

Framework Foundry Weekly - International Edition

Research for the serious investor

Week ending 2026-02-21

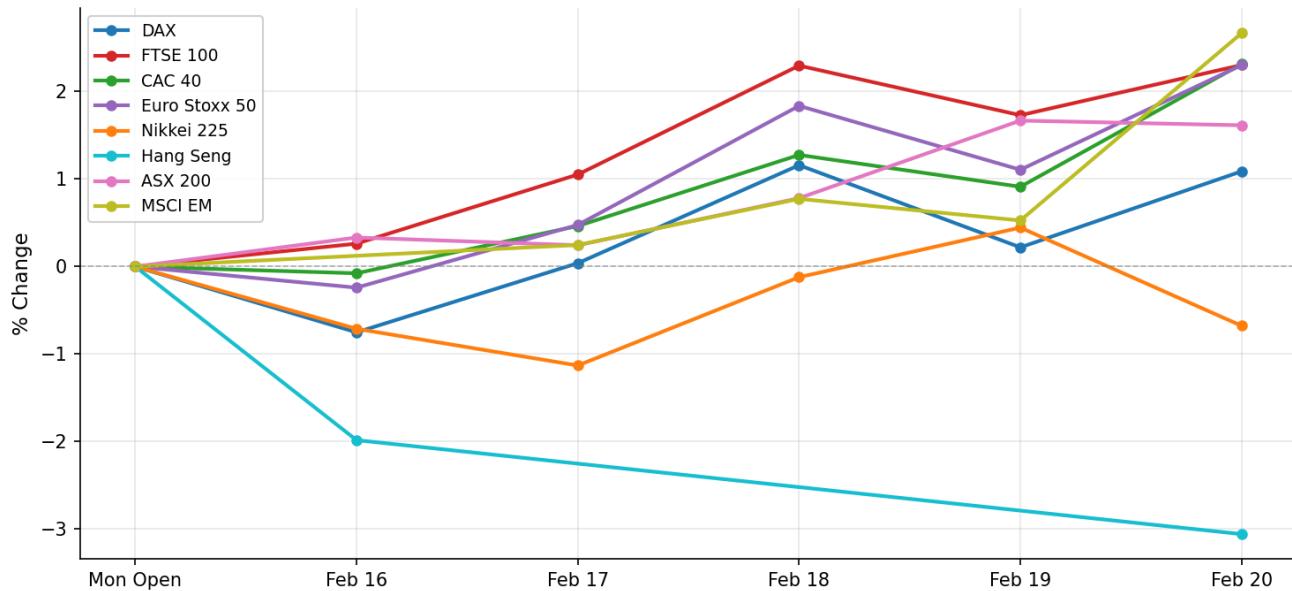
The Week in Brief

International markets posted mostly gains this week, with MSCI EM (Emerging Markets) leading at +2.67% and Hang Seng (Asia-Pacific) lagging at -3.06%. European indices outperformed on average (+2.00%); Asia-Pacific lagged (-0.71% average); Emerging Markets (MSCI EM) moved +2.67%. On the FX front, the Euro weakened 0.82%, the Swiss Franc weakened 0.92%, the British Pound weakened 1.37%, and the Japanese Yen weakened 1.53%, all against the USD.

The macro picture was eventful. Japan Q4 GDP (Preliminary) came in below expectations (-0.4% vs. 0.3%). UK CPI (YoY) came in above expectations (3.1% vs. 2.8%). China Caixin Services PMI came in above expectations (52.3 vs. 51.8). The combination of sticky inflation and weak growth (a stagflationary signal) puts central banks in a difficult position and argues for a cautious stance on duration and rate-sensitive sectors.

Looking ahead, key events to watch are: BOJ Meeting Minutes, ECB Rate Decision, Eurozone CPI Flash (YoY). Central bank decisions in particular can drive sharp FX and equity moves; position sizing should reflect that risk.

