal interventions from diplomat Atsushi Mimura, following stronger-than-expected US labor data (the Unemployment Rate fell to 4.3% and Non-Farm Payrolls rose by 130k), further supported the Yen. This pushed the pair to an intra-month low of 152.26. USD/JPY recorded its steepest weekly drop since November 2024, finishing at 152.70, as investors speculated that improved growth prospects would give the BoJ greater room to normalize interest rates.

In the third week, beginning at 152.64, volatility increased as Japan's Q4 GDP grew by 0.1% QoQ, narrowly avoiding a technical recession but falling short of the 0.4% forecast. Despite a sharp rise in January exports, the Yen weakened after the January 27–28 FOMC minutes, released on February 18, revealed an unexpectedly hawkish tone regarding potential rate hikes. Combined with headline inflation easing to 1.5% in Japan, the pair advanced to close the week at 155.07.

The final trading week started at 154.93, with the Yen briefly strengthening after President Trump announced a 15% global tariff. However, those gains were reversed when PM Takaichi voiced concerns about aggressive rate increases and appointed two reflationist academics to the BoJ board. Although board member Hajime Takata maintained a hawkish stance, slowing Tokyo inflation reinforced a cautious approach from the central bank, leading USD/JPY to close the month at 156.06.

References: Reuters, Financial Times, Bloomberg, FXToday, DailyFX

USD/CHF

Montly Overview

In February, USD/CHF largely rotated around the 0.77 handle, as intermittent US Dollar support from shifting Fed expectations was repeatedly offset by safe-haven demand for the Swiss Franc amid political, trade, and geopolitical uncertainty. The pair opened the month near 0.7720 and ended close to 0.7690, reflecting a broadly range-bound month despite notable intramonth swings, with an early-month push toward the 0.7818 area followed by a mid-month dip toward 0.7629.

Fundamentally, the market narrative was shaped by evolving US rate-cut pricing, Fed communication, and risk sentiment. Early-month headlines tied to Fed leadership expectations briefly improved the tone for the USD, but recurring episodes of risk aversion continued to funnel flows into CHF. From a technical standpoint, the broader bias remained cautious: upside attempts repeatedly stalled below the 0.7850 region, while pullbacks kept drawing the pair toward the 0.7650–0.7600 zone. Into month-end, consolidation dynamics remained consistent with a bearish setup, suggesting downside risks persisted even as the pair stabilized.

Weekly Breakdown

USD/CHF began the month with a slight upward bias, opening at 0.7720. This initial strength was fueled by a brief uptick in Dollar sentiment as investors recalibrated their expectations for Federal Reserve policy. However, political headlines around US fiscal uncertainty kept safe-haven flows active and capped upside progress, reinforcing the pair’s inability to sustain momentum beyond nearby resistance. The second week marked the clearest deterioration, with USD/CHF sliding back toward the 0.7670–0.7650 region as soft US momentum signals and a heavier technical backdrop weighed on the pair. Trading remained pressured below key moving averages, keeping the broader downtrend intact. Even with a temporary lift around major US labor releases on February 11, where Non-Farm Payrolls showed a resilient 130,000 jobs added and the Unemployment Rate edged down to 4.3% from 4.4%, follow-through was limited. Meanwhile, Swiss-side support via resilient safe-haven demand and rising Swiss yields remained a consistent counterweight. By the third week, volatility spiked following the release of the CPI (Consumer Price Index) on February 13, which showed inflation cooling to 2.4% year-over-year. Despite this cooling trend, the pair recovered toward the mid-0.77s as Fed minutes and firmer US labor indicators helped reduce the conviction around near-term easing, lending the USD a more durable bid. The move was reinforced by improving short-term technical traction, including a return toward key trend measures. Still, geopolitical uncertainty continued to temper risk appetite and prevented a decisive break higher. In the final week, USD/CHF settled into a tight range near 0.7690. Geopolitical tensions and trade uncertainty bolstered the Swiss Franc’s safe-haven appeal, offsetting intermittent Dollar gains from shifting Fed expectations. The month ended in a bearish consolidation as markets pivoted toward upcoming Swiss data and US inflation reports.

USD/CHF

Rates	27/2 Close	MoM	YtD
FED Funds Rate Target	3.50%-3.75%	No Change	No Change
ECB Main Refinancing Operations Rate	2.15%	No Change	No Change
ECB Deposit Facility Rate	2.00%	No Change	No Change
EURIBOR 1M	1.943%	-0.82%	-0.51%
USA 3 Month Treasury	3.66%	0.46%	1.27%
USA 10 Year Treasury Bill	3.962%	-6.58%	-5.53%
Germany 10 Year Bond	2.652%	-6.75%	-8.46%
UK 10 Year Gilt	4.236%	-4.86%	-5.07%
Greece 10 Year Bond	3.301%	-1.49%	-5.14%

References: Reuters, Financial Times, Bloomberg, FXToday, DailyFX

Europe

During February, European government bonds recovered most of the losses they recorded in previous months, as increased aversion to risky assets fueled haven demand. In its first policy meeting for the year, on February 5th, the European Central Bank once again left rates unchanged, citing a resilient economy and a strong labor market, despite global trade uncertainty and geopolitical risks, as well as a strengthened euro possibly jeopardizing export recovery. The inflation rate in the euro area is expected to stabilize at 2% over the medium term, despite dipping to 1.7% in January.

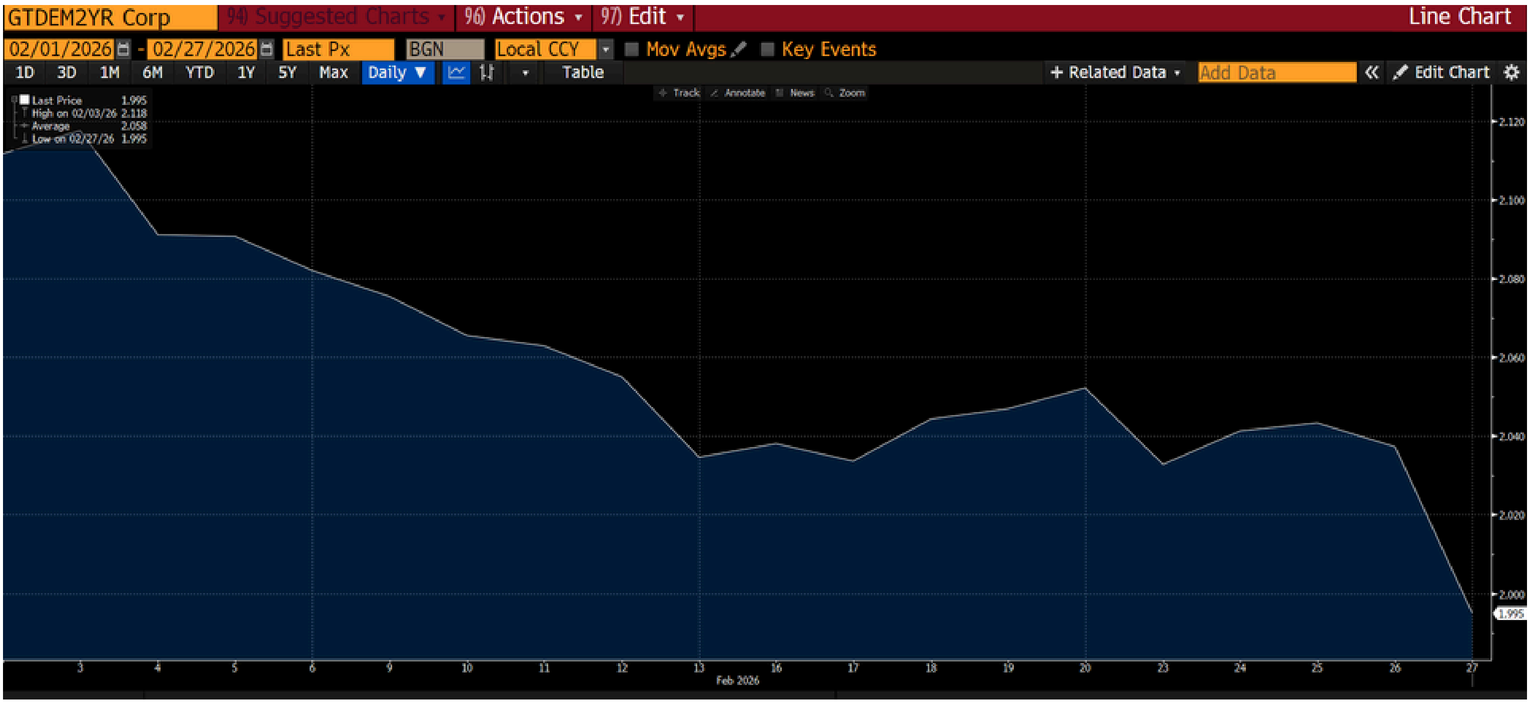
In the first few days of the month, German government bond yields continued their upward trend as a response to an expected surge of government debt to finance increased spending for military purposes and infrastructure. However, this trend later reversed. Heightened risk aversion among investors, coupled with a lower-than-expected inflation rate in the euro area and increased expectations of further rate cuts by the European Central Bank later in the year, led to the most extended German government bond rally since April.

