



FRAMEWORK

FOUNDRY

INTERNATIONAL EDITION · RESEARCH FOR THE SERIOUS
INVESTOR

WEEK ENDING

Feb 21, 2026

International Edition

COVERAGE: EUROPE · ASIA-PACIFIC · EMERGING MARKETS · FX · MACRO

EU JP

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.

Index Snapshot

| EU EUROPE | ASIA-PACIFIC | EMERGING MARKETS |
|-----------------------------------|--------------------------------|-----------------------------|
| Euro Stoxx 50 +2.30% | Nikkei 225 -0.68% | MSCI EM +2.67% |
| CAC 40 +2.31% | Hang Seng -3.06% | |
| DAX +1.09% | ASX 200 +1.61% | |
| FTSE 100 +2.30% | | |

Market Snapshot

| INDEX | REGION | CLOSE | WEEKLY % | WEEK RANGE |
|----------|------------------|-----------|----------|-----------------------|
| MSCI EM | Emerging Markets | 62.34 | +2.67% | 60.13 – 62.36 |
| CAC 40 | Europe | 8,515.49 | +2.31% | 8,292.13 – 8,529.00 |
| FTSE 100 | Europe | 10,686.90 | +2.30% | 10,446.30 – 10,745.80 |

| INDEX | REGION | CLOSE | WEEKLY % | WEEK RANGE |
|---------------|--------------|-----------|----------|-----------------------|
| Euro Stoxx 50 | Europe | 6,131.31 | +2.30% | 5,954.14 – 6,140.95 |
| ASX 200 | Asia-Pacific | 9,081.40 | +1.61% | 8,937.10 – 9,118.30 |
| DAX | Europe | 25,260.69 | +1.09% | 24,734.04 – 25,331.06 |
| Nikkei 225 | Asia-Pacific | 56,825.70 | -0.68% | 56,135.12 – 57,709.82 |
| Hang Seng | Asia-Pacific | 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 | 0.0065 | -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 | -- | -- | -- | Inline |
| 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 |
| 2026-02-27 | UK Retail Sales (MoM) | Medium |

Positioning Tips

| SIGNAL | SUGGESTED 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.