



The Week in Brief

It was a difficult week across international markets, with Hang Seng (Asia-Pacific) leading at -2.08% and Euro Stoxx 50 (Europe) lagging at -6.03%. European indices underperformed on average (-5.29%); Asia-Pacific lagged (-3.31% average); Emerging Markets (MSCI EM) moved -5.71%. On the FX front, the British Pound weakened 0.37%, the Japanese Yen weakened 0.58%, the Australian Dollar weakened 0.66%, the Euro weakened 1.29%, and the Swiss Franc weakened 1.43%, all against the USD.

The macro picture was eventful. Germany Ifo Business Climate (February) came in above expectations (88.6 vs. 88.4).

Looking ahead, key events to watch are: UK Monthly GDP (January, MoM), ECB Interest Rate Decision. Central bank decisions in particular can drive sharp FX and equity moves; position sizing should reflect that risk.

What This Means

It was a rough week for international markets. The best performer was Hang Seng (Asia-Pacific) at -2.1%, while Euro Stoxx 50 (Europe) was the weakest at -6.0%.

European stocks slipped (-5.3% on average). Weakness in Europe's largest economy (Germany) remains a drag.

Asia-Pacific markets declined (-3.3% average) — a soft week for the region.

Emerging markets (MSCI EM) fell -5.7% — a cautious week for EM exposure.

On currencies:

- The Japanese Yen weakened 0.6% against the dollar. If you hold Japan ETFs without a currency hedge, some of those stock gains were eaten up by the weaker Yen.
- the Australian Dollar lost 0.7% vs. the dollar (a headwind for unhedged holdings in that currency).
- The Euro slipped 1.3% vs. the dollar — a headwind for unhedged European ETF holders, partially offsetting any stock gains.

- the Swiss Franc lost 1.4% vs. the dollar (a headwind for unhedged holdings in that currency).

On the economic data front:

- Germany's Ifo Business Climate index ticked up to 88.6 — a tentative sign that Europe's largest economy may be stabilising. Not a recovery, but the direction is improving.
- The Bank of Japan released meeting minutes that showed growing debate internally about raising rates further. If the BOJ does hike, the Yen typically strengthens — good for dollar-based Japan investors, but exporters (a big chunk of Japan's market) can suffer.
- Eurozone inflation came in as expected at 1.7%. Inflation is on a cooling trend, which gives the ECB room to cut rates later in the year — a quiet positive for European bonds and dividend-paying sectors.

The bottom line: A soft week overseas. For investors with international exposure, it's worth checking whether the weakness is concentrated in one region (rotation opportunity) or broad-based (risk-off signal). Don't confuse currency noise with underlying equity weakness — check both.

Watch next week: UK Monthly GDP (January, MoM) and ECB Interest Rate Decision. These can move both local markets and currencies sharply — worth being positioned before the releases rather than reacting after.

Index Snapshot

EU EUROPE		ASIA-PACIFIC		EMERGING MARKETS	
Euro Stoxx 50	-6.03%	Nikkei 225	-4.06%	MSCI EM	-5.71%
CAC 40	-4.90%	Hang Seng	-2.08%		
DAX	-4.47%	ASX 200	-3.80%		
FTSE 100	-5.74%				

Market Snapshot

INDEX	REGION	CLOSE	WEEKLY %	WEEK RANGE
Hang Seng	Asia-Pacific	25,757.29	-2.08%	24,958.43 – 26,403.85
ASX 200	Asia-Pacific	8,851.00	-3.80%	8,811.60 – 9,200.90
Nikkei 225	Asia-Pacific	55,620.84	-4.06%	53,618.20 – 58,365.21
DAX	Europe	23,591.03	-4.47%	23,342.88 – 24,897.61
CAC 40	Europe	7,993.49	-4.90%	7,913.02 – 8,461.75
MSCI EM	Emerging Markets	57.32	-5.71%	56.56 – 61.85
FTSE 100	Europe	10,284.80	-5.74%	10,234.50 – 10,911.00
Euro Stoxx 50	Europe	5,719.90	-6.03%	5,651.35 – 6,086.79

▲ Best: Hang Seng (-2.08%)

▼ Worst: Euro Stoxx 50 (-6.03%)

FX RATES

CURRENCY PAIR	RATE	WEEKLY %
GBP/USD	1.3357	-0.37%
JPY/USD	0.0063	-0.58%
AUD/USD	0.7011	-0.66%
EUR/USD	1.1608	-1.29%
CHF/USD	1.2810	-1.43%

▲ Best: GBP/USD (-0.37%)

▼ Worst: CHF/USD (-1.43%)

Last Week's Economic Events

DATE	EVENT	ACTUAL	EXPECTED	PREVIOUS	SURPRISE
2026-02-23	Germany Ifo Business Climate (February)	88.6	88.4	87.6	Above
2026-02-24	BOJ Summary of Opinions (January MPM)	--	--	--	Inline
2026-02-25	Eurozone CPI Final (January, YoY)	1.7%	1.7%	2.0%	Inline

📄 GERMANY IFO BUSINESS CLIMATE (FEBRUARY)

German business confidence rose for the second consecutive month, reaching its highest level since August 2025. Manufacturing expectations improved on stronger order flows and upward production planning revisions. However, at 88.6 the index remains well below the long-run average, signaling a recovery that is tentative at best. Euro edged higher on the data; a sustained move above 90 would be needed to confirm a genuine turnaround in Europe's largest economy.

🏠 BOJ SUMMARY OF OPINIONS (JANUARY MPM)

The summary of opinions from the BOJ's January 22-23 meeting (at which the policy rate was held at 0.75%) revealed an increasingly hawkish internal debate. Multiple members indicated readiness to raise rates further if spring Shunto wage negotiations confirm broad-based pay increases above 3%. The yen firmed modestly on publication. EWJ outlook remains mixed: a stronger yen pressures exporters, but a normalizing BOJ signals macro confidence. Next BOJ meeting in late March is now a live event for markets.

🔥 EUROZONE CPI FINAL (JANUARY, YOY)

Final Eurozone CPI for January confirmed the flash estimate at 1.7% — the lowest since September 2024 and well below the ECB's 2% target. Core CPI was confirmed at 2.2%, its lowest since October 2021. The print reinforces the ECB's data-dependent hold stance adopted at its February 5 meeting. Modestly positive for Eurozone rate-sensitive assets (EZU, FXE); the low inflation backdrop gives the ECB room to cut later in 2026 if growth disappoints.

Upcoming Week

DATE	EVENT	IMPORTANCE
2026-03-09	Japan GDP Final (Q4 2025, QoQ)	Medium
2026-03-10	UK Monthly GDP (January, MoM)	High
2026-03-11	China CPI (February, YoY)	Medium
2026-03-12	Eurozone Industrial Production (January, MoM)	Medium
2026-03-19	ECB Interest Rate Decision	High

Positioning Tips

SIGNAL	SUGGESTED ACTION
The Euro weakened 1.29% against the USD	A headwind for unhedged European equity exposure (EFA, FEZ, EWG). Consider currency-hedged alternatives (HEDJ) or reduce European allocation until the Euro stabilises.
The Japanese Yen weakened 0.58% against the USD	This reduces USD returns on unhedged Japan exposure (EWJ). Watch BOJ policy signals; any rate hike could trigger a sharp Yen reversal.
The Australian Dollar weakened 0.66% against the USD	A headwind for unhedged Australian equity exposure (EWA). AUD weakness often tracks commodity prices and China growth sentiment.

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