At the same time, the German economy showed signs of accelerated recovery, as the effects of increased public spending started to materialize. Factory orders recorded an increase of 7.8%, the largest in two years, while the manufacturing sector expanded after years of stagnation. Exports rose by 4% in December, and the economy expanded by 0.4% in the final quarter of 2025. The inflation rate ticked slightly lower, at 2%. The 10-year government bond yield closed the month at 2.65%, down from 2.84%.

In France, a budget for 2026 was adopted after Prime Minister Lecornu survived two no-confidence votes, bringing an end to a period of high political uncertainty. The new budget, which aims to decrease the deficit to 5% of economic output, includes tax increases for the wealthy and businesses, but less extensive public spending cuts than originally planned. The Bank of France expects the economy to gain momentum in the first months of the year, with a projected growth rate of 0.2% to 0.3% in the first quarter, despite some early struggles for the manufacturing sector. The inflation rate accelerated to 1.1%. French government bonds followed the upward trend of their German counterparts, further supported by the increased political stability in the country. The 10-year government bond yield fell to 3.22%, down from 3.45% at the beginning of the month.

Italian 10Y Bond Yield

German 10Y Bond Yield



German 2Y Bond Yield

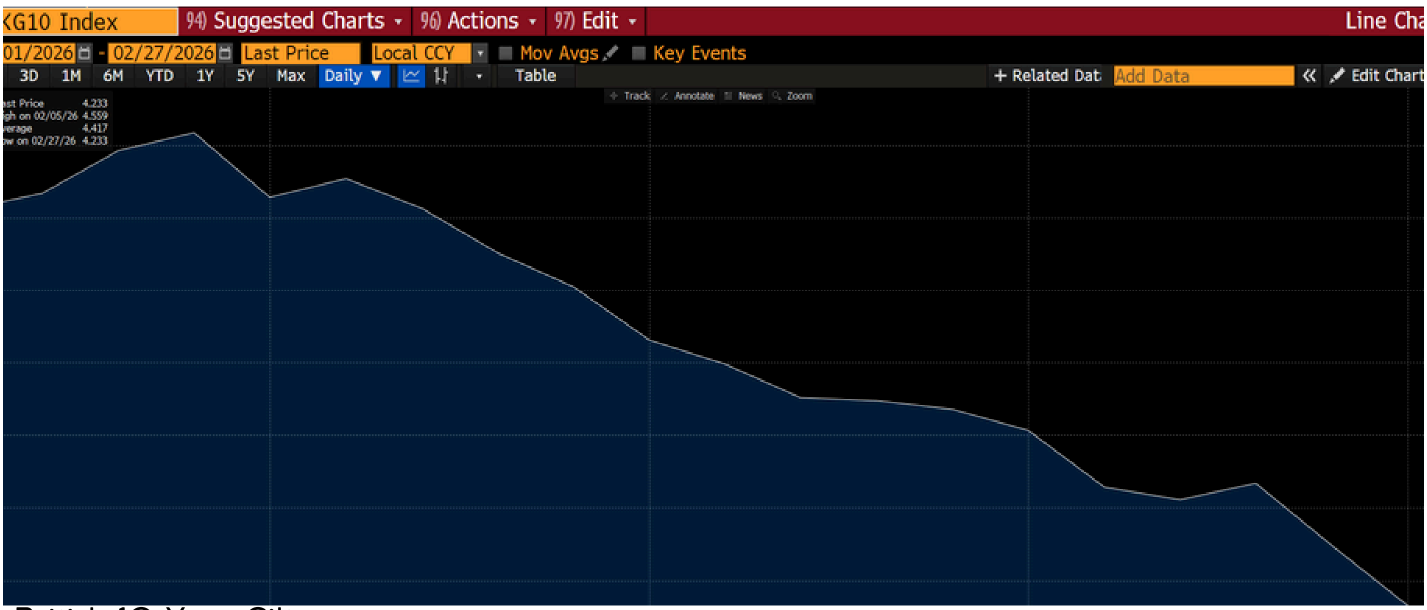
United Kingdom

UK government bonds navigated a landscape of significant volatility throughout February, ultimately experiencing a gradual decline in yields despite a turbulent start. The benchmark 10-year gilt yield opened the month at 4.50%, briefly surging by 6 basis points during the first six sessions to hit a peak of 4.60%. However, this upward momentum proved unsustainable as the market shifted its focus toward cooling domestic inflation and favorable fiscal adjustments. By the end of the month, the 10-year yield had trended significantly lower, closing at 4.305%. This increased investor appetite for gilts was further bolstered by external factors, including uncertainty in the US Treasury markets and growing institutional concerns related to AI-driven equity market volatility, which prompted a rotation into the relative safety of sovereign debt.

The first week of February was marked by heightened volatility, as the Prime Minister faced mounting pressure within the Labour Party amid fallout from the Jeffrey Epstein scandal and criticism over the 2024 appointment of Lord Peter Mandelson as US ambassador. Political tensions weighed on investor sentiment, pushing the 10-year gilt yield higher to 4.6%. However, yields retraced shortly after the Monetary Policy Committee meeting, where policymakers voted 5–4 to keep the Bank Rate unchanged at 3.75%. The narrow vote highlighted internal divisions within the Committee and reinforced perceptions of policy uncertainty. Market analysts, interpreted this internal friction as a precursor to a gradual easing cycle, with swaps markets pricing in high probabilities for rate cuts in March and June. This outlook was supported by the current inflation rate of 3.0%, with the Bank of England’s own projections suggesting a move toward the 2% target by the spring.

However, the narrative shifted on February 18th following a landmark data release from the Office for National Statistics. January’s Consumer Price Index (CPI) fell by 0.4% to reach 3.0%, its lowest level since March 2025. Simultaneously, the UK reported record-breaking tax revenues of £30.4 billion ($40.93 billion) for January, a staggering £15.9 billion increase over the previous year and the highest surplus since records began in 1993. These robust fiscal figures, combined with disinflationary progress, restored market confidence and sent gilt yields to weekly low of 4.335% by mid-month. This period of stabilization allowed the 5-year UK Credit Default Swap (CDS) spreads to tighten, reflecting a more balanced outlook on domestic fiscal health.

The final week brought further political challenges as Labour suffered a significant defeat in the Gorton and Denton by-election. While this underscored dissatisfaction with the administration, the bond market found technical support through a strategic move by the Treasury. Chancellor Rachel Reeves announced the first reduction in UK government debt sales in four years. This decrease in supply provided the necessary technical tailwind to push the 10-year yield down to its final close of 4.305%, while CDS spreads settled at 15.61 bps. This move signaled that despite political headwinds, the technical backdrop for UK sovereign debt remained favorable, supported by lower supply and a cooling inflationary environment.



British 10 Year Gilt

USA

During February, the U.S. bond market experienced heightened volatility and a downward trend. The main drivers were the release of the January meeting minutes and subsequent public commentary from Fed officials that signaled that rates might remain at their current levels longer than anticipated due to persistent concerns over sticky inflation and the economic impact of tariffs, the mixed macroeconomic environment in the United States, and the new issuance of bonds by the U.S. Treasury. These factors created uncertainty among investors and combined with geopolitical risk and persistent inflationary pressures, prompted a shift toward risk-averse, safe-haven investments, leading to a decline in bond yields.

