

# Weekly Money Market Report

## February 15, 2026



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### **Markets in Motion: US Data, Japan Elections, and Key Global Releases Shape the Week**

#### **Market Commentary**

Global markets navigated a host of data this week, characterised by moderating inflation expectations, resilient labour conditions, and shifting rate pricing across major economies. In the United States, December retail sales came in flat versus 0.4% expected, while January nonfarm payrolls rose 130K against a 65K consensus and unemployment declined to 4.3%, with average hourly earnings up 0.4% MoM; initial jobless claims eased to 227K as existing home sales fell 8.4% MoM to 3.91M. Headline CPI increased 0.2% MoM and 2.4% YoY, undershooting the 0.3% and 2.5% expected, while core CPI rose 0.3% MoM and 2.5% YoY, matching consensus. DXY closed the week at 96.915 (-0.74%). In Europe and the United Kingdom, the European Union's trade surplus narrowed to EUR 12.9B in December from EUR 14.2B a year earlier, as exports to the United States fell 12.6% YoY and the trade deficit with China widened to EUR 26.8B; meanwhile, UK Q4 GDP rose 0.1% QoQ, below 0.2% forecasts, with business investment down 2.7% and construction contracting 2.1%; swap markets currently price two additional Bank of England rate cuts this year. EUR/USD closed the week at 1.1869 (+0.45%), and GBP/USD at 1.3655 (+0.29%). In Asia-Pacific, Japan's ruling coalition secured a two-thirds super majority in the 465-seat lower house, lifting the Nikkei 225 by 4.4% on the news, while the yen also gained, closing the week 2.96% higher at 152.69. In China, PPI declined 1.4% YoY while CPI slowed to 0.2% YoY, extending deflationary pressures; USD/CNY last printed at 6.9049. Core sovereign yields broadly declined across major curves, with the US yield curve flattening over the week as the 2s10s and 5s30s spreads narrowed by 6.57 bps and 0.37 bps, respectively. Equity markets experienced heightened volatility amid economic data releases and repricing within the technology sector. Brent and WTI hovered around USD 67.75 and USD 62.89, respectively, both posting weekly losses as geopolitical tensions eased; gold settled near USD 5042.04 per ounce.

#### **United States and Canada**

##### **US Headline CPI Falls to 0.2% MoM and 2.4% YoY as Services Drive January Inflation; Core CPI Rises 0.3% MoM**

US core CPI increased 0.3% MoM in January, matching expectations and marking the strongest monthly gain since August. Core inflation eased to 2.5% YoY, the lowest since 2021, while headline CPI rose 0.2% MoM and 2.4% YoY, undershooting consensus. Services prices - including airline fares, medical care, communication, and recreation - drove the monthly increase, offsetting declines in used vehicles, household furnishings, and auto insurance. Treasury yields declined, with the two-year yield briefly falling 6bps to 3.40%, as markets increased pricing for approximately 63bps of easing in 2026, equivalent to a 50% chance of three rate cuts by year-end. The release follows solid labour market data and precedes further Fed assessment as policymakers seek sustained disinflation before adjusting policy. DXY last printed at 96.915.

##### **Monthly US Retail Sales Flat; Payrolls Rise 130K, Unemployment Falls to 4.3%, Jobless Claims at 227K**

US retail sales were unchanged in December at 0.0% MoM, undershooting the 0.4% consensus and indicating softer year-end consumer activity. Weakness was broad-based, with eight of 13 categories declining, including clothing, furniture, and autos, while sales excluding autos and gasoline also registered 0.0% MoM. Control-group sales, which feed into GDP calculations, fell 0.1% MoM. Labour market data released subsequently showed nonfarm payrolls rising 130K in January, double the 65K estimate, while the unemployment rate declined to 4.3% and average hourly earnings increased 0.4% MoM. Initial claims edged down to 227K, signalling limited layoff pressure. The combined data point to moderating consumer momentum alongside stabilising labour market conditions at the start of 2026.