Framework Foundry Weekly - International Edition -- Performance (% Change from Monday Open)



Market Snapshot

Index	Close	Weekly %	Week Range
MSCI EM	62.34	+2.67%	60.13 - 62.36
CAC 40	8,515.49	+2.31%	8,292.13 - 8,529.00
FTSE 100	10,686.90	+2.30%	10,446.30 - 10,745.80
Euro Stoxx 50	6,131.31	+2.30%	5,954.14 - 6,140.95
ASX 200	9,081.40	+1.61%	8,937.10 - 9,118.30
DAX	25,260.69	+1.09%	24,734.04 - 25,331.06
Nikkei 225	56,825.70	-0.68%	56,135.12 - 57,709.82

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Hang Seng 26,413.35 -3.06% 26,356.96 - 27,325.98

Best: MSCI EM (+2.67%)

Worst: Hang Seng (-3.06%)

FX Rates

Currency Pair	Rate	Weekly %
AUD/USD	0.7056	-0.20%
EUR/USD	1.1769	-0.82%
CHF/USD	1.2898	-0.92%
GBP/USD	1.3461	-1.37%
JPY/USD	0.0064	-1.53%

Best: AUD/USD (-0.20%)

Worst: JPY/USD (-1.53%)

Last Week's Economic Events

Date	Event	Actual	Expected	Previous	Surprise
2026-02-17	Japan Q4 GDP (Preliminary)	-0.4%	0.3%	0.9%	below
2026-02-18	ECB Meeting Minutes	--	--	--	neutral
2026-02-19	UK CPI (YoY)	3.1%	2.8%	2.9%	above
2026-02-19	China Caixin Services PMI	52.3	51.8	52.0	above

Japan Q4 GDP (Preliminary):

Japan's economy unexpectedly contracted in Q4, raising doubts about the BOJ's path toward policy normalization. Growth weakness undercuts the case for further rate hikes and may weigh on EWJ near-term.

ECB Meeting Minutes:

Minutes showed broad consensus to hold rates steady at 2.75%, with most members citing improving but still elevated services inflation. The tone was modestly hawkish -- no imminent cuts, but the door is open for H2 2026 if disinflation continues.

UK CPI (YoY):

UK inflation re-accelerated, complicating the Bank of England's rate-cut path. Sterling firmed on the print. EWU may benefit from a higher-for-longer BOE stance, but persistently high inflation is a risk to UK consumer spending.

China Caixin Services PMI:

China's service sector continues to expand at a healthy pace, supporting the domestic recovery narrative. Positive for EM-tilted ETFs (EEM, FXI) and commodity exporters.

Upcoming Week

Date	Event	Importance
2026-02-24	BOJ Meeting Minutes	High
2026-02-25	Germany Ifo Business Climate	Medium
2026-02-26	ECB Rate Decision	High
2026-02-26	Australia Q4 GDP	Medium
2026-02-27	Eurozone CPI Flash (YoY)	High

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2026-02-27

UK Retail Sales (MoM)

Medium

Positioning Tips

Signal	Action
The Euro weakened 0.82% 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 1.53% 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.
Japan GDP contracted below expectations (-0.4% vs. 0.3%)	growth weakness reduces the BOJ's appetite for further rate hikes. Consider reducing EWJ near-term; a dovish BOJ would weaken the Yen and compress USD returns on Japan equities.
ECB Meeting Minutes were released	review the tone for signals on the rate path. A hawkish-leaning ECB supports EUR and could weigh on European bond proxies; a dovish lean favours EFA and FEZ through rate-cut expectations.
UK CPI came in above expectations (3.1% vs. 2.8%)	a higher-for-longer BOE rate path is now more likely. GBP may stay supported (positive for FXB), but rate pressure is a headwind for UK rate-sensitive sectors. Watch EWU for near-term volatility around the next BOE meeting.
China Caixin PMI beat at 52.3 vs. 51.8 expected	domestic demand momentum supports EM risk-on positioning. Consider adding exposure via EEM or FXI on dips.
BOJ Meeting Minutes on 2026-02-24	watch for any YCC or rate-hike signals. A hawkish surprise would likely strengthen the Yen sharply and create volatility in unhedged Japan exposure (EWJ). Carry-trade unwinding could ripple into EM assets.
ECB Rate Decision on 2026-02-26	a key event for EUR and European equities. Reduce position size in EFA, FEZ, EWG ahead of the announcement; a surprise cut or hawkish hold could drive outsized FX and equity moves.
Eurozone CPI Flash on 2026-02-27	a hot print would extend the ECB hold and pressure European bond proxies, while a soft print opens the door for H2 rate cuts, supportive of EFA, FEZ, and EUR-denominated duration.