During the first week of the month, Treasury yields moved lower, with the 10-year declining from 4.243% to 4.206% and the 2-year easing from 3.522% to 3.495%, reflecting a modest bull flattening. Market sentiment was influenced by the announcement that Kevin Warsh is set to assume the Fed Chair position in May, prompting a repricing of rate-cut expectations. Macro data delivered a mixed signal: ISM Manufacturing rebounded to 52.6 from 47.9 and Services held at 53.8, indicating ongoing expansion, while labor indicators softened, with January Challenger job cuts rising to 108,355 (highest January since 2009) and initial jobless claims at 231k, pointing to emerging labor market slack. In the second week, the downward trend in yields persisted, with the 10-year declining from 4.224% to 4.056% and the 2-year falling from 3.506% to 3.410%, extending the rally across the curve. During this period, Retail Sales (YoY) were reported at +2.4%, below expectations, signaling a moderation in consumer activity. At the same time, Nonfarm Payrolls (NFP) rose to 130k, above the previous reading, while the unemployment rate declined to 4.3%, pointing to continued labor market resilience. Inflation eased to 2.4% from 2.7% previously, indicating a further moderation in price pressures, a development increasingly priced by markets as supportive of potential rate cuts. In the third week, Treasury yields reversed higher, with the 10-year rising from 4.050% to 4.085% and the 2-year from 3.412% to 3.480%, reflecting renewed front-end pressure. The Federal Open Market Committee (FOMC) reiterated a higher-for-longer stance amid persistent inflation (PCE 2.9%), effectively pushing back against near-term easing expectations, while Donald Trump's 15% tariff announcement added to inflation and risk-premium concerns. Macro releases were broadly softer, with GDP (QoQ) at 1.4%, weaker Flash PMIs, and a wider trade deficit, pointing to slowing momentum. At the same time, heavy Treasury supply (~$125bn) related to refinancing needs, alongside bank buybacks of older bonds aimed at balance sheet clean-up, created technical pressure on the market, ultimately contributing to the increase in yields. In the final week, Treasury yields declined further, with the 10-year closing the month at 3.962% and the 2-year at 3.379%, extending the duration bid. Initial jobless claims (26/02) printed at 212k, signaling some labor softening, while PPI (MoM) rose 0.5%, indicating residual pipeline inflation pressures. Flow dynamics were mixed, as Chinese banks reportedly reduced U.S. Treasury exposure on risk grounds, whereas Japan maintained supportive positioning. Lower yields pushed mortgage rates down to 5.98% (lowest since September 2022), triggering a pickup in mortgage applications. Meanwhile, projections from the Congressional Budget Office (CBO) highlighted elevated debt-to-GDP levels and forecast fiscal deficits reaching 5.8% of GDP in 2026, reinforcing longer-term fiscal sustainability concerns.

US 10 Year Bond Yield and 10Y-2Y Spread

References: Reuters, Financial Times, Bloomberg, FXToday, DailyFX

Asia

China

February marked a defining period for Chinese debt, with the 10-year government bond yield opening at 1.842%. However, the month commenced under a cloud of underwhelming economic data, underscoring a fragile recovery that remains disproportionately dependent on external demand rather than domestic strength. Domestic consumption remained sluggish, hindered by an urban unemployment rate stagnating at 5.1% and was reflected in the January year-on-year CPI cooling to 0.2% (vs 0.4% forecast), a figure further distorted by the later timing of the Lunar New Year. Meanwhile, factory-gate prices (PPI) remained in deep contraction at -1.4% (vs -1.7% forecast). Conversely, the most recent trade data from late 2025 showed China's export engine maintaining remarkable resilience, with December exports growing 6.6% year-on-year and driving a massive trade surplus of $114.1 billion. Imports also saw unexpected growth of 5.7% (vs 1.9% previous), largely driven by aggressive state-backed purchases of high-tech components rather than household demand. Reflecting this two-speed economy and the official January PMIs slipping back into contraction (Manufacturing at 50.3 vs 50.1 previous), institutions like the IMF cautioned that persistent deflationary pressures pose significant structural risks. To balance the need for domestic stimulus against the risk of currency depreciation, the People's Bank of China (PBoC) maintained its one-year Loan Prime Rate at a record low of 3.00% and its five-year LPR at 3.50%. Consequently, despite the mixed economic signals, 10-year bond yields exhibited marginal volatility , opening February at 1.842% and closing at 1.829%.

Japan

Japanese bonds entered a pivotal phase in February, opening at 2.251%. This volatility stems from the ongoing impact of the BoJ's late-2025 decision to hike rates to 0.75%. This unanimous 25 bps increase marked a 30-year high for the benchmark rate, fundamentally altering the country's economic landscape. The BoJ's normalization path is largely underpinned by a structurally tight labor market, the national unemployment rate held steady to close the year (2.6% Actual vs 2.6% Forecast for December), sustaining the wage-driven domestic consumption narrative. Broader economic momentum is highly evident in the robust January PMI prints, which signaled accelerating, broad-based expansion across the Composite (53.8 Actual vs 53.1 Previous), Services (53.8 Actual vs 53.7 Previous), and a revitalized Manufacturing sector (52.8 Actual vs 51.5 Previous). While headline consumer prices cooled in January (1.5% Actual vs 1.9% Forecast) largely due to government energy subsidies, core CPI remains firmly anchored at the central bank's target (2.6% Actual vs 2.8% Forecast). Driven by this resilient domestic demand, sticky underlying price pressures, and PMIs outperforming expectations, this hawkish recalibration drove 10-year JGB yields to close January at 2.251% before stabilizing near 2.128% in late February. Consequently, markets continue to price in further gradual policy normalization through 2026.

Japanese 10Y Bond

References: Reuters, Yahoo Finance, CNBC

Commodity	27/02 Close	MoM	YtD
Bloomberg Commodity Index	USD 121,68	5.72%	-0.98%
Gold Continuous Cont	USD 5.247,90	8.96%	1.33%
Crude WTI Continuous Cont	USD 67.02	3.55%	7.09%
Crude Brent Continuous Cont	USD 72.87	7.38%	9.38%
Natural Gas TTF Continuous	EUR 31.01	4.41%	-20.90%

References: Reuters, Financial Times, Bloomberg, FXToday, DailyFX

Gold (1M Future Contract)

Monthly Overview

In February 2026, spot gold executed a significant recovery, closing the month at $5,277.90. The metal traded between an intra-month low of $4,404.12 and a high of $5,279.56, rallying over 19% from its nadir. Monetary policy uncertainty further supported bullion, catalyzed by the Federal Reserve's rate pause at 3.75% and the nomination of Kevin Warsh as the next Fed Chair, as markets now look ahead to the upcoming March FOMC meeting. The US Dollar Index closed at 97.61, reflecting a broader monthly decline, while escalating US-Iran geopolitical tensions triggered significant safe-haven allocations. Institutional flows reflected this sentiment, with Western gold ETFs continuing their accumulation and COMEX net long positioning rising to 99,937 contracts. Structural market support was reinforced by reported persistent central bank purchases, notably from the PBoC and NBP. Technically, gold maintains its primary uptrend, holding well above its 50-day, 100-day, and 200-day moving averages. The metal faces immediate resistance near the $5,342 extension level, while downside pullbacks are supported by the recent $5,155 consolidation floor and the 20-day SMA at $5,009.

Weekly Breakdown

In the first week of February 2026, gold found a solid bottom at $4,404.12 and ended the week at $ 4,961.15, reaching as high as $5,092.68. This early bounce happened because prices had fallen too fast in January, dropping 21%, and because the return on US 10-year bonds started to fall. At the same time, the US Federal Reserve decided to keep interest rates steady between 3.50% and 3.75%, and the European Central Bank kept its rates at 2.00% on February 5. Additionally, Kevin Warsh was chosen to be the next head of the Fed, which made investors worry about the bank's future independence and pushed them toward safe assets like gold. Moving into the second week, gold's upward push sped up, trading between $4,879.05 and $5,119.24 before closing at $5,043.11. The main reason for this rise was the latest US inflation report. Even though overall inflation slowed down to 2.4%, core living costs went up by 0.3% from the previous month proving that gold is a great way to protect wealth when everyday prices keep rising. During the third week, the market traded in a tighter range from $4,842.50 to $5,105.45, finishing at $5,104.34. Technically, prices squeezed tightly around the $5,009 average level. Furthermore, the US Supreme Court blocked global trade taxes on February 21, but the administration quickly announced a new 10% import tax. As a result in the final week, gold broke out with massive energy, surging to close at $5,277.90 after trading between $5,094.50 and $5,279.56. This jump was mostly caused by growing military tensions between the US and Iran, making investors rush to buy gold for safety. Finally gold's upward trajectory is structurally validated by an expansion in COMEX Open Interest. This new market participation underscores a strong bullish conviction, signalling that the recent price rally is driven by fresh capital and solid underlying demand rather than mere short covering.