#### **Europe and the United Kingdom**

##### **EU Trade Surplus Narrows to EUR 12.9B in December; US Exports -12.6% YoY, China Deficit Widens to EUR 26.8B**

The EU's trade surplus declined to EUR 12.9B in December 2025 from EUR 14.2 billion a year earlier, driven by a 12.6% YoY drop in exports to the US as tariff measures reduced demand and lowered the bilateral surplus to EUR 9.3 billion. Concurrently, the trade deficit with China widened to EUR 26.8 billion from EUR 24.5 billion, reflecting a 15% annual increase in Chinese imports, particularly in high-tech goods. Weakness in machinery, vehicles, and chemicals continued to offset gains from lower energy imports, though a monthly rebound in these sectors provided marginal relief. Despite external pressures, domestic resilience persisted: euro-area GDP grew 0.3% in Q4 2025, employment rose 0.2%, and Germany's planned fiscal expansion is expected to support growth through 2026. EUR/USD last printed at 1.1869.

### UK Q4 GDP +0.1% QoQ, Below 0.2% Forecast; Business Investment -2.7%, Services Flat

The UK economy expanded 0.1% QoQ in Q4, undershooting the 0.2% consensus and matching Q3 growth, while December output rose just 0.1%. According to the Office for National Statistics, services stagnated for the first time since the end of 2023, construction contracted 2.1% - the steepest decline in four years - and business investment fell 2.7%, the largest drop since 2021. Manufacturing increased 0.9%, partly reflecting recovery at Jaguar Land Rover following earlier disruptions. Government spending rose 0.4%, offsetting subdued consumer expenditure of 0.2%, while net trade detracted from growth. For FY 2025, GDP rose 1.3%, though momentum weakened in the second half. The Bank of England recently downgraded its 2026 growth forecast to 0.9%, with swap markets pricing 49 bps of rate cuts this year. GBP/USD last printed at 1.3655.

### Asia-Pacific

#### Japan Markets Surge as LDP Secures 316 Seats; Nikkei +5.8%, 10Y JGB at 2.216%, Yen Strengthens 2.96%

Japanese equities have recorded the strongest start among developed markets in 2026, supported by Prime Minister Sanae Takaichi's decisive election victory and expectations of fiscal expansion. The ruling Liberal Democratic Party secured a total of 352 of 465 lower-house seats, including 316 for the LDP alone, delivering a two-thirds supermajority. The Nikkei 225 rallied up to 5.7% post-election, while 10-year JGB yields rose to 2.275% and the yen traded around 157 per dollar before closing the week near the 153 handle. Year-to-date, Kioxia Holdings Corp. has gained nearly 120%, with Kawasaki Heavy Industries Ltd. and JX Advanced Metals Corp. rising over 70%, reflecting policy tailwinds for defence, semiconductors, and strategic industries amid prospects of expanded fiscal support. USD/JPY last printed at 152.69.

#### China PPI -1.4% YoY in January, CPI Slows to 0.2% as Metals Rally Masks Persistent Deflationary Pressures

China's producer-price index (PPI) declined 1.4% YoY in January, marking its smallest contraction since July 2024 and extending a 40-month deflationary streak, supported primarily by a global metals rally. Prices of non-ferrous metal materials rose 16.1%, while mining and processing output prices surged 22.7%. In contrast, consumer price inflation slowed to 0.2% from 0.8% in December, with core CPI easing to 0.8%, reflecting weak domestic demand and base effects linked to the Lunar New Year. Producer goods deflation narrowed to 1.3% from 2.1%, while consumer goods prices fell 1.7%, deepening from 1.3%. Despite monthly PPI gains since October, the absence of downstream price pass-through underscores limited demand-led reflation. Full-year 2025 inflation registered 0%, well below the 2% policy objective. USD/CNY last printed at 6.9049.

### Kuwait

USD/KWD closed last week at 0.30515.

### FX Rates - February 15, 2026

Currencies	Previous Week Levels				This Week's Expected Range		3-Month Forward
	Open	Low	High	Close	Minimum	Maximum	
EUR	1.1815	1.1810	1.1929	1.1869	1.1830	1.1955	1.1918
GBP	1.3611	1.3587	1.3712	1.3655	1.3600	1.3790	1.3652
JPY	157.22	152.27	157.76	152.69	151.50	154.40	151.55
CHF	0.7760	0.7629	0.7773	0.7676	0.7570	0.7790	0.7606

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