Gold

References: Bloomberg, Investing.com, Reuters, Financial Times, FXStreet

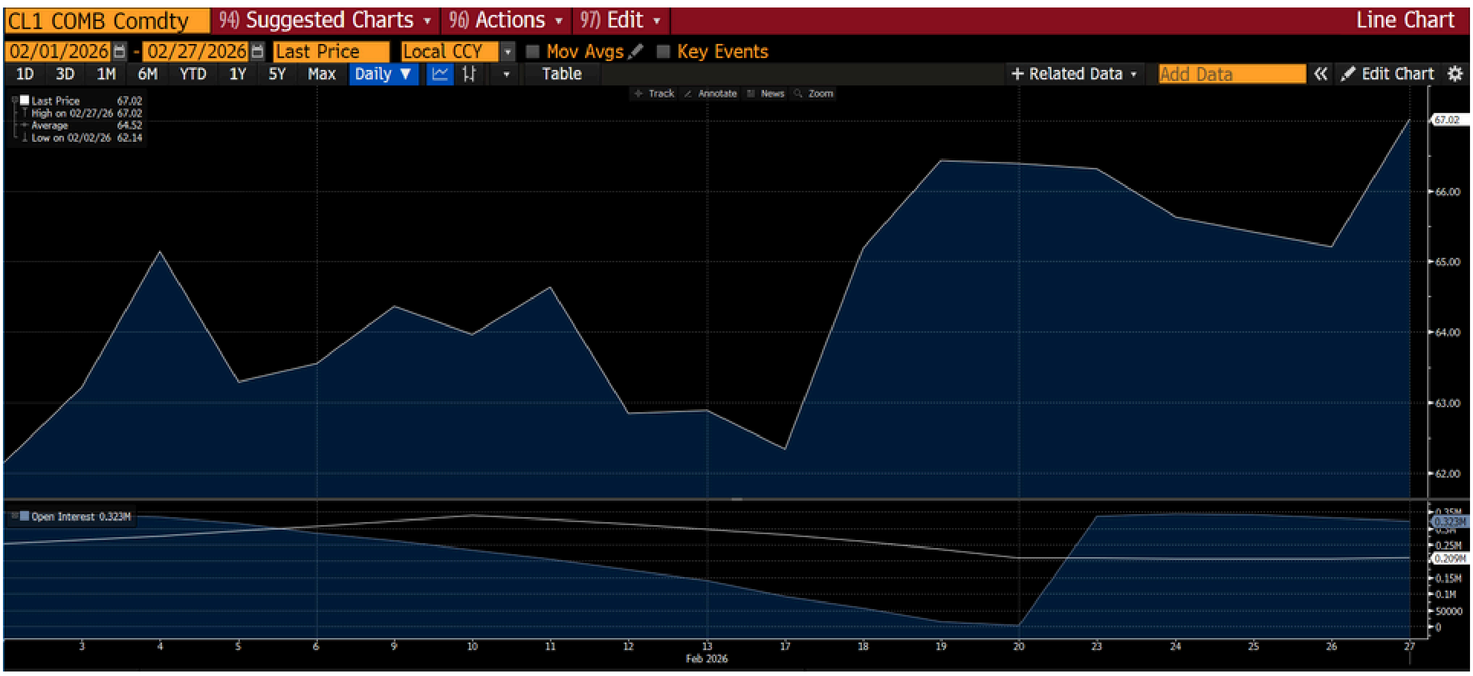
Crude Oil (WTI & Brent Crude 1M Future Contract)

Monthly Overview

The global crude oil market in February 2026 was defined by a major shift from weak market basics to high geopolitical tension. For most of the month, prices felt downward pressure because of a massive increase in US oil inventories, which grew by 15.99 million barrels, the largest jump since early 2023. Simultaneously, major energy agencies, including the IEA and OPEC, presented diverging forecasts for global oil demand, adding to market uncertainty. However, everything changed on February 28 when the US and Israel launched "Operation Epic Fury," a series of military strikes against Iranian targets. This sudden conflict caused oil prices to jump immediately. Brent crude ended the month at $72.87, rising more than 9% and breaking past the important $70 level. WTI oil also went up, closing at $67.02. Because of the trouble in the Middle East, the price gap between Brent and WTI widened to $5.54, as traders became worried about ships carrying oil through the Persian Gulf. While US production stayed very high at 13.7 million barrels per day, OPEC+ leaders kept a tight grip on supply by keeping their production cuts in place. By the end of the month, however, OPEC+ began talking about increasing production in April to make up for any lost Iranian oil. Interestingly, both the US dollar and oil prices rose at the same time, which is rare but happens during big wars. As we move into March, the market is now less worried about supply surpluses and more focused on whether the Strait of Hormuz will stay open.

Weekly Breakdown

In the first week of February 2026, the market was characterized by supply-side discipline as the "OPEC 8" nations confirmed production pauses on February 2 to counter seasonal demand weakness. This established a stable floor, with Brent and WTI trading near $66 and $62 respectively, supported by updated compensation plans from member nations to offset previous overproduction. In the mid-month, a profound dichotomy emerged between bearish physical data and rising geopolitical sentiment. While U.S. production remained at record highs of 13.7 million barrels per day, Iranian exports surged to 3 million bpd as Tehran attempted to maximize revenue ahead of diplomatic deadlines. Apart from the oil stored on land, there were also 248 million barrels of oil being moved by ships across the ocean, acting as a hidden backup supply. During this period, market participants navigated diverging demand forecasts, with the IEA revising growth lower while OPEC maintained a bullish outlook of 1.4 million bpd. In the fourth week, the market underwent a structural shift toward a conflict-driven pricing regime. Despite a massive EIA-reported build of 15.99 million barrels in U.S. commercial inventories on February 25, which represented the largest such increase since early 2023, prices remained quite steady due to the breakdown of Geneva negotiations. The month culminated on February 28 with "Operation Epic Fury", pushing Brent past the $70 threshold to settle at $72.87. WTI rose to $67.02, while the Brent-WTI spread widened to $5.54, further supported by a 41% surge in VLCC freight rates as a "war premium" on seaborne risks. This volatility was amplified by a rare similarity in the U.S. dollar and oil prices, influenced by "safe-haven" flows and the hawkish nomination of Kevin Warsh to lead the Federal Reserve.



Crude Oil

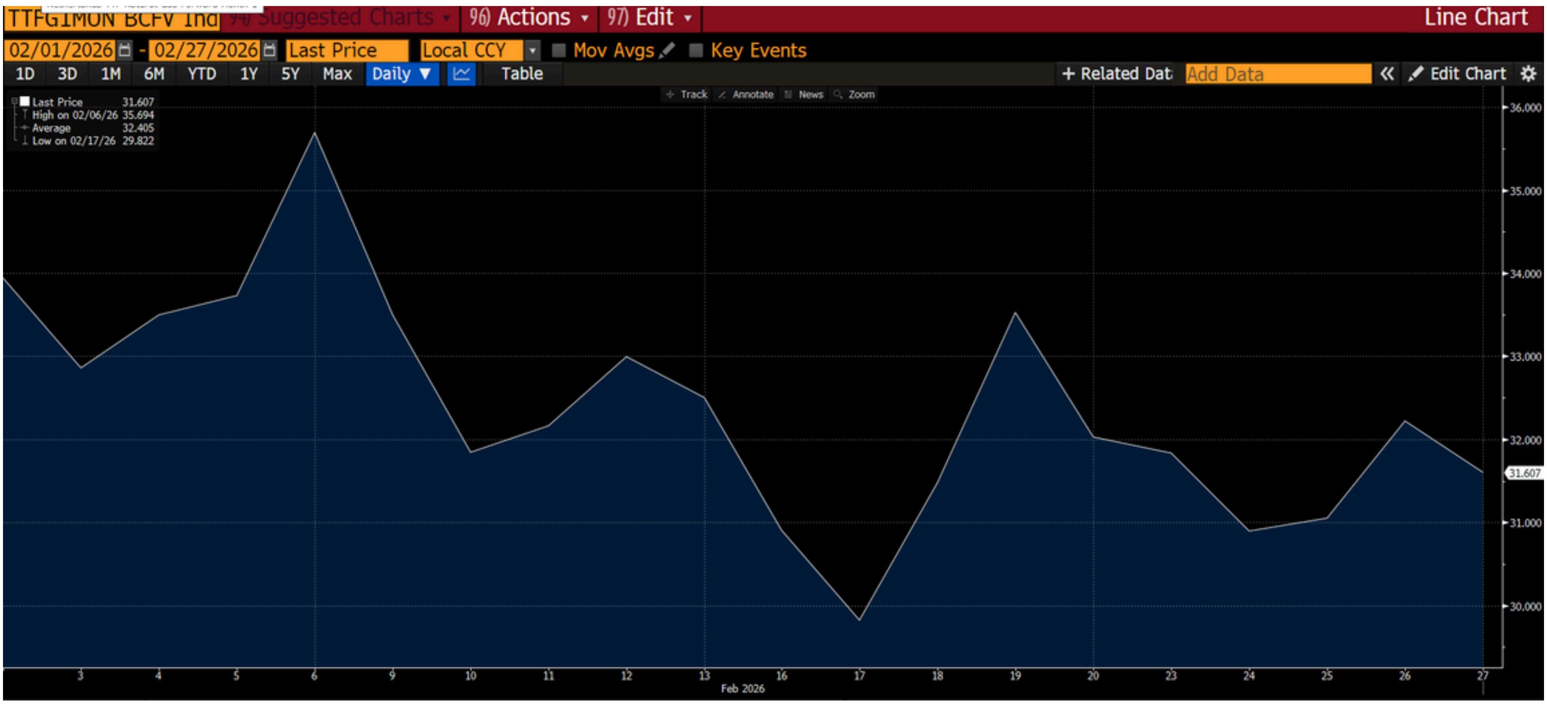
Natural Gas - Dutch TTF

Monthly Overview

February 2026 for Dutch TTF natural gas was defined by unstable balance. The month began with high anxiety as a severe cold pushed prices to a monthly peak of €35.694/MWh on February 6. Prices then collapsed to a monthly low of €29.822/MWh on February 17 due to unseasonably warm weather and record LNG arrivals. Europe imported an all-time high of 14.20 million metric tons of LNG, with the United States supplying 57% of that total. Norway remained a reliable "anchor", providing stable pipeline flows of 340 mcm/d and despite this strong supply, EU storage levels fell to 30.59% about 10% lower than in 2025. Geopolitical risks in the Strait of Hormuz and a crash in carbon prices (EUA) below €70/t added further complexity.

Weekly Breakdown

February 2026 was a highly volatile month for the Dutch TTF market, with prices shifting rapidly due to weather patterns and global economic signals. The first week was dominated by severe cold and low wind speeds increased demand for gas-fired power. This pushed prices to a monthly high of €35.694/MWh as storage withdrawal rates reached nearly 500 mcm/d. By the second week, market sentiment changed as record-breaking LNG arrivals began to exceed heating demand. Economic data showed weak demand in Asia, with Chinese imports falling to their lowest since 2018, which allowed more spot shipments to be redirected to Europe. This influx of supply, combined with unusually warm air masses, triggered a sharp price drop in the middle of the month. Prices fell to a low of €29.822/MWh on February 17, effectively removing the previous weather-related price increase. During the third week, political and regulatory news took centre stage with a sudden crash in the EU Emissions Trading System (EUA) seeing carbon prices drop below €70/t following signals from Germany and Italy about potentially delaying environmental reforms. This decline in carbon costs temporarily reduced the extra cost for coal-fired power, adding downward pressure on natural gas demand. In the final week, the market entered a period of recovery influenced by geopolitical tensions in the Strait of Hormuz and a dispute involving the Druzhba pipeline reminded traders of the risks to energy transit, keeping a floor under prices near €32/MWh. At last despite the late-month warmth, market focus shifted toward the economic challenges of the upcoming refill season, especially as storage levels ended the month at a concerning 30.59%.



Natural Gas

Index	27/02 Close	MoM	YtD
S&P 500	6,878	-0.87%	+0.49%
NASDAQ 100	24,960	-2.13%	-1.14%
DJIA	48,977	0.06%	1.90%
FTSE 100	10,910	7.00%	9.86%
DAX	25,284	3.04%	3.24%
CAC 40	8,580	5.96%	5.30%
STOXX 600	633.85	3.74%	7.04%
ATHEX GD	2,277	-1.78%	7.43%
HANG SENG	26,630	-2.68%	3.90%
NIKKEI 225	58,850	10.13%	16.91%

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

American Market - Indices

Monthly Overview

The Dow Jones Industrial Average and the Russell 2000 concluded the month with marginal gains, recording approximately 0.17% and 0.71% respectively. In contrast, the S&P 500 and Nasdaq Composite experienced monthly declines of -0.87% and -3.38%, with many constituent listings exhibiting heightened volatility relative to their broader benchmarks. This wave of uncertainty was primarily driven by a market wide reassessment of AI related valuations, CapEx estimates, and intensifying competition. Market behavior in the first half of the month was characterized by a pronounced rotation towards safety, as both institutional and retail investors reduced exposure to individual equities. Single stocks witnessed weekly outflows of $8.3bn and quarterly outflows reaching $52bn. Concurrently, safe haven assets saw significant interest, with equity ETFs recording $2.2bn in inflows and S&P's defensive sectors (i.e. Utilities, Materials, and Real Estate) outperforming their riskier counterparts. As the initial rotation trend stabilized, investor focus returned to AI heavyweights, albeit with increased skepticism regarding business models and industries perceived as vulnerable to AI disruption. Specifically, the introduction of Anthropic's Claude and its brand new business tools initially triggered market turbulence being perceived as a threat to the labor market. While investors began to view these advancements as potential catalysts for productivity towards the end of the month, the FED maintained a cautious stance. The month closed under a cloud of renewed uncertainty as macroeconomic stability was pressured by the implementation of new tariffs by President Donald Trump and escalating geopolitical tensions between the United States and Iran.

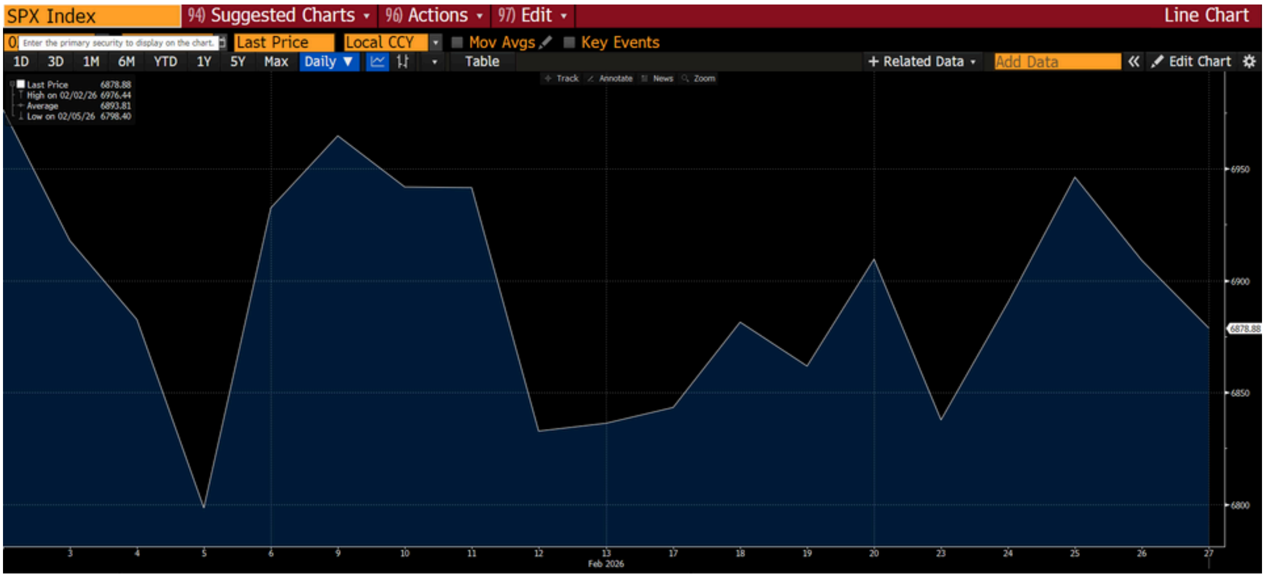
Weekly Overview

During the first two weeks of February the S&P 500 and Nasdaq suffered sharp declines while the Dow Jones and Russell 2000 had a mixed performance driven by rotation. Markets pivoted towards defensive positions as AI heavyweights faced sharp corrections. Despite strong Q4 earnings, Microsoft, Alphabet, and Amazon declined following aggressive AI CapEx forecasts totaling over $600bn. Conversely, chip stocks rallied on the prospect of increased infrastructure spending with Nvidia and Broadcom extending their winnings to over 7%. Investor skepticism towards equity on AI, shifted focus to debt markets, evidenced by Alphabet's oversubscribed $20bn bond auction (raising $31.51bn). Sector rotation accelerated away from AI-exposed industries, including Information Technology (-2%), Communication Services (-3.5%) and Financials (-4.8%) to logistics firms, which fell sharply after new AI tools from Algorhythm Holdings were announced. In the third week, an unprecedented redemption freeze at Blue Owl Capital triggered broad sell-offs across the private credit industry, including Blackstone, Apollo, KKR, and Carlyle. The event sparked liquidity fears within the $1.7tn unregulated lending market. Concluding the month, Warner Bros Discovery accepted a $111bn "superior proposal" from Paramount Skydance following Netflix's withdrawal, triggering a 10% surge in Paramount stock and Nvidia, which, despite reporting strong Q4 results, witnessed its shares drop almost 9% as institutional investors unwinded pair trades after going long on "AI leaders" while shorting "AI-disrupted" peers like Salesforce and Applovin.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

American Market – Indices

INDU Index



SPX Index

NDX Index

European Market - Indices

Monthly Overview

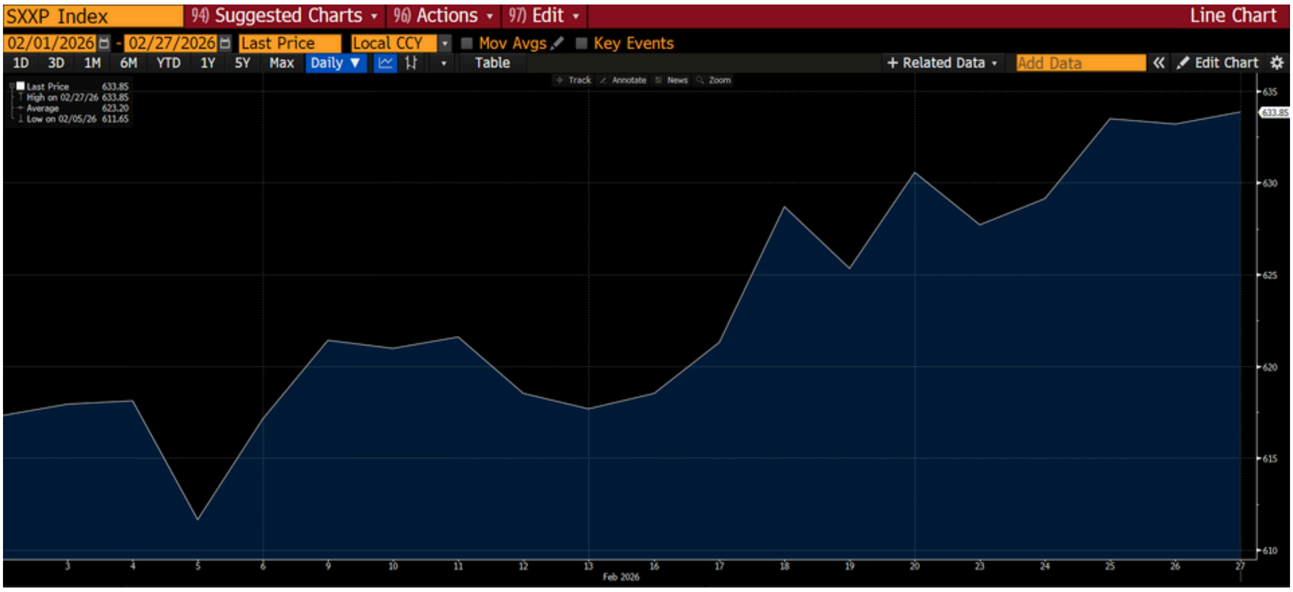
During February 2026, European equities were defined by strong corporate earnings, robust fundamentals and one of the highest ever recorded monthly inflows into European stocks, driven by the need for diversification away from the US markets. The STOXX 600 started the month at 607.62, while the DAX and CAC 40 opened at 24,392 and 8,084, respectively. The valuation gap against US equities continued to drive investor appetite for the continent. On the monetary policy front, interest rates in Europe sat at just 2%, with inflation broadly under control near the ECB's target, keeping the door open for further easing and providing an additional tailwind for equity valuations. Meanwhile, fiscal support was becoming increasingly visible, with parts of Germany's infrastructure fund beginning to be deployed and rising defence spending across the continent set to provide a tangible boost to industrial activity. Against this supportive backdrop, the month still navigated meaningful turbulence. Mid-month trade policy swings tied to a US Supreme Court ruling on tariffs, and a sharp sell-off in the healthcare sector during the final week all tested the rally's resilience. Yet each episode of selling was absorbed, underpinned by a strong earnings season and the institutional capital flowing in, with cyclical sectors - industrials, financials and materials – drawing the bulk of allocations. The STOXX 600, DAX and CAC 40 closed the month with gains of 4.3%, 3.65% and 6.13% on Friday February 27, respectively. On the final day of the month, the United States and Israel launched joint military strikes on multiple targets across Iran in what President Trump described as "major combat operations," a development whose full consequences for energy markets, geopolitical risk premiums, and European equities were still unfolding as February drew to a close.

Weekly Overview

February opened with a jolt from commodity markets with he STOXX 600 pared its losses and closed 1% higher by the end of Monday's session, with both DAX and CAC 40 turning positive. The week brought also a corporate shock, that contradicting analysts' expectations, when Novo Nordisk shares tumbled roughly 17% after the company warned that 2026 sales and operating profit would decline by 5–13%. The second week delivered strong corporate earnings with Hermès recording a 9.8% jump in fourth-quarter revenue, Siemens raising its earnings-per-share outlook for fiscal 2026 and Deutsche Börse announcing a $1.3 billion acquisition of General Atlantic's 20% stake in ISS STOXX. However, not every report impressed and headwinds emanating from the other side of the Atlantic centred on tech sector fears suppressed the positive momentum, leading the STOXX 600 Index to close the week unchanged at 617.70. During the third week of February the pan-European STOXX Europe 600 reached a new high and notched a 1.87% gain. Robust corporate earnings and investors' desire to diversify beyond the technology-heavy US market won out over geopolitical tensions, concerns about AI disruption, and renewed trade tariff uncertainty. Germany's DAX edged modestly higher and France's CAC 40 gained 2.31%. Meanwhile, the US Supreme Court ruled 6-3 against Trump's reciprocal tariff policy, fueling fresh uncertainty about the direction of US trade policy. In the final week, Trump's 10% global levy sowed fresh confusion into the markets. Novo Nordisk added to the gloom, falling a further 15% due to a missed clinical trial target against rival Eli Lilly. Mid-week corporate earnings took the spotlight, including Allianz's biggest ever full-year operating profit of 17.4 billion euros and strong M&A activity, pushing STOXX 600 to new highs, closing the month 633.85, up 4.3% compared to the start of the month. The German DAX and the French CAC 40 closed at 25,284 and 8,580, registering gains of 3.65% and 6.13%, respectively, largely attributed to strong fundamentals and a rotation away from a destabilized US equity market, from which investors want to diversify.

European Market – Indices

DAX Index



SXXP Index

CAC Index

References: Investing.com, CNBC, Financial Times, Bloomberg, Reuters

United Kingdom-Indices

Monthly Overview

February 2026 was the FTSE 100's strongest month since 2022, posting a gain of approximately 6.8% and capping an eighth consecutive monthly advance - its longest winning streak since 2013. The month opened with the index at 10,223, trading without clear direction amid global commodity turbulence. The combination of easing monetary conditions and a broadly positive earnings season drove the index to successive record highs through the third and fourth weeks, with standout results from Rolls-Royce, HSBC - which briefly reclaimed its position as the UK's most valuable listed company after reporting robust fourth-quarter earnings and a 17% return on tangible equity target - and LSEG all contributing to the rally. The FTSE 100 closed the month at a record 10,910 on February 27th, having struck an all-time intraday high of 10,934, as surging oil prices in the final session - driven by escalating US-Iran military tensions that ultimately broke out on Saturday February 28 - provided a powerful final boost to energy majors Shell and BP, bringing a fitting end to the index's best month in years.

Weekly Overview

The first week of February was dominated by global commodity turbulence, which unsettled investors, while the FTSE 100 opened at 10,223 with no clear direction. On February 5, the Bank of England's Monetary Policy Committee voted 5–4 to hold the Bank Rate at 3.75%, far tighter than the 7–2 split economists had forecast. Markets interpreted the close vote as dovish, quickly pricing in a possible cut as early as March. The week ended with the FTSE 100 at 10,369, up 1.42%. The second week featured a heavy domestic earnings calendar with mixed results. Schroders shares surged 28.5% after US investment manager Nuveen announced its £9.9 billion acquisition of the UK's largest standalone asset manager. Market rotation away from volatile US tech stocks supported inflows into UK blue chips, while gilt yields remained contained amid expectations of easing monetary policy. The FTSE 100 opened February 16 at 10,446, bolstered by Prime Minister Starmer's pledge to raise UK defence spending to 3% of GDP, lifting BAE Systems and the wider defence sector. Labour data the next day showed softening conditions, with payroll employment falling and unemployment rising to 5.2%, its highest since 2021. On February 18, the FTSE 100 hit a new intraday record of 10,715 and closed 1.23% higher at 10,686, with investors pricing in up to three rate cuts in 2026. Mixed corporate results followed: Rio Tinto fell 3.7% on weak Chinese steel demand, and Centrica dropped 5.2% after pausing its share buyback. The final week featured strong earnings from Rolls-Royce, which reported a 40% jump in underlying operating profit and projected continued growth in 2026. Positive US trade assurances supported sentiment, while rising US–Iran tensions pushed crude prices higher, benefiting Shell and BP. The FTSE 100 closed February at an all-time high of 10,910, up 6.7% for the month.

UKX Index

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

Asian Markets-Indices

Monthly Overview

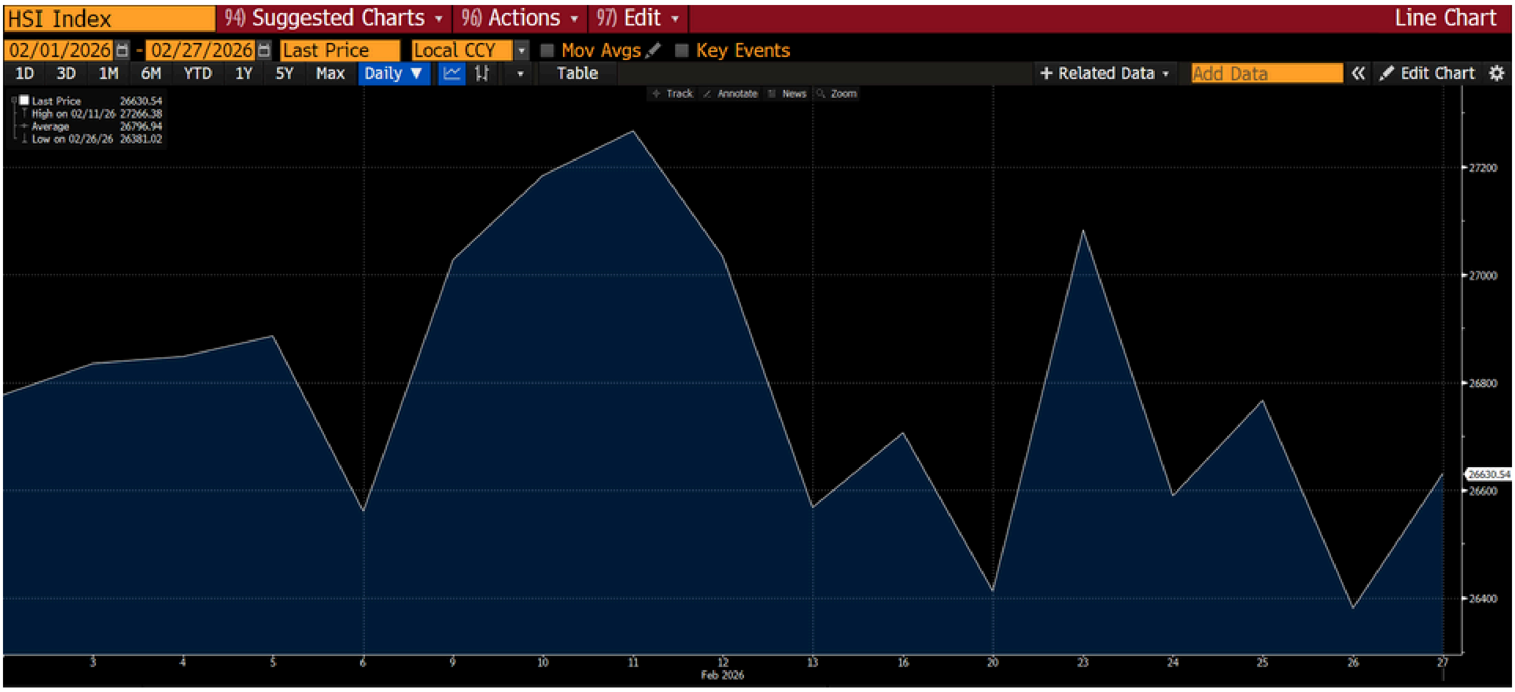
February 2026 was a month of significant divergence for Asian equities, defined by a massive technology-led breakout in Japan and South Korea, contrasted against persistent macro headwinds in Greater China. The month began with cautious sentiment as Chinese manufacturing PMI fell to 49.3, signaling continued weakness in domestic demand. However, the narrative was quickly overtaken by a historic "AI supply chain" rally. Japan's Nikkei 225 reached unprecedented heights, closing the month at 58,850.27 as strong corporate earnings bolstered exporter sentiment. South Korea's KOSPI also experienced robust momentum, fueled by record semiconductor export data. In contrast, Hong Kong equities remained volatile; while the Hang Seng initially showed resilience, it faced profit-taking toward the end of the month, closing at 26,630.54 as investors weighed a 50% tariff proposal from the U.S. on regional imports. Overall, February reflected a market split between the high-growth trajectory of the global AI cycle and the structural challenges facing Chinese domestic consumption.

Weekly Overview

In the first week of February, Asian markets reacted to disappointing Chinese macro data, with the manufacturing PMI remaining in contraction at 49.3, the lowest level in several months. This data reinforced concerns regarding a slowing Chinese recovery, keeping pressure on Hong Kong-listed technology stocks. Despite this, South Korea's KOSPI showed early resilience, gaining momentum as global investors sought exposure to AI memory chip leaders following a strong January close. In Japan, the Nikkei 225 climbed toward 54,253 by Feb 6, supported by optimism regarding a potential domestic snap election and expectations that the Bank of Japan would maintain its accommodative stance despite rising global yields. The second week showcased explosive growth and increased volatility across technology-driven markets. The Nikkei 225 jumped to 57,650 on Feb 10, marking a new milestone for Japanese equities as the "Takaichi trade" gained steam among international funds. During this time, the Hang Seng reached a mid-month high of 27,266 on Feb 11, buoyed by a brief rally in mainland property developers. However, these gains were quickly retraced later in the week as geopolitical trade tensions resurfaced, specifically following reports of expanded tariff discussions in Washington that targeted regional electronics exports. In the third week of February, activity was characterized by "thin conditions" due to Lunar New Year holiday closures across much of the region, including China, South Korea, and Taiwan. Japan remained the primary driver of regional price action; despite 10-year government bond yields hitting multi-decade highs, the Nikkei held steady near 56,806 on Feb 16. Market participants used the lower liquidity to consolidate gains from the previous week's surge. Hong Kong's Hang Seng closed a shortened pre-holiday session at 26,705 on Feb 16, as investors cautiously positioned themselves for the "Year of the Snake" amid ongoing uncertainty regarding Beijing's fiscal support. During the fourth week, markets ended the month with a mix of record-breaking peaks and sharp profit-taking. As mainland Chinese markets reopened, they faced immediate pressure from a stronger U.S. dollar, which weighed on the yuan and related equities.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

NKY Index



HSI Index

AUEB Students' Investment & Finance Club

Greek Market

Macroeconomic Environment

The Greek economy entered February maintaining its robust momentum, with annual GDP growth projected to settle at 2% for the year, consistently outstripping the Eurozone average. Manufacturing activity showed remarkable resilience; the S&P Global Greece Manufacturing PMI climbed to 54.2 at the start of the month, marking the strongest upturn in operating conditions since mid-2025. This expansion was driven by a sharp increase in new orders and output, as domestic and foreign demand, particularly in the tourism and construction sectors, remained healthy despite broader European stagnation.

Inflationary pressures showed signs of gradual cooling but remained a focal point for ECB policymakers. Headline inflation edged down to 2.5% in January, a slight deceleration from the 2.6% recorded in December. While energy and housing costs saw a relative softening, food inflation remained "sticky" at 4.5%, and core inflation stayed elevated due to persistent service-sector demand. The labor market, however, continued its historic improvement; the unemployment rate fell to 7.5% in December as reported in early 2026, reaching its lowest level since May 2008 and underscoring a tightening market that continues to support steady wage growth.

Fiscal performance at the start of 2026 significantly exceeded expectations. The government reported a primary surplus of €3.51 billion for January, nearly doubling the initial budget target of €1.75 billion. This surplus was bolstered by strong tax revenues and one-off receipts from the Egnatia Odos concession, though officials noted that some of the overperformance stemmed from timing shifts in social security transfers. With a massive €39 billion cash buffer in place, the Public Debt Management Agency (PDMA) confirmed plans to accelerate the early repayment of €8.8 billion in debt during 2026. These strategic moves, combined with sustained growth, are expected to drive the debt-to-GDP ratio down to approximately 142% by year-end, further cementing investor confidence in Greece's fiscal stability.

Greek Sovereign Bonds

The Greek 10-year government bond yield moved within a relatively narrow range during February, reflecting broadly stable conditions in euro area sovereign markets. The yield opened the month close to 3.36%, rose up to 3.48% during the first week, before edging lower, around 3.38% amid supportive demand for peripheral debt and a modest pullback in core European yields. Mid-month, secondary market activity remained constructive, with the benchmark 10-year bond attracting solid investor interest following its recent reopening. Intra-month volatility was limited, with yields fluctuating around the 3.30%–3.38% area, indicating contained risk premia and steady positioning by institutional investors. By the final week of February, the 10-year yield stabilized near 3.30%, marking a small net decline compared to the beginning of the month. Price action suggested continued confidence in Greek sovereign credit, supported by technical demand and stable macro expectations rather than significant fundamental repricing. Overall, February was characterized by consolidation in Greek government bonds, with modest price gains (lower yields) over the month and a steady spread profile versus core eurozone benchmarks, highlighting resilient market sentiment toward Greek sovereign risk.

Greece 10-2 Year Bond Yield and 10Y-2Y Spread

German-Greek10Y Yield Spread

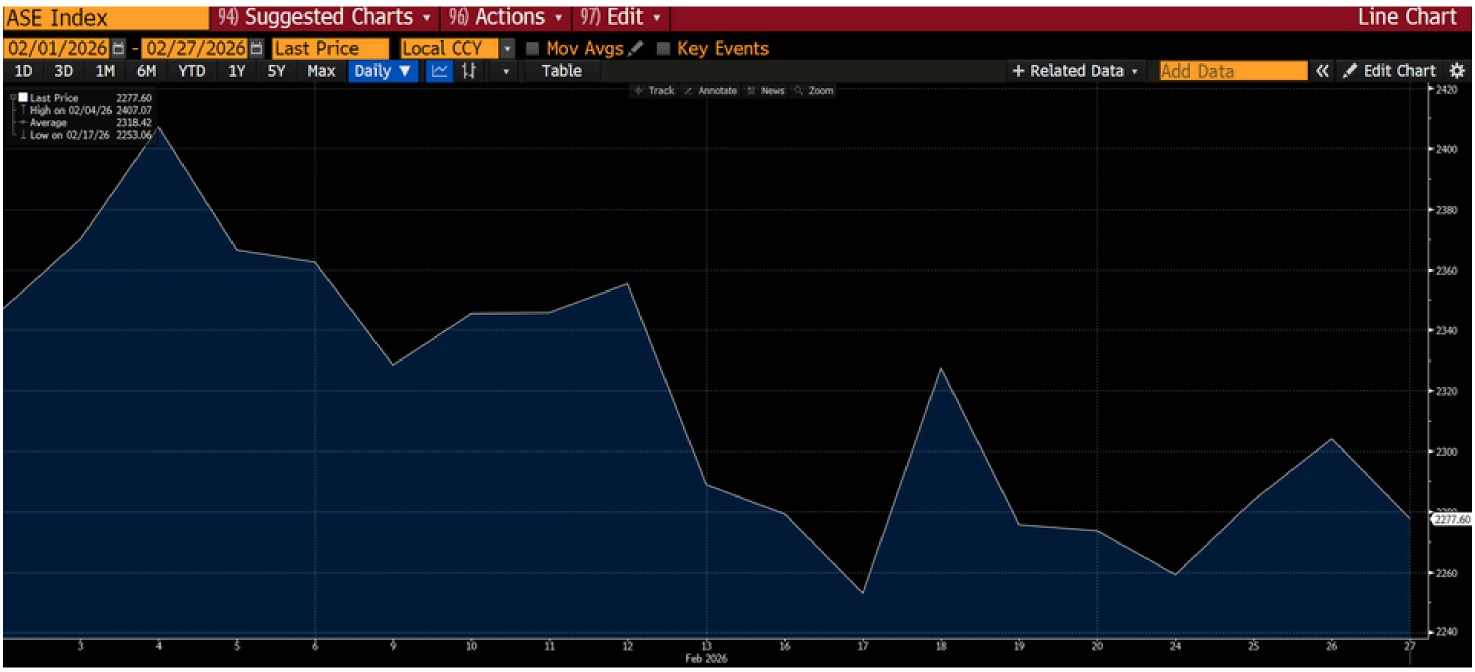
Athens General Index

Montly Overview

February 2026 on the Athens Stock Exchange was defined by a surge to 16-year highs above 2,400 points followed by a period of consolidation. The Banking Sector remained the primary market engine, gaining over 24% ytd by mid month, fueled by record profits from Eurobank and Piraeus Bank and the announcement of generous shareholder payouts. In the Energy and Infrastructure space, heavyweights like GEK TERNA and Coca-Cola HBC hit historic price peaks, while the Industrial sector faced significant turbulence due to a sharp profit warning from Metlen, which triggered a brief but intense sell-off. Despite late month volatility and profit taking that brought the General Index down to 2,277.60 points, the market's structural health was reinforced by record foreign ownership (70%) and successful corporate bond issuances.

Weekly Overview

The Athens General Composite closed the week with strong gains (2.05%) mainly driven by the amazing performance of the banking sector (Piraeus Bank: 4%, Alphabank: 9.38%). Metlen Energy and Metals suffered a sharp decline (16.34%) on a weekly basis after reassessing its EBITDA for 2025 at 25%, lower than anticipated. From another viewpoint, GEK TERNA crossed the €35 mark, driven by its strong concessions portfolio and the progress of the Egnatia Odos project and Coca-Cola HBC reached a record high above €49. The energy sector was further boosted by EXAE's strategic move on February 4th to increase its stake in the Hellenic Energy Exchange to 41%, further integrating the energy and capital markets. On February 12th, the Stock Markets Steering Committee approved the admission of bonds for Capital Clean Energy Carriers Corp. During the third week, the General Index consolidated around 2,273 points after a volatile mid-week rally. The Banking Sector faced significant pressure and failed to recover, with Alpha Bank and NBG leading the decline. In contrast, Titan Cement outperformed with a +4.20% gain. The Mid-Cap Index showed notable resilience, while investors maintained a "wait and see" stance, anticipating the upcoming FY2025 financial results from major systemic banks. The final week of February was defined by significant volatility as the market reacted to major banking results, starting with an early decline where the General Index slipped -0.64% to 2,259.13 points due to a sharp -3.32% drop in the banking sector. However, sentiment reversed mid-week, pushing the index back to 2,304.14 points in anticipation of record breaking earnings from Eurobank, which reported a €1.41 billion adjusted net profit and Piraeus Bank, which delivered a €1.2 billion profit. Blue chips showed divergence with gains from Viohalco (+6.30%) and OTE (+4.27%). The month concluded with a -1.15% correction on February 27, leaving the index to settle at 2,277.60 points.



ASE Index

Our emblem, a symbol of the creation and the deeper mentality of our club.

In the center, there is the legendary mermaid, the Medusa's head, which had the ability to turn into stone whoever dared to look it in the eyes. It's undoubtedly an Ancient Greek element. The choice of the mermaid is a kind of allegorical gate. Looking Medusa is like looking into yourself in the eyes and putting the greatest effort to overcome your biggest fears. You can either step back or proceed forward in a way that will make you considerably stronger.

At the bottom, the phrase «esse est percipi» is written. The deeper meaning of this expression is that the perception of something, is what really establishes the foundations of its existence. It consists of an element of the philosophy of "plasticity" that describes the world, or in other words it is a basis that highlights the fundamental importance of the power of ideas and analytical thinking in its creation, by providing many different alternative dimensions and perspectives.

Last but not least, the background is dominated by the exciting wheel of luck (rota fortunae). As it is lyrically mentioned in the poem collection Carmina Burana of the 13th century, "Fortune rota volvitur; descendo minoratus; alter in altum tollitur; nimis exaltatus; rex sedet in vertice; caveat ruinam!"